

Council Improvement Proposal



Council name: Yass Valley Council

Date of Council resolution endorsing this submission:

22 October 2014

Resolution to submit a Fit for the Future Proposal as a standalone Council as recommended by the Independent Review Panel

24 June 2015

Resolution confirming the parameters of the submission

This submission includes the following attachments:

- ☐ Attachment A - Fit for the Future Options Paper
- ☐ Attachment B - Fit for the Future Mail out to all ratepayers
- ☐ Attachment C - Community Engagement Summary and Outcomes Report
- ☐ Attachment D - Micromex Community Survey Report
- ☐ Attachment E - Financial Modelling for Options Exhibited
- ☐ Attachment F - Financial Modelling for Adopted Option included in Submission

Copies of the following relevant documents are available on Council's website but can be provided on request:

- ☐ Community Strategic Plan - Yass Valley 2030
 - ☐ Delivery Program 2013 – 2017 (Revised June 2015)
 - ☐ Operational Plan 2015 – 2016
 - ☐ Strategic Business Plan for Water Supply and Sewerage Services
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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.

Yass Valley Council's Improvement Proposal demonstrates that Council is financially sustainable as a standalone council in the long term. This is the strong view of Councillors, was reinforced through the community engagement process and is reflected in the recommendations of the Independent Local Government Review Panel.

The submission shows that, without a significant improvement plan, Council does not meet many of the key Fit for the Future benchmarks now or into the foreseeable future, but can achieve financial sustainability through a combination of:

- rate increases - a special rate variation of 6% p.a. over the rate peg for 5 years;
- efficiency gains - \$600,000 of sustainable and ongoing annual savings over 3 years;
- sale of land assets - \$1M over 2 years; and
- loans - \$1.5M in 2016/17 to inject funds into the asset maintenance program prior to the effect of the SRV.

The proposal has been developed after extensive community consultation, including collaboration with a specially formed FFTF Community Working Group of 40 members (plus Councillors), which met on 7 occasions over 25 hours to assist in framing and assessing the options outlined in the Fit for the Future Options Paper. Community feedback on the Options Paper indicated that approx. 50 % of people recognise the need for an increase in rates to allow the provision of the appropriate levels of service and maintenance of assets.

While special rate variations are a key component of this proposal, Council will be vigorously investigating all opportunities to change business practices and reduce operating costs, to ensure that the quantum of the special rate variation is minimised. There are 21 actions identified in the Improvement Plan and the majority of these are targeted at improving efficiencies and productivity.

Historically, Council's operating costs have been increasing faster than revenue which, over time, has led to a reduction in funds available for both maintenance and renewal of infrastructure. This was highlighted by a timber bridge condition report presented to Council in November 2014 and prompted Council to consider applying for a 10.9% special rate variation for 2014/15 to address immediate infrastructure maintenance issues. Council in February 2015 decided not to proceed with the SRV but to involve the community in this conversation through the Fit for the Future process.

Council now recognises that it must balance its liquidity requirements with the need to invest in the renewal of assets. The infrastructure backlog will continue to increase without adequate funding being provided for renewal through either a significant reduction in operational expenditure, an increase in revenue via an SRV or a combination of the two.

Our high population growth brings opportunities for an increased rate base, but also brings new residents with higher expectations of service levels particularly in relation to rural roads.

This Improvement Proposal will result in Council meeting all the FFTF benchmarks in the specified timeframes with the exception of the Building and Asset Infrastructure Renewal Ratio, which cannot be achieved until Year 6 and the Infrastructure Backlog Ratio which is 4% at 2024/25 but on a downward trend over the long term.

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

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).

Yass Valley is located on the Southern Tablelands of NSW approximately 270kms southwest of the Sydney CBD and 60kms north from the centre of Canberra. It covers an area of 3,999 square kilometres and borders the ACT to the south as well as 6 other NSW Local Government Areas.

The topography of the region is extremely diverse ranging from the dramatic and beautiful hills, valleys and waterways of the Wee Jasper area to the huge expanse of Burrinjuck Dam, the rolling hills around Binalong and Bookham and the vast plains that are home to some of the finest wool and wine country in Australia.

The main town servicing the Valley is Yass, with the smaller villages of Murrumbateman Bowning, Binalong, Bookham, Gundaroo, Sutton, and Wee Jasper supporting the outlying areas.

The estimated resident population at 30 June 2014 was 16,433. Between 2006 and 2011 Yass Valley was one of the fastest growing Local Government Areas in regional New South Wales. Over this period Yass Valley's growth rate was 2.3%, compared to the state average of 1.4% (ABS Regional Population Growth).

Population forecasts from demography and spatial analysis firm .id in 2014 suggest that the population of the Yass Valley LGA is forecast to increase by 9,057 persons between 2011 and 2036. This represents an average annual change of 1.85% and an overall growth of 58.07% over this time. For the period covered by the submission an annual average of 1.94% has been used to reflect the timing of significant property development projects.

Agriculture, forestry & fishing (19%), public administration & safety (12%) and accommodation & food services (10%) are the major employment sectors, reflecting the primary economic drivers of agriculture, proximity to the ACT and tourism.

Further detail of the demographic profile and population projections can be found in Council's Community Strategic Plan, Delivery Program and on Council's website.

Yass Valley Council is responsible for:

- | | |
|--|---|
| <input type="checkbox"/> 75 kilometres of urban roads | <input type="checkbox"/> 8,000m2 of public carparks |
| <input type="checkbox"/> 400 kilometres of rural sealed roads | <input type="checkbox"/> 16 public amenities blocks |
| <input type="checkbox"/> 600 kilometres of rural unsealed roads | <input type="checkbox"/> 2 swimming centres |
| <input type="checkbox"/> 175 kilometres of regional roads | <input type="checkbox"/> 2 libraries and 1 mobile library |
| <input type="checkbox"/> 55 road bridges, including timber bridges | <input type="checkbox"/> 5 Community centres/halls |
| <input type="checkbox"/> 35 kilometres of stormwater pipes | <input type="checkbox"/> 1 multi-purpose sport complex |
| <input type="checkbox"/> 33 kilometres of footpaths | <input type="checkbox"/> 7 cemeteries |
| <input type="checkbox"/> 70 kilometres of kerb and guttering | <input type="checkbox"/> 1 livestock storage facility |
| <input type="checkbox"/> 587 culverts | <input type="checkbox"/> 1 visitor information centre |
| <input type="checkbox"/> 32 causeways | <input type="checkbox"/> 1 water supply dam |
| <input type="checkbox"/> 7 waste management centres | <input type="checkbox"/> 165 kilometres of water pipes |
| <input type="checkbox"/> 16 playgrounds | <input type="checkbox"/> 78 kilometres of sewer pipes |
| <input type="checkbox"/> 12 sports fields | <input type="checkbox"/> 1 sewerage treatment facility |
| <input type="checkbox"/> 250 parks, reserve and parcels of land | |

Services provided by Yass Valley Council include:

- ☐ 4,000 kerbside waste collections per week
- ☐ 4,000 kerbside recycling collections per fortnight
- ☐ 10,700 business waste collections per year
- ☐ 3,400 business cardboard collections per year
- ☐ 4,700 street bin collections per year
- ☐ 28,000 loads of rubbish received at 6 transfer stations per year
- ☐ 55,000 individual visits through the 2 swimming pools each season
- ☐ 70 burial plots per year
- ☐ 350 development applications processed per year
- ☐ 520 planning certificates issued per year
- ☐ 200 food shop inspections per year
- ☐ 160 dogs impounded per year
- ☐ 25,000 visitors provided with information each year at the visitor information centre plus 1,800 email and 3,700 phone enquiries
- ☐ 60,000 visits per year to Council's tourism website and 120,000 to the library's homepage
- ☐ 5,000 visits to, or trips with, clients of our aged care and disability services per annum
- ☐ 32,000 stock items (books and other resource materials) held at the library
- ☐ 80,000 items loaned through our library services each year

The community's goals and priorities are detailed in the Yass Valley 2030 Community Strategic Plan (see right) and were developed after extensive consultation with the community. They will be reviewed during development of the next Community Strategic Plan in 2016.

The key challenge facing Council is the need to balance competing demands in an environment of high projected growth, aging infrastructure, increasing community expectations and limited resources. Specific issues include:

- ❑ ensuring the long term financial viability of Council given that costs are rising faster than revenue due to rate pegging and reductions in funding assistance from the Federal Government;
- ❑ balancing future population growth and our changing demographics with the capacity of our infrastructure and services to support those changes;
- ❑ maintaining existing assets to meet community expectations;
- ❑ land use planning and development outcomes that ensure we maintain our rural lifestyle and unique identity;
- ❑ managing both the positive and negative impacts of our proximity to Canberra;
- ❑ managing the transition from an economy based more on traditional agricultural practices to one which is more diverse, robust and sustainable;
- ❑ managing our environmental impact;
- ❑ supporting the development of sustainable business opportunities that provide employment and prosperity to the region;
- ❑ the need to sustain the social fabric of the community i.e. the cultures, beliefs and rules that bind the community together; and
- ❑ maintaining a vibrant and skilled workforce in the face of a highly competitive labour market and the changing profile of the modern workforce.

YASS VALLEY 2030

VISION In 2030 the people of Yass Valley will be enjoying a country lifestyle whilst living in a harmonious, safe and connected community	
KEY DIRECTION	LONG TERM GOAL
NATURAL ENVIRONMENT	<ul style="list-style-type: none"> ❑ Our natural environment remains clean and healthy ❑ Local feral animals, pests and weeds are eradicated ❑ Yass Valley is home to a diverse range of native flora and fauna ❑ Practices in environmental sustainability are widely adopted throughout our local area
LOCAL ECONOMY	<ul style="list-style-type: none"> ❑ Yass Valley is host to diverse business activities and new business is supported and encouraged throughout the local area ❑ We have a diverse and flourishing tourism industry ❑ Opportunities are available for the expansion / establishment of local business and industry
COMMUNITY AND CULTURE	<ul style="list-style-type: none"> ❑ Local agricultural business is diverse, thriving and well supported ❑ Social and cultural life in our townships is expanded ❑ Our communities are strong, resilient and inclusive ❑ Our community is safe and enjoys low rates of crime and vandalism
RECREATION AND OPEN SPACE	<ul style="list-style-type: none"> ❑ We have a multi-purpose sports and recreation centre with heated swimming pool that is accessible through all seasons ❑ We have extensive parklands throughout the local area that are well maintained and child friendly ❑ Local outdoor recreation options are expanded
RURAL AND URBAN DEVELOPMENT	<ul style="list-style-type: none"> ❑ Our local area is characterised by its small towns and villages within a rural environment ❑ Our local history and heritage is evident through preservation of local buildings and structures with historical significance ❑ We have access to high quality health, medical and education services
LOCAL INFRASTRUCTURE AND SERVICES	<ul style="list-style-type: none"> ❑ Our roads are safe and well maintained ❑ We have public transport options connecting towns and villages in our area and providing access between Yass and Canberra ❑ We have a secure, high quality water supply for our local area ❑ We have drainage systems to minimise the impact of flooding ❑ We have appropriate sewerage systems that ensure a safe and healthy environment ❑ We have access to a range of local childcare and after school care services ❑ Our main streets are attractive, clean and pedestrian friendly and have a range of outdoor dining options to choose from ❑ Our local communities have access to good communication infrastructure including comprehensive mobile telephone coverage and high speed broadband internet access
COUNCIL GOVERNANCE AND FINANCE	<ul style="list-style-type: none"> ❑ Our council acts responsibly in its civic leadership role and is effective in planning and managing local growth and change ❑ Our council offers a range of opportunities for community participation in its activities and decision making ❑ Council has clear guidelines for local development and fulfils our planning responsibilities according to all relevant legislation ❑ Our Council plans and manages its resources effectively

2.2 Key challenges and opportunities

Strengths	Weaknesses
<ul style="list-style-type: none"> <input type="checkbox"/> Proximity to Canberra –services, employment, growth <input type="checkbox"/> Good utility infrastructure – Yass Dam, 1 x Sewerage Treatment Plant (and another under construction) <input type="checkbox"/> Transport links – road (nexus of major roads from north, south, east and west), on main Sydney to Melbourne rail line <input type="checkbox"/> Relatively skilled population and high income <input type="checkbox"/> Cultured population (Arts etc) <input type="checkbox"/> Residents engage with Council eg community involvement in regional planning <input type="checkbox"/> Council's land assets <input type="checkbox"/> Good aged care services <input type="checkbox"/> Broad demographic profile <input type="checkbox"/> Diverse economy (services, agriculture, wine, tourism, culture) <input type="checkbox"/> Strong sense of heritage and history <input type="checkbox"/> Skilled and capable management team <input type="checkbox"/> Natural beauty and diversity of the topography - rugged mountains, rolling hills, plains, waterways <input type="checkbox"/> Diversity of lifestyle (villages/towns/rural) <input type="checkbox"/> Recreational facilities (state parks, waterways, sporting facilities, parks, equestrian facilities, bike and walking paths/trails etc) <input type="checkbox"/> Volunteer culture <input type="checkbox"/> Small backlog relative to other Councils <input type="checkbox"/> Relatively low rates <input type="checkbox"/> Relatively low unemployment <input type="checkbox"/> Excellent water supply <input type="checkbox"/> Growth from West Belconnen development <input type="checkbox"/> Resilient communities <input type="checkbox"/> Diversity of choice for development <input type="checkbox"/> Strong tourism brand 	<ul style="list-style-type: none"> <input type="checkbox"/> Proximity to Canberra (resident expectations re services and infrastructure, can't compete with services, salaries, difficulty of attracting retail and business to Yass etc) <input type="checkbox"/> Council's medium size, but expectations of a large council <input type="checkbox"/> Difficult to attracting and retain quality staff <input type="checkbox"/> Population spread over a large geographic area <input type="checkbox"/> Low population density and size <input type="checkbox"/> Poor state of timber bridges <input type="checkbox"/> Inadequate funding by State and Federal Governments on the Barton Highway <input type="checkbox"/> Deteriorating TAFE facilities and services <input type="checkbox"/> Lack of education facilities eg no primary school at Murrumbateman <input type="checkbox"/> Size of road network to be maintained <input type="checkbox"/> Multiple development fronts <input type="checkbox"/> Poor state of key commercial sites in the CBD <input type="checkbox"/> Lack of good community and cultural facilities <input type="checkbox"/> Lack of affordable housing <input type="checkbox"/> High cost of development <input type="checkbox"/> Increasing cost of property <input type="checkbox"/> Poor mobile telecommunications in some areas and no NBN (difficult to operate home businesses) <input type="checkbox"/> Low level of income from rates <input type="checkbox"/> Inadequate public transport to Canberra <input type="checkbox"/> Inability to compete with Canberra commercial and industrial

Opportunities	Threats
<ul style="list-style-type: none"> <input type="checkbox"/> Strong population growth <input type="checkbox"/> Greenfield development sites <input type="checkbox"/> Regional tourism <input type="checkbox"/> Joint Organisations – resource sharing and “Centres of Excellence” <input type="checkbox"/> Health and Education (Canberra) <input type="checkbox"/> Choices not available in Canberra <input type="checkbox"/> Transport and logistics hub <input type="checkbox"/> Large scale renewable energy eg solar <input type="checkbox"/> Key development sites in CBD <input type="checkbox"/> Review of rate structure <input type="checkbox"/> Sale and/or development of land assets <input type="checkbox"/> Spread of Sydney Metro area <input type="checkbox"/> Increased marketing of Yass Valley as a lifestyle choice <input type="checkbox"/> Localised Growth Plans <input type="checkbox"/> Increased engagement with community <input type="checkbox"/> Yass to Murrumbateman water <input type="checkbox"/> NBN <input type="checkbox"/> Potential increase in rate revenue from West Belconnen development <input type="checkbox"/> Arts and cultural facilities <input type="checkbox"/> Strong demand for rural lifestyle living 	<ul style="list-style-type: none"> <input type="checkbox"/> NSW Government imposed rate peg <input type="checkbox"/> Cost shifting from other levels of government <input type="checkbox"/> Decreasing income opportunities for Council <input type="checkbox"/> Lack of regional planning <input type="checkbox"/> Public service instability in the ACT <input type="checkbox"/> Pressure from larger adjacent councils - Goulburn Mulwaree & Queanbeyan <input type="checkbox"/> Perception as a small Council <input type="checkbox"/> Natural disasters i.e. drought, fire <input type="checkbox"/> VFT may divert visitors <input type="checkbox"/> Changing nature of retail <input type="checkbox"/> West Belconnen development – potential financial impost on existing ratepayers <input type="checkbox"/> Reconciliation of cross border issues <input type="checkbox"/> Reduced State and Federal Government funding <input type="checkbox"/> Reduced State Government contract work eg RMS road contracts <input type="checkbox"/> Impact of climate change <input type="checkbox"/> Local Government Reform

2.3 Performance against the Fit for the Future benchmarks

Sustainability

Measure/ benchmark	2013/14 performance	Achieves FFTF benchmark?	Forecast 2016/17 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-39.0%	No	-15.7%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	67.7%	Yes	67.8%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	50.0%	No	46.0%	No

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

In respect of the long term sustainability TCorp observed that Council could not continue to generate operating deficits, was not spending enough on asset renewal, impacting on the quality of assets and provision of services and needed to address the needs of an increasing population by generating additional revenue or reducing expenditure.

Yass Valley Council covers an area of 3,999km², including 9 dispersed towns and villages and a population of only 16,433. Between 2006 and 2011 Yass Valley was one of the fastest growing Local Government Areas in regional New South Wales. Over this period Yass Valley's growth rate was 2.3%, compared to the state average of 1.4%.

- **Operating Performance Ratio** – Historically, Council has not generated sufficient revenue to cover its costs and has never applied for a special rate variation. For the past 37 years the NSW Government has limited the amount Councils can increase their rate income regardless of increases in actual costs. For the 2015/16 year, rates are pegged at 2.4%, but material and contract costs are expected to rise 4%, employment costs will rise 2.7% per the Award, insurance costs (excluding workers comp) are estimated to rise 7% and electricity costs are expected to increase by 12%. The Federal Assistance Grants have been capped at 2014/15 levels for 3 years permanently lowering the base going forward. This is expected to cost Yass Valley at least \$1.3m over the next 10 years.
- **Building and Infrastructure Asset Renewal Ratio**– Council has had insufficient revenue to renew assets in accordance with asset management plans with the majority of expenditure being directed towards maintenance and other Council service priorities.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management

Measure/ benchmark	2013/14 performance	Achieves FFTF benchmark?	Forecast 2016/17 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	9.0%	No	4.0%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	64%	No	100%	No - Benchmark score is achieved but not the average 3 years
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	8.8%	Yes	3.4%	Yes

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

- **Infrastructure Backlog Ratio** – Council has not been able to allocate sufficient resources towards asset renewal leading to a growing infrastructure backlog. The movement from 8% in 2013/14 to 4% in 2016/17 is a result of a reassessment of the quantum of the backlog supported by the investigation of Yass Valley's assets undertaken by Jeff Roorda and Associates.
- **Asset Maintenance Ratio** – The increase in the ratio reflects Council's focus on maintenance at the expense of asset renewal.

2.3 Performance against the Fit for the Future benchmarks

Efficiency

Measure/ benchmark	2013/2014 performance	Achieves FFTF benchmark?	Forecast 2016/2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita (A decrease in Real Operating Expenditure per capita over time)	\$1,169	n/a	\$1,252	No

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

The increasing **Real Operating Expenditure per capita** between 2013/14 and 2016/17 reflects that ongoing annual operating expenses are increasing at a rate greater than inflation eg material and contract costs are expected to rise 4%, employment costs will rise 2.7% per the Award in 2015/16, insurance costs (excluding workers comp) are estimated to rise 7% and electricity costs are expected to increase by 12%.

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

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

Nil

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
Construction of pipeline, pump station and related infrastructure to provide water supply to Murrumbateman from Yass	2016 - 2020	\$12.2m	\$6.1m grant from the Federal Government
Construction of a water softening plant at Yass Water Treatment Plant	2018 - 2020	\$7.5m	Project is subject to grant funding, not yet secured
Construction of Murrumbateman Sewerage Treatment Plant	2015 – 2017 (Note: Project will be partially completed by 2016-2017)	\$8.6m	\$1.25m from NSW Government

2.4 Water utility performance

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

Yes

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. Demand management – maintain consumption per ET at 250kl per year	2016 – 2018	Reduced water consumption and operational costs
2. Drought management	Ongoing	Water supply scheme will not fail in drought conditions
3. Review tariff structure and developer charges and refine the long term financial plan	Ongoing	Equitable distribution of costs
4. Continue to comply with best practice management practices	Ongoing	Improved level of service

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.

It should be noted that as a Group 11 Council, Yass Valley has adopted the assessment criteria for a rural council in accordance with the IPART Methodology for the Assessment of Council Fit for the Future Proposals. This requires that Council show how they plan to improve their current performance and plan to meet the Operating Performance Ratio within 10 years and plan to improve the Own Source Revenue Ratio within 5 years taking into account Financial Assistance Grants.

Key strategies to achieve the sustainability benchmarks include:

- ☐ Rate Increase - an increase of rates of 6% p.a. above the rate peg for 5 years from 2016/17 to 2020/21
- ☐ Efficiencies – expenditure savings from service reviews of \$200,000 per year from efficiency measures in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward
- ☐ Income from the sale of land assets - \$1,000,000 over 2 years from 2016 to 2018
- ☐ Additional borrowings to allow essential programmed works for asset maintenance and renewal to be undertaken in the short term - \$1,500,000 in 2016/17
- ☐ Review of underlying depreciation assumptions to ensure that it properly reflects the consumption of assets

It should be noted that the Long Term Financial Plan will be reviewed as service reviews are completed and efficiencies and savings are identified and this will impact on the possible level of rate increases identified above.

The **Operating Performance Ratio** gradually improves from the 2015/16 result of -13.0% to -4.4% in 2019/20, before reaching the benchmark of breakeven (i.e. 0%) in 2024/25.

The **Own Source Revenue Ratio** of > 60% has already been achieved, taking into account Financial Assistance Grants and trends upward each year, growing from 63.9% in 2015/16 to 70.6% in 2019/20.

Yass Valley cannot meet the **Building and Infrastructure Asset Renewal Ratio** in the short term until sufficient resources are available from strategies identified in this improvement proposal (i.e. SRV, loans, asset sales, efficiencies). The ratio improves from 58.0% in 2014/15 to 81.0% in 2019/20 before reaching 108.3% in 2020/21 and the 3 year average benchmark in 2021/22. Note: The 2015/16 ratio is an anomaly due to the double allocation of Roads to Recovery funding.

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

All underlying assumptions have been listed given the interconnectivity within the LTFP model relating to each ratio.

Base Year – 2015/16

Increase in rates – Rate peg plus 6% p.a. x 5 years from 2016/17 to 2020/21

Income from land sales - \$1,000,000 over 2 years from 2016/17 to 2017/18

Borrowings – additional loans of \$1,500,000 in 2016/17 at an interest rate of 6%p.a.

Efficiencies – expense savings of \$200,000 per year will be found in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward

Growth – 1.94% annual increase for both population and number of rate assessments, based on historical data and the .id growth forecasts (see further Council's website – Stats and Facts)

Inflation (CPI) – annual increases of 3% for 2015/16, 2.25% for 2016/17, 2.5% for 2017/18 and 2018/19 and 3% thereafter, consistent with mid-range economic forecasts.

Rate Peg – annual increases of 2.4% in line with the IPART determination for 2015/16.

User Charges – annual increases are generally based on the inflation assumptions above

Section 94 Contributions – annual increases are based on the inflation assumptions above

Federal Assistance Grants – no increase for 2016/17 as advised by the Government, 2.5% for 2017/18 and 2018/19 and 3% thereafter (consistent with CPI assumptions)

All other Grants not related to specific capital projects – annual increases are based on the inflation assumptions above

Salaries & Wages – an annual increase of 2.8% for 2016/17 in line with the current Award, 2.5% increases for 2017/18 and 2018/19 and 3% thereafter based on historical increases. Actual increases beyond 2016/17 will be determined by the government following Award negotiations.

Superannuation – based on salaries with employer contribution rates calculated on Government target of 12% by 2018/19

Workers Compensation – based on salaries and previous 2 years claims history

Materials & Contracts – increases at a rate 1% above inflation in most categories in line with historical data ie 3.25% for 2016/17, 3.5% for 2017/18 and 2018/19 and 4% thereafter

Other Expenses – annual increases are based on the inflation assumptions above. Applied to costs that are not covered elsewhere or where manual adjustments have not been made to reflect the timing of specific activities or projects

Depreciation - based on 1.2% of the depreciable amount (i.e. current replacement cost) of the value of assets

Asset values - based on annual investment in infrastructure, property, plant and equipment

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Improve Council's operating performance (Operating Performance Ratio)	a) Increase revenue by increasing rates above the rate peg by 6% p.a. over 5 years from 2016-2017	<ul style="list-style-type: none"> i) Project Plan developed - Aug 2015 ii) Community consultation re proposed SRV - Oct/Nov 2015 iii) Notification of proposed SRV to IPART - Dec 2015 iv) SRV application submitted - Feb 2016 v) IPART determination – May 2016 vi) Operational Plan adopted annually by 30 June 	Increased rate revenue will contribute to achieving a breakeven Operating Performance Ratio by 2024/25	Positively impacts on all ratios except Real Operating Expenditure where there is no revenue impact
	b) Undertake a program of service reviews to ensure that services are delivered in the most cost effective and efficient manner	<ul style="list-style-type: none"> i) Stage 1 complete Dec 2015 ii) Stage 2 complete June 2016 iii) Stage 3 complete June 2017 	Reduced expenditure will contribute to achieving a breakeven Operating Performance Ratio by 2024/25	Positively impacts on all ratios subject to the results of the service reviews
	c) Facilitate further subdivision through effective planning processes to increase Council's rate base	<ul style="list-style-type: none"> i) Masterplans completed for Gundaroo (2015/16) Murrumbateman (2016/17) and Sutton (2020) ii) Rezoning West Belconnen precinct by 2020 	Increased rate revenue will contribute to achieving a breakeven Operating Performance Ratio by 2024/25	Positively impacts on all ratios except Real Operating Expenditure where there is no revenue impact
	d) Review depreciation to ensure that it properly reflects the consumption of assets	External Review complete by July 2015 (Jeff Roorda and Associates)	A reduction in the depreciation expense will contribute to achieving a breakeven Operating Performance Ratio by 2024/25	Positively impacts on Building and Asset Renewals, Infrastructure Backlog and Asset Maintenance Ratios by reducing the expenditure required

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
2. To maximise Council's ability to generate income <i>(Own Source Revenue Ratio)</i> (Note: includes Financial Assistance Grants)	a) Increase revenue by increasing rates above the rate peg by 6% p.a. over 5 years from 2016-2017	i) Project Plan developed - Aug 2015 ii) Community consultation re proposed SRV - Oct/Nov 2015 iii) Notification of proposed SRV to IPART - Dec 2015 iv) SRV application submitted Feb 2016 v) IPART determination – May 2016 vi) Operational Plan adopted annually by 30 June	Increased rate revenue to contribute to maintaining an Own Source Revenue Ratio of > 60%	Positively impacts on all ratios except Real Operating Expenditure where there is no revenue impact
	b) Review fees and charges to ensure user pay principles are adopted where possible	Preliminary review completed by April 2016 for implementation from 1 July 2016	Increased fees and charges to contribute to maintaining an Own Source Revenue Ratio of > 60%	Positively impacts on all ratios except Real Operating Expenditure where there is no revenue impact
	c) Review commercial activities to ensure Council is maximising returns	Will form part of the relevant service reviews	Increased returns from commercial activities to contribute to maintaining an Own Source Revenue Ratio of > 60%	Positively impacts on all ratios except Real Operating Expenditure where there is no revenue impact
3. Ensure that Council assets are being renewed faster than they are deteriorating <i>(Building and Asset Infrastructure Renewal Ratio)</i>	a) Review depreciation to ensure that it properly reflects the consumption of assets	External Review complete July 2015 (Jeff Roorda and Associates)	Reduction in funds required for asset renewal contributes to achieving the Building and Infrastructure Asset Renewal Ratio benchmark by 2021/22	Reduction in depreciation expense positively impacts on all ratios, specifically contributing to the stabilisation of the Infrastructure Backlog Ratio

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	b) Review service priorities to ensure sufficient revenue is provided for asset renewal	To be reviewed annually in conjunction with the Operational Plan	Additional funds directed to asset renewal contributes to achieving the Building and Infrastructure Asset Renewal by 2024/25	Any redirection of funds to asset renewal will positively impact on all ratios except the Own Source and Debt Service Ratios where there will be no impact
	c) Undertake a strategic review of Council's land holdings to determine the best option for each	i) Preliminary Report - Sept 2015 ii) Strategic decision on retention/disposal of each property, taking into account market value research and development options, by March 2016 iii) \$1M realised from the sale of land assets by June 2018	Income from sale of land as determined by Council will contribute to achieving the Building and Infrastructure Asset Renewal by 2024/25	Any additional revenue for asset renewal should positively impact on all ratios
	d) Borrow funds to allow essential programmed works to be undertaken	Programmed for 2016/17	Income from loans will contribute to achieving the Building and Infrastructure Asset Renewal by 2024/25	Any additional revenue for asset renewal should positively impact on all ratios except the Debt Service Ratio which will be negatively impacted
	e) Provide additional funds for asset renewal by implementing strategies to increase revenue and/or decrease expense as outlined in Objectives 1 and 2 above	i) As detailed in the individual strategies ii) To be reviewed annually in conjunction with the Operational Plan	Additional funds directed to asset renewal contributes to achieving the Building and Infrastructure Asset Renewal by 2024/25	Any additional funds for asset renewal will positively impact on all ratios except the Own Source and Debt Service Ratios where there will be no impact

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.

Key strategies to achieve the infrastructure and service management benchmarks include:

- ☐ Rate Increase - an increase of rates of 6% p.a. above the rate peg for 5 years from 2016/17 to 2020/21
- ☐ Efficiencies – expenditure savings from service reviews of \$200,000 per year from efficiency measures in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward
- ☐ Income from the sale of land assets - \$1,000,000 over 2 years from 2016 to 2018
- ☐ Additional borrowings to allow essential programmed works for asset maintenance and renewal to be undertaken in the short term - \$1,500,000 in 2016/17
- ☐ Review of asset management plans to comply with revised asset life assumptions and community expectations regarding levels of service, including the underlying depreciation assumptions

It should be noted that the Long Term Financial Plan will be reviewed as service reviews are completed and efficiencies and savings are identified and this will impact on the possible level of rate increases identified above.

The **Infrastructure Backlog Ratio** gradually increases from the 2015/16 result of 3% to 4.5% in 2019/20 then stabilises before starting to slowly reduce from 2023/24 onwards.

The **Asset Maintenance Ratio** is achieved by 2016/17 and maintained thereafter.

The **Debt Service Ratio** is maintained within benchmark levels in all years.

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

All underlying assumptions have been listed given the interconnectivity within the LTFP model relating to each ratio.

Base Year – 2015/16

Increase in rates – Rate peg plus 6% p.a. x 5 years from 2016/17 to 2020/21

Income from land sales - \$1,000,000 over 2 years from 2016/17 to 2017/18

Borrowings – additional loans of \$1,500,000 in 2016/17 at an interest rate of 6%p.a.

Efficiencies – expense savings of \$200,000 per year will be found in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward

Growth – 1.94% annual increase for both population and number of rate assessments, based on historical data and the .id growth forecasts (see further Council's website – Stats and Facts)

Inflation (CPI) – annual increases of 3% for 2015/16, 2.25% for 2016/17, 2.5% for 2017/18 and 2018/19 and 3% thereafter, consistent with mid-range economic forecasts.

Rate Peg – annual increases of 2.4% in line with the IPART determination for 2015/16.

User Charges – annual increases are generally based on the inflation assumptions above

Section 94 Contributions – annual increases are based on the inflation assumptions above

Federal Assistance Grants – no increase for 2016/17 as advised by the Government, 2.5% for 2017/18 and 2018/19 and 3% thereafter (consistent with CPI assumptions)

All other Grants not related to specific capital projects – annual increases are based on the inflation assumptions above

Salaries & Wages – an annual increase of 2.8% for 2016/17 in line with the current Award, 2.5% increases for 2017/18 and 2018/19 and 3% thereafter based on historical increases. Actual increases beyond 2016/17 will be determined by the government following Award negotiations.

Superannuation – based on salaries with employer contribution rates calculated on Government target of 12% by 2018/19

Workers Compensation – based on salaries and previous 2 years claims history

Materials & Contracts – increases at a rate 1% above inflation in most categories in line with historical data ie 3.25% for 2016/17, 3.5% for 2017/18 and 2018/19 and 4% thereafter

Other Expenses – annual increases are based on the inflation assumptions above. Applied to costs that are not covered elsewhere or where manual adjustments have not been made to reflect the timing of specific activities or projects

Depreciation - based on 1.2% of the depreciable amount (i.e. current replacement cost) of the value of assets

Asset values - based on annual investment in infrastructure, property, plant and equipment

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Ensure effective long term management of infrastructure <i>(Infrastructure Backlog Ratio)</i>	a) Optimise use of available funds, including developer contributions and projected surpluses	i) Section 94 forward works program by Sept 2015 ii) To be reviewed annually in conjunction with the Operational Plan	Infrastructure backlog stabilises over the next 10 years with a projected long term reduction	Positively impacts on the Building Infrastructure Renewal and Asset Maintenance Ratios
	b) Undertake a program of service reviews to ensure that services are delivered in the most cost effective and efficient manner	i) Stage 1 complete Dec 2015 ii) Stage 2 complete June 2016 iii) Stage 3 complete June 2017	Identified savings factored into the LTTP to be redirected into asset renewal contributing to the stabilisation of the infrastructure backlog	Positively impacts on all ratios subject to the results of the service reviews
	c) Review Asset Management Plans to comply with revised asset life assumptions and community expectations regarding levels of service	i) Transport – March 2016 ii) Buildings – June 2016 iii) Parks and Recreation – Oct 2016 iv) Stormwater Drainage – Oct 2016	Better understanding of the value of the real infrastructure backlog and financial implications	Dependent on future Council decisions related to funding priorities
	d) Borrow funds to allow essential programmed works to be undertaken	Programmed for 2016/17	Additional funds spent on asset renewal contribute to the stabilisation of the Infrastructure backlog over the next 10 years with a projected long term reduction	Positively impacts on the Building Infrastructure Renewal and Asset Maintenance Ratios, negative impact on Debt Service Ratio
2. Ensure sufficient resources are provided for asset maintenance <i>(Asset Maintenance Ratio)</i>	a) Undertake a program of service reviews to ensure that services are delivered in the most cost effective and efficient manner	i) Stage 1 complete Dec 2015 ii) Stage 2 complete June 2016 iii) Stage 3 complete June 2017	Additional funds directed to asset maintenance contributes to achieving the Asset Maintenance Ratio by 2016/17	Identified savings factored into the LTTP to be redirected into asset renewal contributing to the stabilisation of the infrastructure backlog

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
	b) Review service priorities to ensure sufficient revenue is provided for asset maintenance	To be reviewed annually in conjunction with the Operational Plan	Additional funds directed to asset maintenance contributes to achieving the Asset Maintenance Ratio by 2016/17	Dependent on future Council decisions related to funding priorities
	e) Borrow funds to allow essential programmed works to be undertaken	Programmed for 2016/17	Additional funds directed to asset maintenance from loans contributes to achieving the Asset Maintenance Ratio by 2016/17	Additional funds spent on asset maintenance contribute to the stabilisation of the Infrastructure backlog over the next 10 years with a projected long term reduction
3. Use loan funds to share the life-long cost of assets <i>(Debt Service Ratio)</i>	Annually reassess the need for loans required to support Council's Delivery Program	To be reviewed annually in conjunction with the Operational Plan	Additional funds directed to asset maintenance from loans contributes to achieving the Asset Maintenance Ratio by 2016/17	Effective use of borrowings reduces the level of SRV required in the short term positively impacting on all other ratios

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.

Key strategies to achieve the efficiency benchmark include:

- ☐ Efficiencies – expenditure savings from service reviews of \$200,000 per year from efficiency measures in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward
- ☐ Implementation of a continuous improvement program to identify business improvement including energy audit, cultural change program, resource sharing, organisational structure, plant and equipment usage, internal audit

Real operating expenditure per capita decreases from \$1,312 in 2014/15 to \$1,188 in 2019/20.

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

All underlying assumptions have been listed given the interconnectivity within the LTFP model relating to each ratio.

Base Year – 2015/16

Increase in rates – Rate peg plus 6% p.a. x 5 years from 2016/17 to 2020/21

Income from land sales - \$1,000,000 over 2 years from 2016/17 to 2017/18

Borrowings – additional loans of \$1,500,000 in 2016/17 at an interest rate of 6%p.a.

Efficiencies – expense savings of \$200,000 per year will be found in 2016/17, 2017/18 and 2018/19 (total \$600,000), reducing the cost base going forward

Growth – 1.94% annual increase for both population and number of rate assessments, based on historical data and the .id growth forecasts (see further Council's website – Stats and Facts)

Inflation (CPI) – annual increases of 3% for 2015/16, 2.25% for 2016/17, 2.5% for 2017/18 and 2018/19 and 3% thereafter, consistent with mid-range economic forecasts.

Rate Peg – annual increases of 2.4% in line with the IPART determination for 2015/16.

User Charges – annual increases are generally based on the inflation assumptions above

Section 94 Contributions – annual increases are based on the inflation assumptions above

Federal Assistance Grants – no increase for 2016/17 as advised by the Government, 2.5% for 2017/18 and 2018/19 and 3% thereafter (consistent with CPI assumptions)

All other Grants not related to specific capital projects – annual increases are based on the inflation assumptions above

Salaries & Wages – an annual increase of 2.8% for 2016/17 in line with the current Award, 2.5% increases for 2017/18 and 2018/19 and 3% thereafter based on historical increases. Actual increases beyond 2016/17 will be determined by the government following Award negotiations.

Superannuation – based on salaries with employer contribution rates calculated on Government target of 12% by 2018/19

Workers Compensation – based on salaries and previous 2 years claims history

Materials & Contracts – increases at a rate 1% above inflation in most categories in line with historical data ie 3.25% for 2016/17, 3.5% for 2017/18 and 2018/19 and 4% thereafter

Other Expenses – annual increases are based on the inflation assumptions above. Applied to costs that are not covered elsewhere or where manual adjustments have not been made to reflect the timing of specific activities or projects

Depreciation - based on 1.2% of the depreciable amount (i.e. current replacement cost) of the value of assets

Asset values - based on annual investment in infrastructure, property, plant and equipment

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Ensure Council is utilising economies of scale and managing service levels to achieve efficiencies <i>(Real Operating Expenditure per capita)</i>	1. Undertake a program of service reviews to ensure that services are delivered in the most cost effective and efficient manner	i) Stage 1 complete Dec 2015 ii) Stage 2 complete June 2016 iii) Stage 3 complete June 2017	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	2. Encourage continuous improvement through Cultural Change Programs to improve productivity	i) Develop Stage 2 Cultural Change Plan with Leadership Team - Aug/Sept 2015 ii) Leadership Training Program completed by December 2015	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	3. Undertake Energy Audit to reduce consumption of electricity and costs	i) EOI for external consultants - Sept 2015 ii) Audit completed – Feb 2016 iii) Final Report – April 2016	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	4. Review rating structure to consider equity between rating categories and geographic areas	i) Generate options - Oct 2015 ii) Community consultation - Nov 2015 iii) Final structure by Feb 2016 for implementation from 1 July 2016	No impact on ratios, but considers equity across the LGA and rating categories	No impact
	5. Consider opportunities for efficiencies through resource sharing with other Councils	i) Establish Internal Audit arrangement with Palerang and Snowy River Shire Councils – July 2015 ii) Develop Discussion Paper on regional tourism options – Aug 2015	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
		iii) Consider further opportunities following formal creation of Joint Organisation (after NSW Govt decision Sept 2016)		
	6. Undertake a Review of Fleet and Plant to ensure efficient plant utilisation	i) Implement plant GPS tracking system – July 2015 ii) Review vehicle leaseback arrangements – Aug 2015 iii) Review of plant utilisation and replacement timeframes – Oct 2015	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	7. Implement technology improvements to realise cost savings and improve productivity	i) Implement online DA Tracking – July 2015 ii) New integrated phone system by August 2015 iii) Online booking system for Council facilities – operational by Sept 2015 iv) New document management system (including CRM and automated workflow) by October 2015 v) Finalise IT Strategic Plan by Dec 2015 vi) System integration review by Dec 2015 vii) Implement online S149 certificates by Dec 2015 viii) Mobile technology for in field staff by December 2015	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
		ix) Implementation of POS - March 2016 x) Online payment facility by June 2016 xi) Assessment of cloud based systems(NBN) vs in- house by June 2017		
	8. Implement an Internal Audit framework that provides the opportunity to review business processes to ensure optimum productivity	i) Develop Strategic Audit Plan by Sept 2015 ii) Implement Annual Internal Audit Plan every July to review business processes and compliance and identify opportunities for improvement	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	9. Undertake a review of procurement practices to ensure we are getting best value for money	Implement ArcBlue Procurement Roadmap and spend analysis by June 2016	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios
	10.Ensure organisation structure is appropriate to the changing needs of the organisation	Review operational structure in conjunction with service reviews – in accordance with review program	Reduction in Real Operating Expenditure per capita over time	Positively impacts on all ratios

3.4 Improvement Action Plan

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

It should be noted that for the purposes of this Action Plan Yass Valley Council has assumed 2015/16 as Year 1.

Action plan

Actions in 2015/16	Milestones
1. Assess the need for a special rate variation and implement in accordance with Council determination	<ul style="list-style-type: none"> a) Project Plan developed - Aug 2015 b) Community consultation re proposed SRV - Oct/Nov 2015 c) Notification of proposed SRV to IPART - Dec 2015 d) SRV application submitted - Feb 2016 e) IPART determination – May 2016 f) Operational Plan adopted annually by 30 June
2. Implement a program of service reviews as prioritised by Council	<ul style="list-style-type: none"> a) Stage 1 by Dec 2015 <ul style="list-style-type: none"> • Unsealed roads • Swimming Pools • Development Assessment b) Stage 2 commenced by July 2015, complete by June 2016 <ul style="list-style-type: none"> • Tourism • Sealed roads • Library Services • Parks and Gardens • Roadside Vegetation • Information Management
3. Develop village masterplans	Masterplan completed for Gundaroo by June 2016
4. Review depreciation	<ul style="list-style-type: none"> a) Infrastructure and Depreciation Review - Jeff Roorda and Associates - July 2015 b) Review financial modelling by October 2015

Action plan

Actions in 2015/16	Milestones
5. Strategic review of Council's land holdings	a) Preliminary report – September 2015 b) Final Report for strategic decision - March 2016
6. Review fees and charges to ensure user pay principles are adopted where possible	Preliminary review completed by April 2016 for implementation from 1 July 2016
7. Optimise use of available funds, including developer contributions and projected surpluses	a) Section 94 forward works program by September 2015 b) To be reviewed annually in conjunction with the Operational Plan
8. Review Asset Management Plans	a) Transport Asset Management Plan by March 2016 b) Buildings Asset Management Plan by June 2016
9. Review service priorities to ensure sufficient funding is provided for asset renewal	To be reviewed annually in conjunction with the Operational Plan
10. Review service priorities to ensure sufficient funding is provided for asset maintenance	To be reviewed annually in conjunction with the Operational Plan
11. Assess the need for loans required to support Council's Delivery Program	To be reviewed annually in conjunction with the Operational Plan
12. Cultural Change Program	a) Develop Stage 2 Cultural Change Plan with Leadership Team - Aug/Sept 2015 b) Leadership Training Program completed by December 2015
13. Undertake energy audit	a) EOI for external consultants - September 2015 b) Audit completed - February 2016 c) Final Report - April 2016
14. Review rating structure	a) Generate options - Oct 2015 b) Community consultation - Nov 2015 c) Final structure February 2016 for implementation from 1 July 2016

Action plan

Actions in 2015/16

Milestones

15. Consider opportunities for efficiencies through resource sharing with other Councils

- a) Establish Internal Audit arrangement with Palerang and Snowy River Shire Councils - July 2015
- b) Develop Discussion Paper on regional tourism options - August 2015
- c) Consider further opportunities following formal creation of Joint Organisation (after NSW Govt decision Sept 2016)

16. Review fleet and plant

- a) Implement plant GPS tracking system – July 2015
- b) Review vehicle leaseback arrangements – August 2015
- c) Review of plant utilisation and replacement timeframes – October 2015

17. Review technology requirements

- a) Upgrade Authority - August 2016
- b) Implement online DA Tracking – July 2015
- c) New integrated phone system by August 2015
- d) Online booking system for Council facilities – operational by Sept 2015
- e) New document management system (including CRM and automated workflow) by Oct 2015
- f) Finalise IT Strategic Plan by Dec 2015
- g) System integration review by Dec 2015
- h) Implement online S149 certificates by Dec 2015
- i) Mobile technology for in field staff by December 2015
- j) Implementation of POS - March 2016
- k) Online payment facility by June 2016

18. Review the General Ledger to improve financial planning and provide better reporting

Review by March 2016 in time for implementation with 2016/17 budget

19. Review procurement practices to ensure we are getting best value for money

Implement ArcBlue Procurement Roadmap and spend analysis by June 2016

20. Implement internal audit framework

- a) Develop Strategic Audit Plan - Sept 2015
- b) Implement Annual Internal Audit Plan every July to review business processes and compliance and identify opportunities for improvement – ongoing

21. Review organisational structure

Report to Council - October 2015

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

The Action Plan has been developed after extensive community consultation.

A more detailed summary of the community consultation process and the outcomes is provided as Attachments C and D.

1. Development of Options

A Community Working Group (CWG) of 40 community members and Councillors was established in March to work through the preparation of the Fit for the Future submission and provide input into the identification of key issues and the development of scenarios, including ultimately the preferred scenario for consideration by Council.

The CWG met on 7 occasions over 25 hours during March and April with 5 workshops, 1 special briefing and a site tour of Council assets. The deliberations of the group helped shape the 3 scenarios which were detailed in the Fit for the Future Options Paper which was placed on public exhibition from late April to late May and which is provided as Attachment B. The key differences between the 3 scenarios are as follows.

Option	Increase in Income/Reduction in Expenditure
Scenario 1 - Current Trend	None, other than the annual rate peg
Scenario 2 - Increased Maintenance	<ul style="list-style-type: none"> • Annual rate peg plus a special rate variation of 6% for 4 years • \$1.0M income from the sale of land assets • \$1.5M loans to fund work in 2016/17 • \$200k savings in each of 2016/17, 2017/18 and 2018/19, savings to be cumulative and stay in the cost base
Scenario 3 - Infrastructure Improvements	<ul style="list-style-type: none"> • Annual rate peg plus a special rate variation of 7% for 5 years • \$3.0M income from the sale of land assets • \$2.5M loans to fund work in 2016/17 and 2017/18 • \$200k savings in each of 2016/17, 2017/18 and 2018/19, savings to be cumulative and stay in the cost base

2. Public Exhibition of Options Paper

The following community engagement was undertaken while the Options Paper was on exhibition.

- A two page flyer explaining Fit for the Future and the Options Paper was mailed to all ratepayers on 30 April 2015.
- Nine community forums were held across the LGA to provide the opportunity for residents and ratepayers to hear more about the different options and provide feedback to Councillors and senior staff.
- The General Manager and Director Corporate and Community manned a stand at Yass Farmers Market and Murrumbateman Farmers Market on two Saturdays during the exhibition period to provide an opportunity for discussion with residents.
- A telephone survey was undertaken by Micromex towards the end of the exhibition period.
- A number of media releases were issued to both media outlets and community groups and the Mayor and General Manager gave a number of media interviews on the Fit for the Future process and the public exhibition of the Options Paper to raise awareness of the issues.

3. Feedback on Options

- (a) 39 formal submissions were received during the exhibition period and have been summarised in Attachment A, along with details of the community forums and feedback from the markets. Of the written submissions received:
- 4 preferred Scenario 1
 - 2 preferred Scenario 2
 - 2 preferred something between Scenarios 2 & 3
 - 8 preferred Scenario 3
 - 23 did not state any preference
- Of the 16 that stated a preferred scenario, 75% identified the need for a rate increase by preferring scenarios 2 or 3 (or something in between)
- (b) The full results of the Micromex telephone survey are also provided at Attachment A. The key result is that 50% of residents indicated a preference for Scenario 1 and the other 50% of residents indicated a preference for either Scenario 2 or 3 in which rates are increased above the rate peg. Two thirds of residents who indicated a preference for Scenario 2 or 3 (or 34% in total) indicated that Scenario 3 was their preferred outcome.
- (c) The Community Working Group met again after the close of the public exhibition period to consider all feedback and submissions as well as a range of variations to the scenarios exhibited (see further Section 3.4 below). They were unable to reach any consensus at that meeting on a preferred option to be considered by Council, although the feedback was consistent with the rest of the community with more than half the group present at the meeting recognising the need for a rate increase by preferring scenarios 2 or 3.

4. Councillor Workshop

Councillors held a workshop on 10 June 2015 to reflect on the Options Paper feedback and the deliberations of the CWG, including those strategies to be incorporated into a plan of action going forward, and consider which scenario should be included in the Fit for the Future Submission to IPART.

5. Council Decision

At its Ordinary Meeting on 24 June Council resolved to base its Fit for the Future submission on Scenario 2, with an SRV of 6% p.a. above the rate peg over 5 years rather than 4 years. They further resolved a number of actions to be undertaken in addition to those which had been previously resolved at the May 2015 Ordinary Meeting of Council. These actions have been included in the Action Plan above.

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.

In excess of 50 options have been modelled to identify the most appropriate combination of strategies to meet the Fit for the Future Criteria. In consultation with the 40 member community working group and councillors, it was agreed to publically exhibit the 3 options outlined in the Fit for the Future Options Paper. See table at right and Attachment A for more details on each option and the impact. Financial modelling associated with these options is provided at Attachment E.

At the final meeting of the Community Working Group on 4 June 2015, after the public exhibition of the Fit for the Future Options Paper had closed, a series of variations to Scenarios 2 and 3 were considered as shown on the next page.

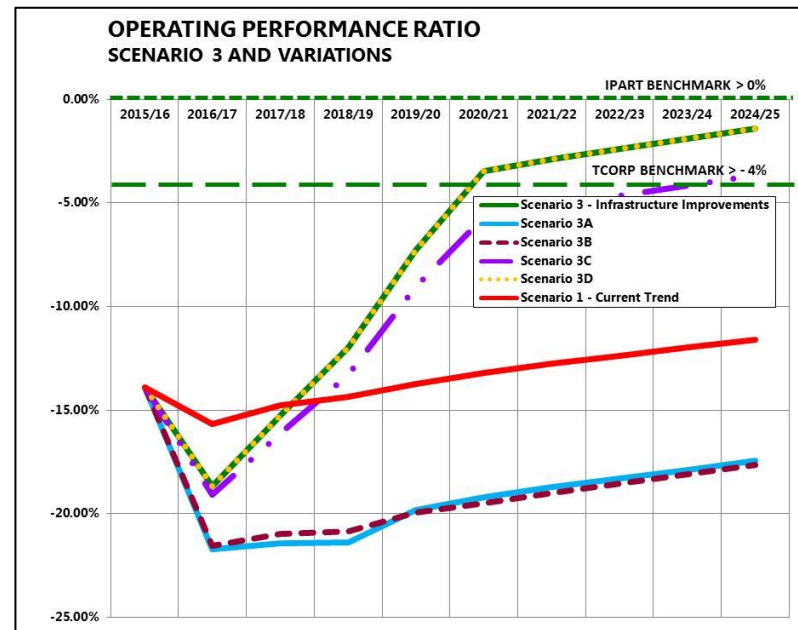
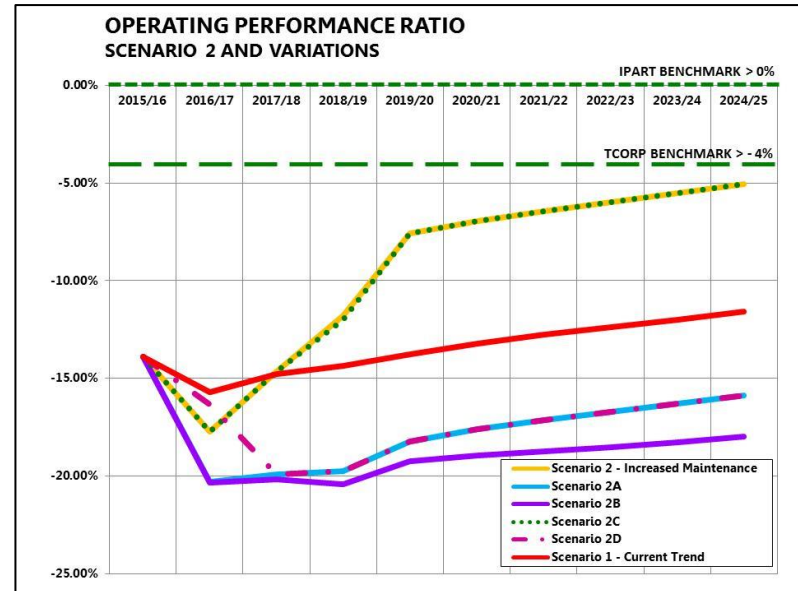
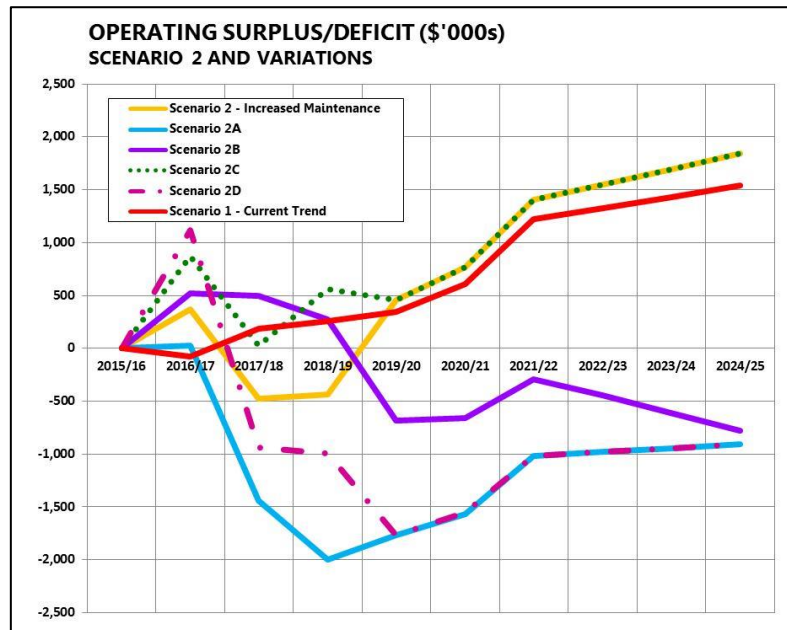
It was ultimately determined that the most appropriate model for inclusion in the submission was Scenario 2 revised to include an SRV of 6% p.a. above the rate peg over 5 years rather than 4 years. This has been further refined to take into account the work undertaken by Jeff Roorda and Associates in reviewing our infrastructure depreciation and backlog, concurrent with the FFTF consultation.

While this model does not provide sufficient revenue or surpluses to allocate funds towards infrastructure upgrades and address the infrastructure backlog within the required timeframe it does provide an acceptable compromise between the competing objectives of minimal financial impact on ratepayers, maintaining minimal acceptable service levels in key services, particularly roads.

Scenario 1 Current Trend	Rate peg only (currently 2.4%) - minimises the financial impact to ratepayers with future rate increases being equivalent to the annual rate peg which is usually less than CPI. Lower services will result over time.			
Scenario 2 Increased Maintenance	In response to recent demands from residents and ratepayers this scenario increases the level of maintenance on our urban and rural sealed and unsealed road network, including repairing our timber bridges. Rates increase by 6% above the rate peg for 4 years.			
Scenario 3 Infrastructure Improvements	This scenario includes all the maintenance activities detailed under scenario 2 and also provides additional funding for infrastructure improvements. Rates increase by 7% above the rate peg for 5 years.			
	FINANCIAL IMPACT	IMPACT ON INFRASTRUCTURE	IMPACT ON SERVICES	FIT FOR THE FUTURE
SCENARIO 1 CURRENT TREND	<ul style="list-style-type: none"> ✗ Rates increase by rate peg only (est. 2.4%), which is less than inflation ✗ Insufficient income to cover expenses ✗ Expenses continue to rise at a greater rate than income ✗ Reserves are depleted 	<ul style="list-style-type: none"> ✗ Insufficient funds for asset maintenance so infrastructure will continue to deteriorate ✗ Maintenance backlog will increase ✗ There is no investment in new or improved infrastructure 	<ul style="list-style-type: none"> ✗ Limited capacity to support and advocate for community services and events ✗ Community and recreational facilities continue to deteriorate ✗ Response times for customer requests will be longer ✗ DAs and other planning applications will take longer to process 	<ul style="list-style-type: none"> ✗ Few of the Fit for the Future ratios are met within the required timeframes ✗ The Operating Performance Ratio cannot be achieved within the next 20 years at current service levels ✗ Yass Valley is not financially sustainable in the long term
SCENARIO 2 INCREASED MAINTENANCE	<ul style="list-style-type: none"> ✓ Additional funds available from land asset sales, borrowings, efficiencies and increased rates (+6% above rate peg for 4 years) ✓ Income meets operational expenses over time ✗ Impact of rate increase on ratepayers ✗ Additional borrowing costs ✗ Opportunity cost of selling land assets 	<ul style="list-style-type: none"> ✓ Additional \$1.6m for asset maintenance ensures that assets can be maintained to the minimum acceptable standard ✗ Maintenance backlog is not addressed ✗ There is no investment in new or improved infrastructure 	<ul style="list-style-type: none"> ✓ Some capacity to support and advocate for community services and events ✓ Community and recreational facilities will be maintained ✓ Response times for customer requests will be maintained ✓ Processing times for DAs and other planning applications will be maintained 	<ul style="list-style-type: none"> ✗ Key Fit for the Future ratios are not met within the required timeframes ✗ Operating Performance Ratio cannot be met within 12 years ✗ Yass Valley is financially sustainable in the long term, but not within the timeframe required by the NSW Government
SCENARIO 3 - INFRASTRUCTURE IMPROVEMENTS	<ul style="list-style-type: none"> ✓ Additional funds available from land asset sales, borrowings, efficiencies and increased rates (+7% above rate peg for 5 years) ✓ Income meets operational expenses over time ✗ Impact of rate increase on ratepayers ✗ Additional borrowing costs ✗ Opportunity cost of selling land assets 	<ul style="list-style-type: none"> ✓ Additional \$2.6m for asset maintenance will ensure that assets can be maintained to the minimum acceptable standard ✓ Maintenance backlog can be addressed over time through capital renewal ✓ There are funds for some investment in new or improved infrastructure over time 	<ul style="list-style-type: none"> ✓ Capacity to support and advocate for community services ✓ Community and recreational facilities will be improved over time ✓ Processing and response times for DAs, other planning applications and customer requests will be maintained or improved over time 	<ul style="list-style-type: none"> ✓ Fit for the Future ratios are met within the required timeframes ✓ TCorp Operating Performance Ratio is met within 5 years ✓ Yass Valley is financially sustainable in the long term

Scenarios and Variations considered at the Final Workshop of the Community Working Group Options – 4 June 2015

	SRV	Loans	Land Sales	Efficiencies	Additional Expenditure
Scenario 1 - Current Trend	None	None	None	None	None
Scenario 2 - Increased Maintenance	6% x 4 yrs	\$1.5m	\$1.0m	\$200k x 3yrs	+\$1.6m
Scenario 2A	None	\$1.5m	\$1.0m	\$200k x 3yrs	+\$1.6m
Scenario 2B	None	\$1.5m x 9yrs	\$3.0m	\$200k x 3yrs	+\$1.6m
Scenario 2C	6% x 4 yrs	\$1.5m	\$3.0m	\$200k x 3yrs	+\$1.6m
Scenario 2D	One off \$700k	\$1.5m	\$3.0m	\$200k x 3yrs	+\$1.6m
Scenario 3 - Infrastructure Improvements	7% x 5 yrs	\$2.5m	\$3.0m	\$200k x 3yrs	+\$2.6m
Scenario 3A	None	\$2.5m	\$3.0m	\$200k x 3yrs	+\$2.6m
Scenario 3B	None	\$2.6m	\$7.8m	\$200k x 3yrs	+\$2.6m
Scenario 3C	6% x 5 yrs	\$2.5m	\$3.0m	\$200k x 3yrs	+\$2.0m
Scenario 3D	7% x 5 yrs	\$2.5m	\$1.0m	\$200k x 3yrs	+\$2.6m



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	2020/ 21	2021/ 22	2022/ 23	2023/ 24	2024/ 25	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to breakeven average over 3 years)	-14.4%	-13.0%	-15.0%	-11.1%	-7.4%	-4.4%	-1.3%	-0.9%	-0.6%	-0.1%	0.3%	Yes (within 10 years per rural council criteria)
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	Achieves FFTF benchmark?
Own Source Revenue Ratio (Greater than 60% average over 3 years)	64.1%	63.9%	63.8%	68.9%	69.7%	70.6%						Yes
Building & Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	58.0%	96.1%	73.3%	69.3%	69.7%	81.05%						No (achieves ratio from 2020/21)
Infrastructure Backlog Ratio (Less than 2%)	2.7%	3.0%	3.4%	3.8%	4.3%	4.5%						No, (stabilises at 4.4% from 2020/21)
Asset Maintenance Ratio (Greater than 100% average over 3 years)	98%	97%	112%	114%	117%	119%						Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	7.8%	3.5%	4.3%	4.0%	3.9%	3.6%						Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	\$1,312	\$1,262	\$1,272	\$1,240	\$1,212	\$1,188						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.

Infrastructure Backlog Ratio

The Infrastructure Backlog Ratio does not meet the Fit for the Future benchmark of less than 2%. It gradually increases from the 2015/16 result of 3% to 4.5% in 2019/20 then stabilises before starting to slowly reduce from 2023/24 onwards.

Historically, Council has not been able to allocate sufficient resources towards asset renewal which has led to an increasing infrastructure backlog. This has largely been due to the impact of rate pegging.

Council has programmed to undertake a review of our Asset Management Plans over the next 2 years to review current asset management parameters which are impacting on the infrastructure backlog. This will include reviewing the condition of assets to reassess the extent of assets that are below a satisfactory standard and will incorporate a risk management approach to identify high residual risk assets that need to be brought up to a satisfactory standard to meet 'community need and expectation'. It is expected that this will define the new quantum of infrastructure backlog for Yass Valley Council.

Following the completion of this work Council will be reviewing the Fit for the Future Improvement Plan with particular emphasis on the Infrastructure Backlog Ratio and Building and Asset Infrastructure Renewal Ratio

Building and Asset Infrastructure Renewal Ratio

Council is unable to meet this ratio in the short term until sufficient resources are available from strategies identified in this improvement proposal (i.e. SRV, loans, asset sales, efficiencies). The ratio improves from 58.0% in 2014/15 to 81.0% in 2019/20 before reaching 108.3% in 2020/21 and the 3 year average benchmark in 2021/22.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

Councils Fit for the Future Action Plan will be embedded in the revised Delivery Program and annual Operational Plans from 2016/17 and form part of the Quarterly Operational Plan Performance Reporting which is already in place. These documents represent Council's commitment to the community and clearly articulate management responsibility and timeframes for each strategy/action.

Given that the revised Delivery Program and Operational Plan for 2015/16 have already been adopted by Council, the Action Plan will form a supplementary report during that year.

Key projects will be reflected in the General Manager's Performance Agreement.