

Profile of AlburyCity Council

Background

Location

AlburyCity Council is situated midway between Sydney and Melbourne on Australia's main transport corridor. It is the major urban centre for the Albury-Wodonga region.

The land area it covers is approximately 318 square kilometres, stretching from the Murray River at the Victorian Border, far east to the shores of Lake Hume, and North West to Splitters Creek.

In July 2004, boundary changes as a result of forced Council amalgamations saw AlburyCity Council encompass some of the former Hume Shire.

Economy

Albury's economy is dominated by the retail, manufacturing, health, business, service, education and construction sectors which employ almost 69% of the total labour force. These sectors contribute more than \$1.6 billion to the City's gross domestic product per annum.

The Albury Wodonga Hume Freeway Project is a new 17km section of the Hume Freeway which links Wodonga with the present Hume Highway at Ettamogah, north of Albury at a cost of \$524m. It was opened in March 2007.

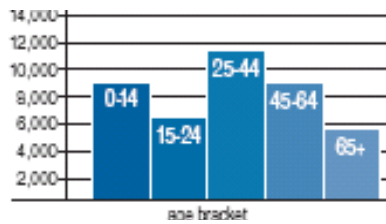
The Project has had extremely positive outcomes for the area. Many local businesses are expanding as access to Albury is quicker and easier.

Population

The population of AlburyCity at June 2006 was 47,694 residents. The actual and projected average populations for AlburyCity are: 2001 (44,010); 2006 (45,070); 2011 (45,860); 2016 (46,840); 2021 (48,050); 2026 (49,340) and 2031 (50,550).

The average annual population growth rates are: 2001-2006 (0.5%); 2006-2011 (0.3%); 2011-2016 (0.4%); 2016-2021 (0.5%); 2021-2026 (0.5%); and 2026-2031 (0.5%).

Figures from the ABS 2001 Census show the age distribution in Albury as the following:



In June 2005, the median age of AlburyCity residents was 35.8 years old, not far off the NSW average of 36.9 years old.

The 2001 Census figures also showed that less of the AlburyCity population owned their own homes when compared to the NSW average (33% compared to 41.1%) but more residents were in the process of purchasing one (29.9% compared to 23.3%). As a result AlburyCity had slightly less private renters than the NSW average (24.5% compared to 23.3%).

In 2001, 85.7% of the population stated that they were born in Australia while 9.2% stated that they were overseas born. This puts AlburyCity well above the NSW average of 70.5% for Australian born residents.

Albury has, in recent years, experienced an influx of retirees from regional areas who wish to gain access to improved government infrastructure and services.

Community

AlburyCity Council is keen to promote its city as a highly desirable place to live and therefore places a strong emphasis on the quality of life of its residents. Council's vision for the future, *Albury 2030*, concentrates on making Albury a liveable city with a healthy lifestyle, a clean environment, well managed growth and good transport links. There is also an emphasis on heritage and culture.

A 2006 Council survey found that residents rated their satisfaction with their lifestyle in Albury at 8.31 out of an optimal score of 10.

AlburyCity also concentrates on tourism and places a strong emphasis on the provision of tourism facilities and promotional resources. Albury has more than 460 hectares of parks and reserves, including four hectares of Botanic Gardens.

Council funds an art gallery, a war memorial, a museum, two libraries and a performing arts centre as well as five community centres. There are also world class indoor and outdoor sporting facilities including an athletics complex, a hockey academy complemented by a regular Festival of Sport event.

Charles Sturt University, La Trobe University, the Riverina Institute of TAFE, Wodonga TAFE, the Army Logistic Training Centre and Continuing Education Centre offer one of the broadest tertiary education bases in regional Australia.

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In keeping with its focus on making Albury and attractive place to live, in 2004/2005 AlburyCity spent \$89.75 on recreation and leisure expenses per capita. This was well above its Department of Local Government (DLG) Group average of \$78.46 per capita and the NSW council mean of \$62 per capita.

Similarly, in 2004/2005 AlburyCity spent \$104.69 on community services per capita which placed it well above its DLG Group average of \$57.01 and the NSW council mean of \$49 per capita.

Structure

AlburyCity Council has nine Councillors including the Mayor. It is not structured into Wards.

There are six senior managers including the General Manager. These are: a General Manager; an Assistant General Manager; and four Group Managers covering the separate Engineering, Corporate and Customer Services, Planning and Economic Development, and Community and Recreation divisions.

Albury-Wodonga Development Corporation

In 1974, a tripartite Agreement between the Commonwealth, NSW and Victorian Government created three respective statutory authorities as well as the establishment of an overseeing Ministerial Council, comprising Ministers of all three jurisdictions, to plan and development Albury-Wodonga as a major inland city by the turn of the century.

Large tracts of land were purchased in the Albury-Wodonga region with funds mainly provided by the Commonwealth Government (\$83.7 million between 1974 and 1976 alone). The State Corporations held title to the land and were responsible for land acquisition, management and disposal.

In 1989, the partner Governments changed the emphasis and direction of the Albury-Wodonga Project. The Commonwealth owned Albury-Wodonga Development Corporation's new role was to promote and foster growth and development in the Albury-Wodonga region in co-operation with local government, the community and partner Governments. The Commonwealth Government also required the Corporation to provide monetary returns on the Project generated by property development and land sales.

Planning powers were returned to the respective Councils in 1992.

In 1995, the Commonwealth Government announced an accelerated return on its investment in a lead up to winding up the Development Corporation over a period of five years. In 1997 the Ministerial Council agreed that the intended rate of divestment and return to government was not achievable. It was therefore agreed that the Development Corporation would retain responsibility for asset disposal and the two state governments would withdraw from the project. On 1 March 2004 the State Corporations were dissolved and transferred all their assets, contractual obligations and liabilities to the Commonwealth body.

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In 2005, the Commonwealth Government completed a scoping study into the future of the Albury-Wodonga Development Corporation and announced that it would exit its land development activities by July 2007 and concentrate on the sale of the remaining land over an approximate 10 year period with strategic input from an advisory committee consisting of representatives of local councils, local businesses and state governments.

The original high hopes of the Albury-Wodonga Project were never reached. Initially, the aim was to increase the population of the two centres to 300,000 by the Year 2000. This projection was later reduced to 150,000. However, in 2000 the population of Albury was only around 42,500 and the population of Wodonga was 35,000. Considering that the population of Albury was around 28,000 and the population of Wodonga was 12,000 when the Corporations were established, it can be argued that most of the growth has been in Wodonga.

However, a number of valuable institutions have been brought to the area as a result of the Corporations' existence including two TAFE Colleges and two universities, one on each side of the border.

Albury Council inherited a significantly expanded boundary area in 2004. As a result, Council considers that it has gained inadequate water and sewer infrastructure, a significant suburb without footpaths (Thurgoona) and additional rural, unsealed roads.

Since its establishment in the early 1970s, the Albury Wodonga Development Corporation has been exempt from rating for NSW Councils unless the land is occupied. In lieu of rates, ex gratia payments to Albury Council only began in 2004/05.

Albury City Council estimates that in terms of net present values, its foregone income by the end of this financial year will total \$23.3M. By contrast ex gratia payments will have amounted to only \$0.9M leaving a net loss in current dollars of \$22.4M.

Challenges and Priorities

AlburyCity Council lists the following major medium to long term priorities:

- Progressing the Albury 2030 Plan;
- Financial sustainability;
- Identifying and implementing entrepreneurial opportunities to raise funds to complement traditional revenue sources;
- Providing a good supply of industrial land;
- Expanding infrastructure to meet anticipated growth;
- Establishing and maintaining Albury as a major regional city;
- Establishing and maintaining robust internal systems;
- Ensuring that State and Federal Governments deliver their services appropriately to the community.

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AlburyCity Council considers that it has the following major internal strengths and weaknesses:

Strengths:

- Committed workforce;
- Intellectual knowledge;
- Good level of planning and policy development;
- Good financial position;
- United senior management team;
- United elected Council;
- Long Term Vision

Weaknesses:

- Ageing workforce;
- Keeping abreast with advances in information technology;
- Skill deficiencies in some areas;
- Need for more strategic and long term financial planning;
- Inability to attract staff in critical areas;
- Lack of depth in workforce skills, knowledge and experience in some areas;
- Tendency to sometimes be reactive to issues.

Council sees the major external opportunities and threats as having potential impact on its operations:

Opportunities:

- Steady city growth;
- Ability to capitalize on the current economic growth;
- To become a city of choice;
- Relatively stable population.

Threats:

- Inadequate industrial land supply;
- Skill shortages;
- The asset maintenance gap;
- Lack of funds for new projects or increased asset management;
- Competition from other regional centres;
- Loss of staff to other organizations;
- Inability to replace staff;
- Water/sewerage may be taken from Council;
- The fact that it is a safe political seat far from the State capital.

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Revenues

The following table breaks down AlburyCity Council's operating and capital revenues and shows their average annual growth rates since 2000/01:

| Total Operating & Capital Revenue By Source | 2005-2006 | Ave Annual Growth |
|---------------------------------------------------|---------------|-------------------|
| | | Growth 2001-2006 |
| | \$'000 | % |
| Rates and Annual Charges | | |
| Ordinary Rates | 22,351 | 4.4 |
| Special Rates | 449 | -16.8 |
| Annual Charges | 10,999 | 5.3 |
| | 33,799 | 3 |
| User Charges and Fees | | |
| User Charges | 10,173 | 23.8 |
| Fees | 11,637 | 19.2 |
| | 21,810 | 19.8 |
| Grants and Contributions - Operating | | |
| FAG | 4,654 | 7.3 |
| Pensioner Subsidies | 829 | 3.4 |
| Specific Purpose | 1,568 | -5.6 |
| Contributions & Donations | 985 | 23.3 |
| | 8,036 | 3 |
| Other Revenues | 1,976 | 8.4 |
| Interest Received | 1,855 | 12.4 |
| Profit of Sales on Assets | 1,045 | 144.3 |
| Profit from Joint Venture & Associates | 97 | |
| Total Operating Revenue | 68,618 | 7.4 |
| Grants & Contributions - Capital | | |
| Grants | 1,122 | 1.9 |
| Developer contributions | 5,576 | 96.5 |
| Other Contributions | 840 | -37.2 |
| | 7,358 | 23.2 |

Albury City Council's rating structure in 2005/06 was as follows:

- Residential: 18,591 households paid an average rate of \$855;
- Commercial: 1,563 businesses paid an average rate of \$5,867;
- Farming: 198 farms paid an average rate of \$1,333.

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In 2004/2005, AlburyCity residential rates, at an average \$818.15 per annum, were significantly higher than the Department of Local Government (DLG) Group average which was \$619.96 per annum and the NSW council mean which was \$642 per annum.

Business rates were also comparatively higher in 2004/2005. At an average of \$3,860.68 p.a. these were well above its DLG Group 4 average of \$2,313.46 and the NSW council mean of \$3,535.

Council has taken up the full allowable rate rise under rate pegging only 5 times in the last 10 years.

Council has not surveyed its community regarding their satisfaction with the level of council rates, fees and charges or their willingness to pay higher amounts to fix specific council problem areas such as infrastructure.

In 2004/05, Council raised 26.4% of its revenue from fees and charges. This was much higher than the DLG Group 4 average of 17% and the NSW council average of 16.7%.

In 2004/2005, AlburyCity Council received 43.4% of its operating revenue from rates and annual charges, above its DLG Group 4 average of 40.6% but well below the NSW local government average of 48.3%.

Council received 26.4% in user charges and fees per resident in 2004/2005 which was well above its DLG Group 4 average of 19.3% and the NSW local government average of 16.7%.

AlburyCity Council has also focused on strengthening the revenue streams from its commercial business arms in an attempt to raise additional operational revenue. Council currently has three commercial businesses: AlburyCity Airport; a crematorium and cemeteries; and a landfill. In 2005/06 these returned a total of \$1,674,000 after operating expenses.

Council has also developed and sold a number of industrial lots in recent years and these have returned approximately \$2.2 million profit in the 2004/2005 and 2005/2006 financial years. Council will continue to sell the remainder of its industrial land in 2006/2007 and is also considering the development of other land for industrial, commercial or residential purposes, potentially generating further profits of \$5million during the 2006 – 2010 period.

Operations

The following chart outlines Council's major operating expenditure by major functions and their growth rates since 2000/01:

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| Operating Expenditure | | |
|--------------------------------------|------------------|----------------------------------|
| By Function | 2005/2006 | Ave Annual Growth 2001-06 |
| | \$'000 | % |
| Administration | 9,220 | 37.6 |
| Public Order & Safety | 1,546 | 26.7 |
| Health | 285 | 4.9 |
| Community Services & Education | 4,937 | 9.4 |
| Housing & Community Amenities | 6,669 | 6.0 |
| Water Supplies | 9,233 | 11.5 |
| Sewerage Services | 10,341 | 7.0 |
| Recreation & Culture | 10,688 | 8.1 |
| Mining, Manufacturing, Construction | 2,112 | 8.0 |
| Transport & Communication | 15,393 | 10.1 |
| Economic Affairs | 1,973 | 33.3 |
| Total Expenditure - Functions | 72,397 | 8.9 |
| <i>Less:</i> | | |
| Borrowing Costs | 1,561 | -5.60 |
| Depreciation & Amortization | 17,786 | 11.9 |
| Maintenance | 16,653 | 28.8 |
| | 35,910 | 15.3 |
| Total Expenditure - Services | 36,486 | 4.64 |

During the last 3 years operating costs (other than award wage increases, utility increases, insurance increases and government charge increases) have been held to the previous year's level. This has effectively increased efficiencies/costs by the CPI increases each of these years.

In 2004/05 Council staff prepared a balanced budget with a maximum rate increase – the council resolved to have a zero rate increase and add in an additional project valued at approximately \$800,000. Staff had to reduce costs, without deleting major projects, by \$1,500,000 to balance the budget.

Since March 2006 Council has been going through a restructure. As part of this process staff have reduced by approximately 24 positions resulting in ongoing staff savings of approximately \$2.4m.

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Infrastructure

The following table shows Council's total infrastructure expenditure by categories and their growth rates since 2000/01:

| Infrastructure Expenditure By Year | | |
|-----------------------------------------|---------------|-------------------|
| By Function | 2005-2006 | Ave Annual Growth |
| | \$'000 | 2001-2006 % |
| Purchase of Property, Plant & Equipment | 15,837 | 12.3 |
| <i>Plus:</i> | | |
| Maintenance | 16,563 | 5.6 |
| Total Infrastructure Expenditure | 32,400 | 17.9 |

Albury City Council's major assets groups are:

- Roads, footpaths and storm water drainage \$423m;
- Water supply and sewerage \$471m;
- Plant and equipment \$17m;
- Land and improvements (e.g. parks and sports grounds) \$54m;
- Buildings and structures \$41m;
- Furniture, office equipment and other assets \$11m; and
- Work in progress \$7m.

Total replacement value of Albury City Council's infrastructure is \$1024m.

As previously mentioned, Council has developed and sold industrial land over recent years. Council also adopted a different approach to road maintenance by adopting a strategy that saw earlier intervention resulting in more road rehabilitation as opposed to road reconstruction. This allowed Council to cover more road length than would otherwise have been possible. Council will continue to monitor the success of its road management policies and adjust these as appropriate.

Performance

Council utilises the Department of Local Government Comparative Indicator Report to measure key indicators of effectiveness and operational efficiency.

Council has not undergone any independent performance or cost benchmarking. There is an internal audit program which reviews general operational areas on a risk basis only.

Council's 2006 community survey found high levels of satisfaction with lifestyle (average satisfaction score of 8.3 out of 10), services (7.1), parks and gardens (7.8), staff courtesy (7.7), quality of water (7.6) and sports fields (8).

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However, there was lower satisfaction for the general condition of road surfaces (average satisfaction score of 6.2 out of 10), maintenance of public toilets (5.6), provision of footpaths (5.4) and maintenance of footpaths (5.5).

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