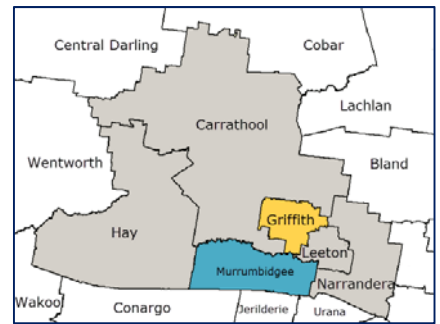


MURRUMBIDGEE SHIRE COUNCIL - RURAL COUNCIL PROPOSAL

NOT FIT

Area (km ²)	3,506	Population 2011	2,350
OLG Group	9	(2031)	1,800
ILGRP Group	B	Merger 2011	27,750
		(2031)	27,250
Operating revenue (2013-14)	\$5.2m	TCorp assessment	Moderate FSR Neutral Outlook

ILGRP options (preference in bold) **Merge with Griffith** (yellow) or Rural Council in Murrumbidgee JO (al shaded).



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.
- The council meets the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.
- Scale and capacity is a threshold criterion which councils must satisfy to be Fit for the Future (FFTF), therefore the council is not fit.

Scale and capacity – does not satisfy

- The council was required to consider the ILGRP preferred option and demonstrate its proposal is as good an option to achieve the scale and capacity objectives for the region.
- The proposed Rural Council Proposal is not as good as the ILGRP's preferred option to merge with Griffith. When compared to the merger, the council's small and declining population of 1,800 in 2031 means it is unlikely to cost-effectively provide services to the local communities and advocate and partner with government.
- Our analysis indicates the merger is a superior outcome for managing strategic issues along the Murrumbidgee River, such as agriculture and other primary industries. We also observe the merger will further promote the close economic and social ties between the two councils.

Sustainability - satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmark for the operating performance ratio by 2023-24 and the building and infrastructure asset renewal ratios by 2019-20.
- The own source revenue ratio is forecast to increase from 48% in 2014-15 to 56% by 2019-20. Although just below the benchmark, the council meets the requirement for it to demonstrate improvement by 2019-20. With FAGs, the ratio increases from 70% in 2014-15 to 82% by 2019-20.
- In its proposal, the council relies on the successful application for and adoption of a special variation from 2017-18 of 15.6% cumulative over 2 years (10.5% above the rate peg).
- The improvement in operating performance is also driven by a \$0.5m reduction in depreciation based on an external assessment by Jeff Roorda and Associates.

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.
- The reduction in its infrastructure backlog is driven by a recent revaluation (by Jeff Roorda and Associates) using more accurate condition assessments of council assets and levee bank works.

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	There are two town centres (Darlington Point and Coleambally) to support its rural-based and agricultural industries. The impact of drought conditions has led to population decline in the past.
Community consultation	The council held community meetings in May 2013 (when the draft ILGRP report was released) and further meetings in April and May 2015. The council used online and paper based media to inform its community. The council stated the community feedback was for the council to stand alone.
Water and/or sewer	The council's compliance with the NSW Government Best Practice Management frameworks is 60% for water and 33% for sewerage. The council proposes to adopt strategies, which would increase compliance to 90% for water and 75% for sewerage, by 2019-20.
Submissions	There were no submissions received in relation to Murrumbidgee's proposal.
