

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: **Greater Hume Shire Council**

**Date of Council resolution endorsing
this submission:** **24 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.

As at 30 June 2014 Greater Hume Shire Council (GHSC) did not meet all 7 benchmarks in the Fit for the Future 'Self-Assessment' Tool. There are compelling reasons why Council did not meet the benchmarks and this is explained in detail in section 2.3.

Strategies aimed at improving GHSC's performance against the benchmarks include:

- Revalue infrastructure, including useful lives etc. in accordance with Office of Local Government (OLG) guidelines and industry best practice.

Status – completed

- Application to the Independent Pricing and Regulatory Tribunal (IPART) for an increase in total rate revenue of up to 7.21% for the 2015/2016 financial year, 7.46% for the 2016/2017 financial year and 7.15% for the 2017/2018 financial year.

Status – application approved

- Undertake a planned program of organisation wide service reviews, further building on service reviews undertaken to date.

Status – to commence in the 2015/2016 Financial Year with the first review to examine Governance, Administration and Engineering functions.

Following the implementation of the above measures and classifying Financial Assistance Grants as 'Own Source Revenue', by 2019/2020 it is projected that Greater Hume Shire Council will meet all 7 benchmarks.

GHSC was created out of the 2003/2004 reform process. It is well documented that the process adopted had a number of failings, particularly in relation to business planning for long term sustainability for newly created entities and funding to assist the transition process.

In relation to GHSC most of the growth areas of the former Hume Shire were lost to Albury and Corowa whilst GHSC inherited 75% of the Hume Shire road network but only 56% of the rate revenue.

However, Council applauds the State Government for the reform package that has been put on the table as this will be of a great assistance to those councils that choose to merge. Other initiatives of the review such as the State borrowing facility will be of great benefit to the local government industry generally.

Notwithstanding the challenges identified above, Councillors and Senior Management of GHSC have risen to their responsibilities over the past 10 years. To improve efficiency Council has implemented a vast number of initiatives and service reviews to reform the organisation and improve its long term sustainability. These initiatives are detailed in **ANNEXURE 1** at <http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=0Kro5lnBqtE%3d&tabid=637>.

Taking into account the previous work and combined with the successful implementation of the Improvement Action Plan, Council will be sustainable in the longer term and has the capacity to deliver the range and quality of services expected by our ratepayers and residents.

GHSC is fully committed to the implementation of its Improvement Action Plan and would be totally agreeable reporting on performance of the Action Plan in Council's Annual Report with a full Fit for the Future style review commencing in 2019.

Since the release of the Fit for the Future package, GHSC has had discussions with all neighbouring councils (with the exception of Wagga Wagga) about opportunities for reform. Council workshops held on 15 September 2014, 3 December 2014, 4 and 25 March 2015 have canvassed a number of alternative options outlined later in the submission. Council is willing and able to expand on already productive working relationships with smaller neighbouring councils to continue to achieve mutually beneficial operational efficiencies.

Due to the infancy of Greater Hume Shire Council and the challenges faced in the formative years, the 2016 reform date is premature; Greater Hume should be afforded a longer period of time to demonstrate its long term sustainability with a comprehensive review prior to the 2020 local government elections.

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?

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

Yes

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).

The 2004 amalgamation of Culcairn, Holbrook and 81% of the land area of Hume Shire has provided GHSC with the scale and capacity for a vibrant council in the 21st century. This is demonstrated below.

In the final report of the Independent Local Government Review Panel, GHSC was included with Group E: Other potential mergers to consolidate major regional centres (2017 referrals to Boundaries Commission) that identified that Council should form part of the Upper Murray Joint Organisation or potentially merge part or all with Albury. It should be noted that neither of the recommendations for GHSC were bolded as detailed on page 22 of the IPART Discussion Paper – Methodology for Assessment of Council Fit for the Future proposal.

Whilst the NSW Independent Local Government Review Panel included GHSC in the Upper Murray Joint Organisation, Council applied for and was accepted into the pilot Riverina Joint Organisation. A copy of that submission is included as **ANNEXURE 1B** at the following link: <http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=m8xrrlby5m4%3d&tabid=637>.

GHSC's submission is consistent with the recommendation in that Council applied to participate and was accepted to participate in the pilot Riverina Joint Organisation.

The second part of the recommendation was that GHSC had high merger potential for part of its area. In section 3.5 a basic assessment of Council losing part of its a neighbouring Local Government Authority clearly indicates that it would seriously weaken the capacity of the remaining area of GHSC to be sustainable in the long term. Therefore Council is committed to actively participating in the Riverina Joint Organisation.

In 2012 TCorp assessed GHSC's financial position as moderate, with a negative outlook. Despite this assessment, Council's short to medium term liquidity has been strong. This strong short to medium term liquidity has provided Council with the capacity to adapt to changing and challenging circumstances such as floods, bush fires, unexpected changes to external funding, etc.

GHSC supported the recommendation of the draft final report recommending the sustainability of Council be reviewed by 2020. Council is confident that with the implementation of the Improvement Action Plan, GHSC will be well on the way to achieving long term sustainability by the 2019/2020 financial year.

Council's 2004 amalgamation along with active participation in REROC and in the future the Riverina Joint Organisation provides GHSC with the scale to be a sustainable NSW local government authority in the 21st Century.

Therefore Council is steadfast in its belief that Greater Hume's progress towards sustainability should be subject to a comprehensive review prior to the 2020 NSW local government elections.

Council has further demonstrated its Fit for the Future capacity by addressing the key elements of strategic capacity, as outlined on page 30 of the IPART document 'Methodology for Assessment of Council Fit for the Future Proposals - June 2015.

These are:

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ a wide range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills and 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

Council's capacity to address the **key elements of strategic capacity** is detailed in [ANNEXURE 2](#).

GHSC (through the former Holbrook and Culcairn Shire Councils) has a strong history of building strategic capacity demonstrated through almost two decades of active participation in Riverina Eastern Organisation of Councils (REROC). This commitment and connection can be duplicated by the Riverina Joint Organisation.

A copy of the REROC document Achieving Strategic Capacity Through Regional Collaboration is attached as [ANNEXURE 3](#).

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.

GHSC was proclaimed 26 May 2004 during a previous round of boundary reform and has a geographic area of 5,939 sq. km of which 5,924 sq. km is rural.

As at 30 June 2014 the estimated resident population of the shire was 10,258 (cat no. 3218.0).

There are five major towns being Culcairn, Henty, Holbrook, Jindera and Walla Walla along with six smaller villages most which have a range of community amenities such as sportsgrounds, public hall, toilets, etc.

Agricultural characteristics of the shire are extremely diverse from large scale forestry in the east, to mixed farming and predominantly cropping and grazing in the west.

Council has a large portfolio of assets including:

- 1,022 km sealed roads (including regional roads)
- 1,033 km unsealed roads
- 62 bridges
- 159 major road culverts (box and pipe)
- 21 community buildings and public halls
- 5 swimming pools
- 3 libraries
- 35 public toilets

- 11 cemeteries
- 8 major sportsgrounds
- 62 tennis courts at 11 venues
- 8 waste facilities
- Stormwater drainage infrastructure including 25,363 metres of open drains, 14,929 metres of pipe culverts, 2,504 metres of box culverts and 346 pits
- 2 Water Reuse Schemes including 8.3 km of supply mains

- 2 Water Supply Schemes including:
 - 7 reservoirs
 - 75km trunk mains
 - 75km reticulation mains
- 6 Sewerage Schemes including:
 - 22 sewerage pump stations
 - 70km gravity mains
 - 8 km rising mains

As at 30 June 2014 the total value of Council's depreciable asset portfolio was \$250,235,000.

A demonstration of the strong community commitment is the 45 Committees of Management that assist GHSC under section 355 of the Local Government Act to manage and control many of Council's recreational reserves, public halls, swimming pools and smaller public cemeteries.

NSW Planning and Infrastructure's New South Wales Local Government Area Population Projections: 2013 preliminary revision indicates that by 2031 GHSC's population will rise from the 2014 ERP of 10,258 to 11,200, an annualised growth of 0.6% per year. The projection of Id Forecast indicates the shire population will rise to 11,765 by 2036. Id Forecast has been working with Greater Hume and a number of other councils in the Riverina region to provide population forecasts for a number of years.

The modest predicted population growth is very much contingent on GHSC's boundaries remaining unchanged. If any area of Greater Hume Shire was subsumed into an adjoining local government area the GHSC's population growth would be steady at best, most likely declining in the longer term.

GHSC suffers some population drift to the regional centres of Wagga Wagga and Albury/Wodonga, however has net migration increases predominantly from Sydney and to a lesser extent the Illawarra, other parts of regional NSW and overseas. **ANNEXURE 4** (<http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=8hDLKi5OxaY%3d&tabid=637>) tracks population movements between the 2006 and 2011 Census collections.

Discussions with local real estate agents indicate that relocators are typically families with very young children, and empty nesters.

During the consultation in the development of Council's Community Strategic Plan – Greater Hume 2030 the community described their aspirations for the next 20 years. They were also asked to nominate 'great' features about living in Greater Hume Shire. The following community values and vision emerged.

Vision Statement:

Living in an idyllic rural landscape that sets us apart, we draw on our passion and location to maintain a model community for people of all ages whilst building an economy that abounds with opportunities.

A number of key aspects are sought in the vision statement; namely:

- Draw on our passion
- Develop and maintain a model community for people of all ages
- An economy that abounds with opportunities

Our Community Values are:

- A country lifestyle
- A caring community
- A volunteering mentality
- An affordable but high quality of life

Council's view is firm - it does not believe the residents vision and community values are compatible with all or part of the shire merging with a large regional city.

2.2 Key challenges and opportunities

Strengths	Weaknesses
Sustainability <ol style="list-style-type: none"> 1 Councillors (without party political influence) that are committed and engaged with communities across the shire 2 Stable well qualified and capable Senior Management Team 3 Communities that work in partnership with Council to deliver results (include attachment with examples of volunteerism, emergency services, etc.) 4 Well serviced communities able to provides services to an ageing community 5 Excellent recreation, health and educational facilities 6 Agriculture is a strength of the shire and is championed by GHSC having the capacity and experience to promote growth and dynamics of an ever changing industry. Agriculture represents the biggest revenue source of the shire in partnership with nationally recognised businesses catering to the industry (e.g. Henty Machinery Field Days, Holbrook Landcare, centre of excellence of the beef and sheep breeding industries, grain production, grain handling facilities and fertilizer distribution companies, timber production and manufacturing industries such as Kotzur Engineering and Geelong Leather, etc.) 7 Affordable land and housing in easy commute of regional centres of Wagga Wagga and Albury Wodonga 8 Member of REROC, a highly regarded regional organisation of councils 9 Strong history and heritage (long term residents committed to their communities) 10 Resilient communities (droughts, fires, floods etc.) 11 Land use plan that provides opportunities across the shire 	Sustainability <ol style="list-style-type: none"> 1 Population spread over a wide geographical area 2 Relatively low rate base 3 Lack of population growth in the northern part of the shire 4 Staff protection legislation 5 Profitability of land development in northern part of the shire (cost of initial infrastructure in comparison to the value of the developed land) 6 Quality of telecommunications (phone and internet) 7 Difficulty in residents obtaining bank finance (require higher home deposits in some towns) 8 Ability to retain young high achievers (wider rural issue) 9 Minimal State Government assistance in attracting industry 10 Local Government not getting a rightful share of national taxation revenue

Strengths	Weaknesses
<p>12 Access to Council through a network of customer service centres</p> <p>13 Manufacturing industries (e.g.: Kotzur Engineering, Geelong Leather, Boral Industries, Smorgon Steel and the transport industry generally)</p> <p>Infrastructure and Service Management</p> <p>1 Experienced at balancing the needs and expectations of multiple individual and diverse communities</p> <p>2 Community participation in management of public facilities (e.g.: sportsgrounds, swimming pools, public halls, etc.)</p> <p>3 Significant infrastructure planning. In addition to Asset Management Plans individual strategies have been developed for roads & bridges, public halls and swimming pools</p> <p>Environment</p> <p>1 Development and implementation of a Waste Management Strategy</p> <p>2 Home of the nationally recognised and award winning Wirraminna Environmental Education Centre at Burrumbuttock which continues to receive significant Council support</p> <p>3 Strong elected member representation on environmental bodies</p> <p>4 Reliable climate to support agricultural industries</p>	<p>Infrastructure and Service Management</p> <p>1 Extensive road network and infrastructure required to support 5 towns and 6 villages = large infrastructure portfolio</p> <p>2 Lack of children's services</p> <p>3 Lack of public transport to regional centres</p> <p>4 Limited capacity to use existing government facilities (out of hours school access, etc.)</p> <p>Environment</p>

Opportunities	Threats
Sustainability	Sustainability
<ol style="list-style-type: none"> 1 Active participant in the Riverina Joint Organisation 2 Strategic geographic location in the Albury/Wodonga – Wagga Wagga growth corridor and NSW two largest inland rivers. Provides opportunities for new residents and industry 3 Development and implementation of strategies to increase the availability of residential and industrial land to the market throughout the shire 4 Access to transport corridors, Hume and Olympic Highways and the Melbourne-Sydney Rail line and airports at Albury and Wagga Wagga 5 High Speed rail between Melbourne-Sydney-Canberra 6 Ability to increase 'own source' revenue through rates from a relatively low base 7 Expand Council's leadership role with smaller surrounding councils (e.g.: sharing skilled staff, resource sharing, service provision, etc.) 8 Proposed corridor for Inland Freight Rail project 9 Access to tertiary educational opportunities 10 Availability of industrial land at affordable rates 11 Availability of natural gas, improved telecommunications and access to NBN (rollout across the shire commenced) 	<ol style="list-style-type: none"> 1 An ageing demographic profile with resultant impact on volunteerism. 2 Reduced Federal and State Government recurrent funding (e.g.: FAG's, R2R, Pensioner concession subsidies, etc.) 3 Reduced opportunities to contract to Federal and State Agencies (e.g.: RMS RMCC contracts) 4 Increasing reliance on regional centres for higher level services causing consumer drift

Opportunities	Threats
<div data-bbox="179 250 1048 295">Infrastructure and Service Management</div> <div data-bbox="179 301 1048 499"> <ol style="list-style-type: none"> Greater use of debt for infrastructure works Provision of children's services Improved public transport to regional centres Lifestyle living opportunities (including access to NSW and Victorian ski fields) Services reviews </div>	<div data-bbox="1057 250 2056 295">Infrastructure and Service Management</div> <div data-bbox="1057 301 2056 499"> <ol style="list-style-type: none"> Impact of climate change on infrastructure (e.g. floods, fire and droughts, etc.) </div>
<div data-bbox="179 505 1048 550">Environment</div> <div data-bbox="179 557 1048 702"> <ol style="list-style-type: none"> Nature based opportunities (e.g. national parks, wetlands, bird watching) </div>	<div data-bbox="1057 505 2056 550">Environment</div> <div data-bbox="1057 557 2056 702"></div>

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)	-0.145	No	-0.029	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	44.9%	No	73.4%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	95.5%	No	120.9%	Yes

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

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

SUSTAINABILITY

Operating performance ratio

A revaluation, unit rates and the useful lives of Council's roads and related infrastructure (supported by an independent assessment by Jeff Roorda and Associates) will significantly reduce the depreciation charges flowing to the operating statement. Council's depreciation methodology and charges are now more in line with industry standards. Combined with Council's Special Rating Variation, Council will be delivering a break even or better financial position by the 2019/2020 financial year. Projected savings from programmed service and efficiency reviews have been included in the Long Term Financial Plan and once realised will increase Council's capacity for infrastructure replacement from Reserves or through additional loan borrowings.

Own Source Revenue Ratio

GHSC is classified in Office of Local Government Group 11 and therefore in accordance with IPART's – Methodology for Assessment of Council Fit for the Future Proposals, Page 43, Table 3.3 Council has included revenue from Financial Assistance Grants in the 'Own Source Revenue' ratio calculation.

ANNEXURE 5 at <http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=FRGszGrqpDA%3d&tabid=637> compares GHSC with the characteristics of a rural council and there are a number of similarities even though Council believes it has made a strong scale and capacity case. When Financial Assistance Grants are included in the 'own source revenue' ratio is to 76.5%.

Council has been very successful in obtaining competitive external funding. However, successful funding applications are at the detriment of this measurement demonstrating how inappropriate it is to have a 'one size fits all approach' to this indicator when clearly it is not the case.

Building and Infrastructure Asset Renewal Ratio

This ratio has been achieved in the 2012/2013 & 2013/2014 financial years and will be achieved in the 2014/2015 year which will provide a greater than 100% average over 3 years. Council's expenditure in this area will be further enhanced in the future as a result of the special rating variation of which 100% is to be invested into asset renewal.

It is projected that Council will meet the Building and Infrastructure Asset Renewal Ratio every year except for 2018/2019 financial years where it is 96.4%; however the 'greater than 100% over 3 year average' is maintained over the period 2016/2017-2019/2020.

In addition Council will be aiming to keep General Fund borrowings at or close to the optimal borrowing limit of \$5.5 million which will assist with the timing of replacement and upgrade of essential infrastructure. Therefore it is most probable that the benchmark will be met in the 2018/2019 and 2019/2020 financial 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%)	50%.	No	0.13%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	64.4%	No	100%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.97%	Yes	5.05%	Yes

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

INFRASTRUCTURE AND SERVICE MANAGEMENT

Infrastructure Backlog Ratio

Traditionally GHSC has recorded the best case scenario in Special Schedule 7 rather than accepted definition of backlog. The backlog previously disclosed has included upgrade works for example, a sealed road 3.6 metres wide requiring reconstruction was costed to the current standard of 7 metres wide which does not meet the definition of the OLG of a 'like for like' replacement.

Further Council has condition assessed its entire sealed road network along with a number of asset categories and is confident that the backlog disclosed is extremely accurate when taking a risk based assessment on a 'like for like' basis. Council has adopted the principles outlined in the Jeff Roorda and Associates submission to IPART on the 'Methodology for Assessment of Council Fit for the Future Proposals'. A copy of this submission is included with [ANNEXURE 6](#).

The assessment is verifiable by an independent report and supporting documentation included in [ANNEXURE 6](#). A future challenge for GHSC will be meeting the service expectations of the community to upgrade infrastructure and particularly the road network to cater for longer, higher and heavier vehicles. Council has adopted service standards that are capable of providing paddock to plate freight corridors but this requires long term vision. Council will actively pursue external funding to fast track high priority projects regardless of the impact that it has on Council's 'Own Source Revenue' ratio.

Council will have this discussion with the community as part of Customer Satisfaction Surveys and Service and Efficiency Reviews.

Council has been very successful in the past few years gaining external funding for the following major projects.

2011/2012

- Coppabella Road Upgrade - (\$3.5 million) Funded 50% by NSW Trade and Investment, 25% Private, 25% GHSC

2012/2013

- Urana Road – Road Toll Response Program (\$1.5 million) – 100% Australian Government
- Culcairn-Holbrook Road – (\$756,000) – 50% State Government Road Black Spot funding 50% GHSC

2014/2015

- Jingellic Road – (\$3.5 million) - \$2.5 million Australian Government Heavy Vehicle Safety and Productivity Program, \$750,000 State Government Fixing Country Roads, \$1 million GHSC

2015/2016

- Culcairn – Holbrook Road – (\$720,000) - 50% State Government Road Black Spot funding 50% GHSC

Asset Maintenance Ratio

Expected to be met in 2014/2015 and subsequent years. The effectiveness of Council's expenditure in this area will be supported by rolling 5 yearly condition assessments of all asset classes (linked to the OLG revaluation schedule).

GHSC has taken a risk and affordability based approach to this indicator with community surveying undertaken in 2012 and again in 2014 forming the basis of Council's successful Special Rating Variation application. It is clear, however, following community engagement undertaken to assist in finalising Council's Fit for the Future submission that significant further discussion with the community will be required during the programmed Service and Efficiency Reviews to ensure that agreed, reasonable and affordable levels of service can be negotiated. Accordingly, the development of a Communications Plan and regular Customer Satisfaction Surveys are key strategies of Council's Improvement Action Plan.

Debt Service Ratio

Based on current income and expenditure levels it has been determined that Council's current optimal borrowing capacity is \$5.5 million. This will need to be monitored on a regular basis to take into account such factors as service and efficiency measures introduced, interest rates, etc.

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	2.40	Yes	2.06	Yes

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

EFFICIENCY

Real operating expenditure per capita

Council's real operating expenditure per capita peaked in 2011/2012 at \$3 per capita and has fallen to \$2.85 in 2012/2013 and \$2.65 in 2013/2014. It is anticipated it will continue to fall as the planned organisation wide service reviews are implemented from the 2015/2016 financial year.

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?

No

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

Council's Integrated Water Cycle Management Plan is largely compliant with Best Practice Guidelines. GHSC engaged HydroScience Strategic Water Solutions to review Council's compliance with the NSW Government Best Practice Management of Water and Sewerage. The report is included as [ANNEXURE 7](#).

The main issue facing Greater Hume Water Services is negotiating a fairer bulk water purchase cost from Albury City Council and/or identifying alternate sources of water supply. **Currently AlburyCity charge Greater Hume Shire Council almost 41% more than AlburyCity charges its own residential customers.** To achieve this Council is presenting a submission to an AlburyCity workshop on 17 August 2015. GHSC is also partnering with Riverina Water County Council (RWCC) to investigate whether it is feasible and cost effective for RWCC to supply water to the Local Government area. Council will also be investigating whether additional bore supplies are feasible and cost effective in comparison to other options previously outlined.

Other non-compliance issues relate mainly to review or development of further documentation.

The HydroScience Strategic Water Solutions report states that in most parameters GHSC Water and Sewerage businesses perform well in comparison to other local water utilities in NSW.

Council has undertaken a critical review of the infrastructure backlog across all asset classes and is firmly of the view that it does not have an infrastructure backlog within its water and sewerage systems. This is verifiable by condition reports undertaken in 2007 and 2012 (see [ANNEXURE 8](#)) and outlined in evidence prepared by Council's Manager Water and Sewerage.

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

Nil.

2.4 Water utility performance

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

Capital works

Proposed works	Timeframe	Cost	Grants or external funding
Build New 1700 EP Activated Sludge Plant/Effluent Reuse Scheme	2019/2020	\$4.175 million	Reserves

2.4 Water utility performance

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

No

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

Currently AlburyCity charge GHSC almost 41% more than AlburyCity charges its own residential customers. To address this Council is presenting a submission to an AlburyCity workshop on 17 August 2015. Council is also partnering with Riverina Water County Council (RWCC) to investigate whether it is feasible and cost effective for RWCC to supply water to GHSC. Council will also be investigating whether additional bore supplies are feasible and cost effective in comparison to other options previously outlined.

Council's Sewerage Scheme is currently operating at above break-even point and is expected to do so into the future.

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. Continue to seek solutions to the high cost of purchase of water from AlburyCity	2016/2017	Council will be seeking a 40 cent per kl reduction in the purchase price which would enable GHSC Water Supply scheme to operate at above break-even point
2. Review and implement compliant non-residential water and sewerage charges	2016/2017	Compliance achieved
3. Prioritise and implement actions from the HydroScience Strategic Water Solutions Report May 2015	2016/2017 – 2019/2020	All actions completed

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.

Based on the 2016/2017 forecast of the sustainability benchmarks of Operating Performance Ratio, Own Source Revenue and Building and Infrastructure Renewal Ratio, Council will implement its Improvement Action Plan to improve all sustainability indicators up to and beyond the 2019/2020 financial year. These initiatives will include:

- Staged revaluation of infrastructure assets, including useful lives, etc. in accordance with the OLG's guidelines and industry best practice.
- Implementation of the approved Special Rating Variation in the 2015/2016, 2016/2017 and 2017/2018 financial years which will be investing entirely into road resealing and gravel resheeting.
- Council will undertake a planned program of organisation wide service and efficiency reviews across 14 functional areas that builds on informal reviews conducted to date. It is intended to prioritise the reviews based on levels of expenditure and complete a review of two functional areas per year. Council has set itself a target of generating savings of \$100,000 per year, cumulative which will assist in achieving at least a break even operating position.

The above measures should see GHSC obtain a break even operating position by the 2019/2020 financial year.

It should be noted, however, that since its formation, GHSC has been very successful in obtaining Federal and State Government Grants for the provision and/or upgrade of strategic infrastructure and Council will continue to be very active in this area in the future. GHSC's success in attracting external grant funding will have a positive impact for our residents and ratepayers but a negative impact on Council's 'Own Source Revenue' ratio.

Council is of the view that it is currently maintaining infrastructure to an acceptable level (with the exception of the road network which is subject to an approved Special Rating Variation) and the improvement of Council's operating position will further enhance Council's capacity. It is not expected that further Special Rating Variation applications would be required or accepted by the community in the short to medium term (next 10 years) and therefore from the 2018/2019 financial years projected rate increases of 3% per annum have been included in the Long Term Financial 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.

Key assumptions and explanatory notes are included in **ANNEXURE 9** at <http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=rhTmhuXlIiQ%3d&tabid=637>

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. Improve Council's operating performance	a) Revalue infrastructure, including useful lives etc. in accordance with OLG guidelines and industry best practice	<ul style="list-style-type: none"> Roads and related infrastructure – 30 June 2015 – a copy of the report compiled by Jeff Roorda and Associates is included as ANNEXURE 6 Community Land other assets and land improvements – 30 June 2016 Water and Sewerage – 30 June 2017 Property, Plant and Equipment, Operational Land and Buildings – 30 June 2018 Roads and related infrastructure – 30 June 2020 	Accurately disclose Council's operating position, particularly in relation to industry best practice	Will also impact Building and Infrastructure Asset Renewal ratio and real operating expenditure per capita result

	<p>b) Applied for a Special Rating Variation to general revenue by 16 February 2015</p>	<ul style="list-style-type: none"> Announcement from IPART approving SRV– May 2015 Progressively implement over three years commencing on 1 July 2015 and concluding on 1 July 2017 	<p>Improve Council's operating position with the breakeven point achieved by 30 June 2020.</p> <p>Refer ANNEXURE 9 – Key assumptions and explanatory notes</p>	<p>Will also impact Council's Building and Infrastructure Asset Renewal ratio and in the longer term the Backlog ratio</p>
	<p>c) Continue and formalise a planned program of organisation wide service and efficiency reviews</p>	<ul style="list-style-type: none"> Initially undertake a service and efficiency review of Governance and Administrative functions by 30 June 2016. Refer ANNEXURE 10 for the guiding document and proposed priorities 	<p>Save \$100,000 in the first year and subsequent years compounding for the first 4 years and then be subject to evaluation and review</p>	<p>Will improve Council's efficiency measure</p>

<p>Improve Council's 'Own Source Revenue'</p>	<p>a) Refer above – SRV approved</p> <p>b) Introduce a Section 94A Contributions Plan to replace existing section 94 Contributions Plans</p> <p>c) Develop and implement strategies to increase the availability of residential and industrial land on to the market throughout the shire.</p>	<ul style="list-style-type: none"> Completed although benefits will only start to impact on Council's budget from the 2015/2016 financial year Strategies developed during 2015/2016 Financial Year and progressively implemented 	<p>Will generate an estimated \$100,000 in additional revenue per annum. Refer ANNEXURE 9 key assumptions explanatory notes</p> <p>Will increase Council's 'Own Source Revenue'. It should be noted that Council has taken a conservative approach and no increased revenue has been included in LTFP at this stage</p>	<p>Will also improve Council's Building and Infrastructure Asset Renewal result</p> <p>Will also improve Council's Operating Performance Ratio</p>
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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.

Based on the projected benchmarks GHSC will meet all 3 of the benchmarks at 30 June 2017 and with the implementation of initiatives included in the Improvement Action Plan this will be maintained through to 2020 and beyond.

GHSC has undertaken significant work to accurately identify Council's infrastructure backlog which indicates at 30 June 2015 it will be at 0.13% which is within the benchmark ratio of less than 2%.

Council has a high degree of confidence in the backlog ratio presented and included as [ANNEXURE 6](#) is a table outlining the source documents and evidence used as the basis for the calculation. These documents are also included in [ANNEXURE 6](#). After reviewing available source documents referred to above, Council is of the view that existing asset maintenance funding is adequate which will be verified when the rolling 5 yearly condition assessments are undertaken.

Council has determined that the optimal level of borrowing for GHSC is \$5.5 million. Whilst this is well below TCorp's 2012 assessment that GHSC could service debt of \$12 million, Council is of the view that the optimal level of debt determined will enable the timely upgrade of infrastructure and facilities whilst providing intergenerational equity. Council will review the optimal level of debt on an annual basis after taking into consideration other factors such as variations in untied grant funding (e.g.: FAGs) and service and efficiency improvements.

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

Key assumptions and explanatory notes are included in [ANNEXURE 9](#).

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. Ensure Council's Infrastructure Backlog is manageable	a) Revalue infrastructure, including useful lives etc. in accordance with OLG guidelines and industry best practice b) Undertaken condition assessments of asset classes simultaneously with revaluation schedule	<ul style="list-style-type: none"> Roads and related infrastructure – 30 June 2015 – a copy of the report compiled by Jeff Roorda and Associates is included as ANNEXURE 6 Community Land other assets and land improvements – 30 June 2016 Water and Sewerage – 30 June 2017 Property, Plant and Equipment, Operational Land and Buildings – 30 June 2018 	Combined with condition assessments completed at the same time will enable Council to accurately record depreciation charges as well as providing auditable information on backlog, Building and Infrastructure Asset Renewal ratio and real operating expenditure per capita result	Will also enable Council to more accurately disclose its operating position

		<ul style="list-style-type: none"> Roads and related infrastructure – 30 June 2020 		
	<p>c) Continue to use debt (when appropriate) as a funding source to reduce infrastructure backlog and undertake asset replacement and upgrade</p>	<ul style="list-style-type: none"> Opportunity to use borrowings as a funding source considered annually during budget preparation 	<p>Total borrowings maintained at an average of \$5.5 million over the next 10 years. Refer ANNEXURE 9 – Key assumptions and explanatory notes</p>	
	<p>d) Source external funding through grants and where possible private enterprise contributions</p>	<ul style="list-style-type: none"> No. of applications submitted 	<p>Will enable increasing service standards to be met in a quicker timeframe that be solely reliant on own source revenue</p>	<p>Will have a negative impact on own source revenue ratio</p>

<p>2. Improve Council's Building and Infrastructure Asset Renewal result</p>	<p>a) Applied for a Special Rating Variation to general revenue by 16 February 2015</p> <p>b) Introduce a section 94A Contributions Plan to replace existing section 94 Contributions Plans</p> <p>c) Review relevant Asset Management Plans annually</p>	<ul style="list-style-type: none"> • Announcement from IPART approving SRV – May 2015 • Progressively implement over three years commencing on 1 July 2015 • Completed although benefits will only start to impact on Council's budget from the 2015/2016 financial year • Review completed by 31 February annually 	<p>This will increase the frequency of road resealing from 32.7 to 18.6 years and gravel resheeting from 39.7 to 21 years which is more in line with industry standards</p> <p>Will generate approximately \$100,000 in additional revenue per annum. Refer ANNEXURE 9 Key assumptions and explanatory noted</p> <p>This will enable Council to amend plans following consultation with the community on levels of service, outcomes of service reviews, etc.</p>	<p>Also improves Council's operating performance</p> <p>Will ensure Council's backlog is maintained at acceptable levels</p> <p>Will improve Council's Building and Infrastructure Asset Renewal result</p> <p>Potentially will also impact the Asset Maintenance ratio</p>
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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.

GHSC has met the Real Operating Expenditure per capita benchmark in the 2012/2013 and 2013/2014 financial years and expects to meet the benchmark in the 2014/2015 financial year.

Key strategies to improve Council's efficiency performance include the introduction of programmed Service and Efficiency Reviews, a continuation and expansion of co-operative working arrangements with neighbouring councils and active participation in the Riverina Joint Organisation.

Council recognises there will be some increase in operational expenditure due to the projected modest population increase, however as it is a per capita ratio and combined with the strategies outlined above is of the view the benchmark can be achieved in the longer term.

It should be noted, however, that Council is a contractor to the NSW Roads and Maritime Service through the Road Maintenance Council Contract. As these costs flow through the operating statement this can skew the result if there is a major movement in any direction.

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

Key assumptions and explanatory notes are included in [ANNEXURE 9](#).

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Reduce Council's real operating expenditure per capita	a) Undertake a planned program of organisation wide service and efficiency reviews	<ul style="list-style-type: none"> Initially undertake a service and efficiency review of Governance and Administrative functions by 30 June 2016. Refer ANNEXURE 10 for the Service Review Guiding document and proposed priorities. 	<ul style="list-style-type: none"> Save \$100,000 in the first year and subsequent years compounding for the first 4 years and then be subject to evaluation and review 	Also improves Council's operating performance. It should be noted that service reviews can result in other outcomes other just financial savings such as determining the mix of services, quality, frequency, etc.

	<p>b) Develop a Communications Plan to ensure contemporary and effective community engagement techniques are utilised</p>	<ul style="list-style-type: none"> A priority initiative for the 2015/2016 Financial Year and then reviewed annually 	<p>Enhanced community engagement will be the cornerstone of the achievement of almost all other actions and therefore is a high priority action</p>	<p>Will have a direct impact on how Council develops strategies to improve all FFTF benchmarks</p>
	<p>c) Continue to undertake Customer Satisfaction surveys bi-annually</p>	<ul style="list-style-type: none"> Customer satisfaction surveys completed prior to 30 June 2016, 2018 and 2020 	<p>Identify the perceived success of Council's improvement strategies</p> <p>Customer Satisfaction Surveys undertaken close to the election cycle will enable the incoming Council to review the results and form the foundation for agreed, reasonable and affordable levels of service</p>	
	<p>d) Undertake a wide ranging review of Council's Community Strategic Plan following the 2016 local government elections</p>	<ul style="list-style-type: none"> Review to be completed by 31 March 2017 	<p>Will enable Council to work with the community to develop a more relevant and user friendly document to guide Council's future prosperity</p>	

3.4 Improvement Action Plan

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

It should be noted that Council have considered that the first year of the Plan is 2015/2016 as it is imperative that initiatives already underway are continued and improved.

Action plan

Actions	Milestones
1. Develop a Communications Plan to ensure contemporary and effective community engagement techniques are utilised	A priority initiative for the 2015/2016 Financial Year and then reviewed annually
2. Revalue infrastructure, including useful lives, etc. in accordance with OLG guidelines and industry best practice	Annually in accordance with the OLG Guidelines
3. Undertaken condition assessments of asset classes simultaneously with revaluation schedule	Annually in accordance with the OLG Guidelines
4. Review and refine relevant Asset Management Plans	Review relevant Asset Management Plans annually
5. Continue to use debt (when appropriate) as a funding source to reduce infrastructure backlog and undertake asset replacement and upgrade	Optimal debt levels reviewed on an annual basis and where possible new loans drawn down to leverage funding from external sources where possible
6. Source grant funding to assist in reducing backlog and/or upgrading infrastructure and facilities valued by the community	Applications submitted when opportunities arise <i>regardless of impact on 'own source revenue' ratio</i>
7. Progressively implement the Special Rating Variation over three years	Commencing in the 2015/2016 financial year

8. Undertake a planned program of organisation wide service and efficiency reviews	At least two functional areas reviewed annually commencing 2015/2016. Target is to generate savings of \$100,000 per annum, cumulative commencing in 2015/2016
9. Undertake Customer Satisfaction surveys bi-annually	Next survey planned for 2015/2016 then bi-annually
10. Undertake a wide ranging review of Council's Community Strategic Plan following the 2016 local government elections	Planning to commence in 2015/2016 and be finalised following the September 2016 local government elections
11. Progressively implement recommendations from the Hydrosience Strategic Water Solutions Report – Fit for the Future Assessment of Water and Sewerage – May 2015	Key priority in 2015/2016 is to seek a solution to the high cost of water from AlburyCity through the negotiation of a more reasonable per kl price, or investigate supply of water from Riverina Water County Council or through establishment of additional bores or a combination of all options
12. Develop and implement strategies to increase the availability of residential and industrial land on to the market throughout the shire	Strategy developed in the 2015/2016 Financial Year and implemented as funds and/or partnership opportunities arise

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

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

Council (the Elected Members) and Senior Staff commenced addressing the NSW Independent Local Government Review Panel's Final Report with a Workshop held on 12 February 2014 when the alternate options outlined in section 3.5 below were first presented to Council. A further Workshop was held on 15 September 2014 after the Fit for the Future package was announced by the State Government. Council has issued media releases and placed articles in Council and Community Newsletters, a dedicated page on the website and social media to raise awareness of the reform process.

A key component of achieving a Fit for the Future status has been the application for a Special Rating Variation which was submitted to IPART in February 2015 following extensive community consultation and approved in May 2015.

Council's staff have received regular briefings and have been provided with copies of this submission throughout its development to provide feedback and suggestions. Suggestion boxes have also been made available in all work places to provide staff with a further opportunity to have input in the future of the Greater Hume Shire.

Following the endorsement of the draft submission it was publically exhibited to enable residents, ratepayers and staff to have further input into the final plan.

The outcomes are detailed in the table below.

Community engagement activity	Outcome
Fit for the Future information brochure	4,403 distributed
Media releases	Three issued during engagement period – 20 April, 25 May & 4 June 2015 with excellent coverage particularly through Radio 2AY
Community Information sessions (3)	83 attended
Fit for the Future Web page	426 hits
Fit for the Future Facebook page	A number of posts by Council with no comments received
Community survey (web and paper based)	337 returned
Written submissions	8
Staff survey (web and paper based)	58 returned
Staff suggestions boxes	16 individual contributions (this is in addition to the large number of comments provided on the staff surveys)

A table outlining the community engagement actions along with supporting documentation is included as [ANNEXURE 11](#).

Council has also sought expert assistance through Jeff Roorda and Associated and HydroScience Strategic Water Solutions to review Council's Asset Management Planning in the areas of roads and related infrastructure and water and sewerage operations.

Despite all the challenges faced by GHSC since its formation in 2004, clearly the results of the community survey support Council's decision to continue to stand-alone with 295 (over 90%) of respondents who answered the question in favour of continuing to stand-alone and just 32 (10%) against.

A comprehensive review the results of the community survey (including all comments made by residents and ratepayers) is also included as [ANNEXURE 11](#).

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.

Preferred Option – Retaining the existing boundaries of Greater Hume Shire and continue as a stand-alone Council.

Status Quo seeking an extension of the review period to 2020 and embracing the Joint Organisation concept

Clearly the best outcome for GHSC is for the status quo to remain with the review period to be extended to 2020 as first proposed.

Council has consistently advised the Local Government Review Panel that we are addressing long term sustainability challenges but have the ability and the willingness to implement a number of strategies to address these challenges including:-

- Achievement of organisational efficiencies
- Increase rate revenue above rate pegging limits for a period of three years and then remain permanently in Council's rate yield.
- Increased use of debt financing
- Enhanced regional collaboration
- Further development of shared services with neighbouring councils
- Structured organisation wide service reviews
- Increased use of reserves where appropriate

For Council to achieve the status quo it would appear the Joint Organisation philosophy will need to be embraced both at councillor and managerial level preferably with the Riverina Joint Organisation, but possibly in a Joint Organisation with Albury, Corowa and Urana.

Opportunities

- Continue to be a rural based council
- Business as usual – get on with the job

Challenges

- Demonstrating that GHSC is a Fit for the Future Council to be eligible for access to State borrowing facilities, etc.
- Increasing revenue base to effectively management infrastructure renewal and replacement.

OTHER OPTIONS CONSIDERED BUT ELIMINATED AS NOT IN THE BEST INTERESTS OF GREATER HUME SHIRE RESIDENTS AND RATEPAYERS

As outlined in section 3.4 Council commenced consideration shortly after the final report of the NSW Independent Local Government Review Panel was released in January 2014. The first workshop was held on 12 February 2014 with further workshops held on 15 September 2014, 3 December 2014, 4 and 25 March 2015 following the release of the State Government's Fit for the Future Package.

ELIMINATED Option 1

Southernmost part of Greater Hume to be subsumed into Albury City.

GHSC remains as a stand-alone council but with the Jindera/Bungowannah area being subsumed into Albury City. A map of the south west area of the shire along with a map of the entirety of the whole shire are included as [ANNEXURE 12](#).

As stated in the submission after calculating major revenue and direct expenditure sources this would result in a shortfall of \$1,289,700.

Opportunities

- Potentially eligible for Fit for the Future incentives if viewed as a voluntary merger

Challenges

- Reduced rate base without compensatory reduction in expenditure
- Further loss of growth areas
- May not be eligible for Fit for the Future incentives (e.g.: access to State Borrowing Facility)
- Potentially higher rates in transferred areas, particularly in residential villages, rural residential, business and farmland rates.

The table below includes the statistics relevant to this scenario.

	Amount	%
Population decrease	2023	20.61
Area	344.4 sq. km	6
Reduction rateable income	\$1,301,709	20.53
Reduction in rateable assessments	1,226	19.32
Reduction in land valuation	259,499,535	16.96
Reduction in road network		
Rural roads – sealed	59.6	9
Rural Roads – unsealed	78.4	8
Urban roads – sealed	10.9	12
Urban roads – unsealed	1.2	8
Regional Roads	23.6	8

	Amount	%
Reduction in Regional Roads & Repair Grants	\$201,984	8
Reduction in Roads to Recovery Grant	\$89,042	8
Estimated reduction in Financial Assistance Grant (including roads component)	\$787,481	16
Estimated reduction in direct expenditure	\$1,090,516	

ANNEXURE 13 provides a summary and further detail into the direct income and expenditure taken into consideration. It should be noted the above estimate has not considered all income sources (e.g.: DA fees, etc.) or smaller expenditure items but it provides sufficient information to highlight that it would be extremely difficult to survive as a standalone council if the Jindera/Bungowannah area was lost to Albury City Council.

It should be noted that in AlburyCity's Draft Submission at 3.5 it states: *'AlburyCity strongly objects to further amalgamations involving the Albury Local Government Area'*. Later in the submission AlburyCity states *'that it is unlikely that boundary changes would improve the sustainability of AlburyCity'*.

ELIMINATED Option 2

Assuming Option 1 eventuated ... seek a merger of the remainder of Greater Hume with Lockhart.

This would result in the following:

Area (sq. km)	8,481
Population	11,196
Total operating expenditure (exc. Depreciation)	28,934,000
Expenditure per capita	\$2,169
Population per sq. km	1.51

A comparative information table is included as [ANNEXURE 14](#). A merger of the remainder of GHSC with Lockhart Shire would result in the same challenges as Scenario 1. Savings of almost \$1,300,000 would need to be found just to achieve the status quo. This would almost certainly lead to the closure of either the Culcairn or Holbrook Office and possibly a depot as it would be anticipated that Lockhart Shire would insist on maintaining a significant office presence in Lockhart.

Further it is Council's view that Lockhart Shire (as GHSC should) would insist on a thorough review of expenditure items, services levels, etc. to ascertain detail on roads maintenance and construction expenditure.

Opportunities

- Retention of a rural based shire
- Population greater than what currently exists
- Potentially eligible for Fit for the Future incentives

Challenges

- Larger geographic area without significant population increase or growth opportunities
- Modest population with just 1.51 people per sq km
- Further rationalisation of assets (Council Offices, depots, etc.) would be required
- Large number of towns and villages and associated infrastructure remain
- New LGA would likely have a lower SEIFA index of relative disadvantage than as is the case with GHSC

GHSC is firmly of the view that this option is not in the best interests of its residents and ratepayers.

ELIMINATED Option 3

Total merger with Albury

Area (sq. km)	6,233
Population	60,000
Total expenditure (exc. Depreciation)	\$133,000,000
Expenditure per capita	\$2,133
Population per sq. km	9.6

This is possibly the preferred option of the Local Government Review Panel, however AlburyCity in their draft submission has stated that they strongly object to further amalgamations involving AlburyCity based on the experience of the last two boundary adjustments.

Detailed below is a comparison of estimated **general rates** payable by GHSC and AlburyCity in the 2017/2018 financial year (expiration of Special Rating Variation increase).

Rating category	Land Value	Greater Hume \$	Albury \$
Residential	25,000	\$577	\$551 (V - \$517)
	76,500	\$1050	\$1,021 (V - \$916)
Residential - Villages	42,600	\$511	\$653
Residential - Rural	137,000	\$1,063	\$1,198
Business	97,600	\$1,179	\$2,344 (V - \$1,211)
Farmland - ordinary	500,000	\$1,939	\$3,062
	1,000,000	\$3,558	\$5,802

Assumptions

1. Any land subsumed into Albury City would transfer to their existing rating structure.
2. Assumes towns of Culcairn, Henty, Holbrook, Jindera and Walla Walla rated at the residential rate. Residential villages category value in brackets for comparison purposes

ELIMINATED Option 3 cont...

The table above demonstrates that there is likely to be little difference in residential rates (primarily because of AlburyCity's significantly cheaper water pricing structure) but Business, Rural Residential and Farmland rates are likely to increase significantly, even after the Special Rating Variation.

Opportunities

- Meets the Fit for the Future scale and capacity
- Eligible for Fit for the Future incentives

Challenges

- Retaining a presence, voice and representation in rural areas
- Selling a total merger to the community
- Potentially higher rates, particularly business and farmland rates
- AlburyCity has resolved that it does not consider a merger with GHSC is in the best interests of its ratepayers

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)	-0.186	-0.048	-0.029	-0.015	-0.009	0.002	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	68.1%	69.7%	73.4%	74.7%	76.4%	76.5%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	120.4%	121.7%	120.9%	108.4%	103.1%	138.5%	Yes
Infrastructure Backlog Ratio (Greater than 2%)	0.13%	0.13%	0.13%	0.13%	0.13%	0.13%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	100%	100%	100%	100%	100%	100%	Yes

Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.62%	4.76%	5..05%	4.28	4.37%	3.59%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	2.26	2.14	2.06	2.03	1.98	1.94	Yes

The Long Term Financial Plan is also included as [ANNEXURE 15](#).

4.1 Expected improvement in performance

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

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

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

For example, who is responsible, how the council will monitor and report progress against achieving the key strategies listed under Section 3.

The Improvement Action Plan has been enshrined in Council's Integrated Planning and Reporting framework by including actions in the Delivery Plan, Resourcing Strategy and Long Term Financial Plan.

The General Manager will primarily be responsible for the implementation of the Improvement Action Plan with reporting to Council and the community on a quarterly basis.

GHSC is comfortable with meeting any reasonable reporting requirements through annual Financial Statements, Annual Reports or through other sources, providing it does not increase the compliance burden and cost on Council and ultimately the ratepayers.

GHSC welcomes the opportunity to participate in a further Fit for the Future style review in 2019 to demonstrate that Council has delivered the Improvement Action Plan initiatives and has built a solid foundation for long term sustainability.

Annexures Summary Table

Annexure Number	Details	Hyperlink/IPART Attachment
1	Service Review Information (to date)	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=0Kro5lnBqtE%3d&tabid=637
1B	Submission to be included in the Riverina Joint Organisation Pilot	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=m8xrrlby5m4%3d&tabid=637
2	Key Elements of Strategic Capacity	Attachment 1
	2.a Draft Community Health and Well Being Profile and draft Plan	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=mHnPjzBhRCY%3d&tabid=637
	2.b Draft Risk and Work Health and Safety Management System	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=20Xv-q8bMVM%3d&tabid=637
	2.c Table of community committees and associated organisations	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=atndLsUoIjY%3d&tabid=637
3	REROC – Building Strategic Capacity -	Attachment 2
4	Population Migration Map and Census Data	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=8hDLKi5OxaY%3d&tabid=637
5	Rural Council Characteristics	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=FRGszGrqpDA%3d&tabid=637
6	Jeff Roorda and Associates – Submission to IPART – Methodology for Assessment of Council Fit for the Future proposals Jeff Roorda and Associates – Asset Management Plan Summary Useful Life Expectancy of Gravel	Attachment 3

Annexure Number	Details	Hyperlink/IPART Attachment
	<p>Roads within Greater Hume Shire Council</p> <p>Useful Life Expectancy of Sealed Roads within Greater Hume Shire Council</p> <p>Greater Hume Shire SS7 Roads Risk Calculator</p> <p>Building Condition Assessment 2015</p> <p><i>Other documents available on request</i></p> <p>Halls Structural Report 2012</p> <p>Aquatic Facilities Technical Assessment 2013</p>	
7	HydroSciences Strategic Water Solutions - Greater Hume Shire Council – Fit for the Future Assessment.	Attachment 4
8	<p>Alf Grigg and Associates 2007 Revaluation</p> <p>CPE and Associates 2012 Revaluation</p> <p>Water And Sewerage Condition and Backlog Report</p> <p>Water And Sewerage 30 Year Capital Works Program</p>	Attachment 5
9	Key assumptions and explanatory notes	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=rhTmhuXlIiQ%3d&tabid=637

Annexure Number	Details	Hyperlink/IPART Attachment
10	Service and Efficiency Reviews – Guiding document	Attachment 6
11	Community Engagement Actions table and supporting documentation	Attachment 7
12	Map of the south west area of Greater Hume Map of whole of Greater Hume	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=JO7h7JBIRrU%3d&tabid=637
13	Income and Expenditure Information Table	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=ibdIT0Yp30c%3d&tabid=637
14	Comparative Information Table	http://www.greaterhume.nsw.gov.au/LinkClick.aspx?fileticket=fUWZW15Hs2c%3d&tabid=637
15	General Fund Long Term Financial Plan (LTFP)	Attachment 8