

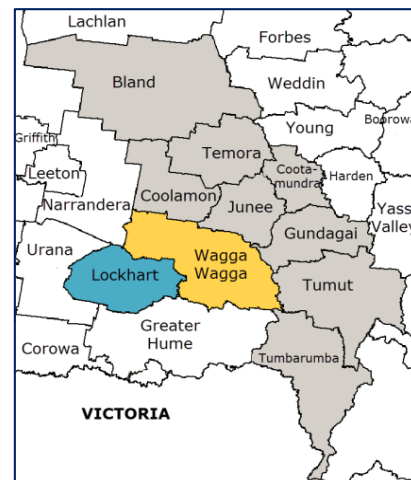
LOCKHART SHIRE COUNCIL – RURAL COUNCIL PROPOSAL

FIT AS A RURAL COUNCIL

Area (km ²)	3000	Population 2011	3,100
OLG Group	9	(2031)	2,550
ILGRP Group	C	Merger 2011	64,900
		(2031)	75,600
Operating revenue (2013-14)	\$9m	TCorp assessment	Sound FSR Neutral Outlook
ILGRP options (no preference)	Rural Council in Riverina JO (all shaded) or merge with Wagga Wagga City Council (yellow).		

Assessment summary

Scale and capacity	Satisfies as a Rural Council
Financial criteria	Satisfies overall
• Sustainability	Satisfies
• Infrastructure and service management	Satisfies
• Efficiency	Satisfies



Fit for the Future – FIT AS A RURAL COUNCIL

- The council satisfies the scale and capacity criterion as a Rural Council.
- The council satisfies the financial criteria overall as the council meets the criteria for sustainability, infrastructure and service management and efficiency.
- If Government does not adopt a Rural Council model, it is unlikely the council would be Fit for the Future.

Scale and capacity as a Rural Council - satisfies

- The council satisfies the majority of the characteristics of a Rural Council including having a small and static population.
- The council's proposal to stand alone as a Rural Council in a JO is consistent with the ILGRP's options for this council.
- The council's strategies for improvement include resource sharing within the Riverina Eastern Regional Organisation of Councils. REROC demonstrates its success in increasing the scale and capacity of its member organisations on a range of measures and plans to become the pilot JO for the region.
- Other strategies for improvement identified by the council include sharing administrative functions with neighbouring councils and an internal governance restructure.
- The council rejected a proposal to merge and did not submit a merger business case. We do not have sufficient evidence to evaluate the costs and benefits of the merger option compared to the Rural Council proposal.
- The assessment of Rural Councils as meeting the scale and capacity criterion is contingent on the Government adopting a Rural Council model. This model is based on reducing the regulatory and compliance burden on Rural Councils, by the JO performing most of the higher level functions of the Rural Council. If a Rural Council model is not adopted, it is likely the council would be assessed as not meeting the scale and capacity criterion, and as a result, not fit.

Sustainability – satisfies

- The council satisfies the criterion for sustainability based on its forecast to meet the benchmark for the operating performance ratio by 2024-25 and the benchmarks for the building and infrastructure asset renewal and own source revenue ratios by 2019-20.
- In its proposal, the council relies on the successful application for and adoption of a special variation from 2016-17 of 56.8% cumulative over 10 years (28.8% above the rate peg). Nonetheless, our analysis indicates the council would meet the operating performance ratio in the absence of this special variation.

Infrastructure and service management – satisfies

- The council satisfies the criterion for infrastructure and service management based its forecast to meet 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 over the period to 2019-20.

Other relevant factors

Social and community context	Lockhart is the major town in the local government area with a population of 800. It is a predominantly agricultural region with some additional light industry. The council distinguishes itself from Wagga Wagga City Council, which is a large regional centre with more urban issues. The closest regional centres for Lockhart are Wagga Wagga (65km) and Albury (106km).
Community consultation	The council updated residents on its plans through its newsletter and website. The council held 5 public meetings to inform the community of its improvement plan. A total of 118 community members attended the meetings with 79% voting in favour of the plan.
Water and/or sewer	The council has no backlog for its sewerage infrastructure. Water is supplied and managed by Riverina Water which is based in Wagga Wagga. The council indicates compliance with 78% of the NSW Government Best Practice Management of Water Supply and Sewerage Framework.
Submissions	No submissions were received in relation to Lockhart's proposal.