

2015

Forbes Shire Council

Fit for the Future Submission
Scale and Capacity

Appendix 2



Forbes Shire Council
30 June 2015



Scale and Capacity

With the onus on Forbes Shire Council (FSC) to demonstrate how it meets the strategic capacity requirements, the following detail addresses each of the elements of strategic capacity, as set out in the Independent Local Government Review Panel (ILGRP) Final Report.

More robust revenue base and increased discretionary spending

FSC appreciates the importance of a robust revenue base to afford the level of discretionary spending required to provide the services to meet the needs of the Forbes community and ensure its future sustainability.

FSC's 2013/14 Own Source Revenue ratio was 83%, forecasted to continue to increase over the forecasted period to 85% in 2019/20 (the actual annual ratio for 2019/20 is 87%). This significantly exceeds the Fit for the Future (FFF) benchmark of 60% and is attributable, in the most part, to FSC's successful and diverse business operations. In 2010 Council commenced building a business portfolio to increase discretionary income over time by purchasing the Apex Riverside Tourist Park (Caravan Park) from a community service organisation for \$150,000. The organisation was then required to invest \$100,000 of this money back into the community through projects and initiatives approved by both Council and the organisation. Additionally, Council was also the owner of nine residential units that were the subject of a contamination case in 1998. After winning the case Council commenced a plan of management in 2009/10 to bring the units back to useable residential space to provide living for over 55s and provide a rental income stream to Council.

Council's businesses include the Central West Livestock Exchange (the saleyard annually contributes \$4.2M of Forbes' \$398.3M Gross Regional Product), Forbes Apex Riverside Tourist Park, Forbes Aerodrome and residential and commercial property portfolio (JREC: short and longer term accommodation; Union Street complex: 9 residential units; Prince St units: 2 residential units for exclusive use by medical professionals as a means to attract doctors; and a residential dwelling).

FSC is a preferred supplier with NSW Roads and Maritime Services, undertaking significant contractor works on state roads and Block Grant works on regional roads (including works outside the Forbes LGA) which also contributes to our high level of own source revenue. On average, over the past 5 years these works have been to the value of \$3.7M per annum (contractor works) and \$990K per annum (block grant works).

FSC is working through functional and process reviews along with the review and refinement of business plans, to ensure the growth potential of its businesses are realised through increased revenue growth, reinvestment back into organisational assets, improved service levels through realised efficiencies, and to identify and invest in additional business investment opportunities including residential and industrial estates (as outlined in the Improvement Plan).

Whilst population figures from Department of Planning and Environment report a declining population to 2031 (from 9,471 in 2011 to 9,200 in 2031) these numbers are in contrast to Australian Bureau of Statistics (ABS) estimate figures which show a 1.06% increase from 2013/14 resulting in a population of 9,759 at June 2014. Continued growth at this rate will see the population of Forbes exceed 10,000 by June 2017. FSC has experienced a steady increase in rateable assessments (1.3% over the past 5 years). Stable growth is also evident in our local economy with a steady flow of new businesses into the community including two national retailers, a leading Australian designer/manufacturer of agricultural equipment, a national modular and transportable building supplier, and a number of small to medium sized manufacturing and service businesses relocating to Forbes.

Like most councils today, FSC delivers more than the “roads, rates and rubbish” expected from councils in the past. FSC provides considerable community services and infrastructure, undertakes substantial promotional activity and has made significant investment in economic development.

Over the past decade FSC has contributed, through a combination of own source, grant and loan funds, over \$45M to major projects including the construction of the Medical Centre in 2010, the new Central West Livestock Facility (in three stages from 2004 to 2012) and the Forbes Homemaker Centre in 2013/14.

Scope to undertake new functions and major projects

FSC has undertaken a number of new functions and major projects in response to community needs and expectations including the addition of dedicated resources focussed on grants, communications and marketing functions. Since the establishment, in partnership with funding from NorthParkes Mines, of its grants assistance function in 2013, FSC has assisted in securing \$4M in grant funding for the Forbes community to support important community initiatives that may otherwise not have progressed.

FSC has taken a strategic approach to responsible financial management and long term sustainability over the last 10-15 years. In this time FSC has consolidated debt to secure lower rates and fees; identified savings by scrutinising budget reviews over time; and developed a savings program to fund annual transfers (minimum \$500k per annum) to a strategic asset reserve. This reserve transfer began over 10 years ago in anticipation of addressing the infrastructure backlog and ongoing renewal needs of the organisation, as well as to fund major projects in the pipeline (a number of which are listed below). This strategy has enabled FSC to progressively update, renew and replace assets over time through a mixture of internal funds, debt and grant funding. Over this period FSC has also worked on a balanced budget methodology, and is moving to a surplus budget goal from 2015/16 onwards as part of the focus to improve future sustainability.

Over the last 10 years FSC has successfully delivered, within both timeframes and budgets, a number of major capital projects including residential and industrial land developments including the York Street Residential Estate (\$1.3M – internal funds) and Landrace and Central West Industrial Estates (\$1.5M and \$1.4M to date respectively – internal funds), upgrade of the Forbes Town Olympic Pool (\$1.5M – internal funds), development of the Central West Livestock Exchange (\$27.7M over three stages – combination of debt and internal funds), development of the Forbes health precinct through the purchase and refurbishment of the Jemalong Regional Education Centre (\$300K – internal funds) and construction of the Medical Centre (\$2.7M - combination of internal and grant funding), Forbes Homemaker Centre (\$16M – combination of internal funds and debt), new water treatment plant backwash facility (\$2.3M – internal and grant funds), new sewer augmentation works (\$8.3M – combination of internal, grant and debt funds), refurbishment of the Union Street units (\$350K – internal funds), upgrades of the northern (\$4.3M – combination of internal and grant funds) and southern (\$2.3M – combination of internal and grant funds) road bypasses, refurbishment of the Forbes Town Library (\$200K – combination of internal and grant funds). Council is also in the planning stages of the Morton Street residential estate and further stages of the existing industrial estates. FSC’s capacity to handle significant projects is evidenced through the successful delivery of this diverse range of both large and major projects.

Effective contract and project management underpin the capacity to deliver major projects successfully and as part of the review of internal processes FSC’s internal auditor has recently reviewed the organisation’s contract and project management processes. FSC is currently working through the recommendations to improve contract and project management frameworks, to further build capacity and realise efficiencies, so that it can continue to undertake new functions and major projects.

Ability to employ a wider range of skilled staff

FSC has a proven record for recruiting and retaining appropriately skilled professional and non-professional staff across the whole of Council. FSC is one of the largest employers in the Forbes LGA with 127 full time equivalent staff. The diversity in professional roles, coupled with the generous training and development opportunities, work life balance and attractive remuneration packages, make FSC an employer of choice in the region.

FSC's Executive Staff all hold relevant tertiary qualifications, including postgraduate qualifications, and are members of their relevant professional associations with Council's General Manager also being a qualified Company Director and Council's Responsible Accounting Officer a qualified Chartered Accountant. There is a wealth of accumulated experience across the Executive Staff including other levels of government and the private sector.

FSC's professional staff hold degrees and/or diplomas in their relevant fields and are members of the relevant professional bodies where appropriate. A number of staff, in addition to trainees, are progressing through tertiary qualifications, which would enable advancement beyond their current roles.

Acknowledging the skills shortages across professions and in regional areas, FSC has long since recognised the importance of growing from within and has incorporated this within its Workforce Plan. Council currently has 8 traineeships in place and a generous Training and Development Policy to support career development and advancement.

As an example, in the last 10 year period Council has supported 6 trainees to become qualified building surveyors, engineers, information technology professionals and store persons.

Council is also a member of LGNSW who, in addition to representing the views of councils to the NSW and Australian Governments, undertakes research and advocacy on behalf of councils and provides assistance in areas that complement the skills of Council including: industrial relations, procurement, training and other specialist services; organise relevant conferences and events; and promote NSW councils to the wider community.

Knowledge, creativity and innovation

FSC's workforce covers a large range of ages from 18 to 65; this fosters a diverse range of knowledge and experience working together across the organisation, from newly qualified staff, with fresh ideas and perspectives, to greatly experienced. This combination is valued in our organisation for the benefits it can bring to improving our processes and ensuring institutional knowledge is shared and retained. Council is focussed on capitalising on this diversity by ensuring effective mentoring and succession planning is in place and embedded in our performance management framework.

Knowledge is also safeguarded through Council's Records Management policies, procedures and systems. Council recognised the importance of this function through the employment of a dedicated records officer in 2013 and has since worked to improve its records systems and processes to ensure best practise and best value. The final report of the recent internal audit review of records management is in the process of being finalised, prior to assessment by Council's Audit Committee.

FSC is committed to fostering a community that continues to grow and prosper through effective leadership, provision of sustainable services and promotion of economic development opportunities. As noted previously, Council has invested in dedicated resources to provide assistance both internally and to the community at large, including building capacity within the community through Council's Grants Officer, to access grant funding to enable initiatives to progress.

Council is proud of the creative and innovative approach it has historically taken in addressing challenges. In 2004 Council realised there was a shortage of health professionals in the community and resolved to introduce a financial incentive scheme to attract doctors and registered nurses. Attracting doctors is a challenge for most rural areas and FSC's initiatives have successfully addressed the shortages briefly experienced, and contributed to the strong levels of medical professionals currently working in our community. Apart from providing subsidised accommodation to trainee doctors (through its residential portfolio), Council has made 14 payments under its incentive scheme (totalling \$61K) to doctors, registered nurses and midwives to relocate to Forbes.

In 2010, after one of the two local doctor's surgeries was destroyed by fire, Council worked collaboratively with local health professionals from both surgeries, with the assistance of Federal government funding, to develop and construct one, combined "walk-in walk-out" medical centre (Forbes Apex Medical Centre). This financial model was set up to attract and retain doctors to Forbes by removing the significant capital outlays typically associated with doctors setting up or joining a practice. This initiative not only facilitated the retention of the existing medical practitioners but has also been the catalyst for the development of a medical precinct that attracts numerous specialists and training doctors to the Forbes community. The medical precinct has expanded to include the conversion of the former Jemalong Retirement Village to short and longer term accommodation to be utilised by health and allied workers and tertiary students on practical placement. This has benefited both the community and NSW Health by accommodating their locums and also provided a site to re-locate services during the upgrade of the Forbes Hospital during 2014 and 2015.

As noted previously, Council has been innovative in addressing the issues presented by skills shortages by identifying the importance of 'growing our own' professionals. Council has successfully developed 6 trainees to become qualified building surveyors, engineers, information technology professionals and store persons, with the added benefit of encouraging youth retention in Forbes.

FSC has also implemented innovative processes to enhance and improve on past practices including:

- Online staff recruitment process
- Implementing online development application process
- Regional procurement review
- Regional asset valuations
- Online training process which assisted in improving accessibility to training and improved productivity eg. outdoor staff can access training during wet periods making down time productive
- Regional approach to Information and Communication Technology strategic planning and purchasing through Centroc
- Regional planning initiatives such as Regional Water Plan and Waste Plans
- Planning to implement online performance management module in 2015/16.

FSC's initiatives and efforts have also been recognised through a number of awards recognising excellence and innovation including:

- 2014 – IPWEA Engineering Excellence Awards – Local Government Excellence in Road Safety – Free Cuppa Joe the Driver Scheme
- 2014 – NSW Youth Week Awards Forbes Youth Advisory Committee/Spectacular Screening
- 2014 – Forbes Heritage Medal – Restoration of the Forbes Town Hall
- 2013 – LGNSW's RH Dougherty Award – Crisis Communication during March 2012 Floods
- 2013 – Australian Property Institute – JREC development and Health Precinct

- 2013 – Minister’s Award for Women in Local Government: Women in a Non-Traditional Role – Rural or Regional Council - Highly Commended to Jane Simmons, Council’s Survey & Design Trainee
- 2012 – Forbes Heritage Medal – Restoration of the 1919 Bates Bridge instead of demolish and replace
- 2007 – IPWEA Engineering Excellence Awards – Highly Commended – New or Improved Techniques – Construction of Pavey’s Red Bend Road

Advanced skills in strategic planning and policy development

FSC undertook extensive community consultation in 2011/12 to inform its first Community Strategic Plan under the new Integrated Planning and Reporting Framework. This key document formed the basis for Council’s core set of planning documents. Council has developed and maintains a number of strategic planning and policy documents created to ensure the most efficient use of Council’s resources both in day-to-day operations and the achievement of longer-term goals identified in the Community Strategic Plan.

Council’s strategic documents guiding the delivery of community goals and objectives include

- Asset Management Plan – Buildings and Other Structures
- Asset Management Plan – Drainage
- Asset Management Plan – Recreation
- Asset Management Plan – Sewer
- Asset Management Plan – Transport
- Asset Management Plan – Water
- Business Continuity Plan
- Community Engagement Plan
- Forbes Shire Local DISPLAN
- CWLE Disaster Recovery Plan
- Development Control Plan
- Local Environment Plan
- Enterprise Risk Management Plan
- Growth Management Strategy
- Regional Environmental Sustainability Action Plan
- Forbes Airport Master Plan
- Floodplain Management Plan
- Strategic Business Plan – Water and Sewer
- Youth Strategic Plan
- Forbes Shire Social Plan
- Forbes Shire Cultural Plan
- Economic Development Plan
- CWLE Marketing Plan
- Apex Riverside Tourist Park Marketing Plan
- JREC Business Plan

Council is currently developing the ICT Strategic Plan through a Centroc contract, anticipated to be considered by Council for adoption in the first quarter of 2015/16.

Council maintains a suite of policies to ensure statutory and best practice compliance across Council’s functions. Council’s internal auditor reviewed Council’s policy process in 2013 and recommended improvements to strengthen the framework, which have since been implemented.

Effective regional collaboration

As a rural council, FSC excels in identifying ways to work collaboratively across the region to share information, and deliver and access services cost effectively through participation in regional and resource sharing initiatives.

FSC is a member of the Central West Region of Councils (Centroc), which is a section 355 Committee of Forbes Shire Council. Centroc comprises fifteen local government areas located in the central west of NSW; covering an area of 70,000 square kilometres with a population of over 220,000 people. Centroc's main objectives include advocacy for the region, both in support of individual members and for projects of regional significance, and to improve services to member communities through collaboration that brings cost savings through group purchasing and efficiencies through sharing information.

Examples of advocacy success include Bells Line Expressway with Centroc having attained membership of the intergovernmental Steering Committee for the Long Term Strategic Corridor for the Bells Line Expressway - a \$230M upgrade for Mount Victoria-Hartley, and \$43M safety upgrade has been announced as a result of this study.

Centroc lodged a successful Expression of Interest to become a Pilot Joint Organisation as part of the local government reform program and is well positioned to transition into a regional entity providing advocacy, planning, grant writing, strategic and operational support services for members. It is already delivering a significant amount of this work, for example it secured funding through the Community Energy Efficiency Program, coordinated a procurement review, regionally procured shared service arrangements for sewer main smoke testing, CCTV assessment of gravity sewer mains and pipe relining – FSC has achieved cost savings through participation of all of these activities..

Through its Centroc participation FSC has benefited from numerous regional projects and contracts and realised savings including Internal Audit contract, training program, compliance and cost savings program, Community Energy Efficiency Program Rounds 1 (energy efficient lighting) and 2 (pipe relining, manhole rectification and a water loss management mentoring program).

FSC is also a member of the Mid-Lachlan Alliance consisting of Forbes, Parkes, Lachlan and Weddin Shire Councils, which is positioned to respond to imminent issues of our region such as the drought assistance lobbying (undertaken previously), as well as collaborating on staff, resources, asset or consultancy initiatives.

Council participates in a number of regional initiatives including:

- Member of Central West Libraries – access to increased service levels, larger book stock, wider range of programs
- Chair of Centroc Regional Directors of Corporate Services
- Member of Centroc's Central West Water Utilities Alliance
- Roads Safety Officer – employment costs shared with Parkes and Lachlan Shire Councils
- Provide services to neighbouring councils when required eg. building inspections
- Participated in the joint regional tender and procurement programs eg. Internal Audit, electricity contract, Code of Conduct Review Panel, ICT Strategic
- Centroc Regional Water Plan
- Member of Netwaste and member of Steering Committee – voluntary waste board funded by EPA which provides community educational programs, research resources and coordination of tenders for members' waste services.
- Member of Contamination Central – looks at land contamination issues; provide training services and updates in practises and procedures.
- Member of Salinity and Water Quality Alliance

- Member of Environmental Development and Allied Professionals Committee
- Access to targeted training through Environmental Development and Allied Professionals
- Local Interagency Groups
- Board Member of Parkes/Forbes Business Enterprise Centre
- Board Member Central NSW Tourism
- Member of Steering Committee of Central West Planners Group.

Credibility for more effective advocacy

FSC has a strong record of success in regional advocacy having achieved successful outcomes with the northern (\$4.3M) and southern (\$2.3M) road bypass upgrade, the upgrade and retention of services of the Forbes Hospital (\$42M) and funding for the redevelopment of the Forbes Preschool.

Council's capacity and credibility for effective advocacy is supported through current and former roles of elected members, for example FSC's current Mayor was elected to the Inaugural Board of Local Government NSW in 2013 (to present) and is a Senior Board Member to the Senior Executive Group; the Deputy Mayor is a Board Member of the Australian Livestock Marketing Association; and Council also has representation on the Lachlan Darling Association and the Lachlan Irrigation Research and Advisory Council Inc. Council's Mayor was formerly a Chair of Centroc, NSW Director of Australian Local Government Association, elected E Division Shire Association Representative, President and Vice President of Shires Association of NSW.

Through FSC's participation in Centroc and other relationships developed through various board and committee memberships, Council has access to various State and Federal Ministers which facilitates direct advocacy opportunities. Council maintains a good working relationship with its local members.

FSC is a member of the NSW Police Force Lachlan Area Command Precinct Group, Small Business Friendly Group of Council's initiative and a long-time member of the Forbes Business Chamber. Council is currently advocating for 24 hour police services during times of peak activity. Council is also a member of LGNSW, who represent the views of councils to the NSW and Australian Governments and undertake research and advocacy on behalf of councils.

Capable partner for State and Federal Agencies

FSC has developed strong working relationships with numerous State and Federal agencies over many years, as evidenced by our ability to attract grant funding from both tiers of government to deliver services and infrastructure (as described earlier in this Appendix).

Council has also worked collaboratively with other levels of government, including:

- Council's General Manager is a member of the Department of Premier and Cabinet Senior Leaders Network of NSW working on cross agency issues in the region.
- Council is a preferred supplier of NSW Roads and Maritime Services (RMS) – in 2014/15 undertook contract works in the Weddin Shire for construction of overtaking lanes on the Newell Highway (\$1.5M).
- Council's Director of Engineering is a member of Regional RMS Consultative Committee working on the regional allocation of repair grant funding.
- Council is participating in the Fixing Country Roads Pilot Project prior to the finalisation of this State Government program.
- Council is partnering with the Environment Protection Authority (EPA) to manage a recent local sodium spill in the LGA including the issuing of orders on their behalf.

- Council worked with the Department of Planning and Environment to develop its Local Environmental Plan and received grants through the Department of Local Government to undertake this work and utilise the expertise of consultants.
- Council has recently been successful in securing a number of waste grants through the EPA under the Environmental Improvements to Rural Landfills, Implement Organics Collection System, Community Recycling Centre, and Illegal Dumping - Collection of Baseline Data programs.

Resources to cope with complex and unexpected change

Council has demonstrated it has the resources to successfully cope with complex and unexpected change and this is supported through its Business Continuity Plan. Council is in the process of developing its Disaster Recovery Plan, to further strengthen its capacity to respond and manage complex and unexpected change.

In 2012, Council internally resourced the General Manager position during part of the period of vacancy in the role whilst maintaining service levels and operational capacity.

Council has also successfully managed two flood events in the Forbes LGA in 2010 and 2012. Council effectively maintained services whilst providing crucial participation in the Local Emergency Management Committee (which included numerous State Government agencies) and acting as first point of contact for media and community enquiries. Council quickly responded to the community's need for information by implementing a SMS news alert system; FSC was commended for its communication efforts by receiving the 2013 RG Dougherty Award for crisis communication response during the March 2012 floods. Council undertook extensive damage assessment and repair works in the wake of the floods, \$543K in relation to the 2010 flood and \$3.1M for 2012.

In early 2015 Council was required to hold a by-election to fill a casual vacancy. Due to the timing of the NSW State Election, the NSW Electoral Commission was not in a position to conduct the by-election within Council's timeframe. Council therefore resolved to conduct its own by-election. With limited assistance Council successfully delivered the by-election which involved the development of manuals and materials, processes, and staffing. The by-election was delivered for approximately 30% less than the anticipated 2016 local government election cost.

Following 10 years of sustained drought (2000-2010) many rural farming families left the land and the region. This was an emotionally as well as financially challenging time for rural LGAs such as Forbes and from this Council identified the importance of diversifying industry within the local economy to relieve the historical reliance on the primary production. Council's focus on attracting retail and manufacturing investment into the town has been a result of this experience.

FSC has also addressed the issue of water security through the investment of three artesian wells (bores) to ensure access to a water supply for the town when our primary source of water, Wyangala Dam stops flowing. In addition to this Council has installed a high flow standpipe which will provide access to large volume water carting to rural areas in surrounding LGAs in times of need.

High quality political managerial leadership

Sustainable local government requires high quality political and managerial leadership. Leadership of the organisation sets the foundation for the quality of output and outcomes of Council. FSC has a highly skilled and qualified Executive Management team with experience across a broad range of businesses including the public, private and local government sectors. Council's current General Manager is a former Director General in the NSW Government and all Directors are highly experienced within their areas of operation and are committed to continued professional

development, both in their areas of specialisation as well as leadership and managerial development. Two Executive Staff members hold Masters of Business Administration postgraduate degrees and one is currently progressing through this qualification. All of the Executive Staff have participated in training, coaching and mentoring programs in effective leadership to support a strategic approach and manage people for efficient and effective outcomes.

Council's elected members are a mix of long-term, first and second term councillors bringing an array of different experiences, skills and perspectives to FSC. The combination has enhanced Council's ability to be innovative and progressive as evidenced in the progress made in delivering on the community's goals and objectives as stated in the Community Strategic Plan.

Current elected members have experience across local government and community roles, which enhance their ability to contribute to the strategic direction of FSC. Roles include:

- Current Board Member of Local Government NSW
- Past Vice President of Shires Association of NSW
- Past President of Shires Association of NSW
- Board Member Shires Association of NSW
- Past Member of Local Government and Shires Associations' Committees including Community Planning and Services, Finance and Economic Development, Water Supply and Resources, LGSA Housing Reference Group, Roads and Transport Committee, Industrial Panel Committee Joint Committee
- Member Native Vegetation Advisory Council
- Member Department of Infrastructure, Planning & Natural Resources, Local Government Liaison Committee
- Member Roads and Traffic Authority Liaison Committee
- Member State Catchment Management Coordinating Committee
- Member Central Establishment Team for Catchment Management
- Member Water Advisory Council
- Member of Lachlan Catchment Management Board
- Member Department of Environment and Conservation Liaison Committee
- Past Member Australian Rural Health Research Collaboration Advisory Board
- Member of NSW Meat Industry Consultative Council
- Member of the Murray Darling Basin Commission Community Advisory Committee
- Member Natural Resources Advisory Council
- Past Chair of Inaugural Local Government Food Authority Forum
- Past Director StateCover Mutual Board
- Past Chair StateCover Mutual Board
- Past Chair of Centroc
- NSW Director, Australian Local Government Association
- ALGA Representative Natural Resources Management Ministerial Council
- Chair of Forbes-Parks Community Tenancy Scheme
- Vice Chair Parkes/Forbes Business Enterprise Centre
- Member of Murray Darling Association
- Member Lachlan Valley Noxious Plants Advisory Committee
- Member Lachlan Irrigation Research and Advisory Council Inc
- Chair Forbes Jemalong Aged Peoples Association
- Board Member of Australian Livestock Marketing Association.