attachment 2

to

item 146

Revised Council Improvement Proposal - Reassessment

date of meeting: 26 July 2016
location: council chambers
time: 6:30 p.m.

Hawkesbury City Council

Template 2

Fit for the Future

Revised Council Improvement Proposal

FFTF Reassessment

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

Council name: Hawkesbury City Council

Date of Council resolution endorsing this submission: [Insert Date]

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.

(This revised Fit For The Future Proposal is being submitted for reassessment in accordance with the *Fit for the Future Financial Criteria Reassessment Guidelines* issued by the Office of Local Government (OLG) in May 2016. Hawkesbury City Council formally advised the OLG on 13 May 2016 of its intention to nominate for reassessment and to participate in the reassessment process. This revised proposal has been submitted in conjunction with the required documentation as listed on page 7 of the Reassessment Guidelines).

Hawkesbury City Council's performance, as measured against the Fit for the Future (FFTF) criteria, is primarily shaped by its financial capacity to fund the renewal of its long-lived assets. Meeting the costs associated with the consumption of these assets is the critical determinant impacting on Council's future financial sustainability.

Council is currently achieving four of the seven Fit for the Future (FFTF) benchmarks (Own Source Revenue Ratio, Infrastructure Backlog Ratio, Debt Service Ratio and Real Operating Expenditure). Its current trajectory in relation to two of the three remaining FFTF benchmarks, Building & Infrastructure Asset Renewal Ratio and Asset Maintenance Ratio, is in line with the required improvement trend identified in the *IPART Assessment Methodology*. The capacity to fully fund the cost of maintaining and renewing infrastructure is the primary factor impacting on the complete achievement of these two asset-related benchmarks.

Council's original FFTF Proposal was assessed as 'not fit' by IPART in that it did not meet the required Operating Performance Ratio (OPR) by 2019/2020. Council's original FFTF Proposal projected that Council would achieve the OPR benchmark by 2020/2021. To meet the OPR benchmark by 2019/2020 will require Council to reduce its projected operating result for the three financial years leading up to 2019/2020 by an average of $736,334 in each of these years ($1.4M in 2017/2018, $505,000 in

2018/2019 and $351,000 in 2019/2020). In submitting its FFTF proposal, Council was aware of the OPR shortfall. It had previously argued, in a submission to IPART, that as a peri-urban council it exhibited the rural council characteristics identified by IPART as requiring a longer time frame to achieve the FFTF benchmarks than those applying to metropolitan councils. In its FFTF proposal, Council put the view that as its OPR position was wholly related to funding the imputed cost of the depreciation of its assets, nevertheless it had met the required benchmarks for funding of the future cash cost of asset maintenance and renewal. Council argued that IPART should give consideration to the overall trajectory of Council's performance against the aggregated asset-related FFTF benchmarks which clearly indicated that it was financially sustainable. IPART did not accept this view.

Council's revised FFTF Proposal is therefore primarily directed at addressing this OPR shortfall, while also consolidating its capacity to meet in full the asset related FFTF benchmarks by 2019/2020.

Council's FFTF challenge reflects its geography and demography. It is a peri-urban council on the north-western periphery of the Metropolitan Region and is the largest local government area within Sydney. It straddles the divide between urban metropolitan councils to its east and rural councils to its west. While the south east corner of the LGA is predominantly urban, the remainder of LGA forms a much larger rural hinterland. In comparison with adjoining metropolitan councils, Council has a relatively smaller, but growing, population of 66,000 persons spread over an area of 2,793 square kilometres. As a result, it is required to maintain a large asset holding serving a dispersed population.

To address this situation, Council's revised FFTF Proposal incorporates an integrated mix of 20 strategies. The main elements of which include a rigorous expenditure reduction program to achieve operating efficiencies, and a proposal for a $25M Infrastructure Renewal borrowings program targeting road renewal and the delivery of an enhanced program of asset maintenance and renewal. This program is to be funded by increased revenues derived primarily from a proposed special rate variation (SRV) to be determined following consultation with the community. This consultation process has commenced and is anticipated to be completed by November 2016. The FFTF strategies are also aimed at consolidating strategic capacity – primarily through a formal regional partnership with Blue Mountains and Penrith Councils.

The implementation of the actions outlined in Council's revised FFTF Proposal will see Council direct substantial additional funding to infrastructure renewal. By 2017/2018 it will meet the Building & Asset Renewal Ratio and Asset Maintenance Ratios while continuing to meet the Own Source Revenue Ratio, Infrastructure Backlog Ratio, Debt Service Ratio and Real Operating Expenditure benchmarks. The FFTF Proposal will also see Council meet the Operating Performance Ratio with a break even operating result achieved by 2019/2020.

Scale and Capacity

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

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

Yes

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).

Council's original FFTF Proposal was consistent with the preferred **no change** recommendation of the Independent Local Government Review Panel. Council's revised FFTF Proposal addresses the requirement to bring forward its achievement of the Operating *Performance Ratio* from 2021/2022 to 2019/2020 (as identified by IPART in its assessment of Council's original FFTF Proposal). Council has also recognised that it will need to further consolidate its strategic capacity if it is to remain fit for the future and continue to efficiently deliver services and infrastructure to the community. To this end, Council's FFTF Proposal includes a number of strategies which aim to strengthen its strategic capacity.

Regional Strategic Alliance. At its Ordinary Meeting of 28 April 2015, Council resolved to enter into a *Regional Strategic Alliance Cooperation and Management Agreement* with Blue Mountains City Council and Penrith City Council. Council's continued participation in the Regional Strategic Alliance was placed on hold pending the outcome of the proposed merger of Hawkesbury City Council and part of the Hills Shire Council. Following the decision not to proceed with the proposed merger, Council reaffirmed its intent to proceed with the Regional Strategic Alliance (RSA) at its Ordinary Meeting of 28 June 2016.

The RSA Agreement ostensibly provides for the three councils to act in concert to investigate a regional entity and governance framework that could initiate projects and programs aimed at optimising state and regional planning, strengthening regional advocacy, and maximising opportunities for organisational effectiveness, shared services and innovation. The current population of the three Council areas is 339,349 and is projected to grow to 451,100 by 2031.

The Regional Strategic Alliance is a considered response to both the NSW Government's FFTF Reform Package and the identification of the three Councils as a West Sub-region grouping within the NSW Government's metropolitan strategy – *A Plan for Growing Sydney*.

Hawkesbury Horizon Initiative. The Hawkesbury Horizon Initiative (HHI) was launched in 2014. It aims to provide a catalyst for the revitalisation of the wider Hawkesbury Region through the identification of regionally significant investible projects. The intention of the HHI is to increase Council's capacity to be a capable partner for State and Federal agencies. To this end Council has conducted a round of community workshops and meetings with regional leaders in the areas of business, education, health and lifestyle. The outcomes from these workshops has provided the basis for subsequent briefings with State and Federal government agencies to discuss collaborative projects that would best meet local, state and federal objectives for integrated regional planning, and economic and employment growth. The outcomes of the HHI were reported to Council at its Ordinary Meeting of 10 May 2016. Council has resolved to progress 4 regionally significant projects identified through the HHI process with the proposed revitalisation of the Hawkesbury River Precinct, centered initially on Windsor, to provide the initial catalyst for driving the lifestyle and business development of the Hawkesbury

Sound Platform for Asset Management. Reports into the future of Local Government consistently underscore the importance of sound asset management to drive long-term sustainability and the identification and management of strategic and operational risks. Over the past few years Council has invested significant resources in strengthening its asset planning capability. To this end funds have been included in Council's Operational Plan to establish a reconfigured asset management and planning structure that can better support sustainable asset management planning. This strategy will be critical to ensuring that Council can continue to address the question of scale and capacity through the consolidation of a sound platform for long-term financial forecasting and asset management based on agreed community standards, and the planned reconfiguration of assets to meet changing demographic requirements. In July 2016, Council commenced a comprehensive community engagement strategy to consult with the community in establishing safe, affordable and agreed levels of service for all asset classes. This completion of these consultations is a critical pre-requisite for the finalisation of asset management plans.

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 Hawkesbury LGA is a peri-urban area on the north-western periphery of the Sydney Metropolitan Region. It covers an area of 2,793 square kilometres and is the largest local government area within Sydney. Its estimated population of 66,134 live in townships, villages and rural localities divided by flood plains, rural lands and national parks. The population is dispersed with no one town or village containing more than 11% of the total population.

Employment within the LGA is focused on key sectors including education and health, defence, manufacturing, construction, and agriculture, with the major centres of Windsor, Richmond and North Richmond also generating significant employment in the retail and commercial sectors. The Hawkesbury has a strong local economy where 63% of the 21,526 people who work in the area also reside in the area.

The Hawkesbury is dominated by the Hawkesbury-Nepean River System and the escarpment of the Blue Mountains to its west. The topography of the area varies widely. 70% of the LGA is located in National Parks with significant world heritage values and riparian and wetland communities. The LGA contains substantial areas of bushland which are prone to bushfire while at the same time the majority of its urban areas are affected by flooding or flood evacuation constraints. The Richmond RAAF Base is located in the Hawkesbury, while the LGA also has a productive rural hinterland with more than three-quarters of its agricultural output exported beyond its borders.

These physical characteristics have impacted, and continue to impact on the development of the Hawkesbury. The combination of topography, flooding, evacuation constraints, bushfire risk, airport noise, agricultural land and environmental values has meant that the majority of the LGA is 'highly constrained' with significant implications for future urban development.

The primary aspiration of the community as identified in the Hawkesbury Community Strategic Plan 2013- 2032 is to achieve balanced growth – to provide housing, lifestyle and employment choices which are sympathetic to the rural, environmental and heritage values of the LGA matched by infrastructure and services which can meet the contemporary needs of residents

To marry these community aspirations and development constraints, the Hawkesbury Residential Land Strategy has adopted a planning framework to achieve a future dwelling target of 6,000 new dwellings by concentrating development around existing urban centres and villages through urban infill or the greenfield expansion of existing centres. Consistent with this direction, recently approved planning proposals have included 1,400 lots at North Richmond, 659 lots at Pitt Town (which are now well underway), and 580 lots at Glossodia, while planning for the Vineyard Precinct (within the North West Growth Sector) has also commenced with a proposed development yield of 4,000 new dwellings.

Within this context, the task facing Council is to deliver future development outcomes which are economically and environmentally sustainable, maintain rural character and heritage values, and maximise the use of existing infrastructure. To do this, Council will focus on raising sufficient revenue to maintain and renew its existing assets while also seeking external investment to provide the new infrastructure required to support a growing population.

2.2 Key challenges and opportunities

Strengths	Weaknesses
• *moderate Financial Sustainability Rating* • *strong pipeline of residential development* • *moderate asset rating for infrastructure management practices* • *increased spend on asset renewal/maintenance* • *strong sense of community* • *Strategic Alliance with Blue Mountains & Penrith* • *asset management planning framework in place*	• *historical under-spend on asset renewal & increasing annual depreciation charges* • *structural constraints on revenue growth, cost shifting & increasing compliance costs* • *large land area & road network with relatively small and decentralised rating base* • *rural based metropolitan area (peri-urban) required to maintain a large asset holding serving a dispersed population*
Opportunities	**Threats**
• *sound community engagement framework to drive consultation on acceptable service levels* • *residential strategy in place to achieve sustainable population growth* • *low level of loan borrowings* • *modest rating imposts (in line with rate pegging) with sound justification for SRV* • *Hawkesbury Horizons Initiative to drive future regional collaboration*	• *exposure to natural disasters (bushfire & floods)* • *increasing infrastructure renewal requirement* • *continuing unsustainable growth in rural localities with higher per unit service costs* • *securing bipartisan community support on the way forward to achieve sustainability* • *proposed boundary adjustments which weaken financial sustainability*

Strengths.

• Council has a moderate Financial Sustainability Rating (FSR). T-Corp's Financial Assessment of Council (completed in March 2013) indicates that Council has been reasonably managed noting that its underlying operating performance (measured using EBITDA) has remained consistent over the past five years and that it has a stable and sound stream of own source revenue. Council's auditors have also indicated that its current financial status and liquidity is sound.

• There is a strong pipeline of residential development projects (6,000+ lots) centred on existing urban centres and villages. This will increase population density, generate additional own-source revenue and drive down the per capita cost of service provision. 2,600 of the projected lots have been approved, and as part of these developments, Council has negotiated planning agreements for developer funded asset upgrades and renewals at a total cost $80M+ over the next 10 years

• Council has a moderate asset rating in relation to its infrastructure management practices. Its total spend on asset renewal and maintenance has increased by 55% over the last three years (from $13.4M in 2011/12 to $20.8M in 2013/14). This has been achieved through the targeted injection of additional funds for asset renewal, increased efficiencies though technological and operational innovation, and improvements in the capture and reporting of renewal and maintenance expenditures.

• There is a strong sense of community within the Hawkesbury with people wanting to be active partners in planning. Satisfaction with Council's community engagement is increasing, with ongoing dialogue on the asset management challenges facing Council. While the community is generally satisfied with the provision and maintenance of community facilities and parklands, their key focus area for improvement is with roads and transport infrastructure.

• Council is committed to collaborating with Blue Mountains and Penrith Councils (which comprise the western sub-region within the NSW Government's Metropolitan Strategy) to establish a Regional Strategic Alliance. A strong regional alliance carries the potential for collective planning, action and advocacy and increased operating efficiencies through economies of scale and shared service arrangements.

• Council has a comprehensive Integrated Planning and Reporting (IPR) regime in place and is strengthening its asset planning capability to establish a more complete picture of the useful life of assets to enable the accurate forecasting of future funding requirements, Infrastructure Backlog values and annual depreciation expense. The consolidation of this integrated Asset Management Planning framework will support the effective management of strategic and operational risks through the identification of targeted asset management intervention points.

Weaknesses.

• Council has been assessed as having a negative outlook based on the perception of the likely future movement of its current FSR rating. The primary factor driving this negative outlook is the level of Council's required asset renewal works with asset revaluations resulting in a 50% increase in annual depreciation charges. As noted in the T-Corp's Financial Assessment, Council has been under-spending on asset renewals and maintenance.

• Constraints on revenue growth arising from rate pegging, the freezing of Financial Assistance Grants, and caps on statutory fees and charges together with escalating cost indices, cost shifting, and increasing compliance costs will mean that Council will not generate sufficient revenue under its current financial settings to maintain and renew its assets and sustain current levels of service into the future.

• In comparison with its neighbouring urban councils, the Hawkesbury has a large land area and road network but a relatively smaller and decentralised rating base. Council is required to provide core services and local facilities to outlying areas with small population catchments. Given that population density is an important driver of sustainability, these relative differentials result in higher per unit service costs and per-capita asset maintenance costs. Each resident in the Hawkesbury has to support a relatively greater amount of infrastructure asset. As an example, Council is required to maintain 16m of road length per resident in comparison to comparable figures of between 3m and 9m in adjoining council areas.

• Historically, the Hawkesbury has remained largely rural – it is classified as a metropolitan rural area under the NSW Government's *'A Plan for Growing Sydney'.* The Independent Panel has also recognised Council's status as a peri-urban council. This combination of metropolitan and rural characteristics carries the expectation that Council will have the same capacity as a metropolitan council to achieve the FFTF benchmarks. Council believes this assumption is misplaced and has argued so in its submission in response to IPART's Consultation Paper on the proposed methodology for the assessment of fit for the future proposals. Accordingly, Council is of the view that Council's performance against the FFTF benchmarks will need to take into account the particular characteristics and challenges facing peri-urban councils.

Opportunities.

• Council is continuously improving its community engagement processes and tools. This engagement framework will enable Council to continue its dialogue with the community to determine acceptable service levels for all asset classes. The completion of a comprehensive service level review will enable Council, in conjunction with the community, to determine a safe and realistic BTS (bring to satisfactory) asset standard for asset classes which better reflects community priorities and Council's future financial capacity.

• Council has adopted a Residential Land Strategy (HRLS) which aims to concentrate new residential development around existing urban centres and villages through urban infill or the greenfield expansion of existing centres. Given that there is a strong correlation between population density and the ability of Council to generate its own revenue and achieve greater levels of self-funding for the renewal and maintenance of assets, the implementation of the HRLS has the potential to improve the future financial sustainability of Council while at the same time preserving the substantial environmental and heritage values within the LGA.

• Council has a significant commercial and community property portfolio. Council's T-Corp financial assessment recommends the review of this portfolio and where appropriate the rationalisation or sale of surplus properties. The outcomes of community consultations also suggest that the community has some appetite for supporting the sale of surplus community assets provided that proceeds are directed to the renewal and maintenance of priority assets.

• Council currently has a low level of loan borrowings (when measured against the FFTF benchmark) and could increase its debt exposure to address its Infrastructure Backlog provided that it has the financial capacity to service this debt. T-Corp has identified the increased use of debt as a key mechanism for addressing infrastructure backlogs and enhancing intergenerational equity.

• T-Corp has also highlighted the need for councils to consider special rate variations (SRVs) to seek rate increases above the rate peg to increase the capacity to fund the service levels identified by the community. Since its inception in 1981, Hawkesbury City Council has been modest in its rating imposts. To date Council's rating increase have been aligned with rate pegging with the exception of a single increase of 6.5% above the rate pegging limit approved for the 2007/2008 financial year.

Threats.

• The Hawkesbury has a high exposure to natural disasters particularly flooding and bushfires. Council has adopted a Floodplain Risk Management Strategy and a Natural Hazards Resilience Study which outlines the potential exposure to increased infrastructure damage arising from climate change and identifies strategies to address these risks.

• Council's future financial sustainability is directly threatened by its increasing infrastructure renewal and maintenance requirement and its current financial incapacity to prevent the further deterioration of its assets. Projected operating deficits are primarily being driven by escalating annual depreciation charges. Unless action is taken to increase asset renewal and maintenance funding, the accumulated intergenerational debt represented by Council's Infrastructure Backlog will continue to grow.

• Council has adopted a Residential Land Strategy to concentrate residential future development around existing centres, however, over the past decade the majority of population growth has continued to occur in rural localities with relatively higher per-unit service and infrastructure costs. Unless reversed, this trend has the potential to further weaken Council's sustainability. Proximity to Sydney has given rise to community expectations for urban levels of service and infrastructure which cannot realistically be funded from a rural and peri-urban rating base.

• Council's initial engagement with the community indicates that residents are receptive to considering expenditure reductions, operating efficiencies and revenue increases to address future funding requirements. As noted by T-Corp, progressing this dialogue will depend on clearly articulating the benefits of moving from backlog to sustainability over the long term. There is a risk that without the required civic leadership and bipartisan community support, agreement on a way forward will not be achieved and Council's financial sustainability will continue to deteriorate.

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)	-0.125	No	-0.106	No
Own Source Revenue Ratio (Greater than 60% average over 3 years)	65.7%	Yes	72.0%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% average over 3 years)	76.9%	No	98.2%	No

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

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

Council is currently achieving one of three Sustainability benchmarks. Council's negative operating performance ratio (OPR) is a function of increasing annual depreciation charges not being matched by a sufficient level of revenue. In 2013/2014, annual depreciation charges accounted for 20.6% of Council's operating expenditures ($12.9M). Based on Council's current financial position, revenue forecasts and projected increases in cost indices above rate pegging, the OPR is projected to improve by

2016/2017 but is still not projected to achieve the required FFTF benchmark over the longer term. Any substantial and sustained improvement in Council's OPR will be reliant on strategies to increase revenues which can be directed to asset renewal.

Council has a stable and sound stream of own source revenue (OSR). The projected increase in the Own Source Revenue Ratio to 2016/2017 reflects the exclusion of the majority of Council's non-capital grant income from the operating revenue figure used to calculate the OPR.

Council's performance against the asset renewal benchmark is projected to increase (from an average of 76.9% over the past three years to an average of 98.2% over the three years to 2016/2017). Council's performance against this benchmark fluctuates from year to year which reflects the scope of asset renewals programmed in any one year. The improvement in the asset renewal benchmark to 2016/2017 can be partly attributed to a one-off increase in asset renewals funded through developer contributions and works- in- kind. From 2020/2021 the improvement in the asset renewal benchmark reverses and is projected to decline due to the recalibration of the funding allocation between asset maintenance and asset renewal as outlined in the *Infrastructure and Service Management* section and the ageing of a number of assets which are projected to reach their renewal thresholds. This approach will ensure that over the longer term, earlier maintenance intervention will extend asset life and reduce renewal requirements. However, funding strategies will be required to address the deterioration of assets over the medium term.

In broad terms, council management has adopted a practice of presenting a balanced operating budget (excluding depreciation) to Council. Actual expenditure on asset renewal is determined based on the funds that are nominally available after the cost of maintaining existing service levels are inputted into the draft financial estimates. Council has a rigorous budget process where funding requests for each budget line item are required to be substantiated by managers and each item is then reviewed and verified. As part of this process, senior management review all operations to identify strategies to contain rising costs and/or improving efficiencies to optimise the spend on asset renewal. This has proven to be a successful approach, within a context of constrained revenue, which has seen Council increase its expenditure on asset renewal over the last three financial years. Despite this absolute increase in asset renewal expenditure, the increased amount will not been sufficient to meet the FFTF Benchmark in 2019/2020.

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%)	14.1%	No	1.14%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	58.4%	No	97.8%	No
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.47%	Yes	1.2%	Yes

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

In 2013/2014, Council was achieving one of three Infrastructure and Service Management Benchmarks (Debt Service Ratio). In 2015, Council commissioned an infrastructure assessment report to move towards a more auditable Special Schedule 7 based on a risk based asset management approach to more accurately assess and verify infrastructure backlog values. Prior to 2015, Council’s infrastructure backlog was based on the estimated cost of bringing assets to a satisfactory condition (BTS), with the BTS value determined by Managers based on a technical assessment of asset condition. The revised risk assessment approach has identified the high risk infrastructure backlog component within the total required asset renewal works. Consequently, while the quantum of asset renewal requirement has remained the same, the high risk infrastructure backlog value component of this requirement has been revised downwards to 2.95% in 2014/2015, and is projected to be 1.1% by 2016/2017.

The risk based assessment modeling commissioned by Council has also resulted in a revision to Council's projected performance against the Asset Maintenance Ratio. Council has traditionally calculated its asset maintenance requirements based on technical condition assessments to identify the funds required to bring assets to optimal condition under ideal intervention methods. The risk based assessment management approach recommended through the external review is based on the assumption that Council has been allocating close to the required amount on the maintenance of its assets to ensure that the day-to-day deterioration of these assets does not pose a public safety risk – as evidenced by the everyday performance of these assets. The revised risk based assessment methodology has also recalibrated the relationship between asset maintenance and asset renewal with the recommendation that Council must fund asset maintenance to the required level to maintain public safety. Within this context, the report has recommended that Council should focus on funding asset maintenance, with the balance of available asset funding directed to asset renewal. This approach accounts for the improved performance against the Asset Maintenance Ratio to 2016/2017 and a projected decline in the Building and Asset Renewal Ratio post 2020/2021 (as flagged in the previous section).

Council's debt service result meets the benchmark as a result of its low loan borrowings. The relatively low level of loan borrowings reflects Council's current financial position as assessed by T-Corp which has placed a $6M cap on loan borrowings - Council is currently servicing a LIRS loan of $5.26M and has limited financial capacity to expand its loan borrowings without additional revenue.

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	Yes	Decreasing	Yes

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

Council is currently achieving the Efficiency benchmark. Council has been able to contain real operating expenditure per-capita through careful budget management, although this has been achieved at the expense of its capacity to fully fund the cost of maintaining and renewing infrastructure. While, this trade-off has enabled Council to maintain service levels, and where required, absorb new functions and responsibilities, it has contributed to a growing infrastructure renewal requirement.

2.4 Water utility performance

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

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

Yes

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

How much is your council's current (2014/15) water and sewerage infrastructure backlog?

$0

2.4 Water utility performance

Identify any significant capital works (>$1m) proposed for your council's water and sewer operations during the 2016-17 to 2019-20 period and any known grants or external funding to support these works.

Capital works

Proposed works	Timeframe	Cost	Grants or external funding
Refurbishment of Clarifier – South Windsor Sewer Treatment Plan	2016/2017	$250,000	nil
Upgrade of Pump Station C	2016/2017	$3,081,572	nil
Upgrade of Pump Station E	2018/2019	$1,575,000	nil
Sewer Rehabilitation (Sewer Pipe Relining)	2017/2018	$600,000	nil

2.4 Water utility performance

Does your council currently manage its water and sewerage operations on at least a break-even basis?

Yes

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

2.4 Water utility performance

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

Improvement strategies

Strategy	Timeframe	Anticipated outcome
Sewer Load Management. Regular inspection of mains to minimise hydraulic load due from infiltration, inflow and illegal connections and improve management of industrial and commercial pollutant load through CCTV program and pump flow/ flow gauge analysis.	Ongoing	Wastewater hydraulic loads within design peak limits and implement Infiltration/Inflow program for all catchments by 2025
Environment. Minimise environmental impacts in line with current best practices and maximise beneficial reuse of treated effluent	Ongoing	100% regulatory compliance. Greater than 25% effluent reuse by 2018
Total Asset Management. Implementation of long-term (30 year) works program to satisfy future demands in growth, improved levels of service and required asset renewal/replacement	Ongoing	Funded projects carried out on time and to budget in accordance with capital works program
Maintenance. Develop maintenance strategies linked to assets condition to meet levels of service requirements	Ongoing	Systematic maintenance and rehabilitation plans implemented

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.

The primary factor impacting on Council's sustainability, and in particular its operating performance, is its current capacity to fully fund the imputed cost of annual depreciation. Council's current financial settings prevent it from generating the income required to support existing service levels as well as funding the maintenance and long term renewal of its infrastructure. Accordingly, Council's FFTF Proposal is targeted towards directing substantial additional funding to infrastructure renewal and maintenance so that over the medium to long term it is in a position to fully fund its annual depreciation expense.

To improve its performance against the Sustainability benchmarks, Council will be implementing a broad combination of strategies that by 2019/2020 will;

- deliver an efficiency divided of 9.9% in real terms (taking into account CPI) which is equivalent to a $6.9M reduction in total operating expenses;
- raise at least $1.5M in one-off revenue through the sale of properties; and
- increase own-source operating revenue by $7.5M to be primarily directed to asset renewal.

In total, these strategies (in combination with Council's other FFTF strategies) will;

- improve Council's Operating Performance Ratio with a break even operating position to be reached in 2019/2020;
- maintain Council's Own Source Revenue Ratio above the benchmark; and
- meet the Building and Asset Renewal Ratio by 2017/2018 and sustain this performance going forward.

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.

The modeling for the projected internal savings to be achieved through operational efficiencies and improved property returns and/or property sales is based on the following assumptions;

- the maintenance of existing service levels with projected annual award increases of 2.6%;
- an annual reduction in real terms in non- employee related operating expenditures within selected Council operations commencing at 1% in 2016/2017 and scaling up to 2.5% from 2017/2018 to achieve a total of 8.5% in savings in non-employee related operating expenditures by 2019/2020;
- the identification of other actual or projected savings and efficiency targets(not factored into the original FFTF Proposal) through the leasing of vacant Council properties ($234K); a reduction in insurance costs ($37K); energy efficiency savings ($336K); a reduction in staffing levels through adoption of new technology ($210K); and a 0.8% reduction in back-office and corporate overhead costs ($114K) to be achieved through aggregated service arrangements brokered through Regional Strategic Alliance.
- a preliminary review of Council's property portfolio which has identified potential under-performing and surplus properties, this would have to be verified through external review and would be subject to Council and statutory approval.

The modeling for the projected revenue increases to be achieved through rating variations, dividend payments and the review of pricing structures is based on the following assumptions;

- the inclusion of only reasonably assured, ongoing operating grants within the overall revenue projections and the maintenance of Financial Assistance Grants at current levels;
- the completion of a community engagement strategy (which commenced in July 2016) aimed at initially gathering the views and expectations of residents regarding service levels and canvassing their priorities for future investment. The outcome of this Stage 1 service level review consultation, will inform stage 2 of the community engagement strategy (to commence in October 2016) which will focus on the identification of a resourcing strategy to the fund required service levels. To facilitate

consultation in relation to possible options for a resourcing strategy, the revised FFTF Proposal includes a notional Special Rate Variation for a cumulative rating increase of up to 14.49% over 2 years (excluding the rate peg amount). The final mix of SRV and/or service level reductions required to fund the resourcing strategy will be determined following the completion of the community consultation). If endorsed by Council, and approved by IPART, the SRV and/or service reduction/asset disposal strategy would commence in 2017/2018;

- the inclusion within any SRV application, for a proposal for a Special Rate to be applied to the projected 1,980 rateable properties within the Redbank North Richmond and Jacaranda Ponds, Glossodia residential developments. If approved by IPART the Special Rate would be applied from 2019/2020. The amount of the Special Rate is based on the estimated annual cost of maintaining the enhanced heritage open space and riparian corridors within these developments;
- levying of an annual $25 stormwater management charge against the estimated 25,129 residential and equivalent business properties (based on the applicable land area for business properties) connected to Council's stormwater drainage network. To be applied from 2018/2019
- annual dividend payments based on a 6% to 12% rate of return on the value of assets within Council's Waste Management Facility commencing in 2015/2016. No dividend payment has been inputted for Councils Sewer Schemes but it is anticipated this would commence post 2019/2020.
- a staged process for achieving, by 2019/2020, an increased cost recovery pricing path for selected 'non-core' business units (cemeteries, companion animal shelter, pools, Upper Colo reserve) based on a review of pricing structures and service models.

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. Increased operating efficiencies to improve Council's capacity to meet operating expenditure requirements	1.1 Review of Road Operations. An annual 1% efficiency target applied to Councils yearly $14M spend on road works operating costs (excluding ordinary wages and overheads). Will achieve $150K efficiency savings per year for 4 years to reach the projected target of $600K by 2019/2020.	External Consultant engaged June 2016 to review depot & workshop operations, and plant utilisation. Outcome of review to identify time frames and strategies to achieve savings for reinvestment in road renewal works.	Reduction in per-unit cost of road operations to achieve annual internal savings of $600K by 2019/2020 for reinvestment in road renewal works.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio • Per-capita Operating Expenditure • Reduce Infrastructure Backlog
	1.2 Review of Service Delivery Models. An annual 1% to 2.5% efficiency target applied to Corporate Support and Discretionary Services (excluding employee costs and overheads). Will achieve average $715K in efficiency savings per year for 4 years to reach projected target of $2.5M by 2019/2020.	The milestones for this strategy will be driven by the established time frames for the preparation of annual financial estimates.	8.5% reduction in real terms on non-employee operating costs for targeted services to achieve annual savings of $918K by 2019/2020 for reinvestment in asset renewal works.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio • Per-capita Operating Expenditure • Reduce Infrastructure Backlog

	1.3 Review of Plant/Fleet Management. Review of plant/fleet vehicles and accessories, ownership and maintenance models to achieve annual saving on net cost of operating leaseback fleet. $329K in net savings to be achieved by 2019/2020 to be directed to capital renewal.	Modelling of fleet leaseback options has been completed. Transition from outright purchase to leasing of fleet to commence 2017/2018.	Net annual savings of $329K achieved from 2017/2018 - reinvested in asset renewal works. Projected to increase operating costs by $198K offset by $527K reduction in capital expenditure	Improve: • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog Negative impact: • Operating Performance Ratio • Per-capita Operating Exp. (negative impacts offset by capital expenditure savings)
	1.4 Property and Asset Review. Rate of return review to identify non-performing and surplus properties for sale or disposal. Conservatively projected to raise $1.5M by 2019/2020 in one-off sale proceeds. Depreciation offsets and leasing of vacant properties to increase recurrent income by $234K by 2019/2020.	Preliminary review of property portfolio completed. $492K raised from property sales in 2015/2016. Further actions to commence in 2016/2017.	Identification of under-performing and surplus properties to realise $1.5m in asset sales by 2019/20 and $219K in additional recurrent income. Sale proceeds to establish reserve for future strategic property investments.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	1.5 Review of Insurance Coverage and Self-Insurer Model. Review of the current self-insurer model to enable comparison with alternate funding and provisioning arrangements for workers compensation and other insurances. Review to include assessment of impact of self-insurer requirements on procurement costs and staff productivity.	External consultant to be engaged 2016/2017.	While financial savings and other efficiencies yet to be determined a modest savings target of $36,531 is projected to be achieved by 2019/2020 through operational review.	Improve: • Operating Performance Ratio • Per-capita Operating Expenditure

2. Increase Operating Revenues to meet the costs of maintaining and renewing assets and delivering services	2.1 Resourcing Strategy (including Special Rate Variation). Two stage community engagement process to commence July 2016. Outcome of Stage 1 Service Level Review to be reported to Council to confirm resourcing strategy options (including provision for SRV increases) for Stage 2 community consultation to commence October 2016. Inclusion of notional SRV of 14.49% (excluding rate peg) over two years commencing in 2017/2018 to provide indicative benchmark for additional investment required to fund annual asset renewal and maintenance shortfall. Notional SRV to generate additional rating revenue by 2019/2020 meet loan repayments for $25M infrastructure borrowings program, with balance of revenue directed to asset renewal and maintenance and budget repair.	Timing and process driven by outcome of community engagement (CE) process & IPART requirements. CE Strategy commenced in July 2016. Outcomes to be reported to Council by Nov 2016 to determine whether to proceed with option of advising IPART of intention to lodge SRV (advice required by IPART by Dec 2016). Draft SRV proposal reported to Council for possible submission to IPART by Feb 2017.	Income raised through SRV will be used to fund accelerated 5 year $25M road works program to 2021/2022, and over the longer term an enhanced infrastructure renewal program targeting long-lived assets and directed at stabilising infrastructure renewal requirement.	Improve: • Operating Performance Ratio • Own Source Revenue Ratio • Infrastructure Renewal Ratio • Asset Maintenance Ratio • Reduce Infrastructure Backlog • Increase Debt Service Ratio
	2.2 Stormwater Management Charge (SMC). $25 annual levy for stormwater management services against properties connected to the stormwater drainage network - commencing in 2018/19. Projected to raise $636K in additional annual revenue to fund required level of maintenance & renewal of stormwater assets.	Timing and process to be driven by Office of Local Government (OLG) guidelines for the levying, calculation and use of stormwater management charges. Contingent on Council Resolution.	Income raised through SMC will be used to fund an enhanced program of stormwater asset maintenance & renewal program in accordance with OLG guidelines.	Improve: • Operating Performance Ratio • Own Source Revenue Ratio • Infrastructure Renewal Ratio • Asset Maintenance Ratio • Reduce Infrastructure Backlog

	2.3 Special Rate for New Residential Development. New developments at Redbank Nth Richmond(1400 lots) and Jacaranda Ponds Glossodia (580 lots) will generate additional asset maintenance requirements within these developments which will not covered by ordinary rating revenue due to the particular characteristics of the environmental and heritage assets within these developments. A Special Rate will be applied from 2019/20 to these new developments to generate the additional revenue required to meet these additional costs.	Timing and process driven by IPART requirements (as per 2.1 above). The application for a special rate for new residential developments will be included in Council's application to IPART for a SRV.	Special rate based on estimated costs of additional maintenance works. The combined annual amount of $416K per year is based on a rate per property of $208 for Redbank and $215 for Jacaranda Ponds. To be applied from 2019/2020.	Improve: • Operating Performance Ratio • Own Source Revenue Ratio • Asset Maintenance Ratio (beyond 2019/2020)
	2.4 Review of Waste Management and Sewer Business Units. Council has assets invested in a Waste Management Facility and Sewerage Schemes. A rate of return based on industry benchmarks on the value of these assets is to be applied to these business units. Reviews of the operations of the Waste Management Facility and Sewerage Schemes have recently been completed by external consultants.	Dividend payment for Waste Management Facility commenced 2015/2016. Dividend payment from Sewerage Scheme to be determined pending compliance with Best Practice guidelines and IPART requirements.	Initial payment of a $309K dividend from Waste Management Facility achieved in 2015/2016 based on 6% rate of return. Increased to 12% from 2016/17 to increase annual dividend payment to $621K. No amount has been included for Sewerage Scheme for the period ending 2019/2020.	Improve: • Operating Performance Ratio • Own Source Revenue Ratio • Infrastructure Renewal Ratio

	2.5 Review of Pricing Structures for Business Units. A review of the operations of income generating 'non-core' business units – e.g. Cemeteries, Companion Animal Shelter, Richmond Pool, Upper Colo Reserve. The purpose of the review is to establish the true operating costs of these business units to so that their pricing structures could be geared to achieve at least a break-even operating position over the medium term.	Financial modelling to establish turnaround targets have been completed. Will be achieved through a combination of pricing structures and review of service models. Staged process for achieving targets by 2019/2020 will be implemented from 2016/2017.	Savings of $118,262 projected to be achieved by 2016/2017 scaling up to projected annual savings of $155K by 2019/2020. Savings to be reinvested in asset renewal.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	2.6 Lobbying for increased regional roads funding. Council currently receives RMS funding as a contribution to the costs of maintaining regional road network. It is proposed that Council lobby government and RMS to have additional roads placed on the regional roads network (Yarramundi Lane, Francis St) and seek contribution to costs of maintaining these roads.	Resolution of Council and preparation of Ministerial correspondence and/or representations.	Unable to be calculated at this time. ($2.9M in annual capital grants has been factored into FFTF modelling based on historical grant receipts)	Improve: • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog

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.

The primary factor impacting on Council's performance in relation to infrastructure and service management is the size of its infrastructure renewal requirement which, in turn, is the function of a history of under-investment in asset maintenance and renewal. Accordingly, Council's FFTF Proposal aims to redress this history of under-investment in infrastructure renewal. It will do this by directing substantial additional resources to infrastructure renewal combined with a loan borrowings program to accelerate the staged reduction of its infrastructure renewal requirement to a more sustainable level.

To improve its performance against the Infrastructure and Service Management benchmarks, Council will be implementing strategies that by 2019/2020 will;

- finalise a risk and evidence based assessment of infrastructure costs and liabilities to provide a sound platform for long term financial forecasting;
- recalibrate its capital work programs to direct additional annual funding to infrastructure renewal; and
- complete a $25M accelerated road, building and parks renewal and works program to be funded through loan borrowings.

In total, these strategies (in combination with Council's other FFTF strategies) will;

- reduce Council's infrastructure backlog with the required FFTF benchmark achieved in 2015/2016 and maintained in line with the benchmark going forward.;
- improve Council's Asset Maintenance Ratio to 105.4% by 2019/2020 and sustain this level going forward; and
- result in a small increase in the Debt Service Ratio, but still remain within the FFTF Benchmark.

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

The modeling for the main elements of the infrastructure renewal program to reduce and maintain the stability of Council's infrastructure renewal requirement is based on the following assumptions;

- a loan borrowings program which will progressively draw down a total of $25M over a period of 5 years, with a loan term of 15 years for each loan (at an assumed 4% interest), this borrowing strategy will fund an accelerated asset renewal and works program over a period of 5 years, with loan and interest repayment spread over 15 years;
- the revenue required to fund the loan borrowings program is to be derived from the proposed Special Rate Variation and/or a service reduction/asset disposal strategy (outlined previously) with the balance of revenue after meeting loan and interest repayments directed to asset maintenance and budget repair which is projected to increase from 2020/2021 onwards (as the accelerated $25M asset renewal program winds down);
- the projected annual increase of $2.7M for asset renewal be achieved through a recalibrated capital works program based on the timing and costing of works within Developer Contributions Plan and Voluntary Planning Agreements for the Redbank, North Richmond and Jacaranda Ponds, Glossodia residential developments which are to delivered from 2015/2016 onwards (but exclude additional renewal works to be contained in the S94 Plans for the Kurmond/Kurrajong Investigation Area, and the Vineyard Precinct.
- the enhanced program of asset renewal will be a supplemented by an annual $230K child care centre sinking fund based on recovering 50% of the annual depreciation charges for these centres - to commence in 2017/2018 with funds raised to be reinvested in child care centre renewal.

In total, the combined impact of these measures, together with the measures outlined previously, will enable Council to invest an additional $40M over four years in the renewal of assets. This additional investment will address and stabilise Council's infrastructure backlog to the require d FFTF Benchmark of less than 2% of asset write down value. It will also enable Council to fully fund its asset maintenance requirement from 2017/2018

To support this process Council will be implementing a number of strategies to validate and refine the assumptions underpinning its infrastructure forecasting. These strategies include the finalisation of asset management plans and the consolidation of asset management planning framework, and the completion of a comprehensive service level review in consultation with residents.

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
3. Establish sound platform for Asset Planning and Management	3.1 Completion of Asset Management Plans. Completion of asset management plans to provide a sound platform for long-term financial forecasting and the validation of infrastructure backlog values. To be undertaken in conjunction with the review and consolidation of Council's asset management planning framework (scheduled to be completed in 2016/2017).	Review of asset management structure and staffing resources to commence in July 2016 and completed by June 2017. Asset Management Plans to be finalised by June 2017.	Strategy will establish more complete picture of useful life of assets to forecast funding requirements and support effective management of strategic and operational risks through identification of asset management intervention points.	No specific impact can be determined at this time. The finalisation of asset management plans will potentially impact on all FFTF Benchmarks.
	3.2 Service Level Review. Community engagement strategy to determine safe, affordable and agreed levels of service for all asset classes. The strategy would also explore the community's appetite and preferences for adjusting current operations to redirect resources to asset renewal and maintenance.	A service level review community engagement strategy commenced in July 2016.	Completion of review will establish a safe and realistic BTS (bring to satisfactory) asset standard for asset classes to reflect community priorities and Council's financial capacity. Review is integral to completion of Asset Management Plans.	No specific impact can be determined at this time. Has potential to impact positively on asset related FFTF benchmarks.

4. Reduce Infrastructure Backlog through increased spending on infrastructure renewal and maintenance.	4.1 Integrated Capital Works Program. Establish parameters for capital works investment with a clear priority on asset renewal to address infrastructure backlogs and upgrading existing assets. Strategy is intended to minimise future exposure to increased asset maintenance costs and annual depreciation charges.	Strategy commenced and reflected in the content of revised S94/94A Plans and current Voluntary Planning Agreements. Will be applied to future S94 Plans and VPAs.	Based on works programs contained within adopted S94/94A Plans and finalised VPAs, capital funding of $9.1M will be directed to asset renewal works between 2016/2017 and 2019/2020.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	4.2 Sinking Fund for Community Facilities. Introduction of building renewal and maintenance charge levied on community facilities used by external agencies to deliver fee-paying and/or funded child care services based on 50% of the annual depreciation charges for these facilities as a contribution to the maintenance and renewal of these assets.	Revised Licence Agreement with provision for building levy completed by November 2016. Payment of levy to commence 2017/2018 with staged increase to full amount payable from 2019/2020	Strategy is projected to raise $230,500 in annual contributions by 2019/2020. Revenue to be directed to the renewal and upgrade of child care centres.	Improve: • Operating Performance Ratio • Own Source Revenue Ratio • Infrastructure Renewal Ratio • Asset Maintenance Ratio • Reduce Infrastructure Backlog
	4.3a Infrastructure Borrowings Program. $25M loan facility to fund an accelerated 5 year works program with a focus on road rehabilitation, road reconstruction and renewal and the renewal of Park assets and community buildings. The Borrowings Program is the first phase of a longer term infrastructure renewal and backlog stabilisation program lined to SRV revenue (Strategy 2.1).	The Borrowings Program is linked to the proposed SRV application and will be driven by IPART requirements. A provisional $25M works program has been prepared and will be a key element of the SRV Community Engagement Strategy.	Borrowings Program is the primary financial tool within FFTF Proposal to reduce Infrastructure Renewal Requirement to a manageable level over the long term. It will address a history of under-spending on asset renewal. .	Improve: • Infrastructure Renewal Ratio • Asset Maintenance Ratio • Reduce Infrastructure Backlog • Increase Debt Service Ratio (but remain within Benchmark)

	4.3b Energy Efficiency Borrowings Program. This strategy has been included as Council wishes to explore further opportunities to invest in energy efficiency initiatives. The proposal would see Council seek a loan facility to invest in energy efficiency technology and infrastructure. Costs recovered through energy savings would be used to fund loan borrowings	Proposed pilot project (funded through loan borrowing) has been identified – replacement of all residential street lights with LED. To be actioned in 2016/2017. Existing energy efficiency initiatives have already resulted in a $336K reduction in electricity costs.	Reduction of $336K in electricity costs has been achieved to date. Modelling for the replacement of all residential lights with LED has projected savings in the order of $46K.	Improve: • Operating Performance Ratio .

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.

The primary factor impacting on Council's performance in relation to its capacity to reduce the per-unit costs of its operations (i.e. value for money) has been the relative size and distribution of its population. As an urban/rural hybrid council, Council faces ongoing challenges in delivering services across a large geographic area given its relatively smaller rating and customer base compared with neighbouring metropolitan councils.

Despite this disadvantage, Council has been able to contain real operating expenditure per-capita through careful budget management, although this has been achieved at the expense of its capacity to fully fund the cost of maintaining and renewing infrastructure. To rectify this historic underspend, Council's Revised FFTF Proposal outlines an integrated mix of expenditure reductions and revenue increases aimed at directing substantial additional resources to infrastructure maintenance & renewal. Increasing its investment in infrastructure is the primary goal of Council's plan for its future financial sustainability. Maximising the funds available for this purpose will require Council to pursue ongoing operating efficiencies and contain the per-capita cost of services and infrastructure maintenance. To do this Council will be;

- implementing the expenditure reduction strategies as outlined in Section 3.1 of this revised FFTF Proposal;
- exploring opportunities for shared service arrangements and the aggregation of back-office functions with Blue Mountains and Penrith City Councils through a regional formal strategic alliance
- continuing to implement the Hawkesbury Residential Land Strategy to drive sustainable population growth centred on existing urban centres and villages.

In total, these strategies (in combination with Council's other FFTF strategies) will;

- increase population density and generate additional own-source revenue to drive down the per capita cost of service provision and infrastructure maintenance;
- leverage external investment through developer funded asset upgrades and renewals;
- achieve economies of scale through an aggregated population catchment across three local government areas.

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

The modeling for the main elements of the program to contain real expenditure operating expenditure per-capita is based on the following assumptions;

- a modest 0.8% ($210K) reduction in employee costs to be achieved through the adoption of new technologies, the on-line migration of customer requests, and a review of opening hours for those discretionary services whose hours of operation currently exceed industry benchmarks;

- the implementation by 2019/2020 of a number of regional joint projects which have been proposed for initial investigation through the Regional Strategic Alliance (provisional projects include Regional Digital Transformation Project, Regional Asset Management Improvement Project, Regional Energy Efficiency Upgrade, Establishment of Regional Service Contracts and Regional Strategic Service Review). While the financial impact of these projects is yet to be established, they are projected to increase operating efficiencies through the aggregation of service contracts and the sharing of resources and corporate costs across the three councils. For the purpose of this revised FFTF proposal, Council has projected a modest efficiency dividend, through its participation in these projects, of an 0.8% reduction in corporate costs - a projected annual saving of $114K by 2019/2020;

- the creation of new residential lots by 2019/2020 associated primarily with Redbank North Richmond and Jacaranda Ponds Glossodia with a projected net increase in rating income of $126K; and

- achieving an efficiency dividend of 9.9% by 2019/2020 - equivalent to a $6.9M reduction in operating expense s – as outlined in Section 3.1 of this revised FFTF Proposal.

3.3 Efficiency

Outline your strategies and outcomes in the table below.

3.3 Efficiency

Objective	Strategies	Key milestones	Outcome	Impact on other measures
5. Reduce per-unit cost of operations.	5.1 OPEX Expenditure Reduction. This strategy primarily incorporates the operating efficiency strategies identified in Section 3.1 under Objective 1, together with further savings to be achieved through the adoption of new technology, on-line service delivery platforms, and a review of opening hours.	(as for the relevant strategies identified in Section 3.1)	Projected to deliver an efficiency dividend of 9.9% by 2019/2020 (in real terms) - equivalent to a $6.9M reduction in operating expenses. Additional $210K reduction in staffing costs to be achieved through adoption of new technology, on-line service delivery platforms, and a review of opening hours.	Improve: • Operating Performance Ratio • Infrastructure Renewal Ratio Reduce: • Per-capita Operating Expenditure • Infrastructure Backlog
	5.2 Regional Strategic Alliance. Formal partnership with Blue Mountains and Penrith City Councils to implement regional joint projects to increase operating efficiencies through the aggregation of service contracts and the sharing of resources and corporate costs across the three councils .	Council has executed Cooperation and Management Agreement with BMCC and PCC. RSA Board has been established, a provisional work program identified, and recruitment of a CEO is underway. RSA Service Company to be established.	While the financial impact of joint regional projects is yet to be established a modest efficiency dividend, equivalent to a 0.8% reduction in corporate costs has been factored into proposal - a projected annual saving of $114K by 2019/2020.	Improve: • Operating Performance Ratio Reduce: • Per-capita Operating Expenditure

	5.3 Sustainable Population Growth. Continued implementation of the Hawkesbury Residential Land Strategy (HRLS) which aims to concentrate new residential development around existing urban centres and villages through urban infill and/or greenfield expansion of existing centres.	Processes supporting the implementation of the HRLS are in train. Planning agreements have been completed for greenfield expansion of three targeted centres.	Current approvals in place for new residential developments of 2,600 lots. Investigations in train for potential 4,000+ additional lots. Projected creation of lots to 2019/20 has been estimated to generate a net increase in rating income of $126K.	Improve: • Operating Performance Ratio Reduce: • Per-capita Operating Expenditure

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. Continue to implement efficiency dividend targets for Corporate Support and Discretionary Services.	As per established time frames for the preparation of annual financial estimates.
2. Complete Service Level Review and Resourcing Strategy Community Engagement Process.	Community Engagement Process completed and reported to Council by November 2016.
3. Consolidate Sound Platform for Strategic Asset Management Planning.	Updated Asset Management Plans finalised by June 2017
4. Adopt interim work program for Regional Strategic Alliance and establish architecture to progress RSA model.	RSA work program adopted by December 2016, and joint regional projects commenced
5. Complete external review of Depot/Workshop operations and Self insurer Model & insurance coverage,	Completed by June 2017
6. Prepare Revised Licence Agreement with provision for building levy completed and distributed to child care centres.	Completed by November 2016

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

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

The financial sustainability issues facing local government have been well documented in the various reports issued by T-Corp, the Office of Local Government and the Independent Local Government Review Panel. These reports have pointed to the need for councils to improve their financial sustainability by;

- sourcing additional revenue, e.g. through Special Rate Variations;
- using debt funding to assist in reducing the Infrastructure Backlog;
- devising programs and strategies to contain rising costs and improve efficiencies;
- refining asset management and long-term financial plans and better ensuring their consistency;
- increasing spending on maintenance and infrastructure renewal;
- developing pricing paths to achieve at least breakeven operating positions over the medium term.

It is appropriate therefore, that Council used these financial sustainability recommendations as the starting point for the development of its original FFTF Proposal. This process involved the identification of a provisional list of FFTF based on a careful consideration of the T-Corp, the Independent Panel, and OLG recommendations; and a review of Council's Biennial Community Survey results, Council's adopted Plans, and Council Resolutions.

In January 2015, a series of briefing sessions were held with Council staff to present and discuss the FFTF process and to invite comments and suggestions as to the actions that Council should consider in finalising its FFTF Proposal. A number of staff suggestions were received and were incorporated into the provisional list of FFTF Strategies.

A preliminary briefing session was also held for Councillors in February 2015, to broadly outline Council's FFTF position and the proposed approach to putting together Council's FFTF Proposal. Two further briefing sessions were held in April and May 2015 where the proposed FFTF strategies were considered in more depth, with detailed working papers on Council's financial performance and position and the modelling of proposed FFTF strategies distributed prior to these sessions. During this period, Council provided information to the community about the FFTF reform process on its on-line information portal including an on-line survey to canvass community views in relation to Council's approach to the completion of its FFTF Proposal.

The draft FFTF proposal was initially reported to Council on 23 June 2015. Council at its meeting of 30 June 2015 subsequently resolving to submit the FFTF proposal to IPART.

Implementation of Original FFTF Proposal.

In July 2015, Council commenced the implementation of 8 of the 20 FFTF strategies in its original FFTF Proposal. Following the Minister's announcement, in December 2015, of a proposed merger of Hawkesbury City Council and part of the Hills Shire Council it was not possible to continue with the implementation of a number of the FFTF Strategies. The implementation of Council's original FFTF Action Plan was therefore placed on hold pending the outcome of the merger proposal.

Revision of Original FFTT Proposal

Following the decision of the NSW Government in May 2016 not to proceed with the proposed merger, Council was in a position to continue with the implementation of its FFTF Action Plan. As part of this implementation, Council was required to review its original FFTF Proposal as it had been assessed as as *not fit* by IPART. This assessment was based on a minor deviation from one of seven FFTF financial benchmarks - in Council's case, achieving a break-even Operating Performance Ratio (OPR) 18 months later than required 2019/20 timeframe. As this OPR 'shortfall' was equivalent to less than a 1% revenue increase/expenditure reduction, Council advised the NSW Government (October 2015) that it was able to make a minor adjustment to its FFTF Proposal to meet the 2019/20 time frame. Council had also resolved to review the original FFTF Proposal to identify additional cost savings to achieve a reduced Special Rate Variation (SRV).

Accordingly two further councillor briefing sessions were held on 15 June 2016 and 5 July 2016. On the basis of the briefing session discussions, Council staff prepared a summary of proposed amendments to the original FFTF Proposal which were considered by Council at its Ordinary Meeting of 12 July 2016. Council subsequently resolved to approve the preparation of a revised FFTF Proposal in line with the proposed amendments and to commence a community engagement strategy to consult with residents on service levels and the issues and challenges impacting on the future sustainability of the Hawkesbury.

[Council resolved to approve the revised FFTF Proposal for submission to the OLG at its Ordinary Meeting of 26 July 2016 – to be confirmed].

3.5 Other actions considered

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

For example, neighbouring council did not want to pursue a merger, unable to increase rates or increase borrowing, changes in policy or service standards. The possibility of a proposed merger with part of The Hills Shire Council was the subject of a public inquiry process. The appointed delegate who conducted the inquiry concluded that the proposed merger would 'not result' in efficient and effective local government' and therefore recommended that the proposed merger not proceed.

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)	-0.093	-0.118	-0.106	-0.099	-0.038	0.005	Yes
Own Source Revenue Ratio (Greater than 60% average over 3 years)	63.97%	66.69%	72.0%	78.86%	81.14%	80.58%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than100% average over 3 years)	83.04%	92.91%	98.16%	112.73%	103.46%	106.58%	Yes
Infrastructure Backlog Ratio (Less than 2%)	2.95%	1.62%	1.14%	0.93%	0.68%	0.95%	Yes
Asset Maintenance Ratio (Greater than 100% average over 3 years)	70.94%	83.75%	97.82%	100.17%	100.57%	105.35%	Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20% average over 3 years)	0.86%	1.20%	1.16%	1.30%	1.70%	2.46%	Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time	0.929	0.981	0.907	0.888	0.866	0.851	Yes

* Assessment based on IPART timeframes for FFTF Performance Measures as outlined in IPART Assessment Methodology.

4.1 Expected improvement in performance

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

For example, historical constraints, trade-offs between criteria, longer time required The implementation of Council’s revised FFTF Proposal will see Council achieve 7 of the 7 FFTF Benchmarks by 2019/2020.

5. Putting your plan into action

How will your council implement your Improvement Action Plan?

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

As outlined previously Council had commenced the implementation of its FFTF Action Plan and had established a project team to oversee its implementation.

Council will be integrating reporting on progress in implementing the FFTF Strategies within its existing Integrated Planning and Reporting (IPR) Regime and corporate reporting framework.

As part of this process, quarterly status reports will be prepared and reported to Council's Senior Executive (MANEX). The preparation of these status reports will be coordinated by the Director, Support Services. The status report will list the actions within the FFTF Action Plan; the person responsible for implementing the action; the outcome to be achieved; and the time frame for achieving the required outcome. The preparation and quarterly reporting of the status of the FFTF Action Plan will enable Council's senior executive to monitor its status and take corrective action where required.

In addition to this internal reporting regime, Council will also include progress on implementing its FFTF Strategies in the six-monthly Delivery Program Report. The integration of FFTF reporting within the IPR Reporting Regime will ensure that the community can track Council's progress in becoming Fit for the Future.

Financial Modeling of Revised FFTF Proposal

A. Summary of projected impact on FFTF Performance Indicators

Projected Performance Indicators LTFP - Fit for the Future Model													
	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	TARGET
Sustainability													
Operating Performance Ratio (Avg)	-0.093	-0.118	-0.106	-0.099	-0.038	0.005	0.034	0.048	0.059	0.072	0.083	0.094	0.000
Own Source Revenue Ratio (Avg)	63.97%	66.69%	72.00%	78.86%	81.14%	80.58%	82.51%	83.47%	84.91%	85.31%	85.65%	85.98%	60.00%
Building & Asset Renewal Ratio (Avg)	83.04%	92.91%	98.16%	112.73%	103.46%	106.58%	106.59%	104.76%	106.03%	118.43%	127.86%	136.43%	100.00%
Effective Infrastructure & Service Management													
Infrastructure Backlog Ratio	2.95%	1.62%	1.14%	0.93%	0.68%	0.95%	1.25%	1.60%	1.93%	1.96%	1.70%	1.66%	2.00%
Asset Maintenance Ratio (Avg)	70.94%	83.75%	97.82%	100.17%	101.57%	105.35%	106.75%	107.09%	107.44%	107.44%	107.38%	107.91%	100.00%
Debt Service Ratio (Avg)	0.86%	1.20%	1.16%	1.30%	1.70%	2.46%	3.24%	3.83%	3.95%	3.66%	3.28%	2.98%	>0%<20%
Efficiency - Based on OLG CPI													
Real Operating Expenditure (Trend)	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing	Decreasing

Meets FFTF Benchmark
Meets FFTF, as Improves
Does not meet FFTF Benchmark

FFTF Model	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	TARGET
Asset Maintenance	11,042	12,511	12,198	13,026	13,451	13,833	14,479	15,006	15,531	15,773	16,230	16,791	15,376
Asset Renewal	5,755	17,707	13,319	13,550	14,051	14,553	13,554	13,327	15,057	18,457	17,057	18,448	13,184
Infrastructure Backlog	17,630	9,852	6,924	5,716	4,241	5,995	7,895	10,234	12,410	12,813	11,250	11,138	13,400
Structural Deficit	4,699	9,726	5,756	2,610	-1,424	-2,571	-3,586	-4,814	-5,474	-7,240	-7,979	-8,870	0

WDV	597,938	607,020	609,217	616,088	621,141	628,523	633,460	639,171	644,561	653,351	660,991	670,022	
Backlog		1.62%	1.14%	0.93%	0.68%	0.95%	1.25%	1.60%	1.93%	1.96%	1.70%	1.66%	

B. Summary of Projected Income and Expenditure

Report Code	Amended 2015/16	Year 1 2016/17	Year2 2017/18	Year3 2018/19	Year4 2019/20	Year5 2020/21	Year6 2021/22	Year7 2022/23	Year8 2023/24	Year9 2024/25	Year10 2025/26
General Rates	-29,220,911	-29,869,953	-32,976,571	-37,091,038	-38,715,173	-40,719,944	-42,816,015	-44,167,202	-46,410,171	-47,825,596	-49,157,579
Utility Rates & Charges	-13,272,263	-13,967,916	-14,627,993	-15,198,772	-15,742,353	-16,355,274	-16,794,994	-17,247,903	-17,908,527	-18,364,336	-18,906,461
User Charges & Fees	-5,221,518	-5,730,081	-6,147,342	-6,332,239	-6,592,723	-6,649,253	-6,710,421	-6,723,314	-6,904,844	-7,091,275	-7,282,739
Internal Income & Expenses	98,047	104,233	109,445	113,822	117,237	-103,949	-102,573	-101,111	-99,560	-97,916	-96,178
Interest	-1,148,678	-1,145,787	-1,137,191	-1,134,329	-1,125,819	-1,122,986	-1,114,561	-1,111,756	-1,103,416	-1,100,638	-1,092,381
Other Income	-4,314,544	-4,040,154	-4,170,347	-4,295,458	-4,424,322	-4,557,051	-4,693,763	-4,834,576	-4,979,613	-5,129,001	-5,282,871
Operating Grants and Contributions	-7,028,289	-6,487,287	-6,368,545	-6,255,869	-6,253,836	-6,046,415	-5,949,432	-5,959,505	-5,784,223	-5,729,613	-5,779,618
Capital Grants & Contributions	-10,429,906	-5,052,986	-9,534,559	-7,679,875	-9,459,199	-6,668,858	-6,800,580	-6,935,594	-7,073,984	-7,215,834	-7,361,229
	-70,538,062	**-66,189,931**	**-74,853,103**	**-77,873,759**	**-82,196,189**	**-82,223,729**	**-84,982,338**	**-87,080,961**	**-90,264,337**	**-92,554,209**	**-94,959,056**
Employee Costs	24,065,649	24,555,687	24,901,034	25,523,560	26,161,649	26,841,852	27,539,740	28,255,773	28,990,423	29,744,174	30,517,523
Borrowing Costs	345,462	317,611	315,307	551,172	1,006,001	1,136,522	1,176,108	1,088,286	1,016,678	962,577	906,192
Materials & Contracts	17,619,524	14,570,947	15,585,483	15,236,923	14,964,316	15,668,757	16,112,775	16,412,477	16,717,974	17,029,375	17,362,066
Depreciation & Amortisation	16,402,289	16,426,300	16,193,625	16,187,808	16,417,262	16,279,716	16,142,323	16,148,743	16,155,325	16,162,070	16,168,985
Other Expenses	11,401,701	11,022,242	10,933,217	11,270,181	11,616,295	11,817,126	12,169,578	12,536,560	12,838,397	13,226,855	13,536,968
Model Contingency	0	0	0	0	0	224,703	226,950	229,219	231,511	233,826	236,165
	69,834,625	**66,892,787**	**67,928,666**	**68,769,644**	**70,165,523**	**71,968,676**	**73,367,474**	**74,671,058**	**75,950,309**	**77,358,877**	**78,727,900**
Accumulated Depreciation	-16,402,289	-16,426,300	-16,193,625	-16,187,808	-16,417,262	-16,279,716	-16,142,323	-16,148,743	-16,155,325	-16,162,070	-16,168,985
Cash Assets	-10,218,612	-11,140,636	4,949	4,171,104	4,421,529	6,924,302	4,479,482	5,260,946	3,428,222	5,121,018	4,174,959
Proceeds of Capital Sales	-1,968,476	-1,273,565	-521,358	-778,142	-785,095	-3,097,406	-299,528	-307,016	-314,692	-322,559	-330,623
Property, Plant & Equipment	29,292,814	28,137,645	23,634,471	21,898,961	24,811,494	22,707,872	23,577,233	23,604,716	27,355,823	26,558,944	28,555,806
Net Result	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

C. Summary of Projected Impact on Depreciation, Amortisation and Asset Maintenance

Infra Depreciation	Amended 2015/16	Year 1 2016/17	Year2 2017/18	Year3 2018/19	Year4 2019/20	Year5 2020/21	Year6 2021/22	Year7 2022/23	Year8 2023/24	Year9 2024/25	Year10 2025/26
Grand Total	**13,175,367**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**	**13,184,300**
2304. Depreciation Expense Other Structures	564,155	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000
2305. Depreciation Expense Buildings	4,253,443	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300	4,257,300
2306. Depreciation Expense Land Improvements	110,473	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500
2307. Depreciation Expense Roads	5,032,236	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500	5,032,500
2308. Depreciation Expense Bridges	461,226	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500
2309. Depreciation Expense Footpaths	284,357	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500
2315. Depreciation Expense Stormwater Drainag	1,848,504	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000	1,849,000
2317. Depreciation Expense - Kerb & Gutter	620,973	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000

Loan Interest Expense	Amended 2015/16	Year 1 2016/17	Year2 2017/18	Year3 2018/19	Year4 2019/20	Year5 2020/21	Year6 2021/22	Year7 2022/23	Year8 2023/24	Year9 2024/25	Year10 2025/26
2204. Interest on Loans	245,462	217,611	190,163	159,295	127,884	93,453	57,708	19,696	0	0	0
Leaseback Lease Interest	0	0	0	0	233,932	239,780	245,775	251,919	258,217	264,673	271,289
LED Street Light Replacement	0	0	7,856	6,987	6,105	5,210	4,302	3,379	2,443	1,493	528
Interest on $25M Infrastructure Borrowings Progr.	0	0	117,288	384,890	638,080	798,079	868,323	813,292	756,018	696,411	634,375
Total Interest	**245,462**	**217,611**	**315,307**	**551,172**	**1,006,001**	**1,136,522**	**1,176,108**	**1,088,286**	**1,016,678**	**962,577**	**906,192**

Principal Repayment	Amended 2015/16	Year 1 2016/17	Year2 2017/18	Year3 2018/19	Year4 2019/20	Year5 2020/21	Year6 2021/22	Year7 2022/23	Year8 2023/24	Year9 2024/25	Year10 2025/26
4282. Tfr To LIRS Loan Reserve	455,898	483,864	510,385	543,599	574,422	609,510	644,577	492,019	0	0	0
LED Street Light Replacement	0	0	57,511	58,380	58,380	58,380	58,380	58,380	58,380	58,380	58,380
Principal of $25M Infrastructure Borrowings Progr	0	0	149,000	502,736	870,884	1,154,698	1,350,742	1,405,773	1,463,047	1,522,653	1,584,687
	455,898	**483,864**	**716,896**	**1,104,715**	**1,503,686**	**1,822,588**	**2,053,699**	**1,956,172**	**1,521,427**	**1,581,033**	**1,643,067**

Asset Mtce	Amended 2015/16	Year 1 2016/17	Year2 2017/18	Year3 2018/19	Year4 2019/20	Year5 2020/21	Year6 2021/22	Year7 2022/23	Year8 2023/24	Year9 2024/25	Year10 2025/26
Asset Operating Expenditure	12,510,545	12,198,111	13,175,761	13,600,527	13,983,436	14,213,246	14,589,607	15,115,495	15,357,159	15,813,999	16,374,696
Special Rate Funded Mtce	0	0	0	0	0	416,000	416,000	416,000	416,000	416,000	416,000
	12,510,545	**12,198,111**	**13,175,761**	**13,600,527**	**13,983,436**	**14,629,246**	**15,005,607**	**15,531,495**	**15,773,159**	**16,229,999**	**16,790,696**
less Roads Efficiency	0	0	150,000	150,000	150,000	150,000	0	0	0	0	0
	12,510,545	**12,198,111**	**13,025,761**	**13,450,527**	**13,833,436**	**14,479,246**	**15,005,607**	**15,531,495**	**15,773,159**	**16,229,999**	**16,790,696**
Required Mtce	12,280	12,813	12,593	12,681	12,983	13,454	14,012	14,432	14,656	15,183	15,376

D. Projected trends for Other Expenses

	Other Expenses Naturals	15/16	16/17	Est 17/18	Est 18/19	Est 19/20	Est 20/21	Est 21/22	Est 22/23	Est 23/24	Est 24/25	Est 25/26
1168	Council Rates & Annual Charges Recov	-3,890	-4,123	-4,226	-4,332	-4,440	-4,551	-4,665	-4,781	-4,901	-5,023	-5,149
2402	Sundry Expenses	58,008	75,463	75,463	75,463	75,463	76,595	77,744	78,910	80,094	81,295	82,515
2405	Contribution to outside bodies	3,726,363	3,867,379	3,962,130	4,059,202	4,159,058	4,261,371	4,366,201	4,474,046	4,584,555	4,698,252	4,803,963
2408	Printing & Stationery Costs	95,166	107,058	107,058	107,058	107,058	108,664	110,294	111,948	113,627	115,332	117,062
2412	Bad and Doubtful Debts	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
2419	General Office Expenditure	36,600	38,510	38,510	38,510	38,510	39,088	39,674	40,269	40,873	41,486	42,109
2422	Telephone Expenses	154,057	155,669	159,561	163,550	167,638	171,829	176,125	180,528	185,042	189,668	194,409
2423	Postage & Freight	206,161	212,580	217,895	223,342	228,925	234,649	240,515	246,528	252,691	259,008	265,483
2425	Bank Charges	182,280	186,166	190,820	195,591	200,480	205,492	210,630	215,895	221,293	226,825	232,496
2426	Licences, Subscriptions & Memberships	211,548	212,174	217,478	222,915	228,488	234,200	240,055	246,057	252,208	258,513	264,976
2427	Advertising	94,447	84,900	84,900	84,900	84,900	86,174	87,466	88,778	90,110	91,461	92,833
2453	Sponsorship	12,500	10,000	10,000	10,000	10,000	10,150	10,302	10,457	10,614	10,773	10,934
2457	Contribution to HSC & HLC	861,867	895,623	909,057	922,693	936,534	950,582	964,840	979,313	994,003	1,008,913	1,024,046
2492	Comty Services Program Expenses	98,496	100,269	100,269	100,269	100,269	101,773	103,300	104,849	106,422	108,018	109,638
2521	Members Fees Section 29A	260,650	267,949	274,648	281,514	288,552	295,766	303,160	310,739	318,507	326,470	334,632
2522	Councillor's Travelling Allow ances	12,634	22,500	22,500	22,500	22,500	22,838	23,180	23,528	23,881	24,239	24,602
2523	Delegates Expenses	69,866	72,000	72,000	72,000	72,000	73,080	74,176	75,289	76,418	77,564	78,728
2550	Fire Control Operating Ex	174,178	179,000	179,000	179,000	179,000	181,685	184,410	187,176	189,984	192,834	195,726
2553	Contribution Bush Fire Fight Fund	975,387	629,980	645,730	661,873	678,420	695,380	712,765	730,584	748,848	767,569	786,759
2554	Contribution Board Fire Commission	144,266	149,748	153,492	157,329	161,262	165,294	169,426	173,662	178,003	182,453	187,015
2561	State of the Environment Report	19,983	0	0	21,520	0	0	23,174	0	0	24,956	0
2567	Police Fines & Processing	4,900	2,500	2,563	2,627	2,692	2,760	2,829	2,899	2,972	3,046	3,122
2571	Rates Property Revaluation	149,377	153,560	157,399	161,334	165,367	169,502	173,739	178,083	182,535	187,098	191,775
2582	Database Subscriptions & Memberships	32,406	37,202	38,132	39,085	40,062	41,064	42,091	43,143	44,221	45,327	46,460
2583	Lib Local Priority Projects Oper Grants P	17,861	15,900	15,929	15,957	15,986	16,015	16,044	16,072	16,101	16,130	16,159
2593	Contribution Emergency Mgt SES	109,024	120,000	123,000	126,075	129,227	132,458	135,769	139,163	142,642	146,208	149,864
2600	Gas	71,400	73,500	76,808	80,264	83,876	87,650	91,594	95,716	100,023	104,524	109,228
2601	Electricity	495,063	401,973	412,022	422,323	432,881	454,525	477,251	501,114	526,170	552,478	580,102
2602	Water	168,800	171,623	175,570	179,608	183,739	187,965	192,289	196,711	201,236	205,864	210,599
2603	Insurance	1,262,514	1,294,028	1,332,849	1,372,834	1,414,019	1,456,440	1,500,133	1,545,137	1,591,491	1,639,236	1,688,413
2613	HCC Sewer Rates	61,208	64,614	67,845	70,558	72,675	74,855	77,101	79,414	81,797	84,251	86,778
2630	Street Lighting Expenditure	665,000	571,900	514,428	527,288	540,470	567,494	595,869	625,662	656,945	689,792	724,282
2637	Insurance - Public Liability Claims	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000
2663	Insurance Contra	-483,000	-485,000	-499,550	-514,537	-529,973	-545,872	-562,248	-579,115	-596,489	-614,383	-632,815
2674	Op Exp-EMP-Gross Pollutant Traps Mai	62,520	40,000	49,750	99,500	49,750	49,750	49,750	99,500	49,750	49,750	49,750
2740	General Computer Expenses	13,940	13,500	13,500	13,500	13,500	13,838	14,183	14,538	14,974	15,349	15,732
2744	Corporate Systems	809,253	773,180	888,413	930,583	1,119,111	1,048,931	1,099,294	1,152,184	1,207,727	1,266,058	1,297,709
2765	Section 356 Expenditure	94,124	92,966	92,966	92,966	92,966	94,360	95,776	97,213	98,671	100,151	101,653
2772	On Line Title Seaches	300	303	311	318	326	334	343	351	360	369	378
		10,980,257	**10,659,594**	**10,933,217**	**11,270,181**	**11,616,295**	**11,817,126**	**12,169,578**	**12,536,560**	**12,838,397**	**13,226,855**	**13,536,968**

E. Summary of Renewal Works funded through Developer Contributions

Project Funded from 2008 Rollover to 2015			
Project No.	**Asset Class**	**Total Estimate**	**Total Renewal**
1	Buildings	77,250	77,250
2	Buildings	216,300	216,300
3	Buildings	118,450	118,450
4	Buildings	350,200	350,200
5a	Buildings	77,250	77,250
26a	Buildings	696,210	348,105
5b	Buildings	46,350	46,350
26b	Buildings	284,404	142,202
6	Park	66,950	66,950
7	Buildings	21,630	21,630
8a	Park	21,630	21,630
27	Park	277,173	138,587
9	Park	103,000	103,000
10	Buildings	20,600	0
11	Buildings	41,200	0
12a	Buildings	144,200	144,200
28a	Buildings	92,700	92,700
13	Buildings	36,050	36,050
14	Buildings	66,950	66,950
12b	Buildings	239,990	239,990
15	Park	125,660	62,830
16	Park	125,660	62,830
8b	Park	72,100	36,050
17	Park	36,050	18,025
29	Park	92,700	46,350
28b	Park	61,800	30,900
18	Park	103,000	51,500
19	Park	30,900	15,450
20	Roads	166,860	0
21	Roads	94,760	0
22	Roads	208,060	0
23	Roads	285,310	0
24	Roads	TBA	
25	Roads	TBA	
		4,401,347	**2,631,729**

Project Funding from S94 Contributions Plan 2015			
Project	**Total Estimate**	**Total Renewal**	**New**
Works to be completed by 2018			
Windsor Town Centre	450,000	225,000	225,000
Windsor Foreshore	300,000	150,000	150,000
North R'mond Comm	350,000	175,000	175,000
R'mond Town Centre	250,000	125,000	125,000
North R'mond Path	250,000	0	250,000
		675,000	**925,000**
16/17 Budget		275,000	100,000
Remaining to be spent		**400,000**	**825,000**
Works to be completed by 2020			
Windsor Town Centre	250,000	125,000	125,000
Gloss Comm	350,000	175,000	175,000
R'mond Town Centre	250,000	125,000	125,000
Wilber Comm	250,000	125,000	125,000
R'mond-Windsor Pway	250,000	0	250,000
Riverside Parks	200,000	100,000	100,000
		650,000	**900,000**
Average per year		325,000	450,000
Works to be completed by 2025			
Windsor Town Centre	250,000	125,000	125,000
North R'mond Town	400,000	200,000	200,000
North R'mond Oval	250,000	125,000	125,000
Tamplin Field	250,000	125,000	125,000
Hobart Public	250,000	125,000	125,000
Sth Windsor Public	250,000	125,000	125,000
Riverside	200,000	100,000	100,000
		925,000	**925,000**
Average per year		231,250	231,250