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The Honorable Paul Toole  
Minister for Local Government  
GPO Box 5341  
**SYDNEY** NSW 2001

By Email to: [office@toole.minister.nsw.gov.au](mailto:office@toole.minister.nsw.gov.au)

**Re: Fit For Future Alternate Merger Proposal- Harden Shire Council**

At the Extraordinary meeting of Harden Shire Council held on Wednesday 20<sup>th</sup> January 2016 Council considered a report on the NSW Government merger proposal to merge Boorowa, Harden and Young shire councils and resolved to:

- 1. Provide a response to the Government's merger proposal for the Boorowa, Harden and Young Shire Councils.*
- 2. Indicate to the Government that Harden would be supportive of being included in the Government's merger proposal with Cootamundra and Gundagai in preference to the proposed Boorowa and Young merger.*
- 3. Convey to the Government that this Council is prepared to work with the Government to achieve the local government 'Fit for Future' reforms that are supported by our community.*

In response to the above resolution Council has lodged a submission to the NSW Boundaries Commission opposing the merger of Harden with Boorowa and Young shire Councils.

At the Ordinary meeting of Harden Shire Council held on Wednesday 17<sup>th</sup> February 2016 Council considered a report on Council's response to the merger proposal by the NSW Government and resolved as follows:

- 1. Council reinforce to the Government that it remains committed to work with the government to achieve the local government 'Fit for Future' reforms that are supported by our community, and*
- 2. Council submit an alternate formal merger proposal to amalgamate Harden, Cootamundra and Gundagai Shire Councils initiated in accordance with the requirements of section 218E of the Local Government Act 1993*

As the Minister is aware Harden and Cootamundra Shire Council submitted a joint merger proposal, by 30<sup>th</sup> June 2015, in response to the NSW Governments 'Fit for Future' reform of local government. At the time Council was only one of a handful of Councils to have submitted a joint merger proposal to the Government. This merger proposal received widespread support from both Harden and Cootamundra communities. Of the submissions received by the Councils over 90% of residents supported the merger proposal. This merger proposal was subsequently assessed by IPART as 'Fit for Future'.

On 18<sup>th</sup> December 2015 Harden and Cootamundra communities were stunned when the Government announced two merger proposals in our region being Boorowa- Harden-Young and Cootamundra-Gundagai.

Following strong community opposition in Harden to the merger with Boorowa and Young together with strong support in Cootamundra for the involvement of Harden in the Cootamundra- Gundagai merger, Harden Shire Council is now prepared to put an alternative proposal for the merger of Cootamundra-Gundagai-Harden. This has been put forward as a compromise solution and has received widespread resident and ratepayer support in Harden and Cootamundra. Should this merger proceed it would leave Boorowa and Young to merge. The Boorowa-Young joint voluntary merger proposal has already been assessed by IPART as 'Fit for Future'.

A merger between Cootamundra-Gundagai-Harden and Boorowa-Young still achieves the Governments objective of merging five Councils in the tablelands region into two new merged local government organisations. The Councils created by this alternative merger proposal would be almost identical in population, area, revenue and asset base as shown in the following tables:

Council requests that you forward the attached alternative merger proposal to the Boundaries Commission for Review and that the Government consider supporting this compromise proposal that enables the Government to achieve its reform objectives and create two mergers in the Tablelands Region supported by the majority of residents and ratepayers.

Yours faithfully

A handwritten signature in black ink, appearing to be 'S. a. [unclear]', written over a horizontal dotted line.

Assistant General Manager



**HARDEN SHIRE COUNCIL**  
**ALTERNATIVE MERGER PROPOSAL**

**COOTAMUNDRA, GUNDAGAI & HARDEN SHIRE COUNCILS**

**Introduction**

When the Local Government reform process began, in Dubbo in 2011, with the formation of the Destination 2036 Steering Committee, and in particular since the Final Report of the NSW Independent Local Government Review Panel was handed down in October 2013, Harden Shire Council has been receptive to the option of voluntary mergers to achieve the best outcome for our residents.

From the beginning of 2014 Council has considered all the reform options available and determined that the most appropriate way to secure the long term future for our community was to pursue a voluntary merger option. Council recognised that increasing scale and capacity was necessary to ensure the long term sustainability of local government in our region.

Council held formal merger discussions with Yass and Gundagai Councils which did not progress beyond the initial stages and we developed detailed merger proposals with Cootamundra, Harden and Boorowa, Harden and Young.

In determining a voluntary merger partner Council chose Cootamundra due to the strong synergies between both communities. Both organisations shared similar philosophies, values and objectives that were reflected in their Community Strategic Plans. There are strong links and communities of interest between the towns, villages and rural locations in each shire. Healthy Village life is a feature of both Council areas and it was essential to both merger partners that this feature of both communities be preserved and maintained.

The merger proposal provided security of employment for existing employees and the staff of both Councils strongly supported the merger proposal. Significantly the merger had the support of all relevant unions.

The majority of business systems between the two Councils share common platforms. This has significant cost advantages in merging these systems into a single entity. Most importantly these communities and organisations have demonstrated a strong commitment and willingness to make this merger proposal succeed. The importance of this commitment to the new Council and administration cannot be underestimated.

In our region the government has announced two merger proposals covering five current Council areas. Council recognises that the government has rejected the proposal to merge Cootamundra and Harden. The Council and our community oppose in the strongest possible terms the decision to merge Boorowa, Harden and Young.

Council is not opposed to the option of mergers and asks that the government consider supporting the alternative merger proposal of Cootamundra, Gundagai and Harden. This would leave Young and Boorowa to merge and this option is supported by these Councils and was assessed as Fit for Future by IPART. This would still result in the merger of five current Councils into two new local government organisations. It would also lead to the creation of two local government organisations in this region with almost identical populations, revenue bases, areas and asset values. This will ensure that these new organisations have an equal political standing in a reformed NSW Local Government structure.

Cootamundra Shire Council remains supportive of being involved in a merger with Harden. Cootamundra also supports an extension of the Governments merger proposal of Cootamundra and Gundagai to include Harden. In the event that Harden is not included in a merger outcome with Cootamundra, Cootamundra is seeking a boundary adjustment to include the southern part of Harden Shire in the new Council area of Cootamundra and Gundagai. This proposed boundary adjustment would include the village of Jugiong. Harden remains opposed to any boundary adjustment that divides the current boundary of the shire should the Governments proposed merger of Boorowa, Harden and Young proceed.

In February 2016 Council resolved to submit a formal proposal to the Minister under Section 218(E) of the Local Government Act 1993 for the merger of Cootamundra, Gundagai and Harden Shire Councils. Council is seeking the Minister to consider this proposal before any decision is made to commit to a Boorowa, Harden and Young merger.

Council is also requesting that the Government honor the 'Fit for Future' funding package for three Councils or more and provide \$20M in funding assistance to the proposed Cootamundra, Gundagai and Harden merger.

## **LOCAL GOVERNMENT ACT CONSIDERATIONS**

### **Section 263(3)(A) Financial Considerations**

In Cootamundra Shire Council's submission to the Governments Cootamundra-Gundagai merger proposal it was highlighted that the financial analysis contained within the KPMG merger proposal indicates that the new council will have operating deficits and will be technically unsustainable for many years.

The Government has determined that rates will be pegged for the first four years. This is assumed to be at 1.8%/ annum based on the KPMG calculation that the Cootamundra-Harden 5% increase over four years equated to an 11.2% SRV.

The proposed merger is expected to generate, on average, around \$400,000 in savings every year from 2020 onwards (*KPMG Merger Proposal document, page 8*). This amount represents around 14% of the combined council deficit from the audited financial statements for 2013/14.

The combined notional rating income of Cootamundra and Gundagai councils is \$6.9m. With an expected rate peg of 1.8%pa until 2019/20, the notional rating income of the New Council will be \$7.4m. By 2020/21, after deducting the annual merger savings of \$400,000pa a Special Rate Variation (SRV) of 31% would be needed to bring the operating deficit to nil.

In the Cootamundra’s submission to the NSW Boundaries Commission they suggested that in the event that a merger of Cootamundra-Gundagai proceeded they would seek a boundary adjustment to take into the new Council area the southern part of Harden shire, taking in the village of Jugiong, to provide additional rate income to overcome the identified operational deficits. This boundary adjustment is not supported by Harden Shire Council no matter what the merger outcome to Harden.

A logical way to overcome this fiscal imbalance would be to include Harden in the merger outcome. A Cootamundra-Harden merger was assessed by IPART as capable of providing \$11M in community benefits over a 20 year period. The removal of Harden from the Boorowa-Harden-Young merger proposal does not have serious financial implications for the remaining two Councils, as both Boorowa and Young were assessed ‘Fit for Future’ by IPART in a two Council merger proposal.

In assessing the Cootamundra-Harden merger as ‘Fit’ IPART highlighted that the financial assessment relied on a special rate variation of 21.6% from 2017/18 for a period of 4 years. (This amounted to a rate increase 11.2% above rate pegging). The business case for this merger model was based on the financial package then being offered by the government. The Government has now increased this package to \$20M for a three Council merger and the increased financial assistance of \$5M in the current package more than offsets the need for the special rate increase over and above rate pegging to become financially sustainable.

A merger between Cootamundra-Gundagai-Harden and Boorowa-Young still achieves the Governments objective of merging five Councils in the tablelands region into two new merged local government organisations. The Councils created by this alternative merger proposal would be almost identical in population, area, revenue and asset base as shown in the following tables:

**Table 1  
COUNCIL PROFILE COOTAMUNDRA GUNDAGAI HARDEN**

	<b>Cootamundra</b>	<b>Gundagai</b>	<b>Harden</b>	<b>Total</b>
<b>Area (Sq. Km)</b>	1,524	2,457	1,868	5,849
<b>Population</b>	7,749	3,755	3,751	15,255
<b>Revenue (\$M)</b>	\$12.3	\$7.1	\$11.6	\$31.0
<b>Assets (\$M)</b>	\$113.3	\$154.0	\$119.7	\$387.0
<b>Infrastructure Backlog (% Rev)</b>	6%	3%	0%	3%

**Table 2  
COUNCIL PROFILE BOOROWA YOUNG**

	<b>Boorowa</b>	<b>Young</b>	<b>Total</b>
<b>Area (Sq. Km)</b>	2,587	2,693	5,271
<b>Population</b>	2,602	12,641	15,243
<b>Revenue (\$M)</b>	\$10.4	\$18.3	\$28.7
<b>Assets (\$M)</b>	\$107.2	\$151.4	\$258.6
<b>Infrastructure Backlog (% Rev)</b>	6%	8%	7.6%

*\*Note- The information contained in Tables 1 & 2 above is taken from the Government Merger Proposal Models for Boorowa-Harden-Young AND Cootamundra Gundagai, Page 7*

The alternative merger proposal depicted in the tables above would create two Councils in the Tablelands Region with equal political standing making for a strong governance model.

### **Section 263(3)(B) Community of Interest and Geographic Cohesiveness.**

The communities across the Cootamundra, Gundagai and Harden region share many common characteristics. There are also significant differences between the three Council areas however they are communities heavily dependent upon agriculture for their long term sustainability. The proposed new council will have enhanced scale and capacity and be better placed to shape and deliver the economic development, community services, and infrastructure that underpin the lifestyle of these communities.

Whilst Harden does have agricultural, commercial, education, sporting, health and community service interests with Cootamundra and Gundagai, they are not exclusive communities of interest. Each of these areas look to Canberra, Wagga- Wagga, Orange, Bathurst, Boorowa and Young as communities of interest providing a wide range of agricultural, commercial and community services.

Cootamundra, Gundagai and Harden are located in the Murrumbidgee River and this factor has a strong influence in agricultural activities across the Council areas.

Hardens villages of Galong, Jugiong and Wombat are all opposed to the merger proposal of Boorowa, Harden and Young because they fear that they will wither and die if Young dominates the delivery of commercial and community services. These villages are part of the cultural heritage of our community and are indeed part of the fabric of rural life. The villagers believe that their lifestyle is under threat from the Governments merger proposal. Cootamundra, Gundagai and Harden are village communities and this proposal will preserve that lifestyle.

Harden-Murrumburrah Chamber of Commerce is supportive of the opportunity to engage with the Cootamundra Business Chamber and they are strongly opposed with any merger with Young.

### **Section 263(3)(C) Historical and Traditional Values.**

The three Councils covered by this merger proposal are all general purpose rural councils, with a major emphasis on road construction activities. They each seek to provide levels of service to a similar level as that provided in small metropolitan councils. Each Council sees local employment as a major issue and they are all faced with an aging population, and a decreasing significance given to rural communities at both State and Federal levels.

The three Councils have strong similarities in their historical and traditional core values. There are political similarities shared across the three areas. As stated above Young is a very town centric community whilst Harden has a healthy village community. Mergers that bring together like communities have a strong chance of success. Such core similarities are a bonus to the administration of the new organisation and work to unify the new Council.

It is Hardens view that these three communities have already demonstrated a willingness to work together and will come together to form a strong new organisation.

### **Section 263(3)(D) Community Sentiment**

In gauging community sentiment in relation to this merger proposal Council relies on the comments received from our community in response to the voluntary Cootamundra-Harden merger proposal. Council did call a community meeting in Harden on Tuesday 2<sup>nd</sup> February 2016 to gauge the community response to the government's merger proposal.

Council's previous consultation was very exhaustive and showed that the community was predominantly pro-Cootamundra and anti-Young. In developing the joint merger proposal with Cootamundra, Council engaged with our community and held public meetings in Harden, Galong, Wombat and Jugiong. In total two hundred and forty five [245] residents attended the public meetings. These numbers excluded Councillors and staff from both Harden and Cootamundra Councils who also attended the public meetings.

Council also undertook, in conjunction with Cootamundra, a mail out to all residents and ratepayers to gauge community reaction to the voluntary joint merger proposal. In response to the survey, a total of three hundred and thirty five [335] submissions were received by Harden Shire Council. Three hundred and two [302] submissions identified support for the Harden Cootamundra merger proposal, thirty one [31] submissions were against the merger proposal and two [2] submissions indicated they were undecided.

In both the community meetings and the community survey over 90% of participants and respondents supported the Cootamundra merger proposal. Council also undertook a similar staff survey to gauge staff support for the merger proposal. Similar to the community response over 96% of staff responding to the survey supported the proposal.

During the public discussion on the Cootamundra-Harden merger both Councils raised the option to include Gundagai in the merger proposal. Both communities supported the option to include Gundagai and the Councils left the opportunity for Gundagai to become part of the voluntary merger proposal up until 30 June 2015. Cootamundra and Harden considered the option to include an option to include Gundagai in their original merger proposal however out of respect for Gundagai's desire to stand alone left the option out of the final submission. The Government has now made it clear that it has not left open the option for Gundagai to stand alone and both Cootamundra and Harden remain supportive if Gundagai's involvement in the merger.

Council also conducted a community meeting in Harden, at 6.00pm on Tuesday 2<sup>nd</sup> February 2016 to gauge the community response to the government's proposal to merge Boorowa, Harden and Young. That meeting was attended by 330 residents and ratepayers and unanimously endorsed community opposition to the government proposal. The Community meeting also endorsed an alternative proposal to merge with Cootamundra and or Gundagai.

The public inquiry into the Governments merger proposal held on Friday 5<sup>th</sup> February 2016 reported that approximately 270 people registered to attend the Harden public enquiry and the Delegate recognised that there were likely to have been a further 20-30 people who entered the enquiry without registering. When these numbers are taken into account the total attendees equated to approximately 300. A show of hands called during the Council's submission to the enquiry resulted in massive community opposition (some 98% of those in attendance) to the government merger proposal.

The Harden community has voiced its clear objection to the Governments proposal to merge Boorowa, Harden and Young. It has also voiced its strong support for the alternative merger proposal for Cootamundra, Gundagai and Harden.

### **Section 263(3)(E) Employment Issue**

Council has consulted extensively with all staff on the merger options for Council. Staff surveys conducted during the voluntary merger with Cootamundra resulted in 96% of staff supporting that proposal.

The proposal for the merger of Cootamundra, Gundagai and Cootamundra has been put to meetings of both indoor and outdoor staff with staff overwhelming support for this outcome over a Boorowa Young merger.

Council is aware of the employment protection provisions in the Local Government Award that cover all other than General Managers, for three years, and section 218(C)(A) provisions of the Act that protects staff in areas of populations less than 5,000 indefinitely.

Council is philosophically committed to retaining all staff and redeploying those whose positions are duplicated or redundant.

### **Section 263(3)(E3) Rural Communities**

Council does not believe that this merger would have a significant impact on the way these rural communities would continue to function.

Due to the size of the shire it is likely that multiple offices and depots will need to be maintained in each of the three Council areas thereby retaining employment in each area and contributing to the economic development in both the major towns and shire villages.

### **Section 263(3)(E4) Wards**

Council has not taken a formal position in relation to wards. Council has previously held discussions with Cootamundra Council on an opportunity to have equal councillor representation on the new Council in the initial term. These suggestions were supported by both Councils in the original Cootamundra-Harden merger proposal.

Philosophically, Council has not been in favor of wards and has believed that elected Councillors should be focused on whole of shire issues and not be parochial towards the wards they are elected in and represent.

The setting up of wards may provide an opportunity to ensure some political representation for Harden in the makeup of the new Council.

### **263(3)(F) Other**

Council is aware that if a Cootamundra-Gundagai merger outcome is successful that Cootamundra is putting forward a case for the southern part of the current Harden Shire, including the village of Jugiong, to be included in a boundary adjustment with the Cootamundra-Gundagai.

Council seeks to place on record our serious objection to any move to fragment the boundaries of Harden Shire no matter what the outcome of the merger.

### **Conclusion**

Council seeks to reiterate that we remain committed to implement the local government reform process.

We have consulted extensively with our community in relation to our merger options. The overwhelming voice in our community is opposed to a Boorowa, Harden and Young merger. Council has asked the Government to respect that overwhelming community view and not approve this merger.

As an alternative merger model Council supports a Cootamundra, Gundagai, Harden merger and will seek the support of the Minister to refer this alternative merger proposal to the NSW Boundaries Commission for review.

**Submitted for HARDEN SHIRE COUNCIL by Trevor Drowley, Assistant General Manager, in accordance with the resolution of Council on 17th February 2016.**