

Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)



Office of
Local Government



Getting started . . .

Before you commence this template, please check the following:

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

Council name: **Liverpool Plains Shire Council**

Date of Council resolution endorsing this submission: **24 June 2015**

1.1 Executive Summary

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

Liverpool Plains Shire Council: An Agenda for Efficiency & Modernisation

- Council has put forward an Improvement Plan that is fundamentally driven by an agenda based on the principles of fiscal responsibility & modernisation. This plan identifies a need for Council to become more efficient and to modernise its practices. (Annexure1).
- Liverpool Plains Shire Council (LPSC) is a 2004 merged council. Since proclamation LPSC has been dedicated to providing services and improved infrastructure for the newly merged communities. This is evidenced by numerous state and national awards achieved across all areas of Council's operations (Annexure 2). Having brought community services, facilities and infrastructure to a desirable and affordable level, Council is now focused on financial sustainability.
- Following extensive consultation with the community, LPSC is electing to stand alone. Regardless of this position, the adjoining Gunnedah Shire Council (GSC) has been comprehensively and collaboratively consulted throughout the FFTF review process. Like LPSC, GSC is intending to also stand alone and will complete Template 2. Notwithstanding, both councils will leverage off each other's individual expertise and unique circumstances and participate in an innovative resource sharing arrangement. This approach has been

formalised into an agreement (Annexure 3). This arrangement is further enhanced through both councils' participation in the pilot Namoi Joint Organisation.

- An improvement plan has been prepared in consultation with the community. The improvement strategy has been built upon a significant consultation effort as part of the FFTF reviews and is strongly underpinned by our community's expectations and desires. The improvement plan was exhibited with Council's IPR documentation. The plan provides the blueprint for further measures Council will be pursuing to ensure that it is Fit For the Future.
- A 'break even' operating performance will be achieved at Year 3 of Council's Long Term Financial Plan (LTFP) and all FFTF ratios will be achieved by 2017/18. This has been achieved in full consultation with the community, by internal reviews which include operational costs, service levels and efficiency creation, a special rate variation (SRV) and potential future SRV. An additional SRV of 3.7% was approved from the 2014/2015 year and significant cost reductions have been made. As part of an operational review approximately \$700,000 in savings has been made and there is a focus on achieving further savings and efficiencies. A future SRV of 3.5% in each of Y3, Y4 & Y5 will be pursued, if required.
- In September 2014 Council employed a Chief Financial Officer (CFO) whose role is not just to manage the finance section but to examine, like an auditor, all areas of council operations and look for efficiency gains and improvements to processes and systems.
- The economic outlook is promising. The Liverpool Plains will benefit from very significant mining investment. A nationally significant mining operation has been approved which will be supported by a 1,500 bed workforce mining accommodation facility. This position is supported by commensurate development trends such as the recent approval of a 154 allotment subdivision. LPSC will benefit from both the expansion of mining and agriculture.
- Council has participated in a range of performance management activities to monitor and manage its performance; including the Price Waterhouse Coopers (PWC) benchmarking, state of the assets surveys for multiple Federal and State agencies and numerous community and staff surveys undertaken by independent survey consultants. Benchmarking indicates that LPSC is performing to a higher level than average Local Government state benchmarks.

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?

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

Yes

The Independent Panel's preferred option for LPSC (and highlighted) in the *Twenty Essential Steps Report* (p.43) was a "Council in the Namoi CC". In the Panel's final report entitled *Revitalising Local Government* (p. 116), in respect of LPSC it was stated, as follows, with no highlighted preferred option:

"Council in a Namoi JO or merge with Gunnedah".

In the same Report, Gunnedah is simply prescribed as "Council in Namoi JO". Therefore Council has not been recommended to merge with Gunnedah and is thus submitting Template 2 – Council Improvement Proposal.

The respective Mayors, Deputy Mayors and General Managers met on 10 November 2014 in Quirindi to discuss the potential of a merger. At this meeting it was agreed that the General Managers of each respective Council explore additional areas of resource sharing with the view of reducing costs and improving capacity within both councils. As stated previously, a copy of the Resource Sharing Agreement is attached as Annexure 3. A list of other resource sharing agreements that are already in place and that greatly assist in expanding the capacity of LPSC to provide efficient and effective services is attached as Annexure 4. These include the Northern Inland Regional Waste (NIRW) initiative, Central Northern Regional Libraries (CNRL), the Namoi Water Alliance (NWA), and the Northern Inland Weed Advisory Council (NIWAC).

In further addressing the question of scale and capacity the following information is provided:

1. More robust revenue base & increased discretionary spending:

- LPSC was successful in its additional 3.7% Special Rate Variation (SRV) application for 2014/2015 (and onwards). This, together with significant cost reductions in 2014/2015, in the order of \$700,000, provides Council with a greatly improved revenue base. A further SRV application will be submitted in 2017/18 (if required) with successive increases of 3.5% per annum for 3 years.
- As indicated by the ratio analysis LPSC's own source revenue is continuing to strengthen, with the benchmark being achieved by 2016/17.

2. Scope to undertake new functions & major projects:

- Since the 2004 amalgamation LPSC has undertaken a range of new significant functions and major projects including: construction of the Quipolly Dam upgrade (\$8m), The Willow Tree water pipeline (\$5m), Werris Creek Library (\$750,000), Willow Tree Visitor Information Centre (\$450,000), Eastside Child Care Centre (\$650,000), Wallabadah water supply upgrade (\$500,000), Australian Railway Museum upgrade at Werris Creek (\$500,000), Quirindi Main Street beautification (\$3.5m), Gap Road bridge replacement (\$800,000), Werris Creek Drainage project (\$2.2m), and numerous road construction projects.
- Council is currently working with the RFS to construct a regional Fire Control Centre; the estimated project cost exceeds \$4m.
- Active participant in the local government arena.

3. Ability to employ a wider range of skilled staff:

- LPSC employs a wide range of qualified and skilled staff in areas such as engineering, town planning, child care, finance, information technology, libraries, aged care, noxious weeds, regulatory inspections, recreation, water and sewer, waste management, tourism and administration and building surveying. There is a large number of staff with post graduate qualifications including graduate diplomas and masters degrees.

4. Knowledge, creativity and innovation:

- Council has a history of developing and implementing innovative solutions. It is multi-award winning in a number of areas particularly in the IT and project management areas. These significant achievements are being leveraged by other local government organisations and private enterprise. Examples include the Tr@cer EDMS system (being on-sold to councils nationally), the Quipolly Dam Upgrade (winner of national project management and design awards) and the Liverpool Plains Asbestos Management Program ('LAMP' - winner of national awards), and the LPSC ePlanning initiative with the successful development and implementation of the Electronic Housing Code and Online DA Tracking. Refer to Annexure 2.
- LPSC's IT staff has developed an Electronic Document Management System (EDMS) and Weed Management System (known as Tr@cer) which has been on-sold to various councils, County Councils and Local Land Services throughout NSW. With over 20 software licences sold these entrepreneurial activities provide Council with a significant source of ongoing revenue through annual maintenance fees and are a great example of innovation within LPSC. Both of these systems, along with the recent development of an App for smart phones, have seen LPSC achieve a number of state and national awards (refer Annexure1). The Australian Centre of Excellence for Local Government (ACELG) has also used the Tr@cer Weeds Mobile Mapping Program as a case study in its September 2012 Paper: Innovation, Ingenuity and Initiative. Refer to Annexure 2.

5. Advanced skills in strategic planning and policy development:

- Council has very well developed strategic planning capabilities which are evidenced in its Regional Water Supply Scheme. The Scheme aims to 'drought proof' the townships of Quirindi, Werris Creek and Willow Tree by making available two water supply sources: Quipolly Dam and alluvial water from Quirindi. Should one source fail for any reason, the other source is sufficient to supply all three settlements. This \$35m project includes the upgrade of the storage capacity for Quipolly Dam, a new water treatment plant, new holding tanks, pipelines and associated pumping stations. In the coordination and planning of this significant project, water security is acknowledged as a key area of community concern and a fundamental requirement for the attraction of new industry and residents. This project will place the Shire ahead of most regions of Australia as a place to live and invest. Once again LPSC has been successful in attaining numerous state and national awards for this project as detailed in Annexure 2.

6. Effective regional collaboration:

- Council, as a long-standing member of Namoi Councils, has excellent working relationships with its neighbouring regional councils. The strength of the ROC Council relationships was recognised through Namoi Councils being selected by the NSW Government as a pilot Joint Regional Organisation. This is undoubtedly due to a history of effective regional collaboration on a series of significant issues including the impacts of mining. LPSC is also a founding member of the Minerals and Energy Working Group which comprises Namoi Councils, State Government Agencies and resource companies which regularly meet to consider the potential impacts of mining in the region.
- Membership of the Namoi JO will comprise an important component of Council's ongoing improvement initiatives. The Namoi JO has specifically resolved into its Charter a responsibility to actively engage in a wide range of activities to ensure its entire member councils remain Fit For the Future. It is anticipated that following conclusion of a pilot period, JOs will become formally recognised and entrenched in legislation. The Namoi JO comprises a total of seven councils: Moree Plains, Gwydir, Narrabri, Gunnedah, Liverpool Plains, Tamworth Regional Council and Walcha Shire.
- Resource sharing with Gunnedah Shire Council. The senior members of LPSC and Gunnedah Shire Council are exploring additional areas of resource sharing to reduce costs and improve capacity of both councils. A Resource Sharing Agreement has been subsequently developed (refer Annexure 2). These activities will assist LPSC in enhancing its capacity to provide efficient and effective services.

7. Credibility for more effective advocacy:

- LPSC has been an effective advocate for local and regional issues through Namoi Councils. Examples include additional police being allocated to the Shire (and region), additional police housing constructed to retain police in the Shire, expansion of CountryLink Rail Services between Newcastle and Tamworth, ensuring that the rich 'black soil' plains area is both protected and excluded from mining, thus achieving a sustainable balance between mining and agriculture, gaining additional General Practitioners, ensuring that funding was allocated for the expansion of the Quirindi Hospital and successfully advocating for the replacement of the ageing Werris Creek Hospital with a new \$10m Multi-Purpose Health Centre.

8. Capable partner for State and Federal agencies:

- LPSC is a capable partner with State and Federal Agencies for the provision of many community services. Examples include:
 - The State and Federally funded Home and Community Care (HACC) service, with Council offices and staff based in Quirindi, Werris Creek and Willow Tree.
 - Council also hosts the Roads and Maritime Services (RMS) Agency in Quirindi. This agency is one of the busiest in NSW in terms of transaction numbers and is amongst the 1st group of Rural RMS Agencies to be offered a contract with Service NSW.
 - Council also partners with the RMS in the provision of RMCC maintenance contracts for maintenance of State Highways within the Shire and has assisted the RMS with maintenance activities on the New England Highway such as roadside mowing and vegetation control between Willow Tree and Bendemeer.
 - LPSC's Werris Creek Library is also an Agent of the Federal Government for Medicare, Centrelink, Child Support, CRS and Australian Hearing.
 - Emergency services support including provision of assistance to the NSW Police Service via recordings from Council's CCTV camera network and providing accommodation to emergency services organisations including the NSW Rural Fire Service (RFS), State Emergency Services (SES) and the Volunteer Rescue Association (VRA). Council is also embarking on an ambitious project to co-locate these organisations in a state of the art emergency services precinct.
 - Membership of the Minerals and Energy Working Group providing advice to the NSW Government and several of its agencies.
 - Liaison with NSW Trade and Investment in respect of the attraction of industry and new businesses within the Shire including the establishment of a Friendship City relationship with Jimo, China (a city of 8 million persons).
 - The Acting General Manager is a member of the New England North West Regional Leadership Network which meets quarterly to discuss regional issues. This network comprises State Government Agency Managers and Council General Managers.

- Joining with The NSW Environment Protection Authority (EPA) in hosting contaminated land workshops.
- Requested by The NSW Department of Planning and Environment to participate in a case study for ePlanning (specifically online DA Tracking and the Electronic Housing Code).
- Provision of various responses to governments on Green and White Papers (including IPART). Some of LPSCs responses are referenced and/or plagiarised in other much larger council submissions. Annexure 5 provides some examples.

9. Resources to cope with complex and expected change:

- LPSC has the resources to cope with complex and unexpected change. Natural disasters such as floods, droughts and bushfires can have a significant impact on any council's resources, regardless of its location. For example, the Shire comprises many black soil floodplains which, after flooding rainfall, require immediate and urgent repairs to affected roads and associated infrastructure costing up to \$3m. This means Council's resources have to be redirected from its planned works program. LPSC has a Risk Management Plan in place which details a number of potential risks across the organisation and how they might be managed and mitigated so that there are no 'unexpected' events. Supporting this, LPSC also has an Emergency Management Plan developed in conjunction with key emergency services organisations and a Business Continuity Plan.

10. High quality political and managerial leadership:

- LPSC is comprised of seven (7) Councillors: three (3) business owners, an agricultural professional, a qualified accountant and two experienced educational professionals.
- Council's five (5) member Senior Management Executive Team have over 170 years combined experience and knowledge in local government and private enterprise.
- LPSC has won numerous State and National Awards across all sectors of Council operations and this exemplifies the high quality political and managerial leadership within the organisation.

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).

N/A

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.

Liverpool Plains Shire Council (LPSC) was established in 2004 and is an amalgam in both whole and part of the former Local Government areas of Quirindi, Parry, Murrurundi and Gunnedah Shire Councils. It is strategically located approximately midway between Brisbane and Sydney on the NSW North West slopes and plains and has an area of 5,002 square kilometres. The Shire has a population of approximately 8,000 persons with a steady growth rate. Other demographic data is available at pp. 5-9 of Council's Community Strategic Plan (community profile snapshot fact sheet Annexure 5).

The predominant industry is agriculture; however major mining operations and their supporting industries are of emerging importance. These industries are likely to be major employers within the Shire within the next five (5) years. These companies include BHP Billiton, China Shenhua, Aurizon, Pacific National and Civeo (workers' accommodation village). Once these are in place, this will bring the Shire's population to over 10,000 persons.

Council has conducted independent bi-annual surveys of the community since 2004 and has an appreciation of the community's needs, goals and aspirations. Key items are:

- Road maintenance.
- Protecting the black soil plains and underground aquifers from adverse impacts.
- Maintaining the unique character of the Shire.
- Securing town water supplies.
- Increasing employment opportunities.
- Providing more youth facilities.
- Encouraging economic and population growth.

The Community's Vision and Mission statements are contained at page 14 of the Community Strategic Plan.

There are a number of challenges facing LPSC in the future including:

1. Mining in the Liverpool Plains. A number of proposed nearby projects will see substantial growth in the Region. These include the Shenhua Watermark Coal Mine and the BHP Caroonna Coal Mine. The provision of infrastructure, such as rail bypasses, will be critical for our communities.
2. Water availability to maintain and grow industries – many of the Shire's agricultural industries are dependent on the maintenance of water supply. This is threatened by government policy such as the Murray Darling Basin Plan and potential impacts on aquifers.
3. More frequent extreme weather events will require a change in the way Council operates and provides infrastructure in the future.
4. Global commodity prices – fluctuations in the price of agriculture and mining products could affect future growth within the region.
5. Demand for better health services. Many specialist services are not available within the shire. Regional growth will necessitate an increase in GPs and local specialist services.
6. Additional cost of road construction on the black soil plains – the highly expansive soils, whilst great for agricultural production, present challenges for road building and maintenance.
7. Maximising community benefits through the voluntary planning agreement (VPA) negotiation processes with major mining companies.
8. LPSCs financial sustainability to satisfy community demand for better roads

The results of the comprehensive community survey conducted as part of Council's FFTF consultation activities are enclosed as Annexure 6.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Strong existing partnerships with government organisations (including a pilot JO) • A focused & committed governing body & staff • Strong stocks of regional local government leadership & strategic capacity • Effective & unified Regional Joint Organisation • Strong relationships with indigenous community (Kamilaroi nation) • Location – central to Sydney and Brisbane, 3 hours from the Mid North Coast beaches • Lifestyle – strong community spirit, involvement and sense of identity • National rail hub at Werris Creek • Transport links – road, rail, air in close proximity • Diverse agricultural base of international significance • Multi-skilled personnel – staff in smaller councils have a greater range of responsibilities and skills due to wider PDs • Water availability in towns and villages • Regional water supply scheme underway • Tamworth Airport and Tamworth Base Hospital proximity • Existing health and recreation infrastructure (1 x hospital and 1 x Multi-Purpose Centre) • Historic/largely intact main streets supported by beautification programs • Scenic amenity • Mt Helen telecommunications site (also an income-earner) • Tourism – Australian Railway Museum, Rural Heritage Village, First Fleet Gardens, Quipolly Dam Recreation Area, Bird Watching, Gateway to the Kamilaroi Highway Trail 	<ul style="list-style-type: none"> • Black soil and challenge of building roads • Minimal national parks to attract visitors • No daily return passenger services to Newcastle • Ageing population • Current shortage of employment opportunities and government agencies in the Shire • Absentee landlords with investment properties not being maintained • Marginal population growth without mining development • Flood prone land • Railway lines dissecting towns causing congestion with long coal trains • Limited range of training courses at TAFE • Reducing volunteer numbers • Employment varieties for youth are presently limited

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| <ul style="list-style-type: none">• Low cost residential, commercial and industrial land and large lot sizes• New revenue sources generated by the resource sector• Telecommunications availability• Natural resources – forests, coal, natural gas, black soil, underground water• Environmental initiatives and a focus on sustainability• High quality local visitor accommodation• Proven capabilities to innovate• Upgraded highway to Newcastle (shortening travel times and improving regional linkages)• Transport logistics hub• Community is well-serviced by medical professionals• Excellent equestrian facilities including two equine hospitals, racecourse and international standard 3 day eventing course (proximity to the Australian Equine and Livestock Events Centre and Hunter Valley)• Climate – temperate with more sunny days than the coast• Grain storage availability within the Shire• Staff live locally and work hard to improve their local community• Black soil plains productivity• Quirindi Retirement Home – provider of modern aged care facilities• Royal Theatre – 3D cinema and facility for a range of cultural experiences• Excellent passive and active recreational facilities – including golf courses, racecourses and high quality local parks• Strong stocks of social capital• Access to a variety of quality educational opportunities• Childcare facilities• Low crime rates | |
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Opportunities	Threats
<ul style="list-style-type: none"> • Sister cities Blacktown and Jimo (China) – opportunities for trade and investment, staff and cultural and educational exchanges • Housing and development – subdivisions awaiting mining development, increased rate income and economic development • Tourism and trade partnerships with China • Coal resources to provide economic stimulus and employment • Grain production – overseas markets • Worldwide resource demand – coal and grain • Renewable energy – long hours of sunlight suitable for solar • Resource sharing – Joint Organisation (JO) and Gunnedah Shire Council • Timber industry – timber processing plant available for rejuvenation and expansion • Heavy industry associated with mining suppliers (proximity to the Hunter Valley and western mining areas) • Equine industry (proximity to AELEC Tamworth & the Hunter Valley) • Poultry industry (proximity to processing facilities in Tamworth) • Freight terminal (at confluence of major rail/road networks) • Government funding • Quipolly Dam Recreation Area • Eco Tourism • Jobs in aged care • Regional Planning • Provision of smaller acreage housing lots • Railway overpasses or bypasses • Promotion of Tamworth Airport 	<ul style="list-style-type: none"> • Cost shifting by higher levels of government • Resistance to change • Amalgamation with other councils • Government decisions • Terrorism for major trading partners • World economic downturn • Commodity prices / \$AUD • Low police numbers • Climate change • Worldwide demand for resources • Water utility review • Road network due to rail closures

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| <ul style="list-style-type: none">• Biotechnology• Accommodation for mining and resource sector workers• Culture, arts, innovation and youth activities• Showground redevelopment to attract more events | |
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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)	-4.67%	No	-3.12%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	58.8%	No	62.57%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	104.8%	No	91.35%	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.

Council has taken a structured & ordered approach to achieving the Fit For the Future Benchmarks and by 2019/20 all sustainability ratios will be met.

The approach Council has taken to achieve sustainability is multifaceted:

- Review current practises and identify cost savings to be made. Savings in the order of \$700,000 have been identified over the review period.
- A successful permanent SRV increase of 3.7% from 2014/15.
- Continuing reviews of Council to ensure that practices are efficient and modern.
- An additional permanent SRV increase of 3.5%, in excess of rate pegging, in each of years 3, 4 and 5, if required.

The projected result is a gradual improvement in Council's sustainability. These changes will not create instant achievement of the required benchmark but place Council in a favourable position going forward.

Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought. An SRV increase of the magnitude that would have been required to place Council in a sustainable position within this time frame was considered counter productive in the current economic climate. The impact of efficiency and productivity gains need to be determined before raising rates.

Council has also considered the multiplier effect of reductions in Council spending on the community (in the order of .86 total GRP impact (\$m) and total job impact (FTE) 8.9 – per AURIN/University of Adelaide EIAT tool for the Public Administration Sector)

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%)	1.67%	Yes	2%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	88.1%	No	102.3%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.78%	Yes	.71%	Yes

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

All benchmarks are achieved.

2.3 Performance against the Fit for the Future benchmarks

Efficiency

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$2,285 per capita	Yes	\$1,902 per capita	Yes

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

All benchmarks are achieved.

2.4 Water utility performance

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

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

No

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

Performance monitoring report shows LPSC compliance at 89% for sewer and 80% for water. Currently outstanding Best Practice Management Plans include the completion of the Integrated Water Cycle Management Plan and Strategic Business Plan which will now be engaged for compilation following the finalisation of the comprehensive review of these BP guidelines undertaken by the NSW Office of Water recently. A review of Council's current Drought and Demand Management Plan is also due and is being updated in 2015/16.

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

Recent past and current budgeted investments in infrastructure upgrades have reduced the water and sewerage backlogs to significantly lower levels than previous years. Specific maintenance on items such as sewer pipe relining has reduced infiltration and delayed required larger infrastructure spends based on capacity inadequacies. Currently water infrastructure backlog on Water for 2013/14 is \$150,000, with Sewer \$201,000.

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
Regional water scheme	2 years	\$24.1M	\$20M
Willow Tree water transfer scheme	1 year	\$4.8M	\$4.8M
Quirindi STP upgrade	4 years commencing 2019	\$3.8M	NIL
Werris Creek STP upgrade	2 years	\$10.1M	\$8M

2.4 Water utility performance

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

Yes

Council currently operates its water and sewer businesses to achieve an Economic Real Rate of Return of 1.3% for Water and 1.8% for Sewer. Both funds have been developing reserves towards upcoming infrastructure upgrades.

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

N/A

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 periods.

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1. Drought proofing vulnerable water supplies (Willow Tree, Werris Creek and Quirindi)	2017/18	Alternate water sources developed to mitigate drought shortages
2. Cater for growth pressures (Quirindi and Werris Creek water)	2017/18	Augmented headworks projects with increased delivery capacity
3. Regulatory compliance and cater for growth (Quirindi sewer)	Commencing 2019/2020	Augmented treatment plant with capacity and improved discharge parameters
4. Regulatory compliance and cater for growth (Werris Creek sewer)	2017/18	Augmented treatment plant with capacity and improved discharge

		parameters
5. Pressure delivery upgrade (Spring Ridge and Premer)	2017/18	Improved level of service
6. Full Best Practice compliance	2016/17	Fully compliant Best Practice water service delivery

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.

Council has taken a multifaceted approach to becoming Fit For the Future. Success will only come from our ability to maximise the potential of our Council and continue to modernise the way we do business. The ongoing challenge Council faces will be to maintain the improvements achieved and build on those successes in the future. Many of the strategies required are addressed directly in the attached Improvement Action Plan. Refer to Annexure 1.

Key Strategies Summary.

Ensuring adequate funds to maintain the desired service levels and required Infrastructure maintenance and renewal programs. This will be achieved by:

- Increasing Council's revenue base by:
 - use of special rate variations (SRVs) – an SRV of 3.5% p.a. will be applied for in years 3, 4 and 5 if required
 - investigating additional external revenue i.e. creation of a Business Services Division to capitalise on the strengths of LPSC. Currently LPSC derives external income from in-house developed software, environmental staff contracted on weeds projects, private works projects and resource sharing with other councils.

- Rationalising Council's Expenditure. This will be achieved through:
 - review of our purchasing strategy
 - encouraging innovative work practises
 - adopting modern technology and business best practices
 - developing innovative business partnerships outside of Council
 - leveraging off membership of the Namoi JO
 - resource sharing with other councils, in particular Gunnedah Shire Council.
- Benchmarking Council costs and expenses against external sources. An example of benchmarking that has taken place is an extensive review of council cleaning costs undertaken in 2014/15.
- Introduction of efficiency programs – it is proposed that Competitive Business training will be rolled out across all levels of council staff and all departments.
- Effective monitoring of our performance to ensure that any deviations from a sustainable path are identified and rectified in a timely fashion.
- Service level reviews – in accordance with our community consultation we will focus on providing services at the level desired and expected by our community.
- Use of debt funding to maintain and renew Infrastructure, achieving equity between the generations of community members who share in the use of Council's long term assets.

Local Government holds a unique place in our communities. Any plan to achieve sustainability in Local Government must look beyond the classic accounting solutions. Critical to the success of our Improvement Plan is to look at Council's place in the wider community. Council's Annual Report outlines many of these strategies:

- Advocacy for an increase in the resources committed by the commonwealth and state governments to local government and LPSC in particular is important. Council will lobby Local Members of Parliament, support the Namoi JO and any other proposals in an endeavour to access additional funding. Of particular importance is the allocation of FAG grants.
- Increase the success rate of grant funding applications. We will engage experts to review and mentor our grant fund applications and increase research into grant availability.
- Increase levels of local social capital stocks and forge greater community partnerships.
- Encourage vitality and growth in our community.
- To seek constitutional recognition of local government to enable direct funding from the Commonwealth Government. Council

- will actively support constitutional recognition of local government via media campaigns in conjunction with the ALGA.
- Council will continue to leverage from its long term internal audit program. Council engaged an external accounting firm in 2008 to act as internal auditors. This program has been successful in identifying areas for improvement and providing Council with the methodology to achieve the required outcomes. Council will continue with this independent internal audit program.

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.

- Efficiency gains of \$700,000 already identified are maintained into the future
- A conservative position has been taken on gains from future efficiencies and these have not yet been recognised
- Rate pegging at 2.4% in 2015/16 and 2.5% onwards
- User fees and charges increase annually at 2.8%
- Wage increases at 2.7% p.a.
- Minor depreciation reduction on roads post revaluation
- Expense movements in line with the current and projected future inflation rates
- FAG grants consistent with current levels (indexation freeze and then indexed at 2.5%)
- Interest rates of 3.8% on Investments (Council has high rate medium term investments)
- All other grants consistent with historical levels and indexed at the current and projected future inflation rates

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. Building a Fiscal Responsibility Agenda.	a) Adopt a range of new financial policies including Fiscal Responsibility Principles.	2015/16 & onwards.	Policy framework to institutionalise fiscal responsibility.	Improve infrastructure, service management & resource allocations.
	b) Continuation of a Councillor professional development program.	Ongoing.	Councillors having the information, skills and resources to undertake their roles and responsibilities effectively.	Improve infrastructure, service management & resource allocations.
2. Measure our success.	a) Commission TCorp to review Council's progress in achieving the FFTF Improvement Plan & establish new sustainability benchmarks.	2021/2022.	Council's adherence to and success of the Improvement Plan is independently monitored.	Impacts positively on efficiency and infrastructure management.

	b) Performance Agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.	2015/16.	Ownership and accountability entrenched in Councils culture.	Impacts positively on efficiency and infrastructure management.
	c) Establish a FFTF review committee comprising all key stakeholders – the community, the councillors and staff from all levels and departments within council.	2015/16 & ongoing.	Council's adherence to and success of the Improvement Plan will be monitored by all stakeholders.	Impacts positively on efficiency and infrastructure management
	d) Integrate FFTF progress reporting into the fabric of council reporting.	2015/16 & ongoing.	Council's progress will form part of the Annual Report program. Half yearly reports will be made to Council on our progress.	Impacts positively on efficiency and infrastructure management
3. Foster Community engagement and participation.	a) Training of key personnel in customer service & communications management.	2015/16 & ongoing	All key personnel trained.	Council is "user friendly" and seen as approachable by the public.

	b) Development of formalised & integrated consultation structures. Create opportunities for informal interactions between Councillors and these groups e.g. Councillors' annual road inspection tour.	2015/16 & ongoing.	Policies developed & implemented.	Impact on the service levels provided.
	c) Progressive development of improved community reporting structures.	2015/16 & ongoing.	Support systems developed & implemented, e.g. revamped website and council intra-net.	Greater transparency in Council process will impact on all areas.
4. Modernisation of Council activities.	a) Identify & scope organisational corporate improvement requirements with the assistance of key stakeholders.	2015/2016.	Clearly identified and agreed project goals.	Improve infrastructure, service management & resource allocations.
	b) Tendering process continually reviewed.	Ongoing.	Corporate systems installed on time & within budget.	Improve infrastructure, service management & resource allocations.
	a) Establish agreed core business functions.	2015/2016.	Policy position developed.	Improve infrastructure, service management & resource allocations.

5. Ensure Council has adequate funds to support required service levels by strengthening the Revenue Base.	<p>Service Levels:</p> <p>a) Soundly justify any proposed increases to service levels or creation of new assets and focus on core services.</p>	2015 & ongoing - continue with effective community consultation.	Community consulted regarding service levels. Reduction in over & under servicing.	Improved infrastructure & service management & resource allocations.
	<p>Increase Revenue:</p> <p>a) Ensure that services provided by Council which are on charged to external parties are costed and charged on a commercial basis.</p>	2015/16 & ongoing - continue benchmark costing of provision of services both internal and external against those available from the private sector or other government agencies.	Council expenses and income benchmarked against an external source.	Impact on Council's overall efficiency & sustainability.
	b) SRV – applied for y3, y4, y5 -if required.	SRV approved.	Additional funding acquired.	Ensures funding to sustainably manage infrastructure.
	<p>Reduce Expenses:</p> <p>a) Cost savings through efficiency measures.</p>	2015 & ongoing - continual review of budgets and spending.	Reductions identified and implemented on an ongoing basis.	Impacts on efficiency and infrastructure management.

	b) Gain purchasing power through partnerships with other entities.	<p>2015 & ongoing – Membership in Namoi JO.</p> <p>2015 & ongoing – Resource sharing with Gunnedah Shire Council and other shire councils.</p>	Purchasing power improved and access to additional resources.	Impacts on efficiency and infrastructure management.
	c) Innovative partnerships with external organisations.	2015 & ongoing - current discussions are subject to Commercial in Confidence restrictions.	Benefits gained for the community funded from sources outside Council.	Efficiencies gained as projects are shared with a wider group.
	d) Cost centre based reporting.	2014/15 & ongoing Change to the structure of the Long Term Financial Plan to readily report on cost centre basis.	Ease of reporting on the cost of core and non-core services.	Impacts on efficiency and infrastructure management.
	e) Review the procurement system to ensure that Council is gaining the maximum	2015/16 commencement of a review of procurement and accounts payable	Increased robustness in the procurement and accounts payable	Impacts on efficiency and infrastructure management.

	possible value for its expenditure.	systems leveraging off the internal audit process.	systems.	
	f) Promote ownership and accountability of staff.	2015/16 – establish a transparent, accurate and timely cost centre based reporting system.	Ease of reporting on the cost of core and non-core services.	Impacts on efficiency and infrastructure management.
	g) Apply for funding under the \$4m Innovation Fund FFTF.	November 2015 – application lodged.	Additional funding received, facilitating faster progression of the FFTF program.	Impacts on implementation of the FFTF improvement plan.
6. Intergenerational Equity	a) Use debt funding to improve intergenerational equity	Ongoing review of Council's debt structure.	Long term borrowings to fund some major projects.	Efficient use of available funding.
7. Ensure that Council Infrastructure is effectively managed.	a) Continue to Improve Asset Management Plans and their realistic integration with the Long Term Financial Plan.	Ongoing.	Sustainable use and maintenance of infrastructure.	Improved infrastructure management.

8. Ensure that long term planning is truly reflective of the requirements to service and maintain assets at the desired level.

a) Establish a system of “budget buddies” - with members of the finance team partnered with staff from other departments to jointly develop Council budgets.

2015/16 and ongoing.

All Council sectors involved in and having ownership of the budget process. This will help ensure that budgets are set at a realistic level and give accountability and fiscal responsibility across multiple levels of Council hierarchy.

Promotes a concept of accountably and fiscal responsibility throughout Council.

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.

Council recognises the importance of an effective infrastructure management system to its long term sustainability. Without effective asset management Council cannot be sustainable.

In 2007/2008 Council implemented a comprehensive Asset Management System and progressively developed an Asset Management Policy, Strategy and Asset Management Plans for the long term management of Council's various assets (Annexure 1). This process identified a number of objectives with the following key issues and key aims:

Key Issues

The key issues identified in this plan are:

1. The OLG requires the valuation of Council's assets at fair value. To calculate this value, a complete asset register is required.
2. Cost shifting by other tiers of government, the regulatory environment, and increasing expectations by the community are increasing the burden on Council's resources.
3. A large number of assets built in the early to mid 1900's are reaching the end of their lives and require renewal. With Council's current funding, the renewal of these assets must be well managed to ensure sustainability and value for money. .
4. Liverpool Plains Shire Council has a large asset base, over a large spatial area, and a relatively small population to support it.

5. Strategic planning of growth areas to prevent adhoc asset creation.
6. Community needs and expectations change over time.

Key Aims

The key aims of this Asset Management Strategy are to further implement asset management and incorporate the processes into Liverpool Plains Shire Council's business structure. This plan formalises the strategies that have been progressing over previous years. The following aims have been identified:

1. An Asset Management Committee was formed to ensure asset management is incorporated into Council business processes.
2. Record asset data into Council's GIS system to ensure current and relevant asset information is readily available and easily accessible.
3. Develop asset management plans for all asset portfolios.
4. Continuously review and update asset management plans to ensure maturity of the AMS and address changing needs.
5. Develop and implement inspection programs for each asset portfolio.
6. Develop Maintenance Management Systems (MMS).
7. Continuously evaluate the condition of the assets to document how the different asset categories are consumed over their lifecycle.
8. Provide tools to display the information on Council's assets and thus improve the decision making process.
9. Train Council staff in asset management, new business processes, and business systems to improve efficiency.
10. Promote non-asset solutions and/or new technologies to reduce the gap between current renewal costs and actual funds available.
11. Evaluate and trial new construction techniques, and/or materials for the potential to reduce the gap between current renewal costs and actual funds available.
12. Continually record the utilisation rates for various assets over time to predict changes in community requirements, and therefore service levels.

Council continues to work toward the objectives of this strategy.

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

- Specific purpose grants are consistent with levels and indexed at the current and projected future inflation rates.
- Minor depreciation reduction on roads post revaluation.
- Expense movements in line with the current and projected future inflation rates.
- FAG grants consistent with current levels (indexation freeze and then indexed at 2.5%).
- Efficiency gains of \$700,000, already identified, are maintained into the future
- Wage increases at 2.7% p.a.
- Materials and contracts are indexed at the current and projected future inflation rates.
- A conservative position has been taken on gains from future efficiencies and these have not yet been recognised.
- The recently announced increase in Roads to Recovery funding has not been included.

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. Building the Fiscal Responsibility Agenda.	a) Asset management planning prioritised and directly tied to the LTFP including smart use of borrowings.	2015/16 & ongoing.	Prudent management of assets.	Positive impact on asset management.
2. Effective Management of Capital Projects.	a) Introduce Major Capital Projects Policy & Guideline Procedures.	2015/16.	Capital projects effectively managed.	Increase sustainability & efficiency.
3. Align Engineering and Financial asset records.	a) Engage all parties (engineers, finance staff, auditor & software providers) in an open and frank dialog.	Feb 2015.	Work done to date reviewed. A work plan agreed.	Completion of this project will put Council in a positive position to move forward.
	b) Reconciliation of engineering & finance records.	June/July 2015.	All variances identified. and correct balances nominated.	Reliable asset data and effective communication between all sectors of Council will allow long term planning to be

	c) Auditor signs off on reconciliations.	July/August 2015.	Corrected balances verified.	done on a realistic and factual basis.
	d) Asset database revamped and required adjustments to financial records complete	August 2015.	Database cleansed and error free.	Alignment of Council records.
	e) Procedure to formalise co-ordination of asset changes between engineering and finance on a regular basis.	August 2015.	Ensure that all future asset changes are correctly recorded	Alignment of Council records. Efficiency gains from interdepartmental cooperation
4. Ensure that asset records are kept in an optimal manner	a) Review of Council's Assetic records by an external party on a regular basis.	April 2016 and then every four years or as required.	Ensure that records maintained in an optimal state.	Ensures Council has accurate data for planning purposes.
	b) Regular training of both engineering and finance staff to ensure that available asset software is being effectively utilised.	August 2015 and then as required.	Ensure that records maintained in an optimal state.	Ensures Council has accurate data for planning purposes.

5. Ensure that Council has access to readily available information on which to base long term infrastructure planning.	a) Integrate Assetic myPredictor with the current Assetic myData asset records.	2015/16 & ongoing.	Council will have access to an easy to use predictive modelling tool for planning. This will provide analysis of different scenarios based on live council data.	Assists in planning by defining the total cost of ownership of an asset portfolio and optimising capital treatments and maintenance costs. Provides reports in an assessable and comprehensible format.
6. Facilitate clear lines of communication between engineering and finance staff	a) Continue with the Asset Management Committee to ensure that asset management is incorporated into Council's business processes but incorporate small group monthly meetings to reconcile asset changes on a regular basis.	2015/16 and ongoing.	Ensure all sectors of Council are "on the same page".	Helps ensure that asset data and plans are relevant and strategies are "live".

7. Ensure that long term planning is truly reflective of the requirements to service and maintain assets at the desired level.

a) Establish a system of “budget buddies” – with members of the finance team partnered with staff from other departments to jointly develop Council budgets.

2015/16 and ongoing.

All Council sectors involved in and having ownership of the budget process. This will help ensure that budgets are set at a realistic level and give accountability and fiscal responsibility throughout multiple levels of Council’s hierarchy.

Promotes the concept of accountably and fiscal responsibility throughout Council.

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.

Reduce waste:

Waste is a key indicator of inefficiency's within systems. Council will strive to reduce waste in all areas of council operations. Waste to be identified is not only financial but also environmental and social, following the principles of multiple bottom line reporting. In particular:

- Council will use its resources wisely to reduce its ecological footprint. We will carry out and implement the results of water, waste and energy audits.
- Seek grants to lower energy consumption in council buildings.
- Competitive Business training to help each person in our organisation be on the lookout for waste in transport, inventory, over production, over processing and defects.

Save money:

A structured approach to achieving financial savings is required. Council will attain this through:

- Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state maps. This will provide a blueprint for system change in which all levels of Council have ownership.
- Stores inventories held by Council play a significant role in Council's efficiency. The ability to supply the required materials to carry out projects in a timely fashion is key. The store staff will be trained in 6S to simplify, better organise and provide a sustainable productive work environment. The 6S process involves: sorting - to remove clutter, set in order – to organise what is left behind, shine – to ensure the area can be cleaned easily, standardise – use standards to ensure that the area achievements in the first 3 steps are maintained, sustain – maintain through empowerment, commitment and discipline, safety – WH&S standards are met and the environment is safe to operate in.
- Mistake proof systems.
- Train staff in problem solving techniques.

- Increase total proactive maintenance programs across all areas of Council. Council currently has well established proactive maintenance programs across key areas of infrastructure and plant. These maintenance programs will be gradually extended to encompass all Council assets.

Cultural Change:

Council has identified the need to build a new organisational culture to meet the challenges of being Fit For the Future.

Staff are an integral part of Council's Fit For the Future solutions and they must be engaged throughout the process. This will be attained by:

- A review of department and internal organisational structure is currently being undertaken. We are modernising Council's long standing internal organisational structure to ensure it is capable of sustaining and supporting Council's new future direction. The results of this review will be implemented in the first half of 2015/16.
- Review of the Community Strategic Plan (CSP) and corresponding Delivery Plan to ensure that it is reflective of changes to be implemented.
- There is an urgent commitment to become an employer of choice. Human Resource management is an identified area where immediate improvements need to be made. In this regard opportunities for resource sharing with Gunnedah Shire Council are currently being explored.
- Encourage a greater sense of ownership and accountability among staff. This will be addressed in part by a revamp of the current accounting program and change to the general staff interface with that program. Council is currently nearing completion of a modernisation of its general ledger and the introduction of a work order system. This will enable easy access to real time actual income and expenditure and comparison to budgeted amounts. This will further be facilitated by a system of "budget buddies" to share financial knowledge to other areas in Council.
- A focus on training must be maintained. Council needs to ensure that staff have the required technical and professional skills to work effectively. Directors and managers are effective leaders of our workforce and are able to provide inspiration to the Council and our community.

Embrace technological changes:

Council already has an exceptional reputation for the development of innovative software in its Tr@cer products.

- Council operations will be reviewed to ensure that technological advances have been incorporated into Council practices across the organisation. These reviews must ensure that all internal and external stakeholders are consulted in any changes. This will ensure changes are taken up in the most efficient and effective manner. Consultation will also minimise any negative attitude towards change.
- An example of this is the planned integration of a combined electronic timesheet/plant sheet to directly upload into Council's payroll and plant management programs.

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

- Efficiency gains of \$700,000 already identified are maintained into the future
- In keeping with a conservative approach financial gains from any as yet unidentified efficiencies have not been recognised in our budgeting process.

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. Embrace the opportunities arising from resource sharing.	a) Continue to pursue the benefits arising from agreements with other councils.	Current & ongoing Membership of Namoi JO. Resource sharing with other councils and groups continued.	Increase in Councils scale and capacity.	Impacts on sustainability & assets management.
2. Encourage participation of all members of staff.	a) Each Directorate to establish an Efficiency Review Group at the operational level.	2015/2016 & ongoing.	Group operational and demonstrated savings identified.	Buy in of all staff will impact on sustainability.

3. Benchmark Council's costings.	a) A minimum of two (2) operational areas per financial year to be benchmarked against independent costings.	2015/2016 and ongoing.	Completed efficiency reviews that meet defined targets.	Impacts on sustainability and transparency.
4. Ensure effective use of the time and skills of Councillors & Staff.	d) Review of all Committee structures in consultation with key stakeholders.	2015/2016.	Committees reviewed and changes implemented.	Impacts on sustainability.
5. Reduce waste.	a) Council will use its resources wisely to reduce its ecological footprint.	2015 & ongoing - carry out and implement the results of water, waste and energy audits.	Council's ecological footprint reduced.	Impacts on sustainability.
	b) Investigate grant opportunities to lower energy consumption in council buildings.	2015 & ongoing - review of and application for relevant grants.	Additional funding received.	Impacts on sustainability.
6. Save money.	a) Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state	2015/16 system reviews commence. Up-skill staff to achieve outcome.	A blueprint for system change in which all levels of Council have ownership.	Impacts on sustainability and asset management.

	maps.			
	b) 5S + safety (6S) system implemented in council's store.	<p>2016 – 6S system in store</p> <p>Up skill staff to achieve outcome.</p>	<p>Materials required to complete are available when required.</p> <p>Council funds are used effectively as surplus stores are not held.</p> <p>Reduction in redundancy of old stores.</p>	Impacts on sustainability.
	c) Develop mistake proof systems.	<p>2015/16 & ongoing - Council staff trained in the art of mistake proofing systems</p> <p>Up skill staff to achieve outcome.</p>	Systems designed to reduce waste through mistakes.	Impacts on sustainability.
	d) Train staff in problem solving techniques.	Up skill staff to achieve outcome.	Real causes of problems are identified – time and resources are not wasted on patching, but are used for responsive problem	Impacts on sustainability.

			solving.	
	e) Increase total proactive maintenance programs across all areas of Council.	2015/16 proactive maintenance program established for all council buildings – this will be integrated into the Assetic asset management system.	These maintenance programs will be gradually extended to encompass all areas of Council.	Impacts on infrastructure.
7. Cultural Change.	a) A review of department and internal organisational structures.	2015/16 review completed and changes implemented.	An internal organisational structure to ensure that Council is capable of sustaining and supporting the future direction.	Impacts on sustainability.
	b) Review Council's salary system.	2015/16.	Salary system is Award compliant, market competitive and meets future needs.	Impacts on sustainability.
	c) Review & enhance the LPSC Workforce Management Plan.	2015/16.	Workforce Management Plan review complete and meets future needs.	Impacts on sustainability.

	d) Link strategic outcomes to performance objectives of senior staff and managers.	2015/16.	Management accountable for performance against strategic outcomes.	Impacts on sustainability.
	e) Identify opportunities for addressing skill shortages through the offering of traineeships & cadetships.	2015/.16	Opportunities identified and implemented.	Impacts on sustainability.
	f) Ensure that the Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.	2015/16 review completed and changes implemented.	Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.	Impacts on sustainability.
	g) Commitment to become an employer of choice through greatly improved Human Resource Management.	2015/16 & ongoing extend resource sharing with Gunnedah Shire Council. Reviewed structure may include a level of effective in-house HR management.	HR resources available to LPSC.	Impacts on sustainability.

	h) A greater sense of ownership and accountability for staff through increasing their access and understanding of financial performance of their activities.	2015/16 rewrite of chart of accounts completed, work orders implemented, integration and reporting software installed and training completed.	A culture of ownership and accountability fostered throughout Council.	Impacts on sustainability and asset management.
	i) Focus on training.	2015 & ongoing.	Staff have the required technical and professional skills to work effectively.	Impacts on sustainability and asset management.
	j) Competitive Business training will be rolled out across all levels of council staff and all departments.	2015/16 training courses commenced these will be rolled out across Council.	A “çan do” culture fostered. This training will provide outcomes to a multitude of efficiency measures covering <ul style="list-style-type: none"> - system mapping - problem solving - mistake proofing - 6S (5S + safety) - visual performance measurement - change management. 	Impacts on sustainability.

	k) Develop & implement a change management program.	2015/16.	Program developed & implemented.	Impacts on sustainability.
8. Embrace technological change.	a) Ensure that technologic advances have been incorporated into Council practices with effective consultation of the end users.	2015/16 & ongoing – review of Council practises to ensure that the most effective use is being made of technical changes.	Increase take up of technological efficiencies.	Impacts on sustainability and asset management.
	b) Incorporate integrated electronic timesheets and plant sheets into LPSC systems.	2015/16 - design and implement.	More efficient and timely recording of data.	Impacts on sustainability and asset management.

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

Building a Fiscal Responsibility Agenda through adopting a range of new financial policies including Fiscal Responsibility Principles.

2015/16 & onwards.

Building the Fiscal Responsibility Agenda through asset management planning prioritised and directly tied to the LTFP including smart use of borrowings.

2015/16 & onwards.

Continuation of a Councillor professional development program.

Ongoing.

Commission TCorp to review Council's progress in achieving the FFTF Improvement Plan & then establish new sustainability benchmarks.

2021/2022.

Performance Agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.

2015/16.

Establish a FFTF review committee comprising all key stakeholders – the community, the councillors and staff from all levels and departments within council.	2015/16 & ongoing.
Integrate FFTF progress reporting into the fabric of council reporting through integration in Annual Reports and half-yearly reports to Council.	2015/16 & ongoing.
Continue to integrate the asset management and asset reporting	2015/16 & ongoing.
Integrate Assetic myPredictor with the current Assetic myData asset records. Giving access to an easy to use predictive modelling tool for planning.	2015/16 & ongoing.
Review, revamp and modernisation of Council organisational structure	2015/16.
Training of key personnel in customer service & communications management.	2015/16 & ongoing.
Development of formalised & integrated consultation structures. Create opportunities for informal interactions between Councillors and these groups e.g. Councillors' annual road inspection tour.	2015/16 & ongoing.
Progressive development of improved community reporting structures - revamped website and council intra-net.	2015/16 & ongoing.
Identify & scope organisational corporate improvement requirements with the assistance of key stakeholders. Develop clearly identified & agreed project goals.	2015/2016.

Establish agreed core business functions and soundly justify any proposed increases to service levels or creation of new assets and focus on core services. Continue to develop cost centre based accounting and reporting systems.	2015/2016 & ongoing.
Benchmark costing of provision of services both internal and external against those available from the private sector or other government agencies.	2015/2016 & ongoing.
Review of budgets and spending to establish further cost savings through efficiency measures.	2015/2016 & ongoing.
Continue to explore innovative partnerships with external organisations	2015/2016 & ongoing.
Apply for funding under the \$4m Innovation Fund FFTF.	November 2015 – application lodged.
Commencement of a review of procurement and accounts payable systems leveraging off the internal audit process.	2015/2016 & ongoing.
Establish a system of “budget buddies” - with members of the finance team partnered with staff from other departments to jointly develop Council budgets. Helping ensure that budgets are set at a realistic level and giving accountability and fiscal responsibility across multiple levels of Council hierarchy.	2015/2016 & ongoing.
<p>Embrace the opportunities arising from resource sharing. We will continue to pursue the benefits arising from agreements with other councils.</p> <ul style="list-style-type: none"> • Membership of Namoi JO. 	Current & ongoing

<ul style="list-style-type: none"> Resource sharing with other councils and groups continued. 	
Each Directorate to establish an Efficiency Review Group at the operational level.	2015/2016 & ongoing.
Ensure effective use of the time and skills of Councillors & Staff. Review of all Committee structures in consultation with key stakeholders.	2015/2016.
Reduce Council's ecological footprint by carrying out and implementing the results of water, waste and energy audits.	2015 & ongoing.
Investigate grant opportunities to lower energy consumption in council buildings.	2015 & ongoing.
Review of systems and processes by both management and staff, mapping them, identifying areas of improvement and creating ideal future state maps.	2015/16 & ongoing.
5S + safety (6S) system implemented in Council's store.	2016
Efficiency Works training courses in Competitive Business Systems commenced. Developing skills in mistake proof systems, problem solving, system mapping, 5S and proactive systems maintenance across all levels in Council.	2015/16 & ongoing.
Increase total proactive maintenance programs to cover building maintenance.	2015/16 & ongoing.

Review Council's salary system.	2015/16.
Review & enhance the LPSC Workforce Management Plan.	2015/16.
Identify opportunities for addressing skill shortages through the offering of traineeships & cadetships.	2015/.16
Ensure that the Community Strategic Plan (CSP) and corresponding Delivery Plan are reflective of changes to be implemented.	2015/16 review completed and changes implemented.
Commitment to become an employer of choice through greatly improved Human Resource Management.	2015/16 & ongoing.
A greater sense of ownership and accountability for staff through increasing their access and understanding of financial performance of their activities. Rewrite of chart of accounts completed, work orders implemented, integration and reporting software installed and training completed.	2015/16.
Develop & implement a change management program.	2015/16.
Review of systems to ensure technologic advances have been incorporated into Council practices where applicable. Develop new systems where required. Consultation of stakeholders both internal and external to be an integral part of this process.	2015/16 & ongoing.

Incorporate integrated electronic timesheets and plant sheets into LPSC systems.	2015/16 - design and implement.
Develop & introduce Major Capital Projects Policy & Guideline Procedures.	2015/16.
Review of Council's Assetic records by an external party.	April 2016 and then every four years or as required.

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.

Significant community engagement was undertaken throughout the FFTF consultation process. This process included, but was not limited to, the creation of a FFTF website (<http://yoursayliverpoolplainsshirecouncil.com.au/>), stalls at community events, numerous community meetings, distribution of a survey, consultation with key local industry groups and businesses, mail out surveys with 27.55% of local households participating in the survey (a significant response rate), use of social media, preparation and distribution of media releases utilising a range of communication mechanisms, appointment of a FFTF contact person, FFTF hot line, preparation and distribution of flyers, photography/poster competitions with local school children and pop up stalls. The results obtained in response to the community consultation were collated in a representations report. The key recommendations contained within this report were used to inform the Council Improvement Plan. This Improvement Plan was publicly exhibited with Council's Long Term Financial Plan and IP&R documentation for 28 days.

The conclusion of this comprehensive community consultation program was:

1. An overwhelming number would like to remain independent and form a joint organisation with Namoi Councils.
2. A large majority of our community agrees with efficiency strategies, such as resource sharing with other Councils.
3. The majority of the participants were either unsure, did not answer the questions, or agree with Council undertaking service level reviews that may involve a reduction in the service levels that Council currently provides.
4. The top six overall most valued services identified were:
 - Roads and Bridges,
 - Emergency Services,
 - Community Services,
 - Waste Management,
 - Sporting and Recreation Centre,
 - Parks and Gardens.

In addition to this it is important to note that a number of the villages and surrounds rated Noxious Weed Control and Street Cleaning in the top five services.

5. A large majority of the survey participants agree that if Council is to continue to be involved in providing services of a semi-commercial nature under contract for both state & federal government, it is essential that it is done on a cost recovery basis.
6. Just under half of the survey participants support council continuing to provide accommodation for doctors.
7. Of the participants, 47.5% surveyed agreed with council continuing to support caravan parks.
8. Over 50% of the respondents to the survey agree with council continuing to support the Royal Theatre.
9. The large majority of the survey participants support the Council in providing childcare services.
10. Over 70% of the participants surveyed support Council investigating innovative partnerships with the private sector in its long term strategic plan.

Council has not changed service levels at this time. The results of the community survey indicate that our community wish Council to pursue efficiency strategies before changing service levels or increasing rates. In the event council has exhausted all efficiency measures and there is a demonstrated need to increase revenue, 35.8% surveyed prefer a rate rise in comparison to 33.5% who would prefer a reduction in services. It is important to note that 30.6% of those surveyed did not make a decision either way.

The conclusions from the community consultation were integrated into the Improvement Plan.

No queries were raised during public exhibition and the Improvement Plan was formally adopted at Council's 24th June 2015 Ordinary Meeting.

Council employees, councillors and executive management were all actively involved and consulted in the preparation of the Improvement Plan. Members of the executive management team attended various meetings and bootcamps and consulted with peers within Local Government circles.

The resultant Improvement Plan and Template 2 submission is a truly collaborative document which will underpin our success and ensure we are "Fit For the Future".

In the conduct of its community consultation activities, Council engaged the services of a community engagement specialist, Ms Cate McMahon of Invigor Consulting.

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.

- Following extensive consultation with the community, LPSC is electing to stand alone. The results of the extensive community consultation process are shown at Annexure 6.
- Regardless of this position, the adjoining Gunnedah Shire Council (GSC) has been comprehensively and collaboratively consulted throughout the FFTF review process. Like LPSC, GSC is intending to also stand alone and will complete Template 2. Notwithstanding, both councils will leverage off each other's individual expertise and unique circumstances and participate in an innovative resource sharing arrangement. This approach has been formalised into an agreement (Annexure 3). This arrangement is further enhanced through both councils' participation in the pilot Namoi Joint Organisation.
- Service levels have not been changed at this time. The results of the community survey indicate that our community wish Council to pursue efficiency strategies before changing service levels or increasing rates. In the event council has exhausted all efficiency measures and there is a demonstrated need to increase revenue, 35.8% surveyed prefer a rate rise in comparison to 33.5% who would prefer a reduction in services. It is important to note that 30.6% of those surveyed did not make a decision either way.
- Immediate request for an increase in the SRV to a level that would achieve the benchmarks was considered counterproductive in the current economic climate. Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought.

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)	-7.89%	-3.81%	-3.12%	-.14%	1.76%	4.18%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	55.77%	58.97%	62.57%	62.94%	63.25%	63.41%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	88.31%	90.9%	91.35%	93.02%	95.4%	100.11%	No
Infrastructure Backlog Ratio (Greater than 2%)	.02	.02	.02	.02	.02	.02	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	101%	101%	101%	102%	102%	102%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.49%	.66%	.71%	.7%	.67%	.68%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$2,167 per capita	\$1,992 per capita	\$1,902 per capita	\$1,849 per capita	\$1,816 per capita	\$1,774 per capita	Yes

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.

Council has taken a structured and ordered approach to achieving the Fit For the Future Benchmarks.

By 2019/20 all ratios will be met.

A longer time will be required to meet the benchmarks time scale (average over a number of years) with all benchmarks achieved by 2021/22.

Liverpool Plains Shire Council 10 Year Financial Plan for the Years ending 30 June 2025 KEY PERFORMANCE INDICATORS - GENERAL FUND Scenario: Option 1 - 3.5% rate increase y3, y4, y5			Current Year 2014/15	Projected Years									
				2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
				<div><div><div><div><div></div><div>Within green benchmark (green min and/or green max)</div></div><div><div></div><div>Within amber benchmark (amber min and/or amber max)</div></div><div><div></div><div>Not within benchmark (amber min and/or amber max)</div></div></div><div><div><div></div><div>Within green benchmark</div></div><div><div></div><div>above green maximum and below amber maximum</div></div><div><div></div><div>below green minimum and above amber minimum</div></div><div><div></div><div>above amber maximum</div></div><div><div></div><div>below amber minimum</div></div></div></div></div>									
New Note 13 Ratios													
Operating Performance Ratio 1)	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	-7.89%	-4.27%	-3.01%	0.34%	2.64%	5.39%	5.41%	6.70%	6.67%	7.21%	6.64%	
Own Source Operating Revenue Ratio 1)	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	55.77%	58.47%	62.11%	62.66%	63.13%	63.46%	63.71%	63.81%	63.84%	63.85%	64.26%	
Building & Infrastructure Renewals Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	88.31%	93.13%	95.94%	97.17%	99.78%	102.37%	103.78%	103.95%	101.63%	103.80%	102.99%	
Infrastructure Backlog Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	0.02	
Asset Maintenance Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	1.23	
Debt Service Ratio	Snapshot	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>	<div><div></div><div></div></div>
	Actual Ratio	1.49%	0.67%	0.72%	0.70%	0.68%	0.68%	0.66%	0.67%	0.65%	0.63%	0.62%	

The projected result is a gradual improvement in Council's sustainability, efficiency and effective Infrastructure and service management.

The changes made under the Improvement Plan need to be carefully monitored to ensure that they are effective. The Improvement Plan itself must be considered to be a living document and should be subject to constant scrutiny and public accountability.

Care has been taken not to place too great an impost on a rural community suffering from the effects of a drought. An SRV increase of the magnitude that would have been required to place Council in a sustainable position within the required time frame was considered counterproductive in the current economic climate.

The impact on Council's performance as the improvement process takes effect must also be measured. Should the benefits gained through the improvement process meet expectations the proposed SRV may be reduced, however in the spirit of prudent planning a conservative approach has been taken.

Council has also considered the multiplier effect of reductions in Council spending on the community (in the order of .86 total GRP impact (\$m) and total job impact (FTE) 8.9 – per AURIN/University of Adelaide EIAT tool for the Public Administration Sector). In a smaller rural community the importance to the local economy of its Council cannot be underestimated. Care must be taken that as efficiencies are achieved it is not at the cost of the financial viability of the community we serve. As we move forward with the improvement process effective community consultation will continue.
















Council also operates both water and sewer funds. The overall performance of Council using the required analysis methodology presents a positive picture for all ratios.

Operating Performance and Building & Infrastructure Renewals Ratios:

Liverpool Plains Shire Council

KEY PERFORMANCE INDICATORS - CONSOLIDATED

Scenario: Option 1 - Variation 3.5% in Years 3, 4 & 5

		Current Year 2014/15	Projected Years				
			2015/16	2016/17	2017/18	2018/19	2019/20
			<div>  Within green benchmark (green min and/or green max)  Within amber benchmark (amber min and/or amber max)  Not within benchmark (amber min and/or amber max) </div>				
Council's Target Benchmarks							
Operating Performance Ratio 1)	Snapshot	 ↓	 —	 —	 —	 —	 —
	Actual Ratio	-5.79%	1.63%	2.22%	4.33%	6.40%	8.74%
Building & Infrastructure Renewals Ratio	Snapshot	 ↘	 ↘	 —	 —	 —	 —
	Actual Ratio	97.56%	99.67%	111.08%	124.47%	121.28%	110.65%

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

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

Council has taken the FFTF process very seriously, as has been demonstrated in its significant efforts to date. Council is very committed to seeing the process through to ensure the projected outcomes are delivered.

A whole of Council approach will be pursued to the delivery of the Improvement Action Plan.

A steering committee comprising members from all stakeholders groups (Councillors, Community and Council Staff of all levels) will be set up.

The actions stated in this template will be used as the initial benchmarks for Councils performance. As the Improvement Plan is integrated into Councils culture new benchmarks will evolve.

Half yearly reports will be prepared and presented to Council ensuring that dedicated milestones are being met by the responsible stakeholders.

The performance agreements of the General Manager, Executive Staff and Senior Management will be amended to incorporate respective directorate FFTF action responsibilities.

Additional transparency into Council's progress as it implements its Improvement Plan will be provided for all stakeholders through Councils intranet and website.

FFTF progress reports will form part of Council's Annual Report program.

There is a very strong commitment to the action plan recommendations across the entire organisation as staff have been actively 'brought along' throughout the FFTF consultation process.

Council is also fully committed to a further independent review of performance by adopting a review milestone whereby TCorp (or other similar organisation) would undertake a review of Council's progress in achieving the stated FFTF outcomes by year 5 2020/21.