

Tim Stubbs
Delegate

18 April 2016

The Hon Paul Toole
Minister for Local Government
GPO Box 5341
Sydney NSW 2000

COUNCIL BOUNDARY REVIEW: Merger Proposal

- Jerilderie Shire Council
- Murrumbidgee Shire Council

Please find attached my examination report for the above merger proposal.

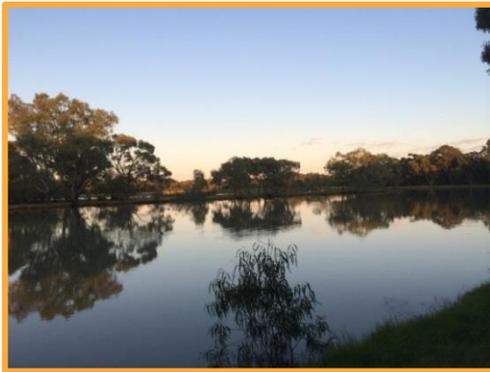
Yours sincerely



Tim Stubbs
Delegate

cc: Mr Robert Sendt
Chairperson
Boundaries Commission
GPO Box 5341
Sydney NSW 2000

Examination of Jerilderie Shire Murrumbidgee Shire Merger Proposal



Report to the Boundaries Commission

Delegate — Tim Stubbs

April 2016

Acknowledgment: I wish to acknowledge the excellent and tireless work of my Executive Officer, Scott Forsdike as well as Joyce Tapper for assisting me in undertaking this examination.

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1 Executive summary

On 17 February 2016 the Acting Chief Executive of the Office of Local Government delegated to me (Tim Stubbs) the function of examining and reporting on the proposal to amalgamate the local government areas of Murrumbidgee and Jerilderie.¹ This is a proposal made by Jerilderie Shire Council and referred by the Minister for Local Government to the Acting Chief Executive of the Office of Local Government.²

I have prepared this report on the Murrumbidgee and Jerilderie Shire merger proposal considering all the information I have received as part of the public consultation period as well as my own research relating to each factor I am required to assess under section 263(3) of the *Local Government Act 1993* (The Act).

1.1 Recommendation

Based on my assessment of the section 263(3) factors of the Act I recommend that this proposal **be** implemented.

The merged council is forecast to deliver considerable net savings over a 20-year period. These net savings are greater than the net savings forecast in the previous two merger proposals, either individually or combined (Jerilderie (part)/Berrigan and Jerilderie (part)/Murrumbidgee). The proposal also provides the opportunity for improved service levels across the merged councils, both as a result of the forecast savings but also as a result of the improved skills and capacity in the merged council.

My assessment of the financial factor finds that the net benefits will be positive but will vary from those estimated by KPMG in its analysis. This is due to savings from the streamlining of senior staff, being approximately 60% less than estimated by KPMG.

The proposal has positive implications for a number of other factors including; communities of interest and geographic cohesion, service levels, employment and rural impacts.

The submissions show the attitude of the residents and ratepayers towards the merger is divided with support for the proposal varying between existing council areas. The Jerilderie residents and ratepayers generally support the proposal. The Murrumbidgee residents and ratepayers are split with a slight majority being against the proposal.

¹ The Instrument of Delegation is shown in Appendix A.

² See Appendix B.

The examination found that the proposal will not have a negative effect on any of the factors for consideration.

Like any change there may be some transition issues that will need to be managed appropriately. Some resentment between councils has been generated through this merger process and some care will need to be taken in developing the new council to ensure this is properly managed.

My findings against each factor are summarised in Table 1.1 below.

Table 1.1 Findings and recommendations for each factor

Financial advantages or disadvantages to residents and ratepayers

The KPMG analysis shows the proposed full merger of Jerilderie and Murrumbidgee Shire Councils has a positive financial impact. The forecast net savings would be lower than calculated by KPMG due to employment conditions being different to those assumed by KPMG.

Comparatively the KPMG analysis undertaken for each of the proposed mergers (part Jerilderie/Murrumbidgee, part Jerilderie/Berrigan and full Jerilderie/Murrumbidgee) shows the full merger delivering at least 100% greater net savings than either of the individual part merger proposals and 43% greater net savings than the combined part mergers.

Independent analysis commissioned by Murrumbidgee Shire Council also shows the full merger to be a more optimal solution when compared with the part merger proposal for Jerilderie and Murrumbidgee.

Community of interest and geographical cohesion

Many of the submissions addressed the 'community of interest' factor. In many cases these submissions identified community attributes that may or may not align as opposed to a 'community of interest'.

The proposed merger will combine a strong community of interest, the Coleambally Irrigation Area (CIA), into the same council. This is likely to have a positive material impact as businesses operating in the same irrigation area will now be subject to the same administration under a single council.

On this basis, communities of interest and geographical cohesion are considered to be positively impacted by the proposed merger.

Historical and traditional values

In considering the historical and traditional values of the areas affected, there is no evidence to indicate that the historical and traditional values would be adversely affected by the merger proposal.

Attitudes of residents and ratepayers

The submissions show the attitudes of the residents and ratepayers are divided. The majority of Jerilderie residents and ratepayers support the proposal. The Murrumbidgee residents and ratepayers are more divided with a slight majority being against the proposal. Murrumbidgee councillors reflect this split with three supporting the proposal and three against the proposal.

Across the two shires, based on submissions received and the results of the surveys carried out by Murrumbidgee Shire, there appears to be a majority support for the proposed merger.

Table 1.1 Findings and recommendations for each factor continued**Representational issues**

Although the KPMG assessment assumes seven councillors for the new council the analysis shows nine councillors would be better. This number spread across three wards (one covering each of the three communities) would provide representation to each of the three communities in the new council. This would go some way to addressing concerns about the reduced levels of representation and the fairness of representation between communities under the proposed merger.

Services and facilities

The proposed full merger provides an opportunity to improve services provided across the newly merged council. These could range from improved administration due to the previously vacant positions at Murrumbidgee Council being filled to lifeguard services being operated at the Jerilderie pool as they are in Murrumbidgee Shire.

The forecast net savings will also provide the opportunity for the new council to deliver improved services.

Employment impacts

The proposed merger should have positive employment impacts for the region. Legislative protections under the Act will mean that all current positions in all three towns will be maintained.

The new larger council would also be more likely to attract skilled people to fill any future vacant positions. This will bring skilled people to the region, some of these will be likely to bring a family and the associated positives this brings to these small communities.

Rural Impacts

There would only appear to be positive rural impacts for the new merged council. The forecast savings should mean the merged council is able to provide better services to its rural communities.

Also the increased scale and capacity of the region should mean the three communities are able to work effectively together to improve the position of all communities.

Dividing the area into wards

Submissions from people from both the Murrumbidgee Shire and the Jerilderie Shire have included consistent support for three wards to be put in place across the region if the proposed merger proceeds. These would be set up so that each ward would broadly encompass a town and the surrounding area. These would need to be set up in a way such that variance in population numbers between wards was less than 10%. This appears to be relatively straightforward as the population numbers of the towns are relatively close and so boundaries would need to include the right number of rural residents to get the numbers within the required range.

This proposed ward structure is therefore recommended for the merged council.

Effective representation of diverse communities

In considering representation for diverse communities no significant issues were raised in submissions. There is no recommendation for the merged council on effective representation of diverse communities.

Other matters

The four-year freeze on rates would provide adequate time for the new council to develop a rating framework with the community.

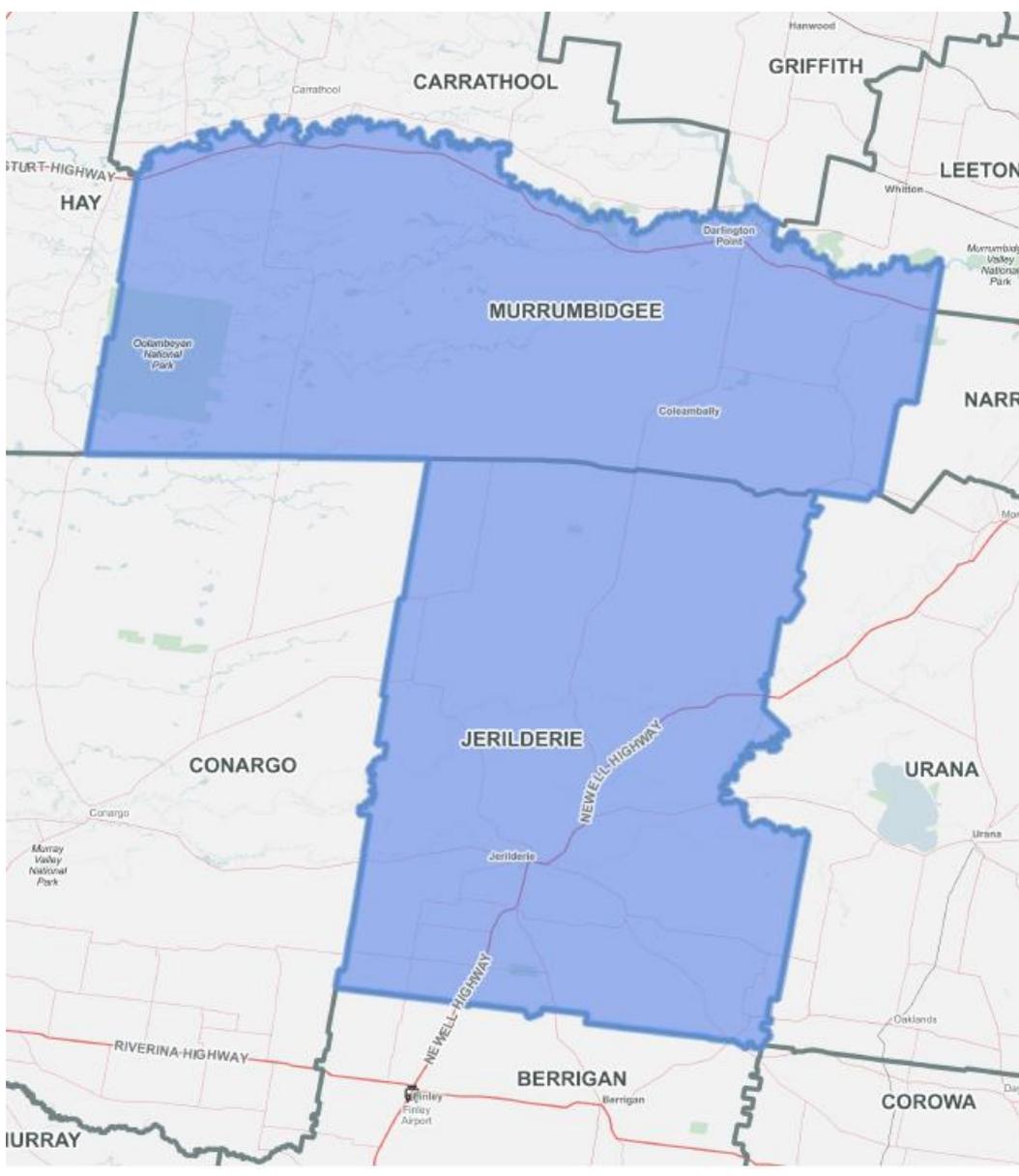
Given that Jerilderie will still be the name of the town in a merged Shire it would seem acceptable that the new merged council be named Murrumbidgee Shire Council

2 Introduction

2.1 Description of proposal

This report is for the examination of the proposal made by Jerilderie Shire Council and referred by the Minister for Local Government under section 218E(1) of the Act for the merger of Murrumbidgee Shire and Jerilderie Shire (shown in Figure 2.1).

Figure 2.1 Jerilderie Shire and Murrumbidgee Shire Councils



2.2 Description of examination process

On 17 February 2016 the Acting Chief Executive of the Office of Local Government delegated to me (Tim Stubbs) the function of examining and reporting on the proposal to amalgamate the local government areas of Murrumbidgee and Jerilderie. This is a proposal made by Jerilderie Shire Council and referred by the Minister for Local Government to the Acting Chief Executive of the Office of Local Government.³

A copy of the Instrument of Delegation is shown in Appendix A.

As the delegate I must examine and report on this proposal in line with the requirements of the Act.

The factors for consideration under section 263(3) of the Act include:

- a) The financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to residents and ratepayers of the areas concerned
- b) The community of interest and geographic cohesion in the existing areas and in any proposed new area
- c) The existing historical and traditional values in the existing areas and the impact of change on them
- d) The attitude of the residents and ratepayers of the areas concerned
- 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
 - 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
 - e2) The impact of any relevant proposal on the employment of staff by the councils of the areas concerned
 - e3) The impact of any relevant proposal on rural communities in the areas concerned
 - 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

³ See Appendix B.

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

f) Such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.

As part of this process I have met with Jerilderie Shire and Murrumbidgee Shire Councils⁴, received written submissions and conducted a public inquiry. Details about the public inquiry sessions are shown in Table 2.1.

Table 2.1 Public Inquiry sessions

Session	Murrumbidgee	Jerilderie
Session	Darlington Point Sports Club 17 March 2016 7pm-10pm	Jerilderie Civic Hall 16 March 2016 7pm-10pm
Attendance	86	157
Speakers	17	18

Additionally, 445 written submissions were received.⁵ Copies of written submissions as well as the transcripts of each public inquiry session will be published on the Council Boundary Review website.

I have prepared this report on the Murrumbidgee Shire and Jerilderie Shire merger proposal considering all the information I have received as part of the public consultation period as well as my own research relating to each factor I am required to consider under section 263(3) of the Act.

The Final Report will be provided to the Minister and to the Boundaries Commission. The role of the Boundaries Commission is to review this report and provide its comments to the Minister. The Minister will make a decision on whether or not to recommend the implementation of this proposal to the Governor of NSW.

2.3 Summary of submissions

A total of 480 submissions have been received on this merger proposal. This was made up of 445 written submissions⁶ and 35 verbal submissions at the Public Inquiry sessions. Most of the submissions received were from the Jerilderie Shire

⁴ Met with Jerilderie Shire and Murrumbidgee Shire on 16 and 17 of March 2016 respectively.

⁵ This includes a form letter with 85 signatures attached.

⁶ Ibid.

community who strongly support this proposal to merge Jerilderie Shire in full with Murrumbidgee Shire Council.⁷

A number of submissions, mostly from the Murrumbidgee Shire community, do not support this proposal.⁸

2.3.1 Councils

Jerilderie Shire notes its first preference in the Fit for the Future process was to become a Rural Council.⁹ However, recognising the NSW Government's preference is for a merger, the council states the Jerilderie community offers its total support for the full merger of Jerilderie Shire Council with Murrumbidgee Shire Council.¹⁰ The support for this proposal is based on:

- ▼ Strong communities of interests and shared needs and priorities. The councils have cooperated and shared resources over many years.
- ▼ Increased scale and capacity. This will allow increases in service delivery including the expansion of engineering contract works on main roads.
- ▼ Minimal disruption to the workforce. It is expected that employment impacts would be limited and would provide employees with greater long term job security.¹¹
- ▼ Maintenance of equitable representation. With both councils being of similar size, local representation will be protected.¹²

Murrumbidgee Shire Council's position on the merger proposal is that the Council and the community's position on the matter are divided. The motion was considered by Council with the vote being tied (3:3). The mayor used his casting vote to pass the motion.¹³

⁷ Around 346 submissions support this proposal. See, Stacy Smith, *Submission*, 10 March 2016; John F Peel, *Submission*, 10 March 2016; Jillian Anthony, *Submission*, 11 March 2016; Jenny Ryan, *Submission*, 16 March 2016; Adrian Burke, *Submission*, 23 March 2016. See also, Robert Adamson, *Submission*, 23 March 2016; Tianni Given, *Submission*, 23 March 2016; Ian Girdwood, *Submission*, 3 April 2016; Des McRae, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Lothar Stritthof, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Gaila Smith, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Heidi Bryce, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016; Karen Sleeman, *Submission*, 8 April 2016.

⁸ Around 120 submissions oppose this proposal. This includes a form letter with 85 signatures attached. See also, Margaret Gilbert, *Submission*, 24 February 2016; Sue Mitchell, *Submission*, 8 April 2016; Marg Gilbert, *Submission*, 8 April 2016; DNM (Nick) Hutchins, *Submission*, 17 March 2016.

⁹ The NSW Government asked IPART to perform the role of the Expert Advisory Panel to assess how council proposals met the Fit for the Future criteria. Councils were requested to submit proposals with IPART for assessment under the NSW Government's Fit for the Future reforms in 2015.

¹⁰ Jerilderie Shire Council, *Submission*, 7 April 2016, p 2.

¹¹ *Ibid*, p 11.

¹² *Ibid*, p 9.

¹³ Murrumbidgee Shire Council, *Submission*, 6 April 2016, p 2.

Murrumbidgee Shire undertook a community engagement process with its community which included community meetings, and surveys of its residents (eg, paper, online, phone).¹⁴ The results of the surveys show the community is divided. For example, results from the phone survey of 366 residents showed around 35% strongly support the merger of Murrumbidgee and whole of Jerilderie Shire Council, while 41% strongly support the Murrumbidgee and Jerilderie Shire (part) merger.¹⁵

2.3.2 Community

The Jerilderie community support this merger proposal.¹⁶ The community's strong support for this proposal is based on the common view that this is the best possible outcome for the Jerilderie and Murrumbidgee communities. A number of submissions comment that this proposal will have the least negative impact on the community relative to the Minister's proposals, which split Jerilderie Shire between Berrigan and Murrumbidgee Shire.¹⁷

The submissions consider the proposal will enhance the scale and capacity of the merged council. This will have positive impacts on each of the factors for consideration including financial, communities of interest, service delivery, employment by council and rural impacts.¹⁸ Moreover, many submissions comment that local representation will be protected due to the similar size communities of Coleambally, Darlington Point and Murrumbidgee. This addresses a significant concern of the Jerilderie split merger proposals.¹⁹

A number of submissions from the Murrumbidgee Shire community oppose this merger proposal.²⁰ These submissions note their support for the Jerilderie Shire

¹⁴ Ibid, p 1.

¹⁵ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 20.

¹⁶ Around 346 submissions support the proposal. See, Colleen Mader, *Submission*, 24 February 2016; Julie Conn, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Speaker 8, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Kevin A'Vard, *Submission*, 16 March 2016; Judy and Paul Ryan, *Submission*, 21 March 2016; June Scammell, *Submission*, 30 March 2016; Vicki Sutton, *Submission*, 8 April 2016; Ken and Wendy Brain, *Submission*, 8 April 2016; Chris Barron, *Submission*, 5 April 2016; Terry Hogan, *Submission*, 5 April 2016.

¹⁷ See, Tanya Rorato, *Submission*, 25 February 2016; Sean Woodbury, *Submission*, 25 February 2016; Sylvia Rorato, *Submission*, 25 February 2016; David Saunders, *Submission*, 3 March 2016; Christine Ellis, *Submission*, 7 March 2016; Robert Adamson, *Submission*, 23 March 2016.

¹⁸ Around 250 form letters were received that raised this point. See, Mary Catena, *Submission*, 30 March 2016; Kathleen Angove, *Submission*, 23 March 2016; Rebekah Salter, *Submission*, 23 March 2016. See also, Murray Shaw, *Submission*, 7 April 2016 and David Tamlyn, *Submission*, 7 April 2016.

¹⁹ Around 250 form letters were received that raised this point. See, June Parkhill, *Submission*, 23 March 2016; Richard Simpson, *Submission*, 30 March 2016; Dawn McGrellin, *Submission*, 17 March 2016. See also, Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Col Williams, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Susan Appleyard, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Janet Crittenden, *Submission*, 8 April 2016.

²⁰ Around 120 submissions opposed this proposal. This includes a form letter received with 85 signatures attached. See, Margaret Gilbert, *Submission*, 24 February 2016; Sue Mitchell, *Submission*, 8 April 2016; Marg Gilbert, *Submission*, 8 April 2016; DNM (Nick) Hutchins, *Submission*, 17 March 2016; Gavin Gilbert, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

(part) and Murrumbidgee Shire merger proposal.²¹ The key reasons for opposing this proposal include:

- ▼ puts at risk the \$30 million of grant funding committed by the NSW Government to the previous two split proposals.²²
- ▼ Murrumbidgee Shire is in a stronger financial position than Jerilderie Shire. For example, Murrumbidgee met the financial benchmarks for Fit for the Future while Jerilderie Shire did not. Therefore a merger will be a financial disadvantage to Murrumbidgee Shire ratepayers.²³
- ▼ The merged area will be too large and there are limited communities of interest in the southern part of Jerilderie outside the Coleambally Irrigation Area with Murrumbidgee Shire.²⁴ The area also does not align with the government's regional planning objectives for the Riverina Murray Region.²⁵

2.4 Background

2.4.1 Local Government reform program

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. Key steps in the process to date include the Independent Local Government Review Panel's review of local government and the Independent Pricing and Regulatory Tribunal's (IPART) Fit for the Future assessment of councils. IPART determined that neither of the two councils were 'fit' to stand alone. IPART determined that Murrumbidgee Shire satisfied key financial performance benchmarks. However, IPART assessed that Jerilderie Shire did not meet the financial performance benchmarks. Operating individually each council would have limited scale and capacity to effectively deliver on behalf of residents and meet future community needs.²⁶

²¹ See, Margaret Gilbert, *Submission*, 24 February 2016; Patricia Boyd, *Submission*, 18 March 2016; Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016.

²² See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016 and a form letter received with 85 signatures attached, 8 April 2016.

²³ See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Paul Goodsall, *Submission*, 8 April 2016; Christina Robb, *Submission*, 8 April 2016; James Tongue, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Paul Mitchell, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016, and a form letter received with 85 signatures attached, 8 April 2016.

²⁴ See, Christina Robb, *Submission*, 8 April 2016; Peter van Hees, *Submission*, 5 April 2016; Patricia Boyd, *Submission*, 18 March 2016; DNM (Nick) Hutchins, *Submission*, 17 March 2016; Kimberly, *Submission*, 24 February 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Paul Mitchell, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Gary Smith, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

²⁵ Phillip Wells, *Submission*, 7 April 2016.

²⁶ NSW Government, *Jerilderie Shire (part) and Murrumbidgee Shire Council merger proposal*, January 2016, p 3.

3 Financial factors

This chapter contains an assessment of section 263(3)(a) of the Act.

The financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to residents and ratepayers of the areas concerned.

3.1 Summary

The KPMG analysis shows the proposed full merger of Jerilderie and Murrumbidgee Shire Councils will deliver significant savings. The forecast net savings would be lower than modelled by KPMG due to employment conditions being different to those assumed in the modelling.

Comparison of the KPMG analysis undertaken for each of the proposed mergers (part Jerilderie and Murrumbidgee, part Jerilderie and Berrigan and full Jerilderie and Murrumbidgee) shows the full merger delivering at least 100% greater net savings than either of the individual part merger proposals and 43% greater net savings than the combined part mergers.

Independent analysis commissioned by Murrumbidgee Shire Council also shows the full merger to be a more optimal solution when compared with the part merger proposal for Jerilderie and Murrumbidgee.

3.2 Submissions

Jerilderie Shire Council and Murrumbidgee Shire Council have included with their submissions an analysis commissioned by Murrumbidgee Shire Council. Kerry McMurray undertook a comparative financial assessment of the Murrumbidgee Shire and Jerilderie Shire (part) merger proposal and the Murrumbidgee Shire and Jerilderie Shire (whole) merger proposal.²⁷ The key findings of this assessment include:

- ▼ The Murrumbidgee Shire and Jerilderie (whole) proposal meets the seven Fit for the Future benchmarks, while the Murrumbidgee Shire and Jerilderie Shire (part) merger meets only six of the seven benchmarks.²⁸
- ▼ The Murrumbidgee Shire and Jerilderie (whole) merger has a significantly higher operating result compared with the Murrumbidgee Shire and Jerilderie Shire (part) merger.

²⁷ Kerry McMurray, *Murrumbidgee Shire Council Merger Proposal Analysis*, March 2016, p 46.

²⁸ The Fit for the Future benchmarks include: (1) operating performance ratio (2) own source revenue ratio (3) building and asset renewal ratio (4) infrastructure backlog ratio (5) asset maintenance ratio (6) debt service ratio (7) real operating expenditure (IPART, *Methodology for Assessment of Council Fit for the Future Proposals*, June 2015, p 7).

- ▼ The analysis undertaken by KPMG in relation to the Murrumbidgee Shire and Jerilderie Shire (part) merger is fundamentally flawed at all levels.²⁹

Murrumbidgee Shire Council provided its community survey results from a paper and online poll which show around 41% of respondents thought the proposed merger will benefit the Murrumbidgee community.³⁰ The results from the IRIS telephone survey of 336 residents show around 29% of respondents strongly agree that the merger proposal will benefit the Murrumbidgee community.³¹

Other submissions

Many submissions in support of the merger proposal consider the proposal makes sense logically, socially and economically rather than splitting.³² This includes a number of submissions which state that the full merger will give strength, capacity and economies of scale, so future mergers are less likely. Others suggested the merged council will have greater viability, which will positively impact on employment opportunities and service levels.³³ Many submissions commented that the costs of the merger are likely to be minimal allowing grant funding to increase service levels.³⁴

On the other hand, submissions which do not support the merger proposal identify some financial disadvantages to the merged council and ratepayers:

- ▼ puts at risk the \$30 million of grant funding committed by the NSW Government to the previous two split proposals.³⁵
- ▼ Identifies that Murrumbidgee Shire is in a stronger financial position than Jerilderie Shire and therefore a merger will be a financial disadvantage to Murrumbidgee Shire ratepayers.³⁶ Examples provided include:
 - ▼ Murrumbidgee met the financial benchmarks for Fit for the Future while Jerilderie Shire did not³⁷

²⁹ Jerilderie Shire Council, *Submission*, 7 April 2016, p 4.

³⁰ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment B, p 12.

³¹ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 21.

³² See, Tanya Rorato, *Submission*, 25 February 2016; Sean Woodbury, *Submission*, 25 February 2016; Luciana Rorato, *Submission*, 25 February 2016.

³³ See, Christine Ellis, *Submission*, 7 March 2016; Bernard Star, *Submission*, 26 February 2016; Chris Noack, *Submission*, 16 March 2016; Murray Shaw, *Submission*, 7 April 2016; Christine Chirgwin, *Submission*, 24 February 2016; Lynne Stuckings, *Submission*, 7 April 2016; Karen Sleeman, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016.

³⁴ Around 250 form letters made this comment. See for example, Mervyn Adamson, *Submission*, 9 March 2016; Carmel Hillary, *Submission*, 10 March 2016; Stacy Bell, *Submission*, 10 March 2016.

³⁵ See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016 and a form letter received with 85 signatures attached, 8 April 2016.

³⁶ See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Paul Goodsall, *Submission*, 8 April 2016; Christina Robb, *Submission*, 8 April 2016; James Tongue, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Paul Mitchell, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

³⁷ Phillip Wells, *Submission*, 7 April 2016.

- ▼ Jerilderie has insufficient funds to meet its leave entitlement obligations³⁸
- ▼ Impact of Jerilderie's road maintenance and repairs backlog³⁹
- ▼ Concerns about inheriting Jerilderie's debt.⁴⁰

3.3 Analysis

Financial analysis undertaken by KPMG for the merger of Murrumbidgee Shire and Jerilderie Shire Councils showed that it has the potential to generate a net financial saving of \$2 million to the new council over 20 years.⁴¹

The net financial savings have been calculated from the anticipated gross savings each year with a nominal discount rate of 9.5% applied.⁴² This is a conservative discount rate and may underestimate the net financial savings of the proposed merger.⁴³

KPMG modelled the gross savings over 20 years to be due to:

- ▼ Streamlining senior management roles (\$3 million).
- ▼ The redeployment of back office and administrative functions (\$2 million).
- ▼ Efficiencies generated through increasing purchasing power of materials and contracts (\$400,000).⁴⁴

The KPMG modelling approach uses a consistent set of assumptions across all councils to analyse the relative financial costs and benefits of a merger proceeding and identify overall savings.

The employment conditions of senior management in Murrumbidgee Shire and Jerilderie Shire Councils do not align with the assumptions KPMG used to forecast savings.

³⁸ Peter van Hees, *Submission*, 5 April 2016.

³⁹ Paul Mitchell, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

⁴⁰ James Tongue, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

⁴¹ KPMG, *Financial Analysis: Jerilderie Shire Council and Murrumbidgee Shire Council*, March 2016 p 2 (see Appendix C).

⁴² KPMG, *Outline of Financial Modelling Assumptions for Local Government Merger Proposals*, Technical Paper, January 2016, p 9.

⁴³ This compares with the NSW Treasury guidelines which uses a central real discount rate of 7% with sensitivity tests on the use of 4% and 10% (NSW Treasury, *NSW Treasury Guidelines for Economic Appraisal*, Office of Financial Management tpp 07-5, p 18).

⁴⁴ KPMG, *Financial Analysis: Jerilderie Shire Council and Murrumbidgee Shire Council*, March 2016 p 2.

3.3.1 Streamlining senior management roles

KPMG assumption

- ▼ For regional councils mergers lead to a loss of two Tier 3 positions per council and the salaries of these roles equate to approximately 75 percent of the General Manager's reported salary.⁴⁵

Murrumbidgee/Jerilderie situation

The only 'senior staff' (Tier 3 or 4) positions at both Jerilderie Shire and Murrumbidgee Shire Councils is the General Manager role. Both Councils have no Tier 3 (Director) positions. The KPMG analysis assumed that in regional councils, mergers would result in the loss of two Tier 3 positions, across the two councils and one General Manager Position from one of the councils.⁴⁶

The lack of Tier 3 roles and the protections provided to award staff under section 218CA of the Act means there would only be the loss of one General Manager role as a result of the merger.

Based on the KPMG salary assumption the Tier 3 roles would have made up 60% of the \$3 million gross saving over 20 years from the streamlining of senior management roles. This would have significant implications for the net savings of \$2 million over 20 years forecast in the proposal.

3.3.2 Comparison with forecast savings in previous merger proposals

KPMG have now undertaken financial analysis of the three merger proposals involving Jerilderie Shire:

- ▼ Berrigan/Jerilderie part merger
- ▼ Murrumbidgee/Jerilderie part merger
- ▼ Murrumbidgee/Jerilderie full merger

As the two part mergers encompassed the full Jerilderie Shire it is possible to use the KPMG analysis as a comparative tool of the relative financial benefits of the proposals.

Using this comparative approach any concerns around the analysis undertaken by KPMG become less relevant as all three proposals will have been exposed to the same issues.

The net financial savings over 20 years forecast under each proposal are:

⁴⁵ KPMG, *Outline of Financial Modelling Assumptions for Local Government Merger Proposals*, Technical Paper, January 2016, p 4.

⁴⁶ Meeting with Jerilderie Shire and Murrumbidgee Shire councils, 16 and 17 March 2016 respectively.

- ▼ Berrigan/Jerilderie part - \$1 million⁴⁷
- ▼ Murrumbidgee/Jerilderie part - \$400,000⁴⁸
- ▼ Murrumbidgee/Jerilderie full - \$2 million⁴⁹

The proposal for the full merger of Murrumbidgee and Jerilderie Shire Councils delivers an increase in net financial savings of 43% over the combined net financial savings of the two part mergers.

In terms of net financial savings forecast by KPMG this would make the full merger option the preferred option.

3.3.3 Comparative economic assessment included in council's submissions

Murrumbidgee Shire Council included with its submission an analysis commissioned by Murrumbidgee Shire Council⁵⁰ which evaluates both the part Jerilderie/Murrumbidgee proposal and the full Jerilderie/Murrumbidgee proposal against the Fit for the Future process 'measures and benchmarks' for a rural council.⁵¹ This submission also has the full support of Jerilderie Shire Council.⁵²

The 'measures and benchmarks' and the conclusions for each proposal (part merger and full merger) are contained in Table 3.1.

Table 3.1 Analysis of proposals against Fit for the Future measures and benchmarks for a rural council

Benchmark	Part merger	Full merger
Operating Performance Ratio	Exceeds benchmark	Exceeds benchmark
Own Source Revenue Ratio	Exceeds benchmark	Exceeds benchmark
Building and Asset Renewal Ratio	Exceeds benchmark	Exceeds benchmark
Infrastructure Backlog Ratio	Exceeds benchmark	Exceeds benchmark
Asset Maintenance Ratio	Below benchmark	Exceeds benchmark
Debt Service Ratio	Exceeds benchmark	Exceeds benchmark
Real Operating Expenditure	Exceeds benchmark	Exceeds benchmark

⁴⁷ NSW Government, *Merger Proposal: Berrigan Shire Council Jerilderie Shire Council (part)*, January 2016.

⁴⁸ NSW Government, *Merger Proposal: Jerilderie Shire Council (part) Murrumbidgee Shire Council*, January 2016.

⁴⁹ KPMG, *Financial Analysis: Jerilderie Shire Council and Murrumbidgee Shire Council*, March 2016 p 2.

⁵⁰ Kerry McMurray, *Murrumbidgee Shire Council Merger Proposal Analysis*, March 2016.

⁵¹ Office of Local Government, *Fit for the Future Completing Template 3: Rural Council Proposal*, January 2015, p 15.

⁵² Support indicated by Craig Moffitt and Ruth McRae at meeting with Council, 16 March 2016.

These ‘measures and benchmarks’ provide useful criteria for comparison of the two merger proposals and show that the full merger proposal slightly exceeds the part merger proposal.

It is interesting to note that the analysis also found the operating result before capital grants and contributions was higher for the full merger yet the operating performance ratio was higher for the part merger.⁵³

The operating performance ratio is the net continuing operating result divided by the total continuing operating revenue.⁵⁴ It is not surprising the part merger with a smaller continuing operating revenue has a higher ratio than the full merger. The higher operating result of the full merger supports the conclusions of the KPMG analysis.

3.3.4 NSW Government Funding for mergers

The two proposals for the part merger of Jerilderie with Berrigan and Murrumbidgee respectively each included \$15 million in NSW Government Funding. This would potentially inject \$30 million into the local economy across the three existing council areas.

The KPMG financial analysis for the proposal for the full merger between Jerilderie and Murrumbidgee is less certain on NSW Government funding for the merged entity:

“In addition, the NSW Government has announced a funding package to support merging councils. Should a council initiated or subsequent government merger proposal proceed instead of an original Government proposed merger, consideration will be given to funding the merger in the same way.”⁵⁵

A number of submissions raised concerns about the ‘lost funding’ under the full merger proposal.

“In a part merger we are guaranteed a \$15 million influx to our finance and our Shire. With the full merger there is a strong possibility that no money will be given by the Government for this merger as it was not a proposal put forward by the Minister. So Jerilderie has put us in a situation where this could end up costing our rate payers millions of dollars for a merger that we have not asked for”.⁵⁶

It is impossible to make any conclusions at this stage about what level of funding the NSW Government might provide under the full merger proposal as opposed to the part merger proposals.

⁵³ Kerry McMurray, *Murrumbidgee Shire Council Merger Proposal Analysis*, March 2016, p 45.

⁵⁴ Office of Local Government, *Fit for the Future Completing Template 3: Rural Council Proposal*, January 2015, p 15.

⁵⁵ KPMG, *Financial Analysis: Jerilderie Shire Council and Murrumbidgee Shire Council*, March 2016 p 2.

⁵⁶ Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

3.3.5 Relative current financial position of each of the councils

Many submissions raised concerns about the relative financial positions of each of the councils.

“Murrumbidgee Shire Council’s auditor reviewed Jerilderie Shire Council’s statements and found that there was no financial advantage or betterment to Murrumbidgee Shire Council based on the last 4 years of statements from Jerilderie Shire Council”.⁵⁷

“our Council always has reserves to back us up and this shows with what is in our bank: over 10 million dollars. If we combine in a full merger these funds will be depleted – or partially – to back up insufficient funds that Jerilderie have such as leave entitlements of \$2.1 million needed with only \$700,000 around about available in which Jerilderie stated they will have this gap amount in three to four years of a full merger, and 22 of 43 people are aged over 55 and looking for retirement. Upon a Council merger, this money has to come from somewhere and guess what it’s from us”.⁵⁸

Alternate views were also put forward.

“Contrary to recent reports in the media and comments made tonight Jerilderie Shire has more than sufficient cash reserves to meet its employee leave liabilities now and into the future. Cash reserves for this purpose are maintained at a level above the industry standard”.⁵⁹

Councils take different approaches to how they manage their budgets and the relative importance they place on increasing cash reserves and expenditure on services etc.

“As a landholder, we pay the lion’s share of rates for this Shire and, yes the balance sheet is very strong in a lot of respects cash-wise and negligible debt but I don’t think Jerilderie’s balance sheet should be knocked for reinvesting those rates back into the community”.⁶⁰

In any merger there will be impacts on budgets, service levels and assets as the different methods of operation of each of the councils are merged into the operations of a new entity. Some communities might experience a reduction of cash reserves in the new merged council in comparison to their existing council but they may also experience an improvement in assets or services. The reverse could also be the case.

Ultimately the KPMG report shows a merged council will potentially generate net financial savings when compared to the existing councils and this will be a financial positive for all residents and ratepayers.

“The Board of the Coleambally Finance Group Ltd, which administers the franchise of the Coleambally Community Bank Branch of the Bendigo Bank on behalf of 197 local shareholders is in support of the merger between Murrumbidgee Shire and the full

⁵⁷ Phillip Wells, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

⁵⁸ Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

⁵⁹ Ruth McRae, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

⁶⁰ Peter Toohey, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

Jerilderie Shire, on the basis that a greater number of ratepayers will add greater strength to the combined shire. It is about financial strength and economic viability and by retaining the Jerilderie Shire as a whole, it will add to the strength of the new combined Shire".⁶¹

The newly formed council will need to make decisions around its approach to accumulating cash reserves and providing services and assets. It is likely this will lead to some levels of change for all residents and ratepayers.

3.3.6 Overall

Overall the KPMG analysis shows the full merger of Jerilderie and Murrumbidgee Shire Councils has a positive financial impact although the net savings would be lower than calculated due to the KPMG assumptions not aligning with the employment situation within the councils.

Comparatively the KPMG analysis undertaken for each of the proposed mergers (part Jerilderie/Murrumbidgee, part Jerilderie/Berrigan and full Jerilderie/Murrumbidgee) shows the full merger delivering at least 100% greater net savings than either of the individual part merger proposals and 43% greater net savings than the combined part mergers.

Independent analysis commissioned by Murrumbidgee Shire Council also shows the full merger to be a more optimal solution when compared with the part merger proposal for Jerilderie and Murrumbidgee.

⁶¹ Chris Noack, *Submission*, 16 March, 2016.

4 The community of interest and geographical cohesion

This chapter contains an assessment of section 263(3)(b) of the Act.

The community of interest and geographic cohesion in the existing areas and in any proposed new area.

4.1 Summary

Many of the submissions addressed the ‘community of interest’ factor. In many cases these submissions identified community attributes that may or may not align as opposed to a ‘community of interest’.

The proposed merger will combine a strong community of interest, the Coleambally Irrigation Area (CIA), into the same council. This is likely to have a positive material impact as businesses operating in the same irrigation area will now be subject to the same administration under a single council.

On this basis, communities of interest and geographical cohesion are considered to be positively impacted by the proposed merger.

4.2 Submissions

Jerilderie Shire Council

Jerilderie Shire Council states that the two councils share common needs, priorities and communities of interest and this proposal will provide the ability to grow and embrace what the other at this stage doesn’t have.⁶² Some of the examples provided of the commonalities between the two councils include:

- ▼ The councils are similar in size and already share resources and work collaboratively
- ▼ The communities of Coleambally, Darlington Point and Jerilderie have similar population levels and demographics
- ▼ Both councils have similar objectives with regard to service provision. This includes focussing on land and waterways in the local economies and support for local businesses and industries. The councils seek to improve employment and local tourism opportunities, heritage conservation, support for an ageing population and retention of young people.⁶³

⁶² Jerilderie Shire Council, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁶³ Jerilderie Shire Council, *Submission*, 7 April 2016, p 5.

Other examples of existing shared communities of interest include; Western Riverina Libraries, Riverina Regional Tourism Board, Kidman Way Promotional Committee, Riverina and Murray Regional Organisation of Councils (RAMROC), Western Riverina Noxious Weeds Advisory Group, Murrumbidgee Local Health District, Riverina and Murray Local Land Services and Regional Development Australia, Riverina.⁶⁴

Murrumbidgee Shire Council

Murrumbidgee Shire Council provided its community survey results from a paper and online poll which showed around 59% of respondents strongly disagree with the statement that 'I have a community interest with the Jerilderie Shire area'.⁶⁵ Similarly, the results from the IRIS telephone survey of 336 residents show around 43.8% of respondents strongly disagree with the statement that 'I have a community interest with the Jerilderie Shire area'.⁶⁶

Other submissions

Most submissions in support of the proposal identify many examples of common communities of interest between the two council areas.⁶⁷ In particular, it was stated that Murrumbidgee was considered a merger partner due to a history of collaboration and a similar lifestyle.⁶⁸ Examples provided of shared communities of interest include:

- ▼ Both rural focussed communities with common goals around service delivery such as road networks, irrigation, doctor's surgery and new developments.⁶⁹
- ▼ There is shared agricultural history and common growth including: rice, canola, barley, sorghum, soy beans, tomatoes, other vegetable and more recently cotton. Also, various farming enterprises and associated services and irrigation.⁷⁰

⁶⁴ Jerilderie Shire Council, *Submission*, 7 April 2016, p 14.

⁶⁵ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment B, p 13.

⁶⁶ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 21.

⁶⁷ See, Terry Hogan, *Submission*, 5 April 2016; Susan Appleyard, *Submission*, 6 April 2016; Lorraine Hawkins, *Submission*, 23 March 2016; Robert Adamson, *Submission*, 23 March 2016; Colleen Mader, *Submission*, 24 February 2016; Roslyn Lockhart, *Submission*, 23 March 2016; Des McRae, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Ted, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Helen Harris, *Submission*, 7 April 2016; Lorraine Valerius, *Submission*, 7 April 2016; Karen Sleeman, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016; Heidi Bryce, *Submission*, 8 April 2016; Austin Evans, *Submission*, 8 April 2016.

⁶⁸ See, Faith Bryce, *Submission*, 31 March 2016; Susan Appleyard, *Submission*, 6 April 2016.

⁶⁹ See, Ken Saunders, *Submission*, 15 March 2016; David Tamlyn, *Submission*, 7 April 2016; Vicki Sutton, *Submission*, 8 April 2016; See Roslyn Lockhart, *Submission*, 23 March 2016; Lisa Bryce, *Submission*, 10 March 2016; Karen Sleeman, *Submission*, 8 April 2016.

⁷⁰ See, Faith Bryce, *Submission*, 31 March 2016; Robert Adamson, *Submission*, 23 March 2016; Susan Appleyard, *Submission*, 6 April 2016.

- ▼ The councils already work together, providing professional services including planning and resource sharing.⁷¹
- ▼ There are shared services across the areas. For example, Murrumbidgee Local Health District, Western Riverina Libraries, Riverina Regional Tourism Board, and Kidman Way Promotion Committee.⁷²

The proposal is considered to have positive impacts on the communities of interest, including:

- ▼ opportunity to develop better partnerships for advancement and growth in industry⁷³
- ▼ the proposal will help to maintain the character and community spirit of the town⁷⁴
- ▼ Jerilderie's residents travel to Murrumbidgee Shire and this would be increased through merger.⁷⁵

Other submissions went on to say that this proposal avoids the negative impacts on communities of interest that were raised as part of the previous split proposals. For example, the proposal:

- ▼ will allow continued support to social and sporting activities, and Section 355 committees⁷⁶
- ▼ won't impact on community clubs⁷⁷
- ▼ won't affect the Rural Fire Service (RFS) connection to Mid-Murray Fire Zone. Also, Jerilderie's critical support of the RFS (including maintenance of vehicles and front line services) is likely to continue.⁷⁸

Submissions that do not support the merger proposal generally argue that the communities of interest are non-existent or limited to the area of Jerilderie north of Yanco Creek.⁷⁹

⁷¹ See, Lisa Bryce, *Submission*, 10 March 2016; Roslyn Lockhart, *Submission*, 23 March 2016; Lorraine Hawkins, *Submission*, 23 March 2016; Janet Crittenden, *Submission*, 8 April 2016; Vicki Sutton, *Submission*, 8 April 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Centre, 16 March 2016; Julie Conn, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁷² See, Tianni Given, *Submission*, 23 March 2016; Lorraine Hawkins, *Submission*, 23 March 2016; Roslyn Lockhart, *Submission*, 23 March 2016; Natasha Nash, *Submission*, 5 April 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁷³ See, Faith Bryce, *Submission*, 31 March 2016.

⁷⁴ See, Tanya Rorato, *Submission*, 25 February 2016.

⁷⁵ Lorraine Hawkins, *Submission*, 23 March 2016.

⁷⁶ Around 250 form letters made this point. See, Edith Herrick, *Submission*, 9 March 2016; Wendy Hurd, *Submission*, 31 March 2016; Ruby Whiley, *Submission*, 30 March 2016; Lynda Greenwood, *Submission*, 23 March 2016; Victor Stonnill, *Submission*, 23 March 2016.

⁷⁷ See, David Saunders, *Submission*, 3 March 2016; RM Wright, *Submission*, 9 March 2016;

⁷⁸ See, Chris Barron, *Submission*, 5 April 2016; RW Wright, *Submission*, 9 March 2016; Ian Girdwood, *Submission*, 3 April 2016.

⁷⁹ Paul Goodsall, *Submission*, 8 April 2016; Patricia Boyd, *Submission*, 18 March 2016; Christina Robb, *Submission*, 8 April 2016; Sue Mitchell, *Submission*, 8 April 2016.

Some examples were provided where the communities of interest and geographical cohesion differ between Murrumbidgee and Jerilderie. For example:

- ▼ The merged council area would be too large. The distances between towns are considered too far apart.⁸⁰
- ▼ The people from the Jerilderie area south of Yanco Creek travel south for groceries and other shopping, sporting, social and economic interests not north to Coleambally or Darlington Point. The people from the Murrumbidgee Shire area travel north, east and west for sporting, social and economic interests.⁸¹
- ▼ The area south of Yanco Creek is covered by Murray Irrigation, which faces different issues to the Coleambally Irrigation Area. This proposal adds a link to another irrigation body that is unknown to Murrumbidgee so does not make sense in a geographical sense.⁸²
- ▼ Proposal does not align with regional planning objectives for the Riverina Murray Region.⁸³

4.3 Analysis

The geography of the proposed merger was raised by a number of submissions.

“Lets talk about distances to towns and populated area. For example, Jerilderie to Darlington Point is 98 kilometres. Jerilderie to Coleambally is 70 kilometres. The distance from Jerilderie to Finley is approximately 30 kilometres. The distance from Jerilderie to Berrigan is approximately 30 kilometres. So if you want to talk about community of interest and location I think the best result there is obviously closer to your other towns and its better for the communication infrastructure and be able to coordinate your staff”.⁸⁴

Other submissions saw the distance between towns as a more positive factor.

“Because of the distance between Jerilderie and Darlington Point it would seem economically sound, to say nothing of basic common sense to retain works depots at each end of the Shire. This would not preclude sharing of our considerable machinery assets with the northern end of the new merged Shires”.⁸⁵

The distances between towns do not seem unreasonable when comparing them to other local government areas (LGA) across the state. Some relevant examples are in Table 4.1 below.

⁸⁰ Kimberly, *Submission*, 24 February 2016.

⁸¹ See; Form letter with 85 signatures attached, 8 April 2016; Patricia Boyd, *Submission*, 18 March 2016; Peter van Hees, *Submission*, 5 April 2016; Sue Mitchell, *Submission*, 8 April 2016; Marg Gilbert, *Submission*, 8 April 2016.

⁸² Paul Goodsall, *Submission*, 8 April 2016; Peter van Hees, *Submission*, 5 April 2016.

⁸³ Phillip Wells, *Submission*, 7 April 2016.

⁸⁴ Robert Curphey, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

⁸⁵ Christine Ellis, *Submission*, 7 March 2016.

Table 4.1 Distances between towns in other LGAs

Towns	Distance	LGA
Grafton to Ewingar	78.1 km	Clarence Valley Council
Tamworth to Barraba	90.3 km	Tamworth Regional Council
Scone to Cassilis	106.5 km	Upper Hunter Shire Council
Cobar to Euabalong	229.7 km	Cobar Shire Council

Submissions also varied on their views on communities of interest. Some saw a high level of shared communities of interest.

“There exists a range of shared community services and cooperation between Jerilderie and Murrumbidgee Shire Councils, and these shared interests can only be enhanced by this proposal to merge. Examples of existing communities of interest include:

- ▼ Western Riverina Libraries
- ▼ Charles Sturt University
- ▼ Riverina Regional Tourism Board
- ▼ Regional Development Australia, Riverina
- ▼ Kidman Way Promotional Committee
- ▼ Riverina and Murray Regional Organisation of Councils (RAMROC)
- ▼ Western Riverina Noxious Weeds Advisory Group
- ▼ Murrumbidgee Local Health District
- ▼ Centacare, Anglicare and Uniting Care
- ▼ Riverina and Murray Local Land Services
- ▼ Three irrigation entities – Coleambally Irrigation Co-operative Limited, Murray Irrigation Limited and West Corugan Private Irrigation Scheme
- ▼ This proposal supports the Australian Electoral Commission boundary changes, which see both shires placed in the Federal Electorate of Farrah.⁸⁶

Others identified areas where they felt there was not a community of interest.

“The Murrumbidgee Shire community. Our sporting and social, economic areas all lie north of Coleambally. We travel to Narrandera, Leeton, Griffith, Wagga, etcetera for most of our sports, shopping and business. Nothing goes south unless maybe you go to a race day or something similar which is still not a huge community involvement from Murrumbidgee community events calendars.

Jerilderie. All their sporting, social, business goes south to Shepparton, Berrigan, Corowa, Albury and they even stated in a previous survey performed by their Council,

⁸⁶ Around 250 form letters made this point. See, Gavin McLaughlin, *Submission*, 30 March 2016; John McAllister, *Submission*, 30 March 2016; Barry Angove, *Submission*, 23 March 2016.

approximately 40 percent going to Albury and the remainder to other areas such as Shepparton for basically their shopping and all their other commodities that they need.

So I'm saying there is no common ground shared between these communities".⁸⁷

The proposed merger will combine a strong community of interest, the Coleambally Irrigation Area (CIA), into the same council. This is likely to have a positive material impact as businesses operating in the same irrigation area will now be subject to the same administration under a single council.

In its 2004 report on the proposal for the creation of a new Warrumbungle Shire Local Government Area⁸⁸ the Local Government Boundaries Commission concluded:

The Commission has considered the principle that residents identify with their localities rather than their local government area, and notes that the amalgamation and boundary alteration proposal does not significantly offend this principle.

The conclusion of the Local Government Boundaries Commission for the proposed Warrumbungle Shire Local Government applies to this proposed merger between Murrumbidgee and Jerilderie Shire Councils.

Concerns about people from the existing councils going to different regional centres for higher level services would seem to be immaterial, they do it now and would continue to travel to the same centres whatever merger, the proposed or any other, were ultimately enacted. A merger, in whatever form it takes will have little impact on how people choose to move around their area and the adjacent areas.

The towns of Jerilderie, Coleambally and Darlington Point all have a great deal in common. They are small regional communities with an economy based in agriculture; they have community spirit and a sense of community and have to battle the ongoing challenges of rural decline. It is true they may play different football codes or go to different regional centres but at their core they have a great deal in common.

This is a point well made in a submission from Terry Hogan:

"The amalgamation of the two Shires is a great fillip to the future of this region, which has an enormous amount of commonality and purpose to serve our communities".⁸⁹

In this analysis 'communities of interest' are seen as stakeholder groups/organisations where there will be a material impact on their operations if the proposed merger goes ahead. An example could be a business that operates over a large area and, as a result of a proposed merger, would now operate

⁸⁷ Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

⁸⁸ Local Government Boundaries Commission, 2004, *Examination of a proposal for creation of a new Warrumbungle Shire Local Government Area*, Local Government Boundaries Commission, August 2004.

⁸⁹ Terry Hogan, *Submission*, 5 April 2016.

under a single council. Another example would be if the area of operation of a community organisation (which has high level of interaction with council and support from council) was to be split between two councils under a proposed merger. This would have a material impact on how that organisation would need to operate in the future.

The survey carried out by Murrumbidgee Shire Council⁹⁰ asked residents to provide a response, ranging from 'strongly agree' to 'strongly disagree', to the question 'I have a community of interest with the Jerilderie Shire area'. This is not a particularly relevant question as the objective of the investigation of this factor is to determine if the proposed merger will have an impact, positive or negative, on a community of interest, not if you have a community of interest.

The bringing together of the CIA under the proposed merger unites under a single council an important community of interest for the economic future of the region. The impact of the proposed merger is therefore a positive one.

⁹⁰ Murrumbidgee Shire Council, *Submission*, 8 April 2016, Attachment B, IRIS Research 2016.

5 Historical and traditional values

This chapter contains an assessment of section 263(3)(c) of the Act.

The existing historical and traditional values in the existing areas and the impact of change on them.

5.1 Summary

In considering the historical and traditional values of the areas affected, there is no evidence to indicate that the historical and traditional values would be adversely affected by the merger proposal.

5.2 Submissions

Jerilderie Shire Council

Jerilderie Shire provides examples of how its ‘historical and traditional’ values are closely aligned with Murrumbidgee Shire, and considers that the merger proposal offers the opportunity to continue and expand on these historical and traditional values providing positive impacts for the Jerilderie and Murrumbidgee Shire communities.

Jerilderie Shire Council has a strong history as a rural based council with its key focus on maintaining the road network to ensure efficiency for the rural enterprises in the area. Since there will be no loss of staff under this proposal the Council considers there will be an opportunity for the merged council to expand involvement in Roads Maintenance Council Contracts (RMCC) works.⁹¹

Similarly, Jerilderie Shire has a strong culture of completing on farm activities and other construction activities which supports the local economy. The council is also a land developer in the region. This proposal will allow for the expansion of this activity resulting in higher levels of service to communities and rural businesses located within Murrumbidgee Shire.⁹²

Jerilderie Shire also provides historical examples of support the council has provided to Murrumbidgee Shire including:

- ▼ a financial grant for the establishment of a medical practice in Coleambally in 1971
- ▼ a donation to the Coleambally Swimming Pool in 1978
- ▼ Jerilderie was involved in the early construction of roads around the Coleambally Irrigation Area and construction of irrigation channels.

⁹¹ Jerilderie Shire Council, *Submission*, 7 April 2016, p 5.

⁹² *Ibid.*

- ▼ Jerilderie has a total of 414km² of irrigated land under the CIA. Jerilderie's southern half is covered by the Murray Irrigation Area.

Murrumbidgee Shire Council

Murrumbidgee Shire did not address this factor in its submission.

Other submissions

Only a small number of submissions addressed this factor. Submissions in support of the proposal identify the strong historical and traditional links across the areas. For example, Susan Appleyard states that there are strong historical links between the councils. It was noted that historically Jerilderie Shire and Murrumbidgee Shire have worked along-side one another and Jerilderie has provided assistance to Murrumbidgee Shire over the years.⁹³

It was also commented that this proposal will allow continuity of heritage of Jerilderie and the Ned Kelly letter relative to the previous split proposals.⁹⁴

Freddie Dowling notes that the merger is not an issue as before Europeans; the aboriginal Bangerang people were amalgamated across the area.⁹⁵

On the other hand, submissions in opposition to the proposal identify clear differences in historical and traditional values.

Some submissions identified that the traditional owners of the land in Murrumbidgee are the Wiradjuri people, while in Jerilderie it is the Bangerang people. Therefore, it was considered that there are no common historical or traditional links across the area. It was also stated that the proposal would amplify the historical and traditional values.⁹⁶

Another submission identified that Jerilderie was historically based on farm and stocking, while Coleambally was built for irrigation.⁹⁷

⁹³ Susan Appleyard, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁹⁴ Ted, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁹⁵ Freddie Dowling, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

⁹⁶ See, Philip Wells, *Submission*, 7 April 2016; Gavin Gilbert, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Form letter received with 85 signatures attached, 6 April 2016.

⁹⁷ Robert Curphey, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

5.3 Analysis

Jerilderie Shire Council

The Jerilderie Shire local government area is 3,397km² and is located in the Southern Riverina and shares its boundaries with Urana, Berrigan, Conargo and Murrumbidgee Councils.⁹⁸

Jerilderie Shire was constituted in 1918 from the amalgamation of Jerilderie Municipality (1889–1918) and Wunnamurra Shire (1906–1918) and is the second smallest Council in NSW. The Jerilderie Township is nestled on the banks of Australia's longest creek, the Billabong Creek, and is located on the Newell Highway, which is the main inland route linking Melbourne and Brisbane and is on the shortest route from Adelaide to Sydney.⁹⁹

The Jerilderie area is responsible for a large contribution to Australia's fresh produce industry including olives, tomatoes, rice, organic wines, cotton and cereal cropping. Jerilderie is also known in history as the only place in New South Wales to be visited by the Ned Kelly Gang, and is the origin of Ned's Jerilderie Letter.¹⁰⁰

Jerilderie also has a significant Aboriginal history with much recorded about the Bangerang Tribe in the Jerilderie area. In fact, the word Jerilderie is the English translation for the local Jeithi Aboriginal Tribe's word of 'djirridhuray', meaning 'with reeds' or 'reedy'. The Shire's logo also has two Aboriginal people on it.

Freddie Dowling notes that the merger is not an issue as before Europeans; the aboriginal Bangerang people were amalgamated across the area.¹⁰¹

Murrumbidgee Shire Council

Murrumbidgee Shire local government area is 3,508km² and is located in lower Murrumbidgee adjacent to the Murrumbidgee River. It was established in 1906 and includes over 100km's of natural river frontage to the river from which the shire takes its name. There are two towns in the shire:

- ▼ Darlington Point on the Murrumbidgee River and at the crossroads of the Sturt Highway and Kidman Way.

⁹⁸ Jerilderie Shire Council, *Community Strategic Plan 2015-2030*, p 5.

⁹⁹ Jerilderie Shire Council, website accessed 16 March 2016, www.jerilderie.nsw.gov.au; Jerilderie Shire Council, *Annual Report 2014-15*, p 1.

¹⁰⁰ Jerilderie Shire Council, website accessed 16 March 2016, www.jerilderie.nsw.gov.au.

¹⁰¹ Freddie Dowling, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016

- ▼ Coleambally which is the newest town in NSW having been established in 1965 to support the farming community moving to the area for the newly established CIA. Coleambally's genesis was in the development of irrigation systems established to specifically create an agricultural region in a pine forest in southern NSW.¹⁰²

Murrumbidgee is a mixed farming district, where the main crops are wheat, corn, winter cereal, fruit and rice. Sheep, cattle, horticulture, poultry and egg production industries are also present.¹⁰³

Murrumbidgee Shire is named after the Murrumbidgee River, which is named from an Aboriginal word meaning 'track goes down here', or 'a very good place', or 'big water'.¹⁰⁴

Overall, the evidence suggests that the historical and traditional values would not be adversely affected by the proposal. There is an element of common history between the areas as rural based councils and a historical working relationship which may be enhanced through the merger proposal.

¹⁰² Murrumbidgee Shire Council, Murrumbidgee 2030 - The community strategic plan for Murrumbidgee Shire.

¹⁰³ TCorp, *Murrumbidgee Shire Council Financial Assessment, Sustainability and Benchmarking Report, April 2013*, p 8.

¹⁰⁴ Murrumbidgee Shire Council, Murrumbidgee 2030 – The community strategic plan for Murrumbidgee Shire, p 4.

6 Attitude of residents and ratepayers

This chapter contains an assessment of section 263(3)(d) of the Act.

The attitude of the residents and ratepayers concerned.

6.1 Summary

The submissions show the attitudes of the residents and ratepayers are divided. The submissions show a large majority of Jerilderie residents and ratepayers support the proposal. The Murrumbidgee residents and ratepayers are more divided with a slight majority against the proposal. Murrumbidgee councillors reflect this split with three supporting the proposal and three against the proposal.

Across the two shires, based on submissions received and the results of the surveys carried out by Murrumbidgee Shire it appears there is a majority support for the proposed merger.

6.2 Submissions

Jerilderie Shire Council

Jerilderie Shire notes since the NSW Government's announcement on 18 December 2015 the community has been heavily engaged in consultation on this proposal and the previous two split proposals¹⁰⁵ by the Minister.

Jerilderie Shire states that the first community meeting held to discuss the two split merger proposals saw 350 people in attendance, and everyone in attendance was opposed to the proposals. Alternatively, if mergers are considered the only acceptable outcome by the government, the Jerilderie community are in full support of this proposal to merge Jerilderie in full with Murrumbidgee Shire Council.¹⁰⁶

Jerilderie Shire also conducted information sessions in Coleambally and Darlington Point to gauge the level of support for this proposal within the Murrumbidgee community. At both meetings there was some support for this proposal. Jerilderie Shire states that the Coleambally community demonstrated a general preference for a full merger. Murrumbidgee Shire representatives advise that at the Darlington Point meeting, less than 50% supported the full merger proposal.¹⁰⁷

¹⁰⁵ Berrigan Shire Council and Jerilderie Shire Council (part) and Murrumbidgee Shire Council and Jerilderie Shire Council (part).

¹⁰⁶ Jerilderie Shire Council, *Submission*, 7 April 2016, p 7.

¹⁰⁷ *Ibid*, p 8.

Murrumbidgee Shire Council

Murrumbidgee Shire undertook a community engagement process with its community which included community meetings, and surveys of its residents.¹⁰⁸ The results of the surveys show the community is divided. For example, results from the phone survey of 366 residents showed around 35% strongly support the merger of Murrumbidgee and whole of Jerilderie Shire Council, while 41% strongly support the Murrumbidgee and Jerilderie Shire (part) merger.¹⁰⁹

Other submissions

The Jerilderie community support this merger proposal.¹¹⁰ The community's strong support for this proposal is based on the common view that this is the best possible outcome for the Jerilderie and Murrumbidgee communities. A number of submissions comment that this proposal will have the least negative impact on the community relative to the Minister's proposals, which split Jerilderie Shire between Berrigan and Murrumbidgee Shire.¹¹¹

The submissions consider the proposal will enhance the scale and capacity of the merged council. This will have positive impacts on each of the factors for consideration including financial, communities of interest, service delivery, employment by council and rural impacts.¹¹² Moreover, many submissions comment that local representation will be protected due to the similar size communities of Coleambally, Darlington Point and Murrumbidgee. This addresses a significant concern of the Jerilderie split merger proposals.¹¹³

¹⁰⁸ Ibid, p 1.

¹⁰⁹ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 20.

¹¹⁰ Around 346 submissions support the proposal. See, Colleen Mader, *Submission*, 24 February 2016; Julie Conn, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Speaker 8, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Kevin A'Vard, *Submission*, 16 March 2016; Judy and Paul Ryan, *Submission*, 21 March 2016; June Scammell, *Submission*, 30 March 2016; Vicki Sutton, *Submission*, 8 April 2016; Ken and Wendy Brain, *Submission*, 8 April 2016; Chris Barron, *Submission*, 5 April 2016; Terry Hogan, *Submission*, 5 April 2016; Helen Harris, *Submission*, 7 April 2016; Scott Kocks, *Submission*, 7 April 2016; Lynne Stuckings, *Submission*, 7 April 2016; Tavis Cunningham, *Submission*, 8 April 2016; Karen Sleeman, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016.

¹¹¹ See, Tanya Rorato, *Submission*, 25 February 2016; Sean Woodbury, *Submission*, 25 February 2016; Sylvia Rorato, *Submission*, 25 February 2016; David Saunders, *Submission*, 3 March 2016; Christine Ellis, *Submission*, 7 March 2016; Robert Adamson, *Submission*, 23 March 2016.

¹¹² Around 250 form letters were received that raised this point see, Mary Catena, *Submission*, 30 March 2016; Kathleen Angove, *Submission*, 23 March 2016; Rebekah Salter, *Submission*, 23 March 2016. See also, Murray Shaw, *Submission*, 7 April 2016 and David Tamlyn, *Submission*, 7 April 2016; Heide Bryce, *Submission*, 8 April 2016; Austin Evans, *Submission*, 8 April 2016; Lynne Stuckings, *Submission*, 7 April 2016; Helen Harris, *Submission*, 7 April 2016.

¹¹³ Around 250 form letters were received that raised this point. See, June Parkhill, *Submission*, 23 March 2016; Richard Simpson, *Submission*, 30 March 2016; Dawn McGrellin, *Submission*, 17 March 2016. See also, Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Col Williams, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Susan Appleyard, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Janet Crittenden, *Submission*, 8 April 2016.

A number of submissions from the Murrumbidgee Shire community oppose this merger proposal.¹¹⁴ These submissions note their support for the Jerilderie Shire (part) and Murrumbidgee Shire merger proposal.¹¹⁵ The key reasons for opposing this proposal include:

- ▼ puts at risk the \$30 million of grant funding committed by the NSW Government to the previous two split proposals.¹¹⁶
- ▼ Murrumbidgee Shire is in a stronger financial position than Jerilderie Shire. For example, Murrumbidgee met the financial benchmarks for Fit for the Future while Jerilderie Shire did not. Therefore a merger will be a financial disadvantage to Murrumbidgee Shire ratepayers.¹¹⁷
- ▼ The merged area will be too large and there are limited communities of interest in the southern part of Jerilderie outside the Coleambally Irrigation Area with Murrumbidgee Shire.¹¹⁸ The area also does not align with the government's regional planning objectives for the Riverina Murray Region.¹¹⁹

6.3 Analysis

The attitude of the residents and ratepayers varies between councils in the proposed merger.

The submissions show the majority of Jerilderie Shire residents and ratepayers indicated they would prefer the council stand alone as a rural council. However, they recognise that this is not an option in the current process and therefore they support the proposed merger.

“While we really, really want our Shire to stay as one as the Jerilderie Shire, if this is not possible then, and it appears by all information it is not, we want to go with an equal footing. So if we go with Murrumbidgee these two shires really are very similar size....I believe this would be beneficial for our future and joining these two small

¹¹⁴ Around 120 submissions received are in opposition to this proposal (this includes a form letter with 85 signatures attached). See, Sue Mitchell, *Submission*, 8 April 2016; Marg Gilbert, *Submission*, 8 April 2016; Heather Agostino, *Submission*, 5 April 2016; Rod Watts, *Submission*, 7 April 2016; Anthony Maslen, *Submission*, 18 March 2016; Paul Goodsall, *Submission*, 8 April 2016; Phillip Wells, *Submission*, 7 April 2016.

¹¹⁵ See, Margaret Gilbert, *Submission*, 24 February 2016; Patricia Boyd, *Submission*, 18 March 2016; Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016.

¹¹⁶ See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

¹¹⁷ See, Peter van Hees, *Submission*, 5 April 2016; Phillip Wells, *Submission*, 7 April 2016; Paul Goodsall, *Submission*, 8 April 2016; Christina Robb, *Submission*, 8 April 2016; James Tongue, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Paul Mitchell, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

¹¹⁸ See, Christina Robb, *Submission*, 8 April 2016; Peter van Hees, *Submission*, 5 April 2016; Patricia Boyd, *Submission*, 18 March 2016; DNM (Nick) Hutchins, *Submission*, 17 March 2016; Kimberly, *Submission*, 24 February 2016; Robert Curphey, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Paul Mitchell, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Gary Smith, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

¹¹⁹ Phillip Wells, *Submission*, 7 April 2016.

Shires would hopefully be workable and hopefully benefit Murrumbidgee and Jerilderie and hopefully would suit the Government and we'd be Fit for the Future".¹²⁰

"We've got to make things stronger, not weaker and I think an amalgamation between Jerilderie as a whole and Murrumbidgee as a whole makes things stronger".¹²¹

"This alternative new proposal that has been put forward by Jerilderie Shire Council I believe is the best option for amalgamation for us here in Jerilderie. In fact, it is a merger in the truest sense rather than the divide and conquer strategy of splitting Jerilderie in half and sending some of our people one way and some the other".¹²²

"But I just think, you know, the way that the people feel about getting together with these two Shires, Murrumbidgee and Jerilderie, that it has a good feel about it, and they use that word 'energy' these days. Has it got a good energy and all that sort of stuff? I feel its got a very good energy to try and make this happen".¹²³

The Jerilderie Shire Council also supports the proposed merger.

"It is our opinion the full merger proposal will create a stabler, more viable and lasting future for the Jerilderie, Coleambally and Darlington Point communities".¹²⁴

The submissions indicate the Murrumbidgee Shire residents and ratepayers are much more evenly split between those who support the proposal and those that do not.

To inform its position Murrumbidgee Shire Council undertook a series of surveys of the community. These were:

- ▼ A paper based and online survey for residents to express their opinion on merger preferences (239 responses); and
- ▼ Independent phone poll of 336 residents by IRIS Research (questions were the same as the paper based and online surveys and set developed by Council).

An overview of the responses to each survey is outlined in Table 6.1 below.

¹²⁰ Joan Harts, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹²¹ Freddie Dowling, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹²² Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹²³ Speaker 8, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹²⁴ Jerilderie Shire Council, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

Table 6.1 Results of Murrumbidgee Shire Council surveys of residents opinions on merger proposals

Question	Survey Method	Support (%)	Not Support (%)
Support for part merger of Murrumbidgee Shire Council with Jerilderie Shire Council to Yanco Creek	Paper based and online survey (239)	53	40
	Independent phone poll (336)	52	29
Support for full merger of Murrumbidgee Shire Council and Jerilderie Shire Council	Paper based and online survey (239)	45	53
	Independent phone poll (336)	45	44
The part merger will benefit the Murrumbidgee community	Paper based and online survey (239)	56	30
	Independent phone poll (336)	52	28
The full merger will benefit the Murrumbidgee community	Paper based and online survey (239)	41	51
	Independent phone poll (336)	42	43

Source: Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C.

Although the results are generally quite close there is a clear majority that support the part merger above the full merger proposal. This investigation is not so concerned with a comparison of merger preferences but rather the community's view on this proposal.

On this basis the independent poll shows an almost even split on support for the proposal and whether people think it will benefit the Murrumbidgee community. The paper and online survey shows a greater proportion of respondents do not support the proposal.

Submissions reflected this divergence of views.

"And now we're arguing about whether we should go to Jerilderie as a whole. There is nothing that I have seen so far that can trump the Ministers decision on the part merger and I don't think that we will".¹²⁵

"I was raised in Jerilderie, married and raised our children in Jerilderie Shire and we now live in Coleambally and our daughter and grandsons live in Darlington Point as do my niece and her boys.....I believe the whole merger is the best thing for both Murrumbidgee and Jerilderie community".¹²⁶

"Jerilderie Shire has a proven record of management agility and "thinking outside the square", their proposal of this full merger just being the latest example of not accepting what is given, but always seeking better outcomes. In comparison, the Murrumbidgee Shire, of which I am a ratepayer, is somewhat moribund and locked in an antiquated

¹²⁵ James Tongue, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

¹²⁶ Christine Chirgwin, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

mindset. The full merger proposal would sweep that mindset aside and allow the combined entity to grow and prosper".¹²⁷

"I am not in favour of the full merger of Jerilderie Shire with Murrumbidgee Shire. I was in favour of standing alone along with the majority of the MSC residents (who were very pleased by the official decision posted late in 2015), but would accept the Ministers new offer of a partial merger down to Yanco Creek".¹²⁸

The Council also reflects this divergence of views. Of the six councillors three do not support the full merger (their preference is the part merger) and three councillors do support the full merger proposal.

In summary Murrumbidgee Shire residents and ratepayers views on this merger proposal are evenly split, with a slight preference for rejection of this proposal. On the other hand, Jerilderie Shire residents and ratepayers are largely supportive of the merger. Based on submissions received, the majority of residents and ratepayers of the two councils are supportive of the proposed merger.

¹²⁷ Murray Shaw, *Submission*, 7 April 2016.

¹²⁸ Peter van Hees, *Submission*, 5 April 2016.

7 Representational Issues

This chapter contains an assessment of section 263(3)(e) of the Act.

The requirements of the area concerned in relation to elected representation for residents and ratepayers, the desirable and appropriate relationships between elected representatives and ratepayers and other such matters as it considers relevant in relation to the past and future patterns of elected representation for the area.

7.1 Summary

Although the KPMG assessment assumes seven councillors for the new council the analysis shows nine councillors would be better. This number spread across three wards (one covering each of the three communities) would provide representation to each of the three communities in the new council. This would go some way to addressing concerns about the reduced levels of representation and the fairness of representation between communities under the proposed merger.

7.2 Submissions

Jerilderie Shire Council

Jerilderie Shire considers that this merger proposal will enable the continued representation of local needs for the three communities of Coleambally, Darlington Point and Jerilderie. Jerilderie provides ABS population data from 2011 which shows similar populations across the three communities:

- ▼ Jerilderie: 1,070
- ▼ Coleambally: 1,311
- ▼ Darlington Point: 1,376

The council considers these population levels are relatively equal and indicate how easily a system of three wards could be introduced. If the merged council had nine councillors this would see representation remain the same for Darlington Point and Coleambally with three councillors each and introducing three councillors for Jerilderie.¹²⁹

¹²⁹ Jerilderie Shire Council, *Submission*, 7 April 2016, p 9.

Murrumbidgee Shire Council

Murrumbidgee Shire did not address this factor in its submission.

Other submissions

Many submissions comment that local representation will be protected under this proposal due to the similar size communities of Coleambally, Darlington Point and Murrumbidgee. This addresses a significant concern of the Jerilderie split merger proposals.¹³⁰

Phillip Wells raises the concern that councillors from Jerilderie won't know the needs of the Murrumbidgee community and vice versa. It was also stated that the distances to be travelled by the councillors to represent its community would be detrimental to the cost savings of the merged council.¹³¹

Austin Evans states there should be an uneven number of councillors. He also states that he is against the introduction of the popularly elected mayor.¹³²

7.3 Analysis

The KPMG analysis assumes the number of councillors of the future council will be the same as Jerilderie Shire Council (seven)¹³³. This number has then been used by KPMG to calculate merger benefits.

A large number of the submissions commented on representation however many of these were a form letter.¹³⁴ Views on representation were mixed.

“The merger of these two Councils will enable a continued focus on, and representation of, local needs. With both Councils being of similar size, local representation will be protected, and it is possible that the Murrumbidgee Shire ward system could be extended to include Jerilderie”.¹³⁵

¹³⁰ Around 250 form letters were received that raised this point. See, June Parkhill, *Submission*, 23 March 2016; Richard Simpson, *Submission*, 30 March 2016; Dawn McGrellin, *Submission*, 17 March 2016. See also, Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Col Williams, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Susan Appleyard, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Janet Crittenden, *Submission*, 8 April 2016; Karen Sleeman, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016; Heidi Bryce, *Submission*, 8 April 2016.

¹³¹ Phillip Wells, *Submission*, 7 April 2016.

¹³² Austin Evans, *Submission*, 8 April 2016.

¹³³ KPMG, *Financial Analysis: Jerilderie Shire Council and Murrumbidgee Shire Council*, March 2016 p 2.

¹³⁴ Around 250 form letters were received that raised this point. See, June Parkhill, *Submission*, 23 March 2016; Janine A'Vard, *Submission*, 16 March 2016; Gavin McLaughlin, *Submission*, 30 March 2016.

¹³⁵ Around 250 form letters were received that raised this point. See Richard Simpson, *Submission*, 30 March 2016; Mary Green, *Submission*, 30 March 2016; Shannon Bradford, *Submission*, 23 March 2016.

“The Jerilderie community is genuinely concerned about the risk of reduced local representation and this merger should safeguard representation for each of the three communities of Coleambally, Darlington Point and Jerilderie”.¹³⁶

“Our existing representation is amazing and our Councillors are approachable on any subject regarding our Shire area, we have Councillors from all works of life who are able to engage with our community. The proposed amalgamation may result in a reduction of our representation and may lead to a decline in the services provided by Council in our area”.¹³⁷

“Given the fact that if the merger was to proceed you would have three like size communities of between 1,200 – 1,600 people, it is not unreasonable to assume that three wards with three elected members in each would allow adequate and fair representation”.¹³⁸

Table 7.1 contains a breakdown of the representation numbers for the existing councils, the merged council with seven councillors, the merged council with nine councillors and a similar council for comparison.

Table 7.1 Elected Representation

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Murrumbidgee Shire	6	2,528	421
Jerilderie Shire	7	1,519	217
Merged council Option 1	7	4,047	578
Merged council Option 2	9	4,047	450
Coonamble Shire Council	7	4,279	611

Source: NSW Government, *Murrumbidgee Shire and Jerilderie (part) merger proposal*, January 2016.

Wards are discussed in more detail in Chapter 11, however, it seems a suggestion of nine councillors representing three wards make sense. This approach would provide representation to each of the three communities in the new council and would also go some way to addressing concerns about the reduced levels of representation under the proposed merger.

The number of councillors distributed evenly across wards would also go some way to addressing concerns raised through the process around fair representation of each community going forward.

Nine councillors would mean a reduction in the net savings forecast in the KPMG analysis.

¹³⁶ Around 250 form letters were received that raised this point. See Bruce & M Handie, *Submission*, 18 March 2016.

¹³⁷ Lisa Bryce, *Submission*, 10 March 2016.

¹³⁸ Jerilderie Shire Council, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

8 Services and facilities

This chapter contains an assessment of section 263(3)(e1) of the Act.

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.

8.1 Summary

The proposed full merger provides an opportunity to improve services provided across the newly merged council. These could range from improved administration due to the previously vacant positions at Murrumbidgee Council being filled to lifeguard services being operated at the Jerilderie pool as they are in Murrumbidgee Shire.

The forecast net savings will also provide the opportunity for the new council to deliver improved services.

8.2 Submissions

Jerilderie Shire Council

Jerilderie Shire Council considers the merged council will have greater scale and capacity through larger geographical area and population. This will enhance the merged council's ability to meet the current and future needs for service and infrastructure for its communities.¹³⁹

In particular, with both councils having similar priorities in supporting growth of the local economy and regional development it is likely that the existing service levels will be continued or improved. This includes both councils support for:

- ▼ medical services, community health services and aged care
- ▼ social and sporting activities, including section 355 Committees.

Also, Jerilderie Shire considers this proposal will allow the merged council to:

- ▼ maintain advocacy and collaboration with Roads and Maritime Services (RMS) to allow enhanced freight movement through the region
- ▼ continue Jerilderie Shire's long standing support for the RFS Brigade vehicles in the Mid Murray zone
- ▼ further develop Jerilderie's scale and capacity in engineering contracts works for main roads.¹⁴⁰

¹³⁹ Jerilderie Shire Council, *Submission*, 7 April 2016, p 10.

¹⁴⁰ Ibid.

Murrumbidgee Shire Council

Murrumbidgee Shire did not directly address this factor in its submission. However, it did provide its community survey results on whether its residents thought the merger would be beneficial to the Murrumbidgee community. This statement could be related to the impact of the merger on services and facilities.

The community survey results from a paper and online poll shows around 51% of respondents strongly disagree that the proposed merger will benefit the Murrumbidgee community.¹⁴¹ Similarly, the results from the IRIS telephone survey of 336 residents show around 35% of respondents strongly disagree that the proposed merger will benefit the Murrumbidgee community.¹⁴²

Other submissions

Most submissions in support of the merger proposal commented on the positive impact the merger would have on services and facilities.¹⁴³

The submissions consider that the proposal increases the scale, capacity and viability of the merged council. This will allow for the continuation of existing services as well as for the expansion and improvement in services and facilities. Examples of services and facilities that could be maintained, improved or expanded include:

- ▼ support for medical services¹⁴⁴
- ▼ Jerilderie has provided expertise to neighbouring councils including private works, irrigation works, RMS contracts, road building and engineering. A merger will allow growth and extension of these services.¹⁴⁵
- ▼ focus on employment and tourism opportunities, heritage conservation, support for ageing population and retention of young people.¹⁴⁶

A small number of submissions that oppose the merger proposal identified the following negative impacts on services and facilities:

¹⁴¹ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment B, p 12.

¹⁴² Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 21.

¹⁴³ Around 284 submissions commented on services and facilities. See, Julie Conn, *Submission*, 8 April 2016; Gaila Smith, *Submission*, 8 April 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Tanya Rorato, *Submission*, 8 April 2016; Heidi Bryce, *Submission*, 8 April 2016; Austin Evans, *Submission*, 8 April 2016.

¹⁴⁴ See, Tanya Rorato, *Submission*, 25 February 2016; Christine Ellis, *Submission*, 7 March 2016; Lynette James, *Submission*, 15 March 2016; Des McRae, *Submission*, 17 March 2016; Lorraine Valerius, *Submission*, 7 April 2016.

¹⁴⁵ Christine Ellis, *Submission*, 7 March 2016; Bernard Star, *Submission*, 26 February 2016; Around 250 form letters received made this comment. See June Scammell, *Submission*, 11 March 2016; Vicki Sutton, *Submission*, 8 April 2016; Lynne Stuckings, *Submission*, 7 April 2016.

¹⁴⁶ Around 250 form letters raised this issue. See for example, Anthony Herrick, *Submission*, 9 March 2016; Christine, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; Christine Chirgwin, *Submission*, 24 February 2016.

- ▼ service delivery will decline as the merged council will need to support an additional community¹⁴⁷
- ▼ due to distances between the towns, services are required to be duplicated in each town at a financial burden to the community.¹⁴⁸

8.3 Analysis

8.3.1 Historical service levels

The submissions show ratepayers are generally happy with the level of service provided by Jerilderie Shire Council.

“Our little town is very well presented and has great facilities like our stunning Library, the lake, Sports Complex, sporting grounds and attractive Streetscape, including large area serviced by wide footpaths making access for wheelchairs, walkers and gophers easy. Our Shire chooses to upgrade sporting and community facilities and maintain roads and other infrastructure. Is that not the purpose of rates? To serve the needs of the ratepayers?”¹⁴⁹

One area of concern with the services provided by Jerilderie was raised by a Murrumbidgee Shire community member.

“I may add that the pool is not supervised. Children at the pool were asked to have a waiver so they can attend the pool. We spend the money to ensure our children are safe.”¹⁵⁰

Submissions provided a mixed view of the services of Murrumbidgee Council.

“...Murrumbidgee is a very healthy Council and has always been. It’s always had frugal management of its funds and yet we’ve got virtually skate parks, upgraded swimming pools and beautiful gardens. It’s all been managed terribly well in the past.”¹⁵¹

“What I found through dealing with Murrumbidgee Council in the RivCott development in 2012 until its full approval. I basically was a bit disappointed and we basically went through three General Managers, an Environmental Officer and a Technical Officer in that period of time and we’re trying to do a fully designated development under \$30 million under those circumstances. Now this has got nothing to do with the operational side of the Murrumbidgee Shire Council. It’s to do with the administration. Okay. And, I’ve seen great improvement recently. But over the years that I’ve contracted around the Jerilderie area and this area the ethos that I’ve seen in the Jerilderie Shire and I’ve experienced it again recently through Susan Appleyard coming up and working part time for the Shire here, what she is doing in a day was taking some people four to five

¹⁴⁷ Form letter received with 85 signatures, 8 April 2016.

¹⁴⁸ Phillip Wells, *Submission*, 7 April 2016.

¹⁴⁹ Christine Ellis, *Submission*, 7 March, 2016.

¹⁵⁰ Robert Curphey, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

¹⁵¹ Gary Smith, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

days before. That ethos that comes out of Jerilderie I think can greatly benefit this Shire.¹⁵²

“The Shire under legislation is to maintain the services for the ratepayers, not park money in the bank and let the infrastructure run down. Jerilderie maintain a better road network. An example is 4 corners road. The eastern section is maintained by Jerilderie and is of a higher standard than the western section that Murrumbidgee maintain and is always in poor condition.¹⁵³”

The time taken for approval of Development Applications (DA) across the two councils differs considerably. On average over the period 2011/12 to 2013/14 Jerilderie approved DA’s in a little over half the time it takes Murrumbidgee (see Table 8.1).

Table 8.1 Development applications processed

	2011/12	2012/13	2013/14
No of development applications determined			
Jerilderie Shire Council	17	18	17
Murrumbidgee Shire Council	27	24	17
Mean gross days for development applications			
Jerilderie Shire Council	11	21	10
Murrumbidgee Shire Council	27	41	17

Source: NSW Office of Local Government, *Your Council Report*, <https://www.olg.nsw.gov.au/public/my-local-council/yourcouncil-website>

8.3.2 Capacity of Murrumbidgee Shire Council

Murrumbidgee Shire has a number of vacant positions (as at April 2016):

- ▼ The General Manager role has been filled by interim contract employees since 8 April 2015.
- ▼ Director Community Infrastructure & Sustainability, position vacated August 2015, filled by part time contract employee
- ▼ Manager Health, Building and Planning, position vacated August 2014, filled by part time contract since October 2014
- ▼ Tar Patching Labourer, vacant since 31 July 2014
- ▼ Road Maintenance Labourer, (new position) vacant since 4 January 2016
- ▼ Economic Development/Tourism Officer, Council decision 18/11/15 to establish a permanent position to replace current contract position.¹⁵⁴

¹⁵² Peter Toohey, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

¹⁵³ Rod and Eve Kerr, *Submission*, 2 April 2016.

¹⁵⁴ Information provided by Murrumbidgee Shire Council.

Murrumbidgee Shire Council has indicated that for the senior positions, appointment of a permanent employee has been held in abeyance until the outcome of the merger proposal is finalised.

In Murrumbidgee Shire's submission to IPART's Fit for the Future review the council states its biggest challenge has been the recruitment of skilled and experienced staff that possess formal qualifications and extensive experience.¹⁵⁵

In particular, it has not been able to recruit on a permanent basis an experienced General Manager since 2011 and this lack of surety around organisational leadership has impacted the remaining staff.¹⁵⁶

Murrumbidgee Shire also states it has experienced difficulties in recruiting senior staff with tertiary qualifications to take on the high-level strategic demand of a Director's role. At this time, the council envisaged that it will address its shortfall in staff capacity through arrangements with partnering councils within the Joint Organisation.¹⁵⁷

The challenges in recruitment are not limited to senior roles with the role of Tar Patching Labourer not being filled in almost 20 months.

A small council having a large number of senior roles in a state of flux at the same time would challenge the ability of the Council to deliver an ongoing high level of service to residents and ratepayers.

8.3.3 Services and capacity of the new council

The proposed full merger provides an opportunity to improve services provided across the newly merged council. These could range from improved administration due to the previously vacant positions at Murrumbidgee Council being filled in the merger, to improved services at the swimming pool through lifeguard services being operated within Jerilderie as they are in Murrumbidgee Shire.

The forecast net savings will also provide the opportunity for the new council to deliver improved services. These opportunities were recognised in a number of submissions.

"I also believe that the staff that comes from Jerilderie will provide us a good local knowledge of the area down there which we will struggle to have in the short term if we only merge with the half and have none of the Jerilderie Shire staff. We have very good staff here that know this shire very well and Jerilderie has good staff that know their shire well.¹⁵⁸"

¹⁵⁵ Murrumbidgee Shire Council, *Submission to IPART's Fit for the Future Assessment*, pp 14-15.

¹⁵⁶ Ibid.

¹⁵⁷ Ibid.

¹⁵⁸ Austin Evans, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016.

“By the Jerilderie and Murrumbidgee Shire being merged it would be a great advantage in the fighting and control of fires as most fires start in the North or the West of Jerilderie.

With the help of the Jerilderie Shire Council and their skilled workforce and equipment along with Murrumbidgee Shire would be a great help in keeping our communities safe.¹⁵⁹”

The proposed merger also gives greater confidence to the Jerilderie community on a number of services that may have been at risk under other proposed mergers.

“The threat to our Medical facilities, i.e. the town Doctor, Chemist and hospital, the loss of population and spending available to town businesses, the threat to the viability of sporting teams, Apex Club, Lions Club and other organisations depending on volunteers to survive, would be removed if this new proposal was adopted”.¹⁶⁰

¹⁵⁹ Ian Girdwood, *Submission*, 3 April 2016.

¹⁶⁰ Richard Wright, *Submission*, 9 March 2016.

9 Employment impacts

This chapter contains an assessment of section 263(3)(e2) of the Act.

The impact of any relevant proposal on the employment of staff by the councils of the areas concerned.

9.1 Summary

The proposed merger should have positive employment impacts for the region. Legislative protections under the Act will mean that all current positions in all three towns will be maintained.

The new larger council would also be more likely to attract skilled people to fill any future vacant positions. This will bring skilled people to the region; some of these will be likely to bring a family and the associated positives this brings to these small communities.

9.2 Submissions

Jerilderie Shire Council

Jerilderie Shire expects that the employment impacts on the communities from this full merger proposal would be limited. This is because all staff (excluding the General Managers) are protected under the Act. This includes:

- ▼ section 354F (no forced redundancy of non-senior staff for 3 years after transfer)
- ▼ section 218CA (maintenance of staff in rural centres)
- ▼ section 354I (limitations on transfer for work base of non-senior staff).¹⁶¹

Moreover, Jerilderie Shire considers the merger would provide the employees of both councils greater long term job security. The council suggests that the merged council can expand the sharing of council staff and expertise, initiate services that were previously outsourced and increase capacity to deliver services to both the NSW Government and private sector. This would provide opportunities for maintaining current staffing levels, with the possibility of additional training and opportunities to become multi skilled.

The council also considers the enhanced scale and capacity of the merged council will provide increased ability to attract suitably qualified and skilled executive staff. Jerilderie Shire notes Murrumbidgee's demonstrated difficulty in

¹⁶¹ Jerilderie Shire Council, *Submission*, 7 April 2016, p 11.

attracting and retaining senior staff in recent years, resulting in a loss of corporate knowledge and skills.

Murrumbidgee Shire Council

Murrumbidgee Shire has not addressed this factor in its submission.

Other submissions

Most submissions note that there will be minimal job losses as a result of this proposal. It is also considered that the proposal will provide greater long term job security. The proposal also enhances ability to attract suitably qualified staff and the possibility of increased job opportunities through service expansion.¹⁶² Other submissions directly commented that there won't be job losses, unlike the previous split proposals.¹⁶³

Some submissions raised concerns for the Murrumbidgee staff under the proposal.¹⁶⁴ Phillip Wells notes that staff savings will not be achieved due to employment protections.¹⁶⁵

9.3 Analysis

The proposed merger should have positive employment impacts for the region.

Section 218CA of the Act provides the following employment protections for staff in communities of less than 5,000:

The transferee council must ensure that the number of regular staff of the council employed at the rural centre is, as far as is reasonably practicable, maintained at not less than the same level of regular staff as were employed by the previous council at the centre immediately before the amalgamation or alteration of boundaries took effect.

All three communities are less than 5,000 and so all current positions will be maintained in the new entity. This will mean that all the current staff at both

¹⁶² Around 250 form letters make this comment. See also, David Saunders, *Submission*, 3 March 2016; Christine Ellis, *Submission*, 7 March 2016; Robert Adamson, *Submission*, 23 March 2016; Susan Appleyard, *Submission*, 6 April 2016; Murray Shaw, *Submission*, 7 April 2016; David Tamlyn, *Submission*, 7 April 2016; Janet Crittenden, *Submission*, 8 April 2016; Col Williams, *Submission*, 16 March 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Julie Conn, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Helen Harris, *Submission*, 7 April 2016; Karen Sleeman, *Submission*, 8 April 2016; Tanya Rorato, *Submission*, 8 April 2016; Heidi Bryce, *Submission*, 8 April 2016.

¹⁶³ Christine Ellis, *Submission*, 7 March 2016; Lorraine Hawkins, *Submission*, 23 March 2016; Natasha Nash, *Submission*, 5 April 2016.

¹⁶⁴ Peter van Hees, *Submission*, 5 April 2016; Gavin Gilbert, *Public Inquiry*, Darlington Point Sports Club, 17 March 2016; and a form letter received with 85 signatures, 8 April 2016.

¹⁶⁵ Phillip Wells, *Submission*, 7 April 2016.

councils (with the exception of one General Manger) will still be employed, in their current location, in a merged council.

A new larger council will have a greater likelihood of attracting skilled people to fill any future vacant roles. This will bring skilled people to the region. This is likely to have a positive effect on population growth in the region, and would have positive flow on effects for the local economy and small communities.

10 Rural impacts

This chapter contains an assessment of section 263(3)(e3) of the Act.

The impact of any relevant proposal on rural communities in the areas concerned.

10.1 Summary

There would only appear to be positive rural impacts for the new merged council. The forecast savings should mean the merged council is able to provide better services to its rural communities.

Also the increased scale and capacity of the region should mean the three communities are able to work effectively together to improve the position of all communities.

10.2 Submissions

Jerilderie Shire Council

Jerilderie Shire Council considers that the merger will have positive impacts on rural communities. This largely relates to the increased scale and capacity of the merged council and therefore the potential for expanded services in RMS and other contract work such as private and tendered works, RMS first responder services and assistance for the RFS.¹⁶⁶ The expansion of these activities under the merger proposal is likely to lead to additional employment opportunities positively affecting rural communities and businesses.

Murrumbidgee Shire Council

Murrumbidgee Shire Council provided its community survey results from a paper and online poll which showed around 51% of respondents strongly disagree that the proposed merger will benefit the Murrumbidgee community.¹⁶⁷ Similarly, the results from the IRIS telephone survey of 336 residents show around 34.7% of respondents strongly disagree that the proposed merger will benefit the Murrumbidgee community.¹⁶⁸

¹⁶⁶ Jerilderie Shire Council, *Submission*, 7 April 2016, p 12.

¹⁶⁷ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment B, p 12.

¹⁶⁸ Murrumbidgee Shire Council, *Submission*, 6 April 2016, Attachment C, p 21.

Other submissions

Most submissions consider that the proposal will result in minimal impacts on rural communities.¹⁶⁹ This is mainly due to the view that the merger proposal will result in minimal job losses across the merged area.

Specifically, many submissions state that there are no concerns for employment losses, so the proposal avoids the negative effects of employment losses and the associated negative impacts on the viability of this rural community. This was a significant concern in the previous split proposals.¹⁷⁰ It was also stated that the threat to medical facilities, town doctor, chemist, hospital, loss of population and spending in town, and local businesses viability would be removed under this proposal.¹⁷¹

Some submissions suggest that the proposal will have positive impacts on rural communities such as offsetting the issue of rural decline and bringing skills and more employment opportunities to the area.¹⁷²

10.3 Analysis

There would only appear to be positive rural impacts for the new merged council. The forecast savings should mean the merged council is able to provide better services to its rural communities.

Also the increased scale and capacity of the region should mean the three communities are able to work effectively together to improve the position of all communities.

A key positive of this proposed merger is the consistent approach of both councils in providing financial support to ensure a full time doctor in the communities. Ongoing Council support to ensure a full time doctor is situated in both Coleambally and Jerilderie is important for the future of both communities.

“I am particularly concerned about the medical centre in Jerilderie which is owned by the Shire. I feel a merger with Murrumbidgee would be beneficial because Murrumbidgee has a similar set up with their Medical Centre. Funding is needed for these Medical Centres to continue. Without them, we would lose our doctors and be in danger of losing acute beds at the hospitals”.¹⁷³

¹⁶⁹ Around 312 submissions commented on rural impacts.

¹⁷⁰ Around 250 form letters make this comment. See, Dawn McGrellin, *Submission*, 17 March 2016; Robert Williams, *Submission*, 31 March 2016; Barbara Hines, *Submission*, 30 March 2016. See also, Christine Ellis, *Submission*, 3 March 2016; Chris Noack, *Submission*, 16 March 2016; Robert Adamson, *Submission*, 23 March 2016; Natasha Nash, *Submission*, 5 April 2016; Ken Saunders, *Submission*, 15 March 2016; Des McRae, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹⁷¹ RW Wright, *Submission*, 9 March 2016.

¹⁷² See, Terry Hogan, *Submission*, 5 April 2016; Robert Adamson, *Submission*, 23 March 2016; David Tamlyn, *Submission*, 7 April 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016.

¹⁷³ Lorraine Valerius, *Submission*, 7 April 2016.

11 Dividing the area into wards

This chapter contains an assessment of section 263(3)(e4) of the Act.

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.

11.1 Summary

Submissions from people from both the Murrumbidgee Shire and the Jerilderie Shire have included consistent support for three wards to be put in place across the region if the proposed merger proceeds. These would be set up so that each ward would broadly encompass a town and the surrounding area. These would need to be set up in a way such that variance in population numbers between wards was less than 10 percent. This appears to be relatively straightforward as the population numbers of the towns are relatively close and so boundaries would need to include the right number of rural residents to get the numbers within the required range.

This proposed ward structure is therefore recommended for the merged council.

11.2 Submissions

Jerilderie Shire Council

Jerilderie Shire considers that this merger proposal will enable the continued representation of local needs for the three communities of Coleambally, Darlington Point and Jerilderie. Jerilderie provides ABS population data from 2011 which shows similar populations across the three communities:

- ▼ Jerilderie: 1,070
- ▼ Coleambally: 1,311
- ▼ Darlington Point: 1,376

The council considers these population levels are relatively equal and indicate how easily a system of three wards could be introduced. If the merged council had nine councillors this would see representation remain the same for Darlington Point and Coleambally with three councillors each and introducing three councillors for Jerilderie.¹⁷⁴

Murrumbidgee Shire Council

Murrumbidgee Shire did not address this factor in its submission.

¹⁷⁴ Jerilderie Shire Council, *Submission*, 7 April 2016, p 9.

Other submissions

Most submissions support the introduction of three wards with three councillors from each ward. The submissions consider that the three communities of Coleambally, Darlington Point and Jerilderie have similar population levels so that local representation is protected, especially with a ward system. It is noted in submissions that Murrumbidgee Shire currently has two wards, so the merger should have three.¹⁷⁵

Gavin Gilbert made the comment that removing wards would run the risk of losing council representation for the northern area of Murrumbidgee Shire.¹⁷⁶ Austin Evans has a preference against wards.¹⁷⁷

11.3 Analysis

Of the two Councils only Murrumbidgee currently has a ward system in place.

Wards could provide a formal mechanism for the merged council to ensure the Jerilderie community receive councillor representation. Section 210(7) of the Act, specifies that the division of a council into wards must not "...result in a variation of more than 10 percent between the numbers of electors in each ward in the area."

Some of the advantages of wards include:

- ▼ enable councillors to be familiar with and responsive to, the issues and problems of their local communities
- ▼ wards can be seen as making it more likely that council funds are spent equitably throughout the council area
- ▼ ensures that councillors come from different parts of the council area
- ▼ candidates need to campaign only in one ward instead of over the whole council area.¹⁷⁸

Some of the disadvantages of wards include:

- ▼ does not accord fully with the principle of one vote-one value. Can have an imbalance of electoral strength wards

¹⁷⁵ Around 250 form letters make this point. See for example, Colin Hannon, *Submission*, 9 March 2016; Irene Ross, *Submission*, 10 March 2016; Martin Barratt, *Submission*, 11 March 2016; Ian Parkhill, *Submission*, 23 March 2016. See also Susan Appleyard, *Submission*, 6 April 2016; Lorraine Hawkins, *Submission*, 23 March 2016; Natasha Nash, *Submission*, 5 April 2016; Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Ruth McRae, *Public Inquiry*, Darlington Sports Club, 17 March 2016; Heidi Bryce, *Submission*, 8 April 2016

¹⁷⁶ Gavin Gilbert, *Public Inquiry*, Darlington Sports Club, 17 March 2016.

¹⁷⁷ Austin Evans, *Submission*, 8 April 2016.

¹⁷⁸ Office of Local Government, *Briefing for Delegates - Democratic Architecture of NSW Councils*, p 3.

- ▼ each councillor is chosen only by the electors in a particular ward instead of by all the electors of the council area
- ▼ encourages parochialism and expenditure on the basis of wards, rather than the needs of the whole council area.¹⁷⁹

Submissions that discussed wards were generally in support of wards and were consistent in the proposed arrangement of the wards.

“I believe wards would have to be implemented to effectively represent the constituents as I do not know the needs and requirements of the Jerilderie Community and the councillors from Jerilderie would not be familiar with the needs of Murrumbidgee shire area residents and ratepayers”.¹⁸⁰

“The 3 main areas are as follows and are based on the statistical areas from the census data 2011:

Jerilderie – 1070

Coleambally – 1311 (includes entire irrigation area over both shires)

Darlington Point and remaining rural areas – 1376

These figures are relatively close and would allow representation of equal measure for all the communities involved especially with a ward system. If the Council were a 9 member Council this would see representation remain the same of Darlington Point and Coleambally – 3 Councillors each and 3 for Jerilderie, a 57% reduction in representation (down from 7 Councillors). This would also remove the potential for a split Council.¹⁸¹”

Given the consistent support for three wards across submissions from people from both the Murrumbidgee Shire and the Jerilderie Shire three wards across the region, broadly encompassing each town and the surrounding area would appear to be an appropriate way forward.

Boundaries would need to be adjusted slightly from the ABS boundaries to ensure variance in population numbers between wards is not greater than 10 percent.

¹⁷⁹ Office of Local Government, *Briefing for Delegates - Democratic Architecture of NSW Councils*, p 3.

¹⁸⁰ Phillip Wells, *Submission*, 5 April 2016.

¹⁸¹ Susan Appleyard, *Submission*, 6 April 2016.

12 Effective representation of diverse communities

This chapter contains an assessment of section 263(3)(e5) of the Act.

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.

12.1 Summary

In considering representation for diverse communities no significant issues were raised in submissions. Therefore, there is no recommendation for the merged council on effective representation of diverse communities.

12.2 Submissions

Jerilderie Shire Council

Jerilderie did not address this factor in its submission. However, it did note that the merger proposal would safe guard representation for the three communities of Coleambally, Darlington Point and Jerilderie if three wards are established.¹⁸²

Murrumbidgee Shire Council

Murrumbidgee Shire did not address this factor in its submission.

Other submissions

Only one submission directly commented on representation for diverse communities, noting it should not be an issue.¹⁸³ Other submissions commented that local representation will be protected under this proposal due to the similar size communities of Coleambally, Darlington Point and Murrumbidgee, especially with the introduction of wards.¹⁸⁴

Phillip Wells raises the concern that councillors from Jerilderie won't know the needs of the Murrumbidgee community and vice versa.¹⁸⁵

¹⁸² Jerilderie Shire Council, *Submission*, 7 April 2016, p 9.

¹⁸³ Austin Evans, *Submission*, 8 April 2016.

¹⁸⁴ Around 250 form letters were received that raised this point. See, June Parkhill, *Submission*, 23 March 2016; Richard Simpson, *Submission*, 30 March 2016; Dawn McGrellin, *Submission*, 17 March 2016. See also, Karen Sleeman, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Col Williams, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016; Susan Appleyard, *Public Inquiry*, Jerilderie Civic Hall, 16 March 2016, Janet Crittenden, *Submission*, 8 April 2016.

¹⁸⁵ Phillip Wells, *Submission*, 7 April 2016.

Susan Appleyard notes that a ward system will ensure that rural communities are represented with greater representation from the farming community.¹⁸⁶

12.3 Analysis

No submissions raised issues with past representation or future representation in a merged council for diverse communities.

On this basis there is no recommendation for the proposed council on effective representation of diverse communities.

¹⁸⁶ Susan Appleyard, *Submission*, 6 April 2016.

13 Other matters

This chapter contains an assessment of section 263(3)(f) of the Act.

Such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.

13.1 Rates harmonisation

Clearly a challenge for a merged council would be to develop an appropriate rating structure to ensure equitable rating across all rate types and regions.

“Rates harmonisation will be a complicated exercise due to the categorisation within each area. The movement required in dollar terms applied to each ratepayer will be very difficult to predict and is affected by the rate freeze required by the State Government for the first four years. Given the current level of rates of both Shires it is expected that harmonisation will not result in a major shift for any ratepayer.¹⁸⁷”

The four-year freeze on rates would provide adequate time for the new council to develop a rating framework with the community.

13.2 Naming of the new council

Two potential names for the merged council were put forward in submissions.

- ▼ Murrumbidgee Shire Council¹⁸⁸ – maintaining the existing name of one of the councils
- ▼ Kidman Shire Council¹⁸⁹ – named after the ‘Kidman Way’ which runs through all three towns and also takes its name from Sir Sidney Kidman the founder of the Kidman pastoral family.

Although the Kidman Way does run through all three towns there does not seem to be a significantly greater connection to this area when compared to any other area on the Kidman Way. This would therefore not seem to be the most appropriate name.

Given that Jerilderie will still be the name of the town in a merged Shire it would seem acceptable that the new merged council be named Murrumbidgee Shire Council.

¹⁸⁷ Jerilderie Shire Council, *Submission*, 7 April 2016, p 14.

¹⁸⁸ Phillip Wells, *Submission*, 5 April 2016, p 4.

¹⁸⁹ Susan Appleyard, *Submission*, 6 April 2016.

Appendices

A Instrument of Delegation

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 the 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: 17/2/16

A/Chief Executive
Office of Local Government

Part A	Part B
Tim Stubbs	Proposal made by Jerilderie Council to amalgamate the Jerilderie and Murrumbidgee local government areas
John Turner	Proposal made by Palerang Council to amalgamate the Palerang and Queanbeyan local government areas

B Merger Proposal

C KPMG merger analysis