

Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)



Office of
Local Government



Getting started . . .

Before you commence this template, please check the following:

- You have chosen the correct template – only councils that have sufficient scale and capacity and who do not intend to merge or become a Rural Council should complete this template (Template 2)
- You have obtained a copy of the guidance material for Template 2 and instructions for completing each question
- You have completed the self-assessment of your current performance, using the tool provided
- You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.
- Your Proposal has been endorsed by a resolution of your Council.

Council name: **Cowra Shire Council**

Date of Council resolution endorsing this submission: **22 June 2015**

1.1 Executive Summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies and outcomes.

Cowra Shire Council proposes to maintain its status as a standalone Council.

Cowra Council undertook and completed its first 30 year Community Strategic Plan in 2006 which was reviewed in conjunction with the community in 2012. Treasury Corporation NSW undertook its Financial Assessment, Sustainability and Benchmarking Report on Cowra Council in 2013. On the basis of those two documents, Council directed its approach to the finalisation of the Local Environmental Plan, various Asset Management Plans and the adoption of Best Practice in the Management of Water and Sewer services. Those areas were completed and have now been incorporated into the Ten Year Long Term Financial Plan resulting in projected Operating Surpluses and meeting the Fit for the Future benchmarks.

Treasury Corporation's assessment of Council in 2013 was that Council was seen to be moderately sustainable but needing to focus on its assets backlog and assets renewal. Council has addressed those issues and incorporated them into its Ten Year Long Term Financial Plan. As a result Council will achieve Operating

Surpluses before Capital Grants and will over the period achieve all the required FFTF benchmarks. Those details are set out in this document together with Council's Improvement and Action Plans.

Council has addressed scale and capacity and complies with the requirements. While not minimising the effort needed, Council considers that its strengths as an organisation and the current and future opportunities will allow it to confidently address and correct any weaknesses and threats. Council believes that it is sustainable in the long term and this is exemplified through the Long Term Financial Plan setting out how operating surpluses will be achieved over the period. In addition all asset classes have been addressed and will be maintained, renewed and replaced according to adopted Asset Management Plans. A thorough review of Council's assets acknowledges that they are safe, comply and are functional. An independent review of asset valuations and depreciation confirms realistic figures for Council's current and future operation. Council has also developed actions to improve efficiency in operational areas as well as seeking to maximise revenue without undue burden on residents.

Council exceeds the required Own Source Revenue benchmark showing clearly that it is able to sustain operational areas without over-reliance on Government grants.

Like many country councils the operation of Water and a Sewerage scheme and a Waste Collection and Recycling fund are an integral and normal part of Cowra Council's operation. Those specific asset areas and financial results have also been addressed and while not included as part of the General Fund meet necessary industry standards and benchmarks.

Council has identified clear action plans in order to continue to meet the required FFTF benchmarks and it looks forward to the future with confidence.

Scale and Capacity

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

(ie, the Panel did not recommend your council needed to merge or become a Rural Council).

Yes

This information is prepared to support Cowra Shire Council's 'Yes' answer to the above question in our Fit for the Future Template 2 proposal.

The ability of council to meet the key elements of strategic capacity is the basis of all Fit for the Future proposals. In preparing our improvement proposal Cowra Shire Council took into consideration the following discussion points:

- ***More robust revenue base and increased discretionary spending***

Cowra Shire Council has been identified in a recent (10 June 2015) NSW Treasury Corporation (TCorp) review as being 'moderately sustainable with an outlook of positive'.

Council has a stable and robust revenue base to fund assets, services and facilities. Council's own source revenue ratio for the average 3 years to 2013/14 is 70.15%. The projected 2016/17 FY ratio is 72%, increasing

to 74% by 2019/20 i.e. remaining well above the 60% benchmark throughout the 10 year term of the Long Term Financial Plan 2015-2025.

Council has a stable rate base consisting of mainly farmland, business and residential. Council has consistently managed its financial operations without the need to rely on special rate variations.

Council considers that new sources of income are limited and is ever mindful not to increase the financial burden on its residents. Council has demonstrated however, through its Long Term Financial Plan that it is able to operate, maintain and replace assets within its current revenue structure.

Council has limits to increases to discretionary spending; however it considers projects and new areas of operation on a case by case basis within financial limitations.

- ***Scope to undertake new functions and major projects***

Cowra Council has a proven ability to undertake new functions and manage major projects. In recent years Council has successfully completed a number of major projects including:

1. Construction and commissioning of the new Cowra Sewage Treatment Plant – project value: \$15.7 million.
2. Project Management and construction of Cowra-Central Tablelands Water emergency water pipeline – project value: \$4.5 million.
3. Project management and construction of the Darbys Falls village reticulated water supply – project value: \$600,000.

4. Project management, construction and interpretive works at the Cowra Prisoner of War Camp site – project value: \$1.059 million.
5. Cowra main street redevelopment (in conjunction with RMS) – project value: \$3 million.
6. Water filtration plant augmentation – project value: \$3.5 million.

New functions of Council are addressed as they arise in line with legislative or community requirements. Recent examples of such projects include the Cowra Community Cinema.

- ***Ability to employ a wider range of skilled staff***

Cowra Shire Council is adequately staffed to meet current operational requirements. Appropriately qualified and skilled staff members occupy all management executive positions and trained professionals are engaged to fill financial management and engineering roles.

Council's Human Resources staff work effectively to identify skills shortages as they arise by either;

- filling identified positions in a timely manner, or
- identifying training needs and delivering courses as required.

Council has recently implemented an electronically-based job application process to streamline the collection of data and the assessment of applications.

Additional skilled staff will be engaged as dictated by operating requirements and subject to budget constraints.

Where appropriate, consultants will be engaged for short-term, one-off projects.

Council has assisted smaller neighbouring councils from time to time by providing, at cost, specialist staff such as planner and engineers to ensure continuity of service to their communities.

- ***Advanced skills in strategic planning and policy development***

In 2006 Cowra Shire Council became one of the first councils in NSW to embrace strategic planning when it undertook a three day community workshop to establish a 30 year community strategic plan. As a result of this early introduction to the planning process Council was able to seamlessly adopt the Integrated Planning and Reporting cycle implemented by the NSW Government in 2009.

The Integrated Planning and Reporting cycle is well understood by Cowra councillors and Council staff. Strategic planning and policy development is undertaken by Council in a logical way that begins with extensive community consultation. The resulting findings are then incorporated into policy and strategic planning documents in line with legislative requirements.

In recent years Council has completed a comprehensive set of strategic planning and asset management documents including; Local Environmental Plan, Economic Development Strategy, Strategic Business Plan for Sewer and Water Services, Water Asset Management Plan, Wastewater Asset Management Plan, Transport Asset Management Plan and Long Term Financial Plan.

- ***Effective regional collaboration***

Cowra Shire Council actively contributes to projects and tackles issues that extend beyond Council boundaries.

Council representatives regularly participate in a broad range of regional initiatives, groups and taskforces which contribute to the overall wellbeing of regional communities.

Council is a long standing member of CENTROC (Central NSW Councils) and co-operates with the organisation to advocate on a regional basis to State and Federal Government on issues including; road and transport infrastructure, water infrastructure, health, telecommunications, regional economic development and planning. CENTROC also provides member councils with training and support in areas including procurement management and human resources.

As a region Centroc Councils have, in the last 18 months, followed a systematic risk based matrix to establish regional priorities for Water Infrastructure and Transport Infrastructure. A similar process is being rolled out for community infrastructure, health and education infrastructure.

Other examples of regional organisations that Council works closely with include: Bells Line Expressway Group, Lachlan Regional Transport Committee, Canobolas LAC Community Safety Precinct Committee, Western Region Joint Regional Planning Panel and Central West Joint Organisation.

Council has previously assisted neighbouring councils with engineering services, planning support and plant hire and will continue to do so when opportunities arise. Regional resource sharing can be further pursued through involvement with the Central West Joint Organisation.

Cowra Shire Council has provided expert staff to assist neighbouring councils on an individual project basis.

Council has plans in place to develop Cowra Airport as a regional aero hub.

Council's Audit Committee has been developed in conjunction with CENTROC and participation with three other councils through sharing of common independent members.

- ***Credibility for more effective advocacy/Capable partner for State and Federal agencies***

Cowra Council's Mayor is chair of CENTROC. Council has a strong relationship with RMS having completed a number of significant projects including the Cowra main street redevelopment.

Cowra Shire Council has proved to be a capable partner with State and Federal agencies and has a good working relationship with government bodies and relevant agencies.

Recent notable examples of this cooperation include;

- Construction of a 33 kilometre emergency water pipeline and pumping station connecting Cowra and the Central Tablelands water supply in conjunction with Central Tablelands Water and NSW Office of Water.
- The redevelopment of Cowra's main street in conjunction with Roads and Maritime Services.
- The installation of cycleways at the heritage listed Cowra Prisoner of War Camp site and along the western bank of the Lachlan River in conjunction with RMS.
- Interpretation of the heritage listed Cowra Prisoner of War Camp site.
- Adoption of NSW Office of Water Best Practice Management of Water Supply guidelines.
- Upgrade of Wyangala Dam wall and new Wyangala village bridge construction with the NSW Office of Water.

- ***Resources to cope with complex and unexpected change***

Council has sufficient resources to cope with complex and unexpected change. It has established realistic reserves to cover some contingencies and a Business Continuity Plan in the event of major administrative catastrophe.

Council is also well positioned to cover natural disasters such as bush fire or flood with an appointed Local Emergency Management Officer. Facilities available to establish an emergency management headquarters, including appropriate supporting infrastructure, available at short notice.

- ***High quality political and managerial leadership***

Cowra Shire Council is a stable, non-political council. Council comprises nine elected councillors with a combined total of 122 years experience in local government. The councillors bring with them a diverse range of experiences from professional, business and community backgrounds.

Council's management executive team has many years of local government experience in both NSW, Australia and overseas.

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

Not applicable.

2. Your council's current position

2.1 About your local government area

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

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

Cowra is a rural shire of 2810 sq kilometres located in central NSW. The Shire includes the town of Cowra and the villages of Billimari, Darbys Falls, Gooloogong, Morongla, Noonbinna, Wattamondara, Woodstock and Wyangala. Cowra Shire is located within the federal seat of Hume and the state seat of Cootamundra.

The Shire has a population of 12,574 (ABS ERP 2014) and population density of 0.04 persons per hectare. Approximately 9730 of the Shire's residents live within the town of Cowra.

717 (7.36%) of Cowra residents identify as being of Aboriginal and Torres Strait Islander heritage.

The median/average age of the Cowra population is 44 years.

Cowra town is a strong service centre for the shire and surrounding areas, including Canowindra and Grenfell.

In the 2013/14 FY Cowra Shire's Gross Regional Product was \$445,000,000 (National Institute of Economic and Industry Research).

A total of 5,322 residents are employed within the Shire with agriculture the largest employer making up 16.3% of total workforce. (ABS – Census 2011). In 2011 a total of 259 people (7.3%) were listed as unemployed. Other significant employers by industry sector are;

- Health Care and Social Assistance – 13%
- Retail trade - 12.4%
- Manufacturing - 10.8%

The Cowra Community Strategic Plan was last reviewed in 2012.

The strategic plan identifies seven strategic directions for Council to follow, they are;

1. Health and Well-being
2. Education, Training and Research
3. Lifestyle
4. Governance
5. Business and Industry
6. Transport and Infrastructure
7. Natural Resource Management

The Cowra Community Strategic Plan 2012-2036 identifies the importance of good communication and consultation between Council, other levels of government and the local community. It confirms that sound leadership is needed from Council. It also confirms that Council must have a planning framework in place to respond to changing community needs. The benchmarks highlighted in this Fit for the Future proposal and the financial and asset management planning undertaken to successfully achieve those benchmarks, proves that Cowra Shire Council listens to its residents and is well positioned to meet changing community needs.

In common with many country councils Cowra faces the challenges of;

- Static population
- Aging population
- Static rate base
- Rate pegging
- Significant loss of revenue caused by federal government freezing of Financial Assistance Grants; and
- An increasing demand by the community for a higher level of service.

Council's assets are considered to be safe and functional. Much of Council's infrastructure is state of the art, including the Material Recycling Facility (MRF), Water Treatment Plant and Sewage Treatment Plan.

For additional statistical information refer:

- .idcommunity <http://economy.id.com.au/cowra/home>,
- National Institute of Economic and Industry Research <http://nieir.com.au/>,
- ABS – Census 2011
http://www.censusdata.abs.gov.au/census_services/getproduct/census/2011/quickstat/SSC10631?opendocument&navpos=220

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Stable, elected, non-political council • Stable economic base to fund assets, services and facilities • Financially sustainable - Refer NSW Treasury Corporation (TCorp) review dated – 10 June 2015. (Attachment A) • Sound Strategic Planning structure <ul style="list-style-type: none"> - Local Environmental Plan - 2012 - Cowra Community Strategic Plan - 2012 to 2036 - Operational Plan 2014-2015/Delivery Program 2013-2017 - Water Asset Management Plan - 2014 - Wastewater Asset Management Plan - 2014 - Transport Asset Management Plan - 2014 - Cowra Economic Development Strategy 2014-2017 - Strategic Business Plan for Water Supply and Sewerage Services - 2014 • State of the art, recently completed infrastructure including; <ul style="list-style-type: none"> - Material Recycling Facility (MRF), - Water treatment plant, 	<ul style="list-style-type: none"> • Static population growth • Rate pegging • Limited ability for additional revenue raising

<ul style="list-style-type: none"> - Sewage Treatment Plant - Cowra CDB upgrade – 1st stage • Strong relationship with other government agencies including Roads and Maritime Services and NSW Office of Water. • Safe, functional assets with the capacity to improve as required • Skilled workforce 	
Opportunities	Threats
<ul style="list-style-type: none"> • Capacity to operate as a sub-regional centre – use of Council assets for regional projects – MRF • Capacity to provide resources for neighbouring councils (e.g. engineering services, planning, building, plant) • Recently adopted Local Environmental Plan has provided capacity and basis for economic growth • Develop Cowra Airport as a regional aviation facility • Capitalise on community and economic development potential through arrival of National Broadband Network (NBN) • Regional Strategic Planning and resource sharing through involvement in Central West Joint Organisation. 	<ul style="list-style-type: none"> • Relatively high unemployment • Increasing burden of regulation • Freezing of Financial Assistance Grants (FAG) • Lack of focus on regional issues by state and federal government • Regionalisation failing to recognise the complexity of regional and rural areas – Smaller towns suffering at the expenses of regional cities • Cost shifting to local government

2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.107	No	0.01	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	70.15	Yes	72%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	95.41%	No	121.1%	Yes

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

While Council did not meet the Fit for the Future benchmark for Operating Performance Ratio and the Building and Infrastructure Asset Renewal Ratio in 2013/2014 all benchmarks will be achieved in the forecast 2016/2017 period and future years.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	2.64%	No	0.05%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	70.89%	No	100%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.57%	Yes	3%	Yes

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

While Council did not meet the Fit for the Future benchmark for Infrastructure Backlog Ratio and Asset Maintenance Ratio in 2013/2014 all benchmarks will be achieved in the forecast 2016/2017 period and future years.

2.3 Performance against the Fit for the Future benchmarks

Efficiency

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	Decreasing	Yes	Decreasing	Yes

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

The Fit for the Future benchmark will be achieved.

2.4 Water utility performance

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

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

Yes

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

Not applicable

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

\$6,808,000 Source: Cowra Shire Council Annual Financial Statements 2013-14 - Special Schedule No.7 – Report on Infrastructure Assets

Reference to the Cowra Shire Council's Water Asset Management Plan - 2014, Wastewater Asset Management Plan - 2014 and Long Term Financial Plan 2015-2025 shows that Council is addressing the water and sewerage infrastructure backlog.

In recent years Council has undertaken significant work to construct a \$4.5 million, 33km emergency water pipeline and pumping station connecting Cowra and the Central Tablelands water supply.

2.4 Water utility performance

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

Cowra Shire Council has only one proposed capital works project valued at greater than \$1 million during the 2016-17 to 2019-20 period.

However, in this period the Water Fund is forecasting a combined capital spend across its infrastructure network and plant of \$5,018,879.

In the same period the Sewer Fund is forecasting a combined capital spend across its infrastructure network and plant of \$7,370,000.

Capital works

Proposed works	Timeframe	Cost	Grants or external funding
West Cowra sewer reticulation	2016 - 2019	\$5,000,000	Combination of external borrowing and internal funding.

2.4 Water utility performance

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

Yes

Cowra Shire Council's Water and Sewer Funds are managed and operated to achieve a surplus result before capital grants and contributions, including depreciation and amortisation.

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

Not applicable. Cowra Shire Council is operating with surpluses in both its Water and Sewer Funds.

2.4 Water utility performance

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1. Operate and extend the water supply and sewerage scheme to meet the agreed Levels of Service as outlined in Strategic Business Plan for Water Supply and Sewerage Services.	<ul style="list-style-type: none"> • Annual • Ongoing 	<ul style="list-style-type: none"> • Agreed Levels of Service are met. • Strong financial management with annual operating surpluses.
2. To provide services in line with NSW Office of Water best practice guidelines.	<ul style="list-style-type: none"> • Ongoing 	<ul style="list-style-type: none"> • Australian Drinking Water Guidelines met.
3. Monitor customer satisfaction with Council's water supply and address any problem areas.	<ul style="list-style-type: none"> • Biennial community survey • Ongoing 	<ul style="list-style-type: none"> • High customer satisfaction.

4. Continue to operate as part of the Centroc Water Utilities Alliance and to utilise resource sharing where possible.

- Annual
- Ongoing

- Ensure best possible use of available assets.
- Increase Council's skills base.
- More coordinated approach to water management across region.

5. Complete Integrated Water Cycle Management Strategy

- 30 June 2016

- Ensure best practice management of water supply and sewerage services.

***From:** Strategic Business Plan for Water Supply and Sewerage Services*

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

3.1 Sustainability

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

Operating Performance Ratio (Greater than or equal to break-even average over 3 years)

Cowra Shire Council has a -0.107 ratio for the average 3 years to 2013/14. While this does not meet the Fit for the Future benchmark, the Long Term Financial Plan 2015-2025 indicates a positive ratio will be achieved commencing in 2015/16 and thereafter.

Own Source Revenue Ratio (Greater than 60% average over 3 years)

Cowra Shire Council has an Own Source Revenue ratio of 70.15% for the average 3 years to 2013/14. Council will comfortably achieve a ratio above the 60% benchmark throughout the 10 year term of the Long Term Financial Plan 2015-2025.

Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)

Cowra Shire Council achieved a ratio of 95.41% for the average 3 years to 2013/14. While this does not meet the Fit for the Future benchmark, the Long Term Financial Plan 2015-2025 indicates a positive ratio will be achieved in the forecast 2016/2017 period and throughout the 10 year term of the Plan.

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

For example the key assumptions that drive financial performance including the use of SRVs, growth in rates, wage increases, Financial Assistance or other operating grants, depreciation, and other essential or major expense or revenue items.

Council's financial decision making is based on a ten year Long Term Financial Plan 2015 – 2025. Council has been conservative and realistic in its projections for both revenue and expenditure. In preparation of the document the following assumptions have been factored in:

- Average annual 3.0% increases applied to all fees and user charges.
- Federal Assistance Grant (FAG) income frozen until 2017/18, with a conservative 3.0% indexation for the years beyond 2017/18.
- No Special Rate Variation income has been factored into rating income.
- Wages growth references known award increases and estimated on-going increases.
- Material and services cost increasing by an average of 3.0 per cent per annum.
- No additional reliance on grant income.

Outcomes expected

As a result of the strategies implemented and in the process of being implemented, Council expects to maintain a positive result in each of the sustainability benchmark ratios for the term of the Long Term Financial Plan 2015-2025.

Council expects to maintain or improve the current level of services being provided to the community.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1.Maintain Operating Surpluses into the future	<ul style="list-style-type: none"> • Maximise appropriate fees and charges via annual revenue review. • Review and control expenditure • Pursue efficiencies 	<ul style="list-style-type: none"> • Council to achieve Operating Surpluses for the 10 years of its Long Term Financial Plan. • Development of Long Term Financial plan in 2014/2015 is basis for ongoing budget monitoring and asset management from 2016/17 to 2019/20. • Prioritise resources based 	<ul style="list-style-type: none"> • Council achieves Operating Surplus before Capital Grants for the projected 10 year period. • Revenue streams and expenditure commitments on operational and capital expenditures recognised and incorporated into budget. • Council pursues ongoing efficiencies in 	<ul style="list-style-type: none"> • Council expects to maintain Operating Performance Ratio greater than or equal to break-even average. • Council's Own Source Revenue Ratio is greater than 60%. • Building and infrastructure Asset Renewal Ratio is greater than 100%.

		<p>on strategic requirements within the framework of Council's Community Strategic Plan.</p> <ul style="list-style-type: none"> • Annual operational and capital expenditure programs are controlled through delivery in line with Asset Management Plans and Strategic Business Plans over 2016/17 to 2019/20. • Council seeks out local government's group purchasing power for energy and fuel needs and continues to implement energy 	<p>purchasing and energy alternatives in order to reduce and contain expenditures.</p>	
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		<p>saving strategies (solar panels and bio mass energy production).</p> <ul style="list-style-type: none"> • Revenue streams 2016/17 to 2019/20 are maximised within permissible rate pegging limits based on equitable distribution of the revenue burden. 		
<p>2. Own Source Revenue Ratio is greater than 60% of Operating Revenue into the future.</p>	<ul style="list-style-type: none"> • Levy rates and set fees and charges at appropriate levels as per annual revenue policy. 	<ul style="list-style-type: none"> • Council has achieved 70.15% in 2013/14. • Revenue streams 2016/17 to 2019/20 are maximised within permissible rate pegging limits together with exploration of additional revenue opportunities. 	<ul style="list-style-type: none"> • Council is able to demonstrate its ability to generate own funding. Not reliant on availability of grant funding. 	<ul style="list-style-type: none"> • Council's Own Source Revenue Ratio is maintained at a level greater than 60% into the future.

- Council will explore additional revenue raising opportunities 2016/17 to 2019/20 and beyond
- Interest on Investments maximised within rigours of Investment Policy.
- Council will continue to seek grant funding for necessary projects.
- Due to a limited rate base country councils are particularly reliant on Financial Assistance Grant to provide basic services. For this Council typically receives \$4.2M per annum in FAGs.

3. Achieve and Maintain a Building Infrastructure Asset Renewal Ratio greater than 100% into the future

- Adhere to and refine Asset Management Plans for maintenance and replacement programs.

- Council will achieve 149 % in 2015/16 and meet the benchmark >100% thereafter.
- Council's assets are considered to be safe, comply with required standards and are functional for required needs and provision of services.
- Annual review of maintenance program
- On-going asset condition assessment every 3 to 5 years.
- Biennial community service level satisfaction survey.

- Actions will ensure assets are maintained and replaced as per adopted Asset Management Plans.
- Assets maintained at a safe and functional level.

- Council's Building Infrastructure Asset Renewal Ratio is maintained at greater than 100% into the future.
- Council will ensure that required Sustainability Ratios are maintained throughout the term of the Long Term Financial Plan 2015-2025 without impact on other ratios.

3.2 Infrastructure and Service Management

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

Infrastructure Backlog Ratio (Less than 2%)

Cowra Shire Council had an Infrastructure Backlog Ratio of 2.64% for the average 3 years to 2013/14. While this does not meet the Fit for the Future benchmark, the Long Term Financial Plan 2015-2025 indicates that ratios below 2% will be achieved in 2014/15 and in future years.

Asset Maintenance Ratio (Greater than 100% average over 3 years)

Cowra Shire Council had an Asset Maintenance Ratio of 70.89% for the 3 year average to 2013/2014. While this does not meet the Fit for the Future benchmark this figure will be 131% by 2015/16 and will remain close to or above 100% for the duration of the Long Term Financial Plan 2015-2025.

Debt Service Ratio (Greater than 0% and less or equal to 20% average over 3 years)

Cowra Shire Council's Debt Service Ratio of 4.57% for the 3 year average to 2013/2014 is well within the Fit for the Future benchmark. The figure for 2016/17 will be 3% and will remain within the required benchmark for the duration of the Long Term Financial Plan 2015-2025.

In recent years Cowra Shire Council has developed and adopted a range of management plans to guide planning and budgeting decision making.

The plans include;

Cowra Community Strategic Plan – 2012 to 2036: The Community Strategic Plan is an overview document which identifies the community's main priorities and expectations for the future and outlines strategies to achieve these goals. It is Council's highest level plan.

Operational Plan 2014-2015/Delivery Program 2013-2017: The Delivery Program is designed as the single point of reference for all activities undertaken by Council during its term of office. The Operational Plan is a sub-plan of the Delivery Program. The Operational Plan allocates responsibility for each action or set of actions.

Long Term Financial Plan 2015 – 2025 (Attachment B): Council's principal financial document. The Long Term Financial Plan is used to ensure that Cowra Council has a financially sustainable long term plan for the shire. The Long Term Financial Plan is the basis to guide the future operations and actions of council and to ensure it operates in a sustainable manner.

Strategic Business Plan for Water Supply and Sewerage Services – 2014: This Strategic Business Plan covers the development and operation of Cowra Shire Council's Water Supply and Sewerage Schemes. It provides supporting information for Council's Integrated Planning and Reporting (IP&R) as well as satisfying compliance requirements for the NSW Office of Water.

Water Asset Management Plan – 2014: Council's Asset Management Plan focuses on the management of Cowra Shire's Water supply network. It specifies the life cycle requirements for effective management, inspection and replacement of Water assets and outlines the financial implications and standards to be adhered to. Water assets included are:

- Water Treatment Works
- Water Mains

- Water Pumping Stations
- Water Reservoirs

Wastewater Asset Management Plan - 2014: Council's Wastewater Asset Management Plan focuses on the management of Cowra Shire's Wastewater network. It specifies the life cycle requirements for effective management, inspection and replacement of Wastewater assets and outlines the financial implications and standards to be adhered to. Wastewater assets included are:

- Wastewater Treatment Works
- Wastewater Mains
- Wastewater Pumping Stations

Transport Asset Management Plan – 2014: Council's Transport Asset Management Plan focuses on the management of Cowra Shire's transportation network. It specifies the life cycle requirements for effective management, inspection and replacement of transport assets and outlines the financial implications and standards to be adhered to. Transport assets included are:

- Roads (Sealed & Unsealed)
- Bridges
- Culverts
- Footpaths
- Kerb & Gutter

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

- Information contained in Council's Asset Management Plans provide financial commitments that are included in the long term financial plan.
- Asset management plans are detailed documents that underpin Council's future planning.
- All asset classes will be maintained, renewed and replaced according to adopted Asset Management Plans.
- A thorough review of Council's existing assets acknowledges that they are in a safe, compliant and functional condition and serve the community well.

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Infrastructure Backlog Ratio to be <2%	<ul style="list-style-type: none"> • Regularly Review Asset Management plans • Eliminate infrastructure backlog over a 10 year period • Adequately fund asset maintenance and improvement programs 	<ul style="list-style-type: none"> • Complete Asset Management Plan for each class of asset. (Stormwater and Other Assets Management Plan by 30/6/2016) • Annual review of adopted Asset Management Plans 	<ul style="list-style-type: none"> • Maintain safe, functional assets for the community. 	<ul style="list-style-type: none"> • Council expects to achieve the Infrastructure Backlog Ratio benchmark of <2% without adverse effect on other performance ratios.

	<ul style="list-style-type: none"> • Develop Stormwater Management Plan • Develop Other Asset Management Plan 	<ul style="list-style-type: none"> • Allocate funds on an annual basis from revenue • Preparation of modifications to maintenance and asset improvement schedules in management plans 		
2. Asset Maintenance Ratio to be greater than 100% average over 3 years	<ul style="list-style-type: none"> • Establish adequate budget to maintain and improve assets in accordance with adopted Asset Management Plans 	<ul style="list-style-type: none"> • Annual review of adopted Asset Management Plans • Provide adequate funding in Long Term Financial Plan 	<ul style="list-style-type: none"> • Maintain and where appropriate improve assets to suit long term community needs. 	<ul style="list-style-type: none"> • Council expects the Asset Maintenance Ratio to be greater than the 100% benchmark.

3. Debt Service Ratio to be greater than zero and less than or equal to 20% average over 3 years

- Council's average debt service ratio over the last three years has been 4.57%. For the life of Council's Long Term Financial Plan it is projected to remain under 4% to at least 2019/20.
- Utilise borrowings for creation of assets as identified in Long Term Financial Plan

- Loans have been determined based on adopted Asset Management Plans
- Draw down funds annually for identified assets
- Review debt service ratio
- Ensure capacity to meet loan repayments within budget

- Loan repayments are managed within resources available to Council
- Assets provided and maintained for community needs

- Council expects the Debt Service Ratio to be greater than zero and less than or equal to 20% average over three years with no adverse effect on other performance ratios.

3.3 Efficiency

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

Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)

Cowra Shire Council will meet the Fit for the Future benchmark of a decrease in Real Operating Expenditure per capita from 1.96 in 2014/15 to 1.59 in 2016/17. This downward trend will continue in the 2016-20 period.

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

- Internal Audit Program, in conjunction with the 2010 risk review by Internal Audit Bureau of NSW has identified areas of council operation where efficiency improvements can, and have been made.
- Cowra Shire Council will pursue procurement and purchasing efficiencies through the Joint Organisation and Local Government Procurement.
- Council's Biennial Survey will assist Council identify areas of efficiency.
- Council will continue to review key areas identified in the enterprise Risk Management Plan.
- Cowra will actively monitor Workers Compensation claims and WH&S systems to reduce premium impacts.

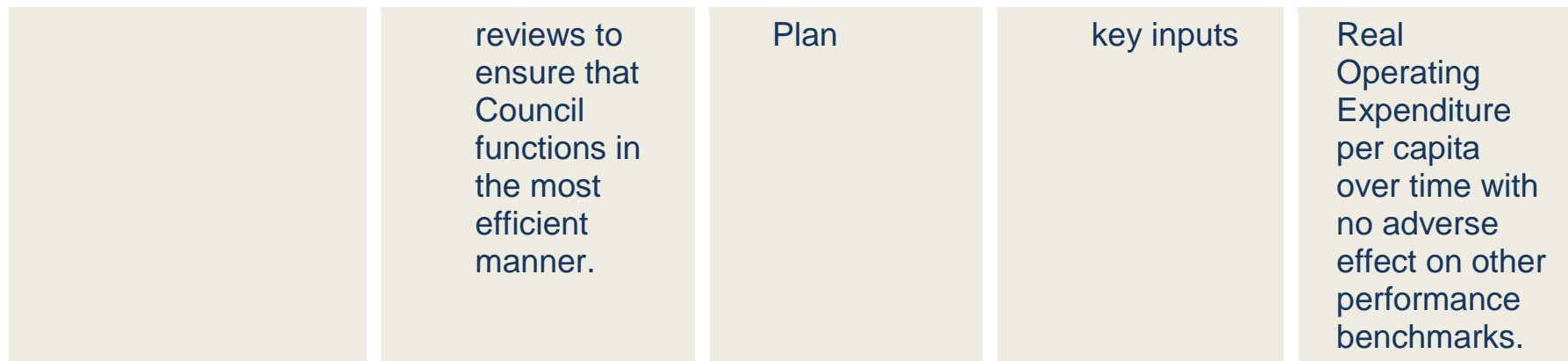
Council assumes that on-going reviews and continued focus on areas such as management of employee leave entitlements will provide Council with the opportunity to hold or reduce real operating expenditure into the future.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
<ul style="list-style-type: none"> A decrease in Real Operating Expenditure per capita over time. 	<ul style="list-style-type: none"> Operate Council's activities with a focus on efficiency whilst not compromising on service delivery. 	<ul style="list-style-type: none"> Complete one operational review per year 	<ul style="list-style-type: none"> Council is able to achieve a reduction in real operating expenditure through efficiencies and through increase in population 	<ul style="list-style-type: none"> Council expects a decrease in Real Operating Expenditure per capita over time with no adverse effect on other performance benchmarks.
	<ul style="list-style-type: none"> Commence program of operational 	<ul style="list-style-type: none"> Develop annual Procurement 	<ul style="list-style-type: none"> Obtain best value in purchase of 	<ul style="list-style-type: none"> Council expects a decrease in



3.4 Improvement Action Plan

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

Cowra Shire Council has already taken significant steps since the adoption of the New South Wales Treasury Corporation Report on Council's Financial Assessment, Sustainability and Benchmarking - 2013.

Using the adopted Long Term Financial Plan 2015 – 2025 Council will undertake the following actions during the first year (2015-2016) of the plan;

- complete Purchasing Procurement review
- complete biennial community survey into Council's services and efficiency

Cowra Shire Council meets the forecast financial measures/benchmarks and has demonstrated its scale and capacity to be a stand-alone council. Actions to be carried out by Council to build on improvement measures already implemented and proposed appear in the Action Plan table below.

Attachments have been provided to demonstrate the detail and validity of financial forecasting undertaken, including:

- NSW Treasury Corporation – Cowra Shire Council Financial Assessment and Sustainability Report 10 June 2015 (Attachment A); and
- Council's Long Term Financial Plan for the period 2015-2025 (Attachment B)

Action plan

Actions	Milestones
Complete Stormwater Management Plan	Plan completed by 30 June 2016.
Complete Other Asset Management Plan	Plan completed by 30 June 2016.
Complete biennial Community Survey	Survey completed by 30 June 2016.
Review, adopt and implement actions outlined in Council's annual Risk Management Action Plan	On-going Annual

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

- Community consultation conducted during the development of the Cowra Community Strategic Plan
- Review of findings of the Local Infrastructure Audit – 2013
- Review of results of Cowra Shire Council biennial community survey into council services and efficiency
- Review of the 2010 risk review by Internal Audit Bureau of NSW. The draft document identified auditable areas of council operation with the six highest priorities being;
 - Asset management
 - Procurement and inventory management
 - Project and contactor management

- Business continuity
- Delegations; and
- Financial Reporting Systems.
-

Each of these areas has subsequently been addressed.

3.5 Other actions considered

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

Whilst the Independent Review Panel did not specifically specify mergers as an option for Cowra Shire Council it did identify a potential merger of Weddin Shire Council with either Cowra or Forbes. Cowra subsequently wrote to Weddin Shire Council seeking their advice on this option. (Refer Attachment C)

In developing its Long Term Financial Plan Cowra Shire Council considered special rate variations but it was determined that such variations were not required.

The NSW Treasury Corporation review of Cowra Shire Council dated 10 June 2015 (Attachment A) considered Council situation as moderately sustainable with an outlook of positive. All strategies/actions outlined in this proposal have been developed with this finding in view.

In preparing an Improvement Action Plan Cowra Shire Council has already confirmed its active participation in the Central West Joint Organisation.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.07	0.05	0.01	0.02	0.03	0.02	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	71%	71%	72%	72%	73%	74%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	114%	149%	121%	119%	123%	121%	Yes
Infrastructure Backlog Ratio (Less than 2%)	1.3%	0.5%	0.5%	0.5%	0.5%	0.5%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	193%	131%	100%	104%	104%	101%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	3%	3%	3%	3%	3%	2%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1.96	1.67	1.59	1.67	1.58	1.64	Yes

4.1 Expected improvement in performance (rural with FAGS considered*)

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	0.02	0.03	0.04	0.04	0.04	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	73%	73%	74%	74%	74%	Yes

*Includes councils in OLG groups 8, 9, 10 and 11 only. See page 42 of IPARTs [Methodology for Assessment of Council Fit for the Future Proposals](#)

4.1 Expected improvement in performance

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

Cowra Shire Council's proposal identifies through its Long Term Financial Plan that all Fit for the Future benchmarks will be achieved.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

- Cowra Shire Council will regularly review its Long Term Financial Plan 2015-2025.
- Quarterly budget review statements will be provided to Council, including monitoring of performance to achieve projected operating surpluses.
- Regularly review adopted Asset Management Plan.
- Adopt and review Operational Plan and Delivery Program on a 6 monthly basis.
- Biennial surveys of the community will be undertaken.
- End of term review of Delivery program.

Supporting documents accompanying this proposal:

1. NSW Treasury Corporation – Financial Assessment and Sustainability Report 10 June 2015 (Attachment A)
2. Long Term Financial Plan 2015 – 2025 (Attachment B)
3. Evidence of discussions held with Weddin Shire Council regarding possible merger option. (Attachment C)