Mr Bob Sendt  
Chairperson  
Local Government Boundaries Commission  
GPO Box 5341  
SYDNEY NSW 2001

Dear Mr Sendt  

On 6 January 2016, by instrument of delegation, the Acting Chief Executive of the NSW Office of Local Government, Mr Tim Hurst delegated his examination and reporting functions of the proposal to amalgamate the Murray Shire and Wakool Shire Local Government Areas to me.

In order to prepare a report for your consideration and in accordance with section 263 of the NSW Local Government Act 1993, my examination included holding a public inquiry under subsection 263(2) and consideration of the factors listed under subsection 263(3).

Please find attached the report which sets out my examination of and recommendations for the proposal to amalgamate the Murray Shire and Wakool Shire Local Government Areas.

Yours sincerely

Ms. Cheryl Thomas  
Delegate

Encl.
cc. The Hon. Paul Toole MP, Minister for Local Government
Examination of a Proposal for the creation of a new local government area

incorporating

Murray Shire Council

and

Wakool Shire Council

March 2016

Cheryl Thomas – Delegate appointed
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Introduction

Context

In January 2016, the NSW Minister for Local Government, the Hon. Paul Toole MP (the Minister) put forward a proposal under section 218E(1) of the Local Government Act 1993 for the merger of the Murray and Wakool LGAs. This proposal was put forward as part of broader Local Government reforms by the NSW Government, including merger proposals across metropolitan and regional NSW.

The Minister referred these proposals to the Acting Chief Executive of the Office of Local Government. On 6 January 2016, the Acting Chief Executive of the Office of Local Government delegated to me the function of examining and reporting on the proposal to amalgamate the local government areas of Murray and Wakool. A copy of the instrument of Delegation is shown in Appendix A.

I have prepared this report as the Delegate. It contains conclusions relating to each factor it is required to have with regard to section 263(3) of the Act.

The Process

On 7 January 2016, I wrote to all affected councils advising of the proposal and its examination with regard to the factors contained in section 263(3) of the Act. The letter also invited council representatives to:

- Meet with the Delegate to discuss the proposal
- Make a written submission on the proposal, and
- Speak at a public inquiry to be held as part of the proposal examination process

Representatives from each affected council met with me at separate meetings throughout January 2016.

As required by section 263(2B) of the Act, I placed public notices in local and state newspapers including The Sydney Morning Herald, The Daily Telegraph on 12 January 2016 and The Deniliquin Times and The Riverine Herald on 19 and 26 January 2016 and The Koondrook Bridge on 22 and 29 January 2016. The notice was also on the Council Boundary Review website. The public notices announced the examination into the proposal had commenced and invited submissions from members of the public up to the closing date for submissions (5.00pm EST, Sunday 28 February 2016).

The public notices contained public inquiry time and dates and members of the public were invited to register to attend and speak via the Council Boundary Review website or a toll free phone line.
A letter was sent to councils affected by the proposal encouraging council representatives to present their views at the public inquiries. I also requested and received councils’ assistance in promoting the public notice through their LGA.

The proposal document, a detailed map, public notices and inquiry information were made available on the Council Boundary Review website. The website also included a portal for collecting submissions for consideration during the proposal examination period. The Delegate also accepted and considered submissions received through post and email.

In accordance with sections 218(F) and 263(2A) of the Act, two public inquiries, open to the public were held on 9 February 2016 in Barham and Moama. The inquiries had approximately 273 attendees and 49 speakers addressed me as Delegate.

On completion of my examination, my report will be provided to the Minister and to the Boundaries Commission. The Boundaries Commission will review my report and provide its comments to the Minister. Once the Minister has received my report with comments from the Boundaries Commission, he will make a decision on whether or not to recommend the implementation of the proposal to the Governor of NSW.

The Proposal

The proposed new council will be responsible for infrastructure and service delivery to around 11,500 residents across the Murray and Wakool region. The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Murray Shire and Wakool Shire. These communities have similar lifestyles and require similar infrastructure and services based around their shared economic base in irrigated agriculture, particularly rice.

The NSW Government has announced that funding of $15M from the Stronger Communities Fund will be provided to merged councils to invest in community infrastructure.

The new council will be responsible for infrastructure and service delivery to around 12,000 residents by 2031. While Wakool Shire is expecting a population decline of 1.2% per annum, the expected population growth in Murray Shire is 0.9% per annum and so the region as a whole is projecting an increase of just 0.2% per annum.

The proposed merger aligns with the intended planning objectives of the NSW Government’s regional planning initiatives for the Riverina Murray region. The Riverina Murray Regional Plan is being developed to plan for the future population’s 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:

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2 NSW Premier’s Media Release, STRONGER COUNCILS FOR SYDNEY AND REGIONAL NSW, 18 December 2015
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- improving access to Victorian markets and tourism through development of a second Murray River bridge crossing at Echuca Moama;
- protecting and securing water resources, the natural environment and local heritage;
- ensuring environmentally responsible development, including management of the Murray River and other waterways within the region to support agricultural industries and maintain natural assets;
- maintaining and enhancing the economic wellbeing of the region, including improving access to services, improved education facilities, employment opportunities and health care;
- planning for continued sustainable growth for towns and villages with region as well as prepare the area for an ageing population; and
- leveraging opportunities for growth and development provided by the Murray River and cross-border opportunities.

For the plan to be implemented effectively, a coordinated approach will be required to manage the expected uneven population outlooks across the Murray and Wakool 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, streamlining 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.

In addition, while IPART found each of the two councils satisfy financial performance criteria, it also found that Murray Shire Council’s ability to effectively advocate for community priorities is affected by a lack of scale and capacity. IPART also noted that Wakool 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.

Areas included in the Proposal

The areas included in the proposal are described in more detail below:

**Murray Shire Council**

The LGA of Murray Shire is 4,345 sq. kms in size and has a population of approximately 7,466. It is one of the fastest growing LGA’s in NSW, with population expected to grow by 1.5%p.a. to 8,001 in 2021.
Examination of a Proposal for the Merger of Murray, Wakool LGAs

Located on the NSW / Victoria border, 800km southwest of Sydney and 205km northwest of Melbourne, the Murray Shire has a diverse business base, with key industries including tourism, agriculture, manufacturing, construction and health care.

The LGA includes the towns and villages of Moama, Mathoura, Bunnaloo, Wombootta and Cummeragunja. The LGA includes the largest River Red Gum forest in Australia. The Murray Valley National Park (NSW) and Barmah National Park (VIC) form the largest ecosystem of its type in the world.

**Wakool Shire Council**

The LGA of Wakool is 7,521 sq. kms in size and has a population of approximately 3,990 people. A small rural Council located in the South Western area of the Riverina between the Murray and Murrumbidgee Rivers, the majority of the Shire is an extensive flood plain, with a large number of water courses, bridges and an extensive road network. The Edward, Wakool and Niemur Rivers flow through the Shire. There is diversified land use, vegetation and wildlife.

The LGA contains 42km of state highway, 310km of regional roads, 1,274km of shire roads, 17km of state road and, 42km of urban roads and streets. There are 25 bridges on regional roads and 51 bridges on shire roads, an additional seven national bridges and one ferry, maintained by the RMS (costs shared between the Victorian and NSW Governments as the ferry services both sides of the river).

The Shire comprises the towns of Barham, Moulamein, Tooleybuc, Wakool, Koraleigh and Murray Downs. The Shire’s headquarter and business centre are based in Moulamein with a branch office in Barham.

**Factors Considered**

As Delegate, I was required to have regard to the factors in section 263(3) of the Act, namely:

- the financial advantages or disadvantages of the proposal to the residents and ratepayers of the areas concerned;
- the community of interest and geographic cohesion in the existing areas and in any proposed new area;
- the existing historical and traditional values in the existing areas and the impact of change on them;
- the attitude of the residents and ratepayers of the areas concerned;
- 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 considered relevant in relation to the past and future patterns of elected representation for that area;
- the impact of the proposal on the ability of the council to provide adequate, equitable and appropriate services and facilities;
- the impact of the proposal on the employment of the staff by the council;
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- the impact of the proposal on any rural communities in the resulting area;
- the desirability (or otherwise) of dividing the resulting area or areas into wards;
- the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented; and
- any other factors relevant to the provision of efficient and effective local government in the existing and proposed new areas.

Submissions

All submissions received were collated and analysed to identify which factors in section 263(3) of the Act had been addressed. I have reviewed and considered all relevant information received regarding this proposal. Written submissions and transcripts of the verbal submissions from public inquiries will be made public in due course.

During the public consultation period, 119 submissions were received via the Council Boundary Review website, post, email and verbally. Of these, 7 were duplicates or not relevant to this proposal. Of the remaining 112, 13 people provided both a written and a verbal submission.

The number of submissions received represents less than 1% of the population of the areas included in this proposal.

<table>
<thead>
<tr>
<th>LGA</th>
<th>POPULATION (2014)</th>
<th>% of PROPOSED MERGER POPULATION BASE</th>
<th>SUBMISSIONS</th>
<th>SUBMISSIONS AS % OF CURRENT LGA POPULATION (2014)</th>
</tr>
</thead>
<tbody>
<tr>
<td>MURRAY SHIRE COUNCIL</td>
<td>7,466</td>
<td>65.2%</td>
<td>31</td>
<td>0.4%</td>
</tr>
<tr>
<td>WAKOOL SHIRE COUNCIL</td>
<td>3,990</td>
<td>34.8%</td>
<td>77</td>
<td>1.9%</td>
</tr>
<tr>
<td>OTHER / OUTSIDE</td>
<td>n/a</td>
<td>n/a</td>
<td>4</td>
<td>n/a</td>
</tr>
</tbody>
</table>

Acknowledgement

I would like to thank all those who assisted and contributed to inform this examination. In particular, I would like to thank:

- Councillors and staff from Murray and Wakool councils for their professionalism and their timely and responsive approach to informing my examination.
- Staff from the Department of Premier and Cabinet for assisting in arranging travel and logistics.
- Staff from the Office of Local Government who assisted at public hearings.
- Bryce O’Neill, Executive Officer, Department of Premier and Cabinet who at my direction assisted in all aspects of my examination.
1 FINANCIAL ADVANTAGES AND DISADVANTAGES

Section 263(3)(a) of the Act requires the Delegate to have regard to “the financial advantages and disadvantages (including the economies and diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned”.

The past, existing and forecast financial position of Murray and Wakool councils has been examined extensively in recent years. The financial sustainability of councils was assessed by the NSW Treasury Corporation (TCorp) and reported on in 2013, followed by an analysis of councils’ financial fitness in 2015 by the NSW Independent Pricing and Regulatory Tribunal (IPART).

I have been tasked with considering the financial advantages and disadvantages to the residents and ratepayers of merging Murray and Wakool councils. At question is whether the combined finances of these councils would deliver a stronger financial future and more advantages than disadvantages to the residents and ratepayers, than the continued operation of separate councils.

1.1 Council and Community Comments

Murray Council

Murray Council cites the following financial concerns regarding a merger with Wakool Council:

- Projected savings, estimated at $150,000 p.a. ($75,000 p.a. attributed to Murray), provide a modest financial outcome, and any benefit could be subsumed by the cost associated with creating a new council.
- Total net savings per annum of the merger proposal are significantly lower than those projected ($952,000 p.a.) in the Murray Shire Council’s Fit for the Future business case.
- Maintenance of existing rate structures for four years and forward projections of individual councils involved in mergers, takes no account of service levels of existing councils and neither service level expectations in new councils, nor possible anomalies in service levels between residents and ratepayers within new council areas.
- Wakool’s annual Statements show a decrease in infrastructure backlog of $51.283M between 2013/14 and 2014/15, despite Wakool expending $5M on infrastructure renewal over this period. This significant variation requires further explanation, noting that in its review IPART commented “The Council has not provided further detail to explain this significant change”.

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3 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p9-11
Wakool Council

Wakool Council cites the following financial concerns regarding a merger with Murray Council:

- Financial advantages are based on outdated and inaccurate data, are overly optimistic and not proportionate to the financial advantages that would occur if Wakool’s action plan for a stand-alone ‘Rural Council’ was implemented ($432,000 net financial improvement by 2019/20).
- Recurrent data costs will increase by over $120,000 p.a. to fund integration of communications and information technology in a new council.
- The combined infrastructure backlog of Murray and Wakool in 2014/15 is $292,000 not $53M; comprising $135,000 for Murray and $157,000 for Wakool.
- Wakool already achieves purchasing efficiencies via participation in joint purchasing arrangements with Local Government Procurement and Regional Procurement.
- Wakool’s 7% (inclusive of rate pegging) Special Rate Variation for 2015/16 was a one-off to offset the loss of Commonwealth Government Financial Assistance grants (FAGs) revenue from the freezing of indexation.
- $5M to cover merger costs to save $3M over 20 years is a false economy and not a good use of State Government funds.
- Harmonising rating structures will be complex and divisive given they are dissimilar and there will be many ‘winners’ and ‘losers’.
- Salaries and employment conditions will need to be aligned after a merger, leading to increased employment costs given significant disparities between council salary systems.

Community Submissions

Of the 112 submissions received, 45 submissions (40.2%) related to “the financial advantages and disadvantages (including the economies and diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned.”

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Financial’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>15 (of 31 total submissions)</td>
<td>48.4%</td>
</tr>
<tr>
<td>Wakool</td>
<td>29 (of 77 total submissions)</td>
<td>37.7%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Community submissions raised opinions on a number of potential financial advantages and disadvantages, including:

- A sense that any savings from reduced administration costs would be lost in travel cost and time. There is no meaningful demonstration of where the net savings are to come from.
- The discrepancy in Wakool Shire’s infrastructure backlog figures were noted as a concern by a number of residents across both LGAs.

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Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p9-10, p16-25
The tyranny of distance in an even larger amalgamated council will mean any financial benefits granted by the NSW Government for merging will be lost.

1.2 Research and Data

1.21 Financial Sustainability Status of Councils

The following reports and financial and economic modelling have assisted to inform my knowledge of councils’ standalone finances and consideration of the financial advantages and disadvantages of the merger proposal:

- NSW Treasury Corp Financial Sustainability of the New South Wales Local Government Sector: Findings, Recommendations and Analysis, April 2013:
  - Wakool Shire Council: Financial Assessment, Sustainability and Benchmarking Report, NSW TCorp, 13 March 2013

Categorisation of Councils

Councils are classified according to their socioeconomic characteristics and their capacity to deliver a range of services to the community. Classifying and grouping councils enables comparisons to be drawn between like councils. The Commonwealth Government has 22 categories, which in NSW is distilled and refined to 11 Groups (adding data considerations including LGA size, five yearly annual average growth, and Aboriginal and Torres Strait Islander and Non-English speaking background population).

Murray Council is categorised as:
- Rural Agricultural Large (RAL) under the Commonwealth Government’s Australian Classification of Local Governments (ACLG) based on a population density less than 30 persons per sq. km and population between 5,001-10,000.
- Group 10 by the NSW Office of Local Government.

Wakool Council is categorised as:
- Rural Agricultural Medium (RAM) under the Commonwealth Government’s Australian Classification of Local Governments (ACLG) based on a population density less than 30 persons per sq. km and population between 2,001-5,000.
- Group 9 by the NSW Office of Local Government.

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5 Comparative Information on NSW Government Local Councils 2010/2011, NSW Division of Local Government, Department of Premier and Cabinet, 2012, p11-13 and p12 and 15-16
Examination of a Proposal for the Merger of Murray, Wakool LGAs

‘Rural Council’ model

The Independent Local Government Review Panel’s final report recommended the introduction of additional options for local councils, including ‘Rural Councils’, to facilitate a better response to the needs and circumstances of different regions. The Panel identified a number of rural local government areas, with small and often declining populations that appeared unlikely to remain sustainable in their current form, with limited options to improve their situation by merging with neighbouring councils due to the large geographic area they maintained and the sparsity of population in their region.

The Panel recommended exploring a new structural approach for these councils, maintaining the individual identity of the community, while reducing the council’s costs through streamlining regulatory and reporting requirements and administrative overheads and making greater use of shared resources. The Panel suggested that the option of ‘Rural Councils’ working within regional ‘Joint Organisations’ could offer an alternative to amalgamations as a way of addressing the needs of rural-remote communities.

The Panel suggested that ‘Rural Councils’ would have a reduced role compared to existing councils, but retain the right to set rates and manage their own finances, maintain their local operational workforce, service centres and offices, and current employment guarantees under the Local Government Act should apply.

The Panel suggested that reform options for Wakool Council could be either as a ‘Rural Council’ in a Mid-Murray Joint Organisation or merge with Murray, Conargo and Deniliquin councils.

IPART considered Rural Council Proposals as part of its assessment of council Fit for the Future proposals, noting that if the NSW Government did not adopt a Rural Council model, councils, including Wakool, would likely be assessed as not meeting the scale and capacity criterion, and as a result, not fit.

Guidance material was provided to councils to complete Rural Council Proposals; this material outlined Rural Council Characteristics:

1. Small and static or declining population spread over a large area - population of approximately 4,000 or less, with low-density and relative inaccessibility to service centre.
2. Local economies that are based on agricultural/resource industries – vulnerable to pressures such as natural disasters or fluctuating market demand for products.
3. High operating costs associated with a dispersed population and large area - large travel distances to provide services, or maintain infrastructure over a large geographic area.
4. High importance of retaining local identity, social capital, and capacity for service delivery - ‘backbone’ of their community, councils help build community capacity, and often provide services such as local doctors, post offices or aged care facilities.

7 REVITALISING LOCAL GOVERNMENT, Final Report of the NSW Independent Local Government Review Panel, October 2013, p91
Examination of a Proposal for the Merger of Murray, Wakool LGAs

5. **Low-rate base and high grant reliance** – limited rate base such that councils will find it difficult to achieve the FFTF benchmark of 60% own source revenue because of this situation.

6. **Difficulty in attracting and retaining skilled and experienced staff** - remote location or inability to offer competitive salary packages limit council’s ability to provide specialist services.

7. **Risk in ongoing financial sustainability and provision of adequate services and infrastructure** - low-rate base and dispersed population create the risk that many councils in rural areas will become unsustainable.

8. **Long distance to a major (or sub-) regional centre** - Long distance to a major centre causes increased pressure and costs or service delays.

9. **Limited options for mergers** – LGA size, distance between regional centres, or from communities of interest may limit councils’ merger options.

The NSW Government committed to further developing the Rural Council concept, in consultation with the sector, for possible inclusion in the new *Local Government Act*. The NSW Government is yet to announce a final position.

**NSW Treasury Corp Assessment**

In April 2013, NSW Treasury Corporation (TCorp) released its report assessing the financial sustainability of the 152 Councils in NSW, examining the:

- Financial capacity – council’s historical results from the 2009 to 2012 financial years,
- Long term sustainability - council’s Long Term Financial Plan (LTFP) and the degree to which council has completed its Asset Management Plan (AMP) and integrated the requirements of the AMP into its LTFP, and
- Financial performance – comparison to a range of similar councils when measured against the established benchmarks.

TCorp’s analysis focused on whether individual councils had reasonable capacity to take on additional borrowings and a council’s future sustainability, within prudent risk parameters and the limits of its financial projections. The analysis was prepared based on information provided to TCorp by councils and other publicly available information such as information published on the IPART website.

<table>
<thead>
<tr>
<th>Summary of TCorp Financial Sustainability Ratings (FSR)</th>
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<tbody>
<tr>
<td>Council</td>
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<tr>
<td>Murray</td>
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<tr>
<td>Wakool</td>
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**Murray Shire Council** - TCorp found Murray was in a moderate *Sustainability* position, noting:¹⁰

- **Financial capacity**: Murray was reasonably well managed between 2009-2012:

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- Total revenue, excluding capital grants and contributions, rose 29.9% to $20.1M in 2012 and expenses grew by 41.7% to $19.2M in 2012.
- Employee expenses – 12.7% increase in 2011 and 8.4% increase in 2012; 5 new Full Time Equivalent (FTE) positions in 2012.
- Operating Result- surplus result for three of the past four years (excluding capital grants and contributions).
- Underlying operating performance measured using earnings before interest, tax, depreciation and amortisation (EBITDA) - increased by $3.1M since 2009 to $8.3M in 2012.
- Own Source Operating Revenue Ratio - below benchmark over past four years, indicating reliance on external revenue sources - grants and contributions for operating purposes contributed an average of 36.7% of Council’s revenue p.a.
- Depreciation - increased 133.8% ($4M) since 2009 following the Asset Revaluations process which increased the value of Council’s infrastructure assets.
- Infrastructure Backlog - $5.2M backlog reported in 2012 (3.2% of Council’s infrastructure asset value of $163.6M) Infrastructure Backlog has been static, indicating underspending on maintaining existing assets at a satisfactory level.
- Interest Cover Ratio and Debt Service Cover Ratio (DSCR) - well above benchmarks reflecting low levels of borrowings.
- Specific Risks to Murray:
  * Murray Darling Basin Plan - the LGA is a key area within the Basin depending on irrigated agriculture as a contributor to its economy. Lower water supply could significantly reduce the community and economic capacity of the LGA.
  * Workforce - ageing workforce, attracting and retaining staff, skills shortages, increased workloads and workplace health and wellbeing.
  * Climate Change - increase in the number and intensity of bushfires, drought and flooding. Access to and quality of water.

- **Long term sustainability: moderate**
  - Operating Result - marginal operating deficits forecast.
  - Own Source Revenue Ratio - below benchmark in both the past and forecast periods, indicating reliance on external funding sources.
  - Cash Expense Ratio - above benchmark for the entire forecast period.
  - Capital Expenditure Ratio - above benchmark levels for forecast period (based on an understated depreciation expense).
  - DSCR and Interest Cover Ratio - conservative levels of borrowings maintained, borrowing could be used to reduce infrastructure backlog.
  - Capital expenditure - above benchmark for the forecast period.

- **Benchmarking and Comparisons with Other Councils** – Murray’s performance compared to the performance of its peers in the same DLG Group (DLG Group 10):
  - Financial Flexibility - reasonably sound. Own Source Operating Ratio below benchmark but outperforms group’s average. Operating Ratio is above benchmark and group average with both ratios outperforming the group in the medium term.
  - Liquidity - sufficiently liquid position, forecast to be above the group’s average liquidity level over the medium term.
DSCR and Interest Cover Ratio - generally tracked the group’s average and above benchmark.

Infrastructure Backlog - comparatively low.

Asset Maintenance Ratio - below benchmark levels and underperforming against the group’s average.

Building and Infrastructure Asset Renewal and Capital Expenditure Ratios - generally tracked the group’s average.

**Wakool Shire Council** - TCorp found Wakool was in a weak *Sustainability* position, noting:  

- **Financial capacity:** Wakool management was satisfactory between 2009-2012 considering large flooding events in the LGA that impacted operations:
  - Total revenue, excluding capital grants and contributions, rose 16.9% over a four year period to $15.2M in 2012 and expenses grew by 87.3% since 2009 to $8M in 2012 (largely due to increased depreciation).
  - Rates revenue - growth of 4.2% p.a.is above the standard rate peg as a result of land revaluations and subdivisions.
  - User charges and fees - 22.2% ($0.3M) in 2012 were water charges and RMS fees were 44.8% ($0.6M). These revenue streams can be volatile depending on demand.
  - Own Source Operating Revenue Ratio - well below benchmark, reflecting dependence on grant revenue.
  - Employee expenses - upward trend, increasing between 4.3% and 13.4% p.a. due to varying levels of capital works year to year. Average growth in salaries and wages was 2.8% p.a. and FTEs grew from 62 to 69 over the review period.
  - Operating Result - deficits last three years (excluding capital grants and contributions). Increase in depreciation from 2010 a major factor. Operating result improved in 2012 mainly due to the advance Financial Assistance Grant (FAGs) payment.
  - Operating Ratio - fell in 2010 due to increased depreciation expense and increased maintenance works for flood damaged assets.
  - Asset Maintenance Ratio, Building and Infrastructure Renewals Ratio and Capital Expenditure Ratio - below benchmark over majority of the review period.
  - Infrastructure Backlog - $96.8M reported in 2012 (41.1% of Council’s infrastructure asset value of $235.7M). Council advised TCorp of an error in their reported Backlog number relating to unsealed roads meaning the Infrastructure Backlog was overstated by $28.9M, with the correct total Backlog as at 30 June 2012 being $67.9M. 60.5% ($41.1M) of the backlog relates to public roads.
  - Infrastructure Backlog - grown since 2009, increased by $33.1M in 2012 following the revision of Council’s Asset Management Plan (AMP).
  - Asset Renewals – insufficient spent in recent years.
  - Specific Risks to Wakool:
    * Population - small and ageing population and a decreasing population size expected.
    * Increased road freight - bigger trucks combined with wet weather resulting in a deteriorating road network.

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11 Wakool Shire Council: Financial Assessment and Benchmarking Report, NSW TCorp, 13 March 2013
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- Drought – 10 years of droughts challenging economic viability of farming, resulting in social problems (such as depression).
- Natural disasters - recent flood events resulted in repair work prioritised over other projects (relying on grants and contributions from other government levels, particularly the NSW Roads and Maritime Services (RMS)).
- Murray Darling Basin Plan – reduced access to water could harm agriculture, and have knock on effects on the community leading to Sustainability issues.

Long term sustainability: weak – unable to provide the current service levels in the future.
- Operating deficits – forecast every year, excluding capital grants and contributions. Position expected to improve over the period but remain below benchmark.
- Revenue - limited rate base makes it difficult for council to address operating deficits, manage unforeseen financial shocks or any adverse changes in its business and address the Infrastructure Backlog.
- Liquidity - forecast to remain adequate.
- Capital expenditure - at a level to maintain the Net Asset position at the current level.
- Infrastructure Backlog - does not align with the AMPs stated service goals.

Benchmarking and Comparisons with Other Councils – Wakool’s performance compared to the performance of its peers in the same DLG Group (DLG Group 9):
- Financial flexibility - below the group's average based on Operating Ratio and Own Source Operating Revenue Ratio.
- DSCR and Interest Cover Ratio - less relative capacity to use further borrowings than the group.
- Liquidity - sufficient but was below the group average liquidity level.
- Capital Expenditure Ratio - highest performer (boosted by a strong 2009 result).
- Asset maintenance and renewals - below group average.
- Infrastructure Backlog – comparatively high level.

NSW Treasury Corp’s Findings

TCorp found Murray and Wakool councils had different financial positions; Murray Council was well managed between 2009 and 2012, while Wakool Council was managed in a satisfactory way but with a weak financial position. TCorp found both councils had a high dependence on external revenue sources, were not spending sufficiently to maintain or renew their assets and projected operating deficits into the future. TCorp suggested that service levels need to be reviewed and agreed with the community and changes incorporated into councils’ LTFP.

Murray and Wakool councils were assessed by TCorp to perform on par or below that of their peers, but below benchmark in regards to asset renewal and maintenance. Murray and Wakool councils are not directly comparable to each other.

TCorp noted potential financial risks to councils, with both councils facing increased likelihood of extreme weather events as a result of climate change and the impact of implementation of the Murray Darling Basin Plan on agricultural production. Wakool was also seen to face an ageing and declining population.
Examination of a Proposal for the Merger of Murray, Wakool LGAs

IPART ‘Fit for the Future’ Analysis of Councils

In October 2015, the Independent Pricing and Regulatory Tribunal (IPART) released its final report Assessment of Council Fit for the Future Proposals which considered standalone proposals by Murray and Wakool councils.

IPART’s financial criteria included:

- **Sustainability** – whether a council will generate sufficient funds over the long term to provide an agreed level and scope of services and infrastructure for communities. Measures included:
  - Operating Performance Ratio.
  - Own Source Revenue Ratio.
  - Building and Infrastructure Asset Renewal Ratio.

- **Effective infrastructure and service management** – a council's ability to maximise return on resources and minimise unnecessary burden on the community and business, while working to leverage economies of scale and meet community needs. Measures included:
  - Infrastructure Backlog Ratio.
  - Asset Maintenance Ratio.
  - Debt Service Ratio.

- **Efficiency** – a council’s ability to provide services and deliver infrastructure in a manner that achieves value for money for current and future ratepayers. Measure included:
  - Real Operating Expenditure.

### Summary of IPART Financial Criteria Findings

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial criteria</td>
<td>Satisfies overall</td>
<td>Satisfies overall</td>
</tr>
<tr>
<td><strong>Sustainability</strong></td>
<td>Satisfies</td>
<td>Satisfies</td>
</tr>
<tr>
<td><strong>Infrastructure &amp; service</strong></td>
<td>Satisfies</td>
<td>Satisfies</td>
</tr>
<tr>
<td>management</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>Satisfies</td>
<td>Satisfies</td>
</tr>
</tbody>
</table>

**Murray Council** - IPART found Murray was forecast to meet the benchmarks for:

- Own source revenue ratio by 2019/20.
- Building and infrastructure renewal ratio by 2019/20.
- Asset maintenance ratio by 2019/20.
- Debt service ratio in 2019/20.
- Infrastructure backlog ratio in 2019/20.

Efficiency criterion met based on a decline in real operating expenditure per capita over time to 2019/20.

---

Examination of a Proposal for the Merger of Murray, Wakool LGAs

Wakool Council - IPART found Wakool was forecast to meet the benchmarks as a Rural Council for:
- Operating performance ratio by 2024/25.
- Own source revenue ratio by 2019/20.
- Building and infrastructure renewal ratio by 2019/20.
- Asset maintenance ratio by 2019/20.
- Debt service ratio by 2019/20.
- Infrastructure backlog ratio by 2019/20.

Efficiency criterion met based on decline in real operating expenditure per capita over the period to 2019/20.

IPART’s Findings

IPART found that Murray Council met the financial criteria, but concluded that it was not ‘fit for the future’ as it did not meet the scale and capacity criterion.

IPART found Wakool Council ‘fit as a Rural Council’, finding it met most of the Rural council characteristics, had proposed strategies for improvement resulting in forecast annual savings/revenue of $432,000 p.a. by 2019-20 and met the financial criteria overall.

IPART noted that if the NSW Government does not adopt a Rural Council model, it is unlikely that the Wakool Shire Council would be ‘Fit for the Future’. A Rural Council model is based on reducing the regulatory and compliance burden on Rural Councils, by the Joint Organisation (JO) performing most of the higher level functions of the Rural Council.13

1.22 Financial Advantages and Disadvantages of a Council Merger


KPMG was tasked by the Minister for Local Government to model and estimate the long term costs and benefits of a new council comprising Murray and Wakool councils. KPMG based their calculations on Councils’ long term financial plans from 2013/14.

In January 2016, KPMG reported that the merger of two three councils could generate net financial savings of $3M (using a 9.5% discount rate) over a 20 year period. 14

Savings over 20 years were identified by KPMG, arising from:
- $4.4M15 - streamlining senior management (loss of one General Manager and two Directors16).
- $1.7M17 – redeployment of back office and administrative functions (no net staffing reductions, efficiencies from removing duplicated back office activities assumed to be between 3.7-5% of salary and wages costs18).

13 ibid, p15
15 ibid
17 NSW Government, Merger Proposal: Murray Shire Council, Wakool Shire Council, January 2016, p8
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- $500,000\(^{19}\) – efficiencies generated through increased purchasing power of materials and contracts (modelled on efficiencies of 2% over councils LTFP projections on a scaled basis and only based on 80% of items, starting at 1% in year one and two, increasing to 2% thereafter\(^{20}\)).

KPMG did not calculate one off savings attributable to the merger.

KPMG identified $3.6M in transition costs arising from the merger including:
- $2.9M\(^{21}\) to implement a short term ‘veneer’ IT solution to enable existing IT systems to operate in the background until the new council invests in an integrated system.
- $730,000\(^{22}\) for office relocation, staff training and other merger related costs.

1.23 Key Financial Data

Operating Result

Murray and Wakool councils both reported an operating surplus in 2014/15; Murray Council $3.5M and Wakool Council $1.1M (excluding capital grants and contributions the results are $2.2M and $662,000 surplus respectively).

<table>
<thead>
<tr>
<th>Revenue from Operating Activities 2014/15</th>
<th>Murray</th>
<th>Wakool</th>
<th>Murray % of total revenue</th>
<th>Wakool % of total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates &amp; Annual Charges</td>
<td>7,790</td>
<td>6,135</td>
<td>34%</td>
<td>36%</td>
</tr>
<tr>
<td>User Charges &amp; Fees</td>
<td>4,912</td>
<td>1,527</td>
<td>21%</td>
<td>9%</td>
</tr>
<tr>
<td>Interest &amp; Investment Revenue</td>
<td>633</td>
<td>602</td>
<td>3%</td>
<td>4%</td>
</tr>
<tr>
<td>Grant Contributions</td>
<td>9,036</td>
<td>8,095</td>
<td>39%</td>
<td>48%</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>482</td>
<td>481</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Profit from Disposal of Assets</td>
<td>105</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>22,958</td>
<td>16,840</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenditure from Operating Activities 2014/15</th>
<th>Murray</th>
<th>Wakool</th>
<th>Murray % of total expenditure</th>
<th>Wakool % of total expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Costs</td>
<td>6,540</td>
<td>5,342</td>
<td>34%</td>
<td>34%</td>
</tr>
<tr>
<td>Materials &amp; Contracts</td>
<td>3,975</td>
<td>2,960</td>
<td>20%</td>
<td>19%</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>154</td>
<td>260</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>6,232</td>
<td>5,600</td>
<td>32%</td>
<td>36%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>2,595</td>
<td>1,346</td>
<td>13%</td>
<td>9%</td>
</tr>
<tr>
<td>Share of interest in JVs ventures</td>
<td>14</td>
<td>245</td>
<td>0%</td>
<td>2%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>19,510</td>
<td>15,753</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>


\(^{19}\) NSW Government, Merger Proposal: Murray Shire Council, Wakool Shire Council, January 2016, p8


\(^{21}\) Ibid

\(^{22}\) Ibid
Examination of a Proposal for the Merger of Murray, Wakool LGAs

Grant Revenue 2014/15

<table>
<thead>
<tr>
<th></th>
<th>Murray $'000</th>
<th>Wakool $'000</th>
<th>Murray % of total revenue</th>
<th>Wakool % of total revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating</td>
<td>7,788</td>
<td>7,670</td>
<td>34%</td>
<td>46%</td>
</tr>
<tr>
<td>Capital</td>
<td>1,248</td>
<td>425</td>
<td>5%</td>
<td>3%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>9,036</td>
<td>8,095</td>
<td>39%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Source: Murray and Wakool councils’ published Financial Statements for the year ending 30 June 2015

Councils 2014/15 financial results show:

- Operating Result - both councils achieved an operating surplus (excluding capital grants and contributions).
- Revenue - both councils rely on a high level of external funding through grants and contributions, 39% in Murray, 48% in Wakool (own source operating revenue benchmark is 60%, external operating revenue sources should ideally not exceed 40%).
- Expenses – employee expenses account for approximately a third of total expenses and materials and contracts approximately a fifth of total expenses in both councils

Infrastructure

Combined, Murray and Wakool councils have a total asset base of $362M, as at end June 2015.23

Wakool Council significantly revised down its infrastructure backlog between end June 2014 and end June 2015, reducing the backlog by over $50M. This change was signalled in Wakool Council’s 2013/14 Financial Statements:

“Condition of Civil Infrastructure

Special Schedule 7 to the financial statements shows that the capital cost to bring Council’s Infrastructure up to a “satisfactory standard” has been estimated to be $51.4M.

The Special Schedule 7 figures are not required to be audited for 2013/14 but we note from our discussions with Council staff that the estimates are based on the renewal expenditures expected to be required over the ten years of Council’s Long Term Financial Plan. We expect there to be a substantial reduction in the amount of the infrastructure backlog when 2014/15 estimates are revised to only include expenditure required in the short term.

The annual maintenance funding for Council’s transport infrastructure has been assessed by Council staff to be adequate to maintain the assets at their current standard.”24

Estimated cost of bringing infrastructure up to an acceptable level

<table>
<thead>
<tr>
<th></th>
<th>2013/2014</th>
<th>2014/2015</th>
<th>CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$'000</td>
<td>$'000</td>
<td>$'000</td>
</tr>
<tr>
<td>Murray</td>
<td>1,660</td>
<td>135</td>
<td>1,525</td>
</tr>
<tr>
<td>Wakool</td>
<td>51,440</td>
<td>157</td>
<td>51,283</td>
</tr>
<tr>
<td>TOTAL</td>
<td>53,100</td>
<td>292</td>
<td>52,808</td>
</tr>
</tbody>
</table>

Source: special Schedule 7 of the Murray and Wakool councils published Annual Financial Statements for the years ending 30 June 2014 and 30 June 2015

24 Wakool Shire Council GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2014, p87
Examination of a Proposal for the Merger of Murray, Wakool LGAs

A council’s infrastructure backlog ratio measures the extent to which asset renewal is required to maintain or improve service delivery in a sustainable way. A high ratio suggests poor performance in infrastructure management and delivery. TCorp adopted a benchmark of less than 2% to be consistently applied across councils, reflecting the NSW Government’s focus on reducing infrastructure backlogs.

**Council Infrastructure Backlog Ratio**

<table>
<thead>
<tr>
<th></th>
<th>2013/2014</th>
<th>2014/2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td></td>
<td>0.07</td>
</tr>
<tr>
<td>Wakool</td>
<td>27</td>
<td>0.07</td>
</tr>
<tr>
<td>New Council</td>
<td>15</td>
<td>0.07</td>
</tr>
</tbody>
</table>

Source: Special Schedule 7 of the Murray and Wakool councils published Annual Financial Statements for the years ending 30 June 2014 and 30 June 2015

Murray Council has reported a consistently low infrastructure backlog ratio, below benchmark level, over recent years. Wakool’s infrastructure backlog ratio has changed dramatically in the 12 months ending June 2015, from 27% in June 2014 to just 0.07% in June 2015.

A merger of Murray and Wakool councils would have resulted in an infrastructure backlog ratio of 15% in 2013/14 (well in excess of the 2% benchmark), and 0.07% in 2014/15 (below the 2% benchmark), driven by the sharp reduction reported in infrastructure backlog by Wakool.

This steep change in Wakool council’s infrastructure backlog is explained in the 2014/2015 Financial Statements as “Council has changed its methodology for recording backlog. In prior years Council’s asset renewal program in the 10 year long term financial plan was being recorded as backlog. In 2014/2015 backlog is recorded as the unfunded cost to renew all high residual risk assets in the current risk register.”

The new methodology adopted by Wakool Council does not appear consistent with methodology used in other councils, including Murray. It is difficult to be able to compare the infrastructure backlog within Murray and Wakool councils, and further examination is required before this financial factor can be appropriately assessed.

**Debt**

Debt is an important mechanism by which councils can fund infrastructure; spreading the cost of a long life asset across current and future generations of users and ratepayers. Without debt, councils could be relying on higher rates than necessary to fund infrastructure, placing an inequitable burden on current ratepayers.

A council’s debt service ratio is used to assess whether a council is using debt appropriately; a ratio of greater than 0 and less than or equal to 20% is considered reasonable. The lower the ratio...
Examination of a Proposal for the Merger of Murray, Wakool LGAs

suggests less use of debt to fund infrastructure, a ratio higher than 20% indicates a weakness in financial sustainability and/or poor balance sheet management.26

Murray and Wakool councils both comfortably meet the debt ratio in 2013/14.

<table>
<thead>
<tr>
<th>Council</th>
<th>Debt * $000</th>
<th>Debt Service # Ratio</th>
<th>Debt per * Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>3,089</td>
<td>3.7%</td>
<td>$414</td>
</tr>
<tr>
<td>Wakool</td>
<td>5,192</td>
<td>6.4%</td>
<td>$1,301</td>
</tr>
<tr>
<td>New Council</td>
<td>8,281</td>
<td></td>
<td>$723</td>
</tr>
</tbody>
</table>

Source: * 2014/15 data drawn from special Schedule 7 of the Murray and Wakool councils published Annual Financial Statements for the year ending 30 June 2015

# 2013/14 data drawn from Your Council Report: Time Series Data 2011/12 – 2013/14, OLG Website

In 2014/15, Wakool Council has a debt level per person, three times greater than the Murray council.

Rates

Merging Murray and Wakool councils would result in a rate base comprising over 4,500 residential properties, almost 1,000 commercial and over 1,950 farmland rateable properties. The existing rate base of each council is outlined below, together with combined figures.

<table>
<thead>
<tr>
<th>Number of rating assessments (2013/14)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
</tr>
<tr>
<td>-------------</td>
</tr>
<tr>
<td>Murray Shire council</td>
</tr>
<tr>
<td>Wakool Shire council</td>
</tr>
<tr>
<td>New Council</td>
</tr>
</tbody>
</table>

Source: Your Council Report: Time Series Data 2011/12 – 2013/14, OLG Website

The NSW Premier has announced a rate freeze for a period of four years involving councils that are merged,27 removing any short to medium term rate change impact on residents.

The Premier has also requested that IPART review and make recommendations for potential reforms to the rating system to inform the creation of a new Local Government Act from 2016. IPART has been asked to investigate best practice, the impact of current and alternative frameworks on residents and businesses and the performance of the current system and potential improvements, including consideration of the.28

- Rating burden across communities and potential improvements, including consideration of apartments and other multi-unit dwellings.
- Appropriateness and impact of current rating categories and exemptions, mandatory concessions and rebates.
- Land valuations methodology used as the basis for determining rates in comparison to other jurisdictions.

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26 Your council June 2015, PROFILE & PERFORMANCE OF THE NSW LOCAL GOVERNMENT SECTOR, p15
27 NSW Premier Letter to IPART, Terms of Reference; The Local Government Rating System in NSW, 18 December 2015
28 Ibid
Impact of the current rating system on residents and businesses of a merged council and the capacity of the council to establish a new equitable system of rating and transition to it in a fair and timely manner.

Objectives and design of the rating system according to recognised principles of taxation.

The long term impact on ratepayers is impossible to assess given that the local government rating system is under review. Even if this were not the case, modelling changes in rates in a merger is difficult to do with any degree of accuracy due to differences in the rating systems of councils which impact calculations on individual properties.

1.3 Conclusion

The research available suggests merging Murray and Wakool councils would deliver a financial benefit of $3M over 20 years, approximately $150,000 p.a., which equates to 0.4% savings in combined council operating expenditure in 2014/15.

A merged council would be able to achieve some efficiency gains through the streamlining and removal of duplication, reallocating resources to focus on service delivery. Similar efficiency gains may be achievable if the NSW Government proceeds with implementing ‘Joint Organisations’. Significantly, a merger of Murray and Wakool councils would also create a larger revenue base (underpinned by a growing population) for the areas combined.

Wakool Council has substantially revised its Infrastructure Backlog calculations in the 12 months ending June 2015, adopting a new methodology involving the removal of all infrastructure expenditure outlined in its Long Term Financial Plan to calculate the backlog. Applying this new methodology has resulted in Wakool’s Infrastructure Backlog being revised down by over $50M. This methodology is not uniformly used across NSW councils making it difficult to assess the scale of capital spending required to maintain community assets at a satisfactory operating level. A closer examination of councils’ Long Term Financial Plans, coupled with a better understanding of the condition of council assets, is required before the financial advantages or disadvantages to the residents and ratepayers from the merger of Murray and Wakool councils can be considered appropriately.

My financial findings are therefore inconclusive.
2. COMMUNITY OF INTEREST AND GEOGRAPHIC COHESION

Section 263(3)(b) of the Act requires the Delegate to have regard to “the community of interest and geographic cohesion in the existing areas and in any proposed new area”.

Community of interest and geographic cohesion – the people, place, behaviour and values – are important because these inform and underpin the decisions of elected officials regarding service delivery and managing change such as population growth. Communities observed to be too dissimilar are unlikely to knit together and may make service delivery for councils challenging, faced with multiple or competing community wants or needs to prioritise and respond to.

2.1 Council and Community Comments

The submissions received from Murray and Wakool councils deal with the relevant “community of interest and geographic cohesion” factors from their respective perspectives.

Murray Council

Murray Council’s submission\(^{29}\) suggests that Murray and Wakool share a strong and long standing connectivity to, and interdependence with, their neighbouring Victorian townships, with a strong North/South orientation existing between Echuca/Moama (in Murray) and between Murray Downs and Swan Hill/Barham and Koondrook (in Wakool). These North/South connections are considered to be a productive part of the fabric of the communities and have resulted in the sharing of services, ideas, staff and resources.

Murray Council suggests that merging Murray and Wakool councils would create a long and narrow East/West orientation with the best available road route between major population centres laying outside the new LGA (Moama to Barham accessed via Victoria and Mathoura to Moulamein accessed via the Deniliquen and Conargo shires).

Murray Council suggests that:

- No data, nor anecdotal evidence, exists that the strong ties between NSW and Victorian towns can be replicated or extended East/West connecting towns along the Murray River; past attempts to create cohesion have been unsuccessful or short lived.
- Murray’s residents rely on Melbourne and Bendigo for advanced care needs, business services and social interactions, Wakool’s residents gravitate towards Swan Hill and Deniliquin.
- Murray LGA shares the Victoria “03” telephone prefix, Wakool has the NSW “02” telephone prefix.
- Grant funding obtained in 2003 to develop a birdwatching trail from Murray through Wakool and into Balranald Shire, resulted in councils developing and maintaining three discrete attractions. Partnering was hindered by the sheer distance between the LGA’s, a lack of

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\(^{29}\) Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p21-24
Examination of a Proposal for the Merger of Murray, Wakool LGAs

strategic partnerships between the councils, and little tourism demand along the route connecting the three LGA’s.

- Murray and Wakool do not share sporting facilities or competitions; Moama play in the Murray Football League, Mathoura play in the Picola & District Football League, Barham play in the Central Murray Football League and Wakool and Moulamein play in the Golden Rivers Football League.
- Murray and Wakool councils have not partnered for significant grant funding from other levels of government; Murray’s partnerships are predominantly with the Shire of Campaspe (Victoria), including social and community funding.
- Wakool is predominantly a rural, agriculture based economy, producing rice, dairy, broad acre crops, livestock and horticultural crops. In addition, citrus and stone fruits are grown. Murray’s economic growth is underpinned by tourism and industry, with agricultural production, e.g. wineries integral to the region’s tourist industry.

Wakool Council

Wakool Council’s submission acknowledges demographic similarities between Murray and Wakool, but suggests that distinctive differences prevent strong ties and communities of interest do not exist. Specifically, Wakool indicates: 30

- Community of interest does not occur in an east-west direction, both Council’s communities of interest lie north-south across the Murray River into Victoria; Wakool’s with Swan Hill (Victoria), Murray’s with Deniliquin (to serve northern residents) and the Victorian Shire of Campaspe (sharing services, and jointly promoting tourism).
- Murray is increasingly urbanised with population consolidation around Moama and Mathoura, Wakool has a unique, predominantly rural identity.
- Wakool’s population density is sparse, equivalent to only 30% of Murray’s.
- Excessive distances between the service centres in existing LGAs, and the fringes of the proposed new LGA, would hinder cohesiveness.
- Wakool’s education, health, economic and other service activities are accessed from Swan Hill (Victoria) and Bendigo not the Murray Shire.
- Murray has a growing population and strong and diverse business base, Wakool has a falling population impacted by drought, the Murray Darling Basin Plan, the National Park Estate (Riverina Red Gum Reservations) Act 2010 and modern farming practices.
- Murray and Wakool have a different industry mix, Wakool dominated by agriculture, Murray by manufacturing, construction, retail, accommodation and food.
- Murray and Wakool specialise in different agricultural products (underpinned by different soil types, rainfall patterns, irrigation access, and terrain). Agriculture (crops, horticulture and livestock) accounts for 32.4% of Wakool’s economy compared to 14% in Murray.
- Wheat and meat production overlap in similar proportions in both shires, Wakool’s farmers specialise more in growing rice, nursery and turf products, fruit, vegetables, and nuts; while Murray’s farmers produce more barley, wool and dairy.

30 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p12, 25-31
Examination of a Proposal for the Merger of Murray, Wakool LGAs

Community Submissions

Of the 112 submissions, 50 (44.6%) addressed this factor in some capacity.

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Communities of Interest’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>11 (of 31 total submissions)</td>
<td>35.5%</td>
</tr>
<tr>
<td>Wakool</td>
<td>38 (of 77 total submissions)</td>
<td>49.4%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Submissions on the impact on communities of interests and geographic cohesion raised similar matters to those mentioned above by the two LGAs, some common points of concern included:

- Murray Shire is a growing urban community, largely dependent on tourism, whereas Wakool Shire is a much smaller, sparsely populated Shire very much focused on rural industries.
- Both Murray and Wakool look south for their communities of interest – be it sport, shopping or amenity. Not east/west to each other.

2.2 Community of interest and geographic cohesion – similarities and differences

Examining demographic data, economies, built form, community attitudes and values reveals that the communities of Murray and Wakool share the following similarities and differences:

People

Similarities:
- Household Types – Murray and Wakool have similar average household size (2.3 and 2.4 respectively).\(^{31}\) Couples without children are the dominant household in the Murray and Wakool, while Wakool has a high number of couples with children aged less than 15 years.
- Birthplace – over 88% of Murray and 87% of Wakool residents were born in Australia.\(^{32 33}\)
- Religion – over two thirds of Murray and Wakool residents identify as Christian, followed by almost 20% who identify as belonging to no religion.\(^{34 35}\)
- Language – vast majority of people in the Murray and Wakool shires speak English (98.1% and 97% respectively).\(^{36}\)

Differences:
- Population Growth – Murray’s population grew 7.4% in the five years from 2010 to 2014, while Wakool’s population fell 6.5% over the same period.\(^{37}\)

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\(^{32}\) ABS 2011 Census Data, Murray
\(^{33}\) Australian Bureau of Statistics 2011 Census of Population and Housing, REMPLAN Community
\(^{34}\) ABS 2011 Census Data, Wakool Council website
\(^{35}\) ABS 2011 Census Data, Murray
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- Age Structure - Murray’s three largest population groups are aged 65-74 (15.4%), 55-64 (14.9%) and 45-54 years (12.7%). Wakool’s three largest population groups are aged 45-54 (16.2%), 65-74 (11.4%) and 15-24 years (11.1%).

- Employment – 24% of Murray’s population are employed in Retail Trade and Accommodation and food services compared to almost 16% of Wakool’s population. 32.4% of Wakool’s population are employed in Agriculture, forestry and fishing compared to 14% of Murray’s population.

- Occupations – Over 23% of Murray residents identify as Managers, followed by Technicians and Trade Workers 13.9% and Professionals 13.3%. Over 32% of Wakool residents identify as Managers followed by Labourers 13.8% and Technicians and Trade Workers and Professionals (both 10.8%).

- Income – Average taxable income is over $40,000 in the Murray, compared to less than $35,000 in Wakool.

- Place of work – Most Wakool residents work in the Wakool LGA, followed by Swan Hill LGA and Gannawarra LGA both in Victoria.

- Density - Wakool’s population density is 0.53 people per sq. km, equivalent to only 30% of Murray’s 1.72 people per sq. km.

- Migration Patterns – over a third of Murray residents moved to the region within the five years to 2011, compared to a quarter of residents in Wakool.

2.3 Conclusion

Murray and Wakool councils share communities of interest born of their proximity to the Murray River, however, the councils serve a significantly different community; Murray having a fast growing population, higher density and increasing economic focus on tourism while Wakool is seeking to arrest a declining population, comprising communities spread sparingly across several distant townships and an economy remaining agriculturally based.

Significant travel distance between Murray and Wakool population centres results in these communities predominantly interacting with neighbouring Victorian communities, accessing and partnering to deliver services. A strong community of interest between Murray and Wakool is not evident, and geographic barriers (predominantly distance) are a significant impediment.

37 Your Council Report: Time Series Data 2011/12 – 2013/14, OLG Website
38 ABS Regional Summary Data – Murray
39 ABS Regional Summary Data – Wakool
40 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p29
41 Your Council Report: Time Series Data 2011/12 – 2013/14, OLG Website
42 Latest REMPLAN data incorporating Australian Bureau of Statistics, (ABS) 2011 Census Place of Work Employment Data
43 Your Council Report: Time Series Data 2011/12 – 2013/14, OLG Website
44 ABS Regional Summary Data – Murray
3. HISTORICAL AND TRADITIONAL VALUES

Section 263(3)(c) of the Act requires the Delegate to have regard to “the existing historical and traditional values in the existing areas and the impact of change on them”.

To consider the historical and traditional values and the impact of change on them, I have had regard to the built environment of Murray and Wakool, and how this environment emerged, has been shaped and preserved since the inception of local councils in Murray and Wakool.

3.1 Council and Community Comments

Murray Council

Murray Council’s submission states:45

- Murray and Wakool have developed local government headquarters in towns in the middle of their LGA’s; Mathoura in Murray and Moulamein in Wakool, with both towns relying on council as an employer and draw card for families. Loss of council headquarters in either town would impact the economy and amenity of the towns.
- Murray and Wakool LGAs have spread in a North/South direction, connecting strongly with neighbouring councils across the Victorian border. In Echuca/Moama, the population of each town works as a single entity, e.g. libraries, pools, sporting facilities and health care services are pooled to benefit both communities. Merging Murray and Wakool is unlikely to deliver similar ties.
- Murray is an area of strong population growth and development; its partnership and interdependence with the Victorian Shire of Campaspe will ensure the community flourishes and accesses services.
- Murray Shire is a destination of choice for tourism, given its sporting and lifestyle facilities and proximity to Melbourne.
- Murray and Wakool are home to different indigenous communities; the Yorta Yorta, Bangarang and Cummeragunja people are part of the Murray community, Wakool is home to the Wamba Wamba and Wemba Wemba communities.

Wakool Council

Wakool Council’s submission states:46

- Wakool’s economy is agricultural based (largely agricultural production, to a lesser extent forestry); its population of less than 4,000 thinly dispersed over 7,549 sq. kms of flat, often arid land, with distinct communities and settlements long distances apart.

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45 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p24-25

46 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p31-33
Residents place a high importance on local identity and have a ‘can do’ attitude and resilience, pitching in and engaging in ways to address remote living challenges, e.g. Wakool Council applies a uniform water, sewer and domestic waste management services enabling remote localities to access infrastructure at an affordable price.

Residents participate in delivering and maintaining recreation reserves, public halls and numerous community services through Section 355 Committees, with minimal Council financial support. Community volunteerism will be harder to nurture under a new council.

Wakool’s community has experienced several public policies which have resulted in adverse effects on the Shire’s economy and social fabric, including:

- NSW Government acquired Yanga Station in 2007 and converted it to national park, resulting in Wakool Council losing 2% of its total rate revenue;
- Commonwealth/ State Government water buybacks under the Murray Darling Basin Plan 2012 resulted in less water infrastructure and irrigated land being converted to less productive dry land farming, impacting the capacity of Wakool’s rural ratepayers to pay rates; and
- Measures to protect local river red gum forests have almost extinguished the local timber industry, causing immediate job losses and reduced future employment opportunities.

Wakool LGA has experienced a major fall in local agricultural jobs as a result of drought and national economic slowdown, impacting linked industries (wholesale, transport and light engineering and retail).

Community Submissions

Of the 112 submissions, 17 (15%) addressed this factor in some capacity.

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Historical &amp; traditional’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>3 (of 31 total submissions)</td>
<td>9.7%</td>
</tr>
<tr>
<td>Wakool</td>
<td>13 (of 77 total submissions)</td>
<td>16.9%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

A number of community submissions noted that the Wakool community has a tradition of working with its council to deliver outcomes including:

- Moulamein Lake was completely redeveloped in the drought by volunteers, supplying machinery and labour to the value of many $1000’s, in partnership with council staff and management.
- Barham Recreation Reserve underwent a complete renovation with a second oval and proper drainage around the grounds, with all earthworks done by volunteers supplying machinery and labour, working to council plan and with the staff of the Wakool Shire.
- Wakool Shire worked with local volunteers to form the Medical Trust which now proudly owns the local medical centre which accommodates 3 local doctors working with our hospital.

A number of community submissions noted concern that an amalgamated council will not be able to support locally led initiatives such as these in the same manner.
3.2 History and Traditional Values

The NSW Local Government (Shires) Act of 1905 provided for local government in rural districts, prior to which these areas were governed by Land Boards. The Act gave shires the power to levy rates and made them responsible for regulating traffic, street and road lighting, bush fire preventions, flood relief and the construction and maintenance of streets.\(^{47}\)

Initially, Shires focused on building roads and maintaining bridges, thereafter assuming responsibility for bush fire prevention, noxious weed control and the provision of services like water and electricity.\(^ {48}\)

Local councils received the power to prepare town planning schemes and control all new development and land use in 1945 via amendments to the Local Government Act 1919.\(^ {49}\)

Origins Murray and Wakool Councils

History of Councils, Amalgamations and Boundary Alterations

1890 - Moama Council was formed\(^ {50}\)
1906 - Murray Shire Council formed\(^ {51}\)
1906 – Wakool Shire Council formed\(^ {52}\)
1953 - Moama Council merged into the Murray Shire Council\(^ {53}\)

History of the Built Environment in Murray and Wakool

Prior to occupation by Europeans, the Murray Shire was home to the Yorta Yorta and Bangarang people and the Wakool Shire was home to the Wemba Wemba (also known as Wamba Wamba) people.\(^ {54}\)

Land across the Murray and Wakool shires was settled in the 1840s by squatters following the route of the overlanders as they drove cattle from Sydney to Adelaide in the late 1830s.

Moulamein, the oldest town in the Riverina, originally served as a crossroad where wool from western NSW was brought to the local port for paddle-steamers to take the cargo downstream. The township was officially laid out in 1851.\(^ {55}\)

Moama was founded in the mid-1840s, beginning as a stopping-point for stock and cargo waiting to...
Examination of a Proposal for the Merger of Murray, Wakool LGAs

cross the Murray River by punt. A village area was surveyed and lots were put up for sale in 1851. Situated on the main cattle route from Southern New South Wales to the gold fields at Bendigo in the 1850s, Moama became a cattle market and crossing place. In 1853 the first paddle steamer, to travel upstream from Goolwa arrived, marking the beginning of boat building and river trade and bolstering Moama’s fortunes.\textsuperscript{56} Growth of the paddle steamer for transporting cargo from the 1860s onwards saw Moama and its Victorian neighbour Echuca grow substantially. Moama was proclaimed a Municipality in 1890.\textsuperscript{57}

The arrival of the railway in 1864 saw Echuca become the most important port on the Murray River, with Moulamein’s importance declining. The Moulamein district was opened to free selection in the 1870s. Drought combined with a rabbit plague saw the town decline until the arrival of the railway in 1926 and the subdivision of the large holdings saw a brief revival before World War II.\textsuperscript{58}

Mathoura was settled in the 1840’s, serving as a resting place for Cobb & Co Coaches. In the late-1870’s a timber industry was established, with the River Red Gum providing railway sleepers, fuel for river boats, house stumps, and timber for fencing, mines, wharves and bridges.\textsuperscript{59}

Barham was first settled in 1843, but developed less quickly than Koondrook (in Victoria) its neighbouring town which became a centre of the forest industry. The Barham/Koondrook Wharf was built in 1881, providing a key component of the river, rail & road network for local farm produce.\textsuperscript{60} Growth in Barham was slow until 1904 when a lift span bridge opened, allowing paddle steamers through. The bridge replaced a punt and allowed road access between the Riverina and the Victorian markets, while permitting the passage of paddle steamers when the middle section was raised.

The area covered by the Shire of Murray is unique. The Cadell Fault, which changed the course of the Murray River about 30,000 years ago, traverses the area from north to south. The Murray River system supports one of the largest River Red Gum forests in the world.\textsuperscript{61}

3.3 Conclusion

The major population centres in the Murray and Wakool LGAs (Moama and Barham) have their origins as trade and transport bases, located on the Murray River in the shadow of southern neighbouring, and ultimately faster growing, Victorian towns (Echuca and Koondrook). The historical interdependence of Moama and Barham with Echuca and Koondrook (respectively) continues today and is evidenced by a high level of cooperation between Murray Council with Campaspe Shire and Wakool Council with Swan Hill Shire and Gannawarra Shire; partnering to influence Commonwealth and state governments and to deliver services to their communities.


\textsuperscript{57} History of Echuca Moama, Echuca Moama Visitor Information Centre Website http://www.echucamoama.com/history

\textsuperscript{58} Aussie Towns website http://www.aussietowns.com.au/town/moulamein-nsw


\textsuperscript{60} Wakool Council Website http://www.wakool.nsw.gov.au/about-shire/history-shire/barham/koondrook-wharf

\textsuperscript{61} Murray Council Website
4. RESIDENTS’ AND RATEPAYERS’ ATTITUDES

Section 263(3)(d) of the Act requires the Delegate to have regard to “the attitude of the residents and ratepayers of the areas concerned”.

As Delegate, I held a public inquiry, but was not required to conduct a plebiscite or postal survey, in relation to this amalgamation proposal.

In considering the attitude of residents and ratepayers, I had regard to the submissions made to me by the affected councils, as well as written submissions from individuals and community groups and submissions made at the public hearings.

4.1 Council and Community submissions

Murray Council

In its submission, Murray Council provided the results of seven community consultations conducted in March 2015 across four locations in the LGA and involving 101 members of the community. The consultations occurred before the Minister’s proposal to merge Murray and Wakool councils was released, and did not specifically consider this proposal.

Wakool Council

In its submission, Wakool Council outlines the results of a telephone survey of residents conducted by Jetty Research from 25 January to 4 February 2016. 800 interviews were conducted, split evenly between the Wakool and Murray Shires. The survey’s major conclusions were:

- 60% of Wakool residents opposed the merger with Murray, 14% supported, and the balance was neutral or unsure.
- 47% of Murray residents opposed the merger with Wakool, 22% supported, and 31% were neutral or unsure.
- 75% of Wakool and Murray residents preferred their councils to stand-alone, 20% preferred the merger occur and 5% were unsure.
- The main reasons given for their responses were:
  - Wakool residents were concerned their LGA would be neglected and the combined area was too large to administer; and
  - Murray residents indicated that they preferred the status quo be maintained, and avoid inheriting Wakool’s financial difficulties.

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62 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, Attachment 1
63 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p34-37
Wakool Council also commissioned a paper based survey of residents held from January until mid-February 2016. 1,988 Wakool Shire households received the survey along with a background information pamphlet and a reply paid envelope. 631 completed survey forms were received, 610 paper-based and 21 online (4 surveys were removed as duplicates). The survey’s major conclusions, drawn from 627 responses, were: 64

- Over 80% of respondents were aware of the merger proposal prior to receiving information included with the survey.
- Over 80% of respondents opposed the merger (67% strongly opposed, 15% opposed)
- 11% of respondents supported the merger, 7% were neutral or unsure
- 82% of respondents would prefer Wakool and Murray councils remain stand-alone (9% favoured a merger of these councils, 3% preferred a merger with another council).

Wakool Council also notes that gatherings were held in townships across the LGA ahead of Council surveys (outlined above) to provide the community with information. These gatherings were attended by approximately 20% of Wakool’s voting population, with attendees overwhelmingly speaking against the merger proposal. 65

**Community Submissions**

During the public consultation period 119 submissions were received via the Council Boundary Review website, post, email or verbally. Removing duplicates/irrelevant, 112 submissions were considered, including 49 verbal submissions delivered at public hearings held on 9 February 2016 at CluBarham, Barham and the Moama Bowling Club, Moama. 13 people provided both a written and a verbal submission, each counted separately as part of the 112 total (representing 11.6% of total submissions).

The total number of submissions received represents less than 1% of a total population of 11,456. Through the public consultation process, I received 32 submissions from Murray Shire, 77 from Wakool Shire and four from outside areas/postcode not available.

**For or Against**

96 (85.7%) submissions opposed the merger proposal, 2.7% support and 11.6 % were neutral / did not explicitly express an opinion. The table below illustrates ‘for’ or ‘against’ by LGA:

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64 Understanding resident perceptions of merger options for the Wakool and Murray Shires, Results from a paper-based survey of 627 Wakool Shire adults residents, Jetty Research, 23 February 2016
65 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p36
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<table>
<thead>
<tr>
<th>LGA</th>
<th>FOR THE MW MERGER PROPOSAL</th>
<th>AGAINST THE MW MERGER PROPOSAL</th>
<th>NEUTRAL / UNCLEAR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>1</td>
<td>27</td>
<td>3</td>
</tr>
<tr>
<td>Wakool</td>
<td>2</td>
<td>66</td>
<td>9</td>
</tr>
<tr>
<td>Outside / N.A</td>
<td>0</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>OVERALL</td>
<td>3</td>
<td>96</td>
<td>13</td>
</tr>
</tbody>
</table>

Submissions mostly addressed:

1. The attitudes of residents and ratepayers of the areas concerned.
2. The community of interest and geographic cohesion in the existing areas and in any proposed new area.
3. The financial advantages or disadvantages of the proposal to the residents and ratepayers of the areas concerned.

4.2 Analysis of resident and ratepayer attitudes

The table and graphs below demonstrate the breakdown of submissions received in detail:

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>TOTAL</th>
<th>PERCENTAGE (FROM 119 SUBMISSIONS)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATTITUDES</td>
<td>73</td>
<td>65.2%</td>
</tr>
<tr>
<td>COMMUNITY OF INTEREST</td>
<td>50</td>
<td>44.6%</td>
</tr>
<tr>
<td>FINANCE</td>
<td>46</td>
<td>41.1%</td>
</tr>
<tr>
<td>SERVICE DELIVERY ETC.</td>
<td>30</td>
<td>26.8%</td>
</tr>
<tr>
<td>RURAL IMPACTS</td>
<td>30</td>
<td>26.8%</td>
</tr>
<tr>
<td>ELECTED REPRESENTATION</td>
<td>28</td>
<td>25%</td>
</tr>
<tr>
<td>EMPLOYMENT IMPACTS</td>
<td>18</td>
<td>16.1%</td>
</tr>
<tr>
<td>HISTORICAL AND TRADITIONAL</td>
<td>17</td>
<td>15.2%</td>
</tr>
<tr>
<td>ANY OTHER</td>
<td>16</td>
<td>14.3%</td>
</tr>
<tr>
<td>WARDS</td>
<td>15</td>
<td>15%</td>
</tr>
<tr>
<td>IRRELEVANT</td>
<td>6</td>
<td>5.4%</td>
</tr>
<tr>
<td>DIVERSE COMMUNITIES</td>
<td>6</td>
<td>5.4%</td>
</tr>
</tbody>
</table>
4.3 Conclusion

Submissions received reveal a high level of opposition to the merger of Murray and Wakool councils. Opposition is based primarily on attitudes, a belief that there is little or no community of interest among the council areas, financial concerns, and concern that a merger could result in a loss of services.

Opposition to the merger based on financial, loss of service and a lack of community of interest concerns can, and have been examined against evidence elsewhere in this report. It is extremely difficult to assess and understand the validity of opposition per se, where no reasoning has been provided.

Emotion appears to underpin much of the opposition, and frustration concerning the process of forced amalgamations per se. In addition, residents in both shires expressed reform fatigue, having in recent years experienced reforms associated with the Murray Darling Basin Plan and other economic and environmental changes. A small population experiencing significant policy reform in addition to challenging weather conditions (drought and extreme weather events) is apparent.

Residents and ratepayers across both councils emphasised commonality with and the importance of the north/south and cross-border relationships.
5. REPRESENTATIONAL ISSUES

Section 263(3)(e) of the Act requires the Delegate to have regard to “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 matters as it considers relevant in relation to the past and future patterns of elected representation for that area”.

In addition, as the proposal involves an amalgamation of three local government areas, section 263(3)(e4) requires the Delegate to have regard to the “desirability (or otherwise) of dividing the resulting area or areas into wards”, while section 263(3)(e5) requires regard be had to “the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented”.

5.1 Council and Community Comments

Murray Council

In its submission, Murray Council: 66

- Noted significant challenges associated with implementing a merger covering the large geographic area proposed, including:
  - How councillors would visit all parts of the council area,
  - How councils would be familiar with local issues at a granular level,
  - Where council meetings will be held to ensure smaller communities can interact with elected representatives, and
  - How council headquarters would be established and the mayor and councillors supported given diverse centres of council operations and geographic spread.
- Did not include a preference in regards to the desirability, or otherwise, of dividing the new council into Wards; given the Council’s preference to remain a stand-alone Council.
- Suggested the establishment of Local Area Committees to advocate for local issues and interests would enable a reduced number of councillors to operate in a larger geographic area.

Wakool Council

In its submission, Wakool Council advised that, if a merger were to proceed with a new Council comprising nine elected representatives, it would: 67

- Impede local access to councillors and increase travel requirements and workloads on the councillors, making it difficult to stay in touch with local opinion and needs.

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66 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p26-27
67 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p38-39
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- Shift control towards the largest population centre at Moama, with Wakool residents representing 35% of the new council’s population ending up as a junior partner.
- Contradict provisions of the Integrated Planning and Reporting legislation (IP&R) which highlights the importance of local civic leadership in fostering and supporting community strength and resilience.

Wakool Council’s submission suggests that if the merger were to proceed, a loss of representation would be exacerbated if a Wards system is not retained.\(^{68}\) Even with Wards, Wakool Council suggests that there would be a shift of control towards Murray (given Wakool represents just 35% of the merged areas population). Wakool Council notes that precinct committees or conducting opinion surveys could be used to assist a new council to gauge opinions across a larger new LGA, however these mechanisms would not replace a loss of representation Wakool’s communities will experience.\(^{69}\)

**Community submissions**

28 (25%) of submissions referred to “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 matters as it considers relevant in relation to the past and future patterns of elected representation for that area”

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Representation’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>5 (of 31 total submissions)</td>
<td>16.1%</td>
</tr>
<tr>
<td>Wakool</td>
<td>22 (of 77 total submissions)</td>
<td>28.6%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

A number of submissions expressed the following concerns:

- Concern over the distances that councillors in this proposed entity would need to travel in order meet with communities and represent them.
- A number of submissions from within the Wakool Shire that addressed this factor were concerned that their voice and representation will be greatly reduced if an amalgamation with the more populous Murray goes ahead.

15 (13.4%) of submissions addressed the factor: “the desirability (or otherwise) of dividing the resulting area or areas into wards” in some capacity.

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Desirability of Wards’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>4 (of 31 total submissions)</td>
<td>12.9%</td>
</tr>
</tbody>
</table>

\(^{68}\) Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p48

\(^{69}\) Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p49
Community opinion on the desirability of wards was split, with the balance leaning towards needing a ward structure in place. This was noted particularly by respondents in the Wakool Shire, with a consensus suggesting that without wards the voting power of the current Wakool Shire residents would be undermined even further. 6 (5.4%) of submissions addressed the factor: “‘the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented’.

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Diverse communities’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>1 (of 31 total submissions)</td>
<td>3.2%</td>
</tr>
<tr>
<td>Wakool</td>
<td>5 (of 77 total submissions)</td>
<td>6.5%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>0 (of 4 total submissions)</td>
<td>0%</td>
</tr>
</tbody>
</table>

Only a small percentage of submissions addressed this factor, with each citing negative impacts for the diverse communities in the two councils.

5.2 Analysis of Representational Issues, Wards and Diverse Communities

Representation

The proposal, if implemented, would change the representation ratios when compared with those currently applicable at each of the existing councils. The table below sets out the current representation levels, and shows the expected resultant figures for the proposed new council.

<table>
<thead>
<tr>
<th></th>
<th>Estimated Population</th>
<th>No. Councillors</th>
<th>Ratio of elected representatives to population</th>
<th>Ratio of elected representatives to geographical area *</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>7,466</td>
<td>9</td>
<td>1.830</td>
<td>1:483sq km</td>
</tr>
<tr>
<td>Wakool</td>
<td>3,990</td>
<td>6</td>
<td>1:665</td>
<td>1:1,254sq km</td>
</tr>
<tr>
<td>New council</td>
<td>11,456</td>
<td>9*</td>
<td>1:1,836</td>
<td>1:1,273sq km</td>
</tr>
</tbody>
</table>

*calculated based on size of LGA divided by number of elected representatives

By way of comparison, Bellingen Shire Council has a population of 12,854 and seven councillors, giving a representation ratio of 1,836 residents per councillor. The Bellingen LGA covers 1,605 sq. kms, with the ratio of elected representatives to geographical area being 1 councillor per 330 sq. kms, approximately five times less than the ratio of 1 councillor per 1,273 sq. kms from the merger of Murray and Wakool councils.

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70 NSW Government, Merger Proposal: Murray Shire Council, Wakool Shire Council, January 2016, p11
Wards

Murray Shire LGA is an undivided area, meaning that it is not divided into wards or ridings. Under this structure, Councillors represent all members of the community. Murray Shire did not in its submission include a preference for or against wards.  

Wakool Shire LGA consists of three wards with two Councillors elected in each:

- A Ward - Includes Murray Downs, Tooleybuc, Koraleigh with the border being just outside the town of Barham and Moulamein;
- B Ward - Includes Moulamein and Wakool with the boundary being just outside Barham Town; and
- C Ward - Includes the town of Barham and along the Murray River (East Barham Road).

Council Committees

Section 355 of the *Local Government Act 1993* provides for councils to establish committees as a consultative mechanism, to provide for community feedback directly to inform councils’ planning and decisions. Comprising volunteer citizens who meet regularly, sometimes over extended periods of time, to provide councils with policy advice and place management related services, citizen committees are an important mechanisms for sustained community input into local decision making.

Murray and Wakool councils both facilitate a number of community committees that provide an advisory mechanism to inform council decisions as well as a means to operate community services and facilities. Murray Council’s Murray Shire Heritage Advisory Committee helps inform council decisions, while several community committees operate parks and recreation facilities such as the Moama Echuca Community Skate Park, the Mathoura Preschool, Moama Cemetery Working Group, and Friends of Moama Botanic Gardens Inc.

Wakool’s submission notes that all public halls and recreation reserves are run by voluntary s355 Committees. Wakool also has a proud history of voluntary community involvement to make local projects happen with little or no cost. Examples include the Moulamein Aged Care Centre which cost over $6M and was built by the community with no cost to government and also the Moulamein Swimming Pool, which was largely funded by the Moulamein community with voluntary labour and is operated by voluntary Trustees.

71 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p27
72 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p38
74 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p32
5.3 Conclusion

The proposed level of representation would be reduced under the merger, with the impact numerically more pronounced for Murray residents, with a significant loss in the ratio of councillors to population size as well as the ratio of councillors to geographic LGA size, Wakool residents, representing 35% of the population, would likely have less overall influence in shaping and informing the new council.

Strategies can be put in place to ensure a high quality of representation is maintained. Murray and Wakool councils both acknowledge the potential use of council committees (precinct committees or Local Area Committees) as an effective way to ensure residents, especially people from diverse communities, receive a direct voice to inform council planning and decisions.

Murray Council is silent on the use of Wards (currently having none in place), while Wakool Council suggests that the use of Wards is essential, without which the new council would be controlled by Murray (representing 65% of the population).

The use of Wards in a merged council is supported, with new boundaries to be developed by the new council to promote cohesion and community representation in the enlarged LGA.
6. SERVICE DELIVERY AND ACCESS

Section 263(3)(e1) of the Act requires the Delegate to have regard to “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”.

Councils exist to deliver services and infrastructure to their communities. As the level of government closest to the people, councils focus on matters directly affecting neighbourhoods; building regulations and development, public health, local roads and footpaths, parks and playing fields, libraries, local environmental issues, waste disposal, and community based facilities and services.

The services and infrastructure delivered by councils, and the frequency and standard of these services, is informed by the needs and wants of local communities.

6.1 Council and Community Submissions

Murray Council

Murray Council’s submission\(^75\) suggests that the geographic size and shape of the new council, combined with employment protections and the introduction of a rate freeze will influence and likely impede integration of council services. Specifically:

- NSW Government requirements for new council rating structures to remain consistent with existing long term planning does not assist new councils in minimising variations/differences/anomalies in service delivery between towns of the former councils.
- Council will need to maintain a physical presence in multiple locations in a new council to ensure that remote and rural communities are serviced and industrial requirements are met, reducing the new council’s ability to be responsive to changing needs and opportunities.
- Business systems will only be integrated effectively if sufficient infrastructure is available to ensure consistent reliable connectivity.

Wakool Council

Wakool Council’s submission\(^76\) suggests that front line services could be diminished as funding is shifted for expenditure on communications and data needs generated by the new Council. It also notes the role that existing Council offices in Moulamein and Barham in providing Wakool residents with access to a range of services include NSW Government services via Government Access Centres (GACs), banking and legal services at Moulamein and Victorian bus and rail travel ticketing services at Barham.

\(^75\) Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p20-23

\(^76\) Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p40-44
Examination of a Proposal for the Merger of Murray, Wakool LGAs

Wakool Council also suggests that service delivery, especially to more remote townships, could be a secondary priority during a transition period to a new council, and distances between population centres could inhibit streamlining plant and equipment, especially heavy equipment.

Community Submissions

30 submissions (26.8%) made some consideration of the factor: “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.”

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Service Delivery’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>3 (of 31 total submissions)</td>
<td>9.7%</td>
</tr>
<tr>
<td>Wakool</td>
<td>26 (of 77 total submissions)</td>
<td>35.1%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

Community submissions raised the following concerns:

- A large entity will not be able to service the smaller and more remote communities to same level that the two councils do now individually.
- Murray and Wakool Shire both have north/south relationships with their Victorian counterparts and little to do with each other; there is not even a bitumen road linking the two councils.
- Tyranny of distance will almost certainly lead to less maintenance of roads and infrastructure.
- Section 355s Committees may suffer as part of a larger entity.

A number of submissions suggested that an amalgamated entity would provide opportunities for improved service delivery and access. Including:

- An opportunity to consolidate the resources from the two organisations.
- Long term benefits that will be achieved through the improved scale and capacity with the merger, far outweighs any short term pain that many residents fear (mainly associated with ingrained allegiances to certain areas).

6.2 Council service delivery and access

A high level analysis of services delivered by Murray and Wakool councils has been undertaken, drawing on information from council submissions and websites and augmented by information available from the Office of Local Government. The information collected enables an assessment of the type of services provided and delivery methods used, it does not enable a more comprehensive assessment of the quality levels, targets or standards employed in delivering these services.

Murray and Wakool councils both use Section 355 Committees to deliver services to their communities, engaging volunteers to operate or maintain council facilities. These committees enable councils to access community assistance to maintain and operate council facilities at low cost, leveraging community spirit and goodwill. Wakool highlighted the importance of these
committees in its community, and suggests that any loss of community arising from a council merger could result in a loss of community volunteer work, leading to fewer services or else additional cost to council.\textsuperscript{77}

A summary of council services is detailed in the tables below.

### Cultural Facilities

<table>
<thead>
<tr>
<th></th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Libraries</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Community Centres &amp; Halls</td>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

### Sport & Recreation Facilities

<table>
<thead>
<tr>
<th></th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public Libraries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Centres &amp; Halls</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>Parks &amp; Recreation</td>
<td>Moama Community Garden</td>
<td>8 Reserves</td>
</tr>
<tr>
<td></td>
<td>Adventure Playpark</td>
<td>7 Parks</td>
</tr>
<tr>
<td></td>
<td>2 Skate Parks</td>
<td>2 Playgrounds</td>
</tr>
<tr>
<td></td>
<td></td>
<td>1 Plantation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintained through Section 355</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Committees</td>
</tr>
</tbody>
</table>

### Domestic Waste Services

<table>
<thead>
<tr>
<th></th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solid Waste Management</td>
<td>Weekly garbage (OS)</td>
<td>Weekly garbage (OS)</td>
</tr>
<tr>
<td></td>
<td>Fortnightly recycling (OS)</td>
<td>Fortnightly recycling (OS)</td>
</tr>
<tr>
<td></td>
<td>E-Waste (drop at Barham Transfer Station (Barham Landfill) $5 or free</td>
<td></td>
</tr>
<tr>
<td>Average domestic waste charge</td>
<td>$169</td>
<td>$203</td>
</tr>
<tr>
<td>Landfill / Tips</td>
<td>2 resident waste disposal facilities - Moama Waste Management Facility &amp; Mathoura Transfer Station (maintenance OS)</td>
<td>4 locations - Koraleigh, Goodnight, Moulamein and Wakool (maintenance OS)</td>
</tr>
<tr>
<td>DrumMuster (chemical farm container collection)</td>
<td>Via booking</td>
<td>drop at Barham Transfer Station (Barham Landfill)</td>
</tr>
</tbody>
</table>

IH = in-house, OS = Outsourced

### Water & Sewerage Services

<table>
<thead>
<tr>
<th></th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Water Supply</td>
<td>Dual water systems (raw and filtered) to Mathoura and Moama; villages of Bunnaloo and Womboota raw water (IH)</td>
<td>Potable, non-potable and sewerage services to over 2500 customers spread over 6 small towns and villages:</td>
</tr>
<tr>
<td></td>
<td>2 water filtration plants:</td>
<td>6 treatment Plants,</td>
</tr>
<tr>
<td></td>
<td>Mathoura Filtration Plant is a 2.4ML facility using on average 170ML per year</td>
<td>12 pumping stations,</td>
</tr>
<tr>
<td></td>
<td>Moama Filtration Plant is a 6ML facility using on average 1,021ML per year</td>
<td>14 reservoirs or dam systems,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>175km of mains.</td>
</tr>
</tbody>
</table>

\textsuperscript{77} Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p31-32
Examination of a Proposal for the Merger of Murray, Wakool LGAs

<table>
<thead>
<tr>
<th>Solid Waste Management</th>
<th>Sewerage system - 48,810m of mains &amp; 40 pump stations (Mathoura = 10,980m; Moama = 37,830m) (IH)</th>
<th>Sewerage services to over 2,500 customers spread over 6 small towns and villages: ■ 4 treatment plants, ■ 22 pumping stations, ■ 4 pond systems, ■ 55km of mains.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3 sewer treatment facilities: ■ Moama Sewer Treatment Works - caters population of 10,000; ■ Mathoura Sewer Treatment Works - caters population of 1,600; or ■ Picnic Point Sewer Treatment Works - caters for equivalent population of 1,000</td>
<td></td>
</tr>
</tbody>
</table>

IH = in-house, OS = Outsourced

<table>
<thead>
<tr>
<th>Public Order &amp; Safety</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Murray</td>
</tr>
<tr>
<td>No. of companion animals</td>
<td>2,601</td>
</tr>
<tr>
<td>% companion animals identified &amp; registered</td>
<td>79%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Roads and Transport</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Murray</td>
</tr>
<tr>
<td>Road length (kms)</td>
<td>1,453.2</td>
</tr>
<tr>
<td>Road length per capita (metres)</td>
<td>196</td>
</tr>
<tr>
<td>Bridges</td>
<td>Information not found</td>
</tr>
<tr>
<td>Works Depots</td>
<td>2 Works Depots, located in Mathoura &amp; Moama</td>
</tr>
<tr>
<td>Community Bus</td>
<td>Transport for eligible persons to access medical, social and other appointments, where alternate transport options are not available: ■ Frail &amp; aged 65 yrs+ ■ Aboriginal and Torres Strait Islander communities ■ Chronic / complex health condition ■ Living in rural and remote areas ■ Special Needs Group ■ Younger people with a disability</td>
</tr>
</tbody>
</table>

IH = in-house, OS = Outsourced

<table>
<thead>
<tr>
<th>Planning and Development Services</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Murray</td>
</tr>
<tr>
<td>No. DAs determined</td>
<td>181</td>
</tr>
<tr>
<td>Mean gross days for DAs</td>
<td>64 days</td>
</tr>
</tbody>
</table>

Source – Your Council Report, Murray and Wakool council websites, and Murray and Wakool council submissions

Geography and population significantly influence the way Murray and Wakool councils are structured and operate. While both councils deliver services across a large land area, Murray services communities in two main centres; Wakool delivers services to a population dispersed across several rural townships and widely distributed rural properties.

Councils are currently headquartered at Mathoura and Moulamein (the second largest population centres in both LGAs). Locating council headquarters and staff in these towns is a deliberate economic policy, to support local jobs and attract / sustain population (Wakool Council is the largest employer in Moulamein) as well as to provide services with appropriate accessibility to population centres.
Examination of a Proposal for the Merger of Murray, Wakool LGAs

Murray Council operates offices and depots in two towns, while Wakool operates offices and depots across four towns.

**Council Locations and Staff Levels**

<table>
<thead>
<tr>
<th>Location</th>
<th>Staff</th>
<th>Functions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Murray</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mathoura Office and Depot</td>
<td>66</td>
<td>Head Office</td>
</tr>
<tr>
<td>Moama Office and Depot</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td><strong>Wakool</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Moulamein Office, Depot and Other</td>
<td>51</td>
<td>Finance, HR, General Manager, Engineering, Outdoor Works, Water &amp; Sewer, Risk &amp; Governance, Records, HACC, Business Centre, Library</td>
</tr>
<tr>
<td>Barham Office, Depot and Other</td>
<td>30</td>
<td>Health &amp; Building, Planning, Compliance, Branch Office, Outdoor Works, Water &amp; Sewer, Economic Development, HACC, Library</td>
</tr>
<tr>
<td>Tooleybuc</td>
<td>3</td>
<td>HAAC, Water &amp; Sewer</td>
</tr>
<tr>
<td>Murray Downs</td>
<td>1</td>
<td>Water &amp; Sewer</td>
</tr>
</tbody>
</table>

Murray’s population is concentrated in Moama (68%) and Mathoura (16%), with 9% spread across rural locations within the LGA and approximately 6% residing in small townships at Womboota, Cummeragunja and Bunnaloo.  

In contrast, Wakool’s population is more widely dispersed. Barham is home to 39% of Wakool residents, with the next largest cohort of residents (18%) living in rural locations spread across the LGA. Moulamein is home to 15% of the LGA’s population, followed by Wakool (12%), Koraleigh (7%), Tooleybuc and Murray Downs (both approximately 4%).

**Travel times between offices in the new council**

<table>
<thead>
<tr>
<th>From</th>
<th>To</th>
<th>Distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moama</td>
<td>Mathoura</td>
<td>39.8 km</td>
</tr>
<tr>
<td>Moama</td>
<td>Barham</td>
<td>90.2 km</td>
</tr>
<tr>
<td>Moama</td>
<td>Moulamein</td>
<td>161 km</td>
</tr>
<tr>
<td>Moama</td>
<td>Tooleybuc</td>
<td>201 km</td>
</tr>
<tr>
<td>Mathoura</td>
<td>Barham</td>
<td>118 km</td>
</tr>
<tr>
<td>Mathoura</td>
<td>Moulamein</td>
<td>141 km</td>
</tr>
<tr>
<td>Mathoura</td>
<td>Tooleybuc</td>
<td>240 km</td>
</tr>
</tbody>
</table>

Source: Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p16

Due to its smaller land area, more concentrated population, fewer townships and lower rural population, a minority of Murray residents travel up to 40 kms to access council services; in comparison, most Wakool residents travel between 70-90 kms to access council services, due its larger land area, more dispersed population, greater number of townships and higher rural population.

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76 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p16  
79 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p45  
80 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p25  
81 Ibid, p25  
82 Ibid, p28
6.3 Conclusion

Services delivered by Murray and Wakool councils are similar in terms of scope and scale. Distance between population centres, and low densities (especially in Wakool) could generate complexities for a new council. Geography and low population density could generate challenges in generating efficiency gains.

Both councils rely on Section 355 Community Committees to maintain and operate council facilities. Maintaining a high level of engagement of and involvement by community members (in particular volunteer activity) would need to be achieved in a new council to avoid a deterioration or closure of facilities or increased cost borne by council.

A merger of Murray and Wakool councils would result in a mix and quality of council services developed in response to its community’s wants and needs. Communities may also receive an improved level of services, with an enlarged council able to develop a pool of staff and invest in expertise and knowledge sharing and leverage economies of scale to enhance services.
7. EMPLOYMENT IMPACTS

Section 263(3)(e2) of the Act requires the Delegate to have regard to “the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned”.

If the merger of Murray and Wakool councils proceeds, staff employed under the Local Government Act 1993 are protected. Transferred staff member’s accrued rights, including recreation leave, sick leave, long service leave and superannuation are all preserved and there can be no forced redundancy for three years from the date of proclamation. Staff cannot be required to transfer to a work base outside the boundaries of their former council area for three years if they would suffer unreasonable hardship. The newly formed council must also notify staff vacancies internally and select candidates from within where an adequate trained pool of staff exists.

Further, Section 218CA of the Local Government Act provides protections for rural centres with a population of 5,000 or less, requiring that the new council must ensure that the number of regular staff positions is maintained as far as is reasonably practicable.

Senior council staff, including General Managers, employed under employment contracts that are performance based and have a maximum term, can have their employment terminated or their positions changed in accordance with their contract.

7.1 Council and Community Submissions

Murray Council

Murray Council’s submission highlights the impact of legislated staffing protections on the creation and future operation of a new council, noting:

- A new council incorporating Murray and Wakool would comprise headcount of 167.5 staff:
  - 91 located in the previous Murray LGA
  - 76.5 located in the previous Wakool LGA
- Requirements to maintain staff numbers in five out of the six existing locations (centres with populations less than 5,000) will result in staffing reductions only able to occur in Moama (the largest and fastest growing population centre in the proposed new LGA).
- Staff protections, transition arrangements and rural protections, will have a significant impact not only on the commencement phase of the new council, but also on the ongoing nature of the staffing and location structure.
- Increased travel distances and frequency, as council staff will be required to move across a larger land area to visit work sites, generating costs in travel and time (accommodation costs, millage reimbursement, lost productivity with increased time spent in transit) and possibly increasing OH&S risks.

83 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p11-19
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- Moama, the largest and fastest growth centre of the proposed new council, would likely bear the brunt of any staffing reductions (given rural provisions limiting where efficiencies can be made), generating service challenges.

Wakool Council

Wakool Council’s submission\(^8^4\) notes that Council is the largest employer within the LGA, with the economies and social fabric of local towns and villages heavily dependent on existing council staffing levels. Council also notes that all five of Wakool’s population centres have populations less than 5,000, invoking the requirements of Section 218CA (2) and Section 354B of the Local Government Act. As a consequence of this scale, all staff, other than the General Manager, are protected and would remain employed at their current locations indefinitely.

No impact on staffing levels would be experienced in Wakool, with the only population centre in the new Council area exempt from population based protection being Moama.

Wakool Council suggests that there is considerable risk that the lack of ‘practicality’ in implementing Section 218CA (2) ‘rural protections’ may exempt the new council and enable it to avoid maintain staff numbers in rural centres, with catastrophic impacts for Wakool’s rural communities.

Community Submissions

In its submission, the United Services Union (USU) advised that it is seeking that the Minister for Local Government extends employment protection provisions provided to non-senior council staff from three years to five years. The USU cites five year protection provisions provided to energy workers as precedent for this change.

Should this proposal go ahead, the USU is also calling for “the establishment an industrial working party involving the parties to the Local Government (State) Award. This industrial working party would commence the process of identifying above award conditions, and assist in the negotiation of a new salary system, employment policies and other relevant workplace documents to be implemented at the new council.”

18 submissions (16.1%) made some consideration of the factor: “the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned”.

Submissions addressing ‘Employment impacts’ factor by LGA:

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Employment impacts’ factor</th>
<th>Percentage (of LGAs total submissions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>3 (of 31 total submissions)</td>
<td>9.7%</td>
</tr>
<tr>
<td>Wakool</td>
<td>13 (of 77 total submissions)</td>
<td>16.9%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>2 (of 4 total submissions)</td>
<td>50%</td>
</tr>
</tbody>
</table>

\(^8^4\) Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p45-46
Community submissions considering this factor the following concerns:

- A number of submissions noted concern about the viability of smaller centres, in particular Moulamein, which is the current administrative head office for Wakool Shire. If this office shuts down and local jobs lost in an amalgamation, there is a lot of concern that there will be a flow on effect of families being forced leave. This would impact the local services industry and the local schools.
- Others acknowledged the 3 year protections in place, but wondered what would happen after that.

### 7.2 Impact on council staff

The organisational structure and status of the staff of Murray and Wakool councils has been reviewed to assist in determining the impact.

#### Council organisational structure and costs

<table>
<thead>
<tr>
<th></th>
<th>Murray</th>
<th>Wakool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Staff</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Non-Senior Staff (FTE)</td>
<td>91</td>
<td>84</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ratio of staff to population</td>
<td>1:82</td>
<td>1:47</td>
</tr>
<tr>
<td>Employee per sq. km</td>
<td>1:48 sq. km</td>
<td>1:88 sq. km</td>
</tr>
<tr>
<td>Employee costs per capita</td>
<td>$807</td>
<td>$1,342</td>
</tr>
<tr>
<td>Average employee costs</td>
<td>$66,198</td>
<td>$62,988</td>
</tr>
</tbody>
</table>


Murray Council has a lower ratio of staff to population compared to Wakool, while Wakool as a lower ratio of staff per sq. km compared to Murray Council. On a per capita basis, Wakool Council has a significantly higher staffing cost per capita. These figures reflect the geography of the LGAs, with Wakool comprising a large land area with a low, dispersed population. Average annual employee costs are relatively similar across the councils; Wakool’s being slightly lower.

Murray and Wakool’s council headquarters (located in Mathoura and Moulamein) are separated by over 140kms and its main population centres (Moama and Barham) by over 90kms. The maximum distance between towns in the combined area is 240km (Tooleybuc to Mathoura). Travelling to all council sites across the combined LGA involves almost 480kms in a round trip. Increased cost associated with increased distance and travel frequency is likely, especially during an integration of existing council structures.

### 7.3 Conclusion

Council staff receive protection under the **Local Government Act** where an amalgamation of councils occur, providing employment security and continuity for three years after proclamation of

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85 Ibid, p28
a new council. Council staff employed on a performance employment contract basis (this affects two people in regards to the merger proposal under consideration) would receive compensation commensurate with their terms of employment, which they agreed prior to accepting employment, if their employment ceased.

Section 218CA of the Local Government Act provides protections for rural centres with a population of 5,000 or less, requiring that the new council ensure that the number of regular staff positions is maintained as far as is reasonably practicable. This provision effectively shields existing Wakool council staff from jobs losses and protects local communities which rely on council as a main employer to underpin local economies and communities.

The short and long term employment impacts stemming from a merger of Murray and Wakool councils are complex but manageable. These impacts do not impede a merger occurring, however, the practicalities of councils operations are impacted into the future. Increased travel by staff (distances and frequency), especially during a period of transition, may erode potential efficiency gains and would need to be carefully planned and managed. Over the longer term, a new council may experience difficulties in allocating resources to areas of growing demand, given the requirement for council to maintain staffing levels in existing rural townships.
8. IMPACTS ON RURAL COMMUNITIES

Section 263(3)(e3) of the Act requires the Delegate to have regard to “the impact of the proposal on rural communities in the areas concerned”.

8.1 Council and Community Submissions

Murray Council

Murray Council’s submission notes:

- A new council will comprise a much larger geographic area, required to deliver services to rural and remote communities while facing employment limitations (3 year protections and ongoing rural protections).
- A detailed analysis of services, types or levels, has not occurred (such as roads and transport), and as such it is difficult to predict the impact of rating structures, structural change and other factors on service delivery.
- Telecommunications and IT connectivity are important in underpinning services and will become more so operating across a larger area and diverse population.
- Rural communities may face inadequate representation depending on the elected representation model used.

Wakool Council

Wakool Council’s submission notes:

- A decline in employment in the Wakool LGA is largely attributable to Commonwealth and NSW Government policy on forestry and water management; a merger of Murray and Wakool councils would have no impact to address this decline.
- Wakool Council’s contribution as the area’s largest employer is essential to the community’s survival, a shift in investment or employment away from Wakool over the long term to Murray would undermine local Wakool businesses.
- Wakool Council supports employment of local people by using local contractors and businesses, this support would likely be lost under a new Council.
- Arresting population decline is essential to maintaining local medical, dental, other professional, police, emergency, school and business services; the availability of council jobs in Wakool helps attract council staff’s partners and family, generating and sustaining demand for essential services.
- IPART assessed Wakool Council as ‘fit’ as a ‘Rural Council’ and should remain a stand-alone council.

86 Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p25-26
87 Submission on the Minister’s Proposal to merge the Local Government Areas of Murray Shire and Wakool Shire, Wakool Shire Council, February 2016, p46-47
Wakool also note in their submission that they regularly use “the services of local contractors and businesses and in this way, is a major supporter of the local economy. It is highly unlikely that the new council, which will likely be headquartered in Moama, will continue this support, adding to the socio-economic cost of the merger and hardship for our communities.”

**Community Submissions**

30 submissions (26.8%) received made some consideration of the factor: “the impact of the proposal on any rural communities in the resulting area”

<table>
<thead>
<tr>
<th>Local Government Area</th>
<th>No. of submissions addressing ‘Rural communities’ factor</th>
<th>Percentage of LGAs total submissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Murray</td>
<td>4 (of 31 total submissions)</td>
<td>12.9%</td>
</tr>
<tr>
<td>Wakool</td>
<td>25 (of 77 total submissions)</td>
<td>32.5%</td>
</tr>
<tr>
<td>Other (LGA outside proposal/other)</td>
<td>1 (of 4 total submissions)</td>
<td>25%</td>
</tr>
</tbody>
</table>

The majority community submissions addressing this factor were from the Wakool LGA. Submissions raised similar concerns:

- The long term viability of smaller towns, particularly in the west of the shire, such as Tooleybuc and Moulamein would be jeopardised by an amalgamation of the two councils.
- In conjunction with the NSW Government, Wakool Shire has been in consultation and planning for an upgrade of the Tooleybuc Bridge. Some fear has been noted that this project could be jeopardised by an amalgamation with Murray into a much larger council.

**8.2 Conclusion**

Whether or not a new merged entity maintains the use of local contractors would be a matter for a future entity, however it is worth noting that without, it would likely have a detrimental impact on smaller rural towns.

Both Councils’ submissions and several from the community address the impacts on employment in these smaller rural towns and this has also been noted in this factor. There are several employment protections in place for rural towns with populations of less than 5,000. This was addressed in detail in the previous chapter ‘Chapter 7: Employment Impacts’.
9. OTHER MATTERS

In addition, as the proposal involves an amalgamation of three local government areas, section 263(3)(f) requires that the Delegate have regard to “such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.”.

9.1 Strategic Advantages

The Minister’s proposal\(^{88}\) suggests that a merged council, covering 11,865 sq. kms and representing a population of almost 11,500 people, will provide significant opportunities to strengthen the role and strategic capacity to partner with the NSW and Australian governments on major infrastructure projects and other cross-government initiatives.

The proposal also suggests that a merged council could provide opportunities to modernise the organisation, attract skilled expertise, generate innovative and creative approaches to service delivery and address infrastructure backlogs and improve financial sustainability.

Council submissions outlined Murray and Wakool council partnerships and interdependence with neighbouring Victorian councils, including:

- **Murray Council:**
  - Working with Campaspe Shire and Commonwealth Government to secure a second Murray River bridge crossing (NSW Government has committed funding; the Victorian Government is yet to commit funds).\(^{89}\)
  - Funding an ‘Event’s Officer’ with Campaspe Shire, Echuca Moama Tourism and local accommodation operators to work with local, state and federal stakeholders to attract business to achieve accommodation and event outcomes for the Echuca Moama area.\(^{90}\)
  - Secured Commonwealth Government funding in 2011 for the ‘Healthy Communities Initiative’ (HCI) developed by Murray Council, Campaspe Shires, Campaspe Primary Care Partnership and partner agencies to deliver community-based physical activity and healthy eating programs and develop local policies to support healthy eating and lifestyle behaviours, targeting involvement of older adults (18+), Aboriginals, people with a disability and those who are predominately unemployed.\(^{91}\)

- **Wakool Council:**
  - Working with Swan Hill Rural City Council to lobby Federal and State Governments to install the Swan Hill Bridge onto a long term construction program.\(^{92}\)
  - Waste & Recycling Contracts being jointly implemented with Gannawarra & Swan Hill Rural City Council to provide cost effective services for residents.\(^{93}\)

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\(^{88}\) NSW Government, Merger Proposal: Murray Shire Council, Wakool Shire Council, January 2016, p5-6

\(^{89}\) Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p27-28

\(^{90}\) Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, p23

\(^{91}\) Public Inquiry into the Proposed Merger of Murray Shire Council and Wakool Shire Council, Murray Shire Council Submission, February 2016, Attachment 4

\(^{92}\) Swan Hill Rural City Council Economic Development Strategy 2011-2016, Swan Hill Rural City Council October 2011, p7
Examination of a Proposal for the Merger of Murray, Wakool LGAs

- Partners with Swan Hill Rural City Council in delivering Library Services to residents.  
- Funds the Wakool Shire Medicine and Allied Health Scholarship supporting young people from Wakool Shire and surrounds in the study of medicine and allied health at university, administered by The Local Health Medical Trust (LHMT)  
- Participating in an Improved Transport Infrastructure Project examining an inter-modal transport hub with key road and rail links to Adelaide, Melbourne and Sydney (Swan Hill Rural City Council project lead)  
- Working with Gannawarra Shire to explore formalised child care within Barham Koondrook and the development of a joint community plan between the Barham and Koondrook communities.

Partnering opportunities with neighbouring Victorian councils are an effective and innovative way for councils to generate service efficiencies and advocate regional priorities to State and Commonwealth governments.

The respective partnerships both councils have with their neighbouring Victorian counterparts may be strengthened in a merger, as there will be shared experiences and an opportunity for a stronger, more strategic advocacy to State and Commonwealth governments. A larger council may be better able to represent the voice of the community in regards to future economic or environmental reforms, or better able to partner with other levels of government to implement strategies to mitigate the impact of climate change on the community, or respond to an increase in extreme weather events.

A merger of Murray and Wakool councils could also create opportunities for the new council to have strategic advantages through stronger representation and influence in regional organisations such as the Riverina and Murray Regional Organisation of Councils (RAMROC) and a future Joint Organisation.

9.2 Boundary Adjustments

A verbal submission was received at the public hearing in Moama on 9 February, seeking my consideration be given to altering the existing local government boundaries to shift Bullatale District from the Murray Shire to the Conargo Shire.

Bullatale District comprises approximately 50,000 hectares and is home to 15-20 ratepayers located on the far eastern part of the Murray Shire. The district is connected to the Murray Shire by a 25 km dirt road travelling through national park.

It was suggested that Bullatale District identifies as part of the Deniliquin community and interacts mostly with local government in the Conargo Shire. The community contributes approximately

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93 Wakool Council Website  
94 Wakool Council Website  
95 Wakool Council Website  
96 Swan Hill Rural City Council Economic Development Strategy 2011-2016, Swan Hill Rural City Council October 2011, p16  
97 Wakool Council Website
$250,000 in rates annually to Murray Council, and other than road grading, the community does not access Council services.

The Local Government Act 1993 does not give me the power to make significant changes to the proposal, or to the boundaries of the proposed new council area. I can only make recommendations based on the proposal. The boundary adjustment sought involves a sizable area of land and would require consideration as part of a new, future boundary adjustment process.
10. THE NEW BOUNDARY

Proposed merger: Murray and Wakool

Data sources: Land and Property Information
Datum and Projection: GDA94
11. RECOMMENDATIONS

As Delegate, I have considered the merger proposal announced by the Minister for Local Government in January 2016 to merge the councils of Murray and Wakool local government areas to form a new entity.

I have considered the information available and provided to me from sources (including the merger proposal, written and verbal submissions presented to me by the affected councils, written and verbal submissions provided to me by members of the public and community groups and other material) and there are a number of factors as set out in section 263(3) of the Local Government Act 1993, including historical and traditional values, representation, service delivery and employment impacts which on the information received would not preclude this proposal proceeding.

However, I believe there is still a lack of sufficient supporting evidence on other factors specifically including financial and communities of interest preventing me from being able to conclusively reach a position in regards to whether the merger should proceed to implementation.

If the proposal does proceed, the use of Wards is supported, with ward boundaries to be developed by the new council to promote cohesion and community representation in an enlarged LGA.

Issues influencing my position include:

- Whether or not the NSW Government pursues implementation of a ‘Rural Council’ model and/or the use of ‘Joint Organisations’.
- Whether a majority of residents and ratepayers would be disadvantaged financially, pending a better understanding of the condition of council infrastructure and required spending.
- Whether an enlarged council, with greater scale and capacity, will be able to leverage existing partnerships with Victorian counterparts to be a more influential advocate with State and Commonwealth governments, and continue to partner in service delivery.

Ms Cheryl Thomas
DELEGATE
Ms Cheryl Thomas
Department of Premier and Cabinet
GPO Box 5341
Sydney NSW 2001
cheryl.thomas@dpc.nsw.gov.au

Dear Ms Thomas

The Minister for Local Government has referred proposals to me pursuant to section 218F(1) of the Local Government Act 1993 for examination and report.

Please find attached an instrument of delegation that delegates certain functions to you as well as a copy of the relevant proposals. If you have any queries about this letter, the attached instrument or the proposals, please do not hesitate to contact either myself on 9289 4050 or Steve Orr on 9228 5518.

Yours sincerely

Tim Hurst
Acting Chief Executive
Office of Local Government
6/1/14
INSTRUMENT OF DELEGATION

Pursuant to s. 745(1) of the Local Government Act 1993 (the "LG Act"), I, Tim Hurst, Acting Chief Executive, Office of Local Government, delegate to the persons listed in Part A in respect of the proposals listed opposite in Part B the following functions conferred on me by the LG Act:

1. Examination of and report on one or more proposals referred by the Minister under s. 218F of the LG Act; and
2. Any function that is incidental to the function of examining of and reporting on proposals under s. 218F of the LG Act.

Signed: ........................................ Date: 6/11/15

A/Chief Executive
Office of Local Government

<table>
<thead>
<tr>
<th>Part A</th>
<th>Part B</th>
</tr>
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<tbody>
<tr>
<td>Greg Wright</td>
<td>Armidale Dumasresq and Guyra Shire</td>
</tr>
<tr>
<td>Cheryl Thomas</td>
<td>Ashfield, Leichhardt Municipal and Marrickville</td>
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<tr>
<td>Michael Bullen</td>
<td>Auburn City, Holroyd City and Parramatta City (part)</td>
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<td>John Roseth</td>
<td>Bankstown City and Canterbury City</td>
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<tr>
<td>Renata Brooks</td>
<td>Bathurst Regional and Oberon</td>
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<tr>
<td>Tim Stubbs</td>
<td>Berrigan Shire and Jerilderie Shire (part)</td>
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<tr>
<td>Richard Pearson</td>
<td>Bleyney Shire, Cabonne and Orange City</td>
</tr>
<tr>
<td>Renata Brooks</td>
<td>Bombala, Cooma-Monaro Shire and Snowy River Shire</td>
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<tr>
<td>Amanda Chadwick</td>
<td>Boorowa, Harden Shire and Young Shire</td>
</tr>
<tr>
<td>Rod Nockles</td>
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<tr>
<td>Richard Colley</td>
<td>Burwood, City of Canada Bay and Strathfield Municipal</td>
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<tr>
<td>Mike Eden</td>
<td>Conargo Shire and Deniliquin</td>
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<td>John Turner</td>
<td>Cootamundra Shire and Gundagai Shire</td>
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<td>Mike Eden</td>
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<td>Hawkesbury City and The Hills Shire (part)</td>
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<td>Garry West</td>
<td>Hornsby Shire (part) and Ku-ring-gai</td>
</tr>
<tr>
<td>Rob Lang</td>
<td>Hunter's Hill, Lane Cove and City of Ryde</td>
</tr>
</tbody>
</table>
### Part A
- Mike Allen
- Greg Wright
- Michael Bullen
- Cheryl Thomas
- Tim Stubbs
- Ian Reynolds

### Part B
- Hurstville City and Kogarah City
- Kiama Municipal and Shoalhaven City
- Manly, Mosman Municipal and Warringah (part)
- Murray Shire and Wakool Shire
- Jerilderie Shire (part) and Murrumbidgee Shire
- Newcastle City and Port Stephens
- North Sydney and Willoughby City
- Parramatta City (part), Auburn City (part), The Hills Shire (part) and Hornsby Shire (part)
- Pittwater and Warringah (part)
- Palerang (part) and Queanbeyan City
- Randwick City, Waverley and Woollahra Municipal
- Shellharbour City and Wollongong City
- Tamworth Regional and Walcha
- Tumbarumba Shire and Tumut Shire

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