TWEED
SHIRE COUNCIL

Fit For the Future

Tweed Shire Council
Council Improvement Proposal Template

Adopted by Council at its meeting on 18 June 2015

Aboriginal Recognition

We wish to recognise the generations of the local Aboriginal people of the Bundjalung Nation who have lived in and derived their physical and spiritual needs from the forests, rivers, lakes and streams of this beautiful valley over many thousands of years as the traditional owners and custodians of these lands.

Contents

1.1 Executive Summary

Tweed Shire Council has welcomed the NSW Government's 'Fit for the Future' reform process, as an opportunity to review and assess our existing position as a strong and progressive growth Council.

Through a "whole of council and community" approach, Tweed has set about establishing a framework that will leverage our strengths to grow our potential, enabling the continuation of our journey as an innovative, sustainable and responsive Council into the future.

The outcomes of the NSW Treasury Corporation (TCorp) findings and recommendations of the Independent Local Government Review Panel identified Tweed's position as having a moderate Financial Sustainability Rating, a neutral outlook and a low merger potential. The Infrastructure Audit undertaken by the then Division of Local Government, has Tweed positioned as strong.

Population projections from id Consulting (population experts), estimate a total population for Tweed of more than 125,000 people by 2036. It is through this growth and its proximity to South East Queensland that the Tweed has evolved as the major regional centre in the northern rivers. With Coffs Harbour and Port Macquarie to its South, Tweed will be positioned as a major regional city for health, arts and culture, employment, business investment and tourism into the future.

Given these indicators, Tweed is identified as an Improvement Council under the 'Fit for the Future' framework and has the sufficient scale and capacity to continue as an autonomous Council. With its large population and estimated growth, Tweed's population represents almost 40 per cent of the total population of the proposed Northern Rivers Joint Organisation.

The reform process offers a great opportunity to look at the services we provide, how and when and to whom we provide them and explore ways we can enhance the ways we work from a "whole of council" perspective.

Tweed has embarked upon one of the most important future planning projects it has ever undertaken.

A Tweed The Future is Ours focus group

As a result, Tweed has embarked upon one of the most important future planning projects it has ever undertaken.

As an extension of the Fit for the Future process, this body of work is titled: 'Tweed the Future is Ours'. Estimated to take up to two years, we will review the information on our built and social assets, look at the service levels we provide and connect with our communities so they can actively offer feedback on their expectations and aspirations for Council and its services.

A strong community engagement component of this project has already commenced and will ensure Council's connection to local communities remains a significant driver in our future planning and service delivery.

'Tweed The Future is Ours' has been developed for delivery over two phases. Phase One commenced in January 2015 and will validate and document Council's current state of play for assets including those we control, their condition and the cost of the current service levels, operations, maintenance, renewal and upgrade.

As part of Phase One, 50 officers including Executive Management and operational staff from across the organisation have been working collaboratively within five teams that reflect a mixture of the diversity of Council's operations within each team. These teams are driving the retrieval of service information that will inform Phase Two. This second phase will unpack the outputs and costs of each of Council's documented service outcomes in greater detail and drive the organisational cultural change program required to implement 'Tweed The Future is Ours'.

Through working with our communities, 'Tweed the Future is Ours' will enable the community to provide Council with clear direction on the services they want to see delivered in the future and identify their expectations as to the level of these services and the corresponding costs.

Through the adoption of an integrated approach to Council's planning, the timing for this process will ensure the outcomes from the community will inform the review of the Community Strategic Plan required as part of the Integrated Planning & Reporting (IP&R) Guidelines by 30 June 2017. This is directly after the election of a new Council which will occur in September 2016.

In reviewing our processes, Council will determine if we are operating the best we can in terms of assets, services and value for money with the adoption of a service efficiency improvement process in line with the Business Excellence Framework to be implemented after June 2016.

At Tweed, the future is ours and Council and its communities are excited at the prospects we are exploring together that will further strengthen our position as a responsive, innovative, sustainable and contemporary Local Government into the future.

The Tweed Coast

1.2 Scale and Capacity

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

Yes

The key elements of Strategic Capacity as outlined by the Independent Local Government Review Panel are listed below.

Box 8: Key Elements of Strategic Capacity

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and Federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership.

Source: ILGRP, *Revitalising Local Government – Final Report of the NSW Independent Local Government Review Panel*, October 2013, p 32.

The 'Fit for the Future' proposals were informed by several documents commissioned by the NSW State Government published throughout 2013.

TCorp undertook an analysis of the financial sustainability of all councils within the state while the then Division of Local Government (DLG) undertook an infrastructure audit.

Tweed Shire Council received the following rankings:-

TCorp assessment

Financial Sustainability Rating (FSR)	Moderate*
Outlook	Neutral**

Division of Local Government

Infrastructure Audit - Management Assessment	Strong

There are no known foreseeable events that would have a direct impact on the financial sustainability of the local government.

* FSR - Moderate

- A local government with an adequate capacity to meet its financial commitments in the short to medium term and an acceptable capacity in the long term.
- While it has some record of reporting minor to moderate operating deficits the local government may also have recently reported a significant operating deficit.
- It is likely able to address its operating deficits, manage unforseen financial shocks and any adverse changes in its business, with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered.
- Its capacity to manage core business risks is moderate.

** Outlook - Neutral

- There are no known foreseeable events that would have a direct impact on the financial sustainability of the local government. It may be possible for a rating upgrade or downgrade to occur from a neutral outlook, if warranted by an event or circumstance.

As a result of these assessments the Independent Local Government Review Panel (ILGRP) concluded that Tweed Shire Council has a low merger potential, proposed that Tweed Shire remain a standalone Council and become a member of the proposed Northern Rivers Joint Organisation of Councils.

The Tweed Local Government Area encompasses a single catchment of the Tweed River. This represents a significant advantage by encapsulating services that need to be delivered on a catchment basis. These include:

- **Water Supply**
- **Sewerage Reticulation**
- **Catchment / River Management**
- **Flood Mitigation**

Using the ABS 'Urban Centre' classification, The Tweed's highest populated suburb Tweed Heads, is identified as part of the Gold Coast conurbation which has a total population across the area of 533,659. The economy of the Tweed and South East Queensland are intrinsically tied, with the main CBD being shared with Coolangatta.

The Tweed's immediate proximity to the NSW / Qld Border with the Gold Coast considered to be a community of interest, can play a significant role influencing decisions made by Tweed Shire Council (TSC). These decisions can relate to:

Economic development
Tourism
Land use planning
Infrastructure planning
Public transport
Libraries
Other community and cultural services
Licensing

In 2011 Tweed Shire Council was recognised through the AR Bluett Award as the best performing regional council in NSW. This was the third occasion Tweed had received this prestigious award being recognised previously in both 1971 and 1975.

Since 2011 Tweed Shire Council has consistently been recognised for its capacity to excel, receiving a range of awards for achieving excellence in the delivery of a range of Local Government Services including:

2015 Annual Museums and Galleries National Awards (MAGNA)
Tweed Regional Gallery & Margaret Olley Art Centre winner of the National Award for Permanent Exhibition or Gallery Fitout Category.

2015 LGMA Management Challenge - Third Place NSW

2014 NSW Local Government Management Excellence Awards
Awarded Highly Commended for Excellence in Environmental Leadership and Sustainability. Supporting private land conservation in the Tweed.

2014 Local Government Excellence in the Environment Awards - A High Commendation was awarded by Local Government NSW for Council's efforts in sustainable procurement.

2014 Green Globe Awards - Natural Environment Sustainability - Presented jointly to Tweed Shire Council and Byron Shire Council for Koala Connections Program.

2014 RH Dougherty Awards for Communication - Reporting to Your Community - Presented by Local Government NSW for online communications, community engagement tools and development of an innovative internal Corporate Knowledge Base.

2014 RH Dougherty Awards for Communication - Excellence in Communication - A High Commendation was awarded by Local Government NSW for the official opening event for the Margaret Olley Art Centre.

2014 IMAGinE Award for excellence and innovation - Presented by Museums & Galleries of NSW for Margaret Olley Art Centre.

In 2011, Tweed Shire Council was recognised through the AR Bluett Award, as the best performing regional council in NSW.

Former Tweed Shire Council General manager Mike Rayner with former Member for Ballina Don Page and the AR Bluett Award

Tweed Shire Council Trainee Case Manager Paris Robinson with Rob Appo, Council's Community Development Officer - Aboriginal.

Tweed Shire Council's John Turnbull (right) with the 2011 Northern Rivers Landcare Award

2014 Young Achiever of the Year - Local Government Aboriginal Network Conference - Presented to Tweed Shire Council Trainee Case Manager Paris Robinson.

2014 NSW Business Chamber Awards - Excellence in Workplace Health & Safety Regional Award - Restructuring Council's workplace safety strategy and procedures which has achieved a 40 per cent reduction in compensable injuries since 2009, and a 45 per cent reduction in the amount of worker time lost to injuries.

2014 Local Government Arts and Culture Awards - Places for Arts and Culture: Improved cultural facilities - Presented by Local Government NSW in May 2014 for Tweed Regional Museum's success in bringing together three historical societies to form Tweed Regional Museum.

2013 IMAGinE Award - Collection Management Award - Presented by Museums & Galleries of NSW in November 2013 for a Tweed Regional Museum - Murwillumbah Project.

2013 Public Domain Awards - Precincts Award and Best Overall Project - Presented jointly to Tweed Shire Council and ASPECT Studios for Jack Evans Boat Harbour at Tweed Heads.

2013 NSW Local Government Arts and Culture Awards - Leading Arts and Culture: Enduring Staff Contribution to Arts and Culture: Presented to Tweed Regional Gallery Director Susi Muddiman.

2012 Local Government Excellence in the Environment Award - Sustainable Procurement in Practice - Best Project - Presented by the Local Government and Shires Association.

2012 Australian Institute of Landscape Architects (AILA) National Landscape Architecture Award for Design - Presented to Jack Evans Boat Harbour at Tweed Heads in September 2012.

2012 Local Government Landcare Partnership Award - presented by Landcare. The Tweed Byron Bush Futures Project undertook bushland restoration works on more than 225 hectares of urban bushland at more than 50 sites, to address threats to bushland integrity in the Tweed and Byron Shires.

2011 A.R. Bluett Award (Shires Association) - Presented to Tweed Shire Council in October 2011 by the Trustees of the A.R. Bluett Memorial Trust, through the Local Government and Shires Association. This is the most prestigious local government award in NSW. Tweed Shire Council also received this award in 1975 and 1971.

2011 Australian Institute of Landscape Architects (AILA) NSW Medal for Landscape Architecture - Presented for Jack Evans Boat Harbour at Tweed Heads in December 2011.

2011 Local Government Community Partnership Award - This NSW award was presented by Landcare for the Tweed-Byron Bush Futures Project.

2011 R.H. Dougherty Award for Excellence in Communication - This award was received for the community engagement campaign for the Tweed Community Strategic Plan 2011/2016 from the Local Government and Shires Association NSW.

2011 R.H. Dougherty Award - Outstanding Individual Contribution - Awarded to Council's Communications and Marketing Coordinator, Tiffany Stodart

2011 Good Communicators Awards - Best Publication - Council's weekly newspaper, the Tweed Link, received this national award from Government Communications Australia.

2011 Northern Rivers Landcare Award - Local Government Landcare Partnership - This regional award was presented for the Tweed-Byron Bush Futures project by Northern Rivers Landcare and the Northern Rivers Catchment Management Authority.

Water Utilities - Strategic Capacity

Each year the Office of Water prepares a NSW Water Supply and Sewerage Performance Monitoring Report. The Report provides an overview of the current status and future water supply and sewerage needs for NSW. The Report presents key performance indicators for all NSW urban water utilities. This enables each utility to monitor and improve its performance through benchmarking against similar utilities.

The 2013/2014 Performance Monitoring Report has assessed Tweed's performance resulting in the following outcomes:

- Council was acknowledged as receiving a "Very Good" rating in the implementation of Best Practice Requirements. Similarly it achieved a "Very Good" rating in health criteria of Physical Compliance, Chemical Compliance and 100 per cent Microbiological compliance. Council also received a rating of "Very Good" for economic indicators of Interest Cover, Loan Payment and Water Main Cost.

- Council received a "Good" rating for Renewals Expenditure, Residential Use Charges, Residential Access Charges, Typical Residential Bill, Typical Developer Charges, Revenue from Usage Charges, Number of Main Breaks, Real Losses, Economic Rate of Return, Net Debt to Equity and Capital Expenditure.

- Council has 1.9 employees per 1,000 properties versus the state median of 1.5. This is due to, firstly, the amount of infrastructure per 1,000 properties, the requirement to operate three water treatment plants and the highly technical nature of the membrane treatment plants and specifically Bray Park.

In addition, Council undertakes mechanical and electrical works in house along with a number of other reticulation activities where other authorities contract out such works. Council's present practice is considered efficient.

Due to rapid growth, a significant level of resources are also required to review the servicing requirements for, and financial implications associated with, new developments.

Council continues to be very active in preparing and updating urban water related strategies and implementing related policy, programs and actions to plan and cater for our growing community in consideration of our natural environment and achieving sustainable outcomes. Due to rapid growth, a significant level of resources are also required to review the servicing requirements for new developments.

Sewerage - Strategic Capacity

As with water, Council was acknowledged as receiving a "Very Good" rating in the implementation of Best Practice Requirements for sewerage. Similarly, it achieved a "Very Good or Good" rating for Developer Charges, Sewerage Coverage and Odour Complaints. Council achieved a Satisfactory rating for renewal expenditure, Percent Tertiary Treated Sewage, and Compliance.

The Bray Park Water Treatment Plant

As with water, Council was acknowledged as receiving a "Very Good" rating in the implementation of Best Practice Requirements for sewerage.

Burringbar-Mooball sewerage treatment plant

Council has 2.3 employees per 1,000 properties versus the state average of 1.6. This is due to the amount of infrastructure per 1,000 properties, the requirement to operate eight sewage treatment plants and the highly technical nature of nutrient removal sewage treatment plants such as Banora Point, Kingscliff, Hastings Point and Murwillumbah.

In addition, Council undertakes mechanical and electrical works in house whereas other authorities contract out such works. Council's present practice is considered efficient.

As is the case with water, a significant level of resources are also required to review the servicing requirements for new developments.

These results on Tweed's Water Utilities and Sewerage clearly demonstrate the organisations strategic capacity particularly in relation to:

- Scope to undertake new functions and major projects
- Ability to employ a wider range of skilled staff
- Advanced skills in strategic planning and policy development
- Effective regional collaboration and
- High quality political and managerial leadership.

While the key elements of Strategic Capacity as outlined by ILGRP report *Revitalising Local Government* are considered challenging in regard to:

- A more robust revenue base being hampered by the combination of both rate pegging and regulated fee setting by the State Government.

- The ability to employ a wider range of skilled staff is constrained by salary structures and state awards that negate the ability to compete for higher skilled employees from the employment market.

- Knowledge, creativity and innovation can be limited by the requirement and governance structure defined within the existing Local Government Act.

Council is confident that it satisfies the key elements of strategic capacity.

The Sustainable Living Centre is Council's environmental education centre, constructed as part of the Kingscliff Wastewater Treatment Plant

2.1 About your local government area

The traditional owners of the land where Tweed is situated are the people of the Bundjalung nation.

Located in northern NSW on the Queensland border, Tweed Shire covers a total area of more than 1300km^2 with 37 kilometres of coastline, featuring some of the most pristine and stunning beaches in NSW.

In addition to the coastline, Tweed is home to wetlands and forests, lush pastoral and farm land. The entire basin of the Tweed River and mountainous regions contain three World Heritage listed National Parks. These National Parks and nature reserves occupy approximately nine per cent of the shire, which sits within a massive caldera known as the Green Cauldron, recently declared one of Australia's tourism icons. Tweed has one of the highest levels of biodiversity anywhere in the world and has an average rainfall of approximately 1600 millimetres per year.

These attractions are part of the reason Tweed Shire remains one of Australia's fastest growing regions. Based on the 2011 Census Data, Tweed's population was approximately 89,000. Prior to the global economic downturn, population projections for the Tweed were estimated to reach more than 128,000 by 2031. Post the economic down turn, these figures have since been reviewed by the NSW Department of Planning and Environment resulting in the most recent population projection of 109,400 by 2031. These are considered conservative projections and are likely to be reviewed by the Department with the anticipated increase in economic activity in the near future. While the Department has reviewed their projections to the more conservative figure, .id Consultants (population experts) continue to forecast population numbers for the Tweed to reach approximately 125,000 by 2036.

The major proportion of residential development over the next 10 to 20 years is expected to occur at the Kings Forest and Cobaki development sites, with more than 5,000 residential lots for each development. More recently, Southern Cross University has announced that it plans to expand its operations at the proposed site of Cobaki which provides a proliferation of employment and training opportunities for the Northern Rivers and South East Queensland. The Concept Plan approvals are in place for these developments, with Council and the developer working to resolve outstanding infrastructure issues and the necessary planning approvals, prior to the commencement of the first subdivision precincts.

The Tweed Heads City Centre also has planning controls in place which are expected to result in an increase in residential population by 7,000 people and the creation of 3,000 new jobs by 2031. A number of approvals are already in place awaiting a return on the medium density residential property market. Another key green field development site is Area E at Terranora which has recently commenced subdivision construction, and is expected to provide new housing for a population of over 3,500 people.

Other infill development and remaining subdivision activity continues to occur within the established Tweed Coast housing estates of Salt, Casuarina, Seaside City, and Seabreeze Pottsville, as well as Hundred Hills and Riva Vue at Murwillumbah. Future housing estate investigations are earmarked for Dunloe Park (south of Pottsville) and Bilambil.

Population demographics indicate 23 per cent of residents are over 65 years of age

Murwillumbah High School

Condong Sugar Mill and cogeneration plant

and 28 per cent of the total population are under 25 years. Our population reside in our mix of stunning coastal villages, urban centres, regional towns and 15 rural villages, each with their own distinct character.

The Tweed has two public hospitals, 39 primary schools, eleven secondary schools, three public libraries, two TAFE campuses, Southern Cross University and parts of Gold Coast Airport. Gold Coast Airport's street address is listed as Coolangatta in Queensland, yet the airport is actually located in both Tweed Shire and Gold Coast City. The new International Terminal and Instrument Landing System (ILS) will sit wholly within Tweed Shire Council boundary. Airport passenger numbers for the 2013/2014 financial year were: Domestic 4,845,767, International 900,799, totalling 5,746,566 passengers.

Major industries in the Tweed Shire include health care and social assistance (the major employer generating 4,603 local jobs in 2013/2014), retail, tourism and agriculture. The total tourism and hospitality sales in Tweed Shire were $555.5 million (33 motels, 19 caravan parks, 481 holiday flats/units).

In 2010/2011, the total value of agricultural output in Tweed Shire was $58 million, which increased from $56 million in 2005/2006. The largest commodity produced was broadacre crops, which accounted for 29.6 per cent of Tweed's total agricultural output in value terms.

A sugar mill located at Condong is a significant contributor to the economy of the Tweed area and provides the community with employment opportunities, growth, sustainability and prosperity. The mill is one of three on the NSW North Coast, producing raw sugar, as well as associated by-products such as molasses and bagasse. Together the mills have the capacity to produce up to 270,000 tonnes of raw sugar per year from 2.5 million tonnes of sugar cane.

Council has an agreement to supply treated effluent to the cogeneration plant at the Condong Mill, which has a 30 megawatt electrical generating capacity, for use at the sugar mills and for export to the regional power grid. The renewable energy plant is fuelled by sugar cane by-products, bagasse and cane leaf, as well as timber and is a major provider to the energy grid in the region and is capable of meeting more than a third of the community's energy demand.

The sugar industry in NSW is important to the northern NSW region, accounting for some $230 million of regional economic output and employing an estimated 2,200 people.

Council is a small business-friendly council and a member of the NSW Business Chamber. Council has been successful in attracting employment-generating business to Tweed, including craft brewer Stone & Wood, who established their main brewery in Murwillumbah in 2014, creating 17 new jobs. Provisions in Council's Business Investment Policy meant Stone and Wood had access to deferred payments for some the necessary development charges. This deferral of payments added up to a significant financial concession which made a big difference for the company's expansion plans, who chose to establish in Tweed over the Gold Coast or Byron Shire. In 2014, the company was named the Telstra Regional Business Award winner. The Murwillumbah plant is currently producing 1.5 million litres of beer per annum and has plans to increase production.

Tweed Shire SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations. The unemployment rate for the Shire is 7.7 per cent (December 2014 Quarter Source: Australian Government Department of Employment).

A lower score on the index means a *higher* level of disadvantage.

Index of relative socio-economic disadvantage for 2011	
Australia	1002.0
New South Wales	995.8
Regional NSW	968.6
Tweed Shire	958.5
Source: Australian Bureau of Statistics, Census of Population and Housing 2011. Compiled and presented in profile.id by .id Population Consultants. http://www.id.com.au	

Housing Stress is defined as per the NATSEM (National Centre for Social and Economic Modelling) Model as households in the lowest 40 per cent of incomes who are paying more than 30 per cent of their usual gross weekly income on housing costs.

Housing affordability and availability (private and public) is linked to issues of homelessness and has become a significant social and economic problem, one that has risen considerably as an issue across Australia between 2006 and 2011.

A Housing Affordability Report was taken to Council on 15 May 2014.
The Report identified that Tweed Shire consistently ranks higher for housing stress, mortgage stress and rental stress in comparison to regional, state and federal averages - see Table 1. Housing, mortgage and rental 'stress' is defined as households in the lowest 40 per cent of incomes who are paying more than 30 per cent of their usual gross weekly income on housing costs.

Table 1: Percentage of total households experiencing housing, mortgage and rental stress (ABS, 2011)

	Tweed Shire	Regional NSW	New South Wales	Australia
Housing Stress	15.3	11.4	11.4	10.7
Mortgage Stress	16.5	11.4	11.5	10.6
Rental Stress	40.0	29.6	26.7	25.1

Tweed Shire Council is the size to be positioned within Group 5 councils in the NSW Office of Local Government classification. The Council was declared on 1 January 1947 following the amalgamation of the Municipality of Murwillumbah and Shire of Tweed.

With an annual budget of $194 million, Council is the largest employer in the Tweed. Council's workforce of approximately 700 employees covers a wide range of programs and services including planning and development, water and wastewater, major and minor works, waste management, natural resource management, community and cultural development, art gallery and museums, recreational facilities, parks and reserves, cemeteries, and aquatic facilities.

Council is guided by seven Councillors elected by the community for a term of four years with the Mayor elected by the Councillors in September each year for a 12-month term.

Tweed Shire Council's traditional administration office is located in Murwillumbah, although Council has acquired the former Southern Cross University Campus in Brett Street central Tweed Heads which is adjacent to Council's existing branch office and library.

Housing at Banora Point

Mayor Cr Gary Bagnall

Councillors Barry Longland, Warren Polglase, Carolyn Byrne, Phil Youngblutt, Katie Milne and Michael Armstrong.

Former Southern Cross University Building at Tweed Heads

This new facility will provide an additional 1,500 square metres of office space in Tweed Heads. Refurbishment of this facility is currently underway and selected staff units from the existing Murwillumbah Administration Office, will commence relocating to this facility in September 2015. The additional space will also provide an expanded library footprint and Council Chambers in the major population centre of the Shire.

The 2013/2023 Tweed Community Strategic Plan is built around four themes:

Civic Leadership: To set the overall direction and long-term goals for the Tweed in accordance with community aspirations.

Supporting Community Life: To create a place where people are healthy, safe, connected and in harmony with the natural environment to retain and improve the quality of community life.

Strengthening the Economy: To strengthen and diversify the region's economic base in a way that complements the environmental and social values of the Tweed.

Caring for the Environment: For Council and the community to value, respect and actively participate in the care and management of our natural environment for current and future generations.

As part of the award winning engagement in the development of the Plan, the community identified the following as their top priorities:

Civic Leadership
- Decisions based on sustainability
- Sustainable population
- Effective and transparent consultation
- Respond to community input

Supporting Community Life
- Public transport – particularly rail services
- Footpaths and cycleways
- Protect village character
- Safe communities
- Health services
- Support for community organisations
- Urban design/ protect open space

Strengthening the Economy
- Protect agriculture/agricultural land
- Create employment opportunities
- Ecotourism
- Establish Tweed as clean, green food bowl
- Public transport
- Rejuvenate Tweed Heads CBD

Caring for the Environment
- Protect biodiversity
- Water management – including water tanks
- Sustainable development/housing
- Sustainable population

Assets controlled by Council

Council provides and maintains more than $3 billion of assets, from roads, bridges, street lights, water, wastewater and waste management, to the parks, community buildings and amenities that enhance quality of life for residents and visitors.

Council's road network comprises:

- 1079km of sealed roads
- 164km of unsealed roads
- 210km of footpaths
- 790km of kerb and gutters
- 5,700 street lights
- 208 concrete bridges
- 35 timber bridges
- 99 car parks

Council also provides considerable infrastructure for flood protection, including:

- 376km of drainage
- 10.4km of levee banks
- 400 flood gates.

In addition, Council helps to create strong, cohesive and creative communities by providing:

- 33 community buildings
- 3 community centres
- 3 libraries
- 2 civic centres
- A regional museum and a regional art gallery

To encourage the community to get active and enjoy Tweed Shire's enviable climate, Council provides:

- 378 parks
- 37 sports fields
- 82 playgrounds
- 78 picnic areas with barbeques within 39 Council Parks
- 3 aquatic facilities as the Tweed Regional Aquatic Centres
- Public toilets and amenity blocks
- 11 cemeteries
- A public plant nursery

Interior - Tweed Regional Museum Murwillumbah

The multi-award-winning Tweed Regional Gallery & Margaret Olley Art Centre

Motorway approaching Chinderah

2.2 Key challenges and opportunities

Strengths

Tweed Shire Council's capacity to achieve recognition and awarded best practice in the delivery of diverse services and operations is significant. This has been demonstrated under the detailed list of awards featured previously in this submission in Section 1.2 Scale and Capacity.

Council's performance and ongoing commitment to achieve continued strategic capacity as described in the ILGRP Final Report is further evidenced with the highlights below:

- The major proportion of residential development over the next 10 to 20 years is expected to occur at the Kings Forest and Cobaki developments, with more than 5,000 residential lots at each development site. More recently Southern Cross University have announced that they plan to expand their operations at the proposed site of Cobaki which provides a proliferation of employment and training opportunities for the Northern Rivers and South East Queensland. The Concept Plan approvals are in place for these developments, with Council and the developer working to resolve outstanding infrastructure issues and the necessary planning approvals, prior to the commencement of the first subdivision precincts.

- The Tweed Heads City Centre also has planning controls in place which are expected to result in an increase in residential population by 7,000 people and the creation of 3,000 new jobs by 2031. A number of approvals are already in place awaiting a return on the medium density residential property market. Another key greenfield development site is Area E at Terranora which has recently commenced subdivision construction, and is expected to provide new housing for a population of over of 3,500 people. Other infill development and remaining subdivision activity continues to occur within the established Tweed Coast housing estates of Salt, Casuarina, Seaside City, and Seabreeze Pottsville, as well as Hundred Hills and Riva Vue at Murwillumbah. Future housing estate investigations are earmarked for Dunloe Park (south of Pottsville) and Bilambil.

As a regional growth area, there are great pressures on Tweed Council to achieve efficient turnaround times on the assessment of new development and commissioning of new public infrastructure. Council has responded to this challenge through a program of continuous improvement of its development assessment and certification processes, achieving significant efficiencies through an advancement of its e Planning capacity and services.

Major improvements to Council's web based information, the introduction of external and internal tracking and monitoring systems, the updating of planning controls (LEP and DCP), and a concerted effort to build positive relationships with major development proponents and the broader development industry have all contributed to reductions in Councils' average determination times.

Between 2007/08 and 2014/15, the average determination time for Development Applications has been reduced from 110 to 60 days, which is now well below the current State average of 71 days. Council's average processing time for complying development certificates is currently eight days, well below the current State average of 17 days.

Further efficiencies are expected through the commencement of new electronic lodgement processes in August, 2015, which will remove the previous requirement for applicants to provide hard copies, and pave the way for costs savings and speedier approvals for development proponents.

Collaboration and partnerships

- Tweed Shire Council understands the importance of collaboration and its vital role in contemporary local government. Working in collaboration with our neighbouring councils, other tiers of government, community organisations and the business sector, enables the achievement of better outcomes for communities. Through the sharing and pooling of resources, assets and the skills of our people, projects that may have otherwise been limited in their outcomes can come to fruition faster and often delivering more holistic and sustainable results.

- One of Tweed Shire's most recent successful collaboration and partnership projects has been the official opening of Stage 1 of Arkinstall Park located in Tweed Heads. This is an integral regional sporting facility for the Tweed comprising high-performance tennis and netball facilities. Arkinstall Park has been designed and built to standards that will attract national and regional competitions with participants not only from the Northern Rivers NSW Region but also the Southern Gold Coast Region. This project was made possible through a collaborative framework with funding from Tweed Shire Council, the Australian Government, Tennis Australia and Tweed Netball Association.

- Development of the innovative $4.5 million Margaret Olley Art Centre at the Tweed Regional Gallery in Murwillumbah came about as collaboration between the Australian Government, the NSW Government, the Margaret Olley Art Trust and Council. Significant contributions from the community were received through the Tweed Regional Gallery Foundation and the Friends of the Tweed Regional Gallery and Margaret Olley Art Centre. There was also strong financial support forthcoming from industry, regional and local philanthropists. The one-of-a-kind cultural facility was officially opened on 15 March 2014 by the then Governor-General, the Honourable Quentin Bryce AC CVO. The cultural facility attracted 122,000 visitors in 2014, with 50 per cent of these travelling from south-east Queensland.

- The $17 million extension of Kirkwood Road and partial interchange with the Pacific Highway was completed in January 2014, providing a strategic link in the Shire's arterial road network. The project was a collaboration between Council ($10 million) and NSW Roads and Maritime Services ($7 million). The extension provides another link between the highway and the Tweed Heads South business district, further entrenching the area as the Tweed's major commercial centre.

- Tweed Shire Council values its partners and fellow collaborators across the region. These collaborations involve a range of projects and areas of service delivery and active membership of the following Regional organisations and collaborations**:** NOROC (Northern Rivers Region of Councils), North East Waste Forum, Far North Coast Weeds, Richmond Tweed Regional Libraries.
  Tweed also offers Fee for Service for the provision of Human Resource Services for Rous County Council, and Records Storage Facility and Scanning Retrieval Services for Kyogle Shire Council. Regional procurement is another initiative being developed with neighbouring councils. Regional collaboration**:** Specific partnership projects with neighbouring Councils such as Byron Shire, have been recognised as best practice winning numerous awards including Landcare Bush Futures and Koala Connections projects. Collaboration on water security with a connection to South East Queensland Water.

Interior - Margaret Olley Art Centre (detail)

Public transport

Council's engineer Marty Hancock in Kenya

As the Tweed Shire shares its northern boundary with the City of Gold Coast Queensland, collaborative approaches are also required to address a range of issues with our communities of interest in Queensland. The economy of the Tweed and South East Queensland are intrinsically tied with the main CBD of Tweed Heads being shared with Coolangatta.

Although the two Councils have established their own connections and relationships for potential collaborations, the role of the NSW Cross Border Commissioner is to assist in facilitating more formal coordinated approaches to address the challenges for border communities.

In February 2015, the NSW Cross Border Commissioner released the 2015-2018 Business Plan. The purpose of the Plan is to address cross-border issues facing communities, businesses and organisations that live, work and operate in NSW.

The Plan aims to:

Maximise the opportunities for business and communities in NSW cross-border areas by enabling more effective delivery of NSW Government functions and services, and by ensuring that legislative, regulatory or policy impediments to business, economic and social development are appropriately addressed. It focuses on setting a strategic framework to support the identification, analysis, consideration and resolution of issue which impact on those who live, work and operate across our state borders. It highlights the critical role played by government agencies, communities and business in this process, and the requirement for open communication.

Listed below are some of the issues identified as requiring collaboration for Tweed and Gold Coast City:

- Public transport (including taxis)
- Servicing Cobaki development
- Child protection and guardianship
- Access to health and community services
- Community safety and juvenile justice
- Sport and recreational facilities
- Disaster emergency management
- Pest, animal and plant management
- Companion animal management
- Environmental and water cycle management

International Collaboration

The importance of collaboration for Tweed stretches beyond the local/regional and national level. The Tweed Kenya Mentoring Program (TKMP) is an initiative run voluntarily by Tweed Shire Council staff, and supported by Tweed Shire Council.

The program has existed since 2005, and maintains a vision of increasing access to safe water and sanitation, improving community and environmental health for Kenyan families, and strengthening bonds of friendship with the Tweed community.

For the past seven years TKMP has been working with poor rural communities in the Siaya district of Nyanza province, western Kenya. This work has resulted in the installation of a number of small scale water purification stations, and included significant attention to water supply, community capacity building and environmental health initiatives.

In 2007, the Tweed Kenya Mentoring Program was part of a team which won an international award for a project which delivered clean, safe drinking water to a

remote Kenyan community. The Safe Water project took out the prestigious 2007 Siemens Corporate Responsibility Award ahead of 181 teams from around the world. The Safe Water project in the impoverished West Kenya community of Omambe-Kadenge was a collaboration between the Tweed community, the Skyjuice Foundation, the International River Foundation and Siemens Australia.

In 2014, due to a reduction in the resources available for program implementation, the focus of the program has been narrowed from the implementation of an integrated program, to a focus on the sustainability of existing water purification assets. This includes supporting the community based committees that run these facilities.

TKMP works with four villages to maintain water purification stations at the dams which form their water supply. These dams are shallow, turbid and heavily contaminated by cattle manure. Women and children are the water carriers, and often walk several kilometres, several times a day to collect water. These purification stations, and the work surrounding their establishment, have been termed, "Safewater Projects" by TKMP. TKMP volunteers have travelled to Kenya to install these treatment plants, and there is a continuing commitment by TKMP, through our local Kenyan staff, to ensuring that the Safewater projects continue operating. A key activity of the program is training local people to operate and maintain the plants.

This collaboration also highlights Tweed's commitment to playing an important and very outcomes focused role in this international humanitarian issue in the provision of safe drinking water.

Important elements in achieving strategic capacity as identified by the ILGRP, include the ability to employ a wider range of skilled staff, high quality managerial leadership and knowledge, creativity and innovation.

Tweed Shire Council has approximately 700 employees and this year Council's LGMA Challenge Team was awarded Third Place for NSW in the Challenge. As listed within our response to 1.2 Scale and Capacity, Tweed has recently received recognition for the skills and expertise of staff from across the organisation with the following awards:

- 2014 Young Achiever of the Year - Local Government Aboriginal Network Conference - Presented to Tweed Shire Council Trainee Case Manager Paris Robinson
- 2013 NSW Local Government Arts and Culture Awards - Leading Arts and Culture: Enduring Staff Contribution to Arts and Culture: Presented to Tweed Regional Gallery Director Susi Muddiman
- 2011 R.H. Dougherty Award - Outstanding Individual Contribution Awarded to Council's Communications and Marketing Coordinator, Tiffany Stodart.

Tweed Shire Council not only meets but exceeds various employment benchmarks including the following:

- 2014 NSW Local Government HR Metrics Benchmarking Report indicates Tweed staff turnover as 7.6 per cent below the NSW State average of 8.4 per cent.
- Tweed Shire Council is an inclusive workplace that aims to attract Aboriginal and Torres Strait Islander people by offering professional recognition and career development. It is an aim to improve the employment outcomes within the Tweed community for Indigenous Australians. With an Aboriginal staff ratio of 2.78 per cent, Council has exceeded the Commonwealth Government's Aboriginal Employment target for 2015 of 2.7 per cent. To assist in further strengthening Indigenous employment Council - in consultation with the local Aboriginal Community - has introduced a program of targeted Aboriginal traineeships.

Council's Lorraine Dawson and Jason Young with the Excellence in Workplace Health & Safety Regional Award

- NSW Business Chamber Awards - Excellence in Workplace Health & Safety Regional Award - Presented by NSW Business Chamber in June 2014 for a restructure of Council's workplace safety strategy and procedures which has achieved a 40 per cent reduction in compensable injuries since 2009, and a 45 per cent reduction in the amount of worker time lost to injuries. Due to innovations such as these Council has reduced its annual workers compensation premium from almost $3 million to approximately $700,000 pa.

In 2014, Council launched the inaugural 'Productivity Awards'. The aim of the awards was to identify and reward Council staff who do their work in a way that exemplifies Council's values and deliver efficient and effective outcomes for Council and the community.

The Awards were the result of Council's 2014 LGMA Management Challenge Team members desire to implement something practical and worthwhile for the whole organisation out of their challenge experience.

Councillor Barry Longland with the inaugural Productivity Award winner Darryl Capner (right)

The theme for the 2014 Challenge was 'productive communities'. This explored some of the big ideas around productivity and what they look like in the Local Government environment. Post challenge, the team developed ideas about how Council could identify, celebrate and build upon great examples of productivity.

The Productivity Awards were designed around the central idea that engaged, motivated and innovative staff, are the key to business improvement. A comprehensive awards program was developed, including award categories, communication strategies and assessment criteria. Five award categories were created, each focussing on different aspects of productivity and employee engagement:

- Process improvement and efficiency
- Innovation
- Cross unit collaboration
- Customer focus
- Sustainability

Thirty nine nominations were received identifying over 100 Council employees. A wide range of projects were celebrated, acknowledging the diverse range of services Council provides to the community.

The winning nomination at the inaugural Productivity Awards under the Innovation category was Tweed's Laboratory Centre's Scientific Officer who had developed a new method for detecting taste and odour compounds in water. This laboratory service is now offered to other councils and external clients.

These highlighted snapshots demonstrate Tweed's capacity for regional collaboration and partnerships, creativity and innovation, scope to adapt to new functions and manage and implement major projects with a skilled workforce under strong leadership.

Another of Tweed's greatest strengths is its location. Its proximity to a diverse range of lifestyles and vital services such as health, education and transport, including a domestic and international airport on the Shire's border, increases its capacity to diversify its economy and provide greater employment and business options in the future.

As outlined in section 1.2, Tweed Shire Council has received satisfactory ratings from TCorp on financial sustainability and the DLG on Infrastructure Audit - Management Assessment.

In relation to the Fit for the Future criteria, Council achieves the benchmarks for own source revenue, the debt service ratio, real operating expenditure per capita ratio and has an operating performance deficit of around 5 per cent.

Weaknesses

Council has allocated considerable resources over recent years to increase its capacity in asset management, including asset management policy, strategy and plans for all major asset categories, implemented asset management systems and modelling software to further enhance the ability to account for and predict costs both now and into the future.

It is also important to note that many assumptions in regards to assets, particularly consumption and maintenance levels, may not be proven for five to 10 years. This is further exacerbated by unknown factors such as weather patterns, floods etc.

While Tweed has some challenges in regard to the 'Fit for the Future' criteria for asset management, these results are currently being reviewed by expert asset management consultants (Assetic Pty Ltd) to:

1) verify previous assumptions/values and

2) provide asset management scenarios for consideration by the community as part of the extensive community engagement program that is part of 'Tweed The Future is Ours'. Refer to appendices for footpath scenarios.

This will be the first detailed review of the transport and drainage asset classes in five years and will provide solid evidence as to the change in asset conditions since the last condition assessment/revaluation cycle.

The outcome of this review will further inform the 'Fit for the Future' asset management criteria, particularly asset renewals, maintenance and backlog costs and provide a platform to educate ratepayers on options for the future that satisfy the benchmarks.

Opportunities

Tweed Shire Council has welcomed the NSW Government's 'Fit for the Future' reform process, as an opportunity to review and assess our existing position as a strong and progressive growth Council.

Through a 'whole of council and community' approach, Tweed has set about establishing a framework that will leverage our strengths to grow our potential enabling the continuation of our journey as an innovative, sustainable and responsive Council into the future.

Council has formulated a roadmap to embrace the concepts and opportunities that 'Fit for the Future' reforms provide.

While we acknowledge the importance of completing this template, Council views it to be a starting point for what Council considers a much greater program of asset assessment / review, service delivery planning and community engagement.

The roadmap badged - 'Tweed The Future Is Ours'- will be undertaken in stages that is expected to take up to two years to finalise.

Tweed has set about establishing a framework that will leverage our strengths to grow our potential enabling the continuation of our journey as an innovative, sustainable and responsive Council into the future.

TWEED THE FUTURE IS OURS

The following summarises the steps in Council's Tweed The Future is Ours roadmap:

Traditional Local Government

Modern Local Government

How do we transition?

Roads/rates/rubbish

Assets and Services have evolved over time from development, government and community requests and needs without any real consideration of the long term implications on Council resources or alternate ways to deliver services.

Community, Environment, Infrastructure, Economic Development, Social Services, Technology, Customer Services

An organisation that provides assets and services at the desired levels, in partnership with the community, that are financially sustainable and provide value for money.

The Challenge

Step 1
Validating and documenting the current state of play

Step 1a - Assets

- What assets do we currently control?
- What condition are they in?
- What level of service do they provide?
- What is the cost of the current service level operations/ maintenance/renewal/ upgrade?

Step 1b - Services

- What services does Council currently provide?
- What are the levels (outputs/ outcomes) of these services?
- What is the cost of the current service level?
- What performance indicators are used to measure the service?

What assets do we have and what services do we provide?

Step 1a - Assets

Jan - Jun 2015

Asset scenarios by category *
Renewal/upgrades/maintenance values based on each scenario
Depreciation values
Asset Management Plans

Step 1b - Assets

Jan - Jun 2015 - Phase 1
Jul - Jun 2016 - Phase 2

Documented service outcomes/outputs and costs - rudimentary*
Documented service outcomes/outputs and costs - detailed

The Outputs - Step 1

Step 2
Talking with our communities

Step 2 - Community Engagement

Inform and Educate }
- based on the information in step 1
- regulatory service constraints
- financial constraints
- risk management

Consult and involve }

Collaborate and partner

May - June 2015
(focus groups*)

June 2015 - Dec 2015

Dec 2015 - Dec 2016

Ongoing

Output - Record community preferences - utilising a variety of engagement techniques inviting feedback and active participation via budget allocator tool

**Deliverables to be used for 'Fit for the Future' template due 30 June 2015*

What assets and services do the community want at what level and at what cost?

Step 3
The goal

Step 3 - Integrating the results

What assets and services did the community want?
At what service level?
At what cost?

Output - based on best fit of community engagement

Review Community Strategic Plan — **Sep 2016 - Jun 2017**
(In accordance with IP&R Guidelines with new Council installed after Sept 2016 Local Government elections).
Produce Delivery Program/Operation Plan
Resourcing Strategy
- Asset Management Plan
- Long Term Financial Plan
- Workforce Management Plan

Integrating the results - Step 3

Step 4
Reviewing our processes

Step 4 - Service Efficiency

Are Council's operations performing the best they can in terms of

- Assets
- Services
- Value for money

Service delivery process improvement — **Jun 2016 onwards**

Implement a "whole of Council" Improvement Program with consideration given to Lean thinking; Business Excellence Framework, Six Sigma as potential frameworks

Are we providing value for money?

Further details on 'Tweed The Future Is Ours' is provided in section 3.4 Improvement Action Plan

Threats

There are several potential threats to the financial sustainability of the Local Government sector in NSW.

- The failure of regulated fees to keep pace with cost increases including the NSW State Award. While it is acknowledged that discussions are ongoing in relation to any future rate-pegging framework through the review of the Local Government Act, regulated fees also play a substantial role in local government's revenue base.

- In 2013/2014 Council received $8.577 million from fees of which $2.918 million or 34 per cent were regulated by the State Government. In some instances these fees have not been reviewed since 2000.

- A Direction has been issued by the Minister for Planning under section 94E of the Environment Planning & Assessment Act that limits local development contributions. Specifically, the Direction provides:

- ► a cap of $30,000 per residential lot or dwelling for greenfield areas (schedule 3)

  ► an exemption to areas where development applications have been lodged (including determined applications) and remain valid, as of 31 August 2010, for more than 25 per cent of the expected yield from the development area or contributions plan (schedule 2) and

  ► a cap of $20,000 000 per residential lot or dwelling for all other areas.

This Direction will be updated periodically, as it is intended to allow councils to apply for areas to be considered for inclusion in Schedule 3 to the Direction when an area is rezoned or a contributions plan is made, if councils can demonstrate that the area is a greenfield release area.

- Uncertainties of future grant funding and continuation of grant indexation freezes.

The following figures indicate the reduction in Tweed's Operating Grants over the last three years.

2011/2012	2012/2013	2013/2014
$'000	$'000	$'000
25,629	19,469	15,042

- Ability to employ wider range of skilled staff is constrained by salary structures and state awards that negate the ability to compete for higher skilled employees from the employment market. The inability for Council to currently employ staff at our Aquatic Centres that operate out of standard business hours under their relevant award. These employees are currently employed under the Local Government State Award rather than the Leisure Industry Employees Award.

In 2013/2014 Council received $8.577 million from fees of which $2.918 million or 34 per cent were regulated by the State Government. In some instances these fees have not been reviewed since 2000.

Beach erosion

- Establishment of Joint Organisations that do not contain as part of their governance framework, equity in representation and voting rights. Inequitable frameworks that provide a 1 vote for each member council regardless of their constituent size is a threat to the success of these proposed Joint Organisations. Tweed sees merit in a model of voting that would work much the same way that the NSW State and Federal Parliaments work, whereby there is a two-phase process for approval. This could be achieved by needing both a majority vote of member councils and a majority population vote for a decision to be carried (or the population vote being weighted or to exceed a minimum percentage to be carried).
- Continued cost shifting from other levels of government.
- Rate pegging - Failure for Special Rate Variations to be accepted by the community and/or IPART, to fund the benchmark infrastructure backlog, renewals and maintenance.
- Community expectations - Managing increasing expectations by the community for static or increasing level of services against no increase in rates, fees and charges. Often the community expects a gold plated service or gold plated infrastructure but on a bronze budget.
- The continuation of other tiers of government devolving responsibility to local government to pick up services that may have been either fully funded or part funded. The community has an increased expectation for the continuation of these services.
- Increase in extreme weather and climate conditions including flooding, storms, beach erosion impacting on the maintenance and management of built and natural infrastructure and assets.

2.3 Performance against Fit for the Future benchmarks

Measure	2013/2014	Achieve Yes/No	Forecast 2016/2017	Achieve Yes/No
Operating Performance Ratio	-0.042	No	-0.060	No
Own Source Revenue	68.20%	Yes	82.60%	Yes
Building and Infrastructure Asset Renewal	55.40%	No	52.10%	No

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

Operating Performance Ratio

Current long term modelling results indicate Council will continue to produce a negative operating performance ratio of around -5 per cent, excluding one-off expenditures resulting from grant funding, for the short term.

Council is reviewing, in consultation with the community, our long-term financial sustainability and infrastructure and service management criteria through the 'Tweed - The Future Is Ours' project as outlined.

The 'Tweed - The Future Is Ours' project is designed to achieve operating surpluses in the long term, however consistent with the philosophy of IP&R, Council has made a commitment to undertake this in consultation with the community.

Hooking up stormwater pipes being laid at Blue Jay Circuit Kingscliff

Building and Infrastructure Asset Renewal

Current long term modelling results indicate that Council will not meet the current prescribed benchmarks in the area of asset renewal.

Council is currently undertaking the first detailed review of the transport and drainage asset classes in five years and this review will provide solid evidence as to the change in asset conditions since the last condition assessment/revaluation cycle. If for example the asset conditions have not changed for five years and are in line with community expectations for service levels then it holds that the current actual asset renewal expenditure is sufficient.

Measure	2013/2014	Achieve Yes/No	Forecast 2016/2017	Achieve Yes/No
Infrastructure backlog ratio	7.8%	No	7.9%	No
Asset Maintenance ratio	80.2%	No	81.3%	No
Debt Service Ratio	9.0%	Yes	9.6%	Yes

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

Infrastructure Backlog Ratio

Around a quarter of the Tweed's population is aged over 65

Tweed Shire attracts a large number of residents seeking a "sea and or tree change". Around a quarter of Tweed's population is aged over 65 years with 22 per cent of Council's rate base eligible for the Pensioner Rebate Scheme.

At Tweed we are juggling the demands of dispersed populations, challenging terrain, frequent flooding and extensive floodplains, some remaining timber bridges, coastal erosion and the demands placed on infrastructure by increased tourism. While the Tweed, perhaps because of its larger population, has been able to manage these issues better than most, significant challenges remain when it comes to tackling the infrastructure backlog.

Council will be reviewing the levels of service it currently provides to the community through the 'Tweed The Future Is Ours' project. The results for 2013/2014 onwards are based on Special Schedule 7 which uses the OLG default position of 'Good': *"Unless Council has undertaken consultation with their community and has agreed to a level of service from Council's assets the Bring To Satisfactory Standard (BTS) should be measured against the second condition rating of Good as stated in the Integrated Planning and Reporting Manual for local government in NSW."*

It is more probable that the service level outcomes from the 'Tweed The Future is Ours' community engagement, will establish a hierarchy of service levels (eg. main/distributor roads = condition 2, local roads condition = 3, rural roads = condition 4). In some cases Council could decide not to renew certain infrastructure to a higher condition and instead adopt a maintenance only response, in which case it could be argued those assets should be removed from the backlog calculation.

Sensitivity analysis undertaken on the 2013/2014 results show that a move from condition 2 to condition 3 would provide for a backlog ratio result of 2.2 per cent rather than the current ratio of 7.8 per cent.

Asset Maintenance Ratio

Council is reviewing the underlying assumptions used to ascertain the 'required annual maintenance' in conjunction with the service level outcomes provided by the community through the 'Tweed The Future Is Ours' project. This process will be informed by the change in the condition of roads and drainage assets captured during the current revaluation process. If, for example, the asset conditions have not changed for five years and are in line with community expectations for service levels, then it holds that the actual annual maintenance expenditure is also the required maintenance expenditure.

Measure	2013/14	Achieve Yes/No	Forecast 2016/17	Achieve Yes/No
Real operating expenditure ratio per capita	1.14	No	0.99	Yes

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

Challenges to achieving the criteria in the future include:

a) The fluctuation in operating grant income can have a large impact on the operating expenditure for the year. The recent advanced payments of the Financial Assistance Grants (FAGs) and the subsequent withdrawal of the advanced payment contributes to inconsistent expenditure patterns.

b) Recently Tweed Shire Council received $8m in funding (operating grant) from the Federal Government for the Building Better Regional Cities Program (BBRC). These funds were used to create affordable housing opportunities with Council acting in an oversight role to the developer. The $8 million payment was a one-off operating expenditure.

c) Again, Tweed Shire Council recently constructed a $17 million off-ramp to the Pacific Highway at Tweed Heads. At the conclusion of the project $7 million had to be expensed on the Income Statement as certain elements of the off-ramp are under the control of the RMS.

d) Tweed Shire Council indexes roads and drainage infrastructure in line with AASB116 and the Institute of Public Works Engineering Australasia (IPWEA) Road and Bridge Construction Costs Index. This requirement has seen indexation of 4.5 per cent or $788,000 per annum being added to the depreciation expense, which for the purposes of this ratio is included in operating expenditure.

The Council indexes Transport and Drainage assets in line with the Institute of Public Works Engineering Australasia (IPWEA) Road and Bridge Construction Costs Index with the following results:

Current fair value Transport & Drainage $961,713,000
IPWEA Index 4.5 per cent Increase in asset values $43,277,085
Average network depreciation 1.82 per cent
Increase in depreciation expense $787,643

To maintain its operating result, Council will need to generate additional revenue, or a corresponding savings by reduction in service levels, of approximately $787,643 every year to maintain the operating result.

In addition, as the depreciation expense has increased, the additional revenue/savings of $787,643 would need to be spent on renewal to maintain the building and asset renewal ratio at 100 per cent.

The real operating ratio per capita changed from 1.08 in 2012/2013 to 1.14 in 2013/2014 due primarily to one-off transactions a, b, c and d above. Long term modelling cannot predict these one-off transactions and as a result Council will therefore meet the criteria in future years.

It is worth noting that on consolidated results, Council currently meets five of the seven benchmarks (see Appendix 1. Consolidated results)

Kirkwood Road off-ramp

It is worth noting that on consolidated results, Council currently meets five of the seven benchmarks.

Bray Park weir

2.4 Water utility performance

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

Yes

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

Fund	Backlog $
Water	$22,526,000
Sewerage	$15,229,000
Total	$37,755,000

As outlined above the backlog figures were sourced from Special Schedule 7. These figures are being further refined with the use of modelling software and validation of results. It is possible the estimates will fall.

Identify any significant capital works (>$1 million) proposed for your council's water and sewer operations during the 2016-2017 to 2019-2020 period and any known grants or external funding to support these works.

Capital Works

Proposed works	Timeframe	Cost	Grants or External Funding
Chambers Hill reservoir	2016/2017	$2,300,000	Nil
Gravity sewer relining	2016/2017	$1,000,000	Nil
Bray Park water treatment plant membrane replacement	2017/2018	$4,500,000	Nil
Kingscliff wastewater treatment plant storm lagoon	2017/2018	$1,200,000	Nil
Gravity sewer relining	2017/2018	$1,000,000	Nil
Walmsleys reservoir	2018/2019	$4,000,000	Nil
Kings Forest 600mm water main	2018/2019	$4,500,000	Nil
Kings Forest sewer rising main	2018/2019	$2,600,000	Nil
Parks Lane sewerage	2018/2019	$2,000,000	Nil
Gravity sewer relining	2018/2019	$1,000,000	Nil
Upgrade water pump stations 1 and 1A	2019/2020	$2,500,000	Nil
Water trunk main upgrade Old Ferry Road	2019/2020	$5,000,000	Nil
Gravity sewer relining	2019/2020	$1,000,000	Nil

Within the next 10 years Council will be making a significant investment in a w ater source to service the future population. The impact of climate change, in particular, a one degree warming by 2030 will significantly reduce the secure yield of our water supply. While demand management has deferred the need for an additional source a future option needs to be determined. The options include a link to the South East Queensland (SEQ) Water Grid with a total capital cost of approximately $12 million , and the augmentation of the existing or construction of a new dam with costs ranging from $80 million to $180 million. This project is subject to Council approval and funding requirements and as a result is yet to be confirmed. For this project to proceed external grant funds will be need to be secured.

Banora Point Waste Water Treatment Plant

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

No

Council has taken on significant debt and consequent loan repayments in the water and sewer operations in recent years for new, renewal and upgrading of infrastructure:

Infrastructure	Amount $
Bray Park water treatment plant - renew/upgrade capacity	78.83m
Kingscliff wastewater treatment plant - renew	43.06m
Banora Point wastewater treatment plant - increase capacity	32.36m
Clarrie Hall Dam Spillway Upgrade	6.70m
Water mains renew/new/upgrade 2011-2014	11.84m
Burringbar/Mooball Sewerage Scheme - new	8.13m

Purpose	Loan $	Repayment $
Bray Park water treatment plant	69.7m	5.8m
Banora Pt WWTP interest free loan	16.8m	1.7m
Banora Pt WWTP and effluent main, Burringbar/Mooball Sewerage Scheme	30.0m	3.2m

Coupled with this infrastructure has also been an increase in associated depreciation expense, particularly in the sewer fund that has increased $1.9 million in recent years.

Council acknowledges the current deficit results of around $1 million in each fund and has planned a phased increase to fixed and user charges in future years as high-lighted below.

	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
	$	$	$	$	$	$
Sewer - fixed	732.00	782.00	832.00	887.00	948.00	1014.00
Water - fixed	148.00	158.50	169.60	181.50	194.20	207.80
Water - kl charge	2.45	2.7	2.95	3.20	3.50	3.80

Stormwater pipes being laid at Blue Jay Circuit Kingscliff

It is also worthy of note that Council has a large amount of assets with additional capacity built to cater for growth that has not yet eventuated or is slower than forecast. There are various examples across the Tweed Shire where development has not followed the rezoning of land. Significant investment is made in treatment plant assets, reservoirs, pipelines and pump stations on the basis of development predictions. When this development does not proceed as anticipated this places significant pressure on Council's finances. The fixed cost of operating and maintaining these assets, over a smaller than predicted rate base, contributes to the deficit result. As the rate base increases there will be a greater population to pay for the fixed costs and any increase in population will meet its own variable costs.

Consideration should be given at a state policy level on providing incentives for developers to proceed with development on land which has been re-zoned. This could take the form of an introduction of a land tax within five years of the land being re-zoned. This would provide greater level of confidence for councils to invest in infrastructure planning and delivery. With the large number of proposed developments for the Tweed in the short-term, the introduction of this type of policy at a state level, would provide a more positive result for Council.

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
Revising the Strategic Business Plan to indentify efficiencies and mitigate risks	2015/2016	Amended capital works program and reduction in costs
Revising the Long Term Financial Plan and associated Developer Servicing Plans to ensure financial sustainability	2016/2017	Full cost recovery in accordance with best practice guidelines and financial sustainability
Continue to participate in Best Practice benchmarking to identify areas for improvement	Ongoing	Improved service outcomes
Development of asset renewal strategies	2015/2016 then ongoing	Improved use of capital and assets to improve service outcomes and reduce costs

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

Tweed Shire Council is committed to achieving as many of the criteria elements and benchmarks as possible in the medium term (five years). However, the Fit for the Future reforms result in a shift in funding and priorities that will impact the services/ levels currently provided. In keeping with the philosophy of the Integrated Planning & Reporting Framework, Council intends to work in partnership with the community to achieve the desired outcomes.

Council has commenced the 'Tweed The Future is Ours' project (for more details refer to the following 3.4 Improvement Action plan) in this regard.

While 'Tweed The Future Is Ours' project is being undertaken, Council will endeavour to, at a minimum, maintain the existing criteria results as forecast below in section 4.1 - Expected improvement in performance.

3.1 Sustainability

Assumptions used for future costs and included within Councils Long Term Financial Plan include:

- Rates to increase 2.4 per cent, plus 0.5 per cent growth in assessable properties for year one and two (2015/2016, 2016/2017); 2.5 per cent rate pegging plus 0.5 per cent growth for years four to 10
- Domestic Waste Management charges are based on the reasonable costs calculations as required by legislation
- Statutory fees where the fee is set by the State Government, such as most planning fees, to remain static for the life of the Plan. Due to uncertainty in timing, no attempt has been made to estimate increased development fees arising from new developments
- Other fees and charges to increase by 5 per cent per annum
- Interest on investments estimated at 3.5 per cent
- Other revenues to increase by 5 per cent per annum
- Employee costs to increase by 3 per cent for year one (2015/2016), 3.1 per cent in year two, and 3.3 per cent per annum thereafter
- Interest rate for new borrowings predicted to be 6 per cent
- Materials, contracts, and other costs to increase by 3 per cent per annum based on recent CPI
- Electricity costs (excluding street lighting) to increase by 2 per cent per annum
- Insurance premiums (excluding workers compensation) to increase by 2 per cent per annum.

To achieve a positive operating performance ratio, excluding capital grants and contributions and one-off unforeseen transactions, Council will need a change on the income statement of around $6 million.

Council is required to meet the 'greater or equal to break-even' benchmark over a three year average by 2019-2020. This effectively means that surplus operating results need to be implemented by 2017-2018 or that the later surplus results (eg. 2018-2019 and 2019-2020) need to be large enough to compensate for any prior period deficit/s.

This benchmark can only be achieved by an increase in income or a reduction in expenditure. Through community consultation, this may involve an increase in rates, a decrease in service levels or a change in the funding provided for asset maintenance redirected to asset renewal.

It should be noted that the assumptions used in some asset management elements of the criteria (estimated cost to bring to satisfactory standard, required asset maintenance, useful lives) are several years old and are currently subject to review. This review may also impact the operating performance ratio as depreciation expense is currently over 20 per cent of the operating expenses on the income statement.

Council meets the Own Source Revenue benchmark up to around 80 per cent in the medium term. This result is impacted by conservative estimates in relation to developer contributions (included in the denominator) beyond the control of Council. If Financial Assistance Grants (FAGS) were not to be eliminated in the ratio (in the numerator) this would improve the result by approximately 8 per cent bringing Council's Own Source Revenue to approximately 88 per cent.

Significant changes in underlying assumptions (useful lives/depreciation), funding

Bay Street Tweed Heads rejuvenation

provision of renewals and or assets held, will need to be addressed for the Building and Infrastructure Renewal ratio to achieve benchmark. This will require education of and a discussion with the community that will form part of the 'Tweed The Future Is Ours' project.

3.2 Infrastructure and service management

The quantum of the infrastructure backlog is $71 million indexed by three per cent per annum. There are several factors affecting this outcome, least of all the inherent subjectivity of the ratio.

Council, due to the lack of community set service levels, has utilised the default Special Schedule 7 condition assessment definition of 'good' to calculate the results. What services to be provided and the corresponding service levels will form part of Tweed The Future Is Ours project.

In future, it is extremely doubtful that Council will adopt the 'good' condition assessment level currently used in the calculation not only due to an unrealistic affordability aspect but also as most asset classes will inevitably contain an asset hierarchy (non-linear) and some assets may be selected to never be renewed to a 'good' condition rating - a further element for determination and guidance through community engagement.

The predicted Asset Maintenance ratio varies from 70 - 80 per cent in the short term. The denominator used in this calculation is currently subject to review as indicated above. Consistent with the Backlog Ratio - once the outcome of the required maintenance is confirmed, community education/discussions will take place through the 'Tweed The Future Is Ours' project.

Council meets the Debt Service Ratio benchmark at around 10 per cent initially reducing to seven per cent in year ten of the Long Term Financial Plan.

While Council is not averse to debt in future years, the funding of the debt would require redirection of funding from current programs and or a corresponding increase in income. Community priorities will become clearer at the conclusion of in the 'Tweed the Future Is Ours' project.

3.3 Efficiency

The real operating expenditure ratio per capita changed from 1.08 in 2012/13 to 1.14 in 2013/14 due primarily to unforeseen one-off transactions (refer section 2.3). Future modelling suggests this criteria will be achieved as the deflation factor of three per cent per annum, consistent with indexation in the Long Term Financial Plan, is greater than the predicted population increase of 0.68 per cent per annum.

3.4 Improvement Action Plan

As mentioned previously, Tweed Shire Council has formulated a roadmap to embrace the concepts and opportunities that the Fit For the Future reforms provide. The template - while important - is a starting point for what we consider to be a comprehensive and far-reaching program of asset assessment/review, service delivery planning and community consultation.

'Tweed The Future is Ours' will be staged over two years and aims to encourage an increase in community understanding of, and engagement with, topics such as asset renewal which can be seen as 'dry' but are vital to the Tweed's future sustainability.

Throughout this process, Council is drawing on the expertise and strategic advice of two leading firms in their fields - Assetic and Elton Consulting.

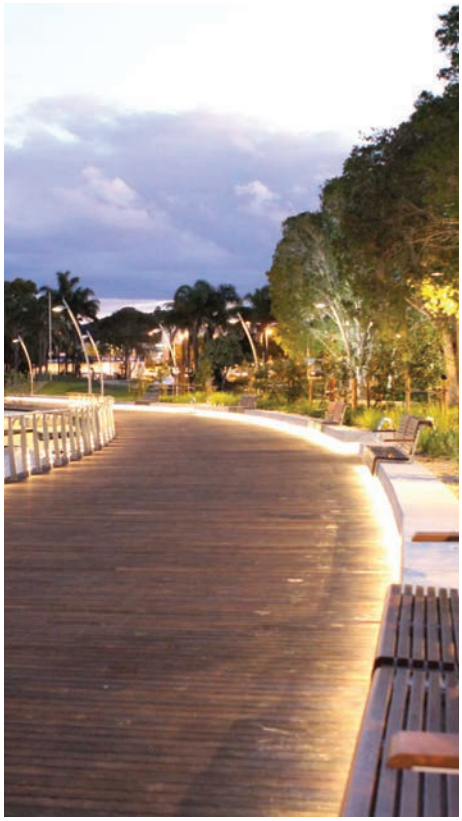
We will build on our long-standing relationship with asset management experts, Assetic, one of Australia's leading strategic asset management providers. As the author of the 'Footpaths - State of Assets 2015/2016 - 2024/2025' report in Appendix 5 of this report, Assetic will build on their sound understanding of the Tweed's asset base to work with us as we go through the journey of asset assessment and review.

Similarly, Elton Consulting has been engaged to assist Council in defining, understanding and reviewing the services we provide to our communities. Elton Consulting has been with the local government reform process from the beginning, facilitating the Destination 2036 event which offered civic leaders from across NSW their first opportunity to collaboratively plan for the future of local government. The firm has also been engaged by the Office of Local Government to support the piloting of joint organisations in five regions in NSW.

Although it is important that Council draws on this expertise to ensure the best outcome possible, we believe we cannot contract out the community engagement component of the project. Connection and relationships with our communities - and their relationships with us - lie at the heart of local government service delivery.

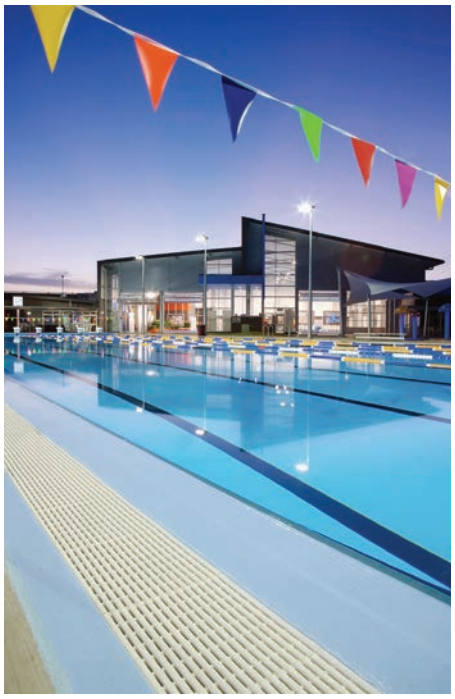
Key steps in our plan of action

- ✓ Commitment from the Tweed's elected representatives through adoption of the Tweed The Future is Ours Strategic direction.
- ✓ Priorities and endorsement of direction from Council's Executive Management Team
- ✓ A whole-of-Council approach to ensure buy-in across Council operations.
- ✓ A dedicated project team made up of representatives from the Executive Management Team and Corporate Management Team to oversee implementation.
- ✓ A dedicated budget to provide adequate resources to the 'Tweed The Future is Ours' project.
- ✓ Establishment of cross-Council teams to collate and examine service level data.
- ✓ Establishment of a Community Engagement Network made up of officers from across Council who will be trained under the best practice IAP2 framework (International Association of Public Participation).



Jack Evans Boat Harbour redevelopment

Connection and relationships with our communities - and their relationships with us - lie at the heart of local government service delivery.



Tweed Regional Aquatic Centre Murwillumbah

The following steps will be undertaken throughout the 'Tweed The Future is Ours' project:

Step 1

Validating and documenting the current state of play

Asset Management

What assets do we currently control?
What condition are they in?
What level of service do they provide?
What is the cost of the current service level operations/maintenance/ renewal/upgrade?

Much of this information is collected through engineering practice and financial reporting requirements, reviewing the underlying assumptions and re-measuring asset condition assessment, concurrent to the revaluation of the transport and drainage asset classes, will be crucial in assessing future priorities and to achieve the Fit for the Future benchmarks.

Has the condition of our assets fallen or have they remained static or even improved over the last five years? Are the assets adequately delivering the service the community expects? - (Step 2). If the service levels are to change what will be the effect on operational/maintenance/renewal and upgrade costs?

Council has engaged expert asset management consultants (Assetic Pty Ltd) to undertake this review and to provide four scenarios for each asset category. Appendix 5 contains the review of the Shire's footpaths undertaken by Assetic (Footpaths - State of Assets Report 2015/16 - 2024/25) and provides clear visual representation of the four scenarios for consideration as part of the community engagement process. For each major asset class that will be used to educate and inform the community of service level/condition level choices and the corresponding costs (see services below) and update asset management plans. Refer to media release, Appendix 4.

Due to delays in the collection of condition assessment data for roads from another contractor this has resulted in this information being delayed. It is hoped that asset management component of the 'Tweed The Future Is Ours' project will be delivered by 31 July 2015.

The outcomes of this review may affect - useful lives/depreciation, renewal and maintenance costs and asset backlogs. These in turn may change the results of the Operating Performance Ratio, Building and Asset Renewal Ratio, Infrastructure Backlog Ratio and the Asset Maintenance Ratio.

Services

What services does Council currently provide?
What are the levels (outputs/outcomes) of these services?
What is the cost of the current service level?
What performance indicators are used to measure the service?

While Council's Integrated Planning & Reporting Framework sets out the services currently provided to the community and at what cost, the service levels and their drivers are less well known. Further effort is also needed in measuring the performance of the services.

Council has engaged expert service planning consultants (Elton Consulting) to oversee the collection and documentation of services, service levels, service level drivers in a two phase project.

Phase 1

Provide:

- a service delivery planning framework (eg. structure, processes, systems and governance)
- identification of all services within the organisation - in consultation with Council's Service Managers (ie extent of work) - including those that are a legislative requirement; those that are included in Council's strategic objectives as part of the organisations priorities and those that are linked to the current community needs and their future aspirations
- staff awareness and engagement sessions and guidance on the framework to be employed through a series of on-site workshops to Council's Service Managers,
- assistance to develop rudimentary service delivery plans, including current service levels, for all identified services by 30 May 2015
- advice and assistance in establishing a cultural change program to help staff embrace the service delivery planning framework as a new way to embed continuous improvement
- Appendix 3 - Complete list of all services and five samples of completed service planning templates. (Completed as part of Phase 1).

Phase 2

Building on the service delivery plan outcomes of Phase 1, provide:

- a more detailed analysis/development of the service delivery plans, including provision for community consultation on required service levels (community engagement is not within the scope of works and will be undertaken by Council's Communication and Customer Services Unit)
- appropriate service performance indicators for internal/external reporting,
- feedback options for alternative service delivery models
- the delivery of Phase 2 is expected to be finalised by December 2016 for inclusion into the mandatory review of Council's Integrated Planning and Reporting framework.

The service planning information, including the asset based services, will be used to educate and inform the community of service level/condition level choices and the corresponding costs.

Step 2

Talking with our communities

Armed with the knowledge of the services/assets currently provided and alternative service/assets condition level scenarios and costs, Council will embark on the largest community engagement process seen in the Tweed Shire.

Commencing July 2015, Council will commence a program of informing and educating the community focusing on presenting a clear, simple and understandable picture (informed by a range of representative focus groups conducted in May 2015) of the current state of infrastructure, services and financial position/ratios.

After the informing phase, Council will then commence community engagement on community priorities, consequent costs and financial outcomes which may involve

Budd Park Murwillumbah

Community engagement

web-based vehicles such as 'budget allocator' which is used in other jurisdictions around the world. In the longer term, Council hopes to collaborate and partner with the community as normal standard practice.

The community engagement elements of 'Tweed The Future is Ours', are being developed, implemented and managed internally by Council not external consultants. Through the establishment of an internal Community Engagement Network with representation from across Council service areas, officers working to the recognised IAP2 Frameworks will be involved in all aspects of the community engagement.
It is Council's position that the establishment of long-term meaningful relationships with our communities involving open two-way dialogue should be carried out by Council Officers and not out sourced. This approach contributes positively to building strong relationships between Council and its communities.

Step 3

Integrating the results

Step 2 will conclude around December 2016 shortly after the scheduled 2016 Local Government elections. This will provide the new Council with the community's priorities, services level/ asset condition expectations and the price willing to be paid, ready for the mandatory review of Community Strategic Plan and associated Integrated Planning and Reporting documents.

The new Council will then have the opportunity to set the direction for achieving the goal of:

"An organisation that provides assets and services at the desired levels, in partnership with the community, that are financially sustainable and provide value for money."

Step 4

Service Efficiency

It is planned during 2016 to also introduce a framework for service delivery process improvements by establishing a cultural change program to support staff in embracing the service delivery framework as a new way of integrating continous improvement.

These frameworks, such as Lean Thinking, Business Excellence Framework, Six Sigma have been successfully implemented in many councils and provide a mechanism to ensure the community is getting value for money services.

4. How will your plan improve performance?

4.1 Expected improvement in performance

General Fund FFTF criteria – 14/15 to 19/20

Measure/ Benchmark	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	Achieves FFTF Benchmark Yes/No
Operating Performance Ratio	-0.081	-0.092	-0.060	-0.055	-0.053	-0.049	No
Own Source Revenue	73.2%	77.5%	82.6%	83.0%	83.5%	84.2%	Yes
Building & Infrastructure Renewal	54.1%	57.5%	52.1%	54.2%	53.6%	52.2%	No
Infrastructure backlog Ratio	7.3%	7.6%	7.9%	8.2%	8.5%	8.9%	No
Asset Maintenance Ratio	78.5%	85.0%	81.3%	71.9%	71.2%	71.3%	No
Debt Service Ratio	9.6%	9.5%	9.6%	9.5%	9.2%	9.0%	Yes
Real Operating Expenditure Per capita	1.01	1.00	0.99	0.98	0.97	0.96	Yes

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

The table listed in 4.1 is based on existing information at current service levels projected into future years.

As 'Tweed The Future is Ours' is based on feedback received from our community regarding what services and levels of those services they are seeking Council to deliver, we are not in a position at this stage to give a definitive outcome of what our position will be at the end of the 2019/2020 financial year.

Clarrie Hall Dam Spillway Upgrade

5. Putting your plan in action

How will your council implement your Improvement Action Plan?

In keeping with Council's commitment to adopt a "whole of Council" and "whole of community" framework to the development and implementation of 'Tweed the Future is Ours', monitoring and reporting processes tracking our achievements include mechanisms targeting Council's internal and external stakeholders.

The dedicated project team comprising representatives from Executive Management Team and Corporate Management Team oversee the day-to-day implementation and coordination of the project.

The macro project governance structure involves the following:

- Seven elected representatives (Councillors including the Mayor)
- Executive Management Team (EMT) - Comprising Council's General Manager and four Divisional Directors
- Corporate Management Team (CMT) - Comprising Executive Management Team, Unit Managers and Direct Reports to Directors
- Consultative Committee of Council - Comprising union representatives from the three relevant unions, elected employee representatives and management representatives. (The role of this committee is to ensure a discussion space for elements of the strategy that may have potential impacts for employees.)

To ensure accountability for implementation of the Action Plan and for clear and transparent communication on progress made through this strategic planning process, the following mechanisms are deliverable as part of the project plan.

- Specific workshops for the Councillors on 'Tweed The Future is Ours' will be held every quarter:
  - ► June 2015
  - ► October 2015 (this is a month later that the usual quarterly frequency due to timing of feedback from IPART after assessment of the Fit for the Future submissions)
  - ► January 2016
  - ► April 2016
  - ► July 2016

- Quarterly Reports to Council also form part of the monitoring and reporting progress of the project. These reports will be part of the Agenda for the Ordinary Meeting of Council following the 'Tweed The Future is Ours' Councillor Workshops. (see dates listed above).

- Executive Management Team (EMT) 'Tweed The Future is Ours' standing agenda item. EMT meets weekly on a Wednesday except for the last Wednesday of the month.

- Corporate Management Team (CMT) - 'Tweed The Future is Ours' standing agenda item. CMT meets the fourth Wednesday of the month.

- Five specific "whole of Council" Teams that have been established as part of the implementation of Phase 1, will continue their work throughout phase 2 . The monitoring and reporting of their work undertaken in this phase will also include the following:

□ a more detailed analysis/development of the service delivery plans, including provision for community engagement on required service levels
□ appropriate service performance indicators for internal/external reporting
□ feedback options for alternative service delivery models
□ the delivery of Phase 2 is expected to be finalised by December 2016.

Keeping our communities involved, engaged and informed.

Tweed Link is Tweed Shire Council's National and State Award winning newsletter. It is delivered weekly by Australia Post to over 40,000 households across the Tweed Shire reaching the majority of the Tweeds 90,000 residents.

Focus groups convened by Council in May 2015 seeking feedback on proposed engagement and communication tools being considered by Council for implementation as part of the "Tweed The Future is Ours" project, resoundingly endorsed the Tweed Link as the most significant communication tool for residents across age, gender and localities across the shire.

Four-page special insert / pull outs that will include the project's progress and encourage participation and feedback on forthcoming engagement mechanisms associated with the project will be included in the following Tweed Link editions:

► July 2015
► November 2015
► March 2015
► July 2016

Community Engagement

Commencing July 2015 Council will commence a program of informing and educating the community focusing on presenting a clear, simple and understandable picture (informed by a range of representative focus groups conducted in May 2015) of the current state of infrastructure, services and financial position/ratios.

After the informing phase, Council will then commence community engagement on community priorities, consequent costs and financial outcomes. This part of the engagement is likely to include web based vehicles such as 'budget allocator' which is used in other jurisdictions around the world. In the longer term, Council hopes to collaborate and partner with the community as normal standard practice.

The community engagement elements of 'Tweed The Future is Ours', are being developed, implemented and managed internally by Council not external consultants. Through the establishment of an internal Community Engagement Network with representation from across Council service areas, Officers working to the recognised IAP2 Frameworks, will be involved in all aspects of the community engagement.

It is Council's position that the establishment of long-term meaningful relationships with our communities involving open two-way dialogue should be carried out by Council Officers and not out sourced. This approach contributes positively to building strong relationships between Council and its communities.

TWEED THE FUTURE IS OURS

POSTAGE PAID

TWEED SHIRE COUNCIL **Tweed Link**

A TWEED SHIRE COUNCIL PUBLICATION | (02) 6670 2400 or 1300 292 872 | ISSUE 912 | 16 JUNE 2015 | ISSN 1327–8630

Options being considered for clean-up

Council has had a great response in the first week of the Household Cleanup Survey and there is still time to have your say on the alternatives being considered.

It is important to note that Council is not planning to stop the service, but is instead considering alternative options to the way the service is provided, which may offer an alternative that runs more efficiently, reduces illegal dumping and improves reuse and recycling.

To help with understanding each alternative an explanation of the options is provided below:

1. Twice a year kerbside collection: No change to existing service. Collection of bulky household waste from residential properties twice a year.

2. Once a year kerbside collection (reduction on current cost by about 20 - 30%):

Collection of bulky household waste from properties once a year.

As with the current service there would be restrictions to volume and what can be placed out for collection.

Residents not doing the right thing (right) has partially prompted the waste survey.

3. Once a year dial up service (similar cost to current service):

Residents would be able to contact Council throughout the year to arrange a day for collection. A date is given for collection, the resident puts their waste at the front of their property the day before this date and then it is collected. As with the current service there would be restrictions to volume and what can be placed out for collection.

4. Two tip vouchers provided with annual rates notice (significant cost reduction on current service):

Two vouchers would be provided with the annual rates notice (or proof of residential address is required), to allow free disposal of bulky waste at Stotts Creek Resource Recovery Centre.

Up to one trailer load of waste would be accepted for each visit. It would not include disposal of certain hazardous materials (eg. Asbestos).

5. Provision of one tip voucher and one dial up service per year (Similar cost to current service):

Continue with a twice a year service however in the form of one tip voucher and one opportunity to use the dial up service (services explained above).

Take time to complete the Household Waste survey

Hundreds of Tweed residents have already taken the opportunity to complete the Household Waste survey and Council officers will be hitting the streets from this week to gain further feedback.

The online survey at yoursaytweed.com.au/bulkwaste will continue until Sunday 5 July. From Tuesday 16 June, officers will be out in several towns to help people complete the survey. They will be roaming the shopping districts of Murwillumbah on 16 June from 1–4pm, then Kingscliff, Cabarita and Pottsville on Tuesday 23 June and Tweed Heads on Wednesday 1 July 1. Visit yoursaytweed.com.au/bulkwaste for times of these visits. Residents can also contact a Household Clean-up hotline on (02) 6670 2595 between 8am and 4.30pm Monday to Friday for assistance completing the survey or for more information.

Pros and cons for Household Clean-up options

1. Twice a year kerbside pick-up:
Pros: Convenient for residents - only need to put waste at front of property. Allows people to pick through waste to reuse items. Regular service.
Cons: Can look messy and attracts illegal dumping. Creates safety concerns with waste left on kerbside. Most items not recycled when taken to landfill. High cost to ratepayers.

2. Once a year kerbside pick-up:
Pros: Convenient for residents. People can pick through waste and reuse items. Reduced cost to ratepayers.
Cons: Messy and attracts illegal dumping. Safety concerns with waste on kerbside. Most items not recycled. Less flexibility in timing for residents.

3. Once a year dial up service:
Pros: Convenient for residents - waste collected from property. Residents can dispose of waste at a time that suits them. Reduced cost to ratepayers.
Cons: Possible short waiting period. Residents must book time to collect.

4. Tip vouchers:
Pros: Lowest cost to ratepayers. Residents can take waste to landfill as needed. Items can be recycled if sorted.
Cons: Residents must transport waste. Might need trailer.

5. Tip voucher and dial-up:
Pros: Slightly reduced cost to ratepayers. Residents can take waste to landfill as needed. Items can be recycled. Greater flexibility for residents.
Cons: Residents must transport waste when using voucher.

NEXT COUNCIL MEETING TO BE HELD AT KINGSCLIFF BEACH BOWLS CLUB - See Council Agenda page 5

IN BRIEF

Cudgen Creek works

Maintenance works that will improve the access and safety of the north and south training walls of Cudgen Creek are currently being carried out by NSW Trade and Investment Crown Lands. Works began last Tuesday (9 June) and will include the placement of 150 tonne of armour rock to improve the structural stability and safety of the wall, as well as sealing the break wall crest with asphalt to improve access along the wall. Although some pedestrian access will be available to the beach and creek, access to the car park adjacent to the Coastguard Tower will be restricted for the duration of the north wall works.

Nominations sought

The NSW/ACT Regional Achievement & Community Awards are now calling for nominations. The Awards encourage and support local individuals and groups dedicated to enhancing the local community. The NSW/ACT Regional Achievement and Community Awards are proudly supported by Angove Family Winemakers. For more information or nomination forms please contact the Awards Office on 1300 735 445 or visit the website at www.awardsaustralia.com

ROAD WRAP-UP

Closures:
Mistral Road, South Murwillumbah at Dunbible Creek.

Detours in place:
Cobaki Road, Cobaki.

Intermittent lane closures due to roadworks: Tweed Valley Way, Murwillumbah: Stokers Road, Stokers Siding, Wharf Street, Tweed Heads; and Rose Street, West Tweed Heads.

Flood remediation works are nearing completion on Numinbah Road (near Todd's Lane), Numinbah; Tomewin Road, just south of the border; and, Rowlands Creek Road, south of Uki, following partial shoulder and lane closures due to embankment slips in January 2013.

Tweed Link

Appendices - Fit for the Future Submission

Appendix 1. Consolidated results

Local Government NSW has requested that the government consider the Fit for the Future criteria on councils consolidated results/ forecasts.

The following table is included for that purpose.

Measure/ Benchmark	2014/ 2015	2015/ 2016	2016/ 2017	2017/ 2018	2018/ 2019	2019/ 2020	Achieves FFTF Benchmark Yes/No
Operating Performance Ratio	-0.068	-0.063	-0.027	-0.001	0.027	0.055	Yes
Own Source Revenue	74.4%	77.8%	81.0%	84.3%	85.1%	88.0%	Yes
Building & Infrastructure Renewal	60.5%	70.0%	66.5%	60.9%	53.4%	55.2%	No
Infrastructure backlog Ratio	5.6%	5.8%	6.0%	6.3%	6.5%	6.7%	No
Asset Maintenance Ratio	80.6%	98.1%	105.5%	105.1%	104.3%	104.3%	Yes
Debt Service Ratio	13.9%	13.3%	12.8%	12.3%	11.6%	10.8%	Yes
Real Operating Expenditure Per capita	1.52	1.50	1.49	1.45	1.43	1.42	Yes

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

Operating Performance Ratio

Current long term modelling results indicate Council will achieve a consolidated surplus in 2018/2019, excluding one-off expenditures resulting from grant funding.

Building and Infrastructure Asset Renewal

Current long term modelling results indicate that Council will not meet the current prescribed benchmarks in the area of asset renewal.

Council is currently undertaking the first detailed review of the transport and drainage asset classes in five years and this review will provide solid evidence as to the change in asset conditions since the last condition assessment/revaluation cycle.
If for example the asset conditions have not changed for five years and are in line with community expectations for service levels then it holds that the current actual asset renewal expenditure is sufficient.

Infrastructure Backlog Ratio

Council will be reviewing the levels of service it currently provides to the community through the 'Tweed The Future Is Ours' project. The results for 2013/14 onwards are based on Special Schedule 7 which uses the OLG default position of 'Good'.

Unless Council has undertaken consultation with their community and has agreed to a level of service from councils assets the BTS should be measured against the second condition rating of Good as stated in the Integrated Planning and Reporting Manual for local government in NSW.

It is more probable that the service level outcomes from the Tweed The Future is Ours community engagement, will establish a hierarchy of service levels (eg. main/distributor roads = condition 2, local roads condition = 3, rural roads = condition 4).
In some cases Council could decide not to renew certain infrastructure to a higher condition and instead adopt a maintenance only response, in which case it could be argued those assets should be removed from the backlog calculation.

Appendix 2. Income Statements

Income Statement - General Fund

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16 $'000	2016/17 $'000	2017/18 $'000	2018/19 $'000	2019/20 $'000	2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000
Income										
Rates & Annual Charges	67,629	69,604	71,692	73,843	76,058	78,340	80,690	83,111	85,604	88,172
User Charges & Fees	19,270	20,153	21,081	22,055	23,078	24,151	25,279	26,463	27,706	28,919
Interest Received	3,837	3,954	4,007	4,108	4,192	4,294	4,367	4,472	4,579	4,708
Other Operating Revenues	1,594	1,667	1,743	1,822	1,906	1,993	2,084	2,180	2,280	2,385
Operating Grants & Contributions	15,425	15,312	15,485	15,721	15,962	16,208	16,460	16,717	16,979	17,176
Capital Grants & Contributions	4,728	3,857	3,918	3,981	2,292	2,358	2,426	2,499	2,573	2,246
	112,483	**114,547**	**117,926**	**121,530**	**123,487**	**127,345**	**131,307**	**135,440**	**139,721**	**143,606**
Expenditure										
Employee Costs	40,643	41,901	43,279	44,707	46,183	47,706	49,281	50,907	52,587	54,322
Borrowing Costs	6,149	5,983	5,806	5,609	5,420	5,205	4,982	4,730	4,455	4,214
Materials & Contracts	29,553	30,605	31,001	32,121	33,343	34,648	35,262	36,546	37,485	39,080
Depreciation	25,959	26,819	27,593	28,380	29,080	29,936	30,807	31,517	32,249	33,003
Other Expenses	11,515	11,816	12,125	12,442	12,768	13,102	13,446	13,799	14,162	14,534
	113,820	**117,123**	**119,804**	**123,259**	**126,793**	**130,597**	**133,777**	**137,500**	**140,937**	**145,153**
Net Operating Result	**(1,337)**	**(2,577)**	**(1,879)**	**(1,730)**	**(3,306)**	**(3,252)**	**(2,471)**	**(2,059)**	**(1,216)**	**(1,547)**
Capital Grants/Contributions	4,728	3,857	3,918	3,981	2,292	2,358	2,426	2,499	2,573	2,246
Net Operating Result before Capital Grants & Contributions	**(6,065)**	**(6,433)**	**(5,797)**	**(5,710)**	**(5,598)**	**(5,610)**	**(4,897)**	**(4,558)**	**(3,789)**	**(3,793)**

Funding Statement - General Fund

Source and Application of Funds

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16 $'000	2016/17 $'000	2017/18 $'000	2018/19 $'000	2019/20 $'000	2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000
Operating Result (Income Statement)	(1,337)	(2,577)	(1,879)	(1,730)	(3,306)	(3,252)	(2,471)	(2,059)	(1,216)	(1,547)
Add Back non-funded items:										
Depreciation	25,959	26,819	27,593	28,380	29,080	29,936	30,807	31,517	32,249	33,003
Add non-operating funding sources										
Transfers from Externally Restricted Cash	1,374	1,040	1,014	1,003	1,003	990	5,156	990	990	990
Transfers from Internally Restricted Cash	1,317	358	60	58	147	340	90	436	5	381
Proceeds from sale of assets	3,559	2,822	3,068	1,882	3,526	3,140	1,277	1,315	1,355	1,395
Loan Funds Utilised	1,976	1,976	1,976	2,126	2,176	2,176	2,176	2,176	2,176	2,176
Repayments from Deferred Debtors										
Funds Available	**32,848**	**30,439**	**31,832**	**31,720**	**32,627**	**33,331**	**37,035**	**34,376**	**35,560**	**36,399**
Funds were applied to:										
Purchase and construction of assets	21,916	18,662	19,182	17,021	18,969	19,020	21,430	17,775	18,249	15,738
Repayment of principal on loans	3,867	4,012	4,224	4,419	4,627	4,790	5,180	5,575	5,494	5,295
Transfers to Externally Restricted Cash	2,468	2,868	2,884	2,946	3,011	3,072	3,102	3,164	3,228	2,895
Transfers to Internally Restricted Cash	4,598	4,897	5,542	7,334	6,020	6,448	7,323	7,862	8,587	12,471
Funds Used	**32,848**	**30,439**	**31,832**	**31,720**	**32,627**	**33,331**	**37,035**	**34,376**	**35,560**	**36,399**
Increase/(Decrease) in Available Working Capital	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Income Statement Consolidated

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16 $'000	2016/17 $'000	2017/18 $'000	2018/19 $'000	2019/20 $'000	2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000
Income										
Rates & Annual Charges			107,759	112,690	118,006	123,697	130,917	136,837	143,172	149,421
User Charges & Fees	41,375	45,020	46,772	50,245	53,853	57,611	62,294	65,678	69,272	72,938
Interest Received	7,751	8,449	10,042	10,948	11,839	12,958	13,963	16,313	16,942	15,309
Other Operating Revenues	1,875	1,960	2,049	2,142	2,239	2,341	2,448	2,560	2,677	2,800
Operating Grants & Contributions	16,281	16,172	16,350	16,590	16,836	17,087	17,344	17,607	17,875	18,079
Capital Grants & Contributions	9,750	24,743	6,074	8,446	8,052	9,517	27,092	5,037	7,839	9,020
	175,120	**199,626**	**189,045**	**201,061**	**210,825**	**223,211**	**254,058**	**244,032**	**257,778**	**267,567**
Expenditure										
Employee Costs	51,595	53,174	54,911	56,698	58,555	60,473	62,454	64,499	66,612	68,794
Borrowing Costs	12,977	12,639	12,278	11,882	11,502	11,021	10,560	10,043	9,491	8,951
Materials & Contracts	48,278	50,690	50,746	52,092	53,917	55,854	57,107	59,059	60,723	62,885
Depreciation	42,058	42,940	43,768	44,577	45,395	46,418	47,582	48,602	49,660	51,276
Other Expenses	15,335	15,764	16,205	16,659	17,126	17,607	18,102	18,611	19,136	19,676
	170,243	**175,207**	**177,909**	**181,908**	**186,495**	**191,374**	**195,804**	**200,815**	**205,621**	**211,582**
Net Operating Result	**4,877**	**24,419**	**11,136**	**19,154**	**24,330**	**31,838**	**58,254**	**43,218**	**52,157**	**55,985**
Capital Grants/Contributions	9,750	24,743	6,074	8,446	8,052	9,517	27,092	5,037	7,839	9,020
Net Operating Result before Capital Grants & Contributions	**(4,874)**	**(325)**	**5,062**	**10,708**	**16,278**	**22,321**	**31,162**	**38,181**	**44,317**	**46,965**

Funding Statement Consolidated

Source and Application of Funds

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16 $'000	2016/17 $'000	2017/18 $'000	2018/19 $'000	2019/20 $'000	2020/21 $'000	2021/22 $'000	2022/23 $'000	2023/24 $'000	2024/25 $'000
Operating Result (Income Statement)	4,877	24,419	11,136	19,154	24,330	31,838	58,254	43,218	52,157	55,985
Add Back non-funded items:										
Depreciation	42,058	42,940	43,768	44,577	45,395	46,418	47,582	48,602	49,660	51,276
Add non-operating funding sources										
Transfers from Externally Restricted Cash	9,911	13,292	7,367	19,587	14,555	19,186	26,869	24,724	44,713	69,653
Transfers from Internally Restricted Cash	10,382	7,842	10,653	5,007	13,654	12,937	16,529	17,235	39,103	35,676
Proceeds from sale of assets	3,559	2,822	3,068	1,882	3,526	3,140	1,277	1,315	1,355	1,395
Loan Funds Utilised	1,976	1,976	1,976	2,126	2,176	2,176	2,176	2,176	2,176	2,176
Repayments from Deferred Debtors	0	0	0	0	0	0	0	0	0	0
Funds Available	**72,763**	**93,291**	**77,968**	**92,333**	**103,636**	**115,696**	**152,686**	**137,269**	**189,163**	**216,161**
Funds were applied to:										
Purchase and construction of assets	31,144	30,546	28,213	33,347	39,854	49,412	53,152	50,690	93,466	113,982
Repayment of principal on loans	7,731	8,047	8,443	8,837	7,553	7,982	8,548	9,209	9,404	9,504
Transfers to Externally Restricted Cash	7,490	23,755	5,039	7,411	8,771	10,230	27,767	5,702	8,494	9,669
Transfers to Internally Restricted Cash	26,398	30,944	36,273	42,737	47,457	48,071	63,219	71,668	77,798	83,006
Funds Used	**72,763**	**93,291**	**77,968**	**92,333**	**103,636**	**115,696**	**152,686**	**137,269**	**189,163**	**216,161**
Increase/(Decrease) in Available Working Capital	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Appendix 3. Tweed Shire Council service delivery planning framework - Phase One

Including list of 57 service categories and five completed sample templates (Tweed Coast Holiday Parks, Roads and Traffic, Environmental Health, Environmental Sustainability and Tweed Regional Gallery & Margaret Olley Art Centre).

Airfield	Fleet Management
Animal Management - (Domestic)	Floodplain Management
Aquatic Centres	Footpaths & Cycleways
Art Gallery	Holiday Parks
Auditoria	Human Resources and WHS
Biodiversity Management	Information Technology
Building Certification	Internal Audit
Bushland Management	Legal Services
Catchment Management	Libraries
Cemeteries	Life Guard Services
Civic Business and Governance	Museum
Coastal Management	Natural Resources Management operations
Communications	Parks & Gardens
Community & Cultural Development	Pest Management
Community buildings	Procurement Services
Community Grants	Public Toilets
Community Services	Quarries
Compliance Services	Roads & Traffic
Construction Services	Saleyards
Contact Centre	Solid Waste Management Services
Council Offices	Sporting Fields
Design Services	Stormwater Drainage
Development & Subdivision Assessment	Strategic land use planning
Economic Development	Sustainable Agriculture
Emergency Services	Tweed Laboratory
Environmental Health	Wastewater Services
Environmental Sustainability	Water Supply
Events	Waterways Management
Financial Services	

Tweed Coast Holiday Parks

Sub services	▪ *Provide safe and attractive tourist accommodation* ▪ *Manage public lands and facilities* ▪ *Market the Tweed as a destination for tourism and business*	▪ *Provide house sites for long term clients* ▪ *Financially contribute to the maintenance and upgrading of Crown Land Coastal Reserves located within the Tweed Shire*

Why do we deliver this service?

Service outcome	▪ To provide the public with safe, attractive holiday and tourist accommodation options in close proximity to a range of natural coastal environments ▪ To contribute financially to Local Government for the protection, maintenance and upgrading of Crown Land Coastal Reserve and to the NSW Government Public Reserves Management Fund
Link to Community Strategic Plan	3.1.4 - Market the Tweed as a destination for business and tourism 3.4.3 - Manage Council business enterprises to provide economic stimulus and maximise returns to the community 4.1.2 - Protect, regulate and maintain natural assets (the coastline, coastal and inland waterways, biodiversity, bushland and scenic landscapes) for current and future generations
Key external legislation, regulations or Government policies	▪ Crown Lands Act 1989 ▪ Residential Parks Act 1998 ▪ Local Government (Manufactured Home Estates, Caravan Parks, Camping Grounds and Moveable Dwellings) Regulation 2005 ▪ Holiday Parks (Long-term Casual Occupation) Act 2002 ▪ Local Government Act 1993 ▪ Occupational Health and Safety Act 2000 ▪ Occupational Health and Safety Regulation 2001 ▪ Privacy and Personal Information Protection Act 1998 ▪ Civil Liberties Act 2002 ▪ Consumer, Trader and Tenancy Tribunal Act 2001

Key internal Council policies, strategies and plans	▪ Local Environmental Plan	▪ Caravan Park Approval to Operate issued pursuant to Section 68, Part (F2) of the Local Government Act 1993

Who do we deliver this service for?

Tourists, general public, rate payers & residents, local economy

How do we currently deliver this service?

Key Council units	Holiday Parks and Economic Development Unit Tweed Coast Holiday Parks Reserve Trust	**Volunteers**	Nil	**Contracted service**	Holiday Park Caretakers Cleaners Tradesmen Security Tweed Laboratory

Infrastructure and Resources required	Administration building, 7 holiday parks totally 1072 sites, 7 park receptions, 7 Park Managers residence, amenity blocks, camp kitchens, playgrounds, 3 swimming pools, bbq's and various storage facilities.

To what level do we currently deliver this service?

Levels set in external legislation, regulations or Government policies	NSW Government Public Reserve, Local Government Trust, Local Government Approval to Operate, Australian Standards
Levels set in Council policies/plans	Local Environmental Plan, Local Government Development Consent, Fees & Charges, Customer Service Charter
Levels set through practice	Caravan and Camping Industry, NSW Tourism, Destination Tweed , Local Economic Planning, sports tourism, High occupancy during peak periods (Easter and Christmas)

What are the critical risks that need to be managed in delivering this service?

- Loss of appointment due to negligent management of Crown Land, contrary to the requirements of the Crown Lands Act
- Loss of infrastructure due to natural disaster event e.g. Bush fire, flood, storm
- Poor customer relations
- Competition from private caravan parks located in the Tweed Shire
- Competition from council caravan parks located in neighbouring shires
- Council organisation reputation influenced by political decisions and community expectations

At what cost do we currently deliver this service?

Funding sources	Accommodation tariffs, Government Grants/Loans
Income	$ 8,452,659
Expenditure	$ 6,635,159

How do we currently measure our performance in the delivery of this service?

1. Occupancy statistics and regular reporting to Crown Lands	2. Profit/Loss reporting
3. Client Feedback	4. Client Surveys

Other comments

Recent statistics released by Tourism NSW and reported by the Caravan and Camping Association indicates that for every $1 spent in a holiday park $1.36 is spent in the adjacent community

Roads and Traffic

Sub services	▪ *Asset management* ▪ *Road safety* ▪ *Traffic management* ▪ *Street lighting*	▪ *Public transport* ▪ *Approvals and development assessment* ▪ *Car parking* ▪ *Planning, construction and design*

Why do we deliver this service?

Service outcome	• To provide and maintain the infrastructure assets required to safely and sustainably service the community's road transport and traffic needs.
Link to Community Strategic Plan	2.4.1 - Provide a safe and efficient network of arterial roads connecting neighbourhoods to town centres, employment, shopping, health, commercial and education facilities. 2.4.2 - Promote the provision of cost effective public transport for all-person access. 2.4.3 - Ensure local streets, footpaths and cycleways are provided, interconnected and maintained.
Key external legislation, regulations or Government policies	▪ Roads Act 1993 & Regulation ▪ Australian Road Rules ▪ Civil Liability Act ▪ National Heavy Vehicle Regulator ▪ Environmental Planning and Assessment Act 1979 ▪ Work Health and Safety Act 2011 ▪ Transport Administration Act 1988 (re: Local Traffic Committee)

Key internal Council policies, strategies and plans	▪ Transportation Asset Management Plan ▪ Subdivision Manual (DCP A5) ▪ Site Access and Parking Code (DCP A2) ▪ Strategic Asset and Service Management Program (SAMP) ▪ Tweed Road Development Strategy	▪ Development Design and Construction Specifications (D1) ▪ Standard drawings ▪ Developer Contributions Plan (TRCP CP4, Carparking CP23) ▪ Public Transport Strategy ▪ Pedestrian Access and Mobility Plan (PAMP)

Who do we deliver this service for?

Residents, ratepayers, road users, developers, public transport users, businesses and industry

How do we currently deliver this service?

Key Council units	Roads and Stormwater Unit, Design Unit, Infrastructure Delivery Unit, Development Engineers, Local Traffic Committee	**Volunteers**		**Contracted service**	Part - contract services used for aspects of infrastructure design, delivery and maintenance. Consultants used for specialist studies.

Infrastructure and Resources required	Road and related assets (including road pavements, road surfaces, road furniture, signage and linemarking, traffic and pedestrian facilities, kerb and gutter, bridges, bus shelters, street lights), Council Administration Buildings, Depots and Plant.

To what level do we currently deliver this service?

Levels set in external legislation,	*Australian Standards, Austroads and Roads and Maritime Services specifications and guidelines, Disability Discrimination Act ,*

regulations or Government policies	*Special Schedule 7*
Levels set in Council policies/plans	*Asset management levels of service (SAMP), Council specifications, Complaints handling*
Levels set through practice	*Complaints handling, demand for improvements and upgrades, lifecycles for resurfacing, accident history (Black Spot), traffic counts and observations.*

What are the critical risks that need to be managed in delivering this service?

Public safety / liability
Natural disasters / climate change
Insufficient funding / asset management
Changes to grant funding arrangements
Unapproved works
Retrofitting infrastructure to meet new standards (excessive grades, insufficient width)
Changed priorities due to short term political influence
Inadequate developer contributions (s94) to fund needed infrastructure for growth areas
Ageing infrastructure assets
Inability to recruit and retain appropriately qualified staff

At what cost do we currently deliver this service?

Funding sources	Rates, fees and charges, developer contributions, grants, donated assets (developers)
Income	$4,996,282
Cost	$28,681,779

How do we currently measure our performance in the delivery of this service?

Response to DA referrals and CRMs as per imposed KPIs	SS7 accounting reporting
Completion of Delivery Plan Projects	

Other comments

Environmental Health

Sub services	1. ***Environmental Protection****: air/noise/water pollution, contaminated land, environmental audit and onsite sewage management.* 2. ***Public Health:*** *food hygiene, drinking water quality, disease transmission, skin penetration and onsite sewage management.*

Why do we deliver this service?

Service outcome	• To monitor activities in accordance with key public health and food legislation, to regulate physical, social and environmental factors that influence public health at a local level.
Link to Community Strategic Plan	**1. Civic Leadership** 1.1.2 - Create a sustainable, socially and environmentally aware community through education. 1.1.3 - Prepare for climate change through adaptation and mitigation strategies. 1.3.2 - Council will seek the best value in delivering services. 1.4.1 - Council will perform its functions as required by law and form effective partnerships with State and Commonwealth governments and their agencies to advance the welfare of the Tweed community. **2. Supporting Community Life** Aim: Create a Tweed where people are healthy, safe, connected and in harmony with the natural environment, to retain and improve the quality of community life. **3. Strengthen the Economy** Aim: Strengthen and diversify the region's economic base in a way that complements the Tweed's environmental and social values. **4. Caring for the environment** 4.1.3 - Manage and regulate the natural and built environments
Key external legislation, regulations or Government policies	▪ Local Government Act 1993 and Contaminated Land Management Act 1997 ▪ Environmental Planning and Assessment Act 1979 and Regulation 2000 ▪ Protection of the Environment Operations Act 1997 and Regulation 2009 ▪ Public Health Act 2010 and Food Act 1993
Key internal Council policies, strategies and plans	**Public Health** ▪ Community Strategic Plan ▪ Scores on doors implementation plan ▪ Asbestos Management Policy **Environmental Protection** ▪ Onsite Sewage Management Strategy ▪ Tweed Local Environmental Plan ▪ Industry Audit

Who do we deliver this service for?

Ratepayers and residents, fee-for-service customers, businesses and developers. The EH Team also administers devolved responsibilities on behalf of the State.

How do we currently deliver this service?

Key Council units	Environmental Health Section	**Volunteers**	N/A	**Contracted service**	N/A
Infrastructure and Resources required	Administration Office, Plant, IT				

To what level do we currently deliver this service?

Levels set in external Government policies or legislation and regulations	Under the NSW Food Act Council regulates retail food premises to ensure the supply of a safe and suitable food to the consumer. Council has a service agreement with the NSW Food Authority to conduct regular food inspections of designated food businesses. NSW Public Health Act sets out the responsibilities for local government authorities to promote, protect and improve public health. Local Government increasingly being identified to support State and Federal initiatives to prevent current health problems in the area of chronic non-communicable disease that are major causes of morbidity and mortality. Environmental Health has a key role.
Levels set in Council policies/plans	Numerous (both well defined and not). Assessment and Internal Referral of Development and Planning Applications for Technical Comment Protocol. Example: A new service policy "Scores on Doors" has been developed to ensure program implemented provides higher hygiene standards and value for money. Reinspections to allow premises to increase their ratings from good - very good - excellent will be provided free as the better the standard, the lower the risk of food poisoning and the less frequently we need to inspect the premises.
Levels set through practice	Complaints: where no specific service levels exist, a risk based approach is used; the greater the impact the more quickly we respond. Provision of contaminated land searches and pre-purchase reports (e.g. food premises) within established timeframes developed through business expectations. Where advice is required urgently Council endeavours to respond accordingly.

What are the critical risks that need to be managed in delivering this service?

- Exposure to litigation from food poisoning outbreaks if negligent in duties (particularly if a fatality occurs or large numbers of people are impacted by a single incident).
- Loss of good will if Council does not respond to community concerns effectively or does not implement programs in a positive and consistent way. For example if the scores on doors food hygiene program is not implemented in an educational way or if there is significant inconsistency in inspectors approach and premises ratings allocated.
- Risk of not acting on emerging environmental health areas for example the public health impacts of climate change including heat stress and disease vectors; also issues of community concern like electro-magnetic energy from mobile phone towers, risk of cancer from wood fuelled heaters (Environmental Health provides technical expertise here).

At what cost do we currently deliver this service?

Funding sources	Rates, Fees and Charges
Income	$ 594,273
Expenses	$1,902,723

How do we currently measure our performance in the delivery of this service?

Annual Food Surveillance Activity Report and Annual Public Health Activity Report.

Internal KPIs specific KPIs exist for the total number of food premises inspected annually and the number of onsite sewage management system inspections and % failures.

Other comments

The environmental health team has commenced a review of processes and practices (starting with defining what environmental health is & where we add value organisationally).

The team has expertise in noise, vector management, waste management, pollution control and the likely health impacts of climate change that are not being fully utilised.

The current corporate KPIs need review and do not adequately measure how Council Environmental Health team is ensuring critical public health and environmental outcomes.

Environmental Sustainability

Sub services	▪ *Community Capacity Building* ▪ *Education and Awareness e.g. energy, community gardens, climate change* ▪ *Council operations capacity building*	▪ *State of the Environment Reporting* ▪ *Climate Change adaptation and mitigation coordination* ▪ *Energy reporting and efficiency / renewable project coordination*

Why do we deliver this service?

Service outcome	• To reduce Council's environmental impacts from its operations and services and enable the community to reduce its environmental impacts with a focus on energy and climate change.
Link to Community Strategic Plan	**Objective 1.1 - Ensure actions taken and decisions reached are based on the principles of sustainability.** 1.1.1 - Establish sustainability as a basis of shire planning and Council's own business operations. 1.1.2 - Create a sustainable, socially and environmentally aware community through education. 1.1.3 - Prepare for climate change through adaptation and mitigation strategies.
Key external legislation, regulations or Government policies	• Local Government Act 1993 No 30

Key internal Council policies, strategies and plans	▪ Community Strategic Plan 2013-2023 ▪ Environmental Sustainability Prioritisation Strategy 2015-2020 ▪ Byron and Tweed Shire Councils Climate Change Adaptation Action Plan June 2009	▪ Procurement Policy ▪ Workplace Environmental Safety Protocol ▪ Tweed Community Greenhouse Gas Reduction Local Action Plan May 2003

Who do we deliver this service for?

Residents, Ratepayers; Businesses, Council staff; future generations

How do we currently deliver this service?

Key Council units	NRM Engineering Planning & Development Recreation Services Financial Services Economic Development Communications & Customer Service	**Volunteers**		**Contracted service**	Part - Consultants

Infrastructure and Resources required	NIL

To what level do we currently deliver this service?

Levels set in external legislation, regulations or Government policies	The *Local Government Act 1993* requires Council to properly manage, develop, protect, restore, enhance and conserve the environment of the area for which it is responsible, in a manner that is consistent with and promotes the principles of ecologically sustainable development.

	Local Government Act 1993 SECT 428A : Annual report in the year of election of councillors must include a state of the environment report in relation to environmental objectives set by the community strategic plan. State of the environment report is to : (a) establish relevant environmental indicators for each objective, and (b) report on, and update trends in, each indicator, and (c) identify all major environmental impacts A regional state of the environment report can meet these requirements.
Levels set in Council policies/plans	Procurement Policy: Environmental Performance Schedules to be prepared by all tenderers in contracts >$50k GHG Reduction Local Action Plan: 20% reduction in corporate and community greenhouse gas emissions by 2010 based on 1996 emission levels.
Levels set through practice	KPI: Total Council operational electricity use to reduce by 1% per annum Council resolution: aspirational target to be self-sufficient in renewable energy

What are the critical risks that need to be managed in delivering this service?

- Changes in political support for climate change, renewable energy and general sustainability initiatives at a management, local, state and federal level
- Risk that Council is perceived to be working with inappropriate partners and/or providing insufficient or wrong information.
- Inadequate assessment of effectiveness of projects/programs
- Inadequate evaluation of potential outcomes
- Inadequate tracking of actual outcomes
- Funding - provision of sufficient budget allocation to ensure program is effective in changing behaviours and reaching outcomes.
- Sufficient testing/due diligence of technical suitability and reliability particularly in renewable energy and energy efficiency equipment
- Missing opportunities to embed ESD principles throughout Council's decision making and operations e.g. missing whole of life energy cost considerations in design of new facilities, Inadequate whole of life economic and environment considerations in decision making
- Appropriate partnerships with reputable parties e.g. community groups

At what cost do we currently deliver this service?

Funding sources	Rates
Income	Minor income from commercial stallholders at 'Living for the Future' Home Expo to cover costs Sponsorship to cover communications' costs for 'Living for the Future' Home Expo In-kind contributions e.g. Home Power Saving Program audits of 16,000 local pensioners' homes for energy efficiency, energy efficiency workshop technical expertise for food & grocery manufacturers, aged care sector, clubs sector, SMEs
Cost	$452,183

How do we currently measure our performance in the delivery of this service?

	1. Reduction of Council's operational electricity use by 1% per annum
2. # of community engagement opportunities	3. Completion of State of the Environment report

Other comments

Tweed Regional Gallery & Margaret Olley Art Centre		
Sub services	▪ *Exhibition research, development and presentation* ▪ *Development and presentation of Education & Public Programs* ▪ *Collection Development, Management and Care* ▪ *Cultural Tourism & Promotion* ▪ *Publishing and Retail*	▪ *Artist professional development* ▪ *Facility Management* ▪ *Licensed Cafe* ▪ *Venue Hire* ▪ *Volunteer Training and Management*
Why do we deliver this service?		
Service outcome	• To be an innovative public art gallery of national standing that stimulates awareness and understanding of the visual arts and crafts through its collection, exhibition, education and community programs.	
Link to Community Strategic Plan	2 Supporting Community Life 2.1 - Provide opportunities for residents to enjoy access to the arts, festivals, sporting activities, recreation, community and cultural facilities. 3 Strengthening the economy 3.1 - Expand employment, tourism and education opportunities 3.3 - Maintain and enhance the Tweed lifestyle and environmental qualities as an attraction to business and tourism	
Key external legislation, regulations or Government policies	• Work Health and Safety Act 2011 (NSW) • Disability Access to Premises Standards - Buildings 2010 • Income Tax Assessment Act 1997 - sub-section 30-125 (2) (for DGR status) • Liquor Act 2007 - Licence number LIQ0624014339 Licensee: Susan Muddiman • Copyright Act 1968 • Child Protection (working with Children Act 2012 No. 51) • Industry best practice standards for gallery exhibition, collection display, handling and storage (ICOM, AICCM, MA)* • Industry best practice standards for ethics and professional conduct relating to the operation of a public gallery (ICOM, MA) • 9. State Government Standards - Volunteering NSW	

Key internal Council policies, strategies and plans	▪ Art Gallery Collection Accession and De-accession Protocol ▪ Tweed Regional Gallery Deductible Gift Recipient Fund Policy and Regulations ▪ Tweed Regional Gallery Strategic Plan 2013-2015 (2016 -2018 currently in draft form) ▪ Community Strategic Plan ▪ Cultural Policy ▪ Procurement Policy ▪ Placemaking and Public Art Policy	▪ Tweed Regional Gallery Advisory Committee Terms of Reference ▪ Tweed Regional Gallery Foundation Limited Constitution ▪ Friends of Tweed Regional Gallery & MOAC Inc. Constitution ▪ Access and Inclusion Policy ▪ Volunteer Policy ▪ WHS and Safety Activity Planner ▪ Finance Protocols

Who do we deliver this service for?

Ratepayers; Residents; General Public; Tourists and Tourism Providers; Educators and Students; Artists and the boarder Arts Industry; Foundation Members; Friends of the Gallery

How do we currently deliver this service?

Key Council units	Community and Cultural Services Communications and Customer Services Information Technology Regulatory Services Recreation Services Natural Resources Management	**Volunteers**	Gallery Volunteers and Guides - 155 Tweed Regional Gallery Foundation Ltd Board - 8 Friends of Tweed Regional Gallery & Margaret Olley Art Centre Inc Committee - 14 Tweed Regional Gallery Advisory Committee - 11	**Contracted service**	Yes and part Licensed Cafe Fees for services (user-pays) Project-based consultancy engagement (part) Lift maintenance and servicing Air-conditioning Maintenance and servicing Pest inspection and control Margaret Olley Estate Sponsors and Donors Artwork and exhibition lenders

Infrastructure and Resources required	Tweed Regional Gallery & Margaret Olley Art Centre, Nancy Fairfax Artist in Residence Studio, Gallery Cafe Tweed Regional Gallery Collection

To what level do we currently deliver this service?

Levels set in external legislation, regulations or Government policies	Work Health and Safety Act All levels affecting access to infrastructure and operations Recurring assessment according to guidelines supplied by Commonwealth Government and CGP Committee Mandatory qualifications set by State Government for Responsible Service of Alcohol (RSA) by Gallery Cafe and Gallery staff and volunteers Protection of intellectual property rights in relation to artwork display and reproduction (commercial and non-commercial) Police checks for public program tutors and artists delivering education and public programs for children. Triple A rated facility; specified art carriers; use of qualified exhibition technicians; mandatory requirements for building security and gallery supervision.

	Compliance with industry levels set by ICOM and MA (for example accession and de-accession protocols) Regulations relating to Volunteers
Levels set in Council policies/plans	Compliance levels set by Key internal Council policies, strategies and plans as listed above. Australian Securities and Investments Commission (ASIC) Guidelines relating to foundation and friends bodies
Levels set through practice	Industry best practice for exhibitions, education & public programs, collection management Compliance of facility reports for artwork and exhibition loans Insurance coverage compliance for artwork collection and loans High level public engagement Program participation, repeat visitation and new visitors, retail sales, studio occupancy Arts NSW Priority Statement for funding (eg ATSI, CALD, Youth, Regional Programming)

What are the critical risks that need to be managed in delivering this service?

Two kinds of risks need to be considered:

- *What is the risk to council of delivering this service?*
  - Financial
  - Reputational Risk
  - Visitor Safety
  - Safety of Collection and artwork loans
  - Building maintenance
  - Environmental sustainability
  - Legal compliance
  - Audience expectation/demand vs resources allocation/sustainable output
  - Employee wellbeing
  - Reliance on volunteers
  - Relationships with new and existing donors & sponsors

- *If you were thinking of this like a business – what are the major risks you need to consider and manage in order to deliver this service reliably?*
  Consult the Risk Management documents (Guardian) as a starting point
  - Changes to Government Art Policies and Funding
  - Whether funding sources have longevity and growth
  - Whether there is adequate strategic planning in place to ensure audience development and diversification
  - Whether expectations for services is reasonable and adequately matched with resources
  - Whether staff can maintain quality outcomes under current staffing levels
  - Whether workplace conditions are compliant for workers and therefore, in some instances, visitors
  - Whether business systems are adequate and efficient

- Whether skilled JHA staff (that are essential for our core services) can be retained as they seek permanent part-time employment elsewhere in lieu of casual employment here
- Whether retail and marketing practices are efficient and effective
- Whether we can maintain balance of relations with our diverse audiences i.e. local community through to national arts industry
- Whether the building is running efficiently in order to reduce running costs and environmental impact

At what cost do we currently deliver this service?

Funding sources	General revenue, rates, grants, donations, sponsorship, bequests, retail sales, fees and charges, cafe lease, programs ticket sales, exhibition entry fee
Income	$166,267.00
Expenditure	$1,996,115.00

How do we currently measure our performance in the delivery of this service?

1. Formal reporting on KPIs: including for example visitor numbers, number of education and public programs delivered, participation numbers, collection managed to professional art museum standard etc
2. Results from customer feedback surveys, web analytics, social media engagement and daily public engagement
3. Success rate of artwork loans from public institutions and private lenders
4. Grant success rates and acquittals
5. Income generation - retail, cafe, studio hire

Other comments

*** ICOM** - International Council of Museums - a forum made up of experts from 136 countries and territories which provide guidance in relation to industry best practice approaches to the board range of activities undertaken by public museums. ICOM has a consultative status with the United Nations Economic and social Council.

AICCM - Australian Institute for Conservation of Cultural Materials

MA - Museums Australia - the national membership body for Museum professionals, affiliated with similar organisations worldwide.

Appendix 4. Media Release

Media Release

Thursday 11 June 2015

TWEED SHIRE COUNCIL

Roadview comes to Tweed

Council uses latest technology to audit condition of roads

A road survey vehicle fitted with video equipment and laser technology is driving all the sealed roads in Tweed Shire this week to collect asset condition data to support Council's Fit for the Future strategy.

The vehicle, travelling at normal traffic speeds, is collecting all the critical measurements on road pavement and kerb and guttering, such as surface texture, roughness, rutting, cracking and other defects, which will then be uploaded to Council's asset database.

The Tweed has approximately 1060 kilometres of sealed road and 782 kilometres of kerb and guttering.

The survey vehicle is expected to take about three weeks to complete data collection.

Earlier in the year, another specially fitted survey vehicle collected condition data on the Tweed's 240 kilometres of footpath.

Council audits the condition of its road, footpath and kerb and guttering assets on average every four years. In 2010, however, the job was undertaken manually with contractors assessing condition visually and entering the data direct into a computer set up in the back of the survey vehicle.

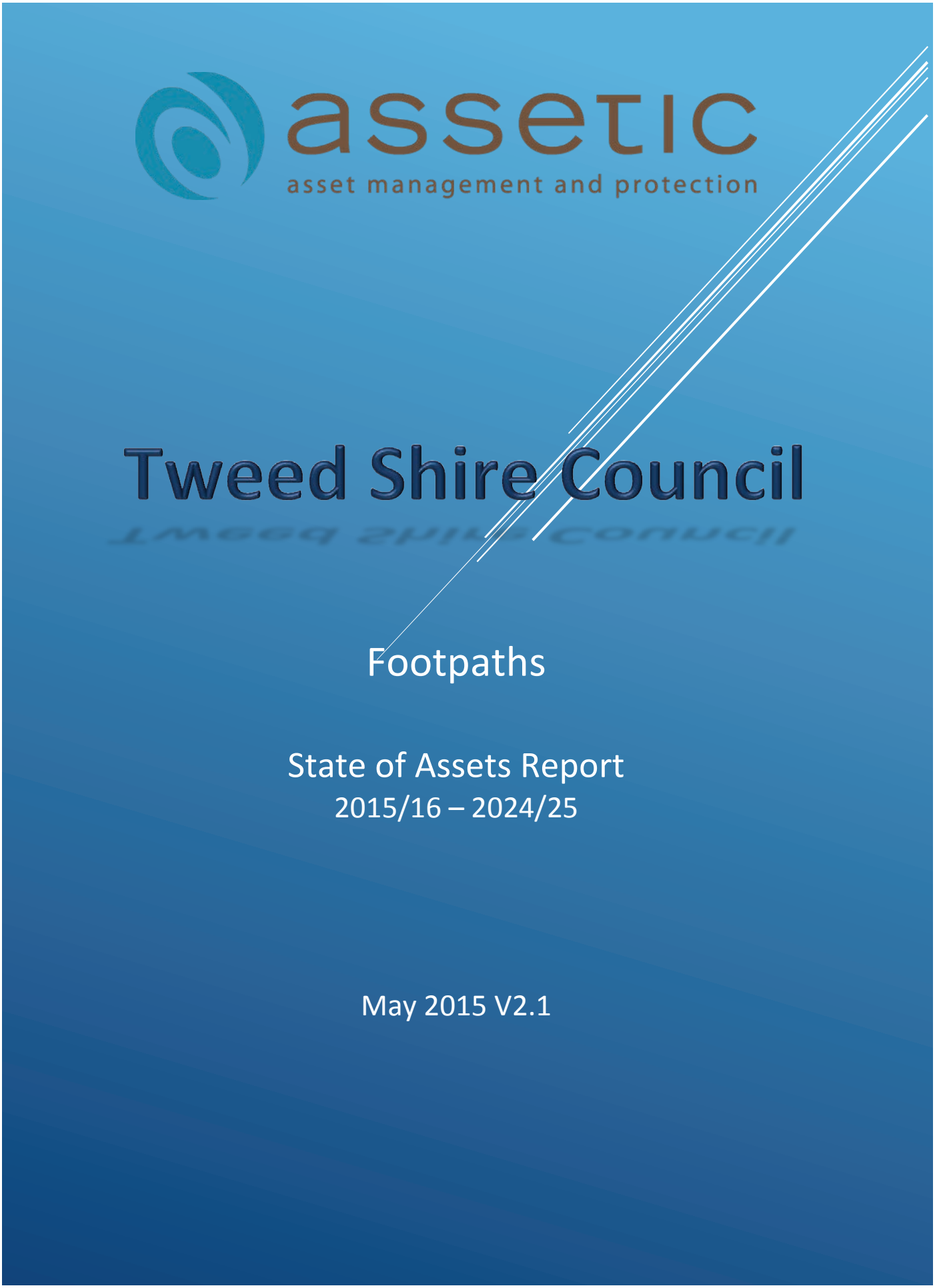
Using the sophisticated technology now available, Council expects to get more accurate data to better inform maintenance and asset replacement decisions.

The data will also be used to inform asset valuations and funding applications, determine and prioritise the program of work and ensure maintenance is neither under or overdone.

- ends -

Contact: Madeline Williams-Ritchie (02) 6670 2453

Appendix 5. State of Assets Report



Contents

1. EXECUTIVE SUMMARY

This report summarises the outputs of the Tweed Shire Council's footpath strategic modelling to identify the State of the Assets. Strategic modelling requires the use of asset specific performance models as the analysis platform. First iteration footpath Strategic Asset Management models were developed in 2010 as part of Council's Transportation Asset Management Plan and have been further refined in May 2015 in consultation with Tweed Shire Council staff that have direct responsibility for the management of Council's footpath asset portfolio.

The objective of this Strategic Asset Management modelling analysis has been to model the deterioration of the Tweed Shire Council's footpath asset stock, by developing Council specific simulation models using Assetic's myPredictor© software.

Four different funding options have been modelled for Council's footpath asset stock and the results have been graphed showing the relationship between the expenditure budget and its effect on the future network condition in Section 6. These "what if" scenario options cover the expenditure required for Council's Capital Works Program which include treatments of:

1. Full renewal; and
2. Partial renewal.

It is important to note that this footpath asset stock analysis does not assess required expenditure and condition outcomes for footpaths within Parks and Open Spaces and other Council assets within the road reserve such as roads, kerb and channel or drainage.

The financial funding options considered in this strategic modelling analysis are as follows:

Option 1 - This funding option models how the footpath asset stock would improve or deteriorate if Council's current financial budget allocation as outlined in Council's current Long Term Financial Plan is adopted over the following 10 years. **$3.09 million** in Capital Renewal funding allocation over 10 years.

Option 2 - This funding option models what would happen to the future condition of the footpath asset stock if the budget allocation identified in funding Option 1 were to be reduced by 25% each year over the following 10 years. **$2.3 million** in Capital Renewal funding allocation over 10 years.

Option 3 - This funding option has been based on the financial requirements to achieve and maintain the current footpath condition (average 1.9 overall condition index) over the following 10 years and has been determined by the Optimisation module in the Assetic myPredictor© software. **$5.15 million** in Capital Renewal funding allocation annum over 10 years.

Option 4 - This funding option models what would happen to the future condition of the footpath asset stock if the budget allocation funded in the 2013/14 financial year were to be funded into the future each year over the following 10 years. **$2.47 million** in Capital Renewal funding allocation over 10 years.

The Tweed Shire Council owns and manages approximately 239.5kms of footpaths which are constructed and located within the road reserve, many of which are in varying condition. Council also owns and manages footpaths within parks and open space areas, however these have been excluded at this time from the Strategic Asset Management modelling as this data was not yet available.

It should be noted that in 2010, Council's footpath network consisted of approximately 194kms of footpaths. This indicates that there has been an increase to Council's footpath asset stock in the order of 19%. This equates to 45kms of new footpaths that have been either gifted to Council by developers or constructed by Council where footpaths did not previously exist to maintain footpath connectivity over the past 4 ½ years. A comparison between the 2010 asset register and 2015 asset

register confirms that 17kms of the 45km footpath increase in attributed to improvements in the quality of the asset attribute datasets.

Of the 391,398m^2 of footpath asset stock maintained by the Tweed Shire Council, the most predominant surface type is concrete surfaces with 93.7% followed by asphalt footpath surfaces at 5.2%. Brick pavers, gravel, and spray seal surfaces make up the remaining 1.1% of the overall footpath network.

The predominant condition state of the footpath asset stock is good (represented as Condition 1.9 out of 5 with 0 being a brand new footpath and 5 being a footpath in very poor condition).

The replacement value of Council's footpaths in the road reserve is **$36.29 million** and the annual depreciation is **$491 thousand** as at 30 June 2015. A further breakdown is provided in ***Table 5 – Tweed Shire Council Financial Revaluation Values as at 30 June 2015***.

The outcomes of the four financial options that have been modelled are detailed in **Table 1**.

Scenario	Total Capital Over 10 Years	Total Maintenance Over 10 Years	% Assets in Condition 4 & 5	Renewal Gap / Backlog Movement	Footpath Condition at Year 10	Net Cost of Strategy (*Calculation Refer to A.6*)
1	$3,090,540	$3,381,107	6.34%	$163,987	2.2	$6,307,660
2	$2,317,906	$3,562,602	9.34%	-$330,236	2.5	$6,210,744
3	$5,150,000	$2,758,564	0.42%	$1,177,611	1.9	$6,730,953
4	$2,475,220	$3,491,200	8.33%	-$139,753	2.3	$6,106,173

Table 1 – Strategic Modelling Comparison of 4 Funding Options

Option 1 - which costs a total of **$3.09 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a positive 0.5% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to decrease from **$1.23 million** to **$1.06 million**, which equates to a reduction in backlog in the order of some **$163 thousand**. The total life cycle cost of funding option 1 which includes both capital and maintenance expenditure is **$6.47 million** which equates to **$3.38 million** over 10 years required for maintenance of the footpath asset stock.

Option 2 – whilst costing a total of **$2.31 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a negative 0.9% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to increase from **$1.23 million** to **$1.56 million**, which equates to an increase in backlog in the order of some **$330 thousand**. Whilst funding option 2 equates to the lowest commitment of capital expenditure, when assessing the total life cycle cost of funding option 2, which includes both capital and maintenance expenditure it is interesting to note that it requires almost the same commitment of funds as options 1 and 4. This is as a direct result of the predicted proportion of assets in condition states 4 and 5 which requires additional funding in maintenance in the order of **$3.56 million** over 10 years, hence requiring a total life cycle cost of **$5.88 million** over 10 years in both capital and maintenance expenditure.

Option 3 - aimed to maintain the average asset condition at condition 1.9 out of 5, predicts that Council's current levels of service into the future will be maintained, whilst having a large impact on reducing the current asset backlog. This option costs a total of **$5.15 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicting a positive 3.4% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to decrease from **$1.23 million** to some **$53**

thousand, which equates to a reduction in backlog in the order of **$1.17 million**. The total life cycle cost of funding option 3 which includes both capital and maintenance expenditure is **$7.91 million** which equates to **$2.75 million** over 10 years required for maintenance of the footpath asset stock.

Option 4 - aimed to assess the impacts of funding historical capital expenditure, while costing **$2.47 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a negative 0.4% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10. The total asset stock backlog value is predicted to increase from **$1.23 million** to **$1.37 million**, which equates to an increase in backlog in the order of some **$139 thousand**. The total life cycle cost of funding option 4 which includes both capital and maintenance expenditure is **$5.97 million** which equates to **$3.49 million** over 10 years required for maintenance of the asset stock.

When comparing the different expenditure profiles (Refer ***Table 1 – Strategic Modelling Comparison of 4 Funding Options***) over the lifecycle of the asset portfolio, funding options 1 through to 4, will cost approximately the same over the next 10 years when we take into consideration the changes in asset backlog and also the increase requirements in annual maintenance expenditure required to keep the assets fit for use.

Hence whilst funding option 3 has the highest capital funding commitment, the prediction modelling identifies that at the end of year 10, by injecting an additional $2 million in capital over 10 years, the total cost of the strategy costs only approximately **$400 thousand** more than funding option 1 and **$500 thousand** more than funding option 2.

In terms of community benefit, this investment returns a lower asset backlog and ensures that the assets are fit for purposes and fit for use as the average asset network condition is maintained.

Table 19 – Benefit-cost Analysis of Footpath Asset Stock Value vs 'What If' Options supports that Funding Option 3 will result in a high benefit cost ratio as it reduces the current footpath asset stock backlog and maintains the average asset stock network condition at 1.9 out of 5 (*Calculation Refer to Appendix A.5 for computation*).

Whilst Funding Option 1 also results in a positive benefit cost ratio, this funding option reduces the current asset stock backlog by around some **$163 thousand**, however the average asset stock network condition will increase from an average condition of 1.9 as at 2015 to 2.2 out of 5 (*Refer Appendix A.5 for computation*).

The key recommendations for the Tweed Shire Council as determined by the footpath strategic modelling prediction analysis are as follows:

A. Tweed Shire Council adopts the footpath capital works budget allocation for renewals as documented in ***Table 15 – Capital and Maintenance Funding Options*** for either funding Option 1 or Option 3.

B. The Tweed Shire Council continues to fund annual maintenance budget allocations for footpath maintenance activities as per ***Table 15 – Capital and Maintenance Funding Options*** for either funding Option 1 or Option 3.

C. The Tweed Shire Council continues with footpath network condition assessments on a 3 to 4 yearly cycle, coinciding with Council's revaluation cycle. This footpath network data will ensure that the footpath condition data can be used to inform Council's revaluation process and also be used to revise and calibrate these prediction modelling outcomes.

D. The Tweed Shire Council updates their Transportation Asset Management Plan to reflect the outcomes of this strategic modelling and report.

E. The Tweed Shire Council update and revise the prediction modelling parameters and inputs once new condition data is collected in 4-5 years' time.

2. BACKGROUND

2.1 Overview

This report summarises the outputs of the Tweed Shire Council's footpath strategic modelling to identify the State of the Assets. Strategic modelling requires the use of asset specific performance models as the analysis platform. First iteration footpath Strategic Asset Management models were developed in 2010 as part of Council's Transportation Asset Management Plan and have been further refined in May 2015 in consultation with Tweed Shire Council staff that have direct responsibility for the management of Council's footpath asset portfolio.

This Strategic Framework has since been fine-tuned, qualified and calibrated as further information and knowledge has been gained and the outputs of these models have been tested and calibrated for site specific accuracy. This process involved Tweed Shire Council staff to fine-tune the accuracy of the outputs and identify if these were within an acceptable tolerance range by reviewing the proposed Capital Works Program. The process has been successful in ensuring the integrity of the condition information collected.

Tweed Shire Council engaged an independent contractor in early 2015 to perform a visual assessment of Council's entire footpath network in the road reserve. This footpath condition data has since been updated to reflect the changes in condition as a result of major renewal and upgrade works delivered via Council's capital works program and footpath works delivered via Council's preventative maintenance program. This ensures that Council's footpath condition dataset is accurately reflecting current condition states as at June 2015.

Tweed Shire Council recognises that the basis of sound Strategic Asset Management models is having asset specific condition criteria and accurate data.

Whilst in previous years, most Council's would collect asset condition data to plan for their forward capital works programs, it is now becoming increasingly necessary within the industry to collect such data to satisfy such requirements as the National Asset Management Assessment Framework and the Integrated Planning and Reporting Guidelines for local government in NSW.

2.2 Project Analysis Fundamentals

The objective of this Strategic Asset Management modelling analysis has been to model the deterioration of the Tweed Shire Council's footpath asset stock, by developing Council specific simulation models using Assetic's myPredictor© software.

The Tweed Shire Council adopted degradation profile curve which represents the deterioration of the footpath conditions is illustrated in ***Figure 1***. The footpath conditions deteriorate under the effects of their local environmental conditions and aging. Using condition as an indicator of deterioration, it has been possible to model the future costs of renewal and to predict the future rates of individual footpath condition deterioration. The points in the below lifecycle diagram represents the average year taken to reach each specific condition state.

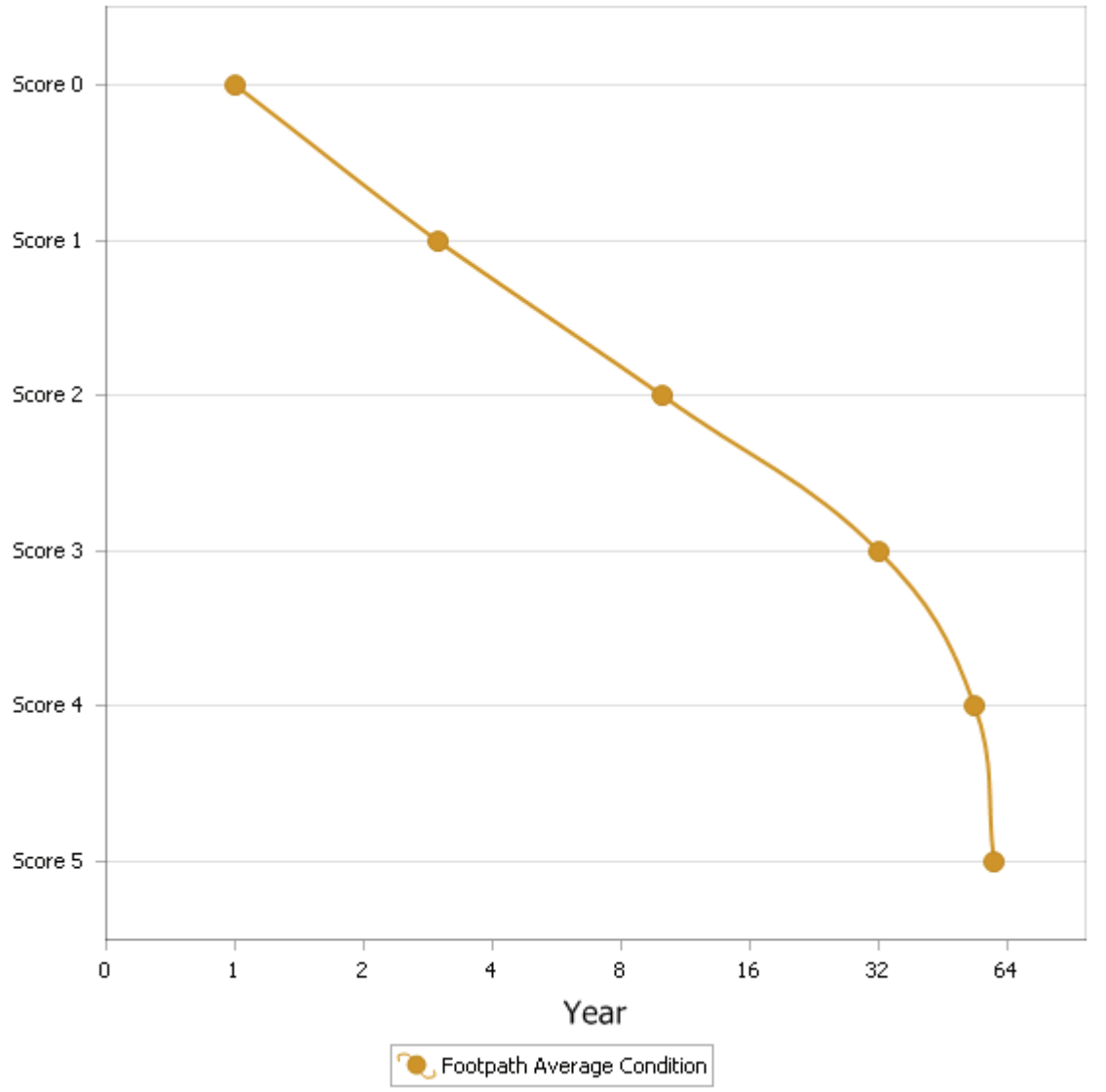


Figure 1 – Simulation Curve Representing Overall Deterioration of Tweed Concrete Footpaths

Four different funding options have been modelled for Council's footpath asset stock and the results have been graphed showing the relationship between the expenditure budget and its effect on the future network condition in Section 6. These "what if" scenario options cover the expenditure required for Council's Capital Works Program which include treatments of:

1. Full renewal; and
2. Partial renewal.

It is important to note that this footpath asset stock analysis does not assess required expenditure and condition outcomes for footpaths within Parks and Open Spaces and other Council assets within the road reserve such as roads, kerb and channel or drainage.

The financial funding options considered in this strategic modelling analysis are as follows:

Option 1 - This funding option models how the footpath asset stock would improve or deteriorate if Council's current financial budget allocation as outlined in Council's current Long Term Financial Plan is adopted over the following 10 years. **$3.09 million** in Capital Renewal funding allocation over 10 years.

Option 2 - This funding option models what would happen to the future condition of the footpath asset stock if the budget allocation identified in funding Option 1 were to be reduced by 25% each year over the following 10 years. **$2.3 million** in Capital Renewal funding allocation over 10 years.

Option 3 - This funding option has been based on the financial requirements to achieve and maintain the current footpath condition (average 1.9 overall condition index) over the following 10 years and has been determined by the Optimisation module in the Assetic myPredictor© software. **$5.15 million** in Capital Renewal funding allocation annum over 10 years.

Option 4 - This funding option models what would happen to the future condition of the footpath asset stock if the budget allocation funded in the 2013/14 financial year were to be funded into the future each year over the following 10 years. **$2.47 million** in Capital Renewal funding allocation over 10 years.

3. CURRENT POSITION

3.1 Tweed Shire Council's Footpath Asset Stock

The Tweed Shire Council owns and manages approximately 239.5kms of footpaths which are constructed and located within the road reserve, many of which are in varying condition. Council also owns and manages footpaths within parks and open space areas, however these have been excluded at this time from the Strategic Asset Management modelling as this data was not yet available.

In accordance with the International Infrastructure Management Manual, Council acknowledges that the primary purpose of an asset hierarchy is to ensure that appropriate management, engineering standards and planning practices are applied to the asset based on its function. It also enables more efficient use of limited resources by allocating funding to those assets that are in greater need and the costs are better justified.

At present, Council has adopted a footpath hierarchy as defined in ***Table 2***. The footpath hierarchy classification provides a consistent classification of footpaths predominantly based on their role within the overall footpath network which relates to their use and risk to pedestrians should they fail.

The hierarchy classification has been documented as follows.

Footpath Hierarchy	Definition
High	Footpaths located on the Primary Pedestrian Routes
Medium	Footpaths located on the Secondary Pedestrian Routes
Low	Footpaths located in areas other than in High Activity and Medium activity locations

Table 2 - Tweed Shire Council Footpath Hierarchy

The quantum of Council's footpath asset stock within the road reserve by footpath hierarchy is illustrated in ***Table 3*** below.

Footpath Hierarchy	Length (m)	Area (m^2)
High	9,790	13,696
Medium	39,198	62,222
Low	190,547	315,479
Totals	**239,534**	**391,398**

Table 3 - Tweed Shire Council Footpath Quantities by Hierarchy as at 2015

The following diagram illustrates that of this footpath asset stock, some 80.6% (or 315,479m^2) of footpaths have been defined as having a Low hierarchy with the remaining 19.4% comprising of High and Medium hierarchies.

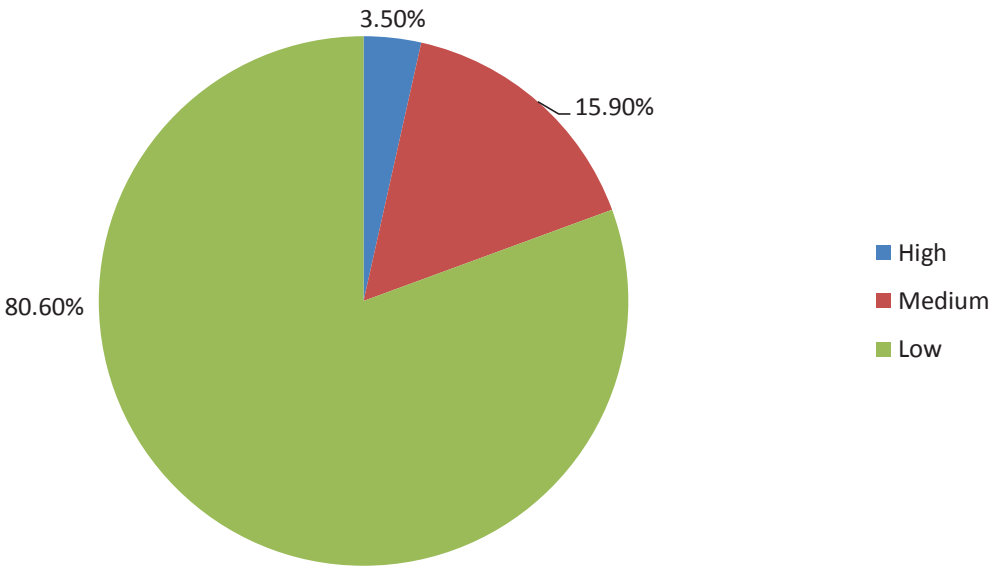


Figure 2 – Distribution (%) of Tweed Shire Council Footpath Network by Hierarchy as at 2015

Council's footpaths are surfaced with a variety of materials. The quantum of Council's footpath asset stock within the road reserve by footpath surface type is illustrated below in ***Table 4***.

Surface Type	Length (m)	Area (m^2)
Asphalt Footpath	7,720	16,994
Concrete Footpath	228,680	366,581
Gravel Paved Footpath	563	660
Brick Paved Footpath	1,202	3,655
Spray Sealed Footpath	1,370	3,508
Totals	**239,534**	**391,398**

Table 4 - Distribution of Tweed Shire Council Footpath Network by Surface Types as at 2015

It should be noted that in 2010, Council's footpath network consisted of approximately 194kms of footpaths. This indicates that there has been an increase to Council's footpath asset stock in the order of 19%. This equates to 45kms of new footpaths that have been either gifted to Council by developers or constructed by Council where footpaths did not previously exist to maintain footpath connectivity over the past 4 ½ years. A comparison between the 2010 asset register and 2015 asset register confirms that 17kms of the 45km footpath increase in attributed to improvements in the quality of the asset attribute datasets.

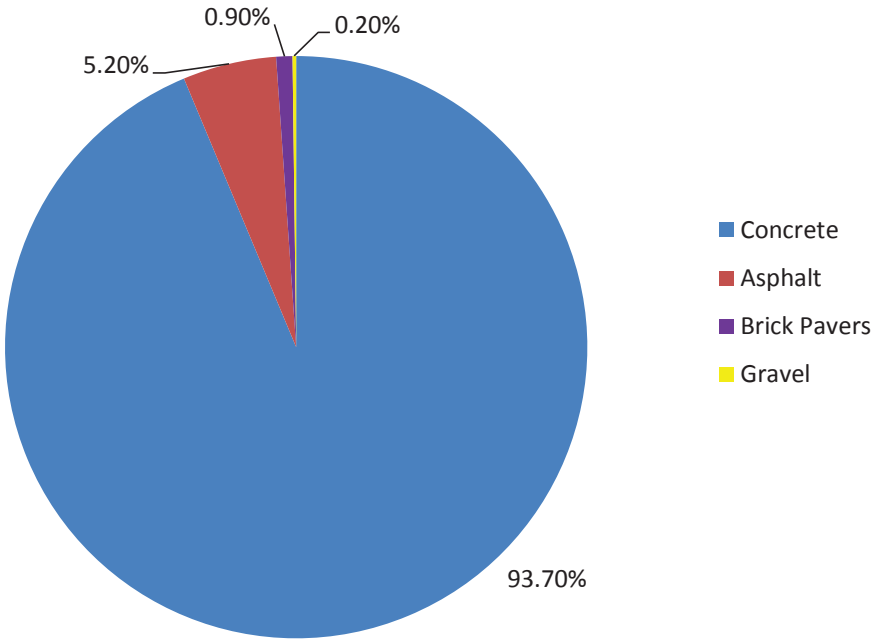


Figure 3 – Distribution (%) of Tweed Shire Council Footpath Network by Surface Type as at 2015

The above footpath network by surface type diagram (***Figure 3***) illustrates that of the 391,398m^2 of footpath asset stock maintained by the Tweed Shire Council, that the most predominant surface type is concrete surfaces with 93.7% followed by asphalt footpath surfaces at 5.2%. Brick pavers and special gravel, and spray sealed footpath surfaces make up the remaining 1.1% of the overall footpath network.

The replacement value of Council's footpaths in the road reserve is $36.29 million and the annual depreciation is $491 thousand as at 30 June 2015. A further breakdown is provided in ***Table 5***.

Asset Financial Class	Replacement Value	Accumulated Depreciation	Written Down Value	Annual Depreciation
Footpath Totals	$36,292,977	$6,424,660	$29,868,317	$491,443

Table 5 – Tweed Shire Council Financial Revaluation Values as at 30 June 2015

3.2 Historical Footpath Expenditure

Typically, where more than 50% of the footpath segment requires rectification or the entire footpath segment requires rectification, this work is referred to Council's capital works program for prioritisation and reconstruction.

Capital expenditure refers to works undertaken to address major condition or service capacity issues such as removing an existing footpath and constructing a new footpath at the existing location (considered to be renewal expenditure as it returns the life or service potential of the asset to that which it had originally) or constructing a wider footpath so that it can cater for increased pedestrian activity (considered to be upgrade expenditure as it enhances the existing asset to provide a higher level of service).

New footpaths that are required and constructed by Council to improve footpath connectivity between precincts are considered new expenditure. Construction of new footpath assets increases the value and quantum of Council's footpath asset stock and as a direct result will also have implications in future years with regards to maintenance and renewal funding requirements.

These capital treatment works are undertaken to improve the overall condition of the footpath asset stock and provide an improved service to users of Council's footpath network.

Where conditions such as cracking or broken paths or differential displacement occurs and the defects requiring repairs is undertaken on less than 50% of the footpath area (not totalling more than $5,000), the work is determined to be maintenance expenditure.

The following ***Table 6*** and **Figure 4** identify the historical footpath expenditure.

Activities	2013/2014	2014/2015
Footpath Capital	$247,522	$167,129*
Footpath New	$873,309	$961,936*
Footpath Maintenance	$320,662	$269,959*
Total	**$1,441,493**	**$1,399,024***

Table 6 - 2013-2015 Past Years Footpath Capital & Maintenance Expenditure - * Values to May 2015

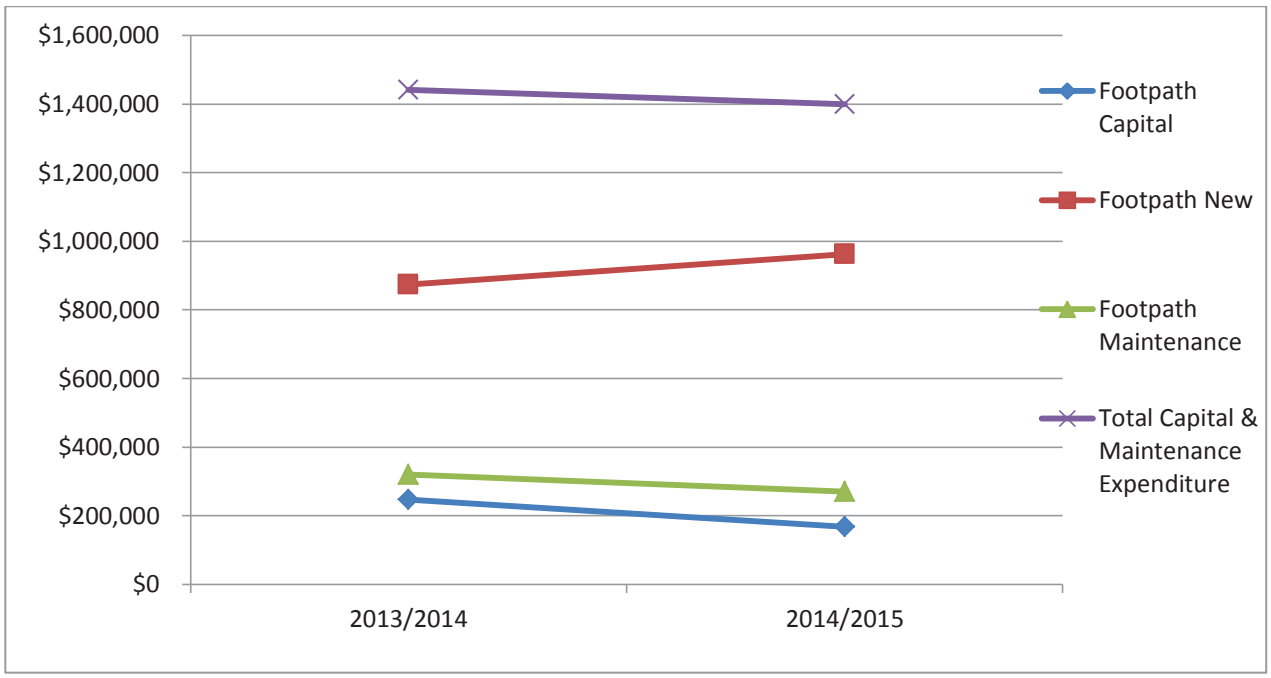


Figure 4 – 2011-2014 Past Years Footpath Capital & Maintenance Expenditure

3.3 Asset Management Ratios

Tweed Shire Council's asset management ratios for its footpath asset stock calculated as at 30 June 2015 have been calculated as follows:

Ratio	Definition	Calculation	Industry Target	Tweed Shire Council Score
Asset Sustainability Ratio	This ratio represents the estimate of the extent to which the infrastructure assets managed by Council are being replaced as they reach the end of their useful lives, using the annual depreciation charge. Depreciation represents an estimate of the rate at which the infrastructure asset has been historically consumed over its useful life. Capital expenditure on renewals (replacing existing assets) is an indicator of the extent to which the infrastructure assets are being replaced. This ratio therefore indicates whether Council is renewing or replacing its existing assets stock at the same rate at which the asset stock has been calculated to have been /being consumed.	Capital Renewal Expenditure / Depreciation Expense	90%	50.4%
Remaining Service Potential Index	This ratio represents the overall health of the asset stock in terms of measuring past asset consumption, via the amount of accumulated depreciation. The lower this ratio is, the more the asset stock has been consumed, which also indicates that not enough capital expenditure has been allocated to the asset.	Written Down Value/Current Replacement Value	>70%	82.3%
Average Annual Asset Consumption Ratio	The Average Annual Asset Consumption (AAAC) is the measure of the amount of Council's asset base consumed during a year based on the asset stocks replacement value, which is expressed as Replacement Value minus Residual Value.	Annual Depreciation/ Depreciable Amount	0-3%	1.74%

Table 7 – Asset Management Ratios

4. FOOTPATH NETWORK PERFORMANCE

The condition of the Tweed Shire Council's footpath asset stock is determined by a visual inspection carried out by an external contractor, with the latest condition assessment undertaken by Council contractors in early 2015. This footpath condition data has since been updated to reflect the changes in condition as a result of major renewal and upgrade works delivered via Council's capital works program and footpath works delivered via Council's preventative maintenance program.

Faults in each footpath segment (between intersecting streets) are identified using the following defect criteria:-

- Cracking or broken slab/surface; and
- Vertical displacement such as depressions and trip hazards.

Footpath deterioration resulting in these defect criteria is generally caused or exacerbated by a combination of factors such as tree roots in the nature strip, poor reinstatement by service authorities and/or building developers and vehicles/trucks parking on the footpath.

Based on the outcomes of the visual inspection, a condition of the footpath segment assessed for each of the defect criteria is determined and assigned to each footpath segment by the inspector.

4.1 Condition Scores – Footpath Network Condition

Council has documented a detailed footpath condition assessment manual that has been used to assess the footpath network condition and this is referred to as '*DCM*[1] *Road Assets V1.40*'. The following ***Table 8*** provides an overall view with regards to the details of the condition rating scales and community perception scales for Council's footpath asset stock.

Footpath Condition	Community Rating	Generalised Description of asset condition
0	Brand New	A new footpath or recently reconstructed footpath.
1	Excellent	A footpath in excellent overall condition however is not new and shows no signs of distre or defects.
2	Good	Sound construction with good surface condition and no distortion with limited surface ageing or may show minor distress upon close inspection such as sporadic fine cracking o isolated minor defects with no associated stepping or distortion.
3	Fair	Reasonable construction with a serviceable surface showing some surface aging and or signs of surface distress, such as fine to moderate cracking and or minor distortion. Such distortions may consist of stepping which is estimated to be typically but not exclusively greater than 5mm but less than 10mm vertical movement or insignificant undulations no readily apparent without close inspection. The extent of such defects will typically affect less than 20% of the area targeted for assessment and can be rectified with minor maintenance works.
4	Poor	Footpath displays substantial surface deterioration from material oxidation and or may display significant areas (20% to 50%) of surface distress, such as cracking or localised disintegration of the asset structure. The construction may also display instances of significant distortions consisting of stepping estimated to be typically but not exclusively between 10mm and 20mm vertical movement or intense undulations typically exceeding to 100mm and obtrusive to pedestrian traffic. Major renewal work required.
5	Very Poor	Footpath displays significant areas of surface distress (greater than 50%) as a result of cracking, material disintegration or distortion as defined in condition four above. Or the construction may contain instances of extreme stepping estimated to be typically greate than 20mm vertical movement or extreme undulations or tilting of the structure so as to provide a clear hindrance to typical pedestrian traffic. Extensive renewal work required.

[1] DCM – Refers to Data Collection Manual

Table 8 – Footpath Condition Measurement Scales

Figure 5 – Example Asphalt Footpath Condition Score 0

Figure 6 – Example Concrete Footpath Condition Score 3

Figure 7 – Example Asphalt Footpath Condition Score 5

Figure 8 – Example Concrete Footpath Condition Score 5

4.2 Snapshot of Council's Footpath Network Condition

Footpath performance models were initially developed in 2010 in consultation with council staff in conjunction with the adoption of Council's Transportation Asset Management Plan.

Tweed Shire Council has completed two rounds of data collection – 2010 and early 2015. Council's improved footpath condition assessment methodology now also includes the identification of separate conditions for cracking and displacement and a very robust Quality Assurance process.

Figure 9 illustrates the Tweed Shire Council's footpath asset stock distribution by area with regards to the overall footpath condition index as defined by the 2015 footpath visual condition inspections.

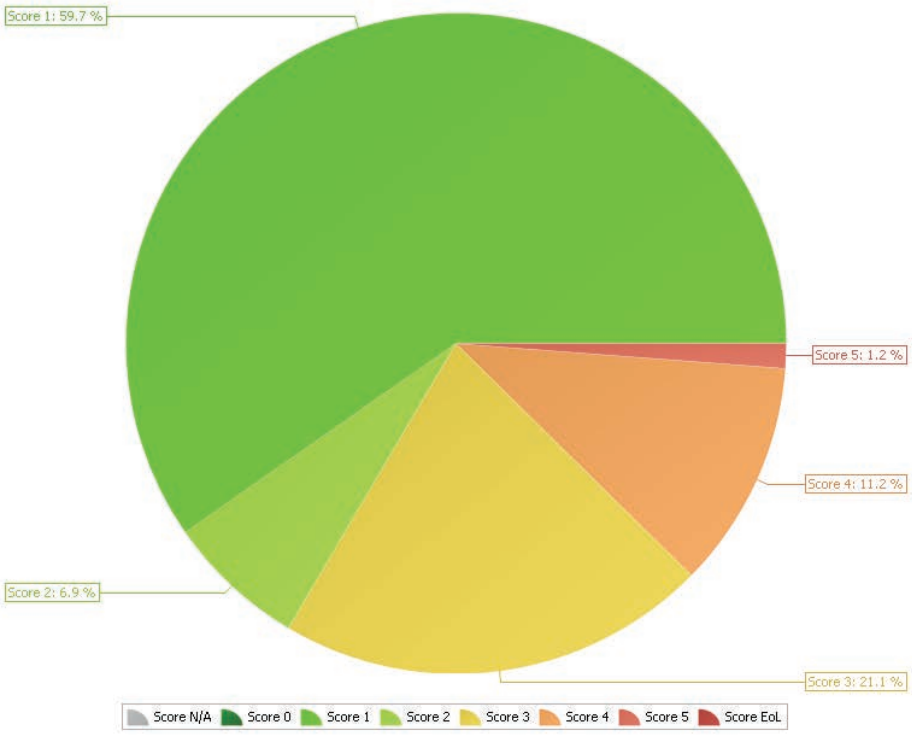


Figure 9 – Footpath Condition Distribution by Area

Community Perception	Very Good	Good	Fair	Poor	Very Poor
	Score 1	Score 2	Score 3	Score 4	Score 5
% of Footpath Network	59.7%	6.8%	21.1%	11.2%	1.2%

Table 9 – Comparison of Footpath Condition Indices as at May 2015

Table 9 identifies that as at the last condition assessment undertaken in 2015 that 66.5% (260,297m^2) of footpaths are in very good to good condition, whilst 21.1% (82,584m^2) are in fair condition, with the remaining 12.4% (48,517m^2) being in poor and very poor condition.

4.3 Footpath Network Performance

A comparison of network level condition based on audits undertaken in 2010 and compared to the most recent one in 2015, illustrates that Tweed Shire Council's footpath network has marginally deteriorated, as illustrated by **Figure 10**. It clearly demonstrates that the amount of footpaths in very good condition being 86% in 2010 is now considered to reflect some 59% in 2015, whilst footpaths in poor condition being 3% in 2010 is now considered to reflect some 11% of the footpath network in 2015.

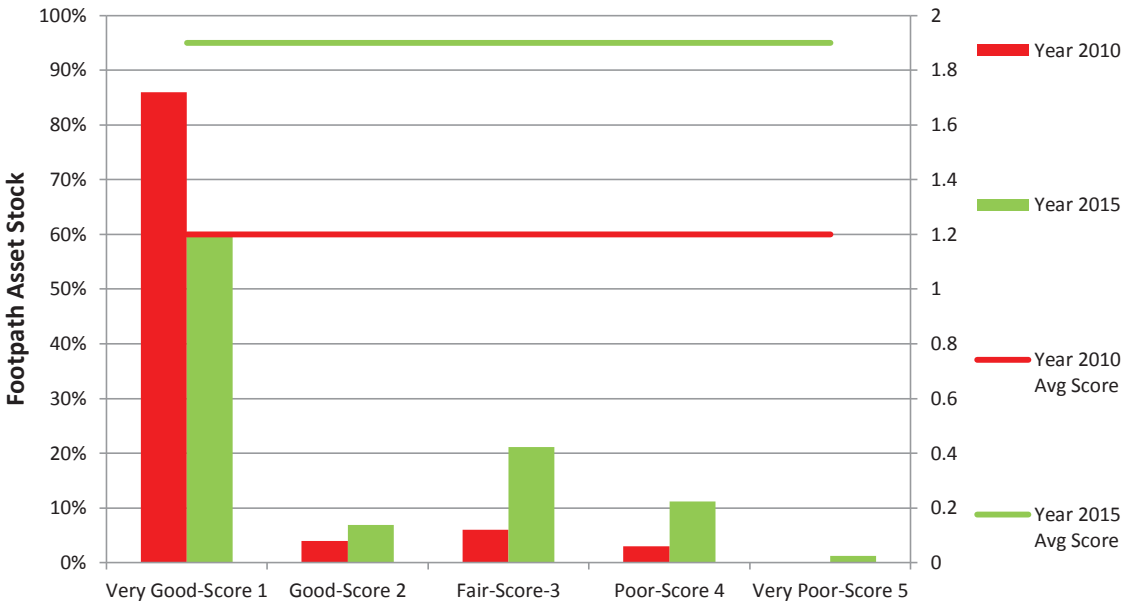


Figure 10 – Footpath Condition Network Performance

As previously identified in ***Table 6 - 2013-2015 Past Years Footpath Capital & Maintenance Expenditure - * Values to May 2015***, Council on average had been allocating capital renewal expenditure towards its footpath network, in the order of $250,000 per annum over the past 2 years.

Historical funding allocations as documented in Council's Transportation Asset Management Plan had documented that on average between 2007 and 2010, that Council had been allocating $376,000 per annum towards its footpath network.

This decrease in capital investment together with an improved understanding of how Council's footpath network performs has contributed to the average footpath network condition score slightly deteriorating from an average condition 1.2 out of 5 in 2010 to an average condition 1.9 out of 5 in 2015.

4.4 Current Footpath Asset Backlog

The 'Satisfactory Standard' adopted by Council for the purpose of determining the current footpath asset stock backlog is 'Condition 3 – Average'.

- All assets having a condition score of 4 or 5 are deemed to be below standard.

- The Replacement Cost of assets with a condition score of 4 or 5 is used as the basis to calculate the asset backlog.

Council has adopted a percentage of the Replacement Cost for assets with a converted condition score of 4 or 5 as the 'estimated cost to bring back to satisfactory standard'. The percentage of the Replacement Cost adopted for the Footpaths asset portfolio is as follows.

Condition	Multiplication Factor of Replacement Cost
0	0%
1	0%
2	0%
3 – Satisfactory	0%
4	25%
5	50%

Table 10 – Multiplication Factor to Calculate Backlog

These percentages adopted have been determined as being the estimated cost to bring assets in condition states 4 and 5 back to 'satisfactory standard' being condition 3. The multiplication factor, represents the estimated defected percentage of each asset that would require renewal in order to return the asset back to the 'satisfactory standard' of condition 3.

At present, this report has identified that the current hypothetical cost of recouping the backlog (being any footpath segment that has been assessed as being in a poor or very poor condition) ie. by immediate capital renewal is $1.23 million. R*efer to Appendix A.1 for calculation details.*

Quantum of Asset In Poor or Very Poor Condition (Condition Index = 4 or 5)	Total Current Cost of repairing footpaths considered to be in poor and very poor condition
Footpaths equates to 48,517m^2	$1,230,000

Table 11 – Current Footpath Backlog

If undertaken over a period of 10 years, the annualised backlog figure is $123,000 per annum.

4.5 Required Annual Maintenance

When determining the required maintenance in year 2015 based on the distribution of the Footpath asset stock, Council has adopted an 'As a percentage of Replacement Cost' approach to determine the Required Annual Maintenance. This is consistent with the International Infrastructure Management Manual and other industry standards. The percentage of the Replacement Cost adopted for Footpath assets is as follows.

Footpath Condition	Multiplication Factor of Replacement Cost
0	0.0%
1	0.0%
2	0.5%
3 – Satisfactory	2.0%
4	4.0%
5	5.0%

Table 12 – Multiplication Factors to Determine Maintenance Requirements

The maintenance requirement estimates for Year 10 will be determined from the Assetic myPredictor© modelling software, which will base its financial outputs as a direct result of the asset stock condition as predicted by each of the Funding Options.

Each Funding Option will have a direct impact of the predicted asset stock distribution for each condition state and as a result, will require different funds based on this outcome.

5. FUTURE PREDICTION AND MODELLING SET-UP

The objective of this analysis is to model the deterioration of the Tweed Shire Council's footpath network, by developing a simulation model using Assetic's myPredictor© modelling software.

This process involved setting up:

- Remaining life profiles based on condition;
- Identifying the current treatments and unit rates to deliver these treatments; and
- Setting up treatment decision matrices defined for optimal interventions for each treatment.

By utilising the above process and setting up the criteria and logic within the Assetic myPredictor© modelling software, it has been possible to model the future costs of Council's footpath asset stock renewal requirements and also to predict the future condition of Council's footpath asset stock based on four budget options.

5.1 Calibration of Tweed Shire Council's Footpath Network Models

An example of the life cycle paths of the Tweed Shire Council's footpath network segments, as adopted in the performance models is shown below. The following diagram explains the concept of the remaining life profile, based on condition criteria between conditions 0 to 5. Condition 0 represents the best condition possible and condition 5 represents the worst condition possible.

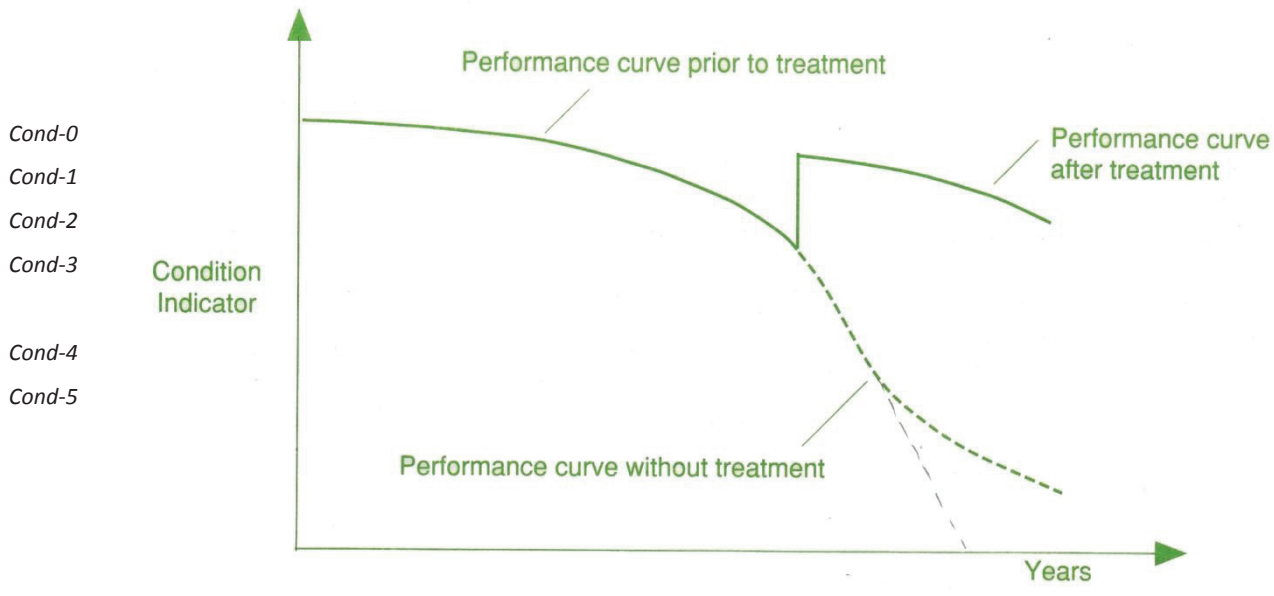


Figure 11 – Life Cycle Path Example

5.2 Life Cycle Transition Paths for Condition

The following table illustrates the remaining life profiles that have been set-up for the condition criteria to undertake the predictive modelling of Council's footpath asset stock.

The remaining life profile has been benchmarked with Assetic's suite of benchmark data. In addition, this lifecycle profile has been refined using Council officer's local knowledge of how the footpath network has behaved in the past. The table below illustrates the average years taken to reach a specific condition state for the service criteria.

Lifecycle degradation profiles have been setup for the condition criteria taking into account the footpath surface wearing type. This allows the model to predict different lifecycle profiles taking into account their design and intended function.

For example, if we take a closer look at ***Table 13***, an asphalt footpath from brand new, is expected to reflect a condition state score of 2 by year 5 on average, whilst for a concrete footpath, this condition state score will be reached 5 years later by year 10. Gravel footpaths will reach condition state 5 by year 10, as they have a much shorter life cycle.

Community Perception	Brand New	Very Good	Good	Fair	Poor	Very Poor	End of Life
Footpath Material Type	**Score 0 (Year)**	**Score 1 (Year)**	**Score 2 (Year)**	**Score 3 (Year)**	**Score 4 (Year)**	**Score 5 (Year)**	**End of Life (Year)**
Concrete	1	3	10	32	54	60	80
Asphalt	1	2	5	16	27	30	40
Brick Pavers	1	2	6	18	30	34	45
Gravel	1	2	3	6	9	10	14

Table 13 – Service Criteria Life Cycle Transition Paths used in Modelling

5.3 Footpath Models – Treatment v/s Condition

The treatment decision matrix (also known in this case as the footpath model) in Assetic's myPredictor© essentially allows the user to set optimal treatment intervention triggers for each treatment taking into account various situations that would drive such a treatment.

An example of the logic is described as follows; an asphalt footpath can be selected for an 'asphalt renewal' treatment if there is a situation where the footpath segment has been identified as being of existing asphalt construction and in a poor to very poor condition and the footpaths location or assigned hierarchy is High or Medium.

However, a secondary situation which can also drive the same treatment could be defined that selects any footpath segment which has been identified as being of existing asphalt construction and in a very poor condition only and assigned with a footpath hierarchy of Low.

These treatment matrices that have been set-up within Assetic's myPredictor©, illustrate the various condition distress triggers that are considered necessary to drive the Tweed Shire Council's optimal footpath network treatments and are considered to reflect Council's current practices for capital works selection. In essence each treatment definition has to satisfy the condition criteria of any of the footpath models for the footpath candidates to be considered reasonable for selection for works.

In essence the logic above informs the prediction models, that based on the footpaths perceived risk levels, all existing asphalt footpaths in condition states 4 and 5, can be selected for an asphalt renewal treatment. If condition states fall outside of these triggers this treatment is considered unsuitable.

Over time, the Tweed Shire Council staff will undertake a process of fine-tuning and calibrating the footpath models via undertaking site inspections and reviewing the capital works outputs, to fine-tune the accuracy of outputs within acceptable tolerance ranges.

5.4 Tweed Shire Council's Footpath Capital Works Treatments and Costs

Table 14 describes the list of footpath treatments that Council currently undertakes, via its capital works program.

These capital works treatments have been determined in consultation with Council and incorporated into the footpath modelling to ensure that the outputs reflect the current works delivered by Council.

The costs to undertake these treatments are considered to be the most current within the Tweed Shire Council and have been developed in conjunction with the 2015 Footpath Revaluations. The details of each type of treatment and its cost are shown in the following Table below.

It should be acknowledged that these costs are very competitive when compared with other contract rates, as the Tweed Shire Council has a well-established depot team that manages and delivers Council's footpath capital works program.

Treatment Name	Treatment Description	Unit Cost (m^2)	Applied Cost (m^2)
Concrete Renewal	Renewal of existing concrete failed footpath segments. Typically delivered where footpath condition is in condition 5 and would equate to renewing at 80% of the segment.	$95.30	$76.24
Asphalt Renewal	Renewal of existing asphalt or spray sealed failed footpath segments. Typically delivered where footpath condition is in condition 4 or 5 and would equate to renewing at 100% of the segment.	$45.30	$45.30
Brick Paver Renewal	Renewal of existing brick paved failed footpath segments. Typically delivered where footpath condition is in condition 5 and would equate to renewing at 80% of the segment.	$133.00	$106.40
Gravel Renewal	Renewal of existing gravel failed footpath segments. Typically delivered where footpath condition is in condition 5 and would equate to renewing at 100% of the segment.	$19.90	$19.90
Asphalt Partial Renewal	Renewal of existing asphalt failed sections of footpath within the segment. Typically delivered where footpath condition is in condition 3 and would equate to renewing at 30% of the segment.	$45.30	$13.59
Concrete Paver Renewal	Renewal of existing concrete failed sections of footpath within the segment. Typically delivered where footpath condition is in condition 3 or 4 and would equate to renewing at 30% of the segment.	$95.30	$28.59

Table 14 – List of Footpath Capital Works Treatments and Costs per m^2

6. FINANCIAL ANALYSIS

The 2015 strategic modelling analysis predicts the deterioration of Council's footpath asset stock by calculating the results of four different funding options. The length of time predicted for each option was for a period of 10 years until the year 2025. The results of the analysis have been graphed in the following Section.

The overall deterioration of the Tweed Shire Council's footpath asset stock has been established by predicting the behaviour of every individual footpath segment after allocation of treatments based on the optimised decisions determined for each funding option.

The condition graphs in Section 6.1 illustrate the predicted results of the footpath asset stock modelling analysis for each of the different funding options. These funding options are described as follows:

Option 1 - This funding option models how the footpath asset stock would improve or deteriorate if Council's current financial budget allocation as outlined in Council's current Long Term Financial Plan is adopted over the following 10 years. **$3.09 million** in Capital Renewal funding allocation over 10 years.

6.1 Capital & Maintenance Funding Allocation Options

	Current 10 Year Long Term Financial Plan Budget	Current 10 Year Long Term Financial Plan Budget - 25% Reduction	Optimal Option to Maintain Current Condition 1.9	2013/2014 budget for next 10 years
CAPITAL BUDGET $				
Year	**Option 1**	**Option 2**	**Option 3**	**Option 4**
1	$268,677	$201,508	$515,000	$247,522
2	$276,887	$207,665	$515,000	$247,522
3	$285,061	$213,796	$515,000	$247,522
4	$293,935	$220,451	$515,000	$247,522
5	$303,086	$227,315	$515,000	$247,522
6	$312,524	$234,393	$515,000	$247,522
7	$322,222	$241,667	$515,000	$247,522
8	$332,257	$249,193	$515,000	$247,522
9	$342,607	$256,955	$515,000	$247,522
10	$353,284	$264,963	$515,000	$247,522
Grand Total	$3,090,540	$2,317,906	$5,150,000	$2,475,220
MAINTENANCE BUDGET $				
Year	**Option 1**	**Option 2**	**Option 3**	**Option 4**
1	$321,814	$325,668	$308,050	$322,966
2	$327,656	$334,701	$302,871	$330,225
3	$336,592	$347,025	$300,763	$341,130
4	$340,425	$354,332	$292,339	$347,106
5	$347,633	$361,058	$288,438	$352,816
6	$348,584	$366,811	$280,138	$358,031
7	$346,916	$369,256	$269,671	$360,162
8	$350,541	$376,970	$264,600	$368,164
9	$336,037	$366,729	$237,424	$358,221
10	$324,911	$360,052	$214,268	$352,377
Grand Total	$3,381,107	$3,562,602	$2,758,564	$3,491,200
TOTAL CAPITAL & MAINTENANCE BUDGET $				
Year	**Option 1**	**Option 2**	**Option 3**	**Option 4**
1	$590,491	$527,176	$823,050	$570,488
2	$604,543	$542,366	$817,871	$577,747
3	$621,653	$560,821	$815,763	$588,652
4	$634,360	$574,783	$807,339	$594,628
5	$650,719	$588,373	$803,438	$600,338
6	$661,108	$601,204	$795,138	$605,553
7	$669,138	$610,923	$784,671	$607,684
8	$682,798	$626,163	$779,600	$615,686
9	$678,644	$623,684	$752,424	$605,743
10	$678,195	$625,015	$729,268	$599,899
Grand Total	**$6,471,647**	**$5,880,508**	**$7,908,564**	**$5,966,420**

Table 15 – Capital and Maintenance Funding Options

6.2 Predicted Service Level Results v/s Funding Options

It should be noted that whilst funding option 2 has the lowest life cycle cost, ***Table 16***, highlights that funding option 2 achieves the worst return in terms of the predicted average footpath condition index (Average Condition Score 2.5 at year 10). It is also predicted that the current asset stock backlog would increase from $1.23 million to $1.56 million, which equates to a $330 thousand increase.

Option 3 is predicted to maintain current asset stock network condition at the average of condition 1.9 out of 5. It is predicted that the current asset stock backlog would decrease from $1.23 million to $53 thousand, which equates to a $1.17 million decrease.

As a result the prediction modelling identifies that the relationship between funding allocation and predicted condition state behaviour is therefore positively proportional.

Footpath Predicted Condition Index				
Year	**Option 1**	**Option 2**	**Option 3**	**Option 4**
1	2.0	2.0	1.9	2.0
2	2.0	2.1	2.0	2.0
3	2.1	2.1	2.0	2.1
4	2.2	2.2	2.0	2.2
5	2.2	2.3	2.1	2.3
6	2.3	2.4	2.1	2.3
7	2.3	2.4	2.1	2.4
8	2.3	2.4	2.0	2.4
9	2.3	2.4	2.0	2.3
10	2.2	2.5	1.9	2.3

Table 16 – Average Footpath Predicted Condition Index vs. 'What If' Funding Options

Figure 12 below illustrates each financial option's trend of budget spending and resulted predicted average footpath conditions over the following ten years.

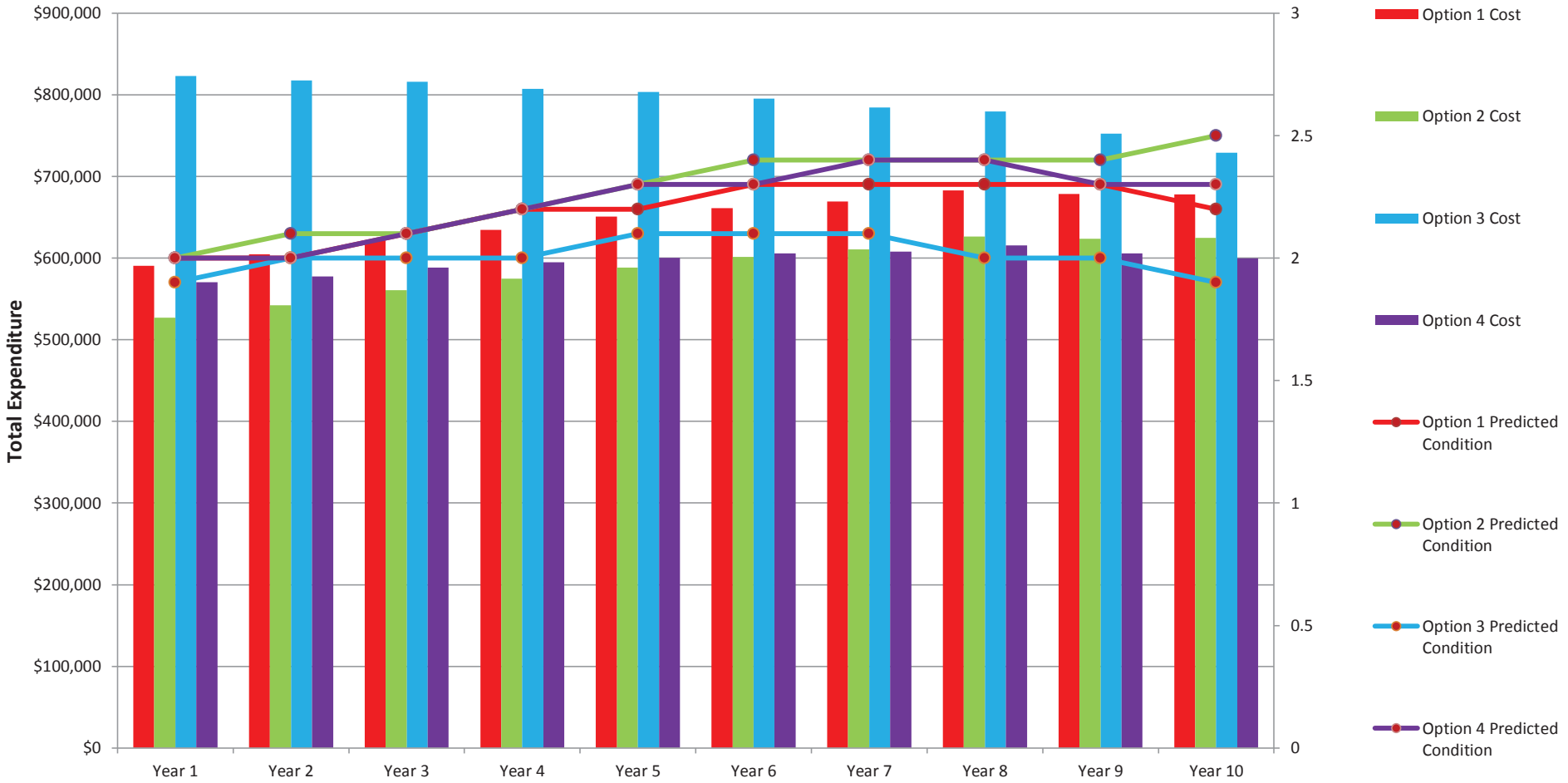


Figure 12 – 10 Year Projected Average Condition vs Budget Comparison

6.3 Predicted Asset Stock Movement v/s Funding Options

The concept of maximising long-term footpath asset stock value can be applied to asset management decisions. Improved footpath condition will increase the asset stock value and vice versa. Backlog is also introduced in the asset management decisions. The theory of backlog which the Tweed Shire Council adopted is the cost to restore all assets to a condition 3 or better. Therefore assets with condition state worse than condition 3 will be considered below Council's acceptable level of service and hence comprise the footpath asset stock backlog.

In this asset stock value assessment, each condition state is assigned a percentage of full assets replacement costs as shown in ***Table 17***. The current total replacement cost of the Tweed Shire Council's footpath asset stock is $36.29 million.

Footpath Condition Index	Footpath Stock Value (% of Replacement Value)
0	100
1	100
2	100
3	100
4	75
5	50
End of Life	50

Table 17 – Percentage of Full Asset Replacement Cost vs Different Condition State

Table 18 below illustrates the 10-year projected footpath asset stock value as a direct result of each of the four modelled funding options. The asset stock value is derived from the interpolation of *Table 17 – Percentage of Full Asset Replacement Cost vs Different Condition State*.

Year	Option 1	Option 2	Option 3	Option 4
Stock Value	$36,292,977	$36,292,977	$36,292,977	$36,292,977
0	$35,062,056	$35,062,056	$35,062,056	$35,062,056
1	$35,198,998	$35,158,217	$35,348,818	$35,186,118
2	$35,216,347	$35,101,256	$35,534,239	$35,177,360
3	$35,267,310	$35,084,900	$35,656,351	$35,189,104
4	$35,213,540	$34,954,241	$35,695,955	$35,092,699
5	$35,169,653	$34,869,403	$35,798,898	$35,037,952
6	$35,051,624	$34,742,377	$35,980,540	$34,921,342
7	$34,970,002	$34,597,405	$36,119,500	$34,789,564
8	$35,060,397	$34,619,465	$36,225,535	$34,819,393
9	$35,165,707	$34,667,327	$36,243,647	$34,856,168
10	$35,226,043	$34,731,820	$36,239,667	$34,922,303
Total Movement	**$1,066,934**	**$1,561,157**	**$53,311**	**$1,370,675**

Table 18 – Footpath Stock Value vs Funding Options

Table 19 illustrates one of the most critical justifications and desirability of asset management decisions being the benefit-cost ratio. Benefit-cost ratio analysis is a systematic process for calculating and comparing benefits and costs. The benefit-cost analysis provides for a systemic approach to calculate and compare various funding options. It involves comparing the total expected benefits of each option against the total expected cost, to identify whether the benefits outweigh the costs, and by how much.

	Option 1	Option 2	Option 3	Option 4
Current Footpath Asset Backlog	$1,230,921	$1,230,921	$1,230,921	$1,230,921
Total % Footpath Stock Movement at end of 10 Years	0.5%	-0.9%	3.4%	-0.4%
Total Value of Footpath Stock Movement at end of 10 Years	$163,987	-$330,236	$1,177,611	-$139,753
Total Footpath Stock Backlog at Year 10	$1,066,934	$1,561,157	$53,311	$1,370,675
Total Capital Cost over 10 Years[2]	$3,090,540	$2,317,906	$5,150,000	$2,475,220
Total Maintenance Cost over 10 Years[3]	$3,381,107	$3,562,602	$2,758,564	$3,491,200
Total Benefit Cost Ratio	6.06	3.76	148.29	4.35
Order of Highest Benefit	**2**	**4**	**1**	**3**

Table 19 – Benefit-cost Analysis of Footpath Asset Stock Value vs 'What If' Options

[2] Total Capital Cost as per *Table 15 – Capital and Maintenance Funding Options*

[3] Total Maintenance Cost as per *Table 15 – Capital and Maintenance Funding Options*

In this benefit-cost analysis the total costs comprises of capital cost and maintenance cost, the total benefits comprise of the predicted stock value of asset movement. A positive benefit-cost ratio implies the benefits outweigh the costs and a negative cost benefit ratio implies the costs outweigh benefits.

The outcomes of the four financial options that have been modelled are detailed below.

Scenario	Total Capital Over 10 Years	Total Maintenance Over 10 Years	% Assets in Condition 4 & 5	Renewal Gap / Backlog Movement	Footpath Condition at Year 10	Net Cost of Strategy (*Calculation Refer to A.6*)
1	$3,090,540	$3,381,107	6.34%	$163,987	2.2	$6,307,660
2	$2,317,906	$3,562,602	9.34%	-$330,236	2.5	$6,210,744
3	$5,150,000	$2,758,564	0.42%	$1,177,611	1.9	$6,730,953
4	$2,475,220	$3,491,200	8.33%	-$139,753	2.3	$6,106,173

Table 20 – Strategic Modelling Comparison of 4 Funding Options

Option 1 - which costs a total of **$3.09 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a positive 0.5% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to decrease from **$1.23 million** to **$1.06 million**, which equates to a reduction in backlog in the order of some **$163 thousand**. The total life cycle cost of funding option 1 which includes both capital and maintenance expenditure is **$6.47 million** which equates to **$3.38 million** over 10 years required for maintenance of the footpath asset stock.

Option 2 – whilst costing a total of **$2.31 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a negative 0.9% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to increase from **$1.23 million** to **$1.56 million**, which equates to an increase in backlog in the order of some **$330 thousand**. Whilst funding option 2 equates to the lowest commitment of capital expenditure, when assessing the total life cycle cost of funding option 2, which includes both capital and maintenance expenditure it is interesting to note that it requires almost the same commitment of funds as options 1 and 4. This is as a direct result of the predicted proportion of assets in condition states 4 and 5 which requires additional funding in maintenance in the order of **$3.56 million** over 10 years, hence requiring a total life cycle cost of **$5.88 million** over 10 years in both capital and maintenance expenditure.

Option 3 - aimed to maintain the average asset condition at condition 1.9 out of 5, predicts that Council's current levels of service into the future will be maintained, whilst having a large impact on reducing the current asset backlog. This option costs a total of **$5.15 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicting a positive 3.4% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10.The total asset stock backlog value is predicted to decrease from **$1.23 million** to some **$53 thousand**, which equates to a reduction in backlog in the order of **$1.17 million**. The total life cycle cost of funding option 3 which includes both capital and maintenance expenditure is **$7.91 million** which equates to **$2.75 million** over 10 years required for maintenance of the footpath asset stock.

Option 4 - aimed to assess the impacts of funding historical capital expenditure, while costing **$2.47 million** (Refer ***Table 15 – Capital and Maintenance Funding Options***) in capital over 10 years, predicts a negative 0.4% (*Calculation Refer to Appendix A.1-A.3 for computation*) movement in asset stock value at the end of year 10. The total asset stock backlog value is predicted to increase from **$1.23 million** to **$1.37 million**, which equates to an increase in backlog in the order of some **$139**

thousand. The total life cycle cost of funding option 4 which includes both capital and maintenance expenditure is **$5.97 million** which equates to **$3.49 million** over 10 years required for maintenance of the asset stock.

When comparing the different expenditure profiles (Refer ***Table 1 – Strategic Modelling Comparison of 4 Funding Options***) over the lifecycle of the asset portfolio, funding options 1 through to 4, will cost approximately the same over the next 10 years if we take into consideration the changes in asset backlog and also the increase requirements in annual maintenance expenditure required to keep the assets fit for use.

Hence whilst funding option 3 has the highest capital funding commitment, the prediction modelling identifies that at the end of year 10, by injecting an additional $2 million in capital over 10 years, the total cost of the strategy costs only approximately **$400 thousand** more than funding option 1 and **$500 thousand** more than funding option 2.

In terms of community benefit, this investment returns a lower asset backlog and ensures that the assets are fit for purposes and fit for use as the average asset network condition is maintained.

In addition, ***Table 19 – Benefit-cost Analysis of Footpath Asset Stock Value vs 'What If' Options*** supports that Funding Option 3 will result in a high benefit cost ratio as it reduces the current asset stock backlog and maintains the average asset stock network condition at 1.9 out of 5 (*Calculation Refer to Appendix A.5 for computation*).

Whilst Funding Option 1 also results in a positive benefit cost ratio, this funding option reduces the current asset stock backlog by around some **$163 thousand**, however the average asset stock network condition will increase from an average condition of 1.9 as at 2015 to 2.2 out of 5 (*Refer Appendix A.5 for computation*).

Special Schedule No.7 – 2015 Estimate

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	2014/2015 Actual Maintenance	Assets in Condition as a % of RV				
		$'000	**$'000**	**$'000**	**1**	**2**	**3**	**4**	**5**
Footpaths	-	$1,230	$349	$335	59.7%	6.8%	21.1%	11.2%	1.2%

Infrastructure Asset Condition Assessment

Condition Score	Condition	Description
0	Brand New	Brand new asset
1	Excellent	No work required (normal maintenance)
2	Good	Only minor maintenance work required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Backlog Estimate Funding Scenario 1- At End Year 10

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	Assets in Condition as a % of RV				
		$'000	**$'000**	**1**	**2**	**3**	**4**	**5**
Footpaths	-	$1,066	$323	6.4%	72.4%	13.9%	1.6%	5.7%
	Y2015 Status	$1,230	$349					
	Y2025 Difference	**-$163**	**-$26**					

Backlog Estimate Funding Scenario 2 - At End Year 10

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	Assets in Condition as a % of RV				
		$'000	**$'000**	**1**	**2**	**3**	**4**	**5**
Footpaths	-	$1,561	$360	5.1%	70.1%	14.4%	2.3%	8.1%
	Y2015 Status	$1,230	$349					
	Y2025 Difference	**$330**	**$11**					

Backlog Estimate Funding Scenario 3 - At End Year 10

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	Assets in Condition as a % of RV				
		$'000	**$'000**	**1**	**2**	**3**	**4**	**5**
Footpaths	-	$53	$214	12.8%	77.5%	9.0%	0.5%	0.3%
	Y2015 Status	$1,230	$349					
	Y2025 Difference	**-$1,170**	**-$135**					

Backlog Estimate Funding Scenario 4 - At End Year 10

Asset Class	Asset Category	Estimated cost to bring to a satisfactory standard	Required Annual Maintenance	Assets in Condition as a % of RV				
		$'000	**$'000**	**1**	**2**	**3**	**4**	**5**
Footpaths	-	$1,370	$352	5.4%	70.9%	14.3%	2.4%	7.0%
	Y2015 Status	$1,230	$349					
	Y2025 Difference	**$139**	**$3**					

7. RECOMMENDATIONS

The key recommendations for the Tweed Shire Council as determined by the footpath strategic modelling prediction analysis are as follows:

A. Tweed Shire Council adopts the footpath capital works budget allocation for renewals as documented in ***Table 15 – Capital and Maintenance Funding Options*** for either Funding Option 1 or Option 3.

B. The Tweed Shire Council continues to fund annual maintenance budget allocations for footpath maintenance activities as per ***Table 15 – Capital and Maintenance Funding Options*** for either Option 1 or Option 3.

C. The Tweed Shire Council continues with footpath network condition assessments on a 3 to 4 yearly cycle, coinciding with Council's revaluation cycle. This footpath network data will ensure that the footpath condition data can be used to inform Council's revaluation process and also be used to revise and calibrate these prediction modelling outcomes.

D. The Tweed Shire Council updates their Transportation Asset Management Plan to reflect the outcomes of this strategic modelling and report.

E. The Tweed Shire Council update and revise the prediction modelling parameters and inputs once new condition data is collected in 4-5 years' time.

Appendix A. Computation Formula

A.1. Backlog

- Current Footpath Network Backlog = Total Replacement Cost x (% of condition 4 assets) x 25% + Total Replacement Cost x (% of condition 5 assets + % of condition End of Life assets) x 50%.

A.2. Asset Stock Value

- Current Footpath Network Stock Value = Total Replacement Cost x (% of condition 0 assets + % of condition 1 assets + % of condition 2 assets + % of condition 3 assets).

A.3. Total % of Asset Movement at End of Year 10

- Total % of Asset Movement = $\frac{\text{Total Stock Value at Year 10} - \text{Total Stock Value at Year 1}}{\text{Total Stock Value at Year 1}}$ x 100%.

A.4. Total Value of Asset Movements at End of Year 10

- Total $ of Asset Movement = Total Stock Value at Year 10 – Total Stock Value at Year 1.

A.5. Total Benefit Cost Ratio

- Total Benefit Cost Ratio = $\frac{Total\ Value\ of\ Asset\ Movement}{Total\ Capital\ Cost + Total\ Maintenance\ Cost}$

A.6. Net Cost of Strategy

- Total Capital Cost over 10 Years + Total Maintenance Cost over 10 Years – Backlog Movement Over 10 Years.

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