



Narrromine Shire Council

Fit for the Future Improvement Proposal

as at June 2015

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1 Fit for the Future

Three years ago, local councils from throughout NSW gathered for a summit, Destination 2036, to plan how local government could meet the challenges of the future. As a result, councils agreed that change was needed and that they wanted to be strong and sustainable and to make a positive difference in their respective communities. However, there were various views as to how this could be achieved, and in April 2012, the State Government appointed an independent expert panel to carry out a review of the sector. That Independent Local Government Review Panel (ILGRP) consulted widely in developing its final recommendations which were presented to the Government in late 2013.

The panel concluded that for councils to become strong and sustainable, both the NSW Government and the local government sector would have to play a part. The State indicated its preparedness to change the way it works with councils and to support them through meaningful reform. Local councils must also be prepared to consider new ways of working and new structural arrangements. The Fit for the Future program brings these changes together to lay the foundations for a stronger system of local government and stronger local communities.

The Fit for the Future program requires councils to actively assess their scale and capacity in achieving long term sustainability and for councils to submit proposals to the Government indicating how they will achieve these objectives.

The Independent Pricing and Regulatory Tribunal's (IPART) proposed assessment methodology, released for consultation in April 2015, requires councils to demonstrate that they first consider making a proposal on the basis of the ILGRP's preferred option. They also must demonstrate their performance against a set of criteria for their sustainability, infrastructure, service management and efficiency, and what improvements they will make to reach the benchmarks by 2019/2020. The final methodology was released by IPART on the 5th June, 2015.

Councils are required to submit a proposal as to how they will be Fit for the Future to IPART by 30 June 2015.

2 Executive Summary

The Independent Local Government Independent Review Panel made the following recommendation for Narromine Shire Council:

“Council in Orana Joint Organisation or merge with Dubbo”

The ILGRP did not specify a preference between these options. Narromine Shire Council has determined it has scale and capacity to be a Council in the Orana Joint Organisation.

In addition to having scale and capacity as recommended by the Independent Local Government Review Panel, Narromine Shire Council will meet the Fit for the Future criteria that have been set by the NSW Government for its financial and asset management performance over the next five years in respect of sustainability, infrastructure and service management and efficiency.

Narromine will achieve these benchmarks through a commitment to best practice asset management, driving efficiency within the organisation and ensuring it is in a strong financial position. Council will build on this history of work to deliver further improvements that will continue and strengthen its “Fit for the Future” position. This forms the basis of Council's Improvement Proposal.

3 Scale and capacity

The ILGRP describes councils that are “fit for the future” as being those with sufficient “scale and capacity” to deliver modern, efficient and sustainable services to local communities.

The starting point for scale and capacity according to the Office of Local Government, and more recently confirmed by the IPART Assessment Methodology, is to be the ILGRP recommendation for each council. Following that, each

Council needs to demonstrate it has sufficient strategic capacity (Refer Box 8 of Revitalising Local Government - Final Report of the NSW Independent Local Government Review Panel – Page 32).

Based on the ILGRP recommendation that Narromine Shire Council be a “Council in Orana Joint Organisation or merge with Dubbo”, Council has sufficient scale and capacity to be a council in the Orana Joint Organisation. Narromine Shire Council further submits the following as demonstration of its scale and capacity:

In addition, Council has demonstrated a track record of strategic capacity as follows:

Elements of Strategic Capacity	Characteristics	Narromine Examples
<p>More robust revenue base and increased discretionary spending</p>	<p>A diversified revenue base e.g. SRV, investment income</p>	<p>Council is introducing a Special Rate Variation from 2015/16 over two years which will remain permanently in the rate base to increase revenue.</p> <p>Sale of industrial land (proceeds into capital renewals).</p> <p>High level of cash investments in investment portfolio.</p> <p>Stormwater Levy introduced to fund all capital works for urban stormwater.</p> <p>Better allocation of resources towards the grant application process.</p> <p>Introduction of waste depot charges to ensure the waste disposal facilities are sustainable into the future.</p> <p>Council has a strategy to drive economic development and growth at the Narromine aerodrome which will produce income for council by -</p> <ul style="list-style-type: none"> • Sales of Skypark Residential Development • Sales of land for Hangar Development • Increased Commercial Development
	<p>Historical/projected Cost containment</p>	<p>Employee numbers have been capped and Council has a lower staff size than the OLG Comparative Group (92 compared to 105).</p>
<p>Scope to undertake new functions and major projects</p>	<p>Future projects</p>	<p>Water & Sewer projects have commenced which will improve sustainability and upgrade assets (see 4.3).</p>
	<p>Delivering on community satisfaction</p>	<p>Council’s application for a Special Rate Variation (SRV) included extensive consultation in 2014/2015 with the community..</p> <p>Extensive consultation with the community regarding Council’s Road Asset Management Plan and Roads Hierarchy in 2013 prior to adoption by Council has resulted in a lower level of service complaints.</p> <p>Council has recently carried out an online survey to gauge the community’s support of Council’s decision to stand alone in their Fit for the Future proposal.</p> <p>Council has community members on its Floodplain Management Committee to assist with community consultation in regard to the proposed Levee Bank Extension project.</p> <p>Council carried out comprehensive community consultation regarding the backlog of road works and resolved to apply</p>

Elements of Strategic Capacity	Characteristics	Narromine Examples
	Demonstrated actions	<p>for the Local Infrastructure Renewal Scheme for \$3M for road works throughout the shire. This application was successful and the work is currently being carried out.</p> <p>Skypark residential development (Stage IV) and the recent construction of the Heavy Vehicle Road Realignment demonstrates Council's capacity to undertake major projects.</p> <p>Rural-residential strategy provides for future growth and development within the shire. The Economic Development Prospectus, which is being finalised now, will provide strategic direction for jobs and economic growth within the Shire. The development and implementation of Council's Asset Management Unit is delivering improvements, efficiencies and productivity gains (see 5.2).</p>
Ability to employ wide range of skilled staff	Positive operating performance result	<p>Council regularly engages consultants as a cost effective approach to complement our existing skills base, for example</p> <ul style="list-style-type: none"> • Special Rate Variation application • Floodplain feasibility study • Water and sewer project management • Town Planning • Tendering processes • Roads hierarchy • Review of Council's organisational structure <p>Council's proximity to Dubbo and its facilities provides access to a larger recruitment pool and therefore assists in the filling of some of the more specialised positions.</p> <p>Council has a highly skilled management team which enables us to meet our statutory obligations, whilst being innovative and meet the unique challenges of a rural Council.</p> <p>Council established a CFO position prior to the requirement being legislated.</p>
Knowledge, creativity and innovation	Demonstration of innovative culture/outcomes	<p>Council is a participant of the OROC economic development officer chapter which utilises RemPlan as a tool for providing up to date information to assist with potential development in the shire.</p> <p>Council's Asset Management Unit ensures that Council's largest area of expenditure is critically analysed.</p> <p>Levels of service are being reviewed for all asset classes (eg water, sewer, roads) to improve efficiencies within our existing budget. Council is implementing an employee performance management system to ensure Delivery Program targets are being met through improved employee performance management and to encourage cultural change within the workforce, increasing productivity.</p> <p>Council has carried out a major organisation restructure whereby one Director is now responsible for all regulatory services which further improves risk management in key risk</p>

Elements of Strategic Capacity	Characteristics	Narrowmine Examples
		<p>exposure areas.</p> <p>The voluntary planning agreement with Alkane Resources (Tomingley Gold Mine) was developed in house with the assistance of a Consultant. This benefits Council and the community of Tomingley by way of additional income for local improvements eg roadworks, community donations, water supply and town improvement plan.</p> <p>Council has increased productivity through:</p> <ul style="list-style-type: none"> • E-Tendering process through Tenderlink (unique for a council of this size) • Automated link between Council's GIS and NSW Land and Property Information database • GIS mapping of all assets • Comprehensive Customer Request Module for service requests using the Benefit Cost Ratio tool and risk assessment process to determine renewal and new asset expenditure
<p>Advanced skills in strategic planning and policy development</p>	<p>Ability to plan for regional outcomes</p>	<p>Strategic Planning framework in place which has a hierarchy of plans from sub-regional down to specific sector plans which are all linked and consistent, including:</p> <ul style="list-style-type: none"> • State and Regional Plans • SEPP, LEP, DCP, DA's • Western Lands Sub-Regional Strategy (joint) • Rural Residential Strategy • Lands Use Strategy • Economic and Jobs Growth Strategy (Prospectus)
	<p>IPR Outcome Focused - Performance Achievements key performance indicators established and measured</p>	<p>Council meets all of its statutory and legislative requirements in relation to the Integrated Planning and Reporting framework and is outcome focused as per the following -</p> <ul style="list-style-type: none"> • KPIs reflect state, regional and local priorities. Achievement of these priorities are further aligned to employee performance management • Levels of service are being reviewed for all asset classes (e.g. water, sewer, roads) to improve efficiencies within our existing budget.
<p>Effective regional collaboration</p>	<p>Extent of involvement in regional activities</p>	<p>Shared resources for an internal audit committee (part of 6 councils with an Independent Chair).</p> <p>A member of OROC (12 councils)</p> <ul style="list-style-type: none"> • Procurement <ul style="list-style-type: none"> - (12 council contract saving of \$500K across the councils) - Panel tenders (managed by OROC) fuel, reseals & bitumen emulsion with demonstrated savings over what could be achieved through Local Government Procurement • Economic development • Electricity

Elements of Strategic Capacity	Characteristics	Narrowmine Examples
		<ul style="list-style-type: none"> • Cost Shifting • Medical Facilities <p>USER Groups in Finance, HR, Payroll, Rates, Risk Management, WH&S providing support to each Council (in collaboration with OROC and CENTROC Councils)</p> <p>Macquarie Regional Library (4 Councils)</p> <p>Lower Macquarie Water Utilities Alliance</p> <p>Strong liaison with councils upstream and downstream on Macquarie River when levels rise to flooding</p> <p>Netwaste (23 councils – OROC and CENTROC)</p> <p>Crime Prevention Partnership (4 councils)</p> <p>Orana Arts Council (5Councils)</p>
Credibility for more effective advocacy	Demonstration of effective advocacy	<p>Our advocacy supported the agriculture industry to limit cuts to water under the Murray Darling Basin Plan.</p> <p>Tomingley recognised in Newell Highway Strategy (as tourist stop), where previously hadn't been recognised.</p> <p>Participation in OROC.</p> <p>In consultation with the local Economic Development Group, Council is developing an Investment Prospectus for the shire.</p>
Capable partner for the state and federal agencies	Delivery of regional services and/or infrastructure	<p>Working alongside federal government in the development of nationally significant water irrigation schemes that have improved sustainability of agribusinesses</p> <ul style="list-style-type: none"> - Key input was the study on maintaining productivity and townships while living with less water (Narromine/Warren) - Pipelines/Channels built on road reserves. <p>Regional Leaders Network .</p> <p>Working alongside State Emergency Services and other Government agencies involved in emergency management.</p> <p>Office of Environment and Heritage (flood risk mitigation).</p> <p>Inland Rail – in consultation with ARTC for the proposed development of an inland rail corridor.</p> <p>Roads and Maritime Services to deliver regional services and infrastructure.</p> <p>The Office of Water which has granted Council \$1.98M to improve water security and sustainability.</p> <p>Department of Public Works which facilitated renewal of flood damaged assets.</p>
Resources to cope with complex and unexpected change	Positive operating result excl Capital Grants/contributions	<p>Council has a draft risk management plan and a local emergency management plan (EMPLAN) which includes management of the emergency and recovery from the disaster.</p>

Elements of Strategic Capacity	Characteristics	Narrowmine Examples
		<p>Council has comprehensive insurance coverage (ie public liability, property, professional indemnity etc).</p> <p>Council had \$2.2M (at the end of the 2014 financial year) in unrestricted reserves which can be utilised in any unexpected/unplanned circumstances.</p>
High quality political and managerial leadership	Strategic decision making and engagement	<p>Audit committee with independent chair (professionally qualified) brought focus on key areas for improvement and developing internal control mechanisms.</p> <p>Roads Strategy and Road Management Plan which includes the development of a 20 year roads hierarchy to assist with improved asset management and service delivery.</p> <p>Strategic Business Plans for Water and Sewerage.</p> <p>Active member of OROC and Lower Macquarie Water Utilities Alliance.</p>
	Equal Opportunity Employer	<p>Council has an Equal Employment Opportunity plan within our Workforce Plan (which is part of Council's four year resourcing strategy) which is demonstrated as follows -</p> <ul style="list-style-type: none"> • Council employs three female Directors in its senior management team and 5 out of the 12 Managers are female • An indigenous Councillor • Indigenous employees • Multi National employees • Council has employees who live outside the shire • Council has employees with disabilities and who are allowed to work reduced hours
	Mayors recognised as leaders in the community and council	<p>Mayor is the Chair of OROC</p> <p>Council spokesman</p> <p>Member of Orana Crime Prevention Partnership (including taking related issues to the local member)</p> <p>Member of the Trangie Action Group</p> <p>Seen as regional spokesperson on key regional issues such as water, community and flood security; drought; road network and regional infrastructure, etc</p>
	Hard decisions	<p>Council made the decision to apply and accept a Special Rate Variation for 2014/15.</p> <p>Council applied for a \$3M loan to assist with Roads Infrastructure Backlog through the Local Infrastructure Renewal Scheme in 2014.</p> <p>Council made the decision to relocate the Narromine War Memorial Cenotaph in 2014 which has been a highly emotive and sensitive issue.</p> <p>The decision to investigate the feasibility of augmenting the</p>

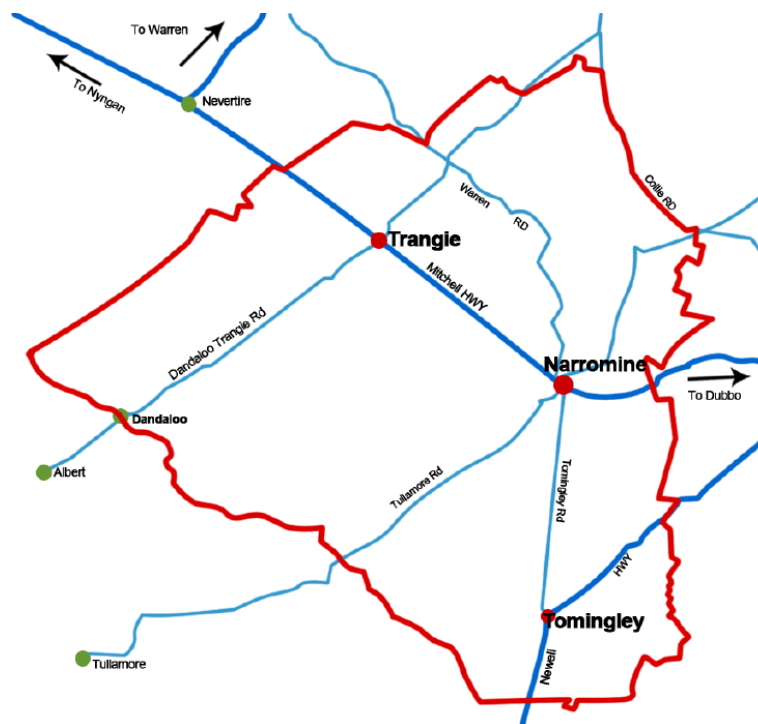
Elements of Strategic Capacity	Characteristics	Narromine Examples
		Narromine Levee. The decision to introduce tip fees and stormwater levy charges.

4 Narromine Shire Council's Current Position

4.1 About Narromine Shire - Key Characteristics

The Narromine Shire Council area is located in the heart of New South Wales (NSW) between Dubbo and Nyngan. It covers a total land area of 5,269 square kilometres with a population of approximately 6,850 living in three urban centres of Narromine, Trangie and Tomingley, as well as surrounding rural areas. The Shire is the 37th largest region by area in NSW and situated 225 metres above sea level.

The Shire is bounded by Warren Shire Council and Gilgandra Shire Council in the north, Dubbo City Council in the east, Parkes Shire Council and Cabonne Council in the south and Lachlan Shire Council in the west.



(Source: Narromine Shire Council Annual Report 2013-2014)

Rural land is used primarily for agriculture particularly cereal, oilseed and pulse crops, citrus, livestock, wool and cotton. There are also many opportunities in the shire for local delivery and marketing of produce at competitive prices.

Sports and aviation play major roles in the Shire's culture, with the Aerodrome hosting the oldest country aero club in Australia. Narromine is also known as the 'Gliding Capital of Australia', hosting state, national and international events, and the 'Town of Champions', as the birthplace of state, national and international sporting identities.



(Source: *Narromine Shire Council Annual Report 2013-2014*)

The Shire has a moderate and stable climate, an abundance of raw materials, an established irrigation industry utilising river and bore water, fertile soils and relatively cheap land. Major features of the Shire include Goobang National Park, the Bogan River, the Macquarie River and several state forests. Features in Trangie include the Goan Waterhole and historical remnants used to hide planes from Japanese bombers in World War II. The Shire is served by the Mitchell Highway and the Newell Highway and a rail network from Parkes to Dubbo, via Narromine, that links the central west to the eastern seaboard.

Council provides exceptional medical facilities (general practice, dental, pathology) which are utilised extensively across the wider region. Additionally there is access to aged care services, hospitals, museums, competitive supermarkets, service clubs and sporting facilities.

Demographics of the area¹

Census data and the NSW Department of Planning's Population Forecasts show that the population in Narromine Shire Council area will slightly decrease from 6,850 in 2011 to 6,300 in 2031.

Annual average population growth rates will also trend down slightly for the same period:

LGA	2011-16	2016-21	2021-26	2026-31	Average 2011-31
Narromine	-0.2%	-0.3%	-0.5%	-0.6%	-0.4%

Part of this population decrease can be attributed to net internal migration loss interstate and within NSW.

The Shire has a median age of 39.9. It has a high ratio of children to adults of parenting age, coupled with a low retention of young adults. It has a lower proportion of elderly residents, including a relatively low ratio of the very old next to the next youngest cohort. However, age dependency or the ratio of older people (65 and older) to the number of people aged 15-64 years will gradually increase from 0.28 in 2011 to 0.49 in 2031, increasing demand for aged services in the area. Virtually all residents were born in Australia, reflecting the high level of English spoken at home.

From 2011 to 2031, the Shire will experience a slight increase in lone person and couple only households, with a decline in "couple with children" households. Less dominant household types, including single parents and group households will remain steady.

The area has low levels of mobility and tenancy and high levels of outright home ownership, combined with a small infusion of caravans. A total of 3,150 dwellings are projected to be needed to provide private housing for all projected households in 2031.

The Shire is characterised by fairly high car ownership, moderate levels of working at home, high reliance on motor vehicles to access work and negligible use of public transport.

¹ NIEIR *New South Wales Local Government Areas: Similarities and Differences* March 2013

Community's social and economic needs

The Narromine Shire Council area generates a Gross Regional Product of \$290.446 million per annum. This equates to \$44,114 per capita or \$140,925 per worker. In 2012, the Shire had 914 businesses, mostly in the Agriculture, Forestry & Fishing Industry. Narromine has commuting and other close economic ties to Dubbo and its future lies in a farming-based region with a significant but not dominant Aboriginal population.

The majority of roles in the Shire are employed in (i) Agriculture, (ii) Health Care & Social Assistance, (iii) Retail Trade, and (iv) Education & Training.

Residents have lower incomes, with the average income being \$40,044. Wages contribute about a third of disposable income, small business rather more than a third, and property income supplies around 10%. Benefits account for around 15% of disposable income.

The unemployment rate is moderate sitting at 5.8%, as is social security take-up. Hours worked are lower than other council areas and the Full Time Equivalent employment rate is generally low (ie employment within the agricultural industry is mostly seasonal). Residents have a low year 12 achievement of 31% compared with the State Average of 48% (this is mainly due to the number of students attending schools out of the shire). Certificate level studies form the largest proportion of post school qualification achieved by residents. Low post graduate qualifications may reflect lack of access to education facilities and employment opportunities in the region that require this level of qualification.

The area has an above State average Indigenous population of 21%, being descendants of the original inhabitants and custodians of the land, the Wiradjuri Nation. The population demonstrates higher levels of socio-economic disadvantage than the State Average when measured against the Socio-Economic Indexes for Areas *Index of Relative Socio-economic Disadvantage*, ranking the 25th most disadvantaged local government area.

Community's sense of local identity

The *Narromine Shire Council Community Strategic Plan 2022* states its vision for Narromine Shire as 'a highly desirable place to live, work and conduct business, and where shire residents care for one another and the natural environment'. The plan is based on four key themes, namely: Our Community; Our Economy; Our Environment; and Our Leadership. Council developed the plan using the social justice principles of equity, access, participation and rights.

Council's mission is to enhance the Shire's image, lifestyle and environment through effective leadership, community involvement and commitment to service. The values and principles that guide Council are:

- Council will practice and display civic leadership, integrity, a willingness to consult with shire residents, accountability and transparency,
- Council services will be accessible and affordable for all shire residents,
- Council services will not compete with commercial service providers or duplicate services from other organisations,
- Council will be supportive of volunteers, service clubs and other groups who wish to contribute to public use facilities, services and community wellbeing,
- Council places high value on the proper management, protection and where required, restoration, of the natural environment,
- Council will encourage new business development in the shire which contributes to the social and economic strength of the shire community, and which will not impact negatively on the natural environment.

Council has a range of community assets, with a replacement value of \$224 million², which provide a range of services listed below:

Asset Class	Description	Services Provided
1. Water	All infrastructure including site buildings	Town water supplies

² Narromine Shire Council Asset Management Strategy 2012
(Note: Excludes Operational Land, Community Land and Fleet Management)

2. Sewerage	All infrastructure including site buildings	Town sewerage services
3. Waste	Buildings and facilities Plant	Garbage and recycling services
4. Aerodromes	Narromine aerodrome Trangie airstrip Narromine Aerodrome buildings, site facilities and equipment (Excludes buildings but includes other structures)	Commercial, private and recreational flying/gliding Commercial aviation based business rental/ lease accommodation Aviation museum, auditorium, aero club
5. Recreation and Community	Parks and Gardens Sporting Grounds Racecourses and Showgrounds Swimming Pools Cemeteries Saleyards Emergency Services (RFS, SES) Narromine War Memorial Cenotaph	Facilities for active and passive recreation and support to the functioning of the community
6. Transport	Rural Roads Town Streets Cycleways Bus Shelters Parking Footpaths Kerb and Gutter Stormwater Levees	Facilities for road transport including: <ul style="list-style-type: none"> • Private • Business • Commercial • Public Town drainage
7. Buildings and Other Equipment	Buildings Office equipment Office furniture Depots (incl. workshop equipment) Libraries Macquarie Valley Family Day Care (incl. playground equipment)	Buildings and equipment for council's general operations

(Source: *Narromine Shire Council Asset Management Strategy May 2012*)

Narromine Shire Council intimately understands its community and is best placed to address a number of challenges, including:

- Funding and innovative approaches to waste management,
- Planning for major flood events and managing drainage issues,
- Maintaining water supply security and quality,
- Maintaining showground and hall facilities,
- Tourism and business development through signage, incentives, marketing and improved street amenity,
- Limitations on land subdivision and supply,
- Engagement with residents,
- Improvements to roads infrastructure, construction and maintenance of footpaths, drainage and stormwater management,
- Significant unscheduled capital asset replacement,
- Changes to the Agriculture and Tourism Industries.
- Relocating the Narromine War Memorial Cenotaph

There are no existing State Government regional strategies for the Central West and Orana region, which includes Narromine. The Department of Planning & Environment intends to prepare a Discussion Paper to inform its future Regional Growth Plan for this area. As Narromine is not projected to experience growth, the plan will identify strategies to ensure population sustainability and manage population decline.

Narromine Shire Council is a member of OROC, which leads and advocates on its behalf, including regional action plans, infrastructure and land use planning, economic, social and environmental issues. Council's Mayor is the Chair of OROC.

Council supports 'opt in – opt out' joint strategic procurement, projects and services. OROC is currently undertaking a shared services study to examine the capacity, skills and practicality of member councils receiving or delivering shared services. Narromine Shire Council also agreed to endorse OROC's submission to be a pilot Joint Organisation under the State's regime to improve the effectiveness of local government across New South Wales.

The *Regional Development Australia Orana Regional Plan 2010 – 2020* identifies key opportunities to deliver economic prosperity for the Orana region over the next 10 years, including:

- Expansion of the resources sector, including new mines developed,
- Increased tourism, particularly ecotourism and Aboriginal culture based tourism,
- Strengthen sustainable agriculture, food production and processing, underpinned by related research and development,
- Alternative electrical power generation,
- Expansion of tertiary education opportunities within the region,
- Improved transport infrastructure,
- Strengthened regional approach to health services,
- Improved data and communications infrastructure, including roll out of the National Broadband Network.

The Plan outlines specific projects to capitalise on these opportunities to generate sustainable economic, employment and cultural development in the region.

The *Regional Development Australia Orana NSW Regional Plan 2013-2016* was developed after extensive consultation with Narromine Shire Council and identifies 13 key priority areas for the region, which fall into the following categories:

- Economic diversification and sustainability
- Workforce planning and development
- Business investment
- Infrastructure
- Whole-of-government planning

Community consultation

The *Narromine Shire Council Community Engagement Strategy 2010* establishes Council's commitment to community engagement and gives a clear understanding of when community engagement will take place. It also establishes what strategy will be used and how the process will be managed.

In broad terms, Council has consulted on options to: reduce services or service levels; increase revenue; introduce a Special Rate Variation; and finally, a merger with Dubbo Council (and possibly Wellington Council) as proposed by the Independent Local Government Review Panel.

Dubbo City Council, Narromine Shire Council and Wellington Council held preliminary discussions about amalgamation. In particular, they discussed the possibility of shared services and outsourcing. All three Councils have resolved to remain stand alone and be a part of the proposed Orana Joint Organisation of Councils.

Between October 2014 and January 2015, Narromine Shire Council undertook extensive community consultation about a Special Rate Variation of 5.9% for 2015/16 and 6.5% for 2016/17 (these figures included the rate peg).

During that process, the issue of potential amalgamation was frequently raised, as was the reduction in the nature or number of services, or the level of service; the cessation of services; and potential income streams.

Council consulted its community using a number of consultative platforms:

- Ratepayer newsletter and survey, including a summary of feedback and Council's response to a number of issues,
- Public meetings,
- Website information,
- Media releases,
- Email or written submissions,
- Newspaper advertising,
- Online survey.

Respondents raised concerns that an amalgamation may occur despite a Special Rate Variation and an amalgamation with Dubbo City Council and Wellington Council was not the only option. Respondents queried the cost of amalgamations and whether Council had undertaken any analysis, particularly about whether it would be better off.

Council also recently ran a small online survey, which it advertised in mid-May called "Do you support Council's decision to Stand Alone in the Fit for the Future Proposals?" Of the 59 surveys that were completed, 53% supported Council's decision to stand alone, and 47% did not.

4.2 Key challenges and opportunities

Narromine Shire Council has identified the following challenges and opportunities for the community and organisation. These have been categorised as to the Fit for the Future benchmark criteria).

<p><u>Strengths</u></p> <ul style="list-style-type: none"> - Experienced, qualified and stable workforce - Proximity to Dubbo (staff, availability of contractors) - Resource Sharing in OROC and LMWUA - Community large enough to support quality candidates for election to council - Strategic Planning Framework - Asset Management capability and approach - Indigenous representation on council - Narromine has its own community of interest and self-sufficient on essential services - Low lost time injuries and WH&S costs - Strong financial position from prudent management – high cash reserves, moderate with Neutral rating by TCORP, track record of positive operating results 	<p><u>Weakness</u></p> <ul style="list-style-type: none"> - Old IT system - Large geographic area and low population with attendant low levels of representation (by area) and large roading network to fund - Lack of council housing to use to attract and keep Senior Staff
<p><u>Opportunities</u></p> <ul style="list-style-type: none"> - Increased resource sharing - Productivity improvements from new IT and Employee Management System etc - Build on proximity to Dubbo e.g. rural residential land strategy - Building blocks of org structure, systems and internal capacity have been laid for council to now satisfy community desires in the long term cost effectively - Make use of data, Benefit Cost Ratio and risk analysis process to obtain grant funding - Improvement Plan identified elsewhere in this submission - Quality of life for staff and community and work/life balance available in Narromine - Leverage off the role of Narromine in the inland freight route network 	<p><u>Threats</u></p> <ul style="list-style-type: none"> - Slight declining population - Aging workforce (33% retiring in near future) - Merger with Dubbo would take away community identity and voice - Droughts, lack of water and the social & economic impacts of these - Frozen FAG grant (loss of \$3.5M over 10 yrs which is equivalent to approx. 50% of annual general rates in 2014/15) - Increased cost shifting from state and federal government

4.3 Performance against the Fit for the Future Benchmarks

4.3.1 Narromine Shire financially sustainable and Fit for the Future

Narromine Shire Council is working towards being fit for the future and will meet the criteria that have been set by the NSW Government for its financial sustainability over the next five years.

In April 2013 NSW Treasury Corporation (TCorp) provided Narromine Shire Council with a Financial Assessment, Sustainability and Benchmarking Report. TCorp's assessment of Council's Financial Sustainability Rating was that it was moderate with a neutral outlook. Narromine also received a rating of 'moderate' from the OLG Infrastructure Audit.

Following is Council's current and forecast performance against the Fit for the Future criteria of Sustainability, Infrastructure and Service Management, and Efficiency.

4.3.2 Sustainability Ratios

4.3.2.1 Operating Performance Ratio

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Operating Performance Ratio	-0.045	-0.008	0.001	0.001	0.002
Meets Benchmark?	No	No	Yes	Yes	Yes

4.3.2.2 Own Source Revenue Ratio with FAGS included

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Own Source Revenue Ratio	72.0%	74.4%	75.8%	78.5%	79.9%
Meets Benchmark?	Yes	Yes	Yes	Yes	Yes

4.3.2.3 Building and Infrastructure Asset Renewal Ratio

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Building and Infrastructure Asset Renewal Ratio	83.2%	151.6%	117.0%	100.3%	100.1%
Meets Benchmark?	No	Yes	Yes	Yes	Yes

4.3.3 Infrastructure and Service Management

4.3.3.1 Infrastructure Backlog Ratio

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Infrastructure Backlog Ratio	6.01%	2.01%	2.00%	1.99%	1.97%
Meets Benchmark?	No	No	No	Yes	Yes

4.3.3.2 Asset Maintenance Ratio

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Asset Maintenance Ratio	90.6%	100.3%	100.1%	100.4%	100.2%
Meets Benchmark?	No	Yes	Yes	Yes	Yes

4.3.3.3 Debt Service Ratio

Council's Debt Service Ratio is well within the benchmark of between 0% and 20% in all categories as demonstrated below.

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Debt Service Ratio	0.96%	2.7%	3.0%	2.9%	2.9%
Meets Benchmark?	Yes	Yes	Yes	Yes	Yes

4.3.4 Efficiency

4.3.4.1 Real Operating Expenditure Per Capita

	2013/2014 Result	2016/2017 Forecast	2017/2018 Forecast	2018/2019 Forecast	2019/2020 Forecast
Real Operating Expenditure Per Capita	2.00	1.827	1.815	1.814	1.812
Meets Benchmark?	Yes	Yes	Yes	Yes	Yes

As a result of the strategies being identified and implemented herewith, Council will achieve five out of the seven benchmarks in 2016/2017, six out of the seven in 2017/2018 and will achieve all of the seven benchmarks by the following two years 2018/2019 and 2019/2020.

The Operating Performance Ratio in year 2016/2017 improves once the proposed "levels of service" and inspection programs are commenced in 2015/2016 together with the proactive approach to maintenance that Council is undertaking (See 5.1.1). In addition, the improvement action plans in 5.4 outlines how Council is introducing new programs in 2016/2017 which will also assist with the Operating Performance Ratio meeting the benchmark.

The Infrastructure Backlog is steadily improving and will meet the benchmark from 2018/2019 onwards. Council borrowed \$3M in 2014/2015 and were also successful with applications for the Local Infrastructure Renewal Scheme and a grant from Fixing Country Roads for bridge renewal. This will go a long way in assisting Council achieve significant reductions in the infrastructure backlog during 2015/2016. Additional works programs have already been incorporated into Council's Long Term Financial Plan for 2014/2015 and 2015/2016 which will further reduce the backlog.

4.4 Water utility performance

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

Response: Yes. In accordance with advice received from NSW Office of Water, the TBL Performance Report for Narromine Shire Council indicates that Implementation of Requirements of NSW Best Practice Management (BPM) Framework is achieved 100%. **See Attachment 1 – TBL Performance Reports for Water and Sewer.**

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

Response: \$425,000 - Water
\$325,000 - Sewer

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

Response: Narromine Shire Council's capital works program does not include any works >\$1m in a single year, or alternatively, cumulatively over the given time period. All capital works that are currently in the program will cost less than \$1m. **See Attachment 2 – Narromine Shire Council Capital Works Programs for Water and Sewer**

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

Response: Yes. In accordance with advice received from NSW Office of Water, the TBL Performance Report for Narromine Shire Council indicates that Full Cost Recovery, without significant cross subsidies is achieved for both water and sewer supply.

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

Response: See Table over leaf

Strategy		Timeframe	Anticipated Outcome
1.	Director Infrastructure and Engineering Services holds a position on the Board of the NSW Water Directorate	Ongoing	Continued collaborative approach to water and sewer operations and strategies through sharing of resources and technical knowledge
2.	Director Infrastructure and Engineering Services is the Chair of the Technical Committee of Lower Macquarie Water Utilities Alliance	Ongoing	Continued collaborative approach to water and sewer operations and strategies through the sharing of resources and technical knowledge.
3.	Management staff on the NSW Advisory Committee of the Water Industry Operators Association of NSW	Ongoing	Continued collaborative approach to water and sewer operations and strategies through the sharing of resources and technical knowledge.
4.	Implementation of Narromine Shire Council Drinking Water Quality Improvement Plan	Ongoing	Enable improvements to be made to the drinking water quality through improved water quality performance, continued compliance with health and aesthetic guideline values, reduced risks to water quality and increase customer satisfaction with water quality.
5.	Participation in a NSW Department of Health Pilot Program to develop documentation templates and participate in practical implementation for Drinking Water Quality Management Systems for NSW	Ongoing	To ensure Critical Control Points, processes and procedures are identified and implemented so that drinking water quality is ensured.
6.	Currently reviewing Integrated Water Cycle Management Plan	Ongoing	To ensure Best Practice
7.	Council adopted 30 year Strategic Business Plans for Water and Sewer - see Attachment 3	Adopted 12 March, 2014, Council resolution 2014-67	Evaluate and resolve key operational issues and ensure funding considered essential is available to provide sustainable service provision.
8.	Narromine Shire Council is an active member of the Lower Macquarie Water Utilities Alliance and benefits from the programs for planning and policy development within the region.	Ongoing	Continued collaborative approach to water and sewer operations and strategies through sharing of resources and technical knowledge
9.	Installation of new telemetry and SCADA system with high speed digital radio network for water and sewer networks	Complete by 30 August, 2015	Greater control and awareness of systems to ensure issues are rectified at the earliest possible time and will increase data storage.
10.	Construction of two (2) new production bores in Trangie	Complete by end 2015.	Improve water security, quality and safety
11.	Construction of 3.8km new rising supply main in Trangie	Complete by end 2015.	Connection of town supply to reservoir and to assist with consistent disinfection of water supply in accordance with Australian Drinking Water Guidelines (ADWG) 2011 and to improve quality of water
12.	Installation of new gas chlorination disinfection in Narromine and Trangie	Complete by end 2015.	Ensure disinfection of water supply is in accordance with ADWG 2011 and to improve water quality
13.	Installation of new online water quality monitoring equipment in Narromine and Trangie	Complete by end 2015.	Greater control and awareness of systems to ensure issues are rectified at the earliest possible time

14.	Construction of two (2) new construction bores in Narromine	November 2015	Improve water security, quality and safety
15.	Construction of 1.5km new rising supply main in Narromine	Complete by end 2015.	Connection of town supply to reservoir and to assist with consistent disinfection of water supply in accordance with ADWG 2011 and to improve water quality
16.	Investigating treatment systems for Narromine and Trangie	2016	To improve water quality in regards to aesthetic values
17.	Investigating possible river supply for Narromine	2016	Improve security and quality of water
18.	Investigating possible treatment system for Tomingley	2016	Increase security and quality of water
19.	Sewer main CCTV condition assessments in both Narromine and Trangie	Commenced 2012 and onwards till 2020	Complete condition assessment of all sewer mains to enable system to be rehabilitated accordingly
20.	Sewer main relining and rehabilitation in Narromine and Trangie	Commenced 2014 and onwards till 2021	Complete relining of substandard sewer mains
21.	Sewer manhole condition assessments in Narromine and Trangie	Commencing 2015 and onwards till 2022	Complete condition assessment of all sewer manholes to enable relevant manholes to be rehabilitated accordingly
22.	Sewer manhole relining and rehabilitation in Narromine and Trangie	Commencing 2015 and onwards till 2024	Complete relining of substandard sewer manholes
23.	New headworks at Trangie Sewerage Treatment Plant	2018	Decrease grit and increase useful life of plant
24.	New switchboard and control system at Trangie Sewerage Treatment Plant	2016	Improve plant efficiency and effluent quality
25.	Rehabilitation of maturation ponds at Trangie Sewerage Treatment Plant	2017-18	Prolong life of plant and increase effluent quality
26.	New headworks at Narromine Sewerage Treatment Plant	2016-17	Decrease grit, rag and rubber infiltration, prolong life of primary oxidation pond. Improve quality of effluent
27.	New aeration system at Narromine Sewerage Treatment Plant	2016-17	Improve effluent quality
28.	Rehabilitation of both reservoirs in Narromine	2015-16	Improve on quality and safety
29.	Ice pigging program for mains cleaning in Narromine and Trangie, possibly Tomingley.	Aiming for 2016-18	Improve on quality and safety. Prolong life of mains
30.	Upgrading of pumping, control, switchboards and housing equipment of existing bores.	Aiming for 2016-17	Improve water security and quality. Prolong life of mains.
31.	Condition assessment of all sewer and water pumps and possible replacement with more energy efficient models	Aiming for 2016-17	Improve water security and quality. Prolong life of mains.

4.4.1 Capital Works

NARROMINE SHIRE COUNCIL											
WATER - Capital Works Program											
CAPITAL WORKS (\$000)	1	2	3	4	5	6	7	8	9	10	
	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	
New Works - ILOS / Backlog (Subsidised Schemes)											
Narromine - Install water conditioning system							60				
Trangie - Install water conditioning system								40			
Tomingley - Settling Tanks		20				20					
Narromine - Additional Reservoir storage tank (Town growth - NE side of Town)											
Narromine - Secure additional Town Water Supply source											
Trangie - Construction of Partial Treatment Plant					50	50	40	353			
Trangie - Operational Improvements	102	80	25	20	20	20	10				
Trangie - Renew and Re-drill bores											
Sub Total	102	100	25	20	70	90	110	393	0	0	
New Works - Growth											
Narromine - Extension to Water Mains											
Trangie - Fluoridisation											
Extension to water for IGA											
Sub Total	0	0	0	0	0	0	0	0	0	0	0
Major New Works											
Trangie - Install Main to connect Bore to Reservoir											
Disinfection System for bores and reservoirs (including online residual monitoring)	75	75									
Sub Total	75	75	0	0	0	0	0	0	0	0	
Minor New Works											
Telemetry upgrade	100									60	
Trangie - Bore flow recorders											
Minor Capital Works	15	15	15	15	15	15	15	15	15	15	15
Back flow prevention devices	30		20			10		10		10	
Narromine - Electronic water meter reading equipment		50							50		
Sub Total	145	65	35	15	25	15	25	65	85	15	
Renewals											
Narromine Water mains replacement/ rehabilitation	140	140	100	140	100	140	100	140	100	140	
Pumps replacement/ rehabilitation	15	15	15	15	15	15	15	15	15	15	15
Narromine - Valve Replacement		15		15	0	15	0	15	0	15	15
Water Meter Replacement Program	10	10	10	10	10	10	10	10	10	10	10
Tomingley - Main upgrades		10		10		10		10		10	10
Replace House Services	25	25	25	25	25	25	25	25	25	25	25
Reservoir Rehabilitation	200										
Reline Aeration Tank at Narromine Highlift Station	250										
Rehab Nymagee Street Potable Water Reservoir	650										
Rehab Trangie Potable Water Reservoir	300										
Sub Total	1590	215	150	215	150	215	150	215	215	150	215
WORKS TOTAL	1912	455	210	250	245	320	285	673	235	230	
TOTAL EXPENDITURE REPLACING EXISTING ASSETS	1,590	215	150	215	150	215	150	215	150	215	
TOTAL EXPENDITURE NEW ASSETS	322	240	60	35	95	105	135	458	85	15	
TRANSFERS TO RESERVES (COUNCIL FUNDS)											
GRANTS/EXTERNAL CONTRIBUTIONS											
Use of Operating Funds	293	303	288	299	310	297	333	345	332	371	
LOAN FUNDS											
RESERVE BALANCE (estimate)	1,920	301	149	227	276	341	318	366	38	135	276

NARROMINE SHIRE COUNCIL

SEWERAGE - Capital Works Program

	1	2	3	4	5	6	7	8	9	10
CAPITAL WORKS (\$000)	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25
New Works - ILOS / Backlog (Subsidised Schemes)										
Sub Total	0	0	0	0	0	0	0	0	0	0
New Works - Growth										
Trangie - STP Investigation										
Trangie - STP upgrade	220	50								
Telemetry upgrade (Narromine and Trangie)	100	60						60		
Narromine - New PS and Rising Main								100	50	
Septic tank discharge points at STPs										
Extension to sewer for IGA										
Sub Total	320	110	0	0	0	0	0	160	50	0
Minor New Works										
Minor capital works	15	15	15	15	15	15	15	15	15	15
CCTV investigations	200	200		200						
Rags/Filters and Wet Well Washers	25	50	25	50	25	50	25	50	25	25
Sub Total	240	265	40	265	40	65	40	65	40	40
Renewals										
Sewer mains replacement/ rehabilitation	500	500		300						
Pumps replacement										
- Narromine	15	15	15	15	15	15	15	15	15	15
- Trangie	5	5	5	5	5	5	5	5	5	5
Narromine STP - Upgrades	50	50						50	50	50
Narromine - Resurfacing/Relining of Manholes	25	25	25	25	25	25	25	25	25	25
Narromine Rehabilitation of Old Sewerage Treatment Plant	0		200							
Trangie Pump Stations WHS Upgrade	50									
Mains Jetter Machine										
Sub Total	645	595	245	345	45	45	45	95	95	95
GRAND TOTAL	1205	970	285	610	85	110	85	320	185	135
TOTAL EXPENDITURE REPLACING EXISTING ASSETS	645	595	245	345	45	45	45	95	95	95
TOTAL EXPENDITURE NEW ASSETS	560	375	40	265	40	65	40	225	90	40
TRANSFERS TO RESERVES (COUNCIL FUNDS)									0	0
Use of Operating Funds	137	120	78	101	110	120	129	140	150	161
LOAN FUNDS										
RESERVE BALANCE (Estimate)	3025	1,957	1,107	900	391	416	426	470	290	281

5 How will Council Remain Fit for the Future?

5.1 Narromine will meet the Fit for the Future criteria that has been set for its financial and asset management performance over the next five years in respect of sustainability, infrastructure and service management and efficiency. Council's Improvement Proposal needs to be considered in this context

Narromine Shire Council will meet the criteria for Fit for the Future based on the IPART proposed assessment methodology as demonstrated by the following:

- Council meets scale and capacity based on the ILGRP recommendation that Narromine remain a standalone council in a Joint Organisation
- Council is forecast to meet all seven of the Fit for the Future sustainability, infrastructure and service, and efficiency benchmarks by 2019/20 which is the date at which councils need to demonstrate their performance against the benchmarks for IPART

Fit for the Future Criteria	Meets in 2019/20
Scale and Capacity as per the ILGRP Recommendation	Yes
Operating Performance Ratio	Yes
Own Source Revenue Ratio	Yes
Buildings and Infrastructure Asset Renewals Ratio	Yes
Infrastructure Backlog Ratio	Yes
Asset Maintenance Ratio	Yes
Debt Service Ratio	Yes
Real Operating Expenditure Over Time	Yes

As a Fit for the Future Council, Narromine will continue to operate efficiently. The key focuses of Council's Improvement Proposal within this context are:

1. Sustainability - build greater financial scale and capacity to continue to service the needs of its community into the future.
2. Infrastructure and Service Management – continue the commitment to best practice asset management to ensure Council manages its assets effectively, and delivers quality assets to its community.
3. Efficiency – Council is demonstrating increasing efficiency through its declining operating expenditure per capita. Council will continue to implement strategies to ensure its organisation and services are efficient.

Council believes that these key strategies will ensure its remains on track to not only continue to meet the Fit for the Future benchmarks, but more importantly to deliver quality and cost-effective services to meet the needs of the Narromine community over time.

5.1.1 Narromine Shire Council is Effectively Managing Its Assets and Infrastructure

In conjunction with a progressive Council, a change in management and the application of the Integrated Planning and Reporting framework, the implementation of Asset Management Plans has resulted in additional revenue, increase in productivity and efficiencies in the order of \$4M.

These Improvements, efficiencies and productivity gains are in three key areas:

1. Capital expenditure
2. Operating Expenditure
3. Increased revenue

1. Capital Expenditure:

- More accurate cost estimates so no more budget overruns/better budget management
- Benefit Cost Ratios (BCR) and Risk assessments used to determine Capital works priorities
- 4 new gravel sources identified, with material engineering properties now incorporated into the project design
- Agreements simplified, utilising schedules of rates for local/ongoing suppliers to minimise administration
- Problems identified (inspections during preliminary planning) and resolved through better project 'milestone' planning before crews get to site, optimising day labour and plant utilisation
- Optimum mix of Contractors and day labour chosen for each stage of a project
- Comprehensive project delivery plans complete with designs given to crews
- Kick off meetings with crews to ensure transfer of information and understanding
- Weekly monitoring/inspections and monthly meetings to address issues before they become costly
- Project closure process including final inspections and Non Conformance Reports issued prior to being eligible for closure
- Capitalisation done quarterly, instead of yearly, to better align with financial requirements.
- Comparisons with day labour versus contractor rates

2. Operating Expenditure:

- Review of the levels of service to all asset classes.
- Routine inspection programs implemented to keep track of Asset Conditions, identify defects and compare to intervention levels, and prioritise future capital and maintenance works.
- Proactive approach to maintenance as opposed to reactive, with proper planned maintenance scheduling in place for infrastructure asset classes to ensure consistency and correct levels of service applied
- Upgraded Customer Request and Works Management Systems integrated with the Asset registry to filter complaints and prioritise reactive work according to pre-adopted intervention levels, and identify hot spots.
- Whole of life Asset lifecycle means more cost awareness and these costs are analysed and optimised.
- Ability to work on Strategic Asset Management (SAM) modelling in order to change and modify levels of service and the corresponding cost and condition implications

3. Increased Revenue

Increased revenue to Council has been achieved through better allocation of resources towards the grant application process.

R2R and REPAIR grant annual applications are worth approximately \$1.1 million per year, and the following new grants have been achieved:

- LIRS grant awarded - interest savings of approximately \$90k in yr 1 over \$500k over 10 yrs
- Footpath and Cycleways "Active Transport Grants" \$70k per year
- Traffic Facilities (line marking and signs) Grants \$10k-\$15k per year
- Fixing Country Roads / Bridge renewal (\$1.25M) – 50% funded by the State Government
- Heavy Vehicle safety and Productivity program (\$600k) – 50% funded by the Federal Government
- Restart NSW \$1.98M for new water security
- \$19K work for "John Holland" level crossings

5.1.2 Sustainability Strategies

Narromine Shire Council has identified and will implement the following strategies to enable it to continue to meet the operating performance ratio benchmark of greater than breakeven. These will have direct cost saving and/or income generating benefit to the organisation, thereby improving its operating position.

5.1.3 Increase Revenue from Rates

Council has been successful in its application for a two year Special Rate Variation commencing 2015/16 which will remain permanently in the rates base. This will increase Council's financial scale and capacity and enable it to continue to meet the Fit for the Future benchmarks.

5.1.4 Drive Economic Growth and Development of the Shire

Council will focus on a number of economic development opportunities for the Shire that will have direct impacts in terms of income, including:

- Strategy for growth at the aerodrome
- Commercial and residential development
- Land use strategies
- Broader economic development strategies for attracting investment, tourism and development

5.1.5 Achieve Greater Levels of Cost Recovery on Community and Recreational Facilities

Council will identify and implement a range of actions to improve the level of cost recovery and income generation from its community and recreation facilities in order to reduce the subsidy required on these assets, increase own source funding and in some cases reduce the costs through lower levels of service. These will include consideration of opportunities such as:

- Increase income from the aerodrome
- Reduce levels of service in parks, gardens and ovals
- Increase the financial sustainability of the swimming pools through better utilisation, more programs and consideration of alternate management models such as contract
- Consider opportunities to increase fees and charges and/or reduce levels of service in the saleyard, showgrounds, cemetery, sports complex and other facilities
- Increase Council's commercial focus in appropriate facilities

Objective	Strategies	Key milestones	Outcomes	Impact on other measures
1. Increase Council revenue	1. Implement a Special Rate Variation commencing July 2015	<ol style="list-style-type: none"> 1. Application submitted and approved by IPART (completed) 2. Rate notices from 1 July 2015 reflect the increase 	1. Council has increased its income to meet rising costs	Infrastructure and Service Management
2. Increase Council income through economic development activities	<ol style="list-style-type: none"> 1. Complete and implement a range of strategies to drive economic growth and development in Narromine Shire, including: <ul style="list-style-type: none"> • Aerodrome development (existing) • Economic development prospectus • Western Lands Sub-Regional Strategy (existing) • Rural Residential Strategy (existing) • Agricultural land use strategy 	<ol style="list-style-type: none"> 1. Economic development plans are developed and adopted 2. Strategies and actions are included in Council's Delivery Program and reported as part of the Integrated Planning and Reporting framework 	1. The economic growth of the Narromine Shire increases Council's income	Efficiency
3. Increase Council income and/or reduce costs from community and recreation facilities	<ol style="list-style-type: none"> 1. Undertake comprehensive review of Council's community and recreation facilities to identify opportunities to: <ul style="list-style-type: none"> • Increase income through user fees and/or increased utilisation • Reduce levels of service • Reduce expenditure 	<ol style="list-style-type: none"> 1. Community is consulted on levels of service 2. Fees and charges are updated 	1. Council's facilities will be operating efficiently at minimum subsidy	Infrastructure and Service Management Efficiency

5.2 Infrastructure and Service Management

Narromine Shire Council has identified the following strategies to enable it to build on the already strong performance in infrastructure and service management:

5.2.1 Best practice asset management

Council has had a focus on best practice asset management not seen in many councils its size. It has a dedicated asset management unit which has combined skills, experience and new ways of thinking and ensures that Council's largest area of expenditure is critically analysed and managed. It has taken a deliberate approach to recruiting the right people, developing the right strategies, and taking action.

In addition to the significant improvements Council has implemented as outlined above, the following new actions will be undertaken:

- Continue progress in asset management maturity model roadmap
- Development of levels of service for parks and gardens and open space assets
- Further procurement advances for greater efficiency and value
- Integration and improvement of plans, systems and processes
- Utilisation of technology

5.2.2 Asset valuations and depreciation

The results of the valuation of Council's infrastructure assets play a fundamental part of council's asset management plans, and strategies. The outcome of these plans and strategies result in works programs that ensure the best value for money in the overall management of Council's infrastructure assets. It's not surprising that valuation outputs such as annual depreciation expense is a key component of the Fit for the Future benchmarks.

The depreciation rate of assets is another element that influences the Fit for the Future benchmarks considerably. The depreciation of assets has a direct result on the operating surplus ratio and the infrastructure renewals benchmark and affects a number of the Fit for the Future benchmarks. There are large variations in the way councils depreciate their assets across NSW.

Council has recently had its assets revalued to ensure that it is accounting accurately for depreciation and will update its asset management plans accordingly. In addition, Council will implement the following new strategies:

- Determine condition rating for assets which are currently unknown
- Depreciation forecast to a "monthly" level instead of yearly
- Capitalisation "quarterly" level instead of yearly

5.2.3 Maximise plant and fleet utilisation and productivity

Council treats plant and fleet as an asset through a formal asset management plan system on the Customer Request Management System. Council will implement strategies to increase the utilisation and therefore productivity of its fleet to ensure it is getting greatest value for money from its assets.

Objective	Strategies	Key milestones	Outcomes	Impact on other measures
1. Ensure Council's assets are managed effectively	1. Continue to implement best practice asset management	1. Finalisation of Asset Maturity Model Roadmap	1. Council's assets are managed effectively 2. Council achieves value for money	Sustainability
2. Continue to achieve depreciation savings	1. Better attribute and condition data management	1. Completion of condition rating assessment of all Council assets 2. Depreciation forecasting is undertaken monthly and capitalisation is undertaken quarterly	1. Council's Asset Management Plans and Long Term Financial Plans reflect accurate depreciation	Sustainability
3. Council's fleet and plant assets are managed productively and efficiently	1. Develop and implement plant and fleet strategy, including determining optimum mix of plant, assessment of current utilisation rates, opportunities for plant sharing and hire arrangements with neighbouring councils, and review of plant hire rates	1. Completion and adoption of strategy	1. Council's plant and fleet are utilised effectively and productively	Sustainability Efficiency

5.3 Efficiency

Council will continue to implement the following strategies to increase the efficiency with which services are delivered and the organisation operates:

5.3.1 Shared Services

Council will continue to participate in shared services opportunities through OROC and other regional collaborations including:

- Internal audit
- Procurement
- Panel tenders for fuels, reseals and bitumen emulsion
- User groups in finance, HR, Payroll, risk management and WHS providing support and resources to Council
- Macquarie Regional Library Service
- Netwaste
- Orana Arts
- Macquarie Valley Family Day Care
- Lower Macquarie Water Utilities Alliance

5.3.2 Performance Management Software

Council is implementing an employee performance management software system to ensure that its Operational Plan targets are being met through employee performance management.

5.3.3 Procurement and Project Management Framework

Council will implement a procurement and project management framework to better plan projects, and make more efficient use of staff time and create economies of scale through implementation of e-tendering and new service contracts developed on schedule of rates.

Objective	Strategies	Key milestones	Outcomes	Impact on other measures
1. Increase efficiency and cost-effectiveness of council services	1. Council will continue to participate in shared services opportunities through OROC and other regional collaborations	1. Shared services opportunities are included in Council's Delivery Program and reported as part of the Integrated Planning and Reporting framework	1. Council achieves greater efficiency and value for money in its service delivery	Sustainability Infrastructure and Service Management
2. Ensure Council's planned objectives and actions are being implemented	1. Purchase and implement employee performance management software	1. Implementation of software 2. Monitoring and reporting of outcomes through Council's Delivery Program	1. Council's objectives are being implemented, monitored and reported	Sustainability Infrastructure and Service Management
3. Ensure procurement and project management processes are efficient, consistent and monitored across the organisation	1. Develop and implement procurement and project management framework	1. Framework is developed 2. All Council projects and procurements are undertaken utilising the framework	1. Council's procurement and project management processes are efficient	

5.4 Improvement Action Plan

Strategy	Action	Timeframe					Difficulty	Impact (Users, Service Levels, Staff Numbers, Plant & Resources)	Risk	Increases Strategic Capacity?
		2015/16	2016/17	2017/18	2018/19	2019/20				
Implement Special Rate Variation commencing July 2015	Rate notices commencing 1 July 2015 will include the Special Rate Variation	X					L	RATEPAYERS & RESOURCES	L	Y
	Rate notices commencing 1 July 2016 will include the second year of the Special Rate Variation		X				L	RATEPAYERS & RESOURCES	L	Y
Complete and implement economic development and growth strategies	Implement strategy for aerodrome	X	X				H	USERS & RESOURCES	M	Y
	Complete and implement economic development prospectus	X	X	X	X	X	L	USERS & RESOURCES	L	Y
	Implement relevant parts of Western Lands Sub-Regional Strategy	X	X	X	X	X	L	USERS & RESOURCES	L	Y
	Implement Rural Residential Strategy	X	X	X	X	X	L	USERS & RESOURCES	L	Y
	Complete and implement agricultural land use strategy	X	X	X	X	X	L	USERS & RESOURCES	L	Y
	Continue to participate in the OROC shared economic model	X	X	X	X	X	L	USERS & RESOURCES	L	Y

Strategy	Action	Timeframe					Difficulty	Impact (Users, Service Levels, Staff Numbers, Plant & Resources)	Risk	Increases Strategic Capacity?
		2015/16	2016/17	2017/18	2018/19	2019/20				
Undertake comprehensive review of Council's community and recreational facilities to identify opportunities to increase income and reduce costs	Develop and decide levels of service for Council's parks and gardens and open space assets	X					M	SERVICE LEVELS, USERS, PLANT & STAFF NUMBERS	L	Y
	Review Council's swimming pools to determine opportunities to: <ul style="list-style-type: none"> • Increase utilisation • Improve and increase programs • Increase income in other ways • Reduce costs through alternate management models such as contracting out the management of all or some of the functions and facilities 	X					M	SERVICE LEVELS, USERS, PLANT & STAFF NUMBERS	L	Y
	Review Council's aerodrome strategy to identify opportunities to increase income	X	X				M	USERS, SERVICE LEVELS & RESOURCES	L	Y
	Review Council's main facilities to consider opportunities to: <ul style="list-style-type: none"> • Increase user fees and charges • Take a more commercial approach to their management • Reduce levels of service • Otherwise reduce costs 	X					L	SERVICE LEVELS, USERS, PLANT & STAFF NUMBERS	L	Y

Strategy	Action	Timeframe					Difficulty	Impact (Users, Service Levels, Staff Numbers, Plant & Resources)	Risk	Increases Strategic Capacity?
		2015/16	2016/17	2017/18	2018/19	2019/20				
Continue to implement best practice asset management	Finalise last 'basic' elements in the Asset Management Maturity Model Roadmap and progress towards 'intermediate' levels	X					L/M	RESOURCES	M	Y
	Develop service levels for parks and gardens and open space assets, including community consultation	X					L	USERS, PLANT & RESOURCES	L	Y
	More advanced procurement and new 'services' for repetitious routine work contracts to reduce administration time	X					L	USERS, PLANT & RESOURCES	L	Y
	Implement further integration between finance, assets and GIS software systems	X					M	RESOURCES	L	Y
	Review systems and processes for greater efficiency and time management	X					L	RESOURCES	L	Y
	Introduce technology to make asset management more efficient, including GPS survey collection equipment for in-house designs, GPS design models into construction plans and GPS tracking of large fleet items	X					H	PLANT & RESOURCES	L	Y
Better attribute and condition data management	Complete condition rating for assets that have not been assessed	X	X	X	X	X	L	RESOURCES	L	Y
	Depreciation forecasting to a monthly level instead of yearly	X					L	RESOURCES	L	Y

Strategy	Action	Timeframe					Difficulty	Impact (Users, Service Levels, Staff Numbers, Plant & Resources)	Risk	Increases Strategic Capacity?
		2015/16	2016/17	2017/18	2018/19	2019/20				
	Capitalisation to a quarterly level instead of yearly	X					L	RESOURCES	L	Y
Develop and implement plant and fleet strategy	Determine optimum mix of plant and own/hire options	X					L	PLANT & RESOURCES	L	Y
	Increase plant utilisation through prearranged negotiated overtime on capital works	X					M	PLANT & RESOURCES	L	Y
	Introduce GPS tracking of large plant items over \$100k to measure utilisation accurately	X					L	PLANT & RESOURCES	L	Y
	Review plant hire rates to ensure they are commercial and competitive and amend Fees and Charges accordingly	X					L	USERS, PLANT & RESOURCES	L	Y
	Continue discussions with Dubbo City Council on plant sharing and hire arrangements	X					M	USERS, PLANT & RESOURCES	M	Y
	Implement a fleet register to optimise desired renewal triggers (km/hrs/years)	X					L	PLANT & RESOURCES	L	Y
Continue to participate in shared services opportunities through OROC	Utilise internal audit and procurement shared services	X	X	X	X	X	L	RESOURCES	M	Y
	Utilise panel tenders for fuels, reseals and bitumen emulsion	X					L	PLANT & RESOURCES	L	Y
	Participate in user groups for finance, HR, payroll, risk management and WHS	X	X	X	X	X	L	STAFF NUMBERS	L	Y

Strategy	Action	Timeframe					Difficulty	Impact (Users, Service Levels, Staff Numbers, Plant & Resources)	Risk	Increases Strategic Capacity?
		2015/16	2016/17	2017/18	2018/19	2019/20				
Purchase and implement employee performance management software	Purchase software	X					L	SERVICE LEVELS, RESOURCES	L	Y
	Undertake relevant staff consultation and training	X					M	RESOURCES	L	Y
	Commence organisational use of the software	X					L	RESOURCES	L	Y
Develop and implement procurement and project management framework	Implement e-tendering	X					L	USERS, SERVICE LEVELS, PLANT & RESOURCES	L	Y
	Develop framework including checklists and documentation	X					L	USERS, SERVICE LEVELS, PLANT & RESOURCES	L	Y
	Undertake staff training in procurement and project management to ensure consistent approach across organisation	X	X	X	X	X	L	USERS, SERVICE LEVELS, PLANT & RESOURCES	L	Y

5.5 Other actions considered

Dubbo City Council engaged Luka Group Accountants and Advisers to undertake an evaluation of the financial statements of Dubbo City, Wellington and Narromine Shire Councils to ascertain if the three councils were merged to form a regional council, would they meet the required Template 2 ratios from a general fund perspective. However the final results of the evaluation were inconclusive and have not been utilised further.

One of the more critical factors that was considered was the extremely short timeframe available in which to allow a full and complete analysis of the benefits or otherwise of an amalgamation.

The three Councils involved all clearly indicated that their communities were against any amalgamation, and on that basis, all three Councils have resolved to prepare Template 2 of the Fit for the Future guidelines. All three Mayors have advised that their Council's position is to pursue operating as a stand alone council to best service and meet the needs of the individual communities.

6 How will the plan improve performance?

6.1 Expected improvement in performance

Measure / benchmark	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance (Greater than or equal to break-even average over 3 years)	-0.008	0.001	0.001	0.002	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	74.4%	75.8%	78.5%	79.9%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	151.6%	117.0%	100.3%	100.1%	Yes
Infrastructure Backlog Ratio (Less than 2%)	2.01%	2.00%	1.99%	1.97%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	100.3%	100.1%	100.4%	100.2%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	2.7%	3.0%	2.9%	2.9%	Yes
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	1.827	1.815	1.814	1.812	Yes

7 Putting the plan into action

The Fit for the Future Improvement Plan will be integrated into Council’s Delivery Program and Operational Plans to ensure the actions form part of Council’s annual program of work.

The implementation of Council’s Delivery Program is the responsibility of the General Manager, who is accountable to the elected Council. Council has a software system in place that monitors the implementation of the Delivery Program, and intends to implement an employee performance management system to ensure that Delivery Program and Operational Plan targets are being met through employee performance management.

Progress on the Delivery Program is reported six monthly to the elected Council and these reports form the basis of Council’s Annual Report which is published each November. The Fit for the Future indicators will form part of the Annual Report to highlight Council’s ongoing achievement of these indicators and the improvement strategies that are contained in this Improvement Plan.

8 Conclusion

The Independent Local Government Review Panel recommendation for Narromine Shire Council is as follows:

“Council in Orana Joint Organisation or merge with Dubbo”

Given that the starting point for “scale and capacity” is the Independent Local Government Review Panel recommendation, Narromine meets the test for scale and capacity to be a stand alone Council in the Orana Joint Organisation.

In addition, Council is forecast to meet all seven of the Fit for the Future sustainability, infrastructure and service, and efficiency benchmarks by 2019/20.

Fit for the Future Criteria	Meets Now	Meets in 2019/20
Scale and Capacity as per the ILGRP Recommendation	No	Yes
Operating Performance Ratio	No	Yes
Own Source Revenue Ratio (Federal Assistance Grants included)	Yes	Yes
Buildings and Infrastructure Asset Renewals Ratio	Yes	Yes
Infrastructure Backlog Ratio	No	Yes
Asset Maintenance Ratio	Yes	Yes
Debt Service Ratio	Yes	Yes
Real Operating Expenditure Over Time	Yes	Yes

Council has engaged its community and received majority support for it to continue to stand alone. Given that it meets the NSW Government criteria for a Fit for the Future council, Narromine Shire Council submits this Improvement Proposal to IPART for assessment.