

OBERON COUNCIL – CIP

NOT FIT			
Area (km ²)	3,594	Population 2011	5,200
OLG Group	10	(2031)	4,950
ILGRP Group	F	Merger 2011	45,150
		(2031)	56,500
Operating revenue (2013-14)	\$12.0m	TCorp assessment	Sound FSR Negative Outlook
ILGRP options (no preference)	Merge with Bathurst (yellow) or council in Central West JO (all 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 satisfies 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

- Oberon Council discussed merger options and boundary changes with Bathurst, Lithgow, and Blayney Shire Councils. Oberon found there were no advantages associated with these options and has opted to stand alone as part of the Central West JO.
- The council's population is declining and is forecast to be 4,950 by 2031. Our analysis suggests the council has insufficient scale to deliver services cost-effectively for its community and to partner effectively with governments.
- Therefore the council's proposal to stand alone does not satisfy scale and capacity.
- 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.

Sustainability – satisfies

- The council satisfies the criterion for sustainability based on its forecast to meet the benchmarks for the operating performance ratio by 2024-25 and the building and infrastructure asset renewal ratio based on its forecasts by 2019-20.

Infrastructure and service management – satisfies

- The council meets the criterion for infrastructure and service management based on its forecasts to meet the benchmarks for the asset maintenance ratio and debt service ratio by 2019-20.
- The council forecast its infrastructure backlog would reduce to 4.5% by 2019-20 which is close to the benchmark.

Efficiency - satisfies

- The council meets the efficiency criterion based on a decrease in real operating expenditure per capita over the period.

Other relevant factors

Social and community context	Oberon considers itself to have closer links to the Blue Mountains, rather than western towns such as Bathurst.
Community consultation	Oberon undertook community consultation in April 2015 through a community information session based on a detailed Fit for the Future information package. Oberon's proposal notes its community is clearly of the view that it is better served by an independent, efficient local council.

Other relevant factors

Water and/or sewer	Oberon's Strategic Business Plan for Water Supply and Sewerage Services was completed in 2013 and it complies with the Best Practice Guidelines. Further, Oberon forecasts it will break even on its water and sewer operations by 2018-19 as a result of efficiencies. In addition, ongoing capital upgrades are scheduled as part of its improvement strategy along with increasing revenues.
Submissions	We received seven submissions in relation to Oberon's proposal. Six oppose merging citing risks such as the loss of local focus and identity; reduced services; job losses, the lack of community support and increased factionalism associated with large councils. One submission notes the council's good performance. One submission is neither for nor against merging and points out that the challenges facing the local area would not change if the council merges.
