
**EXAMINATION OF A PROPOSAL TO ALTER THE
BOUNDARIES OF THE COOTAMUNDRA GUNDAGAI
LOCAL GOVERNMENT AREA AND CREATE A NEW
LOCAL GOVERNMENT AREA**

**Dissenting Report
by Commissioners Rick Firman and
Lesley Furneaux-Cook
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 Cootamundra Gundagai Local Government Area
and Create a New Local Government Area**

We have pleasure in providing our Dissenting Report on the above Proposal as allowed under clause 12 of Schedule 2 of the *Local Government Act 1993*.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Rick Firman'.

Mayor Rick Firman
Commissioner
22 February 2021

A handwritten signature in black ink, appearing to read 'Lesley Furneaux-Cook'.

Cr Lesley Furneaux-Cook
Commissioner
22 February 2021

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1. Approach to the Dissenting Report

This Dissenting Report (“Report”) is the Report of Commissioners Rick Firman and Lesley Furneaux-Cook. Any reference to the author’s opinion contained within this Report refers to that of only Commissioners Firman and Furneaux-Cook.

In this Dissenting Report we have highlighted where we depart from the observations or conclusions as expressed in the Report by the Local Government Boundaries Commission, agreed upon by the majority of Commissioners (“Majority Report”). Therefore, we have not replicated background information, tables and graphs pertaining to the Proposal or the views in the Majority Report that we are largely in agreeance. We have adopted the Glossary of terms as presented in the Majority Report.

Our Report focuses on the relevant factors under section 263 of the *Local Government Act 1993*.

In some instances, we have provided additional information to support our judgement on the Proposal.

We have not refuted every statement where we may have a different view from the Majority Report. We believe that reading our Report will provide clear reasons why we have come to our recommendation.

We do this with great respect for our fellow Commissioners, Grant Gleeson and our Chair, Bob Sendt. Our alternative conclusion does not reflect on the sound process that the Commission has undertaken in its thorough deliberations.

We acknowledge and thank Executive Officer, Ms Alice Beasley and the assistance of OLG seconded staff throughout our examination of the Proposal.

We both consider it a privilege and honour to have been appointed as Commissioners of the Local Government Boundaries Commission.

2. Summary and Recommendation

In coming to our alternative recommendation, we have examined all the factors required under section 263 the Act.

Councils are unique and complex organisations within their individual settings. The 11 factors that form our examination, recognises that many facets are needed to align for the effective and efficient delivery of services to communities.

In our consideration of the Proposal we have kept at the forefront the question; *Would residents and ratepayers be better off staying in CGRC or as part of a new Cootamundra and new Gundagai LGAs?*

The current council faces many challenges. CGRC's financial future is by no means guaranteed even with a permanent SRV of 53.5% in place. The pervasive negative attitudes of residents and ratepayers, the lack of communities of interest, geographic barriers, internal disharmony and the detrimental impacts on staff emotional and mental health by community hostility, have severely impeded CGRC's ability to operate in an effective and efficient manner. It is our strong opinion that this situation is untenable and that a rejection of the Proposal will not by default improve the situation. It is our view that the negative attitudes of residents and ratepayers have hardened and will continue to impede the ongoing viability of CGRC.

In stark contrast, the Proposal is supported by both communities and CGRC itself. Its implementation will assist in the much needed stakeholder alignment and support both the new Councils strategic plans and Long-Term Financial Plan.

Significantly, residents of a new Cootamundra LGA will be financially better off than if they remain in CGRC.

While residents in a new Gundagai LGA may face a difficult road to financial sustainability, we believe that there is a path forward as articulated in the CGRC's submission and that other factors under our consideration such as communities of interest, stakeholder alignment and support, enhanced elected representation and the absence of geographic barriers will assist in achieving its financial goals.

The limited integration of council service centres, depots and assets, separate wage structures for non-management staff, and a duplication of roles and responsibilities across the CGRC footprint will, in our opinion, assist in reducing demerger and ongoing costs and consequently lends weight to the Proposal's implementation.

As with the Commission's report on Snowy Valleys Council where the recommendation was to implement that proposal, largely based on the attitude of residents and ratepayers, this is also our conclusion in relation to the Proposal effecting Cootamundra Gundagai Regional Council. We are also of the strong view that other factors under consideration support the implementation of the Proposal before the Minister.

Recommendation: We recommend that the Proposal be implemented.

3. The Dissenting Commission's Observations Relating to each Factor

3.1 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”.

3.1.1 Statement

We note the extensive examination in the Majority Report and do not replicate it in this Report. We highlight our departures from some of the assumptions underpinning the financial analysis as well as observations and consequently some of its conclusions under this factor.

We are in agreement with the Majority Report that CGRC faces substantial challenges to reach financial sustainability but have less confidence that budget repair will be achieved for the reasons we outline below.

In terms of the Proposal, we also agree with the Majority Report's conclusion that residents of a new Cootamundra LGA will be better off than in their current council. We also recognise that residents and ratepayers in a new Gundagai LGA may face a difficult road to financial sustainability. However, we differ in its conclusion regarding the prospects of its financial future.

We have acknowledged that the Drew Report¹ is presented as CGRC's submission to the Commission through its resolution of 28 January 2020. It is not our interpretation that the Drew Report advocates a cost shifting with a new Gundagai LGA transferring its financial liabilities, such as excess staff, onto a new Cootamundra LGA. We understand that the Drew Report is written to demonstrate the financial benefits for both new entities under the Proposal.

3.1.2 Submissions and presentations:

We note the inclusion of the quotes contained in the Majority Report that reflect resident's dissatisfaction with the financial implications of the 2016 merger and the current financial prospects of CGRC. We would also add that this has been amplified by CGRC's community consultation and application to IPART for a substantial and permanent SRV of 53.5%.

This view is represented by the following submissions:

The ratepayers of the old Gundagai Shire Council, I feel certain will accept the 50 per cent rate increase being proposed but only if the demerger happens and only if the Cootamundra Gundagai Council chooses the persons to do the demerging²

Application is being made by council to IPART for a special rate variation just to continue council operations. As you would be aware, one condition of the approval of the special rate variation is community support. My prediction is that there will not be the support of the community for a special rate variation unless we are demerged.³

¹ This refers to Professor Joseph Drew, an Associate Professor at the University of Technology Sydney, who is regarded as an expert in the local government sector.

² Speaker at session 1, Gundagai.

³ Speaker at Session 3, Gundagai.

3.1.3 CGRC

CGRC and Deloitte have both flagged grave concerns regarding the Council's financial sustainability. Council describes it as a "bleak picture"⁴ while Deloitte calls for "More aggressive cost reduction than is currently foreshadowed in the LTFM...and general austerity measures"⁵. Both agree that a substantial and permanent SRV of around 52% will be required as a starting point for budget repair. Deloitte also proposes further actions including; securing operating grants at historic levels or above, securing additional TfNSW and other external work income, and aggressive cost cutting including headcount reductions. We note that many of these suggested measures are out of the control of Council which is also constrained by legislation (Section 218CA of the Act) in its flexibility to undertake material workforce reductions.

Significant and critical to our deliberations is that financial sustainability may not be achieved-

CGRC ability to achieve financial improvement targets will be constrained by

(i) the geographic spread of services and community

(ii) the age and condition of infrastructure, particularly in a scenario where the backlog increases due to financial constraints

(iii) alignment of community stakeholders on financial sustainability objectives and urgency of improvement actions.⁶

3.1.4 Economies and Diseconomies of scale

We note the extensive discussion on this issue in the Majority Report.

We depart from the assumption that smaller scale councils, as would apply under the Proposal, do not have mechanisms to achieve economies of scale. In our experience as local government practitioners, many councils, both complex and small, use levers such as outsourcing arrangements and sharing services through third parties like Joint Organisations and Regional Organisations of Councils, to achieve economies of scale. We believe from the evidence we have examined, that these opportunities will be undertaken by the new entities if the Proposal is implemented.

3.1.5 The Proposal

We highlight our variances from the Majority Report.

We note that in many submissions respondents held the view that if a merger were to proceed, demerger costs should be covered by the State Government. We make no judgement on this opinion but observe that the calculations within the Drew Report include one off demerger costs and allocations.⁷

In modelling demerger scenarios, Deloitte underpins their calculations by dividing the current organisational structure and workforce equally under the Proposal. While this is a reasonable desktop estimation, it does not reflect the reality of a small Cootamundra LGA and much smaller Gundagai LGA.

⁴ CGRC Submission to Commission (Drew Report), page 4.

⁵ LGBC: *Cootamundra Gundagai Demerger Proposal - Key Findings from the Deloitte Financial Analysis*, 13 November 2020 ("Deloitte Report"), page 8.

⁶ Deloitte Report, page 8.

⁷ CGRC Submission to Commission (Drew Report), page 32.

By its sheer size, a Cootamundra LGA will be required from the time of a Proclamation to have more staff on the ground.

Current vacancies may also reduce the number of staff excess to requirements if the Proposal is implemented. As stated in the Drew Report, staff allocations will be determined by the Transition Manager and through negotiations between the two new LGAs.⁸

As noted in the Majority Report and Deloitte's analysis, since the May 2016 merger there has been limited integration of roles and responsibilities across the new Shire. There has also been minimal integration of council service centres, depots and assets and separate wage structures for non-management teams.⁹ We believe that these are positive factors to assist in reducing demerger and ongoing costs and consequently lends weight to the Proposal's implementation.

3.1.6 Conclusion

Residents and ratepayers of a new Cootamundra LGA will be better off than in their current council. While cognizant of the concerns for the financial future of a new Gundagai LGA, we believe that there is a path forward as articulated in the CGRC's submission and that other factors under our consideration such as communities of interest, stakeholder alignment, and the absence of geographic barriers will assist Council in achieving its financial goals.

We firmly hold with Deloitte's statement that "financial sustainability prospects will typically be higher where management, Councillors and community stakeholders are aligned on priorities for immediate budget repair, service levels and the associated cost to community."¹⁰

This will only occur if the Proposal is implemented.

3.2 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".

3.2.1 Statement

Our assessment differs from the Majority Report under this factor. It is our view that convergent commonalities or a lack of communities of interest and geographical cohesion or geographic barriers, have a significant impact on a Council's ability to undertake effective and efficient functions as it is required to do under the Act.¹¹

3.2.2 Submissions and Presentations

Evidence presented to the Commission consistently discussed the lack of any relationship between the two centres of Cootamundra and Gundagai in terms of their cultural and sporting interactions,

⁸ CGRC Submission to Commission (Drew Report), page 33.

⁹ Deloitte Report, page 10.

¹⁰ Deloitte Report, page 13.

¹¹ Section 8A of the Local Government Act sets out the guiding principles for councils.

businesses transactions, shopping and service needs. This was expressed by both Cootamundra and Gundagai residents including elected representatives. We note these quotes from the Majority Report-

There is a growing social division between the two towns as the communities are quite different, and the merger has only amplified this. Historically Gundagai was an established grazing community and Cootamundra grew as a rail town. Given that they are separated by 60klms, and the people do not regularly visit the other town and pretty much keep to their own community. It is understandable that when it comes to service an "us and them" mentality develops.¹²

We don't play sports together. We don't have joint committees promoting any other areas of interest. We don't shop there and, as far as I'm aware, we don't engage in social activities together. We are two separate communities, and this will always be the case.¹³

And we would add this submission:

These communities had one thing in common prior to the merger – Rugby League. Generally rural communities and communities with a size and population such as Cootamundra and Gundagai will frequent a larger centre within their region for a number of reasons. Shopping, professional services (Doctors, Lawyers, Accountants etc.), there is often associations formed with educational facilities, sporting affiliations, commuting to work, job prospects, availability of trades and family connections. There is little to no such affiliation between Gundagai and Cootamundra.¹⁴

In the opinion of some residents, this lack of commonality effects the ability of current councillors to successfully represent their constituents-

Our Council reps do a fantastic job – both the Cootamundra and Gundagai representatives, but because this is no community of interest, a lot of time is wasted trying to make the other side see or the other town Councillors see why Gundagai needs this or why Cootamundra needs that...community consultation seems to be dead in both towns because no-one has time anymore to sit down and listen properly to their community.¹⁵

As noted in the Majority Report, the Muttama Rd is classified as a Regional Road. The access between Cootamundra and Gundagai is via this road alone which is intersected by the Hume Highway. The absence of a significant transport corridor between the two main centres and the condition of the road, was raised in numerous submissions as an impediment to the ongoing viability of the current council and a factor to support the Proposal. We note these quotes from the Majority Report-

All meetings for emergency services in regard to floods, LECOM, meetings, etcetera, are held in Cootamundra. Now, I'm a volunteer and I love the SES and am happy to volunteer, but I waste three hours every meeting driving to Cootamundra and back. I am happy to serve this community in the SES, but the size of this new shire is not working for SES specifically and emergency services as a whole.¹⁶

¹² Submission #103 to the Commission.

¹³ Speaker at Session 3, Gundagai.

¹⁴ Submission #146 to the Commission.

¹⁵ Speaker at Session 4, Gundagai.

¹⁶ Speaker at Session 3, Gundagai.

As I have mentioned the two towns are separated by 60 klms, and even councillors do not regularly visit the other town. So, to develop a true understanding of the issues we find we are relying on the elected councillors of each town. This is not a good model of representation.¹⁷

And we would add these two submissions as further evidence-

I've spent the last 22 years of my life as a sales rep, covering the whole of south-east New South Wales. I travel about 70,000 kilometres a year and I can tell you that the road between Gundagai and Coota (sic), particularly in winter, must be one of the most dangerous roads in New South Wales.¹⁸

...roads, rivers and valleys unite communities. We have none of these in common with Cootamundra. About the only thing in common is the road from Coolac to Cootamundra and from Cootamundra to Coolac.¹⁹

We accept the statement from one councillor that COVID-19 has demonstrated the ability to reduce the frequency of travel due to increased use of online meeting platforms.²⁰ However, given the lack of internet access for almost a third of the LGA's population,²¹ sole reliance on this medium may not provide equitable access to services for all members of the community.

In our opinion, the statement below succinctly articulates the overwhelming majority of submissions under this factor -

The only thing that our two towns have in common is a very poor and windy road.²²

3.2.3 CGRC

In 2016 the Delegate suggested that a merger may promote more participation across the two communities.²³ This has not occurred to date.

There are little to no meaningful interactions between the two communities in terms of cultural, social, sporting and business transactions. Cootamundra does not act as a large regional centre for the residents of Gundagai as their business, retail, service needs are met in Wagga Wagga and Tumut, whilst the needs of Cootamundra are met by the regional centres of Young and Wagga Wagga.

This absence of the communities of interest may be exacerbated or indeed created by the single regional road access between the towns.

Many regional councils are faced with similar difficulties with coverage of large areas and distinct communities. Technological opportunities, as recently experienced with the COVID19 pandemic, may assist in bridging this gap. However, the high number of households without internet connection at 27.1%²⁴ make this difficult and face to face interactions will remain problematic.

¹⁷ Submission #103 to the Commission.

¹⁸ Speaker at Session 4, Gundagai.

¹⁹ Speaker at Session 1, Gundagai.

²⁰ Speaker at session 3, Cootamundra

²¹ Australian Bureau of Statistics CGRC 2016 census results show 27.1% of CGRC households do not have internet connected.

²² Submission #09 to the Commission.

²³ Inquiry into the Proposal to merge Cootamundra Shire Council and Gundagai Shire Council, 2016, page 26.

²⁴ See footnote 17.

Deloitte's findings also highlight the difficulties created by the geographic spread of services and community and stakeholder alignment as factors that will continue to constrain CGRC's ability to undertake cost savings needed to ensure financial sustainability.²⁵

As noted in the Majority Report, differing communities of interest will continue to exist independent of local government boundaries. However, as local government practitioners, it is our experience that a lack of communities of interest and therefore needs and expectations within an LGA, can negatively affect a council's ability to determine its strategic priorities and allocate resources within its budget constraints. This is only made worse by poor physical connectivity and distance. This is the situation that CGRC faces.

3.2.4 The Proposal

While it is instructive to discuss these issues regarding communities of interest and geographic cohesion under 263(3)(b) for CGRC, our main task was to consider this factor in terms of the Proposal and if residents and ratepayers would be "better off" if implemented.

The overwhelming majority of evidence before the Commission, including the Micromex survey of residents, demonstrates a lack of communities of interest and geographical cohesion.

Comparable attributes in terms of income levels, educational attainment levels, low rates of unemployment, a similar median age and an aging population may assist the Council in its planning and delivery of services to residents and ratepayers if the Proposal is implemented.

Membership of the new councils in larger state and regional organisations such Murrumbidgee Local Health District, Riverina Regional Tourism, Riverina Police District, Murrumbidgee region of the SES, Rural Fire Services, Riverina JO and the Riverina Eastern Regional Organisation of Councils will not be disrupted if the Proposal is implemented.

Any submissions and presentations received from residents and ratepayers outside the two main centres of Cootamundra or Gundagai, clearly identified with their former LGAs.

New Cootamundra and Gundagai LGA's will not be burdened by establishing links to create a sense of unity or deal with the problems associated with two administrative centres exacerbated by poor road and inadequate internet linkages. Indeed, in one sense it is a return to the status quo, and this will enhance the new councils' abilities to develop their Integrated Planning & Reporting framework and therefore provide better strategic planning outcomes.

Travel expenses and the reliance on the Muttama Road between the existing administrative centres of CGRC will diminish due to the smaller geographical spread of the two new LGA's to service.

²⁵ See footnote 2.

3.2.5 Conclusion

Residents and ratepayers within the current CGRC define themselves in terms of their former LGAs. There are minimal cultural, social, business and sporting “cross overs” between the two communities.²⁶ Distance and a singular road between Cootamundra and Gundagai have amplified the situation. This has created challenges for CGRC.

None of these issues will exist under the Proposal

It is our view that new Cootamundra and Gundagai LGAs will better serve residents and ratepayers due to the alignment communities of interest and geographical cohesion.

3.3 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”.

3.3.1 Statement

While we are in agreeance with many aspects of the Majority Report under this factor, we believe that attitudes of residents and ratepayers play a critical role in a council’s ability to function.

We depart from the Majority Report’s assessment that over time the overwhelmingly negative attitudes of residents and ratepayers, from both communities, towards their Council will diminish. We would also highlight our concerns regarding the impacts of these attitudes on CGRC staff. Consequently, our judgement departs from the Majority Report.

3.3.2 Submissions and Presentations

As discussed in the Majority Report, many submissions and presentations commented on their disaffection with the 2016 merger process and the current governing arrangements and thus were in support of the Proposal. Without repeating the substantial quotes contained in the Majority Report, we would highlight the areas that were covered in our examination of submissions.

These were-

- Lack of communities’ interest in the existing CGRC
- Distance and poor transport linkage between Cootamundra and Gundagai centres
- CGRC ‘s need to duplicate services/functions in order to meet community expectations
- Growing division and disharmony between the two communities
- Impacts of hostility on current CGRC staff
- Inequities of grant allocation which now need to be shared between communities
- Promised savings of the 2016 merger not delivered

²⁶ Submission #086 to the Commission.

Feelings of betrayal regarding the 2016 amalgamation process

Loss of local identity due to the 2016 merger

Rate hikes proposed

Perceived loss of local leadership since 2016 merger

Different needs and priorities of both areas

Area too big to service adequately

We would add these submissions -

Not ever had a friendly relationship with Cootamundra²⁷

The division created by the merger is unprecedented, unfair and immoral. Please let Gundagai stand alone. Our town will become a second-rate suburb to a larger town that has no interest in Gundagai or its residents.²⁸

The angst created by the merger is demoralising. We're suffering enough already with the lack of tourism due to the Hume Highway by-pass and the COVID 19 restrictions. The merger has caused a slowdown in building as people are not prepared to live in a town that has reduced facilities and amenities. Cootamundra is a greedy sponge fighting for our hard earned rates that fund all the new projects.²⁹

As Commissioners, we examined only one written submission that was against the Proposal. The reason offered was that the area was better under an Administrator and that new management is needed.³⁰ A current Councillor also told the Commission that time will bring the promised 2016 benefits but also stated it was fine to demerge and if not to move on.³¹ We understand that it was a unanimous resolution of CGRC to support the Proposal being referred to the Commission.³²

We also note that residents and ratepayers spoke of submission and public meeting fatigue. We are mindful that for many in the area this has been a six year journey.

3.3.3 CGRC

The negative attitudes of residents and ratepayers have diminished the Council's ability to govern to its potential and has created workplace disharmony. A significant number also expressed that they will never support the merger even if this Proposal is not implemented at this time.

The Deloitte Report highlights the problems of a lack of stakeholder alignment in assisting with the long-term financial sustainability of CGRC. This was articulated clearly by one CGRC Councillor to the Commission who read an extract from a report prepared in May 2017 for Council—

²⁷ Submission #021 to the Commission.

²⁸ Submission #079 to the Commission.

²⁹ Submission #080 to the Commission.

³⁰ Submission #134 to the Commission.

³¹ Speaker at Session 3, Cootamundra.

³² Resolution of CGRC, 28 January 2020.

Continued argument against the merger and attempts to have it reversed...are proving distracting to Council. It also creates a sense of disharmony in the community...it also poses a risk of an "us and them" perception between the Gundagai and Cootamundra communities becoming entrenched, which could undermine the unity of the single council.³³

We have no reason to believe that CGRC leadership is not doing its utmost to fulfil all its obligations under the LG Act.

Speakers were at pains to inform the Commission that they felt that the Councillors have done their best, but that the problem remains at a structural level i.e. the merger of the two communities under the one council.

While the communities' deep seated anger does not seem to be focused against the Councillors, it still exists and is often directed at CGRC staff, the State Government and especially to CGRC itself. This has created a toxic workplace.

A presenter at Gundagai spoke of the toxicity of the current arrangements from a Human Resources perspective describing a fractured organisation and the need for more Government investment in the merged council.

The negativity from the public is detrimental to the staff and the operations of the organisation. How many staff have spoken to me about the abuse they receive from members of the public, both at work and outside the workplace, and I can only imagine the same goes on for councillors...The negativity within our towns has a major impact on our staff's mentality.³⁴

It was told to the Commission, that many staff are residents, and they carry their attitudes into the workplace. As the speaker above described, it was about "what camp" you sit in.³⁵

The Commission was informed that this has led to resignations, doubling of Employee Assistance Programs access and difficulties in recruitment. As local government practitioners, doubling of CGRC staff access to EAP, is a red flag that must be addressed whether the Proposal is implemented or not.

While time may be one lever to change the attitudes held by residents and ratepayers, it is our belief that this is not a realistic strategy considering the deep seated and unabating anger.

3.3.4 The Proposal

The Micromex survey revealed high levels of awareness of the demerger proposal (91%) with Gundagai at 99% and Cootamundra at 86% and a high level of overall support (75%). These are compelling numbers. While it was assumed that Gundagai residents would be more supportive of the Proposal as its initiator, the level of support from the Cootamundra community at 71% was much higher than expected.³⁶

All submissions under this category, except for one, supported the Proposal. The governing body is in support of the Proposal through a formal submission and through a unanimous resolution. Several

³³ Speaker at Session 2, Cootamundra.

³⁴ Speaker at Session 3, Gundagai.

³⁵ Speaker at Session 3, Gundagai.

³⁶ Micromex Telephone Survey.

current Councillors identifying from both Cootamundra and Gundagai, spoke in support of the Proposal at the hearings.

As one said to the Commission-

A record number of candidates stood for election, the majority being from Cootamundra. They wanted the merger to work. Those elected wanted the merger to work, but it hasn't worked... Evermore it has become us and them. Where once people from Cootamundra would have visited Gundagai, they are now reluctant to do so. If we are not demerged, the Gundagai Council in Exile will continue to agitate for demerger, continuing to generate a negative impact on the functioning and morale of the communities and the council.³⁷

This was also the pervasive view of CGRC staff who spoke or gave written submissions to the Commission. It is also understood that a recent staff survey indicated that 73% were in support of the Proposal.³⁸

One submission stated that they were originally “on the fence” but after working under the merged entity now is in support largely based on community hostility and the need to duplicate services. They asked the Commission, in referring to Gundagai, “to cut them loose”.³⁹

3.3.5 Conclusion

It is our understanding that there is no appetite to continue with the current Council from all parties and the Proposal is well supported and will not be abandoned if rejected at this time. As one Gundagai submission articulated “We aren’t bogans and we aren’t going away”⁴⁰ and a Cootamundra speaker told the Commission to support a demerger as “we want peace”.⁴¹

As with the Commission’s report on Snowy Valleys Council where the Recommendation was to implement that Proposal, largely based on the attitudes of resident and ratepayer, this is also our conclusion in relation to the Proposal effecting is Cootamundra Gundagai Regional Council. As articulated in the Snowy Valleys Council Report, we believe that the negative attitudes of residents and ratepayers have hardened and will continue to impede the ongoing viability of CGRC.

It is particularly concerning that this hostility is often directed at CGRC staff. Time will not be a sufficient lever to change current attitudes towards CGRC.

In stark contrast, the Proposal has both high levels of awareness and widespread support by both communities, staff and the unanimous backing of the Council itself.⁴²

Its implementation will also assist in the needed stakeholder alignment and support of the new councils’ strategic plans and Long-Term Financial Plan. This will be particularly important for a new Gundagai LGA when facing their path to financial sustainability and the hard decisions that this will entail. We believe that this is a strong factor in support of the Proposal.

³⁷ Speaker at Session 2, Cootamundra.

³⁸ CGRC Submission to Commission (Drew Report), page 34.

³⁹ “Report for Boundaries Commission”, Professor Joseph Drew, page 3.

⁴⁰ Speaker at Session 1, Gundagai.

⁴¹ Speaker at session 2, Cootamundra.

⁴² Resolution of CGRC, 28 January 2020.

3.4 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”.

3.4.1 Statement

There are no benchmarks to determine what are appropriate or desired representation levels. We have been informed by our own experience of almost 40 years collectively and the evidence provided in written and oral submissions. A good relationship between councillor and resident is not based on per head of population but the satisfaction levels felt by the resident that their views are listened to and where appropriate, taken into consideration when making decisions. Indeed, elected representatives are often the main portal that communities have to help shape their council’s priorities and meet their needs. Access and availability of councillors to their community is key. This is often amplified in rural and regional areas. It is our belief that a councillor needs to understand the local conditions and local priorities.

The Majority Report also views that there is no “magic representation number” and makes no statement for or against the Proposal.⁴³

We also concur with the Majority Report, that it is the responsibility of each individual councillor to represent the interests of the whole LGA.⁴⁴ However, we would highlight that the Proposal’s implementation will provide more opportunities and an enhanced relationship between elected representatives and ratepayers and residents.

3.4.2 Submissions and presentations

We agree with the inclusion of quotes and analysis of the submissions as contained in the Majority Report. We would also highlight the following as representative of the views expressed-

The original Gundagai Shire Council was made up of locally elected Gundagai towns people. I knew three quarters of our councillors on a personal level, and for the remainder I knew their faces. This made communication on a face to face level much easier. Any walk in the main street to pick up groceries, stop into our post office, or drop by Elders, would mean meeting and chatting with several of our local councillors. Many of them were local businesspeople or simply lived and worked in our town. Raising concerns or complimenting current decisions was regular and easy.⁴⁵

⁴³ Majority Report, page 54.

⁴⁴ Section 232 Local Government Act 1993.

⁴⁵ Submission #044 to the Commission.

Perceptions around the further erosion of Gundagai representation can be encapsulated by these speaker's presentations-

The majority of residents I talk to have never even met the Councillors from Cootamundra. That would never have been the case with the former Gundagai Shire. This is an issue I'm becoming more worried about as we move closer to the next local election. How many councillors from Gundagai will be elected? Will our representation be even lower than it is now with no guarantee of numbers? Will we have any representation at all?⁴⁶

Gundagai, in all my time, has had a community-led council – council leads the community over there.⁴⁷

Gundagai is a small community and we don't want to be swallowed up by Cootamundra. Due to its substantially larger population Cootamundra has a greater representation on council and council votes go their way - a fact I can't see changing.⁴⁸

3.4.3 CGRC

As stated in section 3.3, the relationship between councillors and residents and ratepayers is not overwhelmingly hostile but it is seen by the community as far from adequate.

Under this factor, we are required to consider past patterns of elected representation. It is clear to us that residents and ratepayers had far greater satisfaction levels and better relationships with their councillors than they currently experience. This has amplified the sense of disharmony within the LGA. We note that this sentiment is not one sided but expressed by both Cootamundra and Gundagai residents.

Elected members themselves have expressed to the Commission, the difficulties that they face in representing the collective interests of their community and have unanimously supported the Proposal.

3.4.4 The Proposal

If implemented, the relationship between residents and elected officials is likely to improve for both the Cootamundra and Gundagai communities. Elected representatives will have greater opportunities to meet their obligations under the Act. Local leadership will be more available and adaptive to the specific needs of the area rather than the need to balance those of a much wider LGA with differing communities of interest, geographic barriers and expectations created by previous elected representation patterns.

The Drew Report advocates that a new Gundagai LGA will have 5 councillors and Cootamundra 7.⁴⁹ It is our view however that 5 councillors for a Gundagai LGA may not be in the best interests of residents and ratepayers due to the vulnerability of a loss of quorum and the lack of opportunities for diverse representation. Savings created by reduced elected representation are minimal in terms of a council's overall operating expenditure.

⁴⁶ Speaker at Session 2, Gundagai.

⁴⁷ Speaker at Session 1, Gundagai.

⁴⁸ Speaker at Session 2, Gundagai.

⁴⁹ CGRC Submission to Commission (Drew Report), page 34.

3.4.5 Conclusion

The Proposal provides improvements to the elected representatives ability to better represent the common interests of residents, ratepayers and the community. This is based on the experiences of past patterns of representation, the views of residents and ratepayers in CGRC, elected members' submissions to the Commission and CGRC's unanimous resolution to support the Proposal.

If the Proposal is implemented, it is our view that 7 may be an appropriate number of councillors for both new entities, however this would be a matter for the Minister.

This factor supports the implementation of the Proposal

3.5 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".

3.5.1 Statement

We concur with many of the views expressed in the Majority Report. Of concern is the current CGRC's and a demerged Gundagai's capacity to provide services to its residents and ratepayers due to financial constraints.

Importantly and in contrast to the Majority Report, we note that under the Proposal, a demerged Cootamundra will be better off financially and therefore be better placed in its capacity to provide services and facilities to its community. This represents a significant benefit for many residents.

We agree with the opinion expressed in the Majority Report, that a resolution to the uncertainty regarding the demerger will also assist to align community stakeholders on financial sustainability objectives.⁵⁰ However, we are of the firm belief this is will only occur if the Proposal is implemented.

3.5.2 Submissions and presentations

We note the presentations and analysis in the Majority Report. We would add the following that demonstrates impacts to service delivery under CGRC. -

Let me use an analogy: running two households that cannot come under one roof that are 60 kilometres apart, both households run independently, still have the same original expenses but now there are increases and add-ons that are necessary to manage the two households. In Cootamundra-Gundagai Regional Council's case, one specific facet that supports my analogy is the distance between Gundagai and Cootamundra - 60 kilometres one way, 120 kilometres return.⁵¹

In economic terms the proposed cost savings through "sharing of resources" has been just a myth. You can't share items such as garbage trucks, as each community requires one or more just to cover their individual needs.⁵²

⁵⁰ Majority Report, page 56.

⁵¹ Speaker at Session 3, Gundagai.

⁵² Submission #010 to the Commission

This also impacts grant allocation as evidence by this young speaker's experience-

In issues of funding, both the Gundagai and Cootamundra youth councils are made to split the amount of money we used to receive in total, essentially halving our budgets for community events such as Youth Week, and though chances of this are low, we fear that since Cootamundra as a town has a higher population than Gundagai, our funding will be adjusted to suit accordingly, leaving us with an even lower budget than we already have.⁵³

3.5.3 CGRC

We note the examination of this factor in the Majority Report council's current and ongoing financial difficulties, will have a detrimental impact on its ability to provide effective and efficient services. Without re-prosecuting our views in section 3.1 any further, we would highlight that even with a successful SRV determination, the current Council's path to financial sustainability is far from assured.

In response to their community's expectations, geographical challenges and requirements under legislation, CGRC has opted for a two-town approach where many services and facilities are mirrored across the two main centres of Cootamundra and Gundagai. This has led to a heavy burden on council's financial health.

While it may be one view that community expectation on types of service delivery and levels can be managed, it is our belief that this may create even greater disharmony and hostility between the communities than is currently experienced.

3.5.4 The Proposal

According to the Deloitte analysis a new Cootamundra LGA will have greater financial certainty and therefore improve its ability to provide services. This is not the case for a new Gundagai LGA.

Generally, across the two proposed entities, the duplication of facilities and community assets such as – public swimming pools, library, depot and job roles and responsibilities of staff will offer an easy transition if the Proposal is implemented. Similarly, the like for like service delivery model adopted by CGRC, will also provide less disruption if the Proposal is implemented.

The new entities will need to make their individual determinations on charges and fees. They will also need to determine service levels and if they return to those under their former LGA's.

3.5.5 Conclusion

While a resolution to the uncertainty regarding the demerger may assist to align community stakeholders on financial sustainability objectives and therefore impacts on service delivery levels, this will only occur if the Proposal is implemented.⁵⁴

Duplication of services and assets will provide minimal disruption under the Proposal.

According to Deloitte's, a new Cootamundra LGA would be in a better position to continue delivery of services than in the current structure. However, a new Gundagai LGA, like CGRC, would need to implement austerity measures and review of service levels and charges.

⁵³ Speaker at session 4, Gundagai.

⁵⁴ Majority Report, page 56

3.6 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”.

3.6.1 Statement

We note the examination under this factor in the Majority Report.

We depart from its analysis on the allocation of staff as presented the Drew Report.⁵⁵ It is not our reading that the Drew Report advocates for pre merged staffing numbers at the time of a Proclamation but as an objective to work towards.

After 5 years, the toxic environment has not diminished and it is our view that a rejection of the proposal will not by default, improve the workplace issues that are currently experienced.

3.6.2 Submissions and presentations

The issue of staff wellbeing was the main concern in submissions and presentations as evidenced here-

I have worked under two administrators and two general managers. I have been maligned and abused by members of the Gundagai office staff and members of the Gundagai community simply because I am a Cootamundra resident. The two offices are 58 kilometres apart and most of the staff like it that way. I concede with much sadness that the amalgamated Council is a disaster...members of staff work in a constant state of insecurity and anxiety. Morale is extremely low...⁵⁶

CGRC employs predominantly local people, local people, who don't want this amalgamation to take place. So here we have two lots of community members with personal interests who are employees who have workplace interest and their interests have collided...Their issues with work have been taken home and their external amalgamation issues being brought into the workplace. I think it is such a terribly sad state of existence to be so negative about the workplace and a government decision.⁵⁷

Local Government is a place shaper. It creates a strong sense of identity, fosters a sense of attachment and this is strong in regional areas.⁵⁸

Staff of CGRC also expressed the difficulties to effectively serve their community-

The staff saw themselves as members of the community and the community saw the staff in the same light. Since amalgamation that closeness has disappeared.⁵⁹

⁵⁵ See footnote 5.

⁵⁶ Submission #49 to the Commission.

⁵⁷ Speaker at session 3, Gundagai

⁵⁸ CGRC Deputy Mayor, Session 1 Cootamundra.

⁵⁹ Submission #090 to the Commission.

3.6.3 CGRC

As shown by submissions, internal disharmony and external hostility has led to resignations, doubling of EAP access and difficulties in recruitment. We highlight our belief that this is an untenable situation and one that cannot be managed out if the Proposal is not implemented.

In the event of the Proposal not being implemented, CGRC will continue to be required to maintain employment numbers in Gundagai at the May 2016 level. It should be noted that this requirement continues indefinitely. This will constrain CGRC in any downsizing strategies it may want to implement as part of its budget repair. This reduction would most likely impact those who identify as Cootamundra based staff.

3.6.4 The Proposal

As previously noted in section 3.3, a recent staff survey indicated that 73% of the current CRGC workforce support of the Proposal.⁶⁰

With regard to the staff allocations, under the Proposal the Drew Report states that the number of 51 FTE at Gundagai and 89 at Cootamundra, which occurred pre-merger, should be set as a ceiling.⁶¹ It is not our understanding that this should be mandated at the time of a Proclamation. Rather, it is used as an objective for both new councils to be achieved over time through natural attrition.

If the Proposal is implemented, the new councils would not be captured by section 218CA and therefore would no longer have the burden of a prescribed number of staffing and thus creating flexibility to meet residents needs and budget constraints.

The duplication of existing roles will assist in a demerger and mitigate the need for retraining or recruitment of new staff.

Current vacancies may also assist in minimising any potential redundancies to meet budget constraints.

The implications of section 354F if the Proposal is implemented are unclear. If it does apply to the new entities, it will constrain their opportunities to reduce staffing levels to levels to the preferred levels as set out in the Drew Report. However, the report does consider a long view of the reduction of full time employees over a 10-year period.⁶²

3.6.5 Conclusion

It is our conclusion that staff will be better off in terms of mental and emotional well-being if the Proposal is implemented.

A rejection of the Proposal will not by default improve the workplace issues that are experienced. The community's continued hostility towards CGRC and staff, in our opinion may indeed deepen.

Duplication of roles and responsibilities as well as current vacancies will also provide an easier transition to the new entities and for individual staff members.

⁶⁰ CGRC Submission to Commission (Drew Report), page 34.

⁶¹ CGRC Submission to Commission (Drew Report), page 31.

⁶² CGRC Submission to Commission (Drew Report), page 43.

3.7 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”.

3.7.1 Statement

In this section of the Majority Report we endorse the comments that clarity is needed regarding the possibility of rolling proposals that trigger staff protections under section 354C of the Act.

We do not concur with the Majority Report’s other observations under in this factor, for the reasons stipulated throughout this Report.