

Template 3

Rural Council Proposal



Getting Started

Before you commence this template, please check the following:



You have chosen the correct template – only councils in Group C in the final report of the Independent Panel or that meet the Rural Council characteristics (and do not wish to complete template 1 or 2) should complete Template 3.



You have read a copy of the guidance material for Template 3 and instructions for completing each question.



You have completed the self-assessment of your performance, using the tool provided.



You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.



Your Proposal has been endorsed by a resolution of your council.

Section 1: About your council's proposal

Council details

Council name:

Walcha 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 how adopting the Rural Council and other options in your Proposal will improve your council's performance against the Fit for the Future measures.

The Independent Local Government Review Panels final report into revitalising NSW Local Government identified Walcha Council as a group B Council with the recommendation to merge with Uralla or become a rural council in a New England Joint Organisation. Walcha Council used this recommendation as its starting point and held numerous meetings with Uralla Council to discuss the viability of a merger and other opportunities to share resources taking into account the views of both of our communities. It was agreed very early in the process after considering social economic and environmental factors that a merger was not feasible but both Councils have agreed to work closely with each other and a number of joint initiatives have resulted since, which will be described further in this submission. At this stage it was also resolved that Walcha Council would become a full member of the Pilot Namoi Joint Organisation as well as an associate of the New England Joint Organisation.

Walcha Council disputes the methodology used by TCorp, however, it used the report as a reality check and developed an improvement plan. The first stage of the plan was improving Councils Asset Management and Accounting. Council employed additional resources and worked with its external Auditors over a twelve month period to completely rewrite its Asset Management Plans, this has resulted in a drastically reduced annual depreciation figure that now accurately reflects the annual consumption of Council assets. The flow on effect of this action is reflected in Councils financial performance over the last two years. The other elements of the improvement plan will be expanded on further in the remaining sections of the submission but include an organisation restructure, extensive service levels reviews, additional resource sharing, streamlined governance, a boundary adjustment and a possible special rate variation.

As a part of the Fit for the Future program Council undertook a thorough community engagement program that included a community survey, meeting with special interest groups and a public meeting. The aim of the engagement was to inform the community of the Fit for the Future program, communicate Councils current position and get the communities preferred options for the future of the Walcha Council. After the completion of this process Council has resolved to submit the Rural Council template. Structural reform or more specifically amalgamation has been an ongoing issue for Walcha Council and attached is a previous report from Gabrielle Kibble AO into Local Government Services in the New England (appendix 1). This review supported the Walcha communities' claim of a unique

community of interest and Walcha was not included in its recommendation that the existing areas of Armidale, Dumaresq, Guyra Shire and Uralla Shire Councils should be amalgamated.

This submission will demonstrate how Walcha Council together with its community and in partnership with the wider region will continue to deliver high quality, efficient and affordable local government services as a stand alone independent entity into the future.

1.2 Scale and capacity

Did the Independent Local Government Review Panel identify the option that your council become a Rural Council?

(i.e. your council was identified in Group C or B of the Panel's final report)

Yes

If the Panel identified an alternative preferred option for your council, have you explored this option?

(Group C Councils should answer 'NA')

Yes

1.2 Scale and capacity

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

Rural Council Characteristic	Your council's response
1. Small and static or declining population spread over a large area	Walcha Estimated Population in 2013 was 3,087 a slight decline from 3104 in 2012. The 2011 census had the population at 3,021. Walcha Councils area is 6,261.3 km ² .
2. Local economies that are based on agricultural or resource industries.	Walcha is first and foremost an agricultural area, (wool, beef cattle, dairy and fat lambs), it also has a long history as a timber producing area. As per the ABS Census 2011, the Walcha Local Government Area showed that 43.4% of the population was employed by Agriculture, Forestry and Fishing with the next highest industry of employment being Health Care & Social Assistance with 7.5% followed by Retail Trade with 6.8%.
3. High operating costs associated with a dispersed population and limited opportunities for return on investment.	Council has an area of 6261.3 km ² with an estimated population of 3,087. Council has a road network of 917 km. Council also has the disadvantage of having over one third of the council area being National Park or State Forest and consequentially non rateable.
4. High importance of retaining local identity, social capital and capacity for service delivery.	Council provides services to a large diverse area including National Parks, State Forests, villages, rural and town areas. Walcha is a distinct community in its own right satisfying the majority of its social, cultural, educational, recreational and economic needs from within the shire area. This can be evidenced by the services and businesses located within the LGA as well as the sporting organisations, which conduct their own competitions within the shire. Walcha residents utilise the services of the larger regional centres, such as Tamworth and Armidale, but is not dependent on either of these centres.

<p>5. Low rate base and high grant reliance.</p>	<p>Council has a reasonable rate base consistently meeting the 60% own source ratio however this is offset by the large area of non rateable land as mentioned above.</p>
<p>6. Difficulty in attracting and retaining skilled and experienced staff.</p>	<p>Walcha Council has been able to attract and retain a high level of skilled staff with the General Manager and Councils only Director both having post graduate qualification. Also there are six other managers with degree qualifications. However due to our size it is not possible to employ all the specialist staff that we need, to offset this Council has entered into contractual arrangements with Tamworth Regional Council to provide IT Network support and intend to access other specialist staff through the Joint Organisation. It has also recently jointly employed specialist staff with Uralla Council and will continue to explore these options as opportunities arise.</p>
<p>7. Challenges in financial sustainability and provision of adequate services and infrastructure.</p>	<p>Council believes that with the improvement plans that it has in place along with the additional capacity that the Joint Organisations provide it will be best able to provide adequate services and infrastructure into the future.</p>
<p>8. Long distance to a major or sub-regional centre.</p>	<p>Walcha town is 95km from Tamworth and 65km from Armidale, two regional centres nearest to Walcha. Walcha is transport disadvantaged having no form of public transport, taxi or buses, making these distances accentuated. Council's two most outer lying villages, Nowendoc and Yarrowitch, are in excess of 150km from Armidale. The north eastern area of the shire is in excess of 150km from Tamworth.</p>
<p>9. Limited options for mergers.</p>	<p>The suggested merger with Uralla is impractical for a number of reasons. The two council's areas have distinct and completely different communities of interest. They are in different State Government electorates, different police commands and different health clusters. (Refer Appendix 1)</p>

Scale and strategic capacity cont

Council would also like to address the elements of Scale and Strategic Capacity as defined by the Independent Panel.

Robust revenue base and increased discretionary spending.

- Councils own source revenue ratio over the last three years has exceeded the 60% benchmark
- Council has budgeted for its largest ever capital works program for 2015/2016 of over 7 million dollars.
- Council achieved an Infrastructure renewal ratio of 169.3 % in 2014 and it is predicted that it will average in excess of 100% going forward.

High quality leadership and the ability to employ a wide range of skilled staff.

- Council has a diverse and skilled group of elected members who are engrained into the community. Councillors include primary producers, small business owners current and retired teachers and also have an executive member of the previous Shires Association of NSW and the present Local Government NSW.
- Council in 2014/2015 undertook an organisation restructure and now only have the General Manager and one Director both who have post graduate qualifications. Underneath these two senior staff are six managers all with degree qualifications. The restructure has saved Council \$30,000 annually. As mentioned previously these highly skilled staff are complimented by contracted specialist staff from adjoining council areas.

Advanced Strategic planning and policy development

- As previously stated Council has a highly qualified and skilled executive management team with enormous Local Government experience in planning and policy development.
- Council is a full member of the Namoi Councils pilot Joint Organisation giving it access to and even broader set of skilled councillors and staff.

Knowledge, creativity and innovation.

- Walcha Council in collaboration with Uralla and Gloucester Shire Councils were successful in securing over \$3.8 million of Regional Development Australia funding (RDAF) to upgrade sections of Thunderbolts Way. Thunderbolts Way is a Regional road that provides a main access for tourist and freight moving from the New England Northern West areas of NSW to Newcastle. The increasing movement of NSW Forests' logging product and livestock coupled with inadequate maintenance funding from the NSW Government has resulted in sections of the road deteriorating to the point where it is now discouraging the tourists and regional businesses using the road impacting on the economic activity of towns along the route and the provision of direct access to medical services of the John Hunter Health Services.

Walcha Council took the lead in obtaining the RDAF, convening a meeting and obtaining agreement from Gloucester Shire Council, Uralla Shire Council, Guyra Shire Council and Inverell Shire Council to be party to the funding submission. Walcha Council also arranged for the preparation of the economic analysis of the impact the road has on the business activity in the New England North West as well as a full road condition survey of the road from Gloucester to Inverell. This work, together with the in-house preparation of RDAF documentation was instrumental in this project being successful. Council is presently managing the acquittal process on behalf of the other councils.

- Council has a number of innovative resources sharing arrangements and include the following, Council recently undertook a review into waste management which ultimately resulting Council entering into contractual arrangements with Uralla Shire Council to deliver the kerbside collections service. The waste is then transport under other contractual arrangement to the Tamworth Regional Council Waste Disposal facility
- Council recently constructed jointly with Tamworth Regional a \$1,200,000 bridge at the village of Woolbrook. Currently Walcha and Tamworth share responsibility for the village.

Scope to undertake new functions and major projects

The Regional Development Australia Grant mentioned above is an example of Walcha Councils ability to deliver major projects. Walcha was responsible from the conceptual stage right through to the present stage of construction

Walcha Council although relatively small, it is extremely complex in the services that it provides to its community. These services include the traditional local government services along with the non standard services such as water supplies, sewerages services, home and community care, meals on wheels, Roads and Maritime Services Agency. All these services are customer focused. Often in small rural communities councils become the service provider of last resort, when other agencies or services providers withdraw or can not provide the services, the community looks to council to step in. An example of this is the Walcha Preschool which was a community run facility that was struggling due to a lack of committee expertise. Council agreed to a request to assume responsibility for the running of the service. After assuming responsibility for the preschool Council identified an additional community need, that of Early Intervention Preschool Education. Council sourced a significant capital grant and constructed an Early Intervention Centre in conjunction with the existing preschool facility.

The facility recently underwent an assessment and rating under the National Quality Framework in accordance with the Educational and Care Services National Law Act 2010. In determining the final ratings for our service the NSW Department of Education & Communities undertook a rigorous assessment of the quality of the service against the National Quality Standard for Early Childhood Education and Care. The service received an overall rating of "Exceeding National Quality Standard" the highest rating possible

Effective regional collaboration

Walcha Council has a long history of collaboration with the other councils in both the New England and the Namoi regions. Walcha was a long standing member of Namoi Council and is currently a member of the Namoi Pilot Joint Organisation of Councils below is a list of the joint initiatives of this organisation:

- The establishment of the Namoi Water Utilities Binding Alliance consisting of all councils as members to ensure retention of community ownership of water supply and sewerage service assets and the sustainability of Council water and sewer operations and adopting one of the three organisational structure and accompanying governance model recommended by the 2008 NSW Armstrong & Gallatly Report for a Binding Alliance
- A Shared Panel of Conduct Reviewers for complaints received in respect of breaches of individual Councils Code of Conduct following the invitation of Expressions of Interest by Namoi Councils and the appointment of Conduct Reviewers by Council members.
- A Plant & Equipment Resource Sharing Working Group to exercise the function of reducing costs, accessing economies of scale, reducing duplication of effort, delivering services or introducing new services through plant and equipment sharing to achieve better environmental outcomes and improve access to staff technical expertise and skills development.
- A Strategic Workforce Planning Working Group established under the direction of the General Managers Advisory Committee (GMAC) with the specific objective of capturing the benefits and opportunities of a regional strategic collaborative approach to HR services among member Councils.
- A Planning Group, comprising as members the Directors of Planning from member Councils, to exercise the function of providing specialist planning advice to the Namoi Councils Board on opportunities to support regionally significant economic drivers and to progress planning strategies to facilitate regional growth and the timely delivery of infrastructure and services.
- Submissions on pinnacle Local Government issues involving governance, finance, regional economic development, transport, health education, regional infrastructure, water supply, local government reform, NSW legislation, strategic regional planning, regional land use, tourism development and mining and energy resource development.
- A partnership with Regional Office of NSW Department of Premier & Cabinet and the cooperative development of strategies and actions to assist communities maximise the net social and economic benefits from mining and resource development in the Namoi Region.
- Development of an effective channel of two-way communication with State Government executive decision makers, not previously existing, to explore and capture economic benefits and opportunities for the Namoi Region.
- A 20 Year Regional Infrastructure Priority Plan of infrastructure projects critical to the sustainability, future growth and development of the Namoi Region to position the Region to secure funding from the Rebuilding NSW Program to invest \$6 billion in infrastructure, funded from the partial lease of the NSW Electricity Networks.

Walcha Council also has a number of other regional collaboration initiatives that are not tied to Namoi Councils or any one particular geographical area the following list are some examples.

- Walcha is a member of the New England Weeds Authority a county council delivering weed management services to it's the councils of Armidale Dumaresq, Guyra Shire and Uralla Shire and Walcha

- Walcha contract Uralla Council to provide its kerbside waste management collection which is then delivered to the Tamworth Regional Waste Facility under another contractual arrangement
- Walcha Council is a member of the Central Northern Regional Libraries administered by Tamworth Regional Council delivering Library services to six local government areas.
- Walcha is a member of the New England North West Tourism Association in collaboration with six other Local Government areas to jointly promote tourism in the region
- Walcha is a member of the Northern Inland Waste Management Group. A group of 11 councils jointly working on Waste Managements Strategies
- Walcha Council contracts Tamworth Regional Council to provide Information Technology support services.
- Walcha and Uralla jointly employ a ranger.
- Walcha and Uralla have common Independent members of their Internal Audit Committee
- Arts North West – A Not for profit organisation promoting Art and Culture with in the Region with 12 councils as members.
- Northern Region Food Surveillance Group, 12 councils meet quarterly for information on current issues and joint training.
- **Credibility for more effective advocacy**
- Walcha Council is a full member of the Namoi Council Pilot Joint Organisation of Councils with one of its core functions being regional advocacy with some examples mentioned in the regional collaboration section..
- Council has a long history of successfully lobbying and partnering with other levels of Government to deliver quality outcomes for the community. One of the most successful was Council lobbying the State Government to fund the building on a new Multi Purpose Health Service.

Resources to cope with complex an unexpected change.

The Local Government industry has faced constant and unexpected change for a number of years and Walcha Council has been able not only to cope with this change but have embraced it to enhance the services that it provides. The most recent example was the introduction of the Integrated Planning and Reporting regime, rather than resist the change Council has used it to plan, drive and measure its performance.

Capable partner for State and Federal agencies

Council successfully deliveries a number of services on behalf of and in partnership with other levels of Government. The following are some examples

- Council is contracted by the Roads and Maritime Services (RMS) to provide road maintenance on the Oxley Highway.

- Council provides a heavily vehicle inspections station the RMS use to inspect heavy vehicles prior to registration renewal.
- Council provide Community Care Services on behalf of the State and Federal Government this service includes the provision of meals on wheels.
- Council runs a Service New South Wales Agency under contract to the State Government.

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Section 2: Your council's current position

2.1 Key challenges and opportunities

Explain the key challenges and opportunities facing your council through a SWOT analysis.

<p>Strengths</p> <p>Health Services</p> <p>Affordable Housing</p> <p>Community minded and Lifestyle</p> <p>Strong knit community with strong identity</p> <p>Unique travel destinations National Parks and Open Air Gallery</p> <p>Highly desirable route for touring motor bikes</p> <p>Council small motivated team, very lean operational and administrative keeping costs to a minimum</p> <p>Strong performer for RMS works > \$3M past 12 months</p> <p>Present relationships with surrounding Councils</p> <p>Councils financial position moving forward</p> <p>Static Population</p> <p>Strong volunteer base</p>	<p>Weaknesses</p> <p>Poor housing rental availability</p> <p>Challenges in attracting skilled/educated professionals to rural centres</p> <p>Cold Climate</p> <p>Limited local road making resources</p> <p>Large road asset base – 27 Timber bridges needing replacement</p> <p>Over one third of LGA by area does not contribute financially – NSW Forests and National Parks. But have significant impact on Infrastructure.</p> <p>Static Population</p> <p>Secure Water Supply</p> <p>State Government employees working in Walcha but not residing in the town leading to no input to the community by these employees.</p> <p>Limited childcare opportunities</p>
<p>Opportunities</p> <p>Attracting business and residential development</p> <p>Development of infrastructure to attract aging population</p> <p>Improved secure water supply</p> <p>Enhanced tourism potential with proposed major Tourism event planned for 2016</p> <p>Boundary adjustments with Tamworth Regional Council will increase revenue and population to improve sustainability</p> <p>Additional resource sharing through the Namoi Joint Organisation and surrounding councils</p> <p>Apsley Dam Project to future proof both water and energy resources for the region and broader region such as the Murray Darling Basin.</p> <p>The lack of childcare positions provides an opportunity for more childcare facilities.</p> <p>Cool experience tourism marketing</p>	<p>Threats</p> <p>Further deterioration of Thunderbolts Way and local roads and bridges from heavy vehicle operations linked to Forests NSW and National Parks.</p> <p>Water supply security if not addressed</p> <p>NSW reducing Regional Roads funding</p> <p>Loosing community identity if amalgamated and reduction in level of service which is proven with previous round of amalgamations – larger centres receive attention while smaller centres have their level of service reduced.</p> <p>IT infrastructure especially telecommunications becoming less efficient and affecting local business operations</p> <p>Further decline in population due to services being removed from small centres e.g. Westpac bank, Jobs Australia & Medicare Local</p> <p>Loss of either water or sewer functions will significantly affect Council critical mass and ability to function and attract suitable staff</p>

2.2 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-30.9%	-30.7%	-30.4%	-11.8%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	54.6%	59.7%	62.6%	61.5%
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	52.2%	42.9%	45.4%	169.7%



See Guidance material page 14-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Sustainability			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	No - Average -24.9%	0.03%	Yes – From 2016/17 Council will achieve the desired benchmark – 2.17% for 2016/17 to 2018/19
Own Source Revenue Ratio (Greater than 60% average over 3 years)	Yes – Average 61.2%	62.18%	Yes – From 2016/17 Council will achieve the desired benchmark – 62.7% for 2016/17 to 2018/19
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	No – Average 69.4%	122.61%	Yes – From 2016/17 Council will achieve the desired benchmark – 122.33% for 2016/17 to 2018/19

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

Operating Performance Ratio – This ratio was negative for the period 2010/11 to 2013/14 as the depreciation value was overstated.

Building and Infrastructure Asset Renewal Ratio – This ratio was low for the period 2010/11 to 2012/13 as the depreciation value was overstated.

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Infrastructure Backlog Ratio (Less than 2%)	10.45%	10.57%	10.91%	10.83%
Asset Maintenance Ratio (Greater than 100% average over 3 years)	105.8%	69.7%	67.4%	67.2%
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.81%	0.34%	0.16%	0.59%



See Guidance material page 13-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management			
Measure/Benchmark	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	No – Average 10.83%	8%	No – From 2016/17 Council will achieve the desired benchmark – 7.3% for 2016/17 to 2018/19
Asset Maintenance Ratio (Greater than 100% average over 3 years)	No – Average 68.1%	100%	Yes – From 2016/17 Council will achieve the desired benchmark – 100% for 2016/17 to 2018/19
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	Yes – Average 0.36%	1.47%	Yes – From 2016/17 Council will achieve the desired benchmark – 1.41% for 2016/17 to 2018/19

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

Infrastructure Backlog - Council has not achieved the Infrastructure Backlog Ratio. It has demonstrated however, that it has reduced by 50% its backlog over the forecast period. Achieving a 2% target for this ratio is not practical while ever the State and Federal Governments specifically NSW Forestry and National Parks which accounts for 8% and 27% of land mass within the Walcha LGA continue to significantly impact on the local and regional roads and bridges infrastructure through logging operations of more than 180,000T/annum or over 7,800 Heavy Vehicle movements per annum without having to contribute financially via rates of road user charges. This ratio will be greatly improved by the recent announcement of the Federal Government of addition Roads to Recovery funding.

Asset Maintenance Ratio – The asset management ratio for 2011/12 to 2013/14 are skewed as a result of capital expenditure being incorrectly included in the required maintenance expenditure in special schedule 7.

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	3.09	3.71	4.08	3.59



See Guidance material page 13-15 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Efficiency				
Measure/Benchmark	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	3.59	Yes	2.53	Yes – From 2016/17 Council will achieve the desired benchmark – 0.05 decrease for 2016/17 to 2018/19

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

2.3 Water utility performance

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

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

No

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

Refer to 2013-14 NSW water Supply and Sewerage Performance Monitoring Report – Appendix C and D. Individual reports attached – Appendix 2

Council has achieved 79% compliance with regards to the implementation of best practice management.

Areas which Walcha Council have not completed full compliance are:

- Developer Charges – These are not implemented due to the minimal likelihood of any future developers other than the Council.
- Sound Water Conservation Plan and Drought Management Plan – Both of these plans are currently being written in conjunction with Walcha Council Secure Yield Study and are expected to be completed by December 2015.

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

\$1,284,000



See Guidance material page 16 for help completing this section.

2.3 Water utility performance

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

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Emergency Works – Secure Yield Upgrade – Stage 1	2015-2017	\$600,000	\$600,000
Emergency Works – Secure Yield Upgrade – Stage 2	2015-2017	\$1,500,000	\$1,500,000
Sewerage treatment Plant – Upgrade for implementation of reuse scheme	2016-17	\$2,000,000	\$1,000,000

2.3 Water utility performance

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

Yes

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

2.3 Water utility performance

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

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

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Automation of Walcha Water Treatment Plant	2015-2017	Reduced operational costs especially energy costs.
2. Community education – water usage through the Namoi water Alliance	2016	Reduction in water consumption – saving water resources.
3. Completion of Yield study, Drought management Plan and Water conservation Plan	Dec 2015	Improved compliance with best practice management.
4. Review of Integrated water Cycle Management Plan	2016-2017	Prepare for the next 30 years
5. Drinking Water Management System – Full implementation	2016	Risk minimisation for the supply of water to the community
6. Reuse Water Planning study and Scheme Implementation	2017 - 2018	Minimise environmental discharge and maximise potable water substitution through reuse on playing fields or the like

Section 3: Towards Fit for the Future

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

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

Option 1: Resource sharing				
Proposal	Implementation	Proposed milestones	Costs	Risks
Joint purchasing of Plant	Through the JO	December 2015	\$10,000	Not all Councils being involved and industry not responding positively.
The joint sharing of an ecologist employed by the JO to assist all Councils comply with their environmental responsibilities	An ecologist is employed by the JO and utilised by all JO members for the production of REF's for all projects	Ecologist on board by June 2016	Initial cost of \$100,000 to be shared by all JO members.	Not supported by all JO members. Being able to attract the resource.
The joint sharing of a ranger employed by Uralla Shire Council.	Ranger hired by Uralla Shire Council and contracted by Walcha Council 2 days per week through an agreement for a set period	Hired in April 2015	\$0 the revenue generated will pay for initiative.	Resistance from the community.
The joint sharing of a strategic planner with Uralla Shire Council to assist in the development of local planning controls.	Strategic planner is hired by Uralla Shire Council and contracted by Walcha Council as Required	Contractual agreement by June 2016	\$25,000 per annum	Being able to attract a suitable resource.
JO to develop standard forms and templates to be utilised by all members e.g. standard set of conditions of development consent, and sharing of policies and procedures, template letters and application forms.	Collation of existing forms, policies and templates etc. by the JO to be reviewed and adopted by the JO member Council's.	Evidence of standard forms, templates and conditions developed over the next 6 months, and ongoing.	\$30,000	Continued support from member Council's of the JO

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

Efficiency	Infrastructure and Service Management	Sustainability
Less administrative effort required for the purchasing process saving on operating costs	Potential improved resources such as large plant due to the savings made through the joint purchasing process and also the collaborative efforts of establishing more appropriate specifications.	Improved turnaround of plant through more efficient purchasing and specification development. Potential more sharing of plant between entities due to similar plant being purchased and greater collaboration between Councils.
The utilisation of a joint resource will save significant costs compared to individual engagements of \$5,000 to \$10,000 per REF assessment.	The Production of REF's will be completed to a far more acceptable standard using more suitable resources. This will minimise the exposure to environmental risk for each entity	The production of better REF's will improve each Council's sustainability standing through the protection of the environment. The JO arrangement will provide a resource which would not be financially possible through individual entities.
Increased companion animal compliance, increased revenue through a higher number of companion animal registrations. Undertaking of on-site sewage management inspections to achieve compliance with legislative framework, increased revenue.	Increased public health service delivery through management of companion animals and On Site Sewer Management (OSSM) systems, regulating the efficient operation of OSSM systems & reducing risk of companion animal issues. Costs of completing training and sharing equipment divided between the two Council's.	Meeting legislated service delivery requirements. Generated revenue to fund the position & improved public health outcomes.
The utilisation of specialist knowledge to prepare streamlined local plans to assist and guide development in the LGA that will save significant costs compared to permanent employment of a strategic planner.	The development of relevant, up-to-date, user friendly documents available to the community and developers to guide development and the desired strategic direction of Council.	Promotion of practical and innovative development in the community. Enhancing the LGAs liveability and attractiveness to developers, with clear guidance on suitable and compatible land use development.
Reduced duplication of effort in creating the forms, templates etc. all implemented under the same legislative requirements.	Will better enable Council's to ensure documents are accurate in accordance with the relevant legislation.	Through the continued success of the JO member Council's can continually collaborate to ensure documents provided to the community are accurate.



See Guidance material page 17-20 for help completing this section.

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

Option 2: Shared administration				
Proposal	Implementation	Proposed milestones	Costs	Risks
The possible sharing of management or administrative positions between Walcha and other Councils	Through natural attrition management and administration positions will become vacant	The implementation of a Shared position within 3 months following the departure of the position.	\$30,000 for system establishment and workflow processes	Acceptance from community and Council
Increased joint administration of grant programs	Council has already achieved this between Uralla and Gloucester Councils in its successful RDA grant for the Thunderbolts Way Project which provides funding for all three Councils through a joint submission and single administration entity	Already achieved	\$10,000	Continued support for the process from all three entities
Common independent members of Internal Audit Committee.	Joint advertisement and common evaluation methodology.	Appointed in April 2015	\$5,000	
Identify and Utilise capacity with JO Councils	As opportunities arise options are developed			

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

Efficiency	Infrastructure and Service Management	Sustainability
Financial savings through sharing of position	The ability to attract higher calibre candidates will result in improved infrastructure and service management.	The improved sustainability for the region through consistent decision making and the attraction of higher calibre staff.
Less duplication of effort in submission development	More chance of receiving grant funding for infrastructure assets	Nil

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

Option 3: Speciality services

Proposal	Implementation	Proposed milestones	Costs	Risks
Council further develop itself as a provider of private works and especially RMS works increasing its certification as a contractor for RMS works	Improve and implement a more service delivery culture and QA delivery system	New QA documentation and system implemented by December 2016	\$50,000	RMS withdraw from using council and provide works to JO. If works go to JO higher risk of loss of control of both QA and efficient provision of service.

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

Efficiency	Infrastructure and Service Management	Sustainability
The continued excellent service the Council provides to both its local customers and RMS will further improve the operational efficiency of the Council through shared resources and better utilisation of resources.	The increased emphasis of QA system implementation will have a positive effect on the provision of infrastructure services and management of such infrastructure. Better QA and management practices improves performance.	The continued provision of Private works and RMS contract works will continue to provide the Council with additional income (\$200,000/yr) and maintain a necessary critical mass necessary for the attraction of skilled staff at all levels.

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

Option 4: Streamlined governance

Proposal	Implementation	Proposed milestones	Costs	Risks
Elimination of Wards	Council will request Ministerial approval prior to the next election. Council has surveyed its community and the initiative has strong support	In conjunction with 2016 Local Government elections	\$5,000 saving on electoral process costs per Council term	Community resistance
Reduce the number of Councillors from 8 to 6	Council will request Ministerial approval prior to the next election. Council has surveyed its community and the initiative has strong support	In conjunction with 2016 Local Government elections	\$30,000 saving per annum	Community resistance

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

Efficiency	Infrastructure and Service Management	Sustainability
The elimination of wards may improve the efficiency of the Council decision making processes with all councillors able to focusing on the whole LGA.	The removal of wards has the potential to improve whole of LGA management of infrastructure and service delivery.	The removal of wards may assist the Council with its financial sustainability ratios moving into the future through a potential reduction in governance expenses.
The reduction of Councillor numbers has the potential to reduce the production of materials, provision of resources and reduce governance expenses	The reduction in Councillor numbers may potentially increase the efforts required by the elected members to engage and act as community advocates. This could have both a positive or negative impact on the management of infrastructure and services.	The reduction of Councillor numbers may assist the Council with its financial sustainability ratios moving into the future through a potential reduction in governance expenses.

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

Option 5: Streamlined planning, regulation and reporting

Proposal	Implementation	Proposed milestones	Costs	Risks
Development of Planning instruments that cover the JO or as a minimum neighbouring Councils	Engagement of Planning consultants to streamline planning instruments across LGA.	New joint planning instruments developed and implemented by June 2019	\$100,000	Creation of new Local Government Act to permit such an approach
Development of sub-regional State of the Environment reports for the JO Council's.	Engagement of consultants to produce sub-regional State of the Environment Reports.	Developed in accordance with the IP&R Framework in the next Council election year.	\$50,000	Level of information required to collate for the consultants counter-acting the benefit of engaging the consultant. Requirement to link directly with our CSP where Council's CSPs can vary greatly.
Streamline CSPs	Walcha current Community Strategic Plan has a number of regional objectives that Council plays a purely advocacy role. It is proposed to transfer these to the Joint Organisation	In conjunction with the review of the CSP after the 2016 local government election	0	Community driven may make it difficult.

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

Efficiency	Infrastructure and Service Management	Sustainability
Improved turnaround of planning processes through streamlined and consistent planning tools. Shared resources between Councils are familiar with the instruments	Improved certainty for developers and internal planning applications. Common planning outcomes across a broader catchment	The ability dovetail planning across a broader catchment will improve environmental sustainability and other sustainability targets.

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

Option 6: Service review				
Proposal	Implementation	Proposed milestones	Costs	Risks
Review of Councils non-core service provisions e.g. Concrete Batching Plant Operations	Conduct an in depth financial analysis of the function	Review completed by June 2016	Cost to perform review \$20,000	Removal of service may create monopoly of single source supplier however other providers may enter the market.
Comprehensive review of Council levels of Service (LOS)	Commence with the higher value assets like roads. Review communities expected Levels of service (LOS) and willingness to pay for such a LOS	Commence review in late 2015 and conclude in 2017	\$150,000	Community expectation high and willingness to pay low.

How will your proposal allow your council to become/remain Fit for the Future against the criteria?		
Efficiency	Infrastructure and Service management	Sustainability
The removal of non-core business functions from Councils operations will allow the Council to focus on its core functions.	Freeing up of resources and plant. Possible sale of plant reduced risk to organisation resulting from QA and supplier responsibilities	Removal of non-core function such as concrete batching will provide commercial suppliers future sustainability through the removal of the Council from the market.
The review will ensure appropriate funding levels and best value for money achieved	The review will put council in the best position to manage it infrastructure into the future	The revised Levels of service will maximise the Council's sustainability into the future

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

Option 7: Additional options identified by the council

Proposal	How will it be achieved /Implemented	Proposed milestones	Costs	Risks
Council is working with Tamworth Regional Council (TRC) to implement a boundary adjustment. Community consultation has commenced on this option.	Through collaboration with TRC and joint community consultation efforts Approval in principal has already been reached between Tamworth and Walcha.	Boundary adjustment finalised by September 2016	The process will cost \$30,000	Boundary adjustments not accepted by the community or State Government

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

Efficiency	Infrastructure and Service management	Sustainability
The additional rateable land transferred to Walcha Shire will improve both Councils delivery capability by removing changes in ownership. The residents of the villages of Woolbrook and Niangala will have their local government services provided by a single entity whereas at present they are divided.	All infrastructure will be managed by one entity improving service delivery. Road length will increase by 100km.	The boundary adjustments will provide Walcha Council with net increased general Rates of \$100,000 and additional Road length which will increase the FAG grant contribution and improve operational efficiency as only a single entity will be required to maintain infrastructure. A population increase will also occur improving our sustainability.

3.2 Rural Council Action Plan

Giving consideration to the Rural Council options, summarise the key actions that will be achieved in the first year of your plan.

Action plan	
Actions	Milestones
1. Progress Boundary Adjustments with Tamworth Regional Council	Stakeholder consultation completed and boundary adjustment proposal finalised by March 2016 Adjustment enacted by Sept 2016
2. Comprehensive review of Levels of Service (LOS)	Commence in late 2015 and conclude in 2017
3. Further joint initiatives with Joint Organisational	Completion of pilot with the Namoi Councils in June 2016

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

The development of the action plan was a result of consideration of the most important options available to the Council for immediate implementation and which items have the most potential to achieve early results in progressing toward the Fit for the Future Goal. Meeting with management, Council, community and surrounding Councils has assisted in the formulation of the options available to the Council and the determination of the 3 key actions put forward.



See Guidance material page 21 for help completing this section.

3.3 Community involvement

Outline how you have consulted with your community on the challenges facing your council, performance against the benchmarks and the proposed solutions.

The Walcha Community have been consulted in several ways. Firstly the community were issued with a survey (a copy of the survey is attached as appendix 3 and a summary of the results as appendix 4) asking their preferences surrounding the fit for the future recommendations. Following this several public meetings were held with special interest groups such as the NSW Farmers Federation and the local branch of the National Party and also a general public meetings and information sessions involving the Mayor, General Manager and Director of Engineering. The aim of the engagement was to inform the community of the Fit for the Future program communicate Council's current position and get its preferred options for the future of the Walcha Council. These meeting also described Councils financial position and future infrastructure challenges. (a copy of the power point presentation is attached as appendix 5)

The outcomes from these consultation processes have been used to formulate the Councils position. Also at the conclusion of the public meeting the following resolution was passed by an overwhelmingly majority "That the meeting endorse Councils actions and it membership of Namoi Council and its Associate membership of the New England Joint organisation .and fully support Walcha Council to remain a stand alone independent Local Government entity and pursue the Rural Council model with the proposed streamline governance arrangements"

3.4 Other strategies considered

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

Eg. Council sought to pursue a merger but could not reach agreement.

As stated previously Council considered the Panels recommendation of a merger with Uralla but for a number of reasons decided against perusing this option. Uralla has a population of 6300 and Walcha 3100 so the joining of the two would not increase the scale of the organisation to any appreciable level. The two areas have completely different and distinct communities of interest as evinced by being in different State Government electorates, different police commands, and different health clusters.



See Guidance material page 21-22 for help completing this section.

Section 4: Expected outcomes

4.1 Expected improvement in performance											
Measure/Benchmark	2014/15	2015/16	2016/2017	2017/2018	2018/2019	2019/2020	2020/21	2021/22	2022/23	2023/24	Total improvement over 10 years
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-6.21%	-3.4%	0.03%	2.79%	3.70%	4.60%	5.23%	6.36%	7.23%	8.08%	14.3% change
Own Source Revenue Ratio (Greater than 60% average over 3 years)	58.90%	50.59%	62.18%	62.89%	63.01%	63.12%	63.23%	63.35%	63.46%	63.57%	8% change
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	117.86%	218.45%	122.61%	122.28%	122.09%	121.40%	120.80%	120.19%	119.23%	118.64%	0.78% change
Infrastructure Backlog Ratio (Less than 2%)	10%	9%	8%	7%	7%	7%	6%	6%	5%	5%	-50% change
Asset Maintenance Ratio (Greater than 100% average over 3 years)	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	0% change
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.5%	1.55%	1.47%	1.40%	1.36%	1.33%	1.30%	1.26%	1.04%	0.95%	-0.55% change
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	2.80	2.60	2.53	2.49	2.45	2.42	2.39	2.35	2.31	2.28	-19% change



4.2 Factors influencing performance

Outline the factors that you consider are influencing your council's performance against the Fit for the Future benchmarks, including any constraints that may be preventing improvement.

The Council has 27 timber bridges which it needs to replace over the next 10 years. These bridges are preventing the implementation of the Livestock Loading Scheme. These asset renewals will cost approximately \$7.8 million.

Council has a significant land mass of State Forest and National parks within its LGA. These areas make no contribution to Councils revenue and cause significant infrastructure damage to the Councils road network – especially the haulage of logs which is projected to continue to increase above the current 180,000 tonne per year. This is significantly affecting Councils ability to maintain its road infrastructure and is adding to its backlog.

Should Water or Sewerage operations be removed from the Council this would significantly affect the Councils ability to operate the remaining water or sewerage functions as the resources employed perform both roles. A weakening of this would restrict Councils ability to attract suitably qualified professional staff.

Councils infrastructure backlog will be greatly reduced due to the recently announced additional Roads to Recovery funding.



See Guidance material page 23 for help completing this section.

Section 5: Implementation

5.1 Putting your plan into action

How will your council implement your Rural Council proposal?

A fit for the future working group made up of the Council, senior management and necessary expert staff will form the core implementation team. Terms of reference will be established with milestones for achieving and reporting against the Fit for the Future deliverables.



See Guidance material page 24 for help completing this section.