

NARROMINE SHIRE COUNCIL – CIP

NOT FIT

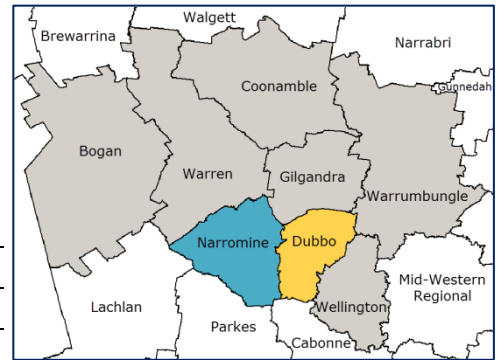
Area (km ²)	5,224	Population	2011	6,850
OLG Group	10		(2031)	6,300
ILGRP Group	E	Merger	2011	47,100
			(2031)	52,800

Operating revenue (2013-14)	\$13.0m	TCorp assessment	Moderate FSR Neutral outlook
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ILGRP options (no preference) Council in Orana JO (all shaded) or merge with Dubbo (yellow).

Assessment summary

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



Fit for the Future – NOT FIT

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

Scale and capacity - does not satisfy

- The council's population is declining and is forecast to be 6,300 by 2031. Our analysis suggests the council has insufficient scale to deliver service for its community and to partner effectively with Government. Our findings are consistent with analysis by the ILGRP, which suggests councils with populations below 10,000 are unlikely to be of a sufficient size to deliver local council services effectively and efficiently.
- The council did not meet most of the elements of strategic capacity, because it did not demonstrate its proposal to stand alone was as good as or better than the merger with Dubbo, which would produce benefits for its community.
- Our analysis suggests the potential merger with Dubbo City Council would promote the existing economic and social ties between the two councils, and generate efficiencies. Given the council's relative size, its community is likely to be better off under a merger. We note Dubbo City Council's infrastructure and assets services surrounding councils and the broader Orana region.
- Given its small and declining population, the council is unlikely to be able to credibly advocate for its community.

Sustainability - satisfies

- The council satisfies the criterion for sustainability based on meeting the benchmarks for the operating performance ratio, the building and infrastructure asset renewal and the own source revenue ratios by 2019-20.
- The council identified revenue and cost-saving opportunities (including \$0.5m in depreciation based on more accurate assessments) which would help generate small surpluses from 2017-18 onwards.

Infrastructure and service management - satisfies

- The council satisfies the criterion for infrastructure and service management based on meeting the benchmarks for the infrastructure backlog, asset maintenance and debt service ratios by 2019-20.

Efficiency – satisfies

- The council satisfies the criterion for efficiency based on a forecast decline in real operating expenditure per capita to 2019-20.

Other relevant factors

Social and community context

Narromine's economy is mostly based on agriculture. Around 21% of the residential population are indigenous Australians. The LGA is ranked as the 25th most disadvantaged LGA in NSW (out of 152 councils for SEIFA).

Other relevant factors

Community consultation	The council has undertaken a reasonable amount of community consultation for its proposal. The council issued newsletters, held public meetings, released online and media publications and conducted an online survey. The results from the online survey showed that 53% of respondents supported the stand-alone council proposal and 47% did not (based on 59 completed surveys).
Water and/or sewer	The council is 100% compliant with the NSW Best Practice Management Framework. The council does not have any capital works greater than \$1m. The utility businesses operate on a full cost recovery basis, and the council has identified around 30 initiatives to improve its performance. We note the council has a backlog of around \$0.75m for its water and sewer business.
Submissions	There were no submissions received in relation to Narromine's proposal.
