



COUNCIL ANNUAL REPORTS 2018/19

PART TWO BLAYNEY AND CABONNE

Council Annual Reports have recently been published. They contain a wealth of information, and I will write a few columns about what they tell us about our councils as part of the series – How to Get the Best Out of Our Councils.

Before Christmas I analysed the Annual Reports of Orange and Bathurst Council and in the spirit of imitation being the sincerest form of flattery, I see that the Dubbo Daily Liberal extended this analysis to Dubbo Regional Council as well.

The Annual Reports include reports on performance in delivering the Councils' strategic plans as well as the financial statements. The Local Government Act requires that a council must prepare a report for that year reporting as to its achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed (S428(1)).

Cabonne's Annual Report starts out well in addressing this requirement by saying 'Council's achievements in implementing the Delivery Program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed and addressed in Council's Operational Plan.

Performance achieved in these areas are detailed in Council's Final Operational Plan 2018/2019, this document is available on Council's website www.cabonne.nsw.gov.au or by contacting Council's Public Officer'.

Unfortunately, my hopes were dashed as when I eventually found the Operational Plan 2018/19 it did not contain the performance achieved, so it appears that Cabonne Council has not complied with the Local Government Act.

Blayney's Annual Report is much easier to follow and does provide a Delivery Plan Performance Status Report – June 2019 within the Annual Report but because of the way the Delivery Program has been developed this report does not achieve the objectives of the Act in that it does not report the achievements in implementing its delivery program and the effectiveness of the principal activities undertaken in achieving the objectives at which those principal activities are directed.

S404 of the Local Government Act requires that: *the delivery program must include a method of assessment to determine the effectiveness of each principal activity detailed in the delivery program in implementing the strategies and achieving the strategic objectives at which the principal activity is directed.* Which means achieving the strategic objectives in the Community Strategic Plan. Blayney's Delivery Program does not have assessment methods.

To be fair, very few NSW Councils achieve the intentions of the Integrated Planning and Reporting reforms of 2009, which aimed to improve the accountability of councils to their community. I will write a future column about how this should be done, what to look out for in End of Term Reports, and which councils do it well.

The 'Profit and Loss Accounts' of the two councils are shown below.

| | Blayney \$000s | Cabonne \$000's |
|--|-------------------|--------------------|
| Income from Continuing Operations | | |
| Rates and annual charges | 10,991 | 14,282 |
| User charges and fees | 2,258 | 7,329 |
| Interest and investment revenue | 445 | 1,220 |
| Other revenues | 284 | 426 |
| Operating grants | 4,141 | 8,680 |
| Capital grants | 9,160 | 14,915 |
| Net gain from disposal of assets | 0 | 242 |
| Net share of interest in joint ventures | 382 | 357 |
| | 27,661 | 47,451 |

| Expenses from continuing operations | | |
|---|---------------|---------------|
| Employee benefits | 7,138 | 11,475 |
| Borrowing costs | 90 | 135 |
| Materials and contracts | 2,642 | 5,319 |
| Depreciation | 5,364 | 10,973 |
| Other expenses | 2,993 | 5,043 |
| Loss from disposal of assets | 655 | 0 |
| | 18,882 | 32,945 |
| Net operating result | 8,779 | 14,506 |
| Net operating result before capital grants | (381) | (409) |

This comparison of rates and charges comes from the new Your Council website <https://yourcouncil.nsw.gov.au/your-council/> The 2018/19 figures have not yet been uploaded.

Your Council's Rates & Charges 2017/18

| | Blayney | Cabonne |
|--|--------------|------------|
| Avg Ordinary Residential Rate (\$) | 597.44 | 637.02 |
| Avg Ordinary Business Rate (\$) | 1,108.97 | 540.18 |
| Avg Ordinary Farmland Rate (\$) | 2,829.53 | 2,485.32 |
| Avg Ordinary Mining Rate (\$) | 2,090,000.00 | 172,300.00 |
| Total Land Value / Total Rate Revenue (\$) | 116 | 190 |
| Avg Domestic Waste Charge (\$) | 1,367.79 | 262.7 |

The comparison of senior staff salaries are interesting:

Blayney Shire Council

Senior Staff Remuneration - \$242,014

Council's organisation structure provides for the employment of the General Manager as the only senior staff position. The General Manager is engaged under the Office of Local Government Standard Contract of Employment. The senior staff contract is performance based for a period of five (5) years.

The all-inclusive remuneration package of senior staff that incorporates salary component, employer superannuation, non-cash benefits and amounts payable for fringe benefits tax in the 2018/19 financial year amounted to **\$242,014**.

Cabonne Council

Also employs one position as 'senior staff' that being the General Manager. The total expenditure for 2018/19 in respect of employment, including salary, package benefits, fringe benefits tax, superannuation and provision for leave entitlements was **\$574,809.66**. Whilst Blayney and Cabonne are in different Council categories it seems unusual that the bill for Cabonne is more than twice the cost of Blayney.

I have extrapolated the information given in the annual report to show the annual cost of the incumbent General Manager, the Acting General Manager and the new General Manager.

| Name and tenure | Actual \$ | Annualised \$ |
|--|---------------------|---------------|
| Stephen Harding - 01/07/2018 to 14/12/2018 | \$431,705.51 | \$943,548 |
| Heather Nicholls - Acting - 15/12/18 to 17/05/19 | \$100,346.73 | \$239,390 |
| Bradley Brynes - 19/04/2019 to 30/06/2019 | \$42,757.42 | \$216,754 |
| Total | \$574,809.66 | |

It is unclear why there were two General Managers of Cabonne from 19 April to 17th May 2019.

Overall employee costs are relatively low for both councils:

Blayney employee costs were 38% of total operational expenditure.

Cabonne employee costs were 35% of total operational expenditure.

Cabonne serves almost twice the population of Blayney and an area around 4 times bigger.

| | Blayney | Cabonne |
|----------------------------|---------|----------|
| Population | 7,344 | 13,605 |
| Area km2 | 1,524.6 | 6,022.30 |
| Staff (FTE) | 92 | 158 |
| Employee Benefits (\$000s) | 7,318 | 11,475 |

I have received feedback that many people find these columns informative and I am happy to receive comments from readers about this column and other issues you would like me to cover so please either contact me at Orange City Life or aes@amandaspaldingconsulting.com