



The Hon Paul Toole MP
Minister for Local Government

Ref:

Mr Tim Hurst
Acting Chief Executive
Office of Local Government
PO Box R1772
ROYAL EXCHANGE NSW 1225

Dear Mr Hurst

As a consequence of Gloucester Shire Council indicating that its preference is to stand alone, but if a merger is to be considered its preference is a three way merger between Great Lakes, Greater Taree and Gloucester Councils, I am making a proposal, in accordance with section 218E of the Act to amalgamate the existing areas of Gloucester, Great Lakes and Greater Taree into one new area.

By this letter, I am referring the proposal to you pursuant to section 218F(1) of the Act for examination and report in accordance with section 218F of the Act, and I look forward to receiving your report in due course.

If you would like to discuss this matter further, please contact Corin Moffatt in my office on 02 8574 7016 or corin.moffatt@minister.nsw.gov.au.

Yours sincerely

Paul Toole MP
Minister

Encl.

A NEW COUNCIL FOR THE GLOUCESTER, GREAT LAKES AND GREATER TAREE REGION

Introduction

As a consequence of Gloucester Shire Council submitting a preference for a three way merger between Great Lakes, Greater Taree City and Gloucester Shire councils, a merger proposal for the local government areas of Great Lakes, Greater Taree City and Gloucester Shire has been referred for examination and report under the *Local Government Act (1993)*¹.

This document provides analysis and information to support community consideration of this merger option.

The Government's existing proposal to merge the local government areas of Gloucester and Dungog Shires, and an additional alternate proposal to merge the local government areas of Dungog Shire and Maitland City are also under consideration.

An overview of the current performance of the three existing councils and the projected performance of the new proposed entity is provided in Figure 3.

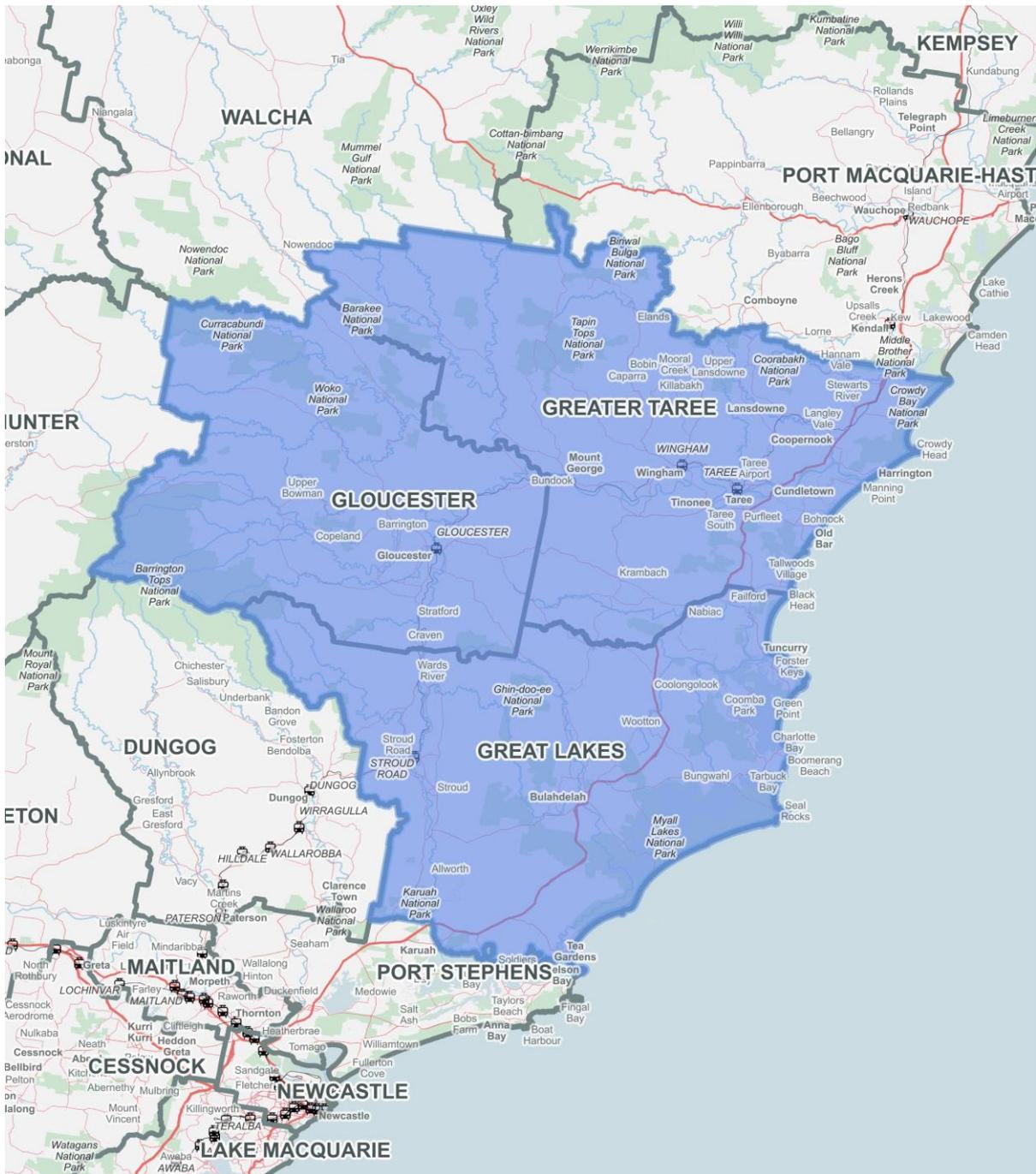
Figure 3: Council profiles

	Gloucester Shire Council	Great Lakes Council	Greater Taree City Council	New Council
				
Population (2014)	5,064	36,499	48,941	90,504
Area	2,950 sq km	3,373 sq km	3,729 sq km	10,053 sq km
IPART Rating	NOT FIT	FIT	NOT FIT	This merger proposal is broadly consistent with IPART's Fit for the Future assessments (2015). The new council will likely have enhanced scale and capacity to better meet the future service and infrastructure needs of the community.
Operating Revenue (2013–14)	\$14.5m	\$69.5m	\$68.4m	\$155.4m (projected 2019–2020)
Operating Result (2013–14)	-\$4.1m	\$3.7m	\$3.0m	+\$4.8m projected improvement to 2019–20 operating results
Asset Base	\$174.5m	\$617.7	\$640.3m	\$1.4 b
Infrastructure Backlog	43 per cent	6 per cent	28 per cent	20 per cent

Sources: Australian Bureau of Statistics, Department of Planning and Environment, Office of Local Government, Council Long Term Financial Plans, Fit for the Future submissions to IPART and IPART Assessment of Council Fit for the Future Proposals.

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

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



Proposed merger: Gloucester, Great Lakes and Greater Taree

Data sources: Land and Property Information
Datum and Projection: GDA94



- Proposal Area
- Current LGA Boundaries
- Suburbs
- Waterbodies
- Open space
- Roads
- Rivers
- Rail

KEY ANALYSIS

Financial Benefits of the Proposed Merger

Analysis by KPMG in 2016 shows the proposed merger has the potential to generate a net financial saving of \$30 million to the new council over 20 years.

Gross savings over 20 years will primarily be due to:

- streamlining senior management roles (\$10 million);
- the redeployment of back office and administrative functions (\$19 million); and
- efficiencies generated through increased purchasing power of materials and contracts (\$4 million).

In addition, the NSW Government has announced a funding package to support merging councils which would result in \$20 million being made available should the proposed merger proceed.

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

Overall, the proposed merger is expected to enhance the financial sustainability of the new council through:

- net financial savings of \$30 million to the new council over 20 years;
- achieving efficiencies across council operations through, for example, the redeployment of duplicated back office roles and administrative functions, and streamlining senior management;
- establishing a larger entity with revenue that is expected to reach \$179 million per year by 2025;
- an asset base of approximately \$1.4 billion to be managed by the merged council; and
- greater capacity to effectively manage and reduce the \$290 million infrastructure backlog across the region by maintaining and upgrading community assets.

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

Impact on Rates

Each of the three councils has previously indicated it may seek approval for rate increases to meet local community and infrastructure needs:

- Great Lakes indicated it may seek a cumulative SRV of 10.3 per cent over a four-year period from 2016-17;
- Greater Taree City indicated it may seek a cumulative SRV of 47.2 per cent over a six-year period from 2016-17; and
- Gloucester Shire indicated it may seek a cumulative SRV of 36.6 per cent over a three-year period from 2018-19.

Local Representation

The ratio of residents to elected councillors in each of the three councils is different. This reflects the variation in resident populations. While the proposed merger will increase the ratio of residents to elected councillors, the ratio, based on councillor numbers in the existing councils, is likely to be similar to those currently experienced in other regional NSW councils, such as Tweed Shire Council (see Table 1). For the purpose of analysis of merger benefits, this proposal has assumed that the new Council will have the same number of councillors as Great Lakes and Greater Taree City councils, as these councils have the largest number of councillors of the councils covered by this proposal. The Government welcomes feedback through the consultation process on the appropriate number of councillors for the new council.

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

Table 1: Changes to local representation in Gloucester Shire, Great Lakes and Greater Taree City councils

Council	Number of councillors	Number of residents (2014)	Residents per councillor
Gloucester Shire Council	7	5,064	723
Great Lakes Council	9	36,499	4,055
Greater Taree City Council	9	48,941	5,438
Merged council	9*	90,504	10,056
<i>Tweed Shire Council</i>	<i>7</i>	<i>90,114</i>	<i>12,873</i>

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

Source: Australian Bureau of Statistics (2014), Estimated Resident Population; and NSW Office of Local Government, Council Annual Data Returns (2013-14).

Local Economy

Table 2 below provides a snapshot of the local business profile of each council. More than 6,500 local businesses across the region contribute more than 29,400 jobs to the local economy.

Table 2: Local business and employment profile

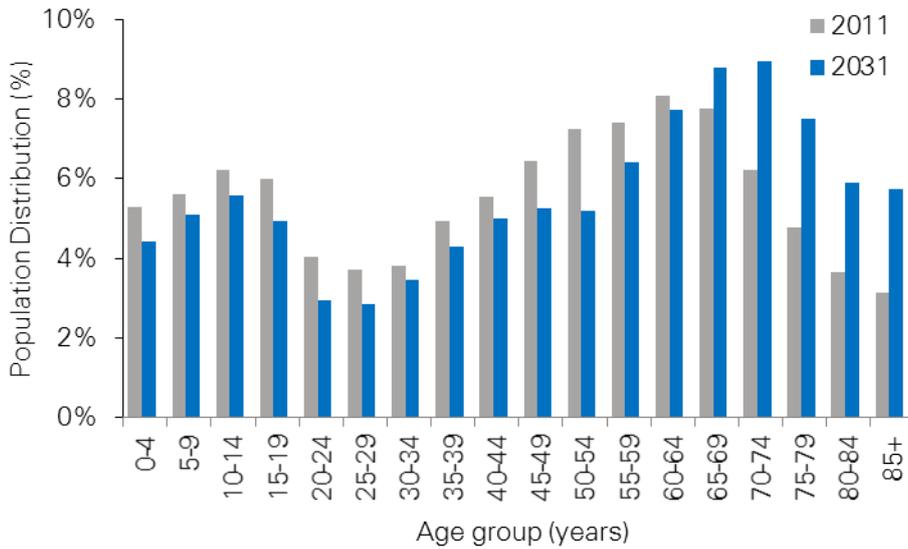
Council	Number of businesses	Local jobs	Largest sector
Gloucester Shire Council	708	1,963	Agriculture, forestry and fishing
Great Lakes Council	2,530	11,066	Retail Trade
Greater Taree City Council	3,302	16,397	Health Care & Social Assistance
Merged council	6,540	29,426	Health Care & Social Assistance

Source: Australian Bureau of Statistics (2014), Business Counts and Employment by Industry.

Population and Housing

The new council will be responsible for infrastructure and service delivery to more than 95,250 residents by 2031. The Gloucester, Great Lakes and Greater Taree region is experiencing modest population growth and will also experience the impacts of an ageing population over the next 20 years (Figure 4).

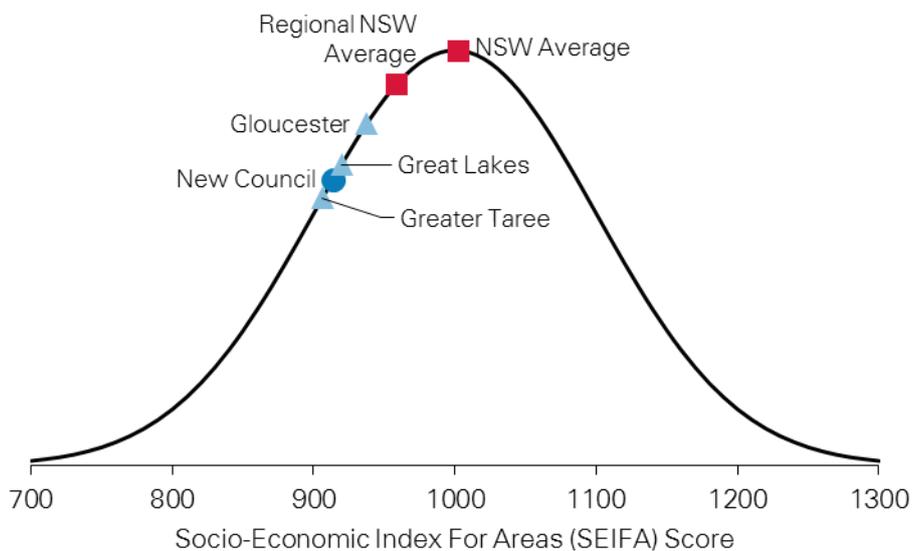
Figure 4: Change in population distribution, by age cohort (2011 v 2031)



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

In comparison with the rest of regional NSW, the Gloucester, Great Lakes and Greater Taree communities are relatively disadvantaged from a socio-economic standpoint. The Socio-Economic Index for Areas (SEIFA), illustrated in Figure 5, measures a range of factors to rate an individual council's relative socio-economic advantage. All three councils have a SEIFA score which is below the regional and NSW average. This reflects the characteristics across the communities in relation to, for example, household income, education, employment and occupation.

Figure 5: Comparison of councils' socio-economic profile



Source: Australian Bureau of Statistics (2011), SEIFA by local government area.

Table 3 outlines the current mix of housing types across the region. As with most regional areas across NSW, the dominant forms of dwelling across Gloucester, Great Lakes and Greater Taree are separate houses.

Table 3: Dwelling types in the Gloucester, Great Lakes and Greater Taree region (total number and per cent)

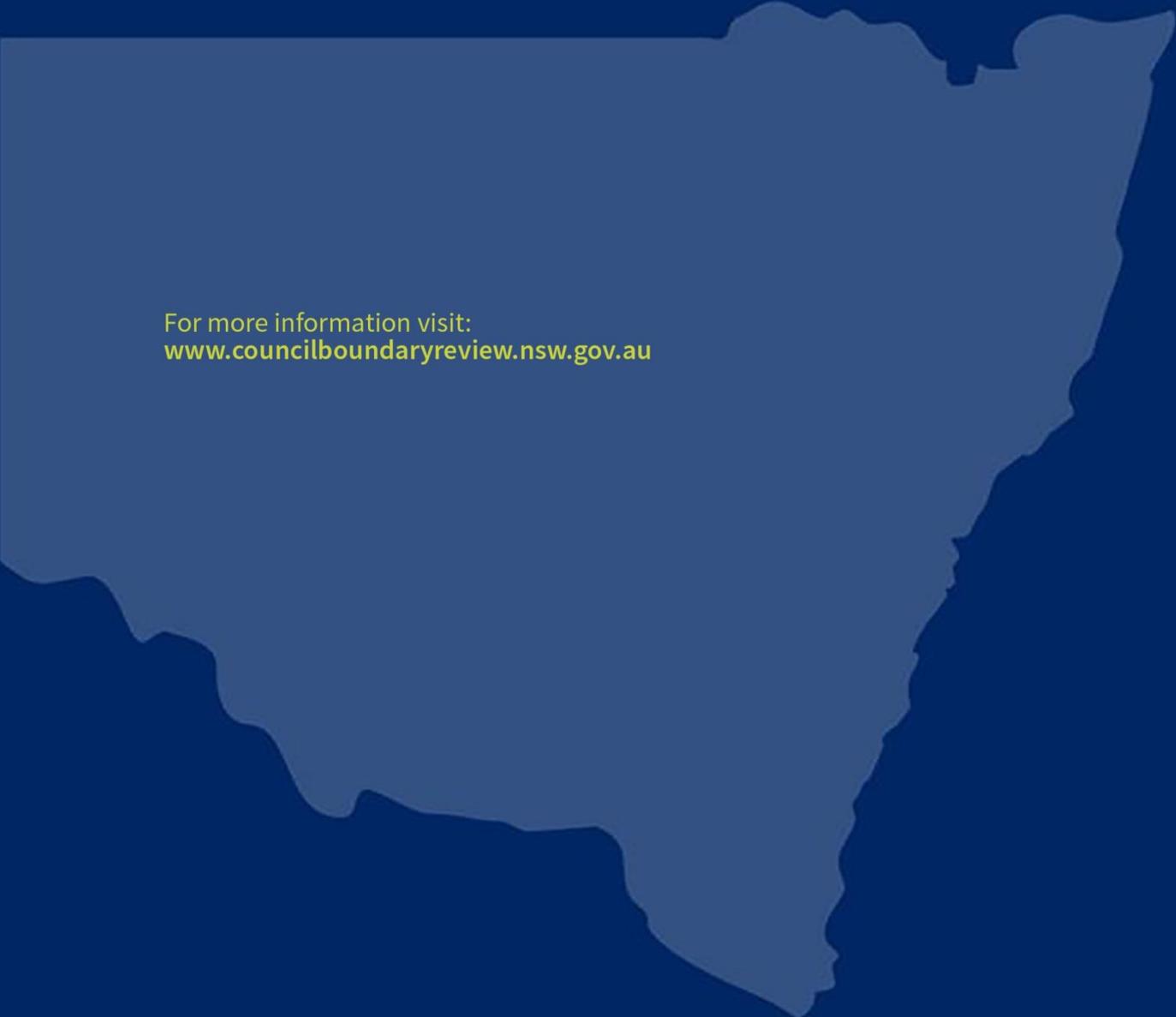
Dwelling type	Gloucester Shire Council		Great Lakes Council		Greater Taree City Council	
Separate house	2,321	91%	14,675	70%	18,341	84%
Medium density	125	5%	3,954	19%	2,928	13%
High density	-	-	1,600	8%	46	>1%
Other	93	4%	719	3%	415	2%
Total private dwellings	2,539		20,948		21,730	

Source: Australian Bureau of Statistics, Census (2011), Dwelling Structure by local government area.

Appendix

The following table outlines the factors that a delegate must consider under section 263 of the *Local Government Act (1993)* when examining a proposal.

<i>Legislative criteria</i>
(a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned
(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 the 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
(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



For more information visit:
www.councilboundaryreview.nsw.gov.au

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