

Gwydir Shire Council

Scale and Capacity Evaluation

General Observations

The Independent Local Government Review Panel referred to the requirement that each local government authority required a certain level of 'strategic capacity' in order to confront the challenges facing local government in NSW. This has become known as 'scale and capacity' for the purposes of addressing the issues outlined in the Fit for the Future process.

The meaning of the term 'scale and capacity' is quite nebulous in many regards and suffers from the inclination of the State Government bureaucracy to see local government as being able to be managed with a 'one size, fits all' approach. This is not possible across NSW.

For example the 'scale and capacity' evaluation of urban based Councils is quite different from a reasonable approach with regard to regional and rural Councils. The geography of many rural types of Council reduces the ability to have any genuine or meaningful agreement with regard to any economies of scale that may be generated through mergers. In fact it is quite possible that diseconomies of scale may be the more likely outcome from mergers especially in terms of the social dislocation and other detrimental costs inflicted upon smaller local government authorities.

This evaluation is based upon reviewing the 'scale and capacity' criteria against the generally accepted sustainability platforms of social, environmental, financial and governance measures.

From an academic point of view a sustainable organisation is at harmony with its corporate governance, financial, social and environmental responsibilities. The actual size of the organisation is relatively minor provided that its key responsibilities are achieved to a level that is supported by its stakeholders, which are, in the case of Gwydir Shire, its residents and anyone who has more than a passing interest in the Council's activities.

In summary the Independent Local Government Review Panel's option (significantly not a recommendation or preferred option) with regard to Gwydir Shire was outlined on page 115 and a review in **2020** by the proposed Boundaries' Commission revised structure:

Popn. 2011	Popn. 2031	TCorp FSR (Apr 13)	TCorp Outlook (Apr 13)	DLG Inf. Audit (May 13)	Rate Base	Grant Dependency	Merger Potential	Options
5,074	5,100	Very Weak	Neutral	Distressed		High	Medium	Council in Namoi JO or merge with Moree Plains

This outcome was based upon historical data and projected estimates provided in various reports but the Council did not have any prior knowledge that the information would be used in this manner. This has resulted in an outcome that does not fully

reflect the work underway to address some of the issues highlighted in the data used in the assessment.

Gwydir Shire Council conducted a Community Survey in late 2014. 3031 survey forms were posted out to every household in the Shire.

The current review process has highlighted the need for the Council to improve its consultation processes and bring the community into its confidence more. This will be achieved through a period of facilitated consultation from August 2015 to early December 2015 as the Council rolls out any proposed changes to its current service levels across the range of services being provided.

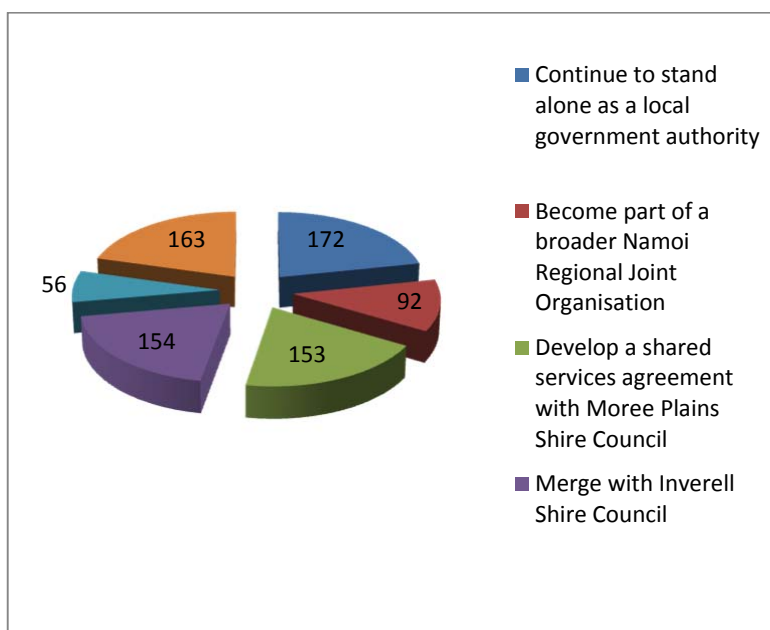
The overall response to the Community Survey in late 2014 was 790 returned surveys: 588 returned survey forms and 202 internet based returns. Due to the anonymity of the responders there is no way to verify that duplications from respondents did not occur. The self-defined status of the respondents is outlined in the following table.

Ratepayer/Non-resident	44
Ratepayer/Resident	652
Resident/Renter	48
Not stated	46
Total	790

The survey response number has resulted in a Confidence Level of 95%; a Confidence Interval of +/- 3%. This means where you see the percentages there is a 95% confidence that the result shown is +/- 3% for the entire target population.

Question 7 of the survey advised the respondents that the NSW Government is reviewing each local government area in NSW under a process called 'Fit for the Future' and that various options are being considered with regard to the future of Gwydir Shire Council. The respondents were asked to indicate, 'What is your preferred future for Gwydir Shire Council?'

Question 7 Responses		
Option 1	Number	%
Continue to stand alone as a local government authority	459	58.10%
Become part of a broader Namoi Regional Joint Organisation	31	3.92%
Develop a shared services agreement with Moree Plains Shire Council	75	9.49%
Merge with Inverell Shire Council	109	13.80%
Merge with Moree Plains Shire Council	32	4.05%
No opinion	84	10.63%



The respondents were then asked Question 8, which stated, the last question asked for you to nominate your preferred future for Gwydir Shire Council. What is your 2nd (second) preference for Gwydir Shire Council's future?

Question 8 Responses		
Option Selected	Number	%
Continue to stand alone as a local government authority	172	21.77%
Become part of a broader Namoi Regional Joint Organisation	92	11.65%
Develop a shared services agreement with Moree Plains Shire Council	153	19.37%
Merge with Inverell Shire Council	154	19.49%
Merge with Moree Plains Shire Council	56	7.09%
No opinion	163	20.63%

More recently over the last month 8 community meetings were held throughout the Shire to gauge the mood of the residents with regard to the option of a merger with Moree Plains Shire Council. 505 residents attended these meetings and, except for one person, each meeting enthusiastically passed the following resolution:

“THIS MEETING DOES NOT SUPPORT ANY MERGER WITH MOREE PLAINS SHIRE COUNCIL OR ANY OTHER COUNCIL”.

Gwydir Shire has held two senior staff meetings with Moree Plains Shire Council's senior staff and also one joint meeting between the elected members of each Council. Neither Council supports a merger of the two Councils.

The discussions did not progress to the development of a business case either way due to the fact that both Gwydir and Moree Plains Shire Councils are facing the same difficulties in meeting the benchmarks as defined and there would have been a

similar problem in meeting the benchmarks as a combined entity, especially when burden with a core number requirement for the first 3 years.

Over the first three years of the newly formed Gwydir Council (2004-2005 to 2006-2007) the costs directly attributable to the amalgamation reached \$3,321,445 and a component of these costs are on-going due to increased equalisation of employee salaries and wages.

It is advantageous to undertake the service level review without the 'core number' burden prior to the suggested ILGRP review in 2020.

In line with the general view of other NSW local government authorities, Gwydir Shire supports the elimination of rate pegging as a tool of control, which has hindered the ability of Councils to adequately fund the services required by the community and has impacted adversely on sound financial management.

Gwydir Shire Council outlined its concerns with the review process in its June 2013 submission to the Independent Local Government Review Panel's final report.

However, overall the review process has created the opportunity to better assess the Council's strategic objectives with regard to asset management and taking a longer term perspective to the Council's operations.

In rural and regional NSW the geography, culture and demographics of an area are the important determinants to 'scale and capacity' rather than simply the population of an area.

Strategic Relationships

Strategic Relationships
Effective regional collaboration
Credibility for more effective advocacy
Capable partner for State and Federal agencies

Council's response

Gwydir Shire is an active and positive participant in the Namoi Councils Joint Organisation Pilot, in line with the option for Gwydir Shire outlined in the ILGRP's report and has also continued its involvement in the Border Rivers Regional Organisation of Councils (BROC). A component of this involvement with the Namoi Councils Joint Organisation Pilot is Gwydir Shire's membership of the Namoi Water Alliance.

Gwydir Shire is an active participant, in fact the initiators together with Moree Plains Shire, in the [Australian Rural Roads Group](#) (ARRG). The Council has co-ordinated several reports to highlight the need for better and more appropriately directed funding to the rural road network including [Going Nowhere: The Rural Local Road Crisis, Its National Significance and Proposed Reforms](#) and [Worth Feeding](#). In its collaboration with Infrastructure

Australia, the Australian Rural Road Group has also assisted in the production of the [National Road Asset Reporting Pilot](#) and has signed the [Bingara Accord](#) following a [presentation](#) by Mr Michael Deegan the then National Infrastructure Coordinator of Infrastructure Australia.

The ARRG has recently completed the North-West Freight Network funding proposal, which is a collaborative effort of Gwydir, Moree Plains, Gunnedah, Warrumbungle and Narrabri Shire Councils.

Gwydir Shire Council is an active participant in the [Gwydir Learning Region](#). This strategic partnership has resulted in the Council producing several research documents in conjunction with [The Australian Centre of Excellence for Local Government](#) and the Australian Learning Communities Network Inc., including *Learning as a Driver of Change* and the *Learning Communities Framework*. Gwydir Shire Council has also partnered with the Federal Government in the development of three Trade Training Centres within the Shire, which were constructed by the Council with grant funding.

The Gwydir Learning Region has been successful in having relevant Certificate level courses conducted in both towns rather than from remote centres. This has enabled a significant number of long term unemployed people to not only gain tertiary qualifications but to gain employment in the local hospitals, aged care facilities and local businesses.

The Gwydir Learning Region was the 2006 NSW Training Initiative State Award winner and was the NSW entry into the National Awards.

Gwydir Shire Council has already worked in collaboration with its adjoining local government authorities across a range of services such as Domestic Waste Collection (Narrabri, Moree Plains and Gwydir as a result of a joint tender through the Regional Waste Group), Joint Road Safety Officer (Moree Plains and Gwydir) and Library Service (through Tamworth Regional). The Council also has a long term service agreement with the Northern Slopes Landcare Association.

Also as a result of the recent staff level discussions with staff from Moree Plains Shire Council the potential for a shared Information Technology service is being evaluated. Once established this will form a solid platform for further shared services to be considered.

Where appropriate the Gwydir Shire also forms partnerships with the private and not for profit sectors to achieve positive and productive outcomes for its residents. Examples include the recent relationship formed with Rural and Remote Medical Services (RaRMs) to operate the two Council owned Medical Centres within the Shire or the agreement with a local business; Johnstone Concrete and Quarries (JCQ) to provide the equivalent of \$240,000 in material towards a road upgrade, which was in partnership with the Federal Government under the Heavy Vehicle Safety and Productivity Program (HVSP); the close association that the Council has developed with the Campervan & Motorhome Club of Australia (CMCA) allowing free riverside

camping for self-contained vehicles in designated areas; and; The Council works closely with the Myall Creek Massacre Committee to maintain and further develop the Myall Creek Massacre Memorial site, which is the 79th asset on National Heritage List .

Prior to the recent formation of the relationship with RaRMs, the Council had moved from a position where it paid all of the medical centres costs, including doctors, to one where the doctors took a percentage of the income and the Council retained the balance. Concurrently, the Council leased rooms to a pathology company and to visiting specialists. Significant savings and additional income were achieved through these initiatives.

On 4 June 2015, Gwydir Shire Council entered into a Memorandum of Understanding with Tasly Pharmaceuticals and Healthpac Int. (Aust) Medical Corporation to commence trials of growing herbs in Gwydir Shire for exportation to China.

Gwydir Shire is achieving the outcomes outlined in these criteria.

Resource Flexibility and Resilience

Resource Flexibility and Resilience
More robust revenue base and increased discretionary spending
Resources to cope with complex and unexpected change
Scope to undertake new functions and major projects

Council's response

Gwydir Shire Council resolved on the 19 November 2014 to advise IPART that it would be seeking a 15% Special Rate Variation (inclusive of rate pegging) for 2015/2016 year and a 15% Special Rate Variation (inclusive of rate pegging) for 2016/2017 year. Such variations to remain in the rate base permanently. This decision was confirmed at the Council's meeting on 11th February 2015.

IPART has subsequently determined that the Council may increase its general income by 15% in 2015-2016 only and then reverts to a Notional Rates Income with only the rate pegged limit for 2015/16 added on.

The Council will be undertaking a further period of consultation with the Gwydir Community to resubmit the proposal for the proposed rate increases as outlined in the Council's 2015/2016 IPART submission and it expects a greater level of community support given the recent strong support to stand alone in the recent community meetings.

In addition the Council is undertaking a complete service level review of each of its Business Units to ensure the levels of efficiency expected are achieved as well as evaluating the effectiveness of the service in meeting the objectives and target group for the service along with the level of community expectation and support – that is are these Business Units Fit for Purpose?

The Council makes use of cross-functional middle management teams to undertake this work, which is reviewed by the Senior Management Group. A component of this review is a weighted sensitivity analysis of the options available for each Business Unit. In particular the core service of public infrastructure is receiving detailed attention in preparation for the public consultation phase regarding any changes to the current service levels.

Ongoing reviews of current areas has resulted already in significant expenditure cuts such as the Council's wages and salaries have reduced to below the 2013 level of expenditure. This was achieved due to the Council's recent decision that it is no longer practicable to be bound by the core number requirements outlined in Section 218CA of the *Local Government Act*. Significant expenditure reductions have already been achieved that include:

Savings in relation to salaries and wages over the last two years have been approximately \$1,128,000 – mentioned above;

Transferring the management of the Bingara and Warialda Medical Centres to Rural and Remote Medical Services (RaRMS) with an annual saving of \$250,000;

Gravel resheeting costs have been reduced by almost half by the use of contract gravel haulage as opposed to using Council trucks;

The self-help program has reduced the cost of gravel resheets in these situations by 46%;

The bitumen road heavy patching unit rate, with the purchase of the Asphalt Zipper has been reduce from \$38.00 per square metres to \$19.99 per square metre;

With the purchase of machine control for the construction grader we have reduced our bitumen road reconstruction costs by 30%;

With the purchase of the Kirpy Rock Crushing machine the Council is able to use coarser material and provide a much better quality and safer gravel road surface which is expected to last 40% longer than previously used materials;

With the sale of one grader and the use of 'start and finish on the job' the Council expects to save 18-20% on grading maintenance without a reduction in service levels;

More effective use of the services provided by Local Government Procurement the Council has managed to save 5% on the cost of its reseals program;

The use of a profiling machine to win materials in the Bingara pink gravel pit has reduced the cost of road construction in the immediate Bingara area by 10-12%;

The purchase of a second Jetpatcher Tar truck – the savings are difficult to quantify but this equipment has significantly increased the level of service on the maintenance of bitumen roads;

The more extensive use of contractors and casual staff that allows for the Council's workforce to expand and contract to suit the available funding, which could save around \$500,000 per year;

The completion of the detailed Asset Management Plans and accurate depreciation has allowed the better allocation of resources, particularly on shire road renewals, with possible savings of around \$300,000 per year;

The reclassification of Shire Roads to Arterial, Collector, Local and Minor roads will result possible savings of up to \$150,000 per year; and

Changes to the operating environment of the Bingara Preschool have resulted in improvements of \$60,000 per year, which included additional income.

The Council is also reviewing the recommendations made in the Promoting Better Practice Report issued by the then Department of Local Government in March 2008 to ensure that the suggested improvements are being maintained as well the current review of the service standards within individual business units.

Gwydir Shire Council has displayed the scope to undertake new functions and projects in the past either by itself or in partnership with the relevant State or Federal authority. Examples include:

Care Program (including a service provided in an adjoining Shire) and a Community Transport Program;

Two 'walk in, walk out' Medical Centres – Bingara and Warialda. Each centre has over 5,000 registered patients and provides a service beyond simply the Shire's boundary;

The Council provides two preschools, one a mobile preschool, plus subsidised support for a third preschool. The other range children's services include two Toy Libraries, a Youth Worker and a Structured Playgroup Worker;

Three Trade Training Centres across the Shire in Primary Industries, Hospitality and Automotive;

The Council is a Registered Training Organisation. The Gwydir Learning Region RTO is an innovative means for aligning skills development with local employment skills shortages. For example, with a growing number of older people in the area there was a need for more aged care workers. A course in Aged Care and Nursing Certificate III level was designed for school and mature aged students. To date almost 200 residents have qualified through this initiative;

The Council has purchased an unused Service Station and has refurbished it and sought out a private sector lessee to operate the business thus ensuring a convenient fuel outlet in Bingara, especially for diesel;

Two Tourist Visitor Information Centres within the two larger towns of the Shire;

The direct provision of an aged care hostel (including a \$3,600,000 expansion this financial year), acting as a guarantor for another community managed aged care hostel, plus low income and independent aged care housing in both Warialda and Bingara.

Participation in the Gwydir Learning Region and the Australian Rural Road Group to enhance the ability to influence policy outcomes through representations with higher levels of government;

The Council provides building infrastructure or the point of contact for various agencies such as Roads and Maritime Services, Centrelink, CountryLink within the Shire and would be supportive of sponsoring other services that could be effectively provided locally such as child protection, Disability Care, etc;

The support of various community groups through a significant donations program and an extensive number of community halls through direct funding and 'in-kind' support; and

The completion of significant road works such as the sealing of the Bingara to Narrabri Road (Killarney Gap Road).

The NSW Government could develop policy initiatives that could ensure that the existing underutilised infrastructure across rural NSW towns to house additional families is pursued. These initiatives could range from direct financial assistance to families that truly reflect the savings to the community from each non-required Sydney housing lot to the cross subsidisation of energy provision (e.g. natural gas supplies to rural towns) or electricity connections through to rural zone tax concessions that would facilitate economic development and employment opportunities.

More far reaching and targeted support from both levels of government for rural and regional local government would improve the viability of these communities. This would greatly improve the scale and capacity of rural local government if grant funding was moved into these areas and away from other providers which are not the stable backbone of rural areas.

Rather than viewing rural local government as a 'problem', the various local government authorities should be seen as a viable administrative arm for the provision of services in a genuine strategic partnership to remove duplication and waste.

Gwydir Shire Council is an *optimalist* organisation. Council continually seeks, and is very successful in obtaining grants and subsidies from both the federal and state governments for its infrastructure and operational needs.

Gwydir Shire has displayed that it has the ability and scope to undertake new functions and major projects and is working towards achieving the balance of the outcomes outlined in these criteria.

Organisational Resourcefulness

Organisational Resourcefulness
High quality political and managerial leadership
Ability to employ wider range of skilled staff
Knowledge, creativity and innovation
Advanced skills in strategic planning and policy development

Fortuitously Gwydir Shire does not have the same difficult problems of attracting qualified staff as many more remote local government authorities have in attracting qualified staff.

Likewise the numbers of residents willing to stand at elections ensures that the broader community have the ability to make choices with regard to who will receive their vote for the 9 councillor positions available.

The Council's elected members operate as a cohesive and committed team. A past Mayor is now the Federal Member for the seat of Parkes and the current Mayor is the Chair of the Australian Rural Roads Group Inc.

Councillors are offered extensive training and development opportunities but the choice to participate rests with the individual Councillor.

Gwydir Shire Council also invests in the development of its elected and employed members.

97% of the Council's staff have gained Certificate Level III or above qualifications in the relevant area of their employment, during their employment with the Council.

The General Manager and Directors all have appropriate tertiary qualifications in their areas of responsibility.

The Council's management structure has been designed to reinforce the strategic nature of management positions. The Council has developed cross-silo teams (called Process Improvement Groups (PIGs) to address specific issues and subgroups (PIGlets) when more detailed evaluation is required.

Members of these various groups come together as Council's team entry into the LGMA Australasian Team Challenge Competition to allow Council's younger managers to gain experience from their participation.

Knowledge, creativity and innovation are keystones of importance to the organisation in addressing issues that require a whole of Council response.

Overall Gwydir Shire Council resolved to become a learning organisation when it commenced the Gwydir Learning Region initiative. The Council has been successful in both of these initiatives.

This has allowed the organisation to expand the individual skill sets of many of its employees and has certainly grown the organisations' capacity to address the genuine needs of its community often through innovative methods.

An example of this is the construction of a series of dams on the Primary Industries Trade Training Centre site and adjacent land at Bingara. This served two purposes, providing a source of water for stock and providing retention basins to capture heavy rain, thus mitigating the flooding effect on the township of Bingara.

In addition, the Council was able to arrest the drift of shoppers from Bingara to Inverell and the serious lack of a 24 hour service station through the purchase and renovation of a disused service station. The service station was leased and the lessee has entered into a discount arrangement with the local grocery/hardware store.

Gwydir Shire is achieving the outcomes outlined in these criteria.

Conclusion

Gwydir Shire Council is the main employer within its area and plays a significant economic role in addition to its service delivery function. It has the support of its community to continue to stand alone and provide the on-going services expected by its community.

19th June 2015