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PLEASE QUOTE THIS REFERENCE

GENERAL MANAGER'S OFFICE

7 July 1999

Mr Herb Plunkett
Assistant Commissioner
Productivity Commission
PO Box 80
BELCONNEN ACT 2616

By facsimile to 02 6240 3311

Dear Sir

Commission Hearings – Draft Report

Thank you for your advice of 16 June 1999 regarding the Public Hearings in respect of the above referenced.

Council is aware of the submission to the Productivity Commission from the Local Government and Shires Associations of NSW dated November 1998.

That submission mentions the following issues upon which Kyogle Council would like to make a submission providing supplementary information for the consideration of the Commission:

1. Road Transport Reform
2. State Forests – Rates. In addition, Council also would like to broaden the submission to include National Parks - rates, an issue not addressed in the submission from the LGSA

1. Road Transport Reform

The November 1998 LGSA submission covers the issues – Mass Limits Review and Uniform Registration Charges.

At the Shires Association Annual Conference held in Sydney on 2 June 1999, the NSW Minister for Roads, the Hon Carl Scully MP announced the decision for the NSW Roads and Traffic Authority (RTA) to move to competitive tendering on State Roads in accordance with the RTA's Road Service Competition Strategy.

This change is driven by the principles of the NSW Government's Service Competition Policy, which in turn is driven by National Competition Policy.

For the purposes of the Road Service Competition Strategy, the RTA has divided the state into three areas, as shown on the attached page headed *Market Testing Boundaries*:

- West of the Newell Highway and Sturt Highways (Far West region)
- the entire area east of the Newell Highway, the north and south coast excluding greater metropolitan area (rural region – which includes Kyogle Council); and
- the metropolitan region bounded by Raymond Terrace, Lithgow and Kiama (metropolitan region).

The purported rationale for the change is that New South Wales is less efficient than other States such as Victoria. That position conflicts with his address to the 1998 Shires Association Conference, copy attached, the relevant points of which are repeated below.

Undoubtedly, the real reason concerns the dividends, which flow to the State under the Agreement with the Federal Government in relation to the implementation of National Competition Policy. As you would be aware from the LGSA's submission, unlike other States, a share of these dividends has not, as yet, flowed through to local government.

Far West Region

The RTA's Road Service Competition Strategy does not affect (at this time) councils west of the Newell Highway. However these councils will be subject to increased benchmarking activities in order to increase competitiveness.

The Minister commented that competitive tendering in this region would not work.

The Far West Region appears to include 13 councils (Bourke*, Brewarrina, Walgett, Coonamble, Warren, Bogan*, Cobar*, Central Darling*, Broken Hill*, Wentworth*, Balranald*, Carrathool*, and Lachlan*). Refer Attachment 1.

The bulk of these councils are contained in the State Electorate of Murray Darling.

Apart from the fact that this electorate is a new Government seat in the State Parliament, Council cannot see why the area would be treated any differently to the councils in the Rural Region.

Rural Region

Councils in all other rural areas will be subject to progressive market testing and opening for tender of all resurfacing and rehabilitation works on state roads. Routine maintenance will not be affected (at this stage). Fifty percent of works will be put to tender from March 2000 will full implementation commencing March 2001.

The Rural Region appears to include approximately 108 councils. Refer Attachment 2. As mentioned above Kyogle Council is included in the Rural Region.

Metropolitan Region

Metropolitan councils, which conduct road maintenance, rehabilitation or resurfacing on state roads, will be subject to full implementation of competitive tendering from March 2000.

The Metropolitan Region appears to include 56 councils. Refer Attachments 3 (a), 3 (b) and 3 (c).

Implications for Rural Region (including Kyogle Council)

The specific implications for each council affected by this decision will need to be quantified.

Generally, however, that segment of each council's workforce involved in RTA resurfacing and rehabilitation works on state roads may not be able to be sustained, and mass redundancies probably will occur for thousands of employees. In all likelihood, these jobs will go to contractors, whose workforces are mobile, and who will not reside in the areas where the jobs are lost.

The impact on rural New South Wales will be devastating, and rural and regional areas will be decimated.

While the RTA is transferring 170 permanent positions to rural and regional areas, that change will do little to arrest the decline.

In making his announcement, the Minister commented several times that this decision was about roads. There was no mention of the people upon whom it will impact. Council is extremely concerned at the impact on its employees and the wider community of Kyogle and rural New South Wales.

At the Ordinary Meeting held Monday 21 June 1999, Council decided:

1. That Council notes and endorses the contents of the letter dated 9 June 1999 to the General Secretary of the Municipal Employees Union.
2. That Council views with extreme concern the dual impact of:
 - the changes announced by the Minister for Roads regarding competitive tendering on RTA construction work; and
 - the moves towards amalgamation announced by the Minister for Local Government

which, will result in the loss of thousands of jobs in rural and regional New South Wales, and further contribute to the decimation of towns and villages in those areas.
3. That Council write to the Premier, Leader of the Opposition, Independent Members of Parliament, the Shires Association, NOROC and any other relevant organisations outlining Council's concerns.

Accordingly Council is alerting/ has alerted the various stakeholders:

- The Municipal Employees Union, which represents many of the employees whose jobs will be lost (letter of 9 June 1999 considered at Council meeting).
- "A" Division of the Local Government and Shires Association, which represents many of the Councils in the northern area of the *Rural Region*. A special meeting has been scheduled for Monday 28 June 1999 at the Richmond River Shire Council.
- NOROC (Northern Regional Organisation of Councils). A meeting has already been held and the matter has been referred to the Executive.

- Summerland Way Committee, which represents the Councils along the Summerland Way and who stand to lose a lot of the work currently being carried out on the Summerland Way.
- Kyogle Chamber of Commerce, representing local businesses, and who stand to lose considerably from the multiplier effects of further job losses.
- Local media.
- The Premier, Leader of the Opposition and other political representatives, including the Independent Members of Parliament;
- The Productivity Commission.

With respect to the media, the Editorial from the Northern Star of 23 June 1999 presents a good summary of the impacts on smaller communities like Kyogle:

That Editorial is attached but is repeated below for ease of reference:

Policy shortsighted

The State Government's desire to put all Road and Traffic (RTA) roadworks out to tender next year is shortsighted.

The RTA obviously believes it can repair and build highways cheaper by throwing the work open to competitive tenders.

It can soothe its conscience by crowing about the savings to the taxpayer. That's all good, but it is another example of a city-based policy cutting deep in the bush.

Small Councils like Kyogle are unlikely to compete on price with large national and even multinational firms whose expertise is road and bridge building.

The money the Sydney-based RTA accountants save and present to the Sydney-based bosses will look fine on the balance sheet. What that balance sheet won't contain is the damage caused in the regional areas by taking the work off local councils – who have managed to do it well enough so far.

A few percentage points in the overall RTA budget could devastate the likes of Kyogle and other small shires.

It is not just roadworks. It is 20 or 30 families reliant on this work for their continued employment as council workers. It is the money they spend at the local supermarket, pub and shoe store. It is the 40 or 50 children of these families forming the backbone of local junior sports days and school bands. It is the 20 or 30 houses that will be up for sale when these families are forced to move elsewhere looking for work.

We are talking a major impact on our communities.

The RTA could easily impose tight controls on the funds available to local councils for roadworks, without necessarily putting them out to tender.

This policy has unintended consequences which demand it be reconsidered.

With respect to the wider impacts on rural New South Wales, your attention is drawn to the attached Special Report from the Sydney Morning Herald of Monday 7 June 1999, headed ***The Great Divide Heart ripped out of country towns and Sydney gets richer, the bush gets poorer.***

From a whole of government perspective, some of the impacts in this council area have been:

- Reduction in police numbers;
- Reduction in health services;
- Bank closures and loss of financial industry jobs
- Closure of timber mills and reduction in forest industry jobs
- Loss of rateable land to National Parks and State Forests;
- Closure of the TAB
- Impending loss of council jobs through change in RTA policy; and
- Further decline as a result of the multiplier effect.

Change in Minister's position

At the 1998 Shires Association Conference, the Premier (Hon Bob Carr MP), and then Minister for Local Government (Hon Ernie Page MP) made commitments that councils in New South Wales (unlike Victoria) would not be subject to competitive tendering. The Minister for Roads and Minister for Transport (Hon Carl Scully MP) made comments regarding:

- the importance of Local Government working in partnership with the State Government to maintain and develop the State's road network; and
- the significant improvement of the average condition of country State Road pavements (funded from the State Government) since the Carr Government took office.

Copies of the 1998 addresses by Minister Scully and Minister Page are attached.

At the 1998 Conference, the Mayor of Kyogle (Councillor Ernie Bennett) asked Mr Scully whether these commitments meant that RTA works carried out by councils would not be subject to competitive tendering. The Minister, quickly consulted his RTA adviser, then responded that that RTA works carried out by councils would not be subject to competitive tendering.

The Minister was asked the question because:

- Council was in the process of a restructure forced by an acute financial position; and
- The Mayor and the writer had been informed by a relative senior person within the RTA, that construction work carried by Councils for the RTA would eventually be contracted out, that councils would have to compete for the work, but that there would be a period where the RTA would 'hold our hands', introduce 'benchmarking', to have councils in a position to be able to compete against contractors.

As mentioned above copies of the addresses of Mr Scully and Mr Page are attached. In particular, you will note the following excerpts:

Minister Page

- National Competition Policy (page 9/10)

As I mentioned earlier, there is not CCT for NSW councils, and the Government remains committed to this policy.

I think it is important for you to have the position of the major parties clearly stated on this issue before the next election. I don't need to tell you what the impact would be on local economies if CCT were introduced.

...

His comments (the Shadow spokesperson) were made in the context of the changes made by Sydney City Council, which has nearly halved its workforce through a process of contracting out.

...

I do not support any policy that would force councils to tender out parts of their operation, and neither does our Government. I believe decisions on competitive tendering should be made at the local level with the welfare of local communities as a primary consideration.

And I cannot think of any town I have visited which would benefit by having its council's workforce reduced by half.

And I am sure you are aware the effects on many small towns in Victoria have been extremely concerning since the introduction of CCT.

Minister Scully

- I am pleased to announce that the 1998/99 State budget continues to recognize the importance of Local Government working in partnership with the State Government to maintain and develop our road network. (page 1)
- **State Roads (page 4)**
The average condition of Country State road pavements funded from the State Government has improved significantly since this Government took office.

...

This reflects the RTA and Council service providers' efforts in maintaining State roads.

In addition, the Roads and Traffic Authority inform me that the backlog on resealing left over from the early 1990's has been rectified.

- **Conclusion (page 11)**
The 1998/99 Budget continues this Government's commitment to rural and regional NSW, to maintain and improve our roads to deliver economic benefits to this State and to improve road safety for commuters and their families

The Government is listening to the needs of country people and responding to their needs by:

...

Maintaining the total roads portfolio funding for country councils in real terms compared to the annual average for the previous Government

...

- I trust you will appreciate the extent of this Government's commitment to manage the country road system in a manner, which serves regional and local communities while promoting a partnership between the RTA and Local Government.
- Maintaining the total roads portfolio for country councils

Change in RTA's position during 1998/99

Contrary to the position put to the 1998 Shires Association Conference by the Premier, the Minister for Local Government and the Minister for Roads, it is important for you to know that the RTA began tendering out work in the Kyogle Council area in 1998/99, that is, in the current year, and well before the Minister's announcement on 3 June 1999.

Council would assume that this change in position also occurred in other areas of the State.

Conclusion

In summary, if the decision is not changed, undoubtedly there will be mass redundancies, which will impact upon rural and regional communities, resulting in a consequent further decline in these areas.

Council's submission is consistent with the LGSA submission (page 6) which says:

The Associations also support the appropriate use of competitive tendering and contracting by councils and these practices being increasingly adopted by NSW councils. A large proportion of councils now subject a significant proportion of their operating expenditure to this process. This is not a new development, contracting out has a long history in NSW councils.

Again, however, the Associations are totally opposed to compulsory competitive tendering (CCT).

Council looks forward to the Commission's consideration of this matter, which will have disastrous consequences for regional and rural New South Wales communities.

2. State Forests and National Parks –Rates

The LGSA's submission (page 5) comments:

The Sub Committee is currently finalising its report and recommendations. In its draft report the Sub Committee is recommending that all State Government business enterprises, including State Forests, should pay rates.

Council is concerned at the following:

- Inability to charge rates on national parks and forestry land, which make up around one-third of the Kyogle Council area.
- Loss of rate revenue as a result of purchases by State Forests and National Parks, which means the ratepayers have to fund the deficiency.

It seems inequitable that these anomalies (State Forests and National Parks not paying rates) have not been addressed. Council has requested:

“That the Shires Association continue to make strong representation to the NSW Government to remove the provisions of the Local Government Act exempting State Forests and National Parks from local government rates”

The RECENT HISTORY of this issue is summarized below and is provided for the benefit of the Commission.

It is clear that this matter is cause of great financial concern to councils, which have significant proportions of State Forest or National Park within their Council area.

State Forests

As indicated in correspondence to the Federal and State Ministers (see below), having responsibility for Forests, there is a dual impact on Councils with that situation.

From information available to Kyogle Council (in September 1998), it is apparent that over the last three years State Forests have acquired over 7,026 ha, which represents approximately 2.5% of previously rateable land. Also, the closure of timber mills, has

meant an increase in the log-haul distance over Council controlled roads. This will lead to an increased deterioration of Council's road infrastructure.

Recently, further additions were announced to the National Parks in this area, further exacerbating the position.

This purchase of rateable land to expand plantation timber reserves has had a direct impact on the level of rates for Council.

The loss of rate revenue from properties acquired by State Forests means that the remaining land holders in the Council area have to bear an increasing burden to produce the same level of revenue for Council, and based on the above figures, this has represented an additional increase over and above rate pegging of approximately 2.5%. With a rating base of approximately \$2.2 million, this translates to approximately \$55,000 per annum.

While some properties purchased by State Forest may eventually become rateable (for example, once the trees are about 2-3 years old, the land can be let for grazing and rates are payable by the lessee or occupier), properties purchased by National Parks do not become rateable at all (unless sold back to the private sector).

That is of great concern to councils (such as north coast councils) in which there are expanding State Forest or National Parks holdings.

Correspondence received from the Commonwealth Department of Primary Industries and Energy (see below) indicates that, in respect of NCP (National Competition Policy), particularly relating to competitive neutrality, government business should not enjoy net competitive advantages over their private sector competitors simply as a result of their public sector ownership.

It is indicated that:

- one element in ensuring competitive neutrality is for government business to pay all relevant taxes or have a Tax Equivalent Regime (TER) put in place; and
- the Commonwealth's understanding is that the New South Wales government's competitive neutrality policy covers local council rates and suggests that the matter be raised with the NSW Cabinet office.

Accordingly, the advice of the NSW Cabinet Office was requested.

- **Letter dated 14 January 1999 to Mr Roger Wilkins, Director General, NSW Cabinet Office**

Expansion of State Forests/Loss of Rate Revenue

Enclosed are copies of the following correspondence regarding the above referenced:

- Letter dated 11 September 1998, to the Hon John Anderson, then Federal Minister for Primary Industries & Energy;
- Response (undated but received 27 October 1998) from Mr Peter Yuile, First Assistant Secretary, Forests Division, Commonwealth Department of Primary Industries and Energy;
- Letter dated 10 September 1998, to the Hon Kim Yeadon, NSW Minister for Forestry; and

- **Response dated 7 December 1998 from Jeanette Evans, Chief of Staff to the Minister for Forestry**

You will note Mr Yuile's comments in relation to NCP, particularly relating to competitive neutrality, and government business not enjoying net competitive advantages over their private sector competitors simply as a result of their public sector ownership.

Mr Yuile indicates that one element in ensuring competitive neutrality is for government business to pay all relevant taxes or have a Tax Equivalent Regime (TER) put in place.

His understanding is that the New South Wales government's competitive neutrality policy covers local council rates and suggests that the matter be raised with your office.

You will note Ms Evans' comments in relation to land owned by the Crown, being exempt from rates under Section 555.

With respect, it is precisely that situation which concerns Council, and was the primary reason for the letter to Minister Yeadon.

Ms Evans' comments do not address the inequity, which is apparent in the existing Act!

Neither does it address the NCP issue of competitive neutrality!

Accordingly it would be appreciated if you would consider this issue, which is of significant concern to this Council and other Councils with significant State Forest holdings.

Council looks forward to your response.

- **Letter dated 7 December 1998 from Jeanette Evans, Chief of Staff to the Hon Kim Yeadon MP, Minister for Information Technology, Minister for Forestry, Minister for Ports and Minister Assisting the Premier on Western Sydney**

Thank you for your letter dated 10 September 1998 to the Hon Kim Yeadon MP, Minister for Forestry, regarding the possible payment of Shire rates by State Forests. The Minister has asked me to reply on his behalf.

As you are aware, Section 555 of the *Local Government Act 1993* provides that land owned by the Crown is exempt from rates, unless it is held under a lease for private purposes. Land owned by the Crown includes declared State forests.

Where land held by State Forests is leased or the subject of an Occupation Permit for private use, Shire rates are paid or become payable at some stage. In the case of State forests' plantations, once the trees are about 2-3 years old, the land can be let for grazing and rates are payable by the lessee or occupier. I am advised up to 3,700 hectares in the Kyogle area is shortly to become rateable in this way.

I am advised that State Forests also makes substantial contribution, financially and in kind, to local government amenities. This contribution can take the form of paying for road construction and maintenance, supplying gravel and providing fire protection and recreation facilities. For example, in the Kyogle Shire, State Forests recently contributed \$14,000 towards bridge and maintenance work on one of the public roads. I am sure you will also appreciate how much the maintenance of forest roads supports tourism and recreation in the Shire.

In addition, State Forests has a policy of raising its contribution to roadworks to compensate for increased road use during timber harvesting activities.

You will be aware that the Government has announced a new annuities-based payment scheme to attract private landowners into joint ventures with State Forests to establish hardwood plantations. Joint ventures do not change the ownership of the land and Shire rates will

continue to be payable. The Government is confident that joint ventures will form an increasing proportion of its hardwood plantation program. Kyogle is ideally placed to benefit from this program.

I hope this information clarifies your Council's concerns.

- Letter (undated but received 27 October 1998) from Peter Yuile, First Assistant Secretary, Forests Division, Commonwealth Department of Primary Industries and Energy

Thank you for your letter of 11 September 1998, to the Minister for Primary Industries and Energy, the Hon John Anderson MP, concerning the possible impact of the Regional Forest Agreement (RFA) process on the rating base of Kyogle Council. I am responding on behalf of the Minister.

I appreciate your concern about Council's loss of rate revenue following the purchase of previously rateable land by State Forests of New South Wales. While the issue is primarily a matter for the State Government, the National Competition Policy (NCP) is relevant to this issue.

The NCP is founded on three Agreements signed by the Commonwealth, States and Territories in April 1995. The Competition Principles Agreement sets out a number of principles, of which competitive neutrality is one. Competitive neutrality policy aims to ensure that government businesses do not enjoy any net competitive advantages over their private sector competitors simply as a result of their public sector ownership. The implementation of competitive neutrality policy is a matter for each jurisdiction.

One element in ensuring competitive neutrality is for government businesses to pay all relevant taxes or have a Tax Equivalent Regime (TER) put in place. It is our understanding that the New South Wales government's competitive neutrality policy covers local council rates. You may, therefore, wish to raise the matter with the Director-General, NSW Cabinet Office.

In relation to the issue you raise concerning road infrastructure, I appreciate there are concerns within local governments that an expansion of farm forestry and plantation activity may lead to additional road infrastructure costs for local government. This issue was raised at the Plantations 2020 Vision: The Local Government Perspective conference conducted by the Australian Local Government Association and Plantations Australia in May 1998. A number of participants at the conference called on the Commonwealth to increase funding for local roads in plantation regions.

However, the Commonwealth Government's responsibilities for roads are limited, under a 1991 Heads of Government Agreement, to the national highway system and roads of national significance.

Many of the new roads or road upgrades to support the expected expansion of the plantation estate will be funded by the Commonwealth (the national highway system and roads of national significance) or State Governments (State highways) through established funding mechanisms. Local roads remain the responsibility of local government, utilising untied grants provided by the Commonwealth.

It emerged from the Plantations 2020 Vision: The Local Government Perspective conference that the best way forward regarding road infrastructure is for tree growers and wood processors to work with local councils in their region and relevant State government agencies to plan for the required infrastructure. Such a process would assist State and local governments to develop priorities for expenditure in their budgets.

Victoria has led the way in such a planning process through the Timber Industry Board Evaluation Study (TIRES), which involves industry, local government and State authorities. I would be happy to forward you information on the TIRES study if you desire.

I encourage your Council to examine ways of working closely with tree growers and wood processors in your region and with relevant State government authorities to plan for future infrastructure requirements. It is only through cooperation and long term planning that the

many regional social, economic and environmental benefits of an expansion of farm forestry and plantation activities will be realised.

Thank you for raising your concerns with the Minister.

- Letter dated 11 September 1998 to the Hon. John Anderson (then) Minister for Primary Industries & Energy and letter dated 10 September 1998 to Hon Kim Yeadon, NSW Minister for Forestry

Expansion of State Forests

Dear Minister,

I write regarding the current situation that exists in this Council area concerning the expansion of State Forests Reserves as a result of the restructuring of the forestry industry.

From information available to Council, it is apparent that over the last three years State Forests have acquired over 7,026 ha, which represents approximately 2.5% of previously rateable land. Also, the closure of timber mills, has meant an increase in the log-haul distance over Council controlled roads. This will lead to an increased deterioration of Council's road infrastructure.

This purchase of rateable land to expand plantation timber reserves has had a direct impact on the level of rates for Council. The loss of rate revenue from properties acquired by State Forests means that the remaining land holders in the Council area have to bear an increasing burden to produce the same level of revenue for Council, and based on the above figures, this has represented an additional increase over and above rate pegging of approximately 2.5%. With a rating base of approximately \$2.2 million, this translates to approximately \$55,000 per annum.

The alternative to increasing rates would be to actually reduce the rating base to ensure the remaining ratepayers were not being asked to pay compensation for State Forest expansion. This is not a viable option for Council given the increasing expenditure on road infrastructure maintenance. Current ratepayer concerns are that the above trend will continue and that their contributions to revenue will rise.

Recent local radio interviews with forestry representatives have indicated that the Regional Forest Agreements will probably create an increased demand for an expansion of plantation growth areas. This will most likely lead to further properties being purchased by State Forests. In fact, correspondence received dated 4 August 1998 from State Forests advised additional land purchases to extend the Yabbra State Forest in March 1998, with a resultant "loss" of rates revenue of \$2,600 per annum. This appears to substantiate the concerns expressed.

Accordingly, I write to you to seek your comments in respect of the above situation, which is a direct result of the restructure of the forestry industry. This situation would not be unique to Kyogle Council, as it has the potential to create hardship for many Councils and ratepayers in the State.

National Parks

The inability to charge rates on national parks and forestry land is an issue requiring the attention of the Commission.

Currently State Forest and National Park holdings, make up around one-third of the Kyogle Council area.

This means a net revenue loss of around \$1 million a year to this Council.

As well, the loss of rate revenue (as a result of purchases by State Forests and National Parks) means the ratepayers have to fund the deficiency in rates revenue.

Council is of the view, that if the State Government, as the representative of the community, requires National Parks for the benefit of the community, then the community as a whole should contribute to the local authority in whose area the national parks are located.

The local authority areas in which National Parks should not be asked to bear the opportunity cost of foregoing rates on land which otherwise would be rateable.

Correcting this inequity in relation to National Parks owned land so the National Parks are required to pay rates would produce a significant reversal in the financial viability of those councils in which the parks are domiciled.

Local government business enterprises are subject to State Government taxes and charges (including payroll tax, land tax and stamp duties).

Local government services are increasingly being subjected to benchmarking and competitive tendering.

In that environment, state government services, such as national parks, should also be subjected to a similar level of financial discipline.

In particular, it is worth repeating, if government wishes to increase its national park holdings for the benefit of the community at large, a local authority community, in which those community facilities are located, should not be disadvantaged.

The cost of providing those facilities should be shared by the wider community for whom they are being provided. The true cost of providing national parks includes the rates foregone by the local authority.

That cost is not being reflected and should be. Quite simply, the local authority should be compensated for an amount equivalent to rates foregone. The real costs to the community as a whole would then be reflected in the State Government and National accounts.

The LGSA submission (page 5) under the heading *Local Government and Reciprocal Charging* makes the comment:

The NSW Competitive Neutrality Committee established a Sub Committee on Reciprocal Charging.

...
In its draft report the Sub Committee is currently finalising its report and recommendations. In its draft report the Sub Committee is recommending that all State Government business enterprises, including State Forests, should pay rates. In turn it is also recommending that State Government business enterprises fully charge councils for services they currently provide free or on a subsidised basis.

There seems no possible justification for continuing the exemption for State Governments in relation to payment of rates on national parks.

Council also looks forward to the Commission's consideration of these matters, to redress the current inequity of the State Government not paying local authority rates on State Forests or National Parks.

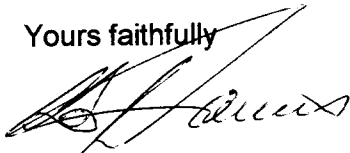
Conclusion

Council representatives, Mayor Ernie Bennett and General Manager Ken Davies will be present at the Commission's Public Hearings to be held in Toowoomba, Monday 12 July 1999.

The original of this submission, which is supplementary to that of the LGSA of NSW, and attachments will be given to Commission representatives at that time.

Only the covering letter has been forwarded by facsimile, so that the Commission is aware of Kyogle Council's submission.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Ken Davies', written over a horizontal line.

Ken Davies
General Manager

Encl.