



2015

Community Engagement Report – Fit for Future

Tell us what you think
11th May – 31st May 2015



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Introduction

The *Fit for the Future Stakeholder Engagement Strategy-Berrigan Shire Council (Appendix I)* was developed to identify the relevant stakeholders and stakeholder groups that needed to be engaged as part of the Berrigan Shire Council's response to the NSW Government's Fit for the Future Program of Local Government Reform.

The Strategy and action plan was developed and implemented 1 May – 31st May 2015 with reference to the following:

- Berrigan Shire Council's Social Justice Framework (2011)
- Berrigan Shire Council's Community Engagement Framework (2011)
- NSW Fit for the Future Reform package

Summary Consultation Program

Date	Presentation / Type of Engagement Activity	Marketing Collateral – Information Distributed
7 May 2015	Presentation – BSC Staff	Appendix II
11 May 2015	Presentation – BSC Staff	Appendix II
11 May 2015	Unaddressed Mail Letter Box Drop –All households Berrigan Shire	Appendix III
11 May – 31 May 2015	Online Survey – Poll	Appendix IV – hardcopies distributed Libraries and Street Stalls
13 May 2015	Public Meetings in Berrigan and Barooga	Appendix V
18 May 2015	Public Meetings in Finley and Tocumwal	Appendix V
19 May 2015	Street Stall – Finley and Tocumwal	Appendix VI
20 May 2015	Street Stall – Berrigan	Appendix VI
21 May 2015	Street Stall – Barooga	Appendix VI

Key Messages

The purpose of this program was to:

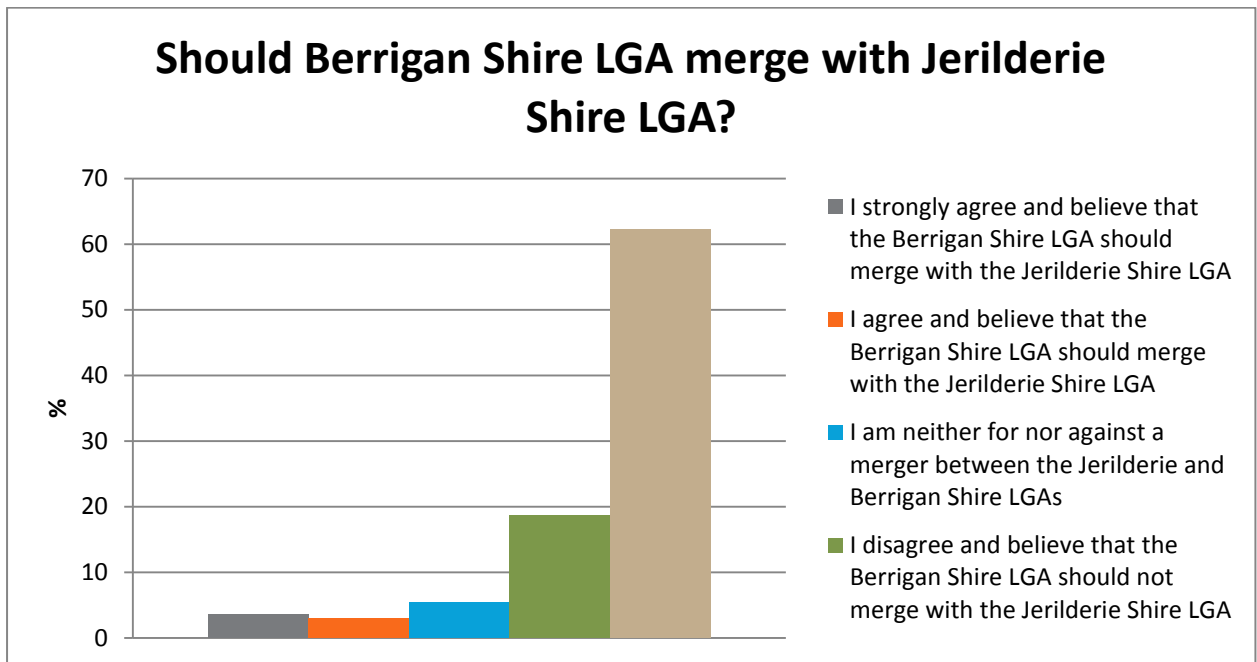
1. Inform the community about the NSW Government's Fit for the Future Program
2. Inform the community about the steps the Council had taken to assess the benefits for Berrigan Shire rate payers and residents of a merger
3. Invite comment from the community on the Council's position, which is based on independent consultants report and analysis by Council Officers, that 'a merger with the Jerilderie Shire Council will not strengthen our local communities' and that standalone Berrigan Shire Council meets and should for the foreseeable future meet Office of Local Government Fit for the Future Benchmarks.
4. Consult with and involve our community in the development of the Council's Fit for the Future Submission.

Summary of Engagement

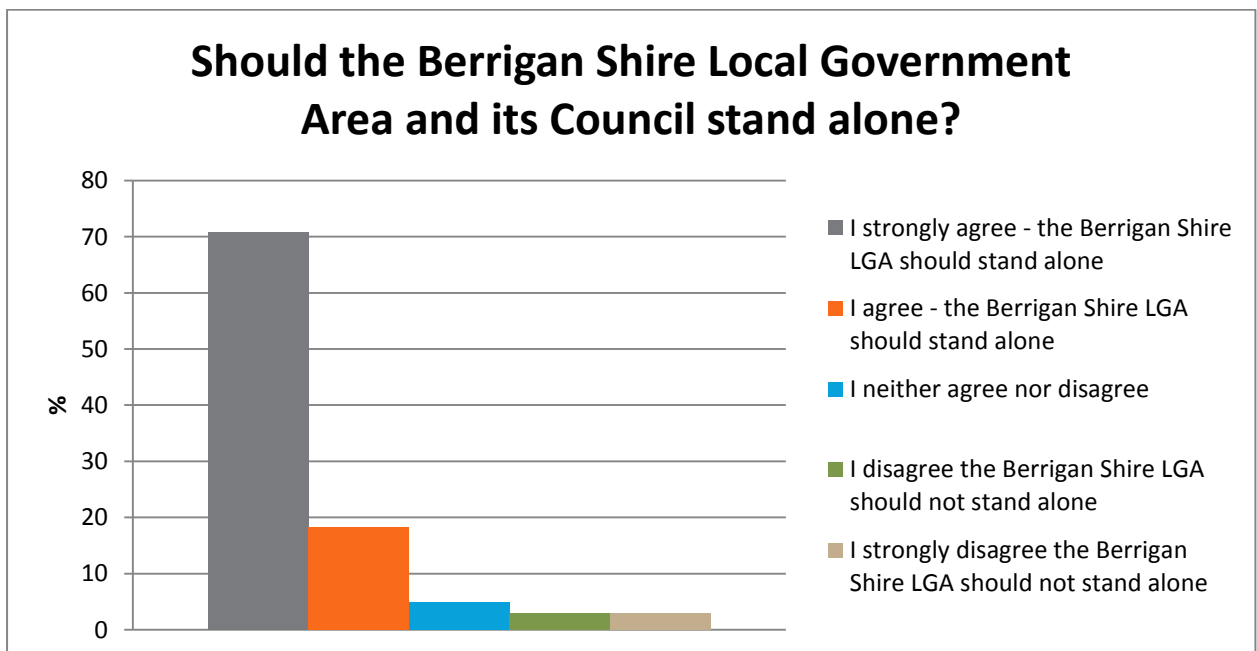
Over a four week period 7th May – 31st May 2015

- 77 staff attended briefing
 - 4 public meetings were held one in each town attracting upwards of 50 people
 - 4 street stalls were held at which hardcopies of survey were distribute
 - 3,500 Fit for Future Programs were distributed to all households via unaddressed mail
 - 166 surveys, 38 of these containing additional comments were received and completed
-

Survey Results



Number of Respondents: 166



Number of Respondents: 166

Survey Comments

Option 1 – Should Berrigan Shire LGA merge with Jerilderie Shire LGA?

- 1) No gain for Berrigan Shire, in fact counter productive. Would expect compensation if merger went ahead
 - 2) No benefit to Berrigan Shire ratepayers merging with Jerilderie Shire
 - 3) There is no gain positively or financially for the residents of our communities
 - 4) Berrigan Shire is managing well financially and has its sustainable developing strategy which means to 'stand alone can ensure we can fit for the future. I cannot see any credits can be added to our Berrigan Shire by merging with Jerilderie which does not meet our criteria 'fit for the future' On the contrary there is risk to down the hill if we merge with Jerilderie
 - 5) Why do governments always think bigger is better??? This does not always turn out to be true as has happened many times in the past with some government decisions. What will it cost council for the cost of doing a business case for a merger of yes or no with Jerilderie Shire LGA? What economies are gained by keeping all staff in both Councils that are merged? Why will the farm rates of the efficient Council be forced up by 19% to make up lack of rates for the lesser Council, who have not kept up with required rate increases in past years. This is unfair to these farmers. Berrigan Shire has proved in past year that it can run itself efficiently and comply with all the rules the Government lays down for a Council to comply with both morally and financially
 - 6) We Marg and Viv McGee strongly believe that the B SC LGA should stand alone. The investigation by SGS Consultants clearly supports this option
 - 7) Jerilderie Shire's small rate base would have a detrimental effect on Berrigan Shire's finances
 - 8) We are a larger area now with 4 towns and a lot of costs with travel and do not need a longer distance to look after with extra costs. The Shire is doing ok now. No expansion needed
 - 9) It appears from the information provided by the consultant that Berrigan shire would go backwards if a merger were to proceed. I could see that it could be possible that a merged entity would be forced to merge again, due to the financial burden Jerilderie shire would place on Berrigan shire.
 - 10) With given information, as farmers we cannot afford further rate increases and especially an increase of 19%.
 - 11) These are two very diverse councils with a huge area to service. One shire is predominantly irrigation, the other broad acre dryland which will make rating complex. Berrigan shire already has 4 towns and related infrastructure, adding another is not going to streamline operations.
 - 12) Because it looks like our shire can survive by ourselves. We have very good leadership.
 - 13) We need to merge with a more profited shire.
 - 14) Given the limitations imposed as I currently understand them. with regard to retention and duplication of staff, buildings and other infrastructure, should a merger go ahead then obviously there are no savings for either body. Mergers in my experience rarely, if ever, work. Hostile takeovers on the other hand are different and in the main work well when no limitations are imposed.
 - 15) What benefit will Berrigan Shire ratepayers and residents receive from a merger. How can merging two rural shires with lots of roads lead to a stronger community and Council. Merging Councils might work in the city but not in the bush. Look at Moira, Gannawarra and Lodden Mallee in Victoria no one is suggesting that amalgamating Councils has led to stronger communities
 - 16) Don't want to take on a liability.
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- 17) It appears from leaflet mailed etc that Berrigan rural residents would be worse off if a merge went ahead
- 18) A very bad proposal for Berrigan Shire which would lead to unacceptable rate increases or significant reduction in services.
- 19) It will not benefit the towns within the shire to do so. It will put more pressure and funds on services and maintenance of building in the Jerilderie shire
- 20) Berrigan Shire is the best managed shire in this part of NSW and any amalgamation with any other shire would be detrimental to the future employment opportunities here and also reduce the opportunity for future infrastructure development in Berrigan Shire and amalgamation will not be conducive to proper maintenance of existing assets. Any amalgamation will certainly be of financial disadvantage to the shire as a whole and to increase financial costs to every rate payer; business and resident. I suspect that the offer of amalgamation with another shire is not an option as far as the NSW government is concerned but believe it should be strenuously resisted at every level. Thank you for the opportunity to express my humble but honest opinion.
- 21) Berrigan Shire services four towns in this area. Why would one want to join with Jerilderie which always seems a life time away from this area????!!!
- 22) It makes absolutely no financial sense for the ratepayers

Option 2 Should the Berrigan Shire Local Government Area and its Council stand alone?

- 1) A large enough shire to stand alone
- 2) This is the only option Berrigan Shire has given facts presented from independent survey
- 3) A strong Council benefits all aspects of the community
- 4) There are four towns in Berrigan Shire and each of them got its own character. The the charming part of Berrigan Shire. We know there is a big potential to further develop our shire and even boost the population and our economy. We know our Shire is under the right management in the Council. This can be proved based on our Shire's Annual Report. Also we have clear strategies up forward instead of backwards. By visiting Jerilderie and I can tell 'they are in trouble' If they cannot manage or struggle financially Is it Berrigan Shire's responsibility to rescue them? Are we capable of doing that? If we are not capable of rescue Jerilderie, we'd better not being dragged down the hill by them. Its up to state government to consider if they are doing the right thing. 'To merge 2 shires and keep all staff headcounts except the General Manager' That's not the right strategy to rescue these Shires in financial trouble, the state government should find out the 'root cause' of these Shires in trouble and figure out a better resolution to the problem. To merge Jerilderie, its not what our local people want. Its a forced marriage by the state government. 'Forced marriage' can never be happy, also can hardly work out right in the end! Personal opinions for Council to reference! Regards Catherine Scott
- 5) Is the government still thinking of taking over Berrigan Shire LGA Water and Sewerage Operations in the future. Why can't this income be counted in its revenue. Is it true that if this happend then Council's workforce will be depleted and casue a drop in the service efficiency in the future. Why is the government making decisions to force efficient Councils to merge with less efficient Councils and then take away the revenues that help to make them operate efficiently. I strongly believe that the Berrigan Shire Council LGA has proved that it is efficiently run, as past performances will prove for the records. The have a very competent Executive Staff both in the office and the workforce. You only have to look at how things have been achieved throughout the Shire for the betterment of ratepayers in the last 10-15 years. I cannot see any sensible gains to be had by amalgamating with the Jerilderie Shire Council LGA regardless of how much money government pours into this ridiculous venture. I very strongly object to merging Berrigan Shire Council LGA with Jerilderie Shire Council LGA and think that it would be a backward step as there are no benefits to be gained by any of the Berrigan Shire ratepayers. I think it unfair for Berrigan Shire ratepayers are to suffer loss of amenities because Jerilderie Shire

Council has neglected to keep their finances in line with what was evidently about keeping rates low and dropping below what was required for good efficient running of Council. You only have to look at the things that have been dropped because these amenities could be afforded in their recent budgets

- 6) Just read what SGS Consultants have clearly said
 - 7) Do not rock the boat stay as is
 - 8) We need to look after what we have! Expanding the area to cover will stretch the standard we have in the area. Cost of rates are high enough for the age people living in this area
 - 9) This would seem like the best option given the information supplied by the consultant. Although, it is outside the parameters of the governments proposals, it would seem the best option for mergers, would be to break up some councils and merger parts of them with their neighbouring councils.
 - 10) We believe that if more industry/business can be attracted to our Shire, then this would generate more revenue for the Shire - how can this be achieved? Are our Council regulations too severe to attract other industry? We are at the junction of two major highways - how can this be capitalised on? We believe as farmers that the decisions made by Government regarding our water allocations along with the drought have created problems that cannot be overcome in the short term, Confidence has to be restored to our area and this is going to take time, as long as the seasons are near to normal. So much has been lost in our shire because of the drought/water allocation/buyback, people and business wise.
 - 11) It appears that many of the decisions and rules regarding local councils are city centric and do not recognise that rural and remote councils work under very different conditions and constraints.
 - 12) Because it looks like our shire can survive on its own and we have very good leadership.
 - 13) If you stand alone you will need to implement improvements to some towns to add more funds to the community
 - 14) Economies of scale, I believe, would only be achieved should a wider 'merger' (takeover) be considered to include Corowa, Urana, Jerilderie and Berrigan LGAs and not have management/administrative limitations imposed with a proactive and strategic plan to eliminate over a very short period all duplications across all four councils/shires.
 - 15) I have not seen anything published by the government that suggests that Berrigan is not meeting its obligations to ratepayers and residents. I also do not understand how government reports can say Berrigan is doing ok when compared to other Councils. So if it is not broken why do we need to fix it.
 - 16) Stand alone as we've done for over 100 years. Great Shire and Community.
 - 17) The Shire persists in allowing Aerobatics clubs using the airport, make them pay for the privilege and generate more money which would move us closer to the 60% funding requirement
 - 18) Probably good that water & sewerage revenue can not be included - this could provide an easy future option to achieve the target by increasing water & sewerage charges. Berrigan Shire rates are already quite high (by comparison with elsewhere, including places which provide more services such as annual kerbside bulk collections and green waste collections)
 - 19) Residents of the Berrigan shire will lose in this deal if it goes ahead.
 - 20) If we have the right to stand alone then we should but I suspect that common sense will be over ruled by distant politicians with their vested interests as a priority and with no respect for our rights. We will be like the U.K. ruled from Luxemburg or Brussels or maybe even Albury or Corowa if we do not resist.
 - 21) Berrigan Shire is a progressive region that is trying to provide benefits to its rate payers. Sydney based decisions are ill informed when you are eight hours from the shire. Leave our Berrigan Shire and RTA Office as is please.
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22) It is the best option

Improvement Plan Comment

At public meetings and at street stalls Council Officers and Councillors sought comment on the improvement strategies described Attachment V. At two public meetings Berrigan and Barooga a motion from the floor supporting the decision by Council to submit an improvement proposal and implement the strategies described was unanimously carried at Barooga and at Berrigan carried by 90% of those in attendance.

Conclusion

The results of Council's program of community engagement support the view formed by the Council that there is significant community support for the Council's decision to submit an improvement plan. The comments from engaged residents i.e.: those who attended public meetings, completed a survey or spoke to Councillors and staff at street stall meetings support the earlier and statistically valid research conducted by NEXUS Pty Ltd¹ February 2015 – that residents are opposed to amalgamation. Earlier this year and before Council had sought independent analysis of its options the response of residents surveyed to the question

How do you feel about the prospect of Berrigan Shire Council amalgamating with one or more of its neighbouring Councils?

Was that

- *53% of residents opposed the amalgamation (20% strongly),*
 - *15% neither supported nor opposed it and*
 - *26% supported the amalgamation (4% strongly).*
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Appendices



Appendix 1 - FFF Engagement Strategy

Community Engagement Report – Fit for Future

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Introduction

The ***Fit for the Future Stakeholder Engagement Strategy-Berrigan Shire Council*** has been developed to identify the relevant stakeholders and stakeholder groups that will be engaged as part of the Berrigan Shire Council's response to the NSW Government's Fit for the Future Program of Local Government Reform.

This Strategy and action plan has been developed with reference to the following:

1. Berrigan Shire Council's Social Justice Framework (2011)
2. Berrigan Shire Council's Community Engagement Framework (2011)
3. NSW Fit for the Future Reform package

The *Fit for the Future Stakeholder Engagement Strategy* identifies

- a) The extent of Community Engagement to be undertaken
- b) Key Messages
- c) How each stakeholder group will be engaged; and
- d) Responsibility for engaging stakeholders

Assessing the Extent and Type of Community Engagement

Extent of Community Engagement	Indicative Tools for Engagement		Risk Assessment: Impact Local / Whole of Shire		Steps for Community Engagement
Inform: Sharing the best available information	Briefings, Fact Sheets, Council Website, Media campaigns, Displays in Shop fronts, libraries etc	✓	Level A: High Impact: Whole of Shire	✓	<ol style="list-style-type: none"> 1. Identify likely stakeholders 2. Plan and gather best available information and resources 3. Share information with stakeholders 4. Work effectively together 5. Feedback the results of engagement 6. Monitor and evaluate the process
Consult: Exploring options and preferences	Web based consultation, Interviews, Surveys, Public meetings, Focus Groups	✓	Level B High impact: Local area or specific community / user group		
Involve: Inclusion of ideas in the decision making	Workshops 'Community Conversations' Interviews with Stakeholders	✓	Level C Lower Impact: Whole of Shire		
Collaborate: Sharing responsibility either for decision making or service delivery	Community Advisory Groups Participative Decision-making Forums Inter-agency partnerships / consortiums		Level D Lower Impact: Local area or specific community / user group		

Draft Key Messages

What is the Fit for the Future Package?

The NSW Government's Fit for the Future Reform Package

1. Is designed to build a stronger system of local government and stronger local communities. (All Stakeholders)
2. The package is based on the recommendations of the Independent Local Government Review Panel and the Local Government Acts Taskforce (All Stakeholders)

What does it mean for the Berrigan Shire Council?

3. The FFF reform package has recommended that the Berrigan Shire Council merge with the Jerilderie Shire Council
4. The FFF reform package requires that the Berrigan Shire Council reviews the scale of operations and consider the benefits of merging with their neighbours (All Stakeholders)
5. The FFF reform package requires that Berrigan Shire Council submit by 30 June 2015 a proposal showing that it or a merged Council has the appropriate scale and capacity to be considered as being Fit for the Future.
6. A Fit for the Future Council will have access to more benefits, such as cheaper finance to help fund local infrastructure

What is Council's current position?

7. Council has conducted an internal review of the scale of its operations and benefits of a merger with the Jerilderie Shire Council – this review found that a merger would increase for Berrigan Shire Council ratepayers the scale and cost of Council operations
8. Council has commissioned an independent review of its scale and capacity assessing the impact on its operating scale and capacity should it
 - a. Merge with the Jerilderie Shire Council
 - b. Become a Rural Council and refer all infrastructure planning and development to a regional organisation
 - c. Stay as it is
9. Council cannot make a final decision on its Fit for the Future Proposal until residents have been informed at about the likely costs and benefits of each option and expressed their preference
10. Council's Fit for the Future Proposal will be informed by the views and comments of local residents and ratepayers.
11. The key messages described in this engagement strategy will form the basis of all marketing collateral, survey questions and public meetings

How can residents have a say?

12. Residents will be invited to have their say via online survey, facebook poll, and a poll at each public meeting of the options the discussed

Extent of Community Engagement

- **All Stakeholders:** (Inform) (Consult) (Involve)
- **Secondary Level Stakeholders e.g: Jerilderie Shire Council (Inform)**

Primary Stakeholders: Fit For Future Proposal

Stakeholder	Action Plan			
	Key issues, concerns, perspective	How will we engage them? (Refer to Engagement Framework Strategies for more information)	When will we engage them?	Who is responsible
Shire Councillors	<ol style="list-style-type: none"> 1. Management of Community Expectations 2. Proposal meets FFF requirements 3. Reflects views of current residents and ratepayers 	<p>Inform Consult Involve</p> <ol style="list-style-type: none"> 1. Engagement Strategy and Timetable to be approved 2. Discuss Consultants' Report and endorse key messages for Engagement Strategy and Marketing Collateral 3. Attend Street Stalls / Public Meetings 4. Consider Community Feedback /Survey Results for inclusion in FFF Proposal 5. Adopt FFF Proposal-Extraordinary Council Meeting 	<p>18 March 2015</p> <p>22 April 2015</p> <p>14th – 19th May</p> <p>10 June</p> <p>24 June</p>	<p>General Manager Director Corp Services SSPC</p> <p>General Manager/Council</p> <p>Councillors</p>
Council Officers	<ol style="list-style-type: none"> 1. Community engagement informs FFF proposal 2. Key messages are agreed and promoted by all 	<ol style="list-style-type: none"> 1. Develop marketing collateral proofs for Council endorsement to include <ol style="list-style-type: none"> a) FFF Program and Invitation to Public Meeting b) Online / Paper Survey distributed through Council Libraries / VIC 2. Commission Printing/ Delivery of marketing collateral 3. Conduct Engagement with Community per this plan 	<p>22 April 2015</p> <p>23 April – 8th May</p> <p>11 May – 31 May 2015</p>	<p>SSPC Director Corp Services</p> <p>Director Corp Services SSPC</p>

Stakeholder	Action Plan			
	Key issues, concerns, perspective	How will we engage them? (Refer to Engagement Framework Strategies for more information)	When will we engage them?	Who is responsible
		<p>4. Prepare Report for Council Committee 3 June re: Engagement</p> <p>5. Prepare FFF proposal for Council Adoption at Extraordinary Council Meeting</p> <p>6. Amend FFF proposal as required and lodge with OLG</p>	<p>3 June 2015</p> <p>24 June 2015</p> <p>26 June 2015</p>	<p>SSPC</p> <p>GM Director Corp Services</p> <p>GM Director Corp Services</p>
Council Staff	<p>What is Council's position & why?</p> <p>Likely impact on role/services of FFF improvement plan</p>	7. Toolbox and Staff Meetings	1 May 2015 – 11 May 2015	Directors Managers
Residents/ Businesses/ Ratepayers	<p>For each option</p> <p>1. How much will it cost?</p> <p>2. Will Council services be reduced?</p> <p>3. Will there be new services?</p> <p>4. What services will be relocated?</p>	<p>Inform/ Consult and Involve</p> <p>1. FFF Program & Invitation to Public Meeting 18/19 th May 2015 and link to online survey to be published concurrently</p> <p>a) SRN & Cobram Courier 13/5 – full page & colour</p> <p>b) Council Website 11/5</p> <p>c) Face Book 11/5</p>	11 May 2015 – 2 June 2015	SSPC Director Corp Services

Stakeholder	Action Plan			
	Key issues, concerns, perspective	How will we engage them? (Refer to Engagement Framework Strategies for more information)	When will we engage them?	Who is responsible
	5. How will this affect business?	<ul style="list-style-type: none"> d) Community Notice Boards 11/5 e) School Newsletters 11/5 f) Unaddressed Mail to households 11/5 g) Community Radio 11/5 – 31/5 <p>2. Street Stalls in each town Static display of Open Letter / Invitation to Public Meeting and distribute Survey</p> <p>3. Public Meetings x4 to discuss Consultant's Report re: Scale and Capacity and seek community comment on options</p> <p>Day x2 Evening x2</p>	<p>14th -15th May 2015</p> <p>18 – 19th May 2015</p>	<p>SSPC</p> <p>Councillors GM SSPC</p>

Appendix II – Presentation BSC Staff



Timeline of reform in NSW local government

- **2011 Destination 2036**
All NSW Councils meet to plan how Local Government could meet future challenges
- **2012-13 Independent Local Government Review Panel**
conduct a 2-year review recommending structural and boundary change
- **April 2013 Interim Report from Review Panel**
Recommended Berrigan Shire Council merge with Jerilderie, Urana and Corowa Shire
- **31 May 2013**
Berrigan Shire Council meet with Chair of Local Government Review Panel
- **Oct 2013 Final Report from Review Panel**
Recommends that the Berrigan Shire Council merge with Jerilderie Shire Council. This Jerilderie Shire Council can also choose to become a rural Council
- **Sept 2014 Fit For the Future Program**
Announced by NSW Government as its response to the Review Panel's Final Report it recommends that the Berrigan Shire Council merge with Jerilderie Shire Council



Fit For the Future (FFF) – What is it?

- NSW State Government reform agenda for the local government
- Recommendations include mergers and amalgamations
- Councils need to consider a merger or amalgamation in order to demonstrate that the Council has sufficient scale and capacity to meet benchmarks set by the State Government
- All affected LGAs need to submit their FFF improvement plan by 30 June 2015; and in doing so
- Show community support or otherwise for the Council's position and the initiatives proposed as part of a Council's FFF improvement plan.



What does this mean for Council staff ...

1. No immediate change
2. On the other hand you may, once Council starts to talk to the community about this issue, be asked questions by family, friends and neighbours about what is being planned and why



What does this mean for Council staff ... in 6 months time

1. The NSW state government will appoint an independent panel to assess a Council's FFF Improvement Plan
2. A Council's FFF Planning must consider the employee protection provisions of the Act
3. The provisions of the Act are open to interpretation and may be subsequently changed




What does this mean for Council staff ... in 6 months time cont.

1. The Council has developed its response to a merger giving consideration to its interpretation of the employee protection provisions of the Act. Namely,
 - That all positions (except) the General Manager are protected and cannot, while the Council still continues to deliver the service in a location, be re-located.
2. Based on what we know – a Council's FFF Improvement Plan should be assessed by the end of October 2015




What is the Council's position on a merger with the Jerilderie Shire?

- It **will not** improve the long-term financial sustainability of the Council or its strategic capacity
- The Council's position is that a merger with the Jerilderie Shire Council **will not** strengthen our local communities.
- Its decision is based on '**what will deliver the best long-term outcome for Berrigan Shire residents, local business and ratepayers**'.



How does the Council know that a merger **will not** improve its financial sustainability & strategic capacity?


- Council used SGS Economics & Planning Consultants (Sydney) to investigate and report on two options
 - a) Merge with Jerilderie Shire Council
 - b) Stay as we are: the Standalone Option
- SGS Economics & Planning is one of a number of NSW Government appointed Consultants with expertise in the development of FFF Improvement Plans



How does the Council know that a merger **will not** improve its financial sustainability & strategic capacity?


The Consultants found that

the longterm position of Council is expected to slowly improve into the future, and satisfy OLG Benchmarks with the exception of own source revenue which needs to be considered in the context of rural council operations



Merged Jerilderie and Berrigan Shire Council

WHAT ARE THE RISKS & BENEFITS



Risk Assessment – Merged Jerilderie Berrigan Shire

Merge with Jerilderie	Risk identified by SGS	Risk rating by SGS	Risk Rating by BSC
Assumes: • BSC per capita costs and applies these to JSC • Rationalisation of buildings, staff JSC to achieve efficiencies 'observed at Berrigan' • Merger costs only calculated over three years • Higher service levels BSC	Projected efficiency gains fail to come to fruition	No risk rating given	Medium to High
	Salary equalization and differences between Councils	Medium	Medium to High
	Rates equalization and the risk to rate revenue	Medium	High
	BSC farmland rates increase 19%	High	High
	Equalisation of service levels and skew towards highest levels	Medium to High	High
	Legacy issue – new Council diverts resources to 'support' issues from the former Council	Medium to High	Medium to High
	Concern re: local representation may lead to establishment of Wards – eroding savings from merger	No risk rating given	Medium to High

Comparison- FFF Benchmarks

FFI for the Future (Benchmarks) Compared 2013/14 - 2015/16	Current BSC Stand Alone	Merged Council
	RESULT BENCHMARK	RESULT BENCHMARK
Operating Performance Ratio (greater or equal to break-even average over 3 years)	0.941 YES	✓ 0.980 NO
Own Source Revenue Ratio (greater than 60% average over 3 years)	14.27% NO	✗ 14.89% NO
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	101.03% YES	✓ 104.6% NO
Infrastructure Backlog Ratio (less than 2%)	0.996% YES	✓ 1.67% NO
Asset Maintenance Ratio (greater than 100% average over 3 years)	103.03% YES	✓ 111.1% YES
Total Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	1.43% YES	✓ 1.79% YES
A decrease in Real Operating Expenditure per capita over time	Decreasing YES	✓ Increasing NO

Comparison Berrigan / Jerilderie LGAs

The existing Jerilderie Shire has an area of approximately 3,373.1 km² with a population of 1,526.

The Berrigan Shire has an area of approximately 2,065.9 km² and a population of 8,337.

A merged LGA will have an area of 5,439 km² and population of 9,816.

The income of both Shires is derived from the agriculture – the main industry and employer will continue to be agriculture.

Comparison Berrigan / Jerilderie

Population	BSC	Merged	Local Economy	BSC	Merged
Five year population change (%)	1.6	-2.3	SALM Rate (%)	4.5	4.2
Population aged 19 or less (%)	23.4	24.3	Average Taxable Income	\$ 30,362	\$
Population aged between 20 & 59	43.1	45.7	Average Household size	2.8	2.9
Population aged above 60 %	33.5	30.0	Largest Industry Employer	Agri	Agri
ATSI ¹	2.0	2.5	Value of DA determined (\$'000)	15,000	16,572
Language spoke other than English (%)	2.2	2.8	Active Businesses in LGA	1,548	1,371
Socio-Economic Index Rank (1 low, 152 high)	48	75	National Regional Competitiveness Index Rank		
			1 = Competitive 563 - Least Competitive	315	389*
			* Regional Competitiveness Rank of existing Jerilderie LGA		

Population & Economy
 A merger of the two Shire provides no discernible benefits in terms of population or economy.
 The positive population trend in the Berrigan Shire shifts to a negative trend.
 The new LGA will still have 30% of its population aged above 60 years of age.
 The new LGA will be ranked lower (nationally) in terms of its regional competitiveness.

Comparison Berrigan and Jerilderie Operations

Expenditure on Services	BSC	Merged	Public Facilities	BSC	Merged
Governance & Admin (%)	5 %	12 %	Swimming Pools (No.)	3	4
Public Order Safety (%)	26 %	21 %	Public Halls (No.)	5	8
Environment, Water, Sewer, Waste (%)	10 %	7 %	Public Libraries (No.)	4	5
Community Services (%)	7 %	5 %	Open Public Space (ha)	138	160
Recreation / Cultural (%)	10 %	9 %	Total Road Length (km)	1,375	2,476
Road, Bridges, Paths (%)	29 %	31 %	Access to Internet at home	63.6	63.9
Other Services (%)	11 %	15 %			

TCorp 2013 Financial Sustainability Rating & Outlook & OLG 2013 Infrastructure Audit Rating	BSC	Merged [#]
Sustainability	Moderate	Weak [#]
Outlook	Neutral	Negative [#]
Infrastructure Management	Strong	Weak [#]

Assumes that increase in public facilities, road length, socio-economic disadvantage ranking, transfer of strategic roles (contracts) to other organisations, increase in road, bridges and path expenditure, together with decrease in community services, public order and safety and recreation expenditure, together with decrease in regional competitiveness ranking, and decrease in population density impacting scalability of operations will add to cost of operations and in doing so impact unfavourably on merged Council's Financial Outlook and Infrastructure Audit Rating

What does the comparison tell us ...

Public Facilities

- A merger will not lead to the de-commissioning of duplicated Shire Offices or reduce rural road service levels – items that contribute to cost of facilities maintained by both Councils. It will not introduce economies a scale. And, may on the grounds of equity, require that the new Council re-develop Jerilderie's facilities to ensure a comparable level of service or reduce existing Berrigan Shire service levels

Expenditure on Services

- In common with rural and regional neighbours the rural road network accounts for approximately 30% of Council's expenditure. A merged Council will make no significant savings in this regard.
- The consultants SGS modelled merger savings based on reduced expenditure in public order, community services and recreation services

Benefits – Merged Jerilderie and Berrigan Shire


Merge with Jerilderie	Potential Benefit identified by SGS – Independent Consultants	Estimated Expenditure savings	Comment BSC
Assumptions <ul style="list-style-type: none"> all staff retained except 2nd GM 	Increased capacity for strategic improvement	1.2% - 3.8% over ten-years	Does not factor in costs that is the risks associated with the merge option
<ul style="list-style-type: none"> NSW government lifts protections in place for Council staff 	More Council jobs in Berrigan		Legislation protects in small communities Council jobs and where they are located – merger will necessarily lead to more Council jobs in Berrigan

Standalone Berrigan Shire

WHAT ARE THE RISKS & BENEFITS


Risk Assessment – Berrigan Stand Alone Option

Standalone	Risk identified by SGS	Risk rating by SGS	Risk Rating by BSC
Assumes <ul style="list-style-type: none"> Limited scope for efficiency gains from current base Limited potential to attract more qualified Council staff The scale is not much smaller than the merged option 	Limited capacity for (strategic) improvement	No risk rating given	Low





Benefits – Standalone Berrigan Shire

Standalone Assumes	Potential Benefit identified by SGS	SGS Comment re: Financials	Comment by BSC
<ul style="list-style-type: none"> No change in current operations Increase in rate revenue over time 	<ul style="list-style-type: none"> Long-term Sustainability Growing Rate Base Strong Representation Focus on Murray River Tourism No Merger and Transition Costs No Long-term Legacy issues 	Longterm financial assumptions are reasonable and it is likely that the performance against OLG benchmarks will improve	<ul style="list-style-type: none"> Current operations are sustainable Steady pop. growth Standing alone avoids known risks associated with merger



- ### Key Messages From Consultants Report
- ✓ Population growth (BSC growing/JSC declining)
 - ✓ BSC diversifying industry while JSC remains reliant on agriculture
 - ✓ Different rate base – BSC enjoy higher property values and more residential assessments
 - ✓ Farmland rates will rise by 19%
- 

- ### Key Messages Consultants Report
- Key differences in Community Strategic Plans
- ✓ Berrigan Shire communities intent on growing and expanding
 - ✓ Jerilderie focused on stability and preventing decline
 - ✓ Berrigan Shire Council focused on enabling investment in infrastructure for economic growth
 - ✓ Jerilderie Shire Council interested in strengthening ties with Urana Shire re: services/strategic direction
- 

- ### Key Messages Consultants Report
- Long-term Financial Sustainability of Berrigan Shire Council
- ✓ The Council's global assumptions are reasonable
 - ✓ BSC performance against OLG benchmarks will continue to improve into the future
- 

Council's Plan for the Future Improvement Plan

NEXT STEPS



Fit For the Future (FFF) Planning Berrigan Shire as a standalone Council

To be assessed as Fit for the Future

- The Council is committed to building on its existing program and continuous improvement of Council's current range of services and facilities.
- Council needs your comment and feedback on the strategies it has identified for inclusion in its FFF improvement plan.



Suggested FFF Improvement Plan Strategies

As part of its standalone FFF Improvement Plan the Berrigan Shire Council will...

- ✓ **Prioritise the renewal of existing assets over the construction of new assets.**
 - ✓ Set user charges at the full cost of delivery where possible.
- ✓ **Consider seeking a Special Rate Variation where there is after consultation with our communities a clearly identified demand for new services or significantly improved service levels.**
- ✓ Continue to closely monitor and review programs funded by other levels of government – particularly programs that expose the Council ratepayers to excessive financial risk
- ✓ **Retain control of urban water supply and sewer services.**
 - ✓ Resist pressure to fund services that the responsibility of other levels of government

Suggested FFF Improvement Plan Strategies cont.

As part of its standalone FFF Improvement Plan the Berrigan Shire Council will...

- ✓ **Investigate use of solar power and install where appropriate**
- ✓ Continue to monitor and review its organisational structure and offer redundancies when and where this may be appropriate
- ✓ **In consultation with the community assess service levels and in doing so set rates and charges that balancing Office of Local Government requirements with community expectations and capacity to pay**
- ✓ Continue the development of the Tocumwal Aerodrome aimed at increasing use
- ✓ **Investigate increasing Tocumwal Aerodrome user charges to reduce the net cost of this service.**

Involving our staff & communities ...

Council needs your comment and feedback

1. On its decision to stand alone
2. On its strategies to meet Fit for the Future Benchmarks



Questions



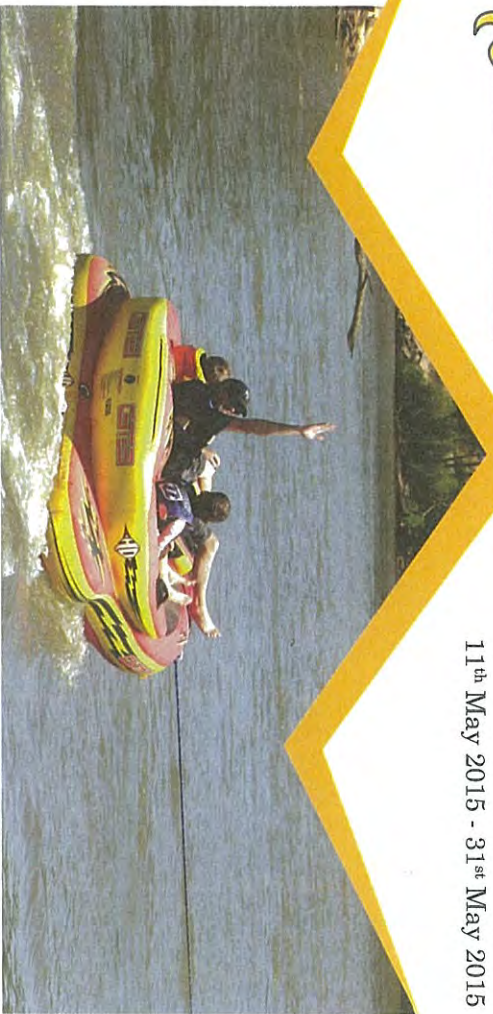
Appendix III



FIT FOR THE FUTURE

Tell us what you think.....

11th May 2015 - 31st May 2015



What is the Fit for the Future program?

Fit for the Future is the NSW Government's local government reform program and it is designed to build, in New South Wales, a stronger system of local government and stronger local communities.

The reforms are based on the recommendations of the Independent Local Government Review Panel and the Local Government Acts Taskforce.

To be assessed as Fit for the Future the Berrigan Shire Council must submit by 30 June 2015 a proposal showing that it or a merged Berrigan Shire and Jerilderie Shire Council meets or can meet Fit for the Future benchmarks.

For more information visit the Fit for the Future website
<http://www.fitforthefuture.nsw.gov.au/>

Fit for the Future Benchmarks Compared 2017/18 - 2019/20	Current BSC Stand-alone	Merged Council
Operating Performance Ratio (greater or equal to break-even average over 3 years)	RESULT 0.047 MEETS FITF BENCHMARK YES	RESULT -0.080 MEETS FITF BENCHMARK NO
Own Source Revenue Ratio (greater than 60% average over 3 years)	52.72% NO	47.89% NO
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	103.39% YES	74.64% NO
Infrastructure Backlog Ratio (less than 2%)	0.98% YES	2.67% NO
Asset Maintenance Ratio (greater than 100% average over 3 years)	102.05% YES	111.17% YES
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	1.45% YES	1.70% YES
A decrease in Real Operating Expenditure per capita over time	Decreasing YES	Increasing NO



What did this tell us about ...?

Merging the Jerilderie and Berrigan Shire Councils

The independent consulting firm, *SGS Economics & Planning*, supported the view of Council that a merger between the Jerilderie Shire Council and the Berrigan Shire Council would generate weak economies of scale.

This means that adding Jerilderie's 1,519 residents (increase in scale) would not offset the costs incurred by doubling the length of Council roads.

According to SGS a merger would lead to modest gains in financial efficiency through:

- A 19% increase in the rates paid by ex Berrigan Shire rural landholders.

Other savings in a merged Council could come from:

- Setting levels of service at the lowest level currently employed by the two Councils. For example: Pools without lifeguards, libraries with reduced hours.
- Not replacing existing staff in positions such as Economic Development, Social Planning and Animal Control when they become vacant – to line up with Jerilderie Shires current staff structure.

Over time the independent consultants found that the savings per year are less than the savings realised from replacing the General Managers at Jerilderie and Berrigan Shire Councils with one General Manager of a merged Council. i.e. The other costs borne by the new Council will actually go up.

The merged Council is required to keep all existing staff positions at their current locations indefinitely, except for the two General Managers.

What has Council done?

In the past 6-months Council has commissioned independent research to:

1. Assess the scale of the Jerilderie and Berrigan Shire Councils' operations and the benefits to Berrigan Shire ratepayers and residents of a merger.
2. Assess whether the Berrigan Shire Council based on its current operations and suggested improvements can stand alone – and be assessed as a Council that is Fit for the Future.
3. Consider how the national and regional competitiveness of our businesses and the broader community will be affected by a merger.

Council's preferred option...

What are the risks....?

The Stand-alone Option

This is an option for local government areas with 10,000 people. It is also an option if a Council's improvement plan is accepted by the NSW state government.

The independent consultant's assessment is that Berrigan Shire Council (pop. 8,413) meets or can meet all but one of the Fit for the Future Benchmarks set by the Office of Local Government.

Its report stated that

'the longterm position of Council is expected to slowly improve into the future, and satisfy OLG Benchmarks with the exception of own source revenue which needs to be considered in the context of rural council operations'

The benchmark that the Council **cannot meet** is the requirement that a Council generates at least 60% of its revenue from rates / fees and charges. Without raising rates and or changing its current level of service to its communities the Council now generates 52% of its own source revenue - a merger will make this benchmark harder to meet.

If the Council includes the revenue from its water and sewer functions, it would easily meet this benchmark. However the State Government is not allowing any Council to include this in calculating its own source revenue.

MERGE WITH JERILDERIE		Risk Identified by SGS		Risk Rating by SGS		Risk Rating by BSC			
Assumes	<ul style="list-style-type: none"> BSC per capita costs and applies these to JSC Rationalisation of building, staff JSC to achieve efficiencies 'observed at Berrigan' Merger costs calculated over three years not ten Higher service levels BSC 	Projected efficiency gains fail to come to fruition	No risk rating given	Medium to High	Assumes	<ul style="list-style-type: none"> All staff retained except GM All buildings/offices retained 	Increased capacity for strategic improvement	1.2% - 3.8% over ten years	Does not factor merger costs
Assumes	<ul style="list-style-type: none"> Limited scope for efficiency gains Limited potential to attract more qualified Council Staff The scale is not much smaller than the merged option 	Rates equalization and the risk to rate revenue	Medium	Medium	Assumes	<ul style="list-style-type: none"> No changes in current operations Increase over time 	Long-term financial sustainability	Estimated Savings	Comment BSC
STAND-ALONE		Potential Benefit identified by SGS		Estimated Saving		Risk Rating by BSC			
<ul style="list-style-type: none"> Increased capacity for strategic improvement 		Risk identified by SGS		Risk Rating by SGS		Risk Rating by BSC			
<ul style="list-style-type: none"> Limited capacity for (strategic) improvements 		No risk rating given		Low					
Potential Benefit identified by SGS		Estimated Savings		Comment BSC					
<ul style="list-style-type: none"> Strong Local Representation Focus on Murray River Tourism No Merger Risks or Transition Costs No Long-term Legacy Issues 		Confirmed by SGS		Current operations are sustainable		Steady pop. growth		Avoid risks associated with merger	

Council's position ...

A merger with Jerilderie will not strengthen our local communities.

This position is based on the findings of an independent report prepared by SGS *Economics & Planning Consultants*, extensive research and analysis by Council Officers, and consultation by Council with neighbouring Shires. The Council's position is guided first and foremost by:

what will deliver the best long-term outcome for Berrigan Shire residents, local business and ratepayers.

This is however, too important a decision for the Council to make by itself.

All residents, businesses and ratepayers are encouraged to learn more and have their say by the 31st May 2015. To do this you can:

1. Complete our *Have your say survey* via Council's website or Facebook.
2. Talk to Councillors and staff at street stalls in each town.
3. Attend a public meeting to learn more.
4. Cannot get to a street stall or meeting call into your library to view the presentation and complete the survey.

Public Meeting	Date	Time	Street Stall	Date	Time
Berrigan CWA Hall	13/5/15	2 pm	Berrigan	20/5/15	2 pm
Barooga Community Centre	13/5/15	7 pm	Barooga	21/5/15	11 am
Finley School of Arts Hall	18/5/15	2 pm	Finley	19/5/15	2 pm
Tocumwal Community Health - Activity Room	18/5/15	7 pm	Tocumwal	19/5/15	11 am

For more information call Council 03 5888 5100 or visit our website: www.berriganshire.nsw.gov.au

 www.facebook.com/berriganshire

Are there other options ...?

The Rural Council Option

This is an option for the Jerilderie Shire Council if it does not merge with Berrigan Shire Council.

As part of the Fit for the Future program rural Councils will transfer strategic, land use planning and development, library services, road, water, and sewer planning functions to a regional centre – the Office of Local Government is proposing that in this region this will be Deniliquin or Albury.

Under the rural Council model decisions will then be made in either Deniliquin or Albury.

The services likely to be affected by this option include:

- Local assessment and processing of building and development applications.
- Decision-making about library opening hours, the types of activities held in our libraries and collections held by Council's libraries.
- Road design, the prioritization and scheduling of road maintenance and upgrades.

This option has not been considered by Council or SGS Economics & Planning

Appendix IV



*Fit for the the Future: Q&A and Survey
'stay as we are or merge with Jerilderie Shire Survey'*

Q1. What is Fit for the Future?

- It is the NSW Government's reform program for NSW local government.
- The program is designed to build a stronger system of local government and stronger local communities
- The program is based on the recommendations of an independent review panel and Local Government Acts Taskforce
- The Berrigan Shire Council must submit a proposal by 30 June, 2015 how a merged Berrigan and Jerilderie Shire Council or standalone Berrigan Shire Council can become Fit for the Future.

Q2. What does this mean for the Berrigan Shire Local Government Area?

The Fit for the Future reform program is recommending that the Berrigan Shire Local Government Area (LGA) merge with the Jerilderie Shire Local Government Area (LGA)

Q 3. Is this recommendation the only option?

A merger with the Jerilderie Shire Council is not the only option and we would like your opinion on these options.

You can have your say on the available options by:

- Completing the following survey
- Talking to Councillors and staff at a street stall to be held in each town
- Attending a public meeting to be held in each town
- Writing or emailing Council by the 31st May 2015

For more information about what the NSW Government is proposing visit the [Fit for the Future Website](#)

Option 1 - Merge with the Jerilderie Shire Council

Council appointed SGS Consultants to investigate the social, economic and financial benefits of a merger. Its assessment together with the assessment of Council Officers suggests that a merger between the Jerilderie Shire Council and the Berrigan Shire Council will lead to:

- No net financial benefit to Berrigan Shire Council residents and rate payers
- Berrigan Shire residents living in rural areas of the Shire will experience an increase in rates
- No savings due to the rationalisation of jobs or the closure of duplicated Council facilities or offices
- A decline in the regional and national competitiveness ranking of the new LGA

Thinking about this option

Should the Berrigan Shire LGA merge with the Jerilderie Shire LGA?

- I strongly agree and believe that the Berrigan Shire LGA should merge with the Jerilderie Shire LGA
- I agree and believe that the Berrigan Shire LGA should merge with the Jerilderie Shire LGA
- I am neither for nor against a merger between the Jerilderie and Berrigan Shire LGAs
- I disagree and believe that the Berrigan Shire LGA should not merge with the Jerilderie Shire LGA
- I strongly disagree and believe that the Berrigan Shire LGA should not merge with the Jerilderie Shire LGA

Your comments on this option

Option 2 – Berrigan Shire Local Government Area stands alone

This is an option for LGAs with a population above 10,000 people. It is Council's preferred option and is an option that can be considered if a Council's Fit for the Future improvement plan is accepted by the NSW state government. Based on SGS Consultants Report to Council (an independent assessment) the Berrigan Shire Council (population approx. 8, 300) meets or can meet all but one of the Fit for the Future Benchmarks set by the Office of Local Government. The benchmark that this Council and a merged Jerilderie and Berrigan LGA **cannot and will not meet** in the foreseeable future is the requirement that a Council generates at least 60% of its revenue from rates / fees and charges. The Berrigan Shire Council, if it stands alone, can meet and exceed this benchmark if it counts the revenue it generates from its water and sewer businesses. In common with all NSW councils that operate water and sewer businesses this income cannot be counted.

The benefit of the standalone option is that:

- a) Local knowledge will inform library services, strategic planning, economic development and capital works programs roads paths, and bridges
- b) Current Berrigan Shire residents and rate payers will not be asked to subsidise the operations of the current range of facilities and services provided by the Jerilderie Shire Council
- c) Professional staff with qualifications will continue to be employed by Council, they will retain local knowledge and not be subject to competing demands from the host and or neighbouring Councils.

Thinking about this option

Should the Berrigan Shire Local Government Area and its Council stand alone?

- I strongly agree - the Berrigan Shire LGA should stand alone
- I agree - the Berrigan Shire LGA should stand alone
- I neither agree nor disagree
- I disagree the Berrigan Shire LGA should not stand alone
- I strongly disagree the Berrigan Shire LGA should not stand alone

Your comments on this option

Appendix V – Public Meetings Presentation



Timeline of reform in NSW local government

- **2011 Destination 2036**
All NSW Councils meet to plan how Local Government could meet future challenges
- **2012-13 Independent Local Government Review Panel**
conduct a 2-year review recommending structural and boundary change
- **April 2013 Interim Report from Review Panel**
Recommended Berrigan Shire Council merge with Jerilderie, Urana and Corowa Shire
- **31 May 2013**
Berrigan Shire Council meet with Chair of Local Government Review Panel
- **Oct 2013 Final Report from Review Panel**
Recommends that the Berrigan Shire Council merge with Jerilderie Shire Council. This Jerilderie Shire Council can also choose to become a rural Council
- **Sept 2014 Fit for the Future Program**
Announced by NSW Government as its response to the Review Panel's Final Report it recommends that the Berrigan Shire Council merge with Jerilderie Shire Council



Fit For the Future (FFF) – What is it?

- NSW State Government reform agenda for the local government
- Recommendations include mergers and amalgamations
- Councils need to consider a merger or amalgamation in order to demonstrate that the Council has sufficient scale and capacity to meet benchmarks set by the State Government
- All affected LGAs need to submit their FFF improvement plan by 30 June 2015; and in doing so
- Show community support for the Council's position and the initiatives proposed as part of a Council's FFF improvement plan.



What is the Council's position on a merger with the Jerilderie Shire?

- It **will not** improve the long-term financial sustainability of the Council or its strategic capacity
- The Council's position is that a merger with the Jerilderie Shire Council **will not** strengthen our local communities.
- Its decision is based on '*what will deliver the best long-term outcome for Berrigan Shire residents, local business and ratepayers*'.



How does the Council know that a merger **will not** improve its financial sustainability & strategic capacity?

- Council used SGS Economics & Planning (Sydney) to investigate and report on its options
- SGS Economics & Planning is one of a number of NSW Government appointed Consultants with expertise in the development of FFF Improvement Plans
- This report found that
the longterm position of Council is expected to slowly improve into the future, and satisfy OLG Benchmarks with the exception of own source revenue which needs to be considered in the context of rural council operations




How does the Council know that a merger **will not strengthen** our local communities?

1. The Council asked SGS Economics to undertake a risk assessment of two options
 - Merged Jerilderie and Berrigan Shire Council
 - Berrigan Shire Council – as a stand alone Council
2. Council staff have developed a comprehensive picture of the relative strengths of the two communities using data from
 - Office of Local Government
 - National Regional Institute



Merged Jerilderie and Berrigan Shire Council

WHAT ARE THE RISKS & BENEFITS



Risk Assessment – Merged Jerilderie Berrigan Shire

Merge with Jerilderie	Risk identified by SGS	Risk rating by SGS	Risk Rating by BSC
<ul style="list-style-type: none"> BSC per capita costs and applies these to JSC Rationalisation of buildings, staff JSC to achieve efficiencies 'observed at Berrigan' Merger costs only calculated over three years Higher service levels BSC 	Projected efficiency gains fail to come to fruition	No risk rating given	Medium to High
	Salary equalization and differences between Councils	Medium	Medium to High
	Rates equalization and the risk to rate revenue	Medium	High
	BSC farmland rates increase 19%	High	High
	Equalisation of service levels and skew towards highest levels	Medium to High	High
	Legacy issue – new Council diverts resources to 'support' issues from the former Council	Medium to High	Medium to High
	Concern re: local representation may lead to establishment of Wards – eroding savings from merger	No risk rating given	Medium to High

Comparison Berrigan / Jerilderie Operations

The existing Jerilderie Shire has an area of approximately 3,373.3 km² with a population of 3,526. The Berrigan Shire has an area of approximately 2,062.9 km² and a population of 6,227. The merged LGA will have an area of 5,436 km² and a population of 9,753. As the main income of both Shires is derived from the agriculture – the main industry and employment will continue to be agriculture.

Financial	BSC	Jerilderie
First year consolidation change (%)	2.8	2.3
Population aged 18 to 64%	24.6	24.1
Population aged 65+	15.1	14.7
Population aged 0-14%	18.1	18.6
Population aged 15-64%	2.0	2.3
Language spoken at home (English %)	2.2	1.8
Top 5 Economic State Sectors (1. Oct 15)	44	76

Public Facilities	BSC	Jerilderie
Swimming Pools (No.)	1	4
Public Halls (No.)	1	8
Publicly Owned Pubs	0	5
Open Space (km ²)	238	140
Total Road Length (km)	1,275.1	1,478
Accident or injury at home	63.6	63.9

Local Economy	BSC	Jerilderie
Local Rate %	4.1	4.2
Local Rate per \$1000	30,362	13,080
Average Household size	1.8	2.4
Length of Major Highway	56	56
Value of Land (per hectare) (\$'000)	15,246	14,372
Area of Expenditure in \$'000	1,144	1,971
Population (per km ²)	1.5	3.0
Population Density (per km ²)	1.5	3.0

Councils	BSC	Jerilderie
Councillors	6	8
Pop per Councillor (No.)	1,354	1,257
Expenditure PPE (No.)	6	1,394
2012/13 Revenue (\$'000)	18,918	28,502
2012/13 Expenditure (\$'000)	16,769	24,411
Population Density (per km ²)	29	29.3
Population Density (per km ²)	1.54	1.5

**Minimum to increase to number of councillors, as a benchmark
Benchmark for # of Councillors

2013/14 Financial Sustainability Rating & Status & 2013/14 Infrastructure Audit Rating	BSC	Jerilderie
Overall Rating	High	Medium
Structure	Medium	High
Infrastructure Management	High	Medium

** Assumes that revenue for public facilities, road length, water sewerage, waste management, transfer of strategic assets, contracts to 20% increase to meet, bridge and asset expenditure, together with decrease in emergency services, public order and safety, and recreation expenditure, together with decrease in regional competition, parking and decrease in expenditure directly impacting viability of operations, will add to cost of operations and so doing so impact on emergency on merged Council's Financial Structure and Infrastructure Audit Rating*

What does the comparison tell us ...

Population & Economy


- A merger of the two Shire provides no discernible benefits in terms of population and economy with the positive and marginal population growth trend in the Berrigan Shire shifting to a negative trend. The new LGA will still have 30% of its population aged above 60 years of age.
- The biggest regional impact of a merger will be a lower national regional competitiveness rank.

Public Facilities

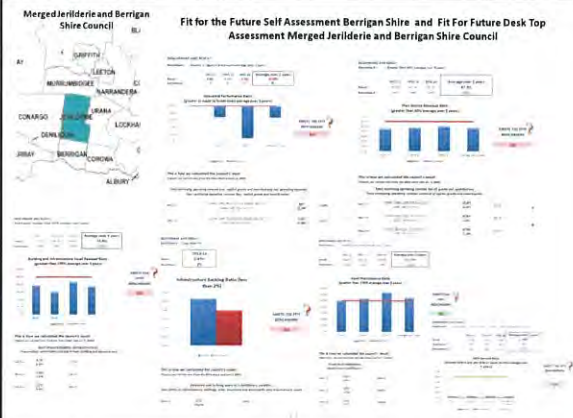
- A merger will not lead to the de-commissioning public facilities or reduce rural road service levels – items that contribute to cost of facilities maintained by both Councils. It will not introduce economies a scale. And, may on the grounds of equity, require that the new Council re-develop Jerilderie's facilities to ensure a comparable level of service or reduce existing Berrigan Shire service levels

Expenditure on Services

- In common with rural and regional neighbours the rural road network accounts for approximately 30% of Council's expenditure. A merged Council will make no significant savings in this regard. SGS identified that savings would come from public order, community services and recreation services




Fit for the Future Self Assessment Berrigan Shire and Fit for Future Desk Top Assessment Merged Jerilderie and Berrigan Shire Council




Benefits – Merged Jerilderie and Berrigan Shire

Merge with Jerilderie	Potential Benefit identified by SGS	Estimated Expenditure savings	Comment BSC
Assumptions	Increased capacity for strategic improvement	1.2% - 3.8% over ten-years	Does not factor in costs that is the risks associated with the merge option
<ul style="list-style-type: none"> all staff retained except GM NSW government lifts protections in place for Council staff 	More Council jobs in Berrigan		Not an option Council can consider as part of its FFF improvement plan




Standalone Berrigan Shire

WHAT ARE THE RISKS & BENEFITS




Risk Assessment – Berrigan Stand Alone Option

Standalone	Risk identified by SGS	Risk rating by SGS	Risk Rating by BSC
Assumes <ul style="list-style-type: none"> Limited scope for efficiency gains from current base Limited potential to attract more qualified Council staff The scale is not much smaller than the merged option 	Limited capacity for (strategic) improvement	No risk rating given	Low




Benefits – Standalone Berrigan Shire

Standalone Assumes	Potential Benefit identified by SGS	SGS Comment re: Financials	Comment by BSC
<ul style="list-style-type: none"> No change in current operations Increase in rate revenue over time 	<ul style="list-style-type: none"> Long-term Sustainability Growing Rate Base Strong Local Representation Focus on Murray River Tourism No Merger and Transition Costs No Long-term Legacy issues 	Longterm financial Planning assumptions are reasonable and it is likely that the performance against OLG benchmarks will improve	<ul style="list-style-type: none"> Current operations are sustainable Steady pop. growth Standing alone avoids known risks associated with merger



Key Messages SGS Report

- Strategic Planning
 - ✓ Population growth (BSC growing/JSC declining)
 - ✓ BSC diversifying industry while JSC remains reliant on agriculture
 - ✓ Different rate base – BSC enjoy higher property values and more residential assessments
 - ✓ Farmland rates will rise by 19%




Key Messages SGS Report

- Community Strategic Plans – Key differences
 - Berrigan Shire appears intent on growing and expanding
 - Jerilderie Shire focused on stability and preventing decline
 - Berrigan Shire focused on enabling investment in infrastructure for economic growth
 - Jerilderie Shire interested in strengthening ties with Urana Shire re: services/strategic direction




Key Messages SGS Report

- Financial Planning: Standalone Option
 - ✓ Global assumptions are reasonable
 - ✓ BSC performance against OLG benchmarks will improve in future



Council's Fit for the Future Improvement Plan

NEXT STEPS



Fit For the Future Planning ... Berrigan Shire as a standalone Council

Strategic Capacity
Council's current model of service delivery reflects its history, geography, community needs and expectations.

Council delivers a range of traditional local government property services (water, sewer, development and road, rates and rubbish)

The sustainability of which is guided by *Financial Strategy 2012* objectives of:

1. Financial sustainability
2. Cost effective maintenance of infrastructure service levels
3. Financial capacity and freedom (Berrigan Shire Council, 2012, p. 3)

In addition to traditional property services Council's community-building and business development services are also delivered through its strategic and social planning activities, its library services, multi-shire early childhood intervention services, and economic development services.



Fit For the Future Planning ... Berrigan Shire as a standalone Council

Service Review findings


- All Delivery Program Strategic Objectives are being actioned
- 9 out of 12 Strategic Objectives have formal Strategies and Actions Plans
- These 4 year + strategies and action plans are integrated with Berrigan 2023 and included service users and involved consultation with our communities



Fit For the Future Planning ... Berrigan Shire as a standalone Council


The Council aims, in addition to maintaining its current range of services, to achieve the following outcomes against the Fit for the Future sustainability benchmarks:

- ✓ An Operating Performance Ratio greater than 5% on average over the four-year period
- ✓ Maintain Own Source Revenue Ratio at 52%
- ✓ Maintain Building and Infrastructure Renewal Ratio at over 100%



Meeting the Office of Local Government's Fit for the Future Benchmarks

A STANDALONE BERRIGAN SHIRE WILL DO THIS BY ...



Operating Performance ratio greater than 5% on average over a 4-year period

To meet this benchmark a standalone Berrigan Shire Council will...

- ✓ Investigate use of solar power and install where appropriate
- ✓ Assess existing workforce structure for potential cuts and offer redundancies where appropriate
- ✓ Reassess service levels and implement rates and charges policy appropriate to deliver that service level
- ✓ Develop additional tranche of land of Tocumwal Aerodrome to expand use, leading to increased user charges and reduced net cost of service
- ✓ Eliminate programs that expose the Council to excessive financial risk
- ✓ Retain control of urban water supply and sewer services
- ✓ Resist pressure to fund services that the responsibility of other levels of government

Maintain Building and Infrastructure Renewal Ratio at 100% over four year term

To meet this benchmark a standalone Berrigan Shire Council will...

Promise the renewal of existing assets over the construction of new assets

Maintain own Source Revenue Ratio at 52%

To meet this benchmark a standalone Berrigan Shire Council will...

Set user charges at the full cost of delivery where possible

Consider seeking a Special Rate Variation where there is after consultation with our communities a clearly identified demand for new services or significantly improved service levels.

Involving our communities ...


Online, at Public Meetings & Street Stalls

Council needs your comment and feedback

1. On its decision to stand alone
2. On its strategies to meet Fit for the Future Benchmarks



Questions





Fit for the Future

Tell us what you think....

11 May 2015 - 31st May 2015

Council's Position ...

A merger with the Jerilderie Shire Council will not strengthen our local communities.

Based on the findings of an independent report prepared by *SGS Economics & Planning Consultants*, extensive research and analysis by Council Officers, and consultation by Council with neighbouring Shires. The Council's position is guided first and foremost by

what will deliver the best long-term outcome for Berrigan Shire residents, local business and ratepayers.

Key Messages

- 1. This is however, too important a decision for the Council to make by itself therefore residents, businesses and rate payers are encouraged to talk to Councillors, visit the website, attend public meeting and complete online survey.***
- 2. Independent assessment has found that***
 - The Berrigan Shire Council can standalone and be financially sustainable meeting all but one Office of Local Government benchmarks – own source revenue***
 - Merging with the Jerilderie Shire Council will not allow the new Council to meet Office of Local Government benchmarks***
 - Merging with the Jerilderie Shire Council i.e: adding 1,100 more people and doubling the length of roads will not lead to savings based on increased scale***
 - To achieve savings a merged Council may need to raise Berrigan farmland rates by 19% and consider reducing service levels. This may be in areas where the Jerilderie Shire does not currently offer a service e.g.: lifeguards at pools, economic development, tourism, and animal management.***

Our Guide to the Fit for the Future Benchmarks?

<i>Operating performance Ratio (greater or equal to break even over 3 years)</i>	Is the Council making an operating surplus on average over 3 years
<i>Own Source revenue ratio (greater than 60% average over 3 years)</i>	Is the Council from its own rates and charges raising at least 60% of its total revenue
<i>Building and infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	Is the Council providing adequate funds to meet the annual depreciation costs
<i>Infrastructure backlog ratio (less than 2%)</i>	Does the Council have less than 2% of its total assets in an unserviceable state that it cannot fund
<i>Asset Maintenance ratio (greater than 100% average over 3 years)</i>	Does the Council provide the fund equal to its assets management plans to adequately maintain its
<i>A decrease in real operating expenditure per capita over time</i>	Is the Council reducing its operating costs per capita over the long term
<i>Debt Service ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	Is the Council using a reasonable level of debt in meeting its capital costs

<i>Fit for the Future Benchmarks Compared 2017/18 - 2019/20</i>	Current BSC Stand Alone			Merged Council		
	RESULT	MEETS FITF BENCHMARK		RESULT	MEETS FITF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	0.047	YES	✓	-0.080	NO	✗
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	52.72%	NO	✗	47.89%	NO	✗
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	103.39%	YES	✓	74.64%	NO	✗
<i>Infrastructure Backlog Ratio (less than 2%)</i>	0.98%	YES	✓	2.67%	NO	✗
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	102.05%	YES	✓	111.17%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	1.45%	YES	✓	1.70%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Decreasing	YES	✓	Increasing	NO	✗

Merged Jerilderie and Berrigan Shire Council



The existing Jerilderie Shire has an area of approximately 3,373.1 km2 with a population of 1,526. The Berrigan Shire has an area of approximately 2,065.9 km2 and a population of 8,337. The merged LGA will have an area of 5,439 km2 and population of 9,816. As the main income of both Shires is derived from the agriculture – the main industry and employer will continue to be agriculture.

Population	BSC	Merged
Five year population change(5)	1.6	-2.3
Population aged 19 or less %	23.4	24.3
Population aged between 20 & 59	43.1	45.7
Population aged above 60%	33.5	30.0
ATSI	2.0	2.5
Language spoke other than English (%)	2.2	2.8
Socio-Economic Index Rank (1 low, 152 high)	48	75

Public Facilities	BSC	Merged
Swimming Pools (No.)	3	4
Public Halls (No.)	5	8
Public Libraries (No.)	4	5
Open Public Space(ha)	138	160
Total Road Length (km)	1,375.1	2,476
Access to Internet at home	63.6	63.9

Expenditure on Services	BSC	Merged
Governance & Admin (%)	5	12
Public Order Safety (%)	26	21
Environment, Water, Sewer, Waste (%)	10	7
Community/Services (%)	7	5
Recreation / Cultural (%)	10	9
Road, Bridges, Paths (%)	29	31
Other Services (%)	11	15

Local Economy	BSC	Merged
SALM Rate (%)	4.5	4.2
Average Taxable Income	30,362	31,080
Average Household size	2.8	2.9
Largest Industry Employer	Aeri	Aeri
Value of DA determined (\$'000)	15,000	16,572
Active Businesses in LGA	1,148	1,371
Regional Competitiveness Index Rank 1 = Competitive 563 - Least Competitive * Regional Competitiveness Rank of existing Jerilderie LGA	315	389*

Council	BSC	Merged
Councillors	8	8*
Pop per Councillor (No.)	1,042	1,232*
Equivalent FTE (No)	87	128#
2012/13 Revenue (\$'000)	18,958	28,042
2012/13 Expenses (\$'000)	18,788	28,431
Pensioner Rebates (%)	29	29.3
Population Density/ (residents per km2)	4.04	1.81

* Assumes no increase in number of Councillors in a merged LGA
Assumes loss of 4 Contract EFT

TCorp 2013 Financial Sustainability Rating & Outlook & OIG 2013 Infrastructure Audit Rating

Sustainability	BSC	Merged#
Outlook	Moderate	Weak#
Infrastructure Management	Neutral	Negative#
	Strong	Weak#

Assumes that increase in public facilities, road length, socio-economic disadvantage ranking, transfer of strategic roles (contract) to JCs, increase in road, bridges and path expenditure, together with decrease in community services, public order and safety and recreation expenditure, together with decrease in regional competitiveness ranking and decrease in population density impacting scalability of operations will add to cost of operations and in doing so impact unfavourably on merged Council's Financial Outlook and Infrastructure Audit Rating



Fit for the Future Improvement Plan

Year 2015/16

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Introduction

This improvement plan and priority for action in the first 12 months of Council's Fit for the Future (FFF) Improvement Plan is informed by the findings of Council's Strategic Service Delivery Review, Council Officers review of operations and the organization's capacity to (immediately and in the next 12 months) implement the improvements identified. This action plan seeks to improve in the next 12 months strategic capacity and Council's performance against the following FFF benchmarks

- Operating Performance ratio (Greater than or equal to break-even average over 3-years)
- Real Operating Expenditure per capita

The actions described still require additional investigation and business unit level project development and planning to realise the full cost and benefits of the actions proposed.

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.1 *Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects*

Delivery Program Objective: 2.1.1 Council operations, partnerships and coordination of resources contribute toward implementation of *Berrigan Shire 2023*

Operational Plan Action: Continue to evaluate Fit for the Future options to determine contribution toward implementation of Berrigan Shire 2023

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
1. Strengthen revenue base and increase discretionary spending	1.1 Review Financial Strategy 2012	Best Practice Financial Decision-making	Director Corporate Services	Cost Neutral	October 2015
	1.2 Diversify and increase the rate base by continuing to develop LEP approved surplus land at Tocumwal Aerodrome and Finley	Increase in number of rate-able lots Funds to for subsequent development	General Manager	Economic Development Reserves Cost Neutral	September 2015
	1.3 Implement FFF sustainability; infrastructure and service management; and efficiency improvement plan	Continue to meet or exceed FFF benchmarks	General Manager	Cost Neutral	Ongoing

FFF Detailed Improvement Plan
2015 - 2019

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.1 Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects

Delivery Program Objective: 2.1.1 Council operations, partnerships and coordination of resources contribute toward implementation of *Berrigan Shire 2023*

Operational Plan Action: Continue to evaluate Fit for the Future options to determine contribution toward implementation of *Berrigan Shire 2023*

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
2. Scope to undertake new projects	2.1 Implement FFF sustainability; infrastructure and service management; and efficiency improvement plan	Continue to meet or exceed FFF benchmarks	General Manager	Cost Neutral	Ongoing
3. Ability to employ a wider range of skilled staff	3.1 Continue to implement Workforce Development Plan actions described hereunder				
	In partnership with our communities market and promote the lifestyle and liveability of our communities to attract local government and other professionals with families	Increased awareness of services and facilities by new residents / employees and prospective employees	Director Corporate Services	Cost Neutral	
	Continue Council support of <ul style="list-style-type: none"> CSU Accommodation Scholarship Traineeships 	Young people remaining close to home while studying	Economic Development Officer	Council budget	Ongoing
	Actively promote to current and prospective employees the career development, packaging and work/life benefits provided by Council employment	Increase in the % of Council employees reporting <i>extremely satisfied</i> with work/life balance	Director Corporate Services	Cost Neutral	Ongoing

FFF Detailed Improvement Plan
2015 - 2019

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.1 *Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects*

Delivery Program Objective: 2.1.1 Council operations, partnerships and coordination of resources contribute toward implementation of *Berrigan Shire 2023*

Operational Plan Action: Continue to evaluate Fit for the Future options to determine contribution toward implementation of *Berrigan Shire 2023*

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
	Actively use skilled migration programs and sponsor Section 457 visa holders for vacant professional / technical services positions	Council operations are delivered in a timely and efficient manner	Director Technical Services	As required	Ongoing
4. Knowledge, creativity and innovation	Encourage and support staff through performance management system to identify and pursue technology and innovation in their field	Organisational learning, knowledge transfer and innovation	Director Corporate	Training Budget	
5. Advanced skills in strategic planning and policy	5.1 Continue to support through Workforce Development Plan – the professional development of staff engaged in strategic planning and policy development roles	Skilled and professional workforce	General Manager	Training Budget	Ongoing
6. Effective regional collaboration	6.1 Continue Council support and resourcing inter-agency groups and ROC eg: BJCN, RAMROC Professional Groups, Police and Emergency Services Planning etc.	Effective regional collaboration Shared resourcing	General Manager	Cost Neutral	Ongoing

FFF Detailed Improvement Plan 2015 - 2019

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.1 *Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects*

Delivery Program Objective: 2.1.1 Council operations, partnerships and coordination of resources contribute toward implementation of *Berrigan Shire 2023*

Operational Plan Action: Continue to evaluate Fit for the Future options to determine contribution toward implementation of *Berrigan Shire 2023*

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
7. Credibility for more effective advocacy	7.1 Continue to invest in <i>id.data</i> profile – to inform robust modelling and strategic assessment of social, economic impact of projects / initiatives	Evidence based advocacy	Strategic and Social Planning Coordinator	Council budget	Ongoing
	7.2 Continue longitudinal surveying of Community and Business Satisfaction Survey	Council planning informed by resident/business feedback	General Manager	\$20,000	Ongoing Next survey due 2019
8. Capable partner for state and federal agencies	8.1 Implement FFF sustainability; infrastructure and service management; and efficiency improvement plan	Continue to meet or exceed FFF benchmarks	General Manager	Cost Neutral	Ongoing
9. High quality political and managerial leadership	9.1 Promote and support the engagement of Shire residents, local business and agencies in the development, implementation and review of <i>Berrigan Shire 2023</i>	Increase in resident, local business and other agencies participation in opportunistic and targeted engagement	General Manager	Cost Neutral	Ongoing
	9.2 Continue to engage our communities in the rolling review and development of	Council investment in assets, service delivery is guided by an informed	General Manager	Cost Neutral	Ongoing

FFF Detailed Improvement Plan
2015 - 2019

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.1 *Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects*

Delivery Program Objective: 2.1.1 Council operations, partnerships and coordination of resources contribute toward implementation of *Berrigan Shire 2023*

Operational Plan Action: Continue to evaluate Fit for the Future options to determine contribution toward implementation of *Berrigan Shire 2023*

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
	Council <ul style="list-style-type: none"> • Asset Management Plans • Service Delivery Strategies and Action Plans 	community engaged in identifying community expectations and priorities			

FFF Detailed Improvement Plan
2015 - 2019

Scale and Capacity Improvement Plan

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective: 2.2.1 Meet legislative requirements for Council elections, local government and integrated planning and reporting

Operational Plan Action: Provide facilities and support including financial to elected Council

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
10. High quality political and managerial leadership	10.1 Engage Councillors and senior staff in joint planning activities e.g.: Annual Corporate Workshop	The leadership skills, experience and knowledge of Councillors is used	General Manager	Council Budget	Ongoing

FFF Detailed Improvement Plan
2015 - 2019

FFF Benchmark: Operating Performance ratio (Greater than or equal to break-even average over 3 years)

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective: 2.2.2 Council Operations support ethical, transparent and accountable corporate governance

Operational Plan Action: 2.2.2.3 Coordinate Council investments, financial operations and processing

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
1) Increase financial and environmental efficiency of buildings and continue energy efficiency program	Investigate the use of solar power and install where appropriate	Reduce cost of provision of essential services	Director Technical Services	2015/16 Operational Plan	1 July 2015/16
	Continue to monitor effectiveness of panels installed in 2014/15 on Council administration office	Ongoing reduction in cost of administrative center power – 50% - \$20K per annum – prove payback period of 3-4 years	Finance Manager / Environmental Engineer	2014/15 Operational Plan	1 July 2014/15
	Install solar on 3 largest water pumping stations	Reduce ongoing electricity usage costs for three most expensive pumping stations, projected payback based on current installation 4 years	Finance Manager / Environmental Engineer	2015-16 Operational Plan	August 2015
	Review electricity costs to ensure utilisation of best-value procurement contracts, and options to mitigate (solar),	Ensure best value for provision of essential services, reduce waste, become more self –	Finance Manager / Environmental Engineer /	2015/16 Operation Plan & ongoing	1 July 2015

FFF Detailed Improvement Plan
2015 - 2019

FFF Benchmark: Operating Performance ratio (Greater than or equal to break-even average over 3 years)

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective: 2.2.2 Council Operations support ethical, transparent and accountable corporate governance

Operational Plan Action: 2.2.2.3 Coordinate Council investments, financial operations and processing

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
	moderate (rationalisation of use) or otherwise reduce reliance on grid power (with associated price rises)	sustainable for energy consumption	Building Manager		
1) Increase financial and environmental efficiency of buildings and continue energy efficiency program (cont.)	Current solar installations - investigate potential for battery storage	Utilise excess capacity for night use	Finance Manager / Environmental Engineer	2016-17 Operational Plan	1 July 2016/17

FFF Benchmark: Real Operating Expenditure per capita

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective: 2.2.2 Council Operations support ethical, transparent and accountable corporate governance

Operational Plan Action: 2.2.2.4 Manage human resource and workforce development activities through implementation of BSC Workforce Development Plan

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
2) Assess existing workforce and organisational structure for potential cuts and offer redundancies where appropriate	Continual review of services and staff arrangements with a view to identifying efficiencies	Understanding of scope for potential efficiencies	Director Corporate Services	2015/16 Workforce Development Pan	Ongoing
	Develop alternate staffing structure to deliver services more efficiently	New, leaner staffing structure without reduction in service levels	Director Corporate Services	2015/16 Operation Plan	June 2015
	Undertake formal separation process with affected employees and unions	Separation undertaken as a responsible employer in line with legal obligations	Director Corporate Services	2015/16 Operation Plan	July 2015
	Ongoing monitoring to ensure service levels are maintained	Assurance that service levels are maintained and cost savings realised	Director Corporate Services	2015/16 Operation Plan	Ongoing

FFF Benchmark: Operating Performance ratio (Greater than or equal to break-even average over 3 years)

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective: 2.2.2 Council Operations support ethical, transparent and accountable corporate governance

Operational Plan Action: 2.2.2.3 Coordinate Council investments, financial operations and processing

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
3) Continue the Council's program to divest itself of services where no net disadvantage to the community and cost savings can be derived by the Council	Relinquish the Federal and State Government-funded Home and Community Care (HACC) Service	Reduction in exposure to financial risk	Director Corporate Services	Transfer Service to alternative provider	1 July 2016
	Coordinate handover of service responsibility to alternate provider in line with the HACC Transition-out plan	Smooth transition of service responsibility	Director Corporate Services	Berrigan Shire HACC service Transition-out plan	July 2016
	Monitor service provided to HACC clients to ensure ongoing	Service levels maintained for HACC clients	Director Corporate Services	2015/16 Operation Plan	ongoing

FFF Benchmark: Real Operating Expenditure per capita

Berrigan Shire 2023 Strategic Objective: 2.2 Ensure effective governance by Council of Council operations and reporting

Delivery Program Objective; 2.2.2 Council Operations support ethical, transparent and accountable corporate governance

Operational Plan Action: 2.2.2.3 Coordinate Council investments, financial operations and processing

What we want to do Improvement Strategy	How are we going to do it? (Action)	What will be the outcome	Lead Responsibility	Cost/Other Resources	Commencing
4) Identify outdated and inefficient assets and replace with new efficient assets	Identify potential recreation facilities assets for disposal Consult stakeholder	Reduced number of inefficient and high maintenance assets	Asset Management Team	Cost Neutral	Sept 2015
5) Improve Council's procurement function including making use of prequalified contracts where appropriate	Enforce compliance requirements for contractors through the Vendor Panel system; Develop Preferred Suppliers Listings; Development and implementation of Procurement and Disposal procedures across Council functions.	Streamlined and transparent procurement processes; Reduced tender processing costs Increased contractor compliance; Competitive quotations.	Enterprise Risk Manager	Continued subscription to Vendor Panel; Procurement Working Group.	1 July 2015/16

Fit for the Future: Options analysis & comparison report



Berrigan Shire Council
April 2015

Independent insight.



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Disclaimer

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EXECUTIVE SUMMARY

Project brief

SGS Economics & Planning (SGS) was commissioned by Berrigan Shire Council (BSC) to provide independent analysis to inform Council's future deliberations over two options:

- Amalgamation with Jerilderie Shire Council (JSC), as per the Independent Local Government Review Panel's (ILGRP) recommendation, and
- BSC remaining within its existing boundaries.

To this end, SGS has undertaken a high level strategic appraisal, financial appraisal, and due diligence assessment of potential outcomes.

Strategic appraisal

SGS examined how well the proposed amalgamation would gel by examining the functional linkages between the municipalities, and the degree of similarity of community characteristics and development expectations. This work utilised selected ILTRP criteria for determining future local government boundary changes, as well as GIS-based functional mapping, the socio-economic profiles of the respective municipalities and their adopted Community Strategic Plans.

SGS's overall conclusion is the BSC and JSC share substantial similarities but also a significant number of differences. Key differences relate to:

- The rate of population growth (BSC growing/ JSC declining)
- Economic diversity and development planning (BSC diversifying into tourism & related industries, while JSC remains heavily reliant on agriculture)
- Relationships with nearby LGAs, especially BSC's relationship with Moira (Vic), and
- The composition of the municipal rates base (with BSC enjoying higher property values and more residential assessments).

BSC undoubtedly looks to the south (Victoria) for a variety of social (service delivery, migration) and economic linkages (freight, jobs), and also to the east in Albury-Wodonga (service delivery, air transport).

The figure overleaf summarises SGS's assessment against the relevant ILGRP criteria.

Financial appraisal

SGS has independently reviewed the reasonableness of the key assumptions adopted in the long term financial planning of BSC, which has been prepared on a standalone basis. At a global level, the global assumptions applied appear reasonable, and given that these assumptions hold true, it is likely that the performance against OLG financial benchmarks will improve in future.

BSC's self-assessed performance against the OLG financial benchmarks indicate that the existing poor results will quickly turn around. Indeed, based on BSC's self-assessment, Council will meet six out of the seven OLG benchmarks over the period from 2016/17-2019/20. The only exception is the own source revenue ratio. According to OLG's requirements, councils need to be able to generate more than 60% of

FIGURE A: ASSESSMENT AGAINST RELEVANT ILGRP CRITERIA

Integrated Planning: 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.

In terms of integrated planning and regional development, while both economies have a significant agricultural base, BSC has a strong focus on tourism, transport and warehousing as well. While JSC is mostly self-contained in terms of employment and migration, BSC is committed to diversifying the economy, growing tourism and transport related activities, and therefore the focus lies on the Murray River and linkages with Victoria.

BSC shares important linkages with nearby councils on the border of the Murray River; Moira in particular. BSC has migration linkages with Victoria and other urban centres. The intermodal hub at Tocumwal plays a regional strategic role for the wider region enabling a viable network connection between Tocumwal and Seymour (Vic) including Shepparton. Tourism in BSC gravitates towards Tocumwal and Barooga (Murray River), while JSC – with a weak focus on tourism – links with other Riverina councils.

In terms of coordinated service delivery, JSC depends on a range of services (health, art, federal services and some tertiary education) provided in Berrigan, and for higher order services, it relies mostly on Shepparton and Albury-Wodonga (tertiary education, larger hospital, air travel). In that sense, BSC and JSC form a functional region for lower order services.

Local Identity and Sense of Place: Consistent with the need for integrated planning, boundaries should reflect a sense of identity and place, including important historical and traditional values.

BSC and JSC share some aspects of identity and sense of place, both being agricultural areas with a long and treasured history. BSC's identity however is also formed by the Murray River.

The socio-economic profiles of BCS and JSC are highly similar but differ in numerous ways. Some key differences include labour force participation rates, education and occupation profiles, jobs self-containment, socio-economic status levels, and the composition of the municipal rates base.

While the community strategic plans of both Shires has some commonalities, key differences include BSC's clear focus on volunteering, the Murray River, lifestyle and growth, and relations with Victorian municipalities.

An amalgamation would result in an area developing in quite opposite directions: one area with population growth and related increases in property values and the rate base, while the remainder would experience population decline and a weak or deteriorating rate base.

Population Growth: 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.

The boundary of the LGAs can comfortably accommodate projected population growth over the next 25 years.

Accessibility: 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.

Most if not all of BSC's and JSC's boundaries would be accessible from Berrigan (the assumed administrative centre in case of an amalgamation) within 90 minutes.

Strong Centre: Each LGA should have a substantial population centre that can provide higher order commercial, administrative, education, health and other services.

The two main population centres in BSC and/ or JSC are Finley and Tocumwal. Together with Berrigan these towns would provide most of the sub-regional commercial, education, administrative, health and other services if the two Shires were to merge. Higher order regional services are provided in Shepparton (Victoria) or in Albury-Wodonga.

Key Infrastructure: 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.

Only a limited suite of regional infrastructure items appear to be located in BSC and/ or JSC. The Tocumwal intermodal hub is the most notable item, and this funnels freight to Victorian ports. Other key infrastructure items appear to be provided in Shepparton (Victoria) or in Albury-Wodonga.

Financial appraisal (continued)

their operating revenue from its own sources (e.g. rates), however BSC can only generate around 53% of its operating revenue itself with the rest relying on external sources (e.g. grants & contributions).

BSC advises that there are two key drivers underpinning improved performance:

- The Council has reduced long term operating expenses by about \$250,000 p.a. to reflect the permanent reduction in the level of the Financial Assistance Grant, and
- The Council has reduced its level of budget conservatism, i.e. increased anticipated interest revenues recognised some sales of bulk water etc.

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

Scenario 1: Lead council model: This approach uses BSC's per capita costs and applies these to the population of JSC. This implies that both BSC and JSC adopt Berrigan's systems and processes, where applicable. Where JSC activities are different to BSC then this scenario assumes that those activities will not go ahead. However, this cannot be clearly ascertained without completing a detailed review of service levels, and service quality.

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 NSW and QLD. 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 by this model.

Scenario 3: Constrained financial savings 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 218CA 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.

TABLE A: NPV OF ESTIMATED COST SAVINGS OVER 10 YEARS

Scenario	Estimated Savings
Scenario 1 - lead council model: savings	\$12.51 million
Scenario 1 - lead council : share of base case (standalone entities)	10.8%
Scenario 2 - average efficiency: savings	\$1.69 million
Scenario 2 - average efficiency : share of base case(standalone entities)	1.2%
Scenario 3 – legislative framework scenario: savings	\$4.45 million
Scenario 3 - legislative framework scenario : share of base case (standalone entities)	3.8%

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.

Given the high-level nature of this financial analysis, it is noteworthy that the expenditure savings estimates are preliminary only (i.e. numerous assumptions apply and numerous caveats apply).

Scenario 1 Results

Given the difference in per capita expenditure of BSC and JSC¹ (which reflects Berrigan's comparative scale and efficiency of operations), there is potential for strong savings in administration (NPV \$8.9 million over 10 years), and economic affairs (NPV \$2.1 million over ten years). These savings assume rationalisation of buildings, staff, methods, systems, and supplier contracts to achieve efficiencies observed at BSC.

In present value terms, this scenario expects \$12.5 million in savings over 10 years (or \$1.25 million per annum on average) or 11% of the base case expenditures of the two standalone Shires. The approach assumes that JSC adopt BSC per capita expenditures, and as a result the majority of efficiencies and savings would come from Jerilderie. In other words, the modelling approach implies unchanged expenditures or savings for BSC functions.

Scenario 2 results

Scenario 2 shows very little financial savings under the merger option. This is because the increase in population from JSC joining with BSC (approx. 1500 in FYE 2016) is insufficient to compensate for the increase in geographic dispersion (80% increase in road length).

In present value terms, the project savings are around \$1.7 million over ten years or 1.2% of the base case expenditures of the two standalone Shires.

Scenario 3 results

Scenario 3 shows that there is potential for around \$3.4 million savings from staff rationalisation – assuming executive redundancies and a freeze on hiring of non-executive staff; and around \$1.2 million in savings from materials and contracts.

Overall, the legislative framework modelling shows savings of \$4.5 million over 10 years in present value terms. This is around 3.8% of base case expenditures of the two standalone Shires.

Comparison of financial savings scenarios

The estimates from the lead council model (Scenario 1) are certainly optimistic, as they assume rationalisation of assets, and do not consider the constraints that exist under the LGA Act 1993.

Scenario 2 estimates reflect average estimates derived from a statistical model, so there are no explicit assumptions regarding governance. Instead, the estimates reflect the potential for economies of scale. Due to the increase in geographic area, the potential for economies of scale is weak.

Scenario 3, is more conservative, and takes into account constraints implied in the Local Government Act 1993. Some of these constraints might be circumvented in the merger process, so estimates from Scenario 3 may well be conservative.

¹ Based on FY 2016 estimates, this is \$960 for Berrigan and \$5526 for Jerilderie. Note that these estimates exclude Water and Sewer expenditure, as well as depreciation and amortization.

Conclusions

The financial modelling undertaken by SGS indicates that expenditure savings might be generated by the merger of BSC 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 financial savings still appear to be material between 1.2% and 3.8% compared to the base case of two standalone councils (taking all caveats into account).

SGS reviewed the LTFP projections for Berrigan and concluded the assumptions and results are reasonable and founded. The LTFP projections demonstrate that Berrigan's performance will improve as a stand-alone option and marked improvements are forecast against all OLG indicators, with only one not meeting the required OLG Benchmark ratio of own source revenue.

Due diligence

After reflecting on the outputs of the previous tasks, SGS final task was to identify the risks/ concerns that might be associated with both the amalgamation and standalone options.

In terms of the standalone option, the key risks are that the:

- Global assumptions made in the long term financial planning process do not hold true and therefore the performance against the OLG financial benchmarks does not improve; suggesting that the strategic capacity of BSC will stagnate if not decline.
- Community expectations for improved service delivery will rise and this will be unmatched by a willingness to fund these services through increased rates and/ or user charges.

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

- Scale and scope of the initial amalgamation costs
- Potential clash of organisational cultures, especially during the initial transition period
- 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.
- Community expectations for improved service delivery may rise beyond merger savings and will be unmatched by a willingness to fund these services through increased rates and/ or user charges.
- Impact of salary equalisation arrangements that would ultimately be required by the new entity
- Impact of service equalisation arrangements across the merged entity, which may unwittingly cause service delivery improvement expectations, and

- The impact on rate payers, particularly on BSC based farmland rate payers, which our initial modelling indicates will experience a material rise in rates, whereas others experience modest adjustments only.
- The existence of possible ‘legacy issues’ where a merging Council may feel they are ‘subsidising’ or ‘diverting resources’ to address issues of the other merging Council. It could result in resources that otherwise would have been invested in Berrigan, being diverted to Jerilderie (or vice versa). 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.

Another issue, not explicitly covered in this analysis, is the risk of reduced local representation and reduced local sovereignty for residents. These matters are at the heart of the local government amalgamation debate.

The benefits to Berrigan

In theory, under the new merged entity, rates and service levels would be equalised over time with all ratepayers 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.

A key question to the Berrigan community is whether Berrigan as a stand-alone Council is better off than Berrigan as part of a merged option. Both options have their benefits and these need to be considered for Berrigan to make an informed decision.

The benefits of the stand-alone model for Berrigan are:

- Long term sustainability (with the exception of own source revenue)
- Growing rate base
- Continued strong local representation and focus on locally significant issues
- No merger and transition costs, and
- No risks of amalgamation (including any legacy issues)

The benefits of the merger model for Berrigan are:

- Increased capacity for (strategic) service improvement
- Possibly more Council jobs in Berrigan
- The savings of the merger which may lead to lower rates, increased service delivery and/or increased long term sustainability of Council

1 INTRODUCTION

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
- 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



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 Berrigan/ Jerilderie

In their final report (October 2013), the ILGRP propose the following merger and boundary change options for Berrigan and Jerilderie Shire Councils:

- Berrigan Shire Council: Merge with Jerilderie Shire Council
- Jerilderie Shire Council: Merge with Berrigan Shire Council or establish a Rural Council as part of the Mid Murray Joint Organisation.

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

Project scope & objectives

Project Brief

Berrigan Shire Council (BSC) is developing a business case for submission to the OLG concerning its preferred future.

To inform this business case, the BSC project Brief called for an independent analysis of Council's potential fitness for the future under two options:

- Amalgamation with Jerilderie Shire Council, as per the ILGRP's recommendation, and
- Berrigan Shire Council remaining within its existing boundaries.

The BSC Brief also required a comparison of the outcomes that are likely to be generated under both options.

To this end, the Brief called for:

- A high level strategic and financial appraisal for each option (for use in completing OLG Templates 1 and 2)²
- An assessment of Council's future performance against the financial benchmarks set by OLG under each option (for use in completing OLG Templates 1 and 2)
- An assessment of amalgamation option in terms of the factors set out in Section 263 of the Local Government Act 1993
- An assessment of amalgamation option in terms of staff protection provisions of Section 218CA of the Local Government Act 1993, and
- A high-level due diligence assessment of any risks/ concerns associated with both options.

Project Inception

At the project inception meeting, BSC provided SGS Economics & Planning (SGS) with a thorough overview of the background work that Council has prepared/ commissioned to date, and how this interested with SGS's proposal.

When asked specifically how SGS's proposed role fitted with this background work, BSC clarified that SGS was not expected to replicate background work but to use it appropriately when independently responding to a) through to e) above.

Project Approach

Given this context, SGS has responded to BSC's needs as follows.

High level strategic appraisal

In terms of the high level strategic appraisal, SGS has examined how well the proposed amalgamation of Berrigan and Jerilderie would gel by examining the functional linkages between the communities, and the degree of similarity of community characteristics and development expectations. This work draws

² Refer <http://www.fitforthefuture.nsw.gov.au/content/just-released-%E2%80%93-council-self-assessment-tool-templates-and-guidance>

from the ILTRP criteria for determining future local government boundary changes, as well as socio-economic profiles of the respective municipalities and their adopted Community Strategic Plans.

High level financial appraisal

In terms of the high level financial appraisal, SGS has:

- Independently reviewed the key assumptions adopted in the Long Term Financial Plans (LTFP) of BSC, which has been prepared on a standalone basis.
- Independently reviewed the financial projections/ OLG benchmarks generated by BSC, again prepared on a standalone basis
- Modelled the level of financial savings that might be generated by the proposed amalgamation
- Subsequently explored how the estimated savings correlate with the factors that must be considered when contemplating boundary changes as per Section 263 (3) and Section 218CA of the Local Government Act 1993.
- SGS has also identified some of the non-financial costs and benefits that should be considered as part of the financial and broader economic appraisal.

Due diligence

Drawing from the information used and key assumptions adopted in the aforementioned analysis, SGS has highlighted the key risks/ concerns associated with both the amalgamation and standalone options.

Report structure

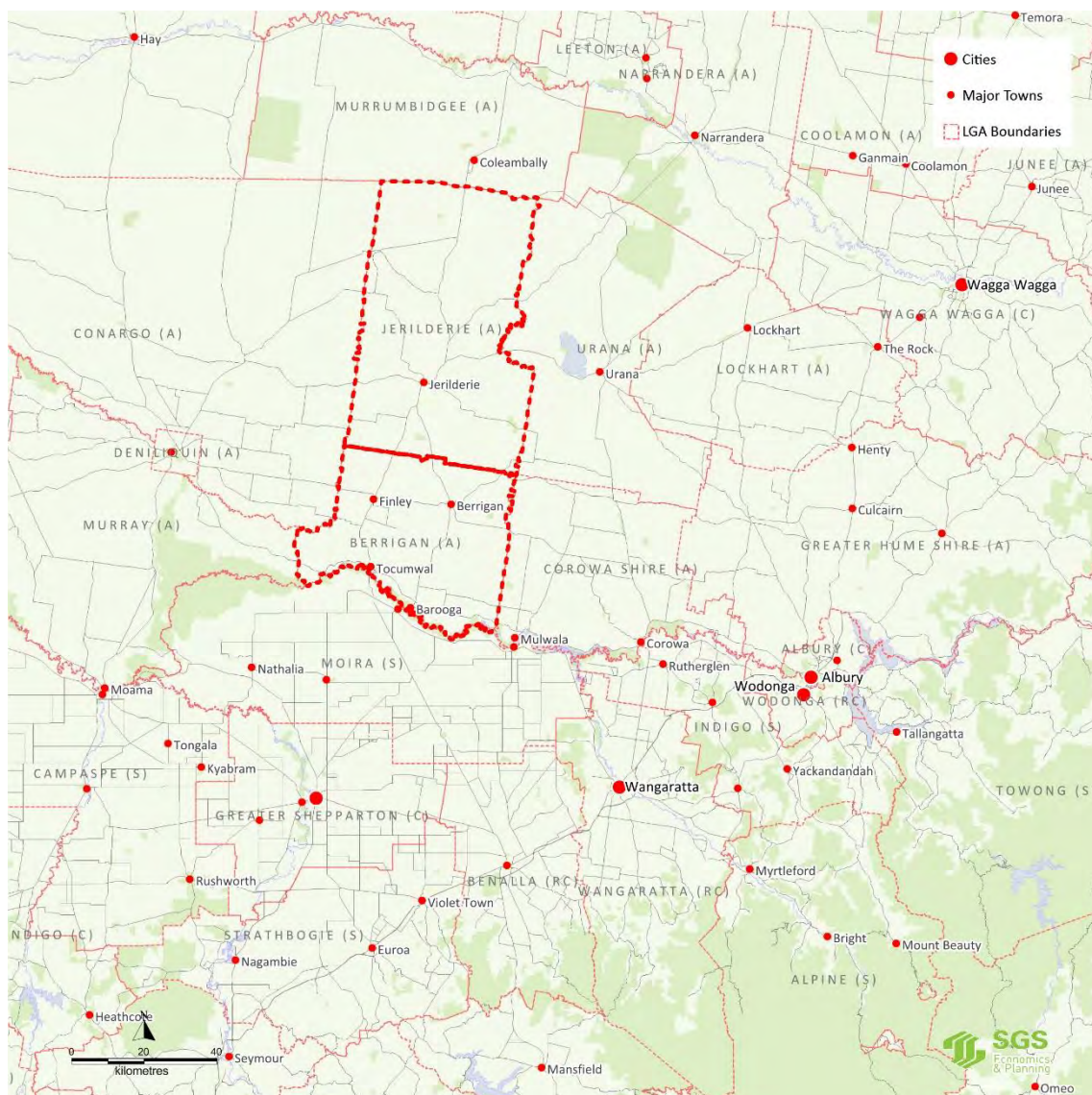
This report has been structured in a manner that sequentially works through the aforementioned tasks, and therefore has been structured around the headings of strategic appraisal, financial appraisal and due diligence.

2 STRATEGIC APPRAISAL

This section assesses how well the proposed amalgamation of Berrigan and Jerilderie would gel by examining the functional linkages between the communities, along with the degree of similarity of community characteristics and community strategic priorities. This work draws from the ILTRP criteria for determining future local government boundary changes, as well as socio-economic profiles of the respective municipalities and their adopted Community Strategic Plans.

Regional spatial structure

FIGURE 2 CONTEXT MAP: BERRIGAN AND JERILDERIE



Source: SGS (2015) using Near Map.

Berrigan Shire Council and Jerilderie Shire Council are adjacent to each other. Berrigan is situated along the Murray River. North of Berrigan is Jerilderie. Berrigan has a total population of 8,066 people dispersed over four urban centres Berrigan, Finley, Barooga and Tocumwal, and the regional land around these towns. Jerilderie has a total population of 1,496 persons living in Jerilderie township and the surrounding rural areas (**Table 1**).

TABLE 1 POPULATION BY TOWN AND RURAL BALANCE, 2011

	Resident population
Berrigan	922
Finley	1,921
Tocumwal	2,154
Remainder Berrigan (including Barooga)	3,069
Berrigan total	8,066
Jerilderie town	775
Remainder Jerilderie	721
Jerilderie total	1,496

Source: ABS Census 2011

The following maps 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 (Figure 3 and Figure 4) show Berrigan and Jerilderie 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.

The maps make it abundantly clear that Berrigan is connected via the Newell A39 (north-south) and Riverina B58 Highways (west-east), while Jerilderie is serviced only in a north-south direction by a highway standard road (i.e. the Newell Highway).

The nearest regional airport for passenger travel is Albury-Wodonga which, based on the modelling methodology, is more than two hours' drive from Berrigan. There are small (local) hospitals in Berrigan, Finley, Jerilderie and Tocumwal. There is a TAFE facility in Finley. The nearest universities are in Shepparton and Albury-Wodonga. Centrelink services are offered in both Berrigan (phone), Cobram (phone) and Tocumwal (phone). There are three galleries in Berrigan LGA, though it is anticipated that these are purely locally oriented galleries.

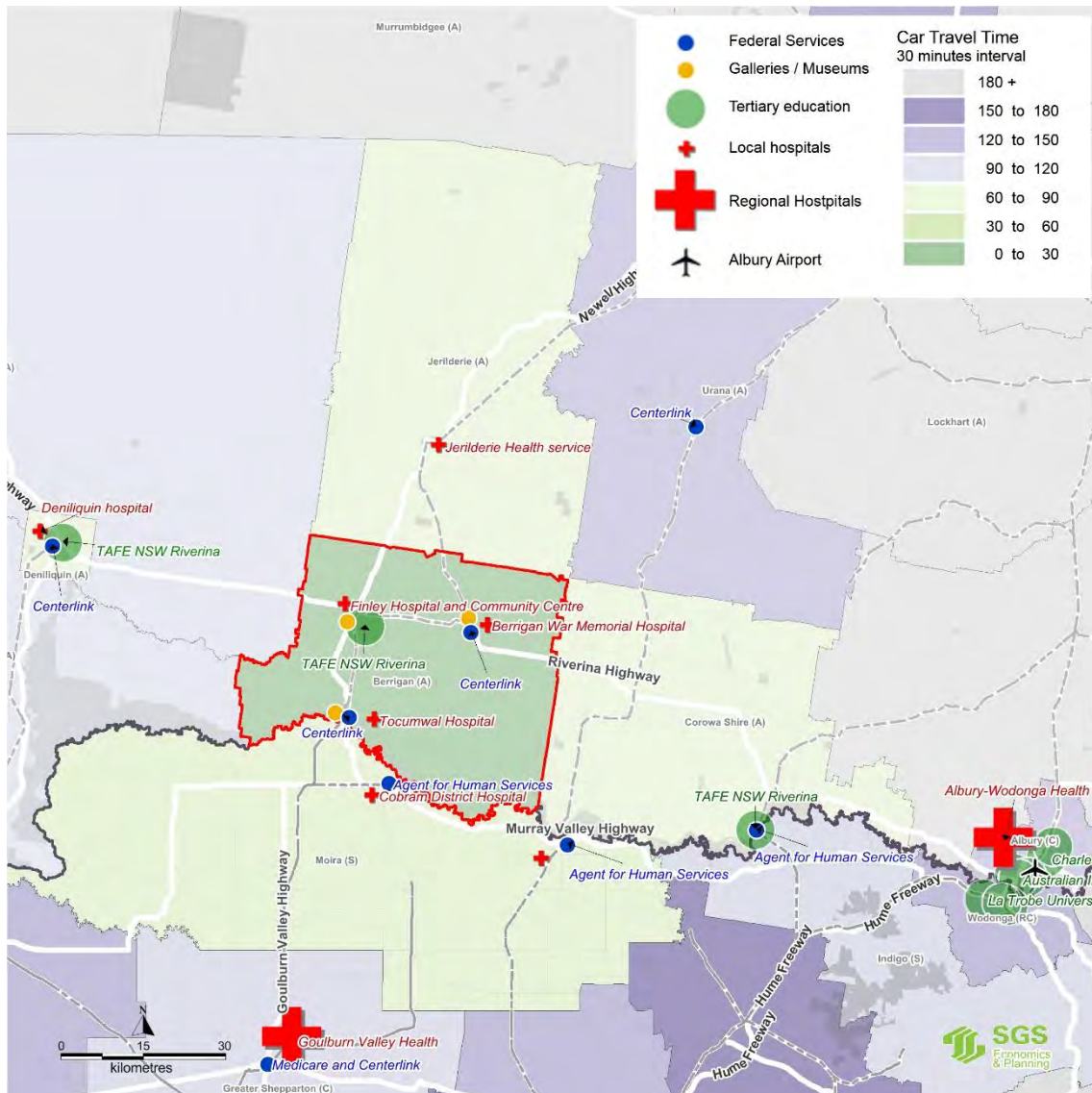
Jerilderie has a small hospital. There are no tertiary education facilities, Centrelink or Human Services in Jerilderie. Clearly Jerilderie relies on towns in adjacent municipalities such as Berrigan and Deniliquin for these services.

From the maps it can be safely concluded that both Berrigan and Jerilderie rely on:

- Albury-Wodonga for regional air transport services, and

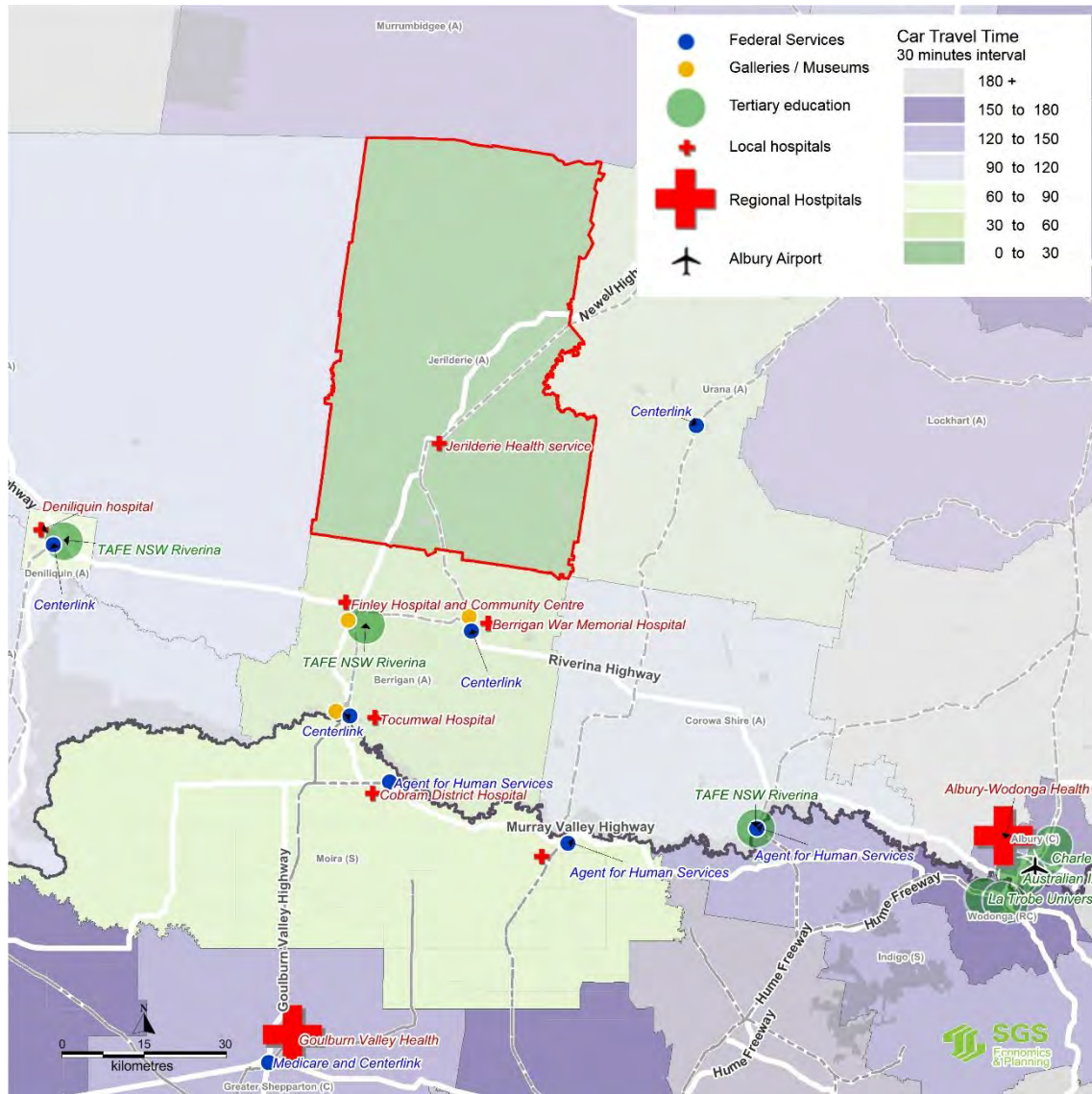
- Albury-Wodonga and Shepparton (Victoria) for higher order (i.e. regional) hospital care needs (and most likely higher education services).

FIGURE 3 BERRIGAN REGIONAL SERVICES



Source: diverse sources (2015)

FIGURE 4 JERILDERIE REGIONAL SERVICES



Source: diverse sources (2015)

Functional linkages mapped

The ILGRP has identified the following criteria for determining local government boundaries (Figure 5).

FIGURE 5. CRITERIA FOR DETERMINING FUTURE LOCAL GOVERNMENT BOUNDARIES

<p>Sustainability and Strategic Capacity 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>Efficiency and Effectiveness 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>Integrated Planning 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>Local Identity and Sense of Place 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>Population Growth 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>Accessibility 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>Strong Centre Each LGA should have a substantial population centre that can provide higher order commercial, administrative, education, health and other services.</p> <p>Key Infrastructure 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>Combining Existing Municipalities Wherever practicable, amalgamations should combine the whole of two or more existing LGAs without the additional cost and disruption of associated boundary adjustments.</p>

Source: ILGRP, October 2013.

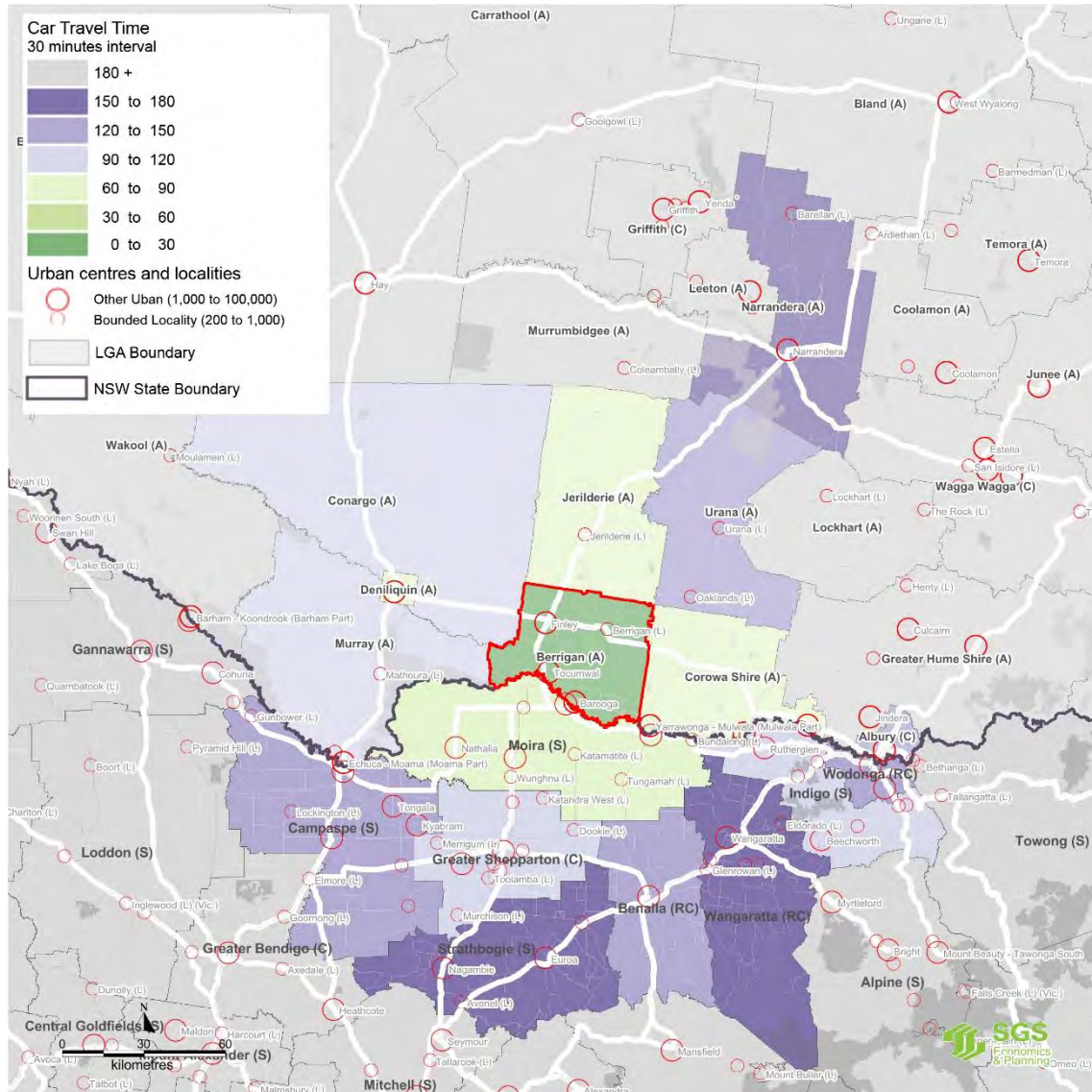
Functional linkages are important indicators for determining local government boundaries and identifying functional regions.

Travel time/ accessibility

Travel times determine to what extent areas are reasonably accessible for work, training, recreation and other services. Berrigan is three hours driving or 270 km north of Melbourne and 7 hours driving (670 km) south west of Sydney. The maps below depict the average travel times from the key residential centres in Berrigan and Jerilderie. The centres of Berrigan and Jerilderie can generally be accessed within 90 minutes' drive.

Within Berrigan, travel times are mostly within half an hour, when travelling from the main towns. Moira (Vic), Corowa, Deniliquin and Jerilderie are within an hour to an hour and a half travel time (**Figure 6**).

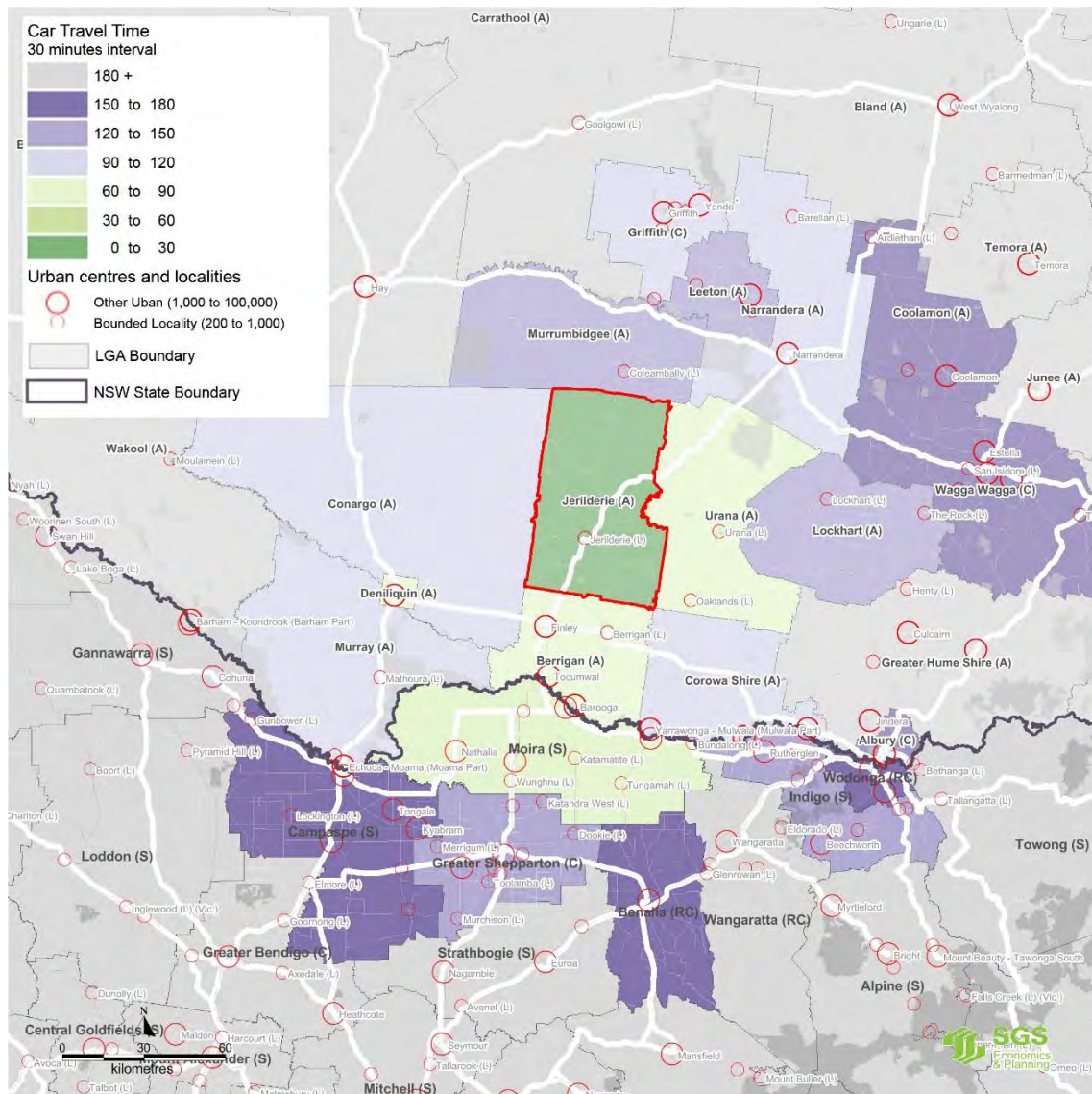
FIGURE 6 TRAVEL TIMES FOR BERRIGAN



Source: SGS (2015)

Within Jerilderie, travel times are mostly within half an hour. Berrigan, Moira (Vic), Deniliquin and Corowa are within an hour to an hour and a half travel time (Figure 7).

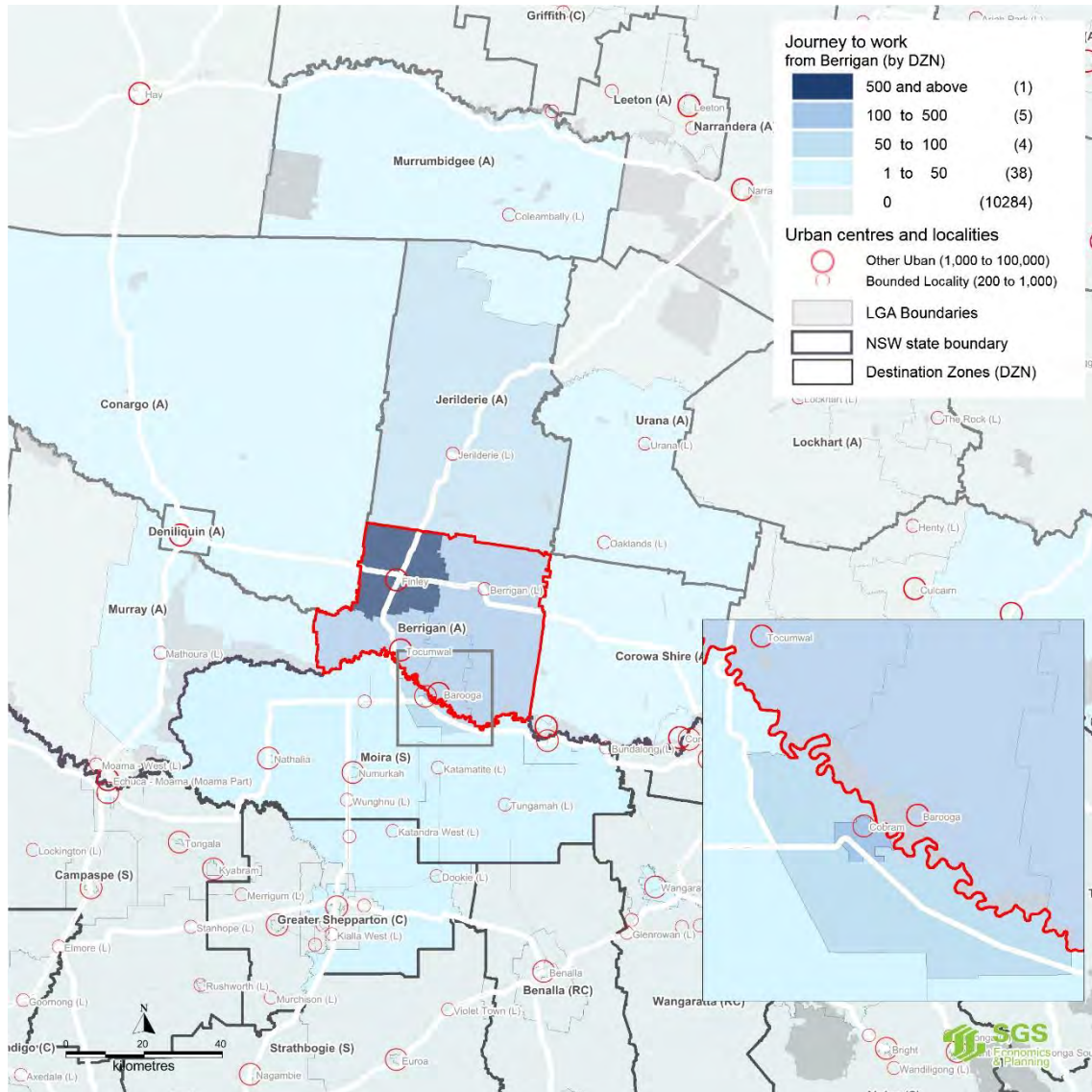
FIGURE 7 TRAVEL TIMES FOR JERILDERIE



Journey to work patterns

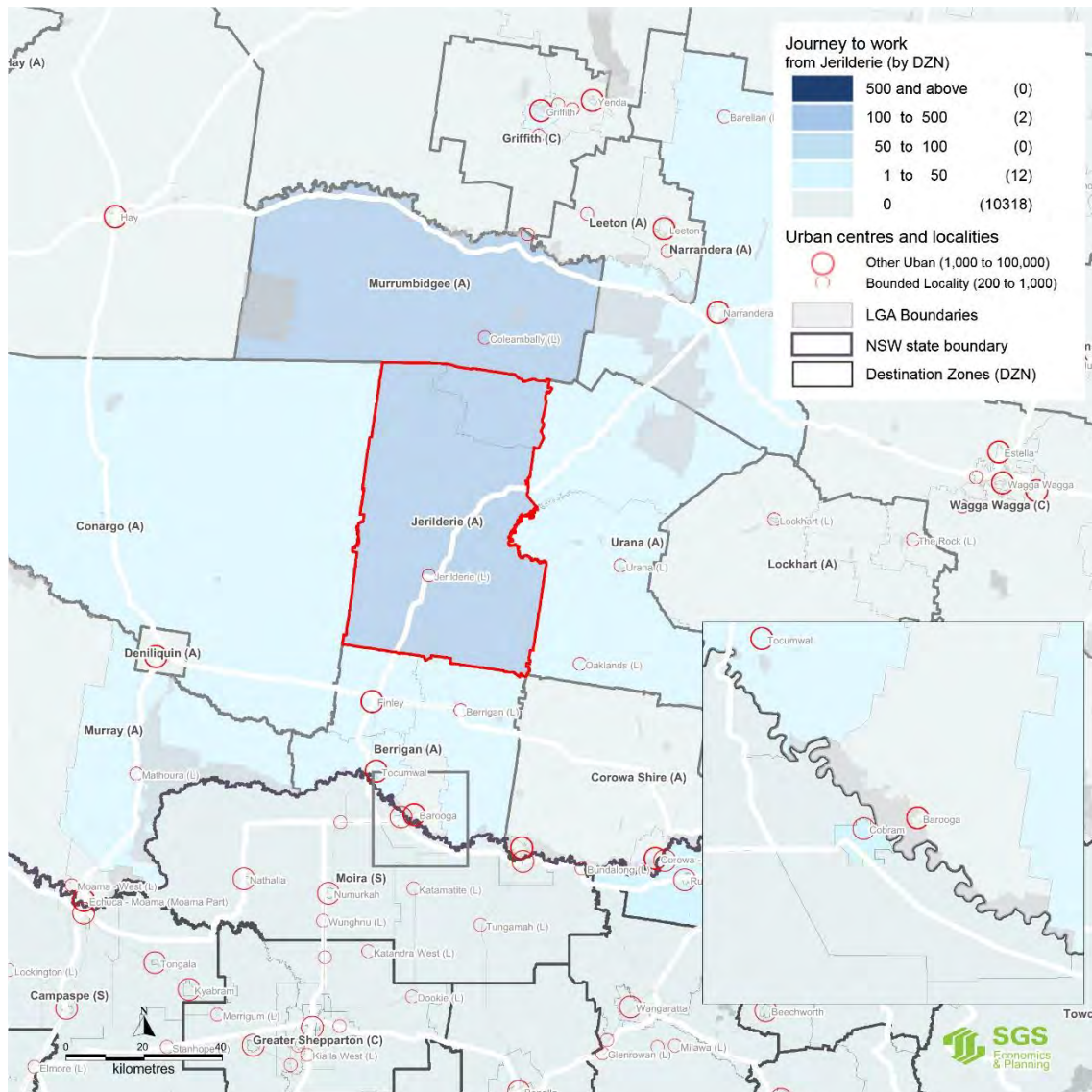
The majority of Berrigan LGA residents with jobs, have jobs that are located within the Shire. Nonetheless, a significant number of people work in adjacent LGAs, with most people commuting to Cobram (Vic) and other areas in Moira (Vic).

FIGURE 8 PLACE OF WORK FOR BERRIGAN WORKING RESIDENTS



Jerilderie is highly self-contained in terms of employment. The most important destination outside Jerilderie, is Murrumbidgee. Jerilderie has no economic links with Moira (Vic) and Corowa.

FIGURE 9 PLACE OF WORK FOR JERILDERIE WORKING RESIDENTS



Source: ABS, 2011

Journey to key services

The travel time and regional services maps (Figures 3 and 4) show that Berrigan is self-reliant in a number of services, but for most tertiary education, high order hospital care and air transport services the LGA relies on nearby areas: Moira, Shepparton and Albury-Wodonga.

For Jerilderie this pattern is slightly different with the main destinations for key services being Berrigan and Deniliquin. For higher order services (large hospital, university and airport) Jerilderie relies on Albury-Wodonga.

Migration patterns

Migration patterns show further functional linkages between areas (**Figure 10** and **Figure 11**). It shows Berrigan has strong ties with Moira (Vic) and larger urban centres in the region. Jerilderie is quite self-contained and is most connected with Berrigan.

In Berrigan, migration patterns over the five years to 2011 show that most people relocate within Berrigan. The populations of Tocumwal and Barooga on the border of the Murray River have been growing. If people relocate further away, it is mostly to Moira (Vic), Albury, Wondonga, Wagga Wagga and Conargo.

FIGURE 10 MIGRATION PATTERNS FROM BERRIGAN, FIVE YEARS TO 2011

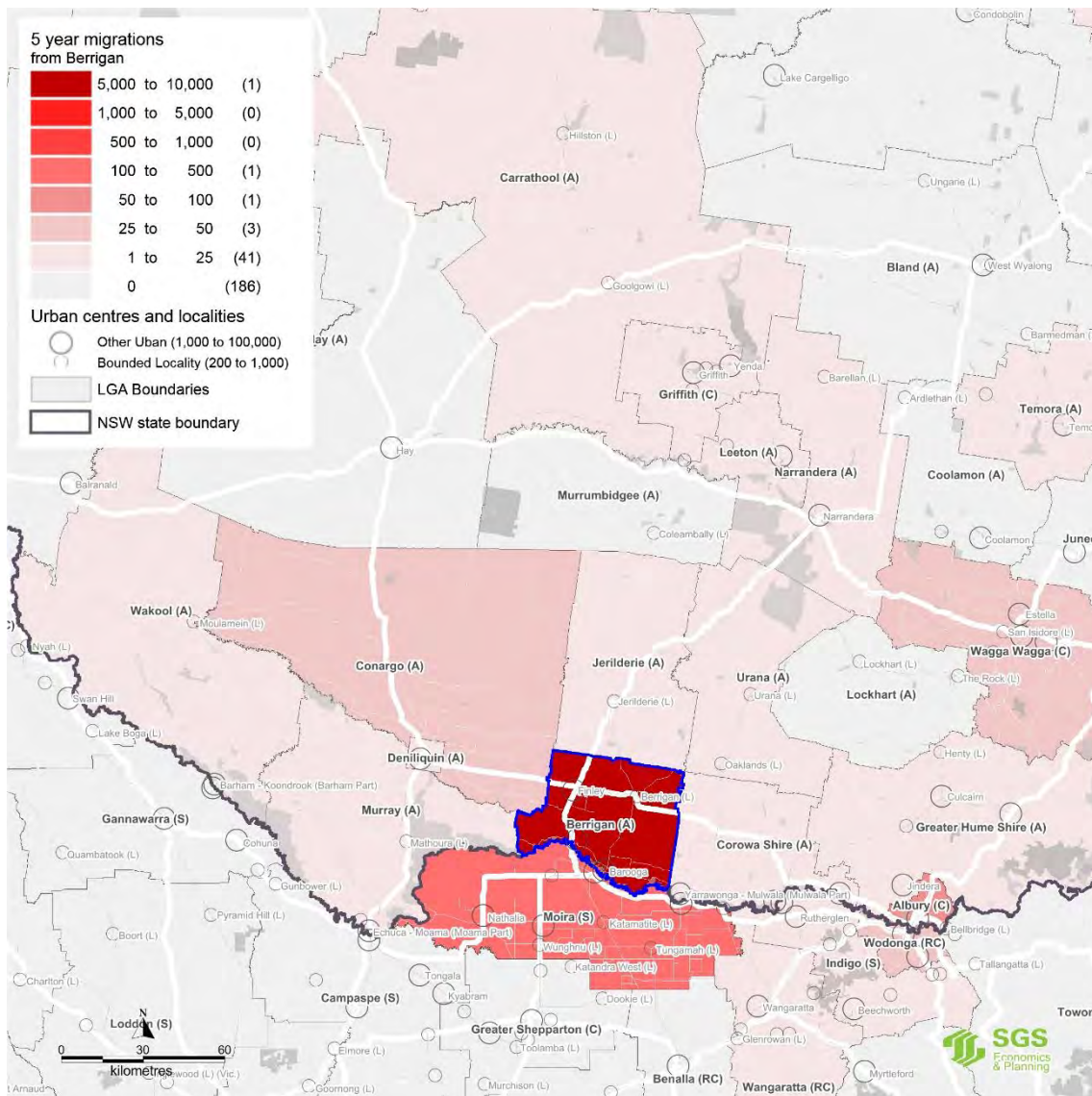
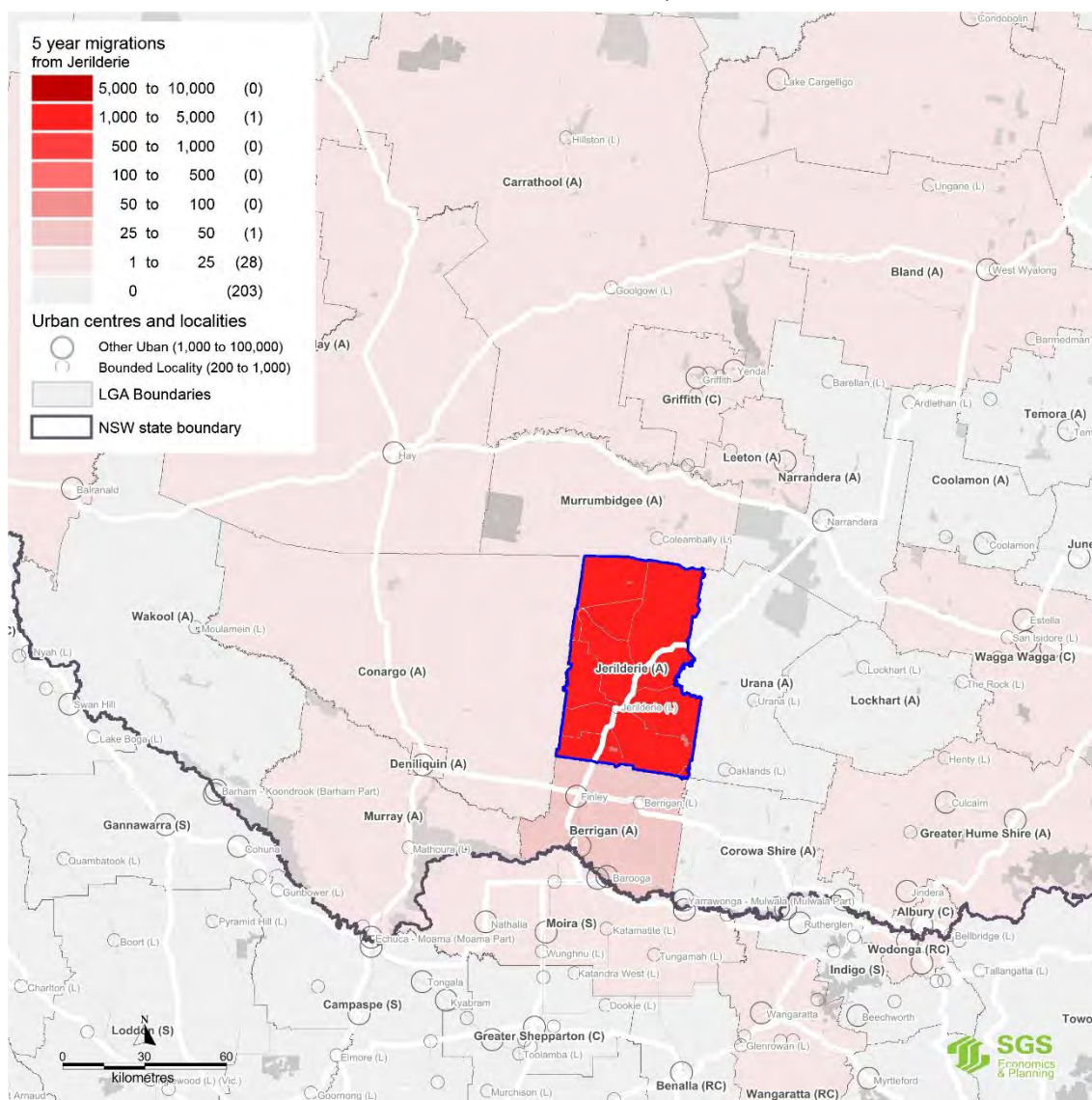


FIGURE 11 MIGRATION PATTERNS FROM JERILDERIE, FIVE YEARS TO 2011



For Jerilderie, the vast majority of households relocating did so within the Jerilderie LGA. Migration patterns from Jerilderie show some linkage with Berrigan.

In addition, migration patterns to Berrigan and Jerilderie were reviewed. While in-migration is smaller than emigration, it further confirms the patterns illustrated earlier. Berrigan is an important lifestyle destination for retirees from Victoria, i.e. Berrigan has significant numbers of people relocating into the area from Victoria. Over the five years to 2011, 809 people migrated from Victoria to Berrigan. This compares to 976 persons who relocated within the same area, and with 378 persons from elsewhere in NSW.

For Jerilderie, the in-migration patterns are different. The vast majority of people relocating, did so within the same area (143 persons). There were 83 people migrating from elsewhere in NSW and only 48 persons migrating from Victoria.

Other regional linkages

Key agricultural industry (downstream) linkages

The Berrigan Jerilderie region has a strong agricultural sector that is specialised in sheep, beef cattle, grain and dairy cattle farming. The Newell Highway provides access to the National Highway and national transport and freight hubs. There is an intermodal road/rail hub in Tocumwal (in Berrigan Shire) which currently takes freight from the wider region. The hub transports freight from Tocumwal, south to Melbourne and vice versa.

The intermodal hub is the second largest grain transfer in NSW and the second largest container transfer facility in Victoria (the rail area is vested in the State of Victoria). Three trains run each week between Tocumwal and Melbourne with freight movements in both directions. Tocumwal has significant storage facilities adjacent to the hub for produce including grain, lucerne, potatoes and briquettes. Council recently rezoned the land and an extension area to industrial. A further grain site may be developed in the near future.

The Berrigan community strategic plan has also identified the need to upgrade the Newell Hwy to Tocumwal to enhance transport and freight accessibility with Victoria and other export markets. BSC has committed to upgrading road access to improve safety and reduce queuing times, spending \$3 million (co-funded by State) over the next twelve months.

Tourism linkages

Tourism is an important industry for Berrigan's local economy. Berrigan is part of the Murray tourism region (Murray Regional Tourism Board) and Jerilderie of the Riverina (Riverina Regional Tourism Board).

Murray Regional Tourism encompasses 14 local councils in NSW and Victoria and four regional tourism associations. The tourism region's councils are: Albury City Council, Greater Hume Shire Council, Wodonga Rural City Council, Corowa Shire Council, Berrigan Shire Council, Deniliquin Council, Wakool Shire Council, Gannawarra Shire Council, Swan Hill Rural City Council, Campaspe Shire Council, Mildura Rural City Council, Moira Shire Council, Murray Shire Council and Wentworth Shire.

Berrigan Shire is also part of the 'Sun Country on the Murray' regional tourism association which is a partnership with Moira Shire.

In 2014, the Murray region received nearly 2.4 million overnight domestic visitors and the region experienced nearly 7 million visitor nights (MRT, 2014) with holiday or recreation being the primary purpose of the visit. Visitors spent an estimated \$1 billion in the region, or \$147 per visitor night³. In 2014, the Travel to Sun Country area attracted 464,000 domestic visitors and the area experienced over 1.4 million visitor nights. Visitors spent \$196 million in the region or \$136 on average per visitor night. The most popular accommodation type used was 'friends or relatives' property, followed by camping.

Jerilderie is part of the **Riverina Regional Tourism Board**, which also includes Griffith, Wagga Wagga, Deniliquin, Leeton, Conargo, Coolamon, Cootamundra, Gundagai, Murrumbidgee Shire, 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).

Berrigan Shire, in its community strategic plan, has identified that the two tourism regions are competing for market share.

³ Estimates for overseas visitors seem erroneous as the statistics indicate that overseas visitors would stay for 23 nights on average. Therefore their spending and visitation were not included here.

The Murray Regional Tourism region is important for Berrigan. Most accommodation and visitor nights spent in Berrigan are in the river-fronting towns of Tocumwal and Barooga. As a result, Berrigan has important economic linkages with other Murray River fronting municipalities and in particular with Moira on the other side of the River. Jerilderie does not have a strongly developed tourism industry.

To further develop its tourism potential, Berrigan aims to increase pedestrian access to the River through the development of the Tocumwal Boardwalk, and by exploring the opportunities of tourism in the Barmeah-Millewa National Park.

Energy and telecommunications

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

Socio-economic characteristics

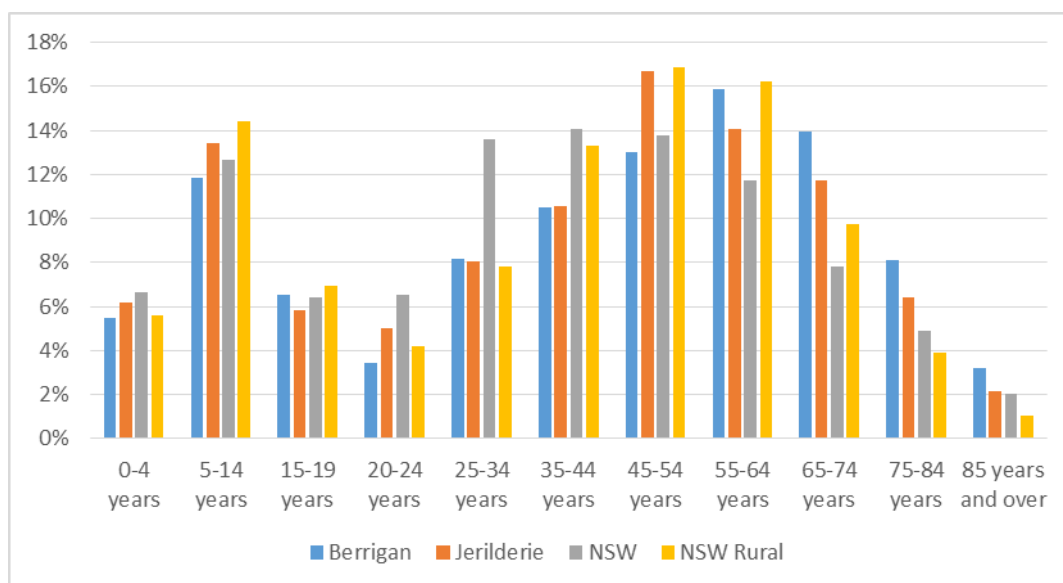
This subsection compares some of the key socio-economic characteristics of Berrigan and Jerilderie and compares these with the NSW, and where data are available, the Rural Balance of NSW.

Population and population change

Berrigan had a total estimated resident population of 8,066 in 2011. The Jerilderie population was 1,496. When comparing the population by age distribution with NSW and the rural balance of NSW, it becomes clear that (Figure 12):

- Berrigan has a large share of people aged 55 years and over. Combined with the strong tourism sector, the Shire may attract lifestyle residents some of whom may run small tourism businesses, and
- Berrigan, Jerilderie and the rural balance of NSW all 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 12 POPULATION BY AGE



Source: Census (2011)

Both the Berrigan and Jerilderie population lag behind NSW in terms of growth rates. Berrigan’s population has increased from 2001 onwards at a rate of between 0.1% and 0.2% per annum. Jerilderie’s population has been in decline, accelerating from -1.7% per annum from 2011 to 2006 to -2.8% per annum from 2006 to 2011. The NSW population increased by 0.7% per annum from 2011 to 2006 and 1.1% from 2006 to 2011. Unfortunately, no data for the rural balance of NSW were available in the ABS time series, as it would likely indicate that population change in Berrigan is in line with rural areas elsewhere.

Population projections indicate that:

- The Berrigan population will likely continue to grow, at a pace of between 0.3% and 0.4% per annum on average to nearly 9,000 residents in 2036
- The Berrigan population will continue to age with a significant decline in the number of people aged 10 to 25 years and 30 to 60 years of ages, and a strong increase in people aged 60 and over (ID Consulting)
- The Jerilderie population will continue to decline, at a pace between -0.5% and -0.9% per annum on average to just over 1,300 residents by 2036
- The Jerilderie population will continue to age with a significant decline in the number of people aged 5 to 24 years and 30 to 60 years of age (ID Consulting).

These projections do not consider changing patterns in migration to and from the local areas.

The figures below show the population projections for both Shires (Figure 13).

FIGURE 13 POPULATION PROJECTIONS 2011-2036



Source: ID Consulting, 2013

The vast majority of residents in the Berrigan and Jerilderie Shires are Australian born, 87% of total population. This is higher than in NSW and the rural balance of the state, with Australian born population being 69% and 84% respectively (Table 2).

TABLE 2 TOP FIVE CULTURAL BACKGROUNDS

Berrigan	Jerilderie	NSW	NSW rural
Australia 87%	Australia 87%	Australia 69%	Australia 84%
United Kingdom (3%)	Indigenous (3%)	United Kingdom (4%)	United Kingdom (4%)
Indigenous (2%)	United Kingdom (2%)	Indigenous (2%)	Indigenous (3%)
New Zealand (1%)	India (1%)	China (2%)	New Zealand (1%)
Netherlands (1%)	Italy (1%)	New Zealand (2%)	Germany & Italy (1%)

Source: Census (2011)

Household characteristics

The average household size in NSW and the rural balance is 2.6 and 2.7 persons per household respectively. Households in Berrigan and Jerilderie are smaller at 2.2 and 2.5 persons on average. This can largely be explained by the demographic structure of both Shires. Berrigan has much less households in the age group of 25 to 45 years of age, which are usually the households with children living with their parents. Jerilderie lacks households in the 35 to 45 years of age bracket and therefore has less young families as well.

The median household incomes in both Berrigan and Jerilderie are below the levels for NSW and the rural balance (Table 3). Living affordability is partially compensated by the lower housing costs as median mortgage repayments and median rents are below the state and rural balance levels. The incomes in Berrigan are lowest while the housing costs are higher, making life less affordable in Berrigan compared to Jerilderie. Anecdotally, there is a strong market for property sales and rentals, especially in the towns bordering the Murray River (Tocumwal and Barooga). This is evidenced by the higher mortgage repayments and rent levels.

TABLE 3 HOUSEHOLD CHARACTERISTICS

	Berrigan	Jerilderie	NSW	NSW rural
Median household income (weekly)	\$ 776	\$ 856	\$1,237	\$1,089
Median mortgage repayment (monthly)	\$1170	\$ 1,000	\$ 1,993	\$ 1,647
Median rent (weekly)	\$ 145	\$ 80	\$ 300	\$ 150
Average household size	2.2	2.5	2.6	2.7
Voluntary work*	30%	36%	17%	25%

* Voluntary work for group or organisation, by people aged 15 and over

Source: ABS Census 2011

Both Shires have a lot of volunteers that work for organisations and groups. In Jerilderie (36%) volunteerism is more than twice the level of NSW on average (17%). Volunteering in Berrigan is high too at 30% which is still well above the NSW rural balance.

Education and Skills

The two Shires have a population with relatively high levels of Certificate Level III and IV diplomas and relatively few people with Bachelor and Postgraduate Degree levels (Table 4).

TABLE 4 NON-SCHOOL QUALIFICATIONS

	Berrigan	Jerilderie	NSW	NSW rural
Postgraduate Degree Level	1%	1%	7%	4%
Graduate Diploma and Graduate Certificate Level	2%	1%	3%	3%
Bachelor Degree Level	14%	14%	25%	18%
Advanced Diploma and Diploma Level	13%	11%	14%	14%
Certificate Level:				
Certificate Level, nfd	3%	3%	3%	4%
Certificate III & IV Level(c)	38%	37%	26%	35%
Certificate I & II Level(d)	3%	3%	2%	3%
Total	43%	43%	31%	41%
Level of education not stated or inadequately described	28%	30%	20%	20%

* persons aged 15 and over

Source: ABS Census 2011

Labour force and employment

Unemployment levels in Berrigan and Jerilderie are below the NSW and NSW rural balance average. Especially in Jerilderie unemployment is very low at 2.1%, while the labour force participation rates are comparable to the state and rural average. Youth unemployment is also well below the average for the state and rural balance.

Unemployment in Berrigan is slightly higher than in Jerilderie but in line with the rural balance of NSW, which is below the average for NSW. Youth unemployment is at 10.2% for Berrigan, and total unemployment is 4.4% of the labour force. However, participation rates in Berrigan are below average. This is likely due to the relatively older population of Berrigan; the participation rate of people up to 15 years of age is much closer to the comparative rates as can be seen in the table below.

TABLE 5 UNEMPLOYMENT AND LABOUR FORCE PARTICIPATION

Labour force indicators	Berrigan	Jerilderie	NSW	NSW Rural
Unemployed <25 yrs	10.2%	6.6%	12.8%	10.3%
Unemployed	4.4%	2.1%	5.9%	4.5%
Labour force participation <25 yrs	55%	57%	58%	58%
Labour force participation	54%	60%	60%	62%

* Unemployment as percentage unemployed of total labour force

Source: ABS Census 2011

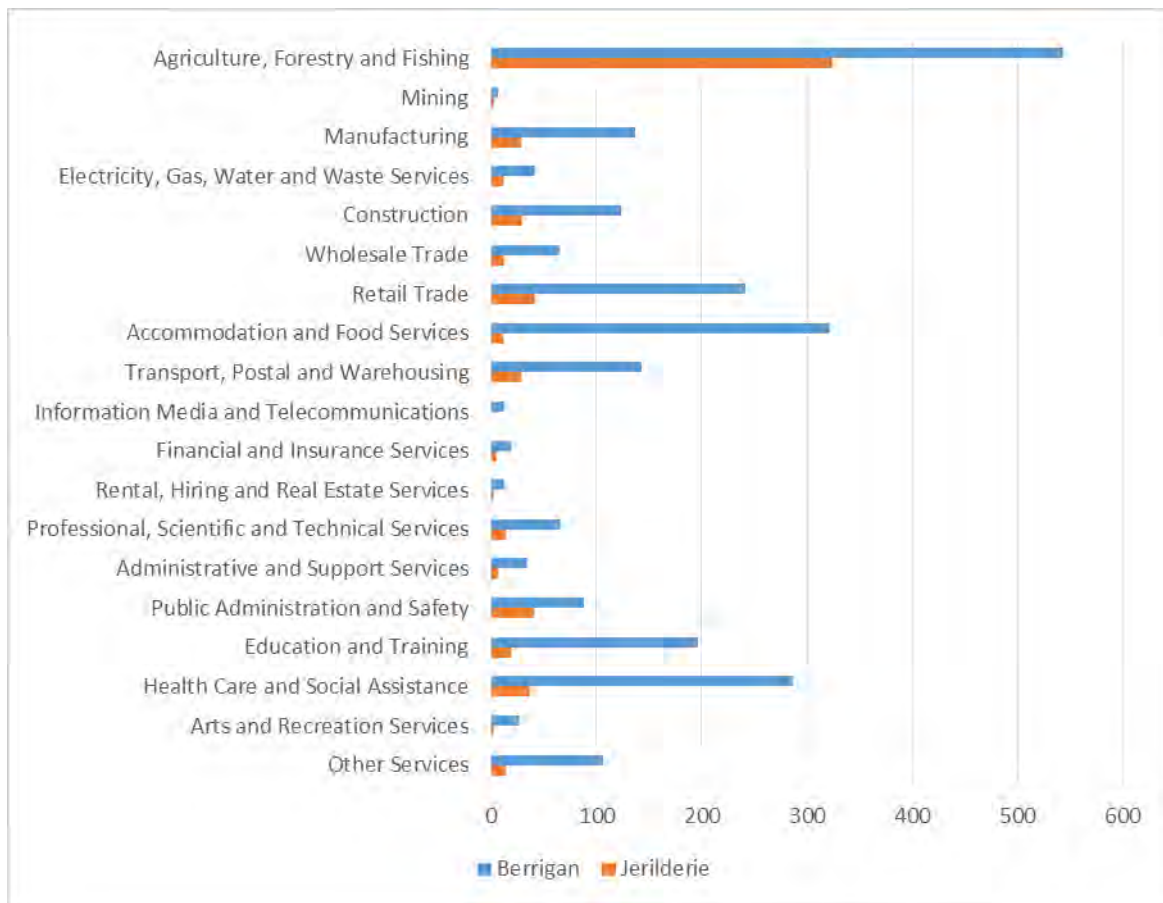
In terms of employment there are two important indicators to look at:

- The levels and industries of employment by residents of the Shires
- The levels and industries of employment that are located in the Shires (Place of Work, PoW)

These two indicators are also used to determine the level of self-sufficiency of the areas.

The figure below shows employment by industry in the two Shires (PoW). Obviously, agriculture and manufacturing (processing of produce) are key sectors in both Shires, with 643 jobs in Berrigan and 325 in Jerilderie. Berrigan also has significant employment in tourism related sectors: retail trade (349 jobs), accommodation and food services (298 jobs) and transport, postal and warehousing (196 jobs). Transport, postal and warehousing is also related to agriculture and manufacturing. Further, Berrigan functions as a sub-regional centre for health related services (not hospitals) and education and training (not university).

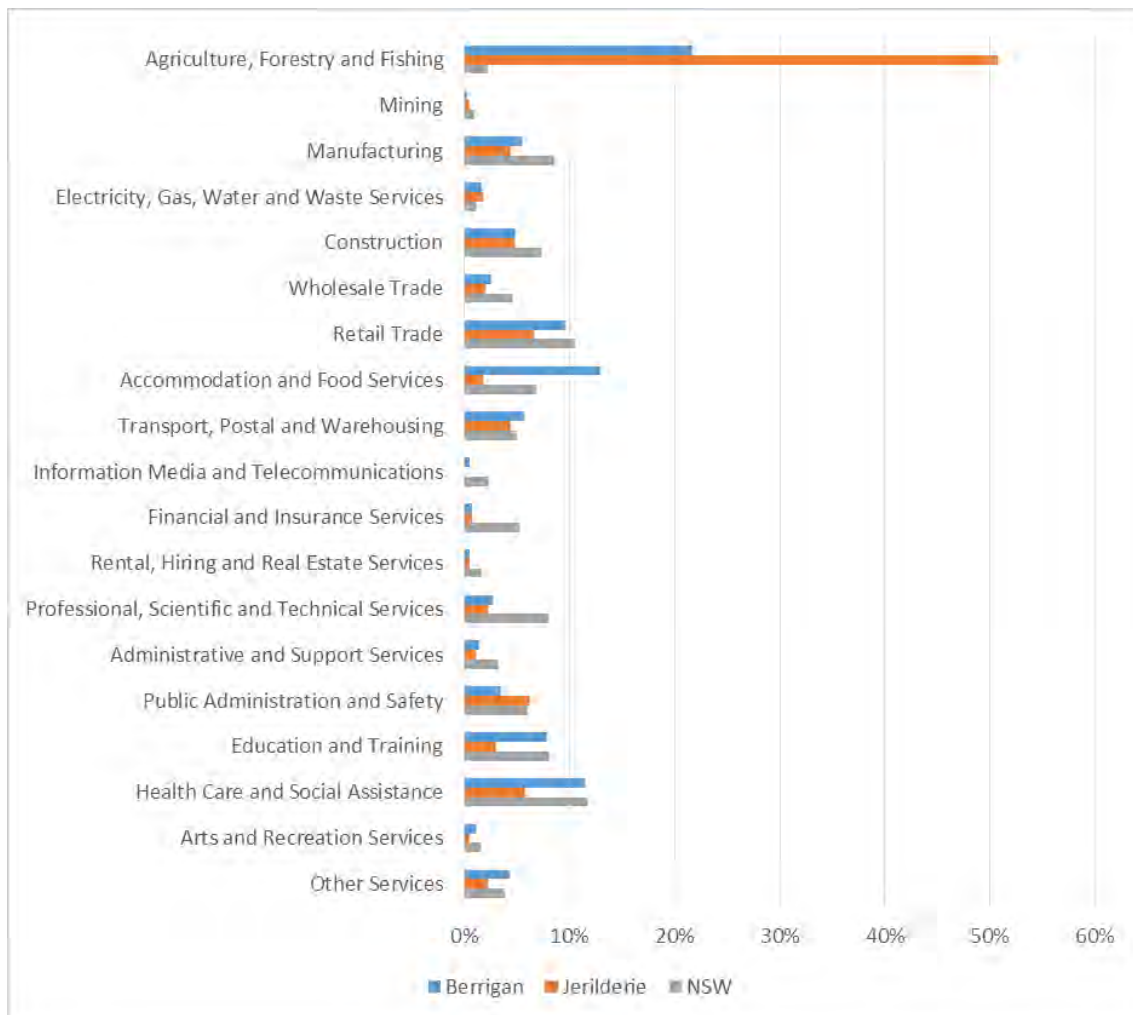
FIGURE 14 EMPLOYMENT BY INDUSTRY (POW)



Source: ABS 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. The Berrigan economy is more diversified with accommodation and food services (9%) strongly represented compared to NSW. In terms of health care and education, Berrigan scores close to the NSW average. In Jerilderie, public administration and safety is a relatively important industry, employing 43 people or 6% of total employment.

FIGURE 15 EMPLOYMENT BY INDUSTRY (IN %), POW



Source, ABS Census 2011

Comparing the jobs held by residents to the jobs located in the two Shires, it is further evident that the economy of Berrigan relies more strongly on employment offered outside the local area. The self-containment rate for Berrigan is 73% (ratio of employed residents to local jobs), while the rate for Jerilderie is high at 90%. Berrigan's economic prosperity is relying on nearby municipalities, especially Moira as the mapping exercise in the previous section showed.

Socio-economic 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:

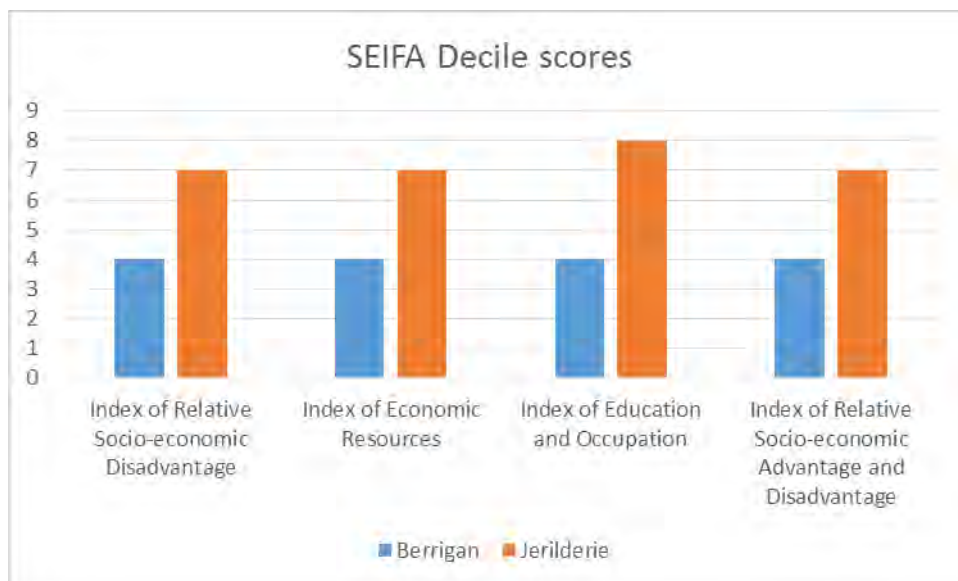
- **Index of Relative Socio-Economic Disadvantage:** general summary of economic and social conditions of people in an area. A low score indicates relatively greater disadvantage in general. For example, an area could have a low score if there are (among other things) many households with low income, many people with no qualifications, or many people in low skill occupations.
- **Index of Relative Economic Resources:** focuses 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.

Berrigan and Jerilderie have quite different socio-economic characteristics. Berrigan consistently scores in the fourth decile, meaning it fits in the lowest 40% areas in regards to socio-economic performance, while Jerilderie fits in the highest 30% areas. Berrigan has higher levels of unemployment, lower skills levels and less economic resources than Jerilderie (Figure 16).

FIGURE 16 SEIFA SCORES FOR BERRIGAN AND JERILDERIE



Source: ABS, SEIFA 2011

Lower scores indicate that an area is relatively disadvantaged compared to an area with a higher score. For deciles, 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.

NSW Local Government Areas: Similarities and Differences

All LGAs in NSW were compared and clustered on the basis of a range of socio-economic characteristics by NIEIR in 2014. The study is relevant as it contributed to Berrigan being identified as a low rate base council at risk.

The NIEIR study indicates the clustering of LGAs in NSW was undertaken for the purpose of inviting representatives to discuss common challenges (not necessarily to identify councils at risk). Fourteen clusters were developed to yield groups with similar community characteristics and challenges. The number of clusters was intended to be restricted into a 'manageable number of clusters' (p.9).

Variables used in the decision tree for clustering are:

- The share of Aboriginal/Indigenous population (30% or more are labelled Aboriginal LGAs)
- The share of population speaking other languages than English at home (50% or more are labelled multicultural LGAs)
- The average rate base per residential property that is more than \$400,000 (high-income, high wealth LGAs)
- A total rate base of less than \$0.65 billion (low rate base LGAs)
- A total rate base is greater than \$0.65 billion
- A significant dependence on rural and pastoral land use (farm or pastoral property 50% or more of rate base)
- More than 50% of population having completed year 12 (academically inclined)
- Less than 50% of population having completed year 12 (diverse skills).

Berrigan and Jerilderie were both classified as LGAs with low rate bases. This cluster is also referred to as 'farm LGAs' as the majority has a rate base with over 50% in farm and pastoral properties. Berrigan is one of the five exceptions but was nonetheless included in the cluster. The exceptional condition for Berrigan is that less than 50% of the rate base is in farm and pastoral properties (48%). Berrigan has benefitted from retirement migration from Victoria which contributed to a more diverse rate base.

Also, Berrigan is close to being considered 'academically inclined'. Due to its size and rural location Berrigan was included in this cluster and not in the 'diverse skill urban cluster'.

Common challenges for this cluster are:

- Maintaining basic services and infrastructure, particularly roads
- Provision of educational services and equality of educational opportunity
- Dealing with population decline and ageing
- Supporting rural industry including water management (floods and droughts).

Berrigan does not have a declining population, but its population is ageing in line with many other municipalities.

The LGA adjacent to Berrigan, Corowa Shire Council, was clustered as being 'diverse skill urban', which has a population of about 10,000 residents.

Cluster analyses can be useful to explore the similarities and differences within a 'population', in this case the municipalities in NSW. The NIEIR report describes where LGAs were sometimes re-clustered on what the researchers saw as being the 'best fit'. This was also done with Berrigan when it was clustered in the 'low rate base' cluster.

All LGAs were assessed on a number of variables, and the table below lists some of key findings for the two Shires. Between brackets is the cluster number for each variable.

	Berrigan	Jerilderie
Recent population growth	Population more or less stable, overseas arrivals balance out emigration (5)	Rapid population decline (9)
Age structure	Low young adult retention rate, and high rate of (very) old people (6)	Low young adult retention rate, and high rate of (very) old people (6)
Projected population growth 2012-40	Inland shires with low population growth and moderate ageing (8) Population decline after 2025 coupled with moderate ageing (8) <u>Note: see observations</u>	Inland shires with low population growth and moderate ageing (8) Population decline after 2025 coupled with moderate ageing (8)
Household structure	A diverse and large number of communities that score close to the state average (5)	A diverse and large number of communities that score close to the state average (5)
Birthplace	Virtually all residents are Australia born (8) <u>Note: see observations</u>	Virtually all residents are Australia born (8) <u>Note: see observations</u>
Religion	Mainline Protestant denominations (around half) and about a third Catholic. Other religions mostly absent (8)	Mainline Protestant denominations (around half) and about a third Catholic. Other religions mostly absent (8)
Language	Virtually all households only use the English language (8)	Virtually all households speak English, with a small number speaking European languages (5)
Knowledge economy indicators	Low scores on indicators for knowledge economy and mostly rural and inland councils (8)	Low scores on indicators for knowledge economy and mostly rural and inland councils (8)
Accessibility of entertainment		
Education	Low Year 12 achievement, few persons born overseas and low proportions of professionals coupled with moderate adolescent educational attendance. (6) <u>Note: see observations</u>	Low Year 12 achievement, few persons born overseas and low proportions of professionals coupled with moderate adolescent educational attendance. (6)
Labour market indicators.	Moderate unemployment and social security take-up, low hours worked and high part-time employment (3)	Moderate unemployment and social security take-up, high hours worked and high full-time employment (6)
Household incomes	Middle income LGAs. Wages contribute about a third to disposable income and about a quarter from small business. High reliance on benefits (8)	Pastoral shires with lower incomes. Wages contribute about a third to disposable income, small business more than a third with around 10 percent from property (9)
Dwellings	Low level of housing mobility and tenancy, and highest levels of outright home ownership (8)	Low level of housing mobility and tenancy, and highest levels of outright home ownership (8)
Household wealth	Low wealth, mainly from property and business with heavy liabilities, and reasonable growth of wealth (5)	Moderate wealth in financial assets, property and business. Moderate liabilities and growth of wealth (7)
Rate base	Farmland and towns. Moderate undeveloped capital value (UCV) of around \$125,000. Business contributes to rate base (~10%) (5)	UCV per residential property is low to very low (average \$30,000), farmland is main contributor, with little from business (9)
Transport	High car ownership, moderate levels of working at home, reliance on travel to work by car, and negligible public transport (6)	High car ownership, negligible public transport use and high proportions working on the property (low reliance on car travel to work) (8)

Some of the **observations** on the basis of these findings are:

- Projected population growth: For Berrigan the NIEIR report projects population decline after 2025. This is however contradicted by historic trends and the projections by ID Consulting referred to earlier in this report.
- Birthplace: Both Berrigan and Jerilderie were clustered as nearly all residents being Australia born. However, the share is below 90% according to Census data, which would classify both Councils under cluster (6).
- Education: The report notes that Berrigan scores close to the state average in regards to Year 12 achievement. The Year 12 completion rate is based on all population aged 15 and over. Given the aged demographic of Berrigan and the fact that completion rates are higher among younger population, the result of Berrigan is skewed towards less academically inclined.
- Birthplace and Religion are two variables that correlate strongly.

Taking the above observations into account Berrigan and Jerilderie are similar in regards to 7 variables:

- Age structure
- Household structure
- Birthplace
- Religion
- Knowledge economy indicators
- Education (arguably Berrigan differs somewhat here)
- Dwellings.

The two Shires differ in regards to 8 variables:

- **Recent population growth:** Berrigan's population is growing at a low pace, while Jerilderie's population is declining at a moderate pace.
- **Projected population growth** (based on observation): Berrigan's population is projected to continue to increase while Jerilderie's population is projected to continue to decrease.
- **Language:** while English is by far the most spoken language at home, in Berrigan there are also European languages spoken at home.
- **Labour market indicators:** Berrigan has higher unemployment and underemployment than Jerilderie.
- **Household incomes:** Berrigan has higher incomes but also higher dependency on benefits.
- **Household wealth:** household wealth in Jerilderie is higher, while businesses in Berrigan have higher liabilities.
- **Rate base:** the rate base in Berrigan is based on higher value properties (UCV) and on a mix of agricultural, residential and business properties. Jerilderie's rate base is based on low property values with agricultural uses.
- **Transport:** Berrigan relies on commuter travel, by car, to nearby municipalities, while Jerilderie has a lower car dependency.

Relationships between LGA communities arise from the need to access services, jobs and education. There is a geographic hierarchy across towns in the level of service they provide, with larger towns generally providing for a wider range and for higher level services than smaller towns.

All LGAs were classified in terms of their position in the hierarchy of education provision and ease of access to education within commuting distances. LGAs on the border with for instance Victoria, such as Berrigan, generally have improved access due to the option of interstate commuting.

The following relationships included relevant information for Berrigan and/or Jerilderie:

- **Education.** Berrigan was classified in a group of LGAs (cluster 8) with no or very limited secondary schools, with limited TAFE facilities and secondary schooling mostly being provided in adjacent LGAs. Jerilderie was classified (cluster 9) as lacking both tertiary and secondary education facilities.
- **Health services.** In terms of health services, access to hospitals was found as the most discerning factor for LGAs. Berrigan was classified as (cluster 5) having a small hospital, and Jerilderie as (cluster 6) having a very small hospital.
- **Employment placement services.** There was no reporting on Berrigan, while Jerilderie was identified as lacking an employment agency.
- **Commuter flows.** It reports that Berrigan has many people commuting to Moira for work.
- **Cross border relationship.** Berrigan was classified as relying on neighbour LGAs for employment and having high rates of cross border migration. Berrigan also has relatively many retail jobs relative to its population (red: which can be explained by the thriving tourism sector attracting shoppers from elsewhere). Jerilderie was classified as not relying on neighbours for employment and not having close migration ties with nearby LGAs. It may also attract shoppers and light inbound commuting. Berrigan has towns close to the Murray River and more inland. It has cross border migration to and from Moira, although not as strong as Corowa, and with Shires to the north, Jerilderie and Conargo.

Some of the observations on the basis of these findings are:

- Berrigan is economically and functionally interrelated to nearby LGAs. Our analysis of Place of Work statistics indicate Berrigan has important economic ties with Moira (Vic).
- Jerilderie has a self-contained agricultural economy with weak links to nearby municipalities.
- The Berrigan population continues to grow (at a slow pace to NSW standards) which is enabled by growth in tourism, retail and employment links with adjacent LGAs, especially Moira.
- The Jerilderie population continues to decline while the economy continues to be focussed towards agriculture.
- The rate base of Berrigan is moderate, coming from agriculture, residential and business uses. The rate base of Jerilderie is low and depending on agricultural uses.
- While Berrigan has limited education facilities within the LGA, it has good access to facilities in Victoria.

Overall, the analysis shows that Berrigan and Jerilderie share a number of similarities, but also a significant number of differences and these relate primarily to:

- Population change
- Community (education) and economic outlook and relation with nearby LGAs, especially Moira, and
- Rate base.

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.

Berrigan Shire 2023 Community Strategic Plan – Creating our preferred future

Berrigan Shire 2023 Community Strategic Plan formulates the vision for the Shire:

"In 2023 we will be recognised as a Shire that builds on and promotes our natural assets and advantages to create employment and economic activity to attract residents, families and tourists."

Berrigan's key assets are:

- Lifestyle
- The Murray River
- Irrigated agriculture, and
- Tourism.

The four strategic outcomes are:

1. Sustainable natural and built landscapes
2. Good government
3. Supported and engaged communities, and
4. Diverse and resilient business.

The strategic outcomes for sustainable 'natural and built landscapes' are to:

- Support sustainable use of our natural resources and built landscapes
- Retain the diversity and preserve the health of our natural landscapes and wildlife
- Connect and protect our communities.

Some of the priorities are to establish partnerships with National Parks, invest in town entrances and the visual amenity of streetscapes, preserve and develop local heritage and history, and invest in the Shire's critical infrastructure.

The strategic outcomes for 'good government' are to:

- For Berrigan Shire 2023 objectives and strategies inform Council planning and community led projects
- Ensure effective governance by Council of Council operations and reporting, and
- Strengthen strategic relationships and partnerships with community, business and government.

Some of the priorities are to implement the Integrated Management System, engage the community in implementation of projects and initiatives and to engage in regional initiatives and coordination.

The strategic outcomes for 'supported and engaged communities' are to:

- Create safe, friendly and accessible communities
- Support community engagement through life-long learning, culture and recreation.

Some of the priorities are to enhance community transport, share facilities and resources (potable water, public health and safety services), market lifestyle, plan for an ageing population, celebrate achievements of young people and upgrade existing sporting facilities.

The strategic outcomes for 'diverse and resilient business' are to:

- Invest in local job creation, retention and innovation
- Strengthen and diversify the local economy
- Diversify and promote local tourism
- Connect local, regional and national road, rail and aviation infrastructure.

Some of the priorities are to develop freight and industry infrastructure (Tocumwal Intermodal Facility and Tocumwal Aerodrome), upgrade National Hwy 39 to Tocumwal, incentives for new and existing businesses, develop retail/commercial/industrial precincts of Barooga, and to promote event based tourism and tourism in general.

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 an 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.

Comparison of community strategic plans

The community plans are similar in regards to the important role of land and the river in the local economies and identities, ageing of population and lifelong learning, recreation, local history, support for local businesses and industries, and tourism.

A key difference between the community strategic plans is that Berrigan appears more intent on growing and expanding, while Jerilderie appears to be more focussed on stability and preventing decline. The Berrigan plan has a focus on enabling investment in key infrastructure and in precinct development for economic growth and diversifying the economy, and with aims to intensify resource sharing. Jerilderie is less specific in its aims and objectives, and appears also to be interested in strengthening its relation with Urana Shire in relation to service delivery and strategic direction.

Conclusions functional linkages and socio-economic characteristics

The analysis of functional linkages and socio-economic characteristics, provide useful insights in regards to a number of the ILGRP criteria for determining future local government boundaries, in particular with respect to:

- **Integrated planning.** Boundaries should enable integrated planning and regional development on the basis of strong economic and social relationships.

In terms of integrated planning and regional development, while both economies have a strong agricultural base, Berrigan has a strong focus on tourism, transport and warehousing as well. While Jerilderie is mostly self-contained in terms of employment and migration, Berrigan is committed to diversifying the economy, growing tourism and transport related activities, and therefore the focus lies on the Murray River and linkages with Victoria.

Berrigan shares important linkages with nearby councils on the border of the Murray River, Moira in particular. Berrigan has migration linkages with Victoria and other urban centres. The intermodal hub at Tocumwal plays a function role for the wider region which includes parts of Victoria. Tourism

in Berrigan gravitates towards Tocumwal and Barooga (Murray River), while Jerilderie – with a weak focus on tourism – links with other Riverina councils.

In terms of **coordinated service delivery**, Jerilderie depends on a range of services (health, art, federal services and some tertiary education) provided in Berrigan, and for higher order services it relies on Albury-Wodonga mostly (tertiary education, larger hospital, air travel). In that sense, Berrigan and Jerilderie form a functional region for the lower order sub-regional services.

- **Local identity and sense of place.** Berrigan and Jerilderie share some aspects of identity and sense of place, both being agricultural areas with a long and treasured history. Berrigan’s identity however is also formed by the Murray River.

The socio-economic profiles of Berrigan and Jerilderie are highly similar but differ in a number of areas. Some key differences, which were confirmed by the NIEIR cluster analysis, include labour force participation, education and occupation, self-containment, socio-economic disadvantage (including income), access to economic resources, and the rate base.

While the community strategic plans reflect some commonalities, key differences especially in terms of volunteering, Murray River, lifestyle and growth versus stability, relations with nearby LGAs.

- **Population growth.** The boundary of the LGAs can comfortably accommodate projected population growth over the next 25 years.

Having said this, Berrigan is projected to continue to experience a low level of population growth and a further ageing of population (ID Consulting). This is contrary to the projections used by NIEIR which report a future decline in Berrigan’s population. Jerilderie however, is expected to continue to experience moderate population decline as well as ageing.

An amalgamation would result in an area developing in quite opposite directions: one area with population growth and related increases in property values and rate base, while the remainder would experience population decline and a weak or deteriorating rate base.

- **Accessibility.** Most if not all of Berrigan’s and Jerilderie’s boundaries would be accessible from Berrigan (as the assumed administrative centre in case of an amalgamation) within 90 minutes.
- **Strong centre.** The two main centres in Berrigan are Finley and Tocumwal. Together with Berrigan these towns would provide most of the sub-regional commercial, education, administrative, health and other services if the two Shires were to merge.
- **Key infrastructure.** Some key infrastructure for the wider region is located in Berrigan, especially the Tocumwal intermodal hub.
- **Combining existing municipalities.** If an amalgamation between the two Councils was proceeded with it would not obviously require boundary adjustments with other LGAs, which would lead to additional cost and disruption.

3 FINANCIAL APPRAISAL

This section independently reviews the baseline financial projections for Berrigan, i.e. on a standalone basis, as well as how these baseline forecasts are likely to be reflected in performance levels with respect to the OLG financial benchmarks. This is a headline/ key assumptions review.

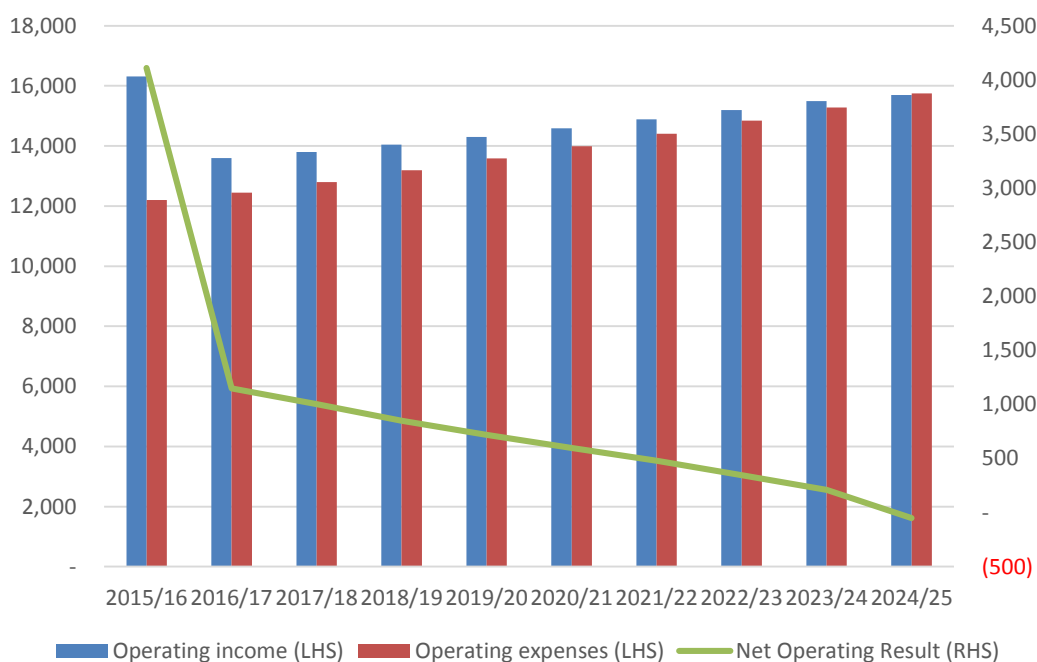
Following this, the potential financial savings that might be generated by the proposed merger of BSC and JSC are examined. Initially this is done on an unconstrained basis to highlight the potential extent and composition of financial savings. Relevant factors identified in Sections 263(3) and Section 218CA of the Local Government Act 1993 are then assessed to see how they might compromise any forecast savings.

Key non-financial items are then identified and qualitatively scaled for both the standalone and amalgamation options.

Standalone long term financial plans/ projections

The chart below provides the income statement projections for Berrigan Shire’s general fund, based on Council’s LTFP for the 10 year period ending 30 June 2025. It is projected that Berrigan will return a positive operating result from Council’s continuing operations in the first 9 consecutive years, though the operating surplus diminishes over time. In particular, Council forecasts a sharp fall in its operating profit from 2015/16-2016/17 due to the projected decline in capital grants.

FIGURE 17 TEN YEAR FINANCIAL PROJECTION (\$'000), 2015/16-2024/25



Source: Berrigan Shire Council 2015

Key assumptions underpinning the above forecast are summarised in the table below.

TABLE 6 KEY LTFP ASSUMPTIONS

Operating Income	Changes over previous year after applying all changes (including individual changes)									
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Rates & Annual Charges	2.0%	2.4%	2.4%	0.7%	2.5%	2.5%	2.5%	2.5%	2.5%	1.3%
User Charges & Fees	-8.2%	2.8%	3.0%	3.3%	3.0%	3.3%	3.1%	3.3%	3.1%	3.2%
Interest & Investment Revenue	-0.1%	-0.1%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%
Other Revenues	-17.6%	-2.5%	2.5%	2.7%	2.5%	2.7%	2.6%	2.6%	2.6%	2.6%
Grants & Contributions provided for Operating Purposes	-3.5%	-0.3%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	1.8%	0.0%
Grants & Contributions provided for Capital Purposes	115.7%	-91.6%	-28.9%	26.8%	-15.3%	-8.3%	-9.3%	-10.6%	-17.3%	57.4%
Operating Expenditure										
Employee Benefits & On-Costs	-1%	2%	3%	3%	3%	3%	3%	3%	3%	3%
Borrowing Costs	36%	-18%	-13%	-12%	-15%	-18%	-23%	-31%	-48%	-86%
Materials & Contracts	-22%	-1%	4%	4%	4%	3%	3%	3%	3%	4%
Depreciation & Amortisation	3%	3%	3%	3%	3%	3%	3%	3%	3%	3%
Other Expenses	-11%	6%	1%	4%	3%	3%	3%	3%	3%	3%

Source: Berrigan Shire Council 2015

Overall, according to the projections, the long term position of Council is expected to slowly improve into the future, and satisfy the OLG Benchmarks with the exception of own source revenue which needs to be considered in the context of rural council operations.

The long term financial projections were reviewed by Graeme Fleming - a subcontractor to SGS - in regards to their likely reasonableness, the implications for the long term financial position of Council, and any assumptions or issues that may affect the projected results in an adverse way and which therefore may be queried by stakeholders.

This independent review highlighted that:

- While both the Income Statement and Balance Sheet for the General Fund show aggregated headings, the key assumptions for global changes and changes over previous years in the LTFP provide a slightly better indication of the specific treatment of items and trends.
- The global assumptions underlying the LTFP generally appeared reasonable. However, the following specific observations were made identifying some apparent inconsistencies.

“Interest and Investment Revenue shows small increases from 2015/16 (\$338,000) through to 2024/25 (\$345,000), yet under the Balance Sheet Current Assets, Investments increase from \$6,795,000 in 2015/16 to an estimated \$10,060,000 in 2024/25. There is also a gradual increase in retained earnings of \$5,300,000 during this period.”

Council has responded to this observation by highlighting that Council now budgets conservatively for interest revenue, i.e. so that it isn't spent until received. Indeed this is why the operating result declines over the life of the LTFP.

“Employee Benefits and on costs show a reduction of \$6,474,000 from 2013/14, to \$3,508,000 2014/15 to \$3,488,000 in 2015/16 and then show a steady consistent increase in future years”.

Council has responded by pointing out that this reflects the retirement of long term staff in an aging workforce.

“Whilst the impact is unknown, it should be noted that the revaluation of Roads Assets in 2015/16 may affect a number of financial indicators and the LTFP. Revaluation of other assets such as water, sewer, land and buildings will also follow in future years”.

Council has responded by agreeing with this and stating that this is an ongoing cycle of revaluation. Pointing out that this reflects the retirement of long term staff in an aging workforce.

- The results may be adversely affected by such things as federal and state government decisions and legislation, major global events, natural disasters, etc.
- Other issues that might also be raised by independent observers are likely to include: future policy decisions of Council; future capital works; future services and service levels.

Appendix A includes a more extensive list of some of the key assumptions utilised in Council’s financial projections, with more explanation provided by Council for the bulk of these assumptions.

Standalone OLG financial benchmark projections

BSC has completed a self-assessment against the FFTF benchmarks identified by OLG, using the financial forecasts above.

The results are shown in the figures overleaf. Based on BSC’s self-assessment, Council will meet six out of the seven OLG benchmarks over the period from 2016/17-2019/20. The only exception is the own source revenue ratio. According to OLG’s requirements, councils need to be able to generate more than 60% of their operating revenue from its own sources (e.g. rates), however Berrigan can only generate around 53% of its operating revenue itself with the rest relying on external sources (e.g. grants & contributions).

The standalone OLG financial benchmark projections were independently reviewed, again by Graeme Fleming, in regards to Council’s likely future performance, the alignment with OLG expectations and underlying assumptions, treatments or items that may adversely affect the results.

This independent review concluded that:

“Given Council’s current performance and LTFP, the performance against the OLG benchmarks is likely to show a positive trend in the future, that align with the expectations of OLG with the exception of own source revenue”.

Council has further emphasised that the difference between the current and forecast OLG performance indicators is mainly due to two significant factors:

- The Council has reduced long term operating expenses by about \$250,000 pa to reflect the permanent reduction in the level of the Financial Assistance Grant, and
- The Council has reduced its level of budget conservatism, i.e. increased anticipated interest revenues recognised some sales of bulk water etc.

FIGURE 18 FFTF ASSESSMENT OF BERRIGAN'S CURRENT PERFORMANCE

BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	-0.030	NO	✗
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	48.91%	NO	✗
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	80.67%	NO	✗
<i>Infrastructure Backlog Ratio (less than 2%)</i>	2.18%	NO	✗
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	100.75%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	1.23%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Increasing	NO	✗

Source: Berrigan Shire Council 2015

FIGURE 19 FFTF ASSESSMENT OF BERRIGAN'S FINANCIAL PROJECTIONS, 2016/17-2018/19

BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	0.057	YES	✓
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	52.60%	NO	✗
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	101.37%	YES	✓
<i>Infrastructure Backlog Ratio (less than 2%)</i>	0.98%	YES	✓
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	102.55%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	1.58%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Decreasing	YES	✓

Source: Berrigan Shire Council 2015

FIGURE 20 FFTF ASSESSMENT OF BERRIGAN'S FINANCIAL PROJECTIONS, 2017/18-2019/20

BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	0.047	YES	✓
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	52.72%	NO	✗
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	103.39%	YES	✓
<i>Infrastructure Backlog Ratio (less than 2%)</i>	0.98%	YES	✓
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	102.05%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	1.45%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Decreasing	YES	✓

Source: Berrigan Shire Council 2015

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 BSC and JSC. The merger savings calculated and presented are the savings compared to BSC and JSC as two stand-alone Councils.

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

- **Scenario 1: Lead council model:** This approach uses a BSC's per capita costs and applies these to the population of Jerilderie. This implies that both BSC and JSC adopt Berrigan's systems and processes, where applicable. If it is the case that some of JSC activities are different to BSC (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). However, this cannot be clearly ascertained without completing a detailed review of service levels, and service quality.
- **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 larger 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 by this model.

Key assumptions and caveats

One of the key assumptions behind the lead council 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 NSW councils to ascertain which functions are likely to be able 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.

It is difficult to establish whether one council's systems and process could be rolled out across other areas without doing an extensive service-level review across all council areas being considered. Based on the simple regression analysis of NSW 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 council⁴. This is a necessary assumption, given the high-level nature of this study. The following five areas have *potential* for efficiency savings:

⁴ Though Transport and Communication is has the potential to generate savings, it is excluded due to issue with data quality. SGS was advised by BSC staff that Transport and Communication operating expenditure tends to include some capital expenditure works in progress.

- Governance
- Administration
- Housing and community amenities
- Recreation and culture
- Economic affairs.

BSC per capita expenditure has been applied to the combined population of Jerilderie and Berrigan to derive expenditure estimates under amalgamation for five out of the five services identified above. The only exception to this is governance, where it has been assumed that the merged entity has seven Councillors. Using Berrigan's governance expenditure, this implies savings from one less Councillor (\$8000 per annum), and savings from Jerilderie's total governance savings (\$1.8 million per annum at FY 2016). It should also be noted that the expenditure savings only include those arising from wages and on-costs, and materials. Depreciation, and interest payments are excluded.

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 are 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 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.
- 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 expenditure 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.

- An SGS review of the expenditure by service function of BSC and JSC shows that there are some differences in the allocation of expenditure to each service function. Berrigan Shire Council have aligned their expenditure classifications with Jerilderie’s as best possible. However, we believe that there are still differences in service category definitions. For instance, SGS was advised by BSC staff that Transport and Communication operating expenditure tends to include some capital expenditure works in progress. Issues relating to data quality implies that savings by function in Scenario 1 should be interpreted as indicative estimates only.

Modelling processes

For the lead council model, pre-merger operating expenditure for each option is compared with post-merger 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 that option, to derive financial savings.

These post-merger cost savings for FY ending 2016 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 7** is the total of expenditure over three years.

Modelling results

TABLE 7 shows the results of the high-level financial modelling for the **lead council** and **average efficiency** scenarios.

Given the difference in per capita expenditure of Berrigan and Jerilderie⁵ (which reflects Berrigan’s comparative scale and efficiency of operations), there is potential for savings in administration (\$8.9 million over 10 years), and economic affairs (\$2.07 million over 10 years). These savings assume rationalisation of buildings, staff, methods, systems, and supplier contracts to achieve efficiencies observed at Berrigan. In aggregate, this scenario expects \$12.5 million in savings over 10 years (or \$1.25 million per annum on average). The lead council scenario also assumes reduction in duplication, and is not constrained by LGA Act (1993) specifications (see Scenario 3). From a methodological point of view, since the reference council modelling approach assumes that JSC adopt BSC per capita expenditures, it follows that the majority of efficiencies and savings would come from Jerilderie. In other words, the modelling approach implies unchanged expenditure for BSC functions.

Scenario 2 average efficiency modelling, which estimates the potential for savings from economies of scale, shows very little financial savings under the merger option. This is because the increase in population from Jerilderie joining with Berrigan (approximately 1500 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 \$1.42 million over ten years or 1.2 percent of the base case expenditure of the two unmerged councils. This suggests that a merged entity is unlikely to generate significant pure efficiencies from scale alone.

⁵ Based on FY 2016 estimates, this is \$960 for Berrigan and \$5526 for Jerilderie. Note that these estimates exclude Water and Sewer expenditure, as well as depreciation and amortization.

TABLE 7. NPV (\$ THOUSANDS) OF POTENTIAL COST SAVINGS – SCENARIOS 1 AND 2

10 year PV at FYE 2016 ('000)	
Scenario 1: lead council model	
New expenditure	
Merger cost	-\$377
Expenditure savings	
Governance	\$678
Administration	\$8,963
Public Order & Safety	\$0
Health	\$0
Environment	\$0
Community Services	\$0
Housing & Community Amenities	\$274
Recreation & Culture	\$892
Fuel & Energy	\$0
Agriculture	\$0
Mining & Construction	\$0
Transport & Communication	\$0
Economic Affairs	\$2,078
Scenario 1 - lead council model: savings	\$12,508
Scenario 1 - lead council : share of base case	10.8%
Scenario 2 - average efficiency: savings	\$1,692
Scenario 2 - average efficiency : share of base case	1.2%

Source: SGS, 2015.

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

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 218CA 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 building and assets.

Specific assumptions are detailed below.

- Executive level redundancies are savings generated by removing duplication. These estimates are based on salary structures at BSC, but only apply to the General Manager.
- Attrition rates are based on data provided by both BSC and JSC. 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 15 councillors in both BSC and JSC. Based on advice from BSC, it assumed that the merged entity would have seven councillors (as in Scenario 1). This implies that there are savings from having 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 Berrigan and Jerilderie remain, there are no explicit savings from building and asset rationalisation.
- Assumptions regarding merger costs, transition period, growth in savings, and discount rate are as above.

TABLE 8. LEGISLATIVE FRAMEWORK SCENARIO - ASSUMPTIONS

	Assumption	Source
Executive rationalisations		
General Manager	\$171,492	Based on BSC pay structure provided.
Attrition rates - applied to Employee costs (excl. executive)		
BSC	6.59%	Using current attritions provided by BSC
JSC	5.45%	Using probable attritions provided by JSC
Efficiency on materials and contracts	5.0%	Based on likely joint utilisation
Governance	7 councillors	Based on advice from BSC
Buildings and assets	No change	

The modelling shows that there is potential for around \$3.4 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 \$1.2 million in savings over 10 years from materials and contracts. Unlike Scenario 1, since the modelling approach does not assume JSC adopting BSC 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 \$4.45 million over 10 years (or ~\$445,000 per annum, on average). This is around 3.8 percent of base case/ standalone operating expenditures.

TABLE 9. LEGISLATIVE FRAMEWORK FINANCIAL SAVINGS - SCENARIO 3

	10 year PV at FYE 2016 ('000)
Employee Costs	\$3,424
Materials & Contracts	\$1,189
Borrowing Costs	\$0
Depreciation & Amortisation	\$0
Other Expenses	\$374
Loss from Disposal of Assets	\$0
Merger costs	-\$377
Additional executive rationalisation cost	-\$162
Scenario 3 - legislative framework scenario : savings	\$4,448
Scenario 3 - legislative framework scenario : share of base case	3.8%

Source: SGS, 2015.

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

Comparison of financial savings scenarios

The table below compares the savings estimated under each scenario.

The estimates from the lead council model (Scenario 1) are certainly optimistic as they assume rationalisation of assets and buildings, unconstrained rationalisation of staff, and do not explicitly account for geographic dispersion. Under current legislation this scenario provides unrealistic outcomes.

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, is more conservative than scenario 1, and takes into account constraints implied in the Local Government Act 1993.

TABLE 10. COMPARISON OF SCENARIOS

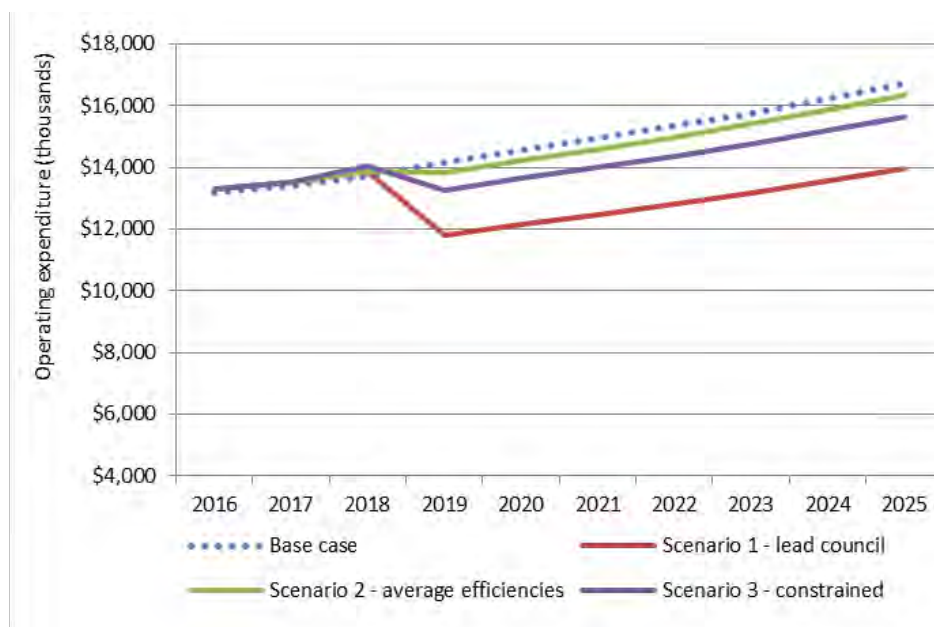
	10 year PV at FYE 2016 ('000)
Scenario 1 - lead council model: savings	\$12,508
Scenario 1 - lead council: share of base case	10.8%
Scenario 2 - average efficiency: savings	\$1,423
Scenario 2 - average efficiency: share of base case	1.2%
Scenario 3 - legislative framework scenario: savings	\$4,448
Scenario 3 - legislative framework scenario: share of base case	3.8%

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 BSC 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 expenditure savings would be between 1.2% and 3.8% compared to two stand-alone Councils.

FIGURE 21 OPERATING EXPENDITURE – SCENARIOS AND BASE CASE



Source: SGS, 2015.

4 DUE DILIGENCE

This section analyses the key risks/ concerns that are likely to be generated under both the amalgamation and standalone options.

Amalgamation Option 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 11, illustrates the possible range of merger costs that could be incurred.

TABLE 11 MERGER COST ESTIMATES – CASE STUDIES

Location	Period	Amount description	Included aspects	Number of LGAs	Source ^[3]
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

^[3] 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 16th August 2013.

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 equalization and the risk to rate revenue
- Equalization of service levels and skew towards highest service level.

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 current 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.

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.

Impact on rates

There are differences in the rating systems used by BSC 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 to the rates for different rate categories in BSC and JSC. 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 impacts of equalisation on the rates under the stated assumptions are mostly small. The major adverse impact would be the rating over farmland in BSC which would go up by about 19%.

TABLE 12 IMPACT ON RATES BEFORE AND AFTER THE AMALGAMATION

Rate categories	No.	Berrigan, average rates		No.	Jerilderie, average rates	
		Standalone	Merger		Standalone	Merger
Residential Rural	526	\$615	\$621	26	\$632	\$493
Farmland	909	\$1,950	\$2,317	539	\$3,068	\$2,448
Residential	3,526*	\$761	\$745	382	\$279	\$431

* Sum of residential properties in Barooga Town, Berrigan Town, Finley Town and Tocumwal Town.

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 to high 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.

The legislative framework analysis assumed the redundancy of four senior staff. This would likely affect Jerilderie most if management of the merged entity would be based in Berrigan.

Generally speaking, the employment impacts on the townships would be limited and indirect with retiring staff not being directly replaced.

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 that no change in representation in its Scenario 3 – financially legislative framework modelling.

These matters are at the heart of the local government amalgamation debate. Local representation could be ensured by introducing wards, but that would be accompanied by significant costs.

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 can appear 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, to solving issues in the other former stand-alone Council area.

If not properly upfront identified and addressed, 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.

This issue is of medium to high risk.

5 THE BENEFITS TO BERRIGAN

This section provides an overview of the likely benefits and disadvantages to the current Berrigan community of the stand-alone option versus the merged option.

Benefits and disadvantages of the stand-alone option

Stand-alone Option Benefits

The benefits to Berrigan to the stand-alone option are:

- **Long term sustainability.** With the proposed improvements under the long term financial plan (LTFP), Berrigan demonstrates it is sustainable in the long term in regards to the OLG criteria with the exception of the revenue from own sources of its own source revenue rate (52.6%) which is below the OLG Benchmark rate of 60%.
- **Growing rate base.** Council's rate base is expected to continue to increase, driven by continued population growth. Over time, economies of scale may enable lower rates and/or higher service levels.
- **Strong local representation.** Berrigan has a strong community, and Council can continue to act solely on their behalf.
- **Focus on Murray River tourism.** Continued clear focus on Murray River for the development of the tourism industry, without the risk of attention and resources to be focussed on the Riverina tourism region which competes for market share.
- **No merger and transition costs and risks** (including any possible legacy issues).

Stand-alone Option Disadvantages

The disadvantage of the stand-alone option to Berrigan is:

- **Limited capacity for improvement.** As a stand-alone Council there is limited scope for efficiency gains to open resources to be used for service improvement, strategic capacity and/or projects by Council to benefit Berrigan. Also, as a smaller stand-alone Council there may be limited potential to attract more qualified Council staff. However, as a stand-alone Council, the scale is not much smaller than the merged option.

Benefits and disadvantages of the merged option

Merged Option Benefits

The benefits to Berrigan of the merger are mostly due to increased scale and capacity and merger savings, and are as follows:

- **Increased capacity for (strategic) improvement.** Due to the increased scale of the Council (all staff is retained except one GM position – as per legislative framework scenario), efficiency

gains would open up potential resources to increase services, strategic capacity and/or projects of Council that benefit Berrigan. Together with that, due to increased scale, there may be opportunity to attract more qualified staff which could improve services and strategic capacity. However, as a merged Council, the scale is not much greater and population would remain under 10,000 residents.

- **Possibly more Council jobs in Berrigan.** Likely increase in number of Council jobs located in Berrigan (assuming at least governance and strategic roles are consolidated in one location), strengthening the economic outlook.
- The **savings of the merger**, which could result in:
 - **Lower average rates** per property, **OR**
 - **Enhanced service delivery**, i.e. increased value for money for ratepayers, **OR**
 - **Increased long term sustainability.** A Council with a higher rate of own source revenue, possibly meeting the OLG Benchmark of 60%

Merger Option Disadvantages

The disadvantages are as follows:

- **Upward pressure on rates due to eroding rate base.** Rates for property owners being pushed up over time as rate base Jerilderie continues to erode due to declining population
- **Potentially decreased focus on Murray River tourism.** Possible decreased focus on Murray River for the development of the tourism industry. The merged Council would be a member of two tourism boards which are partially competing for market.
- **Merger and transition costs and risks**
- **Weaker local representation**, although this may impact Jerilderie more than Berrigan

Appendix A Key assumptions and explanations to assumptions

Assumptions	Council explanations
Staff numbers – short, medium and long term this can affect operating expenses as well as ELE provisions.	Permanent staff numbers will decline by 2.5 EFT from 1/7/15
Future Capital Works and Borrowings – note no borrowings post 2014/15, 2015/16.	Correct
Employee Costs – salaries, shown as 2.16% in 15/16, understood Award increase is 2.7%, with new Award to be re-negotiated.	less staff & GM position not covered by Award
Employee Costs – Superannuation shows a decrease of -2.75% for 2015/16. It is understood that Division A Local Government Super will be seeking an extra increase to cover shortfalls in this fund. Note Division A would only apply to long serving Local Government employees.	Less staff and this cost is already been built in to base figures i.e. the extra contribution has been in place for a number of years. Only a few staff in that fund.
Employee Costs – Workers Compensation shows varying decreases and increase in period 2022/23 – 2024/25.	Is a factor of wages and expected claims history
Materials and Contracts – Raw Materials and Consumables as well as Contracts and other seems to indicate existing or proposed Contracts for 2015/16 & the next two years.	Correct and no decision has been made about significant capital items as to whether to contract out or use day labour or a combination.
Other Expenses Utilities, indicates, a 29.4% increase for 2015/16 and becomes the base for future years	Significant increase in street lighting charges
Other Expenses – other, indicates a 23.3% decrease in 2015/16, an 8.4% decrease in 2016/17 and then indicates steadier increases ranging from 3.6% to 2.7% through to 2024/25.	
Capital Grants – Recurrent and Non Recurrent show significant variations starting 2015/16. This is assumed to be for either a one-off or group of projects. Capital Grants can also affect Councils income for on-costs and overheads.	Significant grant included for road works in 15/16 – see comment about contracts etc. above
Transfers from Reserves shows a 2,152% increase in 2017/18 over the 2016/17 figure, whilst transfer to Reserves shows a 412% increase in 2020/21.	That is saving and spending in relation to major capital projects for general fund. In water and sewer and domestic waste fund surplus funds are transferred to reserve to fund future capital works.

Assumptions	Council explanations
<p>Interest and Investment Revenue shows small increases from 2015/16 (\$338,000) through to 2024/25 (\$345,000), yet under the Balance Sheet Current Assets, Investments increase from \$6,795,000 in 2015/16 to an estimated \$10,060,000 in 2024/25. There is a query in relation to the correlation between these two figures. There is also a gradual increase in retained earnings of \$5,300,000 during this period.</p>	<p>The Council budgets conservatively for interest revenue so that it isn't spent until it is received. This conservative budgeting is why the operating result declines over the life of the LTFP. In reality this corrected each year.</p>
<p>Employee Benefits and on costs show a reduction of \$6,474,000 from 2013/14, to \$3,508,000 2014/15 to \$3,488,000 in 2015/16 and then show a steady consistent increase in future years.</p>	<p>Correct this is an ongoing cycle.</p>
<p>Whilst the impact is unknown, it should be noted that the revaluation of Roads Assets in 2015/16 may affect a number of financial indicators and the LTFP. Revaluation of other assets such as water, sewer, land and buildings will also follow in future years.</p>	

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Proposed Merger
Jerilderie and Berrigan Shire
Internal Business Case

Version 1.A 04/02/2015

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1. Introduction/Background

This business case of a merged Jerilderie and Berrigan Shire Council's scale and strategic capacity has been undertaken to determine whether Council should

1. Commission an external business case canvassing the long-term sustainability and service improvements to be gained by a merger with the Jerilderie Shire Council as recommended by the Independent Local Government Review Panel; and
2. Commission an external business case canvassing the long term sustainability and service improvements to be gained by Council retaining its existing structure and implementing its Fit for the Future Improvement Proposal.

The decision on whether or not Council should voluntarily merge with the Jerilderie Shire Council is one that is ultimately a political decision for Council and the Jerilderie Shire Council which, has in addition to a voluntary merger with the Berrigan Shire Council, the option of establishing a Rural Council.

Notwithstanding the Panel's recommendation, and Office of Local Government Fit for the Future benchmarks, Council would be remiss if it did not commission a scoping assessment of whether or not a merged Council or stand alone Council would have sufficient scale and capacity to

- a) Address the factors described in Section 263 of the Local Government Act 1993 and which will need to be considered by the NSW Boundaries Commission
- b) Facilitate delivery of merged community goals and priorities
- c) Maintain its regional competitiveness and responsiveness to social, political and environmental factors,
- d) Continue delivery of the range of services; and
- e) Access to the organisational resources it needs to deliver services to our communities within a future NSW system of local government

2. Overview

2.1. Vision

A Council that is Fit for the Future with the right scale and capacity to:

- a) Be Sustainable;
- b) Maintain and develop infrastructure and services used by ratepayers, visitors and business;
- c) Operate Efficiently; and
- d) Be a credible partner within our system of government.

2.2. Business Case Objectives

The objectives of this business case are to:

1. Provide a high level strategic and economic appraisal of the feasibility of proposed merger option
2. Consider the factors set out in section 263 of the Local Government Act 1993. Namely
 - a) the financial advantages or disadvantages (including the economies or diseconomies of scale) of any relevant proposal to the residents and ratepayers of the areas concerned,
 - b) the community of interest and geographic cohesion in the existing areas and in any proposed new area,
 - c) the existing historical and traditional values in the existing areas and the impact of change on them,
 - d) the attitude of the residents and ratepayers of the areas concerned,
 - e) the requirements of the area concerned in relation to elected representation for residents and ratepayers at the local level, the desirable and appropriate relationship between elected representatives and ratepayers and residents and such other matters as it considers relevant in relation to the past and future patterns of elected representation for that area,
 - (e1) the impact of any relevant proposal on the ability of the councils of the areas concerned to provide adequate, equitable and appropriate services and facilities,
 - (e2) the impact of any relevant proposal on the employment of the staff by the councils of the areas concerned,

- (e3) the impact of any relevant proposal on rural communities in the areas concerned,
 - (e4) in the case of a proposal for the amalgamation of two or more areas, the desirability (or otherwise) of dividing the resulting area or areas into wards,
 - (e5) in the case of a proposal for the amalgamation of two or more areas, the need to ensure that the opinions of each of the diverse communities of the resulting area or areas are effectively represented,
 - (f) such other factors as it considers relevant to the provision of efficient and effective local government in the existing and proposed new areas.
3. Assess based on publicly available information any high level risks of the proposed merger

3. The Business Case

3.1. Purpose of the Business Case

The Berrigan Shire Council in response to the New South Wales Government's Fit for the Future reform of Local Government program is currently undertaking a review of its strategic scale and capacity focused on evaluating

1. Whether Council's current form (the scale and capacity of its service delivery) is appropriate, effective and efficient¹.
2. Whether a merger with the Jerilderie Shire Council based on existing boundaries will enhance the strategic scale and capacity of the new entity.

The NSW Government has been working with local councils since 2011 on a program of local government reform designed to strengthen local communities and improve the system of local government in NSW and the support available to local communities and the Councils. This program of reform measures is based on the Independent Local Government Review Panel's recommendations for the Berrigan Shire Council that it:

¹ (Hunting, Ryan , & Robinson, 2014, p. 3)**Appropriate** – match and can be adapted to meet current and future community needs and wants **Effective** – deliver targeted, better quality services in new ways **Efficient** – improve resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

1. Merge with the Jerilderie Shire Council; while the Panel's recommendations for its merger partner the Jerilderie Shire Council are that it
2. Merge with Berrigan, or establish a Rural Council ²

This business case is being developed to consider the feasibility of the proposed merger option. It is not intended that this business case replace the need for a business case prepared by a State Government appointed consultant.

Rather its preparation will assist Council and Council Officers identify the projects/actions and priorities that need to be considered as part of its FFF response and included in the development of the 2015/16 Operational Plan should Council ultimately determine that it should

- a) Merge with the Jerilderie Shire.
- b) Maintain its existing structure and submit a Council Improvement Proposal.
- c) The Jerilderie Shire Council resolved that it will establish a rural Council.

3.2. Business Case Sponsor

General Manager, Rowan Perkins

4. Situational Assessment and Problem Statement

Council has been an active participant in the work undertaken by the Independent Review Panel and a strong supporter of the Independent Local Government Review Panel's goal that reform lead to

A more sustainable system of democratic local government with added capacity to meet the needs of local and regional communities, and to be a valued partner of State and federal governments.

Further its position is that it supports a number of the Independent Review Panel's recommendations particularly, those related to:

² <http://www.fitforthefuture.nsw.gov.au/sites/fftf/files/What-does-this-mean-for-my-council.pdf>

- Fiscal Responsibility
- Strengthening the Revenue Base
- Improvement, Productivity and Accountability
- State and Local Government Relations

On the issue of boundary changes and structural adjustment Council's position has been that it retains an open mind. Further that a detailed business case will need to be developed to inform its communities and to canvass whether the Panel's recommendation will from the perspective of ratepayers, Councillors and other stakeholders in our system of local government add capacity and enable Council to meet the needs of local communities and their regional interests.

As part of its preparation for its Annual Corporate Workshop, and in response to the need to consider the ILGRP recommendation that it merge with the Jerilderie Shire, a strategic service review of Council's current operations and operating environment describing

1. Demographic, social and economic profile of the Shire and region,
2. Opportunities to improve Council planning and the integration of its operations with Council's Strategic Plans,
3. Gaps in service user engagement and involvement in the review and development of Council planning,
4. Gaps in a whole of Council approach to service delivery, and
5. The appropriateness of Council's existing structure (scale) and its strategic capacity³ was undertaken.

This review attached Appendix 1 includes a detailed demographic, social, economic, political and regional competitiveness profile of the Berrigan Shire and the Mid Murray (NSW) and the Victorian Goulburn Valley regions. This sets the environmental context for a strategic service review of Council's existing services and the development of this business case.

Notwithstanding the need to extend the focus of the environmental scan and SWOT analysis

³ (Samson, Munro, & Inglis, 2014, p. 32) Box 8 Key Elements of Strategic Capacity

northward to include the Jerilderie Shire Council the eastern, northern and western boundaries of which are embedded in NSW Riverina region.

Briefly the Service review which considered service delivery in the context of formally documented Council Service Delivery Strategies supporting higher level plans – CSP, Delivery Program, Resourcing Strategy and Operational Plan demonstrates:

1. A need to strengthen internal processes and alignment of strategic planning with asset management which contributes to the following Berrigan Shire 2023 strategic objectives⁴
 - 1.1 Support sustainable use of our natural resources and built landscapes
 - 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
 - 2.3 Strengthen strategic relationships and partnerships with community, business and government
2. Community and service user engagement in the develop and review of Council Strategies and 4-year Action plans
3. Current and future needs assessment informing formal strategic planning processes
4. Transparency in formal strategic planning processes and documentation of the outcome to be achieved; and that Council investment (human, physical and financial) in service delivery is
 - a) Strategic and integrated
 - b) Financially sustainable
 - c) Evidence based; and that it
 - d) Facilitates risk management and life-cycle asset planning and management.

An assessment of Council’s performance against FFF elements of strategic capacity was also conducted as part of this review. It referenced public access and therefore, independently verifiable examples of Council population growth, performance relative to NSW peers, regional peers and assuming no change in Council’s model of service delivery, Council boundaries, and

⁴ Berrigan Shire 2023 has 12 strategic objectives – the service review found that Council has developed, in consultation with service users, strategies for the remaining 9 objectives.

its workforce requirements the finding is that *Council has sufficient scale and strategic capacity* to retain its existing structure.

In the context of the development of this business case and given the preceding assessment what is not known is the feasibility or otherwise of a merger of the Berrigan and Jerilderie Shire's. Therefore, the foreseeable impacts of boundary changes and the service delivery needs of a merged Jerilderie and Berrigan LGAs scale and strategic capacity and its performance against the FFF elements of strategic capacity is not known and will be canvassed by this business case.

4.1. Problem Statement

The problem to be addressed by this business case giving consideration to Council's service review is therefore

1. The feasibility in a Fit for the Future system of Local Government of the ILGRP's recommendation that the Jerilderie and Berrigan Shire Councils merge.

To test the feasibility of the ILGRP's recommendation that the Berrigan Shire Council merge with the Jerilderie Shire Council the following criteria will be used.

- ✓ ILGRP FFF elements of scale and strategic capacity
- ✓ FFF benchmarks
- ✓ Strategic analysis of high level socio-political-economic and national regional competitiveness profile of the new LGA
- ✓ Section 263 of the Local Government Act 1993

5. Assumptions and Constraints

At the time of writing the role, the function of Joint Organisations even the boundaries within the Murray / Mid Murray region has not been finalised. There is therefore, no clarity on how Joint Organisations' will be configured or operate. This substantial change in the strategic and operating environment of our system of local government going forward is expected to change how state government agencies work with local government; and the effectiveness of Joint Organisations' as a platform for regional development and state liaison. And will depend, in

part, on whether the Joint Organisation is servicing nationally recognised growth region or as will be the case with the Mid Murray or Murray Joint Organisation servicing a region experiencing slow growth and pockets of regional decline.

Furthermore, the development of Joint Organisation's may also, reduce the need for Councils to meet fully the: advanced skills in strategic planning and policy development; effective regional collaboration; credibility for more effective advocacy; capable partner for state and federal agencies elements of the FFF scale and strategic capacity criterion.

This business case is therefore developed based on the following assumptions that

1. Joint Organisations will be configured based on the needs of member Councils.
2. Member Councils that are not rural Councils will require in-house strategic capacity to assist with decision making re: the strategic benefits or otherwise of an LGA specific project which is not of regional or sub-regional significance.
3. FFF financial incentives for merged Councils will be used to cover in the first instance the as yet unknown financial costs associated with merging systems, internal processes, redundancy packages and the legislative requirements of the remaining workforce – place of work and allowances for additional travel etc.
4. FFF financial incentives for merged Councils will therefore not be a factor in the medium to long-term financial sustainability of a merged Jerilderie and Berrigan Shire.
5. All information informing this business case is public. That is published on the respective Council websites, website of other agencies and or is available to the public on request

6. Identification and Analysis of Options

6.1. Identification of Options

6.1.1. Option 1 – Berrigan Shire Council does not merge with the Jerilderie Shire Council nor does it submit a Fit for the Future Improvement Plan

In effect this is the do nothing option. This is not an option as Council is subject to the provisions of the Local Government Act 1993 and as such is obligated to participate in the FFF program of local government reform

6.1.2. Option 2 – Merge with the Jerilderie Shire Council

The existing Jerilderie Shire has an area of approximately 3,373.1 km² with a population of 1,526. The Berrigan Shire has an area of approximately 2,065.9 km² and a population of 8,337. The income of both Shires is derived primarily from the agriculture industry. The high level strategic issues and challenges facing both Shire's are also similar. Attached to this business case (Attachment II) is a high level strategic profile consolidating Office of Local Government 2012/13 Comparative Data, FFF benchmarks. This profile also includes an expanded, to include Jerilderie LGA, socio-economic, political and regional competitiveness profile and SWOT analysis. This high level strategic and economic appraisal of the feasibility of the proposed merger option suggests that both communities face similar challenges.

However, when the comparative Local Government indicators are compared including FFF benchmarks⁵ – the overall sense is that a merger with the Jerilderie Shire Council will introduce operational diseconomies of scale: the result of the population density of the Shire changing from 4 people per square kilometre to 1.8 people per square kilometre. Of further concern, given the intention is to strengthen local government, is that the financial sustainability of the new LGA will not be strengthened by a merger. This analysis is reinforced by triangulating Regional Institute

⁵ Attachment I – Berrigan and Jerilderie Socio-Economic Profile pp.16-17

of Australia’s regional competitiveness index theme rankings of both LGAs⁶ with OLG NSW comparative indicators and FFF benchmark results. Triangulation of data sources adds to the credibility, transferability, dependability and confirmability of analysis.

This is an outcome that will not assist either the Berrigan Shire and its communities nor the Jerilderie Shire and its communities become Fit for the Future. A position further supported by the following qualitative assessment of the merged Shire’s scale and capacity. The following qualitative service review unpacks further the likely outcome of a merger on services currently delivered and enjoyed by Berrigan Shire rate payers. The service delivery criteria reflect the criteria used in Council’s 2015 *Review of its Service Delivery: Scale and Strategic Capacity*.

6.1.2.1. Merged Jerilderie & Berrigan Shire Council FFF Scale and Strategic Capacity Assessment

This assessment of merged Jerilderie and Berrigan Shire’s against FFF elements of strategic capacity assumes no change in service delivery and operational workforce requirements. At the time of writing the role and the function of Joint Organisations is as has been published. There is therefore, no clarity on how Joint Organisations’ will be configured in the region. The assumption therefore is that Joint Organisations will be configured based on the needs of member Councils and Council’s will still require in-house strategic capacity to assist with decision making re: the strategic benefits or otherwise of a regional or sub-regional approach.

Element of Strategic Capacity	For	Against	Assessment
More robust revenue base and increased discretionary spending	<ul style="list-style-type: none"> • The strength of both Council’s engagement with its communities and high levels of community volunteerism has contributed to the extent of Council services • Access to FFF 	<p>The merged Council will not meet the 60% own source revenue test.ⁱ</p> <p>Merger will increase the number of public facilities , road length, road, bridges and path</p>	Merging Councils will not create a more robust revenue base nor will it increase discretionary spend

⁶ Attachment I – Berrigan and Jerilderie Socio-Economic Profile pp.11

Element of Strategic Capacity	For	Against	Assessment
	incentives and funding for projects of regional and strategic significance	<p>expenditure to be maintained – while not increasing the quantum of revenue available from low – rate base ratepayersⁱⁱ</p> <p>The decrease in population densityⁱⁱⁱ will negatively impact the scalability of operations adding to cost of operations</p>	
Scope to undertake new projects	<ul style="list-style-type: none"> The strength of both Council’s engagement with its communities and high levels of community volunteerism has contributed to the extent of Council services Access to FFF incentives and funding for projects of regional and strategic significance 	<p>New entity will have limited capacity to attract resources for new projects within its remit</p> <p>Creation of JOs and merger may lead to loss of contracted positions – those with strategic skills e.g: EDO, ERM, SSPC limiting further scope to take on new projects</p>	Merging Councils will not increase scope to undertake new projects
Ability to employ a wider range of skilled staff	<ul style="list-style-type: none"> Berrigan Shire has the demonstrated ability to employ a wider range of skilled staff – this will at least initially transfer to the new LGA 	<p>Merger will not strengthen the financial sustainability of the new Council^{iv} – this will impact attraction and retention of skilled staff</p> <p>Creation of JOs and merger may lead to loss of contracted positions – those with strategic skills e.g:</p>	Merger will not necessarily enhance the ability of the Council to employ a wider range of skilled staff

Element of Strategic Capacity	For	Against	Assessment
		EDO, ERM, SSPC limiting further scope to take on new projects	
Knowledge, creativity and innovation	<ul style="list-style-type: none"> Both Shire's have extensive corporate knowledge, and history of creativity and innovation due to a relatively stable workforce and low staff and management turnover 	<p>Limited organizational capacity/peer support for specialist strategic staff</p> <p>Limited opportunity for specialist staff to broaden national international knowledge</p> <p>Change in personnel prompted by merger may lead to loss of corporate knowledge</p> <p>Measures of innovation The metric used by both the NEIR Cluster Analysis and the Regional Competitiveness Index. This metric reports on the number of registered patents by LGA – it should be treated with caution as it is not a per capita or percentage measure. It is therefore for small in population LGAs not an accurate measure of innovation</p>	Merger will not necessarily enhance knowledge, creativity and innovation
Advanced skills in strategic planning	Merged shire will, if it retains current	Strategy development in a financially	Merger will not necessarily ensure

Element of Strategic Capacity	For	Against	Assessment
and policy development	workforce with strategic planning and policy development skills, will have in-house access	<p>distressed environment competes with actual service delivery</p> <p>Limited peer / professional support networks – although this may be addressed by creation of JOs</p> <p>Creation of JOs and merger may lead to loss of contracted positions – those with strategic skills e.g: EDO, ERM, SSPC</p>	that advanced skills in strategic planning and policy development are retained or can be funded
Effective regional collaboration	<ul style="list-style-type: none"> Merged shire provides evidence of effective regional collaboration 	<p>Both Shire’s already share services with neighbouring Shire’s although not with each other</p> <p>JO will take on this role</p>	Merger of Council will not necessarily ensure effective regional collaboration
Credibility for more effective advocacy	Message of the ILGRP & FFF is that in our system of government bigger and merged LGAs are perceived to be more credible and as such better advocates – than smaller LGAs	Merged LGA and JO creation may lead to local loss of strategic planning staff – reducing research capacity, documentation of local impacts. Strategic planning capacity needed for credible and effective advocacy	Merger of Councils may or may not lead to credibility for more effective advocacy
Capable partner for State and Federal agencies	Berrigan Shire Council already for both Shire’s partners with state agencies delivering	Question the bonafides of other levels of government in seeking partners	Merged Council is likely to be a capable partner for State and Federal Agencies

Element of Strategic Capacity	For	Against	Assessment
	<ul style="list-style-type: none"> • Early Intervention services • Healthy aging program • Convene Berrigan Jerilderie Community Services Network 		
Resources to cope with complex and unexpected change	Both Councils have <ul style="list-style-type: none"> • Dealt with change over 108 years • Long term planning • Fit for purpose assets in urban areas • JO will have resources to assist 	Merger will not strengthen the financial sustainability ^v of the new Council with flow on effects to staffing and service delivery	Merged Council will not necessarily have the resources to cope with complex and unexpected change
High quality political and managerial leadership	Merged Council may attract new leaders		Merged Council may or may not attract or retain high quality political and managerial leadership

6.1.2.2. Qualitative Service Review Merged Shire

The service delivery criteria in this summary review reflect the criteria used in Council's 2015 *Review of Service Delivery: Scale and Strategic Capacity* – Appendix I

Service Review Criteria	Berrigan Shire – current model	Assessment if merged with Jerilderie Shire Council
Facilitate delivery of community goals and priorities	Based on its review of services – Council's current model facilitate the delivery of its community goals and	The new LGA would, for example, based on its likely financial sustainability ^{vii} will find it difficult to bring

Proposed Merger Jerilderie and Berrigan Shires': Internal Business Case –Presented Corporate Planning Workshop 12-13 February 2015

Service Review Criteria	Berrigan Shire – current model	Assessment if merged with Jerilderie Shire Council
	priorities ^{vi}	<p>Jerilderie’s recreation facilities up to a comparable standard. An issue identified in Jerilderie CSP as a priority for its community.</p> <p>Assessment – Merger may not facilitate delivery of community goals and priorities</p>
Maintain its regional competitiveness and responsiveness to social, political and environmental factors	Based on review of regional competitiveness index – Berrigan Shire is after Albury the most competitive LGA in the region Murray to Mid Murray Region ^{viii} .	<p>A merger of Berrigan and Jerilderie Shire’s will reduce the regional competitiveness of the new entity as measured by the Regional Competitiveness Index^{ix} and hence attractiveness for new investors. Jerilderie CSP identifies that resources are needed to generate support for upgrade of its industrial precincts and to increase range of community services and supports</p> <p>Assessment – Merger will not maintain the national regional competitiveness ranking therefore making it more difficult to attract investment in industrial precincts moreover, the BSC is already the auspice for NSW funded transport, HACC and early intervention services in Jerilderie as it receives additional funds to do so</p>

Service Review Criteria	Berrigan Shire – current model	Assessment if merged with Jerilderie Shire Council
Continue delivery of a Council’s current range of services	Based on its review of services – Council’s current model facilitate the delivery of Council’s range of services ^x	<p>The new LGA will find it difficult to extend the range of its services due to inherent issues re: its financial sustainability and the diseconomies of scale^{xi} and may need to cut back on services</p> <p>Assessment – Merger will not assist with the delivery of BSC’s current range of services and nor will it assist Jerilderie residents maintain current range of services</p>
Access the organisational resources it needs to deliver in NSW system of local government	Assessment: Based on its review of services – Council’s current model is capable of being Fit for the Future ^{xii}	<p>Assessment: Merged entity does not have the capacity to deliver the current range of services^{xiii} and nor could it deliver community aspirations identified in Jerilderie CSP without compromising CSP aspirations of BSC. Moreover, to attempt to do so would be strategically unsound and unsustainable</p>

6.1.3. Option 3 – Retain Existing Structure and Submit Council Improvement Proposal

Appendix I canvasses this option. As previously noted this review of Council’s current model of service delivery and its scale and capacity finds that Council Service Delivery Strategies supporting higher level plans – CSP, Delivery Program, Resourcing Strategy and Operational Plan:

1. Need to strengthen internal processes and alignment of strategic planning with asset management contributing to the following Berrigan Shire 2023 strategic objectives⁷
 - 1.1 Support sustainable use of our natural resources and built landscapes
 - 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
 - 2.3 Strengthen strategic relationships and partnerships with community, business and government

And that Council planning is

2. Strategic and integrated
3. Financially sustainable
4. Evidence based; and that it
5. Facilitates risk management and life-cycle asset planning and management.

Further that assessment of Council’s performance against FFF elements of strategic capacity found that *Council has sufficient scale and strategic capacity* to retain its existing structure.

⁷ Berrigan Shire 2023 has 12 strategic objectives – the service review found that Council has developed, in consultation with service users, strategies for the remaining 9 objectives.

7. Recommended Option

Subject to Council decision on engagement of state government appoint consultant and their conduct of external business case investigating feasibility of ILGRP recommendation that Jerilderie and Berrigan Shire Council's merge the recommended option is Option 3.

Retain existing structure and submit Council improvement plan

8. References

- Hunting, S. A., Ryan , R., & Robinson, T. (2014). *Service Delivery Review: A How To Manual for Local Government*. Australian Centre of Excellence for Local Government, University of Technology Sydney.
- Samson, G., Munro, J., & Inglis, G. (2014). *Revitalising Local Government*. Sydney: NSW Government.

9. Appendices

Merged Berrigan and Jerilderie Shires Data Profile

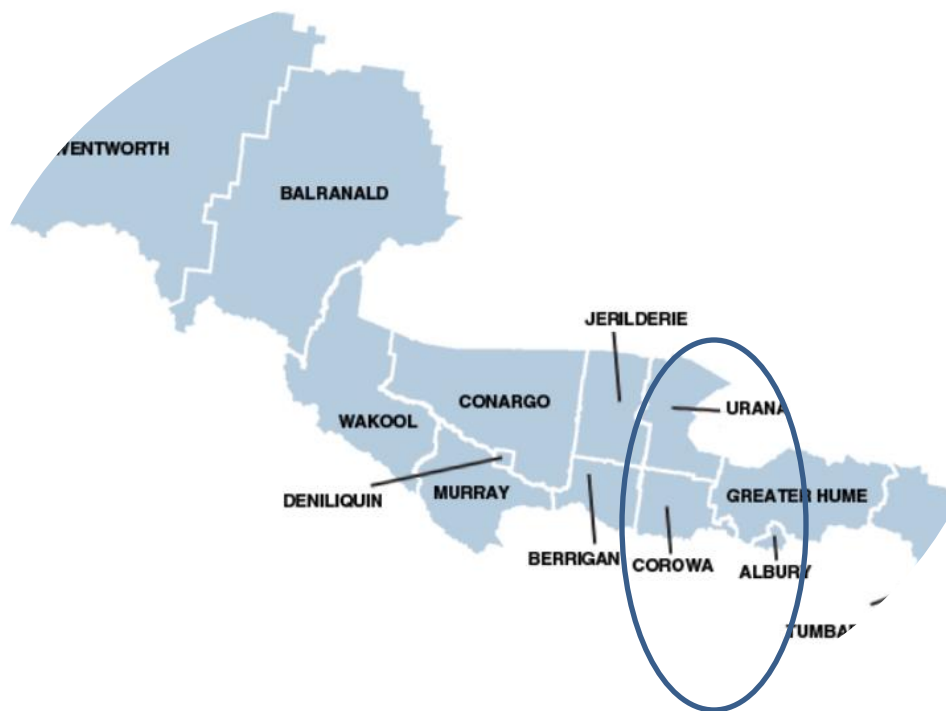
Appendix 1

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1. Introduction

The profile has been developed to inform the development of a business case canvassing a merger, in response to Independent Local Government Review Panel’s recommendation that the Berrigan and Jerilderie Shire Council’s merge.



(Map: Division of Local Government NSW)

2. The Shires’

Jerilderie Shire (pop. 1,526⁸) is a rural area covering 3375.4 sq kms approximately 0.42% of the total area of the state, situated in the Riverina Region of NSW. Jerilderie Shire is located between Conargo, Murrumbidgee, Urana and Berrigan Shires.

The Jerilderie area was originally inhabited by the Jeithi (meaning ‘no man’) people prior to white settlement. Today, Jerilderie produces wool, rice, wheat, canola, mung beans, onions,

⁸ 2012/13 OLG NSW Comparative Data

olives and grapes to name just a few of the diverse range of commodities grown in this irrigation area. Jerilderie produces 24% of Australia's tomatoes.

Local industries include agricultural support industries, metal fabrication, fertilizer and seed outlets and transport.

Jerilderie Shire is serviced by one town. Jerilderie has a State Public School and a Catholic Primary School together with Pre-School, Play Group and Long Day Care Service, Early Intervention Centre and Occupational and Speech Therapy.

Jerilderie has a Multi-Purpose Health Facility which includes acute beds, accident and emergency facility and Aged Care beds. Jerilderie provides a wide range of recreational activities and is home to strong sporting groups such as Football, Netball, Cricket and Tennis, Bowling and Golfing Clubs. Jerilderie also offers a public swimming pool, a sporting oval and parks with generous play equipment and public toilets. There is also a Multi Sports Complex which offers regular structured activities for children and adults.

The Berrigan Shire (population 8,337)⁹ is situated in New South Wales' Mid Murray planning region. It is bound to the south by the Murray River and the Victorian local government area of the Moira. It is a Shire characterised by its efficient and productive irrigation-based agriculture industry: historically rice and dairy, and Murray River based tourism.

Council boundaries encompass the towns of Barooga, Berrigan, Finley and Tocumwal. These towns act as service hubs for the Shire's population¹⁰ (median age 48 years), water-based agri-businesses, and agri-businesses in the neighbouring New South Wales Shires' of Conargo and Jerilderie.

The towns of Berrigan, Finley and Tocumwal provide hospital facilities with acute care beds, emergency facilities and range of allied health services including maternal and child health.

⁹ 2012/13 Office of Local Government NSW Comparative Data

¹⁰ Australian Bureau of Statistics (2011) Census: Community Profile

http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/communityprofile/LGA10650?opendocument&navpos=230 accessed 10 January 2013

Early childhood services include: long day care facilities in Berrigan and Barooga, occasional care, pre-schools, and early intervention and support services.

Primary schools public and private are located in the Shire's towns; secondary students from the Jerilderie, Conargo and the Berrigan Shires' attend Finley High School.

A number of families also take advantage of the Shire's proximity to Victorian secondary schools – Cobram Secondary College, Christ the King Anglican College (Cobram), Nathalia's St Marys of the Angels Secondary College; and Goulburn Valley Grammar School – Shepparton with approximately 40% of the Shire's secondary school age residents attending schools in Victoria.

Excellent recreational and sporting facilities eg: pools, golf, tennis, netball, equestrian, bowls etc and licensed clubs are also located in each town.

3. Socio-Economic Profile

The Shires' local economy depends heavily upon irrigated agriculture, food processing and tourism. The Shires' communities 2006 – 2010 experienced significant drought induced hardship, and continue to experience hardship, and anxiety due to social and economic uncertainty associated with Murray Darling Water Reform: its impact on tourist operations and challenges and climate change. Additional challenges include:

- The ageing profile of the Shire's and surrounding communities' active fulltime and part-time labour force
- Current and future demand upon health and social support services due to the age of residents in both LGAs
- Increasing number of residents (Berrigan LGA, Jerilderie LGA)dependent on government pensions and allowances
- Increasing number of residents receiving either carers payment and or Disability Support Pension
- Higher than national and state average dependency ratio ie: population not in the workforce (Table 3)
- Decline in youth population¹¹
- Exposure of the Shires' economy through agriculture and tourism to fluctuations in international currency

¹¹ Australian Bureau of Statistics (2010) National Regional Profile (SLA Berrigan) People accessed 7 January 2010

- Social and economic decline before onset of drought and concerns about water security measured by ABS: 2001 & 2006 Social Economic Indices of Advantage and Disadvantage
- Below NSW and National average taxable incomes

Basic Social Profile Berrigan and Jerilderie Shires

	Population	Median Age	% of Pop. Provided unpaid assistance to a person with a disability (last two weeks)	Median Age Employment Status		Median Weekly Household Income	Population 55+ years	
							No:	%
Berrigan Shire (LGA)	8066	48	12.3	45	49*	\$776	3313	41
Jerilderie (UCL)	775	49	13.8	44	52*	\$775	336	43.5

(ABS: 2012 Quick Stats – Berrigan LGA; Jerilderie UCL and Cobram UCL accessed 3 May 2013)

* Part time

Berrigan Shire Residents Receiving Selected Government Pensions and Allowances

Berrigan Shire		2005	2006	2007	2008	2009	2010
Age Pension - Centrelink	No.	1200	1210	1242	1306	1368	1412
Age Pension - DVA	No.	0	0	0	5	4	4
Carers Payment	No.	31	39	46	55	64	85
Disability Support Pension	No.	300	309	307	330	349	359
Newstart Allowance	No.	168	154	188	171	206	224
		1699	1712	1783	1867	1991	2084

Jerilderie Shire Residents Receiving Selected Government Pensions and Allowances

Jerilderie Shire		2005	2006	2007	2008	2009	2010
Age Pension - Centrelink		159	168	164	167	178	234

Age Pension - DVA	0	0	0	0	0	0
Carers Payment	0	0	0	0	0	15
Disability Support Pension	48	45	50	48	48	68
Newstart Allowance	28	24	28	28	23	34
	235	237	242	243	249	351

(ABS: 2010 National Regional Profile).

Population not in the Workforce

	Dependency Ratio	Labour Force Participation Rate – August 2011	Unemployment Dec 2012
Berrigan (LGA)	78%	53.5%	4.7%
Jerilderie (LGA)	65.85%	60.29%	3.4%
Cobram (UCL)	73%	57.6%	*6.6 %
Murray Region	56%	-	
Australia	54%	61%	

Dependency ratio: % population aged under 15 years and over 65 years as a % of working age population (15 yrs – 64 yrs) calculated from Census 2011 data

Labour force participation rate: labour force as a % of the population 15 – 65 years

Unemployment: number of unemployed persons as a proportion of the labour force

(Source: ABS 2011 Census, DEEWR Small Area Labour Force Berrigan, Jerilderie and * Moira (SLA West) Dec 2012)

SEIFA Index of Relative Advantage / Disadvantage x Postcode

Postcode	2006	2011
Berrigan 2712	907	927
Finley 2713	926	944
Tocumwal 2714	946	937
Jerilderie 2716	944	944
NSW Rank Berrigan Shire		48/152
NSW Rank Jerilderie Shire		78/152

ABS: SEIFA accessed 20/5/2013¹² & OLG 2012/13 Comparative Data re: SEIFA Rank 1= least disadvantaged

¹² ABS SEIFA Tables 2006 and 2011 <http://www.abs.gov.au/websitedbs/censushome.nsf/home/seifa> accessed 20/05/2013

Mean Taxable Income 2009/10

Town	Postcode	\$
Berrigan	2712	42,387
Finley	2713	44,165
Tocumwal	2714	46,403
Jerilderie	2716	43,732

ATO Taxation Statistics 2009/10 Selected Personal Items Table 3¹³

Housing and Tenure Sept 2012

	Two Bedroom Unit		Three Bedroom House	
	Change Median Qtly		Change Median Qtly	
	\$	%	\$	%
Median Weekly Rents Berrigan Shire	115	0	215	0
Median Weekly Rents Jerilderie Shire Not available due to small number				
NSW	400	0	360	2.9

Table developed from: Dept Human Services (Vic) Rental Report 2012 and Housing NSW Rent Reports 2012¹⁴

Occupied Dwellings and Tenure 2011

Housing	Berrigan Shire	Jerilderie Shire	Aus
% Occupied Dwellings owned outright	44.2	45.2	32.1%
% Occupied dwelling with a mortgage	28	23.3	33.3%
% Occupied Dwellings Rented	23.1	23.1	28.7%

ABS 2011 Census

¹³ Australian Tax Office (2013)

http://www.ato.gov.au/corporate/content.aspx?menuid=0&doc=/content/00305922.htm&page=8#P382_12935
accessed 20/05/2013

¹⁴ NSW Government Rental Reports

<http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/> and Victorian Government Human Services Rent Reports <http://www.dhs.vic.gov.au/about-the-department/documents-and-resources/research,-data-and-statistics/current-rental-report>

4. Social Determinants of Health/Wellbeing

High rates of volunteerism characterise both Shires and offer a range of services that in both Shires would otherwise not be offered or available. Socioeconomic disadvantage is associated with a higher prevalence of health risk factors and higher rates of hospitalisations, deaths and other adverse health outcomes¹⁵

Low crime rates add to the liveability and wellbeing but in small communities care must be taken when interpreting crime statistics.

Community Strength

Voluntary work for an organisation or group (ABS Census data)	People aged 15 years and over who participated in voluntary work	Population aged 15 years and over	% volunteers
Berrigan Shire (LGA)	1,969	6,669	29.5
Jerilderie Shire (LGA)	432	1,208	35.8

Unpaid Child Care	People aged 15 years and over providing child care	Population aged 15 years and over	% providing child care
Berrigan Shire (LGA)	1,624	6,668	24.3
Jerilderie Shire (LGA)	313	1,207	25.9

Crime Rates Jan – Dec 2011

Offence type	Berrigan Shire Rate per 100,000 population	Jerilderie Shire Rate per 100,000 population	NSW Rate per 100,000 population	Higher or Lower NSW State Rate +/-
Assault - domestic violence related	231.37	nc	370.66	-
Assault - non-domestic violence related	196.67	nc	512.49	-
Sexual assault	11.57	nc	59.58	-
Break and enter dwelling	370.20	nc	80.00	+
Break and enter non-dwelling	312.36	nc	544.85	-
Motor vehicle theft	80.98	nc	235.49	-
Steal from motor vehicle	185.10	nc	270.28	-
Steal from retail store	34.71	nc	665.86	-

¹⁵ NSW Government (2010) *Report of the New South Wales Chief Health Officer* accessed 7 January 2010 http://www.health.nsw.gov.au/publichealth/chorep/beh/beh_smoafdh_lgamap_full.asp#table

¹⁵ NSW Government (2010) *Report of the New South Wales Chief Health Officer* accessed 7 January 2010 http://www.health.nsw.gov.au/publichealth/chorep/beh/beh_smoafhos_lgamap.asp

<i>Offence type</i>	Berrigan Shire Rate per 100,000 population	Jerilderie Shire Rate per 100,000 population	NSW Rate per 100,000 population	Higher or Lower NSW State Rate +/-
Steal from dwelling	266.08	nc	286.00	-
Steal from person	23.14	nc	287.77	-
Fraud	104.12	nc	117.58	-
Malicious damage to property	948.63	nc	503.57	+

NSW Police (2012)¹⁶ (nc: not calculated due to small number of incidents)

http://www.bocsar.nsw.gov.au/Lawlink/bocsar/ll_bocsar.nsf/pages/bocsar_lga_crimemaps

5. Regional Competiveness Merged Berrigan & Jerilderie Shire

The [In]Sight: Australia's regional competitiveness index¹⁷ has been designed to capture data on the competitive position of Australian Local Government areas. This index ensures that regional decision making reflects local conditions: not national or state averages... Furthermore, it facilitates targeted strategic planning and comparison between neighbouring LGAs and the identification of the unique characteristics, in terms of the competitive advantages or disadvantages of a location and in doing so can provide some insight into the future economic sustainability or otherwise of a community / region.

Nationally the competitiveness of the Berrigan Shire local government area is, relative to neighbouring NSW LGAs, 74 points higher than its proposed merger partner Jerilderie

LGA National Competiveness Index out of 563 LGAs - mid point of index = 281	Competiveness Index 1= most competitive 563 = least competitive
Berrigan	315
Jerilderie Shire	389

The following table and figure breaks down further the Berrigan Shire's competitiveness and in doing so provides a clear picture of the Shire and the Jerilderie Shire's competitive strengths and weaknesses – the least competitive LGA x theme is shaded

¹⁶ NSW Police (2012) http://www.bocsar.nsw.gov.au/Lawlink/bocsar/ll_bocsar.nsf/pages/bocsar_lga_crimemaps

¹⁷ Australian Institute of Regional Studies – INSight <http://www.regionalaustralia.org.au/insight/>

Comparison LGA National Competiveness Index Themes (Least Competitive Shaded)

	Institutions	Technological Readiness & Essential	Business Sophistication	Economic Fundamentals	Innovation	Human Capital	Natural Resources	Labour Market Efficiency	Demography	
Berrigan	288	237	233	341	295	397	212	322	301	506
Jerilderie	108	315	315	524	397	446	254	464	30	485

The future economic sustainability of ex Berrigan Shire communities is likely to be compromised as the competitiveness of these communities will (for planning and future investment purposes) be subsumed by the relative competitiveness of the newly created LGA.

6. SWOT Analysis – Mid Murray (NSW) Murray Goulburn (VIC) and Southern Riverina Region (NSW)

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Newell Highway access to National Highway / transport /freight hubs • Proximity to Melbourne – NSW gateway for visitors • Irrigated export oriented agriculture industry • Diverse and productive economy – agriculture, construction, social support services, transport, local retail, tourism • Assets – natural, historic and cultural attractions, access to the Murray River and Murrumbidgee River – Northern border of Jerilderie • Affordable Housing / property • Education & Training School bus access to Victorian and NSW Secondary and Primary Schools – Public and Independent; TAFE • Community facilities /assets above ‘urban growth area benchmarks’ in each of the Shire’s towns assets include: recreation – sports grounds, playgrounds, community halls/centres, bowls and golf, libraries, hospitals/community health centres, pools, aged care beds / support packages, child care Slow but steady growth in population • Family friendly, community spirit • Life style values: Time, clean, natural environment, community spirit/volunteerism • Safe – low crime 	<ul style="list-style-type: none"> • Politically a ‘safe seat’ – state and federal • Competiveness of local business – in small town environment • Lack of coordination and strategic approach business development / local economic development ie: Networks that identify and harnessing resources and opportunities to stimulate economic and employment activity • Tired’ tourism services (restaurants and hotels) • Lack of cohesion and co-operation in tourism development and marketing across the region – includes two Tourism Regions – competing for market share Murray and Riverina Tourism • Achieving buy-in from tourism stakeholders for cross-promoting the Murray region and the Riverina Tourism Region • Location of the visitor information centre off the Newell Highway • Town Entries • Ageing population, ageing labour-force impact upon skill shortages, community capacity to volunteer

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Tocumwal Intermodal – Port to Rail Access Victoria • National trends micro business and online business models – increase local business and ownership – subject to Internet connectivity • Value add and promote innovation / product and processes in current industries • Greater Melbourne – northern growth corridor – attract tree changers wanting safe, clean and green family oriented communities • Population growth (Murray River Towns) through attraction of immigrant families • Growth of Victorian provincial centres – Greater Shepparton • Pedestrian Access and Tourism Development Murray River – Barooga/Tocumwal eg: Tocumwal Boardwalk • Special interest – Sport / Active Recreation Tourism • The Barmah-Millewa National Park • Promotional initiatives with partner organisations • Improved packaging of products and experiences to particular market segments 	<ul style="list-style-type: none"> • Impact of River town growth exacerbating population decline in Jerilderie • Broadband connectivity – failing copper network, retailers shaping broadband speeds and delays to roll out of NBN • Impact of NBN installation in neighbouring Victorian communities drawing people, business away from the merged Shires’ for the foreseeable future • Cost of fuel and power – equity Victorian / NSW supplies • Freight and Transport Planning – Port of Botany Centric • Impact of growth and Victorian investment in Victorian provincial centres upon local business capacity to attract investment • Population forecasts - fewer families and children impact upon retention of current services and facilities • Exposure of the Shire businesses / local economy to fluctuations in commodity pricing / global markets • Rural decline accelerated by NPM policies at all levels of government contributing to contraction of human capital in rural communities • Policy driven water insecurity and impact upon irrigated agriculture, open space passive and active recreation, water based tourism • The Barmah-Millewa National Park and issues related to development and public access • Compliance issues re: community activities / funding impacting on volunteer recruitment / coproduction of community services • Extent of inward/outward migration and its impact upon the Shire’s social profile, diversity, and community ‘spirit’

8.1. Our Strategic Challenges

- Competitiveness/equity NSW/ VIC (it costs more to do business in NSW e.g: fuel, power etc)
- Balancing disparate growth trajectories of Murray River towns with inland towns of Berrigan, Jerilderie and Finley
- Internet Connectivity
- Freight and cross-border transport planning
- Cost of energy and fuel prices
- Political and population based pragmatism
- Lower than Murray Darling Basin average per capita income

7. NSW Local Government Comparative Data – Merged LGAs

Merged Jerilderie and Berrigan Shire Council



The existing Jerilderie Shire has an area of approximately 3,373.1 km² with a population of 1,526. The Berrigan Shire has an area of approximately 2,065.9 km² and a population of 8,337. The merged LGA will have an area of 5,439 km² and population of 9,816. As the main income of both Shires is derived from the agriculture – the main industry and employer will continue to be agriculture.

Expenditure on Services	BSC	Merged
Governance & Admin (%)	5	12
Public Order Safety (%)	26	21
Environment, Water, Sewer, Waste (%)	10	7
Community Services (%)	7	5
Recreation / Cultural (%)	10	9
Road, Bridges, Paths (%)	29	31
Other Services (%)	11	15

Population	BSC	Merged
Five year population change (5)	1.6	-2.3
Population aged 19 or less %	23.4	24.3
Population aged between 20 & 59	43.1	45.7
Population aged above 60 %	33.5	30.0
ATSI	2.0	2.5
Language spoke other than English (%)	2.2	2.8
Socio-Economic Index Rank (1 low, 152 high)	48	75

Local Economy	BSC	Merged
SALM Rate (%)	4.5	4.2
Average Taxable Income	30,362	31,080
Average Household size	2.8	2.9
Largest Industry Employer	Agri	Agri
Value of DA determined (\$'000)	15,000	16,572
Active Businesses in LGA	1,148	1,371
Regional Competitiveness Index Rank 1 = Competitive 563 - Least Competitive	315	389*
* Regional Competitiveness Rank of existing Jerilderie LGA		

Public Facilities	BSC	Merged
Swimming Pools (No.)	3	4
Public Halls (No.)	5	8
Public Libraries (No.)	4	5
Open Public Space (ha)	138	160
Total Road Length (km)	1,375.1	2,476
Access to Internet at home	63.6	63.9

Council	BSC	Merged
Councillors	8	8*
Pop per Councillor (No.)	1,042	1,232*
Equivalent FTE (No)	87	128#
2012/13 Revenue (\$'000)	18,958	28,042
2012/13 Expenses (\$'000)	18,788	28,431
Pensioner Rebates (%)	29	29.3
Population Density (residents per km ²)	4.04	1.81
* Assumes no increase in number of Councillors in a merged LGA # Assumes loss of 4 Contract EFT		

TCorp 2013 Financial Sustainability Rating & Outlook & OLG 2013 Infrastructure Audit Rating	BSC	Merged#
Sustainability	Moderate	Weak#
Outlook	Neutral	Negative#
Infrastructure Management	Strong	Weak#
# Assumes that increase in public facilities, road length, socio-economic disadvantage ranking, transfer of strategic roles (contract) to JOs, increase in road, bridges and path expenditure, together with decrease in community services, public order and safety and recreation expenditure, together with decrease in regional competitiveness ranking and decrease in population density impacting scalability of operations will add to cost of operations and in doing so impact unfavourably on merged Council's Financial Outlook and Infrastructure Audit Rating		

Population & Economy

A merger of the two Shire provides no discernible benefits in terms of population and economy with the positive and marginal population growth trend in the Berrigan Shire shifting to a negative trend. Nor will it change significantly, for planning and service delivery purposes, the overall population profile of the new LGA. The new LGA will still have 30% of its population aged above 60 years of age. The biggest impact of a merger is likely to be viewed in ex Berrigan Shire national regional competitiveness rankings.

Public Facilities




The distance between the urban communities of Berrigan and Jerilderie suggests that there will be few if any opportunities to de-commission public facilities or reduce rural road service levels – items that contribute to cost of facilities maintained by both Councils. A merger of the two Councils will therefore not introduce economies a scale with re: public facilities. And, may on the grounds of equity, require that the new Council re-develop Jerilderie's facilities to ensure a comparable level of service.

Expenditure on Services

In common with rural and regional neighbours the rural road network accounts for approximately 30% of Council's expenditure. A merged Council is likely to make no significant savings in this regard. Of concern to Berrigan rate payers is the potential for a reduction in public order, community services and recreation services suggested by this exercise.

8. Fit for the Future Benchmarks – Comparison BSC / Merged LGA

Berrigan Shire Council

	BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
 SUSTAINABILITY	Operating Performance Ratio (greater or equal to break-even average over 3 years)	-0.030	NO	✗
	Own Source Revenue Ratio (greater than 60% average over 3 years)	48.91%	NO	✗
	Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	80.67%	NO	✗
 EFFECTIVE INFRASTRUCTURE AND SERVICE MANAGEMENT	Infrastructure Backlog Ratio (less than 2%)	2.18%	NO	✗
	Asset Maintenance Ratio (greater than 100% average over 3 years)	100.75%	YES	✓
	Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	1.23%	YES	✓
 EFFICIENCY	A decrease in Real Operating Expenditure per capita over time	Increasing	NO	✗
	OVERALL RESULT			✗

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

Results as at 3rd November 2014
Pre-Improvement Planning

MERGED JERILDERIE AND BERRIGAN SHIRE

	BENCHMARK	RESULT	MEETS FFTF BENCHMARK	
 SUSTAINABILITY	Operating Performance Ratio (greater or equal to break-even average over 3 years)	-0.080	NO	✗
	Own Source Revenue Ratio (greater than 60% average over 3 years)	47.89%	NO	✗
	Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	74.64%	NO	✗
 EFFECTIVE INFRASTRUCTURE AND SERVICE MANAGEMENT	Infrastructure Backlog Ratio (less than 2%)	2.67%	NO	✗
	Asset Maintenance Ratio (greater than 100% average over 3 years)	111.17%	YES	✓
	Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	1.70%	YES	✓
 EFFICIENCY	A decrease in Real Operating Expenditure per capita over time	Increasing	NO	✗
	OVERALL RESULT			✗

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

Results based on published Financials 24 November 2014

8.2. Comments: Comparison of existing structure and Merged Council Results

1. **Operating Performance Ratio - Does not meet benchmark**
This is a unfavourable result from the perspective of current Berrigan Shire ratepayers – as the ratio shifts further into negative territory from current – 0.030 to -0.080
2. **Own Source Revenue - Does not meet benchmark**
This is a unfavourable result from the perspective of current Berrigan Shire ratepayers – as the % of own source revenue drops from 48.9% to 47.8%
3. **Building and Asset Renewal Ratio – Does not meet benchmark**
From the perspective of the Berrigan Shire Council and ratepayers this is an unfavourable result – as the building and asset ratio which needs to be above 100% declines from 80.67% to 74.64%
4. **Infrastructure Backlog - Does not meet benchmark**
From the perspective of the Berrigan Shire Council and ratepayers this is an unfavourable result – as the infrastructure backlog % increases from 2.18% to 2.67%
5. **Asset Maintenance Ratio – Meets benchmark**
6. **Debt Service Ratio – Meets benchmark**
7. **Real Operating Expenditure per capita – Does not meet benchmark**
From the perspective of the Berrigan Shire Council and Jerilderie Shire ratepayers this is an unfavourable result as the social, organisational costs associated with change in a major employer within a region / district should be accompanied by tangible improvement in operating expenditure per capita. Based on this result a merger will not achieve reduce operating expenditure per capita.

Endnotes

- ⁱ Berrigan and Jerilderie Socio-Economic Profile pp.16-17
- ⁱⁱ Berrigan and Jerilderie Socio-Economic Profile pp.11
- ⁱⁱⁱ Berrigan and Jerilderie Socio-Economic Profile pp.11
- ^{iv} Berrigan and Jerilderie Socio-Economic Profile pp.16-17
- ^v Berrigan and Jerilderie Socio-Economic Profile pp.16-17
- ^{vi} Strategic Service Delivery Review: Review of Berrigan Shire Council Scale and Capacity
- ^{vii} Berrigan and Jerilderie Socio-Economic Profile pp.16-17
- ^{viii} Berrigan Shire Review of Council Services: Scale and Capacity
- ^{ix} Berrigan and Jerilderie Socio-Economic Profile pp.11
- ^x Strategic Service Delivery Review: Review of Berrigan Shire Council Scale and Capacity
- ^{xi} Berrigan and Jerilderie Socio-Economic Profile
- ^{xii} Strategic Service Delivery Review: Review of Berrigan Shire Council Scale and Capacity
- ^{xiii} Berrigan and Jerilderie Socio-Economic Profile

Strategic Service Delivery Review: Review of Berrigan Shire Council Scale and Capacity – June 2015

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Background

This strategic review of Council's service delivery has been prepared by Council Officers to evaluate the extent to which

1. Council's current form (the scale and capacity of its service delivery) is appropriate, effective and efficient¹; and
2. Is a better option to achieve the scale and capacity objectives for the region² that the Independent Local Government Review Panel's recommendation that the Berrigan Shire Council merge with the Jerilderie Shire Council.

Conducted as a desktop service the outcome of this strategic service delivery review ('service review') informs the development of Council's Fit for the Future (FFF) response: an earlier and draft version also informed Council's annual review and the development of 2015/16 suite of integrated plans.

The timing of the first draft of the service review and its preparation coincides with Council Officers' preparation for Council's Annual Corporate Planning Workshop held each February. Facilitating the inclusion of FFF Improvement Plan actions identified by the Council in its annual review of the Council's Delivery Program 2013 – 2017 and the development of the 2015/16 Annual Operational Plan. Reinforcing Council's culture of *business as usual and continuous improvement approach* with respect to the development, implementation and review of its integrated suite of plans.

Service Review Objectives

1. Review demographic, social and economic profile of our community
2. Improve Council planning and the integration of its operations with Council's Strategic Plans
3. Identify gaps in service user engagement and involvement in the review and development of the Council Strategies that inform and guide Council planning and service delivery

¹ (Hunting, Ryan , & Robinson, 2014, p. 3) **Appropriate** – match and can be adapted to meet current and future community needs and wants **Effective** – deliver targeted, better quality services in new ways **Efficient** – improve resource use (people, materials, plant and equipment, infrastructure, buildings) and redirect savings to finance new or improved services.

² IPART NSW (2015) Methodology for Assessment of Fit for the Future Proposals p.8

4. Identify gaps in whole of council approach to service delivery
5. Assess appropriateness of Council's current model(scale) and its strategic capacity³
6. Identify the foreseeable service delivery outcome of the Panel's recommendation that it merge with the Jerilderie Shire
7. Incorporate insights gained SGS Economics and Planning's *Fit for the Future: Options Analysis and Comparison Report* – April 2015

Scope

This desk top service review includes:

- a) Social, economic and demographic profile of the Shire and
- b) SWOT of analysis setting the scene and the regional development context for Council service delivery and planning
- c) Economic impact analysis of reduction in Council EFTs
- d) An overview of Council's current strategic planning framework and model of service delivery. And having considered the aforementioned issues a
- e) A qualitative assessment of the business case for a merged Berrigan and Jerilderie Shire Council
- f) A qualitative assessment of whether Council's current form (no change to boundaries) is at least as good or a better option to achieve the scale and capacity related objectives for the region.

Service Review Principles

1. Adopted Council Strategies and integrated suite of plans – CSP, Delivery Program, Resourcing Strategy and Operational Plan demonstrate evidence of:
 - a) Community and service user engagement in the develop and review of plans
 - b) Current and future needs assessment
 - c) Transparency and the outcome to be achieved
2. Council investment (human, physical and financial) in service delivery is
 - a) Strategic and integrated
 - b) Financially Sustainable

³ (Samson, Munro, & Inglis, 2014, p. 32) Box 8 Key Elements of Strategic Capacity

- c) Evidence Based; and that it
- d) Facilitates risk management and life-cycle asset planning and management

Review Team

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- Director Technical Services, Fred Exton Dip. Eng (Civil), Grad.Env. Man. FIPWEA
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- Enterprise Risk Manager, Michelle Koopman Adv. Dip OHS. B.Bus (AI)

Social, Economic and Demographic Profile

Berrigan Shire (pop 8442⁴) a Murray Region LGA, on the New South Wales and Victorian border is three hours driving time or 270 km north of Melbourne and 7 hours driving time (670 km) south west of Sydney. It is a rural shire with Murray River based tourism and recreation facilities in two of its four towns - the Murray River border towns of Tocumwal and Barooga. Recent population growth has been in the Murray River border townships of Barooga and Tocumwal attracting families to lifestyle blocks and retirees from metropolitan Melbourne.

The Shire of Berrigan was established in 1906 and during its early years the population of the Shire fluctuated in response to economic and environmental conditions. This changed with the expansion of irrigated agriculture and led to the development of mature country towns with a range of services and facilities. In recent years agriculture industry restructure and the implementation of the Murray Darling Basin Plan contributed to the Shire's developmentally mature towns Berrigan and Finley experiencing sluggish growth and the development of two part or two speed economy – characterized by continued and steady growth and development in our Murray River towns offsetting structural adjustment in the rural-sector-dependent towns of Finley and Berrigan.

⁴ <http://forecast.id.com.au/Berrigan> accessed 9/1/2015

However, unlike western NSW rural shires and our smaller (population) and larger area northern and neighbouring (Murrumbidgee Region) LGAs of Jerilderie and Urana – proxy indicators of growth i.e.: urban property sales and a strong rental market characterized by weekly rents in excess of 30 % of single person new start allowance payment are evident⁵. Moreover, there is and continues to be significant and unmet demand for child care in the two most populous towns of Finley and Tocumwal⁶.

In addition to the unmet demand for child care major social and economic issues confronting the LGA and neighbouring NSW communities include: internet connectivity, the relative to Victoria cost of energy and fuel and access to social support services. Centralisation of NSW Planning agencies, energy and telecommunications network providers, broadband internet data, mobile network black spots and congestion during peak holiday periods are issues that will for the impact on the economic competitiveness of the LGA and the realisation of its growth potential situated on a national highway on the NSW / Victorian border.

Detailed social and economic profiling has been undertaken by Council as part of the development of the Councils [Liveability and Healthy Ageing Strategy](#) a strategy which commissioned an economic assessment by the AEG Group – [Economic Profile 2014 – 2031](#) of the economic benefits and likely impacts of the Shire’s ageing population on its future growth and development.

Council also has, in addition to its web- hosted subscription to id.data, developed a detailed [Health and Wellbeing](#) profiles and a Disability Profile. These profiles capture and reference data at a cross-border, regional and local government area level and provide data to our communities and interested agencies data in a format that is LGA and cross border specific. The need for this reflects the Shire’s location on the border, and the social and economic orientation of residents to Victoria. Census data, NSW Dept Planning Demographic Unit, Victorian Community Indicators data base, and Murrumbidgee Health Service are the primary data sources used in the development of these profiles.

⁵ Appendix 1

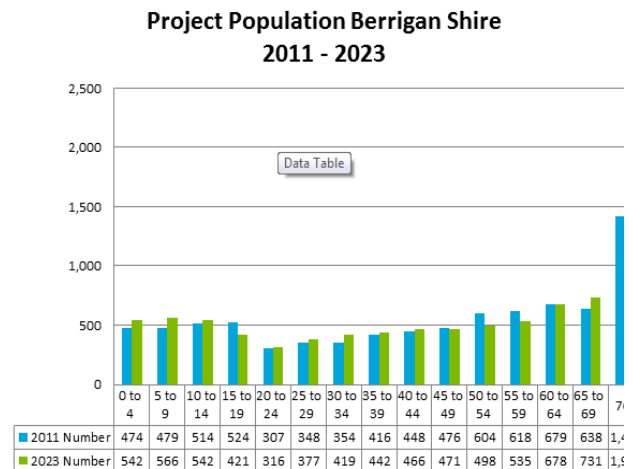
⁶ Appendix 2

What does the future look like for Berrigan Shire Communities?

Our Shire is expected to experience steady growth, particularly in the towns of Barooga and Tocumwal. In 2023

1. There will be 685 more people living in the Shire
2. Inward migration will remain steady
3. There will be 3,924 people 55 years of age and older
4. There will be an increase in the number of people aged 25 – 44 years of age

(Source: <http://forecast.id.com.au/berrigan/population-age-structure> accessed 18/6/15)



Social and Political Economy Berrigan Shire

The political economy of the Shire and its population density is a key and distinguishing characteristic of the Shire. Compared to neighbouring Shires' the Berrigan Shire (4.16 people per kilometre) is the most densely populated rural Shire in the region compared to its most similar neighbour the Murray Shire at 1.7 people per square kilometre. In common with neighbouring NSW Central Murray River Shires' the bulk of the region's local and export oriented agriculture product is processed locally or in Victoria. It is transported to Victorian markets or overseas through Victoria's Port of Melbourne. Furthermore LGA's rail link is Victorian.

Electronic media (television and radio) including the ABC are broadcast from Victoria.

Telecommunications infrastructure is administered from Victoria and is part of the Greater Shepparton region. Commonwealth government service provision is also cross-border as the LGA is included in the Commonwealth Government's Human Services (Centrelink) Shepparton region.

Council shares waste management and tourism development services with its neighbouring Victorian Shire - the Moira Shire Council. At a community level, parents make decisions about the educational opportunities available to their children – and school buses transport 40% of the Shire’s primary school and secondary school-aged children to Victorian schools. Sporting club affiliations and competitions are also governed by Victorian associations. The Shire’s population growth reflects endogenous (local factors) which include the liveability and amenity of Shire towns and facilities, the LGA’s proximity to Melbourne; its popularity as a Victorian family holiday destination and as a low-cost retirement option for metropolitan Melbourne retirees.

These issues were identified but not necessarily understood by the National Institute of Economic and Industry Research (2013) *Report New South Wales Local Government Areas: Similarities and Differences* cluster analysis of the Berrigan Shire. This report noted the anomalous nature of the LGA identified by cluster analysis. With the report writers observing that the low-rate-base of the Shire was the determining factor in its analysis. A strategic and fine grained analysis of anomalous social and economic factors would have led to the Shire being identified as either

1. An Academically Inclined LGA or
2. A Diverse Skill and Urban LGA

Adding weight to the argument identified by the Independent Local Government Review Panel in its Final Report that ‘more needs to be done to recognise and respond to the particular circumstances of border councils’ (Samson, Munro,

Low Rate Base Shires NEIR Cluster Analysis

The 35 LGAs in this cluster all lie inland and nearly all lie in the Murray-Darling basin ... Of the 35, 29 qualify as ‘farm LGAs’ in the sense that more than half of their total unimproved value is in farm or pastoral property...The remaining 5 exceptions are as follows:

Berrigan, Deniliquin, Leeton, Wentworth and Broken Hill.

On the classification system here adopted, had their rate base been larger these five shires would have fallen into the diverse-skill urban cluster (though Deniliquin and Berrigan are close to being considered ‘academically inclined’ since the proportion of their populations which have finished year 12 or equivalent is not far short of the median. (National Institute of Economic and Industry Research, 2013, p. 15)

& Inglis, 2014, p. 87). In the context of FFF Program it is essential and to achieve community and strengthening local government objectives that decisions are informed by intelligence about what will bring border communities and businesses the best-value in terms of their investment: ‘localism’.

Endogenous economic, social and environmental networks are not guided by the broader NSW system of local government, state / commonwealth agencies and their regional boundaries; and or the boundaries of federal electorates. Suggesting that, strategic partnerships and relationships are not determined by government boundaries and regions.

Not because these are not important but because the political and economic environment is characterised by:

1. The strength of social and economic ties to Victoria compared to the strength of social and economic ties to neighbouring NSW LGAs.
2. Electoral safety – the Shire is not in a marginal electorate
3. No strategic or political issues (national, state or regional) of note—now that the Murray Darling Basin Plan is being implemented.
4. Relatively high (for the region) population density – begging the question for New South Wales’ system of local government - is this the optimum scale (population and spatial economy) for a rural shire?
5. An established but marginal social and economic growth trajectory. Meaning that population decline or rapid growth, within current Shire boundaries, is not a strategic planning issue for Shire, the region or the State.
6. History and the experience of no-one listening – on both sides of the border.
7. Globally exposed local and export oriented market based economy.

Moreover, while our communities continue to experience marginal growth counter to national and state trends for rural communities. The result of close economic and social ties with neighbouring Victorian Shires and proximity to Melbourne, there is arguably little benefit to be gained by changing the status quo.

This account is independently reinforced by the national regional competitiveness ranking of the Shire compared with its Victorian and similar in population NSW neighbours Corowa and Deniliquin; resident travel to work data which identifies that 20% of residents work in Victoria compared to 4% of residents who travel to work in neighbouring NSW LGAs; and state-of-origin migration patterns: inward migration 56% of which is from Victoria offsetting 51% outward migration from the Shire to Victoria.

LGA National Competitiveness Index out of 563 LGAs - mid point of index = 281	Competiveness Index 1= most competitive 563 = least competitive
Berrigan (NSW)	315
Deniliquin (NSW)	485
Corowa (NSW)	387
Moira (VIC)	357
Murray (NSW)	362

Source: InSight <http://www.regionalaustralia.org.au/insight/>

Berrigan Shire Residents Place of Work (POW)	2011	
SLA	Number	%
Berrigan (A)	2,069	60.6
POW Berrigan SLA		60.6
Moira (S) – West (VIC)	609	17.8
Moira (S) – East (VIC)	40	1.2
POW State/Territory undefined (Vic.)	48	1.4
POW Victoria	697	20.4
Jerilderie (A)	56	1.6
Deniliquin (A)	32	0.9
Corowa Shire (A)	25	0.7
Conargo (A)	17	0.5
Albury	11	0.3
POW neighbouring NSW Shires	141	4
Other POW		

Berrigan Shire Residents Place of Work (POW)	2011	
POW No Fixed Address (NSW)	82	2.4
POW not stated	91	2.7
POW State/Territory undefined (NSW)	142	4.2
Other POW* A possible explanation for the high % is that these responses reflect the seasonal work-force associated with agriculture –shearing, fruit picking, etc	315	9.3

Source <http://economy.id.com.au/berrigan/residents-place-of-work>

Migration Berrigan Shire 2011 Census					
State / Territory	In migration	%	Out migration	%	Net migration
Victoria	826	56.7	708	51.7	118
New South Wales	428	29.4	423	30.9	5
Queensland	103	7.1	115	8.4	-12
South Australia	18	1.2	31	2.3	-13
Western Australia	30	2.1	57	4.2	-27
Tasmania	7	0.0	9	0.7	-2
Northern Territory	39	2.7	18	1.3	21
Australian Capital	6	0.4	9	0.7	-3
Total Net Migration					89

Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Usual Residence Data). Compiled and presented in profile.id by .id, the population experts. <http://profile.id.com.au/berrigan/migration-by-location>

Regional Competitiveness Berrigan Shire

The [In]Sight: Australia’s regional competitiveness index has been designed to capture data on the competitive position of Australian Local Government areas. This index *ensures that regional decision making reflects local conditions: not national or state averages... Furthermore, it facilitates targeted strategic planning and comparison between neighbouring LGAs and the identification of the unique characteristics, in terms of the competitive advantages or disadvantages of a location and in doing so can provide some insight into the future economic sustainability or otherwise of a community / region.* (Regional Australia Institute, 2014)

Regional Competitiveness Index Berrigan Shire & Neighbouring NSW LGAs

LGA National Competitiveness Index out of 563 LGAs - mid point of index = 281	Competiveness Index 1= most competitive 563 = least competitive
Sydney	6
Albury	168
Greater Shepparton VIC	208
Berrigan	315
Campaspe VIC	322
Moira VIC	357
Jerilderie Shire	389
Murray Shire	405
Corowa Shire	418
Conargo Shire	431
Deniliquin LGA	513

Source: <http://www.regionalaustralia.org.au/insight/>

Nationally the competitiveness of the Berrigan Shire local government area is, relative to neighbouring NSW LGAs, 74 points higher than its proposed merger partner Jerilderie and 198 points higher than the regional competitiveness of the Panel’s proposed Joint Organisation partner and proposed regional centre the LGA of Deniliquin. Based on this index the concern is that any boundary changes in the region and or change in strategic regional planning arrangements is more likely than not to result in a reduction not only in the Berrigan Shire LGA’s competitiveness but the competitiveness of the new LGA and hence the economic sustainability.

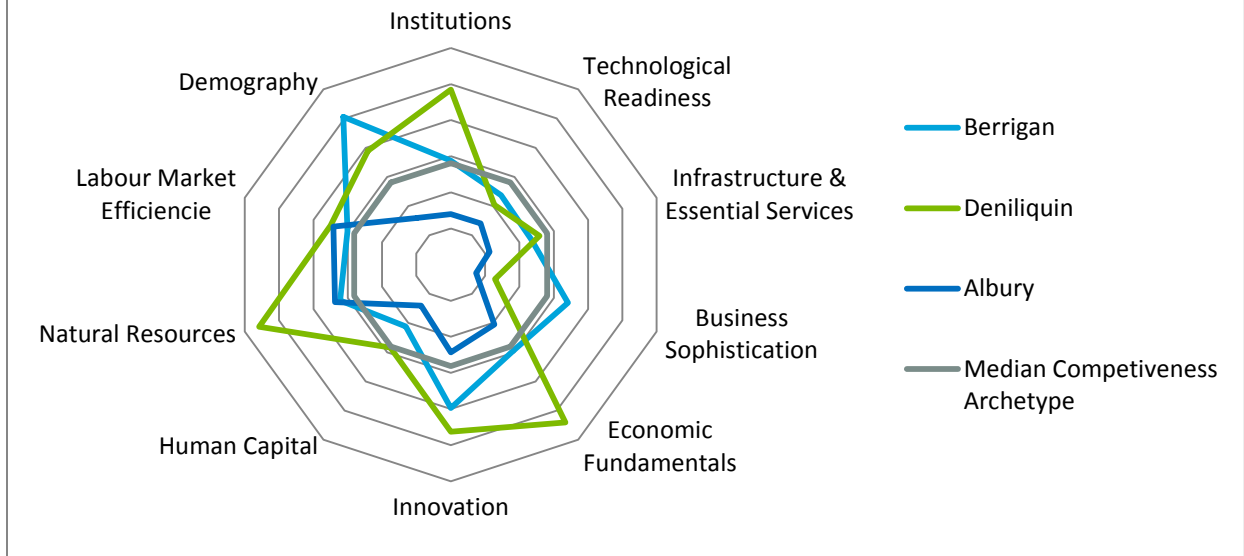
The following table and figure breaks down further the Berrigan Shire’s competitiveness and in doing so provides a clear picture of the Shire and its neighbours competitive strengths and weaknesses – least competitive LGA x theme is shaded.

The 2013 [NSW Infrastructure Audit](#) assessed Council’s management of its assets as strong and the management of its potential merger partner Jerilderie as weak. When this result is viewed in the context of the regional competitiveness index themes it is apparent that Jerilderie Shire Council has a legacy of infrastructure and essential services and institutions as has the Berrigan Shire. What is also apparent, given the NSW Infrastructure Audit observation that ‘as [LGA] population density decreases the cost per person generally increases’ (Office Local Government , 2013, p. 12) is that a merger of the two Shires will not substantially improve the competitiveness of the new LGA with respect to any of this Index’s themes. This will, based on current conditions, more likely than not further compromise the future sustainability and competitiveness of the region – not just existing or new LGAs.

Comparison LGA National Competitiveness Index Themes (Least Competitive Shaded)

	Institutions	Technological Readiness	Infrastructure & Essential Services	Business Sophistication	Economic Fundamentals	Innovation	Human Capital	Natural Resources	Labour Market Efficiencies	Demography
Berrigan	288	237	233	341	295	397	212	322	301	506
Jerilderie	108	315	315	524	397	446	254	464	30	485
Corowa	367	238	311	256	468	360	272	404	360	498
Deniliquin	485	205	258	129	540	463	284	558	350	390
Albury	140	141	113	74	205	243	140	337	342	160
Murray	362	297	411	296	377	435	209	390	279	466
Moira VIC	357	273	284	324	197	203	287	366	345	363
Campaspe VIC	324	193	313	286	255	316	237	415	298	305
Shepparton VIC	208	163	256	224	341	224	273	517	349	177

Regional Competiveness Berrigan Shire x Median National Regional Competiveness Index



Strategic regional planning that builds on or at least maintains an LGAs strengths and regional competitiveness is therefore, the best way forward. Adhering to this principle and addressing regional gaps in competitiveness facilitates service delivery that is

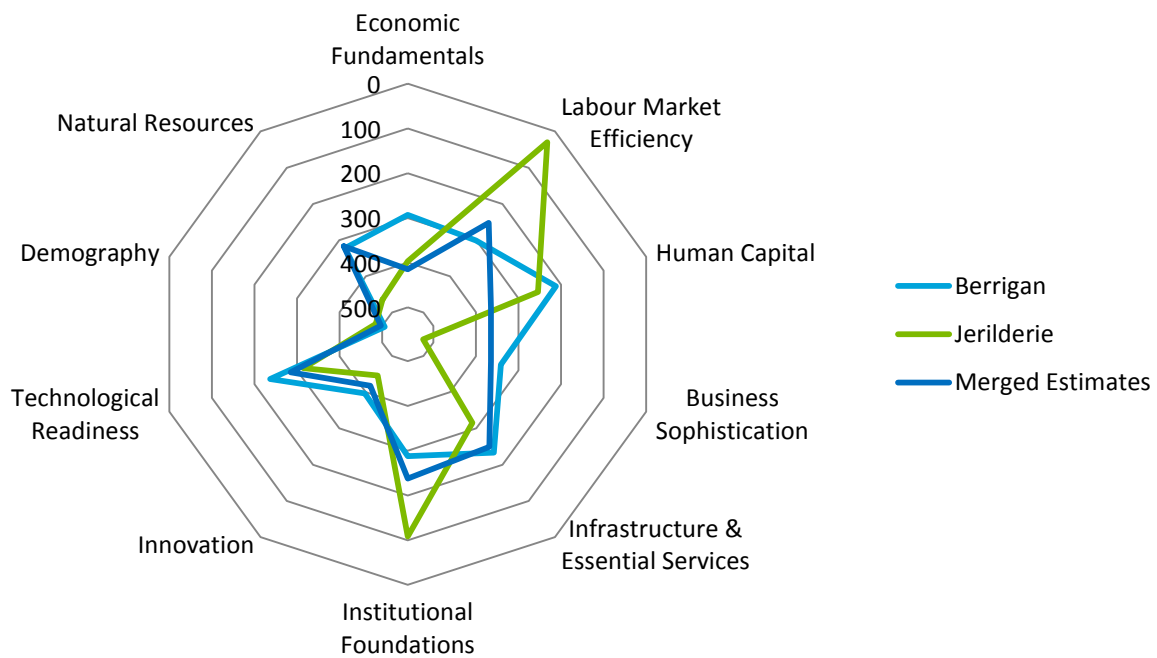
- Appropriate - in that it will meet the current and future needs of communities
- Effective – targeted service delivery
- Efficient – contribute toward improved use of local resources /networks; and
- Sustainable

Within its current boundaries and resources the competitiveness of the Berrigan Shire LGA, and therefore its sustainability, compared to its neighbours is built on the strength of its Regional Index competitiveness theme rankings

- Infrastructure and Essential Services (internal and external) the asset maintenance of its infrastructure which has been assessed as strong
- Economic fundamentals (external)
- Technological Readiness
- Labour Market (internal and external)
- Human Capital and institutions

Further the weakness of the Berrigan Shire’s demography relates not to the quantum of its population but its high dependency rates – that is the percentage of its population that is not in the labour force due to age either too young or too old. This factor is offset by the comparative strength of the Shire’s labour market, human capital and technological readiness. And, the hours worked per week by the Shire’s labour force⁷ moreover, the LGAs four strongest competitive themes: human capital, infrastructure, economic fundamentals, and labour market efficiencies are themes that contribute significantly to long-term and sustainable economic development.

Estimated National Competitiveness Ranking - Merged Berrigan and Jerilderie Shire



Source: 2015 Regional Australia Institute Commissioned Data

⁷ Average hours worked per week Berrigan Shire LGA 60.6 hrs per week compared to the NSW Regional Average 60.4 hrs per week

<http://economy.id.com.au/berrigan/labourforce-key-statistics?BMID=20>

SWOT Analysis – LGA and Cross Border Region

The pre- Fit for the Future strengths, weaknesses, opportunities and threats for the Berrigan Shire (LGA) are outlined below. This analysis was initially compiled through information collected at town forums about what our communities liked (strengths), what could be improved (weaknesses), future trends or change (threats) preferred futures (opportunities) and analysis of relevant regional, state and national industry sector and government strategies and reports.

Initially used in the development of *Berrigan Shire 2023* the review team has updated this analysis to reflect current issues and insights gained from the preceding analysis. This SWOT also identifies whether is as an internal or external issue. That is, is the issue something that Council and or residents / business can influence (internal) or is this issue outside the direct influence and control of residents, business and or Council (external). Data from this analysis informs the identification of the current LGAs strategic challenges.

These are challenges that demand a strategic response and which for the most part require state, regional and cross-border leadership and political support. And, while Council has a role in fostering the emergence of local leaders, and as has been demonstrated by the Murray Darling Basin Plan, there needs to be, in political terms, significant metropolitan support before political support will be directed toward resolving issues that impact on the regional competitiveness of NSW-VIC border communities. Further, in the context of our system of government and competing priorities and the political conservatism of our communities it is extremely unlikely that there will be any change in the foreseeable future.

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Newell Highway access to National Highway / transport /freight hubs • Proximity to Melbourne – NSW gateway for visitors • Irrigated export oriented agriculture industry • Diverse and productive economy – agriculture, construction, social support services, transport, local retail, tourism • Assets – natural, historic and cultural attractions, access to the Murray River • Affordable Housing / property 	<ul style="list-style-type: none"> • Politically a ‘safe seat’ – state and federal • Competiveness of local business – in small town environment • Lack of coordination and strategic approach business development / local economic development ie: Networks that identify and harnessing resources and opportunities to stimulate economic and employment activity • Tired’ tourism services (restaurants and hotels) • Lack of cohesion and co-operation in tourism development and marketing across the region

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Education & Training School bus access to Victorian and NSW Secondary and Primary Schools – Public and Independent; TAFE • Community facilities /assets above ‘urban growth area benchmarks’ in each of the Shires towns assets include: recreation – sports grounds, playgrounds, community halls/centres, bowls and golf, libraries, hospitals/community health centres, pools, aged care beds / support packages, child care Slow but steady growth in population • Family friendly, community spirit • Life style values: Time, clean, natural environment, community spirit/volunteerism • Safe – low crime 	<ul style="list-style-type: none"> • Achieving buy-in from tourism stakeholders for cross-promoting the Murray region • Location of the visitor information centre off the Newell Highway • Town Entries • Ageing population, ageing labour-force impact upon skill shortages, community capacity to volunteer

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Tocumwal Intermodal – Port to Rail Access Victoria • National trends micro business and online business models – increase local business and ownership – subject to Internet connectivity • Value add and promote innovation / product and processes in current industries • Greater Melbourne – northern growth corridor – attract tree changers wanting safe, clean and green family oriented communities • Population growth through attraction of immigrant families • Growth of Victorian provincial centres – Greater Shepparton • Pedestrian Access and Tourism Development Murray River – Barooga/Tocumwal eg: Tocumwal Boardwalk • Special interest – Sport / Active Recreation Tourism • The Barmah-Millewa National Park • Promotional initiatives with partner organisations • Improved packaging of products and experiences to particular market segments 	<ul style="list-style-type: none"> • Broadband connectivity – failing copper network, retailers shaping broadband speeds and delays to roll out of NBN • Impact of NBN installation in neighbouring Victorian communities drawing people, business away from the Shire for the foreseeable future • Cost of fuel and power – equity Victorian / NSW supplies • Freight and Transport Planning – Port of Botany Centric • Impact of growth and Victorian investment in Victorian provincial centres upon local business capacity to attract investment • Population forecasts - fewer families and children impact upon retention of current services and facilities • Exposure of the Shire’s businesses / local economy to fluctuations in commodity pricing / global markets • Rural decline accelerated by NPM policies at all levels of government contributing to contraction of human capital in rural communities • Policy driven water insecurity and impact upon irrigated agriculture, open space passive and active recreation, water based tourism • The Barmah-Millewa National Park and issues related to development and public access • Compliance issues re: community activities / funding impacting on volunteer recruitment / coproduction of

OPPORTUNITIES	THREATS
	<p>community services</p> <ul style="list-style-type: none"> • Extent of inward/outward migration and its impact upon the Shire’s social profile, diversity, and community ‘spirit’ • Threat – RMS/State/Federal government funding withdrawal • Loss of employment in Local Government – professional staff to Joint Organisations • Reduction in National Park

Our LGA and Cross Border Region Strategic Challenges

- Internet Connectivity
- Freight and cross-border transport planning
- Cost of energy and fuel prices- relative to Victoria
- Political and population based pragmatism
- Lower than Murray Darling Basin average per capita income

SWOT Analysis – Council

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Stable and growing revenue base • Ongoing community satisfaction with services – longitudinal Community and Business Satisfaction Survey (1995 – 2015) conducted every 4 years by external research company • Infrastructure Audit Rating – strong supported by a moderate TCorp Financial Sustainability rating with a neutral outlook • Employment of professional staff in strategic & integrated planning and enterprise risk management roles – work undertaken recognized as good practice by OLG & Statewide Local Govt Insurers • Evidence of extensive community and service user engagement in 4yr-Council Strategies and Action Plans • History and capacity to extend services and take on new projects e.g: Rolling Program of Capital Upgrades – Library and Recreation Reserve facilities and now town entries 	<ul style="list-style-type: none"> • Slow rate of growth Council revenue • Low-rate base • Ageing workforce • New project development dependent on sourcing external funding or community support / partnership • Limited opportunity for specialist staff to broaden peer networks and relationships as Sydney-based opportunities are cost and time prohibitive

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Innovation and creativity – ‘firsts’ include- installation and use of electronic water meters, use of DAF water treatment, in-house and cost effect design and construction of water treatment plants, pioneer ‘water trading’ • Shared Services – Moira Shire Council (VIC) waste management and tourism promotion • Active participation RAMROC professional groups – convenor of Waste Management and Integrated Planners Group • History of active representation and evidence based submissions to State and Commonwealth Inquiries and funding bodies • Council diversity – reflects community demographic – age, disability and gender • Proximity to a capital city (Melb) and facilities – attractive to professionals wanting a work and life balance • Active promotion of economic diversity and evidence of rate base growth through industrial and aviation subdivision. • Availability of off-budget development funds • S355 management of community facilities and reserve – cost effective service delivery – and coproduced service delivery • Local recognition of Councillors and their role – Community Satisfaction Survey 2015 	

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Improved relationship with State Agencies once assessed as FFF • Regional and as a consequence state support and advocacy to improve broadband connectivity and cross border competitiveness NSW-VIC • Strengthened strategic planning within Councils / region if Berrigan Council is part of an Albury based JO • Land supply for residential subdivision and affordable housing projects • NBN • Lifestyle and facilities attractive to young families with children • Leverage further business development and economic growth from food services industry 	<ul style="list-style-type: none"> • Metro-centric perceptions re: lack of strategic capacity based on distance from Sydney and rural location • Centralised and regional planning agencies (Dubbo, Queanbeyan and Sydney) have limited knowledge, interest or intelligence re: endogenous VIC-NSW cross-border regional and cross-border township relationships, networks and industry supply chains • Lack of state and federal investment in critical infrastructure needed to support economic growth and diversity • State and federal decisions made for political purposes that impact upon the economic viability of the region e.g Murray Darling Basin • Lack of co-ordination by decision makers in a cross border environment

OPPORTUNITIES	THREATS
processing at Cobram and Strathmerton in Victoria	<ul style="list-style-type: none"> Limited local intelligence re the role and function of the Joint Organisations and how this will operate or promote our Communities' Vision ie.: Berrigan Shire 2023 ILGRP recommendation that Berrigan LGA or a new LGA be part of Deniliquin based JO –a recommendation made to strengthen Deniliquin as regional centre for LGAs west of Deniliquin but which does not recognise social and economic orientation of LGA business and residents east to Albury and south to Victoria

Assessment Berrigan Shire Council FFF Scale and Strategic Capacity

This assessment of Council's performance against FFF elements of strategic capacity assumes no change in Council's model of service delivery and its workforce requirements. At the time of writing the role and the function of Joint Organisations is as has been published. There is therefore, no clarity on how Joint Organisations' will be configured in the region. The assumption therefore is that Joint Organisations will be configured based on the needs of member Councils and Council's will still require in-house strategic capacity to assist with decision making re: the strategic benefits or otherwise of a regional or sub-regional approach.

Element of Strategic Capacity	For	Against	Assessment
More robust revenue base and increased discretionary spending	<ul style="list-style-type: none"> The Council has a growing revenue base that has, to this point been sufficient to meet the community's needs The existing revenue base is relatively stable with periodic periods of moderate growth The Council has been able to use discretion to fund upgrade of community assets, it 	<p>The Council does not meet the 60% own source revenue test.</p> <p>A larger revenue base, when considered in isolation, would always be stronger.</p>	<p>Council's revenue base is growing (albeit slowly) moreover there are no strategic or political issues identified from service review or SWOT analysis that suggest that this is likely to change other than Council being deemed to not be FFF and finding itself at a future point ineligible for available grants.</p>

Element of Strategic Capacity	For	Against	Assessment
	<p>employs strategic staff, moreover, it has a declining asset backlog which it is in invest in growth generators consistent with its community's and Delivery Program strategic objectives</p> <ul style="list-style-type: none"> • The strength of Council's engagement with its communities and high levels of community volunteerism has allowed it to reduce imposts on its revenue base and support further its capacity for discretionary spending 		<p>Council is also reducing from its albeit low revenue base its infrastructure backlog and in doing so retaining its discretionary spending.</p> <p>Further it has been assessed as having strong asset management skills.</p> <p>Council also meets the 7 FFF benchmarks</p> <p>Assessment: Council has a sustainable revenue base with discretionary spending capacity. As part of its continual improvement plan, it may want to:</p> <ol style="list-style-type: none"> 1. Review its financial performance against its Financial Strategy 2012 indicators and investigate subsequent options to enhance further its revenue base and the extent of its discretionary spending
Scope to undertake new projects	<p>The Council has a strong history of undertaking new functions and major projects:</p> <ul style="list-style-type: none"> • Recreation reserves • Risk Management • Residential and industrial • Subdivision • Water treatment plants • Library replacements 	<p>Ability to resource potential projects ie invest in on the shelf projects that are dependent on external funding.</p>	<p>Service review provides support for Council's current model of service delivery. Projects listed provide further evidence of the scope of past projects.</p> <p>Assessment: Council has demonstrated history confirmed by service review that it has the scope to</p>

Element of Strategic Capacity	For	Against	Assessment
	<ul style="list-style-type: none"> • Effluent refuse • Stormwater management projects • Strategic and social planning • Community capacity building 		<p>undertake new projects. Council's suite of Integrated Plan's will be used to guide new project development</p>
<p>Ability to employ a wider range of skilled staff</p>	<ul style="list-style-type: none"> • The Council has a wider skill set than most comparable Councils. • Dedicated strategic and social planner • Dedicated enterprise risk manager • Developed succession plans • Dedicated water and sewer engineer 	<p>The Council suffers from some temporary staff shortages but not the commitment to the positions.</p> <p>The Council demonstrably underpays some of its staff, particularly management staff and above and that they stay suggests that other factors e.g.: professional work life balance are at play</p>	<p>Service review provides support for Council's current model of service delivery and National regional competitiveness Index ranking provides evidence of localized conditions that support its ability to employ wider range of skilled staff.</p> <p>Assessment: Council has demonstrated history of recruiting appropriate staff Moreover it currently has no IT, Engineering or professional level vacancies</p>
<p>Knowledge, creativity and innovation</p>	<p>Knowledge</p> <ul style="list-style-type: none"> • Strong corporate and community knowledge • Multi-disciplinary management team / flat structure promotes organisational learning • Good long term staff • Professionally qualified key staff • Commitment to staff development and promotion • Developed information and skill sharing networks internal and external <p>Creativity</p> <ul style="list-style-type: none"> • Solution to river camping issues 	<p>Perception of rural isolation can be a recruitment and employment challenge. Can't use staff duplication to cover knowledge gaps created by leave or staff departure.</p> <p>Limited organisational capacity/peer support for specialist strategic staff Limited opportunity for specialist staff to broaden national international knowledge</p>	<p>Service review provides support for Council's current model of service delivery, and examples of Council knowledge, creativity and innovation supports the mid-range ranking of the LGA in the National regional competitiveness Index. This is counter to national trends for rural Shire and ILGRP cluster analysis. This ranking provides evidence of localized conditions supporting the retention and development of human capital, promotes high rates of lifelong learning – indicators of</p>

Element of Strategic Capacity	For	Against	Assessment
	<ul style="list-style-type: none"> • Development and growth of project investment fund used to finance saleable growth projects • Use of project profits to fund replacement of core assets • Regional leader in alternative cost effective road construction methods • Designed and built water treatment plant • Abandoned state funding models to install new water treatment plant using new technology at lower than the subsidized cost • Alternative, lower cost management of Finley Saleyards • Private management of Council Functions <p>Innovation First Council to use electronic water meters First Council to employ DAF water treatment process Water trading pioneer Established electricity supply Joint contracting with interstate Council Construction of natural gas reticulation works Development of significant effluent reuse schemes Managed regional fuel tank removal program Managed joint water reservoir renovation project</p>	<p>Measures of innovation The metric used by both the NEIR Cluster Analysis and the Regional Competitiveness Index. This metric reports on the number of registered patents by LGA – it should be treated with caution as it is not a per capita or percentage measure. It is therefore for small in population LGAs not necessarily an accurate measure of innovation</p>	<p>knowledge, creativity and innovation.</p> <p>The only nationally recognized innovation metric (number of registered patents) reports on a numerical basis. Therefore it is not an appropriate measure for comparative assessment of LGAs and regions.</p> <p>Assessment: Council ‘firsts’ provide evidence of Council resources re: knowledge, creativity and innovation</p>

Element of Strategic Capacity	For	Against	Assessment
Advanced skills in strategic planning and policy development	<ul style="list-style-type: none"> • Specialist social and strategic planning position • Initiated and convened RAMROC IPR Network • Policy papers and submissions Commonwealth / State eg: Youth Allowance Review, NBN, Murray Darling Basin Plan, ILGRP, LG NSW • Recognition by OLG of the Council's Integrated Plans as example of better practice • Recognition of the strength Council's Asset Management Plans • Integrated plans supported by lower level town development plans implemented by each community • Development of LEP that better reflects community needs and wants than the standard template • Developed infrastructure master plan • Regular Councillor/staff planning sessions 	<p>Strategy development competes with actual service delivery</p> <p>Limited peer / professional support networks – although this may be addressed by creation of JOs</p>	<p>The service review highlighted the importance of Council's commitment to in-house strategic planning and policy skills.</p> <p>Assessment: Council has advanced skills in strategic planning and policy development</p>
Effective regional collaboration	<ul style="list-style-type: none"> • Active participation in RAMROC and RAMROC professional groups – covenor of Waste Management Group Integrated Planners Group 	<p>Significant projects requiring regional collaboration are VIC /NSW eg: Rail, Freight or Commonwealth – NBN these are issues outside the decision making remit of State Govt. Regional Officers</p>	<p>The Service review highlighted gaps in documented strategy related to regional collaboration. With shared servicing arrangement with Moira Shire (VIC) and strong involvement of Council</p>

Element of Strategic Capacity	For	Against	Assessment
	<ul style="list-style-type: none"> • Joint contract with Moira Shire • Council (VIC) for waste and recycling • Staff membership of professional groups: PIA, IPWEA, LG Managers, CPA 		<p>/Officers in RAMROC Council is within regional constraints imposed by distance from decision makers an effective partner and collaborator on regional projects aligned to our communities' vision Given that BSC projects of strategic significance and with regional focus involve the Commonwealth and or Victorian Government.</p>
Credibility for more effective advocacy	<p>Longitudinal Community Satisfaction Surveys conducted every 4 years.</p> <p>Representation and evidenced based submissions to State and Commonwealth Inquiries 2011 – 2014</p> <p>Youth Allowance Inquiry 2011 Murray Darling Basin Inquiry 2011- 12 Joint Standing Committee Telecommunications 2013 Strengthening Basin Communities Research Project (RAMROC)</p> <p>OLG Submissions Liveability & Ageing Strategy Disability Action Plans Performance Reporting Storm water Management charge Cross Border Commission</p> <p>ILGRP Council prepared evidence based submissions and invited Panel to meet with Council during the Review</p>	<p>Is anyone listening?</p> <p>Population and proximity to Sydney appear to enhance credibility and the effectiveness of advocacy</p> <p>Distance from Sydney is a real constraint further it is difficult to shift or influence perceptions in circumstances where these is not a common or shared 'frame of reference' as is the case re: metro, regional and rural divide</p>	<p>Service review provides evidence of a planned, systematic evidence based approach toward Council service delivery and advocacy. The use of evidence and transparency with methodology are indicators of credibility and validity.</p> <p>Assessment – Council prepares its business cases and advocacy campaigns based on best available evidence supported by engagement with user groups. Therefore, should be viewed by other Agencies as credible advocate in our system of government.</p>

Element of Strategic Capacity	For	Against	Assessment
	<p>Successful Advocacy Campaigns Involvement in Berrigan MPS advocacy Funding for Finley GP facility Replacement of Barooga bridge Provision of natural gas throughout the cross border region Funding for recreational facilities</p>		
<p>Capable partner for State and Federal agencies</p>	<ul style="list-style-type: none"> • HACC services • Early Intervention services • Healthy aging program • Convene Berrigan Jerilderie Community Services Network • Finley GP facility • Health transport service • Fluoridation service at Tocumwal and Barooga • Integrated water cycle management pioneer 	<p>Question the bona fides of other levels of government in seeking partners</p>	<p>Service review identified that Council continues to deliver and acquit services and capital projects funded by other levels of government. Moreover, that Strategy and evidence guides its project development or participation as a provider of first (if legislatively required) or last resort if market failure</p> <p>Assessment : - Council is a capable partner for State and Federal Agencies</p>
<p>Resources to cope with complex and unexpected change</p>	<ul style="list-style-type: none"> • Dealt with change over 108 years • Long term planning • Fit for purpose assets • Positive response by Council and Management Team to integrated planning and reporting • Dedicated strategic planning capacity • Dedicated risk management capacity • Shared vision for the 	<p>Obviously finite resources.</p>	<p>Council's Financial Strategy has been designed to ensure that it has sufficient resources to cope with unexpected Examples described a history of Council's responsiveness Moreover, the Service Review highlighted Council's focus on Strategy and its analysis of social, political and economic environment facilitating prioritization</p>

Element of Strategic Capacity	For	Against	Assessment
	future <ul style="list-style-type: none"> • Generally change has been well managed whether unexpected or complex • Demonstrated capacity to respond to emergencies such as recent droughts, flooding and tornado 		of service delivery and resource allocation Assessment: Council has resources to cope with complex and unexpected change
High quality political and managerial leadership	<ul style="list-style-type: none"> • Mix of representation including gender, age, social, disability and background • Long standing tradition of pragmatic and effective governance. • Ability to deal with issues on their merit • Lack of parochialism • Mix of management skills, strengths and weaknesses • Commitment to quality management • Shared long term vision around key corporate goals • Healthy governance relations • No silos 	Too many long term managers	Regional competitiveness index provides evidence of an LGA with strong institutions, high rates of volunteerism indicators of political leadership and this is in an environment characterized by relatively low % of post graduates and few public servants proxy indicators of community leadership. Service review provides an overview of targeted management and leadership in terms of Service Delivery Strategy development which has ensured that services which incur high expenditure – Roads / Infrastructure, Libraries are strategically directed as are issues that impact on our regional competitiveness – economic development/tourism Assessment: Council has high quality political and managerial leadership

Berrigan Shire Planning framework and outcome hierarchy

Berrigan Shire 2023 is the Berrigan Shire's Community Strategic Plan. Its strategic outcomes reflect the improvement or change in social, economic, civic leadership and environmental conditions envisaged by Berrigan Shire communities. The Plan's 'logic' of strategic outcomes and supporting objectives, Council outputs and resourcing (described in following table) also describes what will be done. Why it is important and the effect / change that it will have on the local area, our economy, council operations and our natural environment. This review of Council's Strategic Service Delivery is assumes that there will be no substantive change to this framework and outcome hierarchy, until such time as the Community Strategic Plan is formally reviewed (2017) by Shire residents, business and other stakeholders.

	Outcome Hierarchy	Outcome Defined
Aspirational	Vision for Berrigan Shire	Preferred future to be created or change in environmental, economic and social conditions that will impact on and contribute to our preferred future.
10 yr Long-term Outcomes Social, Economic, Environment, Civic Leadership	In the context of Vision 'improvement or change in social, economic, civic leadership and environmental conditions of Berrigan Shire communities	Describes what will be done, why it is important and the effect or change that it will have on local area / economy / council operations / natural environment. The results to be achieved. Observed outcomes are measured against benchmarks – indicators.
Outputs 4 Year Delivery Program Objectives	Improvement / Change in how community / Council issues /assets are managed	The result of what is planned and implemented – Delivery Program Outputs. Outputs are measured in the number of hours, number of service users, cost of delivery, etc. Can also include service level issues such as accessibility, response time, and overall satisfaction. Intermediate outcomes. Events or results that contribute to lead to long-term outcomes – milestones.
Activities Annual Operating Plan - Actions	Council or CSP activities	What is done – the strategies used and actions taken that contribute to the social, economic, or environmental conditions of Berrigan Shire communities.
Inputs Core -/Activities Resource Plan	Resources needed to achieve the Vision	Inputs or resources (human, economic and natural) needed to achieve the vision which include: <ul style="list-style-type: none"> • Time • Money / physical assets/plant • Staff • Plans/Policies • Systems that monitor and report on progress
Council's Role		In accordance with the <i>Berrigan Shire 2023: Resourcing Strategy</i> Council provides services, facilitates community engagement, advocates and partners with our local communities in the development of projects and activities that progress <i>Berrigan Shire 2023</i> objectives.

Source: Berrigan Shire 2023 pp16

Council’s Model of Service Delivery – Strategic Capacity

Council’s current model of service delivery reflects its history, geography, community needs and expectations. It provides a range of traditional local government property services (water, sewer, development and road, rates and rubbish) and the sustainability of the delivery of its services is guided by *Financial Strategy 2012* objectives of:

1. Financial sustainability
2. Cost effective maintenance of infrastructure service levels
3. Financial capacity and freedom (Berrigan Shire Council, 2012, p. 3)

In addition to traditional property services Council’s community-building and business development services are also delivered through its strategic and social planning activities, its library services, multi –shire early childhood intervention services, and economic development services.

Its tradition of co-production and working with its communities through Section 355 Committees is a strategic decision that supplements its revenue base and ensures that Council is responsive within its resources to the needs of its communities. That this is an effective model and is demonstrated by Council and community support for fundraising and volunteer management of recreation reserves, pools, and public halls. The result of which has been in the past seven years Council has completed a \$6 million program of works funded from a combination of Council loans to its Section 355 Committees, grants of funds from other levels of government and community fund raising.

Monetised Value of Volunteer Work	Value of Volunteer Fund Raising for Capital Projects in the Past 7years	
287 volunteers x 136 hours per annum x \$22.50	Berrigan Sports Ground	\$240,009
	Barooga Sports Ground	\$380,000
	Finley Sports Ground	\$580,000
	Tocumwal Sports Ground	\$700,000
Total \$880,000 per annum	Total over 7 years	\$1.9 million

The range of services provided by Council and its use of committees and the support its committees receive from our communities is evidence of a strong relationship between Council, its community and the strategic capacity of Council in its current form.

It is evident that Council’s strategic capacity in particular its:

- Revenue base and discretionary spending,
- Scope to undertake new and major projects,
- Creativity and innovation

is coupled to its commitment to co-production and intergenerational stewardship of community assets and the community’s sense of ‘ownership and stewardship’ of community / council facilities and assets. Moreover, that this partnership together with professionalism and expertise of its asset managers and finance staff contributed to Council outperforming a number of its peers (metropolitan, regional and rural) with respect to its financial sustainability and the strength of its asset management.

TCORP: Financial Sustainability of the New South Wales Local Government Sector 2013			
Benchmark	Financial Sustainability	Financial Outlook	BSC Rating
	Moderate or better	Neutral or Better	Moderate / Neutral
LG: Local Government Infrastructure Audit 2013			
Benchmark	Asset Management	Bring to standard (BTS)	Strong with BTS of \$974 / capita
	Moderate or better	BTS per capita below \$1000	

Council is also committed to the integration of strategy and operations via the implementation of its suite of integrated plans. The implementation of these plans is through a program of prioritized incremental change and is guided by Council and senior management commitment to aligning strategy with operations. The following service statement and matrix provides strategic overview of Council services and is a timely snapshot of Council service delivery and the strategic issues relevant to each service and activity.

Service Statement and Service Matrix

The following service statement derived from Council's Annual Operational Plan describes and identifies the range of services provided by Council and how each of these services contributes to Berrigan Shire 2023 and Council's Delivery Program Strategic Objectives.

For the purpose of this service review additional information includes whether the service users are internal or external, whether Council planning and service delivery is informed by 4-year Service Delivery Specific Strategy and Action Plan integrated with Council's primary suite of Integrated Plans.

The key elements addressed by Council's suite of Service Delivery Strategy and Action Plans are described in the adjacent side bar. Council Service Delivery Strategy and Action Plans are developed for non-asset (hard infrastructure) Service Delivery activities. Council's Asset Management Strategy and associated Asset Management Plans guide and inform service planning, service delivery and review of asset based services. These Strategy's and Plans are developed within Council resources and the order of strategy development and completion reflect community priorities.

Council is committed to retaining in-house strategic and social planning capacity primarily because

1. Strategy's – particularly those requiring nuanced analysis of local conditions when developed by consultants because of resources (usually budget) and time constraints often fail to effectively engage local residents and internal stakeholders.
2. Strategy's that fail to engage residents and internal stakeholders are effectively a waste of Council resources
3. There is closer alignment of operations with strategy Council has also had the experience of more established therefore reputable consulting firms allocating the project to relatively inexperienced and junior consultants.

Weblinks to the relevant and adopted by Council 4-year Service Delivery Strategies and Action Plans are included in the Service Statement.

The service statement also describes which Council services are legislatively mandated and impose on Council a range of compliance activities.

Key describing nature of Service Delivery /Service User Engagement

- * *Legislative Requirement to deliver or report on service*
- ^ *Service Users engaged in review and development of Strategic Plan and or Feedback re: Service Levels either through direct survey, community engagement including focus groups or Statistically Valid Community Satisfaction Survey*
- # *Commercial – Council leases out these service*

**Berrigan Shire Council
Service Delivery Specific
Strategy & Action Plans
include:**

Background Statement

Strategy Objectives

Service Review

Methodology

Literature Review/Policy
Context

Profile of Current
Activity/Services

Community
Engagement/Service User
Engagement

Summary Analysis

Recommendations

Strategy Decision Making
Framework

4-yr Action Plan mapped
to Berrigan Shire 2023
Strategic Outcomes

Service Statement – as at June 2015

CSP Strategic Outcome	CSP & DP Strategic Objective	Council Service Delivery	Internal / External	Current Strategic Plan	Web Links to Relevant Strategy & Action Plan	Key Strategic Issues
1.Sustainable Natural and Built Landscapes	1.1 Support sustainable use of our natural resources and built landscapes	Land use planning and development*	External	Yes	LEP 2013 [^]	Statutory Instrument
	1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife	Weed Control*	External	n/a	County Council	
	1.3 Connect and protect our communities	Council roads, paths, levees* Storm water, Drainage* Waste *	External External	Yes	Asset Management Strategy 2013- 2017 [^] Asset Management Plans & PAMPs [^]	Sustainability of current service levels Asset Optimisation Re-development inefficient /costly to maintain infrastructure Refer to specific AMP or PAMP
2. Good Government	2.1 <i>Berrigan Shire</i> 2023 objectives and strategies inform Council planning and community led projects	Council governance* Strategic planning*	Internal & External	Yes	Berrigan Shire 2023 [^]	pp. 7-8 of CSP
2. Good Government	2.2 Ensure effective governance by Council of Council operations and reporting	Financial* & Corporate Services Enterprise risk management* Plant and business operations Human Resources	Internal Internal Internal Internal	Yes	Financial Strategy 2012 appendix 13 LTFP 2013 - 2013 Risk Management Strategy 2014	Financial sustainability Cost effective maintenance /service levels Financial capacity and freedom Safe Workplace

CSP Strategic Outcome	CSP & DP Strategic Objective	Council Service Delivery	Internal / External	Current Strategic Plan	Web Links to Relevant Strategy & Action Plan	Key Strategic Issues
					Workforce Development Plan 2013-2017 Delivery Program 2013-2017	Attraction & Retention Professional Staff/Skilled Technical Staff Financial sustainability of Program in particular Capital Works Plan
Good Government	2.3 Strengthen strategic relationships and partnerships with community, business and government	Strategic Planning* Council Governance	External	n/a		Engaging partners/business other levels of government in Strategic Plan development / implementation
3. Supported and engaged communities	3.1 Create safe, friendly and accessible communities	Emergency Services* Water and sewerage treatment*# Environmental health* Animal Control * Cemeteries* Social planning	External External External External Internal & External	Yes Yes Yes	Displan 2012 Asset Management Plans & PAMPs^ Liveability and Healthy Ageing Strategy 2013 - 2017^ Health & Wellbeing Profile	Prevention Financial sustainability Additional Capacity for urban growth Workforce Mobility / Access Transport Social Support Workforce Ageing Population Mental Health

CSP Strategic Outcome	CSP & DP Strategic Objective	Council Service Delivery	Internal / External	Current Strategic Plan	Web Links to Relevant Strategy & Action Plan	Key Strategic Issues
				Yes	Childrens', Young People and Families Strategy 2015 – 2019^	Child Care Before & After School Care Service User engagement in redevelopment of playgrounds
	3.2 Support community engagement through life-long learning, culture and recreation	Libraries*, EIS,HACC and community services Parks, reserves*, recreation facilities	External		Library Services Strategy 2014- 2018^ Volunteer Strategy 2013- 2017^	Digital Inclusion People Management Place-making Age of Volunteers Sustainability Volunteer Management of Recreation Reserves/Facilities
4. Diverse and Resilient Business	4.1 Invest in local job creation, retention and innovation	Business development Saleyards# Quarries Caravan Parks#	External External Internal External	Yes	Economic Development Strategy 2012 - 2016	Agriculture Retail Aged Care/Social Support Sector Workforce Training Tourism
	4.2 Strong and diverse local economy	Economic Development	Internal / External	Yes	Economic Development Strategy 2012 - 2016	
	4.3 Diversify and promote local tourism	Tourism and events promotion	Internal	Yes	Tourism Strategy 2014 – 2018^	Visitor Experiences Digital Platform Amenity of Infrastructure Town Entrance Amenity
	4.4 Connect local, regional and	Tocumwal	Internal	Yes	Tocumwal Aerodrome	Financial sustainability

CSP Strategic Outcome	CSP & DP Strategic Objective	Council Service Delivery	Internal / External	Current Strategic Plan	Web Links to Relevant Strategy & Action Plan	Key Strategic Issues
	national road, rail and aviation infrastructure	Aerodrome Tocumwal Intermodal Planning Transport/Freight Planning	External External	Yes	Management Plan Tocumwal Freight Access Improvement Strategy 2014	Optimise usage Aviation Industry /Land Sales Intermodal Connectivity NSW/VIC National Highway Connectivity

Council's Insurance & Operational Risk Profile

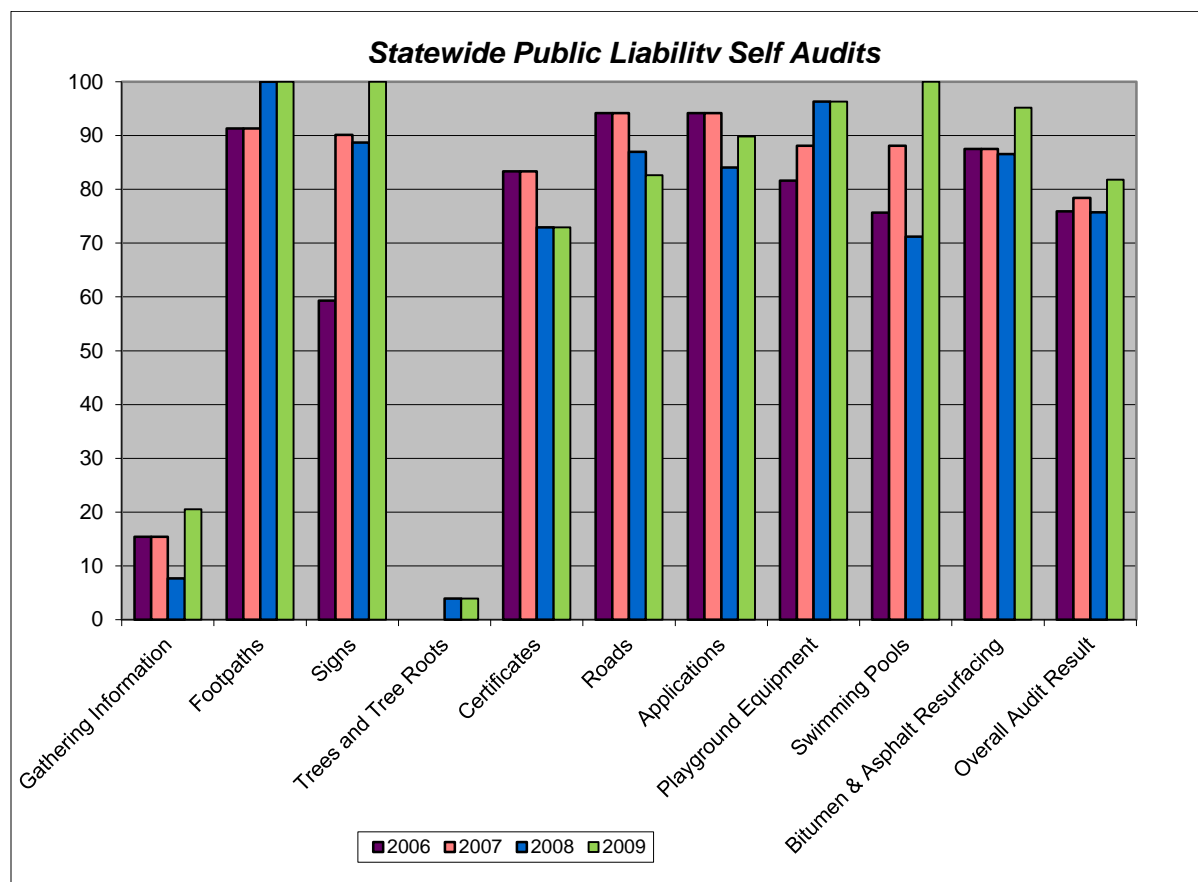
The Council has shown gradual improvement in both areas of insurance through participation in the StateCover Audit, and in the Statewide PL Audit and subsequent Risk Management Action Plans.

Berrigan Shire Council has demonstrated performance at levels not only above the Local Risk Group average, but also the Regional and State averages.

Statewide Public Liability Audits (2005-2009)

During this period, Statewide utilised the Public Liability Audit as a benchmark for Council's to measure individual performance, and also performance against Council's within their region and across NSW.

The following graphs demonstrate the gradual improvement for Berrigan Shire Council as they committed to developing and progressing risk management practices.



Statewide Continuous Improvement Pathway – Risk Management Action Plans

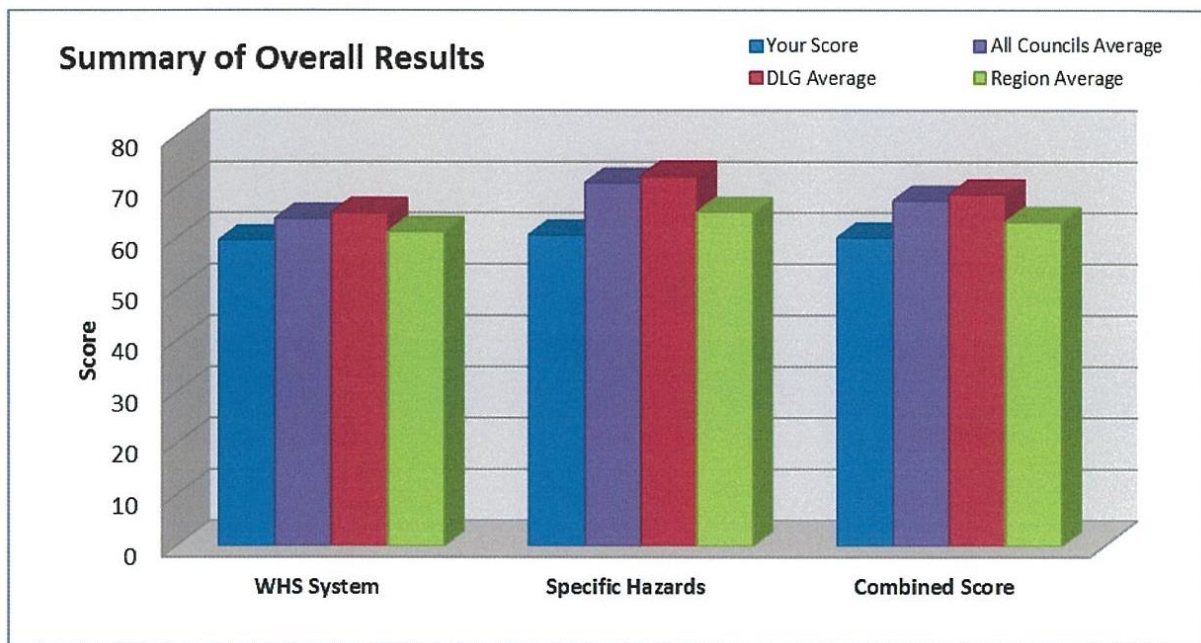
From 2010, with the gradual phase out of the public liability audit and the introduction of the Statewide Continuous Improvement Pathway, and the development of the Risk Management Action Plan, the Berrigan Shire Council continued to demonstrate improvement, achieving the highest score in the Region for 2013/14.

Berrigan Shire Council has been flagged as high performing Council for Statewide, and unlike neighbouring Councils, was identified as a Tier 2 Council with requirements to fulfil four elements under the CIP-RMAP. Neighbouring Councils were categorised as Tier 3 Councils due to poor performance in the previous PL Audits, and lack of resources and were only required to fulfil two elements.

This has since changed with all Councils required to commit to fulfilling the four elements in the RMAP.

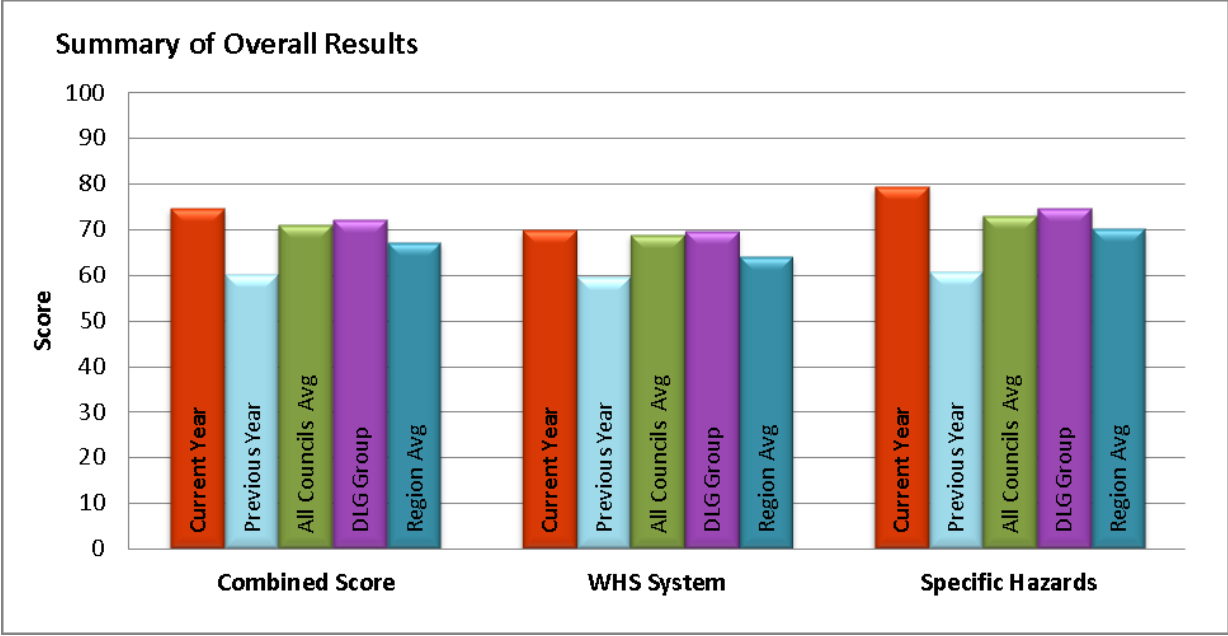
StateCover Workers Compensation and WHS Performance

2012



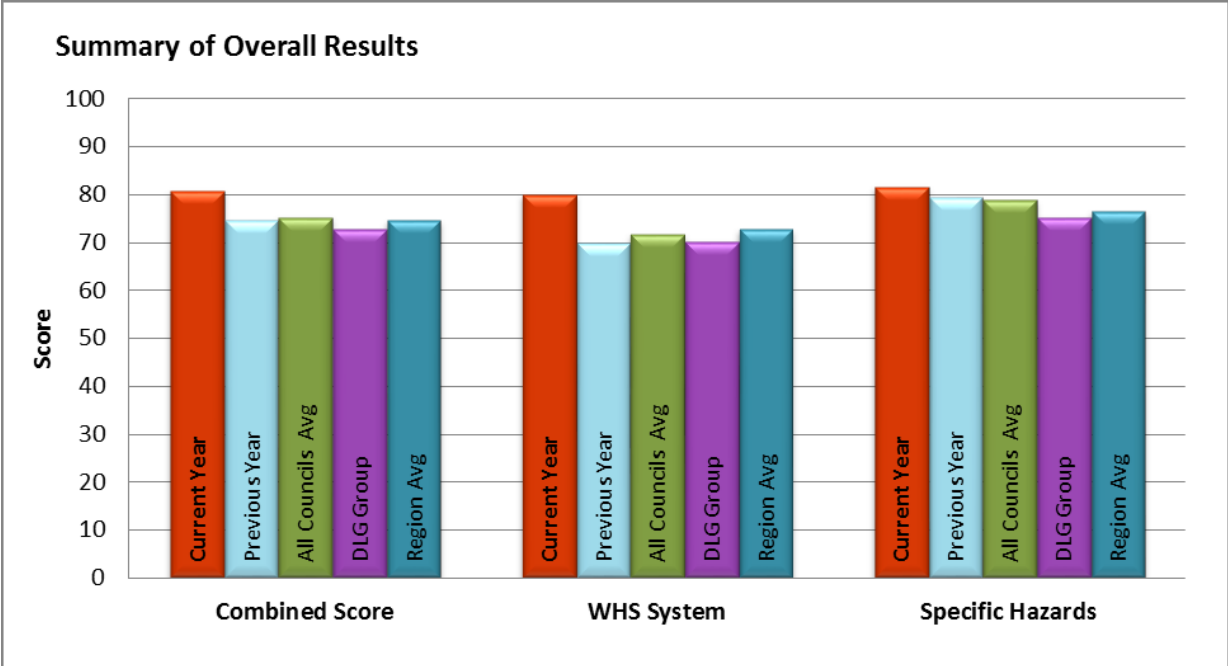
In 2012, Council's overall score was 60.1% which was below average. Committed to improvement and embracing best practice, Council adopted the Risk Management Strategic Plan 2013-2016.

2013



In 2013, council’s overall score was 74.6%, an improvement of 14.5% and above average in comparison to all Councils, the Risk Group and the Region.

2014



In 2014, Council’s overall score was 80.8% - a further 6.2% improvement on the previous year and a continued leader in improvement across the State.

Workers Compensation

A further reflection of Council's commitment to improving work health and safety practices has been in the reduction in Workcover claims. A key benchmark for the measurement of Council's Workers Compensation performance is the average premium rate paid by the Council compared to the average rate of the industry and/or group of Councils.

The premium rate paid by Council incorporates rating factors, which take into account the claims experience of an individual Council and the claims experience of the local government industry.

Group	Average Premium Rate
Council	2.49%
OLG Group Average	3.53%
StateCover Average	3.24%

Overall Financial Position

	2009/10	2010/11	2011/12	2012/13	2013/14	Forecast
	\$	\$	\$	\$		2014/14
Revenue	17.1 m	17.0 m	19.5 m	19.0 m	18.9	
Expenditure	16.5 m	17.0 m	17.6 m	18.0 m	18.7	
Surplus	0.6 m	(0.1) m	1.9 m	0.2 m	.2m	
Surplus /Deficit before Capital Grants & Contributions	(0.7 m)	(0.0) m	1.4 m	(0.4) m	(1.5 m)	

Evaluation Berrigan Shire Service Delivery Statement

The following framework and describes the questions used by Council Officers to qualitatively evaluate the effectiveness and appropriateness of Council's service delivery statement in the context of its

- Strategic Alignment – link between CSP and service delivery
- Economic Alignment – whether alternative model of service provision is appropriate e.g.: market or community
- Productive Alignment – strategies used to contain expenditure whilst maintaining strategic alignment

	What does answering this question achieve?	What supporting questions have been explored
Why does Council provide this service?	Strategic Alignment Demonstrates the link between Councils' CSP and service delivery	What are Council's legislatively mandated commitments? Is there likely to be any legislative change in the foreseeable future? What Commonwealth / State priorities exist? Is the service reliant on the trust and involvement of residents and local business?
Comment	<p>The service review identifies that Council is currently delivering few services which do not have a legislatively mandated reporting or compliance requirement. The services that are being delivered and which are not legislatively required are broadly speaking its:</p> <ul style="list-style-type: none"> • Social planning; • Recreation, open space facilities; and • Economic development activities. <p>These are services which enhance the overall liveability of the LGA and the strategic capacity and productivity of Council ensuring that Council retains in-house the skills and knowledge it needs to be responsive to its non-hard infrastructure related strategic challenges:</p> <ul style="list-style-type: none"> • Ageing Population • Impact of external policy, and climate events on the Shire's industries and jobs • Lower than Murray Darling Basin average per capita income • Decrease in the number of people 15 years to 24 years of age • Societal change in tourism, recreation and leisure pursuits e.g.: volunteerism, electronic gaming, and sporting club membership 	
Assessment	Current range of services and activities are strategically aligned.	

	What does answering this question achieve?	What supporting questions have been explored
Why should Council deliver this service	Economic Alignment Demonstrates whether market based service provision an option or desirable	What kind of market exists? Eg – nascent, established, monopolistic, failed) What functions could or should be delivered outside the Council? Does capacity and capability reside in NGO or private sector? What is the funding model for the service? (Full cost recovery, Funded rates , Grant Income)
Comment	<p>Market based service provision in a rural setting includes engaging contractors and consultants The benefits of this approach are that significant savings can be gained where there are alternate suppliers i.e.: that is competition or when service delivery is shared with a neighbouring Council such as Council’s partnership with Moira Shire Council (VIC) waste collection. There is not locally a pool of experienced economic development and social planning professionals. Moreover as the Office of Local Government Peer -Review of the quality of IPR identified – Councils that relied on consultants for the development of their integrated plans failed to produce a suite of integrated plans. Of the discretionary or non-mandated by services that Council provides our recreation reserves/halls/pools are already provided in partnership with volunteer Committees of Management and where Council receives a grant to provide services</p> <ul style="list-style-type: none"> • Early Interventional Service for Children it does so as the service provider of last resort; and • HACC services – Council’s Liveability and Healthy Ageing Strategy 2013 - 2017 and subsequent action taken provides evidence that when Council is satisfied that there is a pool of potential providers that consideration is given to community /market provision 	
Assessment	Evidence of systematic strategic review and strategy development and links to Strategies identified in the Service Statement demonstrate that Council routinely assesses the context of service delivery, and capacity of market to deliver the same. Further, having the in-house capacity to do so is not only needed due to market failure but desirable	
How can Council better deliver this service	Productive Alignment The strategies Council follows to contain expenditure whilst maintaining alignment to strategic objectives	What inputs can be measured to deliver outcomes? What level of effort is required to deliver outcomes and outputs? What is the cost of delivering low value adding activities?
Comment	Council’s it Annual Operational Plan includes a number of qualitative and quantitative measures related to service delivery outcomes. Council Officers also provide qualitative comment on progress as part of Council’s quarterly reporting, 6 monthly and Annual Reporting. Where external measures are a funding requirement – Council Officers collect and collate data to acquit grants and comply with legislation. Council also engages service users through	

	What does answering this question achieve?	What supporting questions have been explored
	surveys, focus groups and user feedbacks in Strategy and Asset Management Plan review and development.. It also has a longstanding commitment to conducting every 4 years a phone survey of community and business satisfaction with its services. This survey is undertaken by Nexus Research and is population based – the methodology used is statistically valid. The last survey was conducted 2011 and the 2015 survey has been commissioned and commenced. LG NSW comparative data for the 2012/13 period indicates that Council spends 5% of its Total Expenditure on Governance & Administration – this is the 5 th lowest % in the State and that it does this while maintaining the delivery service delivery and improving the strategic alignment of its operations	
Assessment	Council has embedded in its suite of integrated plans – the reporting of inputs and their contribution toward Delivery Program and CSP strategic outcomes. Furthermore, compared to peers the current model of service delivery, the scale of LGA boundaries / shared service arrangements (VIC), attraction and retention of skilled staff allows it to achieve a comparatively low unit cost re: administration and governance expenditure whilst maintaining strategic alignment.	

Evaluation Framework adapted from Price Waterhouse & Cooper 2013 *Improving Public Sector Productivity*
<http://www.pwc.com.au/industry/government/assets/Improving-Public-Sector-Productivity-Dec13.pdf>

Community Satisfaction Survey

This report conducted by Nexus Pty Ltd (Nexus Research, 2015) summarises results from a telephone survey of 350 residents and 101 business respondents in Berrigan Shire during January 2015. The objective was to monitor community satisfaction with Council services and obtain feedback on salient community issues, to assist future strategy. Where possible the findings are compared with a similar survey conducted in 2010.

Attitudes & Contact: 40% of Berrigan Shire residents have visited the Council's website, 11% have accessed the Facebook page and almost 50% have phoned the Council's offices in the last year. This compares with 44%, 6% and 72% of business respondents respectively. Over 70% of its visitors considered the website easy to navigate and a similar proportion of phone callers obtained the information or action that they wanted. 25% of residents consider Berrigan's value for money for rates to be good or excellent, 33% consider it adequate and 41% suggest a need for improvement. The view from business respondents is similar however, 52% suggest a need for improvement.

The top ten services of highest **Importance** to respondents were:

Residents	Businesses
Fire & Emergency services	Fire & Emergency services
Water supply & Sewerage	Water supply & Sewerage
Maintaining the public toilets	Main street & Town centre appearance
Road, Footpath & Drains maintenance	Road, Footpath & Drains maintenance
Garbage collection	Maintaining the public toilets
Provision of disabled facilities	Street cleaning
Main street & Town centre appearance	Garbage collection
Street lighting	Street lighting
Public parks & gardens	Economic & Business development
Reserves & Ovals maintenance	Recycling processes & practices

A quadrant analysis revealed that the services of relatively greater importance but slightly

lesser satisfaction for residents were Recreation & Sports facilities and the Public swimming pool; along with Road, Footpath & Drains repair & maintenance, Provision of disabled facilities and Street lighting. Business respondents also identified Road, Footpath & Drains repair & maintenance, Maintaining the Main street & Town centre appearance and the Public toilets; along with Assistance with business development and Planning scheme building or development.

Overall satisfaction Berrigan Shire has remained consistent with the previous survey. Possible areas for improvement (Satisfaction mean below 7) include:

- Assistance with business development
- Planning scheme, applications services; and
- Road, footpath and drain maintenance

Satisfaction levels may also be improved with additional information provided to residents /businesses on:

- Areas providing value for money for Rates
- Incentives for Business attraction/expansion
- Road maintenance (Nexus Research, 2015, pp. 4-6)

Independent Assessment– SGS Economics & Planning

SGS Economics and Planning (SGS) was commissioned April 2015 to provide independent analysis of Council's scale and strategic capacity. It undertook a high level strategic appraisal, financial appraisal, and due diligence assessment of potential outcomes concluding:

'that BSC undoubtedly looks south (Victoria) for a variety of social (service delivery, migration) and economic linkages (freight, jobs), and also east in Albury-Wodonga (service delivery, air transport) (SGS Economics and Planning, 2015, p. 1)

Further

'the LTFP projection demonstrate that Berrigan's performance will improve as a stand-alone option and marked improvements are forecast against all OLG indicators (SGS Economics and Planning, 2015, p. 5)

Service Delivery Review Findings

This Service Delivery Review serves a two- fold to purpose. First it provides an overview of Council’s strategic operating environment in the context of planned local government reform in addition to assessing Council’s current model of service delivery. Briefly the review of the LGAs demographic, social, economic profile highlighted the links between the Shire’s regional competitiveness and socio-economic ties to Victoria, in particular the additional access to services generated by Cobram – Barooga services centre. With the analysis suggesting that change to LGA boundaries in the region may impact negatively on the national regional competitiveness ranking of the Shire – and its attractiveness for new investment.

The mapping of Council services and formal Strategies guiding service delivery and operational planning identified that there is scope to strengthen and improve the delivery of Council services which, contribute to the following Berrigan Shire 2023 strategic objectives.

- 1.1 Support sustainable use of our natural resources and built landscapes
- 1.2 Retain the diversity and preserve the health of our natural landscapes and wildlife
- 2.3 Strengthen strategic relationships and partnerships with community, business and government

This review also set out to assess appropriateness of Council’s current model (scale) and its strategic capacity⁸ in the context of the Panel’s recommendation that it merge with the Jerilderie Shire. Informed by the draft business case exploring the feasibility of a merger between the Jerilderie and Berrigan Shires’ and SGS Report *Fit for the Future: Options analysis and comparison report* the finding of this service review is that Council has sufficient scale and capacity and that its current model of service delivery is

1. **Appropriate** – there is a match between current and future community needs and wants
2. **Effective** – services are targeted and there is scope to improve quality and the capacity to develop new ways of operating
3. **Efficient** – in that within resource constraints that Council and its communities have a history and tradition of continuous improvement and efficient use of community and Council resources.

⁸ (Samson, Munro, & Inglis, 2014, p. 32) Box 8 Key Elements of Strategic Capacity

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Appendix 1

Median Property Sale Prices

- Rural Local Government Areas - All Dwellings - Jun 2014
notes: (s) 30 or less sales lodged; (-) 10 or less sales lodged; (n) not available due to small number

LGA	Median (\$'000)	Change in Median	
		Qtly %	Ann %
Upper Murray exc. Albury	212	-1.9	-0.5
Berrigan	179	-16.7	-11.8
Conargo	- n n		
Corowa Shire	260	20.9	27.5
Deniliquin	140	-22.2	-12.5
Greater Hume Shire	195	n	n
Jerilderie -	n	n	
Murray	275	-18.2	2.1
Urana - n n			
Wakool s n n	190		

Source: http://www.housing.nsw.gov.au/NR/rdonlyres/36919D3C-2321-419D-9A12-BAD389240B35/0/Sales_Rural_LGA_2014q2.pdf

Median Rents

Rural Local Government Areas All Dwellings Sep 2014
Notes (s) 30 or less bonds lodged; (-) 10 or less bonds lodged; (n) not available due to small number

LGA	One Bedroom			Two Bedroom			Three Bedroom		
	Change			Change			Change		
	Median \$	Change Qtly %	Ann %	Median \$	Change Qtly %	Ann %	Median \$	Change Qtly %	Ann %
Upper Murray ex Albury	130 s	n	n	175	-1.4	2.9	250	0	6.4
Berrigan	-	n	n	165	n	n	225 s	n	n
Deniliquin	125 s	n	n	140	n	-17.6	225	-11.8	2.3
Greater Hume	n	n	n	230 s	n	n	-	n	n
Murray	-	n	n	230 s	n	n	290 s	n	n

Source: http://www.housing.nsw.gov.au/NR/rdonlyres/8B0B3809-12F3-4FAB-B6F2-3E18A65B3BB3/0/Rent_Rural_LGA_2014q3.pdf

Priority Projects – CSP Objectives Berrigan and Jerilderie Shire

Shire	Priority Project or CSP Objective	Social	Environmental	Economic	Civic Leadership
Berrigan	Establish partnerships with National Parks that promote sustainable use and access to the River and its forests		x		
Berrigan	Preserve and further develop the Shire's cultural heritage and local history		x		
Berrigan	Invest in town entrances and the visual amenity of our streetscapes		x		
Berrigan	Invest in the maintenance and development of the Shire's network of critical physical infrastructure: levees, roads, storm water, water, sewer and waste management facilities		x		
Berrigan	Participation in regional and cross-border forums and initiatives eg: Emergency services, RAMROC etc				x
Berrigan	Community transport connecting our towns	x			
Berrigan	Support for volunteers	x			
Berrigan	Market and promote the lifestyle and liveability of our communities	x			
Berrigan	Planning for an Ageing Population	x			
Berrigan	Walking / bike trails connecting our towns	x			
Berrigan	Redevelop and upgrade existing sporting facilities	x			
Berrigan	Upgrade of National Highway 39 to Tocumwal			x	
Berrigan	Improved access to incentives for new and existing business			x	
Berrigan	Development of retail / commercial / industrial precincts Barooga			x	
Berrigan	Establish event based tourism and promote further development of established tourism markets			x	

Shire	Priority Project or CSP Objective	Social	Environmental	Economic	Civic Leadership
Berrigan	Development of Shire's regional and freight and industry infrastructure – Tocumwal Intermodal Facility and Tocumwal Aerodrome			x	
Jerilderie	Objective 1.5.1: The availability of service infrastructure to facilitate business growth and expansion			x	
Jerilderie	Objective 1.5.2: Appropriate infrastructure to support our commercial and industrial businesses			x	
Jerilderie	Objective 1.1.1: Better understanding of the tourist sector in Jerilderie			x	
Jerilderie	Objective 5.1.1: Accessible and relevant local community engagement practices	x			
Jerilderie	Objective 5.1.2: A strong involvement in State planning for the region			x	
Jerilderie	Objective 5.2.1: Improve the communities understanding of the available services and programs	x			
Jerilderie	Objective 5.2.3: Services that are best placed to meet the needs of our community	x			
Jerilderie	Objective 5.2.2: Increased knowledge of the service needs of our community				

Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)



Office of
Local Government



Getting started . . .

Before you commence this template, please check the following:

- You have chosen the correct template – only councils that have sufficient scale and capacity and who do not intend to merge or become a Rural Council should complete this template (Template 2)
- You have obtained a copy of the guidance material for Template 2 and instructions for completing each question
- You have completed the self-assessment of your current performance, using the tool provided
- You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.
- Your Proposal has been endorsed by a resolution of your Council.

Council name: Berrigan Shire Council

Date of Council resolution endorsing this submission: 24 June 2015

1.1 Executive Summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies and outcomes.

The Berrigan Shire Council (pop 8442ⁱⁱⁱ) an OLG rural Group 10 Council gave evidenced-based consideration to the Panel's recommendation that it merge with the Jerilderie Shire Council before determining that a Council Improvement Proposal was a better option than the Panel's recommendation that it merge with the Jerilderie Shire Council (pop. 1,496)ⁱⁱⁱ.

It found after reviewing internally and externally commissioned reports that a merged Council would not meet 4 out of 7 FFF benchmarks, and that the grant dependency of the new entity would increase. Further it found that the Berrigan Shire Council through the implementation of its Improvement Plan will meet in the 2015/16 financial year and will meet and continue to meet 7 out of the 7 FFF benchmarks, and in doing so be Fit for the Future.

A number of supporting documents are attached. These informed Council's a) assessment of the Panel's recommendation, b) FFF benchmark self-assessment, c) its community engagement and d) the Improvement Plan assumptions used in the development of this submission.

The attached [Strategic Service Delivery Review](#) provides an overview of Council's scale and strategic capacity, its range of services and areas for service improvement. It also provides examples of how the Berrigan Shire Council meets threshold scale and strategic capacity criteria (Strategic Service Delivery Review, 2015, pp. 18-26), for example:

- **Robust Revenue and discretionary spending** Meets **all** 7 FFF benchmarks – re: the sustainability, infrastructure and service management and efficiency
- **Scope to undertake new projects** Integrated Planning and Reporting (IP&R) - CSP, Operational Plan & integration across plans recognised as good practice ([Good Practice – OLG](#)) Completion of 10 year program of capital redevelopment program of recreation reserve facilities & council libraries,
- **Ability to employ wide range of skilled staff** Workforce Development Plan - organisational structure focused on retention of in-house professional knowledge and skills & no current vacancies
- **Regional collaboration** Regional tourism & waste management partnerships with Victorian Shire of Moira;
- **Credible Advocacy** Securing RDA & NSW Planning support / funding for continued development of Tocumwal Intermodal Freight precinct and Tocumwal Aerodrome.
- **Capable partner for federal and state agencies** Delivery of Roads to Recovery, Early Intervention Services,
- **Resources to cope with unexpected change** Emergency Management and change to FAG accommodated by LTFP
- **High quality political and managerial leadership** Extensive engagement community, supported by longitudinal survey of satisfaction x 4 yrs 1995 - 2015

The Council also determined at its Extraordinary Council Meeting 24 June, 2015 that in addition to developing the requested detailed improvement action plan addressing the sustainability, infrastructure and service management and efficiency benchmarks it would also endorse additional actions designed to continuously improve and strengthen Council's strategic capacity.

The [Internal Business Case Merged Jerilderie and Berrigan Shire](#) examines the business case for a merger. It is informed by a comprehensive social, economic and demographic profile and a comparative assessment of FFF benchmarks. The business case presents evidence that Berrigan Shire residents' social and economic orientation is south to Victoria and that ties with neighbouring NSW LGAs are limited. A view substantiated by Australian Bureau of Statistics (ABS) Travel to Work Data and modelling conducted by the externally commissioned SGS Economics in their report [Fit for the Future: Options and Analysis – Berrigan Shire](#) ('the SGS Report').

The SGS Report presents 1) a high level strategic appraisal, 2) a financial appraisal, and 3) a due diligence assessment of potential outcomes of a merger and the stand alone option. Writing about the strategic capacity of the merge option the SGS

Report, in its strategic appraisal, notes that

'an amalgamation would result in an area developing in quite opposite directions: one area with population growth and related increases in property values and the rate base, while the remainder would experience population decline and a weak or deteriorating rate base' (SGS Economics and Planning, 2015, p. 2).

The SGS Report also notes that it commissioned an independent review of *'the reasonableness of the key assumptions adopted in the long term financial planning of BSC, which has been prepared on a standalone basis* stating that *'At a global level, the global assumptions applied appear reasonable, and given that these assumptions hold true, it is likely that the performance against OLG financial benchmarks will improve in future* (SGS Economics and Planning, 2015, p. 1). Financial modelling of potential merge savings 'scenario 3' the most likely scenario (SGS Economics and Planning, 2015, pp. 3-5) suggest that the savings over a 10-year period will be less than the savings realised from replacing the General Managers at Jerilderie and Berrigan Shire Council with one General Manager. This indicates that costs of delivering services may also increase. Further no consideration was given to modelling loss of strategic skills, knowledge and experience and its impact on the new organisation's strategic capacity.

A formal program of consultation was also undertaken with our community. This program included Council's 4-yearly community and business satisfaction survey (NEXUS Research Pty Ltd) questions about Council amalgamation. The full details of Council's engagement program, the information provided to our community, survey questions and community feedback are included in Council's *FFF Community Engagement Report* (15 June 2015).

Finally, Council's improvement strategies and action plan have been formulated to improve Council's performance against FFF benchmarks and in doing so contributes to a) positively to our system of local government and b) *Berrigan Shire 2023* Strategic Outcomes. Section 5 of this Improvement plan maps FFF benchmarks and improvement plan strategies and actions to Council's Strategic Planning Framework ensuring that Improvement Plan actions are embedded in Council's integrated planning and *Enterprise Risk Management Framework*..

Scale and Capacity

Does your council have the scale and capacity broadly consistent with the recommendations of the Independent Local Government Review Panel?

(ie, the Panel did not recommend your council needed to merge or become a Rural Council).

No

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

The Berrigan Shire Council (BSC) an OLG rural Group 10 Council gave evidenced-based consideration to the Panel's recommendation of the high merger potential of a merger with the Jerilderie Shire Council. It commissioned an independent and comparative analysis of the Panel's recommendation and the stand alone option before determining that submitting a Council Improvement Proposal was a better option and would meet regional objectives: i.e.: reduce within the region the number of Councils assessed as 'at risk'.

Its decision is informed by the following:

1. [Strategic Service Review](#) of the scale and capacity of its current operations
2. [Internal Business Case Merged Jerilderie and Berrigan Shire](#) (June 2015) containing a socio-economic data profile (Internal Business Case Merged Jerilderie and Berrigan Shire, 2015, p. 21) of the merged Council and an assessment by the Australian Institute of Regional Studies (Strategic Service Delivery Review, 2015, pp. 11-14) of the national regional competitiveness of the new entity
3. Community Satisfaction Survey (Nexus Research Pty Ltd, 2015, pp. 68-70)
4. Self-Assessment (Table 1) of stand-alone Berrigan Shire and a comparative assessment of merged Berrigan and Jerilderie

Shire Councils against Fit for the Future Benchmarks (June 2015) using publicly available data.

5. The SGS Report [*Fit for the Future: Options and Analysis - Berrigan Shire*](#) which found *the global assumptions applied appear reasonable, and given that these assumptions hold true, it is likely that the performance against OLG financial benchmarks will improve in future* (SGS Economics and Planning, 2015, p. 1).
6. *FFF Community Engagement Report* summarising community comment on Council's position that 'a merger will not strengthen our communities' or meet 'NSW government regional objectives for the scale and capacity of NSW local government'^{iv}

Table 1: Fit for the Future Benchmarks – Global LTFP Assumptions for BSC tested by (SGS Economics and Planning, 2015)

<i>Fit for the Future Benchmarks Compared 2017/18 - 2019/20</i>	Current BSC Stand Alone			Merged Council* 13/14		
	RESULT	MEETS FFTF BENCHMARK		RESULT	MEETS FFTF BENCHMARK	
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	0.047	YES	✓	-0.080	NO	✗
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)exc. FAG</i>	74.90%	YES	✓	71.57%	YES	✓
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	103.39%	YES	✓	74.64%	NO	✗
<i>Infrastructure Backlog Ratio (less than 2%)</i>	0.98%	YES	✓	1.46%	YES	✓
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	102.05%	YES	✓	111.17%	YES	✓
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>	1.45%	YES	✓	1.70%	YES	✓
<i>A decrease in Real Operating Expenditure per capita over time</i>	Decreasing	YES	✓	Increasing	NO	✗

2. Your council's current position

2.1 About your local government area

Explain the key characteristics of your local government area, your community's goals and priorities and the challenges you face in the future (up to 500 words).

You should reference your Community Strategic Plan and any relevant demographic data for this section.

Berrigan Shire (pop 8442^v) on the New South Wales and Victorian border is three hours driving time or 270 km north of Melbourne and eight hours driving time or 670 km south west of Sydney. It is a rural shire with strong economic and social links to Victoria. Murray River based tourism and recreation in the border towns of Tocumwal and Barooga strengthen and diversify the Shire's agri-based economy. Population growth is in the border townships of Barooga and Tocumwal. These towns attract families that take advantage of the Shire's proximity to its nearest higher order regional centre Shepparton (VIC) and Victorian secondary schools – Cobram Secondary College, Christ the King Anglican College (Cobram), Nathalia's St Marys of the Angels Secondary College; and Goulburn Valley Grammar School – Shepparton. Approximately, 40% of the Shire's school-age residents attend schools in Victoria. Population growth is also driven by the inward migration of retirees from metropolitan Melbourne.

The Shire of Berrigan was established in 1906 and during its early years the population of the Shire fluctuated in response to economic and environmental conditions. Its economic prosperity is the result of intensive irrigated agriculture supporting NSW largest dairying industry – processed in Victoria and export grain markets accessed through the Port of Melbourne. The strength of the Shire's agriculture and tourism sectors is particularly evident in the steady growth and development in Murray River towns offsetting the impact of agricultural sector structural adjustment in the rural-sector-dependent towns of Finley and Berrigan.

The major regional and from NSW government perspective strategic social and economic issues confronting the LGA & neighbouring communities are: internet connectivity, the impact relative to Victoria of the higher cost of energy and fuel, freight and

transport infrastructure on the competitiveness of Shire businesses and access to social support services: mental health, child care for young families and allied health services. These strategic issues are compounded by centralisation of freight and transport, health and social services planning, the location of energy and telecommunications network providers, broadband internet data shaping in rural areas, mobile network black spots and congestion during peak holiday periods. These strategic planning issues will for the foreseeable future impact on the economic competitiveness of the Shire and the realization of its growth potential situated on a national highway on the NSW / Victorian Border.

Detailed social and economic profiling has been undertaken by BSC as part of the development of our communities' Community Strategic Plan [Berrigan Shire 2023](#) and the Council's [Liveability and Healthy Ageing Strategy](#) a strategy which commissioned an economic assessment by the AEG Group – [Economic Profile 2014 – 2031](#) of the economic benefits and likely impacts of the Shire's ageing population on its future growth and development.

Council also has, in addition to its web-hosted subscription to [profile id.data](#), developed detailed [Health and Wellbeing](#) profiles and a Disability Profile. These profiles capture and reference data at a cross-border, regional and local government area level and provide data to our communities and interested agencies in a format that is LGA and cross border specific. The need for this reflects the Shire's location on the border, and the social and economic orientation of residents to Victoria. Census data, NSW Dept Planning Demographic Unit, Victorian Community Indicators data base, and Murrumbidgee Health Service data profiles informed the development of these profiles and are used by BSC to inform Council planning and the selection of strategies which contribute to the top 5 preferred futures of our communities that in 2023:

1. Families with young children will want to live in or come to the area.
2. People will be more concerned about their health and wellbeing.
3. Tourists will go out of their way to come to the area.
4. There will be more business owned and run by local people.
5. Transport connections between here and other places will be faster and or busier ([Berrigan Shire 2023](#) p 13).

2.2 Key challenges and opportunities

SWOT

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Stable and growing revenue base • Ongoing community satisfaction with services – longitudinal Community and Business Satisfaction Survey (1995 – 2015) conducted every 4 years by external research company • Infrastructure Audit Rating – strong supported by a moderate TCorp Financial Sustainability rating with a neutral outlook • Employment of professional staff in strategic & integrated planning and enterprise risk management roles – work undertaken recognized as good practice by OLG & Statewide Local Govt Insurers • Evidence of extensive community and service user engagement in 4yr-Council Strategies and Action Plans • History and capacity to extend services and take on new projects e.g: Rolling Program of Capital Upgrades – Library and Recreation Reserve facilities and now town entries • Innovation and creativity – ‘firsts’ include- installation and use of electronic water meters, use of DAF water treatment, in-house and cost effect design and construction of water treatment plants, pioneer ‘water trading’ • Shared Services – Moira Shire Council (VIC) waste management and tourism promotion • Active participation RAMROC professional groups – convener of Waste Management and Integrated Planners 	<ul style="list-style-type: none"> • Slow rate of growth Council revenue • Low-rate base • Ageing workforce • New project development dependent on sourcing external funding or community support / partnership • Limited opportunity for specialist staff to broaden peer networks and relationships as Sydney-based opportunities are cost and time prohibitive

STRENGTHS	WEAKNESSES
<p>Group</p> <ul style="list-style-type: none"> • History of active representation and evidence based submissions to State and Commonwealth Inquiries and funding bodies • Council diversity – reflects community demographic – age, disability and gender • Proximity to a capital city (Melb) and facilities – attractive to professionals wanting a work and life balance • Active promotion of economic diversity and evidence of rate base growth through industrial and aviation subdivision. • Availability of off-budget development funds • S355 management of community facilities and reserve – cost effective service delivery – and coproduced service delivery • Local recognition of Councillors and their role – Community Satisfaction Survey 2015 	

OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> • Improved relationship with State Agencies once assessed as FFF • Regional and as a consequence state support and advocacy to improve broadband connectivity and cross border competitiveness NSW-VIC • Strengthened strategic planning within Councils / region if Berrigan Council is part of an Albury based JO • LEP supports development of available land supply for residential subdivision - affordable housing projects – and industrial subdivisions • NBN • Lifestyle and facilities attractive to young families with children • Leverage further business development and economic growth from food services industry processing at Cobram and Strathmerton in Victoria • Leverage lifestyle and facilities to attract young professionals and skilled labour to meet Council's Workforce and Delivery Program requirements 	<ul style="list-style-type: none"> • Metro-centric perceptions re: lack of strategic capacity based on distance from Sydney and rural location • Centralised and regional planning agencies (Dubbo, Queanbeyan and Sydney) have limited knowledge, interest or intelligence re: endogenous VIC-NSW cross-border regional and cross-border township relationships, networks and industry supply chains • Lack of state and federal investment in critical infrastructure needed to support economic growth and diversity • State and federal decisions made for political purposes that impact upon the economic viability of the region e.g Murray Darling Basin and Declaration of National Parks • Lack of co-ordination by decision makers in a cross border environment • Limited local intelligence re the role and function of the Joint Organisations and how this will operate or promote our Communities' Vision ie.: Berrigan Shire 2023 • ILGRP recommendation that Berrigan LGA or a new LGA be part of Deniliquin based JO –a recommendation made to strengthen Deniliquin as regional centre for LGAs west of Deniliquin but which does not recognise social and economic orientation of LGA business and residents east to Albury and south to Victoria

2.3 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.030	No	0.059	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	75.29%	Yes	73.36%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	80.67%	No	101.37%	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

For example, historical constraints/context, one-off adjustments/factors, council policies and trade-offs between criteria.

Benchmark	Comment
Operating Performance ratio	BSC aims to operate at a small surplus each year and on average over 10-years. The change in the timing of the FAG grant payment in 2013/14 resulted in a small loss for that year. Overall the average for the three years fails to meet the bench mark by a margin of three percent. If the FAG grant had been paid as expected in 2013/14 (Approx. \$2.099 M) then BSC would have met this ratio with an average of positive 0.021. This adjustment has now been absorbed, and future years will continue to operate within income constraints.
Building and Infrastructure Asset renewal	The result here is a reflection of: <ul style="list-style-type: none">a) The lumpiness of infrastructure and asset renewal associated with a 30 year Asset Management Planning cycleb) How the accounting and audit function differentiates between a “new” asset and a “renewal” asset. A review of the classification in prior year reporting identified a tendency to report assets as “new” rather than a renewal of assets (in particular road assets) when the majority of all asset additions, in the Shire, are a renewal of existing assets rather than the construction or development of a new asset.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	0.81%	Yes	0.98%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	100.75%	Yes	102.55%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.23%	Yes	1.58%	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

2.3 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita <small>A decrease in Real Operating Expenditure per capita over time</small>	Increasing	No	Decreasing	Yes

If the Fit for the Future benchmarks are not being achieved, please indicate why.

Benchmark	Comment
Real operating Expenditure per Capita	The spread of the fluctuation on this ratio is less than 1.5 percent either way over the 5 years. In dollar terms this is a difference of less than \$80,000 either way each year (lowest \$8.286M, highest \$8.365M), this does not reflect any change in service delivery, but rather reflects the stable expenditure of a mature council where the staff ratio to rate payer is one of the lowest in the state, and a council which has made hard decisions over time, and which, operates within its means. Given this result has been achieved in what is a complex operating environment (e.g.: increases in employee awards, cost of energy and materials) this suggests there is little scope for significant efficiencies and cuts.

2.4 Water utility performance

NB: This section should only be completed by councils who have direct responsibility for water supply and sewerage management

Does your council currently achieve the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework?

No

If NO, please explain the factors that influence your performance against the Framework.

Berrigan Shire Council was part of the pilot program for the introduction of the Integrated Water Cycle Management Program (IWCMP). In the development of the pilot scheme, it became clear that the Council would not benefit from the implementation of the plan as all of the Council's waste water was recycled to high water use areas such as golf courses and racecourses. Unfortunately, in the context of the objectives of the IWCMP, the water captured and the areas requiring water did not count as recycling for the purpose of the plan.

Given local circumstance therefore, the Council made a deliberate and considered decision to postpone the implementation of its plan until such time as its recyclable water would meet the objectives of the IWCMP. With the recent changes to the requirements of the IWCMP Council has now included the development of this plan in 2015/16 Operational Plan.

The Council has also made a deliberate and considered decision to not introduce volumetric trade waste pricing required by the IWCMP. This is because the number of connected properties likely to be eligible for the charge is minimal, and the amount of revenue likely to be raised is insignificant. On a cost/benefit basis, the Council could not justify the introduction of this charge.

Historically, the Council moved to a "two-part tariff" water revenue arrangement in 2006/07. This was at the time when the NSW government also introduced mandatory water restrictions across the Murray Valley. If the Council had, at that time, attempted to raise funds in an environment of declining consumption it would have put at risk the future financial sustainability of its water business introducing a level of revenue volatility to a business unit where its costs are largely fixed.

Accordingly, the Council made a deliberate and conservative decision as part of its budget planning and the management of this business to receive 35% of its water revenue from consumption charges. In 2014/15 Council met the 50% benchmark.

How much is your council's current (2013/14) water and sewerage infrastructure backlog?

- Annual statements special schedule 7 2013/14 noted that the water and sewerage infrastructure backlog as \$2.61 million.
- This figure is incorrect and reflects an error in the interpretation of the 'bring to satisfactory standard' as needing to be Condition 1
- There are no water and sewer infrastructure assets that are currently not fit for purpose or unfunded.

2.4 Water utility performance

Identify any significant capital works (>\$1m) proposed for your council's water and sewer operations during the 2016-17 to 2019-20 period and any known grants or external funding to support these works.

Capital works

Proposed works	Timeframe	Cost	Grants or external funding
Meter and cybal replacement program and software upgrades	2017 - 2020	\$ 2.35 million	NIL
Refurbishment of Water Treatment Plants – Barooga, Tocumwal, Finley and Berrigan	2020	\$ 2 million	NIL

2.4 Water utility performance

Does your council currently manage its water and sewerage operations on at least a break-even basis?

Yes

If No, please explain the factors that influence your performance.

2.4 Water utility performance

Identify some of your council's strategies to improve the performance of its water and sewer operations in the 2016-17 to 2019-20 period.

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1. Refurbishment of water treatment plants	2016 - 2020	Fit for purpose water treatment
2. Installation of new meters and cybals	2017 - 2020	Improve accuracy of water consumption recording
3. Upgrade software to allow for real time and remote capturing of consumption data	2017 - 2020	Productivity improvement from real time data capture
4. Upgrade software to provide consumer access to real time consumption data	2019- 2020	Improved consumer management of consumption

3. How will your council become/remain Fit for the Future?

3.1 Sustainability

Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Key Strategies

- Continue Council's commitment to ongoing improvement and organisational development
- Increase the financial and environmental efficiency of Council facilities
- Improve governance of Council operations and reporting
- Coordination and quarterly review of Council investments, financial management and financial operations and processing
- Continue to leverage loan funds from Sewer Reserves to maximise returns on those funds whilst concurrently reducing cost of debt

Outcomes

1. Continue to meet or exceed FFF benchmarks
2. Contribute to Berrigan Shire 2023 Outcome: Good Government
3. Meet BSC Delivery Program 2013 – 2017 Strategic Objective:
 - a. Effective governance by Council of Council operations and reporting
4. Improvement Strategy specific outcomes described section 3.1

Explain the key assumptions that underpin your strategies and expected outcomes.

For example the key assumptions that drive financial performance including the use of SRVs, growth in rates, wage increases, Financial Assistance or other operating grants, depreciation, and other essential or major expense or revenue items.

Benchmark	Assumption/s
<p>Operating performance ratio (Greater than or equal to break-even average over 3 years)</p>	<ul style="list-style-type: none"> ➤ BSC is a Group 10 rural Council ➤ Meeting or contributing toward meeting the FFF Benchmark is the objective to be achieved by the strategy/ies ➤ Outcomes contribute to the achievement of <i>Berrigan Shire 2023 Strategic Outcomes</i> and NSW Government Regional Objectives for NSW Local Government
<p>Own Source Revenue Ratio (Greater than 60% average over 3 years)</p>	<ul style="list-style-type: none"> ➤ Employee Protection Provisions – <i>Local Government Act 1993</i> Section 218CA re: Maintenance of Staff Numbers in Rural Centres ➤ Planning and delivery of Council activities informed by Strategic Enterprise Risk Management Framework ➤ Global Financial Assumptions – per BSC LTFP ➤ All strategies are underpinned by BSC <i>Financial Strategy 2012</i> Objectives <ol style="list-style-type: none"> 1. Financial sustainability 2. Cost effective maintenance of infrastructure service levels 3. Financial capacity and freedom (Berrigan Shire Council, 2012, p. 3) ➤ Council does not receive a Dividend from its Water & Sewer Operations

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Operating performance ratio (Greater than or equal to break-even average over 3 years)				
	a) Increase financial and environmental efficiency of buildings and continue energy efficiency program	Installation of solar panels water treatment plants 2015/16	Increased financial and environmental sustainability	Reduced operating costs per capita
		Independent Review 2015/16 of electricity consumption – timing and pricing at key facilities		Marginal increase in Asset Renewal ratio in the long-term
	b) Identify opportunities to enhance productivity through Workforce	Annual Review of Workforce Development Plan	Increased productivity leading to reduced operating costs	Reduced operating costs per capita

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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Objective 1. Operating performance ratio (Greater than or equal to break-even average over 3 years)

	planning and development			
	c) Ensure that Councils rolling program of 4-year Strategic Service Review delivers like for like services at a cost increase less than Local Government Cost Index (LGCI)	6 monthly Delivery Program Review	Maintenance of operating performance ratio	Dependent on outcome of review and the Service Reviewed
	d) Diversify and increase rate base by continuing to develop surplus land at Tocumwal Aerodrome and residential land at Finley	Operational Plan 2015/16 Annual Review	Better utilisation and increased contribution toward fixed cost of aerodrome operations	Increase in own source revenue Marginal impact on Asset Maintenance Ratio Reduced operating costs per capita

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Operating performance ratio (Greater than or equal to break-even average over 3 years)				
	e) Continue the Council's program to divest itself of services where no nett disadvantage to the community and cost savings can be derived by the Council	Annual Review Delivery Program Rolling 4 yearly Review of Service Strategy & Action Plan/s	Increased productivity More efficient services	Reduced operation cost per capita Own source revenue may decline
	f) Where a nett advantage to the Council/community is identified, the Council will retain stewardship of existing services and expand where appropriate	Quarterly Review 6 monthly Delivery Program Review	Retention of services such as water, sewer and property services Broad contribution to overhead costs	Own Source Revenue maximised No change to Asset Management Asset replacement or operating cost per capita

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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Objective 2. Own Source Revenue ratio (Greater than 60% average over 3 years) exc the FAG

	a) Continue review of user charges to ensure they continue to reflect service delivery costs, unless CSO is identified	Annual Review	<p>No decline in own source revenue over time</p> <p>Transparent market signal given to service users</p> <p>Cross-subsidies minimised</p> <p>Public Value identified</p>	Operating performance ratio
	Maintain 95%+ rate revenue payment	Quarterly Review	<p>Improved Cash Flow</p> <p>Reduced Debt Recovery Costs</p> <p>Negligible Bad Debt Write Offs</p>	Operating Performance

3.2 Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Key Strategies

- Continue Council's commitment to ongoing improvement and organisational development
- Continue coordinated investment and borrowing/s re: flood levee, Council road network, stormwater asset management & planning
- Prioritise renewal of existing assets/ services over the development of new assets and services
- Identify surplus assets / redundant services and dispose

Outcomes

- Continue to meet or exceed FFF benchmarks
- Contribute to Berrigan Shire 2023
 - Outcome: Sustainable natural and built landscapes
 - Outcome: Good government
 - Supported and engaged communities
- Meet BSC Delivery Program 2013 – 2017 Strategic Objective/s
 - Effective governance by Council of Council operations and reporting
 - Connect and protect our communities
 - Create safe, friendly and accessible communities
- Improvement Strategy specific outcomes described section 3.2

Explain the key assumptions that underpin your strategies and expected outcomes.

Benchmark	Assumption/s
<p>Building & Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)</p>	<ul style="list-style-type: none"> ➤ BSC is a Group 10 rural Council ➤ Meeting or contributing toward meeting the FFF Benchmark is the objective to be achieved by the strategy/ies ➤ Outcomes will contribute to the achievement of <i>Berrigan Shire 2023 Strategic Outcomes</i>
<p>Infrastructure Backlog Ratio (Less than 2%)</p>	<ul style="list-style-type: none"> ➤ Planning and delivery of Council activities informed by Strategic Enterprise Risk Management Framework ➤ Global Financial Assumptions – per BSC LTFP
<p>Debt Service ratio (greater than 0% and less than or equal to 20% average over 3 years)</p>	<ul style="list-style-type: none"> ➤ All strategies are underpinned by BSC <i>Financial Strategy 2012 Objectives</i> <ul style="list-style-type: none"> ○ Financial sustainability ○ Cost effective maintenance of infrastructure service levels ○ Financial capacity and freedom (Berrigan Shire Council, 2012, p. 3) ➤ Buildings and infrastructure managed in accordance with Asset Management plans ➤ Assets management plans developed using whole of life cost model ➤ Current assets and infrastructure fit for purpose and have surplus capacity

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Building & Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)				
	a) Continue rolling program of Asset Management Plan Review to identify surplus assets, redevelopment or disposal options	Annual Review at Corporate Planning Workshop	Maintenance and replacement costs reduced without impact service levels	Asset renewal ratio Operating performance ratio
	b) Maximise investment in arterial roads to minimise degradation of local roads	Annual Review Roads Business Plan Review 2018/19 Transport Asset	More efficient maintenance of local roads at given service standard Extend useful life of	Operating performance ratio Operating cost over time

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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Objective 1. Building & Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)

		Management Plan	roads	Infrastructure backlog ratio
	c) Continue active preventative maintenance program on key assets defined in asset management plans	<p>Continue rolling program of Asset Management Plan Review</p> <p>Quarterly Review and Reporting of Operational Plan</p>	<p>More efficient maintenance of assets to nominated service standard</p> <p>Extend useful life of assets</p> <p>Reduction in reactive maintenance</p>	<p>Operating performance ratio</p> <p>Operating cost over time</p> <p>Infrastructure backlog ratio</p>

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 2. Infrastructure Backlog Ratio (Less than 2%)				
	a) Continue borrowing program where appropriate to bring forward renewal of identified backlog infrastructure	Rolling program of Asset Management Plan Review Annual Review Resourcing Strategy	Reduced backlog Service levels and efficiency maintained Lower whole of life costs	Operating ratio Building & Infrastructure Asset Renewal Ratio Debt servicing ratio Operating cost over time
	b) Continue successful program of sourcing funds from the community and other funding bodies for the renewal of community infrastructure	Detailed Project Plans developed as projects are identified Identified Projects included in Operational Plan Reviews	Fit for purpose assets Lower net cost of replacement Coproduced services and facilities Expected levels of service maintained	Reduced Operating costs per capita

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 2. Infrastructure Backlog Ratio (Less than 2%)	c) Continue to prioritise the renewal of existing assets over acquisition of new assets	Review 2015/16 – Financial Strategy 2012	Backlog Ratio maintained at less than 1%	Building & Infrastructure Asset Renewal Ratio does not expand Operating costs decline

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 3. Debt Service ratio (greater than 0% and less than or equal to 20% average over 3 years)	a) Borrow where there is an urgent need for the asset in the short-term, or it is most cost-effective to construct the asset and there is access to funds to meet debt obligations without compromising other activities	Review 2015/16 – Financial Strategy 2012	Reduced backlog Service continued to be provided efficiently Lower whole of life cycle costs	Operating ratio Building & Infrastructure Asset Renewal Ratio Operating cost per capita over time

3.3 Efficiency

Summarise your council's key strategies to improve performance against the Efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

Key Strategies

- Continue Council's commitment to ongoing improvement and organisational development
- Implementation of Council [Asset Management Strategy 2013](#)
- Continue to identify joint purchasing and shared service delivery opportunities
- Increase use of NSW government pre-qualified procurement contractors/contracts
- Prioritise renewal of existing assets/ services over the development of new assets and services
- Identify surplus assets and or redundant services and sell, re-development or dispose as is appropriate

Outcomes

1. Continue to meet or exceed FFF benchmarks
2. Contribute to Berrigan Shire 2023 Outcome:
 - a. Good Government
3. Meet BSC Delivery Program 2013 – 2017 Strategic Objective:
 - a. Effective governance by Council of Council operations and reporting
4. Strategy specific outcomes described section 3.3

Explain the key assumptions that underpin your strategies and expected outcomes.

- BSC is a Group 10 rural Council
- Meeting or contributing toward meeting the FFF Benchmark is the objective to be achieved by the strategy/ies
- Outcomes contribute to the achievement of *Berrigan Shire 2023 Strategic Outcomes* and NSW Government Regional Objectives for NSW Local Government
- Employee Protection Provisions – *Local Government Act 1993* Section 218CA re: Maintenance of Staff Numbers in Rural Centres
- Planning and delivery of Council activities informed by [Strategic Enterprise Risk Management Framework](#)
- Global Financial Assumptions – per BSC LTFP
- All strategies are underpinned by BSC *Financial Strategy 2012* Objectives
 1. Financial sustainability
 2. Cost effective maintenance of infrastructure service levels
 3. Financial capacity and freedom (Berrigan Shire Council, 2012, p. 3)
- Council **does not** receive a Dividend from its Water & Sewer Operations

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	a) Continue to identify outdated and inefficient assets and replace with new and efficient assets	Annual Review	Improved efficiency	Infrastructure backlog ratio Building & Infrastructure Asset Renewal Ratio Operating performance ratio
	b) Continuous improvement of Council's procurement function including: prequalified contracts where appropriate	Ongoing monitoring	More efficient procurement function Best Value procurement	Operating performance ratio

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)				
	c) Foster and enhance Council's existing continuous improvement culture	Annual review of staff training plans Key internal service staff performance plans identify improvement targets	Organisation learning and commitment to continuous improvement	Operating performance ratio
	d) Continue and enhance shared service delivery	Quarterly Report	Reduce cost of service delivery Reduce overhead cost of service delivery	Operating performance ratio
	e) Where opportune and appropriate expand shared service delivery	Opportunistic Review Annual Review	Reduce cost of service delivery Reduce overhead cost of service delivery	Operating performance ratio

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Objective 1. Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)				
	f) Review Information Technology Strategy & Action Plan to improve service, increase opportunities and further reduce costs	Annual Review	Efficiency gains from use of new technology	Operating performance ratio Asset Renewal ratio
	h) Continue volunteer management of recreation reserves / facilities via Sec 355 Committee delegation	Quarterly Report from Committees of Management	Coproduction of Council Services Higher quality and standard of services at lower cost	Operating performance ratio Building & Infrastructure Asset Renewal Ratio
	i) Assess existing workforce and organisational structure for potential cuts and offer redundancies where appropriate	Annual Review	Improved productivity	Operating performance ratio

3.4 Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of your plan.

Action plan	
Actions	Milestones
1. Investigate use of solar power and install where appropriate	2015/16 Operational Plan
2. Assess existing workforce and organisational structure for potential cuts and offer redundancies where appropriate	2015/16 Workforce Development Pan
3. Eliminate programs that expose Council to excessive financial risk such as Home and Community Care Service	2015/16 Operational Plan Transfer Service to alternative provider
4. Identify outdated and inefficient assets and replace with new efficient assets	Identify potential assets for disposal Consult stakeholder regarding proposed disposal 15/16

Action plan

Actions	Milestones
	Include Disposal in Operational Plan 17/18
5. Improve Council's procurement function including making use of prequalified contracts where appropriate	Complete modernisation process of procurement policies 15/16
6. Diversify and increase the rate-base by continuing to develop surplus land at Tocumwal Aerodrome and residential land at Finley	Quarterly Reporting of progress
7. Improve strategic capacity through the implementation of Strategic Capacity Improvement Plan	Quarterly Reporting of progress
* Please attach detailed action plan and supporting financial modelling	

Outline the process that underpinned the development of your Action Plan.

For example, who was involved, any external assistance, consultation or collaboration, and how the council has reviewed and approved the plan.

February 2015

Conducted Strategic Service Review
 Reviewed Financial Modelling, Workforce Development Plan and Long Term Financial Plan
 Conducted Corporate Planning Workshop – Councillors and Senior Staff

March 2015

Engaged SGS Economics to test Global Assumptions LTFP

April 2015

Incorporated financial assumptions for Improvement Plan and Year 1 Actions in draft Operational Plan 2015 – 2016 and Review of Associated IP&R documents

May 2015

As part of Community Engagement re: Merge or Standalone Council requested feedback from the community on Improvement Plan Strategies and Actions

June 2015

Extraordinary Council Meeting 24 June 2015 adopted FFF Improvement Proposal and Action Plan

3.5 Other actions considered

In preparing your Improvement Action Plan, you may have considered other strategies/actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards.

Special Rate Variation – this option was not adopted as Council can deliver its current program and range of services within Council and community resources. Further, ongoing engagement with our community through rolling program of Strategic Service Strategy & 4-year Action Plans and longitudinal community satisfaction survey has not highlighted a preparedness on the part of residents to pay more for an increase in service levels.

Raising rates by 40 - 50% to meet own source revenue target (pre Group 10 Councils inclusion of FAG in own source revenue calculations) – To meet this OLG measure (exc. FAG) a 40 – 50% rate increase would be required. This option was discounted having considered our communities' capacity to pay, and the results of Council's Strategic Service Delivery Review which did not identify any ongoing strategic issues and service delivery issues that would warrant expansion of existing services or the development of new services; and results of the Community Satisfaction Survey (Nexus Research Pty Ltd, 2015)

Relinquishing control of water and sewer to another organisation – this option was not adopted firstly, because this business delivers a responsive and high level of essential service to residents and ratepayers (who are in effect shareholders) having contributed to and who continue to invest in through full cost recovery and expect – a high level of responsiveness. A level of responsiveness that is not being duplicated by the state-wide / regional utility providers of energy and communications. The second reason why this option was not considered relate to the opportunity provided by this business to spread the overhead costs of Council from Water and Sewer Funds

Sale of Tocumwal Aerodrome – this option was discounted on that basis that a more appropriate and sustainable development and improvement plan option is that Council continue the development for sale industrial land at the site. Income received from the sale will be used to offset cost of further development. While the newly developed land would add to the Shire's rate base it was determined that the retention and subsequent development of this asset would deliver a long-term benefit.

Sale of Finley Sale Yards – this option would yield a one-off improvement in Council’s cash reserves but as a currently and commercially leased asset it is not an option that warranted further consideration given the overall strength of Council’s performance against FFF benchmarks

Reduction in risk management activities - the Council’s investment in risk management activities ensures not only that its communities are safer it is now realising and benefitting from comparative reduction in insurance premiums. The Council’s position is that any reduction in risk management activities would expose the health and safety of its community and staff and expose Council to an increased level of liability in the event of a claim.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.090	0.090	0.067	0.060	0.045	0.037	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	61.4%	73.3%	73.1%	109.7%	98.7%	102%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	114.5%	109.3%	95.7%	109.7	98.7	102	Yes
Infrastructure Backlog Ratio (Greater than 2%)			0.98%			0.98%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	103.0%	102.6%	102.1%	102.6%	102.1%	101.6%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.84%	1.5%	1.48%	1.48%	1.45%	1.43%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1.66	1.41	1.40	1.36	1.34	1.31	Yes

4.1 Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

For example, historical constraints, trade-offs between criteria, longer time required.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For example, who is responsible, how the council will monitor and report progress against achieving the key strategies listed under Section 3.

The BSC will implement this Improvement Action Plan as part of its Integrated Planning and Reporting program. To ensure that this occurs seamlessly all FFF improvement strategies selected for inclusion in this Improvement Action Plan have been mapped to Council’s strategic planning framework and are illustrated by the following Table. This ensures, that all strategies and associated actions and milestones are linked to an existing strategic action in Council’s Operational Plan and its supporting Delivery Program – Strategic Objective. Council’s Delivery Program nominates responsible officers for quarterly reporting and 6-monthly against Council’s Delivery Program Objectives and Operational Plan Actions. Council’s Operational Plan 2015/16 includes actions identified in the Improvement Plan for action in the upcoming financial year and all actions included in the Improvement Plan will be reflected in subsequent reviews of Council’s suite of IP&R documents.

FFF Benchmarks and Berrigan Shire Council Strategic Planning Framework

FFF Benchmarks	CSP Berrigan Shire 2023 Strategic Outcome	BSC Strategic Objective	BSC Delivery Program Objective	Responsible Officer/s	BSC Operational Plan Action	Council Service or Supporting Strategy/ Plans ^{vi}
FFF Sustainability Benchmarks						
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	Good Government	2.2 Ensure effective governance by Council of Council operations and reporting	2.2.2 Council operations support ethical, transparent and accountable corporate governance	Director Corporate Services Finance Manager	2.2.2.3 Coordinate Council investments, financial management, financial operations and processing	Corporate Services Financial Strategy 2012 Longterm Financial Plan

FFF Benchmarks	CSP Berrigan Shire 2023 Strategic Outcome	BSC Strategic Objective	BSC Delivery Program Objective	Responsible Officer/s	BSC Operational Plan Action	Council Service or Supporting Strategy/ Plans ^{vii}
Own Source Revenue Ratio (Greater than 60% average over 3 years)	Good Government	2.2 Ensure effective governance by Council of Council operations and reporting	2.2.2 Council operations support ethical, transparent and accountable corporate governance	Director Corporate Services Finance Manager	2.2.2.3 Coordinate Council investments, financial management, financial operations and processing	Corporate Services Section 3 Annual Operational Plan Rates & Revenue Fees & Charges
Building & Infrastructure Asset Renewal (Greater than 100% average over 3 years)	Sustainable natural and built landscapes	1.3 Connect and protect our communities	1.3.1 Coordinate flood levee, Council road network and storm water asset management and planning	Director Technical Services	Develop and implement asset management plans which maintain a balance between improving and maintaining flood levees, storm water, Council roads, paths and trails Maintain the safety of Council roads and walkways	Technical Services Asset Management Strategy Asset Management Plans

FFF Benchmarks	CSP Berrigan Shire 2023 Strategic Outcome	BSC Strategic Objective	BSC Delivery Program Objective	Responsible Officer/s	BSC Operational Plan Action	Council Service or Supporting Strategy/ Plans ^{viii}
Building & Infrastructure Asset Renewal (Greater than 100% average over 3 years)	Supported and Engaged Communities	3.1 Create safe, friendly and accessible communities	3.1.2 Facilitate all age healthy lifestyles and ageing in place	Director Corporate Services	Provide recreation facilities which support active lifestyle and ageing place	Corporate and Community Services Asset Management Plan
			3.1.4 Coordinate and facilitate the delivery of potable water, public health and safety services	Director Technical Services Environmental Engineer	Ensure potable water and sewer network is safe and functional	Asset Management Plan Water Supply Asset Management Plan
FFF Infrastructure and service management Benchmarks						
Infrastructure backlog ratio (less than 2 %)	Sustainable natural and built landscapes	1.3 Connect and protect our communities	1.3.1 Coordinate flood levee, Council road network and storm water asset management and planning	Director Technical Services	Develop and implement asset management plans which maintain a balance between improving and maintaining flood levees, storm water, Council roads, paths and trails	Technical Services Asset Management Strategy Asset Management Plans-

FFF Benchmarks	CSP Berrigan Shire 2023 Strategic Outcome	BSC Strategic Objective	BSC Delivery Program Objective	Responsible Officer/s	BSC Operational Plan Action	Council Service or Supporting Strategy/ Plans ^{ix}
Debt Service ratio (greater than 0% and less than or equal to 20% average over 3 years)	Supported and Engaged Communities	3.1 Create safe, friendly and accessible communities	3.1.2 Facilitate all age healthy lifestyles and ageing in place	Director Corporate Services	Provide recreation facilities which support active lifestyle and ageing place	Corporate and Community Services Asset Management Plan
	Good Government		3.1.4 Coordinate and facilitate the delivery of potable water, public health & safety services	Director Technical Services Environmental Engineer	Ensure potable water and sewer network is safe and functional	Asset Management Plan
FFF Efficiency Benchmark						
Real Operating Expenditure per capita	Good Government	2.2 Ensure effective governance by Council of Council operations and reporting	2.2.2 Council operations support ethical, transparent and accountable corporate governance	Director Corporate Services Finance Manager Director Corporate Services	Coordinate Council investments, financial management, financial operations and processing Manage human resource & workforce development activities implementation of the Berrigan Shire's <i>Workforce Development Plan</i> 2013 – 2017	Corporate Services Financial Strategy 2012 Longterm Financial Plan Workforce Development Plan Longterm Financial Plan

ⁱⁱ <http://forecast.id.com.au/Berrigan> accessed 9/1/2015

ⁱⁱⁱ Australian Bureau of Statistics accessed 18/6/15 at
http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/LGA14250?opendocument&navpos=220

^{iv} Determined by Council as 'A reduction in the number of Council's in the region assessed as being 'at risk' by the ILGRP and evidenced by a Council's performance against FFF benchmarks.'

^v <http://forecast.id.com.au/Berrigan> accessed 9/1/2015

^{vi} Council Strategies and Supporting Plans nominated can be accessed Council's Website
<http://www.berriganshire.nsw.gov.au/Council/Documents/ManagementPlansCodesReports.aspx>

^{vii} Council Strategies and Supporting Plans nominated can be accessed Council's Website
<http://www.berriganshire.nsw.gov.au/Council/Documents/ManagementPlansCodesReports.aspx>

^{viii} Council Strategies and Supporting Plans nominated can be accessed Council's Website
<http://www.berriganshire.nsw.gov.au/Council/Documents/ManagementPlansCodesReports.aspx>

^{ix} Council Strategies and Supporting Plans nominated can be accessed Council's Website
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