

Snowy Valleys Council Background Paper - Comparison to Other Councils

Morrison Low Consultants has been engaged by Snowy Valleys Council's ('Council') to:

- review Council's current baseline budget and financial forecasts
- assess the contributors to Council's financial sustainability challenges
- independently assess and provide independent advice on the long-term financial sustainability of Council
- provide advice on options to close any financial sustainability gap
- provide information to the Snowy Valleys community and facilitate the community engagement process, so that Council can make an informed decision on the options to become financially sustainable.

Morrison Low has relied on a publicly available information and information provided by Council for its analysis, assessment of Council position and to develop a series of background papers. This paper compares Council to its peer group.

How does Snowy Valleys Council compare to other Councils?

Snowy Valleys Council is classified as a Group 11 Council by the Office of Local Government (OLG). Other councils in this category include Bellingen, Cabonne, Cowra, Federation, Greater Hume, Gunnedah, Hilltops, Inverell, Leeton, Moree Plains, Muswellbrook, Nambucca, Narrabri, Parkes, Upper Hunter, Yass Valley and Warrumbungle.

It is important to recognise that each Council has different priorities, and no two councils provide the same services or to the same level. For example, Snowy Valleys Council provides a greater range of community, aged care and children's services, which increase the full-time equivalent (FTE) staff count and expenses. The decisions are precisely why councils are formed to represent and provide for the needs of local communities. As such there is no target performance expectation, except those set by the Office of Local Government.

Table 1 Income from continuing operations

2019/2020 Income from continuing operations	Snowy Valleys Council	OLG 11 Council average
Rates and annual charges	27%	35%
User charges and fees	24%	19%
Other revenues	3%	2%
Grants and contributions provided for operating purposes	24%	22%
Grants and contributions provided for capital purposes	19%	18%
Interest and investment revenue	1%	2%
Rental income	2%	1%

Table 2 Expenses from continuing operations

2019/2020 Expenses from continuing operations	Snowy Valleys Council	OLG 11 Council average
Employee benefits and on-costs	35%	34%
Borrowing costs	1%	2%
Materials and contracts	31%	26%
Depreciation and amortisation	20%	25%
Other expenses	9%	11%
Net losses from the disposal of assets	3%	3%

Table 3 Full-time equivalent staff

2019/2020 FTEs	Snowy Valleys Council	OLG 11 Council average
Number of 'full-time equivalent' employees (FTE) at year end	209	138

Table 4 Cash and investments

2019/2020 Cash and investments \$,000s	Snowy Valleys Council	OLG 11 Council average
Unrestricted	1,955	2,279
Internal restrictions	12,578	13,028
External restrictions	27,324	23,588
Total cash, cash equivalents and investment securities	41,857	38,895

Table 5 Operating results

2019/2020 Operating results \$,000s	Snowy Valleys Council	OLG 11 Council average
Surplus/(deficit)	4,031	11,182
Surplus/(deficit) before capital income	-7,693	2,154

Table 6 Ratios

2019/2020 Ratios	Snowy Valleys Council	OLG 11 Council average	OLG performance indicators	Snowy Valleys performance against benchmark
1. Operating performance ratio	-11%	1%	>0%	✘
2. Own source operating revenue ratio	57%	60%	60%	✘
3. Unrestricted current ratio	335%	264%	150%	✓
4. Debt service cover ratio	343%	479%	200%	✓
5. Rates, annual charges, interest and extra charges o/s	7%	8%	<10%	✓
6. Cash expense cover ratio	992%	1190%	Greater than 3 months	

Table 7 Infrastructure ratios

2019/2020 Infrastructure ratios	Snowy Valleys Council	OLG 11 Council average	OLG performance indicators	Snowy Valleys performance against benchmark
1. Infrastructure renewals ratio	126%	95%	100%	✓
2. Infrastructure backlog ratio	0.23%	3%	Less than 2%	✓
3. Asset maintenance ratio	100%	102%	100%	✓
4. Cost to bring assets to agreed service level	0%	3%	N/A	N/A