

Template 2

Fit for the Future

Richmond Valley Council

Improvement Proposal



Council name: Richmond Valley Council

Date of Council resolution endorsing this submission: 23 June 2015
See Attachment A9 – Council resolutions

1.1 Executive Summary

Over the past four years, Richmond Valley Council (RVC) has acted to address its financial situation and the delivery of better services. This has laid the foundation for an organisation which will be sustainable into the future, and a community which will be vibrant and motivated in line with the Community Strategic Plan (CSP).

Council acted early, made tough decisions, and as a result has placed the organisation in a strong position to tackle the challenges which lay ahead. We are confident that we will meet the needs of our community, which has grown by 1.1% over the past year.

Council's financial sustainability position has improved considerably over the past three years with an April 2015 Treasury Corporation re-rating seeing Council move from a Weak - Negative to **Moderate - Neutral rating**. This has been through a number of measures, including successfully applying for a permanent five-year Special Rate Variation (SRV) commencing in 2014/15.

From 2014-2015 to 2018-2019, the SRV will be invested in infrastructure and improved services, and from 2019-2020, it will remain in Council's revenue base. With an additional rates increase of 1.6 percent above the rate peg from 2019-20, Council will have the required income to achieve the benchmark for the Operating Performance Ratio and has invested significantly in asset renewals to achieve the Building and Infrastructure Asset Renewal ratio as well. Council will then meet all seven benchmarks and has set the goal of achieving a 'Sound' financial sustainability rating by 2017/18.

Council received a 'weak' rating in the DLG Infrastructure Audit in 2013. In response Council has now completed a detailed review and assessment of its full asset base and implemented an updated asset condition assessment model. This has resulted in a significantly reduced infrastructure backlog from \$80M in 2012 to \$30.8M in 2014, with further significant reductions over the next 10 years to all but eliminate the backlog. The maturity of our asset management capabilities has also improved the lifecycle analysis of Council's assets, controlling our maintenance and depreciation expenses. Regular comments are received on the good standard of RVC's roads relative to others.

Our long-term strategies will ensure community infrastructure is managed in a way which controls risk, maximises usability and increases the service potential and intrinsic value of our assets. Council will provide the level of funding agreed with the community and set out in Council's CSP to meet the maintenance requirements documented in its plans.

Council has undertaken a number of major strategic projects to ensure the future sustainability of the region, as well as supporting a strong, vibrant and connected community. It has put in place a forward-looking CSP, actively supports Economic Development and promotes Events and Tourism, implemented a Performance and Recognition Management System (PARMS) as the framework to align staff performance, values and behaviours with corporate and community direction, and introduced a Youth Employment Strategy (YES) to ensure the region's youth have job opportunities.

Council has embraced the challenge of creating progress out of change and to be as competitive as it can be. We must compete with other locations for investment - internationally, nationally, regionally and locally - and our business and industry must compete for market share on the same basis and in the same arena. We need to be a competitive place both for our existing enterprises and in order to attract new ones.

A sound but moderate \$10.6M borrowing program over five years, together with the policy to not increase operating expenses by CPI in the last three annual budgets (estimated at \$750K total savings), as well as a 2% salaries efficiency dividend for last four budgets (\$1M total savings), are achieving productivity gains as we continue to deliver outcomes in line with our plans.

RVC is confident that it is 'fit for the future' and importantly well placed to contribute to the growth and prosperity of the Northern Rivers region while being an effective partner for the State and Federal Governments.

Scale and Capacity

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

Yes

RVC has the required scale and capacity to meet the needs of the Richmond Valley community and contribute to the wider growth and prosperity of the Northern Rivers. The Independent Local Government Review Panel determined that RVC (Panel's Group G council) had the scale and capacity to stand alone and be part of the Northern Rivers Joint Organisation.

The Independent Local Government Review Panel's other option was for Kyogle (Panel's Group F council) to consider a merger with either Lismore or RVC if it could improve Kyogle's ability to become sustainable and build their strategic capacity.

The following summary provides evidence of Council's scale and capacity.

RVC is the result of a voluntary amalgamation of Casino Municipal Council and Richmond River Shire Council in 2000. The RVC area encompasses 3050km² with Council providing services to 23,000 people. Casino is the administrative centre for Council and as a town it punches above its weight as the Beef Capital of NSW, operating and hosting regional industries such as the Northern Rivers Livestock Exchange, Northern Cooperative Meat Company and the annual Beef Week Festival which attracts crowds of up to 30,000 people to the Richmond Valley, all injecting significant funds into the local economy.

Council also plays a lead role in regional planning and advocacy with the Mayor Ernie Bennett representing Council on the Northern Rivers Regional Organisation of Councils. With Council's Chief Executive Officer John Walker recently appointed as the Chair of Northern Rivers Regional Development Australia, there is the opportunity to achieve improved alignment in regional advocacy, planning and investment for the benefit of the Northern Rivers community.

RVC has embraced change in recent years and the Fit for the Future initiative has provided further impetus for Council to continue on its journey of transformation. Council's financial situation in the years prior to 2012-2013 highlighted the urgent need for change

to enable RVC to be sustainable into the future. In April 2013 NSW Treasury Corporation (TCorp) assessed Council's finances as “weak with negative outlook” because of ongoing operating deficits and an inability to fund asset renewals.

Change has been implemented with urgency in many areas including:

- Renewed engagement with the community around the concept of ‘Civic Pride’ to build trust leading to a new Community Strategic Plan *Richmond Valley Towards 2025*.
- Becoming a business friendly Council creating opportunities for economic growth.
- Renewal of internal systems to manage and utilise information better with significant investment in new technology.
- Restructure and modernisation of the organisation including moving to a matrix management approach and the importing of new talent.
- Successful Special Rate Variation (SRV) which is providing Council with a 39 % cumulative rate increase over five years, enabling the investment of more than \$13M in upgrading infrastructure.
- Providing a \$143M capital works program over the next ten years to deliver our commitment to the community under the SRV.

As a result, RVC's finances have strengthened to now be in a **“moderate sustainability position with a neutral outlook”** following a re-rating by TCorp in April 2015 (report attached). Council will continue to focus on reducing its infrastructure backlog, achieving the benchmarks for asset renewals and maintenance, together with continuing the improved operating result to achieve a break even position. Achieving these improvements should lead to Council achieving a ‘Sound’ TCorp rating in its next review in April 2017.

Council continues to focus on improvements to its efficiency and productivity in meeting the needs of the Richmond Valley community. Key examples include:

- Ongoing service reviews in consultation with the community.
- Establishing a business enterprise approach to a number of its business units.
- A Project Management Office to ensure the timely delivery of key projects and all commitments under the SRV.
- Building on the place management approach to the provision of services to Evans Head, which could be a model should future growth of the Council’s area be required.

These improvements provide a snapshot of the capacity within the organisation to manage change in a positive and productive manner, which is critical to be able to 'live' the elements of strategic capacity which have been set out by the Panel.

RVC is well positioned to be sustainable in the longer term and as an organisation, has the capacity to continue contributing to the growth and prosperity of the Northern Rivers. If there was a need for RVC to take on the management of new areas or functions it is well placed to do so.

Recent examples and evidence of the scale and capacity available within RVC:

1. More robust revenue base and increased discretionary spending

- SRV has increased rates by 39 % over five years, providing an additional \$7.3M.
- \$10.6M borrowing program over five years with large capacity for further borrowing with a debt service ratio of 1.14% in 2014/15, increasing to 3.25% in 2016/17.
- 2% efficiency dividend on salaries included in annual budgets since 2013/14, a cumulative saving of \$1M, which is ongoing.
- Leading development of the NOROC Regional Procurement initiative which aims to make savings of 5-8% in key contract areas.
- Council has achieved cash surpluses in each of the last four years and these are built into every year of our LTFFP.
- Purchase of 13 hectares of industrial land in Casino to encourage new industry investment with Council support.

2. Scope to undertake new functions and major projects

- Establishment in 2015 of a Project Management Office to monitor the development, planning and management of projects.
- Successful major projects including Casino Community and Culture Centre (\$4M), building of new Casino Indoor Sports Stadium (\$2M), upgrading of Northern Rivers Livestock Exchange (\$7M), Evans Head Aquatic Centre (\$3M).
- Increased capacity internally through recruitment and investment in new plant and equipment.
- Reviewing our business units and looking for new opportunities, such as Northern Rivers Livestock Exchange, Waste Management Services and Quarries.
- Specialist road maintenance equipment for works on local and regional roads.

3. Ability to employ wider range of skilled staff

- Youth Employment Strategy provides diversity of opportunity by addressing local youth unemployment - 21 new traineeships for local school leavers in place in January 2015 (total of 33 Trainees at May 2015).
- Performance & Recognition Management System (PARMS) promotes a performance culture across the organisation and aligns staff values and behaviours with corporate and community directions.
- Succession planning integrated into the PARMS system for all staff positions.
- Modernising the organisation and developing a culture of performance and innovation enabling RVC to respond to the challenges which face the local government sector and position it in the top quartile of councils.
- Skilled project management and technical staff.
- Branding campaign to boost reputation, attract talented staff from the local area to stimulate economic development and build 'Civic Pride'.

4. Knowledge, creativity and innovation

- Innovative Organisational Development Strategy which sets the framework for a high-performing organisation which implements RVC's vision and fulfils its commitments to the community.
- More than \$1.7M investment in information technology upgrades to modernise RVC's Finance, Property, Rating and related systems.
- Communications portal (Apps/Social Media/SHOUT!) as part of a Communication Strategy to enable engagement and communication with the community, businesses, industry bodies, agencies and staff.
- 'Open for Business/Developers Forums' held every four months with developers and builders, real estate agencies and other key stakeholders on planning and development issues.
- Public Art Strategy fostering interest in Richmond Valley's vibrant cultural lifestyles, respecting the Valley's heritage, and welcoming tourism to encourage and foster economic growth.

5. Advanced skills in strategic planning and policy development

- Successful implementation of the IP&R requirements leading to a successful application to IPART for an SRV.
- Review of Developer Charges to stimulate investment.
- Mature Asset Management Systems with 10-year funded asset management plans in place.

- Cultivation of an economic development focus in all Council services.

6. Effective Regional Collaboration

- Member of the Northern Rivers Regional Organisation of Councils and strong supporter of the benefits of establishing a Northern Rivers Joint Organisation to enhance regional advocacy and collaborative capacity.
- RVC CEO is the sponsor for the development of NOROC Regional Procurement initiative.
- Northern Rivers Resource Sharing (Water/Sewer, I.T. Group, North East Waste, Regional Professionals Groups).
- Northern Rivers Livestock Exchange is the Northern Rivers main saleyards.
- Contribution to the MyRoadInfo System developed in conjunction with NOROC Councils.
- Sharing of specialist staff with neighbouring Councils.

7. Credibility for more effective advocacy

- Member of NOROC and supportive of its advocacy agenda.
- Richmond Valley Towards 2025 Community Strategic Plan identifies the community's priorities to enable advocacy on priorities with Federal and State Government representatives.
- Good working relationships with State agencies including RMS, Office of Water, EPA.
- Good working relationships with Local Members, both State and Federal Government leading to additional project funding.
- Active member of LGNSW and LGPA.
- Participant Council in the LGPA/PwC NSW LG Operational and Management Effectiveness project, which is driving efficiency through benchmarking.

8. Capable partner for State and Federal Agencies

- Advocating in place since early 2015 for 24hr Policing in Casino and support for this through investing in CCTV in Casino with the support of the Federal Government.
- Implement projects in partnership with RMS, Fisheries, EPA, Office of Water.
- Promoting the take-up of E-Planning.
- Active supporter of State Emergency Services and other response agencies to ensure preparedness for natural disaster response.

9. Resources to cope with complex and unexpected change

- Preparedness and track record of responding to natural disasters (over \$7M of disaster recovery works in last three years).
- Headquarters for Rural Fire Service – Northern Rivers Regional Control Centre.
- Communications and IT expertise.
- Availability of Casino airport for emergency response operations.
- Business Continuity and Disaster Recovery Plans.
- Own source revenue increasing to 70% reducing reliance on others for sustainability.
- Economic Development activity encouraging diversification of the local economy.
- Capacity to borrow funds where changing circumstances require it – current \$10.6M borrowing program over five years – capacity for more.

10. High quality political and managerial leadership

- Modern and flexible management structures enabling a responsive workforce.
- Concise and consistent political direction.
- Political and managerial cohesion and stability.
- Structured leadership team development programs.
- CEO appointed Chair Northern Rivers RDA.
- Culture of inclusiveness, promotion of gender equity and succession planning.
- Successful community engagement for Council's SRV.
- Northern Star on line poll in November 2014 rated Richmond Valley as best council in the Northern Rivers.

2. Your council's current position

2.1 About your local government area

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

The Richmond Valley local government area has a large number of natural assets, including beaches, significant river ways and hinterland areas. This natural beauty and the relaxed and friendly atmosphere of the community has been a major draw card for sea changers and tree changers in recent years. *Richmond Valley Towards 2025* sets out the community's visions and priorities for the future.

The largest town is Casino, including North Casino, with a population of 11,533 with the remainder of the total population of 23,000 being in the other communities of Broadwater (436), Coraki (1478), Evans Head (2730), New Italy (295), Woodburn (775) and Rappville (309), with the balance made up in the rural areas.

The area's demographics are changing, reflecting a growth in the younger, higher-socio economic group. This is reflected in the high demand level for residential land. Future forecasts suggest continuing population growth, particularly in Casino, with an estimated 9900 residences required by 2031 to cope with demand.

The Richmond Valley continues to have a strong agricultural base, however, diversification is occurring. Economic growth of the Council area is also expected to increase with the proposed development of an intermodal rail freight handling facility. This will prove a strong attraction for development of existing industry and attracting new investment due to the proximity to the Port of Brisbane via the rail freight intermodal for associated industrial land developments in North Casino.

The coastal area at Evans Head has a strong tourism focus with Council seeking to diversify the economic base of that area through the development of part of the Evans Head Memorial Aerodrome.

Economic development and local employment, financial management and community consultation are priority areas for residents. Examples of RVC's growth plans include: the purchase of land to further develop the Settlers housing estate in Casino; and purchasing suitable land for industrial subdivision purposes.

RVC is in a rare position in that it has two air strips which are currently being underutilised. Both air strips play a part within Council's economic development plans and feature as key physical attributes which can be used advantageously to attract and foster new business to the Richmond Valley.

RVC will continue to focus on planning for the future economic viability of the region, specifically with regard to local employment.

RVC's Organisational Development Strategy is focused on attracting and retaining quality people, including trainees, managing risk-associated workplace activities, as well as investing in developing leaders and recognising and rewarding high performers. We are developing a high performing organisation.

Getting the right people into the right jobs is paramount for RVC and requires a commitment to attract, develop, retain and recognise talented and motivated employees who are aligned with the organisation's vision and values.

Succession planning is a key focus at RVC for the future sustainability of the workforce. Trainees are a major part of this plan. Transfer of knowledge and skills to the next generation through mentoring and job opportunities is a responsible business and community longevity plan.

2.2 Key challenges and opportunities

At RVC we focus on the positives in life and aim to be self-sufficient and a valued partner to State and Federal Governments. Strengths and opportunities are our focus, while controlling any risks that arise from areas of weakness or threat.

Strengths	Weaknesses
<ul style="list-style-type: none"> • Excellent staff with strong knowledge of community. • Good relationship with customers, stakeholders. • Good communications. • Reputation for leadership; employer of choice. • Operating at the delivery interface. • Flagship events – Beef Week, Primex, Evans Head Fishing Classic. • Proactive approach to growth. • Council support for existing and emerging business. • Availability and affordability of residential and industrial land. 	<ul style="list-style-type: none"> • Some reliance on Federal and State government funding, but it is reducing. • Shifting culture of excessive regulation to a supportive customer approach. • An ageing workforce, although the YES program is aimed at reducing the impact.
Opportunities	Threats
<ul style="list-style-type: none"> • Public-private partnerships; possibility of private sector financing for major projects. • Regional engagement and collaboration. • Shared services across organisation boundaries. • Facilitate the Richmond Valley as a regional hub. Good access to Brisbane and South East Queensland. • Pacific Highway upgrade from Woolgoolga to Ballina. • A range of digitisation changes, shifting away from provision of services in person or by phone which can be delivered better online; further developing local use of social media by Council and community groups. • Innovation in procurement and provision methods to encourage more competition between a wider range of providers. 	<ul style="list-style-type: none"> • Impacts of regular natural disaster events. • Maintaining a vibrant and diverse local economy. • Lack of services/cultural products to recruit and retain Generation Y (30-40-year olds). • Loss of profit-producing assets.

2.3 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-21.30%	No	-6.51%	On track (achieve in 2019/20)
Own Source Revenue Ratio (Greater than 60% average over 3 years)	71.1% 59.03% (Ex FAGs)	Yes	80.56% 66.68% (Ex FAGs)	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	43.11%	No	126.46%	Yes

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

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

From 2014/15 to 2018/19, Council has an approved SRV with commitments to invest in infrastructure and improved services. From 2019/20, the permanent SRV remains in Council's revenue base and with an additional rates increase of 1.6% above the rate peg Council will have the required income to achieve the Operating Performance Ratio and funds to invest in asset renewals to achieve the Building and Infrastructure Renewal Ratio benchmark by 2025.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	7.47%	No	0.51%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	81%	Yes	100%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.10%	Yes	3.25%	Yes

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

Council has completed a review of its full asset base with professional valuations across all asset categories and implemented an updated asset condition assessment model, which is consistent with AASB 116 which allows depreciation to reflect the most appropriate pattern of consumption of an entity's assets. This has resulted in a more accurate assessment of Council's infrastructure backlog which has reduced from \$80M in 2012 to \$30.8M in 2014, with further significant reductions over the next 10 years.

2.3 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita <small>A decrease in Real Operating Expenditure per capita over time</small>	1.25 ↓	Yes	1.13 ↓	Yes

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

2.4 Water utility performance

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

Council has achieved full cost recovery since 2004, has positive Economic Real Rate of Return on its Local Water Utilities business and has implemented the six elements of the NSW Office of Water's Best Practice Management framework. Performance highlights include continual reductions in water losses and loss of services due to breakages or unplanned interruptions.

The NSW Office of Water's latest 2012-13 NSW Performance Monitoring Report indicates that Council is meeting all of the requirements of the Best Practice Management Framework.

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

\$7.5M reducing to \$5M in 2014/15.

This number is influenced by underground assets with ages greater than design lives. Council is rolling out a pipe inspection program to obtain greater clarity on the condition of underground assets. Preliminary evidence indicates that most of this backlog is performing at a serviceable level. The timeframe to assess the whole network is two years following which it is expected that the backlog will be further reduced.

2.4 Water utility performance

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

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Water supply services capital program	2016/17 – 2019/20	\$5.067M	N/A
Sewerage services capital program	2016/17 – 2019/20	\$10.482M	N/A

Council has no individual capital projects planned for the period 2016/17 to 2019/20 that exceed \$1M.

2.4 Water utility performance

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

Yes

Council has achieved full cost recovery for both Local Water Utility businesses since 2004.

Council's Local Water Utility business is a critical part of the RVC's business. While Council recognises that the Fit for the Future criteria is based on the General Fund to enable comparison across all 152 Council, it is respectfully suggested that the assessment of Council's like Richmond Valley should take into account the Local Water Utility business. It is an important contributor to the sustainability of Council in many ways including contributing to its strategic capacity by enabling the attraction and employment of qualified asset management and operational staff that can work across a range of assets.

Council's Local Water Utility performs strongly now and is forecast to continue to perform favourably over the 20 year outlook as set out in the Water Supply Network and Sewerage Network Asset Management Plans.

Council has undertaken an assessment of the forecast performance of the Consolidated Funds against the Fit for the Future criteria (copy attached). This assessment confirms the importance of the Local Water Utility business by strengthening Council's sustainability position against all benchmarks with the exception of the Building and Infrastructure Renewal Ratio, which is likely to be reduced when Council's underground pipe inspection program is completed in the next two years.

2.4 Water utility performance

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1. Security of RVC Water supply through capital works at Jabour Weir Casino valued at \$540K – rock bolts and stabilisation; investigations of bore fields for future supply demand in Lower River area.	16/17-17/18	Security of potable water supply
2. Ongoing operation of Evans Head Treatment Plant – Salty Lagoon. Delivering appropriate environmental outputs, long term security and operational capacity.	16/17-19/20	Environmentally effective and safe sewerage treatment within forecast capacity.
3. Improving infrastructure inspection methodology and data utilisation for maintenance and renewal programming. Utilising information to reduce network water loss. Using Wincam (CCTV) and re-lining technology for best value maintenance/replacement.	16/17-17/18	Reduction of mains breaks and improvement in water quality.
4. Further refinement of Council's Strategic documentation in line with NOW best practice standards. Review of Strategic Business Plan and the Integrated Water Cycle Management Strategy scheduled.	15/16 to 16/17	Council reinforces the strategic framework for business and future planning.

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

3.1 Sustainability

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

- **Fiscal discipline** - Operating cash surpluses of at least \$300K and no CPI increases to operating expenses in the last three annual budgets (estimated at \$750K total savings).
- **Efficiency Dividends** – We have incorporated a 2% salary and wages efficiency dividend in annual budgets since 2013/14, a cumulative saving of \$1M, which is ongoing. This encourages management to make better use of our human resources, leave entitlements and use of casual staff.
- **Special Rate Variation** – Council has been successful in obtaining a permanent SRV commencing 2014/15 for five years with a cumulative 39% increase in rates enabling the investment of over \$13M in our infrastructure as well as deliver increased service levels in line with the CSP. With the completion of the identified Special Variation projects in 2019/20, additional revenue becomes available to enable Council to meet the Operating ratio benchmark and there will be funds available for additional investment in infrastructure and services.
- **Borrowing program** – Council is committed to a \$10.6M borrowing program over the next five years to deliver the Special Variation commitments and invest in projects to address infrastructure backlog.
- **Own Source Revenue** – Council is implementing a business model for key services including the operation of the Northern Rivers Livestock Exchange, Waste Services, Quarries and Cemeteries to realise new revenues where the market is available.
- **Business development** – Council has reviewed its asset base to identify opportunities for better asset utilisation including developing new business opportunities.

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

The assumptions and strategies are set out in detail in Council's Delivery Program/Operational Plan 2013/17 (revised) and 2015-2025 Long Term Financial Plan.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

A high priority initiative to improve each benchmark within this criteria is listed below:

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Drive efficiency and effectiveness through the operations of Council (CSP 7.2)	a) Commitment to surplus budgets to achieve Operating break even position b) Commitment to Internal Audit Committee reviews c) Service level reviews with community input	a) ongoing surplus budgets b) Committee in place and quarterly reviews c) 2015/16 to inform review of CSP	Break – even operating position average over 3 years by 2019/20	
Generate revenue to fund the operations of Council (CSP 7.1.2)	Examine all revenue generation opportunities within legislative powers	Identify and develop new business opportunities	2014/15 ongoing	
Provide sustainable and reliable and safe water supply and sewer services (CSP 6.4)	Achieve the security, quality and sustainability of water supply and sewerage assets	Implement the Capital Works Program	Strengthen Jabour Weir Treated water meets environmental standards	

3.2 Infrastructure and Service Management

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

- **Special Rate Variation commitments** - Council consulted with the community on expectations in regards to service levels and their affordability as part of the Special Variation application. The additional \$13M investment in infrastructure enabled by the SRV will lead to a significant reduction in Council's infrastructure backlog.
- **Service reviews** – Council has commenced a program of service reviews, which will be stepped up over the period through to September 2016 to enable the newly elected Council to make informed decisions on future services levels as part of its review of the Community Strategic Plan.
- **Full review of Council's assets** – Council has had all asset classes reviewed and moved to a more sophisticated asset condition based assessment model. The refined condition assessment model utilises a methodology that better represents the pattern in which each assets future economic benefits are expected to be consumed. Council has a \$143M 10 year capital program which invests in our assets at the required level to meet community needs.
- **Commitment to Asset Maintenance** – Council is proactive in our maintenance programs, consistently identifying and planning new works and augmentation.
- **Sustainable borrowing program** – Council has implemented a moderate \$10.6M borrowing program over the next five years to support the investment in asset renewals as part of its approved SRV.

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

The assumptions and strategies are set out in detail in Council's Delivery Program/Operational Plan 2013/17 (revised) and 2015-2025 Long Term Financial Plan.

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

A high priority initiative to improve each benchmark within this criteria is listed below:

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Improve and maintain roads and associated infrastructure to acceptable community standards in accordance with financial capability CSP 6.1	a) Reviewing Asset Management Systems c) Review and implement a forward capital works program for new and replacement works	Integration of Underground Asset condition information. Implement Capital Works Program	Better informed network planning On time and on budget	More accurate infrastructure backlog Level of service achieved and risk controlled
2. Continued maintenance of community facilities including local airfields in accordance with the communities agreed service levels	a) Proactive maintenance of programs	Budget allocations Annually	Facilities maintained to meet service levels	Level of service achieved and risk controlled
3. Generate revenue to fund the operations of Council CSP 7.1	Sustainable borrowing program	Borrowings match Capital Programs	Maintain Debt Service Ratio at or below 10%	Borrowing enables investment in improved infrastructure

3.3 Efficiency

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

To achieve efficiency, Council has decreased its spending per person over the period from 2011 to the end of the Long Term Financial Plan.

- Operating expense budgets have not been increased by CPI in last three annual budgets (estimated at \$750K total savings).
- A 2% salaries efficiency dividend for last four budgets (\$1M total savings).
- Council subscribes to the PWC/LG Professionals Australia Operational and Management Effectiveness survey, which benchmarks Council's Workforce, Finance, Operations, Risk Management and Corporate Leadership performance to inform our business improvement program and drive efficiencies.
- Monitor trends in incidents and where necessary, implement improvements. Improved performance in lost time days has been achieved with targets for further improvement set.
- Ongoing service reviews which include identification of more efficient work methods to increase productivity.

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

The assumptions and strategies are set out in detail in Council's Delivery Program/Operational Plan 2013/17 (revised) and 2015 - 2025 Long Term Financial Plan.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Drive efficiency and effectiveness through the operations of Council (CSP 7.2)	<ul style="list-style-type: none"> a) Efficiency dividends b) Salary dividends c) No CPI increase in operational expenditure d) Service level reviews e) Regional collaboration on procurement f) Performance monitoring and benchmarking 	2015/16 ongoing	Dashboard of performance indicators informs Council and Management decisions ongoing	Achieve service levels in tune with community needs and free up resources for investment in infrastructure and other services

3.4 Improvement Action Plan

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

Action plan

Actions	Milestones
<p>1. Deliver our commitments to the community</p> <ul style="list-style-type: none"> Implement Council's Community Strategic Plan, Delivery Program/Operational Plan 2013/17 (revised) and Resourcing Strategy which includes the 2015 -2025 Long Term Financial Plan, Organisational Development Strategy and Asset Management Plans. 	Continued improvement in all ratios
<p>2. Deliver the Capital Program</p> <ul style="list-style-type: none"> Increased expenditure on Asset Renewal consistent with the Special Rate Variation 	Reduced Infrastructure Backlog
<p>3. Service Level Reviews</p> <ul style="list-style-type: none"> conduct internal and external service reviews to achieve efficiencies and inform the next round of IP&R and revised CSP by June 2017. 	New fully integrated CSP by June 2017
<p>4. Support development of Northern Rivers Joint Organisation</p> <p>Contribute to support the transition from NOROC to a Northern Rivers Joint Organisation by:</p> <ul style="list-style-type: none"> Supporting the development of new Governance arrangements Engaging with State Agencies to promote the opportunity the JO will provide Leading the development of the NOROC Regional Procurement initiative 	Northern Rivers JO operational from September 2016
<p>5. Business development</p> <ul style="list-style-type: none"> Implement a business model for key services including the operation of the Northern Rivers Livestock Exchange, Waste Services, Quarries and Cemeteries to realise new revenues where the market is available 	Increased Own Source Revenue

6. Organisational Development

- An innovative Organisational Development Strategy has been developed to enhance the capacity of our workforce to implement the Delivery Program
- It is focussed on developing a culture of performance, innovation and customer Service and includes our highly successful Youth Employment Strategy (see attached Dougherty Awards submissions for more detail)

Improvements monitored using the PWC/LGPA NSW LG Operational and Management Effectiveness benchmarking survey

7. Increased productivity

- Continue to control increases to operating expenses and closely monitor salaries to achieve the 2% salaries efficiency dividend
- Utilise the PWC/LG Professionals Australia Operational and Management Effectiveness survey, which benchmarks Council's Workforce, Finance, Operations, Risk Management and Corporate Leadership performance to inform our business improvement program and drive productivity improvement

2015/16 Budget targets achieved

Improved performance against industry benchmarks

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

For example, who was involved, any external assistance, consultation or collaboration, and how the council has reviewed and approved the plan.

The RVC Improvement Action Plan has been ongoing for the last three years following an organisation review and the appointment of a new General Manager in 2012 with an improvement agenda 'Project Rejuvenate'. This is now embedded into our Integrated Planning & Reporting documents. These were developed in consultation with the Richmond Valley community in two main phases:

Developing our Community Strategic Plan

Between February and June 2013, Council consulted extensively with the Richmond Valley community on the Community Strategic Plan Towards 2025 (CSP).

- The draft CSP document was placed on public exhibition.
- Micromex conducted a randomly selected telephone survey of residents.
- A total of 55 additional council services surveys were completed by the community and 48 community priorities surveys were completed by the community.
- Eleven multi-issue submissions were received.
- Formal oral submissions were also accepted.
- Public forums were held in Evans Head and Casino.
- Feedback was gathered at a business luncheon in Casino.
- Meetings were held with the Casino Chamber of Commerce and the Woodburn Chamber of Commerce, at which formal oral submissions were received.
- RVC's Transport Advisory Committee and the Disability Access Advisory Committee both gave formal oral submissions.
- Council also held meetings with stakeholder groups: children, young people, seniors, state and federal agencies, and non-government organisations, at which formal oral feedback was received.

Consulting on our Special Variation Application

In November 2013, RVC resolved to seek approval from the community and IPART for a permanent SRV of 10 % above rate cap in the 2014/15 year, followed by four successive annual variations of 3% above the cap.

Between November and December 2013, Council consulted extensively with the Richmond Valley community on the SRV application and included the following:

- A mail out by the General Manager to 9,134 residents in November 2013.
- Notice of two public meetings in the Richmond River Express Examiner and Rivertown Times.
- Public meetings held in Evans Head and Casino in December 2013.
- Micromex telephone survey of 400 people during December 2013 (of the 400 people surveyed 74% were aware of the council's proposal and 34% were unaware [66% were 'somewhat supportive' of the rate rise – 12% 'very supportive', 28 'were supportive' and 26% 'somewhat supportive']).
- Revised Delivery Program 2013/17 describing each project that would be funded by the special variation and how the outcomes would be measured placed on public exhibition in January 2014.
- Amended Delivery Program 2013/17 adopted February 2014.
- June 2014 RVC's special rate variation approved by IPART.

3.5 Other actions considered

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

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

Strong support for Regionalisation

The Local Government Review Panel Final Report recommended that stronger regional cooperation should be a central plank of local government reform. RVC supports this view and resolved in March 2015 to strongly support active participation in a Northern Rivers Joint Organisation of Councils that focusses on:

- Regional Strategic Planning.
- Intergovernmental Collaboration.
- Regional Leadership and Advocacy.

and, in addition and when appropriate, Council will seek associate member status of the Joint Organisation to our south in which Clarence Valley Council is a member.

Council also supports Tenterfield Shire Council's inclusion as a member of the Northern Rivers Joint Organisation in addition to the six current member Councils constituting NOROC.

Council supports the new Joint Organisation being created from new and that NOROC be wound up with any undistributed funds being transferred to the new organisation.

Future of County Councils in the Northern Rivers

There is a current proposal, supported by all NOROC Councils, awaiting determination by the Minister for Local Government to combine the three current County Councils (Rous Water, Richmond River & Far North Coast) in the Northern Rivers into one County Council. All three County Councils currently share the same General Manager and administration. RVC has resolved to support combining the existing three County Councils into one entity, with the combined entity included in the proposed Northern Rivers Joint Organisation as a member with the voting rights of the County Council to be related to its footprint and determined when the guidelines and structure of the Joint Organisations are being decided.

After the three County Councils in the Northern Rivers are merged, RVC expects that the Joint Organisation will consider whether further structural changes to the delivery of the services provided by the current County Councils (bulk water supply, floodplain management and noxious weeds management) would be of benefit to the Northern Rivers community.

Discussions with Kyogle Council

The Independent Local Government Review Panel report included the option for Kyogle Council to consider whether a merger with either Lismore City Council or RVC would enable the Kyogle local government area to achieve sustainability and build strategic capacity. During January 2015, Kyogle Council resolved to proceed with discussions with Lismore and RVCs using the Facilitation offer from the Office of Local Government's One Stop Shop.

The facilitation process and subsequent considerations occurred as follows:

- A meeting to discuss the Fit for the Future facilitation process was held on 9 October 2014 between the Mayors and General Managers of Richmond Valley and Kyogle Councils.
- During March 2015 Richmond Valley Councillors participated with Kyogle Councillors as part of the facilitation process conducted by KJA Engaging Solutions to consider the merits of whether a merger with RVC would assist Kyogle to be assessed as 'fit'.
- A number of challenges were identified and while both Councils determined their preference is to stand alone, the majority of RVC Councillors were supportive of progressing to a merger business case, however, acknowledged that Kyogle had left its decisions until too late in the Fit for the Future process to enable a Business Case to be prepared in time for its outcomes to be consulted on with the community and included in each Council's final proposal.

- At the conclusion of the Facilitation process Kyogle’s position was still undecided, which is reflected in KJA’s notes from the discussions. (see Attachment 10)
- In late April 2015, Kyogle Council subsequently resolved to complete a Rural Council template as well as request RVC and Lismore support to prepare a merger business case. Given the timing of Kyogle reaching its decision and that they had also resolved to complete the Rural Council template at that time, RVC determined that completing a business case was too late as it’s planning to stand alone and it would be of questionable value given Kyogle’s indecisiveness and preference to complete the Rural Council template.
- We understand Kyogle has now proceeded with completing a Rural Council Template which has been released for public consultation.

Considering a Merged Entity

RVC respects Kyogle Council’s right to determine its own future. However, to ensure its Councillors are fully informed, an assessment of what a combined Richmond Valley/Kyogle entity could be using the Fit for the Future ratios has been completed. It is based on detailed knowledge of RVC’s financial and asset management information and using the publicly available information on Kyogle, including their recently successful Special Variation application. This assessment has not taken into account any benefits/disadvantages from changes in Scale and Capacity or modelled any efficiencies or otherwise from a combined administration for the Richmond Valley and Kyogle local government areas. The detailed assessment is in Attachment 6, however the key findings are now summarised:

FFF Summary	Current 2014/15			Expectation 2024/25		
	RVC	Kyogle	Combined	RVC	Kyogle	Combined
1. Operating Performance Ratio	-6.49%	-6.02%	-6.31%	8.99%	-19.63%	-0.71%
2. Own Source Revenue	66.68%	73.41%	69.18%	72.89%	69.82%	71.88%
3. Building and Asset Renewal Ratio	127.46%	158.61%	143.97%	101.06%	113.54%	107.71%
4. Infrastructure Backlog Ratio	0.60%	10.21%	5.30%	0.42%	4.39%	2.43%
5. Asset Maintenance Ratio	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
6. Debt Service Ratio	3.25%	3.76%	3.45%	3.63%	6.12%	4.47%
7. Real Operating Expenditure	↓ \$83	↑ \$954	↑ \$384	↓ \$31	↓ \$5	↓ \$9
FFF Score	6 of 7	4 of 7	4 of 7	7 of 7	5 of 7	5 of 7
Achieves Benchmark						
Under Benchmark						

The above table provides a summary of the current and projected position at the end of the LTTPs of Richmond Valley, Kyogle and a combined entity with respect to the Fit for the Future benchmarks. Richmond Valley is well placed as a sustainable Council. Kyogle is expected to improve performance over the next 10 years, with reductions in its infrastructure backlog, however this appears to be at the expense of its operating performance ratio. A merged entity would be setback initially, however would be progressing well towards a fit and sustainable Council by 2025. Achieving a fit status would be boosted by external funding support, to overcome Kyogle's current disadvantage from their \$48M infrastructure backlog.

Kyogle Council's Draft Fit for the Future proposal that was on public exhibition appears to be utilise a \$10M debt facility to improve its performance over 20 years. This differs from the RVC assessment which is based on their published LTTP dated 9 February 2015. Further investigation would be required to assess the expected performance of a combined entity.

Given this assessment and in particular the significant infrastructure backlog that exists in Kyogle, due mainly to its aged timber bridge network, even if Kyogle were interested in exploring a merger it is difficult for the RVC to consider it any further when the amount of incentive payment under Fit for the Future is just \$5M. If it were to proceed it could leave the Richmond Valley community to subsidise investment in Kyogle's infrastructure backlog. This is a difficult proposition for the Richmond Valley Councillors to put forward to the community, especially with Richmond Valley being a relatively recently merged Council itself.

Should the Expert Panel determine that Kyogle is 'unfit' and the Government required Kyogle Council to pursue a merger, RVC while strongly preferring to remain a stand alone Council, accepts that there are similarities between RVC and Kyogle Shire Council. If forced, RVC would approach any investigations in a constructive manner. This could include requiring that a business case be prepared to assess a merger in more detail. If a merger business case concluded that merging is the best option for the Kyogle local government area to become sustainable, it is likely that an injection of funding from the NSW Government would be required for the merger to be successfully implemented to ensure that there is no detriment to the communities in both local government areas.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-18.94%	-12.06%	-6.49%	-3.40%	-0.85%	0.78%	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	75.40% 63.53% (ex FAGs)	76.43% 64.79% (ex FAGs)	80.56% 66.68% (ex FAGs)	82.63% 69.03% (ex FAGs)	83.67% 70.41% (ex FAGs)	84.12% 71.10% (ex FAGs)	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	77.07%	121.26%	127.46%	105.74%	88.94%	89.45%	On track Achieved 2015/16- 17/18 then in 24/25
Infrastructure Backlog Ratio (Greater than 2%)	7.47%	5.97%	0.56%	0.51%	0.45%	0.40%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	1.11	1.00	1.00	1.00	1.00	1.00	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.14%	2.11%	3.25%	4.33%	4.57%	4.65%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1.24	1.15	1.13	1.13	1.12	1.12	Yes

4.1 Expected improvement in performance

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

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

As referred to earlier in this proposal, TCorp undertook a second sustainability review of RVC in April 2015, which recognised the many steps taken by Council to place its finances on a stronger base and has now assessed Council as being in a “moderate sustainability position with a neutral outlook”.

As set out in this proposal, change has been implemented with urgency in many areas including:

- Renewed engagement with the community to build trust with a new Community Strategic Plan Richmond Valley Towards 2025 prepared;
- Successful SRV which is providing Council with a 39% cumulative rate increase over five years, enabling the investment of additional \$13M in upgrading infrastructure;
- Restructure and modernisation of the organisation with ongoing service reviews; and
- Delivering a \$143M Capital Works Program over 10 years to deliver our commitment to the community under the SRV.

Council continues to focus on improvements to its efficiency and productivity to meet the needs of the Richmond Valley community. Council is well positioned to be sustainable in the longer term and, as an organisation, has the capacity to continue contributing to the growth and prosperity of the Northern Rivers.

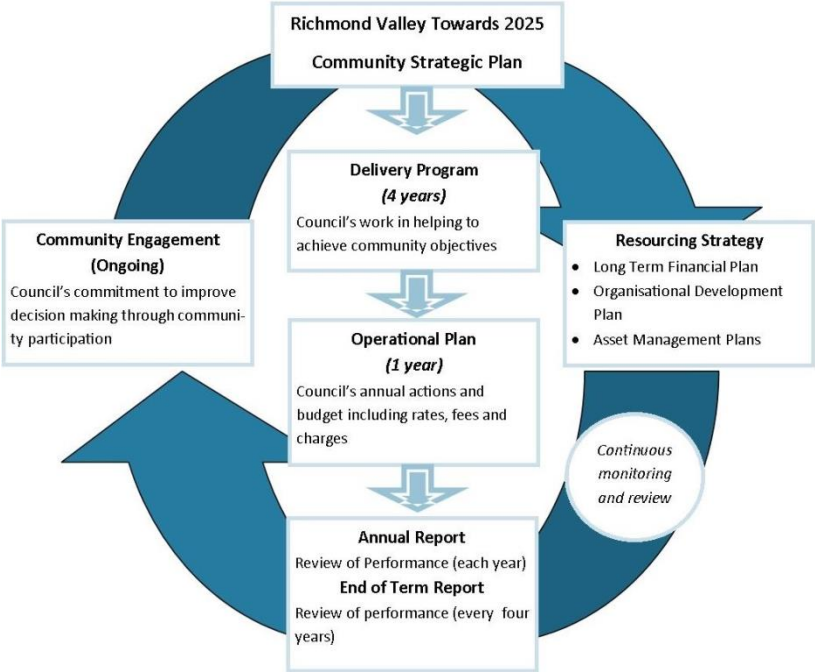
RVC’s improvement proposal sets a path to sustainability which is based on its revised 2013-2017 Delivery Program and 2015-2016 Operational Plan and Revenue Policy. A 10 year Long Term Financial Plan has also been prepared, which sets the path for RVC being ‘fit for the future’.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

Council has fully implemented the Integrated Planning and Reporting requirements which set out its commitments to the community which are included in Richmond Valley Towards 2025 and operates its business in line with the Resourcing Strategy, Delivery Program and Operational Plans.

Council's Integrated Planning and Reporting framework is set out below.



Engaging Our Community

RVC believes in open and accountable governance. We are passionate about the future of the region, harmonising the needs of the community, stakeholders and policy directions from State and Commonwealth Governments is key to achieving balanced decision making.

In 2013 Council adopted its Community Strategic Plan Engagement Strategy. This strategy described how RVC will engage with the community and acknowledges the desire of Council to share information and experiences to develop a shared vision for the future of our community.

Council has now adopted a Community Engagement Strategy and Framework 2015 which aims to strengthen that commitment by providing a best practice approach in all community engagement activities. Our engagement process recognises diversity within the community and incorporates a variety of tools and techniques to reach our wide range of community members and stakeholders. A copy of the Community Engagement Strategy 2015-16 is attached.

Communicating with our Community

RVC reports its progress to the community as follows:

- Bi-monthly community newsletter delivered to all households.
- Biannual report on progress with specific actions and initiatives in the Delivery Program and Operational Plan.
- Quarterly financial reports of Council's performance in key areas.
- Four yearly - prepare an End of Term Report reporting on Council's achievements in implementing Richmond Valley Towards 2025 over the previous four years.
- Annual report for the community:
 1. Focusing on implementation of our Delivery Program and Operational Plan, including Council's audited Financial Report
 2. Providing additional information required by local government regulation and integrated planning and reporting guidelines
 3. Includes on the fourth year (the year of a Council election) a State of the Environment report on the environmental outcomes in Richmond Valley Towards 2025.
- Proactive communications and media strategy (see attached Dougherty Awards submissions for more detail).
- Online communication strategy including web-based communication portals (Facebook, Twitter, SHOUT!, apps).

Supporting documentation

1. *Richmond Valley Towards 2025* Community Strategic Plan.
2. Delivery Program 2013-2017 (revised) and Operational Plan 2015/16.
3. Resourcing Strategy, Asset Management Plans, Organisational Development Strategy and Long Term Financial Plan.
4. Community Engagement Strategy
5. Performance against the Fit for the Future Benchmarks 2013/14 – 2024/25 (General Fund and All Funds).
6. Assessment of performance against benchmarks for Richmond Valley, Kyogle and a combined entity.
7. Treasury Corporation report - April 2015.
8. IPART SRV Determination 2014/15 and media release.
9. Council resolutions – 17 March 2015 (Joint Organisations) and 23 June 2015 (Fit for the Future Proposal)
10. KJA Engaging Solutions – Facilitated Council workshops report.
11. Richmond Valley Council 2015 NSW Training Awards and Dougherty Awards nominations.