

Template 3

Rural Council Proposal

Warren Shire Council



Section 1: About your council's proposal

Council details

Council name:

Warren Shire Council

Date of Council resolution
endorsing this submission:

25 June 2015 – Resolution No. 129.6.15

1.1 Executive summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and how adopting the Rural Council and other options in your Proposal will improve your council's performance against the Fit for the Future measures.

Warren Shire Council was identified as a Rural Council in Group C by the Independent Local Government Review Panel (ILGRP). The Warren Community have been adamant that Warren Shire Council standalone and retain local identity, employment, democracy and with the ability to set rates and allocate expenditure. The Council has resolved that a merger is not an option and to submit an Improvement Proposal under Template 3.

Council has been improving its financial position over the past decade and with the introduction of Integrated Planning and Reporting (IP & R) further progress has been made. In the opinion of Council's Auditors, Council is in a sound financial position and this is supported by Council's performance against the Fit for the Future Performance Benchmarks.

Council in being proactive commissioned a review of the TCorp Report by Council's Internal Auditor and they have stated *"Overall Council's position has improved since the TCorp report, both in quantitative and qualitative matters."*

Council's Long Term Financial Plan from 2014 to 2023 was considered conservative, Council has reported a surplus on eight (8) occasions in the past ten (10) years, but has budgeted for 9/10 years of deficits. Fortunately, history suggests that Council will perform significantly better than budget and has a proven track record of living within its means and providing a level of service acceptable to our community.

Council's performance meets all the "Fit for the Future" benchmarks, except "own source revenue" that has an average of around 54% with the benchmark being 60%. It is important to note that if the Financial Assistance Grant (this has been a consistent % of revenue for over 25 years) was included as own source revenue, Council would have around 75%.

Council is a Group C Council, accepts itself as a Rural Council and believes it has the scale and capacity to standalone as a Rural Council. This has been reinforced by the Independent Local Government Review Panel and the Office of Local Government.

Despite the fact it has Rolling Capital Works Programs in place for the various activities, its infrastructure is well maintained and it is providing levels of funding for asset maintenance and renewal above the “Fit for the Future” Benchmarks, Council received a distressed assessment from the Local Government Infrastructure Audit, due to not having Formal Asset Management Plans. Steps are already in place to rectify this situation.

The introduction of IP & R in 2012/13 has seen Council place a greater focus on maintaining/renewing infrastructure. Council accepts its formal Asset Management Plans are not up to standard and is in the process of training staff in preparation of updating and formalising Asset Management Plans and Asset Condition Assessments. Council acknowledges that improved Asset Management Plans will enable Council to understand its assets better, fully understand infrastructure backlog and assist in asset maintenance. These actions will inform future long term financial plans and Council has a cash backed infrastructure reserve of \$ 2.5 million coupled with the ability to borrow funds which will enable council to adequately tackle the backlog of infrastructure maintenance and renewal once plans are finalised in 2015/16.

Good Local Government requires a balance between service provision and infrastructure maintenance/renewal. To ensure this balance is as close as possible, it is considered essential that a full review of Council’s operations is undertaken. This review will include all functions, looking at existing service types and levels and result in what service type and at what level will be provided into the future. It is proposed to undertake this review in conjunction with Council and its Committees.

In the attempt to maximise the benefit of scarce resources, keep abreast with the latest information and benefits from economies of scale, Council has always been proactive and continues to participate in a number of regional initiatives and groups as is outlined in Section 3.1.

Since the onset of the whole Local Government Reform Process in 2011, Council has taken every opportunity to inform our community of what was happening. Posted information via the Mayor’s column in local papers weekly, Council website, attended all Panel workshops, held workshops with Councillors, held meetings with industry in our Shire, held meetings with the Chamber of Commerce, Council staff and community groups.

The Discussion Paper – Future Direction's for NSW Local Government – Twenty Essential Steps had a preferred option for Warren as a Local Board in the Orana County Council with a County Council assuming the responsibilities of the former Council. The Warren community were outraged and members of the community presented Council with a petition of 1,770 signatures, stating that it is imperative that Warren remain autonomous, retain our own entity and remain as a standalone Council. LGA population is 2,845. 1,770 signatures represents 62% of the population and over 90% of the adult population.

Council has heard the message loud and clear from our community to take whatever steps necessary for Warren Shire Council to remain a standalone entity. Nevertheless, Council looked at the advantages and disadvantages of a merger with Bogan Shire Council and there is no doubt that a merger is not a viable option. This has been agreed to by the Independent Local Government Review Panel and the Office of Local Government, hence Rural Council entity and Template 3 respectively.

Council has included proposals that are achievable, realistic and flexible, especially in light of the fact that Local Government is in the first term of the four (4) year cycle of Integrated Planning and Reporting (IP & R). As a Council we have learnt a great deal from IP & R and with the knowledge gained, look forward to fully reviewing the suite of IP & R documents.



See Guidance material page 10 for help completing this section.

1.2 Scale and capacity

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

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

Yes / No

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

(Group C Councils should answer 'NA')

Yes / No **NA**



See Guidance material page 10-12 for help completing this section.

1.2 Scale and capacity

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

Rural Council Characteristic	Your council's response
1. Small and static or declining population spread over a large area	Warren Shire Council in Group C
2. Local economies that are based on agricultural or resource industries.	Warren Shire Council in Group C
3. High operating costs associated with a dispersed population and limited opportunities for return on investment.	Warren Shire Council in Group C
4. High importance of retaining local identity, social capital and capacity for service delivery.	Warren Shire Council in Group C

5. Low rate base and high grant reliance.	Warren Shire Council in Group C
6. Difficulty in attracting and retaining skilled and experienced staff.	Warren Shire Council in Group C
7. Challenges in financial sustainability and provision of adequate services and infrastructure.	Warren Shire Council in Group C
8. Long distance to a major or sub-regional centre.	Warren Shire Council in Group C
9. Limited options for mergers.	Warren Shire Council in Group C

Section 2: Your council's current position

2.1 Key challenges and opportunities

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

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

Warren Shire Council Commentary

Warren Local Government Area (LGA) is a large area, low population, highly productive Council. Warren is continually rated in the top five (5) agricultural producing LGA's in NSW and as a result relies heavily on an agricultural based economy. With the world relying on more agricultural produce, further opportunities will arise into the future. Council needs to be on top of this to ensure service and infrastructure are in place to take advantage of these opportunities.

The key challenges affecting Warren Shire, as identified by community consultation, outlined in Council's Community Strategic Plan "Warren Shire 2022" are as follows:

- The hollowing out of the population – trend toward increases in older, less skilled, more welfare dependent population. Need to boost the population (and skill levels) by attracting and retaining working families and employed young adults.
- Need to attract new industry and enterprises to reduce reliance on agricultural industry and help boost employment.
- Provision of community services and facilities, such as health services and law enforcement, to service existing residents and attract new residents.
- Infrastructure and services across the Shire need to be of an adequate standard to support local business and the community – e.g. local and rural roads, water supply, waste management and drainage.
- Need to support the youth of the community and encourage their development, education and ensure there are adequate facilities and services to meet their needs.

This SWOT analysis has been undertaken looking at the entity Warren Shire Council. The items marked with a P have become performance improvement proposals. These proposals have been kept to achievable targets as they will be monitored monthly by Council's Manex team, 12 monthly reviews (Annual Operational Plan) and a four (4) yearly thorough review (Delivery Program).

<p>Strengths</p> <ul style="list-style-type: none"> – Local knowledge – Sound financial position and financial stability – Community focused with confidence of community – Strong advocacy – Service orientated and responsive – Simplified operation with no silo mentality – Community facilities – Proven track record of operating within its means – Sounding working relationship with peers and government departments – Employees live and are part of the community – Staff training / multi-skilled – Ability to borrow funds if / when required – Infrastructure replacement reserves 	<p>Weaknesses</p> <ul style="list-style-type: none"> – Formal Asset Management Plans – P – Reliable condition assessment of assets – P – Long Term Financial Plans – too conservative (years 6 – 20) – Lack of economies of scale – Consistency in information transition <ul style="list-style-type: none"> ➤ Database record ➤ Systems – staff to staff – Limited opportunity to undertake large projects – Lack of specialist staff
<p>Opportunities</p> <ul style="list-style-type: none"> – Further regional co-operation – More formal arrangements with OROC members – Review rateability of land – P – Recognition / compensation of cost shifting – P – Review service levels - P – Sound infrastructure – Inexpensive land – Call on funds from infrastructure replacement reserve – Redevelopment of asset management function 	<p>Threats</p> <ul style="list-style-type: none"> – Loss of local democracy / identity – Government policy and regulations – red tape – Cost shifting – P – Expectation to undertake non – core local government activities – Revenue not increasing in line with expenditure – Need to reduce services – Inequitable share of Financial Assistance Grants (FAGS) – P – Expedite IPART Report – Reduction in representation due to electoral redistributions



See Guidance material page 13 for help completing this section.

2.2 Performance against the Fit for the Future benchmarks

Sustainability							
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	<i>Calculate using Self - Assessment Tool</i> -2.26%	12.82%	1.35%	-5.95%	Yes/No Yes	<i>Estimate performance</i> 1.54%	Yes/No Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	48.27% (without FAG) 66.05% (with FAG)	46.04% (without FAG) 66.97% (with FAG)	56.05% (without FAG) 76.53% (with FAG)	61.09% (without FAG) 73.58% (with FAG)	No Yes	53.71% (without FAG) 76.30% (with FAG)	No Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	71.92%	57.74%	131.21%	156.69%	Yes	125%	Yes

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

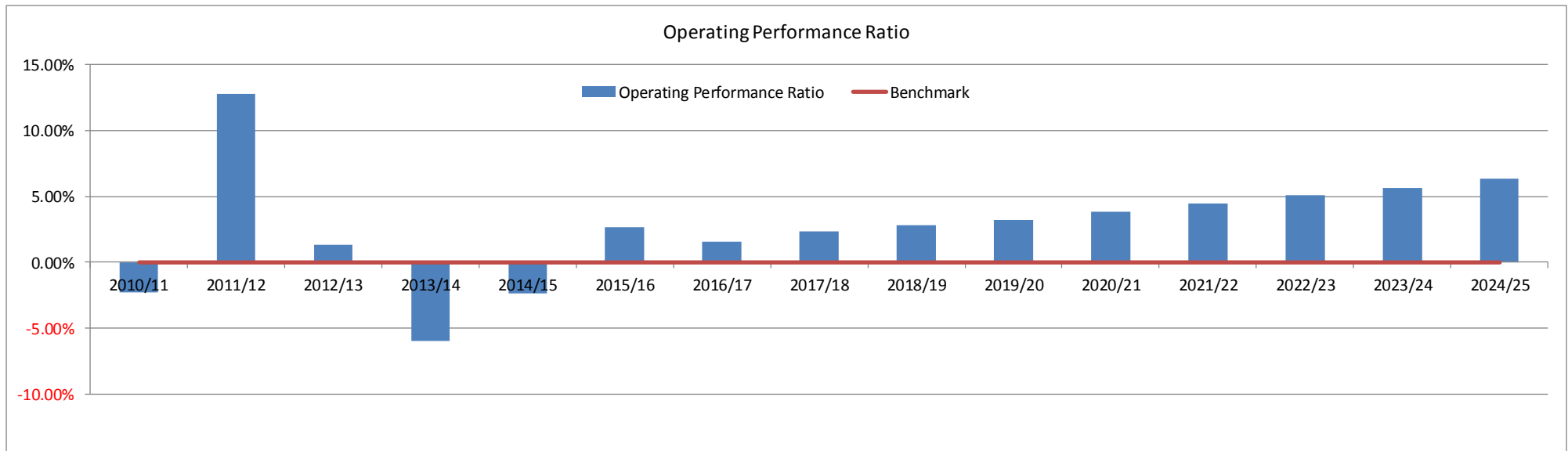
For example, historical constraints/context, one-off adjustments/factors, council policies and trade-offs between criteria.

Own Source Revenue: Rural Councils have very limited opportunities for new revenue streams and to increase revenue would require an application for a SRV, Warren Shire Council is in 75th percentile of rates income of like councils and has been diligent in maximising rate revenue by increasing its rates by the maximum permissible each year for over 20 years. Rural councils rely heavily on the FAGs which is an untied grant (approx. 20% of total revenue) Council believes this should be included in the OSR Ratio as well as the RMS Regional Road block grant (approx. 14%). Refer to Section 4.2 for further explanation.

OPERATING PERFORMANCE RATIO

Total continuing operating revenue (exc. capital grants and contributions) less operating expenses
Total continuing operating revenue (exc. capital grants and contributions)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Total Operating Revenue less Profit	11,852	13,140	10,853	9,774	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Less: Capital Grants, Profit & Other Equity	782	84	265	86	0	0	0	0	0	0	0	0	0	0	0
Nett Operating Revenue	11,070	13,056	10,588	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Operating Expenses	11,320	11,382	10,445	10,264	11,036	11,052	11,040	11,276	11,518	11,787	12,062	12,345	12,640	12,943	13,254
Operating Result	-250	1,674	143	-576	-255	306	173	268	334	392	487	582	677	777	896
FTF Operating Performance Ratio Result	-2.26%	12.82%	1.35%	-5.95%	-2.37%	2.69%	1.54%	2.32%	2.82%	3.22%	3.88%	4.50%	5.08%	5.66%	6.33%
Benchmark	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Operating Performance Ratio (3 Yr Avg.)	0.01%	3.25%	3.97%	2.74%	-2.32%	-1.87%	0.62%	2.19%	2.23%	2.79%	3.31%	3.87%	4.49%	5.08%	5.69%



WARREN SHIRE COUNCIL - OPERATING PERFORMANCE

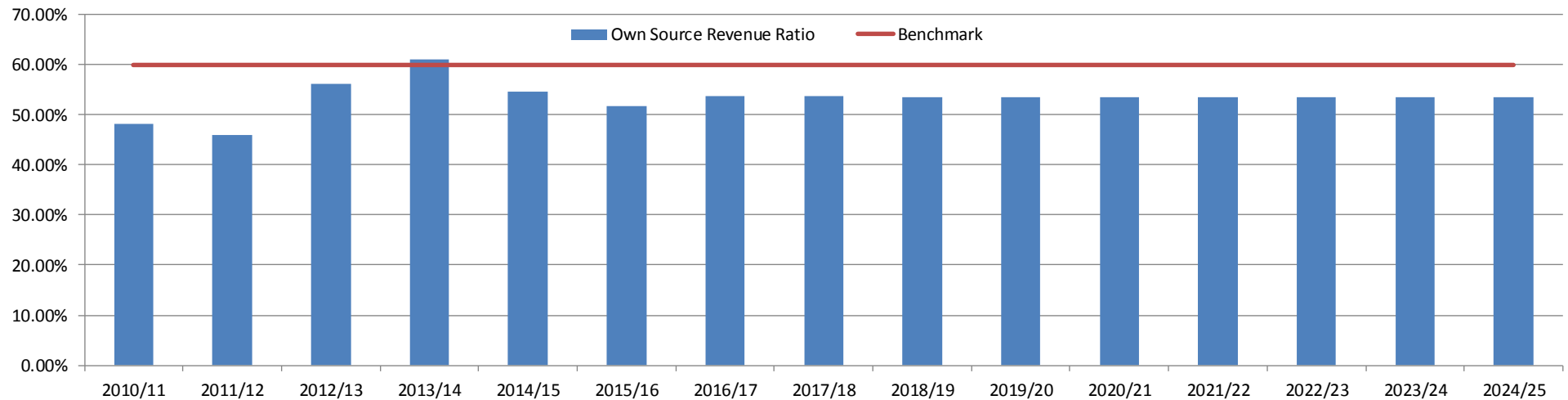
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
INCOME															
Note 21 - Income Statement - Income - Total Income from continuing operations	11,852	13,140	10,853	9,774	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Note 21 - Income Statement - Income - Grants & Contributions Provided For Capital Purposes	602	0	40	0	0	0	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net gain from the disposal of assets	180	78	222	86	0	0	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net share of interests in joint ventures/associates using the equity method	0	6	3	0	0	0	0	0	0	0	0	0	0	0	0
EXPENSES															
Note 21 - Income Statement - Expenses - Total expenses from continuing operations	11,331	11,382	10,445	10,268	11,036	11,052	11,040	11,276	11,518	11,787	12,062	12,345	12,640	12,943	13,254
Note 21 - Income Statement - Expenses - Net Loss from the disposal of assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Expenses - Net share of interests in joint ventures/associates using the equity method	11	0	0	4	0	0	0	0	0	0	0	0	0	0	0
Nett Operating Revenue	11,070	13,056	10,588	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Nett Operating Expenses	11,320	11,382	10,445	10,264	11,036	11,052	11,040	11,276	11,518	11,787	12,062	12,345	12,640	12,943	13,254
Nett Opertating Result	-250	1,674	143	-576	-255	306	173	268	334	392	487	582	677	777	896
Operating Performance Result	-2.26%	12.82%	1.35%	-5.95%	-2.37%	2.69%	1.54%	2.32%	2.82%	3.22%	3.88%	4.50%	5.08%	5.66%	6.33%
Benchmark >= 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
3 Year Averages	0.01%	3.25%	3.97%	2.74%	-2.32%	-1.88%	0.62%	2.18%	2.23%	2.79%	3.31%	3.87%	4.49%	5.08%	5.69%

OWN SOURCE REVENUE RATIO

Total continuing operating revenue less all grants and contributions
Total continuing operating revenue inclusive of capital grants and contributions

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating Revenue less All Grants	5,634	6,011	5,957	5,918	5,878	5,872	6,022	6,197	6,345	6,507	6,707	6,910	7,119	7,336	7,574
Operating Revenue incl Capital Grants	11,672	13,056	10,628	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Own Source Revenue Ratio	48.27%	46.04%	56.05%	61.09%	54.52%	51.70%	53.71%	53.68%	53.54%	53.43%	53.45%	53.45%	53.46%	53.47%	53.53%
Benchmark	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Own Source Revenue Ratio (3 Yr Avg.)	48.79%	50.70%	50.12%	54.39%	57.22%	55.77%	53.31%	53.03%	53.64%	53.55%	53.47%	53.44%	53.45%	53.46%	53.48%

Own Source Revenue Ratio



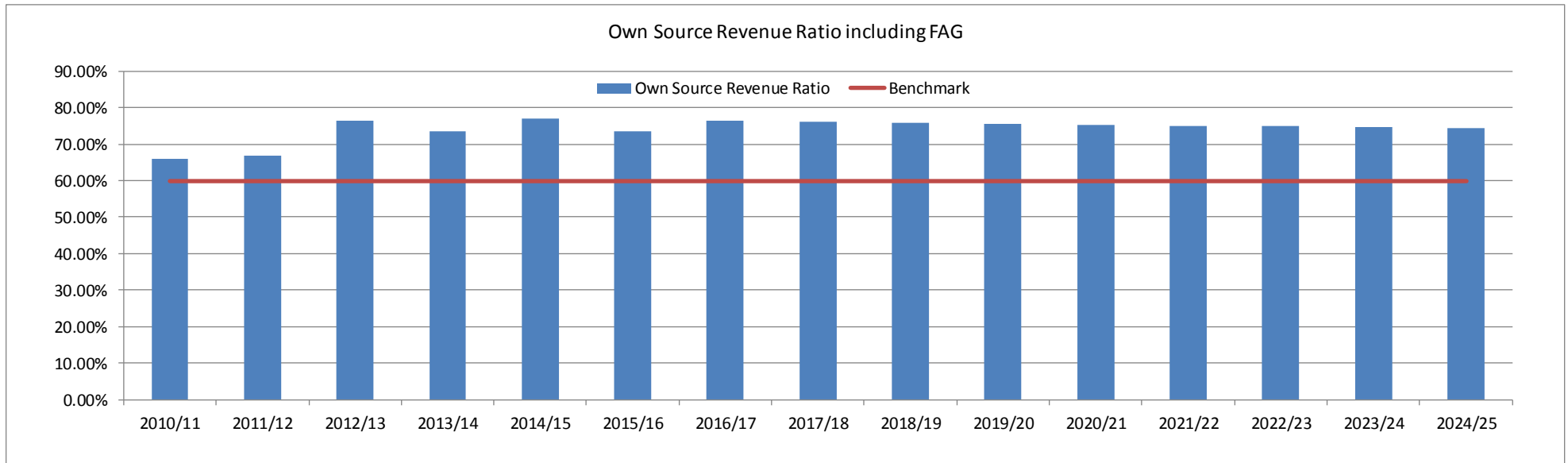
WARREN SHIRE COUNCIL - OWN SOURCE REVENUE

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
INCOME															
Note 21- Income Statement - Income - Total Income from continuing operations	11,852	13,140	10,853	9,774	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Note 21 - Income Statement - Income - Operating Revenues - Grants & Contributions Provided For Operating Purposes	5,436	7,045	4,631	3,770	4,903	5,486	5,191	5,347	5,507	5,672	5,842	6,017	6,198	6,384	6,576
Note 21 - Income Statement - Income - Grants & Contributions Provided For Capital Purposes	602	0	40	0	0	0	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net gain from the disposal of assets	180	78	222	86	0	0	0	0	0	0	0	0	0	0	0
Note 21 - Income Statement - Income - Net share of interests in joint ventures/associates using the equity method	0	6	3	0	0	0	0	0	0	0	0	0	0	0	0
# Other Revenues - Reversal of IPPE revaluation decrements previously expensed	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Nett Own Source Revenue	5,634	6,011	5,957	5,918	5,878	5,872	6,022	6,197	6,345	6,507	6,707	6,910	7,119	7,336	7,574
Total Revenue less Profit & Other Equity	11,672	13,056	10,628	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Own Source Revenue as a %	48.27%	46.04%	56.05%	61.09%	54.52%	51.70%	53.71%	53.68%	53.54%	53.43%	53.45%	53.45%	53.46%	53.47%	53.53%
Benchmark > 60%															
3 Year Averages	48.79%	50.70%	50.12%	54.39%	57.22%	55.77%	53.31%	53.03%	53.64%	53.55%	53.47%	53.44%	53.45%	53.46%	53.49%

OWN SOURCE REVENUE RATIO INCLUDING FAG

Total continuing operating revenue less all grants and contributions (except FAG)
Total continuing operating revenue inclusive of capital grants and contributions

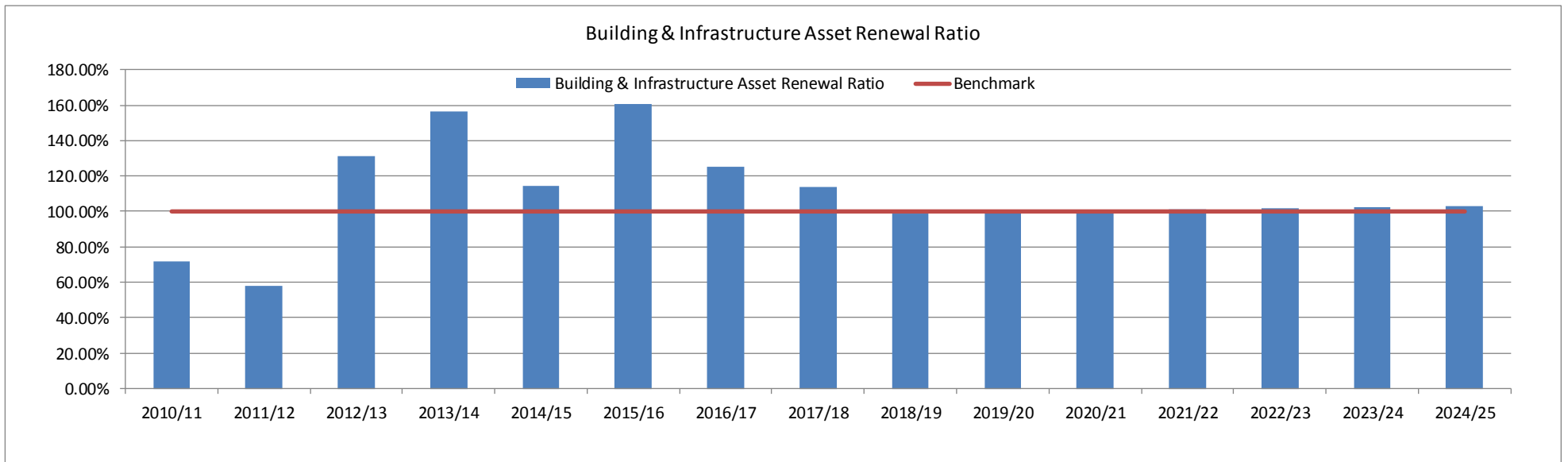
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Operating Revenue less All Grants	5,634	6,011	5,957	5,918	5,878	5,872	6,022	6,197	6,345	6,507	6,707	6,910	7,119	7,336	7,574
Plus: FAG	2,075	2,732	2,177	1,210	2,435	2,484	2,534	2,585	2,637	2,690	2,744	2,799	2,855	2,912	2,970
Adjusted Operating Revenue	7,709	8,743	8,134	7,128	8,313	8,356	8,556	8,782	8,982	9,197	9,451	9,709	9,974	10,248	10,544
Operating Revenue incl Capital Grants	11,672	13,056	10,628	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Own Source Revenue Ratio	66.05%	66.97%	76.53%	73.58%	77.11%	73.57%	76.30%	76.07%	75.78%	75.52%	75.31%	75.11%	74.90%	74.69%	74.52%
Benchmark	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%	60%
Own Source Revenue Ratio (3 Yr Avg.)	66.55%	69.74%	69.85%	72.36%	75.74%	74.75%	75.66%	75.32%	76.05%	75.79%	75.54%	75.31%	75.11%	74.90%	74.70%



BUILDING AND INFRASTRUCTURE ASSET RENEWAL RATIO

Asset renewals (building and infrastructure) Depreciation, amortisation and impairment (building and infrastructure)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Asset Renewals	1,911	1,362	3,178	3,983	2,919	4,207	3,340	3,094	2,750	2,846	2,917	2,990	3,065	3,142	3,221
Depreciation, Amortisation & Impairment	2,657	2,359	2,422	2,542	2,551	2,620	2,672	2,725	2,780	2,836	2,893	2,951	3,010	3,070	3,131
Ratio	71.92%	57.74%	131.21%	156.69%	114.43%	160.57%	125.00%	113.54%	98.92%	100.35%	100.83%	101.32%	101.83%	102.35%	102.87%
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Building & Infrastructure Renewal Ratio (3 Yr Avg.)	105.91%	73.99%	86.96%	115.21%	134.11%	143.90%	133.33%	133.04%	112.49%	104.27%	100.03%	100.83%	101.33%	101.83%	102.35%



2.2 Performance against the Fit for the Future benchmarks

Infrastructure and service management							
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	<i>Calculate using Self - Assessment Tool</i> 3.70%	3.33%	2.27%	1.77%	Yes/No Yes	<i>Estimate performance</i> 0%	Yes/No Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	91.79%	86.58%	114.51%	118.22%	Yes	102.82%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.47%	0.77%	0.95%	1.03%	Yes	0.90%	Yes

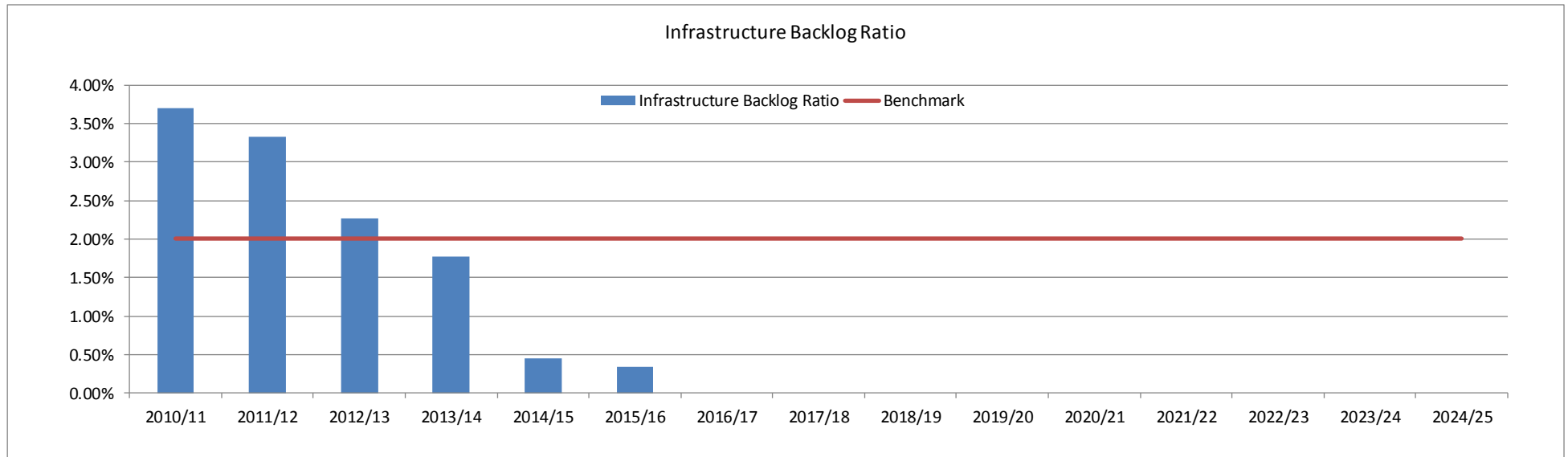
If Fit for the Future benchmarks are not being achieved, please indicate why.

INFRASTRUCTURE BACKLOG RATIO

Estimated cost to bring assets to a satisfactory condition

Total (WDV) of infrastructure, buildings, other structures and depreciable land improvement assets

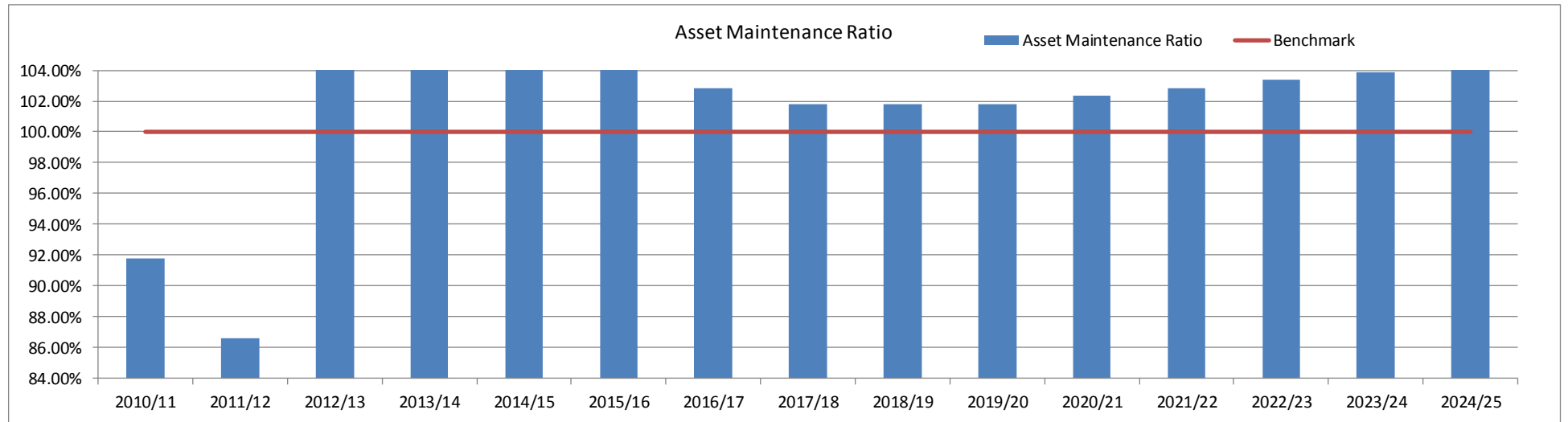
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Cost to Bring to Satisfactory	4,370	3,905	2,710	2,175	555	430	0	0	0	0	0	0	0	0	0
WDV of Infrastructure	117,979	117,178	119,181	122,697	122,903	124,337	124,891	125,559	125,928	125,898	125,908	125,932	125,971	126,026	126,098
Infrastructure Ratio	3.70%	3.33%	2.27%	1.77%	0.45%	0.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Benchmark	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%



ASSET MAINTENANCE RATIO

Actual asset maintenance
Required asset maintenance

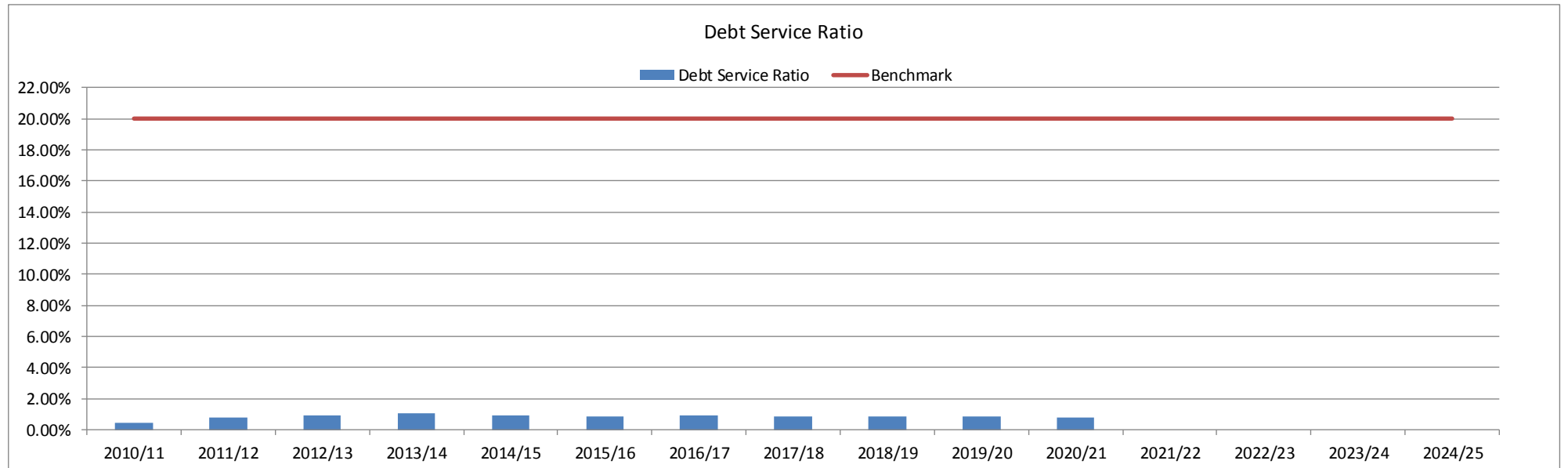
	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Actual asset maintenance	3,029	2,883	2,147	2,057	2,098	1,887	1,899	1,918	1,956	1,995	2,035	2,076	2,118	2,160	2,203
Required asset maintenance	3,300	3,330	1,875	1,740	1,775	1,811	1,847	1,884	1,922	1,960	1,989	2,019	2,049	2,080	2,111
Asset Maintenance Ratio	91.79%	86.58%	114.51%	118.22%	118.20%	104.20%	102.82%	101.80%	101.77%	101.79%	102.31%	102.82%	103.37%	103.85%	104.36%
Benchmark	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Asset Maintenance Ratio (3 Yr Avg.)	79.30%	83.32%	97.62%	106.43%	116.97%	113.54%	108.40%	102.94%	102.13%	101.79%	101.96%	102.31%	102.83%	103.35%	103.86%



DEBT SERVICE RATIO

Cost of debt service (interest expense & principal repayments)
Total continuing operating revenue (exc. capital grants and contributions)

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Interest Expense	1	38	35	32	29	25	22	18	13	9	4	0	0	0	0
Principal Payments	51	63	66	68	72	75	79	83	87	91	96	0	0	0	0
Total Cost of Debt Service	52	101	101	100	101	100	101	101	100	100	100	0	0	0	0
Total Continuing Operating Revenue	11,070	13,056	10,588	9,688	10,781	11,358	11,213	11,544	11,852	12,179	12,549	12,927	13,317	13,720	14,150
Debt Service Ratio	0.47%	0.77%	0.95%	1.03%	0.94%	0.88%	0.90%	0.87%	0.84%	0.82%	0.80%	0.00%	0.00%	0.00%	0.00%
Benchmark	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Debt Service Ratio (3 Yr Avg.)	0.95%	0.74%	0.73%	0.92%	0.97%	0.95%	0.91%	0.89%	0.87%	0.85%	0.82%	0.54%	0.27%	0.00%	0.00%



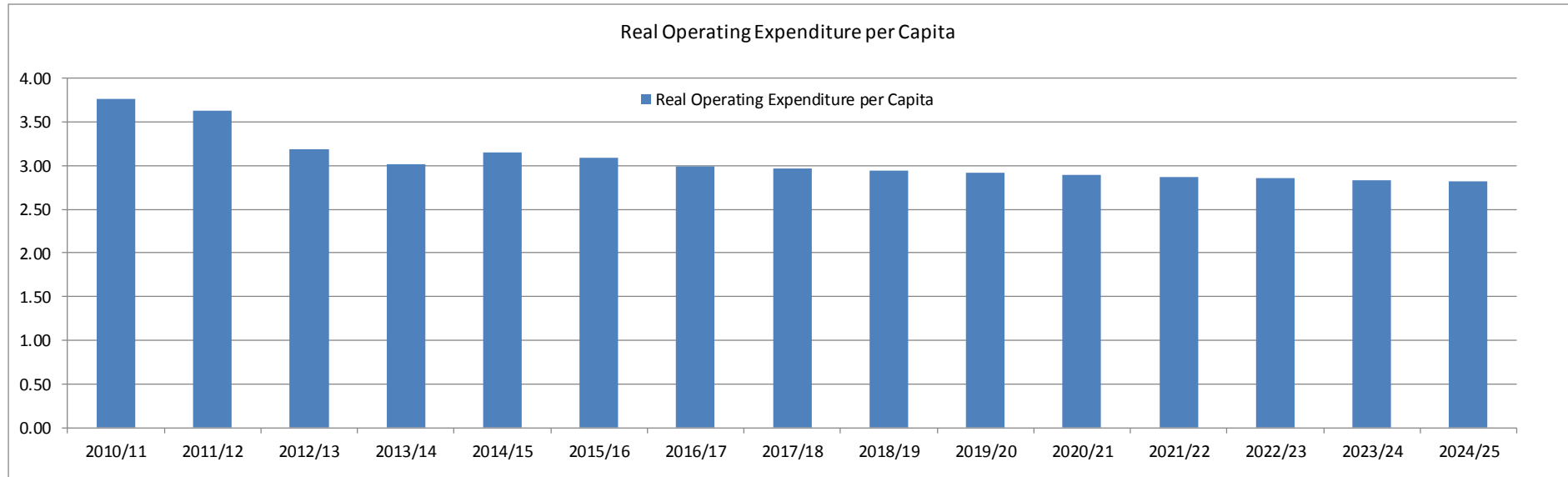
2.2 Performance against the Fit for the Future benchmarks

Efficiency							
Measure/Benchmark	2010/2011 performance	2011/2012 performance	2012/2013 performance	2013/2014 performance	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)	<i>Calculate using Self - Assessment Tool</i> \$3.76	\$3.63	\$3.19	\$3.02	Yes/No Yes	<i>Estimate performance</i> \$2.99	Yes/No Yes

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

REAL OPERATING EXPENDITURE PER CAPITA

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Population	2,851	2,883	2,907	2,910	2,910	2,910	2,910	2,910	2,910	2,910	2,910	2,910	2,910	2,910	2,910
Total Operating Expenditure	11,320	11,382	10,445	10,264	11,036	11,052	11,040	11,276	11,518	11,787	12,062	12,345	12,640	12,943	13,254
Deflated Operating Expenditure	10,728	10,463	9,275	8,777	9,164	8,993	8,714	8,633	8,554	8,491	8,429	8,368	8,311	8,255	8,199
Real Operating Expenditure per Capita	3.76	3.63	3.19	3.02	3.15	3.09	2.99	2.97	2.94	2.92	2.90	2.88	2.86	2.84	2.82
Real Op. Ex. Per Capita Ratio (5 Yr Avg.)		3.58	3.48	3.39	3.35	3.22	3.09	3.04	3.03	2.98	2.94	2.92	2.90	2.88	2.86



2.3 Water utility performance

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

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

Yes ☒ **No**

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?

\$495K



See Guidance material page 16 for help completing this section.

2.3 Water utility performance

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

Capital works			
Proposed works	Timeframe	Cost	Grants or external funding
Warren STP Upgrade	2017 to 2019	\$4,604,000	50% Grant Funding Restart NSW

2.3 Water utility performance

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

Yes ☒ No

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

Water Supply – Yes. Sewer – No according to 2013-2014 Triple Bottom Line (TBL) Performance Report.

Council's water and sewerage funds have reported small operating deficits over the last few years although the current assets have grown in the last five (5) years. The major factor influencing this performance is the treatment of costings such as replacing of pumps, minor mains and valves etc. which have been expensed when they should have been capitalised.

With the high level of staff changeover in the Manager's role (4 in the last 5 years), most of the expenditure has been operational as the renewal works have been put on hold.

2.3 Water utility performance

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

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

Improvement strategies		
Strategy	Timeframe	Anticipated outcome
1. Adoption of Integrated Water Cycle Management (IWCM) Strategy	June 2015	Outlines all requirements of Water and Sewerage Systems
2. Develop a works schedule from IWCM to ensure implementation of strategy	September 2015	Meet targets as set in IWCM
3. Redevelop Asset Management function (in conjunction with General Fund)	March 2016	Inform Financial and Asset Plans
4. Fully review water and sewer pricing structure	March 2016	Ensure full cost recovery
5. Active participation in the Lower Macquarie Water Utilities Alliance	Ongoing	Economies of scale shared cost to meet Best Practice

Section 3: Towards Fit for the Future

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

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

Warren Shire Council Commentary – Option 1 Resource Sharing

Warren Shire Council has the town of Warren as its service centre and when looking at opportunities to resource share of either goods procurement or services provision, it is always acutely aware of the function local businesses play in the sustainability of Warren as a service centre.

Notwithstanding the above, in the attempt to maximise the benefit of scarce resources, keep abreast with the latest information and benefits from economies of scale Council continues to participate in a number of regional initiatives and groups. This participation has been successfully undertaken without impacting on Council's autonomy or local businesses viability.

This participation involves: -

Orana Regional Organisation of Councils	Procurement, lobbying, resource/knowledge sharing -	12 councils
Castlereagh Macquarie County Council	Noxious weed control	5 councils
North Western Library Co-operative	Library services	4 councils
Lower Macquarie Water Utilities Alliance	Water & Sewerage	12 councils
Water Quality and Salinity Alliance	Environment	16 councils
Roads Maintenance Council Contracts cluster	State Highway works	2 councils
Rural Fire Service Zoning	Rural Fire Protection	3 councils
NetWaste	Waste Management initiatives	26 councils
Local Government Procurement	Procurement	Statewide
Regional Procurement	Individual procurement contracts	11 councils
Outback Arts	Arts & Cultural	6 councils
Northwest Regional Food Surveillance group	Food inspections	12 councils
Warren Interagency	Service agencies	All agencies
Audit & Risk Management Committee	Internal auditing	6 councils
Local Government Rangers Association – Western Region	Animal control and regulatory services	26 councils
OROC – Finance Group	Local Government Finance	12 councils
OROC – Human Resource Learning and Development Group	Industrial Relations	12 councils
OROC – Economic Development Officer Group	Economic Development & Promotions	12 councils

As an active member of Orana Regional Organisation of Council (OROC) has further made opportunities available for Council and our region through consultation and liaison with other levels of Government. This involves:

- Central West Orana Regional Leadership Network (RLN).
- State and Federal Government Agency Regional Managers Group (working collaboratively with General Managers Advisory Committee and OROC Board members).
- Federal and State Government Ministers addressing OROC Board Meetings.
- Local Members attending and addressing OROC Board meetings.
- Murray Darling Basin Plan consultation.
- Water Sharing Plans consultation.
- Provision of submissions to Federal and State Government Inquiries, including participation at hearings.
- Support of submissions prepared for local and regional funding projects.
- RDA Orana attendance at OROC Board meetings.
- Local Government Planning Directors' Group.
- Local Land Services Board consultation.
- Emergency Services Management Committees.

Over time our membership of OROC has allowed us to be at the forefront of regional advocacy and has given us the capacity to work collaboratively to prepare and position ourselves to respond to the needs of our community and region effectively. These include areas such as:

- State and Federal Governments' Health Agenda Reform and equity of health and access to health services.
- Conduct of a Regional Health survey.
- Water reform, namely Murray Darling Basin Guide and Plan.
- Drought issues.
- Local Lands Services (previously Catchment Management Authority).

Examples of Joint Tendering and Procurement

The collaborative approach is reflected in joint tendering processes and regional procurement resulting in cost savings being delivered to our community through areas such as:

- Bulk purchasing of various goods and services, such as emulsion, fuel, water meters, road signs. etc (11 contracts in total)
- A regional contract for contestable large site electricity purchase (greater than 100kW) – quantifiable 21% saving.
- Small site energy contracts – quantifiable 17% saving
- Street Lighting – cost neutral over next 3 years
- E21 electricity bill checking and usage monitoring as a region.
- Adoption of a regional Code of Conduct Panel.

Joint Projects/Actions

Examples of joint collaborative projects include:

- Mine Safety Management Plans.
- Roads and Maritime Services prequalification.
- A regional health initiative – Sharing the Load to Shed the Load - a communication strategy addressing obesity in rural and regional areas.
- Natural Resource Management training and education program for council operational staff - Environment on the Agenda.

Professional Teams have been established to facilitate inter-council projects, knowledge sharing and mutually beneficial relationships between staff throughout the region, including:

- Human Resources Learning and Development Group.
- Economic Development Managers.
- Regional Procurement Team.
- Finance Professional Team.

Council is also an active member of the Lower Macquarie Water Utilities Alliance and through working collaboratively with the Alliance has demonstrated both innovation and best practice principles and has:

- Achievement of 100% overall compliance with Best Practice requirements
- Review of water licences
- Telemetry System review
- Integrated Water Cycle Management Strategy
- Demand Management Plan for Warren Shire Council and a Regional Demand Management Plan
- Drought Management Plan for Warren Shire Council and a Regional Drought Management Plan.
- Drinking Water Quality Management Plan
- Storm Water Harvesting Strategy
- Collaborative completion of Annual Performance Reports

It should be noted that Council would continue these arrangements in the absence of “Fit for the Future”, as most of these initiatives were in place well before any Local Government Reform and has benefited Council greatly.

Council proposes to continue, enhance and extend regional collaborative and resource sharing arrangements.

Option 1: Resource sharing

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Continue to enhance and extend regional collaboration and resource sharing arrangements</p>	<p><i>How will your council implement the option?</i></p> <p>Current arrangements in place, but continue active participation.</p>	<p><i>Milestones for implementation</i></p> <p>N/A In place</p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>Nil</p>	<p><i>Known risks of implementing your proposal.</i></p> <p>Nil</p>	<p>Efficiency Considerable cost savings</p> <p>Infrastructure and Service Management Free up funding for infrastructure maintenance / renewal.</p> <p>Increases knowledge of Council's staff.</p> <p>Sustainability Lower expenditure, boosting ratios</p>



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

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

Warren Shire Council Commentary – Option 2: Shared Administration

As is noted that in contrast to shared resources, shared administration involves the sharing of senior management or administrative process' between councils.

Firstly, the nature of Rural Councils with their scarce resources and flat management structures sees Council senior managers taking a very "hands on" role. The workload that comes with this style of management does not permit efficient sharing and no benefit would be derived. In fact, to the contrary additional staff would be required to undertake the current "hands on" work undertaken by managers.

This is further complicated by the tyranny of distance (between towns), inadequate and unreliable communications, be it internet speed, lack of mobile phone reception, phone line interruptions etc.

Most rural councils only have one (1) senior staff member that being the General Manager who is designated senior staff by the provisions of the Local Government Act. Council has no proposal to share senior staff and believe that to attempt to do so would undermine the objectives outlined in our Community Strategic Plan.

Secondly, Council currently shares a number of functions with adjoining councils which include administration functions, which are carried out as a joint arrangement or undertaken by an individual council. The current arrangements that are in place and the administration is as follows:

Alliance	Purpose	Administrator
Castlereagh Macquarie County Council	Weeds	Standalone
North Western Library Co-Operative	Library Services	Warren
Rural Fire Service Zone	Rural Fire Protection	Coonamable
Roads Maintenance Council Contract	State Highway works	Gilgandra
Orana Regional Organisation of Councils (OROC)	Various	Standalone
Lower Macquarie Water Utilities Alliance	Water and sewerage	Standalone

Warren Shire Council proposes to continue these arrangements and pursue additional ones when the opportunities arise. The service and operational review may highlight potential opportunities to pursue.

The OROC General Managers Advisory Committee (GMAC) is very active and gives a forum for General Managers to share knowledge, initiatives and support mechanisms.

Option 2: Shared administration

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Continue the shared administration for:</p> <ul style="list-style-type: none"> • Castlereagh Macquarie Country Council • North Western Co-operative • Rural Fire Service Zone • Road Maintenance Council Contract • Orana Regional Organisation of Councils • Lower Macquarie Water Utilities Alliance 	<p><i>How will your council implement the option?</i></p> <p>Arrangements in place</p>	<p><i>Milestones for implementation</i></p> <p>Arrangements in place</p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>Nil</p>	<p><i>Known risks of implementing your proposal.</i></p> <p>Nil</p>	<p>Efficiency Allows specialisation to occur</p> <p>Considerable cost savings</p> <p>Saves duplication</p> <p>Infrastructure and Service Management Provides more specialist service</p> <p>Sustainability Retains existing stability</p>

Option 2: Shared administration

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
Actively participate in Orana Regional Organisation of Councils General Managers Advisory Committee functions	In place	Nil	Nil	Nil	<p>Efficiency Utilises knowledge base of region</p> <p>Allows best practice</p> <p>Infrastructure and Service Management Increases skills</p> <p>Creates consistency</p> <p>Sustainability Acts as a check and balance</p>

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

Warren Shire Council Commentary – Option 3: Speciality Services

There is no doubt that speciality services in a particular discipline or function has a major potential to assist in efficient delivery of services across boundaries.

Local Government has a number of areas that are centric to Local Government and could be modelled to enable one council providing services to another. Before this can occur there must be a stock take of skills and technology used. Once this is known an attempt to standardise the systems used can be pursued. The aim of this is to create a standard platform across councils which would in turn promote specialisation in a particular area.

The fact is that when a rural council has the skillset or personnel that can be developed into a centre of excellence in a particular area, they do not have the resources to follow it up. Working with adjoining councils or a regional group would allow these opportunities to be pursued. The innovation fund could be used to develop a strategy to create a standard platform for Local Government. This could involve a number of service areas or functions for example; IT – financials, mapping, asset management. And is worth further investigation.

It should be noted that the core competency of a Rural Council is service provision and infrastructure maintenance and renewal. Warren Shire Council does this very well and this is reflected by community satisfaction surveys.

Option 3: Speciality services

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Make an application to the Local Government Innovation Fund to develop standard templates on how to standardise services in Local Government and develop a strategy to create a standard platform with the three (3) other adjoining Rural Councils on:</p> <p>IT – Financials</p> <p>IT – Asset Management</p> <p>IT – E Planning</p> <p>IT – Mapping</p>	<p><i>How will your council implement the option?</i></p> <ol style="list-style-type: none"> 1. Obtain agreement from the three (3) other Rural Councils 2. Develop a terms of reference for the strategy 3. Prepare a submission to the Innovation Fund to undertake the study 4. Identify best practice model for the activities 5. Present strategy and recommendations for adoption 	<p><i>Milestones for implementation</i></p> <ol style="list-style-type: none"> 1. December 2015 2. December 2015 3. March 2016 4. June 2016 5. December 2016 	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>Innovation Fund \$70,000</p>	<p><i>Known risks of implementing your proposal.</i></p> <p>Innovation funding not successful</p> <p>No agreement from adjoining Councils</p>	<p>Efficiency Enables support to be acquired within the region (eg. staff movements)</p> <p>Enables systems to be standard among participating Councils reducing costs and staff training.</p> <p>Spreads cost and creates economies.</p> <p>Infrastructure and Service Management Improves quality and consistency of data.</p> <p>Enables regional decision making.</p> <p>Sustainability Ensures Council has availability to knowledge for the various platforms.</p>

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

Warren Shire Council Commentary – Option 4: Streamlined Governance

Warren Shire Council has a high Councillor-to-resident ratio, this is a direct result of the Warren Local Government Area being divided into four (4) wards and legislation not allowing change. Warren Shire residents have been represented by a ward system since the merger of the Warren Municipal Council and Marthaguy Shire on the 1st January 1957. With equal distribution in population between urban and rural (two (2) urban wards and two (2) rural wards) it has given equal representation on Council and has served the Warren Shire residents very well when you take in the large area to be represented. Warren residents have quite openly and repeatedly advised Council the ward system is the preferred system of governance.

Warren Shire Council has had the opportunity to consider the reduction of Councillors numbers twice since the 1993 Local Government Act without having to hold an expensive referendum with the potential of no guarantee of success. After advertising for community comment both times, the feedback from the community has been a definite in favour of retaining wards, therefore there has been no opportunity to reduce Councillor numbers, as the provisions of the Local Government Act requires each ward to have no fewer than three (3) Councillors in each - Section 224A(9).

The Warren community wish to retain wards because of the large area of the shire and it is felt wards give a fairer representation.

Council is acutely aware that the NSW Government does not support 12 Councillors for a Rural Council with our population. Council may consider a reduction to eight (8) Councillors with two (2) per ward, providing the Legislation is amended to allow this without an expensive referendum. Reduction to eight (8) Councillors would save \$35,244 per year in Councillor fees.

Council is also taking the opportunity to review the number of Council meetings and make greater use of the Committee structure.

A review of meetings and Committee structure and responsibilities is in train and the proposal for Council meetings and Committee meetings is as per the following table.

Warren Shire Council Commentary – Option 4: Streamlined Governance

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
Ordinary Council Meeting	X		X		X	X		X	X		X	
Plant Committee				X			X			X		
Extended Hours Work Agreement / 15 Year Plant Replacement Program				o								
Decide Tender Method							o					
Assess Tenders Received										o		
General				o			o			o		
Showground / Racecourse Committee		X		X			X			X		
Events		o					o					
Budget and Fees				o								
General		o		o			o			o		
Traffic Committee		X				X				X		
Water & Sewer Committee				X						X		
Performance / Budget				o								
General				o						o		
Town Improvement Committee		X		X			X			X		
Economic Development Committee		X		X			X			X		
Sporting Facilities Committee		X		X			X			X		
WSCC and Victoria Park		o		o			o			o		
Swimming Pool				o			o					
Carter Oval and Other Grounds		o								o		
General		o		o			o			o		
Manex Committee	X	X	X	X	X	X	X	X	X	X	X	X

Key

X Council/Committee Meeting

X Compulsory Meeting

o Reportable Items

Option 4: Streamlined governance

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Consider a reduction in Councillor numbers, but retain Ward System when Legislation permits.</p>	<p><i>How will your council implement the option?</i></p> <p>Request amendment to Legislation to allow reduction without referendum.</p>	<p><i>Milestones for implementation</i></p> <p>By General Election September 2016.</p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>Saving of \$35,244 per annum.</p>	<p><i>Known risks of implementing your proposal.</i></p> <p>No change to Legislation.</p>	<p>Efficiency N/A</p> <p>Infrastructure and Service Management N/A</p> <p>Sustainability N/A</p>
<p>Review the number of Council and Committee Meetings as per table.</p>	<p>Formal report to Council recommending new meeting structure.</p>	<p>June 2016</p>	<p>Nil</p>	<p>Recommendation not adopted</p>	<p>Efficiency Reduce cost in Business Paper preparation.</p> <p>Infrastructure and Service Management Allow staff time to be utilised on operational matters.</p> <p>Sustainability N/A</p>

Option 4: Streamlined governance

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
Consider use of tablet technology for electronic Business Papers, communication etc.	Formal report to Council in preparation for new Council in September 2016.	July 2016	\$8,000	Understanding of technology (can be overcome by training).	<p>Efficiency Communication more effective Cost savings in stationary</p> <p>Infrastructure and Service Management N/A</p> <p>Sustainability N/A</p>

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

Warren Shire Council Commentary – Option 5: Streamlined Planning, Regulation and Reporting

Warren Shire Council has always been keen and proactive to streamline planning, reporting and regulation. It should be noted that the majority of so called “RED TAPE” comes from State Government Legislation.

Council welcomes the review of the Local Government Act and the IPART Review of the regulatory burden on councils. Council will support any reduction in the regulation burden.

Warren Shire Council has already taken the opportunity to streamline planning and reporting in the following actions:-

- It has undertaken the Western Council’s Sub Regional Land Use Strategy with the councils of Bogan, Coonamble, Gilgandra, Narromine and the Department of Planning.
- It undertakes each year a Sub Regional State of the Environment Report with 16 other councils.

Council has no proposal at this point in time.

Option 5: Streamlined planning, regulation and reporting

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>No proposal.</p>	<p><i>How will your council implement the option?</i></p>	<p><i>Milestones for implementation</i></p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p>	<p><i>Known risks of implementing your proposal.</i></p>	<p>Efficiency</p> <p>Infrastructure and Service Management</p> <p>Sustainability</p>

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

Warren Shire Council Commentary – Option 6: Service Review

It should be noted that with the introduction of the 1993 Local Government Act, coupled with Integrated Planning and Reporting from 2012/2013 was firstly, a move away from stewardship of funding and secondly more emphasis on strategic planning and infrastructure maintenance renewal. This has resulted in some services suffering.

The provision of good local government requires a balance between service provision and infrastructure maintenance/renewal. To ensure this balance is as close as possible, it is considered essential that a full review of Council's operations is undertaken. This review will include reviewing existing service types and levels and result in what service type and at what level will be provided into the future. It is proposed to undertake this review in conjunction with Council and its committees.

The proposal is to look at each function of Council, the areas within these functions, at an operations level. This will inform Councillors and the community of the existing service provided, not only the service but, type, by whom and who are the beneficiaries. It will allow a readjustment of service levels.

This review will also look at non-core Local Government activities to determine responsibilities and potential cost recoveries.

This review will be driven by Council's Manex team and will then inform Council's Financial and Asset Management Plans.

Option 6: Service review

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Conduct a service review of all Council functions and activities.</p>	<p><i>How will your council implement the option?</i></p> <p>Review services with a terms of reference for the assessment that includes:</p> <ul style="list-style-type: none"> • What makes up the service • Why do we provide it • Who are the users • Cost and funding • Changes required • Impact of changes 	<p><i>Milestones for implementation</i></p> <p>June 2016</p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>Staff time.</p>	<p><i>Known risks of implementing your proposal.</i></p> <p>Nil</p>	<p>Efficiency Streamlined delivery in line with community needs</p> <p>Enhanced quality and reduced cost of services</p> <p>Infrastructure and Service Management Identify areas for improvement / amendments</p> <p>Cost savings to be utilised elsewhere</p> <p>Sustainability Maximise scarce resources</p> <p>Keeping services affordable</p>

Option 6: Service review

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p>Review of Council Local Road Network including:</p> <ol style="list-style-type: none"> 1. Hierarchy of Roads 2. Maintenance Standard 3. Future Renewal Works 	<p>Review of Council's Road Network Strategic Plan</p> <p>Present new strategy for adoption following consultation.</p>	<p>Assessment of Network</p> <p>Adoption by Council - April 2016</p>	<p>Staff time</p> <p>Staff time</p>	<p>Nil</p>	<p>Efficiency Service provided to reflect community needs</p> <p>Infrastructure and Service Management Define work required and service level</p> <p>Sustainability Resources being used services required.</p>
<p>Review of Parks, Gardens and Sporting Fields Service Levels</p>	<p>Review Management Plans for Parks, Gardens and Sporting Fields outlining facilities and service levels.</p>	<p>Adoption of reviewed Management Plans – April 2016</p>	<p>Staff time</p>	<p>Nil</p>	<p>Efficiency Service provided to reflect community needs</p> <p>Infrastructure and Service Management Define work required and service level</p> <p>Sustainability Resources being used services required.</p>

Option 6: Service review

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
Plant and Light Vehicle utilisation review including 15 Year Plant Replacement Program.	Review existing Strategic Plan and Plant Replacement Program	Adoption of new Plan - April 2016	Staff time	Nil	<p>Efficiency Appropriate plant for works to be carried out.</p> <p>Increase plant utilisation.</p> <p>Infrastructure and Service Management Plant consistency.</p> <p>Sustainability Maximise plant resources.</p>
Obtain the communities perception on levels of service for potential inclusion in Asset Management Planning	Utilise information and include in Asset Management Plans (AMP's)	March 2016	Staff time Survey costs	Nil	<p>Efficiency Improve quality of AMP's for planning and service amendment</p> <p>Infrastructure and Service Management Service provided to an acceptable community standard</p> <p>Sustainability Improved by better quality documents</p>

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

Warren Shire Council Commentary – Option 7: Asset Management

Despite the fact it has Rolling Capital Works Programs in place for the various activities, its infrastructure is well maintained and it is providing levels of funding for asset maintenance and renewal above the “Fit for the Future” Benchmarks, Council received a distressed assessment from the Local Government Infrastructure Audit due to not having Formal Asset Management Plans. Steps are already in place to rectify this situation and this proposal will ensure this situation is rectified.

The introduction of IP & R in 2012/13 has seen Council place a greater focus on maintaining/renewing infrastructure. Council accepts its formal Asset Management Plans are not up to standard and is in the process of training staff in preparation of updating and formalising Asset Management Plans and Asset Condition Assessments. Council knows improved Asset Management Plans will enable Council to understand its assets better, fully understand infrastructure backlog and assist in asset maintenance. These actions will inform future long term financial plans and Council has a cash backed infrastructure reserve of \$ 2.5 million coupled with the ability to borrow funds which will enable council to adequately tackle the backlog of infrastructure maintenance and renewal once plans are finalised in 2015/16.

Council proposes to undertake a full review of its Asset Management function including valuation method, accounting, condition assessment and a full analysis of depreciation methods being used to ensure Council is depreciating its assets in an accurate consistent manner. A review of Special Schedule 7 of Financial Reports in relation to Backlog will also be included in line with the International Infrastructure Management Manual 2011.

Council is fully mindful that Asset Management Systems can be extremely resource hungry for what information and benefit they provide on the ground.

This will include but be not limited to the following:

- Review and if need be further acquisition of Asset Management Software;
- Training of staff on software;
- Training of staff on asset condition assessment;
- Review of depreciation in line with asset condition;
- Viability of asset i.e. maintain or dispose;
- Renew all Asset Management Plans; and
- Linkage/integration with Council's financials.

Option 7: Additional options identified by the council - Asset Management

Proposal	Implementation	Proposed milestones	Costs	Risks	How will your proposal allow your council to become/remain Fit for the Future against the criteria?
<p><i>Proposed objectives and strategies</i></p> <p>Conduct a full assessment and redevelop Council's asset management function.</p>	<p><i>How will your council implement the option?</i></p> <p>a) Staff Training</p> <p>b) Engage Consultant to assist in condition modelling etc</p> <p>c) Asset condition assessment</p> <p>d) Review depreciation</p> <p>e) Computer asset software</p> <p>f) Renew Asset Management Plans</p> <p>g) Review Special Schedule 7 backlog</p>	<p><i>Milestones for implementation</i></p> <p>a) June 2015</p> <p>b) June 2015</p> <p>c) September 2015</p> <p>d) September 2015</p> <p>e) December 2015</p> <p>f) March 2016</p> <p>g) May 2016</p>	<p><i>Costs of implementation. Potential to consider Innovation Fund</i></p> <p>\$10,000 (training budget)</p> <p>\$30,705 (reserve)</p> <p>Staff time</p> <p>Staff time</p> <p>\$50,000 (computer reserve)</p> <p>Staff time</p> <p>Staff time</p>	<p><i>Known risks of implementing your proposal.</i></p>	<p>Efficiency Allow the necessary data / information to be gathered, used and maintained to enable practical use of AMP's.</p> <p>Infrastructure and Service Management Improves quality of data for decision making on infrastructure renewal and maintenance.</p> <p>Sustainability AMP's with a reasonable / medium level of confidence will allow accurate use in long term financial planning, budgeting and service provision.</p>

3.2 Rural Council Action Plan

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

Action plan	
Actions	Milestones
1. Continue to enhance and extend Regional collaboration and Resource Sharing arrangements	Ongoing - monitor
2. Continued Shared Administration where arrangements currently in place	Ongoing - monitor
3. Actively participate in GMAC	Ongoing
4. Make an application to the Local Government Innovation Fund to develop standard templates on how to standardise services in Local Government and develop a strategy to create a standard platform with the three (3) other adjoining Rural Councils. 1. Obtain agreement from the three (3) other Rural Councils 2. Develop a terms of reference for the strategy 3. Prepare a submission to the Innovation Fund to undertake the study 4. Identify best practice model for the activities	December 2015 December 2015 March 2015 June 2015
5. Review the number of Council and Committee Meetings	June 2016
6. Electronic Business Papers and Councillor communication	July 2016
7. Conduct a Service Review of all Council functions	June 2016
8. Review Council Local Road Network Strategic Plan	April 2016
9. Review Parks, Gardens and Sporting Fields Management Plans	April 2016

Action plan	
Actions	Milestones
10. Review Plant and Light Vehicle Utilisation Strategic Plan	April 2016
11. Conduct a full assessment and redevelop Council's asset management function	
a) Staff Training	June 2015
b) Engage Consultant to assist	June 2015
c) Asset condition assessment and modelling	September 2015
d) Review depreciation	September 2015
e) Computer asset software	December 2015
f) Renew Asset Management Plans	March 2016
g) Review Special Schedule 7 backlog	April 2016

**Please attach detailed action plan and supporting financial modelling.*

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

For example, who was involved, any external assistance, consultation (incl. employees, Joint Organisations representatives and relevant industrial representatives) or collaboration, and how the council has reviewed and approved the plan.

The Action Plan was developed from proposals as outlined in Section 3.1 that was informed by the SWOT Analysis in Section 2.1. cost, benefit and risk have been considered and covered in the proposal framework in Section 3.1

Council arrived at the conclusion and resolved to endorse this submission as a result of extensive deliberation.

This whole process was undertaken by Council, utilising existing resources and it would be fair to say it has been a considerable drain on the time of the Mayor, General Manager and Manager Finance and Administration, when you consider they had to undertake their normal functions as well.

The process has involved the following:

- Discussions at four (4) Council Meetings
- Three (3) Office of Local Government Workshops
- IPART Information Session

- Two (2) meetings with three (3) adjoining Councils who are also Group C Councils
- Advisory sessions with Council staff
- Full day workshop with Manex team
- Two (2) x ½ day workshops with Councillors

When you take the above into consideration, it has been a costly exercise.

No external consultants have been used.

Section 3.3 clearly outlines the community consultation and our community's position on the matter.



See Guidance material page 21 for help completing this section.

3.3 Community involvement

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

Since the onset of the whole Local Government Reform process in 2011, Council has taken every opportunity to inform our community on what was happening. Posted information via the Mayor's column in local papers weekly, Council website, attended all Panel workshops, held workshops with Councillors, held meetings with industry in our Shire, held meetings with the Chamber of Commerce, Council staff and community groups.

The Discussion Paper – Future Direction's for NSW Local Government – Twenty Essential Steps had a preferred option for Warren as a Local Board in the Orana County Council with a County Council assuming the responsibilities of the former Council. The Warren community were outraged and members of the community presented Council with a petition of 1,770 signatures, stating that it is imperative that Warren remain autonomous, retain our own entity and remain as a standalone Council. LGA population is 2,845. 1,770 signatures represents 62% of the population and over 90% of the adult population.

Council has heard the message loud and clear from our community to take whatever steps necessary for Warren Shire Council to remain a standalone entity.

3.4 Other strategies considered

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

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

Council has not seriously considered other options as it has concentrated on the ones included in this document as they will see the necessary improvements for Warren Shire Council to remain "Fit for the Future".

Section 4: Expected outcomes

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total improvement over period?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-2.37%	2.69%	1.54%	2.32%	2.82%	3.22%	Also complete years 2020/21 – 2024/25 on following page
Own Source Revenue Ratio (Greater than 60% average over 3 years)	54.52% (without FAG) 77.11% (with FAG)	51.70% (without FAG) 73.57% (with FAG)	53.71% (without FAG) 76.30% (with FAG)	53.68% (without FAG) 76.07% (with FAG)	53.54% (without FAG) 75.78% (with FAG)	53.43% (without FAG) 75.52% (with FAG)	Also complete years 2020/21 – 2024/25 on following page
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	114.4%	160.6%	125%	113.5%	98.9%	100.4%	Stable
Infrastructure Backlog Ratio (Greater than 2%)	0.45%	0.35%	0%	0%	0%	0%	Stable
Asset Maintenance Ratio (Greater than 100% average over 3 years)	118.2%	104.2%	102.8%	101.8%	101.8%	101.8%	Stable
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.94%	0.88%	0.90%	0.87%	0.84%	0.83%	Stable
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$3.15	\$3.09	\$3.00	\$2.97	\$2.94	\$2.92	\$0.23

4.1 Expected improvement in performance*

Measure/ benchmark	2020/21	2021/22	2022/23	2023/24	2024/25	Total improvement over period
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	3.88%	4.50%	5.08%	5.66%	6.33%	8.70%
Own Source Revenue Ratio (Greater than 60% average over 3 years)	53.45% (without FAG) 75.31% (with FAG)	53.45% (without FAG) 75.11% (with FAG)	53.46% (without FAG) 74.90% (with FAG)	53.47% (without FAG) 74.69% (with FAG)	53.53% (without FAG) 74.52% (with FAG)	Stable

* See section 3.3 of IPARTs [Methodology for Assessment of Council Fit for the Future Proposals](#)



See Guidance material page 23 for
help completing this section.

4.2 Factors influencing performance

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

There are a number of factors that influence Council's performance against "Fit for the Future" benchmarks and they are outlined as follows:

Financial Assistance Grants

The Financial Assistance Grants have been distributed to Local Government for an extended period of time. For rural councils they have provided a consistent percentage of revenue each year. This grant is untied, although it is made up of a per capita component, equalisation component and roads component (Roads – the old Rural Local Roads Funding distributed by RTA).

Purely by the consistency of receipt for many years and the untied nature of the grant, it should be deemed own source revenue.

Cost Shifting

Cost shifting is a real burden on rural councils.

These come about by the State Government enabling legislation or regulation, then expecting councils to provide the service with no or little funding or revenue raising opportunities.

Services that are State Government responsibilities, but no funding is made available. They are essential for the viability of communities therefore Rural Councils have no choice but to provide them e.g. health in rural areas.

Provision of services then the withdrawal of the funding, leaving councils to fund the service as the community need the service is another State Government strategy.

A conservative estimate for Warren Shire Council is that cost shifting cost in the 2013/14 year \$615,340 or 13.7% of general rate income.

Regional Roads

Regional roads were vested in council on the 1st July 1995 as a result of the introduction of the 1993 Roads Act, but have remained fully funded by the State Government.

Council has to attribute a fair value to these in line with accounting standards, as they form part of council's equity. The result of this is that in Warren Shire Council's case, it forms 25% of our depreciation expense and the funding received does not cover any form of responsible asset maintenance / renewal.

Natural Disaster Relief and Recovery Arrangements (NDRRA)

When council receives restoration funding from the NDRRA, it must be accounted as grants and contributions. This increases the total revenue for the year, which in turn distorts the ratio for own source revenue. NDRRA funding should be removed from ratios.

State Government Planning

State Government Departments cannot or are unwilling to provide forecast funding out past one (1) year, especially road funding. This makes it difficult for council's to prepare and produce reliable long term financial plans.



See Guidance material page 23 for help completing this section.

Section 5: Implementation

5.1 Putting your plan into action

How will your council implement your Rural Council proposal?

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

This submission has been prepared with the aim of Council being declared “Fit for the Future”, with the improvement proposals and subsequent Action Plan forming part of Council’s Integrated Planning and Reporting framework.

The necessary objectives, strategies and actions will be incorporated into the appropriate documents, being Delivery Program, Annual Operational Plan or Resource Strategy.

Overall responsibility for the implementation of the proposal will rest with the General Manager, who will monitor its progress via Council’s monthly Manex meeting as an agenda item.

Formal reports on progress will be included with six (6) monthly reporting required for the Delivery Program or directly to Council should the need arise.



See Guidance material page 24 for help completing this section.