

Template 3

Rural Council Proposal

Bombala Council



Getting Started

Before you commence this template, please check the following:



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



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



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



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



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

Section 1: About your council’s proposal	4
Council details	4
1.1 Executive summary.....	4
1.2 Scale and capacity.....	5
1. Small and static or declining population spread over a large area.....	6
2. Local economies that are based on agricultural or resource industries.	7
3. High operating costs associated with a dispersed population and limited opportunities for return on investment.	8
4. High importance of retaining local identity, social capital and capacity for service delivery.	9
5. Low rate base and high grant reliance.	11
6. Difficulty in attracting and retaining skilled and experienced staff.....	12
7. Challenges in financial sustainability and provision of adequate services & infrastructure.	13
8. Long distance to a major or sub-regional centre.	14
9. Limited options for mergers.	15
Section 2: Your council’s current position	19
2.1 Key challenges and opportunities	19
2.2 Performance against the Fit for the Future benchmarks	21
Sustainability.....	21
Infrastructure and service management	23
Efficiency.....	25
2.3 Water utility performance	26
Capital works	26
Improvement strategies	27
Section 3: Towards Fit for the Future.....	28
3.1 How will your council become/remain Fit for the Future?.....	28
Option 1: Resource sharing.....	28
Option 2: Shared administration	31
Option 3: Speciality services.....	32
Option 4: Streamlined governance.....	33
Option 5: Streamlined planning, regulation and reporting.....	35
Option 6: Service review.....	36
Option 7: Additional options identified by the council.....	38
3.2 Rural Council Action Plan	40
3.3 Community involvement.....	45
3.4 Other strategies considered	46
Section 4: Expected outcomes	47
4.1 Expected Improvement in Performance.....	47
4.2 Factors influencing performance	49
Section 5: Implementation	51
5.1 Putting your plan into action.....	51

Section 1: About your council's proposal

Council details

Council name:

Bombala Council

Date of Council resolution endorsing this submission:

24 June 2015

1.1 Executive summary

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

This proposal is being submitted on the basis that the Independent Local Government Review Panel (ILGRP) identified the rural council option as one of the two options considered appropriate for Bombala Council. BC elected to limit the scope of our investigation to these two options – *merger with neighbouring councils* or *rural council*. Bombala Council strongly believes that the rural council option is the most appropriate path for Council and its communities and our submission demonstrates that we meet all nine rural council characteristics.

In resolving to pursue the rural council option Bombala Council also considered the ILGRP alternate option of a merger with Cooma Monaro Shire and Snowy River Shire Councils. To investigate the viability of a merger, Council in co-operation with these Councils contracted KPMG to prepare a Merger Business Case.

Within the detailed findings of this business case was KPMG's analysis that *"...a merged council is likely to materially underperform against benchmarks relating to asset renewal and infrastructure backlog and the expected net financial benefit of a merger is unlikely to be of sufficient quantum that would enable a merged council to invest heavily in these areas."* (KPMG Merger Business Case Final Report 18 May 2015 p.2)

As a result of the lack of positive findings by KPMG in support of a merger between the three councils, Bombala Council selected the rural council option as most likely to deliver the best outcomes to our communities.

In pursuing the rural council option Council has undertaken significant community engagement to gauge community attitudes regarding the future of Bombala Council. Community feedback has indicated that a clear majority of ratepayers and residents believe strongly that the potential negative impacts of a merger far outweigh the benefits.

Additional support for the rural council option is found in assessment of Bombala Council's financial position against the Fit for the Future (FFTF) performance improvement benchmarks. Financial analysis provided in Section 4 of this submission demonstrates that the Council will meet or exceed all of these benchmarks within given timeframes.

Premised within this submission is the intention of Bombala Council to investigate shared service and resource sharing arrangements with neighbouring councils and build on existing resource sharing arrangements as identified in Section 3.1. In addition the elected Council has endorsed the pursuit of other improvement measures including business/service innovation, outsourcing and a service review.

1.2 Scale and capacity

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

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

Yes

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

(Group C Councils should answer 'NA')

Yes

1.2 Scale and capacity

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

1. Small and static or declining population spread over a large area

- Bombala Council is located in the south-east corner of NSW and covers some 4,000km²
- According to ABS census statistics the population of the LGA in 2011 was 2,409.
- The latest estimates released by the ABS indicated that the population is no longer declining and in fact is static or showing a very small increase (1%).

Background

- The population of the Bombala LGA declined significantly during the period 1996 (2,911 persons) to 2001 (2,467 persons) as a direct result of changes in State Government policy and legislation (Plantation and Reafforestation Act and Native Vegetation Conservation Act) outside of Council's control. This decline was further exacerbated by the increased buy in by investors to the federally backed Managed Investment Schemes, which offered significant tax incentives to investors in the establishment of soft wood plantations. These schemes eventually collapsed and investors left the area, leaving Bombala with a rate debt totalling ten to fifteen percent of annual rate income.
- The changed State Government policies saw the hardwood sector removed from Bombala and relocated to Eden, resulting in the closure of sawmills at Cooma, Nimmitabel, Bombala and Bendoc and lead to the relocation of timber industry workers and their families to Eden and consequent closure/relocation of a number of allied businesses. The then State Government provided incentives of \$6 million to the Bombala-based private timber business Tablelands Saw Mills to relocate to Eden. Council and the community received no financial support to assist us with this readjustment and were assured that displaced timber sector workers would be employed in National Parks and tourism, which did not eventuate.
- From the early 1990's to the early 2000's the rise of the Federally backed Managed Investment Schemes promoting the planting of softwood and a one in 100 year drought saw farming families taking up the offer of inflated land prices and leaving the area.
- The negative effects of the Managed Investment Schemes were threefold. Firstly we lost farming families and their contributions to the local economy, secondly land prices were inflated making the area less attractive to new farming entrants or existing farmers wishing to increase their holdings, and thirdly the productive capacity of the land was zero for the first 15 years with little economic benefit.
- In 2012 Council reduced its number of Councillors from nine to seven in light of the declining population and in consultation with the community.

Current situation

- While the 'New South Wales State and Local Government Area Population Projections: 2014 Final' states that the projected population growth 2011 to 2031 for Bombala LGA is less than -10% the ABS statistics (3218.0) show that this has slowed - 2001 census 2,467, 2011 census 2,409, est. 2014 is 2,422. (0.9% growth in

2013/14). This bears out Council's view that the population is no longer declining but is static or slightly increasing.

- Bombala Council is aware of a number of developments that will substantially increase job opportunities within the LGA – the second stage of the Dongwha Timber Mill, a particle board manufacturing plant, will see an additional 120 direct jobs plus a further 120 jobs in allied businesses and industries. An extension to the aged care retirement facility will see an additional 20 jobs created.
- We have seen a number of young people returning home to either start businesses or take on more responsibility with the family farm during the period after the last census.
- While still small, we believe we are no longer in decline but stable and slowly growing. Assuming the demographic change in our population continues, we are certainly fit for the future in terms of capacity to remain sustainable and address our community's needs in the long term.

2. Local economies that are based on agricultural or resource industries.

- Bombala LGA's main economic drivers have always been traditional farming (wool, beef cattle and prime lambs) and timber (now predominantly softwood based, however there is still a small amount of hardwood cut from Forestry Corporation's estate).
- Recently some cropping of canola and other feed crops has been successfully carried out and is offering additional opportunities for farm diversification and increased farming income streams.

Background

- Bombala LGA is recognised as an area with reliable access to clean water and is considered to be a "safe" farming area based on a dependable climate, a clean environment and productive soils. This is particularly important given the increased concerns surrounding global food security and sustainability. It is also recognised as one of the premier breeding areas in the State with stock from the region being dispersed Australia wide. This gives us confidence in the future of our farming enterprises.
- Dongwha Timbers, a major international timber company based in South Korea, has recently totally upgraded the softwood processing plant at Bombala. This upgrade has seen the injection of well over \$90 million in the plant. Plans for the second stage for the redevelopment are underway. This secures the timber sector in Bombala and is a concrete sign that the company believe strongly in staying in Bombala.
- Recognising the need to diversify our industry base, over the last 10 years we have provided resources to encourage the development of our tourism sector. This has resulted in local initiatives including local art galleries, the Bundian Way project and substantial improvements to our local caravan park and other existing attractions.

Current situation

- Importantly the redevelopment of the softwood mill at Bombala and the developments to be undertaken in Stage 2 will see diversification of the workforce as these developments require more highly skilled employees.
- The area has seen an increase in the tourism sector based primarily on nature based experiences (our area is surrounded by state forests and national parks). More recently there has been a growth in the niche sectors of indigenous and cultural heritage tourism. The area sits in the middle of a major indigenous project, The Bundian Way, the ancient walking track connecting the Snowy Mountains to the Eden coast line. It is currently being rolled out and is beginning to attract significant overseas interest as well as interest Australia wide. Plans for the development of a 5 star eco lodge in Delegate designed by world renowned architect Glen Murcutt are well advanced and will see a substantial increase in visitation to the area.
- The future of the Bombala LGA and its communities lies with agriculture, timber and tourism and we have the resources, ability, opportunities and experience to realise the benefits of anticipated growth in these sectors.

3. High operating costs associated with a dispersed population and limited opportunities for return on investment.

- The Bombala LGA has an area of 3,945 km² and a population of 2,409 (ABS 2011) giving a population density of 1.6 persons per square kilometre.
- Our population spread is approximately 50% in the main town of Bombala with the remaining 50% spread over the smaller villages of Delegate, Cathcart and Bibbenluke and dispersed across agricultural land holdings.
- KPMG has identified Council's Operating Costs as \$3,298 per Capita in 2013-14, \$3,279 in 2016-17 and, although still high compared to metropolitan councils, it continues to slowly decrease over time.
- Due to the predominance of agriculture within the LGA, our population and the number of rateable properties (1899 rate assessments) is small proportionate to our land area.
- Bombala Council is unable to collect rates and charges from either NSW Forestry Corporation or National Parks. Together these State run and owned estates comprise 15% of Council's land area and our lack of ability to impose rates or charges on either entity substantially impacts on our capacity to generate rating income.
- Council has 505 kilometres of unsealed road to maintain annually, much of which is negatively impacted by heavy haulage timber transport.
- Council has 92.4 kilometres of rural sealed roads of which three roads used by the heavy haulage vehicles, representing 27% of this network length, consume 95% of our annual maintenance budget.
- Very little funding for road maintenance is provided by the timber industry. In addition, Bombala local and regional roads are impacted by timber traffic from Victoria hauling to Eden. Bombala LGA receives no benefits or income from this through traffic which considerably shortens the life of our road assets and results in the need for intensive monitoring and maintenance.

Background

- The Bombala LGA is recognised as one with low socio economic status (SEIFA rank of 45 in NSW), which results in Council being unable to fully recover all costs associated with service delivery.
- 28.6% of the employed population were in part time work according to the census of 2011 and our unemployment rate was 3.7%, however 20.7% of the population was identified as not working.
- According to the 2011 census the median income for a single person in Bombala was \$462 per week compared to \$561 for NSW and Australia wide \$577. Families in Bombala experience similar disadvantage with the median weekly income being \$1,010, compared to NSW \$1,477, Australia wide \$1,481.
- The need to deliver services to our community across considerable distances adds to our operating costs.

Current Situation

- Our limited opportunities for the expansion of own-source revenue streams are further impacted by our inability to apply appropriate developer levies to the plantation sector as forestry plantations are specifically excluded from the *Environmental Planning and Assessment Act*. Therefore no developer contributions can be levied on this major industry sector in our area.
- The relative isolation of our main population centre results in the need to provide many services locally rather than relying on regional centres. As a result, Bombala Council provides local services on behalf of Service NSW, NSW Health, the NSW Department of Community Services, NSW Corrective Services and other State and Federal agencies.

4. High importance of retaining local identity, social capital and capacity for service delivery.

- Council is one of the three major employers within the local economy along with the principal timber processor and combined local State agencies.
- Due to our isolation and lack of easy access to a range of fundamental services, Council provides services that are not typically delivered by local government.
- State agencies such as Service NSW recognise the importance of this local availability of services and uses Council to deliver their services.
- Council is able to deliver a number of these services as a result of multi skilled staff, innovation by staff in program design and implementation and strong partnerships with government agencies and local communities.
- Our communities recognise the benefits of working with Council to deliver services and increase social capital and Bombala LGA has one of the highest rates of volunteerism in the State (Census 2011 33.5% - NSW wide only 16.9%). Council actively supports and encourages this volunteerism.
- There is a strong sense of community pride across the LGA and community groups actively participate in projects that continue to bring benefits to all.
- The youth of the area have a strong appreciation for and value our community assets evidenced by the very low rate of vandalism and a total absence of graffiti on all public assets.

Background

- Council has provided funding for purchase of housing stock used as part of a package to attract doctors to the area and funding support for the fit-out of a new Doctors surgery attached to the Bombala Multi-Purpose Service.
- Our community services and aged care programs and activities are supplemented by funds from Council's General Fund. This service delivers a range of programs catering to the needs of the frail, aged and disabled within the community. Innovative programs are specifically delivered for disabled youth and for mobility impaired people, encouraging social inclusion.
- Working with community groups, Council has developed walking trails around both Bombala and Delegate Rivers, some of which are sealed. These trails have been funded by Council, grant programs and cash contributions from local service clubs. Preparation of the trails has been undertaken substantially by volunteers.
- To further build social capital, Council and the Delegate Progress Association, have developed two co-joined art galleries in the village of Delegate. These galleries promote and reflect the high standard of creative works being produced both locally and regionally, and include an indigenous art gallery, which is part of the development of the Bundian Way. Council received a highly commended award for this project in 2014 at the NSW Local Government Art and Culture Awards.
- Council supports community groups through grant preparation, advice, promotion, technical support and through the Section 355 Committee structure.
- Local community groups hold a weekly street stall in Bombala's main street to raise funds to assist with maintenance and improvements to sporting facilities, halls, community operated tourism attractions or community services such as supplying wood to older residents. These stalls are supported administratively by Council. No fees are charged and they regularly take in excess of \$1,500 per week.
- Over the last decade Bombala Council has enhanced its reputation within various State and Federal departments and has been successful in obtaining grant funding and managing significant projects such as the development of the Snowy River Way, establishment of the Timber precinct, major upgrades to local community facilities and a range of community development projects.
- Bombala Council has been featured in numerous government publications including DOTARS Annual Report for a culinary tourism project and the Office of Heritage and Environment Annual Report for a community development project at the platypus reserve.

Current Situation

- Council currently enjoys the full support of volunteers and is able to deliver a range of services and projects utilising the volunteer's skills. In the case of a merged entity it is highly likely that this support would fall off and service and project delivery costs would be far greater or, more likely, not delivered at all.
- The strong sense of place felt by the local communities is reinforced by our geographical boundaries - to the north and east we have the coastal escarpment and to the south and west we have the Snowy Mountains range with large areas of declared wilderness in both.
- This isolation has played a role in the development of a cohesive and connected community, with Council and the community working hand in hand to provide services, facilities and amenities which benefit the whole community in both a social and economic sense.

5. Low rate base and high grant reliance.

- Due partly to our inability to raise rates from some 15% of our land mass, we are reliant on NSW and Federal Government grants as a source of revenue.
- Council receives no grants or funding from the Victorian government, despite our towns of Delegate and Bombala being relied on for education, health and other services by nearby Victorian communities.
- Council's ability to fund infrastructure impacted by forestry industries has been further hampered by the NSW Plantation and Reafforestation Act. This Act does not allow Council to apply the proper and appropriate development contribution to private plantation establishment.
- Over the years the rate peg has not been in line with the rising fixed costs of Council, leading to more reliance on grant funding to undertake major works and deliver essential services. This is also driving Council to apply for a special variation to general income in 2016/17.
- Council has limited opportunity to raise own source revenue from fees and charges because of the low socio economic status of our community and their inability to pay for full cost recovery.

Background

- Forestry Corp's previously aggressive stance during the mid-1990's on purchasing farmland and private plantation estate, and the consequent non rateable status of this land, has impacted Council's ability to fund infrastructure renewal and increases our reliance on grants.
- The collapse of the Managed Investment Schemes in 2010/11 resulted in Council not collecting some 10% of its rates income and Council is still pursuing a similar proportion of rates owed on these particular properties. This has impacted negatively on Council's cash flow and investment income, not to mention published rate arrears.
- Regionally significant roads fall within Council's maintenance budgets and it is appropriate that Council receives grant funds to maintain them. These include Snowy River Way which links the ski fields to the Monaro Highway and Mt Darragh Rd which links the Monaro region to the coast. This is arguably the most reliable of the road connections to the coast below King's Highway.
- Council is also responsible for maintaining Delegate Road, and other local roads, which link the Monaro region to Victoria and service the Victorian hardwood and softwood industries.
- Over time there have been an escalating number of services that Council has been required to take over from higher levels of government. Examples include contribution to emergency service provision, voluntary conservation agreements, shortfall in cost recovery for processing development applications and social and disadvantaged services.

Current situation

- Further to the 2006 Allen Report, Council would be pleased to consider the divesting of regional roads back to State Government as this would make a significant difference to our budgets and reduce our reliance on grant funding to maintain our road network.
- Bombala Council has continually 'punched above its weight' in achieving grant funding, which we consider an advantage for our community. Since 2007 Bombala Council has managed over \$14 million of grants on two projects, Snowy River Way and the Timber precinct.

- Our community is supportive of a Special Rate Variation (SRV) based on their understanding of the need for an increase in revenue to facilitate the status of Bombala as a rural or stand-alone council.
- As can be seen from our Action Plan, and our Integrated Planning and Reporting framework, Council is continually planning and reviewing its service delivery to identify opportunities for additional efficiencies and savings and opportunities to increase our own source revenue to ensure that we are fit for the future.
- Currently Council receives \$1.83 million in Financial Assistance Grants (FAGs) and without this grant being classified as “own source revenue”, Council would not meet the own source revenue ratio benchmark.

6. Difficulty in attracting and retaining skilled and experienced staff.

- While this has been an issue in the past, Bombala currently has a full complement of skilled and experienced staff with a diverse skills base however in situations of leave it is often necessary to import these skills.
- We have developed strong relationships with the surrounding councils and have a resource sharing program in place, enabling us to draw on a greater pool of skills and experience when necessary.

Background

- Our council area has a range of amenities and facilities to attract skilled staff. Characteristics such as our peaceful rural setting, the affordability of land and our proximity to the coast and snow fields makes the area attractive to those wishing to relocate.
- While Council generally attracts the necessary skilled staff, there is often only the one person with particular skills employed, so to replace that staff member when on leave or if they resign can be a significant issue.

Current Situation

- Council’s Workforce Plan recognises that for our organisation to be an employer of choice, we must continue to adopt a pro-active approach to staff retention, training and workplace inclusiveness and provide all staff with a harmonious, supportive and productive work place.
- Staff turnover within the council is low, at around 8% per annum compared to the 11% average for NSW Councils.
- Council is actively pursuing opportunities for shared services/staff with neighbouring councils. We already share some IT services with Bega Valley Council and Cooma Monaro Shire Council, we also utilise Regulatory Service staff from Bega Valley Shire to cover leave requirements of our Regulatory Service staff. Bombala, Cooma Monaro and Snowy River Shire Councils run the regional Library and noxious weeds committees, undertaking joint contracts, training programs and promotional activities including developing new websites for the three Councils. Bombala Council is also an active member of Canberra Region Joint Organisation of Councils and is represented on numerous regional sub committees.
- Our stable workforce enhances our ability to form long term effective partnerships with all levels of government and the community to ensure services and infrastructure are delivered effectively and efficiently and ensure that we are fit for the future.

7. Challenges in financial sustainability and provision of adequate services and infrastructure.

- Bombala Council has experienced challenges in financial sustainability in the past with a huge debt in the mid-1990s to the current position of being debt free with the consequent inability to maintain infrastructure and some services during that time.
- Council will continue to experience challenges with funding road infrastructure used by heavy haulage timber transport until the current funding model is revised.
- We are unable to generate rates income from 15% of our land area.

Background

- Through careful financial management over the last ten years Bombala Council has built up substantial cash reserves. Some of these reserves will be utilised to upgrade sewer and water schemes and improve buildings and bridges over the next 10 years.
- Council is very pro-active in closely examining its financial and operational systems to identify ways to operate more effectively and improve performance as shown in our financial statements and Long Term Financial Plan.
- Our close partnership with local community groups enables us to deliver a range of services beyond expectations for a Council of our size. For over 13 years we have delivered a range of community development programs at little or no cost to Council. These programs include creative workshops to help develop skills and strengthen community networks, support for a range of local activity groups and holiday workshops for the youth. Community members and groups give their time to deliver these programs at no cost. In addition, skills development workshops are organised in partnership with a range of service providers.
- Our communities appreciate that Council has a limited budget and have indicated to us that they are satisfied with the level of services and the overall condition of community infrastructure as identified in the March 2014 Community Survey. It is very willing to work with Council on projects to improve our halls, sporting grounds and other public buildings and actively seeks grants to assist with this work.

Current situation

- We are currently working with local timber industries to overcome issues arising from road maintenance along timber haulage routes and we have commenced work on a Heavy Haulage Timber Routes Strategy.
- As a direct result of lobbying by Bombala Council, the State Government's 'Fixing Country Roads' program has been established to assist rural councils with maintenance of local and regional roads. Funds from this program greatly assist Council by further addressing funding shortfalls, reducing our infrastructure backlog and improving our capacities in asset management.
- The establishment of this program by State Government indicates that we are fit for the future in terms of our ability to effectively engage with government.
- We are continuing to improve our Asset Management System to ensure robust data and the timely maintenance and renewal of assets.
- We are working towards better utilisation of a range of community assets to assist us in improving our long term sustainability as an organisation and are working with community groups to identify, prioritise and rationalise community assets.
- As a member Council of the High Plains Alliance we have recently reviewed the KPMG Shared Services Analysis for Bombala, Cooma-Monaro Shire and Snowy River Shire Councils. The High Plains Alliance has resolved to explore appointing an

Executive Officer to drive this project. Potential shared services are identified in our Action Plan.

- Council has been working on improving its financial sustainability from 2016/17 to 2019/20 and improvements in all three sustainability measures can be seen.
- We regularly engage with our communities to ascertain their service needs and expectations. This engagement is achieved through community meetings, surveys, press releases and meetings with all interest groups. This ensures that we are delivering the services and infrastructure required by our community at levels that meet their expectations and needs.

8. Long distance to a major or sub-regional centre.

- Bombala is approximately equidistant from Melbourne (531km) and Sydney (485km).
- Our main town Bombala is located in the centre of the council area and is 220km from Canberra, our closest major centre.
- From Bombala, the sub regional centres of Eden, Bega and Jindabyne are around one and a half hours drive and the closest of the sub regional centres, Cooma, is an hour's drive away. These times are impacted by weather conditions in winter and travel times (if roads are open) can be doubled.
- The southern area of Bombala LGA however is 160km (2 hours on a good day) from Cooma, 2 and half hours from Bega and 2 hours from Orbost in Victoria, due to road locations and terrain. Again over winter these times can easily double and it is more likely that roads in the southern area of the Council will be closed for periods of time as generally they are more affected by snow and ice.
- Although our location is considered central in terms of road haulage, there is no public transport between Bombala and the coast and limited options for public transport to Canberra, the mountains, Melbourne or Sydney.
- Health services centre on Canberra in the ACT and Council provides transport to these facilities.
- Council has acquired housing, primarily at our own cost, as part of a package to attract doctors to the area and has also provided funding support for the fit-out of a new Doctors surgery attached to the Bombala Multi-Purpose Service.
- Council has a stock of 5 houses for disadvantage people in Delegate and Southern Cross Community Housing run 7 NSW Housing Corporation houses in Bombala.
- Council experiences higher direct costs as a result of its remote location. In the 2013/14 financial year Council's freight costs (excluding quarry products) totalled \$68,000, and the price differential of fuel was \$23,500. The total expenditure due to isolation in the Local Government Grants Commission Return was \$189,138 these costs represent close to 1.8% of Council's total operating expenditure.

Background

- Our geographical location places Bombala area at a distance from other towns and in winter, with the issue of snow and ice and road closures, this isolation becomes significant.
- Rail services connecting our council area with other regional centres ceased in 1989.
- Our local communities must rely on a twice weekly VLine bus/rail service to access Melbourne or the three times per week Transport NSW bus service which operates between Bombala and Canberra railway station.

Current Situation

- Working in partnership with Snowy River Shire Council, we have secured funding for a bus service connecting Bombala, Snowy River Shire and Cooma-Monaro Shire Councils to Canberra. This innovative service has been developed by staff to meet the needs of a broad cross section of our community.
- The NBN roll out to our region will improve internet services, which are desperately needed, and should help to build our local economy further.
- The construction of additional mobile phone towers in the area is also needed urgently to address the many identified black spots and assist with communications during emergency situations and to develop our local economy further.

9. Limited options for mergers.

- Bombala Council has been identified for a potential merger with Cooma-Monaro Shire and possibly Snowy River Shire Councils or to stand alone with Rural Council status.
- The proposed new merged shire would stretch from the ACT border to the Victorian border and encompass a number of National Parks and State Forests.
- The sheer scale of the proposed new council area, some 15,000km², together with the terrain and considerable distances between multiple small isolated communities, will make it difficult to achieve significant cost savings. Services will still need to be delivered to the isolated communities and multiple depots will still need to be maintained to adequately service dispersed infrastructure. In addition, there are very limited opportunities to share plant and equipment to save costs.
- All three councils allocate significant resources to the maintenance of our expansive gravel road networks. Merging the three would do little to rectify this major issue.
- There are very few communities of interest between the three Councils, partly due to distance, while some interests are often competitive and conflicting.

Background

- Council has worked co-operatively with Cooma-Monaro Shire and Snowy River Shire Councils, contracting KPMG to formulate and review options for a merger business case and shared service review.
- Both Snowy River Shire and Cooma-Monaro Shire Councils have indicated that they see no advantage in merging and after extensive community consultation, have decided to pursue a stand-alone option.
- Snowy River Shire Council's decision to stand alone, while understandable, further weakens the small potential financial gains identified in the merger business case. It is noted that this decision will not impact on potential shared services arrangements between the Councils.
- In light of the above and after extensive community consultation over 18 months, Bombala Council has resolved to remain a stand-alone council and complete the Rural Council Template
- All three Councils in the High Plains Alliance have indicated that they also wish to remain a stand-alone council and supported the following resolution on 20 May 2015:

Having considered the KPMG merger business case report all three Councils have agreed to not pursue the merger option due to the limited benefits identified in the report. All three

Council's will look at improved services options including Shared Services as per the KPMG shared services analysis report.

The HPF explores appointing an Exec Officer to deliver demonstrated savings under an appropriate Governance structure and each Council make appropriate provisions to fund this position.

That a Joint Submission from the three Councils be made to the Minister presenting the innovative method of addressing FFTF.

- Bega Valley Council was considered by Council as a potential merger partner but they were unwilling to investigate a merger proposal.
- There is very strong community support for Bombala Council to remain independent. It is difficult to see how Bombala residents would benefit from the proposed merger. We anticipate that service levels would reduce and there is significant doubt that there would be any satisfactory level of local representation on the new council. In addition, a focus on increased efficiencies within a larger council may lead to a significant reduction in locally based services and assistance for our communities.
- There is little evidence to show that financial capacity is a function of the size or scale of a council population or area. Further there is scant evidence to show that a merged rural council with a population of 21,000 and area of 15,000km² with over 14 towns and villages and numerous rural communities (the proposed merged entity) is more efficient than the *status quo*.
- History shows that merged entities work well with a large reasonably central population servicing a compact rural hinterland e.g. Orange. They fail with many small towns over large distances without a significant centre, e.g. Moree Plains over the past 30 years.
- The Merger Business Case identified limited potential savings based on assumptions. Supposing the assumption is correct in relation to jobs, the impact of cutting jobs and local contractors would have a negative effect on the ability of the local economy to remain viable leading to a further reduction in population as alternative employment options are limited.

Current Situation

- The KPMG Merger Business case shows that the merged entity meets the same number of benchmarks as does Bombala Council and in fact if Council had a small debt it is better than the merged entity.
- The TCorp report identifies Bombala Council's Financial Sustainability Rating (FSR) to be moderate and our outlook to be neutral. However our potential merger partners were assessed as weak/neutral for Cooma-Monaro Shire and moderate/negative for Snowy River Shire. The DLG Infrastructure Audit also stated that Bombala was moderate and Cooma and Snowy were weak. These findings, together with the KPMG assessment, provide clear evidence that our communities will experience predominantly negative impacts should we merge with these two councils.
- The merger business case prepared by KPMG identified potential savings for a merged entity of \$3.7 million NPV (exclusive of State Government incentives) over ten years.
- Council strongly believes that a merged entity is unlikely to resolve the financial pressures currently being experienced by any of the three councils. The proposed savings identified by KPMG as \$3.7 million over 10 years (excluding the State Government incentive) equate to \$176 per capita over that time.

- Bombala Council believes strongly that these savings are unlikely to actually eventuate and further, they are inconsequential when compared to the loss of sovereignty, representation and local identity. The tyranny of distance and the current relatively small size of the 3 councils' staff resources make it hard to identify where cuts may be made without services being negatively impacted.
- Council has analysed the report and communicated its reservations about some of the assumptions in the KPMG Merger Business Case as follows:

“The cost of merging the IT systems has been grossly underestimated. If we use the Auckland experience in this regard it is estimated that the recent cost to merge the systems at Auckland exceeded \$170 million. On the basis of an operating expenditure of around \$2.5 Billion (adjusted down from \$3 Billion to take into account Auckland’s seaport and airport ventures) the IT costs equate to 6.8% of budget. Applying this assumption provides a likely merger cost for IT alone at around \$3.7 Million. We understand the business case used a figure of \$1.5 Million (2.8 % of budget) and we are unsure of the rationale behind this claim. Our calculations also more closely align with the quoted Toronto experience of 4.7% of budget.

It is considered likely that this item alone may consume all (and likely more) any financial gains made by other efficiencies.

We also note that IT systems are but one component of merger costs in relation to business processes, stationary, livery and signage alterations which will carry considerable costs into the medium term.

“An Auckland Council IT project considered key to delivering the promised savings of the “Super City” model faces a budget blowout of up to \$100 million. Source New Zealand Herald November 2014.”

- Bombala Council is of the view that the cost to merge IT services and infrastructure alone has been substantially undervalued. We make this assertion based on our experience over the last three years in upgrading all corporate systems.
- The actual savings identified by KPMG relate to cutting of jobs.
- Council is the third largest employer in the local government area, and with limited employment opportunities available regionally, any decrease in employment numbers would have a direct negative impact on local businesses.
- Our communities are particularly concerned about the social and economic impacts of a merger and believe strongly that they will be disadvantaged. These views have been vehemently expressed at community meetings and in surveys and letters received by Council.
- In reaching its decision to pursue a Rural Council proposal, Council has weighed the small net financial benefits of a merged entity, against the risks associated with merger implementation and the broader impacts on the community and has concluded that the risks far outweigh the perceived identified benefits.
- Council also notes that the KPMG findings state that “a merger would lead to more harmonised regional planning and economic development initiatives, including through an integrated tourism strategy”. Council points out that this already occurs. Bombala, Cooma-Monaro Shire and Snowy River Shire Councils already operate under Tourism Snowy Mountains Destination Plan and Bombala’s Tourism Destination Plan has been developed to support and strongly link to the Tourism Snowy Mountains Plan. In addition, all three Councils participate in the Canberra Region Joint Organisation of Council’s Economic Development Officers network and projects. Bombala Council has resolved to work with two of the Economic Development Officers Cluster Groups (Alpine and South Coast) to drive regional economic development and identify areas of mutual interest.

- Council strongly argues that, as a Rural Council, we will continue to meet the needs of our community and play an important role in regional development enabling the whole of the south east of NSW to remain fit for the future. This is clearly evident from our IP&R documentation.
- Council strongly argues that the south east of NSW has enormous opportunities for growth that can best be realised by committed local councils with strong grass root support. It is these local partnerships built up and nurtured over decades that will lead to our rural area and indeed the whole of the region having a prosperous future.

Section 2: Your council’s current position

2.1 Key challenges and opportunities

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

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

In the process of developing the Community Strategic Plan (CSP) Council worked extensively with local communities to identify long term goals for the LGA. As part of this process it was necessary to identify strengths to build on, weaknesses to address opportunities in the long term and issues that may pose threats to achieving our goals. The following SWOT analysis is a crystallisation of issues identified by the community and Council and articulated in the CSP.

Strengths	Weaknesses
<ul style="list-style-type: none">• Long standing strong partnerships with neighbouring and regional Councils• Partnerships with community and high rate of volunteerism• Cohesive, connected communities and community willingness and enthusiasm to work with Council• A multi-skilled and dedicated workforce and low staff turnover• Strong local economic drivers supported by innovative small business and agricultural sectors• Water & sewerage infrastructure capable of meeting long-term population needs• Robust asset information and maturing asset management system• Reliable climate and secure water supply• Diverse retail sector	<ul style="list-style-type: none">• Low rate base• Slow and limited population growth• Ageing population• Limited access to public transport• Poor regional telecommunications services including numerous mobile phone black spots• Lack of local economic diversity• Extensive road network maintained for a small population• Inability to collect revenue from local and interstate timber haulage operations negatively impacting on Council roads• Inability to collect rate income from 15% of LGA (National Parks and Forestry Corporation estate)

Opportunities

- Lifestyle opportunities associated with location relative to Canberra, snowfields and coast
- Strong growth potential within both timber and agribusiness sectors
- Low priced land and housing readily available
- Flexible Local Environmental Plan
- Tourism potential, especially Indigenous tourism (Bundian Way) and the cruise ship market
- Revenue opportunities associated with State highway works and maintenance
- Development of new aged care facilities

Threats

- Lack of grant funding to support innovation and expansion within the timber and agribusiness sectors
- Loss of local identity through a Council merger
- Significant negative climatic events e.g. major fires or floods impacting infrastructure
- Lack of grant funding to support major infrastructure projects
- NBN roll out not achieving desired outcomes
- Increased “red tape” hindering development
- Rate pegging
- Dysfunctional Local Land Services structure impacting on farming operations and natural resource management
- Withdrawal of government services
- Further cost shifting from higher levels of government
- Failure of industry and government to reach consensus on a new funding model for heavy haulage routes and Council having to continue to pick up the tab

2.2 Performance against the Fit for the Future benchmarks

Sustainability

Sustainability				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.038	-0.029	-0.077	-0.145
Own Source Revenue Ratio (Greater than 60% average over 3 years)	67.00%	67.86%	69.51%	69.99%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	292.99%	210.77%	139.58%	100.02%

Sustainability			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	No	-0.013	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	Yes	70%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	Yes	99.84%	No

2.2 Performance against the Fit for the Future benchmarks

Operating Performance Ratio

Bombala Council's Operating Performance Ratio had gradually declined over the years, the turning point being 2010-11. The sharp decline in the 2013/14 year is a result of the cancellation of the Financial Assistance Grant prepayment. It is clear from the Operating Performance Ratio that efficiency gains, a reduction in services or additional sources of revenue being sought are required, as Council is unable to maintain costs below income.

Currently Council has explored options for efficiencies through shared resources and slight restructures in staff resources. Even with these changes there will still be a need for a Special Variation to General Income in the future and this has been factored into Council's Long Term Financial Plan in the 2016/17, 17/18 and 18/19 financial years which will see an overall improvement in the Operating Performance Ratio.

Building and Infrastructure Asset Renewal Ratio

The Building and Infrastructure Asset Renewal Ratio has met the benchmark in the past however generally each year Bombala Council receives additional grant funding for asset renewal which cannot realistically be budgeted. On average from 2009/10 to 2013/14 Council received \$1.3 million in Capital Grants. Assumptions for future Capital Grants are conservatively estimated at approximately \$250,000. We have also assumed no change in FAGs distribution over time although this funding distribution may change as this is reviewed. A portion of Council's infrastructure and assets are held at the requirement of, or instead of the State Government - i.e. rural fire sheds (10), the Fire Control Centre at Bombala and the emergency services centre, disadvantaged housing and regional roads.

Council's road assets are condition rated for depreciation, which means that the heavy haulage routes are contributing to higher depreciation expense as they have shortened lives. Council's asset information, particularly on our largest asset – roads, is more robust than previously reported. Asset management has been a high priority for the past two years. As a result of this review Council has reallocated funds (\$400,000) from asset maintenance to asset renewals, primarily relating to roads, which more accurately reflects the required expenditure to maintain and renew our assets. This will see improvement in both our Building & Infrastructure Asset Renewal Ratio and our Operating Performance ratio.

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management

Infrastructure and service management				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Infrastructure Backlog Ratio (Less than 2%)	1.53%	19.95%	16.30%	14.53%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	288.04%	181.73%	71.74%	46.91%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.39%	1.45%	1.17%	0.76%

Infrastructure and service management			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	No	1.91%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	No	132.26%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	Yes	0.10%	Yes

2.2 Performance against the Fit for the Future benchmarks

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

Infrastructure Backlog Ratio

In the past, as Special Schedule 7 was not required to be audited, there has been some ambiguity surrounding the estimated cost to bring assets to a satisfactory condition (BTS) and it is fairly safe to say in Bombala Council's case that there is no consistency across the financial years reported costs.

The 2016/17 projection indicates that Bombala Council will be meeting this benchmark and this is a direct result of more robust asset data and a consistent approach to calculating the BTS. Following extensive ongoing community consultation around the concept of 'satisfactory' Council have reviewed this indicator to match community expectations.

Significant improvement in this ratio in the future is primarily based on bringing BTS in line with community expectations of asset condition, as confirmed by the Community Satisfaction Survey March 2014 and informed by more robust asset data.

Asset Maintenance Ratio

Previous years accounting practices around this ratio are less than optimal. Confusion around;

The split between asset maintenance and operating expenditure was not well defined or accounted for. This is reflected in the lower than average ratios in 2012/13 and 2013/14.

Further the definition of required asset maintenance again relates to difficulties experienced in the definition of 'satisfactory standard'. As articulated above the standard of assets as expressed by our community has varied significantly from the standards indicated by industry sectors.

That said, Council have taken the opportunity to vastly advance our collective understanding of the essence of this indicator and believe that our future projections suggest a much more reliable basis on which to report on this indicator.

Debt Service Ratio

Following a period of high debt in the 1990s Bombala Council has consistently sought to live within its means and has approached debt conservatively. Council's approach to debt has been and will be only to borrow for reasons of intergenerational equity or to invest in revenue generating infrastructure.

2.2 Performance against the Fit for the Future benchmarks

Efficiency

Efficiency				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	Increasing	Increasing	Increasing	Increasing
	2006/07 \$2,250	2007/08 \$2,160	2008/09 \$2,340	2009/10 \$2,630
	2007/08 \$2,160	2008/09 \$2,340	2009/10 \$2,630	2010/11 \$2,610
	2008/09 \$2,340	2009/10 \$2,630	2010/11 \$2,610	2011/12 \$3,210
	2009/10 \$2,630	2010/11 \$2,610	2011/12 \$3,210	2012/13 \$4,080
	2010/11 \$2,610	2011/12 \$3,210	2012/13 \$4,080	2013/14 \$3,430

Efficiency			
Measure/Benchmark	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)	No	Decreasing	Yes
		2012/13 \$4,080	
		2013/14 \$3,430	
		2014/15 \$2,550	
		2015/16 \$2,430	
		2016/17 \$2,390	

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

According to the ABS (3218.0) the population of Bombala LGA declined by 102 people over the 4 years from 2,503 in 2010 to 2,401 in 2013. This represents a reduction of 4% over 4 years. This shows the impact of the economic restructure of the district over the past 10 years however in 2013 the local Dongwha timber mill opened with 100 associated jobs. It is noted that the latest ABS data indicates a slight increase in population growth.

In 2011/12 and 2012/13 a multi-million dollar Regional Development Australia Fund Grant (some \$3.6m) was channelled through Council's operating statements to the Dongwha timber mill resulting in a substantial distortion in Council's operating expenditure during this time. As a result Council's operating expenditure per capita saw a marked increase and resulted in the benchmark not being met in these years.

2.3 Water utility performance

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

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

No

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

Council has developed and adopted a drinking water quality management system in accordance with the guidelines. Lack of engineering resources in the past has impacted on Council's ability to achieve the requirements under this framework. Council is currently in the final stages of the process of awarding a contract for the development of the integrated water cycle management plan. The awarding of this contract has been delayed due to the guidelines from the NSW Office of Water being changed at least three times in the last 12 months. This plan, together with an updated Trade Waste Policy, will see Council achieve the requirement of the NSW Best Practice Management of Water Supply and Sewerage.

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

\$13,150,000

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

Capital works

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Upgrade Bombala Sewerage Treatment Plant	2017/18	\$7 million	Known Grants \$Nil Expected Grants \$3.5 million

2.3 Water utility performance

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

Yes

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

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

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

Improvement strategies

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Implement Integrated Water Cycle Management Plan	2016/17	<ul style="list-style-type: none"> • Compliance with Best Practice • Improved outputs from systems • More cost effective operations • Enable dividends or borrowing from the Water Fund to the General Fund
2. Review and update Water and Sewer Strategic Business Plan	2016/17	<ul style="list-style-type: none"> • More cost effective service delivery to the community
3. Investigate options around the potential shared services for water and sewerage as identified in the KPMG Shared Services Analysis	2016/17	If strategically and financially beneficial this model may eventuate

Section 3: Towards Fit for the Future

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

Option 1: Resource sharing

Option 1: Resource sharing

Proposal	Implementation	Proposed milestones	Costs	Risks
<p>1.1 Shared services with Bombala Council, Cooma Monaro and Snowy River Shire Council's (High Plains Alliance)</p>	<p>Apply for Grant under Small Council Innovation Fund establishment of High Plains Alliance</p> <p>Workshop to review KPMG shared services report and develop potential areas for investigation</p> <p>Arrange and finalise Memorandum of understanding (MOU)</p> <p>Define work program and develop position description for Executive Officer to establish the new framework.</p> <p>Finalise work program and performance agreement with HPF shared services Executive Officer</p> <p>Develop working parties to address identified potential services.</p> <p>Evaluate and implement agreed shared services as per work program</p>	<p>Apply for Grant November 2015</p> <p>Workshop held - December 2015</p> <p>MOU arranged and finalised through Council – February 2016</p> <p>Position description developed - February 2016</p> <p>Executive officer recruited - March 2016</p> <p>Work Program finalised – April 2016</p> <p>Working parties established – 2016/17</p> <p>Shared services implemented – June 2017</p>	<p>Staff time and travel costs.</p> <p>Employment costs associated with Executive officer.</p>	<p>Inability to reach agreement with neighbouring councils</p> <p>Lack of IT and telecommunications</p> <p>Extended period of time to develop model that will meet needs of the three Councils.</p> <p>Lack of political will.</p> <p>Inability to attract suitable candidate for Executive Officer position</p> <p>Perceived loss of control or autonomy</p>
<p>1.2 Investigate options around development of shared procurement within Joint Organisation</p>	<p>Canberra Region Joint Organisation of Councils CBRJO & Local Government Procurement investigate model for implementation. Employment of shared procurement and training coordinator</p>	<p>2015/16 Model developed and implementation commenced</p> <p>2016/17 shared procurement and training coordinator employed</p>	<p>Staff time, travel</p>	<p>Inability to reach agreement on levels/use of resources</p>

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

Efficiency	Infrastructure and Service Management	Sustainability
<p>1.1 Assuming the High Plains Alliance shared services is implemented it will:</p> <ul style="list-style-type: none"> Identify costs savings through purchasing power Minimise duplication of services Rationalise administration 	<p>High Plains Alliance shared services has the potential to achieve</p> <ul style="list-style-type: none"> opportunities for sharing plant and equipment opportunities through regional contracts, e.g. waste management Improve methodology in delivery of services 	<p>High Plains Alliance shared services has to potential to</p> <ul style="list-style-type: none"> Achieve cost savings (2% assumed) in procurement and reduction of costs in the long term Lessen Council's reliance on grant funding subject to other proposed LG reforms identified by the Independent Panel being implemented for the sector. Reduce costs associated with back office functions, e.g. rates, IT, payroll, risk management, WH&S
<p>1.2 A regional approach to procurement will reduce costs of providing service through economies of scale, purchasing power and specialised support provided by the coordinator</p>	<p>A regional approach to procurement will provide for more cost effective renewal and maintenance of assets.</p>	<p>A 2% reduction in the cost of materials and contracts is reasonable together with improved access to expertise, aggregation and coordination of effort and administration</p>

The following table provides information on existing resource sharing arrangements, which Bombala Council intends to continue in the future.

Build on Existing Arrangements

Existing Resource Sharing Arrangements	Partners	Estimated Savings	Efficiencies gained	Improvements to service or community benefit
Continue to work with Canberra Region Joint Organisation (CBRJO) on the Regional Economic Development Strategy	Member councils of CBRJO	0.5 FTE	Access to a larger pool of resources, funding and staff skills.	Identification of regional development opportunities aligned to local priorities
Continue involvement in Monaro Regional Library Service	Cooma-Monaro Shire Council, Snowy River Shire Council	1 FTE No duplication of resources. IT equipment costs.	Access to a larger pool of resources and staff skills. Administrative processes are streamlined.	Enhanced technological outcomes and social media penetration. Improved service

Existing Resource Sharing Arrangements	Partners	Estimated Savings	Efficiencies gained	Improvements to service or community benefit
Continue involvement in Regional Community Services Arrangements	Bombala Council & Snowy River Shire Council	0.2 FTE	Administrative processes are streamlined and service delivery more cost effective.	Access to services not able to be provided by Councils individually
Continue involvement in Monaro Regional Weeds Alliance.	Cooma-Monaro Shire Council, Snowy River Shire Council	0.2 FTE	Access to landscape scale funding. Administrative processes are streamlined.	Improved regional coordination of weeds management and enhanced rural productivity. Enhanced natural resource outcomes
Continue involvement in Regional Tourism	Cooma-Monaro Shire Council, Snowy River Shire Council, Bega Valley Shire Council, East Gippsland Shire Council	0.5 FTE	Administrative processes are streamlined, information and brochure development shared.	Increased access to tourism product and expertise and potential to accelerate brand development of this diverse region over two States
Continue involvement in Bundian Way project	Bega Valley Shire Council, Eden Local Aboriginal Land Council, National Parks & Wildlife Service, Forestry Corporation, ACT, ANU			Additional facilities in Delegate, additional economic benefit for area, strengthens relationship with ACT and ANU art program
Continue involvement in Regional Organisation of Councils	Canberra Region Joint Organisation of Councils	0.2 FTE	Improved economies of scale and costs. Access to wider pool of expertise and training Sharing resources to develop and enhance Council's administrative processes including risk management.	Regional advocacy enhanced, and input into strategic regional development
Continue sharing expert staff resources where required (e.g. Engineering, Design, Planning, IT (Website)	Cooma-Monaro Shire Council, Snowy River Shire Council, Bega Valley Shire Council	Approx. \$28,000	Cost effective provision of expert technical services.	Continuity of service, reliability of advice. Retention of corporate knowledge and processes. Familiarity with local issues and infrastructure
Continue sharing specialised plant and equipment (e.g. Street sweeper, IT equipment)	Cooma-Monaro Shire Council, Snowy River Shire Council, Bega Valley Shire Council	\$100,000	Enhanced service delivery, access to economies of scale. Building regional capacity in specialised equipment provision	Access to direct services not provided individually by Councils.
Continue sharing cultural services through South East Arts	Cooma-Monaro Shire Council, Snowy River Shire Council, Bega Valley Shire Council, Eurobodalla Shire Council	0.2 FTE	Enhanced service delivery and no duplication of effort	Wider range of services provided at less cost

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

Option 2: Shared administration

Option 2: Shared administration				
Proposal	Implementation	Proposed milestones	Costs	Risks
2.1 Investigate Option 2 – Centralised Corporate Services identified in the KPMG Shared Services Analysis report	Joint working groups established with stakeholders from each of the three Council's and the Executive Officer to develop potential areas for investigations	2016/17	Staff costs Legal costs associated with agreements/contracts.	Perceived loss of control or autonomy Costs outweigh benefits

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

Efficiency	Infrastructure and Service Management	Sustainability
2.1 Potential to increase productivity Greater specialisation of skills	Potential savings may be reallocated to improvements in assets or overall service quality	Shared administration has the potential to reduce overall operating costs through a reduction in the duplication of resources

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

Option 3: Speciality services

Option 3: Speciality services				
Proposal	Implementation	Proposed milestones	Costs	Risks
<p>3.1 Establish a centre of excellence for Weed and Pest control.</p>	<p>Establish a commitment and develop an agreement between the member council's (Bombala Council, Cooma-Monaro Shire Council, Snowy River Shire Council)</p>	<p>Agreement executed by 30 July 2016</p> <p>Key staff appointed to operations 2016/17</p>	<p>Staff time. Legal costs for agreement</p>	<p>Inability to agree on framework.</p> <p>Lack of staff resources.</p> <p>Perceived loss of autonomy by member council's</p>

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

Efficiency	Infrastructure and Service Management	Sustainability
<p>3.1 Centre of Excellence for Weed and Pest control will provide for additional regionalisation and specialisation of skills leading to savings in operating costs. It will also provide economies of scale in procurement and contract management.</p>	<p>The Centre for Excellence will result in potential savings in operational costs that can be allocated to asset renewal and maintenance</p>	<p>Hosting the Centre of Excellence will provide an additional revenue source for Council through member contributions. There is also a potential for greater access to regional level funding opportunities.</p>

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

Option 4: Streamlined governance

Option 4: Streamlined governance				
Proposal	Implementation	Proposed milestones	Costs	Risks
4.1 Training for councillors to enhance skills	Training opportunities identified and undertaken	New Councillors undertake basic structured training 2016/17	Councillor time. Training costs	Lack of statutory training requirements.
4.2 Simplify structure and functions and rationalise the number of council committees including 355 committees	Review of current structures undertaken in consultation with Council and individual committees	Committee structure reviewed 2015/2016 New Committee structure implemented November 2016	Staff time	Inability to reach consensus on committee structures Resistance of existing committees to meet the challenge associated with change.
4.3 Continue to review current internal templates used for reporting Review format and content of current IP & R documentation	Workshops conducted with Staff and Councillors throughout the year on Strategic Planning	Workshop held – February 2016	Staff and Councillor time	Limited staff resources.
4.4 Continue with a reduced number of Councillors (seven) and maintain current meeting schedule (one meeting per month)	In 2012 Council reduced its numbers from nine to seven. Current structure is working well.	Structure to remain as is up to an following the next election period (2016-2020)	Councillor allowances and staff time and resources for meeting preparation	Threats to committee representation and advocacy.

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

Option 4: Streamlined governance

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
<p>4.1 Enhanced understanding by councillors of their roles and responsibilities and governance processes will streamline decision making allowing for staff resources to be more adequately utilised</p>	<p>Enhanced understanding by councillors of their roles and responsibilities and governance processes will streamline decision making allowing for staff to be more focused on Infrastructure needs and service delivery.</p>	<p>Operating costs in the long term will be reduced as result of a reduction in governance costs.</p>
<p>4.2 Reduced Section 355 committees will substantially lower Council's risk profile and administrative costs.</p>	<p>Risks associated with the maintenance and operations of infrastructure will be reduced. Community priorities will be targeted towards the communities identified needs.</p>	<p>Improved operation of all council committees Improved committee structure will encourage additional volunteers.</p>
<p>4.3 Enhanced understanding by councillors and staff of the IP&R processes will streamline decision making allowing for staff resources to be more adequately utilised</p>	<p>Enhanced understanding by councillors and staff of the IP&R processes will ensure better understanding of Asset Renewal and Maintenance concepts and long term implications</p>	<p>Enhanced understanding by councillors and staff of the IP&R processes will ensure better understanding of shortfalls in funding and allocated this funding according to the Community's identified priorities.</p>
<p>4.4 Councillor costs are directly impacted by the number of Councillors. The current number of councillors appropriately meets the needs of our small population and reflects the community's wishes.</p>	<p>Savings provided by a reduced number of Councillors and meetings has allowed more focus on infrastructure needs sand service management</p>	<p>Savings provided by a reduced number of Councillors and meetings has allowed funds to be allocated more appropriately on Capital renewal and upgrade of infrastructure.</p>

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

Option 5: Streamlined planning, regulation and reporting

Option 5: Streamlined planning, regulation and reporting				
Proposal	Implementation	Proposed milestones	Costs	Risks
5.1 Develop a High Plains Local Environmental Plan	Seek approval from NSW Planning	Combined land use strategy implemented by 30 June 2017.	Staff time Consultancy fees	Development contribution structures unable to be aligned between member councils
5.2 Continue regional development of State of the Environment report.	Liaise with ACT Office of the Environment	Plan issued – January 2017	Consultancy fees	Regional collaboration will not endure.

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

Efficiency	Infrastructure and Service Management	Sustainability
5.1 Development assessment processes will be streamlined under a regional instrument, more highly developed specialist skills and effective processes	Process will take into consideration asset management requirements	A High Plains Local Environmental Plan will ensure that operating costs will be reduced in the medium term.
5.2 Elevated technical skills undertaking the development of State of the Environment report will result in more efficient and cost effective processes		A Regional State of the Environment report will ensure that operating costs will be reduced in the medium term.

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

Option 6: Service review

Option 6: Service review				
Proposal	Implementation	Proposed milestones	Costs	Risks
<p>6.1 Undertake review of Council assets and services to the Community</p>	<p>Identify services and undertake community consultation around levels of service and rationalisation of community assets</p> <p>Identified community buildings decommissioned or renewed according to priorities</p>	<p>Review completed 2016/17</p> <p>Rationalisation and renewal program commenced 2018/19</p>	<p>Staff time, minor legal costs will be incurred. Renewal costs to identified buildings</p>	<p>Not engaging the entire community in the process, this can give an inaccurate indication of community priorities.</p> <p>Time involved in Community consultation and changing priorities. Lack of Community understanding of costs of holding surplus and idle infrastructure</p>
<p>6.2 Continue to support Community groups and volunteer in providing and delivering services to the Community</p>	<p>Convene regular meetings to educate Community groups and volunteers</p> <p>Ensure Committees that manage Council assets are adequately resourced and trained</p> <p>Review documentation and policy relating to volunteers</p>	<p>Volunteer Policy completed and adopted 2016/17</p>	<p>Staff time</p>	<p>Lack of understanding by volunteers regarding risks and legislative framework.</p>

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

Efficiency	Infrastructure and Service management	Sustainability
<p>6.1 Review will ensure cost effective service delivery and improved productivity in meeting our community's needs. It will also result in lower depreciation expense</p>	<p>Improved service delivery will lead to improved assets management and utilisation of staff resources. A reduction in surplus assets held by the Council will reduce asset maintenance costs and overall cost to bring to satisfactory.</p>	<p>Potential for improved service delivery and lower operating costs. Transfer of operational savings into much needed maintenance and capital expenditure</p>
<p>6.2 Support for volunteers and Community groups will minimise Council's costs and deliver more targeted services based on Communities priorities</p>	<p>Asset maintenance costs will continue to remain low for Community assets maintained by volunteers and the most appropriate maintenance will continue to be identified by stakeholders</p>	<p>Assets renewal costs will continue to remain low for Community assets maintained by volunteers. Overall operational costs are also reduced.</p>

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

Option 7: Additional options identified by the council

Option 7: Additional options identified by the council				
Proposal	How will it be achieved/Implemented	Proposed milestones	Costs	Risks
7.1 Identification of commercial opportunities available to Council utilising existing infrastructure, resources and internal skills (e.g. stock grazing or agistment on Council controlled lands, multi-use of existing buildings)	Senior staff to investigate the potential for commercial opportunities. Undertake feasibility studies for the identified commercial opportunities Council commits to commercial opportunities identified of most benefit to the Community	Proposals Investigated 2015/16 Feasibility study completed December 2016 Resolution made by Council to commit June 2017	Initially staff time. Funding may be required for some of the projects (could use the innovation fund potentially)	Cost/benefits do not include return for the community Feasibility studies may prove non-viable
7.2 Identify opportunities to partner with private sector to deliver key community infrastructure developments (e.g. Health and fitness centre, small game abattoir on Council land & Bio-char plant)	Investigate contractual arrangement models	Complete investigation March 2017	Staff resources, costs associated with capital Legal/consultant costs	Lack of suitable private sector partners Private sector partners do not fulfil their contractual obligations
7.3 Apply for a Special Variation to General Income for three years 2017-2019	Application to IPART made in conjunction with Community consultation	Application approved in May 2016	Staff time	Not supported by Community or IPART
7.4 Develop and implement a Local Heavy Haulage Plan	Consultancy engaged to prepare plan Engage with industry stakeholders to facilitate funding programs	Study completed June 2017 Funding structures developed by June 2018	Consultant costs and staff time	Lack of stakeholder support.

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

Efficiency	Infrastructure and Service management	Sustainability
7.1 Better utilisation of Council existing assets and resources. Reduction in costs associated with vegetation management	Reduction in asset maintenance costs.	Commercial opportunities have the potential to provide alternate sources of revenue with little risk and profit margins.
7.2 Provision of Community infrastructure development could result in population increases and increased Community wellbeing.	Asset maintenance costs will be borne by the private sector partner	Private sector partnership will provide Council with additional streams of funding.
7.3 N/A	A special variation to general income will increase revenue and eliminate the need for a reduction in services and asset levels of service	A special variation to general income will increase revenue and align funding to operating costs.
7.4 Under a Local Heavy Haulage implementation strategy operational costs in the short term will reduce as capital expenditure will reduce maintenance costs	Under a Local Heavy Haulage implementation strategy asset maintenance costs in the short term will reduce. In the long term funding should balance degradation of assets.	Under a Local Heavy Haulage implementation strategy additional external sources of revenue will be realised.

3.2 Rural Council Action Plan

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

Action plan

Actions	Milestones	Operational Plan 2015/16	Delivery Program	Community Strategic Plan
1 Resource Sharing				
Continue and improve existing resource sharing arrangements with neighbouring councils and CBRJO	Ongoing	Ref. All Goals	Ref. All Goals	Ref. All Goals
1.1 Apply for Grant under Small Council Innovation Fund for establishment of High Plains Alliance	November 2015	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
Workshop to review KPMG shared services analysis report and develop potential areas for investigation	December 2015	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
Memorandum of understanding between High Plain's councils completed	February 2016	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
Define work program and develop position description for Executive Officer to establish the new framework	February 2016	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
Executive officer recruited	March 2016	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
Establish High Plains Alliance working parties and implement identified shared services	June 2017		p.31, p.65	Theme 7 p.15 Theme 3 p.11
1.2 Investigate and develop a model for shared procurement in collaboration with Canberra Region Joint Organisation of Councils	October 2015	p.48	p.63	Theme 7 p.15
Employ a shared procurement and training coordinator	June 2016	p.48	p.63	Theme 7 p.15

Actions	Milestones	Operational Plan 2015/16	Delivery Program	Community Strategic Plan
2 Shared Administration				
Establish a working parties with relevant stakeholders from each of the High Plain Councils to further investigate KPMG Shared Services model	July 2016		p.31, p.65	Theme 7 p.15 Theme 3 p.11
Executive officer to investigate opportunities for shared administration as identified in KPMG Shared Services Analysis in conjunction with working groups	July 2016	p.22, p.50	p.31, p.65	Theme 7 p.15 Theme 3 p.11
3 Speciality Services				
Establish a commitment and develop an agreement between the High Plain councils on weed and pest control	July 2016	p.22	p.31	Theme 3 p.11
Agreement executed by member Councils	July 2016	p.22	p.31	Theme 3 p.11
Staff employed to key positions in the Centre of Excellence (Bombala Council)	July 2017	p.22	p.31	Theme 3 p.11
4 Streamlined Governance				
Councillor training undertaken	December 2016	p.47	p.62	Theme 7 p.15
Undertake review of committee structures and if necessary implement structural changes	November 2016	p.48	p.63	Theme 7 p.15
Review and upgrade IP & R reporting documentation	February 2016	p.48, p.49	p.64	Theme 7 p.15
Workshops held with Councillors and staff on IP&R format and content	February 2017	p.48, p.49	p.64	Theme 7 p.15
Adopt and strengthen IP & R suite of documents	June 2017	p.48, p.49	p.64	Theme 7 p.15
Maintain current levels of Elected member representation and monthly meetings	Ongoing	p.47	p.62	Theme 7 p.15

Actions	Milestones	Operational Plan 2015/16	Delivery Program	Community Strategic Plan
5 Streamlined Planning, Regulation and Reporting				
Seek approval for the new High Plains Local Environment Plan and Land Use Strategy from NSW Planning	June 2017	p.22	p.31	Theme 3 p.11
Continue collaboration with the ACT Office of the Environment in developing the Regional State of the Environment Report	January 2017			Theme 3 p.11
6 Service Review				
6.1 Undertake Community consultation on asset and service level needs	December 2016	p.35	p.46	Theme 5 p.13
Conduct a service review of all council services preparatory to and in conjunction with developing the new Community Strategic Plan	December 2016	p.50	p.65	Theme 7 p.15
Develop plan to rationalise redundant community assets and renew strategic community assets based on consultation	June 2017	p.28	p.38	Theme 4 p.12
Review infrastructure management assumptions in accordance with recognised standards	August 2016	p.35	p.46	Theme 5 p.13
Rationalisation of Community assets and Council services based on consultation and outcome of review	June 2019	p.28	p.38	Theme 4 p.12
Convene regular meetings with Community groups and volunteers				
Rewrite Asset Management Plans for all classes of assets	June 2016	p.35	p.46	Theme 5 p.13
Consider resources required and adopt a revised Workforce Management Plan and Asset Management Strategy in the light of this review	June 2016	p.48, p.49	p.64	Theme 7 p.15
6.2 Volunteer Policy completed and adopted by Council	June 2016	p.49	p.64	Theme 7 p.15

Actions	Milestones	Operational Plan 2015/16	Delivery Program	Community Strategic Plan
7 Additional Options identified by the Council				
7.1 Undertake a review and explore the potential for commercial opportunities	June 2016	p.12, p.13, p.22, p.31	p.18, p.19, p.31, p.41	Theme 1 p.9 Theme 3 p.11 Theme 4 p.12
Undertake feasibility studies for the identified commercial opportunities	December 2016	p.12, p.13, p.22, p.31	p.18, p.19, p.31, p.41	Theme 1 p.9 Theme 3 p.11 Theme 4 p.12
Council commits to commercial opportunities identified of most benefit to the Community	June 2017	p.12, p.13, p.22, p.31	p.18, p.19, p.31, p.41	Theme 1 p.9 Theme 3 p.11 Theme 4 p.12
7.2 Investigate contractual arrangement models for public/private partnerships	January 2016	p.12, p.13, p.22, p.31	p.18, p.19, p.31, p.41	Theme 1 p.9 Theme 3 p.11 Theme 4 p.12
Subject to potential partnership providing adequate ROI, scope and commence project	July 2016	p.12, p.13, p.22, p.31	p.18, p.19, p.31, p.41	Theme 1 p.9 Theme 3 p.11 Theme 4 p.12
7.3 Application made to IPART for special variation to General Income in conjunction with Community Consultation	February 2016	p.50	p.65	Theme 7 p.15
7.4 Consultant engaged to prepare Local Heavy Haulage Plan	December 2015	p.37	p.48	Theme 5 p.13
Local Heavy Haulage Plan completed	June 2017		p.48	Theme 5 p.13
Engagement with industry stakeholders to facilitate funding programs identified in Plan	2017/2018		p.48	Theme 5 p.13

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

For example, who was involved, any external assistance, consultation (incl. employees, Joint Organisations representatives and relevant industrial representatives) or collaboration, and how the council has reviewed and approved the plan.

The process undertaken by Council in developing this Action Plan included:

- On multiple occasions Council engaged with local communities and specific industry groups to determine a preferred FFTF option and to identify improvement measures to implement in the future.
- Council's executive team and elected councillors met to discuss community feedback and support, and their ideas regarding improvement actions and priorities.
- Throughout the process of developing the FFTF submission and Action Plan Council undertook frequent discussions with neighbouring and regional councils to examine and confirm the range of options that underpin some aspects of the Action Plan including shared services, resource sharing, JO participation etc.
- The executive team held two workshops facilitated by LGNSW to develop the Action Plan drawing on community input, independent analysis (KPMG Merger Business Case and Shared Service Analysis) and the IP & R framework.
- Council contracted Morrison Low consultants to provide independent assessment of Council's financial position associated with FFTF and confirm this position in relation to the Action Plan.
- Our Rural Council Action Plan developed for FFTF draws heavily on our adopted IP&R framework. On this basis we can confirm that community support for the measures underpinning the action plan is strong.
- The community have restated and reinforced their very strong desire for the LGA to remain an independent entity, both at public meetings and through written submissions and conversations with individual councillors.

3.3 Community involvement

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

Council's main point of contact with our community in identifying challenges is the IP & R process. IP & R review processes require Council to regularly work with our communities on an ongoing basis to assess and refine our understanding of our long term challenges and priorities.

With the advent of FFTF Council engaged with our communities specifically regarding the preferred option for the LGA and to discuss the broad issues surrounding the implications of each option. In the course of these discussions Council and the community have worked together to identify improvement priorities.

In February 2014 Council surveyed the community through a structured written postal survey to all residents and ratepayers. This survey enabled the community to:

- identify their current priorities for the LGA;
- express their level of willingness to consider an above rate peg rise;
- identify their level of satisfaction with Council delivered services; and
- state their preference for either merging with neighbouring council/s or remaining as a stand-alone entity.

This survey received 349 responses representing 18.1% of the adult population. Of respondents 52% indicated a preference for the Council to remain independent, 28% preferred a merger, and the remaining 20% had no preferred position. Overall respondents stated their high level of satisfaction with Council's performance in service delivery and asset maintenance.

Prior to the 2015 State election, Council organised a public meeting to facilitate community discussion about the FFTF process. This meeting was attended by over 100 people and well reported in the local press. Both the sitting State member and opposition candidate for the seat of Monaro attended this meeting.

Throughout the FFTF process Council has provided the local community unedited and unbiased information regarding the options and the position of Council.

In the course of these discussions Council flagged the need for a SRV to address funding shortfalls and the community confirmed its strong desire that the Council remain an independent entity and its willingness to accept a SRV.

The KPMG 'Merger Business Case' and 'Shared Service Analysis' with Cooma-Monaro and Snowy River Shire Councils were also publicly available from late May 2015. The General Manager's column in the Bombala Times and Monaro Post has regularly informed the community on Council's progress in the FFTF process.

Regular information was circulated to staff on the FFTF process through emails and notices. Council held three staff meetings for the entire organisation in October 2014, February and June 2015. The executive team also met with their staff as required.

Council is confident that our community is aware of the challenges that it faces. Our community has strongly expressed its desire to continue to work in partnership with their local Council to ensure that local needs are met.

3.4 Other strategies considered

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

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

Council worked closely with both Cooma-Monaro and Snowy River Shire Councils in considering and investigating the possibility of a merger. Initially a workshop was facilitated by Ernst & Young with all Councillors and senior staff from the three councils. It was clear from this meeting that while all were willing to further consider the costs and benefits of a merger no council wished to proceed without detailed analysis. The three councils subsequently engaged KPMG to develop a Merger Business Case.

The clear outcome of this case was that *"...a merged council is likely to materially underperform against benchmarks relating to asset renewal and infrastructure backlog and the expected net financial benefit of a merger is unlikely to be of sufficient quantum that would enable a merged council to invest heavily in these areas."* (KPMG Merger Business Case Final Report 18 May 2015 p.2)

The High Plains Executive (Mayors, Deputy Mayors and GMs) resolved on the 20th May 2015 the following:

Having considered the KPMG merger business case report all three Councils have agreed to not pursue the merger option due to the limited benefits identified in the report. All three Council's will look at improved services options including Shared Services as per the KPMG shared services analysis report.

Bombala Council has carefully considered the options in the Merger Business Case and can see no real benefit over the long term to our community in pursuing a merger proposal. In fact, the cost to our Communities in terms of service delivery, asset management and control and sovereignty over local affairs

In addition to this, Council also undertook executive level discussions with Bega Valley Shire Council on a merger. The outcome of these discussions has been in principle support for a continuation of the shared services arrangements already in place and a commitment to explore additional options; however Bega Valley Shire Council was not willing to consider a merger.

Council has briefly considered applying for funding under LIRS, however this has not been factored into our action plan as Council currently has adequate reserves in the Water Fund to address renewal requirements in the General Fund.

Section 4: Expected outcomes

4.1 Expected Improvement in Performance

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total improvement over period?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.125	-0.087	-0.022	0.005	0.011	0.025	-120%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	68.26%	66.85%	70.00%	71.34%	73.37%	73.86%	8.9%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	98.21%	89.55%	99.84%	110.09%	115.71%	110.99%	13%
Infrastructure Backlog Ratio (Less than 2%)	8.53%	2.35%	1.91%	1.92%	1.90%	2.00%	-76.6%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	79.71%	95.01%	132.26%	122.00%	122.39%	122.60%	53.8%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.29%	0.00%	0.10%	0.26%	0.40%	0.44%	51.7%
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	Decreasing 2010/11 \$2,610 2011/12 \$3,210 2012/13 \$4,080 2013/14 \$3,430 2014/15 \$2,550	Decreasing 2011/12 \$3,210 2012/13 \$4,080 2013/14 \$3,430 2014/15 \$2,550 2015/16 \$2,430	Decreasing 2012/13 \$4,080 2013/14 \$3,430 2014/15 \$2,550 2015/16 \$2,430 2016/17 \$2,390	Decreasing 2013/14 \$3,430 2014/15 \$2,550 2015/16 \$2,430 2016/17 \$2,390 2017/18 \$2,340	Decreasing 2014/15 \$2,550 2015/16 \$2,430 2016/17 \$2,390 2017/18 \$2,340 2018/19 \$2,310	Decreasing 2015/16 \$2,430 2016/17 \$2,390 2017/18 \$2,340 2018/19 \$2,310 2019/20 \$2,270	-11%

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Total improvement over period
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.028	0.028	0.028	0.030	0.029	-123.2%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	74.23%	74.38%	74.53%	74.63%	75.13%	10%

4.2 Factors influencing performance

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

Operating Performance Ratio – FFTF Benchmark Achieved

The major impediment to Council meeting this benchmark is that the rate peg amount is not reflective of the increase each year in Council's operating costs. Council will apply for a variation to general income in the 2016/17 to 2018/19 years. If successful this will see an overall improvement in Council's ability to contain operating costs within operating revenue and meeting the benchmark in 2017/18 as shown above. The alternative is to cut services to the Community and reduce asset maintenance and renewal or continue to operate with a deficit and a negative operating performance ratio.

Own Source Revenue Ratio - FFTF Benchmark Achieved

In preparing our Long Term Financial Plan we have assumed no change in FAGs distribution over time although the funding distribution may change as this is reviewed. Despite this, with the inclusion of the FAG's in this ratio Council will meet this benchmark in every year.

Building & Infrastructure Asset Renewal Ratio - FFTF Benchmark Achieved

Council has been working to ensure robust asset data is available for all classes of assets and has updated the Asset Management Strategy to reflect this. Council has invested heavily to ensure asset management is prioritised and concepts of lifecycle costing and level of service are understood and embraced by Councillors and staff.

As a result of increased knowledge and data, particularly for road assets, Council has identified shortfalls in asset renewals and over expenditure against required levels of maintenance. To address this situation Council has consequently prioritised asset renewals thus ensuring that assets are renewed at optimal levels with a consequent reduction in maintenance costs.

Council has also commenced a program of reviewing and rationalising community buildings. However due to the time involved in consultation with the community over the rationalisation of these buildings we have not factored a reduction in the number of our public buildings. A reduction in building stock will decrease our depreciation expense and ongoing maintenance and renewal costs in the future. Council's Long Term Financial Plan will be updated accordingly once this project is further advanced.

Debt Service Ratio - FFTF Benchmark Achieved

Although Council has significant restricted cash reserves, it will be necessary to borrow from the Water Fund to renew prioritised community buildings in the General Fund in 2016/17 and 2017/18. This provides for intergenerational equity and will provide a benefit to the Water Fund in additional revenue and there will be no net cost to Council's Consolidated Fund. An alternative is to make use of Local Infrastructure Renewal Scheme (LIRS)

Infrastructure Backlog and Asset Maintenance Ratios - FFTF Benchmark Achieved

While these ratios meet the benchmarks Council recognises that as the asset management system matures and the data becomes more robust, these ratios will become more reliable. At present a more standardised methodology is required to enable councils to accurately determine and compare these measures. Council has forecasted it's Infrastructure Backlog for the years 2016/17 to 2019/20 to meet the benchmark at 2%, the improvement is based on better understanding of the assumptions underlying the bring to satisfactory (BTS) and that BTS is not to include any planned enhancements identified in the Capital Works Program.

Significant improvement in the Infrastructure Backlog ratio in the future is primarily based on bringing BTS in line with community expectations of asset condition, as confirmed by the Community Satisfaction Survey March 2014 and informed by more robust asset data.

Real Operating Expenditure per Capita - FFTF Benchmark Achieved

Efficiencies identified in Council's action plan, coupled with resource sharing initiatives, will reduce costs over time. The fact that Council's population is no longer forecast by ABS to decline will also improve this benchmark over time.

Section 5: Implementation

5.1 Putting your plan into action

How will your council implement your Rural Council proposal?

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

The Action Plan identified in this proposal is informed by and relates to Council's IP & R framework. All actions are consistent with the goals outlined in the Community Strategic Plan and with identified community expectations. Actions identified in the Action Plan are incorporated into the revised 2013-2017 Delivery Program and the 2015/16 Operation Plan and allowed for in the LTFFP.

The IP & R framework incorporates review and reporting cycles which will facilitate the measurement of Council's progress in implementing the Action Plan. Council will implement a separate process to prioritise all components of the Action Plan. This will involve further discussions with local communities, neighbouring councils and regional partners. Council will also need to identify critical partners from the private and community sectors and higher levels of government in pursuing the Action Plan.

Progress on the Action Plan will also be measured against the Operational Plan and annual budget to ensure that all aspects of the plan are fully costed and revisited annually.

Council will seek to make personal representations to IPART at the appropriate time to provide additional detail on and support for this proposal.