

2015

# Forbes Shire Council

**Fit for the Future**

**Detailed Action Plan**

**Appendix 8**



Forbes Shire Council  
30 June 2015





# FORBES SHIRE COUNCIL

## Fit for the Future Detailed Action Plan

### Detailed Action Plan

*Note: Council's entire suite of strategies for improvement are covered in greater detail in the attached Delivery Program*

Action 1: Full review of asset management practices	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Review Forbes Shire Council Asset Management Strategy.	●			
Finalise Special Schedule 7 review for external financial audit.	●			
Finalise Roads, Bridges, Footpaths, Stormwater Drainage and related infrastructure valuations including condition assessments and review of remaining useful lives.	●			
Undertake review of current Roads, Bridges, Footpaths, Stormwater Drainage and related infrastructure Asset Management Plans including integration of forward capital works programs with Long Term Financial Plan from 2016/17.	●			
Undertake Community Land and other assets and land improvements valuation including condition assessments and review of remaining useful lives – finalise for 2016 financial audit.	●			
Undertake review of current Community Land and other assets and land improvements Asset Management Plans including integration of forward capital works programs with Long Term Financial Plan from 2016/17.	●			
Undertake review of current Water and Sewerage Asset Management Plans (it is noted the current Asset Management Plans are integrated with the Long Term Financial Plan however the review will ensure any changes are reflected).		●		
Undertake Water and Sewerage asset valuations including update of condition assessments and review of remaining useful lives – finalise for 2017 audit.		●		
Undertake review of Property, Plant and Equipment, Operational Land and Buildings Asset Management Plans including integration of forward capital works programs with Long Term Financial Plan from 2017/18.			●	
Undertake Property, Plant and Equipment, Operational Land and Buildings valuations including condition assessments and review of remaining useful lives – finalise for 2018 audit.			●	
Council's LTFP has been amended to include the following assumptions (further to those assumptions incorporated within the base LTFP) arising from this strategy:				
<ul style="list-style-type: none"> <li>10% reduction (\$437K) in depreciation expense for Roads, Bridges, Footpaths, Stormwater Drainage and</li> </ul>				

related infrastructure – indicative reduction from current year review of asset condition assessments and remaining useful lives.

- Reduction in general fund infrastructure backlog from \$4.671M at 30 June 2014 to \$2.169M at 30 June 2015 – this figure will be finalised in conjunction with the 2015 external financial audit and is currently based on preliminary calculations informing Schedule 7.
- Infrastructure backlog is modelled to increase by CPI annually and current capital expenditure rates (based on historical actuals) will see the backlog decreased by approximately 20% annually.
- Capital works expenditure is expected to be maintained at current levels factored for the Local Government Cost Index of 2.5%.

Action 2: Review of commercial enterprises	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Develop organisational policy for commercial enterprises to ensure maximisation of returns.	●			
Review Central West Livestock Exchange Business Plan including Marketing Plan/Strategy.	●			
Implement Energy Efficiency Audit outcomes (as per detailed audit report).	●	●	●	●
Develop Operational Plans for community facilities - Swimming Pool.	●			
Develop Operational Plans for community facilities - JREC, Town Hall and Youth and Community Centre.		●		
Review Apex Riverside Tourist Park Business Plan including Marketing Plan/Strategy.		●		

Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy. Council anticipates increased revenue and cost savings to be realised as a result of these actions however at this early stage it is not in a position to accurately model these. The LTFP will be updated as progress is made.

Action 3: Review of Fees and Charges	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Schedule review of fees and charges categories for completion over 4 years maximum.	●	●	●	●
Roll-out Fees and Charges Register module within existing management software – module documents basis for calculating fees and charges and archives supporting calculations.	●			
Undertake review of fees and charges scheduled for 2015/16 for incorporation within 2016/17 Operational Plan. 2015/16 review will include Private Works – identified as a high risk area.	●			
Undertake review of fees and charges scheduled for 2016/17 for incorporation within 2017/18 Operational Plan.		●		
Undertake review of fees and charges scheduled for 2017/18 for incorporation within 2018/19 Operational Plan.			●	
Undertake review of fees and charges scheduled for 2018/19 for incorporation within 2019/20 Operational				●



# FORBES SHIRE COUNCIL

## Fit for the Future Detailed Action Plan

Plan.				
Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy. Council acknowledges there is an opportunity to increase revenue and realise cost savings as a result of these actions however at this early stage it is not in a position to accurately model these. The LTFP will be updated as progress is made.				
Action 4: Service and process review	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Continue to implement recommendations as outlined in the Forbes Shire Council Functional Review – including development of Best Value Review Program.	●			
Implement Contract and Project Management review recommendations – per Internal Audit report.	●			
Continue to progress Internal Audit Plan.	●	●	●	●
Procure services to assist in the organisation wide process review.	●			
Complete implementation of recommendations as outlined in the Forbes Shire Council Functional Review.		●		
Assess findings of organisation wide process review and develop plan to action findings and or recommendations.		●		
Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy. Council acknowledges there is an opportunity to increase revenue and realise cost savings as a result of these actions however also acknowledges that this strategy will likely also only identify operational efficiencies that can be realised through service improvements, productivity and reinvestment back into the functional area. At this early stage Council is not in a position to accurately model these. The LTFP will be updated as progress is made.				
Action 5: Procurement Roadmap Project	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Develop new procurement model and – Per ArcBlue Procurement Roadmap.	●			
Training and contract management development – Per ArcBlue Procurement Roadmap.		●		
Planning and new contract development – Per ArcBlue Procurement Roadmap.			●	
Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy. Council acknowledges there is an opportunity to realise cost savings and operational efficiencies as a result of these actions however at this early stage Council is not in a position to accurately model these. The LTFP will be updated as progress is made.				
Action 6: Review of current financing arrangements	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19
Review current financing arrangements to ensure best value (timing will also be dependent on finalisation of TCorp funding model).	●	●		
Develop internal loans policy and procedure.	●			
Ensure consideration for source of project funding includes debt funding and special rate variations as	●	●	●	●

well as internal funding, as part of the project development and assessment process.				
Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy. Council acknowledges there is an opportunity realise cost savings as a result of these actions however at this early stage Council is not in a position to accurately model these. The LTFP will be updated as progress is made.				
<b>Action 7: Review and define budget development process</b>	<b>Year 1 2015/16</b>	<b>Year 2 2016/17</b>	<b>Year 3 2017/18</b>	<b>Year 4 2018/19</b>
Continue to refine basis for operational revenue and expenditure forecasts.	●	●	●	●
Develop a procedure for proposal and assessment of major projects.	●			
Council's LTFP has been amended to include the following assumptions (further to those assumptions incorporated within the base LTFP) arising from this strategy:				
<ul style="list-style-type: none"> <li>Interest income on investments has been increased by \$180K per annum from 2015/16 – Council has identified the current budgeted figure has been understated, therefore to bring it in line with actual income received the budget has been conservatively increased.</li> <li>Revenue from the caravan park has been increased by \$20K per annum from 2015/16 – Council has identified the current budgeted figure has been understated, therefore to bring it in line with actual income received the budget has been conservatively increased.</li> <li>The LTFP will continue to be revised to reflect progress made through this strategy.</li> </ul>				
<b>Action 8: Review of Community Strategic Plan</b>	<b>Year 1 2015/16</b>	<b>Year 2 2016/17</b>	<b>Year 3 2017/18</b>	<b>Year 4 2018/19</b>
Develop plan for review of Community Strategic Plan 2013-2023 including appropriate community engagement following election of new Council in 2016.	●			
Undertake community survey to assess achievement of Delivery Program outcomes at the end of the current Council term and to set the baseline for the following term.		●		
Undertake appropriate community consultation to inform high level review of Community Strategic Plan 2013-2023.		●		
Council's LTFP assumptions have not been amended to reflect any adjustments arising as a result of this strategy.				

# FORBES SHIRE COUNCIL

## Fit for the Future Detailed Action Plan

Forbes Shire Council 10 Year Financial Plan for the Years ending 30 June 2025 INCOME STATEMENT - GENERAL FUND Scenario: Base Case											
	Current Year	Projected Years									
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	8,090,270	8,476,147	8,685,020	8,899,110	9,118,570	9,343,500	9,854,385	10,150,017	10,454,517	10,768,153	11,091,197
User Charges & Fees	5,411,430	7,967,440	8,196,800	8,543,230	8,894,470	9,233,560	9,788,923	10,082,591	10,385,068	10,696,620	11,017,519
Interest & Investment Revenue	420,000	420,000	600,000	600,000	600,000	600,000	474,000	516,660	563,159	613,844	669,090
Other Revenues	2,468,500	610,725	609,560	619,780	635,390	646,390	682,192	702,657	723,737	745,449	767,813
Grants & Contributions provided for Operating Purposes	7,576,830	9,524,868	8,773,545	8,881,485	8,991,645	9,104,095	9,400,454	9,587,955	9,779,206	9,974,282	10,173,260
Grants & Contributions provided for Capital Purposes	80,000	-	-	-	-	-	-	-	-	-	-
<b>Other Income:</b>											
Net gains from the disposal of assets	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Income from Continuing Operations</b>	<b>24,047,030</b>	<b>26,999,180</b>	<b>26,864,925</b>	<b>27,543,605</b>	<b>28,240,075</b>	<b>28,927,545</b>	<b>30,199,953</b>	<b>31,039,879</b>	<b>31,905,688</b>	<b>32,798,348</b>	<b>33,718,878</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	7,655,100	7,850,238	8,057,492	8,323,228	8,598,201	8,882,487	9,486,166	9,783,990	10,091,677	10,409,507	10,737,817
Borrowing Costs	2,303,040	2,266,630	2,222,110	2,161,090	2,094,520	2,019,840	1,927,346	1,794,008	1,675,842	1,508,491	761,950
Materials & Contracts	7,183,360	8,259,683	8,149,080	8,257,770	8,462,140	8,472,190	9,001,829	9,351,119	9,710,888	10,081,450	10,463,129
Depreciation & Amortisation	7,242,050	6,485,828	6,048,830	6,048,830	6,048,830	6,048,830	6,048,830	6,048,830	6,048,830	6,048,830	6,048,830
Impairment	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,412,190	2,601,353	2,688,130	2,777,920	2,870,850	2,967,030	3,154,366	3,248,642	3,346,554	3,448,250	3,553,885
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenses from Continuing Operations</b>	<b>26,795,740</b>	<b>27,463,732</b>	<b>27,165,642</b>	<b>27,568,838</b>	<b>28,074,541</b>	<b>28,390,377</b>	<b>29,618,536</b>	<b>30,226,589</b>	<b>30,873,791</b>	<b>31,496,528</b>	<b>31,565,612</b>
<b>Operating Result from Continuing Operations</b>	<b>(2,748,710)</b>	<b>(464,552)</b>	<b>(300,717)</b>	<b>(25,233)</b>	<b>165,534</b>	<b>537,168</b>	<b>581,417</b>	<b>813,290</b>	<b>1,031,897</b>	<b>1,301,820</b>	<b>2,153,267</b>
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-
<b>Net Profit/(Loss) from Discontinued Operations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Operating Result for the Year</b>	<b>(2,748,710)</b>	<b>(464,552)</b>	<b>(300,717)</b>	<b>(25,233)</b>	<b>165,534</b>	<b>537,168</b>	<b>581,417</b>	<b>813,290</b>	<b>1,031,897</b>	<b>1,301,820</b>	<b>2,153,267</b>
<b>Net Operating Result before Grants and Contributions provided for Capital Purposes</b>	<b>(2,828,710)</b>	<b>(464,552)</b>	<b>(300,717)</b>	<b>(25,233)</b>	<b>165,534</b>	<b>537,168</b>	<b>581,417</b>	<b>813,290</b>	<b>1,031,897</b>	<b>1,301,820</b>	<b>2,153,267</b>

Note: There will be a slight variance when recalculating the benchmarks using the LTFP report figures. Council has created manual workpapers to model the financial implications of assumptions from strategy outcomes, however the LTFP reports will not allow adjustments beyond 5 year forecasts ie. from 2020/2021 onwards.



Forbes Shire Council											
10 Year Financial Plan for the Years ending 30 June 2025											
BALANCE SHEET - GENERAL FUND											
Scenario: Base Case		Projected Years									
		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS											
Current Assets											
Cash & Cash Equivalents		18,652,608	20,377,434	22,319,541	24,171,663	26,161,518	28,317,529	30,516,358	32,418,634	26,237,791	29,116,071
Investments		6,625,202	6,625,202	6,625,202	6,625,202	6,625,202	6,625,202	6,625,202	6,625,202	6,625,202	6,625,202
Receivables		1,938,618	1,984,262	2,053,068	2,123,009	2,192,944	2,316,827	2,394,894	2,472,173	2,471,003	2,562,299
Inventories		2,253,711	2,251,581	2,264,775	2,284,764	2,291,525	2,334,363	2,358,486	2,383,334	2,408,927	2,435,287
Other		99,116	99,533	101,624	104,471	105,916	111,929	115,232	118,639	122,156	125,784
Non-current assets classified as "held for sale"		-	-	-	-	-	-	-	-	-	-
Total Current Assets		29,569,255	31,338,012	33,364,210	35,309,107	37,377,104	39,705,849	42,010,171	44,017,982	37,865,078	40,864,643
Non-Current Assets											
Investments		82,798	82,798	82,798	82,798	82,798	82,798	82,798	82,798	82,798	82,798
Receivables		1,015,674	1,015,644	1,015,906	1,016,307	1,016,589	1,017,508	1,018,033	1,018,574	1,019,132	1,019,706
Inventories		-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment		248,337,722	245,489,157	242,651,452	239,967,787	237,364,942	234,472,907	231,580,872	228,688,837	225,796,802	222,904,767
Investments Accounted for using the equity method		-	-	-	-	-	-	-	-	-	-
Investment Property		-	-	-	-	-	-	-	-	-	-
Intangible Assets		-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"		-	-	-	-	-	-	-	-	-	-
Other		-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets		249,436,194	246,587,599	243,750,157	241,066,892	238,464,330	235,573,214	232,681,704	229,790,210	226,898,732	224,007,271
TOTAL ASSETS		279,005,449	277,925,611	277,114,366	276,376,000	275,841,434	275,279,062	274,691,875	273,808,192	264,763,810	264,871,914
LIABILITIES											
Current Liabilities											
Bank Overdraft		-	-	-	-	-	-	-	-	-	-
Payables		2,266,604	2,187,693	2,228,921	2,284,821	2,313,577	2,431,765	2,496,602	2,563,502	2,632,533	2,703,766
Borrowings		700,210	827,240	959,800	1,100,490	1,261,977	1,465,314	1,982,480	10,415,233	2,116,396	6,333,967
Provisions		2,584,296	2,584,296	2,584,296	2,584,296	2,584,296	2,584,296	2,584,296	2,584,296	2,584,296	2,584,296
Liabilities associated with assets classified as "held for sale"		-	-	-	-	-	-	-	-	-	-
Total Current Liabilities		5,551,110	5,599,229	5,773,018	5,969,607	6,159,850	6,481,375	7,063,378	15,563,031	7,333,225	11,622,029
Non-Current Liabilities											
Payables		-	-	-	-	-	-	-	-	-	-
Borrowings		26,462,897	25,635,657	24,675,857	23,575,367	22,313,390	20,848,076	18,865,596	8,450,363	6,333,967	-
Provisions		938,704	938,704	938,704	938,704	938,704	938,704	938,704	938,704	938,704	938,704
Investments Accounted for using the equity method		-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"		-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities		27,401,601	26,574,361	25,614,561	24,514,071	23,252,094	21,786,780	19,804,300	9,389,067	7,272,671	938,704
TOTAL LIABILITIES		32,952,711	32,173,590	31,387,578	30,483,678	29,411,944	28,268,155	26,867,678	24,952,098	14,605,896	12,560,733
Net Assets		246,052,738	245,752,021	245,726,788	245,892,322	246,429,490	247,010,907	247,824,197	248,856,094	250,157,914	252,311,180
EQUITY											