

# COROWA SHIRE

*... working with you to build a  
better future*



## INFORMATION PACK

NSW Government's **Fit for the Future** package  
and what this means for Corowa Shire

[www.corowa.nsw.gov.au](http://www.corowa.nsw.gov.au)



**Corowa Shire**

*...the choice*

## Message from the Mayor

Corowa Shire is currently facing some extremely important decisions about our future.

The NSW Government has released its final report for the 'Fit for the Future' program which requires most NSW Councils to consider amalgamations.

The recommended options for Corowa Shire have included amalgamation with adjoining Councils and to form a Joint Organisation.

Corowa Shire Council has held amalgamation discussions with neighbouring Councils and has also been assessing how we can become 'Fit for the Future' if we are to stand alone.

Council remains open to assessing amalgamation opportunities. At this stage, neighbouring Councils have indicated preferences which do not include an amalgamation with Corowa Shire. Therefore we are currently focused on preparing a submission as a standalone Council and working with the community to build a better future.

Some difficult decisions will need to be made regardless, to ensure the sustainability of this Council or any newly amalgamated Council.

I hope that you will take the time to provide Council with your feedback through the completion of the enclosed survey. Your important feedback will allow Council to understand what our community wants its future to look like.

Kind regards,



## Fit for the Future

### State Government Reform for Local Government

The NSW Government has been working with Councils since 2011 to achieve a shared vision of strengthening local communities. To have a strong future, strong Councils are needed to provide the services and infrastructure communities need.

Local Government has undergone a series of reviews which have led the NSW Government to determine that most Councils in NSW are not financially sustainable and that this situation is getting worse.

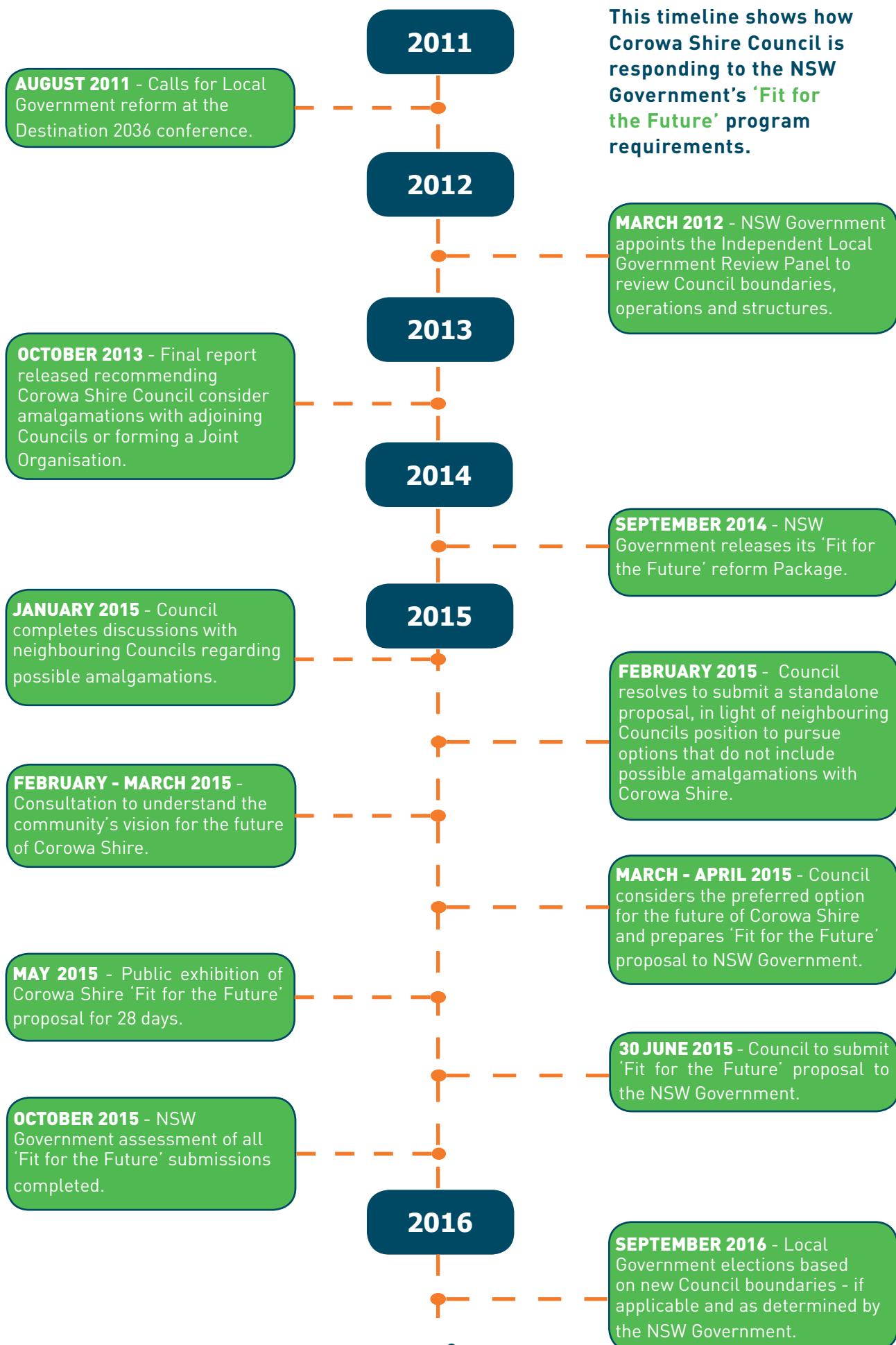
Whilst some Councils may be able to balance their budgets today, the NSW Government is concerned about building a system of Local Government which is also 'Fit for the Future' – where Councils are able to respond to increasing infrastructure and service level needs, adjust to the impact of changes in population and be able to fund these requirements from a Council's own sources of revenue.

The NSW Government believes that the current system of Local Government, with boundaries that were set over a hundred years ago, will not be able to meet the needs of growing and changing communities.

'Fit for the Future' sets out plans for major reform of Local Government and prescribes requirements for Councils to become more sustainable. The State Government strongly believes there is a need for the merging of many Councils in NSW and this is a major part of the 'Fit for the Future' program.

"We need to make these decisions together as a community."

Corowa Shire Mayor, Fred Longmire





## What is 'Fit for the Future'?

The 'Fit for the Future' program has proposed a large package of reform following a series of recommendations made by the Independent Local Government Review Panel.

Whilst most of the recent focus has been centred around Council amalgamation opportunities, the 65 recommendations within the report included other improvements to help Councils become 'Fit for the Future'. Some examples of these are:

- The redistribution of Financial Assistance Grants and some State grants in order to channel additional support to Councils and communities with the greatest needs.
- Either replace rate-pegging with a new system of 'rate benchmarking' or streamline current arrangements to remove unwarranted complexity, costs and constraints to sound financial management.
- Establish a Statewide borrowing facility to enable Local Government to make increased use of debt where appropriate.
- Maintain the Local Infrastructure Renewal Scheme (LIRS) for at least 5 years, with a focus on Councils facing the most severe infrastructure problems.

## Joint Organisation

The final report of the Independent Local Government Review Panel recommends that a number of regional groups be formed called Joint Organisations (JOs). This structure would allow a formal approach to regional collaboration and it is expected that the Joint Organisation would work together with existing Councils to support the following areas:

- Strategic regional and sub-regional planning.
- Inter-government relations and regional advocacy.
- Information and technical exchanges between member Councils.
- Activities of existing County Councils
- Regional alliances of Local Government water utilities.
- Road network planning and major projects.
- Collaboration with State and Federal agencies in infrastructure and service provision.
- Strategic procurement.
- Other joint activities specified in the proclamation, such as major infrastructure

- Commission IPART to undertake a whole-of-government review of the regulatory, compliance and reporting burden on Councils.

The full independent panel report can be accessed from [www.fitforthefuture.nsw.gov.au](http://www.fitforthefuture.nsw.gov.au)

The need for Councils to have the right 'scale and capacity' is a major focus of the review and has driven the large number of recommendations around amalgamations.

It is recommended within the report that Corowa Shire Council amalgamate with Urana Shire Council and form a Joint Organisation of Councils (Upper Murray).

All Councils must submit a proposal to the New South Wales Government by June 30 2015.

While Corowa Shire Council has been very open to exploring amalgamation opportunities, we do not currently have any partners to an amalgamation. Given this, Corowa Shire Council has resolved to submit a standalone 'Fit for the Future' proposal.

**This requires Council to prepare a comprehensive improvement proposal which demonstrates how it is going to ensure the long term sustainability of the Council.**

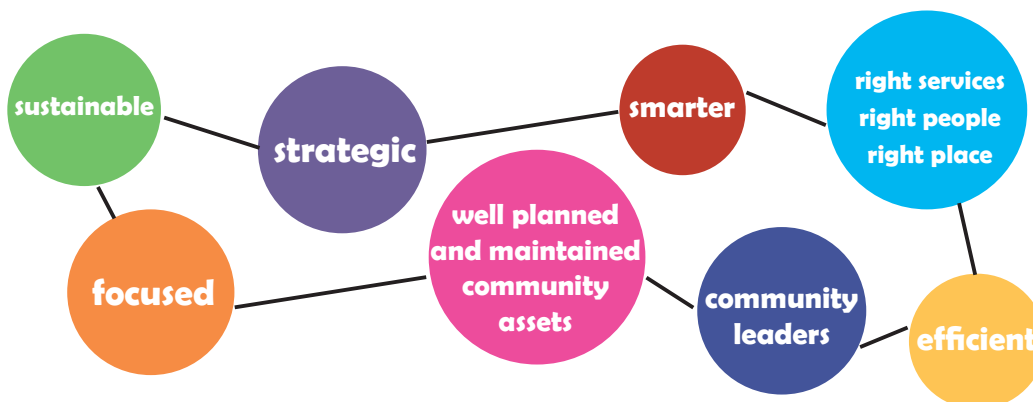
projects, regional waste and environmental management (including weeds and floodplain management), regional economic development, regional library services and 'high level' corporate services or 'back office' functions.

Within the report, Corowa Shire has been nominated to the Upper Murray Joint Organisation which could include Albury City, Greater Hume, Urana and Corowa Shires.

Corowa Shire Council has been supporting the further development of the Joint Organisation model and has been in discussion with these Councils. The panel report suggests that this model should be established in addition to the amalgamation proposals.

The Joint Organisation model is similar to a structure Council already has in place - through its participation in RAMROC (Riverina and Murray Organisation of Councils). An improvement in this structure should be achieved if participation of Councils is mandatory through the introduction of legislation to support this model.

## What does 'Fit for the Future' look like?



## Is Corowa Shire 'Fit for the Future'?

The Local Government Review process included an assessment of the sustainability of all NSW Councils.

The outcome of these assessments indicated that the majority of rural NSW Councils were 'at risk'. This means that under current policy settings, the identified 'at risk' Councils may become unsustainable or cease to be 'fit for purpose' within the foreseeable future. Risk was assessed based on a combination of several factors, including:

- A Financial Sustainability Rating of Moderate with Negative Outlook or worse.
- Weak, Very Weak or Distressed rating in Department of Local Government infrastructure audit.
- Projected population less than 10,000 in 2031.

- Projected decline in population or only marginal growth.
- Low rating base.
- High dependence on grants for operating income.

Corowa Shire Council has maintained one of the **lowest general rate incomes in New South Wales**. Despite this, Corowa Shire was **NOT** identified as an 'at risk' Council. Most Councils within the region were identified as 'at risk' within the report with the exception of Albury City Council.

Although this provides Corowa Shire with a more positive outlook, this does not mean we are 'Fit for the Future' or we meet the NSW Government's requirements of 'scale and capacity'.

## Treasury Corporation (TCORP) Assessment

The NSW Treasury Corporation have completed a Financial Assessment and Financial Sustainability Rating of Corowa Shire.

The Financial Sustainability Rating provided an overall current Financial Sustainability Rating of 'moderate with a negative outlook'.

TCORP have made a number of observations in respect to the long term sustainability of Corowa Shire Council. These have included:

- **Council is not spending sufficient amounts on asset maintenance or renewal of assets and in the long term this is likely**

**to lead to a deteriorating asset base and increasing backlog.**

- Council has further borrowing capacity to fund its capital projects in the longer term but needs to first address its ongoing operating deficits forecast for its General Fund.
- Council's long term sustainability would be aided by a diversification of its revenue sources in order to decrease its reliance on operating grants and contributions.

## We need to build a better future

To build a better future for the communities of Corowa Shire, we need to work together to become 'Fit for the Future'.

Council must improve its financial operating position. During the last four years, Council has been reporting consistent operating deficits (excluding capital grants and contributions). These have amounted to \$2.5M each year.

During this time, Council has managed to achieve a balanced cash budget (excluding depreciation costs).

The total replacement value of Corowa Shire Council managed community infrastructure (excluding water and sewer infrastructure)

is currently estimated at \$327M. This infrastructure has a current value of \$246M and is depreciating at an annual rate of \$5.4M. Council is not keeping up with the maintenance of its infrastructure. Council's average annual capital expenditure has been approximately \$4M (excluding flood recovery, water and sewer works).

Council has a significant infrastructure backlog. This means that the quality of important community infrastructure such as roads, footpaths and buildings is declining.

As part of 'Fit for the Future' Corowa Shire Council is developing an improvement proposal to address this declining financial position.

## How will we achieve this?

The improvement of Council's financial position will require some difficult decisions to be made. This will include rate increases, a review of service levels and the determination of clear community priorities.

Council has always ensured the careful management of its financial position. This has allowed the Council to be one of the lowest rated Councils in NSW while at the same time, manage a large number of increasing cost pressures such as rising insurance and public liability management, an ageing population with increasing pensioner concessions, escalating waste management expenses and cost shifting from other levels of Government.

Cost pressures are continuing to increase and there is no fiscal flexibility within Council's current financial position to continue to adjust to these ongoing pressures. Rate pegging in NSW has limited the opportunity for Council to raise additional revenue.

Some of the current measures undertaken by Council to address this include:

### Internal Review and Improvement

Council has completed a large number of internal initiatives in order to reduce cost pressures or address service level requirements wherever possible. Initiatives have included organisational re-structure, service level and efficiency reviews and a strong focus on innovation.

### Financial Treatment

Significant work has been completed to ensure

that Council is consistent in the treatment of the depreciation of its assets. Council completed large scale asset inspections throughout 2013/2014 of its road network, footpaths and stormwater drainage. Due to a much larger than normal construction works program over the last five year period, the condition of these assets has improved which has in turn improved Council's current projected financial position.

### Improved Asset Conditions

Council will focus its works around asset renewal instead of any expansion or upgrade. This will reduce long term maintenance costs and allow Council to improve its financial position.

### Rate Revenue

Council will be seeking to increase its general rate revenue. This will need to occur whether Council is to amalgamate or not. However, Council believes that any Corowa Shire general rate would be lower than those of an amalgamated Council.

Corowa Shire is one of the lowest rated Councils of the 152 general purpose Councils in NSW.

Corowa Shire has one of the lowest average rate assessments when comparing the total general rate income of all Councils by the number of rateable properties (position 150 out of 152). Corowa Shire also has the lowest average rate assessment when comparing like Councils (position 20 out of 20).

**2013-2014 Comparative Information on NSW Local Government Councils - provided by NSW Office of Local Government**

	Group 11 Councils*	Corowa Shire
Average Residential Rate	\$685.25	\$478.06
Average Business Rate	\$1902.41	\$978.13
Average Farmland Rate	\$2525.10	\$2060.21

\* Group 11 - Rural agricultural Councils with 10,000 - 20,000 population

## Have your say...

Corowa Shire Council is seeking feedback from the community on the preferred options for general rate increases and Council amalgamations. Council has completed two financial plans and asset modelling based on two options which are described below.

**After reading about these options, please complete the enclosed survey.**

Both options will require Council to make some difficult decisions around service level reviews and asset consolidation.

## OPTION ONE

**Allows Council to meet key 'Fit for the Future' criteria - achieving breakeven operational position within two years.**

- Allows for responsible asset renewal funding and a long term reduction in maintenance and depreciation costs.
- Increased financial flexibility to support service delivery.
- Some financial flexibility for new or improved assets.

## OPTION TWO


**Does not achieve required 'Fit for the Future' criteria in the short term.**

- Likely reduction in service levels (such as community services and Shire presentation).
- Allows for responsible asset renewal funding and a long term reduction in maintenance and depreciation costs.
- Limited flexibility for new or improved assets - critical needs only.

## Proposed general rate increases

	Proposed General Rate Increase (%) Option 1	Proposed General Rate Increase (%) Option 2
2015/2016	7%	7%
2016/2017	11.5%	7%
2017/2018	11.5%	7%
2018/2019	7%	6%
2019/2020	7%	6%

\* Council currently holds Special Rate Variation approval for annual 7% general rate increases up until 2017/2018.



**RATE NOTICE 2014-2015**  
For the period 1st July 2014 to 30th June 2015

PO Box 77, 100 Edward Street, Ball Park, COROWA 2646  
Phone: [02] 6033 8999 Fax: [02] 6033 3317  
Email: council@corowa.nsw.gov.au Web: www.corowa.nsw.gov.au  
Corowa Office Hours: Monday to Friday 8.30am to 5.00pm  
ABN 43 874 223 315

In accordance with Local Government Act 1993, Notice is hereby given that the undermentioned land has been rated by the Council as shown hereunder.

Joe Citizen  
1234 Authority Way  
COROWA NSW 2646

019

Valuation Base Date  
1/07/2013

Assessment/Customer Ref No.

Name  
J Citizen

Instalment Amount  
\$439.77

Due Date  
31/08/2014

Property Location and Description  
1234 Authority Way Corowa  
Lot 12 DP 345678 1398.000 SqM

Particulars of Rates and Charges	Value for Rating	Cents in \$	Amount
Residential General Rate	\$148,790	0.336757	\$501.06
*plus base rate of \$160.00			\$160.00
Std Combo Waste Residential	1 @ \$245.00		\$245.00
Dom Waste Mgt Residential	1 @ \$40.00		\$40.00
Waste Facility Levy	1 @ \$45.00		\$45.00
20mm Water Access Residential	1 @ \$100.00		\$100.00
Sewer Access Residential	1 @ \$668.00		\$668.00
<b>TOTAL</b>			<b>\$1759.06</b>

The proposed increase is calculated on the sum of these two figures.

