



Hawkesbury City Council

attachment 2
to
item 241

Draft Council
Reassessment Proposal

date of meeting: 8 November 2016
location: council chambers
time: 6:30 p.m.

Council
Reassessment
Proposal

DRAFT



Getting started . . .

Before you commence this template, please check the following:

- The Office considers this proposal should not be an onerous undertaking for Council, and encourages you to keep responses to a maximum of 500 words, ensuring the information is directly relevant to your proposal.
- Proposals should be completed within the template format provided.
- Specific references to the relevant page and/or paragraph of any attachments should also be included in your response.
- Refer to the *Fit for the Future Financial Criteria Reassessment Guidelines* as you complete your proposal template.
- Council is only required to submit for reassessment, those areas that IPART considered ‘did not satisfy’ the *Fit for the Future* benchmarks.
- Ratios are to be based on the General Fund only, and not include Water and Sewer funds.
- Councils in OLG groups 8 – 11, should submit the Own Source Revenue ratio including and excluding Financial Assistance Grants (FAG) allocation.
- Councils in OLG groups 8 – 11, have until 2025-26 to achieve the benchmarks.
- FAG allocations should be calculated on Council’s current funding allocation.
- The indicators are to be actual or forecast figures for each year, **not** a 3 year average as previously reported in Council’s proposal assessed by IPART.
- Council should also include the Income Statement from its Long Term Financial Plan (LTFP); a hyperlink to its full LTFP; and any other documents relevant to Council’s proposal.
- Council is invited to contact the Office, should Council wish to further clarify Council’s proposal.
- Council should forward a copy of the Council resolution endorsing the revised proposal.

Council name:

Hawkesbury City Council

Date of Council resolution endorsing this submission:

1.1 Executive Summary

Provide a summary (up to 1000 words) of the key points of Council's Proposal including current performance, the issues facing council and planned improvement strategies following IPART's initial assessment.

Hawkesbury City Council's Fit for the Future 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.

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 three of the seven Fit for the Future (FFTF) benchmarks (Own Source Revenue Ratio, Debt Service Ratio and Real Operating Expenditure). Its current trajectory in relation to three of the four remaining FFTF benchmarks, Building & Infrastructure Asset Renewal Ratio, Infrastructure Backlog, and Asset Maintenance Ratio, is in line with the required improvement trends. The capacity to fully fund the cost of maintaining and renewing infrastructure is the primary factor impacting on the complete achievement of these 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 2021.

To meet the OPR benchmark by 2019/2020 would have required 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). Council was however assessed by IPART as satisfying the 'scale and capacity' criteria.

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. 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 directed at addressing this OPR shortfall, while also consolidating its capacity to meet in full the asset related FFTF benchmarks by 2021.

To address this situation, Council's revised FFTF Proposal maintains the integrated mix of 20 strategies within its original Fit for the Future submission to IPART. The main elements of Council's original submission were 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 was 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 2017. The FFTF strategies are also aimed at consolidating strategic capacity – primarily through the formal regional partnership that has been established with Blue Mountains City Council and Penrith City Council.

When measured against the amended methodology for the assessment of Fit for the Future Proposals under the Round 2 Reassessment Guidelines, Council's original Fit for the Future submission to IPART would satisfy the revised reassessment criteria. However, Council has taken the opportunity to revisit the 20 strategies in its original Fit for the Future submission with the aim of identifying additional cost savings to achieve a reduced Special Rate Variation (SRV). Of the 20 strategies in Council's original FFTF Proposal, 12 strategies were amended or adjusted. These changes were aimed at:

- achieving more substantial expenditure reductions than those outlined in the original FFTF Proposal;
- the inclusion of expenditure/revenue targets for strategies not costed in the original FFTF Proposal;
- the adjustment of expenditure/revenue targets for some of the original FFTF strategies.

By 2021 the revised FFTF proposal will deliver an improvement of \$6.23M to Council's operating position. This amount is sufficient to achieve the required FFTF Benchmarks, inclusive of the OPR, by 2021.

The implementation of the actions outlined in Council's revised FFTF Proposal will see Council direct substantial additional funding to infrastructure renewal. By 2016/2017 it will meet the Infrastructure Backlog Ratio, by 2018/2019 the Building & Asset Renewal Ratio and by 2019/2020 the Asset Maintenance Ratio while continuing to satisfy the Own Source Revenue 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.

Sustainability

Measure/ Benchmark (General Fund Only)	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast performance 2020 / 2021 (Group 1-7 Councils) 2025 / 2026 (Group 8-11 Councils)	Achieves FFTF benchmark?
Operating Performance Ratio (%) (Greater than or equal to break-even – actual/forecast year only)	-0.095	No	0.006	Yes
Own Source Revenue Ratio (Greater than 60% - actual/forecast year only) Councils in OLG groups 8-11 to provide ratio including and excluding FAG allocations	68.5%	Yes	84.4%	Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100% - actual/forecast year only)	79.9%	No	115.3%	Yes

What measures has council implemented to achieve the benchmarks following Council's initial proposal?

As stated in the Executive Summary, Council has adjusted 12 of the 20 strategies within its original Fit for the Future submission to achieve additional expenditure reductions or increased revenue outcomes. A summary of the amendments to these 12 strategies is outlined in the table on the following page:

FFTF Strategy (IPART submission)		Description - Original FFTF Proposal	Amendment to Original FFTF Proposal
1.2	Review of Service Delivery Models	Efficiency target for corporate and discretionary spending.	Increase annual efficiency target from 1% to 2.5% for corporate and discretionary spending for 3 years to 2019/2020. Projected annual savings increased from \$101K (original proposal) to \$918K (revised proposal).
1.3	Review of Plant & Fleet Management	Efficiency target applied to savings on leaseback fleet and works plant.	Transition from outright purchase of fleet to leasing arrangement to commence 2017/2018. Projected to increase operating costs by \$198K - offset by \$528K reduction in capital expenditure.
1.4	Property and Asset Review	Identification of under-performing & surplus properties to realise \$1M.	Increase capital income target from \$1M (original proposal) to \$1.5M (revised proposal). Revised proposal also includes additional annual revenue of \$241K which has been achieved through leasing of vacant properties.
1.5	Review Insurance Coverage	Review of self-insurance model & costs against industry benchmarks.	Modest annual expenditure reduction target of \$37K (1.8% of total costs) to be applied to insurance and workers compensation programs commencing in 2016/2017 – based on operational review of program.
2.1	Resourcing Strategy (including SRV options)	Application to IPART for 29.7% rate increase (including rate peg) over five years commencing in 2017/18.	Notional SRV of 14.9% (above the projected rate peg) over 2 years commencing in 2018/2019. To provide indicative benchmark for required additional investment in asset renewal and maintenance – final SRV figure to be determined following consultation with the community.
2.4	Waste Management and Sewer Dividend	6% rate of return on value of assets in Waste Management Facility and Sewer Scheme.	Rate of return increased to 12% in line with industry standards (to be applied to WMF). Dividend increased from 309K (original proposal) to \$621K (revised proposal). Potential dividend from Sewer Scheme to be investigated, not expected to commence prior to 2021.
2.5	Review of Pricing Structures	Review operations of income generating business units to achieve increase cost-recovery.	Modest improvement of \$32K based on updated information.
4.2	Sinking Fund for Community Facilities	Annual building renewal and maintenance charge to be levied on child care centres.	Originally calculated at 25% of annual depreciation of building. Increased to 50% (revised proposal) commencing 2017/2018. Projected annual revenue increased from \$115K to \$230K.
4.3b	Infrastructure Borrowings (Energy Efficiency)	Loan facility to invest in energy efficiency infrastructure.	Revised proposal includes \$336K savings in annual energy costs achieved through energy saving initiatives to date. Additional projected \$58K to be achieved through replacement of residential street lights with LED.
5.1	OPEX expenditure reduction	Review operations to identify savings achieved through adoption of new technology	Modest annual expenditure reduction target of \$200K to be achieved through reduction in staffing levels (non-replacement of staff vacancies) commencing in 2016/2017.
5.2	Regional Strategic Alliance	Formal partnership with Blue Mountains and Penrith Councils.	Modest efficiency dividend, equivalent to a 0.8% reduction in corporate costs has been factored into proposal - a projected annual saving of \$146K. Commencing in 2017/2018.
5.3	Sustainable Population Growth	Implement Residential Land Strategy to increase net rating revenue.	Based on analysis and trajectory of release of new residential housing lots, \$126K in net rating revenues by 2019/2020 has been factored into revised proposal.

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.

N/A. The Fit for the Future benchmarks will be achieved.

Infrastructure and Service Management

If Council satisfied the criteria as part of IPART’s assessment, there is no need to complete this section.

Measure/ Benchmark (General Fund Only)	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast performance 2020 / 2021 <small>(Group 1-7 Councils)</small> 2025 / 2026 <small>(Group 8-11 Councils)</small>	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2% - actual/forecast year only)				
Asset Maintenance Ratio (Greater than 100% - actual/forecast year only)				
Debt Service Ratio (Greater than 0% and less than or equal to 20% - actual/forecast year only)				

What measures has council implemented to achieve the benchmarks following Council's initial proposal?

N/A. Council satisfied the criteria as part of IPART assessment.

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

N/A. Council satisfied the criteria as part of IPART assessment.

Efficiency

If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.

Measure/ Benchmark (General Fund Only)	Actual 2015 / 2016 performance	Achieves FFTF benchmark?	Forecast performance 2020 / 2021 <small>(Group 1-7 Councils)</small> 2025 / 2026 <small>(Group 8-11 Councils)</small>	Achieves FFTF benchmark?
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time. Efficiency data is to be included in whole dollars		Yes		Yes

What measures has council implemented to achieve the benchmarks following Council's initial proposal?

N/A. Council satisfied the criteria as part of IPART assessment.

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

N/A. Council satisfied the criteria as part of IPART assessment.

Sustainability

How will council become Fit for the Future?

Summarise Council's key strategies to improve performance against the Sustainability benchmarks in the 2020/21 period, (2025/26 for OLG group 8-11) including the outcomes Council expects 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 2021 will:

- deliver an efficiency dividend of 9.6% 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 2018/2019 and sustain this performance going forward.

Explain the key assumptions that underpin Council's 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 2.5%;
- 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 11.9% in savings in non-employee related operating expenditures by 2020/2021 (based on 2015/16 actual expenditure);
- 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 (\$241K); a reduction in insurance costs (\$37K); energy efficiency savings (\$394K); a reduction in staffing levels through adoption of new technology (\$200K); and a minimum 1.1% reduction in back-office and corporate overhead costs (\$146K) 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 97% of current levels;
- the completion of a community engagement strategy (which commenced in July 2016) aimed at 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 from February 2017) 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 2018/2019;

- 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;
- 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 2.81% interest), this borrowing strategy will fund an accelerated asset renewal and works program over a period of five years, with loan and interest repayment spread over 15 years;
- 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 2017/2018;
- annual dividend payments based on a 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 2021;
- a staged process for achieving 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;
- 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 be 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 supplemented by an annual \$231K 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;
- the creation of new residential lots associated primarily with Redbank North Richmond and Jacaranda Ponds Glossodia with a projected net increase in rating income of \$126K.

Sustainability

Outline Council’s strategies and outcomes in the table below

Objective	Strategies	Key milestones	Outcome	Impact on other measures
Increased operating efficiencies to improve Council’s capacity to meet operating expenditure requirements	<u>Review of Road Operations.</u> 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 2020/2021.	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 2020/2021 for reinvestment in road renewal works.	Improve: <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio • Per-capita Operating Expenditure <ul style="list-style-type: none"> • Reduce Infrastructure Backlog
	<u>Review of Service Delivery Models.</u> An annual 1% to 2.5% efficiency target applied to Corporate Support and Discretionary Services (excluding employee costs and overheads).	The milestones for this strategy will be driven by the established time frames for the preparation of annual financial estimates.	11.9% reduction in real terms on non-employee operating costs for targeted services to achieve annual savings of \$918K for reinvestment in asset renewal works.	Improve: <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio • Per-capita Operating Expenditure <ul style="list-style-type: none"> • Reduce Infrastructure Backlog

<p>Increased operating efficiencies to improve Council’s capacity to meet operating expenditure requirements (cont.)</p>	<p><u>Review of Plant/Fleet Management.</u> Review of plant/fleet vehicles and accessories, ownership and maintenance models to achieve annual saving on net cost of operating leaseback fleet. \$337K in net savings to directed to capital renewal.</p>	<p>Modelling of fleet leaseback options has been completed.</p> <p>Transition from outright purchase to leasing of fleet to commence 2017/2018.</p>	<p>Net annual savings of \$337K achieved by 2020/2021- reinvested in asset renewal works.</p> <p>Projected to increase operating costs by \$203K, offset by \$541K reduction in capital expenditure</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog <p>Negative impact:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Per-capita Operating Exp. (negative impacts offset by CAPEX savings)
	<p><u>Property and Asset Review.</u> Rate of return review to identify non-performing and surplus properties for sale or disposal. Conservatively projected to raise \$1.5M in one-off sale proceeds. Depreciation offsets and leasing of vacant properties to increase recurrent income by \$241K by 2020/2021.</p>	<p>Preliminary review of property portfolio completed. \$492K raised from property sales in 2015/2016. Further actions to commence in 2016/2017.</p>	<p>Identification of under-performing and surplus properties to realise \$1.5m in asset sales and \$241K in additional recurrent income. Sale proceeds to establish reserve for future strategic property investments.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	<p><u>Review of Insurance Coverage and Self-Insurer Model.</u> 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.</p>	<p>External consultant to be engaged 2016/2017.</p>	<p>While financial savings and other efficiencies yet to be determined a modest savings target of \$37,445 is projected to be achieved through operational review.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Per-capita Operating Expenditure

<p>Increased operating efficiencies to improve Council’s capacity to meet operating expenditure requirements (cont.)</p>	<p><u>Adoption of New Technology and on-line Business Platforms.</u> Projected savings to be achieved through the adoption of new technology, on-line service delivery platforms, and a review of opening hours.</p>	<p>The milestones for this strategy will be driven by the established time frames for the preparation of annual financial estimates.</p>	<p>\$200K reduction in staffing costs to be achieved through adoption of new technology, on-line service delivery platforms, and a review of opening hours.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio <p>Reduce:</p> <ul style="list-style-type: none"> • Per-capita Operating Expenditure • Infrastructure Backlog
	<p><u>Regional Strategic Alliance.</u> 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.</p>	<p>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.</p>	<p>While the financial impact of joint regional projects is yet to be established a modest efficiency dividend, equivalent to a 1.1% reduction in corporate costs has been factored into proposal - a projected annual saving of \$146K by 2020/2021.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio <p>Reduce:</p> <ul style="list-style-type: none"> • Per-capita Operating Expenditure

Increase Operating Revenues to meet the costs of maintaining and renewing assets and delivering services

Resourcing Strategy (including Special Rate Variation). Three stage community engagement process which commenced in 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 February 2017. Inclusion of notional SRV of 14.49% (excluding rate peg) over two years commencing in 2018/2019 to generate additional rating revenue to 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 2017 to determine whether to proceed with option of advising IPART of intention to lodge SRV (advice required by IPART by Dec 2017).

Income raised through SRV will be used to fund accelerated 5 year \$25M road works programed 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

Stormwater Management Charge (SMC). \$25 annual levy for stormwater management services against properties connected to the stormwater drainage network - commencing in 2017/18. Projected to raise \$636K in additional annual revenue to fund enhanced stormwater infrastructure.

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 stormwater infrastructure program in accordance with OLG guidelines.

Improve:

- Operating Performance Ratio
- Own Source Revenue Ratio
- Reduce Infrastructure Backlog

Increase Operating Revenues to meet the costs of maintaining and renewing assets and delivering services (cont.)

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)

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 2020/2021.

Improve:

- Operating Performance Ratio
- Own Source Revenue Ratio
- Infrastructure Renewal Ratio

<p>Increase Operating Revenues to meet the costs of maintaining and renewing assets and delivering services (cont.)</p>	<p><u>Review of Pricing Structures for Business Units.</u> A review of the operations of income generating 'non-core' business units – Cemeteries, Companion Animal Shelter, Richmond Pool, Upper Colo Reserve to establish operating costs so that pricing structures can be geared to achieve break-even operating position over medium term.</p>	<p>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.</p>	<p>Savings of \$118,262 projected to be achieved by 2016/2017 scaling up to projected annual savings of \$160K by 2020/2021. Savings to be reinvested in asset renewal.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	<p><u>Lobbying for increased regional roads funding.</u> Council currently receives RMS funding as a contribution to the costs of maintaining regional roads. It is proposed that Council lobby government and RMS to have additional roads placed on the regional roads network and seek contribution to costs of maintaining these roads.</p>	<p>Resolution of Council and preparation of Ministerial correspondence and/or representations.</p>	<p>Unable to be calculated at this time.</p> <p>(\$2.9M in annual capital grants has been factored into FFTF modelling based on historical grant receipts)</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog
	<p><u>Integrated Capital Works Program.</u> 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.</p>	<p>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.</p>	<p>Based on works programs contained within adopted S94/94A Plans and finalised VPAs, capital funding of \$10.7M will be directed to asset renewal works between 2016/2017 and 2020/2021.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Infrastructure Renewal Ratio • Reduce Infrastructure Backlog

<p>Increase Operating Revenues to meet the costs of maintaining and renewing assets and delivering services (cont.)</p>	<p><u>Sinking Fund for Community Facilities.</u> 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.</p>	<p>Revised Licence Agreement with provision for building levy completed by end of 2016. Payment of levy to commence 2017/2018 with staged increase to full amount payable from 2019/2020</p>	<p>Strategy is projected to raise \$230,500 in annual contributions by 2020/2021. Revenue to be directed to the renewal and upgrade of child care centres.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio • Own Source Revenue Ratio • Infrastructure Renewal Ratio • Asset Maintenance Ratio <p>• Reduce Infrastructure Backlog</p>
	<p><u>Energy Efficiency Borrowings Program.</u> 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</p>	<p>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 delivered \$336K reduction in electricity costs.</p>	<p>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 \$58K.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio
	<p><u>Sustainable Population Growth.</u> 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.</p>	<p>Processes supporting the implementation of the HRLS are in train. Planning agreements have been completed for greenfield expansion of three targeted centres.</p>	<p>Current approvals in place for new residential developments of 2,600 lots. Projected creation of new lots has been estimated to generate a net increase in rating income of \$126K.</p>	<p>Improve:</p> <ul style="list-style-type: none"> • Operating Performance Ratio <p>Reduce:</p> <ul style="list-style-type: none"> • Per-capita Operating Expenditure

Infrastructure and Service Management

If Council satisfied the criteria as part of IPART's assessment, there is no need to complete this section.

Summarise Council's key strategies to improve performance against the Infrastructure and Service Management benchmarks in the 2020/21 (2025/26 for OLG group 8-11) period, including the outcomes Council expects to achieve.

N/A. Council satisfied the criteria as part of IPART assessment.

Explain the key assumptions that underpin Council's strategies and expected outcomes.

N/A. Council satisfied the criteria as part of IPART assessment.

Infrastructure and Service Management

If Council satisfied the criteria as part of IPART's assessment, there is no need to complete this section.

Outline Council's strategies and outcomes in the table below.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1.	a) b) c)			

Efficiency

If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.

Summarise Council's key strategies to improve performance against the Efficiency measures in the 2020/2021 period (2025/2026 for OLG group 8-11), including the outcomes Council expects to achieve.

N/A. Council satisfied the criteria as part of IPART assessment.

Explain the key assumptions that underpin Council's strategies and expected outcomes.

N/A. Council satisfied the criteria as part of IPART assessment.

Efficiency

If Council satisfied the criterion as part of IPART's assessment, there is no need to complete this section.

Outline Council's strategies and outcomes in the table below.

Objective	Strategies	Key milestones	Outcome	Impact on other measures
1.	a) b) c)			

Improvement Action Plan

Summarise the key improvement actions that will be achieved in the first year of Council’s plan.

Action plan

Actions	Milestones
1. Continue to implement efficiency dividend targets for Corporate Support and Discretionary Services.	Has commenced in conjunction with preparation of annual financial estimates. \$172,836 projected savings in 2016/17.
2. Complete Service Level Review Community Engagement Process.	Stage 1 of Community Engagement Process has been completed. Stage 2 to commence February 2017.
3. Consolidate 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 agreement has been signed and CEO appointed. Work program to be confirmed and joint regional projects commenced
5. Complete external review of Depot/Workshop operations and Self insurer Model & insurance coverage,	Consultant has been engaged and draft report with recommendations has been received. Completed by June 2017
6. Prepare Revised Licence Agreement with provision for building levy completed and distribute to child care centres.	Council Solicitors have been engaged to prepare draft licence agreement. Draft Licence Completed by December 2016
7. Prepare explanatory documentation for introduction of Stormwater Management Charge	Completed and distributed to ratepayers by April 2017.

Note: For implementation details please refer to the detailed improvement action plan appended to Council’s original Fit for the Future Proposal. The time frames outlined in the original proposal will be adjusted to accommodate the recalibration of 12 of the 20 strategies within the revised proposal. Supporting financial modelling for the revised proposal is appended (Attachment 1).

Outline the process that underpinned the development of Council's Action Plan.

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

Council has 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.

Accordingly, further councillor briefing sessions were held on 15 June 2016, and 5 July 2016. Following the Local Government Election, two further briefing sessions were held on 4 October 2016, and 1 November 2016. On the basis of the briefing session discussions, Council staff prepared a draft revised FFTF Proposal which was considered by Council at its Ordinary Meeting of 8 November 2016.

[Insert outcomes of Council Meeting]

Other actions considered

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

Council's original FFTF Action Plan has been based on a rigorous assessment of Council's future financial sustainability; a detailed understanding and evaluation of its operations; and a consideration of the recommendations of successive reports into the financial sustainability of local government. It therefore consciously included a broad mix of financial sustainability strategies including expenditure reductions, revenue increases, the use of debt, service level reviews and improved asset management planning.

Within this framework, Council has considered all possible options and has not omitted or discarded any specific strategy. A number of strategies were refined or amended based on input from Councillors, the outcome of external reviews, and to achieve adjusted expenditure and revenue targets in line with the reassessment process.

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 that the merged entity would not be financially sustainable. He therefore recommended that the proposed merger not proceed.

How will Council’s plan improve performance?

(Ratios to be calculated as a single year, not 3 year averages)

Expected improvement in performance

If Council satisfied the Infrastructure and Service Management and Efficiency criteria as part of IPART’s assessment, there is no need to complete the relevant ratios below. However, Councils can complete all ratios to further substantiate the reassessment proposal if desired.

Measure/ Benchmark (General Fund Only)	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 (Group 8-11 Councils only)	2022/23 (Group 8-11 Councils only)	2023/24 (Group 8-11 Councils only)	2024/25 (Group 8-11 Councils only)	2025/26 (Group 8-11 Councils only)	Achieves FFTF benchmark?
Operating Performance Ratio (%) (Greater than or equal to break-even)	-0.095	-0.132	-0.091	-0.047	0.005	0.006						Yes
Own Source Revenue Ratio (Greater than 60%) Councils in OLG groups 8-11 to provide ratio including and excluding FAG allocations	68.52%	82.42%	78.45%	81.62%	80.92%	84.35%						Yes
Building and Infrastructure Asset Renewal Ratio (Greater than 100%)	79.9%	126.5%	94.9%	115.2%	130.3%	115.3%						Yes

Measure/ benchmark	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22 (Group 8-11 Councils only)	2022/23 (Group 8-11 Councils only)	2023/24 (Group 8-11 Councils only)	2024/25 (Group 8-11 Councils only)	2025/26 (Group 8-11 Councils only)	Achieves FFTF benchmark?
Infrastructure Backlog Ratio (Less than 2%)	2.17%	1.54%	1.44%	1.24%	1.30%	1.32%						Yes
Asset Maintenance Ratio (Greater than 100%)	80.7%	81.1%	90.1%	96.5%	101.4%	107.4%						Yes
Debt Service Ratio (Greater than 0% and less than or equal to 20%)	1.15%	1.14%	1.2%	1.49%	2.83%	3.54%						Yes
Real Operating Expenditure per capita A decrease in Real Operating Expenditure per capita over time Efficiency data is to be included in whole dollars	\$987	\$992	\$976	\$946	\$930	\$913						Yes

Include Council's Income Statement from its Long Term Financial Plan, as well as a hyper link to Council's full Long Term Financial Plan. Also provide a link to Council's original FFTF submission to IPART and any other documents relevant to Council's proposal.

Expected improvement in performance

If, after implementing Council's plan, 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.

N/A

Putting the plan into action

How will council implement its Improvement Action Plan?

Council has commenced the implementation of its FFTF Action Plan and had established a project team to oversee this 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.

Water utility performance

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

Does 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 performance against the Framework.

N/A

How much is Council's current (2015/16) water and sewerage infrastructure backlog?

Nil

Water utility performance

Identify any significant capital works (>\$1m) proposed for Council’s water and sewer operations during the 2016/2017 to 2020/2021 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 I	2018/2019	\$1,575,000	nil
Sewer Rehabilitation (Sewer Pipe Relining)	2017/2018	\$600,000	nil

Water utility performance

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

Yes

If No, please explain the factors that influence performance.

N/A

Water utility performance

Identify Council’s key strategies to improve the performance of its water and sewer operations in the 2016/2017 to 2020/2021 period.

Improvement strategies

Strategy	Timeframe	Anticipated outcome
<u>Sewer Load Management</u> . 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
<u>Environment</u> . 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
<u>Total Asset Management</u> . 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
<u>Maintenance</u> . Develop maintenance strategies linked to assets condition to meet levels of service requirements	Ongoing	Systematic maintenance and rehabilitation plans implemented

Financial Modelling of FFTF Proposal

A. Summary of projected impact on FFTF Performance Indicators

Projected Performance Indicators LTFP - Option 2												
	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)	-0.095	-0.132	-0.091	-0.047	0.005	0.006	0.007	0.009	0.013	0.014	0.020	0.000
Own Source Revenue Ratio (Avg)	68.52%	82.42%	78.45%	81.62%	80.92%	84.35%	84.65%	84.82%	85.23%	85.49%	85.65%	60.00%
Building & Asset Renewal Ratio (Avg)	79.87%	126.51%	94.93%	115.21%	130.32%	115.29%	115.29%	100.12%	100.12%	100.12%	100.12%	100.00%
Effective Infrastructure & Service Management												
Infrastructure Backlog Ratio	2.17%	1.54%	1.44%	1.24%	1.30%	1.32%	1.42%	1.51%	1.68%	1.94%	2.15%	2.00%
Asset Maintenance Ratio (Avg)	80.69%	81.05%	90.12%	96.50%	101.40%	107.39%	111.25%	112.72%	111.97%	112.67%	113.21%	100.00%
Debt Service Ratio (Avg)	1.15%	1.14%	1.20%	1.49%	2.83%	3.54%	4.02%	4.01%	3.29%	3.23%	3.16%	>0%<20%
Efficiency - Based on OLG CPI												
Real Operating Expenditure (Trend)	\$986.53	\$992.21	\$976.08	\$946.35	\$929.98	\$913.18	\$900.80	\$886.11	\$869.64	\$854.30	\$837.87	Decreasing

Meets FFTF Benchmark
Does not meet FFTF Benchmark

FFTF Model	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	9,968	10,219	10,965	11,722	12,127	12,721	13,175	13,626	14,120	14,807	15,448	13,646
Asset Renewal	10,469	16,679	12,515	15,189	17,182	15,200	15,200	13,200	13,200	13,200	13,200	13,184
Infrastructure Backlog	13,136	9,397	8,856	7,684	8,188	8,362	9,123	9,783	10,953	12,720	14,152	13,137
WDV	604,161	610,650	616,123	620,314	629,525	635,609	642,692	648,476	651,259	654,042	656,826	
Backlog	2.17%	1.54%	1.44%	1.24%	1.30%	1.32%	1.42%	1.51%	1.68%	1.94%	2.15%	

B. Summary of Projected Income and Expenditure

Report Code	Actuals 2015/16	Amended 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	-29,216,357	-29,950,262	-31,490,172	-34,634,294	-38,497,632	-39,601,158	-40,736,760	-41,905,371	-43,107,955	-44,345,503	-45,619,032
Utility Rates & Charges	-13,272,253	-14,084,837	-14,779,250	-15,356,087	-15,905,357	-16,524,386	-16,968,132	-17,425,188	-18,091,798	-18,552,260	-19,099,817
User Charges & Fees	-5,620,889	-5,730,081	-6,147,343	-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	97,950	104,233	109,445	113,822	117,237	120,754	124,377	128,108	131,951	135,910	139,987
Interest	-1,503,176	-1,145,787	-1,473,263	-1,458,530	-1,443,945	-1,429,505	-1,415,210	-1,401,058	-1,387,048	-1,373,177	-1,359,445
Other Income	-4,314,130	-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	-6,992,226	-6,644,820	-6,543,735	-6,436,799	-6,439,910	-6,237,070	-6,144,142	-6,157,774	-5,985,585	-5,933,631	-5,985,880
Capital Grants & Contributions	-17,835,630	-5,052,986	-9,377,747	-7,519,143	-9,294,449	-6,499,989	-6,627,489	-6,758,176	-6,892,131	-7,029,434	-7,170,170
Westpool Income	-284,599	-270,117	-270,117	-270,117	-270,117	-270,117	-270,117	-270,117	-270,117	-270,117	-270,117
	-78,941,310	-66,814,811	-74,142,530	-76,188,845	-82,751,218	-81,647,776	-83,441,658	-85,347,466	-87,487,139	-89,588,488	-91,930,085
Employee Costs	25,007,173	24,732,890	25,082,667	25,709,734	26,352,477	27,011,289	27,713,583	28,434,136	29,173,424	29,931,933	30,710,163
Borrowing Costs	289,960	317,611	208,569	258,029	645,781	791,391	869,679	882,465	825,782	787,704	748,503
Materials & Contracts	15,249,299	16,813,663	17,959,208	18,198,932	18,063,966	18,818,880	19,391,759	19,824,031	20,519,340	21,279,919	21,877,003
Depreciation & Amortisation	16,253,907	16,426,300	16,191,125	16,185,308	16,170,308	16,026,651	15,882,993	15,882,993	15,882,993	15,882,993	15,882,993
Other Expenses	15,020,150	11,345,154	10,933,217	11,270,181	11,616,295	11,806,781	12,176,424	12,561,288	12,884,404	13,292,258	13,622,527
Loss on Sale of Assets	57,882	0	0	0	0	0	0	0	0	0	0
	71,878,371	69,635,618	70,374,786	71,622,184	72,848,827	74,454,992	76,034,438	77,584,913	79,285,943	81,174,806	82,841,190
Accumulated Depreciation	-16,234,390	-16,426,300	-16,191,125	-16,185,308	-16,170,308	-16,026,651	-15,882,993	-15,882,993	-15,882,993	-15,882,993	-15,882,993
Cash Assets	-1,474,895	-20,146,513	-1,762,498	486,857	710,033	8,988,206	-612,369	952,092	4,297,592	4,414,606	4,991,960
Proceeds of Capital Sales	-1,724,170	-1,273,565	-521,358	-778,142	-785,095	-8,874,921	-299,528	-307,016	-314,692	-322,559	-330,623
Property, Plant & Equipment	28,671,180	35,006,068	22,210,409	21,010,130	26,113,809	23,071,349	24,166,440	22,963,908	20,063,814	20,166,215	20,271,177
Investment Property	23,717	19,503	32,316	33,124	33,952	34,801	35,671	36,562	37,476	38,413	39,374
Net Result	2,198,503	0									

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

Infra Depreciation	Actuals 2015/16	Amended 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	13,107,448	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	565,978	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000	567,000
2305. Depreciation Expense Buildings	4,220,613	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	111,962	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500	111,500
2307. Depreciation Expense Roads	5,007,816	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	460,856	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500	461,500
2309. Depreciation Expense Footpaths	283,476	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500	284,500
2315. Depreciation Expense Stomwater Drainage	1,838,956	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	617,791	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000	621,000

Loan Interest Expense	Actuals 2015/16	Amended 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
Leased Fleet Interest	0	0	0	0	233,932	239,780	245,775	251,919	258,217	264,673	271,289
LED Street Lighting Loan Interest	0	0	18,406	16,524	14,575	12,556	10,466	8,301	6,060	3,738	1,334
Infrastructure Loan Interest	0	0	0	82,210	269,390	445,602	555,730	602,549	561,505	519,293	475,880
Total Interest	245,462	217,611	208,569	258,029	645,781	791,391	869,679	882,465	825,782	787,704	748,503

Principal Repayment	Actuals 2015/16	Amended 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
Leased Fleet Principal	0	0	0	0	244,454	250,566	256,830	263,250	269,832	276,577	283,492
LED Street Lighting Loan Principal	0	0	52,923	54,805	56,754	58,773	60,863	63,028	65,269	67,591	69,995
Infrastructure Loan Principal	0	0	0	163,123	548,387	944,618	1,243,378	1,441,894	1,482,937	1,525,148	1,568,561
	455,898	483,864	563,308	761,527	1,424,017	1,863,467	2,205,648	2,260,191	1,818,038	1,869,316	1,922,048

Asset Mtce	Actuals 2015/16	Amended 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	9,557,180	10,218,723	11,114,969	11,417,850	11,823,115	12,001,277	12,304,785	12,756,372	12,997,240	13,375,604	13,883,181
SRV Funded Mtce	0	0	0	454,000	454,000	454,000	454,000	454,000	707,000	1,015,000	1,149,000
Special Rate Funded Mtce	0	0	0	0	0	416,000	416,000	416,000	416,000	416,000	416,000
	9,557,180	10,218,723	11,114,969	11,871,850	12,277,115	12,871,277	13,174,785	13,626,372	14,120,240	14,806,604	15,448,181
less Roads Efficiency	0	0	150,000	150,000	150,000	150,000	0	0	0	0	0
	9,557,180	10,218,723	10,964,969	11,721,850	12,127,115	12,721,277	13,174,785	13,626,372	14,120,240	14,806,604	15,448,181

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 Recoveries	-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	75,463	77,350	79,283	81,662	83,703	85,796
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	107,058	109,734	112,478	115,852	118,748	121,717
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	38,510	39,473	40,460	41,673	42,715	43,783
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	84,900	87,023	89,198	91,874	94,171	96,525
2453	Sponsorship	12,500	10,000	10,000	10,000	10,000	10,000	10,250	10,506	10,821	11,092	11,369
2457	Contribution to HSC & HLC	861,867	895,623	909,057	922,693	936,534	950,582	974,346	998,705	1,023,672	1,049,264	1,075,496
2492	Comty Services Program Expenses	98,496	100,269	100,269	100,269	100,269	100,269	102,776	105,345	108,505	111,218	113,999
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 Allowances	12,634	22,500	22,500	22,500	22,500	22,500	23,063	23,639	24,230	24,836	25,457
2523	Delegates Expenses	69,866	72,000	72,000	72,000	72,000	72,000	73,800	75,645	77,536	79,475	81,461
2550	Fire Control Operating Ex	174,178	179,000	179,000	179,000	179,000	179,000	183,475	188,062	192,763	197,583	202,522
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 Projects	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 Mainten	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	96,720	99,137	102,112	104,664	107,281
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	11,806,781	12,176,424	12,561,288	12,884,404	13,292,258	13,622,527

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