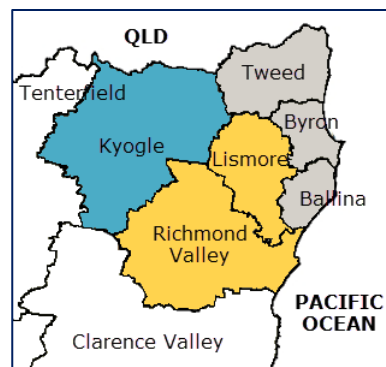


KYOGLE COUNCIL – RURAL COUNCIL PROPOSAL

NOT FIT

| | | | |
|-----------------------------|---------|-----------------------------|------------------------------|
| Area (km ²) | 3,639 | Population 2011 | 9,550 |
| OLG Group | 10 | (2031) | 9,600 |
| ILGRP Group | F | Merger with Richmond Valley | |
| | | 2011 | 32,350 |
| | | (2031) | 35,000 |
| | | Merger with Lismore | |
| | | 2011 | 53,900 |
| | | (2031) | 59,800 |
| Operating revenue (2013-14) | \$19.9m | TCorp assessment | Weak FSR Negative outlook |



ILGRP options (no preference) Council in Northern Rivers JO (all shaded) or merge with Richmond Valley and Lismore (yellow).

| | | |
|--------------------|---|--------------------------|
| Assessment summary | Scale and capacity | Does not satisfy |
| | Financial criteria: | Satisfies overall |
| | • Sustainability | Satisfies |
| | • Infrastructure and service management | Satisfies |
| | • Efficiency | Satisfies |

Fit for the Future – NOT FIT

- The council does not satisfy scale and capacity.
- The council satisfies the financial criteria overall. It satisfies the sustainability, infrastructure and service management and efficiency criteria.
- Scale and capacity is a threshold criterion which councils must meet to be Fit for the Future (FFTF), therefore the council is not fit.

Scale and capacity – does not satisfy

- The ILGRP did not include a Rural Council Proposal in its options for Kyogle.
- The council does not meet the majority of rural council characteristics, particularly regarding population and options for mergers.
- The council is located less than 50km from other regional centres (Casino and Lismore). Outlying villages are around 100km from Kyogle, which is consistent with the ILGRP's suggestion that the boundaries of an LGA are 60-90 minutes from a main administration centre in country areas.
- The council's population of 9,550 is significantly higher than Group C councils with populations of less than 5,000 which the ILGRP specifically identified as being suitable for the Rural Council model.
- The council submitted a Rural Council Proposal because it considered it had no other option after merger discussions were rejected by Richmond Valley and Lismore. Its proposal states this is because it does not meet the scale and capacity elements for a stand-alone council.
- A merged council is likely to have improved capabilities and a more robust revenue base, greater scope to undertake new functions and projects, improved integrated planning and regional collaboration.

Sustainability – satisfies

- The council satisfies the criterion for sustainability based on its forecast to meet the benchmarks for the operating performance ratio, the own source revenue ratio and the building and infrastructure asset renewal ratio by 2019-20.
- The council's figures include an approved special variation of 38.9% over five years from 2015-16 (23% above the rate peg).

Infrastructure and service management - satisfies

- The council meets the criterion for infrastructure and service management based on its forecast to meet the benchmarks for the infrastructure backlog ratio, asset maintenance ratio and debt service ratio by 2019-20.

Efficiency - satisfies

- The council meets the criterion for efficiency based on its declining real opex per capita over the period.

Other relevant factors

| | |
|------------------------------|---|
| Social and community context | 30% of the LGA population is located in the town of Kyogle. The council has a declining population with a SEIFA ranking of 11, indicating a low socio-economic status. |
| Community consultation | The council states it included consideration of the FFTF reforms as part of its community engagement process on its Long Term Financial Plan. This included the results of a survey which showed that 88% of respondents agreed that the council needed additional funds to maintain its infrastructure and 54% were in favour of an application for a special variation. 60% agreed that the council should further explore the options around amalgamation. |
| Water and/or sewer | The council states it achieves the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework. However, the council states it had a backlog of \$4.1m in 2013-14. |
| Submissions | We received one submission regarding Kyogle which questioned the sustainability of the council and raised concerns over the quality of roads in the LGA. |
