



Marrickville Council
**COUNCIL
IMPROVEMENT
PROPOSAL**

(Existing Structure)

Template 2 June 2015

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1. INTRODUCTION

In early 2014, the NSW Government released the final report of the Independent Local Government Review Panel (the Panel) titled 'Revitalising Local Government'. This report outlined 65 recommendations that would support local government reform.

Most significantly for Marrickville Council, the Panel recommended that it amalgamate with 5 other neighbouring Councils (Ashfield, Burwood, Canada Bay, Leichhardt and Strathfield Councils) to form an Inner West Council.

The proposed amalgamated Inner West Council would bring together a population of 342,000 residents, making it one of the largest Councils not only in NSW, but Australia.

In September 2014, the NSW State Government released its "Fit for the Future" response to the Panel's report and, in doing so, supported the amalgamation of Inner West Councils.

The NSW State Government requires that all Sydney Metropolitan Councils submit either a "Council Merger Proposal" or a "Council Improvement Proposal" by 30 June 2015 to demonstrate how they meet the criteria of a "Fit for the Future" council. The key criterion comprises an examination of the council's scale and capacity (threshold criteria) as well as 7 key financial and asset management sustainability indicators.

The Independent Pricing and Regulatory Tribunal (IPART) have been appointed to assess all Council Proposals. IPART have adopted the template style approach developed by the NSW State Government. The template prescribes the desired format and content to be addressed in all Proposals which are to be submitted using an online portal developed by IPART.

1.1 EXECUTIVE SUMMARY

1.1.1 Marrickville's Response to Fit for the Future

Marrickville Council is supportive of local government reform and was largely supportive of the vast majority of the Panel's 65 recommendations. However, Council remains firmly opposed to forced amalgamations.

Shortly after the NSW State Government's Fit for the Future announcement, Marrickville Council became a party to a Memorandum of Understanding (MoU) which was signed by 5 of the 6 Councils the Panel recommended to amalgamate. Strathfield Council chose not to sign the MoU as they had already commenced a commission of their own.

A copy of the Memorandum of Understanding is appended as Attachment 1.

As part of the MoU, the 5 Councils agreed to engage industry experts Morrison Low to undertake modelling to determine whether the proposed amalgamated Inner West Council might offer a better overall proposition (financial, environmental, social and community) than a stand-alone Marrickville Council proposition.

Council also resolved to explore other options beyond the Panel's preferred amalgamated Inner West Council option. Marrickville Council contacted Botany Bay Council and Rockdale Council to explore the amalgamation of the 3 Councils to form an Airport Council. This option was explored to the extent that consultants, Morrison Low, were again commissioned to undertake modelling and analysis, identical to that undertaken for the Inner West Council option.

Council also contacted City of Sydney Council and Canterbury Council with a view to exploring options with each of those councils. Both Councils expressed no desire to formally explore an amalgamation with Marrickville given their respective positions and pursuits underway at that time.

Copies of letters sent to Councils and responses received are appended as Attachments 2 & 3a and 3b.

1.1.2 Morrison Low's Reports & Council's Subsequent Response

According to the modelling and analysis undertaken by Morrison Low, **neither the proposed Inner West Council amalgamation nor the Airport Council amalgamation will be as financially sustainable after 10 years as a Marrickville Council stand alone proposition.**

The Morrison Low report highlights that the amalgamated Inner West Council will only achieve 4 out of the 7 financial benchmarks after 10 years and the Airport Council option only 3 out of the 7 financial benchmarks after 10 years, rendering both options financially unsustainable.

A copy of the Morrison Low – Inner West Council report is appended as Attachment 4.

A copy of the Morrison Low – Airport Council report is appended as Attachment 5.

Marrickville initially achieved only 4 of the 7 key financial benchmarks as part of the Morrison Low modelling and analysis. However, in May 2015, IPART approved a 3% Special Rate Variation (over and above the 2.4% rate increase IPART determined for 2015/16) for the purposes of infrastructure asset renewal. This special rate increase meant that Council satisfied 5 of the 7 key financial indicators.

The 2 remaining key financial indicators (Infrastructure Backlog Ratio and Asset Maintenance Ratio) were only marginally below the desired benchmark. Knowing this, Council embarked on a comprehensive internal review that explored a range of funding options that would ensure all 7 key financial indicators could be met.

At its meeting of 9 June 2015, Council resolved to include a combination of cost-saving measures and Internal Reserve movements, transferring those savings to both Infrastructure Backlog and Asset Maintenance needs to ensure Council satisfied all 7 of the key financial indicators by 2019/20. These measures are reflected in Council's adopted suite of Integrated Planning and Reporting documents.

THE FOLLOWING TABLE BEST DEPICTS MARRICKVILLE'S JOURNEY IN BECOMING FIT FOR THE FUTURE.

	MARRICKVILLE COUNCIL (MORRISON LOW REPORT)	MARRICKVILLE COUNCIL (SRV)	MARRICKVILLE COUNCIL (IMPROVEMENT PLAN)	INNER WEST COUNCIL (MORRISON LOW REPORT)
Operating Performance	✓	✓	✓	✓
Own source Revenue	✓	✓	✓	✓
Asset Renewal	✗	✓	✓	✗
Debt Service Cover	✓	✓	✓	✓
Asset Maintenance	✗	✗	✓	✗
Infrastructure Backlog	✗	✗	✓	✗
Real Operating Performance	✓	✓	✓	✓
TOTAL	4	5	7	4

In order for the amalgamated Inner West Council to be financially sustainable (ie, achieve all 7 benchmarks), Council estimates that a one-off rate increase of 8.3% (above an assumed IPART rate increase of 3%) in perpetuity would be required.

Marrickville is certain it meets the Scale and Capacity elements as defined by the Panel. Each of the elements are addressed by a statement and backed by a list of facts/evidence. In some cases, further supporting documentation is provided to assist IPART in its assessment. Council's detailed response to Scale and Capacity is outlined in **Section 1.2**.

1.1.3 Risks and Concerns Associated with Amalgamation

The Morrison Low report highlighted a number of risks and concerns associated with an amalgamated Inner West Council. These risks and concerns are summarised below:

- a. The extraordinary costs associated with forming an amalgamated Inner West Council. Modelling indicates an initial shortfall of funds in the short term of up to \$70m (more than 5 times what the NSW State Government is offering in financial assistance).
- b. There is no evidence to support that service levels of an amalgamated Inner West Council will be higher than what Marrickville Council currently provides to its community.
- c. Amalgamations will not provide for improved services largely because of the unsustainable financial position of the new merged council. In some cases, services might have to be reduced or a rate increase sought to maintain service standards.
- d. A loss of sense of identity and place in Marrickville as it is merged with neighbouring Councils that do not share a similar sense of community (ie no shared community of interest). Refer to Attachment 4 – Morrison Low Report – Inner West Council (pages 104-128)
- e. A loss of local representation that equates to approximately 1 Councillor per 7,000 residents in the case of Marrickville to 1 Councillor per 23,000 residents in the case of an amalgamated Inner West Council.
- f. An acknowledgement that some of the projected savings (particularly during the medium to long term) may never transpire. A copy of a paper prepared by Council on the subject of 'Communities of Interest' is appended as Attachment 6.

A copy of 2 research papers prepared by Council on the topics of 'Understanding Communities of Interest' and 'Factors to Consider in Mergers and Amalgamations' are appended as Attachments 6a and 6b respectively.

1.1.4 Community Satisfaction and Feedback

In August 2014, Council conducted a Community Satisfaction Survey. The results of this survey indicate that 95% of our community is at least 'somewhat satisfied' with Council's services and performance (71% are either 'satisfied' or 'very satisfied'). This result is the highest satisfaction rating ever recorded in local government, according to statistics held by survey experts Micromex.

Council conducted community consultation on the 'Inner West Council' amalgamation proposal during the month of April 2015. The Marrickville community was overwhelmingly opposed to the proposed amalgamation. Council received almost 4,000 submissions from the community (the 2nd largest submission response in Marrickville's history) with 70% opposed to any amalgamation whatsoever.

A copy of the 2014 Community Satisfaction Survey is appended as Attachment 7.

A copy of the Community Engagement Report is appended as Attachment 8.

1.1.5 Council's Adopted Position

Given the outcomes of the modelling and analysis undertaken by Morrison Low, the measures Council is prepared to take to achieve and sustain its fitness, and the overwhelming response from its community, Council has adopted a 'stand-alone' position which is underpinned by an Improvement Proposal that secures Council's long term future.

A copy of Council's adopted position is reflected in the resolution passed by Council on 9 June 2015 which is appended as Attachment 9.

1.2 SCALE AND CAPACITY

Marrickville Council has sufficient scale and capacity to meet all of the Independent Local Government Review Panel's (ILGRP) strategic capacity criteria. Marrickville contends that the following statements, backed by evidence, present a compelling case that even an amalgamated Inner West Council would struggle to match.

In providing this evidence, Council notes that the ILGRP presented no evidence against these criteria to support its proposal to amalgamate the Inner West Councils. Despite that, IPART places the burden of proof on Council to substantiate its scale and capacity is "at least as good as, or a better option to achieve the scale and capacity" of an Inner West Council. The following discharges that obligation.

More robust revenue base and increased discretionary spending

One of Marrickville's key strengths is its financial stability. Marrickville has a long and proud record of prudently managing its limited resources and still providing great value for money services and outcomes for its community.

Evidence / Facts:

- IPART recently approved Council's special rate variation application to address asset renewal. In doing so, IPART has recently assessed the need for the additional funds, Council's long term financial plan, productivity improvements made in the past as well as those identified in the future, community feedback and capacity to pay, and has seen fit to approve the rate increase.
- Council's adopted Long Term Financial Plan incorporates all existing services continuing in perpetuity and satisfies all 7 of the State Government's key financial indicator benchmarks by 2019/20 and beyond. Based on modelling conducted by Morrison Low, an amalgamated Inner West Council achieves only 4 out of the 7 benchmarks.
- In order to achieve all 7 key financial indicators, Council estimates that rates for an Inner West amalgamated Council would have to increase by 8.3%.
- Marrickville has capacity to marginally increase rates in the future (if necessary) - Council has the 9th lowest average residential rates of the 43 Councils in Metropolitan Sydney (Source: 2013/14 OLG Comparative Data)
- Council's external auditor, Price Waterhouse Coopers, stated that Marrickville was in a strong, financially stable position as part of its 2013/14 financial statements audit.
- Council has an outstanding track record of living within its means. In the past 25 years, Council has only ever sought 3 very modest Special Rate Variations, all targeted at specific projects or programs.
- Council has doubled its income from regulatory enforcement and parking meters over the past 4 years. There is an opportunity to expand parking meters as part of a broader LGA wide car parking management strategy.
- Use of Internal Reserves and internal loan borrowings against those reserves continues to save Council significant money rather than external commercial loans.
- Council's ongoing positive operating surplus presents opportunities to increase discretionary spending capacity .
- Recent reviews aimed at improving efficiency and reducing costs include the Resource Recovery (Waste Services) Review – the former local agreement was terminated in 2013 and new arrangements have been introduced with staff working under Award conditions. These efficiencies, together with rationalisation of plant, have resulted in expenditure savings of over \$1.1m per annum.

A copy of the 2013/14 External Audit Report is appended as Attachment 10 (see pages 75-77).

Scope to undertake new functions and major projects

Marrickville's adopted Long Term Financial Plan includes scope to undertake new major projects such as the redevelopment of the old Marrickville Hospital Site. The finalisation of Council's new Integrated Property Strategy will also outline property development opportunities that exist within Council's existing asset portfolio. The proceeds from these development opportunities can be invested in community priorities (including new functions and /or major projects).

Evidence / Facts:

- Council has introduced new functions such as Affordable Housing and Design Excellence and expanded functions in the areas of Procurement, E-Business and Infrastructure Planning over the past 3 years.
- Marrickville Hospital Site Redevelopment incorporating a \$30m library and community hub (at tender stage).
- Construction of a new Child Care Centre at an estimated value of \$3.2m (at design stage).
- Parks upgrades currently underway include Camperdown Park (\$4.1m), Camdenville Oval (\$3.9m), Marrickville Park (\$3.8m) and Sydenham Green (\$1.7m).
- Recent completion of three major facilities:
 - **2009** - Annette Kellerman Aquatic Centre at a cost of \$19m.
 - **2012** - Fanny Durack Aquatic Centre at a cost of \$5.7m.
 - **2015** - New SES Building at a cost of \$2.8m.
- Capital works of \$62m are proposed over the next 10 years.
- 'Connecting Marrickville' is an innovative program aimed at fully integrating community consultation, planning, design and construction across infrastructure elements to provide place-based solutions that respond to a broad range of community needs
- Council has an in-house capability and systems for management of significant projects.
- Council's ongoing positive operating surplus presents opportunities to increase discretionary spending capacity.
- Once all 7 financial benchmarks have been satisfied (the latest being 2019/20), there is capacity to transfer excess funding towards new services, functions or major projects.
- Proposed Service Review Program is aimed at ensuring existing services meet emerging needs, provides intelligence to reduce, increase or delete service offerings, and introduce new ones as required.
- The Draft Integrated Property Strategy will identify development opportunities for Council land that will provide Council with financial capacity to deliver new projects.

Ability to employ a wider range of skilled staff

Marrickville is widely regarded as an employer of choice and a progressive organisation that attracts quality staff in a range of core and specialist disciplines.

Evidence / Facts:

- Council employs specialist planners such as a recreation planner to undertake Parks Plans of Management in-house and has recently brought promotional design capability in-house.
- Council has an excellent in-house asset management team and traffic engineers with skills that match consultant offerings.
- Council attracts specialist people in unique positions such as a Chef (Tom Foster Community Centre), a Local Historian, a Transport Planner, a Heritage Architect, an Events Management team, Cultural & Arts specialists and an Affordable Housing expert.
- Council has a Workforce Plan that identifies skill shortages and has proactive strategies and actions to address those shortages, including accessing international labour markets to attract difficult to fill roles (eg transport planner) and has established relationships with local universities to offer trainee roles that enable staff to transition to permanent roles over time (eg urban planner and engineer).
- Council's ongoing positive operating surplus presents opportunities to increase discretionary spending capacity to attract 'difficult-to-fill' positions.

Knowledge, Creativity and Innovation

Marrickville prides itself on being uniquely different when it comes to creativity and innovation. Creativity is one of our core principles, led by staff and driven by a will to service the ever-changing needs of our community.

Evidence / Facts:

- Creativity workshops – joint research project with Australian Centre for Excellence in Local Government (ACELG). A Creativity Lab Report is about to be published. A Creativity Toolkit for Government has been developed from this project.
A copy of the Creativity Lab Report is appended as Attachment 11.
- Council's Core Values are founded on Creativity, Collaboration, Responsiveness and Respectfulness (C2R2) and directly link to Individual Achievement Plans.
- Connecting Marrickville – partnership with University of Technology Sydney (UTS).
- Marrickville 360 (a Continuous Improvement Program) is a staff driven initiative that identifies innovative ways of dealing with our biggest internal and external challenges.
- A Citizens Jury was formed (Marrickville Infrastructure Jury) to assist Council with the determination of infrastructure asset service levels and major project priorities using a Deliberative Democracy process
- Council has developed an Architectural Excellence Panel in response to increased development activity and rising community expectations.
- Innovation in Community Service projects:
 - **Open Marrickville** - is a community led festival, facilitated by Council that runs over ten days and engages and showcase the diverse cultures and communities of Marrickville. The event model uses a community development approach through collaboration between Council and communities groups to produce socially cohesive outcomes in a bold, fun and contemporary program of highly accessible events, tours, public art and activities.
 - **Art post** - an integrated online communications hub for the local arts sector. Subscribers to Art Post can discover events, opportunities and artist feature stories via the fortnightly Art Post ebulletin, Facebook and webpages (on Council's website). Local people can also upload their own events, exhibitions and workshops to the Art Post hub
 - **Rec post** - an online hub where all things recreation come together – it is changing the way people access and participate in recreation.
 - **Made in Marrickville** - Council facilitated the establishment of the Marrickville Manufacturers Association trading as Made in Marrickville and provides administrative support for its operations. Benefits realised to date include the promotion of the local manufacturing industry, foster cooperative marketing and assist with collaborative marketing.
 - **Magic Yellow Bus** - a free outdoor mobile playgroup service providing activities in 7 local parks to support children's learning and development; and support parents/carers to engage with their child's learning, connect with other families and to services and resources in the area. A soft entry point for vulnerable families
 - **Graffiti Alternatives** - Council has pioneered a range of strategies to encourage alternative solutions to graffiti. This includes youth education programs to encourage legitimate expressions of art in public space (eg. Live to Create, funded by the Attorney General's Department), using Crime Prevention Through Environmental Design in public spaces (eg. gym equipment in Camperdown Park, also funded by Crime Prevention Through Environmental Design), photographic designs on road and traffic boxes and graffiti proofing workshops for the community.
 - **Social Enterprise** - Council has integrated into its procurement policy a commitment to social procurement and building local social enterprise. As part of this commitment, Council sourced a social enterprise through an EOI process for the provision of coffee and refreshments at a local park through the operation of a mobile van that delivers social outcomes such as employment and skills training for community members who are unemployed, newly arrived refugees or migrants or other target groups.

- **Marrickville Remembers and New Winged Victory** – was Council's program of events, ceremonies, public art, exhibitions, talks and tours to commemorate the Anzac Centenary. The program was developed and delivered over two years, involving extensive stakeholder, community and cross Council consultation and participation to ensure meaningful and creative opportunities for people of all ages and demographics to learn, reflect and experience the history of World War I and remember the people of Marrickville who died in the conflict. The full program included the relocation of Marrickville's original 1919 Winged Victory statue to the new WWI Galleries at the Australian War Memorial, Canberra.
 - **Perfect Match** - is part of Council's Graffiti Management Program and initiatives to prevent unwanted graffiti through fostering legitimate forms of creative expression in public spaces. The Perfect Match Public Art Program brings property owners, residents and artists together through a uniquely collaborative approach that was pioneered by Marrickville Council. Facilitated by Council, artists work closely with residents and community to develop site specific works (predominantly street artworks) that are inspired by the history and community surrounding each site. In 2014, following the success of Perfect Match, the City of Sydney resolved to explore implementation of a similar program.
 - **Sydney Fringe Festival** - (SFF) was founded in 2010 through a partnership between Council and the Newtown Neighbourhood Precinct (NEPA). Now in its sixth year, SFF is the largest independent festival in NSW and has expanded to secure support from across City of Sydney, Marrickville and Leichhardt LGAs. SFF delivers an extensive showcase of predominantly emerging arts and culture across these areas. As the founding Partner, Marrickville continues to be a key player in the programming and direction of the SFF.
- We collaborate and partner with researchers, academics and community on long-term Sub Catchment Management Plans. Participant with the Co-operative Research Centre for Water Sensitive Cities with Monash University.
 - Where Council does not have the internal expertise to address issues, it has the capacity to buy-in that expertise.
 - Globe Wilkins Preschool – one of only 6 Preschools in NSW to be ever awarded an Excellent Rating.

A copy of the Excellent Rating Determination is appended as Attachment 12.

Advanced skills in strategic planning and policy development

Marrickville has adopted much more than the Integrated Planning and Reporting framework originally developed by the Office of Local Government. Council has incorporated every adopted strategy, policy and plan into its Resource Plans and is in the process of linking individual Achievement Plans to the Operational Plan. Council's documents both reflect and promote a diverse community. This is something our community values and is highly satisfied with.

Evidence / Facts:

- The recent Special Rate Variation exercise (using the Marrickville Infrastructure Jury) was a prime example of an effective public policy process.
- Council's Integrated Planning and Reporting suite of documents were developed and implemented in-house. Indeed, many of Council's strategic plans have been developed and implemented in-house – eg 2011 LEP and DCP, and the 2014 Section 94 Plan (all of which are comprehensive documents developed from detailed studies of employment lands and broader urban land use and built form strategies; Transport Strategy; Biodiversity Strategy and Strategy for Water Sensitive Communities).
- Council is International Association of Public Participation (IAP2) accredited and has used this approach to engage its community on a wide range of issues (including policy development).
- Council is both skilled and internally well-resourced in Transport Planning, Urban Design, Heritage, Geographical Information Systems, Demography, Developer Contributions planning, Corporate Strategy, Community Facilities and Recreation Masterplanning. Many of these strategic planning activities are outsourced in other Councils.

Effective Regional Collaboration

Marrickville has a long and proud record of effective regional collaboration to deliver quality outcomes for its community. Successful collaborations not only extend to Federal and State Agencies, but also our neighbours through SSROC.

Evidence / Facts:

- Collaboration with Premier & Cabinet on regional projects such as the 'Common Sets of Key Data' project Council is currently participating in.
- Member of Cooks River Alliance - a collaborative of 8 Councils that work closely with local communities to engage and educate for improved health of the river and tributaries. The alliance has reduced pollution, developed sustainable water sources, and created water sensitive communities along the Cooks River.
- The Green Living Centre - joint initiative with the City of Sydney focused on community education around sustainability.
- Collaborated with 4 other councils along the Parramatta Road corridor to develop a governance model together with Urban Growth NSW to guide the New Parramatta Road project.
- The GreenWay is a key partnership between the NSW Government, Marrickville, Leichhardt, Ashfield and Canterbury Councils and community groups. This regional collaborative has obtained significant grant funding to maintain and enhance this public asset.
- Sydney Airport Community Forum (SACF) - regional collaboration between flight path councils, SACL and Federal Government.
- Numerous SSROC assisted regional projects - most recently, Our Solar Future website.
- Numerous SSROC facilitated joint Waste & Recycling projects, tenders and contracts.
- Library 'SWIFT' consortia, including 24 Victorian libraries and 6 NSW libraries.
- Economic Development Expos.
- Human services - Meals on Wheels study across the SSROC region.
- SSROC Councils to review appropriateness of ROC boundaries and consider reforming as Joint Organisation (JO).
- Strategic review of ROC (or JO) terms of reference in terms of effectiveness to deal with regional challenges.
- With the other councils, agree priority areas for regional cooperation/ service delivery.
- Partner in 100 Resilient Cities Initiative to help the city better cope with extreme events like April's torrential storms, and long term stresses such as housing affordability.

Credibility for more Effective Advocacy

Marrickville is an active advocate for its community. Council has successfully influenced public policy by using facts, the media, and messaging to inform government officials of the issues that confront our local community.

Evidence / Facts:

- Demonstrated political leadership – Former Mayor, Jo Haylen (2013/14) addressed the NSW Parliamentary Select Committee Inquiry on Social, Public and Affordable Housing.
- Effective Representation - Council support for the Stop Coal Seam Gas Campaign. Back in 2012 a hard-fought community campaign was effectively represented to State Government by Marrickville Council and successfully prevented Dart Energy's previous CSG drilling plans in St Peters.
- Council's concerns in relation to Sydney Airport expansion plans / proposed flight paths.
- Advisory Committees and LGBTIQ Forums.
- Support for local (deliberative) democracy such as the Marrickville Infrastructure Jury.
- Advocacy through SSROC to establish a governance framework around streetlighting operations before 'poles and wires' are sold.

Capable Partner for State / Federal Agencies

There is ample evidence to highlight that Marrickville has been, and will always remain, a worthy and capable partner for State and Federal agencies on a range of matters.

Evidence / Facts:

- Housing targets - Council's planning controls currently aim to provide approximately 5,000 new dwellings (200 per annum) to 2031 (a target set by the State Government in the 2005 Metropolitan Strategy). In the period between 2010 and 2014 alone, Council approved 2,374 new dwellings (475 per annum) which means that Council is on track to meet its target well ahead of schedule. In addition, there are a number of major planning proposals in the 'pipeline' which, if ultimately approved, will ensure Council achieves its target many years before 2031. The value of DA's more than doubled from \$171m in 2012/13 to \$406m in 2013/14.
- WestConnex Delivery Authority – member of Reference Group to represent the interests of Council and the community as part of the government's development of an Environmental Impact Statement (EIS) and related design and investigation works.
- Department of Planning and Environment – member of the Project Control Group for Sydenham to Bankstown urban renewal project.
- Urban Growth NSW – New Parramatta Road Project - signatory to a MOU with the Minister for Planning shaping its long term future.
- Strong history of administering large State and Federal grant projects delivering on regional water catchment health outcomes. Over \$9m of grant projects through the Cooks River Foreshore Working Group (CRFWG) and another \$4m with The Centre for Research and Social Inclusion (CRSI) and Cooks River Alliance.
- Numerous successful projects delivered through Environmental Trust - Urban Sustainability Program - Collaborative Planning for Sustainable Irrigation; target sustainability@marrickville Sustainable Business program.
- EPA partner for delivery of infrastructure to meeting State target of Community Recycling Centres across the state. EPA partner in regional Illegal Dumping Program.
- Collaborator with Australian Government funded National Climate Change Adaptation Research Facility 'Australian Coastal Climate Change Risk Management Tool'.
- Member of Central sub-region planning group with member councils.
- Collaboration with Premier & Cabinet on regional projects – Common Data Sets.
- Marrickville Souths Breakfast Club with local schools.

- Australian War Memorial – Winged Victory preservation.
- Graffiti Alternatives – Commonwealth and State Attorneys General.
- Delivery of Out of School Hours Care within the grounds of 5 local primary schools.

Resources to Cope with Complex and Unexpected Changes

Marrickville has demonstrated its capacity to cope with complex and unexpected changes like the Global Financial Crisis of 2009, local emergency situations, natural disasters and sudden loss of funding or cost shifting initiatives of the State/ Federal Government. Council's political and managerial leadership qualities, coupled with its strategic approach in managing competing priorities means it will always have sufficient resources and capacity to accommodate future unexpected changes of a reasonable magnitude.

Evidence / Facts:

- A robust suite of Integrated Planning and Reporting documents that anticipate risk and unexpected change (eg Financial Assistance Grants 'freeze' and cuts to Family Day Care).
- Council's ongoing positive operating surplus presents opportunities to increase discretionary spending capacity to respond to unexpected change.
- A track record of sharing Council resources in unexpected circumstances such as assisting Ashfield Council with Garbage Collection in 2014 and assisting with clean-up following severe storms in the Hunter Region in June 2007.
- Council's commitment to addressing and resolving long term deep and complex social issues such as the Award Winning 'Marrickville South Breakfast Club'.
- Active council volunteers eg Tom Foster Community Centre and Bush Care.
- Council is an effective and willing partner that assigns necessary resources and responds appropriately to State government's plans for significant infrastructure, jobs and housing projects.

High Quality Political and Managerial Leadership

Marrickville has a long and proud history of strong political and managerial leadership and governance. Marrickville Council is not only highly regarded in the Local Government sector, it has a reputation as a progressive Council.

Evidence / Facts:

- Qualifications, experience and profile of Councillors and the Executive Leadership Team.
- Prepared to make difficult decisions – eg, political will to pursue a special rate variation and find productivity and efficiency savings in order to be financially sustainable.
- Minimal code of conduct complaints over a significant period of time.
- 2015 Winner of the NSW Local Government Management Challenge. Council has competed 4 times and has won the NSW Challenge on 3 occasions.
- Multi award winner, particularly in the field of Sustainability (Environmental Services) and Social/Community/Cultural Services. Examples include:
 - Local Government Professionals Australia – Leadership in Excellence 2014 for Cyber Seniors program.
 - LGSA Arts and Culture Award 2012.
 - Minister’s Award for Women in Local Government 2014 – Brooke Martin – women in a non-traditional role.
 - Government Communications Award – Finalist 2015 Award for Excellence – Marrickville Infrastructure Renewal.
- Extensive Personal and Professional Development Program offered to Councillors, management and staff.



2. MARRICKVILLE COUNCIL'S CURRENT POSITION



2.1 ABOUT THE MARRICKVILLE LOCAL GOVERNMENT AREA

The traditional custodians of the Marrickville area are the Cadigal-Wangal people of the Eora nation. Today the Marrickville Local Government Area encompasses the suburbs of Dulwich Hill, Lewisham, Petersham, Marrickville, Stanmore, St Peters, Sydenham, Tempe, Enmore and parts of Newtown and Camperdown. It has a population of approximately 83,000 residents and is located in Sydney's inner west. The whole of the area lies between 4 and 10km from the centre of the city.

Marrickville's typical, older, inner-city suburbs contain many important heritage and cultural items, including sites of Aboriginal significance. While the native bushland has almost completely disappeared, Marrickville's natural environment has benefited from many improvements over recent years. The Cooks River remains one of the area's most outstanding and defining features.

The 2011 Census reveals the population of the Marrickville local government area has increased by 6,500 since 2011 to 83,000 today. The area recorded a significant increase in the number of 0–4 year olds with an additional 733 young children (compared to 2011 data).

Gentrification has substantially influenced the demographics and character of the area. Traditionally industrial and working-class, and subject to several waves of immigration, Marrickville is still ethnically diverse but changing. 34% of our residents were born overseas with the main non-English community languages in Marrickville being Greek, Vietnamese, Chinese and Portuguese.

Marrickville also has a substantial student population, and the area contains one of the highest percentages of artists, cultural workers and arts industries of any local government area in Australia. Only one Council has a higher percentage of same sex couples than Marrickville (7%), and that is City of Sydney (11%). The average across Sydney is 1%.

The following is our community's aspirations for Marrickville:

- In 2023, Marrickville still feels like home. It is a place of culturally diverse, forward thinking, inner city communities and neighbourhoods. It is the land of the Cadigal-Wangal people of the Eora Nation; it has witnessed many changes but continues to be enriched by generations of migrants from all parts of the world.
- In 2023, the Marrickville community remains welcoming, proud of its diversity and its history. There is an eclectic mix of cultures bound by a strong sense of social justice and common agreement that all citizens are able to participate in the social, cultural and economic life of the community.
- In 2023, businesses are confident and responsive to the needs of the local community. Industrial areas are revitalised and remain an important part of the local community, while high technology, creative and eco enterprises thrive.
- In 2023, the Marrickville area is a creative community. It values the people who celebrate, challenge and inspire local identity and sense of place. Innovative urban planning protects the character and heritage of the area. Public spaces are enticing, clean and well maintained, lively and accessible, with a street life that connects the community and welcomes visitors.
- In 2023, the environment is healthy and native plants and animals are thriving. The community works together to achieve the vision of swimming in the Cooks River and to minimise its ecological footprint. There are fewer cars, less congestion and a reduction in noise. Public transport is accessible and efficient. Our infrastructure has been rejuvenated, sustainably designed and has improved community well-being and safety.
- In 2023, local communities work closely with Council, which is ethical, effective and accountable. Council provides supportive and cooperative leadership and is a strong advocate for the community. It is a responsible partner that works with community organisations, businesses and other levels of government to improve the quality of life in Marrickville.

2.2 KEY CHALLENGES AND OPPORTUNITIES

Marrickville Council has taken the opportunity to identify what it believes are its strengths, weaknesses, opportunities and threats. This SWOT analysis has helped Council shape its Improvement Action Plan which is outlined in **Section 3.4**.

Strengths

- Financial Stability – Council is in a strong financial position. Our long term financial plan indicates that existing services can be maintained into perpetuity. IPART'S recent approval of Council's Special Rate Variation application ensures sufficient funds will be available for infrastructure asset related purposes. Council's 2013/14 external financial audit report identifies the fact that Council is in a strong financial position.
- Political Governance – Council has a strong track record when it comes to political leadership and governance. There is a highly effective blend of civic pride and interest in the local area, coupled with years of political experience and knowledge. Marrickville boasts a very low number of Code of Conduct breaches and councillors actively engage in professional development opportunities.
- Strategic Planning – Council has the requisite skills and capacity to undertake a wide variety of strategic planning assignments in-house. Refer to evidence and facts provided in Section 1.2
- Customer Satisfaction and Reputation – the 2014 Community Satisfaction Survey revealed that 95% of our residents were at least 'somewhat satisfied' with Council services (71% were at least satisfied) and 81% of respondents stated that Council had a positive image.
- Connecting Marrickville – is a process whereby the provision of new and replacement infrastructure is integrated with other Council services, putting the emphasis on connections, places and the community.
- Environmental and Social Excellence – Marrickville is a multi-award winning Council, particularly in the fields of environmental services and social/community services.
- Culturally diverse and Unique – Demographic research indicates that the Marrickville community is amongst the most culturally diverse and unique in the Sydney Metropolitan Area.

Weaknesses

- Limited automation and e-business technology – Council acknowledges there is considerable scope to automate manual processes and offer its customers a much wider range of e-business solutions (refer to Opportunities).
- Limited Service Reviews and Benchmarking – Council acknowledges it needs to develop a rigorous program of service reviews that ensures all services are periodically reviewed in line with customer expectations (refer to Opportunities)
- Recruitment – the PwC Survey identified that Council's recruitment turnaround time could be improved to match the standards of other like councils.
- Project Management - the PwC Survey identified that Council's commitment to a consistent project management framework could be improved to match the standards of other like councils.
- Procurement – Council acknowledges it needs to fast-track its Centre-Led Procurement Roadmap if it is to realise its full potential in the area of purchasing and procurement.

Opportunities

- Integrated systems and e-business technology – Council has the opportunity to optimise the systems it currently uses, integrate them better, and capitalise on the expenditure savings that would accrue by investing in mobility solutions for remote staff and e-business technology for its customers.
- Expand strategic alliances and explore shared service opportunities – Council remains committed to exploring the benefits of Joint Organisations.

- Detailed service level reviews and benchmarking – Council is committed to a rigorous program of service reviews to ensure services to the community are both effective and efficient, and remain relevant to its customers.
- Accelerate procurement roadmap – Council acknowledges the benefits a centre-led procurement model can bring to the organisation and has recently filled positions to accelerate this work
- Expand the implementation of energy efficient systems – Council has invested significant sums of money in its Climate Change Plan. There are areas within the Plan that will provide substantial returns on investment not yet factored into the long term financial plan.
- Finalise the Integrated Property Strategy – Council is currently finalising its Integrated Property Strategy which, among other things, identifies specific operational assets that can be developed with a future income stream in mind or sold, if surplus to Council's needs.
- Improve recruitment practices – Council recently introduced an on-line recruitment system to assist in its recruitment turnaround time-frames. There are opportunities to use more of the system's functionality once the system is embedded.
- Re-engineer Council's Project Management Framework – Council acknowledges the benefits a standardised framework will bring to the way it approaches and manages projects.
- Connecting Marrickville – Council recognises the benefits increased participation in "Tomorrow's Dulwich Hill" place-based project will bring as it can be used as a model for integration and delivering multifunctional outcomes.

Threats

- Forced amalgamations – Council remains opposed to forced amalgamations but is cautious that may be an outcome post-October 2015.
- Inadequate rate increases – Council's primary source of revenue is largely at the mercy of IPART and its annual rate increase determinations.
- Ongoing cost shifting – Council is cautious on ongoing cost shifting from both tiers of Government. Council estimates the cost service-shifting to be in the vicinity of \$6m per annum (and growing).
- Continued withdrawal of financial support from State and Federal Governments – Council is very concerned the level of financial support from both tiers of Government will continue to decline. In the past 12 months, Council has experienced a freeze in Financial Assistance Grants and cuts to some of its Community Service funding.
- Increased regulatory requirements – Council is concerned that additional compliance requirements will impose an increased administrative burden on Councils.
- Marrickville's volunteers make many of our environmental and community service functions a success. With over 200 registered volunteers, it means Council has access to over 750 staff and volunteers to services the needs of its community. That is more than 1 volunteer for every 3 staff. Anecdotal evidence suggests that larger Councils do not have access to the same volunteer/staff ratio as smaller Councils.

2.2.1 NSW Local Government Operational and Management Effectiveness Report – 30 June 2014

Marrickville Council recently participated in one of the largest benchmarking surveys ever conducted in NSW Local Government. The survey was the product of a partnership between Price Waterhouse Coopers and Local Government Professionals Australia NSW.

78 Councils across NSW participated in the survey which benchmarked Council performance over a two year period (FY13 and FY14) in the following 5 disciplines:

1. Workforce
2. Finance
3. Operations
4. Risk Management
5. Corporate Leadership

Marrickville Council performed exceptionally well against not only the total sample of 78 Councils that participated but, more importantly, the 20 Metropolitan Councils that participated.

The survey highlights Marrickville Council's relative strengths in the following areas:

1. Marrickville has one of the highest number of females in supervisory positions
2. Marrickville's investment in professional training and development ranks as one of the highest of the surveyed Councils in NSW
3. Lost time injury days per 100 employees is one of the lowest of the surveyed Councils in NSW.
4. Marrickville's corporate services staff numbers per 100 employees is one of the lowest of the surveyed Councils in NSW.
5. Despite fielding over 120,000 enquiries each year, Marrickville's customer service staff numbers per 10,000 residents is one of the lowest of surveyed Councils in NSW.

Of the 53 primary indicators, Marrickville rated higher than the median result in 29 instances (55%), rated the same as or very similar to the median result in 18 instances (34%), and only lower than the median result in 6 instances (11%). This highlights that Marrickville is providing effective and efficient services relative to most of the 78 NSW Councils who took part in this survey.

The report highlights areas where Marrickville can improve such as project management, recruitment turnaround time-frames and procurement. These areas have been targeted in Council's proposed Improvement Action Plan (see Section 3.4).

A copy of the PwC Survey report is appended as Attachment 13.

2.3 PERFORMANCE AGAINST THE FIT FOR THE FUTURE BENCHMARKS

SUSTAINABILITY

MEASURE/ BENCHMARK	ACTUAL 2013/14 PERFORMANCE	ACHIEVES FFTF BENCHMARK	FORECAST 2016/17 PERFORMANCE	ACHIEVES FFTF BENCHMARK
Operating Performance Ratio	(3.4%)	NO	0.61%	YES
Own Source Revenue	87.8%	YES	87.9%	YES
Building & Infrastructure Asset Renewal	71.5%	NO	105.5%	YES

Commentary:

As noted from the figures in the table above, Council's operating performance ratio and asset renewal ratios improve markedly over the next 3 years. This is primarily the result of a recently approved Special Rate Variation for the purposes of asset renewal. As part of Council's application for a special rate increase, Council identified an additional \$1m in recurrent productivity and efficiency savings which were to be redirected into asset renewal expenditure. This strategy has the dual benefit of improving the operating performance ratio and the asset renewal ratio at the same time.

INFRASTRUCTURE & SERVICE MANAGEMENT

MEASURE/ BENCHMARK	ACTUAL 2013/14 PERFORMANCE	ACHIEVES FFTF BENCHMARK	FORECAST 2016/17 PERFORMANCE	ACHIEVES FFTF BENCHMARK
Infrastructure Backlog Ratio	2.2%	NO	2.6%	NO
Asset Maintenance Ratio	74.0%	NO	89.9%	NO
Debt Service Ratio	4.7%	YES	4.3%	YES

Commentary:

As noted from the figures in the table above, Council fails to achieve both the infrastructure backlog ratio and asset maintenance ratio by 2016/17.

As part of the adoption of the 2015/16 Operational Plan and Budget, Council resolved to commit a one-off \$3m transfer from its Property Reserve in 2018/19 to ensure it meets the infrastructure backlog ratio benchmark by 2019/20.

As part of the adoption of the 2015/16 Operational Plan and Budget, Council resolved to commit recurrent operational savings in procurement, fleet, superannuation and other miscellaneous areas towards Asset Maintenance.

As a result of these measures, Council will meet the recommended benchmark by 2018/19.

In terms of Infrastructure Asset Renewal, Infrastructure Backlog and Asset Maintenance, Council has comprehensive asset management plans that articulate its 10 year plan for each major class of asset, including total funds to be spent, key projects and the projected conditions of Council's assets in 10 years. **A summary of these plans is located in Council's Resource Strategy (refer to Attachment 14 – pages 22-33).**

It is also noted that Council's debt service ratio is well within the recommended industry benchmark. This enables Council the comfort to increase loan borrowings in the future, should it so desire.

EFFICIENCY

MEASURE/ BENCHMARK	ACTUAL 2013/14 PERFORMANCE	ACHIEVES FFTF BENCHMARK	FORECAST 2016/17 PERFORMANCE	ACHIEVES FFTF BENCHMARK
Real Operating Expenditure Per Capita	0.98	YES	0.96	YES

Commentary:

As noted from the figures in the table above, Council achieves the desired reduction in real operating expenditure per capita by 2016/17 (and beyond). This outcome is primarily the function of the recurrent expenditure savings factored into Council's long term financial plan and the projected population of Marrickville over the next 10 years (using a combination of Census data and dwelling and occupancy targets).

2.4 Water Utility Performance

Marrickville Council does not have direct responsibility for water supply and sewer management.



3. HOW WILL MARRICKVILLE COUNCIL REMAIN **FIT FOR THE FUTURE**

Council has a plan to be 'Fit for the Future' in all 7 of the key financial indicators by 2019/20. The strategies and actions that underpin this performance are outlined below. Beyond 2019/20, Council has a plan to sustain its high performance well into the future.

3.1 SUSTAINABILITY

Marrickville meets all 3 of the sustainability indicators no later than 2019/20. In doing so, Council is not reliant on any further special rate variations, additional external loan borrowings or a reduction in services/service levels. Council is mindful that it is one thing to become fit for the future and another to sustain that fitness. To that end, Council intends to focus its energies on the following areas to ensure Council's financial position and performance is sustainable well in to the future.

- A. Productivity and efficiency targets
- B. Salaries and Wages payments
- C. Employee Leave Entitlements
- D. Purchasing & Procurement
- E. Passenger Vehicle Fleet
- F. Technology and E-business
- G. Asset Renewal

The following is a closer examination of the above focus areas:

Objective: To ensure identified productivity and efficiency targets transpire with no adverse impact on service levels.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Annual productivity and efficiency targets are identified, reviewed and factored into the annual budget and long term financial plan.</p>	<p>Productivity and efficiency targets identified and reviewed by executive leadership team and ratified by Council in October each year.</p> <p>Quarterly reviews identify progress against identified productivity and efficiency targets.</p> <p>Annual Performance Review used to assess individual performance against productivity and efficiency targets .</p> <p>Actual performance against productivity and efficiency targets is reported in the Annual Report each year.</p>	<p>Council continues to provide a wide range of services to the community in a financially sustainable manner.</p> <p>NOTE: A recurrent expenditure saving of \$1.4m has been factored into Council's adopted long term financial plan from 2015/16.</p>	<p>Positive impact on operating performance ratio, real operating expenditure per capita and own source revenue.</p>

Objective: To accelerate Council's Centre-Led Procurement Roadmap to ensure Council receives value for money from its \$45m spend on materials and contracts.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Comprehensive review of current supplier catalogue with a view to consolidating the number of suppliers.</p> <p>Development of standard contracts and ongoing training and development in key procurement areas.</p> <p>Optimise procurement opportunities via LG Procurement, SSROC tenders and State Government contracts.</p>	<p>By December 2015, Council will have undertaken an analysis of its existing suppliers with a view to consolidating suppliers.</p> <p>By July 2016, Council will have moved towards the benefits of competitive tendering for identified service spends.</p> <p>By September 2015, Council will have in place a standard suite of contracts for all procurement related transactions.</p> <p>By December 2015, all key procurement areas of Council will have participated in training on the new procurement tools (including standard contracts).</p>	<p>Council derives a recurrent expenditure saving of \$200,000 per annum on its annual materials and contracts spend.</p> <p>NOTE: This recurrent expenditure saving of \$200,000 has been factored into Council's adopted long term financial plan from 2015/16.</p>	<p>Positive impact on operating performance ratio and real operating expenditure per capita.</p>

Objective: To ensure Council's salaries and wages are prudently managed.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Develop a detailed Salaries and Wages Report Card for the Executive Leadership Team that incorporates the progress of salaries and wage related payments and entitlements.</p>	<p>By December 2015, a new Salaries and Wages Report Card is developed and used by the Executive Leadership Team to initiate proactive action where necessary.</p>	<p>Council derives a recurrent expenditure saving of \$90,000 per annum on its annual overtime spend.</p> <p>Cost of employee leave entitlements is managed in a sustainable manner.</p> <p>NOTE: This recurrent expenditure saving of \$90,000 has been factored into Council's adopted long term financial plan from 2015/16.</p>	<p>Positive impact on operating performance ratio and real operating expenditure per capita.</p>

Objective: To ensure Council's passenger vehicle fleet is managed in an optimal manner and is consistent with Council's adopted Climate Change Plan.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
Fleet Review to incorporate a reduction in the choice of passenger vehicles	By September 2015, a Preliminary Fleet Review is completed and presented to the Executive Leadership Team.	Council derives a recurrent expenditure saving of \$150,000 per annum on its annual passenger vehicle spend.	Positive impact on operating performance ratio and real operating expenditure per capita.
Fleet Review to incorporate a move from 40,000km/2 year turnover to 60,000km/3year turnover.	By October 2015, the outcomes of the Preliminary Fleet Review are communicated to staff (12 months notice given).	NOTE: This recurrent expenditure saving of \$150,000 has been factored into Council's adopted long term financial plan from 2016/17.	
Fleet Review to incorporate the actions outlined in Council's Climate Change Plan (reduced greenhouse gas emissions).	By October 2016, all of the outcomes of the Preliminary Fleet Review are operational.		

Objective: To ensure Council realise appropriate returns on its technology and e-business investment.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
Develop a business case to support the implementation of Council's new e-business program	By September 2015, a Business Case will have been developed and will be in operational use.	Operational savings are realised from new technologies, mobility solutions and e-business.	Positive impact on operating performance ratio and real operating expenditure per capita.
Ongoing job redesign to reflect new systems, mobility solutions and automated processing.	Ongoing - review appropriate job descriptions in light of emerging improvements in productivity via mobility solutions and e-business.	NOTE: The recurrent expenditure saving associated with this strategy has not yet been factored into Council's long term financial plan.	

Objective: To ensure Council allocates and spends sufficient funds on infrastructure asset renewal so as to ensure they are safe, serviced and function in accordance with community expectations and industry benchmarks.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Maintain appropriate internal accounting controls to ensure necessary funds are restricted for asset renewal purposes.</p>	<p>By July 2015, year 1 of a 10 year program of expenditure is loaded into Council's annual budget.</p> <p>Monthly status reports provided to Council via Infrastructure Planning and Environmental Services Committee.</p> <p>By November each year, disclose annual asset renewal expenditure vs budget in the Annual Report.</p>	<p>Sufficient funds are allocated towards Asset Renewal so as to satisfy community expectations and the targeted benchmark.</p> <p>NOTE: The Infrastructure Asset Renewal Program has an additional \$2.35m per annum allocated to it, via a 3% special rate variation and \$1m from productivity and efficiency savings, and has been factored into Council's adopted long term financial plan from 2015/16</p>	<p>Positive impact on Infrastructure Backlog Ratio, Asset Maintenance Ratio and Building and Infrastructure Asset Ratio.</p>
<p>Develop a rolling program of condition based assessments of council's network of assets.</p>	<p>By December 2015, a rolling program of condition based assessments is established for Council's network of assets.</p>		
<p>Refine existing Project Management Framework to assist in project establishment, delivery and success.</p>	<p>By December 2015, a refined project management framework is established and in operation.</p>		
<p>Enhance Council's existing asset management systems by introducing improved integration with core systems and mobility solutions for field staff.</p>	<p>By June 2016, asset management systems are integrated with core applications and mobile asset management solutions are deployed to key field staff.</p>		

3.2 INFRASTRUCTURE AND SERVICE MANAGEMENT

Marrickville meets all 3 of the infrastructure and service management indicators no later than 2019/20. In doing so, Council is not reliant on any further special rate variations, additional external loan borrowings or a reduction in services/service levels. Council is mindful that it is one thing to become fit for the future and another to sustain that fitness. To that end, Council intends to focus its energies on the following areas to ensure Council's infrastructure and service management indicators remain at (or above) the recommended benchmark well in to the future.

- A. Regular condition based assessments of asset network
- B. Development of new Project Management Framework
- C. Asset management systems and mobility solutions
- D. Internal loan borrowings against uncommitted Internal Reserves

The following is a closer examination of the above focus areas:

Objective: To ensure Council allocates and spends sufficient funds on its infrastructure asset backlog so as to ensure they are safe, serviced and function in accordance with community expectations and industry benchmarks.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
Maintain appropriate internal accounting controls to ensure necessary funds are restricted for Infrastructure Backlog purposes.	By 2018/19, Council transfers \$3m from its Property Reserve to fund the necessary shortfall in Infrastructure Backlog.	Sufficient funds are allocated towards Infrastructure Asset Backlog so as to satisfy community expectations and the targeted benchmark.	Positive impact Infrastructure Backlog Ratio, Asset Maintenance Ratio and Building and Infrastructure Asset Ratio.
Develop a rolling program of condition based assessments of council's network of assets	By December 2015, a rolling program of condition based assessments is established for Council's network of assets.	NOTE: The Infrastructure Backlog Program has a one-off \$3m injection of funds which has been factored into Council's adopted long term financial plan in 2018/19.	
Refine existing Project Management Framework to assist in project establishment, delivery and success	By December 2015, a refined project management framework is established and in operation.		
Enhance Council's existing asset management systems by introducing improved integration with core systems and mobility solutions for field staff	By June 2016, asset management systems are integrated with core applications and mobile asset management solutions are deployed to key field staff.		

Objective: To ensure Council allocates and spends sufficient funds on asset maintenance so as to ensure assets are safe, serviced and function in accordance with community expectations and industry benchmarks.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Maintain appropriate internal accounting controls to ensure necessary funds are restricted for Asset Maintenance purposes.</p>	<p>By July 2015, Council allocates targeted productivity and efficiency savings towards Asset Maintenance.</p>	<p>Sufficient funds are allocated towards Asset Maintenance so as to satisfy community expectations and the targeted benchmark.</p> <p>NOTE: The Asset Maintenance Program has additional recurrent funding set aside in Council's adopted long term financial plan, commencing 2016/17.</p>	<p>Positive impact Infrastructure Backlog Ratio, Asset Maintenance Ration and Building and Infrastructure Asset Ratio.</p>
	<p>Annual reconciliations between actual maintenance spend and required maintenance spend to ensure benchmarks are being achieved.</p>		
<p>Enhance Council's existing asset management systems by introducing improved integration with core systems and mobility solutions for field staff.</p>	<p>By June 2016, asset management systems are integrated with core applications and mobile asset management solutions are deployed to key field staff.</p>		

Objective: To ensure Council utilises debt for appropriate capital purposes, has a sustainable source of recurrent debt service funding and considers the benefits of intergenerational equity.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>As a first principle, utilise internal loan borrowings where capacity exists.</p>	<p>Periodic assessment of uncommitted balances available in Internal Reserves.</p>	<p>Council is both prudent and responsible in its approach to debt, and identifies opportunities where public benefit is a likely outcome.</p> <p>NOTE: Council has not factored any additional loan borrowings into its long term financial plan.</p>	<p>Negative impact on operating performance ratio and real operating expenditure per capita.</p>
<p>Utilise loan borrowings to fast-track projects when and where it is considered appropriate and advantageous.</p>	<p>Annual assessment of capacity to fast track Council's capital works program.</p>		

3.3 EFFICIENCY

Marrickville meets the 1 efficiency indicator no later than 2019/20. In doing so, Council is not reliant on any further special rate variations, additional external loan borrowings or a reduction in services/service levels. Council is mindful that it is one thing to become fit for the future and another to sustain that fitness. To that end, Council intends to focus its energies on the following areas to ensure Council remains efficient well in to the future.

A. Productivity and Efficiency targets

B. Service Level Reviews

The following is a closer examination of the above focus areas:

Objective: To ensure identified productivity and efficiency targets transpire with no adverse impact on service levels.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Annual productivity and efficiency targets are identified, reviewed and factored into the annual budget and long term financial plan.</p>	<p>Productivity and efficiency targets identified and reviewed by executive leadership team and ratified by Council in October each year.</p> <p>Quarterly reviews identify progress against identified productivity and efficiency targets.</p> <p>Annual Performance Review used to assess individual performance against productivity and efficiency targets.</p> <p>Actual performance against productivity and efficiency targets is reported in the Annual Report each year.</p>	<p>Council continues to provide a wide range of services to the community in a financially sustainable manner.</p> <p>NOTE: A recurrent expenditure saving of \$1.4m has been factored into Council's adopted long term financial plan from 2015/16.</p>	<p>Positive impact on operating performance ratio, real operating expenditure per capita and own source revenue.</p>

Objective: To ensure Council's services are the subject of regular and systematic review.

STRATEGIES	MILESTONES	OUTCOME	IMPACT ON OTHER MEASURES
<p>Develop a standard Service Level template and a rolling program of service level reviews that includes key stakeholders and benchmarks.</p>	<p>By July 2016, standard Service Level templates are developed and the first group of services to be reviewed identified.</p>	<p>Council's services are relevant, effective and efficient.</p>	<p>Positive impact on operating performance ratio, real operating expenditure per capita and own source revenue.</p>

3.4 IMPROVEMENT ACTION PLAN

The development of the Improvement Action Plan was led by the Executive Leadership Team, with the assistance of management and staff who were invited to identify Council's strengths, weaknesses, opportunities and threats with a view to addressing those through proactive strategies and actions.

Councillors were invited to comment on the proposed action plan at a briefing held on 26 May 2015 and again via a progress report submitted to Council on 9 June 2015. At that meeting, Council resolved to formally endorse the proposed actions with the knowledge there will be little to no adverse impact on service delivery to the community. Consultants, Morrison Low, were also asked to peer review the proposed action plan.

Council achieves all 7 of the Fit for the Future benchmarks by 2019/20. The strategies and actions outlined in Section's 3.1, 3.2 and 3.3 set the tone for Council's Improvement Action Plan. Many of those strategies and actions feature in the Improvement Action Plan as they are considered to be an important part of Council's roadmap to success. The actions and initiatives outlined below place Council in an excellent position to continue serving the people of Marrickville in a manner they have come to expect.

Council's Improvement Action Plan is divided into 2 sections; actions to achieve all 7 key financial benchmarks by 2019/20, and other actions aimed at sustaining Council's performance in perpetuity.

ACTIONS AIMED AT ACHIEVING KEY FINANCIAL BENCHMARKS

ACTIONS	MILESTONES	BENEFITS
Productivity and Efficiency Program	Adoption of the 2015/16 Operational Plan and Budget includes \$1m of targeted cost savings across Council's operational expenditure allocations	2015/16 Productivity and Efficiency measures become the baseline for future budget preparations, ensuring a recurrent \$1m saving in operational expenditure
Salaries and Wages - Overtime	Adoption of the 2015/16 Operational Plan and Budget includes a \$90,000 saving in overtime across the entire organisation	2015/16 savings in Overtime become the baseline for future budget preparations, ensuring a recurrent \$90,000 saving in overtime
Employee Leave Entitlements	Salaries and Wages Report Card developed to initiate action to reduce excessive leave balances	Employee Leave Entitlements are managed in a financially sustainable manner
Centre-led Procurement	Adoption of the 2015/16 Operational Plan and Budget includes \$200,000 of procurement savings across all of Council's services	2015/16 Procurement measures become the baseline for future budget preparations, ensuring a recurrent \$200,000 saving in operational expenditure
Passenger Vehicle Fleet	Adoption of the 2015/16 Operational Plan and Budget includes \$150,000 of passenger vehicle fleet related savings to come into effect in 2016/17	2015/16 Passenger Vehicle Fleet measures become the baseline for future budget preparations, ensuring a recurrent \$150,000 saving in operational expenditure beyond 2016/17

ACTIONS AIMED AT SUSTAINING COUNCIL'S PERFORMANCE

ACTIONS	MILESTONES	BENEFITS
Service Level Reviews	By July 2016, standard Service Level templates are developed and the first group of services to be reviewed identified. Between 2016 and 2020, all Services will have been the subject of a service and service level review.	Ensure Services and Service Levels are relevant, effective and efficient.
E-Business Program (Refer to Attachment 15 for a detailed outline of this Program)	2015/16 Budget allocates \$150,000 towards E-Business with following targets in mind: - By July 2016, 15% of all applications submitted and completed online. - By July 2020, 75% of all applications submitted and completed online.	Convenient choice for customers, process efficiency, reduced paper and storage, reduced duplication and wastage, reduced headcount and costs. Council estimates 25,000 customer service enquiries per annum will benefit from this Program.
Integrated Property Strategy	By December 2015, Draft Integrated Property Strategy adopted by Council. By July 2016, development opportunities are identified for appropriate operational assets.	Capitalise on operational assets with development potential or sell if surplus to Council/Community needs. Strategically acquire properties to meet future needs.
Continuous Improvement Program	By July 2015, team and organisational challenges identified, incorporated into quarterly operational plan reviews and Annual Achievement Plans.	Innovation, creativity, collaboration, business process improvement, elimination of waste and duplication

3.5 OTHER ACTIONS CONSIDERED

Council considered a number of options when preparing its Improvement Action Plan. Some of those options included:

1. A special rate variation aimed at achieving the 7 key financial indicators was initially considered. However, given a 3% special rate variation has just been approved by IPART, it was considered not in Council's or the community's best interests.
2. Marrickville did extensively explore the option of amalgamating with Botany Council and Rockdale Council. The Morrison Low Report concluded it was not as an attractive proposition as the Inner West Council or a stand-alone proposition.
3. An examination of a new Inner West Joint Organisation (JO) was contemplated in the early stages of Fit for the Future but was 'shelved' when the Independent Local Government Review Panel & the NSW State Government advised that JO's would not be considered for Sydney Metro Councils. Given that it would appear that IPART will indeed consider JO's, Marrickville would be very interested to commence working with its neighbouring Inner West councils to develop a sound business case for a JO.



4. HOW MARRICKVILLE'S PLAN WILL **IMPROVE** **PERFORMANCE**

4.1 EXPECTED IMPROVEMENT IN PERFORMANCE


The table below highlights how Council achieves each of the 7 key financial benchmarks by 2019/20 at the latest. Most benchmarks are achieved well ahead of 2019/20.

MEASURE BENCHMARK	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	ACHIEVES FFTF BENCHMARK
Operating Performance Ratio	(3.3%)	(1.0%)	0.6%	3.1%	3.9%	4.8%	YES (2016/17)
Own Source Revenue	87.8%	88.0%	87.9%	88.1%	88.8%	89.3%	YES (2014/15)
Building & Infrastructure Asset Renewal	72.9%	85.1%	105.5%	123.5%	134.6%	135.8%	YES (2016/17)
Infrastructure Backlog Ratio	2.7%	2.9%	2.9%	2.4%	2.1%	1.4%	YES (2019/20)
Asset Maintenance Ratio	88.0%	86.0%	89.9%	95.0%	100.0%	101.0%	YES (2018/19)
Debt Service Ratio	4.7%	4.6%	4.3%	3.9%	3.3%	2.8%	YES (2014/15)
Real Operating Expenditure per capita	1.01%	0.96%	0.96%	0.93%	0.92%	0.90%	YES (2017/18)

A copy of Council's adopted long term financial plan is appended as Attachment 16.

The table below is a snapshot of the results using the Morrison Low model.

Note: 2014 = 2013/14 financial year.

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
										
BENCHMARK										
<i>Operating Performance Ratio (greater or equal to break-even average over 3 years)</i>	✗ -3.4%	✗ -3.3%	✗ -1.0%	✓ 0.61%	✓ 3.1%	✓ 3.9%	✓ 4.8%	✓ 4.6%	✓ 4.5%	✓ 4.3%
<i>Own Source Revenue Ratio (greater than 60% average over 3 years)</i>	✓ 87.8%	✓ 88.0%	✓ 88.0%	✓ 87.88%	✓ 88.1%	✓ 88.8%	✓ 89.3%	✓ 89.6%	✓ 90.0%	✓ 90.2%
<i>Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)</i>	✗ 71.5%	✗ 72.9%	✗ 85.1%	✓ 105.47%	✓ 123.5%	✓ 134.6%	✓ 135.8%	✓ 135.2%	✓ 122.7%	✓ 124.4%
<i>Infrastructure Backlog Ratio (less than 2%)</i>	✗ 2.22%	✗ 2.69%	✗ 2.93%	✗ 2.57%	✗ 2.36%	✗ 2.07%	✓ 1.44%	✓ 1.22%	✓ 0.99%	✓ 0.75%
<i>Asset Maintenance Ratio (greater than 100% average over 3 years)</i>	✗ 74%	✗ 88%	✗ 86%	✗ 89.85%	✗ 95%	✗ 100%	✓ 101%	✓ 102%	✓ 104%	✓ 105%
<i>Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)</i>		✓ 4.7%	✓ 4.6%	✓ 4.31%	✓ 3.9%	✓ 3.3%	✓ 2.8%	✓ 2.0%	✓ 1.3%	✓ 0.6%
<i>A decrease in Real Operating Expenditure per capita over time</i>	0.981	1.005	0.956	0.959	0.931	0.916	0.903	0.898	0.882	0.873



5.
PUTTING
MARRICKVILLE'S
PLAN INTO
ACTION

Most of the actions outlined in Council's Improvement Action Plan are already embedded within the Operational Plan and Delivery Program. The few that are not will be included in the next iteration of Council's suite of integrated planning and reporting documents.

Council's Annual Operational Plan includes details about the project/action, outlines responsibilities for delivering the outcome and key performance indicators / targets. The Annual Operational Plan is reviewed quarterly and reported to Council every 6 months.

Council also intends disclosing its progress against the Improvement Action Plan in its Annual Report.

5.1 CONCLUSION

Marrickville Council has a proven track record of excellence and has a robust plan for the future. The Marrickville community plays a pivotal role in the policies we develop, the services we provide and direction we are heading. This Improvement Proposal provides sufficient evidence to support the case for Marrickville to stand-alone and continue to service the needs of its community well into the future, a proposition the vast majority of our community supports.

Brian Barrett
General Manager
Marrickville Council



