

Merger Proposal:

Bombala Council

Cooma-Monaro Shire Council

Snowy River Shire Council

JANUARY 2016

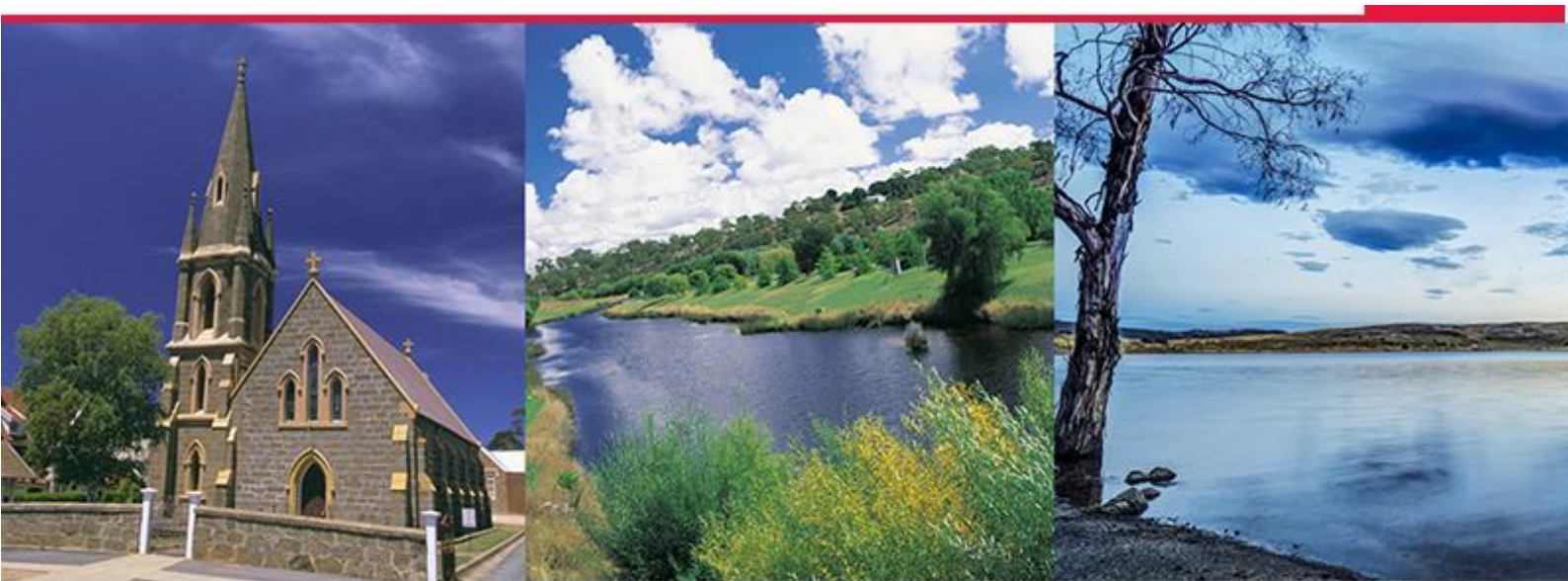
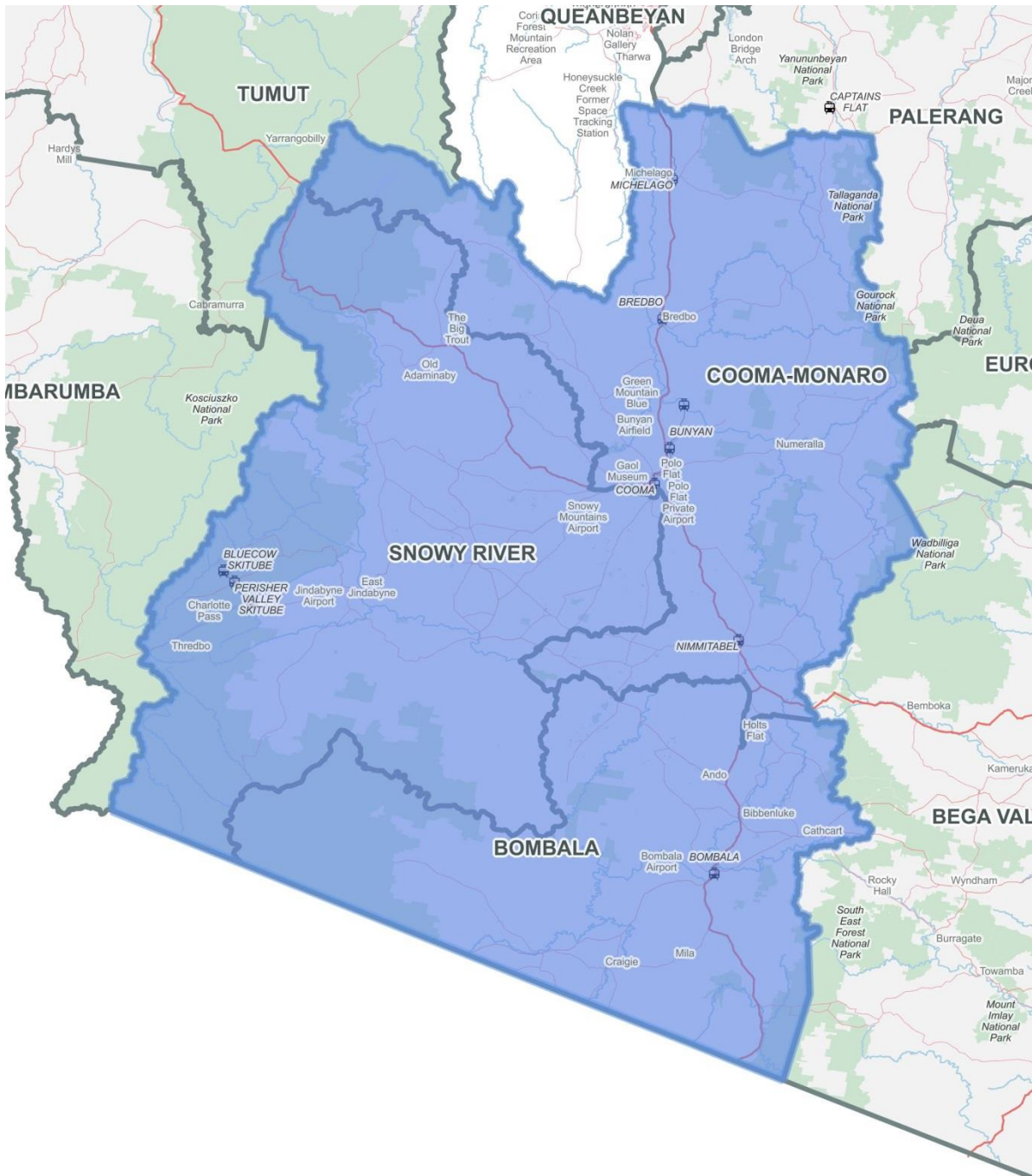


Figure 1: Proposed new local government area



Proposed merger: Bombala, Cooma-Monaro and Snowy River

Data sources: Land and Property Information
Datum and Projection: GDA94



- Proposal Area
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- Roads
- Rivers
- Rail

MINISTER'S FOREWORD

Four years of extensive consultation, research and analysis have demonstrated that change is needed in local government to strengthen local communities.

Independent experts have concluded that NSW cannot sustain 152 councils – twice as many as Queensland and Victoria.

After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) research and recommendations, the assessment of councils by the Independent Pricing and Regulatory Tribunal (IPART), council merger preferences, community views and the unique needs and characteristics of each region, I am putting forward the proposal to merge the local government areas of Bombala, Cooma-Monaro Shire, and Snowy River Shire.

The proposed merger will create a council better able to meet the needs of the community into the future and will provide significant benefits for the community.

This document details the benefits the merger will provide to communities, including:

- a total financial benefit of \$33 million over a 20 year period that can be reinvested in better services and more infrastructure;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog across the three councils;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the region's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

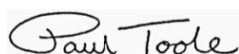
With the merger savings, NSW Government funding of \$20 million – and a stronger voice – the new council will be better able to provide the services and infrastructure that matter to the community, projects like:

- a consistent approach to economic development and tourism strategies for the high plains region;
- maintaining and improving pedestrian access and street furniture in the towns of Bombala, Cooma and Jindabyne;
- carrying out priority capital works and maintenance on water, sewerage and wastewater infrastructure;
- providing appropriate management of flood risks to the Cooma community through land use controls and flood abatement infrastructure improvements; and
- ongoing maintenance and improvement of the local road infrastructure network.

The savings, combined with the NSW Government's policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal.

A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the *Local Government Act (1993)*, and undertake public consultation to seek community views.

I look forward to receiving the report on the proposal and the comments from the independent Local Government Boundaries Commission.



Minister Paul Toole

January 2016

EXECUTIVE SUMMARY

The alpine communities of Bombala, Cooma-Monaro and Snowy River share common characteristics and connections and will benefit by up to \$33 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.



Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the *Local Government Act (1993)* for the merger of the Bombala, Cooma-Monaro Shire, and Snowy River Shire local government areas.¹ This merger proposal sets out the impacts, benefits and opportunities of creating a new council.

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities. These communities have a common affinity with the alpine environment.

The proposal has been informed by four years of extensive council and community consultation and is supported by independent analysis and modelling by KPMG.

The proposal is broadly consistent with the 2013 findings of the Independent Local Government Review Panel (ILGRP) as well as the Independent Pricing and Regulatory Tribunal's (IPART) 2015 assessment that each of these three councils is 'not fit' to remain as a standalone entity.

IPART determined that while Bombala satisfied all financial performance criteria, Cooma-Monaro and Snowy River did not. Critically, IPART assessed that operating individually, each council would

have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The new council for the new local government area will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such as upgrading local roads, protecting regional parks and promoting tourism to the area.

Impacts, Benefits and Opportunities

A range of benefits and opportunities has been identified from the proposed merger, including a stronger balance sheet to meet local community needs and priorities.

Analysis by KPMG shows the new council has the potential to generate net savings to council operations. The merger is expected to lead to more than \$13 million in net financial savings over 20 years.

The analysis also shows the proposed merger is expected to generate, on average, around \$1.2 million in savings every year from 2020 onwards. Savings will primarily be from the redeployment of back office and administrative functions, streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.²

¹ The end result if the proposal is implemented is that a new local government area will be created. For simplicity throughout this document, we have referred to a new council rather than a new local government area.

² NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

The NSW Government has announced a funding package to support merging councils which would result in \$20 million being made available should the proposed merger proceed.

These savings may enable the new council to reduce its reliance on rate increases to fund new and improved community infrastructure.

Each of the three councils intends to seek a Special Rate Variation (SRV) from IPART. For example:

- Bombala Council intends to request a cumulative SRV of 23.0 per cent over a three-year period from 2016-17;
- Cooma-Monaro Shire Council intends to request a cumulative SRV of 40.1 per cent over nine years from 2016-17; and
- Snowy River Shire Council intends to request a cumulative SRV of 67.8 per cent over 10 years from 2016-17.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Bombala, Cooma-Monaro and Snowy River council areas, given each council is currently responsible for separate and potentially inconsistent regulatory environments. Regulatory benefits include consistency in approaches to development approvals, health and safety, building maintenance, traffic management and waste management.

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major infrastructure projects, addressing regional socio-economic challenges, delivery of services and focus on regional priorities. This could assist in:

- reducing the existing \$146 million infrastructure backlog across the Bombala, Cooma-Monaro and Snowy River region;
- maintaining and upgrading critical infrastructure such as water and sewer maintenance capital works throughout the region;
- continuing to preserve the natural environment which supports the lifestyle of residents and the tourism industry;
- further promoting local tourism to broaden the attractions from alpine tourism; and
- supporting economic growth and the development of regional centres, while enhancing the standard of living and lifestyle that local residents value.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels currently experienced by other communities across regional NSW.

Next Steps

This merger proposal will be referred for examination and report under the *Local Government Act (1993)*.

Local communities have an important role to play in helping ensure the new council meets their current and future needs for services and infrastructure and will have an opportunity to provide input on how the new council should be structured.

Local communities will have an opportunity to attend the public inquiry that will be held for this merger proposal and an opportunity to provide written submissions. For details please visit www.councilboundaryreview.nsw.gov.au

Figure 2: Map showing boundaries for the proposed new council with Wagga Wagga City Council highlighted for comparison



INTRODUCTION

This merger proposal has been informed by an extensive four-year consultation and review process.

The NSW Government has been working with local councils and communities since 2011 to strengthen council performance and ensure local government is well placed to meet future community needs.

A first key step in that process was the ILGRP's comprehensive review of local government and subsequent recommendations for wide-ranging structural reform and improvements to the system. In response, the NSW Government initiated the *Fit for the Future* reforms that required each local council to self-assess against key performance indicators and submit proposals demonstrating how they would meet future community needs.

The NSW Government appointed IPART in 2015 to assess each council's submission. IPART has now completed its assessment of 139 proposals (received from 144 councils) and concluded 60 per cent of councils are 'not fit' for the future. Many of these councils did not meet the elements of the 'scale and capacity' criterion (refer Box 1 below).

Bombala, Cooma-Monaro Shire and Snowy River Shire councils each submitted *Fit for the Future* proposals to remain as standalone councils. In assessing each council's submission, IPART determined that none of the three councils were 'fit' to stand alone and that a merger was needed to achieve the required scale and capacity to meet the needs of residents now and in the future.

In the consultation period that followed the release of the IPART report, all three councils nominated each other as potential merger partners.

Box 1 Overview of scale and capacity

Key elements of 'scale and capacity'

Scale and capacity is a minimum requirement as it is the best indicator of a council's ability to govern effectively and provide a strong voice for its community. At a practical level, this includes being able to:

- undertake regional planning and strategic delivery of projects;
- address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability;
- be an effective partner for State and Federal levels of government on delivering infrastructure projects and other cross-government initiatives; and
- function as a modern organisation with:
 - staffing capacity and expertise at a level that is currently not practical or economically possible for small councils;
 - innovative and creative approaches to service delivery; and
 - the resources to deliver better training and attract professionals into leadership and specialist roles.

A NEW COUNCIL FOR THE BOMBALA, COOMA-MONARO AND SNOWY RIVER REGION

The proposed new council will be responsible for infrastructure and service delivery to around 21,000 residents across the Bombala, Cooma-Monaro and Snowy River region.

The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Bombala, Cooma-Monaro and Snowy River. The proposed new council will continue to provide the local services and infrastructure that underpin regional communities, and will be better placed to coordinate environmental management, economic development and tourism initiatives across the region.

The new council will be responsible for infrastructure and service delivery to almost 22,000 residents by 2031. This reflects the expected population growth across the region of 0.2 per cent per annum.³

The proposed merger aligns with the regional priorities of the NSW Government for South East NSW. The NSW Government has identified a number of regional priorities that are directly relevant to the proposed new council. For example:

- the need to integrate health and community services across the region to ensure that they are efficient, coordinated and accessible;
- ensuring the region continues to be an attractive place to live, work and visit, supported by a thriving economy;
- preserving the high quality natural environment and the heritage of the region, thereby stimulating tourism and helping to preserve the lifestyle of local and regional residents; and
- developing the education system to provide training pathways and opportunities for young people and actively encouraging young people to stay in the region.





Regional planning initiatives for the South East and Tablelands will respond to the future population's needs for housing, jobs, infrastructure and a healthy environment. For those initiatives to be implemented effectively, a coordinated approach will be required to manage the expected population growth across the Bombala, Cooma-Monaro and Snowy River region and the related changes in service and infrastructure needs. A new council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these regional priorities.

The establishment of a new council will also provide an opportunity to generate savings and efficiencies and reduce the current duplication of back-office functions, senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of these three councils could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the three existing councils and the projected performance of the new proposed entity is provided in Figure 3.

IPART's assessment of the three councils' *Fit for the Future* proposals found that only Bombala Council met the financial performance benchmark. It also found that each council's ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A merged council will improve this, with an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the new council in a better position to advocate to the NSW and Australian governments for the regional investments that will be needed for the future.

³ NSW Department of Planning & Environment (2014), NSW Projections (Population, Household and Dwellings)

Figure 3: Council profiles⁴

| | Bombala Council | Cooma–Monaro Shire Council | Snowy River Shire Council | New Council |
|------------------------------------|---|---|--|--|
| |  |  |  |  |
| Population (2014) | 2,422 | 10,216 | 8,069 | 20,707 |
| Area | 3,947 sq km | 5,185 sq km | 6,030 sq km | 15,162 sq km |
| IPART Rating | NOT FIT | NOT FIT | NOT FIT | This merger proposal is consistent with the findings of the ILGRP (2013) and IPART's Fit for the Future assessments (2015). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community . |
| Operating Revenue (2013–14) | \$9.2m | \$19.0m | \$25.0m | \$65.7m (projected 2019–20) |
| Operating Result (2013–14) | –\$1.3m | –\$4.9m | \$0.7m | +\$2.2m projected improvement to 2019–20 operating results |
| Asset Base | \$87.8m | \$223.8m | \$216.0m | \$527.6m |
| Infrastructure Backlog | 25 per cent | 17 per cent | 39 per cent | 28 per cent |

Sources: Australian Bureau of Statistics, Department of Planning and Environment, Office of Local Government, Council Long Term Financial Plans, Fit for the Future submissions to IPART and IPART Assessment of Council Fit for the Future Proposals.

Note: Totals may not sum due to rounding. Estimates of the new council's operating performance and financial position is based on an aggregation of each existing council's projected position as stated in respective Long Term Financial Plans (2013–14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019–20 operating result for the new council. Further details are available in NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

⁴ 2013–14 operating revenue figures were corrected on 20 January 2016.

BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a \$33 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or be utilised to address rate pressures.

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate a net financial savings of \$13 million to the new council over 20 years. The proposed merger is also expected to generate, on average, around \$1.2 million in savings every year from 2020 onwards.⁵ Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

Gross savings over 20 years are modelled to be due to:

- streamlining senior management roles (\$7.6 million);
- the redeployment of back office and administrative functions (\$7.7 million);
- efficiencies generated through increased purchasing power of materials and contracts (\$2 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated to be \$500,000).⁶

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$20 million being made available should the proposed merger proceed.

The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a five-year payback period.

Merger benefits could be reinvested to:

- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works including projects like water and sewer maintenance capital works. Redeployment of savings could lead to cumulative additional infrastructure expenditure of \$13 million over 20 years;
- enhance service delivery – redeployment of duplicate back office and administration functions and streamlining of senior management roles could provide the basis for employing an additional 17 staff for frontline services. This could include services such as environmental and library services; and/or
- reduce rate pressures – annual savings could be used to reduce the use of SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 4.⁷

The operating performance of the three councils is projected to be relatively divergent over the next 10 years, with deficits forecast for Bombala and Cooma-Monaro and a small surplus forecast for Snowy River towards the end of the outlook period. This merger proposal will provide the new council with the opportunity to strengthen its balance sheet and provide a more consistent level of financial performance. Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of \$13 million to the new council over 20 years.
- achieving efficiencies across council operations through, for example, the redeployment of duplicated back office roles and administrative functions, and streamlining senior management;
- establishing a larger entity with revenue that is expected to exceed \$78 million per year by 2025;

⁵ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

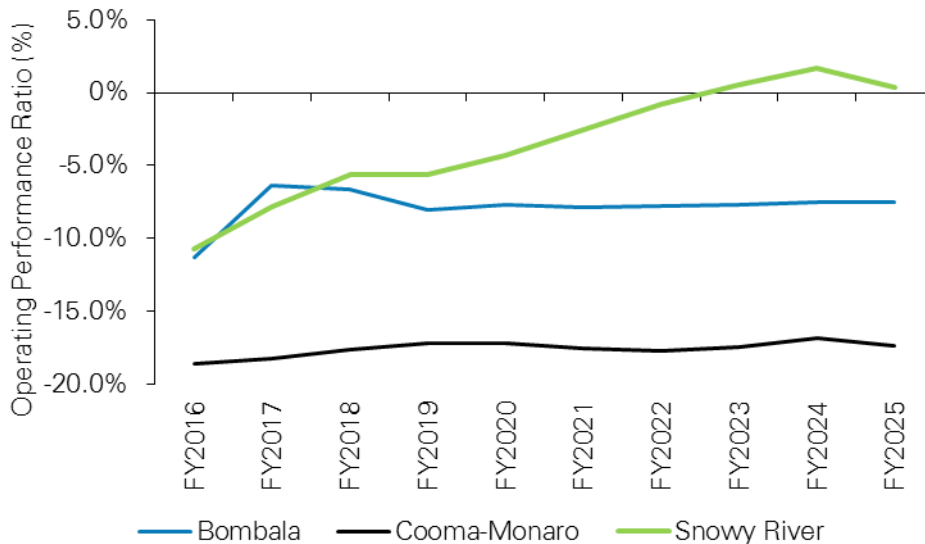
⁶ NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

⁷ Calculation of a council's operating performance ratio excludes any grants received from the council's reported operating revenue. This enables comparison of council operating performance based on own-source revenue.

- an asset base of approximately \$528 million to be managed by the merged council; and
- greater capacity to effectively manage and reduce the infrastructure backlog across the region by maintaining and upgrading community assets.

The Local Government Act contains protections for three years for all council employees below senior staff level. In rural centres with populations below 5000, staff numbers must be retained as far as is reasonably practicable.

Figure 4: Projected operating performance ratio by council (2016-2025)



Note: Operating performance ratio measures a council's ability to contain operating expenditure within operating income.

Source: Council Long Term Financial Plans (2013-14)

Opportunities for Improved Services and Infrastructure

The efficiencies and savings generated by the merger will allow the new council to invest in improved service levels and/or a greater range of services and address the current infrastructure backlog across the three councils. Examples of local infrastructure and service priorities that could be funded by merger-generated savings include projects like:

- maintaining and improving pedestrian access and street furniture in the towns of Bombala, Cooma and Jindabyne;
- providing appropriate management of flood risks to the Cooma community through land use controls and flood abatement infrastructure improvements;
- carrying out priority capital works and maintenance on water, sewerage and wastewater infrastructure; and
- ongoing maintenance and improvement of the local road infrastructure network, including the road network in the Bombala region to provide reasonable access for the community.

Regulatory Benefits

There are currently 152 separate regulatory and compliance regimes applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.⁸

It can be expected that the proposed merger will result in simplified council regulations for many Bombala, Cooma-Monaro and Snowy River residents and businesses Bombala Council, Cooma-Monaro Shire Council

⁸ NSW Business Chamber, 2012 Red Tape Survey.

and Snowy River Shire Council are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

Adopting best practice regulatory activities will generate efficiencies for a merged council and benefit local residents and businesses. For example:

- a tradesperson who operates a small business across the Bombala, Cooma-Monaro and Snowy River region will have a single local council regulatory framework to understand and comply with; and
- residents can have greater confidence that development applications will be subject to a more uniform process (including industrial, agricultural and residential land uses) than the existing variation in regulations, which can add to the cost and complexity of home renovations and building approvals.

Impact on Rates

Each of the three councils is currently seeking rate increases to meet local community and infrastructure needs:

- Bombala Council intends to request a cumulative SRV of 23.0 per cent over a three-year period from 2016-17;
- Cooma-Monaro Shire Council intends to request a cumulative SRV of 40.1 per cent over nine years from 2016-17; and
- Snowy River Shire Council intends to request a cumulative SRV of 67.8 per cent over 10 years from 2016-17.

The savings generated by a merger may enable the new council to reduce reliance on rate increases to fund community infrastructure.

In addition, the proposed merger will bring together a range of business, residential, and farmland premises across the region, providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 1 outlines the mix of business, residential, and farmland rating assessments that underpin current rate revenue across the region.

Table 1: Comparison of rateable businesses, residential and farmland properties (total and percentage share)

| Council | Business rating assessments | | Residential rating assessments | | Farmland rating assessments | |
|-----------------------------------|-----------------------------|-----------|--------------------------------|------------|-----------------------------|------------|
| Bombala Council | 155 | 8% | 1,104 | 58% | 632 | 33% |
| Cooma-Monaro Shire Council | 415 | 7% | 4,263 | 71% | 1,329 | 22% |
| Snowy River Shire Council | 474 | 8% | 4,462 | 77% | 881 | 15% |
| Merged council | 1,044 | 8% | 9,829 | 72% | 2,842 | 21% |

Source: NSW Office of Local Government, Council Annual Data Returns (2013-14).

Local Representation

The ratio of residents to elected councillors varies across all three councils. This reflects the wide variation in resident populations and the number of councillors. In particular, Bombala Council has a substantially lower resident to councillor ratio than Cooma-Monaro Shire Council and Snowy River Shire Council. While the proposed merger will increase the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other parts of regional NSW, including the City of Lithgow Council (Table 2).

For the purpose of analysis of merger benefits, this proposal has assumed that the new Council will have the same number of councillors as Cooma-Monaro Shire, as this has the largest number of councillors of the councils covered by this proposal. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the new council.

Some councils in NSW have wards where each ward electorate elects an equal number of councillors to make up the whole council. Community views on the desirability of wards for a new council will be sought through the consultation process.

Table 2: Changes to local representation in Bombala, Cooma-Monaro and Snowy River

| Council | Number of councillors | Number of residents (2014) | Residents per councillor |
|-----------------------------------|-----------------------|----------------------------|--------------------------|
| Bombala Council | 7 | 2,422 | 346 |
| Cooma-Monaro Shire Council | 9 | 10,216 | 1,135 |
| Snowy River Shire Council | 7 | 8,069 | 1,153 |
| Merged council | 9* | 20,707 | 2,301 |
| City of Lithgow Council | 9 | 21,118 | 2,346 |

* Bombala, Cooma-Monaro and Snowy River communities will have an opportunity to shape how a new merged council will be structured, including the appropriate number of elected councillors. Fifteen elected councillors is the maximum number currently permitted under the NSW Local Government Act (1993).

Source: Australian Bureau of Statistics, Estimated Resident Population 2013; and NSW Office of Local Government, Council Annual Data Returns (2013-14).

The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the Bombala, Cooma-Monaro and Snowy River communities. As the new council will represent a more significant share of the broader region's population, and have a substantial economic base, it will be able to advocate more effectively on behalf of its residents. It will also be able to develop improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services and regional planning and development.

The many ways communities currently engage with these councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests and will have the opportunity to take a more regional approach to economic development and strategic planning.

THE LOCAL COMMUNITY

The communities across the Bombala, Cooma-Monaro and Snowy River region share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

The proposed council will incorporate the major regional centres and rural villages of Bombala, Cooma-Monaro and Snowy River. The new council boundaries will extend across the high plains of the South East, from the Australian Capital Territory (ACT) border in the north, the Kosciuszko National Park to the south-west and a series of state forests on the Great Dividing Range in the south-east. Cooma-Monaro and Snowy River Shire councils share southern borders with Victoria.

The region is characterised by its cooler climate, high elevation, pristine natural environment, including the extensive alpine areas, rural villages and a diverse economy including agriculture, forestry, tourism, hospitality and retail. The Kosciuszko National Park attracts around 1.5 million visitors across the summer trails and winter ski seasons. Cooma is the largest town and 'gateway' to the region, supported by a number of regional towns including Jindabyne, Thredbo, Cabramurra and Bombala which provide facilities for both visitors and residents.

Local Economy

The local economy is characterised by:

- varied household incomes compared to the regional NSW average (\$65,168) - Bombala (\$53,556), Cooma-Monaro (\$65,710) and Snowy River (\$85,965);
- relatively low rates of unemployment when compared to the regional NSW average (7.3 per cent) - Bombala (2.9 per cent), Cooma-Monaro (3.5 per cent) and Snowy River (1.7 per cent);
- lower than average employment growth relative to the regional NSW average (0.6 per cent) - Bombala (-1.3 per cent), Cooma-Monaro (-0.3 per cent) and Snowy River (0.0 per cent);
- varied levels of educational attainment relative to the regional NSW average of 53 per cent of residents with post-school qualifications - Bombala (45 per cent), Cooma-Monaro (57 per cent) and Snowy River (64 per cent); and
- broadly similar industry composition across the three regions, with businesses active in the agriculture, retail, tourism, accommodation and food services sectors.

Table 3 below provides a snapshot of the local business profile of each council. More than 2,000 local businesses across the region contribute more than 9,000 jobs to the local economy.

Table 3: Local business and employment profile

| Council | Number of businesses | Local jobs | Largest sector |
|----------------------------|----------------------|--------------|--|
| Bombala Council | 412 | 1,093 | Agriculture, Forestry & Fishing |
| Cooma-Monaro Shire Council | 1,143 | 4,486 | Retail Trade |
| Snowy River Shire Council | 964 | 3,872 | Accommodation & Food Services |
| Merged council | 2,519 | 9,451 | Accommodation & Food Services |

Source: Australian Bureau of Statistics, Business Counts and Employment by Industry (2014).

The local region, with its alpine attractions, has a strong visitor economy that benefits from approximately three million visitors annually, mainly from the ACT and Sydney. Relative proximity to the ACT also provides additional employment and educational opportunities, particularly in public administration. The region also benefits from access to the ACT's major social and economic infrastructure (including Canberra Airport) which provides good connections to domestic and international destinations.

The *Fit for the Future* submissions from the existing councils highlighted the importance of sustaining and growing the drivers of local economic activity. A better coordinated regional approach to economic development, combined with a supportive rate regime and infrastructure, may provide a more attractive environment to enable continued economic growth. The submissions concurred that tourism to the region would benefit from improved regional collaboration.

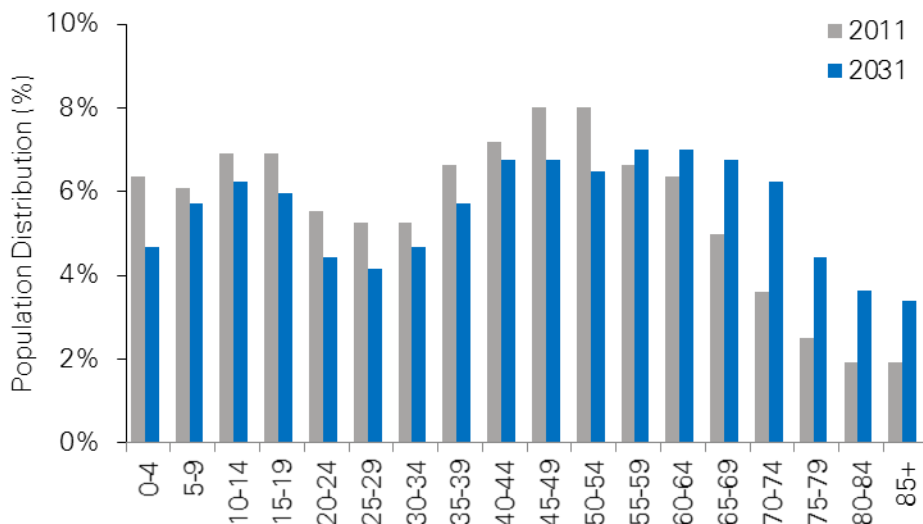
Residents typically commute within the region for work. For example, 85 per cent of Cooma-Monaro residents work within the existing council area region, and approximately 10 per cent of Snowy River residents travel to the Cooma-Monaro region for work.⁹

The business profile and the corresponding workforce across the region will require relatively similar services and infrastructure. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

Population and Housing

The proposed merger brings together three councils of different population sizes with the Snowy River and Cooma-Monaro local government areas having larger populations than Bombala. The new council will be responsible for infrastructure and service delivery to approximately 22,000 residents by 2031. Like most regions across NSW, the Bombala, Cooma-Monaro and Snowy River region will experience the impacts of an ageing population over the next 20 years (Figure 5).

Figure 5: Change in population distribution, by age cohort (2011 v 2031)



Source: NSW Department of Planning & Environment, 2014 NSW Projections (Population, Household and Dwellings).

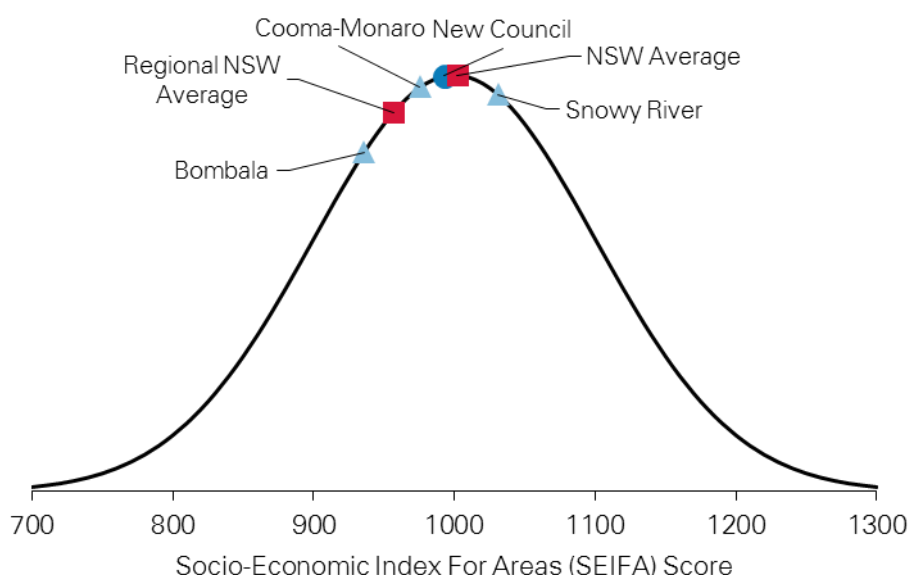
A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. An ageing population is likely to increase demand for community health services, creation and maintenance of accessible parks and leisure areas, and community outreach services.

In comparison with the rest of regional NSW, Cooma-Monaro and Snowy River communities are relatively advantaged, while Bombala is relatively disadvantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA) illustrated in Figure 6, measures a range of factors to rate an individual

⁹ Australian Bureau of Statistics, Census of Population and Housing, Usual Residence Data, 2011, Canberra.

council's relative socio-economic advantage. The three councils have relatively different socio-economic profiles, with Bombala having a SEIFA score which is below the regional NSW and NSW averages, Cooma-Monaro a SEIFA score above the regional NSW average but below the NSW average, and Snowy River with a SEIFA score above both the regional and NSW averages. This reflects the characteristics across the Bombala, Cooma-Monaro and Snowy River community in relation to, for example, household income, education, employment and occupation.

Figure 6: Comparison of councils' socio-economic profile



Source: Australian Bureau of Statistics, SEIFA 2011 by Local Government Area.

Table 4 outlines the current mix of housing types across the region. Compared with Bombala and Cooma-Monaro, Snowy River has a higher density of housing due to its proximity to the seasonal tourist accommodation servicing the ski fields and national parks. However, across the three councils, separate houses are the dominant dwelling type. A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional 850 households and associated amenities that are predicted to be required by 2031.

Table 4: Dwelling types in the Bombala, Cooma-Monaro and Snowy River region (total number and per cent)

| Dwelling type | Bombala Council | | Cooma-Monaro Shire Council | | Snowy River Shire Council | |
|--------------------------------|-----------------|-----|----------------------------|-----|---------------------------|-----|
| Separate house | 1,330 | 96% | 4,349 | 88% | 2,828 | 56% |
| Medium density | 46 | 3% | 431 | 9% | 1,233 | 25% |
| High density | 0 | 0% | 6 | <1% | 193 | 4% |
| Other | 16 | 1% | 134 | 3% | 775 | 15% |
| Total private dwellings | 1,392 | | 4,920 | | 5,029 | |

Source: Australian Bureau of Statistics, Census (2011), Dwelling Structure by Local Government Area.

Shared Community Values and Interests

These communities are bound by their sense of place as an alpine region. Box 2 provides examples of community organisations, services and facilities that have a presence across the region, which indicate the existence of strong existing connections between the communities in the existing council areas.

Shared regional services and facilities

Examples of community services which operate across the region include:

- regional library services – the three councils collaborate to deliver library services to the region. Both Cooma-Monaro Shire Council and Bombala Council own their own libraries and a mobile library delivers books to communities across all three councils;
- community transport – the Snowy River Cooma Monaro Community Transport service provides transport to the elderly, people with disabilities, carers and people needing to access mainstream health services, who are geographically or socially isolated;
- emergency planning committees – reciprocal resource sharing arrangements to respond to emergency events across the region with a joint emergency planning committee established with a rotating chair to reduce overlap in duties and functions;
- Monaro Rural Fire Service operates across the three council areas; and
- tertiary education – the Cooma campus of TAFE NSW provides vocational education and training to students across the region and has developed delivery strategies to service the large region with a dispersed population.

Bombala Council, Cooma-Monaro Shire Council and Snowy River Shire Council are already collaborating on a range of community initiatives aimed at delivering improved community outcomes. For example each council runs and operates separate water and wastewater services and utilities but shares plant and equipment for maintenance purposes.

The three councils recently demonstrated a commitment to exploring opportunities to collaborate through their participation in both the South East Regional Organisation of Councils (SEROC) and the High Plains Forum. The councils have sought to identify opportunities to more efficiently serve their local communities, with recent collaborations focused on health and social services and environmental management. They include:

- rural health services – between 2002 and 2011, with the assistance of a federal government grant, the Monaro Rural Health Service Project delivered over \$1.7 million in family outreach services, including paediatric, occupational and physiotherapy services to young children living in small towns and specialist support for regional preschools and primary schools; and
- the Monaro Weeds Management Committee, which includes members from the three councils as well as local agriculture industry and community associations – this initiative seeks funding grants, and allocates resources, across the three communities to address noxious weed outbreaks and continually inspect at-risk areas.

The connections between the councils and communities are evident in these existing partnerships and collaborations. A new council will be better placed to deliver these services and projects into the future, without relying on voluntary collaboration.

CONCLUSION

This proposal to create a merged council has the potential to provide a range of benefits to local communities, including:

- a \$33 million total financial benefit over a 20 year period that may be used to deliver better community services, enhanced infrastructure and/or lower rates;
- NSW Government funding of \$20 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
- greater efficiencies through the redeployment of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees all of which are expected, on average, to generate savings of around \$1.2 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the \$146 million infrastructure backlog across the Bombala, Cooma-Monaro and Snowy River councils by maintaining and upgrading community assets;
- reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
- better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
- building on the shared communities of interest and strong local identity across the region;
- providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
- being a more effective advocate for the region's interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

NEXT STEPS

Every community will have an opportunity to help shape a new council for their region.

Community Engagement

This merger proposal will be referred to the Chief Executive of the Office of Local Government for examination and report under the *Local Government Act (1993)*. The Chief Executive proposes to delegate this function to a suitably qualified person. The delegate will consider this proposal as required under the Act, including against statutory criteria and hold a public inquiry. The delegate will also undertake public consultation to seek community views. The delegate is also required by the Act to provide the delegate's report to an independent Boundaries Commission for review and comment. The Minister for Local Government under the legislation may decide whether or not to recommend to the Governor that the merger proposal be implemented. For the factors a delegate must consider when examining a merger proposal (under section 263 of the *Local Government Act (1993)*), please refer to the Appendix to this document.

Through the merger assessment process, there will be opportunities for communities and stakeholders to consider merger proposals and have their say. Each merger proposal will be the subject of a public inquiry where the community can hear about and discuss the proposal. Through the consultation process, the delegate will ensure that the opinions of each of the diverse communities of the resulting area or areas will be effectively represented.

Further information about the process is available on the Local Government Reform website at www.councilboundaryreview.nsw.gov.au, including:

- details about the proposed mergers;
- information about the delegate for your area;
- dates for public meetings; and
- a portal to provide a written submission.

Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal. The section references outline where the criteria have been addressed in this merger proposal.

| <i>Legislative criteria</i> | <i>Section reference</i> |
|---|---|
| (a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned | Benefits, Opportunities and Impacts |
| (b) the community of interest and geographic cohesion in the existing areas and in any proposed new area | The Local Community |
| (c) the existing historical and traditional values in the existing areas and the impact of change on them | The Local Community |
| (d) the attitude of the residents and ratepayers of the areas concerned | There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered. |
| (e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area | Local Representation |
| (e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities | Benefits, Opportunities and Impacts |
| (e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned | Financial Benefits of the Proposed Merger |
| (e3) the impact of any relevant proposal on rural communities in the areas concerned | The Local Community |
| (e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards | Local Representation |
| (e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented | Next Steps |
| (f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas | Benefits, Opportunities and Impacts |



For more information visit:
www.councilboundaryreview.nsw.gov.au

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