Template 2

Fit for the Future

Council Improvement Proposal

(Existing structure)

NSW GOVERNMENT | Office of Local Government

Getting started . . .

Before you commence this template, please check the following:

- You have chosen the correct template – only councils that have sufficient scale and capacity and who do <u>not</u> intend to merge or become a Rural Council should complete this template (Template 2)

- You have obtained a copy of the guidance material for Template 2 and instructions for completing each question

- You have completed the self-assessment of your current performance, using the tool provided

- You have completed any supporting material and prepared attachments for your Proposal as PDF documents. Please limit the number of attachments and ensure they are directly relevant to your proposal. Specific references to the relevant page and/or paragraph in the attachments should also be included.

- Your Proposal has been endorsed by a resolution of your Council.

Council name: **Greater Taree City Council**

Date of Council resolution endorsing this submission: **17 June 2015 (Min 127)**

1.1 Executive Summary

Provide a summary (up to 500 words) of the key points of your Proposal including current performance, the issues facing your council and your planned improvement strategies and outcomes.

GTCC is a typical regional council on the Mid North Coast of NSW. It is competent and efficient, but has a roads and bridges network that cannot be sustained by property rates due to population density and geography. Around fifty percent of councils in NSW, all in regional and rural NSW, are in a similar situation depending on their population and asset base. Effectively these councils are *competently unsustainable*. There needs to be structural change to the funding of these councils through the Federal Financial Assistance Grants or similar mechanisms.

GTCC has been on a journey of improvement and renewal since 2009 and we have modernised the organisation and maximised efficiency. Attached to this submission is the *NSW local government operational and management effectiveness report – FY14*, a comparison of GTCC with 77 other NSW councils undertaken by PriceWaterhouse Coopers and LG Professionals NSW. This document provides quantitative data that shows GTCC as a lean, efficient organisation performing well against almost all benchmarks for 2012/13 and 2013/14.

Council does not meet the Fit for the Future benchmarks and we strongly believe that the benchmarks are unrealistic for regional and rural councils. There is one primary reason for the lack of sustainability of regional and rural councils and that relates to the council's ability to maintain and replace their roads and bridges in step with the rate of deterioration. The local transport network is fundamental to rural and regional Australia and regional and rural communities are fundamental to the nation. A reasonable service level must be underwritten by the Federal Government. The current accounting-based approach to asset management must also change and GTCC has been working closely with MidROC councils and Jeff Roorda and Associates to develop a workable system for councils. This work should be further supported by the Office of Local Government and extended across the state.

For the reasons above, including the extensive service and process reviews we have undertaken over the last six years, Council's focus over the next delivery plan cycle will concentrate on continuing our asset management and asset maintenance journey. We will also continue to leverage technology to provide increasing levels of online, 24x7, services to our community. We will continue to explore the potential for shared services across our region, a process that has been interrupted by uncertainty in the FFTF process.

We support a North Coast Joint Organisation that extends from GTCC to the Queensland border and we have circulated a discussion paper on such a proposal to all the relevant councils. As *the* growth corridor of the state with specific issues we need a strong voice in our state relationships.

GTCC has done the analysis on merging with neighbours, even though it is not a preferred option of the ILGRP. And all of these proposals see a drop in sustainability of the merged council as well as the introduction of significant distance challenges to service provision.

We look forward to working with the Office of Local Government in addressing the infrastructure funding issues facing rural and regional councils as we continue to manage our business in an effective and efficient manner.

1.2 Scale and Capacity

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

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

Yes although an option was provided for a merger and consideration is referred to below.

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

The ILGRP recommended the following in relation to scale and capacity.

Council	Pop 2011	Pop 2031	TCorp FSR (Apr 13)	TCorp Outlook (Apr 13)	DLG Inf. Audit (May 13)	Merger Potential	Options (preferred options shown in bold where applicable)
Greater Taree	47,955	50,600	Very weak	Negative	Very Weak	Medium	Council in Mid-North Coast JO or merge with Gloucester

In late 2014, GTCC undertook discussions with Gloucester Council with an open mind. Gloucester Council subsequently undertook a merger business case exercise with Great Lakes Council, not the least because Great Lakes was rated by TCorp as having a moderate FSR and neutral outlook and presumably more capacity to improve the circumstances in Gloucester. The final report into the merger business case undertaken by Morrison Low suggests that a merger offers little benefit to either area and neither council is supporting a merger as a result.

Scale and capacity in regional and rural NSW is a factor of population density and infrastructure responsibility. Most regional and rural councils cannot maintain their extensive road and bridge networks from property rate income. The following indicates how a merger with surrounding councils would impact on GTCC asset responsibilities.

Merger partner	Area Increase	Population increase	Bridge length increase	Road length Increase
Gloucester	44%	10%	62% (6500m)	40% (2259km)
Great Lakes	90%	74%	55% (6198m)	60% (2572km)
Port Macquarie	99%	160%	115% (8625m)	76% (2842km)

All of these scenarios create a merged council with more metres of bridges than any other council in NSW (56% more in the PMHC case) and more road length than any council on the eastern side of the divide.

Apart from the increased asset responsibility the areas of an amalgamated council in this locality are excessive with significant travel distances impacting on service delivery.

Page 73 of the ILGRP final report states:

Having said that, the Panel acknowledges that:
- Boundary changes can be disruptive, and transition costs may place a heavy strain on new organisations in their early years of operation
- Merging two or three weak or unsustainable councils may simply produce a larger weak or unsustainable council – complementary action will be required to address underlying issues
- Amalgamations are not possible where physical distances between communities and service centres are simply too great.

The second and third points above are applicable to GTCC.

We are well advanced in planning for the new township Brimbin to the northwest of Taree. Brimbin will deliver 8,000 residential lots and a population of 22,000. At the completion of this new town this will add approximately 40% to the residential rates income and 40% to the population of the LGA. While the timing is in the hands of the private developer, its advanced status provides a realistic opportunity to add to the scale and capacity of GTCC.

While not within the current scope of Fit for the Future, GTCC remains open minded about any boundary changes that may assist with sustainability. The Great Lakes LGA is a diverse community with those in the north around Forster, Tuncurry and Bulahdelah connecting very strongly with the Mid North Coast and those to the south in the Tea Gardens, Hawks Nest area more aligned with the Hunter. An obvious option would be to include the Mid North Coast area of Great Lakes LGA into the Greater Taree area and allow the Hunter component to be absorbed into Port Stephens. This would increase the

population density in the Greater Taree LGA and maintain a connected community of interest. In excess of 2000 people travel between Forster and Taree daily.

GTCC sees its future as a council in a joint organisation on the north coast of NSW. We favour a strategic joint organisation, the North Coast Joint Organisation, which runs from Greater Taree to Tweed and represents the 546,000 residents in that community of interest. The organisation would have 13 member councils and would provide a key partner to the State Government in the future strategies for this key growth corridor.

2. Your council's current position

2.1 About your local government area

Explain the key characteristics of your local government area, your community's goals and priorities and the challenges you face in the future (up to 500 words).

You should reference your Community Strategic Plan and any relevant demographic data for this section.

The Greater Taree local government area (LGA) is located on the mid north coast of NSW stretching over 3753 km2 from Johns River in the north to the Wang Wauk River in the south and up to 100 kilometres inland. The area includes a 50 km coastal strip from Crowdy Bay to Hallidays Point.

The LGA is home to some 48,000 residents. Settlement in the LGA is scattered along the river, coastline and rich agricultural lands. There are five main urban centres and 23 villages, each with their own particular character. The population is expected to grow by about 1% per year – reaching some 60,000 by the year 2030.

The demographics of the LGA are similar to other regional coastal areas. The majority of residents were born in Australia and have English as their first language. There is a higher proportion of older residents and a lower proportion in the 20-30s age group. Many of these young people leave the area for jobs and educational opportunities in the city, though some will return in later years to raise their families and reconnect with the community.

The LGA has a significant Indigenous population, with some 1927 people, or 4.3% of the population, identifying as being of Aboriginal or Torres Strait Islander descent. This is a comparatively young community, with the median age of our Indigenous people being 18 years. The LGA is ranked as the 12 most disadvantaged area from 152 LGAs. Close to 30% of ratepayers receive pensioner concessions on their rate payments at a cost of almost $500k pa to council.

In keeping with the areas predicted population growth, there will be a steady increase in housing over the next 20 years, with an additional 5000 homes expected, mostly in existing urban centres. The area has a higher than average rate of home ownership, with 43% of residents owning their own home and a further 27% paying off a mortgage. Most dwellings (75%) are single houses, however, there is increasing demand for alternative styles of housing. The Manning has a higher proportion of single person households (25%) and this is expected to increase as the population ages.

Local infrastructure

Because of the fragmented nature of settlement, the Manning Valley has a large amount of infrastructure per head of population. Our current network of roads, bridges, footpaths, kerb and gutter, sports fields, parks and buildings represents an investment of more than $15,000 worth of infrastructure for each man, woman and child in our Valley. There has been a history of under-investment in the care and maintenance of our local infrastructure, with the result that some 25% of the network has passed its serviceable life and requires major repair or reconstruction.

Major Assets	
Length of sealed roads	742km
Length of unsealed roads	950km
Timber bridges	105
Concrete bridges	114
Sports complexes	9
Swimming pools	6
Population characteristics	
Libraries	5
Regional Airport	1
Parks and Reserves	241

Our geography of large flood plains requiring many bridges with an increased susceptibility to flood damage, deep escarpment valleys with long dead end roads servicing small populations and susceptibility to landslip add to the cost and risks of our infrastructure.

2.2 Key challenges and opportunities

Strengths	Weaknesses
• We understand our position well and the challenges we face. • Our asset management knowledge and capability continues to grow. • We have conducted extensive service reviews across the organisation and implemented a complete organisational restructure in the last 5 years. • We are lean and efficient compared to peer organisations. • We are innovative as an organisation. • We have strong credentials in community engagement including an extensive Special Rate Variation process undertaken in the last 5 years. • We have strong environmental credentials including a 5 year funded Environmental Action Plan. • We have a high level of success in grant applications. • The LGA is a attractive in its distance from metropolitan areas, location in a growth coastal corridor and temperate climate.	• Our standout weakness is our transport infrastructure extent and nature compared to our rating income which is fundamentally represented in our population density of 13 people per square kilometre. • Responsibility for more than 3,000 creek and river crossings from mountains to floodplains. • A high level of the population on a fixed income with close to 30% receiving pensioner rebates, directly costing the budget nearly $0.5m per annum. • Regular flooding, high rainfall and the potential for destructive coastal storms impacts on operational expenditure and degrades asset condition. • 1700 kilometres of roads, many being dead ends with few properties makes our road infrastructure per capita high. • With 23 towns and villages our population is dispersed creating challenges in service delivery. • A lack of public transport makes our road and bridge infrastructure critical to daily life.

Opportunities	Threats
- Rating levels are below surrounding councils. - We have a strong understanding of technology and how it can be deployed to improve efficiency and service levels and the NBN is implemented in Taree. - There is a strong community spirit and many active volunteers leading to capacity in the community. - With rail/highway and air connections in the same precinct and 4 hours from Sydney we are ideally sited for a major freight transport hub. - Planning for the proposed now town of Brimbin to the north west of Taree is well advanced. - There is plenty of capacity in appropriately zoned land to further manufacturing and industry in the area. - The area has significant natural beauty that can be leveraged as an attractor for residents and tourists. - Boundary adjustments to move Forster/Tuncurry into the LGA would improve population density and scale and capacity.	- Uncertainty in the region in relation to Joint Organisations and ROCs is destabilising. - Fit for The Future itself is destabilising with no direction for councils that lack scale and capacity to meet their inherent infrastructure responsibilities but have no amalgamation partners that improve this situation. - As a destination for sea and tree change people we experience the expectation gap of these people when they move to the area from highly resourced metropolitan councils. - Great Lakes Council has aligned itself with the Hunter Valley while their primary community in Forster/Tuncurry relate to the Mid North Coast leading to a loss of synergy in our communities. - Rate pegging has seen the deterioration of essential infrastructure across NSW which continues to date. - As a coastal valley the Manning Valley is subject to regular flooding, at times with more than 250 square kilometres under water affecting infrastructure and related maintenance and renewal budgets.

2.3 Performance against the Fit for the Future benchmarks

Sustainability				
Measure/ benchmark	2013 / 2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	-25.1%	No	-12.23%	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	61.6%	Yes	77.17%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	73.3%	No	73.03%	No

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

The failure to meet the two benchmarks above is primarily related to the population density and the disproportionate amount of essential transport infrastructure that Council has an obligation to maintain compared to the rates base.

Contributing factors to this primary issue are:
- The social structure of the community. Based on ABS SEIFA data GTCC is the 12th most socially disadvantaged LGA in NSW. Just under 30%

our ratepayers receive a pensioner discount which costs the budget $460,000 pa after the State Government rebate is applied.

- 30% of our population is aged 60 and above which is 26% more than the group average.
- The LGA is susceptible to natural disaster from flooding with the Manning River having a catchment of 8,400 km2. The river delta is extensive from Taree downstream leaving hundreds of square kilometres subject to inundation that not only damages roads and bridges but also provides geology that is difficult for road construction and maintenance.
- In various studies Council's infrastructure backlog has been estimated to be between $250 and $400 million. While new approaches to this issue are being explored there is a common view that the condition of the GTCC road network is poor in many areas.

Council has relentlessly pursued opportunities to improve our sustainability including:

- Implementing an infrastructure-based Special Rate Variation in 2011 of 10% per annum for 3 years to be retained in the base. This has allowed borrowing, including via the LIRS to fast track renewal projects. This has improved the backlog situation slightly.
- Judiciously managing our finances including investments and loans through a formal Finance and Investment Committee.
- Carrying out a major staff restructure in 2009/10 and undertaking extensive service reviews since that period. Our structure is lean with 245 FTE which is 21% less than the average FTE for our LGA Group.

2.3 Performance against the Fit for the Future benchmarks

Infrastructure and service management

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	27.7%	No	19.91%	No
Asset Maintenance Ratio (Greater than 100% average over 3 years)	41.6%	No	53.28%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	10.11%	Yes	8.37%	Yes

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

These three benchmarks improve over the period primarily due to a forecast special rate variation planned to be implemented in 2016/17 but conditional on approval by IPART and support from the Greater Taree community.

At best the infrastructure backlog ratio benchmark is confusing. There should be a relationship between this benchmark and the Building and Infrastructure Asset Renewal Ratio. If the latter is well below the 100% benchmark and has been for many years, then the Infrastructure Backlog Ratio should be growing. Across MidROC councils the Building and Infrastructure Asset Renewal Ratio is 53% but the average Infrastructure Backlog Ratio is 19%. This makes little logical sense and challenges the data put forward by councils. Making decisions on benchmarks that are created from data that has little integrity is problematic.

Local roads, bridges and drainage assets are only 'assets' through financial accounting eyes. From every practical perspective they are liabilities. They cannot be sold or their value realised and they have to be maintained at a standard. The use, therefore, of Written Down Value (WDV) in the infrastructure backlog ratio means that the benchmark does not measure the liability against the assets in any sensible manner. The MidROC councils are currently involved in a regional project to address this issue in terms of defining an affordable level of service in consideration of a minimum life cycle cost within an acceptable level of risk. To use the written down value as the measure of backlog suggests that a high use high profile pedestrian footbridge in CBD Sydney has an equal 'importance' in terms maintaining its 'backlog' as a rarely used concrete footpath in a small rural village. The sector and the government need to commission more work in this space if these benchmarks are to have any credibility.

GTCC recognises the need to increase actual asset maintenance despite spending some $7m per annum on this function currently. As our network has deteriorated the need for more maintenance to address risk and levels of service has become very apparent. While we would prefer to remove additional maintenance from our operating budget and reconstruct assets instead, our income simply does not allow this to happen in a sustainable manner.

We strongly believe that there is value in sector-wide research and development into road maintenance and construction design and construction techniques. MidROC councils currently spend around $90m annually on asset maintenance and report the required maintenance spend to be $143m annually (Special Schedule 7). Efficiencies in this area across the sector could make a big difference. GTCC will pursue an SRV that increases our commitment to maintenance but this will have a one-off negative affect of our efficiency benchmark result.

2.3 Performance against the Fit for the Future benchmarks

Efficiency

Measure/ benchmark	2013 /2014 performance	Achieves FFTF benchmark?	Forecast 2016 / 2017 performance	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	Decreasing ($1145.61)	Yes	Variable – generally decreasing ($882)	Yes

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

To improve the overall approach to address the asset management functions of council it is necessary to significantly increase Council's investment in infrastructure maintenance. If the satisfactory standard of a road is to be reduced below condition 1 or 2 there will be a need to invest in additional maintenance to ensure these roads are kept safe. We believe this is a reasonable approach and will present a value case to the community on this issue in coming months.

The measure assumes adequate amounts are currently being expended on a per capita basis. Council's rates income is less than surrounding councils on a per capita basis (20% compared to the Group Average). Our intention is to address this issue over time but it will result in an increase in real operating expenditure at the time of implementation.

It is GTCC's observation that councils with inefficiencies and high levels of income largely through population densities would be able to achieve this

benchmark with ease. It all depends on the starting point. While we agree that councils should be as efficient as possible there is a real issue in relation to the starting point of this benchmark. Further, it ignores the principle of IP&R that income and service levels are about discussions with communities.

Once a council is determined to be Fit for the Future, the concept of decreasing expenditure per capita as the population increases has merit.

2.4 Water utility performance

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

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

No

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

3.1 Sustainability

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

Strategies
- We will optimise our asset management approach to ensure depreciation is an accurate reflection of the real life experience and we will work with like councils in making this a consistent approach. This will improve the Operating Performance Ratio and the Building and Asset Renewal Ratio.
- We will lobby the State and Federal Government to allocate Financial Assistance Grants to councils in the most need and to move the grants from a per capita basis to an infrastructure basis.
- We will move our business online in as many ways as possible in this period. The NBN has been rolled out in Taree and there are many ways we can improve our efficiency and service delivery through automation and new approaches.
- We will continue to place downward pressure on staffing levels. We have already progressed to 1 level one (GM), 2 level 2 (Director) and 10 level 3 (Manager) positions. We are a lean council in comparison to the sector. Our remuneration as a percentage of expenditure is 29% compared to a sector average of 35%.
- We will continue to optimise our operational expenditure through efficiency reviews. Since 2010 around $3m in reductions have been achieved through efficiencies with some of these savings being reinvested in infrastructure related activities.

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

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

Assumptions

We will consult with our community in relation to Special Rate Variations that enable us to improve our sustainability. Two scenarios are forecast in our Long Term Financial Plan. A moderate SRV for infrastructure maintenance and an extensive SRV to address asset renewals.

3.1 Sustainability

Outline your strategies and outcomes in the table below.

3.1 Sustainability

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Whole of life asset management system in place providing the maximum potential to prioritise work and seek funding	a) Ensure asset data is complete and currency validated b) Ensure integration of asset management and financial processes. c) Asset management system is practical and functional d) Maintenance management included in asset management	Fully populated asset management system in place 2015/16 Asset management plans fully integrated in long term financial plan 2015/16 Full integration of spatial/asset management/financial systems 2016/17 Asset maintenance system (Reflect) implemented and functional across	Decision making made with accurate data Consistency between financials and asset management Data available in accessible functional system Asset management is managed in organisational context	Nil

	approach	transport assets 2015/16		
	e) Maintenance activities inform asset management decisions.	Maintenance integrated into asset management systems 2016/17	Asset management system is dynamic, relevant and responsive	
	f) Benchmark strategies and outcomes across the region.	Regional asset management strategy for MidROC adopted 15/16	Regional sector consistency and best practice	
2. A change in the allocation process for FAGs	Lobby decision makers	Motion to ALGA National General Assembly Motion to LGNSW Conference Ministers, MPs at State and Federal level	A sustainable base for regional and rural councils	Improves measures against all benchmarks except Own Source Revenue
3. Move all transactional business online by 2020	Continue current strategy for electronic service delivery to completion based on transaction volume/relevance and risk	Electronic lodgement facility for all building and development applications 50% 2015/16 – 100% 16/17 Apply for and issue all certificates online 75% -	Higher levels of customer satisfaction 24x7 access to services Time and labour efficiencies	Nil

		2015/16 100% 2016/17 Accept all payments online 50% 2015/16 100% 2016/17 Accept all customer requests online 2016/17 Other (non-building/ development) applications lodged online 30% 15/16 60% 16/17 100% 17/18		
4. Maintain or reduce existing staffing levels excluding SRV funded roles	Conduct 3rd round of service reviews across the organisation in conjunction with internal audit	30% conducted 2015/16 65% conducted 2016/17 100% conducted 2017/18	Minimise labour costs while improving service levels	Nil

3.2 Infrastructure and Service Management

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

Strategies
- We are well advanced in progressing our Asset Management strategies and plans and have been leading participants in a MidROC project to standardise our approach to asset management across the Mid North Coast. This is likely to significantly change some of our ratios as we understand concepts like "bring to satisfactory" in relation to our communities expectations.
- We will continue to borrow as required to optimise our use of resources and maintain a DSR of around 8%. While we are unlikely to meet all the FFTF benchmarks we would see it as profoundly wrong if we were excluded from any future advantageous borrowing arrangement.

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

Assumptions

We assume a MidROC asset management strategy can be developed and agreed by all participating councils as a cornerstone to our asset management processes.

3.2 Infrastructure and Service Management

Outline your strategies and outcomes in the table below.

3.2 Infrastructure and service management

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1. Whole of life asset management system in place	See 3.1	See 3.1	See 3.1	See 3.1
2. Region-wide approach to infrastructure maintenance	a) Establish common data b) Establish benchmark targets and measure against benchmarks c) Undertake an independent review	Majority of MidROC councils using Reflect to collect data 2015/16 Majority of MidROC councils benchmarking Two key activities 2015/16 Four key activities 2016/17 Review completed 2017/18	Consistency	Nil

3. SRV negotiated and implemented by 2016/17	a) Build a detailed value proposition	Infrastructure only SRV scoped to include maintenance, rehabilitation and renewal of roads and bridges	Strong proposition, fully detailed and costed ready for engagement 2015/16	Needs to be excluded from efficiency calculations in 3.3.
	b) Engage the community	Conduct extensive consultation in person, survey and online 2015/16	Community views known	
	c) Lodge an application	If community support, lodge in April 2016.	Ability to arrest decline in asset condition	

3.3 Efficiency

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

Strategies
We will continue to optimise our operational expenditure through efficiency reviews. Since 2010 around $3m in reductions have been achieved through efficiencies with some of these savings being reinvested in infrastructure related activities.

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

Assumptions

We assume we will not be forced into an amalgamation as this would significantly impact on our ability to improve in this area.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency				
Objective	**Strategies**	**Key milestones**	**Outcome**	**Impact on other measures**
1. Ongoing process improvement activities	a) Rolling program of process reviews	Programs determined annually depending on priorities and opportunities	Relevant, achievable reviews undertaken.	Nil

3.4 Improvement Action Plan

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

Action plan

Actions	Milestones
1. Ensure asset data is complete and currency validated	Fully populated asset management system in place
2. Ensure integration of asset management and financial processes.	Asset management plans fully integrated in long term financial plan
3. Asset maintenance system (Reflect) implemented and functional across transport assets	Asset management is managed in organisational context
4. Regional asset management strategy for MidROC adopted	Regional sector consistency and best practice
5. Lobby decision makers A change in the allocation process for FAGs	ALGA and LGNSW Conference motions

6. Electronic lodgement facility for all building and development applications - 50% achieved	Functionality available to customers
7. Apply for and issue all certificates online 75% achieved	Functionality available to customers
8. Accept all payments online 50% achieved	Functionality available to customers
9. Other (non-building/ development) applications lodged online - 30% achieved	Functionality available to customers
10. Conduct 3rd round of service reviews across the organisation in conjunction with internal audit – 30 % achieved	Plan agreed with internal audit in Q1
11. Majority of MidROC councils benchmarking two key infrastructure maintenance activities	Agreement regarding activities to be benchmarked by majority
12. Special RateVariation consultation conducted	Consultation held in accordance with a 2016/17 application.

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

GTCC has been on a journey of improvement since an extensive restructure in 2009. Since that time there has been two complete rounds of service reviews, a special rate variation and an improvement in the bottom line of more than $3m. There has also been an investment into our asset management capability and significant improvement into our capital works management processes. In addition GTCC completed a DLG Promoting Better Practice Review in 2013. GTCC has implemented hundreds of improvement actions in the past five years.

As a result we are able to target what our future actions need to address. While we will continue to apply continuous improvement this is considered as part of the normal business cycle and is required to meet the current parameters of the rate peg's inbuilt assumed efficiencies.

Put very simply, GTCC's problem is the size of its transport asset base compared to the rate base served by that transport infrastructure. Everything else pales into insignificance and this is the same for all regional and rural councils with low population densities. If this problem is resolved the sustainability issue is resolved. Our action plan is therefore very much about resolving this problem through lobbying for structural funding changes and working with other councils in our region to improve our asset management and maintenance capability and outcomes.

We continue to be prepared to leverage future opportunities through good planning. We seek to provide contemporary service delivery through use of technology. While many local government software vendors lag in this space we intend to do all be can to maximise the opportunity in a timely fashion.

3.5 Other actions considered

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

MidROC has an active group for each functional area across member councils. There has been significant work done on the potential for shared services and other regional activities that either reduce costs or increase service levels. We will continue to work cooperatively within these groups.

4. How will your plan improve performance?

4.1 Expected improvement in performance

Measure/ benchmark	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Achieves FFTF benchmark?
Operating Performance Ratio (Greater than or equal to break-even average over 3 years)	--22.38%	-16.46%	-12.23%	-6. 90%	-2.28%	+2.16	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	72.34%	76.14%	77.17%	78.15%	79.12%	80.06%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than100% average over 3 years)	56.48%	69.46%	73.03%	74.42%	75.84%	77.30%	No but improving
Infrastructure Backlog Ratio (Less than 2%)	24.14%	22.71%	19.91%	17.57%	14.89%	11.81%	No but improving
Asset Maintenance Ratio (Greater than 100% average over 3 years)	45.81%	44.70%	53.28%	71.99%	90.84%	100%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	10.83%	9.53%	8.37%	6.92%	6.11%	5.75%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	$877	$870	$882	$879	$885	$891	No due to planned SRV. Rate is low.

4.1 Expected improvement in performance

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

In 2013/2014 we reported meeting two of the seven benchmarks, 'Own Source Revenue' and 'Debt Service Ratio'. Implementation of our plan will see steady improvement in another four benchmarks including 'Operating Performance' and 'Asset Maintenance', while a there will be no deterioration in Real Operating Expenditure per capita. In relation to the two remaining benchmarks, Building and Asset Renewal and Infrastructure Backlog, Fit for the Future benchmarks will not be met, but progress toward meeting them can be seen.

Note: Greater Taree City Council modelled the impact on overall Council income of various SRV scenarios in the Long Term Financial Plan. The additional income generated by the SRV in Scenario 3 of Council's LTFP, if realised, would be expended on capital maintenance and renewal, which improves Council's asset renewal, infrastructure backlog and asset maintenance ratios. Greater Taree City Council is continuing to improve our systems that provide data in support of asset management planning in preparation for Special Schedule 7 audit. As these systems develop, our understanding of the information underpinning asset ratio calculations is improving. As a result, small differences have emerged between the published Scenario 3 of the Long Term Financial Plan and our Fit For The Future submission.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

This plan has been designed to be completed within the existing resources of Council and woven into business as usual activities. We have been on a program of improvement for the last five years and this plan is the natural extension of that program. All areas of council have undergone one or more service reviews and there has been significant improvement in our efficiency and effectiveness.

Asset management remains our highest priority and also our most complex challenge. We currently meet the asset management requirements of IP&R but we have also identified a program of activities over the next four years to build on the work already done. If we are to progress a special rate variation based in infrastructure we need to be able to describe to the community what we will achieve in the period and put a very strong value proposition before them.

We will engage specialist support where and when necessary.

Our asset management approach has broadened to the region in the past 12 months and we are seeing great benefits in that process. We will build on this regional cooperation and we see consistent and professional asset management as a key focus of our joint organisation activities.