

Template 3

Rural Council Proposal



Section 1: About your council's proposal

Council details

Council name:

Guyra Shire Council

Date of Council resolution
endorsing this submission:

29 June 2015

1.1 Executive summary

Guyra Shire Council is a small council located in rural NSW whose residents have a strong affinity for their Shire. The Shire comprises 7 distinct rural localities, 2 towns and 5 small villages. Council has carefully considered the alternative options within the Fit for the Future and believe we can be Fit for the Future under the Rural Council model. This model has been taken to the community through an extensive community consultation process, with overwhelming support.

Council considered the three options of Council Improvement Program, Voluntary Merger and Rural Council in the development of this proposal. It was evident that in order to achieve the outcomes of the Council Improvement Program, sacrifices to service levels, affordable rates, and accountability, would be incurred by our community. It would involve significant rate rises that will negatively impact our community. Guyra Shire Council recognises that we do not have sufficient scale and capacity to satisfy the requirements of Council Improvement proposal.

Guyra Shire Council seriously considered the Merger option (as detailed in Section 3.4); as the Independent Local Government Review Panel recommended Guyra Shire amalgamate with Armidale Dumaresq Council. Guyra Shire and Armidale Dumaresq Council have undertaken shared service arrangements (Appendix 10) on an operational level over the last 7 years. These arrangements have enhanced our capacity to provide for our community, while remaining autonomous and providing local representation. While there have been benefits to this arrangement, the vast majority of the Guyra community do not want to merge with Armidale Dumaresq Council and have argued against amalgamation several times to date. Our small bucolic community is in stark contrast to that of the much larger urban and academic based city of Armidale. If an amalgamation occurred, our community would suffer detrimentally due to the significant cultural differences. We strongly believe that this proposal is a superior alternative to the recommendation that Guyra Shire and Armidale Dumaresq Councils amalgamate.

Council did consider a larger regional Council merger scenario encapsulating the entire New England area. This scenario would have provided a more balanced rural to urban population and would achieve a fair and equitable balance of power and representation. With this in mind, we approached these councils to propose that a merger business case be undertaken. This request was met with strong resistance from all other councils. We also considered a merger between Armidale Dumaresq, Guyra, Uralla, and Walcha. In February 2015, Armidale Dumaresq and Uralla Shire Councils resolved to complete the Council Improvement template negating any further opportunities to pursue this amalgamation

possibility.

TCorp's assessment of Guyra Shire Council in 2013, Appendix 1, indicated that our Financial Management Indicators are positive and that Council has achieved year on year improvements in EBITDA and performance ratios in recent years. TCorp considered Council to be in a satisfactory financial position, however identified a negative outlook. This proposal will address that outlook and identify strategies to improve Council's performance against the FFF benchmarks.

Accordingly, Guyra Council has resolved to submit a proposal to become a 'Rural Council'. This model provides a framework for the Guyra Shire Council to continue to deliver local outcomes to our community, while working strategically with the councils in the New England region, under the Joint Organisation model. This process will provide opportunities for Council to provide more efficient, streamlined services, and develop collaborative and innovative approaches to achieving regionally beneficial objectives. We feel Council currently operates in a format that can be the foundation model for other Rural Councils. For this reason, and others outlined throughout this document, we are proposing that Guyra Shire Council be approved as 'Fit For the Future.'

1.2 Scale and capacity

Did the Independent Local Government Review Panel identify the option that your council become a Rural Council?

No

If the Panel identified an alternative preferred option for your council, have you explored this option?

Yes

1.2 Scale and capacity

Rural Council Characteristic	Your council's response
<p>1. Small and static or declining population spread over a large area</p>	<p>Guyra Shire Council services a small population of 4,397 (Australian Bureau of Statistics, 2011), with a land area of 4394km²; equating to approximately 1 person per square kilometre. Population growth, as reported by the Planning NSW population projections reflect a generally static population with a mere 0.4% increase projected annually. This is in contrast to the Australian Bureau of Statistics, which has reflected a population increase of 4.33% growth over the last 5 years - the highest percentage increase for the Northern Tablelands electorate. Council considers this growth a testament to the effectiveness of the Council in servicing its community, by attracting businesses that provide economic benefits and employment opportunities. The Guyra Shire adopts a progressive and harmonious decision process to maximise community wellbeing and provide a strong platform for economic growth of the overall community which is resulting in significant outcomes that must strengthen the future sustainability of Council.</p> <p>The past year has seen unprecedented development in Guyra, with \$65 million worth of development approved this financial year. Similarly, an unprecedented level of \$22 million worth of residential development has been lodged with council. This has increased from \$2.6 million in 2012/13 and \$9.1 million in 2013/14. Autonomous local representation is seen as vital to the continuation of these outcomes.</p> <p>Council considers population growth a valuable trait of a rural council, despite the guidelines set by the Office of Local Government. The population increases of the past five years are a result of effective planning, community relations, and local representation. The continuation of population growth will be under threat if local decision processes are withdrawn.'</p>
<p>2. Local economies that are based on agricultural or resource industries.</p>	<p>Our key industry is primary production and associated industries. Our community is dependent on agriculture, and produces wool, cattle, lamb, potatoes, tomatoes, and other small agricultural markets. The Australian Bureau of Statistics data reported the value of agriculture in 2006 in Guyra at \$49.3m. Since then construction of a 20ha glasshouse for the exclusive production of tomatoes has contributed a significant investment in horticulture in the Guyra Shire.</p> <p>The Gross Regional Product for Guyra Shire is \$157m,</p>

	<p>as reported by the NSW Parliamentary Research Service in their 2014 report <i>The New England-North West Region: An Economic Profile</i>. In the 2006 census, there were 108,045 head of cattle, 533,379 sheep and lambs, and 4,702 pigs in the Guyra Shire, and 1,862 ha of cereals for grain.</p> <p>Of the working population (employed persons aged 15 years and over), 33.6% are employed in the agriculture, forestry and fishing industry. Of the 665 businesses listed in the Guyra Shire, 417 of these are in the Agriculture, Forestry, and Fishing sector. Additionally, the majority of other businesses in the Guyra Shire are founded on, or ancillary to, the agricultural industry meaning that the majority of the local economy relies on the agricultural industry.</p> <p>Council generates approximately 75% of revenues from farmland rates.</p> <p>Council has been progressive in attracting and retaining a large horticultural industry and works well with these industries to ensure the unique environmental needs of these are met and well-sustained into the future. The recent development of another 10ha glasshouse facility, and approval for a further 10ha in the future, will again have a dramatic impact on the area's ability to produce large economies from agricultural production.</p>
<p>3. High operating costs associated with a dispersed population and limited opportunities for return on investment.</p>	<p>It is evidenced in Council's benchmark results that there are high operating costs, however measures have been developed as part of the Fit For the Future submission to address the needs of the community in the most cost effective and efficient way.</p> <p>Most of Council's community service operations are subsidised, as user fees and charges must be kept at an affordable and equitable rate. For example, operating the local swimming pool costs Council significantly more than can be recovered through entry fees and other charges.</p> <p>Council services several towns and villages, each with diverse needs that must be addressed by Council. Two towns and five small villages are serviced by the Council. Each of these identified areas has diverse population statistics.</p> <p>With a total road network of 970km, valued at \$211m, and limited sources of revenue, it is a huge task for Council to maintain and renew such a significant asset.</p> <p>Amalgamations are unlikely to solve the population density challenge. These costs and issues will not be reduced by simply merging into a larger entity. It does not change the number of users and the current costs for</p>

	<p>operating community services and facilities. The new entity would only be able to conceal these costs as a lower cost per capita.</p>
<p>4. High importance of retaining local identity, social capital and capacity for service delivery.</p>	<p>Through both long-term and recent community consultation, this factor has been raised as the most significant contributing factor to the Guyra Shire community. Residents feel a strong connection to the Guyra Shire, which provides a sense of identity. Good decision making occurs when the community feels involved in the process and the council is accountable to their constituents.</p> <p>Council is proposing a model that recognises the importance of this element to our community, and provides a plan that clearly works toward achieving the required benchmarks within an acceptable timeframe. This proposal ensures that there is no loss of democratic empowerment and process, or of local decision processes and resulting outcomes, for the community's future.</p> <p>Council currently operates a number of community services that are considered imperative to the Shire. As a 'Rural Council' it is recognised that some of these services operate at a cost to the community, however it is argued that the social benefits outweigh the financial burden of local government continuing these services. This is one of the primary reasons for resolving to complete this template, as it provides scope for Council to identify these services to community that would be sacrificed under either of the other templates.</p> <p>Council has recently resolved to construct a new aged care facility, despite not being a core function of local government. This decision was difficult to make as, purely based on financial information, this service should be divested of by Council. However, strong community representation and a deep understanding for the requirements of our ageing population led Council to bear the burden of this cost. Under other arrangements it is likely that these social considerations would not have been made, and the service would have been lost by the community.</p> <p>The Guyra Shire Local Government Area has needs that are unique in comparison to surrounding areas. While it is well-established throughout this proposal that Council is prepared to work effectively through a regional Joint Organisation, it is still evident that the needs of the local</p>

	community should be provided and delivered locally.
5. Low rate base and high grant reliance.	<p>Council currently collects \$2.6 million in rates and charges annually, and expends approximately \$12 million to provide services to the Guyra Shire community. TCorp recognised this reliance on operational grant funding to supplement Council's income, and suggested that a reduction in funding is the biggest risk to the future sustainability of Guyra Shire Council.</p> <p>Guyra Shire was recognised as a 'purely rural LGA,' with farmland contributing an overwhelming proportion of the rate base.</p> <p>Through the Fit For the Future process, Council recognised that its rates are substantially lower than other councils in the New England Region, particularly in the 'Farmland' category. This is a result of historic decisions not to raise rates in line with rate pegging. Council's proposal aims to address this issue by applying for a 30% rate rise. This will significantly improve Council's ability to meet the FFF benchmarks and will make rates more equitable in comparison with other Local Government Areas in our region.</p> <p>Many community services and capital projects are grant reliant, in that they would otherwise be unachievable programs.</p>
6. Difficulty in attracting and retaining skilled and experienced staff.	<p>Guyra Shire Council remuneration packages are often not competitive when comparing with similar positions in other Local Government areas. As identified in the issues report prepared by Regional Development Australia Northern Inland (Appendix 9, pp. 2-3), Guyra Shire Council's average wage is comparably lower than some other Council's in the New England North West Region.</p> <p>There are limited opportunities for career development, making Guyra Shire, as an employer, less competitive. This could be overcome, in part, if Guyra Council could become the supplier of water and sewer to the other Councils of the region. This would provide opportunity for Council to recruit an engineer specialising in these functions and would alleviate pressure on other Councils who could then specialise in other engineering services.</p> <p>It is important to recognise the significance of Local</p>

	<p>Government employment to a small rural council like Guyra. Local Government is an industry with a diverse range of skilled and professional positions. These positions would not otherwise be available in a small community, forcing young people to relocate to larger, centralised, locations in order to pursue employment. Council is working to address this community issue, and currently employs 5 people under 30 in professional roles, and overall 19% of Council's employees are Gen Y and younger.</p> <p>This Rural Council submission has identified areas where Council is skilled and knowledgeable and could potential scale up operations in accordance with the needs of the Joint Organisation. This framework will allow Council to attract and retain these skilled staff through offering more challenging regional roles, while working in Guyra.</p>
7. Challenges in financial sustainability and provision of adequate services and infrastructure.	<p>As evidenced by Council's results in the self-assessment process, Council faces challenges in ongoing financial sustainability as a result of a small rate base to fund a large road network and deteriorating community assets. Council is taking steps to address the financial shortfalls and reduce the infrastructure backlog to a sustainable level through the actions and activities identified in this submission.</p> <p>In the Infrastructure Audit (Appendix 8) areas for improvement were identified and Council has been working toward addressing these challenges.</p>
8. Long distance to a major or sub-regional centre.	<p>While the Guyra township is located within a reasonable distance of a regional centre, that is not the case for many of our rural and village communities. One third of the Guyra Shire population lives in these 'distant communities' over 100km from the city of Armidale. Armidale is not considered as a community of interest to these areas of Guyra Shire.</p> <p>There are limited public transport options available for travel between the 'distant communities' and the centre of Armidale, and only 1 service /day from Guyra. This lack of transport impacts on the community's ability to access services in Armidale.</p> <p>There is little if any commonality between the two communities and Armidale is considered as no more than a resourcing centre for some commodities.</p> <p>It was recognised in the research undertaken by the Independent Local Government Review panel that the Guyra Shire is too far from a provincial city for residential values to be propped up by community.</p>

<p>9. Limited options for mergers.</p>	<p>The lack of support from any other New England Council to consider a regional merger process negates merger as being an option that is open to Guyra Shire.</p> <p>If a merger with Armidale took place, the benchmarks for Guyra would become concealed and there would be no way of determining from financial markers if advantageous outcomes were being achieved for the Guyra community as a whole.</p> <p>As detailed in Appendix 3, Council considers that an alternative option of regional collaboration will provide more extensive benefits, both socially and financially, than the proposed merger option identified in the report by the Independent Local Government Review Panel. This decision is broadly consistent with the recommendation, as it was identified as an alternate option by the Review Panel. Council is adamant that local representation and democracy be maintained entering into the New England Joint Organisation to ensure that the views of the existing Guyra Shire community are included.</p>
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Section 2: Your council's current position

2.1 Key challenges and opportunities

Strengths	Weaknesses
<p>Guyra Shire has had significant success in attracting agriculture and horticulture-based development to enhance the growth of the Shire. This has boosted population and encouraged further ancillary housing development. Council undertook one of these housing developments themselves and used in-house skills and knowledge to deliver a successful project to the community.</p> <p>Council owns and operates the only Aged Care and Childcare facilities in Guyra, delivering essential services to the community which could otherwise be abandoned. These ensure that gaps in community services are met in the most efficient and effective manner.</p> <p>Council has an exceptional community consultation program, demonstrated by the extent of engagement that has occurred in preparing this submission. Innovative practices have been developed to reach a broader range of community members. These practices are continuously evolving, with Council recently launching a Mobile App to ensure access to Council information, and opportunities to report an issue or have your say, are available at the community's fingertips. These practices have allowed Council to develop an excellent working relationship with our community, building social cohesion, harmony, and effective local governance.</p> <p>Council has existing operational relationships with neighbouring Armidale Dumaresq Council, which can provide a framework for other councils pursuing the rural council option. Council has made determined efforts to secure benefits which flow from inter-council collaboration in terms of scale and capacity. These arrangements have provided extensive opportunities for service enhancements and access to programs,</p>	<p>In preparing this submission, Council focussed on recognising its operational shortfalls, particularly in relation to scale and capacity. Council realises that it does not have adequate scale and capacity to satisfy the requirements of the Fit For the Future process if it does not make substantial changes to way it operates, particularly on a regional level.</p> <p>Council employs a largely operational-level workforce which can restrict strategic capacity.</p> <p>While Council does employ 62 FTE staff, 32% are employed in community services functions, between the preschool, aged care facility, and library. Some 44% are outdoor staff, responsible for roads, water, sewerage, and town maintenance, leaving only 24% of indoor staff covering management, governance, corporate services, engineering, finance, customer service, development and compliance, and a multitude of other functions.</p> <p>Council has been involved in a shared service operation with our larger neighbour, Armidale Dumaresq Council (Appendix 10). While this is financially viable and beneficial, it has resulted in the loss of some areas of local service delivery and reduced local employment opportunities.</p> <p>The Guyra Shire Local Government Area has a SEIFA rating of 921, which is in the second decile for both Australia and NSW. The Guyra Shire is ranked the 27th most disadvantaged local government area in NSW. This impacts on Council's service delivery as Council is often required to subsidise or otherwise accommodate service delivery.</p>

<p>skilled services, and expensive functions that would not otherwise be deliverable by a small independent council.</p>	
<p>Opportunities</p> <p>Council has rationalised its operations and identified gaps in profitable business services that could be provided to the community. Using the common service model (Appendix 3), Council endeavours to develop a business unit to support the operation of small businesses within the Shire, which will address some of the economic shortfalls of Council's operations.</p> <p>This process has given Council an opportunity to undertake major reviews and participate in the development of a regional Joint Organisation of Councils. As these arrangements are formalised they will provide further opportunities for Council to scale up its operations with other councils and delivery a wider range of services to the region and our community.</p> <p>The Guyra Shire is geographically located in the centre of the New England Region, providing unique opportunities to work within the Joint Organisation of Councils and to provide particular services and/or bases in the existing Guyra Shire.</p>	<p>Threats</p> <p>As a small rural council, the threat of amalgamation is ever looming. This makes it difficult to develop strategic direction and retain and attract skilled staff. Once Council can evidence that it is Fit For the Future, opportunities to effectively plan and manage our own future will be much more attainable. This will give Council the security to actively pursue opportunities to strengthen our position by scaling up our operations in our areas of expertise.</p> <p>In TCorp's review of Guyra Shire Council Appendix 2 p. 31, another significant threat to the sustainability of the Guyra Shire Council is reduced operational funding being available to Council.</p> <p>As recognised in this submission, Council relies on grant funding to provide services and facilities to our community. Any reduction would result in reduced service levels. This would particularly impact on Council's ability to provide community services which are outside of Council's core business. These services are highly important to our community, such as Home Support Services, childcare, and aged care, however require funding support from the State and Federal Government to ensure their continued provision.</p>

2.2 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.074	-0.104	-0.125	-0.299
Own Source Revenue Ratio (Greater than 60% average over 3 years)	57.5%	67.0%	62.6%	64.3%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	262.9%	89.5%	68.4%	78%

2.2 Performance against the Fit for the Future benchmarks

Sustainability			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	No	1%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	Yes	77%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	No	132%	Yes

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Infrastructure Backlog Ratio (Less than 2%)	17.89%	18.23%	19.89%	5%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	105.1%	72.9%	71.7%	53%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.1%	6.56%	0.69%	1.53%

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	No	4%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	No	106%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	Yes	7%	Yes

If Fit for the Future benchmarks are not being achieved, please indicate why.

Council has a significant Infrastructure backlog that has built up over a number of years. With the implementation of proper asset condition assessment of all assets, but in particular roads and buildings, Council will reduce its backlog to the benchmark of 2% by 2018/2019, which is in line with requirements of a Rural Council proposal.

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)		2.080	2.037	2.084

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	2.084	No	2.086	No

If Fit for the Future benchmarks are not being achieved, please indicate why.

As with most small Councils this ratio is dependent upon population growth which is almost impossible to predict and could fluctuate significantly depending on business and employment opportunities that present. We think that the cost per capita is reasonable / affordable for a small rural Council.

2.3 Water utility performance

Does your council achieve the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework?

No

If no, please explain the factors that influence your performance against the Framework.

Council needs to prepare a new 30 year IWCM Strategy, Financial Plan & Report. Its current strategic business plans for water and sewer were prepared in 2007 and need updating.

Compliance pricing will be developed in 2015/2016. Recently released IWCM Guidelines by the Office of Water will direct Council in developing its new guidelines.

When completed the IWCM Report will include a 30 year capital works program.

How much is your council's current (2013/14) water and sewerage infrastructure backlog?

\$3,166,000 = Water \$2,646,000 + Sewer \$520,000

2.3 Water utility performance

Identify any significant capital works (>\$1m) proposed for your council's water and sewer operations during the 2016-17 to 2019-20 period and any known grants or external funding to support these works.

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Raise Guyra Dam #2 by 3.0m	Within next 5 years	\$6m	Will seek 50% funding.

2.3 Water utility performance

Does your council currently manage its water and sewerage operations on at least a break-even basis?

Yes

2.3 Water utility performance

Identify some of your council's strategies to improve the performance of its water and sewer operations in the 2016-17 to 2019-20 period.

These may take account of the Rural Council Options in Section 3.

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Implement a Developer Services Plan for both water and sewer operations to ensure that new developments pay their fair share	Within next 2 years	More revenue to put towards maintenance and upgrades.
2. Implement a Wastewater reuse scheme	Ongoing from 2015/16	Additional income to put towards maintenance and upgrades.
3. Investigate the provision of solar power at the water and sewer treatment works	Implement In 2016/17	Reduced power costs.

Section 3: Towards Fit for the Future

3.1 How will your council become/remain Fit for the Future?

Option 1: Resource sharing				
Proposal	Implementation	Proposed milestones	Costs	Risks
CURRENT / CONTINUING				
Continue to purchase the following: IT Services, Finance & Accounting Services, Fleet Management Services, and Human Resource Functions (As outlined in the Shared Services Agreement, Appendix 10)	There are existing Memorandum of Understandings with our neighbour, Armidale Dumaresq Council. Continuation of these functions is constantly evolving to ensure the most effective services are delivered to both communities. The two councils will work together to draft a framework that could be employed by other councils.	Continue operations.	\$150,000 annually, however, provides annual savings of approximately \$195,000. These savings are made in Finance and HR in utilising this service rather than employing in-house staff to undertake these roles.	This dramatically reduces the risk involved in the continuation of these arrangements. The established structure is very effective, and could be used as a model for other rural councils looking to pursue a similar path.
RESOLVED FOR ADOPTION				
Resource sharing within internal Council functions, through renovations to combine library and customer service	Council's customer service and library areas require minor modifications to accommodate these changes.	Plans are currently being prepared, with renovations to commence in August/September 2015.	Budget allocation of \$30,000 for 2015/2016.	This task requires upskilling of existing staff to undertake additional roles to improve efficiencies. Staff adoption of the activity is essential to its success. Training has commenced to alleviate this risk and KPIs identified for staff in relation to adoption of changes.

Become a member of the New England Joint Organisation of Councils, whose functions and responsibilities are outlined in Appendix 4.	Despite an unsuccessful application to be considered a pilot Joint Organisation, this group of councils have continued to work together to construct the framework for the future Joint Organisation. Working groups have been established and will evolve into the formal JO structure.	Councils to continue to work together to develop the framework following the release of the pilot program findings. Implementation in September 2016.	The NSW Government have committed \$300,000 for the establishment of each Joint Organisation. There will be ongoing, long-term, financial gains through effective regional management and service delivery, which cannot be calculated without consultation with the New England Joint Organisation.	Should Guyra Shire Council not be considered 'Fit' under the Rural Council proposal, and be forced to amalgamate with Armidale Dumaresq Council, our capacity to engage through this forum will be diminished. It will result in their being no representation for this area in the regional planning system. If legislation doesn't adequately mandate Joint Organisation arrangements, there is a risk of these arrangements not being delivered effectively.
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FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES

Pass on the ongoing management and operation of community support services to a regional provider.	As a result of the current operational arrangement, some areas of community support that should be fully funded are requiring additional funds to be contributed by Council.	This will be worked through in consultation and collaboration with the Joint Organisation.	Projected potential savings of \$42,000 annually. Based on the expected loss for Home Support Services in 2015/2016 budget projection.	There is a potential risk of this service being lost for the community if arrangements do not suitably ensure the long term effectiveness and operation of community services.
Establish a New England Regional Library Service that manages and delivers each of the libraries in the NE Region	Commence negotiations facilitated by the Joint Organisation structure to make suitable arrangements for long-term library management.	This will be worked through in consultation and collaboration with the Joint Organisation.	Currently the cost of providing the library service is at a loss of \$180k annually. Under this proposal savings would be made in sharing resources, thus reducing the capital cost of purchasing books and the associated depreciation values. All other costs would still be borne by Council as a contract cost of providing the	Lack of uptake from other councils for this concept, however there is potential for a smaller consortium of councils to make shared service arrangements.

			<p>service.</p> <p>Estimated savings of \$32.5k (15k capital purchase of books + 17.5k depreciation) annually.</p>	
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How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service Management	Sustainability
<p>Resource sharing allows Council to develop economies of scale are achieved, both through shared service arrangements and through cooperative regional planning and service delivery.</p> <p>Shared service arrangements have, in the past, given Council access to more sophisticated processes, software, and information without sacrificing identity and democracy.</p> <p>These efficiency gains will reduce council's operational expenditure; the resultant efficiency benchmark will show a declining trend without reducing service levels.</p>	<p>Current maintenance and renewal arrangements, particularly on roads, are limited by identified local government boundaries. Opportunities will arise through the establishment of the New England Joint Organisation, for road construction and maintenance to be contracted between councils, allowing one works crew to complete whole sections of roads. This concept will significantly reduce the costs of transportation, oncosts, and employee time for works on roads that cross Shire boundaries.</p>	<p>Resource sharing provides a robust alternative to amalgamation, while still achieving the primary benefits of increasing economies of scale and reducing council overheads.</p> <p>Current shared services with Armidale Dumaresq Council (Appendix 10) save Council in overheads and direct costs for each of the services provided by ADC. Therefore, continued resource sharing will provide cost efficiencies that improve Council's Operating Performance ratio. Past indicators have identified savings to the value of approximately \$195,000 annually, and a reduction in staff numbers by 10%.</p> <p>Currently Council pays Armidale Dumaresq Council \$150k for IT Services & \$75k for Finance & HR. The savings made in Finance & HR in utilising this service rather than employing our own staff is \$195k annually. IT may also generate a saving, but as a smaller council it is unlikely that we would use such sophisticated systems if we had to purchase directly and therefore no savings estimate is provided.</p>

3.1 How will your council become/remain Fit for the Future?

Option 2: Shared administration				
Proposal	Implementation	Proposed milestones	Costs	Risks
FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES				
The formal Joint Organisation will evolve to include professional staff, as outlined in Appendix 4.	The proposed Joint Organisation model has provided a framework that suggests shared administration functions could be incorporated as the arrangements mature.	Regional meetings have commenced with the New England group of 7 Councils. The next meeting is on 1 July 2015 to formalise a constitution and the 5 core roles including collaboration in the delivery of various services.	Expected savings by utilising economies of scale but difficult at this stage to quantify.	Uncertainty of the Joint Organisation governance structure and support from larger councils.

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
Economies of scale from 7 councils and a broader skill set of professional staff.	Council's will be able to scale up through the Joint Organisation to obtain efficiencies in infrastructure and service management by engaging contractors, either external or within the Joint Organisation, to undertake specialist technical roles.	Reduced operational expenditure will help sustain our future operations.

3.1 How will your council become/remain Fit for the Future?

Option 3: Speciality services				
Proposal	Implementation	Proposed milestones	Costs	Risks
CURRENT / CONTINUING				
Construction of a new aged care facility	Plans are currently being reviewed by the original architect, with anticipated construction to be completed by June 2016.	Construction to be completed in June 2016.	This is a \$6.3m capital project. Jointly funded through the Department of Health and Department of Infrastructure.	Council has undertaken an extensive review of this project over a number of years to identify and minimise any risks associated with the delivery of this project and to make use of \$2.1m of funding. This has been completed in accordance with Office of Local Government requirements.
Council has an advanced an effective community engagement process, as compared to other small rural councils. Council is prepared to share its model for community engagement to enhance the capacity of other councils.	Council will develop a model that can be implemented by other councils to achieve similar success to what Guyra Shire Council has achieved.	Develop model by June 2016.	Staff costs only association with this project.	N/A.
Sale of effluent (reuse water) to horticultural industry	Recently negotiated deal with neighbouring property	Commence sale of effluent in July 2015.	Annual income of \$24,000.	Formal contractual agreement should minimise the risk to Council.

Retain provision for economic development at a local level and contract these services to other councils based on our success of attracting business to the region.	The provision of an economic development advisor is ongoing, where Council engages a local contractor to undertake this role on an as needed basis. Council has committed to continue this arrangement to allow for the most efficient form of service delivery in this area.	Continued delivery.	\$20,000 budgeted for 2015/2016. Service could be provided regionally on a cost recovery basis.	Lack to uptake by other councils in the Joint Organisation will limit the capacity of this role and the delivery of regional efficiencies.
RESOLVED FOR ADOPTION				
Develop a business model for a 'Virtual Administration Service' to be implemented to small businesses in the Guyra Shire and surrounding areas. Services to potentially include: <ul style="list-style-type: none"> Marketing Website development and maintenance Social media Grant application Administration / secretarial services 	Develop a business model and framework for this service, to be completed over the next 12 months. Implementation to commence on 1 July 2016.	Engage key stakeholders and businesses in Guyra Shire to establish a business case: June-Sept 2015 Framework completed: December 2015 Establishment of systems: Jan-June 2016 Delivery: 1 July 2016	Council will seek funding for the establishment of the business unit, through the innovation fund. We would seek \$150,000 and contribute \$50,000 to develop the business unit.	The business model will assess the areas of service that are required by businesses in the Guyra Shire community, and at what rate these businesses are prepared to outsource some of their needs to Guyra Shire Council.
Property development on Council owned land at Sole Street	In February 2009 Council considered a report regarding the subdivision and development of this land and another similar block in Pearson Street. Council proceeded to develop the Pearson Street block and the majority of these blocks have been sold and developed. There is still a significant gap in the market for this type of development and Council has	Key milestones to be developed as part of the project plan and based on a previously successful project that Council delivered.	Council projects a cost of development in the vicinity of \$1,713,064, with a new profit projected of \$666,000. This has not been included in the benchmarks, however is recognised as a significant project that will be undertaken. In the next 10 years following more extensive modelling and planning. This project will help	To be determined in accordance with the project plan.

	adequate land at its disposal, and the skills, knowledge, and resources to complete these works.		generate a one-off cash injection into council's finances.	
Develop existing aged care facility into short term / hostel accommodation business to provide for this underdeveloped market.	Council will soon have a vacant hostel that is currently being used as an Aged Care Facility. There are potentially 40 places that could be rented out at approximately \$160 per week. The town of Guyra has a major industry, the Tomato Farm which is the biggest in the southern hemisphere. It employs 500 people of whom many are overseas and itinerant workers who need cheap accommodation during their stay.	With the new capital facility being built within the next 12 months, Council has the opportunity to initiate this business which will provide recurrent income rather than selling the asset for a one-off capital gain.	Estimated renovation costs of \$350,000 initially, then a conservative estimated net profit of \$300,000 annually.	To be identified in accordance with the project plan, over the next 12 months. The main risk associated with this project is the rental market supply and demand fluctuations.
FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES				
An opportunity exists to develop the Guyra Saleyards to become a regional livestock selling centre with the expected closure of the Armidale Saleyards.	Council's economic development advisor has been working with the leaseholders of this land to identify opportunities for development of this asset to develop the facility into a larger regional livestock selling centre.	Expected expansion in 2018/2019.	Costs covered by stock and station agents' contribution.	Operations depend on local stock and station association agreement.

Grants Officer	Council has been particularly successful in obtaining grants and funding through various competitive State and Federal programs. To the best of our knowledge there are no grants officers employed by any Council in the New England region. Given our success we propose that we can contribute this service to interested councils in our region.	In consultation with the Joint Organisation	Provided this service is considered valuable by the other member councils of the Joint Organisation, Council would seek to employ an additional staff member to assist with the increased demands for this role. These services would be contracted out on a cost recovery basis, but allow Council to strengthen its internal resources and build on our current abilities.	The Joint Organisation not being implemented as proposed.
Form New England Water and Sewerage and return dividends to member councils	Council considers water and sewerage to be valuable business units, with the potential to scale up on a regional level. Implementation of this activity would allow for an external business to be created and owned by the member councils, but for the management and operation to be run in a more efficient and effective manner.	In consultation with the Joint Organisation	The financial aspects of this proposed concept have not been explored in detail, and would be prepared by a working group of the Joint Organisation.	The Joint Organisation not being implemented as proposed.

How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service Management	Sustainability
<p>Council has previously undertaken a similar development to the proposed development in Sole Street. The lots were sold quicker than projected. There is still a gap in this market; the current tomato farm employs 350-400 with an expansion currently under construction that will employ and additional 300 workers. Other areas of growth are also evidenced over the past 5 years. Council is suitably skilled and experienced in property development and have achieved significant successes in delivering on the proposed outcomes of this type of development.</p> <p>Increased population through the activities identified for specialty services, will reduce Council's per capita operating expenditure.</p>	<p>Council is experienced and knowledgeable in the delivery of these services and can use their expertise to scale up operations.</p>	<p>The new aged care facility will mean that Guyra is attractive for an ageing population, with a hub for medical care and services. It will allow for ageing in place.</p> <p>Accommodates the housing needs for all groups within the population, attracting more domestic migration to the area.</p>

3.1 How will your council become/remain Fit for the Future?

Option 4: Streamlined governance				
Proposal	Implementation	Proposed milestones	Costs	Risks
RESOLVED FOR ADOPTION				
Utilise 355 Committees developed for villages to enhance community consultation and determine most effective solutions for delivering programs and services to these communities	<p>The delegation of responsibilities to voluntary Section 355 committees will increase Council's scope to work with the community and delivery on community service outcomes. Council will continue to leverage existing s355 committees and develop additional s355 committees for each of the villages that currently receive village grant funding from Council.</p> <p>This village grant funding is utilised by each of the communities to deliver outcomes specific to their individual communities and greatly reduces the level of direct resourcing required by Council to deliver community benefit programs and projects in these communities.</p>	Continue village grant program.	<p>Village grants totalling \$40,000 are annually provided so that volunteer efforts can be leveraged to provide direct outcomes to these small communities.</p> <p>Tingha = \$20,000 Ben Lomond = \$10,000 Ebor = \$10,000</p>	There are minimal risks associated with this project as Council has already been operating a robust village grant program. The formalisation of the s355 committees would assist to ensure transparency to the community on the use of these public funds.
FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES				

Reduce the number of mandatory Council meetings to 6	This activity is currently impeded by legislation.	To commence following the September 2016 Local Government election.	Savings of approximately \$37,000 annually. This figure is based on 17hrs per month for 5 staff + catering of \$300 per month.	Requires legislative changes being made to the <i>Local Government Act</i> .
Increased delegation to the General Manager	In accordance with the activity above (reducing the number of Council meetings) the General Manager will inherit additional delegations to reduce the number of items required for decision by Council.	To commence following the September 2016 Local Government election.	Nil.	Requires legislative changes being made to the <i>Local Government Act</i> .
Joint Organisation to become the member organisation for peak bodies and representative groups to reduce subscriptions and fees imposed on individual councils	Each individual council currently pays significant membership and/or contributions to a variety of peak bodies and organisations. The Joint Organisation has the potential to be the member of these organisations to represent the views of the entire region, thus reducing these fees across each of the individual councils.	In consultation with the Joint Organisation	Savings of \$20,000 annual based on current subscription fees to LGNSW and Planning Association.	There is some risk that the views of the entire region would not be adequately or appropriately represented, however the proposed board structure of the Joint Organisation aims to address this risk and provide good governance practices to ensure equitable and responsible representation.

How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service Management	Sustainability
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<p>Reducing the number of Council meetings and subsequently increasing the delegation of the General Manager will significantly reduce governance costs. In addition to the direct cost savings obtained in relation to the Council Meeting, including catering costs, staff time (currently 5 staff required to attend each meeting), and Councillor associated expenses, there are efficiencies to be gained throughout the organisation. The General Manager and other management level staff currently allocate an average of 1 day each in preparing reports for each Council meeting.</p>	<p>The delivery of projects and programs by volunteer s.355 committees in Tingha, Ebor, and Ben Lomond allows Council to lever funding for community facilities and assets, while avoiding direct management and administrative costs that would be incurred if Council where to deliver these projects. Local facilities are developed through these small grants, and community groups often leverage their funding by securing additional grants and funding through other organisations and programs.</p>	<p>Reduced costs associated with the preparation for and conduct of each Council meeting will save Council an estimated \$37,000 annually. This figure is based on 17hrs per month for 5 staff + catering of \$300 per month.</p>
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3.1 How will your council become/remain Fit for the Future?

Option 5: Streamlined planning, regulation and reporting

Proposal	Implementation	Proposed milestones	Costs	Risks
FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES				
Joint Organisation to develop regional plans: <ul style="list-style-type: none"> • Economic Development Plan • Tourism Strategy • Planning • State of the Environment report 	There are a number of opportunities for the Joint Organisation to engage technical and professional staff to develop particular plans across the entire region. These would better align with the NSW Government plans as regional consideration would be given to development and planning requirements.	In consultation with the Joint Organisation	The financial aspects of this proposed concept have not been explored in detail, and would be prepared by a working group of the Joint Organisation. Council estimates that \$80,000 (the equivalent of 1 management level position) could potentially be saved by not being required to prepare these plans in-house and address the annual statutory requirements.	The Joint Organisation not being implemented as proposed.
Review of function areas between State and Local Government: <ul style="list-style-type: none"> • Weeds management governed by the Local Land Services • Review funding model and seek increased contribution from State Government for libraries 	Lobby State Government.	Request changes to legislation by 2017.	To be identified in collaboration with the NSW Government.	Not being considered or adopted by NSW Government.

Streamlined IP&R process.	Council currently puts considerable resources into IP&R Reporting. While Council considers this reporting essential and recognises the value in IP&R framework, it is proposed that the NSW Government invest additional resources into developing a software system for reporting. Council had previously considered investing in this area, however identified that the costs would outweigh the efficiencies that are gained by a small council. On a larger state-wide basis, or even through Joint Organisations, the scale would allow for efficiencies.	Reliant on NSW State Government.	Reliant on NSW State Government.	Reliant on NSW State Government.
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How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service Management	Sustainability
Streamlining these processes to the Joint Organisation will result in reduced duplication and resourcing for each of the councils involved.		

3.1 How will your council become/remain Fit for the Future?

Option 6: Service review				
Proposal	Implementation	Proposed milestones	Costs	Risks
CURRENT / CONTINUING				
Council has prepared a budget with a balanced cash result for 2015/2016.	<p>In preparing its annual budget for 2015/2016, Council set a target to have a balanced cash results.</p> <p>This has been achieved by reducing discretionary spending, assessing service levels in the community services area, and rationalising some maintenance levels on community facilities (such as mowing).</p>	Operate within budget constraints.	Generated a \$161,000 surplus in the 2015/2016 budget.	Over expenditure in Council's operations will effect the outcome.
<p>Sale of surplus assets</p> <ul style="list-style-type: none"> • Parks and open space • Buildings • Council housing 	Council has recently undertaken a process of rationalisation of council owned buildings, facilities, and open space, and identified some surplus assets that can be sold.	Sale of Tingha RTC, Council Owned Flats, and one of the Council Owned Houses.	One-off income generation of estimated \$563,000.	Loss of community owned infrastructure that could potentially be required in the future. Purchase of the assets back would mean significant losses to Council.
Rationalise open space and consider for direct sale or development opportunities	<p>Review service levels and adjust asset management plans to reflect the community's requirements for open space.</p> <p>Where identified, sell surplus open space or utilise space for development</p>	To be determined in accordance with asset management review.	To be determined in accordance with asset management review.	Nil.

	opportunities.			
Rationalise Council's road network and establish levels of service based priority	Council has begun discussions with rural locality ratepayer groups in the Shire to review service levels and adjust asset management plans to reflect the community's requirements for the road network.	To be determined in accordance with asset management review.	To be determined in accordance with asset management review.	Some challenges with equity of service levels in consultation with the community.
Implement a more affordable website service thus reducing the annual fees	A new website will be launched on 1 July 2015, in order to reduce the annual fees. The cost savings as a result of this project are approximately \$5000/year.	To be launched on 1 July 2015.	\$7000 initial cost for development of the new website paid in 2014/15. Annual fees from 2015/16 forward are reduced to \$500.	Nil.
RESOLVED FOR ADOPTION				
Service review in 2017 to reduce expenditure by \$100,000 followed by another service review 5 years later (2022) with the aim to reduce expenditure by another \$100,000	Council will undertake additional service level reviews and work with the community to identify reductions to expenditure.	Prepared for 2016/2017 budget.	Over the long term financial plan this is a saving of \$200,000.	Lack of support from the community.

Review of user fees and charges to attempt a more cost recovery model of fees and charges.	This will be reviewed in 2015/2016 in preparation of the 2016/2017 annual fees and charges set by Council.	Prepared for 2016/2017 budget.	This review will allow Council to critically assess its user fees and charges, and reduce the amount that is being subsidised by the general fund.	Lack of support from the community.
Leasing of sporting and recreation grounds	Council will engage the Guyra Sports Council to develop a process for leasing of sporting and recreation facilities. These stakeholders have been notified of Council's intention to lease these facilities and are working within their own clubs to identify potential opportunities.	In accordance with the service review in 2017.	Reduction to council's operating expenditure through reduced maintenance costs such as mowing.	Sporting and recreation grounds may not be kept to the standard currently provided by Council. These arrangements will be managed in accordance with the lease agreements.
Develop a 'Friends of the Library' program to encourage and utilise volunteer resources	This program will engage users of the library to volunteer their time to assist with the delivery of programs and general operational activities, thus reducing Council's reliance on casual staff.	Programmed in the 2015/2016 Operational Plan.	Nil, some minor savings to be obtained through use of volunteer services.	Nil.
Encourage ratepayers and residents to change their garbage service from 240L to 140L, reducing their rates, Council's landfill costs, and reducing environmental impact	This activity will reduce annual waste management fees for ratepayers, encourage recycling, and reduce Council's landfill associated costs.	Undertake an education and promotional program over 2016/2017 to encourage this activity, with the view to cease the provision of large bins by 2020.	This activity will be provided in the 2016/2017 budget. This will reduce Council's landfill associated costs by approximately 30%.	Lack up adoption by the community. Potential area for forced change by 2020.
FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES				

Crowdfund community driven improvements to facilities and infrastructure	Concept only.
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How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service management	Sustainability
Sustainability is achieved through reductions to Council's operating expenditure and generating recurrent revenue through opportunities that present.	The service review to be undertaken in 2017 will provide savings of \$100,000. This reduction to Council's annual maintenance / operating costs allows Council to inject these funds into asset renewal and replacement programs and thereby reduce our infrastructure backlog.	<p>The proposed activities will improve Council's operating performance ratio and own source revenue ratio, which has a flow on effect of providing much needed funds to keep our maintenance levels high and therefore reducing a backlog of renewals for major assets.</p> <p>A balance budget approach ensures that Council has given due consideration to the true cost of each service and has adjusted service levels in non-core functions to address the operating performance going forward.</p> <p>Council will increase user fees and charges in order to enhance its performance against the own source revenue benchmark.</p>

3.1 How will your council become/remain Fit for the Future?

Option 7: Additional options identified by the council				
Proposal	How will it be achieved /Implemented	Proposed milestones	Costs	Risks
CURRENT / CONTINUING				
Utilise emerging technologies to enhance Council's ability to undertake activities and processes in a more efficient / automated way	Continued development and application of available technologies to streamline Council process and services.	As available.	Dependant on specific requirements.	Lack of internal adoption.
RESOLVED FOR ADOPTION				
Permanent 30% Special Rate Variation under Section 508(2) of the Local Government Act 1993.	Council has identified, in its 2015-2016 Operational Plan that it will apply for a Special Rate Variation to be implemented in 2016-2017. Council consulted with the community on this matter as part of the Fit For the Future process.	Application / consultation period: Oct 2015 - Feb 2016 Submit application to IPART Feb 2016 Apply the 30% variation to rates	\$140,000 budgeted in the 2015-2016 annual budget for the application process. Increased revenue of \$1.103m annually from 2016/2017.	Rejection of the Special Rate Variation application by IPART.
Comprehensive review of Integrated Planning and Reporting Framework, particularly in relation to improved asset management plans, workforce strategy, and resourcing strategy in accordance with commitments made through the Fit For the Future process.	Undertake complete review over 2016, and develop plans to be adopted by newly elected Council in 2017, in line with Council's IP&R cycle.	Adoption in June 2017.	Council has committed adequate staff resources to undertake these tasks. The continued engagement of an asset management based engineer will assist with the asset management strategy.	Nil.

FUTURE PLANS FOLLOWING ARRANGEMENTS WITH THIRD PARTIES

Joint Organisation structure, as described in the Common Service Model proposal (Annexure 3) and Appendix 4.	Despite an unsuccessful application to be considered a pilot Joint Organisation, this group of councils have continued to work together to construct the framework for the future Joint Organisation. Working groups have been established and will evolve into the formal JO structure.	Councils to continue to work together to develop the framework following the release of the pilot program findings. Implementation in September 2016.	The NSW Government have committed \$300,000 for the establishment of each Joint Organisation. There will be ongoing, long-term, financial gains through effective regional management and service delivery, which cannot be calculated without consultation with the New England Joint Organisation.	Should Guyra Shire Council not be considered 'Fit' under the Rural Council proposal, and be forced to amalgamate with Armidale Dumaresq Council, our capacity to engage through this forum will be diminished. It will result in their being no representation for this area in the regional planning system. If legislation doesn't adequately mandate Joint Organisation arrangements there is a risk of these arrangements not being delivered effectively.
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How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service management	Sustainability
<p>Council has adopted an approach to continuous improvement by adopting emerging technologies that enhance the way Council operates. In the past, these changes have provided significant efficiencies and allowed Council to provide a larger range of services to the community.</p> <p>Council has been particularly successful with the development of its community engagement and can demonstrate our</p>	<p>The increased revenue gained by the permanent Special Rate Variation will result in a surplus in Council's budget. This surplus will be directly allocated to asset renewals to improve Council's infrastructure backlog.</p>	<p>The proposed 30% rate rise will provide a sustainable source of increased revenue, to the value of \$1.103m annually. This will have a significant affect on Council's performance against the own source revenue, thus reducing Council's reliance on external funding and ensuring that Council has a more secure and sustainable future.</p>

<p>success to other small councils, assisting them with developing effective community engagement practices, enhancing consultation throughout the local government sector.</p>		
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3.2 Rural Council Action Plan

Action plan (Appendix 1)	
Actions	Milestones
1. Continue to purchase the following: IT Services, Finance and Accounting Services, Fleet Management Services, Human Resource functions	Continued arrangements
2. Resource sharing within internal Council functions, through renovations to combine the library and customer service	Plans prepared: July 2015 Seek quotations: August 2015 Work to be completed: October 2015
3. Apply for a 30% Special Rate Variation	Prepare application for Special Rate Variation in consultation with the community Oct 2015 – Feb 2016
4. Service reviews across the organisation	Service reviews to be undertaken over 2015/2016 financial year with changes to be implemented in 2016/2017. Consideration to be given to functions that could potentially be provided through the Joint Organisation.
5. Develop opportunities for other revenue sources; increase user fees and charges, sale of effluent, sale of surplus assets, development of business units.	Review to be implemented in 2016/2017.
6. Comprehensive review of Integrated Planning and Reporting Framework, particularly in relation to improved asset management plans, workforce strategy, and resourcing strategy in accordance with commitments made through the Fit For the Future process.	Review to be completed and developed for adoption in June 2017, particularly in relation to asset management and depreciation values, community expectations, and service levels..

Outline the process that underpinned the development of your action plan.

Council undertook a rationalisation process to:

- Review the current services provided by Council
- Determine commonalities between services that are run by other Local Government or community organisations within the region
- Evaluate the exceptional services and programs that each of the councils in the New England region operate and coordinate
- Understand the aspects that are most significant and relevant to the entire Guyra Shire community
- Establish a framework for delivery of services that meet the needs of the community

Council also undertook a complete review of its Asset Management Plans, to better reflect the current asset conditions and maintenance / renewal requirements.

As Council's financial resources are operated through shared service arrangements (Appendix 10), adequate resourcing for the financial modelling could not be completed in-house. Council engaged an independent contractor and received external assistance from Morrison & Low. Morrison & Low were on the panel of technical experts recommended by the Office of Local Government for the Fit For the Future process.

Our relationship manager provided support for understanding the process involved and assisted with clarification on a number of issues raised. This assistance ensured that Council was completing our submission in accordance with the guidelines set by the Office of Local Government.

Despite not being selected as a Pilot Joint Organisation, representatives of the New England region continued to work together to develop intercouncil relationships and to share knowledge and information about the Fit For the Future process.

The action plan was also developed in accordance with community needs and desires following an extensive community consultation process, outlined in section 3.3 of this proposal and Appendix 5 that involved collaboration and engagement with a number of key stakeholders and groups, and widespread community consultation. Appendix 5 details the community engagement process that was undertaken, and the results of this engagement.

3.3 Community involvement

This process gave Council an opportunity to deliver extensive community consultation in light of the Fit For the Future reform. Community Engagement was one of the most important factors in developing our submission and a summary of results is included Appendix 5.

The Community Engagement Strategy involved:

- Meetings with stakeholders
- Utilisation of the Reference Group
- Public Forums in each of the towns and villages
- Surveys
- Online portal – www.myguyra.com
- Engagement and discussion facilitated by social media
- Mail-out flyers to every household in the Shire
- Internal consultation with staff groups, consultative committee, and Councillors
- Listening posts
- Mobile App

The strategy involved robust consultation and empowerment of the community, and the results evidenced strong community support for Council's decision.

The most conclusive results were obtained through the comprehensive survey and the 3 polls conducted at each of the community forums. In addition to this quantitative analysis, Council also received submissions including comments on the draft proposal which was available to the community between 25 May 2015 and 22 June 2015.

There were 248 responses to the community survey, 403 registered attendees at the community forums, and 62 other submissions received throughout the process.

The survey asked the community which was their preferred option under FFF, with 64% of respondents selecting Rural Council, 22% preferring Council Improvement, and only 14% indicated that they would prefer a merger scenario.

Of those that selected a merger scenario, 27% preferred a larger, regional, amalgamation, 20% supported an amalgamation with Armidale, 20% with Armidale and Uralla, and the balance selected other options. Community views were further clarified by the poll conducted at the public meetings which showed almost unanimous objection to a merger with Armidale Dumaresq Council.

Overall, from all survey respondents, if a forced merger situation occurred, there were not conclusive results for a preferred option. The most support for any one option was only 17% - a merge with Inverell Shire Council. These results are provided in more detail in Appendix 5 pp. 19-28.

The survey asked respondents "Do you support the recommendation for Guyra Shire Council to amalgamate with Armidale Dumaresq Council?" to which 85% did not agree, 9.5% supported the recommendation, and 5.5% did not know. This question was also asked of the attendees at the community forums; evidence of their

response was photographed and is included in the summary of results, Appendix 5, pp. 16-17).

While the community generally did not support reform in the kind prescribed by the Independent Local Government Review, they did support Council's application to complete the Rural Council template, and were willing to explore changes to Council's operational and governance management. This assisted Council in developing this proposal, with suggestions and ideas from the community being incorporated into the final action plan.

When asked if respondents of the survey would support a 30% rate rise in order to become sustainable and independent as a Rural Council: 69% of respondents said yes, 16% said no, and the balance were unsure. This level of support for a rate rise is unprecedented for Guyra Shire Council and provides Council with confidence that the community's priority is to retain independence. A clear majority also supported changes to governance structures and other revenue sources, while significantly fewer responses supported reductions in service levels. Further details on these results are contained in the summary report, Appendix 5, pp. 19-28.

3.4 Other strategies considered

Council considered all options available under the Fit For the Future reform. This process gave consideration to the 'Criteria for Determining Future Local Government Boundaries' as detailed in the Independent Local Government Review Panel's Final Report *Revitalising Local Government*, p. 76.

The process involved first considering the preferred recommendation made by the Independent Local Government Review Panel - to amalgamate with Armidale Dumaresq Council. Consistent with the reform process, and in expansion of Council's alternate recommendation (to form the New England Joint Organisation), Council also considered and proposed a larger regional amalgamation with the 7 local government areas within the identified New England footprint. The template for a Council Merger Proposal requires that the merger be endorsed by all councils within the proposed merger group. As this was not able to be achieved, neither amalgamation option was achievable, as outlined below. Council then considered the two options available for remaining as an autonomous local government authority, either through the Council Improvement or Rural Council proposals.

Extensive research has informed and guided Council's decision process in respect of the Fit For the Future reforms. Details of these sources are provided at the end of this submission.

MERGER WITH ARMIDALE DUMARESQ COUNCIL

The preferred recommendation by the Independent Local Government Review Panel was an amalgamation between Guyra Shire Council and Armidale Dumaresq Council. This option was originally considered by both councils and agreed that the financial benefits to this proposal were not substantial enough to negate the desire for autonomous decision making. Armidale Dumaresq Council then conducted additional in-house calculations that provided information regarding the comparative rates under a potential merger scenario. These calculations reported a nil effect on

most rating categories, with the exception of farmland, which would result in an increase for Guyra Shire ratepayers. While these factors were important considerations for Council's final decision, our ratepayers have indicated strong support for a 30% rate rise in order to remain an independent Rural Council. Under these circumstances, Council has been able to quantify the community's desire to remain autonomous and have local representation.

The report developed by Regional Development Australia Northern Inland on the Economic Impacts of Local Government Amalgamations (Appendix 9) provides additional analysis into the economic impacts on the wider community as a result of amalgamations, not just the financial impacts on the councils. This report explains the affect of reduced capital expenditure in the region, estimating that a loss of \$0.99m of additional GRP and 9.7 jobs would be lost for every \$1m of capital expenditure lost from the region as a result of amalgamation.

The efficiencies gained through shared services and a more regional approach to future governance is considered superior to the merger situation for both communities. This is explained in more detail in Appendix 3. As explained in the report, a New England Joint Organisation offers a much cheaper and more effective manner of achieving scale and capacity without sacrificing the social and cultural aspects of local governance in a small community.

Another contributing factor was a lack of community support for this merger scenario.

REGIONAL COUNCIL MERGER

Council was prepared to undertake a merger business case on a regional scale, as we believed this would demonstrate real reform for local government in NSW. Empirical evidence has indicated that on this scale significant efficiencies could be achieved by the local government sector. Council approached the 7 councils in the New England region and invited them to attend a facilitated meeting in Guyra in January 2015 to garner support for this concept of a regional council. Representatives from all 7 of these councils attended the meeting, however, this proposal did not receive support from other councils and thus a merger business case could not be prepared.

In response to this, the councils have continued to develop the case for the New England Joint Organisation, which over time will evolve to encompass some of the efficiencies that would have been resultant of the larger merger scenario. In order for Guyra Shire Council to continue to have an opportunity to represent our constituents in this regional form, Guyra Shire Council must remain an autonomous local government entity. As such, it was resolved to complete the Rural Council template, gaining efficiencies through operational changes and through effective arrangements with neighbouring councils and other entities.

COUNCIL IMPROVEMENT PROPOSAL

Council deliberated on completing the Council Improvement Proposal in contrast to the Rural Council Proposal. This process involved extensive financial modelling and the investigation of opportunities available through each of the proposals. The Council Improvement proposal required Council to deliver substantial efficiency gains through its current structure, which was recognised by Council as generally unachievable. As a small rural council it is evidenced that our future sustainability is

reliant upon opportunities to scale up through effective regional models.

RURAL COUNCIL PROPOSAL

The report tabled at the 27 April 2015 Ordinary Meeting of Council forms part of this submission (Appendix 6) and outlines the factors that contributed to Council's decision to complete the Rural Council template.

It is considered that this proposal is broadly consistent with the recommendation made by the Independent Local Government Review Panel, by adopting the alternative recommendation and forming the New England Joint Organisation. This proposal allows Guyra Shire Council and other councils in the New England region to deliver on efficiencies through effective sharing of resources to achieve sustainability, efficiency, and effectiveness, as detailed in this submission. The Joint Organisation structure will give all councils in the New England Region credibility for more effective advocacy and make the region as a whole a capable partner for State and Federal agencies.

The Rural Council proposal also afforded Council the opportunity to explore more innovative practices to deliver services to the community.

Council also considered a number of other activities for inclusion in the Rural Council proposal; however various factors influenced their inclusion in the final submission. As this process matures and evidence of gained efficiencies is provided, Council will continue to deliver an innovative development plan, which may encompass some of the activities that have been omitted from this proposal. These alternative options are outlined below:

- Reduce the number of Councillors from 6 to 5 – this option was not resolved as further evidence of the financial gains is required and there are potential implications resulting from a reduced quorum to only 3 members.
- Seek private investment of the Guyra Preschool and Long Day Care Centre – as this service is currently operating break-even, it is not considered to provide any direct financial gain. Should circumstances change and opportunities arise for this opportunity to be explored it may eventuate in the future.
- Shared administration – Council is willing to further expand its shared services function by incorporating other function areas into this arrangement. A report was prepared outlining opportunities for specialist engineering services to be delivered through shared service arrangements. However, in light of the potential opportunities for this to be delivered through the Joint Organisation, no further development has progressed to adopt this option.

Section 4: Expected outcomes

4.1 Expected improvement in performance

Measure/Benchmark	2014/15	2015/16	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22	2022/23	2023/24	Total improvement over 10 years
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-20%	-13%	1%	1%	0%	0%	0%	0%	0%	0%	20% change
Own Source Revenue Ratio (Greater than 60% average over 3 years)	52%	44%	77%	77%	77%	77%	77%	77%	77%	77%	15% change
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	149%	124%	132%	141%	100%	100%	100%	100%	100%	100%	49% change
Infrastructure Backlog Ratio (Less than 2%)	6%	5%	4%	3%	2%	2%	2%	2%	2%	2%	4% change
Asset Maintenance Ratio (Greater than 100% average over 3 years)	106%	106%	106%	106%	100%	100%	100%	100%	100%	100%	6% change
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	7%	6%	7%	6%	6%	6%	5%	5%	5%	5%	2% change
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	2,123	1,977	2,086	2,062	2,169	2,204	2,157	2,144	2,188	2,169	% change

4.2 Factors influencing performance

Reliance on Funding

As detailed by IPART in its submission to the Independent Local Government Review Panel, the redistribution of funding allocations to small rural councils would go a long way towards assisting councils to achieve financial sustainability.

Cost Shifting

Guyra Shire Council has inherited a number of functions over time, in order to ensure their remaining available to our community.

There are a number of examples of this type of devolution, which has impacted on Council's ability to meet infrastructure backlog demands and asset renewal costs.

- Guyra Preschool and Long Day Care, which was historically operated as a private enterprise, to prevent closure, Council was required to take on this service from 1 January 2009. This service has been running at a loss; however this has been steadily reducing, and in 2014/2015 was operated at cost-neutral.
- Kolora Residential Aged Care was originally operated by a community board; Council inherited this function as they were unable to meet regulatory requirements. Currently operates at a loss of approximately \$200,000 per annum, this is a result of rising employee costs.
- Home Support Services has recently suffered a substantial reduction in funding. This service has been operating at a cost of \$90,000 to Council per annum.
- Library services traditionally received 50% funding from the NSW State Government. This has reduced to 15% for Guyra Shire Council in 2014/2015. It currently costs Council \$180,000 to provide this service.
- Other services that are funded and/or supported by local government include:
 - Rural Fire Services
 - State Emergency Services
 - Weeds

Asset Management

Depreciation and infrastructure backlogs have been recalculated using a far more rigorous approach than previous assessments. This has been corrected in accordance with Fit For the Future reviews leading to a more realistic assessment. Council has also done extensive work to address its shortfalls identified in the on-site audit conducted as part of the NSW Local Government Infrastructure Audit in 2013. This has been modelled under an approved formula from the Office of Local Government, by Morrison & Low.

Council has committed to 2 significant capital expenditure projects, both financed by low interest loans - the construction of a new aged care facility and capital works on a regional road. These projects are reflected in the benchmarks and, because they are unusually large and wouldn't ordinarily have been programmed within a 10 year financial plan, they are indicating a short term impact on Council's financial position.

The community want to retain current service levels and have indicated support for a 30% rate rise to accommodate this.

Rate Pegging

Historically the Guyra Shire Council have not imposed the rate-pegging increases to ratepayers in years where the local economy has been affected by drought and other limiting factors, as the

Council of the time were concerned with ratepayers capacity to pay. This has had a compounding impact.

Additionally, TCorp's projections for operating results (Appendix 2, p. 18) were forecast to decline in 2015, due to the expiration of the Special Rate Variation. Council was, however, successful in its application to secure the previous SRV permanently, which has improved Council's financial position than what was predicted by TCorp.

Miscellaneous

- Red tape and regulations imposed by higher tiers of government that require significant levels of resourcing, such as Integrated Planning and Reporting, Fit For the Future submission, Special Rate Variation applications (estimated cost of 3% of the rate base), swimming pool regulations, companion animals, septic tank inspections, etc.
- Inability to include the profitable operations of water and sewer in determining Fit for the Future benchmarks.

Section 5: Implementation

5.1 Putting your plan into action

Council has incorporated the Fit For the Future action plan into its Integrated Planning and Reporting framework. Conversely, the Integrated Planning and Reporting framework has instructed the development of the Fit For the Future proposals. Council has committed to a full review of its IP&R documents over the next 12 months, resolving:

“That Council undertake a comprehensive review of its Integrated Planning and Reporting, including the Community Strategic Plan, Asset Management Plan, and Resourcing Strategy, over the next 12 months, in line with the Fit For the Future Reforms; and that the strategies developed in the Fit For the Future proposal be incorporated into the IPR.”

Each activity identified has associated benchmarks and timeframes, which will be reported to Council through regular IP&R reporting practices.

Council is the responsible authority for ensuring adequate resources are allocated to the proposal.

The General Manager has accepted delegation for the management of operational activities detailed in this proposal and will be accountable for the goals set by the Council throughout this process. However, all staff members of Guyra Shire Council have been involved in the process and effective teamwork has been enacted to ensure success of the entire organisation. This will be achieved through regular and effective communication, reporting, and further development and adoption of innovative practices.

The Fit For the Future process will give Council an opportunity to apply for funding through the Rural Council Innovation Fund to develop the business model for the ‘Virtual Administration’ business unit.

Section 6: Appendices

Appendix 1 – Fit For the Future Action Plan and Financial Modelling

Appendix 2 – TCorp – Financial Assessment and Benchmarking Report – Guyra Shire 2013

Appendix 3 – Guyra Common Service Model Report

Appendix 4 – New England Joint Organisation

Appendix 5 – Fit For the Future – Summary of Community Engagement Results

Appendix 6 – Ordinary Meeting of Council – 27 April 2015 – Report – Fit For the Future

Appendix 7 – Submissions made by Guyra Shire Council – Fit For the Future

Appendix 8 – 2013 Infrastructure Audit – On-site Audit – Guyra Shire Council

Appendix 9 – Issues Paper – Economic Impacts of LG Amalgamations – 9 June 2015

Appendix 10 – Shared Services Agreement – Guyra Shire and Armidale Dumaresq Councils

Section 7: References

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