
**PROPOSED MERGER OF
COROWA SHIRE AND URANA SHIRE COUNCILS**

**Comments by the NSW Local
Government Boundaries Commission
on the Report by the Delegate
of the Acting Chief Executive Officer
of the Office of the Local Government**



MAY 2016



Local Government Boundaries Commission
GPO Box 5341
Sydney NSW 2001

The Hon Paul Toole MP
Minister for Local Government
Level 17 NE
52 Martin Place, SYDNEY NSW 2000

Dear Minister

Proposed merger of Corowa Shire and Urana Shire councils

The Local Government Boundaries Commission provides its comments on the Delegate's Report into the above merger proposal under section 218F(6) of the *Local Government Act 1993*.

Yours sincerely

A handwritten signature in black ink that reads 'Bob Sendt'.

RJ Sendt
Chairperson
1 May 2016

1. Summary of Local Government Boundaries Commission comments

The Boundaries Commission has reviewed the Delegate's Report on the proposed merger of Corowa Shire Council and Urana Shire Council to determine whether it shows the legislative process has been followed and the Delegate has taken into account all the factors required under the *Local Government Act 1993* (the Act).

The Commission has assessed that:

- the Delegate's Report shows that the Delegate has undertaken all the processes required by section 263 of the Act,
- the Delegate's Report shows that the Delegate has adequately considered all the factors required by section 263(3) of the Act, with the exception of the factors listed under subsections 263(3)(e4) (wards) and 263(3)(e5) (diverse communities), and
- the Delegate's recommendation in relation to the proposed merger is supported by the Delegate's assessment of the factors.

2. Summary of the merger proposal

On 18 February 2016, Corowa Shire Council wrote to the Minister for Local Government to propose that the Corowa Shire Council and Urana Shire Council local government areas be merged. The Minister for Local Government referred the proposal to the Acting Chief Executive of the Office of Local Government for examination and report under the Act. The following map shows the proposed new council area (shaded in green).



The proposal would have the following impacts on population across the two councils.

Council	2016	2031
Corowa Shire Council	11,400	11,250
Urana Shire Council	1,000	800
New Council	12,400	12,050

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

The Acting Chief Executive delegated the function of examining and reporting on each of the proposals to a number of people, known as ‘Delegates’. Delegates are required to examine and report upon each merger proposal rigorously and fairly. The examination process includes Delegates calling for submissions and holding a public inquiry on each proposed council merger. Delegates are to prepare a report on the proposal and provide that report to the Local Government Boundaries Commission.

3. Role of the Local Government Boundaries Commission

The Local Government Boundaries Commission is an independent statutory authority constituted under section 260 of the Act. The Boundaries Commission examines and reports on any matter referred to it by the Minister in relation to the boundaries of local government areas and the areas of operation of county councils.

The Boundaries Commission has several functions under the Act. In the current context (where the Minister has elected to refer the proposal to the Office of Local Government, rather than the Boundaries Commission, for examination), the most relevant Commission functions are set out in section 218F(6) of the Act. This section requires:

- the Chief Executive to furnish the Report on the examination of the merger proposal to the Boundaries Commission for review and comment, and
- the Boundaries Commission to review the Report and send its comments to the Minister.

The Commission’s role does not involve re-examining the advantages and disadvantages of the proposed mergers, accepting submissions or holding public inquiries.

4. Delegate’s recommendations

The Delegate’s key recommendation is *“that the proposal should proceed to implementation”*.

The Delegate also recommended that a new council:

- *“continue support for services vital to rural communities, such as medical and doctor facilities (including mental health), community transport, mobile libraries, community events, and emergency services, among others,*
- *maintain service centres as multiple locations within the new local government area, to maintain continuity of access to the council for residents at all localities,*
- *prioritise the continuation of existing section 355 committees, and investigate the creation of new committees as appropriate. These committees should include representatives with knowledge of local conditions and who have the capacity to*

engage with the elected representatives of the new council. The committees may be particularly useful to assist with transitional matters,

- *provide information to its community about the transition and continuation of services, and to encourage the community to participate in strategic planning for the new entity,*
- *be undivided, and*
- *be comprised of a maximum of nine councillors, including the Mayor”.*

5. The Commission’s detailed comments

5.1 Review of the process followed by the Delegate

Under the Act, the Delegate is required to undertake certain processes in examining a merger proposal. These processes include holding an inquiry, allowing members of the public to attend meetings as part of the inquiry and calling for submissions. As part of its review of the Delegate’s Report, the Commission has looked at whether these processes were followed.

In total the Delegate considered 57 written and verbal submissions from the public, community and other organisations and councils.

The Delegate held two public inquiries on 17 March 2016 at the Urana Bowling Club and the Corowa Golf Club.

The Commission’s view is that the Delegate has met the relevant requirements.

Review of the Delegate’s consideration of the factors specified in the Act

Under section 263(3) of the Act, the Delegate is required to have regard to a range of factors when considering a merger proposal.

Overall, the Commission’s view is that the Report shows the Delegate adequately considered all the factors, with the exception of wards and diverse communities.

The Commission has formed this view based on its review of the discussion presented in the Delegate’s Report. The Commission specifically considered whether the extent of that discussion adequately canvassed the range of issues raised in the written submissions made to the Delegate, the views expressed at the public hearings and other information that would have been available to the Delegate.

The Commission makes the following comments relating to each factor:

5.2.1 Financial factors

Section 263(3)(a) of Act requires the Delegate to have regard to:

“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”.

The Delegate noted that the proposal by Corowa Council estimated potential savings in excess of \$41 million over 20 years. The KPMG modelling estimated potential net financial savings from the proposed merger of approximately \$2.6 million over 20 years in net present value terms.

With reference to rates, the Delegate noted the Corowa Shire Council analysis indicating that improvements in financial results after the amalgamation would reduce a reliance on rate increases. The Delegate also noted that rates in Urana Shire Council are currently significantly lower than average. Both Councils have raised rates recently or intend to raise rates in the near future, above the rate peg set by IPART.

The Delegate also analysed a broad range of financial performance indicators and calculated that a merged council would have, in 2014-15, achieved nearly every financial and infrastructure asset performance benchmark.

The Delegate noted with concern the particularly low own source operating revenue ratio for Urana Shire Council and was of the opinion that it did not reasonably accord with its stated preference to remain as a stand-alone council. The Delegate concluded that as a result of this performance indicator result, Urana was heavily dependent on Financial Assistance Grants and that a merger would reduce this dependence.

Having had regard to the financial advantages and disadvantages (including the economies and diseconomies of scale) of the Proposal to the residents and ratepayers of Corowa Shire and Urana Shire, the Delegate found that that this factor did not pose an impediment to the merger proceeding.

The Commission's view is that the Delegate adequately considered the issues under this factor, while noting the lack of analysis in the Report of economies and diseconomies of scale.

5.2.2 Communities of interest

Section 263(3)(b) of the Act requires the Delegate to have regard to:

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

The Report noted that the merger proposal by Corowa Shire Council stated that the Corowa and Urana Shire areas have commonalities in respect to the socio economic profile of the communities. SEIFA scores are below the NSW average, household income is significantly below the State average and the average age of the community is almost 10 years older than the State or National average.

As considered by the Report, agriculture is an important sector for both areas, however in Corowa Shire manufacturing and tourism are equally as important. The diversification and growth of the local economies are shared priorities.

The Delegate concluded that it was clear that the people of Corowa have a greater degree of appreciation of their neighbour and the value placed on shared community interests. He noted the commonalities expressed by both residents and councils, particularly those that extend beyond the

merger process and indicated his belief that these would continue and be strengthened by a larger inclusive council.

Having had regard to the community of interest and geographic cohesion in the existing Corowa Shire and Urana Shire LGAs, and in the proposed merged LGA, the Delegate found that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor, while noting the limited analysis provided.

5.2.3 Historical and traditional values

Section 263(3)(c) of Act requires the Delegate to have regard to:

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

In examining this factor, the Delegate noted that both local government areas share commonalities in their history of European settlement and in their contribution to the nation that Australia has become. He also noted that the areas share an interest in strengthening their agricultural and manufacturing economies by diversifying into tourism and other business ventures.

The Delegate concluded that the proposed merger would not impact on either traditional or historical values of the areas.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.4 Attitudes of residents and ratepayers

Section 263(3)(d) of the Act requires the Delegate to have regard to:

“the attitude of the residents and ratepayers of the areas concerned”.

The Delegate noted Corowa Shire Council's submission that stated its residents and ratepayers strongly objected to the three-way proposal but were willing to support the two-way amalgamation. The majority of submissions from residents also supported this proposal including one submission which stated that “a level of positive excitement exists between the two affected shires towards the merger proposal”, and another which stated “my view is that Corowa and Urana Councils should merge”.

The Delegate further noted that Urana Shire Council's submission maintained that its residents have expressed overwhelming support for Urana Shire to continue as a stand-alone council. Its view is also reflected in community submissions, both verbal and written

Although the submissions showed a majority support for the proposal, the Delegate interpreted this as not necessarily reflective of the community position. He took into consideration that there were significantly fewer submissions for this proposal than there were for the previous proposal for a

Corowa/Urana/Lockhart merger and conceded that this may be due to a public misconception that previous submissions would be considered for this proposal.

The Delegate concluded that there was no impediment to the proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor, while noting the limited analysis provided.

5.2.5 Elected representation

Section 263(3)(e) of the Act requires the Delegate to have regard to:

“the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area”.

The Delegate noted that the proposal, if implemented, would change the representation ratios when compared to those currently applicable, particularly for Urana, with the new entity (assuming the recommendation as to the election of the nine councillors) having a ratio of 1:1,400, compared to the current ratios in of 1:1,273 in Corowa and 1:127 in Urana.

The Delegate noted that the population spread across the larger geographic area of the proposed new council was seen as problematic, potentially leaving residents of the current Urana Shire with a minority of representatives on the new Council. The Report stated this issue was of particular concern if Urana's tradition of having councillor representation at community events and celebrations was to continue. Urana residents also expressed appreciation for the detailed knowledge of the shire held by current councillors and a fear that this knowledge would be lost.

The Delegate concluded that the proposed representational arrangements were not unusual when compared with the rest of the State and, on that basis he found that there is no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor, while noting the limited analysis provided.

5.2.6 Service delivery and facilities

Section 263(3)(e1) of the Act requires the Delegate to have regard to:

“the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities”.

The Delegate conducted a detailed analysis of the current services provided by both Councils and noted that submissions reflected the high importance ratepayers in rural areas place on council services.

The Delegate noted, with some concern, the high levels of expenditure per capita on services within Urana Shire Council, particularly for Governance and Administration which was more than double that of Corowa and stated his opinion that a merger would rectify this anomaly.

Given the disparity in per capita expenditure between the two Councils, the Delegate indicated that harmonisation of service levels would be an important consideration for the new council and recommended that although some back office functions could be consolidated to a main locations, it would be important to maintain service centres, depots, and outdoor staff in other locations to ensure a high level of service is provided to all localities of the new council area.

The Delegate also noted the vital role section 355 committees play in the current Councils and expressed his recommendation that these continue to be supported by a new council.

Having had regard to the impact of the Proposal on the ability of the councils of the LGAs concerned to provide adequate, equitable and appropriate services and facilities, the Delegate found that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.7 Employment impacts for staff

Section 263(3)(e2) of the Act requires the Delegate to have regard to:

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

The Delegate noted that submissions raised concerns that the proposed merger would lead to a loss of jobs, which in turn would cause people to have to relocate themselves and their families, possibly leading to a decline of smaller rural villages and towns. Some felt that the loss of even executive staff from smaller centres would be disastrous. Most who opposed the proposal felt that staffing losses would lead to the death of smaller towns and villages and dramatic reduction in service levels.

As noted by the Report, Corowa submitted that it had already been cooperating with Urana Shire in respect to current recruitment needs, to ensure that any decisions being made now prior to the amalgamation, would still be the right decisions for the organisational structure of any new organisation.

The Delegate concluded that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.8 Rural impacts

Section 263(3)(e3) of the Act requires the Delegate to have regard to:

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

The Delegate noted that each of the affected councils contains substantial extents of rural land and a number of rural communities. Submissions noted the strength and vibrancy of these rural communities and considered the support from council to these communities to be vital for their ongoing viability. He recommended that the new council should look to maintain the level of service to these communities that they currently enjoy.

The Delegate concluded that strategies to be adopted by a new council to ensure continuity of service to rural communities included maintaining service centres at multiple locations, regularly holding council meetings at a central location and installing modern information and communication technology at service centres and broadcasting council meetings to the service centres.

The Delegate concluded that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate adequately considered the issues under this factor.

5.2.9 Wards

Section 263(3)(e4) of the Act requires the Delegate to have regard to:

"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".

As noted by the Report, Urana Shire is currently divided into three wards with three councillors in each ward, while Corowa Shire does not have wards.

The Delegate noted that submissions broadly expressed the view that wards would not provide an effective solution for a merged council due to the population being mostly concentrated in the south, along the Murray River.

Considering the submissions and the population spread over the proposed new local government area, the Delegate concluded that there would be little value in dividing the proposed council into wards and recommended that the new council area be undivided. He found that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate did not adequately consider the issues under this factor.

5.2.10 Opinions of diverse communities

Section 263(3)(e5) of the Act requires the Delegate to have regard to:

"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".

The Report noted that both Corowa and Urana have a lower than average percentage of people who identify as Aboriginal and Torres Strait Islander or whose first language is other than English. In contrast, both LGAs have an above average percentage of people who are aged over 60 years.

The Delegate reported that none of the submissions addressed this factor from the perspective of cultural diversity. Urana submitted that the two Shires were diverse due to the focus of Urana's economy being on agriculture whilst Corowa was mainly manufacturing.

The Delegated expressed his opinion that it would be important for the new council to ensure both economically and culturally diverse communities are consulted and their priorities and interests integrated into strategic planning and program delivery.

Having had regard to the need to ensure that the opinions of each of the diverse communities of the resulting LGA are effectively represented, the Delegate found that there was no impediment to the Proposal proceeding, with respect to this factor.

The Commission's view is that the Delegate did not adequately consider the issues under this factor.

5.2.11 Other issues

Section 263(3)(f) of the Act requires the Delegate to have regard to:

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

The Delegate considered the following other issues in this Chapter to the Report:

- *Strategic capacity of the merged council:* The Delegate considered that a merged council would have greater strategic capacity to undertake regional planning and strategic delivery of projects, address challenges and opportunities, particularly infrastructure backlogs and improving financial sustainability, be an effective partner for the NSW and Australian governments on delivering infrastructure projects and other cross-government initiatives and function as a modern organisation with improved staffing capacity and expertise, innovative and creative approaches to service delivery. Is into leadership and specialist roles.
- *Membership on regional organisations of councils:* The Delegate noted that Corowa Shire and Urana Shire are both members of the Riverina and Murray Regional Organisation of Council (RAMROC). Urana Shire is also a member of Riverina Eastern Regional Organisation of Councils (REROC). The Delegate anticipated that the new council would be eligible for membership in RAMROC and REROC.
- *Transition arrangements:* Some submissions raised questions relating to how a merger might happen and what impact it would have in specific areas. The Delegate indicated that it was important for the communities to be given information about the next steps in the merger process.

The Commission's view is that the Delegate adequately considered the issues under this factor.