

The Future of Bombala Council

FIT FOR THE FUTURE?

1. The Reform Process and Journey
2. Fit for the Future and Independent Panel Review
3. Bombala Community Survey, February 2014
4. Bombala Council Position

Where have we come from?

The journey so far...

2011

2012

2013

2014

Today

Destination 2036

Councils came together to plan how local government could meet the challenges of the future.

TCorp Sustainability Review

Conducted a comprehensive, independent analysis into the financial sustainability of every council in NSW.

Local Government Infrastructure Audit

Provided information in relation to the infrastructure backlog in NSW and identified infrastructure needs by area and asset type.

Independent Local Government Review

Conducted wide consultation to develop key recommendations regarding local government structures, governance models and boundary changes.

Local Government Acts Taskforce

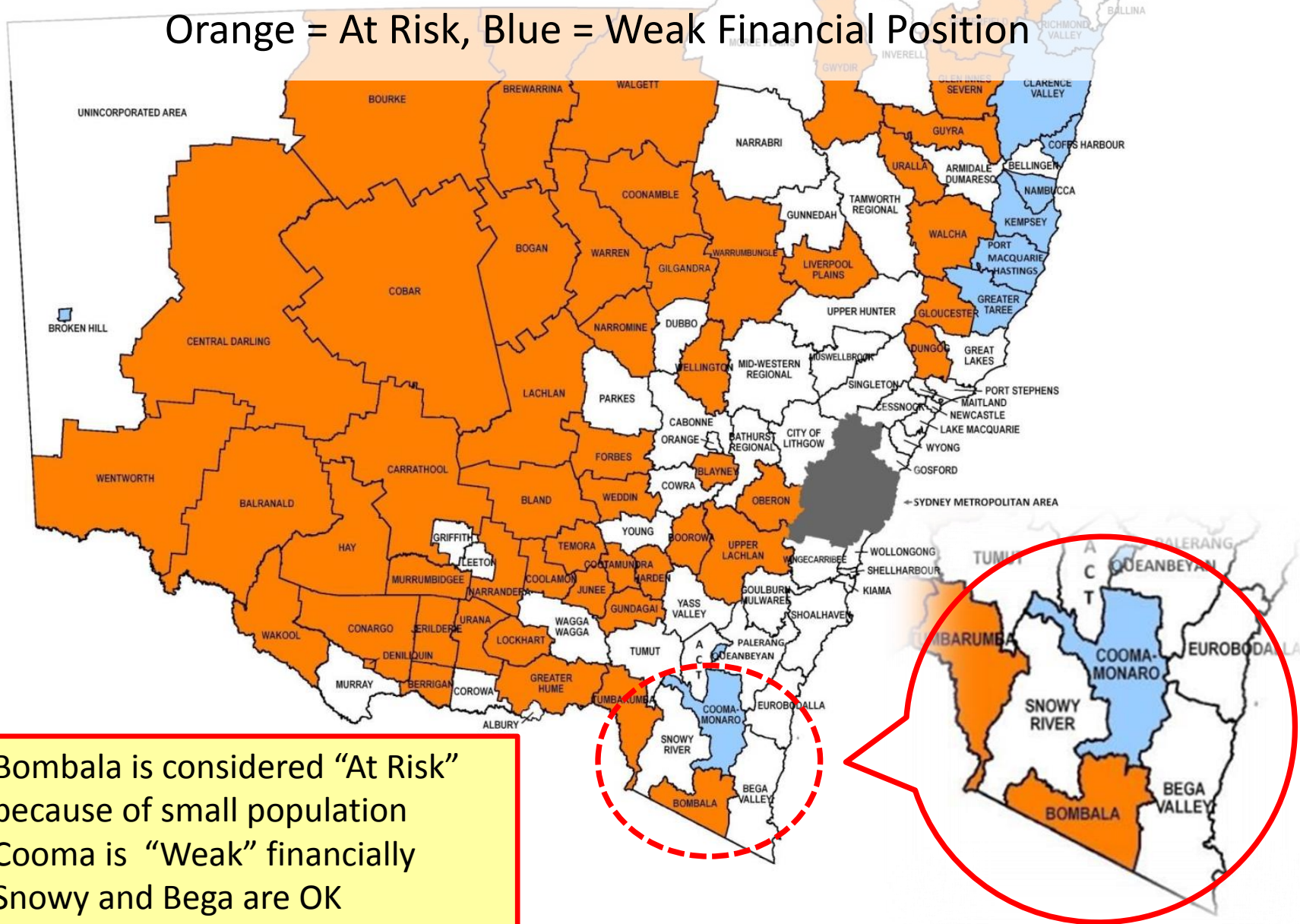
Looked at ways to modernise legislation, to ensure that it would meet the future needs of councils and communities.

Fit for the Future – Local Government

Will lay the foundations for a stronger system of local government and stronger local communities.

Independent Panel Review - Recommendations

Orange = At Risk, Blue = Weak Financial Position



- ❖ Bombala is considered "At Risk" because of small population
- ❖ Cooma is "Weak" financially
- ❖ Snowy and Bega are OK

Independent Panel Review Recommendations for Bombala Council

- **Merge with Cooma Monaro and Snowy River, or**
- Rural Council in South East Joint Organisation

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

Why?

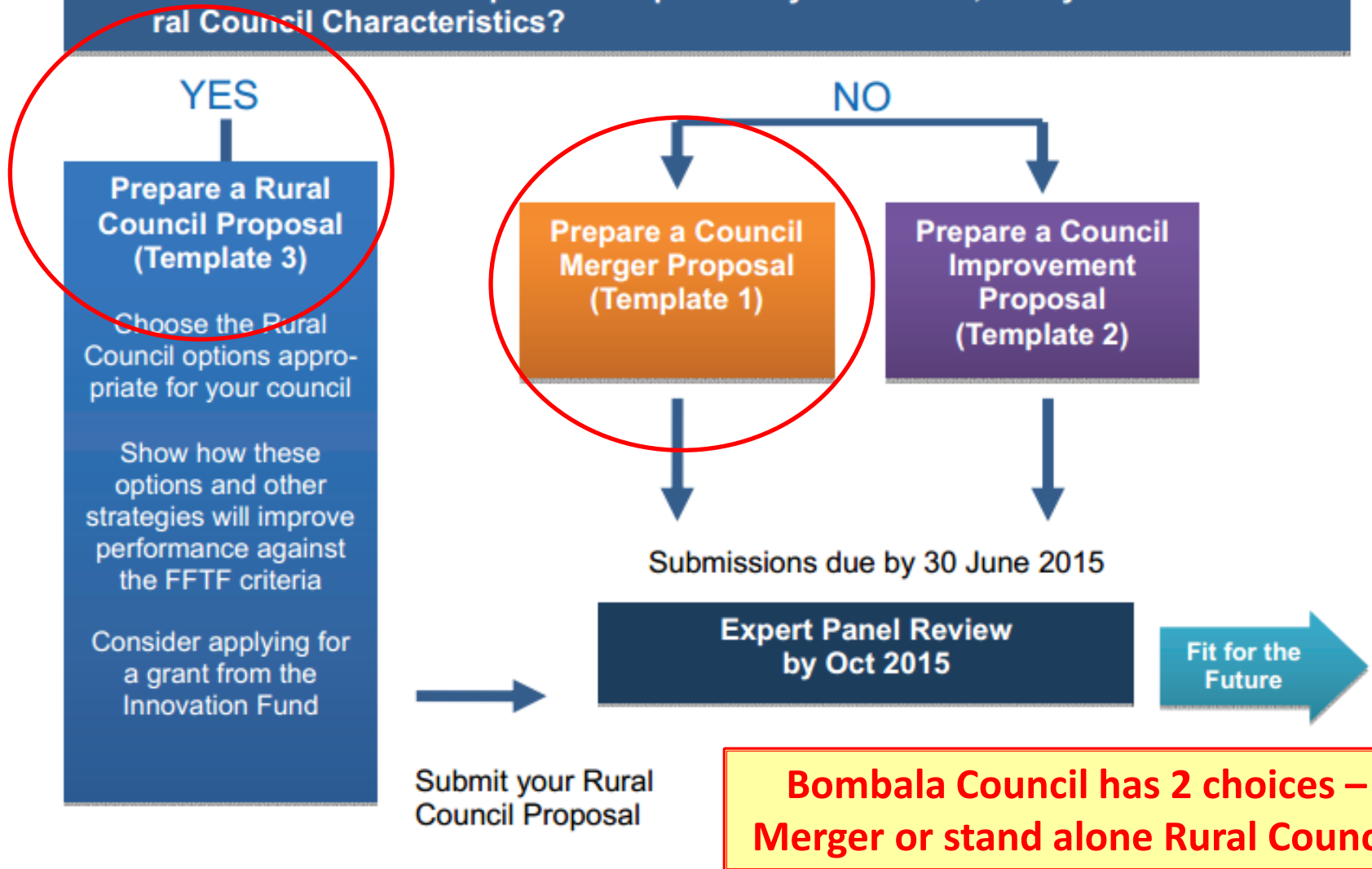
Because we do not fit the first criteria of 'Scale and Capacity' as we are:

- Unsustainable due to projected population decline
- Unsustainable due to small population

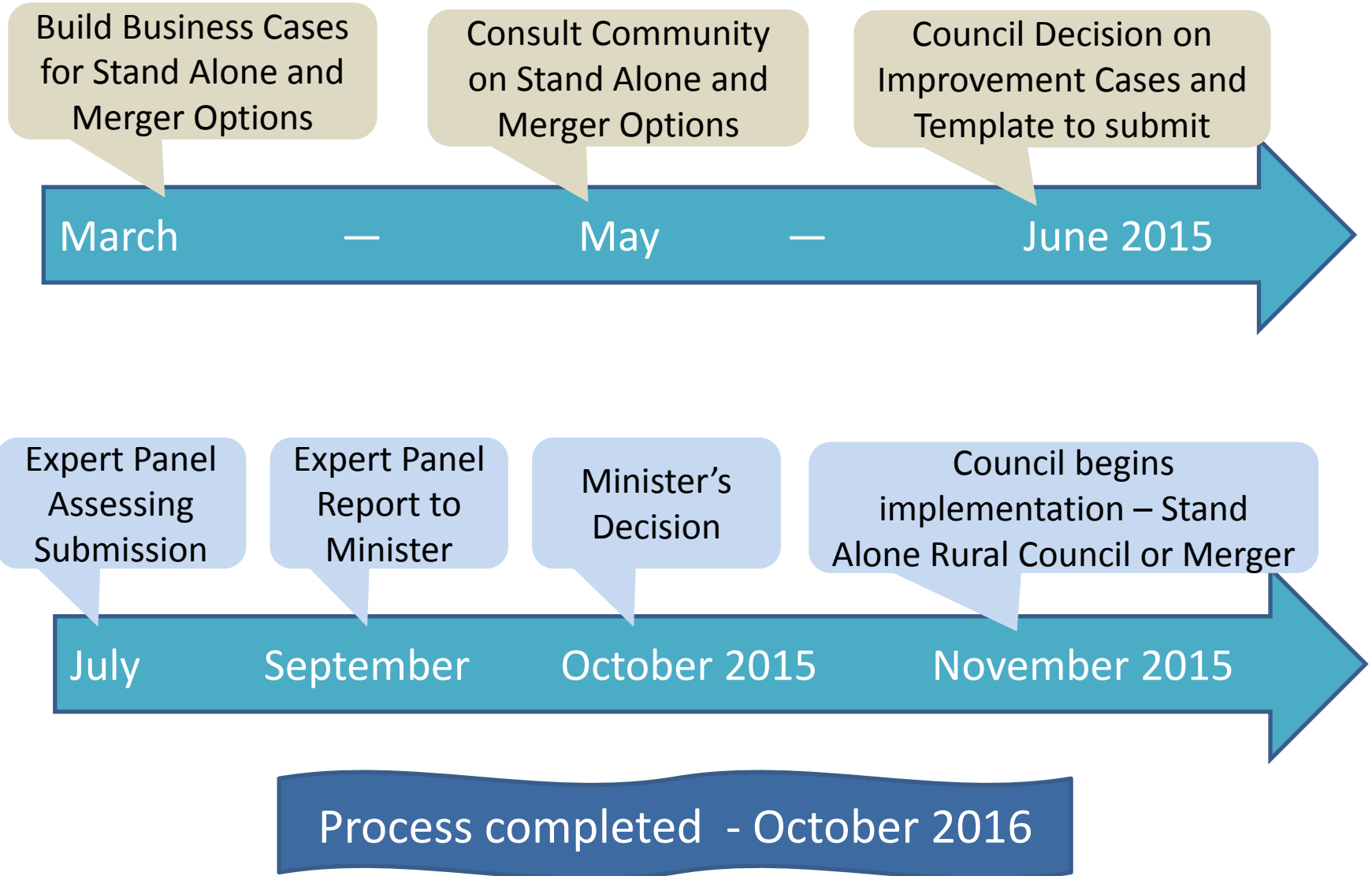
(We met the other criteria financially and were considered "moderate" and "neutral" in TCorp Review)

Becoming Fit for the Future . . .

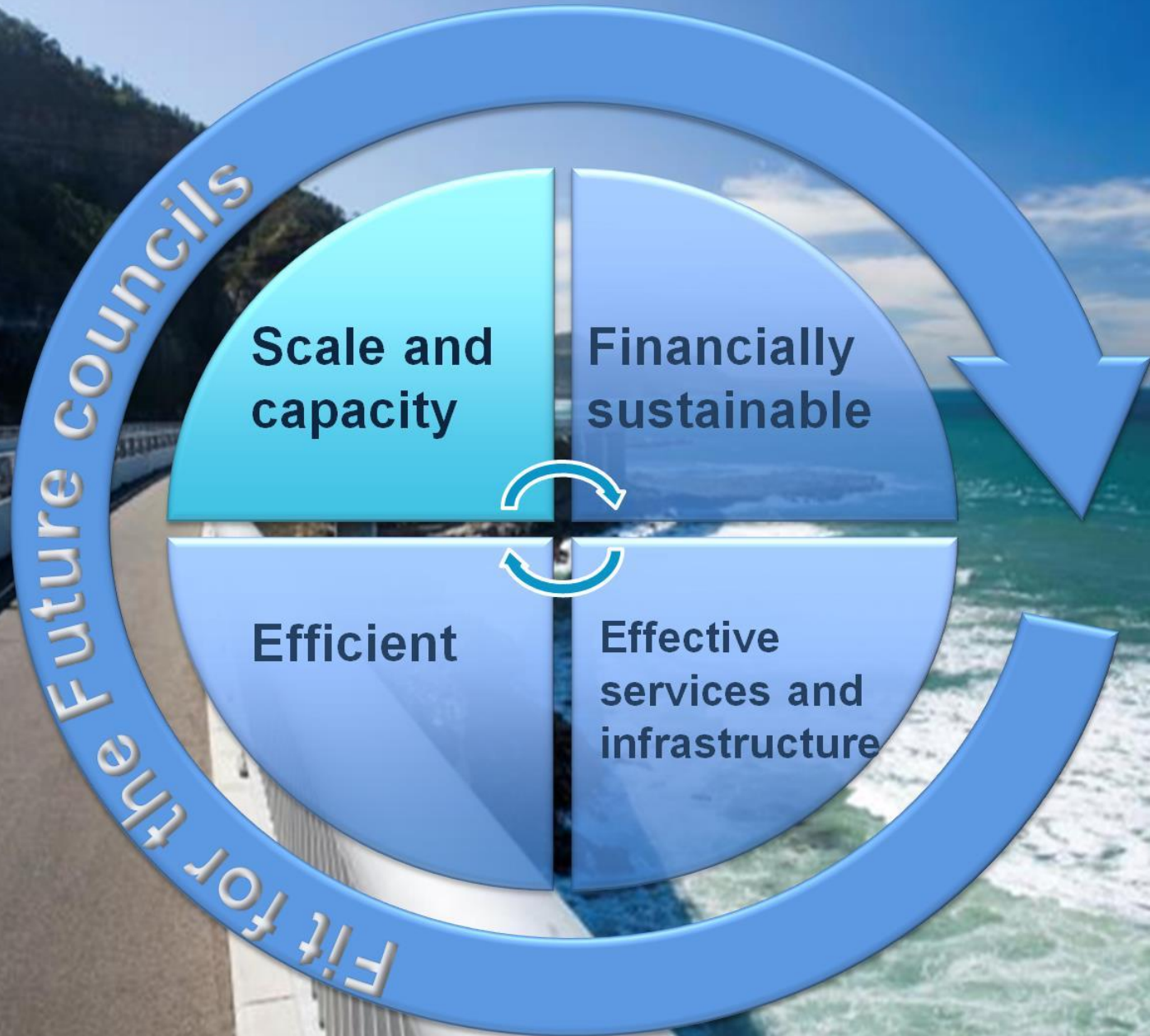
1. Does your council want to adopt the Rural Council option?
2. Was your council in Group C of the Panel's final report or, if the Panel recommended an alternative preferred option for your council, can you meet the Rural Council Characteristics?



Next Steps



Where are we going?



Rural Council Characteristics

High operating costs associated with a dispersed population and limited opportunities for return on investment

Local economies that are based on agricultural/resource industries

Low rate base and high grant reliance

Long distance to a major (or sub) regional centre

Limited options for mergers

Difficulty in attracting and retaining skilled and experienced staff

Challenges in financial sustainability and provision of adequate services and infrastructure

High importance of retaining local identity, social capital, and capacity for service delivery

Small and static or declining population spread over a large area

**Option 1
Resource sharing**

Either with neighbouring councils or via a Regional Joint Organisation

**Option 2
Shared administration**

Agreements with neighbouring councils

**Option 3
Specialty services**

Marketing specialist services to other councils eg via a Centre of Excellence

Other options

Councils are encouraged to include other options in their proposal that will assist them in becoming Fit for the Future



**Option 4
Streamlined governance**

Reducing the number of Councillors or formal council meetings, making greater use of committee structures

**Option 5
Streamlined planning, regulation & reporting**

Exploring flexibility under current legislative provisions, as well as adopting new options following legislative review

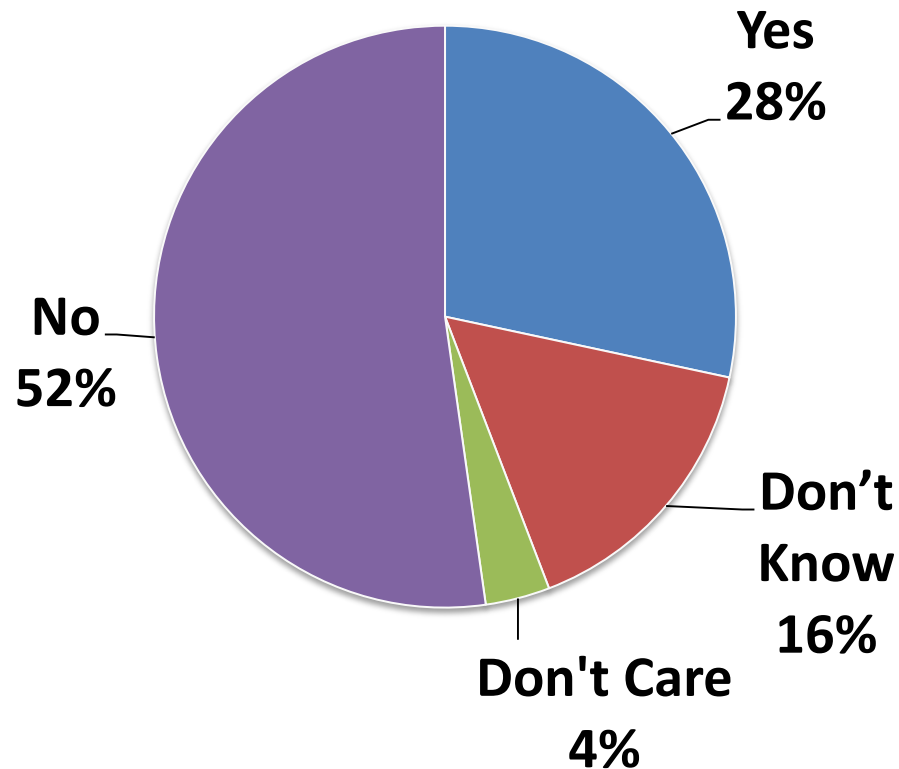
**Option 6
Service review**

Exploring options for improved cost recovery in service provision, or optional service delivery methods

Bombala Council Community Survey 2014

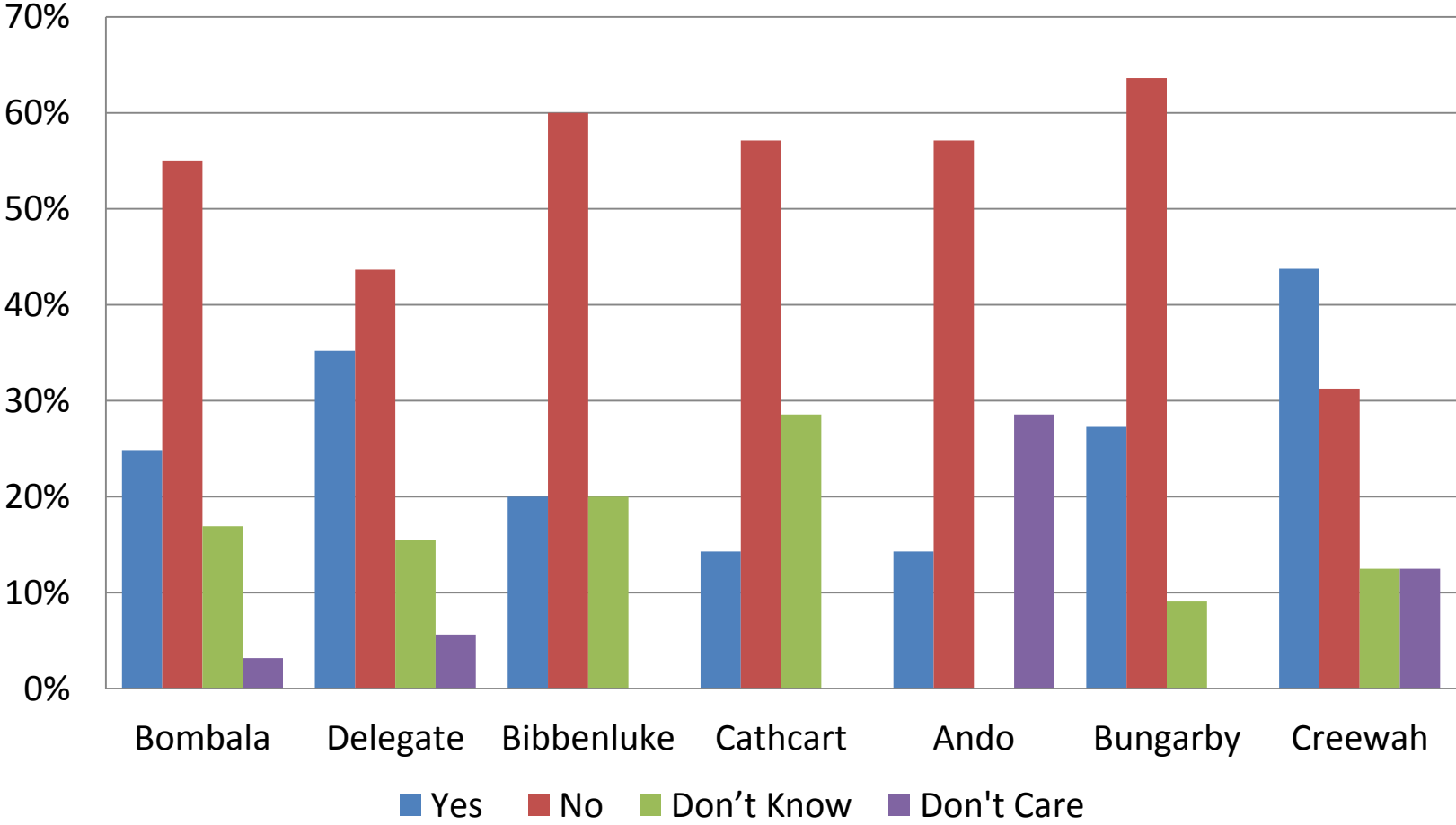
The Community Survey conducted in February 2014 provided the following information from 349 Respondents.

View on Possible Amalgamation of Bombala Council



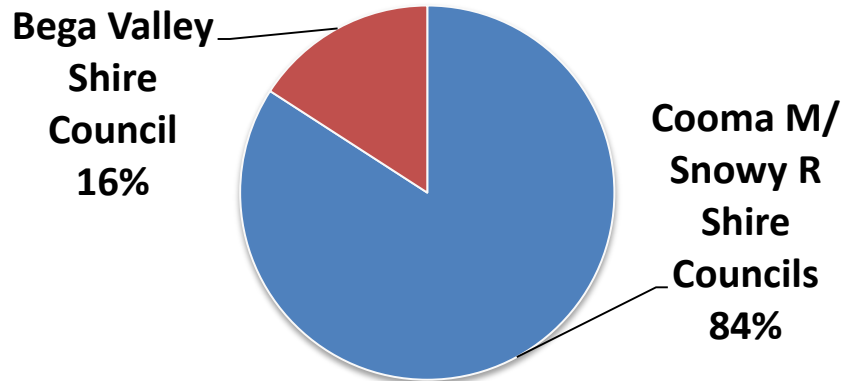
Bombala Council Community Survey 2014

View on Bombala Council being Amalgamated by District

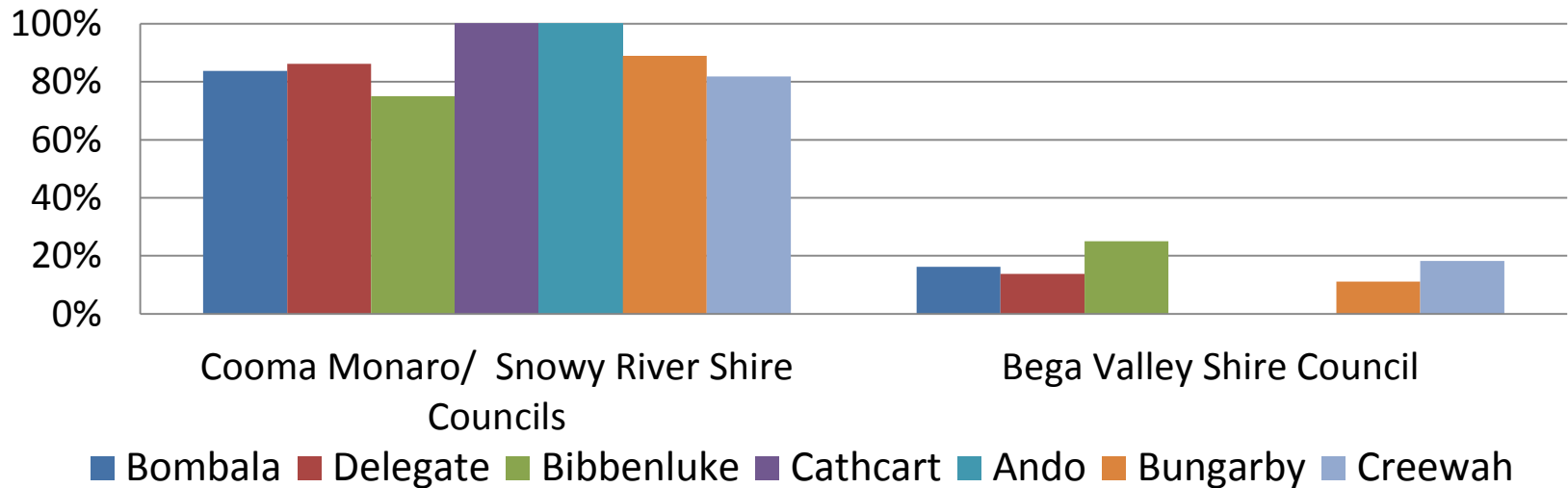


Bombala Council Community Survey 2014

Preference if forced to Amalgamate



Preference if forced to Amalgamate by District

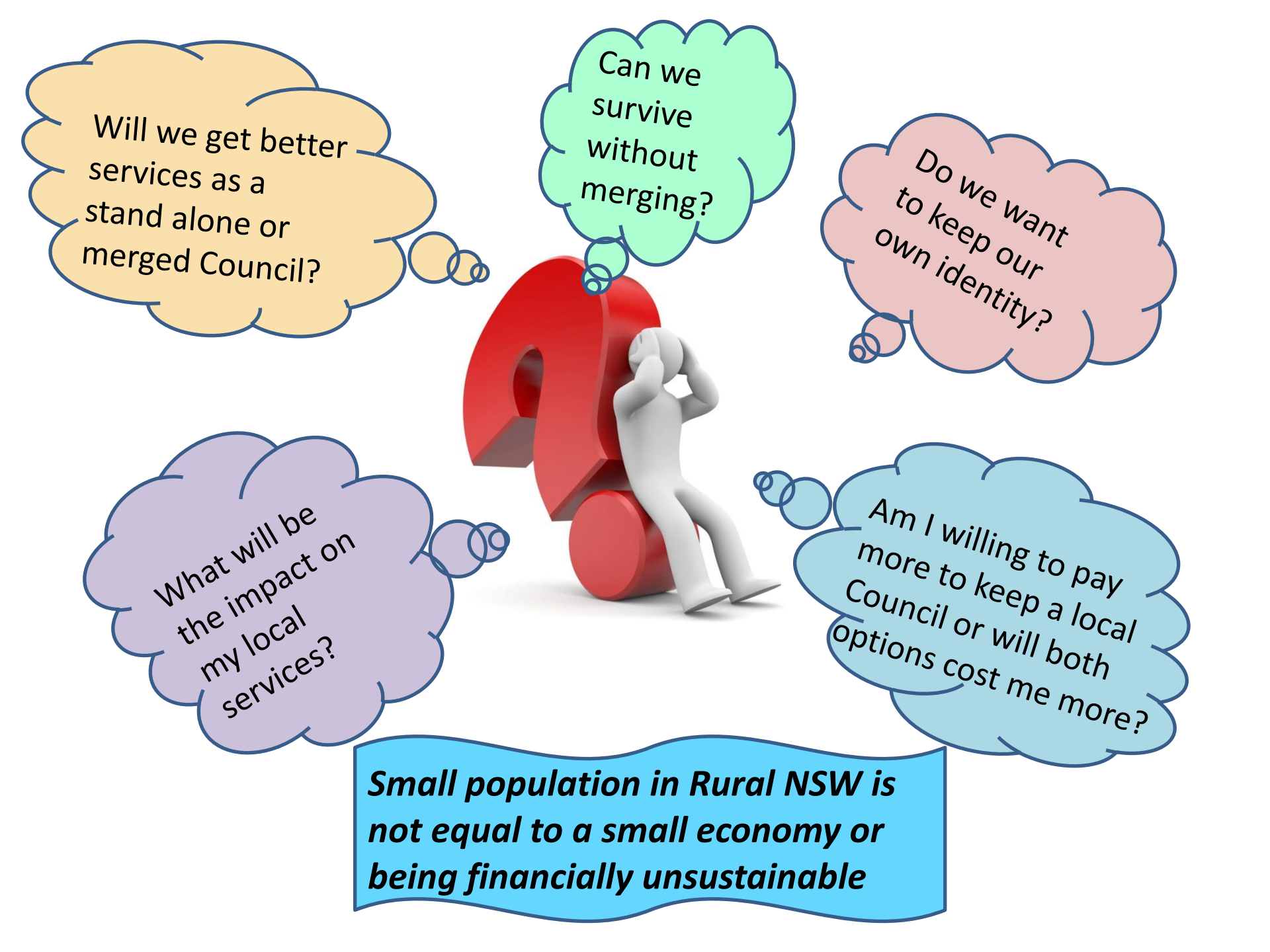


Bombala Council Position

Council resolved in February 2015 that in the light of the information available to date Council's preferred position is to **remain as a stand-alone Council.**

Bombala Council is undertaking the following:

1. Exploring the merger option with Cooma Monaro and Snowy River Shire Councils as was required in the Independent Panel's report and as part of the Fit for the Future process.
2. Exploring the stand-alone rural council improvement program and various identified options including resource sharing.



Will we get better services as a stand alone or merged Council?

Can we survive without merging?

Do we want to keep our own identity?

What will be the impact on my local services?

Am I willing to pay more to keep a local Council or will both options cost me more?

Small population in Rural NSW is not equal to a small economy or being financially unsustainable

We need Your Help

Opportunities

Strengths

Roads
Water
Sewer

Halls
Parks

Planning
Building
Weeds

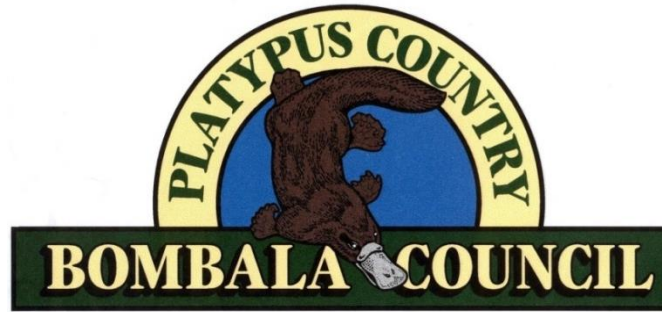
Ideas

Community
Services

Either way expect
your rates to rise to
pay for current
levels of service

Economic
Development
and impacts on
Local Economy



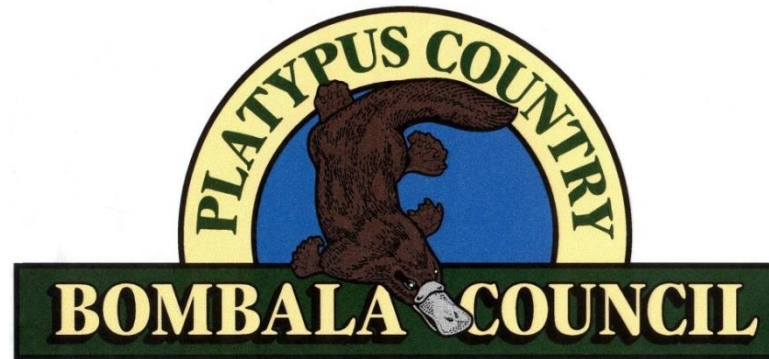


The Future of Bombala Council

FIT FOR THE FUTURE?

AGENDA

1. Welcome – Mayor Stewart
2. Apologies
3. Bombala Council Facts, Position and Options
4. Questions & Comments



The Future of Bombala Council

FIT FOR THE FUTURE?

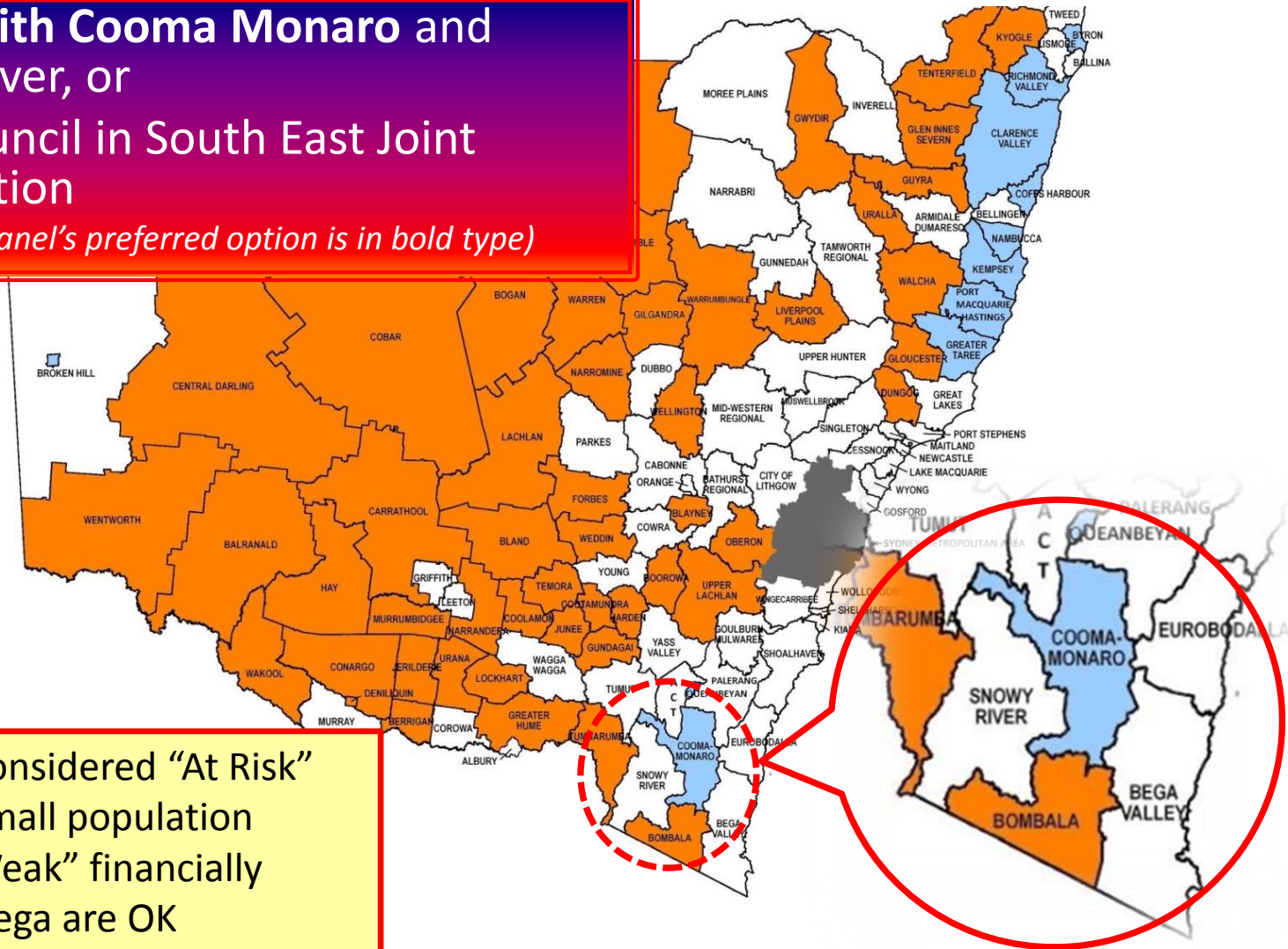
1. The Reform Process and Journey
2. Bombala Council Position and Options
3. Business Cases

Independent Panel Review - Recommendations

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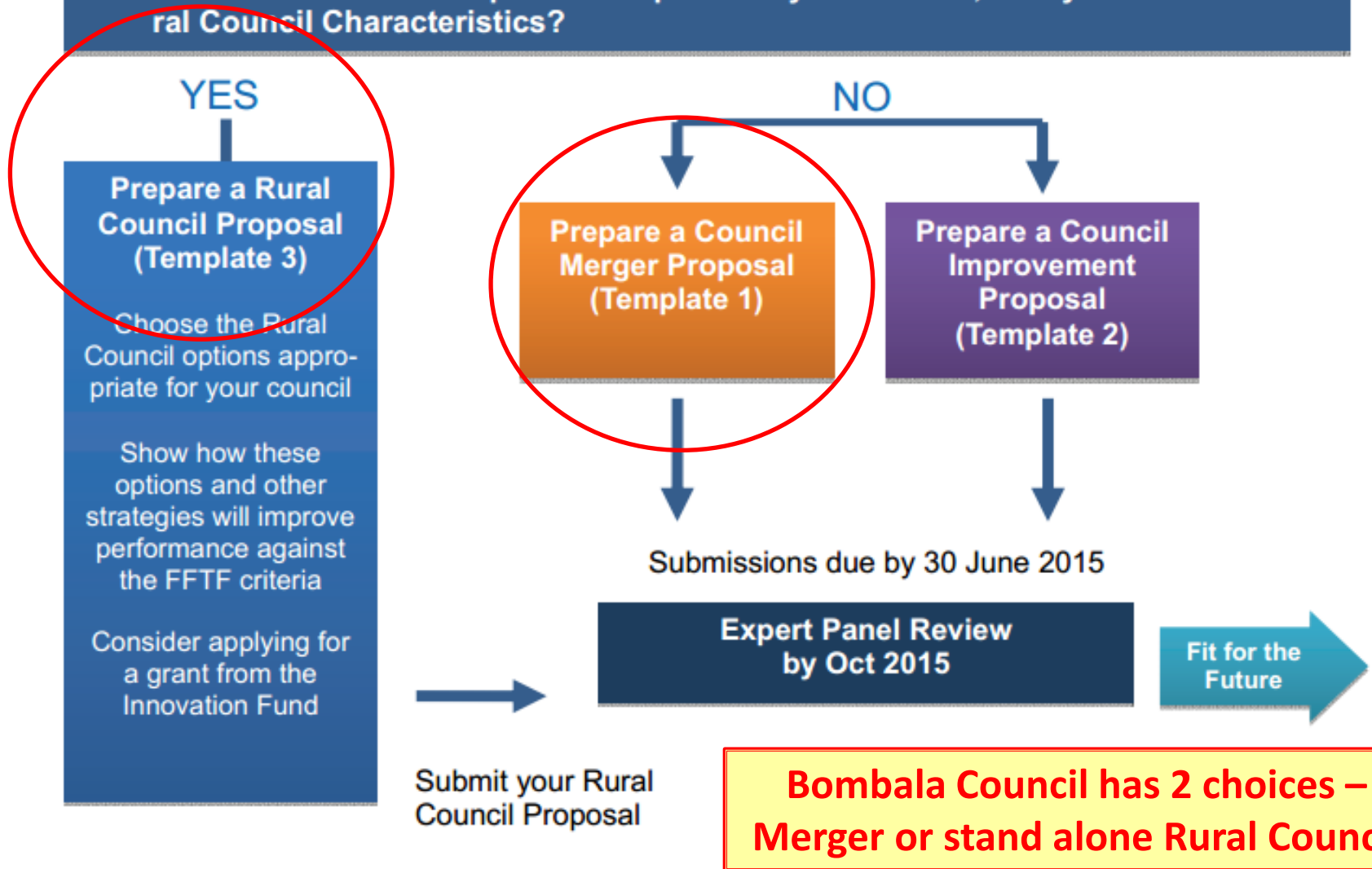
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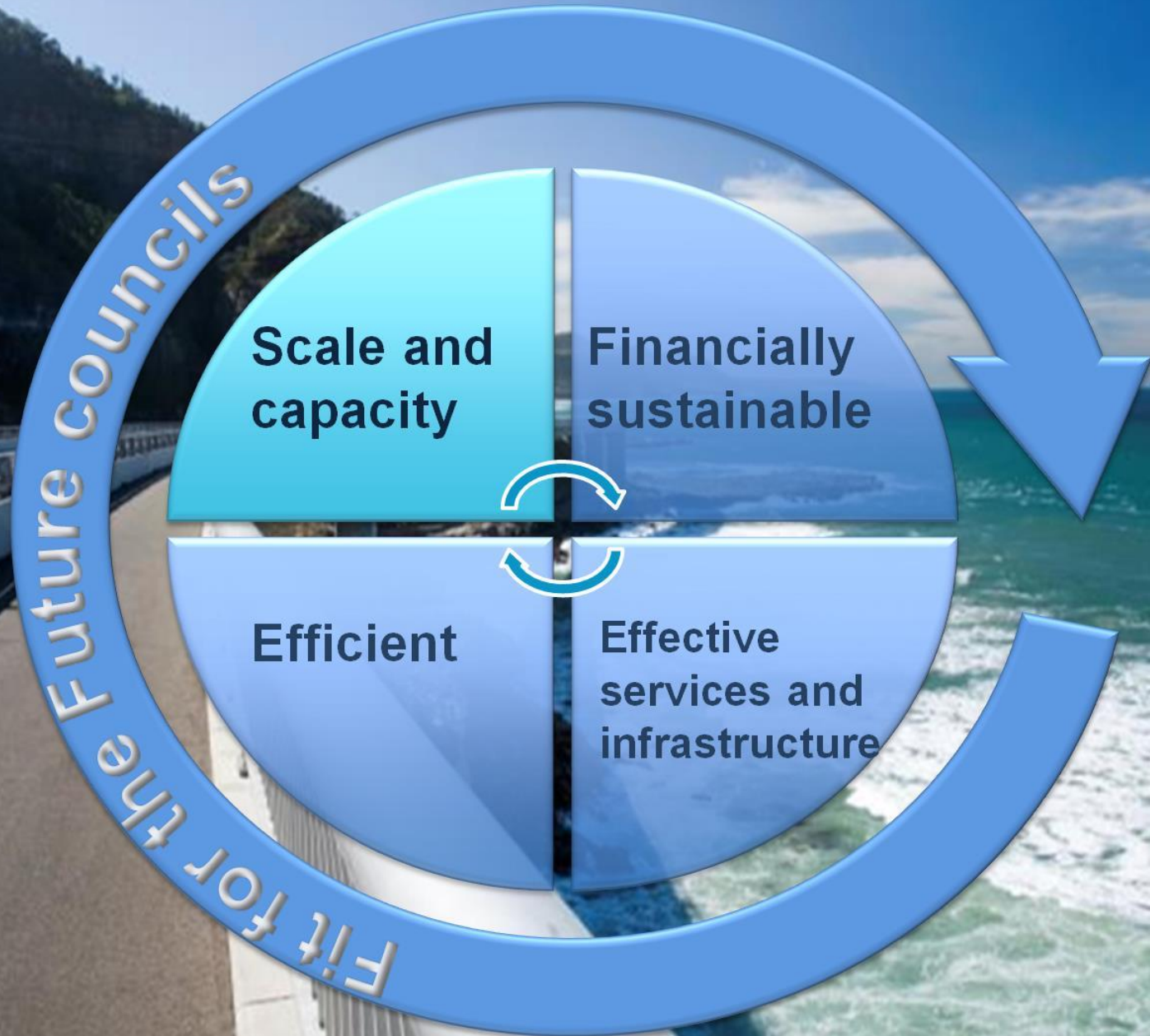
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Becoming Fit for the Future . . .

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Where are we going?



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

The NSW Government released 3 Templates for Councils to choose from and we need to submit our proposal by 30 June 2015:

- Template 1 – Council Merger Proposal
- Template 2 – Council Improvement Proposal (stand-alone)
- Template 3 – Rural Council Proposal (stand-alone)

Bombala Council meets the characteristics of a rural council and fails the scale and capacity test for Template 2.

Bombala Council Position

Council resolved in February 2015 that in the light of the information available to date Council's preferred position is to **remain as a stand-alone Council.**

- Following this round of community consultation Council must resolve to endorse its final submission to IPART.
- Council's proposal must be submitted to IPART by 30 June 2015.
- Public submissions on Council's proposal may be submitted on the IPART website up to 31 July 2015.

Rural Council Characteristics

A rural council is a normal council with the following characteristics.

High operating costs associated with a dispersed population and limited opportunities for return on investment

Local economies that are based on agricultural or resource industries

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Bombala Council – Merger Business Case





























KPMG were commissioned to produce a Merger Business Case for the Councils of Bombala, Cooma Monaro and Snowy River.

The Key Findings state on page 2 of the Merger Business Case:

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.

Bombala Council – Merger Business Case

There are 7 Key Indicators that the State has identified which should be met by councils to be “fit for the future”. The KPMG study found:

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 marginal (<10%)

 = benchmark not met

Bombala Council – Merger Business Case

Benefits – Merged Council

- ✓ \$3.7 million in savings over 10 years, over Bombala, Cooma Monaro and Snowy River, 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

Bombala Council – Rural Council Business Case

KPMG were commissioned to investigate a shared services model for the three councils to look at stand-alone business cases. This model is not a business case but rather informs our long term planning and drew on the Wellington, Blaney, Cabonne (WBC) model.

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.*

Bombala Council – Rural Council Business Case

Benefits – Stand-Alone Rural Council

- ✓ Retaining community 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.
- ✓ Shared service efficiencies. The 3 High Plains Councils (Bombala, Cooma and Snowy) 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 in accordance with community priorities.

Bombala Council – Rural Council Business Case

Costs – Stand-Alone Rural Council

- ✘ The Long Term Financial Plan (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 do not know the exact parameters of the Joint Organisations but are currently working with Canberra Region Joint Organisation (CBRJO) to achieve savings in purchasing.
- ✘ We need to continue to build trust between the High Plains Councils to advance resource sharing.

Bombala Council – Rural Council Business Case

There are 7 Key Indicators that the State has identified which should be met by councils to be “fit for the future”. Bombala’s Long Term Financial Plan shows:

Indicator	Bombala			
	2016/17	2017/18	2018/19	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 marginal (<10%) ● = benchmark not met

Bombala Council – Concerns with Process

- Government appointing IPART as the Independent Review Panel
- Don't want Local Government to end up like LLS
- *Fit for the Future* timeline makes mockery of fair process
- With the Council submissions due on 30 June, IPART have, on average, less than one day per Council to make assessments

Next Steps

Business Cases for Stand Alone and Merger Options completed

Consult Community on Options and decide Proposal

Council submits Proposal to IPART

May

—

June

—

30 June 2015

Public Submissions to IPART on Council Proposals close

IPART considers Council Proposals

IPART Report to Minister

Government Decision on Council Proposals

31 July

September

October 2015

November

Process completed - October 2016