

Template 1

Council Merger Proposal



Office of
Local Government

Getting started . . .

Before you commence this template, please check the following:



You have chosen the correct template – only councils that are intending to merge should complete Template 1



You have obtained a copy of the guidance material for Template 1 and instructions for completing each question



You have undertaken analysis of the costs and benefits of the proposed merger. This could include preparing a Merger Business Case for your proposal.



Each council has met the minimum public exhibition requirements for the proposal (28 days) and consulted with staff



Your submission has been endorsed by a resolution of each council involved in the proposed merger.

1. The proposed merger

N.B. This template should be endorsed by all councils within the proposed merger group. The council completing the template on the group's behalf should ensure that endorsements from the other councils are attached to the submission.

1.1 Which councils have agreed to merge and form a new council?

	Council Name	Date of council resolution to support the merger
Council A	Cootamundra Shire Council	15 June 2015
Council B	Harden Shire Council	17 June 2015

Attachments

- 1. Minutes of the Ordinary Meetings of Cootamundra and Harden Shire Councils, 15th June and 17th June**

1.2 Agreed boundary changes

If there are any external boundary changes proposed in the merger, please provide details below and attach letters of support from the affected councils.

No additional boundary changes are proposed as part of the new structure.



See [Guidance material](#) Pg 8 for help completing this section.

1.3 Scale and capacity

Is the proposed merger the same as the Independent Local Government Review Panel recommended for your councils?

NO

(or the same as one option, where more than one was presented)

Why have you chosen a different grouping?

The Final Report of the NSW Independent Local Government Review Panel released in October 2013 identified the preferred options for each Council as follows.

Harden Shire Council	Group B	Merge with Boorowa and Young , or Rural Council in Tablelands JO.
Cootamundra Shire Council	Group F	Council in Riverina JO or merge with Junee.

After investigations and analysis of the preferred options of the Panel, as well as several other alternative options, Harden and Cootamundra Shire Councils have decided that their merger is the superior option.

How is your merger proposal broadly consistent with what the Panel recommended?

In Harden's case, the proposed merger of 2 councils (rather than 3) is broadly consistent with the Panel's preferred option.

In Cootamundra's case, the Panel provided a merger option, which was given equivalent weight to the option to continue as a stand-alone entity in the Riverina JO.

How will your merger proposal provide sufficient scale and capacity?

The population of the new Council will be 11,500, meeting the Panel's population targets. (Page 112 ILGRP Final Report). In addition, Cootamundra and Harden Councils can demonstrate that they achieve the key elements of strategic capacity as described by the Panel (Page 32 ILGRP Final Report.)

Attachments

- 2. Cootamundra and Harden Shire Council Merged Council Business Plan**
- 3. Assessment of the Fit for the Future Options Report**
- 4. Addressing Scale and Capacity Report**
- 5. 2014 Winning AR Bluett Award Submission of Cootamundra Shire Council**
- 6. REROC Report – Achieving Strategic Capacity through Regional Collaboration**
- 7. Harden, Young, Boorowa Merger Investigation LKS Quero Report**
- 8. Sutherland Shire Council letter of support**

Confidential Attachments

The Cootamundra and Harden Shire Council Merged Council Business Plan is based on the preparation of a detailed budget.

- 1. Merged Council Budget version 1.0 (excel)**
- 2. New Council Wages budget (excel)**



See [Guidance material](#) Pg 9 for help completing this section.

2. The outcome

2.1 Delivering key priorities and addressing challenges

Priorities	How will the merger help you deliver these priorities?
Priorities for the new council, based on regional plans and the priorities of the existing councils, as identified in their CSPs	
1. The strategic priorities of the existing councils detailed at page 19 of the Merger Business Plan are the starting point for the strategic priorities of the new Council.	The Merger business case demonstrates that the merger will provide increased capabilities and resourcing and increased strategic capacity to deliver the community priorities.
Challenges	How will the merger help you meet these challenges?
1. The SWOT analysis from page 28 of the Merger Business Plan considers the challenges for the new Council, and how these will ultimately impact the community.	The Merger Action Plan on page 30 of the Merger Business Plan details how the merger strategies will assist Council to meet the challenges.



See [Guidance material](#) Pg 10 for help completing this section.

2.2 Financial and non-financial benefits of the merger

Summarise the key benefits of the proposal and the risk management strategies and assumptions that support your findings

Councils may wish to attach a supporting business case and any research/analysis undertaken

Benefits				
Benefits	Impacts	Assumptions	Risks	Mitigation
The new Council will continue to provide the same or better services in a more strategic and sustainable way.	Effective, well planned delivery of community priorities.	Productivity gains will be achieved through better use of combined resources, rationalisation of plant and assets.	Risk that service delivery will be compromised as a result of rationalisation of resources.	Retaining and redeploying human resources to achieve more and better quality outcomes.
Improved financial sustainability outcomes.	Planned long term service and infrastructure levels are met. \$4,552,141 efficiency savings over 5 years identified.	Financial modelling is conservative or accurate.	Efficiency savings are not realised and merger costs are higher than budgeted.	Thorough merger implementation plan and continuing regular monitoring of long term financial plan.



See [Guidance material](#) Pg 11 for help completing this section.

2.3 Financial and non-financial costs of the merger

Summarise the anticipated costs of the proposal and the risk management strategies and assumptions that support your findings.

Councils may wish to attach a supporting business case and any research/analysis undertaken

Costs				
Costs	Impacts	Assumptions	Risks	Mitigation
Resource intensive process to facilitate merger.	Development of new plans, policies and procedures for the new Council.	Services and functions will be improved in the medium term through efficiency gains.	Distraction from core council business and service delivery.	Workplace change-management and staff engagement strategies. Adequate resources to implement positive change.
Estimated financial costs have been detailed in appendix 6 of the merger business plan.	\$4,976,601 merger costs over 5 years offset by \$5 million state government contribution.	Costs have been estimated based on industry knowledge and supplier quotations.	Unexpected financial costs or unanticipated loss of grants and other revenue.	Corporate systems that provide a platform for strong financial management.



See [Guidance material](#) Pg 11 for help completing this section.

3. How has the community been involved?

3.1 Discussing the options

Cootamundra and Harden Shire Councils adopted a Communications Strategy to involve their communities in an informed discussion about the 'Fit for the Future' reform options and the merger proposal. Information was distributed to residents and ratepayers, and each Council put the Draft Business Plan on public exhibition for 28 days for the period 11 May 2015 to 5 June 2015. The community response is summarised from page 23 of the Merger Business Plan.

Attachments

9. Fit for the Future Communications Strategy

10. Community Response – comments of residents and ratepayers

3.2 Explaining the benefits and costs

The costs and benefits were detailed in the draft business plan, in the information package and in the community meetings. The community meeting presentations are included from page 97 of the Communications Strategy.



See [Guidance material](#) Pg 12 for help completing this section.

1.3 Community response

Cootamundra and Harden Councils received 517 written responses to the merger proposal, with 463 in favour of the proposal, 51 against and 3 undecided.

The costs and benefits highlighted by the community are summarised from page 24 of the Merger Business Plan.

Benefits
Potential for the new Council to have improved capacity and efficiency.
The similarities of the Councils will aid efficiency savings and reduce potential disruptions during the merger implementation.
The Cootamundra and Harden communities have many similarities and make a good cultural fit.
Avoids a forced amalgamation scenario. It will be far more beneficial to have merging organisations that can work cooperatively to plan their future.

Concerns

Important for smaller communities to retain their local community identities.

Concern regarding the alternative option of the Young, Boorowa and Harden merger.

Council services must be retained and improved, particularly in the smaller communities and villages.

It is important that rural areas do not lose jobs.

Extensive community interest in choosing the name of the name of the new Council.

Rates should not be unreasonably increased as a result of the merger.

Councillor representation for the smaller communities and villages should be retained.



See [Guidance material](#) Pg 13 for help completing this section.

4. How will the merger help you achieve the benchmarks?

Please provide some estimates to show the new organisation's anticipated performance

4.1 Expected improvement in performance

Benchmark

Operating Performance Ratio (greater or equal to break-even average over 3 years)

Own Source Revenue Ratio (greater than 60% average over 3 years)

Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)

Infrastructure backlog ratio (less than 2%)

Asset maintenance ratio (greater than 100% average over 3 years)

Debt Service Ratio (between 0 and 20% average over 3 years)

Real Operating Expenditure per capita (decrease over time)

Overall Result, out of 7

	CSC Actual 2014	HSC Actual 2014	CSC Budget 2015	HSC Budget 2015	Combined Budget 2015	Merged Budget 2016	Merged Budget 2017	Merged Budget 2018	Merged Budget 2019	Merged Budget 2020
Operating Performance Ratio (greater or equal to break-even average over 3 years)	✗ (0.119)	✗ (0.189)	✗ (0.168)	✗ (0.223)	✗ (0.192)	✗ (0.090)	✗ (0.020)	✓ 0.005	✗ (0.037)	✗ (0.014)
Own Source Revenue Ratio (greater than 60% average over 3 years)	✓ 63.2%	✗ 47.7%	✓ 64.5%	✗ 50.6%	✗ 58.1%	✗ 55.1%	✗ 55.8%	✗ 57.8%	✓ 62.9%	✓ 63.5%
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	✗ 49.3%	✗ 91.7%	✗ 65.0%	✓ 125.2%	✗ 90.5%	✓ 100.5%	✓ 103.4%	✗ 83.4%	✗ 72.9%	✗ 74.1%
Infrastructure backlog ratio (less than 2%)	✗ 6.0%	✓ 0.2%	✗ 3.9%	✓ 0.0%	✗ 3.3%	✓ 1.7%	✓ 0.3%	✓ 0.3%	✓ 0.4%	✓ 0.5%
Asset maintenance ratio (greater than 100% average over 3 years)	✗ 96.2%	✓ 110.8%	✗ 98.1%	✓ 100.8%	✗ 99.4%	✓ 101.3%	✗ 99.5%	✓ 100.2%	✓ 100.2%	✓ 100.2%
Debt Service Ratio (between 0 and 20% average over 3 years)	✓ 2.22%	✓ 4.2%	✓ 2.3%	✓ 3.8%	✓ 2.9%	✓ 1.9%	✓ 1.6%	✓ 1.4%	✓ 1.5%	✓ 1.4%
Real Operating Expenditure per capita (decrease over time)	\$ 1,499	\$ 2,709	\$ 1,517	\$ 2,330	\$ 1,786	\$ 1,707	\$ 1,642	\$ 1,604	\$ 1,579	\$ 1,624
	Increasing	Increasing	Decreasing	Increasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing
Overall Result, out of 7	✗ 2	✗ 3	✗ 3	✗ 4	✗ 2	✗ 5	✗ 4	✗ 5	✗ 5	✗ 5



See [Guidance material](#) Pg 14 for help completing this section.