



EXTRAORDINARY MEETING  
OF COUNCIL

9 November 2015

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## REPORT TO COUNCIL

<b>Department:</b>	<b>General Managers Office</b>
<b>Submitted by:</b>	General Manager
<b>Reference:</b>	X09/11.01
<b>Subject:</b>	Fit for the Future (FFTF) program – Uralla Shire Council options

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### LINKAGE TO INTEGRATED PLANNING AND REPORTING FRAMEWORK

<b>Goal:</b>	4.1	A strong, accountable and representative Council
<b>Strategy:</b>	4.1.4	Provide strong representation for the community at the regional, state and federal levels
<b>Action:</b>	4.1.4.1	Advocate the needs of the Shire to State and Federal Governments

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### SUMMARY:

The purpose of this report is for Council to determine what course of action it will take following the release of IPARTs report on the Fit for the Future submissions of NSW Councils and the NSW Governments subsequent statements regarding amalgamations including the final 30 day consideration period granted to Councils.

### OFFICER'S RECOMMENDATION:

That:

- 1. Uralla Shire Council commence formal discussions with Walcha Council with regard to an amicable amalgamation; and**
- 2. A final report be brought back to an Extraordinary Council Meeting to be held on Monday the 16<sup>th</sup> of November for consideration and to determine Councils final submission to the NSW Government.**

### BACKGROUND:

A Local Government Review Panel was established by the NSW Government in April 2012 tasked with the formulation of options for governance models, structures and boundary changes for NSW Local Government.

In April 2013 the panel released *Future Directions for Local Government* a draft consultation paper and then undertook public meetings at various locations throughout the state to discuss the recommendations.

In October 2013 the Review Panel released their final report, titled *Revitalising Local Government*, which contained 65 recommendations for change in NSW local government.

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On the 10<sup>th</sup> of September 2014 the NSW Government announced its response to the recommendations of the Local Government Review Panel and Local Government Act Taskforce by way of the *Fit for the Future (FFTF)* program.

The Fit for the Future program required all Councils in NSW to assess their sustainability position and submit a FFTF proposal to the State Government, via the Independent Pricing and Regulatory Tribunal (IPART) before the 30<sup>th</sup> of June 2015.

Under the FFTF program each NSW Council was asked to look at their current situation and consider the future needs of their community and the recommendations of the Review Panel. Councils were also to assess their current and future position against a set of sustainability criteria which address financial management, service delivery, infrastructure management and scale and capacity of operations.

The Review Panels recommendations (Uralla and Walcha to merge) were the assessment criteria for Councils to benchmark scale and capacity against under the fit for the future program.

A workshop was conducted with Councillors on the 15<sup>th</sup> of September 2014 to further discuss the FFTF program and what options, implications, challenges may arise from such.

A report was presented to the October 2014 Ordinary Meeting of Council detailing the Fit for the Future Program, analysing the implication to Council, the deliverables required and to ultimately adopt an approach to address the programs requirements.

Another Councillor workshop was conducted on the 16<sup>th</sup> of February 2015 to present the results of analysis conducted regarding the FFTF criteria for Uralla Shire Council and for all other considerations relating to such.

A report and major analysis was presented to the February Ordinary Council Meeting and a multi-point resolution was passed with regard to Councils continuing approach to the program and subsequent community engagement program.

In late March and early April Council undertook a rigorous community engagement program with regard to the fit for the future program, including newsletter inserts, press releases, advertising, web content, a mail-out to all residential addresses, community workshops at Uralla and Bundarra and then a community survey, both on-line and paper based.

In June 2015 Councils action plan for the Fit for the Future program and the final submission were constructed and adopted by Council. The strategy and submission were subsequently lodged with the IPART prior to June 30.

On Friday the 15<sup>th</sup> of October the IPART finalised its report assessing the fitness of NSW Councils to face future challenges and provided it to the Minister for Local Government.

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## REPORT:

On Tuesday the 20<sup>th</sup> of October 2015 the NSW Government released the findings of the IPARTs report into the sustainability of NSW Councils. The IPARTs report found that Uralla Shire Council was not fit for the future using the terms of reference given to it by the State Government.

This finding was particularly disappointing as Council actually met all of the financial sustainability, Infrastructure and Services sustainability, and Efficiency requirements set out in the Governments Fit for the future program.

However, our Council didn't pass the size criteria of 'scale and capacity' which requires a Council to have the scale and capacity of at least the equivalent of the recommendation of the Independent Local Government Review Panels recommendations (Uralla and Walcha to merge).

All NSW Councils that were found to be unfit in the IPARTs report have now been given a final 30 period (until the 18<sup>th</sup> of November) to reconsider their position and to consider putting forward a merger proposal.

The possibility of forced mergers for Councils that do not voluntarily amalgamate during this period has now been confirmed by both the Premier and Minister for Local Government.

Resultantly it now appears most probable that Councils who have been classified as not fit that do not agree a voluntary amalgamation prior to the November 18 deadline will be forced to merge by the State Government.

As part of this final 30 day consideration period the NSW Government has included an incentive package offering \$5 million to cover the costs of amalgamation between any two rural Councils and is also offering an additional \$5 million where two rural Councils amalgamate, to be used on new community facilities (i.e. – parks, sports facilities, library, pools etc.).

If the voluntary amalgamation is between three or more Councils then the amount for community facilities increases to \$10 million.

Both of these allocations of funding are only available for Councils who voluntarily put forward an amalgamation proposal before the 18<sup>th</sup> of November, otherwise all of the money is removed.

This funding will not be available to any Council/s who are forcibly amalgamated after this date.

The NSW Government is also offering voluntarily amalgamating Councils the ability to set-up their own transition committees to allow them to determine how the new amalgamated Council is to be formed. If Councils are forcibly amalgamated than this will not be offered and an external Administrator is expected to be appointed and will make all decisions about the future of the amalgamated Councils.

Additionally if Councils do not choose to pursue a voluntary amalgamation then they may be forced to amalgamate with another Council/s not of their preference.

Considering all of this information and the apparent inevitability of amalgamations being forced if they are not agreed before the 18<sup>th</sup> of November, it now appears that the best way to represent the interests of the Uralla Shire Council community is to consider an amicable amalgamation with neighbouring Walcha Council.

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This would allow the Uralla Shire Council community the following benefits, if the Council is to be eventually forcibly amalgamated anyway:

- The ability to choose the amalgamation grouping and not have a less functional or less financially viable option forced upon the community;
- Involvement of Council on a transition committee that can logically form up the new Council over the period until September 2016 utilising their understanding of the community;
- The costs of amalgamation being covered by State Government funding;
- An additional \$5,000,000 in funding that can be allocated immediately to new community facilities;
- Minimise the uncertainty in service delivery to the community, both prior to September 2016 and thereafter; and
- Minimise the uncertainty and upheaval for staff.

## COUNCIL IMPLICATIONS:

### 1. Community Engagement/ Communication

Council has undertaken a rigorous and multi facet community engagement program across the months of March and April, culminating in a number of community workshops in order to clearly inform the community and to gauge their opinions and preferences. A community survey was then undertaken with over 400 submissions received.

As part of the survey respondents were asked who their preference would be for amalgamation if the situation changed and mergers became forced. Well over 90% of respondents answered Walcha alone.

One of the desired outcomes of publicly resolving Councils approach during this final 30 day consideration period is to be able to communicate openly to the public and allow them to provide their views to their elected representatives to help inform debate and the ultimate decision making required at the Extraordinary Council meeting on the 16<sup>th</sup> of November.

### 2. Policy and Regulation

- NSW Local Government Act 1993;
- NSW Local Government (General) Regulations 2005; and
- NSW Government Fit for the Future Program.

### 3. Financial (LTFP)

The NSW Government is offering \$5,000,000 to any rural Council who resolve to amalgamate before the end of the 30 day period to cover all of the costs of amalgamation.

The NSW Government is offering an additional \$5,000,000 to any 2 rural Councils who resolve to amalgamate before the end of the 30 day period to be used on Community facilities of the Councils determination.

### 4. Asset Management (AMS)

No changes recommended.

### 5. Workforce (WMS)

No changes recommended.

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## 6. Legal and Risk Management

N/A at this point.

## 7. Performance Measures

Decisions must be adopted and lodged with the NSW Government before midnight on the 18<sup>th</sup> November 2015.

## 8. Project Management

N/A at this point

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Approved/Reviewed by Manager:	Damien Connor
Department:	General Managers Office
Attachments:	Nil