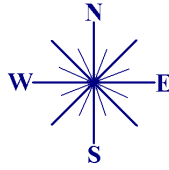


**Submission
No 7**

INQUIRY INTO ABILITY OF LOCAL GOVERNMENTS TO FUND INFRASTRUCTURE AND SERVICES

Organisation: Central Darling Shire Council

Date Received: 15 April 2024



Ability of Local Governments to fund infrastructure and services.

Invitation to make a submission.

Executive Summary:

Central Darling Shire Council (CDSC) is the largest in NSW, covering an area of 53,511 square kilometres, yet it has the smallest (and slowly declining) population of less than 2,000. The shire is economically disadvantaged, due to small and low household income, the geographical area challenges needed to be covered by the Council and the duplication of assets, required to service numerous smaller communities.

In the financial year 2023/24, CDSC total income for 2023/24 for continuing operations was \$45.7M. Council only received \$2.4 million from rates and annual charges, with most of its income from grants. Council 2022/23 Audit Statements, assets valuation for infrastructure, property, plant and equipment valued at \$223.7M.

Central Darling Shire Council is not in a financial position, based on the current model of revenue collected from users to operate and maintain services. Historically, any capital improvements to infrastructure assets have been funded by other tiers of governments, due to Councils' inability to raise revenue. Example is Council water charges would be the highest priced currently in New South Wales; prices are at saturation point where it has become unaffordable by residents.

Council is seeking an alternative model for Council water assets. To dispose of all Council owned water assets to the State Government to rid the financial burden. However, continue to operate and maintain these water assets on behalf of the State Government on a contractual arrangement.

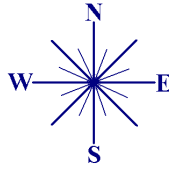
Council will continue to source funding for the upgrade and renewal of its infrastructure from State and Federal governments. However, financial support is needed for Central Darling Shire Council for operational expenses, to ensure ongoing operational and maintenance of these assets are maintained to the service levels expected by its communities.

Background:

The Central Darling Shire encompasses the communities of Wilcannia, Menindee, Ivanhoe, Tilpa, White Cliffs, Darnick, Sunset Strip, Copi Hollow and Mossgiel. The Shire is bounded by the Shires of Bourke, Cobar, Carrathool, Balranald, Wentworth and the Unincorporated Far West area surrounding Broken Hill. The principal economic activities in the Shire are

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agriculture, pastoral grazing, opal mining and remote area tourism. Large pastoral properties are the dominant land use with rural grazing properties representing the largest land use within the Shire, accounting for 97% of the entire area.

Central Darling Shire population would be considered as low social economic. Household Median weekly income for the shire is \$988 (2021 Census), in comparison to NSW \$1,829 and Australia \$1,746.

Council has many assets classes duplicated across the entire shire, which is expensive to maintain and operate. Council income from rates and charges is limited due to a small population across a large area. In comparison to neighbouring Councils, which have little duplication of assets, only comprising of one major centre and have a larger population to support the operations and maintenance of their assets.

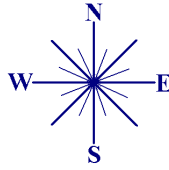
Central Darling's sparse and declining population is significantly impacting on its rate base. The Shire's small rates base results in significant financial constraints, not only limit the range of services and infrastructure that Council is able to provide to its communities, but also the level of expertise that it can acquire from an organisational capability perspective. Both of those weaknesses result in the Shire being operationally and financially unsustainable, always needing to ration its available resources to deliver a minimum service outcome for the community, rather than a wholistic 'best in class' outcome. CDSC is heavily reliant on grant-to grant and project-to-project funding, as opposed to putting in place sustainable systems that coalesces with a long-term approach to financial planning.

The Shire's major infrastructure assets include transport (roads and bridges), water supply facilities, buildings and airstrips, and these have regional importance. The overall asset value is high compared to the size of the local population, thereby imposing a higher cost burden per rate payer than would otherwise be the case. The Shire is unable to maintain the required levels of service, depreciation costs, repairs and maintenance across its asset base from its rate revenue and from Financial Assistance Grants (FAGs) from the Commonwealth.

Central Darling Shire and the adjoining Unincorporated Area (along with much of the Far West) are facing growing challenges associated with a fragile environment, rangeland management, climate change and increased risk of natural disasters including droughts, bushfires and floods. The recent severe drought, floods and Covid 19 pandemic, demonstrated the serious economic, social and environmental issues that are likely to emerge, including loss of employment, health impacts, shortages of drinking water, fish kills and increased risk of bushfires.

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Central Darling Shire Council staffing numbers as budgeted for 2023/24 is 71 FTE's. The current occupied FTE is at 53, with vacancies at 12. The difficulties in attracting and retaining qualified and experienced staff to CDSC is proven more difficult, due to the remoteness of the area, and the lack of services provided to support people, which are not accustomed working in remote rural environments. Council limited own financial resources, remuneration of staff is paid at minimum award rates, with very little incentives paid to attract and retain staff. Council offers senior, professional, and technical staff subsidised housing and unit accommodation: seven houses and 10 units owned by Council, purely for staff accommodation.

Council level of staffing is the bare minimum to achieve legislative functions required of Council. The low level of staff numbers and lack of Council financial ability, inhibits growth and community support to promote industry, employment, and essential services, expected by the community. Council desperately needs additional funding to engage the following support staff:

- Tourism Officer
- Disaster Response and Support Officer
- Economic Officer
- Indigenous Community Liaison Officer
- Technical Officer (Airstrips)

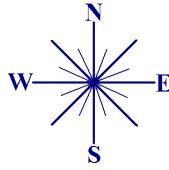
Whilst neighbouring Councils are struggling with growth and attraction of professional resources to their areas and regions, CDSC struggles to maintain the essentials in providing services and infrastructure, never alone the ability to promote economic growth for the shire.

Report:

Roads, Bridges, and footpaths -CDSC Road network length is 2400km, comprises of regional, shire and local roads, has estimated replacement value of \$108,798,241. Council roads consist of 500km sealed and 1,900km of unsealed. Unsealed roads represent 95% of the road network, and is not all weather access, with less than 10mm of rain. Not all the major towns within the shire are connected by a sealed road, Wilcannia to Menindee to Ivanhoe is an example. This restricts the movement of Council staff, resources, and plant/equipment to provide services and maintenance activities. 10% of Sealed road network has substandard width and 5% of Sealed road network has substandard pavement. The road network has 23 bridges and major culverts, valued at \$19,510,000. There are 444 minor culverts, estimated replacement value \$4,871,877. Footpaths -12km, estimated replacement value \$1,861,049, Kerb and Channel- 17kms estimated replacement value \$3,466,926.

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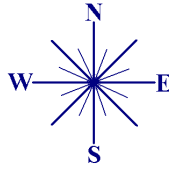
Central Darling Shire Council is contracted to Transport for NSW for its road maintenance and renewal programs for roads within the shire. The average income received by the Council from TfNSW Order Works is valued at \$3-4M/year. This excludes any major capital roadworks on TfNSW network. The council is paid on-cost as part of the contractual arrangement, 14% administration fee and stores and 50% for staff wages. The on cost appears to be a standardized figure across all NSW LGA's contracts. TfNSW does not consider Central Darling Shire Council costs in having to do business in a rural remote location.

Council Federal Assistance Grants (Fags) in 2023/24 was \$4.55M, \$3.35M General and \$1.1M Roads. The Council Regional Block grant was \$2.8M. The Council in this financial year, did receive \$8.2M for TfNSW order works for maintenance and capital works.

Aerodromes- CDSC owns and operates 6 airstrips at White Cliffs, Wilcannia, Tilpa, Menindee, Ivanhoe and Emmdale. Five of the airstrips are sealed and one unsealed, estimated replacement of \$13,750,516. Three of the sealed airstrips are CASA licenced. The main purposes of the airstrips are for medical retrieval used by the RFDS, (Royal Flying Doctor Service), with some use by local pastoralist and infrequent recreation flights. Council doesn't charge landing fees, as this only imposes cost on local aviators (businesses) and discourage any potential tourism. No landing fees or income is sourced from RFDS, as they are considered emergency services and provides a vital health service to our communities.

Buildings, Landfills & Swimming Pools - Council owns various types of buildings and structures across the entire shire. These vary from public halls and amenities, caravan parks, sporting and recreational grounds, emergency services housing for SES and RFS assets, operational structures like administration offices and work depots. Across the four major centres in the shire, there are duplications of a majority of assets classes in each of these towns to provide the necessary services to these communities. The above category of assets has a replacement value of \$40M, which vary from being fare to poor condition. Over the next 20 years, it is forecasted Council will need to spend on average \$2.2M/year on maintenance and operational functions, this excludes the cost of renewals of any of these assets.

Wilcannia Weir- NSW DPIE Water has changed the design of the Wilcannia Weir after extensive community consultation and agreement on the preferred design is very disappointing. The new redesigned weir will be a fixed crest steel pile and concrete construction. The original proposed height of the weir 66.71 AHD (Australian Height Datum) has now been reduced by one metre, to 65.71 AHD. This is a reduction of maximum volume from 5,654 MI (Megalitre) to 2,577 MI (-3,077MI) storage of accessible water for Wilcannia residents.



The existing old weir has a storage capacity of 2,173ML of water. DPIE Water proposed redesign of the weir will only provide 404ML of additional water storage, compared to 3,077ML storage what the Wilcannia community originally agreed to in 2022 for a weir design. The redesign will exclude gates and the bespoke concrete castellated ridge fishway, and will be a manual vertical slot fishway, which the community believes is more dangerous and is unattractive. The existing and proposed new weir will be owned by NSW DPIE and operated by NSW Water. However, the decision by the State Government departments by not listening to Wilcannia community, will be detrimental to the towns water security during future droughts.

Water and Sewer-Central Darling Shire Council provides a water service to the towns of Wilcannia, Ivanhoe and White Cliffs. The town of Menindee has a water service; however, it is provided by another authority; Essential Water.

The town of Wilcannia sources its water from the Darling River. The raw untreated water is filtered and treated at Council's water treatment plant, prior to reticulation to the community. Bore water is utilised during drought and when the river runs dry.

The town of Ivanhoe sources its water supply from the Willandra Creek, 30km south of town, when available it is pumped into a storage dam. Bore water is utilised during drought and when the creek runs dry.

White Cliffs sources water from overland storage dams, from which water is pumped into the town. Each household has a piped water supply, however, the water is classified as non-potable because of limited treatment infrastructure and class of reticulation pipes. The old poly pipes providing reticulation system, are classified as not suitable for potable water.

The village of Tilpa has a supply of raw water by main to households from the Darling River or bore when the river is dry. Council major Water Assets are:

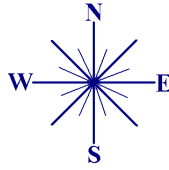
- 3 Water Treatment plants.
- 7 intake pumping stations.
- 35 km's potable water mains
- 72 km's raw water mains
- 8 Bores
- 6 Dams

Wilcannia Sewage Assets are:

- 14.2km's Reticulations system
- 40 manholes
- 260 Household pumps

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- 2 Treatment plants (pump stations)
- Evaporation pond

Note: Council does not provide a sewage disposal to any other towns or villages in the shire.

2022/23 Water infrastructure assets have an estimated total replacement value of \$43,426,000 and Sewage network \$6,786,000. Council total asset value is \$301,259,000.

Council own source operating revenue ratio 2022/23 was 23%, well under 60% Benchmark set by the Audit Office.

2022/23 income from Rates and annual charges \$2,439,000.

Water supply charges \$673,000 & Sewage Charges \$278,000.

2022/23 Depreciation and amortisation for water assets:

- \$591,000 -Water supply network
- \$138,000 -Sewage Network

Council does not allocate enough budget to sustain these services at the proposed standard or to provide all new services being sought. Works and services that cannot be provided under present funding levels are:

- Renew all assets at the optimal time or before they reach end of life.
- Renew rising and trunk mains that are nearing end of useful life without grant funding.

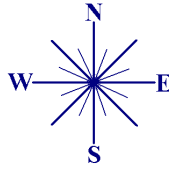
Council has received \$11.5m for the upgrade of 3 Water Treatment Plants, White Cliffs, Ivanhoe, and Wilcannia. Work has commenced on White Cliffs WTP and new reticulation system. Council is seeking additional \$10m to complete Ivanhoe and Wilcannia WTP's.

The service is provided to supply both filtered and raw water to residents in the township of **Ivanhoe** and a rural water supply.

Service Charge	Charge Unit	2023/24	No Services	Income
Filtered Water connection	Connection	\$300	136	\$40,800
Non- Potable/Raw Water Connected	Connection	\$503	137	\$68,911
Filtered Water Availability	Property	\$224	40	\$8,960
Non Potable/Raw Water Availability	Property	\$224	41	\$9,184

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Filtered Water Usage	Kilolitre (kL)	\$4.08		
Non Potable/Raw Water Usage – Rateable Properties	Kilolitre (kL)	\$1.77		
Filtered Water Usage – Metered Non Rateable Properties	Kilolitre (kL)	\$4.91		
Non Potable/Raw Water Usage – Metered Non Rateable Properties	Kilolitre (kL)	\$4.08		

The Service is provided to supply both filtered and raw water to residents in the township of **Wilcannia** and a rural water supply. Raw water connections to rateable properties are unmetered.

Service Charge	Charge Unit	2023/24	No Services	Income
Filtered Water connection	Connection	\$271	271	\$69,647
Non- Potable/Raw Water Connected	Connection	\$1011	250	\$252,750
Filtered Water Availability	Property	\$169	102	\$17,238
Non Potable/Raw Water Availability	Property	\$169	104	\$17,576
Filtered Water Usage	Kilolitre (kL)	\$3.66		
Non Potable/Raw Water Usage – Rateable Properties	Kilolitre (kL)	N/A		
Filtered Water Usage – Metered Non Rateable Properties	Kilolitre (kL)	\$3.66		
Non Potable/Raw Water Usage – Metered Non Rateable Properties	Kilolitre (kL)	\$3.66		

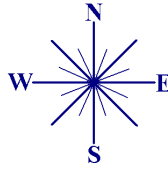
Council is working towards bringing the **White Cliffs** water supply up to a potable standard.

Service Charge	Charge Unit	2023/24	No Services	Income
Non- Potable/Raw Water Connected	Connection	\$974	169	\$164,606
Non Potable/Raw Water Availability	Property	\$852	32	\$27,264
Non Potable/Raw Water Usage – Rateable Properties	Kilolitre (kL)	\$3.98		
Non Potable/Raw Water Usage – Metered Non Rateable Properties	Kilolitre (kL)	\$3.98		

Sewerage Services – Wilcannia

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Service Charge	Charge Unit	2023/24	No Services	Income
Sewerage Service Charge	Property up to 2 connections	\$915	253	\$231,495
Sewerage Service Additional Charge	Property up to 2 connections	\$315	146	\$45,990

Comparison of charges to neighbouring Councils

Service Charge	Charge Unit	2023/24
Bourke Shire Council -Raw water 20mm	Connection	\$559
Bourke Shire Council -Filtered water 20mm	Connection	\$222
Bourke Shire Council Metred Filtered Water	Kilolitre (kL)	\$2.40
Cobar Shire Council -Filtered water 20mm	Connection Residential	\$665
Cobar Shire Council -Filtered water 20mm	Kilolitre (kL) 0-550Kl	\$3.50
Cobar Shire Council -Filtered water 20mm	Kilolitre (kL) over 550Kl	\$7.00
Essential Water -Menindee-Filtered water 20mm	Connection	\$385.61
Essential Water -Menindee-Filtered water	Kilolitre (kL)	\$2.12
Essential Water -Menindee-raw water	Kilolitre (kL)	\$1.38

Below is a summary from tables above for water charges:

- Central Darling Shire Council filtered water charge at Ivanhoe is \$4.91/Kl
- Central Darling Shire Council filtered water charge at Wilcannia is \$3.66/Kl
- Essential Water filtered water charge at Menindee is \$2.12/Kl
- Bourke Shire Council filtered water charge is \$2.40/Kl
- Cobar Shire Council filtered water charge up to 550Kl is \$3.50/Kl
- Cobar Shire Council filtered water charge over 550Kl is \$7.00/Kl

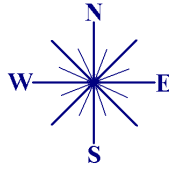
Summary of Water and Sewer:

Council 2022/23 audited Statement of Performance Measures -Rates and Annual Charges outstanding percentage was 12.12%, above the benchmark of 10%. This reflects a low social economic community, and any increase of fees and charges are now at saturation point.

The increase in fees and charges to recover cost for water services would only increase Council's Rates and Annual Charges outstanding percentage, as consumers wouldn't be able to pay. This is a realistic possibility of going backwards in debt collection and less revenue received by Council.

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Council ability to renew and upgrade water assets is solely dependent on grant funding from State and Federal governments, as Council does not have the financial capacity with its own revenue.

Water infrastructure assets represents 15% of all assets owned and maintain by Council. This has a considerable impact to raise revenue and the depreciation which is needed to be found by Council.

Council would like to dispose all water assets to the State Government to rid the financial burden. However, continue to operate and maintain these water assets on behalf of the State Government on a contractual arrangement. This solution would be like the partnership which Council has with Transport NSW in maintaining their road network in the shire.