Merger Proposal:
Tamworth Regional Council
Walcha Council

JANUARY 2016
Proposed merger: Tamworth and Walcha

Data sources: Land and Property Information
Datum and Projection: GDA94
MINISTER’S FOREWORD

Four years of extensive consultation, research and analysis have demonstrated that change is needed in local government to strengthen local communities.

Independent experts have concluded that NSW cannot sustain 152 councils – twice as many as Queensland and Victoria.

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

The proposed merger will create a council better able to meet the needs of the community into the future and will provide significant benefits for the community.

This document details the benefits the merger will provide to communities, including:

- a total financial benefit of $34 million over a 20-year period that can be reinvested in better services and more infrastructure;
- potentially reducing the reliance on rate increases through Special Rate Variations (SRVs) to fund local infrastructure;
- greater capacity to effectively manage and reduce the infrastructure backlog across the two councils;
- improved strategic planning and economic development to better respond to the changing needs of the community;
- effective representation by a council with the required scale and capacity to meet the future needs of the community; and
- providing a more effective voice for the region’s interests and better able to deliver on priorities in partnership with the NSW and Australian governments.

With the merger savings, NSW Government funding of $15 million – and a stronger voice – the new council will be better able to provide the services and infrastructure that matter to the community, projects like:

- significant ongoing replacement and enhancement of the local road and bridge network;
- developing better education and career opportunities, and developing and growing industries such as tourism to attract and retain more young people to the area;
- developing community infrastructure projects including improving library, sporting and recreational facilities; and
- enabling a number of identified cultural projects in Tamworth with regional significance, including an Aboriginal Cultural Centre and a Performing Arts Centre.

The savings, combined with the NSW Government’s policy to freeze existing rate paths for four years, will ensure that ratepayers get a better deal.

A suitably qualified delegate of the Chief Executive of the Office of Local Government will consider this proposal against criteria set out in the Local Government Act (1993), and undertake public consultation to seek community views.

I look forward to receiving the report on the proposal and the comments from the independent Local Government Boundaries Commission.

Paul Toole
Minister
January 2016
EXECUTIVE SUMMARY

The communities of Tamworth and Walcha share common characteristics and connections and will benefit by up to $34 million from a merged council with a stronger capability to deliver on community priorities and meet the future needs of its residents.

Introduction

This is a proposal by the Minister for Local Government under section 218E(1) of the Local Government Act (1993) for the merger of Tamworth Regional and Walcha local government areas. This merger proposal sets out the impacts, benefits and opportunities of creating a new council.

The creation of this new council will bring together communities with similar expectations in terms of demands for services, infrastructure and facilities. These communities have many shared interests, including employment and training opportunities to ensure young people remain in the area.

The proposal has been informed by four years of extensive council and community consultation and is supported by independent analysis and modelling by KPMG.

This proposal is consistent with IPART’s 2015 assessment that Walcha Council is ‘not fit’ to remain as a standalone entity.

IPART determined that Tamworth Regional and Walcha councils each satisfy key financial performance benchmarks. However, IPART assessed that operating individually, Walcha Council has limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.

The new council for the new local government will not only oversee an economy that shares many similar residential, workforce and industry characteristics, but will have enhanced scale and capacity to help it deliver on local infrastructure priorities such as investment in road maintenance and improving community assets like libraries and sporting facilities.

Impacts, Benefits and Opportunities

A range of benefits and opportunities has been identified from the proposed merger, including a stronger balance sheet to meet local community needs and priorities.

Analysis by KPMG shows the new council has the potential to generate net savings to council operations. The merger is expected to lead to more than $19 million in net financial savings over 20 years.

The analysis also shows the proposed merger is expected to generate, on average, around $1.8 million in savings every year from 2020 onwards. Savings will primarily be from the redeployment of back office and administrative functions, streamlining of senior management roles; efficiencies from increased purchasing power of materials and contracts; and reduced expenditure on councillor fees.

The NSW Government has announced a funding package to support merging councils which would result in $15 million being made available should the proposed merger proceed.

1 The end result if the proposal is implemented is that a new local government area will be created. For simplicity throughout this document, we have referred to a new council rather than a new local government area.

2 NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
These savings may enable the new council to reduce its reliance on rate increases to fund new and improved community infrastructure.

Each of the two councils is currently seeking or has received approval for SRVs from IPART to fund community infrastructure. For example:

- Walcha Council intends to request a cumulative SRV of 10.5 per cent over a two-year period from 2016-17; and
- Tamworth Regional Council was approved for an SRV of 11.0 per cent over one year in 2012-13.

Additionally, the smaller community of Walcha with a declining population can benefit from the efficiencies a larger entity can offer them to sustain their community and enhance their unique identity.

The proposed merger is also expected to result in simplified council regulations for residents and businesses in the Tamworth and Walcha council areas given each council is currently responsible for separate and potentially inconsistent regulatory environments. Regulatory benefits include consistency in approaches to development approvals, health and safety, building maintenance, traffic management and waste management.

The proposed merger will provide significant opportunities to strengthen the role and strategic capacity of the new council to partner with the NSW and Australian governments on major infrastructure projects, addressing regional socio-economic challenges, delivery of services and focus on regional priorities.

This could assist in:

- reducing the existing $50 million infrastructure backlog across the Tamworth and Walcha area;
- improving health services and facilitating more employment and work opportunities for young people; and
- supporting economic growth and development while enhancing the standard of living and lifestyle that local residents value.

While a merged council will increase the current ratio of residents to elected councillors, the new ratio is likely to be comparable with levels currently experienced by other communities across regional NSW.

**Next Steps**

This merger proposal will be referred for examination and report under the *Local Government Act (1993)*.

Local communities have an important role to play in helping ensure the new council meets their current and future needs for services and infrastructure and will have an opportunity to provide input on how the new council should be structured.

Local communities will have an opportunity to attend the public inquiry that will be held for this merger proposal and an opportunity to provide written submissions.

For more details please visit [www.councilboundaryreview.nsw.gov.au](http://www.councilboundaryreview.nsw.gov.au)
INTRODUCTION

This merger proposal has been informed by an extensive four-year consultation and review process.

The NSW Government has been working with local councils and communities since 2011 to strengthen council performance and ensure local government is well placed to meet future community needs.

A first key step in that process was the ILGRP’s comprehensive review of local government and subsequent recommendations for wide-ranging structural reform and improvements to the system. In response, the NSW Government initiated the *Fit for the Future* reforms that required each local council to self-assess against key performance indicators and submit proposals demonstrating how they would meet future community needs.

The NSW Government appointed IPART in 2015 to assess each council’s submission. IPART has now completed its assessment of 139 proposals (received from 144 councils) and concluded 60 per cent of councils are ‘not fit’ for the future. Many of these councils did not meet the elements of the ‘scale and capacity’ criterion (refer Box 1 below).

Tamworth Regional and Walcha councils each submitted *Fit for the Future* proposals to remain as standalone councils. In assessing each council’s submission, IPART determined that Walcha Council is ‘not fit’ to stand alone and that a merger is needed to achieve the required scale and capacity to meet the needs of residents now and in the future.

In the consultation period that followed the release of the IPART report, both councils nominated each other as potential merger partners.

*Box 1 Overview of scale and capacity*

**Key elements of ‘scale and capacity’**

Scale and capacity is a minimum requirement as it is the best indicator of a council’s ability to govern effectively and provide a strong voice for its community. At a practical level, this includes being able to:

- undertake regional planning and strategic delivery of projects;
- address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability;
- be an effective partner for the State and Federal levels of governments on delivering infrastructure projects and other cross-government initiatives; and
- function as a modern organisation with:
  - staffing capacity and expertise at a level that is currently not practical or economically possible for small councils;
  - innovative and creative approaches to service delivery; and
  - the resources to deliver better training and attract professionals into leadership and specialist roles.
A NEW COUNCIL FOR THE TAMWORTH AND WALCHA REGION

The proposed new council will be responsible for infrastructure and service delivery to around 64,000 residents across the Tamworth and Walcha area.

The creation of a new council provides the opportunity to bring together the communities from across the local government areas of Tamworth and Walcha. These communities have similar socio-economic and demographic profiles, and a number of shared priorities including those relating to the agricultural sector and the environment.

The new council will be responsible for infrastructure and service delivery to more than 70,000 residents by 2031. This reflects the modest population growth expected across the area of 0.6 per cent per annum.3

The proposed merger aligns with the intended planning objectives of the NSW Government’s Regional planning initiatives for the New England North West Region. The Regional Plan is being developed to plan for the future population’s needs for housing, jobs, infrastructure and a healthy environment. The NSW Government has identified a number of regional priorities that are relevant to the proposed new council. For example:

- supporting sustainable economic growth, regional tourism and promoting the region to attract new residents and businesses;
- diversifying agricultural production and industries, including intensive agriculture, while minimising incompatible land uses;
- protecting and securing water resources, the natural environment and local heritage;
- providing greater housing choice to meet the changing demographics of the area;
- investing in regional and local infrastructure, particularly to improve road infrastructure connections across and beyond the region (for example the Oxley and New England highways);
- improving education pathways to encourage more young people to stay in the region; and
- planning for precincts to deliver quality integrated health and human services by improving access to services and attracting and retaining more health professionals in the region, and increasing the level of services to Aboriginal people.

For regional planning to be implemented effectively, a coordinated approach will assist to manage the expected population growth across the Tamworth and Walcha areas and the related changes in service and infrastructure needs. A new council with appropriate scale and capacity will be better able to partner with the NSW Government on the implementation of these regional priorities.

The establishment of a new council will also provide an opportunity to generate savings and efficiencies and reduce the current duplication of back-office functions, senior executive positions and potentially the many layers of current regulations. Any savings generated by a merger of these two councils could be redirected to improving local community infrastructure, lowering residential rates and/or enhancing service delivery. An overview of the current performance of the two existing councils and the projected performance of the new proposed entity is provided in Figure 3.

In addition, while IPART found both councils satisfy financial performance criteria, it also found that Walcha Council’s ability to effectively advocate for community priorities is affected by a lack of scale and capacity. A merged council will improve this, with an enhanced scale and capacity to better plan and coordinate investment in critical infrastructure and services. This should also put the new council in a better position to advocate to the NSW and Australian governments for the regional investments that will be needed for the future.

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

<table>
<thead>
<tr>
<th>Tamworth Regional Council</th>
<th>Walcha Council</th>
<th>New Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Population (2014)</td>
<td>60,495</td>
<td>3,098</td>
</tr>
<tr>
<td>Area</td>
<td>9,884 sq km</td>
<td>6,261 sq km</td>
</tr>
<tr>
<td>IPART Rating</td>
<td>FIT</td>
<td>NOT FIT</td>
</tr>
<tr>
<td>Operating Revenue (2013–14)</td>
<td>$86.3m</td>
<td>$9.9m</td>
</tr>
<tr>
<td>Operating Result (2013–14)</td>
<td>$6.2m</td>
<td>$0.0m</td>
</tr>
<tr>
<td>Asset Base</td>
<td>$1.2bn</td>
<td>$410.3m</td>
</tr>
<tr>
<td>Infrastructure Backlog</td>
<td>2 per cent</td>
<td>5 per cent</td>
</tr>
</tbody>
</table>

The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.


Note: Totals may not sum due to rounding. Estimates of the new council’s operating performance and financial position is based on an aggregation of each existing council’s projected position as stated in respective Long Term Financial Plans (2013–14). In addition, it is assumed efficiency savings are generated from a merger, and this is reflected in the projected 2019–20 operating result for the new council. Further details are available in (NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.

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4 2013-14 operating revenue figures were corrected on 20 January 2016.
BENEFITS, OPPORTUNITIES AND IMPACTS

The proposed merger has the potential to provide a $34 million benefit to communities over 20 years which could support investment in critical local infrastructure and services and/or utilised to address rate pressures.

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2015 shows the proposed merger has the potential to generate a net financial saving of around $19 million to the new council over 20 years. The proposed merger is also expected to generate, on average, around $1.8 million in net savings every year from 2020 onwards. Consequently, the merged council will have a balance sheet that is stronger and in a better position to meet local community needs and priorities.

Gross savings over 20 years are modelled to be due to:

- streamlining senior management roles ($4.5 million);
- be from the redeployment of back office and administrative functions ($17.4 million);
- efficiencies generated through increased purchasing power of materials and contracts ($1.8 million); and
- a reduction in the overall number of elected officials that will in turn reduce expenditure on councillor fees (estimated to be $500,000).

In addition, the NSW Government has announced a funding package to support merging councils which would result in $15 million being made available should the proposed merger proceed.

The implementation costs associated with the proposed merger (for example, information and communication technology, office relocation, workforce training, signage, and legal costs) are expected to be surpassed by the accumulated net savings generated by the merger within a seven-year payback period.

Merger savings could be reinvested to:

- improve infrastructure – annual savings could be redirected towards infrastructure renewal or capital works, including road maintenance and delivery of cultural centres. Redeployment of savings could lead to cumulative additional investment expenditure of $19 million over 20 years;
- enhance service delivery – redeployment of duplicate back office and administration functions and streamlining of senior management roles could provide the basis for employing an additional 36 frontline staff for services. This could include services such waste collection and environmental protection; and/or
- reduce rate pressures – annual savings could be used to reduce the need for SRVs to fund community infrastructure and/or avoid future rate increases.

The expected operating performance ratio of each council over the next 10 years is illustrated in Figure 4.

Tamworth Regional Council is expected to have an operating performance ratio which is close to 0 per cent over the next 10 years, while Walcha Council’s ratio is forecast to remain strongly positive. Overall, it is expected the proposed merger will enhance the financial sustainability of the new council through:

- net financial savings of $19 million to the new council over 20 years;
- achieving efficiencies across council operations through, for example, the redeployment of duplicated back office roles and administrative functions, and streamlining senior management;
- establishing a larger entity with revenue that is expected to exceed $117 million per year by 2025;
- an increased asset base of approximately $1.6 billion to be managed by the merged council; and

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5 NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
6 NSW Government (2015), Local Government Reform: Merger Impacts and Analysis, December.
7 Calculation of a council’s operating performance ratio excludes any grants received from the council’s reported operating revenue. This enables comparison of council operating performance based on own-source revenue.
• greater capacity to effectively manage and reduce the infrastructure backlog across the area by maintaining and upgrading community assets.

The Local Government Act contains protections for three years for all council employees below senior staff level. In rural centres with populations below 5000, staff numbers must be retained as far as is reasonably practicable.

*Figure 4: Projected operating performance ratio by council (2016-2025)*

Note: Operating performance ratio measures a council’s ability to contain operating expenditure within operating income.

Source: Council Long Term Financial Plans (2013-14)

**Opportunities for Improved Services and Infrastructure**

The efficiencies and savings generated by the merger will allow the new council to invest in improved service levels, a greater range of services, and address the current $50 million infrastructure backlog across the two councils. Examples of local infrastructure and service priorities that could be funded by merger-generated savings include projects like:

- significant ongoing replacement and enhancement of the local road and bridge network;
- enhancing and maintaining drainage infrastructure;
- developing better education and career opportunities, and developing and growing industries such as tourism to attract and retain more young people to the area;
- developing community infrastructure projects including improving library, sporting and recreational facilities; and
- enabling a number of identified cultural projects in Tamworth with regional significance, including an Aboriginal Cultural Centre and a Performing Arts Centre.

**Regulatory Benefits**

There are currently 152 separate regulatory and compliance regimes inconsistently applied across local council boundaries in NSW. These many layers of regulations are making it hard for people to do business, build homes and access services they need. NSW businesses rated local councils as second to only the Australian Tax Office as the most frequently used regulatory body, and highest for complexity in dealings.\(^8\)

It can be expected that the proposed merger will result in simplified council regulations for many Tamworth and Walcha residents and businesses. Tamworth Regional Council and Walcha Council are each

\(^8\) NSW Business Chamber, 2012 Red Tape Survey
responsible for separate and potentially inconsistent regulatory environments. A merged council provides an opportunity to streamline and harmonise regulations.

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

- a sole trading business offering agricultural or environmental management services across the Tamworth Regional and Walcha council areas will have just a single local council regulatory framework to understand and comply with; and

- residents can have greater confidence that development applications will be subject to a more uniform process than the existing variation in regulations that can add to the cost and complexity of home renovations and building approvals.

**Impact on Rates**

Each of the two councils is current seeking or has received approval for SRVs from IPART to fund community infrastructure. For example:

- Walcha Council intends to request a cumulative SRV of 10.5 per cent over a two-year period from 2016-17; and

- Tamworth Regional Council was approved an SRV of 11.0 per cent over a one-year period in 2012-13.

The savings generated by a merger may enable the new council to reduce reliance on rate increases to fund community infrastructure.

In addition, the proposed merger will bring together a range of residential and business premises across the area providing the new council with a large rate base on which to set ratings policies and improve the sustainability of council revenue. Table 1 outlines the mix of business and residential rating assessments that underpin current rate revenue across the area.

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

<table>
<thead>
<tr>
<th>Council</th>
<th>Business rating assessments</th>
<th>Residential rating assessments</th>
<th>Farmland rating assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamworth Regional Council</td>
<td>1,787</td>
<td>21,637</td>
<td>2,970</td>
</tr>
<tr>
<td>Walcha Council</td>
<td>147</td>
<td>903</td>
<td>735</td>
</tr>
<tr>
<td>Merged council</td>
<td>1,934</td>
<td>22,540</td>
<td>3,705</td>
</tr>
</tbody>
</table>


**Local Representation**

The ratio of residents to elected councillors in each of the two councils is markedly different. This reflects the wide variation in resident populations and number of councillors. While the proposed merger will increase the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other regional NSW councils, including the more populous Coffs Harbour City Council (Table 2). For the purpose of analysis of merger benefits, this proposal has assumed that the new council will have the same number of councillors as Tamworth Regional, as this has the largest number of councillors of the councils covered by this proposal. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the new council.

Some councils in NSW have wards where each ward electorate elects an equal number of councillors to make up the whole council. Community views on the desirability of wards for a new council will be sought through the consultation process.
Table 2: Changes to local representation in Tamworth and Walcha

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of councillors</th>
<th>Number of residents (2014)</th>
<th>Residents per councillor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamworth Regional Council</td>
<td>9</td>
<td>60,495</td>
<td>6,722</td>
</tr>
<tr>
<td>Walcha Council</td>
<td>8</td>
<td>3,098</td>
<td>387</td>
</tr>
<tr>
<td>Merged council</td>
<td>9*</td>
<td>63,593</td>
<td>7,066</td>
</tr>
<tr>
<td>Coffs Harbour City Council</td>
<td>9</td>
<td>71,798</td>
<td>7,978</td>
</tr>
</tbody>
</table>

* Tamworth and Walcha communities will have an opportunity to shape how a new merged council will be structured and function, including the appropriate number of elected councillors. Fifteen elected councillors is the maximum number currently permitted under the NSW Local Government Act 1993.


The new council will be in a position to use its larger scale and capacity to more effectively advocate for the needs of the Tamworth and Walcha communities. As the new council will represent a more significant share of the broader area’s population, and have a substantial economic base, it will be able to advocate more effectively on behalf of its residents. It will also have improved strategic capacity to partner with the NSW and Australian governments, including on major infrastructure initiatives, community services and regional planning and development.

The many ways communities currently engage with these councils will continue, including through public forums, committees, surveys and strategic planning. Councillors will continue to represent local community interests will have the opportunity to take a more regional approach to economic development and strategic planning.
THE LOCAL COMMUNITY

The communities across Tamworth Regional and Walcha councils share common characteristics and connections. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Geography and Environment

Tamworth and Walcha local government areas are located in the New England North West region of NSW, close to the Oxley Highway and Main North railway line. The Walcha area transitions from the New England tablelands to Tamworth located on the North West plains.

Both the Tamworth and Walcha areas include a significant number of areas of national parks, state forest and other areas of natural significance. These areas are an important attraction for tourists to the area, and are reflective of the environmental priorities of the region. Agriculture is an important feature of the local community and landscape for both Tamworth and Walcha and protecting agricultural land and water resources is a priority for both the State and local communities. This is reflected in the two councils’ strategic priorities.

Local Economy

The local economy is characterised by:

- household incomes of $64,117 in Tamworth and $58,900 in Walcha, both slightly below the regional NSW average of $65,168;
- average rates of unemployment of 7.9 per cent in Tamworth and 6.3 per cent in Walcha, compared to a regional NSW average 7.3 per cent;
- employment growth rates which are lower than the regional NSW average of 0.6 per cent, with 0.3 per cent growth in Tamworth and a decline of 0.9 per cent in Walcha;
- 52 per cent of adults in Tamworth have a post-school qualification compared to 47 per cent in Walcha, which are both slightly below the regional NSW average of 53 per cent; and
- similar industry composition across both council areas with businesses active in agriculture and forestry, construction, rental, hiring and real estate services, financial and insurance service and transport, postal and warehousing.

Table 3 provides a snapshot of the local business profile of each council. More than 6,000 local businesses across the area contribute more than 26,000 jobs to the local economy. In Walcha the majority of all businesses are in the agriculture, forestry and fishing sector, while Tamworth has a more diverse sector reflecting its importance as a service and retail centre for the wider New England North West region.

Table 3: Local business and employment profile

<table>
<thead>
<tr>
<th>Council</th>
<th>Number of businesses</th>
<th>Local jobs</th>
<th>Largest sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tamworth Regional Council</td>
<td>5,603</td>
<td>24,894</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
<tr>
<td>Walcha Council</td>
<td>654</td>
<td>1,452</td>
<td>Agriculture &amp; Forestry</td>
</tr>
<tr>
<td>Merged council</td>
<td>6,257</td>
<td>26,346</td>
<td>Health Care &amp; Social Assistance</td>
</tr>
</tbody>
</table>

Walcha residents rely on Tamworth to the west and Armidale to the north as important centres for employment, services and retail.

There are a number of transport routes that carry a significant level of traffic through and within the Tamworth and Walcha area. Tamworth is on both the New England Highway, which provides links north towards Queensland and south towards Sydney, and the Oxley Highway, which provides links from the coast to Western NSW. Walcha is located at the intersection of Thunderbolts Way and Oxley Highway, which provides alternate routes towards Brisbane, Sydney and the Mid North Coast of NSW.

A merged council will be able to leverage the combined road maintenance capacities of both existing councils, which could result in improved roads for the local communities.

The common features of the local economy across the area will require relatively similar services and infrastructure. A merged council will be better placed to deliver these services and infrastructure in a coordinated manner.

Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 70,000 residents by 2031. Tamworth Regional Council’s population is due to increase by 0.6 per cent by 2031, while Walcha Council’s population is forecast to decline.

Relative to the state average, the Tamworth and Walcha area has a larger proportion of older residents and a larger proportion of Indigenous residents. Like many areas across NSW, the Tamworth and Walcha area will also experience the impacts of an ageing population over the next 20 years (Figure 5).

![Figure 5 Change in population distribution, by age cohort (2011 v 2031)](image)

Source: NSW Department of Planning & Environment, 2014 NSW Projections (Population, Household and Dwellings).

A strong council with the appropriate scale and capacity is needed to respond and adapt to the changing service needs of the community. An ageing population is likely to increase demand for community health services, creation and maintenance of accessible parks and leisure areas, and community outreach services.

In comparison with the rest of regional NSW, the Tamworth and Walcha communities are relatively similar from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA) illustrated in Figure 6, measures a range of factors to rate an individual council’s relative socio-economic advantage. The Tamworth Regional and Walcha councils have similar socio-economic profiles and SEIFA scores, which are similar to the regional NSW average, but below the NSW average. This reflects the common characteristics across the Tamworth and Walcha communities in relation to, for example, household income, education, and employment.
Figure 6: Comparison of councils’ socio-economic profile

Table 4 outlines the similarity in the current mix of housing types across the area. Populations of both Tamworth and Walcha are likely to have similar service requirements from their councils, particularly in relation to how services are delivered (i.e. to a more dispersed population). A merged council provides an opportunity to apply a more regional and strategic focus to planning for the additional 3,950 households and associated amenities that are predicted by 2031.

Table 4: Dwelling types in the Tamworth and Walcha area (total number and per cent)

<table>
<thead>
<tr>
<th>Dwelling type</th>
<th>Tamworth Regional Council</th>
<th>Walcha Council</th>
</tr>
</thead>
<tbody>
<tr>
<td>Separate house</td>
<td>20,873 86%</td>
<td>1,456 93%</td>
</tr>
<tr>
<td>Medium density</td>
<td>2,927 12%</td>
<td>69 4%</td>
</tr>
<tr>
<td>High density</td>
<td>76 &lt;1%</td>
<td>0 0%</td>
</tr>
<tr>
<td>Other</td>
<td>351 1%</td>
<td>45 3%</td>
</tr>
<tr>
<td>Total private dwellings</td>
<td>24,227</td>
<td>1,570</td>
</tr>
</tbody>
</table>


Shared Community Values and Interests

Due to its size and location, Tamworth is the major urban and service centre for the wider New England North West region. In its *Fit for the Future* submission, Walcha Council identified Tamworth as being an important destination, particularly for retail and services. Tamworth is also home to a number of well-known events, including the annual Tamworth Country Music Festival, which attracts many visitors from the region and further afield.

These communities are bound by shared values and services which link the tablelands with the North West plains. While majority of residents in both council areas live primarily in major towns, each council has a significant rural population that requires specific rural service provisions. The Tamworth Regional Council’s Community Strategic Plan identifies the importance of balancing the needs of city, village and rural lifestyles to ensure each retains its unique character and identity so that necessary services can be accessed.

Both councils participate in a number of regional organisations, including the Namoi pilot Joint Organisation, and share service delivery for their communities. There are also many shared facilities and events of regional interest across the proposed new council area. Box 2 provides examples of community organisations, services and facilities that have a presence across the region which indicate strong connections between the communities in the existing council areas.
Shared regional services and facilities

Examples of community services which operate across the region include:

- the Central Northern Regional Libraries Association, which provides services to both councils and is administered by Tamworth Regional Council;
- The Tamworth Country Music Festival, which is a nationally renowned annual event held in January, which draws a large number of visitors from within the region and beyond, and provides significant tourism and economic benefits to the region;
- the Australian Equine and Livestock Events Centre, which is a modern and nationally significant arena and complex used for a variety of major equine events including racing, rodeos and campdrafting;
- a number of major educational institutions including State and private schools, TAFE Tamworth, a regional study centre at the University of New England, and University of Newcastle, Department of Rural Health. These institutions are based in Tamworth and service many students and support skills development for local industries in the New England North West region; and
- Tamworth Regional Airport, which is an important regional transport hub for the region, providing travel to both Brisbane and Sydney.

The Tamworth Regional and Walcha councils have already been collaborating in a number ways, for example:

- both councils participate in the formation and ongoing development of the Namoi Councils Joint Organisation, a newly established regional pilot program to focus on shared strategies and projects;
- both councils participate in the New England North West Tourism Association which represents tourism across the wider region;
- both councils are members of the not-for-profit Arts North West community organisation, which promotes art and culture within the region;
- both councils are members of the regional Northern Inland Waste Management Group, which has a shared waste management system;
- Walcha Council has a contract with Tamworth Regional Council to use its disposal facilities; and
- Tamworth Regional and Walcha councils have run a joint project to replace Woolbrook Bridge.

The connections between the councils and communities are evident in these existing partnerships and collaborations. A new council will be better placed to deliver these services and projects into the future, without relying on voluntary collaboration.
CONCLUSION

This proposal to create a merged council has the potential to provide a range of benefits to local communities, including:

- a $34 million total financial benefit over a 20 year period that can be used to deliver better community services, enhanced infrastructure and/or lower rates;
- NSW Government funding of $15 million to meet merger costs and provide a head start on investing in services and infrastructure that the savings from mergers will ultimately support;
- greater efficiencies through the redeployment of back office and administrative functions, increased purchasing power of materials and contracts, and reduced expenditure on councillor fees, all of which are expected, on average, to generate savings of around $1.8 million every year from 2020 onward;
- greater capacity to effectively manage and reduce the $50 million infrastructure backlog across the two councils by maintaining and upgrading community assets;
- reducing the reliance on rate increases through SRVs to fund local community infrastructure projects and services;
- better integrating strategic planning and economic development to more efficiently respond to the changing needs of the community;
- building on the shared communities of interest and strong local identity across the region;
- providing effective representation through a council with the required scale and capacity to meet the future needs of the community; and
- being a more effective advocate for the region’s interests and better able to deliver on priorities in partnership with the NSW and Australian governments.
NEXT STEPS

Every community will have an opportunity to help shape a new council for their region.

Community Engagement

This merger proposal will be referred to the Chief Executive of the Office of Local Government for examination and report under the Local Government Act (1993). The Chief Executive proposes to delegate this function to a suitably qualified person. The delegate will consider this proposal as required under the Act, including against statutory criteria and hold a public inquiry. The delegate will also undertake public consultation to seek community views. The delegate is also required by the Act to provide the delegate’s report to an independent Boundaries Commission for review and comment. The Minister for Local Government under the legislation may decide whether or not to recommend to the Governor that the merger proposal be implemented. For the factors a delegate must consider when examining a merger proposal (under section 263 of the Local Government Act (1993)), please refer to the Appendix to this document.

Through the merger assessment process, there will be opportunities for communities and stakeholders to consider merger proposals and have their say. Each merger proposal will be the subject of a public inquiry where the community can hear about and discuss the proposal. Through the consultation process, the delegate will ensure that the opinions of each of the diverse communities of the resulting area or areas will be effectively represented.

Further information about the process is available on the Local Government Reform website at www.councilboundaryreview.nsw.gov.au, including:

- details about the proposed mergers;
- information about the delegate for your area;
- dates for public meetings; and
- a portal to provide a written submission.
Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal. The section references outline where the criteria have been addressed in this merger proposal.

<table>
<thead>
<tr>
<th>Legislative criteria</th>
<th>Section reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(b) the community of interest and geographic cohesion in the existing areas and in any proposed new area</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(c) the existing historical and traditional values in the existing areas and the impact of change on them</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(d) the attitude of the residents and ratepayers of the areas concerned</td>
<td>There is a public consultation process which includes a public inquiry allowing for the views of residents and ratepayers to be considered.</td>
</tr>
<tr>
<td>(e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
<tr>
<td>(e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned</td>
<td>Financial Benefits of the Proposed Merger</td>
</tr>
<tr>
<td>(e3) the impact of any relevant proposal on rural communities in the areas concerned</td>
<td>The Local Community</td>
</tr>
<tr>
<td>(e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards</td>
<td>Local Representation</td>
</tr>
<tr>
<td>(e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented</td>
<td>Next Steps</td>
</tr>
<tr>
<td>(f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas</td>
<td>Benefits, Opportunities and Impacts</td>
</tr>
</tbody>
</table>
For more information visit: www.councilboundaryreview.nsw.gov.au

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