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## **Minutes Summary 23 June 2015**

**Extraordinary Meeting held at 7.00pm on Tuesday, 23 June 2015.**

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**APOLOGIES**

**DECLARATIONS OF INTEREST**

**Pecuniary Interests**

**Non Pecuniary – Significant Interests**

**Non Pecuniary – Less than Significant Interests**

**Other Disclosures**

<b>ITEM</b>	<b>TITLE</b>	<b>PAGE</b>
<b>1.</b>	<b>BUSINESS: REPORT OF THE DIRECTOR BUSINESS SERVICES</b>	<b>3</b>
<b>1.1</b>	<b>2015-2016 Operational Plan incorporating budget, fees and charges, 2013-2017 Delivery Program and 2015-2025 Resourcing Strategy</b>	<b>3</b>
<b>1.2</b>	<b>Fit for the Future</b>	<b>16</b>

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## Minutes of the Extraordinary Meeting of the Campbelltown City Council held on 23 June 2015

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**Present**

- Councillor F Borg
- Councillor G Brticevic
- Councillor W Glynn
- Councillor G Greiss
- Councillor P Hawker
- Councillor R Kolkman
- Councillor D Lound
- Councillor A Matheson
- Councillor C Mead
- Councillor T Rowell

**Apologies** It was **Moved** Councillor Rowell, **Seconded** Councillor Kolkman that the **APOLOGIES** from Councillors Lake, Oates, Thompson, Dobson and Chanthivong be received and accepted.

**119** The Motion on being Put was **CARRIED**.

### Chairperson

In the absence of the Chairperson, His Worship the Mayor, Councillor Lake, Deputy Mayor, Councillor Rowell chaired the meeting.

### Acknowledgement of Land

An Acknowledgement of Land was presented by the Chairperson Councillor Rowell.

### DECLARATIONS OF INTEREST

Declarations of Interest were made in respect of the following items:

#### Pecuniary Interests

Nil

#### Non Pecuniary – Significant Interests

Nil

#### Non Pecuniary – Less than Significant Interests

Councillor Hawker – Item 1.2 – Fit for the Future – Councillor Hawker advised, that as part of his role as a Local Government NSW Director, he is a member of the Ministerial Advisory Group for Fit for the Future.

#### Other Disclosures

Nil

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## **EXTRAORDINARY MEETING OF THE CAMPBELLTOWN CITY COUNCIL TO BE HELD ON 23 JUNE 2015**

### **1. BUSINESS: REPORT OF THE DIRECTOR BUSINESS SERVICES**

#### **1.1 2015-2016 Operational Plan incorporating budget, fees and charges, 2013-2017 Delivery Program and 2015-2025 Resourcing Strategy**

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### **Attachments**

1. Office of Local Government, Circular to Councils - Information about rating 2015-2016 (contained within this report)
2. Internal submission (contained within this report)
3. 2015-2025 Long Term Financial Plan (distributed under separate cover due to size and are available via the web link below)
4. 2015-2025 Asset Management Plan (distributed under separate cover due to size and are available via the web link below)
5. 2015-2025 Asset Management Strategy (distributed under separate cover due to size and are available via the web link below)
6. 2015-2019 Workforce Management Plan (distributed under separate cover due to size and are available via the web link below)

**Note:** All of the above attachments are available via this web link:

<http://www.campbelltown.nsw.gov.au/IntegratedPlanningandReportingPublicExhibition>

\* The above documents will be available on Council's website following adoption:

<http://www.campbelltown.nsw.gov.au/IntegratedPlanningandReporting>

### **History**

The Integrated Planning and Reporting Framework for NSW requires councils to prepare a Community Strategic Plan, Delivery Program, Operational Plan and Resourcing Strategy.

Council is required to adopt the annual Operational Plan incorporating the Budget, Fees and Charges and Revenue Pricing Policy prior to 30 June each year. This requirement is in accordance with the *Local Government Act 1993*.

### **Report**

At the Extraordinary Meeting of Council held on 5 May 2015, Council resolved to place the 2015-2016 Draft Operational Plan incorporating the 2015-2016 Draft Fees and Charges and Revenue Pricing Policy and the 2013-2017 revised Delivery Program on public exhibition in accordance with the *Local Government Act 1993*.

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## 1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017 Delivery Program And 2015-2025 Resourcing Strategy

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The documents were placed on public exhibition from 6 May to 9 June 2015 for the required period which exceeded the minimum 28 days. Advertisements for the public exhibition period were placed on Council's website as well as in the Macarthur Chronicle and Macarthur Advertiser for a two week period. All documents were made available to the community at Council's administration building, branch libraries and on Council's website.

The Draft Operational Plan and Draft Fees and Charges have been compiled based on productivity factors, efficiency savings, the influence of the Independent Pricing and Regulatory Tribunal (IPART) Local Government Cost Index (LGCI) and limit on increases to land rates.

In December 2014, IPART announced the percentage variation for land rates would be 2.4%. IPART have determined this amount based on a change in the LGCI and a productivity factor adjustment. The LGCI is designed to measure the average change in prices of a fixed 'basket' of goods and services that are on average purchased by councils, relative to the prices of the same basket in a base period. The index has 26 cost components, such as employee benefits and on-costs, and building materials for roads, bridges and footpaths typical to a council's activities.

The LGCI increase for 2015-2016 increased by 2.47%, IPART deducted a 0.04% productivity factor resulting in a total of 2.43% which was then rounded down to 2.4%.

In calculating the 2015-2016 fees and charges, references are made to the LGCI as they affect the service level and costs in providing services to the community.

### **Internal submissions**

During the public exhibition period, there were two internal submissions received. The first internal submission relates to items released in a circular by the Office of Local Government subsequent to the exhibition period commencing.

### **Submission One**

The statutory fee limit for certificates issued under Section 603 of the *Local Government Act 1993* has been set at \$75. This certificate is supplied on application and payment of the fee, usually by purchasers of land and relates to rates and charges levied and due for the current period.

The statutory limit for penalty interest charges on unpaid land rates and charges has been determined by the Minister for Local Government at 8.5%. This rate remains unchanged from the 2014-2015 financial year.

### **Comment**

The Section 603 Certificate fee be updated in the 2015-2016 Draft Fees and Charges to reflect the amount set by the Office of Local Government of \$75.

The statutory limit for penalty interest charges on unpaid land rates and charges be amended to reflect 8.5% on page 8 of the Revenue Pricing Policy (contained within the Operational Plan).

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**Submission Two**

The second internal submission relates to the internal movement of Council's corporate marketing function currently represented as part of 'Objective 2 – A strong economy'. The funding associated with this function of \$307,500 contained within item 2.3.1 – 'Encouraging tourism to the Campbelltown region', should be moved to 'Objective 5 – Responsible leadership' and included as item 5.3.1.

**Comment**

These changes be reflected on pages 35 and 38 of the Operational Plan in accordance with respective functions to which they relate.

**Rating structure (Revenue Pricing Policy)**

In adopting the Operational Plan, the *Local Government Act 1993* requires Council to formally make, by resolution, the rates and charges for the period 1 July 2015 to 30 June 2016. This requirement exists to give legal form to the rating structure, rates and annual charges in addition to the summary information provided in the Operational Plan.

The Campbelltown Local Government Area is traditionally re-valued by the Office of the Valuer General every three years with the valuations used in the calculation and distribution of annual rate levies. The values have been determined as at 1 July 2012 and will form the basis for the proposed 2015-2016 financial year rating structure.

**Ordinary Rates**

- a. That the Ordinary Rate of 0.5851 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as RESIDENTIAL in accordance with Section 516 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**RESIDENTIAL**'.

- b. That the Ordinary Rate of 0.4139 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as FARMLAND in accordance with Section 515 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**FARMLAND**'.

- c. That the Ordinary Rate of 1.1087 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as BUSINESS in accordance with Section 518 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**BUSINESS**'.

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# 1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017 Delivery Program And 2015-2025 Resourcing Strategy

- d. That the Ordinary Rate of 0.9499 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as MINING in accordance with Section 517 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**MINING**'.

## Special Rates

That the Special Rate of 0.0538 cents in the dollar with a minimum of \$2 in accordance with Section 548(3)(b) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown in accordance with Section 495 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(2) of the *Local Government Act 1993* this rate be named '**SPECIAL RATE - INFRASTRUCTURE**'.

Council's General Income Variation has increased in accordance with the 2.4% as approved by the IPART under delegation by the Minister for Local Government. The Operational Plan incorporating the Budget has been prepared on the basis of a 2.4% increase in the general rate income for 2015-2016 providing a total rate yield of \$78,311,735.

The table and details below show the rating structure based on the rateable properties applicable to the 2015-2016 year.

Rate Type	Category	Ad Valorem Amount (¢ in \$)	Minimum Rate \$	Rate Yield \$
Ordinary	Residential	0.5851	666.93	53,990,634
Ordinary	Farmland	0.4139	666.93	694,603
Ordinary	Business	1.1087	666.93	17,935,363
Ordinary	Mining	0.9499	666.93	23,937
Special	Infrastructure	0.0538	2.00	5,667,198
			<b>Total</b>	<b>78,311,735</b>

In accordance with Section 514 of the *Local Government Act 1993*, each parcel of land within the City of Campbelltown has been categorised for rating purposes with owners notified via the annual rate notice.

## Domestic Waste Management Service

Council provides a Domestic Waste Management (DWM) Charge for the provisions of the Domestic Waste Management Service for the period 1 July 2015 to 30 June 2016 as follows:

Waste Management Service	Annual Charge	Weekly
Domestic Waste Management Charge	\$326.50	\$6.28
Domestic Waste Management Charge-Business	\$379.00	\$6.35
DWM Availability Charge <sup>#</sup>	\$31.60	\$0.61

<sup>#</sup> vacant land

It is recommended that all other domestic and commercial/business waste charges be adopted in accordance with the 2015-2016 Fees and Charges document.

# 1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017 Delivery Program And 2015-2025 Resourcing Strategy

## Stormwater Management Service Charge

In accordance with Section 496A of the *Local Government Act 1993*, Council makes an annual charge for Stormwater Management Services for each parcel of urban land within the City of Campbelltown and categorised for rating purposes as Residential or Business excluding vacant land and land owned by the Crown (includes Housing NSW). It is recommended for the period 1 July 2015 to 30 June 2016 that the following charges be made in respect of land to which the charge applies:

- \$20 per urban Residential rateable parcel
- \$10 per Residential (strata) rateable unit
- \$20 per 700m<sup>2</sup> or part thereof for non-vacant Business land, capped to a maximum of \$1000
- \$20 per 700m<sup>2</sup> or part thereof of surface land area for strata Business unit (proportioned to each lot based on unit entitlement) not less than \$5 or greater than \$1000.

## Stormwater Management Service Program of Works

Activity	Description	Amount
Water Quality Testing Program	Ongoing	\$80,000
Stormwater Infrastructure Improvement Program	Rolling program	\$100,000
Drainage System Improvement Program	Rolling program	\$200,000
Water quality devices	Rolling Program	\$150,000
Rose Park (stage 2)	Water quality improvement works	\$120,000
Trunk drainage system enhancements	Local drainage improvements	\$110,000
Creek stabilisation works	Rolling program - bank scouring and reduction to vehicular access	\$90,000
Quirk Reserve	Water quality improvements	\$50,000
Flood Study improvements		\$238,000
<b>TOTAL</b>		<b>\$1,138,000</b>

## Accrual of Interest on Overdue Rates and Charges

In accordance with Section 566(3) of the *Local Government Act 1993*, the Minister for Local Government has determined that the maximum rate of interest payable on overdue rates and charges for the 2015-2016 rating year will be 8.5%.

## Delivery Program

The 2013-2017 Draft Delivery Program details the services, functions and programs of works including activities that Council will undertake within the resources available under the Resourcing Strategy, to implement the objectives and strategies established by the Community Strategic Plan.

**Resourcing Strategy**

The Resourcing Strategy underpins Council's Community Strategic Plan and consists of three components: Workforce Management Plan, Asset Management Policy, Strategy and Plan and Long Term Financial Plan. These interrelated documents focus in detail on how Council will utilise its resources to deliver on objectives and strategies in the Campbelltown Community Strategic Plan. The documents both inform and are informed by the four year Delivery Program which has been created to outline the activities and programs to deliver on the Community Strategic Plan. Each of these individual documents should be viewed as integral elements of an overall strategy and will be under continuous review and adjustment as annual budgets and operational plans are developed.

**Workforce Management Plan**

The Workforce Management Plan addresses the human resourcing requirements of the Delivery Program and the Operational Plan. The plan is a proactive approach to monitoring and developing our workforce to meet the community's and Council's current and future needs.

**Long Term Financial Plan**

The Long Term Financial Plan forms part of Council's Resourcing Strategy. This plan focuses on Council's long-term goal of financial sustainability and delivering quality services and outcomes for the community. The new planning and reporting framework encourages councils and their communities to work together to deliver services, preserve local identity and to plan in partnership for a more sustainable future.

The Long Term Financial Plan is a decision making tool and addresses areas that impact on Council's ability to fund services and capital works, while living within its means and ensuring financial sustainability over a 10 year period. The plan will be dynamic in nature and subject to continual review to ensure changing community expectations are considered.

**Asset Management Strategy and Plan**

The 10 year Asset Management Strategy and Plan meets the requirements of Integrated Planning and Reporting and is a vital component of the Resourcing Strategy.

The Asset Management Strategy and Plan provides details about Council's approach to the management of the community's assets in line with appropriate standards but also to contribute to the achievement of the objectives in the Community Strategic Plan.

These documents have been written in line with the International Infrastructure Management Manual and addresses the areas of levels of service, demand forecasts, operations and maintenance, renewals, new works (Capital), disposals and also includes a reference to the 10 year financial forecasts for the management of the assets as contained in the Long Term Financial Plan.

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## Officer's Recommendation

### 1. 2013-2017 revised Delivery Program

That Council adopt the 2013-2017 revised Delivery Program.

### 2. 2015-2016 Operational Plan incorporating the Budget and Revenue Pricing Policy

That Council adopt:

- a. the amendments made on pages 35 and 38 regarding the movement of the marketing function in the 2015-2016 Operational Plan
- b. the 2015-2016 Operational Plan incorporating the Budget and Revenue Pricing Policy reflecting the rating structure outlined below:

### 3. Ordinary Rate

- a. That the Ordinary Rate of 0.5851 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as RESIDENTIAL in accordance with Section 516 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**RESIDENTIAL**'.

- b. That the Ordinary Rate of 0.4139 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as FARMLAND in accordance with Section 515 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**FARMLAND**'.

- c. That the Ordinary Rate of 1.1087 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as BUSINESS in accordance with Section 518 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**BUSINESS**'.

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1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017  
Delivery Program And 2015-2025 Resourcing Strategy

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- d. That the Ordinary Rate of 0.9499 cents in the dollar with a minimum of \$666.93 in accordance with Section 548(1)(a) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown categorised as MINING in accordance with Section 517 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(1) of the *Local Government Act 1993* this rate be named '**MINING**'.

**Special Rates**

That the Special Rate of 0.0538 cents in the dollar with a minimum of \$2 in accordance with Section 548(3)(b) of the *Local Government Act 1993* on the land value of all rateable land in the City of Campbelltown in accordance with Section 495 of the *Local Government Act 1993* be made for the year 2015-2016.

In accordance with Section 543(2) of the *Local Government Act 1993* this rate be named '**SPECIAL RATE - INFRASTRUCTURE**'.

4. **Domestic Waste Management Service**

- a. That the Domestic Waste Management Charge be made for the provision of Domestic Waste Management Services for each parcel of occupied land for which the service is available in the amount of \$326.50 per annum representing a weekly amount of \$6.28 in accordance with Section 496 of the *Local Government Act 1993* for the year 2015-2016.

In accordance with Section 543(3) of the *Local Government Act 1993* this charge be named '**DOMESTIC WASTE MANAGEMENT CHARGE**'.

- b. That the Domestic Waste Management Availability Charge be made for the availability of the service to vacant land in the amount of \$31.60 per annum representing a weekly amount of \$0.61 in accordance with Section 496 of the *Local Government Act 1993* for the year 2015-2016.

In accordance with Section 543(3) of the *Local Government Act 1993* this charge be named '**DOMESTIC WASTE MANAGEMENT AVAILABILITY CHARGE**'.

- c. That all other Domestic and Commercial Waste Management Charges be adopted in accordance with the 2015-2016 Fees and Charges.

5. **Stormwater Management Service**

That in accordance with Section 496A of the *Local Government Act 1993*, Council make an annual charge for stormwater management services for each parcel of urban land within the City of Campbelltown and categorised for rating purposes as Residential or Business excluding vacant land, land owned by the Crown (includes Housing NSW).

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## 1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017 Delivery Program And 2015-2025 Resourcing Strategy

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For the 2015-2016 year, the following charges be made in respect of land to which the charge applies:

- \$20 per urban Residential rateable parcel
- \$10 per Residential (strata) rateable unit
- \$20 per 700m2 or part thereof for non-vacant Business land, capped to a maximum of \$1000
- \$20 per 700m2 or part thereof of surface land area for strata Business unit (proportioned to each lot based on unit entitlement) not less than \$5 or greater than \$1000.

In accordance with Section 543(3) of the *Local Government Act 1993* this charge be named '**STORMWATER MANAGEMENT CHARGE**'.

### 6. Stormwater Management Service Program of Works

That Council adopt the Program of Works for Stormwater Management Service as follows:

Activity	Description	Amount
Water Quality Testing Program	Ongoing	\$80,000
Stormwater Infrastructure Improvement Program	Rolling program	\$100,000
Drainage System Improvement Program	Rolling program	\$200,000
Water quality devices	Rolling Program	\$150,000
Rose Park (stage 2)	Water quality improvement works	\$120,000
Trunk drainage system enhancements	Local Drainage Improvements	\$110,000
Creek stabilisation works	Rolling program - bank scouring and reduction to vehicular access	\$90,000
Quirk Reserve	Water quality improvements	\$50,000
Flood Study improvements		\$238,000
<b>TOTAL</b>		<b>\$1,138,000</b>

### 7. Accrual of Interest on Overdue Rates and Charges

That in accordance with the determination by the Minister for Local Government, the maximum rate of interest payable on overdue rates and charges for the 2015-2016 rating year is 8.5%.

### 8. 2015-2016 Fees and Charges

That Council adopt the 2015-2016 Fees and Charges including the amendment of the minimum fee for certificate under Section 603 of the *Local Government Act, 1993* to \$75. The amendment be made to the fee listed on page 31 in accordance with amount determined by the Office of Local Government.

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1.1 2015-2016 Operational Plan Incorporating Budget, Fees And Charges, 2013-2017  
Delivery Program And 2015-2025 Resourcing Strategy

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9. **2015-2019 Workforce Management Plan**

That Council adopt the 2015-2019 Workforce Management Plan.

10. **2015-2025 Long Term Financial Plan**

That Council adopt the 2015-2025 Long Term Financial Plan.

11. **2015-2025 Asset Management Plan**

That Council adopt 2015-2025 Asset Management Plan.

12. **2015-2025 Asset Management Strategy**

That Council adopt 2015-2025 Asset Management Strategy.

**Council Meeting 23 June 2015 (Hawker/Lound)**

That the Officer's Recommendation be adopted.

**Council Resolution Minute Number 120**

That the Officer's Recommendation be adopted.

A **Division** was called in regard to the Resolution for item 1.1 – 2015-2016 Operational Plan Incorporating Budget, Fees and Charges, 2013-2017 Delivery Program and 2015-2025 Resourcing Strategy with those voting for the Motion being Councillors Borg, Brticevic, Glynn, Greiss, Hawker, Kolkman, Lound, Matheson and Rowell.

Voting against the Resolution was Councillor Mead.

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## ATTACHMENT 1

Office of  
Local Government

## Circular to Councils

<b>Circular Details</b>	15-14 / 5 May 2015 / A413301
<b>Previous Circular</b>	14-06, 13-12 and 13-10
<b>Who should read this</b>	Councillors / General Managers / Council staff
<b>Contact</b>	Performance Team (02) 4428 4100
<b>Action required</b>	Information / Council to Implement

## INFORMATION ABOUT RATING 2015/16

## What's new or changing

- The Minister for Local Government, the Hon Paul Toole MP, has determined the maximum Boarding House Tariffs and maximum interest rate chargeable on overdue rates and charges for 2015/16.
- The Chief Executive has determined the Section 603 Certificate fee for 2015/16.
- IPART has determined the statutory limit on the maximum amount of minimum rates for 2015/16.

## What this will mean for your council

Councils should incorporate these determinations into their 2015/16 rating structures and Operational Plan Statement of Revenue Policies.

## Key points

Boarding House Tariffs 2015/16

- In accordance with section 516 of the *Local Government Act 1993* (the Act), the Minister has determined that for the purpose of the definition of 'boarding house' and 'lodging house', the maximum tariffs, excluding GST, that a boarding house or lodging house may charge tariff-paying occupants are:
  - a) *Where **full board and lodging** was provided* –
    - \$356** per week per room for single accommodation, or
    - \$590** per week per room for family or shared accommodation.
  - b) *Where **less than full board and lodging** is provided* –
    - \$238** per week per room for single accommodation, or
    - \$395** per week per room for family or shared accommodation.

Maximum Interest on Overdue Rates and Charges

- In accordance with section 566(3) of the Act, the Minister has determined that the maximum rate of interest payable on overdue rates and charges for the 2015/16 rating year will be **8.5%**.
- The methodology used to calculate the interest rate is the Supreme Court methodology (the Reserve Bank cash rate plus 6%), rounded to the nearest half per cent of the maximum interest rate for the previous year. The cash rate used for the purposes of the maximum interest rate for local government is based on the rate as at 4 February 2015.

Office of Local Government  
5 O'Keefe Avenue NOWRA NSW 2541  
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E [olg@olg.nsw.gov.au](mailto:olg@olg.nsw.gov.au) W [www.olg.nsw.gov.au](http://www.olg.nsw.gov.au) ABN 44 913 630 046

**Section 603 Certificate**

Under section 603 of the Act, councils may issue a certificate as to the amount (if any) of rates, charges, etc., due or payable to the council for a parcel of land. Section 603(2) states the application must be accompanied by the approved fee. In accordance with the approved methodology, the approved fee for 2015/16 is determined to be **\$75**.

- This determination applies to the issuing of a certificate for the matters specified in section 603(3) of the Act.
- Where a council offers to provide other information as an optional service, the council is not prevented from separately determining an approved fee for that additional service.
- Furthermore, a council is not prevented from determining approved fees for additional services required by an applicant for the expedited processing of a section 603 Certificate.

Notice giving effect to these decisions was published in the NSW Government Gazette No. 38 of 1 May 2015.

**Statutory limit on the maximum amount of minimum rates**

By an amendment to clause 126 of the Local Government (General) Regulation 2005, IPART has determined:

- Under section 548(3)(a) of the Act the maximum amount of a minimum ordinary rate to be **\$497** for 2015/16. This increase is the same level as the rate-peg limit of 2.4% for 2015/16.
- Under section 548(3)(b) of the Act the maximum amount of a minimum special rate will remain at **\$2**.
- The Regulation was published on the NSW Legislation website on 27 February 2015.

**Where to go for further information**

The NSW Legislation website at: [www.legislation.nsw.gov.au](http://www.legislation.nsw.gov.au)



**Marcia Doheny**  
Chief Executive

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## ATTACHMENT 2

### Campbelltown City Council

Ref: CT

13 May 2015

**Memo to:** Acting General Manager

**From:** Business Review and Improvement Officer

**Subject:** Submission to the Delivery Program and Operational Plan

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Following a review of the allocation of the Communications and Marketing budget within the Integrated Planning and Reporting documents, an error has been identified in the allocation of the Marketing Team.

The Marketing Team dollars are currently allocated under 2.3.1 encouraging tourism to the Campbelltown region, while the activities of the Marketing Team are allocated under 5.3.1 Community access to Council information.

It is proposed that we move the budgeted dollars relating to function 52200 'Marketing' totalling \$307,500 to reflect the activities detailed in both the Delivery Program and Operational Plan.

This request is submitted for your consideration.

Regards

**Business Review and Improvement Officer**

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## **1.2 Fit for the Future**

### **Reporting Officer**

Director Business Services

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### **Attachments**

Fit for the Future Submission (contained within this report)

### **Purpose**

To present Campbelltown City Council's Fit for the Future Improvement Proposal to Council for approval to submit to the Independent Pricing and Regulatory Tribunal (IPART) for assessment.

### **History**

On 10 September 2014, the NSW Government released its "Fit for the Future" response to the Independent Local Government Review Panel's report and in doing so recommended Campbelltown City Council 'stand alone'. The NSW Government requires that Council submit an Improvement proposal by 30 June 2015 to demonstrate how it meets the criteria of a "Fit for the Future" council.

### **Report**

Council has been briefed on several occasions regarding the Fit for the Future proposal developed by the Office of Local Government resulting from the review of Local Government conducted by the Independent Local Government Review Panel. Council also participated in a SWOT analysis at the strategic planning day held in March 2015 conducted by Council's external consultant Mr Ian Reynolds.

Council's submission aligns with the recommendations by the Independent Local Government Review Panel which was to stand alone resulting in completing Template 2 Council's Improvement Proposal. As Council is aware the The Independent Pricing and Regulatory Tribunal (IPART) have been appointed as the independent body to assess each council proposal.

Council's submission demonstrates that Campbelltown City Council has the scale and strategic capacity to deliver for its local community, and for the Macarthur region, in partnership with Government and other key stakeholders.

The IPART has the responsibility of assessing Council's Fit for the Future Improvement Proposal.

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The assessment is in two parts:

1. Scale and Capacity - threshold criterion containing 10 strategic capacity elements. Council's must present a case guided by the recommendations of the Independent Local Government Review Panel. Campbelltown City Council was recommended to 'stand alone'; and
2. Key Financial Indicators - there are 7 key financial indicators which Council must achieve, or show improvement toward achieving a certain target / benchmark by 2019/20. The financial indicators seek to measure Sustainability, Infrastructure and Service Management and Efficiency.

Council's Improvement Proposal is required to be lodged through the IPART Portal by 30 June 2015. It is recommended that Council approve Campbelltown City Council's Improvement Proposal which has been provided under separate cover.

IPART will be providing their independent assessment to the Office of Local Government by October 2015. It is also indicated within the documentation that councils will be required to begin implementation of the Fit for the Future Improvement Proposal from this date.

### **Officer's Recommendation**

That Council approve the Fit for the Future Improvement Proposal to be submitted to the IPART by 30 June 2015.

### **Council Meeting 23 June 2015 (Borg/Greiss)**

That the Officer's Recommendation be adopted.

### **Council Resolution Minute Number 121**

That the Officer's Recommendation be adopted.

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## ATTACHMENT 1

Fit for the Future



Campbelltown City Council  
**Improvement Proposal**

June 2015





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## CONTENTS

<b>Executive Summary</b>	<b>1</b>
<b>Part A — Introduction</b>	<b>2</b>
<b>Part B — Background</b>	<b>3</b>
1. The City of Campbelltown	
2. Campbelltown City Council	
3. Key Challenges and Opportunities	
<b>Part C — Threshold Criteria Assessment</b>	<b>9</b>
4. Scale and Capacity	
Element 1: Robust revenue base and increased discretionary spending	
Element 2: Scope to undertake new functions and major projects	
Element 3: Ability to employ wider range of skilled staff	
Element 4: Knowledge, creativity and innovation	
Element 5: Advanced skills in strategic planning and policy development	
Element 6: Effective regional collaboration	
Element 7: Credibility for more effective advocacy	
Element 8: Capable partner for State and Federal agencies	
Element 9: Resources to cope with complex and unexpected change	
Element 10: High quality political and managerial leadership	
<b>Part D — Performance, Sustainability and Action — Fit for the Future</b>	<b>23</b>
5. Benchmark Assessment	
6. Becoming Fit and Remaining Fit for the Future	
6.1 Sustainability	
6.2 Infrastructure and Service Management	
6.3 Efficiency	
6.4 Improvement Action Plan	
7. Improvements in Performance	
7.1 Expected Improvement in Performance	
8. Implementing the Action Plan	





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## Executive Summary

Located at the hub of one of the most significant current and future growth areas in NSW, Campbelltown City is the heart of South West Sydney and the capital of the Macarthur region.

Campbelltown City Council has been instrumental in advocating for the recognition of Campbelltown's role in supporting the surrounding community, and in positioning the city as a strategic centre as part of the State Government's Metropolitan Strategy.

With Campbelltown/Macarthur recently identified by the State Government as a Regional City Centre, acknowledging Campbelltown as a major economic hub, Council is well positioned to manage the current and future urban growth in and around the city through its well-developed strategic partnerships within the community, government and business sectors.

Council actively works with these partners to deliver outcomes to secure the city's future, and to ensure that Campbelltown is a vibrant and dynamic city of choice for residents, visitors and investors alike.

To be assessed as "Fit for the Future", councils have to meet a series of benchmarks set by the NSW Government, the threshold benchmark being Scale and Strategic Capacity. The Independent Local Government Review Panel has already assessed Campbelltown as having appropriate Scale and Capacity and therefore meeting this criteria.

Council is committed to local government reform and this submission demonstrates its superior financial performance to date and as projected over the next 10 years. This is also supported by the Long Term Financial Plan which shows Council is financially sustainable and able to meet the benchmarks articulated by the NSW Government of a "Fit for the Future" council.

Campbelltown is a city experiencing significant change, and Council is well positioned to undertake its key role in shaping our growing city and actively contributing to the growth and diversification of the local economy, housing, infrastructure and lifestyle opportunities.

***Campbelltown City Council – Fit for the Future.***

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## Part A Introduction

In January 2014, the NSW Government released the final report for the Independent Local Government Review Panel (ILGRP) entitled 'Revitalising Local Government'. This report made a series of recommendations on Local Government reform. Most significantly for Campbelltown City Council ('Council'), it reported that Council had sufficient Scale and Strategic Capacity to stand alone.

On 10 September 2014, the NSW Government released its response to the Independent Local Government Review Panel's report 'Fit for the Future' and in doing so, supported the recommendation that the City of Campbelltown 'stand alone'.

The NSW Government requires all NSW councils to lodge a submission with the Independent Pricing and Regulatory Tribunal (IPART) outlining how they are, or will become, 'Fit for the Future' by 30 June 2015.

This submission presents Campbelltown City Council's case to be determined as 'Fit for the Future'.



*Campbelltown's Scenic Hills*

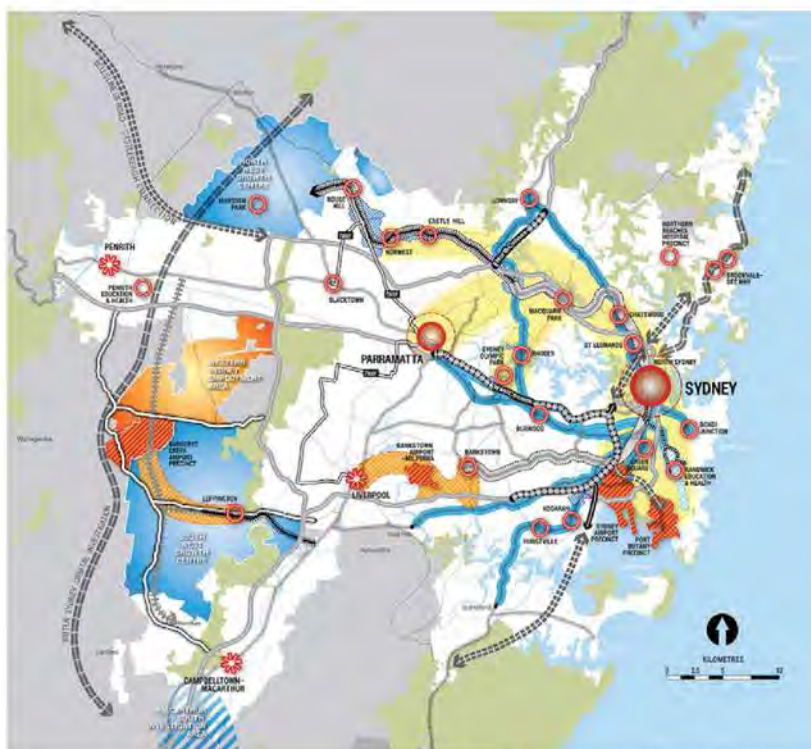


*Ingleburn Weir*

## Part B Background

### 1. The City of Campbelltown

Located just 50 minutes from the Sydney CBD, 40 minutes from the beaches of the Illawarra and within easy reach of major road and rail links to the Southern Highlands, Canberra, the Blue Mountains and the South Coast beaches, Campbelltown offers a unique blend of city opportunities in a natural setting to approximately 156,500 residents (2014).



Location map – connecting jobs and homes  
(extract from 'A Plan for Growing Sydney' 2014)

Campbelltown has an extensive cultural heritage and remarkable natural and man-made beauty that stems from its natural environment and its 'old' suburb origins. It has significant environmental assets, including the Georges and Nepean Rivers, large areas of bushland, and also boasts a rich Indigenous heritage. There are scenic parks, historical sites and an extensive range of regional sporting and recreational facilities including Campbelltown Sports Stadium, Campbelltown Arts Centre and Menangle Park Paceway (Tabcorp Park).

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With an area of 312 square kilometres, encompassing 33 suburbs, the City of Campbelltown stands on land that traditionally belonged to the Dharawal people. Today, the City of Campbelltown maintains a large Aboriginal community and boasts a culturally diverse population, with residents from more than 40 different countries.

Campbelltown is one of the oldest municipalities in NSW, having been officially proclaimed by the Governor of NSW in 1882. The Municipal District of Ingleburn was proclaimed in 1896. In 1948, the Nepean Shire was abolished and divided, and Campbelltown and Ingleburn were joined into one common council (including part of the Nepean Shire) called the Amalgamated Municipality of Campbelltown.

Today, the City of Campbelltown is a major economic and social entity in metropolitan Sydney. The city boasts extensive public transport and road networks, passenger and freight rail lines, as well as a range of facilities of regional significance including the University of Western Sydney - Campbelltown Campus (UWS), two TAFE colleges, a public hospital, a major regional shopping centre, a regional arts centre, and major recreational facilities such as Campbelltown Sports Stadium.

Many of these services and facilities are located within the footprint of the Campbelltown/Macarthur Regional City Centre, which has grown into a 'hub' that offers higher order services and facilities that serve the entire Macarthur region and beyond.

The value of a number of these local assets is enhanced by their close proximity to the rapidly growing South West Growth Centre, and their ability to service the growing population of both Campbelltown City and the wider Macarthur region.

Campbelltown's environment is characterised by a diversity of different land uses and built forms. These range from contemporary and more dense urban developments along the southern rail line which connects Campbelltown to the Sydney CBD, and to bushland environments along the Georges River corridor. Between those areas and to the west, lie traditional, low density suburban neighbourhoods with a distinctive 'green' character. Major areas of broad-acre rural pastureland are located in the southern parts of the city and the Scenic Hills which flank the western edge of the city's urban areas, helping to define Campbelltown's landscape setting. There are also major areas of manufacturing and other industrial development at Ingleburn and Minto.



*University of Western Sydney — School of Medicine  
Campbelltown Campus*

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Council is preparing for a further 25 years of sustained population growth through new greenfield subdivision and redevelopment at higher densities, within and around existing railway station based business centres. The total population is anticipated to be in excess of 234,000 by 2031.

This means an increase of more than 77,000 people over just 17 years from 2014 (or approximately 50%).

The State Government's recently released metropolitan strategy 'A Plan for Growing Sydney' nominates South west Sydney and the Macarthur region as a renewed focus for metropolitan scale housing supply and urban development. The Campbelltown Local Government Area stands to accommodate a significant proportion of this growth and the following statistics outline current development activity substantiate the market uptake of these opportunities.

#### **Campbelltown LGA – Current Development Activity**

• Total capital value of development approved in 2014-2015 :	\$654 million
• Total capital value of non-residential development approved in 2014-2015	\$277 million
• Total number of apartments currently under construction:	647
• Total number of apartments approved in 2014-2015:	385
• Total number of apartments currently under assessment:	202
• Total number of residential allotments approved 2014-2015:	647

Among the most significant challenges that Council will face in the coming years is planning for, facilitating, delivering and managing the expected urban growth outlined in 'A Plan for Growing Sydney'. Infrastructure provision for this growth represents one of the 'stand out' responsibilities to be shared by Council and other levels of government. The task stands to be made particularly complex for Council, given:

- the spread of urban growth across both greenfield and already established urban areas
- the large geographical area across which a range of different greenfield development opportunities exist, posing a very real potential for the emergence of 'multiple development fronts'
- the significant extent of urban development and population that already exists in Campbelltown.

With an ageing population, decreasing household size and changing house prices, demand for housing is likely to continue to increase in both the social and private housing markets. Incoming residents have tended to be those with middle to lower incomes coming from other suburbs in south western Sydney. This pattern is more pronounced in the northern parts of Campbelltown City, which are characterised by a much greater cultural diversity, and many highly qualified new residents.

The redevelopment of older public housing estates in Minto, Airds and Claymore is currently underway and is having a significant impact on local community services. These projects involve temporary and permanent re-housing, and result in a variety of new housing opportunities and recreational spaces, as well as reduced concentrations of public housing in these targeted communities.

The recent declaration of Campbelltown/Macarthur as a Regional City Centre will provide a range of education and employment opportunities, particularly for young people. This is anticipated in the retail and health sectors in particular, with the university, hospitals and new aged care services creating a wide range of future job opportunities for workers of a range of skill levels.

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## 2. Campbelltown City Council

Campbelltown City Council is responsible to its community through the Community Strategic Plan, to deliver the community's vision and achieve real improvements in the quality of life for people living, working, and visiting here. Council employs approximately 700 staff and is led by the Mayor, who is elected by the 15 Councillors, and supported by the General Manager and the Executive team.

This submission will show that Campbelltown City Council has long-established and demonstrated credentials:

- in strategic planning and advocacy
- as leaders representative of the local community
- as a regional stakeholder
- as an effective partner for government.

Council seeks information from, advises and involves the community in planning and advisory forums guided by its community engagement framework.

Council is responsible for the management of a significant range of infrastructure assets, including public roads, footpaths, bridges, stormwater drainage networks, parks, reserves, recreation facilities, property and buildings. The combined replacement cost of these assets is more than \$2.2 billion - an important public investment and critical to community wellbeing and safety.

Council places a strong focus on asset management, underpinned by a leading practice Asset Management Policy, Strategy and Plan, supported by a robust governance framework. The Asset Management Plan, and in particular the asset renewal program, is based on community accepted service levels and actual condition assessments, and is fully funded in Council's Long Term Financial Plan under the Renew-Connect-Revitalise city-wide improvement works program.

With a renewed focus on asset management (both immediate and longer-term) through the application of a special rate variation, the Office of Local Government's Infrastructure Audit assessed Campbelltown City Council's infrastructure management to be 'Strong'.

Council creates multidisciplinary teams, working with government, key stakeholder organisations and community members to achieve the community vision contained in the Community Strategic Plan. Objectives of the plan include:

- A sustainable environment
- A strong local economy
- An accessible City
- A safe, healthy and connected community
- Responsible leadership.

### 3. Key Challenges and Opportunities

In addressing Council's responsibilities in shaping the future of the City of Campbelltown, consideration has been paid to the identification of the organisation's strengths and weaknesses. To complement this understanding, Council has worked at both officer and elected representative level to identify a range of challenges and opportunities that will need to be considered in planning for the future of Campbelltown City. The SWOT analysis forms a concise, but representative picture, of the different parameters that will guide Council in its future deliberations over policy development and operational management.

#### Strengths

- Council is an effective lobbying organisation, with Councillors and staff working closely together to achieve the vision of the community.
- Strong focus on financial sustainability.
- Skilled workforce with a high level of commitment, particular expertise in assets and financial management, and an experienced leadership team.
- Leaders in regional collaboration.
- A strong commitment to continuous business improvement through Council's Innovation and Performance Sub Committee.
- Highly experienced staff in urban renewal and greenfield planning.

#### Weaknesses

- Ageing infrastructure and maintenance backlog.
- Retention of corporate experience as workforce ages.
- Predicted need to acquire specialist staff expertise not currently available.
- Promotion and marketing of the Campbelltown City 'product'.



*Greenfields subdivision at Campbelltown*



*Mixed-use apartment development currently under construction in Campbelltown*

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### Opportunities

- New Regional City Centre status.
- Renewed and revitalised city image - working with key stakeholders to address the perceived negative image of the city.
- Collaboration with NSW Planning and Environment on the Glenfield to Macarthur Priority Urban Renewal Corridor strategy and the Macarthur South Investigation project.
- Greater regional resource sharing through MACROC and broader joint organisations.
- Implementation of the ILGRP's reform recommendations.
- Economic development – establishing new role for Council.
- Council's Property Strategy.
- Ability to diversify income and increase revenue through investment and commercial activities.
- Improving community engagement through the use of digital technologies.
- Managing employment growth - as the population and associated workforce grow, it will be essential to encourage an ongoing growth of local jobs across new and emerging industries that will require a range of skills and education.
- Housing and population growth.
- Community development - in order to attract new businesses into the region, it will be important to create a desirable location for business and family life. There is also an aspiration to ensure the development of strong communities as the population grows, not just suburbs.
- Growing the local labour market through facilitating job opportunities that continue to meet the range of aspirations of residents.
- Ongoing provision of stable strategic planning and development to enhance investor confidence and support business growth and development across the LGA.
- Secure infrastructure to support economic development as the population grows.

### Threats

- Extent of new housing development not matched by jobs growth.
- Travel times/distances around the city increased due to congestion and constrained connectivity across the railway line.
- Constrained accessibility to Campbelltown from other locations across the Macarthur region.
- Lack of funding for required critical infrastructure to facilitate growth (Council cannot do it alone).
- Retention of existing businesses and business start-ups in the face of broader economic certainty.
- Rate pegging.
- Cost shifting from State and Federal governments increasing financial burden to Council.
- Potential competitors to Council based local business units (eg leisure and aquatic centres, child care centres).
- Risk of poor urban development having detrimental impacts, particularly relating to the environment, the community and the local economy.
- Managing infrastructure development in line with population growth.

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## Part C Threshold Criteria Assessment

### 4. Scale and Capacity

The Independent Local Government Review Panel concluded the preferred future for the City of Campbelltown is to 'stand alone', and Council strongly supports this position.

Essential to any assessment of Council's future likely performance against the criteria of 'Scale and Capacity', must be due consideration of the extraordinary level of urban development and population growth that Council will need to plan for, facilitate, and manage in the years to come. This is in addition to meeting the needs of an existing and changing community.

Campbelltown City cannot solely be described as either a 'rural', 'developing' or 'established' local government area, with characteristics of all three settlement types evident across its overall area of more than 312 square kilometres. It is remarkably different to many other council areas, and while located on the metropolitan fringe — similar to a number of other council areas — its rich urban and rural makeup is complemented by an even greater level of diversity in community and economic structure.

Accordingly, this submission pays specific attention to addressing Council's scale and capacity to achieve a sustainable future, in a context of significant growth and change.

This part of the submission addresses Council's claim against the threshold criteria of 'Scale and Capacity'. The following elements are considered in detail:

1. Robust revenue base and increased discretionary spending
2. Scope to undertake new functions and major projects
3. Ability to employ wider range of skilled staff
4. Knowledge, creativity and innovation
5. Advanced skills in strategic planning and policy development
6. Effective regional collaboration
7. Credibility for more effective advocacy
8. Capable partner for State and Federal agencies
9. Resources to cope with complex and unexpected change
10. High quality political and managerial leadership.

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#### **Element 1: Robust revenue base and increased discretionary spending**

One of Council's key strengths is its financial stability, with a long and proud record of prudently managing limited resources, while continuing to provide great value for money in the delivery of services and quality outcomes for a city and community experiencing significant growth and change.

This capacity to continue to deliver 'best value' for the community can be clearly illustrated by Council's commitment to innovation in organisational and financial management. Some key initiatives include:

- a special rate variation implemented in 2014 to fund a comprehensive infrastructure renewal strategy across the whole of the city.
- income diversification strategies that underpin Council's Long Term Financial Plan to enhance financial security.

The strategies provide additional sources of income to hedge against minimal rate pegs, provide flexibility to grow, and give Council direct control of its own success. Council's Property Strategy will maximise opportunities for commercial return through the acquisition, disposal and management of a diverse property asset portfolio. Council also has a strong reserves base that provides financial support for future liabilities, while concurrently returning investment income to general revenue streams. Council has a long history of successful grant and contribution advocacy, along with public and private partnerships that provide more than 17% of the organisation's total income base.

- Council's Innovation and Performance Sub Committee provides the framework for the delivery of cost effective services and initiatives. The value of efficiency gains reported to the Innovation and Performance Sub Committee since its inception in 2005 is \$12,242,924. Some examples include:
  - energy savings from large scale photovoltaic systems installed on Council facilities. The on-site renewable power generated is expected to reduce Council's carbon dioxide emissions by 361.07 tonnes per year, and the reliance on the electricity grid by 277,741kWh per year. This is equivalent to providing electricity to 9,258 houses per year. The system has saved Council 31% in electricity usage and 18% in cost.
  - savings in borrowing costs. Council revised its conservative borrowing strategy to incorporate renewable loans over a two or five year period. This strategy allowed Council to reassess market conditions at the end of each renewal period to take advantage of lowering interest rates and a stabilisation of economic conditions. Over the life of these renewals, it is estimated that Council will save in the vicinity of \$700,000 in borrowing costs under this borrowing strategy.
  - a commitment to consistently delivering balanced budgets.
  - the delivery of a capital works program valued at \$220 million over the next decade.

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#### **Element 2: Scope to undertake new functions and major projects**

Council's adopted Long Term Financial Plan includes scope to undertake a range of new projects that will assist Campbelltown City in dealing with the challenges of being a designated growth area of metropolitan significance.

The population of Campbelltown City is estimated to grow from 156,500 in 2014 by around 50% to more than 230,000 in 2031.

This extraordinary future urban growth will occur in both greenfield areas and through redevelopment at higher housing densities within the Glenfield to Macarthur Priority Urban Renewal Corridor recently announced by the NSW Government. This decision will place a significant responsibility on Council, as well as the NSW Government, to deliver infrastructure projects that will be critical in facilitating this expected level of growth. Council will develop sufficient scope and capability to meet these obligations.

It is also important to recognise that the NSW Government, through NSW Planning and Environment, has declared Campbelltown/Macarthur as Sydney's newest Regional City Centre. This status presents new challenges for Council and the community, as Campbelltown/Macarthur grows into the economic, service and social hub of the Macarthur region. Support for employment and economic development is shaping to emerge as a major area of Council's future activities.

The Macarthur region includes the Camden Local Government Area, extensive parts of which are designated as part of the South West Growth Centre, which itself is slated for substantial new urban growth over the next 10-20 years. Many of these new residents, along with those from Wollondilly Shire and Campbelltown City itself, will look to Campbelltown/Macarthur as a natural regional city centre hub, where the private sector and government have already invested heavily in regional level facilities, including:

- University of Western Sydney – Campbelltown Campus, incorporating the University's School of Medicine
- Campbelltown Public Hospital – which has recently undergone phase one of its redevelopment, valued at approximately \$140 million, and which is earmarked for further investment to include coronary, paediatric and clinical training facilities to service south western Sydney
- Campbelltown Private Hospital
- Macarthur Square shopping centre, which is also scheduled to commence a significant expansion project in 2015, aiming to position the centre as the fifth largest retail facility in Australia
- Campbelltown and Macquarie Fields TAFE colleges.

Council has historically demonstrated its scope and capacity to invest in key infrastructure projects to help sustain the viability of the Campbelltown/Macarthur Regional City Centre, complementing the government's and private sector investments. Significant examples include:

- Campbelltown Arts Centre
- Campbelltown Sports Stadium
- construction of the Farrow Road 'turnkey access' project, which will help facilitate new commercial and mixed use/apartment development on land located adjacent to Campbelltown Railway Station (western side) and provide direct access to commuter parking facilities that primarily serve commuters from beyond the Campbelltown LGA
- construction of additional off-street car parking and hospital drop-off facilities at Park Central, adjacent to Campbelltown Public and Private Hospitals.

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In addition, Council has been able to fund other important projects which will serve the needs of the existing and future communities. Notable examples include:

- construction of the Greg Percival Library and Community Centre – \$12.4 million
- redevelopment of the Gordon Fetterplace Aquatic Centre – \$2.2 million
- redevelopment of the Macquarie Fields Leisure Centre – \$3.2 million
- construction of the Macquarie Fields skate park – \$1.5 million
- upgrades to Raby Sports Complex – \$1.4 million.

Campbelltown's Regional City Centre status announcement signified the NSW Government's confidence in the scale and capacity of the Campbelltown community, economy and Campbelltown City Council, to plan, facilitate and manage the expected growth.

Much of the scope that Council has, and will continue to develop to undertake large scale projects and adapt to changing circumstances, depends on more than its financial capabilities.

Council has demonstrated a commitment to look not just to itself to address these challenges, but also to recruit the capacity of other organisations such as various Government agencies, the private sector as well as the non-government sector, to build strategic partnerships that can help facilitate the outcomes expected by the government, and for the benefit of the wider community.

Council was pleased to accept the recent invitation for it to partner with the Department of Planning and Environment on two major projects that have metropolitan level importance. These are the:

- Glenfield to Macarthur Priority Urban Renewal Corridor initiative
- Greater Macarthur South Urban Investigation project.

These two government initiatives stand to potentially yield up to 35,000 new dwellings in the Campbelltown Local Government Area. Significantly more dwellings located in Wollondilly Shire may also be generated by the Macarthur South project, and thereby add to the importance of Campbelltown's role as the regional hub or 'capital' of the greater Macarthur region.

While extensive future urban growth and population increases represent a major boost to Council's capacity to raise additional revenue, it is Council's clear expectation that its Long Term Financial Plan will resource the maintenance and improvement of services for its existing community, and at the same time seek to extract maximum value for expenditure by identifying and benefiting from 'economies of scale' related opportunities afforded by forthcoming new development.

There is also an additional component of future urban development within the Campbelltown Local Government Area that should not go unmentioned. This relates to the extensive urban renewal program that has been embarked on over recent years by the NSW Land and Housing Corporation, in partnership with Campbelltown City Council.

The program has already resulted in the wholesale redevelopment and renewal of the Minto public housing estate, parts of the Airds/Bradbury estate, as well as selected areas within the Macquarie Fields and Rosemeadow public housing estates. These redevelopment projects redress a range of concerns that have emerged over many years from areas of concentrated housing for people experiencing high levels of social disadvantage, and are acknowledged as models for public housing estate urban renewal across Australia.

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Further renewal is scheduled for the Airds/Bradbury estate and the whole of the Claymore estate, commencing in the near future. These projects build stronger social capacity for Campbelltown City and indirectly assist Council by mitigating pressures on its services, facilities and resources.

The renewal project approach instigated by the Land and Housing Corporation and Council, proves the organisation's capacity and scope to deliver on major projects and to not simply adapt to change, but to take a proactive and leading role, especially where there are dividends that promise more sustainable community benefits and efficiencies in Council's delivery of facilities and services.

Council looks to a wide range of alternative means of funding the delivery of essential infrastructure, and takes a conservative risk management based approach. Council's capacity in this area is effectively demonstrated by its commitment to seeking to enter into Voluntary Planning Agreements with major development firms, where opportunity exists. For example, Council is currently finalising the following Voluntary Planning Agreements:

- Airds/Bradbury renewal project (with NSW Land and Housing Corporation) – \$21.4 million
- Macarthur Heights residential development (with UWS) – \$34.5 million
- Willowdale residential development (with Stockland Corporation) – \$62.8 million
- Edmondson Park residential development (with UrbanGrowth NSW) – \$41.5 million.

The finalisation of the review of Council's Property Strategy to recognise and better harness opportunities for revenue generation will identify property development opportunities that exist within Council's existing asset portfolio. Council's portfolio has been built up over many years, and includes assets in key locations (many of which are located in CBD precincts) that are earmarked for future urban development and redevelopment.

These sites not only represent major sources of capital and/or recurrent revenue for Council, they have a strong potential to influence the future shape of Campbelltown City and enhance Council's influence over driving wider community benefits from future urban development.

These are all key illustrations of Council's broad capability across a number of its key functional areas, which demonstrate it has the scope and capability to deliver on major projects and adapt to change.

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**Element 3: Ability to employ a wider range of skilled staff**

Campbelltown City Council is already well regarded as a progressive employer of choice that attracts quality staff in a range of core and specialist disciplines.

This attraction 'factor' is expected to be enhanced by the opportunities that will develop as Campbelltown City grows into a Regional City Centre, such as demand for extensive new and diverse employment types at a scale which is expected to be beyond that which Council has dealt with in the past.

While being a challenge, but within the expertise and creative capacity of the organisation, these demands are likely to stimulate greater recognition of Campbelltown, and of Council as a preferred workplace destination for a wide range of professionals. This will include planners, engineers, building surveyors, designers, and strategic finance, as well as cultural and recreation specialists.

Council has developed a long term workforce plan which anticipates changes in its human resources demands, and takes into account the ageing of its existing workforce. A number of key initiatives are included in the plan:

- transition to retirement provisions and support to staff
- flexible working arrangements
- recognition programs
- an adaptive and extensive Emerging Leaders Program
- ongoing support of the existing Learning and Development Program.

Council continuously reviews its workplace policies to remain competitive with industry and sector benchmarks. Recruitment experience has shown to Council that to recruit and retain the staff that are needed to assist the organisation to meet its obligations and expectations, strategies need to be developed and implemented to foster and maintain an employee's loyalty to the organisation and commitment to servicing the needs of Campbelltown City.

Council continues to work to strengthen its strategic partnerships with leading educational institutions such as the University of Western Sydney - Campbelltown Campus and TAFE NSW South West Sydney Institute, and offers a range of support mechanisms to help build Council's profile in the education sector.

There are a number of examples that Council can draw on to demonstrate its capacity to harness the value of these relationships to assist it to be recognised across the education sector as a progressive organisation that:

- is prepared to support the local community's capacity to become and stay actively employed in the growth and development of Campbelltown
- supports the preferred recruitment of local residents into positions at Council.

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Some of these initiatives are outlined in further detail below:

- UWS scholarship program

Council partners with the University of Western Sydney - Campbelltown Campus to support scholarship programs in the areas of Science, Technology, Engineering, Mathematics and Medicine. Council sponsored scholarships include the:

1. Brenton Banfield Medical Scholarship
2. John E Hely Engineering Scholarship
3. Ian Porter Scholarship.

These scholarships are an important element of Council's partnership with UWS, which builds community capacity by supporting the provision of new medical, allied health services and engineering expertise within the local community by providing opportunities for local students to study in these fields through financial support.

- Campbelltown TAFE/Council collaboration

Council recently partnered with 12 graphic design students from TAFE NSW South West Sydney Institute, to use their creative skills to enhance the façade of new public amenity buildings across Campbelltown City. The project was rolled out as part of Council's Renew-Connect-Revitalise city-wide improvement works program and was an excellent example of collaboration between Council, TAFE and young members of the local community. The students used their skills to design external façade imagery for new public amenities at Campbelltown Skate Park, Kentlyn Reserve, Ingleburn Reserve and the designated site for the new St Helens Park Skate Park.

- MG My Gateway Program partnership

Building on Council's profile as an employer that is supportive of the recruitment and development of local residents, Council embarked on an arrangement with MG My Gateway in 2000. The program sees Business Administration trainees gain valuable practical work experience at Council for a period of 12 months while they also study towards the attainment of a Business Administration Certificate. Since the inception of the partnership, more than 174 trainees have taken up this opportunity.

The utilisation of Business Administration trainees has expanded into a variety of other trainees that Council has engaged in recent years including IT, HR and Records trainees, as well as trainees with a disability. These trainees are provided with on the job training and skills which supplement their formal studies.

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#### **Element 4: Knowledge, creativity and innovation**

The offices of Campbelltown City Council are geographically located in the emerging innovation hub that is the Campbelltown/Macarthur Regional City Centre. Within a one kilometre radius of Campbelltown and Macarthur Railway Stations are the following knowledge, creativity and innovation generators:

- University of Western Sydney - Campbelltown Campus, including the School of Medicine
- Campbelltown TAFE
- Campbelltown Arts Centre.

These attributes will soon be complemented by the establishment of a new Clinical School of Medicine on the site of Campbelltown Public Hospital, where opportunities will be created for medical students studying at UWS to undertake direct clinical training. A development application for this facility has been lodged with Council and will soon be determined.



*Artist impression of the proposed UWS Clinical School of Medicine – Campbelltown*

Importantly, 'A Plan for Growing Sydney' lends weight to the significance of this emerging hub in generating future economic development opportunities for south west Sydney and charges Council with a responsibility to support health and education related land uses in the precinct.

The government will be looking to Council to assist it to support the growth of complementary health and tertiary education activities in strategic centres such as Campbelltown. Council's relationships with the University, Campbelltown Public Hospital and the South Western Sydney Local Health District will provide Council with the opportunity to harness its planning, community development and economic development capacity to foster the collaboration that will be needed to help achieve the government's objectives.

'A Plan for Growing Sydney' recognises the importance of investment in local arts and culture in priority precincts. The Campbelltown Arts Centre is located at a central position within the Campbelltown/Macarthur Regional City Centre, and provides an excellent opportunity for the government to work in collaboration with Council's well established arts and culture network, staff, resources and facilities to deliver arts and culture priorities. With a strong history of innovation, collaboration and partnership in the arts sector, Campbelltown City Council can demonstrate it has the capacity to deliver on this future goal.

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#### **Element 5: Advanced skills in strategic planning and policy development**

Council has demonstrated strategic planning and policy development capability, both within the organisation's staff base and at a Councillor level, and has been effective in leading and participating in a range of strategic planning projects. The following achievements are testimony of this:

- Council representatives have been invited to participate in key strategic planning and policy development initiatives by the NSW Government including the:
  - Minister for Planning's 'Planning Reforms Review' (Green and White Papers), being one of only two representatives from local government taking a place on the review team
  - Glenfield to Macarthur Priority Urban Renewal Corridor Project
  - Greater Macarthur South Urban Investigation Project
  - Department of Premier and Cabinet Industry Agglomeration Pilot Project.
- Council has advocated, with significant success, for changes in NSW Government policy, including:
  - the declaration of Campbelltown/Macarthur CBD as a Regional City Centre
  - establishment of a two kilometre buffer zone between new proposals for coal seam gas extraction activities and existing residential development
  - the recent announcement of the government's preparedness to investigate the potential extension of the South West Rail Link between Narellan and the T2 Southern Line.

Council's elected members have taken on a structured involvement in strategic planning and, in addition to two monthly briefing sessions, participate in a quarterly review of the organisation's strategic positioning, in partnership with Council's Executive team. The strategic review sessions identify:

- new issues that require attention, including changes in government policy
- organisational priorities that may need adjustment
- advocacy priorities
- performance of the organisation requiring review
- higher level policy matters that need to be addressed.

The outcomes from these sessions contribute directly to Council's community strategic planning processes (including the preparation of the four year delivery program and Council's annual operating plan and budget), strategic budget and resource management, as well as submissions to government on higher level policy matters.

Council has also committed to the preparation of a Strategic Economic Development Plan and Program for the city, and has allocated a designated senior executive resource to undertake this work.

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#### **Element 6: Effective regional collaboration**

Campbelltown has a long and proud history of effective regional collaboration to deliver quality outcomes for its community and contributing to wider regional self-sustainability.

Successful collaborations have been forged with both State and Federal agencies, and through working closely with local State and Federal Members of Parliament. This strong record of achievement also extends to successful partnerships with Council's local government neighbours across the Macarthur region, as well as wider collaborations with business and other groups.

These alliances are significant, and are testimony to Campbelltown City Council's active participatory approach in delivering key outcomes to its own community and the wider region. Council's regional collaborations focus on:

- achieving efficiencies where possible
- taking opportunities to unite communities with similar interests or concerns
- the identification of opportunities for resource sharing and cost savings
- advocacy and opening avenues of communication
- aligning its own policies with those of government and other regional stakeholders where appropriate.

Some primary examples where Council can demonstrate the effectiveness of regional collaboration include the:

- Regional Waste Disposal Contract which Council has entered into with Camden, Wollondilly and Wingecaribee Councils.
- Peer review of the forthcoming Second Sydney Airport Environmental Impact Statement being conducted by a collaborative of Western Sydney Councils with the assistance of Western Sydney Regional Organisation of Councils (WSROC) and Macarthur Regional Organisation of Councils (MACROC).
- Memorandum of Understanding (MOU) - Road Reserve Restoration Works between Council and Sydney Water, that was signed in July 2014. The project was initiated by Council which partnered with Randwick Council, and involved extensive negotiation with Sydney Water. A template MOU has now been developed and signed between Sydney Water and 44 councils across NSW.

Council's ongoing commitment to regional collaboration can also be demonstrated through its active participation and support of MACROC.

MACROC is consistently involved in a range of resource sharing projects in which Council is actively engaged, including:

- the procurement of grant funding. Significant examples include funding received from the NSW Environmental Protection Authority for:
  - waste management and recycling (including community education) projects under the Better Waste, Recycling Fund where \$225,573 was allocated to MACROC over four years (2013-2014 to 2016-2017)
  - development, evaluation and updating of a Regional Waste and Resource Recovery (WARR) Strategy and Action Plan for the Macarthur region valued at \$140,000

- regional based training initiatives
- collaborative strategic advocacy and planning.

Council extends additional support to MACROC by hosting the administration of the operation, including the employment of MACROC staff and preparation and reporting on the MACROC budget to the MACROC Board.

It is also important to note Council's strategic membership of other regionally focused initiatives, such as the:

- National Growth Areas Alliance
- Georges River Combined Councils Committee
- Sydney Chamber of Commerce.



Mawson Park — Campbelltown



Greg Percival Library — Ingleburn

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**Element 7: Credibility for more effective advocacy**

As stated previously, Campbelltown City Council is an engaged and effective advocate for its community, boasting a range of successful campaigns that have influenced public policy. Significant achievements have included:

- extension of the Public Housing Estate Renewal Program beyond the One Minto Project to include Airds/Bradbury and Claymore, as well as parts of Macquarie Fields and Rosemeadow
- Federal and State Government support for the upgrade of the Hume Highway/M31 Motorway
- establishment of the NSW Government's Coal Seam Gas Policy of separation between proposed gas extraction wells and residential development
- declaration of Campbelltown/Macarthur as Sydney's third Regional City Centre.
- receipt of a \$17.5 million grant from the Federal Government for the upgrade of Eagle Vale Drive, linking the South West Growth Centre with the Hume Highway/M31 Motorway
- investigation of the extension of the South West Rail Link beyond Narellan to connect with the T2 Southern Line and Campbelltown/Macarthur Regional City Centre.

**Element 8: Capable partner for State and Federal agencies**

Council has gained strong credibility among all levels of government and across different political persuasions as a reliable and astute partner, both in terms of policy development and at an operational and project level. Council's strength in these partnership roles is its demonstrated strategic capacity, coupled with its operational commitment and capability to manage projects and tasks in a cost and time effective manner, which is often critical in achieving required policy and project outcomes. Council has, and will continue to maintain, a partnership approach to its relationship with governments and government agencies.

Council's objective is, wherever possible, to align its own policy and project parameters with those of government, when satisfied that doing so is in the best interests of Campbelltown City and its community.

Productive partnerships have been forged across a wide ambit of policy and project areas and with a range of government agencies, including:

- NSW Planning and Environment
- Roads and Maritime Authority
- Office of Local Government
- NSW Family and Community Services
- NSW Health Infrastructure
- NSW Health
- NSW Land and Housing Corporation
- UrbanGrowth NSW
- Mine Subsidence Board.

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Partnership projects include:

- A Plan for Growing Sydney
- South West Sydney Sub Regional Plan
- expansion/upgrade of Campbelltown Hospital
- Glenfield to Macarthur Priority Urban Renewal Corridor initiative
- South West Growth Centre Structure Planning Review
- Greater Macarthur South Urban Investigation Project
- renewal of public housing estates – Minto, Airds/Bradbury, Rosemeadow, Macquarie Fields and Claymore
- NSW Parliament Aboriginal Art Prize collaboration
- Eagle Vale Drive upgrade connecting the South West Growth Centre to the Hume Highway.

Council is currently engaged with a broad range of local and regional stakeholders. In addition, Council is also seeking to lodge a multi-lateral application under the National Stronger Regions Fund to develop a Sports Centre of Excellence in Campbelltown.



*The Gordon Fetterplace Aquatic Centre — Bradbury*

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**Element 9: Resources to cope with complex and unexpected change**

Council is well placed to plan for and manage change through its:

- strong and growing financial base
- strategic focus
- operational efficiency
- strong management capability
- strong partnership relationships with government and government agencies.

Part C of this submission details the resource capability of Council, which clearly articulates the organisation's capacity to resource and organise itself to manage both expected and unexpected change.

One small example that is indicative of Council's preparedness and commitment to dealing with 'change' was its decision to redeploy its Director Planning and Environment to focus on major strategic issues and projects, including the establishment of an economic development function and higher level integrated strategic land use planning. That direction has assisted in Campbelltown being awarded greater recognition in the Sydney Metropolitan Strategy, and being invited to participate in major regionally-based strategic projects, including the East Leppington Urban Release Area, the Glenfield to Macarthur Priority Urban Renewal Corridor initiative, and the Greater Macarthur South Urban Investigation Project.

**Element 10: High quality political and managerial leadership**

Council moves forward having a well-founded and positive track record of high quality political and senior managerial leadership, respected throughout the local government sector and across government agencies, as well as within governments both State and Federal and of different political persuasions. This is due to the Council's strong commitment to relationships, and to its ongoing practice of operating according to a regime of corporate values.

The results of this well tried approach are easily identified by:

- Council's ongoing stable political leadership
- stability in the Council's Executive Management team
- a minimal level of Code of Conduct complaints over a significant period of time
- Council's outstanding regional leadership and advocacy role
- Council's receipt of multiple awards including those for children's services, environmental management, leisure services and the arts
- a high level of preparedness of external stakeholders and organisations to partner with Council on strategic projects associated with the arts, employment, planning, sport and community services.

## Part D: Performance, Sustainability and Action - Fit for the Future

### 5. Benchmark Assessment

SUSTAINABILITY				
Measure/benchmark	2013-2014 performance	Achieves FFTF benchmark?	Forecast 2016-2017 performance	Achieves FFTF benchmark?
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	-3.72%	No	1.77%	Yes
<b>Own Source Revenue Ratio</b> (Greater than 60% average over 3 years)	74.3%	Yes	80.5%	Yes
<b>Building and Infrastructure Asset Renewal Ratio</b> (Greater than 100% average over 3 years)	47.2%	No	92.28%	No

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

Technically, Campbelltown City Council has historically met only one of the three 'sustainability' indicators as determined by the Office of Local Government and NSW Treasury Corporation. Further commentary and analysis is provided where Council does not meet the benchmark.

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### Operating Performance Ratio

Council has projected an improved forecast result primarily due to a special rate variation of 11% (implemented in 2014-2015), 8% (\$5.6m) for asset maintenance and renewal. It is important to note that this indicator is heavily impacted by depreciation and the split of capital works against operational expense that is dispersed during any one year.

Rather than use the basic calculation of depreciation, Council funds the total asset renewal and maintenance required according to detailed lifecycle modelling of each individual asset, and in alignment with Council's Asset Management Plan. The major proportion of Council's assets are long life assets that are currently in a satisfactory condition and as such, do not require large amounts of maintenance or renewal funding at this point in their lifecycle.

The difference between calculated depreciation and actual renewal requirements (which Council funds 100%) amounts between \$2 million and \$5 million in any one year. This has a significant impact on this ratio, and if corrected, would result in Council exceeding this benchmark. Council's short term sustainability is better reflected by reference to the Unrestricted Current Ratio and Own Source Revenue Ratio, while Council's longer term sustainability can also be supported by the improved infrastructure backlog ratio.

Council's independent external auditors, Intentus Chartered Accountants, have conducted additional review and analysis of this ratio and provided the following opinion:

*"Councils are valuing the infrastructure assets on the (flawed) basis that they are building them today from a zero base.*

*"Assets that were built and funded by the State Government and then "gifted" to local government (eg regional roads) are now owned and depreciated by local government. Yet on the other hand, there is no recognition in this measure that capital funding of infrastructure by the higher tiers of government has always been, and must continue to be, a major contributor to its construction cost.*

*"Although there are modern engineering technologies that can restore existing assets to "as new" condition at considerably less expense than the replacement cost, councils must nonetheless depreciate the (higher) replacement cost.*

*In summary, it means that the Note 4 & 9 of Council's Financial Statements, depreciation expense is a manifestly inappropriate basis on which to measure whether renewals expenditure is sufficient."*

### Building and Infrastructure Asset Renewal Ratio

This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets each year. Depreciation is an accounting measure that does not reflect any condition ratings, and at best, only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset.

Council is currently funding 100% of renewal requirements in strict accordance with the Asset Management Plan. This will result in complete elimination of the infrastructure renewal backlog within a 10 year period. It is also important to note Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' in June 2013.

Other relevant sustainability ratios:

#### Unrestricted Current Ratio

This liquidity ratio reflects Council's ability to pay debts as they fall due. Council's forecasted cash liquidity position will remain above 2:1, well above industry benchmarks consistently over the next 10 years. This is mainly due to Council's strong internal reserves providing funding for future liabilities.

While Council's forecasted ratios only just fall short of achieving the benchmark, in all likelihood, this trend will continue well into the future. It should be highlighted this does not indicate an unsustainable financial position, but rather reflects the limitations and shortcomings of the financial indicators and associated benchmarks.

### INFRASTRUCTURE AND SERVICE MANAGEMENT

Measure/benchmark	2013-2014 performance	Achieves FFTF benchmark?	Forecast 2016-2017 performance	Achieves FFTF benchmark?
<b>Infrastructure Backlog Ratio</b> (Less than 2%)	3.61%	No	2.49%	No
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	75.1%	No	100.8%	Yes
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	3.72%	Yes	3.62%	Yes

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

In 2014-2015, Council implemented a long term asset renewal strategy funded by a special rate variation and loan borrowings. The success of this funding strategy is reflected within the results of the ratios in this category.

### Infrastructure Backlog Ratio

The ratio that directly addresses Council's infrastructure backlog is improving in line with Council's anticipated outcomes within the special rate variation application as endorsed by IPART. The strategy provides adequate funding on an annual basis to support the required asset maintenance and renewals, and eliminate the infrastructure backlog within 10 years. As a result, this ratio will meet the benchmark of less than 2% by June 2020, consistent with the Integrated Planning and Reporting framework.

Council's external independent auditor has provided the following advice:

"The numerator for this measure is informed by the OLG Code of Accounting Practice, which advises:

*"the estimated cost to bring assets to a satisfactory standard is the amount of money that is required to be spent on an asset to ensure that it is in a satisfactory standard. This should not include any planned enhancements.*

*"So it can be reasonably inferred that if the Council has an existing, but depleted, infrastructure asset, the cost would be only what needs to be spent to bring that asset back to satisfactory (condition 2 on the 5 step scale), ie. it accepts that components of the expired asset can be renewed into its replacement.*

*"The denominator, on the other hand, uses the Written Down Value (WDV) of the specified infrastructure, drawn from Note 9 to the Financial Statements, which assumes replacement of the asset with a modern equivalent, on the basis that it is constructed from a zero base.*

*"By mixing renewal cost in the numerator and replacement cost in the denominator, this measure becomes compromised and disadvantages all councils."*

As such, should the denominator be better reflected as replacement cost, Council would meet the benchmark immediately.

EFFICIENCY				
Measure/benchmark	2013-2014 performance	Achieves FFTF benchmark?	Forecast 2016-2017 performance	Achieves FFTF benchmark?
<b>Real Operating Expenditure per capita</b>  A decrease in Real Operating Expenditure per capita over time	2009-2010 \$754	Yes	2012-2013 \$766	No
	2010-2011 \$782		2013-2014 \$712	
	2011-2012 \$791		2014-2015 \$883	
	2012-2013 \$766		2015-2016 \$834	
	2013-2014 \$712		2016-2017 \$827	

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

The Independent Pricing and Regulatory Tribunal (IPART) acknowledged the difficulties attached to finding a suitable measure of efficiency. Efficiency requires measures of output relative to inputs, which is difficult in a service based industry where services are delivered in different ways between councils and may also attract grant funds.

There are some major flaws in the use of this measure to demonstrate efficiency, including the use of depreciation, asset expense requirements and capitalisation thresholds.

Council has a consistent focus on innovation and business improvement and regularly tracks and reports on the outcomes achieved via the Innovation and Performance Sub Committee. Since 2005, Council has reported \$12.2 million of savings and efficiency gains equating to an average of 1% of operating revenue per annum. In addition, service reviews relating to the efficiency criteria is a body of work that will continue to be part of Council's business improvement practices. However, as the outcomes are not yet realised, this has not been reflected in the organisation's Long Term Financial Plan, nor reflected in this indicator.

Council's efficiency can also be demonstrated by way of delivering a balanced budget incorporating rate pegs inclusive of up to a 0.2% productivity reduction in any one year.

Other challenges impacting this measure include shifting of costs from other levels of government resulting from changes in legislation, or the withdrawal of grant funding of programs that provide an ongoing benefit to the community where Council has made a decision to retain these valuable services. Campbelltown City Council's last return resulted in more than \$5.7 million worth of cost shifting per annum.

## **6. Becoming Fit and Remaining Fit for the Future**

In its most recent published financial statements (2013-2014), Campbelltown City Council meets only three of the seven Fit for the Future benchmarks. However, it is vital to note that Council recently secured its long term financial sustainability through the implementation of an infrastructure maintenance and renewal strategy funded by a special rate variation, additional loans under the Local Infrastructure Renewal Scheme and additional funding from reserves. This decision also commits Council to ongoing efficiency savings to ensure a balanced budget, with a strategic review of all Council services to ensure maximisation of resources.

Campbelltown City Council's ability to remain Fit for the Future is dependent on its ability to adapt and respond to the challenges faced in the community, including catering for the growth and demands of a Regional City Centre, while addressing ageing infrastructure and demographic changes. Council's already underway financial strategy, endorsed by IPART, addresses all Fit for the Future benchmarks and only falls marginally short on three indicators by 2016-2017.

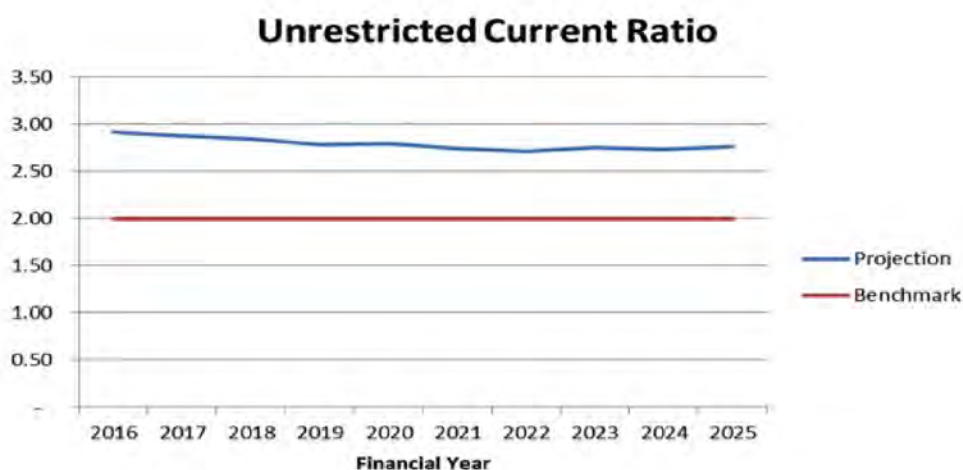
## 6.1 Sustainability

### Key strategies to improve sustainability performance

*Summarise your council's key strategies to improve performance against the Sustainability benchmarks in the 2016-2020 period, including the outcomes you expect to achieve.*

Two of the three sustainability benchmarks are achieved by 2015-2016. While Council does not project to meet the Building and Infrastructure Asset Renewal Ratio in the period through to 2024-25, this is due to the flaws of this indicator. In fact, from the current year (2014-2015), Council is funding 100% of renewal and maintenance requirements in strict accordance with its Asset Management Plan.

Campbelltown City Council further advocates for the inclusion of an additional sustainability benchmark to measure liquidity. The most appropriate measure would be the Unrestricted Current Ratio to measure short term liquidity, and it is important to note that Council performs extremely well in this benchmark, exceeding targets every year over the 10 year period.



Council has been adopting and implementing a range of sustainable practices for a number of years. In most cases, sustainability has been an indirect/unplanned outcome of a larger project, typically achieved independently and often understated in its acknowledgement.

Recognising this, Council established a Sustainability Committee in 2009 to provide both a coordinated and strategic approach to sustainability. The committee facilitates a diverse range of initiatives involving the development of policies, the design and implementation of on-ground works, the expenditure of funds and project accounting. The committee is made up of five working parties who are responsible for providing and implementing ideas, activities and policies.

These working parties and their vision statements include:

- Sustainable Land Management – to facilitate sustainable growth while maintaining safe and accessible open space
- Sustainable Catchments – to achieve healthier and maintainable catchments that can be enjoyed by the community into the future
- Sustainable Council – to build an organisation that engages and educates, makes mindful decisions and incorporates best practice for a positive legacy
- Sustainable Energy Management (in development)
- Sustainable Water Management (in development).

#### Key assumptions that underpin strategies and expected outcomes

The assumptions underpinning this modelling are conservative and are outlined in Council's Long Term Financial Plan. The modelling assumes no major change in Council's revenue pricing policy or significant new capital expenditure, rather a focus on eliminating the infrastructure backlog and annual maintenance gap. Council's modelling requires no further special rate variations as detailed within the Long Term Financial Plan.

Objective 1: To remain a financially sustainable council	
<b>Strategy 1.1</b>	<b>Achieve innovation and performance through an internal business improvement program</b>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>• Develop internal business improvement program.</li> <li>• Quantify savings and include in budget.</li> <li>• Measure and report business improvement, innovations and cost saving initiatives through the Innovation and Performance Sub Committee twice per year.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>• Improved community outcomes for service delivery.</li> <li>• Funds released for infrastructure renewals. In the 2015-2016 Operational Plan, efficiency gains of more than \$1million were achieved and have been directly invested in infrastructure renewal and maintenance.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>• Improved Operating Performance Ratio and Building and Infrastructure Asset Renewal Ratio via the reclassification of operational service expenditure to capital renewal.</li> </ul>
<b>Strategy 1.2</b>	<b>Achieve a closer reflection of depreciation with the actual degradation of assets</b>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>• Review and refine Council's depreciation methodology to utilise condition/consumption based methodology for long and medium life infrastructure assets, rather than straight line method.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>• Reduced annual depreciation charge.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>• It is anticipated this strategy may significantly improve both the Operating Performance and Building and Infrastructure Asset Renewal Ratios via the reduction of depreciation.</li> </ul>

<b>Strategy 1.3 Adequately fund future liabilities</b>	
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Maintenance of adequate internally and externally restricted reserves reported through annual financial statements.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Plan for future significant liabilities and meet extraordinary and one-off budget increases relating to these liabilities.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>May negatively impact Operating Performance Ratio due to spikes in expenditure that are funded by reserves.</li> </ul>
<b>Strategy 1.4 Managing employee leave entitlements</b>	
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Council's independent auditors endorse annually that Council holds sufficient reserves to appropriately manage employee leave entitlements into the future.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Adequate leave entitlement reserves.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Impacts Unrestricted Current Ratio positively as reserves increase or negatively as reserve movement decreases through leave reductions, retirement and resignations.</li> </ul>
<b>Strategy 1.5 Good governance</b>	
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Quarterly meetings of the Internal Audit Committee.</li> <li>External audits conducted by an independent qualified auditor.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Organisational risks managed and business improvement processes identified.</li> <li>Council's financial statements present fairly the organisation's financial position, results of operations and cash flows and in accordance with Accounting Standards and the requirements of the Local Government Act 1993.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Potential to impact all ratios if governance is not satisfactory.</li> </ul>
<b>Strategy 1.6 Prudent investment and loan strategies</b>	
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Monthly review and advice provided by an independent financial advisor.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Sound investment returns with minimal risk along with a conservative and opportune borrowing strategy.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Potential to impact all ratios.</li> </ul>

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**Objective 2: A strong local economy**

**Strategy 2.1 Growing local business**

**Key milestones**

- Partnership with State Government on the agglomeration of industries project.
- Actively participate in the Small Business Friendly Council Program.
- Promote and encourage strategic infrastructure.
- Partnership with the Business Enterprise Centre (BEC) to grow small business.
- Investigate and foster the possibilities of the Campbelltown educational and health services hub.
- Promotion of business centres.
- Coordinate with local chambers of commerce
- Develop an Economic Development Strategy.
- Develop a quarterly report on economic statistics for the region.

**Expected outcome**

- Economic development – attract business to the local area to create jobs.
- Make it easier for business to do business with Council.
- Attract more development and investment in the area.
- Grow the number of small businesses establishing themselves in Campbelltown.
- Improved partnerships with UWS and Campbelltown Hospital and the creation of the innovation corridor.

**Impact on other measures**

- Potential to impact all ratios.



Campbelltown Arts Centre – Campbelltown

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## 6.2 Infrastructure and Service Management

*Summary of Council's key strategies to improve performance against the infrastructure and service management benchmarks in the 2016-2020 period, including the outcomes expected to achieve.*

Campbelltown City Council meets all Fit for the Future Infrastructure and Service Management indicators by the 2019-2020 financial year. Furthermore, Council immediately meets two of the benchmarks and only marginally falls short of meeting the Infrastructure Backlog benchmark which is directly being addressed via the recently implemented special rate variation (2014-2015) and Local Infrastructure Renewal Scheme subsidised loan funding.

Over a number of years, Council has developed a rigorous Asset Management Plan that informs the current status of Council's asset portfolio. In 2001, Council developed a strategy to capture and document all infrastructure assets that needed to be recorded and rated using local government indicators. This work provided a solid foundation for Council to develop ongoing modelling scenarios to evaluate the financial amount that Council would need to allocate to maintain the whole asset portfolio at a satisfactory level.

The then Deputy Director of the Division of Local Government visited Council to review its Asset Management Strategy in dealing specifically with infrastructure assets. The Deputy Director complimented Council on its Asset Management Strategy and used Campbelltown City Council as a model to other local government authorities. This Asset Management Strategy and Plan has formed part of the current resourcing strategy associated with the Integrated Planning and Reporting framework.

Council has been collecting and maintaining a register of all its infrastructure assets which (as at 30 June 2014) was valued at \$2.2 billion (\$1.8 billion written down value). This information informs Council's Asset Management Strategy, Asset Management Plan and the backlog and funding gap calculation within the Long Term Financial Plan. At that time, Council identified a substantial infrastructure backlog (valued at \$33.7 million as at 30 June 2014) that if not addressed, could increase to more than \$80 million in 10 years. This backlog was the subject of the special rate variation in 2014-2015.

It is also important to note that Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' in June 2013.

### **Key assumptions that underpin strategies and expected outcomes**

In accordance with the special rate variation approval by IPART in June 2014, Council will continue to directly apply the increased rate income of 8% in 2014-2015 every year, adjusted by the annual rate peg determination by the Minister of Local Government.

### Objective 1: Long Term Financial Plan and Asset Management Plan integration

<b>Strategy 1.1</b>	<b>To further align and document clear links between the Long Term Financial Plan and Asset Management Plan</b>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Annual development and review of resourcing strategy program.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Lifecycle planning between infrastructure programming and financial resources for sustainable assets.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Nil.</li> </ul>

### Objective 2: To provide parks and open space that are relevant to community needs and ensure quality of local environment

<b>Strategy 2.1</b>	<b>Provide direction of the use and management of parks and open space in the Campbelltown LGA</b>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>Document an Open Space Strategy.</li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Quality of open space sustained or enhanced.</li> <li>Adequate and appropriate open space provided to meet needs of population growth.</li> <li>Integrate open space improvement with capital works program.</li> <li>Improvement in the health, wellbeing and community spirit of the city.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Potential to impact all ratios.</li> </ul>

### Objective 3: Alignment of property portfolio with service delivery objectives

<b>Strategy 3.1</b>	<b>Develop a coordinated strategic response to the use of Council owned and controlled property</b>
<b>Key milestones</b>	<ul style="list-style-type: none"> <li>An assessment of how property assets can meet the existing and emerging community needs and infrastructure requirements.</li> <li>Document a Property Strategy to provide an integrated framework for all elements of property ownership: <ul style="list-style-type: none"> <li>buying property</li> <li>owning property</li> <li>managing property</li> <li>investing in property</li> <li>releasing property.</li> </ul> </li> </ul>
<b>Expected outcome</b>	<ul style="list-style-type: none"> <li>Effective allocation of resources available to Council to maximise outcome for service delivery.</li> <li>Income diversification.</li> </ul>
<b>Impact on other measures</b>	<ul style="list-style-type: none"> <li>Potential to impact all ratios.</li> </ul>



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#### Objective 4: Infrastructure to support growing population

##### Strategy 4.1 Develop an Infrastructure Strategy

- |                                 |   |
|---------------------------------|---|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Complete Infrastructure Management Plan that integrates strategies of flood management, public domain, transport, bicycle and footpath networks, pedestrian access and mobility plan, and integrate funding strategies in the Long Term Financial Plan.</li></ul> |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Effective infrastructure to provide adequate and efficient service delivery.</li></ul>  |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Potential to impact all ratios.</li></ul>   |

##### Strategy 4.2 Effective asset management planning

- |                                 |   |
|---------------------------------|---|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Council endorsement of annual Asset Management Plan to deliver increased infrastructure renewals and maintenance in accordance with 2014-2015 special rate variation.</li></ul> |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Reducing infrastructure renewal backlog as reported in Special Schedule 7 to the Financial Statements.</li></ul>  |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Potential to impact all ratios.</li></ul>   |



Lake Mandurama — Ambarvale

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### 6.3 Efficiency

*Summarise your council's key strategies to improve performance against the efficiency measures in the 2016-2020 period, including the outcomes you expect to achieve.*

Campbelltown City Council achieves the target of a decreased Real Operating Expenditure measure in the short term. However, with a commitment to an increased spend on infrastructure renewal and maintenance, maintained service delivery and substantial depreciation due to a significant asset portfolio, Council's long term performance in this measure is anticipated to be affected.

It is important to acknowledge the difficulty in measuring public sector efficiency and productivity changes over time. This measure assumes that service levels remain constant and that a decline in real operating expenditure per capita indicates efficiency improvements.

Council is also challenged with the shifting of costs from other levels of government, resulting from changes in legislation or the withdrawal of grant funding of programs that provide an ongoing benefit to the community. A cost shifting survey is conducted by Local Government NSW each year, with Council's last return resulting in more than \$5.7 million worth of cost shifting annually.

It is important for all levels of government to work collaboratively in providing services and amenity to the community. The intergovernmental relationship between Council and Housing NSW in the delivery of the renewal of the Minto housing estate has produced a triple bottom line result in terms of benefit to the community. It is pleasing that there has been significant social improvement with an exponential reduction in crime statistics within the estate. It is also worth noting that members of that community have a range of improved amenities and this has been a result of the collaboration between all levels of government.

In 2005, Campbelltown City Council formed an Innovation and Performance Sub Committee to consider reports and make recommendations to Council with respect to business improvement, innovations, and cost saving initiatives implemented. The Sub Committee oversees operational savings through improved efficiencies and technological advances, with more than \$12 million worth of efficiencies being reported since its inception.

#### **Key assumptions that underpin strategies and expected outcomes**

The modeling makes conservative assumptions on costs and population targets, and assumes achievement of around \$1 million per annum in efficiency savings over the 10 year period of the Long Term Financial Plan. Council's efficiency can also be demonstrated by way of delivering a balanced budget, incorporating rate pegs, inclusive of up to a 0.2% productivity reduction in any one year.

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**Objective 1: To ensure Council's continued operations and service delivery functions are delivered in an efficient and effective manner**

**Strategy 1.1 Business improvement program**

- |                                 |  |
|---------------------------------|--|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Report six monthly to Innovation and Performance Sub Committee efficiency gains, business improvement and cost savings exceeding \$1million per annum.</li></ul> |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Efficient, innovative and effective service delivery meeting the needs of the community.</li></ul>   |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Potential to impact all ratios.</li></ul>  |

**Strategy 1.2 Strategic service review**

- |                                 |  |
|---------------------------------|--|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Report to Council strategic service delivery review recommendations.</li></ul>                     |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Efficient, innovative and effective service delivery meeting the needs of the community.</li></ul> |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Potential to impact all ratios.</li></ul>  |

**Strategy 1.3 Improved online presence**

- |                                 |  |
|---------------------------------|--|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Online strategy delivered and projects scheduled, resources allocated.</li></ul>                   |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Efficient, innovative and effective service delivery meeting the needs of the community.</li></ul> |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Potential to impact all ratios.</li></ul>  |

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**Objective 2: Equitable revenue pricing policy**

**Strategy 2.1 To review the distribution of rates in an equitable and responsible manner**

- |                                 |  |
|---------------------------------|--|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Receive Campbelltown LGA land valuations from the NSW Valuer General</li><li>• Annually review and adjust the distribution of land rates in an equitable and responsible manner.</li></ul> |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Improvements in community engagement through a fairer rating system, reduced costs and the efficient collection of rates.</li></ul>  |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Minimise the impost of penalty interest charges on unpaid rates. Improve cash flows through the efficient collection of rates and charges.</li></ul>                                       |

**Strategy 2.2 To effectively generate fees and charges that reflect the level of service provided to the community**

- |                                 |   |
|---------------------------------|---|
| <b>Key milestones</b>           | <ul style="list-style-type: none"><li>• Annually review and consult with the community on the impacts of service levels on the fees and charges being proposed.</li></ul>   |
| <b>Expected outcome</b>         | <ul style="list-style-type: none"><li>• Minimise the reliance on rates and other income as a source of revenue, ie increase reliance on fees and charges paid by the end user.</li></ul>  |
| <b>Impact on other measures</b> | <ul style="list-style-type: none"><li>• Many fees are set by regulation at an amount beyond the control of councils. User fees and charges are effectively measured and adjusted against the service provided and service levels are affected by the fees paid.</li></ul> |

## 6.4 Improvement Action Plan

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

Action plan	
Actions	Milestones
1. Review and refine Council's depreciation methodology to utilise condition/consumption based methodology for long and medium life infrastructure assets, rather than the straight line method.	Refined measure incorporated into the 2015-2016 financial statements.
2. Provide direction on the use and management of parks and open space in the Campbelltown LGA as published in an Open Space Strategy.	1. Extensive community consultation. 2. Published Open Space Strategy.
3. Annually review and adjust the distribution of land rates in an equitable and responsible manner.	1. Review impact of land valuations – December 2015. 2. Model various rating strategies. 3. Publish an equitable revenue pricing policy.
4. Council endorsement of annual Asset Management Plan to deliver increased infrastructure renewals and maintenance in accordance with 2014-2015 special rate variation.	Annual reduction in infrastructure renewal backlog.
5. Develop service level review program as part of Council's commitment to continuous improvement.	1. Endorsement of program and integration into section business plans and Integrated Planning and Reporting documents. 2. Implement an Education and Care Services review endorsed by Council 9 June 2015.
6. Identifying development opportunities and recognising returns on investment through the implementation of a new Property Strategy.	Development and endorsement of strategy.
7. Structural reform.	Review of organisational structure following appointment of new General Manager to achieve operational efficiency and service enhancement.
8. Expanding Council's involvement in strategic alliances.	1. Participate in Western Sydney Chamber of Commerce. 2. Partner with NSW Planning and Environment on the Glenfield to Macarthur Priority Urban Renewal Corridor Strategy 3. Partner with UWS and key sporting

Action plan	
Actions	Milestones
	organisations to investigate the Sports Centre of Excellence facility
9. Deliver Sustainability Strategy.	<ol style="list-style-type: none"> <li>1. Development of planning guidelines associated with study (undertaken in partnership with the UNSW and SSROC Councils) on the urban heat island effect.</li> <li>2. Implementation of the Sustainability Strategy.</li> <li>3. Development of sustainable facility guidelines.</li> <li>4. Undertake an energy intervention examining smart meter data at Council's top energy consuming facilities.</li> <li>5. Implementation of energy efficiency upgrades at the Campbelltown Arts Centre (includes new HVAC system and complementary energy efficient features).</li> </ol>
10. Economic Development Strategy.	<ol style="list-style-type: none"> <li>1. Develop and implement the Economic Development Strategy.</li> <li>2. Develop a quarterly report on economic statistics for the region.</li> </ol>
11. Implement Internal Borrowing Strategy.	<ol style="list-style-type: none"> <li>1. Quarterly review of internal borrowing program funded capital works.</li> <li>2. Allocation of internal interest and principal repayments to reserves.</li> <li>3. Annual reconciliation of transfers to and from reserves.</li> </ol>
12. Information Management and Technology Strategy.	<ol style="list-style-type: none"> <li>1. Deliver online strategy.</li> <li>2. Review website and content management system to deliver back-end efficiency.</li> </ol>

#### The process that underpinned the development of the Action Plan

Councillor and Senior Management Team Strategic Planning Days were held to identify Council's priorities and strategies for the elected Council term. These strategies were further investigated and incorporated into the Integrated Planning and Reporting process. Council conducts an extensive budgeting and section business planning process to detail the required actions and programs in order to deliver on Council's Delivery Program, and ultimately, the Community Strategic Plan.

Community consultation activities were conducted through the annual budget process and more extensively in 2013 and 2014 on the special rate variation proposal to fund the infrastructure renewal and maintenance shortfall.

## 7. Improvement in performance

4.1 EXPECTED IMPROVEMENT IN PERFORMANCE					
Measure/benchmark	2016-2017	2017-2018	2018-2019	2019-2020	Achieves FFTF benchmark?
<b>Operating Performance Ratio</b> (Greater than or equal to break-even average over 3 years)	1.77%	0.44%	-0.14%	-0.87%	No
<b>Own Source Revenue Ratio</b> (Greater than 60% average over 3 years)	80.5%	89.0%	89.2%	89.3%	Yes
<b>Building and Infrastructure Asset Renewal Ratio</b> (Greater than 100% average over 3 years)	92.28%	79.48%	77.61%	77.42%	No
<b>Infrastructure Backlog Ratio</b> (Greater than 2%)	2.49%	2.25%	2.00%	1.72%	Yes
<b>Asset Maintenance Ratio</b> (Greater than 100% average over 3 years)	100.8%	100.4%	98.8%	99.1%	Yes
<b>Debt Service Ratio</b> (Greater than 0% and less than or equal to 20% average over 3 years)	3.62%	3.61%	3.27%	2.94%	Yes

Real Operating Expenditure per capita	2012-2013	2013-2014	2014-2015	2015-2016	No
	\$766	\$712	\$883	\$834	
A decrease in Real Operating Expenditure per capita over time	2013-2014	2014-2015	2015-2016	2016-2017	
	\$712	\$883	\$834	\$827	
	2014-2015	2015-2016	2016-2017	2017-2018	
	\$883	\$834	\$827	\$827	
	2015-2016	2016-2017	2017-2018	2018-2019	
	\$834	\$827	\$827	\$838	
	2016-2017	2017-2018	2018-2019	2019-2020	
	\$827	\$827	\$838	\$848	

## 7.1 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.

### Operating Performance Ratio

Council has projected an improved forecast result primarily due to a special rate variation of 11% implemented in 2014-2015, 8% (\$5.6 million) for asset maintenance and renewal. It is important to note that this indicator is heavily impacted by depreciation and the split of capital works against operational expense that is dispersed during any one year. Rather than use the basic calculation of depreciation, Council funds the total asset renewal and maintenance required according to detailed lifecycle modeling of each individual asset and in alignment with Council's Asset Management Plan. The major proportion of Council's assets are long life assets that are currently in a satisfactory condition, and as such, do not require large amounts of maintenance or renewal funding at this point in their lifecycle.

The difference between calculated depreciation and actual renewal requirements (which Council funds 100%) amounts to between \$2 million and \$5 million in any one year. This has a significant impact on this ratio and if corrected would result in Council exceeding this benchmark. Council's short term sustainability is better reflected by reference to the Unrestricted Current Ratio and Own Source Revenue Ratio, while Council's longer term sustainability can also be supported by the improved infrastructure backlog ratio.

Council's independent external auditors 'Intentus Chartered Accountants' have conducted additional review and analysis of this ratio and provided the following opinion:

*"Councils are valuing the infrastructure assets on the (flawed) basis that they are building them today from a zero base.*

*"Assets that were built and funded by the State Government and then "gifted" to local government (e.g. regional roads) are now owned and depreciated by local government. Yet on the other hand, there is no recognition in this measure that capital funding of infrastructure by the higher tiers of government has always been and must continue to be a major contributor to its construction cost.*

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*"Although there are modern engineering technologies that can restore existing assets to "as new" condition at considerably less expense than the replacement cost, councils must nonetheless depreciate the (higher) replacement cost.*

*"In summary, it means that the Note 4 & 9 of Council's Financial Statements, depreciation expense is a manifestly inappropriate basis on which to measure whether renewals expenditure is sufficient."*

#### **Building and Infrastructure Asset Renewal Ratio**

This ratio also uses the accounting measure of depreciation as the required spend on renewing Council's assets per annum. Depreciation is an accounting measure that does not reflect any condition ratings, and at best, only reflects a residual value. Council undertakes much more complex modelling using current condition assessments of assets to determine actual funding required over the life of each individual asset.

Council is currently funding 100% of renewal requirements in strict accordance with the Asset Management Plan. This will result in complete elimination of the infrastructure renewal backlog within a 10 year period. It is also important to note Campbelltown City Council received a 'Strong' Infrastructure Management Assessment rating by the Office of Local Government in the 'Local Government Infrastructure Audit' in June 2013.

#### **Real Operating Expenditure Ratio**

The Independent Pricing and Regulatory Tribunal (IPART) acknowledged the difficulties attached to finding a suitable measure of efficiency. Efficiency requires measures of output relative to inputs, which is difficult in a service based industry where services are delivered in different ways between councils and may also attract grant funds.

There are some major flaws in the use of this measure to demonstrate efficiency, including the use of depreciation, asset expense requirements and capitalisation thresholds.

Council has a consistent focus on innovation and business improvement and regularly tracks and reports on the outcomes achieved via the Innovation and Performance Sub Committee. Since 2005, Council has reported \$12.2 million of savings and efficiency gains, equating to an average of 1% of operating revenue per annum. In addition, service reviews relating to the efficiency criteria is a body of work that will continue to be part of Council's business improvement practices, however, as the outcomes are not yet realised, this has not been reflected in the Long Term Financial Plan, nor reflected in this indicator.

Council's efficiency can also be demonstrated by way of delivering a balanced budget, incorporating rate pegs inclusive of up to a 0.2% productivity reduction in any one year.

Other challenges impacting this measure include shifting of costs from other levels of government resulting from changes in legislation or the withdrawal of grant funding of programs that provide an ongoing benefit to the community, where Council has made a decision to retain these valuable services. Campbelltown City Council's last return resulted in more than \$5.7 million worth of cost shifting per annum.

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## 8. Implementing the Action Plan

*How will your council implement your Improvement Action Plan?*

Council's Delivery Program and Operational Plan translates the strategic goals articulated in the Community Strategic Plan into specific actions which detail Council's four year commitment to the community. Progress is monitored through the Integrated Planning and Reporting framework which allows actions to be assigned to a responsible officer, with an associated target date and requirement for progress comments to be provided on a quarterly basis.

A summary report on performance, together with details of progress in relation to priority actions, is reported to Council each quarter. Progress in relation to actions in the Annual Operational Plan is also reported in each Annual Report.

The actions in the Action Plan will be added to the annual Operational Plan commencing in 2015-2016. Quarterly reports on progress in relation to the Action Plan will be prepared and reported to Council as priority actions. In this way, progress can be monitored and implementation ensured.

Council's "Fit for the Future" Improvement Action Plan will be managed by the Director Business Services, along with the Executive Team. Progress will be monitored via section business plans and reported quarterly to Council and the community, thereby ensuring transparency and promotion of good governance.

The Resourcing Strategy (Long Term Financial Plan, Asset Management Plan and Workforce Plan) are formally updated on an annual basis and adopted by Council each year in June as part of the Budget.



Campbelltown Sports Stadium



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There being no further business the meeting closed at 7.07pm.

Confirmed by Council on

..... General Manager ..... Chairperson