

NOTES OF THE PUBLIC MEETING FACILITATED BY BOMBALA COUNCIL RE FIT FOR THE FUTURE HELD ON 17 MARCH 2015 AT THE BOMBALA RSL CLUB

PRESENT:

Mayor Bob Stewart, Bombala Council
Councillors S Goodyer, J Ingram, S Haslingden, B Bateman, D Hampshire and B Yelds
The Hon John Barilaro, MP, State Member for Monaro
Mr Steve Whan, Labor Candidate for Monaro
Ngairie McCrindle, General Manager, Bombala Council
Approx. 100 members of the general public

WELCOME :

Mayor Bob welcomed the public and candidates to the meeting and advised that he considered this to be one of the most important decisions that Council and the community would have to make.

The Local Government Independent Review Panel had carried out an assessment of all councils within NSW. The options identified for Bombala were:-

- Merge with Cooma-Monaro and Snowy River or
- Become a rural council in a Joint Organisation of Councils. A rural council is a stand-alone council.

Council resolved in February this year that its preferred option was to stand alone in the light of the information available at that time. It has been extremely hard to make an informed decision and advise the community on the options due to the lack of information available as to the costs and benefits of a merger or a stand-alone case.

Council has therefore, in conjunction with Snowy River and Cooma-Monaro Shire Councils, commissioned KPMG to prepare a Merger Business Case for consideration. Unless and until further facts are known that support a merger position, Council will not be supporting a merger. The Mayor requested the community to advise Council if they were not happy with the direction that Council was taking.

The Mayor also advised that he felt the timeframe that the State Government had adopted for the Fit for the Future process was far too rushed and that Council had requested a meeting with the Minister to discuss this matter. However, the Minister had not acceded to this request.

The General Manager then presented a Power Point Presentation (attached to these Notes) to the meeting.

The General Manager re-iterated during this presentation that the community needed to consider what is best for it and also needed to realise that rates will have to go up if services are to continue as is.

Comments from Mr Steve Whan. Labor Candidate for Monaro and previous State Local Member for Monaro:-

- 11 years ago this community said quite clearly that it wished to remain as a stand-alone entity and it was quite evident that generally this view still remained.
- There has been and still is a lack of information surrounding the Fit for the Future process and it is unknown if any forced amalgamations are going to occur.
- Labor does not stand for forced amalgamations and will not force amalgamations with a financial stick.
- Could see little advantage in amalgamating - Even if this occurs there is still the same amount of roads and facilities that need to be maintained with no real opportunities for cross subsidies, the only savings may be at the top level of administration, however the same number of outside staff would still be needed and he could see little financial benefit in amalgamating, although resource sharing still needed to be considered.
- Re-iterated Labor's position – do not support the process of forced amalgamation, however, if a community wishes to amalgamate Labor would support them. Future needs to be in the community's hands. Will not advocate forced amalgamations. Last time around was too bruising.
- Accepted there is a lot of challenges that face Council, especially the upgrade to the Bombala sewerage works and the water supply for Delegate.
- In my personal view rate pegging should go, however, it is Labor's policy.

Comments from The Hon John Barilaro, MP, Member for Monaro:-

- The Fit for the Future reform process began at a meeting in Dubbo some years ago after the State Government had been requested by some sectors of local government to investigate reform.
- The Local Government Independent Review had offered a range of recommendations.
- There will be no forced amalgamations but the State Government want to partner with local government to change.
- The community needs to be at the centre of this decision – if there is no benefit there is no point in amalgamating.
- The Rural Council model is a good one for this Council to pursue within a Joint Organisation.
- This is a debate that needs to be carried out.
- Cost Shifting has burdened local government but this cannot be reversed overnight.
- He has worked jointly with Council to secure State Government funding for projects and this has highlighted Council's capacity to finalise projects, e.g. the Fixing Country Roads Program that was initiated because of representations made by Bombala Council concerning damage caused by heavy haulage on its local roads network.

- The community and Council must look at what the business cases show.
- Council needs develop a business case under the Rural Council model – this may mean that residents will pay more rates.
- Constitutional recognition of local government is needed so that additional revenue streams are available to local government.
- There is a push from the Federal Government that local government be given access to tax income directly.
- The model for the future of Bombala must come from the community. Bombala's greatest challenge is the declining population.
- If elected he would make himself available to work with Council.
- Acknowledged that the time frame for the Fit for the Future process was very tight and that the decision arrived at needed to be right for the community.

Public Questions and Comments:

██████████ – Referred to GM's comments that rates may have to rise and asked if rate pegging was in the issues and was anyone in government looking to remove it?

Mr Barilaro acknowledged that rate pegging was not a good strategy and needed to be removed. The Liberal/National Coalition does not have a position on removing rate pegging, however, he personally thought that rate pegging should be scrapped and local government should be able to set its own rates.

Mr Steve Whan commented that there is the opportunity for Councils to apply for a Special Rate Variation. The distribution of the Financial Assistance Grants (FAG) also needs to be reviewed. If these had kept pace with real value local government would not have the infrastructure backlog there is now. The Labor Party policy supports rate pegging but personally he did not agree with it.

██████████ - Asked what were the costs involved in applying for a rate rise and also the costs to Council to carry out the Fit for the Future process.

The Mayor advised that the Merger Business Case and facilitation process had been funded 50/50 by the three councils (Snowy River Shire, Cooma-Monaro Shire and Bombala) and the State Government and that the cost to Bombala Council has been approx. \$15,000.

██████████ – Commented that it was obvious overwhelmingly that people wanted to stand alone and questioned why Council had to do the merger case.

Mayor – We are obliged to consider it under the Fit for the Future process. KPMG had been engaged to do the merger business case. The three Councils of Cooma-Monaro Shire, Snowy River Shire and Bombala had previously wanted to engage an independent facilitator to carry out an analysis of the three Councils over 6 to 8 months. They had approached the Minister

for Local Government to secure funding to further this strategy but this had not been agreed to. He felt this would have been a much fairer process.

██████████ – Identified the human impact on the community that would occur with an amalgamation and the probable loss of jobs, adding that the community needed support from the State Government.

Mr Barilaro agreed with her sentiments and Mr Whan emphasised that it was critical that jobs remained in the community.

██████████ – Referred to the issues of the Palarang Shire and asked if this could happen again.

Mr Barilaro – Conceded that Palarang Shire had its issues. Often the efficiencies that can occur in the city due to amalgamations cannot be found in rural areas. Sometimes there are efficiencies gained in the administrative section but the Victorian experience has shown that this is not always the case.

Mr Whan – Palarang Shire Council will tell you that they are viable now. The community did not want to amalgamate with Queanbeyan at the time. The area does have the high growth town of Bungendore so it is not directly comparable to what is occurring in this area.

██████████ – we are constantly told our population is declining, however, we believe that we have turned the corner and our population is now growing. Sydney has a responsibility to look after rural areas and needs to understand that rural councils are needed.

Mr Barilaro – acknowledged that growth is happening in the area. Dongwha has cemented growth in the timber sector and tourism is becoming very important. This area does have opportunities for growth through the forestry, agriculture & tourism sectors.

Mr Whan – continued work is needed to enhance the area including the NBN upgrade to entice people to continue to live here. The Dongwha mill has been a positive for the area, as has been the upgrades to the Monaro Highway carried out over the past 20 years. There is a need for a long term regional development policy to be progressed.

██████████ - identified that the second stage of the mill development could be contingent on there being enough resource available to Dongwha and at this stage much of the resource was under contract to Visy.

Mr Barilaro – commented that he was aware that the mill had problems with sourcing skilled employees and suitable housing. He also felt that tourism would present some great opportunities to the area through the proposed upgrades to the Canberra airport and Eden port.

Mr Whan – commented that Forests NSW needed to assist in developing the region in which the resource was located however it is difficult to break existing contracts.

██████████ – asked if it would be easier for a larger council entity to fund projects such as the upgrade to the Delegate Water supply.

John Barilaro – All councils have been assessed and audited around the state. This process is about the future of local government and presents an opportunity to make sure that local government can deliver the services required. The State Government is not pulling back on grants to local government and is also offering opportunities for low interest loans.

██████████ – commented strongly that he felt the area was not geographically in a position to amalgamate.

██████████ – advised that he had come to find out from candidates their positions on forced amalgamation.

Mr Barilaro advised the Liberals were not looking at forced amalgamations and the big fights will be in Sydney.

Public Show of Hands on Support of Council Position

The Mayor asked for an endorsement of Council's position, i.e. to remain as a stand-alone entity with no amalgamation, by way of a show of hands.

The meeting unanimously and strongly supported this position with the exception of one person present who is neither a ratepayer nor resident of the local government area.

The Mayor expressed his thanks to both John Barilaro and Steve Whan for their attendance and comments and wished them well at the State Election to be held on 28 March 2015.

The meeting was then declared closed.

NOTES FROM PUBLIC MEETING – FIT FOR THE FUTURE – 10 JUNE 2015 AT BOMBALA RSL CLUB**Welcome by Mayor:**

The Mayor welcomed approx. 80 members of the general public to the second Fit for the Future public meeting and advised that the General Manager (GM) would present a power point presentation explaining the process so far and the results of Council's research including the Merger Business Case with Snowy River and Cooma-Monaro Shire Councils. An information sheet was also handed to attendees (attached to these notes)

Apologies:

The Mayor advised that apologies had been received from:-
Councillors Joe Ingram, Sue Haslingden and Steve Goodyer

██
██

Power Point Presentation:

The GM then presented a Power Point Presentation (attached to these Notes) to the meeting.

During this presentation, she advised that Council was well on the way to preparing its proposal as a stand-alone rural council. The proposal was required to be submitted to IPART by 30 June 2015.

The Mayor further advised:-

- The process had been a very frustrating one from Council's point of view due to the lack of time to gather quality information on which to make an informed decision for Council's future.
- Council's preferred position is still to remain as a stand-alone rural council.
- The Merger Business Case, prepared by KPMG for Council in conjunction with Snowy River and Cooma-Monaro Shire Councils, identified savings of \$3.7 million over 10 years. This equates to savings of about \$60,000 per year for Bombala Council. These savings did not seem substantial enough for Council to lose its independence and autonomy.

Questions/ Comments from Floor:

████████████████████ – Referred to Council's depreciation rates and Council's Auditor's concerns that Council's rates were not sufficient.

The GM - Roads assets have been revalued and this is reflected in the revised Asset Management Strategy and, as the Auditor said, our depreciation on these assets will change.

████████████████████ – It appears that a merged council will also require a rate increase – has this been calculated.

GM – It is not possible to give information at this stage.

Mayor – The three GMs of Bombala, Cooma-Monaro Shire and Snowy River Shire Councils all feel that there will definitely need to be an above rate peg rate rise for a merged entity. If the community wants to stand alone Bombala Council will also have to consider this scenario as outlined in our plans.

The Mayor again expressed his frustration that the process has not given Council enough time to gather quality information concerning this issue. He referred attendees to Pages 2 and 3 of the KPMG Merger Business Case.

██████████ – In either the merged situation or stand-alone scenario it is clear that Council has to change how it does business. Has Council considered this and how it will keep future governments “off its back” so that the community can have some stability?

Mayor – Council will be exploring and identifying shared services opportunities. The three Councils will look at employing an Executive Officer to drive the idea of shared services.

██████████ – Does Council have any plans to save money and attract other industry here?

The GM – Part of Council’s proposal to IPART as a rural council and Council’s Operational Plan for 2015/16 deal with this question. Council has identified such initiatives as investigating the feasibility of a small game abattoir and the development of the swimming pool complex.

Mayor – acknowledged that Council needed to be proactive, however, the future looked bright with the Dongwha development going ahead, and increased tourism opportunities via the Bundian Way (the ancient aboriginal walking track between the coast and the mountains that traverses the local area).

██████████ – How long have we been rate pegged for, when will we go for an above rate peg rise and can we ask the State Government to remove rate pegging?

Mayor – Local government in NSW has been rate pegged for about 25 years. Our last above rate pegging rate rise occurred about 10 years ago. We need to go for an above rate pegging rate rise as soon as possible. Local Government NSW (the body that represents all NSW local government councils) and its predecessors have requested the removal of rate pegging for many years but so far successive State Governments have refused to remove it.

██████████ – I understand that the rate peg only relates to general rates and does not affect water and sewerage.

Mayor – That is correct. Council could substantially increase water and sewer rates but has not gone down that path.

The GM – Bombala operates water, sewer and garbage as businesses on a fee for service basis and therefore charges reflect costs of operation.

Mayor – thanked Councillors Craig Mitchell and Angie Ingram from Cooma-Monaro Shire Council for attending the meeting. He acknowledged that the region could be in for a very tough battle but that we needed to work together and keep a united front. The Mayors and GMs of the High Plains Forum (Cooma-Monaro, Snowy River and Bombala Councils) will be meeting next week. On the information given to us Council still believes that a stand-alone rural council is the best model for the community.

██████████ – Would a merged entity provide additional infrastructure to keep young people in town?

Mayor – We do not know but I cannot see how a merged council would provide that benefit more than the current situation.

██████████ – We do need to attract additional industries and people to the town, however, if we were to merge and lose employment that would be to the detriment of the community.

██████████ – The community needs to send a very strong message to our local member that we are not happy with this process and do not want to be amalgamated.

██████████████████████ – We have lived through an amalgamation in Queensland and have seen no benefit whatsoever to the community. They urged the community to fight to stand alone and to recognise the potential of the town and district.

██████████ – a long time resident of the area echoed these sentiments.

██████████████████████ – Orbost had a similar experience to Bombala due to the loss of the hardwood timber industry. The Orbost community is looking at encouraging older people to retire there. Suggested that Bombala can look at this as well.

Mayor – Bombala lost a number of people when the hardwood industry was closed down, however, we feel that the population has stabilised.

Public Show of Hands on Support of Council Position

The Mayor asked again for an endorsement of Council's position, i.e., to remain as a stand-alone entity with no amalgamation.

The meeting unanimously supported this position with the exception of one person present who is currently neither a ratepayer nor resident of the local government area.

The Mayor once again thanked all people for attending and listening to Council's presentation and formally closed the meeting at 8.55pm.

Handout at June Meetings follows over page.

The Reform Process and Journey

In 2012-2013 the Independent Local Government Review Panel conducted a review into local government in NSW and produced a report called “Revitalising Local Government”. This report contained a number of key recommendations, many of which are supported for legislative and governance changes however the recommendation of most interest was in Part C Structures and Boundaries where the Panel recommended:

- Bombala Council **merge with Cooma Monaro** and Snowy River, or become
- a Rural Council in a South East Joint Organisation

(Note: the Panel’s preferred option is in bold type)

The Minister for Local Government then released the “Fit for the Future” process in late 2014. This report identifies 4 criteria for councils with the primary one being “**Scale and Capacity**”. Councils are also expected to show:

- Financial Sustainability
- Effective Services & Infrastructure
- Efficiency

Seven benchmarks were identified which all Councils need to meet or be showing progress towards meeting to be considered “fit for the future”. (See Tables)

Bombala Council Options

1. Merge with Cooma Monaro and Snowy River Shire Councils and be a council in SE Joint Organisation
2. Stand-alone (rural) Council in SE Joint Organisation

In both options we will be a council in a Joint Organisation but currently what that will look like is unknown. Joint Organisations of councils will be more formally decided after February 2016.

Council considered a third option of merging with Bega Valley Shire Council but the Office of Local Government suggested this study be funded after looking at Cooma and Snowy. Bega Valley Shire Council was listed as a Council in SE Joint Organisation so did not need to consider a merger and does not wish to pursue this option.

Template 3 – Rural Council (stand-alone)

Bombala Council meets most of the 9 characteristics as listed below so is eligible to complete this template.

1. Small and static or declining population spread over a large area
2. Local economies that are based on agricultural or resource industries
3. High operating costs associated with a dispersed population and limited opportunities for return on investment

4. High importance of retaining local identity, social capital, and capacity for service delivery
5. Low rate base and high grant reliance
6. Difficulty in attracting and retaining skilled and experienced staff
7. Challenges in financial sustainability and provision of adequate services and infrastructure
8. Long distance to a major (or sub-) regional centre
9. Limited options for mergers

Bombala Council Position

Bombala Council resolved in February 2015 in the light of the information available at that time that Council’s preferred position is to remain as a stand-alone Council.

Council was willing to investigate, in partnership with Cooma Monaro and Snowy River Shire Councils, a merger business case to see if this would be better for our community.

Business Cases

KPMG was commissioned to prepare a Merger Business Case and a Shared Services Analysis for the three High Plains Councils. These reports are available on Council’s website www.bombala.nsw.gov.au

Merger Business Case

The Merger Business Case looks at the potential advantages and disadvantages of merging Bombala Council with Cooma Monaro and Snowy River Shire Councils.

Below is the scoring for the base case for each Council and the merger against the 7 benchmarks.

Indicator	No Merger			Merger
	Bombala	Cooma-Monaro	Snowy River	
Operating Performance Ratio	-	-	-	-
Own Source Revenue	○	☺	○	☺
Building & Infrastructure Asset Renewal	-	-	-	-
Infrastructure Backlog	☺	○	-	○
Asset Maintenance Ratio	☺	☺	-	-
Debt Service Ratio	-	☺	☺	☺
Real Operating Expenditure per capita	☺	○	☺	☺

☺ = benchmark achieved

○ = benchmark shortfall within 10%

- = benchmark not achieved

(Note: Bombala Council does not achieve benchmark for Debt Services because Council does not have any debt)

Benefits – Merged Council

- ☑ \$3.7 million in savings over 10 years over the 3 Councils, excluding the NSW Government offer of \$11m to merge

Costs – Merged Council

- ☑ Merged council still only meets 3 of 7 benchmarks
- ☑ Area over 15,000km² and population over 21,000 people so Bombala with 2,400 people will have very limited representation
- ☑ Merged council still has operating deficits so rate increases and/or service decreases are inevitable
- ☑ Bombala Council disagree that the costs of a merger will be as low as KPMG states as in our experience IT and organisational systems would be far more expensive to bring together and we think would account for the entire State offer of \$11m.
- ☑ Reduction in staff in Bombala after 3 years
- ☑ Bombala has better asset management and infrastructure backlog ratios so our infrastructure may receive less attention in a merged council

Page 2 of the Merger Business Case in the Key findings states:

“Significantly, the financial analysis indicates a merged council would not meet all the Fit for the Future financial benchmarks –three of the seven benchmarks would be met in full, with one additional benchmark partially met. In particular, a merged council is likely to materially underperform against benchmarks relating to asset renewal and infrastructure backlog, and the expected net financial benefit of the merger is unlikely to be of sufficient quantum that would enable a merged council to invest heavily in these areas.”

Stand-Alone Rural Council Case

The stand-alone rural council case is based on Council’s IP&R documents and draft submission to IPART together with the KPMG Shared Services Analysis. It also looks at the potential advantages and disadvantages of Bombala Council remaining as a stand-alone entity and assumes there will be a level of shared services between the High Plains Councils and within a Joint Organisation.

KPMG states on page 2 of the Shared Services Analysis:

“Overall, deeper regional collaboration and joint-initiatives have the best chance of success where there is a shared mutual interest in its success.”

And on page 3:

“Overall, there are three principal benefits from the WBC Strategic Alliance that Bombala Council, Cooma-Monaro Shire Council and Snowy River Shire Council may seek to emulate through a similar regional mechanism. These include:

- *Improved communication and sharing of experiences and knowledge;*
- *Access to more specialised or higher skilled staff; and*
- *Efficiency savings through process improvement and joint purchasing.”*

Benefits – Stand-Alone Rural Council

- ☑ Retaining identity, representation and sovereignty.
- ☑ With a rate peg increase over 3 years Council can meet 4 of the 7 benchmarks fully, 2 in part and would not meet 1 benchmark in 2019/20. (See table below)
- ☑ The 3 High Plains Councils already cooperate on some shared services, e.g. library, weeds management, emergency services, and Bombala has agreements with Bega Valley Shire on service provision as well.
- ☑ Enabling local services to be provided where needed to our communities.

Costs – Stand-Alone Rural Council

- ☑ The LTFP identifies a special variation to General Income of 9.0% in the 2016/17 year 8.5% in the 2017/18 and 2018/19 years. This represents a cumulative increase over the three years of 28.32%.
- ☑ Council will need to continue to strive towards benchmarks and share services to achieve efficiencies with a potential loss of some local control and potentially staff.
- ☑ Political buy-in is needed by all participants for shared services to succeed.
- ☑ We currently do not know the exact parameters of the Joint Organisations but are currently working with CBRJO to achieve savings in purchasing.
- ☑ We need to continue to build trust between the High Plains Councils to advance resource sharing.
- ☑ Local services may be delivered at a marginally higher cost.

In 2019/20 Bombala Council will meet the following:

Indicator	Bombala
	2019/20
Operating Performance Ratio	○
Own Source Revenue	☺
Building & Infrastructure Asset Renewal	-
Infrastructure Backlog	○
Asset Maintenance Ratio	☺
Debt Service Ratio	☺
Real Operating Expenditure per capita	☺

☺ = benchmark achieved

○ = benchmark shortfall within 10%

- = benchmark not achieved

Council welcomes submissions by email to council@bombala.nsw.gov.au or in writing to P O Box 105, Bombala NSW 2632 by **17 June 2015**

**NOTES ON PUBLIC MEETING – FIT FOR THE FUTURE – DELEGATE COUNTRY CLUB
18 JUNE 2015**

Apologies

Councillor Yelds,
[REDACTED]

Welcome

The Mayor extended a welcome to those present and advised the meeting that Council's preferred position was a stand-alone rural council.

The GM then presented the same power point presentation as that presented to the meeting held in Bombala on 18 June 2015. The same information sheet was also given to those in attendance.

After the presentation the Mayor added that Council would not pursue resource sharing with the neighbouring Councils unless it is deemed to be an advantage to all Councils concerned.

[REDACTED] – advised of the experience that he had encountered when Orbost Shire was merged into the East Gippsland Shire Council – there were less services, no evidence of cost savings and less representation for the residents of the old Orbost Shire area.

[REDACTED] - What happens if Cooma wants to merge?

The Mayor – This could be an issue for Bombala but we do not have figures to show what a merger would look like just between Cooma and Bombala, the merger business case was done with the three Council areas of Cooma-Monaro, Snowy River and Bombala. Council will not support a merger option unless we have evidence that we would be better off and there is little evidence of that.

Councillor Bateman – I'm very worried about representation – this area will find it difficult to have any representation in a merged entity with a population of 21,000 people.

Surprise was also expressed by those present that Council did not meet the Debt Service Ratio Benchmark because it did not have any debt.

The Mayor once again thanked all people for attending and listening to Council's presentation and formally closed the meeting at 8.05pm.