

COROWA SHIRE COUNCIL – CIP

NOT FIT

Area (km ²)	2,407	Population 2011	11,300
OLG Group	11	(2031)	11,250
ILGRP Group	D	Merger 2011	12,500
		(2031)	12,050
Operating revenue (2013-14)	\$18.6m	TCorp assessment	Moderate FSR Negative Outlook

ILGRP options (preference in bold) Council in Upper Murray JO (all shaded) or **merge with Urana Shire Council** (yellow).

Assessment summary	Scale and capacity	Does not satisfy
	Financial criteria:	Satisfies overall
	• Sustainability	Satisfies
	• Infrastructure and service management	Satisfies
	• Efficiency	Satisfies



Fit for the Future – NOT FIT

- The council does not satisfy the scale and capacity criterion.
- Scale and capacity is a threshold criterion which councils must satisfy in order to be assessed as Fit for the Future.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.

Scale and capacity – does not satisfy

- The council was required to consider the ILGRP preferred option and demonstrate its proposal is at least as good to achieve the scale and capacity objectives for the region.
- In the absence of willing merger partners, Corowa has not undertaken a business case or explored a merger that establishes the stand-alone position is at least as good as the merger option.
- Corowa's proposal does not address all of the elements of scale and capacity in detail. However, where we have been able to gather information on some elements of capacity, our analysis indicates a merger would generally benefit both councils, even though for some elements the improvement for Corowa is modest.
- A merged council is likely to have improved capabilities and a more robust revenue base, greater scope to undertake new functions and projects, improved integrated planning and regional collaboration.
- The merger with Urana would provide greater scale and capacity for the system of local government in the area.

Sustainability – satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmarks for the operating performance ratio, the building and infrastructure asset renewal and the own source revenue ratios by 2019-20.
- The council was granted special variations in 2013-14 and 2014-15. We observe the council's rates were 36% lower than the OLG Group 11 average prior to the first of these. The council plans to apply for two consecutive special variations:
 - Commencing in 2016-17 of 31.1% cumulative over 4 years (20.7% above the rate peg). The council consulted on this special variation as part of FFTF and claims it has community support.
 - Commencing in 2020-21 of 40.3% cumulative over 5 years (27.1% above the rate peg). It does not appear to have consulted on this special variation.
- The council estimates its planned special variation would generate an additional \$13m in rate income over the ten year period to 2024-25. It indicates its operating performance ratio would break even in 2017-18 and then rise to 4% by 2024-25 without the planned special variations. Based on this, the council meets the benchmark from 2017-18, with or without the additional special variations.

Infrastructure and service management - satisfies

- The council satisfies the criterion for infrastructure and service management based on meeting the benchmarks for the infrastructure backlog, asset maintenance and debt service ratios by 2019-20.

Efficiency - satisfies

- The council satisfies the criterion for efficiency based on a decline in real operating expenditure per capita over the period to 2019-20.

Other relevant factors

Social and community context	Corowa Shire has a population of around 11,000 people. Within Corowa Shire, the main towns are Corowa (population of 5,600), Howlong (population 2,553) and Mulwala (population 2,028). The unemployment rate (4.7%) is relatively low in Corowa Shire, with manufacturing, agriculture and tourism being key industries. Agriculture, forestry and fishing accounts for around 12% of employment and manufacturing accounts for around 19% of employment. Agriculture comprises a mix of dryland and irrigated cropping, grazing and small areas of forestry. Major employers in Corowa Shire include the munitions factory at Mulwala and the Riverlea piggery and stockfeed plant. Corowa Shire is regarded as a retirement destination and, as a consequence, has a high pensioner base.
Community consultation	Corowa had a web page for FFTF information, community information sessions were held in five towns, there was media commentary, and an information pack and survey were distributed to all households. The information pack explained the FFTF process and stated that Corowa had resolved to submit a CIP having failed to secure amalgamation partners. The survey was distributed to residents and non-resident ratepayers by Australia Post, and was available from council offices. There were 283 survey responses. The survey found over 60% of respondents showed some level of support for Corowa considering amalgamation opportunities. Over 70% of respondents were supportive of Corowa submitting a FFTF proposal to stand alone.
Water and/or sewer	Corowa operates its water and sewerage operations on a break-even basis. However, Corowa does not achieve the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage and it does not pay a dividend. The current water and sewerage infrastructure backlog is over \$19m. There are three capital projects valued at \$3.7m planned for the period 2015-16 to 2017-18. Corowa reported an operating surplus of \$1.6m on its water and sewerage operations in 2013-14 (source OLG).
Submissions	There were no submissions received in relation to Corowa's proposal.
