

URANA SHIRE COUNCIL – RURAL COUNCIL PROPOSAL

NOT FIT

Area (km ²)	3,356	Population: 2011	1,200
OLG Group	8	(2031)	800
ILGRP Group	B	Merger 2011	12,500
		(2031)	12,050
Operating revenue (2013-14)	\$6.8m	TCorp assessment	Weak FSR Neutral Outlook

ILGRP options (preference in bold) **Merge with Corowa** or Rural Council in Upper Murray 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

- 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 Corowa. When compared to the merger, the council's small and declining population of 800 in 2031 means it is unlikely to cost-effectively provide services to the local communities and advocate and partner with government.
- The business case and qualitative analysis provided by the council did not demonstrate the proposal to become a Rural Council was at least as good as, or better than, a merger with Corowa.
- 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 benchmark for the operating performance ratio by 2024-25 and the building and infrastructure asset renewal ratios by 2019-20.
- The own source revenue ratio was 30% in 2014-15 and is forecast to reach 45% by 2019-20 without the inclusion of FAGs, which is below the benchmark. The inclusion of FAGs will increase the ratio to 73% by 2019-20.
- The council's forecasts assume the successful application for and adoption of a special variation from 2016-17 of 63.1% cumulative over 4 years (52.7% above the rate peg).
- Although the proposed special variation is large, the council claims community consultation as part of FFTF shows the community is prepared to pay higher rates.
- On the figures provided, if the council were to adopt a lower real rate increase of about 20%, it would still generate a positive operating performance ratio by 2024-25.

Infrastructure and service management - satisfies

- The council satisfies the infrastructure and service management criterion. It is forecast to meet the benchmark for the infrastructure backlog, asset maintenance and debt service ratios over the outlook period to 2019-20.

Efficiency - satisfies

- The council satisfies the criterion for efficiency based on a forecast decline in real opex per capita to 2019-20.

Other relevant factors

Social and community context	<p>The council has been a member of both the Riverina East Regional Organisation of Councils (based in Wagga Wagga) and the Riverina and Murray Regional Organisation of Councils (based in Albury).</p> <p>The council believes the area's strongest links are in the direction of Wagga Wagga. The council notes the area's links to the Riverina area include water reticulation (provided by Riverina Water County), membership of REROC, that Urana is within the Riverina Tourism area and that grain harvest forums are usually held in Wagga Wagga.</p>
Community consultation	<p>The council has undertaken an extensive community consultation process and was an advocate for a stand-alone council position. The council informed the community through a series of five public meetings, information provided through the council's newsletter, news releases, and through the council's website. The council undertook a survey of attitudes to a merger, with the survey form mailed to all households and also distributed at community events such as football matches. There were 281 respondents. The survey showed 88% of respondents favoured the option of remaining as a stand-alone rural council with 8% favouring amalgamation with another council.</p>
Water and/or sewer	<p>The council does not provide water services although it does provide sewerage services. The council does not achieve the requirements of NSW Government Best Practice Management of Water Supply and Sewerage and does not pay a dividend. The sewerage system was only installed in 1995-96 and there is no infrastructure backlog.</p>
Submissions	<p>There were no submissions received in relation to Urana's proposal.</p>
