

Template 3

Rural Council Proposal



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

Council details

Council name:

Murrumbidgee Shire Council

Date of Council resolution
endorsing this submission:

June 29, 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.

Murrumbidgee Shire Council has prepared a Fit for the Future Submission as a Rural Council. Murrumbidgee was identified in the Independent Local Government Review Panel's report as a candidate to merge with Griffith City Council. The argument used for this decision was Murrumbidgee's classification by the panel as a Council "at risk" and its "projected population of 1,400 is considered too small to warrant a separate entity" (p91, Revitalising Local Government – Final report of the Independent Local Government Review Panel, 2013). Our Rural Council submission demonstrates that far from being "at risk", Murrumbidgee Shire Council will meet all seven benchmarks by 2016/17 and, further to that, by 2020/21 we will meet own source revenue targets excluding Financial Assistance Grants – despite this not being a benchmark for Rural Councils.

Murrumbidgee Shire Council is one that has a robust revenue base to allow for any necessary discretionary spending having established financial reserves over time to cover our future responsibilities. Council's internal reserve, less Eligible Leave Entitlement, has a 254% coverage ratio of infrastructure backlog. The key elements in our proposal are noted below:

- In relation to Strategic Capacity as articulated in Template 2 – Improvement Proposal – the proposed Murrumbidgee Joint Organisation achieves more of these outcomes than a merger between Griffith City Council and Murrumbidgee Shire Council.
- Our proposal includes strategies that are appropriate and robust with a high degree of confidence attached to the resulting impact on financial sustainability and indicators.
- The submission includes a proposed Special Rate Variation of 5% and 5% in 2017/2018 and 2018/2019 to further enhance asset maintenance and renewal.
- It is expected that other additional revenues and cost savings are realised moving forward or

as a result of other initiatives (eg. Council land development – Confidential Attachment 1 (CA1)), potential Murrumbidgee Joint Organisation, implementation of strategies identified in Section 3 of our proposal that are not quantified in the long term financial plan, all of which would further improve Council’s sustainability.

- Council’s results show that it is able to meet AND maintain all seven ratios by 2016/2017 and throughout the forecast period (2024/2025) to meet the Independent Pricing and Review Tribunal requirements to be Fit for the Future.

Murrumbidgee Council provides “fit for purpose” services to its community while remaining sustainable into the 21st Century. Our proposal ensures that the Murrumbidgee Shire retains its local community identity and local democracy. Rates and charges within Murrumbidgee Shire, compared to other like Councils, are at an affordable level and our community has indicated that there is capacity to meet increases through a Special Rate Variation should that be required, therefore making our revenue base even more robust. While the Independent Local Government Review Panel placed our organisation in the “at risk” category, this assumption was made on data that we have demonstrated as flawed, in particular population trends taken during severe drought.

Finally, a range of additional indicators provided in Confidential Attachment CA2 clearly demonstrate that this Council should NEVER have been classified “at risk” and the recommendation for Murrumbidgee Shire should have **ONLY** been a “rural council as part of the Murrumbidgee Joint Organisation”.



Cr Austin Evans
MAYOR

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

Scale and capacity

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

Rural Council Characteristic	Your council's response
<p>1. Small and static or declining population spread over a large area</p>	<p><input checked="" type="checkbox"/></p> <p>Murrumbidgee Shire Local Government Area is 3,508 square kilometres and its population distribution is 0.7 of a person per square kilometre. As a result, the Shire's population is spread over a large area. It is interesting to note, based on 2013-14 Comparative Data issued by the Office of Local Government, shows that the population density across all Group B and Group C Councils is 0.7 of a person per square kilometre, identical to that of Murrumbidgee.</p> <p>While the population of Murrumbidgee Shire is numerically small, with the NSW Planning and Environment - NSW Population, Household and Dwelling Projections 2014 indicating a reduction in population by 23.0% between the last Census and 2031, research by Murrumbidgee Council has proven the numbers used in NSW Planning's projections are flawed. There is conflicting data in relation to accurate population figures for Murrumbidgee which has substantially affected the Independent Local Government Review Panel's recommendation. The figures NSW Planning used were based on a point of reference taken during a period of extended drought. Regional gross value of production declined by over \$35 million between 2000-01 and 2005-06 and by a further \$120 million to 2009-10. Contraction in the agricultural sector led to reduced employment levels and contributed to people leaving the region. <i>(Reference 1: Strengthening Basin Communities: A future with less water, 2010, Sinclair, Knight, Mertz, Page i)</i> An example of this contraction within the agricultural sector was the placement of the Coleambally Rice Mill in "care and maintenance" mode which resulted in the loss of 74 jobs. <i>(Reference 2: Impacts of water trading in the southern Murray-Darling Basin between 2006-07 and 2010-11, p55, http://archive.nwc.gov.au/data/assets/pdf_file/0013/22009/NWC_7019_WTR_Chapter-6.pdf)</i></p>

To reinforce the flawed data assertion, we would draw IPART's attention to the following. According to NSW Planning's numbers, the population of Murrumbidgee Shire is to reduce to 2200 in 2016. This is significantly at odds with Australian Bureau of Statistics Estimated Resident Population, Local Government Areas, New South Wales (Reference 3: New South Wales State and Local Government Area Population, Household and Dwelling Projections: 2014 Final, 31st March, 2015, <http://www.planning.nsw.gov.au/en-au/deliveringhomes/populationandhouseholdprojections/data.aspx>) data which shows our population at 2528 in 2014. The ABS number is actually substantiated by the fact that in 2012 the recorded population was 2416 and the recorded population for 2013 was 2502. It is therefore logical, utilising the data provided through id Profile and based on their assessment of a 7.10% increase in Murrumbidgee Shire's population between 2015 and 2036, that the population of Murrumbidgee Shire by 2036 would be 2707. (Reference 4: *Population and household forecasts, 2011 to 2036, prepared by .id, the population experts, May 2015, P5*)

During the drought years from 2006/2007, Murrumbidgee Shire averaged an annual population decrease of 1.53% for the reasons articulated earlier in this section. Since the breaking of the drought, the local government area has experienced an average annual growth rate of 1.26% over a four year period.

Council is in discussion with a number of agriculture-based value adding organisations who intend to develop employment generating operations within Murrumbidgee Shire. Due to the confidential nature of these discussions, further information is outlined in the confidential attachments (CA3 & CA4) to this submission.

Council is also developing a 56-lot subdivision within Darlington Point (Confidential Attachment - CA1) to address a current shortage of vacant housing land within the Shire as well as limited options for rental properties. Council's decision to progress the subdivision was based upon this knowledge as well as the need for affordable housing within the region.

	<p>With the Australian Bureau of Statistics placing our population at 2528 for 2014, it clearly demonstrates that Murrumbidgee Shire Council's population is neither static nor declining (Reference 5: <i>Table 1. Estimated Resident Population, Local Government Areas, New South Wales_Murrumbidgee</i>, http://www.abs.gov.au/ausstats/abs@.nsf/mf/3218.0/). As such, we maintain that Murrumbidgee does not meet this Rural Council characteristic.</p>
<p>2. Local economies that are based on agricultural or resource industries.</p>	<p><input checked="" type="checkbox"/></p> <p>Agricultural industries are the primary employment source for Murrumbidgee Shire Council accounting for approximately 35% of jobs in 2005-2006 in the Murrumbidgee LGA (Reference 6: <i>Strengthening Basin Communities: A future with less water, 2010</i>, Sinclair, Knight, Mertz, P4), growing to 76% in 2009-2010. Sheep, Cattle, Wheat, Corn, Cotton, Winter Cereal, Rice, Horticulture, Poultry and Egg Production are the key agricultural pursuits with business operators such as Baiada, Goman Foods and Rivcott Cotton Gin playing a role in value adding to these agricultural industries. They also have a role to play as significant and consistent employers. Current data puts Agricultural industry employment at 30% of the total work population of Murrumbidgee Shire (Reference 7: Australian Bureau of Statistics, 2011 Census, http://www.abs.gov.au/ausstats/abs@.nsf/mf/3218.0/ Downloads). The next highest employment sectors are School Education 5.0% and Residential Care Services 3.8%. This compares with State figures for the same occupations at 1.8% for agriculture related industries, School Education 4.4% and Residential Care Services 2.0% while the corresponding figures nationally are 1.7%, 4.6% and 1.8%.</p> <p>According to data provided by Coleambally Irrigation Cooperative Limited, the number of farms within Murrumbidgee Shire Council reliant upon irrigated water supplies is 268 and they cover an area of 1090 square kilometres – which is equivalent to one third of the Shire. This number does not take into account the number of farms fed by bore or river water which would be in the vicinity of 20-30 properties.</p> <p>In 2009-10, agriculture, food and related services (i.e. services to agriculture, water) added over \$734 million in value of production to the region, which was 38% of the total value added to</p>

	<p>production within the region (Cluster 4 Input-Output Analysis FINAL REPORT, AEC Group Limited, 2010,). As one of the two least populous areas, Murrumbidgee Shire's contribution to this was 61% of the total value add (Reference 8: <i>Strengthening Basin Communities: A future with less water, 2010</i>, Sinclair, Knight, Mertz, P4).</p> <p>The importance of the entire agriculture, food and beverage production and directly-related services sector was even greater in 2009-10, with 76% of jobs in Murrumbidgee LGA reliant upon the sector. Regionally, agriculture contributes almost 20% of jobs within the entire agriculture, food and related services sectors' contribution was almost 34% of employment.</p> <p>The Sinclair, Knight Mertz report highlighted the region has comparative advantage in agriculture which was reflected in the regional economy (Reference 9: <i>Strengthening Basin Communities: A future with less water, 2010</i>, Sinclair, Knight, Mertz, p20). The report stated that while the Riverina region's agriculture is diverse, its economy is narrowly based around agriculture, food production and related services. These sectors account for almost 40% of the region's overall economy and over 60% of that in the Murrumbidgee and neighbouring Carrathool LGAs.</p> <p>There is already significant financial and employment value adding to agriculture within the region through food and beverage production and the provision of services. Flow through effects to other industry sectors (transport, retail, education, health) are also significant.</p> <p>Council has been working on industry attraction and economic diversification for some time. Despite their best efforts, the region's economy remains highly dependent on agriculture. (Reference 10: <i>ibid</i>).</p>
<p>3. High operating costs associated with a dispersed population and limited opportunities for</p>	<p><input checked="" type="checkbox"/></p> <p>The Murrumbidgee LGA population base is dispersed across a large geographical area (of approximately 3,500 square kilometres) with an estimated resident population of 2,528 in 2014, which is now basically in line with the ABS population data for 2006 (2514). The population was in steady decline for the period 2006 – 2010, due to the impacts of severe drought. The number of rate assessments has increased marginally from 1292 in 2006/7 to 1,321 in 2013/14. The two</p>

<p>return on investment.</p>	<p>main population centres are Darlington Point and Coleambally (31 kilometres apart), this has important implications both in terms of the legacy of infrastructure and facilities which must be maintained by Council and the distribution of services provided by Council.</p> <p>The impacts on operating costs are significant as there is duplication of services and facilities including;</p> <ul style="list-style-type: none"> • Two Council offices (Darlington Point and Coleambally) • 6 Community Halls • 2 Swimming Pools • 2 Water Supply Systems • 2 Sewerage Systems • 2 Landfills <p>With a large area and relatively small population, represented by 0.7 persons per square kilometre, the population is serviced by a large road network in excess of 613km. There is 245 metres of road for every resident of the local government area or alternatively, 460 metres of road for every assessment. Murrumbidgee Shire Council meets this Rural Council characteristic. (Reference 11: Rural Councils in NSW – OLG Comparative Data 2013/2014 Analysis).</p>
<p>4. High importance of retaining local identity, social capital and capacity for service delivery.</p>	<p><input checked="" type="checkbox"/></p> <p>Murrumbidgee Shire is a locale encompassing history and innovation with the main urban areas including the historic river town of Darlington Point, which was established in 1864, and the newest rural town of Coleambally, which came into being in 1968. Coleambally’s genesis was in the development of irrigation systems established to specifically create an agricultural region in a pine forest in southern NSW. Established in 1906, Murrumbidgee Shire covers an area of 3,508sq kms including over 100 kms of natural river frontage to the river from which the Shire takes its name.</p> <p>Community involvement in local governance matters and events organisation is an integral part of Murrumbidgee Shire. Successful community activities, such as annual festivals and events, are</p>

the outcome of dedication from members of Council's 355 committees charged with the task of adding to the local community wellbeing. This devolution of decision making power and authority by the Council is indicative of the organisation's understanding of local community needs and its willingness to actively engage the community. The establishment of the 355 committees, which build on the concept that for community governance to be effective, it must be about more than process. It also must be about getting things done in the community and has allowed the elected Council to engage the community in decision making about what it needs (Reference 12: *Volume 1: Evolution in Community Governance: Building on What Works*, 2011, ACELG <http://www.acelg.org.au/publications/evolution-community-governance-building-what-works>, p38)

The sense of community is strong within those who live and work within Murrumbidgee Shire with much of that sentiment reflected in comments received through the engagement process for Fit for the Future. A selection of those comments appears below:

- ***Our Shire has proven it has the capacity to efficiently provide the services we require economically. We have that local "feel".***
- ***We moved from Griffith in 1989. Our Council works well, theirs doesn't.***
- ***Murrumbidgee Shire has provided excellent service over many years. A local council has an understanding of local problems and local citizens.***
- ***If amalgamated, MSC will lose its voice. All the money won't go to the Murrumbidgee Shire.***
- ***Do not want to amalgamate with Griffith Shire. Want a local office and want local workers, not fly-in fly-out workers.***
- ***I would prefer a stand-alone Rural Council and feel both Coleambally and Darlington Point would benefit as Council knows the needs of the area.***
- ***Murrumbidgee Shire Council is self-sufficient and financially viable as a stand-alone.***
- ***We will lose independence and (it) will cost jobs and rate rises.***

	<ul style="list-style-type: none"> • <i>I would prefer a stand-alone Rural Council because our Council looks after us. If we join Griffith, they'll forget about us.</i> • <i>I wouldn't like to see our community lose anything we have. I think amalgamating may cause that to happen.</i> • <i>Murrumbidgee has a proud heritage of serving our communities.</i> <p>These comments, coupled with the survey results to the question “How important is your local Council to you?”, demonstrates the desire of the Murrumbidgee Community to retain its identity, local representation and service delivery. Of those who responded to the survey, 91.77% indicated support for their local Council stating it was either Very Important (70.59%) or Important (21.18%) (Reference 13: Survey Results – Murrumbidgee Shire Fit for the Future).</p>
<p>5. Low rate base and high grant reliance.</p>	<p><input checked="" type="checkbox"/></p> <p>Murrumbidgee Shire Council meets this characteristic. The Council currently has 1321 assessments and a notational yield of \$1,877,257 for 2015/2016. General rates represent 30.22% of operating revenue in 2015/2016. Grants and contributions represent 66% of Income from Continuing Operations. This percentage consists of 75% capital grants and 25% operational. In removing the capital grants component from both sides of the equation Council’s reliance on operational grants (FAG) represents 32% of total operational revenues.</p> <p>Based on this information, which was contained in the Office of Local Government’s Comparative Data for 2013/2014, and analysing the 20 rural councils contained therein, Murrumbidgee Shire Council has a low rate base and high grant reliance (Reference 14: Rural Councils in NSW – OLG Comparative Data 2013/2014 Analysis). Further, utilising the Comparative Data and isolating all rural councils it can be found that Murrumbidgee Shire Council has the:</p> <ul style="list-style-type: none"> • Second lowest percentage of own source revenue of all Rural Councils. • Second highest reliance on Grants Revenue of all Rural Councils. • Second best unrestricted current ratio of all Rural Councils. • Best Cash Expense Cover ratio of all Rural Councils.

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



The biggest challenge for Murrumbidgee has been the recruitment and retention of a suitably qualified and experienced General Manager since the retirement in mid-2011 of the long-serving incumbent who had more than 20-years in the role. Since that time there have been two General Managers appointed, the first from July 2011 to November 2013 the second from May 2014 before commencing extended leave in February 2015. This lack of surety around organisational leadership has impacted the remaining staff, all but three of whom live within Murrumbidgee Shire. While staff have been committed to continuing the delivery of services to the community it has been challenging without a consistent and experienced General Manager. For more than 10 months from July 2011 to April 2015, the role of General Manager has fallen to two of the Council's existing Directors and, since April 2015, a locum General Manager.

Of the 39 FTE staff at Murrumbidgee Shire, there are two with Tertiary and/or Post Graduate Qualifications at an Australian Qualification Framework level of 7 or higher. These two staff include the General Manager and Executive Assistant. A further staff member is finalising studies for a Bachelor of Civil Engineering. Council also retains, on a contractual basis, the Manager of Development from a neighbouring Shire who spends one day per week working within Murrumbidgee Shire to fulfil the duties of Acting Director Health, Building and Planning. Despite this, Council has experienced difficulties in recruiting senior staff with tertiary qualifications to take on the high-level strategic demands of a Director's role. Neither of the current Directors are designated as Senior Staff under the Act.

The remuneration for Directors and the next highest ranking staff member is below the relative rates of pay being achieved by their contemporaries within the region. This difference in salary packages plays a significant role in Council's ability to entice qualified and experienced personnel to relocate to the Shire for employment purposes. It has become a necessity that Council offer accommodation as part of employment packages in a bid to make working at Murrumbidgee more attractive to external applicants.

While staff members possess certain skill levels relevant to their positions, a number of existing staff have undertaken studies at a diploma or certificate level in fields specific to their work roles.

	<p>These studies include the fields of Community Services, Conservation and Land Management, Civil Construction, Human Resources, Work Health and Safety, GIS and Frontline Management. With the formation of a Murrumbidgee Joint Organisation, it would be envisaged that future assistance to address any shortfall in staff capacity would be met by arrangements with partnering Councils within the JO, as we are currently, with the Acting Director Health, Building and Planning.</p> <p>However, given the longevity of employment of current and former staff members, in addition to the low staff turnover, the possibilities for attracting and recruiting skilled and experienced staff that possess formal qualifications and extensive experience remains a challenge for Murrumbidgee Shire Council. In light of this, Council certainly meets this characteristic.</p>
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7. Challenges in financial sustainability and provision of adequate services and infrastructure.



Murrumbidgee Shire Council faces ongoing challenges in financial sustainability, which is not uncommon for a very large number of Councils in NSW. However, the challenges are not insurmountable. According to the Independent Local Government Review Panel, the TCorp financial assessment of Murrumbidgee Shire Council conducted in April 2013 reported that the Council had a Moderate FSR with a neutral outlook (Reference 15: *Revitalising Local Government – Final Report of the NSW Local Government Independent Review Panel*, 2013, p114).

This challenge is accentuated by low population (2503) and rate base (1321) assessments and a large geographical area. With 2 main centres of population – Darlington Point and Coleambally – there is a requirement for duplication of a number of services, such as Council offices, pools, landfills, halls, water and sewer, which provides challenges in financial sustainability and provision of adequate services and infrastructure.

Murrumbidgee Shire Council certainly meets this characteristic. Having said that, as demonstrated in this submission, Council has responded to this challenge over recent years in a proactive and positive manner. This approach has engaged the community and sought input on options for improved financial sustainability through outside-in service design and delivery and a special rate variation (5% in 17/18 and 5% in 18/19 financial years) in order to enhance both the provision of services and infrastructure as well as achieving financial sustainability.

Council has scope to consider an SRV in coming years as, according to the Office of Local Government's Comparative Data for 2013/2014 analysis (Reference 16: *Rural Councils in NSW – OLG Comparative Data 2013/2014 Analysis*), it has the fifth lowest Average Residential Rate of all Rural Councils.

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



Although the urban area of Darlington Point is located more than 30 kilometres from the sub-regional centre of Griffith and Coleambally township is approximately 65 kilometres away, there are parts of Murrumbidgee Shire that would require great travel times to reach the City of Griffith. In addition to the length of time required to reach this major centre, much of this travel would be required across unsealed roads which can become impassable at certain times of the year. The furthest point of Murrumbidgee Shire – the location of North Boundary Road – is 165 kilometres from the City of Griffith.

The fact that members of the Murrumbidgee Shire community are required to travel for a range of services including health, retail and professional services, Council has taken the proactive steps to address this issue. At present, Council provides living and business accommodation to a General Practitioner in Coleambally as well as further surgery space within Darlington Point. This allows the community to access medical attention of a GP without the need to travel outside the Shire.

Council also works in collaboration with the Griffith Aboriginal Medical Service and other primary health care networks such as Murrumbidgee Medicare Local to provide health awareness programs within the community as well as some services for diabetes and asthma sufferers.

As a further service to the community, the Darlington Point Administration Centre of Murrumbidgee Shire is a sub-branch of the Bendigo Bank allowing local businesses and residents to address their banking needs without the requirement of travel. Council is also in the process of installing an automatic teller machine to expand the community's opportunities to access their money. Without these additional services, community members in Darlington Point would be required to travel to Griffith to complete banking transactions – a 50 minute round trip.

It should be noted that the regional city of Wagga Wagga is 155 kilometres from Darlington Point and 180 kilometres from Coleambally. This city has substantially more services accessed by many within the Murrumbidgee Shire including those in the health, educational, retail and professional fields. As an alternate option for Murrumbidgee Shire residents wishing to access such services, Wagga is a reasonable choice due to the mere fact it offers a greater range of services.

9. Limited options for mergers.



Murrumbidgee Shire Council has actively participated in two potential merger scenarios – one being the preferred option of the Independent Local Government Review Panel, the other an alternative option with a similar sized neighbouring Council.

The discussions with Griffith City Council, which was the preferred option of the ILGRP, commenced in late 2014 with informal talks with representatives of each Council. Discussions progressed more formally following a meeting of the Councils on March 10, 2015. At this meeting the General Manager at Griffith identified a number of matters which he believed required addressing in relation to a potential merger. Those issues related to:

- Councillor representation and numbers
- Griffith meeting the 7 benchmarks whereas, at that time, Murrumbidgee Shire Council did not
- The split of \$5 million funds for merging Councils – 90% for the Griffith community, 10% for Murrumbidgee based on population numbers

Both Councils resolved to engage the services of an external facilitator to explore potential merger benefits. This meeting was held on March 31, 2015 at Griffith and attended by eight Griffith Councillors and five from Murrumbidgee. Also present were the Griffith General Manager and the Acting General Manager for Murrumbidgee.

The report from the consultants is included in the supporting documentation. However, the final outcome of the discussions was that “As there was not a common position across both Councils, the workshop attendees did not support progressing to a Merger Business Case together.” (Reference 17, KJA Report, *Fit for the Future Facilitated Workshop for Griffith City Council and Murrumbidgee Shire Council*, P5).

Murrumbidgee also met with representatives from Jerilderie including the Mayor and General Manager on March 10, 2015. At that time, Jerilderie had undertaken a Merger Business Case with Berrigan Shire – which was the recommendation from the ILGRP. At the time of the meeting, that

final report had not been presented to Jerilderie Shire Council.

Murrumbidgee and Jerilderie Shires currently collaborate in a number of areas, specifically road maintenance as well as building and development services. Jerilderie had previously resolved to pursue all options in relation to Fit for the Future and at its meeting of March 18, 2015, Murrumbidgee resolved to prepare a business case for merging with Jerilderie and SGS Economics & Planning were contracted (Reference 18: Jerilderie - Murrumbidgee Merger Business Case – Final Draft, Jerilderie Shire and Murrumbidgee Shire Councils, June 2015, p48). The information contained within the report did not demonstrate significant benefits for Murrumbidgee Shire to pursue a merger.

However, it should be noted that Griffith City Council, at its meeting of **April 28, 2015** resolved to submit Template 2 – Stand Alone/Council Improvement and Jerilderie Shire Council resolved at a special meeting on **June 10, 2015** to submit Template 3 – Rural Council. After considering information in a Mayoral Minute at its meeting on **June 17, 2015**, Murrumbidgee Shire Council resolved to submit Template 3 – Rural Council as it was the preferred option (71.6%) of its community (Reference 19: Survey Results – Murrumbidgee Shire Fit for the Future)

Murrumbidgee Shire Council has undertaken a significant amount of work and engaged in full and fruitful discussions with neighbouring Councils in relation to the Fit for the Future. The outcome of this would indicate that while there may be some minor benefits to entering into a merger with either of the neighbouring Councils, the negatives far outweighed any potential savings. In addition to this, the response from the Murrumbidgee Shire community in relation to the online and written surveys indicates that more than two-thirds (71.6%) of those who responded did not favour a merger of any type. Of the 28.4% who did support a merger, their preferred option was with Jerilderie (87%) as opposed to the ILGRP recommendation of Griffith (13%).

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)

Strengths

- Water security and fertile/productive agricultural land
- Diverse agricultural production systems
- Proximity to the regional centres of Wagga, Griffith and Albury
- Natural environment eg. Murrumbidgee River and river red gum forests
- Central location to capital cities and on crossroads of two major highways
- Affordable land – residential, commercial and industrial
- Quality lifestyle
- The LGA has a low unemployment rate – 3.4%
- Positive engagement with the community
- Strong work ethic, organisational pride and culture
- Long-standing regional co-operation with neighbouring Councils
- Improved Asset Data and Maintenance
- Investment and development opportunities with population centres largely unconstrained for urban expansion (residential, industrial, business & retail)
- NBN

Weaknesses

- Poor processes, documentation, policies and procedures
- Only using lag indicators
- Limitations to NBN coverage
- Only 40% of people in the labour force have tertiary qualifications
- Murrumbidgee Shire is amongst the bottom 30% of LGAs in terms of social disadvantage, according to the ABS. It is in a similar percentile range for the education and occupation index, but is rated around average for the access to economic resources index
- Agriculture remains the main industry sector in Murrumbidgee Shire
- Lack of economic diversity and inability to capitalise on economic development opportunities
- Water trade – net trade of water out of the region
- Loss of youth to cities and larger regional centres
- Reliance on road freight services with significant impact on local infrastructure
- Negative social perception
- Lack of access to natural gas

Opportunities

- New Murrumbidgee Joint Organisation
- Organisation-wide continuous improvement program (eg. Australian Business Excellence Framework, Lean, Six Sigma)
- Streamlined infrastructure process
- Review standards of construction & repair
- Improve asset data and assumptions
- Attract new residents and businesses seeking lower property costs
- Industrial land development in Darlington Point
- Development of a Championship Golf Course on Murrumbidgee River
- Attraction of renewable energy generation such as solar farms to feed into main supply
- Expansion of aged-care facilities and attraction of residents outside of region
- Development of Digital and Carbon economy strategies with rollout of NBN
- Value adding to agricultural produce
- Irrigation centre of excellence as an education and tourism facility
- Investigate options for a transport hub on or near the junction of the Sturt Highway and Kidman Way
- Attraction of less water dependent industry (eg renewable energy), government businesses or Joint Organisation Headquarters
- Population attraction through a desire for rural/regional 'tree change' – assisted by the roll out of high speed internet
- Tourism – agri-tourism, environmental-based

Threats

- Declining Government services in regional areas
- Government Policy: Government cost shifting to Local Government
- Future with less water
- Griffith & Wagga – regional centres with greater employment, education and retain opportunities
- An ageing population
- Loss of skilled people
- Changes to Local Government Act
- Cost increases above rate pegging and CPI levels
- Rate Pegging
- Grant funding reductions from other tiers of government
- Another Global Financial Crisis
- Commodity price fluctuations



See Guidance material page 13 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

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)	0.058	0.027	-0.011	-0.072
Own Source Revenue Ratio (INCLUDING FAG – Permissible for a Rural Council) (Greater than 60% average over 3 years)	78%	79%	80%	74%
Own Source Revenue Ratio (EXCLUDING FAG) (Greater than 60% average over 3 years) NOT A REQUIREMENT	53%	56%	57%	52%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	90.49%	156.91%	115.38%	195.57%

2.2 Performance against the Fit for the Future benchmarks

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 -0.072 (13/14)	0.051	YES
Own Source Revenue Ratio (including FAG) Permissible for Rural Council (Greater than 60% average over 3 years)	YES 74% (13/14)	69%	YES
Own Source Revenue Ratio (excluding FAG) (Greater than 60% average over 3 years) NOT A REQUIREMENT	52% (13/14)	46%	NO
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	195.57% (13/14)	314.03%	YES

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

All Sustainability Benchmarks are being met in 2016/2017 and continues to be so for the remainder of the 10 Long Term Financial Plan.

OPERATING PERFORMANCE RATIO – Long Term Financial Plan

Budget assumptions

Assumption	Description
1. <u>Inflation</u>	An assumption of 2.75% has been used which is 10% above the Reserve Bank forecast. Any changes in this amount reflect increases that are estimated to exceed forecast inflation.
2. <u>Revenue Forecasts</u>	The sources of funds for Council are varied and the following 2.1 to 2.5 below provide further details of these sources of revenue budgeted for in 2015/2016.
2.1 Rates	A rate peg level of 2.7% has been assumed.
2.2 Special Rate Variation	The Long Term Financial Plan has included a proposed Special Rate Variation (above Rate Peg) of 5% in 2017/2018 and 5% in 2018/2019. The additional income will be permanently retained in Council's Notational Yield. This proposal was outlined at the community meetings for Fit for the Future and the Integrated Plans.
2.3 User Charges	Council provides many services on a cost recovery basis, applying a 'user pays' principle. Other considerations when determining user charges and fees include regulated charges, market price and community service obligations.
2.4 Grants	In preparing the FFTF improvement plan and the LTFP it has been assumed that Council will continue to receive grants. The largest grant is the FAG and for the purpose of this plan, this grant has been budgeted at 2014/2015 levels until 2017/18 and then a 4% increase has been applied. This is consistent with the forward estimates in the Federal Budget.

2.5 Interest and Investments	Interest returns have been included at 3% for 2015/2016 and future years. The balance of funds available for investment has been calculated after taking into account cash flow forecasts.
3. <u>Expenditure Forecasts</u>	The Community Strategic Plan provides an indication of the community's expectations for the future. Staff were heavily involved in preparing both the FFTF Improvement Plan and LTFP. All categories of expenditure have been examined and projections are based on varying factors, including historical averaging or staff projections.
3.1 Employee Costs	Wages for 2015/2016 are based on Award increase and salary system movement of 3.10%. The budget maintains the current staff numbers across all forward years and no vacancy (salary saving) has been built in.
3.2 Depreciation	In 2014/2015, two of Council's major asset classes – Roads and Transport and Stormwater Drainage were re-valued, including their useful lives (where appropriate) following significant condition assessment. In light of this work and the findings, Council has undertaken the same assessment of the other asset classes. This revaluation program has resulted in a reduction to depreciation expense. Useful lives have been reviewed through a program of asset condition assessment and community expectations/requirements. The improvement to depreciation expense due to revised useful lives has been partially offset by the increased cost of asset replacement, representing a moderate decrease in annual depreciation expense.
3.3 Borrowing Costs	Borrowing to build, renew and upgrade community assets is recognised by OLG as a prudent financial strategy to fund the cost of long life assets. Due to no new major capital projects proposed in the LTFP for General Fund the only borrowings relate to Finance Leases. Council is cognisant that should the need arise for funding capital projects it will then consider loan funding replacing operating income for these projects. The LTFP shows that the level of internal reserves, across the 10-year horizon, are relatively constant and substantial.

Exclusions	
Additional Revenue or Growth Revenue Opportunities	There is a potential to identify additional revenue or growth revenue opportunities, such as land development (Council owns significant development land) .This strategy will be progressed into the future however, at this stage no additional revenue sources have been included in the modelling to support Council meeting the financial benchmarks.
Proposed Murrumbidgee Joint Organisation	This proposal may present, (in fact highly likely) an opportunity to further explore shared services which may further reduce costs and therefore have a further positive impact on the Operating Performance Ratio and Real Operating Expenditure Per Capita. Council is very supportive of the Murrumbidgee JO, however the arrangements for JOs are yet to be legislated and the necessary policy decisions taken. Therefore, at this stage, no cost savings or efficiencies have been included in the modelling to support the Long Term Financial Plan and Benchmarks.

Attachment/References	
2.2.1	General Fund Long Term Financial Plan 2015/16 – 2024/25, Include Income Statement, Balance Sheets, Cashflow & Equity Statement
2.2.2	Graphed Operating Performance Ratio and Supporting Financial Numbers 2010/11 – 2024/25
2.2.3	General Fund Operating Result Per Resident and Supporting Financial Numbers 2011/12 - 2024/25

OWN SOURCE REVENUE RATIO (Including FAG)

Comment: The largest grant is the FAG and for the purpose of this plan, this grant has been budgeted at 2014/2015 levels until 2017/18 and then a 4% increase has been applied. The reduction in the percentage in 2016/2017 compared to 2013/2014 is due to the freezing of indexation for the FAG. The advance payments of

FAG in the years 2011/12 to 2013/14 have been normalised (adjusted – matching principle). This allows for a true comparison with the additional self-assessment template (2010-2011 Rural Council Self-Assessment Tool) and with future years. In addition for the years 2011/12 – 2013/14 financial years, an abnormal item (Flood Restoration Grant) have been removed. This grant totalled \$7,807,000 over these three years and was made available due to severe floods in 2011 and 2012. The financial modelling includes 0% indexing of FAGS through to 2017/2018 and then 4% increases (historical average) from 2018/19. This also aligns with forward estimates in the 2015 Federal Budget.

Attachment/References

2.2.4	Graphed Own Source of Revenue (including FAG) and Supporting Financial Numbers 2010/11 – 2024/25 (rolling three year average)
2.2.5	Financial Assistance Grant – normalised - calculations

OWN SOURCE REVENUE RATIO (Excluding FAG)

Comment: Council has included, with no obligation to do so, Own Source of Revenue (excluding FAG) – not a requirement of the Rural Council Proposal. Council actually achieves this indicator in 2020/2021 and continues to achieve this for the balance of the financial plan.

Attachment/References

2.2.6	Graphed Own Source of Revenue (excluding FAG) and Supporting Financial Numbers 2010/11 – 2024/25 (rolling three year average)
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BUILDING AND INFRASTRUCTURE RENEWAL RATIO

Comment: In relation to the large variation in Building and Infrastructure Renewal Ratio, this is as a result of a major levee bank renewal (7/8th funded by grant as a result of flooding in 2011/12) which occurs over multiple years. Whilst Councils who have significant internal reserves and unrestricted cash, through running down these reserves, can achieve the benchmark, this Council has significant internal reserves, however has been able to carry out all infrastructure renewal with only a small decrease in these reserve levels.

In supporting the principle from Office of Local Government, Council will be examining and developing a debt management strategy with a focus on loan borrowing replacing operating income for capital projects. The use

of borrowings for asset renewal would allow Council to even further increase the Building and Infrastructure Renewal Ratio.

Attachment/References	
2.2.7	Graphed Building and Infrastructure Renewal Ratio 2010/11 - 2024/25 and Supporting Financial Numbers (rolling three year average)
2.2.8	Graphed Cash and Cash Equivalents End of the Year 2013/14 - 2024/25
2.2.9	Graphed Cash and Cash Equivalents - Internal Restrictions and Unrestricted Only End of the Year 2013/14 - 2024/25

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Infrastructure Backlog Ratio (Less than 2%)	0%	10.2%	6.96%	3.59%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	101%	91%	90%	87%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0%	0.02%	0.04%	0.07%

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	NO 3.59% (13/14)	1.71%	YES
Asset Maintenance Ratio (Greater than 100% average over 3 years)	NO 87% (13/14)	105%	YES
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	YES 0.07% (13/14)	0.07%	YES

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

All Infrastructure and Service Management Benchmarks are being met in 2016/2017 and continue to be so for the remainder of the 10-year Long Term Financial Plan.

INFRASTRUCTURE AND SERVICE BENCHMARKS

Comment: Murrumbidgee Shire Council, since the release of the Independent Local Government Review Panel's Final Report and the NSW State Government's response to the report in September 2014, has conducted a comprehensive and significant review of its operations. One key aspect of this business improvement program has been to re-examine and interrogate its Asset Management and Asset Accounting practices and data. This review has been detailed and has involved the use of a range of external sources to substantiate and validate the revised assumptions and ground truth not only the assumptions, but also the data integrity.

This review has been conducted utilising a number of sources and consultants. This has included the following;

- **Regional Asset Management Improvement Strategy for all REROC and RAMROC Councils (13 Councils) Prepared by Jeff Roorda and Associates (JRA) –**

Development of a consistent and evidence based approach to developing a Special Schedule 7 in accordance with IP&R manual and Accounting Code Update 23. Development of a methodology to ensure that the "Bring to a Satisfactory Standard" and "Maintain at a Satisfactory Standard" are determined consistently and represents an evidence based approach to reporting financial, safety, environment and reputational risk.

A consistent and evidence based approach to asset valuation and depreciation taking into account the "Australian Accounting Standards Board" (AASB) including the identification of short and long term actions to ensure depreciation calculation methodology is regionally consistent and reliable.

- **Carried out Asset Management Maturity assessment and training as a part of Asset Management for Small Communities. The assessment was conducted by Jeff Rorda and**

Associates on behalf of Institute of Public Works and Engineering Association (IPWEA)

- ***Strengthen Basin Communities a Future with less Water* - Regional asset strategy program involving Griffith, Leeton, Narrandera, Carrathool and Murrumbidgee Shire Councils.**
- **RAMROC Engineers Meeting Group**
- **South West RMS Peg Meetings**
- **Riverina Spatial Information Group meetings (RIVSIG)**
- **Staff attending Annual Auditors Financial Conference**
- **Staff completing IPWEA Asset Management Planning Course. Provided online to people all around the world.**
- **Members of IPWEA and National Asset Management System (NAMS)**
- **Members of Statewide Mutual** - where we have integrated our risk management procedures with some of our asset classes. At present roads and footpaths. This will be a part of our improvement plan for asset management.
- **Attendance at National Roads Conference 2013**
- **Looking to improve productivity and job management by resource sharing with neighbouring Councils e.g. Combined resealing program with Jerilderie**
- **Resource and information sharing with neighbouring councils such as process and methods**
- **Assisted neighbouring Councils with their asset inspection programs**
- **Attendance at IPWEA Special Schedule 7 workshop 2014**
- **Attend Asset Edge Conference annually. Provides information about software used for inspecting and managing asset classes**

The measures of asset consumption, depreciation expense and long term average life cycle renewal cost have now been applied consistent with and based on the Council's IPR resourcing strategy that details a plan to balance service levels, efficient service delivery, revenues and risk.

The renewal gap measure and approach is fundamentally different to the "bring to satisfactory" or "backlog" measure used in NSW Special Schedule 7 (SS7) because of differences in methodology. The renewal gap compares life cycle expenditure (renewal, maintenance and operating) with life cycle cost (estimated renewal need from asset management plan, maintenance and operating). The "bring to satisfactory" or "backlog" has

now been aligned with a consistent definition of target and affordable service levels and risks in consultation with our community under the adopted resourcing strategy framework.

For sustainability in service delivery, the rate of asset renewal should be equal to the rate of asset consumption on average over the long term. **This does not mean** that asset renewal should equal asset consumption in each and every year. Asset consumption is an average figure, whereas the rate of annual asset renewal can vary widely, depending on community and Council priorities and available funds.

Our review has found that intensive work needed to be undertaken in relation to developing a more reliable and consistent approach to maintenance and capital expenditures, unit costs and renewal cycles in order to have improved confidence in the assessment of lifecycle costs and identification of a credible funding gap prompting the need for improved awareness at Murrumbidgee Shire Council to understand lifecycle costs and ongoing sustainability of service delivery.

To this end Council is implementing the following actions:

1. Council has prioritised existing funding and is committed to seeking additional funds for regional and local roads to allow road resurfacing/resealing works to be undertaken at the optimum time to prevent loss of sealed pavement integrity and minimise future sealed pavement replacement/renewal costs.
2. Council continues to improve our asset management capability to a position that will enable us to provide services to our communities in a sustainable manner.
3. Maintain and improve our Integrated Planning & Reporting Framework systems and documentation to provide evidence that they can provide a sustainable level of service for road and bridge services to their communities.
4. Council has developed a road management model as a tool to manage road infrastructure services and life cycle costs. This has been achieved by improving knowledge of assets and asset performance, developing road hierarchies and appropriate service levels, increasing funding for sealed resurfacing/resealing and unsealed road resheeting to the life cycle cost and managing pavement renewals through asset management plans.

5. Councils have commenced taking actions to improve the accuracy of financial reporting of infrastructure asset consumption and set a target to have technical and financial estimates of infrastructure consumption within 5% of each other over the next 4 years.

- **Development in planning and project managing of Council’s maintenance and capital works.**
- **Develop further skills in asset management process and coordination with Councillors.**
- **Develop and document integration processes between Council’s asset management, LTFP and business practices**
- **All staff included have an understanding of their impacts on the outcomes which they provide.**
- **Increased consultation and engagement with the community so more feedback can be provided on asset classes.**

INFRASTRUCTURE BACKLOG RATIO

Comment: A new backlog methodology has also been applied, consistent with the new Riverina and Murray Regional Organisation of Councils’ approach, (proposed by JRA) to include costs to bring to ‘satisfactory’ for condition 4 (where renewal is required) and condition 5 (where renewal is required) assets only. This excludes condition 3 assets, where maintenance is required – not renewal.

Murrumbidgee Shire Council has no unfunded infrastructure backlog. The only backlog showing in the later years of the financial forecasts is there as a result of Council needing to assess the required service levels. If this is completed in earlier years, the backlog will immediately be addressed using Council’s internal reserves.

<u>Attachment/References</u>	
2.2.10	Graphed Infrastructure Backlog Ratio 2008/09 - 2024/25 and Supporting Financial Numbers (single year)
2.2.8	Graphed Cash and Cash Equivalents End of the Year 2013/14 - 2024/25
2.2.9	Graphed Cash and Cash Equivalents - Internal Restrictions and Unrestricted Only End of the Year 2013/14 - 2024/25

ASSET MAINTENANCE RATIO

Comment: Further improving Council's asset management to ensure appropriate policy/strategy and accurate information is used will optimise maintenance costs, asset renewals (useful lives), depreciation and the measurement of infrastructure backlog. The work completed during the past 12 months in examining unit rates, condition assessments and useful lives as part of the scheduled Transport Asset Revaluation has resulted in a reduction in annual depreciation expenses of \$0.5m.

<u>Attachment/References</u>	
2.2.11	Graphed Asset Maintenance Ratio 2010/11 - 2024/25 and Supporting Financial Numbers (rolling three-year average)

DEBT SERVICE RATIO

Comment: Borrowing to build, renew and upgrade community assets is recognised by OLG as a prudent financial strategy to fund the cost of long life assets. Due to no new major capital projects proposed in the LTFP for General Fund the only borrowings relate to Finance Leases. Council is cognisant that should the need arise for funding capital projects it will then consider loan funding replacing operating income for these projects. The LTFP shows that the level of internal reserves, across the 10-year horizon, are relatively constant and substantial. Council has a miniscule debt service ratio due to holding significant internal reserves. As previously discussed (Building and Infrastructure Renewal) Council will be examining the development of a debt management strategy with a focus on loan borrowing replacing operating income for capital projects. Whilst such an approach would increase the debt service ratio, at this point in time no new loan borrowings are proposed in the Long Term Financial Plan.

<u>Attachment/References</u>	
2.2.12	Graphed Debt Service Ratio 2010/11 - 2024/25 and Supporting Financial Numbers
2.2.8	Graphed Cash and Cash Equivalents End of the Year 2013/14 - 2024/25
2.2.9	Graphed Cash and Cash Equivalents - Internal Restrictions and Unrestricted Only End of the Year 2013/14 - 2024/25

2.2 Performance against the Fit for the Future benchmarks

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)	\$2,270	\$2,630	\$2,410	\$1,950

2.2 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 (A decrease in Real Operating Expenditure per capita over time)	\$1,950	YES	\$1,710	YES

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

The Efficiency Benchmark is being achieved at 2013/2014 and at 2016/2017 and continues to be so for the remainder of the 10-year Long Term Financial Plan.

REAL OPERATING EXPENDITURE PER CAPITA

Comment: The assumptions made around current and future population projections are articulated in Point 1 of the Rural Council Characteristics.

<u>Attachment/References</u>	
2.2.13	Graphed Real Operating Expenditure per Capita 2006/07 – 2023/24 and Supporting Financial Numbers
CA2	Confidential Attachment – Rural Council Comparison

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 in the latest (2013/2014) Triple Bottom Line (TBL) Report from the Department of Primary Industries (Office of Water) shows that Murrumbidgee Shire Council has achieved 60% of the implementation requirements of Water Supply Performance and 33% in Sewerage Performance.

Council has examined these issues, and have already adopted and implemented a number of strategies and actions, which will see the implementation of all requirements score increase to 90% for Water Performance and 75% for Sewer Performance by 2019/2020. These are detailed in Section 2.3 below.

Attachment/References

2.3.1	Office of Water – Triple Bottom Line (TBL) Report (2013/14)
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How much is your council's current (2013/14) water and sewerage infrastructure backlog?

2013/2014 Water - \$0

2013/2014 Sewer - \$195,000



2.3 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
Construction of new Reservoir	2016/17	\$900,000	Combination of grants, loan funding and internal reserves

2.3 Water utility performance

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

No

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

As detailed in Section 1.2.1 our region experienced severe drought in the years from the late 1990s and 2000s was among the worst recorded in south-eastern Australia. As a result, due to hardship being experience by the Murrumbidgee Shire community, pricing was basically held static for a period of time whilst operational costs continued to rise resulting in operating deficits. Council has been recovering this situation over the past several years. Council has adopted as part of the 2015/2016 Revenue Policy (Fees and Charges) double digit increases in both water and sewer businesses, which were supported by the community. Similar increases have also been flagged with the community for 2016/2017, which will, when introduced, return both Water and Sewer into operating surplus (after capital grants and contributions) in 2016/2017, including a positive Economic Rate of Return and Return on Assets.

The operating result for Water and Sewer for the past 3 years has been;

Water		Sewer	
2011/2012	(\$110,000)	2011/2012	\$16,800
2012/2013	\$15,400	2012/2013	(\$34,000)
2013/2014	(\$28,000)	2013/2014	(\$38,000)

Attachment/References

2.3.2	Water Fund Long Term Financial Plan 2015/16 – 2024/25 Income Statement
2.3.3	Sewer Fund Long Term Financial Plan 2015/16 – 2024/25 Income Statement

2.3 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.

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

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Development of new 30 year Strategic Business Plans – Water and Sewer	2016/2017	An integrated business plan aligning financial , human and economic outcomes
2. Review of Pricing methodology for both utilities including strategies to move from a 60% revenue from usage charges to 75% as deemed best practice in the implementation of appropriate Residential Charges - Water and Sewer	2015/2016	Full Compliance with Best Practice Guidelines. This strategy has commenced with significant price increases adopted for 2015/2016 and 2016/2017 that return both utilities to operating surplus and long term financial sustainability. This adjusted pricing also complies with Best Practice Guidelines. Water and Sewer charges at Murrumbidgee, even after the increases, remain the cheapest in the region.
3 Preparation of a Development Servicing Plan with Commercial and Industrial Charges - Water and Sewer	2016/2017	Ensuring Developers make appropriate but reasonable contributions for increased load on utilities. Open and transparent methodology
4. Review the Long Term Financial Plan to achieve long run marginal costings and financial sustainability – Water and Sewer	2016/2017	Long term financial sustainability from TBL basis

5. Implementation of a Water Conservation Strategy - Water	2017/2018	Improved environmental and social outcomes
6. Development of a Drought Proofing Plan - Water	2018/2019	Improved ability to plan and manage the impact of climate change
7. Development of a Liquid Trade Waste Approvals and Policy - Sewer	2016/2017	Legislative compliance and improved environmental outcomes. User pay principles applied
8. Ongoing service review of all aspects of business	Commenced - ongoing	More efficient and effective business, with outside-in service modelling and delivery.

Section 3: Towards Fit for the Future

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

Outline your council's key strategies to improve performance against the benchmarks in the 2016-20 period, considering the six options available to Rural Councils and any additional options.

Option 1: Resource sharing				
Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
1. To develop business case for the regional hiring of plant from and/to neighbouring Councils.	This will be either through collaborative approach or alternatively possibly through Murrumbidgee J.O. Preliminary discussions have already been held.	Development of Business Case July 2016	Unknown	Peaks and troughs for plant hire requirements may coincide at all organisations.
2. Purchase of shared specialist vehicle for road condition assessment which videos and records data on transport infrastructure. This would allow regular collecting of data by all Councils in a cost effective manner and in real time.	Submit funding application to Innovation Fund.	<ul style="list-style-type: none"> Development of Business Case – August 2015. Application to Innovation Fund – October 2015. Purchase and fit-out of vehicle, user training – August 2016. 	\$200,000 – Innovation Fund Grant Submission, Rural Councils In Murrumbidgee JO.	Not funded through Innovation Fund – Rural Councils in Murrumbidgee JO unable to afford

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

Efficiency	Infrastructure and Service Management	Sustainability
Improved Plant utilisation Improved Own Source of Revenue Ratio Improvement in Operating Performance Ratio		

Option 2: Shared Administration

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
1. Already occurring between Murrumbidgee and Jerilderie for Director level position	Commenced	Ongoing	Savings for both organisations	Nil
2. IT Share Services – Establish data Bureau (server farm)	Hold discussions with Councils about proposal – larger Councils may already have capacity	Develop Business Case – October 2016. Project Plan and Implementation Strategy – March 2017	Expansion of IT capability both hardware and human capital. Hardware - \$200,000 Human capital - ongoing	Fear of lost ownership of data security. Change management.

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

Efficiency	Infrastructure and Service Management	Sustainability
1. Improvement in Own Source of Revenue Ratio and Improvement in Operating Performance Ratio	Improvement in Debt Service Ratio	Improvement in Real Operating Expenditure per Capita
2. Improvement in Operating Performance Ratio		Improvement in Real Operating Expenditure per Capita

Option 3: Specialty Services

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
Murrumbidgee Shire currently has increased capacity as a result of recent recruitment within the fields of service review, research, community engagement, media and grant writing. It would be Council's intention to investigate options for providing access to these services to neighbouring Rural Councils.	<ul style="list-style-type: none"> Identify potential purchasers. Develop Business Case/Costings for service provision. Hold discussions with Rural Councils to advise of service availability. 	Development of Business Case August 2016	Minimal implementation costs other than initial staff time for preparation of Business Case/Pricing Structure. Minimal costs associated with promotion of service to Rural Councils – costs to be absorbed into existing expenditure.	Willingness of Rural Councils to engage services offered.

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

Efficiency	Infrastructure and Service Management	Sustainability
Improvement in Own Source of Revenue Ratio		Reduction in Operating Costs per capita
Improvement in Operating Performance Ratio		

Option 4: Streamlined Governance

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
Council has already decreased the number of Councillors as a result of the following April 2006 resolution (Resolution No. 86) to apply to the Minister for Local Government for approval to reduce the number of Councillors from eight (8) to six (6) with three Councillors elected from each ward.	n/a	Implemented at the 2008 Local Government elections with three representatives from each of the two Murrumbidgee Shire Wards being elected. Subsequent election in 2012 required a poll in only one ward as the number of nominations exceeded the number of vacancies.	n/a	n/a
To work collaboratively with other Councils (maybe JO) in the development of Standard Policies and documents applicable to all organisations	Establishment of a governance group through RAMROC or Murrumbidgee JO	July 2016 – Establishment of Governance Group in region with a sponsoring GM.	Staff time and travel costs	Nil
In addition, in December 2014 Council voted to increase its Section 355 Committees when it resolved (Resolution No. 292) to delegate powers Under Section 377 to the Coleambally Townlife Committee ceremonies, functions and events on an annual basis within the allocated budgeted funds.	Council has appointed committee members to the Coleambally Townlife Committee, with the most recent appointments occurring at the June 17, 2015 meeting of Council. First Committee meeting is to be scheduled for August.	<ul style="list-style-type: none"> • Appointment of Committee Members (Completed) • First meeting of Committee (Scheduled) • Committee to develop Terms of Reference (TOR) for endorsement of Council. • Committee to identify key programs/projects 	Minimal	Negligible - Lack of involvement of community. Potential for mismanagement of allocated funds – risk to be managed through regular reporting on expenditure and commitment through Committee Minutes.

Introduction of accessible templates and timelines for Business Paper Reports	Already implemented at a governance level	<ul style="list-style-type: none"> • Information dissemination to key staff/directors • Regular utilisation of standard templates • Timely production of Business Agendas ahead of meetings 	Nil	
Introduction of standardised meeting templates for all staff and committee meeting agendas and minutes	Already implemented at a governance level		Nil	

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service Management	Sustainability
While it is not expected there will be a substantial impact on financial indicators, there is potential for improved governance. The introduction of templates has resulted in a decrease in meeting times by 25% and administration time by 15% with an increase in responsibility and accountability for the implementation of recommendations and actions.	Probably will not have impact on financial indicators however will improve governance.	Probably will not have impact on financial indicators however will improve governance.

Option 5: Streamlined planning, regulation and reporting

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
Nil				

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

Efficiency	Infrastructure and Service Management	Sustainability

Option 6: Service Review

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
<ol style="list-style-type: none"> To develop a continuous improvement methodology and plan. Implement a service review template and methodology – outside–in service design as per Murrumbidgee Shire Council Resolution No 15103 Implementation of Process mapping and development of lead indicators 	Work with staff, Councillors and the community in developing the most applicable framework from identified best practice	<ul style="list-style-type: none"> August 2016 - Council formally adopts agreed Framework October 2016 - all staff provided with the training and tools to actively embed continuous improvement in organisational culture. February 2017 - Develop standard service review template and conduct service reviews over 6 months 2017/2018 - Implement Process Mapping 	<ul style="list-style-type: none"> Initial approx. \$30,000 in 15/16 and 16/17 budget LTFP. Initial outlay likely to produce very positive Return on Investment. Process Mapping annual cost for licencing around \$15,000p.a. 	<ul style="list-style-type: none"> Resistance to change from long serving staff Failure to implement appropriate change management and communication strategies

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

Efficiency	Infrastructure and Service Management	Sustainability
Positive impact on all ratios	Positive impact on all ratios	Positive impact on Real Operating cost per capita.

Option 7: Additional Options identified by the Council

Proposal	Implementation	Proposed milestones	Costs	Risks
Proposed objectives and strategies	How will your council implement the option?	Milestones for implementation	Costs of implementation. Potential to consider Innovation Fund	Known risks of implementing your proposal.
1. Advocate for the establishment of the Murrumbidgee J.O. Headquarters at Darlington Point due to its central location for all proposed Council members (See Confidential Attachment CA5)	At this stage this is unknown as the Legislative Framework and Policy implementation is yet to be determined.	Ongoing	a) Murrumbidgee Council owns significant appropriately zoned land which it may gift. b) Council has budgeted to redevelop Council Administration Building in 2017/2018 – increasing building size to accommodate J.O. staff will be at cost and need to be funded by Third Party either grant or loan funding. However, economies of scale will be achieved	There will be competing interests from all member Council's proposal.

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

Efficiency	Infrastructure and Service Management	Sustainability
Improvement in Own Source of Revenue Ratio Improvement in Operating Performance Ratio	Improvement in Debt Service Ratio	Minor increase in Real Operating Expenditure per Capita (if no increase in population as a result)

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	Reference	Milestones/Outcome
1. Development of new 30 year Strategic Business Plans – Water and Sewer	Sect. 2.3 (Point 1)	2016/17 - An integrated business plan aligning financial, human and economic outcomes
2. Preparation of a Development Servicing Plan with Commercial and Industrial Charges - Water and Sewer	Sect. 2.3 (Point 3)	2016/17 - Ensuring Developers make appropriate but reasonable contributions for increased load on utilities. Open and transparent methodology
3. Review the Long Term Financial Plan to achieve long run marginal costings and financial sustainability - Water and Sewer	Sect. 2.3 (Point 4)	2016/17 - Long term financial sustainability from TBL basis
4. Development of a Liquid Trade Waste Approvals and Policy - Sewer	Sect. 2.3 (Point 7)	2016/17 - Legislative compliance and improved environmental outcomes. User pay principles applied
5. To develop business case for the regional hiring of plant from and/to neighbouring Councils.	Sect. 3.1 (Option 1)	July 2016 - Collaborative development of business proposition and model
6. Purchase of shared specialist vehicle for road condition assessment which videos and records data on transport infrastructure. This would allow regular collecting of data by all Councils in a cost effective manner and in real time.	Sect. 3.1 (Option 1)	August 2015 - Development of Business Case October 2015 - Application made to Innovation Fund August 2016 - Purchase and fit-out of vehicle, user training

7. IT Share Services – Establish Data Bureau (server farm)	Sect. 3.1 (Option 2)	October 2016 - Develop Business Case March 2017 - Project Plan and Implementation Strategy
8. Murrumbidgee Shire currently has increased capacity as a result of recent recruitment within the fields of service review, research, community engagement, media and grant writing. It would be Council's intention to investigate options for providing access to these services to neighbouring Rural Councils.	Sect. 3.1 (Option 3)	August 2016 - Development of Business Case
9. Work collaboratively with other Councils (maybe JO) in the development of Standard Policies and documents applicable to all organisations	Sect. 3.1 (Option 4)	July 2016 - Establishment of Governance Group in region with a sponsoring GM.
10. To develop a continuous improvement methodology and plan.	Sect. 3.1 (Option 6)	August 2016 - Council formally adopts agreed Framework October 2016 - All staff provided with the training and tools to actively embed continuous improvement in organisational culture.
11. Implement a service review template and methodology – outside-in service design as per Murrumbidgee Shire Council Resolution No 15103.	Sect. 3.1 (Option 6)	February 2017 - Develop standard service review template and conduct service reviews over 6 months

**Please attach detailed action plan and supporting financial modelling.*

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

Murrumbidgee Shire Council utilised qualitative and quantitative processes in the development of its Rural Council submission and Action Plan as well as correlation analysis of various scenarios and options (This information is further detailed in Section 3.4 of this document).

The process of developing Murrumbidgee Council's submission included direct consultation with the following:

- Murrumbidgee Shire Councillors
- Murrumbidgee Community members
- Murrumbidgee Shire staff
- United Services Union
- Griffith City Council – Councillors General Manager and Staff
- Jerilderie Shire Council – Mayor, General Manager and Staff
- Carrathool Shire Council – Mayor, General Manager and Staff
- Hay Shire Council – Mayor and General Manager
- Leeton Shire Council - Mayor and General Manager
- Narrandera Shire Council - Mayor and General Manager

In addition to this, Council engaged the services of Mr Graham Bradley of Crowe Horwath Auswild, to undertake a review of neighbouring Shires' positions so that Council could fully understand all potential merger options and other options available to it in readiness to meet the Fit for the Future requirements and impacts. Other consultants involved in the Fit for the Future process for Murrumbidgee Shire Council were:

- Pinnacle HPC Pty Ltd Accountants – assistance with Rural Council Submission
- SGS Economics and Planning – preparation of Murrumbidgee-Jerilderie Merger Business Case
- KJA – Facilitation of Merger discussions with Griffith City Council

More than 95% of this submission has been prepared in-house. As a result, this clearly indicates that in addition to meeting all seven benchmarks, Murrumbidgee Shire Council has also demonstrated a number of key elements of strategic capacity.



See Guidance material page 21 for help completing this section.

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 commenced an extensive consultation program with the community in May 2013 to advise them of the Independent Local Government Review Panel's discussion paper regarding the Reform process. The engagement of the community continued following the release of the ILGRP report in October 2013 through until the release of the Fit for the Future report by the New South Wales Government in September 2014. Murrumbidgee Council commenced with information dissemination in November, 2014 followed up with face to face engagement in the latter part of March, 2015, to seek residents' views on the range of options. This consultation has consisted of:

1. Community Meetings in May 2013.
2. Information dissemination in Murrumbidgee Matters, Council's Community Newsletter in April 2015 and May 2015. (Attachment 3.3A)
3. Information dissemination via Council's website and Facebook page.
4. Two community meetings, one in Coleambally and one in Darlington Point with attendances of 25 and 85 respectively.
5. Paper-based and online community surveys (Attachment 3.3 B)
6. Presentations to community organisations
7. Informal conversations with community members by Councillors and senior staff
8. Media coverage of community meetings and Council resolutions (Attachment 3.3 C)

As a result of this consultation, the community feedback was for Council to remain independent of other Local Government organisations and at its Ordinary Meeting on June 17, 2015, Council resolved to complete Template 3 – Rural Council.

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.

In preparing their business cases the Government recommended that the starting point for Councils should be the preferred option as identified by the ILGRP in their final report '*Revitalising Local Government*'. In Murrumbidgee's case, the preferred option identified in the report was that the Council should consider a merger with Griffith City Council. The basis of this panel recommendation was that Murrumbidgee Shire Council was identified "**at risk**" of not being financially sustainable into the future.

From October 2014 to January 2015, a number of informal discussions were held between the General Managers of Murrumbidgee Shire and Griffith City Councils, with the Mayors and Deputy Mayors of the respective Councils attending when available. At the February Meeting of Murrumbidgee Shire Council, Councillors considered a number of documents in relation to the Fit for the Future process. Specifically, an independent report undertaken by Council's Auditors, Crowe Horwath Auswild as well as templates and guidelines designed to steer Councils through the Fit for the Future process. After due consideration of this information, Councillors passed four resolutions in relation to the reform agenda including one (Resolution No. 15021b) to "engage in discussions with neighbouring Councils including Carrathool and Griffith, to fully explore all avenues for developing an appropriate Business Case for Murrumbidgee Shire". These discussions were progressed and held on March 10, 2015.

A further report on the potential merger discussions was presented to Murrumbidgee Shire Councillors on March 17, 2015. The report stated that by entering into a facilitated process, Council would be better placed to fully explore whether a merger scenario was the best option for the Murrumbidgee community. It would also provide Council with valuable information by identifying service gaps and potential remedies to the same – including opportunities for shared services and business unit development. Council subsequently resolved (Resolution No. 15052) to enter into facilitated discussions with Griffith to examine opportunities and the potential to develop a merger business case. A meeting was held on March 31, 2015 facilitated by KJA Consulting (Attachment 3.4A). As a consequence of these meetings, as there appeared to be little common ground, the decision was made by both Councils not to pursue the development of a full business case.

At its March meeting, Council had also resolved (Resolution No. 15053) to prepare a business case with Jerilderie Shire Council. SGS Economics and Planning were engaged to prepare this business case (Attachment 3.4B) which provided little convincing evidence that a merger with Jerilderie would realise any long-term benefits for either local government area. Council currently has a good working relationship with Jerilderie Shire and it is expected that much of what was indicated within the report as a potential efficiency improvement could be achieved without the need for the two organisations to become one. As a consequence, both Councils did not support a Template 1 (Voluntary Merge) submission.

It should be noted that Griffith City Council, at its meeting of **April 28, 2015** resolved to submit Template 2 – Stand Alone/Council Improvement and Jerilderie Shire Council resolved at a special meeting on **June 10, 2015** to submit Template 3 – Rural Council. After considering information in a Mayoral Minute at its meeting on **June 17, 2015**, Murrumbidgee Shire Council resolved to submit Template 3 – Rural Council as it was the preferred option (71.6%) of its community.

To further support Council’s decision to submit a Rural Council template, an analysis was undertaken of each of the options that Murrumbidgee Shire Council could, within reason, have pursued. This assessment is outlined in the following table.

PROPOSAL	Murrumbidgee Shire Council as a Rural Council	Merger of Griffith City and Murrumbidgee Shire	Merger of Murrumbidgee Shire and Jerilderie Shire	Murrumbidgee Shire Council as a Rural Council Murrumbidgee Joint Organisation
Key elements Strategic Capacity		Does this improve under this proposal?	Does this improve under this proposal?	Does this improve under this proposal?
More robust revenue base and increased discretionary spending	Meets all FFTF Benchmarks, improving equity levels and significant internal reserves (\$5.5M excluding ELE) - over the 10 year horizon. At 2013/2014 this equated to 91% of Operating Revenues excluding capital grants and contributions. Internal Reserves (excl. ELE) as a percentage of	NO - Griffith has \$3.3M of internal reserves, excluding ELE. At 2013/2014 this equated to 7 % of Operating Revenues excluding capital grants and contributions	NO - Jerilderie has \$1.7M of internal reserves, excluding ELE. At 2013/2014 this equated to 24 % of Operating Revenues excluding capital grants and contributions	NO – If JO achieves operational savings for each member Council through regional collaboration and resource sharing

	backlog value 234% of backlog fully funded (Refer to Confidential Attachment CA2)	Internal Reserves (excl. ELE) as a percentage of backlog value 61%.	Internal Reserves (excl. ELE) as a percentage of backlog value 103%. Backlog fully funded	
Scope to undertake new functions and major projects	Council is in a much better position to undertake new functions and major projects in our current LGA than we would be in the same area if merged. Yes Griffith (with its size) can undertake more new functions and major projects but benefit to Murrumbidgee hard to see. Council has already delivered on major capital projects (over \$5M) in value	YES	NO	NO
Ability to employ wider range of skilled staff	It is true that a merged entity could employ a wider range of permanent skilled staff than MSC currently. However, we currently employ the correct range of skilled staff to deliver services and infrastructure that is 'Fit for Purpose' for our LGA. Any skilled staff we need on a short term basis can be contracted in from other entities, including Griffith City Council and other Shires in the region (as we do now).	YES	NO	YES
Knowledge, creativity and innovation	Demonstrated by meeting all the FFTF Benchmarks as a rural council shows proven knowledge, creativity and innovation.	NO	NO	NO
Advanced skills in strategic planning and policy development	MSC has the skills necessary to meet the 'Fit for Purpose' needs of our residents.	YES	NO	YES – this is a proposed primary function of JO

Effective regional collaboration	Achieved already through RAMROC and other networks	NO	NO	YES – this is a proposed primary function of JO
Credibility for more effective advocacy	MSC has been very successful over a long period of time in advocating for the needs of our community. A merged entity could have better advocacy than MSC by itself. Unfortunately, that better advocacy would be primarily focused on Griffith and our current LGA would actually receive less advocacy than it does now. If we were merged with Griffith, any advocacy of the Shire would likely ignore our current LGA and concentrate on Griffith. That would also be the same for advocacy to Government. In a lot of situations our advocacy is actually in competition with Griffith. Therefore, any merged entity would result in far less advocacy for our current LGA.	NO – less effective advocacy. The Murrumbidgee Shire will potentially only have one elected representative - one voice in twelve	NO	YES – this is a proposed primary function of JO
Capable partner for State and Federal agencies	MSC currently works very well with State and Federal agencies. This is clearly demonstrated through our combined works (eg levee around Darlington Point and work done by MSC on behalf of RMS). We deliver services that Griffith does not because its community is serviced by other organisations. For example, MSC supports a doctor in our towns by supplying two surgeries and a house. This delivers services in partnership with State and Federal	NO	NO	YES – this is a proposed primary function of JO

	agencies to our town. Councillors in a merged entity would not see the need to provide such support as the constituents that elected the vast majority of them would not need that support.			
Resources to cope with complex and unexpected change	MSC has seen a lot of big changes in the last 10 years and has coped very well with it. Darlington Point faced a major flood event. The MDBP has stripped water out of the region, but MSC (in co-operation with CICL) has coped much better than GCC and Murrumbidgee Irrigation has.	NO	NO	NO
High quality political and managerial leadership	With only one Councillor likely to be elected to any merged entity (from the current MSC LGA) out of 12, there would be no adequate political leadership for the current MSC LGA in a merged entity. Anecdotal evidence suggests that MSC management has a greater loyalty and commitment to our Shire than the other Councils. All of MSC's managers understand that they have a role in the community that is more than just a job The current MSC LGA will get better quality political and managerial leadership as a standalone than as a part of a merged entity.	NO at a representative level Murrumbidgee Shire community will only have 1 elected representative and potentially no Murrumbidgee Executive Management Representative in the new merged organisation	NO	YES

From the above analysis the **superior proposal** to the panel recommendation is for **Murrumbidgee Shire Council to be a Rural Council – as it is Fit for the Future, and as an active member of the Murrumbidgee Joint Organisation**

Section 4: Expected outcomes

4.1 Expected improvement in performance											
Measure/Benchmark	2014/15	2015/16	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22	2022/23	2023/24	Total improvement over 10 years
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.061	-0.003	0.051	0.0035	0.021	0.027	0.028	0.030	0.031	0.032	152% improvement
Own Source Revenue (including FAG) Ratio (Greater than 60% average over 3 years)	70%	67%	69%	71%	76%	82%	87%	88%	88%	88%	25.7% improvement
Own Source Revenue (excl. FAG) Ratio (Greater than 60% average over 3 years)	48%	45%	46%	48%	52%	56%	60%	60%	60%	60%	25% improvement
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	206.67%	316.34%	314.03%	301.74%	220.96%	163.67%	117.65%	116.77%	121.87%	126.01%	Meets Benchmark at all times
Infrastructure Backlog Ratio (Less than 2%)	2.55%	2.55%	1.71%	1.56%	1.17%	1.01%	.96%	.88%	.77%	.77%	69.80% improvement
Asset Maintenance Ratio (Greater than 100% average over 3 years)	95%	103%	105%	107%	109%	111%	112%	111%	110%	108%	13.68% improvement

Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	.08%	.08%	.07%	.07%	.07%	.07%	.07%	.06%	.06%	.06%	<i>25% improvement</i>
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$1,790	\$1,740	\$1,710	\$1,650	\$1,650	\$1,620	\$1,600	\$1,580	\$1,560	\$1,540	<i>13.97% improvement</i>



See Guidance material page 23 for help completing this section.

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.

Murrumbidgee Shire Council meets all seven benchmarks from 2016/17 through to the end of the Long Term Financial Plan (2024/25). This proposal has been prepared with a high level of robustness and accuracy based on the best available information. Any number of external factors may at some point have a negative impact.

These may include:

- Ongoing freezing of the FAG beyond 2017/18
- External costs increasing at a greater rate than CPI and rate pegging
- Extreme weather events
- Change in Government (State and Federal) policy

All of the above are outside Council's area of control and area of influence.



See Guidance material page 23 for help completing this section.

Section 5: Implementation

5.1 Putting your plan into action

How will your council implement your Rural Council proposal?

The effective implementation of our Rural Council proposal will require participation and involvement of a range of stakeholders including the elected members, our community, our staff and the Murrumbidgee Joint Organisation. At an organisation and community level this journey has already begun. The community, elected members and staff have been engaged in the process of developing the Rural Council proposal for Murrumbidgee Shire Council from the outset. In a community such as ours, the Council, through the services it provides and the fact that the staff employed are long term residents of the shire and represent statistically almost 2% of the population, is in partnership with the community. There is a shared passion and pride that resonates throughout the community and the organisation

The development of this proposal has required some hard decisions to be made, but these have been reached through the effective engagement of all stakeholders. The community has been vocal in supporting this proposal, despite it involving an identified need to apply for an SRV of 5%+ 5% in 2017/18. Obviously this process will need to be further developed and follow normal SRV application processes.

The implementation of this proposal will evolve in the following way;

1. The actions identified in this proposal for 2015/2016 are currently being added to the Operational Plan 2015/2016 as Specific Projects, with assigned action officers, deliverable milestones and definitive timelines. Any required expenditure has already been included in the adopted 2015/2016 budget (adopted June 17, 2015).
2. The identified future year actions will be incorporated into the preparation of the Integrated Planning and Reporting documents. In particular these actions will be identified in the Delivery Program .The actions will be aligned with the four strategic priorities identified by our community and then included as strategic actions and tasks. The Delivery and Operational documents will identify all of the strategies/ actions resulting from our Improvement Plan, with the identified milestones, responsible officer and deliverable dates. The improvement proposal will be identified as “working on the system” in other words what the organisation is doing to improve processes, people (relationships) and systems to continually increase the efficiency, effectiveness and sustainability of the organisation from a quadruple bottom line approach

3. The actions/tasks will then be incorporated in Individual Work Plans (IWPs) of the responsible officers and from part of the ongoing performance reviews. This approach ensures that responsibility and accountability is clearly defined and monitored.

REPORTING

Through the above strategy of integrating all of the resulting key strategies from the Improvement Strategy into the Integrated Planning and Reporting suite of documents it will now form part of the reporting requirements under the IP&R. This will result in 6 monthly reporting to Council and the community on achievements against these key improvement strategies.

In addition it is proposed to provide an additional newsletter to all residents annually specifically outlining the achievements against these key improvement strategies. By identifying and incorporating the key strategies into the IP&R, particularly into the Delivery Program (the contract between the elected body and the community) the accountability in achieving these outcomes then also rests with our Councillors thus ensuring alignment at the political and operational levels.