

RP/JCC

15 December 2014

Mr Mark Liebich  
Mayor  
Weddin Shire Council  
Po Box 125  
**GRENFELL NSW 2810**

Dear Mark

I write in regards to the Fit for the Future Local Government reforms and the preparation of our prospective submissions.

As you are aware the Independent Panel Report to government recommended a merge between Forbes Shire and Weddin Shire Councils. The response from the NSW government is that Councils are required to submit to the Minister how they will become Fit for the Future taking into consideration the Independent Panel's recommendations.

Forbes Shire Council officers have commenced preparation of a submission and Council has resolved to write to you to gauge your interest in participating in an independently facilitated discussion regarding the opportunities for our communities from these reforms. It is with this in mind that I suggest a meeting between ourselves, our Deputy Mayors and our General Managers early in the New Year.

I understand the Office of Local Government has retained professional facilitators for such a discussion between councils and if you think a facilitated discussion would be worthwhile then perhaps your General Manager and our General Manager could make the arrangements.

I look forward to hearing from you to commence discussions that prove positive for both our communities.

I would also like to take this opportunity to wish you all a very Merry Christmas and a Happy New Year.

Yours faithfully

Cr Ron Penny  
**MAYOR**



To Avoid Delay When  
Replying or Telephoning

Please Quote

## WEDDIN SHIRE COUNCIL

Correspondence to be addressed to  
The General Manager  
Camp Street or P O Box 125  
GRENFELL NSW 2810

Tel (02) 6343 1212  
Fax (02) 6343 1203  
Email [manager@weddmnsw.gov.au](mailto:manager@weddmnsw.gov.au)  
Website [www.weddmnsw.gov.au](http://www.weddmnsw.gov.au)  
ABN 73819323291

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28 April 2015

Dear Sir

**NOTICE** is hereby given that a **MEETING** between **FORBES SHIRE COUNCIL** and **WEDDIN SHIRE COUNCIL** will be held at Weddin Shire Council on **FRIDAY, 15 MAY 2015**, commencing at **11.00 AM** to discuss Local Government Reform.

The agenda is as below.

Yours faithfully

GLENN CARROLL  
GENERAL MANAGER

### AGENDA

1. Present
2. General Business
  - Each Council's position and future direction in regards to Local Government Reform-Fit for the Future
  - Amalgamation option – possibility needs to be fully assessed:-
    1. Benefits
    2. Loss of identity
    3. Effect on employment
    4. Effects on services
    5. Effect on rates
  - Stand alone option or Rural Council option – possibilities for both Councils:-
    - Resource sharing
    - Bulk purchasing
    - Training
    - RMS Contract – joint approach
3. Mid Lachlan Alliance (MLA)- future
4. Closure



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Camp Street or P.O. Box 125  
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ABN 73 819 323 291

ML:KB:C2.10.9

24 December 2014

**FOR INFORMATION**

Cr Ron Penny  
Mayor  
Forbes Shire Council  
PO Box 333  
FORBES NSW 2871

Dear Ron

### REFERENCE: FIT FOR THE FUTURE

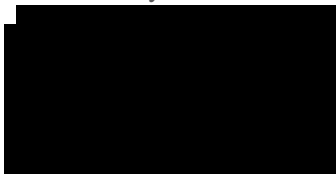
Reference is made to your recent letter in regard to the above and I am writing to advise your offer to participate in a discussion has been accepted on the following basis:

- that Forbes Shire be advised that Weddin Shire Council vehemently opposes amalgamations;
- that Forbes Shire be advised that Council is prepared to discuss various opportunities such as resource sharing, purchasing and training whereby each organisation would still be able to gain efficiencies and economies of scale which would assist Weddin Shire to stand alone as an independent Council in the long term;
- a professional facilitator not be utilised.

It would be appreciated if you could advise of a proposed date for the meeting.

We will await your reply.

Yours faithfully



MARK LIEBICH  
MAYOR



## Weddin Regional Group Options

The Independent Local Government Review Panel recommended...

**Bland** to be a Council in Riverina Joint Organisation or potentially merge with Coolamon and/or Temora

**Cowra** to be a Council in Central West Joint Organisation or potentially merge with Weddin

**Forbes** to be a Council in Central West Joint Organisation or potentially merge with Weddin

**Weddin** to establish a Rural Council in Central West Joint Organisation or potentially merge with Cowra or Forbes

**Young** to be a Council in Tablelands Joint Organisation or potentially merge with Boorowa and Harden

*NB: Data for this Options paper has been drawn from a number of sources including: ABS population figures, DPI population projections, ILGRP Reports, TCorp analysis of councils, and information submitted by local councils in annual returns. All data used is publicly available. The data should be used as a guide only for assessing the councils' size and financial challenges.*

### Weddin Regional Characteristics

	Weddin Regional Group	Bland	Cowra	Forbes	Weddin	Young
Geographical Area (km2)	22,191	8,560	2,809	4,720	3,409	2,693
Population 2013	44,635	6,055	12,622	9,526	3,730	12,702
Projected population 2031	42,900	5,500	11,700	9,200	3,500	13,000
No of Councillors	n/a	9	9	9	9	9
Population per Councillor	n/a	672	1,402	1,058	414	1,411
Electoral Arrangements	n/a	No wards. 9 councillors. Mayor elected by council	No wards. 9 councillors. Mayor elected by council	No wards. 9 councillors. Mayor elected by council	No wards. 9 councillors. Mayor elected by council	No wards. 9 councillors. Mayor elected by council
Average Taxable Incomes (\$)	\$33,178	\$32,124	\$33,910	\$34,242	\$30,621	\$34,997
Socio Economic Index Ranking (1 = low , 152 high)	n/a	77	24	44	52	42





# Weddin Regional Group Performance Measures ...

## Financial Sustainability

	Bland	Cowra	Forbes	Weddin	Young	
Sustainability Rating	Weak	Sound	Moderate	Moderate	Sound	
Outlook	Neutral	Negative	Neutral	Negative	Negative	

## Performance

	Bland	Cowra	Forbes	Weddin	Young	
Operating Ratio (%)	(2.3)	(5.7)	(5.2) (9.8)	(4.3)	11.5	RC Template
Debt Service Cover Ratio	14.7	1.3	3.5 3	177	6	RC Template
Unrestricted Current Ratio	5.4	2.8	10.5 5.8	7.1	3.1	
Own Source Operating Revenue Ratio (%)	33	72	62 65.7	55	54	RC Template
Cash Expense Ratio	2.7 months	8 months	10.9 months	10.5 months	17.6 months	

## Infrastructure

	Bland	Cowra	Forbes	Weddin	Young	
Infrastructure Backlog Ratio (%)	0.9	4.7	4.1 4	3.4	15	RC Template
Asset Maintenance Ratio	0.7	0.8	1.1 1.1	0.7	0.7	RC Template
Roads, Bridges and Footpaths (\$ per capita)	\$2,216	\$376	\$852	\$1,007	\$292	
Building & Infrastructure Renewal Ratio (%)	41	52	47 61	48	268	RC Template

## Observations

- TCorp has assessed one of the Councils with a weak financial sustainability rating, two moderate and two sound. Five of the six councils have a negative outlook meaning there is potential for deterioration in the Councils' capacities to meet their financial commitments both short and long term.
- No Councils have achieved a TCorp positive outlook.
- Most Councils have a high reliance on grants with only two Councils meeting the TCorp benchmark. A number are running deficits. Returning regular surpluses are important for Councils' in building a platform for a viable financial future and investing in the Infrastructure backlog which most Councils are experiencing challenges with addressing.

## What do the ratios mean?

Sustainability rating and Outlook derived from 2013 TCorp Report

Operating Ratio (NSW RC average is 7.8%)

Benchmark = Better than negative 4%. Measures a council's ability to contain operating expenditure within operating revenue.

Debt Service Cover Ratio (NSW RC average is 37.6)

Benchmark = Greater than 2.0. Measures the availability of cash to service debt including interest, principal and lease payments

Unrestricted Current Ratio

Benchmark = Greater than 1.5. Specific to Local Government, designed to represent a councils ability to meet debt repayments as they fall due.

Own Source Operating Revenue Ratio (NSW RC average is 42.5%)

Benchmark = Greater than 60%. Measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions.

Cash Expense Cover Ratio (NSW RC average is 9.5 months)

Benchmark = Greater than 3 months. Indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.

Infrastructure Backlog Ratio (NSW RC average is 7%)

Benchmark = Less than 2%. Shows what proportion the backlog is against total value of a council's infrastructure

Asset Maintenance Ratio (NSW RC average is 0.87)

Benchmark = Greater than 1. Measures actual spending on asset maintenance, compared to required spending.

Building/Infrastructure Renewal Ratio (NSW RC average is 96)

Benchmark = Greater than 100. Measures the rate of asset renewal versus rate of depreciation.





## Weddin Regional Group Options ...

### Regional outlook

All five councils are facing infrastructure challenges into the future. Only Forbes has a neutral FSR outlook. A collaborative arrangement may help to improve own source revenue options for the group and provide a regional perspective on service delivery.

The area relies heavily on agriculture for its economic stability. This means that Councils and communities within the area are subject to the seasonal and economic fluctuations that define this industry. Extreme weather events, changes in commodities pricing and farming practices can impact significantly.

Five of the six LGA's are expected to see continued population decline.

TCorp also predicts declining financial sustainability for most Councils within the area and increasing infrastructure backlogs.

### Financial Data

Revenue Source	Bland	Cowra	Forbes	Weddin	Young
Average Residential Rates	\$423	\$382	\$622	\$381	\$528
Average Business Rates	\$960	\$2,628	\$2,374	\$786	\$2,625
Average Farmland Rates	\$2,451	\$1,428	\$2,107	\$1,216	\$1,912
Average Mining Rates	\$407,500	\$76,000	\$0	\$4,000	\$18,000
Total Revenue 12/13 (000's)	\$27,438	\$31,039	\$33,886	\$12,858	\$30,038
Grants/Contributions (%)	63	23	31	41	40
Typical Residential, Water & Sewer Bill (including usage)	\$598	\$1,467	\$914	\$297	\$1,278
Average Domestic Waste Management Charge	\$237	\$396	\$296	\$180	\$143





## Weddin Regional Group Options ...

### Infrastructure management

Although infrastructure backlogs for the grouping are substantial, they are not totally out of character with other regions in NSW. All Councils need to ensure they have sound planning processes to ensure that the community's assets are managed efficiently and effectively. Asset management planning should have a service delivery focus and the assets provided should be appropriate to meet the needs of the community. A collaborative approach via a Joint Organisation model which are currently being piloted in five regions of NSW may help to address regional infrastructure issues more holistically. The NSW Government's LIR's scheme may provide assistance for Council's with the capacity to increase borrowings.

### Current asset position

While roads and bridges make up the major asset classes for all councils, there are also substantial water and sewerage assets within the grouping. Young receives bulk supplies from Goldenfields Water for Council distribution. Bland receives direct services from Goldenfields Water with Weddin receiving direct services from Central Tablelands Water. Young and Cowra manage their own supplies.

	Bland	Cowra	Forbes	Weddin	Young
Total Roads Length (KM's)	3,093	1,271	1,869	1,094	1,175
Total Public Halls (No)	2	1	1	0	8
Total Open Space (ha)	1,750	48	48	12	152
Total Infrastructure Backlog (TCorp 000's) 2012	\$15,254	\$10,229	\$11,946	\$9,645	\$34,395
Infrastructure Backlog Per Capita	\$2,534	\$816	\$1,261	\$2,583	\$2,748
Total Assets 2012 (TCorp 000's)	\$234,180	\$616,506	\$344,497	\$151,636	\$173,577
Assets per capita	\$38,913	\$49,218	\$36,374	\$40,610	\$13,871
Access to Internet at home (%)	62	57	60	64	62

### Accessibility

Consideration should always be given to distances when developing options for shared service delivery, any mergers or boundary changes. Main journey distances and travel times are shown.

Journey	Distance	Travel time
Grenfell – West Wyalong	104 k's	77 minutes
Grenfell – Cowra	55 k's	42 minutes
Grenfell – Forbes	64 k's	49 minutes
Grenfell – Young	52 k's	55 minutes





## Weddin Regional Group Options ...

### Stronger centres, stronger voice

#### **Regional services and planning**

The grouping fits between a number of Regional Action Plans. Cowra, Weddin and Forbes reside within the Central West RAP. Young is included in the South East RAP and Bland in the Riverina RAP. The proposed Joint Organisation model could provide a strong voice in this process and help to connect council's integrated planning and reporting frameworks with the State planning processes.

The grouping is also spilt between Regional Development Plans, with Cowra, Forbes and Weddin being in the Central West RDA planning area. Young is in the Southern Inland Plan and Bland in the Riverina Plan. Similarly, the grouping covers three Local Land Services Boundaries, with Bland being included in the South West Riverina, Cowra and Young in Central Tablelands and the remainder in the Central West.

#### **Health Services**

The grouping is spilt between two Local Health Districts, with Young and Bland being in the Murrumbidgee District and the remaining Councils in the Western NSW Health District.

#### **Water supply**

Young receives bulk supplies from Goldenfields Water for Council distribution. Bland receives direct services from Goldenfields Water with Weddin receiving direct services from Central Tablelands Water. Young and Cowra manage their own supplies.

#### **Transport**

Councils within the grouping have limited access to public transport, with coach services to Cowra, Forbes and West Wyalong.





## Weddin Regional Group Options ...

### **Economic Development**

The regional economy is heavily based on agriculture, with cattle, sheep, wool, cereal and grain crops.

### **Demographics**

There are established community links between many of the LGA's in the grouping. The Joint Organisation model would allow these community links to be preserved while opening opportunities for more strategic service delivery.

Cowra had a higher rate of migration to and from Young than anywhere else. There has been movement between Parkes and Forbes with moderate cross-border flows connecting Lachlan with Parkes and Forbes. Bland and Weddin have connections both north(to Lachlan and Forbes) and south (to Temora and Young).

# Open Forum

Grenfell Weddin Shire (WSC)

27 April 2015



# Fit For The Future (FFTF)

- Responds to a NSW Govt requirement to review long term sustainability
- Requires the Weddin Council to:
  - Review its Assets condition and determine cost to retain (AMP) – Depreciation
  - Link AMP to a Long Term Financial Plan (LTFP)
  - Identify strategies for the LTFP to be sustainable

# Key Issues to being sustainable

- Low rate base
- Heavy reliance on uncertain grants
- Large road network not supported by rate capacity – an external cost
- Special Rate Variation (SRV) once off
- Cost shifting not funded by other spheres
- Assets renewal funding limited – focus on preservation over replacement



# Strategies for FFTF

- Improved strategic assets and Financial Management – link AMP to LTFP
- SRV approved and supports sustainable LTFP
- Improve internal systems and market test to ensure efficiency
- Streamline governance from 9-5 councillors and less formal meetings
- Utilise debt to:
  - ensure the people who use the service pay for it over time
  - To renew existing asset

# Collaboration

- By Building trust and goodwill WSC will work with Regional councils and the 10 other Rural councils and NSW Govt Agencies to:
  - Influence redistribution of Federal grants FAGs
  - Supply services to WSC; outsourced and direct
  - Improve skills input to planning and management
  - Share resources both staff and equipment
  - Streamline funding programs
  - True cost delivery of non-core services
  - Benchmark levels of service



# Councils current position

## SWOTE analysis

# Strengths

- Community identity is strong
- Low debt
- Provides labour to agricultural, aged and health and emerging mining sector
- Sound service delivery record:
  - Infrastructure
  - Emergencies
  - Non-core eg health and taxi service



# Weaknesses

- Financial capacity link to grants limiting maintenance and renewal of existing assets and service delivery
- Devolved State services impact funding
- None core services not funded externally
- Rate pegging has proved unsustainable
- Economies of scale are debilitating
- Systems are outdated & hard to attract staff

# Opportunities

- Improved strategic assets and Financial Management – link AMP to LTFP
- SRV approved and supports sustainable LTFP
- Improve internal systems and market test to ensure efficiency
- Streamline governance from 9-5 councillors and less formal meetings
- Utilise debt to:
  - ensure the people who use the service pay for it over time
  - To renew existing asset
- Collaboration with region and 10 Rural councils
  - Resource share
  - Plan and lobby
- Provision of aged services on fee for service basis



**MINUTES OF THE MEETING BETWEEN FORBES SHIRE COUNCIL AND WEDDIN SHIRE COUNCIL HELD ON FRIDAY 15 MAY 2015 COMMENCING AT 11.00 AM (C2.10.9/C2.9.5)**

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1. **PRESENT:** Clr Mark Liebich (WSC Mayor), Clr Phyllis Miller (Forbes Mayor), Mr Brian Steffen (Forbes General Manager), Glenn Carroll (WSC General Manager)

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2. **GENERAL BUSINESS:**

- Each Council's position and future direction in regards to Local Government Reform – Fit for the Future
  - **Weddin Shire Council** – pursuing the Rural Council – Template 3 option. Plan to work as part of the Central West Joint Organisation (JO) and also work collaboratively outside the JO with the other ten (10) proposed Rural Councils.
  - **Forbes Shire Council** – pursuing the stand alone – Template 2 option.
- Amalgamation option – possibility needs to be fully assessed:-
  - Benefits – it was agreed that there would not be one benefit for either community.
  - Loss of identity – it was agreed Councils would lose their identity in the event of an amalgamation.
  - Effect on employment – historically there have been jobs lost in an amalgamation which would be detrimental to both the Forbes and Weddin communities.
  - Effects on services – historically services lost as population declines. This then would have the effect of destroying the social fabric of our societies.
  - Effects on rates – rates would invariably increase dramatically particularly Weddin Shire's.

After critically assessing the amalgamation option it was agreed that the option was not appropriate for either Council.

- Stand alone option or Rural Council option – possibilities for both Councils were considered:-
  - Resource sharing – staff, plant
  - Bulk purchasing – such as bitumen contracts, plant and IT equipment could be undertaken resulting in massive savings.
  - Training – could be undertaken jointly i.e. RMS, purchasing and IT training.
  - RMS Contract – joint approach possible in the future.

3. **MID LACHLAN ALLIANCE (MLA) – FUTURE**

Both Councils agreed that with our limited resources, efficiencies and economics of scale could be achieved by participating in the Central West Regional Joint Organisation (JO).

4. **CLOSURE:** There being no further business to discuss the meeting closed at 12:31 am.