

The Advantages and Disadvantages of Amalgamation and Federation Council's Financial Sustainability Journey

Independent Peer Reviewed Business Case Study of Federation Council - University of Newcastle/Professor Joseph Drew

Update Dec 2024

Tier	Recommendation	Staff comment (Apr 2024)	Council decision	Status update - September 2024	Director	Status (Dec 2024)	Status update - December 2024	
1	1	Provide better price signals. Full cost recovery should be targeted according to long run marginal cost for all non-regulated prices except where a clearly articulated subsidy is in place (see next point). Even where a subsidy is in place, resident consumers need to be advised of the full cost of the good or service. We suggest Council divide non-regulated fees and charges into four equal lists. Each year, the relevant Director or Manager should be asked to accurately cost each item on a given list. Revised prices should then go to the Council for a decision. This task is not about getting more revenue – it is about improving economic efficiency, ensuring taxes are spent for the purpose that they were levied, and also dispelling deeply embedded fiscal illusion.	All fees and charges have been reviewed for the draft 2024/25 Fees and Charges as per standard practice. However a sharper focus has been placed on increases where considered appropriate. Now that this has been adopted, further work will occur in the lead up to the 25/26 fees and charges, to ensure merit based subsidies and true cost principles are reflected.	Adopted by Council April 2024.	Project included in Delivery Program 2022-2026. Analysis commenced on cemetery user and fees.	DGM	Underway	No further progress.
1	2	For merit subsidies, Council should clearly articulate: (i) what is the merit inherent in the good or service, (ii) what the goal of the subsidy is (and how this will be measured), and (iii) the date on which the merit subsidy will be reviewed.	A range of merit goods are provided by Council, including the use of community halls, recreation facilities, swimming pools and aerodromes. Future Council reports will be presented and service reviews in some areas, to gain further input and information, and to assist with stakeholder/users engagement, as the 25/26 fees and charges are worked on.	Adopted by Council April 2024.		DGM	Underway	No further progress.
1	3	A renewed focus needs to be made on the core remit of Council. All services should be classified as either 'core' or 'discretionary' and priority given to the former. Otherwise stated, the practice of Council should be to satisfy 'needs' first, before 'wants'.	Classifications to be further developed to also clearly articulate what is mandatory.	Adopted April 2024.	Plans for 2024/25 have focused on mandatory activities, followed by maintenance of existing service delivery	DGM	Underway	Guidance for developing the draft 2025/26 annual budget has requested a focus on mandatory activities, followed by maintenance of existing service delivery.
1	4	Establish a stronger focus on maintenance – especially road reseals and clearing of table drains. We are very concerned that the backlog is not known with sufficient accuracy. Moreover, it is clear to us that if essential maintenance is not carried out on road infrastructure in a timely manner that Council will not be able to regain financial sustainability.	The practice of less reseals and less clearing of table drains has been occurring due to reduced funding and attempting to do more with less for too long. Even with increased rates, by changing to for example 'heavier' maintenance grading practices, Council will need to communicate why it is doing 'less' kilometres of maintenance grading, to spend more time doing the table drains etc each time. The Asset Management Co-ordinator was unable to be filled for three years, however the recent recruitment success means this person has just commenced. This will assist in the backlog estimates being continually reviewed and updated. Continuing review of operator practices and training where required will also be implemented if shifts to heavier maintenance grading occurs more consistently.	Adopted April 2024.	Council has engaged the services of a consultant to undertake a significant road condition assessment project across all of council's road assets including the condition of table drains. The work also includes undertaking an update asset valuations, depreciation and renewal demand of council's road network. This will enable council staff to better prioritise works within the constraints of the available budget.	DES	Underway	Council has engaged the services of a consultant to undertake a significant road condition assessment project across all of council's road assets including the condition of table drains. The work also includes undertaking an update asset valuations, depreciation and renewal demand of council's road network. This will enable council staff to better prioritise works within the constraints of the available budget. These works are scheduled for completion in May 2025.
1	5	Related to the above, service levels for roads need to be renegotiated. It may be the case that some roads need to be changed to 'dry access only', or that some need to be changed to restricted use. Indeed, it might even be appropriate to convert some sealed roads to unsealed, or closed roads. These conversations need to be had in the context of willingness to pay – if we can't get sufficient grant and tax revenue then the reality of the situation is that we simply won't be able to maintain current road service levels.	Consideration of dry access only signage has been discussed considering many of the unsealed local roads are of natural surface in the central to southern areas of the Council area especially. Also closing roads or converting sealed to unsealed will also be considered. This will require extensive consultation and furthering Council's asset data will be critical to this work. Condition assessment samples are also being undertaken as part of the Special Variation reapplication work, and extensive new data now exists on road condition as a result of the extensive flooding across the latter part of 2022 and the subsequent flood damage assessment work.	Adopted by Council April 2024.	As with recommendation 4, the asset conditions assessment and renewal demand project that is about to commence will provide council with valuable data relating to road condition and renewal demand. Once this project is completed and council staff have evaluated the data, the Roads Advisory Committee will be re-established. Through the technical expertise of council staff with input from the Roads Advisory Committee decisions can be made in relation to service levels and the status of roads across the network.	DES	Underway	As with recommendation 4, the asset conditions assessment and renewal demand project that is about to commence will provide council with valuable data relating to road condition and renewal demand. Once this project is completed and council staff have evaluated the data, the Roads Advisory Committee will be re-established. Through the technical expertise of council staff with input from the Roads Advisory Committee decisions can be made in relation to service levels and the status of roads across the network.

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1	6	With respect to the above, it is necessary to clearly define and record what is a satisfactory standard for all asset classes. Photographic evidence should be used where appropriate. These definitions should be thoroughly reviewed during the term of each Council to ensure that they are consistent with contemporary community expectations.	This will be worked through as part of the Asset Management focus and is also occurring as part of the Special Variation reapplication process.	Adopted by Council April 2024.	This will be worked through as part of the Asset Management focus and is also occurring as part of the Special Variation reapplication process.	DES	Underway	A contract has also been awarded at the October meeting to undertake a detailed condition assessment of all roads.
1	7	Council needs to provide greater assurance on the cost to bring assets to a satisfactory standard. We are concerned that recent asset management data was largely based on figures compiled in 2019. Moreover, it is not at all clear that the work done in 2019 involved actual inspections of the assets. Assurance needs to be conducted as quickly as practical – commencing first with a sub-sample of the road and other infrastructure, and then progressively rolled out to the entire stock of assets. A SRV cannot be formulated until sufficient assurance is had on this matter. We note that this work is currently underway and that the continual review of these matters is a task for all councils. We also note, with some concern, that the Asset Management Co-ordinator role is currently vacant, and urge continued efforts to secure a suitably qualified person as soon as practical.	The new Asset Management Co-ordinator has commenced. Significant asset assessment is underway.	Adopted by Council April 2024.	With the commencement of the Asset Management Coordinator, work has commenced to inspect and value all road assets. Work has also recently been completed on the assessment and revaluation of Sewer & Water Assets. Public Works NSW are also preparing a renewal plan for these assets. Additionally, a cyclical 4 year plan of asset inspection and revaluation program is being developed to ensure all classes are revalued every 4 years.	DES	Underway	Work continues to progress as detailed in the September quarterly report.
1	8	We also have reason to doubt the veracity of the 'required asset maintenance' figures. Looking at the last three financial years' data for the asset maintenance ratio, it is hard to see how maintenance shortfalls in a given year were correctly imputed in the following period. (For instance, there was a shortfall in maintenance of \$1.218m in 2021, but the required maintenance figure only increased by \$1.077m in 2022 despite a high inflationary environment). Moreover, the actual state of assets suggests that the true maintenance backlog may be far higher. There is a clear role for ARIC to perform with respect to ensuring that these figures are logically expressed from year to year.	ARIC will continue to be presented with all relevant work as appropriate in relation to furthering Council's strategic asset management work.	Adopted by Council April 2024.	Council have recently completed a significant refresh of the Strategic Asset Management Plan. Coupled with the asset inspection and revaluation program of works, renewal and maintenance programs will be more clearly defined. Review of the methodology for 'required asset maintenance' figures will be added to the ARIC agenda in 2025.	DES	Underway	Work continues to progress as detailed in the September quarterly report.
1	9	We doubt that Council can obtain sufficient revenue and efficiencies to allow for all assets to be maintained at the desired levels. We therefore recommend that Council identify assets which will be placed into managed decline until matters improve.	Rationalisation/disposal of assets also to be considered.	Adopted by Council April 2024.	Following completion of the road asset inspection project, a more informed decision relating to the closing of roads can be made.	DES / DPPS	Not started	No further progress.
1	10	As we demonstrated in the main report, there is some reason to doubt the accuracy of depreciation accrual practice in the past (as evidenced by shifts over time and also an extraordinarily high number of accounting adjustments on disposal). Staff need to carefully review practice and thus assure that the depreciation accrual parameters are indeed appropriate to the conditions and use patterns of assets at Federation.	Depreciation amounts and re-valuations will continue to be worked on.	Adopted by Council April 2024.	The road condition assessment project includes an update on asset valuations and depreciation of council's road network. This will enable council staff to review depreciation practices for road infrastructure assets. Recently received asset valuations for water and sewer infrastructure will be considered in reviewing depreciation practices for these infrastructure assets.	DGM	Underway	The State Government review into local government sustainability also has a recommendation on depreciation and its application to councils. This may also impact Council's work.  No further progress.
1	11	The Ball Park Caravan Park business needs to be divested to relieve the pressure on overstretched staff, eliminate distractions from core service provision, reduce local economic distortion, and better manage risk.	Council does not own the land that the Caravan Park operates on, it is Crown Land. Council cannot sell this land. Council supported a report at the April 2024 Council meeting with a resolution to engage resources to allow the park to be put to the market under a long term lease to improve the financial results, and offer an economic driver for the area. Other options will also be discussed.	Adopted by Council April 2024.	Expression of interest for work to progress private investment into the site developed. Advertising to commence shortly.	DGM	Underway	Expressions of interest for work to progress private investment into the site has been progressed, with the opportunity closing in late Jan 2025.
1	12	Consideration needs to be given to outsourcing the Corowa Aquatic Centre for similar reasons.	Council considered this option and have decided to staff the Centre on a tiered supervision model. Further consider during the three year lower staffing model.	Adopted by Council April 2024.	Council considered this and decided to maintain direct operation albeit with a tiered supervision model. To be reassessed in 2026.	DPPS	Complete	Next review due in 2026

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1	13	Service levels need to be reviewed with particular emphasis on (i) services harmonised during the amalgamation process, (ii) the potential to reduce services to ease the burden on the local government taxpayer, (iii) differentiated services to reflect the significant heterogeneity evident in the community (where standardised provision is not required by law). We hasten to add that this is a different task to regular service reviews already conducted by Council as per best practice (service levels need to be carefully defined, reviewed and communicated at least every Council term). What we are interested in here is identifying inefficiencies created by the amalgamation process that might be reversed.	Whilst the recommendation says 'this is a different task to regular service reviews', it is recommended that these factors be included in future service review. Council has 45 services and practically, only around 4 - 6 can be reviewed properly each year.	Adopted by Council April 2024.		GM	Not started	Work continues on scheduled service reviews (e.g. community engagement, Corowa Aerodrome) albeit without specifically identifying inefficiencies created by the amalgamation process.
1	14	A firm commitment needs to be made that all new discretionary projects must satisfy the following minimum requirements: (i) be fully funded according to whole-of-life cost over the current LTFFP, (ii) have need unambiguously demonstrated through a randomised survey, and (iii) confirm community willingness to pay the full whole-of-life cost through an appropriate random survey. It is critical to start using random surveys instead of the biased samples used in the past. Moreover, a quid-pro-quo needs to be established as quickly as possible after the discretionary project has been approved – fees, charges or rates must go up promptly to reduce the potential for further exacerbation of fiscal illusion.	Consider further the process of randomised surveys, and present options back to Council as part of the development of the new Community Engagement strategy currently underway. Further consider if a \$ threshold level for this process would be best to apply to, to target higher risk/higher value projects only. Also need to define discretionary. Further individual Council report needed to further flesh this out.	Adopted 14 (i), Further consider (ii) and (iii).	The Annual Budget for 2024/25 is primarily focused on asset renewal and maintenance. The capital works program is directed towards roads, stormwater, water and sewer assets, or assets required to support these functions (such as plant and information technology).	DGM	Underway	Guidance for developing the draft 2025/26 Annual Budget requires the focus to remain on asset renewal and maintenance during development of capital works plans.
1	15	Decision-makers need to clearly convey to the community that financial sustainability concerns dictate that, in future, 'needs' (as well as 'mandatory' services) must be prioritised over 'wants'. As we note in footnote 1, this is something that is negotiated in the political process, and constructive arguments should be based on good moral reasons.	Like recommendations 3 and 14, terms like 'needs', 'wants' and 'discretionary' and 'core' are not defined practically and councils inevitably can and will fund projects and or services based on political will. In some ways this is one of the reasons for having a democracy. Council will ensure any projects in the future have sound financial justification and community support.	Adopted by Council April 2024.	Plans for 2024/25 have focused on mandatory activities, followed by maintenance of existing service delivery. This was a key message in communications prior to final plans being adopted.	DGM	Underway	Communications relating to the proposed Special Rate Variation have clearly stated that the focus on planned activities is those that are mandatory, followed by maintenance and renewal of existing assets.
1	16	Council should consider writing to the Minister for Local Government requesting his assistance in investigating whether the post-amalgamation protections to general component grants were indeed respected. Indeed, it might also be reasonable to write to the Treasurer of the Commonwealth Government, who is ultimately responsible under the Act (1995, CTH).	Refer to report on this matter to the March 2024 Council meeting. Letters sent.	Adopted by Council April 2024.		GM	Underway	
1	17	In separate correspondence, Council should consider writing to the Minister for Local Government to ask him for an extension of protections on general component FAGs into perpetuity. Reference should be made to the clearly skewed data and its effect on the FAG allocations.	Refer to report on this matter to the March 2024 Council meeting. Letters sent.	Adopted by Council April 2024.		GM	Underway	
1	18	In further correspondence, Council might ask the Minister for Local Government to investigate how current road grant allocations accord with the horizontal fiscal equalisation (HFE) principles in the Act (1995, CTH). Attention should be drawn to the fact that heavy grain trucks and farm equipment do far more damage to roads than light vehicles and motorcycles. Specific inquiries should be made to clarify whether this fact is indeed being sufficiently taken into account by the NSW Local Government Grants Commission.	Refer to report on this matter to the March 2024 Council meeting. Letter sent. Awaiting response.	Adopted by Council April 2024.	Letter sent March 2024 (24/8890). Response received from Minister for Regional Development, Local Government & Territories (Commonwealth) in May 2024, recommending council make a submission to the Australian Parliament <i>Inquiry into local government sustainability</i> . Response received from Minister for Local Government (NSW) in June 2024, noting the letter and advising that he has requested the Local Government Grants Commission to respond to Council directly.	GM	Underway	Awaiting response from the Local Government Grants Commission.
1	19	As an entirely separate matter, Council should write to the Minister to request a minor boundary review to look at economic spillovers and other inefficiencies associated with the current boundaries. In any such process, it will be important to put measures in place to ensure that political voice is preserved.	Considered an unnecessary distraction (cost/benefit) with limited staff resources, and this would be a significant task.	Further consider (April 2024 meeting)	Recommended this not be adopted as not considered worthwhile from a cost / benefit basis.	N/A	N/A	
1	20	In separate correspondence, Councillors should write to seek compensation for the failed amalgamations. Notably, this was the single most common response from the community surveys. In all likelihood the request will be ignored, however it is important for Council to be seen to be pursuing a more just outcome. Compensation could take the form of an ongoing untied grant, or financial assistance in pursuing some of the recommendations noted in this report.	Agreed that whilst the merger funding was welcomed, it did not address the issue of continued and ongoing cost increases to operate merged Councils. Refer report to May Council.	Adopted by Council April 2024.	Letter drafted and to be sent.	GM	Underway	Letter to NSW Minister for LG (and copy to be emailed to IPART) ready for signature (24/20860).

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1	21 Formal processes need to be established to ensure that grants provided to community groups are both sustainable and also accord with the concept of subsidiarity. Grant application forms should ask potential recipients to detail: (i) the wider community benefit that they provide, (ii) the contribution of the group towards meeting its own needs, (iii) what other funding options were explored, and (iv) the group's plans to reduce reliance on grants in the future. These forms should then be publicly available to assure transparency and accountability. All support provided to community groups – such as in-kind support like mowing football fields and the like – should be the subject for a grant application (with the value of the in-kind support clearly articulated). We direct people to take particular note of our preference for groups to make a material contribution to meeting their own needs – this could be a financial or in-kind contribution. Over time, the expectation should be established that contributions are a requirement, and that preference will be given to matching grants wherever possible.	Agreed, and there are significant discrepancies across both former Council areas in terms of Council budgets for these areas along with a Council wide issue of why some sports/activities receive Council staff to manage and maintain and others don't and rely solely on volunteers.	Adopted by Council April 2024.		DGM	Not started	No progress.
1	22 Key Performance Indicators (KPIs) need to be established for relevant staff around adherence to budgets. As a general rule, KPIs should always be: (i) specific, (ii) measurable, and (iii) verifiable. No suggestion is being made that KPIs don't currently exist – rather we merely assert that KPIs might be tightened up somewhat.	Operational matter. Agreed, continue to add more measurable KPIs to relevant staff around budget management, including seeking/achieving efficiency gains.	Adopted by Council April 2024.	Further KPIs being considered to complement existing measures.	DGM	Underway	No further progress.
1	23 Specific, measurable and verifiable KPIs should also be established for all citizen-consumer facing positions specifying appropriate response times and resolution times. Responsiveness is a major concern for many in the community and improvements in this area may improve willingness to pay as well as confidence in Council. We acknowledge that current data systems are not sufficient to deliver this recommendation. As a result, additional resources will be required, and this is likely to impact on the timeframes for delivery.	Operational matter involving staff, will be reported on as and when appropriate. Responsiveness issues are considered in part due to systems, but in the main due to lack of staff.	Adopted by Council April 2024.	Customer Charter under review. Expected to be provided for Council consideration in early 2025.	DGM	Underway	No further progress.
1	24 The rigour of the monthly budget reconciliation needs to be improved. Deviances from budget need to be explained and a path forward established to mitigate over-runs. A central register of causes and solutions needs to be kept to inform future budget preparation. We understand that some progress is being made on this front at present and note that this recommendation has implications for all management reporting to MANEX	Commenced.	Adopted by Council April 2024.	Variations from budget are explained and reported in Quarterly Budget Review Statements.	DGM	Underway	Variations from budget were explained and reported in the Quarterly Budget Review Statement for September 2024.
1	25 The Quarterly Budget Reviews also need to be improved. The reasons for deviations in excess of five percent and \$10,000 need to be given and the proposed method to mitigate any overrun stated clearly for follow-up. Readers should note that the state government only requires reporting for variance of ten percent – thus, the standard we propose here is much higher than the standard set by the NSW government. In view of the need to improve performance in this area, QBR should be extended for all four quarters. The ARIC should also be encouraged to become more involved in monitoring budget deviations, investigating their causes, and making recommendations to establish entity-wide measures to minimise future events and thus assure ongoing organisational improvement. We understand that some progress is being made on this front at present.	Continued improvement, Audit Risk and Improvement Committee (ARIC) do already monitor Quarterly Budget Reviews (QBR) and question any variances that they feel need it. A QBR for the fourth quarter was presented to the September 2023 Council meeting.	Adopted by Council April 2024.	A QBRs for the June 2023 quarter was presented to Council in October 2023. A QBRs for the June 2024 quarter is under development however has been delayed due to the focus required on a future SV and the associated I&P&R requirements. The QBRs for the September 2024 quarter is being progressed with a 5% variance margin.	DGM	Underway	The QBRs for the September 2024 quarter was completed with reporting on a 5% variance margin.
1	26 Survey evidence suggests that there is strong support in the community for reductions to tourism expenditures. In FY2021, expenditure in this category was \$356,000, in 2022 it was \$170,000. Many debate whether tourism is indeed a legitimate role for local government in the first instance. In addition, it is clear that tourists place a significant burden on council but provide very few opportunities for direct additional revenue in a land-based taxation system (in FY 2021 \$18,000 of revenues were collected, and in FY2022 just \$12,000). In view of the significant challenges facing Council, it may be prudent to pare back tourism spending even further, within the constraints of current obligations. Preference might be given, in the future, to matching grants provided to tourist-orientated businesses in the local area (limited to a certain quantum). There may also be opportunities for sharing the cost of the tourist information services with businesses in the local area. We understand that Council has already commenced a review into various options related to tourism expenditure.	The Tourism service budget has been significantly reduced over the past two years, with the service level reduced significantly in November 2023, resulting in a \$132,000 reduction to the budget. The 2024/25 draft budget shows a further reduction down to \$302,352 from \$336,613 in 2023/24 (10%). For further review across 2024/25.	Adopted by Council April 2024.	The tourism service level was reduced significantly in November 2023 (after drafting of this recommendation), resulting in a \$132,000 reduction to the budget.	DGM	Underway	Results from the independent 2024 Community Satisfaction Survey reveal that 56% of respondents are seeking council to invest more in tourism and visitor services. This conflicts directly with the University of Newcastle's findings. A further review of tourism services, including a service review, will need to be progressed to determine a way forward.
1	27 Councillors and staff should vigorously engage on the long list of tasks that need to be dealt with prior to being in a position to lodge a compelling SRV application (please see the final section of this appendix).	Commenced - Appointed University of Newcastle led by Professor Drew to assist in this work.	Adopted by Council April 2024.	Significant progress has been made on the list of tasks. An update was provided to the August 2024 Council meeting. This report also provides an updated for recommendations 68-77.	DGM	Underway	Significant progress has been made on the list of tasks with reports to Council at the October 2024, November 2024 and December 2024 meetings.

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1	28 Council should consider establishing a Community Liaison Officer position to: (i) better co-ordinate with s355 committees, (ii) liaise with progress associations and the like before significant capital projects are executed, and (iii) assist in communication with the community around SRV outcomes and the financial sustainability journey. Most s355 committees expressed frustration to us around navigating the larger bureaucracy at Federation. They have also advised that community willingness to participate is diminishing. A key part of the financial sustainability puzzle is for Council to become a 'facilitator' rather than a 'provider' – Federation simply could not afford to take on the work currently performed by these valuable community groups. It may therefore be deemed appropriate for the liaison officer to have an open channel of communication with the Councillors.	Operational matter (appointing staff). Await outcomes of community engagement strategy and the 355 Governance review work. Considering other areas of staff shortages, the role would not likely achieve the outcome of assisting with community engagement. Some 355s lament the loss of Councillors for example, who in the former Urana Shire, would be from the areas where the committees were and champion their cause/projects, and this role would not take their place.	Further consider	Council has appointed a contract staff resource to review and update Council's governance of section 355 committees. This may go some way towards improving communication with those committees.	N/A	N/A	
1	29 Indeed, Council needs to clearly articulate its shift in mindset from 'provider' local government to a 'facilitator' local government. The role of government is to help people to co-operate for the benefit of all. Government simply does not have the capacity to do everything that benevolent foundations and volunteer groups used to do. Indeed, Pius seems prescient in his (1931, paragraph 78) declaration that 'with a structure of social governance lost, and with the taking over of all the burdens which the wrecked associations one bore, the State has been overwhelmed and crushed by the infinite tasks and duties which it has needlessly taken on'. Moreover, when government takes over the functions rightly belonging to associations, people miss out on the opportunity to generate the collaborative goods which come about through striving for a common goal – what most of us refer to as community building (Drew, 2022). We must therefore concentrate on re-invigorating our community associations by helping to facilitate and promote their important work.	Further discuss how this can be implemented, will take many forms.	Adopted by Council April 2024.	Needs further defining to reach agreement on ways to implement these "words".	GM	Not started	
1	30 We need to consider whether it might be advisable to remove the long-term risk and distraction posed by the saleyard business. One option would be to sell the saleyard business in its entirety (subject to the terms of recent grants or other constraints). In all likelihood, physical saleyards may continue to lose volume to online and direct options in the future and Council could ultimately be left with an unsaleable asset. A second option is to outsource the business on a long-term basis to delay the realisation of risk. Notably, the saleyard situation is slightly different to the caravan park and aquatic centre and needs to be treated with care.	Recommended to continue on current staffing arrangement, service review in future can look at all options.	Not adopted (April 2024)		N/A	Complete	
1	31 Steps should be taken to increase the number of Councillors to twelve – either with the help of the Minister or through the extant process (referendum).	Was discussed at the April 2024 Council meeting. For further consideration.	Council to further consider	No work has progressed until Council adopt or not.	N/A	N/A	
1	32 More broadly, continued profound political disenfranchisement cannot be allowed to go unchecked – apart from any other concern, it is inconsistent with the intent of s 263(3) of the Act (1993, NSW) and could therefore be seen as potentially unlawful and it might ultimately represent a risk to the sustainability of Federation Council (the establishment of a tiered system, as per the report, is also something that warrants further investigation). Accordingly, we suggest that Council makes further investigations around the potential for a tiered system of local government to mitigate disenfranchisement and also improve efficiency. We are willing to assist Council in this endeavour with advice and help as appropriate (pro bono at the initial investigation phase). Once Council has completed its investigations, we suggest that they consider writing to both the Minister for Local Government and Premier to garner political support for what might prove quite an elegant solution to a very pressing problem.	Was discussed at the April 2024 Council meeting. For further consideration.	Council to further consider	No work has progressed until Council adopt or not.	N/A	N/A	
1	33 If neither of these proposals can garner sufficient support, then it may be appropriate to either relocate a director to the Urana office, or even establish a new director level position at Urana. It is absolutely essential that in the absence of reasonable political voice that some kind of permanent executive-level voice exists as a partial mitigator. We note that similar positions – tied to former amalgamated centres – occur at other rural councils. It would be appropriate for any position description to clearly indicate its northern location and role in assuring efficient and effective management of the Urana office and depot.	Would be managed after results of 31 and or 32 are known. Council are within 12 months of an election required to review the organisational structure (Senior level) and this is recommended to be considered at this time.	Council to further consider	No work has progressed until Council adopt or not.	N/A	N/A	
1	34 Council needs to establish succession planning for all positions of senior management and above. This needs to be a formal process whereby a person is identified, their training needs met, and sufficient opportunities provided to develop the requisite skills and experience. Staffing continuity is one of the largest sustainability risks for Council and we suggest that ARIC actively monitor implementation of a suitable program.	Operational matter. This will be managed through the reviews and updates of the Workforce Management Plan. Noting there is no way a staff member can be formally 'identified' as there are often various staff who can and do fill in, in Acting roles in Senior Management and above. Particular caution needs to be exercised to ensure any staff who act in roles are fully aware of Councils requirements to externally advertise Senior	Adopted by Council April 2024.	An Emerging Leaders Program has commenced to identify future leaders and provide opportunities for skills development.	DGM	Underway	A place has been secured in an Aspiring Leaders program - an EOJ process is currently underway.

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1	35 Council needs to ensure that it has an up-to-date staff retention plan and put this into practice as soon as practical. We also need to ensure that other HR policies – such as staff grievances and the like – are also in-place and appropriate for the current structure.	Attraction and Retention principles and strategies are managed through updates of Councils Workforce Management Plan and policies. Grievances are managed through the Award. Council has recently increased staffing resources in Human Resources/People and Culture.	Adopted by Council April 2024.	Council continues to offer award attraction and retention incentives where possible.	DGM	Underway	No further progress.
1	36 Certain positions need to be funded and approved for the Planning and Development Team as soon as possible. Fixed-term positions need to be created for a plumbing inspector and an additional administration assistant until the backlog becomes more manageable. New trainee positions may need to be funded and filled. It may be appropriate to fund the plumbing inspector – and potentially other positions – from the water or sewer fund. This matter has been allowed to go unresolved for too long and it is now evident that the stress of the situation is feeding on itself and having serious implications for the health and welfare of staff. Perceived staff shortfalls represent an important sustainability risk for Federation.	Service review to be undertaken. April Council report resulted in Council endorsing \$690,000 for new positions.	Adopted by Council April 2024.	Additional \$690,000 per annum for new positions allocated for the delivery of this service. Service review underway.	DPPS	Underway	Three of four positions filled by 31 December 2024
1	37 Similarly, the Human Resource Department is clearly under-staffed, and this is affecting other important areas of the organisation.	Operational matter. A Manager to lead People and Culture was added to the organisational structure in December 2022. One HR position has been added, further may be required. Await results of increased staff.	Adopted by Council April 2024.	Council's Human Resources team comprises 3 staff members. The vacancy in the third position has now been filled.	DGM	Complete	
1	38 Staffing gaps exist in other areas of the organisation and service reviews may further add to staff needs. New positions need to be justified carefully in terms of what they are expected to achieve and how we might measure success. Moreover, any recruitment needs to be affordable in the context of significant financial sustainability challenges.	Operational matter. There are staffing risks associated with Council critical services that will be reviewed.	Adopted by Council April 2024.	As required by the legislation, the structure will be reviewed within 12 months of the local government election.	DGM	Underway	No further progress.
1	39 Attention should be given to ensure that there are sufficient reserves for plant and infrastructure replacement. It is quite likely that additional funds will need to be transferred from unrestricted cash to internal reserves. Indeed, it is possible that Federation does not currently hold sufficient unrestricted monies to properly provide for known future needs (which should be internally reserved).	Adopt first sentence. Note the use of unrestricted cash for future needs, is strongly not supported. This is for financial shocks and cash flow management. Plant fees should be set at a level to cover their replacement. Disagree with last sentence, unrestricted monies is unrestricted cash which is required to remain as unrestricted. Known future	Adopted by Council April 2024 in part, refer to staff comment.	Plant reserve totalling \$650,000 created in June 2024.	DGM	Underway	No further progress.
1	40 There is an important gap in knowledge between finance and engineering staff, consistent with just about every council in the country. Accounting staff are experts in what they do, but usually only have the most rudimentary knowledge of construction and maintenance. By the same token, engineering staff are experts in their field but often do not fully understand the intricacies of accounting practice. We understand that council has recently commenced fortnightly meetings between these two groups, and they should be commended for this rather unique initiative. We would like to see these meetings continue to be prioritised and also better management accounting information provided – tailored to the needs of engineering managers – as resourcing allows (see recommendation 66).	Operational matter. In progress, new Asset Co-ordinator has commenced and will assist in this process. There has been continued improved collaboration between finance and engineering staff across the last few years.	Adopted by Council April 2024		DGM/DES	Underway	Finance and engineering staff have worked closely together during the review of the new Strategic Asset Management Plan.
2	41 Council should consider appointing some support and mentorship for the leadership group. The support person would help the MANEX group to make and communicate timely decisions and also help members to gain the skills necessary for future career progressions. What is anticipated here is independent advice and help in surmounting the unusual challenges facing senior staff confronted with the fallout of the ill-advised amalgamation – not dissimilar to the work done by Professor Drew and his team. The appointment of a suitable support person may also provide implicit assurance to the community and relieve some of the pressure on senior staff.	Operational matter - Manex meets fortnightly and minutes are circulated to all managers and are available to all staff through the employee intranet. Executive and Manager level training plans are being reviewed with a stronger focus on training to meet the increased demand on managers, especially in the areas of leadership (ie emotional intelligence, resilience, vision, impact, strategy) and financial sustainability.	Adopt - Operational Matter	Executive and Manager level training plans are focused on training to meet the agreed expectation of managers, especially in the areas of leadership (i.e. emotional intelligence, resilience, vision, impact, strategy). Financial sustainability training to be progressed.	DGM	Complete	
2	42 All decision-makers – Councillors and senior staff – need to be clearer about the priorities and direction of Federation Council. Ideally, it should be communicated that the priorities are maintenance, selective asset renewals, and delivery of core services. The direction needs to be clearly articulated in terms of measurable and verifiable improvements to financial sustainability with specific tasks and outcomes monitored and reflected in the context of Integrated Planning and Reporting guidelines.	The Long Term Financial Plan is one example of where Council has in each years version, improved messaging and content in this regard. A focus on asset renewal, maintenance and delivering legislated services underpins the draft IP&R plans developed for 2024/25 as currently on public exhibition. Further continued work in communicating this more broadly will be undertaken.	Adopt	Plans for 2024/25 and the Long Term Financial Plan have a clear focus on asset renewal, maintenance and delivering legislated services.	GM	Underway	Messaging has continued to reinforce the focus on asset renewal, maintenance and delivering legislated services. There was a demonstrable improvement in Council's level of unrestricted cash for the year ended 30 June 2024 (from \$2.4m to \$4.9m), which is a small improvement in Council's financial position. The updating of the Strategic Asset Management Plan has enabled the LTFP to be updated, along with key financial performance measures.

Tier	Recommendation	Staff comment (Apr 2024)	Council decision	Status update - September 2024	Director	Status (Dec 2024)	Status update - December 2024	
2	43	Several community survey comments brought our attention to the desire for more forthright communications from Council to the community. We agree wholeheartedly with this sentiment. However, the community needs to understand that in order for senior staff and councillors to provide this kind of information, they need to feel safe and supported. Personal attacks need to stop. By all means criticise a decision or an outcome but be mindful that it is not appropriate to attack individual people. For the shared aspiration of the community, Councillors and staff to be realised – the best Federation Council possible – dialogue needs to be respectful, constructive and based on verifiable facts. Indeed, all stakeholders should be mindful that everyone is doing their best and that three independent professors were unable to uncover any compelling evidence otherwise.	Council will continue to be cognisant of the need to be forthright and publish challenging issues as well as celebrating achievements. Soon to be finalised community engagement strategy will guide this work.	Adopt	There has been a focus on more forthright communications to the community. This will continue to evolve as the review of the community engagement strategy progresses.	GM	Underway	There continues to be a focus on more forthright communications to the community. The community engagement strategy will be progressed further in 2025.
2	44	Council needs to establish a dashboard of robust financial sustainability metrics for communication with staff and community. Moreover, benchmarks need to be logically sound and appropriately dynamic. ARIC should be involved in constructing these metrics and advising Council on how to improve performance against same. Metrics should include inter alia: length of reseals as a proportion of sealed roads, length of drain clearings as a proportion of total road drainage, gross depreciation rate, a weighted measure of efficiency, a robust debt ratio, a measure of combined internal and unrestricted reserves expressed as a proportion of cash expenditure, staff turnover rate, budget accuracy (revenue and expenditure), and other measures proposed in this document and the full report. Ideally, this dashboard would appear prominently on the Council website, Annual Report, and be included with annual rates notices.	Further reports to ARIC and Council to progress. Need to be in line with current and any future industry requirements from Government. Needs to be data collected for a reason, KPIs continue to be required for I P R.	Adopt		DGM	Not started	No progress.
2	45	Council should ask the General Manager, Directors and Managers to set a firm goal of 25 days per annum work in the Urana office. This goal should be imputed into job KPIs, and a report made to the community regarding the achievement of the goal in annual reports. We note that this recommendation is consistent with s218CA of the Act (1993, NSW).	Not supported to be so prescriptive. The s218CA requirements specifically excludes senior staff. Regardless, this could create inefficiencies for example as currently all senior positions are conditioned as being located at the Corowa office. So travel would be in work time from Corowa to Urana potentially unless/until re-negotiated. Currently the General Manager and one Director would easily achieve this, and other Directors work from Urana as and when it is practical.	Adopt - Operational Matter		GM	Not started	
2	46	It appears that there may be scope to reduce the number of airstrips at Corowa from two down to just one. Stakeholders should be engaged on this matter as well as the need to reset fees and charges so that they better cover the long run marginal cost of the airport infrastructure. Where subsidies are being imputed, the size of these subsidies need to be conveyed clearly to the recipients of the services. Moreover, it might be prudent to investigate the potential for future re-development adjacent to the airport to offset the burden of its operation.	Will be managed as part of the Service Review underway for the Corowa Aerodrome.	Adopt	Corowa Aerodrome service review well advanced. Report expected to Council in early 2025.	DES	Underway	No further progress.
2	47	A thorough review of fleet and plant for further potential rationalisation (ensuring fitness-for-purpose) should be made and acted upon. However, care must be taken to maintain sufficient plant capacity to respond quickly to community needs and natural disasters. Vehicle tracking might improve decision making in this regard, as well as health and safety with reference to the vast distances involved in traversing the local government area. We note with approval recent progress in this area of concern.	Being managed as part of Fleet Service review, and the Fleet Committee meet regularly to progress these matters. Council has fortunately filled two mechanic roles allowing Fleet Coordinator to 'get off the tools' and do further work in this area. Council will be involved as and when required for service review changes.	Adopt - Operational Matter	Changes have already been implemented to the Light Vehicle Policy and Light Vehicle Use Procedure & Agreements to limit the number of leaseback vehicles in council fleet. Reductions have already been realised. The review of heavy plant and equipment is an ongoing process with some rationalisation already occurring. A new Manager Operations will commence early in 2025 and this project will be a priority.	DES	Underway	The new Manager Operations has been appointed and will commence in early Feb 2025. GPS tracking of vehicles has been added to the productivity improvement initiatives to be investigated (in the draft SRV application).
3	48	Establish the mantra 'every dollar counts' and add this to both internal and external communications. Some in the community and staff cohorts doubt that all decision-makers fully grasp the gravity of the financial sustainability predicament. By saying the mantra, acting on the mantra and reinforcing the mantra, we should be able to quickly redress this concern.	For continued work to ensure this can become part of the culture more visibly.	Adopt	This mantra is used internally on a daily basis. Whole of organisation meeting conducted in July 2024 reinforced this message.	DGM	Underway	This mantra continues to be used internally on a daily basis.
3	49	Inform and brief staff on financial sustainability and actively employ workers as community emissaries. A cleverly constructed dashboard (recommendation 36) should prove helpful in this regard.	Continue to ensure staff are aware of and can where appropriate and willing, message Council's sustainability improvement journey.	Adopt - Operational Matter		DGM	Underway	Staff have been briefed on the SRV proposal and Council's financial sustainability challenges.
3	50	Councillors and relevant staff should be encouraged to complete a course on financial sustainability with a tertiary provider. A course that offers an assessment item should be preferred. This recommendation has two objectives: (i) to improve understanding regarding financial sustainability, and (ii) to provide additional assurance to the community. This is a recommendation that applies equally to every council in the state.	Councillors and relevant staff to undertake courses as appropriate. Consider as part of new Council training plan late 24/early 25. Executive and Manager levels to include financial sustainability in training plans.	Adopt		DGM	Not started	No progress.

Tier	Recommendation	Staff comment (Apr 2024)	Council decision	Status update - September 2024	Director	Status (Dec 2024)	Status update - December 2024	
3	51	It may prove useful to establish capital advisory committees for all projects over 1% of revenue. A capital advisory committee uses locals and independent experts to ensure that the design and execution of a project meets community needs, responds to local conditions, and runs according to budget. We have seen committees of this kind employed with great success in other geographically large and diverse communities. However, careful constraints need to be employed to make sure that the advisory committee contributes in a positive and productive way.	Not considered necessary, Council follows Capital Expenditure Guidelines and the community elected Councillors to deliver on the plans.	Not adopt		N/A	N/A	
3	52	Council should consider conducting a carefully designed citizen satisfaction survey on an annual basis. The survey should be randomised, consistent between years, and free from common source bias. We note the plan to have four-yearly satisfaction surveys but caution that infrequent surveys of this kind will make it difficult to observe trends and be sufficiently responsive to emerging problems. Ideally a survey of this kind would be conducted on a statewide basis as is the case in Victoria.	Formulate as part of new Communication and Engagement Strategy being prepared.	Adopt	Community satisfaction survey conducted on a two yearly basis with phone surveys conducted in September 2024.	GM	Underway	Results for 2024 survey presented to Council in November 2024. Action plan to be developed.
3	53	Council ought to communicate in the Annual Report regarding citizen satisfaction, response times, and resolution times.	Will be possible once the annual surveys are conducted. Surveys were taken out to 4 years, some time back as a cost reduction measure.	Adopt	Increased reporting being prepared for 2023/24 Annual Report	DGM	Underway	Annual report included communication statistics. For further improvement since the customer survey finalised in September 2024.
3	54	Council should consider conducting a simple staff satisfaction survey annually and report on same.	This is part of Council's Workforce Management Plan.	Adopt - Operational Matter	Culture (not satisfaction) survey undertaken each year.	DGM	Underway	Council has been conducting biennial employee engagement surveys (2022 & 2024). Key highlights were presented to councillors in August 2024. Increasing frequency to annual will be considered in developing the new Workforce Management Plan.
3	55	Council should consider conducting an annual staff efficiency survey (including suggestion scheme). This could be linked to recommendation 47.	Will be part of new Internal Communication Strategy.	Adopt - Operational Matter		DGM	Not started	No progress.
3	56	ARIC (Audit Risk and Improvement Committee) provides an important function albeit within the context of a surprisingly broad remit. We respectfully direct ARIC to redouble its focus on a number of areas of particular concern to the Federation sustainability journey: ARIC should be encouraged to more clearly measure and report on the financial sustainability challenges, sustainability risks, and also monitor the progress towards the implementation of adopted recommendations from this report.	Neither Council nor an independent report can 'direct' ARIC. ARIC does monitor the challenges and risks. Further report to ARIC to seek their views on the role for ARIC to monitor implementation of agreed actions from this report.	Adopt	ARIC is, and has been, training a active role in providing oversight of Council's financial sustainability challenge. More detailed minutes are being recorded to reflect areas of discussion.	DGM	Complete	
3	57	ARIC could play a valuable role if it were to ensure that the terms of SRV instruments are fully complied with. Failure to do so may imperil future SRVs, decrease community trust, and ultimately put financial sustainability in jeopardy.	ARIC receive reports on Council's application of the SRV, by way of financial reports. This can be further emphasised.	Adopt	All SRV reporting is also provided to ARIC for consideration.	DGM	Complete	
3	58	ARIC has an important role in communicating and monitoring the sustainability risks associated with a neglect of staff succession and retention.	ARIC review Council's I P & R documents including its Workforce Management Plan.	Adopt	ARIC is performing its required role.	DGM	Underway	No further progress
3	59	Many Councils have found it helpful to establish Finance Committees with a dedicated remit orientated towards investigating the potential for efficiencies and supporting the process of budget cuts. It will be important to be mindful of the legislation when establishing terms of reference for bodies of this kind.	Executive staff and Councillors find it more effective for all Councillors (not just some on a Finance Committee for example) to be part of all aspects of budget processes as relevant for Councillors level.	Not adopt		N/A	N/A	
3	60	Senior managers should be tasked with finding specified efficiencies with respect to the 2024-25 budget. Efficiency goals should be set in response to the realistic potential within each budget and in accordance with the adopted recommendations contained in our report. Otherwise stated, efficiencies need to be plausible within operational constraints and regulatory requirements, and also care should be taken that efficiencies do not result in unintended side-effects (such as the deferral of essential maintenance). In general, because of regulations and other constraints, there are far fewer potential efficiencies to be found in government than most in the public are willing to concede. Indeed, as we demonstrated in the report, relative technical efficiency is close to optimal. Nevertheless, any and all possible efficiencies must be pursued with the utmost vigour. Efficiencies should be measurable and verifiable, and specific staff should be made accountable for their delivery. We are aware of nascent endeavours in this area and acknowledged potential overlap with ARIC. There may be a role for the finance committee to play in supporting this process and we note that this has indeed occurred in other councils with great success.	In train as part of 24/25 budget preparations that commenced in September 2023 and also as part of continuing management of the special variation reapplication process.	Adopt - Operational Matter	Productivity improvements and cost containment strategies continue to be implemented. Savings totalling \$823,489 were achieved in 2023/24 as reported to the August 2024 Council meeting.	DGM	Underway	Productivity improvements and cost containment strategies continue to be implemented. Further opportunities have been identified for inclusion in the proposed SRV application which is due by 3 February 2025.
3	61	A merged local environment plan (LEP) seems to be still outstanding and needs to be completed as soon as practical.	Further communications needed, this project is on hold to allow the Growth Strategy work to be completed prior.	Adopt	Awaiting water, sewer and stormwater plans. All underway.	DPPS	Not started	Updated provided to December 2024 Council meeting. Earliest that work can commence on LEP is 2025/2026 financial year.



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3	62	As we have already noted, there is scope for divestment of non-core assets and services. It may be useful to explore the possibility of divesting some assets to community groups where risk can be appropriately managed.	Further review in Asset Management and Service review work.	Adopt	This recommendation requires recommendation 3 to be completed with services and assts to be classified as 'core' or 'discretionary'.	DES / DGM / DPPS	Not started	No further progress.
3	63	Council should investigate the potential for Riverina Water to take over the water supply business for the whole local government area, in view of the significant capital constraints facing council.	Council's water and sewer and utilities operations are whilst funded separately, still closely interacting in terms of for example shared funding for a Manager and some other staff roles. There is a lot of work in even investigating this. Staff time and consultant funds are considered better spent in pursuing the long term strategic work underway now, including the Water and Sewer servicing strategies as part of the growth strategy to inform the new LEP and any planning proposals, along with Council's Integrated Water Cycle Management Plan, and planning for the replacement of the Corowa Sewer Treatment Plant and Mulwala Water Treatment Plant.	Further consider	Not recommended for whole scheme due to financial impacts. Council has invited Riverina Water to consider Balldale and Daysdale Schemes.	DES	N/A	The new Manager Utilities that commenced in late 2024 will commence discussions with Riverina Water in relation to extending water reticulation services into communities that are currently not serviced.
3	64	Council should investigate opportunities in the renewable resource area as long as they do not involve additional material risk or distraction from core activities.	Only within areas such as increasing solar on existing facilities, not recommended to venture into non core areas such as stand alone facilities, as they pose risk, distractions, and Council is not staffed to do this. Climate Change adaptation plan and Ramjo work on this.	Further consider	No resources currently allocated to progress this.	N/A	N/A	
3	65	There may be some value in continuing to outsource construction activities for potential efficiencies. We understand that this is already in train. However, we need to be mindful of the potential for this strategy to cause problems in the longer term, as evidenced in the scholarly literature (see, Drew 2021; Brown and Potoski, 2003). It is absolutely essential that we maintain competence and capacity – if we fail to do this, then future efficiency may be imperilled as well as our ability to respond to disasters and the like.	Council will continue to outsource works where it is deemed advantageous but also has skills in house and is currently undertaking heavy patching with good results.	Adopt - Operational Matter	Major construction works are mostly contracted. Council needs to retain some fleet / staff capacity.	DES	Underway	Major works continue to be contracted. Internal capacity needs to be retained in order to deliver the best value to the community particularly in relation to maintenance activities.
3	66	Council needs to work towards providing real time unit cost data for the infrastructure division. Unfortunately, this task will be resource intensive and take some time to complete. Moreover, it might be noted that we know of only one council in the whole state that currently of the kind we envisage available to managers. Otherwise stated, what is happening at Federation is the norm – but we, the Councillors, community and staff aspire to be better than the norm (resources permitting).	Core data for asset management work. Will take time.	Adopt - Operational Matter		DES / DGM	Not started	No progress.
3	67	It may be helpful for the community to have more of the political debates conducted during open council meetings. We know from firsthand experience that Councillors are actively engaged on substantive issues and commonly exchange different ideas and perspectives in constructive ways. However, there is a perception that the community may not get as many opportunities to witness the political process as some might wish. We are well aware that the workshop and council meeting practice followed at Federation is consistent with most councils. We are also aware that the current chambers and gallery are not really conducive to providing a safe and appropriate environment for Councillors to engage in extensive debates. Nevertheless, we encourage Councillors to prioritise more open debate as far as current facilities and workloads allow.	Council will continue to ensure it engages in full and frank debate in open Council meetings where appropriate.	Adopt	Following receipt of the independent review and this recommendation, there has been a notable increase in debate in the open Council Chamber. The NSW Government is considering banning briefings and workshops unless open to the public. Council will also consider options to expand the public gallery in 2025.	GM	Underway	Time is being allocated in Council meetings for informative presentations on key matters before Council. Previously these presentations may have been provided in the Councillor Workshop in the month prior to the Council meeting to provide adequate time to digest often comprehensive and complex information. Further guidance on the Minister's' expectations is expected in early 2025.
SRV	68	Vigorously report on mandatory SRV conditions as per earlier IPART instruments.	This has been reviewed and more comprehensive reporting included in the 2022/23 Annual Report.	Adopted by Council April 2024.	Included in Delivery Program 2022-2026. Annual report and State of our Region Report provide a summary of improvements to Council's financial sustainability and reporting consistent with the IPART instrument.	DGM	Underway	The 2023/24 Annual Report contained detailed reporting of performance against the IPART SRV instruments and on productivity improvements and cost containments strategies implemented.
SRV	69	Demonstrate that Council is making substantial progress towards financial sustainability in terms of the conditions imposed with the temporary SRV.	Continued work on this.	Adopted by Council April 2024.	Annual report and State of our Region Report provide a summary of improvements to Council's financial sustainability and reporting consistent with the IPART instrument.	DGM	Underway	There was a demonstrable improvement in Council's level of unrestricted cash for the year ended 30 June 2024 (from \$2.4m to \$4.9m), which is a small improvement in Council's financial position. The updating of the Strategic Asset Management Plan has enabled the LTFP to be updated, along with key financial performance measures.
SRV	70	Conduct a robust and competent assessment of capacity to pay. The work performed by private consultants in the past was not fit-for-purpose.	Being undertaken as part of SV re-application.	Adopted by Council April 2024.	Capacity to pay report endorsed by Council at the August 2024 meeting.	DGM	Complete	

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SRV	71	Council needs to develop ways to mitigate capacity to pay – such as by changing the rate structure (base rate), reducing reliance on taxation revenue where possible, pursuing greater distributive equity, and also developing a more responsive and practical hardship policy.	Further work will be undertaken on the rates burden applied to each of the rating categories and on opportunities to improve Council's hardship policy.	Adopted by Council April 2024.	In order to mitigate capacity to pay Council maintained the base rate for 2024/25 at the same level as the previous year. Updated Hardship Policy adopted in August 2024.	DGM	Underway	No further progress.
SRV	72	Conduct a robust assessment of debt capacity.	Being undertaken as part of SV re-application.	Adopted by Council April 2024.	Debt capacity report endorsed by Council at the August 2024 meeting.	DGM	Complete	
SRV	73	Articulate which recommendations from this report will be actioned and monitor the progress and outcomes associated with same.	Council recommended to receive quarterly updates.	Adopted by Council April 2024.	This report monitors progress of recommendation from the independent review.	DGM	Complete	This regular report monitors progress of recommendation from the independent review and has been added to the Council agenda calendar. No further reporting on this recommendation is required..
SRV	74	The LTFP needs to be revised to reflect the aforementioned recommendations, current central bank projections on inflation, required staff, changes to grants (if any), as well as changes to revenue (arising from a better pricing of goods and services). We are also concerned that the current LTFP does not appropriately reflect the lower likelihood of capitalising staff costs in the future.	LTFP will continue to be revised to reflect the above and any other changes to Council direction including risks.	Adopted by Council April 2024.	LTFP reviewed and updated in June 2024.	DGM	Complete	
SRV	75	An appropriate expert needs to be engaged to work with Council from February 2024 onwards to progress through the substantial list of tasks that need to be done prior to applying for a permanent SRV. This should be formalised quite early in 2024 and fortnightly meetings established shortly thereafter. Council and staff will need to be fully engaged on the task, flexible, strategic, and responsive for a future SRV to ultimately meet with approval by IPART.	Council appointed the University of Newcastle, led by Professor Joseph Drew, to assist with this work.	Adopted by Council April 2024.		DGM	Complete	
SRV	76	The Councillors need to contemplate a revised strategy regarding the SRV that takes into consideration sophisticated, independent advice proximate to the application.	Council are considering all feedback from the temporary partial approval and will work on a revised application.	Adopted by Council April 2024.		DGM	Complete	Council has considered the feedback and increased communications leading up to the preparation of the SRV application for a permanent 69.94% increase to general rates.
SRV	77	The community has made it clear in the surveys that they want a future SRV to focus on (i) maintaining core infrastructure, (ii) improving financial sustainability, (iii) measuring and verifying goal setting, (iv) communicating in a way that responds – as far as practical – to community concerns, and (v) making a more accurate assessment of capacity to pay. We strongly recommend that Council takes note of the priorities of the community and tailors their approach to a SRV accordingly.	Council accepts this and will work on these areas as part of the application.	Adopted by Council April 2024.	Plans for 2024/25 and future years focus on maintaining infrastructure and improving financial sustainability. This forms the basis of Council's planned SRV application to IPART. A more robust assessment of capacity to pay has been undertaken (refer recommendation 70).	DGM	Underway	No further progress.