



Boulia, Capital of the Channel Country –
Land of the Min Min Light

Submission to the Inquiry into the long-term financial sustainability of local government

Lynn Moore, CEO Boulia Shire

Contents

1. FINANCIAL PLANNING AND LONG-TERM FORECASTING.....	2
1.1 Planning, development and identification of priorities.....	2
1.2 Council action driven by external forces.....	2
1.3 Planning the future in the Channel Country.....	2
1.4 Reliance on external work programs.....	2
2. ASSET CONDITION DATA AND ASSET MANAGEMENT PLANS.....	3
2.1 Economies of scale.....	3
2.2 External demands on infrastructure.....	3
3. DECISION-MAKING FRAMEWORKS FOR MAJOR INFRASTRUCTURE ASSET INVESTMENTS.....	3
4. COMMUNITY ENGAGEMENT ON FUTURE SERVICE LEVELS.....	3
5. FINANCIAL SUSTAINABILITY TARGETS.....	3
6. ORGANISATIONAL GOVERNANCE.....	4
7. STRATEGIC PLANNING AND ORGANISATIONAL CAPACITY.....	4
8. BUDGET TRANSPARENCY.....	4
9. FINANCIAL SUSTAINABILITY RATIOS.....	4
10. PROCUREMENT POLICY AND VALUE FOR MONEY.....	4
11. OTHER MATTERS THE COMMITTEE DETERMINES ARE RELEVANT TO THE INQUIRY.....	5

1. FINANCIAL PLANNING AND LONG-TERM FORECASTING

1.1 Planning, development and identification of priorities.

Over the past 6 months Boulia Shire has been actively working with QTC who worked with council to undertake a Strategic Financial Review. This formed part of the larger project whereby QTC were engaged by the RAPAD member councils to complete a regional Strategic Financial Review which was completed 25th May 2017. A workshop was held with all member councils to review the outcomes.

Ensuring that forecasts are reliable and robust will better inform long-term planning, resourcing and funding decisions by the utilisation of the QTC Long Term Financial Forecasting model and also the Project Decision Framework tool.

Council's budget and short-term forecasts (ie, 1-2 years) are based on an initial budget prepared by finance using trends and forecasts provided by departments. Engineering data is provided by external consultants for road, water and sewerage capital expenditure as the council is too small to be able to engage its own engineer. However the council is heavily reliant on grant funding which is not consistent. Grants available to councils are somewhat reliant on 50/50 funding contributions by council. Although within the last 12 months significant inroads have been made in acknowledging that small rural and remote councils do not have the opportunity to develop own source funding and are crippled with a small rate base (80 ratepayers) and large physical areas to maintain (Boulia 61,000km², 1254klm of roads).

A three-way integrated financial forecast which takes into account the impact of different assumptions and their effect on operating result, cash flow and the balance sheet will be of benefit in the future and is being implemented at present. This approach is based on a sound assumption that funding will be available and that State and Federal grant funding opportunities are able to be accessed within the policy aims of the State and Federal governments.

1.2 Council action driven by external forces

A significant hurdle for councils to overcome is planning for the future especially when funding is short term, specific and often difficult to match with priorities of the council. An excellent example of this is the Works for Queensland program which gave councils the opportunity to progress infrastructure plans which otherwise would not have been available to them. There was one difficulty with this grant however in that the application period was extremely small and the delivery period (9 months) puts extreme pressure on small councils which impacted on council's operational plans which had been set 5 months earlier.

1.3 Planning the future in the Channel Country

Over the past 6 years flood events causing significant impact on both shire and state roads have increased the volume of work which potentially could sustain the council workforce, the contractor workforce and support the local economy. With one stroke of a pen and a change to the interpretation of the NDRRA documents the council's ability to continue with flood damage road work programs and provide sustainable long term employment disappeared. The impact of the decision to effectively remove the ability of councils to complete NDRRA flood damage has had a severe impact on this council costing hundreds of thousands of dollars in income.

1.4 Reliance on external work programs

As with other grant funded opportunities Transport and Main Roads provide an opportunity for council work crews to complete work on State Roads however there is no certainty on future works programs to be delivered through this area. Previously the Roads Implementation Program provided such information and was a valuable tool to enable councils to provide long term financial planning.

2. ASSET CONDITION DATA AND ASSET MANAGEMENT PLANS

Council's asset management planning practises are resource constrained and have been adapted to suit its environment. The majority of Council's asset management function is outsourced to external consultants. Council does not have a Total Asset Management Plan (TAMP) or formal AMPs for individual asset classes with the exception of its housing assets. An Asset Management Strategy (AMS) was prepared in 2010 for compliance purposes only. This council is restricted by financial and human resources to secure a reliable and simple to use asset management system.

2.1 Economies of scale

Council has been pro-active in ensuring the continued involvement in the RAPAD sub-groups for Outback Regional Roads Group and Outback Water Alliance. These groups are supported by the seven member councils and have been able to deliver cost savings across several areas. Councils struggle with full cost recovery when the populations are below 1000 as the delivery of infrastructure for 200 costs as much as it does for 1000 for example; the delivery of potable water.

2.2 External demands on infrastructure

During the period between October and May our infrastructure requirements are planned to meet the needs of 250 people. However, during the tourist peak (Camel Races in July) our visitor numbers swell to 3000-4000 people putting exorbitant pressure on water/ sewerage and electricity supplies. Last year alone our town was without electricity due to a peak demand from the Racecourse reserve. Councils are expected to meet the needs of the extra visitors to enable the towns to continue and generally the costs of the infrastructure initially is funded by external grants but the impact on the improvements both for depreciation and future upgrades put extreme pressure on small councils.

3. DECISION-MAKING FRAMEWORKS FOR MAJOR INFRASTRUCTURE ASSET INVESTMENTS

Council is currently instigating formal project assessment framework to guide capital project decision making on a consistent basis. Council has historically used a capital project selection matrix and prioritisation has been driven primarily by the availability of grant funding and cash reserves. Business cases are completed for large capital projects but council is still impacted by the varied nature of grant funding opportunities and the optimum provision of untied (but accountable) grants would be a preferred system.

4. COMMUNITY ENGAGEMENT ON FUTURE SERVICE LEVELS

Community engagement is structured around community meetings which identify the 'wants' of the community. Council deliver basic services which are not always at the level of expectation of the ratepayer due to the small rate base (80 ratepayers) and 61,000 klm² of shire area to maintain and 1254klm of unsealed shire roads.

The final delivery of the QTC model and development of Asset Management Plans for each of the department areas will move council in the right direction. NSW for example a number of years ago funded all small councils to obtain Asset Management Plans and provided support on an ongoing basis afterwards which provided the resources and means— this would be a sound first step for Qld.

5. FINANCIAL SUSTAINABILITY TARGETS

Council is heavily reliant on grant funding as the rate base is a little over \$1,000 000. As Boulia Shire is in a negative growth period with a little over 250 people in the town itself the potential for infrastructure charge revenue is somewhat limited. There is limited opportunity to generate revenue as was previously the case with

NDRRA flood damage which was the lifeblood of the council. The location of the shire in the 'Heart of the Channel Country' simply means – floods in the channels and washouts on the shire roads.

6. ORGANISATIONAL GOVERNANCE

Boulia Shire Council is small but well-structured and regulated. The Councillors and Executive staff have developed a strong set of policies and procedures which are regularly reviewed and formally adopted. The council have developed sub-ordinate Local Laws to deal with specifics to enable fair decision making across the board. Council has an organisation chart which clearly defines the areas of responsibility of staff. Council reports are succinct and to the point and allow sufficient time for discussion and questions prior to decision making.

7. STRATEGIC PLANNING AND ORGANISATIONAL CAPACITY

At present council has commenced the review of the Corporate Plan for 2019 as it has identified areas which should be addressed in the future. Council has two formal planning days where the Councillors and executives meet to review future opportunities. Organisational capacity is reviewed annually.

8. BUDGET TRANSPARENCY

The budget for the Shire is styled in a way in what some might call a 'citizens budget' – one that is easily understood by the man on the street.

Monthly reports and reviews are completed and presented to council for review and comment. The quarterly review is completed and progress against goals is monitored and corrected if required.

9. FINANCIAL SUSTAINABILITY RATIOS

It is paramount that long-term financial and asset management planning is undertaken to ensure all local governments can continue to provide the desired levels of services to residents now and into the future, within the confines of their respective financial capacities. The sustainability of local governments in Queensland has been directly linked to the development and ongoing use of asset management plans to provide a basis for the maintenance of the infrastructure of the local government, together with the development and use of long-term financial forecasts to assess the ongoing financial viability of the local government. However, this is the one area which small local governments are at the most risk both from a financial aspect and the resources to purchase the programs and then the expertise to maintain the systems and input plan changes.

A simple example of this would be the road assets within Boulia Shire are split into 100m sections and each section can then be split vertically into a further three sections. With over 1000km's of road infrastructure, the requirements to record changes to EACH asset becomes a monumental task and stretches resources beyond capabilities.

10. PROCUREMENT POLICY AND VALUE FOR MONEY

Council has developed and annually reviews its policy on procurement:

- Purchasing and Acquisition Policy No 101.

This policy ensures we met our desired transparency levels.

- (a) Procurement procedures and processes being visible to Council suppliers, and the public (i.e. rate payers and the local community)
- (b) Delegations to council officers within their role and accepting their accountability to the Chief Executive Officer and Council
- (c) Suppliers having real opportunity to do business with Council through quoting, tenders and expressions of interest being advertised widely.
- (d) Invitations to suppliers being arranged so that there is competition among suppliers to provide Value for Money offerings

(e) Fair and equitable assessment of all tenders

The objective of obtaining Value for Money is that the goods, equipment or services being procured represent the best return and performance for the money spent from a “total costs of ownership” or “whole-of-life costs” perspective. The result of using such an evaluation methodology to assess Value for Money may not necessarily favour the lowest price.

Encouragement of the development of competitive local business and industry is achieved by:

- (a) Actively seeking out potential local supplies and suppliers
- (b) Encouraging prime contractors to give local suppliers every opportunity, as partners or subcontractors, to participate in major projects
- (c) Ensuring that the principles of open and effective competition Policy 101 Purchasing and Acquisition are applied and equal treatment is given to local offers, when being compared with other offers, on the basis of fair and equitable behaviour
- (d) Giving preference to locally-sourced goods and services, where price, performance, quality, suitability and other evaluation criteria are comparable

11. OTHER MATTERS THE COMMITTEE DETERMINES ARE RELEVANT TO THE INQUIRY.

No other matters.