Merger Proposal:
Tumbarumba Shire Council
Tumut Shire Council

JANUARY 2016
Proposed merger: Tumbarumba and Tumut

Data sources: Land and Property Information
Datum and Projection: GDA94
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 Tumut Shire and Tumbarumba 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 $20 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 two 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 $15 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:

- upgrades to and maintenance of key transit routes servicing the region - including local connections to the Hume Highway corridor;
- maintaining and improving the tourism infrastructure in the broader region to continue to attract tourists and visitors; and
- providing increased and improved library services across the region.

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.

Paul Toole
Minister Paul Toole
January 2016
EXECUTIVE SUMMARY

The southern NSW communities of Tumbarumba and Tumut share common characteristics and connections and will benefit by up to $20 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 Tumbarumba and Tumut local government areas. 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 many shared interests including a common interest in the natural environment and agriculture.

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 Tumut Shire council was ‘not fit’ to remain as a standalone entity.

IPART determined that Tumbarumba and Tumut both satisfied key financial performance benchmarks. However, IPART assessed that operating individually, Tumut would have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs. IPART assessed Tumbarumba Shire Council as ‘fit’ as a Rural Council. However, IPART noted that if Tumbarumba Shire Council’s regulatory and compliance burden was not reduced, it was likely the council would be ‘not fit’ as a standalone council.

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 supporting the tourism industry, as well as transport to connect these regional areas to each other and major centres.

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 $5 million in net financial savings over 20 years.

The analysis also shows the proposed merger is expected to generate, on average, around $600,000 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.

The NSW Government has announced a funding package to support merging councils that would result in $15 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. For

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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
example, Tumut Shire Council has indicated it would consider applying for a Special Rate Variation (SRV) from IPART of up to 15 per cent from 2020-21.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Tumbarumba and Tumut 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 $7.2 million infrastructure backlog across the Tumbarumba and Tumut region;
- building a stronger base for year round tourism activities associated with the proximity of the area to the NSW and Victoria ski fields; and
- continuing to actively participate in regional transport development policy and strategy.

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](http://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).

Tumbarumba Shire and Tumut Shire councils both submitted Fit for the Future proposals to remain as standalone councils. In assessing each council’s submission, IPART determined that Tumut Shire council was ‘not 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. IPART determined that Tumbarumba Shire Council was ‘fit’ as a Rural Council, which would require a Joint Organisation to perform most of the council’s higher level functions. IPART noted that if Tumbarumba Shire Council’s regulatory and compliance burden was not reduced, it was likely the council would be ‘not fit’ as a standalone council.

In the consultation period that followed the release of the IPART report, Tumut Shire Council nominated Tumbarumba Shire Council as a potential merger partner.

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 NSW and Australian governments 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 TUMBARUMBA AND TUMUT REGION

The proposed new council will be responsible for infrastructure and service delivery to around 14,900 residents across the Tumbarumba and Tumut region.

The creation of a new council provides the opportunity to bring together communities from across the local government areas of Tumbarumba and Tumut. The communities share a common interest in the natural environment and landscape – both as a source of employment and industry, and as an influence on their lifestyle choice.

The new council will be responsible for infrastructure and service delivery to just over 13,900 residents by 2031. This reflects the expected population decline across the region of 0.4 per cent per annum.\(^3\)

The proposed merger aligns with the objectives of the NSW Government’s Regional Growth Plan for the Murray Murrumbidgee Region. The Riverina Murray Regional Plan is being developed to plan for the future population’s needs for housing, jobs, infrastructure and a healthy environment. The NSW Government has identified a number of regional priorities that are directly relevant to the proposed new council. For example:

- the regional freight transport plan for the Murray-Murrumbidgee region and the implementation of integrated transport solutions for the region (including rail and road transport networks);
- progressing economic development in the Riverina East region by focussing on growing industries and education pathways for local communities;
- maintaining productive agricultural land in the rural and regional hinterland;
- creating greater housing choice, lively town centres and entertainment and dining precincts throughout the region; and
- increasing recognition of local and regional history and heritage, so the region continues to be an attractive place to live, work and visit.

For the plan to be implemented effectively, a coordinated approach will be required to manage the expected population decline across the Tumbarumba and Tumut 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 two 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 two existing councils and the projected performance of the new proposed entity is provided in Figure 3.

In addition, while IPART found each of the two councils satisfy financial performance criteria, it also found that Tumut Shire Council’s ability to effectively advocate for community priorities is affected by a lack of scale and capacity. IPART also noted that Tumbarumba Shire Council would only be ‘fit’ as a Rural Council if it’s regulatory and compliance obligations were reduced. 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.

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\(^3\) NSW Department of Planning & Environment, 2014 NSW Projections (Population, Household and Dwellings).
**Figure 3: Council profiles**

<table>
<thead>
<tr>
<th></th>
<th>Tumbarumba Shire Council</th>
<th>Tumut Shire Council</th>
<th>New Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2014)</td>
<td>3,578</td>
<td>11,375</td>
<td>14,953</td>
</tr>
<tr>
<td>Area</td>
<td>4,393 sq km</td>
<td>4,567 sq km</td>
<td>8,960 sq km</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>IPART Rating</th>
<th>FIT AS A RURAL COUNCIL</th>
<th>NOT FIT</th>
<th></th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Operating Revenue (2013–14)</th>
<th>$22.8m</th>
<th>$28.3m</th>
<th>$36.1m (projected 2019–20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Result (2013–14)</td>
<td>$4.0m</td>
<td>$6.5m</td>
<td>+$1.1m projected improvement to 2019–20 operating results</td>
</tr>
<tr>
<td>Asset Base</td>
<td>$141.7m</td>
<td>$211.8m</td>
<td>$363.5m</td>
</tr>
<tr>
<td>Infrastructure Backlog</td>
<td>4 per cent</td>
<td>1 per cent</td>
<td>2 per cent</td>
</tr>
</tbody>
</table>

This merger proposal is broadly consistent with the ILGRP’s findings (2013) and IPART’s Fit for the Future assessments (2016). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.


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.

\* The figures for operating revenue (including 2013-14 and projected 2019-20 figures) were corrected on 20 January 2016.
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a $20 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 $5 million to the new council over 20 years. The proposed merger is also expected to generate, on average, around $600,000 in savings every year from 2020 onwards. 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 will primarily be due to:
- streamlining senior management roles ($4.3 million);
- the redeployment of back office and administrative functions ($3.2 million; and
- efficiencies generated through increased purchasing power of materials and contracts ($1.4 million).

In addition, the NSW Government has announced a funding package to support merging councils that would result in $15 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 pay-back period.

Merger savings could be reinvested to:
- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works including projects like upgrades to and maintenance of local roads and upgrades to village sewerage plants. Redeployment of savings could lead to cumulative additional infrastructure expenditure of $5 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 seven staff for frontline services. This could include services such as sporting field and facility maintenance; and/or
- reduce rate pressures – annual savings could be used to reduce the existing dependency on 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.

Analysis of operating performance over the next 10 years indicates the performance of the two councils is expected to improve. 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 $5 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 expected to exceed $49 million per year by 2025;
- an asset base of approximately $353 million to be managed by the merged council; and
- greater capacity to effectively manage and reduce the $7.2 million infrastructure backlog across the region by maintaining and upgrading community assets.

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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.
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)*

![Graph showing operating performance ratio for councils](image)

**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 $7.2 million infrastructure backlog across the two councils. Examples of local infrastructure priorities that could be funded by merger-generated savings include projects like:

- upgrades to and maintenance of key transit routes servicing the region including local connections to the Hume Highway corridor, which services the majority of the major industry sector, softwood plantations and processing;
- maintaining and improving the tourism infrastructure in the broader region to continue attracting tourists and visitors; and
- providing increased and improved community services across the region, for example, library services.

**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.  

It can be expected that the proposed merger will result in simplified council regulations for many Tumbarumba and Tumut residents and businesses. Tumbarumba Shire Council and Tumut Shire Council are each responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to reduce and harmonise regulations.

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

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• a tradesperson who operates across the Tumbarumba and Tumut 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 than the existing variations in regulations, which can add to the cost and complexity of home renovations and building approvals.

Impact on Rates
Tumut Shire Council has indicated it would consider applying for a SRV from IPART of up to 15 per cent from 2020-21.

The savings generated by a merger will 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 residential, farmland and business 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 and residential rating assessments that underpin current rate revenue across the region.

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

<table>
<thead>
<tr>
<th>Council</th>
<th>Business rating assessments</th>
<th>Residential rating assessments</th>
<th>Farmland rating assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumbarumba Shire Council</td>
<td>186</td>
<td>1,403</td>
<td>924</td>
</tr>
<tr>
<td>Tumut Shire Council</td>
<td>433</td>
<td>4,145</td>
<td>1,799</td>
</tr>
<tr>
<td>Merged council</td>
<td>619</td>
<td>5,548</td>
<td>2,723</td>
</tr>
</tbody>
</table>


Local Representation

The ratio of residents to elected councillors in each of the two councils is markedly different. This reflects the wide variation in resident populations. While the proposed merger will increase the ratio of residents to elected councillors for both councils, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other regional NSW councils, including the more populous 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 Tumbarumba Shire, as this has the larger 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 Tumbarumba and Tumut

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of councillors</th>
<th>Number of residents (2014)</th>
<th>Residents per councillor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumbarumba Shire Council</td>
<td>8</td>
<td>3,578</td>
<td>447</td>
</tr>
<tr>
<td>Tumut Shire Council</td>
<td>7</td>
<td>11,375</td>
<td>1,625</td>
</tr>
<tr>
<td>Merged council</td>
<td>8</td>
<td>14,953</td>
<td>1,869</td>
</tr>
<tr>
<td>City of Lithgow Council</td>
<td>9</td>
<td>21,118</td>
<td>2,346</td>
</tr>
</tbody>
</table>

1 The Tumbarumba and Tumut 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).

The new council will be in a position to use its larger scale and capacity to advocate more effectively for the needs of the Tumbarumba and Tumut 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 primarily rural communities across the Tumbarumba and Tumut 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 new council encompasses an inland region in the South West Slopes area of southern NSW. The region is bounded by the Murray River and the Victorian border to the south, and the broader Riverina region to the west, adjacent to the Hume Highway. The region is characterised by its high elevation, mountainous landscape, rich agricultural land and cool-to-temperate climate. The area is primarily rural, with a few prominent regional service centres.

The area is a gateway to the NSW ski fields and Kosciuszko National Park. As many rivers flow through the area, it has rich and fertile alluvial soils, as well as a consistent release of water from the Snowy Hydro Scheme.9

Local Economy

The local economy is characterised by:

- similar levels of household incomes, just below the regional NSW average of $65,168 (Tumbarumba $59,985 and Tumut $63,081);
- low rates of unemployment across both councils, compared to the regional NSW average of 7.2 per cent (Tumbarumba 3.5 per cent and Tumut 4.7 per cent);
- comparable rates of employment growth, which are over twice as fast as the regional NSW average employment growth rate of 0.6 per cent (Tumbarumba 1.6 per cent and Tumut 1.5 per cent);
- similar levels of post-school qualifications, which are slightly below the regional NSW average of 53 per cent (Tumbarumba 50 per cent and Tumut 48 per cent); and
- a broadly similar industry composition, with businesses active in agriculture and forestry, manufacturing and accommodation and food services.

The regional economy is dominated by agriculture and forestry industries, with Australia’s largest softwood processing mill located in the Tumbarumba region. The regional economy also reflects the influence of the tourism sector, with support and supply industries, such as manufacturing and accommodation and food services, based on the natural attractions of the region. This includes attractions such as the Snowy Mountains and adjacent snow fields, national parks and the cool climate wine-growing region.

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9 The wording in this paragraph was corrected on 20 January 2016.
Table 3 provides a snapshot of the local business profile of each council. More than 2,000 local businesses across the region contribute almost 8,000 jobs to the local economy.

Table 3: Local business and employment profile

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of businesses</th>
<th>Local jobs</th>
<th>Largest sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tumbarumba Shire Council</td>
<td>476</td>
<td>1,445</td>
<td>Agriculture, Forestry &amp; Fishing</td>
</tr>
<tr>
<td>Tumut Shire Council</td>
<td>1,090</td>
<td>4,859</td>
<td>Manufacturing</td>
</tr>
<tr>
<td>Merged council</td>
<td>1,559</td>
<td>6,304</td>
<td>Agriculture, Forestry &amp; Fishing</td>
</tr>
</tbody>
</table>


The region is connected to the main transport corridor, the Hume Freeway, by a range of local roads and highways, including Gocup Road, Tumbarumba Road, the Alpine Way and the Snowy Mountains Highway. The region is reasonably self-contained, with some services provided only in larger regional centres such as Albury and Wagga Wagga. The local road network is therefore an important part of connecting with local residents.

The business profile across the region, and the corresponding workforce, as well as visitors and tourists to 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 new council will be responsible for infrastructure and service delivery to just over 14,900 residents by 2031. Like many regions across NSW, the Tumbarumba and Tumut region is experiencing population decline and will also 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)

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, the Tumbarumba and Tumut communities are 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 council’s relative socio-economic advantage.
Each of the councils in the Tumbarumba and Tumut area has similar socio-economic profiles with SEIFA scores that are below the state and regional NSW averages. This reflects the common characteristics across the Tumbarumba and Tumut communities in relation to, for example, household income, education, employment and occupation.

Figure 6: Comparison of councils’ socio-economic profile

Table 4 outlines the current mix of housing types across the region. A merged council provides an opportunity to apply a more regional and strategic focus to ensure the challenges associated with population decline are dealt with in a coordinated manner, and there is a focus on attracting young people to visit and live in the region. Development planning is also important consideration, given the demands of accommodation for the regional tourism sector.

Table 4: Dwelling types in the Tumbarumba and Tumut region (total number and per cent)

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>Tumbarumba Shire Council</th>
<th>Tumut Shire Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate house</td>
<td>1,628</td>
<td>4,766</td>
</tr>
<tr>
<td>Medium density</td>
<td>61</td>
<td>446</td>
</tr>
<tr>
<td>High density</td>
<td>0</td>
<td>63</td>
</tr>
<tr>
<td>Other</td>
<td>35</td>
<td>103</td>
</tr>
<tr>
<td><strong>Total private dwellings</strong></td>
<td><strong>1,724</strong></td>
<td><strong>5,378</strong></td>
</tr>
</tbody>
</table>


Shared Community Values and Interests

These communities are bound by their sense of place as a rural alpine region. Box 2 provides examples of community organisations, services and activities that have a presence across the region.
Box 2: Shared community services and interests

Shared regional services and facilities

Examples of community services which operate across the region include:

- each of the shires is covered by the Murrumbidgee Health District, which helps to coordinate health outcomes for the region;
- the Riverina Highlands Zone Rural Fire Service encompasses both shires to aid in the management of fires across the region; and
- both shires have collaborated to develop a Road Safety Strategic Plan (with Gundagai Shire Council), spanning 2011 to 2016.

As active members of the Riverina Eastern Regional Organisation of Councils (REROC), these two councils are already collaborating on a range of community initiatives aimed at delivering improved community outcomes and priorities through sharing resources and services. REROC is primarily focused on resource sharing, finding regional solutions for local problems, and strengthening regional representation to advocate for local priorities. Example of collaboration between these councils includes:

- the ‘No Time to Waste’ rural and regional waste management and resource recovery initiative, focused on devising a regional strategy to coordinate waste management and resource recovery;
- the Bin Trim program, which is aimed at helping regional businesses with less than 200 employees to reduce waste and increase recycling;
- watersmart, which is a regional project focusing on stormwater harvesting, water conservation and stormwater management in newer regional developments. This initiative involves the private sector, local government organisations and communities collaborating to improve water management, by working with education, business, industry and households to increase sustainability performance by encouraging the adoption of ‘best practice’ in the use and reuse of water. Tumut Shire Council devised a water re-use plan as part of this project; and
- the Snow Valleys Way initiative, in conjunction with Visit NSW, which is aimed at informing potential visitors about the broad range of activities and amenities on offer throughout the region. This includes the Kosciuszko National Park, cool-climate food and wine attractions, and the Yarrangobilly Caves.

Beyond collaboration on social and community projects, the councils also share concerns for the future, including for the sustainability of their unique environments and the ability to continue to stimulate economic development. In order to influence population and industry growth, it is vital to maintain safe water supply and farming area, as well as the alpine and sub-alpine environment.

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 $20 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 $15 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 $600,000 every year from 2020 onward;
- greater capacity to effectively manage and reduce the $7.2 million infrastructure backlog across the two 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](http://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.

<table>
<thead>
<tr>
<th>Legislative criteria</th>
<th>Section reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(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</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(c) the existing historical and traditional values in the existing areas and the impact of change on them</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(d) the attitude of the residents and ratepayers of the areas concerned</td>
<td>There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.</td>
</tr>
<tr>
<td>(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</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(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</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned</td>
<td>Financial Benefits of the Proposed Merger</td>
</tr>
<tr>
<td>(e3) the impact of any relevant proposal on rural communities in the areas concerned</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(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</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(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</td>
<td>Next Steps</td>
</tr>
<tr>
<td>(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
</tbody>
</table>
For more information visit:  
www.councilboundaryreview.nsw.gov.au

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