

Governance

Report of Governance to the Ordinary Meeting of Council held on Monday 15 June 2015

Relevance to Community Strategic Plan

RELEVANCE TO COMMUNITY STRATEGIC PLAN - GOVERNANCE

The reports contained within this section of the agenda outline actions and activities that contribute to the achievement of the outcomes as outlined in your Community Strategic Plan 2033.

GO1 - Notice of Motion Status Report - June 2015

GOVERNANCE

GO1 Notice of Motion Status Report - June 2015

103

TRIM 5253

EXECUTIVE SUMMARY

- At its ordinary meeting of 13 October 2014 Council resolved via a Notice of Motion 'That a permanent position be created in the Business Paper that records the progress of all action taken on all Notices of Motion passed by Council'.
- It is recommended that Council note the current Notice of Motion Status Report.

REPORT

At the Ordinary meeting of 13 October 2014 Council resolved via a Notice of Motion 'That a permanent position be created in the Business Paper that records the progress of all action taken on all Notices of Motion passed by Council'.

Council's Authority Register which is updated following each Council meeting records all resolutions passed by Council. Council staff actioning these resolutions record comments in the register on the progress of each resolution. Information held on each resolved Notice of Motion in 2014 has been extracted from the Authority Register to produce a Notice of Motion Status Report.

CONSULTATION

Consultation with Council Managers and members of Council's Executive has been conducted.

FINANCIAL IMPLICATIONS

This matter has no financial impact on Council's adopted budget or forward estimates.

ATTACHMENTS

1. Notice of Motion March Status Report will be provided to Councillors under separate cover.

RECOMMENDATION

That Council note the June Notice of Motion Status Report.

GO2 - Investment of Funds as at 30 April 2015

GO2 Investment of Funds as at 30 April 2015

112

TRIM 1022-2

EXECUTIVE SUMMARY

- This report provides details of Council's invested funds as at 30 April 2015.
- It is recommended that the information and certification in relation to the investment of Council funds as at 30 April 2015 be noted.

REPORT

At its last meeting, the Reserve Bank reduced the cash rate to 2.00%. In relation to the domestic market, the Board of the Reserve Bank commented that:

"In Australia, the available information suggests improved trends in household demand over the past six months and stronger growth in employment. Looking ahead, the key drag on private demand is likely to be weakness in business capital expenditure in both the mining and non-mining sectors over the coming year. Public spending is also scheduled to be subdued. The economy is therefore likely to be operating with a degree of spare capacity for some time yet. Inflation is forecast to remain consistent with the target over the next one to two years, even with a lower exchange rate.

Low interest rates are acting to support borrowing and spending, and credit is recording moderate growth overall, with stronger lending to businesses of late. Growth in lending to the housing market has been steady over recent months. Dwelling prices continue to rise strongly in Sydney, though trends have been more varied in a number of other cities. The Bank is working with other regulators to assess and contain risks that may arise from the housing market. In other asset markets, prices for equities and commercial property have been supported by lower long-term interest rates.

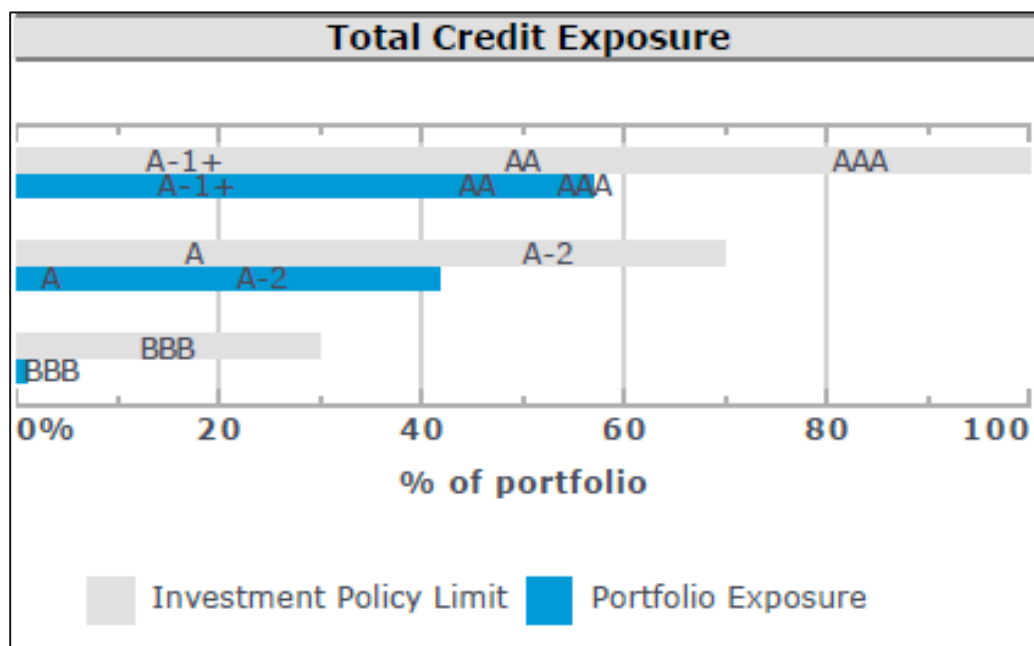
The Australian dollar has declined noticeably against a rising US dollar over the past year, though less so against a basket of currencies. Further depreciation seems both likely and necessary, particularly given the significant declines in key commodity prices.

At today's meeting, the Board judged that the inflation outlook provided the opportunity for monetary policy to be eased further, so as to reinforce recent encouraging trends in household demand."

Council will continue to monitor and review the portfolio while liaising with our investment advisors, to ensure that returns are maximised and risk exposure is minimised.

GO2 - Investment of Funds as at 30 April 2015

As shown in the following chart, the credit rating on Council's portfolio as at 30 April 2015 is within Council's investment policy limits.



The percentage of Council's investment portfolio invested with each institution as at 30 April 2015 is also in compliance with the limits specified within Council's investment policy, as detailed in the following table.

Parent Group	% used vs Investment Policy Limit
Bank Of Queensland	92% ✓
National Australia Bank	74% ✓
Members Equity Bank	43% ✓
Bendigo and Adelaide Bank	34% ✓
Westpac Group	28% ✓
Credit Union Australia	23% ✓
Macquarie Group	23% ✓
Commonwealth Bank of Australia	13% ✓
ANZ Group	7% ✓
Emerald Reverse Mortgage (B Tranche)	7% ✓
Emerald Reverse Mortgage (A Tranche)	4% ✓

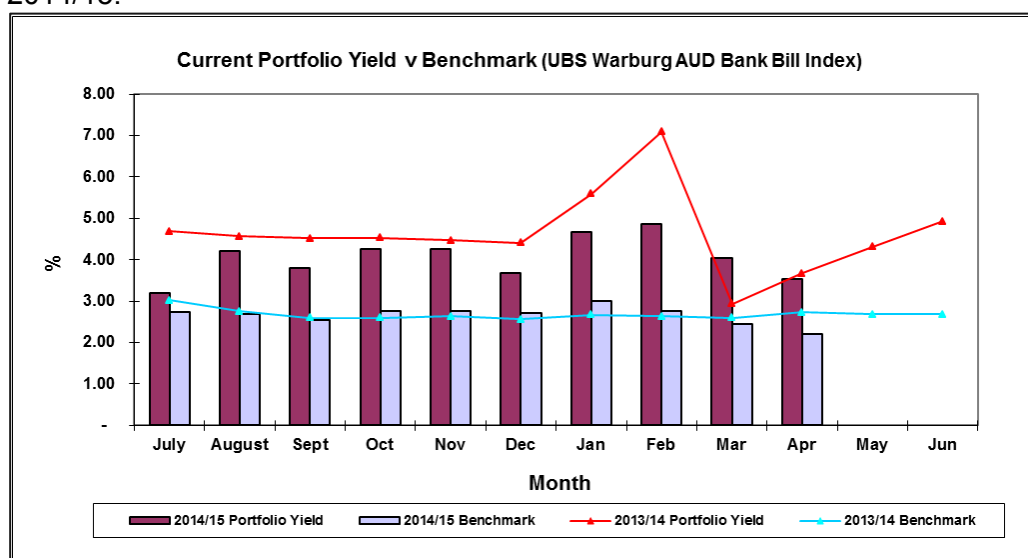
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GO2 - Investment of Funds as at 30 April 2015

The vast majority of Council's investment portfolio (96%) is invested in deposits / securities with Australian Authorised Deposit taking Institutions (ADI's). Council has been taking advantage of term deposit "specials" from various institutions without overexposing the portfolio to any one institution.

The marked to market valuations on some of the direct investment products in Council's portfolio remain at less than the face value of the investment. The marked to market value of these investments is expected to be equal to or greater than the face value by the time they reach their maturity date. Early exit from these products would realise losses.

The following charts compare Council's portfolio yield with the benchmark UBS Warburg AUD Bank Bills Index rate in each month for 2013/14 and 2014/15.



As shown in the chart above, Council's portfolio yield has continually exceeded the benchmark UBS Warburg 3 month Bank Bill Index due to the prudent investment of Council's portfolio. For April 2015, Council's portfolio yielded 3.54%. However the portfolio only returned 1.09% pa for the month, compared to the benchmark's 2.21% pa return. The portfolio's return was affected by a revaluation of one of its mortgage backed investments (Emerald Class B). Prudential Investment Services Corp have advised that they have been assured by Bluescope (the issuers of the investment via Barclays Bank) that there are no concerns with this investment. Council is currently awaiting further information regarding the revaluation of this investment.

Under Reg 212 of the Local Government (General) Regulation 2005, Council's Responsible Accounting Officer must provide Council each month with a written report setting out details of all money that Council has invested under section 625 of the Act.

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GO2 - Investment of Funds as at 30 April 2015

Details of Council’s investment portfolio as at 30 April 2015 are provided in attachment 1.

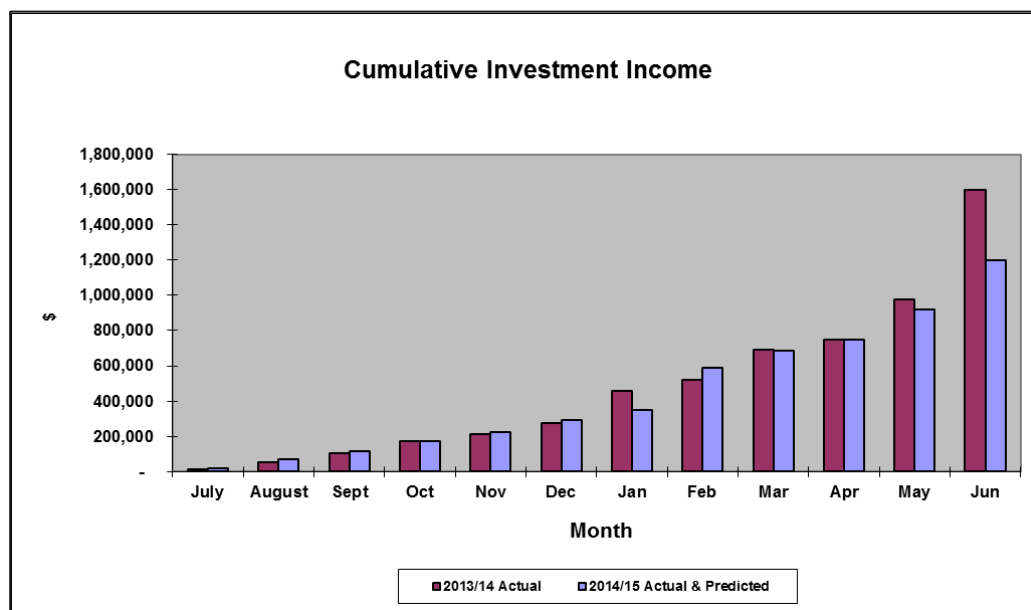
CONSULTATION

Independent advice regarding the investment of Council funds was provided by Prudential Investment Services Corp.

FINANCIAL IMPLICATIONS

Interest earned is allocated to restricted cash and income in accordance with Council’s adopted budget, policy and legislative requirements.

The following chart compares the 2014/15 actual and predicted interest for the year with the prior year’s actual interest income.



Council’s investment income for 2014/15 is expected to be less than the income received for 2013/14. Interest rates on investments remain low and Council’s investment base is expected to decrease as restricted cash carried forward from previous years is used to improve Council’s infrastructure network.

The prudent investment of funds is necessary to ensure Council’s long term financial sustainability.

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GO2 - Investment of Funds as at 30 April 2015

CERTIFICATION

I hereby certify that Council's investments have been made in accordance with Sec 625 of the Local Government Act 1993, clause 212 of the Local Government (General Regulations) 2005 and Council's Investment Policy.

Ashley Christie
Manager Financial Services
WOLLONDILLY SHIRE COUNCIL

ATTACHMENTS

1. Investments as at 30 April 2015 including reconciliation of invested funds.

RECOMMENDATION

That the information and certification in relation to the investment of Council funds as at 30 April 2015 be noted.

WOLLONDILLY SHIRE COUNCIL

Report of Governance to the Ordinary Meeting of Council held on Monday 15 June 2015

GO2 - Investment of Funds as at 30 April 2015

ATTACHMENT 1 – 1022-2 – 15 JUNE 2015

INVESTMENTS AS AT 30 April 2015							
Reporting Period:		1-Apr-15	to		30-Apr-15		
Investment Institution	Rating	Face Value at 30-Apr-15	Value at 30-Apr-15	Percentage Holding	Interest/ Capital Growth %p.a.	received	Maturity
CASH ASSETS							
National Australia Bank							
<i>General Account Balance (for information only. Not included in Total Cash Plus Investments)</i>							
		186,359	186,359				
11 AM At call	AA	2,125,000	2,125,000	4.87%	2.75	2,652	At Call
Term Deposits							
National Australia Bank (Matured)	A-1+					964	14-Apr-14
National Australia Bank (Matured)	A-1+					1,978	21-Apr-14
Bank of Queensland	A-2	1,000,000	1,036,212	2.29%	3.72	3,058	14-May-15
Westpac Banking Corporation- Local Govt	AA-	2,000,000	2,083,619	4.58%	4.35	7,151	25-May-15
Bank of Queensland	A-2	1,000,000	1,035,030	2.29%	3.75	3,082	04-Jun-15
Bank of Queensland	A-2	1,000,000	1,024,205	2.29%	3.55	2,918	04-Jun-15
Bank of Queensland	A-2	1,000,000	1,034,536	2.29%	3.75	3,082	11-Jun-15
National Australia Bank	A-1+	1,000,000	1,024,367	2.29%	3.56	2,926	18-Jun-15
National Australia Bank	A-1+	1,000,000	1,025,173	2.29%	3.57	2,934	09-Jul-15
Bank of Queensland	A-2	1,000,000	1,012,981	2.29%	3.50	2,877	16-Jul-15
National Australia Bank	A-1+	1,000,000	1,029,565	2.29%	3.65	3,000	18-Aug-15
National Australia Bank	A-1+	1,000,000	1,028,994	2.29%	3.65	3,000	27-Aug-15
National Australia Bank	A-1+	2,000,000	2,056,947	4.58%	3.65	6,000	01-Sep-15
ME Bank	A-2	1,000,000	1,025,542	2.29%	3.55	2,918	17-Sep-15
National Australia Bank	A-1+	1,000,000	1,020,620	2.29%	3.55	2,918	19-Sep-15
ME Bank	A-2	1,250,000	1,280,783	2.86%	3.60	3,699	07-Oct-15
National Australia Bank	A-1+	1,000,000	1,024,342	2.29%	3.55	2,918	21-Oct-15
National Australia Bank	A-1+	1,000,000	1,021,201	2.29%	3.55	2,918	09-Dec-15
National Australia Bank	A-1+	1,000,000	1,020,669	2.29%	3.55	2,918	17-Dec-15
Rural Bank	A-2	1,000,000	1,016,290	2.29%	3.60	2,959	13-Jan-16
Bank of Queensland	A-2	3,000,000	3,056,365	6.88%	4.05	9,986	03-Feb-16
National Australia Bank	A-1+	1,000,000	1,013,951	2.29%	3.20	2,630	03-Feb-16
ME Bank	A-2	1,000,000	1,009,108	2.29%	3.20	2,630	18-Feb-16
National Australia Bank	A-1+	500,000	506,002	1.15%	3.15	1,295	25-Feb-16
Rural Bank	A-2	1,000,000	1,005,988	2.29%	3.00	2,466	01-Mar-16
Credit Union Australia (CUA) (Matured)	BBB+	2,000,000	2,012,825	4.58%	3.10	5,096	08-Mar-16
Term Investment							
Westpac Banking Corporation- Local Govt	AA-	1,000,000	1,065,244	2.29%	4.55	3,740	16-May-16
Westpac Banking Corporation- Local Govt	AA-	1,000,000	1,064,911	2.29%	4.55	3,740	17-May-16
TOTAL CASH ASSETS							
		32,875,000	33,660,469	75.35%		98,451	
Investment Institution	Rating	Face Value at 30-Apr-15	Value at 30-Apr-15	Percentage Holding	Interest %p.a.	received / accrued	Maturity
INVESTMENT SECURITIES							
Corporate Bond							
National Australia Bank	AA-	1,000,000	1,072,088	2.29%	6.00	4,945	15-Feb-17
Zero Coupon Bond							
Commonwealth Bank of Australia	AA-	2,000,000	1,814,720	4.58%	7.17	0	22-Jan-18
Floating Rate Notes							
Members Equity Bank Pty Ltd	BBB+	500,000	506,850	1.15%	3.58	1,469	28-Nov-16
Westpac Banking Corporation	AA-	500,000	515,220	1.15%	3.98	1,635	20-Feb-17
Macquarie Bank	A	1,000,000	1,007,644	2.29%	5.23	4,299	09-Mar-17
Bendigo Bank Senior FRN	A-	1,000,000	1,004,071	2.29%	3.25	2,667	17-Sep-19
ANZ Snr FRN	AA-	1,000,000	1,013,782	2.29%	3.24	2,659	11-Nov-19
Westpac Banking Corporation	AA-	1,000,000	1,006,465	2.29%	3.15	2,821	22-Jan-20
Macquarie Bank	A	1,000,000	1,009,534	2.29%	3.38	2,778	03-Mar-20
Mortgage Backed Securities							
Emerald Reverse Mortgage Series 2007-1 Class B	AA	1,000,000	641,263	2.29%	2.77	2,552	21-Jul-27
Emerald Reverse Mortgage Series 2006-1 Class A	AAA	755,204	653,689	1.73%	2.77	1,717	22-Aug-22
TOTAL INVESTMENT SECURITIES							
		10,755,204	10,245,325	24.65%		27,542	
Current Portfolio Yield							
					3.54		
TOTAL CASH & INVESTMENT SECURITIES							
		\$43,630,204	\$43,905,795	100%		\$125,993	
Benchmark (90 day UBSA Bank Bill Index)							
					2.73		
Maximum Permitted Institution Holding = 45%							

Governance

GO2 - Investment of Funds as at 30 April 2015

ATTACHMENT 1 – 1022-2 – 15 JUNE 2015

Summary of Investment Holdings by Investment Type as at 30 April 2015

	Face Value (\$)	Current Value (\$)	Current Yield (%)
Bonds	3,000,000.00	2,886,807.80	6.7795
Cash	2,125,000.00	2,125,000.00	2.7500
Floating Rate Note	6,000,000.00	6,063,565.84	3.6686
Mortgage Backed Securities	1,755,204.13	1,294,951.54	2.7771
Term Deposit	30,750,000.00	31,535,469.51	3.6740
	43,630,204.13	43,905,794.69	3.8057

Application of Invested Funds- 30 April 2015		
Fund Type	Description	Value \$
Externally Restricted Funds	Developer Contributions	13,807,763
	Domestic Waste Management	7,809,348
	Unexpended Grants held in Restricted Cash	997,953
	Unexpended Loan Funds	3,755
Internally Restricted Funds	Sinking Fund	200,000
	Funds held in Restricted Cash for future projects and operations	16,493,388
	Funds allocated to meet current budgeted expenditure	4,317,997
		43,630,204

GO3 - Wollondilly Shire Council Fit for the Future Proposal

GO3 Wollondilly Shire Council Fit for the Future Proposal

3006

TRIM 8280

EXECUTIVE SUMMARY

- On 10 September 2014, the NSW Government formally announced “The Fit for the Future” package as a response to the Independent Local Government Review Panel and Local Government Acts Taskforce.
- As the Independent Panel did not recommend structural change for Wollondilly, we have been asked to assess our current situation, consider the future needs of our community and the recommendations of the Independent Local Government Review Panel in line with the NSW Government’s definition and criteria benchmark for a Fit for the Future Council.
- As a result of this self-assessment, Wollondilly has developed a proposal that is to be submitted to the Office of Local Government by 30 June 2015, outlining how we will remain financially sustainable, efficient and deliver effective services and infrastructure.
- The aim of this proposal is for Council to be financially sound, operating efficiently and in a strong position to guide community growth and deliver quality services.
- That Council adopt the Wollondilly Shire Council Fit for the Future proposal and that the proposal be submitted to the Office of Local Government by 30 June 2015.

REPORT

On 10 September 2014, the NSW Government formally announced their Fit for the Future package as a response to the Independent Local Government Review Panel and Local Government Acts Taskforce recommendations.

As a result, Councils have been asked to assess their current situation and consider the future needs of our community and the recommendations of the Independent Panel in line with the NSW Government’s definition and criteria benchmark for a Fit for the Future Council.

As a result of this self-assessment, Councils will be asked to submit a proposal on how we intend to be Fit for the Future by 30 June 2015.

Some Councils have been identified as needing to merge to become Fit for the Future. This is not proposed for Wollondilly Shire Council, with the focus of this approach being more on Metropolitan Councils and very small rural Councils. (Note that Camden, Campbelltown and Wingecarribee are also NOT proposed for merger).

GO3 - Wollondilly Shire Council Fit for the Future Proposal

Councils who become Fit for the Future will be eligible for incentives and support. This will include cheaper finance options, simplified reporting requirements, priority access to State funding and grants and options for additional planning powers.

The criteria and benchmarks to determine whether a Council is financially sustainable and able to be effective in the delivery of infrastructure and services relate to matters such as:

- Operating performance ratio – whether we run at a deficit or have a balanced budget
- Own source revenue ratio – how much we rely on grants and external revenue sources
- Infrastructure and asset backlog, maintenance and renewal ratios – all about the condition of our assets and infrastructure and what needs to be spent to bring them up to standard
- Debt service ratio – how much debt we have to service with loan repayments.

For Council to perform well against these criteria's, the Special Rate Variation (SRV) that was approved by the Independent Pricing and Regulatory Tribunal (IPART) on 19 May 2015 is critical.

The draft proposal contains criteria and ratios that are based on estimates available at the time of preparation and will be revised following adoption of the budget.

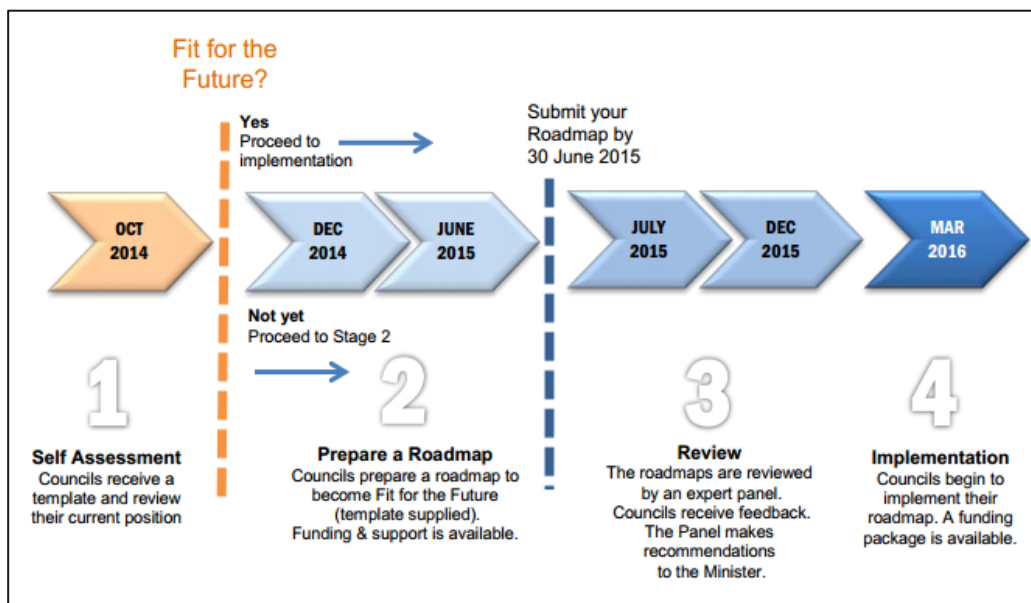
The Wollondilly Shire Council Fit for the Future proposal is Step 2 in a 4 Step process that will demonstrate how Council will meet the criteria benchmarks to:

- enhance our financial sustainability;
- be effective in the delivery of infrastructure and services;
- be more efficient; and
- be of sufficient scale to engage across community, industry and government.

Step Three involves an independent expert panel that will review Council's proposal. The Panel will make recommendations to the Minister for Local Government based on its assessment. Councils that are assessed as being Fit for the Future will begin to implement their proposals in Step 4 and take advantage of the benefits of being a Fit for the Future Council.

GO3 - Wollondilly Shire Council Fit for the Future Proposal

Following is the timeline for this Four Step process:-



By adopting the Fit for The Future proposal Council will be implementing the changes necessary to become Fit for the Future ensuring we have the capacity, strength, expertise and credibility to help shape the future of Wollondilly.

In recognition of this, the NSW Government will give Fit for the Future Councils:

- Access to a T-Corp borrowing facility that will save NSW Councils up to \$600 million on the cost of borrowing, helping them to fund the crucial infrastructure that communities need;
- Priority access to other State funding and grants; and
- Eligibility for additional devolved planning powers in relation to the making of local environmental plans and development decisions, and opportunities for devolving further planning power.

For Wollondilly, as for all Councils, significant change is ahead. The adoption of the Fit for the Future proposal will ensure Wollondilly Shire Council is well positioned to deliver the services and infrastructure that our community expects in an efficient, effective and sustainable manner.

CONSULTATION

Council consulted on ideas and options with the community and neighbouring local government areas during the recent Special Rate Variation engagement process.

GO3 - Wollondilly Shire Council Fit for the Future Proposal

FINANCIAL IMPLICATIONS

Being assessed as "Fit for the Future" will give Council access to a range of funding opportunities that will assist further in ensuring Council's long term financial sustainability.

ATTACHMENTS

1. Wollondilly Shire Council Fit For the Future Proposal.

RECOMMENDATION

That Council adopt the Wollondilly Shire Council Fit for the Future proposal and that the proposal be submitted to the Office of Local Government by 30 June 2015.

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

**Council
Improvement
Proposal**

Council details

Council Name

Wollondilly Shire Council

Date of council resolution endorsing this submission

FORWARDED

Governance

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

1.1 Executive summary

The Minister for Local Government released the State Government's response to the reports of the Independent Local Government Review Panel (ILGRP) and the Local Government Acts Taskforce in September 2014, under the name Fit for the Future (FFTF).

Wollondilly Shire Council was identified as a stand alone (no change) by the ILGRP and accordingly, Council has prepared this FFTF Improvement Proposal.

Requirements for an improvement proposal

The essential areas of assessment in an improvement proposal are as follows:

- Scale and capacity – based on the ILGRP report, which found that Wollondilly Shire Council meets the required criteria
- Financial benchmarks – these are addressed in sections 2.3 – 2.4
- Improvement strategies – this is addressed in section 3.

Wollondilly Shire Council, like most NSW councils, is faced with the challenge of making sure we have sufficient funds to look after the Shire's infrastructure into the future. The Wollondilly community places a high priority on the maintenance of the Shire's infrastructure, so the current trend of deteriorating infrastructure needs to be reversed.

Following a comprehensive engagement process, which started in June 2014, and with the support of our community (evidenced by an independently conducted, randomly selected survey), Wollondilly Shire Council applied to IPART in February 2015 for an increase in rates of 10.8% each year for 4 years. This application was approved in full by IPART in May 2015.

This increase in rating revenue is part of Council's Long Term Financial Sustainability Strategy and Corporate Business Planning (IP&R), with Council also pursuing increased grants, making use of subsidised loans (LIRS) and the ongoing organisational efficiency initiatives as part of our Success Management Program. The strategy will enable Council to maintain and renew infrastructure, and continue to provide required services to the community.

Fit For the Future Financial Ratios

Full details of Wollondilly Shire Council's current and projected performance against the Fit For the Future financial indicators and benchmarks are provided in sections 2.3 and 4 of this document. Wollondilly Shire Council is currently working towards meeting all

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

of the Fit for the Future benchmarks within the required timeframes.
The improvement action plan identified by this proposal is detailed in the adopted Corporate Business Planning documents of Wollondilly Shire Council and does not represent any change of strategic direction for the Shire. Council established the Success Management Program (Business Improvement and Cultural Change Program) in January 2014. The program was initiated for five major reasons:

- to respond to significant growth
- customer service
- resource constraints
- working relationships, perceptions and complaints
- performance issues

SMP is Council's program aimed at refocusing on the effectiveness and efficiency of Council's business operations through our people, processes, performance and plans.

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

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?

YES

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

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GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

2 Your council’s current position
2.1 About your local government area

We are Wollondilly

Wollondilly Shire is on the south western outskirts of Sydney and at the foothills of the Southern Highlands, we are surrounded by spectacular, natural beauty and rural pastures. Our 2,560 square kilometres stretch from Yanderra in the south, Appin and Menangle in the east, Warragamba in the north with the Nattai wilderness, Yerranderie and Burragarang Valley to the west.

Wollondilly Shire is predominantly a national park and rural area, with urban areas in twenty-one towns and villages. Two-thirds of the population live in the urban centres, and one-third in the rural areas. The Shire encompasses a land area of 2,560 square kilometres, of which about 90% is national park, bushland, water catchment or rural land, including gorges, ranges and plains. Most of the rural land is used for agricultural purposes, including market gardens, orchards, dairy farms, poultry farms and grazing. Coal mining is also a major industry.

Wollondilly Shire is rich in aboriginal and European history. The earliest known inhabitants of the district were the Gundangurra Tribe, who gave the area its name.

Wollondilly Shire is served by the Hume Highway and the main southern railway line, with stations at Bargo, Douglas Park, Menangle, Picton and Tahmoor.

Wollondilly Shire is located at the south-western fringe of the Sydney metropolitan area, about 75 kilometres from the Sydney CBD. Wollondilly Shire is bounded by Blue Mountains and Penrith Cities in the north, Liverpool City, the Camden Council area and Campbelltown and Wollongong Cities in the east, Wingecarribee Shire in the south, and the Goulburn Mulwaree and Oberon Council areas in the west.

The estimated resident population of Wollondilly Shire was 47,084 as of the 30th June 2014. The population is expected to continue to increase, especially around the existing urban areas of Appin, Bargo, Picton, Silverdale, Tahmoor, Thirlmere, Warragamba and Wilton.

The key employment sectors in Wollondilly Shire include mining, manufacturing and construction, and to a lesser extent, education, retail trade, health care and agriculture, forestry and fishing.

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GO3 - Wollondilly Shire Council Fit for the Future Proposal

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Rural Living Vision
Rural living is not just about development issues, but about a wider set of values that reflects the Community's desire to maintain the Shire's rural character together with the sense of belonging to caring communities that have been at its core for generations. Following a community strategic plan workshop held in November 2012, a revised definition of Rural Living comprising of six key characteristics has been developed:

- Rural setting and character
- Viable agriculture
- Community lifestyle
- Diverse environment
- Heritage
- Towns and Villages

The six key characteristics are defined in the Wollondilly Community Strategic Plan 2033, page 8.

Community Assets, Council looks after:

- 840 km roads
- 90 parks and reserves
- 78 bridges
- 33 playgrounds
- 13 playing fields
- 19 halls

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

Wollondilly Economic Profile as of 30 June 2014:

Gross Regional Product	\$1.62 billion
Local Jobs	12,592
Largest Industry	Construction
Local Business	3,719
Employed Residents	23,513
Unemployment	2.97%

Wollondilly People Profile at 2011 census:

Median Age	36
Median Weekly household income	\$1,478
Couples with Children	43%
Couples without children	9%
Medium to High density housing	5%
Household with a Mortgage	48%
Households renting	16%

GO3 - Wollondilly Shire Council Fit for the Future Proposal

ATTACHMENT 1 - 8280 – 15 JUNE 2015

2.2 Key challenges and opportunities

Community

The Wollondilly community faces a specific set of challenges that arise from:

- Our relatively low population
- Our location on the fringe of a city
- Our dispersed and varied towns and villages
- Our attractiveness as a place to live means that increasing population growth will be an important part of our future

This context means that the Shire has limitations regarding employment opportunities, schools, human services, cultural and recreational opportunities, shopping, leisure and more. There is therefore a very high incidence of people needing to leave the Shire to access all of these kinds of opportunities. This issue is compounded by limited access to public transport and a high reliance on having to travel significant distances. The high incidence of people travelling and commuting also reduces “spare” time limiting the ability to participate in community activities and interactions.

Our biggest long term challenge is therefore to ensure that more of these life opportunities (jobs, schools, shops, professional services, cultural activities, community facilities and services etc) become available and accessible to all, either within our Shire (preferably) or at least regionally. Future population growth is a major opportunity as a larger “critical population mass” will bring real opportunities to our Shire. But by the same token as our population grows our community’s needs will also change and we may need to manage a different set of emerging social issues.

Because of its location on the fringe of Sydney, Wollondilly faces challenges in accessing funding and networking opportunities. This means we are frequently excluded from accessing metropolitan opportunities or, alternatively, the whole of the Wollondilly Shire is classified metropolitan therefore excluding us from rural opportunities.

Human and social services within the Wollondilly Shire provide a range of support for children, youth, women, people with a disability and older people and other target groups. Many services are funded on a Macarthur regional basis so they tend to be located outside the Shire, primarily in Campbelltown. It is therefore a constant challenge to improve the outreach of these services into the Shire.

Despite these challenges Wollondilly’s residents are very proud of the Shire and value its rural lifestyle, local village identity, community spirit and friendly atmosphere.

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Our community wants to feel that their interests and aspirations are represented in the decision making process. People are Wollondilly's greatest asset and they should have a say in the decision making processes that affect their community.

Governance has become an increasingly complex task requiring more attention to ensure that there is accountability, transparency and clear communication. A best practice approach to governance is essential if there is to be effective coordination, communication and conflict resolution between communities, elected representatives, staff in all levels of government, local business and community based organisations.

Wollondilly Council has begun the process to become Fit for the Future and will need to ensure its governance is aligned to meet the changes while still representing the aspirations of the community.

Like all Councils in NSW, Wollondilly Council needs to be financially sustainable, which is an ongoing challenge in a context of restricted funding and rising costs. Council is nevertheless committed to achieving sustainability in its finances by providing strong financial management and a high quality of effective and efficient service delivery. Council's SMP is an opportunity to continue to look for business improvement opportunities into the future.

Council has a customer service commitment that ensures that our customers and stakeholders receive efficient, responsive and friendly service. Council has in place a Customer Service Request System that ensures we operate to established service standards in responding to customer requests and carrying out maintenance on assets such as roads, footpaths and public spaces. Council staff are essential to the success of the organisation and there is a focus on attracting, retaining and developing the best staff and building both organisational and individual capability.

To be accountable and transparent and to deliver services which are responsive to our community aspirations, we need to engage with Communities using effective communication. This includes the use of innovative technology and media.

Environment

Wollondilly's natural environment, sensitive water catchment lands, extensive public open spaces and opportunities for rural living are among its greatest assets. National Parks, reserves and protected water catchment lands rich in biodiversity, environmental value and cultural value make up much of the Shire. Our rural lands also play an important role by providing diverse habitat, by contributing to air, water and landscape quality, by providing locally grown food for the Sydney Basin and by serving as a carbon sink for greenhouse gases.

As concern over climate change grows, Council, the community and other stakeholders all need to minimise their ecological footprints. In this context the Wollondilly community needs to be encouraged to live more sustainably and to appreciate, care for and protect their rich and diverse environment. The need to live more sustainably is however challenged by our high dependence

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on private vehicles and the distances we travel. Because of the Shire's location on the fringe of a city, there will always be growth pressures. A balanced approach to development is therefore needed to enable growth while at the same time ensuring protection of our natural environment, retention of our rural lands and the development of highly liveable and sustainable built environments.

Wollondilly's residents have high expectations regarding the protection of rivers and other water courses and have opposed mining under rivers, coal seam gas extraction and their associated impacts.

As our population grows the interaction between the community and our natural environment needs careful management in order to minimise risks to the environment and also risks to human health, safety and property. Issues such as bushfire hazard reduction, waste water and catchment management, waste management, illegal clearing, illegal dumping and littering, companion animal management, regulating illegal development and land use, control of weeds and pest animals, flood management, and pool safety are all critical matters for the Shire.

Our built environment also needs to be carefully managed. We value our towns and villages for their rural character, their sense of place, their heritage and the opportunities they provide for living, working, recreation and social interaction. Maintaining high standards of urban design and development control will be required to retain these values, particularly as we experience more development into the future. We are going to be seeing substantial housing growth over the next 20 years and we want these new residential areas to be attractive, healthy, sustainable environments. They need to be developed in accordance with best-practice approaches to urban development and they need to deliver a range of housing types to meet our emerging housing needs into the future.

Economy

The location of Wollondilly on the fringe of Sydney and its attractiveness as a place to live mean that increasing population growth will be an important part of our future. We have an obligation to manage this growth well. This will require well planned and coordinated development and infrastructure and consideration of our unique towns and villages and our rural setting. As we increase our housing we also need to increase local jobs to meet the needs of the growing population.

The lack of local job opportunities within Wollondilly places pressure on people needing to leave and look for work elsewhere. Employment self-containment is low with up to 70% of the workforce leaving the area for work. Most resident workers experience significant travel times because Wollondilly is relatively isolated and public transport is poor. This results in significant economic, social and environmental costs for our residents.

As a result of the Shire's relatively small and dispersed population there is also a high level of expenditure escaping to other local government areas. Reducing this is an important strategy to stimulate local retail and economic growth. Critical to this challenge is the need to encourage more local business opportunities and this is in turn highly reliant on a growing population. Council has

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recently invested in a dedicated economic development resource to foster and implement economic development opportunities. This position is linking into regional opportunities and partnerships. As our population grows our town centres will become more economically viable as the markets they serve become larger and stronger. But we also need to make them attractive and enjoyable places in which to live, do business, shop and visit.

So in essence, to enable our Shire to support more businesses and more jobs we need to grow our population. Council is considering a range of options for growth including the concept of having significant new centres for growth such as Wilton Junction.

Wollondilly Shire Council is a recognised industry leader in its proactive approach to the protection of productive rural lands and agriculture in the Sydney Basin. Other key industries in Wollondilly are manufacturing, retailing, tourism and mining. Council will continue to support all of these industries but will also strive for the employment base to be widened.

Council's planning framework, from how we plan for and manage growth, how we rezone land right through to how we manage DAs, can play a significant role in helping to shape and deliver economic growth. Our planning approach is also critical to ensuring future housing and economic growth does not threaten the vision of "Rural Living" in a healthy environment.

Wollondilly has a shortage of knowledge based jobs, lacks strategic educational assets such as a university or TAFE presence and key infrastructure to support economic development (e.g. broadband infrastructure). This impedes innovation, growth of high income jobs and home-based businesses. Council needs to advocate strongly and work in partnership with other key agencies for improvements in these areas. Our future growth prospects provide great opportunities for us in relation to these issues.

Infrastructure

Wollondilly Shire Council, like most NSW councils, is faced with the challenge of making sure we have sufficient funds to look after the Shire's infrastructure into the future. The Wollondilly community places a high priority on the maintenance of the Shire's infrastructure, so the current trend of deteriorating infrastructure needs to be reversed.

Wollondilly Shire Council is faced with an \$80 million funding deficit after 10 years and needs to address this shortfall. A comprehensive engagement process with our community informed our recent Special Rate Variation application which was approved by IPART in full. This SRV will give us the capacity to generate the funds required to sustainably address the infrastructure backlog over time and will support the maintenance and renewal of the community's roads, footpaths, parks and community buildings.

Road safety is also a major community issue, with higher than average crash rates across the Shire, particularly for our younger drivers.

Public and alternate transport arrangements are poor, with limited bus services and diesel train services that terminate at Campbelltown, along with only a slowly developing cycleway and footpath network.

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Access to services such as health by elderly residents is an issue, with outreach services being poorly targeted to our community, which places greater reliance of some areas of the community on our limited transport network.

Wollondilly Shire, through its significant bushland areas and remote towns and villages, faces a significant bushfire threat not only in our rural areas, but also in many of our residential areas. This is in addition to the risk of storms, flooding, building fires and significant transport incidents with both the Hume Freeway and Sydney/Melbourne Rail Corridor crossing almost the entire length of our Shire.

Other infrastructure elements such as sewer, water and telecommunications are managed by other tiers of government or private companies. Ongoing lobbying over a number of years has resulted in significant improvements to sewer coverage, while the future rollout of the NBN will also improve access to high quality communications.

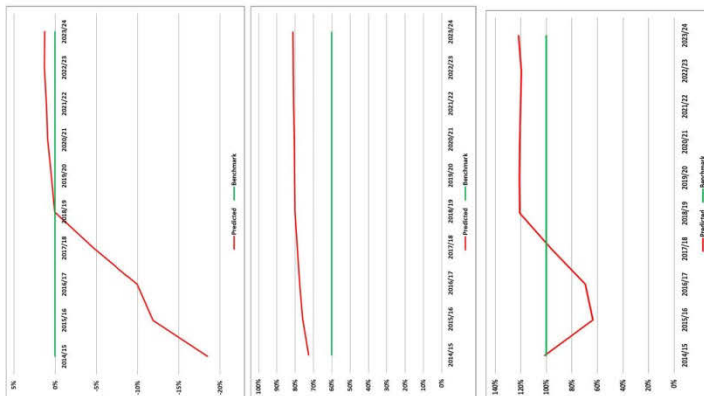
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2.3 Performance against the Fit for the Future benchmarks

Sustainability		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)		-12.3%	No	-11.2%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)		73.6%	Yes	76.5%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)		77.5%	No	97.3%	No



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

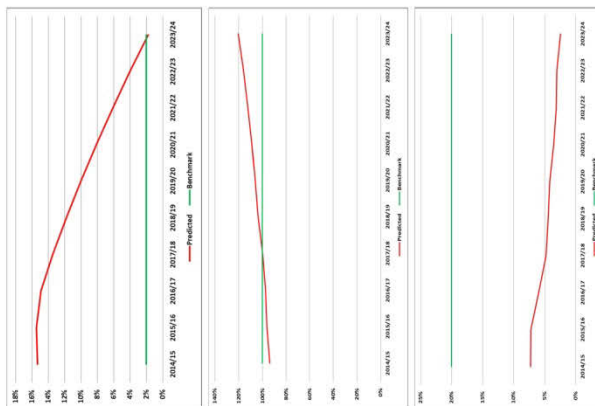
The “**Operating Performance**” and “**Building & Infrastructure Asset Renewal**” ratios are currently not meeting the required benchmarks due to Council’s significant depreciation charges and insufficient funds being available to address its asset maintenance and renewal requirements. Council has successfully applied for a four year x 10.8%pa special rate variation for the purpose of addressing the infrastructure issue. With the additional rate revenue generated from the special rate variation, Council’s long term financial plan indicates that the **Operating Performance Ratio** will achieve the benchmark in the final year of the special rate variation (ie: 2018/19) and the **Building & Infrastructure Asset Renewal Ratio** will achieve the benchmark a year earlier (ie: 2017/18). Both ratios are predicted to continually achieve the benchmark thereafter.

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Infrastructure and service management			
Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance
Infrastructure Backlog Ratio (Less than 2%)	15.8%	No	15.2%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	108.3%	Yes	96.0%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.0%	Yes	7.4%



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

The “**Infrastructure Backlog**” and “**Asset Maintenance**” ratios are currently not meeting the required benchmarks due to insufficient funds being available to address its asset maintenance and renewal requirements. In order to address this issue, Council has successfully applied for a four year x 10.8%pa special rate variation. With the additional rate revenue generated from the special rate variation, Council’s long term financial plan indicates that the **Infrastructure Backlog Ratio** will immediately see improvement in results and Council is expected to achieve the benchmark by 2023/24. The special rate variation will enable Council to significantly increase its asset maintenance and renewal program and by 2017/18 will be achieving an **Asset Maintenance Ratio** of greater than 100%. Projections show that this ratio will continue to increase each year.

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Efficiency				
Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	Increasing	No	Decreasing	Yes

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

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

The improvement action plan identified by this proposal is detailed in the adopted Corporate Business Planning documents and is directly referenced in GO5.4 of the current Delivery Program. This Fit for the Future improvement plan is fully consistent with the current strategic direction for the Shire.

Nevertheless Council will always endeavour to identify new efficiencies and cost containment strategies as required. As these opportunities are identified they will be implemented as part of Council's Corporate Business Planning documents and ongoing cost saving and efficiency actions. Appendix A is a detailed list of efficiencies and cost saving initiatives implemented and realized by Council currently and over the past four years. Council will continue to investigate and implement efficiencies and cost saving initiatives through its ongoing Success Management program (SMP).

Council's Corporate Business Planning documents include:

- Wollondilly Community Strategic Plan 2033
- Wollondilly Resourcing Strategy 2013/14 - 2022/23
- Wollondilly Delivery Program 2013/14 - 2016/17 & Annual Operational Plan
- Wollondilly Reporting – Quarterly & Annual

Council's driving strategic document is the Community Strategic Plan (CSP). Council uses the CSP to develop its Delivery Program and Operational Plan. The council plans focus on five themes and related outcomes:

Looking after the Community

- Access to a range of activities, services and facilities
- A connected and supported Community

Accountable and Transparent Governance

- Government, Community and business talking and working together
- A Council that demonstrates good business management and ethical conduct

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- Caring for the Environment*
- Our local environment is valued and protected
 - A Community that interacts with and cares for their environment Building a strong local Economy
 - A strong local economy providing employment and other opportunities
- Management and Provision of Infrastructure*
- Safe, maintained and effective infrastructure
 - Access to a range of transport options

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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 currently meets 1 of the 3 sustainability benchmarks – the Own Source Revenue Ratio.

The following strategies demonstrate how Council will improve and meet all three benchmarks within the required timeframes.

After years of rate-pegging, cost shifting, ever increasing community expectations and the complexities of being a peri-urban Council, Wollondilly has, by necessity, needed to constantly improve its efficiency. Council has implemented a series of cost containment strategies, efficiency strategies (Appendix A), continuous quality improvement and a "best-practice" approach which keeps Council abreast of new knowledge, techniques and developments related to our industry. We continually review the ways our services are conducted and we have implemented a wide range of initiatives to ensure that we are progressing towards achieving and improving the benchmark ratios.

The current Delivery Program 2013/14 – 2016/17 and Operational Plan 2015/16 which was adopted by Council on the 19 June 2015 details:

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Key Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
GO5 – Maintain Council in a strong and sustainable financial position	<p>Deliver short and long term financial processes</p> <p>Investigate alternative options to address future funding options</p>	<p>Budget finalised</p> <p>Quarterly Reviews of Budget completed and reported to Council and community</p> <p>Implement IPART approved SRV</p>	<p>Budget adopted</p> <p>Budgets scrutinised and adhered to</p> <p>Increased revenue</p> <p>Report to OLG and community on SRV funds spent</p>	
GO6 – Be efficient and effective in the use of Council resources and provide value for money in the delivery of services	<p>Continue to manage and support the success management program</p> <p>Continue to manage and monitor internal audit processes.</p> <p>Integration of audit and risk management systems</p>	<p>Success Management Program – GO6.4 see Appendix A and service review</p> <p>See Appendix A for audit reviews</p>	<p>2 new projects per annum (Refer Appendix A Page 2 for current projects)</p> <p>Audit recommendations completed</p>	
CO3 – Undertake strategic social planning and research regarding community needs and issues	<p>Undertake strategic social planning and research to identify current and future community needs and issues, particularly in relation to future growth</p>	<p>Social planning strategy to be completed by March 2016</p>	<p>Social Planning Strategy adopted by June 2016</p>	

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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

A major asset review in 2014 had found a substantial and ongoing shortfall in the funding required to maintain our assets to a satisfactory condition. Council's Long Term Financial Plan and Asset Management Strategy have identified a funding gap of \$80 million due to our infrastructure maintenance backlog in the next ten years.

Following a comprehensive engagement process, which started in June 2014, and with the support of our community (evidenced by an independently conducted, randomly selected survey), Wollondilly Shire Council applied to IPART in February 2015 for an increase in rates of 10.8% each year for 4 years. This application was approved in full by IPART in May 2015.

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Key Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
GO5 – Maintain Council in a strong and sustainable financial position	Deliver short and long term financial processes	SRV IPART Approval and adoption by Council	Securing long term financial sustainability of Council	
IN1 - Ensure that the road network is maintained to a standard that is achievable within resources available	Develop programs for road network maintenance and renewal from Asset Management Plan (including outcomes of the SRV)	Major programs developed for 2015/16 by Quarter 1	Major Works program published Asset Management Plans (refer Resourcing Strategy)	
		Develop geospatial defects reporting and repair tracking program by Quarter 4	Report annually to Council and community	
	Maintain and improve road infrastructure including repairs, pavement repairs, road reconstruction, drainage, bridge repairs, footpath, kerb and gutter, signs and linemarking	Works Program completed	Report quarterly via Quarterly Review to Council and community	
IN3 - Provide a range of infrastructure and Community facilities to meet the needs of the	Planning for new and improved community and recreational facilities	Open Space Strategy review by Quarter 4	Open Space Strategy adopted 2016	

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Community	Management and maintenance of community facilities and public buildings	Conduct Customer Satisfaction survey	Report Annually
	Deliver new and improved community and recreational facilities	Priority Works Program Quarter 4	Complete Program

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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.

Being an efficient and effective Council is a core focus of Council and will continue to be central to the way we do business given our financial challenges ahead. Efficiency is about doing more for less and effectiveness is about working smarter, so you can think of efficiency as "doing the thing right" and effectiveness as "doing the right thing".

Although the approval of Council's SRV application meets our financial goals, Council is committed to a process of continuous review of service levels and standards, and to report back to the Community regularly to ensure accountable and transparent governance.

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Key Objective	Strategies	Key Milestones	Outcome	Impact on other Measures
GO6 – Be efficient and effective in the use of Council resources and provide value for money in the delivery of services	Continue to document strengths based performance through the SEE Change project Continue to manage and support the “Success Management Program”	Review with CSP 2 new projects per annum	Published Projects completed and reported annually	
GO1 - Provide an attractive employment choice for talented people	Update the Workforce Planning Strategy	Review complete by Quarter 3 Undertake staff survey Quarter 3	Complete Work Force Planning Strategy	
GO5 – Maintain Council in a strong and sustainable financial position	Maintain and improve financial management systems and processes – GO5.3	Continue to improve Procurement practices	Annual review of procurement policies and processes	

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3.4 Improvement Action Plan

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

Action plan	Milestones
1. Special Rate Variation Application Process	<ul style="list-style-type: none"> • Approved by IPART • Adopted by Council • Quarterly reporting to Council and community • Annual reporting to Council and community
2. Asset Management Plan implementation	<ul style="list-style-type: none"> • Major programs developed for 2015/16 by Quarter 1 • Develop geospatial defects reporting and repair tracking program by Quarter 4 • Works Program completed
3. Review budget processes	<ul style="list-style-type: none"> • Budget adopted and reported • Quarterly Reviews reported to Council and community • Annual reporting to Council and community
4. Procurement processes and policies review	<ul style="list-style-type: none"> • Reviewed annually
5. Success Management Program	<ul style="list-style-type: none"> • Deliver 2 SMP projects per year • Completion of outstanding projects • Staff Well-Being program to continue
6. Social Planning Strategy	<ul style="list-style-type: none"> • Adopted by Council Quarter 4
7. Audit Review	<ul style="list-style-type: none"> • Audit recommendations completed in set timeframes
8. Workforce Strategy	<ul style="list-style-type: none"> • Review completed by Quarter 3 • Survey undertaken by Quarter 3

** Please attach detailed action plan and supporting financial modeling. Outline the process that underpinned the development of your Action Plan.*

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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.

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards

Council considered a number of alternative funding sources in preparing its improvement plan. These sources include:

- Rates
- Fees and Charges
- Grants and Contributions (including Developer Contributions)
- Interest from Investments
- Asset Sales
- Borrowings
- Developer Contributions

After years of rate-pegging, cost shifting, ever increasing community expectations and the complexities of being a peri-urban Council Wollondilly has, by necessity, thoroughly explored opportunities to increase revenue through the above mentioned sources. Council will nevertheless continue to investigate opportunities to increase revenue through these sources even though they are not priority strategies of this improvement plan. It is noted that to increase reliance on some of these sources of revenue may reduce Council's ability to remain Fit for the Future.

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Following is a brief explanation of Council's approach to each of these revenue sources:

Rates

Rates provide the largest single portion of total overall revenue (estimated to be 57% of Council's total revenue in 2014/15). This means that rates fund just over half the cost of delivering Council services and facilities. So while additional housing lots bring additional rates revenue, that revenue only covers just over half of the cost of providing services to new residents.

Fees and Charges

Each year the Council sets fees and charges for services that are linked to users, rather than the broader community. These fees and charges are based on a partial recovery of the cost of the service, rather than a full recovery of the costs involved. All fees and charges are continually reviewed to establish an appropriate level of cost recovery and ensure that the wider community is not unreasonably subsidising services.

Grants and Contributions

Council receives specific grants from the Federal and State Governments to support the funding of a range of services and major capital projects, including environmental projects, community service programs, road safety programs, public library operations and road construction works. Whilst all grants are at the discretion of the higher levels of government, they remain a key source of revenue for Council and one which is continuously and actively pursued.

Investments

At any point in time, Council can hold a significant amount of cash as a result of grant monies paid, development contributions paid by the development industry and general income from rates, fees and charges. Whilst the money is committed to expenditure on various works and services through Council's annual budget, there is often a period of time between the receipt of the money and its expenditure. Council therefore invests the cash it does not need immediately to generate additional income through the interest received from these cash investments. Income from these investments varies depending on the interest rates and the amount invested, but is generally in the vicinity of \$1.5 million per year.

Asset Sales

Council has a significant asset base, with the written down value of all assets at 30 June 2013 totalling \$349 million. Council continually reviews its operational holdings, for both land and buildings, to assist in identifying opportunities to dispose of assets no longer needed for service delivery. Any asset that can be sold, generates revenue from the sale, but also reduces the maintenance cost associated with continued ownership of the asset.

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4. How will your plan improve performance?

4.1 Expected improvement in performance					
Measure/ benchmark	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)	-11.2%	-6.0%	-0.6%	3.5%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	76.5%	80.3%	82.0%	82.7%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	97.3%	96.4%	102.4%	119.2%	Yes
Infrastructure Backlog Ratio (Less than 2%)	15.2%	14.6%	13.4%	11.7%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	96.0%	97.9%	100.4%	103.3%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	7.4%	6.4%	5.4%	4.8%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$944.44	\$927.30	\$918.80	\$910.91	Yes

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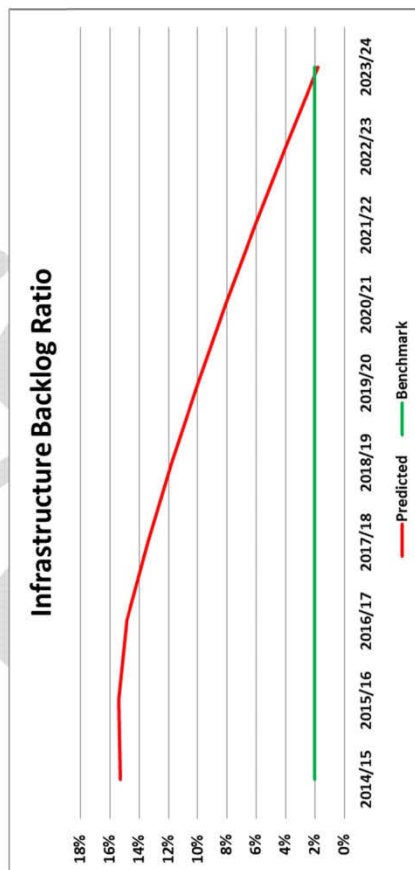
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4.1 Expected improvement in performance

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.

For example, historical constraints, trade-offs between criteria, longer time required.

Council has demonstrated improvement in the projected performance against the Infrastructure Backlog Ratio. This improvement is primarily due to the successful application for a special rate variation that was sought specifically to address the infrastructure backlog issue. When calculating the size the rate increases that Council was intending to apply for, consideration was given to the ratepayers' capacity to pay the proposed increases, as well as Council's desire to fully address the backlog within a reasonable time frame. As can be seen from the graph below, this timeframe was determined to be ten years (the benchmark of 2% is expected to be achieved in 9 years).



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5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For example, who is responsible, how the council will monitor and report progress against achieving the key strategies listed under Section 3.

Wollondilly Shire Council will continue to pursue and perform against its adopted strategic direction to become Fit for the Future to remain a viable and sustainable local council. The improvement plan detailed in this proposal is in keeping with policy setting and with Council's adopted Corporate Business Planning documents. The improvement plan lists all our initiatives as detailed in Council's existing adopted strategies and as reflected in its Integrated Planning and Reporting framework documents. The next review of our Delivery Program in 2017 may incorporate new strategies to continue the focus on the criteria to become Fit for the Future.

Council's adopted Delivery Program 2013/14 – 2016/17 and Operational plan 2015/16 identifies the responsibility of Council officers for each strategy listed in the FFTF improvement plan and the FFTF criteria.

The importance and significance of the Fit for the Future process is clearly reflected as a Delivery Program and Operational Plan strategy in the adopted Delivery Program 2013/14 – 2016/17 and Operational Plan 2015/16 as follows:

Strategy: GO5.4 - Investigating alternative options to addressing
 Outcome/ Measure: Implementation of Fit for the Future Improvement Plan

This action will be reported to the whole of Council and the community through Council's Quarterly and Annual Reporting process.

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Appendix A

**PRODUCTIVITY
IMPROVEMENTS &
COST CONTAINMENT
STRATEGIES**

If Council is seeking higher rate payments from our community, it is understandable that our community expects in return from us to be as efficient and effective as possible – to use our resources wisely. Being an efficient and effective Council is a core focus of Council and will continue to be central to the way we do business given our financial challenges ahead.

Efficiency is about doing more for less and effectiveness is about working smarter, so you can think of efficiency as “doing the thing right” and effectiveness as “doing the right thing”.

After years of rate-pegging Wollondilly has, by necessity, needed to constantly improve its efficiency. To achieve continuous quality improvement and a “best-practice” approach to all of our operations, Council keeps abreast of new knowledge, techniques and developments related to our industry. We continually review the ways our services are conducted and we have implemented a wide range of initiatives to ensure we use resources wisely. These include:

BUDGET PROCESS

Council's annual budget process places a high level of focus on minimising increases to expenditure budgets for existing services. This has been the case for a number of years and has compelled budget managers to continually identify savings within their areas of control in order to maintain service levels.

PROCUREMENT PRACTICES

Electricity Contract

Entered cooperative contracts with other Councils (through Local Government Procurement) for energy supply for large and small sites and street lighting, which delivered energy cost savings. Entering a further round of new energy contracts, which on preliminary assessments will further reduce future costs (additional to any carbon price reductions).

Insurance Premium Saving

Reduced Property and Public Liability insurance premiums through a Request for Proposal (RFP) process with some savings being kept to cover under excess claim costs and the balance being available as organisational savings

Panel Contracts

The works department has created and built strong relationships with suppliers. We operate several panel contracts including: plant hire, material supply, civil works (kerb & gutter, footpath, asphalt, spray seal). The creation of these formal panel contracts has resulted in substantial time efficiencies for people delivering projects. Under Council adopted policy for works over \$5000 it

is necessary to obtain at least three written quotations. Under the panel contracts, potential contractors offer legally binding rates which cover a period of up to 2 years. Therefore Council meets its responsibilities under probity regulations and also has an efficient way of getting work done.

Council's current panel contracts have been written and administered internally by the Works department. To ensure that the supply contracts offer both cost and time savings, we have benchmarked these panel contracts against other Councils and also purchasing organisations (such as MACROC). In these reviews it was found that the way in which we have written and administer our contracts led to rates that were either comparable or better than those offered to other organisations.

AUDIT COMMITTEE

Council established an Audit Committee in 2010.

The membership of the committee comprises of two external representatives and two Councillors. The chair of the committee is an external representative.

The Audit Committee works with the Internal Auditor to develop a risk based strategic audit plan.

The plan targets areas of high risk to examine processes and the controls implemented to reduce risk.

The risk types considered in the plan include:

- Financial - Risks that impact revenue, expenses, assets, liabilities, reserves
- Legal and Regulatory - Risks that impact compliance with or enforcement of various legislation and regulatory requirements
- Human - Risks that impact staff wellbeing, working conditions and the working environment
- Business Disruption - Risks that impact on Council's ability to deliver services to the community
- Environment - Risks that impact the natural environment
- Reputation - Risks that have an impact on Council's reputation
- Strategic - Risks that impact the development and execution of mid to long term plans

The Audit committee in addition to considering the audit plan also carries out a regular review of the Special Rate Variation outcomes monitoring both the financial and physical progress, probity planning, relevant policies, business continuity planning and testing as well as reviewing Council's financial reporting.

The range of matters the committee considers will assist Council in responding to recommendations as outlined in the Independent Local Government Review Panels recommendation for internal and performance auditing.

ENERGY EFFICIENCIES

Replacement of the Administration Centre air conditioning plant (at the end of its useful life) with a new energy efficient system with reduced operating costs.

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Installed solar tube lighting and 60,000 litre water tanks at the Community Nursery = reduced water use fees and power costs.

Undertaken Power and water use audits of Council buildings = Baseline information for Council infrastructure projects to improve power and water efficiency and develop Water and energy Use Plans.

Including sustainability principles into new building design eg Library refurbishment = reduced power and water usage in new or retrofitted facilities.

Reviewed irrigation systems and operations at Council sportsgrounds = reduced water usage at Council facilities.

INFORMATION TECHNOLOGY

- Energy efficiency and environmental impact now have significant weighting in the selection of new technologies. During a recent PC replacement, ultra small form factor units were chosen due to the very low power consumption of each device. For the data centre refresh, blade technology was chosen due to the significant power saving and reduced ongoing costs.
- A pull print system has been implemented across the entire organisation requiring each user to manually release print jobs at the printer with any unreleased jobs cleared at the end of each day. This has had a massive reduction in wasted paper and costs associated with toner and servicing.
- Wollondilly Shire Council has enabled online development application enquiries. This enables improved access for our customers as well as reducing the volume of people visiting the customer service area in the administration building. By reducing this traffic we have reduced the time demands on our customer service staff.
- We have begun work on connecting into the NBN Co fibre network. Upon completion this will enable WSC to have access to drastically improved Internet access at a fraction of the current internet costs. NBN Co Fibre also allows WSC to investigate online hosted services which could enable further savings.
- Working closely with our governance department, we have implemented an online delegations register system to replace the old manual excel based register. The online system requires far less maintenance and is less reliant on one individual to update the system. Being an online system it also provides simplified access to information when required.
- Working with our partners, WSC is progressing to replacing paper based systems with mobile electronic devices. This shift greatly reduces the time taken for paperwork and administration as well as providing access to relevant information on demand. As technology improves we will be able to provide greater access to data at less cost.
- With the implementation of the State Government's Electronic Housing Code project, WSC has enabled our community to lodge complying development certificates online. This provides easier access to Council for the public as well as reduces demand on Council resources and staff.

SERVICE REVIEW + PROCESS IMPROVEMENTS

Over the past 4 years Wollondilly Shire Council has continually reviewed the services it provides and looked for ways to improve the processes which deliver the services. The process improvements and identified efficiencies have been listed under each of the Five Focus areas contained in Council's Community Strategic Plan.

Community

Committees review

Council undertook a comprehensive review of all of its advisory committees in late 2013 and early 2014. This resulted in a reduced number of committees and a more streamlined approach to the coordination and reporting of those committees. The frequency of many committees was reduced from monthly to quarterly

Mobile Library

Council launched its new mobile library service in November 2013. The service has been nominated as a finalist in the South West Sydney Business Chamber Awards under the category of "Excellence in Innovation". Compared to our previous service, the new service reaches more villages, attracts more patrons and has seen an increase in loans/borrowings. And all this has been achieved without having to increase the operating costs of the service.

Community engagement through social media

Council is increasingly engaging with our community through social media and online surveys and online engagement processes. The avenues of communication are highly effective and cost efficient.

Actively seeking grant funding

Council's Community Services Team actively pursues grant funding opportunities and continues to be very successful at attracting grants to fund a wide range of community projects and programmes

Governance

Land dealings

Council actively source options that would benefit the Council in land dealings:- acquisitions, land dedication, disposal, easements, development and or value added activities, investments, public partnerships, care and control, lease and licence.

Council monitors internal processes when dealing with land to ensure Council activities are in accordance with Acts, Regulations, Policies, Procedures and the Code of Conduct.

A data base has been created to record and track property items presented to the Land Property Panel for the Minutes and Agenda.

149 Certificates

Council has seen an increase in income for applications for 149 Certificates. The additional demand has been achieved without an increase in staff. It is perceived that the number of applications will increase largely due to the proposed population expansion. WSC

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will be moving towards Online 149 Certificates and is working with its software provider to complete the upgrade of their current online system; envisaged by the end of 2014. This will assist with the increased number of 149 certificates Council are currently receiving and will provide more efficient customer service

GIPAA Access

Since 2010/11 there has been an increase in Formal GIPAA requests. This increased workload has been achieved with no additional staffing.

Geographic Information System (GIS) and Land Information System (LIS)

Efficiencies have been gained in the cadastral updates by leveraging Electronic Eplans to produce the new proposed subdivision layer. Through the Eplan process we allocated provisional addresses for new lots in subdivisions to prepare for a seamless plan registration process. The Draft Planning Proposal Attributes Code process was streamlined resulting in a fifty per cent reduction of time required to complete the task. An automated data update process has been implemented with Land & Property Information to provide the organisation with the most current spatial information. This is important as the area experiences continuous change in road reserve and property boundaries. This is also a step toward integrated data at the local government and state level.

Environment

Reviewed and updated Domestic Waste Collection invoicing system = reduction in accounting discrepancies due to daily changes in bin services.

Reviewed and changed illegal dumping collection processes = reduced costs of collection, increased recycling therefore reduced landfilling and decreased interruptions to plant and machinery work schedules.

Reviewed and updated landfill fees, particularly commercial disposal fees = a more equitable and resident focussed fee system and increased landfill life.

Developed a Sustainable Procurement Plan for Council = increased emphasis on products with regard to resource use, longevity and disposal options.

Continued initiatives of Team Leaders Connect and Sustainadilly Team to improve Council's sustainability practices = Cross section sustainability initiatives reduce Council's carbon footprint, power costs, waste costs and water usage
Including sustainability principles into new building design e.g. Library refurbishment = reduced power and water usage in new or retrofitted facilities.

Produced digital bushfire risk mapping for the shire including Council roadsides and reserves and placed these maps on Council's website = reduced phone or personal enquiries regarding bushfire risk and easy access for residents to that information.

Commenced using new tree assessment tool / process when

assessing trees for safety and health = quicker, more efficient and effective assessment of trees in the field.

Simplified Tree Removal Request process to allow conforming trees to be removed with minimum Council processing e.g. electronic applications = quicker, more efficient and effective tree removal process for residents and staff.

Instigation of multi inspections and Trimble GPS system regarding vegetation management = more effective use of site visits and inspections by Council staff with digital information capture.

Secured external funding to undertake Council projects in bushland management, weed control, bushfire hazard reduction, environmental education and waste minimisation = Increasing external contributions for resources for projects by around \$500,000 for environmental projects.

Reviewed irrigation systems and operations at Council sportsgrounds = reduced water usage at Council facilities.

Reviewed and rescheduled areas of Council's village maintenance activities = more efficient use of Council resources and better outcomes of works

Economy

Improvements to software to increase efficiency in the processing of applications including commencement of Electronic Housing Code which enables the receipt, processing, stamping and sending of complying development applications electronically. Provision of a 'drop box' facility to reduce time and increase efficiency in the referral of application process to external bodies; Installation of trapeze program, improvements in mapping e.g. swimming pool and fire safety layers and installation of dual monitors;

A Success Management Program has commenced which has included consultation with a variety of external stakeholders including developers and government agencies on ways to refine the development assessment processes. There have been changes to streamline the subdivision certificate release process;

Proposed Future Improvements:

Review of current information technology to progressively improve delivery of services in order to assist with the improvement of efficient development assessment and strategic planning services;
A review of policies including 'Application Determination Policy' and Council's policy framework in general to identify key issues of policy contents that represent significant gaps or are out-dated and/or not capable of implementation, thereby providing more efficient development assessment processes and judgements;

Review and documentation of a process of case/project management responsibilities of planning and building surveyor staff to ensure that applications assigned to a particular officer proceed when a staff member is on leave;

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Review and development of documentation and procedures on the lodgement of development applications to improve the quality of applications received and reducing the need to request additional information. These improvements to include the development of a model development application for particular types of applications and a policy for pre lodgement meetings; Review of standard letters and re-cast into plain English and more 'customer friendly' language.

Infrastructure

Since 2010, Council has progressively improved its asset information (inventory and condition data) to make better decisions on relative priorities and ensuring that Council's limited funds were allocated more efficiently and ensuring that future maintenance costs are minimised by undertaking preventative maintenance, rather than just undertaking reactive maintenance. This also ensured that the assets that the community uses, such as playgrounds, footpaths and community facilities, were safer and provided a better experience for the users.

Asset information is now collected at subdivision stage in a standard electronic format to make it easier for this information to be collected and to be uploaded into Council's asset system. This improves the quality of the information, reduces staff time in processing the information, and enables Council to better cope with future growth.

Council has completed its Open Space, Recreation and Community Facilities strategy to better identify community priorities for improved facilities.

Council now has improved processes for the acceptance of new open space lands to ensure that they are better suited for community use, are not encumbered by constraints such as flooding, and maintenance costs into the future are contained.

Proposed future improvements:

Council has commenced the second stage of its asset management improvement program by undertaking additional condition assessments on various assets, and preparing and updating its asset management plans, to further improve how Council's limited asset maintenance funds are allocated.

A Success Management Process is in progress within the IP section to improve its performance in the services it provides to its customers, both internal and external.

Maintenance Budget

The maintenance budget for all Roads Infrastructure for the last 4 years is as follows

Year	Budget	Change from Previous Year	CPI
2011-2012	\$3,718,633	13%	3.5%
2012-2013	\$3,442,726	-7%	1.2%

2013-2014	\$3,304,706	-4%	2.4%
2014-2015	\$3,321,097	0.5%	Estimated 2.9%

CPI source: ABS

The above table shows that with the exception of 2011-2012 the road Maintenance budget has not increased or kept pace with inflation. Despite this lack of growth, the CRM's completion rate has remained at a constant 90% per annum. In addition, the staff number within the division has remained constant.

Change to Staff Roles

The number of staff in the works department has remained relatively constant (at approx. 65). However, staff roles and jobs within the department have changed.

Reach Arm Crew

The reach arm mower crew was created from a general maintenance crew. Although there is a significant need for general maintenance across the shire, the creation of a crew predominantly undertaking reach arm activities has addressed a significant amount of vegetation issues across the shire. In addition, much of this work is funded through RFS grants which frees up Council maintenance funds for other items (plant, materials).

Civil Construction Crews

Prior to 2009 the works department used contractors to undertake the majority of Council's drainage and concrete construction. However, as staff have retired we have used these vacancies to obtain additional skills and abilities within the section. This has included two crews that can undertake both drainage and concrete work. Since having these two crews, Works is able to undertake all of our concrete works internally. This has resulted in a substantial cost saving.

Resource Flexibility/Succession Planning

As existing staff members have retired or left Wollondilly Shire Council, we have been actively seeking to change positions to better share skills and abilities and also sharing resources. For example:

- Roller Operator – Roller Operator/Trainee Grader Operator (2 positions)
- Assistant Surveillance Officer – Assistant Surveillance & Signage Officer (position shared between 2 crews)

New Plant and Machinery

Works has actively been trialling, investigating and implementing new technologies and plant items that have resulted in greater productivity and or lower costs.

Paveliner

Council operates a pave liner truck to undertake repairs on Council's extensive road network. This machine is purpose built to fill potholes, correct road surface defects and respond to maintenance requests. Prior to the introduction of this machine, potholes and road defects were corrected by hand, a considerably slower process – up to 4 times slower. The average cost to address

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an average pothole with the pave liner is between \$10-\$15. The cost to fill a pothole by hand would be \$40 and would place staff at considerably more risk from traffic. In 2013/14 Council spent \$598,000 on bitumen patching across the shire. This equates to around 39,400 potholes being repaired.

New Technology

Council and the Works Department (with assistance from IT) has implemented several new technologies to improve efficiencies. This has included:

- Introduction of iPads for Superintendents in field: Provides access to email, camera, internet
- Introduction of new Signage Work Management System: Custom App used to track and monitor signage work in the field.

Facebook (Free Social Media/Advertising/Notification)

To show the community the projects which the Works Department is involved in, we post daily updates to Council's facebook page. In addition to letting the community know what we achieve, we also use this medium to advise the community of issues such as the closure of roads (flooding etc) and limit their inconvenience. As the community becomes more involved with social media, the use of facebook may replace paid notifications such as printed paper etc.

Heavy Patching

Prior to 2011 Heavy Patch repairs were undertaken in an ad hoc manner with varying degrees of success. Since 2011, we have implemented a documented and recorded program for this work across the shire. This includes:

- A standard/specification of the work
- A record of all the outstanding patches detailing cost to complete
- A record of all of the completed works

This record of work allows us to complete the highest priority works and because the work has been standardised the success rate has increased dramatically. Since implementing the standardised heavy patch we have not had to undertake rework on the same patch.

Geotechnical Investigations

With the assistance of Infrastructure Planning, we have been obtaining accurate geotechnical investigations before we reconstruct/build roads. These investigations are undertaken by a qualified geotechnical engineer whom recommends the best and most efficient method of completing the project.

SUCCESS MANAGEMENT PROGRAM

Success Management Program for "Continual Improvement" Wollondilly Shire Council (through the Executive Team) has been proactive with the Success Management Program (SMP). SMP is Council's program aimed at refocusing on our values, culture and effectiveness of Council's business operations through our people, processes, performance and plans.

Council has initiated SMP for the following major reasons:

- Respond to significant growth – a projected population increase from 45,000 to potentially as high as 140,000 is anticipated over

the next 25 to 30 years. Wollondilly Shire is a major growth sector in the Sydney metropolitan region and therefore the Council has consequent high level responsibilities.

- Customer Service - drive to improve organisational values and management to underpin on-going improvement in the delivery of customer service; external and internal.
- Resource constraints - human and financial. Quality systems and processes are crucial to maximise efficiency, effectiveness, flexibility and performance.
- Working relationships, perceptions and complaints – as with many Councils, improved working relationships with applicants, the community and other Council sections are needed.
- Performance issues – looking at staff workloads, prioritisation of work and the use of current resources to achieve outcomes.

Success Management Programs commenced from January 2014:

Project 1 – Planning Services, Seeking to:

- improve upon development application assessment timeframes
- enhance the communication between applicants and professional staff
- improve the understanding of environmental planning instruments, Council's Development Control Plan, contributions plan and policies
- simplify Council's Development Control Plan and correspondence relating to Development Applications
- ensure staff have less frustration with their day to day work

Project 2 – Infrastructure Planning, Seeking to:

Responsibly manage and enhance the Community's Built Environment (Roads, Drainage, Traffic, Buildings, Parks and Recreation) through teamwork, technical knowledge and communication, focusing on current and future customer needs.

Project 3 – General Manager, Seeking to:

Develop our staff and resources to deliver fast, accurate and positive services for our customers.

Sub -Project 3.18 – Council's Guidelines for Development Applications and Complying Development Certificates. Seeking to:

Comprehensively review and increase promotion of Council's guidelines for lodgement of DAs & CDC and improved procedures to be established for pre-lodgement consultation.

Project 4 – Professional Leadership, Seeking to:

- achieve high performance leadership
- lead as a cultural change coach
- be effective & efficient in professional management

Success Management Staff Well-Being Program

Seeking to:

Offer staff a range of activities for staff well-being
* Recent 6 Week Program included stretch & move classes and Yoga classes.

Project 5 – New – Corporate Communication Space

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GO4 - Adoption of Operational Plan 2015/16

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EXECUTIVE SUMMARY

- This report presents the draft Wollondilly Operational Plan 2015/16. This plan includes the annual budget and fees & charges and sets out the individual activities and projects that will be undertaken in the forthcoming year to achieve the commitments made in the Delivery Program.
- The Local Government Act 1993 requires Council to publicly exhibit the Operational Plan, consider any submissions received and formally adopt the final document by 30 June.
- This report summarises the outcomes of the exhibition period from 22 April 2015 – 19 May 2015.
- It is recommended that Council adopt the Wollondilly Operational Plan 2015/16 (including the proposed 2015/16 fees and charges) to come into force on 1 July 2015.
- This report also seeks a Council resolution to make the rates and charges for 2015/16 under Sections 494, 496 and 535 of the Local Government Act 1993.

REPORT

The Integrated Planning and Reporting (IP&R) framework for local governments was introduced by the Department of Local Government (now known as the Office of Local Government). IP&R is effectively another name for what most of us would call “business planning”.

In June 2013, Council adopted the full suite of IP&R documents, as follows:

- Wollondilly Community Strategic Plan 2033
- Wollondilly Resourcing Strategy 2013/14 – 2022/23
- Wollondilly Delivery Program 2013/14 – 2016/17
- Wollondilly Operational Plan 2013/14 (including Fees & Charges).

The Integrated Planning & Reporting Guidelines require that the Community Strategic Plan, Resourcing Strategy and Delivery Program all be reviewed every four years. The development and adoption of an annual Operational Plan (including operational and capital budget, revenue policy and fees and charges) is required to be prepared annually.

The Operational Plan is a sub-plan of the Revised Delivery Program 2013/14 - 2016/17 (revised February 2015) and demonstrates Council's approach to achieve the outcomes from the Delivery Program. Council adopted a revised Delivery Program 2013/14 - 2016/17 as part of the "Funding Your Future" review of Council's future funding options.

GO4 - Adoption of Operational Plan 2015/16

The draft Wollondilly Operational Plan 2015/16 outlines the actions and activities we will undertake to achieve the objectives set in the Delivery Program, which in turn, align with the outcomes identified in the Wollondilly Community Strategic Plan 2033. The Operational Plan allocates responsibilities and resources for each action/activity and details targets and measures to determine our progress towards achieving the Community Strategic Plan outcomes.

The draft Wollondilly Operational Plan 2015/16 was placed on public exhibition from April 22 to May 19 to give the Community the opportunity to provide their input. No public submissions were received during this time.

In February 2015, Council submitted an application to IPART for a Special Rate Variation to increase rate income by 10.8% pa for the next four years for the purpose of addressing our infrastructure maintenance backlog and the need to budget for the replacement of ageing assets before they fail. Accordingly, the draft Wollondilly Operational Plan 2015/16 included financial forecasts based on two scenarios, (ie. if the special rate variation was approved and if it was rejected). Council received advice from IPART on 19 May 2015 that the application was successful, permitting Council to increase rates by 10.8% each year for the next four years.

The draft Wollondilly Operational Plan 2015/16 has been amended to reflect this advice such that the financial forecasts are now only based on this one scenario.

The additional revenue generated from the special rate variation in 2015/16 is to be allocated as follows:

Major Road & Bridge Works	\$1,159,000
Bridges, footpaths, kerb, linemarking renewal	\$150,000
Footpaths – new	\$100,000
Kerb & Gutter – new	\$150,000
Buildings renewal	\$150,000
Parks renewal (playgrounds, sportsfields)	\$250,000

Total for 2015/16	\$1,959,000

Layout/Format

During the exhibition, some minor amendments to the Operational Plan were identified and it is proposed that these changes be made to the document. These changes (such as typographical errors, layouts, formats, etc) do not alter the intent or direction of the document and as such do not impact on the exhibition period.

GO4 - Adoption of Operational Plan 2015/16

Making of the Rates

Wollondilly Shire Council has adopted an ad valorem rate structure with a minimum rate and the proposed values for 2015/16 are as follows:

Category	Sub-Category	2014/15		2015/16	
		Ad Valorem Rate	Minimum Value	Ad Valorem Rate	Minimum Value
Residential	Rural Residential	0.339058	943.00	0.376285	1,044.00
Residential	Residential Town Centre	0.453947	900.00	0.448996	960.00
Residential	Residential Other	0.355414	943.00	0.381641	1,044.00
Farmland	Primary Production	0.228102	943.00	0.242879	965.00
Business	General	0.613269	943.00	0.655437	1,044.00
Business	Light Industrial Centres	0.403649	943.00	0.476967	1,044.00
Mining	Mining Activities	3.782051	943.00	6.286191	1,044.00
Mining	Coal Rights	0.100000	0	0.100000	0

In accordance with the provision of Section 535 of the Local Government Act 1993, it is necessary for Council to carry a resolution which formally makes the 2015/2016 Rates and Charges.

In addition to the statutory pensioner rebate (Section 575 of the Local Government Act), all eligible pensioners are offered a further voluntary \$45 reduction of rates and 50% reduction of the Domestic Waste Management Charge.

Rate notices will be issued on a quarterly basis and due dates will be on 31 August 2015, 30 November 2015, 28 February 2016 and 31 May 2016.

Making of the Annual Charges

Council has entered into a new Waste Collection Contract commencing from 1 July 2015. Under the new contract, Council will be offering a greater range of bin size options to ratepayers. The annual charges associated with each of the options are detailed in the Wollondilly Operational Plan 2015/16.

Stormwater Management Charge

The Stormwater Management Charge assists Council to undertake works that will provide improved quality of stormwater being discharged into waterways. The charge is proposed to remain unchanged from 2014/15 amounts and is expected to yield Council approximately \$250,000 towards new stormwater initiatives. The proposed charge and associated works are clearly defined within Council's Asset Management Plan and Wollondilly Operational Plan 2015/16.

Proposed Interest Charges on Overdue Rates and Charges

The interest rate that may be charged by Council on overdue rates and charges is the rate as set by the Minister for Local Government. The rate for the 2015/16 financial year is 8.5%. (ie: unchanged from the 2014/15 rate.)

GO4 - Adoption of Operational Plan 2015/16

In accordance with section 566(3) of the Local Government Act 1993, Council will apply the maximum interest rate as determined by the Minister.

Council staff also undertook a final review of the draft Wollondilly Operational Plan 2015/16. This review considered emerging issues, recent Council resolutions, progress of 2014/15 projects and activities, and funding announcements by other government agencies impacting Council services and projects arising during the exhibition period. In addition, minor amendments to language are proposed to provide greater clarity and removal of any duplication.

Since the Wollondilly Operational Plan 2015/16 was placed on exhibition, advice has been received in relation to some Statutory Fees. Accordingly, the following amendments have been made to the Fees & Charges section of the Operational Plan:

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Item 7 – Payment Charges: the Minister for Local Government has determined that the interest rate for overdue rates be set at 8.5%pa.

Item 15 – Section 603 Certificates: the standard base fee has been determined by the Director General of the Office of Local Government to be \$75.00 for the 2015/16 year.

Economy

Item 15 – Impounding Fees - Dogs & Cats: Advice received from Dogs NSW of new “Breed Assessment” and “Temperament Assessment” fees to be payable to Council. Cost of Breed Assessment to be determined by Dogs NSW and cost of Temperament Assessment to be determined by the appointed assessor.

Community

Item 5 – Family Day Care Parent Levy: Federal funding has been confirmed for 2015/16 therefore fee will be set at \$0.55c per hour per child.

The budget adjustments that have been made since the draft document was placed on exhibition are as follows:

Capital Grants & Contributions (Net increase of \$200,000)

- Additional \$200,000 capital funding from State Library Board towards furniture and fittings for the Wollondilly Library Refurbishment project.

Other Revenue (Net increase of \$8,700)

- Additional \$15,000 sponsorship for Council's Illuminarte Festival
- Decrease of \$6,300 in Centrelink commission income as per advice received from Department of Human Services.

GO4 - Adoption of Operational Plan 2015/16

Employee Costs (Net reduction of \$344,436)

- Some additional positions were originally included in the draft budget in expectation of increasing workloads due to the potential growth of the Shire however these assumptions have since been reviewed and the need for some of these positions has either been deferred or removed.
- Increase of \$25,000 in workers compensation premiums based on recent advice from insurers.

Materials & Contracts (Net increase of \$138,285)

- Additional \$20,000 for the development of an Image Library.
- Additional \$75,000 for engagement of an external Governance resource for 2015/16 only (more than offset by removal of proposed Governance staffing position from draft budget).
- Additional \$5,750 for renewing and extending the Mayoral chains.
- Additional \$40,000 for running of Illuminarte Festival on an annual basis (was originally intended as a 2014/15 project only).
- Reduction of \$2,465 for various minor items.

Other Expenses (Net reduction of \$5,032)

- Additional \$2,000 for mobile phone expenses.
- Additional \$500 for travel expenses.
- Reduction of \$7,532 for Mayor & Councillor allowances based on recent advice from Local Government Remuneration Tribunal.

The net effect of the abovementioned adjustments is an improvement to the Net Operating Result of \$419,883. These savings have been used to bolster Council's restricted cash to assist in the delivery of future projects and improved services.

CONSULTATION

All Managers and Executive have been consulted throughout the process and workshops have been held with Councillors.

Council has undertaken extensive community engagement since September 2014 when it launched "Funding Your Future" - a review to address the infrastructure maintenance gap identified in Council's long term financial plan. This review involved consultation with internal staff, Councillors and the Community to determine options to ensure Council can continue to meet its obligations in terms of service provision and asset maintenance in the future. This draft Operational Plan 2015/16 further contributes to this review.

Preparation of the draft Operational Plan (including the budget) commenced in December 2014 as each section of Council considered their strategies and actions. This information has been incorporated into the documents which have continued to be reviewed and refined with Executive and Councillor input.

GO4 - Adoption of Operational Plan 2015/16

Council endorsed the draft Operational Plan to be placed on public exhibition to provide the Community with an opportunity to provide relevant feedback to Council on the plans for the year ahead. The exhibition period was advertised in local papers and on Council's website from 22 April 2015 to 19 May 2015.

No submissions were received throughout the exhibition period.

FINANCIAL IMPLICATIONS

The 2015/16 Operational Plan includes the allocation of resources required to deliver the services and projects to the Community for the upcoming year. It has been well documented that most Councils across NSW (including Wollondilly Shire Council) have not been able to afford to maintain their infrastructure to a satisfactory standard, resulting in an increasing infrastructure maintenance gap year after year.

In order to close this gap it is necessary to allocate more funds towards infrastructure maintenance. As previously indicated in this report, this was the basis for the recently approved special rate variation application. Financial projections based on the approved rate increases and associated program of works predict that Council will achieve the benchmark indicators required under the State Government's "Fit for the Future" program.

ATTACHMENTS

Nil

RECOMMENDATION

1. That the Wollondilly Operational Plan 2015/16 be adopted, incorporating the changes recommended in this report, including the adoption of the 10.8% special rate variation increase in Council's rate revenue (inclusive of 2.4% rate peg) as determined by the Independent Pricing and Regulatory Tribunal (IPART).
2. That the rates and charges for the period 1 July 2015 to 30 June 2016 detailed in the exhibited draft Wollondilly Operational Plan 2015/16 be made.
3. That the exhibited draft Schedule of Fees & Charges 2015/16, as detailed in the exhibited draft 2015/16 Operational Plan be adopted with the amendments contained within this report.
4. That Council approve the budget as detailed in the exhibited draft 2015/16 Operational Plan including the amendments contained in this report and on that basis formally vote these funds for the 2015/16 financial year.