Resourcing **Strategy**

Reflecting the Community Strategic Plan 2040 and supporting the Delivery Program 2017-2021
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<td>28/07/2017</td>
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**The purpose of the Strategy**

Section 403 of the NSW Local Government Act 1993 prescribes that;

(1) A council must have a long-term strategy (**called its "resourcing strategy"**) for the provision of the resources required to implement the strategies established by the community strategic plan that the council is responsible for.

(2) The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.
COUNCIL’S RESOURCING STRATEGY

Four years

Assets, people, time and dollars required

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Overview

Bega Valley Shire Council’s Resourcing Strategy is a supplementary document to the Bega Valley Shire Community Strategic Plan 2040. It provides the framework for how Council will deliver the aspects of the Community Strategic Plan that it is responsible for.

Our community aspirations are outlined in the Bega Valley Shire Community Strategic Plan 2040 (CSP 2040). It was developed following extensive community consultation presented in the ‘Understanding Our Place’ document and outlines the vision for the future of the Bega Valley Shire. The CSP 2040 covers all aspects of living in the Shire including health and wellbeing, employment and learning, the built surroundings, services, facilities, and caring for the environment. Council has carriage of some aspects of the directions identified, others require leadership by the community, industry and/or other levels of government.

Council has interpreted the CSP 2040, identified the areas that it has direct control over, and developed the Bega Valley Shire Delivery Program 2017-2021 and Operational Plan 2017-18. The Delivery Program and Operational plan outlines the medium (four-year) and annual (one-year) actions that Council will deliver to work towards the community’s goals as stated in the CSP 2040.

This document, the Bega Valley Shire Council’s Resource Strategy (the Resourcing Strategy), provides the foundations to ensure the community’s long-term goals and objectives are met. Effective resource planning allows Council to focus not only on short-term issues but also on medium and long-term challenges. This is the third Resourcing Strategy that Bega Valley Shire Council has developed in accordance with the NSW State Government’s Integrated Planning and Reporting Framework.

The Resourcing Strategy aims to ensure that we have the financial capacity and human, technical and plant resources to deliver services and look after the management of the community’s assets. It is comprised of Council’s:

- Financial Policy, Strategy and Long-Term Financial Plan
- Workforce Management Plan
- Asset Management Policy, Strategy and Asset Class Plans
- Technology Management Plan
- Plant and Fleet Management Plan.

A number of factors are central to the successful implementation of Council’s various strategic plans and Resourcing Strategy. These include: effectively balancing capacity with expectation; having clear and consistent communication protocols; maintaining a future focus, embracing the need for change in 21st century Local Government, identifying and managing enterprise risk; and finally, senior management leading a supportive and positive workplace culture.
Framework for Council’s Community Strategic Plan

In line with the Integrated Planning and Reporting (IPR) Framework, each NSW Council is required by legislation to prepare a range of plans and integrate them to obtain the maximum leverage from their efforts when planning for the future.

The IPR Framework includes a Community Strategic Plan (10 year+ outlook), Resourcing Strategy (including a Workforce Plan), Delivery Program (four-year plan), Operational Plan (one-year plan) and the Annual Report.

The aim of the IPR Framework is to ensure each Council takes a long-term strategic approach to its activities and these represent the needs of the community.
Resourcing Strategy

This Resourcing Strategy supports the CSP 2040 and outlines how the community’s aspirations can be achieved in terms of time, money, assets and people. It focusses on the areas of the CSP 2040 directly in Council’s area of control and responsibility.

As the CSP 2040 spans 20 years, the Resourcing Strategy focuses more specifically on the next 10 years, while the Workforce Plan takes a four-year approach.

The Resourcing Strategy is the link between the CSP 2040 and the Delivery Program (which outlines Council strategies and actions over four years) and Operational Plan (specific activities for each year developed annually). It details how resources will be provided to implement the strategies for which Council is responsible. The directions and strategies will be reviewed annually to ensure they remain relevant in a changing environment and incorporate ongoing community feedback.

Financial Management

The first part of the Resourcing Strategy consists of Council’s Financial Policy, Strategy and Long-Term Financial Plan.

This is Council’s 10-year financial planning document with an emphasis on long-term financial sustainability. It also outlines how Council will monitor the ‘Fit for the Future’ ratios and its Improvement Proposal which was required to be deemed ‘Fit’ by the NSW Government in 2015.

Key challenges in relation to the Financial Policy, Strategy and Long-Term Financial Plan include:

- Managing the changing landscape that Local Government operates within, in relation to funding sources available, and exploring the opportunities for Council to be more financially self-sustaining
- Managing community assets through achieving both renewal and maintenance targets
- Meeting the community’s and government’s expectations to ensure service levels keep pace with demand, and are in balance with the Council’s capacity to fund services, operations and assets.

Financial sustainability is one of the key issues facing Local Government in Australia. Challenges such as financial cost shifting from other levels of government; ageing infrastructure and constraints on revenue growth must be addressed when planning for the future.

The Long-Term Financial Plan helps Council chart its future course, as it will test the community aspirations and goals against the financial realities contained in the Plan. A number of assumptions were used to assist the development of the Plan. These are detailed in the financial section of the Resourcing Strategy and include:

- Projected income and expenditure balance sheet and cash flow statements
- Sensitivity analysis
- Financial modelling for different scenarios
- Methods of monitoring financial performance.
Balancing expectations against the uncertainty of future revenue and expenditure forecasts is one of the most challenging aspects of the financial planning process; the longer the planning horizon, the more general the Plan will be in the later years. Each year the Strategy and Long-Term Financial Plan will be reviewed and re-focussed to reflect ongoing developments.

**Workforce Management**

The second part of the Resourcing Strategy is the Workforce Management Plan. An effective workforce plan aims to provide Council with the best people, in the right positions, to support its strategic direction and ensure there is capacity to develop innovative approaches to complex issues, and deliver appropriate services effectively and efficiently.

The Workforce Management Plan addresses the human resourcing requirements of Council’s Delivery Program and therefore spans four years.

The Workforce Management Plan includes an analysis of Council’s workforce requirements based on the commitments in the CSP 2040 and the Delivery Plan 2017-2021, and the need to develop an appropriate workforce structure to meet those objectives.

**Asset Management**

The third part of the Resourcing Strategy deals with asset management planning in particular Council’s Asset Management Policy, Strategy and Asset Management Plans.

The Bega Valley Shire Council manages over $1.45 billion of community assets.

The asset portfolio consists of:

- Roads and associated infrastructure including car parks, bridges, curb and gutter
- Transportation and traffic infrastructure including bus shelters, cycleways, footpaths, and street furniture
- Parks and reserve infrastructure including sportsgounds, parkland, playgrounds, bike tracks, skate-parks, netball, basketball and tennis courts
- Marine infrastructure including jetties, boat ramps, and wharves
- Airport
- Community buildings including public toilets, libraries, swimming pools, community centres and halls, childcare and multipurpose centres
- Cemeteries
- Stormwater infrastructure
- Natural areas and reserves
- Administration facilities, depots, and associated areas
- Assets in our waste, water, and sewer areas

Council’s assets have been acquired over many years through a range of measures including by purchase, contract, Council construction, donation and developer provision.

These assets need to be managed in the most appropriate manner to ensure good quality service delivery to the community.
The Asset Management Policy

The objective of the Asset Management Policy is to set the broad framework for consistent, effective, transparent, responsible, sustainable, short and long-term asset management throughout the Shire. This ensures Council is able to deal with, and meet, community needs in accordance with the Integrated Planning and Reporting requirements of the NSW Local Government Act 1993.

An ‘asset’ means any resource with a financial value attached to it, normally acquired to provide local service delivery.

The term ‘asset management’ describes the combination of planning, managing, financial assessment, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

The Asset Management Strategy

The Asset Management Strategy helps Council improve the way it delivers services from infrastructure assets. Infrastructure assets exist within the following service delivery areas: Transport, Water, Sewer, Property Services, Waste, Cemeteries and Leisure, and Recreation.

Through the Asset Management Strategy Council outlines:

- How the asset portfolio will meet the service delivery needs of the community into the future
- How Council’s asset management policy is to be achieved
- The integration of Council’s asset management with its long-term strategic and financial plans

This will help Council meet the requirements of National Asset Sustainability Frameworks, NSW Integrated Planning and Reporting Framework, and provide services needed by the community in a financially sustainable manner.

The Asset Management Strategy has been prepared following a review of service delivery practices and asset management maturity, and aligns with Council’s vision for the future outlined in the CSP 2040. The Strategy outlines an Asset Management Improvement Plan which details a program of tasks to be completed, and resources required, to bring Council to a minimum ‘core’ level of asset maturity and competence.

Technology Management

Council has developed its first Technology Strategy which will be supported by a Technology Services Roadmap. The Roadmap will be a ‘living’ document due to the speed at which technology and its application in Local Government is developing.

The Technology Strategy supports Council to deliver services to members of the community, customers, ratepayers, and other parties. Council has a substantial investment in Information Communication Technology (ICT) infrastructure including corporate information systems, websites, data centres, data and voice networks, desktop and mobile computers, mobile devices, remote testing, telemetry and drones.

Investment in this infrastructure must be aligned with the community’s goals and objectives as identified in the CSP 2040 and Delivery Program and Operational Plan.
Council’s Technology Strategy identifies the priorities for the allocation of resources to deliver the greatest value to the organisation and the community.

**Plant and Fleet Management**

Council has also identified that management of its plant and fleet is important to ensure the effective delivery of its works and services, and to achieve the objectives of Council’s Delivery Program and Operational Plan.

The Works Depot Section Manager is the ‘owner’ of Council's Fleet and Plant and is responsible for its servicing, repair and capital renewal.

Relevant Council sections take responsibility for the use and operation of the fleet and plant items assigned to them.

In cases where Council does not have sufficient vehicles or equipment to meet its needs, or where specialised equipment is required, external plant and equipment is hired. Council also provides use of its fleet or plant to other parties, particularly emergency services.

Council is developing a Plant and Fleet Management Plan to link to the Resourcing Strategy.
COUNCIL’S RESOURCING STRATEGY

Four years
Assets, people, time and dollars required

Financial Management

Workforce Management
Asset Management
Technology Management
Plant and Fleet Management
Financial Policy, Strategy and Long-Term Plan

The goal of Bega Valley Shire Council's Financial Policy, Strategy and Long-Term Financial Plan is to update and maintain a long-term financial blueprint that allows for the cost-effective delivery of works and services, and the appropriate maintenance and renewal of our significant asset base.

The Bega Valley Shire Council faces many challenges that require strong financial leadership and political conviction to continue to remain financially sustainable, while meeting the needs and wants of our community, and ensuring the appropriate management and replacement of our ageing infrastructure.

Executive Summary

Bega Valley Shire Council is a complex and diverse organisation. The Council is responsible for over 50 individual functions, within each function there are many services provided to the community. Council is the custodian of more than $1 billion of community assets and spends approximately $100 million every year in the Bega Valley community, either through service delivery to residents or through management of the Council’s assets.

Sound financial management is an important element to maintaining the Council as an enduring and sustainable entity. A 10-year plan is beneficial as it sets the direction and target. It is reviewed annually which also allows for deviation and even course correction if needed.

The framework endeavours to set a financial path that is achievable. Council has considered the affordability of the local economy, alongside the ever-growing need to improve or replace the community’s assets. A larger investment is being made in the presentation of the community’s assets, while community services are being maintained at the current levels of investment. The most significant challenge faced by Council is operating within the constraints of IPART’s Local Government Cost Index (LGCI). Under current legislation, Council is limited by the LGCI in increasing its rates each year. The LGCI is determined by IPART each year. For 2017/18, the allowable increase to rates was limited to 1.5%. Over recent years, Council’s costs have increased over and above the LGCI. Council needs to ensure that average operational expenses do not exceed its rates income to maintain its current level of services. Because of the limited income available to councils, it has seen many councils seeking rate increases over and above the LGCI via Special Rate Variations.

Council will need to look at options to ensure its financial long-term sustainability to continue to deliver the services and outcomes to the community.
The current Council has made it clear that it expects to present its financial information in a transparent and digestible format. The policy statements in this Strategy seek to implement this direction by calling for more frequent financial reporting. Furthermore, that financial reporting must be in a clear and plain English format so the community can understand the decisions that Council is making.

In conclusion, this financial framework provides plans for Council which has the responsibility for fiscally managing the significant investment in the services and infrastructure that the community need, while balancing that investment with the financial realities of a regional economy.

Financial Management Policy

Sound financial management is the efficient and effective management of financial resources to accomplish the objectives of the organisation.

Council’s Financial Management Policy is available via Council’s website at www.begavalley.nsw.gov.au

Financial Strategy

Council’s intent in terms of financial management is to continue to operate in a financially sustainable manner. A Council’s long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

The main objectives of this Strategy are to:

1. Provide direction and context for decision-making in the allocation, management and use of Council’s financial resources.

2. Guide the development of the Long-Term Financial Plan, to develop, determine and make clear the financial parameters in place for the delivery of Council services.

3. Ensure the ongoing financial sustainability of the Council through the prioritisation of service delivery and asset management programs, while limiting expenditure to within achievable revenue projections.

Council’s Financial Strategy provides a clear direction and context for decision-making that guides the allocation, management and use of its financial resources. It aims to ensure that Council remains financially stable while providing focus to financing key Council priorities through strong financial management. It acts as the catalyst for improving efficiency while maintaining its effectiveness by releasing resources to improve frontline services and manage assets. The Financial Strategy sets the parameters within which Council agrees to operate to achieve accepted financial outcomes, and should be viewed as an enabling strategy that aims to provide financial stability, affordability, delivery, and value for money, over the short, medium and longer term.

The NSW Local Government Act 1993 Section 8B: Principles of sound financial management state the following principles should be adhered to:

The following principles of sound financial management apply to councils:

Council spending should be responsible and sustainable, aligning general revenue and expenses.
Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.

Councils should have effective financial and asset management, including sound policies and processes for the following:

(i) **Performance management and reporting,**
(ii) **Asset maintenance and enhancement,**
(iii) **Funding decisions,**
(iv) **Risk management practices.**

Councils should have regard to achieving intergenerational equity, including ensuring the following:

(i) **Policy decisions are made after considering their financial effects on future generations,**
(ii) **The current generation funds the cost of its services.**

These principles have informed and been incorporated into the development of Council’s financial management Strategy.

In addition, during 2015, Council collated and submitted a Council Improvement Plan to the Independent Pricing and Regulatory Tribunal (IPART) for their consideration as to how Council intended to maintain its sustainable position. This document is available on Council’s website and includes actions that Council will continue to undertake in order to maintain its financial position.

The following financial principles are to be implemented and adhered to as a resolved policy of Council.

**Financial Principle (a): Council spending should be responsible and sustainable, aligning general revenue and expenses**

**Zero-Sum Financing:**
Zero-Sum Financing refers to the goal of having expenditure equal income. As opposed to a commercial entity which may choose to budget a surplus to provide shareholder equity, the Council’s goal is to invest all funds collected towards the maintenance and renewal of the community’s assets and services. Council has operated a zero-sum budget for many years and will continue to do so.

**Position:** Any financial proposal presented to Council or the community will include all financial transactions, impacts, and consequences including non-operational transactions such as capital expenditure, loan drawdowns, reserve movements, principle repayments and any other transaction that is created or impacted by the proposal in question. A complete and clearly understandable financial picture is to be presented in all cases so Council and the community can fully understand the financial implications of the proposal presented.

**Priority of Funding:**
Council needs to understand and make clear to the community how it uses its various revenue streams to fund work. Certain revenues are prioritised for specific activities. By stipulating these relationships, Council can determine what revenue streams need to be allocated to the areas of need, and protect other revenue sources from being appropriated to unrelated activities.
**Position:** For any new financial proposal that creates new expenditure, an equal value of new funding sources will also need to be provided to present a zero-sum proposition. Only funding sources as illustrated in the above matrix can be used for each type of expenditure. The funding sources must be maximised from the top of the list down. For example, Council can consider borrowing money to pay for capital expenditure.

**Cost Containment:**

Council’s budgeting process is based on individual service budgets not increasing by more than Local Government Cost Index (LGCI), unless it is specifically approved by Council. Council can resolve to amend a particular service budget in a Council meeting, identifying the funding source variation (new income, redirection of existing revenue) to be transparent in its deliberations on behalf of the community. Council employees may also recommend outside LGCI adjustments through the Budget process or through the Quarterly Budget Review Statements (QBRS) tabled each quarter to Council for further consideration. In doing so, Council employees should also identify the funding sources or possible savings to offset these costs.

**Position:**

Council should limit its expenditure budget by the LGCI for that year. Where there is a significant change to the budget a business case should be submitted to Council for approval by resolution. This provides a publicly transparent means for when larger than LGCI increases are required.

**Productivity:**

A key consideration for productivity is balancing the need to be efficient without becoming less effective. Council considers the life-cycle costs of service and asset management when making financial decisions. Council’s productivity position ensures that Council considers getting the job done properly even if that means spending more in the short-term.

**Position:** Council is to consider the full life-cycle cost when assessing a new service or project. Council accepts that what may be cost effective over the life-cycle of a service or project may not come at the lowest short-term cost. However, doing the job properly in the first instance is better for the community than doing the job cheaply.
**Working Capital:**

Council has always maintained a level of working capital that is an amount of liquid assets that are only to be used in the case of an emergency and must be replenished at the earliest opportunity. Council’s position is to retain a consolidated working capital balance of no less than $2 million at any time. Working capital is not reserved, it sits as unallocated cash on the financial ledgers and is reported each quarter through the Quarterly Budget Review Statement (QBRS). Should the working capital be accessed for emergency funding, it must be replenished at the earliest opportunity. Note: Council is transferring $1 million into a Natural Disaster Reserve reducing the previous level from $3 million to $2 million.

**Position:** Council will retain a minimum of $2 million from its consolidated funds. These funds are not to be accessed without a Council resolution and are in place to provide an Emergency Fund to Council should the need arise. If funds are drawn from the working capital they must be replenished as soon as possible.

**Contract Management:**

Nearly two thirds of every dollar spent by Council is spent through external suppliers. It is important Council manage its contractual obligations with diligence and precision. It is equally important Council ensures its suppliers and contractors are managed with diligence and precision. Council’s contract management position provides a clear mandate that any savings made through improved management of contracts be reported to Council for reallocating to priority services or activities.

**Position:** When a saving is made on a contract for supply or service, it is to be reported to Council for Council to determine where funds are to be reallocated. A saving on a contract is defined as being awarded for less than the budget estimate. Savings should not to be automatically rolled into the budget for use in the functional area where the saving was generated.

**Budgeting:**

Council’s budget policy stipulates that Council operates a zero-sum budget that is collated in tandem with the elected Council and the employees of the organisation. All expenditure is identified and allocated prior to the adoption of the budget. Once adopted, the budget is final and can only be changed by Council resolution. Regular reporting occurs each quarter through the QBRS framework.

**Position:** Council is to abide by the QBRS legislation under the NSW Local Government Act 1993. All variances are to be presented to the Council and the community in a manner that is clear and easy to understand.

**Financial Principle (b):** Councils should invest in responsible and sustainable infrastructure for the benefit of the local community

**Asset Management:**

Council’s Asset Management Framework explains Council’s intentions in relation to the expenditure of funds towards the maintenance and renewal of community infrastructure. The balancing of the Asset Management Plans and the Long-Term Financial Plan is the cornerstone of a sustainably managed Council.
Position: Council’s finances must be planned in conjunction with Council Asset Management Plans. Council’s Asset Management Plans must be planned in conjunction with Council’s Long-Term Financial Plan. The two documents are intrinsically linked.

**New Works: (Usually Grant funded projects)**

Council is committed to operating its current level of service within its current level of funding. Council intends to work with the community to determine any new services/assets it wants and correspondingly, how the community want to pay for the new services/assets.

Position: Any new project or any new capital upgrade proposed after the adoption of the operating budget should be presented to Council. This allows time for employees and Councillors to view and understand the projects and impact on the agreed delivery program and to ensure the correct financial priorities are applied. New Works projects must be presented to Council with a full cost benefit analysis so that clear and transparent decisions can be made and any associated impacts on other services.

**Financial Principle (c):** Councils should have effective financial and asset management, including sound policies and processes for the following:

(i) Performance management and reporting

**Fit for the Future Ratios:**

Council has been deemed ‘Fit’ under the State Government assessment process and Council is committed to retaining this assessment into the future.

Position: Council is to plan for, and strive to achieve the benchmarks as set out within the Independent Pricing and Regulatory Tribunal (IPART) ‘Fit for the Future’ ratios.

**Financial Reporting (clear and plain English):**

There are many statutory obligations that Council must adhere to in relation to Financial Reporting. Council has resolved that all financial reports are to be presented as clearly as possible using plain English and featuring clear definitions and messages.

Position: All financial reports are to be presented to Council and the community in plain English with clear definitions to provide information that is simple and easy for the public to understand.

**Attributions:**

Council can be likened to many interlocked gears, each operating independently with the aim of turning the wheel. It can be very difficult for the community to understand how all the various gears are connected and what the true cost actually is, in both financial and resources, of a particular service. The attributions policy calls for a system to be implemented whereby the true financial cost of a service is determined and reported to the community.

Position: Council wishes to see services reflect the true cost of delivery.
**Purchasing:**

Council’s Purchasing Policy stipulates how Council employees are permitted to acquire goods on behalf of Council. The policy provides guidance on how suppliers are chosen, how the delegation of authority to acquire goods is applied to employees, and how acquisitions are to be recorded and acquitted. The policy also states that while price is still the overriding consideration in determining where Council acquires its goods, several secondary factors are also important. Considerations such as local suppliers, life-cycle costs, experience and reliability among others are to be factored into the decision-making process on supplier selection.

**Position:** Council expects the Tender Guidelines will be implemented for all relevant transactions. Council also expects that local suppliers be given the opportunity to bid for Council work in all transactions. Council accepts that the cheapest supplier may not represent the best value for the community and is willing to accept the best value supply as opposed to the cheapest.

**(ii) Asset maintenance and enhancement**

**Asset Management:**

Council has a comprehensive asset management framework. Through the Asset Management Strategy and associated policies, procedures and plans, Council has developed a detailed understanding of its asset base and how it intends to maintain and renew those assets into the future.

**Position:** Council’s finances must be planned in conjunction with the Council Asset Management Plan. Council’s Asset Management Plan must be planned in conjunction with Council’s Long-Term Financial Plan. The two documents are intrinsically linked.

**(iii) Funding decisions**

**Surplus Land:**

Council has resolved to assess its current holdings of land to determine the most appropriate course of action regarding specific parcels. The activation of land, or the possible disposal of land could enable the reallocation of funds towards priority projects. By activation Council means through the lease or licensing of that property in turn for rental consideration. By disposal Council means the sale of that property for market value.

Legislation requires that all property matters regarding activation and disposal must be actioned under resolution of Council, not by officers of Council.

Council’s practice requires any proceeds from the disposal of land assets be reserved for future allocation by Council. Funds obtained through the activation of land assets (lease income) will be allocated to the maintenance and upkeep of those assets identified by Council in its asset management plans. This approach ensures that Council’s assets are properly maintained and renewed. If a property is disposed of, the funds can be used by Council for any other capital project as a one-off funding source.

**Position:** Council wishes for its land holdings to be activated appropriately with any rental consideration being utilised to maintain and renew Council’s building assets. The sale of any surplus land or asset, which can only be initiated by a resolution of Council, may be allocated to capital projects as per Council’s discretion.
**Return on Investment:**
Council has a policy that all services provided to the community must show a return on investment. In some cases, this return is monetary, in other instances that return could be measured in social or environmental value. In all cases Council should be able to demonstrate that the value exceeds the cost. Services that cannot demonstrate a positive return on investment need to be reconsidered or reviewed.

**Position:** Council expects that all services and transactions demonstrate a positive return on investment for the community. The measure of a positive return does not necessarily have to equal a monetary return. A social or environmental return is acceptable.

**Investments:**
While Council operates under a Ministerial Order relating to the placing of any funds under investment, the Council has some discretion as to how specifically the Council’s money is invested. Council’s Investment Policy details the Council’s appetite for investment, risk versus returns as well as the rating of the investment organisation. Considerations such as the length of investment, the value of individual investments, the selection criteria of where the investments are placed are all stipulated under Policy.

**Position:** Council has a separate Investment Policy adopted by Council. For the purpose of this strategy Council’s position on investments is to maximise the return on the community’s investment while at the same time accepting that investment risk appetite is low, therefore only investments in 'BBB ' or higher rated institutions are allowed.

**(iv) Risk management practices**

**Risk Management:**
Council’s Financial Risk Policy deals with potential fraud and corruption risks as well as the mitigating responses to those risks. This Policy deals with items such as robust financial systems, with clear controls that are monitored and maintained. It also covers Council’s audit functions, both internal and external. It is Council’s objective to remain fraud and corruption free and to obtain an unqualified audit from its independent auditors each year.

**Position:** Council endorses a robust internal and external audit process and has no tolerance for fraudulent or corrupt activities.

**Financial Principle (d): Councils should have regard to achieving intergenerational equity, including ensuring the following:**

**(i) Policy decisions are made after considering their financial effects on future generations**

**Borrowings:**
Under Council’s Priority of Funding Policy new debt should only be considered for new or significantly upgraded assets. The borrowings policy identifies the means of obtaining new debt and how it can be resolved and actioned. Only a resolution of Council can authorise the application and acceptance of new debt. There is ‘Fit for the Future’ criteria which looks at the
debt levels of Councils. Council’s aim is to remain below this threshold; that is a Debt Service Ratio below 20 per cent.

All new debt is modelled through Council’s Long-Term Financial Plan to ensure that it can be afforded by the current and future ratepayers of the Bega Valley Shire.

**Position:** As outlined under the Priority of Funding Policy, new debt should only be utilised on new capital projects and only after all other funding sources have been exhausted. The term of any new debt is to be linked to the life of the asset being funded, but is usually no more than 10 years and is always repaid on a principle and interest basis.

(ii) **The current generation funds the cost of its services**

**Borrowings:**

Under Council’s priority of funding approach, new debt can only be used to fund new or significantly upgraded assets and therefore cannot be used to fund ongoing service delivery.

**Position:** As outlined under the Priority of Funding Policy, new debt should only be utilised on new capital projects and only after all other funding sources have been exhausted.
Long-Term Financial Plan

Summary

Council’s Long-Term Financial Plan (LTFP) provides long-term financial projections, highlights issues which may impact on our future financial sustainability, and help assess the long-term financial sustainability of present and future service levels.

Council has previously indicated that they wish to pursue the goals of the Asset Management Plan to look after and preserve our existing asset infrastructure. Therefore, the Asset Management Plan expenditure requirements have been incorporated into the models used. By doing so, this has resulted in a significant increase in budget expenditures from 2017/18 onwards.

The Draft LTFP presented to Council allowed various scenarios to be tested with regard to different levels of service delivery and includes models with future special variation to rates income following the priority review of all assets in 2018-19.

The Draft LTFP base model identified future funding gaps in advance and required Council to consider actions to be taken to address the shortfalls. Sensitivity testing was applied to various assumptions within the LTFP.

Council will continue to review the rationalisation of its assets and complete the condition assessments of all assets identified in the Assessment Management Plans.

The base model to be implemented has approximately $1.145 million in savings that has been used to fund the road reseals program for 2017/18.

In post years the road reseals program was incorporated within the models.

All the models do not provide for any creation of new or upgraded assets and any associated recurrent expenditure except for 2017/18 that includes Towamba Rd Upgrade and Airport improvements.

The LTFP incorporates a number of assumptions with regard to projected rate income, fees and charges and grants. It also includes assumptions with regard to future operational and capital expenditure.

The LTFP is an evolving document that will be reviewed each year as a result of changes to the community’s goals and expectations, changes to income and expenditure projections and is directly linked to Council’s Asset Management Plan.

Initiatives will be reviewed annually to ensure they remain applicable and appropriate, and to reflect the feedback we receive from the community.

The purpose of the LTFP is not to provide specific detail about individual works or services. The LTFP provides a decision-making tool that allows various assumptions and sensitivity analysis to be carried out to indicate the ability of Council to deliver cost-effective services to our community into the future, and within a framework of financial sustainability.
The Bega Valley Shire Council faces many challenges that require strong financial leadership and political conviction if we are to continue to remain financially sustainable, while meeting the needs and wants of our community, and ensuring the appropriate management and replacement of our ageing infrastructure.

Key challenges we face include:

- Implementation and funding of appropriate asset management principles to ensure cost effective and efficient management of all Council’s assets
- Meeting the ongoing expectations of our community with regard to the services we deliver
- Assessing the impact of accepting funds from other levels of government for funding new or upgrading existing assets and the associated increased recurrent maintenance and replacement costs
- Meeting the demands associated with the appropriate management of climate change
- Exposure to other environmental effects, storms, other natural disasters etc.
- Population growth and demographic changes
- Expansion of Industries such as Tourism
- Greater Government control and reporting requirements
- Managing the impact of cost shifting from other levels of government
- Low investment returns in the current financial climate
- Ensuring financial sustainability of the organisation as measured against the Office of Local Government ‘Fit for the Future’ Ratios
- Keeping the community informed on budget constraints and cost shifting.

The LTFP provides the blueprint for the future delivery of works and services within a background of affordability and long-term financial sustainability particularly focusing in its first stages on addressing our current asset management responsibility.

Legislation

Section 403 of the NSW Local Government Act 1993 prescribes that;

(1) A Council must have a long-term strategy (called its ‘resourcing strategy’) for the provision of the resources required to implement the strategies established by the community strategic plan that the council is responsible for.

(2) The resourcing strategy is to include long-term financial planning, workforce management planning and asset management planning.
Objectives

The LTFP is an important part of Council’s strategic planning process. This is the point where long-term community aspirations and goals are tested against financial realities. It is also where Council and the community consider what resources Council needs to influence and work with other parties so that they can deliver on the needs of the community.

What does Financial Sustainability mean?

The Australian Local Government Association has adopted the following definition:

“A Council’s long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.”

The LTFP is developed in accordance with the adopted Financial Strategy and to ensure Council remains financially sustainable while allowing the Council to provide the services and infrastructure its community has asked for.

The LTFP is a decision-making and problem-solving tool. It is not a ‘set and forget’ document, it is a guide for future action, and must be reviewed annually. The modelling that occurs as part of the plan can assist Council to weather unexpected events if, and when, they occur. It also provides an opportunity for Council to identify financial opportunities and risks at an early stage and gauge the effect of these into the longer term.

The LTFP aims to demonstrate to the public that with sound financial management and comprehensive planning Council will continue to be financially sustainable well into the future. It shows the community that Council has the financial capacity to deliver a range of services to the community while at the same time deliver on capital projects as the community needs them. Should the Council or the community choose to change the current level of services or projects delivered by Council then the financial impacts of those decisions and cost to the community must be taken into consideration.

If Council resolves in the future to amend its service profile, or if Council’s charter is amended by a higher level of Government, the LTFP will need to be recalculated, which may result in changes.

Timeframe

A LTFP may be prepared for any length of time. The Office of Local Government (OLG) has set the minimum timeframe at 10 years. However, for Local Government Authorities that also manage Water and Sewer Utilities a minimum period of 20 years is prescribed.

Council’s LTFP covers the financial year period from 2018-2027.

Over this period, Council intends to be responsible with its decisions to spend funds, and raise revenues, so that its activities are financially sustainable. This approach includes raising debt to recognise that the cost and benefit of new or renewed assets should be borne by current and future ratepayers and accord with intergenerational equity. Council is also undertaking a significant review of all its assets in year one of the Plan and intends to then consult with the community on potential options for subsequent years.

In the past five years Council has spent:

    Over $40 million renewing its assets
Over $22 million upgrading its assets
Over $95 million maintaining and operating its assets
Over $145 million providing services to the community

Why have a plan?
Over the past five years, under the current LTFP Council was able to restructure its finances to prioritise renewal of existing capital assets alongside a number of upgraded or new assets. Through this, Council was able to achieve among other service deliveries, the following capital project outcomes:

- Shire wide flood restoration works
- Bega SES Headquarters
- Bega Depot and Workshop
- The Bega Commemorative Civic Centre
- Tura Marrang Library
- Merimbula Airport
- Merimbula CBD Bypass
- Main Street Programs (Eden)
- Littleton Gardens
- Gipps Street Car Park
- Major upgrade Sapphire Coast Drive
- Pretty Point Bridge
- Wonboyn Boat Ramp
- Beach Street Parking
- Bar Beach Access Improvements
- Kisses’ Lagoon Rehabilitation
- Tathra ‘Imagine’ Solar Farm
- Dickinson Oval Pavilion
- Central Waste Facility
- Merimbula Service Road
- Bega Valley Regional Learning Centre
- Regional playgrounds in Merimbula and Bega
- Hotel Australasia
- North Bega Sewer System

By adopting a plan that includes the funding and timing for a range of large capital projects, Council, employees and the community were able to work together to develop plans and in turn construct capital projects that will benefit the community for years to come. By implementing a clear, transparent and logical plan, Council is able provide the community with a fully funded program of works and potential projects for consideration. The community can then determine which projects it wants to actively support with fundraising and lobbying support, knowing the timing and approximate costs of each project.
Model summary

The Consolidated Long Term Financial Plan is included as an attachment at the end of the Strategy.
The LTFP includes three financial models for consideration in relation to Council’s General Fund.

- The Base Model
- The Middle Option (Progressive) Model
- The Aggressive Model

The next section compares these models.

The Base model:

The Base model allows for a balanced approach to both asset management (existing assets) and service delivery while maintaining revenue at current levels.

The newly elected Council and the broader community have both raised concern with the current allocation of expenditure in relation to asset management. Reinforcing this assertion is the recommendation from Council’s asset managers that Council has pushed too much funding towards renewing and upgrading our assets and now need to shift slightly back towards maintaining our assets.
### Bega Valley Shire Council
**10 Year Financial Plan for the Years ending 30 June 2027**

#### INCOME STATEMENT - GENERAL FUND

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<tbody>
<tr>
<td><strong>Income from Continuing Operations</strong></td>
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</table>

#### Revenue:
- Rates & Annual Charges
- User Charges & Fees
- Interest & Investment Revenue
- Other Revenues
- Grants & Contributions provided for Operating Purposes
- Grants & Contributions provided for Capital Purposes
- Other Income:
  - Net gains from the disposal of assets
  - Joint Ventures & Associated Entities
- **Total Income from Continuing Operations**

#### Expenses from Continuing Operations
- Employee Benefits & On-Costs
- Materials & Contracts
- Depreciation & Amortisation
- Impairment
- Other Expenses
- Interest & Investment Losses
- Net Losses from the Disposal of Assets
- Joint Ventures & Associated Entities
- **Total Expenses from Continuing Operations**

#### Operating Result from Continuing Operations
- Discontinued Operations - Profit/(Loss)
- **Net Profit/(Loss) from Discontinued Operations**

#### Net Operating Result for the Year
- Capital Purposes
- **Net Operating Result before Grants and Contributions provided for Capital Purposes**

### Notes
- Amounts in the table are in thousands of dollars.
- The financial plan covers the years ending 30 June from 2015 to 2027.
### Bega Valley Shire Council

#### 10 Year Financial Plan for the Years ending 30 June 2027

### BALANCE SHEET - GENERAL FUND Actuals Current Year

**Scenario: Base Model**

|---------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|

#### ASSETS

**Current Assets**

<table>
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<tr>
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</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>17,484,000</td>
<td>11,194,700</td>
<td>11,644,434</td>
<td>13,279,407</td>
<td>16,934,784</td>
<td>22,200,007</td>
<td>25,571,594</td>
<td>27,419,946</td>
<td>30,006,909</td>
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<td>Inventories</td>
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<td>701,620</td>
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<td>715,687</td>
<td>725,388</td>
<td>740,683</td>
<td>745,227</td>
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<td>Other</td>
<td>266,097</td>
<td>264,031</td>
<td>265,646</td>
<td>269,631</td>
<td>275,458</td>
<td>277,780</td>
<td>281,947</td>
<td>286,176</td>
<td>292,449</td>
<td>294,826</td>
<td>299,248</td>
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<tr>
<td><strong>Total Current Assets</strong></td>
<td>29,843,000</td>
<td>23,997,797</td>
<td>24,014,471</td>
<td>25,537,361</td>
<td>29,286,415</td>
<td>34,598,706</td>
<td>38,070,443</td>
<td>39,962,151</td>
<td>42,607,537</td>
<td>47,783,398</td>
<td>50,023,699</td>
<td>51,113,370</td>
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**Investments**

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<tbody>
<tr>
<td><strong>Non-Current Assets</strong></td>
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<tr>
<td><strong>Total Assets</strong></td>
<td>658,147,000</td>
<td>661,675,968</td>
<td>666,994,831</td>
<td>664,063,190</td>
<td>662,209,064</td>
<td>659,320,160</td>
<td>656,670,007</td>
<td>653,368,944</td>
<td>649,909,473</td>
<td>646,211,323</td>
<td>642,140,989</td>
<td>638,566,186</td>
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#### Liabilities

**Current Liabilities**

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<tr>
<td>Bank Overdraft</td>
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<tr>
<td>Payables</td>
<td>7,372,000</td>
<td>7,820,008</td>
<td>7,940,194</td>
<td>7,946,028</td>
<td>7,996,462</td>
<td>8,079,735</td>
<td>8,108,320</td>
<td>8,169,645</td>
<td>8,243,206</td>
<td>8,361,613</td>
<td>8,416,772</td>
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<tr>
<td>Provisions</td>
<td>8,991,000</td>
<td>7,737,601</td>
<td>7,595,909</td>
<td>7,474,204</td>
<td>7,463,105</td>
<td>7,451,729</td>
<td>7,440,068</td>
<td>7,428,116</td>
<td>7,415,865</td>
<td>7,403,308</td>
<td>7,390,436</td>
<td>7,377,243</td>
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<td>Liabilities associated with assets classified as &quot;held for sale&quot;</td>
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**Non-Current Liabilities**

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<tbody>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>40,269,000</td>
<td>38,019,049</td>
<td>40,260,988</td>
<td>36,454,417</td>
<td>33,878,329</td>
<td>31,446,199</td>
<td>29,024,481</td>
<td>26,696,615</td>
<td>24,835,328</td>
<td>23,476,128</td>
<td>22,030,036</td>
<td>21,634,969</td>
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**Net Assets**

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<tr>
<td><strong>Net Assets</strong></td>
<td>617,878,000</td>
<td>623,656,919</td>
<td>626,733,844</td>
<td>627,608,774</td>
<td>628,330,735</td>
<td>627,873,960</td>
<td>627,645,526</td>
<td>626,672,329</td>
<td>625,074,145</td>
<td>622,735,195</td>
<td>620,110,953</td>
<td>616,931,217</td>
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#### RESOURCING STRATEGY

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<tr>
<td>Resourcing Strategy</td>
<td>31</td>
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</tbody>
</table>
### Resourcing Strategy

**Bega Valley Shire Council**

**10 Year Financial Plan for the Years ending 30 June 2027**

#### CASH FLOW STATEMENT - GENERAL FUND

**Actuals Current Year**

<table>
<thead>
<tr>
<th>Year</th>
<th>Cash Flows from Operating Activities</th>
<th>Cash Flows from Investing Activities</th>
<th>Cash Flows from Financing Activities</th>
<th>Net Cash provided (or used in) Operating Activities</th>
<th>Net Cash provided (or used in) Investing Activities</th>
<th>Net Cash provided (or used in) Financing Activities</th>
<th>Net Increases/(Decreases) in Cash &amp; Cash Equivalents plus: Cash, Cash Equivalents &amp; Investments - beginning of year</th>
<th>Cash &amp; Cash Equivalents - end of the year</th>
<th>Unrestricted</th>
<th>Internal Restrictions</th>
<th>External Restrictions</th>
<th>Cash &amp; Cash Equivalents - end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Rates &amp; Annual Charges</td>
<td>Sale of Infrastructure, Property, Plant &amp; Equipment</td>
<td>Proceeds from Borrowings &amp; Advances</td>
<td>(29,751,655)</td>
<td>(1,487,040)</td>
<td>-1,266,482</td>
<td>-2,522,015</td>
<td>-1,326,535</td>
<td>-17,484,000</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
</tr>
<tr>
<td>2017/18</td>
<td>(30,669,779)</td>
<td>(1,350,000)</td>
<td>(6,200,000)</td>
<td>16,747,365</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
<td></td>
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<tr>
<td>2018/19</td>
<td>(31,141,649)</td>
<td>(1,046,640)</td>
<td>(6,200,000)</td>
<td>14,523,428</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
<td></td>
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<tr>
<td>2019/20</td>
<td>(31,598,818)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>15,523,569</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
<td></td>
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<tr>
<td>2020/21</td>
<td>(32,062,857)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>14,993,305</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
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<tr>
<td>2021/22</td>
<td>(32,533,858)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>14,567,353</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
<td></td>
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<tr>
<td>2022/23</td>
<td>(33,011,923)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>14,172,254</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
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<tr>
<td>2023/24</td>
<td>(33,497,159)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>13,680,106</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
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<tr>
<td>2024/25</td>
<td>(33,989,673)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>13,598,433</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
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<tr>
<td>2025/26</td>
<td>(34,489,576)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>13,339,835</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
<td></td>
</tr>
<tr>
<td>2026/27</td>
<td>(34,996,977)</td>
<td>(1,516,857)</td>
<td>(6,200,000)</td>
<td>13,339,835</td>
<td>1,046,640</td>
<td>1,516,857</td>
<td>1,587,358</td>
<td>11,194,434</td>
<td>13,275,407</td>
<td>16,934,784</td>
<td>24,778,000</td>
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</tbody>
</table>

**Notes:**
- Cash Flows from Operating Activities include:
  - Cash Flows from Operating Activities include:
    - Rates & Annual Charges
    - User Charges & Fees
    - Interest & Investment Revenue Received
    - Employee Benefits & On-Costs
    - Payments:
      - Materials & Contracts
      - Borrowing Costs
      - Bonds & Deposits Refunded
      - Other

- Cash Flows from Investing Activities include:
  - Cash Flows from Investing Activities include:
    - Sale of Infrastructure, Property, Plant & Equipment
    - Receipts:
      - Purchase of Infrastructure, Property, Plant & Equipment
    - Payments:
      - Sale of Infrastructure, Property, Plant & Equipment

- Cash Flows from Financing Activities include:
  - Cash Flows from Financing Activities include:
    - Proceeds from Borrowings & Advances
    - Receipts:
      - Repayment of Borrowings & Advances
    - Payments:
      - Repayment of Finance Lease Liabilities

- Net Cash provided (or used in) Operating Activities
- Cash Flows from Investing Activities
- Cash Flows from Financing Activities
- Net Cash provided (or used in) Operating Activities
- Net Cash provided (or used in) Investing Activities
- Net Cash provided (or used in) Financing Activities
- Net Increases/(Decreases) in Cash & Cash Equivalents plus: Cash, Cash Equivalents & Investments - beginning of year
- Cash & Cash Equivalents - end of the year

**Representing:**
- External Restrictions
- Internal Restrictions
- Unrestricted

**Total Cash & Cash Equivalents - end of the year:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cash &amp; Cash Equivalents - end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>24,778,000</td>
</tr>
<tr>
<td>2018/19</td>
<td>18,488,700</td>
</tr>
<tr>
<td>2019/20</td>
<td>18,938,434</td>
</tr>
<tr>
<td>2020/21</td>
<td>20,573,407</td>
</tr>
<tr>
<td>2021/22</td>
<td>24,228,784</td>
</tr>
<tr>
<td>2022/23</td>
<td>29,494,007</td>
</tr>
<tr>
<td>2023/24</td>
<td>32,865,594</td>
</tr>
<tr>
<td>2024/25</td>
<td>34,713,946</td>
</tr>
<tr>
<td>2025/26</td>
<td>37,300,909</td>
</tr>
<tr>
<td>2026/27</td>
<td>42,385,916</td>
</tr>
</tbody>
</table>

**Total Cash, Cash Equivalents & Investments - end of the year:**

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Cash, Cash Equivalents &amp; Investments - end of the year</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017/18</td>
<td>24,778,000</td>
</tr>
<tr>
<td>2018/19</td>
<td>18,488,700</td>
</tr>
<tr>
<td>2019/20</td>
<td>18,938,434</td>
</tr>
<tr>
<td>2020/21</td>
<td>20,573,407</td>
</tr>
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<td>24,228,784</td>
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<td>2022/23</td>
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<td>32,865,594</td>
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<tr>
<td>2024/25</td>
<td>34,713,946</td>
</tr>
<tr>
<td>2025/26</td>
<td>37,300,909</td>
</tr>
<tr>
<td>2026/27</td>
<td>42,385,916</td>
</tr>
</tbody>
</table>
**Advantages:** The advantage of the Base model is that it will allow council time to finish off a full review of assets utilisation and asset data improvement before any consideration is given to lifting levels of revenues to meet greater demands.

**Disadvantages:** There is no provision or capacity for any creation of new or upgraded assets in the life of the plan.

The base model also does not allow for any significant deviation from the model, in case of unforeseen circumstances, and if these circumstances eventuate it would be at the cost of existing programs in order to address these issues.

Council has an Unrestricted Reserve to cover these issues in the short term but this would need replacing in the future.

The Level of Working Capital will take a number of years to recover to satisfactory levels.

Council is not funding the level of infrastructure degradation, as shown in the "Infrastructure Renewals Ratio" Graph and that is likely to have an impact in future years outside “The Long Term Financial Plan” period.

Identifying General Fund in isolation the Infrastructure Renewals Ratio ranges from approx. 90% in 17/18 reducing down to approx. 60% in 2027.

**Summary**

In 2017/18 and 2018/2019 the levels of unrestricted cash are below the target level of $2 million, which may expose council to a higher level of risk to deliver the desired outcomes.

In years after 2019 it provides possibilities of addressing in some ways the needs for limited upgrades or creation of new assets. (Refer to Cash Flow)

The danger is the further out in the project timeline the less accurate the results become and hence why the long term plan needs to be updated regularly.
This graph shows that a large portion of Council's assets are considered Condition Three. Condition Three is a serviceable condition. Issues will arise when the Condition Three assets transition to Condition Four. Condition Four is Council's prescribed intervention level. That is, at the Condition Four level, Council will renew the asset back to Condition One. By providing additional funding into maintaining Condition Three’s more comprehensively, the asset managers project Council can prolong the transition to Condition Four and allow Council to renew the asset at a slightly lower condition rating.

This will translate into a significantly lower renewal cost to Council over the long-term. The chart below shows the replacement cost for the various condition ratings per asset class. The Condition Three’s dominates the chart. It is this Condition that Council will target.
The Middle Option (Progressive) Model:

The Middle Option model retains all the data from the Base model and provides a greater level of revenue growth ($1M per year for 3 years) from which to fund the possibility of additional upgrades and new assets in order to meet future community expectations.

To offset this increase Council's employees are investigating possible decreases in annual charges associated with other services so as to minimise the actual total cost to the ratepayer, other than those who do not receive these other services.

As a result of the increased revenue "Available Working Capital" improves, lowering the risk for unforeseen events to impact on the financial sustainability of Council and insulates the Council from the gap created by rising costs being greater than rising revenues.

There is the possibility that in later years that upgrade or new asset creation could be consider with extra recurrent maintenance costs and therefore additional capital works would need to be added to the Long Term Financial Plan.
### INCOME STATEMENT - GENERAL FUND

#### Actuals Current Year

<table>
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</thead>
<tbody>
<tr>
<td><strong>Revenue:</strong></td>
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<tr>
<td>Rates &amp; Annual Charges</td>
<td>29,119,000</td>
<td>29,822,057</td>
<td>30,711,954</td>
<td>32,162,690</td>
<td>33,635,188</td>
<td>35,129,773</td>
<td>35,646,777</td>
<td>36,171,536</td>
<td>36,704,166</td>
<td>37,244,786</td>
<td>37,793,515</td>
<td>38,350,475</td>
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<tr>
<td>User Charges &amp; Fees</td>
<td>6,658,000</td>
<td>7,730,160</td>
<td>9,434,700</td>
<td>9,788,543</td>
<td>10,159,353</td>
<td>10,544,685</td>
<td>10,945,115</td>
<td>11,361,241</td>
<td>11,793,687</td>
<td>12,243,101</td>
<td>12,710,157</td>
<td>13,195,554</td>
</tr>
<tr>
<td>Interest &amp; Investment Revenue</td>
<td>555,000</td>
<td>598,160</td>
<td>502,000</td>
<td>519,125</td>
<td>527,643</td>
<td>541,192</td>
<td>569,452</td>
<td>598,082</td>
<td>627,041</td>
<td>655,771</td>
<td>686,452</td>
<td>717,771</td>
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<tr>
<td>Other Revenues</td>
<td>1,171,000</td>
<td>950,780</td>
<td>767,401</td>
<td>778,912</td>
<td>790,596</td>
<td>802,454</td>
<td>814,491</td>
<td>826,709</td>
<td>839,109</td>
<td>851,696</td>
<td>864,471</td>
<td>877,438</td>
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<tr>
<td><strong>Grants &amp; Contributions provided for Operating Purposes</strong></td>
<td>15,470,000</td>
<td>13,047,620</td>
<td>13,188,521</td>
<td>12,842,350</td>
<td>12,992,730</td>
<td>13,041,136</td>
<td>13,090,268</td>
<td>13,140,137</td>
<td>13,190,753</td>
<td>13,242,130</td>
<td>13,294,276</td>
<td>13,347,205</td>
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<td><strong>Grants &amp; Contributions provided for Capital Purposes</strong></td>
<td>4,512,000</td>
<td>9,116,162</td>
<td>5,322,495</td>
<td>3,573,386</td>
<td>3,298,786</td>
<td>3,070,786</td>
<td>2,873,786</td>
<td>2,670,786</td>
<td>2,470,786</td>
<td>2,270,786</td>
<td>2,070,786</td>
<td>1,870,786</td>
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<td><strong>Expenses from Continuing Operations</strong></td>
<td>34,544,666</td>
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<tr>
<td>Borrowing Costs</td>
<td>656,000</td>
<td>838,930</td>
<td>1,001,889</td>
<td>868,049</td>
<td>738,624</td>
<td>625,401</td>
<td>521,779</td>
<td>425,251</td>
<td>338,046</td>
<td>275,846</td>
<td>252,533</td>
<td>243,933</td>
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<td>Materials &amp; Contracts</td>
<td>8,292,000</td>
<td>7,504,719</td>
<td>8,205,497</td>
<td>8,337,772</td>
<td>8,784,126</td>
<td>9,462,446</td>
<td>9,669,359</td>
<td>10,107,725</td>
<td>11,254,363</td>
<td>11,462,780</td>
<td>11,928,074</td>
<td>12,341,328</td>
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<td>Impairment</td>
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<tr>
<td>Other Expenses</td>
<td>4,705,000</td>
<td>4,936,363</td>
<td>5,505,811</td>
<td>5,583,831</td>
<td>5,667,589</td>
<td>5,752,603</td>
<td>5,838,892</td>
<td>5,926,475</td>
<td>6,015,372</td>
<td>6,105,603</td>
<td>6,197,187</td>
<td>6,290,145</td>
</tr>
<tr>
<td>Interest &amp; Investment Losses</td>
<td></td>
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<tr>
<td>Net Losses from the Disposal of Assets</td>
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<tr>
<td>Joint Ventures &amp; Associated Entities</td>
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</tr>
<tr>
<td><strong>Total Expenses from Continuing Operations</strong></td>
<td>51,425,000</td>
<td>55,486,020</td>
<td>56,849,691</td>
<td>57,778,978</td>
<td>59,108,028</td>
<td>60,707,516</td>
<td>61,867,981</td>
<td>63,290,322</td>
<td>64,752,403</td>
<td>66,520,552</td>
<td>67,859,312</td>
<td>69,495,187</td>
</tr>
<tr>
<td><strong>Operating Result from Continuing Operations</strong></td>
<td>6,106,000</td>
<td>5,778,919</td>
<td>3,076,925</td>
<td>1,874,930</td>
<td>2,736,961</td>
<td>2,588,450</td>
<td>2,862,469</td>
<td>2,164,070</td>
<td>1,586,143</td>
<td>893,141</td>
<td>656,330</td>
<td>150,045</td>
</tr>
<tr>
<td><strong>Operating Result from Continuing Operations - Profit/(Loss)</strong></td>
<td></td>
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</tr>
<tr>
<td><strong>Net Operating Result for the Year</strong></td>
<td>6,106,000</td>
<td>5,778,919</td>
<td>3,076,925</td>
<td>1,874,930</td>
<td>2,736,961</td>
<td>2,588,450</td>
<td>2,862,469</td>
<td>2,164,070</td>
<td>1,586,143</td>
<td>893,141</td>
<td>656,330</td>
<td>150,045</td>
</tr>
<tr>
<td><strong>Net Operating Result before Grants and Contributions provided for Capital Purposes</strong></td>
<td>1,594,000</td>
<td>(3,337,243)</td>
<td>(2,245,115)</td>
<td>(1,698,858)</td>
<td>(1,016,827)</td>
<td>(670,338)</td>
<td>(846,319)</td>
<td>(1,259,718)</td>
<td>(1,687,645)</td>
<td>(2,395,647)</td>
<td>(2,647,458)</td>
<td>(3,168,743)</td>
</tr>
</tbody>
</table>

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### Resourcing Strategy
### Bega Valley Shire Council

#### 10 Year Financial Plan for the Years ending 30 June 2027

**BALANCE SHEET - GENERAL FUND Actuals Current Year**

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td><strong>Cash &amp; Cash Equivalents</strong></td>
<td>17,484,000</td>
<td>11,194,700</td>
<td>11,644,434</td>
<td>14,231,771</td>
<td>19,849,564</td>
<td>28,102,168</td>
<td>34,549,112</td>
<td>39,518,712</td>
<td>45,273,744</td>
<td>53,574,340</td>
<td>59,014,736</td>
<td>63,350,192</td>
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<tr>
<td><strong>Investments</strong></td>
<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
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<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
</tr>
<tr>
<td><strong>Receivables</strong></td>
<td>4,549,745</td>
<td>4,136,140</td>
<td>4,077,645</td>
<td>4,220,932</td>
<td>4,316,138</td>
<td>4,425,457</td>
<td>4,471,573</td>
<td>4,532,794</td>
<td>4,619,058</td>
<td>4,693,100</td>
<td>4,763,022</td>
<td>4,741,932</td>
</tr>
<tr>
<td><strong>Infrastructure, Property, Plant &amp; Equipment</strong></td>
<td>628,280,000</td>
<td>637,656,239</td>
<td>642,960,922</td>
<td>638,506,235</td>
<td>632,902,896</td>
<td>624,701,539</td>
<td>618,579,486</td>
<td>613,386,548</td>
<td>607,281,523</td>
<td>598,407,341</td>
<td>592,096,532</td>
<td>587,431,882</td>
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<tr>
<td><strong>Investment Property</strong></td>
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<tr>
<td><strong>Intangible Assets</strong></td>
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</tr>
<tr>
<td><strong>Non-current assets classified as “held for sale”</strong></td>
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</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>628,304,000</td>
<td>637,678,171</td>
<td>642,980,360</td>
<td>638,525,830</td>
<td>632,922,649</td>
<td>624,721,454</td>
<td>618,599,564</td>
<td>613,406,793</td>
<td>607,301,936</td>
<td>598,427,925</td>
<td>592,117,290</td>
<td>587,452,817</td>
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<tr>
<td><strong>LIABILITIES</strong></td>
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<tr>
<td><strong>Bank Overdraft</strong></td>
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</tr>
<tr>
<td><strong>Liabilities associated with assets classified as “held for sale”</strong></td>
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</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>1,464,651</td>
<td>493,439</td>
<td>186,000</td>
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</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td>19,060,000</td>
<td>18,406,331</td>
<td>18,242,335</td>
<td>18,045,302</td>
<td>17,983,382</td>
<td>18,000,188</td>
<td>17,956,155</td>
<td>17,551,341</td>
<td>17,155,565</td>
<td>17,285,212</td>
<td>16,333,453</td>
<td>16,125,299</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>40,269,000</td>
<td>38,019,049</td>
<td>40,260,988</td>
<td>36,464,417</td>
<td>33,898,479</td>
<td>31,476,652</td>
<td>29,055,390</td>
<td>26,727,988</td>
<td>24,867,171</td>
<td>23,508,448</td>
<td>22,062,842</td>
<td>21,668,267</td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td>617,878,000</td>
<td>623,656,919</td>
<td>626,733,844</td>
<td>628,608,774</td>
<td>631,345,735</td>
<td>633,934,185</td>
<td>636,796,655</td>
<td>638,960,724</td>
<td>640,546,867</td>
<td>641,440,007</td>
<td>642,096,337</td>
<td>642,144,382</td>
</tr>
</tbody>
</table>

**EQUITY**

| **Council Equity Interest** | 617,878,000 | 623,656,919 | 626,733,844 | 628,608,774 | 631,345,735 | 633,934,185 | 636,796,655 | 638,960,724 | 640,546,867 | 641,440,007 | 642,096,337 | 642,144,382 |

**TOTAL EQUITY**

| **Total Equity** | 617,878,000 | 623,656,919 | 626,733,844 | 628,608,774 | 631,345,735 | 633,934,185 | 636,796,655 | 638,960,724 | 640,546,867 | 641,440,007 | 642,096,337 | 642,144,382 |

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Resourcing Strategy 39
### Bega Valley Shire Council

#### 10 Year Financial Plan for the Years ending 30 June 2027

#### CASH FLOW STATEMENT - GENERAL FUND

**Actuals Current Year**

<table>
<thead>
<tr>
<th>Item</th>
<th>Actuals 2016/17</th>
<th>Actuals 2017/18</th>
<th>Projected Years</th>
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</thead>
<tbody>
<tr>
<td><strong>Receipts:</strong> <strong>Rates &amp; Annual Charges</strong></td>
<td>29,751,655</td>
<td>30,669,779</td>
<td>32,094,925</td>
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<tr>
<td><strong>User Charges &amp; Fees</strong></td>
<td>7,795,003</td>
<td>9,439,958</td>
<td>9,789,634</td>
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<tr>
<td><strong>Interest &amp; Investment Revenue Received</strong></td>
<td>540,897</td>
<td>496,837</td>
<td>485,133</td>
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<tr>
<td><strong>Other</strong></td>
<td>787,992</td>
<td>987,172</td>
<td>803,428</td>
</tr>
<tr>
<td><strong>Total Receipts</strong></td>
<td>32,124,154</td>
<td>34,665,813</td>
<td>35,740,826</td>
</tr>
<tr>
<td><strong>Net Cash Flow provided (used in) Operating Activities</strong></td>
<td>20,105,887</td>
<td>16,747,365</td>
<td>15,475,791</td>
</tr>
<tr>
<td><strong>Receipts:</strong> <strong>Purchase of Infrastructure, Property, Plant &amp; Equipment</strong></td>
<td>(25,184,268)</td>
<td>(21,075,283)</td>
<td>(11,228,862)</td>
</tr>
<tr>
<td><strong>Payments:</strong> <strong>Repayment of Borrowings &amp; Advances</strong></td>
<td>(2,646,482)</td>
<td>(2,718,129)</td>
<td>(2,649,128)</td>
</tr>
<tr>
<td><strong>Net Cash provided (used in) Investing Activities</strong></td>
<td>16,652,615</td>
<td>14,057,154</td>
<td>12,579,634</td>
</tr>
<tr>
<td><strong>Receipts:</strong> <strong>Proceeds from Borrowings &amp; Advances</strong></td>
<td>-</td>
<td>6,200,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Payments:</strong> <strong>Repayment of Finance Lease Liabilities</strong></td>
<td>-</td>
<td>(51,477)</td>
<td>(54,218)</td>
</tr>
<tr>
<td><strong>Net Cash Flow provided (used in) Financing Activities</strong></td>
<td>(6,289,300)</td>
<td>449,735</td>
<td>2,587,337</td>
</tr>
<tr>
<td><strong>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</strong></td>
<td>17,484,000</td>
<td>11,194,700</td>
<td>11,644,434</td>
</tr>
<tr>
<td><strong>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</strong></td>
<td>7,294,000</td>
<td>7,294,000</td>
<td>7,294,000</td>
</tr>
<tr>
<td><strong>Cash &amp; Cash Equivalents - end of the year</strong></td>
<td>24,778,000</td>
<td>18,488,700</td>
<td>18,938,434</td>
</tr>
<tr>
<td><strong>Cash &amp; Cash Equivalents - end of the year</strong></td>
<td>17,484,000</td>
<td>11,194,700</td>
<td>11,644,434</td>
</tr>
</tbody>
</table>
**Advantages:** The Middle Option model would allow Council to consider upgrading some of councils existing assets to better suit user’s needs and cater for new assets in relation to growth and community expectations while at the same time having little effect on some of the ratepayers.

Council’s ability to meet unforeseen circumstances may be able to be addressed without impacting on existing programs.

The “Net Operating Result for the Year” is in surplus until 2026/27

**Disadvantages:** It requires an additional $1 million from ratepayers to meet possible needs before all information is at hand to be able consider all of the opportunities available to Council. With any new or upgraded assets there will be associated increases in maintenance costs over the long term and these have not been factored in until the projects are determined.

**THE AGGRESSIVE MODEL:**

The Aggressive model has an additional $3 million in 2018/19 for 3 years instead of the $1 million in the middle option model, received via an increase to rating income. This will allow for significant upgrades, new asset creations and any improved service delivery required for the future and limit any further demands on ratepayers in the life of the Plan.

At this point in time any upgrades, need for new assets and additional service deliveries have not been determined. The asset information will be included in the future capital works program once determined.
## Bega Valley Shire Council

### 10 Year Financial Plan for the Years ending 30 June 2027

**BALANCE SHEET - GENERAL FUND**

|---------------------------|----------------|---------------------|-------------------------------------------------|

### Current Liabilities

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>2,569,000</td>
<td>2,848,722</td>
<td>2,706,203</td>
<td>2,651,070</td>
<td>2,533,865</td>
<td>2,438,217</td>
<td>2,376,859</td>
<td>1,902,208</td>
<td>1,464,651</td>
<td>1,487,970</td>
<td>493,439</td>
</tr>
<tr>
<td>Liabilities associated with assets classified as “held for sale”</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Current Liabilities</td>
<td>19,060,000</td>
<td>18,406,331</td>
<td>18,342,885</td>
<td>18,096,302</td>
<td>18,023,882</td>
<td>18,061,092</td>
<td>18,017,973</td>
<td>17,614,087</td>
<td>17,219,251</td>
<td>17,349,854</td>
<td>16,911,844</td>
</tr>
</tbody>
</table>

### Non-Current Liabilities

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Payables</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Provisions</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
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<td>-</td>
</tr>
<tr>
<td>Liabilities associated with assets classified as “held for sale”</td>
<td>-</td>
<td>-</td>
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<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Non-Current Liabilities</td>
<td>21,009,000</td>
<td>16,812,718</td>
<td>22,018,492</td>
<td>18,419,115</td>
<td>16,096,097</td>
<td>13,436,465</td>
<td>11,050,399</td>
<td>9,173,647</td>
<td>6,233,239</td>
<td>5,729,483</td>
<td>5,642,905</td>
</tr>
<tr>
<td>Total Liabilities</td>
<td>40,069,000</td>
<td>35,219,049</td>
<td>40,460,898</td>
<td>38,484,417</td>
<td>33,938,779</td>
<td>31,537,556</td>
<td>28,117,308</td>
<td>26,790,733</td>
<td>24,938,857</td>
<td>21,573,090</td>
<td>22,128,453</td>
</tr>
</tbody>
</table>

### Net Assets

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Retained Earnings</td>
<td>373,435,000</td>
<td>379,213,919</td>
<td>382,280,844</td>
<td>386,166,774</td>
<td>392,950,735</td>
<td>401,661,635</td>
<td>410,655,911</td>
<td>419,094,515</td>
<td>427,049,309</td>
<td>434,406,632</td>
<td>441,624,105</td>
</tr>
<tr>
<td>Realisation Reserves</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
<td>244,443,000</td>
</tr>
<tr>
<td>Council Equity Interest</td>
<td>617,878,000</td>
<td>623,656,919</td>
<td>626,733,844</td>
<td>630,608,774</td>
<td>637,375,735</td>
<td>646,054,635</td>
<td>655,098,911</td>
<td>663,537,515</td>
<td>671,492,309</td>
<td>678,849,632</td>
<td>686,067,105</td>
</tr>
<tr>
<td>Minority Equity Interest</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total Equity</td>
<td>617,878,000</td>
<td>623,656,919</td>
<td>626,733,844</td>
<td>630,608,774</td>
<td>637,375,735</td>
<td>646,054,635</td>
<td>655,098,911</td>
<td>663,537,515</td>
<td>671,492,309</td>
<td>678,849,632</td>
<td>686,067,105</td>
</tr>
</tbody>
</table>
### Cash Flows from Operating Activities

**Receipts:**
- User Charges & Fees: $7,795,003, $9,439,958, $9,789,634, $10,160,497, $10,545,874, $10,946,350, $11,362,525, $11,795,021, $12,244,487, $12,711,597, $13,197,051
- Interest & Investment Revenue Received: $540,897, $496,837, $463,282, $447,144, $432,684, $464,950, $476,960, $478,663, $472,849, $491,611, $502,372
- Employee Benefits & On-Costs: $(27,847,813), $(27,658,696), $(28,333,721), $(29,038,799), $(29,764,769), $(30,508,888), $(31,271,611), $(32,053,401), $(32,854,736), $(33,676,105), $(34,518,007)
- Materials & Contracts: $(7,504,738), $(8,219,235), $(8,315,630), $(8,731,860), $(9,386,833), $(9,638,076), $(10,053,098), $(10,497,247), $(11,172,988), $(11,430,700), $(11,870,067)
- Borrowing Costs: $(711,253), $(924,829), $(926,679), $(795,589), $(680,812), $(575,743), $(477,855), $(380,588), $(308,262), $(285,465), $(254,854)
- Other: $(4,936,363), $(6,800,811), $(6,678,831), $(5,667,589), $(5,752,603), $(5,838,892), $(5,926,475), $(6,015,372), $(6,105,603), $(6,197,187), $(6,290,145)

**Net Cash provided (or used in) Operating Activities:** $23,278,175

### Cash Flows from Investing Activities

**Sale of Infrastructure, Property, Plant & Equipment:** $1,487,040, $1,350,000, $1,046,640, $1,549,963, $1,326,022, $1,516,857, $1,587,358, $1,245,076, $877,048, $1,880,738, $1,312,537

**Receipts:**
- Purchase of Infrastructure, Property, Plant & Equipment: $(25,184,268), $(21,075,283), $(11,228,862), $(9,253,123), $(6,877,953), $(9,183,446), $(10,342,144), $(9,663,082), $(7,130,447), $(9,933,890), $(11,823,720)

**Net Cash provided (or used in) Investing Activities:** $23,697,228

### Cash Flows from Financing Activities

**Proceeds from Borrowings & Advances:** Not applicable

**Receipts:**
- Repayment of Borrowings & Advances: $(2,646,482), $(2,718,129), $(2,649,128), $(2,573,870), $(2,503,665), $(2,438,272), $(2,376,858), $(1,922,208), $(1,464,651), $(1,487,970), $(493,439)

**Payments:**
- Repayment of Finance Lease Liabilities: $(51,477), $(54,218), $(57,105), $(59,033), $(60,861), $(62,690), $(64,519), $(66,348), $(68,177), $(70,006), $(71,835)

**Net Cash Flow provided (used in) Financing Activities:** $(2,697,959)

**Net Increase/(Decrease) in Cash & Cash Equivalents:** $6,289,300, $4,492,064, $9,542,627, $4,492,064

**plus: Cash, Cash Equivalents & Investments - beginning of year:**
- Cash & Cash Equivalents: $17,484,000, $11,194,700, $11,644,434, $16,136,498, $25,679,125, $39,906,148, $53,004,148, $63,735,244, $72,800,412, $50,939,877, $50,507,229, $13,485,246
- Cash, Cash Equivalents & Investments: $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000

**Cash & Cash Equivalents - end of the year:**
- Cash & Cash Equivalents: $24,778,000, $18,488,700, $18,938,434, $23,430,498, $32,973,125, $47,200,490, $59,798,148, $71,010,244, $83,101,412, $97,833,187, $109,801,229, $120,762,246

**Investments:** $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000, $7,294,000

**Cash, Cash Equivalents & Investments - end of the year:**
- Cash, Cash Equivalents: $24,778,000, $18,488,700, $18,938,434, $23,430,498, $32,973,125, $47,200,490, $59,798,148
Advantages: The Aggressive Option model would allow Council to consider upgrading a significant number of Councils existing assets to better suit user’s needs, cater for new assets and increase service delivery in relation to growth and community expectations for the life of the plan.

The “Net Operating Result for the year” and “Before Capital Grants and Contributions “ are both positive and generates significant cash flows to enable Council to meet all obligations and have capacity to deliver upgraded and new assets with associated increases in recurrent expenditure.

Disadvantages: It requires an addition $3 million from ratepayers each year for three years to meet possible needs before all information is at hand and to allow for community consultation to identify all of the opportunities available to Council. The increased cost to ratepayers may not be able to be fully offset by reductions in annual charges.

With any new or upgraded assets there will be associated increases in maintenance costs over the long term and these have not been factored in until the projects are determined.

Summary
Structure

The Long-Term Financial Plan (LTFP) is in six main sections.

Section 1: Planning Assumptions

The financial assumptions made when developing the LTFP.

Section 2: Revenue Forecasts

Council’s major sources of revenue and the assumptions used in forecasting these figures.

Section 3: Operational Expenditure Forecasts

Council’s major areas of expenditure and the assumptions used in forecasting these figures.

Section 4: Capital Expenditure Forecasts

Some of the financial considerations given to the implementation of the Asset Strategy and Asset Management Plans.

Section 5: Performance Measures

Measures Council’s long-term estimates outcomes against several financial indicators and ratios, including those now in place through the State Government’s ‘Fit for the Future’ program.

Section 1: Planning Assumptions

General Assumptions

There are four assumptions underlying this LTFP:

1. Council’s Asset Management Plans (AMP’s) reflect an accurate maintenance profile for all of Council’s $1 billion of assets.
2. Council’s current service standards are at the required levels i.e. there are no expected increases to level of services in any of Council’s operational areas unless otherwise provided for in the LTFP other than possibly in the Aggressive Model.
3. Council’s charter will remain unchanged over the period covered by this LTFP. If there is a change to Council’s charter, whether by another level of Government or by Council, then it is likely that Council will incur an increase in operating expenditure which will require a re-working of this LTFP.

Indexation Assumptions

The LTFP excludes general indexation, which in the case of NSW Councils is called the Local Government Cost Index (LGCI) and is calculated and prescribed by the Independent Pricing and Regulatory Tribunal (IPART) each year. The model excludes general indexation as a means to being able to compare year on year forecasts. In reality each year the LTFP rate revenue income will be inflated by the prescribed LGCI prior to adoption. Indexation outlined below is in addition to any general LGCI inflation and therefore is included in the models tabled in this document.

A major consideration for this LTFP is that the financial models used as the basis are only as good as the information at hand at the time of publishing.

The LTFP should be updated each year as ‘better’ quality information is calculated. The table below outlines the indexation estimates used in the LTFP.
<table>
<thead>
<tr>
<th>Assumption</th>
<th>Calculation Basis</th>
<th>Applies To</th>
<th>Amount %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Growth</td>
<td>Historical Trend</td>
<td>Rates</td>
<td>0.50%</td>
</tr>
<tr>
<td>Population Growth</td>
<td>Forecast (Provided by Population ID)</td>
<td>Operational Grants, Other Income, and Contributions</td>
<td>0.65%</td>
</tr>
<tr>
<td>Investment Interest Rate</td>
<td>Forecast Reserve Bank of Australia (RBA) - very slow return to normal benchmarks</td>
<td>Interest Income</td>
<td>Base on prior years experiences and expected future movements, which are fairly flat over the next few years.</td>
</tr>
<tr>
<td>Borrowings Interest Rate</td>
<td>Forecast (RBA)</td>
<td>Borrowing Costs</td>
<td>Fixed rate and no new borrowings identified other than 2017/18</td>
</tr>
<tr>
<td>Cost Recovery Target</td>
<td>Report 2011</td>
<td>Fees and Charges</td>
<td>2.5% above LGCI</td>
</tr>
</tbody>
</table>

**Model Assumptions**

**New Works Projects Operational Consequence**: Recognises that all capital projects create an additional burden to operate and maintain the new assets.

**Negative Inflation on Fixed Investments**: When Council acquires new debt, the interest rate is fixed until the loan has expired or rolled over inclusive of inflation. The estimated actual cost of loans has been calculated through the life of the plan with no new loans anticipated other than in 2017/18.

**Capital Funding Targets**: As government grants shift from program to project based it is becoming harder to budget for capital grants. This model assumes a constant funding of $1.3 million per year based on last 3 years trends, in addition to is the known capital grants, for replacing councils existing assets, to be received. Traditionally Council has attracted more than 30 per cent and this level of funding is considered conservative. The LTFP is not concerned with the funding profile of individual projects, only that the overall total equates to 30 per cent.

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Calculation Basis</th>
<th>Applies To</th>
<th>Amount %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Award Agreement</td>
<td>Forecast</td>
<td>Operating Employment Costs</td>
<td>2.3% 17/18 and 2.5% onwards</td>
</tr>
<tr>
<td>New Works Projects Operational Consequence Index</td>
<td>Forecast</td>
<td>All Operating Expenditure</td>
<td>Estimated replacement costs and ongoing maintenance</td>
</tr>
<tr>
<td>Negative Inflation On Fixed Investments</td>
<td>Forecast</td>
<td>Interest Paid</td>
<td>Fixed Rate</td>
</tr>
<tr>
<td>Capital Funding Targets</td>
<td>Forecast</td>
<td>Any Capital Project not listed as a New Works project</td>
<td>As per Asset Management Plan</td>
</tr>
</tbody>
</table>
## Section 2: Revenue Forecasts

### Definitions

Council’s revenue forecasts are broken into the following categories:

<table>
<thead>
<tr>
<th>Operating Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Rates and Annual Charges</strong></td>
</tr>
<tr>
<td>Revenue derived by levying property owners based on the land value of the property as well as annual charge made against each parcel of rateable land where the applicable service is available</td>
</tr>
<tr>
<td><strong>User Charges and Fees</strong></td>
</tr>
<tr>
<td>Revenue from a charge made in exchange for the provision of a specific good or service (e.g. user charge for water consumed)</td>
</tr>
<tr>
<td><strong>Interest and Investment Income</strong></td>
</tr>
<tr>
<td>Interest revenue from investment of surplus funds</td>
</tr>
<tr>
<td><strong>Other Revenue</strong></td>
</tr>
<tr>
<td>Other revenue includes operating contributions that are non-reciprocal transfers to Council</td>
</tr>
<tr>
<td><strong>Operating Grants</strong></td>
</tr>
<tr>
<td>Grants from government agencies that can be either tied to a specific function such as running of a childcare centre or untied such as financial assistance for running of Local Government</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capital Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Capital Grants</strong></td>
</tr>
<tr>
<td>Capital grants are funds provided by third parties (generally other levels of government) towards the cost of major asset renewal or upgrades</td>
</tr>
<tr>
<td><strong>Developer Contributions (S94/S64)</strong></td>
</tr>
<tr>
<td>Developer contributions are payments (in kind or cash) provided by developers to help meet the additional infrastructure costs being incurred by council as the result of land development</td>
</tr>
<tr>
<td><strong>Other Contributions</strong></td>
</tr>
<tr>
<td>Capital contributions are funds provided by third parties (not levels of Government) towards the cost of major asset renewal or upgrades.</td>
</tr>
<tr>
<td><strong>Asset Sales</strong></td>
</tr>
<tr>
<td>The sale of Council assets no longer required for the operations of Council</td>
</tr>
<tr>
<td><strong>Land Sales</strong></td>
</tr>
<tr>
<td>The sale of land owned by Council but surplus to its needs</td>
</tr>
<tr>
<td><strong>Reserve Transfers</strong></td>
</tr>
<tr>
<td>A transfer from reserves is utilising funds previously quarantined</td>
</tr>
<tr>
<td><strong>From</strong></td>
</tr>
<tr>
<td>Prior periods to be used in the current budget period</td>
</tr>
<tr>
<td><strong>Loan Proceeds</strong></td>
</tr>
<tr>
<td>Loan proceeds are the initial borrowings from a financial institution to assist in funding particular planned projects within the current budget period</td>
</tr>
<tr>
<td><strong>Cashflow Generated from Depreciation</strong></td>
</tr>
<tr>
<td>Depreciation is listed as an operating expense as a measure of asset consumption. Actual cash is spent in the capital budget on those assets, by showing depreciation as an operating expense and offset by a capital income, Council can reflect the true expenditure on assets</td>
</tr>
</tbody>
</table>
Operating Revenues

Rates and Annual Charges

The Base Model keeps rates at an inflation only position. That is, the only planned increase to rates will be the annual LGCI inflation measure issued by the Independent Pricing and Regulatory Tribunal IPART each year. The Middle Option and the Aggressive models include consideration for a review of the current special variation. The increased programs that may relate to increased revenues, still need to be identified if Council is to consider a special variation in future years.

Council’s current rates yield for the 2018 financial year is $23.05 million per annum before pensioner concessional rebates. Annual charges levied equate to another $26.73 million giving total revenues for rates and annual charges of $49.10 million.

Sensitivity Analysis

Rating revenue is a very consistent revenue source. As a form of taxation, the law is such that it is very difficult for a ratepayer to not pay their rating liability. The likelihood of a ratepayer avoiding their liability is very low. The consequence of an individual ratepayer avoiding their liability is also very low. Council has debt recovery procedures to ensure the majority (96 per cent or more) is paid each quarter.

User Charges and Fees

All three models call for a continued prioritisation of user fees and charges. The models continue the policy of a 2.5 per cent above LGCI increase each year. These targets can be achieved by either increasing the value of each fee or the volume sold of each service of which the fee is levied.

Council’s financial strategy categorises user fees and charges as fully recoverable, partially recoverable, or legislative fees (Council does not have the authority to amend). Detailed analysis has been undertaken to attempt to identify the true cost of service delivery accompanied by fee analysis to try and achieve the targets set forth in the LTFP.

Furthermore, greater focus needs to be applied by Council in levying of user fees. Each function of Council is partially funded by the sale of user services and the associated fees. Failure to levy the correct fee could result in an inability to fund particular services.

Sensitivity Analysis

User fees and charges are largely controlled by Council. It is therefore largely Council’s decision to implement its strategy or not. It is for that reason that the risk of this forecast not being accurate is low. If Council chooses to not implement its own strategy, then the Finance Strategy and LTFP needs to be adjusted accordingly.

<table>
<thead>
<tr>
<th>Sensitivity Measure</th>
<th>Risk Rating</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitivity Value (+/-5%)</td>
<td>+/- $1m-$2m</td>
<td>While it is somewhat likely that a small number of charges may not be achieved, it is not likely that several charges would fail to be collected. Hence a low risk factor.</td>
</tr>
<tr>
<td>Sensitivity Likelihood</td>
<td>Medium</td>
<td></td>
</tr>
<tr>
<td>Sensitivity Consequence</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>
Interest and Investment Income

The Australian cash market has been depressed for some time now. The cash rate since the year 2000 has averaged approximately five per cent. Currently, yields are approximately three per cent. For the purpose of all three models a yield has been adopted that is conservative and remains at current low levels over the next 10 years.

The amount currently received in General fund is of only a minor nature and will not have a material change with big variations in interest rate movements.

<table>
<thead>
<tr>
<th>Year</th>
<th>Yield %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018 - 2027</td>
<td>2%</td>
</tr>
</tbody>
</table>

Sensitivity Analysis

While the overall philosophy of returning to the norm over time is sound, the length of time and the increments that will achieve that result cannot be accurately forecast. There is a high degree of risk around this particular forecast, which translates to a high degree of probability that it is incorrect. As time progresses, the investment return forecast will need to be monitored and adjusted as per the market movements.

A corresponding movement can be expected in the borrowing costs line as well, although borrowings already drawn down will be fixed and therefore not as susceptible to rate movements as interest revenue.

<table>
<thead>
<tr>
<th>Sensitivity Measure</th>
<th>Risk Rating</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitivity Value (+/-5%)</td>
<td>+/- $100k-$200k</td>
<td>The unpredictability of the investment market makes this forecast a high risk. However, the overall consequence is not all that significant. The rating remains</td>
</tr>
<tr>
<td>Sensitivity Likelihood</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Sensitivity Consequence</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>High</td>
<td>High simply because of the nature of the forecast</td>
</tr>
</tbody>
</table>

Other Revenues

Other revenues have been forecast at 2017 levels using the population growth indexation factor. Other revenues include items such as fines, recovery fees, fundraising, and insurance claims.

Operating Grants

Operating grants are contributions made by other government agencies to provide operational services to the community. Grants can be provided either for specific purposes or projects, or can be unspecified so that Councils can use them for what they deem the most appropriate need.

There has been much political debate around the provision of operating grants over the past decade, which makes long-term planning for them extremely difficult. The graph below illustrates that even through the political turmoil surrounding grant allocations Council has been reasonably consistent in successfully applying for grants. All three financial models use the same operating grants forecast.

If council is unsuccessful in retaining any of these grants there is a likelihood that there would be an equivalent reduction in related expenditure to offset these losses.

The base year commences at the average grant receipt over the past 16 years and from there is indexed above inflation at the population growth index rate.
Section 3: Operational Expenditure Forecasts

Definitions

Unlike revenues, the same category of expenditure exists in both operating and capital areas of the LTFP. The definitions remain the same, the difference being whether the expenditure was applied against a capital project or an operating activity.

Council’s expenditure forecasts are broken into the following categories:

<table>
<thead>
<tr>
<th>Definition - Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Costs</td>
</tr>
<tr>
<td>Consideration given by Council in exchange for service rendered by employees or for the termination of employment. These costs include not only salary but other related costs such as superannuation, Workers Compensation leave entitlements, costs of training etc.</td>
</tr>
<tr>
<td>Materials</td>
</tr>
<tr>
<td>Raw materials and consumables purchased in the provision of performing operating activities. Generally, this is materials purchased and used by employees in the provision of their duties</td>
</tr>
<tr>
<td>Contracts</td>
</tr>
<tr>
<td>Contract and consultancy expenditure whereby the outcome is passed to a third party. The contractor becomes liable for all expenditure and an agreed outcome and is considered as a significant amount through a tender process.</td>
</tr>
<tr>
<td>Internal Costs</td>
</tr>
<tr>
<td>All indirect costs associated with services provided internally through a centralised process. Most of these costs relate to specific costs but are reallocated to each service to ensure that all costs related to providing these services or constructed are incorporated.</td>
</tr>
<tr>
<td>Other Expenses</td>
</tr>
<tr>
<td>Effectively all other expenditure that does not meet the criteria for the other categories. For Council, this category includes advertising, bank fees, software licencing, emergency services contributions, councillor expenses, donations, utilities, insurances, postage, street lighting, telephone and valuation fees</td>
</tr>
<tr>
<td>Depreciation</td>
</tr>
<tr>
<td>Depreciation is a charge made against each of Council’s assets in an attempt to measure its degradation over the financial year less any residual value at point of sale</td>
</tr>
</tbody>
</table>

Operating Expenditures

In previous versions of the LTFP, Council has consolidated operating expenditure under three main categories: Service Delivery, Asset Maintenance, and Interest Repayments. To provide better clarity and consistent reporting in line with Financial Statements and to foster links through to the Asset Management Plan and Workforce Plan this LTFP categorises operating expenditure into employment costs, materials, contracts, other, and borrowing costs. Due to the difficulties in forecasting some of these categories, the LTFP uses a historical trend formula to assign expenditure as a guide to future decision-making.
The cost breakdown is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>% Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Costs</td>
<td>37%</td>
</tr>
<tr>
<td>Materials &amp; Contracts</td>
<td>24%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>8%</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>2%</td>
</tr>
<tr>
<td>Depreciation</td>
<td>29%</td>
</tr>
</tbody>
</table>

**Sensitivity Analysis**

Due to the formulaic nature of the operating costs allocation matrix, the sensitivity of each category is somewhat redundant. It is expected that as greater detail is learnt on specific projects that the formula split amongst categories will change and be reallocated. Overall, however, there is a low probability of the forecast total being incorrect as the annual budgets will be allocate based on this model. If any functions should require more than has been allocated the budget process will identify a corresponding decrease in some other function of Council. As such, it is deemed that the risk of the operating costs forecast being inaccurate is low.

<table>
<thead>
<tr>
<th>Sensitivity Measure</th>
<th>Risk Rating</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sensitivity Value (+/-5%)</td>
<td>+ $4m-$5m</td>
<td>It is Council’s decision to allocate funds. There are numerous mechanisms to highlight if the budget is not being adhered to. It is foreseeable that Council can interject and ensure allocations are returned to a balanced position. It is this fact that brings an overall low rating to Operational Expenditure Forecasts.</td>
</tr>
<tr>
<td>Sensitivity Likelihood</td>
<td>Low</td>
<td></td>
</tr>
<tr>
<td>Sensitivity Consequence</td>
<td>High</td>
<td></td>
</tr>
<tr>
<td>Overall Risk Rating</td>
<td>Low</td>
<td></td>
</tr>
</tbody>
</table>

**Employment Costs**

Outside of the allocation of employment costs associated with asset management, Council has a substantial workforce allocated to the delivery of services in the community and to the administration of the organisation. Council employees are employed under the relevant State Award. This Award has been renegotiated with the result of an increase of 2.35% in 2017/18 and a further 2.5% for next three years. Council also has a salary system which allows for employees to progress in value based on their ability to deliver the duties and responsibilities of their position. The Employee Knowledge and Skills (EKaS) system allows an employee to move through their role from an Entry (G1) grade, with minimal experience in the organisation, to a Skill Competent (G2) which shows that the employee has the necessary skills and qualification to perform the role, through to Experience Competent (G3) which shows the employee has all of the necessary skills and experience to deliver that role autonomously, through to a Mentor (G4) which shows that that particular employee is a leader in their field, and in the organisation and can be relied on to deliver their duties to the highest standard.

**Materials Expenses**

Materials expenses have been applied against the category formula illustrated earlier in this document. No extraordinary indexation or forecasting has been applied.
Contract Expenses
Contract expenses have been applied against the category formula illustrated earlier in this document. No extraordinary indexation or forecasting has been applied.

Other Expenses
No extraordinary indexation or forecasting has been applied.

Summary of Operating Costs
Overall, after a significant jump in operating costs to reflect the change in Asset Management Policy as outlined in the model sections above, the Operating Cost profile is maintained reasonably steadily for an extended time frame.

Capital Expenditure
Similar to Operating Expenditure, to provide better clarity, and to foster links through to the Asset Management Plan and Workforce Plan, the LTFP categorises Capital Expenditure into Employment Costs, Materials, Contracts, Other, and Borrowing Costs. Due to the difficulties in forecasting expenditure to each of these categories, the LTFP uses a historical trend formula to assign expenditure as a guide to future decision-making. As time progresses and more detailed planning can occur on capital projects the trend formula can be overwritten to provide a more accurate reflection of the cost breakdown.

The cost breakdown is as follows:

<table>
<thead>
<tr>
<th>Category</th>
<th>% Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment Costs</td>
<td>35%</td>
</tr>
<tr>
<td>Materials</td>
<td>10%</td>
</tr>
<tr>
<td>Contracts</td>
<td>20%</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>5%</td>
</tr>
</tbody>
</table>

Please refer to the Operating Expenditure section of this document for a detailed explanation as to why the classification of expenditure is important. The actual classification of expenditure will alter from the forecasts as more detailed information is collated on particular projects. Decisions based on expertise, and workloads will impact on whether projects are delivered internally or externally.

The Capital Expenditure forecasts are taken directly from the Asset Management Plans. These values represent the funding required by the asset owners to deliver on the adopted level of service. It is important to understand that a change in level of service whether to increase or decrease must result in a change to the funding of that service as well as its resourcing profile. For example, if the community wants to grade more roads, that will mean in increase in Council plant, as well as operators, supervisors, administrators, or external contract expenses.
Section 4: Capital Expenditure forecasts

Capital Grants
Due to the volatile nature of Capital Grants, Council cannot reliably forecast the value of Capital Grants. Should the identified capital grant funding source not be achieved then the projects must be re-evaluated.

Developer Contributions
Due to the volatile nature of development contributions all three models forecast a consistent value with no above LGCI indexation. The chart below illustrates the difficulty in forecasting ‘Developer Contributions’, hence a very conservative view is taken.

The estimate income received is based on current year receipts and is of a low nature therefore there is only upside in material variations, which could be then used for upgraded or new assets.

Asset Sales
Asset Sales largely relate to the sale of plant once it has reached the end of its useful life with Council. The plant fund has a detailed change-over plan which estimates the trade value of all items of plant and the year of optimum trade. The overall impact of asset sales does not impact the LTFP as the balancing entry will be Asset Purchase (replacement of the fleet). The net impact is always zero.

Capital Project Funding Sources
Land Sales
Council holds many parcels of land, some of which have high values. In the confines of this model Council may plan to sell land to provide a funding source for community projects.

Reserve Transfers From
Council can also use funds held in reserve to fund activities and projects. In all instances where reserve funds are used in the LTFP, calculations have been run to ensure adequate funding will exist to meet the LTFP forecasts.

Loan Proceeds
Council should only use loan proceeds to fund capital projects. The LTFP forecasts both the quantum of any borrowings required to fund the planned capital project list as well as the cost to repay that debt. All three models include a debt allocation and subsequent repayment profiles.
Summary of Council’s Financial Position
*based on 2016 audited financial statements

<table>
<thead>
<tr>
<th>Financial Highlights</th>
<th>$ million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenues</td>
<td>$87.3m</td>
</tr>
<tr>
<td>Operating Expenditures</td>
<td>$83.5m</td>
</tr>
<tr>
<td>Net Transfer to Reserve</td>
<td>$4.2m</td>
</tr>
<tr>
<td>Operating Expenditures less Depreciation</td>
<td>$59.0m</td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>$32.3m</td>
</tr>
<tr>
<td>Total Actual Cash Expenditure</td>
<td>$95.7m</td>
</tr>
<tr>
<td>New Borrowings</td>
<td>$11.4m</td>
</tr>
<tr>
<td>Assets Held Under Management</td>
<td>$1.557m</td>
</tr>
<tr>
<td>Cash Held in Investments</td>
<td>$53.9m</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets by Class</th>
<th>($) Replacement Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>$103.67m</td>
</tr>
<tr>
<td>Buildings</td>
<td>$67.19m</td>
</tr>
<tr>
<td>Transport</td>
<td>$710.67m</td>
</tr>
<tr>
<td>Water</td>
<td>$308.04m</td>
</tr>
<tr>
<td>Sewer</td>
<td>$296.92m</td>
</tr>
<tr>
<td>Recreational</td>
<td>$29.87m</td>
</tr>
<tr>
<td>Other</td>
<td>$41.05m</td>
</tr>
<tr>
<td>Assets Held Under Management</td>
<td>$1,557.41m</td>
</tr>
</tbody>
</table>

Benchmark Measurements:

Operating Performance Ratio
Benchmark is at breakeven over last 3 year average.
Current LTFP meets this ratio up until 21/22 before it generates negative results.

Own Source Revenue Ratio
Benchmark is at least 60% of Total revenue sources.
Council has and will continue to meet this measurement.

Building and Asset Renewal Ratio

56 Resourcing Strategy
Benchmark Greater than 100% averaged over three years.
Council ratio ranges from 40% to 70% during the life of the plan.
To achieve 100% may be unrealistic as a number of assets have significant lives especially in the Building and Road pavement categories.
As long as Council is meeting the Asset Management Plan requirements the condition of assets would be maintained at required levels.

**Debt Service Ratio**
Benchmark less than 20% average over three years.
Council ratio is less than 8% reducing over the life of the Plan.
Attached below is the Consolidated Long Term Financial Plan incorporating General Fund, Water Fund and Sewer Fund.
## INCOME STATEMENT - CONSOLIDATED

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td><strong>Income from Continuing Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Revenue:</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Rates &amp; Annual Charges</td>
<td>46,531,000</td>
<td>47,463,827</td>
<td>49,105,440</td>
<td>50,107,981</td>
<td>51,133,837</td>
<td>52,183,607</td>
<td>53,257,904</td>
<td>54,357,360</td>
<td>55,482,624</td>
<td>56,634,363</td>
<td>57,813,260</td>
<td>59,020,021</td>
</tr>
<tr>
<td>Interest &amp; Investment Revenue</td>
<td>1,698,000</td>
<td>1,568,120</td>
<td>1,378,800</td>
<td>1,385,655</td>
<td>1,391,364</td>
<td>1,397,159</td>
<td>1,403,041</td>
<td>1,409,012</td>
<td>1,415,071</td>
<td>1,421,222</td>
<td>1,427,465</td>
<td>1,433,801</td>
</tr>
<tr>
<td>Other Revenues</td>
<td>1,298,000</td>
<td>1,029,740</td>
<td>843,400</td>
<td>855,361</td>
<td>867,202</td>
<td>879,220</td>
<td>891,418</td>
<td>903,799</td>
<td>916,366</td>
<td>929,122</td>
<td>942,069</td>
<td>955,210</td>
</tr>
<tr>
<td><strong>Expenses from Continuing Operations</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employee Benefits &amp; On-Costs</td>
<td>30,337,000</td>
<td>31,784,539</td>
<td>31,920,454</td>
<td>32,660,840</td>
<td>33,412,828</td>
<td>34,183,615</td>
<td>34,973,672</td>
<td>35,783,480</td>
<td>36,613,533</td>
<td>37,464,338</td>
<td>38,336,413</td>
<td>39,230,290</td>
</tr>
<tr>
<td>Borrowing Costs</td>
<td>2,010,000</td>
<td>2,138,659</td>
<td>2,243,027</td>
<td>2,398,585</td>
<td>2,657,653</td>
<td>2,944,364</td>
<td>3,174,869</td>
<td>3,482,286</td>
<td>3,797,196</td>
<td>3,190,413</td>
<td>1,983,951</td>
<td>1,675,388</td>
</tr>
<tr>
<td>Depreciation &amp; Amortisation</td>
<td>24,474,000</td>
<td>25,954,989</td>
<td>26,226,110</td>
<td>26,622,916</td>
<td>27,089,310</td>
<td>27,489,710</td>
<td>27,912,206</td>
<td>28,308,869</td>
<td>28,655,652</td>
<td>29,019,190</td>
<td>29,624,686</td>
<td>30,069,372</td>
</tr>
<tr>
<td>Other Expenses</td>
<td>5,801,000</td>
<td>6,294,163</td>
<td>6,756,811</td>
<td>6,855,996</td>
<td>6,944,875</td>
<td>7,037,533</td>
<td>7,133,500</td>
<td>7,227,088</td>
<td>7,322,109</td>
<td>7,622,929</td>
<td>7,720,334</td>
<td>7,820,334</td>
</tr>
<tr>
<td><strong>Operating Result from Continuing Operations</strong></td>
<td>3,875,000</td>
<td>6,452,600</td>
<td>685,509</td>
<td>(1,107,119)</td>
<td>(684,521)</td>
<td>(1,223,232)</td>
<td>(1,332,740)</td>
<td>(1,262,921)</td>
<td>(1,282,448)</td>
<td>(1,285,908)</td>
<td>(1,788,555)</td>
<td>(1,487,731)</td>
</tr>
</tbody>
</table>

**Notes:**
- Income from Continuing Operations represents the difference between net income and net non-operating income and expenses.
- Expenses from Continuing Operations include all expenses incurred in the normal course of business, excluding non-operating items.
- Operating Result from Continuing Operations is the difference between net income and non-operating items, focusing on core business performance.

**Grants & Contributions provided for Operating Purposes:**
- Grants & Contributions provided for Operating Purposes include categorical grants, operating subsidies, and other forms of support.

**Other Revenues:**
- Other Revenues include miscellaneous items not directly related to the core business operations.

**Expenses from Continuing Operations:**
- Employee Benefits & On-Costs include salaries, wages, and other employee-related costs.
- Borrowing Costs include interest expenses on debt.
- Materials & Contracts include costs associated with the acquisition of inventory.
- Depreciation & Amortisation include the allocation of capital costs over time.
- Other Expenses include miscellaneous expenses.

**Total Income from Continuing Operations:**
- Total Income from Continuing Operations is the sum of all income sources.

**Total Expenses from Continuing Operations:**
- Total Expenses from Continuing Operations is the sum of all expense categories.

**Operating Result for the Year:**
- Operating Result for the Year is the difference between total income and total expenses.

This summary provides a high-level view of the financial performance for the years ending 30 June 2027, highlighting key income and expense items as per the Resourcing Strategy.
Bega Valley Shire Council
10 Year Financial Plan for the Years ending 30 June 2027

BALANCE SHEET - CONSOLIDATED

### ASSETS

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash &amp; Cash Equivalents</td>
<td>17,484,000</td>
<td>11,194,700</td>
<td>11,644,434</td>
<td>13,852,852</td>
<td>17,110,273</td>
<td>22,200,007</td>
<td>28,404,638</td>
<td>38,491,476</td>
<td>43,318,779</td>
<td>39,940,557</td>
<td>52,411,589</td>
<td>65,029,896</td>
</tr>
<tr>
<td>Receivables</td>
<td>5,404,000</td>
<td>5,929,541</td>
<td>5,537,868</td>
<td>5,454,943</td>
<td>5,561,926</td>
<td>5,616,009</td>
<td>5,739,703</td>
<td>5,841,522</td>
<td>5,859,424</td>
<td>6,030,951</td>
<td>6,161,198</td>
<td>6,383,158</td>
</tr>
<tr>
<td>Inventories</td>
<td>690,514</td>
<td>705,243</td>
<td>693,950</td>
<td>702,734</td>
<td>761,960</td>
<td>721,516</td>
<td>751,119</td>
<td>740,866</td>
<td>736,209</td>
<td>760,801</td>
<td>770,983</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Non-current assets classified as &quot;held for sale&quot;</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td>1,008,543,133</td>
<td>1,008,118,202</td>
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### LIABILITIES

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### EQUITY

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### Current Year Actual

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<td>User Charges &amp; Fees</td>
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<td>Borrowing Costs</td>
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<td>Bonds &amp; Deposits Refunded</td>
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<td>Other</td>
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<td>Total Receipts</td>
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### Net Cash provided (or used in) Operating Activities

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<th>Item</th>
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<td>Sale of Investment Securities</td>
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<td>Sale of Infrastructure, Property, Plant &amp; Equipment</td>
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<td>Deferred Debtors Receipts</td>
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<td>Payments:</td>
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<td>Purchase of Infrastructure, Property, Plant &amp; Equipment</td>
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### Net Cash provided (or used in) Investing Activities

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<th>Item</th>
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<td>Proceeds from Financing Activities</td>
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<tr>
<td>Proceeds from loans</td>
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### Net Increase/(Decrease) in Cash & Cash Equivalents

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<tr>
<td>- Investments - end of the year</td>
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<tr>
<td>- Cash &amp; Cash Equivalents, Non-current assets - beginning of year</td>
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<tr>
<td>Cash &amp; Cash Equivalents - end of the year</td>
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### Cash & Cash Equivalents - end of the year

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<th>Item</th>
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<td>Investments, Non-current assets - beginning of year</td>
<td>40,900,000</td>
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<td>Investments - end of the year</td>
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<td>Cash, Cash Equivalents - end of the year</td>
<td>58,384,000</td>
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### Cash, Cash Equivalents - end of the year
COUNCIL’S RESOURCING STRATEGY

Four years
Assets, people, time and dollars required

- Financial Management
- Workforce Management
- Asset Management
- Technology Management
- Plant and Fleet Management
Workforce Management Plan

In establishing Council’s Workforce Management Plan, the first step was to acknowledge and give consideration to all associated challenges that accompany an ageing workforce and operating in a regional and remote area.

Council has many dedicated and devoted officers working to serve our local community efficiently and effectively. We are challenged by the geographic size and spread of our community, our distance from the major regional and capital centres, and the wide spectrum of services we are required to provide. We must continually look towards innovation and different ways of utilising our workforce in order to deliver services to our customers, today and tomorrow.

The Workforce Management Plan provides a roadmap to achieving the deliverables required under our Delivery Program and Operational Plan as part of the Community Strategic Plan 2040 (CSP 2040). It considers the challenges of an ageing workforce, the difficulties of recruiting new employees to live and work in our region, the risk of losing specialist skills and corporate knowledge as employees retire, and the requirement to plan for succession in positions we know will be vacated in the future. We need to do more to engage with our younger workforce and look at ways of increasing gender equality and diversity in the organisation, including employing Aboriginal people and people with a disability.

We are committed to being a values-based organisation. In 2015 we introduced a set of core value commitment statements, ‘PLaCE Values’: People matter; Learning is important; and we Can do; Engaging on all levels is key, which guide our people and business processes.

Our current Leadership Development Strategy has been recognised and showcased by Local Government Professionals NSW and we will continue to build on this important need as we move forward. Furthermore, we see ourselves as a community leader and have previously coordinated activities such as the South-East Region Leadership Forum to foster best-practice and contemporary people-management ideas.

Investment in our workforce and the strategies contained in this Plan will work towards achieving the outcomes required and future expectations of our community.

Sources of Data and Input to the Workforce Management Plan

In order to prepare the Plan we used data and information from a range of sources, including:

- Recent service reviews, including the comprehensive review of Transport and Utilities Group undertaken by the Group Director
- The NSW Local Government Workforce Strategy 2016-2020
Recent Workforce Initiatives

- A set of organisational values was defined through an employee consultative process. These are known as the ‘PLaCE Values’: People matter; Learning is important; and we Can do; Engaging on all levels is key.
- Introduction of annual employee awards directly linked to achievement against our PLaCE values and behaviours.
- Development and implementation of a new annual employee feedback system known as Employee Knowledge and Skills (EKaS). The emphasis is upon ensuring our workforce understand and practice the required job skills and knowledge in the workplace and hold the required qualifications.
- A complete review of all position descriptions, ensuring position accountabilities align with the current business needs. The qualification requirements of jobs have been clearly described as part of a deliberate approach of upskilling and professionalising the workforce. The organisational PLaCE values have also been integrated into the position descriptions. Employees are evaluated in their EKaS review with regards their demonstration of these values in the workplace.
- The remuneration/salary system was revised, reducing the complexity and ensuring a fairer pay system. The majority of employees were transitioned to the new salary system in 2017.
- An Organisational Culture Index (OCI) Survey was undertaken. This provides baseline data for future surveys and provides guidance for this Plan.
- Each year Council participates in the Local Government Professionals survey of Local Government, now known as The Australasian LG Performance Excellence Program. The data from this report enables us to benchmark Council against other Local Government employers. The 2016 report has largely helped inform the focus areas for this Plan.
- Formation of a Coordinators Co-op across the organisation focussing on supporting develop new leaders, building innovation into what we do and driving a new forum for communication across Council.
- Development of a ‘Breakthrough Projects’ process to encourage workplace innovation and support employees at all levels contribute to new ways of working and driving better outcomes for the Council.
Our Workforce

Council provides services to our community through four main Groups and one Corporate Unit, through the General Manager. Each Group consists of a number of sections responsible for delivering services in line with key strategic directions from the CSP 2040.

Current Workforce Analysis

- 369 permanent and fixed-term employees
- 322 full-time equivalents (FTE)
- Council employs 2.8 per cent of the available workforce in the Bega Valley Shire
- Half of our employees work in the Transport and Utilities Group
- 39 per cent of our employees are women
- 12 employees identify as Aboriginal, representing 3.25 per cent of our workforce
- Proportions of men and women working for Council becomes less diverse as the workforce ages
- Women occupy 15 per cent of manager level and above jobs
- Employee turnover is high compared against NSW Local Government averages
- Departure (resignations) within the first year of employment is 43.8 per cent

Figure 1: Breakdown of permanent, fixed-term and vacant positions as at 01/01/2017.
Figure 2: Full time employment by Group as at 01/01/2017

Figure 3: Male/female ratios by generation. (Source: Australasian LG Performance Excellence Program FY16)

Figure 4: Gender diversity by management role. (Source: Australasian LG Performance Excellence Program FY16)

Figure 5: Distribution of age profile in BVSC as at 1 Jan 2017
**Sector Wide Approach**

Approximately 45,000 people work in Local Government across NSW. Challenges for the sector in developing the workforce of the future include:

- An ageing workforce
- Uncertainty due to possible future Local Government reforms
- Skills shortages in professional areas
- Limitations in leadership capability
- Gender imbalance in senior roles
- Lack of skills and experience in workforce planning
- Lack of workforce trend data
- Difficulty in recruiting employees
- Resistance to more flexible work practices
- Lack of cultural diversity

Local Government NSW (LGNSW) is working on delivering several programs to support the sector and has adopted its Workforce Strategy 2016-2020.

The approach includes:

- Improving workforce planning and development
- Promoting Local Government as a place-based employer of choice
- Retaining and attracting a diverse workforce
- Creating a contemporary workplace
- Investing in skills
- Improving productivity and leveraging technology
- Maximising management and leadership; and
- Implementation and collaboration.

As a member of LGNSW, Council will participate as appropriate in the programs and opportunities provided by our peak association.
**Bega Valley Shire Council:**

- Is leading a working group with the Canberra Region Joint Organisation (CBRJO) to align workforce planning and services. This work is in its early stages but will aim at delivering efficiencies in training, development, utilising skills, sharing of services and expertise.
- Officers are also members of a number of professional associations such as Local Government Professionals (LGP), the Institute of Public Works Engineering Australasia (IPWEA), and other professional sector groups. In particular LGP is working to support Councils enhance coordination of Joint Organisations (in our case the CBRJO) combined effort and resource management as a whole and supporting the exploration of new ways to do things. This is an exciting and challenging opportunity that will develop over the period of the Delivery Program 2017 -2021 and include opportunities to look at combined service strategies, shared services, outsourcing and insourcing and developing centres of excellence for effectiveness, efficiency and improved outcomes.
- Is implementing a Memorandum of Understanding with Eurobodalla Shire Council. This has already produced significant benefits in sharing of resources and expertise and supporting improved outcomes. Cross border discussions with Victoria’s East Gippsland Shire Council looking at improved service models are also in development.

**Our Workforce: Issues**

**Geography**

- Bega Valley Shire covers a very large geographic area (6,300km²), presenting significant challenges in servicing the population of 33,500.
- Council’s main administration offices and depot are both located in Bega, with depots and other services provided in libraries, children’s services and swimming pools and the Bega Valley Regional Learning Centre, in Eden, Merimbula, Candelo, Cobargo, Bemboka and Bermagui.
- Long travel times to undertake service and maintenance tasks results in loss of productivity.
- Working in areas without telecommunications services brings risks, mitigated by ensuring adequate numbers of employees are present in case of an incident, but also resulting in subsequent inefficiencies/productivity loss.
- Geographic distances from the commercial centres of Sydney, Canberra and Melbourne adds considerably to training and development budget costs and to the cost of doing business.

**Ageing workforce**

A major challenge and driver for many elements of the Workforce Management Plan is our ageing workforce.

- The average age of a Council employee is 45
- 26 per cent of our employees will reach a retirement age of 65 in less than 10 years
• Removal of compulsory age retirement adds to the uncertainty of succession planning and the ability to plan and mitigate against the loss of skills and knowledge from the organisation

• There is reduced opportunity to ‘refresh’ from below as employees remain in the workforce rather than retiring, this provides opportunity as well as challenges

• Reduced physical capacity of ageing outdoor employees, which can in turn results in productivity losses

• The cost of investment in new plant and equipment to supplement the reduced physical capabilities of the ageing workforce is significant

• Older employees may find it more uncomfortable to adopt new practices and ways of working in the workplace, such as new workplace systems and technology, which can lead to challenges in some areas when implementing change

**Diversity**

• Workplace participation rates for women are low

• Low levels of employees with a disability, from non-English speaking backgrounds, women, and young people

• Low levels of representation of women in management roles

• Women leave our Council at a greater rate than the average for NSW Councils

• A dominance of women working in customer front-line service level jobs including customer service, child care and library services

• Very few women work in typically male dominated roles e.g. outdoor workforce and engineering services

• Potential issues of indirect discrimination arising from lack of female-male diversity in many areas of Council employment needs to be considered

• Council’s participation rate for Aboriginal people is 3.25 per cent, which exceeds the regional Aboriginal population proportion (2.7 per cent)

**Recruitment and selection**

• There is high level of employee turnover, in particular amongst our younger (Generation Y) employees

• The rate of failed recruitments (resignations within the first year of employment) is very high at 43.8 per cent

• Bega Valley Shire is considered by many to be a fairly remote regional location, making it difficult to encourage people to relocate to the area in order to take up employment opportunities

• The talent pool for technical and specialist positions within the Bega Valley Shire and immediate neighbourhood is restricted

• It is difficult to recruit to a range of specialist technical and professional type roles, including planners, project managers and a number of specialist outdoor jobs such as plant operators and electricians. Our forward projections indicate these skill shortages will continue into the future
Grant-funded positions create uncertainty of continuing employment in roles such as child care, community services, pool and lifeguards, which in turn creates challenges in recruitment and retention in these jobs.

Private sector remuneration for skilled jobs is usually higher than can be offered by Council, which also creates challenges for recruitment and retention.

**Workforce development**

- The speed of technological change in all jobs, including outdoor, para-professional and professional jobs, will change the way work will be done in the future. This will generate major demands for future upskilling and ongoing professional development of employees.
- Geographic isolation adds considerably to our costs of face-to-face training techniques.
- Increasing levels of government regulation in many of Council's areas of interest demand the constant upskilling and accreditation of impacted employees.
- Taken together, these factors will require significant future increases in training budgets and/or innovation in terms of new cost effective ways of budgeting training to our region.

**Management and leadership**

- Our management span of control (average) is 3.7 employees per manager/supervisor.
- Small spans of control tend to be indicative of two factors: a directive micro-management approach and too many layers of management.

**Local Government reform agenda and the image of Local Government sector**

- The NSW Government Reform Agenda for Local Government challenges us to become more productive, effective and efficient and innovative in all areas of our business, including our people systems and processes.
- We are part of the Canberra Region Joint Organisation of Councils (CBRJO), to align with other local South East Region Councils and we have entered into a Memorandum of Understanding (MOU) with Eurobodalla Council and will need to continue to drive positive outcomes from these relationships. These collaborations provide opportunities to review and explore common issues, potentially in the form of cost savings through preferred supplier agreements or shared service arrangements. Working together through peak Local Government organisations to improve the community view of Local Government and promote the sector as an industry of choice is high on the agenda.

**Our Workforce: Opportunities**

**Succession planning**

- We need to identify the operationally critical positions within our organisation including both senior and operational positions.
- Potential internal successors to those positions need to be identified and career plans prepared which include a range of learning and development opportunities.
- Coaching and mentoring programs also provide an opportunity to actively keep engaged those employees who are looking towards retirement. To remove some of the uncertainty...
Around impending employee retirements, we will look to utilise pre-retirement planning workshops, financial planning advice and encourage managers to regularly talk to employees about intention to retire issues.

**Recruitment and retention**

- We will undertake a review of our recruitment advertising mechanisms and look to adopt more targeted strategies focusing upon the specific pool of potential employees.
- We will consider using the Total Remuneration Package value of jobs in advertising campaigns for para-professional and professional positions in order to make them look more attractive and comparable to private sector recruitment strategies.
- We will move to offer superannuation choice as a further incentive in the recruitment strategy.
- We will conduct focus groups of Generation Y employees to better understand work motivators and de-motivators and develop strategies to retain this ‘at risk’ demographic in our Council.
- We need to develop recruitment marketing strategies which emphasise the Bega Valley as a liveable place and explore other non-financial incentives to encourage people to take up employment with Council.
- We will look to assist partners of new recruits to find employment in the area, including suitable vacancies within Council.
- We will review and streamline the on-boarding process in order to more quickly make year one employees feel they are part of the organisation.
- We will utilise and promote flexible work arrangements, including job sharing, part-time working, carer/family leave, and transition to retirement.
- Increase in employing people with a disability and Aboriginal people.
- We will work with the Local Government sector to promote Local Government as a positive career opportunity.

**Growing and developing our own**

- Projected skills shortages will drive a need to grow and develop our own specialist employees.
- We will undertake a skills audit of existing employees and follow up with a gap analysis based upon the data compiled.
- Skills audit data will be compiled into a dedicated software solution which will identify those priority areas where we need to provide learning opportunities or where we need to look towards the external recruitment market. It will also provide the opportunity to utilise the ‘untapped’ skills held in our workforce.
- Learning and development strategies we intend to utilise are:
  - Development of career pathways for para-professions and professionals.
  - Focused training linked to current and future position descriptions.
  - A comprehensive traineeship/apprenticeship/cadetship program targeting vocations and occupations where succession planning identifies future gaps and addressing issues of future workforce diversity needs.
- Utilisation of School-Based Apprenticeships and Traineeships (SBAT)
- Use of mentoring and coaching programs to transfer existing skills and knowledge onto those coming through
- Introduction of an alumni program, providing a mechanism for retired employees to continue to participate in the training and development of existing employees
- Development of job exchange programs with sector partners

- Implementation of a Learning Management System (LMS) which will provide new web-based technologies for training delivery and record keeping
- Linking of the LMS to the succession plan and other workforce planning technologies

**Management and leadership development**

- We will continue to develop our integrated leadership program for our team leaders, coordinators and managers
- There will be increased emphasis upon contemporary leadership and management practices and concepts of innovation
- There will be an increased focus upon quality management practices and concepts
- Introduction of total quality management approaches
- Development of relationships with tertiary institutions and their respective Centres of Excellence
- Continuous improvement will be encouraged through the ‘Breakthrough Projects’ program and managers and leaders in the organisation will use this as a major tool for cultural change and innovation
- We will continue to track our organisational culture by seeking structured feedback from employees and use those results to drive future strategic workforce planning actions
- Improving internal communication and improved cross organisational projects are a priority

**Human resource management systems**

- The use of workforce data (metrics) can assist in guiding the workforce strategies as they evolve
- Current legacy human resource management systems need to be replaced with contemporary technology, which has the ability to present up-to-the-minute workforce data presented in a range of immediately interpretable views
- We will make workforce information available remotely to managers and supervisors via a range of contemporary platforms including mobile phones and tablet devices
- The decentralisation of workforce management processes will empower managers and supervisors to make more rapid decisions and support their employees in a more immediate manner
Working together

- Our alignment and participation with other Local Government bodies (like CBRJO and our MOU with Eurobodalla Council) provides a range of opportunities, many of which will evolve over time as relationships develop
- We will explore areas of potential efficiency gains through the utilisation of a joined-up workforce
- Some immediate areas of collaboration are Work Health and Safety (WHS), training and development, human resource information systems, pay and remuneration, and contact centres, planning, events management, procurement and waste management

Our Workforce Management Direction

The Workforce Management Plan focusses on five key areas for action.

These are:
1. Alignment of workplace practices to ensure we are a contemporary workplace
2. Attracting and keeping the right people
3. Growing our own
4. Looking after our people
5. Celebrating success

Workforce requirements

One key overlay to the Plan is the need to forecast workforce requirements for the term of the Delivery Program 2017-2021 and into the longer-term. This is a continuing work in progress as opportunities from new ways of working evolve.

A key input to this will be the development of the Canberra Region Joint Organisation and further evolution of the Memorandum of Understanding with Eurobodalla.

Organisational structure

Council is required to consider the organisation structure at a senior level in the first 12 months of the electoral cycle. The development of the Integrated Planning and Reporting plans with the community is an appropriate time to do this.

The structure, as depicted below, is recommended as we move forward. If the framework of the Community Strategic Plan and Delivery Program is amended then appropriate changes will be required.
General Manager

Organisational Development and Governance
- Office of the General Manager and Mayor
- Organisational Development
- Risk and Internal Audit
- Governance
- Records Management

Transport and Utilities
- Works
- Strategy and Assets Services
- Water and Sewer
- Waste and Recycling
- Project Management

Planning and Environment
- Environmental Services
- Health, Building and Compliance
- Planning Services

Strategy and Business
- Finance
- Business Services
- Economic Development
- Integrated Planning and Reporting

Community, Relations and Leisure
- Community, Culture and Information
- Leisure and Recreation
- Children, Family and Ageing
- Communications
## Four Year Workforce Action Plan

### 1. ALIGNMENT OF WORKPLACE PRACTICES TO ENSURE WE ARE A CONTEMPORARY WORKPLACE

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Align organisational culture with the requirements of the CSP 2040</td>
<td>Conduct an employee attitude survey</td>
<td>2018</td>
<td>Leadership Executive Group / Organisational Development</td>
<td>Survey completed</td>
</tr>
<tr>
<td></td>
<td>Compare with 2016 results</td>
<td>Mid-2018</td>
<td>Leadership Executive Group / Organisational Development</td>
<td>Comparison available</td>
</tr>
<tr>
<td></td>
<td>Develop interventions based upon outcomes of survey</td>
<td>End-2018</td>
<td>Leadership Executive Group / Managers Forum / Organisational Development</td>
<td>Interventions defined and underway</td>
</tr>
<tr>
<td>Coordinators and managers are competent in contemporary leadership practices</td>
<td>Develop and implement an ongoing internal leadership development program</td>
<td>End-2017</td>
<td>Organisational Development / Leadership Executive Group / Managers Group Coordinators Co-op</td>
<td>Program is designed and agreed by Leadership Executive Group</td>
</tr>
<tr>
<td></td>
<td>Utilise the an appropriate program for high potential future leaders</td>
<td>Yearly</td>
<td>Leadership Executive Group</td>
<td>Annual PLaCE Award winner attends a Leadership program</td>
</tr>
<tr>
<td>Implement contemporary human resource management information systems and related eSystems</td>
<td>Research and recommend appropriate human resource systems</td>
<td>2018</td>
<td>Business Services</td>
<td>Recommendation report provided to Leadership Executive Group for approval</td>
</tr>
<tr>
<td></td>
<td>Implement and roll out new human resource technologies</td>
<td>2019 onwards</td>
<td>Business Services</td>
<td>New HR systems in place and operational</td>
</tr>
<tr>
<td>Reduce reliance upon casual employees for established positions</td>
<td>Review the usage rates of casual employees across the business</td>
<td>2017</td>
<td>Governance</td>
<td>Recommendations for action submitted</td>
</tr>
<tr>
<td></td>
<td>Recruit permanently to established positions where deemed appropriate</td>
<td>2017</td>
<td>Employee Support Services</td>
<td>Recruitments completed</td>
</tr>
<tr>
<td>Provision of strategic human resource planning advice and services</td>
<td>Implement cloud-based human resource management information systems</td>
<td>2018</td>
<td>Business Services</td>
<td>Systems commissioned and operational</td>
</tr>
<tr>
<td></td>
<td>Create opportunities to develop key project plans internally rather than through costly</td>
<td>2017</td>
<td>Leadership Executive Group</td>
<td>Internal capacity identified and working on key projects</td>
</tr>
</tbody>
</table>
### 1. Alignment of Workplace Practices to Ensure We Are a Contemporary Workplace

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure organisational structure reflects service outcomes</td>
<td>Provide access to human resource information via a range of platforms including mobile devices</td>
<td>2018</td>
<td>Business Services</td>
<td>Systems accessible and used by employees</td>
</tr>
<tr>
<td>Ensure organisational structure reflects service outcomes</td>
<td>Monthly review of all vacancies to ensure alignment of workforce to strategic direction</td>
<td>2017 onwards</td>
<td>Leadership Executive Group/Managers</td>
<td>Workforce structure meets Delivery Program outcomes</td>
</tr>
<tr>
<td>Maximise opportunities from collaboration opportunities</td>
<td>Participate in and lead the development of Canberra Region Joint Organisation workforce planning and shared service development and projects auspiced under the MOU with Eurobodalla Shire Council</td>
<td>2017 onwards</td>
<td>General Manager/Leadership Executive Group</td>
<td>Appropriate new service models in place</td>
</tr>
</tbody>
</table>

### 2. Attracting the Right People

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recruitment of qualified persons and targeted demographic into the organisation</td>
<td>Review recruitment strategies</td>
<td>End 2017</td>
<td>Employee Support Services</td>
<td>Report prepared identifying issues with current recruitment strategies</td>
</tr>
<tr>
<td>Develop contemporary recruitment strategies which focus on 'Bega Valley - a liveable place' and other non-financial incentives</td>
<td>2018 Employee Support Services</td>
<td>2018</td>
<td>Employee Support Services</td>
<td>New range of recruitment strategies developed and implemented</td>
</tr>
<tr>
<td>Provide dual-career opportunities for partner of recruitee</td>
<td>On-going Employee Support Services</td>
<td>On-going</td>
<td>Employee Support Services</td>
<td>Case-by-case basis</td>
</tr>
<tr>
<td>Identify and promote non-financial means to attract employees</td>
<td>On-going Employee Support Services</td>
<td>On-going</td>
<td>Employee Support Services</td>
<td>Anecdotal evidence of successful recruitments due to non-financial inducements</td>
</tr>
<tr>
<td>Introduce full superannuation choice</td>
<td>2018 Finance</td>
<td>2018</td>
<td>Attendance</td>
<td>Superannuation choice available to all employees</td>
</tr>
<tr>
<td>Overhaul the on-boarding</td>
<td>Mid-2018 Employee Support</td>
<td>Mid-2018</td>
<td>Attendance</td>
<td>Reduction in rate of</td>
</tr>
</tbody>
</table>
## 2. ATTRACTING THE RIGHT PEOPLE

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increased diversity and representation of target groups</td>
<td>Identify vacant positions suitable for Aboriginal employment</td>
<td>On-going</td>
<td>Leadership Executive Group</td>
<td>Increased number of Aboriginal designated positions</td>
</tr>
<tr>
<td></td>
<td>Designate new trainee / apprentice / cadet positions for Aboriginal people</td>
<td>2018</td>
<td>Leadership Executive Group / Managers Forum</td>
<td>Designated Aboriginal trainee / apprentice / cadet positions created</td>
</tr>
<tr>
<td></td>
<td>Develop affirmative action programs to increase representation of women in supervisory and management roles</td>
<td>2018</td>
<td>Leadership Executive Group / Organisational Development</td>
<td>Gender balance shifting, especially in management roles</td>
</tr>
<tr>
<td></td>
<td>Encourage woman into non-traditional outdoor roles</td>
<td>On-going</td>
<td>Works</td>
<td>Increasing numbers of women in non-traditional roles</td>
</tr>
<tr>
<td></td>
<td>Promote Council as a suitable and positive work environment for people with disability</td>
<td>On-going</td>
<td>Leadership Executive Group</td>
<td>Increasing number of people with disability employment</td>
</tr>
<tr>
<td>Contribute to the development of an improved reputation of Local Government as an employer of choice</td>
<td>Work with peak bodies such as Local Government NSW, Canberra Region Joint Organisation and Local Government Professionals to promote Local Government opportunities</td>
<td>On-going</td>
<td>Council / General Manager / Leadership Executive Group</td>
<td>Local Government recognised as a positive place-based employer of choice</td>
</tr>
</tbody>
</table>

## 3. GROWING OUR OWN

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Implementation of a succession planning methodology, associated practices and technologies</td>
<td>Determine operational critical positions</td>
<td>First-half 2018</td>
<td>Leadership Executive Group and Managers Forum</td>
<td>Critical positions identified</td>
</tr>
<tr>
<td></td>
<td>Identify employees likely to retire in next 10 years</td>
<td>First-half 2018</td>
<td>Organisational Development / Employee Support Services</td>
<td>At-risk positions identified</td>
</tr>
<tr>
<td></td>
<td>Identify potential successors</td>
<td>First-half 2018</td>
<td>Leadership Executive Group and Managers Forum</td>
<td>Potential future successors identified</td>
</tr>
<tr>
<td></td>
<td>Develop career and learning plans for successors</td>
<td>Second-half 2018</td>
<td>Organisational Development / Managers Forum</td>
<td>Career and learning plans are in place for identified successors</td>
</tr>
</tbody>
</table>
### 3. GROWING OUR OWN

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure employees have the requisite skills, knowledge and qualifications to perform role</td>
<td>All employees participate in the annual Employee Review (EKaS)</td>
<td>Yearly</td>
<td>Leadership Executive Group / Organisational Development</td>
<td>All employees participate in EKaS Review</td>
</tr>
<tr>
<td></td>
<td>Skills matrix and career plan is developed for all positions and employees</td>
<td>Second-half 2018</td>
<td>Organisational Development / Managers Forum</td>
<td>All employees have their skills mapped and linked to a career plan</td>
</tr>
<tr>
<td></td>
<td>Development opportunities are planned and linked to skills matrix</td>
<td>2019</td>
<td>Organisational Development / Managers Forum</td>
<td>Individual development plans are in place</td>
</tr>
<tr>
<td></td>
<td>Implement eLearning technology</td>
<td>2018</td>
<td>Employee Support Services</td>
<td>Learning Management System technology implemented and operational</td>
</tr>
<tr>
<td></td>
<td>Review and refresh the Studies Assistance Procedure</td>
<td>2018</td>
<td>Employee Support Services</td>
<td>Review completed and recommendations actioned</td>
</tr>
<tr>
<td></td>
<td>Implement internal coaching, mentoring and alumni programs</td>
<td>Second-half 2018</td>
<td>Organisational Development / Managers Forum</td>
<td>Mentoring, coaching and alumni programs are in place and operational</td>
</tr>
<tr>
<td></td>
<td>Implement a strategic trainee/apprentice/cadet program</td>
<td>2017</td>
<td>Organisational Development / Managers Forum</td>
<td>Future skill shortages identified and linked to positions required</td>
</tr>
<tr>
<td></td>
<td>Required numbers of trainees/apprentices/cadets identified</td>
<td>End-2017</td>
<td>Organisational Development / Managers Forum</td>
<td>Recruitment to identified positions complete</td>
</tr>
<tr>
<td></td>
<td>Increase the flexibility of the workforce</td>
<td>End-2017</td>
<td>Organisational Development</td>
<td>All position descriptions rewritten</td>
</tr>
<tr>
<td></td>
<td>Reduce demarcations in positions and provide for multi-skilling in jobs</td>
<td>End-2017</td>
<td>Organisational Development</td>
<td>All position descriptions rewritten</td>
</tr>
<tr>
<td></td>
<td>Provide for specialist skill development where operationally critical job needs are identified</td>
<td>Ongoing</td>
<td>Local management</td>
<td>Skills shortages are reduced</td>
</tr>
<tr>
<td></td>
<td>Introduce an employee job rotation program</td>
<td>2018</td>
<td>Employee Support Services</td>
<td>Formal employee rotation program implemented</td>
</tr>
<tr>
<td></td>
<td>Collaborate in cross sector employee development programs</td>
<td>2018</td>
<td>Leadership Executive Group / Employee Support Services / Organisational Development</td>
<td>Work with neighbouring councils to develop mentor and job exchange programs and a peer support network</td>
</tr>
</tbody>
</table>
### 4. LOOKING AFTER OUR PEOPLE

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manage an ageing workforce to ensure CSP 2040 deliverables are achieved</td>
<td>Conduct pre-retirement workshops</td>
<td>Annually</td>
<td>Organisational Development</td>
<td>Workshops conducted</td>
</tr>
<tr>
<td></td>
<td>Utilise transition-to-retirement procedures</td>
<td>Ongoing</td>
<td>Employee Support Services</td>
<td>Increased uptake of Transition to Retirement</td>
</tr>
<tr>
<td></td>
<td>Provision of financial review services for pre-retirees</td>
<td>Ongoing</td>
<td>Employee Support Services</td>
<td>Pre-retirees accessing the service</td>
</tr>
<tr>
<td>Assist in the development of (Aboriginal) Reconciliation Action Plan</td>
<td>Actionable targets identified and developed</td>
<td>End-2017</td>
<td>Community, Leisure &amp; Information / Organisational Development</td>
<td>Reconciliation Action Plan links to Workforce Plan</td>
</tr>
<tr>
<td>Retention of ‘at-risk’ employees</td>
<td>Promote the utilisation and uptake of flexible work arrangement procedures</td>
<td>Ongoing</td>
<td>Employee Support Services</td>
<td>Reduction in rate of attrition of ‘at risk’ employees</td>
</tr>
<tr>
<td>Ensure all Council workplaces are accessible</td>
<td>Undertake accessibility assessment of all Council workplaces and develop a priority work plan to progressively address</td>
<td>July 2018</td>
<td>Leadership Executive Group</td>
<td>Plan and works program prepared</td>
</tr>
</tbody>
</table>

### 5. CELEBRATING SUCCESS & RECOGNISING ACHIEVEMENT

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Measure of success</th>
</tr>
</thead>
<tbody>
<tr>
<td>Recognition of individual and team achievements</td>
<td>Annual employee award system operational (PLaCE Awards)</td>
<td>Annually</td>
<td>Leadership Executive Group</td>
<td>Employee nominations received / award winners announced annually</td>
</tr>
<tr>
<td></td>
<td>Acknowledgement of celebrations/achievements listed as a regular agenda item at Leadership Executive Group, Managers Forum, Coordinator Co-op meetings</td>
<td>Ongoing</td>
<td>Leadership Executive Group / Managers Forum / Coordinators Co-op</td>
<td>Audit of meeting minutes indicates item was discussed and achievements acknowledged</td>
</tr>
<tr>
<td></td>
<td>Employee and team meetings acknowledge celebrations/achievements</td>
<td>Ongoing</td>
<td>All employees</td>
<td>Anecdotal reports of successes and achievement being acknowledged</td>
</tr>
</tbody>
</table>
Implementing the Plan

Implementation of the Workforce Management Plan is the responsibility of the General Manager with the support of the Leadership Executive Group (LEG). Directors, managers and coordinators all have clear responsibility in their position description in line with the Plan.

Three clear areas of focus have been identified for the LEG across the organisation to support the implementation of the Plan:

- Communication
- Innovation
- Training and development innovation

The combined leadership team link the Workforce Management Plan to their regular reporting.

Being visible, meeting with employee across the organisation and gaining their input into the Plan’s implementation is important. This happens on a regular, timetabled program and in ad hoc sessions.

All employees were involved in development of and providing feedback to the CSP 2040 and the suite of Integrated Planning and Reporting plans.

Monitoring and Evaluation

Progress against the effective implementation of the Plan will be measured annually. All employees will be involved to varying degrees in aspects of the monitoring and review phases.

A quarterly survey charts performance against the agreed behaviours in the PLaCe statements (People matter; Learning is important; and we Can do; Engaging on all levels is key) and every second year the Human Synergistics Organisational Cultural Index is measured.

Employees will also provide feedback through formal sessions and meetings and the Employee Knowledge and Skills (EKaS) discussions.

All feedback will be assessed and incorporated into reviews and updates of actions and outcomes.
COUNCIL’S RESOURCING STRATEGY

Four years
Assets, people, time and dollars required

- Financial Management
- Workforce Management
- Asset Management
- Technology Management
- Plant and Fleet Management
Asset Management Planning

The overall objective of asset management is to provide clear direction for the management of Council-controlled assets, to ensure Council is able to deal with changes to meet community needs, in accordance with legislation, and deliver fit-for-purpose assets for the community.

Infrastructure asset management is the combination of financial, economic, engineering, geospatial science and other practices, applied to physical assets with the objective of providing the required level of service for assets in the most cost effective manner. It includes the management of the entire life-cycle including design, construction, commissioning, operating, maintaining, repairing, modifying, replacing and decommissioning/disposal of physical and infrastructure assets.

Operating and management of assets in a constrained budget environment requires prioritisation which takes into consideration: stakeholder expectations; risk; mitigation and management; legal and regulatory considerations; intergenerational equity, and constant changes to technology; methodologies and demographics.

Council is responsible for maintaining assets valued at around $1.45 billion. These assets include roads, bridges, sewerage pipes, pumping stations and treatment works, stormwater drainage, water supply including dams, pipes, reservoirs, pumping equipment and delivery infrastructure, community facilities including libraries, community halls, swimming pools, surf life-saving clubs, cemeteries, car parks, wharves, jetties, the airport, waste facilities, land fill sites, and Council properties and buildings. In addition Council has the care and control of both urban and rural Crown Land and Crown Reserves including beaches to the high water mark.

Executive Summary

The Asset Management Strategy assists Council to improve the way it delivers services from infrastructure assets. Infrastructure assets exist within the following service delivery areas: Transport, Water, Sewer, Building, Waste, Cemetery and Recreation and Leisure.

The Asset Management Strategy enables Council to demonstrate:

- How the asset portfolio will meet the service delivery needs of the community into the future
- How Council’s asset management policies will be achieved
- The integration of Council’s asset management with its long-term strategic and financial plans
The Asset Management Strategy will assist Council in meeting the requirements of national sustainability frameworks, NSW Integrated Planning and Reporting Framework and providing services needed by the community in a financially sustainable manner.

The Asset Management Strategy has been prepared following a review of the service delivery practices, asset management maturity and aligns with Council’s vision for the future outlined in the CSP 2040. The Strategy outlines an Asset Management Improvement Plan detailing tasks to be completed, and resources required, to bring Council to a minimum ‘core’ level of asset maturity and competence.

**Strategic Outlook**

The organisation is able to fund current infrastructure life-cycle cost at current levels of service and available revenue.

The organisation’s current asset management maturity requires an investment to improve information management, lifecycle management, service management and accountability and direction.

**Introduction**

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement while managing community expectation and growing demands.

Infrastructure assets such as roads, drains, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.¹

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets’ full life-cycle.²

The National Frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers’ Council (LGPMC) require councils to adopt a long-term approach to service delivery and funding comprising:

- A strategic long-term plan covering, as a minimum, the term of office of the Councillors
  - bringing together Asset Management and Long-Term Financial Plans
  - demonstrating how Council intends to resource the Plan
  - consulting with communities on the Plan
- An Annual Budget showing the connection to the strategic objectives
- An Annual Report with:
  - explanation to the community on variations between the budget and actual results
  - any impact of such variances on the strategic longer-term plan

¹ LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.
Framework Two: Asset Planning and Management has seven elements to assist in highlighting key management issues, promote practical transparent and accountable management of Local Government assets, and introduce a strategic approach to meet current and emerging challenges.

The seven elements are:

1. Asset Management Policy
2. Strategy and planning
   - Asset Management Strategy
   - Asset Management Plan
3. Governance and management arrangements
4. Defining levels of service
5. Data and systems
6. Skills and processes

**The Asset Management Strategy**

**The Asset Management Strategy enables Council to demonstrate:**

- How the asset portfolio will meet the service delivery needs of the community into the future
- How Council’s asset management policies will be achieved
- The integration of Council’s asset management with its long-term strategic and financial plans

**The goal of asset management is to ensure that services are provided:**

- In the most cost effective manner
- Through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets
- For present and future consumers

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

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**Legislative reform**

Under the Office of Local Governments Integrated Planning and Reporting framework, NSW Councils are required to draw together their various plans, to understand how they interact and to plan holistically for the future.

As a result, Bega Valley Shire’s Community Strategic Plan 2040 (CSP 2040) provides a vehicle for expressing long-term community aspirations in accordance with current requirements. These aspirations can only be achieved if sufficient resources, time, money, assets, and people are allocated.

Through the Delivery Plan 2017-2021, Council outlines how the objectives of the CSP 2040 will be implemented. Implementation is based on the resources identified in the Resourcing Strategy. The Resourcing Strategy focuses on long-term planning strategies in three key areas:

- Financial planning
- Asset management planning
- Workforce planning

**Asset management planning process**

Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council’s financially sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation’s strategic plan, developing an Asset Management Policy, Strategy, Asset Management Plan and Operational Plan, linked to a Long-Term Financial Plan with a Funding Plan.
Legal and Stakeholder Requirements and Expectations

Organisational Strategic Plan
Vision, Mission, Goals & Objectives, Levels of Service, Business Policies, Risk

ASSET MANAGEMENT POLICY

ASSET MANAGEMENT STRATEGY
Objectives, level of service target and plans

ASSET MANAGEMENT PLANS
Services & service levels to be provided, funds required to provide services

Asset Management Philosophy & Framework

OPERATIONAL PLANS
Service delivery in accordance with asset management plans
Asset solutions – operate, maintain, renew, enhance, retire
Non-asset solutions – partnerships, demand management, insurance, failure management

Service Delivery

KNOWLEDGE MANAGEMENT
Asset data and information systems

Knowledge
What assets do we have?

Council uses infrastructure assets to provide services to the community. The infrastructure assets have been categorised into the following seven service areas.

- Leisure and Recreation (includes minor marine)
- Cemeteries
- Buildings (includes saleyards)
- Water
- Sewer
- Waste
- Transport (includes major marine and airports)

Further details under each of the above categories including a detailed inventory can be found in the individual Asset Management Plans and the Asset Management Plan 2017-2021.

The financial status of Council’s assets is shown in Table 1.

<table>
<thead>
<tr>
<th>Asset Class</th>
<th>Replacement Cost ($000) in millions</th>
<th>Depreciable Amount</th>
<th>Depreciated Replacement Cost ($000) in millions</th>
<th>Depreciation Expense ($000) in millions</th>
<th>Consumption Ratio %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>$71.1</td>
<td>$71.1</td>
<td>$53.0</td>
<td>$1.5</td>
<td>25.45%</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>$3.6</td>
<td>$3.5</td>
<td>$1.6</td>
<td>$1.3</td>
<td>53.56%</td>
</tr>
<tr>
<td>Leisure &amp; Recreation</td>
<td>$82.1</td>
<td>$82.1</td>
<td>$44.7</td>
<td>$2.1</td>
<td>45.54%</td>
</tr>
<tr>
<td>Sewer</td>
<td>$266.9</td>
<td>$266.9</td>
<td>$154.1</td>
<td>$6.9</td>
<td>42.24%</td>
</tr>
<tr>
<td>Transport</td>
<td>$742.6</td>
<td>$605.1</td>
<td>$314.5</td>
<td>$8.8</td>
<td>48.01%</td>
</tr>
<tr>
<td>Waste</td>
<td>$7.8</td>
<td>$6.8</td>
<td>$5.1</td>
<td>$0.8</td>
<td>25.65%</td>
</tr>
<tr>
<td>Water</td>
<td>$265.2</td>
<td>$265.2</td>
<td>$160.1</td>
<td>$3.6</td>
<td>39.62%</td>
</tr>
<tr>
<td>Total</td>
<td>$1,439.3</td>
<td>$1300.7</td>
<td>$733.1</td>
<td>$25.0</td>
<td>56.36%</td>
</tr>
</tbody>
</table>

The replacement cost of our asset base is depicted by asset class below which shows that transport assets are more than double the value of any other asset classes.
Replacement cost of assets by class

The following table indicates the condition grading number that relates to the physical state of an asset.

<table>
<thead>
<tr>
<th>Condition Grading</th>
<th>Description of Condition</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>Asset not assessed i.e. asset not depreciable or mothball/end of life assets.</td>
</tr>
<tr>
<td>1</td>
<td>Very Good: only planned maintenance required</td>
</tr>
<tr>
<td>2</td>
<td>Good: minor maintenance required plus planned maintenance</td>
</tr>
<tr>
<td>3</td>
<td>Fair: significant maintenance required</td>
</tr>
<tr>
<td>4</td>
<td>Poor: significant renewal/rehabilitation required</td>
</tr>
<tr>
<td>5</td>
<td>Very Poor: physically unsound and/or beyond rehabilitation</td>
</tr>
</tbody>
</table>

Asset condition

The following table indicates the condition grading number that relates to the physical state of an asset.
Asset class condition (number) is indicated on the following table.

Percentage of assets condition by asset class

Asset life cycle costs

A shortfall between life-cycle cost and life-cycle expenditure gives an indication of the life-cycle gap to be addressed in the Asset Management Plans and Long-Term Financial Plan.

The life-cycle gap and life cycle indicator for services covered by the Asset Management Plan 2017-2021 is summarised in Table 2 below. Refer to the Asset Management Plan 2017-2021 for further details and breakdown of operations, maintenance and renewal expenditure.
Table 2: Life-Cycle Indicators (10 years) (See Note 4)

<table>
<thead>
<tr>
<th>Service</th>
<th>Life Cycle Cost (See Note 1) ($000) ($/yr)</th>
<th>Life Cycle Expenditure (See Note 2) ($000) ($/yr)</th>
<th>Life Cycle Gap (See Note 3) ($000) ($/yr)</th>
<th>Life Cycle Indicator (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buildings</td>
<td>1633.2</td>
<td>2,102.4</td>
<td>469.2</td>
<td>128%</td>
</tr>
<tr>
<td>Cemeteries</td>
<td>184.4</td>
<td>291.3</td>
<td>106.9</td>
<td>158%</td>
</tr>
<tr>
<td>Leisure &amp; Recreation</td>
<td>7166.2</td>
<td>6,834.5</td>
<td>-331.7</td>
<td>95%</td>
</tr>
<tr>
<td>Sewer</td>
<td>11249.1</td>
<td>14,569.6</td>
<td>3.320.5</td>
<td>130%</td>
</tr>
<tr>
<td>Transport</td>
<td>19012.2</td>
<td>19,301.0</td>
<td>288.8</td>
<td>102%</td>
</tr>
<tr>
<td>Waste</td>
<td>5541.6</td>
<td>8,588.6</td>
<td>3.047.0</td>
<td>155%</td>
</tr>
<tr>
<td>Water</td>
<td>11249.1</td>
<td>11,361.8</td>
<td>112.70</td>
<td>101%</td>
</tr>
<tr>
<td>All Services</td>
<td>56035.8</td>
<td>63,049.4</td>
<td>7013.6</td>
<td>113%</td>
</tr>
</tbody>
</table>

Figures to be altered after Long-Term Financial Plan & New Works projects adopted. The above figures are both operating and capital expenditure less depreciation costs.

**Note 1** Information is sourced from the Asset Management Plan Additional Scenarios which have some annual fluctuation figures presented in the 10 year averages. The costs do not incorporate upgrade or disposal expenditure. Additional life-cycle costs associated with New Works projects and other funded upgrades needed to be added in once Council has resolved its Long-Term Financial Plan model and the approved New Works projects.

**Note 2** Based on historical life-cycle expenditure averaged over the last five years. These figures include upgrade and disposal expenditures.

**Note 3** *A life-cycle gap is reported as a negative value.

**Note 4** Does not include life-cycle costs associated with New Works projects.

**Explanatory notes**

The historical spend is higher than the projected average spend as significant capital upgrade works were undertaken for:

- Buildings in 2014 and 2015 (Bega Community Civic Centre)
- Waste in 2014 and 2016 (Central Waste Facility)

In addition to the above, significant expenditures were undertaken for:

- Transport in 2012 and 2013 (flood damage expenditure)
How we manage our assets

Principles such as Asset Hierarchy and Criticality guide decision making for asset servicing, renewal, upgrade and expansion, as well as disposal and rationalisation.

Criticality and Hierarchy are based on the catchment area, uses and users of facilities, type of facility, asset capacity and resources required for an asset. Further information on Asset Hierarchy and Criticality including examples of each, are explained in the Asset Management Plan 2017-2021.

Asset hierarchy and criticality

![Asset Hierarchy Diagram]

Asset management structure

There are many areas within Council that have responsibility for infrastructure asset management. Responsibilities range from managing a network such as transport to single buildings and entities across the Shire. Some of these responsibilities include identifying projects for delivery (Strategy and Assets, Leisure and Recreation, Community Services, Strategy and Business Services, Water and Sewer), planning project delivery (Project Development), securing funding (Finance) and servicing of the physical asset (Works Services). The physical project delivery and/or servicing can be achieved using in-house or contract resources managed by Council.

Corporate Asset Management Group

A ‘whole of organisation’ approach to asset management has been encouraged through the development of the Corporate Asset Management Group. The benefits of this Group include:

- Corporate support for sustainable and best practice asset management
- Encourages corporate buy-in and responsibility
- A coordinated approach to strategic and financial planning, information and data management and asset management activities
- Consistent asset management practices across the organisation
• Efficiencies through information sharing and pooling of expertise and resources
• Promotion of asset management process
• Wider accountability for achieving and reviewing sustainable asset management practices

The primary responsibilities of the Corporate Asset Management Group are to promote:
• Strategy development and implementation of asset management improvement program
• Asset Management Plan development and implementation
• Reviews of data accuracy, levels of service and systems plan development
• Asset Management Plan operation
• Evaluation and monitoring of Asset Management Plan outputs
• Ongoing Asset Management Plan reviews and continuous improvement

**Council’s Asset Management Group charter is:**
Council remains sustainable by:
• Being asset management champions
• Being custodians of Council’s asset information
• Striving for continual improvement of asset processes, policies, procedures and management
• Investigating alternative delivery and servicing strategies

**The Asset Management Group comprises of:**
• Members of Leadership Executive Group (LEG)
• Various asset managers
• Finance
• Asset information support

The Asset Management Group is led by the Asset Management Coordinator, this position reports to the Strategy and Assets Services Manager who reports to the Director for Transport and Utilities.

The Assets Team whom report to the Asset Management Coordinator provide an organisational service to all infrastructure asset managers within the organisation and work closely with employees within the finance sector.

The Asset Team will assist in the development of systems for the effective and efficient management and planning of all data and information relating to infrastructure assets throughout the Shire.
Financial and Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. A total of 11 core competencies have been developed from these elements to assess ‘core’ competency under the National Frameworks.

The core competencies are:

1. Strategic Long Term Plan
2. Annual Budget
3. Annual Report
4. Asset Management Policy
5. Asset Management Strategy
6. Asset Management Plan
7. Governance and Management
8. Levels of Service
9. Data and Systems
10. Skills and Processes
11. Evaluation

The organisation’s current asset management maturity is at a competent level with investment needed to improve information management, lifecycle management, service management, accountability and direction.
Council’s maturity assessment for the core competencies is summarised below. The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown by the red bars. The green bars identify the core competency targets.

**Current asset management maturity is indicated in the following graphs:**

In 2014 a combined Australian Standard/International Standard Organisation AS/ISO55000 suite of standards for asset management principles, system requirements and application was released. This comprehensive standard now supersedes previous asset management maturity frameworks and sets minimum requirements.
Strategic outlook
Council has developed a range of technical levels of service that reflect current activities to provide a range of services and infrastructure to the community. The cost of meeting these levels of service is an aspiration for Council’s Long-Term Financial Plan with the objective of achieving this level of service over the next 10 years.

The organisation’s current asset management maturity requires an investment to improve information management, lifecycle management, service management and accountability and direction as identified in the charts.

**Council’s vision, mission, goals and objectives - Where do we want to be?**

Council has adopted a Vision for the future in the Community Strategic Plan: ‘Your place, our place, great place.’

By working together, the Bega Valley Shire community achieves a balance between quality of life, enterprising business, sustainable development and conversation of the environment.

The Community Strategic Plan 2040 (CSP 2040) outlines the community’s goals and strategies to be achieved in the planning period. The community goals set out where the community wants to be. The strategies are the steps needed to get there.

The CSP 2040 goals and strategies relating to the delivery of services from infrastructure are shown in table below:

**Goals and Strategies for Infrastructure Services**

<table>
<thead>
<tr>
<th>Goals</th>
<th>Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td>We are cooperative, caring and enjoy a culturally rich community life</td>
<td>Collaborate with partners to provide and support opportunities for social interaction, cultural industries, activities and events, and care and services for disadvantaged people</td>
</tr>
<tr>
<td>We are an active, healthy community with access to good quality recreation and sporting facilities, and medical health care</td>
<td>Improve the accessibility of the built environment, recreation spaces and facilities</td>
</tr>
<tr>
<td></td>
<td>Collaborate with partners to provide facilities, activities and services that encourage more people to have active and healthy lifestyles</td>
</tr>
<tr>
<td>Our economy is prosperous, diverse and supported by innovative and creative businesses</td>
<td>Collaborate with relevant parties to develop and enhance the economic opportunities provided by the development of the Port of Eden, Merimbula Airport, East West freight corridor, and tourism services and facilities</td>
</tr>
<tr>
<td>We have meaningful employment and learning opportunities for people in all stages in life</td>
<td>Collaborate with partners to develop local education, training and lifelong learning opportunities</td>
</tr>
</tbody>
</table>
We are leaders in sustainable living and support innovative approaches to resource recovery and the production of renewable energy and food | Collaborate with partners and our community to support innovative approaches to waste minimisation, and increase reuse and recycling opportunities

| Adopt sustainable design principles in the planning of our urban areas and infrastructure provision, and encourage sustainable buildings and lifestyles |

| Our Shire continues to be a vibrant, enjoyable, safe and affordable place to live | Improve the presentation, maintenance and physical accessibility of existing facilities and towns

| Our places retain their character and scale, development is well planned, and a range of goods and services are available within our Shire that meet local needs | Provide infrastructure and services to meet the ranging needs of residents in our towns, villages and rural areas

| We have opportunities to work, learn and socialise through the provision of affordable public transport and telecommunications services | Collaborate with relevant parties to grow the passenger numbers and freight capacity of Merimbula Airport, Port of Eden and the East West freight corridor

| We have a network of good quality roads, footpaths and cycleways connecting communities throughout the Shire and beyond | Improve connectivity between, and physical accessibility within, our towns and villages

| Our Council is financially sustainable and services and facilities meet community need | Optimise value for money and deliver responsible and ethical spending and efficient service delivery across all of Council’s services

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**Asset Management Policy**

Council’s Asset Management Policy defines the Council’s vision and service delivery objectives for asset management in accordance with the CSP 2040 and applicable legislation.

The Asset Management Strategy is developed to support the Asset Management Policy and enables Council to show:

- How its asset portfolio will meet the affordable service delivery needs of the community into the future
- Enable Council’s asset management policies to be achieved
- Ensure the integration of Council’s asset management with its long-term strategic plans


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**Asset Management Vision**

To ensure the long-term financial sustainability of Council, it is necessary to balance the community’s expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life-cycle.

To assist in achieving this balance, Council aspires to develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the Asset Management Strategy are to:
- Ensure that the Council’s infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council’s financial sustainability
- Safeguard Council’s assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets
- Adopt the Long-Term Financial Plan as the basis for all service and budget funding decisions
- Meet legislative requirements for all Council’s operations
- Ensure resources and operational capabilities are identified and responsibility for asset management is allocated
- Provide high-level oversight of financial and asset management responsibilities through Audit Committee/General Manager reporting to Council on development and implementation of Asset Management Strategy, Asset Management Plan and Long-Term Financial Plan.

How Will We Get There?

The Asset Management Strategy proposes strategies to enable the objectives of the CSP 2040, Asset Management Strategy, Policy and Plan to be achieved.

At the core of strategic asset management improvements will be a need for Council to increase its asset management capability.

### Asset Management Strategies

<table>
<thead>
<tr>
<th>No.</th>
<th>Strategy</th>
<th>Desired Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Financial and Asset Management Planning Integration and Reporting</td>
<td>Financial sustainability information is available for Council and the community, identifying changes to service levels arising from budget decisions</td>
</tr>
<tr>
<td>2</td>
<td>Data Collection</td>
<td>Greater accuracy and consistency of corporate data</td>
</tr>
<tr>
<td>3</td>
<td>Information Transformation</td>
<td>Improved decision making and greater value for money</td>
</tr>
<tr>
<td>4</td>
<td>Supported Strategic Decision-Making</td>
<td>Improved financial and asset management capacity within Council</td>
</tr>
<tr>
<td>5</td>
<td>Operational Implementation</td>
<td>Service delivery is matched to available resources and operational capabilities</td>
</tr>
</tbody>
</table>

1. **Financial and Asset Management Planning Integration and Reporting**

   Full integration of data and information will allow for better monitoring, evaluation and reporting. The management and aligning of information and data is important when reporting outcomes. Improved utilisation of existing systems and processes will allow for the creation of automated reporting. Further alignment is required between finance and assets, maintenance management systems, maintenance tasks and assets and risk management.
2. **Data Collection**

The assets which underpin any service delivered to the community comprise of many components. Each component is made of elements which require maintenance and management. Council needs to collect and collate all the elements of data on a daily, weekly or monthly basis. Asset data collection ranges from network assessment through to individual defects and hazards.

Further enhancement of asset data processes and systems will ensure a more consistent, complete, accurate and timely approach to managing our assets and related information.

We are now in the information age, where we can collect data which informs us of the economic, social, environmental, and cultural impacts and changes which are occurring around us. This data is important to the long-term sustainability of our service delivery.

Council records financial, activity and community interaction data. The data needs to be consolidated and integrated into information that is useful to the decision makers.

3. **Information transformation**

Cleaning, linking and analysing data produces information fit for decision-making. Further system and process development is required to maximise the efficiencies that can be gained through information and data management. This can be achieved by the implementation and use of algorithms to help us to:

- Identify outliers
- Identify trends and architypes
- Find the best option out of thousands of permutations

These strategies will assist Council in the analysis and decision-making processes.

4. **Supported strategic decision making**

The outputs generated from data transformation and models need to be translated in a way that is effective and can be presented to the community and end users for discussion. These discussions result in agreed community levels of service, the modelling can show the consequences of decisions made across the asset management and financial planning areas.

In order to make the right decisions it is important to present options and recommendations based on evidence. Further integration between customer feedback and risk and asset management systems is required to maximise the effectiveness of sustainable asset management.

Minimum design standards will be brought into effect once service levels have been agreed. Design standards allow us to set performance targets for our assets whilst also setting a guide for maintenance, renewal or upgrade.

5. **Operational Implementation**

Once the decisions are made, Council operations need to be responsive to carry through the agreed community service levels. We need to monitor every activity on every asset every day of the year.

Managing vast amounts of data must be supported by people, systems, and processes. The sustainable management of our infrastructure assets allows us to demonstrate our commitment to being a Council that is accessible, transparent, and responsive. Effective information management is the key to successful implementation of the Asset Strategy and Asset Management Plans.
**Asset Management Actions**

- Review, collect and record asset data into a central corporate asset register
- Ensure each asset class has measurable and repeatable methodologies for asset inspection and network assessment
- Monitor and review information in the database to ensure each asset has relevant attributes filled, assets are assigned to a position and that asset managers are confident with the data
- Align asset operation, maintenance, renewal, and upgrade information with finance and risk
- Develop and introduce data validation, auditing, and reporting processes

**Asset Management Action Plan**

The actions required in achieving ‘core’ financial and asset management maturity are through the implementation, monitoring, and evaluation of the data and information processes and systems.

These responsibilities lie predominantly with the Strategy and Assets Section of Council. The Strategy and Assets team will manage and interrogate data, create systems and reporting frameworks that will inform individual asset managers and the senior executive through the Asset Manager’s Group forum about the current state of Council’s assets and their management.

**Implementation**

**Tasks**

- Review, collect and record asset data into a central corporate asset register
- Ensure each asset class has measurable and repeatable methodologies for asset inspection and network assessment
- Implement and incorporate AS/ISO55000, AS/ISO55001 and AS/ISO55002 into processes

The four-year Delivery Plan outlines the key deliverables for the commitments identified in this strategy (Data Collection, Information Transformation, Supported Strategic Decision-Making and Operational Implementation).

We will use the resources committed in the Long-Term Financial Plan to conduct further engagement with the community and our strategic partners about the condition and performance of our assets, and about decisions regarding their management.

Further actions may be developed and introduced to respond to identified needs during the life of this strategy.
Monitoring

Tasks

- Monitor and review information in the database to ensure each asset has relevant attributes filled, assets are assigned to a position, and that asset managers are confident with the data
- Align asset operation, maintenance, renewal and upgrade information with finance and risk

Reporting requirements and measures will be established to cover all key asset classes, and our achievements will be reported in the Annual Report. We will actively measure our approach and systems for asset management with the Australian/International Asset Management Suite of Standards (AS/ISO55000, AS/ISO55001, AS/ISO55002), the International Infrastructure Management Manual, and the National Sustainability Framework.

We will aim to ensure our systems are best of breed and fit for purpose and that what we implement works within the limitations of our operations. We aim to assist Council to be more transparent by having our data available to the community and other stakeholders.

Evaluation

Task

Develop and introduce data validation, auditing and reporting processes.

This strategy will be updated annually and fully reviewed in its fourth year. Included within this review will be:

- An evaluation of its effectiveness
- Any required updates to the strategy
- A new four-year Implementation, Monitoring and Evaluation Plan

The evaluation process will inform the Leadership Executive of the progress made in asset management maturity.

Asset Management Plan Objectives

The objectives of the Asset Management Plan required to achieve the vision relate to:

**Balancing expectations**: Balancing the community’s expectations for services with their ability to pay for the infrastructure assets used to provide the services.

**Enhancing Asset Management Plan disciplines**: Maintenance of infrastructure requires appropriate investment over the whole of the asset life-cycle, as does the maintenance of the intellectual knowledge (and capability) of an organisation – to manage the delivery of this requirement. Council needs to ensure the disciplines used to develop and maintain this functionality continually evolve to address contemporary governance requirements, changing skill sets, and enhanced processing, data, and system requirements – ‘The Internet of Things’.
Optimisation: Ensure that Council’s infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council’s financial sustainability.

Constant improvement: Improve the condition of our assets over their life-cycle by implementing optimised maintenance and renewal programs based on their remaining useful life, enhanced condition assessment, contemporary technologies, and allocated funding.

Risk minimisation: Manage assets that are in a poor or failing condition with appropriate risk management strategies.

Knowledge base: Improve our existing data and management methodologies by ensuring that all assets are assessed and appropriate useful lives and conditions assigned to each component.

Future financial impact: Any future projects that aim to create or upgrade assets are delivered with a full understanding of the whole of life costing for the asset – and subsequently, the financial impact on the Operational Plan managed.

Continual development: Asset Management Plans are developed into advanced plans that provide predicted: detailed service levels; funding requirements; and future maintenance and capital works for each asset group.

Review: The Asset Management Strategy and Plans are reviewed to ensure alignment with Council’s integrated planning and reporting documents and technological advancements.

Strategy: More detailed strategies and plans, down to component level, are further developed to address the aforementioned as required.

Asset Management Improvement Plan

Actions that need to be implemented to improve the current asset management practices are based on the following key areas:

Information management: Implement systems that allow integration and automation of data and information between the Customer Request Management System (CRMs), Finance, Asset Management, Property, Works.

Asset portfolio review: In the first 12 months, review all asset classes, assess future needs, asset locations to develop the optimum asset register for each asset class, particularly in areas where there is duplicated or multiple assets such as buildings, cemeteries, and recreation assets. This assessment will be used to inform rationalisation, divestment or other opportunities related to managing our infrastructure assets in the most sustainable way.

Levels of service: Consult and agree with stakeholders to develop Community levels of service, then optimise and integrate affordable Technical levels of service that are compliant for each asset class and incorporate into Asset Management Plan.

Communication and engagement: Hold informed discussions with the community on the asset portfolio review, levels of service and intervention levels so as to gain a clear picture of community priorities.

**Growth/Future planning:** Liaise with stakeholders regarding future requirements for infrastructure based on zoning and development and donated assets, investigate corporate impacts of asset growth. Incorporate into Asset Management Plan.

**Development of a council assessment tool to support the consideration of adding new assets to Council’s portfolio:** Ensure that a clear impact of adding assets to Council’s portfolio including operations, maintenance, and renewal is able to be calculated and reported to Council to inform their asset related decisions.

**Asset inventory:** Data capture all missing inventory and asset condition data into a central consolidated asset register.

**Condition assessment:** Implement annual program for condition assessment and analysis across all asset classes. Informing renewal programs and the Long-Term Financial Plan.

**Capital works planning:** Implement improved capital works planning and project management procedures.

**Asset utilisation:** Monitoring use of assets to inform rationalisation, maintenance and capital works priority programs.

**Asset Management Action Plan**

The actions required in achieving ‘core’ financial and asset management maturity is through the implementation, monitoring, and evaluation of the data and information processes and systems.

**Implementation**

**Tasks**

- Review, collect and record asset data into a central corporate asset register
- Ensure each asset class has measurable and repeatable methodologies for asset inspection and network assessment
- Implement and incorporate AS/ISO55000, AS/ISO55001 and AS/55002 into processes

The Delivery Program 2017-2021 outlines the key deliverables for the commitments identified in this strategy (Data Collection, Information Transformation, Supported Strategic Decision Making and Operational Implementation). It provides a measure and target for each deliverable, and confirms the target year of completion.

We will use the resources committed in the Long-Term Financial Plan to conduct further engagement with the community and our strategic partners about the condition and performance of our assets, and about decisions regarding their management.
Monitoring

Tasks

- Monitor and review information in the database to ensure each asset has relevant attributes filled, assets are assigned to a position, and that asset managers are confident with the data
- Align asset operation, maintenance, renewal and upgrade information with finance and risk

Reporting requirements and measures will be established to cover all key asset classes, and our achievements will be reported in the Annual Report. We will actively measure our approach and systems for asset management with the Australian/International Asset Management Suite of Standards (AS/ISO55000, AS/ISO55001, AS/ISO55002), the International Infrastructure Management Manual, and the National Sustainability Framework.

We need to ensure our systems are contemporary and utilise new and emerging technologies, are fit for purpose and what we implement works within the limitations of our operations. Council will become more transparent and have our data available to the community and stakeholders.

Monitoring and Evaluation

Task

- Develop and introduce data validation, auditing, and reporting processes

This strategy will be updated annually and fully reviewed in its fourth year. Included within this review will be:

- An evaluation of its effectiveness
- Any required updates to the strategy
- A new four-year implementation, monitoring and evaluation plan

The evaluation process will inform the Leadership Executive Group of the progresses made in asset management maturity.
COUNCIL’S RESOURCING STRATEGY

Four years
Assets, people, time and dollars required

Financial Management
Workforce Management
Asset Management
Technology Management
Plant and Fleet Management
Technology Management

Council has a substantial investment in information technology and information management including corporate information systems, websites, data centres, data voice networks, desktops, and mobile computers.

Key strategic areas which Council needs to consider are the requirement for improved service to internal Council customers, improved community engagement, more efficient activity of Council, and building and utilising Council knowledge to ensure we have capable Information and Communication Technology infrastructure, and effective management and support.

This Strategy is framed around using technology to achieve the following key priorities:

- Solving complex problems
- Fostering collaboration and innovation
- Providing effective services to the community
- Enabling a flexible workplace
- Connecting people and information
- Positioning Council as a leader in the region and broader industry

This strategy takes account of current technology trends in government and industry and provides a pathway for the delivery of Council’s technology for the future and enable Council’s workforce to become fully mobile.

This strategy aims to:

- Outline the topical issues which affect Council and examine the strengths and weaknesses of the current technology services delivery including human, hardware, software, and planning
- Incrementally build on current technology capability to ensure Council is adequately provisioned for the next five years
- Develop mechanisms to ensure that technology servicing limits are well understood by Council employees
- Enable Council employees to become fully technologically mobile
- Provide key roadmap deliverables which serve as the basis for technology work programs

Council measures the progress of Technology Service delivery outcomes through the impact on three key pillars:

Consistent user experience regardless of time or location: Council employees and the community are able to enjoy a consistent user experience regardless of where they are located or the time that Council systems are accessed.
**Simplified access to all information through tighter business processes:** Council information is progressively unified and integrated, is easily accessed, and is targeted to business processes.

**Sharing ideas and information quickly and efficiently through an integrated communications platform:** Council technology platforms and infrastructure allow for the efficient exchange of information between employees and the community.

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**Core Technology Work Programs**

Technology Services work programs over the next four years are included in Council’s Delivery Plan.

These work programs aim to:

- Refresh and upgrade our existing technology hardware, infrastructure, software, and licensing in order to maintain a baseline in terms of technology servicing, maintenance, and feature set amongst our core physical technology
- Explore the possibilities and opportunities in the market to leverage from Cloud solutions
- Investigate opportunities for leveraging and streamlining our existing Enterprise Management Information System (MIS) to enable user mobility and emerging technologies
- Look at how we utilise location intelligence to improve our operations
- Professionalise the technology capability of our workforce

**Core Work Program One: Technology refresh - the ‘switch’**

This work will refresh aging technology asset infrastructure and software to provide stable technology foundations for Council into the future. There are three main elements to this core program of work:

- **Networking infrastructure:** Council will continue to deliver its network refresh program, in particular infrastructure which is at the network core - switching hardware. The completed refresh of this equipment is required as an enabling technology for other strategic components like network security, flexible and intelligent network management, and features improvements to enable for example the rollout of Wi-Fi access point throughout our main offices.

- **Reconsideration of fleet model:** Improvements and architectural changes to our networking infrastructure will enable reconsideration of our existing fleet model. Technology Services will undertake an analysis and seek options and alternatives for streamlining and modernising our approach to hardware rollout.

- **Software license model arrangements:** Reconsideration and investigation of existing licensing arrangements to identify better suited modern technology platforms will be explored in order to determine the most flexible and economical model based on our requirements.
**Core Work Program Two: Migrate to cloud/use service delivery partners**

This work will undertake the necessary activities and tasks required to position Council for a move to hosted service offerings (the Cloud).

Given the current resourcing requirements to maintain and upkeep systems within the organisation, together with the changing needs of the organisation, the way Technology Services operate and do business must change and grow to suit.

In order to determine financial feasibility we will look at Council’s total cost of operations (TCO) in technology by undertaking cost analysis.

Once we have analysed our TCO ‘footprint’, the results will be used to benchmark hosted solutions from third party service delivery providers.

Should service offerings be favourable then a migration program will be developed to move Council technology infrastructure and identified software to the Cloud.

**Core Work Program Three: Strengthen our technology governance**

This work will focus on implementing all outstanding audit recommendations in relation to change controls and information security. A governance model will be developed which recognises that while our business partners want to drive innovation forward, this must be balanced against detrimental impacts to Council’s core technology assets.

**Core Work Program Four: Integrate and interoperate - transforming the enterprise software suite**

In order to maximise and streamline productivity, we need to look at ways to allow best of breed products to interact with our Enterprise Software Suite. We need to investigate whether our core enterprise system will continue to offer Council a suitably robust and flexible technology platform into the future.

**Implementation**

The first action will be to develop an integrated, cross-organisational roadmap to allow Council to ‘drive’ to a new improved and appropriate information technology suite.

This is the key action for the first year of the Delivery Program 2017-2021.
COUNCIL’S RESOURCING STRATEGY

Four years
Assets, people, time and dollars required

- Financial Management
- Workforce Management
- Asset Management
- Technology Management
- Plant and Fleet Management
Plant and Fleet Management

Council owns and operates a range of plant and fleet assets to support the delivery of its works, services and the objectives of our long-term plans.

Council’s inventory of plant and fleet assets consists of an assorted fleet of 371 items (vehicles, trailers, water trucks, plant items etc.) of which 263 vehicles are on our replacement program.

The Works Manager has ownership of the fleet and is responsible for its servicing, repair and capital renewal.

Relevant sections of Council take responsibility for the use and operation of fleet and plant items assigned to them to support their operations.

Council is currently developing a strategy to apply to the ongoing ownership and operation of Council’s plant and fleet assets.

This strategy will be accompanied by an annual Operational Plan to ensure that it continues to meet the evolving needs of the Council and ensures plant and fleet services are provided in a manner that supports the efficient and effective delivery of works and services to the community.

The Plan will also ensure Council has a long-term plant replacement and capital renewal schedule and estimates the cost of the plant replacement needs over a rolling 10-year plan, linked to the Long-Term Financial Plan and the value of Council’s annual budget for the Plant Replacement Program.

In addition, our replacement program ensures the fleet remains current with work health and safety standards, and takes advantage of emerging technological advancements and improvements in environmental performance.
Attachments

1. Financial Policy
2. Asset Management Policy
3. Asset Management Plan 2017-2021

Note: All asset class Asset Management Plans are also available on Council's website
www.begavalley.nsw.gov.au