

Community Consultation - Findings

June 12, 2015.

Cooma-Monaro Shire Council undertook to consult with the community in accordance with the IPART methodology.

The consultation process involved community meetings in each of the main villages in the Shire and ended with a session held in the main township of Cooma. The consultation sessions were a mix of formal and informal elements and provided residents with a range of ways of communicating their concerns and views.

Aside from the community sessions, residents were also invited to read relevant reports developed by KPMG and to provide comments on Facebook, via email or post. A number of residents provided written submissions. The Bredbo Progress Association also provided a submission on behalf of members.

A PowerPoint presentation was delivered as part of the consultation session. This provided some background on the process to date and options for the future. The Council determined that a balanced approach was needed and pros and cons were offered with each of the scenarios.

The following summary is drawn from a combination of the consultations sessions during the Q and A session and informal discussion that flowed from the PowerPoint presentation and also from written submissions.

Government

- There were concerns relating to the NSW governments motivations
- The process seems hurried according to some and there was concern that it was insufficient time for the community to fully understand the implications of each of the options.
- There was some apprehension with some holding the view that the decision is already made or will be made from Sydney and therefore the consultation process may be redundant.

Local representation

- There was some disquiet in relation to the potential to lose grass roots representation if Councils merge.
- Residents in small communities in particular fear a loss of local representation and potential loss of services if elected members lack understanding of the needs of small villages. There was a strong feeling in each of the villages that a Merged Council could result in the voices of smaller communities being lost. A reoccurring theme - Will the larger towns be the only focus of Council if there is a merger?
- There were questions relating to the location of Council offices in a merged Council. Transport disadvantage and an ageing community meant that access to customer service staff was seen as important.
- There was a question as to whether a Ward system has been considered.

Infrastructure and services

- There were concerns that even with the Merger option that infrastructure backlog will not be sufficiently addressed and that NSW Government needs to consider issues around depreciation of assets so as to better reflect the Council's actual bottom-line.
- Some attendees could see the opportunity to share plant and personnel between Councils to maintain infrastructure and better service needs. However, concern about the physical distance in a merged shire that may mean staff spend too long on the road to get to destination at the furthest reaches of a new Shire.
- Questions were raised as to service delivery. A reoccurring question - Will services still be delivered in small communities?

Rates and financial matters

- Concern that rates will increase with any of the options.
- Will a financially viable council be carrying less viable councils if they merge?

Partnership options

- A number of people did not understand the difference between a resource sharing model and a standalone option under the umbrella of a JO. Many did not know what a JO was nor did they know that the Council was currently part of a ROC. There was a general lack of understanding as to how that could impact them one way or another. This made it difficult to appreciate the comparison between the models.

Merger considerations

- There were a number of concerns in relation to the tyranny of distance in a larger shire.
- A number of people across the shire felt that the current boundaries should be reviewed regardless the model adopted
- Purchasing power, advocacy and ability to influence were seen as positives under a Merger model
- Concerns were raised by some as to the impact of job losses in Cooma if a merger went ahead. As a major local employer, this was seen as an issue.
- The Merger option in particular presented some concern on the part of residents in smaller communities. A loss of services in small towns was seen as a potential threat with this model.
- The financial benefits of the Merger model were also hard for some residents to appreciate when the net benefit was seen as negligible over a 10 year period.

Communication

- A number of people who read the KPMG reports felt they were poor in quality and felt they did not properly reflect the state of play.
- Timeframes for the process seemed too short for community members to provide an informed opinion. It was difficult for some to be able to fully understand the options and therefore they felt it was hard to communicate their wishes in such a limited period.
- There were a number of community members who felt that Council should express their position although they respected the objectivity and fairness of the consultation sessions.
- Some community members felt that the NSW Government had not fully explained the situation before handing the role to Local Government to deal within a timeframe
- This phase of the process was seen as rushed by the NSW Government with no communication as to why.

YOUR FIT FOR THE FUTURE INFORMATION SHEET



Fit for the Future – What Does it Mean?

Over the past three years the State Government has been consulting with the Local Government sector on the future of local councils. A panel was formed that produced a final report called “Revitalising Local Government” and its key recommendation was that if NSW councils are able to meet the changing and diverse demands into the future then they need to:

- Have scale and capacity
- Be financially sustainable
- Deliver effective services and infrastructure.

What are the Options Available?

- 1 Cooma-Monaro Shire merges with Bombala and Snowy River Shire Councils.
- 2 Cooma-Monaro Shire stands alone as it does now and becomes part of a new South East Joint Organisation of Councils.
- 3 Cooma-Monaro Shire stands alone but with a shared services model where the 3 Councils share resources and service activities.
- 4 An alliance – resource sharing option.

What is the Current Position?

Cooma-Monaro Shire, in partnership the other two High Plains Councils, Bombala and Snowy River Shire, commissioned KPMG to prepare reports on a ‘Merger’ case and a ‘Shared Services’ case across the three shires.

Both of these reports are available on Council’s website at www.cooma.nsw.gov.au or are available to view at Council’s office or the Cooma Library.

Now that Council has this information provided by KPMG it can consult with the community to gain their feedback on how they would like to proceed and how they would like to see Cooma-Monaro Shire Council become **FIT FOR THE FUTURE**.

What do the Business Cases Say?

The Merger Business Case

The ‘Merger Business Case’ report examines the potential advantages and disadvantages of merging the three Councils to form one larger Council.

The NSW Government identified 7 benchmark measures that Councils need to score themselves against. Council also have to demonstrate they have “scale and capacity”.

The report looked at each of the 3 Councils to see how they score with and without merging, as per the below table:

Indicator	No Merger			Merger
	Bombala	Cooma-Monaro	Snowy River	
Operating Performance Ratio	✗	✗	✗	✗
Own Source Revenue	< 10%	✓	< 10%	✓
Building and Infrastructure Asset Renewal	✗	✗	✗	✗
Infrastructure Backlog	✓	< 10%	✗	< 10%
Asset Maintenance Ratio	✓	✓	✗	✗
Debt Service Ratio	✗	✓	✓	✓
Real Operating Expenditure	✓	< 10%	✓	✓

Source: KPMG Merger Business Case – May 2015

(Note: ✓ = indicator met; <10% = indicator shortfall marginal; ✗ = indicator not met)

Positives of a Merger Case

- ✓ There would initially only be minimal staff reductions (Initially only Contract Staff would be effected)
- ✓ The financial impact of the proposed merger is \$3.71million over 10 years
- ✓ With Government support, it is \$14.71million over 10 years

Negatives of a Merger Case

- ❖ A merged Council will have an area of over 15,000sq.km with a population of around 21,250
- ❖ Ageing infrastructure will still exist. Pressures on Councils to address large infrastructure backlogs will still remain
- ❖ Any merged Council would not meet 3 of the 7 Fit for the Future financial benchmarks
- ❖ A merged Council entity would still be running with financial deficits into the future impacting on rates and services
- ❖ It is likely that regardless of the Merger outcome, special rate increases (i.e. rate increases above the Rate-Pegging limit) will be required

Stand Alone with Options

The Independent Local Government Review Panel indicated there was merit in Bombala Council, Snowy River Shire Council and Cooma-Monaro Shire Council joining a 'South East Joint Organisation'.

There are a wide range of mechanisms available to deliver "stand-alone" services under a Joint Organisation (JO) model and the government has set up five trial sites in NSW to establish how a working Joint Organisation could operate.

Positives of Stand Alone under a JO

- ✓ This performance level can be achieved with minimum or no service disruptions or reductions
- ✓ Our internal analysis shows that Council can demonstrate performance towards achieving government benchmarks in support of a "Stand-alone" entity over time
- ✓ The three Councils already collaborate in some ways. The regional library service is an example of a shared services model activity

Negatives of Stand Alone under a JO

- ❖ Some rate pegging increases will be required, the final amount will depend on IPART's methodology which Council is seeking further clarification
- ❖ Based on ten year assessment, two years at 4% and 7 years at 3% above rate pegging estimated between 2.41% and 2.61%
- ❖ Based on 4 years assessment, a 9 % above rate pegging is needed
- ❖ A political buy-in by all participants for shared services is required to succeed
- ❖ The need to build trust and enhance working relationships and enthusiasm to achieve desirable outcomes
- ❖ There is potential for a loss in local control and Council autonomy

An Alternative Positive Improvement – The Alliance Option

A recent High Plains Forum meeting indicated that a strategic alliance of the three adjoining Councils be progressed

Positives of the Alliance Proposal

It would occur as follows:

- ✓ A trial process over a four year period in line with joint CSP requirements. This does not require new legislative compliance
- ✓ A professional "driver" would explore the costs and benefits of resource sharing options with councils on a "capacity and scale" basis and delivering quality services in minimising risks and significant rate pegging increases

- ✓ Proposal would be based on a business case funded by the State Government out of the \$11 million dollar incentive scheme for a merger
- ✓ The proposal achieves the business and societal advantages simultaneously; while maintaining the council autonomy and preserving local democracy

Negatives of the Alliance Proposal

The government may not:

- ❖ Desire to extend the period of the review
- ❖ Grant money to progress this scheme with a professional and experienced "driver" to deliver desired and feasible community outcomes
- ❖ The proposal will require time and effort in enhancing regional collaboration with "share service" arrangements and initiatives

Having Your Say

This is one of the most important decisions for your local area and will impact on your Council.

Council has to have our submission to the State Government by 30 June 2015.

Submissions from the Public to the Cooma-Monaro Shire Council are required by close of Business on Friday 12 June.

- In writing– to the General Manager, PO Box 714 Cooma 2630
- Email to yoursay@cooma.nsw.gov.au
- Submissions to Council's front counter
- Cooma-Monaro Shire Council on Facebook

KPMG reports & other information is available on our website at: www.cooma.nsw.gov.au



Community Forum

Becoming “Fit for the Future”



**THE FUTURE
IS IN YOUR
HANDS**

June 2015

An Apology

- On behalf of Council, I extend a sincere apology to the community for the urgency of seeking your input to this Local Government Review on such short notice.
- A time frame has been set by the government requesting all NSW Councils to respond with a submission by 30 June 2015.
- This is an important issue and your council did not want to make any recommendations on a preferred position without having information on the options and a conversation with its community.
- Council has now received the KPMG reports last week and these are now on Council's Website for your consideration.
- Given the tight time frame to comply, Council needs your input urgently in meeting your future needs.

Background

- The NSW Government is progressing with a local government reform initiative – Fit for the Future (FFTF) – which may change the way Cooma-Monaro Shire delivers services to the community.
- In 2012, an Independent Local Government Review Panel examined each Council. The Panel then made recommendations to the NSW Government about future sustainability.
- The Panel recommended in early 2014 that Cooma-Monaro should become a Council in the South East Joint Organisation (of Councils) OR to merge with Bombala & Snowy River.
- A set of seven parameters was created for Councils to meet to show that they are “*Fit for the Future*”.

Current Position

- The NSW Government's preferred position is to support Council mergers and substantial financial inducements are offered.
- The Independent Pricing and Regulatory Tribunal (IPART) released a methodology for Councils to use in their assessment as to whether they are Fit for the Future.
- Cooma-Monaro Shire, in partnership the other two High Plains Councils, Bombala and Snowy River Shire, commissioned KPMG to examine the 'Merger' case and of an alternative to 'Share Services' across the three shires.

Outline of Proposed Options

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|-----------------|--|
| Option 1 | Cooma-Monaro Shire merges with Bombala and Snowy River Shire Councils. |
| Option 2 | Cooma-Monaro Shire stands alone as it does now and becomes part of a new South East Joint Organisation of Councils. |
| Option 3 | Cooma-Monaro Shire stands alone but with a shared services model where the 3 Councils share resources and service activities. |
| Option 4 | An alliance – resource sharing option. |

Merger Business Case

- The 'Merger Business Case' report examines the potential advantages and disadvantages of merging the three Councils to form one larger Council.
- The NSW Government identified 7 benchmark measures that Councils need to score themselves against. They also have to demonstrate they have "scale and capacity".
- The report looked at each of the 3 Councils to see how they score with and without merging.
- There are some advantages and disadvantages of forming a larger Council. These are outlined in detail in the KPMG report, available for viewing on Council's website.

Merger Business Case

High Plains Councils current position with FFTF measures and Merged Council position (KPMG)

Indicator	No Merger			Merger
	Bombala	Cooma-Monaro	Snowy River	
Operating Performance Ratio	✗	✗	✗	✗
Own Source Revenue	< 10%	✓	< 10%	✓
Building and Infrastructure Asset Renewal	✗	✗	✗	✗
Infrastructure Backlog	✓	< 10%	✗	< 10%
Asset Maintenance Ratio	✓	✓	✗	✗
Debt Service Ratio	✗	✓	✓	✓
Real Operating Expenditure	✓	< 10%	✓	✓

Positives of a Merger Case

- ✓ There would initially only be minimal staff reductions (Initially only Contract Staff would be effected).
- ✓ Award and legislative protections are in place for a period of 3 years (Local Government Act)
- ✓ Other protections are in place to maintain staff in centres with populations of less than 5,000 (e.g. Jindabyne, Berridale, Bombala)
- ✓ The financial benefit of the proposed merger is \$3.71million over 10 years.
- ✓ With Government incentive of \$11 Million, it is \$14.76 million over 10 years.



Negatives of a Merger Case

- ❖ A merged Council will have an area of over 15,000sq.km with a population of around 21,250 (CMSC = 5,183sq.km; population 10,453).
- ❖ Ageing infrastructure will still exist. Pressures on Councils to address large infrastructure backlogs will still remain.
- ❖ Experience shows that expected savings do not always materialise.
- ❖ A merged Council is likely to underperform against benchmarks relating to asset renewal and infrastructure backlog.
- ❖ Any merged Council would not meet 3 of the 7 Fit for the Future financial benchmarks.
- ❖ Expected net financial benefit is unlikely to be of sufficient quantum for investment purposes. The \$3.71 million is an estimate.
- ❖ A merged Council entity would still be running with financial deficits into the future impacting on rates and services.
- ❖ It is likely that regardless of the Merger outcome, special rate increases (i.e. rate increases above the Rate-Pegging limit) will be required.



Stand Alone with Options

- The Independent Local Government Review Panel indicated there was merit in Bombala Council, Snowy River Shire Council and Cooma-Monaro Shire Council joining a 'South East Joint Organisation'.
- There are a wide range of mechanisms available to deliver “stand-alone” services under a Joint Organisation model.
- The government has set up five trial sites in NSW to establish how a working Joint Organisation could operate.
- Another mechanism could involve “shared services” between adjoining councils under a Joint Organisation.

Positives of Stand Alone Under a Joint Organisation

- ✓ Our internal analysis shows that Council can demonstrate performance towards achieving government benchmarks in support of a “Stand-alone” entity over time.
- ✓ This performance level can be achieved with minimum or no service disruptions or reductions.
- ✓ Council’s analysis highlights that we can meet “scale and capacity” with current structure.
- ✓ The KPMG report advise that there are wide ranging mechanisms to deliver shared services to support regional collaboration and joint delivery of services.
- ✓ If Councils shared or centralised services across both Water and Waste Water and Corporate Services, as an example, the potential efficiency savings are between \$1.26m - \$3.19m.
- ✓ Cooma-Monaro, Bombala and Snowy River Shire Councils already collaborate in some ways. The regional library service is an example of a shared services model activity.
- ✓ The 3 Councils meet regularly within the High Plains Forum to explore opportunities for collaboration in resource sharing.



Negatives Of Stand Alone Under a Joint Organisation

- ❖ Some rate pegging increases will be required, the final amount will depend on IPART's methodology which Council is seeking further clarification on.
- ❖ Based on ten year assessment, two years at 4% and 7 years at 3% above rate pegging estimated between 2.41% and 2.61%.
- ❖ Based on 4 years assessment, 9% above rate pegging is needed.
- ❖ Without knowing what the Joint Organisation structure and governance controls will be finalised, there is some concern that service delivery and further rate increases above rate pegging may be the order of the day.
- ❖ Whereas resource sharing arrangements may offer the greatest flexibility and potential benefits, there are some cautionary issues raised in the KPMG report that need addressing.
- ❖ A number of other regional resource sharing initiatives have previously stalled or ceased operation.
- ❖ The need to build trust and enhance working relationships and enthusiasm to achieve desirable outcomes.
- ❖ There is potential for a loss in local control and Council autonomy.
- ❖ There will be more focus on regional issues as opposed to local issues.



An Alternative Positive Improvement - The Alliance Option

- ✓ A recent High Plains Forum meeting indicated that a strategic alliance of the three adjoining Councils be progressed as follows:
 - ✓ A trial process over a four year period in line with joint CSP requirements. This does not require new legislative compliance.
 - ✓ A professional “driver” would explore the costs and benefits of resource sharing options with councils on a “capacity and scale” basis and delivering quality services in minimising risks and significant rate pegging increases.
 - ✓ Proposal would be based on a business case funded by the State Government out of the \$11 million dollar incentive scheme for a merger.
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- ❖ The proposal will require time and effort in enhancing regional collaboration with “share service” arrangements and initiatives.



Having your say

This is one of the most important decisions for your local area and will impact on your Council.

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- Submissions to Council's front counter
- Cooma-Monaro Shire Council on 

KPMG reports & other information is available on our website at:

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Council submission to State Government by 30 June 2015



SHIRE COUNCIL