# A17

# COMMUNITY NEWSLETTER – PRESENTATIONS / COMMUNITY INFORMATION & ENGAGEMENT SESSIONS MAY 2015 AND NOV/DEC 2014

## LETTER FROM THE GENERAL MANAGER

A17

**Dear Residents,**

**Is Our Council Fit for the Future?**

You may have heard the phrase "Fit For the Future" being discussed recently in regards to the NSW Local Government Reform Agenda. The purpose of this letter is to brief you on what it is about and how it affects Tenterfield Shire. Local Governments in New South Wales have been independently assessed by a body known as the Independent Local Government Review Panel. This Panel prepared comprehensive reports for the State Government based on the financial and strategic positions of each Council. This was partly due to the financial weakness in Councils identified by earlier assessments. These assessments indicated that a large number of Councils will not be financially sustainable into the future. In response, the State Government has prepared a package of Local Government Reform titled "Fit for the Future". As a result, all Councils in NSW must prepare a submission - "Road Map" - to the State Government by 30 June 2015. The "Road Map" needs to demonstrate how we will be financially sustainable into the future and also how we will continue to provide effective and efficient services for, and in partnership with, the community.

**What must our Council do now?**

Council must prepare a submission to the State Government comparing itself to a number of financial indicators. At present, Council does not meet most of these financial indicators and therefore needs to prepare an action plan to demonstrate how we anticipate achieving these benchmarks in the future. As a result, Council is in the process of reviewing our Integrated Planning and Reporting Framework documents, with particular attention to the Long Term Financial Plan and Asset Management Plans.

**What is our Council's current position?**

The assessment and recommendation of the Panel in their final report recommends that our Council has sufficient scale and capacity and therefore should remain an independent Council into the future. However, Council must continue to improve its financial position over the next few years to ensure it can deliver the services the community needs in an effective and efficient manner. A self-assessment against the State Government's benchmarks indicates the following:

| RATIOS | BENCHMARK | RESULT 2013/14 | MEETS BENCHMARK NOW | ANTICIPATED BENCHMARK 2017 |
|---|---|---|---|---|
| Operating Performance Ratio | Greater than or equal to break-even average over 3 years | -41.10% | × | × |
| Own Source Revenue Ratio | Greater than 60% average over 3 years | 48.40% | × | × |
| Building and Infrastructure Asset Renewal Ratio | Greater than 100% average over 3 years | 91.52% | × | ✓ |
| Infrastructure Backlog Ratio | Less than 2% | 23% | × | × |
| Asset Maintenance Ratio | Greater than 100% average over 3 years | 0.82 | × | ✓ |
| Debt Service Ratio | Greater than 0 and less than or equal to 20% average over 3 years | 5.54% | ✓ | ✓ |
| A decrease in Real Operating Expenditure per capita over time | To be calculated over time | Unknown | × | × |

**What Strategies have already been put in place?**

1. Reduced operational expenditure in 3 consecutive budgets except for Roads Infrastructure budgets and salaries that are regulated by the Local Government (State) Award;
2. Introduced Special Rates Variations over 4 years to increase revenue to pay for Roads Infrastructure and minor building infrastructure renewal;
3. Set Service Levels in consultation with the community for Roads Infrastructure in order to reduce depreciation;
4. Increased Water and Sewer charges by 3.4% - 5% per annum, to make the Water and Sewer Fund profitable enough to adequately renew the water and sewer reticulation infrastructure;
5. Introduced recycling to mitigate future need for an additional landfill site;
6. Increased other fees and charges by 10% (not referring to property rates) to meet the cost of the underlying service;
7. Working in partnership through a Memorandum of Understanding with Southern Downs Regional Council;
8. Successfully lobbied for additional Roads Infrastructure funding from State Government to an amount of $5 million in 2014/15.

**Turn Over**

**What Strategies are we currently working on?**

1. Land and property assets review for properties owned by Council that could be sold or leased;
2. Identifying assets (e.g. vehicles, plant and buildings) which should not be replaced as there is no efficient use for them;
3. Identifying new savings through more organisational restructuring and more efficient work practices;
4. Further increasing expenditure on roads and bridges infrastructure each year through grant funding;
5. Assess if further Special Rates Variations are required to increase revenue;
6. Improving the efficiency of our capital and maintenance works through improved work practices and supervision.

Council will conduct a series of Community Forums to discuss the "Road Map" on how Council will become "Fit for the Future". Please see below for a session near you. You may also write to Council with your specific suggestions. Thank you for taking the time to read this newsletter and Council is looking forward to working with you into the future to address the tough challenges that are before us.

Lotta Jackson
**General Manager**

**"Fit for the Future" Local Government Reform & Draft Operational Plan - Community Engagement**

Council is in the process of preparing the "Road Map" to become Fit for the Future as requested by the NSW State Government. We are also in the process of drafting the Operational Plan for 2015/2016, including the budget.
Both documents will be considered for adoption at the 24 June Council Ordinary meeting.
Council will be providing Community Engagement Sessions at each of the following venues:

- Mingoola – Monday, 25 May @ 6pm – Community Hall
- Liston - Tuesday, 26 May @ 5pm – Community Hall
- Jennings – Tuesday, 26 May @ 7.30pm – Jennings Hotel
- Urbenville – Thursday, 28 May @ 5pm – CWA Hall
- Legume – Thursday, 28 May @ 7.30pm – Community Hall
- Torrington – Friday, 29 May @ 4pm – Community Hall
- Tenterfield – Tuesday, 2 June @ 7pm – School of Arts
- Drake – Wednesday, 3 June @ 4pm – Community Hall

**URBEN DESIGN PROJECTS – URBENVILLE & DRAKE**

Council, in conjunction with Landscape Architect John Mongard, will be conducting consultation sessions with community members of Urbenville & Drake to develop plans for civic work/landscaping to enhance the look and feel of these villages. Sessions will be held at:

- Drake – Wednesday, 20 May @ 5.30pm - Community Hall
- Urbenville – Thursday, 21 May @ 5.30pm - Community Hall


# TENTERFIELD SHIRE COUNCIL

## Council Communications Newsletter

## May 2015

Phone: 02 6736 6000 Email: council@tenterfield.nsw.gov.au Website: www.tenterfield.nsw.gov.au

TENTERFIELD SHIRE COUNCIL

# Draft Operational Plan 2015/16

## Fit for the Future - Local Government Reform

Community Information Sessions

May/June 2015

# Key Outcomes in the Community Strategic Plan

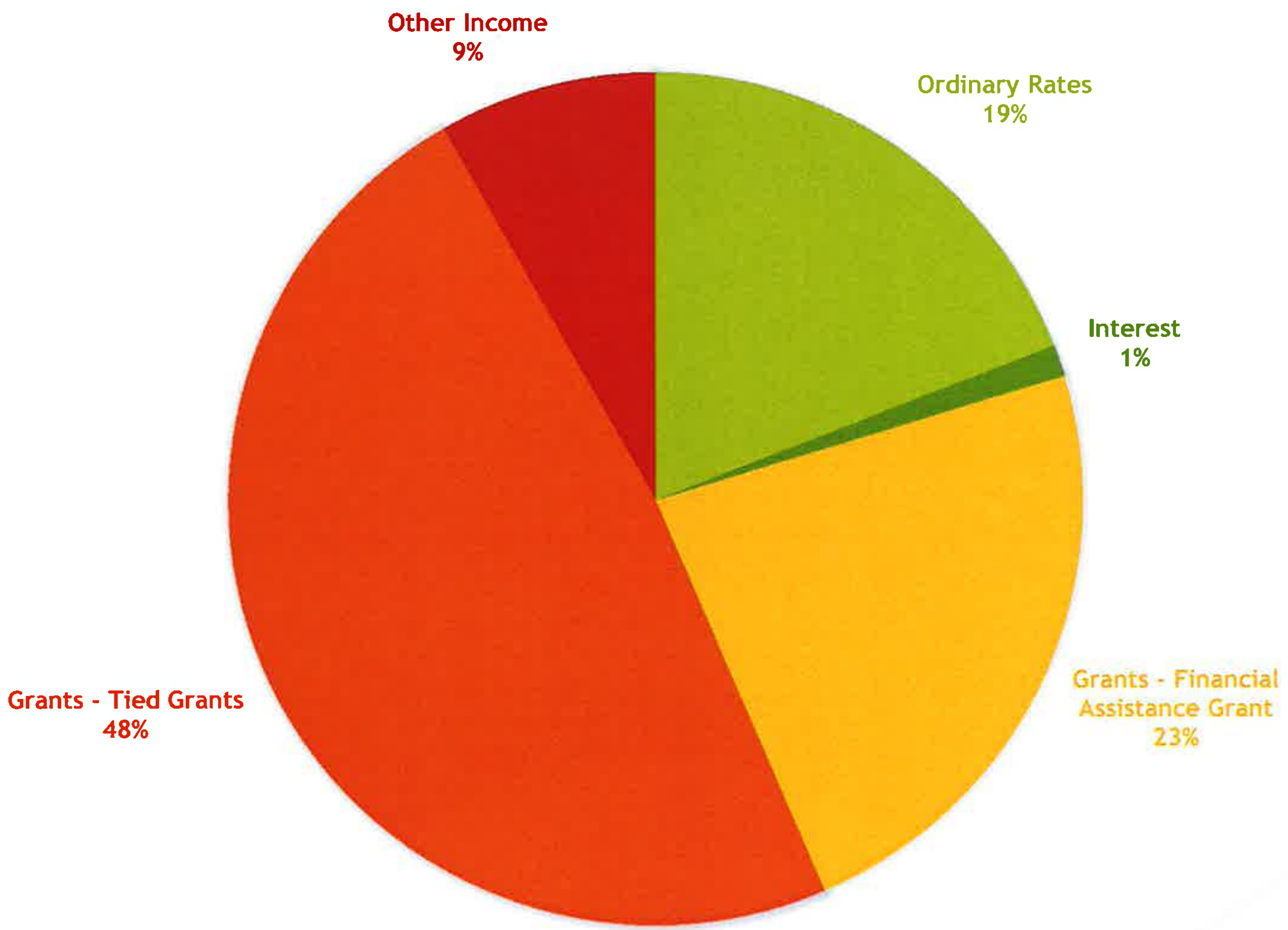
To ensure sustainability of Tenterfield into the future:

- Population growth
- Prospering business district
- Prospering economic development across the Shire
- Prospering tourism industry
- Well maintained roads, parks and gardens
- Balance of heritage, environmental constraints and development
- A community built on friendliness, culture & lifestyle
- Adequate health, transport and community services
- Waste to land fill reduced

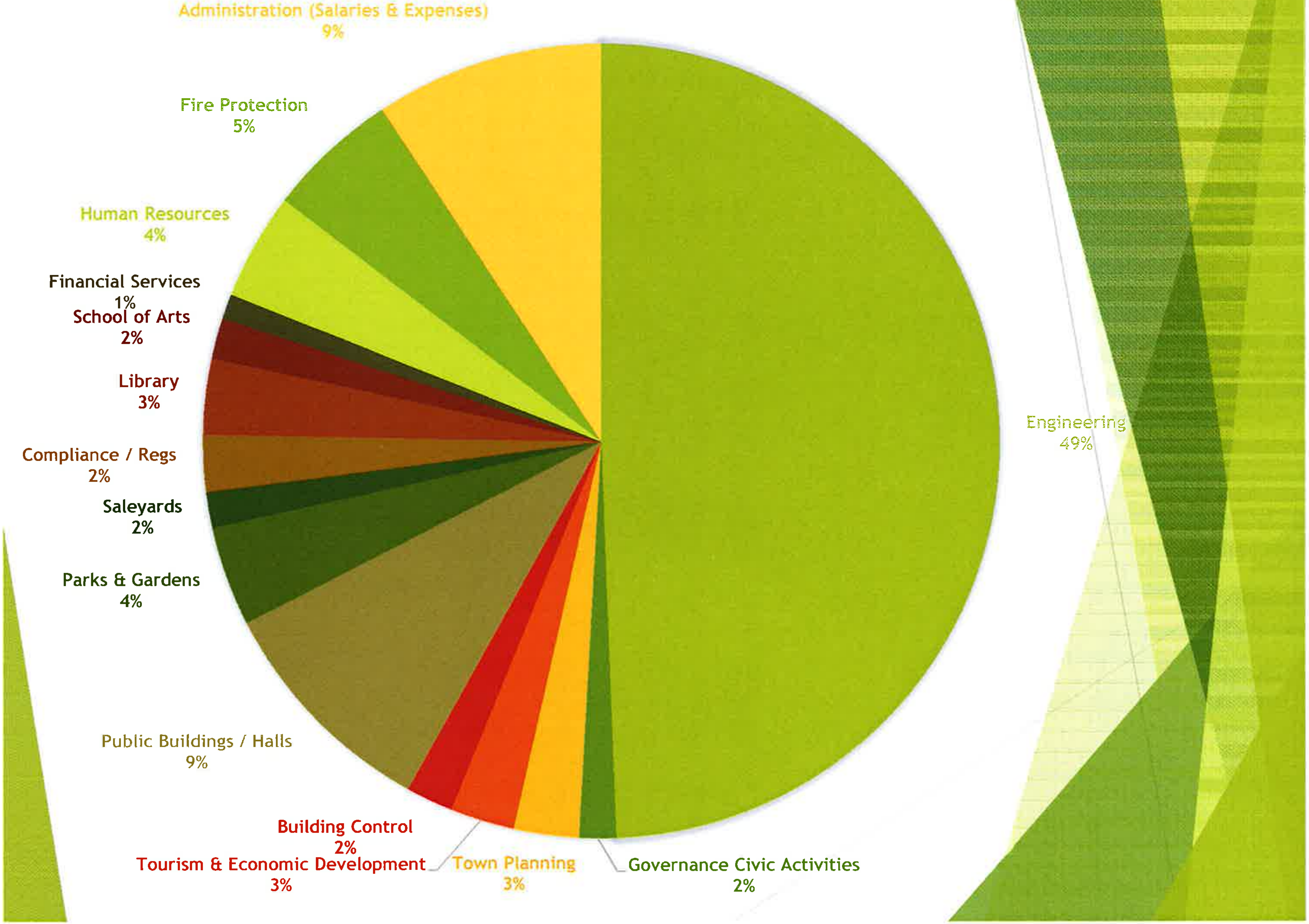
# Core functions

- Governance – IP&R, Policy development & decision making
- Finance and Administration, Systems and Performance
- Human resources, Work Health & Safety
- Risk Management and Internal Audit
- Service delivery – water, sewer, waste
- Asset maintenance, improvement and renewal – roads infrastructure, open spaces, buildings, other structures
- Regulatory – numerous legislation
- Planning, building and compliance
- Library services

# COUNCIL REVENUE SOURCES - GENERAL FUND



# COUNCIL EXPENDITURE - GENERAL FUND



**GENERAL FUND**

Working Funds Result

| | | |
|---|---|---|
| **Income - Total** | **18,034** | |
| Rates | 3,445 | 19% |
| Interest | 217 | 1% |
| Grants – FAGS | 4,190 | 23% |
| Grants and Contributions - Tied | 8,693 | 48% |
| Other Income | 1,489 | 9% |
| **Expenditure - Total** | **21,519** | |
| Operating Expenditure | | |
| (excluding depreciation of $4,073) ($3,681 2014/15) | 9,214 | |
| Capital Expenditure | 12,305 | |
| **Deficit (funded by – see below)** | **-3,485** | |
| Transfers from Internal Reserves (i.e. plant purchases, committed works) | 1,254 | |
| Transfers to Internal Reserves (i.e. plant operating surplus) | -970 | |
| Transfers from External Restrictions (i.e. unexpended grants & loans) | 1,666 | |
| Transfers to External Restrictions (i.e. S94 Contributions) | -20 | |
| Proceeds from Sale of Plant | 1,567 | |
| **Working Funds Result** | **12** | |

# Changes to Revenue

- Fees and charges increased by 10% where possible
- Waste Management Charge 10%

  from $170 to $187 - All assessments
- Sewer 3%
- Water rates 10%
- Special Rates Variation including rate peg 10%

# General Rates

**Urbenville, Jennings, Drake residential**:  increase of \$38.00 or 73 cents p/week from the current \$380 to the proposed \$418

**Tenterfield Residential**: increase of \$44.00 or 85 cents p/week from the current \$440 to the proposed \$484

**Residential Other**:  increase of \$42.00 or 81 cents p/week from the current \$420 to the proposed \$462

# General Rates

**Farmland General**: increase of $42.00 or 81 cents p/week from the current $420 to the proposed $462

**Business Tenterfield**: increase of $12.00 or 23cents p/week from the current $485 to the proposed $497 (max)

**Business Other, Urbenville, Jennings, Drake**: increase of $39.00 or 75 cents p/week from the current $391 to the proposed $430

**Mining:** increase of $17 or 33 cents p/week which equates from the current $480 to the proposed $497 (max)

# Rate increases

- The number of assessments levied minimum rates 3,100 (65%)
- The remainder of the assessments 1,682 are levied at an Ad Valorem Dollar rate that is based on land values depending and rating category
- **Residents are encouraged to contact Council's Revenue Officer for specific details on their individual assessment.**

# Projects to be covered by the Special Rates Variation

| | |
|---|---|
| Admin Building (public areas) Repaint interior | $8,000 |
| School of Arts - Repaint Exterior and repair windows | $25,000 |
| Library - Repaint Exterior and repair windows | $25,000 |
| Saleyards - Renewal of timber rails with metal | $16,500 |
| Jubilee Park - Renewal of shade covers | $35,000 |
| Cemetery - construct niche wall / rose garden | $15,000 |
| Cemetery - Renewal of fencing the newly acquired land | $18,000 |
| TOTAL FOR CAPITAL BUILDING RENEWAL | **$142,500** |
| Roads - Gravel Resheeting | $206,500 |
| Bridges and causeways | $150,000 |
| TOTAL | **$499,000** |

# Capital Projects

- *Bruxner Way Safety net $693,915*
- *Additional $160,000 for Wallaby Creek Bridge*

# Our Infrastructure – Capital Works program: $4,202,597

Gravel re-sheeting (SRV) $206K

- Leech Gully 1.3km
- Billirimbi Road 1.5km
- Leslie Creek Road 1.4km
- Cullendore Road 1.5
- Ironbark Road 1.46km
- Paddys Flat Road (North) 1.5km

# Our Infrastructure

- Bookookoorara Bridge $700,000 + funds from RMS
- Causeway Replacement Program $210,000 (RTR)
- Bitumen Reseal Program $335,000 (RTR)
- Blackspot program $456,823 (Mt Lindesay Rd)

# Our Infrastructure

Repair Program (RMS/Block grant) $530,668 (Amosfield Road)

Road Construction Program

- Special Project funding: $1.5m *"Fixing Country Roads"* for Mt Lindesay Road Legume to Woodenbong
- Plain Station Road $200,000 (RTR)
- Mt Lindesay Road $700,000 (RTR / Council).

# Our Infrastructure

- Town and Village Planning and Design -
  - Bruxner Park and final stage of Tenterfield Masterplan
  - Civic Plans completed for Urbenville and Drake – seek grant funding to implement in partnership with communities

# Waste

- Project 1 - $175,784 *for a Community (Drop-Off) Recycling Centre* with Council contributing an additional $45,811
- Project 2 - $187,749 *for Landfill Consolidation and Environmental Improvements* with Council contributing an additional $80,463
- Project 3 - $71,030 *for Organics Infrastructure, Home Composting* with Council contributing an additional $72,810.

# *Community (Drop-Off) Recycling Centre* (Project 1)

The funding will enable Council to increase the size of the existing shed structure at the Tenterfield Waste Transfer Station with the addition of dedicated collection and storage for problem wastes:

- Paints (oil and water based);
- Motor oils;
- Cooking, hydraulic and transmission oils;
- Household single use batteries;
- Car batteries (lead acid);
- Fluorescent and compact fluorescent lighting (mercury containing lamps);
- Gas cylinders (including fire extinguishers);
- Smoke detectors.

# *Landfill Consolidation and Environmental Improvements*

- Close the Dalman landfill;
- Install waste and recycling infrastructure at Liston, Legume and Urbenville. This will be progressed over the next 12 months.

# *Organics Infrastructure, Home Composting*

- A joint submission between Tenterfield Shire Council, Granite Borders Landcare, Local Land Services, Moombahlene Aboriginal Land Council and the Tenterfield Community Gardens, and will enable the distribution of worm farms and compost bins to residents/ratepayers.
- Distribution will be done from the Granite Borders Landcare Martin Street Office.

# Public exhibition

- Questions/comments?

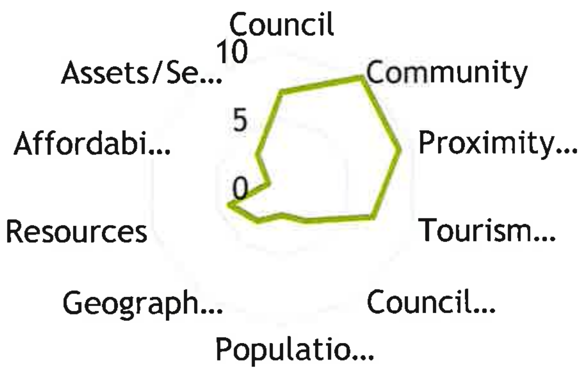
- Submissions due by 12 noon
  17 June 2015

# Fit for the Future

- Local Government Reform in NSW
- Tenterfield NOT recommended to merge with other Council
- All Councils will need to meet a set of benchmarks / ratios
- All Councils to submit their Road Map on how to be Fit for the Future by 30 June 2015.

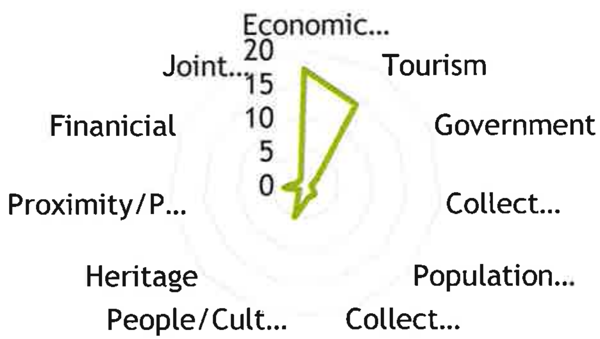
# S.W.O.T Analysis - Community Data.

STRENGTHS

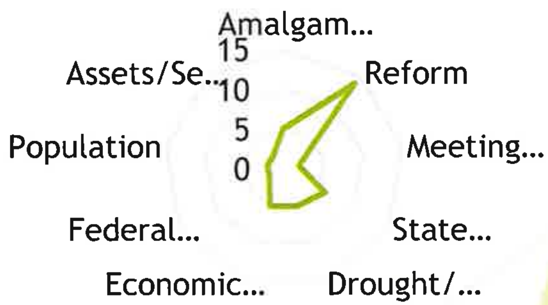



WEAKNESSES


OPPORTUNITIES




THREATS



| Ratio | FFF Target | Council - General Fund (all activities other than Water & Sewerage) | | | | |
|---|---|---|---|---|---|---|
| | | 2017/18 | 2018/19 | 2019/20 | Average | FFF |
| Operating Performance Ratio | > or equal to break-even over 3 years | -8.6% | -7.7% | -5.9% | -7.4% | No |
| Own Source Revenue Ratio | >60% over 3 years | 44.3% | 44.9% | 51.9% | 46.9% | No |
| Building and Infrastructure Asset Renewal Ratio | >1 over 3 years | 129.0% | 135.5% | 77.0% | 113.9% | Yes |
| Infrastructure Backlog Ratio | <2% | TBA | TBA | TBA | TBA | TBA |
| Asset Maintenance Ratio | >100% | 110% | 110% | 110% | 110% | Yes |
| Debt Service Ratio | >0 and less than 20% | 3.32% | 3.23% | 3.13% | 3.22% | Yes |
| Real Operating Expenditure Per Capita | Decreasing Over time | | | | Yes | Yes |

# How can we meet the criteria?

- Savings in operational expenditure to date and in the future
- Improve efficiencies across the organisation
- Land and property assets review
- Continue to maintain and renew assets
- Increase revenue SRV of 3% each year over 7 years

# Submission to IPART

- That Rural Councils in group F that are submitting Template 2, be provided with a longer time-frame to meet the Operating Performance Ratio by 2024/25;

- That Rural Councils in group F that are submitting Template 2, be able to include the Financial Assistance Grant (FAG) in their calculation of their Own Source Revenue Ratio

| Ratio | FFF Target | Council - General Fund (all activities other than Water & Sewerage) | | | | |
|---|---|---|---|---|---|---|
| | | 2022/23 | 2023/24 | 2024/25 | Average | FFF |
| Operating Performance Ratio | > or equal to break-even over 3 years | -0.1% | 1.8% | 2.4% | 1.4% | Yes |
| Own Source Revenue Ratio | >60% over 3 years | 55% | 55.7% | 56.5% | 55.7% | No |
| Building and Infrastructure Asset Renewal Ratio | >1 over 3 years | 65.2% | 63.4% | 173.2% | 101% | Yes |
| Infrastructure Backlog Ratio | <2% | TBA | TBA | TBA | TBA | TBA |
| Asset Maintenance Ratio | >100% | 110% | 110% | 110% | 110% | Yes |
| Debt Service Ratio | >0 and less than 20% | 1.29% | 0.8% | 1.31% | 1.13% | Yes |
| Real Operating Expenditure Per Capita | Decreasing Over time | | | | Yes | Yes |

# Questions/comments

# Fit for the Future Community Engagement

General Manager
and Senior Management Team
November / December 2014

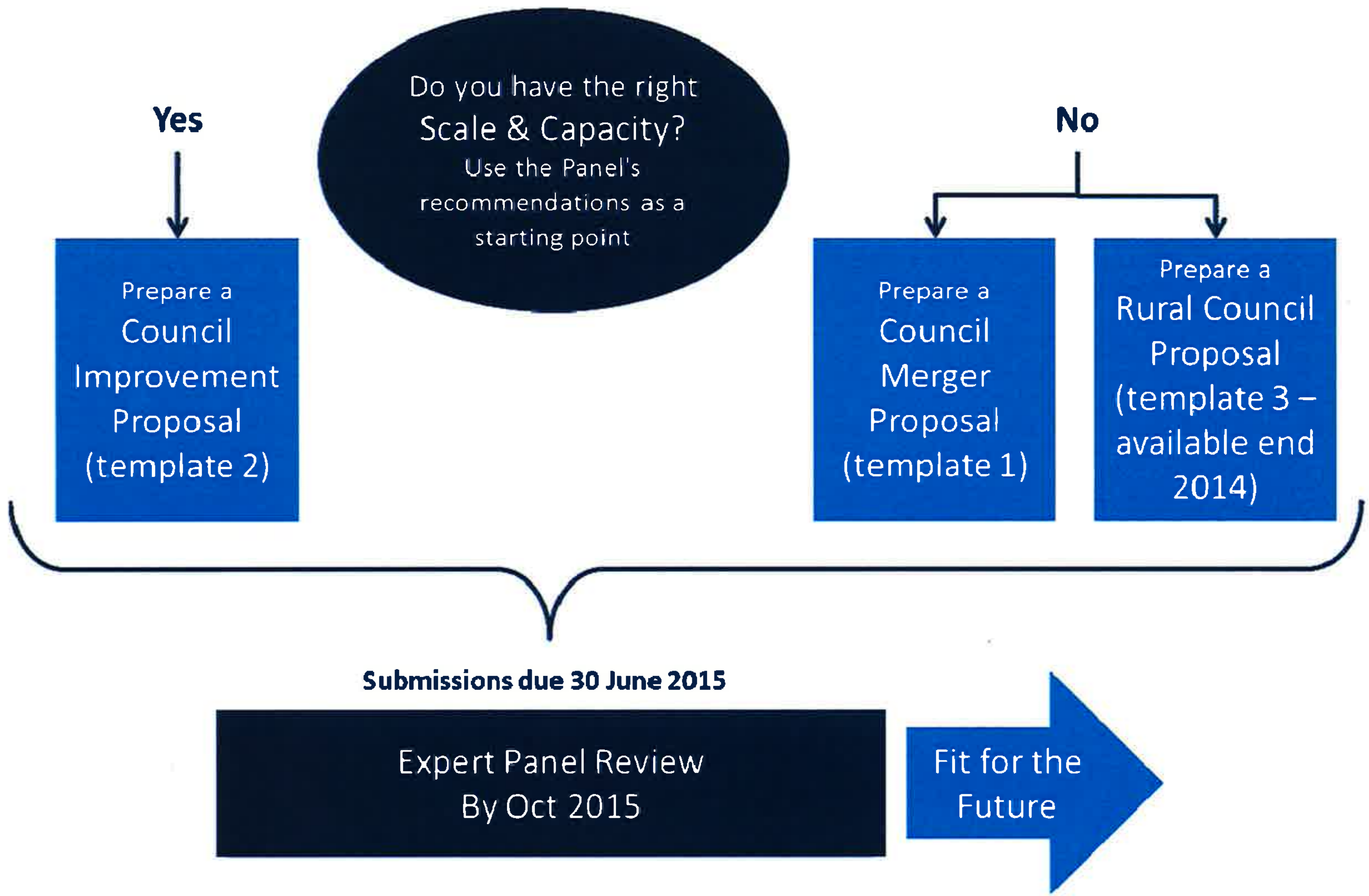
# What is Fit for the Future?

- Local Government Reform
- Not “one size fits all”
- Merged Council,  Rural Council or Current Structure with Improvements
- All regional Councils <u>must belong to a Joint Organisation</u>
- Community involvement in process
- Road Map to be completed by June 2015

# Road Map

- All Councils are to prepare a Road Map by 30 June 2015 demonstrating how they will become “Fit for the Future”

- Regional Councils that merge will have access to “one off” funding:
- 2 Councils merging $5million
- 3 Councils merging $11million
- 4 Councils merging $13.5million


Do you have the right
Scale & Capacity?
Use the Panel's
recommendations as a
starting point
Yes
Prepare a
Council
Improvement
Proposal
(template 2)
No
Prepare a
Council
Merger
Proposal
(template 1)
Prepare a
Rural Council
Proposal
(template 3 –
available end
2014)
Submissions due 30 June 2015
Expert Panel Review
By Oct 2015
Fit for the
Future

# Exploring the Rural model

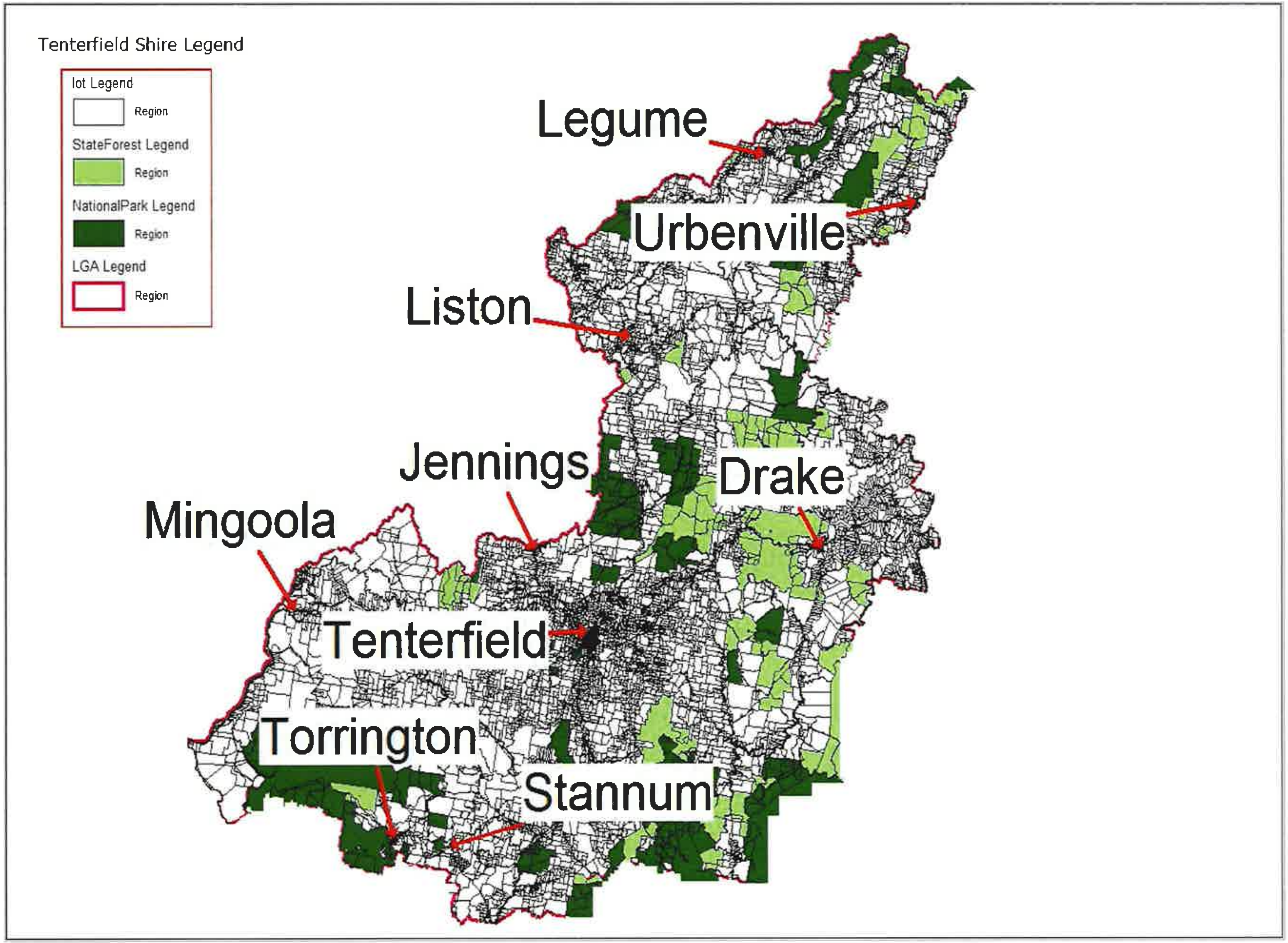
- Templates not yet released by Office of Local Government (OLG)

- Two (2) workshops held (Sydney and Dubbo) with forty-three (43) Council's represented to discuss potential options.

- Define what a "Rural Council" is: *Pop<5000 (could also be population up to 10,000 or budget under $20 million) low rate base Vs high assets base, large geographical area and grant dependency*.

# Exploring the Rural model

- Define what efficiencies can be gained: *Frontline Services, Administration, Planning/Regulatory functions*.
- Define expectations to State Level: *Simplification of reporting requirements, Joint Organisations with grant funding, increased revenue for state services (ie; aged care)*
- Governance changes: *Reduction in Councillor numbers, reduce meeting frequency, merge some senior roles amongst Councils, larger role of Joint Organisations in day-to-day functions, outsource some functions (at an unknown cost).*


Tenterfield Shire Legend
lot Legend
Region
StateForest Legend
Region
NationalPark Legend
Region
LGA Legend
Region
Legume
Urbenville
Liston
Jennings
Drake
Mingoola
Tenterfield
Torrington
Stannum

# Council Improvement Proposal

- Template available
- Work towards progressively meet a set of benchmarks (ratios)
- Where we are now and what we have done to date to improve, & SWOT analysis leading to:

  *What we are planning to do in the future to meet or improve the set of benchmarks*

- If we can't meet all the benchmarks, justify

# Existing Structure
# Council Improvement Proposal

- Sustainability

| Measure | Benchmark | Tenterfield Now | Future 2019/20 |
|---|---|---|---|
| Operating performance ratio | Greater or break even (zero) over 3 years | 35.6% | 14.86% |
| Own Source Revenue | 60% | 39.6% | 37.84% |
| Building and Infrastructure Asset Renewal | 100% | 89% | 100.31% |

# Infrastructure and Service Management

| Measure | Benchmark | Tenterfield Now | Future 2019/20 |
|---|---|---|---|
| Infrastructure backlog ratio | Less than 2% | 23.13% | ? |
| Asset Maintenance Ratio | Greater than 100% average over 3 years | 65.2% | 77% |
| Debt Services Ratio | Greater than 0% and less than 20% average over 3 years | 4.21% | 7.07% |

# Real Operating Expenditure per capita

Increased operational spending on Infrastructure Assets will NOT result in less spending per capita unless we can do more with less staff and resources

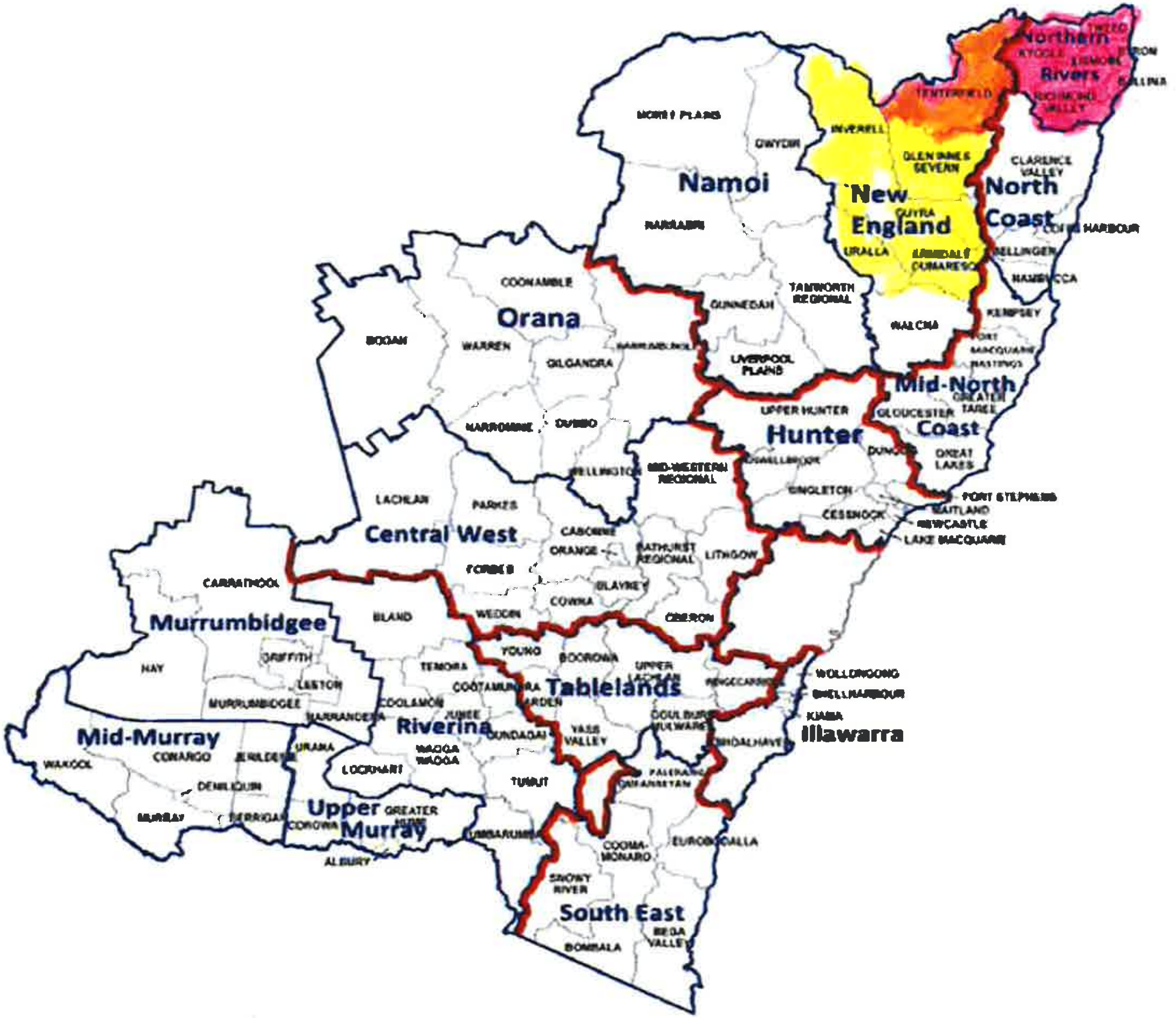
| Measure | Benchmark | Tenterfield | 2019/20 |
|---|---|---|---|
| Efficiency | A decrease in real Operating Expenditure per capita over time | 1.69 | ? |

## Strategies and
# Actions to become fit for the future

- Improve the ratios against all criteria
- Continue to Focus on Spending on Maintenance & Infrastructure Renewal
- Find further efficiencies across the administration
- Positive - Special Rates Variation 2014/15 15%, 2015/16, 2016/17, 2017/18 10% = total additional $10million for infrastructure
- *Current rates revenue: $3 million (Fags $4mil)*<br>*Depreciation:  $3.5 million*
- *2024 Rates revenue: $5million (Fags $5mil)*<br>*Depreciation: $4.6 million*

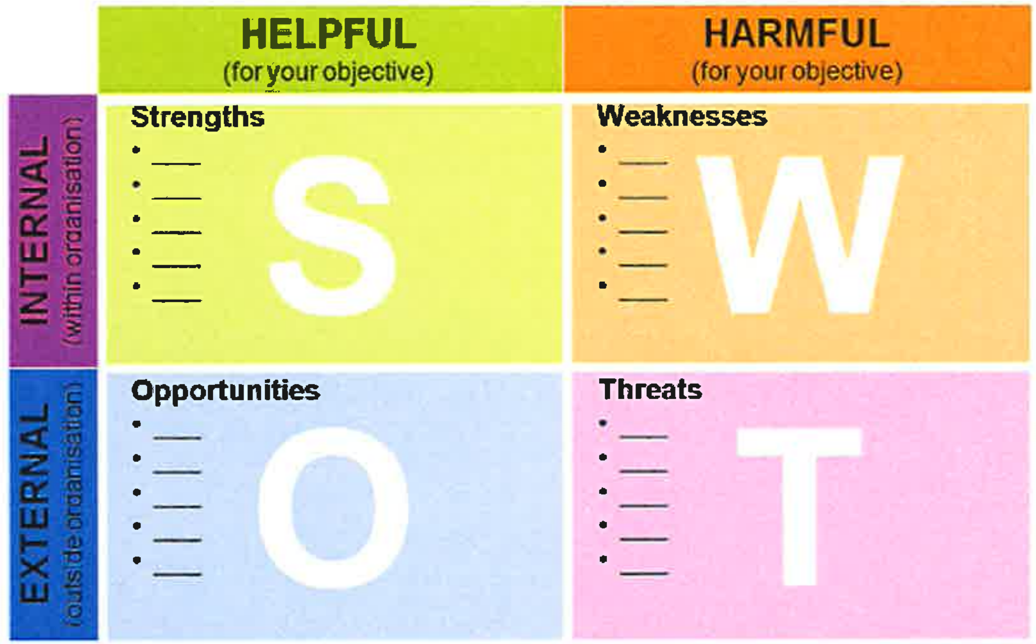
# Joint Organisations

- To be Piloted by 5 regions
- To be implemented in 2016
- Reform report placed Tenterfield in the New England Region
- Tenterfield Shire Council currently aim to belong to Northern Rivers Joint Organisation – seat of Lismore at the next State Election
- Strength in lobbying, sharing of resources, regional purchasing – at a cost to each Council


Northern Rivers
North Coast
New England
Namoi
Orana
Mid-North Coast
Hunter
Central West
Murrumbidgee
Tablelands
Riverina
Mid-Murray
Upper Murray
Illawarra
South East

# SWOT - Analysis

- Strengths
- Weaknesses
- Opportunities
- Threats



# Where to from here?

- Explore the *Rural Council Model* template once published and;
- Explore the *Council Improvement Proposal* template with Council's current structure with the aim to progressively meet the set financial, asset and efficiency benchmarks

*Both these options may include further Special Rates Variation increases in 8-10 years' time and/or loss of services / lower levels of service*

# Report to Council on the outcome of the assessment

- Rural Council Model, or, Current Structure progressing towards meeting the ratios for being “Fit for the Future”
- Community Engagement on Council’s resolved “best fitting structure” for the Road Map

Fit for the Future

# Questions?

Thank you for your participation.