

Council Improvement Proposal

(Existing structure)



Council name: Warrumbungle Shire Council

Date of Council resolution endorsing this submission: 18 June 2015

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 your planned improvement strategies and outcomes .

Over the last three years (post Council completing its Long Term Financial Plan as part of the IP&R journey), Council has made significant strides in addressing its financial performance and position, and prior to the 2013/14 decision to not bring forward the Financial Assistance Grants (FAGs) and the subsequent pause in indexation of these grants Council was starting to make real headway in its effort to become financially sustainable.

Unfortunately, a worsening funding environment due to the FAGs adjustments and imposed statutory limitations on Council revenue, and the need for Council to become more self reliant in the face of reduced grants income means that Council must now do even more to improve its financial performance going forward. The release of the Fit for the Future (FFF) reform package by the OLG has provided Council a further impetus to continue with actions it has carried out to date to improve its financial performance.

As at the end of the 2013/14 financial year, Council met only 2 of the 7 benchmarks per the OLG self assessment tool. Council is highly disadvantaged by the fact that it is located in rural NSW, has a heavy reliance on grant funding, limited scope to increase rates due to the socio-economic makeup of the Shire, limited opportunities for own source revenue, and an extensive asset base. Council is also the major provider of services to residents of the Shire, and therefore must often take on services not part of its core deliverables simply because there is nobody else who will take them on.

Despite these disadvantages, the 2004 amalgamation of the old Coolah and Coonabarabran Shire Councils means that Warrumbungle Shire Council (WSC) has a high degree of Scale and Capacity (as recognized by the Local Government Review Panel). In accordance with the LG Review Panel's recommendation, WSC has therefore resolved to pursue the Council Improvement Option and remain a stand alone Council (**resolution 241/1415**).

In order for Council to demonstrate that it is Fit for the Future, Council has developed 24 Improvement Action Plans, 16 of which have been approved for adoption by Council. These Improvement Action Plans (IAPs) once adopted will ensure that WSC will be able to meet 6 of the 7 benchmarks within 5 years, and the remaining benchmark within 7 years.

Some of these IAPs are within Council's control, such as a review of Council's plant, the level of resource sharing and private works, the expansion of the quarry, capitalization and depreciation policies, internal charges for business arms of council and grant funded programs and a review of staffing levels (commenced prior to FFF).

Other IAPs require input from other levels of government such as a review of the allocation of FAGs grants, and increased maintenance of State roads by Council.

All of the IAPs once adopted by Council will ensure that Council is Fit for the Future, an effective and efficient service provider to the residents of Warrumbungle Shire, and a reliable partner for the State Government.

1.2 Scale and Capacity

Does your council have the scale and capacity broadly consistent with the recommendations of the Independent Local Government Review Panel?

(ie, the Panel did not recommend your council needed to merge or become a Rural Council).

Yes

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

Warrumbungle Shire Council was deemed to have scale and capacity per the Independent Panel recommendations, with the Panel recommending that Warrumbungle Shire Council remain as a stand alone Council within the Orana JO. The 2004 amalgamation of the old Coolah and Coonabarabran shires means that the amalgamated Warrumbungle Shire Council has an area of 12,380 square kilometres and a population of around 10,000. Warrumbungle Shire Council therefore has the scale and capacity required to act as a responsible partner for the State Government, and an efficient and effective provider of government services to the residents of our Shire.

Council resolved in February 2015 to follow the Independent Review Panel's recommendations, per the following resolution:

"241/1415 RESOLVED that Council pursues the Council Improvement Option, remains a stand alone Council and prepares Template 2 for submission to the OLG by 30 June 2015".

2. Your council's current position

2.1 About your local government area

Explain the key characteristics of your local government area, your community's goals and priorities and the challenges you face in the future (up to 500 words).

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

Warrumbungle Shire Council is situated on the north western slopes and plains of NSW. Warrumbungle Shire is strategically positioned on the Newell Highway mid-way between Brisbane and Melbourne. A number of highways and main roads traverse the Shire providing links with surrounding regional centres.

The Shire covers an area of 12,380 square kilometres. As at 30 June, 2012, Warrumbungle Shire had an estimated resident population of 9,832 with a large portion of the population not living in urban areas. According to the Australian Bureau of Statistics (ABS) 2011 census, 57.8% of the population were of working age, i.e. between the ages of 15 – 64 years. The median age in the Shire per the 2011 census was 45 years.

Warrumbungle Shire Council provides services to six towns as well as a number of small villages throughout the Shire. The towns in Warrumbungle Shire are: Coonabarabran, Baradine, Binnaway, Coolah, Dunedoo and Mendooran. The villages include: Bugaldie, Cobbora, Goolhi, Kenebri, Leadville, Merrygoen, Neilrex, Purlawaugh, Rocky Glen, Uarbry, Ulamambri, Weetaliba and Yearinan.

Warrumbungle Shire has a rich Aboriginal cultural heritage. The northern part of the shire is home to the Gamilaraay people while the southern part of the shire is home to the Wiradjuri people. The nations of the Weilwan and Kawambarai (Werriri) come into the Shire on the western border. Indigenous history, traditions and culture are an important part of the Shire's history. In the 2011 Census Aboriginal and Torres Strait Islander people made up 9.3% of the Shire's population.

Coonabarabran is the largest centre, providing regional retail, agricultural and business services and is home to Council's main administration office. See population breakdown in the table below:

Town / Village	Population 2011 Census	% Shire Population
Baradine	762	7.95%
Binnaway	777	8.10%
Bugaldie	236	2.46%
Coolah	1,278	13.33%
Coonabarabran	3,174	33.10%
Dunedoo	1,253	13.07%
Kenebri	170	1.77%
Leadville	181	1.89%
Merrygoen	149	1.55%
Mendooran	450	4.69%
Ulamambri	396	4.13%
Gazetted Localities	762	7.95%
	9,588	

Warrumbungle Shire has a predominantly rural based economy. The main industries include sheep and cattle farming, cropping as well as tourism and some manufacturing. Much of the Southern half of the Shire is underlain by potential coal resources in the Gunnedah Basin.

The night skies, formed by a combination of low pollution, very low humidity and limited cloud cover have draw astronomers and researchers to Coonabarabran. Siding Spring Observatory near Coonabarabran is the site of a number of internationally owned and operated optical telescopes where major research has recorded amazing truths of the universe, supporting Coonabarabran's claim to the name "Astronomy Capital of Australia".

During the development of Warrumbungle Shire Council's 'Plan to be There' Community Strategic Plan (CSP) 2012-2032, endorsed by Council in in May 2012, Council and the community identified seven (7) key areas for action over the coming years. These priority areas are:

1. Natural Environment
2. Local Economy
3. Community and Culture
4. Rural and Urban Development
5. Recreation and Open Space
6. Public Infrastructure and Services
7. Local Governance and Finance

Council's operations and all of its long term strategic planning (as detailed in Council's IP&R documents) focuses on how Council can most effectively (given funding constraints) achieve outcomes associated with these seven key areas for action.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Experience establishing successful business arms of Council; • Recognised as an employer of choice with flexible workplace arrangements, well developed learning and development program for staff and a supportive workplace environment; • Ongoing service review program. Have completed a low level service review and gap analysis, and begun working on identified gaps; • Strong partnerships with local stakeholders, communities and all levels of Government; • Ability to attract significant grant funding • Numerous resource sharing arrangements in place; • Experience providing technical and other support to other Councils in the region; • Well established relationships with other Councils in the region, in particular through the Orana Region Organisation of Councils (OROC); • Positive organisational culture; • Transport infrastructure including four (4) major highways running through the Shire – Newell, Oxley, Castlereagh and Golden – and three (3) aerodromes; • Largest employer in the region offering a range of employment opportunities in local towns; 	<ul style="list-style-type: none"> • The Shire covers a large geographic area and provides services to six (6) towns and 13 villages; • Expectations for equitable level of service for all towns, even though population size varies. This includes the provision of six (6) pools, six (6) libraries, six (6) lots of sport and recreation facilities, six (6) Council Depots etc; • Low rate base, including a high pensioner population and large proportion of the Shire being taken up by National Parks; • Economy which is dependent on agriculture, which in turn is dependent on the climate; • Diverse social-economic status amongst local population; • Slowly declining population; • Ability to fund future infrastructure needs, if population increases, whilst maintaining existing infrastructure; • Lack of tertiary education institutions meaning that students are generally required to leave towns to study. Results in inability to retain high achieving youth in local towns; • Current level of telecommunications services; • High asset base including approximately 2,600kms of road, over 100 bridges and bridge size culverts, several hundred buildings and other structures, 6 pools, and significant holdings of operational and community land. • Lack of economies of scale in road operations as only maintain part of the State Road Network in our Shire;

Strengths (Continued)	Weaknesses (Continued)
<ul style="list-style-type: none"> • Strong working relationships with State and Federal members of parliament; 	
<ul style="list-style-type: none"> • Strong leadership, including engaged and experienced Councillors who represent all local towns and villages; 	
<ul style="list-style-type: none"> • Experienced and well qualified Executive Team and professional, well qualified, staff; 	
<ul style="list-style-type: none"> • Stable level of own source revenue, trending upwards; 	
<ul style="list-style-type: none"> • Traineeships provided to encourage local development and employment options; 	
<ul style="list-style-type: none"> • Six (6) towns and 13 villages with a broad population base; 	
<ul style="list-style-type: none"> • Experience providing and maintaining appropriate infrastructure in all towns, including community facilities; 	
<ul style="list-style-type: none"> • Areas to facilitate population growth; 	
<ul style="list-style-type: none"> • Affordable housing and land options, including a relatively low cost of living; 	
<ul style="list-style-type: none"> • Nationally significant tourism attractions – Siding Spring Observatory and the Warrumbungle National Park; 	
<ul style="list-style-type: none"> • Centrally located with close proximity to regional centres of Dubbo and Tamworth and easy access to Sydney, Brisbane and Melbourne; 	
<ul style="list-style-type: none"> • Substantial cash at bank; 	
<ul style="list-style-type: none"> • Easy access to a variety of markets; 	
<ul style="list-style-type: none"> • Communities who are well engaged with Council; 	
<ul style="list-style-type: none"> • High level of volunteerism in local communities, including in Council programs and services; 	
<ul style="list-style-type: none"> • Community participation in management of Council owned facilities; 	

Strengths (Continued)	Weaknesses (Continued)
<ul style="list-style-type: none"> Community contribution to maintenance and development of Council owned facilities, including application for grant funds and fundraising; 	
<ul style="list-style-type: none"> Communities are well serviced by Council, as well as by State and Federal Government agencies and non-government organisations; 	
<ul style="list-style-type: none"> A range of high quality children's services are provided, and supported, by Council; 	

Opportunities	Threats
<ul style="list-style-type: none"> • Further development and implementation of Council business arms to increase own source revenue; 	<ul style="list-style-type: none"> • Paused Federal Government Financial Assistance Grants (FAGs);
<ul style="list-style-type: none"> • Further provision of technical support and expertise to other Councils and agencies; 	<ul style="list-style-type: none"> • Council being asked to provide services required locally without adequate funding;
<ul style="list-style-type: none"> • Easy access to a variety of markets; 	<ul style="list-style-type: none"> • Declining population;
<ul style="list-style-type: none"> • Ongoing service reviews, including assessment of community expectations; 	<ul style="list-style-type: none"> • Ageing population, including the impact of this on volunteerism and required service provision;
<ul style="list-style-type: none"> • Inland rail and strategic placement along the Newell Highway; 	<ul style="list-style-type: none"> • Centralisation of services, including State and Federal Government services;
<ul style="list-style-type: none"> • Increased opportunities to contract to Federal and State Government agencies for the local provision of State government services (e.g. RMS agencies etc); 	<ul style="list-style-type: none"> • Increasing reliance on regional centres for provision of services, resulting in potential for movement of the population to these centres.
<ul style="list-style-type: none"> • A further two (2) National Parks; 	<ul style="list-style-type: none"> • Cost shifting from other levels of government;
<ul style="list-style-type: none"> • Environments to support provision of renewable energies such as wind power; 	<ul style="list-style-type: none"> • Impact of foreign investment and free trade on Australian agriculture;
<ul style="list-style-type: none"> • Nature and astronomy based experiences; 	<ul style="list-style-type: none"> • High reliance on grant funding;
<ul style="list-style-type: none"> • Agricultural opportunities in the Asian century; 	<ul style="list-style-type: none"> • Vulnerability to climate change;
<ul style="list-style-type: none"> • An engaged and active Indigenous population; 	<ul style="list-style-type: none"> • Reliance on agriculture;
<ul style="list-style-type: none"> • Range of employment opportunities offered; 	<ul style="list-style-type: none"> • Natural disasters;
<ul style="list-style-type: none"> • Regional leadership role; 	<ul style="list-style-type: none"> • Impact of local government reform on surrounding Councils;
<ul style="list-style-type: none"> • Opportunity for Council to provide local services which will no longer be provided regionally by State and Federal agencies due to centralization; 	
<ul style="list-style-type: none"> • Existing transport infrastructure including four (4) major highways running through the Shire – Newell, Oxley, Castlereagh and Golden – and three (3) aerodromes; 	
<ul style="list-style-type: none"> • Centrally located with close proximity to regional centres of Dubbo and Tamworth and easy access to Sydney, Brisbane and Melbourne; 	

Opportunities (Continued)	Threats (Continued)
<ul style="list-style-type: none"> • Room to grow. Areas available to facilitate population growth; 	
<ul style="list-style-type: none"> • Building on the tree-change phenomenon and lifestyle living opportunities; 	
<ul style="list-style-type: none"> • Improved technology with improved ability for people to undertake education whilst remaining in the Shire; 	
<ul style="list-style-type: none"> • Improved technology will enable people to establish and run businesses locally; 	
<ul style="list-style-type: none"> • Nationally significant tourism attractions – Siding Spring Observatory and Warrumbungle National Park with potential for international tourism; 	
<ul style="list-style-type: none"> • Collaborative tourism opportunities, including inter and intra State; 	
<ul style="list-style-type: none"> • Review of Section 94 contributions to ensure Council is getting the most out of these contributions; 	
<ul style="list-style-type: none"> • Further development of the Orana Regional Organisation of Councils (OROC); 	
<ul style="list-style-type: none"> • Further development of the region through avenues such as Regional Development Australia (RDA); 	
<ul style="list-style-type: none"> • Attraction of additional industries, as well as growing of existing industries. 	

2.3 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/ Benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	(13.8%)	No	(4.69%)	No but improved
Own Source Revenue Ratio (Greater than 60% average over 3 years)	67%	Yes	68%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	67.2%	No	72%	No but improved

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

Operating Performance Ratio

It is not expected that Council will meet the Operating Performance Ratio until the 2021/22 financial year which is after all of Council's Improvement Action Plans will have been implemented (see Improvement Action Plan attachment – Annexure 2 for details).

Reasons for Council not meeting this benchmark in the short run include:

- Overly conservative depreciation assumptions;
- A heavy reliance on grant funding and limited scope to increase rates through a special rates variation due to the socio-economic makeup of the Shire;
- Limited opportunities for own source revenue, although Council is taking advantage of sources available to it such as the quarry which as at EOFY 2013/14 had earned Council \$1.877m of own source revenue over two (2) years and net profits of \$276k;
- The pausing of indexation of the FAGs grants and the unfair distribution of these grants to wealthy city councils who have the ability to raise own source revenue through increased rates, parking fines, sales of unused assets, and a population density that allows these councils to run cost recovery or near cost recovery services such as swimming pools;

As mentioned above, Council will meet this benchmark post the implementation of all its Improvement Action Plans.

Own Source Revenue Ratio

Council met the Own Source Revenue ratio in the 2013/14 financial year (assuming the inclusion of FAGs grants as own source revenue), and is expected to meet this ratio in both the 2016/17 financial year and every financial year after that per the details of Council's Long Term Financial Plan.

Council's performance against the Own Source Revenue Ratio has been improved by Council's Quarry business, and maintenance works on State Roads under the RMCC contract, and Council is seeking to take on more of these works so as to increase economies of scale and capacity in road maintenance and further strengthen Council as a responsible partner for the State Government **(See Improvement Action Plan 5 for details)**.

Asset Renewal Ratio

Council did not and will not meet the asset renewal ratio in the 2013/14 or 2016/17 financial years, although as a result of Council's Improvement Action Plan, Council is expected to meet the Asset Renewal Ratio over the following five years (on average) and over the following ten years (on average).

Council has recently approved a strategic policy (**See Improvement Action Plan 7 for details**) that concentrates capital funds on renewal projects (i.e. maintaining and replacing assets we already have over building new assets) and is also reviewing its depreciation assumptions to ensure that depreciation estimates are accurate (**See Improvement Action Plan 9 for details**).

Council first started re-directing its capital program from the building of new assets such as sealing unsealed roads to the renewal of bridges and roads two (2) years ago, and more recently Council has fully utilised two rounds of LIRS funding to replace roughly \$5.6m worth of timber bridges that had reached the end of their useful lives.

Council's utilisation of approximately \$2m of LIRS loan funding in the 2015/16 budget on bridge replacement combined with the allocation of all of the \$2.1m 2015/16 R2R funding to renewal projects means that Council will achieve a record 193% asset renewal ratio in the 2015/16 financial year. Per Council's LTFP, Council will also in future years ensure that all savings from Council's various Improvement Action Plans will be re-allocated to asset renewals so that Council can continue to maintain its asset network to the standard agreed to by the community.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	5.01%	No	3.53%	No but improved
Asset Maintenance Ratio (Greater than 100% average over 3 years)	1.039	Yes	> 1	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.83%	Yes	3.59%	Yes

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

Infrastructure Backlog Ratio

Council is not expected to meet the infrastructure backlog ratio in the short term, however, the LTFP does show an improving trend for this ratio when compared to the 2013/14 financial year.

It should be noted that the estimates of “bring to satisfactory” used for some asset classes that form this ratio may require serious review as they appear overly conservative. The infrastructure backlog ratios for each asset class as at 2013/14 is provided below:

- Roads **(2.6)** – revalued four years ago, but information is constantly monitored due to materiality;
- Buildings **(1.5)** – revalued in the 2012/13 financial year;
- Structures – **(46.9)** revalued several years ago, information is dated;
- Drainage – **(67.6)** revalued four years ago, information is dated;

As this information is the best available information at the time, Council has utilised these numbers to calculate its backlog, and then factored in forecast expenditure to provide a forward estimate of the infrastructure backlog ratio. Assuming the backlog ratios for structures and drainage (which appear inaccurate) were removed from the equation, Council would easily meet the Infrastructure backlog ratio. It is Council’s view that the reason the backlog ratio is not met is due to dated information being used in the calculation of the structures and drainage ratios, as opposed to Council having an actual backlog. Council therefore deems itself to have met this ratio.

Asset Maintenance Ratio

Council meets this ratio.

Debt Service Ratio

This ratio has been met. Council has taken advantage of two rounds of LIRS funding to replace timber bridges across the Shire, and will have replaced all but two of these bridges post completion of the LIRS projects. This is a significant achievement for Council. Council has also used loan funding (including an internal loan) to complete the construction of the new Administration Building in Coonabarabran, which provides Council with the scope to expand its operations, such as taking on other functions for the State Government if necessary (e.g. maintenance of the entire State Road network across the Shire).

2.3 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 <small>A decrease in Real Operating Expenditure per capita over time</small>	3.03 Increasing	No	2.95 Decreasing	Yes

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

Council did not meet this benchmark in 2013/14, however, does envisage that Council's Improvement Action Plan will ensure that this benchmark is met going forward.

Council is in an area with a declining population but must still maintain a large asset base despite this decline in population. In the face of these challenges Council has developed twenty four (24) cost saving initiatives under its Improvement Action Plan, the majority of which have been recommended for implementation and Council's real operating expenditure is forecast to slowly decrease each year over the next ten years even with a forecast decrease in population.

Note: Council has backed out expected increased expenditure from RMCC works on State Roads in future years as this expenditure will be offset by increased revenue from these activities. Council wishes to take on the maintenance of the remainder of the State Road Network within Warrumbungle Shire to further achieve scale and capacity and provide improved economies of scale for Council's road operations (**See Improvement Action Plan 5 for details**).

2.4 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.

Council is 90% compliant with NSW Government Best Practice Management Framework. To be fully compliant, Council will need to implement a separate water consumption charge for non residential consumers. Furthermore, Council will need to review and update its Development Servicing Management Plan. Council is incorporating these outstanding items into its future water utility improvement program.

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

Water Backlog = **\$4.692m (16.9%)** Sewer Backlog = **\$1.540m (7.3%)**

Council has recognised that recent renewals expenditure in the water and sewer funds has been insufficient resulting in the backlogs above. Council has now moved to address these backlogs by budgeting for significant water and sewer renewals expenditure in its 2015/16 – 2018/19 Delivery Program.

2.4 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
Water Treatment Clarifier – Baradine	Commencing in the 2015/16 financial year but expected to be completed in 2016/17	\$935k	Council is currently seeking grant funding opportunities for this project.
New bores in Coolah, Binnaway and Mendooran	Commencing in 2015/16 but may carry over to 2016/17 depending on workload	\$1.337m	Majority grant funded

2.4 Water utility performance

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

Yes

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

Council over the last two years has generally managed these operations on a break even basis (see figures below):

2012/13

Water Fund – 206 (includes capital grants of \$247k)

Sewer Fund - 77

2013/14

Water Fund – 263 (includes capital grants of \$325k)

Sewer Fund – (9)

(Reduced performance in 2013/14 due to introduction of more realistic on-costs to cover hidden subsidies from General Fund)

It should be noted that Council is forecast to make small losses in its water fund over the following five years (excluding capital grants) as Council has resolved to recoup additional on-costs from these funds to cover hidden subsidies from General Fund per Council's **Improvement Action Plan – IAP 3 Business Arms of Council Review**. This is the second review of on-costs that Council has carried out over the last four years in order to ensure that rate payers are not unfairly subsidising Council's Business Arms of Council. Council's Sewer Fund is forecast to record small surpluses going forward.

2.4 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.

Improvement strategies

Strategy	Timeframe	Anticipated outcome
Review of Council's Asset Management Plan for Water and Sewer assets	2016/17 Financial Year	This review should provide more accurate asset backlog information for water/sewer assets, ensure data accuracy, help Council to identify critical assets, refine water/sewer asset service levels and better inform Council's capital program, and funding priorities.
Development and Implementation of a 'Drinking Water Quality Management System'	2016/17 Financial Year	Council has in place a Drinking Water Quality Management system that meets Council's obligations under the NSW Public Health Act 2010. Implementation programs to date include rectification of risks associated with reservoirs and documentation of operational procedures. The review of the current system will ensure that Council is compliant with the NSW Government Best Practice Management Framework.
Telemetry upgrade	2016/17 Financial Year	Although initially budgeted for the 2015/16 financial year, this project is expected to be ongoing. The telemetry upgrade project will complement the Drinking Water Quality Management system and it will also improve operational efficiency of a disconnected network of water and sewerage treatment plants and water and sewerage reticulation networks.

Improvement strategies (Continued)

Strategy	Timeframe	Anticipated outcome
Membership of the Lower Macquarie Water Utilities Alliance	Ongoing	Membership of this alliance will further assist Council improve planning and operational management of water and sewerage services through participation in many programs including; Review of Operations at each of Council's water treatment plants and sewage treatment plants; Review and recommendations of Telemetry operations; Water demand initiatives; Updating of Council's Integrated Water Cycle Management Strategy; Water Reservoir Inspections and Servicing.
Implementation of water consumption charge for non-residential consumers	2016/17 Financial Year	Compliance with NSW Government Best Practice Management of Water Supply and Sewerage Framework and more effective pricing signals for non-residential consumers.
Completion of a Development Servicing Management Plan	2016/17 Financial Year	Improved transparency associated with impact of development on existing public infrastructure.

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

3.1 Sustainability

Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Council has developed an Improvement Action Plan (IAP) document (Annexure 2) detailing all strategies considered by Council in order to meet the three non scale and capacity benchmarks. A summary of the key strategies approved for adoption by Council to improve performance against the sustainability benchmark is detailed below (see Annexure 2 for full details of these Improvement Action plans including costings and assumptions):

Staffing Level Review

Due to efficiencies from Council's new finance system and other IT improvements as well as reduced capital grants, Council has reviewed its organisational structure, and has resolved to reduce staff levels through attrition and targeted voluntary redundancies.

Although this Improvement Action Plan was developed before and independently from the FFF reforms, this organisational structure review will reduce expenditure on employee benefits and help Council to meet its sustainability benchmark, and has therefore been included in the IAP document (**savings of \$691k per annum**);

See Section 3.1 (page 9) of Council's IAP document – Annexure 2 for more details

Plant Review

Council spends a significant amount of its budget on plant (both internally owned and run through Council's plant fund) and plant contracted in through wet hire contractors. As part of its Improvement Action Plan, Council reviewed its plant utilisation as well as the cost effectiveness of contractors vs council gearing up to undertake road maintenance works in house.

This review found that in order to reduce costs Council should sell a grader (reducing grader numbers from 8 to 7), purchase an additional water cart (in this case with a trailer to increase the capacity of Council's grading operations) and purchase an additional roller. The review also suggested that Council investigate dry hire options for a soil stabiliser and crusher. All these recommendations have been adopted by Council as part of Council's FFF improvement process (savings of \$180k per annum);

See Section 3.2 (page 12) of Council's IAP document – Annexure 2 for more details

Business arms of council review

Prior to 2012/13 Council's general fund was subsidizing its water/sewer and waste businesses to the tune of around \$700k per annum. These overt subsidies have been removed as a result of price increases and efficiency improvements in these funds and as at the 2013/14 financial year the Business Arms of Council (BACs) were no longer being subsidized overtly from General Fund.

Covert subsidies for example the costs of back office functions such as administration, finance, HR, property and risk management, and governance for the BACs continued however until some effort was made in the 2013/14 financial year to recoup a portion of back office costs associated with the BACs through on-costs.

As part of Council's FFF Improvement Action Plan Council has now adopted an on-cost regime that fully recoups costs associated with the provision of water/sewer and waste services and the quarry business, so as to ensure that the General Fund (i.e. rate payers) no longer subsidise these businesses (savings of \$190k per annum to general fund);

See Section 3.3 (page 21) of Council's IAP document – Annexure 2 for more details

Resource Sharing

This improvement Action Plan involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue. Council already engages in significant examples of resource sharing, however, there is always more scope for increasing resource sharing, particularly fee for service work (savings of \$50k per annum);

See Section 3.8 (page 32) of Council's IAP document – Annexure 2 for more details

Depreciation Assumptions

This IAP involves correcting depreciation assumptions as part of the 2014/15 roads revaluation. Savings are non-cash savings and are currently estimates only. These will be finalised at year end post completion of the roads revaluation (savings of \$1m per annum – estimate);

See Section 3.9 (page 34) of Council's IAP document – Annexure 2 for more details

Private Works

Council earns significant monies from private works, but can always improve its performance in this area. Council has therefore developed a private works IAP which involves Council improving private works practices to increase own source revenue. Action to be taken includes a review of private works processes and billing procedures (complete), employment of a dedicated Manager who will oversee private works (along with their project management role) and improvements in advertising processes by the purchase of signs and regular advertisements in local publications (increased revenue of \$50k per annum);

See Section 3.10 (page 35) of Council's IAP document – Annexure 2 for more details

Quarry expansion

This IAP involves Council further expanding the quarry to increase own source revenue (in progress). To date, Council has already earned \$1.877m of own source revenue over two (2) years and net profits of \$276k (increased revenue of \$83k per annum going forward);

See Section 3.12 (page 37) of Council's IAP document – Annexure 2 for more details

Grant funded program

Council currently provides a wide array of community services to the community that were previously either provided by other levels of government or the private sector. Although the services are notionally full cost recovery except for documented rate relief and other subsidies approved by Council, Council has never carried out an analysis to determine whether or not there are hidden subsidies from general fund propping up these services.

As part of Council's IAP Council is reviewing whether there are any hidden subsidies to grant funded programs and if so costing them back to the program in question. New internal charges have been developed for the 2015/16 budget and will be actioned in the 2015/16 financial year (**savings of \$50k per annum to general fund**);

See Section 3.13 (page 39) of Council's IAP document – Annexure 2 for more details

State Roads Maintenance Contracts

Council currently only maintains less than 50% of the State road network in the Shire, meaning that Council is unable to achieve economies of scale in its road operations, or to benefit fully from the training and exposure to best practice road operations that increased RMCC exposure would provide.

Although Council does not make a profit on RMCC works, Council's roads crew are not achieving the economies of scale required by not having the extra works leading to increased costs to Council. Increased State Roads funding would help to cover engineering back office costs, and achieve economies of scale in negotiations with suppliers.

Council's State Roads Maintenance Contracts IAP involves Council engaging with the State government to increase its share of RMCC works. This IAP could involve a \$2.5m-\$3m increase in revenue (but with similar increase in expenditure), and although this move would be cost neutral for Council, it would be a game changer for Council operations as it would help to ensure economies of scale for Council operations, as well as making Council a reliable partner for the State Government;

See Section 3.5 (page 26) of Council's IAP document – Annexure 2 for more details

FAGS Fairer Distribution

The current distribution of FAGs grants sees a large portion of these federal grants being distributed to urban councils that can easily finance their operations from their significant rates base and multitude of alternative revenue sources such as parking fees.

Rural councils not only do not have access to a stable source of own source revenue, but are also responsible for a much larger network of assets and the provision of essential services such as health and child care that are critical for small towns but generally outside the core services provided by Local Government.

In regard to the current inequitable distribution of FAGs grants, Recommendation 8 of the Local Government Review Panel Report recommended that:

“Subject to any legal constraints, seek to redistribute federal Financial Assistance Grants and some State grants in order to channel additional support to councils and communities with the greatest needs”

One of Council's Improvement Action Plans is to engage the State Government to implement Recommendation 8 of the Review Panel Report and distribute FAGs grants from urban councils to rural councils. The final impact of such a change is unknown, but based on the current distribution of FAGs grants Council would receive an extra \$2m per annum if Recommendation 8 was to be implemented.

Council's LTFP assumes a forecast increase of \$500k in 2016/17 and \$1m per annum from 2017/18, although this figure is considered conservative (**increased revenue of \$1m per annum**);

See Section 3.6 (page 28) of Council's IAP document – Annexure 2 for more details

Push Back on Cost Shifting

Council would be financially viable if it were not for cost shifting from other levels of government, with Warrumbungle Shire Council spending \$1.109m in the 2011/12 financial year on functions that should rightly belong with the State or Federal government (figures per the 2011/12 Cost Shifting Survey).

One of Council's Fit for the Future Improvement Action Plans is to push back on cost shifting from other levels of government. Savings from pushing back cost shifting have not been included in any of Council's plans or this submission, but have been detailed to demonstrate to the State Government that Council is taking on many services that are not part of its original charter, imposing a significant cost on Council's operations, and that Council would be financially viable if it were not for this cost shifting. (**\$1.1m per annum – savings not included in analysis**);

See Section 3.23 (page 62) of Council's IAP document – Annexure 2 for more details

Library service review

This IAP involves reviewing what Council currently does for libraries in the six (6) towns across the shire, including the future location of the Coonabarabran library. There are no suggested savings from this plan at this point in time as this item, along with the following 3 plans, are long term strategic plans that Council will investigate over the following three years) (savings unknown).

See Section 3.15 (page 45) of Council's IAP document – Annexure 2 for more details

Visitors Information Service Review

This IAP involves reviewing the possibility of joint tenancy at the VIC to increase own source revenue (savings unknown);

See Section 3.16 (page 49) of Council's IAP document – Annexure 2 for more details

Solar power utilisation

This IAP involves reviewing solar power utilisation by Council to see if there are savings in going solar (savings unknown);

See Section 3.19 (page 52) of Council's IAP document – Annexure 2 for more details

Alternate business arms of council

This IAP involves investigating possible alternate Business Arms of Council that could increase own source revenue (savings unknown);

See Section 3.24 (page 64) of Council's IAP document – Annexure 2 for more details

Full details of these strategies are available in Council's detailed Improvement Action Plan document (Annexure 2)

Explain the key assumptions that underpin your strategies and expected outcomes.

For example the key assumptions that drive financial performance including the use of SRVs, growth in rates, wage increases, Financial Assistance or other operating grants, depreciation, and other essential or major expense or revenue items.

Key assumptions underpinning Council's strategies and expected outcomes are detailed in Council's Improvement Action Plan and LTFP. Assumptions affecting the Sustainability benchmark include:

Revenue Assumptions

- Rates forecast to increase with rate pegging, with no SRV included in Council's calculations;
- Water, sewer and waste charges forecast to increase between 2.5% and 5% across the following ten years;
- Other user charges forecast to increase by 2.5%;
- User charges relating to RMCC contracts forecast to increase by \$3m in the 2017/18 financial year due to the assumed take up of maintenance of the entire State Road network in our shire (offset by increased materials and contracts expenditure);
- Interest and investment revenue assumptions assume constant cash rate plus a small margin and are based on expected cash balances plus revenue from the LIRS refund;
- Other revenue generally forecast to increase by 2.5%;
- Capital grants only includes items currently confirmed, and outer years only assume \$400k for the repair program plus a small amount for RFS capital grants;
- Operational grants generally increase by 2.5% per annum, except for the FAGs grants which are currently paused and post the completion of the pause in indexation are increased by 4%;
- There is also an assumption of increased FAGs grants of \$500k in 2016/17 and \$1m per annum from 2017/18, as it assumed that Recommendation 8 will be implemented.

Expenditure Assumptions

- Employee benefits forecast to increase per the award, and then 3% thereafter, with changes to staffing levels from the organisational review included in these calculations;
- Borrowing costs are per Council's loan schedules with no new loans forecast to be entered into over the following ten years;
- Depreciation expense per expected increase in asset base from CAPEX and revaluations (see LTFP for details);

- Material and Contracts expenditure generally forecast to increase by 2.5% with adjustments for savings from the plant review, resource sharing, and adjustments to internal charges from the business arms of Council and grant funded programs reviews;
- Materials and contracts also forecast to increase by \$3m in the 2017/18 financial year due to the assumed take up of maintenance of the entire State Road network in our shire (offset by increased user charges);
- Other expenditure generally increased by 2.5%.

Capital Assumptions

- Capital assumptions are per Council's ten year capital program

Asset Renewal Ratio Assumptions

- Asset renewal ratio based on items identified as renewals in Council's ten year capital program (See Annexure 3 – LTFFP, and Annexure 4 Fit for the Future Ratios for details);
- Depreciation expense per expected increase in asset base from CAPEX and revaluations (see LTFFP for details);

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Ensure financial sustainability by improving Council's Operating Performance through reduced operating expenditure.	<ul style="list-style-type: none"> a) Staffing Review b) Plant Review c) Resource Sharing 	<ul style="list-style-type: none"> a) Adoption of the new organisational structure; b) Implementation of new plant purchases and sale of grader; c) - 	<ul style="list-style-type: none"> a) Reduced employee benefits expenditure (\$691k per annum); b) Reduced plant expenditure (\$180k per annum) and increased efficiency of maintenance operations; c) Assumed reduction in expenditure (\$50k per annum). 	These strategies affect the Operating Performance Ratio, and the Efficiency Ratio.
2. Improve financial sustainability by ensuring General Fund is not subsidising the business arms of Council, or grant funded programs.	<ul style="list-style-type: none"> a) Business Arms of Council Review; b) Grant funded program review. 	<ul style="list-style-type: none"> a) Adoption of new on-cost charges in 2015/16; b) Adoption of new on-cost charges in 2015/16. 	<ul style="list-style-type: none"> a) Savings to general fund of \$190k per annum; b) Savings to general fund of \$57k per annum. 	These strategies affect the Operating Performance Ratio, and the Efficiency Ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
3. Ensure Council is sustainable by achieving adequate revenue, including adequate own source revenue.	<ul style="list-style-type: none"> a) FAGS review b) Private Works c) Quarry Revenue 	<ul style="list-style-type: none"> a) Adoption of recommendation 8; b) Implementation of private works advertising program; c) Commencement of quarry expansion. 	<ul style="list-style-type: none"> a) Increased FAGs grants (\$1m per annum); b) Increased private works (\$50k per annum); c) Increased quarry revenue (\$83k per annum). 	These strategies affect the Operating Performance Ratio, and Own Source Revenue Ratio.
4. Ensure Council's depreciation assumptions are correct.	Depreciation review	Completion of depreciation review as part of roads revaluation.	Assumed reduction in depreciation expenditure (\$1m per annum), resulting in an improved operating performance and more accurate measures for the Asset Renewal Ratio and Asset Backlog Ratio.	This strategy affects the Operating Performance Ratio, Asset Renewal Ratio, Asset Backlog Ratio, and the Efficiency Ratio.
5. Ensure that Council has sufficient Own Source Revenue and economies of scale by taking on the maintenance of the rest of the State Road network in Warrumbungle Shire.	Engage the State Government to take on maintenance of the rest of the State Road network in Warrumbungle Shire.	Success in gaining responsibility for the maintenance of the Newell and Oxley highways in WSC.	Cost neutral for Council, but would help ensure economies of scale for Council operations and increase own source revenue.	This strategy affects the Own Source Revenue Ratio and the Efficiency Ratio.

3.2 Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Council has developed an Improvement Action Plan document detailing all strategies considered by Council in order to meet the three non scale and capacity benchmarks. Key strategies approved for adoption by Council to improve performance against the Infrastructure and Service Management benchmarks include:

Capital program review

Although Council made significant inroads into financial sustainability by imposing a moratorium on new seals as part of the 2013/14 budget process, Council still spends a significant part of its capital program on capital expansion, while at the same time not meeting its asset renewal requirements. Best practice asset management requires that Council focus expenditure on maintaining/renewing the assets it currently has to meet current service levels before it spends monies on new assets that will increase Council's long term asset maintenance requirements.

In order to ensure that capital monies are effectively spent on renewals per best practice asset management, Council has developed a Capital Allocation Policy that sees funds re-directed from capital expansion to capital renewal works which will improve Council's performance in renewing Council owned assets. This policy was adopted by Council in May 2015 as part of Council's FFF Improvement Action Plan;

See Section 3.7 (page 30) of Council's IAP document – Annexure 2 for more details

Depreciation Assumptions

This IAP involves correcting depreciation assumptions as part of the 2014/15 roads revaluation. Savings are non-cash savings and are currently estimates only. These will be finalised at year end post completion of the roads revaluation (savings of \$1m per annum – estimate);

See Section 3.9 (page 34) of Council's IAP document – Annexure 2 for more details

Plant Review

Council spends a significant amount of its budget on plant (both internally owned and run through Council's plant fund) and plant contracted in through wet hire contractors. As part of its Improvement Action Plan, Council reviewed its plant utilisation as well as the cost effectiveness of contractors vs council gearing up to undertake road maintenance works in house.

This review found that in order to reduce costs Council should sell a grader (reducing grader numbers from 8 to 7), purchase an additional water cart (in this case with a trailer to increase the capacity of Council's grading operations) and purchase an additional roller. The review also suggested that Council investigate dry hire options for a soil stabiliser and crusher. All these recommendations have been adopted by Council as part of Council's FFF improvement process

This ratio affects both the Sustainability and Infrastructure and Service Management ratios. The affect on Infrastructure and Service management flows through from savings that can be re-directed to asset renewal works, as well as the improvements in Council's maintenance and capital programs that can be achieved through a more efficient utilisation of plant, such as utilising larger water carts in Council's grading operations (**savings of \$180k per annum**).

See Section 3.2 (page 12) of Council's IAP document – Annexure 2 for more details

It should be noted that many of the Improvement Action plans adopted to address the sustainability benchmarks also indirectly affect the Infrastructure and Service Management benchmarks through increased savings that can be re-directed to capital renewal works.

Other Plans and Strategies not Specifically Addressed in the Improvement Action Plan

Other plans and strategies adopted by Council that do not form part of the current Improvement Action Plan but are non the less relevant to the Infrastructure and Service Management benchmark include:

- **Utilisation of LIRS funding to replace timber bridges**

Council has already borrowed \$5.4m under LIRS 1 and LIRS 2 to replace timber bridges across the Shire, and as at the

end of the 2015/16 financial year should have replaced all but two timber bridges within the Shire;

- **Implementation of Council's Asset Management Improvement Project**

Council commenced an Asset Management Improvement Project two years ago as it identified asset management as an area of weakness in Council operations, and since the commencement of this project has now captured accurate local road and town street data, segmented these assets and condition rated them at a segment level, as well as completing reviews of building infrastructure asset condition, componentisation and residual value assumptions.

Items still to be completed in this project include:

- Transferring of asset data into Council's FMIS (Civica Authority);
- Review of Council's current critical asset listing;
- Review of asset service levels;
- Further analysis and collection of minor culvert, footpath and K&G infrastructure data;
- Review of current water and sewer asset data;
- Ensuring GIS data for all assets is accurate and timely.

- **Review of Council's Asset Management Plans**

Although Council does have a detailed Asset Management Plan (AMP) encompassing all Council assets, Council has planned to commence work on individual asset AMPs in the 2014/15 financial year in order to improve current Asset Management processes.

Explain the key assumptions that underpin your strategies and expected outcomes.

Key assumptions underpinning Council's strategies and expected outcomes are detailed in Council's Improvement Action Plan and LTFP. P&L and CAPEX assumptions are per the Sustainability Criteria (see 3.1 above). Assumptions specifically affecting the Infrastructure and Service Management benchmark include:

Infrastructure Backlog

- Council's projected infrastructure backlog has been estimated by comparing Council's projected infrastructure renewal program to the useful lives of assets.

Asset Maintenance Ratio

- The required maintenance of assets is assumed to be equal to the budgeted maintenance of assets.

Loan Funding

- Council is not forecast to enter into any new loan funding arrangement over the following ten years.

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Implement Council's Capital Program Review to ensure renewal expenditure is given precedence over the construction of new assets	Implement the Capital Allocation Policy to ensure effective allocation of limited capital funds.	Adoption of the Capital Allocation Policy.	Improved effectiveness of capital expenditure decisions.	This strategy affects the Asset Renewal Ratio, and Asset Backlog Ratio.
2. Ensure Council's depreciation assumptions are correct.	Depreciation review	Completion of depreciation review as part of roads revaluation.	Assumed reduction in depreciation expenditure (\$1m per annum), resulting in an improved operating performance and more accurate measures for the Asset Renewal Ratio and Asset Backlog Ratio.	This strategy affects the Operating Performance Ratio, Asset Renewal Ratio, Asset Backlog Ratio, and the Efficiency Ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
3. Improvement of Asset Management Practices	<ul style="list-style-type: none"> a) Completion of the Asset Management Improvement Project b) Review of Council's Asset Management Plans 	Completion of these two projects	Improved asset management, through Council gaining better knowledge of assets under its control, critical assets, asset service levels, and ensuring accuracy of asset data including GIS data.	This strategy affects the Asset Renewal Ratio, and Asset Backlog Ratio.
4. Effective utilisation of loan funding	Effective utilisation of the LIRS program;	Completion of bridge replacement program	Effective utilisation of loan funding to replace around \$5.4m worth of timber bridges in need of replacement, thus reducing Council's asset backlog.	This strategy affects the Asset Renewal Ratio, and Asset Backlog Ratio.

3.3 Efficiency

Summarise your council's key strategies to improve performance against the Efficiency measures in the 2016-20 period, including the outcomes you expect to achieve.

Council has developed an Improvement Action Plan document detailing all strategies considered by Council in order to meet the three non scale and capacity benchmarks. Key strategies approved for adoption by Council to improve performance against the Efficiency benchmark include:

Staffing Level Review

Due to efficiencies from Council's new finance system and other IT improvements as well as reduced capital grants, Council has reviewed its organisational structure, and has resolved to reduce staff levels through attrition and targeted voluntary redundancies.

Although this Improvement Action Plan was developed before and independently from the FFF reforms, this organisational structure review will reduce expenditure on employee benefits. This particular IAP indicates efficiency gains already made by Council from the better use of IT (including the new finance system) as staffing levels for indoor positions have now been reduced due solely to improved efficiency (**savings of \$691k per annum**);

See Section 3.1 (page 9) of Council's IAP document – Annexure 2 for more details

Plant Review

Council spends a significant amount of its budget on plant (both internally owned and run through Council's plant fund) and plant contracted in through wet hire contractors. As part of its Improvement Action Plan, Council reviewed its plant utilisation as well as the cost effectiveness of contractors vs council gearing up to undertake road maintenance works in house.

This review found that in order to reduce costs Council should sell a grader (reducing grader numbers from 8 to 7), purchase an additional water cart (in this case with a trailer to increase the capacity of Council's grading operations) and purchase an additional roller. The review also suggested that Council investigate dry hire options for a soil stabiliser and crusher. All these recommendations have been adopted by Council as part of Council's FFF improvement process (**savings of \$180k per annum**);

The main efficiency benefits from the plant review include a better match of plant with current requirements. The prime example being the water cart, where Council water carts currently only carry 11,000 litres while Council's grading program requires around 60,000 litres to grade one kilometre of road. The purchase of larger water carts will therefore not only save Council money as it is cheaper than engaging contractors, but will also increase the efficiency of Council's grading operations;

See Section 3.2 (page 12) of Council's IAP document – Annexure 2 for more details

Resource Sharing

Involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue. Council already engages in significant examples of resource sharing, however, there is always more scope for increasing resource sharing, particularly fee for service work.

Resource sharing should result in a more efficient use of Council resources, as well as the ability for Council staff to cross train when interacting with their peers in neighbouring councils **(savings of \$50k per annum)**;

See Section 3.8 (page 32) of Council's IAP document – Annexure 2 for more details

State Roads Maintenance Contracts

Council's State Roads Maintenance Contracts IAP involves Council engaging with the State government to increase its share of RMCC works. This IAP could involve a \$2.5m-\$3m increase in revenue (but with similar increase in expenditure), and although this move would be cost neutral for Council, it would be a game changer for Council operations as it would help to ensure economies of scale for Council operations, as well as making Council a reliable partner for the State Government. Further details can be found in sections 3.1 and 3.2 above.

This particular IAP would impact efficiency more than the other benchmarks;

See Section 3.5 (page 26) of Council's IAP document – Annexure 2 for more details

Full details of these strategies are available in Council's detailed Improvement Action Plan document

Other Plans and Strategies not Specifically Addressed in the Improvement Action Plan

Other plans and strategies adopted by Council that do not form part of the current Improvement Action Plan but are non the less relevant to the Efficiency benchmark include:

- **Implementation of a detailed Service Review**

Council has been in the process of developing clear measurable service levels for the last three years, and it is expected that Council should have new revised more accurate and measurable service levels by the end of the 2015 calendar year. These revised service levels once completed should assist Council in identifying budget priorities as well as possible areas where Council can make savings.

Council has not considered an SRV at this point in time, but did resolve to finalize its current service levels, determine what level of service can be provided within the current budget and then consult with the community on what level of service they are willing to pay for.

- **Succession Planning Review**

Council often finds it difficult to recruit especially for technical positions due to the fact that smaller rural towns often do not offer the same level of amenities that Sydney or larger rural centres are able to provide. Council understands the importance of ensuring that staff are well skilled and the impact that skilled staff can have on the efficiency and effectiveness of an organisation, and Council has therefore commenced a succession planning review project in order to help retain, and up-skill current staff as well as attract and retain Gen Y staff in which Council has a high turnover rate.

This project commenced this calendar year and should be completed over the coming three months.

- **Civica Authority Implementation**

Council has recently implemented a new finance system (Civica Authority) which has helped to streamline Council processes. Council is currently not using the full functionality of this system, and is slowly introducing new modules, which in future will help to further streamline Council operations. It should be noted that a significant portion of potential cost savings on indoor staff are as a result of efficiency gains from Civica Authority.

Explain the key assumptions that underpin your strategies and expected outcomes.

Key assumptions underpinning the efficiency measure are per the previous two measures except for the following:

Population Changes

- Population changes are per the NSW Department of Planning forecasts.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Ensure efficiency through reduced operating expenditure.	<ul style="list-style-type: none"> a) Staffing Review b) Plant Review c) Resource Sharing 	<ul style="list-style-type: none"> a) Adoption of the new organisational structure; b) Implementation of new plant purchases and sale of grader; c) - 	<ul style="list-style-type: none"> a) Reduced employee benefits expenditure (\$691k per annum); b) Reduced plant expenditure (\$180k per annum) and increased efficiency of maintenance operations; c) Assumed reduction in expenditure (\$50k per annum). 	These strategies affect the Operating Performance Ratio, and the Efficiency Ratio.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
2. Ensure that Council has sufficient Own Source Revenue and economies of scale by taking on the maintenance of the rest of the State Road network in Warrumbungle Shire.	Engage the State Government to take on maintenance of the rest of the State Road network in Warrumbungle Shire.	Success in gaining responsibility for the maintenance of the Newell and Oxley highways in WSC.	Cost neutral for Council, but would help ensure economies of scale for Council operations and increase own source revenue.	This strategy affects the Own Source Revenue Ratio and the Efficiency Ratio.
3. Implementation of a detailed service level review.	Implementation of a detailed service level review.	Completion of Review.	Increased knowledge of Council services, and costings associated with these services, and the ability to use this knowledge along with community feedback on what is important to determine future budget allocations, and possible efficiency gains.	This strategy should affect the Efficiency Ratio and possibly the Operating Performance Ratio.
4. Implementation of a succession planning review.	Implementation of a succession planning review.	Completion of Review.	Improved staff retention, and succession planning leading to improved efficiencies and reduced costs from more effective and efficient staff	This strategy should affect the Efficiency Ratio and possibly the Operating Performance Ratio.

3.4 Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of your plan.

Action plan

Actions

Reduced Salaries and Wages costs resulting from a Staffing Review

Involves reviewing Council's organisational structure and reducing staff levels through attrition and targeted voluntary redundancies for areas where recent efficiency improvements have reduced workloads to reduce expenditure on employee benefits.

Total staff changes are a reduction of 17 staff members (Assuming all voluntary redundancies are taken), changes to 6 positions, and the addition of 3 new positions. Not all positions relate to Council's general fund.

Positions identified for removal that are currently vacant to be addressed as part of the structure review. Positions involving voluntary redundancies have already been made offers, and Council is awaiting final decision by affected staff. Areas where further attrition is expected (3 positions from Corporate Services) will commence in the 2015/16 financial year.

Milestones

1. Draft Org Structure to be presented to Council **(Complete)**;
2. Consultation period with Consultative Committee **(EOM June 2015)**
3. Voluntary Redundancies to be accepted/not accepted **(EOM June 2015)**
4. Final Org Structure to be presented to Council **(July 2015)**;
5. Further staff reductions in Corporate Services from attrition **(Some attrition expected by June 2016, although budget factors these savings into the 2016/17 year)**

Actions

Plant Review

Involves Council selling one grader in the 2015/16 financial year (reducing total grader numbers from 8 to 7) and purchasing an additional water cart (with trailer) to improve the efficiency of Council's grading operations as well as reduce plant costs as current arrangements for the majority of water cart usage involves the use of wet hire contractors which are more expensive than Council gearing up.

Council will also dry hire a soil stabiliser as required in order to "test the waters" to see if it would be worthwhile for Council to gear up and purchase a soil stabiliser as opposed to continuing with current wet hire arrangements. Council will also be investigating the option of a dry hire arrangement for a crusher for use in Council's quarries and pits.

Business Arms of Council Review

Involves ensuring Business Arms of Council are not subsidised in any way by General Fund. This Improvement Action Plan involves adjustments to Council's on-cost rates that will come into effect on 1 July 2015. Charges for Council business arms will need to recoup any additional costs.

Milestones

1. Suggested changes to Council **(complete)**;
 2. Suggested changes to plant committee for approval **(complete)**
 3. Special meeting with contractors possibly affected by changes **(June 2015)**
 4. Implementation of changes **(2015/16)**
-
1. Adoption of the new on-cost rates for the 2015/16 budget **(EOM June 2015)** ;
 2. Commence utilising new rates from 1 July **(1 July 2015)**

Actions

Service Level Review

Council will commence a service level review in the 2015/16 financial year. This review will involve a review of all of Council's operations, including a review of Council's service levels, customer service charter, a service review as well as extensive community consultation on what services Council should be providing and to what extent. This information can then be used as part of the 2016/17 budget process to inform budgeting decisions.

Capital Program Review

Best practice asset management requires that Council focus expenditure on maintaining/renewing the assets it currently has to meet current service levels before it spends monies on new assets that will increase Council's long term asset maintenance requirements.

In order to ensure that capital monies are effectively spent on renewals per best practice asset management, Council has developed a Capital Allocation Policy that sees funds re-directed from capital expansion to capital renewal works which will improve Council's performance in renewing Council owned assets. This policy was adopted by Council in May 2015 as part of Council's FFF Improvement Action Plan;

Milestones

1. Formation of Service Level Review working group **(3 July 2015)**
2. First cut of internal service levels **(Oct 2015)**
3. Community Consultation **(November 2015);**
4. Incorporation of service level information into the 2016/17 budget **(May 2016)**

Complete in May 2015

Actions

Resource Sharing

Involves increasing resource sharing to reduce costs and further fees for service work to increase own source revenue. Council already engages in significant examples of resource sharing, however, there is always more scope for increasing resource sharing, particularly fee for service work.

Resource sharing should result in a more efficient use of Council resources, as well as the ability for Council staff to cross train when interacting with their peers in neighbouring councils

Private Works

Council earns significant monies from private works, but can always improve its performance in this area. Council has therefore developed a private works IAP which involves Council improving private works practices to increase own source revenue.

Action to be taken includes a review of private works processes and billing procedures (complete), employment of a dedicated Manager who will oversee private works (along with their project management role - complete) and improvements in advertising processes by the purchase of signs and regular advertisements in local publications

Milestones

Ongoing

1. Commencement of new Private Works advertising campaign (**EOM June 2015**);

Actions

Quarry Expansion

Two years ago Council entered into a lease agreement to take over the management of the old Boral Quarry. Council also recently decided to expand its quarry business by purchasing the property neighbouring the quarry. This expansion should help to improve the profitability of the current quarry and increase Council's own source revenue.

Grant Funded Program Review

Involves ensuring Grant Funded Programs are not subsidised in any way by General Fund. This Improvement Action Plan involves adjustments to Council's on-cost rates for grant funded programs that will come into effect on 1 July 2015.

Solar Power Utilisation Review

Involves reviewing solar power utilisation by Council to see if there are savings in going solar.

Milestones

1. Purchase of property neighbouring the quarry (**December 2014**);
2. Completion of expansion plan including relevant paperwork (**September 2015**);
3. Commencement of expansion (**2016 calendar year**)

1. Adoption of the new on-cost rates for the 2015/16 budget (**EOM June 2015**);
2. Commence utilising new rates from 1 July (**1 July 2015**)

1. Appointment of consultant (**July 2015**);
2. Completion of review;
3. Installation of solar infrastructure if cost effective.

Actions

Better Utilisation of Grant Funding

Due to the importance of grant funding to Council's financial performance, Council also considered whether or not to employ a dedicated grants officer as part of the preparation of its Improvement Action Plan. Council review found that although there may be room for Council to source more funds if it were to employ a dedicated grants officer, the current arrangement has been quite successful as proven by Council's recent success in the Cobbara Transition Fund grants, grants for road works on MR55, and the Water Security Grants to name a few.

Council did find however, that it was evident that some opportunities are lost due to communication and co-ordination issues. Council therefore recommended that it continue with the current arrangement where Council Managers source and manage grants for their area, with two suggested changes to the current process:

- In the short term Council should set up an internal grants working group to oversee the management of the grants process within Council, and to ensure that Council is effectively managing all facets of the grants process. This working group will meet regularly and will be chaired by one officer who will have grants management as part of their portfolio;
- That Council investigate the possibility of sharing a dedicated grants officer with a neighbouring Council;

Milestones

1. Appointment of Internal Grants Working Group **(July 2015)**;
2. Exploration of opportunities for sharing a dedicated grant with neighbouring Councils **(November 2015)**

Actions

Asset Management Improvement Project and Review of Depreciation Assumptions

Council commenced an Asset Management Improvement Project two years ago as it identified asset management as an area of weakness in Council operations, and since the commencement of this project has now captured accurate local road and town street data, segmented these assets and condition rated them at a segment level, as well as completing reviews of building infrastructure asset condition, componentisation and residual value assumptions.

Items still to be completed in this project include:

- Transferring of asset data into Council's FMIS (Civica Authority);
- Review of Council's current critical asset listing;
- Review of asset service levels;
- Further analysis and collection of minor culvert, footpath and K&G infrastructure data;
- Review of current water and sewer asset data;
- Ensuring GIS data for all assets is accurate and timely.

Review of Asset Management Plans

Although Council does have a detailed Asset Management Plan (AMP) encompassing all Council assets, Council has planned to commence work on individual asset AMPs in the 2014/15 financial year in order to improve current Asset Management processes.

Milestones

1. Completion of data transfer into Authority **(31 October 2015)**;
 2. Review of asset service levels **(31 October 2015)**;
 3. Review of Footpath and KG data **(30 November 2015)**;
 4. Review of current water and sewer asset data **(2015/16 financial year)**;
 5. Collection of improved minor culvert data **(2016/17 financial year)**;
-
1. Completion of individual Asset Management Plans **(EOM June 2016)**;

Actions

Succession Planning Review

Council often finds it difficult to recruit especially for technical positions due to the fact that smaller rural towns often do not offer the same level of amenities that Sydney or larger rural centres are able to provide.

Council understands the importance of ensuring that staff are well skilled and the impact that skilled staff can have on the efficiency and effectiveness of an organisation, and Council has therefore commenced a succession planning review project in order to help retain, and up-skill current staff as well as attract and retain Gen Y staff in which Council has a high turnover rate.

Milestones

1. Completion of draft succession planning document **(EOM July 2015)**;
2. Implementation of succession planning recommendations **(EOM September 2015)**.

Outline the process that underpinned the development of your Action Plan.

Although Council has always had an improvement action plan as a section of its previous Long Term Financial Plans, the Fit for the Future process has provided an opportunity for Council to formalise this part of its LTFP. As a result, Council has now developed a 74 page Improvement Action Plan that was approved for release for public comment in the May 2015 Council meeting.

Council developed its new Improvement Action Plan through several months of internal and external consultation. Initially, Council held several full day workshops internally with MANEX and all Council Managers, as well as six (6) workshops with Councillors to develop Council's way forward under the Fit for the Future program. Three of the Council workshops related solely to the Improvement Action Plan. Community members were also invited to attend Town Community Consultation meetings held in March within each of the six towns across the shire with the agenda including an update on Fit for the Future plans for Warrumbungle Shire Council.

The plan was developed in conjunction with the budget process, with suggestions from the plan being incorporated within Council's budget document, and Long Term Financial Plan. Council developed the plan itself without the use of contractors further demonstrating Council's scale and capacity.

Once Council approved the draft IAP document to be released for public comment, Council carried out the following community consultation to gather community feedback on the suggestions within the document:

- Release of Council's Improvement Action Plan document for public consultation for 21 days on Council's website, at Council offices and in libraries or Post Offices across the six towns within the Warrumbungle shire;
- Release of a Fit for the Future Survey both online and in printed form to gather further feedback on the community's thoughts on Council's Improvement Action Plan;
- Holding of two Open House days for the public to consult and provide feedback to senior executive staff on the suggested Improvement Action plans;
- Dedicated meetings across 4 towns to discuss the Improvement Action Plans with Community Development Groups, as well as the plan being considered as an Agenda item at Council's Interagency Meeting;
- Numerous advertisements and media releases in local print media, community newsletter and radio announcements and radio interview with ABC Western Plains discussing Council's Fit for the Future Improvement Action Plan.

Council's Improvement Action Plan was then adopted in the June meeting incorporating feedback from the extensive community consultation held during the public exhibition period.

3.5 Other actions considered

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

Council considered a range of other Improvement Action Plans as part of its Fit for the Future review process, and identified the following strategies that were reviewed by council but subsequently not adopted:

Special Rates Variation

Council considered a Special Rates Variation as one way of ensuring that Council was Fit for the Future but decided against this course of action at the current time for the following reasons:

- Council is currently carrying out a revision of its service levels that Council will take to the community for discussion on what level of service can be provided within the current budget with the aim of consulting with the community on what level of service they are willing to pay for. Discussion of an SRV prior to the completion of this process would be premature;
- Warrumbungle Shire has extremely low socio-economic indicators and Council is aware that any rate rise will significantly affect the community, especially considering the fact that most of Warrumbungle Shire Council has experienced ongoing drought conditions for several years now;
- Council is able to meet all the benchmarks within ten years through the adoption of a majority of the Improvement Action Plans in Council's IAP document, and therefore did not see the need to burden ratepayers with additional costs.

As part of the Special Rates Variation discussion, Council did resolve to finalize its current service levels, determine what level of service can be provided within the current budget and then consult with the community on what level of service they are willing to pay for. This resolution indicates that Council may review the decision to not pursue an SRV sometime in the future.

See Section 3.4 (page 23) of Council's IAP document – Annexure 2 for more details

Pricing Review of Subsidised items (increasing cost recovery portion for these services)

Council currently provides a range of services to the community on a non-cost recovery basis, with in many cases any usage charge for the service covering a negligible amount of the total cost of the service to Council. As part of its Improvement Action Plan Council considered whether or not to set a pricing path for these services which would see fees for subsidized services such as pools, public halls, ovals etc increased by around 50% over the following 5 years in order to boost own source revenue, achieve full cost recovery for as many services possible, and demonstrate that Council is fit for the future.

Despite the potential cost savings, Council decided to not pursue this IAP as non-cost recovery services such as public swimming pools are provided as a public good, and many residents are only able to use these services due to the significant subsidy provided by Council (the principle of equity was deemed to be more important in this case than that of user pays). Council did however, resolve to increase the fees associated with these services at a rate that is slightly higher than inflation.

See Section 3.12 (page 37) of Council's IAP document – Annexure 2 for more details

Asset Divestment by Council

Council considered divesting itself of assets with low utilization such as some public halls, toilet facilities, and operational land but decided against this course of action due to the importance of these assets to the community and the possible risk of these assets falling into disrepair or falling out of community control. Another consideration was the fact that as Warrumbungle Shire Council is a rural Council there would not be a large market for these assets (as would be the case for city councils) and therefore minimal potential financial gains.

As part of the FFF process, Council tested the community's appetite for asset divestment through proposing to close down of a set of costly public toilets outside of Coolah (the Black Stump rest area). The general consensus from the community was that the community was strongly opposed to the suggested closing of the toilets. As such, Council decided that before any move to divest assets is even considered, Council must first finalise the review of its service levels, and if Council were to consider the sale of assets it should only do so via extensive community consultation.

See Section 3.14 (page 43) of Council's IAP document – Annexure 2 for more details

Provision of Noxious Weeds Services in-house instead of through CMCC

As part of the FFF process Council reviewed its membership of Castlereagh Macquarie County Council (CMCC) in order to determine whether Council could provide the service at a cheaper rate in-house.

This review found that the cost of providing this service by Council would be more than what Council currently pays through CMCC. The review also found that Council was inexperienced in the provision of noxious weeds control, is not geared up for the provision of this service, and although there is possible access to own source revenue from private works, the non-financial considerations such as increased risk to council and possible liabilities and loss of reputation outweigh any opportunities to increase own source revenue. Council therefore resolved to continue to provide noxious weeds services through CMCC.

See Section 3.17 (page 50) of Council's IAP document – Annexure 2 for more details

Removal of the Road Safety Officer Position

Council's Road Safety Officer (RSO) position is funded 50 per cent by Roads and Maritime Services (RMS) and is a permanent part-time position with Council. As part of the preparation of the IAP document, it was suggested that Council could save approximately \$50k per annum by not continuing to part fund the road safety officer position.

After lengthy review and discussion, Council decided that as road safety is extremely important and there could be negative consequences if Council were to discontinue this service (including reputational risk, and negative impacts on inter governmental co-operation for example with RMS) that Council should continue to part fund this service, despite the potential \$50k saving.

See Section 3.18 (page 51) of Council's IAP document – Annexure 2 for more details

Closure of one of Council's two offices

Post the voluntary amalgamation of the Coonabarabran and Coolah shires the newly created Warrumbungle Shire Council has maintained two separate offices, one in Coolah and one in Coonabarabran, with the two offices located 87km (one hour drive) from each other. Part of the condition of the voluntary amalgamation was for an office to be maintained in both Coonabarabran and Coolah.

Due to the size of the Shire (over 12,000 square km) and the fact that neither Coonabarabran or Coolah is the major center for the other town (Coolah residents travel to Mudgee / Dubbo, while Coonabarabran residents gravitate to either Dubbo or Tamworth), it has historically made sense to have two offices in order to ensure representation across the shire, and to have staff close to both centres.

Despite the importance of each office to the Shire, one option reviewed under the FFF process for Council to save money was to close one of the two offices down, and re-allocate all staff in that office to the remaining office. Council could then try to sell the associated building infrastructure.

Council seriously reviewed this option, and found that despite the possible small annual savings to Council, a decision to close one of the two offices would leave one half of the shire without representation. Council also found that due to the fact that Council is the largest employer in the region a decision to close one of the offices would cause significant economic losses to the town whose office closed. Council therefore resolved unanimously that in recognition of the importance of having representation in both the north and the south of the Shire that Council continue to operate out of two offices: one in Coonabarabran and one in Coolah.

See Section 3.20 (page 54) of Council's IAP document – Annexure 2 for more details

Implementation of a Stormwater Levy

Council also reviewed whether or not to introduce a Stormwater Levy as part of the preparation of its Fit for the Future Improvement Action Plan. Council is responsible for stormwater management, and given the limited capital funds available and lack of “feel good factor” relating to the construction of stormwater assets such as culverts and drainage systems, stormwater priorities are often overlooked at the budget process.

Council could ensure that the right amount of funding is being allocated to addressing stormwater issues by adopting a stormwater levy, the income of which would be tied to stormwater projects. Although capped at \$25 per residential property with a variable rate for businesses, a stormwater levy would bring in an extra \$105,175 per annum that could be used to address stormwater issues. After detailed discussion, Council resolved to not pursue this particular Improvement Action Plan at this point in time.

See Section 3.21 (page 57) of Council's IAP document – Annexure 2 for more details.

Creation of a dedicated grants officer position

Due to the importance of grant funding to Council's financial performance, Council also considered whether or not to employ a dedicated grants officer as part of the preparation of its Improvement Action Plan.

Council review found that although there may be room for Council to source more funds if it were to employ a dedicated grants officer, the current arrangement has been quite successful as proven by Council's recent success in the Cobbora Transition Fund grants, grants for road works on MR55, and the Water Security Grants to name a few.

Council did find however, that it was evident that some opportunities are lost due to communication and co-ordination issues. Council therefore recommended that it continue with the current arrangement where Council Managers source and manage grants for their area, with two suggested changes to the current process:

- In the short term Council should set up an internal grants working group to oversee the management of the grants process within Council, and to ensure that Council is effectively managing all facets of the grants process. This working group will meet regularly and will be chaired by one officer who will have grants management as part of their portfolio;
- That Council investigate the possibility of sharing a dedicated grants officer with a neighbouring Council;

See Section 3.22 (page 60) of Council's IAP document – Annexure 2 for more details.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-1.54%	-4.69%	-1.60%	-1.73%	-1.66%	-1.45%	Yes but only post 2021
Own Source Revenue Ratio (Greater than 60% average over 3 years)	50.79%	67.86%	71.23%	71.45%	71.55%	71.55%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	193%	72%	93%	89%	82%	83%	Yes
Infrastructure Backlog Ratio (Greater than 2%)	3.02% 0.39%	3.53% 0.99%	3.59% 1.12%	3.73% 1.34%	4.02% 1.70%	4.30% 2.05%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	>1	>1	>1	>1	>1	>1	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	3.55%	3.59%	3.17%	3.10%	3.04%	2.97%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	2.957	2.948	2.938	2.937	2.937	2.936	Yes

4.1 Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

Council will meet all the Fit for the Future benchmarks over the next five years with the exception of the Operating Performance Ratio, which it will meet in the 2021/22 financial year and every financial year following.

Operating Performance Ratio

It is not expected that Council will meet the Operating Performance Ratio until the 2021/22 financial year which is after all of Council's Improvement Action Plans will have been implemented (see Improvement Action Plan attachment – Annexure 2 for details).

Reasons for Council not meeting this benchmark in the short run include:

- Overly conservative depreciation assumptions;
- A heavy reliance on grant funding and limited scope to increase rates through a special rates variation due to the socio-economic makeup of the Shire;
- Limited opportunities for own source revenue, although Council is taking advantage of sources available to it such as the quarry which as at EOFY 2013/14 had earned Council \$1.877m of own source revenue over two (2) years and net profits of \$276k;
- The pausing of indexation of the FAGs grants and the unfair distribution of these grants to wealthy city councils who have the ability to raise own source revenue through increased rates, parking fines, sales of unused assets, and a population density that allows these councils to run cost recovery or near cost recovery services such as swimming pools;

As mentioned above, Council will meet this benchmark post the implementation of all its Improvement Action Plans.

Own Source Revenue Ratio

This ratio is clearly met in every year except the 2015/16 financial year. Council is forecast to receive capital grants monies in excess of \$12m in this financial year.

Building and Infrastructure Asset Renewal Ratio

Although in some years Council will not meet the Asset Renewal Ratio per the table above, Council will meet this ratio over the following five years (on average) and over the following ten years (on average).

Infrastructure Backlog Ratio

Council does not meet the Infrastructure Backlog Ratio per the first set of numbers (in red) in the table above. However, the sole reason that this ratio not being met is the fact that dated information is being used in the calculation of the structures and drainage ratios. It has been several years since Council has revalued its structures and drainage assets, and the infrastructure backlog ratios for these two assets were (46.9) and (67.6) respectively in 2013/14, as opposed to roads (2.6) and buildings (1.5) which have both been either recently revalued (buildings), or significant work spent on condition rating and determining a real backlog figure (roads).

Council has had to use the outdated structures and drainage information in its calculations as this is the best available information at the time, however, if these two asset classes are excluded, given the significant renewals forecast over the following years (particularly 2015/16) Council will easily meet this benchmark.

Council has therefore included a second set of Infrastructure Backlog Ratio numbers which exclude these two items and clearly demonstrate Council meeting the Infrastructure Backlog Ratio. The second set of numbers are believed to be the more realistic numbers, and Council is therefore of the view that it meets this benchmark.

Council's Asset Management Improvement Project and reviews of Council's Asset Management Plan will ensure increased data accuracy and timeliness for this ratio going forward.

Asset Maintenance Ratio, Debt Service Ratio, and Real Operating Expenditure per Capita Ratio

These ratios will be met in each of the following five years.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

The Implementation of Council's Improvement Action Plan will be administered by Council's MANEX team and overseen by Councillors with Council's Director Corporate and Community Services responsible for ensuring the outcomes and strategies in the Improvement Action Plan are achieved.

Reporting on the progress against the Plan will be carried out on a quarterly basis and will form a permanent agenda item on Council's Finance and Projects Committee. The Finance and Projects Committee meets on a quarterly basis as part of the QBRS process, and progress against the Plan will also be reported to Council with the QBRS and will be available to the public as part of Council's Business Paper.

To date, Council has already commenced work on a majority of the Improvement Action Plans, and many of the plans will be completed in the 2015/16 financial year.

6. Annexures

Annexure 1	Self Assessment Tool Results WSC
Annexure 2	Improvement Action Plan
Annexure 3	Long Term Financial Plan
Annexure 4	Fit for the Future Ratio Calculations (Outer Years)
Annexure 5	Delivery Program, and Operational Plan
Annexure 6	Community Strategic Plan
Annexure 7	Asset Management Improvement Project
Annexure 8	NSW Office of Water Data for WSC