



**URANA SHIRE COUNCIL**

*In the middle of everywhere*

ATTACHMENT G - URANA SHIRE COUNCIL - FIT FOR THE FUTURE

# **Becoming 'Fit for the Future' Putting our Communities First.....**

## **Public Meeting Number 2**

### **Reform of NSW Local Government**

**7.00pm - 11 May 2015 – Urana Soldiers Memorial Hall**

**GOING FORWARD WITH PRIDE**



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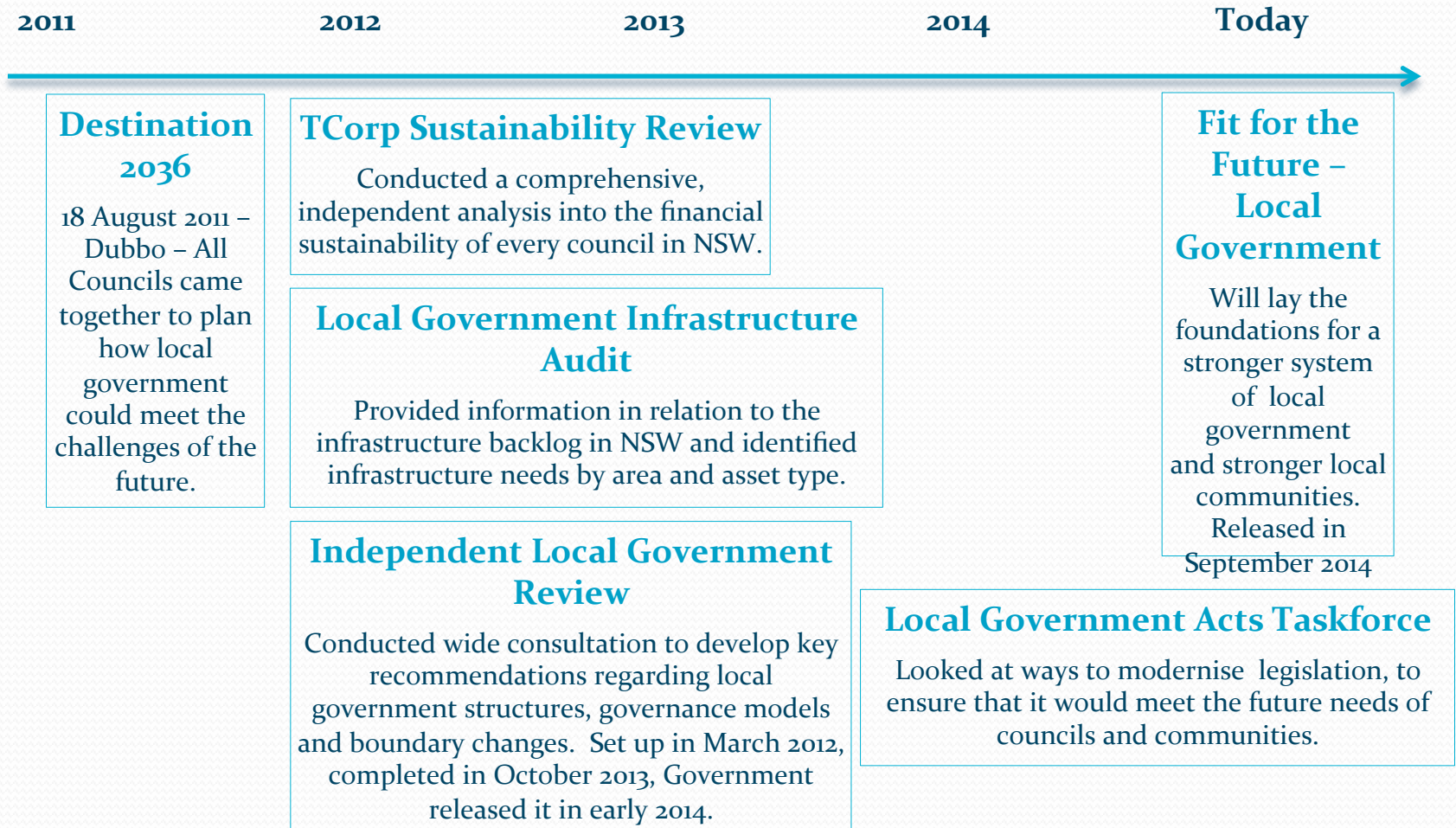
*Outline – 1 Hour Presentation –*

- 1) Welcome from the Mayor, Cr Pat Bourke**
- 2) Background – What is Fit for the Future?**
- 3) What is Councils current position**
- 4) What are the next steps**
- 5) Questions and Comments – (feel free to ask questions along the way also)**

**GOING FORWARD WITH PRIDE**

# Where have we come from?

## The journey so far...





# Total reform package

## Legislative reform

Cutting red tape, streamlining procurement. A new Local Government Act from 2016

## Financial reforms

A new State borrowing facility, rating review and FAGs redistribution

## State Government support

Help with preparing proposals, support for merging councils, seed funding for Joint Organisations, Small Councils Innovation Fund



## Fit for the Future Proposals

Councils review structural options and develop improvement plans by June 2015

## Joint Organisations

New council organisations for Regional NSW. Pilots begin February 2015. Roll-out to all regions by September 2016

Source: NSW Office of Local Government

# Changes to the local government system



Package of reforms to forge a new way for local government in NSW



**Review of Financial Assistance Grants**

**Financial Sustainability Program**



**New Local Government Act**

**Regulatory Review**

**Rating Review**

**Performance Measurement Framework**



**Smarter procurement**

**Simplified reporting**

**Auditor General Oversight**

**Governance Reform**

Source:  
NSW Office of Local Government



### **\$258m**

To help councils who have decided to merge to make the transition and provide services and facilities communities need.

### **\$13m**

To support local transition committees and ensure elected representatives are involved in the merger process.

### **\$5.3m**

To get new regional Joint Organisations up and running.

### **\$4m**

To help small councils (<10,000 population) develop innovative ways of working.

### **Up to \$600m**

Potential savings from cheaper finance for Fit for the Future councils to invest in local infrastructure.

### **Up to \$100m**

Reductions in red tape and duplication will save councils up to \$100m.



### **Expert assistance**

Funding for experts to help merging councils explore the options and prepare a sound business case.

### **One stop shop**

Access to the Office of Local Government's One Stop Shop for local government reform, including a regional relationship manager who understands your area.

### **Facilitators**

Access to fully-funded professional facilitators who can help councils begin discussions about how to merge and the benefits for their community.

### **Technical support**

Access to a team of technical experts to help prepare your Fit for the Future proposal.

# Fit for the Future



## What's on offer for councils?

## Up to \$1 billion reform package.

Source:  
NSW Office of Local Government



Whats in the funding?

- \$5 million for two Councils to merge to spend on whatever the new Council likes
- Treasury report estimates the cost would be \$5.4 million for a Urana and Corowa Merger
- \$11 million for 3 Councils to merge and \$13.5 million for four Councils to merge – second last report from the Independent Review Panel suggested Urana, Corowa, Jerilderie and Berrigan merge



## What's in the funding?

- Funding is on the table until June 30
- Those that choose to merge, commit to this, and then have 12 months to finalise things before Sept 2016 LG elections
- Those that remain alone, commit to changes to improve scale and capacity and financial sustainability and implement prior to Sept 2016





Program  
launch

Regional  
workshops

Joint  
Organisations  
ROCs - Urana  
is in Riverina

Research and  
consulting

FFF  
Templates  
released

September – December 2014

Rural Council  
workshops –  
Urana has  
two options –  
merge with  
Corowa or  
Rural Council

Rural Council  
Template  
February  
2015

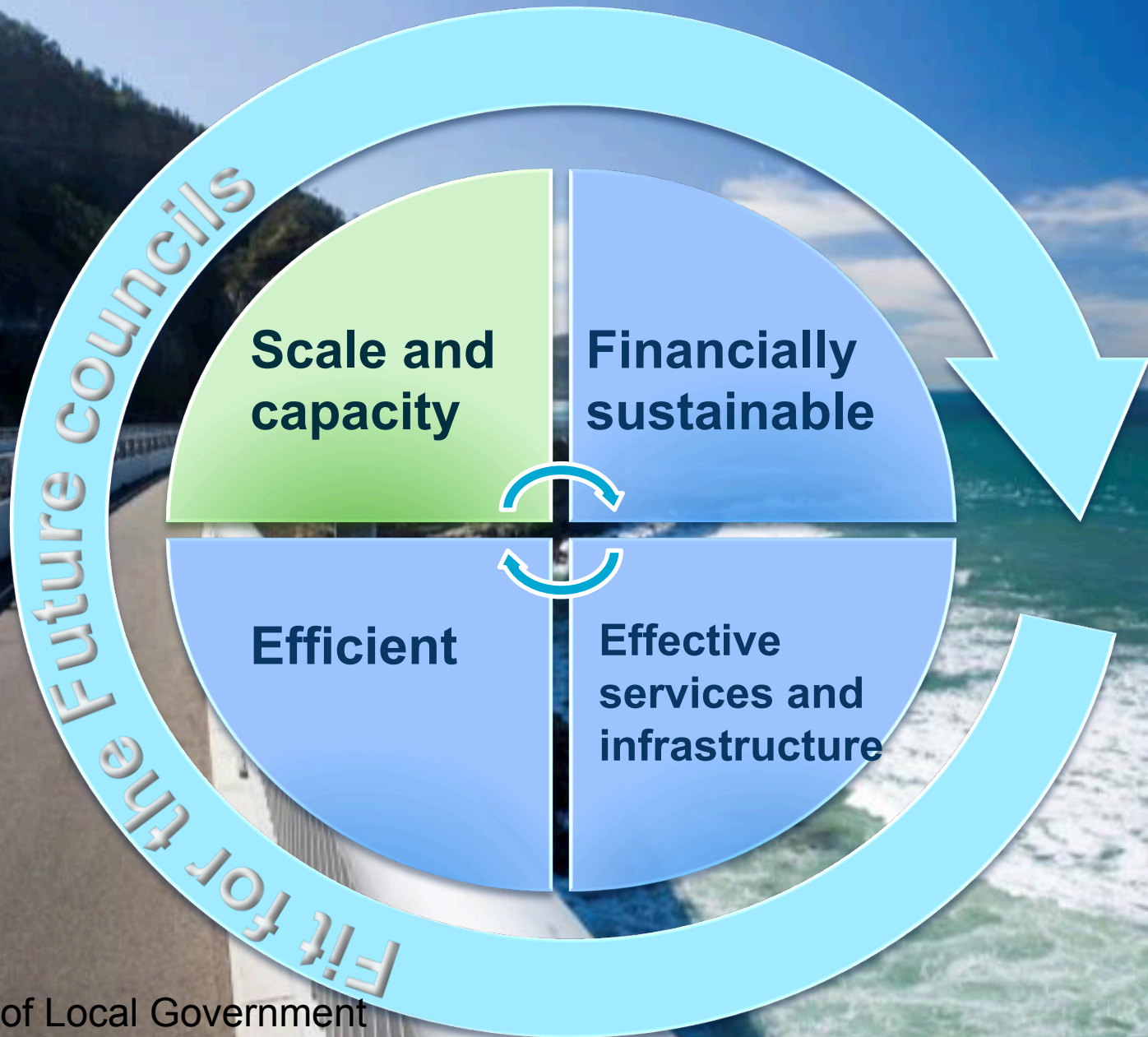
June 30 –  
Lodge FFF,  
July –  
October 2015  
– FFF  
applications  
assessed -  
IPART

Oct 2015 –  
FFF  
applications  
announced

Sept 2016 -  
New Local  
Gov.  
Elections,  
new  
boundaries  
for merged  
Councils

January 2015 – September 2016

# Key criteria of Fit for the Future



Source:  
NSW Office of Local Government



## Becoming Fit for the Future

### Do you have the right scale and capacity?

- Starting point is the recommendations of the Independent Local Government Review Panel in relation to mergers and Rural councils

#### If Yes

#### Roadmap to address other criteria

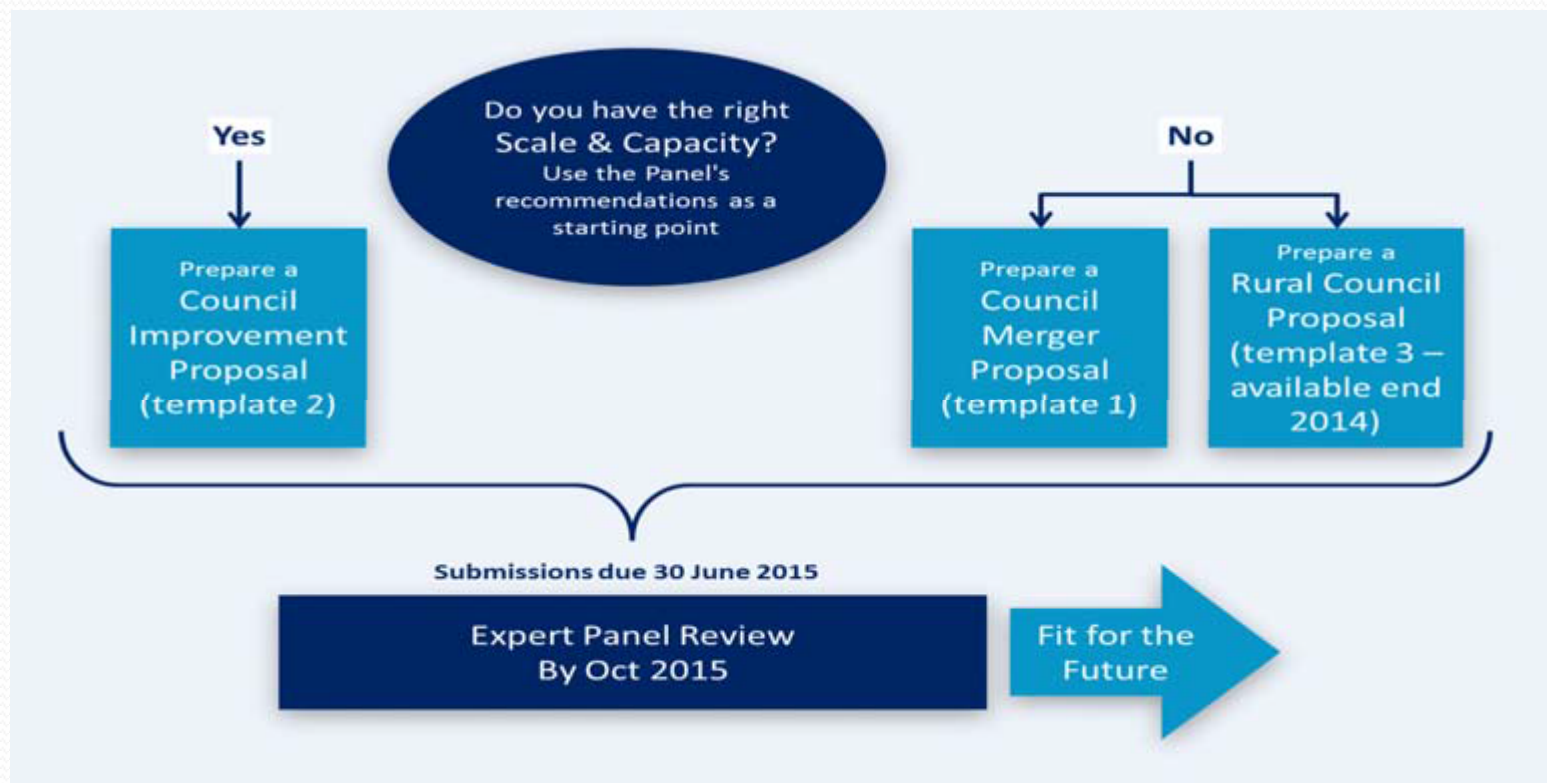
- Sustainability
- Efficiency
- Effective Infrastructure and Service Management

#### If No

#### Structural Change Roadmap

- Broadly consistent with the recommendations of the Panel

Source:  
NSW Office of Local Government







## 3) What is Councils position, Are we fit for the future?



### Criteria Results

#### Urana Shire Council



#### BENCHMARK

*Operating Performance Ratio (greater or equal to break-even average over 3 years)*

RESULT

-0.060

MEETS FFTF  
BENCHMARK

NO

✗

*Own Source Revenue Ratio (greater than 60% average over 3 years)*

25.34%

NO

✗

*Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)*

96.75%

NO

✗

*Infrastructure Backlog Ratio (less than 2%)*

12.93%

NO

✗

*Asset Maintenance Ratio (greater than 100% average over 3 years)*

98.79%

NO

✗

*Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)*

0.20%

YES

✓

*A decrease in Real Operating Expenditure per capita over time*

Increasing

NO

✗

#### OVERALL RESULT



*The Council does not meet all seven of the Fit for the Future Criteria*



### 3) What is Council's position, Are we fit for the future?

#### Sustainable

1. Break Even Operating over 3 years  
Target - Result No - including  
Depr'n Council = approx \$800k  
deficit (Challenge)
2. Own Source Rev = No, Council =  
approx 30%, want 60%, (Challenge)
3. Spend on assets renewal = No want  
100%, we are 96% (Easier to meet)



### 3) What is Councils position, Are we fit for the future?

#### Effective

1. Infrastructure Backlog = No, target 2% – Council did estimate 12%, being reviewed, since flood and different methods
2. Asset Maintenance = No, approx \$800k deficit
3. Debt Service Ratio = Yes, want to see debt, inter generational equity etc



### 3) What is Councils position, Are we fit for the future?

#### Efficient

1. Reduction in operating costs per capita = No, impossible for a Council with declining population, state-wide measures, Rural Councils are expected to give some leniency, growing populations should produce some efficiencies





**3) What is Councils position, Are we fit for the future? No**

**Numerous Review Panel Submissions, public meetings etc., many of us went to Corowa back in 2013 –**

**Final report, adopted by Government, gave Urana and 8 other Councils below 4000 population, Jerilderie, Conargo and Murrumbidgee, a Merge as the first option, (Urana's case with Corowa) OR consider a Rural Council. (not defined).**

**Government asked IPART to assessment criteria**

**IPART said, (11 days) – Address Scale and Capacity before any other criteria**



### 3) What is Councils position, Are we fit for the future? cont'd

Do we have the right scale and capacity ? Two things –

Scale - scale and capacity to engage effectively across community, industry and Government

- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and Federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership



### **3) What is Councils position, Are we fit for the future? cont'd**

#### **What is Capacity ?**

- **More robust revenue base and increased discretionary spending**
- **Scope to undertake new functions and major projects**
- **Ability to employ wider range of skilled staff**
- **Knowledge, creativity and innovation**



**What do we do? Merge with Corowa or submit a Stand alone application to improve?**

**What have we done?**

- **Council has met with Corowa numerous times, talked to our residents**
- **Council has met with the Office of Local Government**
- **Talked to the Minister(s), Premier(s), Local Member(s)**
- **Worked with REROC and RAMROC**
- **Attended all sessions and had strong input into the formulation of the Rural Council model**





**What do we do? Merge with Corowa or submit a Stand alone application to improve?**

**What have we done?**

- Council has workshopped this many times
- Reports at every Council meeting
- Updates in our Newsletters
- Frustration in the process – timing of it all
- Information about what a Rural Council is only out in February
- Methods that IPART will use only just out now
- Merger incentive money



**What do we do? Merge with Corowa or submit a Stand alone application to improve?**

**What have we done? Prior to FFF**

- Council has undertaken a full org review
- Service reviews – Plant, Housing, Aged Units
- Waste Management
- Zero Budget
- Asset Mgmt. – review depreciation, assess condition,
- Increased our focus on Community, projects,
- Lot more to be done



## **Rural Council Characteristics**

A council submitting a Rural Council Proposal is required to demonstrate that –

1. Has a small and static or declining population spread over a large area
2. Local economies that are based on agricultural or resource industries
3. High operating costs associated with a dispersed population and limited opportunities for return on investment
4. High importance of retaining local identity, social capital and capacity for service delivery



## **Rural Council Characteristics**

A council submitting a Rural Council Proposal is required to demonstrate that –

5. Low rate base and high grant reliance
6. Difficulty in attracting and retaining skilled and experienced staff
7. Challenges in financial sustainability and provision of adequate services and infrastructure
8. Long distance to a major (or sub) regional centre
9. Limited options for mergers.





## **Merge or Rural Council Choice**

- *Long distances between the administrative centres of adjoining councils, and to the nearest major regional centre*
- *Adjoining councils also have small populations and limited resources, so that an amalgamation is unlikely to offer a sustainable solution in the medium-long term*
- *Council concerned is presently sound and may be able to continue as a separate local government unit for some years, but it has and/or will have limited capacity to undertake the full range of local government functions.*

Source – Independent Local Government Review Panel Final Report



## **Merge or Rural Council Choice**

- **Based on information, and Community informal feedback, Decision made 'in principle' to submit a 'stand-alone' Rural Council application – Cr Workshop – risks of merge with Corowa versus standalone, social and economic impacts would be over the longer term in the negative**
- **Government has not said what will happen to Councils who are NOT Fit for the Future**
- **Corowa (as a Council) have been very proactive towards a merger, their Community generally favoured a stand-alone**



## **Merge or Rural Council Choice – Community Consultation**

- **Community Engagement Strategy**
- **Meetings/Newsletters/Media Releases/Facebook/Website**
- **Last few weeks focussed consultation**
- **Surveys – 259 back, 92% favour standalone**
- **Do more analysis on those, form part of our submission**
- **Public Meeting last week – passed a resolution to support the Council and gave Council a vote of confidence**



## Option 1 Resource sharing

Either with neighbouring councils or via a Regional Joint Organisation

## Option 2 Shared administration

Agreements with neighbouring councils

## Option 3 Specialty services

Marketing specialist services to other councils eg via a Centre of Excellence

## Other options

Councils are encouraged to include other options in their proposal that will assist them in becoming Fit for the Future

## Option 4 Streamlined governance

Reducing the number of Councillors or formal council meetings, making greater use of committee structures

## Option 5 Streamlined planning, regulation & reporting

Exploring flexibility under current legislative provisions, as well as adopting new options following legislative review

## Option 6 Service review

Exploring options for improved cost recovery in service provision, or optional service delivery methods

**Rural Council Proposal**

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graph TD; O1[Option 1: Resource sharing] --> RCP((Rural Council Proposal)); O2[Option 2: Shared administration] --> RCP; O3[Option 3: Specialty services] --> RCP; O4[Option 4: Streamlined governance] --> RCP; O5[Option 5: Streamlined planning, regulation & reporting] --> RCP; O6[Option 6: Service review] --> RCP; Oth[Other options] --> RCP;
```





## **Merge or Rural Council Choice**

- **Range of changes proposed to identify savings and increase our revenue**
- **Own Source revenue – 60% - we are at about %30 max, need to show an improvement**
- **Service reviews**
- **Operating result – \$.8m deficit including dep'n**
- **Depreciation \$2.4m, ordinarily balance budget exc dep'n**



## Merge or Rural Council Choice

- Rates and Charges \$1.76m, Fees, Investment and other income just over \$2m,
- \$4.5 million from Grants



# Rating examples

Rate Category	Area	Rate Levy	Shire 1
Farmland	1677.00ha	\$3,837.04	1475ha, \$3001.34
Boree Creek-Business	3.254 ha	\$477.82	3.936ha, \$456.59
Boree Creek-Residential	2023.00m2	\$197.00	2023m2, \$282.98
Urana-Business	1315m2	\$248.56	1164m2, \$420.52
Urana-Residential	2555.00m2	\$259.99	2023m2, \$259.23
Oakland's-Business	4439m2	\$365.78	5058m2, \$377.54
Oakland's-Residential	2428m2	\$233.34	2208m2, \$250.59
Rand-Business	3579m2	\$222.80	2911m2, \$351.44
Rand-Residential	2586m2	\$277.15	2732m2, \$496.03
Morundah-Business	2023m2	\$186.00	2023m2, \$541.77
Morundah-Residential	4224m2	\$336.95	4537m2, \$317.53



# Average Rating examples

Category	Urana	Jerilderie	Corowa	Lockhart
Residential	\$189	\$203	\$412	\$231
Business	\$330	\$302	\$962.81	\$334
Farmland	1974	\$2602	\$1944	\$1397





## **Increasing our revenue**

- **Rate increases of 10% per year for the four years**
- **Almost all, if not all neighbouring Councils have had rebate increased approved or will be submitting both IPART applications, and including increases in their FFF applications**
- **Corowa – 7%, 11.5%, 11.5%, 7% proposed**
- **Greater Hume Approx. 7% increases**
- **Jerilderie 10% x 4 years**



## **Where to from Here?**

- **Community Engagement Underway**
- **Surveys have been done, still take more, more surveys to come from our ratepayers who live out of the Shire**
- **FFF Application being prepared**
- **28 day public exhibition process**
- **Run with our budgets and plans for next year and beyond**
- **Government has not said what will happen to Councils who are NOT Fit for the Future**



- **Next meeting 11 May**
- **Feedback from our Community surveys and updates**
- **Working on our application**
- **Budgets and plans for next fin. year**



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# Thank you for listening Questions and Comments?

**GOING FORWARD WITH PRIDE**