

Item:	5.2	Ref: GINT/2015/01046
Title:	Fit For the Future	
Author:	General Manager	
Attachments:	<ol style="list-style-type: none">1. Fit For the Future - Self Assessment Tool - Benchmark2. 2012-13 Comparative Data Report - Guyra Shire Council3. Reference Group Survey Results - Fit For the Future - April 2015	

Introduction:

Following a comprehensive, three-year, independent review of local government, commissioned by the NSW Office of Local Government, councils are required to submit a proposal to become 'Fit For the Future' by 30 June 2015.

Report:

Premier Mike Baird and Local Government Minister Paul Toole announced the Fit For the Future reform package on 10 September 2014. The objective of this reform is to provide stimulus funding to councils that can prove that they can become Fit For the Future, in line with the benchmarks set by the NSW State Government. Councils have until 30 June 2015 to submit their proposal on how they plan to be Fit For the Future. Proposals will then be assessed by independent experts against independently established criteria. At the time of writing this report, the assessment criteria and terms of reference have not been released by the NSW State Government.

Extracts of information provided by the Office of Local Government, are below. Further information is available on their website www.fitforthefuture.nsw.gov.au

What does a Fit For the Future Council look like?

- Sustainable
- Efficient
- Effectively manages infrastructure and delivers services for communities
- Has the scale and capacity to engage effectively across community, industry, and government

Sustainability

- For Council to meet the service and infrastructure needs of our community we need to be financially sustainable.
- The NSW Treasury Corporation defined a financially sustainable Council as one that, over the long term, is able to generate sufficient funds to provide the level and scope of services and infrastructure, agreed with its community through the Integrated Planning & Reporting process.

Efficiency

People rightfully expect modern, responsive services, that are easy to access and that offer value for money. A Fit For the Future Council:

- Minimises unnecessary burden on business and the community
- Provides value for money to the community
- Manages resources well to deliver services or infrastructure

Effective Infrastructure and Services

A Fit For the Future Council is one that:

- Knows the current and future infrastructure needs of the community
- Develops, maintains, and renews infrastructure using the right mix of revenue and borrowing
- Works with others to deliver cost effective services
- Delivers services and infrastructure that meets the needs of the community as identified through the Integrated Planning & Reporting process
- Delivers services and infrastructure on time and on budget

Scale and Capacity

A Fit For the Future Council is one that:

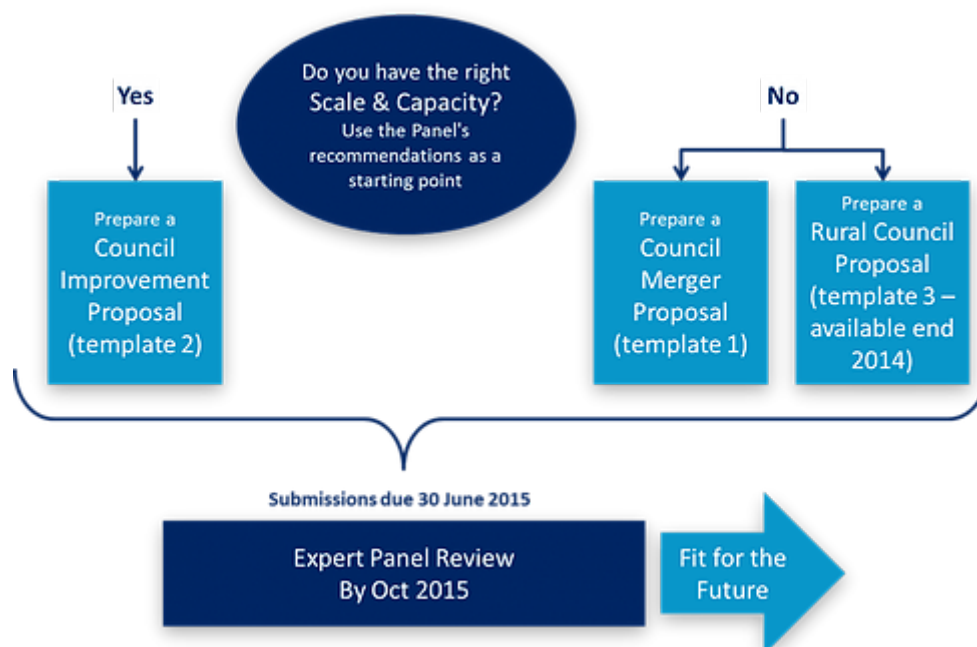
- Saves money on bureaucracy and administration, freeing up funds for front-line services and community facilities
- Can contribute to projects and tackle issues that impact on residents and extend beyond the Council boundary
- Has credibility and influence across Councils, across Government, and with industry

There are three proposal templates available to councils under the Fit For the Future reforms:

- Template 1 – Voluntary Merger Proposal
- Template 2 – Council Improvement Proposal
- Template 3 – Rural Council Proposal

In determining which template to complete, Council must first answer the question:

Do you have the right Scale & Capacity?



To answer the question of scale and capacity, Council must consider the Independent Panel's Recommendation, which for Guyra Shire Council is **"merge with Armidale Dumaresq Council, or Joint Organisation."**

Council should then consider the 7 benchmarks, as set by the Office of Local Government:

- Operating Performance
- Own Source Revenue
- Building and Infrastructure Asset Renewal
- Infrastructure Backlog
- Asset Maintenance
- Debt Servicing
- Real Operating Expenditure Per Capita

Guyra Shire Council's Current Benchmark Results

		Result	Benchmark	
Sustainability	Operating Performance Ratio	-0.219	≥ break-even average	✗
	Own Source Revenue Ratio	44.11%	>60%	✗
	Building and Infrastructure Asset Renewal Ratio	84.57%	>100%	✗
Effective infrastructure & service management	Infrastructure Backlog Ratio	19.46%	<2%	✗
	Asset Maintenance Ratio	63.26%	>100%	✗
	Debt Service Ratio	3.08%	>0 <20%	✓
Efficiencies	Real Operating Expenditure per capita over time	Stable	Decreasing	✗

*complete report attached.

Council consulted with the Guyra Shire community and reviewed its options under the Fit For the Future framework. It was evident that in order to achieve the outcomes of the Council Improvement Program, many sacrifices to service levels, affordable rates, and accountability, would be incurred by our community. It would involve significant rate rises, that would negatively impact our low socio-economic community. It can therefore be concluded that Guyra Shire Council does not have the required 'Scale and Capacity' as defined by the NSW State Government. This narrows down the template options for Council (as shown in the diagram previous) to Template 1 - Council Merger Proposal and Template 3 - Rural Council Proposal.

The template for a Council Merger Proposal requires that the merger be endorsed by all councils within the proposed merger group.

Guyra Shire Council was recommended, by the Independent Local Government Review Panel, to amalgamate with Armidale Dumaresq Council. The Panel classified non-metropolitan councils into 7 groups, dependent on the projected sustainability and potential for mergers. Guyra Shire Council is in Group E, carrying the classification: *“Group E comprises 13 councils that could be involved in mergers to consolidate major regional centres” (page 112).*

The Panel detailed that there are a number of cases where it believes there could be merit in an amalgamation of councils around a regional centre, for the following reasons:

- A regional centre with the necessary scale and capacity
- To reflect close functional interrelationships between a regional centre and adjoining council areas
- As an option for adjoining ‘councils at risk,’ where it specifies Armidale-Guyra as an example of this type of amalgamation.

On this basis, Council should give consideration to the proposed merger of Armidale and Guyra, and assess the objectives outlined in the report. It can be considered that the merger of these two councils alone will not meet the desired outcomes, and that a larger regional merger would be more appropriate. It is recognised that Armidale is a community of interest to Guyra Shire residents living in the town of Guyra and southern areas of the Shire, however it is a significant distance from other areas of the Shire. However, the cultural differences between the communities would form an unbalanced, predominantly urban based population, at detriment to the Guyra Shire community. If Council were to consider the merger option, it is recommended, as evidenced by representations from the Guyra Shire Reference Group through community consultation, that a larger regional merger be investigated.

We have experienced good relationships with Armidale Dumaresq Council on an operational level through shared service arrangements over the last 5 years. These arrangements have enhanced our capacity to provide for our community, while remaining autonomous and providing local representation. However, in an amalgamation situation, we feel that our community would suffer detriment on account of significant cultural differences to the much larger, urban based, university city. We considered a larger regional Council option, encapsulating the entire New England area, involving Walcha, Uralla, Armidale, Guyra, Glen Innes, Inverell, and Tenterfield; in order to achieve a fair and equitable balance of power and representation, and create a more balanced rural / urban population.

Guyra Shire Council initiated discussions between all of the councils identified in the New England region to seek support to undertake a merger business case. Each of the representatives at the meeting indicated that their council was not intending to undertake a merger business case study. It is considered unreasonable for Guyra Shire Council to enter into a voluntary merger without having completed a merger business case to establish the financial, cultural, and efficiency outcomes of the merger.

In addition to a lack of support for undertaking a merger business case, each of our neighbouring councils in the New England Region has already resolved which template they will be completing under the Fit For the Future reforms:

- Armidale Dumaresq Council – Council Improvement Proposal - “that Council make a submission prior to 30 June 2015 under the Council Improvement Proposal (Existing Structure) to stand alone...”
- Uralla Shire Council – Council Improvement Proposal - “Council address the Fit for the Future program as Uralla Shire Council alone and not pursue a voluntary merger...”
- Walcha Shire Council – Rural Council Proposal - “Council complete Template 3 ‘The Rural Council Model’”

- Glen Innes Severn Council – Council Improvement Proposal – “Council adopts the draft Fit For the Future Proposal...attached...”
- Inverell Shire Council – Council Improvement Proposal – “remain a ‘standalone’ Council as recommended by the Independent Review Panel...”
- Tenterfield Shire Council – Council Improvement Proposal – “that Council’s decision is to use Template 2 – Council Improvement Plan (existing structure) as per the Panel’s Recommendation in the Final Report...”

Taking these resolutions into consideration, and an unsuccessful attempt by Guyra Shire Council to garner support from these councils to undertake a merger business case to ascertain the projected benefits and implications of a merger, it is suggested that the Guyra Shire Council consider completing Template 3 – Rural Council Proposal.

Given the complexities of these assessments, and the requirement for a template to be completed by 30 June 2015 proposing the future of the Guyra Shire Council, it is recommended that Guyra Shire Council complete the Rural Council Proposal. This proposal 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 proposed Joint Organisation model. This process will provide opportunities for Council to provide more efficient, streamline services, and develop collaborative and innovative approaches to achieving regionally mutual objectives.

In order to complete the Rural Council Proposal, Guyra Shire Council must show extensive evidence as to the desires of our community to remain an autonomous local government authority, and develop a plan to become Fit For the Future. The template requires Council to address 9 characteristics of a rural council:

- Small and static or declining population spread over a large area
 - Guyra Shire Council services a population of 4552. This population steadily increased by 5% the last 5 years. Council considers this a valuable trait of a rural council, despite the guidelines set by the Office of Local Government. The population increases are a result of effective planning, community relations, and local representation
- Local economies that are based on agricultural or resource industries
 - Of the working population (employed persons aged 15 years and over), 43.7% are employed in the Agriculture, forestry and fishing industry
 - The majority of businesses in the community are founded or ancillary to the agricultural industry
- High operating costs associated with a dispersed population and limited opportunities for return on investment
 - As evidenced by the benchmark results
- High importance of retaining local identity, social capital, and capacity for service delivery
 - Through recent community consultation, particularly with the Reference Group (survey results attached to this report) this has been raised as a significant consideration for the Guyra Shire community.
- Low rate base and high grant reliance
 - As evidenced by the benchmark results
- Difficulty in attracting and retaining skilled and experienced staff
 - Guyra Shire Council remuneration packages are often not competitive and there are limited opportunities for career development, making Guyra Shire as an employer less competitive

- Challenges in financial sustainability and provision of adequate services and infrastructure
 - As evidenced by the benchmark results
- Long distance to a major (or sub-regional) centre
 - While the Guyra township is located within a reasonable distance of a regional centre, the Shire as a whole would be considered a long distance to a regional centre
 - Boundary adjustments are not being considered by the NSW State Government at this stage in the reform process, so it is likely that the communities of Tingha, Ebor, and Ben Lomond would be involved in any potential merger. The regional centre of Armidale is not a community of interest to these areas of the Guyra Shire.
- Limited options for mergers
 - It is considered that the options for mergers are limited by the fact that the neighbouring councils are not indicating a desire to investigate larger merger options
 - It would be detrimental to the Guyra Shire community to merge only with Armidale Dumaresq Council

Each of these components will be explored in greater detail should Council resolve to complete the Rural Council proposal.

In preparing a proposal under the Rural Council template, Council will be required to show how it will become Fit For the Future. This involves the development of key strategies to improve performance against the benchmarks set by the NSW State Government, over the 2016-2020 period. There are 6 areas of development recommended by the Office of Local Government:

- Resource sharing
- Shared administration
- Specialty services
- Streamlined governance
- Streamlined planning, regulation, and reporting
- Service review

The recommendation to this report provides for community engagement. It is suggested that the community engagement component of the Fit For the Future assessments focus on the areas of improvement and seek advice, feedback, and ideas from the community on how Council can develop the key strategies to be Fit For the Future, and understand the community's desires and expectations under the Rural Council proposal.

Some of the consultation process has commenced, to provide Councillors with feedback prior to adopting which template to complete. The results of the Reference Group meeting, held on 20 April 2015, is attached to this report. The remainder of the consultation will be based on informing the community on which template Council will be completing, and seeking their direction regarding their expectations for the future sustainability of the Shire. A draft community consultation timetable is included in this report for the adoption of Council.

Consultation Method	Target Group	Date
Website – myGuyra.com	Residents and Ratepayers	Live - 25 March 2015
Online Survey	Residents and Ratepayers	Live - 25 March 2015
Councillor Briefing Session	Councillors	13 April 2015
Consultative Committee Meeting	Staff representatives	15 April 2015
Reference Group Meeting	Guyra Shire residents, ratepayers, businesses, and organisations.	20 April 2015
Council Resolution	Councillors	27 April 2015
Staff Meetings	All GSC Staff – indoor, outdoor, Kolora, Preschool	27 -30 April 2015
Mail out	Residents and Ratepayers	Early May 2015
Guyra Public Display	Residents, Ratepayers, and visitors	12 May 2015
Wards Mistake Community Consultation	Wards Mistake Residents	24 May 2015
Draft Proposal on Public Exhibition	Community	25 May 2015
Public Forum	Community	25 May 2015
Tingha Public Display	Tingha Residents	26 May 2015
Tingha Community Consultation	Tingha Residents	26 May 2015

Financial Implications:

No funding applications were considered.

Environmental Implications:

Not applicable.

Policy Issues:

No policies were presented at this meeting

Integrated Planning and Reporting Issues:**Social Implications:**

Not applicable.

Risk Management Issues:

Not applicable.

Legal Issues:

Not applicable.

RECOMMENDATION:

- a) That Council make a submission to the Office of Local Government to become Fit For the Future by completing the Rural Council Proposal template, by 30 June 2015.
- b) That Council consults with the community, as per the community consultation timetable within this report, to develop key strategies that are acceptable to the community in becoming Fit For the Future.
- c) 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.