

Template 2

Fit for the Future

Camden Council Improvement Proposal



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: Camden Council

Date of Council resolution endorsing this submission: 23 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.

Camden Council has been recommended by the NSW Independent Local Government Review Panel for “No Change” which is strongly supported by Camden Council.

Council is a leader in Local Government with a strong strategic capacity and a clear vision to create new well-connected communities. Camden LGA is one of the fastest growing areas in NSW and welcomes approximately 120 new people each week and expects to have a population in excess of 210,000 by 2036.

Council has stable leadership and is supported by a strong and focused Executive and Senior Leadership Group. Council is financially strong with responsive asset management programs which will evolve due to urban and population growth. It is projected that Council’s rates and annual charges income will more than double in the next 10 years from \$40 million to over \$116 million. The growth in income will allow increased discretionary spending to meet the challenges of a growing community, improve the capacity to borrow and diversify income.

Council historically adopts a balanced budget and 10 year Long-Term Financial Plan (LTFP). Council has accessed funding through the NSW Local Infrastructure Fund and has been successful in receiving subsidised loans through rounds two and three of the Local Infrastructure Renewal Scheme (LIRS). Council currently has in place a Special Rate Variation until 2019/20. These funding sources have been aligned to asset renewal programs.

Over the years Council has received recognition and acknowledgement from external agencies including:

- 'Strong Rating' for asset management practices and policy framework as part of the [Local Government Infrastructure Audit](#) in June 2013 by the Office of Local Government (OLG),
- 'Moderate (neutral outlook) Rating' for financial capacity and future sustainability by [NSW TCorp March 2013: Camden Council's Financial Assessment, Sustainability and Benchmarking Report prepared by NSW TCorp](#)
- 'Strategic capacity, excellent foundation in financial management with superior cash management practices, financial health monitoring systems and sound governance framework' by OLG in the report, [Strengthening Local Government – Promoting Better Practice](#), February 2015.

Council adopted a new organisational framework in late 2014 and promptly initiated a Business Improvement Plan (BIP). This Plan (Supporting Document 1) is an evolving document that will address the needs of the community now and in the future.

The BIP identified Asset Management as one key area to meet the challenges of a growing asset base. It is expected that the newly created Asset Management team will deliver immediate and short term outcomes in the next 6 to 12 months and move to an advanced capability over the next 1 to 2 years.

Council's dedicated and motivated workforce continues to deliver effective and quality services to external and internal stakeholders. Council annually reviews it's [Workforce Plan](#) in order to meet the rapid urban and population growth.

Through effective leadership and strategic alliance capabilities, staff across Council initiate constructive relationships and continues to strengthen partnerships with the State and Federal Government, and local agencies including neighbouring councils.

Council currently has two administration buildings, one at Camden and another at Narellan. Council has commenced the construction of a new Central Administration Centre at Oran Park to accommodate the existing and growing workforce from both administration buildings. This new building will cost \$35.6 million and will equip Council with increased efficiency and service capacity.

In summary, Camden Council has a strong strategic capacity and is in a sound sustainable financial position. PriceWaterhouseCoopers (PwC) validates Council's financial position and states "PwC have reviewed the long term financial projections and Fit for the Future benchmarks included in this submission and are satisfied that they are reasonable and consistent with the underlying assumptions".

Council has a proven track record in delivering quality core services and a high standard of assets and infrastructure to the community. The performance in delivering efficient and high level services is underpinned by a stable political environment, effective community and stakeholder engagement, strong partnering with the State and Federal Government, a qualified workforce and contemporary safe working environment.

Camden Council's submission supports the NSW Independent Local Government Review Panel's (ILGRP) finding for 'No Change', and demonstrates the necessary scale and capacity to be Fit for the Future.

1.2 Scale and Capacity

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

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

Yes

If No, please indicate why you are not proceeding with a voluntary merger or creation of a Rural Council as recommended by the Independent Panel and demonstrate how your council has scale and capacity (up to 500 words).

Camden Council's Scale and Capacity is consistent with the [ILGRP](#)'s assessment (pg 32, Box 3.1) and recommendation for 'No Change'. Although Council is not required to complete this section, it was important for Council to demonstrate that it has the necessary Scale and Capacity to support the ILGRP's recommendation.

The Camden Local Government Area (LGA) is one of the fastest growing areas in NSW with annual growth of 5.1%, according to the 2014 NSW Local Government Area Population Projections.

Council received a moderate (neutral outlook) rating in 2013 by the NSW Treasury Corporation (TCorp) for the assessment of Council's financial capacity and its future sustainability. This rating was an excellent outcome when considering the cost of rapid growth and the stage at which Council is, in this growth phase. The NSW TCorp's report indicated that Council will remain financially sustainable with continued prudent financial management.

Council has been through a further two financial assessments by the NSW TCorp as part of successfully acquiring interest subsidies for rounds two and three of the Local Infrastructure Renewal Scheme. This demonstrates Council's exceptional long term financial planning and its repayment capacity.

Council also received a 'strong' rating from the Office of Local Government (OLG) for Infrastructure Management as part of the Local Government Infrastructure Audit released in June 2013. The assessment indicated that Camden Council has a greater capacity in managing infrastructure from both a management sense and a financial perspective.

Council's strategic capability was recognised by the OLG in the report, *Strengthening Local Government - Promoting Better Practice*, February 2015. The report indicated that Council has effectively implemented the Integrated Planning and Reporting framework since 2010 and an updated suite of documents in 2013, in line with statutory requirements.

The OLG also identified Council as having an excellent foundation in financial management with superior cash management practices, financial health monitoring systems and sound governance framework. This allows Council to effectively manage current and projected revenues and subsequently manage complex and unexpected change.

In addition, Council's [Resourcing Strategy](#) is also recognised by the OLG as 'good practice' which further validates Council's proficiency in strategic planning and capability to provide scope and latitude in undertaking new functions and projects.

It is projected that the population of Camden LGA will reach 135,886 by 2025 and 212,656 by 2036, according to the NSW Population and Household Projections. This new urban and population growth means Council's current rates and annual charges income will more than double within the next 10 years, providing Council with:

- a more robust revenue base and an increased discretionary spending
- scope to undertake new functions and major projects
- ability to employ a wider range of skilled staff
- an increased capacity to borrow
- an opportunity to diversify sources of income

Council's focus at this time in its life cycle is on delivering a high level of core services to its community. Council has historically adopted a balanced budget and is in a strong financial position. The purpose of delivering core services is to ensure Council has the capacity to deliver services efficiently and remain within its financial means in a rapidly changing environment.

Council recently adopted a new adaptive organisational framework to meet the challenges of the future. A major focus of this change was the

creation of a dedicated asset management team, and an organisational development and business improvement function.

Council prudently allocates its budget to support key priority areas including employing skilled staff to meet the infrastructure demands in a rapidly changing environment. The adoption of the 2015/16 Operational Plan has allowed for a further 18 staff, with 64 new staff being employed since 2013/14. Council's Workforce Plan is reviewed annually to ensure it reflects the changing demographic profile of the community. Council's strong commitment to a knowledge-based and innovative approach reinforces delivery of effective and efficient services that meet the needs of a growing population. This is evident and supported by a range of Service Improvement Programs including the Leadership Program, Professional Development Program, Education Assistance Program and Traineeship Program. Also the Improvement Program incorporates a wide range of new technology across all service areas with a strong customer focus.

Council has a well established partnership with the State Government in creating new communities, as part of the *Plan for Growing Sydney* (formerly Metropolitan Strategy), *NSW Long Term Transport Master Plan*, the *State Infrastructure Strategy* and the *NSW 2021 Goals and Regional Plan*. All State Plans and Strategies are integrated across [Camden 2040](#) (Community Strategic Plan), Delivery Program and Operational Plan, and the Resourcing Strategy, helping Council to effectively plan for a range of housing that relates to the changing population and associated infrastructure needs. Oran Park and Turner Road were the first growth centre precincts to be released in Camden and were rezoned in 2007. The most recent example is rezoning at Narellan to facilitate retail investment with the provision of a public plaza. The Oran Park Town Centre includes retail and commercial development with a strong education and health focus, and is moving from the planning to delivery stage.

Council has been able to deliver a wide range of infrastructure through a strong partnership model with the development industry and the State and Federal Government to ensure new communities have adequate services from the outset. Council effectively uses Voluntary Planning Agreements, Works In-Kind Agreements, Partnership Project Agreements and completing its own works program using Section 94 funds. Council also has a sound track record of achieving targeted outcomes and complying with government grant funding requirements.

Council has successfully developed and initiated a strategic and collaborative relationship with various agencies across State and Federal Government, community and the private sector. These agencies include the National Growth Area Alliance, Developers' and Builders' Forum, Regional Special Interest Groups, MACROC, Westpool, Business Alliance, Small Business Friendly Program and neighbouring councils. For Camden Council, cooperative and purposeful alliances are critical for a fast growing population which supports and enhances the investment in the area to address the community and stakeholders' needs and expectations.

Further, Council's [Economic Development Strategy](#) and its implementation is facilitating the fastest growing market sector and providing opportunities to secure a greater amount and diverse range of employment closer to home for local residents. The Gross Regional Product in 2013/14 was \$2.6 billion, about 0.54% of NSW State Product and 27% of the Macarthur region. Camden's annual Economic Growth Rate is 4.7%. This growth rate will continue to increase due to building construction and construction services focused on supplying new residential and commercial estates.

Council's strong and proactive leadership team ensures that Council continues to deliver effective and efficient services to the community and stakeholders, and addresses the needs of the current and growing population. Council's Business Improvement Plan has been acknowledged by the OLG as a strong culture of self-reflection with commitment to a continuous improvement program to assist in the decision making processes. The Business Improvement Plan includes 57 actions and 40 cross organisational teams involving over 122 staff, further supporting Council as a learning organisation that is taking an innovative and creative approach to the future.

In addition, Council's long established credentials in strategic planning and advocacy with a strong local leadership is well recognised by the local community, business and industry groups, and community organisations. Council is also developing an Advocacy Strategy to assist with active and effective processes in influencing and engaging various stakeholders in responding to the local community needs.

In conclusion, Council has a strong strategic scale and capacity, and is supported by an adaptive, innovative and contemporary working aptitude to govern effectively and meet the needs of its community into the future. Also, Council's financial resources continue to deliver the services, programs and activities as outlined in the Revised Delivery Program and Camden 2040.

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.

Please refer to the Supporting Document 2 : Camden Local Government Area.

The supporting document includes a snapshot of:

- Camden Local Government Area,
- Characteristics,
- Community Profile,
- Council's Profile,
- New Development, and
- Future Challenges.

2.2 Key challenges and opportunities

Strengths	Threats
<ul style="list-style-type: none"> • Adaptive, flexible, innovative and contemporary working aptitude and environment with strong leadership at all levels across Council • Strong customer service focus and the use of technology to deliver services effectively and efficiently • Sound understanding of the diverse community needs • Effective implementation of the Business Improvement Plan, a road map for the future • Adoption of the new organisational framework that is adaptive to change • Sound governance practices • Strong financial management practices (Promoting Better Practice Report, OLG, 2015) • Sound Asset Management practices (Local Government Infrastructure Audit, 2013) and use of LIRS funding to support asset renewal programs • Excellent working relationship with the State and Federal government agencies • Effective management of semi-rural and urban areas across LGA including the natural environment and heritage places • Innovative use of Voluntary Planning Agreements and Works In-Kind Agreements to expedite the delivery of infrastructure • Proven capacity to deliver major projects 	<ul style="list-style-type: none"> • Downturn in the housing market and economy will impact growth projections • Changes to current State Government Policy relating to growth in the South West Growth sector • Coordination of State Agencies in the timing of delivery of infrastructure in greenfield developments • Cap placed on Section 94 contributions and the timing of cash contributions received • Timing, coordination and funding of land acquisition in the North Leppington area • Council's ability to fund non-essential infrastructure within greenfield developments • Keeping pace with the rate of growth while implementing development in areas with fragmented land ownership
Opportunities	Weaknesses
<ul style="list-style-type: none"> • New transport infrastructure across LGA including South West rail link extension to Leppington and potentially south to Narellan, a corridor linking Leppington Town Centre to Badgerys Creek and Badgerys Creek Airport • Capitalise on growth opportunities that would help Council overtime to meet the financial sustainability indicator as recommended by the ILGRP • Increase in employment opportunities due to new growth in the local business sector • Building better communities from past experiences and learning • Increased capacity to borrow and diversify income streams through growth 	<ul style="list-style-type: none"> • Inability to control or influence the rate of growth due to its dependency on external factors which impact on the rate of demand for service delivery • Time delay between when additional services are required and income is realised through growth • Current separation of two administration buildings • Competing with the private sector to maintain and attract specialised workforce

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)	-8.67%	No	-3.49%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	45.99%	No	49.05%	No
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	36.93%	No	79.62%	No

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

Please refer to Supporting Document 3 : Financial Modelling for a detailed analysis and long term financial projections for each of the benchmarks.

Operating Performance Ratio

The Camden LGA is one of the fastest growing areas in NSW. This brings the challenges of planning and delivering service demand and infrastructure

sometimes years before additional income is realised through growth. Rates and annual charges income is expected to more than double over the next 10 years to over \$116 million p.a., providing greater economies of scale in the later years of the long term financial plan.

The Operating Performance Ratio improves over the life of Council's LTFP predominately through growth and a reduction in depreciation expense which historically has been too high. It should be noted that a reduction in depreciation expense has no impact on services or service delivery. A measure of sustainability is the ability to fund the maintenance and renewal of the asset base, this submission demonstrates Council's ability to address asset management over the life of its LTFP. To further support this in late 2014 Council created a dedicated Asset Management function to review the delivery and management of assets throughout the LGA. This includes the review and adoption of a consumption based depreciation model which has improved a number of FFTF ratios as indicated in Supporting Document 3. Importantly, over 40% of Council's asset base is new or less than 10 years old, so the adoption of this depreciation model will see a significant reduction in the current level of depreciation expense.

It should also be noted that Council historically adopts a balanced cash budget and 10 year LTFP. Council is in a strong cash position, utilising projected income, reserves and borrowings to plan and provide for the future.

Own Source Revenue

Camden Council receives a significant amount of non-cash capital income which distorts this ratio. The non-cash capital income is due to the high level of development infrastructure delivered through Works In-Kind Agreements or Voluntary Planning Agreements. As required by the accounting standards Council brought to account \$36.9 million in 2014 (\$48.7 million in 2013) of non-cash income relating to the dedication of assets.

It is unlikely Council will meet this benchmark in the future. If Council removes the non-cash income for dedicated assets from this ratio calculation, Council meets the FFTF benchmark now. Council has provided an adjusted ratio in Supporting Document 3 to demonstrate the impact non-cash capital income has on this ratio.

Building and Infrastructure Asset Renewal Ratio

It is important to note that this ratio is impacted by the large level of development and infrastructure assets expected to be constructed over the next 10 years. As previously discussed over 40% of Council's total infrastructure assets are new or less than 10 years old, and this proportion is expected to grow over the next 10 years. Council will therefore not be required to renew these assets in the near future. The Camden LGA's unique growth in infrastructure assets means Council will find it difficult to meet this renewal ratio.

In preparation for future renewal expense Council has created an Asset Renewal Reserve (June 2014) and continues to allocate funds to this reserve. It should be noted that the transfer of funds to reserve cannot be included as an expense in this ratio. This transfer does reflect prudent forward financial planning and acknowledgement that asset renewal will be required in the longer term. The work currently being undertaken to reduce Council's depreciation expense will further improve this ratio. Council has also adopted a number of renewal programs, accessed an interest free loan from the NSW State Government, has successfully received two Local Infrastructure Renewal Scheme loans and currently has a Special Rate Variation in place for infrastructure renewal.

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%)	2.39%	No	1.54%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	86.77%	No	84.62%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	5.02%	Yes	5.40%	Yes

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

Please refer to Supporting Document 3 : Financial Modelling for a detailed analysis and long term financial projections for each of the benchmarks.

Infrastructure Backlog Ratio

The Camden LGA's rapid growth forecasts result in a significant proportion of new assets constructed each year. This ratio improves as a result of the

magnitude of new assets being received through development and renewal/maintenance programs Council already has in place.

Asset Maintenance Ratio

While Council has good asset management practices and policy framework receiving a “strong rating” as part of the Local Government Infrastructure Audit, June 2013, the rate of growth within the LGA quickly identified the need for a dedicated asset management function. This team is required not only to understand Council’s asset management needs in the future but to ensure there is a co-ordinated approach to how Council constructs and accepts new assets. It is also accepted that an audit of the condition of the entire asset base will take time, this review is not expected to be completed until 2016.

The completion of the review of the asset base may also identify a need for additional funds to be allocated to asset maintenance. Council has completed all asset management ratios including a conservative reduction in depreciation expense (consumption based model), on the basis of what is currently known about the asset base.

Debt Service Ratio

Council continues to use debt wisely, balancing the level of debt, capacity to borrow and the opportunity cost of borrowing to ensure inter-generational equity in a rapidly growing environment.

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	\$104.51	No	\$88.51	Yes

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

Please refer to Supporting Document 3 : Financial Modelling for a detailed analysis and long term financial projection for this benchmark.

Real Operating Expenditure per Capita

The rapid population growth that Camden LGA is experiencing impacts this ratio. It is important that population projections are accurate in order to provide a realistic estimate of achieving this ratio. Council has used the required population growth figures as published by NSW Planning and Environment, the 2014 NSW Local Government Area Population Projections. Council has also provided an additional model which uses different population forecasts. This model is currently used to inform Council's LTFP using lot projections and average household sizes which Council believes is a better indication of growth in a rapidly changing environment. The work currently being undertaken to reduce Council's depreciation expense will further improve this ratio.

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 **Camden Council – N/A**

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

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

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 **Camden Council – N/A**

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

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

3.1 Sustainability

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

Council has developed a number of key strategies to maintain or improve Council's performance against the Sustainability benchmarks and these are explained in the table below.

Operating Performance Ratio

It is vital to note that the Camden LGA is one of the fastest growing areas in NSW. This brings many challenges including planning for and delivering service demand sometimes years before additional income is realised. Council's Long-term Financial Plan (LTFP) indicates that rates and annual charges income will more than double over the next 10 years to over \$116 million, providing greater economies of scale in the later years of the long term financial plan.

A key element to an immediate improvement in this ratio is a review of depreciation expense. Council has included a conservative consumption based depreciation model which has seen a significant decrease in depreciation expense. It is expected that depreciation expense will further decrease once Council's recently created asset management team has completed its review of the asset base by June 2016.

Own Source Revenue Ratio

Council receives significant amounts of non-cash income due to the high level of development delivered through Works In-Kind Agreements and Voluntary Planning Agreements. This is exclusive to councils with new urban and population growth. Assets dedicated to Council through this mechanism are required under the accounting standards to be brought to account as income. This additional income distorts this benchmark. While Council continues to receive high levels of non-cash income, it would be impossible nor could Council be expected to meet this ratio. It should be noted that if the non-cash income is removed Council comfortably meets this ratio now (Supporting Document 3).

Building and Asset Renewal Ratio

This ratio requires Council to spend annually 100% of its depreciation expense on the renewal of assets. Due to the unique rapid growth, over 40% of Council's asset base is new or less than 10 years old, meaning there is no requirement to renew those assets. This ratio also does not consider the transfer of funds to an asset renewal reserve or funds held in reserve for future asset renewal. While Camden LGA continues to experience unique growth, it would be impossible nor could Council be expected to meet this ratio. Council is also undertaking a further review of depreciation expense which will improve this ratio.

Additional Information

Council has provided additional information in the Supporting Document 3 with projections for all Fit for the Future benchmarks aligned to Council's LTFP which provides a better indication of Council's financial sustainability and capacity to meet the required benchmarks.

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

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

- Council's rates and annual charges income will continue to increase as the LGA grows. Rates and Annual Charges income will more than double within 10 years.
- A major review of Council's depreciation expense to be completed by June 2016. The Operating Performance Ratio is expected to further improve upon completion of this review. Council has included a conservative decrease in depreciation expense using a consumption based depreciation model.
- Over 40% of Council's asset base is new or less than 10 years old making it difficult for Council to meet the requirements of the Building and Infrastructure Asset Renewal Ratio.
- A significant amount of non-cash income is received annually by Council through the dedication of assets impacting Council's ability to meet the requirements of the Own Source Revenue Ratio.
- There is a timing difference between the cost of growth and the realisation of additional income through growth and this will impact Council's Operating Performance Ratio. This is a major factor to consider that relates to those councils that have a rapid urban and population growth.
- The adoption of Council's new organisational framework, Business Improvement Plan (Supporting Document 1) and the construction of a new Central Administration Centre is expected to deliver significant efficiencies and savings.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Council is financially sustainable	Review depreciation expense and methodology for infrastructure assets	<ul style="list-style-type: none"> • Completion of a depreciation review by June 2016 • Useful life and residual value of assets reviewed by June 2016 • Condition of asset base reviewed by June 2016 	<ul style="list-style-type: none"> • Reduction in depreciation expenses and move to consumption based depreciation model • Asset Management Plan updated by June 2016 	Reduction in depreciation expense to improve Operating Performance Ratio, Building and Infrastructure Asset Renewal Ratio and Real Operating Expenditure per Capita
	Continue to adopt a balanced cash budget	Annual review and adoption of budget	Cost of growth managed responsibly	Costs remain within budget to assist Operating Performance Ratio and Real Operating Expenditure per Capita

	Diversify sources of income	Completion of Camden Town Centre review by 2016	Significant increase in operational lease income	Improvement in Operating Performance Ratio and greater discretion to allocate funding to the improvement in Infrastructure and Service Management ratios. Improved capacity to borrow
	Maintain effective and efficient delivery of core Local Government services	Annual review and adoption of budget	Costs are contained to core service delivery	Will assist Operating Performance Ratio and Real Operating Expenditure per Capita
	Continue to facilitate growth	Annual review and adoption of budget	Increase in Revenue	Improvement in Operating Performance Ratio and greater discretion to allocate funding to the improvement in Infrastructure and Service Management ratios. Improved capacity to borrow

	Continue to strengthen partnerships with the State and Federal Government, and other industry agencies	Apply for and partner grant schemes	Additional Income or capital funding through loan schemes and grants	Improvement in Infrastructure and Service Management ratios
	Maintain a strong cash position with effective long-term financial planning and utilisation of reserves	Review LTFP and reserve balances quarterly and adopt annually	Reduction in risk associated with growth assumptions and provision for future asset management needs	Although Fit for the Future does not require liquidity ratios, liquidity is an important part of sustainability and being able to manage sustainability in a rapidly growing environment
	Use of debt to facilitate growth and Infrastructure needs	Annual review of loan requirements and capacity to borrow	Provides for intergenerational equity and delivery of infrastructure including asset renewal	Further improvement in Backlog Ratio and Building and Infrastructure Asset Renewal Ratio

3.2 Infrastructure and Service Management

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

Council's Asset Management Review will be completed by June 2016 which will assist in improving the administration of Infrastructure and Service Management.

Infrastructure Backlog Ratio

Council's Asset Renewal Programs continue to assist in improving the infrastructure backlog benchmark and Council is confident in its ability to meet the benchmark ratio from 2015/16 onwards.

Asset Maintenance Ratio

Council has good asset management practices and policy framework and received a 'strong rating' as part of the Local Government Infrastructure Audit in June 2013. However, there is a need for an updated inventory of Council's asset base and current condition to understand Council's future asset maintenance needs. Council's funding allocation to asset maintenance is increasing over time meaning Council meets the requirement for an 'improving ratio' and the benchmark of 100% by 2020/21.

Debt Service Ratio

Council currently meets the Debt Service Ratio benchmark and is projected to over the life of the LTFFP (10 years).

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

- Infrastructure Backlog Ratio requirement met by 2015/16.
- Council will allocate additional funds to Asset Maintenance upon finalisation of the current asset management review. The financial modelling (Supporting Document 3) indicates Council's capacity to meet the benchmark in future years.
- Debt Service Ratio continues to meet FTFP requirement.

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 allocation of funding for Asset Maintenance	<ul style="list-style-type: none"> Strengthen the asset management function Conduct asset base audit and condition assessment Long-term asset maintenance plan aligned to funding within LTFP 	<ul style="list-style-type: none"> Recruitment of staff as per the new organisational framework Asset base audit completed by June 2016 Asset base audit to include long-term maintenance plan and funding options by June 2016 	<ul style="list-style-type: none"> Continued reduction in asset backlog 100% funding for all asset maintenance requirements 	Meet FFTF asset maintenance ratio requirements earlier and a further improvement in the backlog and renewal ratio
Balance the use of debt in a rapidly growing environment where financial capacity to pay is attainable in the future	Annual review of borrowing capacity and need for debt to facilitate infrastructure growth or renewal	Annual budget review to assess future funding needs	<ul style="list-style-type: none"> Provides for Intergenerational equity Infrastructure delivered or renewed to meet demand 	Council currently meets the FFTF requirement and has further capacity to use debt in the future if required to meet the community's needs

Further reduction in the Infrastructure Backlog

- Long-term asset management plan aligned to funding within LTFP
- Sufficient long-term funding for asset renewal and maintenance
- Use of debt where required
- Continue to access external funding opportunities provided by all levels of Government
- Continue to utilise asset renewal reserve to assist with minimising any future backlog

- Asset Management Review completed by June 2016
- Annual Budget review to assess future funding needs

Backlog is reduced or remains within required industry benchmarks

Council currently meets the FFTF requirement and will improve this ratio upon continuing with adopted strategies

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.

Real Operating Expenditure per Capita

Council meets this benchmark from 2014/15. A significant factor impacting this ratio is rapid population growth which is unique to the Camden LGA. As required, Council has used the population growth forecast provided by the NSW Department of Planning and Environment. Council considered it prudent to also provide an alternate population growth assumption currently used to project population growth in Council's LTFP (Supporting Document 3). It is believed that this forecast better represents Council's future population growth.

The new organisational framework and Business Improvement Plan is assisting Council in increasing efficiencies and in delivering quality services to internal and external stakeholders. Council is currently constructing a new Central Administration Centre which will result in cost savings and efficiencies as a result of combining two separately located administration buildings into one. The creation of a dedicated asset management team as part of the organisational review will see improvements and efficiencies in the management of assets and infrastructure (including a further decrease in depreciation expense).

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

Key Assumptions that underpin Council's Strategies and expected Outcomes

- The new organisational framework and established Business Improvement Plan (Supporting Document 1) ensures that Council will continue to meet FFTF for the Real Operating Expenditure per Capita.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Council remains efficient in its delivery of services	<ul style="list-style-type: none"> Strengthen the new organisational framework Implementation of Business Improvement Plan Review Asset Management Plan Construction of a new Central Administration Centre 	<ul style="list-style-type: none"> Recruitment of staff as per the new organisational framework Implementation and monthly progress reporting on the Business Improvement Plan Asset management review – completed by June 2016 Construction of a new Central Administration Centre completed by June 2016 	Improvement in Council's efficiency in delivering services	Council continues to meet this benchmark

3.4 Improvement Action Plan

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

The key improvement actions that will be achieved in the first year of the Improvement Plan are listed below. These actions are aligned to achieving the strategies in sections 3.1, 3.2 and 3.3 and will improve Council's ability to meet the required measures by 2019/20.

Financial modelling for each of the measures under Sustainability, Infrastructure and Service Management and Efficiency is included in this submission (Supporting Document 3).

Action plan

Actions

Milestones

1) Asset Management :

- reviewing depreciation expense and methodology for infrastructure assets
- completion of infrastructure asset audit including condition assessment
- identification of long-term funding and strategy required for asset maintenance and renewal

- Asset Management Policy and Plan updated
- Audit of asset base completed
- Completion of depreciation expense modelling
- Long-term funding and strategy included in LTFP

Completed as part of statutory reporting for 30 June 2016

2) Implementation of 57 actions as per Business Improvement Plan (Supporting Document 1)

The Business Improvement Plan has milestones for each action

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

The Process - Development of Improvement Action Plan:

- Elton Consulting were engaged to assist Council in developing a Business Improvement Plan which identified 57 actions (Supporting Document 1).
- PriceWaterhouseCoopers (PwC) were engaged to review Council's Financial Modelling and associated FFTF benchmarks (Supporting Document 3).
- Council's draft Fit for the Future submission was adopted by Council on 23 June 2015 (Supporting Document 4).

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.

The timing of implementation of the Business Improvement Plan means that Council has already identified key priority actions in the immediate, short and medium term. Several of these initiatives are underway including the implementation of a dedicated asset management function in 2014 providing additional staff resources to address existing and future asset needs, and long term asset management strategies and a review of internal policies and procedures is in progress.

It is expected that the Asset Management review will provide Council with more informed data about the allocation of resources and funding. The funding of long-term asset management is approached with a view to using Council's asset renewal reserve, loan borrowings or a special rate variation (if required) upon completion of the appropriate community engagement. Council will not make decisions about its asset management needs without the appropriate data to inform both Council and its community.

Council anticipates this comprehensive data will result in a further reduction in depreciation expense, resulting in an improvement to the operating performance, building and infrastructure asset renewal and asset maintenance ratios.

In the absence of this work being completed Council has approached asset management on a needs basis identifying a program of works and aligning it to internal and external funding source/s. Council has accessed funding through the NSW Local Infrastructure Fund and has been successful in receiving subsidised loans through rounds two and three of the Local Infrastructure Renewal Scheme (LIRS). Council currently has in place a Special Rate Variation until 2019/20. These programs have been aligned to asset renewal schemes.

4. How will your plan improve performance?

4.1 Expected improvement in performance – Refer to Supporting Document 3 : Financial Modelling

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)	-11.07%	-8.31%	-3.49%	-3.75%	-3.50%	-1.92%	No
Own Source Revenue ** Ratio (Greater than 60% average over 3 years)	50.05%	52.17%	49.05%	45.64%	42.70%	46.07%	No
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	46.27%	66.35%	79.62%	66.10%	48.77%	38.44%	No
Infrastructure Backlog Ratio (Less than 2%)	2.31%	1.91%	1.54%	1.07%	0.99%	1.14%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	82.54%	82.03%	84.62%	88.08%	90.33%	94.95%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	4.70%	4.89%	5.40%	5.99%	6.13%	5.63%	Yes
Real Operating Expenditure per Capita ** A decrease in Real Operating Expenditure per capita over time	\$88.31	\$85.49	\$88.51	\$87.22	\$85.70	\$83.96	Yes

Asset Maintenance Ratio – improving meets IPART's assessment criteria for FFTF

*** Please refer to Supporting Document 3 for adjusted ratios which provide a better indication of Council's compliance with meeting FFTF benchmarks.*

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

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

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

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.

Camden Council is committed to become and remain Fit for the Future, a detailed explanation is provided in Supporting Document 3 under:

- Operating Performance Ratio – is met by 2019/20 if the average over 3 years is not applied to the assessment criteria
- Own Source Revenue Ratio – as explained in this submission and Supporting Document 3
- Building and Infrastructure Asset Renewal Ratio - as explained in this submission and Supporting Document 3

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

As part of preparing Council for the rapid change and growth in Camden LGA, Council promptly initiated a Business Improvement Plan in late 2014 (Supporting Document 1). The Plan includes 57 actions and is being delivered through 40 cross organisational teams empowered to deliver immediate, short and long terms actions. These actions are prioritised under 7 key action areas:

- Leadership and Culture
- Staff Development and Support
- Customer Service and Service Delivery
- Communications and Engagement
- Strategy, Planning and Measurement
- Systems and Processes
- Information Management and Technology.

Further in addressing the challenges of population and urban growth, Council acted for a structural change. In late 2014, Council adopted a new adaptive organisational framework which complements the Business Improvement Plan. The new framework addresses the need for a dedicated Asset Management team, Business Assurance officer, an Organisational Development officer and a Business Improvement Team. The teams and positions have specific focus areas within the Business Improvement Plan.

A brief description of the teams and positions are provided below:

- Asset Management – Major focus is on the delivery of core asset management services in the next 6 to 12 months, and move to an advanced capability over the next 1 to 2 years
- Business Assurance - Assurance around the efficiency and internal controls of Council's operations and governance
- Organisational Development - Emphasis on leading and implementing transitional and sustainable change through staff engagement and the establishment of a culture that maximises organisational capacity and effectiveness
- Business Improvement - Ensuring a holistic approach to business improvement across Council through effective coordination, development and delivery of organisational development programs and initiatives

In order to support these initiatives the Corporate Tool, *interplan*, was also implemented to integrate and drive the strategic, corporate, business and service level planning. This tool has an excellent performance management framework that assists Council in ensuring effective integration of planning, monitoring, reporting and allocation of resources. The tool has embedded a performance culture within Council across all service divisions. It provides for an efficient delivery of monthly updates on the milestones within the Business Improvement Plan.

Council continues with the recruiting process to support the new framework. Council has employed an additional 64 staff since 2013/14.

Council's compliance with the IPR framework is exceptional and has successfully involved the community in the development of the Community Strategic Plan (Camden 2040), Revised Delivery Program and the Operational Plan. Council prepares six monthly reports to inform the community on the Revised Delivery Program and prepares an Annual Report.

Council regularly keeps the community informed and engaged through community newsletters, media releases, up-to-date information on Council's website and community notice boards across the LGA.

The Table below showcases the monitoring and progress reporting against achieving the Improvement Action Plan under section 3.4

Improvement Action Plan for 2015/16	Monitoring	Timeframe	Progress Reporting To
1) Asset Management : <ul style="list-style-type: none"> reviewing depreciation expense and methodology for infrastructure assets completion of infrastructure asset audit including condition assessment identification of long-term funding and strategy required for asset maintenance and renewal 	Regular updates on Asset Management Plan review, Asset base audit and Long-term funding and strategy development	Quarterly	Executive Leadership Group followed by Council for adoption of updated Asset Management policy and plan
2) Implementation of 57 actions as per Business Improvement Plan (Supporting Document 1)	Each action has its monitoring process	Each action has specific stated timeframe	Executive Leadership Group