COUNCIL FRAMEWORK
4 year plan



Disclaimer:

This is a DRAFT document which has been prepared for public discussion purposes and does not necessarily indicate the position of Council. Council will adopt this plan after consideration of all public submissions received and amendments have been made to address concerns where appropriate

DRAFT Resourcing Strategy

Reflecting the Community Strategic Plan 2040 and supporting the Delivery Program 2017-2021

bega valley shire council

Document Control	

Rev No	Date	Revision Details	Author	Reviewer	Approver
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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.

PO Box 492, Bega NSW 2550
P. (02) 6499 2222
F. (02) 6499 2200
E. council@begavalley.nsw.gov.au
W. begavalley.nsw.gov.au

ABN. 26 987 935 332
DX. 4904 Bega

COUNCIL'S RESOURCING STRATEGY

Four years

Assets, people, time and dollars required

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

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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.

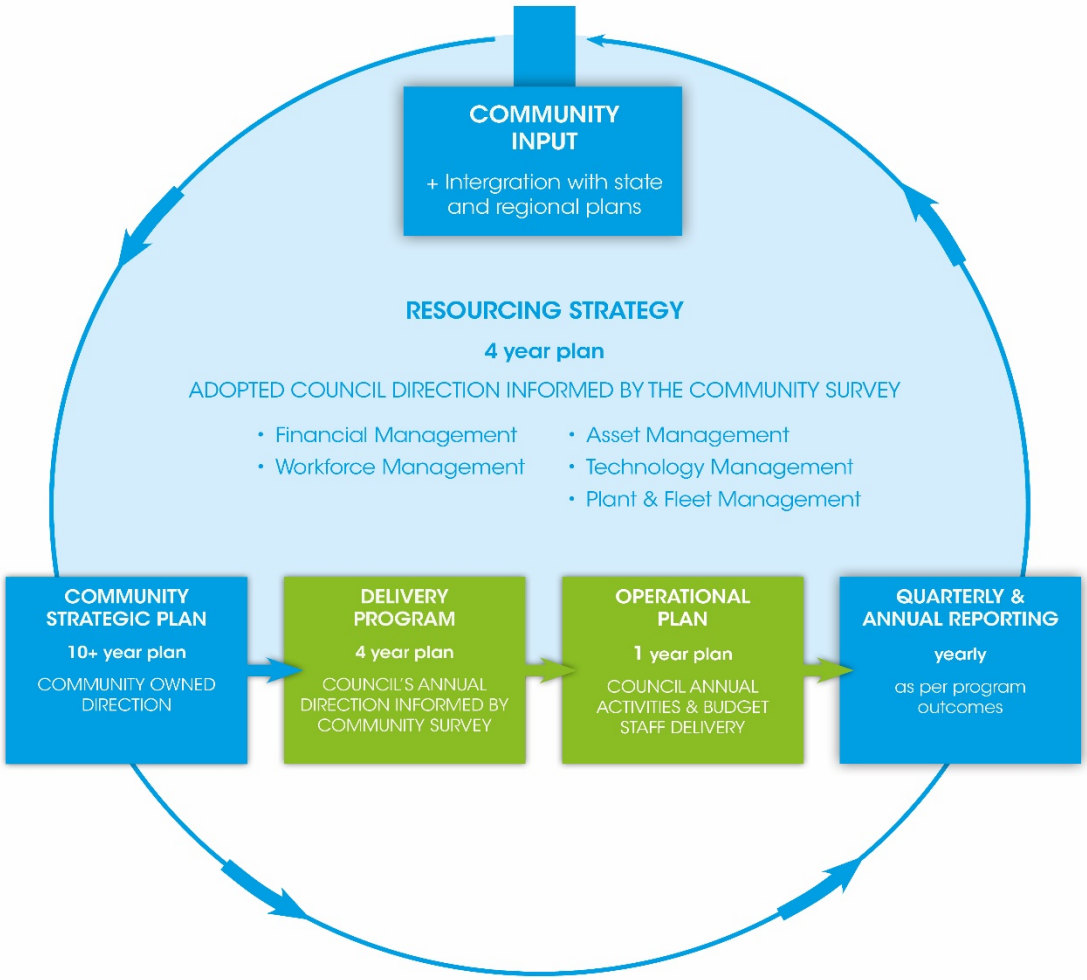
A number of factors are central to the successful implementation of Council's various strategic plans and Resourcing Strategy. These include: effectively balancing capacity with expectation; having clear and consistent communication protocols; maintaining a future focus, embracing the need for change 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 sportsgrounds, 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, within the present and future financial framework.

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.

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 $1.45 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.

This framework sets 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 in an environment of a non-sustainable Local Government Cost Index (LGCI) to rate revenue.

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 a clear path forward for Council which has the responsibility of 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:

a) Council spending should be responsible and sustainable, aligning general revenue and expenses.

b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.

c) 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.

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,*

(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. Actions are already underway, and the resulting outcomes will impact the 'Fit for the Future' ratios that NSW Councils must meet.

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

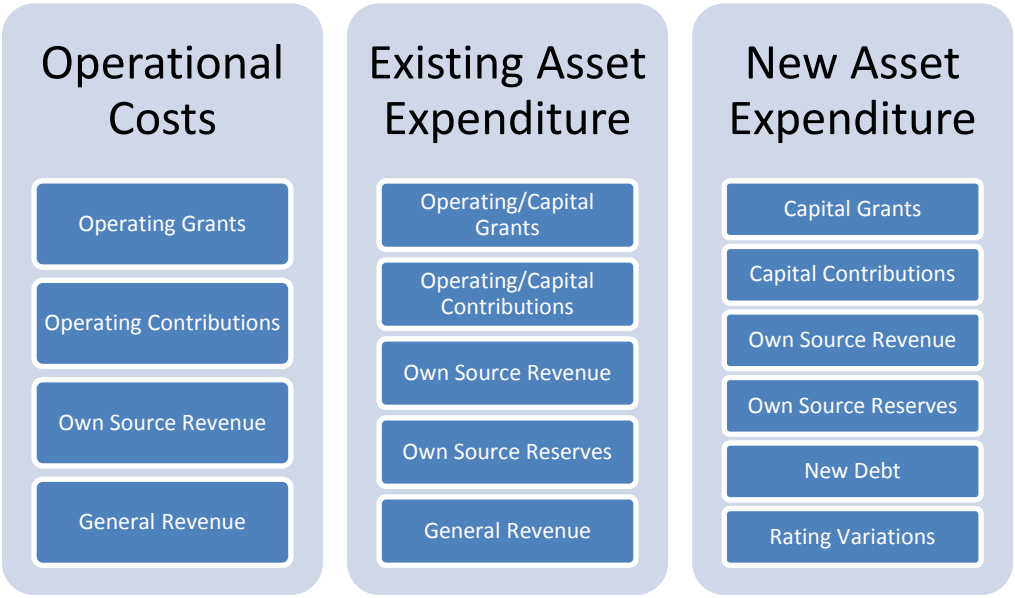
Zero-Sum Financing:

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 it 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, the only expenditure type Council can consider borrowing money to pay for would be for new assets, and only after capital grants, contributions, own source revenues, and reserves have been exhausted.

Cost Containment:

Council stipulates that individual service budgets cannot increase by more than Local Government Cost Index, the measure of Consumer Price Index (CPI) for Local Government in NSW, unless specifically approved by Council. This policy ensures service expenditure is contained to the cost of living adjustment only. Council can resolve to amend a particular service budget but need to do so 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 by Council.

Position: No function of Council can increase its expenditure budget by more than the LGCI of that particular year without a Council resolution accepting the change. 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.

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 are 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:

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 project with a total value greater than $1 million or any new capital upgrade projects proposed after the adoption of the operating budget must be presented to Council. This allows time for employees and Councillors to view and understand the projects and 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.

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. All financial decisions are run through a filter of how they affect the 'Fit for the Future' program.

For a detailed illustration of how Council tracks against the 'Fit for the Future' criteria, now and into the future please refer to Council's Long-Term Financial Plan.

Position: Council is to plan for, and achieve the benchmarks as set out within the Independent Pricing and Regulatory Tribunal (IPART) 'Fit for the Future' ratios. Council's Improvement Plan which details Council's process to achieve the benchmarks is to be progressively implemented.

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, in both financial and resources, of a particular service actually is. 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. That includes the attribution of overhead expenditure to the delivery unit. All variable expenditure must be attributed to a delivery unit in all financial reports.

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 Independent Commission Against Corruption (ICAC) 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.

Council policy is that all property matters regarding activation and disposal must be actioned under resolution of Council, not by officers of Council and that 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 specific assets in the first instance and then indirectly to the class of assets, i.e. buildings in general. This approach ensures that Council's building 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 in social value 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 '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 can 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 can 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 can 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.

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.

The LTFP allows various scenarios to be tested with regard to different levels of service delivery and includes a model with future special variation to rates income if resolved by Council following the priority review of all assets in 2017-18.

The LTFP also identifies future funding gaps in advance so action can be taken to address shortfalls and allows sensitivity testing with regards to various assumptions contained within the Plan.

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 over time 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.

Under Review

> 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
- Meeting the demands associated with the appropriate management of climate change
- Managing the impact of cost shifting from other levels of government
- Uncertainty of 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."*

Under Review

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 2018-2037.

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

Under Review

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 LTFP includes three financial models for consideration in relation to Council's General Fund (excluding water and sewer programs).

1. The *As Is* model
2. The *Asset Management* model
3. The *Balanced* model

The next section which compares these models only shows the General Fund. The Water and Sewer Funds have a set model linked to the adopted Strategic Business Plans of those funds. The Water and Sewer Strategic Business Plans will be renewed in 2018 and a new LTFP Financial Model will be drafted for these programs once that work has concluded.

The *As Is* model:

The *As is* model is the previously adopted LTFP. It allows for a balanced approach to both asset management (existing assets) and new projects while maintaining revenue at current levels.

Under Review

Bega Valley Shire Council

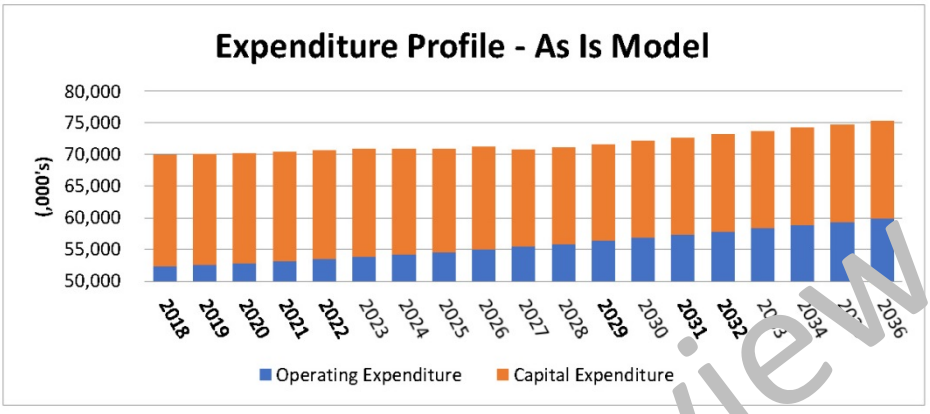
General Fund	2016 Actual	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Average 2017 -2027
Operating Budget													
Rates & Annual Charges	29,119	29,427	29,427	29,574	29,722	29,870	30,020	30,170	30,321	30,472	30,625	30,778	30,789
User Charges & Fees	6,658	7,730	7,923	8,121	8,325	8,533	8,746	8,965	9,189	9,418	9,654	9,895	9,986
Interest & Investment Revenue	555	598	598	598	598	598	598	598	598	598	598	598	598
Other Revenue	1,171	938	938	938	938	938	938	938	938	938	938	938	938
Operating Grants (Incl Fag)	15,470	13,330	13,330	13,463	13,598	13,734	13,871	14,010	14,150	14,292	14,434	14,579	14,600
Total Revenue	52,973	52,023	52,217	52,695	53,181	53,673	54,173	54,681	55,196	55,719	56,250	56,788	56,912
Employment Costs	24,995	26,982	26,982	27,387	27,798	28,215	28,638	29,068	29,504	29,946	30,396	30,851	30,954
Materials & Contracts	8,292	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600	7,600
Other Expenses	4,705	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255	4,255
Borrowing Costs	656	1,116	734	585	464	356	261	178	106	59	28	4	146
Asset Depreciation	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Expenditure	51,425	52,731	52,349	52,604	52,894	53,203	53,531	53,877	54,242	54,637	55,055	55,487	55,732
Operating Surplus / (Deficit)	1,548	(708)	(132)	91	287	471	642	804	954	1,082	1,195	1,301	1,180
Capital Budget													
Capital Grants	3,627	8,597	3,311	3,316	3,321	3,326	3,332	3,337	3,343	3,348	3,354	3,360	3,361
Developer Contributions (S94)	531	279	300	300	300	300	300	300	300	300	300	300	300
Other Capital Contributions	354	-	-	-	-	-	-	-	-	-	-	-	-
Asset Sales	782	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487
Land Sales		-	-	-	-	-	-	-	-	-	-	-	-
Reserves Tfr From		1,347	-	-	-	-	-	-	-	-	-	-	-
Loan Proceeds	11,420	2,100	-	-	-	-	-	-	-	-	-	-	-
Cashflow Generated By Annual Depreciation Charge	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Receipts	29,491	26,587	17,875	17,880	17,885	17,891	17,896	17,901	17,907	17,912	17,918	17,924	17,925
Employment Costs	7,969	1,130	1,130	1,147	1,164	1,182	1,200	1,218	1,236	1,254	1,273	1,292	1,297
Materials & Contracts	1,661	1,255	9,907	9,907	9,907	9,907	9,907	9,907	9,907	9,907	9,907	9,907	9,907
Other Expenses	1,638												
Asset Purchases	4,0	3,9	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944
Loan Payments (Principal)	1,7	2,550	2,601	2,406	2,269	2,134	2,009	1,893	1,464	1,058	1,055	82	893
Reserves Tfr To	2,1												
Total Payments	2	25,879	17,582	17,403	17,284	17,166	17,059	16,961	16,550	16,162	16,179	15,225	16,040
Capital Surplus / (Deficit)	(1,201)	708	293	477	601	724	837	941	1,356	1,750	1,739	2,699	1,885
OVERALL SURPLUS / (DEFICIT)	347	-	161	568	888	1,195	1,479	1,744	2,310	2,832	2,934	4,000	3,065

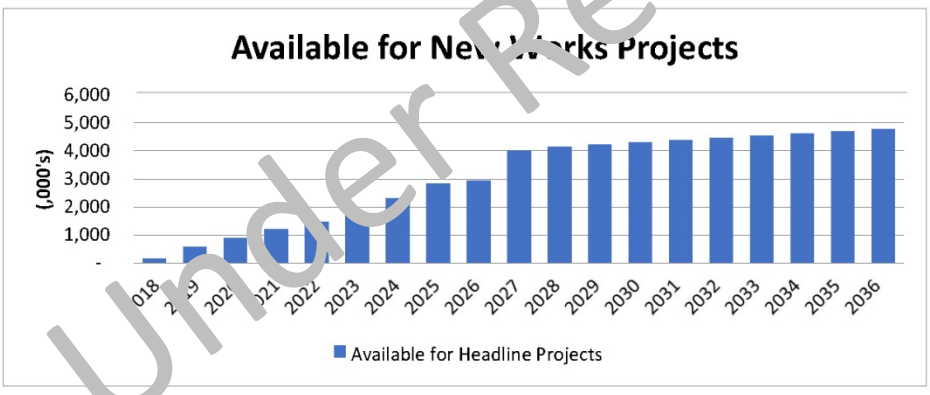
Under Review

Advantages: The advantage of the *As Is* model is that it is a proven model that provides real results while not requiring above CPI increases to rating revenues. This model meets all 'Fit for the Future' criteria and allows Council to move forward with minimal changes to its delivery profile.

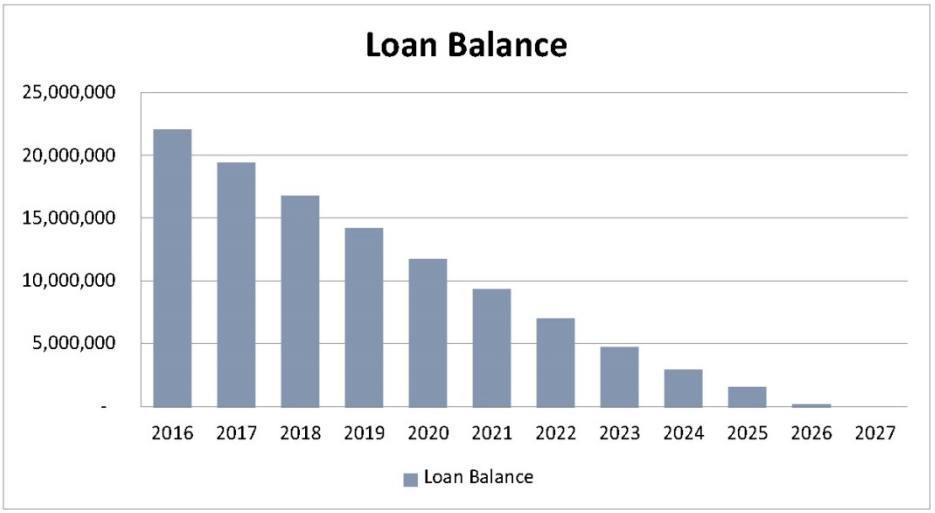
Disadvantages: This model ignores the most current information surrounding asset management and the community's expectations. The current profile of asset management would continue.

Summary





Under Review



This model allocates an average of $71.7 million per annum in expenditure across the 20-year Plan. The available funds for *New Works* projects are $58.2 million at an average of $3.2 million per annum. Over the next 10 years, the average drops to $1.8 million per annum. There are no new loans in this model. As such, there is some capacity to use any surplus to fund debt to deliver on large-scale capital projects. This is an achievable model for Council to consider adopting for implementation.

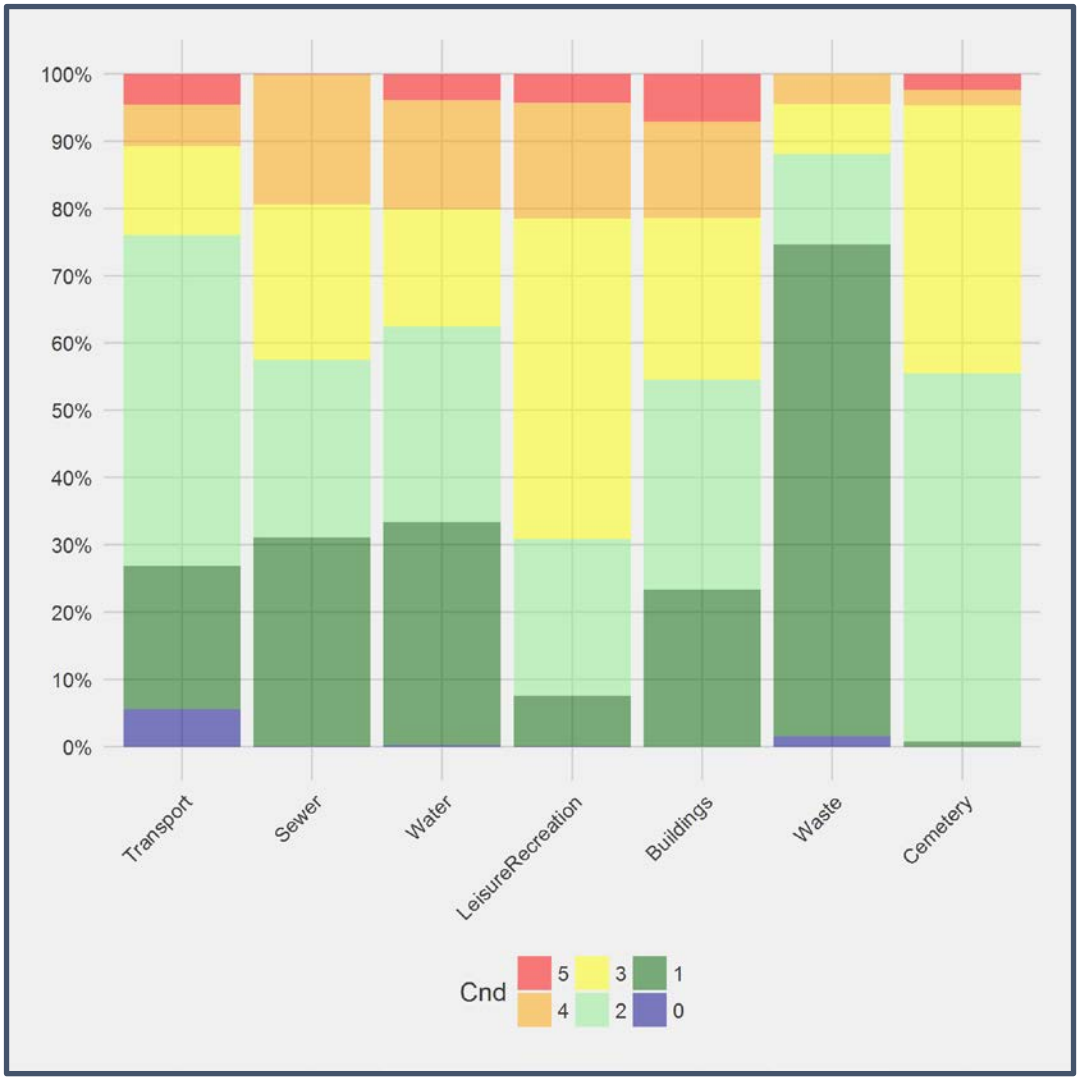
The *Asset Management* model:

The *Asset Management* model retains the no above CPI rating increases parameter but looks to prioritise the asset maintenance issues outlined below.

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.

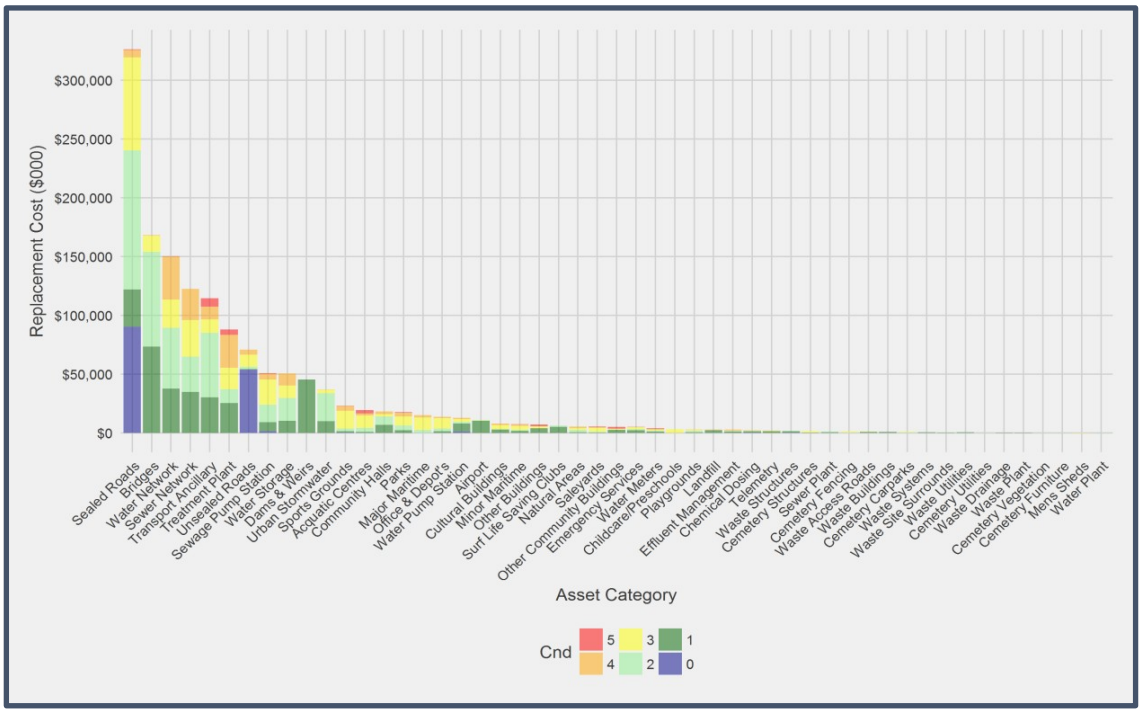
Under Review

The following table illustrates the current condition assessment for Councils assets.



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.



This model reduces the allocation of funding to capital renewal in recognition of this. It is expected that this model will provide a better level of service to the community in relation to asset presentation and usability, by providing more maintenance funding to enable assets to be at a better standard than the current model allows.

For a more detailed explanation of the asset implications of this model, please refer to the Asset Management Plan.

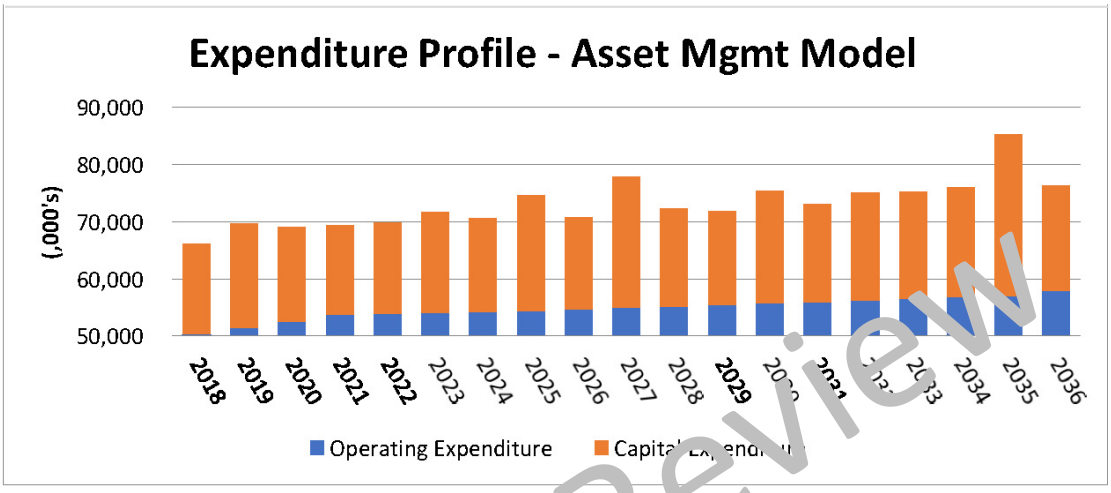
Under Review

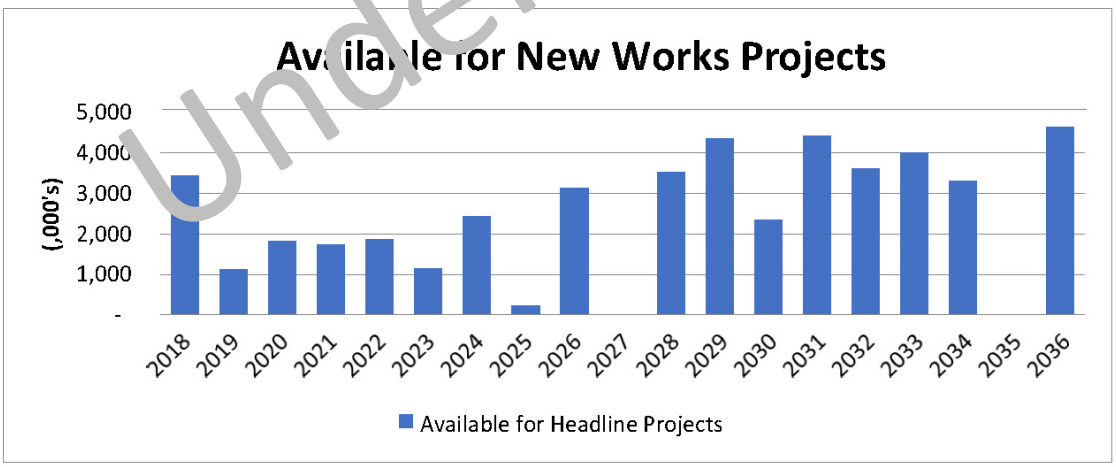
General Fund	2016 Actual	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Average 1st 10yrs	Average 2nd 10yrs	Average 2018 -2036
Operating Budget															
Rates & Annual Charges	29,119	29,427	29,427	29,574	29,722	29,870	30,020	30,170	30,321	30,472	30,625	30,778	30,098	31,558	30,789
User Charges & Fees	6,658	7,730	7,923	8,121	8,325	8,533	8,746	8,965	9,189	9,418	9,654	9,895	8,877	11,218	9,986
Interest & Investment Revenue	555	598	598	598	598	598	598	598	598	598	598	598	598	598	598
Other Revenue	1,171	938	938	938	938	938	938	938	938	938	938	938	938	938	938
Operating Grants [Incl Fag]	15,470	13,330	13,330	13,463	13,598	13,734	13,871	14,010	14,150	14,292	14,434	14,579	13,946	15,328	14,600
Total Revenue	52,973	52,023	52,217	52,695	53,181	53,673	54,173	54,681	[illegible]196	55,719	56,250	56,788	54,457	59,640	56,912
Employment Costs	24,995	26,982	29,754	30,331	30,911	31,493	31,727	31,963	[illegible]26	32,443	32,686	32,932	31,644	34,229	32,869
Materials & Contracts	8,292	7,800	2,656	3,273	3,890	4,506	4,523	4,539	[illegible]56	4,572	4,589	4,605	4,171	4,731	4,436
Other Expenses	4,705	4,255	4,416	4,468	4,519	4,571	4,5[illegible]	4,57[illegible]	[illegible]75	4,576	4,577	4,579	4,543	4,589	4,565
Borrowing Costs	656	1,116	734	585	464	356	261	[illegible]	106	59	28	4	278		146
Asset Depreciation	12,777	12,777	12,777	12,777	12,777	12,777	12,777	[illegible]777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Expenditure	51,425	52,730	50,338	51,434	52,561	53,703	53,[illegible]0	5[illegible]	54,216	54,427	54,657	54,897	53,412	56,327	54,793
Operating Surplus / (Deficit)	1,548	(707)	1,879	1,261	620	(29)	[illegible]1	650	980	1,292	1,592	1,891	1,045	3,313	2,119
Capital Budget															
Capital Grants	3,627	8,597	2,770	3,582	[illegible]64	[illegible]	3,022	3,526	3,304	4,555	3,064	5,701	3,547	4,532	4,014
Developer Contributions [S94]	531	279	300	300	300	[illegible]00	300	300	300	300	300	300	300	300	300
Other Capital Contributions	354	-													
Asset Sales	782	1,487	1,487	1,487	1,4[illegible]	[illegible]487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487
Land Sales		-													
Reserves Tfr From		1,346										874	874	2,092	1,483
Loan Proceeds	11,420	2,100													
Cashflow Generated By Annual Depreciation Charge	12,777	12,777	[illegible]2,777	[illegible]777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Receipts	29,491	26,586	[illegible]334	18,146	17,628	17,445	17,586	18,090	17,868	19,119	17,628	21,139	18,198	19,328	18,734
Employment Costs	7,989	1,130	[illegible]82	4[illegible]9	3,575	3,361	3,526	4,113	3,855	5,314	3,575	6,652	4,138.100	5,287.245	4,682.431
Materials & Contracts	13,661	18,255	5,[illegible]	[illegible],164	6,128	5,761	6,045	7,051	6,609	9,110	6,128	11,403	7,093.885	9,063.848	8,027.025
Other Expenses	1,138		48	597	511	480	504	588	551	759	511	950	591.157	755.321	668.919
Asset Purchases	4,057	3,94[illegible]	3,9[illegible]	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944
Loan Payments [Principal]	1,7[illegible]	2,550	2,601	2,406	2,269	2,134	2,009	1,893	1,464	1,058	1,055	82	1,697	-	893
Reserves Tfr To	2,102										874		874	2,092	1,483
Total Payments	30,692	2[illegible]879	15,778	18,289	16,426	15,680	16,027	17,589	16,422	20,185	16,087	23,030	17,552	19,283	18,372
Capital Surplus / (Deficit)	(1,201)	[illegible]07	1,556	(143)	1,202	1,765	1,559	501	1,446	(1,066)	1,542	(1,891)	647	46	362
OVERALL SURPLUS / (DEFICIT)	[illegible]	-	3,434	1,118	1,822	1,735	1,873	1,151	2,426	226	3,134	-	1,692	3,359	2,482

Under Review

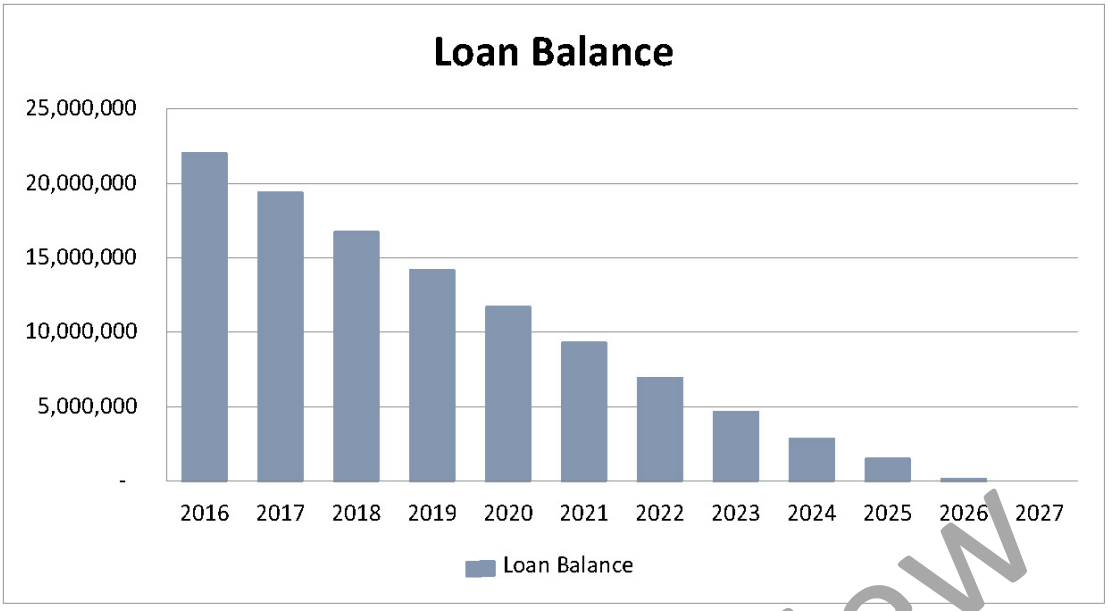
Advantages: The advantage of this model is that it addresses the risk posed in the Asset Management Strategy and Plans; that not enough money is being spent maintaining our current asset base. This model looks to increase the spending in asset maintenance by over $3.5 million per annum which would result in more presentable and useable assets.

Disadvantages: The disadvantage of this model is that there would be minimal funding available to upgrade or construct new assets. In addition, the capital renewal expenditure profile would also reduce by close to $2 million per annum.





Under Review



This model allocates an average of $73.2 million per annum in expenditure across the 20-year plan. The available funds for *New Works* projects are $47.3 million at an average of $2.5 million per annum. Over 10 years the average drops to $1.7 million per annum. There are no new loans in this model. As such, there is some capacity to use any surplus to fund debt to deliver on large-scale capital projects. This is an achievable model for Council to consider adopting for implementation.

What about new assets?

The *Asset Management* model effectively increases the maintenance of the community's assets, particularly at the expense of any available funding for new or upgraded assets. In recognition of this, Council has indicated its support for the *Asset Management* model with the caveat that during the 2017 calendar year, the Council undertake comprehensive community engagement around those particular projects that the community would like to see constructed as well as potential funding models.

Under Review

The *Balanced* model:

The *Balanced* model attempts to balance the needs of both the *As Is* model and the *Asset Management* model. It also provides an alternative that allows the risks posed in the Asset Management Plan to be addressed, while still providing a large upgrade and new asset program under the *New Works* projects banner. This model removes the parameter of no above CPI rate increases.

This model includes the asset management changes from the *Asset Management* model and considers potential variations to rates for the General Fund.

In order to fund this program, the model calls for a special variation to Council's rating yield. It is proposed that three variations are implemented over consecutive years. Each interval will raise the average rate notice by $50 per annum, meaning that once the program is fully implemented the average ratepayer will pay approximately $150 more per annum than they do today. This model also includes some new borrowings; however the borrowing costs will always be less than currently allocated, meaning that 2017 is Council's peak debt under this model.

While the investment in proposed *New Works* projects is static, (the value doesn't change), the timing is flexible. A higher value special variation profile will shorten the delivery time of the *New Works*, while a lower value special variation profile will lengthen the delivery time. Should this model be adopted by Council, a comprehensive community engagement program will need to be undertaken by the end of the 2017 calendar year to meet the guidelines issued by the Independent Pricing and Regulatory Tribunal (IPART) following the planned full review of all asset classes.

Under Review

Bega Valley Shire Council

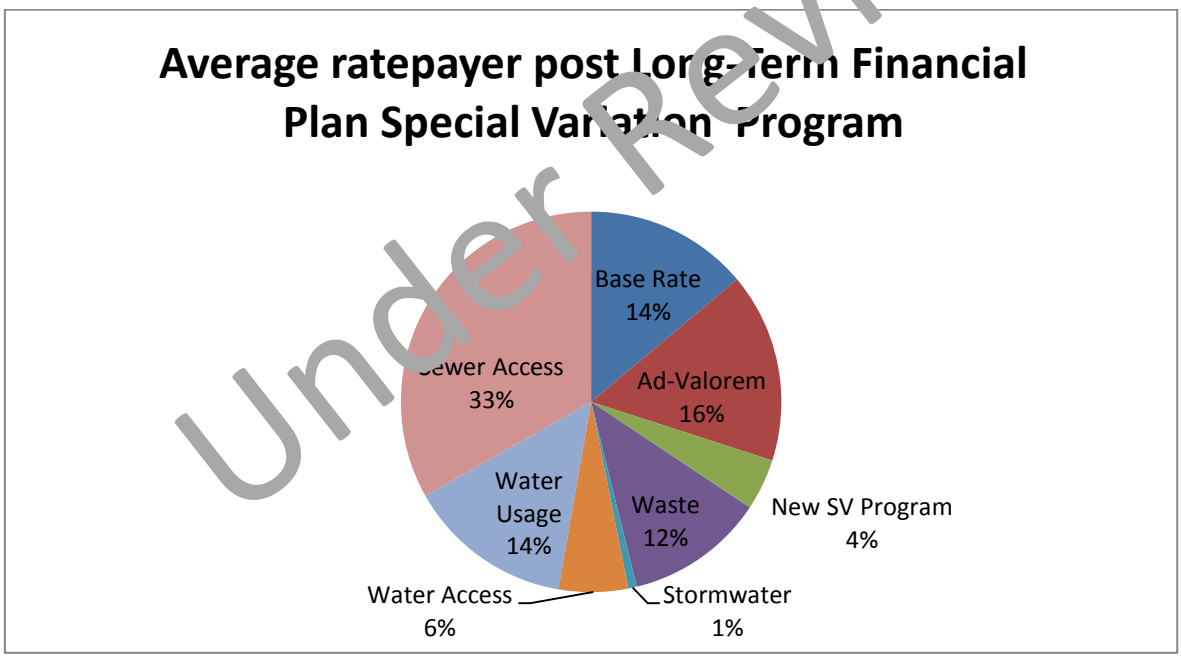
General Fund	2016 Actual	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	Average 1st 10yrs	Average 2nd 10yrs	Average 2018 - 2036
SV:				4.55%	4.33%	4.13%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%			
Operating Budget															
Rates & Annual Charges	29,119	29,427	29,427	30,574	31,727	32,885	33,050	33,215	33,381	33,548	33,716	33,884	32,541	34,743	33,584
User Charges & Fees	6,658	7,730	7,923	8,121	8,325	8,533	8,746	8,965	9,189	9,418	9,654	9,895	8,877	11,218	9,986
Interest & Investment Revenue	555	598	598	598	598	598	598	798	798	798	798	997	718	997	850
Other Revenue	1,171	938	944	951	957	963	969	975	982	988	995	1,001	972	1,034	1,002
Operating Grants (Incl Fag)	15,470	13,330	13,417	13,504	13,592	13,680	13,769	13,858	13,948	14,039	14,130	14,222	13,816	14,693	14,231
Total Revenue	**52,973**	**52,023**	**52,309**	**53,748**	**55,198**	**56,659**	**57,132**	**57,811**	**58,298**	**58,791**	**59,292**	**60,000**	**56,924**	**62,685**	**59,653**
Employment Costs	24,995	26,982	29,851	30,487	31,166	31,831	32,126	32,451	32,744	33,012	33,323	33,575	32,057	35,066	33,482
Materials & Contracts	8,292	7,600	2,824	3,539	4,323	5,078	5,191	5,353	5,455	5,509	5,631	5,648	4,855	6,040	5,417
Other Expenses	4,705	4,255	4,430	4,490	4,555	4,618	4,628	4,641	4,650	4,654	4,664	4,666	4,600	4,698	4,646
Borrowing Costs	656	1,116	734	585	485	405	371	274	235	19	149	106	354	28	200
Asset Depreciation	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Expenditure	**51,425**	**52,730**	**50,617**	**51,878**	**53,306**	**54,709**	**55,092**	**55,496**	**55,860**	**56,544**	**56,771**		**54,642**	**58,609**	**56,522**
Operating Surplus / (Deficit)	**1,548**	**(707)**	**1,693**	**1,870**	**1,892**	**1,950**	**2,040**	**2,315**	**2,438**	**2,247**	**2,521**	**3,229**	**2,281**	**4,076**	**3,131**
Capital Budget															
Capital Grants	3,627	8,597	8,509	5,164	5,474	4,436	4,103	7,882	4,433	4,586	4,103	5,701	5,597	5,548	5,574
Developer Contributions (S94)	531	279	300	314	306	308	310	312	314	316	318		309	329	318
Other Capital Contributions	354	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Asset Sales	782	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487	1,487
Land Sales		-	-	300	-	-	-	-	-	-	-	-	130	-	68
Reserves Tfr From		1,340	400	252	-	157		20	62	73	62	2	125	-	94
Loan Proceeds	11,420	2,100	-	770	850	1,925	-	1,100	-	750	-	-	520	-	273
Cashflow Generated By Annual Depreciation Charge	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777	12,777
Total Receipts	**29,491**	**26,586**	**23,473**	**21,952**	**20,892**	**21,648**	**19,675**	**23,591**	**19,071**	**19,987**	**18,745**	**20,285**	**20,932**	**20,141**	**20,557**
Employment Costs	7,961	1,110	6,483	6,099	6,830	6,045	5,417	6,936	5,510	6,038	5,640	6,652	6,165.020	6,012.056	6,092.563
Materials & Contracts	7,661	16,255	11,114	10,456	8,709	10,363	9,287	11,890	9,446	10,350	9,668	11,403	10,268.605	10,306.381	10,286.499
Other Expenses	1,238		926	871	976	864	774	991	787	863	806	950	880.717	858.865	870.366
Asset Purchases	4,087	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944	3,944
Loan Payments (Principal)	1,734	2,550	2,601	2,406	2,312	2,382	2,259	2,145	1,790	1,433	1,435	467	1,923	177	1,096
Reserves Tfr To	2,102	-	98	46	12		34		31	-	-	99	40	-	19
Total Payments	**30,692**	**25,879**	**25,166**	**23,822**	**22,783**	**23,598**	**21,715**	**25,906**	**21,508**	**22,628**	**21,493**	**23,514**	**23,213**	**21,299**	**22,306**
Capital Surplus / (Deficit)	**(1,201)**	**707**	**(1,693)**	**(1,870)**	**(1,891)**	**(1,951)**	**(2,040)**	**(2,315)**	**(2,437)**	**(2,641)**	**(2,748)**	**(3,229)**	**(2,282)**	**(1,158)**	**(1,749)**
OVERALL SURPLUS / (DEFICIT)	**347**	-	-	-	-	-	-	-	-	-	-	-	-	**2,918**	**1,382**

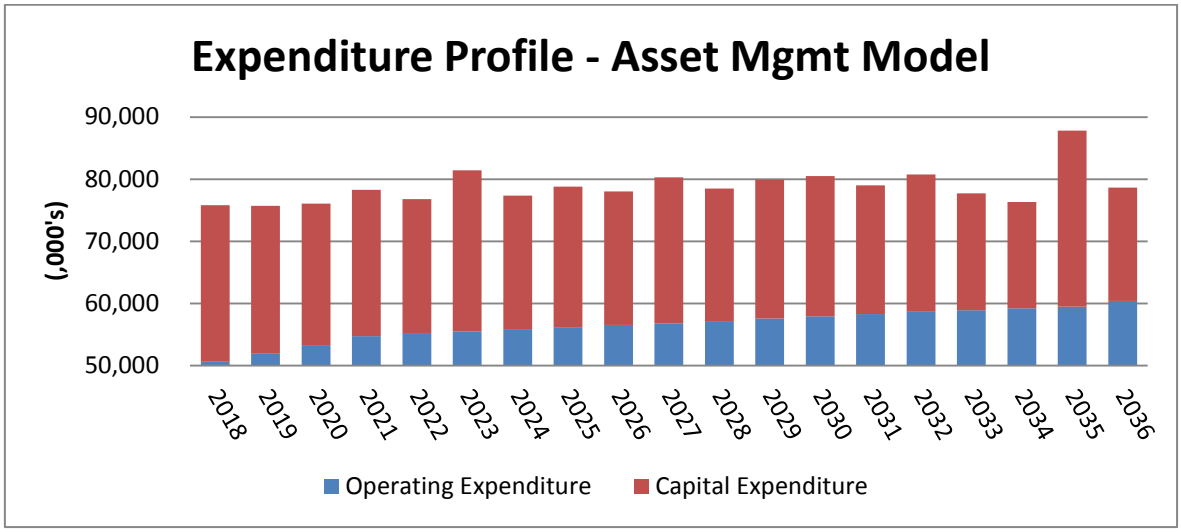
Under Review

Advantages: The advantage of this model is that it addresses the key risk posed in the Asset Management Strategy and Plans that not enough money is being spent to maintain our current asset base as laid out in the *Asset Management* model. It also includes the proposal for a projects program of over $100 million, which will be developed in detail following Council's full assessment of all asset classes and the going impacts of storm and flood events. The model would be developed more fully in consultation with the community. It also proposes to refocus the current tourism marketing and promotions special variation on commercial properties, again with full involvement of all involved businesses.

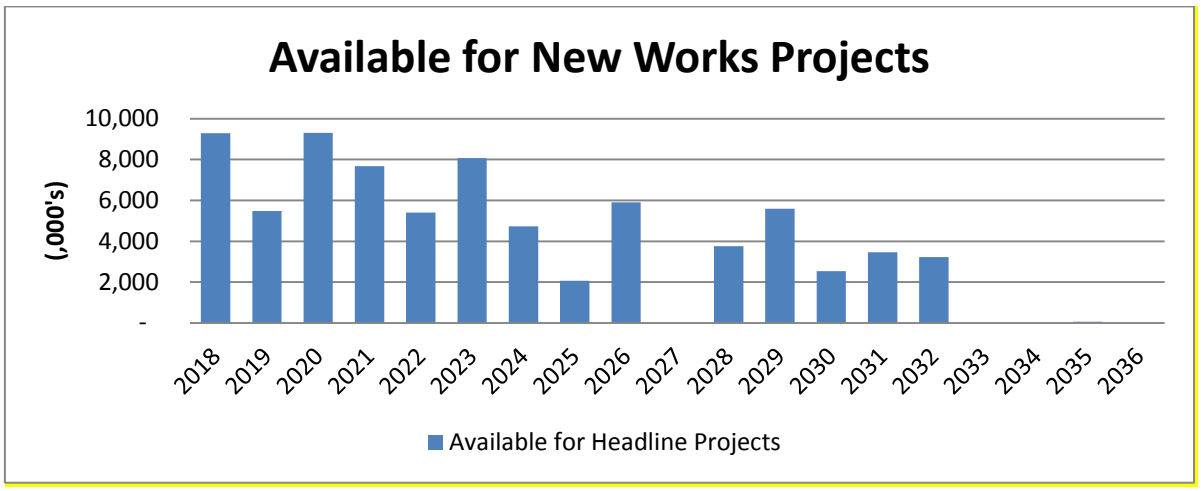
Disadvantages: The disadvantage of this model is that it requires the rating yield for Council to be raised by approximately 13 per cent above CPI in order to achieve the Plan. This increase applies to the General Rates across all ratepayers for the asset components, and a review of the yield across commercially rated properties in relation to the current tourism levy. It does not apply to Water, Waste or Sewer charges. The graph below illustrates the breakup of contributions.

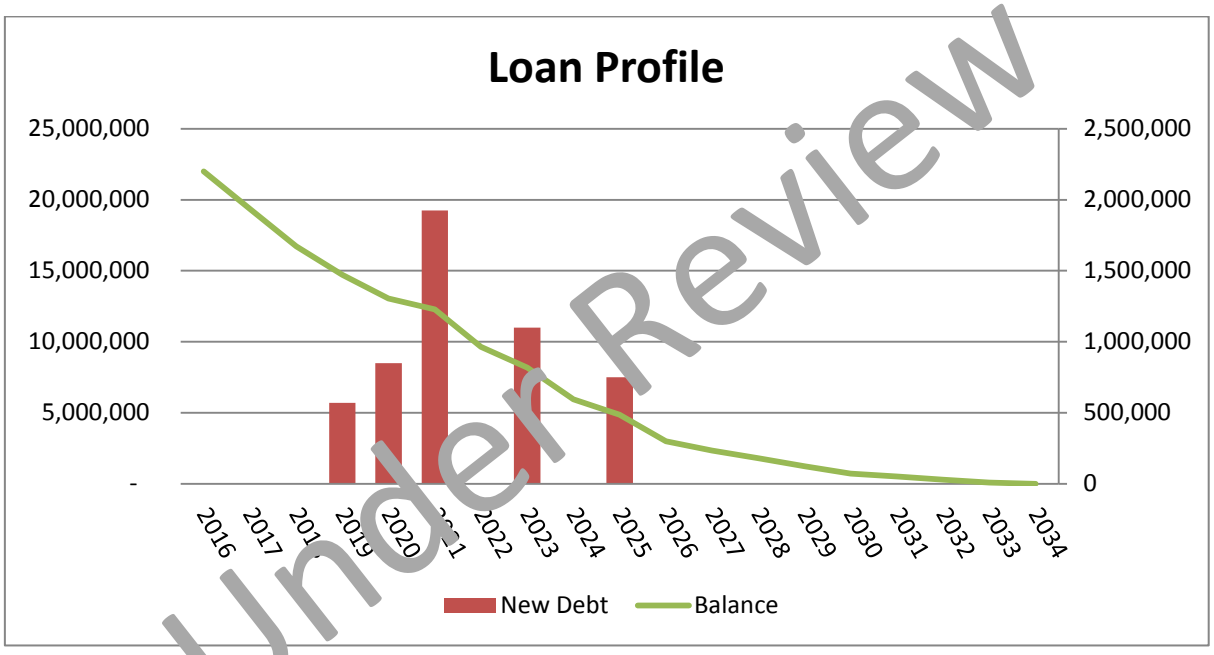
Summary



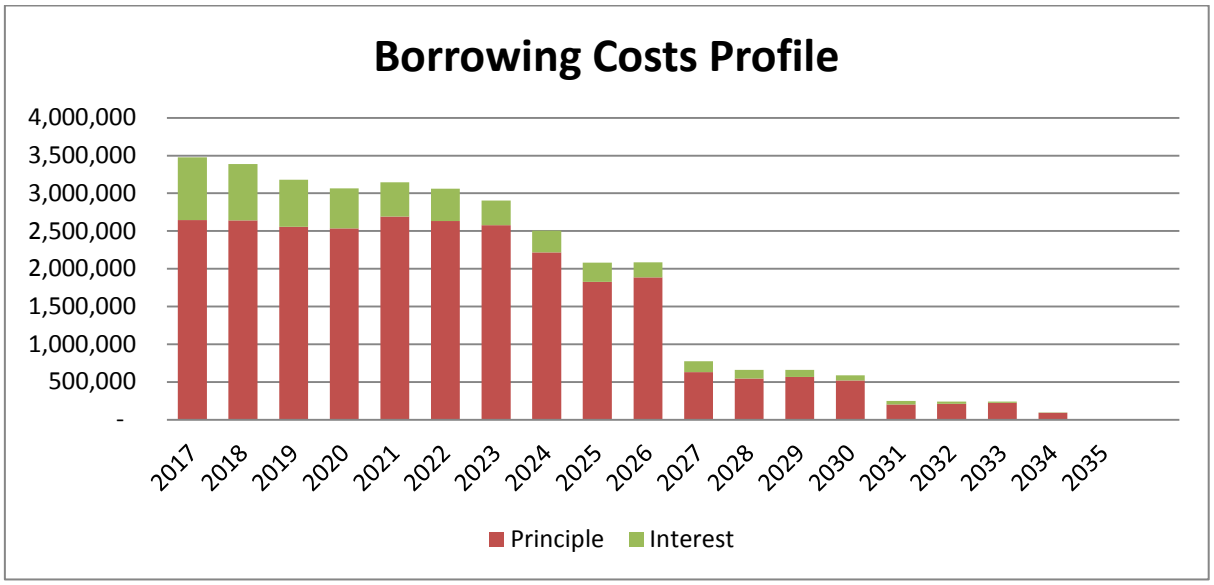


Under Review



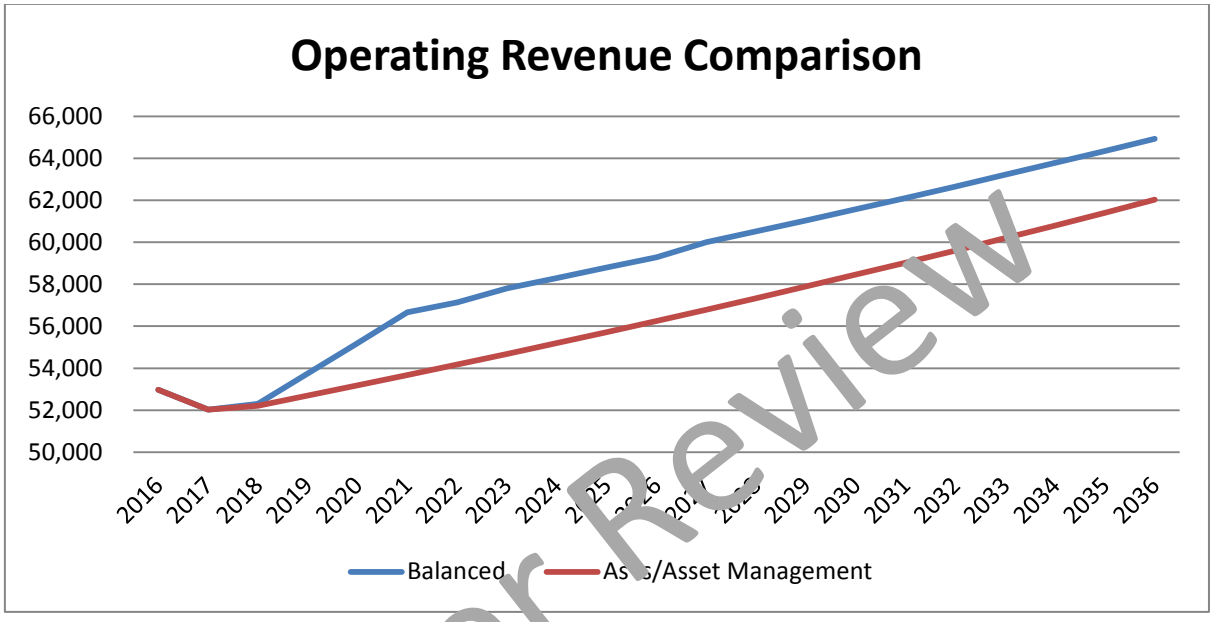


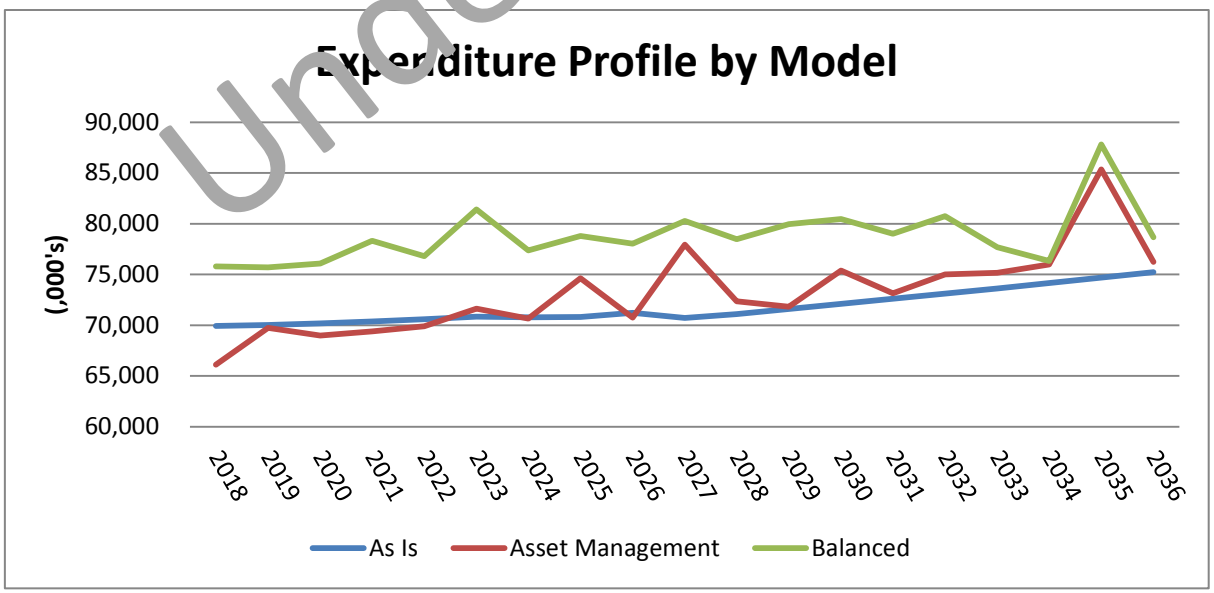
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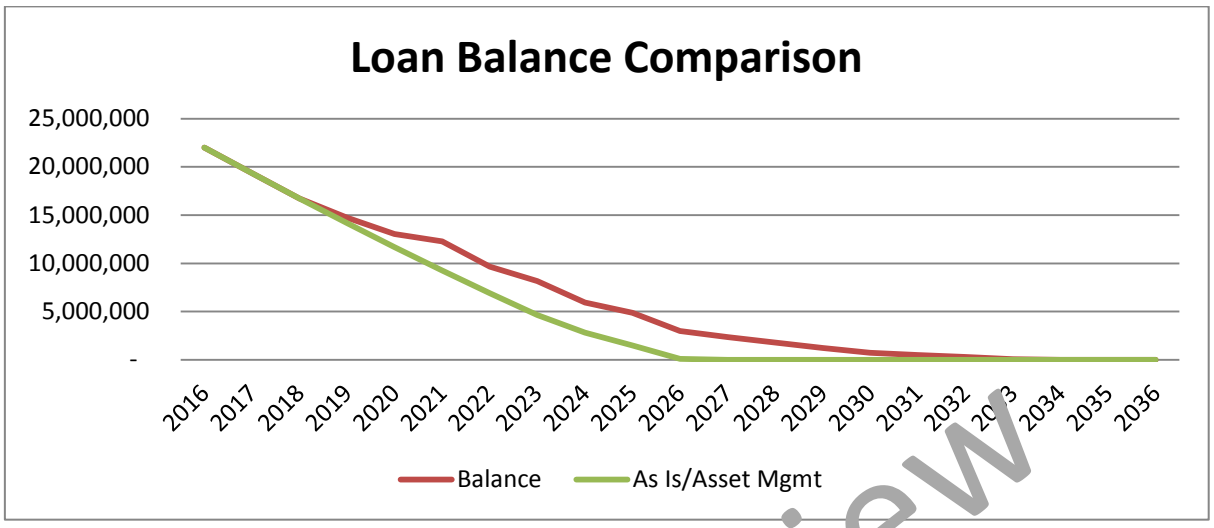
This model allocates an average of $78.8 million per annum in expenditure across the 20-year plan. The available funds for *New Works* projects are $102.8 million at an average of $5.4 million per annum. Over 10 years the average increases to $5.8 million per annum, which indicates a fairly consistent and stable model with plenty of room to move into the future. There are new loans in this model, however the borrowing costs do not exceed the current 2017 value, making the 2017 year the peak borrowing cost for the entire LTFP. This is an achievable model for Council to consider adopting for implementation.

Model Comparison





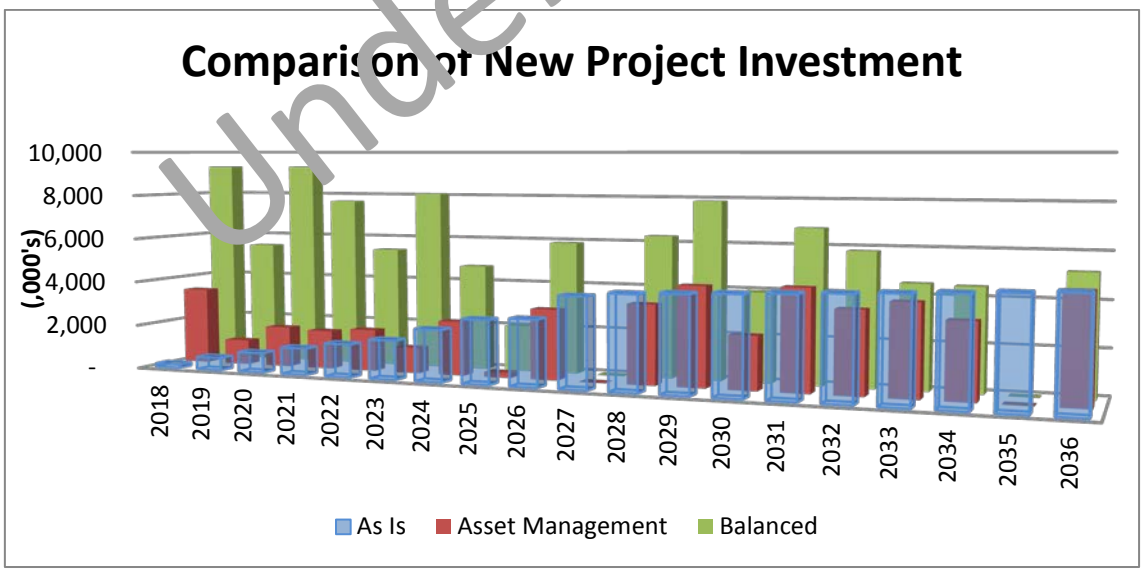
Under Review



New Projects

As outlined in the model summaries below, each model has an allocation towards *New Works* projects. These are capital projects that are too large for any of Council's normal programs to fund or deliver. They are also highly visible to the community. The goal of the LTFP is to attempt to fund these projects once all service and asset management needs had been met.

Under Review



	As Is	Asset Management	Balanced
Total (over 20 years)	$58.2 million	$47.2 million	$102.8 million
Average	$3.2 million	$2.5 million	$5.4 million

The *Balanced* Model has the highest allocation towards *New Works* projects. As such, a detailed project plan will need to be developed with funding and timing considered. Detailed proposals, options and plans will be presented to the community towards the end of the 2017 calendar year for consideration for implementation in future years.

It is expected that projects will not proceed until such time as their funding plans are met and any external funding requirements committed.

Due to the detail of the model, only the first 10 years of the plan with these proposed increases (*Balanced* model) have been published. The full detailed model is available in the attachments to this document. The table includes the name of the project, the notional value assigned (in, '000's) and the year it has been fully funded in.

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: *New Works* Projects Forecasts**
  The ability for Council to provide and deliver on significant new projects within the Shire. These are predominantly new works of a significant nature.
- **Section 6: 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.

Under Review

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 Councils $1.5billion of assets.
2. Council's new projects will be accurately costed over the term of the LTFP.
3. 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.
4. 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 therefor 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.

Assumption	CalculationBasis	Applies To	Amount %
Property Growth	Historical Trend	Rates	0.50%
PopulationGrowth	Forecast (Provided by Population ID)	Operational Grants, Other Income, and Contributions	0.65%
Investment Interest Rate	Forecast Reserve Bank of Australia (RBA) - very slow return to normal benchmarks	Interest Income	1% every 5 years
Borrowings Interest Rate	Forecast (RBA)	Borrowing Costs	1% every 5 years
Cost Recovery Target	Report 2011	Fees and Charges	2.5% above LGCI

Under Review

Model Assumptions

EKaS Index: Factor in an above LGCI indexation measure to meet Employment Knowledge and Skills (EKaS) increases and other salary increases if and when they occur.

***New Works* Projects Operational Consequence Index**: Recognises that all capital projects create an additional burden to operate and maintain the new assets. Indexation of three per cent has been applied based on industry benchmarks. This indexation is allocated against employment costs, materials, contracts, internal, and other expenditure.

Negative Inflation on Fixed Investments: When Council acquires new debt, the interest rate is fixed inclusive of inflation. In a model that excludes inflation, the indexation needs to be backed out from the fixed interest calculation. Each year a benchmark figure of three per cent is removed from the interest payable for all future years.

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 funding profile of 30 per cent of capital works. 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.

Assumption	CalculationBasis	Applies To	Amount %
EKaS Index	Forecast	Operating Employment Costs	1%
***New Works* Projects Operational Consequence Index**	Forecast	All Operating Expenditure	3% of Capital Value
Negative Inflation On Fixed Investments	Forecast	Interest Paid	3% Benchmark
Capital Funding Targets	Forecast	Any Capital Project not listed as a *New Works* project	30%

Section 2: Revenue Forecasts

Definitions

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

Operating Revenue	
Rates and Annual Charges	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
User Charges and Fees	Revenue from a charge made in exchange for the provision of a specific good or service (e.g. user charge for water consumed)
Interest and Investment Income	Interest revenue from investment of surplus funds
Other Revenue	Other revenue includes operating contributions that are non-reciprocal transfers to Council
Operating Grants	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
Capital Revenue	
Capital Grants	Capital grants are funds provided by third parties (generally other levels of government) towards the cost of major asset renewal or upgrades
Developer Contributions (S94/S64)	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
Other Contributions	Capital contributions are funds provided by third parties towards the cost of major asset renewal or upgrades
Asset Sales	The sale of Council assets no longer required for the operations of Council
Land Sales	The sale of land owned by Council but surplus to its needs
Reserve Transfers	A transfer from reserves is utilising funds previously quarantined
From	Prior periods to be used in the current budget period

Under Review

Operating Revenue	
Loan Proceeds	Loan proceeds are the initial borrowings from a financial institution to assist in funding particular planned projects within the current budget period
Cashflow Generated from Depreciation	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

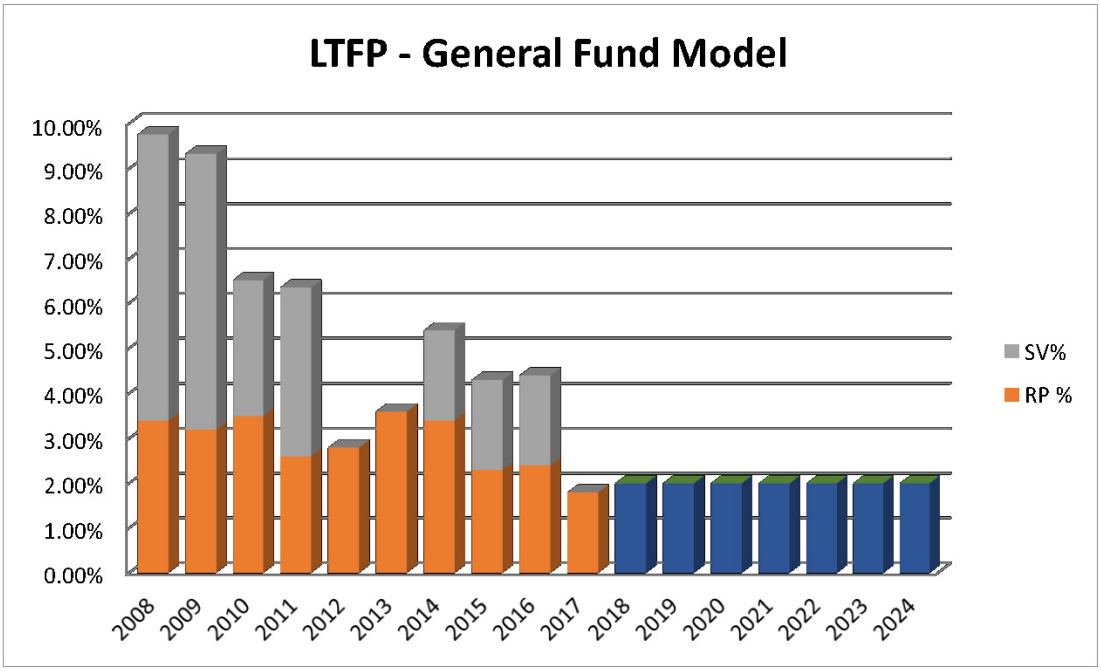
Operating Revenues

Rates and Annual Charges

Both the *As Is* and *Asset Management* models keep 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 *Balanced* model includes consideration of a review of the current special variation for tourism and potential new special variation for upgrading assets.

Council's current rates yield for the 2016 financial year is $21.24 million per annum. Annual charges levied equate to another $25.29 million giving total revenues for rates and annual charges of $46.53 million.

Under Review



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.

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $4m-$5m	Due to the very unlikely event that taxation fails to be paid, this sensitivity is considered very low
Sensitivity Likelihood	Very Low	
Sensitivity Consequence	High	
Overall Risk Rating	Low	

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.

Under Review

Sensitivity Analysis

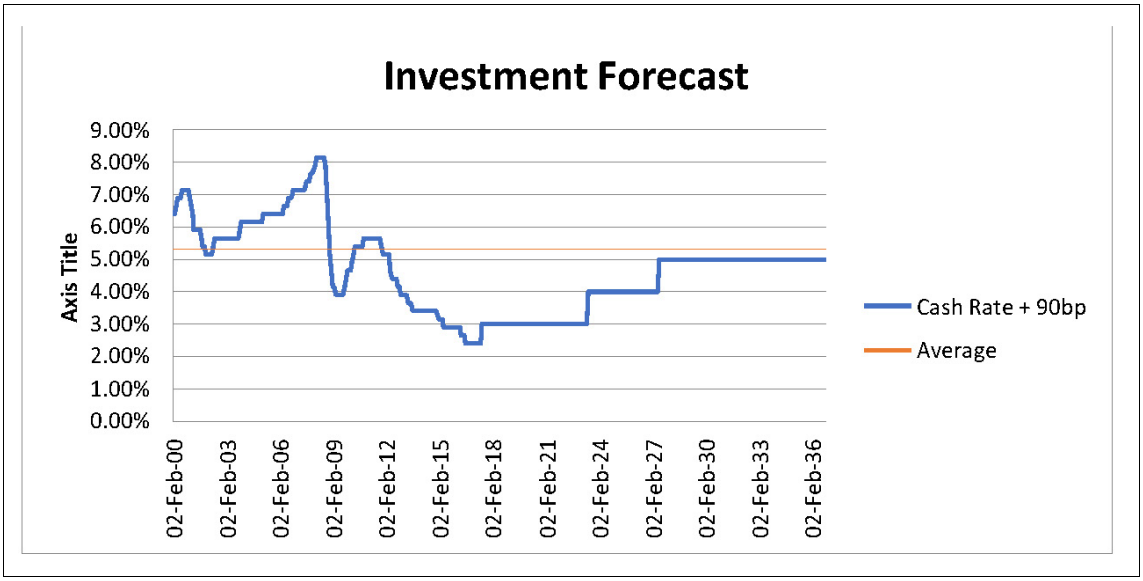
User fees and charges are largely controlled by Council. It is therefore largely Council's decision to implement its strategy or not. It is for that reason that the risk of this forecast not being accurate is low. If Council chooses to not implement its own strategy, then the Finance Strategy and LTFP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

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $1m-$2m	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.
Sensitivity Likelihood	Medium	
Sensitivity Consequence	Low	
Overall Risk Rating	Low	

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 returns to the norm over the next 10 years.

Year	Yield %
2018 - 2023	3%
2023 - 2027	4%
2027 - 2036	5%



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.

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

Under Review

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.

Sensitivity Analysis

While other revenues are a fairly consistent revenue source, mainly obtained via fines and legal actions, there is the possibility of an increase in donations and bequests to Council for the provision of community assets (park benches, gardens, etc.). So, while the overall probability of this forecast being accurate is only a medium, it is likely to increase in value not decrease.

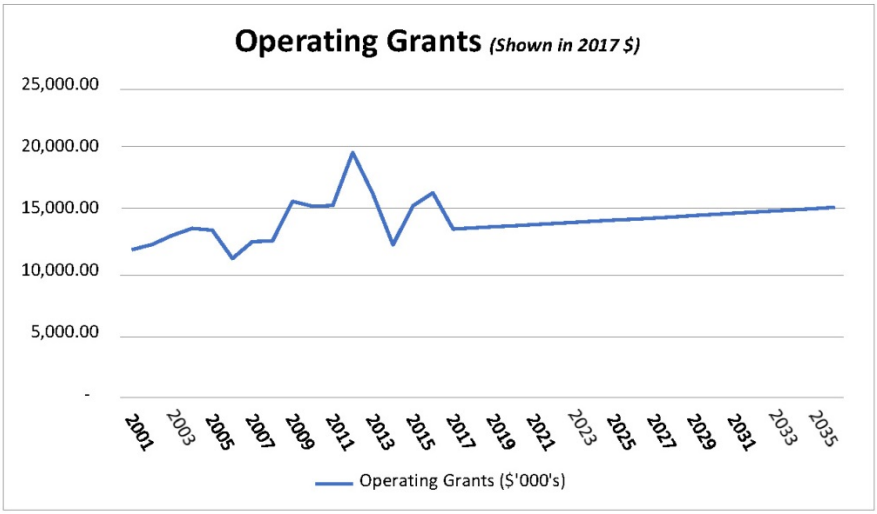
Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $100k-$200k	This is a consistent revenue stream that has been conservatively forecast. A low rating isappropriate.
Sensitivity Likelihood	Medium	
Sensitivity Consequence	Low	
Overall Risk Rating	Low	

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. 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.

Under Review



Sensitivity Analysis

While the provision of specific grants is very volatile, the overall availability and value of grants to Council remains reasonably consistent. In addition, Council budgets the service delivery of grant funded programs directly against the grant funding source, so if a particular grant does not eventuate there is a clear identification of the service or program that needs to be reviewed. If alternate sources of funding cannot be identified, then the level of service needs to be revised. It is because of this flexibility that it is deemed that the probability of the operating grants revenue source failing to materialise to be a medium risk.

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $1m-$2m	The volatility in the forecasting of Operational Grants makes this forecast a medium risk. The mitigation however, is that if a grant doesn't eventuate then the service delivery linked to that grant can be altered.
Sensitivity Likelihood	Medium	
Sensitivity Consequence	Low	
Overall Risk Rating	Medium	

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:

Definition – Expenditure	
Employment Costs	Consideration given by Council in exchange for service rendered by employees or for the termination of employment. Salary costs only. All other indirect costs are placed in the Internal category. This is then amended in the Financial Statements to meet Australian Accounting Standards Board (AASB) standards
Materials	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
Contracts	Contract and consultancy expenditure whereby the outcome is passed to a third party. The contractor/consultant becomes liable for all expenditure and an agreed outcome
Internal Costs	All indirect costs associated with services provided internally through a centralised process. For example, the Plant Fund hires out vehicles to functions of Council. The cost of this hire is considered an internal cost. Internal costs includes superannuation, estimated termination payment (ETP's), employee leave entitlements (ELE) expenses, fringe benefit tax (FBT) liabilities, vehicle hire costs, workers comp insurance, etc.
Other Expenses	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

Under Review

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 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 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:

Category	% Allocation
Employment Costs	35%
Materials	10%
Contracts	20%
Internal Costs	30%
Other Expenses	5%

New Projects Consequence Factor

Also, included in the operating costs forecast is a *New Works* projects program consequence factor. One of the lessons learned over the past few years is that renewing, upgrading and constructing new assets puts significant pressure on the operating budget of Council. Many examples can be provided of operating impacts from capital projects. To better forecast these impacts, a three per cent consequence factor has been incorporated into the model. This means that for every one dollar spent on *New Works* projects, an additional $0.03 is allocated to the operating budget. That $0.03 is split along the category splits illustrated above. It is expected that this allocation of funds would be used to administer, operate and maintain any assets provided for under the *New Works* projects program.

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.

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $4m-$5m	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.
Sensitivity Likelihood	Low	
Sensitivity Consequence	High	
Overall Risk Rating	Low	

Employment Costs

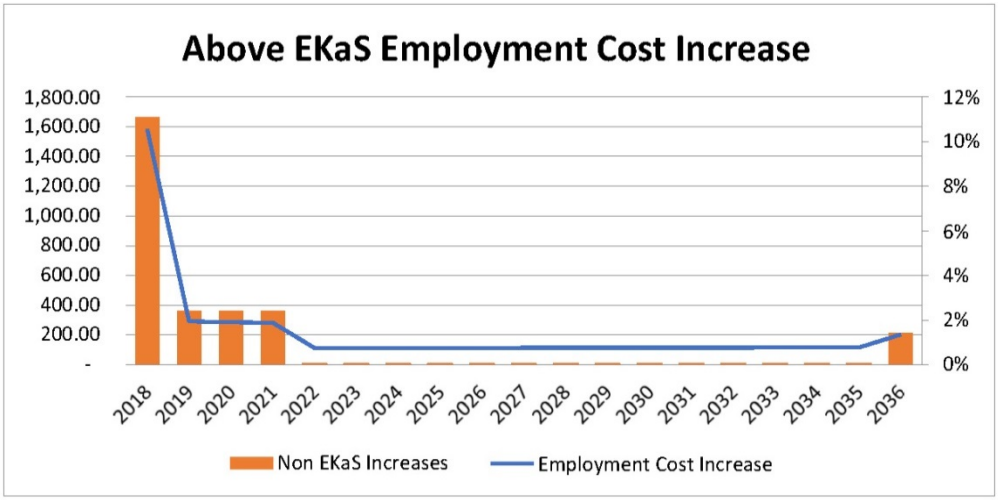
Outside of the allocation of employment costs associated with asset management, Council has a substantial workforce allocated to the delivery of services in the community and to the administration of the organisation. Council employees are employed under the relevant State Award. This Award is currently being renegotiated. 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,

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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.

The band of salary increase from G1 to G4 is approximately 10 per cent. With the EKaS system in mind, the LTFP includes an above LGCI indexation of one per cent to cater for those employees assessed as requiring progression through the system.

The provisioning of the expenditure between internally delivered (by employees) or externally delivered (by contract) should be addressed by the experts on that particular activity to deliver the most benefit for the community and options and costs and benefits included in relevant Council reports.



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.

Internal Costs

Contracts have been applied against the category formula illustrated earlier in this document. No extraordinary indexation or forecasting has been applied.

Other Expenses

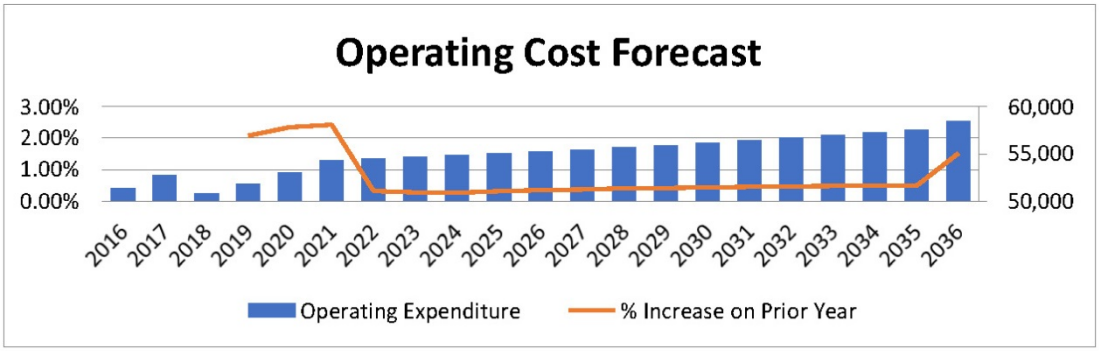
Contracts have been applied against the category formula illustrated earlier in this document. No extraordinary indexation or forecasting has been applied.

Should Council choose to construct new assets then an allocation for the *New Works* projects Consequence Factor would need to be incorporated into all categories of expenditure. The allocation is cumulative, so that each year additional funds are added to the prior year allocation.

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.

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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:

Category	% Allocation
Employment Costs	35%
Materials	10%
Contracts	20%
Internal Costs	30%
Other Expenses	5%

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.

The table below shows the asset demand from the Asset Management Plans. To enhance readability only the first 10 years' forecasts have been included in the document. The attachments to this report include all 20 years' worth of forecasts.

Transport Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	2,340	2,590	2,840	3,198	3,198	3,198	3,198	3,198	3,198	3,198
Maintenance	7,019	7,769	8,519	9,161	9,161	9,161	9,161	9,161	9,161	9,161
Renewal	6,875	6,875	6,875	6,875	6,875	7,116	7,365	7,622	7,889	8,165
Program Upgrades	-	-	-	-	-	-	-	-	-	-
	16,234	17,234	18,234	19,234	19,234	19,474	19,723	19,981	20,248	20,524

Building Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	503	503	503	503	503	503	503	503	503	503
Maintenance	109	109	109	109	109	109	109	109	109	109
Renewal	420	2,170	420	420	1,401	1,613	1,092	1,836	420	420
Program Upgrades	-	-	-	-	-	-	-	-	-	-
	1,033	2,782	1,033	1,033	2,013	2,226	1,705	2,449	1,033	1,033

Recreation Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	3,324	3,343	3,363	3,382	3,402	3,421	3,441	3,461	3,480	3,500
Maintenance	1,369	1,377	1,385	1,393	1,401	1,409	1,417	1,425	1,434	1,442
Renewal	235	1,165	1,215	604	73	1,258	682	3,956	201	8,704
Program Upgrades	540	540	540	540	540	540	540	540	540	540
	5,468	6,425	6,503	5,920	5,416	6,628	6,080	8,382	5,655	14,185

Maritime Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	-	-	-	-	-	-	-	-	-	-
Maintenance	42	42	42	42	42	42	42	42	42	42
Renewal	181	181	181	181	181	181	181	181	181	181
Program Upgrades	-	-	-	-	-	-	-	-	-	-
	223	223	223	223	223	223	223	223	223	223

Cemetery Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	75	75	75	75	75	75	75	75	75	75
Maintenance	25	25	25	25	25	25	25	25	25	25
Renewal	-	27	-	-	23	63	172	66	-	12
Program Upgrades	-	-	-	-	-	-	-	-	-	-
	100	127	100	100	123	163	272	166	100	112

Waste Assets

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Operational	7,954	7,954	7,954	7,954	7,954	7,954	7,954	7,954	7,954	7,954
Maintenance	-	-	-	-	-	-	-	-	-	-
Renewal	982	982	982	982	982	982	982	982	982	982
Program Upgrades	-	-	-	-	-	-	-	-	-	-
	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936	8,936

Under Review

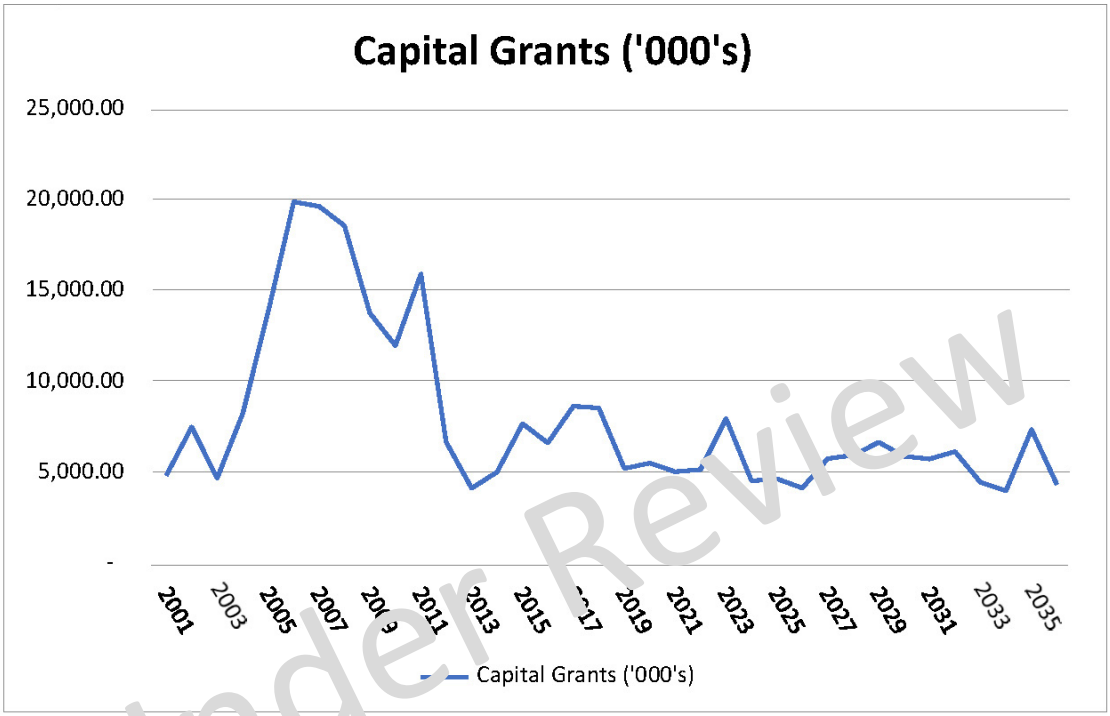
Section 4: Capital Expenditure forecasts

Capital Grants

Due to the volatile nature of Capital Grants, Council cannot reliably forecast the value of Capital Grants. As a result, all three models have a capital program target to aim for. For every dollar of Capital Renewal money funded in the LTFP, that particular Asset Class needs to identify, apply, and receipt 30 per cent in capital grants. The LTFP is not concerned with the detail of grants allocated to which project, only that overall each asset class is attributing 30 per cent of its Renewal spend in Capital Grants.

Should the identified capital grant funding source not be achieved then the project must be re-evaluated.

The graph below illustrates the historical volatility on capital grants, as well as the projected demand going forward. The graph also demonstrates that the 30 per cent funding assumption is historically conservative, however active grant sourcing needs to be undertaken to ensure compliance into the future.



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Sensitivity Analysis

While the volatility of capital grant funding may be difficult to predict, linking a funding target to a capital works program allows Council the flexibility to shift projects around to meet current grant opportunities. If grant funding is unable to be identified, then projects can be deferred or swapped with projects with better funding opportunities. It is this flexibility that makes the probability of the capital grant funding revenue source not being achieved a medium risk instead of a high risk.

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $600k-$800k	The volatility in the forecasting of Capital Grants makes this forecast a high risk. The issue being that in the case of Capital Expenditure, the capital grant is usually a significant portion of the funding profile. Therefore, no grant, no project. Hence the High rating.
Sensitivity Likelihood	High	
Sensitivity Consequence	High	
Overall Risk Rating	High	

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. There is also an underlying assumption in all three models that any contributions received will be spent.

Sensitivity Analysis

Due to the volatility of this revenue source, coupled with the inability for Council to control the quantum of charges levied (based on development volume), the LTFP takes a very conservative view on Developer Contributions. Therefore, while the probability of the forecast being inaccurate is high, the consequence of that inaccuracy has been mitigated by forecasting a very low value and by quarantining the income to only contribute to that year the risk of an inaccurate forecast is considered low.

Sensitivity Measure	Risk Rating	Details
Sensitivity Value (+/-5%)	+- $100k-$200k	While the forecasting of Capital Contributions is likely to be incorrect the overall consequence is low. The Contributions are not allocated until after they have been collected and the value is minimal. Hence the low rating.
Sensitivity Likelihood	High	
Sensitivity Consequence	Low	
Overall Risk Rating	Low	

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) and the operating contribution made by the workforce in using those assets. In simple logic, the Asset Purchase Value = the Asset Sale Value + the Contribution made by the workforce to use the Plant. The net impact is always zero.

Sensitivity Analysis

The probability of the forecast being inaccurate is high as there is no tangible way of estimating future values of assets. However, the consequence of that inaccuracy is very low as any impact would be balanced against the ability to not trade, or charge a different hire rate to the workers using that item of plant. Therefore, the overall risk of this revenue source is low.

Under Review

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.

There is only one sale recognised in the LTFP. That sale is based on a commitment already made by Council, being the Main Street Merimbula parcel of land.

Reserve Transfers From

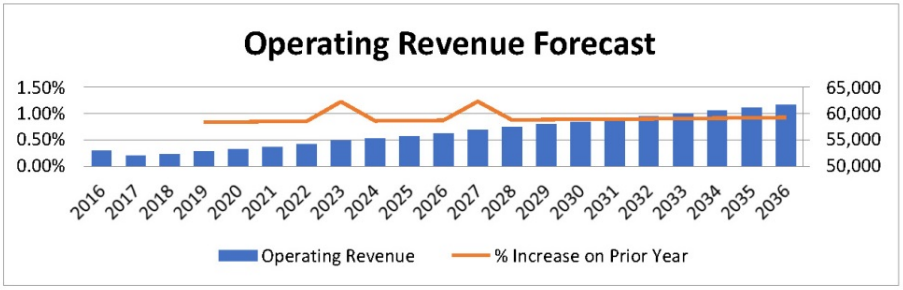
Council can also use funds held in reserve to fund activities and projects. In all instances where reserve funds are used in the LTFP, calculations have performed run to ensure adequate funding will exist to meet the LTFP forecasts.

Loan Proceeds

Council can 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. All debt is calculated on a principle and interest basis over 10 years.

Summary of Operating Revenues

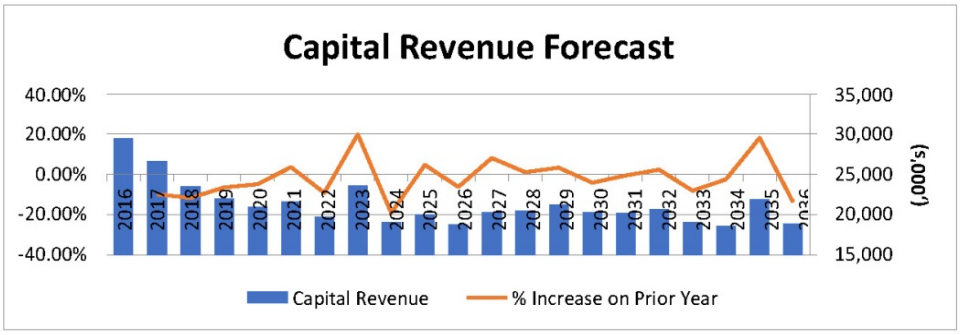
Overall, the operating revenue profile is reasonably consistent with a small above Local Government Cost Index (LGCI) growth for the longer term. The two spikes in percentage growth are due to the assumptions that interest rates will rise each five-year period. In reality it will not be this static.



Summary of Capital Revenues

As expected with Capital Revenue, the forecasts peak and trough consistently in line with the capital works program. Council is able to plan for a minimum spend of approximately $18.5 million in any given year with a peak of $23.5 million in 2018. These fluctuations in program scope are linked to the Workforce Plan and how the LTFP and Asset Management Plan are resourced. In general terms, Council should look to employ a stable workforce (the troughs) and then contract the excess works (the peaks).

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Section 5: Performance Measures

Council is required to present a number of financial ratios as part of its Long-Term Financial Plan. These ratios are known as the 'Fit for the Future' ratios. The information listed below shows Council's estimated position against each of these ratios with the LTFP adopted and implemented.

Council submitted a Council Improvement Plan to IPART in 2015 which detailed actions that it would undertake to ensure that Council remained in its current strong financial position. The outcome of those actions impact the ratios as shown in this document and have been assumed as delivered in the calculation and forecast of the 'Fit for the Future' ratios into the future.

Summary of Council's Financial Position

***based on 2016 audited financial statements**

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

Assets by Class	($) Replacement Value
Land	$103.67m
Buildings	$67.19m
Transport	$710.67m
Water	$308.04m
Sewer	$296.92m
Recreational	$29.87m
Other	$41.05m
Assets Held Under Management	$1,557.41m

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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': **P**eople matter; **L**earning is important; **a**nd we **C**an do; **E**ngaging 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
- Feedback from the Organisational Culture Inventory (employee culture survey) conducted by the Australian School of Applied Management

- Data from the Local Government Professionals Annual Benchmarking Report: Local Government Performance Excellence Program FY16
- Statistical data from Council's human resource information systems
- Consultation and input from Local Aboriginal Land Councils
- Networking with similar regional NSW Councils

Recent Workforce Initiatives

- A set of organisational values was defined through an employee consultative process. These are known as the 'PLaCE Values': **P**eople matter; **L**earning is important; **a**nd we **C**an do; **E**ngaging 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

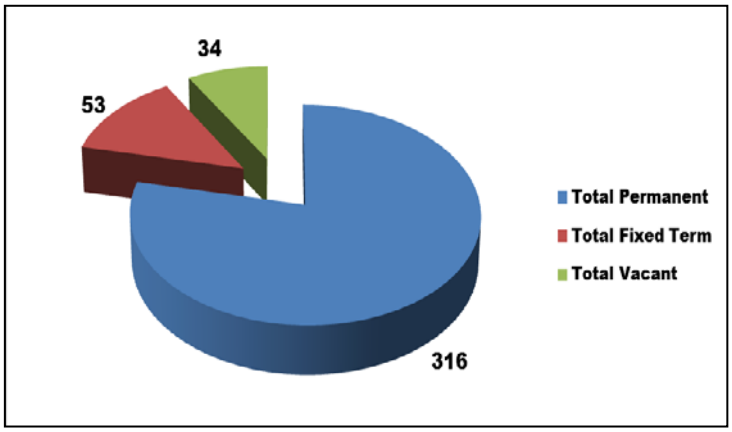


Figure 1: Breakdown of permanent, fixed-term and vacant positions as at 01/01/2017.

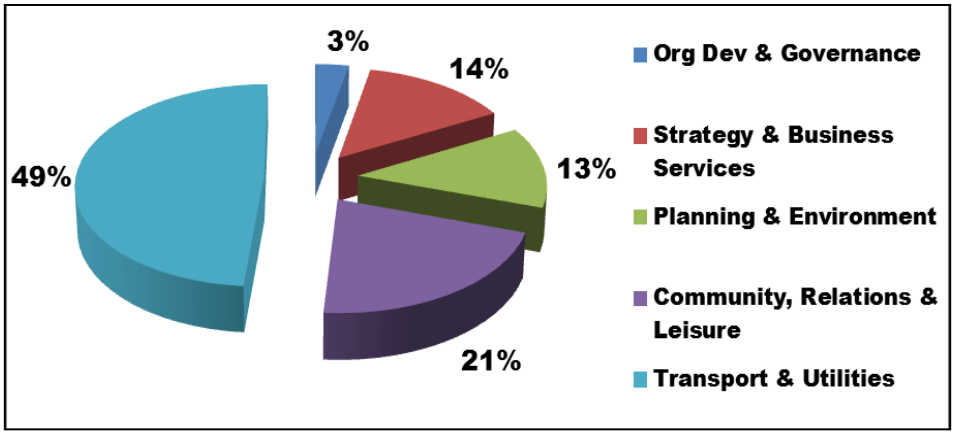


Figure 2: Full time employment by Group as at 01/01/2017

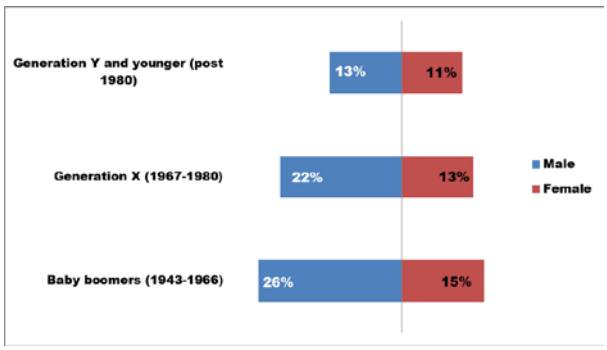


Figure 3: Male/female ratios by generation. (Source: Australasian LG Performance Excellence Program FY16)

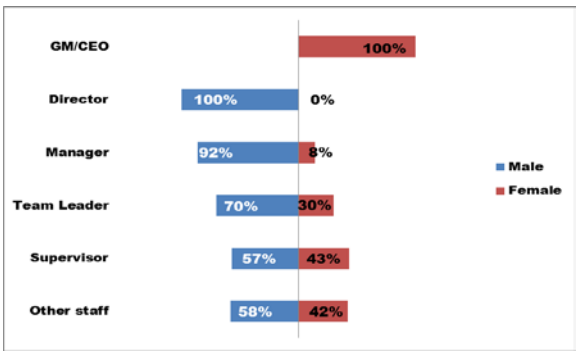


Figure 4: Gender diversity by management role. (Source: Australasian LG Performance Excellence Program FY16)

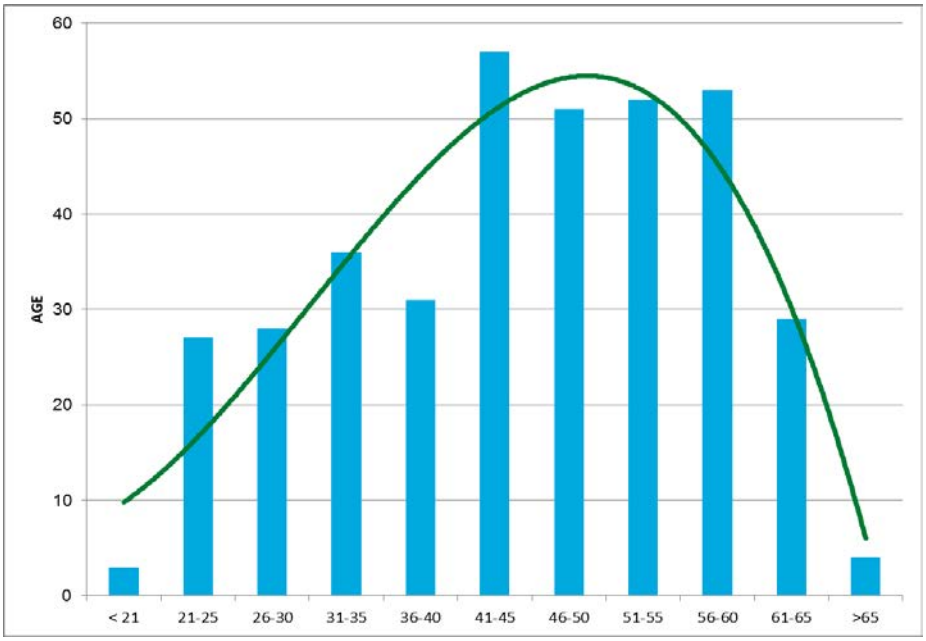


Figure 5: Distribution of age profile in BVSC as at 1 Jan 2017

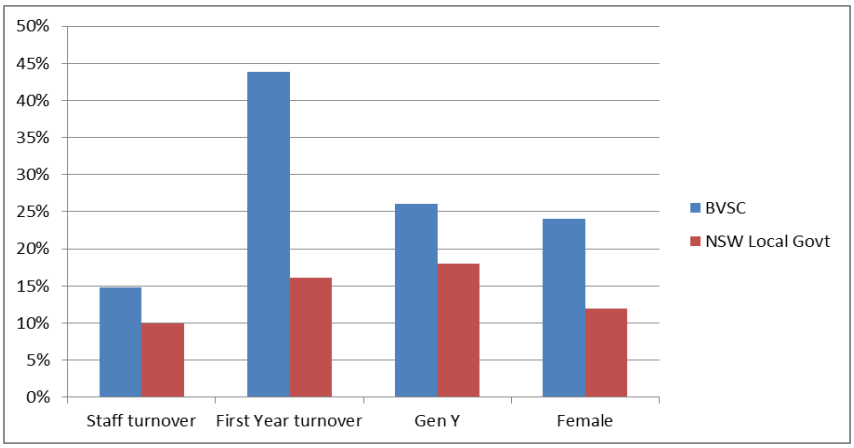


Figure 6: Staff turnover rates – permanent only

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 (6,300km^2), 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 complied 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

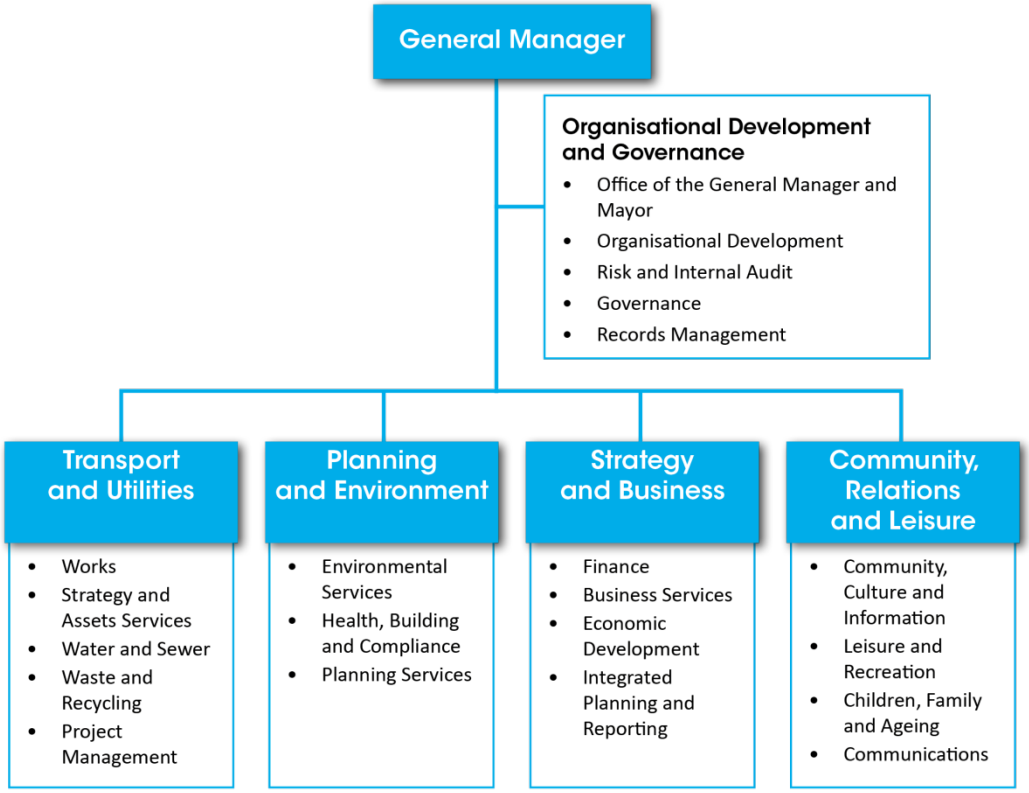
One key overlay to the Plan is the need to forecast workforce requirements for the term of the Delivery Program 2017-2021 and into the longer-term. This is a continuing work in progress as opportunities from new ways of working evolve.

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.



Four Year Workforce Action Plan

1. ALIGNMENT OF WORKPLACE PRACTICES TO ENSURE WE ARE A CONTEMPORARY WORKPLACE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Align organisational culture with the requirements of the CSP 2040	Conduct an employee attitude survey	2018	Leadership Executive Group / Organisational Development	Survey completed
	Compare with 2016 results	Mid-2018	Leadership Executive Group / Organisational Development	Comparison available
	Develop interventions based upon outcomes of survey	End-2018	Leadership Executive Group / Managers Forum / Organisational Development	Interventions defined and underway
Coordinators and managers are competent in contemporary leadership practices	Develop and implement an ongoing internal leadership development program	End-2017	Organisational Development / Leadership Executive Group Managers Group Coordinators Co-op	Program is designed and agreed by Leadership Executive Group Participation is occurring
	Utilise the an appropriate program for high potential future leaders	Yearly	Leadership Executive Group	Annual PLaCE Award winner attends a Leadership program
Implement contemporary human resource management information systems and related eSystems	Research and recommend appropriate human resource systems	2018	Business Services	Recommendation report provided to Leadership Executive Group for approval
	Implement and roll out new human resource technologies	2019 onwards	Business Services	New HR systems in place and operational
Reduce reliance upon casual employees for established positions	Review the usage rates of casual employees across the business	2017	Governance	Recommendations for action submitted
	Recruit permanently to established positions where deemed appropriate	2017	Employee Support Services	Recruitments completed
Provision of strategic	Implement cloud-based human resource management	2018	Business Services	Systems commissioned and

1. ALIGNMENT OF WORKPLACE PRACTICES TO ENSURE WE ARE A CONTEMPORARY WORKPLACE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
human resource planning advice and services	information systems			operational
	Create opportunities to develop key project plans internally rather than through costly external consultants across a range of service areas	2017	Leadership Executive Group	Internal capacity identified and working on key projects
	Provide access to human resource information via a range of platforms including mobile devices	2018	Business Services	Systems accessible and used by employees
Ensure organisational structure reflects service outcomes	Monthly review of all vacancies to ensure alignment of workforce to strategic direction	2017 onwards	Leadership Executive Group / Managers	Workforce structure meets Delivery Program outcomes
Maximise opportunities from collaboration opportunities	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	2017 onwards	General Manager / Leadership Executive Group	Appropriate new service models in place

2. ATTRACTING THE RIGHT PEOPLE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Recruitment of qualified persons and targeted demographic into the organisation	Review recruitment strategies	End 2017	Employee Support Services	Report prepared identifying issues with current recruitment strategies
	Develop contemporary recruitment strategies which focus on 'Bega Valley - a liveable place' and other non-financial incentives	2018	Employee Support Services	New range of recruitment strategies developed and implemented
	Provide dual-career opportunities for partner of recruitee	On-going	Employee Support Services	Case-by-case basis

2. ATTRACTING THE RIGHT PEOPLE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
	Identify and promote non-financial means to attract employees	On-going	Employee Support Services	Anecdotal evidence of successful recruitments due to non-financial inducements
	Introduce full superannuation choice	2018	Finance	Superannuation choice available to all employees
	Overhaul the on-boarding process	Mid-2018	Employee Support Services	Reduction in rate of failed recruitments
Increased diversity and representation of target groups	Identify vacant positions suitable for Aboriginal employment	On-going	Leadership Executive Group	Increased number of Aboriginal designated positions
	Designate new trainee / apprentice / cadet positions for Aboriginal people	2018	Leadership Executive Group / Managers Forum	Designated Aboriginal trainee / apprentice / cadet positions created
	Develop affirmative action programs to increase representation of women in supervisory and management roles	2018	Leadership Executive Group / Organisational Development	Gender balance shifting, especially in management roles
	Encourage woman into non-traditional outdoor roles	On-going	Works	Increasing numbers of women in non-traditional roles
	Promote Council as a suitable and positive work environment for people with disability	On-going	Leadership Executive Group	Increasing number of people with disability employment
Contribute to the development of an improved reputation of Local Government as an employer of choice	Work with peak bodies such as Local Government NSW, Canberra Region Joint Organisation and Local Government Professionals to promote Local Government opportunities	On-going	Council / General Manager / Leadership Executive Group	Local Government recognised as a positive place-based employer of choice

3. GROWING OUR OWN				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Implementation of a succession planning methodology, associated practices and technologies	Determine operational critical positions	First-half 2018	Leadership Executive Group and Managers Forum	Critical positions identified
	Identify employees likely to retire in next 10 years	First-half 2018	Organisational Development / Employee Support Services	At-risk positions identified
	Identify potential successors	First-half 2018	Leadership Executive Group and Managers Forum	Potential future successors identified
	Develop career and learning plans for successors	Second-half 2018	Organisational Development / Managers Forum	Career and learning plans are in place for identified successors
Ensure employees have the requisite skills, knowledge and qualifications to perform role	All employees participate in the annual Employee Review (EKaS)	Yearly	Leadership Executive Group / Organisational Development	All employees participate in EKaS Review
	Skills matrix and career plan is developed for all positions and employees	Second-half 2018	Organisational Development / Managers Forum	All employees have their skills mapped and linked to a career plan
	Development opportunities are planned and linked to skills matrix	2019	Organisational Development / Managers Forum	Individual development plans are in place
	Implement eLearning technology	2018	Employee Support Services	Learning Management System technology implemented and operational
	Review and refresh the Studies Assistance Procedure	2018	Employee Support Services	Review completed and recommendations actioned
	Implement internal coaching, mentoring and alumni programs	Second-half 2018	Organisational Development / Managers Forum	Mentoring, coaching and alumni programs are in place and operational
Implement a strategic trainee/ apprentice /cadet program	Areas of future skill shortages identified	2017	Organisational Development / Managers Forum	Future skill shortages identified and linked to positions required
	Required numbers of trainees/apprentices/ cadets identified	End-2017	Organisational Development / Managers Forum	Recruitment to identified positions complete

3. GROWING OUR OWN				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Increase the flexibility of the workforce	Reduce demarcations in positions and provide for multi-skilling in jobs	End-2017	Organisational Development	All position descriptions rewritten
	Provide for specialist skill development where operationally critical job needs are identified	Ongoing	Local management	Skills shortages are reduced
	Introduce an employee job rotation program	2018	Employee Support Services	Formal employee rotation program implemented
Collaborate in cross sector employee development programs	Work with neighbouring councils to develop mentor and job exchange programs and a peer support network	2018	Leadership Executive Group / Employee Support Services / Organisational Development	

4. LOOKING AFTER OUR PEOPLE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Manage an ageing workforce to ensure CSP 2040 deliverables are achieved	Conduct pre-retirement workshops	Annually	Organisational Development	Workshops conducted
	Utilise transition-to-retirement procedures	Ongoing	Employee Support Services	Increased uptake of Transition to Retirement
	Provision of financial review services for pre-retirees	Ongoing	Employee Support Services	Pre-retirees accessing the service
Assist in the development of (Aboriginal) Reconciliation Action Plan	Actionable targets identified and developed	End-2017	Community, Leisure & Information / Organisational Development	Reconciliation Action Plan links to Workforce Plan
Retention of 'at-risk' employees	Promote the utilisation and uptake of flexible work arrangement procedures	Ongoing	Employee Support Services	Reduction in rate of attrition of 'at risk' employees

4. LOOKING AFTER OUR PEOPLE				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Ensure all Council workplaces are accessible	Undertake accessibility assessment of all Council workplaces and develop a priority work plan to progressively address	July 2018	Leadership Executive Group	Plan and works program prepared

5. CELEBRATING SUCCESS & RECOGNISING ACHIEVEMENT				
Objectives	**Actions**	**Timeframe**	**Responsibility**	**Measure of success**
Recognition of individual and team achievements	Annual employee award system operational (PLaCE Awards)	Annually	Leadership Executive Group	Employee nominations received / award winners announced annually
	Acknowledgement of celebrations/achievements listed as a regular agenda item at Leadership Executive Group, Managers Forum, Coordinator Co-op meetings	Ongoing	Leadership Executive Group / Managers Forum / Coordinators Co-op	Audit of meeting minutes indicates item was discussed and achievements acknowledged
	Employee and team meetings acknowledge celebrations/achievements	Ongoing	All employees	Anecdotal reports of successes and achievement being acknowledged

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 (**P**eople matter; **L**earning is important; **a**nd we **C**an do; **E**ngaging 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
  - report of operations with review on the performance of the Council against strategic objectives[3]

[1] LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.
[2] LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.
[3] LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

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
7. Evaluation.[4]

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.

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.

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[4] LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

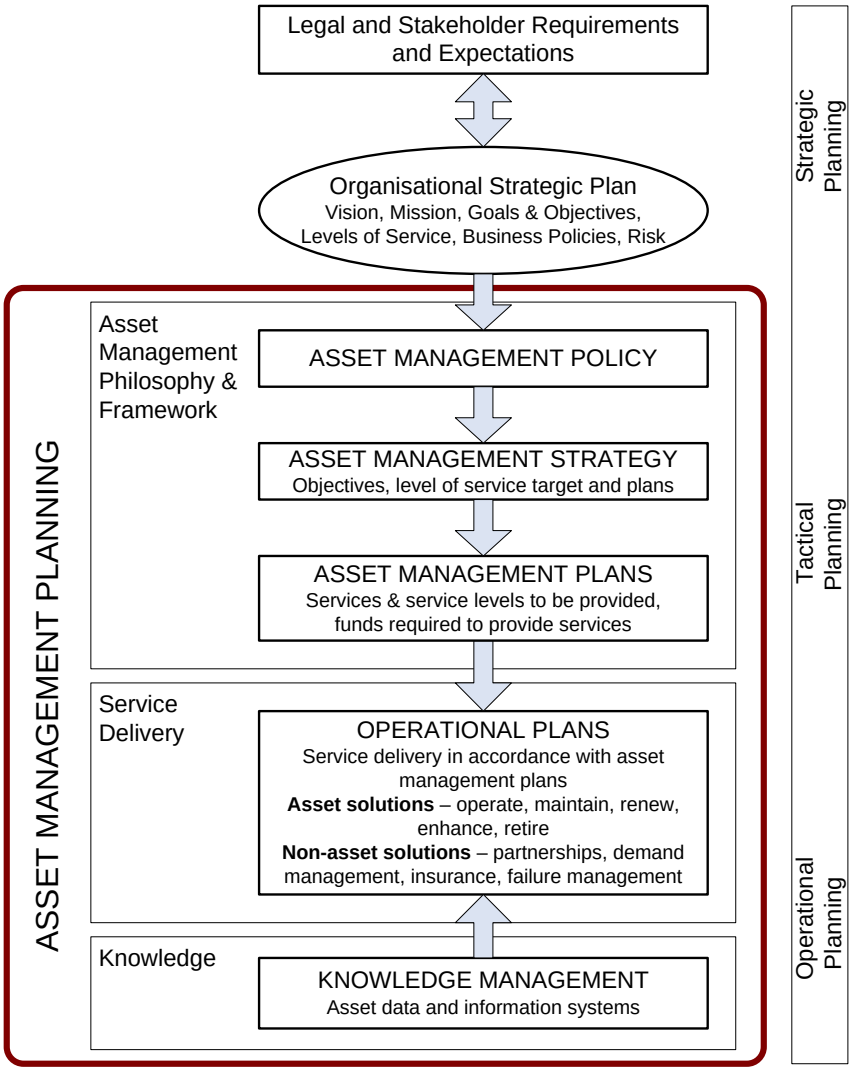
Through the Delivery Plan 2017-2021, Council outlines how the objectives of the CSP 2040 will be implemented. Implementation is based on the resources identified in the Resourcing Strategy. The Resourcing Strategy focuses on long-term planning strategies in three key areas:

- 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.



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.

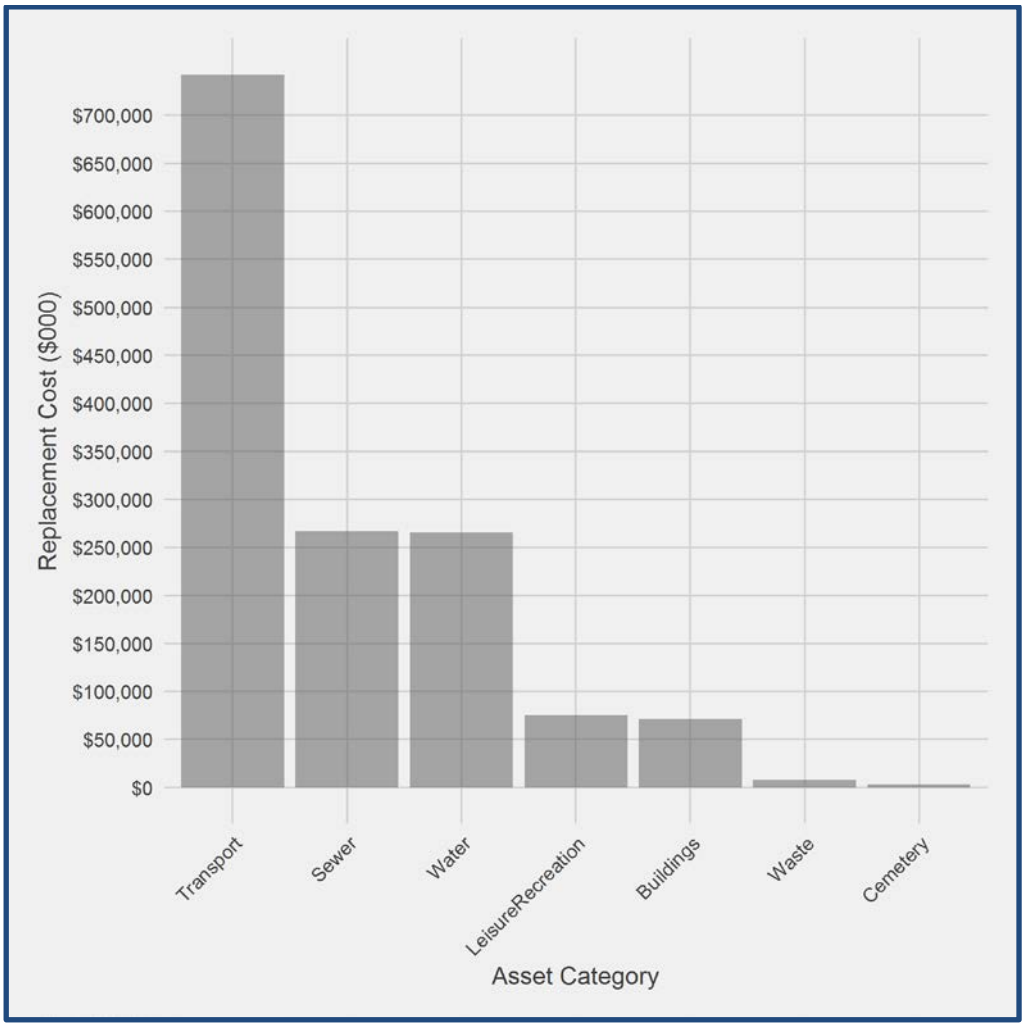
The financial status of Council's assets is shown in Table 1.

Table 1: Financial Status of Bega Valley Shire Council Assets 2017

Asset Class	Replacement Cost ($000) in millions	Depreciable Amount Current Replacement Cost (CRC) less non-depreciable items) ($000) in millions	Depreciated Replacement Cost ($000) in millions	Depreciation Expense ($000) in millions	Consumption Ratio %
Buildings	$71.1	$71.1	$53.0	$1.5	25.45%
Cemeteries	$3.6	$3.5	$1.6	$1.3	53.56%
Leisure & Recreation	$82.1	$82.1	$44.7	$2.1	45.54%
Sewer	$266.9	$266.9	$154.1	$6.9	42.24%
Transport	$742.6	$605.1	$314.5	$8.8	48.01%
Waste	$7.8	$6.8	$5.1	$0.8	25.65%
Water	$265.2	$265.2	$160.1	$3.6	39.62%
Total	$1,439.3	$1300.7	$733.1	$25.0	56.36%

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

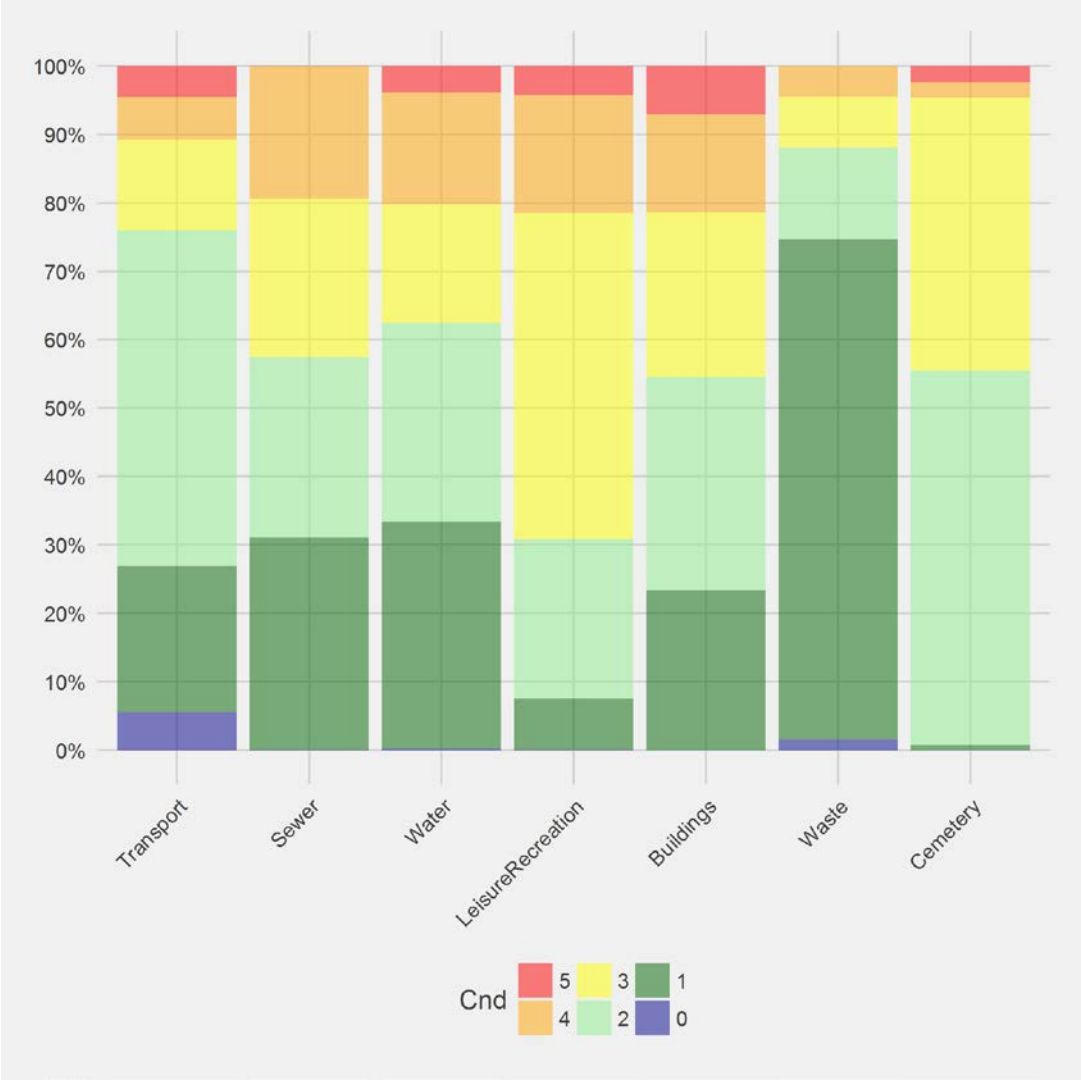


Asset condition

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

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

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

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:

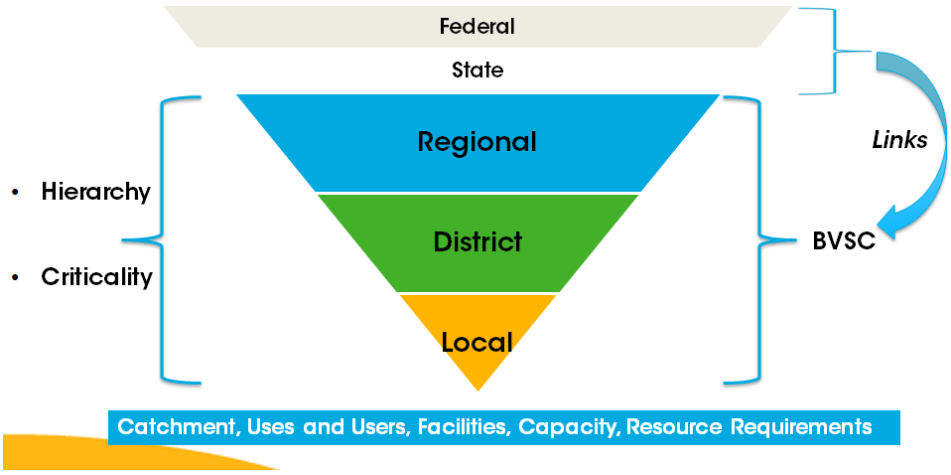
- Transport in 2012 and 2013 (flood damage expenditure)

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 heirarchy and criticality



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.

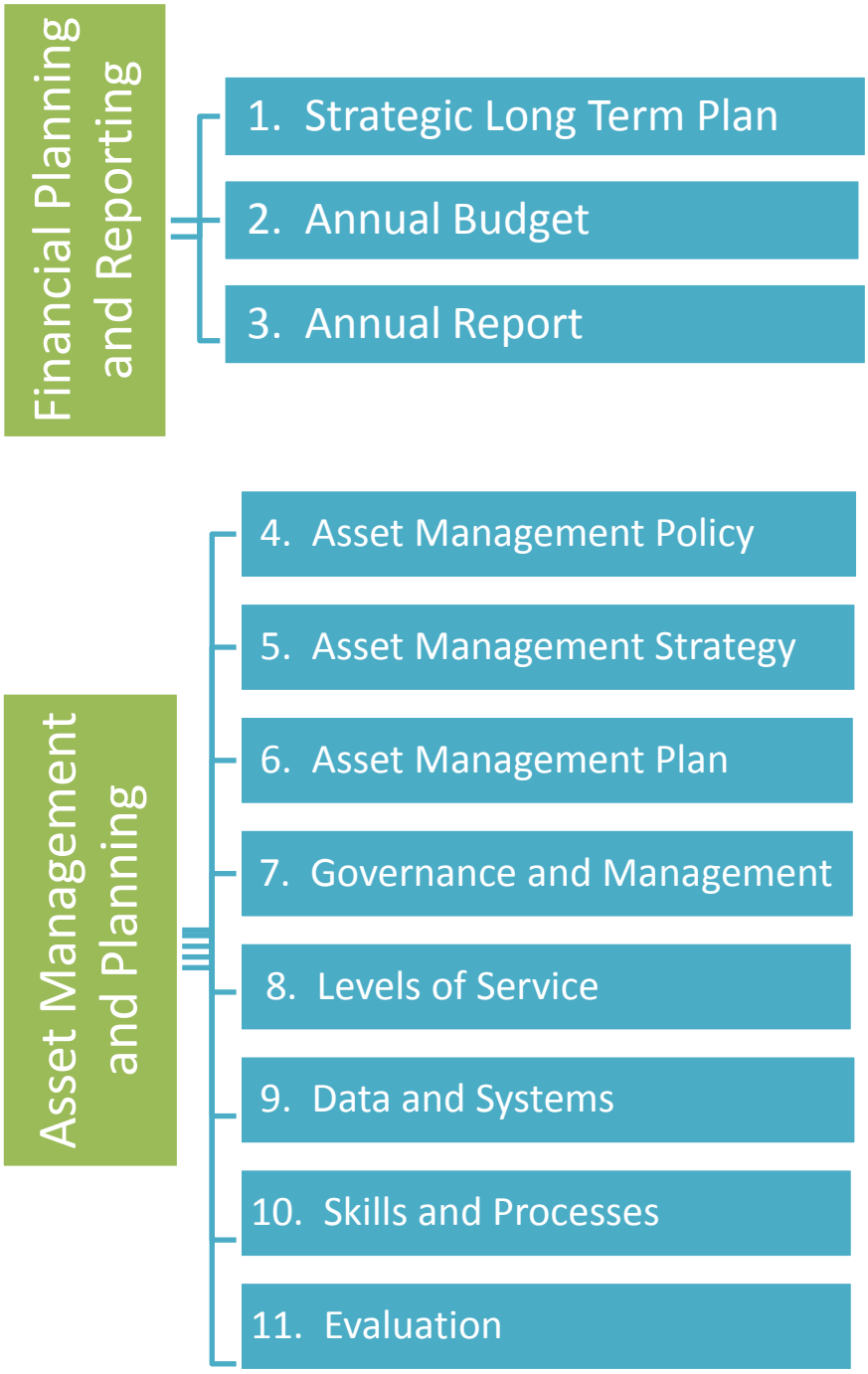
The Assets Team whom report to the Asset Management Coordinator provide an organisational service to all infrastructure asset managers within the organisation and work closely with employees within the finance sector.

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:

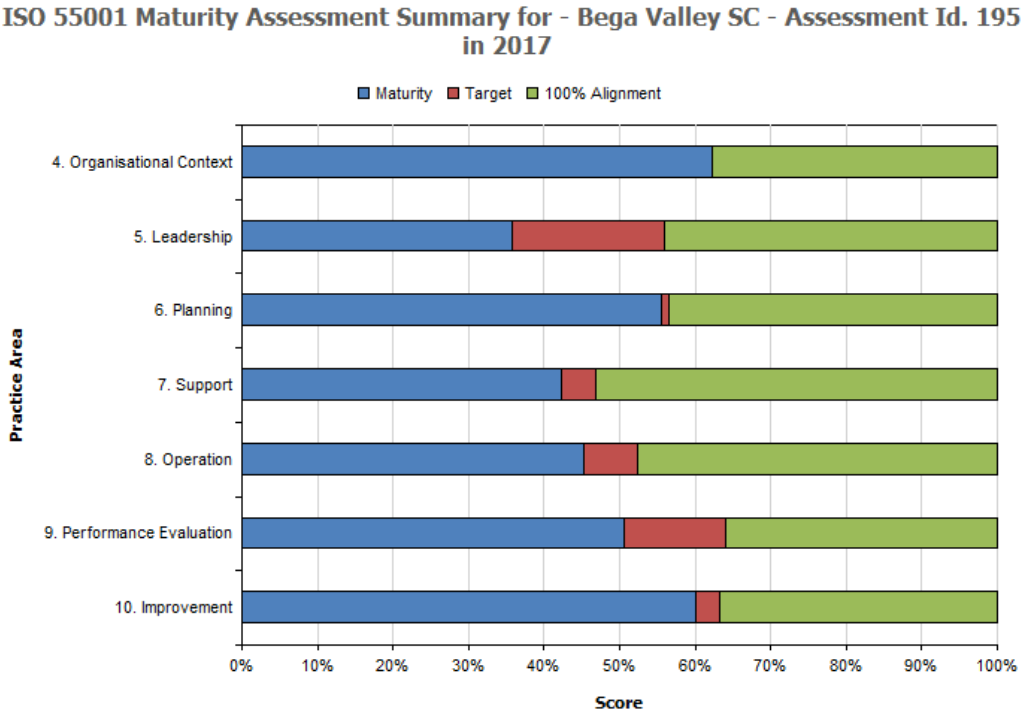


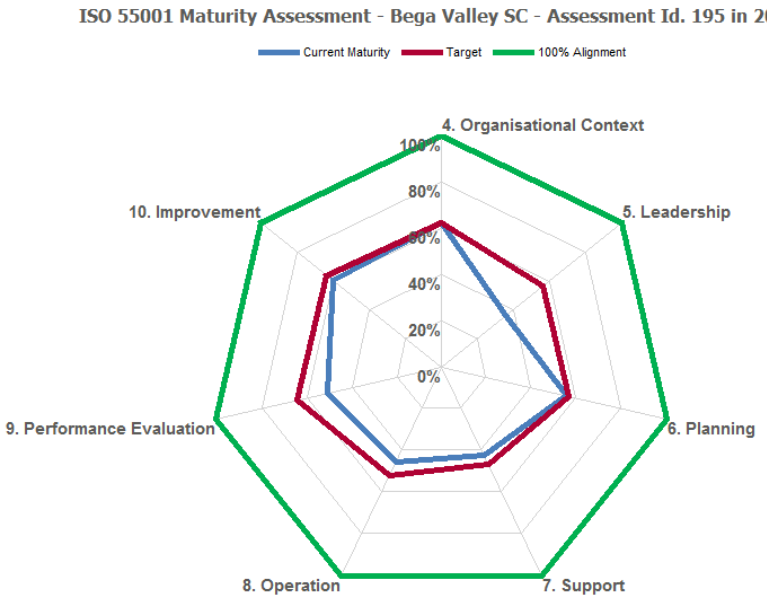
The organisation's current asset management maturity is at a competent level with investment needed to improve information management, lifecycle management, service management, accountability and direction.

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

Goals	Strategies
We are cooperative, caring and enjoy a culturally rich community life	Collaborate with partners to provide and support opportunities for social interaction, cultural industries, activities and events, and care and services for disadvantaged people
We are an active, healthy community with access to good quality recreation and sporting facilities, and medical health care	Improve the accessibility of the built environment, recreation spaces and facilities
	Collaborate with partners to provide facilities, activities and services that encourage more people to have active and healthy lifestyles
Our economy is prosperous, diverse and supported by innovative and creative businesses	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
We have meaningful employment and learning opportunities for people in all stages in life	Collaborate with partners to develop local education, training and lifelong learning opportunities

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

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

The Asset Management Policy is attached and available at www.begavalley.nsw.gov.au

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

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

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
- Implement and incorporate AS/ISO55000, AS/ISO55001 and AS/ISO55002 (2014) standards into processes
- 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/55002 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.

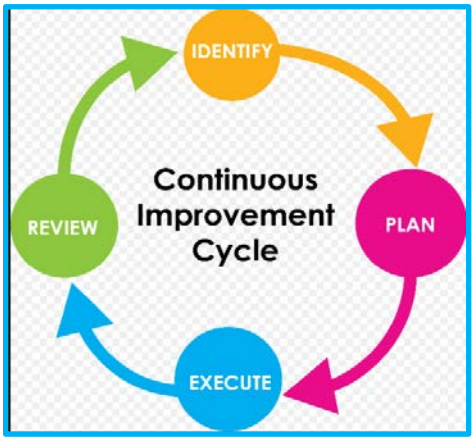
Strategy: More detailed strategies and plans, down to component level, are further developed to address the aforementioned as required.

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.

Risk management: Develop Asset Risk Management Plans in conjunction with corporate risk management. Develop Emergency Management Plans. Incorporate into Asset Management Plan.

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.

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 tucks, 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 operation.

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