



BYRON SHIRE COUNCIL

Financial Sustainability Plan

2017/18

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FINANCIAL SUSTAINABILITY PLAN (FSP) 2017/18

1. Overview

This is the fifth Financial Sustainability Plan (“FSP”) prepared by Council and includes the projects and strategies to be progressively implemented and actioned during the 2017/18 Financial Period. The projects and strategies identified have a focus of improving the financial sustainability of Council as an organisation over the short, medium and longer term.

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

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

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

Council adopted its fourth FSP on 2 February 2017 (Resolution **17-011**) for the 2016/17 Financial Period, with the progress achieved in the implementation of the FSP Action Plan again reported quarterly to the Finance Advisory Committee.

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

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

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

The projects and strategies identified in the FSP 2017/18 will be used to inform the scenarios in the LTFP 2017-2028.

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

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

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

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

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

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

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

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

- Financial Sustainability Rating Weak
- Outlook Negative

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

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

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

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

The 2013/14, 2014/15 and 2015/16 informed and provided the foundation for the strategies and actions detailed in the CIP submitted by Council. The CIP has in turn informed the strategies and actions detailed in the 2016/17 and 2017/18 FSP, and which in turn inform the scenarios in the LTFP 2017-2028.

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

Based on the IPART assessment of the Council's CIP and its determination that Council is Fit For the Future, the objective set by Council in the adopted 2013/14, 2014/15 and 2015/16 Financial Sustainability Project Plans that Council "*in line with its stated objectives and the strategies detailed in the Financial Sustainability Project Plan the performance of Council in achieving its*

stated objectives will be firstly to address the outlook rating and secondly to improve the Financial Sustainability rating” has been achieved.

The focus of Council since the determination has been on the implementation of the strategies set out in the CIP, to ensure the financial sustainability of Council in the medium to long term and to further maintain its Fit For the Future rating.

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

The 5 key strategies in the Council Improvement Program are:

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

In relation to the 5 key strategies Council has successfully completed Strategy 1, being the implementation of Pay in Byron Bay Town Centre and Wategos Beach. In actioning Strategy 2 Council submitted an application during 2016/17 to the IPART for a Special Rate Variation of 7.5% (including any rate peg increase). This application was made following an extensive program of community engagement, with application being subsequently approved. In regard to Strategy 4, Council did during the 2015/16 and 2016/ Financial Years achieve the efficiency savings targets set for its strategic procurement initiatives for each of the financial period.

Council continues pursue Strategy 2 with the actions for the 2017/18 Financial Year being detailed in Chapter 5 of the Plan.

Council is unable to pursue Strategy 5, as the Minister for Local Government has not yet implemented a framework for the streamlined 3% above rate peg rate increase process that, was initially flagged under the Fit For the Future Program. This element of Strategy 2 and Strategy 5 was incorporated into the Council's Special Rate Variation application to the IPART.

The 2017/18 FSP also sets out a number of other strategies actions that have been identified to enhance and support the overall financial sustainability of the Council.

The key strategies included in the FSP 2017/18 are as follows.

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

2. The Plan

Objectives

The objectives of the Financial Sustainability Plan are as follows:

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

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

Chapters

The main areas or chapters of the Plan are:

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

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

Performance Criteria

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

- Financial Sustainability Rating Weak
- Outlook Negative

“Weak” Financial Sustainability Rating is defined as follows:

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

and “Negative Outlook” is defined as:

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

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

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

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

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

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

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

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

3. Expenditure Review

This was one of the key strategies identified in the 2013/14 FSP, the 2014/15 FSP, the 2015/2016 FSP, 2016/17 FSP and is again a key strategy area in the 2017/18 FSP. This strategy is central to Council achieving the FSP objective to” *identify opportunities for and achieve cost and waste reductions in operating and/or cost activities of Council*”.

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

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

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

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

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

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

Action Implementation Plan

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

This was one of the key strategies identified in the adopted 2013/14 FSP, the 2014/15 FSP, the 2015/16 FSP, 2016/17 FSP and is again a key strategy area in the in the 2017/18 FSP. This strategy is central to Council achieving the FSP objective to “*identify opportunities for sustainable increases to existing recurrent revenues, and to research, investigate and evaluate opportunities for deriving new, recurrent and sustainable sources of revenue*”.

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

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

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

- expansion of a Paid Parking Scheme for Byron Bay CBD to include Wategos Beach
- to continue the review of adopted fees and charges and to recommend to Council increases or new fees and charges within a competitive fees and charges framework
- active management and marketing of Council facilities including the Cavanbah Centre
- to investigate and recommend new sponsorship opportunities
- investigate commercial opportunities at the Tyagarah Airfield
- continue to investigate further opportunities for Council to improve its revenue recovery and collection systems to improve its cash flows
- the management of its investment portfolio to maximise interest returns whilst meeting expenditure commitments
- investigate, lobby and prepare submissions for grant funding for significant infrastructure projects
- Community Consultation and the preparation of an application to IPART for a Special Rate Variation (SRV) to apply from the 2017/2018 financial year as a permanent addition to income with subsequent increases for the following three financial years.

The main revenue review areas by the organisation during the 2017/18 financial year are proposed to be:

- expansion of a Paid Parking Scheme to Bangalow
- potential expansion of the Pay Parking Scheme to Brunswick Heads and Belongil.
- to continue the review of adopted fees and charges and to recommend to Council increases or new fees and charges within a competitive fees and charges framework
- active management and marketing of Council facilities including the Cavanbah Centre
- to investigate and recommend new sponsorship opportunities
- investigate commercial opportunities at the Tyagarah Airfield
- continue to investigate further opportunities for Council to improve its revenue recovery and collection systems to improve its cash flows
- the management of its investment portfolio to maximise interest returns whilst meeting expenditure commitments and Council’s preference for Environmental and Socially Responsible investment opportunities.

- investigate, lobby and prepare submissions for grant funding for significant infrastructure projects.
- Research of potential non-resident revenue sources (if any) and provide quarterly updates to the Finance Advisory Committee.(Resolution 17-222).

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

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

Action Implementation Plan

1. Internal Staff Working Groups to report to the Executive Team on the progress achieved on the implementation of their specific initiative/s
2. Internal Staff Working Groups/ staff to report to the Executive Team any proposed opportunities for deriving new/additional revenue.
3. Report to the Finance Advisory Committee and/or the Council any proposed opportunities for deriving new/additional revenue.
4. Report to Council any recommendations regarding policy change and/ or increases to existing or new revenue sources.
5. Prepare submissions and lobby for grant funding for significant infrastructure projects.
6. Research non-residential revenue sources (if any) and report to the Finance Advisory Committee quarterly.

5. Land Review and Property Development

The 2013/14 FSP activated land and property development as a key option to improve the long term financial sustainability of Council. This area has continued in the four (4) subsequent updated versions of the FSP.

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

Progression of the land and property development program has seen increased emphasis on opportunities for affordable housing, leading sustainability initiatives, and long term returns through innovative partnerships.

Significant progress has been made in accordance with the 2016/17 plan, including:

- Fletcher St Redevelopment – Council resolved 17- 279 to appoint architects to progress the concept to DA stage.
- South Byron STP – Council has resolved 17-225 to jointly progress in 2017/18 the completion of all remediation and an EOI process for future use.
- Lot 12 Bayshore – the site was successfully remediated and an EOI process will be progressed in 2017/18 for future use.
- Station St – Council has entered into a contract for sale with North Coast Community Housing (“NCCH”). Subject to a successful DA in 2017/18, settlement on the one lot subdivision will occur.
- Lot 22 Mullum – following DoP support, the planning proposal for rezoning/ reclassification and the associated supporting studies were progressed. Resolution 17-260 is relevant to a EOI process that will occur in 2017/18.
- Lot 4 Mullum – ongoing liaison with John Holland Rail has resulted in a potential opportunity to purchase land that would secure access to this property.
- Lot 16 Dingo Lane – Council has resolved 17-228 to sell this property in 2017/18.
- Yaran Road, Tyagarah part Lot 49/881232 – Council resolved 17-121 to complete further extensive studies prior to further progression of the Planning Proposal.
- Small surplus land parcels – evaluation and progression towards sale.
- Vallances Rd – Council resolved via 17-054 to develop a Plan of Management for the entire land holding that will be attempting to build a “Virtuous Cycle” in resource management in Mullumbimby.
- Lot 102 Bayshore Drive, works depot relocation – consultants Complete Urban conducted a review of options which could be progressed.

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

Strategic Objectives

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

- demonstrate that Council's land holdings are a key opportunity to assist with long term financial sustainability and showcase leading practice in environmental sustainability

- maximise the financial return on the investment from Council's operational land holdings whilst promoting innovation in environmental, social and community economic outcomes for example affordable housing.
- utilise the equity in Council's land holdings to create an enduring revenue source for key asset maintenance and renewal programs
- consider Council's land holdings as a portfolio of properties to be managed collectively to promote financial sustainability and leverage outcomes through appropriate Public Private Partnerships.
- establish a funding source and capacity to broadly develop the potential of Council's operational land holdings.

Key Land Sites

The 2017/18 Plan continues to focus on the key sites identified in the 2016/17 FSPP with the exception of Lots 3 & 29 Manse Road, Myocum (including houses) which have been retired from the program due to their proximity to the Resource Recovery Centre. The identified sites provide Council with the greatest opportunity for progression of the strategic objectives of the program.

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

General Fund

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

Water Fund

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

Sewer Fund

- Old South Byron STP site
- Old Brunswick Heads STP site
- Old Mullumbimby STP site
- Brunswick Valley STP, Vallances Road, Mullumbimby (including two houses)
- Bangalow STP, Dudgeons Lane, Bangalow

- Lot 4, Mill Street, Mullumbimby

Waste

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

Development Options and Timeframes for Key Land Sites

Key Land Site	Assumed Option	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
General Fund							
5.1 Lot 12 Bayshore Drive	Possible PPP	Complete clean up contract and finalise land contamination status.	Evaluation and possible sale	Future Use assessment through EOI and possible PPP.	Possible PPP deployment	Progress PPP deployment.	Complete PPP deployment.
5.2 Manfred St	Reclassification of land to reconfigure part of the land to dispose of the land and enable the potential rectification of encroachment	Completion of the coastal revetment	Complete and lodge planning proposal for the reclassification in accordance with Res 13-698.	Implement the outcomes of Council Res 17-271.	Continue to pursue under the FSP program or conclude the matter.		
5.3 Station Street	Subdivision and sale	Subject to S96 approval and viability, complete the subdivision.	Implement Res 15-586 and potential affordable housing outcome.	Complete sale to North Coast Community Housing.			
5.5 Yaran Road Tyagarah Airfield	Subdivision and commercial outcomes.	DA completion and approval. Commercial assessment and potential works.	Planning proposal and Res 17-121 detailed assessments.	Planning continuing.	Subdivision in accordance with business case.	Deployment of subdivision outcomes.	
5.6 Lot 22 Mullumbimby	Subdivision and sustainability outcomes.	Planning requirements and Residential Land Use Strategy.	Planning proposal for reclassification and rezoning.	Progress rezoning and implement EOI in accordance with Res 17-260.	Develop EOI/ PPP outcome including possible DA and subdivision works.	Deployment of subdivision outcomes.	
5.7 Bayshore Drive Works	Depot relocation thence sale	Progress the assessment and	Reassess the feasibility and	Progress relocation	DA approval and commence	Complete relocation	Potential sale.

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Key Land Site	Assumed Option	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
Depot, Byron Bay (Lot 102, DP1087996, 1.79ha)		optimization of depot based services.	options for a potential relocation.	project.	construction.		
Water Fund							
5.8 Fletcher St	Retention and commercial outcomes	Concept development.	Finalize architectural concept and business case.	Development approval and construction procurement.	Construction	Commercial deployment.	
Sewer Fund							
5.9 South Byron STP	Possible PPP implemented after remediation finalization.	Complete infrastructure demolition.	Future option determination. Continue site remediation. Start rezoning.	Implement Res 17-225 by finalizing remediation and Future Use assessment through EOI and possible PPP.	Possible PPP deployment	Progress PPP deployment.	Complete PPP deployment.
5.10 Brunswick Heads STP	Retention	Detailed site contamination and remediation assessments.	Commence remediation.	Complete remediation and evaluate future use options including possible depot relocation.	Implement future use option.		
5.11 Mullumbimby STP	Remediation, open space and possible residential		Detailed site contamination and remediation assessments.	Complete remediation.	Determine preferred future use and commence implementation	Implementation	
5.12 Brunswick Valley STP, Vallances Rd.	Retained under POM direction	Complete rural settlement strategy review.	Assess development options.	Implement Council Res 17-054 POM outcomes	Deploy POM outcomes.	Deploy POM outcomes.	Deploy POM outcomes.
5.13 Bangalow STP	Retention	Complete rural settlement strategy.	The RLUS has determined that rural residential is not viable in this location due	Site could be considered for solar farm options.			

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Key Land Site	Assumed Option	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021
			to the proximity of both the STP and surrounding agricultural activity.				
5.14 Lot 4, Mill St	Retained for community outcome	Complete rural settlement strategy.	Assess under the residential settlement strategy.	Complete site access acquisition process and implement EOI in accordance with Res 17-260	Develop EOI/ PPP outcome including possible DA.	Deploy approved EOI/ PPP outcome.	
5.15 Various small surplus land parcels	Sale	Commence sale program.	Continue program.	Continue program.			
Waste Fund							
5.16 Lot 15 Dingo Lane Myocum	Retained	Complete assessment of Quarry Landfill/ resource recovery options.	Progress options for resource recovery in the Quarry.	Site to be retained in accordance with the Resource Recovery Master Plan.	Site could be considered for solar farm options.		
5.18 Lot 16 Dingo Lane Myocum	Sale	Complete assessment of Quarry Landfill/ resource recovery options.	Assess retention and sale options.	Implement Council Res 17-228 and sell to use funds to pay down loans to reduce debt servicing costs.			

Review of Strategic Options for Land Management

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

The General Fund has limited capacity to borrow, a budget always under pressure to be in surplus, and a significant renewal and maintenance backlog for key assets. General Fund land assets can be utilized to address in part these pressures.

Land assets can provide opportunities for enduring revenue, but in cases where strategic land sale does occur, the sale proceeds should be directed to the Infrastructure Renewal Reserve (unless Council directs otherwise – e.g. to retire debt, directed to the Property Development Reserve, etc).

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

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

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

The Water Fund has no debt, significant reserves and a funded capital works program going forward. Service pricing charges are at median levels. Development of the Fletcher St property provides Council with a unique opportunity to achieve a range of strategic objectives associated with demonstrating design leadership associated with the BBTCMP. This can potentially be achieved whilst ensuring an enduring financial return to the Water Fund.

The Sewer Fund has a comparatively high debt servicing ratio (now trending downward), and recovering reserve levels. The current level of service pricing remains comparatively high in anticipation of further major capital works as articulated in the strategic business plan. The sewer fund properties offer Council a range of potential outcomes including financial returns and integrated environmental initiatives.

The Waste Reserves are impacted by loan servicing costs. Sale of the available land holdings at a prudent time will assist with paying down debt. Retained buffer areas may also afford Council the opportunity to explore other initiatives such as solar farming.

Conclusion

The long term financial sustainability of Byron Shire Council is fundamental to the community maintaining their local government area. Continued progression of the land and property development program is a opportunity for Council and the community to realize important strategic objectives. The available land holdings, particularly in the General Fund, are not extensive and as such the stewardship of these assets is critical in creating a sustained revenue stream for key asset maintenance and renewal programs.

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

6. Strategic Procurement

Procurement has a powerful impact on the bottom line of organisations engaged in the process of purchasing and the challenge is to extract maximum benefit to those activities. Strategic procurement is the development of, and continuous review and improvement to, a plan and framework that ensures maximum procurement benefit and ongoing compatibility with the organisation's other deliverables and objectives.

Improvements already delivered under the Strategic Procurement Roadmap are yielding expenditure savings. During 2016/17 Council:

- Saved \$366,580 (1.25%) from the materials and contracts budget.
- Saved 1209 hours through process efficiencies.
- Implemented new contract management system, Tenders Online.
- 34 staff attended procurement training, including online training.
- Participated in a number of regional procurement initiatives through the NOROC procurement group.
- Completed of all Procurement Roadmap activities scheduled for the year.

The benefits of taking a strategic approach to procurement are:

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

During 2016/17 Council:

- Reviewed purchase to pay process
- Undertook training needs analysis to determine organisational training needs in various areas of procurement.
- Implemented an ongoing Procurement and Contract Management training program.
- Developed Sustainable Procurement Plan
- Implemented purchasing card trial
- Implemented new Procurement and Contracts Management System (Tenders Online)

The priority areas for 2017/18 are noted below.

Action Implementation Plan

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| <ol style="list-style-type: none">1. Develop a compliance and audit plan2. Review and further develop contracts management processes and system3. Develop on-going supplier education program to assist local business4. Review Stores procurement5. Implement Stores review recommendations6. Introduce negotiation processes and training |
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7. Policy and Decision Making

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

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

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

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

Financial Modelling and Reporting

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

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

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

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

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

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

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

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

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

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

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

Council Reports

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

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

Policy Framework

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

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

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

This framework was also applied to the 2013/14, 2014/15, 2015/2016, 2016/17 financial years and will, with the adoption of the 2017/18 FSP, also be applied to the 2017/18 financial year.

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

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

In addition Council has determined that:

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

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

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

2017/18 Special Rate Variation (SRV)

Council on 9 May 2017 received approval from the Independent Pricing and Regulatory Tribunal (IPART) to increase its general rate revenue by 7.50% per annum for the 2017/18, 2018/19, 2019/20 and 2020/21 financial years inclusive of any rate peg announcement. Council at its Ordinary Meeting held 22 June 2017 through Resolution 17-222 established policy frameworks in respect of the SRV and the allocation of revenue as follows:

That Council adopt as a policy framework the use and reporting conditions imposed by IPART in the SRV determination and further incorporate reporting on the Special Rate Variation into the development of the 2017/2018 Financial Sustainability Plan and the quarterly updates to Council through the Finance Advisory Committee on the implementation of the adopted Financial Sustainability Plan.

That Council establish as a policy framework that funding for infrastructure renewal and maintenance from general revenue sources is not ever lower than the general revenue baseline indicator established in the 2016/2017 Budget.

That Council establish as a policy framework that any funds generated by the SRV that remain unexpended at the end of each financial year are to be restricted and held in a internal reserve, to be carried forward to subsequent financial year, for expenditure in accordance with the uses imposed in the SRV approval.

Council will also be required to comply with the conditions outlined in the SRV approval from IPART.

Policy Review

Council has developed over time numerous policies to establish direction and assist in implementation of operational decisions through delegation. Some Council policies could be considered to include wording that is restrictive and may not provide for timely decision making on the use of public land or for the day to day operations. It is proposed that those policies not already reviewed, be reviewed during the 2017/18 Financial Year to provide more enabling wording and guidelines to then allow more timely operational decision making through delegation.

Action Implementation Plan

1. Council continue to consider the short, medium and long term financial impacts and the context of Council's long term financial sustainability in its on-going policy and decision making processes.
2. That any unspent budget votes from the 2016/17 budget recommended to be carried over to the 2017/18 Budget be reported to Council following the end of the 2016/177 Financial Year.

3. That the monthly Finance Report be distributed to Councillors on a monthly basis.
4. That policies that contain wording or provisions that are considered to be restrictive be reviewed to incorporate enabling wording and guidelines for Council's consideration and approval.
5. That the Special Rate Variation(SRV) and policy frameworks established through Council resolution 17-222 be implemented and reported quarterly to the Finance Advisory Committee.

8. Volunteerism

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

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

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

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

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

- Building capacity of existing volunteers
- Identifying new opportunities for volunteers

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

Action Implementation Plan

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| <ol style="list-style-type: none">1. Review the Volunteer Policy and framework to ensure that it meets the National Standards for Volunteer Involvement and supports the organisation in delivering volunteer activities.2. Undertake an organisation wide audit of current volunteer activities.3. Recognition of current volunteers.4. Undertake a capacity building project with Council S355 Committees. |
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9. Collaborations, Partnerships and Commercial Opportunities

Council will sometimes be presented with potential commercial opportunities. They can include the growth of existing activities, such as the Council owned Holiday Parks, or new activities associated existing or even new services.

Council cannot achieve the objectives of the Community Strategic Plan on its own. With increasing expectations and challenges of limited funds and high competition for grant funding, collaborating and partnering are crucial to building vibrant, resilient communities.

Council is in the unique position to take a leadership role in empowering citizens and working with community groups, the non-government sector and State and Federal governments. Being open, flexible and proactive in responding to community ideas and collaborating and partnering to design services and on major strategic projects are key to meeting evolving community need.

Below are some examples of potential commercial opportunities and partnership opportunities:

- Redevelopment of Byron Bay Swimming Pool/Café
- Improvements to its Holiday Parks (First Sun and Suffolk Park)
- Building in commercial opportunities eg kiosk/café with public amenities to provide improved amenities and reduced maintenance
- Growing the Cavanbah Centre's services and facilities
- Activation of the Byron Bay Railway Park Precinct including the Visitor Information Centre and former CountryLink Buildings
- Redevelopment of the Former Library Building in Fletcher Street
- Redevelopment of the Byron Bay Surf Club
- Future management and development of the Tyagarah Aerodrome

Where these opportunities are on land that is owned or managed by Council, please refer to Chapter 5 which contains details of development options and timeframes for those sites.

In October 2017 Council adopted a Supporting Partnerships Policy that establishes a framework to encourage and assess partnership opportunities, that would deliver financial returns for Council and community as well as positive environmental, social, economic or governance outcomes.

The Policy confirms Council's commitment to considering partnerships as a way to harness the innovation and capital of community and non-government sectors to achieve better outcomes for Byron Shire communities in a timely way.

Staff will progressively review potential commercial and partnership opportunities. In each instance a sound business case with risk mitigation, a clear scope and estimated project costs including feasibility studies, probity planning, design costs and scoping costs will be assessed. Council needs to balance the capacity for potential opportunities to deliver services to community with meeting the need for positive financial outcomes for Council and community need for retention of valuable community land in public ownership.

Action Implementation Plan

1. Progress investigation of potential commercial opportunity projects currently underway such as:
 - a) Redevelopment of the Fletcher Street (former Library Building) site;
 - b) Management and development of the Tyagarah Aerodrome;
 - c) Redvelopment of Byron Bay Swimming Pool/Café.
2. Progress with calling Expressions of Interest (or another type of competitive processes) currently underway, to investigate potential partnership opportunity on the following valuable community land sites:
 - a) Lot 12 Bayshore Drive, Byron Bay.
 - b) 156 (lot 22) Stuart Street, Mullumbimby.
 - c) 3 Broken Head Road, Suffolk Park (former South Byron Sewerage Treatment Plant site).
 - d) Lot 4 Mill Street, Mullumbimby.
2. For the Supporting Partnerships Policy, develop:
 - a) tools, guides and information for community and future partners on Council's Partnership Policy;
 - b) a public web-based register to provide community with information on upcoming or potential partnerships and partnership projects;
 - c) a Communications Strategy to support the community becoming and remaining informed about all things 'Partnership';
 - d) internal procedures and processes for management of potential collaboration and partnership opportunities.
3. Provide reports to ET on potential collaboration, partnership and commercial opportunities when they are identified.

10. Asset Management

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

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

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

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

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

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

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

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

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

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

The following actions in 2017/18 support achievement of these outcomes.

Action Implementation Plan

1.	Update the Strategic Asset Management Plan including access considerations and other emerging issues	Plan updated
2.	Improve the integrity of the Asset Management system by implementing actions detailed in key audit reports	Verified through independent audit

3.	Implement asset modelling in accordance with Special Rate Variation requirements	Model updated
4.	Review annually integration of asset management plans, capital works program, S94 Plan, S64 Plan and LTFFP.	Annual completion
5.	Engage with the community to determine the customer LOS for accessible transport.	LOS adopted for local road network
6.	Complete the annual infrastructure report (SS7)	Completed within audit timeframe
7.	Complete condition and access audit inspections of community buildings	Inspections completed
8.	Implement replacement of high priority road bridges across the Shire.	Replacement commenced

11. Long Term Financial Planning

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

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

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

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

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

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

The basic structure of LTFP must include the following:

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

Council last updated its Long Term Financial Plan for the period 2016-2026 to support the lodgement of the Special Rate Variation application to the Independent Pricing and Regulatory Tribunal in February 2017 as it was a pre-requisite for the application. Council considered this Long Term Financial Plan at its Ordinary Meeting held on 2 February 2017 and adopted it by resolution 17-020.

Following the adoption of the 2017/2018 Budget at the Ordinary Council Meeting held on 22 June 2017 that incorporates the Special Rate Variation, the 2017-2028 Long Term Financial Plan needs to be updated with establishing the inclusion of the Special Rate Variation as the Base Case Scenario and the development of additional scenarios and modelling their impacts.

Action Implementation Plan

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| <ol style="list-style-type: none">1. Develop the 2017-2028 Long Term Financial Plan following adoption of the 2017/2018 Operational Plan and report to the Finance Advisory Committee/Council prior to 16 November 2017. |
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2. Further update the 2017-2028 Long Term Financial Plan to incorporate outcomes from the development of the new Community Strategic Plan in conjunction with the adoption of the 2018/2019 Operational Plan and Budget Estimates to be reported to Council in June 2018.

12. Environmental Projects

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

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

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

Action Implementation Plan

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

13. Continuous Improvement

This Financial Sustainability Plan, and the progress and projects that have been delivered under it, demonstrate Council’s commitment to continuously improving.

Since 2014, in partnership with Local Government Professionals Australia and Pricewaterhouse Coopers, Council has been a foundational participant in the pioneering “Local Government Performance Excellence Program”. The Performance Excellence Program started with a small group of NSW councils and has grown to now include 139 councils across 4 Australian States and New Zealand. By participating Council has taken the uncommon approach of voluntarily critically analysing our performance to drive improvement, and by doing that, we have been part of a group of industry leaders.

Similarly, NOROC (Byron, Ballina, Lismore, Richmond Valley and Tweed Councils) were the first group of councils to start sharing our performance results, so that we can learn from each other and collectively drive improvement for the whole region. Since then, a Regional Planning Tool has been developed, increasing the value of the Performance Excellence Program for those councils, like us, committed to regional collaboration.

Financial Indicators are critical to improving financial sustainability of Council . The Performance Excellence Program value-adds to financial indicators by giving ‘context’ and providing data to help with understanding the nature and shape of Council, our community profile, the types and levels of service and how they are being delivered. It does this by providing significant metrics across the key areas of Workforce, Finance, Operations, Service Delivery, Corporate Leadership, Asset Management and Risk Management.

Council now has years of individual and comparative data that is invaluable. In the past Council has had a separate annual Action Plan for initiatives falling out of the Performance Excellence Program but this year, Council has incorporated them into this Plan.

Action Implementation Plan

Workforce	
1.	Management of excessive annual and long service leave, supported by introduction of on-line leave process.
2.	Management of sick leave - improvement effort to be focused on staff taking 10.5 days or more pa.
3.	Ongoing monitoring of overtime costs as a percentage of total employee costs.
4.	Review and improve mapping of workforce to services (consistent with a review of Special Schedule 1)
Finance	
5.	Continue to invest in Finance Team members gaining qualifications and building capacity
6.	Review Manager Finance Position Description to confirm focus on strategic transformation and increased focus on business insight activities.
7.	Finance Team to review operations and act on improvement opportunities with a focus on increasing business insight activity.
8.	Directorate nominees to work with Finance Team to review Cost Centres and Allocation under Special Schedule 1 categories.
Operations	

9.	Review IT spend to identify total IT spend and map capital and recurrent costs drivers to increase business understanding and assist with future budgeting.
Service Delivery	
10.	IS Managers, working with People and Culture Team, will develop actions focused on succession planning and increasing workforce diversity.
11.	SEE Managers, working with People and Culture Team, will develop actions focused on succession planning.
12.	<p>Roads Services (Operating) – Working with Finance Team and benchmarking with comparable councils, Manager to critically review data, ascertain key drivers and develop an action plan to:</p> <ol style="list-style-type: none"> 1. fully articulate and explain results; 2. develop a methodology to consistently measure genuine operating (non capital) expenditure. <p>Including a focus on:</p> <ol style="list-style-type: none"> a. Cost coding and accuracy of expense allocation; b. Depreciation expenses; c. Internal charging (including on-cost calculations and fleet charges); d. Capital expenditure required to be accounted for as operating expenditure (as per the Code of Accounting Practice).
13.	<p>Sewerage Services (Operating) – Working with Finance Team and benchmarking with comparable councils, Manager to critically review data, ascertain key drivers and develop an action plan to:</p> <ol style="list-style-type: none"> 1. fully articulate and explain results; 2. develop a methodology to consistently measure genuine operating (non capital) expenditure. <p>Including a focus on:</p> <ol style="list-style-type: none"> a) Debt servicing impact on expenses; b) Position in lifecycle of plants; c) Impacts from environmental initiatives; d) Internal charging (on-cost calculations).
Corporate Leadership	
14.	Include measurement of Customer Satisfaction in the biennial CATI Community Satisfaction Survey going forward.
15.	<p>Council meetings – Council continues to have some of the longest meetings and one of the top half a dozen councils with the highest number of resolutions.</p> <p>Councillors can review information provided and meeting procedures. Some considerations suggested in the Performance Excellence Report to help review meeting practices include:</p> <ul style="list-style-type: none"> • Are our Council meetings passing resolutions in an efficient manner? • Are our meeting papers clear and concise? • Are agendas provided to Councillors well in advance to allow a timely review prior to the meeting?

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| | <ul style="list-style-type: none">• Does Council conduct meeting performance reviews at the end of the year or end of the term?• Is Council up to date with best practice when it comes to council meetings?• Did the complexity of issues match the time taken to resolve them? |
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14. Financial Performance Indicators

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

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

The outcomes from the implementation of the FSP 2016/17 have been identified in previous quarterly updates to the Finance Advisory Committee and Council. The cumulative financial outcomes of the Financial Sustainability Plan since its original inception are summarised up to 30 June 2017 in Chapter 15 - Summary of 2016/17 Financial Outcomes. The financial outcomes for the FSP 2017/18 will be measured as follows:

- a. Through quarterly reporting to the Finance Advisory Committee (FAC) and Council on FSP outcomes.
- b. The recognition of new or increased revenues and / or with expenditure savings (financial outcomes) will be recognised through the QBR process. Structural changes to both revenue sources and expenditure will be updated in the base budget during the preparation of the 2018/19 Budget. The financial outcomes delivered by the FSP will then flow into the Council's Long Term Financial Plan.
- c. Comparison and assessment of the Note 13 and Special Schedule 7 performance ratios disclosed annually in Council's audited financial statements which should indicate a trend improvement from FSPP outcomes.
- d. Ongoing monitoring of the seven benchmarks established for the NSW Government 'Fit for the Future' regime to ensure Council maintains its 'Fit' Outcome.

Action Implementation Plan

1. Ongoing quarterly reporting to the Finance Advisory Committee (FAC) and Council on FSP outcomes.
2. Recognition through the QBR process of financial outcomes delivered by the FSP.
3. Structural changes to both revenue sources and expenditure will be updated in the base budget during the preparation of the 2018/19 Budget.
4. The financial outcomes delivered by the FSP updated into the Council's Long Term Financial Plan and modelled in the Long Term Financial Plan Scenarios.
5. Assessment of the Note 13 and Special Schedule 7 performance ratios disclosed annually in Council's audited financial statements which should indicate a trend improvement from FSP outcomes.
6. Assessment of the seven 'Fit for Future' benchmarks on an ongoing basis to ensure Council maintains the 'Fit' outcome.

15. Summary of 2016/17 Financial Outcomes

Byron Shire Council						
Financial Sustainability Plan Summary Register of Financial Outcomes						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
Financial Sustainability Plan Mark 1 2013/2014						
3	Expenditure Review	0	0	138,200	118,200	20,000
4	Revenue Review	0	0	0	0	0
5	Land Review and Proproperty Development	603,100	0	0	603,100	0
6	Organisational Review and Operational Restructure	0	0	280,000	130,400	149,600
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partenships	0	0	0	0	0
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 1 - 2013/2014		603,100	0	418,200	851,700	169,600
Financial Sustainability Plan Mark 2 2014/2015						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
3	Expenditure Review	0	0	4,357,500	148,400	4,209,100
4	Revenue Review	28,800	0	0	0	28,800
5	Land Review and Proproperty Development	458,000	0	20,000	478,000	0
6	Organisational Review and Operational Restructure	0	0	980,600	980,600	0
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partenships	18,400	0	0	0	18,400
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 2 - 2014/2015		505,200	0	5,358,100	1,607,000	4,256,300
Financial Sustainability Plan Mark 3 2015/2016						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
3	Expenditure Review	0	0	141,400	1,108,400	-967,000
4	Revenue Review	1,003,800	0	0	96,500	907,300
5	Land Review and Proproperty Development	3,800,000	0	0	3,800,000	0
6	Organisational Review and Operational Restructure	0	0	0	0	0
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism and Social Procurement	0	0	0	0	0
10	Collaborations and Partenships	0	0	0	0	0
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
Total Result - FSP Mark 3 - 2015/2016		4,803,800	0	141,400	5,004,900	-59,700
Total Result - FSP Mark 1 plus FSP Mark 2 plus FSP Mark 3		5,912,100	0	5,917,700	7,463,600	4,366,200
Financial Sustainability Plan Mark 4 2016/2017						
Plan Ref	Plan Section Description	Additional Revenue	Revenue Lost	Expenditure Savings	Additional Expenditure	Overall Result
3	Expenditure Review	0	0	0	0	0
4	Revenue Review	718,300	0	0	0	718,300
5	Land Review and Proproperty Development	0	0	0	0	0
6	Organisational Review and Operational Restructure	0	0	0	0	0
6	Strategic Procurement	0	0	0	0	0
7	Policy and Decision Making	0	0	0	0	0
8	Potential Commercial Opportunities	0	0	0	0	0
9	Volunteerism	0	0	0	0	0
10	Collaborations and Partenships	0	0	0	0	0
11	Asset Management	0	0	0	0	0
12	Long Term Financial Planning	0	0	0	0	0
13	Environmental Projects	0	0	0	0	0
14	Striving for Continuous Improvement	0	0	0	0	0
Total Result - FSP Mark 4 - 2016/2017		718,300	0	0	0	718,300
Total Result - FSP Mark 1 plus FSP Mark 2 plus FSP Mark 3 plus FSP Mark 4		6,630,400	0	5,917,700	7,463,600	5,084,500

16. Action Implementation Plan

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

Note:

The Action Implementation Plan will be prepared following the adoption of the 2017/18 FSP and include the Actions detailed in the adopted Plan for each Chapter.