

Template 3

Rural Council Proposal Lockhart Shire Council



Getting Started

Before you commence this template, please check the following:



You have chosen the correct template – only councils in Group C in the final report of the Independent Panel or that meet the Rural Council characteristics (and do not wish to complete template 1 or 2) should complete Template 3.



You have read a copy of the guidance material for Template 3 and instructions for completing each question.



You have completed the self-assessment of your performance, using the tool provided.



You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.



Your Proposal has been endorsed by a resolution of your council.

Section 1: About your council's proposal

Council details

Council name:

Lockhart Shire Council

Date of Council resolution endorsing this submission:

16 March 2015 – refer Attachment 1

Date of Council resolution endorsing the submission:

22 June 2015 – refer Attachment 1

1.1 Executive summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and how adopting the Rural Council and other options in your Proposal will improve your council's performance against the Fit for the Future measures.

Overview

Lockhart Shire covers an area of 3000 sq. km in south western NSW in the Riverina. It has a population of approximately 3100 which predominantly relies on agriculture for its economic prosperity. It has a strong community driven identity and relies on active volunteers for successful carriage of the many events held in the area. Council is governed by 9 Councillors and managed by a staff of 48 FTE employees. Regionally, it is actively involved in REROC, of which our Mayor Peter Yates is a current Executive Board Member.

This submission is for Council to stand alone as a rural council and as an active member of the proposed JO/REROC. This accords with the Review Panel's final recommendation. The alternative non-bolded recommendation was for a merger with Wagga Wagga which both Council's reject as outlined later in the submission. You will note that Council is performing well on nearly all statistical counts, and our performance plan outlines strategy to improve those areas needed.

Current performance

Please Note this section is predicated on the non-inclusion of FAGS in our Own Source Revenue (OSR) calculations. If FAGS is included, our OSR rises to almost 80% - well in excess of the benchmark. Our reticence to include FAGS in that calculation is the language used in IPART's Methodology which states that FAGS 'will be considered' in that calculation. To overcome that uncertainty, FAGS has been excluded in this section, but in our benchmark calculations, the two alternatives have been presented in evidence.

Our strong current performance is exemplified by already exceeding 6 of the 7 FFF benchmarks. The only benchmark not achieved is Own Source Revenue (OSR), being a small Council and having a high reliance on grant income. Our performance plan is mainly based on taking steps to address this situation.

Our Council has good reason to be positive about the future. Not only do we meet 6 of the 7 FFF benchmarks, but other indicators are also strongly encouraging as detailed under:

- TCorp Financial Sustainability rating – current sound (top 20% of State), outlook neutral
- NSW Government LG Infrastructure Audit rating – moderate
- The following extracts from OLG Comparative Information for Councils: 2013-14.

Title	Council Position	Group Average
Equivalent full time staff	48	70
Population per FTE staff	63	51
Governance & Administration expenditure per capita	\$484	\$725
Environmental Expenditure per capita	\$242	\$235
Community Services Expenditure per capita	\$202	\$290
Recreation & Culture Expenditure per capita	\$216	\$249
Public Order & Health Expenditure per capita	\$103	\$151
Library Services Expenditure per capita	\$36	\$51
Other Services Expenditure per capita	\$508	\$626
Recycle Rate %	36	25
Unrestricted Current Ratio	7.9	4.0
Outstanding Rates & Charges %	5.3	10.3

The journey to achieve the above statistics began a number of years ago. So you could say that our Council began its own FFF program back then. This is corroborated by the statistics set out in Section 2.2 which shows that in 2010/11, only one of the benchmarks were met, while the current figures show that six out of the seven benchmarks are now met, a significant improvement over the four years before the FFF program commenced.

Reasons for current performance

It is no accident that Council's finances and general performance are in a sound position. Council has shown prudent and frugal financial management over many years, resisting temptations to expend on 'luxury services' and questioning whether new spending proposals are really necessary.

At the same time, expenditure has been kept under control by extensive use of Section 355 Committees and resource sharing opportunities. Those measures have been documented in section 3.1 and show an annual saving to Council of \$776,200. If these efficiencies had not been realised, our statistics and indicators would now tell a very different story.

Issues

Economic growth and increasing employment opportunities are the two issues identified by Council in its SWOT analysis. The Rock township has been identified as the urban area most likely to grow in future years due to its closer proximity to Wagga Wagga, its recognition as a lifestyle alternative to living in a regional centre, and location on the Olympic Highway and main southern rail line between the regional centres of Wagga Wagga and Albury. In addition, a rail branch line from Boree Creek (west of Lockhart) joins the main southern line at The Rock which provides opportunities for rural export industries. Council has taken steps to lay the foundations for growth by rezoning land for industrial purposes, examining the feasibility of sewerage extension and being on the designated path of the Inland Rail Freight Proposal and NBN connection. Council has also created its own industrial and residential subdivisions in Lockhart to encourage that township's growth.

It needs to be noted that the prosperity of the township of Lockhart is largely dependent on it being the location of the shire headquarters and depot with the majority of the shire staff residing there, without which the township would lose much of its economic viability.

Future large expenditures include refurbishments at two swimming pools and Council's proportion of flood mitigation works under grant proposals with Office of Environment and Heritage. These expenditures are in the region of \$3-4M which will be partially funded by additional revenue streams in our Performance Plan. A plan for funding the balance has not yet been formulated, but for the purpose of this exercise, has been funded from Reserves in our Long Term Financial Plan.

Performance Plan (PP)

Our PP is predominantly based on increasing our OSR to an acceptable level together with a number of service reviews, continued involvement with REROC/JO, and investigation of some shared administration arrangements.

Our resource sharing arrangements and use of Section 355 Committees will continue but extensions to them will be minimal within the bounds of our current knowledge.

It is anticipated that OSR will increase to between 50 and 55% over ten years depending on which model (a number of these are included in Section 3.2) is found to be more accurate over time. This will be achieved by a mixture of rates and annual charges increases and external contracting for works. If FAGS income is allowed to be included in OSR, Council already surpasses the benchmark, and if the PP runs its course, at the end of 10 years will be around 80%.

The other measures will achieve efficiency gains and add to our long term sustainability and strategic capacity, but I am reluctant to forecast anything other than minimal savings from them at this stage.

Expected outcomes

- a significant increase in our OSR
- an increase in our strategic capacity by continued membership of REROC/JO
- Some small savings (not forecast) in other measures which will ensure our other 6 benchmarks continue exceeding the required level.

Conclusion

Council has high expectations for the future prosperity of its area and equally high expectations for the sustainability of its Council as it currently exists.

The FFF Program has shown that Council already compares favourably against all but one of the benchmarks, and our Improvement Plan when enacted, will ensure that our OSR will reach an acceptable level. If FAGS income is allowable, our 7th benchmark is also achieved.

Council looks forward to addressing any other issues as they become known, and would be happy to have further discussions with NSW Government/OLG/IPART if some aspects of our submission need further clarification or expansion.



See Guidance material page 10 for help completing this section.

1.2 Scale and capacity

Did the Independent Local Government Review Panel identify the option that your council become a Rural Council?

(i.e. your council was identified in Group C or B of the Panel's final report)

Yes.

If the Panel identified an alternative preferred option for your council, have you explored this option?

(Group C Councils should answer 'NA')

NA.

We are a Group C Council and the alternative non bolded option was for merger with Wagga Wagga City Council. Council has met with Wagga Wagga Council and discussed the merger option, however both Councils were of the view that a merger wasn't going to be beneficial to either party and shouldn't be further explored.

Please refer to the attached two letters – one from Wagga Wagga Council to Lockhart Council (refer Attachment 2), and the other vice versa (refer Attachment 2), which demonstrates the intent of both parties to stand alone.



See Guidance material page 10-12 for help completing this section.

1.2 Scale and capacity

Please demonstrate how your council meets the following characteristics of a Rural Council (optional if a Group C council).

Rural Council Characteristic	Your council's response
<p>1. Small and static or declining population spread over a large area</p>	<p>Our Council had a population of almost 3100 at the last census and has been marginally declining over the last two census periods prior to that. Our area is approximately 3,000 square kilometres, so our population density is 1 person per sq kilo.</p> <p>It is important to note that because of our large area, Councillors are the first point of call for assistance when issues become apparent.</p>
<p>2. Local economies that are based on agricultural or resource industries.</p>	<p>Our local economy mainly revolves around agriculture but also has other businesses which contribute to our shire's prosperity. Our land is highly productive and it's produce is exported to many countries around the world as well as feeding many Australians. 96% of our land area is actively engaged in agriculture and the urban areas essentially exist as service centres for that industry as well as related industries and tourism and cultural outlets.</p>
<p>3. High operating costs associated with a dispersed population and limited opportunities for return on investment.</p>	<p>Our operating costs are not high when considered against our comparative OLG Grouping, but this is more due to efficient operations which will be referred to in other parts of the submission. It is true that distance between centres creates diseconomies of scale, however, our small population which requires Council to deliver fewer community services than larger urban centres reduces our operating costs to a level playing field.</p> <p>There are limited opportunities for return on investment, and although Council has created foundations for investment, the take-up has been limited to date.</p>
<p>4. High importance of retaining local identity, social capital and capacity for service delivery.</p>	<p>These factors are very strong in each of our communities. They are passionate about their ability to create strong community organisations and associations, and the volunteer ethic is observed through the number of successful community events which take place in each community annually. Council supports these events but leaves their organisational activities to their own committees. Section 355 Committees are utilised in abundance which will be demonstrated further on in the submission. Council facilitates their continuance by making annual contributions to each of them to help defray expenses.</p> <p>As well as this, Council has responded to specific needs in its various communities by providing financial support to numerous infrastructure projects which have added to our</p>

	<p>economic capital and social development. Examples of these are:</p> <table border="0"> <tr> <td>Contribution to The Rock Aged Facility</td> <td>\$200,000</td> </tr> <tr> <td>Contribution to Osborne Recreation Ground</td> <td>\$10,000</td> </tr> <tr> <td>Lockhart Netball Courts</td> <td>\$10,000</td> </tr> <tr> <td>Lockhart Museum</td> <td>\$100,000</td> </tr> <tr> <td>The Rock Rec Ground</td> <td>\$50,000</td> </tr> </table> <p>Added to this is a total of \$120,000 in interest free loans to several of these community groups.</p> <p>It is generally acknowledged that in small communities like ours, Council is the organisation the community turns to in times of crisis for support, emergency management, and a sense that it has the ability to pull the community together to achieve a common goal.</p> <p>The local communities are fearful that the loss of the Council from our area would strongly diminish local identity, and eventually lead to the breakdown of social capital, employment and population from the Council area, as well as the prospect of having a greatly diminished voice on the new Council if a merger with Wagga Wagga took place.</p>	Contribution to The Rock Aged Facility	\$200,000	Contribution to Osborne Recreation Ground	\$10,000	Lockhart Netball Courts	\$10,000	Lockhart Museum	\$100,000	The Rock Rec Ground	\$50,000
Contribution to The Rock Aged Facility	\$200,000										
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Lockhart Museum	\$100,000										
The Rock Rec Ground	\$50,000										
<p>5. Low rate base and high grant reliance.</p>	<p>Our Council has a current rate base of approx. \$2.3M per annum, 82% of which is attributable to the rural sector of the shire. Our total Own Source Revenue (excluding FAGS) is currently \$3.3M</p> <p>Our Grants and Contributions for Operational Purposes are currently approx. \$5.4M.</p> <p>This would indicate a low rate base and high grant reliance.</p>										
<p>6. Difficulty in attracting and retaining skilled and experienced staff.</p>	<p>Council has found no undue difficulties in this area with its current staff structure. Council does retain a small number of dwellings for senior staff occupancy which is seen as an attraction and an aid for retention of senior staff, which may be a mitigating factor.</p> <p>It is also important to note that a range of consultants are used for specific purposes when expertise isn't available internally, ensuring that associated costs are only used for a specific purpose and no on-costs are incurred.</p>										
<p>7. Challenges in financial sustainability and provision of adequate services and infrastructure.</p>	<p>Council has a strong financial record as demonstrated by TCorp's sound assessment of our Shire, and provides adequate services and infrastructure as demonstrated by the results of community satisfaction surveys conducted in our area. This will be examined more fully later in the submission.</p>										

<p>8. Long distance to a major or sub-regional centre.</p>	<p>Wagga Wagga is our nearest regional centre which is located 65 kilometres from the Council headquarters in Lockhart.</p> <p>Albury is also used as the regional centre for residents in the southern portion of the shire and is a similar or slightly further distance for them as Wagga Wagga is for Lockhart residents.</p>
<p>9. Limited options for mergers.</p>	<p>A merger with Wagga Wagga was an alternate recommendation from the Review Panel, but as explained earlier, both parties were reluctant to pursue it as there were no perceived benefits to be gained.</p> <p>Lockhart believes that a merger with Wagga Wagga would be detrimental for its community in the future, as its representation on the merged Council would be reduced from its current 9 Councillors to perhaps 1 Councillor.</p>

Section 2: Your council's current position

2.1 Key challenges and opportunities

Explain the key challenges and opportunities facing your council through a SWOT analysis.

(You should reference your Community Strategic Plan and any relevant demographic data for this section)

<p>Strengths</p> <p>Please note, a SWOT was carried out with facilitation by Crowe Horwath and the outcome of that is contained as Attachment 3.</p>	<p>Weaknesses</p>
<p>Opportunities</p>	<p>Threats</p>



See Guidance material page 13 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.291 	-0.350 	-0.256 	0.104 
Own Source Revenue Ratio (Greater than 60% average over 3 years)	29.03%  FAGs Included 60.86% 	23.43%  FAGs Included 50.01% 	22.05%  FAGs Included 46.41% 	24.22%  FAGs Included 46.82% 
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	63.68% 	106.18% 	132.28% 	283.44% 

 See Guidance material page 14-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Sustainability			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	Yes	0.261 	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	No	36.81%  FAGs Included 73.67% 	No
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	Yes	277.38% 	Yes

If Fit for the Future benchmarks are not being achieved, please indicate why.

For example, historical constraints/context, one-off adjustments/factors, council policies and trade-offs between criteria.

Our OSR is the only benchmark not being achieved and is the main subject of our Improvement Plan documented later in the submission. If FAGS is allowable, this benchmark is already being achieved.

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Infrastructure Backlog Ratio (Less than 2%)	3.56% 	0.97% 	0.00% 	0.00% 
Asset Maintenance Ratio (Greater than 100% average over 3 years)	89.03% 	94.27% 	100.38% 	110.54% 
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.82% 	1.69% 	1.60% 	1.28% 



See Guidance material page 13-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	Yes	0.00% 	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	Yes	102.37% 	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	Yes	1.04% 	Yes

If Fit for the Future benchmarks are not being achieved, please indicate why.

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	Increasing 	Increasing 	Increasing 	Decreasing 

 See Guidance material page 13-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	Decreasing 	Yes	Decreasing 	Yes

If Fit for the Future benchmarks are not being achieved, please indicate why.

2.3 Water utility performance

NB: This section should only be completed by councils who have direct responsibility for water supply and sewerage management.

Does your council currently achieve the requirements of the NSW Government Best Practice Management of Water Supply and Sewerage Framework?

No.

If no, please explain the factors that influence your performance against the Framework.

LSC has been assessed at 78% implemented and needs to complete IWCM strategy and financial plan. This has been scheduled to be completed within the next 24 months.

How much is your council's current (2013/14) water and sewerage infrastructure backlog?

\$Nil.



See Guidance material page 16 for help completing this section.

2.3 Water utility performance

Identify any significant capital works (>\$1m) proposed for your council's water and sewer operations during the 2016-17 to 2019-20 period and any known grants or external funding to support these works.

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Nil.			

2.3 Water utility performance

Does your council currently manage its water and sewerage operations on at least a break-even basis?

Yes – sewer fund operates on full cost recovery.

If no, please explain the factors that influence your performance.

2.3 Water utility performance

Identify some of your council's strategies to improve the performance of its water and sewer operations in the 2016-17 to 2019-20 period.

These may take account of the Rural Council Options in Section 3.

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Complete full condition assessment and rating, as well as update 30 year financial plan	2015/16	Completion of condition assessment and rating and 30 year financial plan updated.
2. Complete full implementation of best practice framework.	2016/17	Best Practice Framework fully implemented.
3. Implement modifications to two major treatment plants to improve energy use	2016/17	Reduced energy use and resultant savings.
4. Undertake improvements to two major treatment plants to improve water quality output	2017/18	Improved water quality.

Section 3: Towards Fit for the Future

3.1 How will your council become/remain Fit for the Future?

Outline your council's key strategies to improve performance against the benchmarks in the 2016-20 period, considering the six options available to Rural Councils and any additional options.

Option 1: Resource sharing				
Proposal	Implementation	Proposed milestones	Costs	Risks
Over the years Council has undertaken many resource sharing initiatives. The savings made are one of the reasons that Council's finances are in such good shape. Past initiatives and savings made are documented in Attachment 4. The savings are continuing and amount to \$776,200 pa. Within the bounds of our current knowledge, further resource sharing opportunities are limited.	Initiatives as attached already implemented.	These initiatives are carried out on an ongoing basis and the savings are documented as attached.	Our resource sharing initiatives create savings – no additional costs are incurred	Some S355 Cttees undertake maintenance work which entail some WHS risks but these are mitigated in the same way as normal staff members e.g. inductions, risk assessments etc. Ageing volunteers and difficulty in attracting younger replacements is a risk which will become more evident over time.

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
Savings already made and continuing. New initiatives are always sought and will be acted on if feasible	Neutral	Neutral

3.1 How will your council become/remain Fit for the Future?

Option 2: Shared administration				
Proposal	Implementation	Proposed milestones	Costs	Risks
<p>Some opportunities exist to share administration with our neighbours to our west, i.e. Urana and Jerilderie Councils. This sharing would increase each Council's strategic capacity by providing staff which individually may not have been possible. Urana and Jerilderie have both indicated interest in pursuing these opportunities depending on the outcome of the FFF process. Functions deemed suitable for exploration include</p> <ol style="list-style-type: none"> 1.Engineering design 2.Director of Engineering 3.Environmental Services 4.HR/WHS. 	<p>Implementation would not eventuate until after FFF outcomes are known. Agreements would need to be reached by negotiations with the other parties.</p>	<p>Agreement on goals and terms Filling of positions if required Backfilling of positions if required.</p>	<p>The Innovation Fund may be utilised to fund feasibility study costs. Outcome will provide savings or will not be continued with.</p>	<p>Conflicts of interest by staff fulfilling these roles would need to be carefully considered</p>

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
Will increase strategic capacity.	Will increase strategic capacity.	Will increase strategic capacity.

3.1 How will your council become/remain Fit for the Future?

Option 3: Speciality services				
Proposal	Implementation	Proposed milestones	Costs	Risks
Our lack of spare resources would mitigate against pursuing this option.				

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
NA	NA	NA

3.1 How will your council become/remain Fit for the Future?

Option 4: Streamlined governance				
Proposal	Implementation	Proposed milestones	Costs	Risks
Organisation Restructure carried out. Three Directors reduced to 2.	Implemented in 2014	Completed in 2014	Savings of \$30K per annum	Nil
Reduce no of Councillors from 9 to 6 at the 2020 election with retention of Wards	At 2020 election	Community consultation followed by Government approval	Savings of \$30K per annum	Reduced representation
No reduction in Council Meetings – Council has already dispensed with Committee system and requires the existing no of Council Meetings for its business to be transacted	NA		NA	NA
Increased delegations to GM via creation of new policies will result in efficiencies.	2016	Adoption of new policies	Neutral	Nil

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
Will increase strategic capacity.	Neutral	Neutral

3.1 How will your council become/remain Fit for the Future?

Option 5: Streamlined planning, regulation and reporting				
Proposal	Implementation	Proposed milestones	Costs	Risks
<p>Council is a member of REROC and the JO when acted on. It is proposed that the following functions be carried out by REROC/JO:</p> <ul style="list-style-type: none"> • Community Strategic Plans • SOE Reports • Land use plans • Regional transport plans • Common governance requirements • Regional contracts • Internal audit • Regional economic development • Contaminated land, asbestos, waste management, climate change • Strategic water issues. <p>Attachment 5 outlines the current functions and issues that REROC carries out, and how it contributes to the strategic capacity of its members</p>	<p>Reliant on formation, agreement on functions and set up time for JO.</p>	<p>As per implementation.</p>	<p>Research carried out by REROC has shown that REROC membership benefits its members by 400% of the membership fee. Our membership fee is currently \$13,500, which means savings of \$54K per annum.</p>	<p>JO doesn't wish to take on, or is not mandated for some of the functions indicated.</p> <p>JO may result in efficiencies but also cost increases rather than savings.</p>

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
<p>Will increase efficiency</p>	<p>Will increase service management</p>	<p>Will increase strategic capacity</p>

3.1 How will your council become/remain Fit for the Future?

Option 6: Service review				
Proposal	Implementation	Proposed milestones	Costs	Risks
Council maintains that it regularly conducts this type of analysis and numerous savings have been made as a result. Details are included in Option 1 – Resource Sharing – Attachment 4.	Details of resource sharing already implemented	Already implemented	Already implemented	NA
Our effectiveness is also demonstrated by reference to our lower than average cost of service delivery in the extracts from OLG's Comparative Listing contained in the Executive Summary.	Refer Executive Summary	NA	NA	NA
Our latest Community Satisfaction Survey shows overwhelming support for our existing services and levels – refer Attachment 6.	Refer attachment	NA	NA	NA
Notwithstanding the above, the following reviews are either current or proposed – refer Attachment 7,	Refer attachment			
1.Waste Management – sub-regional contract.	2016/17	Undertaken in conjunction with WWCC contract renewal	Savings expected of \$57,500	Cannot reach contract agreement – require revering to current arrangements Nil
2.Asset Management Review	2018/19	Progressively review plans in accordance with audit schedule	Neutral	
3.S94A Contributions Plan	Completed	Completed	Neutral	

4.External Contracting With Neighbouring Councils	Ongoing	Ongoing	Will increase OSR	Proposed works don't eventuate
5.Aged Accommodation Review	2017/18	Review completed	Depend on review findings	Nil
6.Out of School Hours Program Needs Analysis	Current	2015/16 completion	Possible start-up costs but ongoing neutral	Demand not sufficient
7.Solar Power Use review	2017/18	2017/18 completion	Savings of \$10K per annum expected Neutral	Some facilities not suitable for solar power Possible increased cost if community requires increased service levels
8.Shire Roads Classification Review	2018/19	2018/19 completion		Review may result in different outcome perhaps increasing expected costs
9.Swimming Pools Operational Review	2016/17	2016/17 completion	Cost of \$2.2M expected – funding strategy not yet formulated	

How will your proposal allow your council to become/remain Fit for the Future against the criteria?

Efficiency	Infrastructure and Service management	Sustainability
Increase efficiency	Increase works program and OSR	Increase strategic capacity

3.1 How will your council become/remain Fit for the Future?

Option 7: Additional options identified by the council				
Proposal	How will it be achieved /Implemented	Proposed milestones	Costs	Risks
<p>The main thrust of Council's response to the FFF Program is to increase its Own Source Revenue (OSR). Council already achieves 6 of the 7 benchmarks contained in the Program. The only one where Council is deficient is OSR, which currently sits at around 33%. Council, with community support, has identified an improvement program to increase our OSR towards the 60% benchmark. This involves rate increases and external contracting for works. (NOTE: if FAGS are included this benchmark already achieved.)</p>	<p>Rate increases of 4.6% per annum cumulative for the next 10 years. External contracting for works to a minimum amount of \$350K. It is highly likely that that amount will increase but to be conservative, that figure is used in our modelling. This work has already commenced. At the end of 10 years, our OSR will have increased to between 50 and 55%. If FAGS income is included in OSR, our percentage will easily exceed the benchmark prior to commencing its Improvement Plan.</p>	<p>Auditable against our model annually</p>	<p>Additional income gained as per financial model</p>	<p>External contracting revenue targets may not be reached</p> <p>Severe drought may impact on Council's ability to impose the full annual rate increase</p> <p>IPART rejection of SRV application.</p>

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service management	Sustainability
<p>Will increase efficiency.</p>	<p>Neutral</p>	<p>Will significantly increase sustainability and our ability to cope with emerging issues and emergencies.</p>

3.2 Rural Council Action Plan

Giving consideration to the Rural Council options, summarise the key actions that will be achieved in the first year of your plan.

Action plan	
Actions	Milestones
1. Apply for SRV to begin revenue expansion and increase OSR.	SRV approved.
2. Increase external contracting to increase OSR.	Successful negotiations.
3. Continue involvement with REROC/JO.	JO formulation and decisions made on functions.
4. Commence service review actions.	As detailed in Option 6.

**Please attach detailed action plan and supporting financial modelling. –refer Attachment 8.*

Outline the process that underpinned the development of your action plan.

Council developed its action plan by conducting a series of workshops, a SWOT analysis, regional discussions through REROC, and attendances by Councillors and staff at various workshops and seminars conducted by OLG and REROC. Employees have been kept informed by staff meetings as required, and the Improvement Plan was accepted by a large majority of those who attended 5 public meetings throughout the shire.



See Guidance material page 21 for help completing this section.

3.3 Community involvement

Outline how you have consulted with your community on the challenges facing your council, performance against the benchmarks and the proposed solutions.

Council identified very early in the FFF Program that it satisfied 6 of the 7 benchmarks and set about examining options by which it may satisfy the Own Source Revenue (OSR) benchmark.

The only three options which were considered reasonable to pursue were

- Increase rates
- Increase other revenue, i.e. External Contracting for Works
- A combination of the two.

After considering numerous different models including the ability to pay by ratepayers, Council planned for a series of public meetings as noted under.

Forms of public awareness and consultation undertaken have been:

- Regular updates on FFF in our monthly newsletter posted to all residents and our website
- FFF tab on our website
- Pamphlet advertising public meetings and containing details of Council's Proposed Improvement Plan posted to all residents, on our website, and on our Facebook page. (copy of pamphlet and PowerPoint presentation to those meetings Attachment 9)
- Public Meetings also advertised in local media outlets
- 5 Public Meetings held throughout the Shire in April to strategically cover each population centre.
- A total of 118 community members attended the 5 meetings with 79% voting in favour of Council's Improvement Plan (summary copy Attachment 10).

Council adopted the Improvement Plan at its April Meeting as noted earlier in the submission.

3.4 Other strategies considered

In preparing your Action Plan, you may have considered other strategies or actions but decided not to adopt them. Please identify what these strategies/actions were and explain why you chose not to pursue them.

E.g. Council sought to pursue a merger but could not reach agreement.

As mentioned earlier, Council met with Wagga Wagga City Council to determine whether there was any appetite for merger between the two Councils. Both Councils agreed not to pursue a merger for reasons previously outlined.

Council also made efforts to meet with each of its other neighbours to determine their views on FFF, the outcomes of each follows

Greater Hume Shire Council – met in November 2014 – no positive merger outcome – Councils agreed to continue to co-operate with each other and together with Urana Council, to explore more resource sharing opportunities

Urana Shire Council – met in February 2015 – examined the possibility of a merger and staff from each Council met for preliminary discussions about possible savings from a merger. Subsequently Urana Shire Council decided to stand alone so no further action eventuated.

Narrandera Shire Council – letters exchanged suggesting a meeting take place to discuss options. Subsequently, Narrandera entered merger discussions with Leeton Shire Council and no further action resulted.

Section 4: Expected outcomes

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total improvement over period?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.185 	0.244 	0.261 	0.249 	0.210 	0.211 	14% Change
Own Source Revenue Ratio (Greater than 60% average over 3 years)	31.43% 	34.92% 	36.81% 	38.45% 	41.89% 	42.89% 	36% Change
	Incl FAGs 58.71%	Incl FAGs 65.17%	Incl FAGs 73.67%	Incl FAGs 74.39%	Incl FAGs 79.43%	Incl FAGs 79.76%	36% Change
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	390.78% 	348.68% 	277.38% 	263.84% 	242.04% 	238.81% 	-39% Change
Infrastructure Backlog Ratio (Greater than 2%)	0.00% 	0.00% 	0.00% 	0.00% 	0.00% 	0.00% 	No change
Asset Maintenance Ratio (Greater than 100% average over 3 years)	113.45% 	111.65% 	102.37% 	103.27% 	104.18% 	104.43% 	-8% Change
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.20% 	1.07% 	1.04% 	1.02% 	1.06% 	1.04% 	-13% Change
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	Decreasing 	Decreasing 	Decreasing 	Decreasing 	Decreasing 	Decreasing 	Consist decrease over time

4.1 Expected improvement in performance*

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Total improvement over period
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.209 	0.207 	0.208 	0.209 	0.211 	1.0% Change
Own Source Revenue Ratio (Greater than 60% average over 3 years)	1. 46.15%	1. 47.66%	1. 49.40%	1. 51.23%	1. 53.19%	1. 15.26% Change
	2. 43.87%	2. 44.91%	2. 46.10%	2. 47.30%	2. 48.54%	2. 10.65% Change
	3. 80.11%	3. 80.48%	3. 80.90%	3. 81.32%	3. 81.76%	3. 2.07% Change

* See section 3.3 of IPARTs [Methodology for Assessment of Council Fit for the Future Proposals](#)

Own Source Revenue Modelling (refer Attachment 8):

1. SRV + External Contracting
No increase in Total Revenue (LTFFP Business as usual Total Revenue)
2. SRV + External Contracting
Increase in Rates increases Total Revenue
3. SRV + External Contracting + FAGs
Increase in Rates increases Total Revenue



See Guidance material page 23 for help completing this section.

4.2 Factors influencing performance

Outline the factors that you consider are influencing your council's performance against the Fit for the Future benchmarks, including any constraints that may be preventing improvement.

As mentioned earlier, Council already satisfies 6 of the 7 benchmarks, with Own Source Revenue (OSR) being the only exception. If FAGS is allowable, this benchmark has also been satisfied prior to the Improvement Plan being actioned.

Our Improvement Plan is based on improving our OSR benchmark, and putting into practice the service reviews and other measures documented to further improve the other 6 ratios.



See Guidance material page 23 for help completing this section.

Section 5: Implementation

5.1 Putting your plan into action

How will your council implement your Rural Council proposal?

Subject to our submission being deemed FFF, the General Manager will be responsible for implementing the various elements of our proposal. Council will monitor progress by regular reports and milestones being achieved.

After the Council elections in 2016, the new Council will review the Community Strategic Plan and ensure that the Improvement Plan measures are included along with any others proposals supported by the community. These will flow on to our new Delivery Program, Annual Operating Plans and Budgets. Each of these will also be subject to regular reviews by Council.

These measures may be supplemented by any monitoring processes put in place as a result of the FFF Program and the review of the Local Government Act.



See Guidance material page 24 for help completing this section.