

Tenterfield Council - Review of Financial Performance

Financial Indicators & KPI's

Tenterfield Council's (the council) Net Operating Result has remained positive over the 5 years, however its Net Operating Result before grants has shown a decline in the last three financial years, and turning negative in FY21. This is shown in the decline in the Operating Performance Ratio KPI. Council relies heavily on grants as shown in the Own Source Revenue KPI, where it has not met benchmark for the 5 year period, showing a decline in the last 3 years.

Other councils in the group show a similar profile in good net operating results, however net operating results before grants moving into negative, and with recent declines.

Council's cash position has been healthy, however has had a steady decline in the last 3 financial years. Unrestricted cash for FY21 shows a negative balance (this has since been restored to a positive balance as shown in council's March 2022 Quarterly Business Review Statement). This is reflected in the Unrestricted Current Ratio KPI, whilst above benchmark, there is a decline in the last 2 financial years.

Other councils in the group also show healthy cash balances, although Tenterfield has the lowest cash balance in the group for FY21. Glenn Innes is the only other council in the group showing a negative unrestricted cash balance, larger than Tenterfield.

Council's governance and admin costs have risen significantly in the last 2 financial years and are among the highest in the group. Council has explained to OLG that this is due to a re-allocation of income recoveries out of governance and administration costs and into transport and communication for FY20 and FY21.

Average residential rates charged by council are the second lowest in the group. Average farmland rates are the lowest in the group. Average Business rates charged are the third lowest in the group.

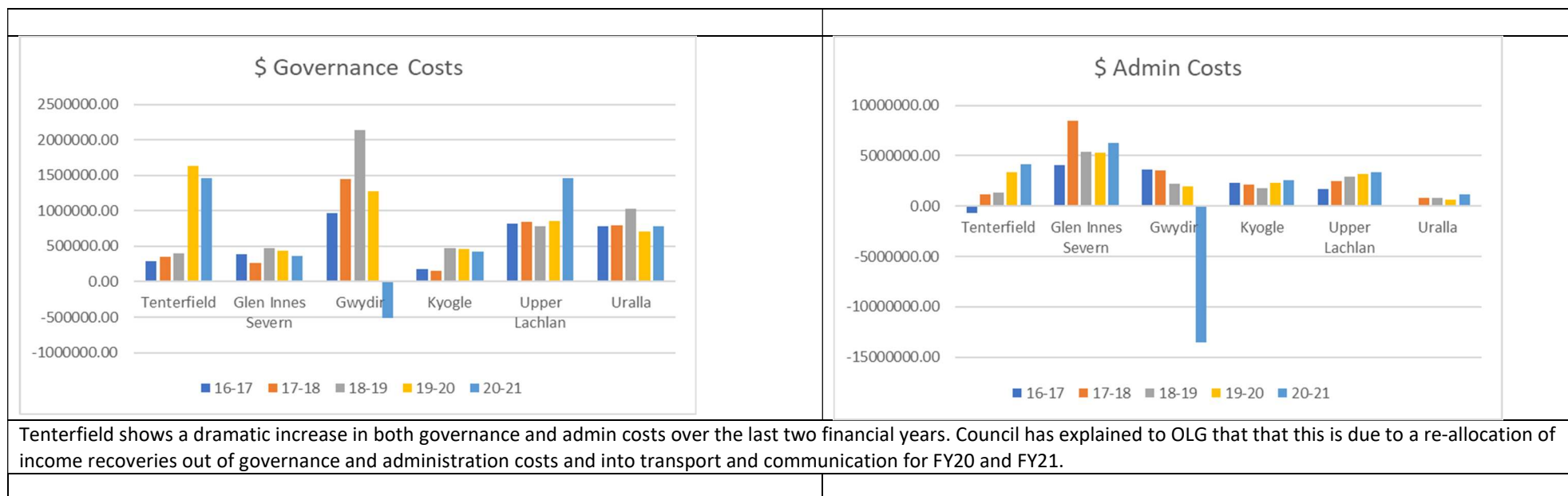
Council's debt service cover ratio and cash expense cover ratio are both above benchmark for the 5 year period, however are showing a decline since FY19. Council performs better than the group average for these KPI's.

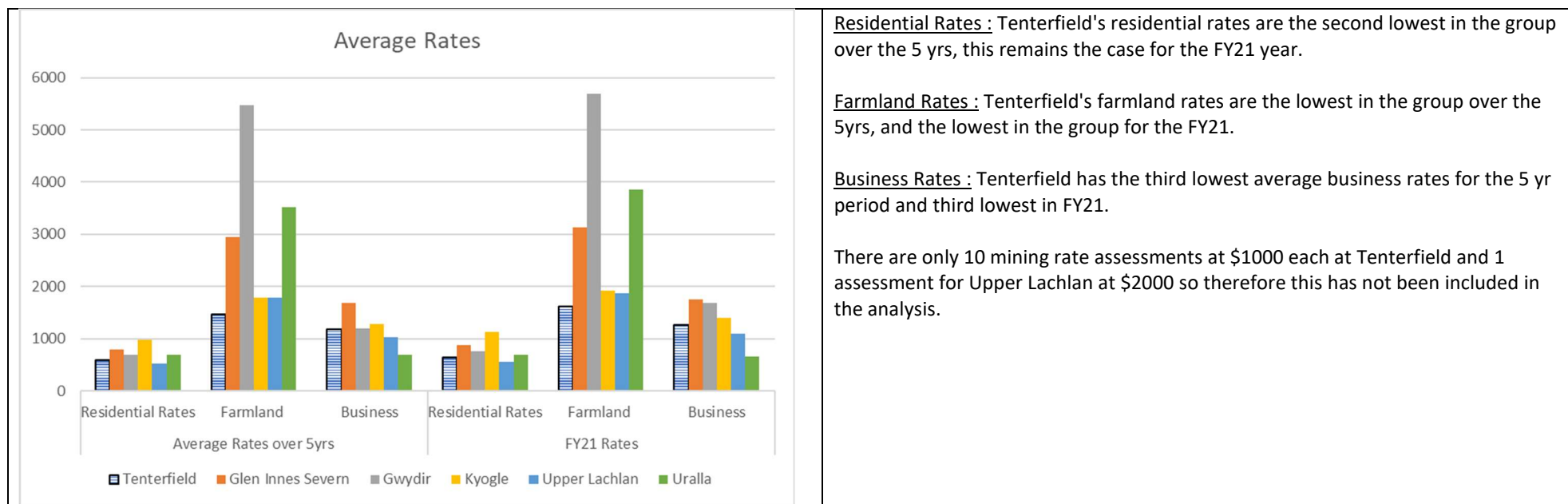
Council's rates and outstanding charges ratio KPI is better than benchmark throughout the 5 year period and is better than the average for this group.

Council's performance against asset related KPI's is mixed, with Council struggling to meet or exceed the Building and Infrastructure Renewals KPI on a regular basis and has never met the Infrastructure Backlog Ratio KPI during the 5 year period analysed.

Graphs and individual comments for each are below :

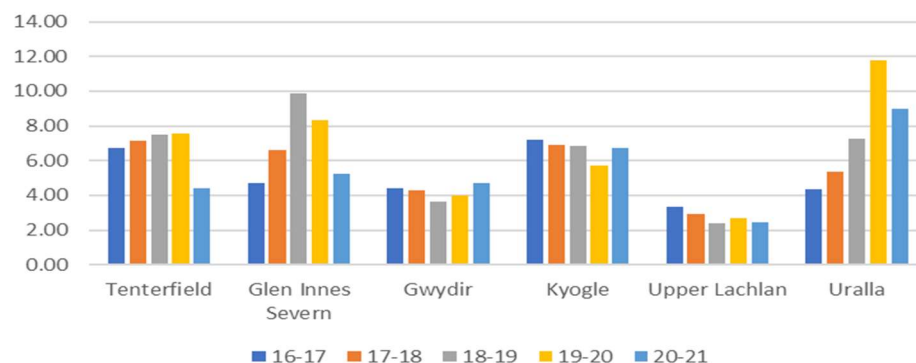
<p>\$Net Operating Result</p> <p>Y-axis: -10,000,000 to 20,000,000</p> <p>X-axis: Tenterfield, Glen Innes Severn, Gwydir, Kyogle, Upper Lachlan, Uralla</p> <p>Legend: 16-17 (Blue), 17-18 (Orange), 18-19 (Grey), 19-20 (Yellow), 20-21 (Light Blue)</p>	<p>\$Net Operating Result Before Capital</p> <p>Y-axis: -10,000,000 to 6,000,000</p> <p>X-axis: Tenterfield, Glen Innes Severn, Gwydir, Kyogle, Upper Lachlan, Uralla</p> <p>Legend: 16-17 (Blue), 17-18 (Orange), 18-19 (Grey), 19-20 (Yellow), 20-21 (Light Blue)</p>
<p>Tenterfield's Net Operating Result has remained positive over the 5 yrs with a significant improvement showing in FY21. The key contributor to this being Grants increasing from FY20 to FY21 by \$11.3M.</p>	<p>Tenterfield's Net Operating Result before capital shows a steady decline since FY17 and is negative in FY21. Relating this to the Net Operating Result, this shows that Tenterfield relied heavily on capital grants and contributions over 5yr period. Other councils in the group have also shown declines, with Gwydir showing the worst performance.</p>
<p>\$ Total Cash</p> <p>Y-axis: 0.00 to 3,500,000.00</p> <p>X-axis: Tenterfield, Glen Innes Severn, Gwydir, Kyogle, Upper Lachlan, Uralla</p> <p>Legend: 16-17 (Blue), 17-18 (Orange), 18-19 (Grey), 19-20 (Yellow), 20-21 (Light Blue)</p>	<p>\$ Unrestricted Cash</p> <p>Y-axis: -3,000,000.00 to 7,000,000.00</p> <p>X-axis: Tenterfield, Glen Innes Severn, Gwydir, Kyogle, Upper Lachlan, Uralla</p> <p>Legend: 16-17 (Blue), 17-18 (Orange), 18-19 (Grey), 19-20 (Yellow), 20-21 (Light Blue)</p>
<p>Total cash balances for Tenterfield show a steady decline since FY17. Other councils have either remained steady or increased over this period.</p>	<p>Tenterfield's unrestricted cash balance has been small compared with the other councils and has turned negative in FY21. Glenn Innes is the only other council that shows negative unrestricted cash balances. A review of Tenterfield council's QBRs for March 2022 has shown that the balance has been restored to a positive balance of \$0.211M and improved to \$3.52M as at April 2022.</p>





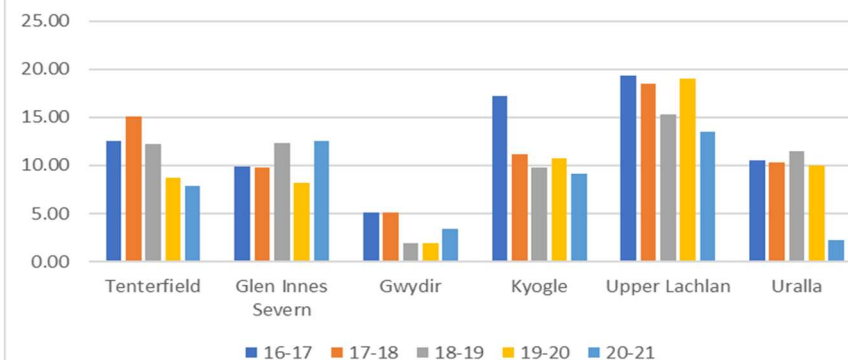
<div><h3>Operating Performance Ratio</h3><table><thead><tr><th>Council</th><th>16-17</th><th>17-18</th><th>18-19</th><th>19-20</th><th>20-21</th></tr></thead><tbody><tr><td>Tenterfield</td><td>15</td><td>12</td><td>3</td><td>1</td><td>1</td></tr><tr><td>Glen Innes Severn</td><td>12</td><td>7</td><td>1</td><td>-1</td><td>-2</td></tr><tr><td>Gwydir</td><td>16</td><td>-1</td><td>-2</td><td>-3</td><td>-4</td></tr><tr><td>Kyogle</td><td>16</td><td>8</td><td>8</td><td>11</td><td>7</td></tr><tr><td>Upper Lachlan</td><td>16</td><td>5</td><td>1</td><td>1</td><td>-12</td></tr><tr><td>Uralla</td><td>11</td><td>2</td><td>-1</td><td>-1</td><td>-10</td></tr></tbody></table></div>	Council	16-17	17-18	18-19	19-20	20-21	Tenterfield	15	12	3	1	1	Glen Innes Severn	12	7	1	-1	-2	Gwydir	16	-1	-2	-3	-4	Kyogle	16	8	8	11	7	Upper Lachlan	16	5	1	1	-12	Uralla	11	2	-1	-1	-10	<div><h3>Own source operating revenue ratio</h3><table><thead><tr><th>Council</th><th>16-17</th><th>17-18</th><th>18-19</th><th>19-20</th><th>20-21</th></tr></thead><tbody><tr><td>Tenterfield</td><td>45</td><td>52</td><td>38</td><td>40</td><td>32</td></tr><tr><td>Glen Innes Severn</td><td>58</td><td>62</td><td>62</td><td>55</td><td>55</td></tr><tr><td>Gwydir</td><td>52</td><td>58</td><td>55</td><td>58</td><td>58</td></tr><tr><td>Kyogle</td><td>48</td><td>52</td><td>55</td><td>48</td><td>45</td></tr><tr><td>Upper Lachlan</td><td>52</td><td>55</td><td>62</td><td>52</td><td>52</td></tr><tr><td>Uralla</td><td>58</td><td>68</td><td>58</td><td>52</td><td>45</td></tr></tbody></table></div>	Council	16-17	17-18	18-19	19-20	20-21	Tenterfield	45	52	38	40	32	Glen Innes Severn	58	62	62	55	55	Gwydir	52	58	55	58	58	Kyogle	48	52	55	48	45	Upper Lachlan	52	55	62	52	52	Uralla	58	68	58	52	45	<p>Tenterfield is the only council that has maintained a positive operating performance ratio for the 5 yrs, however has seen a significant drop since FY19. This is similar to the other councils.</p>	<p>Tenterfield has been well below the benchmark of 60, and always below its peers over the 5 yrs, indicating a higher reliance on grants compared with the other councils. Performance on this KPI has also dropped further recently to be around half of the benchmark.</p>
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Rates and annual charges outstanding percentage



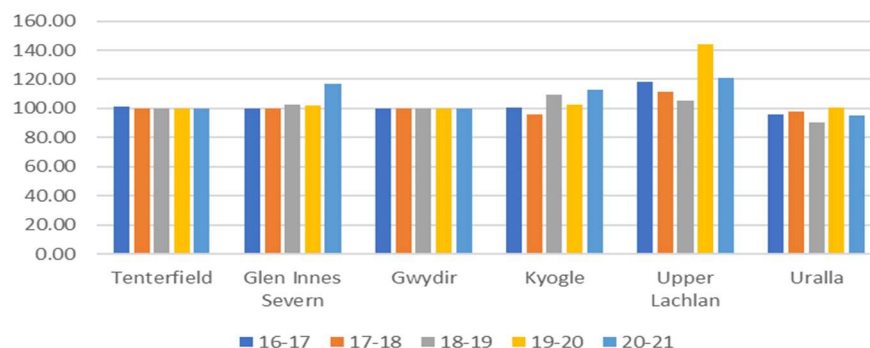
Tenterfield has performed well on this KPI, staying well below the benchmark of 10 for the 5 yrs, and sits around the average when compared with the other councils and has improved in FY21.

Cash expense cover ratio



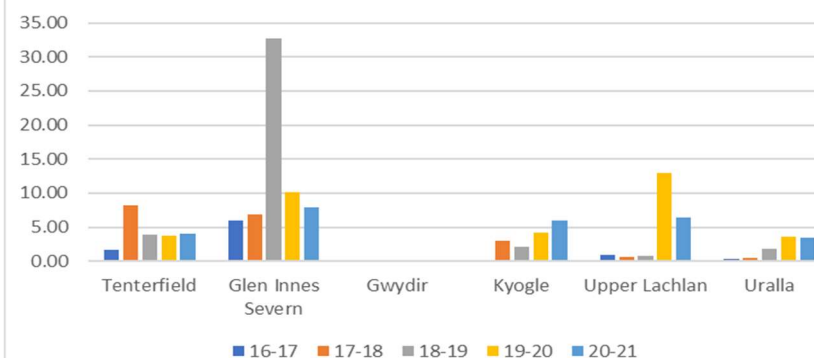
All councils have performed well above the benchmark of 3, except for Gwydir and Uralla in FY21. All councils show a drop in performance on this KPI over the 5 yrs except for Glenn Innes, whilst Tenterfield remains comfortably above the benchmark.

Asset maintenance ratio



Tenterfield has spent funds on asset maintenance in accordance with requirements, showing that it has met the benchmark in each of the last 5 yrs. Other councils have mostly also closely met or been near benchmark over the 5 yrs

Cost to bring assets to agreed level of service



Tenterfield council's calculations for its asset servicing costs shows that it is approximately on the average across this council group. There has been no review as to why Gwydir has not submitted these figures.

<div><p>Buildings and infrastructure renewals ratio</p><table><caption>Buildings and infrastructure renewals ratio (Estimated values)</caption><thead><tr><th>Council</th><th>16-17</th><th>17-18</th><th>18-19</th><th>19-20</th><th>20-21</th></tr></thead><tbody><tr><td>Tenterfield</td><td>55</td><td>85</td><td>235</td><td>100</td><td>150</td></tr><tr><td>Glen Innes Severn</td><td>70</td><td>95</td><td>95</td><td>70</td><td>135</td></tr><tr><td>Gwydir</td><td>110</td><td>40</td><td>40</td><td>35</td><td>50</td></tr><tr><td>Kyogle</td><td>220</td><td>280</td><td>235</td><td>105</td><td>200</td></tr><tr><td>Upper Lachlan</td><td>135</td><td>230</td><td>85</td><td>0</td><td>105</td></tr><tr><td>Uralla</td><td>50</td><td>60</td><td>90</td><td>120</td><td>75</td></tr></tbody></table></div>	Council	16-17	17-18	18-19	19-20	20-21	Tenterfield	55	85	235	100	150	Glen Innes Severn	70	95	95	70	135	Gwydir	110	40	40	35	50	Kyogle	220	280	235	105	200	Upper Lachlan	135	230	85	0	105	Uralla	50	60	90	120	75	<div><p>Infrastructure backlog ratio</p><table><caption>Infrastructure backlog ratio (Estimated values)</caption><thead><tr><th>Council</th><th>16-17</th><th>17-18</th><th>18-19</th><th>19-20</th><th>20-21</th></tr></thead><tbody><tr><td>Tenterfield</td><td>5.5</td><td>11.0</td><td>4.5</td><td>5.0</td><td>6.0</td></tr><tr><td>Glen Innes Severn</td><td>9.5</td><td>11.5</td><td>11.0</td><td>16.0</td><td>12.5</td></tr><tr><td>Gwydir</td><td>3.0</td><td>1.5</td><td>1.5</td><td>1.0</td><td>0.5</td></tr><tr><td>Kyogle</td><td>10.0</td><td>4.0</td><td>3.0</td><td>5.5</td><td>8.5</td></tr><tr><td>Upper Lachlan</td><td>1.5</td><td>0.5</td><td>0.5</td><td>5.0</td><td>8.5</td></tr><tr><td>Uralla</td><td>0.5</td><td>0.5</td><td>1.5</td><td>3.0</td><td>3.0</td></tr></tbody></table></div>	Council	16-17	17-18	18-19	19-20	20-21	Tenterfield	5.5	11.0	4.5	5.0	6.0	Glen Innes Severn	9.5	11.5	11.0	16.0	12.5	Gwydir	3.0	1.5	1.5	1.0	0.5	Kyogle	10.0	4.0	3.0	5.5	8.5	Upper Lachlan	1.5	0.5	0.5	5.0	8.5	Uralla	0.5	0.5	1.5	3.0	3.0
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<p>Tenterfield has exceeded benchmark in 3 out of the 5 yrs and is slightly above the average for this group of councils.</p>	<p>Tenterfield has never met the benchmark of <2 during the 5 yr period. This is the same for Glenn Innes and Kyogle. The average over the 5 yr period is well above benchmark at 5.22 and Tenterfield is higher than that at 6.4. Only Uralla's 5 yr average is under the benchmark for the period, however, has not met benchmark in the last 2 financial years.</p>																																																																																				

Demographics

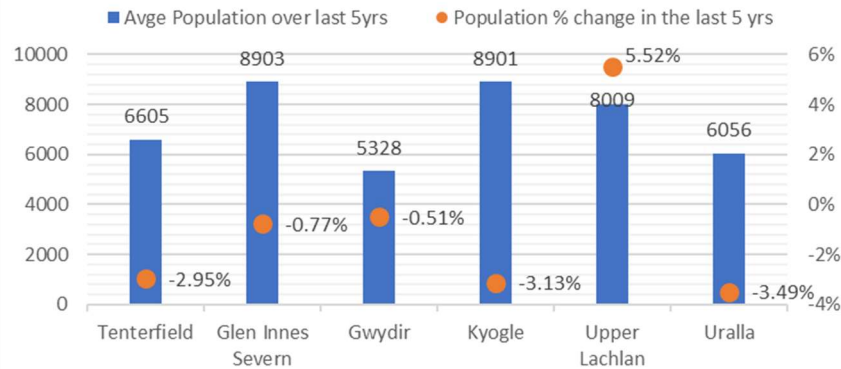
Council's average population for the 5 year period is below average for the group, and has experienced the second highest population decline in the group.

The unemployment rate is equal highest among the group (with Glenn Innes), and also ranks lowest on the Socio-Economic Index Rating.

Council has the second largest land area and second lowest population density among the group.

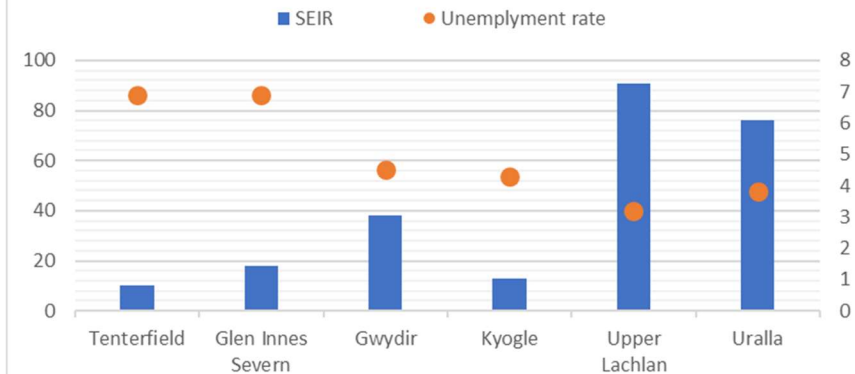
FTE's at Tenterfield are the lowest in the group and ranks third highest in terms of number of people to service per staff FTE.

Average Population and Population changes over the last 5yrs.

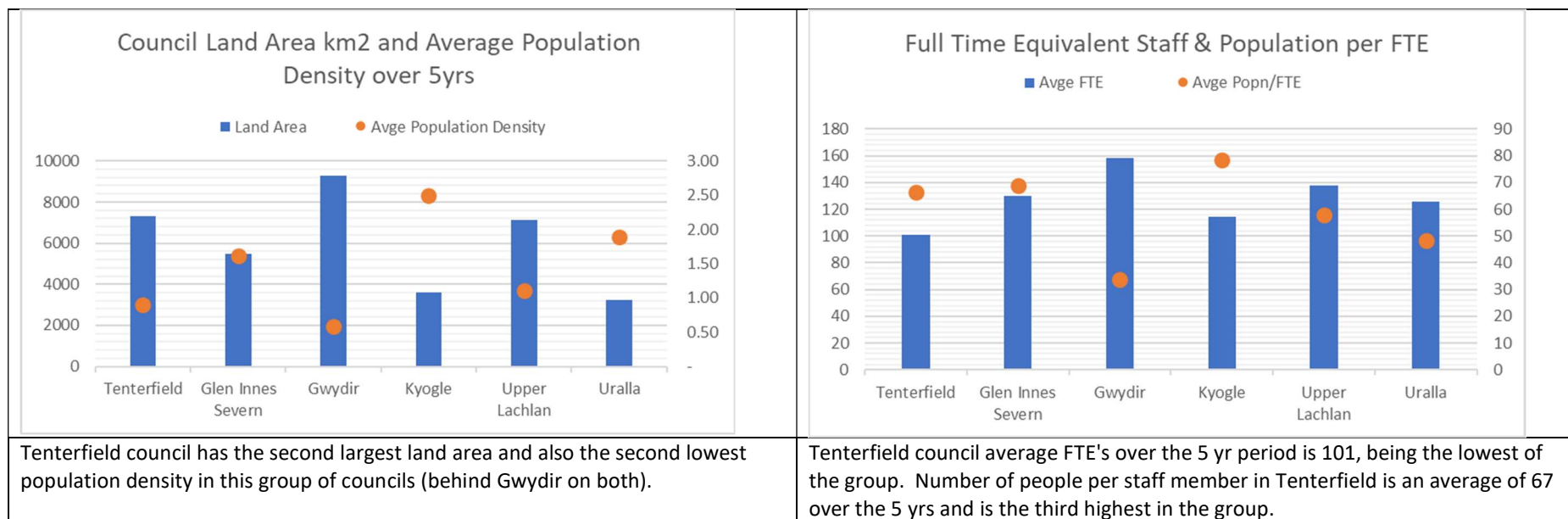


This shows that Tenterfield's average population for the last 5 yrs is 6,605. This is below the average of the council group. Tenterfield has experienced a 2.96% decline in population. Kyogle and Uralla have experienced slightly larger declines, with Glenn Innes and Gwydir experiencing small declines, whilst Upper Lachlan has experienced a 5.52% increase.

Socio-Economic Index Rating and % Unemployment rate - FY21



Tenterfield has the lowest Socio Economic Index Rating (SEIR) and shares the highest unemployment rate in the group (with Glenn Innes).



Roads, Bridges & Footpaths

