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BY EMAIL

Dear Gareth

Re: Merger Proposal: Kiama Municipal Council - Shoalhaven City Council

The Merger Proposal contains mistakes, inaccuracies, ill-founded rhetoric and unsubstantiated \$ values on purported future savings.

The 'Minister's Foreword' on Page 2 of the Merger Proposal states:

"After considering the clear need for change, the Independent Local Government Review Panel (ILGRP) research and recommendations, the assessments of councils by the Independent Pricing and Regulatory Tribunal (IPART), council merger preferences, community views and the unique needs and characteristics of each area, I am putting forward the proposal to merge the local government areas of Kiama and Shoalhaven".

Contrary to what Minister Toole stated above, it is clear that he has **NOT** in fact considered the issues, and has in fact dismissed the advice given to him by both the ILGRP and IPART. The evidence is as follows:

1. Independent Local Government Review Panel (ILGRP)

The evidence based Final Report of the ILGRP, **DID NOT** recommend a merger for Kiama Municipal Council, and in fact noted "**Kiama's distinctive rural and coastal setting and 'country town' character**" as a key factor in their considerations as to whether or not a merger was necessary.

Please note that confirmation of the Panel's position on this matter has recently been received from the Former Chair of the ILGRP, and appears later in this letter when another mistake in the Merger Proposal is addressed.

2. Independent Pricing and Regulatory Tribunal (IPART)

The IPART assessment **DID NOT** recommend a merger for Kiama Municipal Council and infact stated that **"Our analysis has not identified evidence for a better alternative to the council's proposal to stand alone"**.

The IPART assessment found that Kiama Council did not satisfy the sustainability criterion, due to not meeting the operating performance and building and infrastructure asset renewal benchmarks by 2019-2020. However, the assessment acknowledged Council advice that the construction of the \$62m 'Centre of Excellence in Aged Care' contributed towards their poor operating performance ratio. The assessment further noted "the Council forecast that it will meet the benchmark for the own source revenue ratio by 2019-2020".

The 'Centre of Excellence in Aged Care' that Kiama Council is undertaking is not only needed by the community but will help Kiama Council remain viable into the future. It is also an addition to the already established aged care facility in the Kiama Municipality called 'Blue Haven'. 'Blue Haven Aged Care Facility' has been in operation since 1979, is fully owned by Kiama Municipal Council, and is the largest council-owned retirement facility in the State of NSW. It is notable that the much larger Shoalhaven City Council does not own such an aged care facility.

It is also notable that the Merger Proposal 'champions' the 'Centre of Excellence in Aged Care' facility and refers to it as a "**regional priority**" that is "directly relevant to the proposed new council." How is it "directly relevant to the proposed new council" when it is already being carried out by Kiama Municipal Council?

The IPART assessment process was remiss in assessing Council on a 'benchmark year' without taking the bigger picture into account. The assessment also failed to recognise that the Office of Local Government had suggested that Council submissions should focus mainly on the process of improvements to progress towards the benchmarks, not mandating that benchmarks be met.

The advice of the Office of Local Government was sensible in that it encouraged Councils to focus on progressing in an orderly fashion for long term improvements, rather than pannicking and increasing rates drastically in order to meet a benchmark year. That a number of Councils were only found 'Fit' by IPART due to rate increases in order to beg a good score from IPART, is at odds with good governance. It is also noted that some Councils who are not required to merge, barely reached the benchmark even after applying exhorbitant rate increases to be assessed as 'Fit'.

It is also very notable that the IPART assessment for Shoalhaven City Council stated under "**Other Relevant Factors**" that "**Shoalhaven notes that if it were to merge with adjoining councils, the distances for effective management would be excessive and the social and economic mixes would be quite different**".

3. Council merger preferences

Kiama Municipal Council does not have any merger preferences and did not state any.

Kiama Municipal Council voted unanimously to oppose the forced merger proposal. Shoalhaven City Council voted unanimously to oppose the forced merger proposal.

4. Community views

It is not a secret that there is overwhelming Kiama community opposition to the proposed forced merger, with an estimated 1000 people attending an Extraordinary Council Meeting and Public Meeting at the Kiama Pavilion on the 12th January 2016.

In addition, a recent survey of 500 Kiama residents conducted by IRIS Research found that 92 per cent opposed the proposal to force an amalgamation.

5. Unique needs and characteristics of each area

Minister Toole referred to the "unique needs and characteristics of each area", but he really missed the point. The "unique needs and characteristics" is exactly why separate Council areas need to be retained - both LGA's are unique, however they are not simply two areas. The characteristics of individual towns and villages within Kiama Municipality are completely different to those of the Shoalhaven LGA, and although the needs of individual towns and villages can be similar, they can also be very different.

Kiama Municipality is not simply Kiama, but a mix of villages, towns, rural areas, and even areas within those towns and villages that are all unique and different to each other. Some of the characteristics that form that uniqueness include topography, soil types, flora, fauna, the 'feel' of a place, and physical location.

There is much diversity of character in locales that surround even the Kiama CBD - from Kendalls Beach to Surf Beach, Black Beach, Storm Bay, Blowhole, and Spring Creek Wetlands.

There are many other areas that also have their own individual identity, character, and needs, including Jamberoo, Jerrara, Minnamurra, Minnamurra River Estuary, Kiama Downs, Bombo, Kiama Heights, Saddleback, Rose Valley, Foxground, Toolijooa, Willow Vale, Werri Lagoon, Ooaree Creek, Werri Beach, Boat Harbour,

Union Creek, Gerringong, Crooked River Estuary, Blue Angle Creek, Foys Swamp, Gerroa, and Seven Mile Beach National Park - which is noticeably absent from the Map on Page 1 of the Merger Proposal.

The State government's merger proposal does not recognise the attributes of individual areas within the Kiama Municipality, and I have no doubt that a forced merger would ultimately destroy what residents and holiday makers actually appreciate and value about the Kiama Municipality.

The State government's lack of care and disregard for the facts is again highlighted on Page 5 of the Merger Proposal.

Page 5 of the 'Merger Proposal' states:

"The ILGRP recommended that Kiama remain as a standalone council on the basis that it appeared sustainable for at least the medium term. Given the assessment that Kiama is 'not fit' for the future, the Panel commented that Shoalhaven might be an appropriate partner for Kiama. The NSW Government believes a merger of Shoalhaven and Kiama should be considered to strengthen the region for the benefit of local communities".

The underlined comment above has been taken out of context by the State government, and the comment is not true. The ILGRP only mentioned Shoalhaven Council as a possible future partner for Kiama Council if amalgamation was needed, due to the Shoalhaven being omitted from the 'Illawarra Region' (which was defined by the areas of Wollongong, Shellharbour and Kiama, and that definition of the Illawarra was favoured by the Department of Planning & Infrastructure).

The ILGRP was concerned about the exclusion of Shoalhaven from the Illawarra because it had previously been included in the Illawarra for the purposes of the 'State Plan', and because it had long-standing links to the north through the Southern Councils group and its predecessor regional organisations.

The ILGRP understood that the "inclusion of Shoalhaven in the South East-Tablelands region is the preferred option for the preparation of a new Regional Growth Plan, and specifically for integrated planning along the south coast".
(Taken from the Final Report of the ILGRP October 2013).

So, in the two years since the ILGRP have issued their Final Report, the State government has gone from preferring that Shoalhaven be included in the South East-Tablelands region **to now trying to force an amalgamation** with Kiama, and has used the ILGRP's thoughts that Shoalhaven **MIGHT** make an appropriate partner for Kiama in the future **IF** any amalgamation was necessary at a later date, as though it was evidence in support on an amalgamation now.

On the 18th January 2016, I wrote to Graham Sansom, Former Chair of the ILGRP, and asked him for clarification of the statement made on page 5 of the Merger Proposal, ie., ".....the Panel commented that Shoalhaven might be an appropriate partner for Kiama".

On the 24th January 2016, I received an email from Graham Sansom, as follows:

"Dear Debra

I refer to your email of 18 January 2016.

Your understanding is correct. The ILGRP did not suggest a merger of Kiama and Shoalhaven in the foreseeable future, and the comment on p.5 of the Minister's proposal misrepresents the Panel's position. On the information currently available, and given all the other potential merger options around NSW that the Government has decided not to pursue, I cannot see the justification for an amalgamation of Kiama and Shoalhaven at this stage.

I note in particular that while IPART identified a clear need for Kiama to improve its financial position, its analysis did not find evidence for a better alternative to the council's proposal to stand alone. Moreover, the claimed financial benefits of a merger appear minimal relative to the total expenditure of the two councils, and could almost certainly be equalled by a fully functioning Joint Organisation as recommended by the ILGRP, which could also strengthen other elements of strategic capacity.

Yours sincerely

**Graham Sansom
Former Chair, Independent Local Government Review Panel"**

The 'Merger Proposal' is unfounded and urgent attention to this matter is warranted.

Yours faithfully



Debra Moore