



Fit For the Future Community Consultation Meetings

The Rock Memorial Hall – Tuesday, 14 April at 6.00pm

Yerong Creek Hall – Wednesday, 15 April at 6.00pm

Lockhart Council Chambers – Thursday, 16 April at 6.00pm

Pleasant Hills Hall – Tuesday, 21 April at 6.00pm

Osborne Recreation Ground – Wednesday, 22 April at 6.00pm



Why Are We Here?

- **2011 - Destination 2036**
All NSW Councils meet to plan how Local Government could meet future challenges
- **2012-13 - Independent Local Government Review Panel -**
appointed by NSW Government after Destination 2036.
Local consultation across the state to develop recommendations for industry-wide structural change, including boundary changes.
- **April 2013 - Interim Report from Review Panel -**
recommended Lockhart merge with Wagga Wagga.
- **May 2013 - Anti-amalgamation rally at Junee**
Bus-load from Lockhart Shire.
- **Sept 2013 - Professor Sansom visit to Lockhart**
Presentation to Community Meeting. Mayor emphasized our desire for continued independence.
- **Oct 2013 - Final Report from Review Panel -**
recommending Lockhart remain a Rural Council in the Riverina Joint Organisation or merge with Wagga Wagga.
- **Sept 2014 - Fit For the Future Program**
announced by NSW Government as its response to the Review Panel's Final Report.



Fit For the Future Program – What Is It?

The State Government has issued a reform agenda for the local government industry in NSW called the Fit For the Future Program (FFF)

- Recommendations include:
 - Structural change including mergers and amalgamations
 - A review of allocation of Financial Assistance Grants ensuring the grants are directed to those areas that really need them. This may direct grants away from prosperous large city councils and towards smaller councils like ours.
- Councils need to demonstrate:
 - They have sufficient scale and capacity to remain sustainable in the long term by meeting a series of benchmarks set by the State Government
 - Determine whether to amalgamate or stand alone and then submit their preferred option to the State Government by 30 June 2015
 - Gain broad community support for their preferred option and proposed improvement plan.



Options for Lockhart

- The Review Panel's Report gave two options for Lockhart:
 - Option 1: Stay independent as a Rural Council in the Riverina Joint Organisation (successor To REROC)
 - Option 2: Merge with Wagga Wagga.



Are We Fit For the Future?

State Government has set a number of tough and challenging benchmarks for each council to meet.

Lockhart Shire already meets ALL BUT ONE of these benchmarks:

- Our financial capacity is rated as SOUND – in the top 20% over the whole state
- We are one of only three councils in our comparative grouping which has a positive operating surplus – ours is 20.6% while the group average is negative 14.8%
- We have a very low backlog of infrastructure works – in the lowest 14% of the state
- Other benchmarks met apart from Own Source Revenue (OSR).

Own Source Revenue (OSR) means the revenue raised by council's own resources and excludes all grant income. The State Government's benchmark for OSR is 60% and our level is currently around 35%.

This means that substantial additional revenue will need to be generated to satisfy this criteria.

What Steps Have We Taken?



- Council has met with its neighbours for frank interchange of views and positions.
- Councillors and staff have attended workshops to further our knowledge about the program and to discuss it with Government sources and colleagues.
- Council has met on numerous occasions to discuss options and plan for the best way forward for its community.
- Kept the community informed by monthly updates in our newsletter.
- Council resolved at its March Council meeting to remain independent as a Rural Council – the preferred option for our Council by the Review Panel.



Council's Decision

Factors taken into account:

- Known community desire for Council to retain its independence
- Our statistics and performance compare very favourably with other Councils
- No long-term financial or other benefits to be gained from merger
- Residents rate burden may rise substantially if merged with Wagga Wagga
- Loss of representation on Council (may be only one representative)
- Uncertainty about future services availability
- Probable loss of shire-based employment over time
- A merger may stifle future development opportunities
- Loss of community passion and commitment to be involved.

Increasing Our Own Source Revenue (OSR)



Options available to increase our OSR are:

- Undertake works for third party organisations
- Increase rates
- A combination of both.

Some additional income has been generated from works undertaken for an adjoining Council and we are confident that these works will continue. This income will increase our OSR but won't be sufficient to raise it to the required level.

Note: An increase in population for example from sewer extension at The Rock will also increase our OSR over time.

Reluctantly, Council has realised that some modest rate rises over and above CPI increases will be necessary to reach the target level.

Effect on Rating – Rating Comparisons



Draft Office Local Government Comparative Data figures 2013-14

	Own Source Revenue % (OSR)	Average Ordinary Farmland Rate (\$)	% Variance to Group Average	Average Ordinary Residential Rate (\$)	% Variance to Group Average	Average Ordinary Business Rate (\$)	% Variance to Group Average
Wagga Wagga	68%	\$2,317	17%	\$932	1%	\$4,971	32%
Group Average	73%	\$1,932		\$924		\$3,364	
% Variance Lockhart to Wagga			-52%		-271%		-1333%
Lockhart (20th)	37%	\$1,528	-63%	\$251	-50%	\$347	-109%
Group Average of 21 Councils	56%	\$2,493		\$377		\$726	

Average Residential Rates Notice
(incl Ordinary Rates, Garbage & Sewer Charges)

Wagga Wagga City Council \$ 1,800

Lockhart Shire Council \$ 1,050

Ordinary Rates	Lockhart Actual Totals	
	2014-15	%
Farmland	\$1,753,000	82%
Residential	\$289,000	14%
Business	<u>\$91,000</u>	4%
	<u>\$2,133,000</u>	

	Wagga Wagga	
	2012-13	%
Farmland	\$4,313,000	13%
Residential	\$20,565,000	61%
Business	<u>\$8,676,000</u>	26%
	<u>\$33,554,000</u>	



Effect on Rating – Rating Comparisons

Average Ordinary Rates per Assessment

	Current Average Ordinary Rate A	Year 10 average CPI increase-3.2% B	Year 10 FFF 3.2% + 1.4% increase-4.6% C	Difference over 10 yrs C-B	Average per year over 10 yrs
Farmland	\$1,528	\$2,094	\$2,396	\$302	\$30
Residential	\$251	\$344	\$394	\$50	\$5
Business	\$347	\$475	\$544	\$69	\$7



How Would We Spend Additional Revenue?

Total extra income generated from the proposed rate increase over and above normal CPI over next 10 years is \$0.6 M.

Possible Projects

- Swimming pools - \$2M for refurbishment or \$4.4M for two new pools
- Flood mitigation – Council contribution \$1M
- Road Upgrades such as Western Road \$4.5M and The Rock-Mangoplah Road \$1.8M

None of these projects are factored into current budgeting and regardless of rate increases, more additional income will be needed to bring these projects to fruition.

What Are Our Next Steps?



- Council has resolved to maintain its independence and to stand alone as a Rural Council. This option is the one favoured for Lockhart Shire in the Independent Local Government Review Panel's Final Report.
- Council now needs to complete a submission and lodge it with the State Government by 30 June 2015 showing why and how it will be Fit For the Future and be sustainable into the longer term.
- In order to do this, Council needs to meet the benchmarks described earlier, including the desired OSR percentage, and setting out any proposed measures to improve our organisational performance.
- The desired OSR percentage will be partially met by undertaking some contract works for third parties. This will need to be supplemented by some modest rate rises over and above normal CPI increases.



Questions From The Floor



Support Needed For Our Proposal