



AGENDA

Extra-Ordinary Meeting of Council

12th November, 2015

#202269

10th November, 2015

Dear Councillor

AN EXTRA-ORDINARY MEETING OF COUNCIL, will be held on **Thursday 12th November, 2015**, commencing at **4.00 pm**, in the **Council Chambers, Town Hall, Young** and all Councillors are requested to attend.

Yours faithfully

DAVID ABER
GENERAL MANAGER

AGENDA

1. Apologies
2. General Manager's Report
 - 2.1 Fit for the Future Merger Proposal

Distribution List: All Councillors & General Manager

Prepared by: Director Corporate Services

File Number: F69.01

Purpose

To inform Council of developments in the Fit for the Future Local Government Reform process.

Strategic Link

Demonstrate sound planning and provide high quality advice.

Background

Council has previously considered merger proposals involving the shires of Boorowa, Harden, Cootamundra and Young as part of its Fit for the Future Merger Proposal. At a meeting of Council held on 29th April 2015 Council resolved as follows;

“100/15 RESOLVED on the motion of Councillors Ingram and Stuart Freudenstein that:

1. Council Prepare a draft “Fit for the Future” submission on the basis that the preferred option is a merger of Boorowa, Harden and Young Councils as recommended by the Local Government Independent Review Panel and the NSW Government.
2. Council’s first alternate position is a 4 way merger being Young, Harden, Boorowa and Cootamundra.
3. Councils second alternate position to a Boorowa, Harden and Young merger is to remain as Young Shire Council.”

Council subsequently completed a Fit for the future Merger Template and lodged the completed document along with supporting information with the Office of Local Government via the dedicated Fit for the Future portal.

All submissions were referred to a special review panel comprising member of the Independent Pricing and Regulatory Tribunal (IPART) and Mr John Comrie and assessed according to the Methodology for Assessment of Fit for the Future Proposals (published April 2015.)

Discussion

A total of 139 proposals were received from 144 Councils including;

- 4 merger proposals (involving 9 Councils)
- 115 Council Improvement Proposals, and
- 20 Rural Council Proposals.

52 proposals were assessed as Fit for the Future and 87 proposals were assessed as not being Fit for the Future.

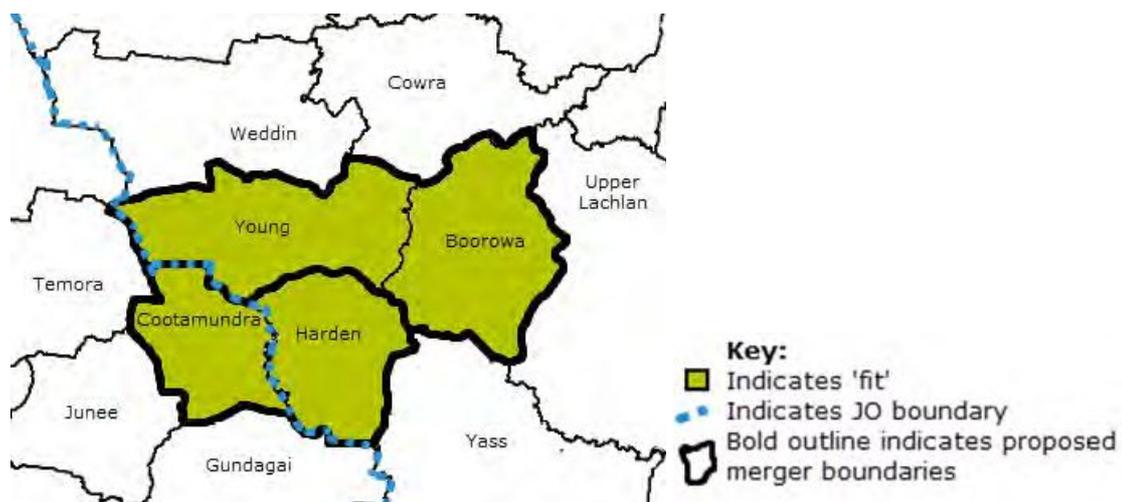
Of the 87 proposals assessed as not fit;

- 60 were assessed as not having sufficient scale & capacity but did meet the financial criteria
- 18 were assessed as having sufficient scale & capacity, but did not meet the financial criteria, and
- 9 were assessed as not having sufficient scale & capacity and not meeting financial criteria

The main reasons for councils being assessed as not having sufficient scale and capacity were because:

- A merged entity would have greater scale and strategic capacity to better partner with other levels of government in providing key infrastructure and social services.
- A merged entity could better integrate planning and development, resulting in improved planning decisions and enhanced economic growth.
- The merger option and the business case for the merger commissioned by the council showed substantial gains. Despite this, most councils did not submit a Merger Proposal.
- The IPART analysis and the analysis undertaken by independent economic consultants, Ernst & Young, indicated the merger option would provide large net benefits to the local communities.
- The council's proposal to remain a stand-alone council was not at least as good as the preferred merger option.
- The efficiency improvements in the council's proposal could be realised under the merger option, and the merger option could provide significant further benefits to residents.

Only 4 non-metropolitan Councils submitted merger proposals, Young, Boorowa, Harden & Cootamundra. The 2 merger proposals considered – Boorowa / Young and Harden Cootamundra were both assessed as being fit for the Future.



While both Young & Boorowa submitted a three-way merger proposal without the endorsement of Harden, IPART have assessed the proposals on a two-way basis based on the available information in the proposals.

The IPART found that a Boorowa / Young merger satisfies the scale and capacity criterion and the financial criteria overall.

The reasons for this assessment are that:

- The proposed merger population is projected to be consistent with the ILGRP's rule of thumb of close to or above 10,000 for non-metropolitan council populations by 2031.
- The merger will provide better ability to employ a wider range of skilled staff, more effective regional collaboration and credibility for more effective advocacy than each council as stand-alone councils.
- The merger is superior to each council as stand-alone councils based on the efficiencies and cost savings highlighted in the business case. IPART calculate the merger would generate net present value benefits of \$31 million over 20 years, based on the LKS Quaero's business case for the councils.
- It is the best option available to the councils, given the preferred option is unable to be proposed without Harden's consent.

The IPART report states:

"Young and Boorowa's merger proposal is contingent on the inclusion of Harden. Further, Boorowa resolved to not support a two-way merger with Young. This position has now changed and they support a two way merger with Young Shire Council subject to the funding of \$15,000,000 which would have been available for the merger of the three Councils.

Therefore, our assessment of fit is dependent on Young and Boorowa resolving to merge in the absence of Harden.

In the event agreement cannot be reached, we find the councils are deemed not fit, as they have not demonstrated scale and capacity as stand-alone councils."

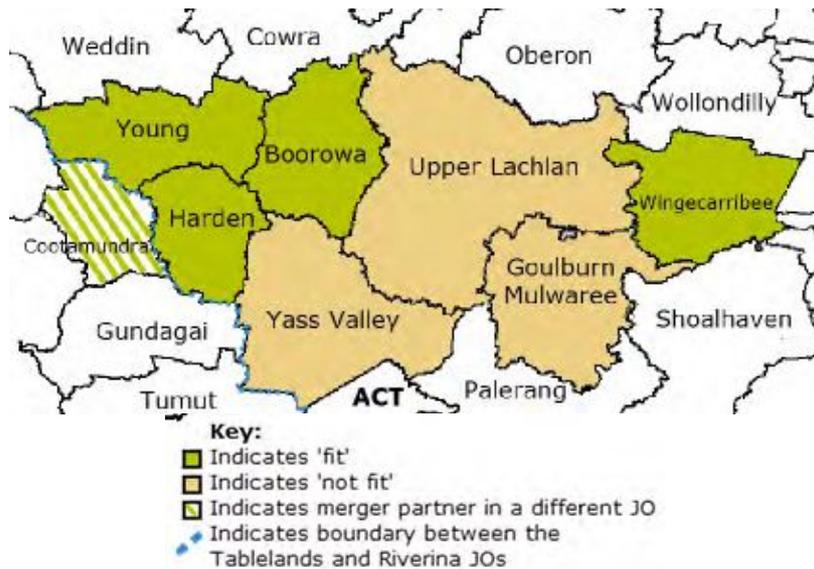
And in respect of a 4 way merger as proposed in Councils first alternate position (Resolution 100/15) the IPART noted;

"Young's next preferred option for a merger includes expanding the proposed 'Hilltops' merger to include Cootamundra.

However, Cootamundra has rejected this option on the basis that it changes the focus of Cootamundra and the southern half of Harden away from the Riverina region.

Based on the information provided by the councils we consider a four-way merger between Young, Boorowa, Harden and Cootamundra is likely to deliver larger gains to the community than the current two Merger Proposals."

While the Tablelands Joint Organisation does not include Cootamundra Shire it can be clearly identified that synergies attributable to proximity are common across the Young, Cootamundra & Harden LGA's, however Cootamundra Shire have rejected such claims on the basis of greater regional focus being directed by Cootamundra to the Riverina.



Consultation

Extensive consultation has taken place during the Local Government Reform process. Council has engaged with its Community via Community meetings, electronic and print media, public information kiosks and written submissions. Consultation has also taken place with Boorowa Shire, Cowra Shire, Weddin Shire, Temora Shire, Cootamundra Shire & Harden Shire, Office of Local Government and local members of parliament.

Budget Implication

While there is no direct impact on the current budget projections, it must be acknowledged that a merger of Councils would produce significant budget implications for all parties involved. A merger payment of \$5 million for a two way merger, \$10 million for a 3 way merger and \$15 million for a 4 way merger may be supplemented by a Stronger Communities payment of an additional \$5 million to cover merger costs where the resultant Council has been assessed as fit for the future and agreement to merge has been obtained.

Recommendation

That Council

1. Select its preferred option for merger considering; the positions of its potential merger partners, the hopes and aspirations of their communities.
2. That the preferred option be consistent with the recommendations of the Local Government Independent Review Panel, NSW Government & IPART Fit for the Future assessment.
3. That Council submit its preferred options to the Office of Local Government prior to 18th November, 2015.

Attachments

Minutes of Extraordinary Meeting of Boorowa Shire Council held 9th November 2015
 Press Release Boorowa Shire Council 10th November 2015.

EXTRAORDINARY MEETING MINUTES

9 NOVEMBER 2015, commencing at 5.00 PM

Held in the Boorowa Council Chamber, 6-8 Market, Boorowa

ATTENDANCE

Mayor Cr. W Tuckerman

Councillors: Cr C Corcoran, Cr P Sykes, R Gledhill, A Southwell, T McGrath,
A Clements, J Ryan, D Evans

STAFF

A McMahon General Manager
J Jordan Assistant General Manager

APOLOGIES

Nil

GENERAL MANAGERS REPORT

EOM15/01 – FIT FOR THE FUTURE RESPONSE TO GOVERNMENT

EOM 15/01 RESOLVED: That Council;

- 1. Support a merger between Boorowa, Harden and Young Councils as its first preference provided financial incentives remain available.*
- 2. Support a merger with Young Shire Council as a second preference provided financial incentives are the same as a three way merger.*

Councillors: R Gledhill/P Sykes

TERMINATION

There being no further business the meeting closed 5.50pm.

General Manager

Mayor



MEDIA RELEASE

Approved for release by: Anthony McMahon

Date for release: 10 November 2015

Media Contact: Anthony McMahon

Boorowa Finalise Merger Preferences

At an extraordinary meeting of Council held, 9 November 2015, Boorowa Councillors made a final decision on merger preferences in response to a directive from the NSW Government.

The State Government has given Councils across NSW until 18 November to submit their merger preferences ahead of a Government decision on mergers expected prior to Christmas this year.

Boorowa Council has decided to stay consistent with its preferred position throughout the Local Government Reform process, which is to support a merger with both Harden and Young Councils.

“Our first preference was based on what is clearly the best outcome for our community and the regional community both in terms of efficiencies in service delivery as well as advocacy. A lot of work has gone into making that assessment and it has consistently been identified as the best outcome for the three Councils” said Boorowa Mayor Wendy Tuckerman.

Early in the reform process the Government formed an Independent Local Government Review Panel (ILGRP), which recommended a merger between the three Councils as the optimal outcome. The three Councils then undertook an analysis which identified the benefits associated with the merger; the Government indicated it agreed with the recommendations of the ILGRP and most recently the Independent Pricing and Regulatory Tribunal (IPART) has identified a merger of Boorowa, Harden and Young as providing the best outcomes for the communities.

Boorowa Council also identified a second merger preference which was to merge with Young alone.

“We believe that should a merger of the three Councils not be supported by the Government, that a merger with Young alone is the next best option and a likely scenario regardless of whether it is supported by Council or not. As part of that preference we have also indicated that incentive funding should match that of the three way merger which is \$15million, given that Council has been proactive in the Governments reform agenda and that some extra incentive

should be allocated if the government decide not to select the best possible outcome for the region" said Mayor Tuckerman.

Councillors also considered whether to support a four way merger incorporating Cootamundra as a preference; however this option did not receive support.

"It was very clear in our round table discussions that Cootamundra Council are very Wagga Wagga centric and Riverina focused and although we work very closely with Councils in that region the other three Councils have greater alignment with the Canberra region. The opportunities and growth coming from the Canberra Region are significant and as a region we need to embrace those opportunities to continue to grow and diversify our economy. Regardless of what the final decision of the Government is, the new Council or Councils are committed to continuing to work together closely to achieve the best outcomes for our communities" said Mayor Tuckerman.

Boorowa will now wait on the final decisions of its neighbouring Councils ahead of the 18 November deadline. After that time, the fate of the Councils rests in the hands of the Government.

"Regardless of which of our two preferences are supported and after what is now years of uncertainty on our future we are looking forward to embracing the change, realising the opportunity to build a stronger region and transitioning into a new and exciting phase that will deliver better outcomes for our communities" said Mayor Tuckerman.

ENDS

Anthony McMahon (02) 6380 2000.