



BYRON SHIRE COUNCIL

Financial Sustainability Plan

2016/17

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FINANCIAL SUSTAINABILITY PLAN (FSP) 2016/17

1. Overview

This is the fourth Financial Sustainability Plan (“FSP”) prepared by Council and includes the projects and strategies to be progressively implemented and actioned during the 2016/17 Financial Period. The projects and strategies identified have a focus of improving the financial sustainability of Council as an organisation over the short, medium and longer term.

Council adopted its first FSP on 9 May 2013 (Resolution **13-238**). This FSP was for the 2013/14 Financial Period and during this period the progress achieved in the implementation of the FSP Action Plan was reported quarterly to the Finance Advisory Committee in accordance with Resolution **13-148**.

Council adopted its second FSP on 7 August 2014 (Resolution **14-326**) for the 2014/15 Financial Period, with the progress achieved in the implementation of the FSP Action Plan again reported quarterly to the Finance Advisory Committee.

Council adopted its third FSP on 10 December 2016 (Resolution **15-606**) for the 2015/16 Financial Period, with again the progress achieved in the implementation of the FSP Action Plan again reported quarterly to the Finance Advisory Committee.

Although the FSP is for a specific financial period the projects and strategies identified in the Plan are developed, implemented and reported on over a number of periods.

The FSP is not a requirement of the integrated planning and reporting provisions detailed in the Local Government Act 1993, but it is an adopted Council Plan, prepared by Council to detail projects and strategies that it has identified and developed to improve and maintain its financial sustainability.

The FSP is also used by Council to inform the preparation of Byron Shire Council's 10 Year Long Term Financial Plan (“LTFP”) and the annual review of this Plan. The LTFP is a component of the Council's Resourcing Strategy and is a requirement of the integrated planning and reporting framework.

The projects and strategies identified in the FSP 2016/17 will be used to inform the scenarios in the LTFP 2016-2026.

The development, implementation and review of the annual FSP and the FSP Action Plan is a key element of this Council's strong focus on addressing its long term financial sustainability. This strong focus has been developed as part of the Council's commitment and response to the NSW local government reform process.

In 2012 the Minister for Local Government announced that as part of the NSW local government reform process he had:

- (a) commissioned the NSW Treasury Corporation (“TCORP”) to undertake a financial assessment of all NSW councils; and
- (b) commissioned the Office of Local Government to undertake an assessment of each council's infrastructure renewal backlog.

Byron Shire Council following that announcement worked with both authorities and its external auditors to gain a clear picture of its long term financial sustainability. In March of 2013 TCORP released the Byron Council's “*Financial Assessment, Sustainability and Benchmarking Report*”.

This Report stated that Council's financial outlook was described as “weak and deteriorating” with this assessment being based upon successive operating deficits, high debt, and a deteriorating capacity to fund infrastructure maintenance and renewal.

The Report prepared by TCORP provided an assessment of the following key areas:

- The financial capacity of the Council to undertake additional borrowings
- The long term sustainability of the Council
- The financial performance of the Council in comparison to a range of similar Councils and measured against prudent benchmarks

TCORP at that time prepared a Financial Sustainability Rating (“FSR”) and an Outlook for Council in which it assessed Council as being:

- Financial Sustainability Rating Weak
- Outlook Negative

The NSW State Government in 2014, as part of the NSW local government reform process and following the release of the TCORP Reports and the Report of NSW Independent Local Government Review Panel, announced the Fit for the Future (“FFF”) program.

Under the FFF program all local government authorities were required to submit a Council Improvement Proposal (“CIP”) by 30 June 2015. The Byron Shire Council CIP was adopted by Council at an Extraordinary meeting of Council held on June 2015 via Resolution **15-302**. A copy of the adopted CIP can be viewed on Council's website.

The Independent Pricing and Regulatory Tribunal (IPART) was appointed to the role of the “*expert panel*” and was tasked with assessing the Proposals (CIPs) and reporting to the Office of Local Government with a final assessment report by 16 October 2015.

Council had previously been assessed, as part of the FFF work undertaken by the NSW Independent Local Government Review Panel, as having the “scale” to remain as a stand alone Council, with the “capacity” of a Council to be financially sustainable in the medium to longer term. Council as such was assessed as having the “*scale and capacity*” to be financially sustainable and this assessment informed the IPART review of the CIP submitted by Council.

The 2013/14, 2014/15 and 2015/16 FSP informed and provided the foundation for the strategies and actions detailed in the CIP submitted by Council. The CIP has in turn informed the strategies and actions detailed in the 2016/17 FSP.

Council in the Report titled “*Assessment of Council Fit for the Future Proposals, Local Government – Final Report October 2015*”, prepared for the Office of Local Government by IPART was determined as being Fit For the Future. Council on the basis of the CIP submitted to the OLG was assessed by IPART as having satisfied the financial criteria overall and also each of the three elements of this criteria being sustainability, infrastructure and service management and efficiency.

Based on the IPART assessment of the Council's CIP and its determination that Council is Fit For the Future, the objective set by Council in both the adopted 2013/14 and 2014/15 Financial Sustainability Project Plans that Council “*in line with its stated objectives and the strategies detailed in the Financial Sustainability Project Plan the performance of Council in achieving its stated objectives will be firstly to address the outlook rating and secondly to improve the Financial Sustainability rating*” has been achieved.

The focus of Council will now be on the implementation of the strategies set out in the CIP to ensure the financial sustainability of Council in the medium to long term and to further maintain its Fit For the Future rating.

The CIP set out the five (5) key strategies to be implemented by Council over a five (5) year period to enable it to be able to satisfy the seven (7) Benchmarks established by the OLG for a Council to be assessed as being fit for the future or financially sustainable.

The 5 key strategies in the Council Improvement Program are:

1. Implementation of Paid Parking in Byron Bay Town Centre and Wategos Beach
2. Asset Realisation (Sale and Development of Land)
3. Increase in rates up to 10% (including any rate peg increase and the streamlined 3% rate increase which can occur if Council is assessed as being fit for the future).
4. Realisation of efficiency savings through strategic procurement initiatives
5. Accessing the streamlined 3% above rate peg rate increase (if Council is declared Fit for the Future).

The 2016/17 FSP includes the actions from the key CIP Strategies being implemented by Council in the 2016/17 Financial Period. In addition the FSP also sets out a number of other strategies actions that have been identified to enhance and support the overall financial sustainability of the Council.

The key strategies included in the FSP 2016/17 are as follows.

- rationalising Council's property portfolio and associated investment strategies
- an accelerated plan for debt reduction
- investing in Council's business activities such as caravan parks
- examining new opportunities for raising additional revenue from Byron's growing tourist and visitor market
- increasing revenues from own source revenue activities such as paid parking schemes
- reducing operational expenditure
- increased focus on asset management programs and activities
- reinvestment of additional own source revenues in asset renewal and maintenance programs and works
- realisation of efficiency savings through strategic procurement initiatives

2. The Plan

Objectives

The objectives of the Financial Sustainability Plan are as follows:

- improve the financial sustainability of Council
- address the asset renewal funding gap
- improve Council's asset management and maintenance systems and programs
- retire outstanding debt and progressively increase the capacity of Council to borrow for infrastructure renewal projects
- identify and realise viable and sustainable commercial opportunities
- identify opportunities for and achieve cost and waste reductions in operating and/or cost activities of Council
- identify opportunities for sustainable increases to existing recurrent revenues, and to research, investigate and evaluate opportunities for deriving new, recurrent and sustainable sources of revenue identify and pursue new and recurrent revenue sources including opportunities arising from the strong tourism/visitor market
- increase resource sharing through collaboration with government agencies and community stakeholders
- improve the overall financial performance of Council

The Financial Sustainability Plan includes a number of chapters addressing these objectives.

Chapters

The main areas or chapters of the Plan are:

- Expenditure Review
- Revenue Review
- Land Review and Property Development
- Strategic and Procurement
- Policy and Decision Making
- Potential Commercial Opportunities
- Volunteerism
- Collaborations and Partnerships
- Asset Management
- Long Term Financial Planning
- Environmental Projects

The actions proposed by Council being as detailed in each of these areas

Performance Criteria

The TCORP in its Report titled "*Financial Sustainability of New South Wales Local Government Sector released in April 2013*" has assessed Council as

- Financial Sustainability Rating Weak
- Outlook Negative

“Weak” Financial Sustainability Rating is defined as follows:

- A local government with an acceptable capacity to meet its financial commitments in the short to medium term and a limited capacity in the long term.
- It has a record of reporting moderate to significant operating deficits with a recent operating deficit being significant. It is unlikely to be able to address its operating deficits, manage unforeseen financial shocks and any adverse changes in its business, without the need for significant revenue and/or expense adjustments.
- The expense adjustments would result in significant changes to the range of and/or quality of services offered.
- It may experience difficulty in managing core business risks.

and “Negative Outlook” is defined as:

- As a result of a foreseeable event or circumstance occurring, there is the potential for deterioration in the local government’s capacity to meet its financial commitments (short and/or long term) and resulting change in its rating. However, it does not necessarily indicate that a rating change may be forthcoming.

Council through the actions that it has implemented from its adopted 2013/14 and 2014/15 FSP has made significant progress in addressing both the Financial Sustainability Rating of “*Weak*” and the Outlook rating of “*Negative*”.

The IPART assessment of Byron Shire Council (refer page 155 of *Assessment of Council Fit for the Future Proposals, Local Government – Final Report October 2015*) as Fit For the Future and that in the CIP submitted by Council that its Plan satisfies the financial criteria overall and also each of the three elements of this criteria being sustainability, infrastructure and service management and efficiency, demonstrates the progress achieved by Council.

The CIP includes an assessment of the current performance of Council in the seven (7) Performance Measure/Benchmark indicators developed for the Fit For the Future program and where the Council does not currently a Performance Indicator the strategies to be implement over the next five (5) financial years, to be either meet the mandatory performance indicators or to show or demonstrate significant progress in the non-mandatory performance indicators by the 2019/2020 financial year.

Council in the CIP has provided a Plan that details the strategies and actions that will see it achieve six (6) of the seven (7) Performance Indicators, including all of the mandatory indicators by 2019/2020 and show significant improvement in the seventh indicator, being the Infrastructure Backlog Ratio by 2019/2020.

Further information is provided in Chapter 13 – Performance Measures on these performance indicators which it will be using to monitor its progress in achieving its stated objectives during the 2016/17 financial year.

Council in Chapter 14 has included a summary of the financial outcomes that it achieved during the 2015/16 financial year.

Council in Chapter 15 – Action Implementation Plan has summarised the actions proposed throughout the Plan and is the template to be used for the quarterly reporting to the Finance Advisory Committee.

3. Expenditure Review

This was one of the key strategies identified in the 2013/14 FSP, the 2014/15 FSP, the 2015/2016 FSP and is again a key strategy area in the 2016/17 FSP. This strategy is central to Council achieving the FSP objective to " *identify opportunities for and achieve cost and waste reductions in operating and/or cost activities of Council*".

During the 2013/14 and 2014/15 Financial Years the General Manager established an Expenditure Review Group consisting of nominated members of staff. The role of the Expenditure Review Group was to review and assess the cost activities of Council to identify areas where expenditure maybe reduced and to make recommendations to the General Manager and the Executive Team on actions to be implemented to reduce costs and wastage, without reducing the capacity of Council in the area of service provision.

From the 2015/16 Financial Year onwards, the overarching function of the Expenditure Review Committee has been assumed into the Strategic Procurement Steering Committee. The role of the Strategic Procurement Steering Committee is by definition focussed on Strategic Procurement and the actions of this Committee are detailed and discussed further in Chapter 6.

The responsibility of the Expenditure Review Group in identifying opportunities for and to achieve cost and waste reductions in operating and/or cost activities of Council has with the implementation of the new Monthly Management Finance Reporting been delegated to Directors, Managers and responsible staff.

Monthly Management Reporting requires staff to be responsible for Program budgets and the expenditures incurred in the Program areas during each financial year. The same staff also play an important role in the development of Budgets for the future years as part of the Operational Plan and Budget preparation process.

The accountability of Staff for Program area budgets has meant that opportunities or recommendations for efficiencies or cost reduction is driven by the Staff involved in or responsible for the delivery of Programs and who have the best understanding of the activities, services or works. An outcome of this is that the savings or efficiency measures when implemented are owned by staff and are more successful and sustainable.

Where savings are identified and realised, the savings will also be reported to the Council through the quarterly budget review process. Any policy changes proposed as a means of facilitating improved financial outcomes will also be periodically reported to the Council for consideration.

Action Implementation Plan

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| <ol style="list-style-type: none">1. Recommendations on expenditure savings or efficiency gains identified by responsible staff reported to the Executive Team.2. Monthly Management Finance Reports provided to the Executive Team.3. Monthly Management Finance Reports provided to Councillors.4. Progress reports to the Finance Committee on the implementation of the adopted FSP actions.5. Report to Council through the Quarterly Budget Review any identified expenditure savings.6. Report to Council any recommendations regards policy changes. |
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4. Revenue Review

This was one of the key strategies identified in the adopted 2013/14 FSP, the 2014/15 FSP, the 2015/16 FSP and is again a key strategy area in the in the 2016/17 FSP. This strategy is central to Council achieving the FSP objective to “*identify opportunities for sustainable increases to existing recurrent revenues, and to research, investigate and evaluate opportunities for deriving new, recurrent and sustainable sources of revenue*”.

During the 2013/14 and 2014/15 financial years the General Manager established a Revenue Review Group consisting of nominated members of staff. The role of the Revenue Review Group was to progressively make recommendations to the General Manager and the Executive Team on opportunities for sustainable increases to existing recurrent revenues, and to research, investigate and evaluate opportunities for deriving new, recurrent and sustainable sources of revenue.

The role of the Revenue Review Group will not be continued from the 2015/16 financial year onwards as the roles performed by the Group have been either delegated to a dedicated Internal Staff Working Groups such as the Paid Parking Working Group or been delegated to individuals such as Directors, Managers and/or responsible staff. An example of this is the annual review of the fees and charges undertaken and reported to Council as part of the development of Revenue Policy for the next financial year.

The main initiatives identified for investigation and review by the organisation during the 2015/16 financial year were:

- implementation of a Paid Parking Scheme for Byron Bay CBD area
- to continue the review of adopted fees and charges and to recommend to Council increases or new fees and charges within a competitive fees and charges framework
- active management and marketing of Council facilities including the Cavanbah Centre
- to investigate and recommend new sponsorship opportunities
- establishment of new fees and charges structures for commercial facilities such as the Tyagarah Airfield
- continue to investigate further opportunities for Council to improve its revenue recovery and collection systems to improve its cash flows
- the management of its investment portfolio to maximise interest returns whilst meeting expenditure commitments
- investigate, lobby and prepare submissions for grant funding for significant infrastructure projects

The main revenue review areas by the organisation during the 2016/17 financial year are proposed to be:

- expansion of a Paid Parking Scheme for Byron Bay CBD to include Wategos Beach
- to continue the review of adopted fees and charges and to recommend to Council increases or new fees and charges within a competitive fees and charges framework
- active management and marketing of Council facilities including the Cavanbah Centre
- to investigate and recommend new sponsorship opportunities
- investigate commercial opportunities at the Tyagarah Airfield
- continue to investigate further opportunities for Council to improve its revenue recovery and collection systems to improve its cash flows
- the management of its investment portfolio to maximise interest returns whilst meeting expenditure commitments
- investigate, lobby and prepare submissions for grant funding for significant infrastructure projects

- Community Consultation and the preparation of an application to IPART for a Special Rate Variation (SRV) to apply from the 2017/2018 financial year as a permanent addition to income with subsequent increases for the following three financial years.

Internal Staff Working Groups will be required to report to the Executive Team on the progress achieved on the implementation of their specific initiative/s and where appropriate to also report initiatives to the Council's Finance Committee and/or Council. Any proposed policy changes required to facilitate recommended revenue raising opportunities will also be periodically reported to the Council.

Individual staff will report and make recommendations to the Executive Team and/or Finance Committee and Council through a same process.

Action Implementation Plan

1. Internal Staff Working Groups to report to the Executive Team on the progress achieved on the implementation of their specific initiative/s .
2. Internal Staff Working Groups/ staff to report to the Executive Team any proposed opportunities for deriving new/additional revenue.
3. Report to the Finance Committee and/or the Council any proposed opportunities for deriving new/additional revenue.
4. Report to Council any recommendations regarding policy change and/ or increases to existing or new revenue sources.
5. Prepare submissions and lobby for grant funding for significant infrastructure projects.
6. Community Consultation and Submission of the Special Rate Variation Application to IPART to apply from 2017/2018 financial year and three following financial years.

5. Land Review and Property Development

The 2013/14 FSP activated land and property development as a key option to improve the long term financial sustainability of Council. This area has continued in the three (3) subsequent updated versions of the FSP.

This element of the Plan seeks to identify potential strategic objectives and options for the holistic management of land holdings and identify a potential cash flow for Council from land/ asset development and sales that can be deployed to achieve those objectives.

Significant progress has been made in accordance with the 2015/16 plan, including:

- Roundhouse – completion of the land sales with proceeds dedicated to infrastructure works in the north of the Shire.
- South Byron STP – infrastructure demolition completed and ongoing consideration by Council of a preferred future use.
- Lot 12 Bayshore – waste processes licence issued by the EPA and site remediation contract awarded. Works will be completed in 2016/17.
- Station St – Tender completed for the 6 lot subdivision. Liaison completed with NCCH in accordance with the resolution of Council.
- Lot 22 Mullum – this land has been assessed and included in the Residential Settlement Strategy.
- Lot 4 Mullum – considered for an innovative affordable housing option.
- Lot 15 Dingo Lane – strategic assessment of the Myocum Quarry Landfill completed and valuation for the potential sale of Lot 15 sort.
- Lot 3 and 29 Manse Rd – assessment completed.
- Yaran Road, Tyagarah part Lot 49/881232 – Planning proposal completed.
- Manfred St, Belongil – Coastal protection works completed.
- Small surplus land parcels – evaluation and progression towards sale.

The Plan continues to focus on key sites which it is believed provide Council the greatest opportunity. A program of action has been developed over the next four financial years and is presented in this Chapter under the section – *Development Options and Timeframes For Key Land Sites*.

Strategic Objectives

The following strategic objectives have informed the analysis in the Plan and are recommended to guide decision making on Council's key operational land holdings.

- demonstrate that Council's land holdings are a key opportunity to assist with long term financial sustainability
- maximise the financial return on the investment from Council's operational land holdings
- utilise the equity in Council's land holdings to create revenue for key asset maintenance and renewal programs
- consider Council's land holdings as a portfolio of properties to be managed collectively to promote financial sustainability
- establish a funding source and capacity to develop the potential of Council's operational land holdings.

Land Register

Council's Land Registers were updated in 2011 and reported to Council in December 2011.

There are a total of 101 individual operational land entries. The majority of land parcels could be described as of a minor nature. Whilst the FSP has to date focused on key sites, in 2015/16 there has been an additional program of addressing potential land sales of small surplus parcels. It is envisaged that this program will continue in 2016/17.

Yields

Land valuation information has been obtained in relation to some key sites as a result of reporting matters to Council. Where this information is available it has been used in the Plan.

The yield assessments presented in this report are broad estimates only that can be refined as the development of any given property progresses.

Key Land Sites

The 2016/17 Plan continues to focus on the key sites identified in the 2015/16 FSPP and the additional initiative involving the sale of surplus small parcels of land has been continued. These sites provide Council with the greatest opportunity for development and sale commensurate with available resources.

The key properties identified in this Plan are owned by the four Fund areas, General, Water, Sewer and Waste.

General Fund

- Lot 12 Bayshore Drive, Byron Bay
- Station Street, Mullumbimby
- Yaran Road, Tyagarah part Lot 49/881232 (adjacent to Tyagarah Aerodrome – northern side)
- Lot 22, Mullumbimby
- Bayshore Drive Works Depot, Byron Bay (Lot 102, DP1087996)
- Manfred St, Belongil (Lots B DP 371044, Lots 6 & 7 Sec 3 DP1623)
- Various small surplus land parcels

Water Fund

- Fletcher Street Cottage / Old Library, Byron Bay – 10 Lawson St

Sewer Fund

- Old South Byron STP site
- Old Brunswick Heads STP site
- Old Mullumbimby STP site

- Brunswick Valley STP, Vallances Road, Mullumbimby (including two houses)
- Bangalow STP, Dudgeons Lane, Bangalow
- Lot 4, Mill Street, Mullumbimby

Waste

- Lots 3 & 29 Manse Road, Myocum (including houses)
- Lot 16 (including the 'Bower Cottage') Dingo Lane, Myocum
- Lot 15 Dingo Lane, Myocum

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Development Options and Timeframes for Key Land Sites

Key Land Site	Assumed Option	Approx Yield	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
General Fund							
5.1 Roundhouse	Subdivision and sale (eleven lots)	\$3,800,000	Complete sale.				
5.2 Lot 12 Bayshore Drive	Sale post cleanup	\$5,000,000	Complete clean up contract and finalise land contamination status.	Evaluation and possible sale			
5.3 Manfred St	Reclassification of land to reconfigure part of the land to dispose of the land and enable the potential rectification of encroachment	To be determined	Completion of the coastal revetment	Complete and lodge planning proposal for the reclassification in accordance with Res 13-698.			
5.4 Station Street	Subdivision and sale	\$800,000	Subject to S96 approval and viability, complete the subdivision.	Complete Sale			
5.5 Yaran Road Tyagarah Airfield	Subdivision and sale	To be determined	DA completion and approval. Commercial assessment and potential works.	Rezoning, DA, Works.	Sale or commercial lease		
5.6 Lot 22 Mullumbimby	Subdivision and sale	To be determined	Planning requirements and Residential Land Use Strategy.	Planning proposal and rezoning.	Determine residential option. Complete DA and approval.	Complete subdivision works.	Sale or commercial lease.
5.7 Bayshore	Sale	To be	Progress the	Reassess the	Implement a	Potential sale.	

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Key Land Site	Assumed Option	Approx Yield	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
Drive Works Depot, Byron Bay (Lot 102, DP1087996, 1.79ha)		determined	assessment and optimization of depot based services.	feasibility and options for a potential relocation.	chosen option		
Water Fund							
5.8 Fletcher St	Rental and development	Sale/ rental of mixed development could yield long term income.	Concept development.	Finalize architectural concept and business case.	Development approval and construction procurement.	Construction	Sale and/ or commercial lease.
Sewer Fund							
5.9 South Byron STP	Sale post rezoning and DCP or retention as a tourism facility.	Yield will depend on the implemented future use.	Complete infrastructure demolition.	Future option determination. Continue site remediation. Start rezoning.	Complete rezoning. Finalize remediation. Commence implementation of chosen option.	Complete implementation.	Sale and/ or commercial lease.
5.10 Brunswick Heads STP	Remediation and open space	This 2.1 ha site represents land that could be used for community purposes post remediation which will cost \$1.5m	Detailed site contamination and remediation assessments.	Complete remediation.	Create chosen open space option subject to funding.		
5.11 Mullumbimby STP	Remediation, open space and possible residential	This 1.5 ha site represents land that could be		Detailed site contamination and remediation assessments.	Complete remediation.	Determine preferred future use and commence implementation	Implementation

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Key Land Site	Assumed Option	Approx Yield	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
		used for community purposes post remediation which will cost \$1.5m					
5.12 Brunswick Valley STP, Vallances Rd.	Sale post rezoning	\$1,800,000	Complete rural settlement strategy review.	Assess development options.	Implement chosen option	Sale.	
5.13 Bangalow STP	Sale post rezoning	\$500,000	Complete rural settlement strategy.	The RLUS has determined that rural residential is not viable in this location due to the proximity of both the STP and surrounding agricultural activity.			
5.14 Lot 4, Mill St	Sale	\$200,000	Complete rural settlement strategy.	Assess development options.	Implement chosen option eg new use, consolidation or immediate sale.		
5.15 Various small surplus land parcels	Sale	To be determined	Commence sale program.	Continue program.	Continue program if viable.		
Waste Fund							
5.16 Lots 3 & 29 Manse Road	Sale	\$1,000,000	Complete assessment of Quarry Landfill/ resource recovery options.	Progress options for resource recovery in the Quarry.	Finalize operational impact mitigation on the immediately adjacent ridge.	Sell Lot 3 & 29 and use funds to pay down loans to reduce debt servicing costs.	
5.17 Lot 15 Dingo Lane Myocum	Retained	NA	Complete assessment of Quarry Landfill/	Progress options for resource recovery in the	Assess sale and retention options.	Potential sale and use funds to pay down loans to	

Financial Sustainability Plan 2016/17

Key Land Site	Assumed Option	Approx Yield	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020
			resource recovery options.	Quarry.		reduce debt servicing costs.	
5.18 Lot 16 Dingo Lane Myocum	Sale	\$1,200,000	Complete assessment of Quarry Landfill/ resource recovery options.	Assess retention and sale options.	Potential sale and use funds to pay down loans to reduce debt servicing costs.		

Review of Strategic Options for Land Management

The key properties identified in this Plan are owned by the four Fund areas, General, Water, Sewer and Waste. It is clear there are similarities but also differences between the circumstances of each Fund. As a result the approach and options for property development and asset sales will be different in each area.

The General Fund has limited capacity to borrow, a budget always under pressure to be in surplus, and a significant renewal and maintenance backlog for key assets. General Fund land assets in accordance with strategies detailed in the adopted CIP will be utilised to address in part these pressures.

It is important to avoid a 'fire sale' approach but in cases where strategic land sale does occur, the sale proceeds should be (unless Council directs otherwise – e.g. to retire debt, directed to the Property Development Reserve, etc) directed to a newly created Infrastructure Renewal Reserve.

Where funds are directed to the Property Development Reserve these funds will be used to facilitate any necessary expenditure required to make other potential land sites identified for sale to be sold or facilitate funding to develop retained properties so as to generate a recurrent income stream for Council.

Other options include (1) for the principal in the infrastructure reserve not to be utilised but interest generated be directed as additional funding towards infrastructure maintenance or renewal; and (2) for funds accumulated in the Infrastructure Renewal Reserve to be utilised as matching funds to release Section 94 funds that are currently underutilised for infrastructure projects due to the non availability of "matching" General Fund sources.

The management of this reserve could also be matched with designated investments so that the interest specifically generated by this reserve is allocated to it.

The Water Fund has a low debt servicing ratio, significant reserves and a funded capital works program going forward. Service pricing charges are at median levels. The Fletcher St property was opportunistically purchased using the Water Fund as an available source of funds rather than for any particular strategic outcomes associated with the Water Fund. The property has significant value and the opportunities for development and the need to realise financial benefits is far more aligned with the General Fund. As such, the potential transfer/ purchase of the property from the Water Fund to the General Fund remains an important consideration.

The Sewer Fund has a high debt servicing ratio (now trending downward) as a result of loans used for the completion of the major program of sewerage system augmentations. As a result service pricing charges are comparatively high and reserves have been depleted. The sale of properties could assist with the objective of bringing service pricing charges progressively back to a median value.

The Waste Reserves have been under pressure due to a range of reasons. Sale of the available land holdings at a prudent time will assist with paying down debt and alleviating the cost pressure of debt servicing charges.

Conclusion

The long term financial sustainability of Byron Shire Council is fundamental to the continuance of the local government area and the organisation. There is an imperative in focussing with renewed energy on the opportunity afforded to Council through its operational land holdings. The available land holdings, particularly in the General Fund, are not extensive and as such the stewardship of

these assets is critical in creating a sustained revenue stream for key asset maintenance and renewal programs.

Progression of future options for the key strategic land holdings identified in this Plan will require prioritisation and variously need an investment of financial and staff resources.

6. Strategic Procurement

Procurement has a powerful impact on the bottom line of organisations engaged in the process of purchasing and the challenge is to extract maximum benefit to those activities. Strategic procurement is the development of, and continuous review and improvement to, a plan and framework that ensures maximum procurement benefit and ongoing compatibility with the organisation's other deliverables and objectives. To demonstrate the importance of Strategic Procurement, Council could achieve between 0.5% and 1% savings through its procurement spend then this could have the ability for Council to save between \$180,000 and \$390,000 per annum. Improvements already delivered under the Strategic Procurement Roadmap are yielding expenditure savings, and the adopted Council Improvement Plan anticipates achieving the 1% ongoing from 2016/17 financial year.

The benefits of taking a strategic approach to procurement are:

- Direct cost savings through lower prices paid.
- Increased value added benefits (such as other social, economic, and environmental objectives)
- Savings achieved through improved systems and process efficiencies (including new technologies)

To leverage the maximum benefit from procurement activities, Council recently completed a strategic procurement review and implement the first 12-months of improvements:

- Review Council purchases and how much it costs to ensure best possible pricing can be achieved.
- Identify risks for Council associated with procurement activity to ensure they are managed appropriately.
- Identify Council's strategic objectives to identify priority areas for maximum value-add benefits (economic, social, and environmental).
- Council's procurement systems, processes, methodologies, and resourcing to identify priority areas for efficiency and productivity gains.
- Established Strategic Procurement Steering committee
- Adopted the centre-led procurement model and established roles and responsibilities
- Recruited the new Strategic Procurement Coordinator
- Participating in the NOROC Regional Procurement initiatives
- Implemented the first 6-months of strategic procurement improvement initiatives

The strategic procurement review provided a series of further recommendations, the next 12 months key actions for 2015/16 are set out below:

Action Implementation Plan

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| <ol style="list-style-type: none">1. Develop contracts management guidelines and processes.2. Develop annual procurement plan.3. Develop and implement priority contracts program.4. Detailed spend analysis and reporting.5. Implement on-going procurement and contract management training program.6. Implement targeted program to reduce invoice numbers and transaction costs. |
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| <ol style="list-style-type: none">7. Develop social and sustainable procurement and economic development plan.8. Review purchase to pay process.9. Implement purchasing cards for low value high volumed transactions. |
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7. Policy and Decision Making

The Policy and Decision making of the Council can have short, medium and long financial implications on the sustainability of Council.

Council during its current term has taken and adopted a number of measures to assist and guide it in its policy and decision making process. In adopting these measures the Council acknowledges and recognises that not all decisions can be made based solely on achieving the objective of *improving the financial sustainability of Council*.

Council in its policy and decision making processes also gives consideration to other adopted infrastructure, economic, environment, society and cultural objectives.

For the purpose of achieving the objective of *improving the financial sustainability of Council*, the following measures are used or have been adopted by Council.

Financial Modelling and Reporting

Council under the Integrated Planning and Reporting Framework is required as part of the Resourcing Strategy, developed to support the implementation of the adopted Delivery Program and annual Operational Plan, to prepare a Long Term Financial Plan ("LTFP") (10 years), Asset Management Plan ("AMP") (10 years) and Work Force Plan (4 years). Further details on both the LTFP and AMP are provided in later Chapters of the FSPP.

The Long Term Financial Plan (LTFP) is reviewed and adopted by Council each year is prepared based on assumptions and predictions over a longer period of ten years.

The LTFP is used to guide Council in assessing the long and medium term implications of its decision and policy making processes and provides Council with information on the projected long term financial sustainability of Council as an organisation.

Council under the Integrated Planning and Reporting Framework is also required in its annual Statement of Revenue Policy to include its Estimates of Income and Expenditure for the following financial period (refer clause 201(1)(a) LGR 2005). This is the annual budget prepared and adopted by Council.

The Budget prepared by Council each year also includes a projection of the estimates of income and expenditure over a further three year period or the period of the four year Delivery Program. This provides Council with information on the medium term financial sustainability of Council as an organisation.

The adopted annual budget is used to guide Council in assessing the short term implications of its decision and policy making processes.

Council during each Financial Year is required by clause 203 LGR 2005 to review progressive performance against these plans not later than two months after the end of each quarter (except for the June quarter). This process is referred to as the Quarterly Budget Review (QBR), and includes by reference to the estimates of Income and Expenditure in adopted in the Statement of Revenue (budget), details the revised estimate of income and expenditure for the remainder of that financial year.

The QBR provides Council with information on the short term financial sustainability of Council as an organisation during each financial year and informs both Council and the Community of the revenue and expenditure trends against adopted Budget. Each QBR is reported firstly to the Finance Advisory Committee ("FAC") and then Council. The reports to both the FAC and Council

include recommendations from Management on required budget adjustments. The report to Council is also informed by any recommendations from the FAC on required budget adjustments.

Council at its Ordinary meeting held on 19 September 2013 resolved that it receive a monthly Finance Report for a trial period of twelve (12) months. Council at the conclusion of the trial period amended the template of the Finance Report and resolved that Monthly Finance report prepared in accordance with adopted template be distributed to Councillor on a monthly basis.

The Monthly Finance Report is used to guide Council in assessing the short term implications of its decision and policy making processes.

Council Reports

Each Report to Council includes a section on the financial implications of the actions, activities, services or programs dealt with in the Report or the Notice of Motion being considered.

The information detailed in the financial implication section of a Council Report provides Council with information on the impact of the actions, activities, services or programs dealt with in the Report, with a budget area.

Policy Framework

Council through its regular policy and decision making processes can potentially impact on the long term financial sustainability of the organisation so it is critical that the financial implications of each decision is considered carefully on the basis of its potential short, medium and long term impacts. The Council's Long Term Financial Planning tools can now be used for effective financial modelling of potential council decisions and Council is encouraged to avail itself of this resource prior to making key decisions that have financial implications.

Council is a politically based community organisation and as such councillors are regularly pressured by constituents to support various community initiatives which often have unforeseen, (unbudgeted) and recurrent financial implications. While the desire to satisfy changing community expectations is natural and understandable, the Community Strategic Plan represents a compact between the Council and its constituency and represents a discipline in decision-making by the Council. It is important that Council recognises that it can no longer be "all things to all people" and maintains the discipline inherent within this community compact.

Council at its Ordinary meeting held on 18 April 2013 adopted a policy framework to assist it and the FAC to address the short term financial sustainability of the Council during the 2012/13 Financial Year.

This framework was also applied to the 2013/14, 2014/15, and 2015/2016 financial years and will, with the adoption of the 2016/17 FSP, also be applied to the 2016/17 financial year.

The Framework used by Council in its Decision and Policy Making processes to assess and consider the financial implications of these processes is as follows:

- *That Council not pass any resolutions authorising new or additional expenditures of money unless an available funding source is identified and quarantined for that purpose.*

In addition Council has determined that:

- *That any general revenue funded allocated expenditure, not expended in a financial year, will NOT be automatically carried over to the next financial year before it is reviewed and priorities established.*

- *That in March each year that staff with budget programs in the General Fund will consider the current financial position of each of their budget programs in terms of the remainder of the financial year and that any existing expenditure items funded from general revenue (that is items not funded by reserves, water, sewer or waste revenues or specific purpose grants and contributions) not spent, be reviewed and where budgets have not been committed and do not need to be expedited, that these budgets be identified as expenditure savings.*

In relation to the first dot point above, staff will be required, after the end of each Financial Year to submit a bid for any budgets to be carried over, and these bids will be reported to the FAC and then Council for consideration.

Policy Review

Council has developed over time numerous policies to establish direction and assist in implementation of operational decisions through delegation. Some Council policies could be considered to include wording that is restrictive and may not provide for timely decision making on the use of public land or for the day to day operations. It is proposed that those policies not already reviewed, be reviewed during the 2016/17 Financial Year to provide more enabling wording and guidelines to then allow more timely operational decision making through delegation.

Action Implementation Plan

1. Council continue to consider the short, medium and long term financial impacts and the context of Council's long term financial sustainability in its on-going policy and decision making processes.
2. That any unspent budget votes from the 2015/16 budget recommended to be carried over to the 2016/17 Budget be reported to Council following the end of the 2015/16 Financial Year.
3. That the monthly Finance Report be distributed to Councillors on a monthly basis.
4. That policies that contain wording or provisions that are considered to be restrictive be reviewed to incorporate enabling wording and guidelines for Council's consideration and approval.

8. Potential Commercial Opportunities

Council from time to time will be presented with the ability to consider a project that has a potential commercial opportunity that it could investigate and develop. Council is in the position to consider, investigate and development potential commercial opportunities both in its role as a Council and also as the Reserve Trust Manager for Crown Reserves that it controls and manages on behalf of the Crown.

These opportunities may include the development of current commercial activities such as the operation of the Council owned and managed Holiday Parks or a new commercial activity. New commercial activities may be associated with the functions that Council currently carries out such as car parking or it might be associated with a new functional area. In 2015/16 Council introduced paid parking in the Byron Bay town centre.

The Local Government Act 1993 imposes a framework on Councils regarding its involvement in potential commercial activities. The Office of Local Government has also issued Guidelines under Section 23A to provide Council's with guidance on areas such Public Private Partnerships, Tendering and Capital Expenditure.

Council under the Local Government Act and the issued Guidelines is required, as part of its governance framework, to consider any proposal with regard to the cost, benefits and business risk to the Council and the wider community. The first consideration of Council in regard to any potential commercial activity is to whether it is within the power of the Council to participate.

Council to date since being elected in September 2012 has identified a number of potential commercial opportunities and ventures that it could consider in the future. These include:

- Redevelopment of Byron Bay Swimming Pool/Café
- Development of its Holiday Parks (First Sun and Suffolk Park)
- Development of a Multi-level car park (Byron)
- Foreshore public amenities combined with commercial kiosk/café
- Redevelopment of the Railway park Precinct including the Old Stationmasters Cottage (Byron Bay Visitor Information Centre) and CountryLink Building
- Redevelopment of the Old Fletcher Street Library Building
- Redevelopment of the Byron Bay Surf Club
- Future management and development of the Tyagarah Aerodrome

The commercial opportunities and ventures identified are located on both Council owned and managed Crown Land.

Council at an Ordinary meeting held on 21 November 2013 resolved (**13-613**) to fund and proceed with the development of a Masterplan for the Byron Bay Town Centre. A number of the commercial opportunities and ventures identified fall within the Masterplan area and the preliminary investigation or consideration of these projects now form part of this masterplanning process.

Following the Masterplan process, which has involved and included extensive community consultation, further detailed project investigation will be required for each of these projects or of other opportunities and any other ventures identified during the process.

Other projects fall within separate studies or reports being prepared for Council by external Consultants. These projects include the future management and development of the Tyagarah Airfield.

Council at its Ordinary meeting held on 27 February 2014 resolved to commence the process to reclassify part of Lot 100 DP 1023737, being the land on which the Suffolk Park Beachfront Holiday Park. The area land identified in the Planning Proposal relates to the area of the Holiday Park tenanted by Long Term Residents. The purpose of the reclassification of these areas is to enable Council to issue new long term leases for the sites occupied by the long term residents. The reclassification process is also a pre-requisite to the preparation of a Plan Management of the Holiday Park and development of Holiday Park in accordance with the adopted Plan of Management.

Management will progressively prepare and submit to Council reports on potential commercial opportunities and ventures. The reports will enable Council to consider any commercial opportunity in terms of its responsibility to the community for the prudent management of community assets and finances. Reports will need to identify the scope of any project and/or venture along with the estimated project costs including feasibility studies, probity planning, design costs and scoping costs.

The business case for and risk associated with any project and/or venture will also need to be identified.

Council in considering any proposal will need to ensure that the proposal is commercially sound and meets the Community's needs and objectives as detailed in the Community Strategic Plan and also the Council's objectives as detailed in the Delivery Program and the Operational Plan.

Action Implementation Plan

1. Management will progressively prepare and submit to Council reports on any potential commercial opportunities and ventures as a result of the adopted Byron Bay Town Centre Masterplan.
2. Management to prepare and submit to Council reports on any potential commercial opportunities and ventures when identified for any other specific projects, such as:
 - a) Future management and development of the Tyagarah Aerodrome
 - b) Redevelopment of Byron Bay Swimming Pool/Café
 - c) Redevelopment of the Old Fletcher Street Library Building

9. Volunteerism

Volunteering is defined as *time willingly given for the common good and without financial gain*. Australians recognise volunteering as a valuable addition to their lives. Volunteering can be broken down into two categories – formal and informal. Formal volunteering takes place within organisations in a structured way. Informal volunteering takes place outside of the context of a formal organisation and includes assisting people in the community, excluding family members. Examples may include looking after children, property or pets; providing home or personal assistance; or giving someone professional advice.

Volunteering provides identifiable benefits to the community, with formal volunteering contributing approximately 743 million hours to the economy each year. However, the 2016 Volunteering Australia report *State of Volunteering in Australia* identified that there has been a decline in formal volunteering over the last five years. Barriers to formal volunteering include:

- Inflexibility of some roles
- Burden of out of pocket expenses
- Lack of training
- Feeling undervalued
- Feeling isolated
- Poor volunteer management

Volunteering Australia has developed the *National Standards for Volunteer Involvement* to provide a framework to ensure the role of volunteers is considered and their impact acknowledged as an important part of achieving organisational objectives.

Council acknowledges the social and financial benefits derived from a successful formal volunteer program. Opportunities exist to build on existing formal volunteer opportunities and identify organisational gaps that may provide meaningful opportunities for volunteers. Particular focus in 2016/17 will be given to:

- Building capacity of existing volunteers
- Identifying new opportunities for volunteers
- Identifying opportunities for social enterprise and innovation

Management will progressively prepare and submit to Council reports on these issues and opportunities.

Action Implementation Plan

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| <ol style="list-style-type: none">1. Review the Volunteer Policy and framework to ensure that it meets the National Standards for Volunteer Involvement and supports the organisation in delivering volunteer activities.2. Undertake an organisation wide audit of current volunteer activities.3. Recognition of current volunteers.4. Identify and deliver a social innovation pilot project. |
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10. Collaborations and Partnerships

The Integrated Planning and Reporting framework provides a platform to plan holistically and sustainably for the future. In the context of increasing service delivery pressures on Councils, challenges of limited funding, cost shifting and highly a competitive funding landscape, the need to collaborate to build vibrant, resilient communities is critical.

Council is in the unique position to take a leadership role in working with NGOs, State and Federal governments, community groups, and citizens to understand the needs of the community. Flexible, proactive and responses to community need, based on reliable community data and knowledge, collaboration of existing services and partnering on major strategic projects is key to the long-term health and sustainability of the community.

Council cannot achieve the outcomes of its Community Strategic Plan on its own. Undertaking strategic partnerships and sector collaboration increases the transparency and accountability of Council, strengthen the capacity of projects and services and achieve shared objectives. The benefits of partnerships include:

- More effective service delivery
- More efficient resourcing
- More effective policy development and decision making
- Promoting innovation
- Decreasing duplication

As part of the four year Community Strategic Planning cycle, Council is in a strong position to identify key potential strategic partnerships to be included in the IP&R planning process.

Initiatives flowing from the NSW Local Government Reform process support improved collaboration between councils and regional organisations. In an era where resources are increasingly scarce it makes good sense to work together with government agencies, regional organisations and community stakeholders to deliver shared outcomes which give communities a better “bang for their buck” and eradicate unnecessary duplication and waste.

It is important though for Council to document these actions as part of the Financial Sustainability Plan, to not only place these actions on the record, but to also to put itself in a position to pursue any opportunities that may arise as the LG landscape changes.

Management will progressively prepare and submit to Council reports on any opportunities for a collaborative or partnership relationship.

Action Implementation Plan

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| <ol style="list-style-type: none">1. Embed collaboration/partnerships into the IP&R framework through the four year preparation of IP&R documents.2. Identify key potential organisational strategic partnerships/collaborations.3. Review the format of Council Reports as part of the internal audit recommendations to align Council reporting with strategic objectives.4. Provide a report to ET quarterly that identifies strategic partnerships/collaboration projects. |
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11. Asset Management

Council has an adopted Asset Management Policy (E2015/27107).

Council has an adopted Asset Management Plan (#DM1252114) and this document was updated in 2015/16 as a Strategic Asset Management Plan.

Byron Shire Council is the custodian of over \$800 million of community assets which enable council to provide services to the community. These include roads, drains, bridges, footpaths, public buildings, recreational facilities, parks, gardens, water, sewerage and waste assets. A large number of Council’s services to the community are delivered through infrastructure assets.

The Office of Local Government Planning and Reporting Manual states, *“as custodian, Council is responsible for effectively accounting for and managing these assets and having regard for the long term and cumulative effects of its decisions. This is a core function of councils and is reflected in the Charter in 28 of the Act”*.

Asset management is defined in the International Infrastructure Management Manual (IIMM) as, *“the systematic and coordinated activities and practices of an organization to optimally and sustainably deliver on its objectives through the cost effective lifecycle management of assets”*.

The IIMM sets out how an organisation can develop its asset management capacity and capability through increasing maturity levels from a minimum standard to core, then intermediate and finally advanced. Council is continuing to develop its asset management capacity and capability. This will allow Council to increasingly address the growing drivers from all levels of government to improve asset management and thereby provide continuity of services to the community on a sustainable basis.

Council has addressed the requirements of the NSW Fit for Future Program for infrastructure management and asset management in the Council Improvement Plan (CIP) (E2015/38307)

In 2015/16 Council completed the NSW Local Government Asset Management Preparedness Audit. The audit was instigated by the NSW Department of Local Government in association with the goal of moving to the formal audit of council annual Special Schedule 7 Infrastructure Reports. The results of the audit have been reflected in an improvement plan which is being implemented.

In 2016/17 it is anticipated Council will apply for a special rate variation in accordance with the CIP. The process of community engagement and development of the SRVA documentation will involve a range of asset management actions.

The following actions in 2016/17 support achievement of these outcomes.

Action Implementation Plan

1.	Prepare infrastructure reports for the Financial Statements and NSW Fit for Future program.	Reports to Government including the Special Schedule 7 report.
2.	Develop levels of service for infrastructure to support investment.	Adopted levels of service.
3.	Progress the outcomes of Asset Management Audits to improve performance.	Scheduled audit outcomes completed.

4.	Improve the level and integration of asset information to better assist decision making and focus infrastructure investment.	Independently audited databases and systems are assessed as satisfactory.
5.	Revalue water and sewer assets in accordance with the Local Government Accounting Code.	Valuations completed.
6.	Creatively develop new and revised funding strategies for better community outcomes.	Development charging plans continue to reflect community priorities.
7.	Actively work with government and industry leaders to improve asset management performance.	Report local, state and federal asset benchmark data within legislative timeframes, 100%.
8.	Engage with the community on the challenges of asset management.	Community Infrastructure Advisory Committee meetings held quarterly and preparation of SRVA documentation.

12. Long Term Financial Planning

The need to develop a Long Term Financial Plan (LTFP) is a requirement of Section 403(2) of the Local Government Act 1993.

Council is required under the Integrated Planning and Reporting framework to review its LTFP annually.

The LTFP provides a framework in which a Council can assess its revenue building capacity to meet the activities and level of services outlined in its Community Strategic Plan, Delivery Program and Operational Plan. It also:

- Establishes greater transparency and accountability of Council to the Community.
- Provides an opportunity for early identification of financial issues and any likely impacts in the longer term.
- Provides a mechanism to solve financial problems as a whole, see how other plans fit together and understand the impact of some decisions on other plans or strategies.
- Provides a means of measuring Council's success in implementing strategies.
- Confirms that Council can remain financially sustainable in the longer term.

The LTFP must support or provide for the following essential elements:

- Must be used to inform the decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program.
- Must be for a minimum of 10 years.
- Must be updated at least annually as part of the development of the Operational Plan.
- Must be reviewed in detail as part of the four yearly review of the Community Strategic Plan.

The basic structure of LTFP must include the following:

- Projected income and expenditure, balance sheet and cash flow statement.
- Planning assumptions used.
- Methods of monitoring financial performance.
- Sensitivity analysis and modelling for different scenarios.

Council at its Ordinary meeting held on 17 September 2015 resolved via Resolution **15-427**:

'That Council adopt the updated Draft Long Term Financial Plan 2015-2025 for the General Fund and that the overall Long Term Financial Plan be further updated upon completion of the Water and Sewerage Business Plans'.

The 2015-2025 Long Term Financial Plan has also been updated to include the Fit for the Future benchmarks as performance indicators and is reflective of the five scenarios lodged by Council to the Independent Pricing and Regulatory Tribunal (IPART) as part of Council's endorsed Council Improvement Proposal (CIP).

The 2015/2016 Budget Estimates were adopted by Council from the base year of the 2015-2025 Long Term Financial Plan but it only contains information relevant to the General Fund.

During the course of the 2015/2016 financial year, the Long Term Financial Plan 2015-2025 was to be updated and reported to the Finance Committee to include the consolidation of Water and Sewerage business plan information once received. By the end of the 2015/2016 financial year, the Water and Sewerage business plan information was not available so the required update has not occurred.

A detailed capital works program for water and sewerage has been developed and included in the Water and Sewer Strategic Business Plans adopted by Council. This capital works program for water and sewerage will form the basis of a combined updated 2016-2026 Long Term Financial Plan as an interim measure.

Council is proposing to apply to the Independent Pricing and Regulatory Tribunal (IPART) for a Special Rate Variation (SRV) to commence in the 2017/2018 financial year. As part of that application, Council will need to supply an updated Long Term Financial Plan incorporating the SRV Options. The options will be shown as scenarios and include the proposed expenditure of revenues derived from the SRV, which under the strategies detailed in the adopted CIP will be used to fund infrastructure maintenance and renewal programs. Council will be required to lodge the application by the end of February 2017 in accordance with the Special Rate Variation guidelines issued by the Office of Local Government.

Action Implementation Plan

1. Develop the 2016-2026 Long Term Financial Plan following adoption of the 2016/2017 Operational Plan and report to the Finance Advisory Committee/Council prior to 18 August 2016.
2. Further update the 2016-2026 Long Term Financial Plan to address the requirements of Council's proposed Special Rate Variation (SRV) application prior to lodgement with IPART in February 2017.

13. Performance Indicators

The success of any plan after the initial and ongoing implementation needs to be measured. This is also true for Council's Financial Sustainability Plan (FSP). To do this, Council needs to be able to identify what improvements have been made to the overall financial sustainability of Council, over time through the implementation of the strategies/actions contained in the FSP.

Performance indicators are a tool to demonstrate the achievement of the FSP strategies/actions.

The outcomes from the implementation of the FSP 2015/16 have been identified in the earlier chapters of this document with the financial outcomes summarised in Chapter 14 - Summary of 2015/16 Financial Outcomes. The financial outcomes for the FSP 2016/17 will be measured as follows:

- Through quarterly reporting to the Finance Advisory Committee (FAC) and Council on FSPP outcomes.
- The recognition of new or increased revenues and / or with expenditure savings (financial outcomes) will be recognised through the QBR process. Structural changes to both revenue sources and expenditure will be updated in the base budget during the preparation of the 2017/18 Budget. The financial outcomes delivered by the FSP will then flow into the Council's Long Term Financial Plan.
- Comparison and assessment of the Note 13 and Special Schedule 7 performance ratios disclosed annually in Council's audited financial statements which should indicate a trend improvement from FSPP outcomes.
- Ongoing monitoring of the seven benchmarks established for the NSW Government 'Fit for the Future' regime to ensure Council maintains it's 'Fit' Outcome.

Action Implementation Plan

1. Ongoing quarterly reporting to the Finance Advisory Committee (FAC) and Council on FSP outcomes.
2. Recognition through the QBR process of financial outcomes delivered by the FSP.
3. Structural changes to both revenue sources and expenditure will be updated in the base budget during the preparation of the 2017/18 Budget.
4. The financial outcomes delivered by the FSP updated into the Council's Long Term Financial Plan and modelled in the Long Term Financial Plan Scenarios.
5. Assessment of the Note 13 and Special Schedule 7 performance ratios disclosed annually in Council's audited financial statements which should indicate a trend improvement from FSP outcomes.
6. Assessment of the seven 'Fit for Future' benchmarks on an ongoing basis to ensure Council maintains the 'Fit' outcome.

14. Environmental Projects

In November 2014 Council adopted the Byron Shire Low Carbon Strategy to build on previous greenhouse gas emission reduction work, prepare Council's operations for fossil fuel price rises and to set a path towards reaching Council's emission reduction goal of 30% below 2003/04 levels by 2020.

The Low Carbon Strategy outlines 87 actions across all of Council's divisions which will contribute to a less carbon intensive business strategy and community at large. Of the actions identified 39 directly relate to improving the financial sustainability of Byron Shire Council as an organisation. Throughout the strategy it is clear that as Council improves its environmental efficiency and performance so too does it save on financial cost. Additionally the emerging renewable industry places Council in a new and innovative sphere to create revenue in ways previously not ventured by local government. For example community owned solar farms, bioenergy cogeneration or innovative network developments such as Local Energy Trading (previously known as virtual net metering).

In 2015 Council committed to becoming the first zero carbon emissions community. This ground breaking and ambitious pledge will require the full delivery of the Low Carbon Strategy and beyond to bring this vision to reality. Council in partnership with the community and businesses will seek to find vibrant and innovative solutions that will improve the long term sustainability of Council and bring the organisation's carbon footprint down to zero.

Action Implementation Plan

1. Implement actions from the Low Carbon Strategy as per scheduled timeframes. Example actions that meet the Financial Sustainability plan include energy efficiency measures, installation of solar power and solar hot water, energy data optimisation, electric fleet vehicles and installation of smart meters.
2. Work collaboratively with the Zero Emissions Byron project to identify actions that go beyond the Byron Shire Low Carbon Strategy.

Financial Sustainability Plan 2016/17

15. Summary of 2015/16 Financial Outcomes

Byron Shire Council						
Financial Sustainability Plan Summary Register of Financial Outcomes						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
Financial Sustainability Plan Mark 1 2013/2014						
3	Expenditure Review	0	0	138,200	118,200	20,000
4	Revenue Review	0	0	0	0	0
5	Land Review and Propoerty Development	603,100	0	0	603,100	0
6	Organisational Review and Operational Restructure	0	0	280,000	130,400	149,600
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partnrsnhips	0	0	0	0	0
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 1 - 2013/2014		603,100	0	418,200	851,700	169,600
Financial Sustainability Plan Mark 2 2014/2015						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
3	Expenditure Review	0	0	4,357,500	148,400	4,209,100
4	Revenue Review	28,800	0	0	0	28,800
5	Land Review and Propoerty Development	458,000	0	20,000	478,000	0
6	Organisational Review and Operational Restructure	0	0	980,600	980,600	0
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partnrsnhips	18,400	0	0	0	18,400
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 2 - 2014/2015		505,200	0	5,358,100	1,607,000	4,256,300
Financial Sustainability Plan Mark 3 2015/2016						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
3	Expenditure Review	0	0	141,400	1,108,400	-967,000
4	Revenue Review	1,003,800	0	0	96,500	907,300
5	Land Review and Propoerty Development	3,800,000	0	0	3,800,000	0
6	Organisational Review and Operational Restructure	0	0	0	0	0
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partnrsnhips	0	0	0	0	0
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 3 - 2015/2016		4,803,800	0	141,400	5,004,900	-59,700
Total Result - FSP Mark 1 plus FSP Mark 2 plus FSP Mark 3		5,912,100	0	5,917,700	7,463,600	4,366,200

16. Action Implementation Plan

The Action Implementation Plan is annexed to this Plan, see E2017/6148.

Note:

The Action Implementation Plan will be prepared following the adoption of the 2016/17 FSP and include the Actions detailed in the adopted Plan for each Chapter.