

# BOMBALA SHIRE COUNCIL – RURAL COUNCIL PROPOSAL

## NOT FIT

Area (km <sup>2</sup> )	3,763	Population	2011	2,500
OLG Group	9		(2031)	2,200
ILGRP Group	B	Merger- Cooma-Monaro	2011	12,650
			(2031)	12,950
		Merger- Cooma-Monaro and Snowy River	2011	20,400
			(2031)	21,600
Operating revenue (2013-14)	\$8.6m	TCorp assessment	Moderate FSR	Neutral Outlook

ILGRP options (preference in bold)

**Merge with Cooma-Monaro and Snowy River (both yellow) or Rural Council in South East JO (all shaded).**

Assessment summary

Scale and capacity	<b>Does not satisfy</b>
Financial criteria:	<b>Satisfies overall</b>
• Sustainability	Satisfies
• Infrastructure and service management	Satisfies
• Efficiency	Satisfies

### Fit for the Future – NOT FIT

- The council does not satisfy the scale and capacity criterion.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.
- Scale and capacity is a threshold criterion which councils must satisfy to be Fit for the Future (FFTF), therefore the council is not fit.

### Scale and capacity – does not satisfy

- The council was required to consider the ILGRP preferred option and demonstrate its proposal is as good an option to achieve the scale and capacity objectives for the region.
- The proposed Rural Council Proposal is not as good as the ILGRP's preferred option to merge with Cooma-Monaro. When compared to the merger, the council's small and declining population of 2,200 in 2031 means it is unlikely to cost-effectively provide services to the local communities.
- The efficiency strategies the council proposes could be realised in addition to the merger gains under the merger alternative.
- A merged council is likely to have improved capabilities and a more robust revenue base, greater scope to undertake new functions and projects, improved integrated planning and regional collaboration.
- The council submitted a business case assessing the costs and benefits of merging Bombala, Cooma-Monaro, and Snowy River councils. Our assessment of the business case suggests the merger could generate benefits to the community of \$22m over 20 years (including the Government grant).

### Sustainability - satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmark for the operating performance ratio by 2024-25 and the building and infrastructure asset renewal and own source revenue ratios by 2019-20. In its financial planning, the council relies on the successful application and adoption of a special variation from 2016-17 of 30.7% cumulative over 3 years (23.0% above the rate peg).

### Infrastructure and service management - satisfies

- The council satisfies the criterion for infrastructure and service management based on meeting the benchmarks for the infrastructure backlog, asset maintenance and debt service ratios by 2019-20.
- The council changed its methodology for measuring the infrastructure backlog ratio, which accounts for much of the improvement.

### Efficiency - satisfies

- The council satisfies the criterion for efficiency based on a decline in real operating expenditure over the period to 2019-20.



## Other relevant factors

Social and community context	<p>The council refers to the geographic boundaries and relative isolation of the LGA contributing to a strong sense of place and the development of a cohesive and connected community where the council and community work together for social and economic benefit. This is reflected in the high level of volunteerism in the community: 33.5% compared to 16.9% for the state average.</p> <p>Economically, the main industries in the neighbouring LGAs do not show a clear overlap. By employment the main industries are:</p> <ul style="list-style-type: none"><li>• In Bombala LGA: predominantly agriculture, forestry and fishing, followed by manufacturing, retail, accommodation and food services.</li><li>• in Cooma-Monaro LGA: retail trade, public administration, health care and social assistance, agriculture, forestry and fishing.</li><li>• In Snowy River LGA: predominantly accommodation and food services, followed by arts and recreation services, retail trade and construction, and agriculture, forestry and fishing.</li></ul>
Community consultation	<p>A 2014 postal survey by the council received replies from 18% of the adult population. Survey results showed:</p> <ul style="list-style-type: none"><li>• 52% of respondents preferred the council standing alone</li><li>• 28% of respondents preferred a merger, and</li><li>• in the case of a forced merger, 84% of respondents preferred merging with Cooma-Monaro and Snowy River over the other option of Bega Valley.</li></ul> <p>The council held public meetings in March and June 2015. On both occasions, the attendees voted to stand alone as a rural council.</p>
Water and/or sewer	<p>Bombala Council states its water and sewer businesses do not yet meet the NSW Government Best Practice Management of Water Supply and Sewerage Framework. The businesses break-even, but have a combined infrastructure backlog of \$13.1m.</p>
Submissions	<p>We received five submissions in relation to Bombala. All submissions support the council standing alone. They raised concerns about the social and economic impacts of a merger including job losses. Additionally, they added there is no evidence the residents will be better off, merged councils are financially weaker, road maintenance may be impacted, and Forestry Corp and National Parks should pay rates.</p>