
**EXAMINATION OF A PROPOSAL TO ALTER THE
BOUNDARIES OF THE SNOWY VALLEYS LOCAL
GOVERNMENT AREA AND CREATE A NEW LOCAL
GOVERNMENT AREA**

**Report by the Local Government
Boundaries Commission to the Minister
for Local Government**



FEBRUARY 2021



Local Government Boundaries Commission
Locked Bag 3015
Nowra NSW 2541

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

Dear Minister

**Proposal to Alter the Boundaries of the Snowy Valleys Local Government Area
and Create a New Local Government Area**

On behalf of the Local Government Boundaries Commission, I have pleasure in providing our report on the above proposal under section 263(1) of the *Local Government Act 1993*.

Yours sincerely

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

RJ Sendt
Chairperson
16 February 2021

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Glossary of terms used

Term	Meaning
“Boundaries Commission” or “Commission”	the Local Government Boundaries Commission established under section 260 of the Act
“Act”	the New South Wales <i>Local Government Act 1993</i>
“Minister”	the NSW Minister for Local Government
“area”	a local government area constituted under the Act
“demerger”	the reversal of a previous amalgamation of two or more local government areas (see also note below)
“merger”	the May 2016 amalgamation of the then Tumut and Tumbarumba local government areas
“Proposal” or “demerger Proposal”	the elector-initiated proposal under section 215 of the Act that, in effect, seeks to reverse the 2016 merger
“factor(s)”	the matter(s) that the Commission must, under section 263(3) of the Act, have regard to in examining a proposal
“economies of scale”	the concept in economics that larger organisations can produce goods or services at a lower unit cost due to their ability to spread fixed costs over a greater number of units
“diseconomies of scale”	the concept in economics that economies of scale cease to operate after a certain point as additional costs (such as co-ordination) arise
“Delegate”	the person appointed by the Chief Executive of the Office of Local Government to examine the Government’s proposal that ultimately led to the May 2016 merger.
“OLG”	the Office of Local Government
“SVC”	according to the context, either the Council of the Snowy Valleys local government area, or the area itself.
“Proponent” or “STS”	Save Tumbarumba Shire Inc, the co-ordinator of the elector-initiated Proposal
“TfNSW”	Transport for New South Wales, including its predecessor NSW Roads and Maritime Services (RMS)
“LGA”	local government area

Note: The term “demerger” has been widely used to describe the outcome sought by the proponents of the current proposal. While (for ease of reference) the Boundaries Commission uses that term in this report, it is important to understand that the *Local Government Act 1993* makes no reference to the “demerger” of an LGA and makes no specific provision for such a process. If the proposal were to be implemented (following a recommendation by the Minister for Local Government to the Governor), the mechanism by which this would occur is to (i) create a new LGA out of the current Snowy Valleys LGA, with boundaries consistent with the boundaries of the former Tumbarumba LGA and (ii) reduce the boundaries of current Snowy Valleys LGA accordingly (ie consistent with the boundaries of the former Tumut LGA).

1. Background to the Proposal and the Commission's Examination

The current Snowy Valleys local government area was created by Proclamation published in the NSW Government Gazette on 12 May 2016 from the amalgamation of the former Tumut and Tumbarumba local government areas. The amalgamation followed a proposal by the then Minister for Local Government which was part of a suite of proposals involving amalgamations of local government areas across metropolitan, regional and rural New South Wales.

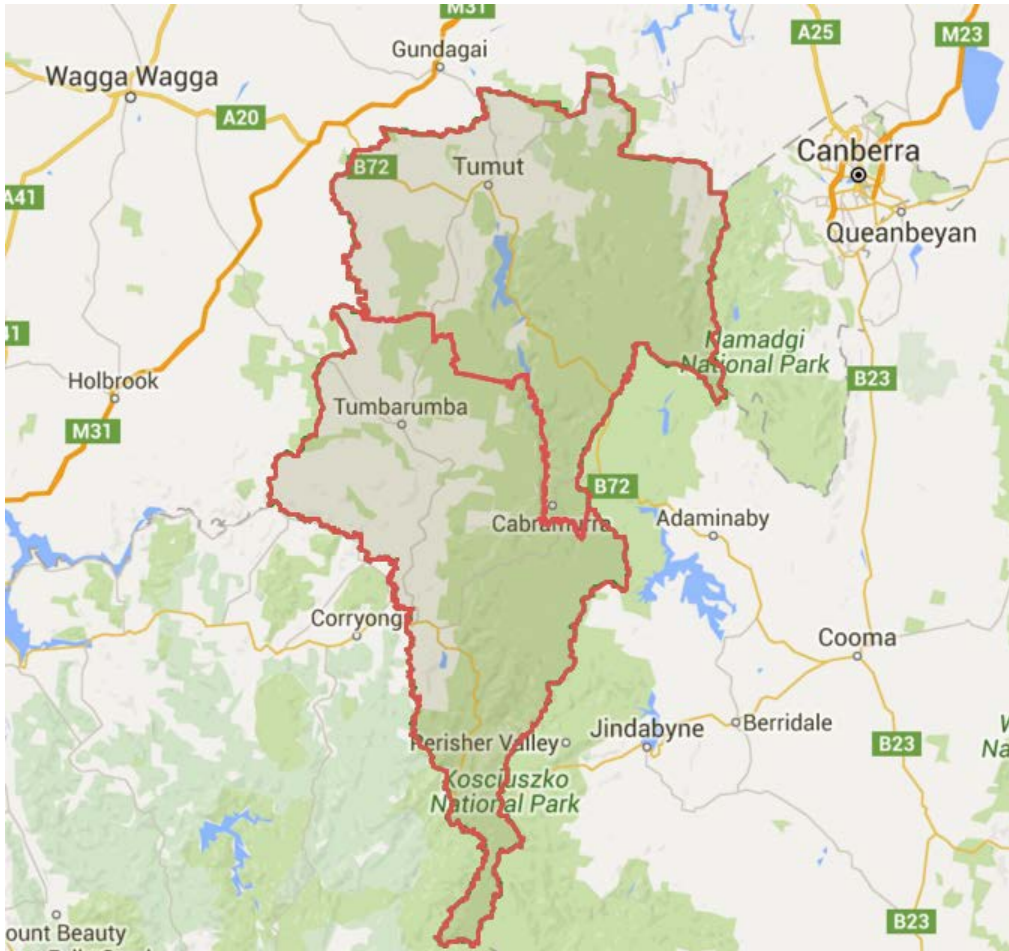
From the time the Snowy Valleys amalgamation proposal was announced and during the course of the proposal's examination by the Delegate, substantial opposition was expressed by many in the existing areas. This was more strongly felt by those residents and ratepayers of the then Tumbarumba Shire, co-ordinated by a local group Save Tumbarumba Shire (later Save Tumbarumba Shire Inc).

The opposition to the amalgamation continued after it was proclaimed. Ultimately this opposition led, on 4 March 2019, to the submission of the current proposal (the Proposal) to the Minister under section 215(1) of the Act. This section allows for a proposal to be made by the Minister, by a council affected by the proposal or by an appropriate minimum number of electors. In the case of an elector-initiated proposal, section 215(2) specifies the minimum number as being 250 of the enrolled electors for the existing area or 10 per cent of them, whichever is the greater.

A copy of the Save Tumbarumba Shire Inc covering letter to the Proposal is included as Attachment 1. (An earlier proposal submitted to the Minister was deemed invalid as it failed to meet to meet the section 215(2) minimum number requirement.)

If implemented, the Proposal would establish a new local government area with boundaries corresponding to those of the former Tumbarumba Shire that existed prior to 12 May 2016. The existing Snowy Valleys area would continue to exist but with reduced boundaries corresponding to the former Tumut Shire boundaries prior to 12 May 2016.

The following map shows the boundaries of the former shires before their 2016 amalgamation. Together they form the current Snowy Valleys Shire.



Area	Area (sq km)	Population (2016)(a)
Former Tumberumba Shire	4,393	3,449
Former Tumut Shire	4,566	10,990
Existing Snowy Valleys Shire	8,960	14,437

(a) Numbers do not add as ABS randomly adjusts cell values for confidentiality reasons.

Before deciding whether to refer the Proposal to the Boundaries Commission, on 9 December 2019 the Minister gave public notice of the Proposal as required by section 216 of the Act. The public notice invited submissions as to whether she should refer the proposal to the Commission. In response the Minister received approximately 536 representations, the majority of which addressed the merits of the proposal.

On 25 February 2020, the Minister referred the proposal to the Boundaries Commission. A copy of the Minister’s letter is included as Attachment 2. As indicated in that letter, copies of the elector and Council representations that had been made to the Minister were subsequently supplied to the Commission. These representations have been considered as part of the Commission’s examination of the Proposal.

2. Summary and Recommendations

The Commission has had regard to all submissions put to it (including those forwarded by the Minister as discussed above) and all oral presentations made at the various public inquiry sessions including later review of the transcripts of those sessions. It has commissioned its own research and has had regard to all the factors in the Act that apply to this Proposal.

In undertaking its examination of the Proposal, the Commission has been very aware that it took place in an atmosphere that was heavily reflective of the opposition to the then Minister's 2016 merger proposal and the continuing antagonism to its ultimate implementation. Indeed a very substantial proportion of the arguments presented to the Commission dealt largely or exclusively with why the 2016 proposal should not have been implemented, rather than why the current Proposal should be.

The Commission was conscious that its role was not to review the 2016 merger. It specifically made this clear at the beginning of every public inquiry session held in Tumut and Tumbarumba. However the view of many residents continued to be that implementation of this current Proposal was the appropriate 'solution' to whatever objections they had to the 2016 merger.

Another issue the Commission faced was that many residents believed that what they saw as 'failings' by the current Council (and there were many alleged) were reasons for the Proposal to proceed. The Commission was again very conscious that its role was not to undertake some form of 'performance audit' of the Council and that such arguments about service failings should only be taken into account by the Commission where it believed that they were inherently a feature of a larger council that would not exist (or only to a lesser degree) in a smaller council.

It is very clear - from the submissions made to the Minister and to the Commission, from the oral presentations at the Commission's public inquiry sessions and from the telephone survey undertaken on behalf of the Commission – that a substantial majority of residents in the former Tumbarumba Shire area support the proposal. The survey undertaken for the Commission showing 88% of these residents either "agreeing" (15%) or "strongly agreeing" (73%) with the Proposal is broadly consistent with (albeit lower than) the level of support evidenced in the written and oral views expressed to the Commission. The numbers attending the Commission's public inquiry sessions in Tumbarumba (118 separate individuals attending across four sessions) and lodging submissions (556 separate individuals, not including former residents) also demonstrated the greater engagement of these residents with the Proposal.

Residents in the former Tumut Shire area are less supportive of – and less engaged with – the Proposal. Far fewer submissions were received (30 separate individuals) and far fewer attended the Commission's public inquiry sessions in Tumut (18 separate individuals across four sessions¹). Indeed one session had to be adjourned when no-one attended. The telephone survey showed a slight majority (51%) of residents in the former Tumut Shire area agreeing with the proposal, 20% not agreeing but with 29% being neutral or not sure.

¹ Tumut session attendees included at least four people known to be Tumbarumba residents.

The above figures evidencing support for the Proposal by Tumbarumba residents need explanation. As discussed further in this Report, it is clear (particularly from the submissions made) that support for the Proposal by very many Tumbarumba residents is driven by the continuing anger they feel at the Government's 2016 merger decision. Many of these submissions specifically addressed that decision rather than the merits of the Proposal itself.

While it could be argued that this continuing anger will dissipate over time, there is no evidence of that happening after nearly five years. In the Commission's view, this resentment at the 2016 merger has translated into many residents' general attitude towards the Snowy Valleys Council, its councillors and, in some instances, its staff. What may be genuine issues that residents have with Council's decisions and/or performance seem to be amplified by this underlying sentiment. The different approaches that the two former councils had in areas such as service delivery, use of volunteers, etc (with the merged Snowy Valleys Council seeming to adopt more of the former Tumut Council's approach) have also not helped acceptance of the merger.

Along with the attitudes of residents and ratepayers (as summarised above and covered in detail in Section 6.4), the "financial advantages and disadvantages" factor had a significant impact on the Commission's overall assessment of the Proposal. These financial implications have a direct flow-on effect on the councils' (ie a continuing Snowy Valleys Council or the two "demerged councils if the Proposal is implemented) abilities to provide effective services.² The Commission's detailed comments on these factors are in Sections 6.1 and 6.6 respectively.

At any level of government, financial viability is a key driver of the ability of an entity to provide the range and quality of services that its clients or customers can reasonably expect. There are of course other drivers such as its management strength, its efficiency, the soundness of its systems, the extent of its alignment with the community, etc.

Like many other local government councils, the current Snowy Valleys Council has its financial issues, including a significant reliance on capital grants, a degree of uncertainty with the ongoing level of Financial Assistance Grants and the variable revenue from "private works" (eg contract work for NSW Roads and Maritime Services). But these issues are recognised by Snowy Valleys Council and are not considered insurmountable.

Both SVC's Long Term Financial Plan and the advice the Commission obtained from Deloitte indicate the potential to return to "financial sustainability" (ie ongoing operating surpluses excluding capital grants). Strong management of staff numbers, the active seeking of outside revenue ("private works"), some increase in fees and charges plus a modest increase in rate revenue are all options (although Council is not proposing rate increases above CPI). On the Deloitte figures, SVC's forecast operating deficit in 2024-25 equates to \$664 per rateable property. For SVC to achieve financial sustainability (as defined) by 2024-25, it would require (for example) an increase in rates and charges of 10-15% and cost savings or additional external revenue of \$3.0 - 4.0 million per year.³

² That is not to say that the Commission gave greater regard to these factors. Rather, having had regard to all the factors, these were the ones that had most influence on the Commission's overall views on the Proposal.

³ Different combinations of (i) increases in rates and charges and (ii) cost savings and additional external revenue could lead to the same result. Combinations shown here are for illustration only.

If the Proposal is implemented however, the two resulting councils will likely be in different financial circumstances.

A “new” Tumut Council (ie the existing SVC with reduced boundaries following the demerger) would, based on the Deloitte projections, likely face an easier path to financial sustainability in 2024-25 than an ongoing (non-demerged) SVC. Two factors in this are firstly, that it would no longer be subject to the “rural centre” protection provision in the Act for staffing in Tumbarumba and Khancoban and secondly, the potential for private works revenue is seen to lie largely in the Tumut area. On the Deloitte figures, Tumut’s forecast operating deficit in 2024-25 equates to \$476 per rateable property. For Tumut Council to achieve financial sustainability by 2024-25, it would require (for example) an increase in rates and charges of 5% and cost savings or additional external revenue of \$2-3 million per year.⁴

Conversely, the Deloitte projections show that a demerged Tumbarumba Council would likely face a more difficult path to financial sustainability in 2024-25. On the Deloitte figures, Tumbarumba’s forecast operating deficit in 2024-25 equates to \$1,503 per rateable property.

The Proponent has also outlined a draft Long-Term Financial Plan (LTFP) to 2030 in its November 2020 submission to the Commission. The Proposal envisages a “transition period” that would see financial deficits (excluding capital grants) up to and including 2025-26 and a return to financial surpluses thereafter. The LTFP is based on a number of assumptions including minimal infrastructure backlog, no large capital expenditure planned, past performance of asset management, streamlined organisational structure, reduction in elected representative numbers, and a reliance on projects such as Snow View to deliver a positive or cost neutral result.

While there are some similarities between Deloitte’s and the Proponent’s modelling towards financial sustainability for Tumbarumba (such as streamlining the organisational structure), there are significant differences.

STS’s LTFP does not include any rate increase (presumably above the annual rate-capping adjustment), while the Deloitte analysis suggests that a rate increase in the order of 10% or more (see below) is likely needed to achieve operating surpluses by 2024-25. The two projections also differ markedly in regard to the allocation and quantum of demerger costs. The Proponent does not include any demerger costs in its modelling, stating that these should be the responsibility of the NSW Government.

For Tumbarumba Council to achieve financial sustainability by 2024-25, the Deloitte analysis suggests it would require (for example) an increase in rates and charges of 10-15% and cost savings or additional external revenue of at least \$3.0 million per year⁴. The Commission notes that while the former Tumbarumba Council was able to operate relatively successfully, a new Tumbarumba Council would start with a significantly different cost structure. A number of Tumbarumba submissions and presentations indicated a high level of support for a new Tumbarumba Council (for example through volunteering and mentoring). These may mitigate some of the financial problems a demerged Tumbarumba Shire would face in becoming financially viable.

⁴ See footnote 3.

The Commission's consideration of some of the section 263(3) factors - such as geographic cohesion and elected representation - lends support to the proposal. Some other factors – in particular the financial advantages and disadvantages – are of great concern to the Commission, specifically in relation to Tumbarumba.

However it is largely the breadth and depth of the resentment felt by so many in Tumbarumba to the Government's 2016 merger decision - and the impact of that resentment on the merged Snowy Valleys Council, its Councillors and its staff, and on the residents themselves - that leads the Commission to recommend that the Proposal be implemented.

If there was any reasonable belief that this attitude would diminish in a reasonable time-frame, the Commission may well have been less inclined to support the Proposal.

However there seems little prospect that these attitudes will change. A number of speakers made statements to the effect of "we're not going away" if the Proposal is not implemented. A speaker on behalf of Save Tumbarumba Shire Inc stated -

*We've had this fight now for five years. We fought against the New South Wales Government and we will continue to fight against the NSW Government.*⁵

A continuation of this antagonism is to no-one's benefit. Not to the residents of Tumbarumba; not to the residents of Tumut; not to the Council itself.

Recommendation: Notwithstanding the financial challenges a "demerged" Tumbarumba Shire will face, the Commission recommends that the Proposal be implemented.

The Commission was also concerned that the Act does not specifically address proposals for "demergers", nor how such proposals would be implemented. The potential overlapping application of the Act's various provisions relating to "no forced redundancies" was also an issue noted by the Commission.

Recommendation: Whether or not the Proposal is implemented, the Commission recommends that the Government review the various sections of the Local Government Act 1993 dealing with staff transfers and protection, in order to identify and remedy any uncertainties and to ensure that the provisions remain appropriate .

While these are the Commission's recommendations, they do not represent the unanimous view of the four Commissioners. A dissenting report under clause 12 of Schedule 2 of the Act is being submitted to the Minister by Commissioner Grant Gleeson.

⁵ Speaker at Session 1, Tumbarumba.

3. Role of the Local Government Boundaries Commission

The Boundaries Commission is an independent statutory authority constituted under section 260 of the Act.

The Commission consists of four Commissioners appointed by the NSW Governor for a fixed five-year term. The Chair is nominated by the Minister for Local Government, one Commissioner is nominated by the Chief Executive of the Office of Local Government, and two Commissioners are appointed from a panel of councillors nominated by Local Government NSW, a non-government organisation that represents and supports its member local government councils.

The Commission has several functions, set out in section 263 of the Act.

Its principal function is to examine and report 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. That is the function it has undertaken in respect of the current proposal.

The Commission also has a function if the Minister elects to refer any matter to the Chief Executive of the Office of Local Government, rather than to the Boundaries Commission, for examination and report. This was the process adopted for the 2016 amalgamation proposals by the then Minister for Local Government.

In that case, the Chief Executive (or a person appointed by the Chief Executive as a Delegate), has substantially the same functions and responsibilities as if the matter had been referred to the Boundaries Commission. The Chief Executive (or Delegate) must then furnish their report to the Commission for review and comment. However the Commission's review relates only to the report itself; it does not extend to re-examining the merits of the proposal. After completing its review of the report, the Commission sends its comments to the Minister.

4. The Examination Process

The Act requires the Commission to have regard to the views of residents and ratepayers in examining a proposal and, in forwarding the Proposal to the Commission, the Minister had directed the Commission under section 263(2)(b) to hold an inquiry. Such an inquiry involves holding public meetings to allow residents and ratepayers to present their views.

At its meeting on 6 March 2020, the Commission resolved to call for submissions, with a closing date of 24 April. However, because of the emerging coronavirus pandemic and the NSW Government's health orders restricting the number of people who could attend gatherings, the Commission resolved that was unable at that stage to set dates for public meetings. The Commission made this decision as it wanted to give as many residents and ratepayers as possible the opportunity to attend these meetings.

On 24 March, the Commission issued a media release (i) advising that it had received the Proposal, (ii) calling for submissions and (iii) indicating that details of the venues, dates and times for the public inquiry meetings would be advertised once determined. The Commission also arranged for a public notice to be made available on its website and published in the following newspapers –

- Tumut and Adelong Times
- Tumbarumba Times
- Corryong Courier
- Sydney Morning Herald
- Daily Telegraph

Depending on the date of publication of each newspaper, this notice appeared between 24 March and 26 March. A copy of the notice is included as Attachment 3.

Shortly thereafter, with the rapidly growing increase in COVID-19 infections, the Commission decided that there was little likelihood that public meetings could be held in the immediate future. Accordingly the Commission issued a further media release on 1 April to that effect, while also advising that the closing date for submissions would be extended until a date to be further advised.

On 16 July 2020, the Commission issued a media release advising that at least 40 days' notice would be given of the proposed dates for public hearings and the submission closing date. It also advised that, as the Proposal document did not include any financial analysis, the Commission had engaged Deloitte Touche Tohmatsu to assist the Commission in its understanding of the financial impact of the Proposal. Details of the issues that Deloitte was engaged to advise on were also released.

On 24 September, the Commission issued a media release and public notice advising of the venues and dates for the public meetings in Tumbarumba and Tumut. The media release and public notice stated that due to COVID-19 restrictions, the number of attendees at each venue would be limited and prior registration by those residents and ratepayers wanting to attend would be required, with priority to be given to those seeking to address the Commission.

The media release and public notice also advised of the Commission's decision to webcast the proceedings for those unable to attend in person. A copy of this notice is included as Attachment 4. The Commission also directly advised representatives of Save Tumbarumba Shire Inc and Snowy Valleys Council of the arrangements.

On 22 October 2020 the Commission released key findings from the Deloitte report ahead of the public inquiry sessions. At that time the Commission also announced that the closing date for submissions would be 5 pm, 13 November 2020.

Between 3 and 5 November, in accordance with the 24 September public notice, public meetings were held at the following times and venues, with attendance numbers as shown –

Tumbarumba Bowling Club, 47 Winton St, Tumbarumba				
Date	Session Time	No. of Attendees (a)		
		Speakers	Observers(b)	Total
3 November 2020	10:00am – 12:00pm	21	20	41
“ “ “	1:00pm – 2:45pm	19	16	35
“ “ “	3:30pm – 4:45pm	14	11	25
“ “ “	5:00pm – 6:30pm	10	13	23
TOTAL		64	60	124

Tumut Golf Club, Fairway Drive, Tumut				
Date	Session Time	No. of Attendees (a)		
		Speakers	Observers(b)	Total
4 November 2020	12:30pm – 2:30pm	7	4	11
“ “ “	3:00pm – 4:30pm	0	0	0
“ “ “	5:00pm – 6:00pm	1	2	3
5 November 2020	9:30am – 11:30am	2	0	2
TOTAL		10	6	16

(a) A small number of individuals attended more than one session.

(b) Excluding non-speaking attendees from the Snowy Valleys Council and Save Tumbarumba Shire Inc.

The Commission noted the wide-ranging backgrounds and demographic characteristics of the speakers.

The numbers of submissions received by the Commission were as follows -

Submissions to Boundaries Commission		
By Residence (Previous LGA)	Total Submissions Received	Separate individuals (a)
Tumbarumba	584	556
Tumut	31	30
Non-Resident/former resident/unknown	169	168
Total	784	754

(a) Some individuals made more than one submission to the Boundaries Commission.

Submissions forwarded by the Minister		
By Residence (Previous LGA)	Total Submissions Received	Separate individuals (a)
Tumbarumba	587	586
Tumut	17	17
Non-Resident/former resident/unknown	27	27
Total	631	630

(a) Some individuals made more than one submission to the Minister.

The Commission noted that Snowy Valleys Council advised in its submission that it did not wish “to specifically address the matters for consideration under the legislation” and that Council “does not want to influence the decision of the Commission in order to uphold an independent and transparent process”.

The Commission was cognisant of ensuring that submissions made by residents and ratepayers were treated confidentially and were de-identified in this Report. The Commission also ensured that all responses to the telephone survey were treated confidentially and anonymously.

In examining the Proposal – from the time it was referred by the Minister to the completion of this Report - the Commission met physically or virtually on 19 occasions. Throughout the process the Commission was in contact with Council and the Proponent.

The examination of this Proposal by the Boundaries Commission was undertaken by the following Commissioners - Bob Sendt (Chairperson), Rick Firman, Lesley Furneaux-Cook and Grant Gleeson.

In that examination and the editing of this Report, the Commission wishes to acknowledge the contribution made by its Executive Officer, Ms Alice Beasley, assisted by a small group of OLG staff temporarily seconded to the Commission. These officers worked under difficult circumstances due to

the COVID-19 pandemic to organise and manage the public inquiries in Tumut and Tumbarumba, without which we would not have been able to hear from the local communities.

5. The Commission's Approach in Considering the Proposal

Under section 263(3) of the Act, the Commission is required to have regard to a number of factors when examining a proposal referred to it by the Minister. An extract of the relevant provisions of the Act is included as Attachment 5.

The Commission undertook this responsibility, among other things, by –

- considering the views put forward in each written submission made by residents and ratepayers (and others) – both those submitted directly to the Commission and those that had been previously submitted to the Minister;
- taking account of tabulations of those submissions according to whether the Proposal was supported or not, and which factor(s) were commented on;
- taking note of the oral presentations made at the public meetings by the proponent, the Snowy Valleys Council, residents and ratepayers, including where appropriate later reviewing the transcripts and/or audio-visual recordings;
- engaging an external party (Deloitte Touche Tohmatsu) to assist the Commission in its understanding of the financial impact of the Proposal;
- commissioning a research company (Micromex Research and Consulting) to conduct a telephone poll of a sample of residents to ascertain the views of the wider Snowy Valleys community (ie beyond those residents who had made oral or written submissions);
- noting comments made by the Delegate in his report on the 2016 merger proposal; and
- taking account of relevant research available, including on the issue of economies of scale in local government.

It should be noted that the Commission's examination of the Proposal is not a review of the Government's May 2016 decision to merge the then Tumut and Tumbarumba Shires. That is not the purpose of this examination. It is important to understand this as many submissions and presentations to the Commission were heavily focussed on why they believed the 2016 decision was wrong, and provided little in the way of comment on the merits of the Proposal.

Even if the 2016 decision was wrong (and the Commission makes no judgement to that effect), that does not mean that the "demerger" being sought is necessarily the appropriate solution. Circumstances have changed in the (almost) five years since the merger. Land valuations have changed, not necessarily uniformly across the SVC area. Rate harmonisation is already planned for implementation from 1 July 2021. Community services have been (partially) harmonised. Substantial infrastructure spending has occurred with consequent maintenance costs and depreciation charges to be met. The Council's organisational structures, staff numbers and pay rates have changed. Internal systems (IT, HR, payroll, risk management) have been replaced or impacted to varying extents. Like a merger, a demerger will involve significant transactional costs.

Accordingly, and consistent with its understanding of the intent of the Act, the Commission adopted the position that any recommendation arising from its examination of the Proposal should be based on what is the better outcome for the residents and ratepayers of the existing local government area. That is, would residents and ratepayers as a whole be “better off” (and acknowledging that this cannot be a purely objective judgement) remaining under the one existing area, or under two “demerged” areas? Clearly, neither option can necessarily guarantee that every individual will be better off – but this is inevitable.

6. The Commission’s Observations Relating to each Factor

6.1. Financial Advantages or Disadvantages

Section 263(3)(a) of Act requires the Commission 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”.

6.1.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
453	211	664	47%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

This was one of the most consistently addressed factors in the written submissions received and presentations made at the public meetings.

The Proponent also submitted to the Commission a draft long term financial plan to 2029-30 for a demerged Tumbarumba Council.

The Commission noted that, with a few exceptions, a large proportion of the arguments presented by residents and ratepayers related to the sound financial position of the former Tumbarumba Council prior to the merger rather than to the merits (or otherwise) of the Proposal at hand. The view was often expressed that the merger was designed to “save” the then Tumut Shire Council. Typical comments were -

The merger with the council - Tumut - that was in financial difficulties with the Tumbarumba Shire who was very well financial was a disaster. Our carefully managed plans and budgets kept Tumbarumba Shire Council a small but solid, efficiently run enterprise, so much so, as has been said before, we won the Bluett award for a well-run local government council - just before the forced amalgamations. We were deemed Fit for the Future. Now our savings are gone, staff and services dwindling.⁶

... Tumbarumba Shire had been recognised as the best regional council in New South Wales, financially robust, well managed and popular with the ratepayers. Tumut on the other hand was seen as financially inept and dysfunctional. When members of the old Tumut Shire Council ... proposed a merger with Tumbarumba to the New South Wales government the proposal was

⁶ Speaker at Session 1, Tumbarumba.

seen here as a greedy, malicious and undisguised attempt to take over our shire and its assets.⁷ History has proven this to be correct with the disappearance of cash reserves or moneys somewhere.⁸

... this merger proposal was politically motivated to stem the financial losses and poor management of the former Tumut Council ... The merger was a shotgun marriage of the strongest performing rural shire in New South Wales in 2013 - Tumbarumba Shire - with one of the worst performing shires in the state - Tumut Shire Council ... The current Snowy Valleys Council is, in my opinion, financially inept and is increasing its debt level, dragging the Tumbarumba community into this growing mess.⁹

It is understandable that the views of most speakers and in most submissions were at a high level and based on the 2016 mergers. More comprehensive comments were contained in the submission by Save Tumbarumba Shire Inc and summarised in the presentation by one of its representatives –

There can be no question that the amalgamation is a financial failure and that it will continue to be so. The evidence is compelling and the evidence that the failures and absence of financial sustainability will persist into the future is equally compelling. The community of Tumbarumba will be much better off with its own council. We'll present detailed findings in our submission, but today I want to highlight some of the headline findings from our analyses.

Had the merged council model been anywhere close to workable it would have been reasonable to expect that in its early years it would have delivered a financial outcome about on par with the two former councils, especially given the amount of money the government has thrown at it. But the merged model has instead delivered an outcome that leaves this community almost \$25 million worse off in just four short years.

What does the future hold under a merged Snowy Valleys Council model? We know two things for certain: the financial disaster will continue, and it is getting substantially worse, not better.¹⁰

6.1.2. Discussion

6.1.2.1. SVC Financial Overview: 2016-2020

In 2016 there was an immediate need to establish the new SVC. The reduction in councillors from 15 to 9 yielded immediate but modest financial benefits (\$33,000). Savings from director redundancies (\$0.7 million) were achieved but reinvested into the new staffing structure.

Since 2016, SVC has integrated the two former councils into a single management structure. At the same time it has maintained the existing physical footprint of the former councils with offices and depots in both of the main centres of Tumut and Tumbarumba.

⁷ Speaker at Session 1, Tumbarumba.

⁸ Speaker at Session 1, Tumbarumba.

⁹ Speaker at Session 2, Tumbarumba.

¹⁰ Speaker at Session 1, Tumbarumba.

The Council has also implemented an integrated IT system (Tech One) – previously used by Tumut Shire Council - across the LGA, which has enabled reporting of all financial information from. As well, a project to harmonise service levels has occurred with alignment of some services such as visitor centres and waste programs. Charges for services have also been standardised with harmonisation of annual charges being achieved in 2018-19.

There is now a single organisation structure operating under the one brand.

According to information obtained by Deloitte, the merger has led to an uplift in service levels and capital investment across the LGA in the order of \$58.7 million. This has been only partly funded by the merger grant funding (\$20.7 million).

In the former Tumut area, SVC has spent \$5.8 million on the delivery of new assets and programs. These include -

- an expansion of the community transport service to Adelong
- a new visitor centre in Tumut
- implementation of a new organic waste program
- construction of a new library in Batlow
- purchase of a new pump truck
- finalisation of the Batlow CBD Master Plan
- infrastructure backlog reduced from \$5.0 million to \$0.3 million in 2018-19.

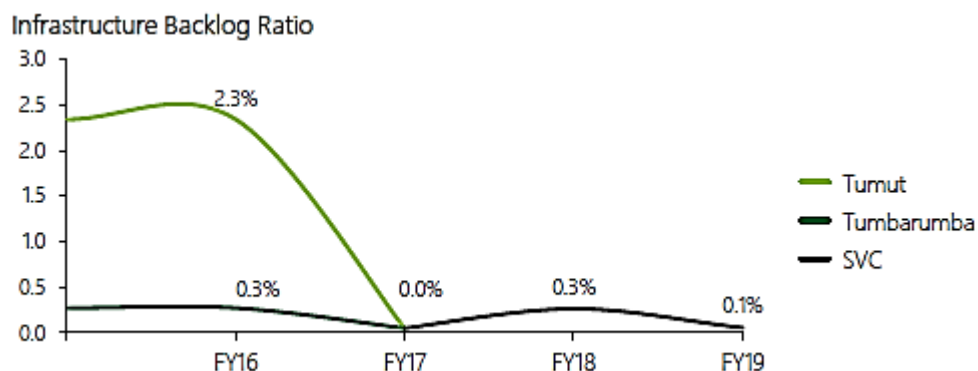
In the former Tumbarumba area, SVC has spent \$10.7 million on the delivery of new assets and programs. These include –

- introduction of a waste free weekend program
- implementation of a new organic waste program
- introduction of new heritage and culture celebration events and school holiday programs for youth
- completion of the Tumbarumba to Rosewood Rail Trail
- delivery on linking Tumbarumba to the Mountain Bike Trail
- infrastructure backlog reduced from \$0.5 million to \$0.3 million in 2018-19.

Based on SVC's audited accounts as at June 2020, SVC had net assets of \$664.1 million¹¹ including \$639.8 million in Infrastructure, Property, Plant and Equipment (IPPE) and \$41.9 million in cash and investments. Over the period since the merger, the Council has invested heavily in its road, sewerage and water networks with each of these areas seeing an increase in overall value.

¹¹ Deloitte's analysis, based on the unaudited accounts net asset figure of \$604.7 million, foreshadowed a likely \$60.6 million revaluation of IPPE assets to this figure. Other unaudited 2019-20 data used by Deloitte in its analysis varies little from the audited accounts.

On merger, 41% of Tumbarumba's IPPE assets were classified as average (category 3) or poor (category 4). Tumut also reported approximately 10% of its IPPE assets as average or poor. Since the merger, SVC has reduced the proportion of combined IPPE assets reported as average or poor to approximately 10% at June 2020. As illustrated in the following chart, the combined maintenance backlog pre-merger reduced from \$5.5 million to \$0.3 million at June 2019.¹²



SVC has reported an annual operating surplus of between \$1.4 million and \$11.8 million since the merger, assisted by a number of one-off income items. Excluding those items, the underlying operating result ranges between a deficit of \$3.2 million and a surplus of \$1.4 million. However, when capital grants are also excluded the results fall to a deficit of up to \$9.8 million.

Summary Operating Result | 2016 to 2020

Profit & Loss (\$m)	FY16	FY17	FY18	FY19	Draft FY20
Own Source Revenue	32.4	40.4	34.8	34.6	35.7
Operating Grants	11.0	14.1	10.8	17.4	13.4
Capital Grants	2.7	2.1	6.1	4.8	4.8
Revenue	46.1	56.6	51.7	56.8	53.8
Expenses	(44.7)	(62.5)	(54.3)	(53.6)	(58.8)
Operating Result (excl. one-offs)	1.3	(5.9)	(2.7)	3.2	(4.9)
Operating Results (b/f Capital Grants)	(1.4)	(8.0)	(8.8)	(1.6)	(9.7)
One-off - Merger Grants & Other	0.0	15.0	0.0	0.0	9.2
Reported Operating Result	1.3	9.1	(2.7)	3.2	4.3
Operating Performance Ratio %	-	3%	-8%	2%	-11%
Own Source Revenue %	-	56%	67%	61%	57%

Notes:

FY16 relates to the pre merger period and is an aggregation of former Tumut and Tumbarumba reported results.

FY16 and FY17 reported results relate to non-standard reporting years of 10.5 months and 13.5 months respectively due to timing of the merger.

FY20 draft reported results include the impact of an accounting policy change for grant revenue of \$6.76m (included in One-off – Merger Grants & Other above). The FY20 draft results are subject to change.

¹² But increasing slightly to \$1.3 million at June 2020.

Income from rates and charges appear to have been relatively stable post-merger but own source revenue has fallen. Deloitte attributes this to a number of factors including a decline in TfNSW and third party contract works. The TfNSW decline was due to the completion of the Gocup Road project in late 2019 which was a \$70 million project for TfNSW. Prior to the merger, Tumut had derived own source income from the operation of a Snowy Works and Service business. SVC advised Deloitte that following the merger this business was not seen as a priority while SVC focused on integrating the operations of the two former councils. SVC now sees growing this business activity to be a future opportunity.

Water supply charges income has reduced year on year (overall \$0.9 million) driven by impacts from drought, bushfire rebates and a change in charging intervals in the Tumut region. Prior to the merger Tumbarumba's water rates were substantially higher due to less efficient and aged infrastructure. Upgrades implemented by SVC post-merger have enabled a significant reduction in these charges.

Future income will be impacted by the cessation of the former Tumut Council's 15-year SRV at the end of 2019-20. SVC estimates the loss of income associated with this will be \$0.6 million in 2020-21.

6.1.2.2. SVC Employment Overview: 2016-2020

At the merger date the combined councils employed approximately 222 FTE, with an additional 10 vacant (but funded) positions in Tumut.

Very soon after the merger there was an alignment of some Tumbarumba employee roles and salaries with salary bands under the Act, particularly in childcare services where employees were being paid under a less generous award. The alignment meant that the roles of some Tumut positions resulted in reduced wages, but all existing employees are protected for the term of their employment.

An interim establishment structure, approved in 2017, increased this staffing by 17 FTE to 239. The interim structure incorporated the 10 pre-merger vacant roles, as well as creating new or specialised roles in governance and communications, project management, and middle management.

Following the initial reorganisation, the actual FTE reported in June 2017 was 228 FTE. Staff continue to work in both Tumut and Tumbarumba with some staff spending time in each place.

A further organisational restructure occurred in November 2019 after the expiration of the merger protection period. The approved structure resulted in the workforce reducing from 239 to 225 FTE. This involved making three positions redundant, with 23.4 vacant roles (including the 10 Tumbarumba vacancies) being removed in infrastructure, administration and middle management roles. It also led to the creation of 12 new positions. The savings of \$2.3 million identified by Council in executive leadership roles and infrastructure was partly offset by new positions created in governance, communications and program management capability, with wages of \$1.6 million.

As at June 2020, actual FTE was reported as 222, in line with the actual FTE at merger date.

Based on Deloitte’s analysis, the average cost per FTE increased between 2015-16 and 2019-20 by 23.2%, from \$79,800 to \$98,400.¹³ Deloitte has estimated that of the \$18,600 increase per employee, approximately \$8,300 was due to award increases and \$10,300 to other factors, in particular changes in the employee mix to higher graded roles.

6.1.2.3. SVC Financial Outlook

The examination of this Proposal by the Boundaries Commission is not simply about the advantages or disadvantages to a proposed new Tumbarumba Shire and its residents. The examination must encompass the situations of all residents and ratepayers affected by the proposal, ie including those who would be in a demerged (and reduced, and likely renamed) Snowy Valleys Council. This necessarily involves comparison with SVC continuing to exist as a merged area.

In respect of the financial advantages and disadvantages of the Proposal, the Commission therefore asked Deloitte to compare the financial positions of each council under the demerger scenario with forecasts for SVC. This section outlines the projected financial position of a continuing SVC, ie the ‘base case’ against which the demerged councils can be assessed.

The Commission notes the Deloitte advice that SVC will continue to be constrained in managing staff costs due to a requirement to maintain FTEs in Tumbarumba and Khancoban under the Act. Given the relatively high level of discretionary services provided in Tumbarumba – which includes childcare and aged care services – this may limit options in relation to resetting service levels or considering alternative models for service delivery such as outsourcing.

The starting point of Deloitte’s review of SVC’s financial outlook was the Council’s Long Term Financial Plan (“LTFP”), which was built upon SVC’s 2019-20 budget. However Deloitte adjusted the projections in that Plan to reflect, amongst other things, higher employee costs and lower TfNSW works revenues than originally assumed in the 2019-20 budget. In comparison to the LTFP, the Deloitte projections show a deterioration in operating results (excluding capital grants) of \$2.5 million in 2020-21 up to \$5.0 million in 2024-25.

Projected SVC operating results from the Deloitte analysis are shown in the following table –

¹³ Reported employee costs were adjusted for one-off factors such as redundancy payments, 2015-16 being a 10½ month reporting period and abnormally high overtime in 2019-20 (presumably associated with the January 2020 bushfires).

Profit and Loss (\$m)		FY20	FY21	FY22	FY23	FY24	FY25
		<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
Revenue							
	Rates and annual charges	17.0	17.6	17.3	17.7	18.0	18.4
①	User charges and fees	15.7	16.2	18.1	18.5	18.9	19.3
	Interest and investment revenue	0.5	0.5	0.5	0.5	0.5	0.5
	Other revenues	2.4	1.0	1.5	1.6	1.6	1.6
	Own source revenue	35.7	35.3	37.5	38.2	39.0	39.8
	Grants and contributions – financial assistance	6.3	6.0	6.1	6.2	6.4	6.5
	Grants and contributions - operating purposes	7.1	5.8	5.9	6.0	6.1	6.3
	Grants and contributions - capital purposes	4.8	7.3	8.2	9.8	5.8	3.3
	Total Revenue	53.8	54.3	57.7	60.2	57.3	55.8
Expenses							
②	Employee benefits and on-costs	(20.6)	(19.2)	(19.6)	(20.1)	(20.6)	(21.1)
③	Materials and contracts	(18.4)	(16.9)	(18.0)	(18.2)	(18.3)	(18.5)
④	Other Expenses	(5.5)	(5.6)	(6.1)	(6.0)	(5.9)	(5.8)
	Borrowing costs	(0.6)	(0.4)	(0.4)	(0.3)	(0.2)	(0.2)
	Depreciation and Amortisation	(11.7)	(11.7)	(11.9)	(12.2)	(12.4)	(12.7)
	Net losses from the disposal of assets	(2.0)	-	-	-	-	-
	Total Expenses	(58.8)	(53.8)	(56.1)	(56.8)	(57.6)	(58.4)
	Operating Result	(4.9)	0.5	1.6	3.5	(0.3)	(2.6)
	Excluding capital grants	(9.7)	(6.8)	(6.6)	(6.3)	(6.1)	(5.9)
Reported KPI's (%)							
		<i>Target</i>	<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
	Operating performance ratio	>0.0%	-16%	-14%	-13%	-13%	-12%
	Own source revenue ratio	>60.0%	66%	65%	65%	63%	68%

Deloitte's key assumptions in projecting the above operating results are as follows -

Key drivers and trends within the revised FY21-FY25 forecast include:

- ① Uplift in FY22 user charges and fees = \$1.97m: revenue growth of 12.2% (\$2.0m) in FY22 is expected from an increased focus on securing private works contracts.
- ② Employee costs savings in FY21: new organisation structure expected to realise net annual savings of \$0.4m in FY21. In line with the OLG award rate, employee costs expected to increase at 2.5%p.a. between FY22 and FY25.
- ③ Increase in materials and contract in FY22: as a result of increased private works revenue, materials and contracts is forecast to increase by 6% (\$1.1m) in FY22. Expected private works profit margin is \$0.7m (10%). Expected savings of 1.5%p.a. in the general fund will offset CPI growth.
- ④ Other expenses: increase of \$0.5m in FY22 driven by uplift in private works revenue. Savings of 4% p.a. from economies of scale will result in total savings of \$1.8m by FY25.
- ⑤ CPI growth: assumed CPI growth of 2.0% p.a. has been applied year on year for FY21-FY25, with the exception of employee costs (2.5% as above).

The \$5.9 million operating deficit in 2024-25 equates to \$664 per rateable property.

To achieve a break-even result in 2024-25 (noting that this is earlier than targeted in SVC's current LTFP), Deloitte has calculated various "sustainability pathways" or combinations of (i) increases in rates and charges and (ii) cost savings or additional external revenue that SVC would need to have in place. These pathways are shown in the following matrix –

Example: How sustainability could be achieved

Impact of increased grant funding and higher rates and charges on FY25 operating surplus (ex capital grants)

		Increase in rates and charges				
\$m		0%	5%	10%	15%	20%
Additional external funding or cost savings	-	(5.9)	(4.9)	(4.0)	(3.1)	(2.2)
	1.0	(4.9)	(3.9)	(3.0)	(2.1)	(1.2)
	2.0	(3.9)	(2.9)	(2.0)	(1.1)	(0.2)
	3.0	(2.9)	(1.9)	(1.0)	(0.1)	0.8
	4.0	(1.9)	(0.9)	(0.0)	0.9	1.8
	5.0	(0.9)	0.1	1.0	1.9	2.8

Example: Sustainability in FY25 could be achieved through a 10-15% increase to ratepayers, combined with \$3-4m of grant funding, cost savings and/or works margin.

While it is possible to reach "financial sustainability" by targeting only (i) increases in rates and charges or (ii) cost savings or additional external revenue, the boxed section within the overall table shows more realistic combinations that would achieve a balanced operating result by 2024-25. As an example, SVC could achieve a balanced operating result in 2024-25 by targeting a 10% increase in rates and charges and \$4 million in cost savings or additional external revenue. It is important to note that this table is for illustrative purposes only. Neither the Commission nor Deloitte is suggesting that SVC should eliminate its operating deficit by 2024-25, nor recommending any particular course of financial action.

6.1.2.4. The Approach to Demerger Scenarios

In order to assess the financial viability of demerged Tumut and Tumbarumba shires, Deloitte modelled individual forecasts based on an allocation of the SVC 'base case' forecast (see above) and specific demerger impacts.

The methodology is briefly described as follows.

- **Starting Point** – the revised SVC financial forecasts to 2024-25 (as shown above)
- **Demerger Allocations** - SVC financials were allocated to either Tumut or Tumbarumba (or both).

In doing this Deloitte noted that (i) SVC had integrated the majority of its operations under one structure, (ii) financial information is fully integrated, (iii) some activities and projects can be attributed to either Tumut or Tumbarumba and (iv) SVC has not changed its physical footprint post-merger, therefore comparison to pre-merger organisations is appropriate.

Deloitte allocated profit and loss and cash flow items based on budget data and forecasts provided by SVC; directly allocated specific activities to a single council where possible; where activities related to both councils, Deloitte reviewed underlying workings and/or selected relevant revenue or cost drivers

- **Demerger Allocations** – Deloitte noted that SVC’s post-merger financial performance did not indicate specific cost savings or economies of scale that have been achieved to date.

Deloitte estimated potential one-off costs of separating one organisation into two based on (i) limited benchmark data available, and (ii) discussions with SVC management and estimated the ongoing costs associated with two councils (including councillors) and administrative roles

- **Demerged Tumut and Tumbarumba Forecasts** - Deloitte noted that (i) in the context of SVC’s financial outlook and forecast assumptions through to 2024-25, it is likely that a demerger will also result in operating deficits in the two demerged councils and (ii) there is an expectation that the two councils will have an ongoing reliance on operating and capital funding.

Deloitte (i) modelled individual profit and loss and cash flow forecasts to determine sustainability gap (if any); (ii) compared ratepayer impacts within each of the two demerged councils to SVC to determine whether ratepayers are better or worse off; and (iii) considered factors that may affect financial sustainability within the two councils (as compared with SVC).

6.1.2.5. Demerger costs

If the Proposal is implemented, it is indisputable that costs will be incurred. Deloitte has estimated these costs as follows –

Estimated one-off demerger costs (\$m)			
Item	Estimated range	Tumbarumba	Tumut
ICT costs	1.8 - 2.2	1.0	1.0
Transition management	0.4 - 0.7	0.4	0.2
Financial	0.3 - 0.4	0.2	0.2
Legal	0.2 - 0.6	0.2	0.2
Communications and branding	0.5 - 0.5	0.3	0.2
PPE	0.1 - 0.2	0.1	0.1
Staff retraining and redundancy	0.1 - 0.3	0.1	0.1
Works: QA specifications	0.3 - 0.5	0.4	-
Total	\$3.7m – \$5.4m	\$2.6m	\$1.9m
<i>Per Rateable Assessment (\$)</i>		<i>1,056</i>	<i>306</i>
Recurring Costs			
Councillors		0.1	0.1
Executive Leadership		0.4	0.4
Total per annum		\$0.5m	\$0.5m
<i>Per Rateable Assessment (\$)</i> pa		<i>184</i>	<i>71</i>

In projecting the financial positions of the two “post demerger” councils, Deloitte used the mid-point of \$4.5 million for one-off costs, split Tumbarumba \$2.6 million and Tumut \$1.9 million. Deloitte also estimated additional recurring costs of \$0.5 million for each demerger council.

The proponent, Save Tumbarumba Shire Inc, has criticised these estimates on a number of bases¹⁴.

Firstly, the proponent disputes the inclusion of demerger costs because “the proposal before the Commission calls on the Government to provide such funding as is required”. While the proponent may argue for this funding, there is no Government policy or commitment that this will occur. It would be inappropriate for the Commission to base its deliberations – and its recommendation on the Proposal to the Minister on such an assumption and that is why it instructed Deloitte to estimate demerger costs.

Secondly, the proponent argues that “there is no justification” for estimating higher transition costs for Tumbarumba than for Tumut. However this does not recognise that the Proposal involves creating one new “Tumbarumba” shire, while reducing the boundaries of the existing SVC. A reduced SVC will already have its policies in place, its IT, HR and financial systems in place (and is already paying for a team of councillors). These will all involve costs to a new Tumbarumba Shire Council. The proponent argues that “all systems, policies and procedures employed by SVC should be available to both of the demerging councils”. This ignores that there may (for example) be third party payments such as licensing or support fees involved that may not simply be divided on demerger. While there may be some recognition of this in any negotiated settlement between the two councils, the Commission accepts the Deloitte assumption of greater costs for Tumbarumba.

Thirdly, the proponent is critical of the magnitude of the overall demerger costs. Independent of this view being expressed by the proponent, the Commission requested Deloitte provide alternative financial scenarios for both Tumbarumba and Tumut, based on a range of one-off demerger costs (including down to a level of \$0.5 million for each council). While changing the assumed one-off demerger costs impacted on the estimated 2020-21 operating results and the ongoing cash position, it had no impact on the subsequent years’ operating results. It was the Year 5 (2024-25) operating results that formed the basis of the “pathways to financial sustainability” assessments by Deloitte.

One saving in any demerger is that due to geographic and legislative provisions, SVC did not change the physical footprint of the two councils post-merger. There are an administrative building and depots maintained in the former Tumbarumba area. These would again be available for use by the new council.

¹⁴ Submission #745 to the Commission.

6.1.2.6. Demerger Scenario – Tumbarumba

The following table shows the projected operating results for a demerged Tumbarumba Council -

Profit and Loss (\$m)	FY15	FY16	FY21	FY22	FY23	FY24	FY25
	<i>Actual</i>	<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
Revenue							
Rates and annual charges	3.8	3.7	4.9	4.9	5.0	5.1	5.2
User charges and fees	7.9	6.6	5.4	5.5	5.6	5.7	5.8
Interest and investment revenue	0.4	0.4	0.1	0.1	0.1	0.1	0.2
1 Other revenues	0.3	0.3	0.4	0.7	0.7	0.7	0.7
Own source revenue	12.3	10.9	10.8	11.3	11.5	11.7	12.0
Grants and contributions – financial assistance	2.0	1.9	2.2	2.2	2.3	2.3	2.4
Grants and contributions - operating purposes	3.7	2.7	3.3	3.4	3.4	3.5	3.6
2 Grants and contributions - capital purposes	5.6	2.3	2.5	3.4	5.7	0.7	2.3
Total Revenue	23.5	17.9	18.8	20.2	23.0	18.3	20.2
Expenses							
Employee benefits and on-costs	(6.3)	(6.1)	(7.7)	(7.9)	(8.1)	(8.3)	(8.5)
Materials and contracts	(7.0)	(5.2)	(6.2)	(6.3)	(6.3)	(6.4)	(6.4)
Other Expenses	(1.2)	(1.1)	(1.7)	(1.6)	(1.6)	(1.6)	(1.6)
Borrowing costs	(0.2)	(0.3)	(0.3)	(0.3)	(0.2)	(0.2)	(0.2)
Depreciation and Amortisation	(3.7)	(3.6)	(4.0)	(4.1)	(4.2)	(4.2)	(4.3)
Net losses from the disposal of assets	(0.2)	0.0	-	-	-	-	-
3 Ongoing demerger costs	-	-	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)
Total Expenses	(18.6)	(16.2)	(20.5)	(20.7)	(21.0)	(21.3)	(21.6)
One-offs:							
4 One-off demerger cost	-	-	(2.6)	-	-	-	-
Operating result	4.9	1.6	(4.3)	(0.5)	2.0	(3.0)	(1.4)
Excluding one-offs	4.9	1.6	(1.7)	(0.5)	2.0	(3.0)	(1.4)
Excluding capital grants	(0.7)	(0.7)	(6.8)	(3.8)	(3.8)	(3.8)	(3.7)

Reported KPI's (%)		FY15	FY16	FY21	FY22	FY23	FY24	FY25
	<i>Target</i>	<i>Actual</i>	<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
Operating performance ratio	<0.0%	-3%	-5%	-25%	-23%	-22%	-21%	-21%
Own source revenue ratio	>60.0%	52%	61%	58%	56%	50%	64%	59%
Establishment FTE		90	92	94	94	94	94	94

Deloitte's key assumptions in projecting the above operating results are as follows –

Key drivers and trends within the FY21-FY25 forecast include:

- 1** Other revenue: Uplift in additional revenue through either internal initiatives, operating grants or an SRV by \$0.25m in FY22.
- 2** Capital grants: Specific purpose capital grant funding in FY23 of \$5.0m to partially fund the build of the new Khancoban sewer project in Tumbarumba (underpinned by Safe and Secure Water Program).
- 3** Ongoing demerger costs: Additional costs of c.\$0.5m per year for re-establishing Councillor and Executive Leadership structures.
- 4** One-off demerger costs: \$2.6m in one-off demerger costs, which includes \$0.4m for investment in quality and systems and processes to attain private works accreditation. Other one-off costs are slightly higher than Tumut for transition support and rebranding.

The estimated \$3.7 million operating deficit for Tumbarumba in 2024-25 equates to \$1,503 per rateable property.

To achieve a break-even result in 2024-25 (to enable comparison with the SVC base case scenario), Deloitte has calculated various “sustainability pathways” or combinations of (i) increases in rates and charges and (ii) cost savings or additional external revenue that Tumbarumba would need to have in place. These pathways are shown in the following matrix -

What is the pathway to sustainability?

Impact of increased grant funding and higher rates and charges on FY25 operating surplus (ex capital grants)

Base Case: How can sustainability be achieved?						
	\$m	Increase in rates and charges				
		0%	5%	10%	15%	20%
Additional external funding or cost savings	-	(3.7)	(3.4)	(3.2)	(2.9)	(2.7)
	1.0	(2.7)	(2.4)	(2.2)	(1.9)	(1.7)
	2.0	(1.7)	(1.4)	(1.2)	(0.9)	(0.7)
	3.0	(0.7)	(0.4)	(0.2)	0.1	0.3
	4.0	0.3	0.6	0.8	1.1	1.3
	5.0	1.3	1.6	1.8	2.1	2.3

Example: Sustainability in FY25 could be achieved through a 10-15% increase to ratepayers, combined with \$3-4m of grant funding, cost savings and/or works margin.

While it is possible for a demerged Tumbarumba Council to reach “financial sustainability” by targeting only (i) increases in rates and charges or (ii) cost savings or additional external revenue, the boxed section within the overall table shows more realistic combinations that would achieve a balanced operating result by 2024-25. As an example, Tumbarumba Council could achieve a balanced operating result in 2024-25 by targeting a 10-15% increase in rates and charges and at least \$3 million in cost savings or additional external revenue. It is important to note that this table is for illustrative purposes only. Neither the Commission nor Deloitte is suggesting that a new Tumbarumba Council (should this Proposal be implemented) should eliminate its operating deficit by 2024-25, nor recommending any particular course of financial action.

The Commission noted that the Long Term Financial Plan (LTFP) included in the submission by Save Tumbarumba Shire Inc showed significantly different results than the Deloitte analysis.

The main reason for this appears to be that the starting point for the Proponent’s LTFP was the former Tumbarumba Shire’s pre-merger 2015-2025 LTFP, albeit with changes to reflect known impacts since then. The Proponent noted “the absence of comprehensive financial data and detailed LTFP assumptions from Snowy Valleys Council” in compiling its Tumbarumba LTFP, while also noting the “extensive expertise available from former Tumbarumba Shire Council Councillors, staff and community members ... used to develop the LTFP”.

The starting point for the Deloitte projections was SVC’s 2020-2030 LTFP (which in turn was largely based on SVC’s 2019-20 budget) but with significant adjustments to reflect variations between the 2019-20 budget and the actual (draft) results for that year.

The Proponent's LTFP shows a return to operating surplus (excluding capital grants) in 2026-27, with a deficit in 2024-25 of approximately \$177,000. This compares to the Deloitte forecast of a \$3.7 million deficit in that year.

The main differences between the two sets of 2024-25 projected results are in the estimates of 'user charges and fees' revenue and 'materials and contracts' expense.

The Proponent's LTFP projects 'user charges and fees' revenue in 2024-25 of \$8.1 million, compared with the Deloitte projection of \$5.8 million. While the Proponent's projection is similar to Tumbarumba Shire's 2014-15 revenue of \$7.9 million, the Commission notes that this revenue does fluctuate significantly from year to year, with Tumbarumba Shire's revenue in the previous year being \$9.6 million. SVC's actual revenue from 2016-17 to 2019-20 has also fluctuated significantly. The Deloitte projection of \$5.8 million is consistent with the \$19.3 million projection for a 'continuing' SVC (ie with approximately 30% being allocated to Tumbarumba in a demerger scenario.)

Regarding 'materials and contracts' expenses, the Proponent's LTFP projects roundly \$3.2 million in 2024-25, compared with the Deloitte projection of \$6.4 million. The Deloitte projection is consistent with the \$18.5 million projection for a 'continuing' SVC (ie with approximately 36% being allocated to Tumbarumba in a demerger scenario.) It also seems reasonably consistent with the level of expenses reported by the former Tumbarumba Shire in 2013-14 (\$8.8 million) and 2014-15 (\$6.3 million).¹⁵

It is also important to note that the Proponent's submission only considers the financial position of a demerged Tumbarumba Shire. However the Commission's role is to consider the financial advantages and disadvantages of the Proposal to all residents of the existing area. This necessitates examining the financial position of a demerged Tumbarumba Shire, the financial position of a reduced Tumut Shire, and comparing each of these with the 'status quo' financial position of a continuing Snowy Valleys Council. The Commission believes that consistently-prepared projections for each of these entities provides a more reliable basis for its examination.

6.1.2.7. Demerger Scenario – Tumut

The following table shows the projected operating results for a demerged Tumut Council (ie the existing SVC with reduced boundaries post-merger) -

¹⁵ Former Tumbarumba Shire's 2014-15 Financial Report (page 4).

Profit and Loss (\$m)		FY15	FY16	FY21	FY22	FY23	FY24	FY25
		<i>Actual</i>	<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
Revenue								
	Rates and annual charges	11.8	10.7	12.8	12.4	12.6	12.9	13.1
①	User charges and fees	9.6	9.6	10.8	12.6	12.9	13.1	13.4
	Interest and investment revenue	0.7	0.6	0.3	0.3	0.3	0.4	0.4
	Other revenues	0.6	0.5	0.6	0.8	0.9	0.9	0.9
	Own source revenue	22.7	21.4	24.4	26.2	26.7	27.3	27.8
	Grants and contributions – financial assistance	3.4	3.4	3.8	3.9	4.0	4.0	4.1
	Grants and contributions - operating purposes	2.2	3.0	2.5	2.5	2.6	2.6	2.7
②	Grants and contributions - capital purposes	0.6	0.4	4.8	4.9	4.0	5.0	1.0
	Total Revenue	28.9	28.2	35.6	37.5	37.3	39.0	35.7
Expenses								
	Employee benefits and on-costs	(10.8)	(8.9)	(11.4)	(11.7)	(12.0)	(12.3)	(12.6)
③	Materials and contracts	(7.4)	(8.6)	(10.7)	(11.7)	(11.8)	(11.9)	(12.1)
	Other Expenses	(3.1)	(2.7)	(3.8)	(4.3)	(4.2)	(4.2)	(4.1)
	Borrowing costs	(0.4)	(0.4)	(0.1)	(0.1)	(0.0)	(0.0)	(0.0)
	Depreciation and Amortisation	(7.4)	(6.4)	(7.7)	(7.9)	(8.0)	(8.2)	(8.3)
	Net losses from the disposal of assets	(0.9)	(1.6)	-	-	-	-	-
④	Ongoing demerger costs	-	-	(0.6)	(0.5)	(0.5)	(0.5)	(0.5)
	Total Expenses	(30.0)	(28.5)	(34.3)	(36.2)	(36.7)	(37.1)	(37.6)
One-offs:								
⑤	One-off demerger cost	-	-	(1.9)	-	-	-	-
	Operating surplus / (deficit)	(1.1)	(0.3)	(0.7)	1.3	0.6	1.8	(2.0)
	Excluding one-offs	(1.1)	(0.3)	1.3	1.3	0.6	1.8	(2.0)
	Excluding capital grants	(1.7)	(0.7)	(5.5)	(3.6)	(3.4)	(3.2)	(3.0)
Reported KPI's (%)		FY15	FY16	FY21	FY22	FY23	FY24	FY25
	<i>Target</i>	<i>Actual</i>	<i>Actual</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>	<i>FCast</i>
	Operating performance ratio	>0.0%	-3%	3%	-12%	-11%	-10%	-9%
	Own source revenue ratio	>60.0%	79%	76%	69%	70%	72%	70%
	Establishment FTE		147	142	137	137	137	137

Deloitte's key assumptions in projecting the above operating results are as follows –

Key drivers and trends within the FY21-FY25 forecast include:

- ① **User charges and fees:** Private works uplift in FY22 = \$1.87m in FY22 as per Snowy Valley Councils LTFP.
- ② **Capital grants:** Additional capital grants in FY21 and FY22 of \$3.5m per annum to fund road upgrades in Bombowlee (funded by the Softwoods Working Group). An additional \$3m and \$4m capital grants in FY23 and FY24 to partially fund renewal of the Tumut water treatment plant (primarily the Safe and Secure Water Program).
- ③ **Materials and contracts:** Corresponding increase due to private works uplift.
- ④ **Ongoing demerger costs:** Additional costs of c.\$0.5m per year for re-establishing Councillor and Executive Leadership structures.
- ⑤ **One-off demerger costs:** \$1.9m assumed in year 1 for ICT separation, transition management, legal, communications and other demerger related costs.

The estimated \$3.0 million operating deficit for Tumut equates to \$476 per rateable property.

To achieve a break-even result in 2024-25 (to enable comparison with the SVC base case scenario), Deloitte calculated various “sustainability pathways” or combinations of (i) increases in rates and charges and (ii) cost savings or additional external revenue that Tumut would need to have in place. These pathways are shown in the following matrix –

What is the pathway to sustainability?

Impact of increased grant funding and higher rates and charges on FY25 operating surplus (ex capital grants)

Base Case: How can sustainability be achieved?						
		Increase in rates and charges				
	\$m	0%	5%	10%	15%	20%
Additional external funding or cost savings	-	(3.0)	(2.4)	(1.7)	(1.1)	(0.4)
	1.0	(2.0)	(1.4)	(0.7)	(0.1)	0.6
	2.0	(1.0)	(0.4)	0.3	0.9	1.6
	3.0	(0.0)	0.6	1.3	1.9	2.6
	4.0	1.0	1.6	2.3	2.9	3.6
	5.0	2.0	2.6	3.3	3.9	4.6

Example: Sustainability in FY25 could be achieved through a 5-10% increase to ratepayers, combined with \$2-3m of grant funding, cost savings and/or works margin.

While it is possible for a demerged Tumut Council to reach “financial sustainability” by targeting only (i) increases in rates and charges or (ii) cost savings or additional external revenue, the boxed section within the overall table shows more realistic combinations that would achieve a balanced operating result by 2024-25. As an example, Tumut Council could achieve a balanced operating result in 2024-25 by targeting a 5% increase in rates and charges and \$2-3 million in cost savings or additional external revenue. It is important to note that this table is for illustrative purposes only. Neither the Commission nor Deloitte is suggesting that a new Tumut Council (should this Proposal be implemented) should eliminate its `operating deficit by 2024-25, nor recommending any particular course of financial action.

6.1.2.8. Economies and diseconomies of scale

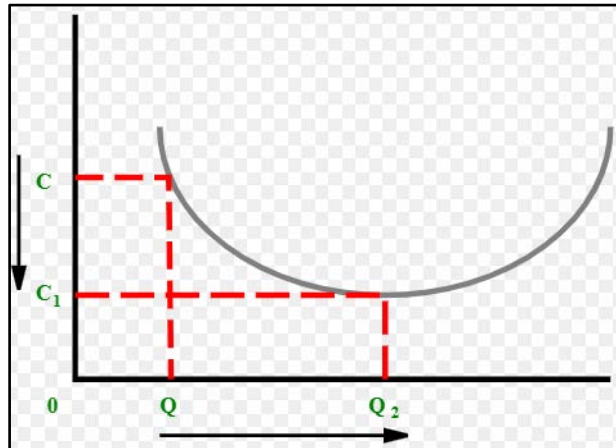
The concept of economies (and diseconomies) of scale is well known to economists. The concept has its origin in micro-economics, in particular the study of how manufacturing plants and firms operate.

Economies of scale reflect that costs of production can be classified (broadly) as fixed or variable. In a manufacturing plant (for example) variable costs are those that correlate to the amount of output produced. The cost of raw materials, power and utilities, transport, and wages staff would tend to be closely aligned with the units of output produced. Costs such as management, marketing, regulatory, accounting, and legal would be largely fixed.

Clearly, if a business can increase its quantity of production, those fixed costs would be spread over that larger production and would reduce on a per unit of output basis. Businesses that have large fixed costs require a large market in order to keep unit costs (ie sale price) at a competitive level.

Economic theory also recognises that the benefit of spreading fixed costs over a larger output diminishes at the margin and, at some point, further increases in size can lead to increasing costs (eg additional management, co-ordination, increased costs of obtaining materials or other inputs) and hence diseconomies of scale.

A very simple diagram illustrating economies (and diseconomies of scale) is as follows:¹⁶



The grey curve shows the average unit cost at differing production levels. As the quantity of units produced increases from Q to Q_2 , the cost per unit falls from C to C_1 (as fixed costs are able to be spread across a larger number of units). This part of the curve reflects economies of scale. Beyond Q_2 , the production of additional units comes at a higher cost – due to diseconomies of scale.

While the theory is straightforward, its application is fraught with difficulties. There are various approaches for attempting to measure the impact of economies and diseconomies of scale on cost structures. However to be meaningful, most techniques require identification of the outputs that are being produced. Where an organisation produces multiple outputs, some reliable method of apportioning the costs of the organisation across these outputs is generally also needed. Defining outputs and apportioning costs may be relatively straightforward where a business or factory produces a small range of physical goods (light bulbs, motor vehicles, packaged food). It is much more difficult in respect of entities (such as local authorities) that provide multiple, disparate services. How to delineate services, define what constitutes a unit of service, and attribute costs across the range of services provided is far more problematic.

Nevertheless there have been many studies undertaken, in Australia and abroad, to attempt to identify the extent to which economies (or diseconomies) of scale apply in local government¹⁷. It is fair to say that the results from these studies are inconclusive, largely because of the difficulties in defining, measuring and costing outputs.

¹⁶ Source: Wiki

¹⁷ While now somewhat dated, see the wide-ranging coverage in Joel Byrnes and Brian Dollery "Do Economies of Scale Exist in Australian Local Government? A Review of the Empirical Evidence" (2002)

What must be recognised however is that the two pre-merger councils and the current councils are all relatively small. To argue that the merger has resulted in a council that is on the “diseconomies of scale” part of the cost curve would seem to imply that the majority of councils in NSW are too large.

The Commission also acknowledges that it is a common practice for councils, merged or not, to achieve economies of scale by joint purchasing and contracting, usually through a Joint Organisation or a Regional Organisation of Councils. This also allows flexibility as an individual council can choose to buy in or not, depending on their need, for example for legal services, auditors, road base.

In the case of local government amalgamations, it is too simplistic just to compare the sum of the costs of the pre-merger councils with the costs of the merged council and attribute any increase to diseconomies of scale. It is equally plausible that any increase in costs could reflect factors such as council or management decisions to increase service levels (eg to ‘harmonise up’ to the higher level of the pre-merger constituent councils), transitional costs (eg to implement common IT, HR or other ‘back office’ services) or changes in senior staff that result in poor management of costs (unrelated to the merger). It is also possible that savings from economies of scale will not be reflected in net operating results but are redirected by a merged council into increases in the quantity or quality of other services.

It is also important not to confuse diseconomies of scale with costs arising from servicing large areas with dispersed populations. Those costs can be significant, but it should be assumed that a council will seek to minimise them by adopting appropriate solutions – for example by assessing whether it is more cost-effective to operate equipment from multiple depots, or to centralise and incur equipment transfer costs. While the Snowy Valleys Shire does have a low population density, that reflects the large proportion of the Shire that is situated within National Parks for which SVC has no service responsibility. This observation would apply equally to each of the pre-merger shires.

After considering all the material available to it, the Commission is not convinced that diseconomies of large scale are likely to exist in the operations of SVC.

The 2016 merger created an LGA which - while admittedly classified as a ‘Large Rural’ area by OLG - is still relatively small (in population terms) compared with some other rural LGAs and with all NSW LGAs based on regional towns.

6.2. Community of Interest and Geographical Cohesion

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

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

6.2.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
305	115	420	30%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

The view that residents of the former Tumut and Tumbarumba Shires have little in the way of “community of interest” is one that that was put forward in very many submissions made to the Commission. Often this argument as to limited community of interest was attributed to the distance between the two centres and to the view that Tumut was not a regional centre offering a full range of services. This is not a new view, with many submissions on the same theme also made to the Delegate in his examination of the 2016 merger proposal.

As one Tumbarumba Shire resident submitted in 2016 -

*We have so little in common with Tumut. People from the Tumbarumba Shire hardly ever go to Tumut. If we want to shop we go to Albury or Wagga. If seeking medical help no one goes near Tumut. Most people at the southern end of the Tumbarumba Shire educate their children in Corryong. These families never go near Tumut. If anything we have more in common with Corryong than Tumut.*¹⁸

And at one of the Commission’s 2020 inquiry sessions -

*We’re not 5 minutes down the road or a couple of suburbs away. Our residents don’t shop in each other’s towns or pass through regularly. When we need to find specialist doctors, dental, car maintenance or purchase household goods we go to Wagga or Albury, not to Tumut. There’s no geographic cohesion or community of interest with Tumut.*¹⁹

The views quoted above are consistent with the views of the majority of presentations and submissions made to the Commission in its examination of this 2020 Proposal. Although widely felt, there was a small number who disagreed with these views, as shown by the following -

*I disagree personally with some of the comments about the no need for Tumut. I align a lot to that greater region. We travelled there this winter for soccer. There's no soccer club in town. We go to the Tumut club. I go to church in Adelong. We go to Tumut for medical things as well. So ... for me, I do see it as our greater neighbourhood.*²⁰

A number of submissions and speakers raised the lack of shared interests between Tumbarumba and Tumut -

Politically divided, both Tumut and Tumbarumba with different local state members in Tumut and Tumbarumba and each area has its own newspaper which would actually indicate that it is a divided area. One newspaper circulates in the Batlow, Adelong and Tumut area and that

¹⁸ Submission by a Tumbarumba resident, quoted in the Report by Delegate Rod Knockles (2016), p32.

¹⁹ Speaker at Session 1, Tumbarumba.

²⁰ Speaker at Session 2, Tumbarumba.

*Tumbarumba has a separate newspaper, and that's printed by the same group in Tumut who one would think if they could get away with having one newspaper, they would do so for financial reasons if for no other reason.*²¹

*Tumbarumba and Tumut fall in different State and Federal Electorates, with the two former Shires separated by a spur on the Bago Range. Tumbarumba is part of the Uppe (sic) Murray, Tumut is in the Murrumbidgee catchment. There is little in common between the two areas ... We do not live, work, or engage in social or sporting activities together.*²²

*Geographically the divide remains the same as ever due to the natural boundary of the Bago. This cannot be changed. Residents of Tumut and surrounds have very little to do with the southern end of the shire either, the old Tumbarumba Shire area, for just that same reason.*²³

Many who argued against the existence of a community of interest between Tumbarumba and Tumut spoke of the distance and the condition of the road between the two towns. As many noted, there is only one direct road link between the towns of Tumbarumba and Tumut, a distance of approximately 71km (via Batlow) with a daytime driving time of just under one hour. A number of submissions and speakers also raised the hazards of driving on this road during winter and at night. As one submission stated –

*Geographically the two communities have very little in common and ... the smaller communities such as Khancoban, Tooma and Jingellic are even more remote from the SVC centre in Tumut. They are now a good 2 hour drive away and are as remote as they can possibly be. Road conditions between Tumut and the rest of the shire are arduous at the best of times, but are almost impossible during winter months. A number of community members, who may have been interested in participating in SVC projects and/or elections, have chosen not to become involved due to the difficulties of attending meetings etc, as snow and ice make the roads too hazardous during winter ... the dangers of confronting wildlife is also prohibitive.*²⁴

6.2.2. Discussion

Many of the submissions spoke as if Tumbarumba Shire was synonymous with the town of Tumbarumba. The reality is that Tumbarumba acted as a 'hub' for a defined area comprising a number of towns. It was the administrative centre. The hub – the administrative centre – is now, in large measure, located in the town of Tumut.

According to the Geographical Names Board, there are 356 'places' that are designated or recorded as 'towns' in NSW.²⁵ The trend of history is towards larger council areas. In 1910 there were 324 councils. Many of these councils would have been 'single town' councils. Today, there are 128 councils, the

²¹ Speaker at Session 2 Tumbarumba.

²² Submission #003 to the Boundaries Commission.

²³ Submission #363 to the Boundaries Commission.

²⁴ Submission # 045 to the Minister.

²⁵ See Geographical Names Register of NSW accessible at:
<https://proposals.gnb.nsw.gov.au/public/geonames/search>

majority of which are no longer single town councils. It has been commonplace for many years now for council areas to encompass a number of towns, especially in rural NSW.

It is a feature of inland NSW that most local government areas exhibit low population density generally, with towns and villages interspersed throughout.

Because of the distances between many of these towns and villages, it is probably natural that their residents develop a strong sense of community and identify mostly strongly with their own locations. The Commission does not believe that having two or more distinct communities of interest in the one council area is, in itself, a barrier to the council operating efficiently and effectively, and in the best interests of all its residents.

While it may be true that residents of both Tumut and Tumbarumba feel little connection with each other, they do share a number of social and demographic characteristics. In his report on the 2016 merger proposal, the Delegate noted similarities between the two shires in attributes such as household incomes, the level of post-school education, low rates of unemployment and age profiles. He also referenced more detailed coverage in an “Economic and Social Profile of Each LGA” commissioned by the then Tumut Shire.²⁶

Data from the 2016 Census (available since the 2016 merger) also show similarities in attributes such as –

- the relatively high proportion of the population born in Australia (82.4% in Tumbarumba, 81.0% in Tumut), but both down significantly from 2011 (85.9% and 86.4% respectively)
- a relatively high median age of the population (46 years in Tumbarumba, 45 years in Tumut)
- a high proportion of the population aged 65 and over (22.4% in Tumbarumba, 18.8% in Tumut), and growing significantly since 2011
- median weekly household income typically lower than in metropolitan areas (\$1,135 in Tumbarumba, \$1,124 in Tumut)
- very low proportion of the population who do not speak English well or at all (0.1% in Tumbarumba, 0.6% in Tumut).

Although the residents of Tumut and Tumbarumba (particularly from the two towns) may have limited contact with each other, this does not mean that they do not share a number of common attributes and interests.

While the Commission does not see that having two or more distinct communities of interest in the one council area is untenable, it does recognise that a lack of community interactions and connectivity can create challenges for a council in terms of developing priorities in its strategic planning. This is clearly felt by many residents of Tumbarumba and surrounds. The Commission notes this but makes no comments on SVC’s priorities.

²⁶ Report by Delegate Rod Knockles (2016), p30.

The Commission does not believe that the individual communities of interest have altered with the merger. If the Proposal were to be implemented, the communities would continue to exist and each demerged Council would need to consider them in its planning decisions.

6.3. Historical and Traditional Values

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

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

6.3.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
84	12	96	7%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

Relative to other factors, only a small proportion of submissions and presentations addressed this factor, particularly in relation to the “historical values” component of this factor. Most that did were by residents of the former Tumbarumba Shire. Many made the point that Tumbarumba had its own unique history and expressed feelings that this history was being lost or diminished as a result of the 2016 merger. The Commission noted the detailed submission made by Tumbarumba Historical Society which set out the history of Tumbarumba Shire and its development.²⁷ Other than this submission however, this factor was not covered in any depth in any of the material presented to the Commission.

6.3.2. Discussion

To a real extent, every city, town, village and region has its own mix of historical and cultural features. No two will be completely identical and in that sense every location is indeed unique. The question for the Commission is whether the differences across the existing SVC area are of such magnitude to suggest (in conjunction with other factors) that the Proposal would give a better outcome for the area’s residents.

Prior the 2016 merger, both Tumut and Tumbarumba Shires had existed for many decades.

Tumbarumba Shire was formed (“incorporated”) in 1906, when the State Government imposed municipalisation onto local communities. At the time of Federation, less than one per cent of the NSW

²⁷ Submission #304 to the Minister.

land area was incorporated despite the voluntary model being available to communities since the enactment of the *Municipalities Act of 1858*. That Act permitted the voluntary incorporation of a municipality upon the petition of fifty householders and in the absence of a “sufficient counter-petition”. However, with the passage of the 1906 Act the era of voluntary municipalisation ceased.

Similarly, Tumut Shire had existed in that form since 1928 when it was created by the merger of the Municipality of Tumut and the surrounding Gadara Shire. Both these local government areas had, like Tumbarumba Shire, been incorporated in 1906 - Gadara Shire initially being named Yarrangobilly Shire until 1907.

The reality is that the stories of both the former Tumut and Tumbarumba Shires are told through the history of their various towns and villages.

With Tumbarumba town as its centre, Tumbarumba Shire also encompassed the towns and villages of Khancoban, Rosewood, Jingellic, Tooma, and Laurel Hill. It drew on a “rich heritage including gold, timber, agriculture, and the Snowy Mountains Scheme”.²⁸

Similarly, with the town of Tumut as its centre, Tumut Shire also included the towns and villages of Gilmore, Adelong, Grahamstown, Gocup, Brungle, Talbingo, Wondalga, Batlow, Killimicat and Cabramurra.

If, however, the lens through which this factor is to be considered is at the wider level of the existing (merged) local government area, then it could be said that “both areas have a similar commercial and industrial history with the agriculture, gold mining, forestry and horticulture sectors developing in unison”²⁹. To this could be added the general history of European settlement from the mid-1800s and the impact that this had on local indigenous communities and their histories.

In having regard to this factor, the Commission questions the extent to which history – or historical values – attach to local government bodies rather than to towns, villages, buildings, individuals, geographical features (river systems, mountain ranges), etc. The rich histories of towns such as Tumbarumba are not changed by the alteration of council (or State or Federal electorate) boundaries. That is not to deny the responsibility of local government in preserving, interpreting, honouring and promoting local history and historical features, but the Commission is not convinced that these histories and historical features are inherently impacted by boundary alterations. This belief was supported by the Vice President of the Tumbarumba Chamber of Commerce who (while supporting the demerger Proposal) stated in relation to tourism –

*A destination brand is not tied to the local government boundaries or names. No-one searches for their next holiday in Augusta Shire. You search for Margaret River.*³⁰

The other part of this factor relates to “traditional values”. Submissions from residents of the former Tumbarumba Shire commented frequently on a “can do”, “self-contained” attitude that, they argued,

²⁸ Submission by the then Tumut Shire Council, quoted in the Report by Delegate Rod Knockles (2016), p39.

²⁹ Report by Delegate Rod Knockles (2016), p37.

³⁰ Speaker at Session 4, Tumbarumba.

has been a long-standing feature of their community. One Tumbarumba speaker (a former Tumbarumba Shire Councillor) stated –

Physical isolation has driven a need to look after ourselves. Since its formation in 1906 the local government leaders and the people have done just that – successfully.³¹

Another former Councillor stated –

I've lived in quite a few country towns ... and I believe that Tumbarumba has one of the strongest community attitudes and self-help attitudes. And this is a real can-do approach to life.³²

One speaker put this attitude in the context of re-establishing a Tumbarumba Shire –

The former Tumbarumba Shire has strong community health and is proactive. I believe that this community will come together ... and regrow the former Shire if it's permitted to do so ... I've spoken to former staff and councillors who are prepared if the demerger is successful to volunteer their time to mentor new staff and councillors in a renewed Tumbarumba Shire. Such is the strength and pride of this community.³³

A number of speakers and submissions also argued that this “self-help” attitude in Tumbarumba was reflected in the differing approaches to service delivery that existed between the two pre-merger councils, with the former Tumut Shire Council approach now reflected in that of Snowy Valleys Council. It was put to the Commission that the former Tumbarumba Shire Council was more likely to take on the direct provision of what it saw as necessary services for its residents when private businesses or individuals could not be attracted to the role. This was contrasted with the more “business-like” or “corporate” approach in Tumut. This issue is discussed in more detail in Section 6.6.

6.4. Attitudes of Residents and Ratepayers

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

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

6.4.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
614	642	1,256	89%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

³¹ Speaker at Session 1 Tumbarumba.

³² Speaker at Session 2 Tumbarumba.

³³ Speaker at Session 2 Tumbarumba.

The overwhelming majority of the submissions made to the Commission expressed support for the Proposal. This is consistent with the opposition to the merger noted by the Delegate in 2016. Concerned residents and ratepayers had significant opportunities to present their views. Quite a few availed themselves of these opportunities by making multiple submissions as well as speaking at one of the Commission's public inquiry sessions – as was their right.

Many of the views expressed tended to concentrate exclusively on the merger decision itself, rather than the merits of the Proposal. These views tended to be forceful and clear, as can be seen from the following small (but by no means atypical) sample -

*The merger was an undemocratic process foisted on us by the NSW Government creating ill-will from the outset.*³⁴

*The forced amalgamation was undemocratic, and the Government ignored the recommendations by its own appointed Delegate. The forced merger remains deeply unwanted by the Tumbarumba community.*³⁵

*Before the boundary change and forced merger we had a lovely friendly community that our ancestors has built over generations.*³⁶

*It breaks my heart to see what the merger has done to our wonderful communities.*³⁷

*Our community has lost its heart and soul ... no longer has that sense of great pride and unity.*³⁸

*What we want is simple and easy for the Minister to provide ... local government of the people, by the people and for the people. We will never, ever give up.*³⁹

*The time to end this political disaster is now ... We're not going away.*⁴⁰

The views expressed in other submissions or presentations were less in terms of opposition to the merger -

*I respectfully ask this committee to support our plea to re-establish Tumbarumba Council. We can and will overcome the challenges of rebuilding a successful community orientated council, one with vision, expertise and the willingness to take the community with them on the journey forward.*⁴¹

*Our community is struggling to have a voice, to have heart and we have lost our soul.*⁴²

³⁴ Submission #007 to the Minister.

³⁵ Submission #056 to the Minister.

³⁶ Submission #008 to the Commission.

³⁷ Speaker at Session 3, Tumut.

³⁸ Speaker at Session 4, Tumut.

³⁹ Speaker at Session 1, Tumbarumba.

⁴⁰ Speaker at Session 3, Tumbarumba.

⁴¹ Speaker at Session 3, Tumbarumba.

⁴² Submission #738 to the Commission.

The current SVC Councillors and General Manager are openly antagonistic towards the Tumbarumba communities ... I have personally witnessed the negative and derisive attitude of a number of the current Councillors and the GM.⁴³

This merger has had no benefit to either of the old shires ... This community can supply ... leadership and in a short time frame get back on track to where we as a people were heading prior to merger ... We have the skills, the talent and the culture to make it a success.⁴⁴

Those few representations against the Proposal couched their representations differently, for example -

SVC has done more things in Rosewood than we've ever seen before from the Tumbarumba Council.⁴⁵

A retreat to localism, almost verging on tribalism. In a world of big government and big business we are necessarily part of a larger community and need to learn how to work within it. We have a great deal more in common with Tumut than difference. Both communities face the likely prospect of decreasing scale of local forestry operations, the ramifications of farm amalgamations, and aging and welfare dependent populations. In the face of these commonalities competing with Tumut seems a silly strategy.⁴⁶

I feel the people who are trying to have the Council demerged are ... new comers just trying to make trouble between the two towns.⁴⁷

Tumbarumba has a very small and ageing population and does not have the capacity to govern in its own right for now and into the future.⁴⁸

The Commission is keenly aware that there is a significant core of people from Tumbarumba who, to summarise, 'want our town back'. Tensions in parts of the SVC area are clearly high. However, some have argued that this strength of conviction and its very public display may have inhibited others from expressing contrary views.

One speaker said –

The success of Tumbarumba is without a doubt built on the passion of the locals in the town and the surrounds, and I truly admire this position. However, for the last four years this passion has turned into anger and it has created fear within the community, so much so that I know of people that did not feel they could stand up to speak or show support for Snowy Valleys Council without the consequences of verbal or written abuse from their own community.⁴⁹

⁴³ Submission #389 to the Commission.

⁴⁴ Speaker at Session 4, Tumbarumba.

⁴⁵ Submission #041 to the Commission.

⁴⁶ Submission #751 to the Commission.

⁴⁷ Submission #535 to the Commission.

⁴⁸ Submission #049 to the Minister.

⁴⁹ Speaker at Session 1, Tumbarumba.

This was not an isolated comment; another speaker (a current SVC Councillor) saying -

*I spoke to some people at the weekend, a community group within the Tumbarumba area. They are afraid to speak up about this current council and the benefits that they are receiving as a community organisation because of the intimidation ... from some people in the Tumbarumba area.*⁵⁰

Another resident who asked that their submission be treated as “private and confidential due to possible retribution” made the point that -

*... doing business is far easier and more efficient in the merged area ... Having a group of people actively intimidate people and white ant any initiatives makes it very difficult to promote and develop the interests of the LGA.*⁵¹

Several who spoke of the in favour of the Proposal, also commented that while accepting the challenges ahead, they believed in its success -

*We have the will, the people and the capacity to recreate what was taken from us.*⁵²

*We can and will overcome the challenges of rebuilding a successfully community-orientated council, one with vision, expertise and the willingness to take the community with them on the journey forward.*⁵³

6.4.2. Discussion

As the submissions received were overwhelmingly in favour of the Proposal, to measure that the views being put were reasonably representative of those held by the community generally – and not simply a vocal minority – the Commission engaged a market research firm with significant experience in telephone polling to undertake a survey on its behalf. The survey was designed to capture awareness of, and attitudes to the Proposal overall, and in each of the former shire areas.

The survey showed an impressively high awareness of the Proposal by those surveyed – 90% of respondents overall, with virtually no difference in this proportion between those respondents living in each of the former shires. Those who had resided longer in the area showed a greater level of awareness.

The survey asked respondents whether they agreed or disagreed with the Proposal, and the strength of that view. As can be seen from the following chart, overall 65% agreed or strongly agreed with the Proposal, with 15% disagreeing or disagreeing strongly.

Looking at the level of agreement according to where the respondent lives (ie whether in the area of the former Tumut or Tumbarumba shires) shows some marked (but not unexpected) differences. Those living in the former Tumbarumba shire area recorded total agreement of 88% with only 6%

⁵⁰ Speaker at Session 2, Tumbarumba.

⁵¹ Submission #727 to the Commission.

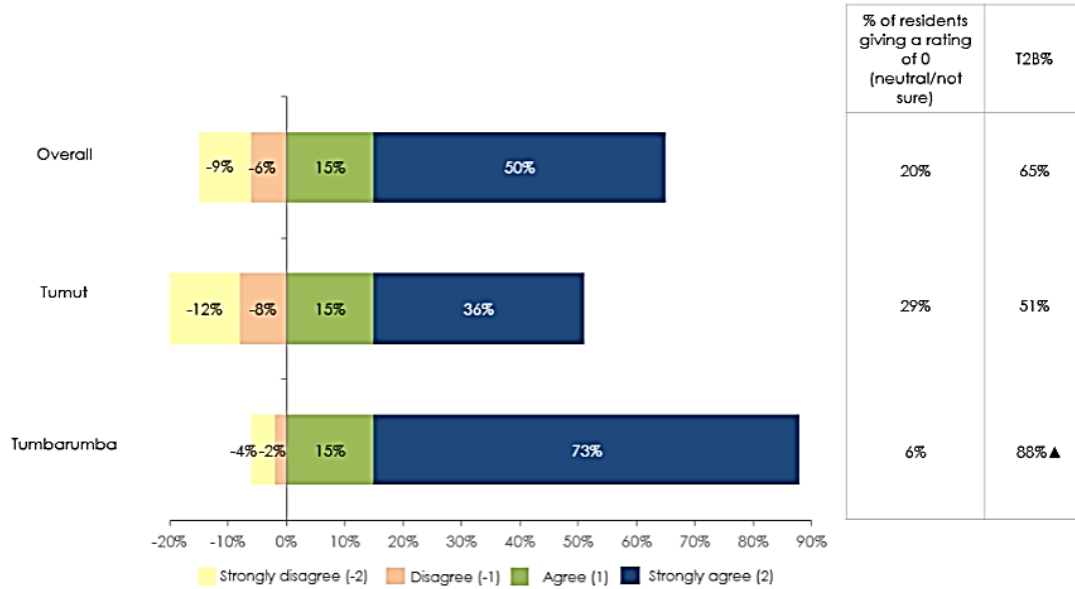
⁵² Speaker at Session 1, Tumbarumba.

⁵³ Speaker at Session 3, Tumbarumba.

disagreement while those living in the former Tumut shire area recorded total agreement of 51% with 20% disagreement. Only relatively minor differences in attitudes according to age, gender, location of residence (town vs property) were recorded.

Agreement with the Proposal to Demerge

Q5. (If yes on Q4), How strongly do you agree or disagree with the proposal by Save Tumbarumba Shire Inc. to demerge Snowy Valleys Council?



Scale: 2= strongly agree, -2= strongly disagree

Base: N=368

▲▼ = A significantly higher/lower level of agreement (by old LGA)

Those agreeing/neutral/disagreeing with the Proposal were asked the reasons for their position as shown in the following three charts -

Reasons for Agreement

Q5. (If yes on Q4), How strongly do you agree or disagree with the proposal by Save Tumbarumba Shire Inc. to demerge Snowy Valleys Council?

Q6. Why do you say that?

Those that Agree/Strongly Agree (65%)

"Knowing the history of both councils, that <u>ones</u> council history was amazing and that the other has had a bad financial history"	"Too many things haven't been done correctly since merging the councils together"	"Been in the area a long time and everything in the town actually happens in Tumut instead of Tumbarumba as council have neglected Tumbarumba since the merge"	"Council efficiency has gone down hill since the amalgamation"
"There has been a great deal of disharmony within the area due to the merging of the councils"	"Tumbarumba is more forward moving and Tumut hold them back"	"Do not think they work well together"	" <u>Council's</u> were working better separately"
"Area of coverage is too big now"	"Money will then just stay in our local area"	"Tumbarumba and Tumut have different goals and need to be separated"	"Should demerge back to the individual councils as Tumut was doing better on it own"
"Two very differently run councils that need to operate alone"	"Tumbarumba, before the merge, had a much healthier financial condition"	"Two separate councils were much more effective in running the area"	"Town of Tumbarumba is deteriorating under the current council"
			"Was a better set up before the merge"

Blue boxes represent those in the previous Tumut LGA, and yellow boxes represent those in the previous Tumbarumba LGA

Reasons for Neutral Levels of Agreement

Q5. (If yes on Q4), How strongly do you agree or disagree with the proposal by Save Tumbarumba Shire Inc. to demerge Snowy Valleys Council?

Q6. Why do you say that?

Those that are Neutral/Not Sure (20%)

"Lived in Tumut all my life and really do not see the benefit of demerge"	"No changes will happen regardless of the decision"	"Concerned about who will be paying for this demerger"
"Haven't noticed a difference since merging the two councils"	"Don't know much about the actual councils and the merging and how the demerging would effect the area"	"Not a ratepayer in the area and because of this, don't have too much concern over whether the councils are merged or demerged"
"Do not know enough about the issues of the merger/demerger"	"No changes will happen regardless of the decision"	"Not sure whether they should demerge or stay as they are"
"Council was much better before the merge"	"Don't know what to expect from the demerge"	"Not sure how it will go money wise"
"Councils were doing well on their own and not joint together"		

Blue boxes represent those in the previous Tumut LGA, and yellow boxes represent those in the previous Tumbarumba LGA

Reasons for Disagreement

Q5. (If yes on Q4), How strongly do you agree or disagree with the proposal by Save Tumbarumba Shire Inc. to demerge Snowy Valleys Council?

Q6. Why do you say that?

Those that Disagree/Strongly Disagree (15%)



Blue boxes represent those in the previous Tumut LGA, and yellow boxes represent those in the previous Tumbarumba LGA

The reasons given by those survey respondents who agreed with the Proposal are very consistent with the views put forward in submissions and oral presentations.

However some of the reasons given by those survey respondents who did not agree with the Proposal had not been otherwise put to the Commission. Without giving too much weight to individual comments, it was particularly interesting to see some of the comments by residents of the former Tumbarumba shire (shown in yellow). For example while there were many submissions and presentations that included complaints about Snowy Valleys Council's handling of the caravan park in Tumbarumba and its maintenance of the Tumbarumba main street, the comment above by one of the survey respondents provides a completely opposite view.

Many submissions also noted that the Delegate, in his report on the 2016 merger proposal, recommended -

That a merger of Tumut Shire and Tumbarumba Shire not proceed unless the strong opposing attitudes of residents, ratepayers and council staff in Tumbarumba Shire are addressed through a combination of advocacy campaigns and protections of service levels within a new council.⁵⁴

In the Commission's view there can be little doubt that the "strong opposing attitudes" have not been successfully addressed. Indeed, given the Delegate's recommendation, the subsequent implementation of the merger may have hardened those attitudes.

⁵⁴ Report by Delegate Rod Knockles (2016), p69

6.5. Elected Representation

Section 263(3)(e) of the Act requires the Commission 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”.

6.5.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
269	117	386	27%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

As can be seen from the above table, concerns around representational issues were a significant feature of many submissions and addresses to the Commission. The overwhelming majority of the comments raised concerns regarding representation. Comments such as the following are typical of the sentiments raised –

Reinstatement of the former LGA will result in a much more representative council for the Tumbarumba LGA. Local representation was much valued by the community, affording ready access to councillors who were part of the community, and whose council was integral to its social as well as its economic fabric.⁵⁵

Currently there are two elected Councillors representing Tumbarumba and surrounds and this is insufficient to get our important issues across to the remaining Councillors. The SVC area is so large that two Councillors are unable to represent the needs of this part of the community.⁵⁶

We do not have the numbers to have an equal voice in council, which has continued to be openly Tumut-centric. We have been robbed of our basic democratic freedoms.⁵⁷

I feel we will never be fairly represented as we are the much smaller population. The Tumut area gets seven Councillors, we get two. So, you know, it's just human nature - you look after your own patch.⁵⁸

⁵⁵ Submission by Save Tumbarumba Shire Inc to the Commission.

⁵⁶ Submission #003 to the Minister.

⁵⁷ Speaker at Session 1, Tumbarumba.

⁵⁸ Speaker at Session 4, Tumbarumba.

*With just two elected Councillors from the former Tumbarumba shire we are never going to have concerns particular to us properly addressed.*⁵⁹

While these sentiments were representative of the majority of views on this factor, there were some who expressed an opposite opinion –

*SVC allows for a more diverse Council by drawing on candidates from a wider geographic and demographic area.*⁶⁰

*This Council has been a very unified Council. It has never been about Tumut versus Tumbarumba. That is a furphy that has been perpetrated by people in this community who unfortunately don't have the interests of this community at heart but somehow or other have their own interests in mind. I don't know what those interests might be, but the interests of this community are being very well served by this Council that I am very proud to be a part of.*⁶¹

*Yesterday there was talk about equity in representation and that it was inequitable. Well, it is equitable because every person gets a vote who wants to vote - or should vote, if they're over 18. And so it is equitable. What's happened is that some of the smaller communities don't have the representation that they once had. But, as I said, we represent - as Councillors we represent everybody. And I think that's a change of narrative that people are having difficulty understanding.*⁶²

The Save Tumbarumba Shire Inc submission stated –

There is no shortage of talent within the former Tumbarumba Shire to create a vibrant, viable council. The forced amalgamation has revealed a large number of potential new candidate councillors, and sufficient former councillors alone have indicated they are prepared to nominate for election to the new TSC to provide a stable council ... We believe that a council of 7 would be sufficient to successfully represent the diverse communities of the region, but have made allowance for 8 in the financial plan.

6.5.2. Discussion

The Commission understands that there is often a much stronger connection felt by people in non-metropolitan areas with their local councils and councillors. This reflects, to a large extent, the smaller populations in rural council areas and the greater likelihood that councillors will be personally known to (or at least recognised by) local residents. Indeed many speakers mentioned their ability to raise matters with councillors, not only at scheduled meetings but also at unplanned encounters. The Commission appreciates that such ability to speak to councillors directly is valued by local residents. In this context it is noted that the 2016 Delegate observed that in 2013-14, the then Tumbarumba

⁵⁹ Submission #203 to the Commission.

⁶⁰ Submission #008 to the Minister.

⁶¹ SVC Councillor Cor Smit, speaker at Session 2 Tumbarumba.

⁶² SVC Mayor James Hayes, speaker at Session 1 Tumut.

Shire had the 19th lowest ratio of residents to councillors (447) of all 152 NSW councils. This compared to a ratio of 1,625 residents per councillor in the then Tumut Shire.⁶³

Nevertheless it was an inevitable consequence of the 2016 merger that electors in the former Tumbarumba Shire would no longer have their “own” council representatives. In the absence of a system of wards in the new Snowy Valleys Council (but see below), all candidates for election stand for the Council as a whole, with electors voting accordingly. The feeling espoused by so many residents of the former Tumbarumba Shire that their representation has been diluted since the 2016 merger understandably reflects the larger council area, the population differential between Tumut and Tumbarumba, the much higher ratio of councillors to residents, and the Council’s administrative centre now being in Tumut.

While acknowledging these feelings, it is also true to say that there are now nine councillors whose responsibility it is to serve the collective interests of the whole community, not the town or village they happen to live in – nor the former shire they lived in.⁶⁴ That is no different to any other shire that consists of a more populous town surrounded by smaller villages and rural properties, and where the majority of residents live in that larger centre. Nor is it any different to the former Tumbarumba Shire, whose councillors had responsibilities to the whole population base, including those areas that may not have had their “own” resident councillor(s). This was alluded to by one speaker who, while supporting the Proposal, stated –

*And I know when it was the Tumbarumba Shire Council the smaller communities felt probably as Tumbarumba feels now - left out of sight and out of mind, but far worse situation now. Despite our local councillors best efforts, they simply do not have enough votes to carry our end of the shire.*⁶⁵

The above is not to say that councils and councillors do not need to make special efforts to engage with the whole community to compensate for any feeling of disengagement or disenfranchisement, particularly where there has been a change as fundamental as the merger of two council areas. Beyond that statement, it is not the Commission’s role to make any judgement as to how the Snowy Valleys Council or its councillors have gone about this task.

The Commission notes the belief that 7 (or 8) councillors (as suggested by the Proponent) would be appropriate for a new demerged Tumbarumba Shire Council. Under the Act, a council can have between 5 and 15 councillors and this number can generally be determined by the council. The Commission has no concern with the number of councillors proposed by the Proponent.

The suggestion raised in a small number of submissions that Snowy Valleys Council should (if the Proposal is not implemented) divide its area into wards is not one that the Commission believes would overcome Tumbarumba residents’ concerns. Section 210(7) of the Act requires that the number of electors in each ward must not vary by more than 10 per cent. Therefore, a system of wards would

⁶³ Report by Delegate Rod Knockles (2016), p46

⁶⁴ See, in particular, section 232(1)(d) of the Act.

⁶⁵ Speaker, Session 3 Tumbarumba.

not likely result in any greater equality in the number of “Tumbarumba” and “Tumut” councillors and rather may intensify parochial rivalries and ill-feeling.

The likelihood of this feeling of dilution of representation was not seen a compelling argument against the merger proposal in the view of the Delegate reporting in 2016.⁶⁶

If the Proposal were implemented and each resulting council had 7 councillors, Tumbarumba would have a ratio of one councillor to approximately 500 residents, and Tumut one councillor to approximately 1,570 residents. The Commission notes that this would largely return these ratios to their pre-merger levels.

6.6. Service Delivery and Facilities

Section 263(3)(e1) of the Act requires the Commission 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”.

6.6.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
277	178	455	32%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

There were many submissions and presentations to the Commission (mainly by residents of the former Tumbarumba Shire) that raised concerns at services provided by Snowy Valleys Council since the 2016 merger. These issues included –

- the management of the Tumbarumba Caravan Park;
- road maintenance, including mowing/slashing of roadsides;
- gardening and general maintenance of the Tumbarumba township;
- the provision of medical services in Tumbarumba;
- library and pool hours
- response to matters raised by mail, email or phone; and
- bushfire response.

⁶⁶ Report by Delegate Rod Knockles (2016), p48.

A selection of residents' views includes -

*The only projects that have gone ahead under SVC in the former Tumbarumba council area are projects that are already planned and budgeted for, like the rail trail and infrastructure at the caravan park. Others, like planned staged developments of Snow View Housing Estate or the expansion of the aged-care facilities have been stalled.*⁶⁷

*Four concrete examples stand out as to how the absence of local leadership has deprived us of opportunity.- retirement village development – stalled; Snow View Estate land subdivision – delayed; caravan park – mismanaged; community-owned medical centre - threatened with sale. These are projects that would have been completed by now without the merger.*⁶⁸

*A road that used to get graded every two to three years under our own council hasn't been graded in the last five years.*⁶⁹

*SVC boasts five governance officers but still cannot reply to requests or queries in a reasonable time frame.*⁷⁰

*Our local roads have deteriorated as a lot of the machinery previously in Tumbarumba has been moved to Tumut. The road patching and resealing is being done 'on the cheap' and not lasting, whilst other road improvements continue to run over budget.*⁷¹

*Our local Tip/Waste Transfer station is a case in point. Up until recently it was staffed by local Tumbarumba employees, but SVC decided to contract an out of town organisation, so not it's staffed by out of towners, the actual "management" is a shambles and the costs have gone up. I couldn't even get the man at the tip to use the forklift to unload building waste from my trailer because he wasn't allowed to use the forklift*⁷²

*The moving of the works depot to Tumut means that vehicles and equipment have to add 2 hours of travel into their days work, trucks and equipment that were regularly seen around town doing jobs are no longer seen*⁷³

Some residents linked their concerns at SVC's service provision with what they believed was a greater encouragement of volunteers by the former Tumbarumba Shire. They saw a greater use of section 355 committees⁷⁴ by the former Shire as being part of this volunteerism -

Tumbarumba has a long history of willing volunteer work, but now Snowy Valleys Council this has been blocked and made as difficult as possible. In order to become a volunteer, one has to apply to take part in an online induction that takes at least 20 minutes of reading through

⁶⁷ Speaker at Session 1, Tumbarumba.

⁶⁸ Speaker at Session 1, Tumbarumba.

⁶⁹ . Speaker at Session 1, Tumbarumba.

⁷⁰ Speaker at Session 1, Tumbarumba.

⁷¹ Submission #070 to the Commission.

⁷² Submission #756 to the Commission.

⁷³ Submission #342 to the Commission.

⁷⁴ Section 355 of the Act provides that "A function of a council may ... be exercised ... by a committee of the council."

*bureaucratic rules and regulations in order to answer the required questions. This is a total disincentive to many, especially the older people who enjoy doing volunteer work and who find working online difficult or impossible.*⁷⁵

*Tumbarumba Council worked with the community and was able to provide services like our medical centre, a high-quality childcare facility, community transport and a range of section 355 committees with sound financial oversight.*⁷⁶

*Since amalgamation, 355 committees have been increasingly controlled by Snowy Valleys Council, making volunteering more difficult. The recent draft volunteer policy showed no understanding of the role of volunteering, and some 355 committees would not be able to continue.*⁷⁷

6.6.2. Discussion

As noted elsewhere, the Commission's role does not include reviewing the performance of local councils. Other avenues exist for dealing with complaints or allegations of poor service or poor management.

In examining any boundary proposal referred by the Minister, the Commission is required to have regard to "the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities". Complaints about services currently being provided are relevant to the Commission's role only to the extent that they evidence a systemic problem about an existing or "demerged" council's *ability* to provide an appropriate level of services. While acknowledging the number of submissions and speakers addressing this factor, the Commission considered that the existence of the complaints, by themselves, are not an indicator that the demerged councils would have the ability to provide better services to the community.

Assuming the complaints are genuine (and the Commission has no reason to consider otherwise), they may reflect (i) shortcomings in the Council's management of services and complaints handling processes or (ii) a Council still working through the process of understanding the needs and desires of its residents and determining how to best address them. In moving to provide a reasonably uniform level of, and access to its services, there will inevitably be changes from what was provided by each of the two pre-merged councils - changes that will impact residents in differing ways.

The Commission notes that in July 2020 SVC adopted its Long Term Financial Plan (LTFP). The Plan includes the following statement -

*Without taking measures to increase revenue and decrease expenditure, Council will not be able to afford the provision of the level of services and infrastructure it currently provides to the community. Such a course of action will also fail to meet the key principle of financial sustainability regarding intergenerational equity.*⁷⁸

⁷⁵ Speaker at Session 3, Tumbarumba.

⁷⁶ Speaker at Session 1, Tumbarumba.

⁷⁷ Speaker at Session 1, Tumbarumba.

⁷⁸ SVC 2020-2030 LTFP, page 12.

The adopted LTFP is itself the culmination of a process of consultation between SVC and its community. It recognised that “based on feedback received from the community as part of the Service Level Review project, Council does not believe that the community will be willing to accept reduced service levels or declining infrastructure”.

Given the approach of the previous Tumbarumba Council to the provision of a wider range of services, it would be open to a demerged Tumbarumba Council to consider the same approach. This however would need to be undertaken in consideration of the Council’s financial position.

6.7. Employment Impacts on Staff

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

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

6.7.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
217	165	382	27%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

A number of submissions and presentations addressed this factor. Some expressed concern at the impact of the merger on the mental well-being of staff; many argued that staffing had been reduced in Tumbarumba affecting residents’ ability to access council services; while others argued that council services had deteriorated because of staffing changes. A few raised concerns about employment changes or the termination of employment of specific individuals.

On the matter of staff numbers, Save Tumbarumba Shire Inc stated –

*The net result of staff changes has been a loss of 12 staff from Tumbarumba since the merger.*⁷⁹

The following quotes from three residents are representative of many statements made by other presenters and in other submissions –

*Since Tumbarumba Shire was merged with Tumut Shire ... massive staff losses have happened at the Tumbarumba branch of Snowy Valleys Shire offices*⁸⁰

⁷⁹ Submission #785 to the Commission.

⁸⁰ Submission #001 to the Commission.

*The number of staff lost from the Tumbarumba office since 2016 is very disturbing. The SVC will tell you that the staffing level is the same. However the people have gone.*⁸¹

*... Many things were promised in the [2016] proposal ... One was to retain staff numbers. Cut by a third since 2016.*⁸²

The Proponent's submission to the Commission outlined a draft organisational structure for a demerged Tumbarumba Council. The structure is based on the current positions known to STS, including 12 vacancies, and assumes that all SVC positions will continue post-merger. STS believes that a smaller council area will be less complex in terms of communication and governance needs than the current merged SVC. The Proponent has stated -

Current vacancies provide opportunities for an easier, lower cost transition to a new structure for Tumbarumba. There are only two managers based in Tumbarumba. There is an opportunity to fill new senior executive structure from previous executives who remain in Tumbarumba for at least an interim period. Immense corporate knowledge, culture and community connection will return.

On the matter of the mental well-being of staff, a number of submissions and speakers addressed this point -

*I have witnessed all too many of those close to me who either work for the council or with the council and since the merger have suffered. Their mental health has suffered.*⁸³

*They have made a toxic environment so many great employees have departed.*⁸⁴

*Our friends on SVC have reported the stressful work environment ... Many talented employees have moved.*⁸⁵

6.7.2. Discussion

Despite the sentiments contained in a significant number of submissions, the ability of a new 'demerged' Tumbarumba Shire Council to 'return' to its former staffing and employment arrangements may be limited.

A new council would not be able to simply, and unilaterally, determine its commencing staffing structure. It would have to negotiate with the continuing (albeit reduced in area) Snowy Valleys Council as to the appropriate apportionment of the *current* staff (and staff numbers) between the two councils. Because of changes in the staffing structure at Snowy Valleys Council since 2016, and given the wages harmonisation that has been implemented by that Council, a new Tumbarumba Shire Council would likely 'inherit' a significantly different employment cost base than the former Tumbarumba Shire Council had in May 2016.

⁸¹ Speaker at Session 1, Tumbarumba.

⁸² Speaker at Session 3, Tumbarumba.

⁸³ Speaker at Session 2, Tumbarumba.

⁸⁴ Submission #064 to the Minister.

⁸⁵ Speaker at Session 1, Tumbarumba.

It is also likely that a new council would need to consider how to align staffing numbers and roles with the level of services it would want to deliver. There may also be additional costs needed to attract specialist staff to a relatively small council area. The staffing structure (and its associated cost) proposed by STS appears to be based on the assumption of “a loss of 12 staff from Tumbarumba since the merger”. See later discussion by the Commission of this issue.

In addition, a new council would also be impacted by legislative staff protections.

There are three specific provisions in the Act that may impact on councils’ ability to manage staff numbers in the context of boundary changes.

Section 218CA applies to a council (a) that is “constituted” (ie created) by the amalgamation of two or more areas or (b) whose geographical area is increased as a result of the alteration of the boundaries of two or more areas. It provides that such a council must ensure that the number of regular staff of the council employed at any 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 place.

In effect, for this purpose a “rural centre” is defined as a centre of population of 5,000 people or fewer. Following the 2016 amalgamation of Tumut and Tumbarumba shires, the towns of Tumbarumba and Khancoban would have fallen within this category and Snowy Valleys Council has been required to maintain employment numbers there.

In the event of the Proposal not being implemented, Snowy Valleys Council will continue to be required to maintain employment numbers in Tumbarumba and Khancoban at the May 2016 level. It should be noted that this requirement continues indefinitely. This could constrain Snowy Valleys Council in any downsizing strategies it may want to implement as part of its Long Term Financial Strategy, as any proposed reduction in numbers would have to be concentrated on staff based in Tumut.

If the Proposal is implemented, neither a new “Tumbarumba Council” nor a reduced Snowy Valleys Council would be captured by section 218CA. However as indicated above, it cannot be assumed that a new Tumbarumba Council would come into existence with the number of employees that existed at the date of amalgamation (and which number has been maintained). In the absence of any specific proclamation by the Governor on this matter, the allocation of staff and staff numbers between the two councils would be one of the issues they would need to negotiate.

The Commission noted an uncertainty as to whether section 354F of the Act would apply if the Proposal is implemented. This section deals with staff transferred as a result of boundary changes and provides the same “3-year no forced redundancies” protection for (non-senior) staff members transferred.

However, as noted elsewhere, the Act does not specifically address what happens in a council “demerger”. It is not clear that the references in section 354F to a “transferee council” and a “transferor council” apply in this situation.

If it does apply, both a new “Tumbarumba Council” and the reduced Snowy Valleys Council would be limited in their capacity to effect any reduction in employment costs. In this regard it should be noted that this provision did apply to the Snowy Valleys Council until May 2019 (ie 3 years from its formation in 2016).

Many submissions made to the Commission and speakers at the public inquiry sessions in Tumbarumba argued that staff numbers in Tumbarumba had fallen since the 2016 merger (ie contrary to the section 218CA requirement).

While it is not the Commission’s role to monitor the Council’s adherence to legislative requirements, given the number of times this issue was raised in submissions and at the public inquiry sessions, the Commission considered that it clearly had some influence on the overall attitudes of residents and ratepayers. Accordingly the Commission asked the Council for details of staffing numbers at the time of the merger and currently.

In response the Council supplied the Commission with a copy of a report that was tabled at the Council’s 13 October 2020 Consultative Committee meeting. This report showed that as at 30 September 2020 there were 81.35 staff (FTE basis) at Tumbarumba and 4.64 at Khancoban, compared to 78.82 and 4.64 respectively as at 12 May 2016. Attached to the report were lists derived from the payroll systems as at those two dates showing all employees by name, position held, commencement date and EFT number. The Commission has no reason to doubt the veracity of this information and can only assume that the departures of some (perhaps higher profile) staff and/or changes in the employee mix over the period (eg between “front office” staff and others) may have influenced residents’ perceptions of staff numbers at Tumbarumba. Beyond that observation, it is not the Commission’s role to examine whether the Council’s staffing structure (either at Tumbarumba or overall) is appropriate in meeting its service delivery responsibilities.

Finally, it was put to the Commission that employees were being adversely impacted by the changes in working conditions arising from the 2016 merger and/or having to deal with matters in parts of the merged Council area that they were unfamiliar with. Others indicated that the negative attitudes of some residents (particularly in Tumbarumba) towards the merger were played out in their dealings with staff.

The Commission accepts that employee mental health is a serious matter. It would hope that resolution of this Proposal will act as a calming influence and that councils act to address these concerns. Beyond drawing this to attention, this is not a matter that the Commission feels qualified to address further.

6.8. Rural Impacts

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

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

6.8.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
111	25	136	10%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

Whether or not there is an impact on rural communities depends on what is considered to be meant by this term (see Discussion below). This is reflected in a comment made by one of the speakers -

This [population imbalance between Tumut and Tumbarumba] will inevitably be to the detriment to the southern part of the council area. And I know when it was the Tumbarumba Shire Council the smaller communities felt probably as Tumbarumba feels now - left out of sight and out of mind, but far worse situation now. Despite our local councillors' best efforts, they simply do not have enough votes to carry our end of the shire.⁸⁶

That view was not shared by Matthew Hyde, General Manager of the Snowy Valleys Council. In his address to the Commission, he stated -

We have a professional, dedicated and capable staff that take pride in their work and have adapted to an LGA-wide approach while being cognisant to the local needs of each and every one of our 10 communities and surrounding rural areas.⁸⁷

The Proponent's submission argues that new Tumbarumba Council would seek to increase the use of local subcontractors and section 355 Committees through the Council's outsourcing model which it believes will have a positive impact through employment and community engagement -

Furthermore, the local economy will benefit from a Tumbarumba-based council, with local procurement for contractors and supplies, and without the need for businesses and ratepayers needing to incur the cost of travel to Tumut as local council services are wound down by SVC. Employment and services including schools and medical services will once again flourish with the security of locally employed staff.

6.8.2. Discussion

The Commission considered how to interpret the term "rural communities" in examining this factor. It noted that Act provides no definition of the term.

⁸⁶ Speaker at Session 3 Tumbarumba.

⁸⁷ Speaker at Session 1 Tumbarumba.

The Commission noted that Snowy Valleys Shire is classified by OLG as a “Large Rural (Category 11)” area. In the event of a demerger, it would retain that categorisation even with its reduced boundaries. A demerged Tumbarumba Shire would return to its previous categorisation as a “Rural (Category 9)” area.⁸⁸ This continuing categorisation might suggest that the Commission should consider the whole of the populations of each shire (existing and proposed) in considering the impact of the proposal on “rural communities”.

However the use of this categorisation in determining what to consider under section 263(3)(e3) would, in effect, lead to this factor becoming an overarching factor encompassing all issues to be considered by the Commission in examining the Proposal. The Commission does not believe this would be the intention of the Act. It therefore decided, in having regard to this factor, to particularly consider issues that might impact on residents, businesses, etc outside the larger urbanised communities of Tumut, Tumbarumba and Batlow. Submissions and presentations raising “shire-wide” issues (whether the existing shire or the two shires that would exist under a demerger) have been taken into account elsewhere by the Commission.

Many of the arguments raised by residents and ratepayers discussed concerns about levels of council services provided to smaller communities. It is inevitable, particularly in those rural shires with larger geographical areas, that smaller rural communities will often not have physical access to council services (nor indeed State services) to the same extent as residents of larger towns. That is not something that can be fully countered by any council no matter how healthy its financial position. Nor would it make sense to do so. No council could be expected to provide facilities such as libraries, swimming pools, council offices in every one of its communities. What can be expected of rural councils however is that they should recognise the needs of these smaller communities and give them reasonable opportunity to access services, including through solutions that do not require physical access. The experience of governments of all levels, businesses, organisations and individuals in adopting new solutions to cope with the restrictions imposed by the COVID-19 pandemic may well provide lessons in how this can be achieved.

As indicated elsewhere in this Report, it is not the Commission’s legislated role to review the performance of an existing council affected by a boundary alteration proposal. Complaints about services provided (or not provided) by Snowy Valleys Council are only within the scope of the Commission’s consideration if they relate to the impact of the Proposal on existing or “demerged” councils’ ability to provide those services.

A number of submissions and presentations raised the issue of the effect that Snowy Valleys Council’s proposed rates harmonisation (to be implemented from 1 July 2021) would have on rates generally, and on rural rates. The Commission noted that, according to advice provided by Deloitte, the impact from harmonisation is that “farmland” rates will increase by 9.9% and “rural residential” rates by 20.5% in the former Tumbarumba Shire area, while decreases of 5.0% and 7.3% respectively will apply in the former Tumut Shire area.

⁸⁸ These categories are used by OLG in order to better compare councils according to their characteristics (principally metropolitan/regional/rural and population size). The OLG categories are derived from the Australian Classification of Local Governments (ACLG) determined by the Australian Bureau of Statistics.

The Commission is also aware that since the 2016 merger, new land valuations have come into effect, with some parts of the Shire experiencing significantly larger increases in the values used for rating purposes⁸⁹. While that is clearly outside the control of Snowy Valleys Council, the combination of above-average land value increases for some properties and the implementation of rate harmonisation will particularly impact those properties.

While Snowy Valleys Council is required by the Act to harmonise rates following the 2016 merger, the Commission understands the concern that rural ratepayers have over the impact of rate harmonisation. This is particularly concerning given the drastic impact that natural disasters have had on them recently. If the Proposal were to be implemented, it would be open to the new Tumbarumba council to not adopt the harmonised rating structure (or, depending on the timing of constitution of the new Council, revert to the pre-harmonisation structure). However either decision would have some detrimental impact on the new council's finances, likely in the order of \$300,000 per annum.

6.9. Wards

Section 263(3)(e4) of the Act requires the Commission 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”.

This factor does not apply to the Commission's examination as the Proposal does not relate to an amalgamation of two or more areas.

6.10. Opinions of Diverse Communities

Section 263(3)(e5) of the Act requires the Commission 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”.

This factor does not apply to the Commission's examination as the Proposal does not relate to an amalgamation of two or more areas.

6.11. Other Issues

Section 263(3)(f) of the Act requires the Commission 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”.

⁸⁹ Increased land values in an LGA do not result in an increase in total rate revenue, as the rate in the dollar must be decreased correspondingly to ensure compliance with the State Government's 'rate-capping' policy. However properties with above-average land value increases will likely experience rate increases.

6.11.1. Submissions and presentations made

The following table shows the number of written submissions and oral presentations made to the Commission that addressed this factor.

Written submissions addressing this factor			
Forwarded by Minister	Submitted directly to Commission	Total (a)	As a percentage of total submissions
200	118	318	23%

(a) Note that many individuals made submissions both to the Minister and to the Commission, often in largely similar terms.

Many of the comments that submissions had labelled as ‘other issues’ were also addressed in other factors and were considered by the Commission under those headings.

Two particular issues raised were about the “undemocratic” nature of the 2016 merger decision and the (alleged) mismanagement and lack of transparency by Snowy Valleys Council.

On the first issue, typical comments were –

The undemocratic merger of the former Tumbarumba and Tumut Shire Councils has resulted in a raw deal for Tumbarumba. Unfortunately, our fears about this merger have been realised. The sheer persistence and effort to fight this merger by this community demonstrates how damaging this merger has been for our community.⁹⁰

I was appalled by the injustice and undemocratic way in which the Baird Govt. merged our Councils. They lied, bribed, bullied and totally disregarded all advice to the contrary.⁹¹

On the second issue, typical comments were –

We wish to state our dissatisfaction with the incompetent performance of the Snowy Valleys Council. There has been one debarcale [sic] after another. Monies disappeared [with the Chamber of Commerce and members of Tumbarumba (who attended a Chamber meeting)] being told by the General Manager, that it is in a bucket somewhere. No one knows where that bucket(s) is. What sort of business runs like that? Everything they touch runs way over budget. For example, the caravan park in Tumbarumba. Bushfire affected residents still waiting for help. The list goes on and on.⁹²

Snowy Valleys Council is financially mismanaged with lack of clarity and accountability had a budget deficit of \$1.8 million which expanded to 54.6 million in just three months and that was before the Southern end of the shire was devastated by bush fires. They also cannot account for what happened to \$4 million they acquired from Tumbarumba Shire Council at the time of the

⁹⁰ Submission #743 to the Commission.

⁹¹ Submission #022 to the Commission.

⁹² Submission #202 to the Commission.

*merger. They also waste a lot of money on consultants on projects they should be able to work out for themselves and sacked three directors and then had to replace them at cost of \$0.5 million.*⁹³

6.11.2. Discussion

As indicated above, it is not the role of the Commission to investigate allegations of council mismanagement. Other mechanisms are in place to deal with such concerns. Even if such allegations are true, they do not constitute reasons for a merger or demerger.

The Commission notes that less than 5 years have elapsed since the May 2016 merger was implemented, and less than 3 years had elapsed when this Proposal was put to the Minister.

In this regard, the Commission was conscious that the implementation of changes to a newly-merged council's operations would take time, and that any savings arising from the merger may not become apparent for some time.

Quite apart from any logistical constraints on a newly-merged council's ability to effect savings in a short period, to the extent that these savings involve changes to the size or composition of its workforce, a newly-merged council would be subject to a number of legislative constraints (as discussed elsewhere in this Report).

Firstly section 354F of the Act prohibits the use of forced redundancies for a period of three years after the date of staff transfer. In the case of the constitution of the new Snowy Valleys local government area, this period would have taken effect on 12 May 2016, the date of the Governor's Proclamation, and concluded in May 2019.

However, and secondly, section 354C of the Act imposes the same restrictions in respect of the staff (other than "senior staff") of a council that is affected by a proposal during the proposal period. In relation to the Snowy Valleys Council. This period would presumably have commenced when the Proposal was made to the Minister on or about 4 March 2019 and will end either (i) on the date the Minister decides not to recommend its implementation after receiving this Report or (ii) if the Minister recommends to the Governor that the Proposal be implemented, immediately before the date specified in the Proclamation implementing the Proposal.

Given the overlap of the dates of the "3-year" and "proposal period" restrictions on Snowy Valleys Council, the Council has therefore been subject to the "no forced redundancy" provisions of the Act for nearly 5 years from the time of its formation. It is not possible to estimate to what extent this has limited its ability to achieve savings.⁹⁴

⁹³ Submission #019 to the Commission.

⁹⁴ Indeed if the Minister decides not to implement this Proposal, it would seem that a subsequent elector-initiated proposal could be made to the Minister - thus triggering the commencement of another section 354F restriction.

Attachment 1

Covering Letter of the Save Tumbarumba Shire Inc Proposal to the Minister

29 The Parade,
Tumbarumba, N.S.W. 2653

4th March 2019

The Hon. Gabrielle Upton, MP,
Minister for Local Government,
Level 18, 52 Martin Place,
Sydney 2000

Dear Minister Upton,

PROPOSAL TO CREATE A NEW LOCAL GOVERNMENT AREA

On behalf of the residents of the former Tumbarumba Local Government Area (LGA) we the undersigned handed you a proposal to alter the boundaries of the Snowy Valleys LGA and reinstate the former Tumbarumba Shire LGA and Council under Section 215 of the Local Government Act 1993, dated 5th September 2018.

Accompanying this letter is a further supplementary proposal, along with further signatures to be considered by you along with the previous proposals.

Our count is an additional 1010 signatories with this proposal (contained in the accompanying 391 pages of documents). Those signatories are all persons that have confirmed they are enrolled electors on the electoral roll eligible to vote within the Snowy Valleys local government area (LGA). This takes the total number of signatures submitted to you thus far to 2,122. While there may be some duplication, that is for your office to assess.

We restate and further submit the proposal remains that:

- 1) A new LGA be constituted comprising that area having the boundaries of the former Tumbarumba LGA that existed prior to 12th May 2016, and;
- 2) The boundaries of the Snowy Valleys LGA be altered so that the area that was the former Tumbarumba LGA prior to 12th May 2016 be excised.

We are making this proposal to you as Minister for Local Government on the same grounds as previous proposals and because:

- a) The forced amalgamation of Tumbarumba and Tumut Shires was undemocratic and deeply unwanted by the local community;
- b) Tumbarumba Shire Council provided valued, essential local representation as well as environmental protection for its residents;

- c) Tumbarumba Shire Council was financially robust and very capable of managing its own financial affairs; and
- d) An overwhelming majority of Tumbarumba residents wish to have reinstated their former local council rather than see it swallowed up because of a forced merger with the former Tumut Shire into the Snowy Valley LGA managed by a shire council that is proving increasingly incapable of performing the functions required of it under the Act to an acceptable standard.
- e) The Snowy Valleys Council has failed to deliver the savings promised by the government and has failed to fulfil any of the recommendations made by the Minister's delegate whose key recommendation on the proposed merger was *"That a merger of Tumut Shire and Tumbarumba Shire not proceed unless the strong opposing attitudes of residents, ratepayers and council staff in Tumbarumba Shire are addressed through a combination of advocacy campaigns and protections of service levels within a new council"*.

Almost 3 years after the merger, Tumbarumba residents remain totally opposed to it. A plebiscite held during the council elections in September 2017 returned an almost unanimous result: more than 93% of all eligible voters want the former Tumbarumba Shire restored.

The level of concern about the poor, and unsustainable performance of the government's amalgamated Snowy Valleys Council continues to grow as attested by the mood of the community meeting held on 17th December 2018 as set out in the proceedings of that meeting and the performance scorecard reported to you in attachments to our letter to you dated 15th February 2019.

The proposal accompanying this letter contain the names, addresses and signatures of more than 1,000 eligible electors from the Snowy Valleys LGA, including from within the former Tumbarumba Shire who support this proposal to reconstitute the former Tumbarumba Shire LGA. The total number of signatures submitted to you thus far is 2,122 which is more than twice the number necessary under Section 215 of the Local Government Act.

We expect you as the responsible Minister will now support this proposal and proceed with alacrity to hold an open, public, and transparent inquiry into this proposal, including consultation with the residents of Tumbarumba. We also expect that you will refer the proposal for examination and report by the Boundaries Commission as required under the Act, and that you will recommend the Governor make a proclamation to bring this proposal into effect.

We also reiterate that you as the responsible Minister have the power under s215(1) of the Act to make a proposal as described above and to proceed to recommend to the Governor that the proposal be implemented, thereby avoiding unnecessary cost and loss of time. Such a move on your part would be welcomed.

Furthermore the community of the Snowy Valleys LGA require the government to provide such funding as is required to bring this proposal into effect and to fully reinstate the former Tumbarumba LGA without any cost burden on the community.

Should you neither support our proposal as submitted nor use your discretionary powers, we will continue to campaign for the restoration of our Shire.

We request that you promptly acknowledge receipt of this further supplementary proposal and the accompanying 1,010 signatures contained in the attached 391 pages of documents. We also require full particulars of any and every signature that you or your delegates determine to be ineligible.

On behalf of the electors of Snowy Valleys Local Government Area and the community of the former Tumbarumba LGA;



Ms Lucy Henderson

Dr. Neil T. M. Hamilton

Mr Douglas Gee

29 The Parade, Tumbarumba NSW 2653

(Save Tumbarumba Shire Inc.)

Cc (Letter and Proposal text only);

Premier of NSW,

Leader of the NSW Opposition

Shadow Minister for Local Government

Attachment 2

Copy of Minister's Letter Referring the Proposal to the Boundaries Commission



The Hon. Shelley Hancock MP
Minister for Local Government

Ref: A687586

Mr Bob Sendt
Chairperson
Local Government Boundaries Commission
Locked Bag 3015
NOWRA NSW 2541

By email: Bob.Sendt@lgbc.nsw.gov.au

Dear Mr Sendt

Referral of Elector Proposal affecting Snowy Valleys Council

I have received an elector proposal (the Proposal) made pursuant to section 215(1) of the *Local Government Act 1993* (the Act) from an appropriate minimum number of electors of Snowy Valleys Council (Council) to create a new local government area from the Snowy Valleys local government area.

The Snowy Valleys local government area was created by Proclamation published in the NSW Government Gazette on 12 May 2016. It resulted from the amalgamation of the former Tumarumba and Tumut Shire local government areas. The effect of the Proposal, if implemented, would be to reinstate the former local government areas of Tumarumba and Tumut Shire.

Public notice of the Proposal was given by me in accordance with section 216 of the Act. Representations were received in response to that notice. Having considered the representations, I have decided to continue with the Proposal.

Consequently, as required by section 218(1) of the Act, I hereby refer the Proposal to the Local Government Boundaries Commission for examination and report.

I note that in considering this matter, the Commission must have regard to the factors listed in section 263(3) of the Act. They are:

- (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,

GPO Box 5341 Sydney NSW 2001 ■ P: (02) 8574 5400 ■ W: nsw.gov.au/ministerhancock

- (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.

Further, for the purpose of exercising its functions in relation to this matter, I hereby direct the Commission, pursuant to section 263(2)(b) of the Act, to hold an inquiry.

To assist the Commission, I will arrange for the Office of Local Government to separately provide to the commission the following:

- a. a copy of the Proposal together with its accompanying letter dated 4 March 2019;
- b. a copy of the elector representations received in response to the public notice; and
- c. a copy of the representation received from Council in response to the public notice.

Yours sincerely




The Hon. Shelley Hancock MP
Minister for Local Government

25 FEB 2020

Attachment 3

Copy of LGBC's Public Notice dated 24 March 2020



New South Wales Government

Local Government Act 1993

Notice of Local Government Boundaries Commission Examination and Report into a proposal to create a New Local Government Area affecting the area of Snowy Valleys Council

The Hon Shelley Hancock MP, Minister for Local Government, has referred a proposal made pursuant to section 215(1) of the *Local Government Act 1993* (the Act) to the Local Government Boundaries Commission (LGBC) for examination and report in accordance with section 218(1) of the Act.

The effect of the proposal is to re-establish the former Tumbarumba Shire local government area and to reduce the area of the Snowy Valleys Council so that it corresponds to the area of the former Tumut Shire Council.

The LGBC is required to examine and report on the proposal in accordance with the Act, having regard to the factors set out in section 263(3).

A copy of the proposal, together with a detailed description of the areas subject of the proposal, may be inspected at Council's offices. The proposal may also be viewed on the LGBC website at: www.olg.nsw.gov.au/lgbc.

Call for written Submissions

Submissions already made to the Minister for Local Government on this proposal have been forwarded to the LGBC. However, the LGBC is now inviting any further or supplementary submissions relating to the proposal. Submissions should preferably address one or more of the factors listed in section 263(3) of the Act.

Submissions should be forwarded to the LGBC Executive Officer Locked Bag 3015, Nowra NSW 2541 or emailed to EO@lgbc.nsw.gov.au by COB 24 April 2020.

Persons making submissions should give written indication by COB 24 April 2020 on whether they wish to speak to their written submission at the LGBC's public hearings. Details of the venue and time of the public hearings will be advertised once available. Any changes that must be made to these arrangements due to the impact of COVID-19 will be published on the LGBC website.

Submissions received by the LGBC may be made publicly available at the Commission's discretion.

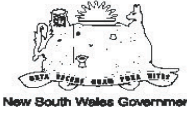
Further information on the making of written submissions and the conduct of the public hearings is available at the councils mentioned above and via the LGBC website: www.olg.nsw.gov.au/lgbc.

For more information please visit: www.olg.nsw.gov.au

BLZ 581251

Attachment 4

Copy of LGBC's Public Notice dated 24 September 2020



Notice of Local Government Boundaries Commission Examination and Report into a Proposal to create a New Local Government Area affecting the Area of Snowy Valleys Council

Pursuant to section 218(1) of the *Local Government Act 1993*, the Minister for Local Government has referred to the Local Government Boundaries Commission for examination and report a proposal to create a new local government area out of the Snowy Valleys local government area. The effect of the proposal, if implemented, would be to re-establish the former Tumbarumba Shire local government area and reduce the size of the Snowy Valleys Council so that it corresponds to the area of the former Tumut Shire Council.

The examination into the proposal has commenced and written submissions are invited from members of the public. The closing date for written submissions is 5pm AEDT, 13 November 2020.

Submissions can be made by email to eo@lgbc.nsw.gov.au or by mail to:
Executive Officer, Boundaries Commission
Locked Bag 3015, Nowra NSW 2541

A public inquiry in relation to the proposal will be held under section 263 of the *Local Government Act 1993* at the following times and venues:

<p>Venue 1: Tumbarumba Bowling Club, 47 Winton Street, Tumbarumba</p> <p>3 November 2020 Session 1: 10am - 12pm Session 2: 1pm - 2:45pm Session 3: 3:30pm - 4:45pm Session 4: 5:00pm - 6:30pm</p>	<p>Venue 2: Tumut Golf Club, Fairway Drive, Tumut</p> <p>4 November 2020 Session 1: 12:30pm - 2:30pm Session 2: 3:00pm - 4:30pm Session 3: 5:00pm - 6:00pm</p> <p>5 November 2020 Session 4: 9:30am - 11:30am</p>
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Registration Requirements
Due to the COVID-19 pandemic, the number of persons attending the above venues will be limited to comply with COVID safety plan requirements.

Members of the public wanting to address the public inquiry should register their intention and nominate the session they wish to attend. Speakers will be allotted three (3) minutes to address the Commission. Members of the public who want to attend but not address the public inquiry should also register their intention and nominate the session they wish to attend.

A failure to register may mean you will be unable to attend the session of your choice and/or address the inquiry. Registrations for each session will close if the maximum number of attendees is reached. Priority will be given to those addressing the public inquiry. Registrations will open from Monday 5 October 2020 and can be made at olg.nsw.gov.au/lgbc or by contacting the Executive Officer on (02) 4428 4160.

The inquiry proceedings will be webcast live for those unable to attend the venue. The webcast will be accessible through the Boundaries Commission webpage.

For more information contact the Executive Officer or visit olg.nsw.gov.au/lgbc

BLZ_LPT1882

Attachment 5

Section 263(3) of the Local Government Act 1993

- (3) When considering any matter referred to it that relates to the boundaries of areas or the areas of operations of county councils, the Boundaries Commission is required to have regard to the following factors:
- (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.