

Council Improvement Proposal

(Existing structure)



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:

Bathurst Regional Council

Date of Council resolution endorsing this submission:

27 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.

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Bathurst Regional Council's Mayor and General Manager during 2014 met on Council's behalf with their counterparts at the surrounding Councils of Blayney, Oberon and Lithgow to discuss options under the Fit for the Future proposals. The outcome of those discussions was that the other three councils advised that mergers were not considered appropriate for their council areas. They all were, however, keen to pursue potential cost saving and resource sharing options that would provide benefits to their individual communities.

With this in mind Council's proposal is framed on Council's ability to "stand alone".

Council's vision is identified in the Bathurst 2036 Community Strategic Plan. It is:

A vibrant regional centre that enjoys a rural lifestyle, the Bathurst Region achieves health and well-being through strengthening economic opportunities, planning for sustainable growth, protecting and enhancing our assets, and encouraging a supportive and inclusive community. A Region full of community spirit and shared prosperity.

Bathurst Regional Council has been tasked by its community with the responsibility of providing a region that satisfies the vision created as a result of substantial consultation over an extended period. The vision succinctly describes what the Bathurst community wants. i.e. a region that is socially, environmentally and financially sustainable that current and future generations can live in and enjoy.

The Directions to achieve this vision are:-

- Economic Prosperity
- Environmental Sustainability
- Liveable Communities
- Sound Leadership
-

Bathurst Regional Council has framed its Delivery and Operating Plans with this focus in mind. As one of the fastest growing inland cities in New South Wales Council's focus is on planning for infrastructure that meets the needs of the future generations whilst maintaining current service levels and protecting the assets that we already enjoy.

The Benchmarks under the State Government's Fit for the Future regime are somewhat flawed in the way they present Councils' financial positions. The Asset ratios, for instance, are based around Schedule 7 of the Financial Statements which is a schedule that is not audited across the industry. Accordingly there is no established industry standard methodology for valuing many of the assets or establishing their condition.

The operating revenue ratios do not allow for the inclusion of income derived from the commercial sale of real estate assets which is a legitimate and substantial source of alternative income for many councils.

Bathurst Regional Council does not meet several of the criteria established to verify that Council is Fit for the Future. It is noted that the Independent Local Government Review Panel report has determined that Bathurst Regional Council is Fit for the Future. This submission will show that Council is Fit for a long and prosperous Future and can with a small amount of fine tuning easily achieve the majority of targets in the next four years.

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 Independent Local Government Review Panel (ILGRP) placed Bathurst Regional Council in **Group E; Other potential mergers to consolidate major regional centres.**

Options for Bathurst Regional Council were
Council in Central West JO or merge with Oberon

Merger potential was listed as **Medium** (based on availability and proximity of a suitable partner).

Oberon Council has openly expressed the opinion that they do not wish to merge, accordingly, Bathurst Regional Council is submitting this proposal on the basis that it has the scale and capacity to stand alone.

Council has also spoken to Lithgow and Blayney Councils who have also advised that their position on a merger is no.

Council's recorded a surplus in 2012/2013 of \$5,196,000 and in 2013/2014 a surplus of \$5,139,000 (before capital grants and contributions).

The TCorp classification of Council's outlook as weak is not supported by the above results. Council has returned a strong surplus in both years and is looking to continue that trend well into the future.

Council's control over its revenue flows is sound as the percentage of Grants and Contributions over total income is 19.6%, whereas its percentage from Rates, Charges and User fees is 62%. This aligned with Council's positive operating budget provides Council with considerable discretion in its spending capacity.

The development of the Bathurst 2036 Community Strategic plan identified that the key assets valued by the community are its people, the environment, the services and facilities available, its history and the economy.

Bathurst Regional Council is a large contributor to the Bathurst economy. A budget of over \$180 million in 2015/2016 which is socially, economically and infrastructure driven, entrepreneurial activities such as the partnerships for the running of the Supercheap Auto Bathurst 1000, Bathurst 12 Hour and Bathurst Motor Festival (which all return significant income to council), a strong water supply service and numerous cultural facilities that bring people to Bathurst all contribute to making the economy of the Bathurst region vibrant and sustainable.

Bathurst Regional Council also undertakes significant projects. Recent projects include

- Manganese Removal Project (\$4 million),
- Refurbishment of the airport runway (\$3 million)
- New Fire Control Centre (\$3 million) for NSW Rural Fire Service (to be constructed in 2015).
- Residential Land development (\$6 million)
- Redevelopment/ upgrade of Mount Panorama Motor racing Circuit (\$6 million)

These illustrate Council's capacity to undertake large scale projects. This can only be achieved with a skilled and knowledgeable workforce and large financial capacity.

Council has innovative and knowledgeable staff which is evidenced by the numerous awards Council has received in recent years for projects undertaken by Council in the environmental, arts, tourism, road safety and waste management areas.

Council is part of the Bathurst Orange Dubbo alliance which collaborates in several significant environmental programs and seeks to gain efficiencies through other means such as Internal Audit. Council is also a significant contributor the Central NSW Councils (Centroc) organisation which advocates on behalf of the region, as well as providing cost saving initiatives such as regional tenders.

The Mayor is Deputy Chair of Centroc, a member of the Country Mayors Association and the Inland Forum. These groups advocate on behalf of country councils to other levels of government.

Council has partnered regularly with the State and Federal Governments on various projects. These include: Ben Chifley Dam wall upraising (\$30 million), Mount Panorama Pit Complex (\$25 million) and major road construction projects.

Council has since 2004 navigated through a council merger, as well as numerous changes to legislation and procedures in all areas of the Council. All of these have been completed in-house by Council staff.

Bathurst Regional Council has the scale and capacity to be sustainable well into the future. The attributes outlined below:

- Sound financial position (total equity of over \$1 billion)
- Skilled work force
- Capacity (staff expertise and financial) to undertake large scale projects
- Entrepreneurial activities that contribute positively to the Council's income
- Significant annual operating surpluses
- Strong participant in regional collaboration
- Sound political and managerial leadership

are all strong indicators of the ability of Council to stand alone.

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.

Bathurst is Australia's oldest inland European settlement located just over 200 kilometres west of Sydney and is the gateway to the Central west of New South Wales.

The people of the Bathurst Region enjoy 3,815 square kilometres of land extending from the historic mining towns of Hill End and Sofala in the north to the village of Trunkey Creek in the south.

Large manufacturing facilities together with education, health, retail, government agencies and agriculture ensures the region provides strong employment opportunities and economic growth. An idyllic lifestyle is supported by quality infrastructure and essential services.

The Bathurst Social & Community Plan 2011-2016, identified the key assets valued by the community as its people, the environment, the services and facilities available, its history and the economy.

The residents of the region value the rural surroundings as an important asset, in particular the open spaces and access to the natural environment and the Macquarie River. The Bathurst Region is home to 41,682 people and the region offers a vibrant city with a relaxed country lifestyle. A secure water supply is a significant asset which positively affects lifestyle and investment opportunities.

Support services and facilities (both Council and community/business owned) are key community assets. These include:

Cultural facilities

Sporting facilities
Museums
Health
Education facilities
Recreation
Public transport.

The population of the Bathurst Region is forecast to steadily increase at an average annual rate of 1.14%. The main areas of growth will be:

children and young people (because of the educational facilities available)
65+ age group

The Bathurst Regional economy has almost doubled in recent years. This growth has boosted the expansion of the city's economic base across a diverse range of industries that include health, education, manufacturing, retail and agriculture. The region offers lower business costs, a diverse workforce, solid infrastructure and a supportive business environment.

The Bathurst Region is a growing tourism destination offering a unique range of attractions such as Mt Panorama, the National Motor Racing Museum, Australian Fossil & Mineral Museum, Chifley Home & Education Centre, Bathurst Regional Art Gallery and Abercrombie Caves.

The Bathurst Region hosts a range of major events, the most famous being the Bathurst 1000 car race. The Bathurst 1000 event is estimated to produce a turnover of \$53.5 million in the NSW economy and generates approximately \$23 million in Gross Regional Product in the Bathurst Region.

The Community's goals are summarized in the Vision mentioned in the Executive Summary and the key Directions are:

Economic Prosperity
Environmental Sustainability
Liveable Communities
Sound Leadership

The challenges facing the region are the steady increase in population and the resultant increase in infrastructure that will be required. This requires significant planning. Council is currently meeting the need which allows for construction into the future when it is needed.

2.2 Key challenges and opportunities

Strengths	Weaknesses
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<ul style="list-style-type: none"> • Financially sound • Community happy with Council (results of Community Surveys) • Employee focused • Skilled workforce • Commitment to staff development through training subsidies and assistance • Community minded – employ trainees to provide opportunities to city's youth • Community Strategic Plan based on Community consultation • Strong water supply • Maintain own sewer system • Excellent parks and recreational facilities • Strong entrepreneurial undertakings and partnerships • Availability of industrial, commercial and residential land • Flexibility in discretionary spending • Ongoing reviews of several areas of Council resulting in efficiency increases • Educational facilities • Range of major industries in area creating a very strong economic base • Actively promoting education on waste reduction, recycling and water conservation • Regular community consultation • Have developed asset management plans for all classes of assets 	<ul style="list-style-type: none"> • Ability to attract/keep engineering, planning and accounting staff due to competition from mines and private enterprise • Great Western Highway – need second major road crossing over Blue Mountains • Asset backlog
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Opportunities	Threats
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- Cultural facilities can increase visitation to area
- Airport – as transport hub and also potential for additional leasing from metropolitan areas
- Bathurst Orange Dubbo Alliance – cost savings and environmental programs
- Sporting facilities – offer ability to attract numerous large scale events
- Mt Panorama Pit complex offers conferencing opportunities

- Cost shifting from other levels of government
- Increasing community expectations on service provision
- Ratepegging
- Ageing population
- Constant need to provide additional income from entrepreneurial activities
- Lack of control over potential merger options
- Infrastructure required for increased population in 20 - 30 years

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)	-10.7%	No	-3.1%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	75%	Yes	69%	Yes
Building and Infrastructure Asset Renewal (Ratio (Greater than 100% average over 3 years)	28%	No	21%	No

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.

Operating Performance ratio

Council has a very long history in the development and sale of residential and commercial land throughout the Council area. Bathurst is one of the fastest growing inland cities and has been for many years and this activity has provided a very stable source of income. The definition of revenue for this ratio is flawed in that it does not allow for income from this entrepreneurial activity to be included. Council's ratio would better reflect Council's operating position if this was to be allowed. Refer to the table in Section 3.4 where the 2013/2014 result of -10.7% would in fact be +6.7%.

Building and Asset Renewal Ratio

The consistent long term growth of the city has necessitated Council's concentration on the development of new infrastructure that will accommodate the requirements of the city well into the future. Council's existing assets are in reasonable condition (Council has \$1 billion in assets with a \$72 million backlog), and Council will ensure that they remain that way. However, the long term future of the city and the need to ensure its ability to service the needs of future generations of Bathurst residents means that the priority at the present time is the development of new infrastructure.

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%)	5.0%	No	4.8%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	67.7%	No	67.7%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	6.3%	Yes	6.6%	Yes

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

As explained in the Sustainability section Bathurst has for many years been experiencing sustained growth and Council is currently meeting the needs of that growth by creating new infrastructure. This is necessary to ensure that Council is able to successfully meet the infrastructure, social and environmental requirements of future generations of Bathurstians. Council is cognisant of the need to maintain existing assets and has not discarded this approach. It is merely temporarily on hold whilst the program of new infrastructure development is undertaken.

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	1,350	No	1,270	Yes

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

Bathurst Regional Council considers this benchmark as unrealistic. Bathurst Regional Council is developing and improving the lifestyle for the people of the region, as well as making it attractive to potential new residents and industry. Council is taking positive action to achieve this objective (e.g Evocities membership – a program to attract new residents and industry to larger regional centres) which clearly entails short term increases in real operating expenditure per capita.

2.4 Water utility performance

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

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

Yes

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

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

\$47,995,000

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
Water Supply new infrastructure Kelso	2016/2017	\$5,000,000	\$5,000,000
Water Mains – various	2016/2017	\$1,138,760	\$1,138,760
Water Mains – various	2017/2018	\$1,169,162	\$1,169,162
Water Mains – various	2018/2019	\$1,197,222	\$1,197,222
Sewer – New infrastructure Kelso	2016/2017	\$1,500,000	\$1,500,000

2.4 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.

2.4 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
Implementation of the Manganese Removal system	2016/2017 on line	Increased efficiency, water savings and increased customer satisfaction
Kelso Infrastructure upgrade	2016/2017	Completed and on line ready for new development
Kelso infrastructure upgrade	2019/2020	Efficiently cater for new residential growth in Kelso area
Update of Integrated Water Cycle Management Strategy	2016/2017	Updates long term strategies for provision of water and sewer services

Update of Strategic Business Plan for Water and Sewer	2017/2018	Updated business model and pricing paths for water and sewer services
Update of Development Servicing Plan	2018/2019	Set strategies for long term development charges for new residential and other development

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.

1. Maintain expenditure levels in line with current revenue levels
2. Undertake a review of the rating base
3. Investigate and pursue alternate sources of revenue
4. Undertake a review on the rate of return on assets
5. Undertake a review of the Service Standards for Council's assets
6. Maintain and renew community assets to the required level of service
7. Deliver on the Bathurst 2036 Community Strategic Plan

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

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

Council has utilised the following assumptions in its financial projections:

The Rate Peg is forecast to be 2.4% for 2016/2017 and then 2.4% ongoing. A special rate variation of 10% has been included in the 2016/2017 year but is subject to Council decision in that particular year.

Domestic Waste Management charges are forecast to rise by 5.0% per annum in line with wage increases, as the service is labour intensive.

Additional rate income from new residential and commercial subdivisions is predicted to be 1.0% of rate income

Fees and charges are projected to increase by 5.0% per year, due to the labour intensive nature of the majority of Council's operations.

Investment rates for Council's surplus funds have been set at 4.0% and held constant over the period.

Wages have been predicted to increase by 5.0% per year. General material costs have been estimated at 3.0% in accordance with estimates of the Local Government Cost Index.

Financial assistance grants will decrease in real terms until 2016/2017 due to Federal Government cost cutting.

Depreciation cost has been projected to increase by 3.0% annually

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Maintain expenditure levels in line with current revenue levels	a). Review current levels of expenditure and revenue and set targets	a). development of targets by 30 June 2016	Maintain or reduce levels of expenditure	Maintaining levels of expenditure will assist in reducing or maintaining all of the ratios
2. Undertake a review of the rating base	a). Review the current rating base to ascertain the benefits or otherwise of a rate increase above the ratepegging limit	a). development of a position to allow Council to make a formal assessment of the benefits of a rate variation	Provide Council with a basis for future years rating	Improved operating performance ratio and own source revenue ratio
3. Investigate and pursue alternate sources of revenue	a). identify potential alternative sources of revenue	a). development of a working paper that identifies potential alternate sources of revenue for Council to consider	Potential increase in revenue in future years	Improved operating performance ratio and own source revenue ratio

4. Improved rate of return on assets	a). Undertake a review on the rate of return on assets	a) Provision of a report to Council on the rate of return on assets and potential for increase	Potential increase in revenues	Improved operating performance ratio and own source revenue ratio
5. Maintain/improve condition of Council assets	Undertake a review of the Service Standards for Council's assets	Develop new Service Standards	Better maintained assets	Improved infrastructure and Service Management ratios
6. Maintain and renew community assets to the required level of service	<p>a).review service levels</p> <p>b).review useful lives</p> <p>c).incorporate into financial management</p>	<p>a). 30 June 2016 – Water, 30 June 2017 – Sewer, 30 June 2018 - Buildings, 30 June 2019 - Roads</p> <p>b). September 2015</p> <p>c). 1 July 2017</p>	<p>a). adjust required maintenance levels</p> <p>b). adjust required maintenance levels</p> <p>c). more strategic approach to asset renewal and maintenance</p>	<p>a). Will affect asset backlog</p> <p>b). Will affect asset backlog</p> <p>c). infrastructure and asset backlog ratios would improve</p>
7. Deliver on the Bathurst 2036 Community Strategic Plan	Implement Bathurst 2036 Community Strategic Plan (CSP)	Implementation of objectives in accordance with milestones in CSP	Implementation of plan in accordance with Community aspirations	More liveable region for residents.

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.

The main strategy will be the continued implementation of the Asset Management Plans for all classes of assets. Council has in recent years adopted Asset Management Plans for the various classes of assets it controls. Council is now implementing the various strategies proposed in the plans into Council's financial management plans. In order to achieve this Council is reviewing its levels of service and verifying means of accurately forecasting the cost of implementation of the plans.

It is expected that this will occur during 2016/2017 and commence implementation during subsequent years.

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

Council will assess any assets on the useful life of the asset as opposed to using the standard depreciation rates.

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. Implement Asset Management Plans	a).review service levels	a). 30 June 2016 – Water, 30 June 2017 – Sewer, 30 June 2018 - Buildings, 30 June 2019 - Roads	a). adjust required maintenance levels	a). Will affect asset backlog
	b).review useful lives	b). September 2015	b). adjust required maintenance levels	b). Will affect asset backlog
	c).incorporate into financial management plans	c). 1 July 2017	c). more strategic approach to asset renewal and maintenance	c). infrastructure and asset backlog ratios would improve

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.

Bathurst Regional Council does not believe this measure to be a good indication of sustainability. As in most business undertakings, there are cycles in the area of local government where, depending upon the needs of the community at the present time it is necessary to create or build assets whilst at other times it is necessary to consolidate what already exists. As explained earlier Bathurst Regional Council is one of the fastest growing inland cities in New South Wales and is currently planning and building infrastructure that reflects that growth and will set Bathurst up in the future, to be what is expected by its residents. Council's aim is to develop and improve the lifestyle for the people of the region, as well as making it attractive to potential new residents and industry. Council is taking positive actions to achieve this objective (e.g Evocities membership – a program to attract new residents and industry to larger regional centres) which clearly entails short term increases in real operating expenditure per capita.

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

The underlying assumption underpinning this strategy is that Council must accommodate future growth by planning and constructing infrastructure in the present that will meet the demands of the future.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1.Accommodate future growth	a). Build infrastructure that will meet the needs of the community in the future	<ul style="list-style-type: none"> • Construction of water reservoir in Kelso in areas of new subdivision • Development of Residential and Commercial Subdivisions • Increase/upgrade sporting and cultural facilities 	Ability to meet future service needs	Improved Operating Performance Ratio

3.4 Improvement Action Plan

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

Action plan

Actions	Milestones
Continued implementation of Council's Asset Management Plans – Water,	30 June 2016
Incorporate Assets Management Plans more precisely into financial plans	30 June 2016
Source grant opportunities and submit high quality grant applications in order to achieve additional funding or services for the Bathurst region	Ongoing
Assessment of service levels to ensure that we are meeting community needs and that the chosen levels are socially, financially and environmentally sustainable	Ongoing
Utilisation of loan funding to achieve maximum results without undue restrictions being placed on future budgets	Annual review
Update of Integrated Water Cycle Management Strategy	2016/2017

Update of Strategic Business Plan for Water and Sewer

2017/2018

Continued implementation of strategic planning documents developed for all Council areas: e.g. Community Strategic Plan, Bathurst Regional Social and Community Plan, Tourism Plans, Marketing Plan, Destination Management Plan, Economic Development Strategies, Water Management Plans, Waste Management Plans, Bathurst Orange Dubbo Environmental Sustainability Action Plan. There are many other plans that Council has developed in order to make the Bathurst region a better place to live whilst protecting its heritage and environmental elements.

Ongoing

* Please attach detailed action plan and supporting financial modelling

Fit For the Future Benchmarks

Sustainability - Operating Performance Ratio

Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Operating Performance Ratio	-10.7%	-15.5%	-14.7%	-11.6%	-11.4%	-11.7%	-11.7%
<i>Benchmark > 0%</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total continuing operating Revenue (ex cap grants)	(50,841,000)	(53,500,238)	(55,837,932)	(58,678,396)	(60,269,561)	(62,069,849)	(63,018,657)
less operating Expenses	56,269,000	61,802,942	64,021,180	65,480,469	67,148,486	69,360,582	70,410,706
Operating Performance	5,428,000	8,302,704	8,183,248	6,802,073	6,878,925	7,290,733	7,392,049
Total continuing operating Revenue (ex cap grants)	(50,841,000)	(53,500,238)	(55,837,932)	(58,678,396)	(60,269,561)	(62,069,849)	(63,018,657)

The Operating Performance Ratio calculation does not include Land Sales which Bathurst Regional Council has had for many years and, as one of the fastest growing inland cities, is forecasting to continue into the future.

With Land Sales included in

<i>the figures:</i>							
Operating Performance Ratio (incl Land Sales)	6.7%	12.3%	12.3%	16.0%	14.3%	13.3%	12.4%
<i>Benchmark > 0%</i>	☐	☐	☐	☐	☐	☐	☐
Total continuing operating Revenue (ex cap grants)	(60,293,000)	(70,463,813)	(73,033,932)	(77,965,696)	(78,358,261)	(79,970,349)	(80,417,357)
less operating Expenses	56,269,000	61,802,942	64,021,180	65,480,469	67,148,486	69,360,582	70,410,706
Operating Performance	(4,024,000)	(8,660,871)	(9,012,752)	(12,485,227)	(11,209,775)	(10,609,767)	(10,006,651)
Total continuing operating Revenue (ex cap grants)	(60,293,000)	(70,463,813)	(73,033,932)	(77,965,696)	(78,358,261)	(79,970,349)	(80,417,357)

Sustainability - Own Source Revenue

Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Own Source Revenue	75%	74%	54%	60%	54%	80%	80%
<i>Benchmark > 60%</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Total continuing operating Revenue (ex all grants)	(41,839,000)	(41,594,719)	(44,747,099)	(47,682,545)	(49,341,617)	(51,057,700)	(51,939,543)
Total continuing operating Revenue (incl all grants)	(56,030,000)	(55,893,132)	(83,427,432)	(79,656,436)	(91,760,990)	(63,727,717)	(64,678,715)
This indicator in years 2 & 4 is distorted because of expected Grant Income - the numerator in each case is consistent with the year before, however, the denominator is abnormally high due to the expected grants. These two years should not be used as indicative of the normal Council's own source revenue result.							

Sustainability - Building and Asset Renewal Ratio

Building and Asset Renewal Ratio	28%	33%	35%	21%	22%	17%	22%
<i>Benchmark > 100%</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Asset Renewals	3,279,500	3,983,500	4,303,500	2,682,000	2,865,000	2,265,000	2,995,000
Depreciation	11,573,000	12,079,567	12,369,477	12,666,344	12,970,336	13,281,602	13,600,363

As noted, BRC is the fastest growing inland city and therefore requires capital works to manage the expansion of population and related commercial development. However, planning can now be undertaken to take steps toward improving this position

With more focus on Renewals

Building and Asset Renewal Ratio (revised)	28%	33%	75%	80%	100%	100%	100%
<i>Benchmark > 100%</i>	□	□	□	□	□	□	□
Asset Renewals	3,279,500	3,983,500	9,303,500	10,182,000	12,985,000	13,281,602	13,600,363
Depreciation	11,573,000	12,079,567	12,369,477	12,666,344	12,970,336	13,281,602	13,600,363

As noted, BRC is the fastest growing inland city and therefore requires capital works to manage the expansion of population and related commercial development.

Infrastructure & Service Management - Infrastructure Backlog Ratio

Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Infrastructure Backlog Ratio	5.0%	5.1%	4.9%	4.8%	4.7%	4.9%	5.0%
<i>Benchmark < 2%</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Estimated Cost to bring to Satisfactory Total WDV of Infrastructure, Buildings, Structures, Land Improvs	24,341,000	25,071,230	25,823,367	26,598,068	27,396,010	28,217,890	29,064,427
	488,757,000	492,827,367	524,447,831	549,661,167	577,011,300	579,976,223	582,905,567
Estimated cost to bring to satisfactory requires a review due to the Asset Management Plan review not yet completed. Also more work directed to Asset Maintenance as shown in the indicator below.							
If satisfactory level reviewed, possible Ratio:							
Infrastructure Backlog Ratio (revised)	5.0%	4.0%	3.0%	2.3%	1.7%	1.4%	1.1%
<i>Benchmark < 2%</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Estimated Cost to bring to Satisfactory Total WDV of Infrastructure, Buildings, Structures, Land Improvs	24,341,000	19,472,800	15,578,240	12,462,592	9,970,074	7,976,059	6,380,847
	488,757,000	492,827,367	524,447,831	549,661,167	577,011,300	579,976,223	582,905,567

Infrastructure & Service Management - Asset Maintenance Ratio							
Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Asset Maintenance Ratio	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%
<i>Benchmark >100%</i>	☐	☐	☐	☐	☐	☐	☐
Actual Asset Maintenance	10,948,000	11,276,440	11,614,733	11,963,175	12,322,070	12,691,733	13,072,485
Required Asset Maintenance		16,646,860	17,146,266	17,660,654	18,190,473	18,736,188	19,298,273
Now that Council has a clear picture of the asset maintenance shortfall, more work will be directed towards maintenance.							
Asset Maintenance Ratio (revised)	67.7%	69.2%	71.5%	81.9%	101.4%	103.9%	106.5%
<i>Benchmark >100%</i>	☐	☐	☐	☐	☐	☐	☐
Actual Asset Maintenance	10,948,000	11,276,440	12,404,084	14,884,901	19,350,371	19,930,882	20,528,809
Required Asset Maintenance	16,162,000	16,296,597	17,342,209	18,175,952	19,080,354	19,178,397	19,275,263
<i>(Based on a percentage of WDV)</i>	2.30%	2.3%	2.3%	2.3%	2.3%	2.3%	2.3%

Infrastructure & Service Management - Debt Service Ratio

Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Debt Service Ratio	8.8%	8.9%	8.2%	9.4%	9.7%	10.3%	9.0%
<i>Benchmark >0% & < 20%</i>	□	□	□	□	□	□	□
Debt Service Cost (Principal + Interest)	(4,452,000)	(4,735,077)	(4,606,274)	(5,493,159)	(5,828,794)	(6,396,165)	(5,645,883)
Total continuing operating Revenue (ex cap grants)	(50,841,000)	(53,500,238)	(55,837,932)	(58,678,396)	(60,269,561)	(62,069,849)	(63,018,657)

Efficiency - Real Operating Expenditure

Activity	2013/2014 Actual	2014/15 Original Budget	Budget (2015/16)	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Real Operating Expenditure	1,350	1,410	1,386	1,343	1,301	1,267	1,209
<i>Benchmark = decrease over period</i>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Real Operating Expenditure (Opex less LGCI) (based on Wage Increases of 5%, Materials increase of 3% - then decreased by a forecast LGCI)	56,269,000	59,948,853	60,122,291	59,408,662	58,720,759	58,313,240	56,747,347
Population (based on 2% Population growth)	41,682	42,516	43,366	44,233	45,118	46,020	46,941
LGCI forecast		3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
LGCI Compound		3.0%	6.1%	9.3%	12.6%	15.9%	19.4%

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.

Initially Bathurst Regional Council undertook a series of meetings with the surrounding council areas of Oberon, Blayney, Lithgow and Orange as well as Upper Macquarie County Council to discuss the options available to all councils, including mergers. The result of these meetings was that none of the councils surrounding Bathurst (Blayney, Oberon and Lithgow) were interested in discussing the possibility of merger. All were, however, happy to discuss the options of resource sharing and seeking increased productivity through bulk purchasing and other potential cost saving areas.

Council, in relation to its own submission, recently undertook its normal series of public meetings throughout the Council area. Due to the fact that the option of a merger with another council had been ruled out Council's stance was related to submitting a case for retaining the status quo i.e. Council standing alone. To prepare the submission meetings were held with and between the Mayor, senior staff and a Working Party was also held with Councillors.

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.

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards.

Merger

Council throughout 2014 held a series of meetings with the surrounding council areas of Blayney, Oberon and Lithgow to discuss options available. Options considered at these meetings included:

- *Merger*
- *Resource sharing (across all areas of Council)*
- *Potential cost savings through joint purchasing schemes*

The overwhelming response from these meetings was that all councils were interested in pursuing points 2 & 3 above and were opposed to any discussion on merger.

Change of Strategic Focus

Council also considered the option of not pursuing its current focus of building infrastructure. This may have resulted in a better outcome in relation to some of the benchmarks such as Building and Asset Renewal Ratio, Infrastructure Backlog ratio and the Asset maintenance Ratio. Had Council taken this approach it would have been solely for the purpose of meeting the criteria of the Fit for the Future program. This approach Council believed was not morally or socially responsible to its community as it is necessary to meet the needs of the future by forward planning and creating infrastructure now that will accommodate the future needs of the region.

At the same time Bathurst Regional Council is committed to retaining existing levels of service, wherever possible. Should the community's expectations change in relation to levels of service Bathurst Regional Council will accommodate the changes, however, Council has no desire to cut service levels unless it is unavoidable.

Joint Organisation

Council is one of the major contributors to the Centroc group of councils (Bathurst's Mayor is Deputy Chair of Centroc). Centroc covers 17 council areas in the Central West of NSW. Centroc was successful in being nominated as a pilot Joint Organisation under the Fit for the Future proposal. This will facilitate regional planning, procurement and lobbying.

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)	-15.5%	-14.7%	-11.6%	-11.4%	-11.7%	-11.7%	No *
Own Source Revenue Ratio (Greater than 60% average over 3 years)	74%	54%	60%	54%	80%	80%	Yes *
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	33%	35%	21%	22%	17%	22%	No
Infrastructure Backlog Ratio (Less than 2%)	5.1%	4.9%	4.8%	4.7%	4.9%	5.0%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	67.7%	67.7%	67.7%	67.7%	67.7%	67.7%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	8.9%	8.2%	9.4%	9.7%	10.3%	9.0%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	1,410	1,386	1,343	1,301	1,267	1,209	Yes

Note: IPART will assess this table in accordance with section 3.3 in the [Methodology for Assessment of Council Fit for the Future Proposals](#)

*if your council is including FAGs in this calculation please provide information for years 2020/21 to 2024/25 on the following page.

Bathurst Regional Council has outlined above anomalies in the ratios. These anomalies were also raised in the Review of IPART Assessment Criteria undertaken by Intentus Chartered Accountants on behalf of the Centroc group of councils. Their review states that operating revenue “unreasonably excludes the profits on (commercial) development of real estate”. Factoring this income into Council’s ratios allows the Council to meet the criteria for Operating Performance Ratio and Own Source Revenue.

Council’s action plan also addresses a change in focus in future years that places more emphasis on asset maintenance and renewal and allows Council to meet the Infrastructure Backlog ratio, Asset Maintenance Ratio and Building and asset Renewal Ratio.

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

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-12.4%	-11.8%	-11.9%	-12.1%	-12.6%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	81%	81%	81%	81%	82%	Yes

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

[With land sales included as part of Council’s income the Operating Performance Ratio would meet the criteria](#)

Operating Performance Ratio (Greater than or equal to break- even average over 3 years)	11.6%	11.6%	11.1%	10.6%	9.8%	<u>Yes</u>
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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?

1	Continued implementation of Council's Asset Management Plans
2	Incorporate assets management Plans more precisely into financial plans
3	Source grant opportunities and submit high quality grant applications in order to achieve additional funding or services for the Bathurst region
4	Assessment of service levels to ensure that we are meeting community needs and that the chosen levels are socially, financially and environmentally sustainable
5	Utilisation of loan funding to achieve maximum results without undue restrictions being placed on future budgets
6	Update of Integrated Water Cycle Management Strategy
7	Update of Strategic Business Plan for Water and Sewer
8	Continued implementation of strategic planning documents developed for all Council areas: e.g. Community Strategic Plan, Bathurst Regional Social and Community Plan, Tourism Plans, Marketing Plan, Destination Management Plan, Economic Development Strategies, Water Management Plans, Waste Management Plans, Bathurst Orange Dubbo Environmental Sustainability Action Plan. There are many other plans that Council has developed in order to make the Bathurst region a better place to live whilst protecting its heritage and environmental elements.

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

Items 1,2 6 and 7 above will largely be the responsibility of the Director of Engineering Services who will liaise with the Director of Corporate Services and Finance to ensure that budgets include appropriate allocations to allow implementation of the strategies. Implementation will be monitored as part of the regular budget reviews and also via the presentation of reports to Council.

All other actions will be undertaken to various degrees by all Directorates of the Council. Reporting will be via budget reviews and also the monthly reports on implementation of the Operating and Delivery Plan which are the strategic documents that implement the Bathurst 2036 Community Strategic Plan. Council is also under the Integrated Planning and Reporting guidelines required to present a report on the achievements of the Council in relation to the objectives of the Bathurst 2036 Community Strategic Plan at the end of the four year term of the Council.