

# ANNEXURE B

Report to Council regarding Boundary  
Adjustments



## **9.1 NSW Government's "Fit For the Future" Local Government Reform Initiative**

**REPORT FROM: CORPORATE AND COMMUNITY SERVICES**  
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### **ANNEXURES**

Annexure A Submissions

### **ECM INDEXES**

Subject Index: Governance: New Direction for Local Government

### **PURPOSE**

The purpose of this report is for Council to consider the submissions received about Council's draft **Fit for the Future (FFF)** Proposal and associated **Action Plan (AP)** that has undergone public exhibition; and to recommend any amendments deemed necessary, as a result of the submissions, to Council's final FFF documents that Council is required to submit by 30 June 2015. These documents are in response to the NSW Government's FFF reform package, which was developed in response to the **Independent Local Government Review Panel's (the Panel)** recommendations.

### **EXECUTIVE SUMMARY**

After approving its draft FFF Proposal and AP, Council placed it on public exhibition for 28 days; with eight (8) submissions being received. Submissions were received from Tenterfield and Guyra Shire Councils, one (1) from a Glen Innes resident and the balance from Guyra Shire Council ratepayers.

Tenterfield Shire Council advised that it is submitting an FFF proposal under the Council Improvement Plan and in line with the Panel's recommendations; therefore, it is recommended that Council removes the proposed boundary adjustments with the Tenterfield Shire Council **Local Government Area (LGA)** from its FFF Proposal, as Council acknowledges this could potentially impact on their ability to meet the FFF requirements.

The Panel's recommendation is for Guyra Shire Council to merge with Armidale Dumaresq Council. Hence, Council has recommended boundary adjustments into the Guyra Shire Council LGA as part of its draft proposal. Guyra Shire Council and the ratepayers from this LGA whom lodged submissions do not support these boundary adjustments. However, as it is possible that Guyra Shire Council will not remain a stand-alone Council into the future, it is recommended not to remove the proposed boundary adjustment from Council's final FFF Proposal.

It is further recommended for the proposed boundary adjustment areas to Council's west to be included in the final FFF Proposal, as it is uncertain at this point in time what the future of the Uralla Shire Council will be. Given the history of the failed **New England Strategic Alliance of Councils (NESAC)**, as well as various reports in the past that strongly recommended an amalgamation of Armidale Dumaresq, Guyra Shire, Uralla Shire and Walcha Shire Councils, it should be considered a real

possibility that a larger merger might occur to create a strong regional centre with the necessary scale and capacity to provide leadership and support for member Councils in the future New England Joint Organisation (JO) of Councils.

In the event of both Uralla and Guyra Shire Councils being caught up in a merger with Armidale Dumaresq Council, the community of interest principle should dictate for the Bundarra and Tingha communities to ideally go to the Inverell Shire Council; which would leave the door open for Council to negotiate the exact boundaries of the areas to the west of Glen Innes Severn with the Inverell Shire Council.

In the above-mentioned instances it needs to be acknowledged by Council that, in the event of both Guyra and Uralla Shire Councils being successful with its stand-alone Council Proposals, it would not aggressively pursue the proposed boundary adjustments to its south and west with the State Government.

A Glen Innes resident has proposed that, along with implementing Council's FFF Proposal and associated AP, it should encourage more tourists to Glen Innes to boost the local economy – so that in the future Glen Innes may be seen as a regional centre like Armidale or Inverell.

### **BACKGROUND**

NSW Local Councils are expected to submit Proposals to the State Government by 30 June 2015 outlining their plans to become FFF. Councils are tasked with demonstrating how they would become and remain sustainable, provide effective and efficient services, develop the scale and capacity to engage with their local communities, collaborate with their neighbouring Councils, partner with the State, and remain efficient in their service delivery to communities into the future.

A Councillor Workshop was held on 19 February 2015 to discuss the draft Proposal, with a further community consultation letter being distributed, and a press release regarding the FFF published in the Glen Innes Examiner on 26 February 2015. A staff meeting, attended by all staff, was held on 4 March 2015 where the FFF package, Council's position, and the intended course of action were discussed.

At its Ordinary Meeting in March 2015, Council was presented with its draft FFF Proposal and associated AP and resolved the following:

### **3.03/15 RESOLUTION**

- 1. That Council adopts the draft Fit for the Future Proposal with associated Action Plan attached to the Business Paper as Annexure A.*
- 2. That the draft Fit for the Future Proposal document be advertised for a period of 28 days for community consultation in the local media and be made available at the Town Hall, Glen Innes Severn Library, and the Emmaville, Deepwater and Glencoe Post Offices.*
- 3. That the General Manager be requested to prepare a further report for the May 2015 Ordinary Meeting of Council, incorporating any amendments deemed necessary after submissions from the community have been evaluated, for Council's consideration and adoption of the final Fit for the Future Proposal.*
- 4. That Council further requests the General Manager to, in accordance with the advice received from Local Government NSW in their letter dated 20 March 2015, include two (2) sets of assessment criteria ratios in Council's final Fit for the Future Proposal, one that conforms with the directions of the Office of Local*

*Government and excludes the Local Water Utilities, and another set that consolidates the Local Water Utilities into the ratios.*

The draft FFF Proposal and associated AP have been on public exhibition for 28 days, with eight (8) submissions being received.

The completed Proposal must be lodged with the **Office of Local Government (OLG)** by 30 June 2015. This Proposal will then be reviewed by an Independent Panel, approved by the Minister of Local Government by December 2015, and implemented by March 2016, in order for all changes to be completed by September 2016. However, this Independent Panel was only appointed in April of this year and is still in the process of finalising its methodology for the assessment of Councils' FFF Proposals. The Independent Pricing and Regulatory Tribunal (IPART) and John Comrie (who recently did an excellent evaluation report on the State Government's FFF suite of documents for Local Government NSW) will fulfil this function/assessment.

Further information about the FFF package, the State Government's detailed responses to the Panel's recommendations and Frequently Asked Questions are available at [www.fitforthefuture.nsw.gov.au](http://www.fitforthefuture.nsw.gov.au).

**(a) Relevance to Integrated Planning and Reporting Framework**

This report relates to Objective GCL 2.1, which states that Council will keep its local autonomy with the strategy of it demonstrating good governance and strong leadership and promoting the value of remaining autonomous.

**(b) Financial Considerations**

For Council to be financially sustainable into the future, and to qualify as being FFF, Council must, within a reasonable time, meet seven (7) criteria identified as part of the FFF reform package. These challenges will invariably have an effect on Council's future decisions with respect to its long term planning and annual budgeting.

In particular, the basis of this Proposal is the AP and **Long Term Financial Plan (LTFP)** which charts a financial roadmap for Council for the next four (4) to 10 years. For this reason, the Proposal will form the foundation of Council's approach to the Integrated Planning and Reporting Framework into the future, incorporating annual Operational and Capital Budgets.

The adoption and full implementation of the AP is projected to result in Council achieving six (6) of the seven (7) FFF criteria within a very short timeframe. The Infrastructure Backlog Ratio will unfortunately only be achieved in the long term. However, given the three (3) or more decades that it took for Council's infrastructure to deteriorate (also as a result of the rate pegging system in NSW) it is argued to be reasonable to address this situation over the long term. Further, it is suggested that many Local Councils, including some metropolitan and large regional Councils, will not be able to meet this particular ratio in the short term.

## COMMENTARY

While on public display for community consultation, Council's draft FFF Proposal and associated AP received eight (8) submissions, which are summarised below (please refer to the annexure attached to this report for the full submissions):

1. Tenterfield Shire Council advised that they do not support the proposed boundary adjustments;
2. Guyra Shire Council advised that they do not support the proposed boundary adjustments, and requested a meeting with Council to discuss options under each of their proposal templates;
3. A Glen Innes resident has proposed that, along with Council implementing its FFF Proposal and associated AP, it should encourage more tourists to Glen Innes to boost the local economy – so that in the future Glen Innes may be seen as a regional centre like Armidale or Inverell;
4. Representatives from the Ben Lomond community advised that Council's Proposal was not supported by its ratepayers;
5. Four (4) further submissions were received from Guyra Shire Council ratepayers, objecting to the proposed boundary adjustments.

### Responses to the above:

1. Tenterfield Shire Council is submitting an FFF proposal under template two (2) – Council Improvement Plan (existing structure) as per the Panel's recommendation in their Final Report. Therefore, it is recommended that Glen Innes Severn Council remove the proposed boundary adjustments with the Tenterfield Shire Council LGA, as Council acknowledges that this could potentially impact on their ability to meet the required FFF criteria.
2. The Panel's recommendation is for Guyra Shire Council to merge with Armidale Dumaresq Council – in order to assist in creating a strong regional centre. Hence, Council has recommended boundary adjustments into the Guyra Shire Council LGA as part of its draft proposal. As well as establishing an LGA where there is a true "sense of place" and "belonging" – founded on established communities of interest – it would also increase Council's financial and strategic scale and capacity.

Representatives from Guyra Shire Council (the Deputy Mayor and General Manager) met with Council's Mayor and General Manager in Glen Innes on Monday, 18 May. Discussions were held in an atmosphere of mutual respect and a distinct understanding of the difficult period of time that Local Government is currently experiencing. It was relayed during this meeting that Guyra Shire Council has now adopted a resolution to pursue the Rural Council Model. It is understood from Guyra Shire Council's General Manager that they will be able to meet six (6) of the nine (9) characteristics applicable to this particular model.

The three (3) characteristics that Guyra Shire Council would have difficulty in meeting are the following: small and static population spread over a large area; long distance to a major (or sub) regional centre; and limited options for mergers. These requirements would indeed be difficult for Guyra Shire Council to meet, as they have experienced population growth over the last number of years, and importantly, are located only 30 km from Armidale – hardly a long distance away from a major regional centre and, because of an already strongly implemented

shared services model with Armidale Dumaresq Council (as a result of the failed NESAC which was implemented around 2004 as an alternative model to amalgamating Armidale Dumaresq, Guyra Shire, Uralla Shire and Walcha Shire Councils), a clear (and not limited) option to merge with their closest neighbour. Therefore, as it is possible that Guyra Shire Council will not remain as a stand-alone Council into the future, it is recommended not to remove the proposed boundary adjustment to the south from Council's final Proposal.

At the above-mentioned meeting between representatives of Guyra Shire and Glen Innes Severn Councils, Guyra again advised that this boundary adjustment proposal of Council would potentially impact on their ability to be FFF and retain their local representation; which was also supported by the submissions from Guyra Shire residents. Council's representatives sympathetically acknowledged this possibility, but confirmed that the boundary adjustments proposal would probably remain the same in its final FFF Proposal – as such a larger LGA would strengthen Council's financial and strategic scale and capacity, increase its population closer to the "magical" 10,000 mark, as well as for the other reasons outlined directly above. It was also acknowledged that, in the event of Guyra Shire Council being successful with its Rural Council Proposal, the Glen Innes Severn Council would not aggressively pursue the proposed boundary adjustments with the State Government.

It further needs to be mentioned that the Armidale Dumaresq Council has very recently (last month) passed a resolution that, in the event of them being forcefully merged with Guyra and/or Uralla Shire Councils, it would pursue discussions with Glen Innes Severn and/or Inverell Shire Councils about boundary adjustments. Such a newly created Council will indeed cover a very large geographic area and pursuing the principle of communities of interest to determine prudent new boundaries would constitute a sensible approach as part of such an amalgamation exercise.

3. Within Council's FFF Proposal and AP, projects and initiatives are being implemented to draw new residents/business/industry to the region and boost the local economy. The **central business district (CBD)** underground infrastructure upgrade and rejuvenation project that was completed during 2014 and current works further along Grey Street, creation of water security for Glen Innes and the successful application of the **Special Rate Variation (SRV)** funds for improved local road infrastructure are excellent examples of Council pursuing this goal. Other projects, either currently under consideration, progressing or on the horizon include: a proposed international Flying Academy with a potential influx of 200 workers and 600 students; three (3) approved wind farms; continued mining exploration; Council revising and pursuing its economic development and tourism plans on a regular basis, and working in close collaboration with Business in Glen (BIG) and the Glen Innes Severn Tourist Association (GISTA) in order to stimulate and grow visitation and spend in the LGA.
4. The submissions received from the Ben Lomond residents and other Guyra Shire residents are, with all due respect, not worthy of Council's consideration at this point in time, as the premise on which these opinions/sentiments are founded is flawed.

If the Guyra Shire Council remains to be a stand-alone Council into the future, it is not the Glen Innes Severn Council's expressed intent to pursue the boundary adjustments to its south. However, if Guyra Shire Council is merged with Armidale Dumaresq Council, the aforementioned Council will no longer exist. The question then becomes whether the ratepayers residing to the northern end of the current Guyra Shire Council's LGA view themselves as having closer community of interest ties with Glen Innes than with Armidale (and not Guyra).

I suggest that such a shift in focus would most definitely have a significant impact on people's sentiments, as their current expressed sentiments are in favour of the smaller Council (Guyra and not Armidale) with which they are able to more easily identify themselves as being "rural" and not "city" people; therefore they are supportive of Guyra Shire Council to remain an autonomous entity into the future. In the event of this option being removed from the equation, it is reasonable to expect that the sentiments will shift from Guyra to Glen Innes – and I would argue rightly so.

5. Please refer to the discussion above under point four (4), as the arguments find application in this instance as well.

No formal submission had been received from the Inverell Shire Council or any of its ratepayers. However, it is important for Council to address this particular boundary adjustment proposal towards its west.

It is recommended for these areas to also be included in the final FFF Proposal, as it is uncertain at this point in time what the future of the Uralla Shire Council will be. The Panel has recommended for Uralla and Walcha Shire Councils to be merged. However, it is understood that Walcha Shire Council is busy pursuing the Rural Council Model, and Uralla Shire Council the Council Improvement Plan (existing structure). It is further understood that Armidale Dumaresq Council will include as part of their FFF Proposal a three-way merger proposal with both Uralla and Guyra Shire Councils.

Given the history of the failed aforementioned NESAC, as well as various reports in the past that strongly recommended an amalgamation of these three (3) Councils (as well as the Walcha Shire Council) it should be considered a real possibility that a larger merger might occur to create a strong regional centre with the necessary scale and capacity to provide leadership and support for member Councils in the future New England Joint Organisation (JO) of Councils.

In the event of both Uralla and Guyra Shire Councils being caught up in a merger with Armidale Dumaresq Council, the community of interest principle should dictate for the Bundarra and Tingha communities to ideally go to the Inverell Shire Council; which would leave the door open for Council to negotiate the exact boundaries of the areas to the west of Glen Innes Severn with the Inverell Shire Council. Again in this instance, the Mayor and General Manager have had preliminary discussions with their Inverell counterparts, and the indications given were positive – conditional upon Inverell Shire Council gaining the other areas/communities as mentioned above. Therefore, it is recommended for those areas to the west of Council's current LGA as identified in Council's draft FFF Proposal, to remain in its final Proposal.



In this instance, it also needs to be acknowledged by Council that, in the event of both Guyra and Uralla Shire Councils being successful with its stand-alone Council Proposals, the Glen Innes Severn Council would not aggressively pursue the proposed boundary adjustments to its west with the State Government.

**(a) Governance/Policy Implications**

The FFF Local Government Reform package has far-reaching implications for the future of the sector in NSW. It is critical that Council is able to submit its final FFF Proposal to the Office of Local Government by 30 June 2015. This submission must indicate that Council has both sufficient strategic and financial scale and capacity and that Council will, within a reasonable time, meet the seven (7) criteria identified as part of the FFF Local Government reform initiative.

It was not possible to finalise Council's FFF Proposal for this Council Meeting, as the template format is significantly different from the original information that needed to be addressed by Councils and was made available on the OLGs website. This means that a whole new document has to be created and some areas need further research and investigation, as it was not included with the original information. Further, Council's Chief Financial Officer has been unwell during the week leading up to the distribution of this Business Paper. A final FFF Proposal will therefore be included as part of Council's June 2015 Ordinary Meeting Business Paper.

**(b) Legal Implications**

Nil.

**(c) Social Implications**

Council's FFF Proposal demonstrates how it will be financially sustainable into the future while demonstrating good governance and strong leadership and promoting the value of remaining autonomous; which is our community's expressed desire as per the Community Strategic Plan, Objective GCL 2.1.

The Panel's recommendation is for Guyra Shire Council to merge with Armidale Dumaresq Council. Hence Council has recommended boundary adjustments into the Guyra Shire Council LGA as part of its draft proposal. The aim of the proposed boundary adjustments is to establish an LGA where there is a true "sense of place" and "belonging" – founded on established communities of interest. As it is possible that Guyra Shire Council will not remain a stand-alone Council into the future but be amalgamated with Armidale Dumaresq, Guyra ratepayers will (potentially) have to be consulted with (by the State Government), for them to indicate if their true "sense of place" and "belonging" – founded on established communities of interest - lie with Glen Innes or Armidale.

**(d) Environmental Implications**

Nil.

**(e) Economic/Asset Management Implications**

The total expenditure that will be incurred due to Council acquiring additional local roads in the event of the proposed boundary adjustments will be offset by the additional rating revenue. In fact, Council's Asset Maintenance and Building

and Infrastructure Renewal Ratios are expected to improve due to the capital and asset maintenance being fully funded by the rate income. This adjustment will also improve Council's Own Source Revenue Ratio by approximately 5%. Other expenditure is not expected to increase, as residents within these identified areas already use Council's services because of the existing strong communities of interest.

## **CONCLUSION**

At its Ordinary Meeting in March 2015, Council adopted its draft FFF Proposal and associated AP which have since been on public display. Eight (8) submissions were received.

After considering all submissions, it is recommended that Council no longer pursues the boundary adjustments with Tenterfield Shire Council LGA; as this Council is submitting an FFF proposal under the Council Improvement Plan (existing structure) option – in line with The Panel's recommendation – and Council's boundary adjustment proposal changes to its north would potentially impact on this Council's ability to meet the FFF criteria.

Council acknowledges that Guyra Shire Council and some of its ratepayers do not support its boundary adjustment proposal as they want to remain a stand-alone "rural option" Council. However, it is recommended that all other proposed boundary adjustments, as identified in Council's draft FFF Proposal, remain in Council's final FFF Proposal, as these additional areas will have a positive effect on Council's population numbers and financial and strategic scale and capacity.

## **RECOMMENDATION**

- 1. That Council notes the submissions attached as Annexure A to this report.*
- 2. That Council no longer pursues, and removes from its final Fit For the Future (FFF) Proposal, the proposed boundary adjustments towards the north of its Local Government Area within the Tenterfield Shire Council's current area of jurisdiction; based on the reasons discussed in detail in the body of the report and Council acknowledging that such action could potentially impact on Tenterfield Shire Council's ability to meet the required FFF benchmarks.*
- 3. That Council pursues, and includes in its final Fit For the Future Proposal, the proposed boundary adjustments towards the south and west of its Local Government Area within the Guyra and Inverell Shire Councils' current areas of jurisdiction; based on the reasons and motivation discussed in detail in the body of the report.*
- 4. That Council acknowledges that, in the event of both Guyra and Uralla Shire Councils being successful with its stand-alone Council Fit For the Future Proposals, it would not aggressively pursue the proposed boundary adjustments to its south and west with its neighbouring Councils or the State Government.*
- 5. That Council keeps on pursuing the implementation of its economic development and tourism strategic plans; working in close collaboration with Business in Glen and the Glen Innes Severn Tourist Association Inc in order to stimulate and grow visitation and spend within the Local*

**Government Area.**

6. ***That Council requests the General Manager to prepare a further report for the June 2015 Ordinary Meeting of Council, presenting for adoption Council's final Fit For the Future Proposal and associated Action Plan under the option "Template Two (2) – Council Improvement Plan (Existing Structure)".***

Moved Cr A Parsons

Seconded Cr G Quinn

**2.05/15 RESOLUTION**

1. That Council notes the submissions attached as Annexure A to this report.
2. That Council no longer pursues, and removes from its final Fit For the Future (FFF) Proposal, the proposed boundary adjustments towards the north of its Local Government Area within the Tenterfield Shire Council's current area of jurisdiction; based on the reasons discussed in detail in the body of the report and Council acknowledging that such action could potentially impact on Tenterfield Shire Council's ability to meet the required FFF benchmarks.
3. That Council pursues, and includes in its final Fit For the Future Proposal, the proposed boundary adjustments towards the south and west of its Local Government Area within the Guyra and Inverell Shire Councils' current areas of jurisdiction; based on the reasons and motivation discussed in detail in the body of the report.
4. That Council acknowledges that, in the event of both Guyra and Uralla Shire Councils being successful with its stand-alone Council Fit For the Future Proposals, it would not aggressively pursue the proposed boundary adjustments to its south and west with its neighbouring Councils or the State Government.
5. That Council keeps on pursuing the implementation of its economic development and tourism strategic plans; working in close collaboration with Business in Glen and the Glen Innes Severn Tourist Association Inc in order to stimulate and grow visitation and spend within the Local Government Area.
6. That Council requests the General Manager to prepare a further report for the June 2015 Ordinary Meeting of Council, presenting for adoption Council's final Fit For the Future Proposal and associated Action Plan under the option "Template Two (2) – Council Improvement Plan (Existing Structure)".

**CARRIED**