

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: City of Canterbury

Date of Council resolution endorsing this submission: 25 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.

We have been active participants in the local government reform process that commenced with the Destination 2036 meeting in Dubbo in 2011. Whilst we are supportive of the majority of the reforms recommended by the ILGRP including amalgamations, we are opposed to forced amalgamations.

The Independent Local Government Review Panel (ILGRP) recommended the following options for the City of Canterbury: amalgamate with Hurstville, Kogarah and Rockdale; or combine as a strong Joint Organisation including Sutherland; or amalgamate with Bankstown. We have undertaken a detailed assessment of all of these options, including a stand-alone option and consulted extensively with our community.

Our assessment of a stand-alone option has indicated we are Fit for the Future and will meet all of the criteria over time. Consistent with our commitment to the local government reform process we explored all the options recommended by the ILGRP. We have pursued merger options with all our potential merger partners, and taken a lead role in regional collaboration to explore the potential for Joint Organisations. Despite these efforts, Bankstown, Hurstville, Kogarah and Rockdale councils have all resolved to stand alone, leaving us with no option but to submit an Improvement Proposal for the City of Canterbury also to stand alone.

Detailed internal analysis, independently verified by consultants Morrison Low, shows that our proposal to stand alone is superior to either of

the merger options in meeting the Fit for the Future criteria. Based on our current LTFP we will meet all of the required criteria except the Asset Maintenance Ratio. Our Improvement Plan addresses the need for further increases in revenue and reductions in expenditure to generate an operating surplus sufficient for adequate renewal, elimination of the infrastructure backlog, and adequate maintenance. Increased income will be achieved through continuing to develop an income producing property portfolio, improving returns from private hire of community facilities, and obtaining market rents for leases of community buildings. Further efficiencies will be achieved through improved parks and property operations, new service delivery models, and rationalisation of our plant and vehicle fleet.

Our proposal to stand alone is consistent with the preference expressed by our community, as outlined in the outcomes from our extensive community consultation process. The key results of this consultation were that when offered the options of not merging, merging with the St George group of Councils and merging with the City of Bankstown, 60% of our residents chose “not merging” as their first preference. When offered a choice between a merge with the St George group of Councils and the City of Bankstown over two thirds (69%) preferred a merge with St George.

We believe that with our record of capacity and collaboration and the significant growth projections for our LGA our proposal to stand-alone is in keeping with the size and capacity philosophy of the ILGRP.

Standing alone the City of Canterbury will meet the Fit for the Future criteria. By any measure, a stand-alone option for the City of Canterbury is the preferred option by our community, is demonstrably superior to the two merger options and meets the objectives of the ILGRP.

1.2 Scale and Capacity

Does your council have the scale and capacity broadly consistent with the recommendations of the Independent Local Government Review Panel?

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

Yes / No

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).

Although the Independent Local Government Review Panel recommended that the City of Canterbury amalgamate with either the St George councils (Hurstville, Kogarah and Rockdale) or Bankstown, it does have the scale and capacity envisaged by the Panel to stand alone.

The City of Canterbury currently has a population of 152,000 and this is projected to increase to 178,500 by 2031 based upon current development levels. We are also currently working with the Department of Planning and Environment on plans increase housing densities in an urban renewal corridor along the Sydenham to Bankstown Rail Line as part of the Sydney Rapid Transport program. This project will impact upon seven railway stations in the Canterbury local government area with the result that the population of the City is likely to reach 200,000 by 2031.

We also demonstrate strategic capacity in all of the elements outlined in the IPART's Assessment Methodology guidelines. More detail is provided in the attached Detailed Improvement Proposal, but a summary of the key initiatives in each of these areas is provided here.

More robust revenue base & increased discretionary spending

Examples include:

- Special Rate Variation
- Property Portfolio
- Drainage Reserve sale Program
- Procurement Program
- Changes to our Regulatory Services
- Service Review Program

Scope to undertake new functions and major projects

Examples include:

- Belmore Sportsground
- Morris Iemma Indoor Sports Centre
- Riverwood Housing Project

Ability to employ a wider range of skilled staff

Examples include:

- Our capacity to obtain specialist skills and resources
- Salary system Cost Savings

Knowledge, Innovation, Creativity

Examples include:

- Canterbury Connects
- Child Friendly Canterbury
- Youth @ Lakemba
- Mental Health
- Digital Canterbury

Advanced skills in strategic planning and policy development

Examples include:

- Integrated Planning and Reporting Framework
- Local Environment Plan & Development Control Plan

Effective regional collaboration

Examples include:

- Cooks River Alliance
- Street Lighting Program
- SSROC Library Collaborative Procurement project
- Regional Illegal Dumping Prevention Squad
- National Local Government Customer Service Network
- Corporate Leadership Cup
- Cobar Shire Council Partnership

Credibility for more effective advocacy

Examples include:

- Healthy Communities Project
- Salvos Legal Project
- Emerging Communities Hub

Capable partner for State and Federal agencies

Examples include:

- Access to other government services via our Libraries
- Partnering with State Government for Community Health and Safety and in Education

Resources to cope with complex and unexpected change

Examples include

- Use of Cash Reserves
- Planning for Population Growth
- Facilitating Urban Renewal
- Responding to Funding Changes in Family Day Care

High quality political and managerial leadership

Examples include:

- Lead role in formation of Sydney Metropolitan Mayors
- Experienced Management Team
- Governance Improvement Program
- Integrated Risk Management System
- Internal Audit

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.

Located just 17 kilometres south-west of the Sydney CBD, the City of Canterbury is known for its many diverse cultures, friendly people, exotic foods, great restaurants, and unique shopping. There are scenic parks, historical sites, and an extensive range of sporting and recreational facilities. With an area of 34 square kilometres, the largely residential City has 17 suburbs including open space corridors surrounding the Cooks River, Wolli Creek in the south, and Salt Pan Creek.

The City has a very culturally diverse population with residents from over 150 different countries. Almost half were born overseas, and two thirds speak a language other than English at home. The City has a very high population density with 152,000 residents living mostly in houses and two- or three-storey units.

Major retail precincts include town centres in Belmore, Campsie, Earlwood, Lakemba and Punchbowl, and Roselands. Major industrial precincts include Canterbury, Kingsgrove North and Riverwood. Canterbury Hospital is also a focus for facilities and services. The City is geographically well placed, close to services and major transport links including the M5 motorway, King Georges and Canterbury Roads, freight rail lines, Port Botany and Sydney airport.

The City is growing. After a decline the population grew by almost 10,000 between 2006 and 2011. By 2023 the population is forecast to grow to 157,000, and to 178,500 by 2031. Higher density now proposed in the Sydenham to Bankstown Rail corridor could result in the population reaching 200,000 by 2031. We are currently reviewing our LEP and DCP to ensure that the LGA has the necessary infrastructure and open space thereby creating a sustainable plan that will cater for such rapid urban growth.

Council is led by a popularly elected mayor and 9 councillors elected in three wards. With an annual expenditure of \$110 million, it is responsible for a wide range of services and infrastructure including roads, community facilities, libraries, parks, garbage removal, urban planning, and development. It has delivered these services and infrastructure in a financially sustainable manner for many years. A Roads and Footpaths Levy ran for five years up to 2005 providing funds for infrastructure renewal. In 2004-05 this was replaced by a 15 year Infrastructure Renewal Levy.

Since 2008 we have also undertaken reviews of specific services including childrens' centres, library operations, aquatic centres, workshop operations, parks and property, waste collection, street cleaning, tree maintenance, and building cleaning. In 2011 we undertook a further Financial Sustainability Review identifying efficiencies and revenue opportunities of more than \$1 million. Together the Service Review Program and Financial Sustainability Review have achieved savings in just employee costs of more than \$5 million per year alone. We now have the lowest total cost per capita of any Sydney Metropolitan council. In 2013-14 we applied for and were successful in receiving approval for a Special Rate Variation (SRV) which has significantly improved our revenue base.

These initiatives, started well before the Fit for the Future program, represent our long standing commitment to responsible financial management and sustainability.

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> • Excellent access to Sydney CBD, variety of transport networks and services; highly desirable location on the edge of Sydney City; high population growth and development. • Excellent track record in consistently delivering quality services to a highly diverse community with a wide range of services, well established delivery processes, innovative solutions, and credibility with our community. • Highly effective community engagement processes providing a wide range of opportunities for access and participation for an extremely diverse community. • Qualified, experienced and skilled workforce with a high level of commitment, particularly in assets and financial management, and an experienced leadership team. • Leaders in regional cooperation, leading member of SSROC, and founding member of Sydney Metropolitan Mayors. • Commitment to continuous improvement evidenced by Service Review Program, and Business Improvement Program. • Strong focus on financial sustainability and sound financial management. • Proven capability to deliver projects on behalf of other levels of government. 	<ul style="list-style-type: none"> • Ageing infrastructure. • Significant area of land requiring remediation. • Ability to increase revenue outside property rates is constrained by opportunity and legislation and low income population. • Dispersed locations of staff. • Increasing demands and pressure on IT infrastructure.

Opportunities	Threats
<ul style="list-style-type: none"> • Capitalise on future expected population growth and higher density. • Collaboration regionally for sourcing income, reducing costs and delivering projects. • Growth in value of property assets, and capacity for property assets to generate income. • Improving the urban environment through urban planning. • Further developing community and organisational leadership. • Investment and commercial activities to generate revenue. • Partnering with the private sector to deliver new developments and services. • Improving community engagement through digital technologies. • Low debt and ability to capitalise on a low interest environment. 	<ul style="list-style-type: none"> • Cost shifting from State and Federal Governments. • Loss of direct funding from State and Federal Government. • Uncertainty in the economic environment. • Potential for disharmony in the community. • Climate change and other environmental impacts.

2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-0.80%	NO	1%	YES
Own Source Revenue Ratio (Greater than 60% average over 3 years)	80.8%	YES	84.2%	YES
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	53.8%	NO	101%	YES

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

The Fit for the Future benchmarks are achieved by 2016-17. Source: Morrison Low, Canterbury City Council Improvement Plan, May 2015, page 21.

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%)	3%	NO	3.6%	NO
Asset Maintenance Ratio (Greater than 100% average over 3 years)	38%	NO	79%	NO
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.7%	YES	0.4%	YES

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

Source: Morrison Low, Canterbury City Council Improvement Plan, May 2015, page 22.

IPART approved a Special Rate Variation for Council, which was accompanied by a Long Term Financial Plan (LTFP), in June 2014. The Improvement Plan outlined in this submission, underpinned by the Long Term Financial Plan approved by IPART, shows that Council will achieve all of the Fit for the Future benchmarks by 2020-21.

Our assessment has indicated that implementing the LTFP approved by IPART alone, without the Improvement Plan, would not yield sufficient funds to meet the Asset Maintenance Ratio during the timeframe of the LTFP (to 2022-23). The Improvement Plan outlined in this submission describes a number of strategies designed to generate a larger operating surplus to provide funds that enable this benchmark to be met in 2020-21.

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	Decrease	YES	685.7	YES

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

The Fit for the Future benchmarks are achieved by 2016-17. Source: Morrison Low, Canterbury City Council Improvement Plan, May 2015, page 23.

2.4 Water utility performance

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

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

Yes / No

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

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

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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

2.4 ~~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.~~

2.4 Water utility performance

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
1.		

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.

IPART approved a Special Rate Variation for Council, which was accompanied by a Long Term Financial Plan (LTFP), in June 2014. The Improvement Plan outlined in this submission, underpinned by the Long Term Financial Plan approved by IPART, shows that Council will achieve all of the Fit for the Future benchmarks by 2020-21. Strategies designed to improve Infrastructure and Service Management by increasing income and improving efficiency do also improve the Operating Performance Ratio and Own Source Revenue Ratio.

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.

Significant forecasting assumptions are outlined in the LTFP, a copy of which accompanies this submission (refer to pages 18 – 25), as well as a Sensitivity Analysis (refer to pages 26 – 27). These assumptions include factors such as workforce planning, asset management planning, service priorities and planned service levels, population growth projections, asset ownership and management, allowance for natural disasters and external factors, investment income, loan interest rates, depreciation and asset useful lives, outsourcing, rate pegging and rates growth, special rate variations including the Infrastructure Renewal Level, Stormwater Management Charge, Domestic Waste Management Charge, our Service Review program, inflation, carbon pricing, environmental sustainability and quadruple bottom line reporting, development (Section 94) contributions, capital grants, employee costs and superannuation, workers compensation insurance, and infrastructure maintenance.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
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The Improvement Plan does not have any strategies specifically targeted at Sustainability, however those strategies designed to improve Infrastructure and Service Management by increasing income and improving efficiency do also improve the Operating Performance Ratio and Own Source Revenue Ratio.				
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3.2 Infrastructure and Service Management

Summarise your council's key strategies to improve performance against the Infrastructure and service management benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

IPART approved a Special Rate Variation for Council, which was accompanied by a Long Term Financial Plan (LTFP), in June 2014. The Improvement Plan outlined in this submission, underpinned by the Long Term Financial Plan approved by IPART, shows that Council will achieve all of the Fit for the Future benchmarks by 2020-21.

Our assessment has indicated that implementing the LTFP approved by IPART alone would not yield sufficient funds to meet the Asset Maintenance Ratio during the timeframe of the LTFP (to 2022-23). The independent modelling undertaken by Morrison Low indicates that the gap is just \$2.4 million or 2% of our annual expenditure (Source: Morrison Low, Canterbury City Council Modelling of the Independent Local Government Review Panel Recommendation of a Merger of the St George and Canterbury Councils, May 2015, page 16).

The Improvement Plan outlined in this submission describes a number of strategies designed to generate a larger operating surplus to provide funds that enable Asset Maintenance Ratio to be met in 2020-21. These strategies include:

- Implement an organisation-wide project management methodology to improve efficiency and increase productivity in infrastructure planning and delivery
- Continue development of income producing property portfolio
- Implement new management agreement for Riverwood Community Hub
- Improve returns from private hire of community facilities
- Obtain market rents for leases of community buildings
- Develop an Affordable Housing Strategy and obtain increased income from council-owned sites
- Improve parks and property operations
- New service delivery model for Lakemba Out Of School Hours (OOSH) Service
- Rationalise plant and vehicle fleet

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

Significant forecasting assumptions are outlined in the LTFP, a copy of which accompanies this submission (refer to pages 18 – 25), as well as a Sensitivity Analysis (refer to pages 26 – 27). These assumptions include factors such as workforce planning, asset management planning, service priorities and planned service levels, population growth projections, asset ownership and management, allowance for natural disasters and external factors, investment income, loan interest rates, depreciation and asset useful lives, outsourcing, rate pegging and rates growth, special rate variations including the Infrastructure Renewal Level, Stormwater Management Charge, Domestic Waste Management Charge, our Service Review program, inflation, carbon pricing, environmental sustainability and quadruple bottom line reporting, development (Section 94) contributions, capital grants, employee costs and superannuation, workers compensation insurance, and infrastructure maintenance.

In addition the expected benefits from the strategies outlined above are listed in the table below. More detail about these initiatives is provided in Morrison Low's Canterbury City Council Improvement Plan May 2015 (refer to pages 13 – 20).

Initiatives	Expected Benefit in 2019-20
Increase income: <ul style="list-style-type: none"> Develop income producing property portfolio (including sale of Canterbury Bowling Club to realise ~\$30M) New management agreement for Riverwood Community Hub Improve returns from private hire of community facilities Obtain market rents for leases of community buildings Develop an Affordable Housing Strategy and obtain increased income from council-owned sites 	\$1,585,000
Achieve efficiencies: <ul style="list-style-type: none"> Improve parks and property operations New service delivery model for Lakemba OOSH Rationalise plant and vehicle fleet 	\$600,000
Total	\$2,185,000

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
Increase scope to undertake new functions and projects	Implement an organisation-wide project management methodology	Adopt project management methodology - June 2015 Publish methodology - June 2015 Train Staff - December 2015 Review performance - June 2016	Methodology improves timeliness and quality of project delivery.	Improvement in Efficiency
	Achieve productivity in infrastructure planning and delivery	Appoint Infrastructure Delivery Coordinator - June 2015 Implement changes to City Works Structure - September 2015 Review performance - September 2016	Structure and resourcing changes improve timeliness, quality and costs in infrastructure provision.	Improvement in Efficiency

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Increase income	Continue development of income producing property portfolio	Property sales and purchases – June each year	Portfolio generates income of > \$1,000,000 per year by 2017	Improvement in Sustainability
	Implement new management agreement for Riverwood Community Hub	Negotiate management agreement - June 2017	New agreement increases income to Council.	Improvement in Sustainability
	Improve returns from private hire of community facilities	Adopt new fees and charges - June 2016 Implement new fees and charges - July 2016	Full implementation of fees and charges increases income to council.	Improvement in Sustainability
	Obtain market rents for leases of community buildings	Review and amend lease agreements- June each year	New lease agreements increase income to council.	Improvement in Sustainability

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	Develop an Affordable Housing Strategy and obtain increased income from council-owned sites	Develop Affordable Housing Strategy - September 2015 Establish partnership with appropriate community housing provider - June 2016 Review performance - June 2017	Affordable housing stock managed by partner(s) provides significant ongoing source of income	Improvement in Sustainability
Achieve further efficiencies	Improve parks and property operations	Complete review of operations - December 2015 Negotiate new arrangements - June 2016 Implement new arrangements - December 2016 Review performance - December 2017	New working arrangements rationalise service levels and reduce expenditure.	Improvement in Efficiency

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	New service delivery model for Lakemba Out Of School Hours (OOSH) Service	Undertake feasibility assessment - September 2015 Adopt new model - December 2015 Implement new model - June 2016	New service delivery model improves service delivery and reduces expenditure.	Improvement in Efficiency
	Rationalise plant and vehicle fleet	Negotiate new arrangements for vehicle use - September 2015 Dispose of surplus vehicles - March 2016	Reduced expenditure on vehicles.	Improvement in Efficiency

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.

IPART approved a Special Rate Variation for Council, which was accompanied by a Long Term Financial Plan (LTFP), in June 2014. The Improvement Plan outlined in this submission, underpinned by the Long Term Financial Plan approved by IPART, shows that Council will achieve all of the Fit for the Future benchmarks by 2020-21. The Improvement Plan does not have any strategies specifically targeted at Efficiency, however those strategies designed to improve Infrastructure and Service Management by improving efficiency do also improve the Real Operating Expenditure per Capita over time.

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

Significant forecasting assumptions are outlined in the LTFP, a copy of which accompanies this submission (refer to pages 18 – 25), as well as a Sensitivity Analysis (refer to pages 26 – 27). These assumptions include factors such as workforce planning, asset management planning, service priorities and planned service levels, population growth projections, asset ownership and management, allowance for natural disasters and external factors, investment income, loan interest rates, depreciation and asset useful lives, outsourcing, rate pegging and rates growth, special rate variations including the Infrastructure Renewal Level, Stormwater Management Charge, Domestic Waste Management Charge, our Service Review program, inflation, carbon pricing, environmental sustainability and quadruple bottom line reporting, development (Section 94) contributions, capital grants, employee costs and superannuation, workers compensation insurance, and infrastructure maintenance.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency				
Objective	Strategies	Key milestones	Outcome	Impact on other measures
The Improvement Plan does not have any strategies specifically targeted at Efficiency, however those strategies designed to improve Infrastructure and Service Management by improving efficiency do also improve the Real Operating Expenditure per Capita over time.				

3.4 Improvement Action Plan

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

Action plan

Strategy	Actions	Milestones
Implement an organisation-wide project management methodology	Adopt project management methodology Publish methodology Train Staff Review performance	June 2015 June 2015 December 2015 June 2015
Achieve productivity in infrastructure planning and delivery	Appoint Infrastructure Delivery Coordinator Implement changes to City Works Structure Review performance	June 2015 September 2015 September 2016
Develop Leaders	Implement leadership forum program Review performance	September 2015 September 2016
Succession Planning	Prepare succession plan Implementation Review performance	December 2015 June 2016 December 2016

Action plan

Strategy	Actions	Milestones
Business Improvement Program	Organisation wide training Priority process improvement Review performance	June 2015 December 2015 March 2016
Continue development of income producing property portfolio	Property sales and purchases	June each year
New management agreement for Riverwood Community Hub	Negotiate management agreement	June 2017
Improve returns from private hire of community facilities	Adopt new fees and charges Implement new fees and charges	June 2016 July 2016
Obtain market rents for leases of community buildings	Review and amend lease agreements	June each year
Develop an Affordable Housing Strategy and obtain increased income from council-owned sites	Develop Affordable Housing Strategy Establish partnership with appropriate community housing provider Review performance	September 2015 June 2016 June 2017
Improve parks and property operations	Complete review of operations	June 2015

Action plan

Strategy	Actions	Milestones
	Negotiate new arrangements Implement new arrangements Review performance	December 2015 June 2016 December 2016
New service delivery model for Lakemba OOSH	Undertake feasibility assessment Adopt new model Implement new model	September 2015 December 2015 January 2016
Rationalise plant and vehicle fleet	Negotiate new arrangements for vehicle use Dispose of surplus vehicles	June 2015 December 2015

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

We held workshops facilitated by Morrison Low with our councillors, and our management group (Directors, Managers, Coordinators) to develop strategies to further improve our strategic capacity, identify revenue opportunities, and efficiencies.

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.

Merge with St George Councils

With a current population of over 400,000, and a projected population in 2031 of almost 500,000, a merger of Canterbury, Hurstville, Kogarah and Rockdale councils would have the scale and capacity envisaged by the ILGRP. It is also consistent with the Panel's recommendations.

A merger of the three St George and Canterbury Councils was the preferred option of the ILGRP. Canterbury Councillors, supporting this recommendation, expressed a preparedness to pursue a merger with the St George Councils.

Formal correspondence was sent on three occasions to the St George councils: following the release of the Fit for the Future Package; after the completion of our community consultation in February and following the release of the IPART methodology in late May. Informal meetings and correspondence in reply has confirmed the intention of these councils to standalone. Evidence of this dialogue is provided as an attachment to this Proposal.

The preparation of a merger proposal required the formal resolution of all of the partner councils prior to the preparation of a proposal, and the public exhibition of the merger proposal following this resolution. None of this has been possible and therefore Canterbury has focussed on strengthening our own position through the development of this Improvement Proposal.

Independent modelling by Morrison Low using publicly available information, however, also shows that such a merged council would not meet all the Fit for the Future criteria for sustainability, infrastructure and service delivery (refer to Morrison Low, Canterbury City Council Modelling of the Independent Local Government Review Panel Recommendation of a Merger of the St George and Canterbury Councils, May 2015, pages 33 – 37). This is primarily because the current Long Term Financial Plans for the three St George councils do not have strategies to address their infrastructure issues in the medium to long term. The table below shows the performance of a merged council against the criteria. It is apparent that the Canterbury stand alone is superior in terms of meeting these criteria than the merged entity.

Criteria	IPART Standard	2014-15	2019-20	Criteria Met
Operating Performance Ratio (greater or equal to break-even average over 3 years)	Meet by 2019-20	-4.9%	-2.4%	✗ NO ¹
Own Source Revenue Ratio (greater than 60% average over 3 years)	Meet by 2019-20	82%	87%	✓ YES
Building and Infrastructure Asset Renewal Ratio (greater than 100% average over 3 years)	Meet by 2019-20	80%	91%	✗ NO ²
Infrastructure Backlog Ratio (less than 2%)	Show improvement	2.2%	3.3%	✗ NO ³
Asset Maintenance Ratio (greater than 100% average over 3 years)	Show improvement	71%	82%	✗ NO ⁴
Debt Service Ratio (greater than 0 and less than or equal to 20% average over 3 years)	Show improvement	1.4%	1.3%	✓ YES
A decrease in Real Operating Expenditure per capita over time	Show improvement	\$666	\$578	✓ YES

Notes:

1. The benchmark of breakeven is not met in the forecast period (ie. to 2022-23).
2. After initial improvement, this remains static and the benchmark of greater than 100% is not met in the forecast period.
3. This shows deterioration rather than improvement and the benchmark of less than 2% is not met in the forecast period.
4. After initial improvement, this deteriorates, and the benchmark of greater than 100% is not met in the forecast period.

Merge with Bankstown

As we were prepared to explore all options recommended by the ILGRP, a range of discussions and joint exploratory talks between key staff from Bankstown and Canterbury were held to share information and undertake financial modelling. During community engagement conducted by both councils, however, it became apparent that this merger proposal was not well supported by either community. Bankstown City Council subsequently resolved to adopt the preferred recommendation of the ILGRP which was for Bankstown to stand alone.

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)	-1.6%	-1.0%	0.5%	3.4%	4.9%	5.1%	YES
Own Source Revenue Ratio (Greater than 60% average over 3 years)	81.7%	82.9%	84.2%	84.5%	84.7%	84.8%	YES
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	74.9%	82.1%	101.2%	127.5%	141.4%	133.3%	YES
Infrastructure Backlog Ratio (Greater than 2%)	3.4%	3.8%	3.6%	3.2%	2.5%	1.8%	YES
Asset Maintenance Ratio (Greater than 100% average over 3 years)	59%	80%	79%	78%	78%	85%	YES in 2021-22
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	1.3%	0.9%	0.4%	0.3%	0.2%	0.2%	YES
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	700	686	686	689	685	681	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.

We will meet all of the Fit for the Future benchmarks by 2020-21 Refer to Morrison Low, City of Canterbury Improvement Plan, May 2015, pages 21-23.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

The detailed Action Plan in the attached detailed Improvement Proposal shows the accountable Director and Manager for each strategy. Actions in the Action Plan above will be added to Annual Operational Plans commencing in 2015-16 (in fact some of these actions have already been added to the Annual Operational Plan for 2014-15, such as the strategic property portfolio program). Quarterly reports on progress in relation to the Action Plan will be prepared, and reported to council as priority actions. In this way progress can be monitored, and implementation ensured. Performance against the benchmarks will also be reported in each Annual Report.

Each quarter reports on the progress of all actions in the Annual Operational Plan are prepared and reviewed by the Divisional Directors. A summary report on performance, together with details of progress in relation to priority actions, is reported to council each quarter. Progress in relation to actions in the Annual Operational Plan is also reported in each Annual Report.