

TUMUT SHIRE COUNCIL – CIP

NOT FIT

Area (km ²)	4,567	Population 2011	11,250
OLG Group	11	(2031)	10,650
ILGRP Group	D	Merger 2011	15,000
		(2031)	14,100
Operating revenue (2013-14)	\$20.9m	TCorp assessment	Moderate FSR Neutral Outlook

ILGRP options (preference in bold) Council in Riverina JO (shaded area) or **merge with Gundagai and Tumbarumba** (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.
- The council has not adequately explored the merger option. The council has not provided evidence that the council has undertaken any consultation or analysis in relation to council's stand alone proposal or the possible benefits of mergers.
- The council's proposal to stand alone is not as good as the ILGRP's preferred option to merge with Gundagai. When compared to the merger, the council's population of 10,650 in 2031 means it is unlikely to provide services as cost-effectively to the local communities and advocate credibly and partner with government.
- 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 meeting the benchmarks for the operating performance ratio and the own source revenue ratios by 2019-20.
- The building and infrastructure asset renewal ratio was 142.4% in 2014-15 and is forecast to fall to 62.8% by 2019-20. The council states that these results indicate the cyclical nature of asset renewal.
- The council states it will apply for a special variation of up to 15% from 2020-21, commencing upon expiration of its current two special rate 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.
- The council is reviewing its standard useful lives for all assets, which has the potential to reduce depreciation by up to 10% by extending the useful lives of assets.

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	According to the council, its submission to the ILGRP proposed a new council generally east of the Hume Highway corridor, which would encompass the majority of the major industry sector, the Softwood plantations and processing covering the local government areas of Tumut, Gundagai and Tumbarumba. This merger was proposed on the basis that mergers were required to be implemented.
Community consultation	In Tumut Council's community letter of June 2015 it states Tumut has no other option than submit a stand-alone option given Gundagai and Tumbarumba were proposing to stand alone. The council notes it has not been able to undertake structured and facilitated discussions on the ILGRP proposal as neither Gundagai nor Tumbarumba agreed. There is no evidence submitted that council has undertaken any consultation in relation to council's stand alone proposal or the possible benefits of mergers.
Water and/or sewer	Council operates water and sewer businesses. The water fund reported a deficit before capital of \$706,000 and sewer reported a surplus of \$227,000 in 2013-14. Tumut reported an infrastructure backlog of \$700,000 for the sewer assets.
Submissions	We received two submissions in relation to Tumut. One submission noted the lack of community consultation in relation to the FFTF proposal and council management. The other submission contained a petition for a boundary alteration moving Batlow to Tumbarumba.
