

## Template 2

Fit for the Future

# Council Improvement Proposal

(Existing structure)



Office of  
Local Government



# Getting started . . .

Before you commence this template, please check the following:

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

**Council name:**

**Ku-ring-gai Council**

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**Date of Council resolution endorsing this submission:**

**23 June 2015**

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## **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.

Ku-ring-gai Council is a successful, innovative and financially sound council that is already large by national and international comparisons. After extensive research and analysis, Ku-ring-gai Council has resolved not to pursue the merger option recommended by the Independent Local Government Review Panel, being to merge with Hornsby Shire Council. Ku-ring-gai Council meets all of the Fit for the Future benchmarks well within the required timeframes and can demonstrate highly effective scale and strategic capacity.

A merger with Hornsby Shire Council would be highly unfavourable for the residents and ratepayers of Ku-ring-gai. It would lead to higher rates for Ku-ring-gai residential ratepayers due to disparities in land value, decreased levels of service, reduced representation, exposure to significant risk associated with remediating the Hornsby Quarry, and diminished communities of interest and societal connectedness.

Ku-ring-gai Council meets all seven Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter. This reflects Council's adopted Integrated Planning and Reporting documents including the Operational Plan 2015-16, Revised Delivery Program 2013-2017 and Long Term Financial Plan 2015/16 to 2024/25.

In preparing the Improvement Proposal, Morrison Low was engaged to review Council's approach to infrastructure asset management. An outcome from the review was a reduction in the estimate for the Infrastructure Backlog, when measured on a

consistent basis with other councils such as Hornsby Shire. Ku-ring-gai Council has also adopted a new strategy to further decrease the Infrastructure Backlog to meet the Fit for the Future benchmark targets. This will be achieved by implementing an innovative strategy to borrow funds, with the loan to be repaid from additional rent received by deferring the transfer of Council staff and Chambers to a new administrative building.

Hornsby Council's Improvement Proposal, adopted by Hornsby Council on Wednesday 10 June 2015, also indicates that it will meet all of the Fit for the Future benchmarks by 2018/19. As such, both Ku-ring-gai Council and Hornsby Shire are financially sustainable as stand-alone councils.

The Improvement Proposal demonstrates in detail how Ku-ring-gai Council meets the requirements for scale and strategic capacity. Council has a strong record effectively representing and serving its local community on metropolitan issues, and has operated as a true partner of State and Federal agencies, which is demonstrated by:

- its strong record of planned development that meets both metropolitan Sydney and local community objectives;
- its strong record in both Integrated Planning and land use planning consistent with Sydney's status as a global city; and
- its strong record of planning for its centres consistent with the Metropolitan Strategy and sub-regional delivery plans.

Council has delivered on State Government objectives including for dwelling targets, it has successfully undertaken numerous large scale major projects, and has high calibre staff as recognised by the many awards received in recent years including the prestigious A R Bluett Award in 2014.

Council has completed an extensive range of consultation and engagement initiatives regarding Fit for the Future. The community has consistently indicated a preference for Council to remain a stand-alone council, and does not support the proposal to amalgamate with Hornsby Shire Council. Results from the demographically representative survey showed that 79% of respondents indicated a preference to stand alone, with 21% preferring to merge with Hornsby Council. The community feedback obtained during the period of consultation further supports Council's position to remain a stand-alone council and submit an Improvement Proposal.

It is on behalf of our community, elected representatives and staff that we submit Ku-ring-gai Council's Improvement Proposal – Template 2, to be read in conjunction with Council's detailed Fit for the Future Improvement Proposal provided as an attachment.

## 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).*

Ku-ring-gai Council has not adopted the recommendation of the Independent Local Government Review Panel to merge with Hornsby Shire Council. This Improvement Proposal clearly demonstrates that Ku-ring-gai Council has highly effective scale and capacity as a stand-alone council.

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).

Ku-ring-gai Council is not proceeding with a merger with Hornsby Shire Council as:

**1) a merger would be highly unfavourable for the residents and ratepayers of Ku-ring-gai**

- A merger would increase residential rates in Ku-ring-gai by between 5% and 17% and decrease them in Hornsby Shire as land values are 50% higher in Ku-ring-gai.
- Ku-ring-gai Council spends more money per capita on its services than Hornsby. A merger would therefore result in either a reduction of services for the former Ku-ring-gai area or increased rates for Ku-ring-gai ratepayers to raise the Hornsby Shire service levels to that of Ku-ring-gai.
- A merger would expose Ku-ring-gai Council to the financial risks associated with a \$50 million project to make the Hornsby

Quarry safe and useable for recreation.

- Hornsby Shire Council's overall financial position is weaker than that of Ku-ring-gai, a key consideration for a merger.
- There would be a significant reduction in the level of councillor representation in Ku-ring-gai, with the majority of Councillors elected from the Hornsby area due to their larger population.
- A merger would result in less say for Ku-ring-gai residents and ratepayers in how money is spent and in planning for the future of the area.
- Ku-ring-gai and Hornsby Councils are very different, with Hornsby Council's geographical area being five times larger and includes extensive rural and remote areas, compared to the entirely urban Ku-ring-gai Council area. A merger would diminish communities of interest and societal connectedness.

## **2) Ku-ring-gai Council is already a large council by national and international standards and has the scale and capacity to meet the Fit for the Future objectives.**

A full assessment of Council's Scale and Capacity can be found in the attached Fit for the Future Improvement Proposal. Some brief highlights are listed below:

- Ku-ring-gai Council was the joint winner of the 2014 A R Bluett Memorial Award in 2014 for being the highest achieving urban Council in NSW.
- Ku-ring-gai has a robust revenue base demonstrated by strong operating surpluses which enable increased discretionary spending.
- Arising from the Metropolitan Strategy 2005, Council had a dwelling target of 10,000 which is fully accommodated within Council's two standard template instrument LEPs, despite Council being one of only a few metropolitan councils required to do so. The majority of metropolitan councils were only asked to deliver part of their long term targets in their first round LEPs. Regardless, of this dwelling target, Council has at the time of writing delivered some 6475 – 6931 dwellings, nearly 70% of its initial 20 year target in 11 years.
- Council has recently completed a \$17 million upgrade of the former West Pymble Pool. The new centre offers year-round swimming, new facilities such as café and gym, plus play areas for kids and child-minding.
- Council is currently in the final stages of completing the North Turramurra recreation area redevelopment. This project is one of the largest Ku-ring-gai Council has undertaken in recent years, at a total cost of \$28 million.
- Ku-ring-gai has long been recognised as a leader in research around issues confronting local government. Council's research over the past ten years has produced over 50 refereed conference presentations in Australia and overseas, book chapters and journal articles. Council has engaged in active research with six Australian Universities and has a Memorandum of Understanding with Macquarie University to conduct research with undergraduate and post graduate

students on projects relevant to Councils. Staff have also provided expertise on climate change adaptation planning to the Governments of China, Korea and France and the United Nations Economic and Social Development Program for the Asia Pacific region and acted as expert advisers on panels for the National Climate Change Adaptation Research Facility, Local Government NSW, NSW Office of Environment and Heritage and the Sydney Coastal Councils Group. Over recent years, Council has been recognised with numerous awards, reflecting the quality of its research, creativity and capacity.

### **3) Ku-ring-gai Council meets all Fit for the Future financial and asset management benchmarks by 2016/17**

Ku-ring-gai Council meets all seven Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter. This is reflected in Council's adopted Integrated Planning and Reporting documents including the Operational Plan 2015-16, Revised Delivery Program 2013-2017 and Resourcing Strategy (including the Long Term Financial Plan 2015/16 to 2024/25 and Asset Management Strategy 2015/16 to 2024/25).

Hornsby Council's Improvement Proposal indicates that it will meet all of the Fit for the Future benchmarks by 2018/19. As such, both Ku-ring-gai Council and Hornsby Shire are financially sustainable as stand-alone councils.

## 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.*

Ku-ring-gai is a middle ring urban metropolitan council in the Northern Sydney Region with compact land area of 85 km<sup>2</sup> and located only 16km from the Sydney CBD. It has a very large population of 120,978 (ABS ERP 2014), with currently projected population of 151,100 by 2031 (NSW Department of Planning). Population is growing at a high 1.73% average annual rate (ABS figures, 2016). Population is characterised mainly by mature families with school age children and teenagers (46%) and older age groups. (ID research) The population is increasingly culturally diverse with 21% speaking a language other than English at home. (mainly Cantonese, Mandarin and Korean)

Defining characteristics of the LGA are its unique natural environment, including 3148 hectares of bushland, 150 bushland reserves interfacing with residential areas, nationally significant biodiversity and ecological features, a significant tree canopy throughout the urban areas and location of three National Parks adjacent to its boundaries. The area is also nationally recognised for both its Aboriginal and European architectural heritage, the latter encompassing magnificent intact homes and streetscapes built during the Federation and interwar periods.

Ku-ring-gai shares boundaries with four other councils – Willoughby (5.38km), Warringah (18.92km), Hornsby (16.58km) and Ryde (8.86km).

The LGA contains predominantly residential areas with seven (7) substantial local commercial centres of mixed office, retail and service activities and some employment and business park development. Urban areas are evenly distributed around the main north-south rail and road links and contain both detached dwellings (75%) and substantial areas of medium to high rise residential units (25%) spread along the railway corridor.



The Ku-ring-gai population is characterised by well above Sydney average tertiary educational qualifications at degree level, high levels of workforce participation (60%), very high median income and employment mainly in professional, scientific and technical industries. Ku-ring-gai was the most highly advantaged LGA in NSW at the 2011 Census (SEIFA index).

The local economy is quite self-sufficient with 13,173 businesses, 34,369 local jobs, an above Sydney average of 8% of the workforce home-based and contribution to GRP of \$5.14 billion in 2011.(ABS census) Major local industries are Health Care and Social Assistance (20.5%), Education and training (16.6%) and Professional, scientific and technical services (13.5%).

The Ku-ring-gai community's Community Strategic Plan, adopted by Council in June 2013, both expresses the long term aspirations and objectives of the Ku-ring-gai community and addresses the community's identified priority issues grouped under the following six themes: 1 - Community, People and Culture; 2 - Natural environment; 3 - Places, Spaces and Infrastructure; 4 – Access, Traffic and Transport; 5 – Local Economy and Employment; 6 – Leadership and Government.

Key priorities for the community which addressed identified challenges, as contained in the plan include protecting our natural environment, managing urban change in a way that retains the leafy green landscape and heritage character of the area, planning for our increasing older and younger aged residents, bringing vitality to our centres, making it easier and safer to move around, increasing visitors to the area, promoting Ku-ring-gai as a place to set up business and improving and renewing our infrastructure assets including community facilities, recreation and open space areas, roads, footpaths, drains and the public domain.

## 2.2 Key challenges and opportunities

Strengths	Weaknesses
<p><b>Proven robust revenue base and increased discretionary spending:</b></p> <ul style="list-style-type: none"> <li>• Sound financial performance – Council is currently in a sound financial position and projects sound operating results in future years meeting or beating all financial sustainability ratios</li> <li>• Successful implementation of financial sustainability strategies and Long Term Financial (LTFP) initiatives</li> <li>• Over the next 10 – 15 years continued improvements to current sound operating results and key financial indicators through LTFP financial and asset management strategies</li> </ul> <p><b>Proven scope to undertake new functions and major projects:</b></p> <ul style="list-style-type: none"> <li>• Successful delivery of a large and diverse Capital Works Program - \$47million in 2013/14 and \$27.6 in 2014/15</li> <li>• Successful track record in designing, constructing and completing complex major projects for the community</li> </ul> <p><b>Proven ability to employ a wider range of skilled staff:</b></p> <ul style="list-style-type: none"> <li>• Council is well placed strategically to attract a wide range of skilled staff</li> <li>• Council is an attractive employer across management and service areas</li> </ul> <p><b>Proven knowledge, creativity and innovation:</b></p> <ul style="list-style-type: none"> <li>• Awards - numerous awards and industry recognition received over recent years for activities, projects and programs across the organisation's responsibilities</li> <li>• Most recent being the 2014 A R Bluett Memorial Award for excellence in local government</li> </ul> <p><b>Proven advanced skills in strategic planning and policy development:</b></p> <ul style="list-style-type: none"> <li>• Best practice policy development across areas – community, environmental, development, LEP's</li> <li>• Adopted best practice Community Strategic Plan and other IP &amp; R documents, including the Resourcing Strategy</li> </ul>	<ul style="list-style-type: none"> <li>• Loss of professional staff due to uncertainty of local government reform</li> <li>• Delay in moving to new office accommodation</li> <li>• Low investment returns due to economic conditions</li> </ul>

<p><b>Proven high quality political and managerial leadership:</b></p> <ul style="list-style-type: none"> <li>• Leadership programs, induction and training in place for elected representatives and staff</li> <li>• Senior staff and elected member awarded industry recognition</li> <li>• Council employs a wide range of skilled and qualified staff with transferable skills</li> </ul> <p><b>Proven resources to cope with complex and unexpected change:</b></p> <ul style="list-style-type: none"> <li>• Ku-ring-gai is already a large council with the size, budget and assets to effectively cope with complex and unexpected changes</li> <li>• Contingency funds to deal with disasters and emergencies</li> <li>• Emergency and disaster recovery plans in place</li> </ul>	
<p><b>Opportunities</b></p>	<p><b>Threats</b></p>
<p><b>Proven effective regional collaboration:</b></p> <ul style="list-style-type: none"> <li>• Successful track record in regional collaboration to achieve positive outcomes for both northern Sydney Councils and Ku-ring-gai</li> </ul> <p><b>Proven credibility for more effective advocacy</b></p> <ul style="list-style-type: none"> <li>• Special Rate Variations for infrastructure assets, recreational areas and environmental initiatives</li> <li>• Acquisition and divestments of lands</li> <li>• Town Centres LEP – consultation and new plan</li> <li>• Development Contribution Plans</li> </ul> <p><b>Proven capable partner for State and Federal agencies:</b></p> <ul style="list-style-type: none"> <li>• Working with TfNSW – Gordon, Lindfield, Killara car parking and transport interchange</li> <li>• B2 land subdivision, redevelopment and divestment</li> <li>• State agency Bio-banking agreement</li> </ul>	<ul style="list-style-type: none"> <li>• Negative outcomes resulting if merged</li> <li>• Council does not agree with the Panel's recommendation for a merger with Hornsby Council</li> <li>• Change in regional programs and procurement due to the uncertainty of future boundaries and councils</li> <li>• Loss of regional advocacy if NSROC changed</li> <li>• Political instability due to media coverage of reforms</li> <li>• Loss of productivity and knowledge if a forced merger proceeds</li> <li>• Destruction of regional relationships particularly neighbouring Councils due to difference of opinion on local government reform</li> <li>• Transformational town centre hub projects delayed or indefinitely deferred to focus on Hornsby Strategic centre</li> </ul>

## 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?
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	1.52%	Yes	3.5%	Yes
<b>Own Source Revenue Ratio</b> (Greater than 60% average over 3 years)	83.59%	Yes	81.4%	Yes
<b>Building and Infrastructure Asset Renewal</b> Ratio (Greater than 100% average over 3 years)	98.84%	No	125.7%	Yes

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

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

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

## 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?
<b>Infrastructure Backlog Ratio</b> (Less than 2%)	31.91%	No	2.0%	Yes
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	85.7%	No	104.7%	Yes
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	2.89%	Yes	6.8%	Yes

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

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

## 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?
<b>Real Operating Expenditure per capita</b> A decrease in Real Operating Expenditure per capita over time	Increasing	No	Decreasing	Yes

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

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

## 2.4 Water utility performance

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

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

**Yes / No**

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

Not applicable.

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

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

## 2.4 Water utility performance

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

### Improvement strategies

Strategy	Timeframe	Anticipated outcome
1.		

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

### 3.1 Sustainability

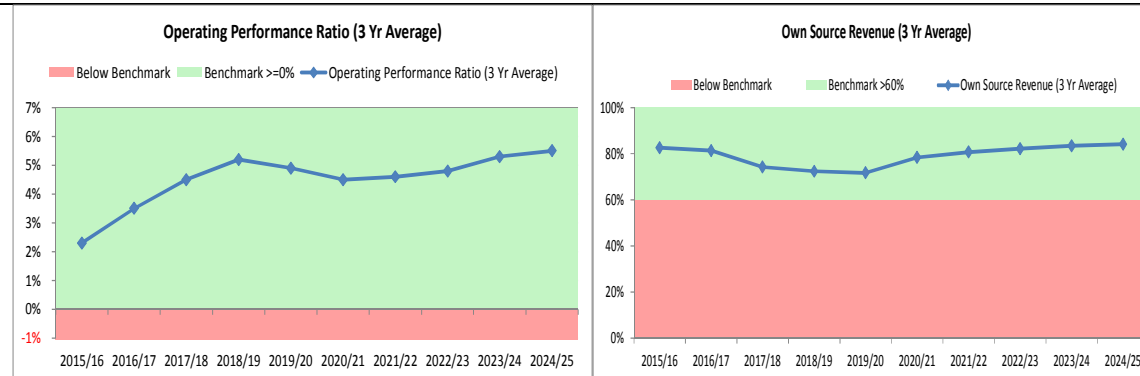
Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-20 period, including the outcomes you expect to achieve.

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

**Operating Performance Ratio** is an important financial indicator for Council. Our long-term financial sustainability is dependent upon ensuring that on average over time this indicator is positive, making sure that Council's expenses are below its associated revenue. This indicator excludes capital income and gain or loss on sale of assets.

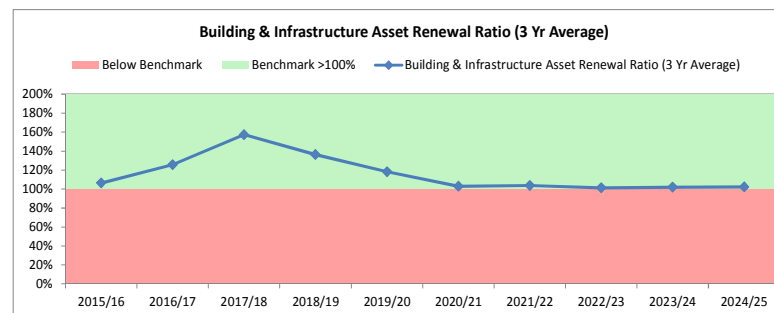
Council's current performance ratio is above the benchmark of break even or higher, which means that Council can easily contain operating expenditure (excluding capital grants and contributions) within its operating revenue. The ratio outperforms benchmark for the entire forecast period of the LTFP with an increasing trend starting from 2015/16 onwards. Operating surpluses are achieved in all future years of the LTFP.

**Own Source Revenue Ratio** measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. Council's Own Source Operating Revenue Ratio remains above the benchmark of (>60%) in all future years. Council forecasts a sufficient level of fiscal flexibility to be able to cope with future unforeseen events and challenges. Council has demonstrated that it has sufficient independent scale and is not reliant on grant revenue to ensure sustainability. Operating Grants are forecast to contribute on average around 5% of total operating revenue in future years.



**Building & Infrastructure Assets Renewal Ratio** This indicator assesses Council's rate at which buildings and infrastructure assets are being renewed against the rate at which they are depreciating. An indicator of 100% indicates that the amount spent on asset renewals equals the amount of depreciation. Council's ratio stands at 106.4% in 2015/16.

Council is continuing to focus on appropriate asset standards for renewal and maintenance as identified in Council's Asset Management Strategy. The 2016/17 and later years financial and asset management plans have consciously prioritised renewal capital works programs over new programs.



## 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 forecast performance together with the Fit for the Future financial ratios are detailed in Council's Long Term Financial Plan (LTFP) 2015/16 - 2024/25 adopted in June 2015. In forecasting future performance and future resource requirements Council made assumptions about the key impacts and drivers that will influence Council's finances, assets and workforce into the future. A comprehensive analysis of all internal and external factors affecting those assumptions is undertaken as part of preparing the annual budget to ensure there is a high level of confidence in the outcomes provided in the Long Term Financial Plan.

In preparing the 2015/16 – 2024/25 Long Term Financial Plan, the following high level assumptions have been adopted:

- the number of rateable properties in Ku-ring-gai is expected to increase from 41,455 to approximately 45,738 by 2025;
- business as usual – services and service levels will remain at similar levels unless otherwise identified;
- strategic direction – the broad themes and aspiration in the Community Strategic Plan *Our Community-Our Future 2030* will be regularly reviewed but are unlikely to change significantly over time;
- external funding – fixed term external grant funding such as the Waste Less, Recycle More (Waste and Resource Recovery Initiative) or our Environmental Special Rate Variation (SRV) may cease in the future at which point delivery of the associated programs may finish;
- infrastructure – we must prioritise funding for asset renewal based on community consultation and technical assessment; and
- financial sustainability – Council seeks to be financially sustainable, which means that it must achieve a fully funded operational position, maintain sufficient cash reserves and have a fully funded capital program.

More specific income and expenditure assumptions are listed in the LTFP. Key income assumptions include:

- inflation (CPI) between 2.4% and 2.9% per annum is applied across all years;

- the annual rates increase is limited to the rates pegging amount of 2.4% set by Independent Pricing and Regulatory Tribunal (IPART) for 2015/16. Council's dependence on rates and annual charges is approximately 56%;
- rates growth is expected to increase by 0.7% per annum across all years through increased development;
- user charges and fees are expected to increase by an average of 4.5% per annum. Council derives approximately 12% of total income from user charges and fees;
- total income is forecast to increase by an average of 3% per annum;
- new infrastructure to support population growth will be funded by s94 contributions where possible;

## 3.1 Sustainability

Outline your strategies and outcomes in the table below.

### 3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Manage financial performance to achieve Financial Sustainability targets identified in the LTFP	Achieve Operating surplus before capital income items to fund capital expenditure	Monitor Operating result against budget on a monthly basis  Report on budget variations to senior management on a monthly basis and quarterly to Council	Operating surplus (excluding Capital income) achieved as budgeted (\$9.108m) in 2015/16 and as per LTFP target in future years	
	Monitor Operating Expenditure and Revenue against budget and take necessary corrective action	Report on budget variations to senior management on a monthly basis and quarterly to Council	Key Financial Indicators achieved as per budget Monthly reports endorsed by senior management Quarterly budget reports adopted by Council	

Maintain a strong level of own source operating revenue	Complete Stage 2 Review Fees & Charges against benchmarks and adjust/increase to benchmark levels	Complete stage 2 Review of Fees & Charges by 2015/2016.  Exhibit Fees & Charges by 2015/2016.  Consult with the community on changes to Fees & Charges by 2015/2016.	Fees & Charges with significant revenue earning increased to benchmark  Improved sustainability ratio	Community resistance to increases in Fees & Charges  Operating surplus  Own Source Operating Revenue
	Maximise interest earnings on Council's Investments portfolio	Daily monitoring of Council's cash flow and invest surplus funds	Investments Portfolio achieves or outperforms industry benchmark  Interest on investments meets budget (\$4.2m)	
Deliver and report on completion of major capital works and recurrent budget identified in the LTFP	Monitor Operational and Capital Budget to meet all key financial sustainability tests identified in the LTFP	Monitor capital works program against budget monthly  Report on capital	Capital works program completed within budget (\$47.6M in 2015/16) Quarterly budget	



and take necessary corrective action.

works and budget variations to senior management monthly

Report to Council quarterly

reports adopted by Council

3

## 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.

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

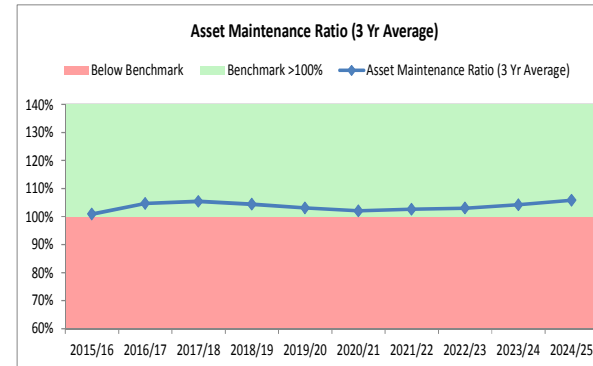
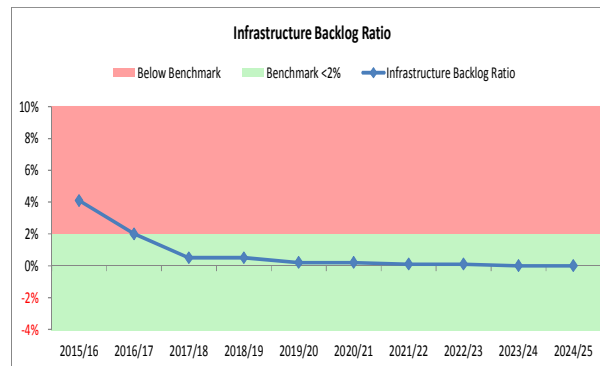
The Infrastructure Assets Ratios measure Council's ability to renew and maintain its asset base to decrease the infrastructure asset backlog in future years. Asset Ratios have been incorporated into Council's Asset Management Strategy and Asset Management Plans and are monitored within Council's Long Term Financial Plan. Council continues its commitment to maintain financial sustainability and decrease the infrastructure backlog.

The main indicator that required improvement from the historical year 2013/14 was for the infrastructure backlog. Achieving consistency in the calculation of the infrastructure backlog for all councils across the state has been a significant challenge for local government. There is much variability in the methodologies used and for that reason Ku-ring-gai Council engaged the services of the same consultants (Morrison Low) as used by Hornsby Shire Council to review their backlog. Morrison Low also undertook the Local Government Infrastructure Audit (June 2013) for the Office of Local Government. As a result of the review Council has identified that to be consistent with the way Morrison Low and other councils measure the backlog, there will be a significant reduction to the calculation of the infrastructure backlog for Ku-ring-gai. As set out in the revised Long Term Financial Plan, Council has also identified a new funding strategy to provide more funds for infrastructure renewal and

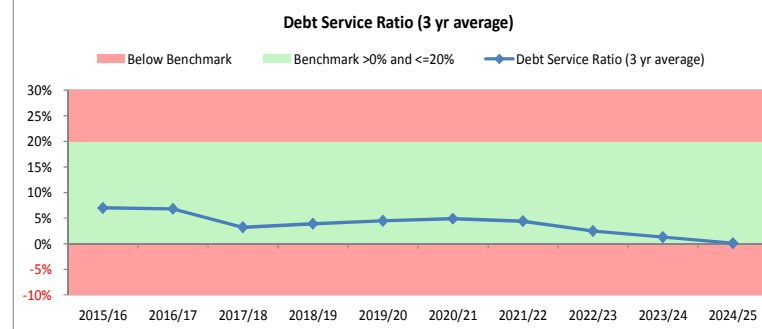
maintenance, enabling all Fit for the Future Benchmarks to be met by 2016/17.

**Infrastructure Backlog Ratio** measures what proportion the backlog is against the total value of Council's infrastructure. Council's Infrastructure Backlog Ratio has a positive downward trend in the first 3 years, recording a decrease of 3.6% from 4.1% in 2015/16 to 0.5% in 2017/18. The infrastructure backlog will achieve the benchmark of 2% by 2016/17.

**Council's Asset Maintenance Ratio** is above benchmark at 100.9%. An indicator above 100% indicates Council is investing enough funds to ensure assets reach their useful lives. Council is committed to increase expenditure on asset maintenance in future to maintain its infrastructure assets in satisfactory condition in the long term.



**Debt Service Ratio:** The purpose of the Debt Service Ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. In accordance with Council's Long Term Financial Plan, borrowing is only undertaken in accordance with Council's borrowing principles outlined in Council's LTFP. Council's ability to service its debt remains strong for the entire period of the LTFP. As per Council's new funding strategy, the outstanding debt is fully discharged by the end of the current LTFP, including from rent revenue generated through leasing out Council's new administration building for 10 years to repay a loan for infrastructure renewal.



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

Council adopted a new funding strategy for Infrastructure assets renewal which is based on the principle that all available surplus funds will be diverted towards Council's assets renewal as a priority. Additional funding is assumed to be generated from loan funds and reinvested into Council's renewal program for Infrastructure Assets. The new funding strategy was reinforced by a recent independent review on all Council's Infrastructure assets.

Council previously resolved to fund a specific project, the relocation of staff to a new Administration Building through asset sales. These funds will discharge the current outstanding loan for the Administration Building and under the new funding strategy an equivalent amount of loan funds will be drawn for the purpose of Infrastructure Assets renewal. These infrastructure loan funds will be used solely on the assets renewal program and will have an identified repayment source as described below.

The acquisition of the Administration Building in 2012/13 was funded by external borrowing with the borrowing to be subsequently discharged by future asset sales. Under the new funding strategy the Administration Building will be fully leased out generating enough net revenue over the life of the plan to discharge the outstanding debt for infrastructure renewal. This principle aligns with the matching concept of 'inter-generational equity'. The relocation of staff to the new administration building is also deferred for a period of 10 years.

The assets renewal funding strategy will increase expenditure on asset renewals by \$43.9 million for 10 years (or \$22.6 million in the first two years of the LTFP) in addition to the standard renewal expenditure and allocate \$13.5m on average in maintenance each year as required by the Asset Management Plan. Additional funding will also have a positive impact on Council's infrastructure backlog, with a reduction in backlog of \$22.2 million by 2016/17, from 6.4% in 2014/15 to 2% in 2016/17 meeting the current Fit for the Future benchmarks benchmark for the backlog ratio. The low level of backlog will be maintained over the long term by investing all additional surplus funds into assets renewal and providing sufficient asset maintenance in future years to prevent the backlog from growing.

## 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
Implement renewal and maintenance funding strategy to improve asset condition, reduce infrastructure backlog and meet infrastructure assets ratios.	Allocate funding for asset renewal as per new funding strategy identified in the Resourcing Strategy (Long Term Financial Plan and Asset Management Strategy)	Backlog reduced as per LTFP target of: 4.1% for 2015/16 2% for 2016/17	Meet infrastructure Backlog benchmark <2%  Meet, maintain and improve infrastructure backlog ratio within 5 years	
	Prioritise allocation of renewal funding for priority assets classes identified in the Resourcing Strategy (Long Term Financial Plan and Asset Management Strategy)	Building & Infrastructure Assets Renewal Ratio achieved – 106.4% by 2015/16	Building & Infrastructure Assets Renewal Ratio achieved – 106.4%	

	Additional funds allocated towards maintenance programs for priority assets classes and service levels identified in the Resourcing Strategy ( Long Term Financial Plan and Asset Management Strategy)	Assets maintenance program achieved and meets budget (\$11.5m) 2015/2016  Asset Maintenance Ratio achieved 100.9% by 2015/16	Infrastructure assets meet community service levels in line with community priorities.  Maintenance priorities established and completed within agreed timeframes identified in Council's adopted Capital Works Program (DP & OP 2013/2017)	
	Retention of SRV for local roads renewal program in perpetuity.	Continue to deliver local roads renewal program \$9.7M 2015/2016 of which SRV contributes \$2.7M per annum	Meet infrastructure Backlog benchmark <2%  Meet, maintain and improve infrastructure backlog ratio within 5 years	
	Infrastructure Renewal loan drawn for the purpose of infrastructure assets renewal and used solely on the assets renewal program in line with programs for priority assets classes and	Loan funds redrawn and reinvested into infrastructure asset renewal (\$24M by 2016/17)	Renewal programs established and completed within agreed timeframes identified in Council's Capital Works Program. Improved Infrastructure Ratios. Meet benchmark,	

	service levels established in the Resourcing Strategy.		maintain and improve over the life of the LTFP	
	Depreciation expense is accurately accounted for consumption in assets useful lives as identified in the Asset Management Strategy (AMS) and Asset Management Plans (AMP)	Monitor and maintain depreciation expense annually	Depreciation is correctly charged against different classes of assets	
Maintain a sustainable debt level and Debt Service Ratio	Council resolves to defer relocation into new council accommodation for 10 years.	1 July 2015 - adoption of revised DP&OP 2015/16	Premises utilised as commercial investment property returning market rental	Premises promoted by external property service Tenancies established at market rent
	Lease income utilised to repay infrastructure loan funds	Lease out 4,000m <sup>2</sup> of vacant space set aside for council accommodation.	Occupancy rate at 95% by 2016/17	Subject to market requirements
	Outstanding loan associated with new accommodation building (Services Relocation Project) paid off by funds from surplus asset sales	Council approves divestment of all surplus assets identified upon	Funds from surplus asset sales discharge loan by 2016/17	Council does not proceed with reclassification and divestments within

		reclassification		established timeframe
		Surplus asset sales of \$11.58M by 2015/2016		
		Surplus asset sales of \$12.92M by 2016/2017		

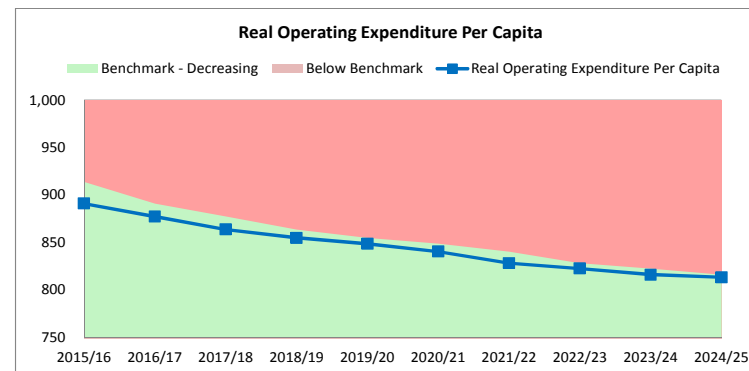
### 3.3 Efficiency

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.

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

#### Efficiency Ratio: Real Operating Expenditure per Capita.

This indicator compares operational expenditure to population and is a ratio that measures efficiency. Council forecasts a downward trend in all future years of the financial plan. A decrease in the operating expenditure per capita of approximately 1% per year will be achieved while maintaining the same level of service. It is worth mentioning that this can be achieved while maintaining a strong operating surplus in all future years after funding depreciation on infrastructure assets. Council is planning to undertake a review of all Council services over 2015/16 to 2017/18. The objective of this review is to redefine service level and standards to assess cost of service provision and justify service provision.





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

- business as usual – services and service levels will remain at similar levels unless otherwise identified;
- inflation (CPI) between 2.4% and 2.9% per annum is applied across all years;
- the annual rates increase is limited to the rates pegging amount of 2.4% set by Independent Pricing and Regulatory Tribunal (IPART) for 2015/16. Council's dependence on rates and annual charges is approximately 56%;
- rates growth is expected to increase by 0.7% per annum across all years through increased development;
- user charges and fees are expected to increase by an average of 4.5% per annum. Council derives approximately 12% of total income from user charges and fees;
- total income is forecast to increase by an average of 3% per annum;
- employee costs estimated based on agreed award increases
- materials and contracts expenditure estimated to increase by 2.9%

### 3.3 Efficiency

Outline your strategies and outcomes in the table below.

### 3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Demonstrate operational savings (net of IP & R service improvements) over 5 years	Redefine service levels and service standards to assess exact costs of services and justify provision of services to community	Service levels and standards reviewed and documented by 30/6/2016	Any savings would further improve Council's financial performance.	Note: Savings achieved from service level reviews are not incorporated in the current budget forecast and not required to meet FFTF benchmarks.  Community resistance to change in service levels.
.	The delivery of major projects and capital works is completed within budget and on time	Total of \$47.6M capital works program completed in 2015/16	Capital works program completed as per budget and set timeframe	Carry forwards  Delays with Tender/Procurement processes

Major Local and Town Centres projects i.e. Community hub projects are commercially feasible in their own right	Projects should include commercial opportunities for Council to offset ongoing operational costs (life cycle costs) of the public benefits provided.	<p>Masterplans adopted for Local and Town Centres 2015/2016</p> <p>EOI for the redevelopment of Lindfield Local Centre 2015/2016</p> <p>Redevelopment of Lindfield Local Centre 2016/2017</p> <p>EOI for the redevelopment of Turramurra Local Centre 2015/2016.</p> <p>Redevelopment of Turramurra Local Centre 2016/2017.</p> <p>EOI for the redevelopment of Gordon Town Centre 2015/2016.</p>	Masterplans adopted for the Local and Town Centres with development options substantially progressed to deliver community facilities and public benefits.	
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### 3.4 Improvement Action Plan

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

#### Action plan

Actions	Milestones
Undertake divestment of identified surplus assets	Assets sold by end of 2015/16 Proceeds meet budget (\$11.58m)
Discharge current outstanding loan for Council's Administration Building at 828 Pacific Highway, Gordon	Current Loan partially discharged from proceeds on asset sales ( repayment of \$11.58m)
Redraw loan funds for the purpose of infrastructure assets renewal	Loan funds redrawn and reinvested into infrastructure asset renewal ( \$11.58m)in 2015/16  Improved Infrastructure Ratios
Allocate funding for asset renewal as per new funding strategy identified in the Long Term Financial Plan (LTFP) and Assets Management Strategy (AMS). Prioritise allocation of renewal funding for asset classes with increased infrastructure backlog	Asset classes prioritised depending on estimated backlog  Backlog reduced as per LTFP target (4.1% by 2015/16, 2% by 2016/17)

	Building & Infrastructure Assets Renewal Ratio achieved – 106.4%
Undertake adequate levels of maintenance as per budget to ensure infrastructure assets are maintained to a satisfactory standard	Assets maintenance program achieved and meets budget (\$11.5m) Asset Maintenance Ratio achieved 100.9%
Lease out Council's Administration Building at 828 Pacific Highway, Gordon and fund repayment of Infrastructure loan from rental income	Achieve estimated percentage of occupancy as per targets in LTFP
Discharge Infrastructure debt as per repayment schedule identified in the LTFP from known sources of repayment (rental income from 828 Pacific Hwy)	Loan discharged as per budget Improved Debt Service Ratio Lower loan liability
Reduce borrowing cost by investigating refinancing options to leverage most competitive interest rates.	Reduced external debt Improved operating surplus
Redefine service levels and service standards to assess exact costs of services and justify provision of services. Results of service level review integrated into budget development process	Service levels and standards reviewed and documented by 30 June 2016
Undertake Stage 2 of Fees & Charges review and benchmarking Council's fees and charges with significant revenue earnings against neighbouring Councils	Fees and charges with significant revenue earnings increased to comparative benchmarks

	Improved Sustainability Ratios
Maximise interest earnings on Council's Investments portfolio : proactively monitor Council's cash flow on a daily basis and invest surplus funds in investments products permitted by Council's Investments Policy	Investments Portfolio achieves or outperform industry benchmarks Interest on investments meets budget (\$4.2m)
Deliver and report on completion of capital works program and major projects program as identified in the Capital works budget and LTFP	Total of \$47.6 m of capital works delivered in 2015/16
<p>Monitor Operational and Capital Budget to meet all key financial sustainability tests identified in the LTFP:</p> <ul style="list-style-type: none"> <li>• Monitor Operating Expenditure and Revenue against budget on a monthly basis</li> <li>• Report on budget variations to senior management on a monthly basis and quarterly to Council</li> <li>• Monitor capital works program against budget</li> </ul>	<p>Operating surplus ( excluding Capital income) achieved as budgeted (\$9.071m)</p> <p>Key Financial Indicators achieved</p> <p>Working Capital achieved(\$4.6m)</p> <p>Quarterly budget reports adopted by Council</p>
Monitor and maintain Depreciation Expense to accurately account for consumption in assets useful lives as identified in the Assets Management Strategy (AMS) and Asset Management Plans (AMP)	Depreciation is correctly charged against different classes of assets

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

Appendix F of the attached Fit for the Future Improvement Proposal includes a detailed Improvement Action Plan. Financial modelling is integrated within Council's LTFP.

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

*For example, who was involved, any external assistance, consultation or collaboration, and how the council has reviewed and approved the plan.*

Council established an internal steering group comprising representatives from each department to develop the Fit for the Future strategies and actions. Councillors have been engaged in the process via workshops and briefings. External assistance has been utilised from various consultants including Morrison Low (infrastructure asset review) and Micromex Research (demographically representative sample survey). The significant actions in the action plan were included in the draft Delivery Program and Operational Plan that was reported to Council on 28 April 2015 and subsequently publically exhibited before being adopted on 23 June 2015. The Action Plan was also formally approved at the Council Meeting on 23 June 2015.

### 3.5 Other actions considered

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

*For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards.*

#### **Merger Options Considered**

Council investigated possible mergers with Hornsby, Willoughby, Ryde, Warringah and Pittwater councils. As the Independent Local Government Review Panel recommendation was to merge with Hornsby Shire Council, along with the fact that Hornsby has indicated a preference to merge as recommended, more detailed analysis was undertaken for this option.

#### ***Hornsby Shire Council***

Ku-ring-gai Council wrote to Hornsby Shire Council on 21 November 2014 seeking to discuss merger options. Subsequently both Councils participated in a facilitated merger discussion. The facilitator was Morrison Low (consultants) engaged via the Office of Local Government. Meetings were first held between the consultant and each council, and subsequently a joint meeting was held on Tuesday 7 April 2015. The facilitator's Final Report from the joint facilitation meeting is included as an appendix to the attached detailed Fit for the Future Improvement proposal. The report identifies a contrasting approach between the two councils. Hornsby showed positive support for a merger with Ku-ring-gai or another council as they are of the general view that mergers would lead to improved local government. Ku-ring-gai, while happy to discuss merger options, had identified numerous concerns about a merger. These were acknowledged as real issues by the Hornsby Mayor and Councillors, however were not able to offer any practical solutions that would address the concerns.

For the reasons set out elsewhere in this template, Ku-ring-gai Council resolved not to pursue a merger with Hornsby as it would be highly unfavourable for Ku-ring-gai's residents and ratepayers.

#### ***Willoughby Council***

Ku-ring-gai Council wrote to Willoughby Council on 21 November 2014 seeking to discuss merger options. Subsequently Ku-ring-gai Council's Mayor and General Manager met with Willoughby Council's Mayor and Acting General Manager on 10 December 2014.

On 9 March 2015, Willoughby Council resolved as follows (in part):

*Council resolves not to progress potential merger conversations with Ku-ring-gai Council at this time.*

An assessment of the issues arising from a possible merger with Willoughby Council was prepared by Ku-ring-gai staff and presented at a Councillor workshop and Council Meeting. A summary of major issues identified in the preliminary analysis is provided below:

- 60% of financial ratios would deteriorate.
- Residential rates would decrease in the former Ku-ring-gai area.



- Willoughby Council has a high level of debt.
- Although Willoughby has a lower asset renewal backlog than Ku-ring-gai it has inferior ongoing asset maintenance and asset renewal ratios.
- Decreased representation for residents overall although Ku-ring-gai would have a majority of elected councillors due to its larger population.
- The age structure of the combined Ku-ring-gai and Willoughby areas would provide a greater population mix across all age groups. Willoughby is significantly more culturally diverse.
- Increased access to modern facilities such as The Concourse.

### ***Ryde Council***

Ku-ring-gai Council wrote to Ryde Council on 21 November 2014 seeking to discuss merger options. Ryde Council has subsequently resolved to reaffirm its rejection of the Independent Local Government Review Panel's recommendation and to complete an Improvement Proposal.

An assessment of the issues arising from a possible merger with Ryde Council was prepared by Ku-ring-gai staff and presented at a Councillor workshop and Council Meeting. A summary of major issues identified in the preliminary analysis is provided below:

- 60% of financial ratios would deteriorate, ie Operating result, Own Source Revenue. Capital expenditure per capita would decrease.
- Residential rates would decrease in the former Ku-ring-gai area.
- Ryde has a lower asset backlog value and higher renewal ratio but less is spent on maintenance and new capital than Ku-ring-gai.
- Decreased representation for residents overall. Similar populations mean that elected councillor numbers should be balanced.
- Ryde has a strong peak among student age groups and larger young working population
- Current shortfall in overall community facilities provision but with access to modern mixed use hubs.

### ***Warringah Council***

Ku-ring-gai Council wrote to Warringah Council on 21 November 2014 seeking to discuss merger options. Subsequently Ku-ring-gai Council's Mayor and General Manager met with Warringah Council's Deputy Mayor and General Manager on 12 December 2014. Warringah Council is currently pursuing a merger with Manly and Pittwater Councils.

An assessment of the issues arising from a possible merger with Warringah Council was prepared by Ku-ring-gai staff and presented at a Councillor workshop and Council Meeting. A summary of major issues identified in the preliminary analysis is provided below:

- 90% of financial ratios would improve, increased revenue per capita, debt servicing improves due to Warringah being debt-free.
- Warringah has a lower asset backlog and invests more into renewal and maintenance
- Impact on rates is not likely to be significant.
- Decreased representation for residents overall and Ku-ring-gai would have a minority of elected councillors due to its smaller

population compared to Warringah.

- Similar demographic profile age structure, households, qualifications and levels of housing tenure and stability.
- Topography creates a major barrier between the communities
- Significant increase to overall amount of bushland will mean service levels could potentially drop significantly for Ku-ring-gai's reserves. Coastal management also considered costly.
- Accessibility of facilities for Ku-ring-gai residents problematic due to travel distance.

### ***Pittwater Council***

Ku-ring-gai Council wrote to Pittwater Council on 21 November 2014 seeking to discuss merger options. Subsequently Pittwater Council has resolved to remain as they are without any boundary changes.

An assessment of the issues arising from a possible merger with Pittwater Council was prepared by Ku-ring-gai staff and presented at a Councillor workshop and Council Meeting. A summary of major issues identified in the preliminary analysis is provided below:

- 40% financial ratios would deteriorate, similar capital expenditure per capita, no change in working capital.
- Lower backlog value and more invested into new capital, renewal and maintenance
- Impact on rates is not likely to be significant.
- Decreased representation for residents overall although Ku-ring-gai would have a majority of elected councillors due to its larger population.
- Similar demographic profile, age structure, households and levels of housing tenure and stability. Lack of community cohesion - no shared boundary with Ku-ring-gai.
- Accessibility of facilities for Ku-ring-gai residents problematic due to travel distance.

### **Joint Organisations, Resource and Services Sharing**

The Independent Local Government Review Panel identified a Joint Organisation as an alternative to amalgamation for Ku-ring-gai and Hornsby Councils. Ku-ring-gai Council participated in discussions with the North Shore Councils Alliance in relation to developing models for a Joint Organisation. It was considered that a Joint Organisation could assist in strategic planning, advocacy and service delivery. However in the absence of State Government support for the provision of Joint Organisations in metropolitan areas it was not practical to pursue this option in the short timeframe available to submit a Fit for the Future proposal. If a consistent approach to the framework, structure and legislative basis of Joint Organisations for metropolitan councils was able to be developed with the support of the State Government, Ku-ring-gai Council would be an active participant.

Ku-ring-gai Council is currently widely engaged in sharing resources and services. Council participates in numerous joint procurement activities through NSROC, SHOROC and LG Procurement. Ku-ring-gai Council is currently the lead council in a regional waste tender. Council is a member of a shared service for the provision of Internal Audit Services amongst seven north shore councils. Further expansion of shared services arrangements via Joint Organisations would be supported by Ku-ring-gai Council.

### **Other Improvement Options Considered**

Council's adopted Integrated Planning and Reporting documents ensure that Council will meet all Fit for the Future benchmarks by 2016/17. This has been achieved by incorporating the strategies and actions identified in this template into the Operational Plan, Delivery Program and Long Term Financial Plan.

Council has considered a range of other options as follows:

- Apply for a special rate variation – not pursued at this point in time as Council meets all Fit for the Future benchmarks.
- Reduce services – not pursued at this point in time as Council already meets all Fit for the Future benchmarks. However a review of all Council services will be undertaken over 2015/16 to 2016/17.
- Introduce parking meters which would generate additional revenue along with improvements to parking demand management – not pursued at this point in time as Council meets all Fit for the Future benchmarks. However a review of the costs and benefits of parking meters will be conducted in 2015/16.
- Divestment of part of Gordon Golf Course - not pursued at this point in time as Council meets all Fit for the Future benchmarks. However a master planning process is currently underway that may identify future opportunities for divestment and revenue generation.

## 4. How will your plan improve performance?

### 4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	2%	2.3%	3.5%	4.5%	5.2%	4.9%	Yes
<b>Own Source Revenue</b> Ratio (Greater than 60% average over 3 years)	83.4%	82.6%	81.4%	74.2%	72.4%	71.7%	Yes
<b>Building and Infrastructure Asset Renewal</b> Ratio (Greater than 100% average over 3 years)	102%	106.4%	125.7%	157.3%	136.3%	118.3%	Yes
<b>Infrastructure Backlog Ratio</b> (Greater than 2%)	6.4%	4.1%	2.0%	0.5%	0.5%	0.2%	Yes
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	100.2%	100.9%	104.7%	105.4%	104.4%	103.1%	Yes
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	9.0%	7.0%	6.8%	3.2%	3.9%	4.5%	Yes
<b>Real Operating Expenditure per capita</b> A decrease in Real Operating Expenditure per capita over time	\$900	\$891	\$877	\$864	\$855	\$849	Yes

## 4.1 Expected improvement in performance

If, after implementing your plan, your council may still not achieve all of the Fit for the Future benchmarks, please explain the likely reasons why.

*For example, historical constraints, trade-offs between criteria, longer time required.*

Ku-ring-gai Council meets all Fit for the Future benchmarks by 2016/17, which are maintained or improved thereafter.

## 5. Putting your plan into action

How will your council implement your Improvement Action Plan?

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

The Improvement action plan is incorporated into Council's suite of Integrated Planning and Reporting documents. The detailed Improvement Action Plan provided in Appendix F of the Improvement Proposal clearly identifies the linkages to the Community Strategic Plan, Delivery Program and Operational Plan.

The detailed Improvement Action Plan identifies the officers responsible for implementing all strategies and actions. Council has established an internal steering group comprising representatives from each department to monitor the implementation process. Progress on implementation of the Improvement Action Plan will be reported twice a year to a formal Council Meeting open to the public and will be coordinated in conjunction with Integrated Planning and Reporting reviews.