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SHIRE OF PROGRESS AND OPPORTUNITY

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WATER • HERITAGE • INNOVATION

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## Section 1.2 The Rural Council Characteristics

### 1.1 Reference 1 - Sinclair, Knight, Mertz, 2010, *Strengthening Basin Communities: A future with less water*, 2010, Page i



STRENGTHENING BASIN COMMUNITIES: A FUTURE WITH LESS WATER  
 What might the future hold for Carrathool, Griffith, Leeton, Murrumbidgee, Narrandera local government areas?

## Executive summary

### The region

The *Strengthening Riverina Irrigation Communities* project involves the Carrathool, Griffith, Leeton, Murrumbidgee and Narrandera Councils and local government areas (LGAs). The five municipalities occupy some 29,000 km<sup>2</sup> of land in south-western New South Wales and include the lower floodplains of the Murrumbidgee and Lachlan Rivers, the Coleambally and Murrumbidgee Irrigation Areas and an extensive dryland farming region.

Agriculture is the region's main land use and is practiced in various forms on over 90% of the land. While the region is renowned for irrigation, only about 9% of land is irrigated, with most of that producing rice or other opportunistic crops when water is available.

While the area of horticultural production is relatively small, the region produces about 60% of New South Wales' citrus crop, almost 40% of its wine grapes and about 20% of its vegetables (all by value of production). The regional gross value of agricultural production in 2005-06 was approximately \$840 million.

The region supports significant food and beverage industries that add value to agricultural production. In 2009-10, agriculture, water, food, wine and related services industries contributed \$735 million in value added production to the regional economy, some 38% of the total.

The region is home to almost 48,000 people. Agriculture is the region's major employer and accounts for about 19% of all jobs. In 2009-10, agriculture, food and related services were directly responsible for 34% of the almost 20,000 jobs in the region.

### The Big Dry

The drought of the late 1990s and 2000s was among the worst recorded in south-eastern Australia. The only equivalent droughts have been the Federation era drought (early 1900s) and the World War II era drought (1940s).

Average annual rainfall across the region was more than 100 mm lower during the 2000s than during the previous two decades. Average maximum temperatures were up to 2°C higher.

Dry and warm conditions prevailed across the south-eastern headwaters of the Murray-Darling Basin over this period. As a result, inflows into headwater storages were among the lowest on record and water availability for irrigation was cut back dramatically. General security allocations from surface water sources were reduced to very low levels, particularly in the Lachlan valley. High security allocations in the Murrumbidgee valley were only marginally affected though, with allocations remaining at about 90% in the two worst years (2007 and 2008).

The drought significantly reduced the value of the region's agricultural output. Regional gross value of production declined by over \$35 million between 2000-01 and 2005-06 and by a further \$120 million to 2009-10. Contraction in the agricultural sector led to reduced employment levels and contributed to people leaving the region.

#### Key message #1

##### The region is highly dependent on agriculture

The region has comparative advantage in agriculture and its economy reflects this.

While the region's agriculture is diverse, its economy is narrowly based around agriculture, food production and related services. These sectors account for almost 40% of the region's overall economy and over 60% of that in the smaller Carrathool and Murrumbidgee LGAs.

There is already significant financial and employment value adding to agriculture within the region through food and beverage production and the provision of services. Flow-through effects to other industry sectors (transport, retail, education, health) are also significant.

Councils have been working on industry attraction and economic diversification for some time. Despite their best efforts, the region's economy remains highly dependent on agriculture.

#### Key message #2

##### The region survived the Big Dry

While the Big Dry posed significant challenges to individual producers and many families and businesses, the region as a whole was able to adjust successfully. Low general security water allocations were challenging to some industries and LGAs, however access to near full allocations of high security water from the Murrumbidgee valley helped to sustain the community and regional economy.

Entitlement to significant volumes of water that was previously used for irrigation were sold to the

## 1.2 Reference 2 –Impacts of water trading in the southern Murray–Darling Basin between 2006–07 and 2010–11, National Water Commission, 2012.

[http://archive.nwc.gov.au/data/assets/pdf\\_file/0013/22009/NWC\\_7019\\_WTR\\_Chapter-6.pdf](http://archive.nwc.gov.au/data/assets/pdf_file/0013/22009/NWC_7019_WTR_Chapter-6.pdf)

Industry discussions with the Ricegrowers' Association of Australia suggested that if allocations had not been traded out of the region they would not have been used for rice production. Rather, because allocations were so small and announcements were made late in the season, the water would have probably been used for winter cereals or carried over to future periods.

This suggests that the water trade out of the NSW Murrumbidgee and NSW Murray may have contributed to decreased regional irrigated agricultural production (for example, of other winter crops), but trading did not significantly reduce production of rice during the drought years.

In any case, it is likely that water trading within the region helped increase agricultural production by allowing water to move to irrigators who were able to make better use of it.

### Finding 13

Rice production fell dramatically during the drought. However, production levels significantly increased with increased water availability in 2010–11. Interregional water allocation trading reduced irrigated agricultural production in the NSW Murray and Murrumbidgee, particularly in 2008–09 in the Murrumbidgee. However, given the low allocations and the timing of the allocation announcements, water trading may have decreased production of winter crops rather than rice. Either way, drought was the major driver of reduced irrigated agricultural production.

### 6.2.3 Flow-on impacts on the rice industry and communities

#### Impacts on rice processing and milling

As demonstrated above, it is unclear whether large outward water allocation trading, particularly in 2008–09, would on its own have resulted in reduced rice production in the NSW Riverina. Therefore, it is difficult to attribute any of the socioeconomic impacts of the reduction in rice production to water trading.

However, for the purposes of this study, it is worth noting that the combined impacts of reduced water availability and lower rice production on SunRice and its employees were significant. In November 2007, the company announced cuts of 180 jobs at its facilities in Leeton, Griffith, Coleambally and Deniliquin. It further reduced handling and milling infrastructure in 2008–09.

In 2008–09, rice processing facilities were placed in care and maintenance mode in both Deniliquin and Coleambally. There was greatly reduced throughput in Leeton:

Overall, the number of SunRice employees dropped from 1048 to 368 during the period from December 2001 to December 2009. This ranged from mill employees to storage facilities to back office staff. When the Deniliquin and Coleambally mills were placed into care and maintenance, 173 jobs were lost from Deniliquin and 74 from Coleambally. With low utilisation of storage sheds, there were 99 fewer jobs in December 2009 than eight years before. Over 50 back office positions were lost.

— Ricegrowers, Association submission to House of Representatives inquiry into the Basin Plan, p. 5.

SunRice deliberately avoided the closure of key processing infrastructure, from which, it was feared, neither the company nor the community might recover. Production at Leeton was reduced from three shifts per day to one. SunRice was also very keen to retain at least some key skilled workers and apprentices who would have been difficult to replace in the post-drought recovery period.

The relative scale of the impacts of reduced rice production appears to have been greatest in Coleambally, given that its major economic base is irrigated agriculture dominated by rice growing.

The rice mill reopened in August 2011 for about eight weeks, with some of those employed travelling daily from Leeton. This suggests that there has been significant out-migration since the drought eased. It is expected that the Coleambally rice mill will operate only when total production in the Riverina exceeds 800 000–900 000 tonnes.

### 1.3 Reference 3: New South Wales State and Local Government Area Population, Household and Dwelling Projections: 2014 Final, 31<sup>st</sup> March, 2015

<http://www.planning.nsw.gov.au/en-au/deliveringhomes/populationandhouseholdprojections/data.aspx>



New South Wales State and Local Government Area Population, Household and Dwelling Projections: 2014 Final

<b>MURRUMBIDGEE</b>					
	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2031</b>
<b>TOTALS:</b>					
Total Population	2,350	2,200	2,050	1,900	1,800
Total Households	950	900	900	850	800
Average Household Size	2.42	2.33	2.26	2.20	2.15
Implied Dwellings	1,200	1,150	1,100	1,050	1,000
<b>CHANGE:</b>		<b>2011-16</b>	<b>2016-21</b>	<b>2021-26</b>	<b>2026-31</b>
Total Population Change		-150	-150	-100	-100
Average Annual Population Growth		-1.5%	-1.4%	-1.2%	-1.1%
Total Household Change		-50	-50	-50	-50
Average Annual Household Growth		-0.9%	-0.9%	-0.8%	-0.7%
<b>AGE GROUPS</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2031</b>
0-14	500	450	400	350	300
15-44	850	700	600	550	500
45-64	600	600	550	500	450
65+	350	400	450	500	500
<b>HOUSEHOLD TYPES:</b>	<b>2011</b>	<b>2016</b>	<b>2021</b>	<b>2026</b>	<b>2031</b>
Couple only	250	250	250	250	250
Couple with children	250	250	200	200	200
Single parent	100	100	100	100	100
Other family households	0	0	0	0	0
Multiple-family households	0	0	0	0	0
<i>Total family households</i>	<i>650</i>	<i>650</i>	<i>600</i>	<i>550</i>	<i>550</i>
Lone person	250	250	250	250	250
Group	0	0	0	0	0
<i>Total non-family households</i>	<i>300</i>	<i>300</i>	<i>300</i>	<i>300</i>	<i>300</i>
<b>Total</b>	<b>950</b>	<b>900</b>	<b>900</b>	<b>850</b>	<b>800</b>

**1.4 Reference 4: Population and household forecasts, 2011 to 2036, prepared by .id, the population experts, May 2015, P5**

**About the forecast areas**

Murrumbidgee Council area is bounded by Carrathool Council area, Griffith City and Leeton Shire in the north, Narrandera Council area in the east, Conargo, Jerilderie and Urana Council areas in the south and Hay Council area in the west.



**Forecast areas**

Murrumbidgee Council area



Source: Population and household forecasts, 2011 to 2036, prepared by .id, the population experts, May 2015.

## 1.5 Reference 5: Table 1. Estimated Resident Population, Local Government Areas, New South Wales\_Murrumbidgee

<http://www.abs.gov.au/ausstats/abs@.nsf/mf/3218.0/>

3218.0 Regional Population Growth, Australia																
Released at 11.30am (Canberra time) 31 March 2015																
Table 1. Estimated Resident Population, Local Government Areas, New South Wales																
		ERP at 30 June											Change		Population density 2014	
LGA code	LG Area	2004 no.	2005 no.	2006 no.	2007 no.	2008 no.	2009 no.	2010 no.	2011 no.	2012r no.	2013r no.	2014p no.	2013r-2014p		Area km2	persons/km <sup>2</sup>
													%	no.		
15550	Murrumbidgee	2574	2565	2544	2483	2444	2406	2380	2350	2416	2502	2528	1.0	26	3506.7	0.7



1.6 Reference 6 & 8: *Strengthening Basin Communities: A future with less water, P4*

## 2.6. Agriculture, food and fibre production

Agriculture is the region's major land use and, together with food production and agriculture-related services, are its key industry sectors. Gross regional value of agricultural production in 2005-06 was almost \$840 million, of which \$435 million (~52%) was from various forms of irrigated agriculture (ABS, 2006).

Cereal production contributed almost 38% of the region's gross value of agricultural production (2005-06). This was roughly evenly split between dryland and irrigated cropping. Grapes, beef cattle, citrus and poultry production were the other major industry sectors, with each generating over \$70 million in gross value of production in 2005-06.

Griffith LGA accounted for the largest shares of value of agricultural production in 2005-06, with a total value of almost \$340 million. About 68% of this was from irrigated agriculture. Only about 13% of the gross value of production from Narrandera was from irrigation.

Agricultural activities and production contribute to the regional economy in other ways. The total value of services provided to agriculture (e.g. fertiliser spreading, crop spraying, irrigation services, shearing) in 2005-06 was about \$69 million. Food and beverage manufacturing in the region generated a greater value of production (\$1,041 million in 2005-06) than the gross value of agricultural production. Almost 40% of this was from wine production and about 30% was from meat and meat products. Griffith (58% of value) and Leeton (35% of value) are the main food and beverage production centres (AEC, 2010).

In 2009-10, agriculture, food and related services (i.e. services to agriculture, water) added over \$734 million in value of production, which was 38% of the total value added to production within the region (AEC, 2010). The contribution of these sectors was greatest in the two least populous LGAs, Carrathool and Murrumbidgee (71 and 61% of total value added, respectively).

Agriculture is also the dominant industry of employment in the region, accounting for 17.6% of jobs (in 2005-06). Manufacturing, which in this region is predominantly food and beverage production, accounted for about 17% of employment at that time. More recent estimates (AEC, 2010) show agriculture contributing almost 20% of jobs in the region, food and beverage manufacturing 11% and that the entire agriculture, food and related services sectors' contribution was almost 34% of employment.

The less populous rural municipalities (especially Carrathool and Murrumbidgee) are particularly dependent on agriculture for employment, with 50 and 35%, respectively, of local employment in agriculture, fisheries and forestry (in 2005-06). The importance of the entire agriculture, food and beverage production and directly-related services sector was even greater in 2009-10, with 58% of jobs in Carrathool LGA and 76% in Murrumbidgee LGA.

## 2.7. The non-agricultural economy

The sectors of the regional economy not directly involving agriculture or food and beverage production are significant and generate 65% of its value added production. The major sectors are: wholesale and retail trade, which in 2009-10 collectively added almost \$230 million in value and ownership of dwellings (\$118 million; AEC, 2010). Value added regionally in education, health, construction and government administration sectors exceeded \$60 million in each sector, with a total value of almost \$280 million.

These sectors were also significant employers. Retail trade was the third main source of employment in the region (13.8% in 2005-06), followed by health and community services, education and construction (7.7, 6.9 and 5.6% respectively).

While these sectors are not directly dependent on agriculture, they service a population and economy that is sustained by it.

1.7 Reference 7: Australian Bureau of Statistics, 2011 Census,  
<http://www.abs.gov.au/ausstats/abs@.nsf/mf/3218.0/> Downloads

## 1.8 Reference 9 & 10: Source: *Strengthening Basin Communities: A future with less water, 2010, Sinclair, Knight, Mertz, P20*



changes in employment and economic activity. It paints a quite definitive picture of those aspects of the region's current status. While stakeholder consultation has been used to elicit information on community perceptions of recent challenges faced by the region, this work is hardly definitive. It provides a guide to this and could be supported by more definitive survey work.

The assessments of implications of potential future changes are quite speculative. Scenario planning and risk and opportunity analysis have been used to explore what might happen and what that might mean for the region. It identified important types of risks for the region and assessed their broad significance. It did not objectively assess the consequence of any of the risks or opportunities. This preliminary work is useful in issues identification and provides a sound basis for planning in Stage 3 of the project.

To fully understand the implications of the future change, particularly the introduction of the MDBP, it will be necessary to explore, for the Murrumbidgee and Lachlan water recovery targets:

- The likely distribution of water recovery between high and general security water to understand which agricultural and food processing industries will be affected and the overall economic impact;
- How water trade will influence the distribution and amount of irrigation water use within the Murrumbidgee valley and how this will in turn influence economic activity within the region;
- The regional socio-economic impact of the MDBP and the distribution of that impact between the five LGAs, which have differing levels of reliance on irrigation, agriculture, food production and related services. The Basin-wide net figure in the *Guide to the MDBP* does not provide a reliable indicator of impact at the regional level or on individual LGAs.
- The effect of alternative climate change scenarios on irrigation (and environmental) water availability. The MDBP and its SDLs currently account only for incremental change from historical averages projected by climate models. It does not account for an early recurrence of Big Dry conditions or any other form of step change in climate.

### 5.4. Key messages from the project

Several key messages about the Riverina Irrigation Communities have been distilled from stakeholder input and

SINCLAIR KNIGHT MERZ

the analyses reported here. They speak about the effects of the 12 year Big Dry drought on the region's communities and economy, future challenges and opportunities and the capacity of the region to meet them.

### The region is highly dependent on agriculture

While the region's agriculture is diversified, its overall economy is quite narrowly based. About 38% of value of regional economic output and 34% of employment is in or directly related to agriculture and food production. Smaller communities (especially Carrathool and Murrumbidgee LGAs) are even more dependent on these sectors than the larger centres. In their cases, over half of all economic activity and employment is in these sectors.

There is already significant financial and employment value adding to agriculture within the region through food and beverage production and the provision of services. Flow through effects to other industry sectors (transport, retail, education, health) is estimated to be significant.

Councils have been working to attract new industries or new players in existing industries and diversify their economies for some time. However, despite their best efforts, local and regional economies remain highly dependent on agriculture.

The region has comparative advantage in agriculture and its economy reflects this. Industry and population attraction is being worked on and not without some success. However, aside from agriculture and food production, there are no other areas of such strong comparative advantage.

### The region survived the Big Dry

While the drought brought about unprecedented low inflows into key southern Murray-Darling water storages and provided significant challenges to irrigation and dryland farming communities, the region performed better than might otherwise have been expected. This is the result of:


- Access to high security and very high reliability water, particularly the from Murrumbidgee River and alluvial aquifer systems. Even through lowest inflow period in Basin history, Murrumbidgee high security allocations remained high and the local wine and citrus industry avoided the low allocations of irrigators reliant on Murray valley flows.
- Diversification in agricultural economy – the diverse range of agricultural, food and beverage products exposes the region to multiple commodity price cycles

1.9 Reference 11, 14 & 16: Rural Councils in NSW – OLG Comparative Data 2013/2014 Analysis

Rural Councils in NSW OLG Comparative Data 2013/2014																					
Council	OLG Group	Classification	Population	2013/14 Total Revenue from Continuing Operations (\$,000)	2013/14 Total Expenses from Continuing Operations (\$'000)	Population Density per capita/km2	Socio-Economic Index Rating	Value of Development Applications Determined (\$'000)	Average Residential Rate 2013/14 (\$)	Total Rate Income /Total Land Value (\$)	% Own Source Revenue	% Grants Revenue	Unrestricted Current Ratio	Debt Service Cover ratio	Debt Service Ratio	Cash Expense Cover Ratio	Metre Road Length per '000 capita	Building & Infrastructure Renewal Ratio	Infrastructure Backlog Ratio	Asset Maintenance Ratio	Mean gross days for Development Applications
Murrumbidgee Shire Council	9	Rural	2,503	11,955	7,041	0.7	25	6,203	264.62	86.95	34	66	7.19	0.0	0.0	23.0	244.9	253	3	109	17
<b>Group B</b>																					
Bombala Council	9	Rural	2,401	10,372	11,893	0.6	45	1,096	528.99	135.68	58	41	7.15	50.2	0.0	12.5	313.5	73	25	56	32
Boorowa Council	9	Rural	2,558	11,504	10,174	1.0	74	3,730	410.00	184.87	64	36	3.87	7.4	3.3	15.9	281.9	83	6	44	45
Conargo Shire Council	8	Rural	1,543	6,732	7,506	0.2	126	1,216	353.36	123.72	46	54	15.79	0.0	0.0	22.7	924.3	142	0	129	19
Gundagai Shire Council	9	Rural	3,747	8,768	10,115	1.5	64	3,569	434.93	195.34	61	39	4.47	46.0	0.0	9.8	208.0	51	3	79	30
Harden Shire Council #	9	Rural	3,762	14,479	15,954	2.0	35	17,699	410.87	206.77	56	44	1.66	0.3	3.2	5.2	224.4	54	0	100	37
Jerilderie Shire Council	8	Rural	1,504	8,433	9,128	0.4	101	612	225.49	90.52	53	47	2.89	4.2	2.5	9.1	732.2	71	3	160	10
Urana Shire Council	8	Rural	1,157	8,542	7,336	0.3	30	1,243	134.30	203.77	30	70	8.40	23.4	1.1	12.9	851.0	294	12	92	22
Walcha Council	9	Rural	3,087	10,968	10,980	0.5	84	2,175	411.96	301.75	65	35	2.57	18.7	0.5	4.3	301.8	167	5	69	34
<b>Group C</b>																					
Bogan Shire Council	9	Rural	3,037	13,178	14,270	0.2	40	4,501	197.78	121.15	67	33	5.44	2197.6	0.0	7.6	526.1	52	5	88	46
Carrathool Shire Council	9	Rural	2,792	18,907	12,633	0.1	76	10,352	388.13	157.30	46	54	3.02	13.4	2.9	7.7	938.3	116	4	111	26
Coolamon Shire Council	9	Rural	4,276	11,682	11,626	1.8	80	4,200	298.84	251.69	43	57	4.35	36.1	0.0	14.7	332.4	114	2	98	27
Coonamble Shire Council	9	Rural	4,279	16,732	18,324	0.4	6	1,665	291.98	218.52	71	29	4.37	304.0	0.1	14.7	387.2	49	2	137	60
Gilgandra Shire Council	9	Rural	4,488	24,694	23,829	0.9	16	1,953	500.76	121.52	76	23	3.03	1.5	4.8	6.0	303.1	75	2	88	28
Hay Shire Council *	9	Rural	2,962	9,863	10,592	0.3	21	30,168	534.14	69.54	54	46	2.68	3.8	3.0	8.6	317.7	118	3	72	21
Lockhart Shire Council	9	Rural	3,021	10,099	7,509	1.0	102	4,913	250.87	296.67	37	62	7.93	40.2	1.0	12.6	539.7	446	0	115	24
Tumbarumba Shire Council	9	Rural	3,521	24,564	20,446	0.8	59	3,788	384.18	211.41	57	43	2.82	9.2	1.8	7.1	166.5	186	4	105	29
The Council of the Shire of Wakool	9	Rural	3,979	16,963	17,376	0.5	82	11,872	479.61	116.81	55	45	3.99	5.1	6.4	14.3	395.0	98	27	101	51
Warren Shire Council	9	Rural	2,910	11,020	11,690	0.3	49	2,027	476.58	157.95	65	34	6.30	23.9	1.0	13.0	454.9	137	2	121	29
Weddin Shire Council	9	Rural	3,711	8,484	11,497	1.1	52	5,924	400.14	235.82	66	33	3.95	0.0	0.0	8.9	294.8	56	4	90	49

## 1.10 Reference 12: *Volume 1: Evolution in Community Governance: Building on What Works*, 2011, ACELG

<http://www.acelg.org.au/publications/evolution-community-governance-building-what-works>



Community banking for its part can be seen in at least two different ways – first and foremost, as a successful commercial adaptation to a very genuine community concern, the threat of losing banking services. Secondly, as a specific instance of the general proposition that separation of the ‘head office’ development and management of services from the local delivery of those services provides a very real opportunity for communities to take ownership. Local organisations can be established to deliver significant commercial and other services with benefits including the generation of surpluses which can be ploughed back into the community. Thus community banking represents a ‘prototype’ of how communities can apply a community governance approach to market-based services.

Looked at in this way, local government has a generic role in facilitating – and in most cases leading – community governance; whereas community banking is a specific instance of the general proposition that the community may exercise a ‘right’ to deliver services itself within a community governance paradigm (as proposed in the UK government’s ‘Big Society’ agenda). However, because it can generate substantial discretionary funds independent of government, community banking can go one step further: it can also be an important enabler of broader community governance in its own right, both by supporting other local actors such as sports clubs, associations, schools etc., and by taking a proactive approach to identifying and addressing unmet but significant needs within the community. In doing so, community banks may often look to their local councils for information and policy advice, but they may also choose to act independently.

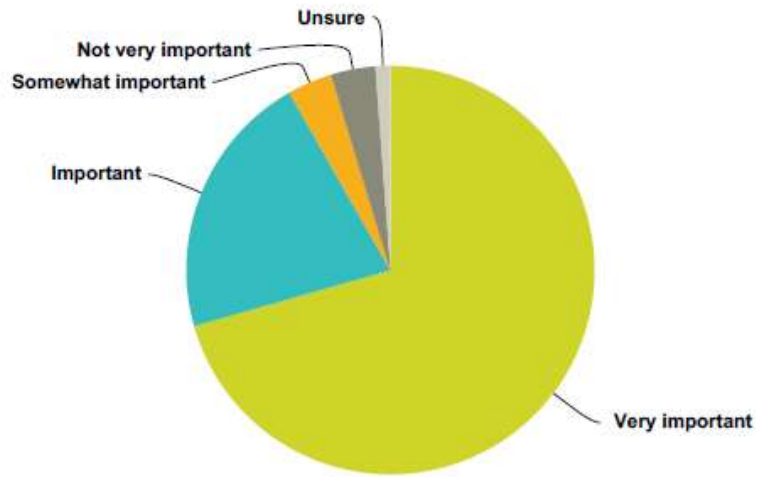
The implications from this way of thinking about community governance are that:

- An inherent part of the role of local government is to facilitate the development of community governance and associated institutional arrangements through its role in assisting the community determine its needs, preferences and priorities, and providing the research and policy capability to support that.
- Community banking provides an example of a new institution of community governance that currently tends to rely on local government as a source of information and expert advice, but may not always do so and could evolve along more independent lines as a significant new source of resources for community development and place-shaping.
- Local government should be considering the implications of the community banking model not for the direct benefits it offers, but in terms of its potential to be applied to other services which have broadly similar characteristics. Examples include industries and services such as energy, telecommunications and insurance. There may also be scope to extend the model to significant quasi-public services such as water, waste water and roads.

1.11 Reference 13 & 19: Survey Results – Murrumbidgee Shire Fit for the Future

Q2 How important is your local Council to you?

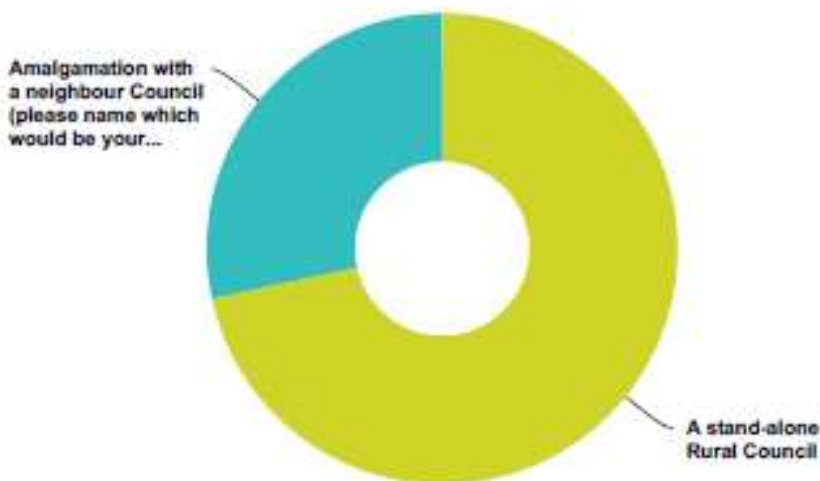
Answered: 85 Skipped: 0



Answer Choices	Responses	
Very important	70.59%	60
Important	21.18%	18
Somewhat important	3.53%	3
Not very important	3.53%	3
Not important at all	0.00%	0
Unsure	1.18%	1
<b>Total</b>		<b>85</b>

**Q5 Murrumbidgee Shire Council was provided with two options under the 'Fit for the Future' proposal. Which do you support and why?**

Answered: 81 Skipped: 4



Answer Choices	Responses	
A stand-alone Rural Council	71.60%	58
Amalgamation with a neighbour Council (please name which would be your preferred Council)	28.40%	23
<b>Total</b>		<b>81</b>

Q5 - Which do you support and why? - Other (please specify)	
1	Griffith
2	Jerilderie Shire
3	Why should we share the wealth with another shire that our shire has built up over the years. Our shire would be left with nothing and will die.
4	Jerilderie
5	Jerilderie (Griffith gets sued all the time) Because MSC is the only council in the black. They are doing a good job.
6	Jerilderie
7	Jerilderie
8	Jerilderie
9	Both options are worth considering but never with Griffith, never.
10	Jerilderie Shire (only) because half our Coly population already belongs to Jerilderie Shire and because it makes sense.
11	Jerilderie
12	Jerilderie
13	Neither
14	Griffith - due to community of interest. Our population is not enough to support the necessary programs efficiently.
15	Jerilderie - makes better roads, has better equipment.
16	If you are going to amalgamate - Jerilderie
17	Jerilderie if any
18	Did not identify a shire amalgamation, need to be similar and efficient. It would be nice to stand alone if realist going into the future.

19	Jerilderie - Have ben watching Griffith Council's antics for years
20	Jerilderie - I see benefit in sharing resources and skills
21	But not with Griffith.
22	Jerilderie - provided the \$\$ stack up and the benefits.
23	A stand alone rural council would continue to benefit the standard of services we have and can afford.
24	Quite happy with our shire as is.
25	This council is doing a good job, don't want to change anything.
26	Amalgamation with another shire will always favour one previous shire or the other causing an unfair bias.
27	Rural Council - After listening to the speakers and the Mayor.
28	Rural Council - After listening to the speakers and the Mayor.
29	Rural Council - After listening to the GM and the Mayor.
30	It is my opinion
31	Out town will suffer as nothing will be done here. House prices will drop, jobs will go. All in all, not good for this community.
32	Jerilderie - It seems Murrumbidgee Shire is unable to fix up roads that are destroyed. the eastern end of Channel 9 Road must be the worst road in the state.
33	More direct representation of residents, personal contact with councillors and council staff who can have closer 'on-the-ground' knowledge of problems and issues.
34	Jerilderie - small council less political interference, face to face contact with councillors
35	If we amalgamate we will be swallowed up & spat out by larger councils and will receive very limited resources in our area. Locals who are employed by our shire will find it hard to find other employment in the area & if they have to move it doesn't help other services in our towns including doctors, schools, ambulance & shops
36	Jerilderie Shire
37	Split DP to Griffith and remainder to Jerilderie
38	Jerilderie
39	Jerilderie- need not be total amalgamation, rather a closer working agreement .there must be efficiencies to be gained by working with other like organisations What do Jerilderie ratepayers think, especially those with no connection to Coly/DPoint?



Q7 - Do you have any further comments at this time? - Open-Ended Response	
1	I believe that Murrumbidgee should merger with Griffith as this would improve our services and lifestyles well into the future. Also, we all use Griffith services such as the Airport, Pool, Schools, shopping, suppliers and retailers to some degree, so you can say at present so we are semi de-facto now. So I ask what is the problem of merging to improve our services in the future, or is it just to save political careers.
2	As a Business owner, farm and House owner in the Murrumbidgee Shire I am totally against merging with Griffith City Council and would prefer that we explore other avenues with councils of a similar size, ie Jerilderie Shire Council. If this merger has to happen, the Murrumbidgee Shire townships, businesses and area need assurance that they will not be forgotten about, as I think they would, and be supported by the new council as they are now. Once again, as far as the merger with Griffith is concerned, I am against!
3	Very happy with Murrumbidgee Shire's record of providing the services we need at a high standard. Good information presented clearly at Darlington Point Public Meeting. Extra advertising of public meeting - school news Mondays, Club newsletter fortnightly, shop windows.
4	Quite happy what the shire is doing. It has been doing it for a long time.
5	Our Shire has proven it has the capacity to efficiently provide the services we require economically. We have that local "feel". An excellent presentation in Darlington Point on Wednesday 27 May.
6	All of Murrumbidgee Shire was meant to include Coleambally Irrigation Area. Boundary adjustments - Murrumbidgee Shire 1/ All of the CIA should be in the one Shire 2/ Ideally this would be a Shire with its northern boundary as the Murrumbidgee River and its Southern the Yanko Creek. 3/ It includes the Irrigation area, river pumpers and bore pumpers (and outfall customers) 4/ The reasons - Murrumbidgee Shire provides education, Health and Recreational facilities for the region. Benefits 1/ All would be in the one State, Federal and Local Govt Area. 2/ MSC and CICL would have common ground for State and Federal Funding (Roads, Bridges and Environmental outcomes) 3/ Postcode 2707 is the basis of services and funding. Note 1 - this was a previous proposal of the Departments and was the basis of a land claim by Griffith City Council (The mobile library agreement would continue if desired) 2 - Water and sewerage in Coly and DPt are efficient and should not be amalgamated with other systems 3 - The Murrumbidgee River System is the catalyst to this proposal
7	By Working cooperatively with adjoining councils and with Coleambally Irrigation, Murrumbidgee is Fit For the Future as a Stand alone Rural Council. We just have to convince the State Government. We have substantial cash reserves. Griffith has huge borrowings \$15M. The benchmarks chosen are very flawed and do not apply to a Rural Council. We do not want a repeat of the Socialist grab of the County Councils in the past. Murrumbidgee County Council was viable and had cash reserves. The State Government are on a "hollow log" cash raid again.
8	Jerilderie has better equipment for maintaining roads - we need better roads.
9	We moved from Griffith in 1989. Our Council works well, theirs doesn't. NSW Government is foolish to expect good councils to prop up bad ones, it's only a short term fix. Rural Councils have an issue of distance. City (Sydney) have to rationalise. Cr Austin Evans addressed both Lions Clubs on May 7. We let him know our feelings.
10	Murrumbidgee Shire has provided excellent service over many years. A local council has an understanding of local problems and local citizens.
11	Happy with Murrumbidgee as stand alone. Most definitely not Griffith NO NO NO. Jerilderie probably OK.
12	Do not merge with Griffith Council.
13	If amalgamated, MSC will lose its voice. All the money won't go to the Murrumbidgee Shire.
14	Jerilderie, Coleambally, Darlington Point - like minded communities
15	So that we can have more control over our future.
16	I believe a merger will benefit Griffith not Darlington Point.
17	A council area similar to ours, so similar issues. If we stand alone, we will get knocked over next time with no say.
18	Too many unknowns, do both councils share equipment, staff, income, debits etc.??
19	Cost of running a single council, large portion of farms in area come under Jerilderie Shire, Farms under Jerilderie Shire most probably do their shopping in Coleambally.
20	Do not want to amalgamate with Griffith shire. Want a local office an want local workers, not fly in fly out workers.
21	I and many like me feel that council failed us. Council should have held community meetings first, not last.
22	We really need to amalgamate with Jerilderie Shire sooner than later.
23	My Council has more to offer than any amalgamation. I would like more done on the levee bank on the north side
24	We have been a stand alone council for how many years but if we were forced to I would prefer Jerilderie.
25	I think it would be unfair to the people that live in the towns.
26	We think Murrumbidgee Council is doing okay as it is.

27	I cannot see any advantage in amalgamations.
28	The two shires are a good fit, economies of scale can assist n cost reductions. Both are reasonably productive shires with like interests. Stand alone is my second preference.
29	I would prefer a stand alone Rural Council and feel both Coleambally and Darlington Point would benefit as council knows the needs of the area. If however, this is not possible, I would prefer to amalgamate with the Jerilderie Shire. Whichever way the Fit for the Future proposal goes, I feel confident that our council will make the best decisions for the people of the shire.
30	Split the Council in half - Darlington Point with Griffith and Coleambally with Jerilderie. You are a bit late to be assessing this + running meetings in May. Consultation needed to be a while ago. Fit for the Future report was finalised by State Government Panel in October 2013. But anyway, thanks for consulting and best wishes. Good luck.
31	The only community of interest with Jerilderie is the fact that some of the CIA is in their shire. Event these residents look to Griffith as their centre.
32	
33	Better Services - too big an area to control if amalgamated. I would not choose to amalgamate with Griffith, Jerilderie would be my choice if we had to.
34	Because our Council looks after us. If we join Griffith, they'll forget about us.
35	Second choice to stand alone would be to merge with Jerilderie. We would benefit more by going to Jerilderie than Griffith.
36	Murrumbidgee Shire Council is self-sufficient and financially viable as a stand alone.
37	A stand alone rural council will do more for the area. If it has to go to a neighbour shire, would prefer Jerilderie.
38	Our shire is viable and maintenance wise. If we are to amalgamate - Jerilderie.
39	IF we amalgamate with Griffith, all monies will go to them and we will get nothing or at the most - very little. Will wait and see.
40	I don't see many benefits to us in amalgamation, particularly with Griffith. If amalgamation is necessary, Jerilderie would be the preferred option.
41	I wouldn't like to see our community lose anything we have. I think amalgamating may cause that to happen.
42	Small industry blocks. Blocks for Rural/Small Hectare residential (serviced)
43	Roads, Rubbish, Reticulation - what else matters?
44	Merging with neighbouring councils doesn't seem to benefit our shire. Financial reasons, it will cost us to join.
45	MSC is working well now - why change it.
46	What other choice have we got?
47	We are a well run, financial council. I don't like being forced to change.
48	At this stage I cannot see that a major benefit can be gained with merging with Griffith worse off. There are similarities with Jerilderie.
49	I hope sane heads will prevail.
50	If Murrumbidgee shire was forced to amalgamate, I would prefer it not be with Griffith Shire.
51	The Shire delivers the services we want.
52	The shire delivers the services we want.
53	The shire delivers the services we want
54	No
55	If we have to amalgamate I would prefer not to go with Griffith, although we were told by the government that there would be no forced amalgamations.
56	I feel that big brother syndrome will completely take us over, we will lose independence, as a stand alone shire and will cost jobs and rate rises.
57	We were told through the newsletter Channel 9 Rd would be fixed in March. It's now the end of May.
58	Those things mentioned in Q7 are enormous assets, all of which would be lost in larger LGA; a large impersonal organisation would fail to deliver.
59	Stand alone would be best option I think Griffith would be the next
60	Where is the Shire at in relation to meeting the criteria under the Fit for the Future program?
61	I think we should have more discos and have more things for the young kids like motor bike tracks and more family stuff the kids today have nothing for them like we had as kids bring back the tae kung doe lessons things like that there needs to be more young people involved with dessions not just middle aged people that have no clue on what young people and kids want today how's about you get out there and ask
62	Murrumbidgee has a proud heritage of serving our communities. If a merger with a neighbouring Council

	is the available option, I believe that Jerilderie Shire Council would be the best option. We share the Coleambally Irrigation Area and I believe that our two towns would be taken care of. I suspect that if the available option is a merger with Griffith City Council, that our two towns would be forgotten in favour of the larger city needs. I should disclose that I am a ratepayer in Murrumbidgee Shire Council, although I live and am a ratepayer in Jerilderie LGA. I am also a long serving employee of Murrumbidgee Shire Council
63	If the business case with Jerilderie is positive then I would consider that the better way to go. If we go with being a stand alone council, which has worked well up till now, and if continued would obviously necessitate increased rates, etc, we would be more open to further interference from NSW Government at a later date pushing us to link up with the nearest big council, namely Griffith, which is what we definitely do NOT want. If we join up with Jerilderie now and we, two smaller populated rural councils joined as one, make a go of it and run our council matters with care and concern, then we are more likely to be stronger for the next push to amalgamate and cut costs.
64	I feel that the funds that have been saved over the years have to be used within our Shire to benefit those who have paid so far, I have lived in both towns, both my husband and I have worked for the Shire, owned a rural property within the Shire and now live in the town of Darlington Point, I have no bias towards either town but I do feel that we only do patch up jobs compared to most other Shires and do not take on many new projects. We have to promote the river of Darlington Point, at the moment it is low and perfect time to push up the sand for a permanent beach with good BBQ area, lawn and toilet facilities. Every weekend I can see the he amount of tourists from my verandah and I don't think you realise just how many there are. The river is the major attraction to the area. I also feel that it is time that the Councillors made better decisions with their choice of General Managers. The Shire must lead from the top and if we cannot get some consistency with General managers it creates a very slow Shire, stopping and starting to sort out the nonsense that occurs from bad choices. The staff in the office should be rewarded on their dedication in a very difficult working environment with many changes to their leaders.
65	Website is an information source rather than a communications medium

## 1.12 Reference 15: Revitalising Local Government – Final Report of the NSW Local Government Independent Review Panel, 2013, p114.

**Table 11: Options for Non-Metropolitan Councils**

Note: †As projected by DP&I without boundary changes or mergers. ‡As defined in the NIEIR cluster-factor analysis (see references). \*Grants as percentage of total revenue in 2011-12: High if >40%, Very High if >50%. ^Based on availability and proximity of a suitable partner. *Councils shown in italics* urgently require a revised long-term asset and financial management plan plus an updated sustainability assessment (see section 15.2).

Council	Popn. 2011	†Popn. 2031	TCorp FSR (Apr 13)	TCorp Outlook (Apr 13)	DLG Inf. Audit (May 13)	‡Rate Base	*Grant Dependency	^Merger Potential	Options (preferred options shown in bold where applicable)
<b>Group A: Western Region Councils (see section 16)</b>									
<i>Balranald</i>	2,361	1,700	Weak	Negative	Weak	Low	Very High	Low	Joint administration or merger with Wentworth
<i>Bourke</i>	3,085	2,300	Weak	Negative	Weak	Low	High	Medium	Rural Council; joint administration or merger with Brewarrina
<i>Brewarrina</i>	1,895	1,700	Weak	Negative	Weak	Low	Very High	Medium	Joint administration or merger with Bourke
<i>Broken Hill</i>	19,150	15,100	Very Weak	Neutral	Weak		High	Low	Council in Far West region
<i>Central Darling</i>	2,108	1,800	Very Weak	Negative	Weak	Low	Very High	Low	Unincorporated with Community Boards
<i>Cobar</i>	4,931	4,800	Weak	Negative	Very Weak	Low	High	Low	Council in Far West region (review by 2020)
<i>Walgett</i>	6,860	5,900	Moderate	Negative	Moderate	Low	Very High	Medium	Council in Far West region (review by 2020)
<i>Wentworth</i>	6,787	7,000	Weak	Negative	Weak	Low	High	Low	Council; joint administration or merger with Balranald
<b>Group B: Projected 2031 population below 4,000; 'High' merger potential (2014 referrals to Boundaries Commission)</b>									
<i>Bombala</i>	2,458	2,000	Moderate	Neutral	Moderate	Low	High	High	Merge with Cooma-M and Snowy R or Rural Council in South East JO
<i>Boorowa</i>	2,469	2,700	Moderate	Negative	Strong	Low	Very High	High	Merge with Harden and Young or Rural Council in Tablelands JO
<i>Conargo</i>	1,585	1,800	Sound	Neutral	Strong	Low	Very High	High	Merge with Deniliquin and Murray or Rural Council in Mid-Murray JO
<i>Gundagai</i>	3,753	3,400	Moderate	Negative	Distressed	Low	Very High	High	Merge with Tumut or Rural Council in Riverina CC
<i>Harden</i>	3,680	3,600	Moderate	Negative	Strong	Low	Very High	High	Merge with Boorowa and Young or Rural Council in Tablelands JO
<i>Jerilderie</i>	1,534	1,200	Moderate	Negative	Weak	Low	Very High	High	Merge with Berrigan or Rural Council in Mid-Murray JO
<i>Murrumbidgee</i>	2,338	1,700	Moderate	Neutral	Not avail.	Low	High	High	Merge with Griffith or rural Council in Murrumbidgee JO
<i>Urana</i>	1,180	800	Weak	Neutral	Very weak	Low	Very High	High	Merge with Corowa or Rural Council in Upper Murray JO
<i>Walcha</i>	3,122	2,800	Weak	Negative	Distressed			High	Merge with Uralla or Rural Council in New England JO
<b>Group C: Projected 2031 population below 5,000; 'Low' or 'Medium' merger potential (2015-16 referrals to Boundaries Commission)</b>									
<i>Bogan</i>	3,020	2,600	Moderate	Neutral	Moderate	Low	Very High	Medium	Rural Council in Orana JO or merge with Warren
<i>Carrathool</i>	2,668	2,100	Weak	Neutral	Weak	Low	Very High	Medium	Rural Council in Murrumbidgee JO or merge with Griffith
<i>Coolamon</i>	4,213	4,200	Sound	Negative	Very weak	Low	Very High	Medium	Rural Council in Riverina JO or merge with Bland and/or Temora
<i>Coonamble</i>	4,274	3,100	Sound	Negative	Moderate	Low	High	Medium	Rural Council in Orana JO or merge with Gilgandra
<i>Gilgandra</i>	4,534	4,100	Weak	Neutral	Weak	Low	High	Medium	Rural Council in Orana JO or merge with Coonamble
<i>Hay</i>	3,097	2,100	Moderate	Negative	Moderate	Low	Very High	Low	Rural Council in Murrumbidgee JO
<i>Lockhart</i>	3,082	2,900	Sound	Neutral	Moderate	Low	Very High	Medium	Rural Council in Riverina JO or merge with Wagga Wagga
<i>Tumbarumba</i>	3,440	3,200	Strong	Negative	Very Strong	Low	Very High	Medium	Rural Council in Riverina JO or merge with Tumut/Gundagai

### 1.13 Reference 17, KJA Report, *Fit for the Future Facilitated Workshop for Griffith City Council and Murrumbidgee Shire Council, P5*



Participants were then allocated to groups to discuss the challenges and benefits – or “pros and cons” of working together as a merged entity. This activity prompted much discussion in the groups.

The pros and cons varied, however the pro points included

- Building strategic capacity
- Larger entity gaining a greater voice
- Larger population providing a ‘louder voice’ and the power to influence
- Staff benefits and career options

Cons cited included:

- fear of uncertainty
- loss of identity
- loss of representation
- expected rate increase

The final workshop challenge was for each participant to share their views on whether they could support moving to a merger business case. To ensure a very clear takeaway, this challenge was presented as a clear question directed to participants: “Do you support these two councils moving to consider a Merger Business Case?”

Each participant responded to the question in turn. Many participants considered the challenges to merging to be manageable and supported progressing to a Merger Business Case. After responses from more than half of the participants, the Mayor of Murrumbidgee Shire noted a 4-2 council vote to progress a Merger Business Case with Jerilderie had been resolved and Murrumbidgee Shire will pursue this option. The workshop finished quickly after this announcement with the general consensus being that the question of whether to move to a Merger Business Case was redundant and there was therefore little further to discuss.

As there was not a common position across both Councils, the workshop attendees did not support progressing to a Merger Business Case together.

#### Final position

- Griffith City Council – standalone submission
- Murrumbidgee Shire Council – investigating options including pursuing Merger Business Case with Jerilderie Council or Rural Council model.

## 1.14 Reference 18: Jerilderie - Murrumbidgee Merger Business Case – Final Draft, Jerilderie Shire and Murrumbidgee Shire Councils, June 2015, p48

# 5 BENEFITS & COSTS OF THE MERGER

There is a range of financial and non-financial benefits and costs associated with a merger of Murrumbidgee with Jerilderie, as has been highlighted throughout the report.

In short, the benefits of the merger are expected to be:

- The financial modelling indicates the merger will generate *efficiency savings* of between 2.1% and 2.4%. If the efficiencies were directed towards reducing expenditure levels, the savings could be up to 2.1% under current legislation (LGA Act 1993).
- The councils indicate the efficiency gains (2.1% to 2.4%) are intended to be used to address a number of key priorities and challenges, including:
  - o Increasing own source revenue by expanding fee for service delivery in areas such as road maintenance, building maintenance and works on private land (such as irrigation infrastructure). This in turn may also free up additional discretionary spending options.
  - o Common community needs and expectations in areas like sport and recreation, street sweeping, aged and community care services and heritage conservation.
  - o Enhance the merged entity's strategic capacity in areas like economic development, tourism and planning.
  - o Enabling of functional specialisation and enable the attraction and retention of well qualified staff.
  - o Improvement of administrative and communications systems.
- As a result, the merged entity will be able to achieve a better strategic capacity than the two standalone councils.
- The merged entity will bring together two local government areas of similar size in terms of population. Local representation will be protected more than under a model where councils would merge with a significantly larger council. The existing Murrumbidgee ward system would likely be extended to include Jerilderie to safeguard local representation.

The costs of the merger are expected to be:

- The costs of the merger and transition into the new organisation.
- The scale of the merged entity with a population base of approximately 3,800 residents is still small. The potential increase in strategic capacity is therefore limited. Also, the merged entity is unlikely to be able to address all key priorities and challenges at once.

- While local representation would be fairly well safeguarded under the merged entity, the councils did express a concern in regards to competition for resources between the communities within the merged municipality. This may be driven by the differences in the level of socio-economic disadvantage and related community needs for assistance and services.
- There may be differences in workforce cultures between the two councils. If not managed well, cultural clashes may result in increased transition costs, higher staff turnover rates and lower workplace satisfaction of council staff.
- Depending on the equalisation scheme adopted, rates could be impacted considerably for some property categories.

Section 2.2 – Performance Against Fit for the Future Benchmarks

2.2.1 - General Fund Long Term Financial Plan 2015/16 – 2024/25, Include Income Statement, Balance Sheets, Cashflow & Equity Statement

Murrumbidgee Shire Council												
10 Year Financial Plan for the Years ending 30 June 2025												
INCOME STATEMENT - GENERAL FUND												
Scenario: Base Case												
	Past Year	Current Year	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
Revenue:												
Rates & Annual Charges	1,970,000	2,061,077	2,101,656	2,165,457	2,326,230	2,496,618	2,565,145	2,635,559	2,707,911	2,782,254	2,858,644	2,937,137
User Charges & Fees	795,000	804,487	798,028	799,981	803,117	807,076	832,902	859,555	887,061	915,447	944,741	974,973
Interest & Investment Revenue	285,000	294,853	294,853	295,299	295,758	296,230	308,091	316,335	326,982	338,052	349,569	361,554
Other Revenues	324,000	258,952	457,970	362,688	367,558	372,588	383,766	395,279	407,137	419,351	431,932	444,890
Grants & Contributions provided for Operating Purposes	1,872,000	3,028,997	2,853,400	2,631,044	2,606,965	2,681,545	2,761,991	2,844,851	2,930,197	3,018,103	3,108,646	3,201,905
Grants & Contributions provided for Capital Purposes	5,964,000	1,305,700	1,144,311	1,313,423	1,357,867	11,200	11,200	11,200	11,200	11,200	11,200	11,200
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>11,211,000</b>	<b>7,754,066</b>	<b>7,650,218</b>	<b>7,567,892</b>	<b>7,757,495</b>	<b>6,665,257</b>	<b>6,861,096</b>	<b>7,062,779</b>	<b>7,270,488</b>	<b>7,484,407</b>	<b>7,704,731</b>	<b>7,931,658</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	2,191,000	2,484,335	2,559,348	2,581,178	2,656,109	2,735,320	2,821,051	2,912,387	3,007,522	3,106,670	3,210,064	3,317,959
Borrowing Costs	-	4,492	4,492	4,492	4,492	4,492	4,492	4,492	4,492	4,492	4,492	4,492
Materials & Contracts	1,055,000	1,088,677	1,061,925	1,154,114	1,091,744	1,210,667	1,266,833	1,324,685	1,384,272	1,445,647	1,508,863	1,573,976
Depreciation & Amortisation	2,231,000	1,587,309	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405	1,584,405
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	748,000	802,127	833,971	868,739	904,783	942,840	978,160	1,015,172	1,053,980	1,094,690	1,137,418	1,182,288
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	6,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>6,231,000</b>	<b>5,966,940</b>	<b>6,064,141</b>	<b>6,192,928</b>	<b>6,241,534</b>	<b>6,475,724</b>	<b>6,654,941</b>	<b>6,841,141</b>	<b>7,034,671</b>	<b>7,235,904</b>	<b>7,445,242</b>	<b>7,663,120</b>
<b>Operating Result from Continuing Operations</b>	<b>4,980,000</b>	<b>1,787,126</b>	<b>1,586,077</b>	<b>1,374,964</b>	<b>1,515,961</b>	<b>189,534</b>	<b>206,155</b>	<b>221,638</b>	<b>235,816</b>	<b>248,503</b>	<b>259,489</b>	<b>268,539</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>4,980,000</b>	<b>1,787,126</b>	<b>1,586,077</b>	<b>1,374,964</b>	<b>1,515,961</b>	<b>189,534</b>	<b>206,155</b>	<b>221,638</b>	<b>235,816</b>	<b>248,503</b>	<b>259,489</b>	<b>268,539</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(964,000)</b>	<b>481,426</b>	<b>441,766</b>	<b>61,541</b>	<b>158,094</b>	<b>178,334</b>	<b>194,955</b>	<b>210,438</b>	<b>224,616</b>	<b>237,303</b>	<b>248,289</b>	<b>257,339</b>



Murrumbidgee Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2025  
 BALANCE SHEET - GENERAL FUND  
 Scenario: Base Case

	Past Year 2013/14	Current Year 2014/15	2015/16	2016/17	2017/18	2018/19	Projected Years					2024/25
	\$	\$	\$	\$	\$	\$	2019/20	2020/21	2021/22	2022/23	2023/24	\$
<b>ASSETS</b>												
<b>Current Assets</b>												
Cash & Cash Equivalents	6,597,000	8,023,238	6,675,529	5,915,562	5,598,625	6,041,847	6,083,681	6,090,861	6,086,900	5,994,635	5,896,024	5,851,085
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	3,594,000	1,885,754	1,566,759	1,556,498	1,584,945	1,087,194	1,121,924	1,154,032	1,187,048	1,220,499	1,254,921	1,290,728
Inventories	521,000	866,973	873,107	874,697	886,342	869,751	873,633	877,531	881,748	885,990	890,358	894,858
Other	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Assets</b>	<b>10,712,000</b>	<b>10,475,966</b>	<b>9,115,395</b>	<b>8,346,755</b>	<b>8,049,912</b>	<b>7,998,792</b>	<b>8,079,237</b>	<b>8,122,523</b>	<b>8,155,697</b>	<b>8,101,120</b>	<b>8,041,304</b>	<b>8,036,671</b>
<b>Non-Current Assets</b>												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	1,017,000	711,597	711,597	711,597	711,597	711,597	711,597	711,597	711,597	711,597	711,597	711,597
Infrastructure, Property, Plant & Equipment	77,180,000	79,320,877	82,309,328	84,442,433	88,226,471	88,494,373	85,651,477	88,862,381	87,098,785	87,436,891	87,792,545	88,103,449
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	<b>78,197,000</b>	<b>80,032,474</b>	<b>83,020,925</b>	<b>85,154,030</b>	<b>86,938,068</b>	<b>87,205,970</b>	<b>87,363,074</b>	<b>87,573,978</b>	<b>87,810,382</b>	<b>88,148,488</b>	<b>88,504,142</b>	<b>88,815,046</b>
<b>TOTAL ASSETS</b>	<b>88,889,000</b>	<b>90,508,440</b>	<b>92,136,320</b>	<b>93,500,785</b>	<b>94,987,980</b>	<b>95,204,763</b>	<b>95,442,312</b>	<b>95,696,501</b>	<b>95,966,079</b>	<b>96,249,608</b>	<b>96,545,446</b>	<b>96,851,717</b>
<b>LIABILITIES</b>												
<b>Current Liabilities</b>												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	1,115,000	946,778	988,557	978,048	949,297	976,528	1,007,904	1,040,437	1,074,178	1,109,184	1,145,511	1,183,221
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	661,000	667,411	667,411	667,411	667,411	667,411	667,411	667,411	667,411	667,411	667,411	667,411
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Current Liabilities</b>	<b>1,776,000</b>	<b>1,614,189</b>	<b>1,655,968</b>	<b>1,645,457</b>	<b>1,616,708</b>	<b>1,643,940</b>	<b>1,675,315</b>	<b>1,707,848</b>	<b>1,741,589</b>	<b>1,776,595</b>	<b>1,812,922</b>	<b>1,850,632</b>
<b>Non-Current Liabilities</b>												
Payables	-	538	560	572	568	572	591	610	630	650	672	694
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Provisions	40,000	33,589	33,589	33,589	33,589	33,589	33,589	33,589	33,589	33,589	33,589	33,589
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Liabilities</b>	<b>40,000</b>	<b>34,125</b>	<b>34,149</b>	<b>34,161</b>	<b>34,144</b>	<b>34,161</b>	<b>34,180</b>	<b>34,199</b>	<b>34,219</b>	<b>34,239</b>	<b>34,260</b>	<b>34,283</b>
<b>TOTAL LIABILITIES</b>	<b>1,816,000</b>	<b>1,648,314</b>	<b>1,690,117</b>	<b>1,679,618</b>	<b>1,650,852</b>	<b>1,678,101</b>	<b>1,709,495</b>	<b>1,742,047</b>	<b>1,775,808</b>	<b>1,810,834</b>	<b>1,847,183</b>	<b>1,884,915</b>
<b>Net Assets</b>	<b>87,073,000</b>	<b>88,860,126</b>	<b>90,446,203</b>	<b>91,821,167</b>	<b>93,337,128</b>	<b>93,526,662</b>	<b>93,732,817</b>	<b>93,954,455</b>	<b>94,190,271</b>	<b>94,438,774</b>	<b>94,698,263</b>	<b>94,966,802</b>
<b>EQUITY</b>												
Retained Earnings	58,518,000	60,305,126	61,891,203	63,266,167	64,782,128	64,971,862	65,177,817	65,396,455	65,635,271	65,883,774	66,143,263	66,411,802
Revaluation Reserves	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000	28,555,000
Council Equity Interest	87,073,000	88,860,126	90,446,203	91,821,167	93,337,128	93,526,662	93,732,817	93,954,455	94,190,271	94,438,774	94,698,263	94,966,802
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	<b>87,073,000</b>	<b>88,860,126</b>	<b>90,446,203</b>	<b>91,821,167</b>	<b>93,337,128</b>	<b>93,526,662</b>	<b>93,732,817</b>	<b>93,954,455</b>	<b>94,190,271</b>	<b>94,438,774</b>	<b>94,698,263</b>	<b>94,966,802</b>

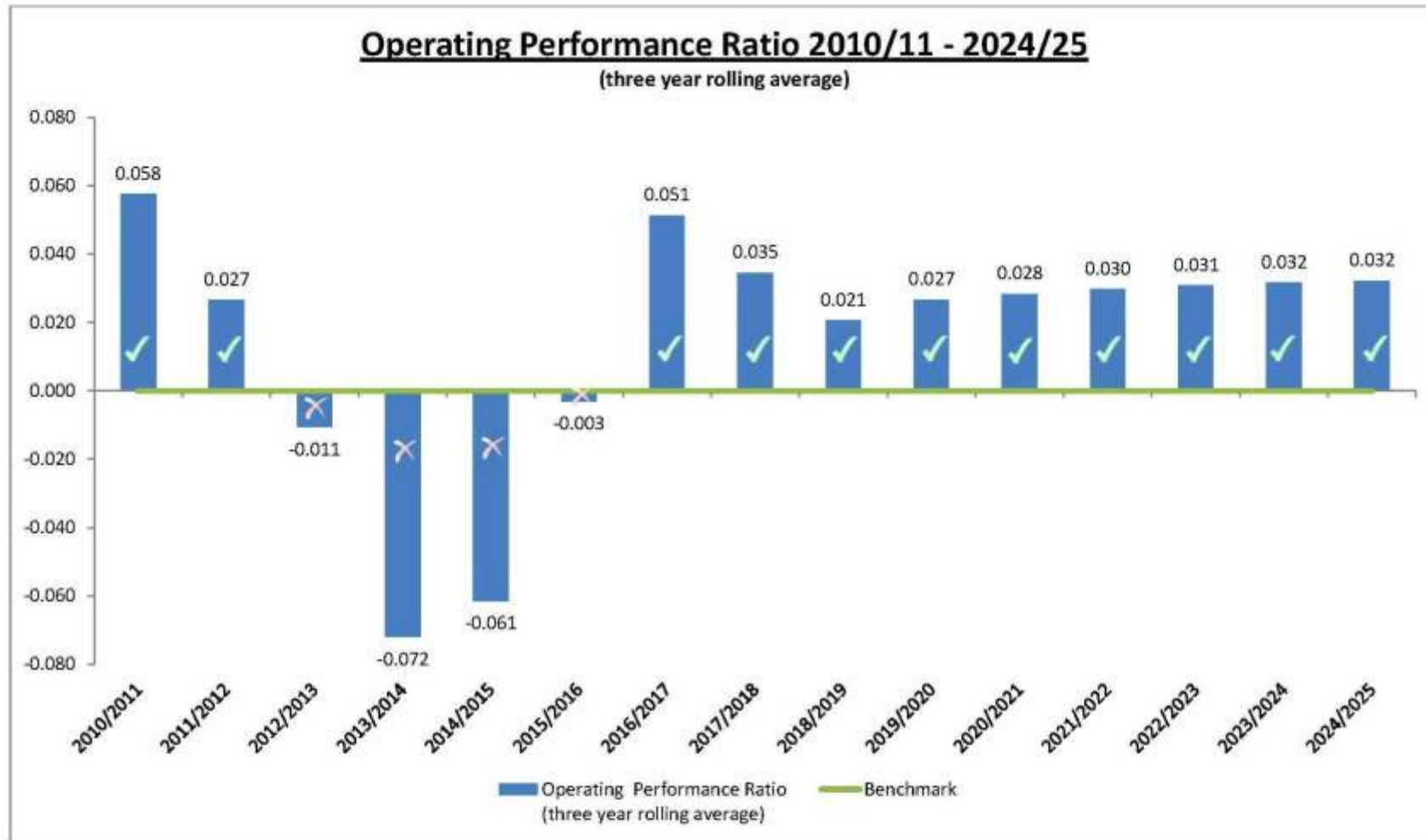
Murrumbidgee Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2025  
 CASH FLOW STATEMENT - GENERAL FUND  
 Scenario: Base Case

	Past Year 2013/14	Current Year 2014/15	2015/16	2016/17	2017/18	2018/19	Projected Years					2024/25
	\$	\$	\$	\$	\$	\$	2019/20	2020/21	2021/22	2022/23	2023/24	\$
<b>Cash Flows from Operating Activities</b>												
<b>Receipts:</b>												
Rates & Annual Charges	2,317,000	2,043,853	2,088,419	2,100,367	2,313,404	2,483,026	2,559,679	2,629,942	2,702,139	2,776,323	2,852,550	2,930,875
User Charges & Fees	781,000	1,016,545	799,232	799,817	802,533	806,338	828,089	854,588	881,934	910,156	939,281	969,338
Interest & Investment Revenue Received	401,000	297,760	290,292	290,094	295,260	294,382	301,561	315,329	325,997	337,893	349,117	360,736
Grants & Contributions	5,032,000	5,990,820	4,095,866	3,921,647	3,952,068	3,208,509	2,757,347	2,839,732	2,924,588	3,011,969	3,102,013	3,194,736
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	637,000	423,263	385,231	397,468	365,951	366,194	379,880	391,276	403,014	415,105	427,558	440,384
<b>Payments:</b>												
Employee Benefits & On-Costs	(2,261,000)	(2,519,930)	(2,558,508)	(2,611,423)	(2,656,108)	(2,733,320)	(2,821,051)	(2,912,387)	(3,007,522)	(3,106,670)	(3,210,064)	(3,317,959)
Materials & Contracts	(1,318,000)	(1,271,066)	(1,046,823)	(1,135,996)	(1,112,334)	(1,184,268)	(1,239,511)	(1,296,309)	(1,354,829)	(1,415,099)	(1,477,095)	(1,540,962)
Borrowing Costs	-	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)	(4,492)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(1,174,000)	(802,127)	(833,971)	(868,739)	(904,783)	(942,840)	(978,160)	(1,015,172)	(1,063,980)	(1,094,690)	(1,137,418)	(1,182,288)
<b>Net Cash provided (or used in) Operating Activities</b>	<b>5,315,000</b>	<b>5,174,424</b>	<b>3,225,146</b>	<b>2,957,543</b>	<b>3,051,507</b>	<b>2,285,529</b>	<b>1,783,343</b>	<b>1,902,499</b>	<b>1,816,849</b>	<b>1,830,245</b>	<b>1,841,448</b>	<b>1,850,370</b>
<b>Cash Flows from Investing Activities</b>												
<b>Receipts:</b>												
Sale of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	50,000	171,800	191,000	112,000	120,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Purchase of Investment Securities	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(6,896,000)	(3,919,986)	(4,763,856)	(3,829,510)	(3,488,443)	(1,931,307)	(1,820,509)	(1,874,309)	(1,899,809)	(2,001,511)	(2,019,059)	(1,974,309)
Purchase of Real Estate Assets	(178,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash provided (or used in) Investing Activities</b>	<b>(7,024,000)</b>	<b>(3,748,186)</b>	<b>(4,572,856)</b>	<b>(3,717,510)</b>	<b>(3,368,443)</b>	<b>(1,852,307)</b>	<b>(1,745,509)</b>	<b>(1,795,309)</b>	<b>(1,820,809)</b>	<b>(1,922,511)</b>	<b>(1,940,059)</b>	<b>(1,895,309)</b>
<b>Cash Flows from Financing Activities</b>												
<b>Receipts:</b>												
Proceeds from Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
<b>Payments:</b>												
Repayment of Borrowings & Advances	-	-	-	-	-	-	-	-	-	-	-	-
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Flow provided (used in) Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase(Decrease) in Cash &amp; Cash Equivalents</b>	<b>(1,709,000)</b>	<b>1,426,238</b>	<b>(1,347,710)</b>	<b>(759,967)</b>	<b>(316,938)</b>	<b>443,222</b>	<b>41,834</b>	<b>7,180</b>	<b>(3,960)</b>	<b>(92,266)</b>	<b>(98,611)</b>	<b>(44,939)</b>
plus: Cash, Cash Equivalents & Investments - beginning of year	8,306,000	6,597,000	8,023,238	6,675,529	5,915,562	5,598,625	6,041,847	6,083,681	6,090,861	6,086,900	5,994,635	5,896,024
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,597,000</b>	<b>8,023,238</b>	<b>6,675,529</b>	<b>5,915,562</b>	<b>5,598,625</b>	<b>6,041,847</b>	<b>6,083,681</b>	<b>6,090,861</b>	<b>6,086,900</b>	<b>5,994,635</b>	<b>5,896,024</b>	<b>5,851,085</b>
<b>Cash &amp; Cash Equivalents - end of the year</b>	<b>6,597,000</b>	<b>8,023,238</b>	<b>6,675,529</b>	<b>5,915,562</b>	<b>5,598,625</b>	<b>6,041,847</b>	<b>6,083,681</b>	<b>6,090,861</b>	<b>6,086,900</b>	<b>5,994,635</b>	<b>5,896,024</b>	<b>5,851,085</b>
<b>Investments - end of the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Cash, Cash Equivalents &amp; Investments - end of the year</b>	<b>6,597,000</b>	<b>8,023,238</b>	<b>6,675,529</b>	<b>5,915,562</b>	<b>5,598,625</b>	<b>6,041,847</b>	<b>6,083,681</b>	<b>6,090,861</b>	<b>6,086,900</b>	<b>5,994,635</b>	<b>5,896,024</b>	<b>5,851,085</b>
<b>Representing:</b>												
- External Restrictions	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
- Internal Restrictions	5,818,000	7,463,000	8,229,000	5,318,000	5,151,000	5,501,000	5,551,000	5,801,000	5,651,000	5,501,000	5,351,000	5,401,000
- Unrestricted	649,000	430,238	316,529	469,562	317,625	410,847	402,681	359,861	305,900	363,635	415,024	320,085
	<b>6,597,000</b>	<b>8,023,238</b>	<b>6,675,529</b>	<b>5,915,562</b>	<b>5,598,625</b>	<b>6,041,847</b>	<b>6,083,681</b>	<b>6,090,861</b>	<b>6,086,900</b>	<b>5,994,635</b>	<b>5,896,024</b>	<b>5,851,085</b>

Murrumbidgee Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2025  
 EQUITY STATEMENT - GENERAL FUND  
 Scenario: Base Case

	Past Year	Current Year	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Opening Balance	82,092,000	87,073,000	88,860,126	90,446,203	91,821,167	93,337,128	93,526,662	93,732,817	93,954,455	94,190,271	94,438,774	94,696,263
a. Current Year Income & Expenses Recognised direct to Equity												
- Transfers to/(from) Asset Revaluation Reserve	1,000	-	-	-	-	-	-	-	-	-	-	-
- Transfers to/(from) Other Reserves	-	-	-	-	-	-	-	-	-	-	-	-
- Other Income/Expenses recognised	-	-	-	-	-	-	-	-	-	-	-	-
- Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Net Income Recognised Directly in Equity	1,000	-	-	-	-	-	-	-	-	-	-	-
b. Net Operating Result for the Year	4,980,000	1,787,126	1,586,077	1,374,964	1,515,961	189,534	206,155	221,638	235,816	248,503	259,489	268,539
Total Recognised Income & Expenses (c&d)	4,981,000	1,787,126	1,586,077	1,374,964	1,515,961	189,534	206,155	221,638	235,816	248,503	259,489	268,539
c. Distributions to/(Contributions from) Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
d. Transfers between Equity	-	-	-	-	-	-	-	-	-	-	-	-
<b>Equity - Balance at end of the reporting period</b>	<b>87,073,000</b>	<b>88,860,126</b>	<b>90,446,203</b>	<b>91,821,167</b>	<b>93,337,128</b>	<b>93,526,662</b>	<b>93,732,817</b>	<b>93,954,455</b>	<b>94,190,271</b>	<b>94,438,774</b>	<b>94,696,263</b>	<b>94,966,802</b>

### 2.2.2 - Graphed Operating Performance Ratio and Supporting Financial Numbers 2010/11 – 2024/25



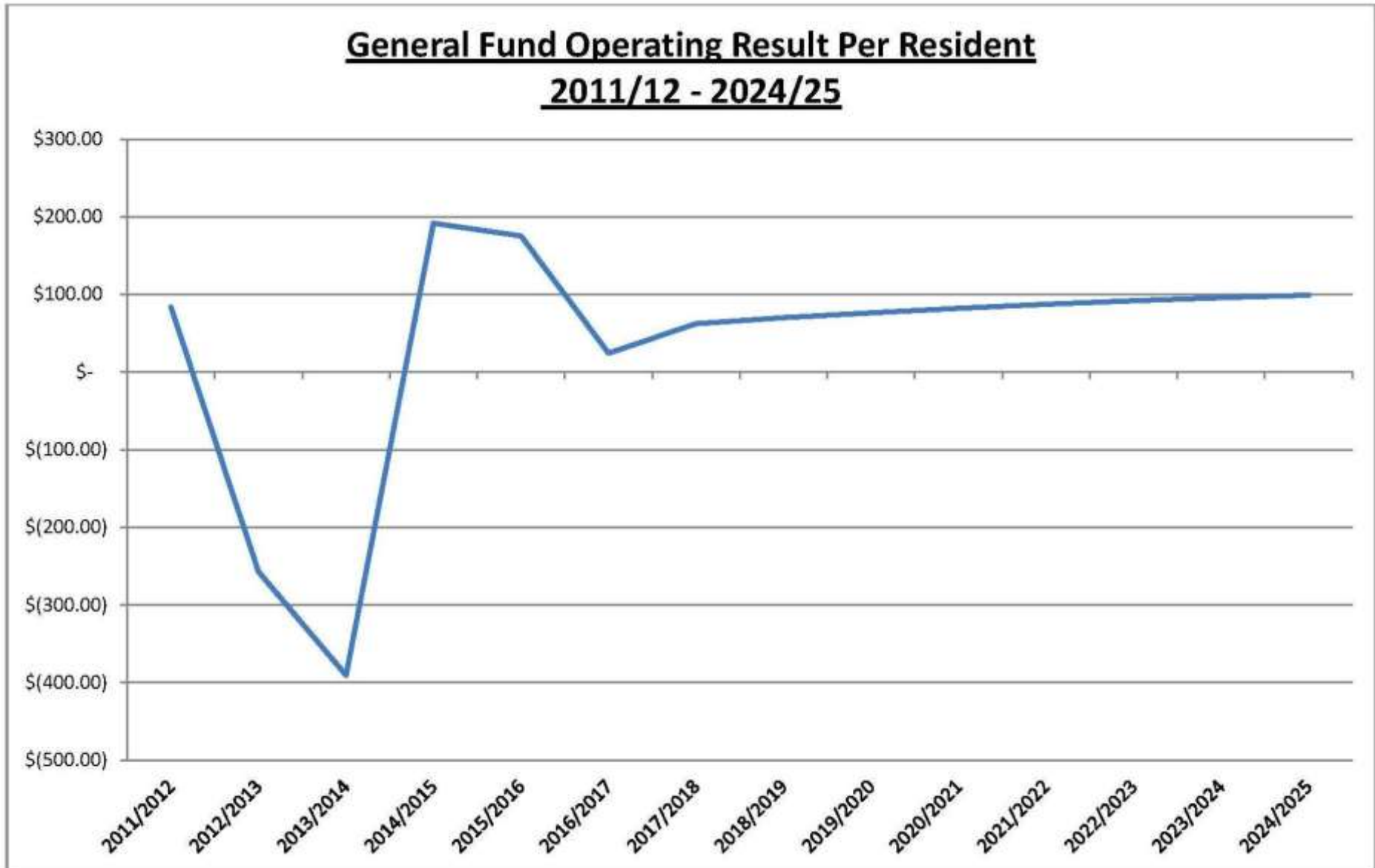
**MEETS THE FFTF BENCHMARK???**  
**YES**

Operating Performance Ratio (three year rolling average)															
	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	0.058	0.027	-0.011	-0.072	-0.061	-0.003	0.051	0.035	0.021	0.027	0.028	0.030	0.031	0.032	0.032
<b>Benchmark</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Meets FFTF Benchmark?</b>	✓	✓	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓

Operating Performance Ratio (single year)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	0.123	0.019	0.033	0.026	-0.095	-0.186	0.075	0.068	0.010	0.025	0.027	0.028	0.030	0.031	0.032	0.032	0.032
<b>Benchmark</b>	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Meets FFTF Benchmark?</b>	✓	✓	✓	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Operating Performance Data (\$000)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Total operating revenue less expenses</b>	677	103	213	200	-633	-978	481	442	62	158	178	195	210	225	237	248	257
<b>Total operating revenue</b>	5482	5362	6394	7665	6675	5247	6448	6506	6254	6400	6654	6850	7052	7259	7473	7694	7920

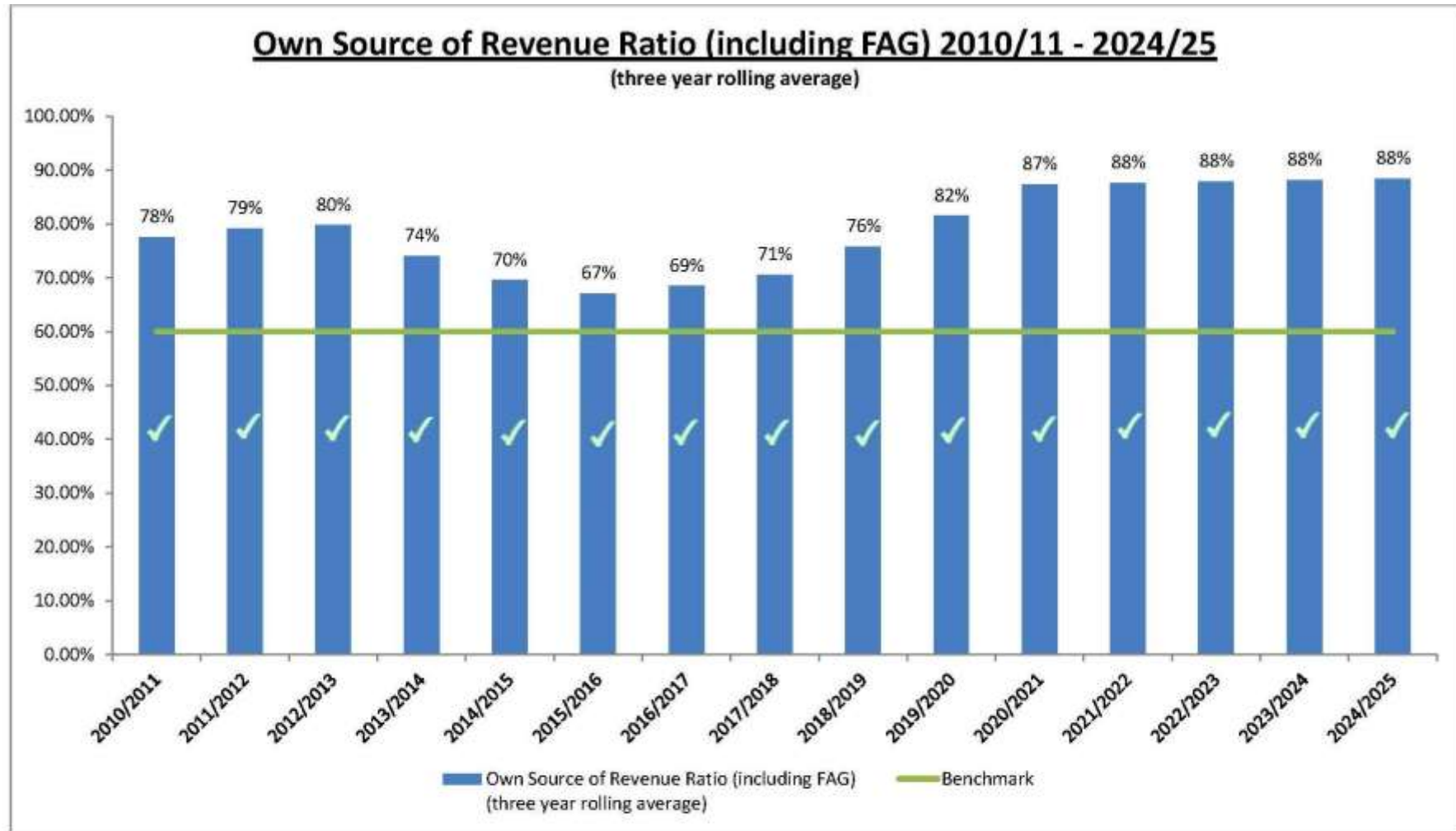
2.2.3 - General Fund Operating Result Per Resident and Supporting Financial Numbers 2011/12 - 2024/25



General Fund Operating Result (per resident)														
	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result (\$)</b>	83.93	-257.37	-390.73	191.67	175.27	24.33	62.29	70.01	76.27	82.04	87.27	91.87	95.79	98.94

General Fund Operating Result Data														
	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Operating result (\$000)</b>	200	-633	-978	481	442	62	158	178	195	210	225	237	248	257
<b>Population numbers</b>	2383	2459.5	2503	2512	2521	2529	2538	2547	2556	2565	2574	2583	2592	2601

2.2.4 - Graphed Own Source of Revenue (including FAG) and Supporting Financial Numbers 2010/11 – 2024/25 (rolling three year average)



**MEETS THE FFTF BENCHMARK???**  
**YES**



Own Source of Revenue Ratio (including FAG) (three year rolling average)															
	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	78%	79%	80%	74%	70%	67%	69%	71%	76%	82%	87%	88%	88%	88%	88%
<b>Benchmark</b>	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Meets FFTF Benchmark?</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Own Source of Revenue Ratio (including FAG) (single year)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	75%	75%	83%	80%	77%	66%	66%	70%	70%	72%	87%	87%	88%	88%	88%	88%	89%
<b>Benchmark</b>	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Meets FFTF Benchmark?</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

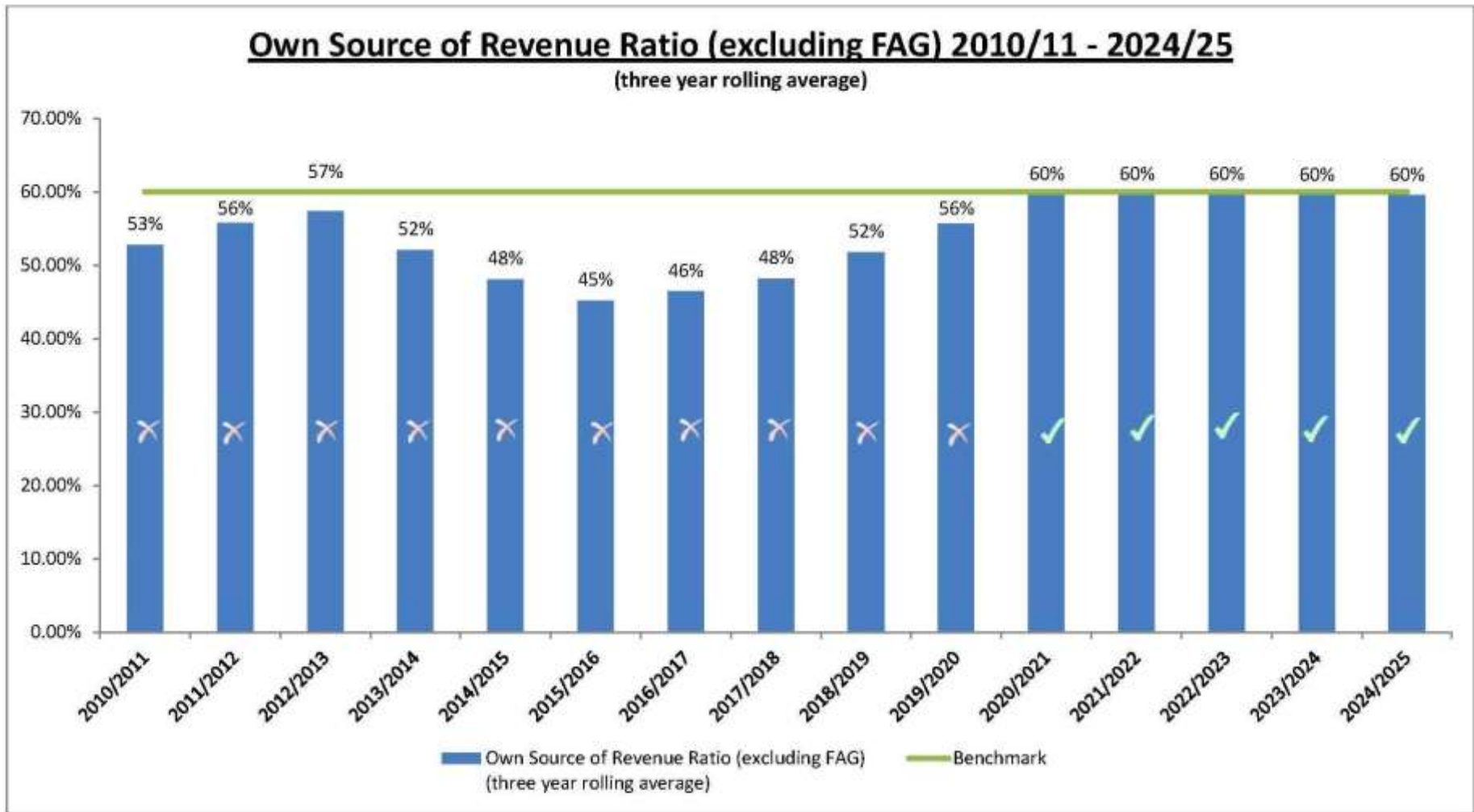
Own Source of Revenue Data (including FAG) (\$000)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Operating revenue less grants and contributions</b>	4407	4382	5458	5297	5807	5036	5121	5344	5315	5552	5802	5991	6186	6387	6596	6811	7034
<b>Operating revenue including grants and contributions</b>	5897	5852	6615	6652	7494	7650	7809	7650	7568	7757	6665	6856	7058	7265	7479	7700	7927

2.2.5 - Financial Assistance Grant – normalised - calculations

<b>Own Source Revenue (excluding FAG Grant) - FAG Normalised and Abnormal Item Removed</b>			
	<b><u>2011/2012</u></b>	<b><u>2012/2013</u></b>	<b><u>2013/2014</u></b>
Operating Income General Fund (Note 21)	\$ 8,030,000.00	\$ 10,026,000.00	\$ 11,211,000.00
LESS: Abnormal Item Flood Restoration Grant	-\$ 954,000.00	-\$ 2,468,000.00	-\$ 4,385,000.00
ADD: FAG Prepaid (from Previous Year)	\$ 384,000.00	\$ 808,000.00	\$ 824,000.00
LESS:FAG Paid for Future Year	-\$ 808,000.00	-\$ 824,000.00	\$ -
LESS: Profit on Sale		-\$ 48,000.00	
	<b><u>\$ 6,652,000.00</u></b>	<b><u>\$ 7,494,000.00</u></b>	<b><u>\$ 7,650,000.00</u></b>
<b>Grants and Contributions</b>			
LESS: Balance of capital grants	\$ 365,000.00	\$ 878,000.00	\$ 1,579,000.00
LESS: Operational Grants (excluding FAG)	\$ 990,000.00	\$ 809,000.00	\$ 1,035,000.00
LESS: FAG Grant - Normalised	\$ 1,565,000.00	\$ 1,557,000.00	\$ 1,661,000.00
	<b><u>\$ 3,732,000.00</u></b>	<b><u>\$ 4,250,000.00</u></b>	<b><u>\$ 3,375,000.00</u></b>
Own Source of Revenue	<b>56.10%</b>	<b>56.71%</b>	<b>44.12%</b>
3 Year Average	<b>52.11%</b>		

<b>Own Source Revenue (including FAG Grant) - FAG Normalised and Abnormal Item Removed</b>			
	<b><u>2011/2012</u></b>	<b><u>2012/2013</u></b>	<b><u>2013/2014</u></b>
Operating Income General Fund (Note 21)	\$ 8,030,000.00	\$ 10,026,000.00	\$ 11,211,000.00
LESS: Abnormal Item Flood Restoration Grant	-\$ 954,000.00	-\$ 2,468,000.00	-\$ 4,385,000.00
ADD: FAG Prepaid (from Previous Year)	\$ 384,000.00	\$ 808,000.00	\$ 824,000.00
LESS:FAG Paid for Future Year	-\$ 808,000.00	-\$ 824,000.00	\$ -
LESS: Profit on Sale		-\$ 48,000.00	
	<b><u>\$ 6,652,000.00</u></b>	<b><u>\$ 7,494,000.00</u></b>	<b><u>\$ 7,650,000.00</u></b>
<b>Grants and Contributions</b>			
LESS: Balance of capital grants	\$ 365,000.00	\$ 878,000.00	\$ 1,579,000.00
LESS: Operational Grants (excluding FAG)	\$ 990,000.00	\$ 809,000.00	\$ 1,035,000.00
	<b><u>\$ 5,297,000.00</u></b>	<b><u>\$ 5,807,000.00</u></b>	<b><u>\$ 5,036,000.00</u></b>
Own Source of Revenue	<b>79.63%</b>	<b>77.49%</b>	<b>65.83%</b>
3 Year Average	<b>74.05%</b>		

2.2.6 - Graphed Own Source of Revenue (excluding FAG) and Supporting Financial Numbers 2010/11 – 2024/25 (rolling three year average)



**MEETS THE FFTF BENCHMARK???**  
**NO**

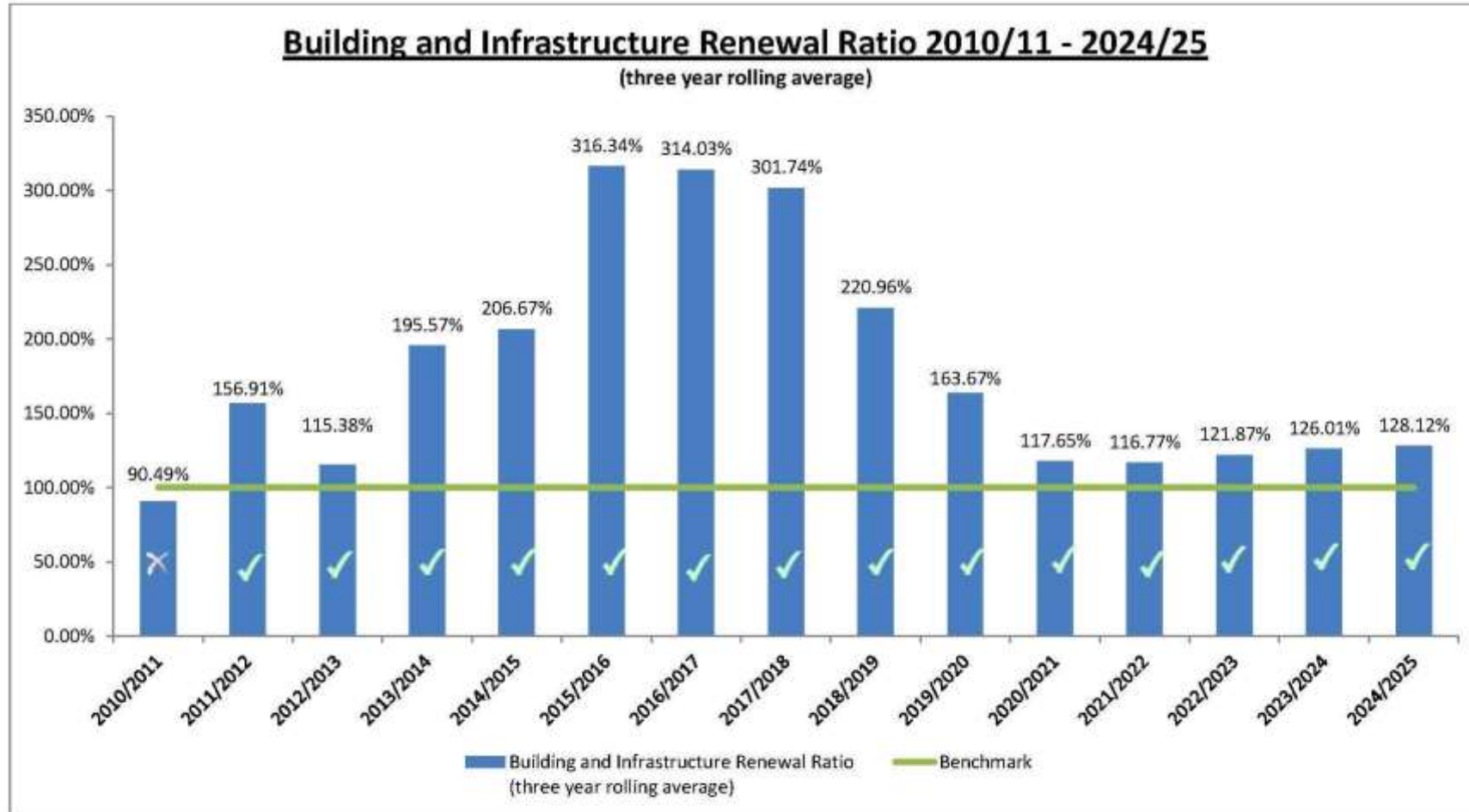
**THIS BENCHMARK IS NOT A REQUIREMENT FOR A RURAL COUNCIL, HOWEVER MURRUMBIDGEE SHIRE COUNCIL MEETS THIS BENCHMARK IN 2020/21.**

Own Source of Revenue Ratio (excluding FAG) (three year rolling average)															
	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	53%	56%	57%	52%	48%	45%	46%	48%	52%	56%	60%	60%	60%	60%	60%
<b>Benchmark</b>	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Meets FFTF Benchmark?</b>	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓

Own Source of Revenue Ratio (excluding FAG) (single year)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	47%	51%	60%	56%	57%	44%	44%	48%	48%	49%	60%	60%	60%	60%	60%	60%	60%
<b>Benchmark</b>	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
<b>Meets FFTF Benchmark?</b>	✗	✗	✗	✗	✗	✗	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓

Own Source of Revenue Data (including FAG) (\$000)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Operating revenue less grants and contributions</b>	2767	2993	3938	3732	4250	3375	3419	3653	3623	3793	3973	4088	4207	4329	4455	4585	4719
<b>Operating revenue including grants and contributions</b>	5897	5852	6615	6652	7494	7650	7809	7650	7568	7757	6665	6856	7058	7265	7479	7700	7927

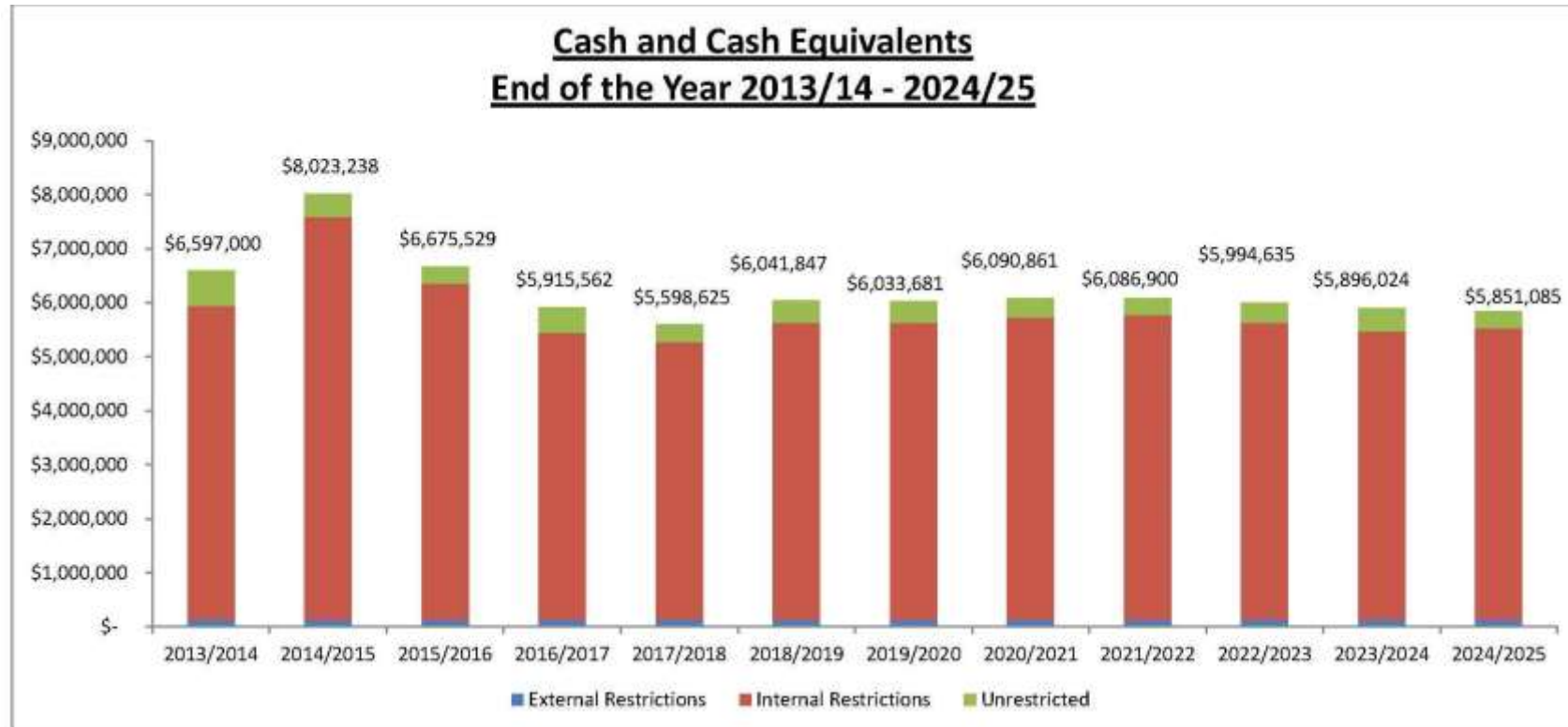
2.2.7 - Graphed Building and Infrastructure Renewal Ratio 2010/11 - 2024/25 and Supporting Financial Numbers (rolling three year average)



**MEETS THE FFTF BENCHMARK???**  
**YES**



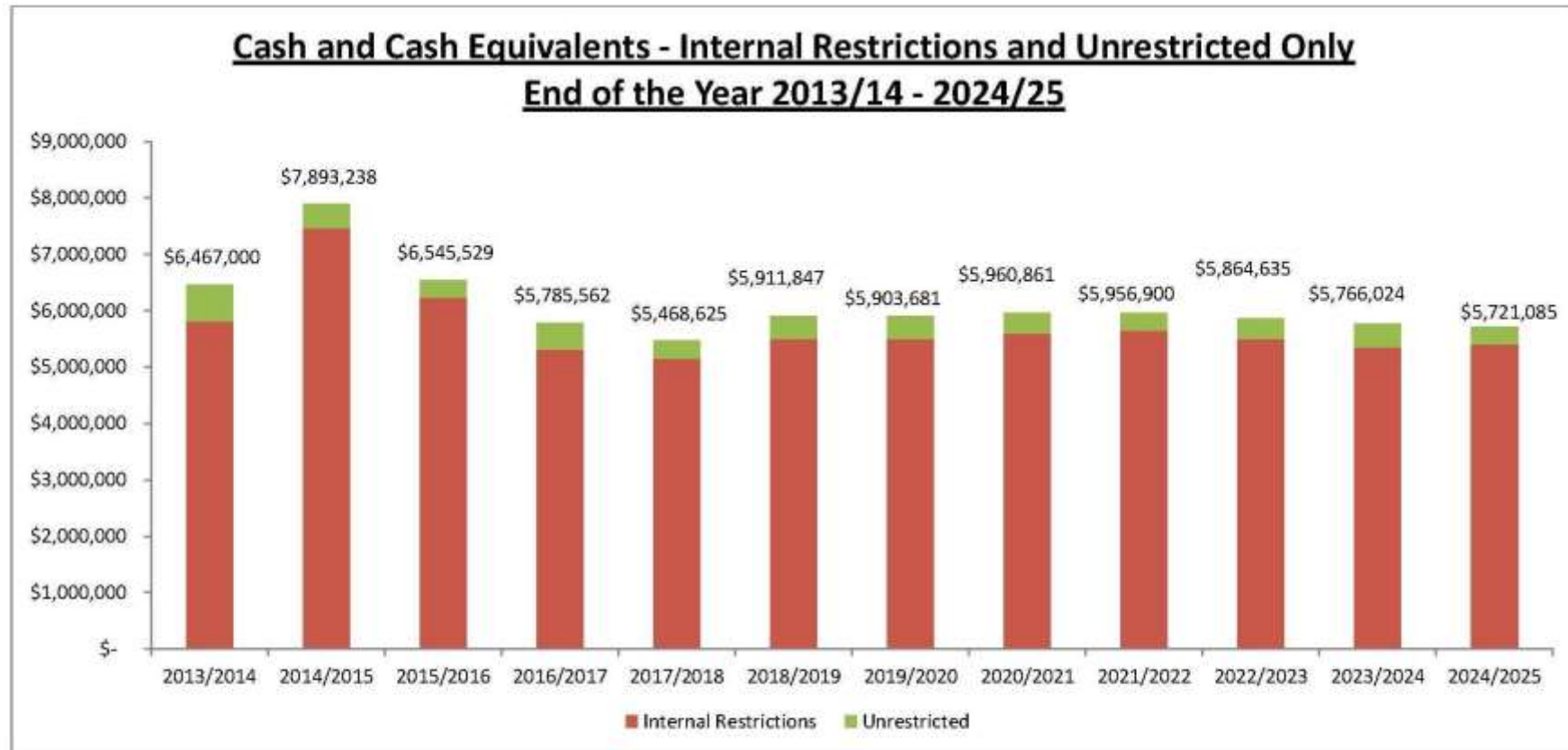
2.2.8 - Graphed Cash and Cash Equivalents End of the Year 2013/14 - 2024/25



	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
External Restrictions	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000	130,000
Internal Restrictions	5,818,000	7,463,000	6,229,000	5,316,000	5,151,000	5,501,000	5,501,000	5,601,000	5,651,000	5,501,000	5,351,000	5,401,000
Unrestricted	649,000	430,238	316,529	469,562	317,625	410,847	402,681	359,861	305,900	363,635	415,024	320,085
<b>Total</b>	<b>6,597,000</b>	<b>8,023,238</b>	<b>6,675,529</b>	<b>5,915,562</b>	<b>5,598,625</b>	<b>6,041,847</b>	<b>6,033,681</b>	<b>6,090,861</b>	<b>6,086,900</b>	<b>5,994,635</b>	<b>5,896,024</b>	<b>5,851,085</b>

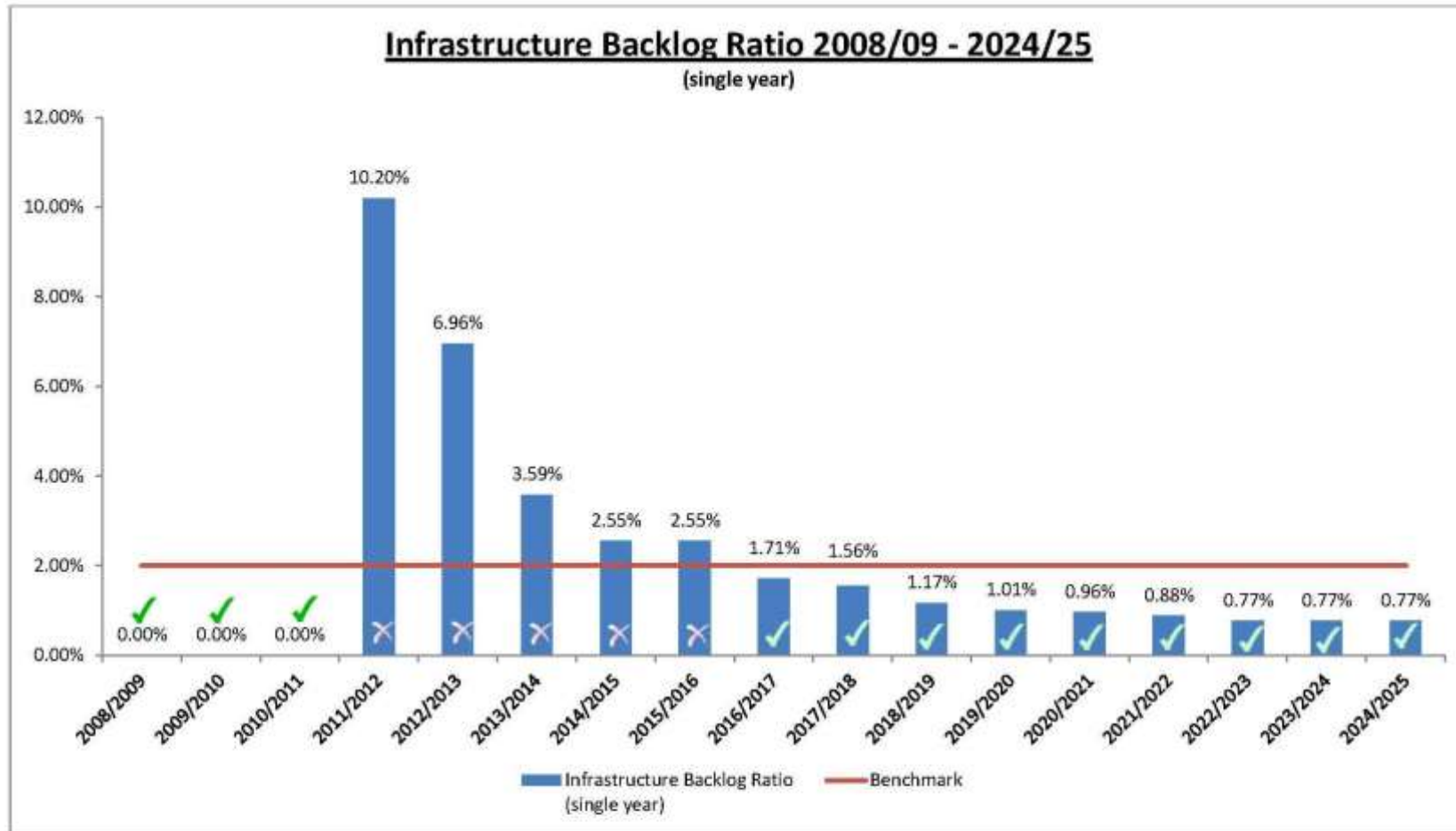


2.2.9 - Graphed Cash and Cash Equivalents - Internal Restrictions and Unrestricted Only End of the Year 2013/14 - 2024/25



Cash and Cash Equivalents - Internal Restrictions and Unrestricted Only (\$)												
End of the Year 2013/14 - 2024/25												
	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
Internal Restrictions	5,818,000	7,463,000	6,229,000	5,316,000	5,151,000	5,501,000	5,501,000	5,601,000	5,651,000	5,501,000	5,351,000	5,401,000
Unrestricted	649,000	430,238	316,529	469,562	317,625	410,847	402,681	359,861	305,900	363,635	415,024	320,085
<b>Total</b>	<b>6,467,000</b>	<b>7,893,238</b>	<b>6,545,529</b>	<b>5,785,562</b>	<b>5,468,625</b>	<b>5,911,847</b>	<b>5,903,681</b>	<b>5,960,861</b>	<b>5,956,900</b>	<b>5,864,635</b>	<b>5,766,024</b>	<b>5,721,085</b>

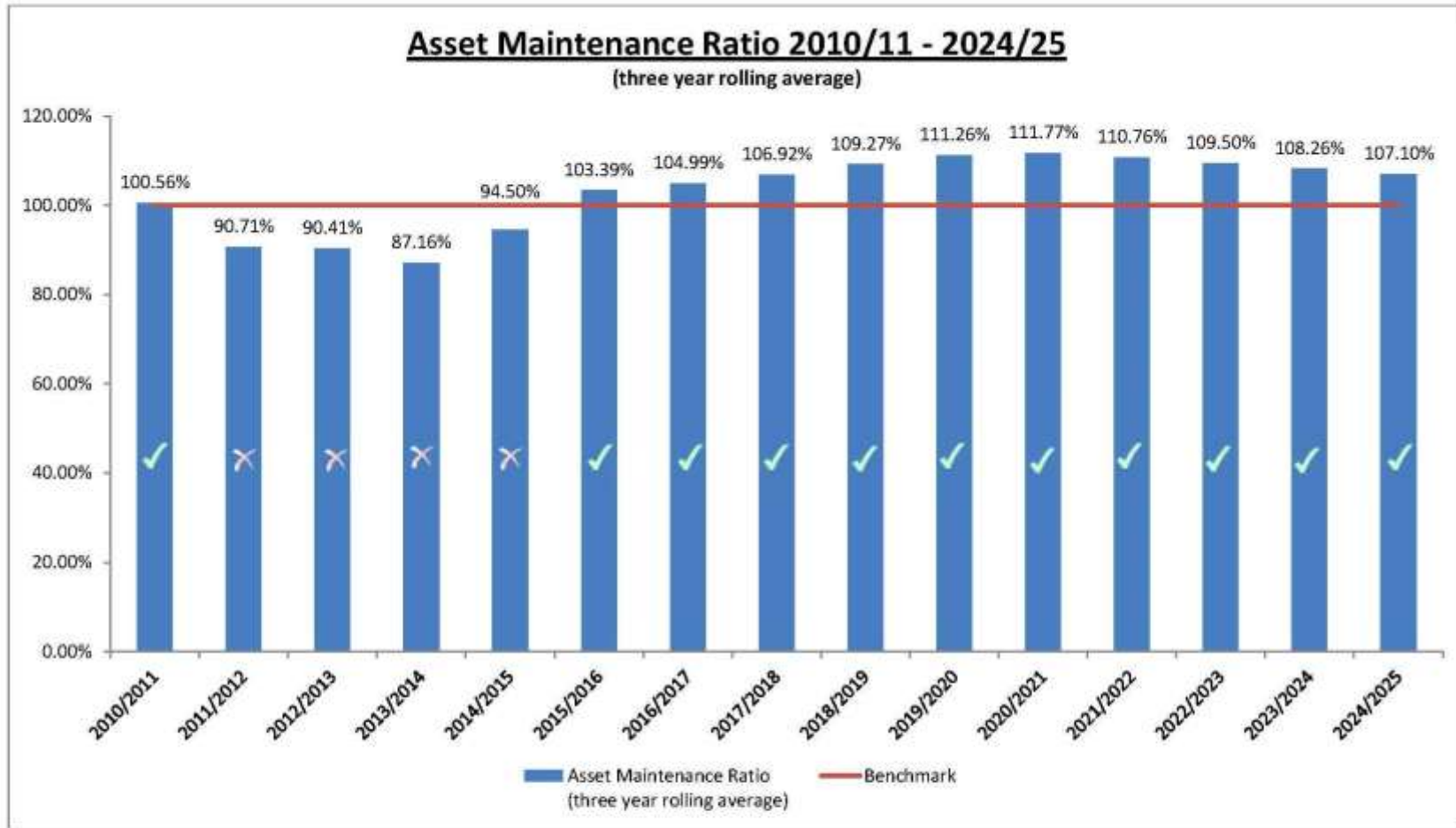
2.2.10 - Graphed Infrastructure Backlog Ratio 2008/09 - 2024/25 and Supporting Financial Numbers (single year)



**MEETS THE FFTF BENCHMARK???**  
**YES**



2.2.11 - Graphed Asset Maintenance Ratio 2010/11 - 2024/25 and Supporting Financial Numbers (rolling three-year average)



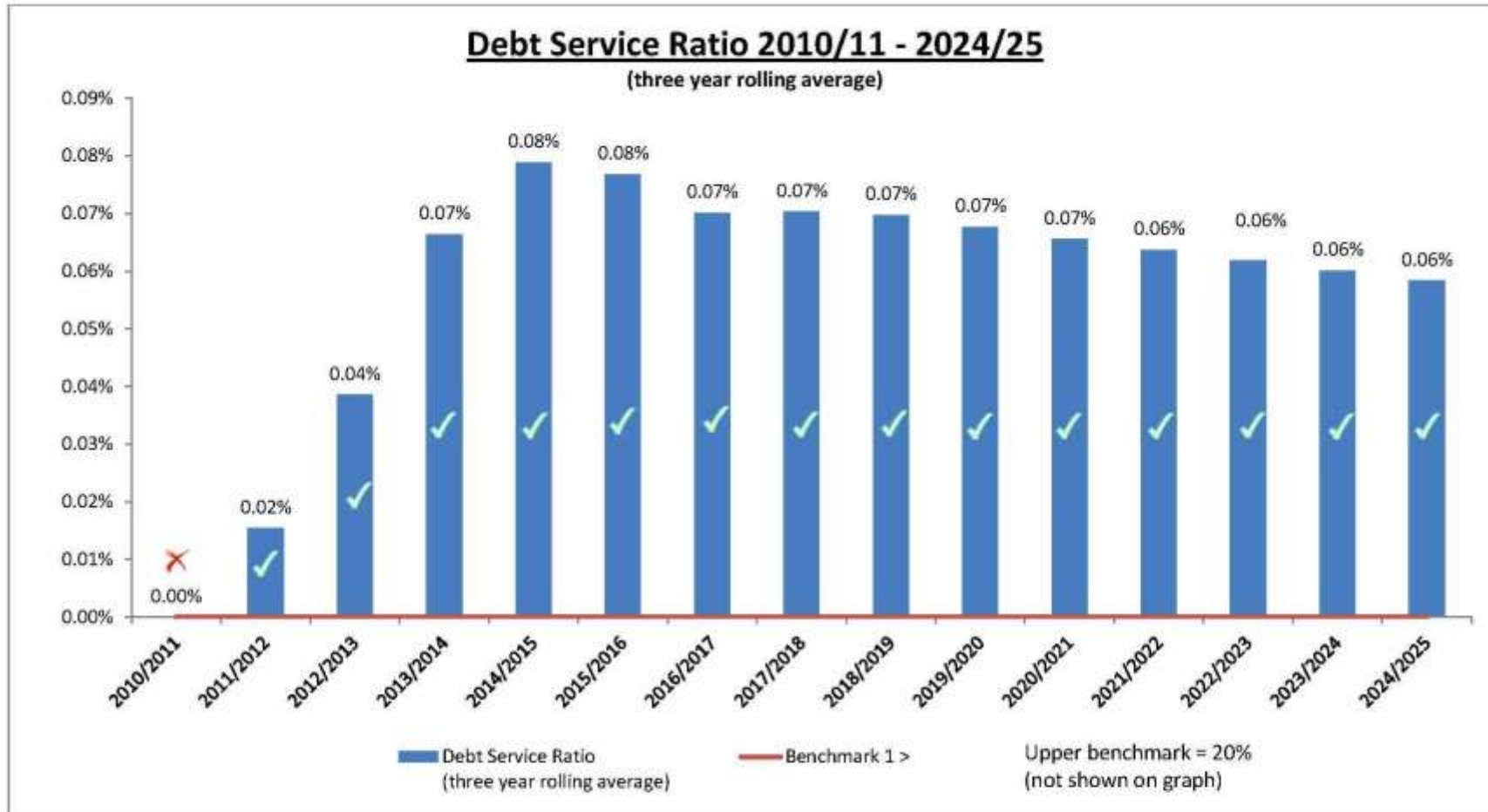
**MEETS THE FFTF BENCHMARK???**  
**YES**

Asset Maintenance Ratio (three year rolling average)															
	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	101%	91%	90%	87%	95%	103%	105%	107%	109%	111%	112%	111%	110%	108%	107%
<b>Benchmark</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Meets FFTF Benchmark?</b>	✓	✗	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Asset Maintenance Ratio (single year)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	110%	87%	104%	78%	87%	101%	103%	106%	106%	109%	113%	112%	111%	110%	108%	107%	106%
<b>Benchmark</b>	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<b>Meets FFTF Benchmark?</b>	✓	✗	✓	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Asset Maintenance Data (\$000)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Actual Asset Maintenance</b>	1055	814	1022	596	955	506	584	618	649	696	753	784	809	837	866	893	926
<b>Required Asset Maintenance</b>	956	932	987	762	1097	501	566	585	612	639	669	699	731	764	799	835	873

### 2.2.12 - Graphed Debt Service Ratio 2010/11 - 2024/25 and Supporting Financial Numbers



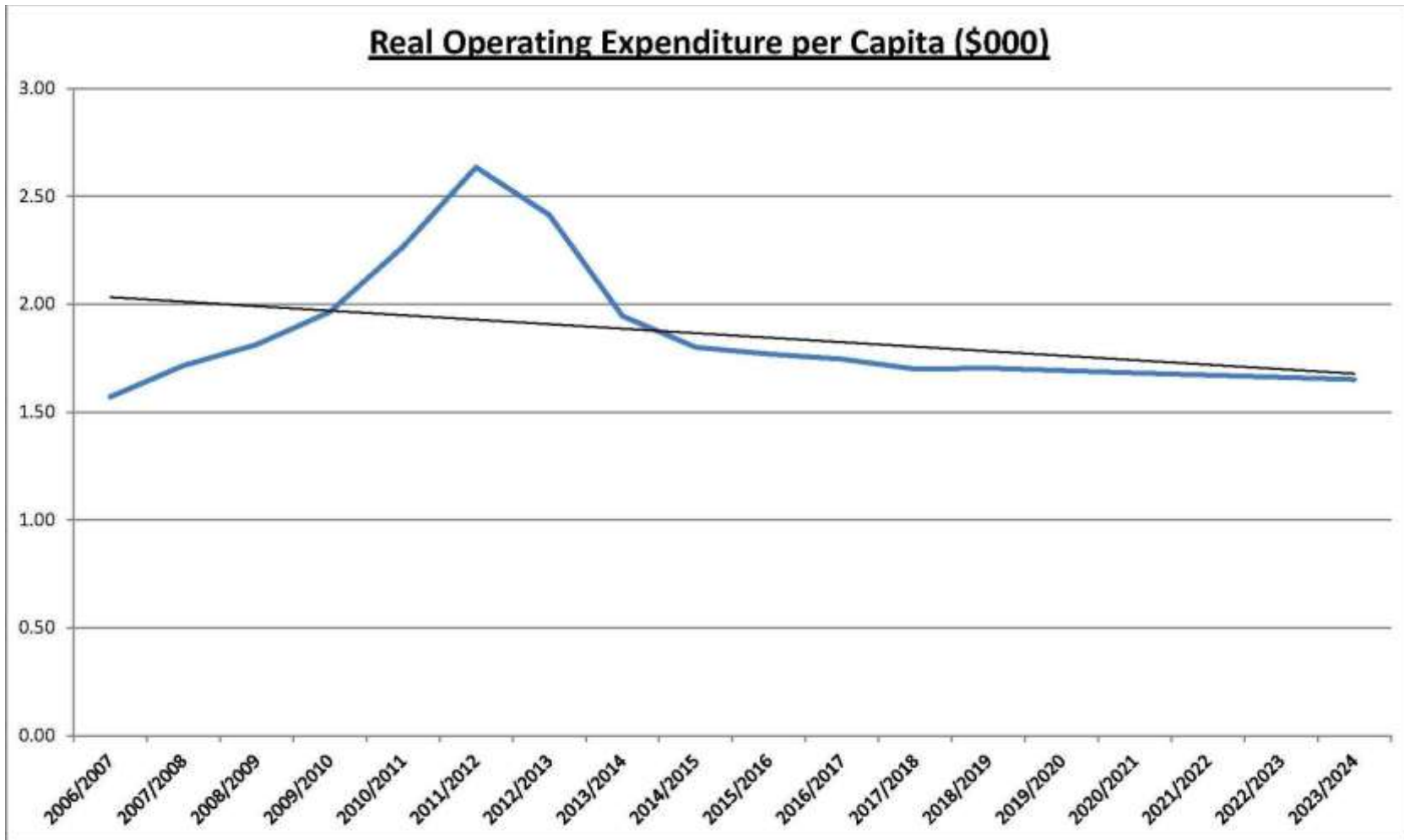
**MEETS THE FFTF BENCHMARK???**  
**YES**

Debt Service Ratio (three year rolling average)															
	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	0.00%	0.02%	0.04%	0.07%	0.08%	0.08%	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%	0.06%	0.06%
<b>Benchmark 1 &gt;</b>	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
<b>Benchmark 2 &lt;</b>	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
<b>Meets FTFF Benchmarks?</b>	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Debt Service Ratio (single year)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	0.00%	0.00%	0.00%	0.04%	0.07%	0.10%	0.07%	0.07%	0.07%	0.07%	0.07%	0.07%	0.06%	0.06%	0.06%	0.06%	0.06%
<b>Benchmark 1 &gt;</b>	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b>Benchmark 2 &lt;</b>	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<b>Meets FTFF Benchmarks?</b>	✗	✗	✗	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓

Debt Service Ratio Data (\$000)																	
	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Cost of Debt Service</b>	0	0	0	3	5	5	4	4	4	4	4	4	4	4	4	4	4
<b>Total Continuing Operating Revenue</b>	5482	5362	6394	7665	6675	5247	6448	6506	6254	6400	6654	6850	7052	7259	7473	7694	7920

2.2.13 - Graphed Real Operating Expenditure per Capita 2006/07 – 2023/24 and Supporting Financial Numbers



**MEETS THE FFTF BENCHMARK???**  
**YES**



Real Operating Expenditure per Capita (\$000)																			
	2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025
<b>Result</b>	1.57	1.71	1.81	1.96	2.27	2.63	2.41	1.95	1.79	1.74	1.71	1.65	1.65	1.62	1.60	1.58	1.56	1.54	1.46

Real Operating Expenditure per Capita Data																						
			2006/ 2007	2007/ 2008	2008/ 2009	2009/ 2010	2010/ 2011	2011/ 2012	2012/ 2013	2013/ 2014	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	2020/ 2021	2021/ 2022	2022/ 2023	2023/ 2024	2024/ 2025	
	Total Operating Expenditure	Population									Previous 8 Year Average (2006/2007 - 2013/2014) used for future years calculations											
			0.973	0.97	0.969	0.977	0.97	0.97	0.966	0.963	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	0.96975	
2006/07	4056	2514	3946																			1.57
2007/08	4476	2464		4224																		1.71
2008/09	4805	2425			4394																	1.81
2009/10	5259	2393				4699																1.96
2010/11	6181	2365					5357															2.27
2011/12	7465	2383						6276														2.63
2012/13	7308	2460							5935													2.41
2013/14	6225	2503								4868												1.95
2014/15	5962	<b>2512</b>									4522											1.80
2015/16	6060	<b>2521</b>										4457										1.77
2016/17	6188	<b>2529</b>											4413									1.75
2017/18	6237	<b>2538</b>												4314								1.70
2018/19	6471	<b>2547</b>													4340							1.70
2019/20	6650	<b>2556</b>														4325						1.69
2020/21	6837	<b>2565</b>															4313					1.68
2021/22	7030	<b>2574</b>																4300				1.67
2022/23	7231	<b>2583</b>																	4289			1.66
2023/24	7441	<b>2592</b>																		4280		1.65
2024/25	7659	<b>2601</b>																			4143	1.59

**Note: Annual population increase = 1.0035**

Section 2.3 – Water Utility Performance

2.3.1 - Office of Water – Triple Bottom Line (TBL) Report (2013/14)

**Murrumbidgee Shire Council TBL Sewerage Performance 2013-14**

**SEWERAGE SYSTEM** - Murrumbidgee Shire Council serves a population of 1,650 (790 connected properties) and has 2 sewage treatment works providing primary and tertiary treatment. The system comprises 2,100 EP treatment capacity (Continuous Extended Aeration (Activated Sludge) and Oxidation Pond), 12 pumping stations (145 ML/d), 5 km of rising mains and 18 km of gravity trunk mains and reticulation. 10% of effluent was recycled (Indicator 27) and the treated effluent is discharged to land and river.

**PERFORMANCE** - Murrumbidgee Shire Council achieved 33% implementation of the NSW BPM requirements. The 2014-15 typical residential bill was \$309 which was much less than the statewide median of \$669 (Indicator 12). However, the economic real rate of return was negative (Indicator 46). The operating cost per property (OMA) was \$237 which was much less than the statewide median of \$439 (Indicator 50). Sewage odour complaints were less than the statewide median of 1 (Indicator 21). Murrumbidgee Council reported no public health incidents. Council did not comply with the BOD & SS & Faecal Coliforms requirements of the environmental regulator for effluent discharge. The current replacement cost of system assets was \$10M (\$13,100 per assessment), cash and investments was \$2M, debt was nil and revenue was \$0.2M (excluding capital works grants).

**IMPLEMENTATION OF REQUIREMENTS OF NSW BEST-PRACTICE MANAGEMENT (BPM) FRAMEWORK**

(1) Complete current strategic business plan & financial plan	YES 10	(2e) Pricing - DSP with commercial developer charges	10
(2) (2a) Pricing - Full Cost Recovery without significant cross subsidies	11	(2f) Pricing - Liquid trade waste approvals & policy	Yes
(2b) Pricing - Appropriate Residential Charges	11	(3) Complete performance reporting (by 15 September)	YES
(2c) Pricing - Appropriate Non-Residential Charges	11	(4) Integrated water cycle management strategy	10
(2d) Pricing - Appropriate Trade Waste Fees and Charges	11	<b>IMPLEMENTATION OF ALL REQUIREMENTS</b>	<b>33%</b>

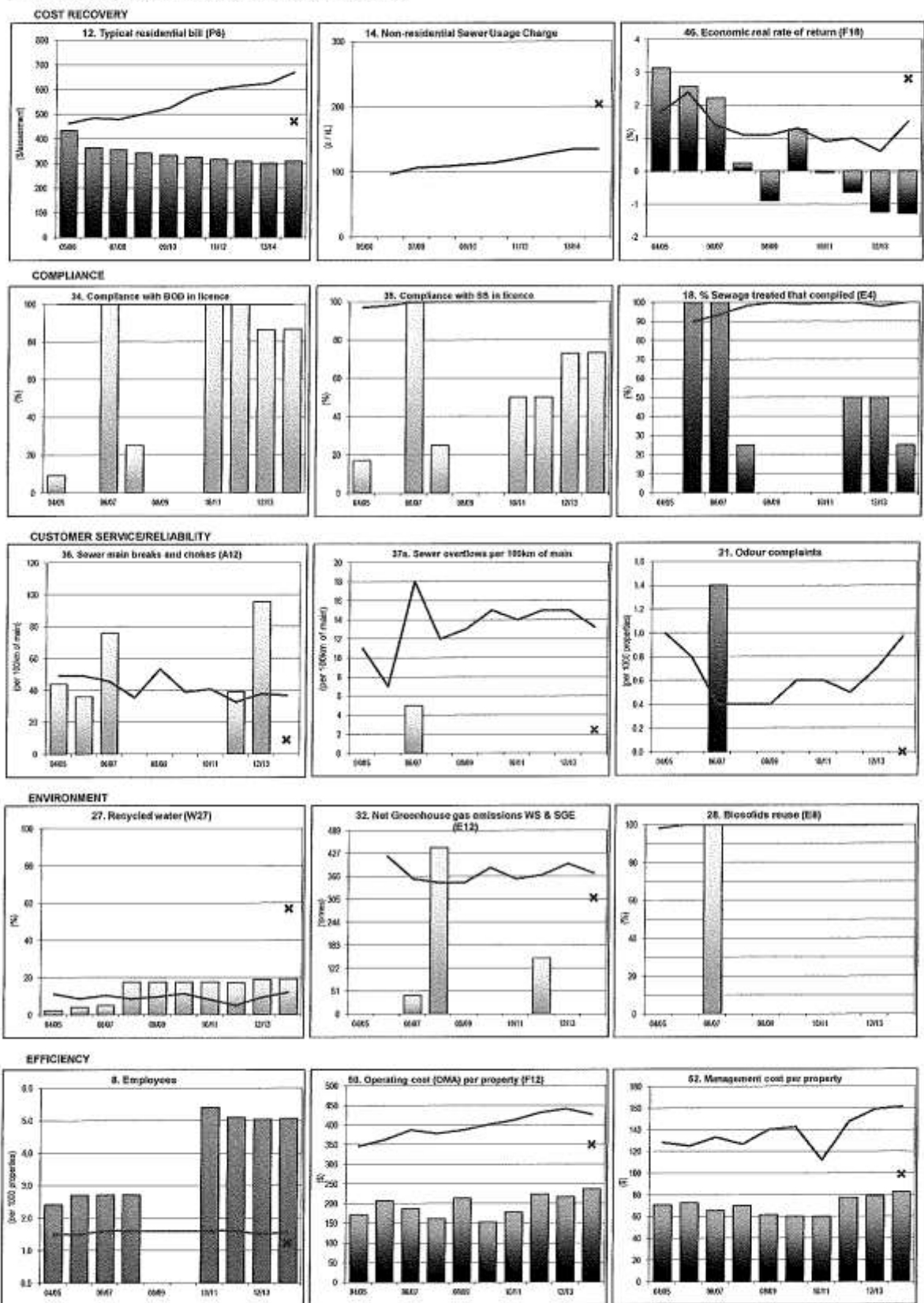
**TRIPLE BOTTOM LINE (TBL) PERFORMANCE INDICATORS**

INDICATOR	DESCRIPTION	UNIT	2013-14	2014-15	RANKING		MEDIAN		
					200 to 1,500 AF/100k	Statewide	National		
					Col 1	Note 1	Note 2	Note 3	Note 4
ENVIRONMENTAL	C5	1 Population served:	1,650						
	C6	2 Number of connected properties:	790						
	C6	3 Number of residential connected properties:	703						
	A6	4 New residences connected to sewerage (%)						1.0	
	A6	5 Properties served per kilometre of main						38	41
	W18	6 Volume of sewage collected (ML)						4,600	5,720
	W18	7 Renewals expenditure (% of current replacement cost of system assets)						0.5	
	W18	8 Employees per 1000 properties						1.6	
	SOCIAL	P4	11a Residential access charge for 2013-14 (\$/assessment)	\$ 300	1	1	625	673	
		P4	11 Residential access charge for 2014-15 (\$/assessment)	\$ 300	1	1	669		
P9		12 Typical residential bill for 2013-14 (\$/assessment)	\$ 300	1	1	625	693		
P9		12 Typical residential bill for 2014-15 (\$/assessment)	\$ 309	1	1	669			
P9		13 Typical developer charge for 2014-15 (\$/equivalent tenement)	\$ 1,000	3	5	5,100			
P9		14 Non-residential sewer usage charge (c/kL)				136			
F8		15 Revenue per property - Sgs (\$)	\$ 310	5	5	645	838		
E3		16 Sewerage Coverage (% of Urban Population with Reticulated Sgs Service)	% 98.5	2	2	97.9			
E3		17 Percent of sewage treated to a tertiary level (%)	%			99	91		
E3		18 Percent of sewage volume treated that was compliant (%)	% 25	5	5	100	100		
ENVIRONMENTAL	E3	19 Number of sewage treatment works compliant at all times	1 of 2						
	D11	21 Odour complaints per 1000 properties	per 1,000 prop 0.0	1	1	1.0			
	D11	22 Service complaints - sewerage per 1000 properties	per 1,000 prop 53	5	5	6	1		
	D16	23a Average sewerage interruption (minutes)	min 120	3	4	100	166		
	D16	25 Total days lost (%)	% 0.0	1	1	2.9			
	W20	26 Volume of sewage collected per property (kL)	kL 582	2	2	221	294		
	W20	26a Total recycled water supplied (ML)	ML 30	4	5	630	1,638		
	W27	27 Recycled water (% of effluent recycled)	% 19	2	3	12	17		
	F8	28 Biosolids reuse (%)	%			100	100		
	E12	32 Net greenhouse gas emissions - WS & Sgs (not tonnes CO2 equivalents per 1000 properties)	AWB 770						
ENVIRONMENTAL	E12	32 Net greenhouse gas emissions - WS & Sgs (not tonnes CO2 equivalents per 1000 properties)	% 0			370	390		
	A14	33 90 <sup>th</sup> Percentile licence limits for effluent discharge: BOD 10 mg/L, Total P 10 mg/L	% 87	5	5	100			
	A14	34 Compliance with BOD in licence (%)	% 73	4	5	100			
	A14	35 Compliance with SS in licence (%)	% 0	1	1	37	20		
	E13	37a Sewer main breaks and chokes (per 100 km of main)	per 100km main 0	1	1	13			
	E13	37b Sewer overflows reported to environmental regulator (per 100km of main)	per 100km main 0.0	1	1	0.0	0.4		
	F20	39 Non res & trade waste % of total sgs volume	%			21			
	F18	43 Revenue from non-residential plus trade waste charges (% of total revenue)	%			18			
	F18	44 Revenue from trade waste charges (% of total revenue)	%			2.0			
	F18	46 Economic real rate of return - Sgs (%)	% -1.3	6	6	1.5	2.6		
ECONOMIC	F24	46a Return on assets - Sgs (%)	% -0.5	6	6	1.5			
	F24	46b Loan payment per property - Sgs (\$)	\$ 90			90			
	F24	46c Net profit after tax - WS & Sgs (\$'000)	\$'000 -56	4	4	1190	5,345		
	F12	49 Operating cost (OMA) per 100 km of main (\$'000)	\$'000 820	3	1	1,730			
	F12	50 Operating cost (OMA) per property (\$) (Note 8)	\$ 237	1	1	430	405		
	F12	51 Operating cost (OMA) per kL (cents)	c/L 130	2	1	206			
	F12	52 Management cost per property (\$)	\$ 82	2	2	161			
	F12	53 Treatment cost per property (\$)	\$ 32	1	1	155			
	F12	54 Pumping cost per property (\$)	\$ 62	3	3	68			
	F12	55 Energy cost per property (\$)	\$ 44	5	4	42			
F12	56 Sewer main cost per property (\$)	\$ 18	1	1	47				
F20	57 Capital Expenditure per property - Sewerage (\$)	\$ 50	3	4	193	227			

- NOTES:**
- Col 2 rankings are on a % of LWUs basis - best reveals performance compared to similar sized LWUs (ie. Col 1 is compared with LWUs with 200 to 1,500).
  - Col 3 rankings are on a % of LWUs basis - best reveals performance compared to all LWUs (ie. Col 1 is compared with all LWUs). - see attachment.
  - Col 4 (Statewide Median) is on a % of connected properties basis - best reveals statewide performance (gives due weight to larger LWUs & reduces effect of smaller LWUs).
  - Col 5 (National Median) is the median value for the 65 utilities reporting sewerage performance in the National Performance Report 2013-14 ([www.bcm.gov.au](http://www.bcm.gov.au)).
  - LWUs are required to annually review key projections & actions in the later of their IWCM Strategy and financial plan and their Strategic Business Plan and to annually 'roll forward', review and update their 30-year total asset management plan (TAMP) and 30-year financial plan.
  - Non-residential access charge - \$309/acre based on Land Value, Minimum \$309; No usage charge.
  - Compliance with Total N in Licence was 100%. Compliance with Total P in Licence was 100%.
  - Operating cost (OMA)/property was \$237. Components were: management (\$82), operation (\$11), maintenance (\$98) and energy (\$44).
  - Renewals expenditure was \$174,000/100km of main.
  - As Murrumbidgee Shire Council's strategic business plan and financial plan are over 4 years old, it needs to prepare a 30-year IWCM Strategy and financial plan in accordance with the July 2014 IWCM Check List ([www.walr.nsw.gov.au](http://www.walr.nsw.gov.au)).
  - BPM Framework - Council needs to implement Full Cost Recovery (2a), Appropriate Residential Charges (2b), Appropriate Non-residential Charges (2c), Appropriate Trade Waste Charges (2d) and a DSP with Developer Charges (2e).

Murrumbidgee Shire Council TBL Sewerage Performance (page 2) 2013-14

(Results shown for 10 years together with 2013-14 Statewide Median and Top 20%)



NOTES:

- Costs are in Jan 2014\$ except for graphs 12 and 14, which are in Jan 2015\$.

**LEGEND**  
 State Median for all years —  
 Top 20% for 2013-14 X

**Murrumbidgee Shire Council TBL Water Supply Performance 2013-14**

**WATER SUPPLY SYSTEM** - Murrumbidgee Shire Council serves a population of 1,800 (700 connected properties). Water is drawn from 4 (13 ML/d) bores to supply Darlington Point and Coleambally. The water supply network comprises 1 treatment works (4 ML/d), 2 service reservoirs (2 ML), 3 pumping stations, 10 ML/d delivery capacity into the distribution system, 1 km of transfer and trunk mains and 32 km of reticulation. 51% of the water supply is unfiltered (chlorinated) and 49% is non-potable supply for outdoor use.

**PERFORMANCE** - Murrumbidgee Shire Council achieved 60% implementation of the NSW BPM requirements. The 2014-15 typical residential bill was \$395 which was much less than the statewide median of \$582 (indicator 14). However, the economic real rate of return was negative (indicator 43). The operating cost (OMA) per property was \$429 which was close to the statewide median of \$400 (indicator 49). Water quality complaints were negligible compared to the statewide median of 3 (indicator 25). Compliance was achieved for microbiological water quality (100% of the population, 2 of 2 zones compliant), chemical water quality and physical water quality. There were no failures of the chlorination system or the treatment system. Murrumbidgee Shire Council reported no water supply public health incidents. Current replacement cost of system assets was \$9M (\$13,380 per assessment including \$2,280 per assessment for bulk supply). Cash and investments were \$1M, debt was nil and revenue was \$0.4M (excluding capital works grants).

**IMPLEMENTATION OF REQUIREMENTS OF NSW BEST-PRACTICE MANAGEMENT (BPM) FRAMEWORK**

(1) Complete Current Strategic Business Plan & Financial Plan	YES	(3) Sound water conservation implemented	12
(2) (2a) Pricing - Full Cost Recovery, without significant cross subsidies	Yes	(4) Sound drought management implemented	12
(2b,2c) Pricing - Appropriate Residential Charges	Yes	(5) Complete performance reporting (by 15 September)	YES
(2d) Pricing - Appropriate Non-residential Charges	Yes	(6) Integrated water cycle management strategy	12
(2e) Pricing - DSP with Commercial Developer Charges	Yes	<b>IMPLEMENTATION OF ALL REQUIREMENTS</b>	<b>60%</b>

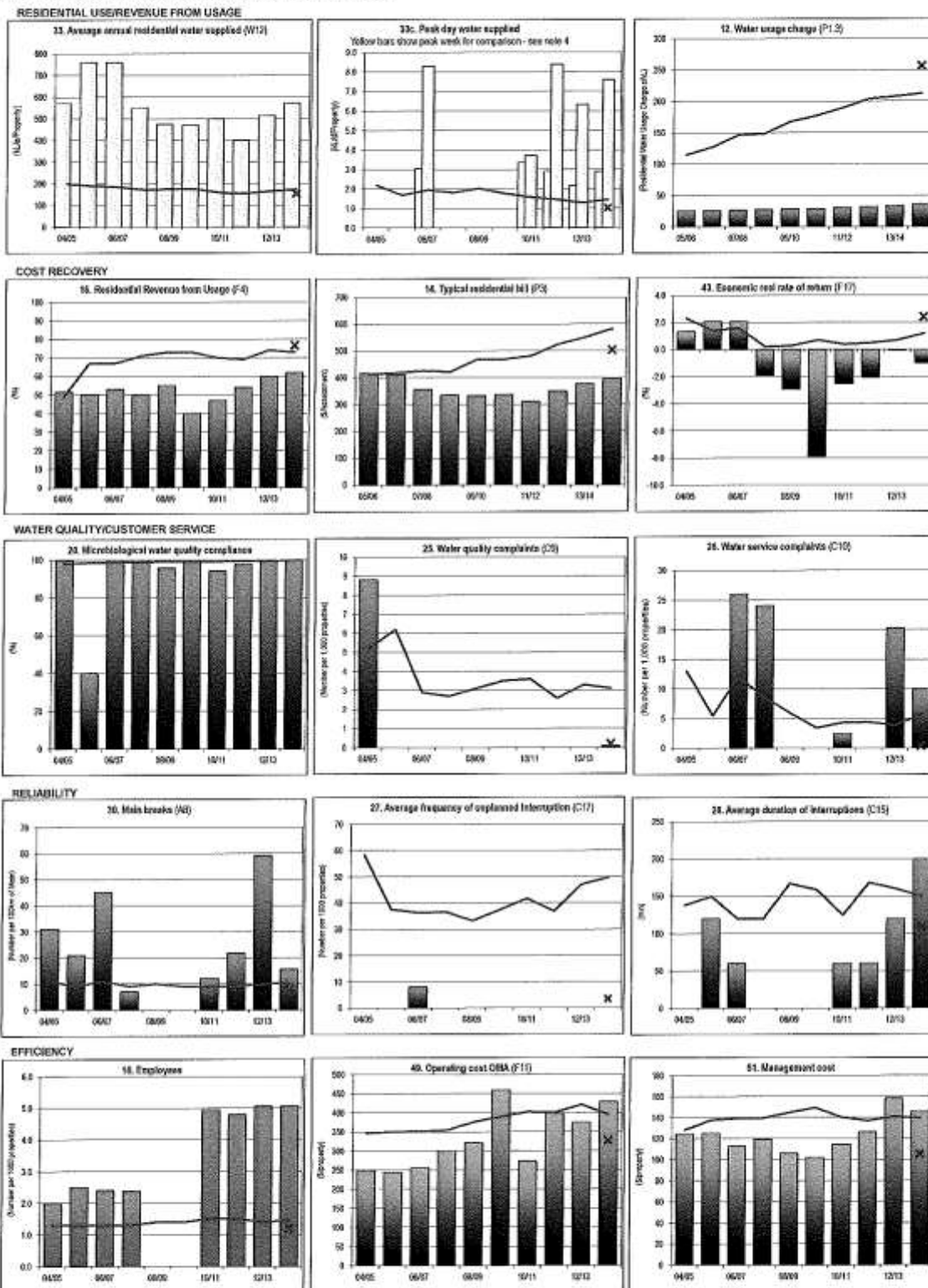
**TRIPLE BOTTOM LINE (TBL) PERFORMANCE INDICATORS**

NWI No.	Description	Units	LWU RESULT	RANKING		MEDIAN		
				200 to 1,500	All LWUs	Statewide	National	
			Col 1	Note 1 Col 2	Note 2 Col 3	Note 3 Col 4	Note 4 Col 5	
UTILITY	C1 1 Population served:	1000						
	C4 2 Number of connected properties:	790						
	Number of assessments: 770							
	3 Residential connected properties (% of total)	%	88			91		
	4 New residences connected to water supply (%)	%	0.1	5	5	0.9		
	A3 5 Properties served per kilometre of water main	Prop/km	25			32	35	
	6 Rainfall (% of median annual rainfall)	%	117	1	1	77		
	W11 7 Total urban water supplied at master meters (ML)	ML	700			6,800	10,200	
	8 Peak week to average consumption (%)	%	119	1	1	152		
	9 Renewals expenditure (% of current replacement cost of system assets)	%				0.5		
10 Employees per 1000 properties	per 1,000 prop	5.1	5	5	1.5			
FINANCIAL & BILLS	P1 Residential tariff structure for 2014-15: inclining block; independent of land value; access charge \$185							
	P1.3 12a Residential water usage charge for 2013-14 for usage <500 kL (c/kL)	c/kL (2013-14)	34	5	5	208	185	
	12 Residential water usage charge for 2014-15 for usage <500 kL (c/kL)	c/kL (2014-15)	36	5	5	213		
	F3 14a Typical residential bill for 2013-14 (\$/assessment)	\$ (2013-14)	379	1	1	560	567	
	14 Typical residential bill for 2014-15 (\$/assessment)	\$ (2014-15)	395	1	1	582		
	15 Typical developer charge for 2014-18 (\$/equivalent lotment)	\$ (2014-15)	1,000	4	5	5,500		
	F4 16 Residential revenue from usage charges (% of residential bills)	%	62	3	4	73	68	
	F5 17 Revenue per property - water (\$/property)	\$/prop	530	5	5	795	849	
	SOCIAL	H 18 Water Supply Coverage (% of Urban Population with reticulated WS)	% of population	68	5	5	90.6	
		H6 18a Risk based drinking water quality plan?		No				
		19 Physical compliance achieved? Note 11		Yes	1	1		
		18a Chemical compliance achieved? Note 11		Yes	1	1		
		H 19b % population with chemical compliance	%	100	1	1	100	
		H 20 Microbiological (E. coli) compliance achieved? Note 11		Yes	1	1		
	H3 20a % population with microbiological compliance	% of population	100	1	1	100	100	
	SERVICE LEVELS	C6 25 Water quality complaints per 1000 properties	per 1,000 prop	0	1	1	3	2
		C10 26 Water service complaints per 1000 properties	per 1,000 prop	10	3	3	8	1
C17 27 Incidence of unplanned interruptions per 1000 properties		per 1,000 prop	0	1	1	50	06	
C10 28 Average duration of interruption (min)		min	200	5	5	150	113	
A0 30 Number of water main breaks per 100 km of water main		per 100km	16	2	4	10	13	
31 Drought water restrictions (% of time)		% of time	0	1	1	0		
32 Total days lost (%)		%	0.0	1	1	2.0		
ENVIRONMENTAL	W12 33 Average annual residential water supplied - STATEWIDE (ML/property)	ML/prop	571	4	5	173	185	
	33a Average annual residential water supplied - COASTAL LWUs (ML/property)	ML/prop				157		
	33b Average annual residential water supplied - INLAND LWUs (kL/property)	kL/prop	571	4	5	263		
	A10 34 Real losses (leakage) (L/service connection/day)	L/service conn/day	180	5	5	70	70	
	35 Energy consumption per Megalitre (kiloWatt hours)	MWh				620		
	36 Renewable energy consumption (% of total energy consumption)	%				0		
	E12 36a Net greenhouse gas emissions - WS & Sgs (net tonnes CO <sub>2</sub> - equivalents per 1000 properties)	t CO <sub>2</sub>				370	390	
	42 Current replacement cost per assessment (\$)	\$	11,100	5	5	16,500		
ECONOMIC	F17 43 Economic real rate of return - Water (%)	%	-1.0	5	5	1.2	1.9	
	44 Return on assets - Water (%)	%	-0.4	4	5	1.1		
	F22 45 Net Debt to equity - WS&Sgs (%)	%	-15	4	5	1	11	
	F23 46 Interest cover - WS&Sgs		0	5	5	4	2	
	47 Loan payment per property - Water (\$)	\$	0	3	4	64		
	F24 47b Net profit after tax - WS & Sgs (\$/000)	\$/000	-70	4	4	1180	6345	
	48 Operating cost (OMA) per 100km of main (\$/000)	\$/000	1,060	2	2	1,290		
	F11 49 Operating cost (OMA) per property (\$/prop) Note 9	\$/prop	429	1	2	400	439	
	50 Operating cost (OMA) per kilolitre (cents)	c/kL	43	1	1	126		
	51 Management cost (\$/prop)	\$/prop	146	3	3	140		
52 Treatment cost (\$/prop)	\$/prop	37	1	1	58			
53 Pumping cost (\$/prop)	\$/prop	115	3	4	43			
54 Energy cost (\$/prop)	\$/prop	108	5	5	25			
55 Water main cost (\$/prop)	\$/prop	18	1	1	74			
F20 56 Capital Expenditure (\$/prop)	\$/prop				181	175		

- NOTES:**
- Col 2 rankings are on a % of LWUs basis - best reveals performance compared to similar sized LWUs (ie. Col 1 is compared with LWUs with 200 to 1,500).
  - Col 3 rankings are on a % of LWUs basis - best reveals performance compared to all LWUs (ie. Col 1 is compared with all LWUs).
  - Col 4 (Statewide Median) is on a % of connected properties basis - best reveals statewide performance (gives due weight to larger LWUs & reduces effect of smaller LWUs).
  - Col 5 (National Median) is the median value for the 67 utilities reporting water supply performance in the National Performance Report 2013-14 ([www.bom.gov.au](http://www.bom.gov.au)).
  - LWUs are required to annually review key projections & actions in the later of their IWCM Strategy and financial plan and their Strategic Business Plan and to annually 'roll forward', review and update their 30-year total asset management plan (TAMP) and 30-year financial plan.
  - Murrumbidgee Shire Council has a good quality unfiltered groundwater supply.
  - 2014-15 Non-residential Tariff: Access Charge based on Service Connection Size (eg. 40mm \$350), Inclining Block; Usage up to 500 kL, Usage Charge is 26 c/kL; Usage 501 to 600 kL = Non-residential water supplied was 43% of potable water supplied excluding non-revenue water. Revenue from non-residential customers was not reported.
  - The operating cost (OMA) per property was \$429. Components were: management (\$146), operation & maintenance (\$144), energy (\$108) & chemical (\$32).
  - Rehabilitations included 0.13% of service connections and 1.3% of water meters.
  - Compliance with ADWG 2011 for drinking water quality is shown as "Yes" if compliance has been achieved (indicators 19, 19a & 20).
  - As Murrumbidgee Shire Council's strategic business plan and financial plan are over 4 years old, it needs to prepare a 30-year IWCM Strategy and financial plan in accordance with the July 2014 IWCM Check List ([www.water.nsw.gov.au](http://www.water.nsw.gov.au)). This will also address the SBP (1), Water Conservation (3) and Drought Management (4) requirements.
  - BPM Framework - Council needs to Prepare a DSP with Commercial Developer Charges (2e).

Murrumbidgee Shire Council TBL Water Supply Performance (page 2) 2013-14

(Results shown for 10 years together with 2013-14 Statewide Median and Top 20%)



NOTES:

- Costs are in Jan 2014\$ except for graphs 32 and 34, which are in Jan 2016\$.
- Microbiological water quality compliance 1999-00 to 2003-04 was on the basis of 1996 NHMRC/ARMCANZ Australian Drinking Water Guidelines for E. coli; from 2004-05 to 2010-11 compliance was on the basis of the 2004 NHMRC/ARMCANZ Australian Drinking Water Guidelines (ADWG) and for 2011-12 to 2013-14 compliance was on the basis of the 2011 ADWG.
- Indicators 33 and 33c - Green shading of bars shows % of time Drought Water Restrictions applied in each year.
- Indicator 33c - Yellow bars show Peak Week Water Supplied for comparison with Peak Day Water Supplied shown in green.

**LEGEND**  
 State Medians for all years ———  
 Top 20% for 2013-14 X

0 - 30%    30-50%    >50% of time

2.3.2 - Water Fund Long Term Financial Plan 2015/16 – 2024/25 Income Statement

Murrumbidgee Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2025  
 INCOME STATEMENT - WATER FUND  
 Scenario: Base Case

	Past Year 2013/14	Current Year 2014/15	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
Revenue:												
Rates & Annual Charges	145,000	148,458	156,496	163,456	170,721	178,299	183,113	188,057	193,135	198,349	203,705	209,205
User Charges & Fees	243,000	233,752	337,487	359,135	382,586	408,007	421,063	434,537	448,442	462,793	477,602	492,885
Interest & Investment Revenue	40,000	40,120	38,120	40,244	40,370	40,502	41,987	43,541	45,168	46,873	48,661	50,536
Other Revenues	-	3,800	3,800	2,800	2,800	2,800	2,884	2,971	3,060	3,151	3,246	3,343
Grants & Contributions provided for Operating Purposes	20,000	6,781	6,781	6,761	6,761	6,761	6,964	7,173	7,388	7,610	7,838	8,073
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	-	-	-	-	-	-	-
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>448,000</b>	<b>432,891</b>	<b>542,664</b>	<b>572,396</b>	<b>603,238</b>	<b>636,369</b>	<b>656,011</b>	<b>676,279</b>	<b>697,193</b>	<b>718,776</b>	<b>741,051</b>	<b>764,043</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	42,000	84,413	86,271	87,571	88,910	90,293	93,268	96,342	99,516	102,796	106,183	109,682
Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	88,000	159,729	189,152	190,689	192,912	194,928	201,166	207,603	214,246	221,102	228,177	235,479
Depreciation & Amortisation	137,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	209,000	86,979	94,372	102,394	111,098	120,541	130,787	141,904	153,966	167,053	181,252	196,659
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>476,000</b>	<b>456,121</b>	<b>494,795</b>	<b>505,654</b>	<b>517,920</b>	<b>530,762</b>	<b>550,221</b>	<b>570,849</b>	<b>592,728</b>	<b>615,951</b>	<b>640,613</b>	<b>666,820</b>
<b>Operating Result from Continuing Operations</b>	<b>(28,000)</b>	<b>(23,230)</b>	<b>47,869</b>	<b>66,742</b>	<b>85,318</b>	<b>105,607</b>	<b>105,790</b>	<b>105,430</b>	<b>104,465</b>	<b>102,825</b>	<b>100,438</b>	<b>97,222</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>(28,000)</b>	<b>(23,230)</b>	<b>47,869</b>	<b>66,742</b>	<b>85,318</b>	<b>105,607</b>	<b>105,790</b>	<b>105,430</b>	<b>104,465</b>	<b>102,825</b>	<b>100,438</b>	<b>97,222</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(28,000)</b>	<b>(23,230)</b>	<b>47,869</b>	<b>66,742</b>	<b>85,318</b>	<b>105,607</b>	<b>105,790</b>	<b>105,430</b>	<b>104,465</b>	<b>102,825</b>	<b>100,438</b>	<b>97,222</b>

2.3.3 - Sewer Fund Long Term Financial Plan 2015/16 – 2024/25 Income Statement

Murrumbidgee Shire Council  
 10 Year Financial Plan for the Years ending 30 June 2025  
 INCOME STATEMENT - SEWER FUND  
 Scenario: Base Case

	Past Year 2013/14	Current Year 2014/15	Projected Years									
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>												
Revenue:												
Rates & Annual Charges	210,000	215,167	265,156	300,549	326,336	354,161	365,494	377,190	369,260	401,717	414,572	427,838
User Charges & Fees	7,000	-	-	-	-	-	-	-	-	-	-	-
Interest & Investment Revenue	58,000	52,781	59,855	63,271	67,010	70,978	75,092	79,452	84,076	88,979	94,179	99,696
Other Revenues	1,000	1,800	1,858	2,093	2,156	2,221	2,287	2,356	2,427	2,500	2,575	2,652
Grants & Contributions provided for Operating Purposes	20,000	7,228	6,689	6,890	7,097	7,310	7,529	7,755	7,987	8,227	8,474	8,728
Grants & Contributions provided for Capital Purposes	-	-	-	-	-	-	-	-	-	-	-	-
Other Income:												
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>296,000</b>	<b>276,976</b>	<b>333,558</b>	<b>372,803</b>	<b>402,599</b>	<b>434,670</b>	<b>450,402</b>	<b>466,753</b>	<b>483,750</b>	<b>501,422</b>	<b>519,799</b>	<b>538,914</b>
<b>Expenses from Continuing Operations</b>												
Employee Benefits & On-Costs	54,000	41,878	52,388	65,514	79,119	93,222	96,296	99,471	102,751	106,139	109,639	113,254
Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-	-
Materials & Contracts	29,000	93,765	113,497	118,745	124,361	127,353	131,428	135,634	139,974	144,453	149,076	153,846
Depreciation & Amortisation	147,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000	120,000
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	104,000	37,590	43,683	50,535	58,244	66,903	72,456	78,476	85,004	92,081	99,756	108,078
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>334,000</b>	<b>293,233</b>	<b>329,567</b>	<b>354,795</b>	<b>381,724</b>	<b>407,478</b>	<b>420,180</b>	<b>433,581</b>	<b>447,729</b>	<b>462,674</b>	<b>478,471</b>	<b>495,179</b>
<b>Operating Result from Continuing Operations</b>	<b>(38,000)</b>	<b>(16,257)</b>	<b>3,991</b>	<b>18,008</b>	<b>20,874</b>	<b>27,192</b>	<b>30,223</b>	<b>33,172</b>	<b>36,021</b>	<b>38,748</b>	<b>41,328</b>	<b>43,736</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>(38,000)</b>	<b>(16,257)</b>	<b>3,991</b>	<b>18,008</b>	<b>20,874</b>	<b>27,192</b>	<b>30,223</b>	<b>33,172</b>	<b>36,021</b>	<b>38,748</b>	<b>41,328</b>	<b>43,736</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(38,000)</b>	<b>(16,257)</b>	<b>3,991</b>	<b>18,008</b>	<b>20,874</b>	<b>27,192</b>	<b>30,223</b>	<b>33,172</b>	<b>36,021</b>	<b>38,748</b>	<b>41,328</b>	<b>43,736</b>



Section 3.3 – Community Involvement  
Attachment 3.3 A

# Murrumbidgee MATTERS

MURRUMBIDGEE SHIRE  
COMMUNITY NEWSLETTER  
24 APRIL 2015

*It really does!*

## A Message from the Mayor

In the last Murrumbidgee Matters newsletter I gave an undertaking to the community that its views would be heard in relation to the future of Murrumbidgee Shire. In the coming weeks, you will have the chance through a range of different methods.

Council staff are currently preparing a number of scenarios in line with the elected Council's resolutions to look at all options for the future of Murrumbidgee. As part of this process, Council is developing a Business Case in conjunction with our neighbours to the south - Jerilderie Shire - to see whether a joining of our two shires will make us a much stronger entity.

We are also investigating and preparing information on how Murrumbidgee Shire can remain independent and, more importantly, financially sustainable into the future to ensure that the needs of our community are being met.

In light of this, I urge you all to read the information included in this newsletter as well as go to Council's website [www.murrumbidgee.nsw.gov.au](http://www.murrumbidgee.nsw.gov.au) and keep an eye out for information in the Observer. By working together on this, we will realise great opportunities for our shire.

*Cr Austin Evans*  
MAYOR

## Locum appointed to assist at Murrumbidgee Shire

A Local Government professional with extensive experience working within the sector has been appointed to assist Murrumbidgee Shire through the Fit for the Future process.

Kerry McMurray has a wealth of management experience in Local Government spanning several decades. His most recent role was as Group

Manager Corporate Strategy and Finance at Queanbeyan City Council.

Mayor Austin Evans welcomed Mr McMurray saying he was a results focused manager with a broad spectrum of knowledge on matters relating to Local Government.

Current GM Mathew Glover is on extended leave.

## Fit for the Future - What does it mean?

The NSW Government is of the view that to have a strong future, NSW needs strong councils providing the services and infrastructure communities need - in short, to be Fit for the Future.

A Fit for the Future council is one that is sustainable, efficient, effectively manages infrastructure and services and is one that has sufficient scale and capacity to engage effectively across community, industry and government to delivery key priorities.

These features will ensure that a council has the strategic capacity to govern effectively and meet the needs of its community into the future. Each council has been asked to prepare a Fit for the Future Proposal by 30 June 2015, demonstrating how it will meet its community's needs and using the recommendations of the Independent Local Government Review Panel as a starting point.

The Panel recommended that Murrumbidgee Shire should merge with Griffith or be a Rural Council in the Murrumbidgee Joint Organization - a collection of Councils from our region.

Council has had a facilitated discussion with Griffith and reached the conclusion that a merger with Griffith has limited benefits but huge negatives for Murrumbidgee Shire ratepayers.

Murrumbidgee Council is also looking at the option of merging with Jerilderie Shire and is currently preparing a Business Case in collaboration with them to see whether this is

a viable option for our community.

Since the review, the Government has also decided not to legislate a specific rural council option as a structure that is separate to other local government entities.

As a result, that option now becomes a stand alone position, much as we currently exist. Although it is yet to make the final decision on how Murrumbidgee Council will prepare its Fit for the Future report, the Rural Council scenario is a realistic and even probable option.

Council is working on the financial details and is confident it will either meet - or be very close to - the 7 criteria needed to be deemed Fit for the Future. Throughout May, Murrumbidgee Shire will be actively seeking feedback from the community on its views about the future of the shire.

This will be done through a range of community meetings, online feedback forms and conversations with community members and groups. Times and dates of the community meetings will be advertised on Council's website and Facebook pages as well as in The Observer.

These meetings will play a very important role in assisting the elected Council in making a determination as to which option, whether to merge or stand alone as a Rural Council, will be the most appropriate for Murrumbidgee Shire.

Information source:

The next Ordinary Meeting of Council will be at 2.00pm on WEDNESDAY 20 May 2015 in the Council Meeting Rooms at Coleambally.

## All will be revealed on ANZAC Day at the Point

Murrumbidgee Shire Council staff have been working feverishly on the creation of a new monument in the Council forecourt.

The monument (at right), which will be unveiled during the ANZAC Day ceremony on Saturday, April 25, will honour those who gave their lives during the campaign at Gallipoli 100 years ago.

Designed and constructed by MSC staff, the monument features rosemary plantings - a traditional symbol of remembrance - and the installation of three flagpoles.

The ANZAC Day formalities in Darlington Point start with the

March at 10.45am. This will be followed by the formal ceremonies and official unveiling at the Cenotaph at the Council offices.

Those intending to take part in the march are urged to be at the assembly point by 10.30am.

A Dawn Service is also scheduled for earlier in the day at Coleambally. This service will commence at 5.45am.

*They shall grow not old,  
as we that are left grow old:  
Age shall not weary them,  
nor the years condemn.  
At the going down of the sun  
and in the morning,  
We will remember them.*

*Lest We Forget*



## Funds for to assist community groups

FIVE community organisations within Murrumbidgee Shire have had their requests for financial assistance partially realised following a decision at the April meeting of Council.

Council advertised in March for applications from community organisations seeking financial assistance and received ten applications for this final round. The amount requested in the ten

applications totalled \$24,929.

Council's allocation of funds for the third round of the community grants was \$6833 and it chose to distribute the funds according to the table below.

Council also resolved to allocate \$1705 in funds from its Building Maintenance Budget to meet a further request for new tables within the Coleambally Youth Hall.

Organisation	Requested	Received
Rivanna Vintage Machinery Club Inc	\$1000.00	\$1000
Darlington Point Coleambally Rugby League	\$1300.00	\$800
Coleambally Motorcycle Club	\$3000.00	\$1533
Darlington Point Club	\$3000.00	\$2000
Coleambally Football Netball Club Inc	\$2924.00	\$1800
<b>TOTAL</b>	<b>\$12,929</b>	<b>\$6,833</b>

## Commemoration - a display to honour local war efforts

With this year marking the ANZAC Centenary, Heritage Darlington Point members will be providing locals with an opportunity to honour those who have served with a special display at the local museum.

Photos and keepsakes will help to create the display at the Darlington Point museum this Sunday, April 26.

The display, which will be officially opened by Member for Murray, Adrian Piccoli, will honour family members and locals who have served in the armed forces in any war, were part of the Land Army, munitions and other 'home front' workers

'Commemoration' will be held at the museum on April 26 from 10am to 3pm and will provide a great display of local history.

**Council Offices:  
DARLINGTON POINT**

21 Carrington Street - Tel: 6960 5500 Fax: 6968 4252

**COLEAMBALLY**

39 Broiga Place - Tel: 6954 4060 Fax: 6954 4420



Murrumbidgee Matters 2

**All Mail to:**

PO Box 5, DARLINGTON POINT 2706  
Office Hours: Monday to Friday 8.30am - 5.00pm  
(Closed for Lunch 12.30-1.15pm)  
Coleambally Office Hours: 9.00am - 5.00pm  
(Closed for Lunch 12.30-1.30pm)



Visit us on  
**Facebook**

Web Page: [www.murrumbidgee.nsw.gov.au](http://www.murrumbidgee.nsw.gov.au)

Email: [mail@murrumbidgee.nsw.gov.au](mailto:mail@murrumbidgee.nsw.gov.au)

# Murrumbidgee MATTERS

MURRUMBIDGEE SHIRE  
COMMUNITY NEWSLETTER  
8 MAY, 2015

## It really does!

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These meetings will play a very important role in assisting the elected Council in making a determination as to which option, whether to merge or stand alone as a Rural Council, will be the most appropriate for Murrumbidgee Shire.

Information source:

<http://www.fitforthefuture.nsw.gov.au/>

**The next Ordinary Meeting of Council will be at 2.00pm on WEDNESDAY 13 May 2015 in the Council Meeting Rooms at Coleambally. (Please note the change of date)**

## Fit for the Future - Murrumbidgee's choices

### Merge with a neighbouring Council

The first - and preferred - option from the Independent Local Government Review Panel was for Murrumbidgee to merge with Griffith.

In accordance with the Guidelines from the Office of Local Government, Murrumbidgee Councillors met with their counterparts from Griffith City Council on March 30 for facilitated discussions around this proposal.

There were a number of issues raised during the discussions including concerns around the provision of services to communities within the Murrumbidgee Shire area, local representation in the decision making processes and the impact on the communities of Coleambally and Darlington Point.

Those present also looked at what both Councils wanted to create for the future of their communities, what their current situations were and what areas they were requiring attention.

The facilitated discussions raised issues around withdrawal of services from communities, cost shifting to Local Government from other tiers of government, population change and the impact of government policy on communities, such as the MDBA plan.

A number of positive outcomes of a possible merger were improvements in efficiency and economies of scale as well as the opportunity for regional projects to be delivered. However, as a result of these discussions, it was a consensus opinion of Councillors from both Murrumbidgee and Griffith that there were few gains to be made from a merger and a business case to that effect is not going to be progressed.

Murrumbidgee Council is in the process of developing a business case for a merger option with Jerilderie Shire Council following a resolution of Council in March.

This business case is expected to identify areas where both organisations can affect change that makes a new entity more financial viable and sustainably provide services to the communities within the new local government area.

The final draft of this business case will be available toward the end of May and will assist Murrumbidgee Shire Councillors in their determinations. As part of the process, Council must lodge a response to the Office of Local Government by June 30 2015 outlining how Murrumbidgee Shire will remain Fit for the Future.

### Remain as a stand-alone Rural Council

The second option for Murrumbidgee Shire Council was to become a Rural Council in a Murrumbidgee Joint Organisation.

As part of the Fit for the Future process, Councils must be able to demonstrate scale and capacity to deliver services their communities need.

For those Councils identified as having the option of being a Rural Council, there are options to build capacity by refocussing council's activities and exploring new ways of working.

Rural Councils are those that meet most, if not all of the following characteristics being that they are:

- ♦ *Small and static or declining population spread over a large area,*
- ♦ *Local economies that are based on agricultural/ resource industries,*
- ♦ *High operating costs associated with a dispersed population and limited opportunities for return on investment*

- ♦ *High importance of retaining local identity, social capital, and capacity for service delivery*
- ♦ *Low-rate base and high grant reliance*
- ♦ *Difficulty in attracting and retaining skilled and experienced staff*
- ♦ *Challenges in financial sustainability and provision of adequate services and infrastructure*
- ♦ *Long distance to a major (or sub) regional centre*
- ♦ *Limited options for merger*

Rural Council can also look at a number of Options to assist them prepare a Fit for the Future business case. These options include sharing resources and services, providing specialist services, streamlining processes such as governance and planning and undertaking a review of services.

Should Murrumbidgee Shire Council determine it wishes to stand alone as a Rural Council, these options will be investigated before being included in its submission to the Office of Local Government.

# Q&A - Fit for the Future

## Q: What is Fit for the Future?

Fit for the Future<sup>®</sup> is an initiative was launched by the NSW State Government in September 2014 to reform the local government sector. It is the culmination of three years of consultation between the Government and the Local Government Sector to look at a wide range of reforms to councils within New South Wales to help place them on a sustainable footing into the future. An Independent Local Government Review Panel was established in April 2012 to examine the options for establishing a stronger and more effective system of local government within NSW. The Panel produced its final report (Revitalising Local Government) in October 2013. The report made a series of recommendations covering areas such as:

- ◆ Financial responsibility
- ◆ Strengthening the revenue base
- ◆ Meeting infrastructure needs
- ◆ Improvement, productivity and accountability
- ◆ Political leadership and good governance
- ◆ Advancing structural reform, and
- ◆ State-Local Government relations

As part of their recommendations, the panel also recommended that Murrumbidgee Shire Council determine to do one of the two following options:

- ◆ Merge with Griffith City Council
- ◆ Become a Rural Council within a Joint Organisation

## Q: What happens if Council's do nothing?

If a council doesn't submit a proposal then it will be taken to be not fit because it hasn't demonstrated that it is fit. Access to any incentives on the table in the short term and the longer term things like streamlined access to special rate variations, Local Government Finance authority are only available to those who have demonstrated they are fit for the future.

## Q: What has Council done so far?

Following a number of resolutions passed by the elected Councillors, Murrumbidgee Shire Council has held separate and collective meetings with the following neighbouring Councils:

- ◆ Leeton

- ◆ Narrandera
- ◆ Griffith (Murrumbidgee Shire Councillors have met with Griffith City Councillors to look at what a merger would mean for our two communities)
- ◆ Jerilderie (Council is also currently preparing a Business Case to look at a merger option with Jerilderie Shire)
- ◆ Hay
- ◆ Carrathool

## Q: What if after the talks and business cases, both councils decided that they wanted to be rural councils?

A: Once Council has had the opportunity review the information obtained through the Business Case as well as undertaking consultation with our community, it will be better placed to provide background as part of the preparation of its Fit for the Future proposal to be submitted by June 30, 2015.

## Q: What about rates?

A: Any changes to the rating structure would be part of the merger discussion should it progress beyond the business case. However, the report on the business case would look at the rate modelling and look at the differences between the two councils. It will look at all the different things that will matter if you bring the two councils together. The melded entity might be something completely different.

## Q: What does this all mean for ratepayers and residents in Murrumbidgee Shire?

A: Murrumbidgee Shire Council believes it is important that the community is consulted on the development and finalisation of its Fit for the Future submission. Council is also looking at ways to consult directly with the community to seek their feedback on possible merger options.

Councils are being requested to look at their current situation and consider the future needs of their communities in relation to the recommendations made in the Panel's final report. Councils are required to prepare a submission by 30 June 2015 which will be assessed by an independent expert panel which will make recommendations to the Minister of Local Government for final implementation.

Further details on how you can comment are on Page 4

## Have your say on Murrumbidgee's future

In the coming weeks, Murrumbidgee Shire Council will be holding information sessions in Coleambally and Darlington Point on Fit for the Future as well as Council's Operational Plan and Budget for the forthcoming financial year.

These information sessions are open to all members of the Murrumbidgee Shire Community who wish to learn more about the options for our local government area as well as what plans have been made for services and facilities within the community.

Times and locations of the information sessions for

May are as follows:

### COLEAMBALLY SESSION

Wednesday, May 20

6.30pm-8.30pm

Coleambally Bowling Club, Second Dining Room

### DARLINGTON POINT SESSION

Wednesday, May 27

6.30pm-8.30pm

Darlington Point Sports Club, Function Room.

## Tell Council what you think?

Murrumbidgee Shire Council is eager to hear from the whole community about its views on the future of the shire. Please take the time to complete this short survey and mail it back to Council by Friday, May 29, 2015. Alternatively, visit the Council website - [www.murrumbidgee.nsw.gov.au](http://www.murrumbidgee.nsw.gov.au) - and complete the survey online.

Q1—Please select one of the following:

- I live in Darlington Point township
- I live in Coleambally township
- I live in a rural area of the Shire
- I live in outside the Shire

Q2 - How Important is your local Council to you?

- Very important
- Important
- Somewhat important
- Not very important
- Not important at all
- Unsure

Q3 - Have you heard about the NSW State Government's 'Fit for the Future' proposals and the reform of local government across NSW?

- Yes
- No

Q4 - Have you read the information about the options for Murrumbidgee Shire Council?

- Yes
- No

Q5 - Would you like to know more about the options for Murrumbidgee Shire Council?

- Yes
- No

If yes, please provide your contact details when returning this survey to Murrumbidgee Shire Council.

Q6 - Murrumbidgee Shire Council was provided with two options under the 'Fit for the Future' proposal. Which do you support?

- A stand-alone Rural Council
- Amalgamation with a neighbour Council (please name which would be your preferred Council)

\_\_\_\_\_

Q7 - Why did you choose that answer to Q6?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Q8 - What communication methods do you find most effective to receive information from Murrumbidgee Shire Council? (Please number with 1 being most effective through to 5 as least effective)

- Council newsletter
- Council website
- Council Facebook page
- Media releases
- Community meetings

Q9 - Do you have any further comments at this time?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Optional

NAME: \_\_\_\_\_

Address: \_\_\_\_\_

Email: \_\_\_\_\_

Phone: \_\_\_\_\_

Once you have completed the above survey, please place it in an envelope (**No Stamp Required**) and address it to:

**Murrumbidgee Shire Council**  
**Community Survey**  
**Reply Paid 88009**  
**Darlington Point NSW 2706**

**Council Offices:**

**DARLINGTON POINT**

21 Carrington Street - Tel: 6960 5500 Fax: 6968 4252

**COLEAMBALLY**

39 Braigla Place - Tel: 6954 4060 Fax: 6954 4420



Murrumbidgee Matters 4

**All Mail to:**

PO Box 5, DARLINGTON POINT 2706  
 Office Hours: Monday to Friday 8.30am - 5.00pm  
 (Closed for Lunch 12.30-1.15pm)  
 Coleambally Office Hours: 9.00am - 5.00pm  
 (Closed for Lunch 12.30-1.30pm)



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 Email: [mail@murrumbidgee.nsw.gov.au](mailto:mail@murrumbidgee.nsw.gov.au)

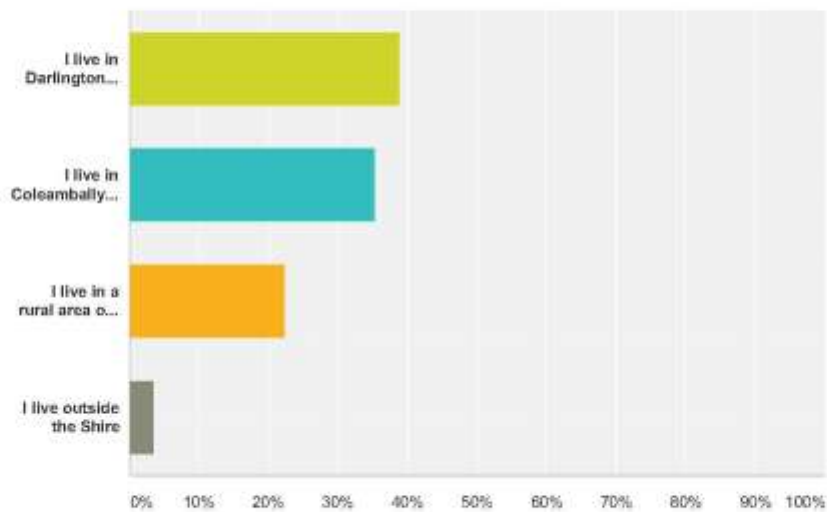
## Attachment 3.3 B

Have your say on Murrumbidgee's future

SurveyMonkey

### Q1 Question 1 - Please select one of the following:

Answered: 85 Skipped: 0



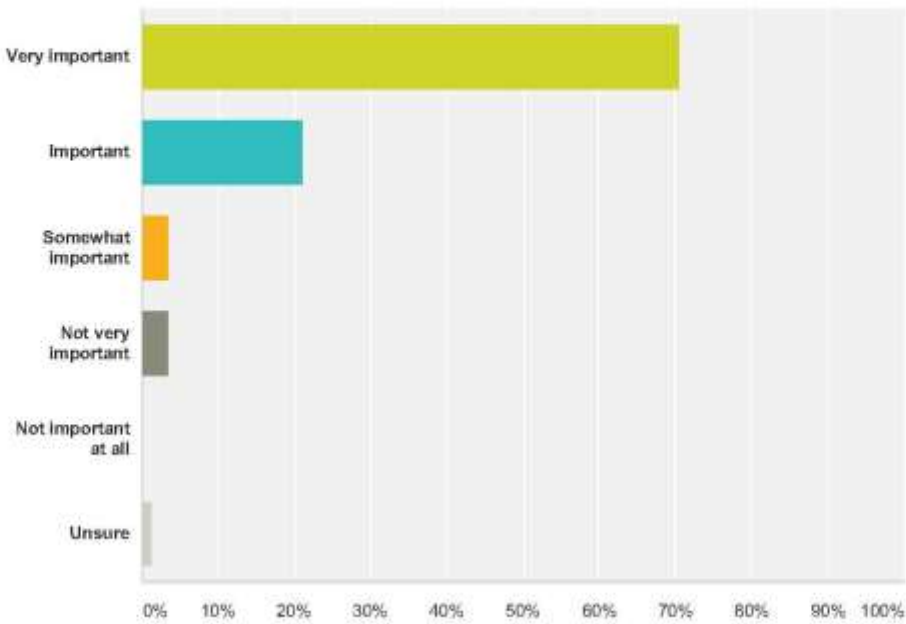
Answer Choices	Responses
I live in Darlington Point township	38.82% 33
I live in Coleambally township	35.29% 30
I live in a rural area of the Shire	22.35% 19
I live outside the Shire	3.53% 3
<b>Total</b>	<b>85</b>

Have your say on Murrumbidgee's future

SurveyMonkey

### Q2 How important is your local Council to you?

Answered: 85 Skipped: 0



Answer Choices	Responses	Count
Very important	70.59%	60
Important	21.18%	18
Somewhat important	3.53%	3
Not very important	3.53%	3
Not important at all	0.00%	0
Unsure	1.18%	1
<b>Total</b>		<b>85</b>

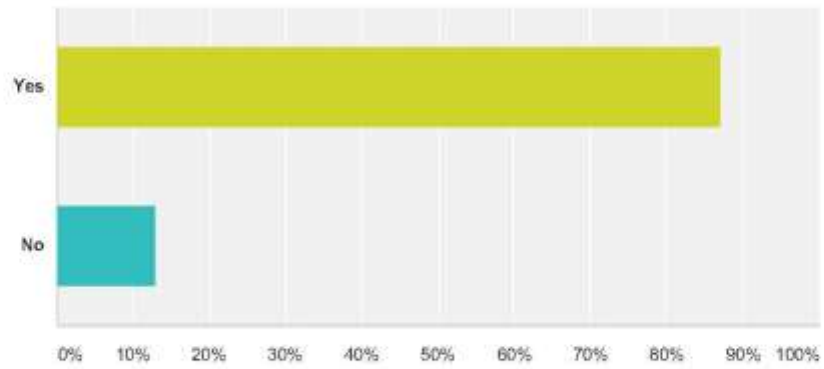


Have your say on Murrumbidgee's future

SurveyMonkey

**Q3 Have you read the information about the options for Murrumbidgee Shire Council and Fit for the Future?**

Answered: 85 Skipped: 0



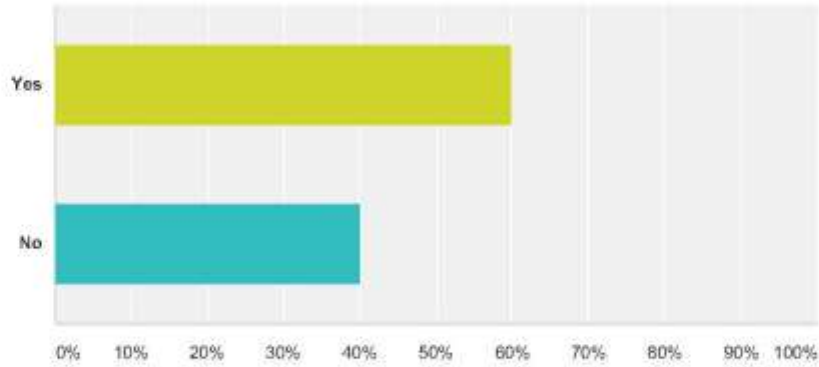
Answer Choices	Responses	
Yes	87.06%	74
No	12.94%	11
<b>Total</b>		<b>85</b>

Have your say on Murrumbidgee's future

SurveyMonkey

**Q4 Would you like to know more about the options for Murrumbidgee Shire Council? (If your answer is yes, please provide contact details at the end of this survey.)**

Answered: 80 Skipped: 5



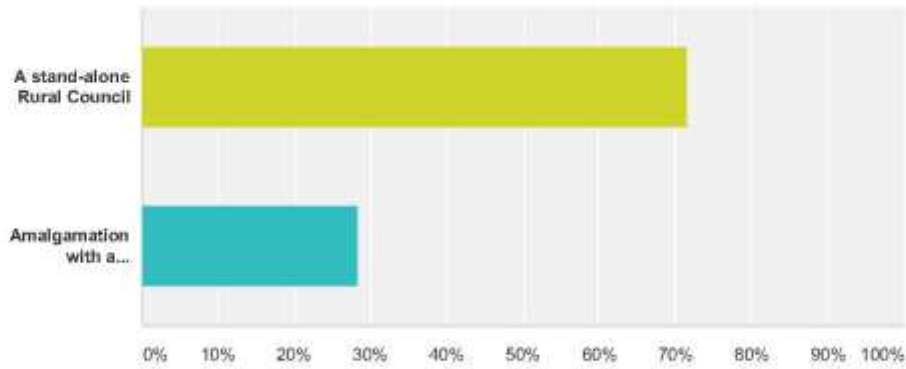
Answer Choices	Responses	
Yes	60.00%	48
No	40.00%	32
<b>Total</b>		<b>80</b>

Have your say on Murrumbidgee's future

SurveyMonkey

**Q5 Murrumbidgee Shire Council was provided with two options under the 'Fit for the Future' proposal. Which do you support and why?**

Answered: 81 Skipped: 4



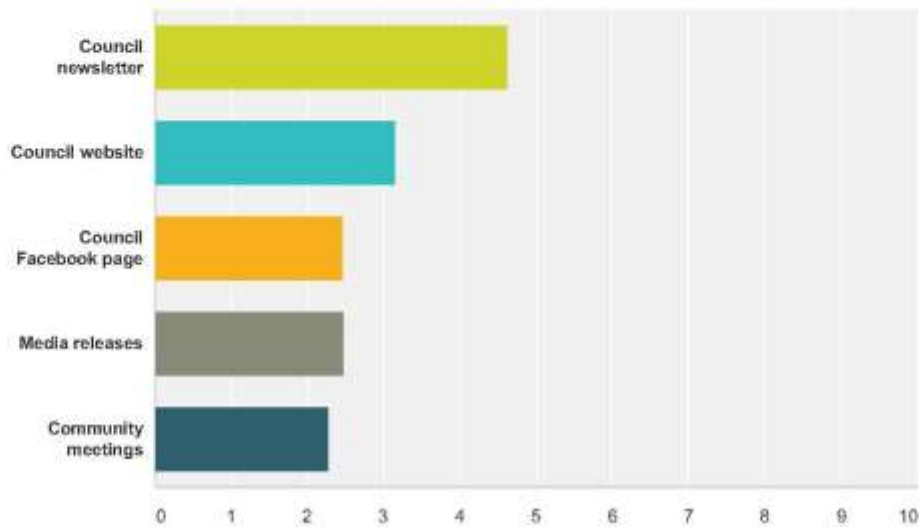
Answer Choices	Responses
A stand-alone Rural Council	71.60% 56
Amalgamation with a neighbour Council (please name which would be your preferred Council)	28.40% 23
<b>Total</b>	<b>81</b>

Have your say on Murrumbidgee's future

SurveyMonkey

**Q6 What communication methods to you find most effective to receive information from Murrumbidgee Shire Council? (Please number with 1 being most effective through to 5 as least effective)**

Answered: 82 Skipped: 3



	1	2	3	4	5	Total	Score
Council newsletter	81.71% 67	10.99% 9	1.22% 1	1.22% 1	4.88% 4	82	4.63
Council website	1.22% 1	48.78% 40	21.95% 18	20.73% 17	7.32% 6	82	3.18
Council Facebook page	3.66% 3	8.54% 7	47.56% 39	10.98% 9	29.27% 24	82	2.46
Media releases	3.66% 3	14.63% 12	17.07% 14	54.88% 45	9.76% 8	82	2.48
Community meetings	9.76% 8	17.07% 14	12.20% 10	12.20% 10	48.78% 40	82	2.27

Have your say on Murrumbidgee's future

SurveyMonkey

**Q7 Do you have any further comments at this time?**

Answered: 64 Skipped: 21

Have your say on Murrumbidgee's future

SurveyMonkey

**Q8 Address**

Answered: 59 Skipped: 26

Answer Choices	Responses	
Name	96.61%	57
Company	0.00%	0
Address	94.92%	56
Address 2	5.08%	3
City/Town	91.53%	54
State/Province	86.44%	51
ZIP/Postal Code	88.14%	52
Country	0.00%	0
Email Address	44.07%	26
Phone Number	77.97%	46

**Attachment 3.3 C – COPY REMOVED**

**Media Coverage – February 2013 (COPY REMOVED)**

**Media Coverage – May 2013 (COPY REMOVED)**

**Media Coverage – May, 2015 (COPY REMOVED)**

**Media Coverage – May 2015 (COPY REMOVED)**

**Media Coverage – June 2013 (COPY REMOVED)**

**Section 3.4 – Other strategies considered**

**Attachment 3.4A - Workshop overview Report\_Griffith\_Murrumbidgee\_Final150604**





Fit for the Future  
Facilitated Workshop for Griffith City Council and  
Murrumbidgee Shire Council

Date: 26 May 2015



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## Overview

KJA was engaged by the Office of Local Government to provide facilitation services for a meeting between the General Managers and Councillors from the Griffith City and Murrumbidgee Shire Councils.

The Independent Local Government Review Panel Report lists Griffith City and Murrumbidgee Shire as possible merger partners. The report also lists Carrathool Shire Council as a possible merger partner with Griffith City Council.

Murrumbidgee Shire Council approached Griffith with a view to participating in discussions to consider the Panel's recommendations. A meeting of representatives of both Councils was held at Murrumbidgee Shire Council on 10 March 2015. The Councils subsequently resolved to seek endorsement to engage an independent facilitator, through the Office of Local Government, to examine all issues/options in relation to a possible merger of the two Councils.

KJA was selected to facilitate the discussion which was held on Tuesday 31<sup>st</sup> March in the Griffith Council Chambers. This was the first session that was open to all Councillors of both Councils to discuss the merger issue.

The participants were engaged and active in the three hour workshop. The final workshop activity was to ask participants directly whether they supported the move to commission a Merger Business Case together. There was considered support to move to a Merger Business Case from Griffith Councillors and also from some Murrumbidgee Councillors. After responses from more than half of the participants, the Mayor of Murrumbidgee Shire noted a 4-2 council vote to progress a Merger Business Case with Jerilderie had been resolved and Murrumbidgee Shire will pursue this option. The workshop finished quickly after this announcement with the general consensus being that the key question was redundant and there was therefore little further to discuss.

## Workshop Design

Our workshop design for this project was guided by a set of KJA principals that underpin all facilitations. These include:

- Constructive:** Our agendas are constructive and tailored to encourage genuine conversations to understand the position of each individual council. The agenda will hone the key discussion points and be created to ensure time is used efficiently.
- Focused:** Our approach is geared towards focusing workshop participants on the subject of a merger and ensuring the conversations seek to explore opportunities.
- Outcomes:** We facilitated the process to achieve the outcome that the merger potential was fully explored, with Councils sharing their plans, current position, challenges and issues, to make an informed decision on their path for Fit for the Future. A summary workshop outcomes statement was provided to workshop participants.



#### **Workshop objectives:**

The working objectives for the session included:

- Explore the opportunities for Griffith and Murrumbidgee Councils to work together to become Fit for the Future, most particularly through investigating a merger option;
- Strengthen working relationships.

#### **Workshop Agenda**

The workshop agenda was drafted based on research of the history and vision of each Council including a review of their Community Strategic Plan, local media and stakeholder interviews prior to the workshop.

The purpose of the workshop was to test whether there was a shared will to pursue a Merger Business Case together. To answer that question, each Council needed the opportunity to consider their position and the position of the other Council in the context of a local and a regional vision and test the pros and cons of a merger. The draft agenda was simply:

- Who we are
- Our vision for the region
- Strengths and weaknesses of a merger
- Testing a Merger Business Case

#### **Workshop Outcomes**

The Councils worked together to explore and discuss opportunities, and identify common values and synergies with a view to identifying whether a merger path is possible.

The workshop was an opportunity for Councils to be clear on what they bring to the table. The session garnered information and views about their future, their objectives, expectations and regional perspectives.

All participants engaged in the discussions, with the first activity an opportunity for introductions and expectation setting. Participants listed a range of expectations which included interest in how each Council sees themselves and their role going forward; relationship building; identifying the benefits and challenges of a merger; and most particularly to explore the main question of whether the Councils were willing to pursue a Merger Business case.

The Regional Vision was in most part a shared, clearly articulated vision with features including:

- growing economic prosperity
- increased access to infrastructure and water sources
- improved infrastructure, most particularly roads, but also education facilities
- effective local government delivering services within a fair rate structure
- growth in strategic capacity – ie the ability to effect change in the region
- prospering natural environment
- strong tourism sector
- strong community

Councillors rated their progress towards this vision as reasonably progressed with ratings between 1 and 10 sitting mainly in the 5-7 range, with an outlying assessment of 1 out of 10 citing lack of a voice on infrastructure.



Participants were then allocated to groups to discuss the challenges and benefits – or “pros and cons” of working together as a merged entity. This activity prompted much discussion in the groups.

The pros and cons varied, however the pro points included

- Building strategic capacity
- Larger entity gaining a greater voice
- Larger population providing a ‘louder voice’ and the power to influence
- Staff benefits and career options

Cons cited included:

- fear of uncertainty
- loss of identity
- loss of representation
- expected rate increase

The final workshop challenge was for each participant to share their views on whether they could support moving to a merger business case. To ensure a very clear takeaway, this challenge was presented as a clear question directed to participants: “Do you support these two councils moving to consider a Merger Business Case?”

Each participant responded to the question in turn. Many participants considered the challenges to merging to be manageable and supported progressing to a Merger Business Case. After responses from more than half of the participants, the Mayor of Murrumbidgee Shire noted a 4-2 council vote to progress a Merger Business Case with Jerilderie had been resolved and Murrumbidgee Shire will pursue this option. The workshop finished quickly after this announcement with the general consensus being that the question of whether to move to a Merger Business Case was redundant and there was therefore little further to discuss.

As there was not a common position across both Councils, the workshop attendees did not support progressing to a Merger Business Case together.

### Final position

- Griffith City Council – standalone submission
- Murrumbidgee Shire Council – investigating options including pursuing Merger Business Case with Jerilderie Council or Rural Council model.



## Attachment 1: Workshop Notes

Griffith and Murrumbidgee  
31/03/15

### EXPECTATIONS/ TAKE AWAYS

- How does Murrumbidgee see themselves?
- Where to from here?
- Conclusion on a MBC – yes or no
- Identify Benefits/ Challenges
- Benefits of a larger council identity
- Something to take to community
- Are we missing something?
- Relationship building
- Identify and clarify key issues.
- Councillor's as part of the conversation.

### VISION

- Good Roads
- Economic Prosperity – Value add to agriculture
- Sustainable, Happy, Engaged, Healthy
- Good Value for money ratepayers
- Fairer water system { allocations and balance}
- Increased Job opportunities – attracting professionals
- Tourism potential realised
- 'Chook Capital' of Southern Hemisphere
- A Voice being heard at higher levels
- Full access to gas infrastructure
- Secure water Source/ Infrastructure
- Increased education options/Facilities
- Services delivered at the best price
- Effective and honest representation
- Protected environment especially Artesian Basin

### STRENGTHS - GRIFFITH

- Organisation
- Viewpoints
- Budget control
- Passionate community
- Staff resilience
- Diversity of community
- Vision
- Investment
- Regional Centre
- Dedicated Councillors



**STRENGTHS - MURRUMBIDGEE**

- Ability of Staff
- Quality of Assets
- Financial Position
- Positive Community
- Strong Staff
- Voice in RAMROC

**WHATS HOLDING US BACK?**

- Water
- Negativity re Murray Darling Basin
- Pessimism
- Haves/ Have nots – Gap is growing
- Population levels
- Lack of funding
- Rules and Regulations/ Compliance
- Decreasing population
- Decreasing Funding and Grants
- Disenfranchised community
- Lack of Major strategic long term projects

**Group 1**

PROs of a MERGER	CONs
<ul style="list-style-type: none"> <li>• Share of State Cash \$5M subsidy</li> <li>• Share staff Library, Health Inspections etc.</li> <li>• Rate Pegging? Crs? Agree</li> <li>• Career Path</li> <li>• Strategic Capability (M. River)</li> <li>• Essential Regional Infrastructure (Spread Cost)</li> <li>• Greater Voice (State/Federal)</li> <li>• Community Interest (MIA)</li> </ul>	<ul style="list-style-type: none"> <li>• Representation (GCC 1:2500, 1:300)</li> <li>• Duplication of staff/systems</li> <li>• Staff uncertainty</li> <li>• F.F.F ( Not fix road infrastructure)</li> <li>• MSC Rate Increases</li> <li>• Perceived service reduction (Murrumbidgee)</li> <li>• What’s in it for Griffith (Infrastructure)</li> </ul>

**Group 2**

PROs of a MERGER	CONs
<ul style="list-style-type: none"> <li>• Efficiencies of Management</li> <li>• Increased Buying Power</li> <li>• Bigger Voice ( Bigger = Louder){ Joint Organisation will achieve increase)</li> <li>• Ability to work on Regional Projects</li> <li>• Ability to up skill, career advancement</li> <li>• Shared staffing and resources</li> <li>• Better option than a Rural Council</li> </ul>	<ul style="list-style-type: none"> <li>• Dislocated employees</li> <li>• Logistics of travel</li> <li>• Loss of Representation *</li> <li>• Emotional Issue</li> <li>• Current view based on incorrect figures</li> <li>• National migration to Regional Centre’s (South)</li> </ul> <p>Standalone Joint Organisation (Griffith, Leeton, Murrumbidgee, Narrandera, Carrathool)</p>



**Group 3**

PROs of a MERGER	CONs
<ul style="list-style-type: none"> <li>• Griffith has good skill set – Especially Tourism identity’</li> <li>• Greater representation in big issues</li> <li>• More efficient/ economic plant use</li> <li>• \$\$ Provided to assist costs of change</li> <li>• Combined councils give better access to grants</li> </ul>	<ul style="list-style-type: none"> <li>• Murrumbidgee – loss of identity</li> <li>• Number of councillors</li> <li>• Loss of reputation</li> <li>• Potential for higher transport/ travel costs</li> <li>• Costs in managing change RE: admin costs – paper, uniforms etc.</li> <li>• Cost of delivery of services</li> <li>• Perception of financial disadvantage to Murrumbidgee rate payers (reserves)</li> <li>• Loss of potential grants for small councils</li> </ul>

**1-10 Assessment on ‘How are we tracking?’**

1. - No voice – Infrastructure
2. *(No comment)*
5. - Room to improve
6. - Economics – Doctors residence – Tourism – Health – Accommodation – Business – Roads – Infrastructure
7. - Delivering Key Issues
8. *(No comment)*





## The Facilitation Team

**Natalie Boyd**  
Project Director



Natalie Boyd has more than 20 years experience in the communications and consultation sectors. Natalie works extensively with local government on developing community strategic plans, conducting policy reviews, special rate variation communications and running deliberative democracy programs. Recent clients include Willoughby, Blacktown, Shellharbour, Dubbo and Coonamble Shire Councils. Her areas of expertise include managing stakeholder relationships on high-profile and high-impact projects, including the Royal Botanic Gardens Master Plan, the Sydney Airport Master Plan and the Sydney Harbour Foreshore Authority's Bays Precinct plan. Natalie has also undertaken national consultation programs for COAG, and helped set strategic direction for clients such as Health Infrastructure NSW.

**Ian Colley**  
Facilitator



Ian has a rich background in senior public policy roles, and has designed and facilitated hundreds of projects in business, government and community settings. Before setting up his consulting practice in 1996, he was a senior Ministerial advisor on education and training, then Program Director for the Dusseldorp Skills Forum. Ian currently teaches facilitation and leadership courses at the University of Technology, Sydney. He also chairs community liaison groups for clients including Barangaroo, Orica, and NSW Ports. Ian has worked with American Express, Barangaroo Development Authority, City of Sydney, Department of Education, Employment and Workplace Relations, Department of Family and Community Services and Indigenous Affairs, IBM, NSW Department of Education and Training, NSW Department of Housing, NSW Department of Planning and Infrastructure and Natural Resources.



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**Attachment 3.4B - Jerilderie-Murrumbidgee Merger Business Case – SGS Economics and Planning.**

## Jerilderie - Murrumbidgee

### Merger Business Case – Final Draft

Jerilderie Shire and Murrumbidgee Shire Councils  
June 2015



Independent insight.



This report has been prepared for Jerilderie Shire and Murrumbidgee Shire Councils. SGS Economics and Planning has taken all due care in the preparation of this report. However, SGS and its associated consultants are not liable to any person or entity for any damage or loss that has occurred, or may occur, in relation to that person or entity taking or not taking action in respect of any representation, statement, opinion or advice referred to herein.

SGS Economics and Planning Pty Ltd  
ACN 007 437 729  
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Offices in Canberra, Hobart, Melbourne and Sydney

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# EXECUTIVE SUMMARY

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## Introduction

All councils in NSW are required to demonstrate how they plan to become Fit for the Future by completing submission templates provided by the Office of Local Government (OLG).

In its final report the ILGRP recommends both Murrumbidgee and Jerilderie Shire Councils merge with nearby Griffith and Berrigan Shire Councils respectively, or to form a rural council. After earlier consultation with these respective councils, Murrumbidgee (MSC) and Jerilderie (JSC) decided to investigate a potential merger between the two councils.

SGS was commissioned by JSC and MSC to prepare a high level business case to demonstrate the likely merits of a merger in terms of strategic capacity, financial and non-financial impacts and risks.

---

## Scale and Capacity

A strategic appraisal was undertaken with the management teams of MSC and JSC to assess how a merger would improve the strategic capacity of both councils. In this context, strategic capacity refers to the following characteristics identified by the ILGRP:

1. More robust revenue base and increased discretionary spending
2. Scope to undertake new functions and major projects
3. Ability to employ wider range of skilled staff
4. Knowledge, creativity and innovation
5. Advanced skills in strategic planning and policy development
6. Effective regional collaboration
7. Credibility for more effective advocacy
8. Capable partner for State and Federal agencies
9. Resources to cope with complex and unexpected change
10. High quality political and managerial leadership.

The Local Government Act 1993, Section 218 CA<sup>1</sup> requires the merged entity to maintain staff numbers post-merger with the level of the two councils pre-merger. Merger savings may therefore be used to build capacity and broaden scope in priority areas.

The strategic capacity of the merged entity will be enhanced through:

- **Specialisation in asset maintenance functions & increased entrepreneurship.** The merged entity will increase its own source revenue by increased contract work for state and local government, and private businesses. This will create a more robust revenue base, enable new functions and projects, a wider range of skilled staff, organisational innovation and improved partnership capability with the State. Functional specialisation and enhanced entrepreneurship are also expected to contribute to improved leadership.

---

<sup>1</sup> (2) The transferee council must ensure that the number of regular staff of the council employed at the rural centre is, as far as is reasonably practicable, maintained at not less than the same level of regular staff as were employed by the previous council at the centre immediately before the amalgamation or alteration of boundaries took effect



- **Improved utilisation of plant and equipment.** Improved utilisation rates will enhance service delivery to the community and enable a more robust revenue base and increased discretionary spending.
- **Functional specialisation.** The merged entity aims to develop capacity in the areas of economic development, tourism and planning which will enable new functions and projects, a wider range of skilled staff, and build knowledge and strategic planning capabilities.
- **Communication and information sharing.** State of the art communication IT systems will enable the merged entity to work effectively across locations, and may also support more effective external collaboration.

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### Key priorities and challenges

The analysis of community strategic plans and council organisational structures shows that there are many commonalities in council priorities and challenges. The two councils are also of a similar organisational size, already share resources and appear to work collaboratively.

Nonetheless, the two municipalities differ significantly in terms of community age structures and socio-economic advantage levels, which are likely to drive different community service needs. Moreover, the two municipalities are oriented towards different regional centres (Jerilderie to Albury; Murrumbidgee to Griffith) and appear to have relatively limited economic linkages between them.

The merged entity will have an improved strategic capacity to address the community priorities and challenges. The merged entity is also expected to generate efficiency gains, which will enable it to focus resources towards increasing own source revenue (through fee for service delivery), establishing or growing strategic functions (such as economic development, tourism and planning), and addressing currently unmet community needs.

Certainly the merged entity will not be able to address all the priorities at once, since the absolute scale of the new entity is still limited, representing a small population of ~3,800 people.

The councils expressed the view that the merger of two smaller councils will enable a continued focus on and representation of local needs, something that may be lost if either of the two were to merge with larger councils (Griffith and Berrigan). Nonetheless, the merger with a larger council may make available more resources to address key priorities, depending on where the overall priorities of such a larger merged entity lie.

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### Financial appraisal

SGS has independently projected the potential for financial savings generated by a merger of MSC and JSC. This has been done using 3 different modelling scenarios:

- **Scenario 1: Efficiency model:** This approach assumes both MSC and JSC adopt some of Murrumbidgee's systems and processes. A key exception is in regard to transport and communication, where based on consultation with both management teams, an alternative and agreed cost per KM assumption was made that would result in improved asset maintenance outcomes.
- **Scenario 2: Average efficiency (economies of scale) model:** This approach is statistical and uses a multi-variable regression model that examines the relationship between total per capita expenditure and population (controlling for road assets, which represents geographic dispersion and regional variations) for councils. Service cost savings are then derived by comparing

predicted aggregate expenditure prior to merging with the predicted aggregate expenditure post amalgamation. Scenario 2 reflects the average efficiencies that may be achieved through amalgamation and reflects the potential efficiencies relating to a larger council. The impact of both scale (population), which increases scale economies, and geographic dispersion, which reduces scale economies, are jointly examined.

- **Scenario 3: Legislative framework model:** This approach estimates financial savings from the proposed merger taking into account factors that should be considered when contemplating boundary changes, as per Section 263 (3) and Section 218 CA of the Local Government Act 1993. Accordingly, SGS has made specific assumptions about executive level redundancies, natural attrition rates of non-executive staff (GM only), and efficiencies on material and contracts.

The table below summarises the results generated.

#### COMPARISON OF SCENARIOS

Scenario	NPV of estimated savings over 10 years ('000)
Scenario 1 - lead council model: savings	\$3,503
Scenario 1 - lead council: share of base case (standalone entities)	2.4%
Scenario 2 - average efficiency: savings	\$3,429
Scenario 2 - average efficiency: share of base case (standalone entities)	2.4%
Scenario 3 - legislative framework scenario: savings	\$2,998
Scenario 3 - legislative framework scenario: share of base case (standalone entities)	2.1%

The financial modelling undertaken is at a broad level and is not based on a detailed service review which would be required prior to and to inform decision making and a possible merger process.

Source: SGS, 2015.

Note that all estimates (and growth rates) exclude depreciation.

The financial modelling indicates that efficiency savings might be generated by the merger of MSC and JSC. The degree to which these savings arise will depend on the constraints that are ultimately applied during the amalgamation process.

When relevant sections of the Local Government Act (1993) are respected, the forecast efficiency savings still appear to be material; between 2.1% and 2.4% compared to the base case of two standalone councils (taking all caveats into account).

The financial modelling of expenditures does not consider how the merged entity may grow fee for service delivery revenues, increase own source revenue or improve the debt servicing ratio (i.e. the income side).

#### Due diligence

The financial modelling undertaken indicates that material savings could potentially be generated by the amalgamation of MSC and JSC. However, numerous assumptions were invoked and therefore pose risks. These and other risks associated with the merger option are the:

- Scale and scope of the merger and transition costs.
- Potential clash of organisational cultures, especially during the initial transition period which might require staff relocation.
- Degree to which projected financial savings are pursued/ implemented by the new entity.

- Global assumptions do not hold true and therefore the performance against the OLG financial benchmarks does not improve. For instance, the merged entity will need to successfully develop its ability to compete for contracts, to change its employment structure (not levels) and to attract skilled staff to enable increased specialisation and entrepreneurship.
- Community expectations for improved service delivery may rise beyond merger savings and may be unmatched by a willingness to fund these services through increased rates and/ or user charges.
- Salary equalisation arrangements that would ultimately be required by the new entity.
- Service equalisation arrangements across the merged entity, which may unwittingly cause service delivery improvement expectations.
- The impact on rate payers, particularly on MSC non-farmland and JSC farmland, which the initial modelling indicates may result in material rates changes.
- Local representation. The merged entity would consist of two councils of similar size, and the existing ward system would likely be continued at least for some time. Differences in needs for support and services may result in ‘competition’ for resources between communities.
- The existence of possible ‘legacy issues’ where a merging council may feel they are ‘subsidising’ or ‘diverting resources’ to address issues its counterpart.

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### Benefits and Costs of a Merger

The **benefits** of the merger are expected to be:

- The financial modelling indicates the merger will generate efficiency savings of between 2.1% and 2.4%, if the efficiencies were to be spent on reducing expenditure levels.
- The councils indicate the efficiency gains (2.1% to 2.4%) are intended to be used to address a number of key priorities and challenges, including:
  - Increasing own source revenues by expanding fee for service delivery in areas such as road maintenance, building maintenance and works on private land (such as irrigation infrastructure). This in turn may also free up additional discretionary spending options in line with key priorities and challenges.
  - Common community needs and expectations in areas like sport and recreation, street sweeping, aged and community care services and heritage conservation.
  - Enhancing the merged entity’s strategic capacity in areas like economic development, tourism and planning.
  - Enabling of functional specialisation and the attraction and retention of well qualified staff.
  - Improvement of administrative and communications systems.

As a result, the merged entity will be able to achieve enhanced strategic capacity including an improved capacity to generate own source revenue.

- The merged entity will bring together two municipalities of similar size in terms of population. Local representation will be protected more than under the alternative of merging with a significantly larger council. The existing Murrumbidgee ward system would likely be extended to include Jerilderie and would safeguard local representation.

The **costs** of the merger are expected to be:

- The costs of the merger and transition into the new organisation.

- The scale of the merged entity with a population base of ~3,800 residents is still small. The increase in strategic capacity is therefore limited. Also, the merged entity is unlikely to be able to address all key priorities and challenges at once.
- While local representation would be fairly well safeguarded under the merged entity, the councils did express a concern in regards to competition for resources between the communities within the merged municipal area. This may be driven by the differences in the socio-economic composition and advantage levels, and consequent community servicing needs.
- There may be differences in workforce cultures between the two councils. If not managed well, cultural clashes may result in increased transition costs, higher staff turnover rates and lower workplace satisfaction.
- Depending on the equalisation scheme adopted, rates could be impacted considerably for some property categories.

# 1 INTRODUCTION

## 1.1 Project context

### Local Government Review

The Independent Local Government Review Panel (ILGRP) released a final report titled "Revitalising Local Government" in October 2013. This report identified a reshaping of governance arrangements and consolidation of local government in New South Wales.

The objective for local government reform is to create strategic and "Fit for the Future" councils. That is, councils that:

- Are financially sustainable and efficient
- Have the capacity to effectively manage infrastructure and deliver services
- Have the scale, resources and 'strategic capacity' to govern effectively and partner with the State
- Have the capacity to reduce red tape and bureaucracy for business, and
- Are of a scale and structure that is broadly in line with the Panel's recommendations.

In September 2014, the State Government announced a Fit for the Future package of local government reforms, which responds to the recommendations of the ILGRP. The Fit for the Future package is primarily a funding scheme designed to incentivise local governments, by encouraging them to develop the scale and capacity the Government believes necessary to enable them to provide quality services and infrastructure into the future.

To that end the Government has provided a blueprint that outlines how it will assist in the reform of local government. Key elements included in the blueprint that are relevant are set out below:

- \$258m to help councils that have decided to merge to make the transition
- \$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, and
- Up to \$600m potential savings from cheaper finance for Fit for Future councils to invest in local infrastructure.

In addition the Government is providing access to expert assistance, access to the Office of Local Government (OLG) One Stop Shop for local government reform, facilitators and technical support.

### Fit for the Future Criteria

To become Fit for the Future, councils must perform a self-assessment of their financial management, service delivery and scale of operations, and submit a proposal on how they plan to become Fit for the Future by June 2015, using the self-assessment tool, templates and guidance provided by OLG.

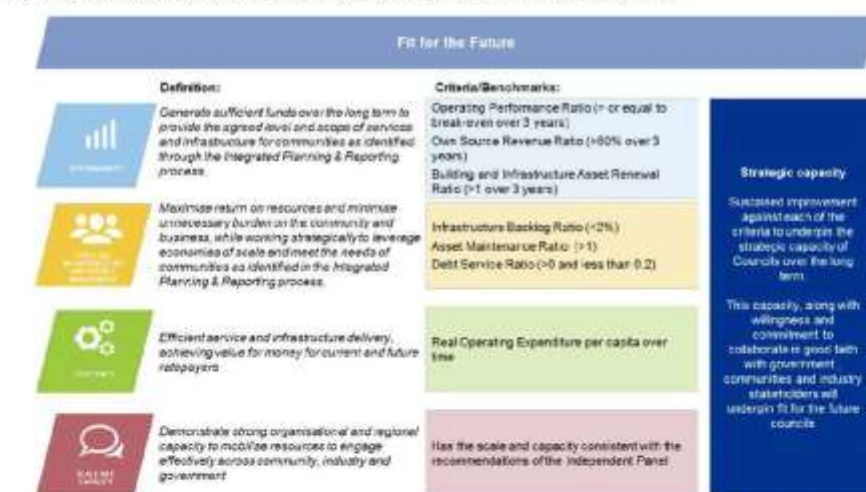
Submissions will be assessed by the Independent Expert Panel on the basis of criteria and benchmarks developed by the OLG. The Independent Expert Panel will make recommendations to the Minister for

Local Government in December 2015. Councils will then begin to implement their approved roadmaps in March 2016, with support to ensure any new arrangements are in place by the next local government elections.

The four criteria that will be used to assess whether a council is fit for the future are: sustainability; effective infrastructure and service management; efficiency; and scale and capacity.

Figure 1 defines these criteria and identifies the benchmarks proposed by OLG for assessing performance against these criteria. It also shows how sustained improvement in the fit for the future criteria will lead to improved strategic capacity.

FIGURE 1. FIT FOR FUTURE – CRITERIA AND BENCHMARKS



Source: NSW Government

Both Murrumbidgee and Jerilderie completed a self-assessment against the FFTF benchmarks identified by OLG, using current financial data. The results are shown in Figure 2 and Figure 3.

Based on this assessment, both councils meet two out of the seven benchmarks only. Murrumbidgee scored strong on asset renewal ratios as well as a decreasing real operating expenditure per capita over time. Jerilderie has a sustainable asset maintenance ratio and debt servicing ratio.

FIGURE 2 FFTF ASSESSMENT OF MURRUMBIDGEE’S CURRENT PERFORMANCE

BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
Operating Performance Ratio (greater or equal to break-even average over 3 years)	-0.072	NO	✘
Own Source Revenue Ratio (greater than 60% average over 3 years)	38.87%	NO	✘
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	195.57%	YES	✔
Infrastructure Backlog Ratio (less than 2%)	3.11%	NO	✘
Asset Maintenance Ratio (greater than 100% average over 3 years)	87.16%	NO	✘
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	0.00%	NO	✘
A decrease in Real Operating Expenditure per capita over time	Decreasing	YES	✔

Source: MSC, 2015

FIGURE 3 FTF ASSESSMENT OF JERILDERIE'S CURRENT PERFORMANCE

BENCHMARK	RESULT	MEETS FTF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	-0.178	NO	✗
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	46.07%	NO	✗
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	84.41%	NO	✗
<i>Infrastructure Backlog Ratio (less than 2%)</i>	2.81%	NO	✗
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	110.78%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	2.59%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Increasing	NO	✗

Source: JSC, 2015

### Scale and Capacity

The OLG argues that scale is a key component of strategic capacity – both in creating individual councils with the resources and skills to provide leadership on regional planning and to advocate on behalf of communities by creating a system of local government where state and local government partner effectively.

A council with appropriate scale and capacity can

- Save money on bureaucracy and administration, freeing up funds for front line services and community facilities
- Contribute to projects and tackle issues that impact on its residents and extend beyond the council boundary, and
- Credibly influence different levels of government and industry.

### ILGRP Options for Jerilderie / Murrumbidgee

In its final report (October 2013), the ILGRP proposed the following merger and boundary change options for Jerilderie and Murrumbidgee Shire Councils:

- Jerilderie Shire Council: Merge with Berrigan Shire Council or establish a Rural Council as part of the Mid Murray Joint Organisation.
- Murrumbidgee Shire Council: Merge with Griffith or a Rural Council in Murrumbidgee JO (which is also earmarked as an option for Carrathool, Hay, Griffith, Narrandera and Leeton)

These recommendations were made after drawing from the ILGRP's criteria for determining future local government boundaries.

## 1.2 Project Scope and Objectives

The RFQ stipulates that the business case will:

- Provide a high level strategic and economic appraisal of the proposed merger
- Address the issue of scale and capacity for the councils in question, and consider how the proposed merged entity could become fit for the future over time
- Ensure the proposed merger option has regard to the factors set out in Section 263 of the Local Government Act 1993
- Include a high-level due diligence assessment of any risks or concerns identified by the councils which they require to be addressed to allow consideration of the merger option to be undertaken.
- Contain a sufficient level of information to enable the councils to complete the Council Merger Proposal - Template 1.

The project approach delivers the following main elements:

1. Strategic appraisal of the merged entity and how it would deliver 'strategic capacity' (or scale & capacity). A workshop with the management teams of both councils informed elements of this appraisal. Strategic capacity refers to the following characteristics, which were identified by the Panel:
  - 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
  - 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.
2. Appraisal of the functional similarities and linkages between the two communities and councils, and how these align with the Independent Panels' criteria for local government boundary changes.
3. Assessment of the financial implications, wider benefits and costs, and risks of the merger

SGS also considered the conditions in Section 263 of the Local Government Act 1993 in analysing the merits of the merger.



## 2 SCALE & CAPACITY

### 2.1 Approach

This section considers how a merged entity would deliver strategic capacity, or scale and capacity. A workshop with the management teams of both councils informed elements of this appraisal. Strategic capacity refers to the following characteristics, which were identified by the ILGRP:

1. More robust revenue base and increased discretionary spending
2. Scope to undertake new functions and major projects
3. Ability to employ wider range of skilled staff
4. Knowledge, creativity and innovation
5. Advanced skills in strategic planning and policy development
6. Effective regional collaboration
7. Credibility for more effective advocacy
8. Capable partner for State and Federal agencies
9. Resources to cope with complex and unexpected change
10. High quality political and managerial leadership.

The Jerilderie and Murrumbidgee merger is expected to enhance the strategic capacity of the two councils in a number of ways. The contributions to the strategic capacity are categorised in line with the characteristics identified by the ILGRP.

Prior to this assessment, it is important to refer to the Local Government Act 1993, specifically Section 218 CA<sup>2</sup> which requires the merged entity to maintain the staff numbers post-merger at the level of the two councils pre-merger. The management teams indicated the merger *could* result in significant savings in staff in certain functional areas by avoiding duplication and enhancing efficiencies. The application of the LGA Act means the efficiency savings enable the merged entity to broaden its scope in areas that generate additional revenue and other areas, as is explained in this section.

### 2.2 Strategic capacity

#### Specialisation in road/ asset maintenance

An important area for building strategic capacity is in road maintenance services. As a merged entity the councils will become more capable of targeting RMS State highway maintenance contracts, both within their own boundaries and as to the wider region on a for fee service basis. The increased capability will flow from the collective technical skills and complementary fleet of plant and equipment. By building this capacity the merged entity will become a more capable partner for the State in delivering these services.

Another example is in regards to the provision of building maintenance services to nearby councils and other customers, who currently pay high rates for these services given their regional location.

<sup>2</sup> (2) The transferee council must ensure that the number of regular staff of the council employed at the rural centre is, as far as is reasonably practicable, maintained at not less than the same level of regular staff as were employed by the previous council at the centre immediately before the amalgamation or alteration of boundaries took effect.

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### **Improved utilisation of plant and equipment**

The two councils have a number of significant equipment items that are not fully utilised. This is especially true for road maintenance machines, graders, garbage collection trucks and street sweepers.

As a merged entity, savings could accrue from removing duplication in under-utilised equipment, which also increasing utilisation rates. Savings may be used to acquire other equipment, enhance service delivery and/or substitute other services that were previously outsourced. A concrete example is the anticipated improvement in the frequency of street sweeping and garbage collection.

Alternatively, spare capacity could be used to deliver fee based services, as mentioned earlier.

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### **Improved entrepreneurship**

The merged entity would have an increased capacity to deliver services to the private sector. Both councils already deliver services on a fee for service basis, e.g. building and maintaining irrigation infrastructure on private properties. The merged entity has the capacity to enhance its in-house expertise to operate as a business, engage in tender processes and deliver services to the private sector.

There are numerous contracts that are tendered each year which the councils do not respond to because of the lack of time or resources, and the desire not to compete with local businesses. However, the merged entity could offer real value for money here, particularly where there are few local private operators (competitors).

Increasingly, operating in a business-like manner may also enhance the merged entity's capacity to apply these processes and services throughout the organisation, enabling organisational innovation.

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### **Functional specialisation**

The additional scale generated by the merger will enable different functions to move from being either 'un-provided', 'implicit' and/or 'distributed' tasks across council staff members into explicit role requirements and functions. It will therefore enable a more dedicated focus on tasks and the development of in-house expertise in delivering these tasks. Teams would become better structured.

For example, the councils could collectively fund a full time economic/ tourism development officer and planning officer. Another example is that environmental reporting could become the dedicated responsibility of one staff member.

The merged entity will also be able to build managerial capacity, e.g. in the engineering area (water and sewage). The merged team could be structured in a better manner, e.g. where there is a single manager supervising three to four others, rather than multiple managers which is currently the case.

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### **Communication and information sharing**

The merged entity would likely adopt state-of-the-art administrative and communications systems. This will be required to ensure the entity operates effectively across multiple locations throughout the merged municipal area. This will improve overall communication, administrative processes and project/service delivery practices.

Being a remote council, these internal innovations will likely also contribute to external communications, and enhance regional collaboration.

TABLE 1 MERGER CONTRIBUTIONS TO STRATEGIC CAPACITY

	Specialisation in road & asset maintenance	Improved P&E utilisation	Enhanced entre- preneurship	Functional specialisation	IT & communications
1. More robust revenue base and increased discretionary spending	✓	✓	✓		
2. Scope to undertake new functions and major projects	✓	✓	✓	✓	
3. Ability to employ wider range of skilled staff	✓		✓	✓	
4. Knowledge, creativity and innovation	✓		✓	✓	✓
5. Advanced skills in strategic planning and policy development				✓	
6. Effective regional collaboration					✓
7. Credibility for more effective advocacy				✓	
8. Capable partner for State and Federal agencies	✓			✓	
9. Resources to cope with complex and unexpected change					
10. High quality political and managerial leadership.			✓	✓	

Both councils agree that regional collaboration is already strong, especially through RAMROC and through existing arrangements for service sharing (food inspections and street sweeping) and the collaborative regional library.

Some of the concerns the councils hold in relation to a merger and that may affect the abovementioned contributions to strategic capacity are:

- Possible cultural differences between to two council workforces
- Possible staff turnover as a result of changes, such as staff relocations
- Communities within the merged entity may increasingly compete for resources
- Distances to travel for council staff and related travel times and costs for meetings or service delivery.

# 3 KEY PRIORITIES & CHALLENGES

## 3.1 Functional region analysis

The ILGRP has identified the following criteria for determining local government boundaries (Figure 4).

FIGURE 4. CRITERIA FOR DETERMINING FUTURE LOCAL GOVERNMENT BOUNDARIES

<p><b>Sustainability and Strategic Capacity</b> Councils need a strong base to ensure their long-term sustainability; to achieve economies of scale and scope; to deliver quality services; to provide a pool of talented councillor candidates; to attract skilled staff; and to develop strategic capacity in governance, advocacy, planning, and management.</p> <p><b>Efficiency and Effectiveness</b> Councils should be able to operate efficiently and effectively within the limits imposed by their location, geography and the characteristics of the communities they serve. They should be able to provide 'value for money' to their ratepayers and external funding agencies.</p> <p><b>Integrated Planning</b> LGA boundaries should not unnecessarily divide areas with strong economic and social inter-relationships; they should facilitate integrated planning, coordinated service delivery, and regional development.</p> <p><b>Local Identity and Sense of Place</b> Consistent with the need for integrated planning, boundaries should reflect a sense of identity and place, including important historical and traditional values. (However, other mechanisms available to maintain local identity should be taken into account.)</p> <p><b>Population Growth</b> The boundaries of a local government area (LGA) should be able to accommodate projected population growth generated by the LGA over at least the next 25 years.</p> <p><b>Accessibility</b> As a general rule, it should be possible to drive to the boundaries of a LGA from a main administration centre within 60-90 minutes in country areas, and within 30 to 45 minutes in metropolitan areas.</p> <p><b>Strong Centre</b> Each LGA should have a substantial population centre that can provide higher order commercial, administrative, education, health and other services.</p> <p><b>Key Infrastructure</b> As far as possible, key transport infrastructure such as airports and ports, and those nearby urban and regional centres that are principal destination points, should be within the same LGA.</p> <p><b>Combining Existing Municipalities</b> Wherever practicable, amalgamations should combine the whole of two or more existing LGAs without the additional cost and disruption of associated boundary adjustments.</p>
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Source: ILGRP, October 2013.

Functional linkages are important indicators for determining local government boundaries and identifying functional regions. The following section explores the functional linkages between Jerilderie and Murrumbidgee.

Jerilderie Shire Council and Murrumbidgee Shire Council are adjacent to each other. Murrumbidgee Shire is located along the Murrumbidgee River. Jerilderie is to the south of Murrumbidgee.

Jerilderie has a total population of 1,496 people, with just over half of residents living in Jerilderie township. Murrumbidgee has a population of 2,261 dispersed over the two urban centres of Coleambally and Darlington Point.

TABLE 2 POPULATION BY TOWN AND RURAL BALANCE, 2011

	Resident Population
Jerilderie township	775
Remainder Jerilderie	721
<b>Jerilderie total</b>	<b>1,496</b>
Coleambally	632
Darlington Point	1,016
Remainder Murrumbidgee	613
<b>Murrumbidgee total</b>	<b>2,261</b>

Source: ABS Census 2011

### Travel time/accessibility

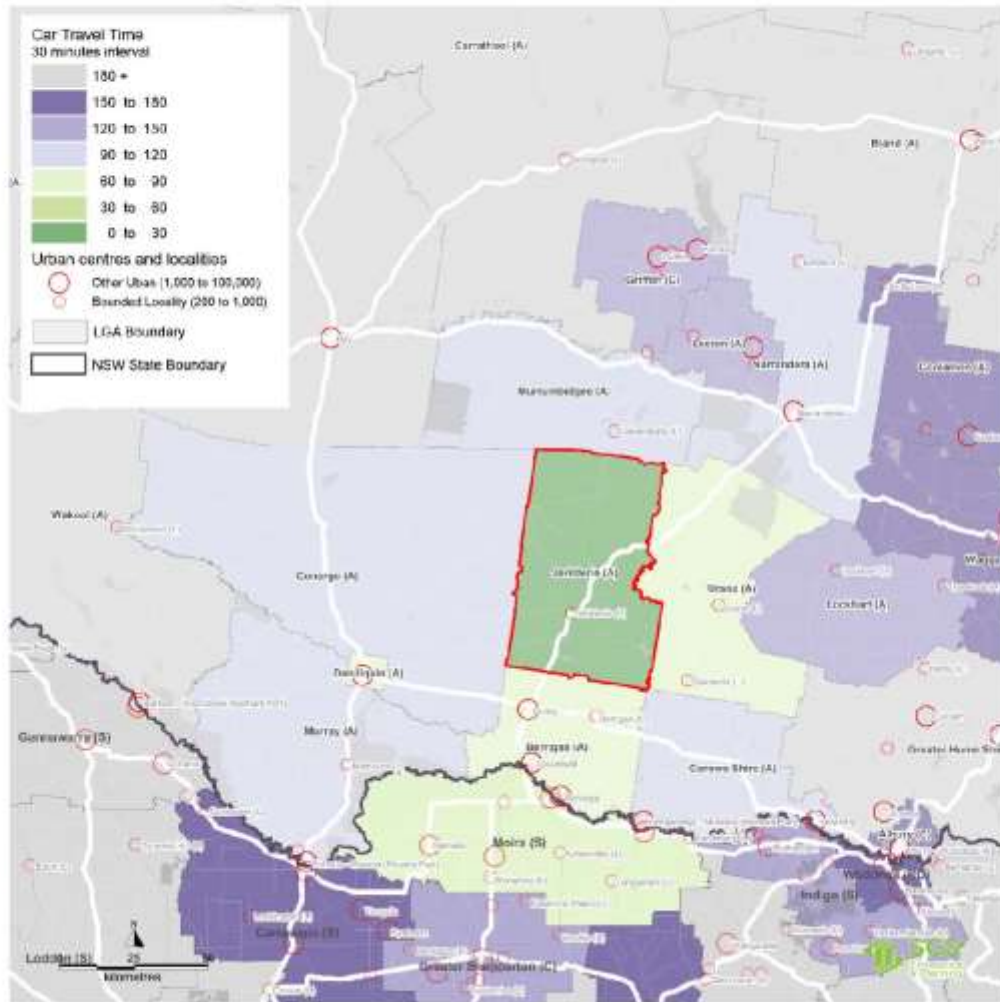
Travel times determine to what extent areas are reasonably accessible for work, training, recreation and other services. Jerilderie is 330km or 3.5 hours drive north from Melbourne and 620km or 6.5 hours' drive south west of Sydney.

The following maps (Figure 5 and Figure 6) depict the average travel times from the key residential centres in Jerilderie and Murrumbidgee.

Within Jerilderie and Murrumbidgee, travel times are mostly within 30 minutes when travelling from the main town. Berrigan, Moira (Vic) and Urana are within a 90 minute drive of Jerilderie. For Murrumbidgee, Griffith and Leeton are within a 90 minute drive.

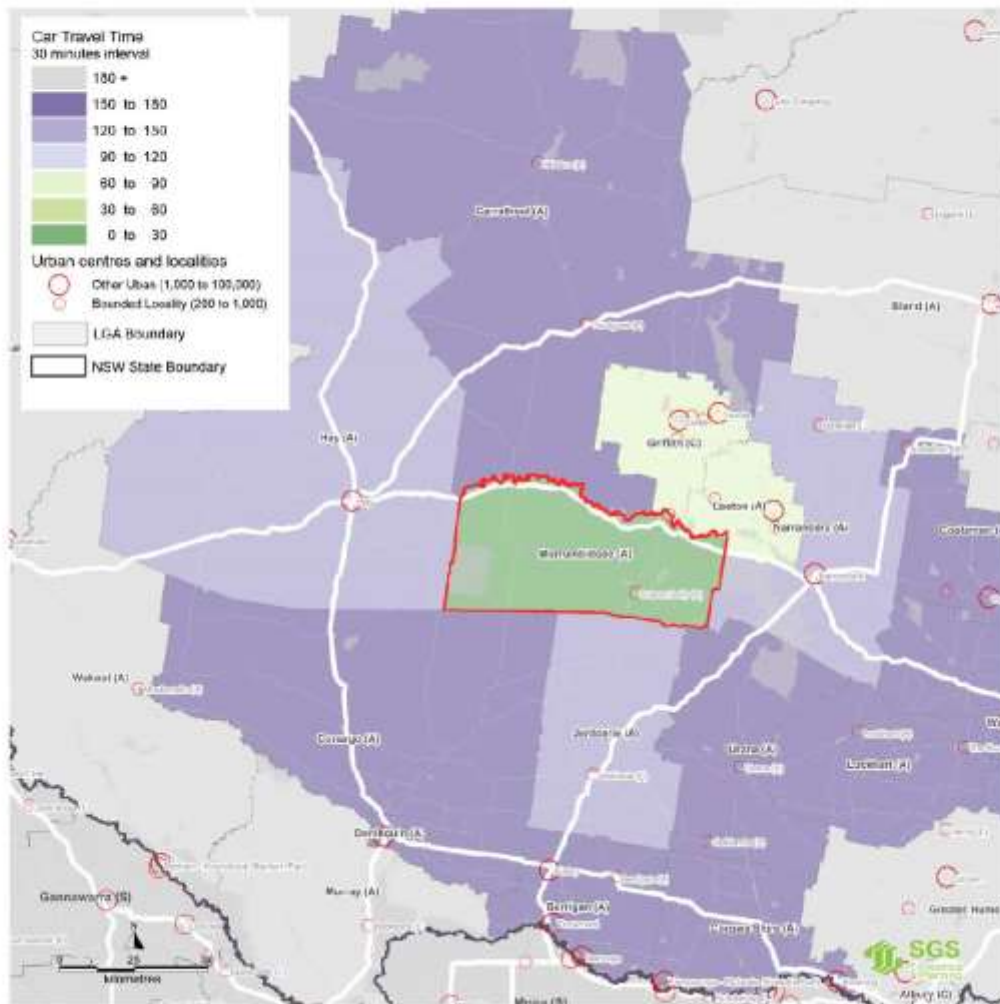
Albury – the major regional centre for Jerilderie- is 2 – 2.5 hours' drive from Jerilderie, while it is more than 3 hours from Murrumbidgee. Griffith, as a major regional centre for Murrumbidgee, is within 90 minutes travel time for Murrumbidgee, while it is a 2.5 hour drive from Jerilderie.

FIGURE 5. TRAVEL TIMES FOR JERILDERIE



Source: SGS Economics and Planning, 2015

FIGURE 6. TRAVEL TIMES FOR MURRUMBIDGEE



The following maps (Figure 7 and Figure 8) show the situation of the two LGAs in relation to accessibility of key regional services:

- Hospitals
- Tertiary education
- Art galleries and museums
- Federal services (Centrelink, Human Services), and
- Regional airports.

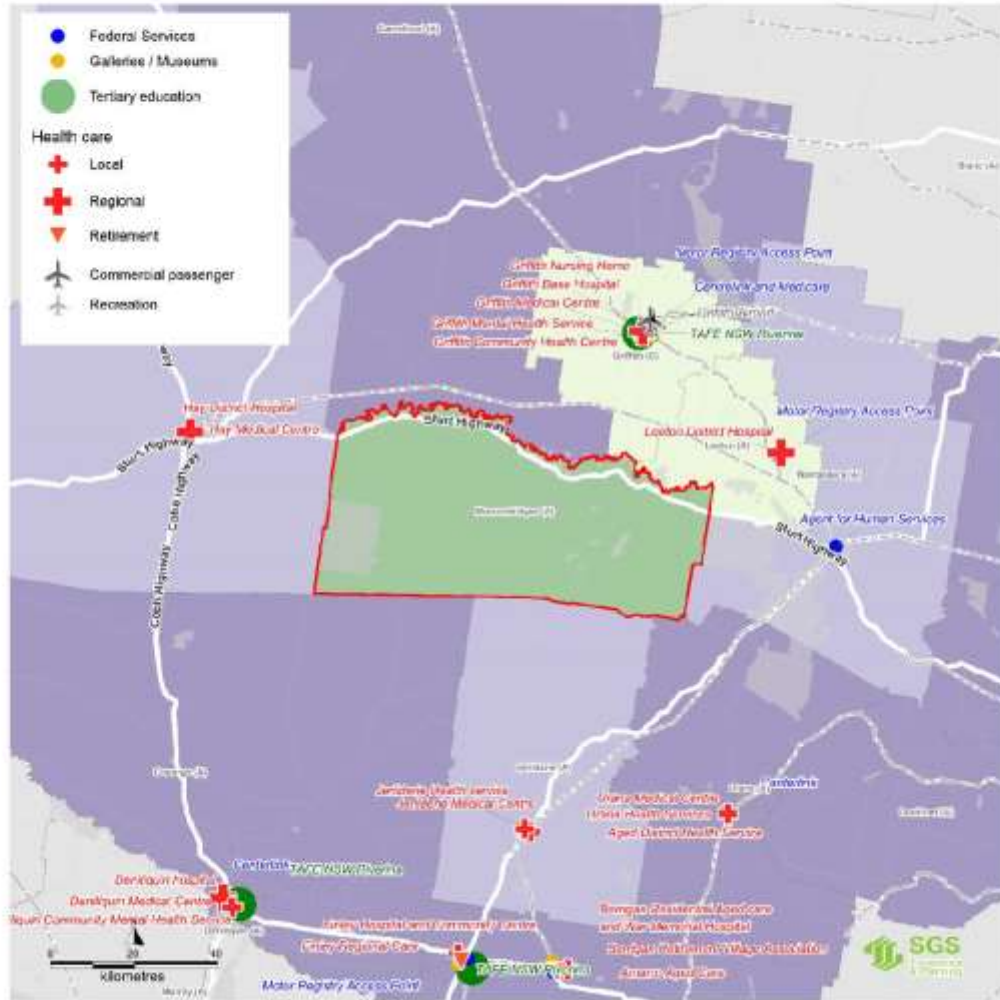
It is recognised that sometimes the distinction between local and regional services is unclear. Consequently, local services are also mapped where they appear relevant.

The maps show Jerilderie and Murrumbidgee and their regional services in the context of private vehicle accessibility. These private vehicle travel times are between the centre of each LGA and have been estimated using the actual road network and the speeds applicable to the classifications of each of the roads in the network.





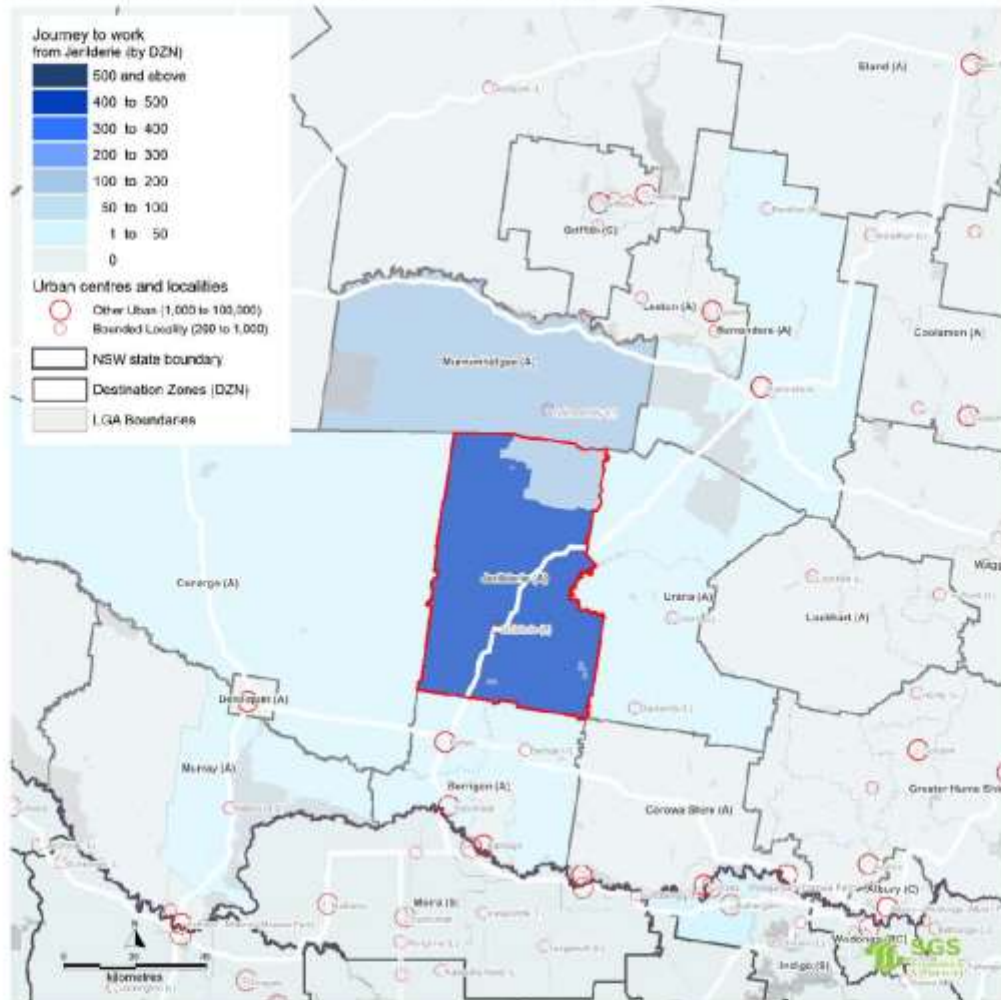
FIGURE 8. MURRUMBIDGEE REGIONAL SERVICES



**Journey to work patterns**

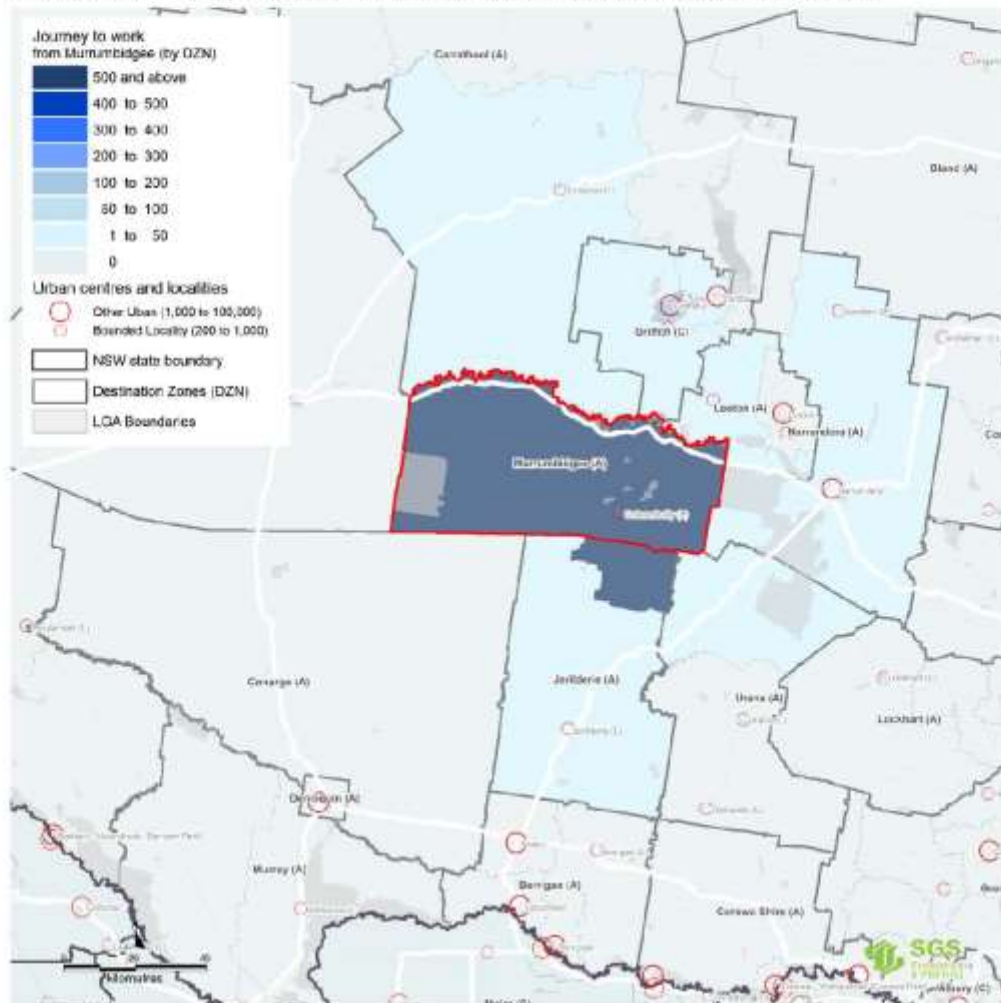
The residents of Jerilderie LGA with jobs are generally employed within the Shire. Murrumbidgee Shire is also a destination for work for Jerilderie residents. Jerilderie has some economic links with Conargo, Murray, Berrigan, Urana, Narrandera, and Griffith, with a small number of Jerilderie residents working in and around the town of Griffith.

**FIGURE 9. PLACE OF WORK FOR JERILDERIE WORKING RESIDENTS**



The majority of Murrumbidgee LGA residents with jobs work within the Shire. A significant proportion of people also work in the north of Jerilderie. Murrumbidgee has some economic links with Narrandera, Carrathool, Leeton, Narrandera, Urana, and Griffith LGA, with a significant number of Murrumbidgee residents working in and around the town of Griffith.

FIGURE 10. PLACE OF WORK FOR MURRUMBIDGEE WORKING RESIDENTS

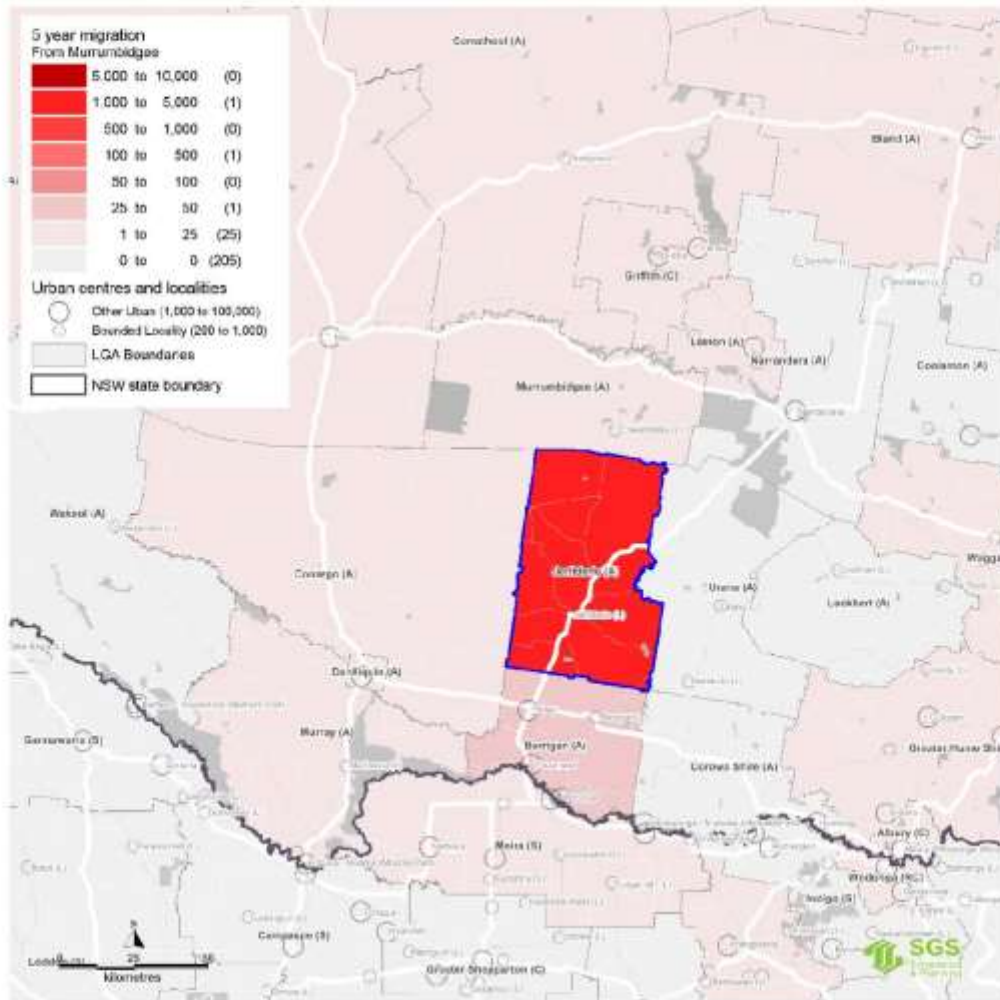


Source: SGS Economics and Planning, 2015

### Migration patterns

Migration patterns show further functional linkages between the councils (see Figure 11 and Figure 12). For Jerilderie, the statistics show many households relocated within the Jerilderie LGA. Migration patterns from Jerilderie show some linkage with Berrigan. Anecdotally, there are a lot of residents relocating from often distant areas to benefit from the affordable housing situation.

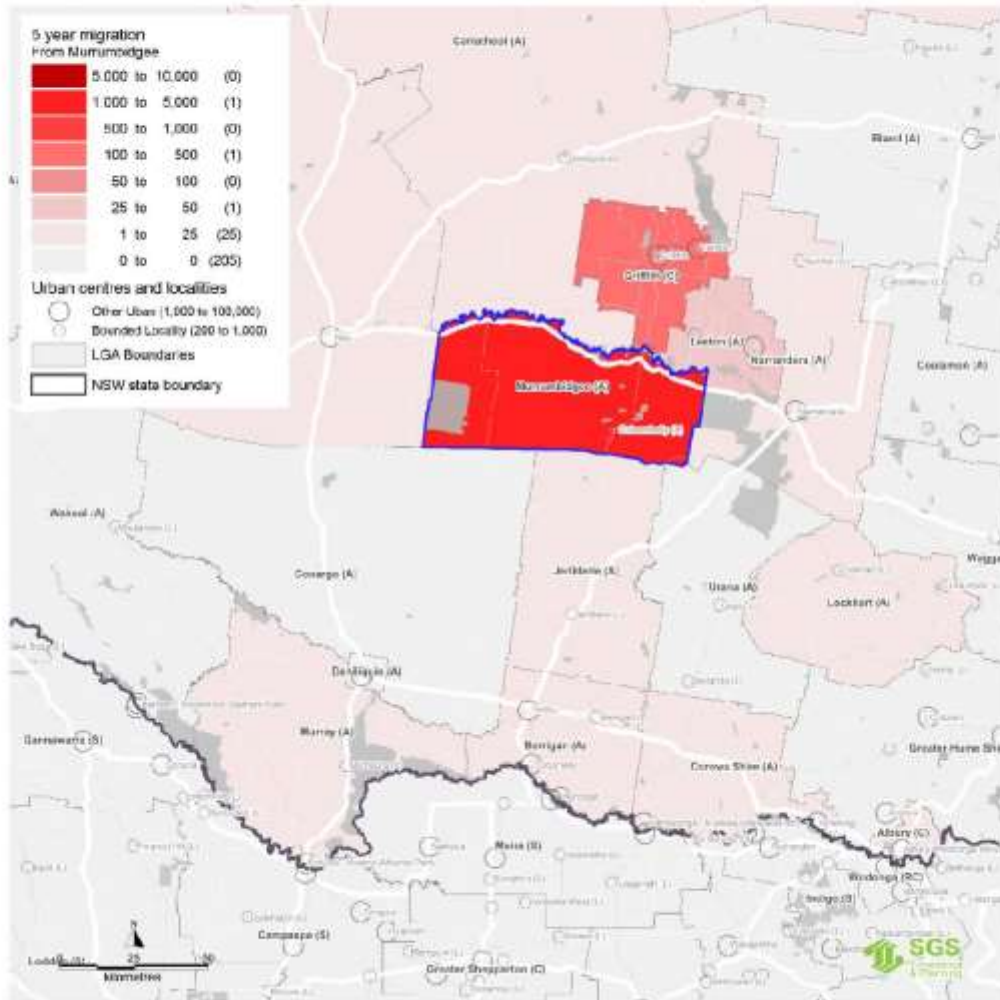
FIGURE 11. MIGRATION PATTERNS FROM JERILDERIE, FIVE YEARS TO 2011



Source: SGS Economics and Planning, 2015

In the case of Murrumbidgee, the vast majority of residents relocating did so within the Murrumbidgee area. There is also some linkage with Griffith and Leeton LGAs.

FIGURE 12. MIGRATION PATTERNS FROM MURRUMBIDGEE, FIVE YEARS TO 2011



**Other regional linkages**

**Key agricultural industry linkages**

Both Jerilderie and Murrumbidgee Shire Councils have a strong agricultural sector that is specialised in sheep, beef cattle, rice, cotton and grain farming. Murrumbidgee’s economy also exhibits specialisations in poultry farming, meat and meat product manufacturing. Jerilderie has a major centre for poultry breeding. These industries contribute to the region’s specialisation in livestock production.

**Tourism linkages**

Jerilderie and Murrumbidgee are part of the Riverina tourism region represented by the Riverina Regional Tourism Board. The Riverina Regional Tourism Board also includes Griffith, Wagga Wagga, Deniliquin, Leeton, Conargo, Coolamon, Cootamundra, Gundagai, Narrandera, Temora, Urana, Hillston, Junee, Lockhart and Hay.

In 2013 (most recent year for which data were found), the Riverina region received 867,000 domestic visitors generating 2.4 visitor nights, with visiting family and friends being the most important purpose for the visit. Visitors spent \$258 million in the region or \$107 per visitor night on average (RRT, 2013).

Both Jerilderie and Murrumbidgee have identified an improved local tourism sector as a strategic objective in their Community Strategic Plans (see Section 2.4 for further discussion).

**Energy and telecommunications**

Energy and telecommunications linkages are weak, with the cost of energy and fuel, and internet connectivity impacting adversely on the competitiveness of Jerilderie and Murrumbidgee.

**Regional collaboration**

Jerilderie and Murrumbidgee are members of the Riverina and Murray Regional Organisation of Councils (RAMROC). Other member councils include Albury, Balranald, Berrigan, Carrathool, Conargo, Corowa, Deniliquin, Great Hume, Griffith, Hay, Leeton, Murray, Narrandera, Urana, Wakool and Wentworth.

The key roles of RAMROC include providing an effective means for discussion and action on regionally significant concerns among member councils, and advocating the needs of member councils to the Federal and State Government to advance the interests of the region.

Key projects of RAMROC include:

- The RAMROC Regional Waste Avoidance and Resource Recovery Strategy
- Murray Darling Basin Plan, which highlighted the adverse impacts experienced on food production
- Water4Food marketing and lobbying campaign, highlighting food security and sustainability, and
- Proposed RAMROC Water and Sewerage Alliance to maintain council ownership of assets.

RAMROC member councils are also in the process of exploring Joint Organisation options for the region outside of the State Government's pilot program. This process is on hold until July 2015 once all Fit for the Future submissions have been submitted.

### 3.2 Socio-economic characteristics

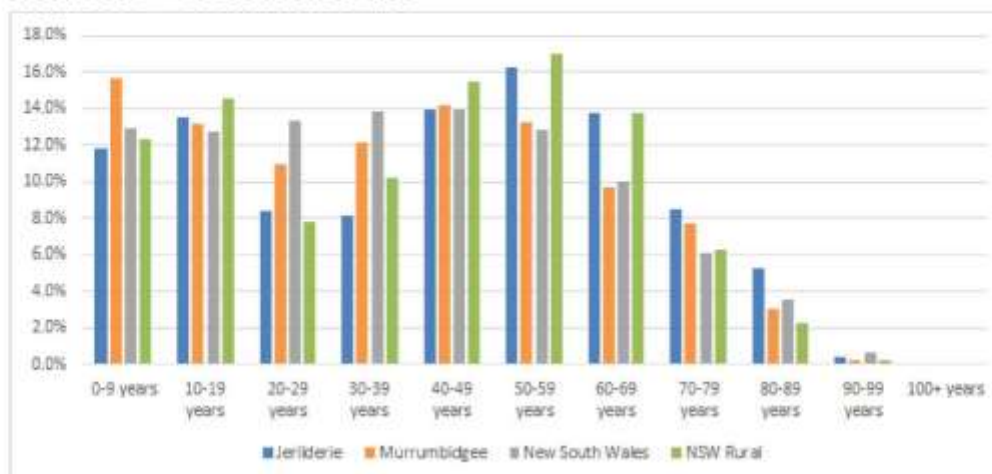
This subsection compares some of the key socio-economic characteristics of Jerilderie and Murrumbidgee. Comparisons are made with NSW and, where data was available, the Rural Balance of NSW.

#### Population and population change

Jerilderie had a total resident estimated population of 1,496 in 2011. The Murrumbidgee population was 2,261. When comparing the population by age distribution with NSW and the rural balance of NSW (see Figure 13), it is evident that:

- Jerilderie has a high proportion of people aged 50 years and over
- Murrumbidgee has a significant share of people aged 0-10 years
- Jerilderie, the rural balance of NSW, and to a lesser extent Murrumbidgee, have low numbers of younger studying and working age people, from 20 to 35 years of age. This is a typical phenomenon for regional areas where young people move away for education and jobs. These people may return later in life, with young families or towards retirement.

FIGURE 13. POPULATION BY AGE



Source: Census (2011)

Both the Jerilderie and Murrumbidgee population lag behind NSW in terms of growth rates. Both councils are experiencing a population decline. Jerilderie’s population has been in decline, accelerating from -1.7% per annum from 2001 to 2006 to -2.8% per annum from 2006 to 2011. Murrumbidgee’s population has also experienced an accelerated decline, from -0.9% per annum from 2001 to 2006 to -2.3% per annum from 2006 to 2011. The NSW population increased by 0.7% per annum from 2001 to 2006 and 1.1% from 2006 to 2011. Unfortunately, no data for the rural balance of NSW was available in the ABS time series to determine how Jerilderie and Murrumbidgee compare to rural NSW.

Population projections by the Department of Planning and Environment indicate that:

- Both the Jerilderie and Murrumbidgee populations will continue to decline.
- Jerilderie is expected to decline at a rate of -1.0% per annum between 2011 and 2031 to approximately 1,250 residents in 2031
- Murrumbidgee is expected to decline at a faster rate, at a pace of -1.3% per annum between 2011 and 2031 to approximate 1,800 residents in 2031.

These projections do not consider changing patterns in migration to and from local areas. Both Councils indicate the DPE projections are not always reliable especially for the regional areas in western NSW.

Table 3 below shows the population projections for both shires.

TABLE 3. POPULATION PROJECTIONS 2011-2031

	2011	2016	2021	2026	2031	Total Change	Annual Growth Rate
Jerilderie	1,550	1,450	1,400	1,300	1,250	-300	-1.0%
Murrumbidgee	2,350	2,200	2,050	1,900	1,800	-550	-1.3%

Source: Department of Planning and Environment, 2014

### Household characteristics

The average household size in NSW and the rural balance is 2.6 and 2.7 persons respectively. Households in both Jerilderie and Murrumbidgee are smaller at 2.5 persons on average.

Table 4 outlines the household characteristics of Jerilderie and Murrumbidgee. The median household income in both Jerilderie and Murrumbidgee are below the levels for NSW and the rural balance. Living affordability is partially compensated by the lower housing costs. In the case of Jerilderie, median mortgage repayments and median rents are below the state and rural balance levels. Median mortgage repayments in Murrumbidgee are equal to the rural balance levels, but weekly median rents are below the state and rural balance levels. While Murrumbidgee has a higher cost of housing, the Shire also has a higher weekly median income than Jerilderie.

TABLE 4. HOUSEHOLD CHARACTERISTICS

	Jerilderie	Murrumbidgee	NSW	Rural Balance
Median weekly household income	\$856	\$894	\$1,237	\$1,089
Monthly mortgage repayments	\$1,000	\$1,062	\$1,993	\$1,062
Median weekly rent	\$80	\$140	\$300	\$150
Voluntary work	36%	24%	17%	25%

Note: Voluntary work is for group or organisation, by people aged 15 and over

Source: Census, 2011

As shown in Table 4, both Shires have a significant number of volunteers that work for organisations and groups. In Jerilderie (36%) volunteerism is more than twice the level of NSW on average (17%). While volunteerism in Murrumbidgee (24%) is slightly lower than the NSW rural balance (25%), it is still higher than NSW on average and constitutes almost one quarter of the Shire's population aged 15 years or over.

### Labour force and employment

Unemployment levels in Jerilderie and Murrumbidgee are below the NSW and NSW rural balance average (see Table 5), especially in Jerilderie unemployment is very low at 2.1%. Youth unemployment is also well below the average for the state and rural balance for Jerilderie. Murrumbidgee's youth unemployment rate is higher than the rural balance and is closer to the NSW average than Jerilderie.

TABLE 5. UNEMPLOYMENT

	Jerilderie	Murrumbidgee	NSW	Rural Balance
Unemployment rate	2.1%	4.4%	5.9%	4.5%
Youth unemployment rate	6.6%	11.4%	12.8%	10.3%

Note: Unemployment is presented as a percentage of unemployed of total labour force. Youth unemployment is for the working age population under 25 years of age.

Source: Census, 2011



Table 6 highlights the labour force participation rates of Jerilderie and Murrumbidgee. Labour force participation in both shires is comparable to the NSW and rural balance average. Youth labour force participation is also comparable between Jerilderie and Murrumbidgee, at a rate of 56.5% and 60.4% respectively.

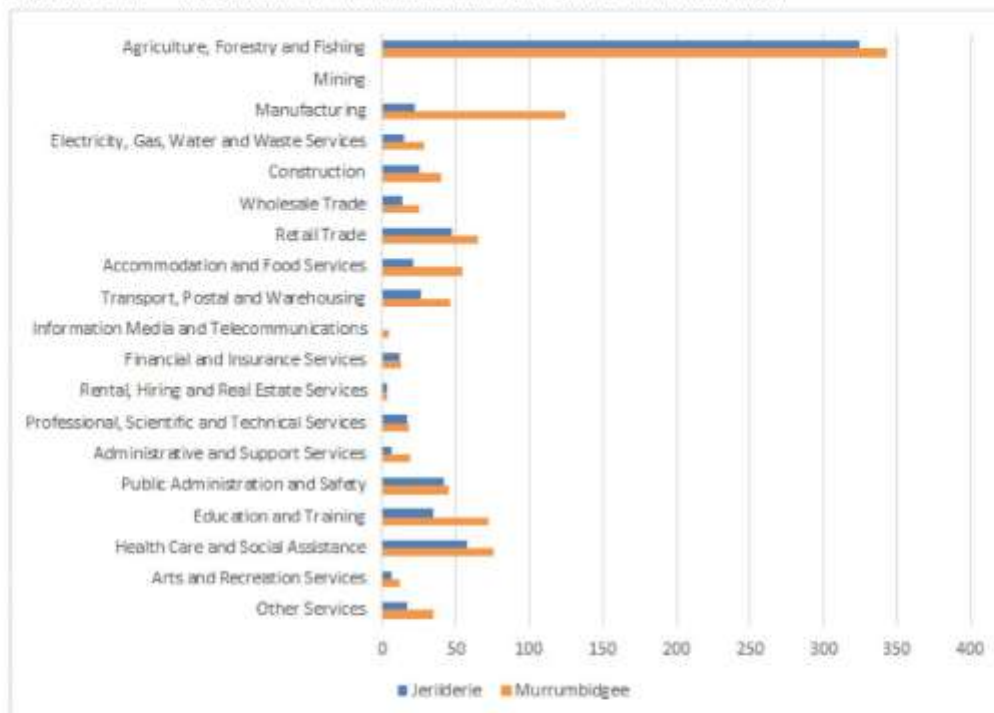
TABLE 6. LABOUR FORCE PARTICIPATION

	Jerilderie	Murrumbidgee	NSW	Rural Balance
Labour force participation	60.0%	63.4%	58%	58%
Youth labour force participation	56.6%	60.4%	60%	62%

Source: Census, 2011

Figure 14 below shows employment by industry for residents of Jerilderie and Murrumbidgee. Agriculture is a key industry of employment for residents in both shires, representing 327 jobs in Jerilderie and 343 in Murrumbidgee. The next most significant industry of employment for Jerilderie residents is health care and social assistance, incorporating 58 jobs. Manufacturing is the next most significant industry of employment in Murrumbidgee, representing 125 jobs.

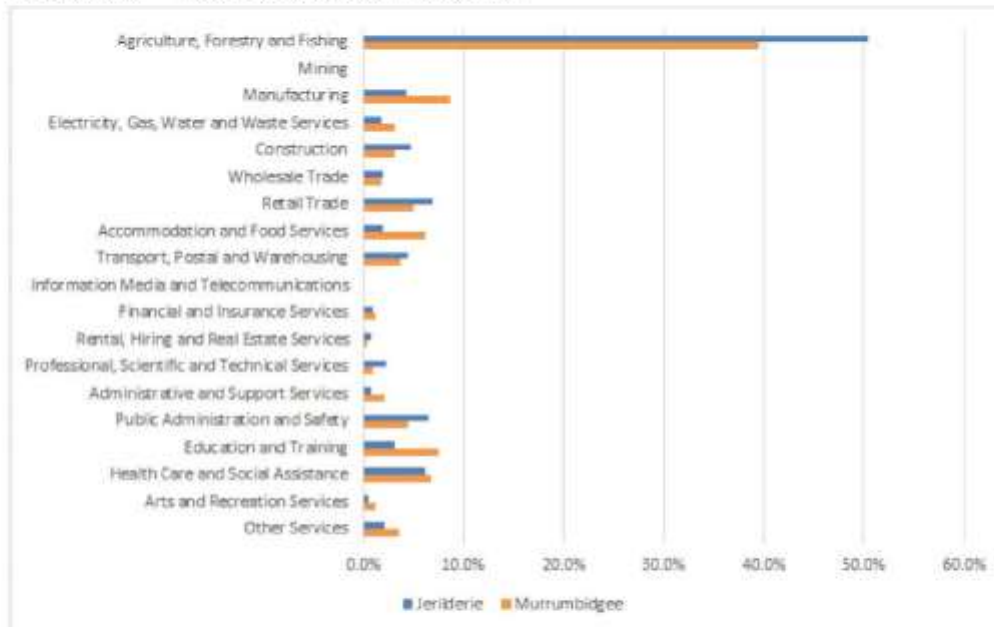
FIGURE 14. INDUSTRY OF EMPLOYMENT BY PLACE OF RESIDENCE



Source: Census (2011)

When comparing the economies of the two Shires with NSW as a whole it is clear that both local economies are strongly specialised towards agriculture (Figure 15). The economy of Jerilderie is especially focussed on agriculture with over half of all jobs in the Shire occurring in this industry. The Murrumbidgee economy is more diversified, with manufacturing representing 8.7% of total employment in the Shire. This manufacturing is related to the agricultural sector and involves meat and meat product processing. Health care and social assistance (6.8%) and accommodation and food services (6.2%) are also relatively important industries in Murrumbidgee. In Jerilderie, retail (6.9%), public administration and safety (6.4%), and health care and social assistance (6.1%) are relatively important industries of employment.

FIGURE 15. PLACE OF WORK BY INDUSTRY



Source: Census (2011)

Comparing the jobs held by residents to the jobs located in the two Shires, it is evident that the economy of Murrumbidgee relies more strongly on employment offered outside of the local area. The self-containment rate for Murrumbidgee is 78% (the ratio of employed residents to local jobs) while the rate for Jerilderie is high at 90%. Murrumbidgee’s economic prosperity is relying on nearby municipalities, especially the northern portion of Jerilderie as the functional linkages analysis in Section 2.1 indicates.

### Socioeconomic indicators

Indicators from the Census of Population and Housing, the Socio-Economic Indexes for Areas (SEIFA) provide a snapshot of the socio-economic situation in areas. SEIFA scores areas in terms of:

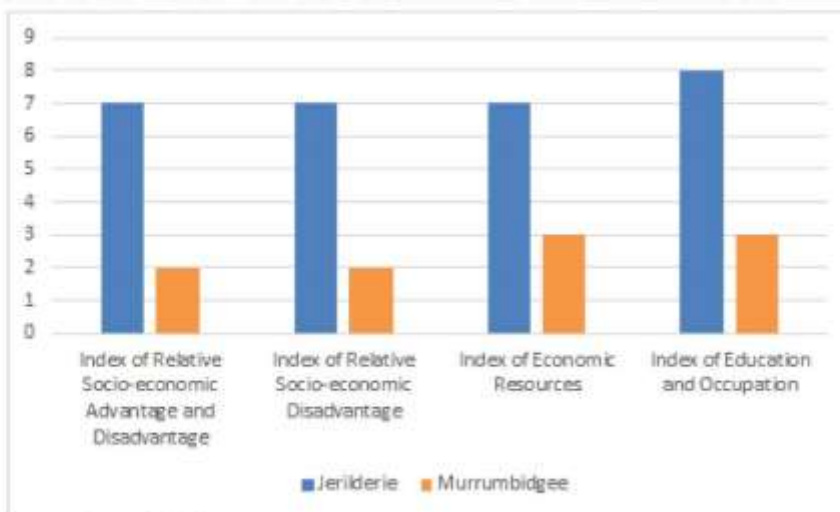
- **Index of Relative Socio-Economic Disadvantage:** general summary of economic and social conditions of people in an area. A low score indicates relatively greater disadvantage in general. For example, an area could have a low score if there are (among other things) many households with low income, many people with no qualifications, or many people in low skill occupations.
- **Index of Relative Economic Resources:** focusses on the financial aspects of relative socio-economic advantage and disadvantage, by summarising variables related to income and wealth. A low score indicates a relative lack of access to economic resources in general. For example, an area may have a low score if there are many households with low income, or many households paying low rent AND few households with high income, or few owned homes.
- **Index of Relative Education and Occupation:** reflects the educational and occupational level of communities. The education variables in this index show either the level of qualification achieved or whether further education is being undertaken. A low score indicates many people with lower education or low skilled occupations or many unemployed AND few people with high level qualifications or high skilled occupations.

- **Index of Relative Socio-economic Advantage and Disadvantage:** summarises information about the economic and social conditions of people and households within an area, including both relative advantage and disadvantage measures. A low score indicates relatively greater disadvantage and a lack of advantage in general. For example, an area could have a low score if there are (among other things) many households with low incomes, or many people in unskilled occupations AND few households with high incomes, or few people in skilled occupations.

Lower scores indicate that an area is relatively disadvantaged compared to an area with a higher score. All areas are ordered from lowest to highest score, the lowest 10% of areas are given a decile number of 1 and so on, up to the highest 10% of areas which are given a decile number of 10. Note that deciles have equal number of areas, not people.

Jerilderie and Murrumbidgee have quite different socio-economic characteristics. Jerilderie consistently scores in the seventh decile, meaning it fits in the highest 30% of areas in regards to socio-economic performance, while Murrumbidgee fits in the lowest 30%. Murrumbidgee has higher levels of unemployment, lower skills levels and less economic resources than Jerilderie (Figure 16).

FIGURE 16. SEIFA SCORES FOR JERILDERIE AND MURRUMBIDGEE



Source: Census (2011)

### 3.3 Community strategic priorities

This subsection distils the key issues and priorities that each of the Shire’s Community Strategic Plans enunciate and then assesses their commonalities and differences.

#### Jerilderie Shire Council Community Strategic Plan 2014-2024

The Shire’s community vision is:

*“We are blessed with a strong and vibrant community, a resilient economy and an environment that provides us both enjoyment and productivity. As a community we offer diverse opportunities, exciting possibilities and a strong sense of belonging. We possess an identity that reflects our rich history, our focus on the land, and our hope for the future. Together, we will make our shire the place to be in the year 2030.”*

The strategic directions of the strategic plan are:

- a) An economy that provides opportunities and stability for our shire and our families
- b) Infrastructure that is responsibly planned, developed and maintained
- c) A supportive, active and passionate community
- d) An environment that is valued, protected and respected
- e) Effective and productive relationships with all levels of government.

The strategic outcomes for 'An economy that provides opportunities and stability for our shire and our families' are:

- A strong tourist sector
- A profitable and growing business and industry community
- A community that has access to education and training that enhances their future opportunities
- A resilient and vibrant agricultural sector
- Infrastructure that supports growth and productivity of our businesses and industry.

Some of the priorities are the development of a long term tourism strategy, improved access to training and education, long term water security for agriculture and infrastructure to support commercial and industrial businesses.

The strategic outcomes for 'Infrastructure that is responsibly planned, developed and maintained' are:

- Infrastructure that supports our community identity (this refers to visual amenity and historic buildings and landmarks)
- The ability to be an active community (infrastructure for sport and recreation)
- A safe and accessible shire to travel, and
- Infrastructure for our future.

Some of the priorities are conservation of historic assets, safe local roads, the implementation of a footpath strategy, upgrade of the swimming pool, Jerilderie Recreation Master Plan and land use practices.

The strategic outcomes for 'A supportive, active and passionate community' are:

- An empowered community
- Vibrant community events and celebrations
- A safe and accessible community
- A community that has opportunities for people of all ages
- Protection of our history and heritage.

Some of the priorities are volunteerism, sustainable clubs and organisations, celebrations of achievements, opportunities for lifelong learning and protection of history and heritage.

The strategic outcomes for 'An environment that is valued, protected and respected' are:

- Efficient and responsible waste water management and recycling services
- Respect and protection of our natural environment
- Waterways which are appreciated and valued
- Protection of native flora and fauna.

Some of the priorities are waste management, recycling, high quality waterways and protection of flora and fauna.

The strategic outcomes for 'Effective and productive relationships with all levels of government' are:

- A community that is passionate and engaged in its future
- Accessible, effective and utilised services and programs for our community
- Productive and beneficial relationships
- Strong and effective local government.

Some of the priorities are to host annual 'Partners Meeting' with Urana Shire regarding service delivery and strategic direction, a community engagement strategy, representation of community at State level, a community services database and an Municipal Emergency Management Plan.

Many strategic outcomes and objectives of the Jerilderie Strategic Plan are generic and non-specific, and often outside the direct influence of the Shire to influence.

### **Murrumbidgee 2030**

The most recent Community Strategic Plan for Murrumbidgee Shire Council is from 2013. The Shire's community vision is:

*"to preserve and enhance the lifestyle of our communities by encouraging, promoting and facilitating the sustainable development of the Shire."*

The strategic directions of the plan are classified in the following themes:

- a) Our people
- b) Our economy
- c) Our environment
- d) Leadership

The strategic outcomes for 'Our people' are:

- Create a connected and caring community where people look out for each other
- Develop and grow a community understanding of shared responsibility
- We have access to a range of services which support our needs
- We support and promote healthy lifestyles
- We have access to range of health, medical and specialist services to maintain our health
- We have access to education and further education opportunities for all members of the community
- Our community is connected across geographic, interest, cultural and social groups
- All members of our community have access to opportunities for social interaction
- Our community embraces and respects diversity in terms of heritage, culture, ability, gender and age.

Some of the priorities are developing new events to attract special interest groups, providing opportunities for the two towns to interact more and create closer bonds, provide more sporting and entertainment options for young people, opportunities for our community to showcase their heritage and diversity, improved access to community transport, adult education and health services, and safe local road and towns.

The strategic outcomes for 'Our economy' are:

- Whilst we recognise that agriculture is the basis of our economy, we welcome and support other economic development which is aligned and will contribute to the overall wellbeing of our community, and
- Council is the driver of economic development for the Shire.

Some of the priorities are developing a Centre of Irrigation Excellence, encourage and promote tourism ventures and activities, pursue the early introduction of the NBN, employment of an economic development officer and the production of promotional material to encourage tourism.

The strategic outcomes for 'Our environment' are:

- We have temporary custody of our natural environment and work to preserve it for future generations
- We are fortunate to live in such a beautiful place and we want to showcase and share it with others but in a way that is sensitive to the impacts people can cause
- We have a waste management strategy that encourages reducing, reusing and recycling and have a long term goal of achieving zero waste
- We explore, embrace and promote alternate sustainable energy sources
- We manage our infrastructure responsibly, and
- The infrastructure we provide is responsive to community needs.

Some of the priorities are weed management, native fish restocking and the elimination of carp, promoting responsible water and energy usage, encouraging recycling and zero waste strategies for the agricultural industries and improving council infrastructure.

The strategic outcomes for 'Leadership' are:

- Council leads the community by example demonstrating a high level of leadership and accountability, and
- Community leaders are encouraged and supported, especially young people.

Some of the priorities are promoting opportunities for leadership development for our community groups and young people, recognition programs to recognise community leaders, encourage Aboriginal representation at Council, and Council leads by example.

Many strategic outcomes and objectives of the Murrumbidgee Strategic Plan are generic and non-specific, and are often outside the direct influence of the Shire. Some of the strategic objectives, such as employment of an economic development officer, have been achieved.

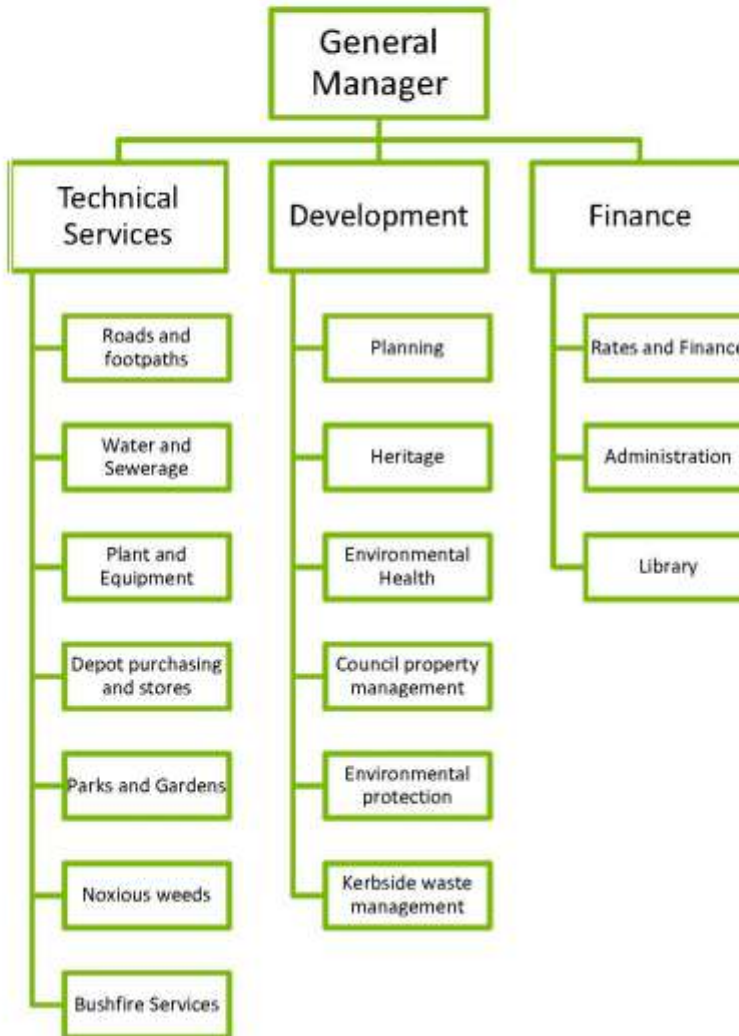
### **Council organisational structures**

The organisational structure of Jerilderie is shown in Figure 17. Jerilderie Shire Council has three main divisions, Technical Services (incorporating infrastructure, natural environment and field operations), Development and Finance and Community Services. The Development division also completes work for Murrumbidgee Shire Council, including town planning and building services.

The most recent Workforce Strategic Plan (2012-2016) indicates that Council has 45 EFT employees. The majority of employees were aged 40 and over. Key challenges identified include an aging labour force, future ability to attract and retain a quality workforce, and responding to increasing community expectations.

Jerilderie Shire Council has seven councillors representing one ward.

FIGURE 17. JERILDRIE ORGANISATIONAL STRUCTURE



Source: Jerilderie Shire Council, 2014

**Murrumbidgee**

The organisational structure of Murrumbidgee Shire Council is shown in Figure 18. Murrumbidgee Shire Council has three divisions; Community Infrastructure and Sustainability (including infrastructure, engineering and field operations), Corporate Performance and Community (including finance and community services), and Health, Building and Planning (including planning, building services and environmental compliance). Jerilderie Shire Council contributes to the work performed by the Health, Building and Planning division.

The Murrumbidgee Workforce Plan states there were 45 employees of the Council in in 2013/14 financial year with two vacant positions. The Workforce Plan indicates there is an aging workforce with the majority of employees over 45.

Key challenges identified include an aging labour force, attracting young employees, and opportunities for skill sharing and skill development with neighbouring councils.

Murrumbidgee Shire Council has six councillors representing two wards.

FIGURE 18. MURRUMBIDGEE ORGANISATIONAL STRUCTURE



Source: Murrumbidgee Shire Council, 2015



### 3.4 Priorities and challenges of a merged entity

There are many similarities in terms of priorities for both Councils (Table 7). Jerilderie and Murrumbidgee Shire Councils promote similar objectives in their Community Strategic Plans, focussing on the important role of land and waterways in the local economies and identities, ageing of population and lifelong learning, recreation, local history, support for local businesses and industries, and tourism.

Both community plans are focussed on improving employment and local tourism opportunities, supporting an aging population and retaining young people.

Jerilderie appears to be more focussed on stability and preventing decline. Murrumbidgee focusses on stability and enhancing the lifestyle of residents. Jerilderie’s plan is more focussed on meeting increasing community expectations. Murrumbidgee’s Workforce Plan is focussed on exploring opportunities for skill sharing with neighbouring councils.

Both community plans are not specific in their aims and objectives, and appear also to be interested in strengthening their relation with Urana Shire (in relation to service delivery and strategic direction).

The socio-economic structure of the two municipalities differs significantly in terms of socio-economic disadvantage, which is a pressing issues in Murrumbidgee. As a result, community needs in terms of health, community services, access and education are likely to be quite different. As a merged entity there may be substantial competition for resources between different communities.

The two councils have similar organisational structures. Both councils have three divisions for engineering and infrastructure, finance and community services, and planning and council property functions. Jerilderie and Murrumbidgee also have similar workforce sizes and an aging labour force. The two councils have identified similar staffing challenges for the future, including attracting a young and quality workforce and responding to an aging workforce. Similarly, the workforce composition of the two councils are similar. Some skill sharing currently exists between the two councils and they have identified similar challenges for their organisations moving forward.

TABLE 7 COMPARISON OF KEY PRIORITIES FOR JERILDERIE AND MURRUMBIDGEE SHIRE COUNCILS

	Murrumbidgee	Jerilderie
Council	<ul style="list-style-type: none"> <li>Ageing workforce</li> <li>Attract young employees</li> <li>Employ economic development officer (achieved)</li> <li>Improve Council infrastructure</li> <li>Demonstrate leadership</li> <li>Sharing skills</li> <li>Centre of irrigation excellence</li> <li>Tourism</li> </ul>	<ul style="list-style-type: none"> <li>Ageing workforce</li> <li>Retain quality workforce</li> <li>Increasing community expectations</li> <li>Tourism &amp; recreation</li> <li>Upgrade swimming pool</li> <li>Emergency management</li> <li>Safe local roads</li> <li>Annual ‘Partners Meeting’ Urana</li> <li>Community engagement strategy</li> <li>Community representation to State</li> <li>Sharing skills</li> </ul>
Community	<ul style="list-style-type: none"> <li>Develop new events</li> <li>Connected community</li> <li>Sports and entertainment for young people</li> <li>Access to services and transport</li> <li>Weed management</li> <li>Native fish</li> <li>Waste reduction</li> </ul>	<ul style="list-style-type: none"> <li>Access to training &amp; education</li> <li>Long term water security (agri.)</li> <li>Business infrastructure</li> <li>Clubs for sports and recreation</li> <li>Protection flora &amp; fauna</li> <li>History &amp; heritage conservation</li> <li>Waste management</li> </ul>

Source: Murrumbidgee and Jerilderie Shire Councils Community Strategic Plans

Based on the commonalities and the strategic capacity assessment, a number of key priorities and challenges for the merged entity can be identified as shown in the table below (Table 8).

TABLE 8 KEY PRIORITIES AND CHALLENGES OF THE MERGED ENTITY

Merged entity Jerilderie and Murrumbidgee	
Council	<ol style="list-style-type: none"> <li>1. Retain and attract a quality workforce</li> <li>2. Managing an ageing workforce</li> <li>3. Strengthen economic development, tourism and recreation services</li> <li>4. Collaborate with nearby municipalities, state government</li> <li>5. Improve and maintain council infrastructure and services</li> <li>6. Community advocacy</li> <li>7. Community engagement</li> <li>8. Demonstrate leadership</li> <li>9. Centre of irrigation excellence</li> <li>10. Increase for fee service provision (roads, irrigation, asset maintenance)</li> </ol>
Community	<ol style="list-style-type: none"> <li>a. Sports and recreation opportunities</li> <li>b. Waste management</li> <li>c. Conservation of native flora and fauna</li> <li>d. Support business activity and events</li> <li>e. Access to training, education and services</li> <li>f. History &amp; heritage conservation</li> </ol>

The merged entity will have an improved ability to create a diversity in jobs, with increased levels of specialisation, which may enable attracting and retaining more skilled and qualified staff (priorities 1 and 2). Due to efficiency savings in areas like Administration, the merged entity will be able to free up staff resources to improve its capabilities in regards to economic development, tourism and recreation (priority 3). A similar argument may hold true for establishing a centre of excellence for irrigation. It is however unknown what the associated costs and benefits of the centre are (priority 9).

In terms of community priorities, the efficiency savings may free up resources that can be directed to addressing these priorities (priorities a to f). However, the range of priorities requiring resources will likely exceed the resources that will become available due to efficiency savings. Choices will need to be made in terms of urgency and impact.

Collaboration with nearby municipalities and with state government will be given an impetus by the increase in fee for service delivery, as mentioned in the strategic capacity assessment. Continued collaboration via RAMROC is seen as an important priority too (priority 4).

The merger will enable the better utilisation of resources and in some areas, a more frequent delivery of services due to the broader scope of equipment available within the merged entity, as was identified as part of the strategic capacity assessment (priority 5).

Advocating on behalf of the community and engaging with the community may be improved if part of the efficiency savings of the merger are used to professionalise this area within the merged entity's organisation (priorities 6 and 7).

The merged entity may be able to demonstrate leadership if some of the resources from efficiency savings are used towards leadership training and/or attracting staff with strong leadership capabilities (priority 8).

The merged entity is intended to build an increased capacity to provide services to the private sector and to build capabilities required to successfully run commercial operations. The merged entity will as a

result be able to enhance its own source revenue and, with that, increase its discretionary spending on other areas (priority 10).

The **conclusion** from this is that the merged entity is expected to generate efficiency gains which will enable it to focus more resources towards increasing own source revenue (i.e. fee for service income), establishing or growing strategic functions (such as economic development, tourism and planning), and other areas where the current councils have unmet community needs. However, the merged entity may not be able to address all the priorities at once, since the absolute scale of the new entity is still limited, representing a small population of ~3,800 people.

The councils expressed the view that the merger of two smaller councils will enable a continued focus on and representation of local needs, something that is feared to become lost if either of the two councils were to merge with larger councils (i.e. Griffith and Berrigan). It is worthwhile to note however, that a merger with a larger council may make available more resources to address key priorities, depending on where the overall priorities of such a larger merged entity lie.

## 4 FINANCIAL APPRAISAL

The financial appraisal comprises three financial scenarios to project likely efficiency savings. The two unconstrained models, i.e. Scenario 1 and 3 assess the potential for efficiency savings of a merger. Scenario 3 assesses the possible expenditure savings of a merger taking into account the existing legislative framework.

The outcomes of the modelling show that the likely *efficiency savings* of the merged entity compared to two individual councils comprises 2.4% (scenario 1 and 2). The potential *expenditure savings* of the merger are estimated at 2.1%.

The approach, assumptions and results of the modelling are described in detail in this section.

### 4.1 Projected financial savings (unconstrained)

A key focus of this projection is to estimate the potential expenditure savings for the merger option against the status quo (no merger) of MSC and JSC. The merger savings calculated and presented are the savings compared to MSC and JSC as two stand-alone councils.

To this end, two scenarios have been modelled to estimate expenditure savings:

- **Scenario 1: Efficiency model:** This approach uses a MSC's per capita costs and applies these to the population of Jerilderie. This implies that both MSC and JSC adopt Murrumbidgee's systems and processes, where applicable. If it is the case that some of JSC activities are different to MSC (e.g. operating activities associated with planned capital expenditure in JSC) then this scenario assumes that those activities will not go ahead (since it is not reflected in the lead council's per capita expenditure). While this business case assignment did not include a detailed review of service levels and service quality, a workshop undertaken with both management teams has tested the assumptions of this model. The workshop resulted in one important additional assumption: in regards to Transport & Communication (especially road maintenance) the operating activities of Jerilderie will be rolled out across the two Shires. Both Shires agreed this would be the most sustainable outcome generating benefits to the community.
- **Scenario 2: Average efficiency (economies of scale) model:** This approach is statistical and uses a multi-variable regression model that examines the relationship between total per capita expenditure and population (controlling for road assets which represents geographic dispersion and regional variations) for councils in New South Wales and Queensland. Service cost savings are then derived by comparing predicted aggregate expenditure prior to merging with the predicted aggregate expenditure post amalgamation.

Scenario 2 reflects the *average* efficiencies that *may* be achieved through amalgamation and reflects the potential efficiencies relating to a larger council. On average, all else being equal, the model predicts that the larger the new council, the greater the expected savings in the medium to long run, after transition costs have been met. However, the greater the geographic dispersion, the lower the predicted scale economies. That is, the impact of both scale (population) - which increases scale economies, and geographic dispersion - which reduces scale economies, are jointly examined in this model.

### Key assumptions and caveats

One of the key assumptions behind the base case efficiency model is that merged councils are able to generate savings by adopting a lead council's systems and processes. However, not all services are likely to generate savings, as certain unique services might need to be retained under amalgamation. For instance, if an existing council provides a service of regional significance (servicing a larger catchment than its own), this may need to be retained under amalgamation.

For a high-level study such as this, SGS has used simple regression models of population and per capita expenditure of councils to ascertain which functions are *likely* to adopt the reference council's systems and processes. That is, if the regression analysis shows that larger populations are associated with lower per capita costs for a specific service, then it is *plausible* that this service could adopt systems and processes of the lead council. There could, of course, be exceptions to this.

There is an important exception in the case of the MSC and JSC merger. As part of a broad service level review based on consultation with both management teams, the transport and road maintenance practices of JSC are more advanced in the sense they generate more acceptable outcomes in terms of asset quality and road safety. The most acceptable solution in case of a merger would be to adopt the standard of JSC, with per km road expenditure being close to JSCs current expenditure levels (89%).

It should be noted this business case assignment did not involve a detailed service level review. Based on the simple regression analysis of councils (by service area), SGS has assumed that five (out of 13) service areas have the *potential* to experience efficiencies, and therefore adopt the per capita expenditure of the lead council<sup>3</sup>. The following five areas have *potential* for efficiency savings:

- Governance
- Administration
- Recreation and culture, and
- Economic affairs.

MSC and JSC provided SGS with Long Term Financial Plan (LTFP) projections by service function. Given that Murrumbidgee is the larger council, it was chosen as the reference council for modelling purposes unless alternative assumptions were made based on the broad level service review. This reflects scale efficiencies that could be achieved from a larger council. It should also be noted that the efficiency savings only include those arising from wages and on-costs, and materials. Depreciation, and interest payments are excluded.

MSC per capita expenditure of wages and materials per annum (from the LTFP) has been applied to the combined population of Murrumbidgee and Jerilderie to derive expenditure estimates under amalgamation for three out of the five services identified above. The exemptions are noted below.

The first of these is governance, where it has been assumed that the merged entity has seven councillors, instead of the 13 councillors currently. This implies savings from six less councillors (total saving of \$48,000 per annum).

The second exception is Transport and Communication, where expenditure is modelled to increase under amalgamation. LTFP data provided to SGS shows that MSC cost per road KM (\$0.86), is about half that of JSC cost per road KM (\$1.90) at FY 2016, even though MSC has much lower road KMs to manage, which - according to JSC and MSC reflects differences in asset maintenance levels. Based on advice from JSC and MSC, we model transport and communication expenditure as MSC cost per road KM plus, 80 percent of the difference between JSC and MSC wages and materials expenditure per road KM. This translates to \$1.69 per road KM at FY 2016 (or 89% of JSC per KM cost). Applying this cost per road KM to total road assets in JSC and MSC leads to higher expenditure under amalgamation.

<sup>3</sup> For Transport and Communication only 50 percent of the predicted savings implied by the per-capita differential between MSC and JSC is included. This is to account of geographical dispersion of the two council areas.

Following are a set of additional assumptions applied to all scenarios in this study:

- Transition period: It is assumed that cost savings only commence four years from now (FY 2016) in FY 2019. This encompasses a transition period where council cost structures gradually move to merged structures where economies of scale apply.
- Merger costs: There is likely to be transition costs to change systems and processes following a merger. SGS undertook a number of case studies to understand the findings of mergers for councils in the UK, New Zealand and Queensland. For this study, findings from the UK case study are used to estimate the cost of transition (2.8 percent of base case expenditure). This includes both systems and processes, and some redundancies.
- Operating expenditure projections: Expenditure savings are assumed to grow in line with projected Long Term Financial Plan (LTFP) expenditure growth rates for each council. Population is as per DP&E projections for the two LGAs.
- Discount rate: The discount rate is used to measure the present value of future flows of money and takes into account not just the time value of money, but also the risk or uncertainty of future cash flows. This is used in Discounted Cash Flow (DCF) analysis as a way to translate future cash flows to the present. A high discount rate reduces the present value of future flows, while a low discount rate increases the present value. A nominal discount rate of 5.5% per annum is used in the cash flow model, as all cash flows are in nominal terms.

Given the high-level nature of this financial analysis, it is worth reiterating that the efficiency savings estimates are preliminary only and that the following caveats apply:

- Savings from governance are based on a high-level assumption regarding the nature of the future entity. This is ultimately at the discretion of the merging parties, and the administration of a future entity.
- Since a detailed service review has not been completed, differences in services levels and/or quality are not explicitly considered. For instance, a council may provide a service of regional significance, which is not comparable with services provided by another council. This may impact services relating to environment, and recreation and culture.
- Salary equalisation of merging councils has not been explicitly considered here. On the revenue side, rates related impacts have not been explicitly modelled either.
- We have also not considered State Government incentives included in the *Fit for the Future* program.

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### Modelling processes

For the lead council model, pre-merger wages and materials operating expenditure from the LTFP is compared with post-merger wages and materials expenditure to derive financial savings.

For the average efficiency model, predicted pre-merger expenditure is compared with predicted post-merger expenditure, to derive a percentage reduction in total expenditure, which is then applied to the base case expenditure of MSC and JSC wages and materials, to derive financial savings.

These post-merger cost savings are then modelled in a Discounted Cash Flow (DCF) framework over the next 10 years. Using a nominal discount rate of 5.5 percent – which broadly reflects the Weighted

Average Cost of Capital (WACC) for NSW councils - all future cash flows are translated to present values at FY ending 2016.

As noted earlier, the merger costs for each option occur over three years (2016 to 2018) of the analysis, and savings commence in 2019. The merger costs shown in Table 9 is the total of expenditure over three years.

## Modelling results

Table 8 shows the results of the high-level financial modelling for the **efficiency model** and **average efficiency** scenarios.

Given the difference in per capita and per km expenditure of Murrumbidgee and Jerilderie<sup>1</sup> (which reflects Murrumbidgee's comparative scale and efficiency of operations), there is potential for savings in administration (\$2.8 million over 10 years), and transport and communication (\$3.3 million over 10 years).

Given the difference in per capita expenditure of Murrumbidgee and Jerilderie, there is potential for savings in administration (\$2.8 million over 10 years), and recreation and culture (\$1.5 million over 10 years). These savings assume rationalisation of buildings, staff, methods, systems, and supplier contracts to achieve efficiencies observed at Murrumbidgee. As noted earlier, based on advice from MSC and JSC, Transport and communication expenditure is modelled to increase under amalgamation. Over ten years, this increase is around \$1.6 million in present value terms.

In aggregate, the efficiency scenario models \$3.5 million in efficiency savings over 10 years (or around \$350,000 per annum on average). The lead council scenario also assumes reduction in duplication only, and is not constrained by LGA Act (1993) specifications (see Scenario 3).

Scenario 2, the average efficiency modelling which estimates the potential for savings from economies of scale, shows moderate financial savings under the merger option. This is because the increase in population from Jerilderie joining with Murrumbidgee (increase of approximately 1,450 in FYE 2016) is not large enough to compensate for the increase in geographic dispersion (80 percent increase in road length). In present value terms, this is around \$3.5 million over ten years or 2.4 percent of the base case LTFP total expenditure (including depreciation, interest, and others) of the two unmerged councils. This suggests that a merged entity is unlikely to generate significant pure efficiencies from scale alone, due to the geographic dispersion of the two areas.

TABLE 9 NPV (\$ THOUSANDS) OF POTENTIAL EFFICIENCY SAVINGS – SCENARIOS 1 AND 2

10 year PV at FYE 2016 ('000)	
<b>Scenario 1: efficiency model</b>	
<b>New expenditure</b>	
Merger cost	\$-473
<b>Expenditure savings</b>	
Governance	\$291
Administration	\$2,796
Public Order & Safety	\$0
Health	\$0
Environment	\$0
Community Services	\$0
Housing & Community Amenities	\$0
Recreation & Culture	\$1,512

<sup>1</sup> Based on FY LTFP 2016 estimates of wages and materials, this is \$2463 for MSC and \$4593 for JSC. Note that these estimates exclude Water and Sewer expenditure, as well as interest payments, depreciation and amortization, and other expenditure.

Fuel & Energy	\$0
Agriculture	\$0
Mining & Construction	\$0
Transport & Communication	-\$1,637
Economic Affairs	\$1,014
<b>Scenario 1 – efficiency model: savings</b>	<b>\$3,503</b>
<b>Scenario 1 – efficiency model: share of base case</b>	<b>2.4%</b>
<b>Scenario 2 - average efficiency: savings</b>	<b>\$3,429</b>
<b>Scenario 2 - average efficiency : share of base case</b>	<b>2.4%</b>

Source: SGS, 2015.

Note that all savings estimates relate to wages and materials only, exclude depreciation.

## 4.2 Legislative framework analysis financial savings

In this section SGS has modelled financial savings from the proposed merger taking into account factors that should be considered when contemplating boundary changes, as per Section 263 (3) and Section 218 CA of the Local Government Act 1993.

SGS has assumed one forced redundancy at the executive level (General Manager only), but all other staff rationalisation is with natural attrition only. In addition, SGS has assumed that no change to buildings and assets.

Specific assumptions are detailed below.

- Executive level redundancies are savings generated by removing duplication. These estimates are based on assumed salary structures, but only apply to the General Manager.
- Attrition rates are based on advice from MSC and JSC (0.5% per annum). These attrition rates are applied to employee costs to derive savings. This assumption implies that whilst there are no redundancies at the non-executive level, a hiring freeze persists over the period of the modelling.
- There are currently 13 councillors in both MSC and JSC. It is assumed that the merged entity would have seven councillors (as in Scenario 1). This implies that there are savings from having six fewer councillors (at \$8000 per councillor per annum), which are shown in Other Expenses.
- Since it has been assumed that council offices and facilities at Murrumbidgee and Jerilderie remain, there are no explicit savings from building and asset rationalisations.
- Assumptions regarding merger costs, transition period, growth in savings, and discount rate are as Scenarios 1 and 2.

TABLE 10 LEGISLATIVE FRAMEWORK SCENARIO - ASSUMPTIONS

	Assumption	Source
<b>Executive rationalisations</b>		
General Manager	\$180,000	Based on JSC pay structure.
<b>Attrition rates - applied to Employee costs (excl. executive)</b>		
MSC	0.5%	Using probable attritions provided by JSC
JSC	0.5%	Using probable attritions provided by JSC
<b>Efficiency on materials and contracts</b>	5.0%	Based on likely joint utilisation
<b>Governance</b>	7 councillors	Based on likely governance structure
<b>Buildings and assets</b>	No change	



The modelling shows that there is potential for around \$1.3 million savings (over 10 years) from staff rationalisation – assuming one executive redundancy (general manager only) and a freeze on hiring of non-executive staff; and around \$2 million in savings over 10 years from materials and contracts. Unlike Scenario 1, since the modelling approach does not assume JSC adopting MSC systems and processes (implicit in their per capita expenditure) it is not possible to identify the likely major recipient of savings. In other words, each area is equally likely to experience efficiencies in this scenario.

As before, these savings commence in FY 2019 (four years from FY 2016), and merger costs (including additional executive redundancies) occur over the first three years of the analysis.

Overall, the legislative framework modelling shows savings of around \$3 million over 10 years (or ~\$300,000 per annum, on average). This is around 2.1 percent of base case/ standalone operating expenditures (including depreciation and others).

TABLE 11 LEGISLATIVE FRAMEWORK FINANCIAL SAVINGS - SCENARIO 3

	10 year PV at FYE 2016 ('000)
Employee Costs	\$1,290
Materials & Contracts	\$2,059
Borrowing Costs	\$0
Depreciation & Amortisation	\$0
Other Expenses	\$291
Loss from Disposal of Assets	\$0
Merger costs	-\$473
Additional executive rationalisation cost	-\$170
<b>Scenario 3 - legislative framework scenario : savings</b>	<b>\$2,998</b>
<b>Scenario 3 - legislative framework scenario : share of base case</b>	<b>2.1%</b>

Source: SGS, 2015.

Note that all estimates (and growth rates) exclude depreciation.

### 4.3 Comparison of financial savings scenarios

The table below compares the savings estimated under each scenario.

The estimates of scenario 1 and 2 demonstrate *efficiency savings*. Under current legislation, some of these efficiency improvements will not result in expenditure savings, but rather create opportunities for the merged entity to direct resources from efficiency improvements towards building strategic capacity and/or service improvement.

The estimates from Scenario 1 assume rationalisation of assets and buildings, unconstrained rationalisation of staff, and do not explicitly account for geographic dispersion. Scenario 2 are average estimates derived from a statistical model, so there are no explicit assumptions regarding governance. Instead, it reflects the potential for economies of scale. Due to the increase in geographic area under amalgamation, the potential for economies of scale is weak.

Scenario 3 projects the potential for *expenditure savings*, and takes into account constraints implied in the Local Government Act 1993.

TABLE 12 COMPARISON OF SCENARIOS

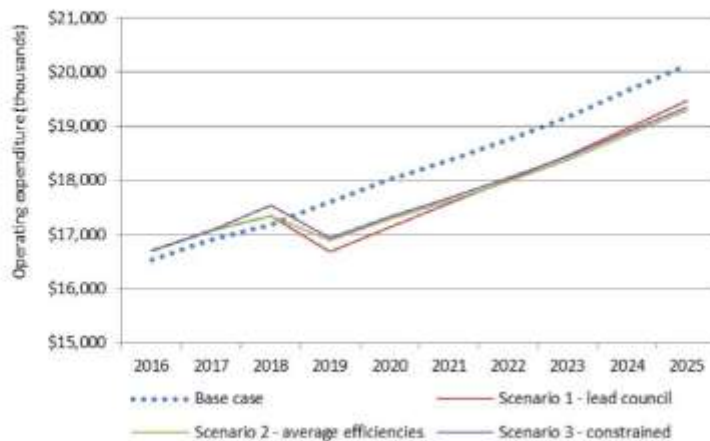
	10 year PV at FYE 2016 ('000)
Scenario 1 - efficiency model: savings	\$3,503
Scenario 1 - efficiency: share of base case	2.4%
Scenario 2 - average efficiency: savings	\$3,429
Scenario 2 - average efficiency: share of base case	2.4%
Scenario 3 - legislative framework scenario: savings	\$2,998
Scenario 3 - legislative framework scenario: share of base case	2.1%

Source: SGS, 2015.

Note that all estimates (and growth rates) exclude depreciation.

The range of estimates provided in this study should be used subject to the caveats specified. However, the estimates provide a reasonable high-level indication of the nature of the potential savings from a merger of MSC and JSC. As shown in the graph below, the base case trajectory of expenditure could be altered under the merger option. Though, this would depend on the nature of the circumstances that transpire. With those caveats in mind, under current legislation the likely efficiency savings would be between 2.1% and 2.4% of the two stand-alone Councils' expenditure (with depreciation).

FIGURE 19 OPERATING EXPENDITURE – SCENARIOS AND BASE CASE



Source: SGS, 2015.

## 4.4 Amalgamation risks

### Merger and transition costs

With amalgamation, transition costs will occur and these are associated with systems and processes, and redundancies. The table below, Table 13, illustrates the possible range of merger costs that could actually result.

TABLE 13 MERGER COST ESTIMATES – CASE STUDIES

Location	Period	Amount description	Included aspects	Number of LGAs	Source <sup>[1]</sup>
Used in this study					
Cornwall, UK	2008-2009	2.8% of operating expenditure (£42 M)	50% redundancies, 50% systems and processes	7	SGS study (2014)
Other sources					
Queensland	2008-2009 over 10 year period	Final assessed claim approx. \$194.8M total for 24 councils, avg. \$8.1 per council (Original claim by councils range \$1.2M - \$21.5M)	Approx. 50% Infrastructure, 30% Wages, Salaries, Redundancies, 20% Systems, Process & Operations.	24	Queensland Treasury Corporation (2009)
Western Australia	2008 over 4 year period	\$8.8M	Change Management, Relocation, Policy & Regulation, Civic/Community and Operating Processes	3	Bob Davis, City of Greater Geraldton (2013).
	2008 over 4 year period	\$3.5M		2	
Halifax, Canada	1996 n.f.d	\$24M (one off transition) + Ongoing transition costs	One off costs not stated. Ongoing costs include IT, wages and salaries	Unspecified	McKinlay Douglas Ltd (2006)

Source: Collated by SGS from previous work.

If the new, amalgamated entity does not follow through with projected efficiencies, this will affect the financial viability of the merged council. Similarly, decisions made subsequent to the merger about the rationalisation of facilities and services, may not reduce the cost base of the merged organisation as originally modelled. This is one of the major financial risks avoided under the base case option.

The exact merger and transition costs remain uncertain and a number of risks that may drive the costs up include:

- Projected efficiency gains fail to come to fruition
- Salary equalisation and differences between councils
- Rates equalisation and the risk to rate revenue
- Equalisation of service levels and skew towards highest service level.

[1] McKinlay Douglas Limited, (2006). *Local government structure and efficiency*, a report prepared for local government New Zealand, Tauranga: Author; Queensland Treasury Corporation (2009). *Review of local government amalgamation costs funding submission – final summary report*, Brisbane: Author; and Davis, B. (2013). *Some insights from experiences of the City of Greater Geraldton: Amalgam of City of Geraldton, Shire of Greenough and Shire of Mullewa* [PowerPoint slides]. Presentation to City of Melville on 16<sup>th</sup> August 2013.

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### Salary equalisation

It is likely that the Shires considered in this study have different salary structures. A merged entity would need to equalise salaries and wages to establish a consistent pay structure and it is likely that salaries would rise toward the most generous system, adding to long term costs.

The financial modelling in this study does not explicitly consider this issue; so it is possible that the estimated savings underestimate the costs arising from salary equalisation. This issue is of medium risk.

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### Organisational cultures

The integration of two organisational cultures needs to be carefully managed, especially if cultures are very different, by strong and inspiring leadership. If not managed well, employees may resist change, morale may decrease; reducing business performance and increasing staff turnover, which may add to the time and costs involved in the transition period.

This issue is of medium risk.

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### Impact on rates

There are differences in the rating systems used by MSC and JSC, which impact on the rates charged to individual property types. There are variations also in the proportion of rates borne by farms and residential rate payers.

A merged entity would eventually have to set up a single rating system across the new administrative boundaries and, regardless of the mechanism adopted, there are likely to be some properties where rates would rise and others where rates would fall.

A key driver for this would be differences in land values. It is possible that the total rate income pool would remain unchanged under a new entity (by equalising rates in a manner that leaves rate income unchanged). However, a new rate system designed to minimise impact on residents and businesses, may reduce the rate revenue pool.

This issue is of medium risk.

The new merged entity (council) may elect to use some savings to reduce revenue from external sources and thereby enhance the own source revenue ratio, or to reduce rates.

Below is a basic calculation of the likely impacts on the rates for different rate categories in Murrumbidgee and Jerilderie. It assumes the total rate revenue base remains the same before and after amalgamation, and under the new rating structure the base component makes up 30% of the total rates raised from each category.

While noting the actual model adopted may be different, the impact of equalisation on the rates under the stated assumptions suggest upward changes for non-farm land in Murrumbidgee (between 11% and 30% for rural residential and business properties). In Jerilderie there would be an upward trend for farmland of about 11%, while rates would drop between 9% and 30% for rural residential and residential properties respectively.

TABLE 14 IMPACT ON RATES BEFORE AND AFTER THE AMALGAMATION

Rate categories	No.	Murrumbidgee, average rates		No.	Jerilderie, average rates	
		Standalone	Merger		Standalone	Merger
Residential	698	\$220	\$266	382	\$279	\$196
Residential Rural	21	\$647	\$716	26	\$632	\$576
Business	93	\$373	\$486	150	\$499	\$429
Farmland	509	\$3,291	\$2,924	539	\$3,068	\$3,414

Source: SGS (2015)

### Differences in service levels and quality

As noted earlier, a detailed service review has not been completed for this study, and differences in service levels and/or quality have not been explicitly considered.

Equalisation of services levels may lead to the highest service level (often the most costly one) of the two pre-existing councils being preferred and rolled out across the amalgamated council, resulting in costs going up.

This issue is of medium risk.

### Impacts on towns

The project financial savings under Scenario 3 – legislative framework financial savings model – are mostly attributable to a reduction in staffing levels, i.e. executive redundancies combined with the natural attrition of non-executive staff and a hiring freeze.

Generally speaking, the employment impacts on the townships would be limited and indirect with retiring staff not being directly replaced. That is, if the efficiency savings were used to reduce staff levels/expenditure. Both councils indicated they intend to utilise the efficiency savings in one area to build up capacity elsewhere (asset maintenance) and to increase fee for service delivery, and with that own source revenue.

This issue is of low risk.

### Local representation

Another issue, not explicitly covered in this analysis, is the risk of reduced local representation and reduced local sovereignty for residents. Indeed SGS has assumed a total of seven elected members in its Scenario 3 – financially legislative framework modelling, which represents an overall reduction of elected members compared to the two standalone councils.

Both councils indicate that a benefit of this merger option compared to a merger with a larger council is that local representation will not be materially affected. While the councils identified the risk of 'competition' of communities within the merged municipal area, it is likely a ward system will continue to exist. Murrumbidgee consists currently of two wards, and as a merged entity it is likely there would be three wards, which would contribute to future local representation.

This issue is of low risk.

### Legacy issues

In theory, under the new merged entity, rates and service levels would be equalised over time with everyone contributing and benefitting in an equitable way. That, in combination with the savings of the merger, would mean that everyone gets better value for money.

'Legacy issues' occur when the new merged entity 'inherits' financial or asset maintenance issues from the merging councils. Legacy issues are likely when there is a significant difference in the financial performance between the merging councils. They can result in one former council area 'subsidising' or 'diverting resources from their area' to support or solve issues in another former council area.

For example, if one council has a significant asset maintenance backlog that would need to be addressed by the merged entity, then all constituents would be required to contribute to that (through their rates). And arguably, resources would be diverted from an area that a former stand-alone council would have used to the benefit of their own community.

If not properly identified and addressed upfront, significant resistance among council managers, staff, elected members and constituents of the subsidising council(s) would complicate the merger and increase the transitional costs and timeframe of the merger.

The financial models used do not identify the existence (or absence) of any such issues. If applicable, the savings of the merger could be used towards addressing any such issues.

The councils did not raise any concerns in this regard during consultation.

This issue is of low to medium risk.

## 5 BENEFITS & COSTS OF THE MERGER

There is a range of financial and non-financial benefits and costs associated with a merger of Murrumbidgee with Jerilderie, as has been highlighted throughout the report.

In short, the **benefits** of the merger are expected to be:

- The financial modelling indicates the merger will generate *efficiency* savings of between 2.1% and 2.4%. If the efficiencies were directed towards reducing expenditure levels, the savings could be up to 2.1% under current legislation (LGA Act 1993).
- The councils indicate the efficiency gains (2.1% to 2.4%) are intended to be used to address a number of key priorities and challenges, including:
  - Increasing own source revenue by expanding fee for service delivery in areas such as road maintenance, building maintenance and works on private land (such as irrigation infrastructure). This in turn may also free up additional discretionary spending options.
  - Common community needs and expectations in areas like sport and recreation, street sweeping, aged and community care services and heritage conservation.
  - Enhance the merged entity's strategic capacity in areas like economic development, tourism and planning.
  - Enabling of functional specialisation and enable the attraction and retention of well qualified staff.
  - Improvement of administrative and communications systems.
- As a result, the merged entity will be able to achieve a better strategic capacity than the two standalone councils.
- The merged entity will bring together two local government areas of similar size in terms of population. Local representation will be protected more than under a model where councils would merge with a significantly larger council. The existing Murrumbidgee ward system would likely be extended to include Jerilderie to safeguard local representation.

The **costs** of the merger are expected to be:

- The costs of the merger and transition into the new organisation.
- The scale of the merged entity with a population base of approximately 3,800 residents is still small. The potential increase in strategic capacity is therefore limited. Also, the merged entity is unlikely to be able to address all key priorities and challenges at once.

- While local representation would be fairly well safeguarded under the merged entity, the councils did express a concern in regards to competition for resources between the communities within the merged municipality. This may be driven by the differences in the level of socio-economic disadvantage and related community needs for assistance and services.
- There may be differences in workforce cultures between the two councils. If not managed well, cultural clashes may result in increased transition costs, higher staff turnover rates and lower workplace satisfaction of council staff.
- Depending on the equalisation scheme adopted, rates could be impacted considerably for some property categories.



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