



## An Analysis of the Merger Options

*Developed in consultation with the Councillors,  
Staff and communities of Blayney Shire*

*May 2015*

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## Background

The recommendation from the ILGRP (2013) for Blayney Shire Council was as a *Council in Central West JO or merge with Orange*, being in Group E: Other potential mergers to consolidate major regional centres. Neither option was in bold text.

The ILGRP also noted that Blayney could remain sustainable as a separate Council for several decades (ILGRP, 2013 p 91).

Council has undertaken an exploration of the merger option, as outlined in this Merger Analysis report, and after consideration of this detailed and comprehensive review resolved to submit an Improvement Proposal as per the first option provided by the ILGRP.

To enable an informed and evidentiary based decision on the preferred option for the future Council has undertaken a rigorous process to consider these and other options. This process has included:

### Workshops with Councilors and staff in December 2014, January – May 2015 to:

- Undertake a **Merger Assessment Review** to identify the strengths and weaknesses of a merger with Orange or other partners
- Complete **SWOT analysis and review of the scale and capacity** of the current and future Council operations
- Review the **financial self-assessment results** and identify and agree on future strategies to strengthen the financial sustainability of Council.

### Meetings with Alliance partners and other Councils

- To fully explore options other Councils may have been considering

### Testing of the LTFP and Key Assumptions by an independent body

- Council engaged TCorp NSW to undertake an independent Financial Assessment of the Financial Sustainability Rating (FSR) and Outlook for Council. This review included an assessment of the performance of Council based on its last 5 years financial statements including the 2013/14 audited financial statements, and a review of the revised approved version of the LTFP and key assumptions and methodology.

### Community consultation

- Council implemented a community engagement strategy which included eight meetings in the shire with over 120 people attending
- A Community Survey

The result of this work has been fully considered by Council and confirms Councils decision to submit a **Template 2 – Improvement Plan**, acknowledging that Blayney Shire Council **has the scale and capacity and financial sustainability** to remain as a Council in the Central West JO.

## Merger analysis methodology and process

Blayney was approached by Orange City Council to participate in a more detailed Merger Business Case project in March 2015. Blayney Shire Council believed that the time available to complete this work with any level of detail and certainty was not adequate. This has proved to be the case with Morrison Low commenting in their final report:

*“the timeframes for this project have been challenging ..... that understanding is tempered with a recognition that the data available for modelling has some limitations and as a result we have not been able to standardise the data across the two councils given the timing constraints”*

*“we would recommend that a more detailed analysis or due diligence of the asset information be undertaken to validate or test the councils published data..”*

Additionally in the report to Orange City Council (May 2015) with the Merger Business Case results the General Manager of Orange stated:

*“..the business case does not get to a strong conclusion and is a limited assessment.”*

Orange City Council and Cabonne Council have both resolved to submit an Improvement Plan proposal based on their ability to meet the FFTF tests and that the merger analysis did not demonstrate a strong improvement in efficiencies or service provision.

Blayney is as not opposed to participating in a more detailed analysis of merger options in the future. The following is an excerpt from the *Blayney Submission to ILGRP Twenty Steps Report June 2013*

*“..... Although a potential merger is identified with Orange and Cabonne Councils, the community should be **able to have meaningful discussion up to 2020** to identify the real community of interest it could join with; being either Orange or Bathurst.*

Additionally Council has been a long-time proponent of **shared services delivery** as an alternative model to wholesale amalgamation. Blayney, through the WBC Strategic Alliance, has been a strong advocate of the benefits of shared services. It has completed significant research and development with consultancy firm KPMG to develop a methodology and structure for the delivery of shared services. This initial work completed in 2014 reviewed 20 functions and identified an estimated **\$1.1m in efficiency savings** at the same time as maintaining the local democratic representation and presence that the community wants. Council strongly believes that this is a **sustainable, viable and more attractive future option** for Blayney than a merger with a large urban centre. (see KPMG report attached)

Blayney Shire Council is also close to the two large centres of Bathurst and Orange and to the township of Cowra. Whilst the Independent Review Panel's recommendation included a potential merger with Orange there is as much a case to be made that a merger with Bathurst would be preferred and achieve better outcomes. The communities of Blayney have connections with both the cities for different services. Anecdotally it is felt that the Blayney community would be split as to which larger Council would be a better merger partner, if an 'all or nothing' merger were to take place.

Additionally to the south some of the villages such as Lyndhurst and Mandurama have a stronger connection with the town of Cowra.

In considering the future options for Blayney Council the following factors were considered in assessing the merits or otherwise of mergers partners:

- Proximity between major population centres and shire boundaries
- Transport connections (road, rail, air)
- Workforce and residency links
- Educational links: primary, secondary and tertiary
- Sporting and cultural links
- Emergency services – ambulance, rural fire service etc
- Health care facilities
- Breadth and strength of other services offered and used
- Geography and topography
- Shared economic activity
- Existing co-operative relationships
- Rating structures and average rates by category
- Financial strength - current and prospective

There are differences between Blayney and Orange/Bathurst that reflect the different natures of the areas, with Blayney being a smaller rural shire, and Orange/Bathurst being urbanised city areas.

The industry profile for the region highlights the differences in the region, with Blayney’s largest industry being agriculture, Orange’s Health and Social Services and Bathurst’s manufacturing, agriculture and education.

There is a high level of interdependence between the two regions economically, particularly with regards to workforce, with the majority of residents of both regions likely to work and reside in these locations.

The Fit for the Future Project team developed the following assessment criteria as a basis to measure merger options.

<b>NEGATIVE FACTORS OF MERGERS</b>	
Representation	<ul style="list-style-type: none"> <li>• Fewer councillors per head of population</li> <li>• Towns and villages less likely to have an elected representative looking after their interests or accessible to raise concerns with</li> <li>• Less access to and “personal” interactions with Council staff - Council staff will become out of touch with the people they serve</li> <li>• Elected members time will be affected and capacity to effectively represent their interests, with responsibilities spread over a larger area will be challenging</li> <li>• Less likely to have real, democratic ‘community engagement’</li> </ul>

Sense of community	<ul style="list-style-type: none"> <li>• Residents no longer feel that they belong to a close knit community- loss of community spirit;</li> <li>• Centre of power and influence is more remote and less accessible</li> <li>• Outer villages will suffer from less frequent services, become forgotten and soon decline in population</li> <li>• Decision makers will have no knowledge of or empathy with rural communities or their issues</li> <li>• Loss of unique rural character</li> </ul>
Local employment and local economies	<ul style="list-style-type: none"> <li>• Rationalisation means that local workforce will be reduced in favour of jobs in the regional centre</li> <li>• Town economies, which are dependent on local government for employment, cash turnover and support services, will suffer and decline</li> </ul>
Rates and charges	<ul style="list-style-type: none"> <li>• Rates and charges will rise (particularly noting the disparity between city council rates and rural council rates)</li> </ul>
Service levels	<ul style="list-style-type: none"> <li>• Some existing services will be discontinued; some will be rationalized over time (eg depots, offices, libraries, community halls and facilities)</li> <li>• Majority of resources and effort will be applied to and consumed by the regional centre</li> <li>• Needs and issues of smaller local communities will have low priority</li> </ul>
Transition Costs	<ul style="list-style-type: none"> <li>• Merger will be very disruptive for staff and the community</li> <li>• Any long term gains come at a short term cost</li> <li>• Uncertainty and anxiety about job security will lead to loss of morale; need time, resources and effort to re-establish this.</li> <li>• Costs of merger will exceed funding being provided</li> </ul>

**POSITIVE FACTORS OF MERGERS**

Financial viability	<ul style="list-style-type: none"> <li>• Larger more diverse rate base</li> <li>• Bigger budget means ability to withstand financial impacts</li> <li>• Bigger rates base leads to economies of scale</li> <li>• Greater capacity to borrow and lower borrowing costs</li> </ul>
Efficiency	<ul style="list-style-type: none"> <li>• Capacity to attract and pay top quality professionals and get access to more specialist skills in-house</li> <li>• Reduced duplication of tasks and assets</li> <li>• More specialised staff and specialised assets</li> <li>• Reduce back office overhead costs per ratepayer</li> <li>• Savings by reducing number of senior employees and Councillors</li> <li>• Only one set of reporting required (IP&amp;R, financial etc)</li> <li>• More resources to focus on community services</li> </ul>

Capable partner	<ul style="list-style-type: none"> <li>• State and Federal governments have a much larger partner</li> <li>• More likely to mount the case for significant grants for sub regional projects</li> <li>• More likely to be listened to; greater influence in negotiations with other spheres of government</li> </ul>
Scale and capacity	<ul style="list-style-type: none"> <li>• Broader vision for the future and the capacity to deliver.</li> <li>• Tackle larger scale projects in house with resources on tap - master planning, asset management, infrastructure provision and renewals</li> <li>• Bigger contracts produce better pricing and value for money</li> </ul>
Governance	<ul style="list-style-type: none"> <li>• Better quality representation (assumed but not proven)</li> <li>• More streamlined decision making</li> </ul>

As part of the analysis process Council convened an initial workshop in December 2014 with Councillors and staff to complete a SWOT analysis of the future operating models for Blayney Council and to consider the different merger options.

These workshops were attended by Councillors and 26 staff (representing 37% of the total EFT). In summary the sentiment of the group was that a merger with Orange or Bathurst would be high risk for Blayney as it would likely to result in the negatives outweighing the positives, in particular;

- It would divide the shire between those favoring one regional centre or the other; this would require a well-researched analysis of the economic and social connections between our shire and each regional centre;
- The shire and its communities would become marginalised over time;
- a reduction in local representation would be inevitable;
- there would be a lack of focus on towns and villages, which are a big part of the character of Blayney Shire;
- capex priorities would be focused on the regional centre;
- the regional centre would have different priorities and a lack of understanding of the unique needs of rural communities/service centres

At a subsequent workshop held with staff and **Councillors in April 2015** these additional points were reinforced:

- Disparity of service provision and service levels between city and rural councils
- Significant evidence from mergers in other States that the estimated savings and improvement in service provision is not realised post-merger
- Blayney is a rural council – very different organisational and community cultures and values to large city councils
- Different communities of interest within the Blayney LGA
- Much more politically divided/driven in Orange and Bathurst
- Loss of local identity
- Loss of regional presence

Rates would need to be harmonised in a merged Council and with such a large difference in rates currently between rural based Blayney and city based Orange or Bathurst that there is an expectation that a number of Blayney ratepayers would be adversely affected with increased rates with little or no corresponding increase in service levels

Modelling in the Orange/Cabonne merger proposal only identified a financial benefit of about \$5.4 million over 10 years, inclusive of a \$5 million incentive. Without the incentive payment, the benefit is likely to be about **\$40,000** a year over the next decade.

By comparison the estimated savings identified through the establishment of shared services between Cabonne, Central Tablelands Water and Blayney of > \$1m achieves the efficiencies needed without the loss of representation and identity of Blayney Shire

Additionally the WBC Strategic Alliance has saved almost \$6 million in the past 12 years, including **\$520,000 in the past 12 months**, through collaborative arrangements and resource sharing.

## Merger options

Whilst the recommendation of the ILGRP was a potential merger with Orange City Council; Council also undertook an analysis of the strengths and weaknesses of mergers with other councils including:

- Bathurst (and potentially Oberon)
- Cabonne (with Orange City)
- Central Tablelands Water and Upper Macquarie County Council.

The strengths and weaknesses of these options were considered at the workshop:

<b>Merge with Orange City Council</b>	
<i>- Assume that this option could include Cabonne Council</i>	
<b>STRENGTHS</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"> <li>• Consistent with one of ILGRP option;</li> <li>• Financially stable</li> <li>• Already work together on sub regional planning</li> <li>• Major health services centre</li> <li>• Aligned on tourism (Brand Orange)</li> <li>• Share the Cadia VPA and spin offs</li> <li>• Probable CTW linkages in time (compared with Bathurst)</li> <li>• Geographically a better fit</li> <li>• \$5m funding (more if was 3 LGAs)</li> <li>• Attraction of staff and succession planning</li> <li>• Better fit with community of interest (some sections of community)</li> </ul>	<ul style="list-style-type: none"> <li>• City Council culture compared to Blayney rural Council focus</li> <li>• Politically aligned elections</li> <li>• Significant differences in service levels and range of services provided</li> <li>• Loss of identity/sense of community</li> <li>• Loss of representation</li> <li>• Loss of self determination</li> <li>• Loss of local employment</li> <li>• Cost of merger could be greater than the funding being provided</li> <li>• City Councils do not have experience in managing rural communities/infrastructure</li> <li>• Closure of depot and offices</li> </ul>



<b>Merge with Bathurst Regional Council</b> - Assume that this option could include Oberon Shire Council	
<b>STRENGTHS</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"> <li>• Currently growing strongly</li> <li>• Better experience with rural/agricultural issues</li> <li>• Major education centre</li> <li>• Previous experience with merger</li> <li>• Within state electoral boundaries</li> <li>• Attraction of staff and succession planning</li> <li>• Financially stable</li> </ul>	<ul style="list-style-type: none"> <li>• Some parts of the community would rather merge with Orange or Cowra</li> <li>• Closure of depot and offices significant differences in service levels and range of services provided</li> <li>• loss of identity/sense of community</li> <li>• loss of representation</li> <li>• loss of self determination</li> <li>• loss of local employment</li> <li>• cost of merger could be greater than the funding being provided</li> </ul>

<b>Other Options - Merge with the County Councils – CTW and Upper Macquarie Weeds</b>	
<b>STRENGTHS</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"> <li>• increased capacity</li> <li>• increased revenue in general fund</li> <li>• control development costs</li> <li>• reduce duplication particularly on governance and cost of councillors</li> <li>• community of interest better fit than merger</li> </ul>	<ul style="list-style-type: none"> <li>• Costs of weed control</li> <li>• Lack of experience in weeds management</li> <li>• Increased costs to deliver services</li> <li>• State issue</li> </ul>

<b>OTHER OPTIONS?</b> <b>Merge with Cabonne + strategic relationship agreement with Orange</b>	
<b>STRENGTHS</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"> <li>• similar economies and demographics;</li> <li>• similar cultures and focus on rural services</li> <li>• similar strategic issues and direction;</li> <li>• history of working together in the WBC Alliance;</li> <li>• could build in local representation for towns and villages</li> <li>• broadens the rates base;</li> <li>• may achieve scale and capacity;</li> <li>• lightest touch/lowest impact of potential merger proposals;</li> <li>• an untied incentive payment of \$5m.</li> </ul>	<ul style="list-style-type: none"> <li>• not an ILGRP merger option;</li> <li>• loss of identity, new name, watered down local representation;</li> <li>• need to negotiate a strategic alliance agreement with Orange who have opposed this in the past and who have a current resolution not to support shared services</li> <li>• disruptive, time consuming and unsettling for staff;</li> <li>• No focal “centre”</li> <li>• No political support</li> <li>• Issue of making a regional centre larger is not achieved</li> <li>• Multiple offices</li> </ul>

**Stand Alone**

*Assume that with this option we would be a member Council of the Central West JO and establish a Strategic Sub Regional Alliance with one or more member Councils of Centroc being CTW, Cabonne and possibly Orange, Cowra or other neighbouring Councils ....*

<b>STRENGTHS</b>	<b>WEAKNESS</b>
<ul style="list-style-type: none"> <li>• Preserve our autonomy</li> <li>• Control our own destiny</li> <li>• retain local identity and representation;</li> <li>• retention of local service provision</li> <li>• retain direct control over finances – raising of rates, and expenditure priorities in our Shire decided by our Shire;</li> <li>• easier to implement than merger – keep own systems, policies etc</li> <li>• supported by communities and NSW government</li> <li>• because we can punch above our weight</li> <li>• experience with WBC Alliance</li> <li>• ensure funding long term for assets</li> <li>• potential savings &gt;\$1m for sharing services</li> </ul>	<ul style="list-style-type: none"> <li>• No incentive grant from government despite needing funding to establish a new shared service entity</li> <li>• A shared entity would need to be a statutory authority to deliver outcomes (legal versus voluntary)</li> <li>• This could be seen as a transition to eventual merger</li> </ul>

## Comparative Data

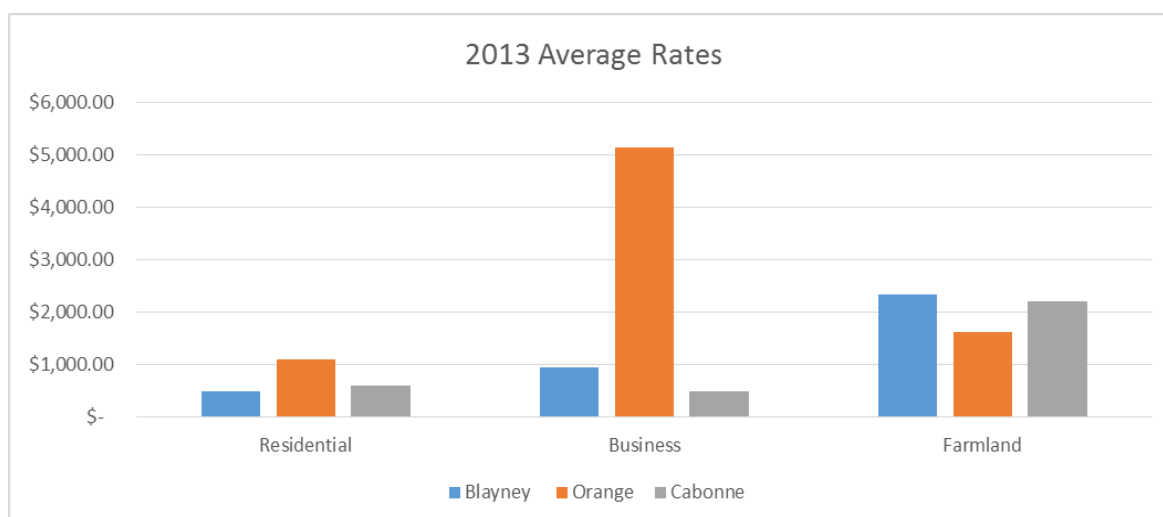
To assist Council in completing a valid comparison of the councils and merger impacts the following data was collated. This was used to inform decision making.

### Key measures:

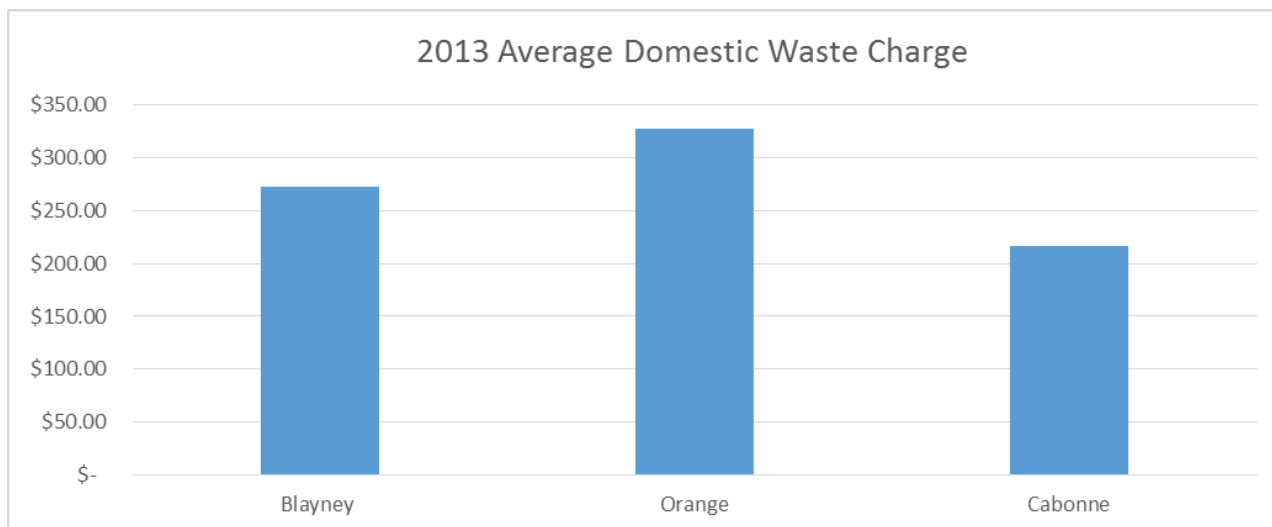
2013/14	BLAYNEY	ORANGE	CABONNE	BATHURST	COWRA
Population	7,330	40,869	13,695	41,051	12,551
Pop. Growth to 2031	7.9%	17.4%	24.4%	8%	-0.5%
Geographic Area	1,525km <sup>2</sup>	284 km <sup>2</sup>	6,024 km <sup>2</sup>	3,818km <sup>2</sup>	2,800km <sup>2</sup>
Revenue (\$,000)	15,207	127,382	39,572	91,701	28,569
Full Time Equivalent Staff	70	366	170	353	167
Population per EFT staff	104	112	80	116	75

Sourced from OLG Comparative Data Report, Council Financial Statements, Dept Planning Population estimates (2013/14)

### Average Rates:



**Average Domestic Waste Charge:**



**Comparison to Fit for the Future financial benchmarks as at 2014**

<b>Council</b>	<b>Operating Performance (%)</b>	<b>Own Source Revenue (%)</b>	<b>Debt Service Cover (%)</b>	<b>Asset Maintenance (%)</b>	<b>Infrastructure Backlog (%)</b>	<b>Asset Renewal (%)</b>
<b>Blayney Council</b>	-24.43	67.17	9.59	0.96	0.08	119.00
<b>Cabonne Council</b>	2.19	66.01	27.97	1.40	0.04	115.07
<b>Orange Council</b>	-6.09	68.33	182.35	1.37	0.01	6.97

*Note: data sourced from the Orange Cabonne Merger report and the published financial statements of the councils. There is discrepancy between these two data sources that makes comparison very difficult.*

**Comparison of Debt:**

<b>Council</b>	<b>Debt (\$000)</b>	<b>Debt Service Ratio</b>	<b>Debt per Capita (\$)</b>
Blayney Council	\$1,762	2.4%	\$242
Cabonne Council	\$8	0.8%	\$0.57
Orange Council	\$16,786	7.6%	\$405.95

**Organisational Profile: (2015)**

	<b>Blayney</b>	<b>Cabonne</b>	<b>Orange</b>
FTE (including vacancies)	71	170	388
Percentage of employee costs allocated to training	3.8%	1.6%	1.6%
Total annual employee cost (\$000) per FTE	\$70	\$63	\$64
Total annual expense (\$000) per FTE	\$212	\$189	\$210

**Representation:**

	<b>BLAYNEY</b>	<b>ORANGE</b>	<b>CABONNE</b>	<b>BATHURST</b>	<b>COWRA</b>
<b>No. Councillors</b>	7	12	12	9	9
<b>Ratio Councillor Representation</b>	1,047	3,406	1,141	4,561	1,395

*Sourced from OLG Comparative Data Report, (2013/14)*

**Risk analysis**

As part of the review Council completed a risk analysis on merging with other councils (not specific to any particular council – assessed against merger generally)

<b>Risk</b>	<b>Risk rating</b>		
	<b>Consequence</b>	<b>Likelihood</b>	<b>Risk Rating</b>
Projected savings will not be achieved	Major	Likely	High
Data being used to analyse is not comparable	Major	Likely	High
Merger implementation costs will exceed estimates and funding from government	Major	Almost certain	Extreme
Residents of Blayney will be adversely affected by an increase in rates	Major	Likely	High
Service levels will not be maintained	Moderate	Likely	High
Loss of employment in the local areas	Major	Likely	High
Urban focussed versus rural focussed cannot be reconciled	Moderate	Likely	High

## **Proactive Financial Management:**

Blayney Council has had very proactive financial management strategies in place.

In 2007 Council consulted with community to seek approval for a **special rate** to pay for major new infrastructure to build a new community hall (see Case Study in the Scale and Capacity Supplementary report). This raised \$2.75 m over 10 years and is due to be completed in 2017.

In 2012 following the general revaluation process Council, in partnership with the mining operation, Cadia, sought a SRV (40.7%) particular to mining rate revenue. This was approved and resulted in an **additional \$1.6m per annum**. Part of these negotiations included allocating a proportion of the funding towards infrastructure projects that improved access to the mine.

Then in **2013 Council commenced a SRV application** process to further strengthen the future financial sustainability of Council.

As part of this Council commissioned the Western Research Institute to complete a detailed report on the LGA economic and social profile and analysed the options available (maintained service levels versus reduced service levels) for reasonableness and capacity of community to pay higher rates. This report highlighted:

- Under both plans (maintained or reduced) Blayney would rank favorably against other Group 10 and neighboring councils
- The rates increase proposed would have insignificant impacts on Blayney Shire community (WRI, 2013)

Council completed extensive community consultations and survey hosting a series of 8 community workshops. A simple poll of attendees at these sessions indicated:

- 45% were in favour of the 15% increase per annum for 6 years
- 35% were in favour of the 10% variation per annum for 4 years
- 22% were in favour of the 3.3% variation (current rate peg)
- 3% were informal

An additional meeting organised through NSW farmers saw 106 people attend with the majority of those attendees wanting only the rate peg to be applied. (in recognition of rural landowners ability to pay higher rates, with low commodity prices and drought)

Council subsequently considered options for SRV and applied for, and was granted, a 4.89% increase in 2014/15 and 5.11% increase in 2015/16. The opportunities to improve service delivery based on customer feedback were incorporated into the operational plans with a particular focus on improving asset management.

In late 2013 a supplementary valuation of the mining land results in an **additional \$1.8m** added to general rating income.

This proactive and strategic approach to fiscal management has placed Blayney Council in a sound position going forward. The NSW Treasury (TCorp) rankings provided for the ILGRP (2013) in **2013** was:

FSR	Moderate
Outlook	Negative

By late 2013, analysis undertaken by TCorp for the SRV application, demonstrated an improvement with the financial strategy to the following:

FSR	Moderate
Outlook	Neutral

As a further independent check TCorp was engaged to undertake a review of the revised LTFP in preparation for the FFTF submission. In updating the analysis completed for the previous reports (April 2013 and November 2013) TCorp's work included;

- An assessment of the performance of Council based on its last 5 years financial results including (2013/14)
- Reviewing the revised LTFP (2015/25) and key assumptions and methodology
- Analysing the extent to which the forecast operating performance will support the long term sustainability of Council
- Updating the assessment of the FSR and Outlook for Council

Based on this independent review of both the historic financial information and the 10 year financial forecast within Council's LTFP TCorp consider Council to be in a satisfactory, and **improving financial position** with the following results.

FSR	Moderate
Outlook	Positive

At this FSR of Moderate with an Outlook of Positive, Council is currently achieving a level of performance broadly consistent with the TCorp benchmarks.

The LTFP indicates that, if achieved, Council's position is expected to improve over the next 3 years which is based on the following points:

- Council has demonstrated a willingness to seek approvals for SRV's to assist in addressing its need for additional revenue to meet infrastructure costs.
- Council's financial position has been improving, particularly when the timing differences associated with the FAG payments are taken into account.
- Council is forecasting operating surpluses, sound levels of liquidity and own source revenue is at sound levels to support the operations.

TCorp also recommend that if the forecast increase in population occurs, Council will need to adjust its planning in future to take any impacts of that into account.

## Community consultation

Blayney has always had sound communication and engagement strategies in place to ensure its communities and residents have a voice, and that the Council remains focused on providing the services the community expects. As part of preparing a response to the **Fit for the Future program Council has consulted** extensively with the communities through:

- Website publications
- Newsletters and media releases
- Formal survey
- Community information sessions held in eight locations with over 120 residents attending

The Blayney Shire ‘Have Your Say’ Community Survey was distributed at community meetings and promoted online and in media channels, opening on Monday 19 May 2015 and closing Friday 12 June 2015.

There were 193 surveys collected online and via paper forms; representing 5% of the number of ratepayers in the shire. Key themes indicated by respondents about what they value in the Blayney Shire include:

1. Country Lifestyle – 39.01%
2. Good services/ facilities/ staff at Council – 24.73%
3. Community spirit – 21.43%
4. Farming Country/ landscape – 12.64%
5. Friendships/ Family – 8.79%

Preferred Options numbered from 1 to 4 are summarised as follows;

Option	1st Preference	2nd Preference	3rd Preference	4th Preference
Stand Alone	167	9	3	2
Merge with Orange and/or Cabonne	18	34	18	10
Merge with Bathurst and/or Oberon	2	32	34	10
Other	6	19	7	21
<b>TOTAL</b>	<b>193</b>	<b>94</b>	<b>62</b>	<b>43</b>

*Note: not all respondents ranked all 4 preferences*

The Stand Alone preferred option accounted for 86% of respondents. A merger with Orange and/or Cabonne accounted for 9% of respondents.

Whilst the final question was a hypothetical one, one third of respondents (33.3%) would be willing to accept a combination of both a reduction in services and 3-6% rate increase should that be necessary for Council to remain viable in the long term. However, a further third (31.75%) said they wouldn't be prepared to accept neither of these proposals. One of Council's key strategies is to implement a service level review and the conversation with the community will be critical during this process. A copy of the survey follows;



Blayney Shire Council - Fit for the Future Community Survey

**Q1 In which area of the Shire do you live?**

Barry	Blayney	Carcoar	Hobby's Yards
Kings Plains	Lyndhurst	Mandurama	Millthorpe
Neville	Newbridge		

other.....

**Q2 What do you value most about living in the Blayney Shire area?**

.....  
.....

**Q3 The Independent Panel Review of Local Government provided two options for Blayney Shire Council.**

Option 1 - A council within the Central West Joint Organisation  
Option 2 - Merge with Orange and Cabonne

**Council's position is to stand alone as a Council within the Central West Joint Organisation. We will continue to work in collaboration with neighbouring Councils in formal alliances, such as the current WBC Strategic Alliance.**

**Given this; what is your preferred option? (Within the boxes below, add number 1 for first choice, 2 for second etc.)**

- Stand Alone OR
- Merge with **Orange** City Council and/or potentially **Cabonne** Shire Council OR
- Merge with **Bathurst** City Council and/or potentially **Oberon** Council OR
- Other** – do you have other ideas?

.....

**Q4 Council intends to undertake a complete service review and engage with the community to determine the current, expected and achievable levels of service. It may be the case that Blayney Shire Council may have to reduce services or increase rates income to remain financially sustainable in the long term. What is your preferred approach?**

- A reduction in the level of Council provided services
- Consider a rate increase from 3% to 6%
- Combination of both
- Neither** – other suggested options:

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## Summary

Blayney Council has completed a review of merger options in line with the Fit for the Future recommendations and process.

The findings support Blayney Shire Council's position and that of the communities of the Blayney LGA to stand alone as a Fit for the Future Council in the Central West JO.

This is based on:

- The threats and weaknesses of any merger outweigh the strengths and benefits
- The cost to merge would be more than what government is offering in subsidy and would therefore impact on any new entity financial stability (as demonstrated by other mergers in both NSW and other states)
- The community has strongly indicated a desire to retain their local democracy, representation and services provided by the Blayney Shire Council
- Blayney has a sound plan for future improvement in financial performance and will meet all of the 7 financial benchmark indicators by 2019/20
- Council is currently achieving a level of performance broadly consistent with the TCorp benchmarks as determined by NSW Government as evidenced by independent analysis of the LTFP (2015-2025), assumptions and methodology of Blayney Shire Council's Financial Management Strategy