



SVC Resourcing Strategy

DRAFT – April 2019

Part of Council's Integrated Planning and Reporting Framework incorporating:



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Executive Summary

This Resourcing Strategy has been updated for the 2019/20 year to document improvement actions that Council intends to undertake in order to deliver sustainable best value.

Key Objective: Sustainable Best Value

The *NSW Local Government Act, 1993* (section 403) requires councils to prepare a Resourcing Strategy. This is a long term strategy for the provision of the resources required to perform its functions. The focus is **financial sustainability**, which is defined as follows:

A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.¹

Council's 2019/20 budget for General Fund (excluding water supply and sewerage) is a deficit of around \$4.8M (excluding capital grants), however this includes \$2.6M of expenditure arising from the New Council Implementation Fund (NCIF) round 2 grant which was paid in the 2018/19 financial year. Without this additional expenditure, Council's deficit is closer to \$1.2M (4% of operating revenues). In other words, Council is spending more than it earns – which isn't sustainable.

Traditionally, council resourcing strategies have focused on three types of resources: finances, people (human resources) and assets (infrastructure, buildings, etc.). However, Council is conscious of the fact that *pursuing financial sustainability is not enough*. Council needs to ensure that it not only has the resources required to perform its functions, but also that it carries those functions out in a way that **provides the best possible value** to residents and ratepayers (reflecting principles in section 8A of the Act).

The Service Level Review Project (discussed in section 1.5) sought feedback from the community about the services Council delivers. The response was generally positive – in fact, overall satisfaction levels were higher than many other regional councils and trending in the right direction – although satisfaction levels of residents of the former Tumbarumba Shire were notably lower than those from Tumut.

The key objective of this Resourcing Strategy – and in particular the improvement program that follows – incorporates both of the above elements: **Council's objective is to carry out its functions in a way that delivers sustainable best value to the community.**

Council Improvement Program

Council recognises there is no 'silver bullet' to enable it to deliver sustainable best value. Rather, it needs to undertake a comprehensive improvement program focused both on broader resourcing issues (finances, people and assets) as well as specific service areas.

Part 1 of this Strategy is an overview of the Council Improvement Program including:

- *Council Improvement Plan* (roadmap for improvement efforts)
- *Program Management Office* (governance framework to ensure it makes progress and stays on track)
- *Organisational Capability and Capacity Framework* (a reference point to good practice) and

¹ *Financial Sustainability of the NSW Local Government Sector*, NSW Treasury Corporation (2013)
<https://www.olg.nsw.gov.au/sites/default/files/TCorp-Report-Financial-Sustainability-of-the-New-South-Wales-Local-Government-Sector-April-2013.pdf>

The LG Act (s.8B) also establishes principles of sound financial management including "Council spending should be responsible and sustainable, aligning general revenue and expenses".

- *Internal Audit Program* (providing independent assurance it is on track).

Council's service-based approach to business planning is also outlined including the:

- *Service Level Review Project* (which realised meaningful engagement with the community about their priorities)
- *Service Dashboards* (presenting the big picture about everything Council does)
- *Service Management Plans* (business plans with the detail, including options to improve the efficiency and effectiveness of service delivery).

Long Term Financial Plan

The Long Term Financial Plan (LTFP) is a tool that explores the long term impacts of Council's decisions, based on a set of assumptions (about areas where Council intends to reduce spending and/or increase revenues and so improve its financial sustainability) and considering two scenarios: a 'planned' scenario and an 'unsustainable' scenario.

The **Planned Scenario** includes a number of actions to improve Council's financial sustainability in its General Fund (i.e. excluding water supply and sewerage businesses) by around \$2M p.a. and so **achieve an operating surplus in 5 years**. These actions include:

- Maintaining the existing revenues from rates by applying for a new Special Rate Variation (SRV) to replace the one from the former Tumut Shire that generates \$650,000 p.a. and expires in 2020
- Considerable reductions in *employee costs* equivalent to 7.5% of the 2019/20 budget as a result of a one-off realignment of resources (\$300,000) and further reductions of 2-2.5% p.a. for the next 3 years (\$750,000) to be achieved via natural attrition, i.e. not replacing all positions when they become vacant
- Reductions in spending on *materials and contracts* equivalent to 5% of the 2019/20 budget (\$215,000)
- Generating additional *external revenues from civil contracting activities*, guided by a new strategic business plan for these activities, building up to \$100,000 p.a.
- Generating additional revenues from *user charges* from Council services and business units building up to \$150,000 p.a.
- Reducing depreciation expenses by \$100,000 by disposing of underutilised assets

It is important to note that *simply reducing employee costs and spending on materials and contracts without other improvements will translate directly into reductions in the level of service Council delivers*. This is why the Council Improvement Plan proposes to analyse each service as part of Service Management Plans and identify efficiencies in that manner.

It is also important to note that *the planned scenario makes adequate provision for capital expenditure on renewal of existing assets* based on modelling of future requirements (as discussed further in relation to the Strategic Asset Management Plan). Council's assets are in relatively good condition and so medium-term renewal needs (under 10 years) are less than depreciation expenses – but this means over the long term, they will be higher.

Council's cash reserves increase over this period, ensuring it has the capacity to ramp up spending on asset renewals in future when it needs to do so. This also improves Council's operating result considerably as a result of the interest on these investments.

The **Unsustainable Scenario** basically has the same assumptions as the Planned Scenario but reduces revenues by \$650,000 p.a. from 2020 when the SRV expires.

It is important to note that while this shows Council making slow progress towards financial sustainability (but still in deficit after 10 years), the progress is largely due to accumulation of

cash reserves (as for the planned scenario, because Council is spending less than depreciation) and the associated increase in interest revenues (about \$1.1M p.a.). When Council starts spending these reserves on asset renewals (which it will need to do over the longer term), interest revenues will drop and the deficit will increase considerably.

In other words – referring back to the definition of financial sustainability at the start – Council won't be able to generate sufficient funds to deliver the level of services and infrastructure agreed with the community, which (based on feedback from the Service Level Review) Council considers to be the current level of services and infrastructure.

One of the most important actions in the Council Improvement Plan is undertaking community engagement about Council's intention to apply for a new SRV to maintain current revenues. As discussed in the LTFP, this will be a complex issue given it will also need to take account of the impacts of rate harmonisation given the rate freeze period associated with the merger also expires in 2020.

Strategic Asset Management Plan

The Strategic Asset Management Plan (SAMP) highlights that **90% of Council's physical assets – its infrastructure, buildings, plant and equipment – are in good condition.**

A further 9% are rated as 'satisfactory' and only 1% (by replacement value) are poor.

What this means is that **asset renewal needs over the medium term are low relative to long term needs as measured by depreciation.** As discussed above in relation to the LTFP, this means that because capital works programs are lower than depreciation expenses, reserves for future asset renewals will build up over the next 10 years, but these will need to be spent beyond that time as the assets that are currently in good condition deteriorate.

However, as Council undertakes more detailed planning and analysis of community needs and expectations about its assets as part of *Service Management Plans* – in particular the needs analysis for buildings and infrastructure assets that is scheduled to be undertaken this year – it may be that Council will allocate additional funds to asset renewals, as well as upgrades where these are identified as a priority and also deemed affordable having regard to the ongoing costs (maintenance, operations and depreciation) that come with these.

The SAMP outlines the contents of Service Management Plans, particularly from an asset management perspective. It also provides an overview of the management systems approach that Council is pursuing to improve based on ISO 55000 (international standard for asset management systems) and establishes terms of reference for the Asset Management Steering Group, who will be responsible for leading a coordinated improvement program.

Workforce Management Plan

The final element of this Resourcing Strategy is the Workforce Management Plan. The WMP provides an overview of Council's workforce, discusses its operating environment and Council's key challenges relating to its workforce and identifies a number of improvement actions that Council will undertake to ensure it has the human resources it needs to achieve its strategic and operational objectives.

1. Council Improvement Program

The creation of a new Council organisation with the capability and capacity to deliver the services in the Delivery Program has been a major task including:

- establishing a new organisational structure and recruiting people into new roles
- building a cohesive single workforce located over two main sites separated by a distance of almost 70km
- developing and implementing new organisational systems and processes along with the technologies required to support them
- developing new strategies, policies and plans to guide service delivery activities that present a clear picture of Council's new organisation
- building relationships between external stakeholders and the new Council.

Much progress has been made, but if it is to continue Council needs:

- a **roadmap** to guide its efforts to foster *innovation* and become *sustainable* (the Council Improvement Plan, section 1.1)
- a **governance framework** to ensure it makes good progress and stays on track (the Program Management Office, section 1.2)
- a **reference point to good practice** (the Organisational Capability and Capacity Framework, section 1.3) and
- **independent assurance** that it is on track (the Internal Audit Program, section 1.4).

Council also needs to better understand and manage its principal activities or functions, and to ensure these reflect the community's priorities. Council's **service-based approach to business planning** is detailed in section 1.5.

1.1 Council Improvement Plan

The three elements of this Resourcing Strategy – Long Term Financial Plan, Strategic Asset Management Plan and Workforce Management Plan – cover most critical elements of Council's organisational capability and capacity.

But they aren't comprehensive: critical issues (e.g. organisational systems and processes, use of technology, strategic planning and stakeholder engagement) sit at least partly outside these Plans and are identified in particular Service Management Plans (service-specific business plans discussed in section 1.5), or as common issues in several of them.

Council has recognised the need to take an *integrated approach to its improvement program*. The **Council Improvement Plan** below collates improvement actions from the key elements of this Resourcing Strategy as well as the Service Management Plans and other sources to provide a comprehensive improvement roadmap.

The Council Improvement Plan will be kept up-to-date separately between revisions of this Resourcing Strategy via the Program Management Office (section 1.2). It will also inform the annual Operational Plan to facilitate monitoring of progress and also allocation of resources, where required. It is important to note, though, that *many improvements are of an operational nature* (i.e. the responsibility of the General Manager and staff) rather than policy issues to be determined by councillors.

Snowy Valleys Council Improvement Plan Version 1.0 April 2019

The table below provides a summary of the key actions Council intends to undertake to achieve its objective of delivering sustainable best value to the community. This list will be reviewed and updated by the Program Management Office.

Refer*	Action	Who**	When
BIP1	Transition Program Management Office from focus on New Council Implementation Fund (grants) to business improvement, a permanent part of Council's governance framework. Appoint a Program Management Officer (not full time role) to support Council's improvement program and facilitate progress reporting	GM	May 2019
LTFP1	Prepare a report on options for rate harmonisation and a new special rate variation , undertake community engagement about options, notify IPART of intention to apply for an SRV (late 2019) and apply (early 2020)	DMFIT & Dir. A&I	Report by July (notify IPART late 2019, apply early 2020)
BIP2	Continue to improve the level of detail in budgets , align this and performance reporting with Service Dashboards	DMFIT DMEX	Ongoing
SMPs1	Review resourcing required now (e.g. with merger-related projects) and longer term based on service areas, consider impact of varying resources, opportunities to gain efficiencies (including investment required to realise ongoing savings) and potential impacts on service delivery of reducing resources. Include in future revisions of SMPs or in a supporting document	DMs	Analysis completed by December 2019 to help inform the 2020/21 budget
BIP3	Establish and maintain a register of possible operational improvement opportunities (informed by action SMPs1) along with their financial impact to be kept under review by Program Management Office in order to identify projects to be progressed	PMO	Ongoing
BIP4	Identify and deliver staff training to support programs to improve operational efficiencies	PMO	As required
WMP1	Establish process for evaluation / review of all positions when they become vacant, with the aim being to reduce resource requirements, potentially by retraining existing staff (to be informed by action SMPs1)	Mgr People	July 2019
WMP1	Review Council's organisation overall in the context of outputs of action SMPs1. Potential one-off redirection of resources to maximise efficiencies while maintaining service levels, but then pursue further savings over the next few years via natural attrition	GM	Overall review by June 2020 (\$300k) Ongoing savings as opportunities arise (2% p.a. x 3 yrs)
WMP3	Reduce Council's Employee Leave Entitlements by preparing plans for managing excess leave and monitoring reports on leave taken in an ongoing way (target: < 15% by June 2020, < 5% from that point on)	DMEX	

Refer	Action	Who	When
SMP11	Review Council's procurement processes and identify opportunities to generate savings (target: 2% x 2 years)	DMFIT	June 2020
SMP12	Implement Council's ICT Strategy to improve efficiency and effectiveness of operations	DMFIT	Ongoing
SMPs2	Review fees and charges across all service areas, identifying opportunities to implement a 'user pays' approach or reasons for Council to subsidise an area (Target: \$130k p.a., subject to consultation)	DMs	December 2019
SMPs3	Identify and assess opportunities to reduce service levels (and consequently, operating costs) considering feedback from the community as part of the Service Level Review project, risks to Council, financial impacts	DMs	December 2019
BIP5	Revise the structure of Council's Delivery Program to focus on services rather than Community Strategic Plan themes to better support strategic planning by aligning Council's activities with budgets / resourcing	DMSP	Supplement prepared for 2020, new structure in new IP&R in 2021
SMPT1	Revaluation of transport assets , prepare updated capital works program including funding requirements to condition-based asset renewal objectives	DMA PD	December 2019
SMPR1 SMPC1	Undertake a needs analysis for recreational activities and community buildings , considering asset renewal needs, potential new/upgraded assets to meet community needs, opportunities for disposal, etc.	DMA PD	December 2019
SMPT2 SMPR2 SMPB2	Define maintenance management systems for transport, recreation and building assets in each SMP, clarifying the relationship between funding and service levels and highlighting any risks of under-funding maintenance	DMIWD	Initial by June 2019, with refinements by December 2019
SMPW1	Review Financial Modelling for water supply and sewerage business units , in particular evaluating the need for changes to the current fees and charges	DMA PD	June 2019
SMPB1	Develop strategic business plan for civil contracting activities to set direction for increasing revenues from external customers and ensuring that Council retains the RMS Road Maintenance Council Contract by performing effectively and meeting/exceeding RMS expectations; establish governance framework to manage risk and facilitate meaningful performance reporting and review	DMIWD	December 2019 (Target: \$500k p.a. growth for 3 years, 5% margin)
SMPs4	Clearly identify additional operating costs arising from new or upgraded assets as part of future SMPs and capital works budgets	DMA PD	Ongoing
SMPs5	Pursue grants to assist with delivery of Council priorities , but evaluate impacts on the LTFP (e.g. additional operating costs from new assets, obligations to fund programs beyond the grant) prior to doing so	DMs	Ongoing

*'refer' column identifies where further information / more detailed actions are:

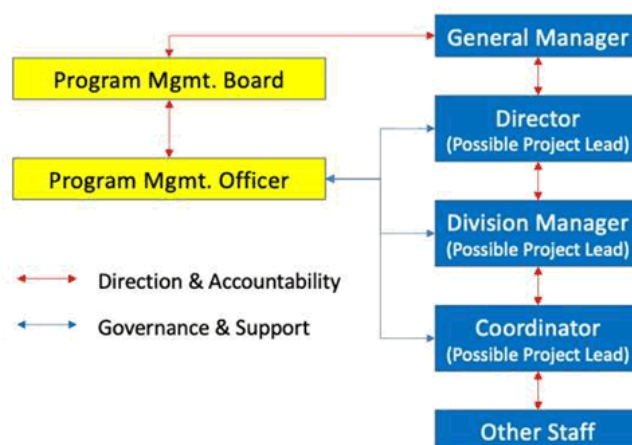
- LTFP = Long Term Financial Plan SAMP = Strategic Asset Management Plan
- WMP = Workforce Management Plan
- SMPs = all Service Management Plans, SMP# = SMP for transport (T), recreation (R), water supply and sewerage (W), business units (B), community programs (C), development (D), internal services (I)

**'who' column identifies positions responsible for actions. Many of these rest with the Division Managers (DMs). Some with Division Managers and Executive (DMEX).

1.2 Program Management Office

The Program Management Office is a concept used increasingly in organisations to support the change process. It is intended to ensure improvement projects are adequately identified, planned, authorised, monitored and delivered so outcomes sought are realised.

The figure below clarifies the distinction between the *normal line management function* from the General Manager down through the Directors to staff, and the *Program Management function* that is the means by which the improvement program is delivered.



The *Program Management Board* is made up of the General Manager and Directors and is supported by a *Program Management Officer* (PMO), who provides governance and support for the improvement program.

The PMO's key focus is coordinating program activities and supporting Project Leads, i.e. staff with primary responsibility for a project (projects will include the improvement actions identified in the Council Improvement Plan but may also include other Council projects e.g. to deliver particular service outcomes to the community).

The Board is responsible for overseeing the implementation of the **Program and Project Management Methodology**² which includes templates for a number of elements:

- a *Business Case*, which is the justification for undertaking a project based on weighing the estimated costs of investment against the anticipated benefits, offset by associated risks (it remains the reference point against which the continuing viability of a project is tested)

² The distinction is that a *program* is the mechanism whereby Council establishes its desired outcomes and authorises, monitors and reviews implementation of improvement projects (this is the overall improvement program outlined in this Strategy), whereas a *project* is a temporary organisation established to realise a specific improvement opportunity.

- a *Project Initiation Document*, which defines the project, forms the basis for its management and the assessment of its overall success
- a *Highlights Report*, which is used to monitor projects that are underway and
- an *End of Project Report*, which is used to assess success upon completion (with reference to the Business Case) and identify learnings to apply to future projects.

The majority of activities undertaken under the improvement program including the pursuit of improvement projects are anticipated to be operational in nature. As such, the Program Management Board provides the governance for the program generally, but where required policy issues (including requests for funding) will be referred to Council for consideration.

Progress with Council's improvement program (including specific improvement projects, where relevant) will be identified and reported on as part of Council's Operational Plan.

1.3 Organisational Capability and Capacity Framework

In addition to having a roadmap identifying where it wants to be (section 1.1) and a governance framework to ensure it gets there (section 1.2), Council will also benefit from a reference point to establish its current position in relation to 'good practice' and so identify areas for further improvement.

This is the purpose of the *Organisational Capability and Capacity Framework*, which is based on the requirements of ISO 55001 (international standard for asset management systems). The framework is a holistic, systems-based approach. Key elements include:

- community engagement
- leadership and organisational culture
- strategic planning (details of improvements are in sections 1.5 and 3.4)
- organisational systems and processes
- workforce, technology and information
- performance review and improvement.

At this stage, the Framework has only been applied to the assessment of Council's asset management maturity, as discussed in the Strategic Asset Management Plan.

However, the elements of an asset management system defined in ISO 55001 align closely with the integrated planning and reporting framework. This opens up the opportunity for Council to apply the Framework more generally to Council's organisation. This will be considered in future revisions of this Strategy and the Council Improvement Program.

1.4 Internal Audit Program

The final element of Council's efforts to improve its organisational capability and capacity is its Internal Audit program.

Under recent amendments to the NSW Local Government Act, all Councils must establish an *Audit, Risk and Improvement Committee* that reports directly to the elected Council. The scope of the Committee is extensive: including compliance, risk and financial management, governance, service reviews, implementation of the strategic plan, delivery program and strategies, collection of performance measurement data and more. This expands on the role of the Audit Committees that have been in place for many years.

Activities are guided by an annual internal audit plan informed by higher risk issues identified in the Enterprise Risk Management Plan. The Program provides independent assurance about Council's internal controls and implementation of its risk management framework as well as recommending and monitoring improvements (which are the responsibility of Council's senior management).

1.5 Service Level Review and Service-Based Approach to Business Planning

If Council is to improve its financial sustainability *and* the value it delivers to the community, it needs to be clear about where it is investing its resources and the value realised from this. This means Council needs to be clear about the services it provides, and for these to form the basis of business planning. Council has commenced a comprehensive project to do so.

Service Level Review Project

The first stage of this was the Service Level Review Project, which Council endorsed at its September 2018 meeting. The project facilitated a meaningful conversation about the services Council delivers that engaged councillors, staff and the community utilising three separate processes:

- a *telephone survey* of 405 residents giving a statistically significant picture of the community's views on the importance of and satisfaction with a range of services
- an *online Budget Allocator tool* that gave participants an opportunity to choose the level of service they wanted across a range of services, with a clear idea of what their choices meant to Council's budget overall and potentially the impact on rates
- a *Community Sounding Board* which involved 44 residents demographically and geographically representative of the local government area in a series of four workshops to gain detailed information about all Council services and to seek their feedback on their priorities.

The final report detailing feedback obtained from the community was tabled at Council's February 2019 meeting, and will be posted on a new page on Council's website soon.

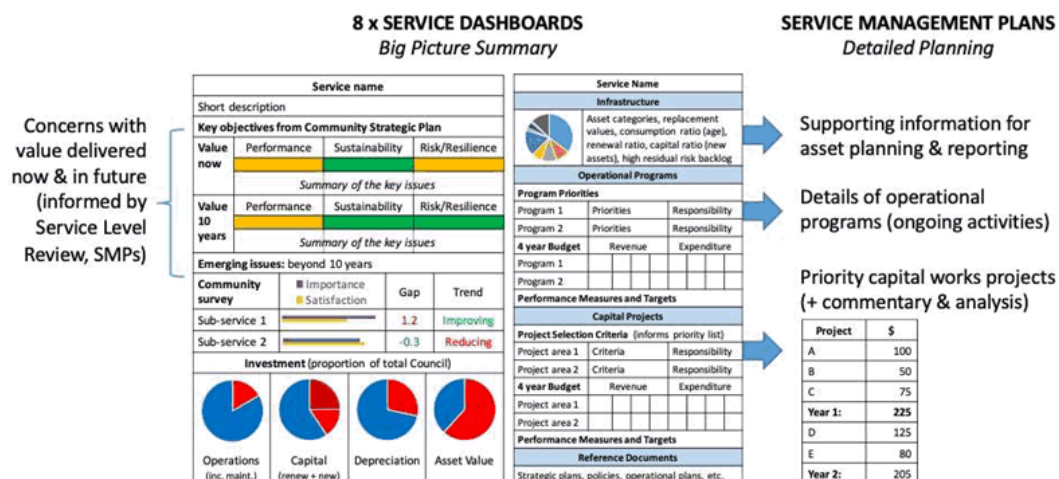
Councillors participated in a workshop considering the outputs of the project in January. This provided strategic direction for staff to prepare Council's 2019 IP&R documentation (including this Resourcing Strategy) and to undertake further investigations in several areas requiring further consideration, for future direction by councillors.

The Service Level Review has established a foundation for an *ongoing* conversation about the services Council delivers. It is worth noting that community engagement was identified in feedback as one of the key opportunities for Council to improve.

One of the biggest challenges in gaining meaningful feedback at this stage was the lack of quantifiable performance measurement and reporting across all services. The preparation of Service Management Plans (discussed below) is intended to help to address this. As Council progresses with improvements, it will be important to undertake further and more detailed engagement with the community about the services it delivers.

Service Dashboards

The second element of Council's service-based approach is the preparation of Service Dashboards. When Council considered feedback from the community about the services it provides in the context of its financial sustainability challenges, it highlighted the need to clarify the big picture about what it does, what it costs and where the issues of concern are now and in future. This is the purpose of the Dashboards, the key elements of which are shown below, together with links to the Service Management Plans (discussed below).



Service Management Plans

The final element of Council's approach is Service Management Plans for all services. As detailed in the Strategic Asset Management Plan (section 3.4), the Service Management Plans (SMPs) fulfil the specific requirements for Asset Management Plans but are prepared for all Council's activities (not just those related to infrastructure) and so establish a consistent framework for detailed business planning across Council's entire organisation.

The development of SMPs is an important preparatory step prior to pursuing the efficiency savings proposed in the LTFP. If Council simply reduces budgets for employees, materials and contracts it will translate into a reduction in service levels. The Council Improvement Plan identifies the first step in the process being the evaluation of resourcing requirements and opportunities to generate efficiencies prior to pursuing savings in employee costs.

The figure below shows the links between these documents and other elements of the Integrated Planning and Reporting (IP&R) Framework.



As noted in the Council Improvement Plan, it is Council's intention to embed the service-based approach in the next revision of Council's IP&R documents.

2. Long Term Financial Plan

The Long Term Financial Plan (LTFP) is a planning tool that shows the long term (10 year) financial impacts of Council's decisions based on a set of assumptions.

The three key elements correspond to Council's primary financial reporting documents:

- *income statement* or 'profit and loss statement' detailing Council's operating revenue and expenditure (i.e. associated with ongoing activities) with a particular focus on the operating result (whether Council is spending more than it earns)
- *statement of financial position* or 'balance sheet' detailing changes in Council's assets (cash, investments, infrastructure, property, etc.) and liabilities (loans, etc.)
- *statement of cash flows* detailing where Council plans to generate and spend its cash including both operating (ongoing) activities and capital programs (renewal and new/upgraded assets as well as loan principal repayments, etc.)

The key focus for this LTFP is Council's **General Fund**, which includes all activities apart from water supply and sewerage businesses, which must be accounted for separately under National Competition Policy requirements. Separate reports are included for water supply and sewerage. Consolidated results (general + water + sewerage) are also reported.

Two scenarios are considered for the General Fund:

- a '*planned*' scenario (which assumes Council will undertake the actions identified in the Council Improvement Plan in section 1.1) and
- an '*unsustainable*' scenario (which assumes rate revenues decrease by \$650,000 p.a. in 2020 when the Special Rate Variation from the former Tumut Shire expires).

2.1 Key Financial Sustainability Objectives

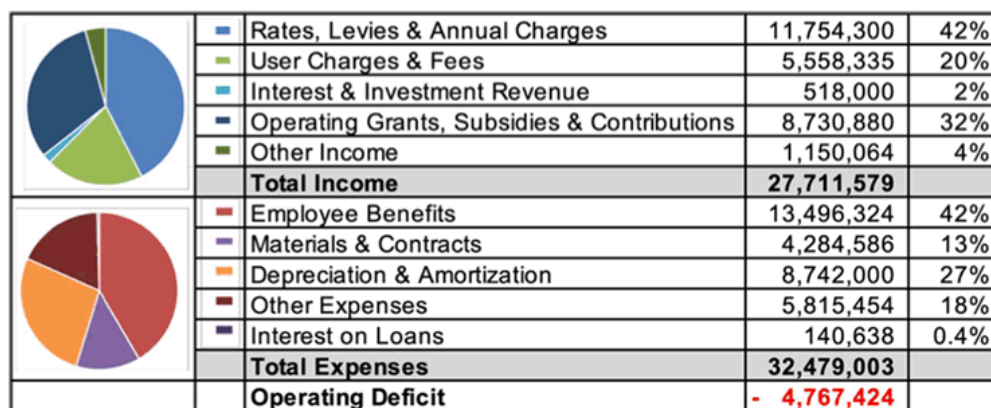
Assumptions informing the planned scenario (detailed in section 2.2) have been developed with the primary aim of **achieving an operating surplus within 5 years**. Council recognises that responsible and sustainable spending (a surplus) is the foundation of the principles of sound financial management in the NSW Local Government Act (section 8B).

Council's second key object is to **provide sufficient funding for renewal of existing assets** based on an analysis of actual renewal requirements as set out in Service Management Plans (Council's version of 'asset management plans' expanded to cover all services as discussed in section 3.4). While Council is currently forecasting that it will spend less than depreciation, it may revise this (particularly in relation to buildings and recreational assets) following a needs analysis and consultation with users.

Council's projected performance against a number of other industry benchmarks (e.g. maintaining sufficient cash, managing debtors, keeping debt within acceptable limits) are discussed in section 2.7, but these are of far less concern than the two points above.

2.2 Key Items of Operating Revenue and Expenditure

The chart below summarises the key areas of revenue and expenditure associated with operational programs (ongoing activities apart from capital grants and capital works – refer section 2.8) in Council's 2019/20 budget for General Fund (i.e. excluding water supply and sewerage businesses).



2.3 Special Rate Variation and Rate Harmonisation

One of the most significant, and potentially contentious, issues addressed in this LTTP is the application for an SRV to maintain existing rate revenues that would otherwise be lost when the existing SRV that applied to residential properties in the former Tumut Shire (which generates around \$650,000 p.a. for infrastructure renewal) expires in July 2020.

Guidelines issued by OLG³ define a number of criteria that IPART uses when assessing SRV applications by councils. These include a requirement to clearly explain the extent of the rise. This is not simple in Council's case because it will need to do two things at once:

- explain how rates will be harmonised across ratepayers in the former Tumbarumba and Tumut Shires *and* between ratepayers in each of the different rate categories (rural, residential, business, etc.) and
- explain how the new SRV is to be applied on top of the new harmonised general rates, and to which categories of ratepayers it applies.

The Council Improvement Plan (section 1.1) includes an action to prepare a report on options for rate harmonisation and an SRV and to undertake community engagement about the options. This may also consider the impacts of changes to water and sewerage rates, which ideally will help to offset the impacts although further financial modelling of this is required.

2.4 Planned Scenario

The assumptions that inform the Planned Scenario are detailed below, followed by the actual primary financial reports. Commentary about particular issues to consider in Council's decision-making is also included where relevant.

Note that the assumptions relate to Council's General Fund only (excluding water supply and sewerage businesses, which must be accounted for separately). A separate financial modelling exercise was undertaken for the Water Supply and Sewerage Funds.

³ https://www.olg.nsw.gov.au/sites/default/files/OLG%20-%20Special%20Variation%20Guidelines_3.pdf

Maintaining Existing Rate Revenues

As noted above, it is assumed that existing rate revenues will be maintained via Council applying for a new SRV generating \$650,000 p.a. to replace the revenues that would otherwise be lost when the existing SRV for the former Tumut Shire expires in 2020.

Employee Costs

Employee costs make up 42% of Council's expenses in its 2019/20 budget. The \$13.5M in the 2019/20 budget is still a considerable reduction from the \$16.5M in costs reported for the 2017/18 financial year (note 24 of annual financial statements) and 2018/19 budget.

General increases in employee costs are established under the Award. Over the past 2 years, increases have been 2.5% p.a. Additional increases in employee costs are also incurred as staff move through the salary system. There is an additional expense over the next few years as superannuation rates increase 0.5% p.a. from 9.5 to 12%.

It has been assumed that Council will reduce employee costs over years 2-4 of the LTFP equivalent to around \$1M, around 7.5% of the \$13.5M in employee costs in the budget. This will be achieved by:

- a one-off realignment of resources in 2020/21 (generating \$300,000) and
- further reductions equivalent to around 2% p.a. in years 2 and 3 and 1.5% in year 4 (generating around \$750,000) from natural attrition

These further reductions are accounted for by indexing of employee costs at only 0.5% in year 2 (rather than the 2.5% that could otherwise be expected) and at 1% p.a. in years 3 and 4 of the LTFP. Employee costs are then indexed at 2.5% p.a. for the rest of the 10 years. Employee costs as a percentage of total expenditure is around 45% for years 2-10 of the LTFP (even with the reductions) which is still higher than most comparable councils. The impacts of not accounting for the 0.5% increase in superannuation builds in a further efficiency gain to be realised as part of the improvement process.

It is noted that any such changes will be in consultation with staff as required by the Award.

An additional amount has then been included to account for employee costs associated with the increase in turnover from civil contracting activities in years 2-4, as discussed below.

Materials and Contracts

Materials and contracts make up 13% of Council's 2019/20 budget (\$4.3M). Generally, such products and services will increase in line with CPI however specific items (e.g. electricity) may have movements outside of the general trend, either positive or negative.

It has been assumed that Council will effectively reduce its spending on materials and contracts by 5% of the 2019/20 budget amount (a saving of around \$215,000) over years 2 and 3 of the LTFP through the pursuit of efficiencies and improved purchasing processes. Thereafter, materials and contracts have been indexed at CPI (assumed to be 2.2%).

As with employee costs, an additional amount has been included to account for increased turnover associated with civil contracting activities, as discussed below.

External Revenues from Civil Contracting Activities

Historically, Council has undertaken a considerable amount of work for 'external' customers in the civil contracting area. There are a number of benefits to such works, including the considerable economies of scale that are realised.

The largest portion of this (sometimes \$10M p.a.) was road maintenance and construction works on state roads under the Road Maintenance Council Contract (RMCC) with Roads and Maritime Services (RMS). However, with the completion of major upgrade works on the Gocup Road, RMS has advised that future programs will be substantially reduced.

Council historically delivered considerable civil contracting services to other customers such as Snowy Hydro, NSW government agencies, other councils and private companies. There is potential to pursue additional revenues from such sources in future, however this is not guaranteed. It is also vital that commercial risks associated with such work are effectively managed with an appropriate governance framework.

It has been assumed that revenues from external works will grow by \$2M over the next 4 years from the relatively low base in the 2019/20 budget and that a 5% margin will be generated from such work (improving Council's financial position by \$100,000 p.a.).

Council intends to develop a strategic business plan to evaluate the opportunities and to guide the process to pursue them.

Increasing User Fees and Charges

There are potentially opportunities to increase user charges and fees associated with a range of Council services based on 'user pays' principles. Such opportunities will be evaluated as part of the development of Service Management Plans (section 1.5) and potentially as part of a specific business planning exercise over and above this for particular service areas.

It has been assumed that Council will generate an additional \$100,000 from year 2 and a further \$50,000 from year 3 of the plan, and that these will continue thereafter.

The importance of engaging with users prior to locking in such changes is acknowledged.

Interest Rates

A figure of 2.7% has been assumed for interest on investments. As discussed in section 2.6, performance in the LTFP is sensitive to changes in this figure due to the increase in cash reserves and associated interest revenues.

Reducing Depreciation by Disposing of Underutilised Assets

Depreciation makes up 27% of Council's operating expenses. There are potentially some opportunities to reduce this by disposing of underutilised assets, however this will need consultation with users prior to progressing.

It is important to note that Council's largest asset class – its transport network – is being revalued in 2019. This could either increase or decrease depreciation expenses, depending on the assumptions about the replacement cost and service life of Council's assets. Service Management Plans include a section seeking to improve benchmarking of Council's estimates for depreciation against similar organisations with similar assets.

Planned Scenario – Primary Financial Reports

Following are the reports for General Fund, Water Supply and Sewerage Funds as well as a Consolidated model incorporating all three.

General Fund Income Statement										Planned Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	11,754,300	12,048,158	12,349,361	12,658,095	12,974,548	13,298,912	13,631,384	13,972,169	14,321,473	14,679,510
User charges and fees	5,558,335	6,397,293	7,307,226	8,189,906	8,394,654	8,604,520	8,819,633	9,040,124	9,266,127	9,497,780
Interest & Investment Revenue	518,000	506,493	535,503	584,398	679,261	806,386	924,282	1,056,728	1,181,481	1,285,130
Grants, subsidies, contributions - Operating	8,730,880	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	6,165,500	1,662,038	1,703,588	1,746,178	1,789,833	1,834,578	1,880,443	1,927,454	1,975,640	2,025,031
Other Income	1,150,064	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Total Income	33,877,079	30,741,949	32,276,845	33,819,274	34,745,009	35,723,778	36,714,608	37,741,812	38,783,693	39,827,397
Expenses										
Employee Benefits	13,496,324	13,503,805	13,851,324	14,269,838	14,626,584	14,992,248	15,367,054	15,751,231	16,145,011	16,548,637
Materials & Contracts	4,284,586	4,623,156	5,017,402	5,512,785	5,634,066	5,758,015	5,884,692	6,014,155	6,146,466	6,281,689
Depreciation & Amortization	8,742,000	8,860,550	9,082,064	9,309,115	9,541,843	9,780,389	10,024,899	10,275,522	10,532,410	10,795,720
Other Expenses	5,815,454	2,853,132	2,915,901	2,980,051	3,045,612	3,112,615	3,181,093	3,251,077	3,322,601	3,395,698
Interest on Loans	140,638	108,347	86,581	77,552	72,690	67,975	63,332	58,408	53,184	47,643
Total Expenses	32,479,003	29,948,990	30,953,272	32,149,340	32,920,795	33,711,243	34,521,070	35,350,392	36,199,672	37,069,386
Operating Result - Surplus/(Deficit)	1,398,076	792,959	1,323,573	1,669,934	1,824,215	2,012,535	2,193,538	2,391,420	2,584,021	2,758,011
Surplus/(Deficit) after Capital Grants	- 4,767,424	- 869,078	- 380,015	- 76,244	34,382	177,956	313,095	463,966	608,381	732,979
General Fund Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	8,350,000	8,333,400	8,316,322	8,298,754	8,280,680	8,262,088	8,242,963	8,223,289	8,203,052	8,182,237
Current Investments	18,759,000	19,833,437	21,644,375	25,157,825	29,866,166	34,232,662	39,138,071	43,758,574	47,597,397	52,777,175
Current Receivables	1,500,000	1,537,500	1,575,938	1,615,336	1,655,719	1,697,112	1,739,540	1,783,029	1,827,604	1,873,294
Total Current Assets	28,609,000	29,704,337	31,536,635	35,071,915	39,802,566	44,191,863	49,120,574	53,764,891	57,628,054	62,832,706
Non Current Assets										
Infrastructure, Property, Plant and Equipment	454,026,000	453,383,667	452,574,818	450,682,643	447,850,295	445,548,219	442,901,320	440,736,175	439,544,087	437,183,599
Total Non Current Assets	454,026,000	453,383,667	452,574,818	450,682,643	447,850,295	445,548,219	442,901,320	440,736,175	439,544,087	437,183,599
Total Assets	482,635,000	483,088,004	484,111,454	485,754,557	487,652,861	489,740,082	492,021,894	494,501,066	497,172,141	500,016,305
Current Liabilities										
Current Payables	950,000	970,900	992,260	1,014,090	1,036,399	1,059,200	1,082,503	1,106,318	1,130,657	1,155,531
Current Borrowings	488,430	452,248	182,693	85,605	88,934	79,368	84,011	88,932	94,159	99,700
Current Provisions	5,103,000	5,230,575	5,361,339	5,495,373	5,632,757	5,773,576	5,917,916	6,065,863	6,217,510	6,372,948
Total Current Liabilities	6,541,430	6,653,723	6,536,292	6,595,067	6,758,091	6,912,144	7,084,429	7,261,113	7,442,326	7,628,179
Non Current Liabilities										
Non Current Borrowings	1,989,570	1,537,322	1,354,629	1,269,024	1,180,090	1,100,722	1,016,711	927,779	833,620	733,920
Total Non Current Liabilities	1,989,570	1,537,322	1,354,629	1,269,024	1,180,090	1,100,722	1,016,711	927,779	833,620	733,920
Total Liabilities	8,531,000	8,191,045	7,890,921	7,864,091	7,938,181	8,012,866	8,101,140	8,188,892	8,275,946	8,362,099
Net Assets	474,104,000	474,896,959	476,220,532	477,890,466	479,714,681	481,727,216	483,920,754	486,312,174	488,896,195	491,654,206
Equity										
Council equity	474,104,000	474,896,959	476,220,532	477,890,466	479,714,681	481,727,216	483,920,754	486,312,174	488,896,195	491,654,206
Total Equity	474,104,000	474,896,959	476,220,532	477,890,466	479,714,681	481,727,216	483,920,754	486,312,174	488,896,195	491,654,206
Total Equity	474,104,000	474,896,959	476,220,532	477,890,466	479,714,681	481,727,216	483,920,754	486,312,174	488,896,195	491,654,206
General Fund Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	11,754,300	12,048,158	12,349,361	12,658,095	12,974,548	13,298,912	13,631,384	13,972,169	14,321,473	14,679,510
User charges and fees	5,558,335	6,397,293	7,307,226	8,189,906	8,394,654	8,604,520	8,819,633	9,040,124	9,266,127	9,497,780
Interest & Investment Revenue	518,000	506,493	535,503	584,398	679,261	806,386	924,282	1,056,728	1,181,481	1,285,130
Grants, subsidies, contributions - Operating	1,150,064	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	8,730,880	1,662,038	1,703,588	1,746,178	1,789,833	1,834,578	1,880,443	1,927,454	1,975,640	2,025,031
Other Income	6,165,500	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Payments:										
Employee Benefits	- 13,296,324	- 13,376,230	- 13,720,560	- 14,135,804	- 14,489,199	- 14,851,429	- 15,222,715	- 15,603,283	- 15,993,365	- 16,393,199
Materials and Contracts	- 4,284,586	- 4,623,156	- 5,017,402	- 5,512,785	- 5,634,066	- 5,758,015	- 5,884,692	- 6,014,155	- 6,146,466	- 6,281,689
Other Expenses	- 5,815,454	- 2,853,132	- 2,915,901	- 2,980,051	- 3,045,612	- 3,112,615	- 3,181,093	- 3,251,077	- 3,322,601	- 3,395,698
Net cash provided (or used in) operating activities	10,480,714	9,889,431	10,622,982	11,190,635	11,576,132	12,001,718	12,426,109	12,873,298	13,321,261	13,756,811
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	- 24,278,900	- 8,218,217	- 8,273,215	- 7,416,940	- 6,709,496	- 7,478,313	- 7,378,000	- 8,110,377	- 9,340,322	- 8,435,231
Net cash provided (or used in) investing activities	- 24,278,900	- 8,218,217	- 8,273,215	- 7,416,940	- 6,709,496	- 7,478,313	- 7,378,000	- 8,110,377	- 9,340,322	- 8,435,231
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	- 589,638	- 596,777	- 538,829	- 260,245	- 158,295	- 156,909	- 142,700	- 142,419	- 142,116	- 141,802
Net cash provided (or used in) financing activities	- 589,638	- 596,777	- 538,829	- 260,245	- 158,295	- 156,909	- 142,700	- 142,419	- 142,116	- 141,802
Net (increase) / decrease in cash	- 14,387,824	1,074,437	1,810,939	3,513,450	4,708,341	4,366,496	4,905,409	4,620,502	3,838,824	5,179,778

Water Fund Income Statement										Planned Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	1,357,000	1,390,925	1,425,698	1,461,341	1,497,874	1,535,321	1,573,704	1,613,047	1,653,373	1,694,707
User charges and fees	3,000,000	3,075,000	3,151,875	3,230,672	3,311,439	3,394,225	3,479,080	3,566,057	3,655,209	3,746,589
Interest & Investment Revenue	100,000	102,700	105,473	108,321	111,245	114,249	117,334	120,502	123,755	127,097
Total Income	4,457,000	4,568,625	4,683,046	4,800,333	4,920,558	5,043,795	5,170,118	5,299,606	5,432,337	5,568,393
Expenses										
Employee Benefits	1,142,143	1,170,697	1,199,964	1,229,963	1,260,712	1,292,230	1,324,536	1,357,649	1,391,590	1,426,380
Materials & Contracts	762,546	779,322	796,467	813,989	831,897	850,199	868,903	888,019	907,556	927,522
Depreciation & Amortization	1,613,000	1,653,325	1,694,658	1,737,025	1,780,450	1,824,961	1,870,585	1,917,350	1,965,284	2,014,616
Other Expenses	390,000	398,580	407,349	416,310	425,469	434,830	444,396	454,173	464,164	474,376
Interest on Loans	210,000	176,771	139,018	101,144	66,813	56,716	51,763	49,041	45,428	42,078
Total Expenses	4,117,689	4,178,695	4,237,456	4,298,431	4,365,342	4,438,936	4,560,183	4,666,232	4,774,022	4,884,772
Operating Result - Surplus/(Deficit)	339,311	389,930	445,590	501,902	555,216	604,859	609,935	633,374	658,315	683,621
Surplus/(Deficit) after Capital Grants	339,311	389,930	445,590	501,902	555,216	584,859	609,935	633,374	658,315	683,621
Water Fund Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	985,421	942,602	898,712	853,726	807,614	760,350	711,904	662,247	611,349	559,178
Current Investments	4,499,311	5,050,336	4,316,013	2,180,248	3,031,780	3,943,507	5,600,262	7,064,353	7,238,596	9,078,665
Current Receivables	1,712,761	1,755,580	1,799,470	1,844,456	1,890,568	1,937,832	1,986,278	2,035,935	2,086,833	2,139,004
Total Current Assets	7,197,493	7,748,518	7,014,195	4,878,430	5,729,962	6,641,689	8,298,444	9,762,535	9,936,778	11,776,847
Non Current Assets										
Infrastructure, Property, Plant and Equipment	50,223,000	49,500,675	50,091,017	52,106,992	51,156,542	50,576,581	49,445,995	48,578,645	49,023,361	47,823,945
Total Non Current Assets	50,223,000	49,500,675	50,091,017	52,106,992	51,156,542	50,576,581	49,445,995	48,578,645	49,023,361	47,823,945
Total Assets	57,420,493	57,249,193	57,105,212	56,985,422	56,886,504	57,218,270	57,744,439	58,341,180	58,960,139	59,600,792
Current Liabilities										
Current Borrowings	561,230	589,572	621,691	654,134	253,093	83,766	36,633	39,356	42,968	46,317
Total Current Liabilities	561,230	589,572	621,691	654,134	253,093	83,766	36,633	39,356	42,968	46,317
Non Current Liabilities										
Non Current Borrowings	2,859,770	2,270,198	1,648,507	994,373	741,280	657,514	620,882	581,526	538,559	492,242
Total Non Current Liabilities	2,859,770	2,270,198	1,648,507	994,373	741,280	657,514	620,882	581,526	538,559	492,242
Total Liabilities	3,421,000	2,859,770	2,270,198	1,648,507	994,373	741,280	657,514	620,882	581,526	538,559
Net Assets	53,999,493	54,389,423	54,835,013	55,336,915	55,892,131	56,476,990	57,086,925	57,720,298	58,378,613	59,062,234
Equity										
Council equity	53,999,493	54,389,423	54,835,013	55,336,915	55,892,131	56,476,990	57,086,925	57,720,298	58,378,613	59,062,234
Total Equity	53,999,493	54,389,423	54,835,013	55,336,915	55,892,131	56,476,990	57,086,925	57,720,298	58,378,613	59,062,234
Total Equity	53,999,493	54,389,423	54,835,013	55,336,915	55,892,131	56,476,990	57,086,925	57,720,298	58,378,613	59,062,234
Water Fund Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	1,357,000	1,390,925	1,425,698	1,461,341	1,497,874	1,535,321	1,573,704	1,613,047	1,653,373	1,694,707
User charges and fees	3,000,000	3,075,000	3,151,875	3,230,672	3,311,439	3,394,225	3,479,080	3,566,057	3,655,209	3,746,589
Interest & Investment Revenue	100,000	102,700	105,473	108,321	111,245	114,249	117,334	120,502	123,755	127,097
Payments:										
Employee Benefits	1,142,143	1,170,697	1,199,964	1,229,963	1,260,712	1,292,230	1,324,536	1,357,649	1,391,590	1,426,380
Materials and Contracts	762,546	779,322	796,467	813,989	831,897	850,199	868,903	888,019	907,556	927,522
Other Expenses	390,000	398,580	407,349	416,310	425,469	434,830	444,396	454,173	464,164	474,376
Net cash provided (or used in) operating activities	2,162,311	2,220,026	2,279,266	2,340,070	2,402,480	2,466,536	2,532,283	2,599,765	2,669,026	2,740,115
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	600,000	931,000	2,285,000	3,753,000	830,000	1,245,000	740,000	1,050,000	2,410,000	815,000
Net cash provided (or used in) investing activities	- 600,000	- 931,000	- 2,285,000	- 3,753,000	- 830,000	- 1,245,000	- 740,000	- 1,050,000	- 2,410,000	- 815,000
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	800,000	738,001	728,590	722,835	720,947	309,809	135,529	85,674	84,784	85,046
Net cash provided (or used in) financing activities	- 800,000	- 738,001	- 728,590	- 722,835	- 720,947	- 309,809	- 135,529	- 85,674	- 84,784	- 85,046
Net (increase) / decrease in cash	762,311	551,025	- 734,324	- 2,135,765	851,533	911,727	1,656,755	1,464,091	174,243	1,840,069

Sewerage Fund Income Statement										Planned Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	4,230,800	4,336,570	4,444,984	4,556,109	4,670,012	4,786,762	4,906,431	5,029,092	5,154,819	5,283,689
User charges and fees	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489
Interest & Investment Revenue	100,000	102,700	105,473	108,321	111,245	114,249	117,334	120,502	123,755	127,097
Grants, subsidies, contributions - Capital	50,000	51,250	52,531	53,845	55,191	56,570	57,985	59,434	60,920	62,443
Total Income	4,390,800	4,500,770	4,613,495	4,729,043	4,847,486	4,968,895	5,093,346	5,220,915	5,351,678	5,485,718
Expenses										
Employee Benefits	800,000	820,000	840,500	861,513	883,050	905,127	927,755	950,949	974,722	999,090
Materials & Contracts	1,600,906	1,636,126	1,672,121	1,708,907	1,746,503	1,784,926	1,824,195	1,864,327	1,905,342	1,947,260
Depreciation & Amortization	1,138,000	1,166,450	1,195,611	1,225,502	1,256,139	1,287,543	1,319,731	1,352,724	1,386,542	1,421,206
Other Expenses	305,000	311,710	318,568	325,576	332,739	340,059	347,540	355,186	363,000	370,986
Interest on Loans	149,094	133,952	117,982	102,680	89,157	78,960	73,043	66,851	60,370	53,587
Total Expenses	3,993,000	4,068,238	4,144,782	4,224,177	4,307,588	4,396,615	4,492,264	4,590,037	4,689,977	4,792,130
Operating Result - Surplus/(Deficit)	397,800	432,532	468,713	504,865	539,897	572,281	601,082	630,877	661,701	693,588
Surplus/(Deficit) after Capital Grants	347,800	381,282	416,182	451,021	484,707	515,710	543,098	571,443	600,781	631,145

Sewerage Fund Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	797,584	787,257	776,673	765,823	754,703	743,304	731,621	719,645	707,370	694,788
Current Investments	6,120,931	6,699,511	6,548,290	1,297,142	2,213,172	1,629,739	2,418,513	1,519,159	2,568,254	372,580
Current Receivables	413,062	423,389	433,973	444,823	455,943	467,342	479,025	491,001	503,276	515,858
Total Current Assets	7,331,577	7,910,157	7,758,936	2,507,788	3,423,818	2,840,385	3,629,159	2,729,805	3,778,900	838,066
Non Current Assets										
Infrastructure, Property, Plant and Equipment	64,275,547	63,839,097	64,153,486	69,587,984	68,941,845	69,814,303	69,499,571	70,896,847	70,370,305	73,859,099
Total Non Current Assets	64,275,547	63,839,097	64,153,486	69,587,984	68,941,845	69,814,303	69,499,571	70,896,847	70,370,305	73,859,099
Total Assets	71,607,124	71,749,254	71,912,422	72,095,773	72,365,663	72,654,688	73,128,731	73,626,652	74,149,205	74,697,164
Current Liabilities										
Current Borrowings	290,402	305,545	321,515	270,007	283,256	127,039	132,956	139,148	145,629	152,412
Total Current Liabilities	290,402	305,545	321,515	270,007	283,256	127,039	132,956	139,148	145,629	152,412
Non Current Liabilities										
Non Current Borrowings	2,982,000	2,676,455	2,354,940	2,084,933	1,801,677	1,674,638	1,541,682	1,402,534	1,256,905	1,104,493
Total Non Current Liabilities	2,982,000	2,676,455	2,354,940	2,084,933	1,801,677	1,674,638	1,541,682	1,402,534	1,256,905	1,104,493
Total Liabilities	3,272,402	2,982,000	2,676,455	2,354,940	2,084,933	1,801,677	1,674,638	1,541,682	1,402,534	1,256,905
Net Assets	68,334,722	68,767,254	69,235,967	69,740,833	70,280,730	70,853,011	71,454,093	72,084,970	72,746,671	73,440,259
Equity										
Council equity	68,334,722	68,767,254	69,235,967	69,740,833	70,280,730	70,853,011	71,454,093	72,084,970	72,746,671	73,440,259
Total Equity	68,334,722	68,767,254	69,235,967	69,740,833	70,280,730	70,853,011	71,454,093	72,084,970	72,746,671	73,440,259
Total Equity	68,334,722	68,767,254	69,235,967	69,740,833	70,280,730	70,853,011	71,454,093	72,084,970	72,746,671	73,440,259

Sewerage Fund Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	4,230,800	4,336,570	4,444,984	4,556,109	4,670,012	4,786,762	4,906,431	5,029,092	5,154,819	5,283,689
User charges and fees	10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489
Interest & Investment Revenue	100,000	102,700	105,473	108,321	111,245	114,249	117,334	120,502	123,755	127,097
Payments:										
Employee Benefits	- 800,000	- 820,000	- 840,500	- 861,513	- 883,050	- 905,127	- 927,755	- 950,949	- 974,722	- 999,090
Materials and Contracts	- 1,600,906	- 1,636,126	- 1,672,121	- 1,708,907	- 1,746,503	- 1,784,926	- 1,824,195	- 1,864,327	- 1,905,342	- 1,947,260
Other Expenses	- 305,000	- 311,710	- 318,568	- 325,576	- 332,739	- 340,059	- 347,540	- 355,186	- 363,000	- 370,986
Net cash provided (or used in) operating activities	1,684,894	1,732,934	1,782,306	1,833,047	1,885,193	1,938,783	1,993,856	2,050,453	2,108,613	2,168,381
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	- 680,000	- 730,000	- 1,510,000	- 6,660,000	- 610,000	- 2,160,000	- 1,005,000	- 2,750,000	- 860,000	- 4,910,000
Net cash provided (or used in) investing activities	- 680,000	- 730,000	- 1,510,000	- 6,660,000	- 610,000	- 2,160,000	- 1,005,000	- 2,750,000	- 860,000	- 4,910,000
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	- 427,094	- 424,354	- 423,527	- 424,195	- 359,164	- 362,216	- 200,082	- 199,807	- 199,518	- 199,216
Net cash provided (or used in) financing activities	- 427,094	- 424,354	- 423,527	- 424,195	- 359,164	- 362,216	- 200,082	- 199,807	- 199,518	- 199,216
Net (increase) / decrease in cash	577,800	578,580	151,221	5,251,148	916,029	583,433	788,774	895,354	1,049,095	2,940,835

Consolidated Income Statement (General + Water + Sewerage Funds)										Planned Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	17,342,100	17,775,653	18,220,044	18,675,545	19,142,434	19,620,994	20,111,519	20,614,307	21,129,665	21,657,907
User charges and fees	8,568,335	9,482,543	10,469,607	11,431,347	11,717,131	12,010,059	12,310,310	12,618,068	12,933,520	13,256,858
Interest & Investment Revenue	718,000	711,893	746,449	801,039	901,752	1,034,884	1,158,949	1,297,731	1,428,992	1,539,323
Grants, subsidies, contributions - Operating	8,730,880	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	6,215,500	1,713,288	1,756,120	1,800,023	1,845,023	1,891,149	1,938,428	1,986,888	2,036,560	2,087,474
Other Income	1,150,064	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Total Income	42,724,879	39,811,344	41,573,386	43,348,650	44,513,053	45,736,468	46,978,072	48,262,332	49,567,708	50,881,507
Expenses										
Employee Benefits	15,438,467	15,494,502	15,891,788	16,361,313	16,770,346	17,189,605	17,619,345	18,059,828	18,511,324	18,974,107
Materials & Contracts	6,648,038	7,038,604	7,485,990	8,035,681	8,212,466	8,393,141	8,577,790	8,766,501	8,959,364	9,156,470
Depreciation & Amortization	11,493,000	11,680,325	11,972,333	12,271,641	12,578,432	12,892,893	13,215,216	13,545,596	13,884,236	14,231,342
Other Expenses	6,510,454	3,563,422	3,641,817	3,721,937	3,803,820	3,887,504	3,973,029	4,060,436	4,149,765	4,241,060
Interest on Loans	499,732	419,070	343,581	281,376	228,660	203,651	188,138	174,300	158,982	143,308
Total Expenses	40,589,692	38,195,922	39,335,509	40,671,949	41,593,725	42,566,794	43,573,517	44,606,661	45,663,671	46,746,287
Operating Result - Surplus/(Deficit)	2,135,187	1,615,422	2,237,876	2,676,701	2,919,328	3,169,674	3,404,555	3,655,671	3,904,037	4,135,220
Surplus/(Deficit) after Capital Grants	4,080,313	97,866	481,757	876,678	1,074,305	1,278,525	1,466,328	1,668,783	1,867,476	2,047,745
Consolidated Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	10,133,005	10,063,259	9,991,708	9,918,303	9,842,997	9,765,742	9,686,488	9,605,182	9,521,771	9,436,203
Current Investments	29,379,242	31,583,284	32,508,678	28,635,215	35,111,118	39,805,909	47,156,847	52,342,086	57,404,247	61,483,260
Current Receivables	3,625,823	3,716,469	3,809,380	3,904,615	4,002,230	4,102,286	4,204,843	4,309,964	4,417,713	4,528,156
Total Current Assets	43,138,070	45,363,012	46,309,766	42,458,133	48,956,346	53,673,937	61,048,177	66,257,231	71,343,732	75,447,619
Non Current Assets										
Infrastructure, Property, Plant and Equipment	568,524,547	566,723,439	566,819,321	572,377,619	567,948,683	565,939,102	561,846,886	560,211,667	558,937,753	558,866,643
Total Non Current Assets	568,524,547	566,723,439	566,819,321	572,377,619	567,948,683	565,939,102	561,846,886	560,211,667	558,937,753	558,866,643
Total Assets	611,662,617	612,086,452	613,129,087	614,835,752	616,905,029	619,613,040	622,895,064	626,468,898	630,281,485	634,314,261
Current Liabilities										
Current Payables	950,000	970,900	992,260	1,014,090	1,036,399	1,059,200	1,082,503	1,106,318	1,130,657	1,155,531
Current Borrowings	1,340,062	1,347,365	1,125,899	1,009,746	625,283	290,173	253,600	267,436	282,756	298,429
Current Provisions	5,103,000	5,230,575	5,361,339	5,495,373	5,632,757	5,773,576	5,917,916	6,065,863	6,217,510	6,372,948
Total Current Liabilities	7,393,062	7,548,840	7,479,498	7,519,208	7,294,440	7,122,949	7,254,018	7,439,617	7,630,922	7,826,907
Non Current Liabilities										
Non Current Borrowings	7,831,340	6,483,975	5,358,076	4,348,330	3,723,047	3,432,874	3,179,275	2,911,839	2,629,084	2,330,655
Total Non Current Liabilities	7,831,340	6,483,975	5,358,076	4,348,330	3,723,047	3,432,874	3,179,275	2,911,839	2,629,084	2,330,655
Total Liabilities	15,224,402	14,032,815	12,837,574	11,867,538	11,017,487	10,555,823	10,433,293	10,351,456	10,260,006	10,157,563
Net Assets	596,438,215	598,053,637	600,291,513	602,968,214	605,887,542	609,057,216	612,461,771	616,117,443	620,021,479	624,156,699
Equity										
Council equity	596,438,215	598,053,637	600,291,513	602,968,214	605,887,542	609,057,216	612,461,771	616,117,443	620,021,479	624,156,699
Total Equity	596,438,215	598,053,637	600,291,513	602,968,214	605,887,542	609,057,216	612,461,771	616,117,443	620,021,479	624,156,699
Total Equity	596,438,215	598,053,637	600,291,513	602,968,214	605,887,542	609,057,216	612,461,771	616,117,443	620,021,479	624,156,699
Consolidated Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	17,342,100	17,775,653	18,220,044	18,675,545	19,142,434	19,620,994	20,111,519	20,614,307	21,129,665	21,657,907
User charges and fees	8,568,335	9,482,543	10,469,607	11,431,347	11,717,131	12,010,059	12,310,310	12,618,068	12,933,520	13,256,858
Interest & Investment Revenue	718,000	711,893	746,449	801,039	901,752	1,034,884	1,158,949	1,297,731	1,428,992	1,539,323
Grants, subsidies, contributions - Operating	1,150,064	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	8,780,880	1,713,288	1,756,120	1,800,023	1,845,023	1,891,149	1,938,428	1,986,888	2,036,560	2,087,474
Other Income	6,165,500	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Payments:										
Employee Benefits	15,238,467	15,366,927	15,761,024	16,227,280	16,632,962	17,048,786	17,475,005	17,911,881	18,359,678	18,818,669
Materials and Contracts	6,648,038	7,038,604	7,485,990	8,035,681	8,212,466	8,393,141	8,577,790	8,766,501	8,959,364	9,156,470
Other Expenses	6,510,454	3,563,422	3,641,817	3,721,937	3,803,820	3,887,504	3,973,029	4,060,436	4,149,765	4,241,060
Net cash provided (or used in) operating activities	14,327,919	13,842,382	14,684,555	15,363,752	15,863,805	16,407,038	16,952,248	17,523,515	18,098,901	18,665,307
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	25,558,900	9,879,217	12,068,215	17,829,940	8,149,496	10,883,313	9,123,000	11,910,377	12,610,322	14,160,231
Net cash provided (or used in) investing activities	25,558,900	9,879,217	12,068,215	17,829,940	8,149,496	10,883,313	9,123,000	11,910,377	12,610,322	14,160,231
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	1,816,732	1,759,132	1,690,946	1,407,275	1,238,406	828,934	478,311	427,900	426,418	426,064
Net cash provided (or used in) financing activities	1,816,732	1,759,132	1,690,946	1,407,275	1,238,406	828,934	478,311	427,900	426,418	426,064
Net (increase) / decrease in cash	13,047,713	2,204,042	925,394	3,873,463	6,475,903	6,694,791	7,350,938	5,385,239	5,062,162	4,079,012

2.5 Unsustainable Scenario

The Unsustainable Scenario is informed by the same assumptions as the Planned Scenario but reduces revenues by \$650,000 p.a. from 2020 when the SRV expires.

It is important to note that while the income statement for this scenario shows Council making slow progress towards financial sustainability (deficits decreasing over 10 years, although a surplus is not achieved), the progress is largely due to accumulation of cash reserves (as for the planned scenario, this is because Council is spending less than depreciation). These reserves increase revenues from interest (to around \$1.1M p.a.), but when Council starts spending these reserves to renew its assets (which it will need to do over the longer term), interest revenues will drop, and the deficit will increase considerably.

Over the long term (perhaps 20 years) as Council spends its accumulated reserves, its capacity to fund asset renewals will decrease even while renewal needs increase. It is notable that this fails to apply the principles of sound financial management related to intergenerational equity in section 8B of the Local Government Act in that the current generation is not paying the costs of the services it enjoys.

In summary, the unsustainable scenario fails to meet both of the key objectives for the LTFP defined in section 2.2: it won't achieve an operating surplus and it will over the longer term mean Council cannot adequately fund the required renewal of assets.

Based on feedback from the community received as part of the Service Level Review Project (section 1.5) Council does not believe that the community will be willing to accept reduced service levels and declining infrastructure and so the scenario is considered unsustainable.

Unsustainable Scenario – Primary Financial Reports

Following are the reports for General Fund as well as a Consolidated model. Note that Water and Sewerage Funds do not change under the unsustainable scenario.

General Fund Income Statement										Planned Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	11,754,300	11,398,158	11,683,111	11,975,189	12,274,569	12,581,433	12,895,969	13,218,368	13,548,827	13,887,548
User charges and fees	5,558,335	6,397,293	7,307,226	8,189,906	8,394,654	8,604,520	8,819,633	9,040,124	9,266,127	9,497,780
Interest & Investment Revenue	518,000	506,493	517,953	548,386	623,838	730,567	827,044	937,008	1,038,176	1,117,094
Grants, subsidies, contributions - Operating	8,730,880	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	6,165,500	1,662,038	1,703,588	1,746,178	1,789,833	1,834,578	1,880,443	1,927,454	1,975,640	2,025,031
Other Income	1,150,064	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Total Income	33,877,079	30,091,949	31,593,045	33,100,355	33,989,607	34,930,480	35,881,955	36,868,292	37,867,742	38,867,399
Expenses										
Employee Benefits	13,496,324	13,503,805	13,851,324	14,269,838	14,626,584	14,992,248	15,367,054	15,751,231	16,145,011	16,548,637
Materials & Contracts	4,284,586	4,623,156	5,017,402	5,512,785	5,634,066	5,758,015	5,884,692	6,014,155	6,146,466	6,281,689
Depreciation & Amortization	8,742,000	8,860,550	9,082,064	9,309,115	9,541,843	9,780,389	10,024,899	10,275,522	10,532,410	10,795,720
Other Expenses	5,815,454	2,853,132	2,915,901	2,980,051	3,045,612	3,112,615	3,181,093	3,251,077	3,322,601	3,395,698
Interest on Loans	140,638	108,347	86,581	77,552	72,690	67,975	63,332	58,408	53,184	47,643
Total Expenses	32,479,003	29,948,990	30,953,272	32,149,340	32,920,795	33,711,243	34,521,070	35,350,392	36,199,672	37,069,386
Operating Result - Surplus/(Deficit)	1,398,076	142,959	639,773	951,015	1,068,812	1,219,237	1,360,885	1,517,900	1,668,070	1,798,013
Surplus/(Deficit) after Capital Grants	- 4,767,424	- 1,519,078	- 1,063,815	- 795,163	- 721,020	- 615,341	- 519,558	- 409,554	- 307,570	- 227,018
General Fund Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	8,350,000	8,333,400	8,316,322	8,298,754	8,280,680	8,262,088	8,242,963	8,223,289	8,203,052	8,182,237
Current Investments	18,759,000	19,183,437	20,310,575	23,105,106	27,058,045	30,631,244	34,703,999	38,450,980	41,373,853	45,593,633
Current Receivables	1,500,000	1,537,500	1,575,938	1,615,336	1,655,719	1,697,112	1,739,540	1,783,029	1,827,604	1,873,294
Total Current Assets	28,609,000	29,054,337	30,202,835	33,019,196	36,994,445	40,590,444	44,686,502	48,457,298	51,404,510	55,649,165
Non Current Assets										
Infrastructure, Property, Plant and Equipment	454,026,000	453,383,667	452,574,818	450,682,643	447,850,295	445,548,219	442,901,320	440,736,175	439,544,087	437,183,599
Total Non Current Assets	454,026,000	453,383,667	452,574,818	450,682,643	447,850,295	445,548,219	442,901,320	440,736,175	439,544,087	437,183,599
Total Assets	482,635,000	482,438,004	482,777,654	483,701,839	484,844,740	486,138,663	487,587,822	489,193,473	490,948,597	492,832,761
Current Liabilities										
Current Payables	950,000	970,900	992,260	1,014,090	1,036,399	1,059,200	1,082,503	1,106,318	1,130,657	1,155,531
Current Borrowings	488,430	452,248	182,693	85,605	88,934	79,368	84,011	88,932	94,159	99,700
Current Provisions	5,103,000	5,230,575	5,361,339	5,495,373	5,632,757	5,773,576	5,917,916	6,065,863	6,217,510	6,372,948
Total Current Liabilities	6,541,430	6,653,723	6,536,292	6,595,067	6,758,091	6,912,144	7,084,429	7,261,113	7,442,326	7,628,179
Non Current Liabilities										
Non Current Borrowings	1,989,570	1,537,322	1,354,629	1,269,024	1,180,090	1,100,722	1,016,711	927,779	833,620	733,920
Total Non Current Liabilities	1,989,570	1,537,322	1,354,629	1,269,024	1,180,090	1,100,722	1,016,711	927,779	833,620	733,920
Total Liabilities	8,531,000	8,191,045	7,890,921	7,864,091	7,938,181	8,012,866	8,101,140	8,188,892	8,275,946	8,362,099
Net Assets	474,104,000	474,246,959	474,886,732	475,837,747	476,906,559	478,125,797	479,486,681	481,004,581	482,672,651	484,470,664
Equity										
Council equity	474,104,000	474,246,959	474,886,732	475,837,747	476,906,559	478,125,797	479,486,681	481,004,581	482,672,651	484,470,664
Total Equity	474,104,000	474,246,959	474,886,732	475,837,747	476,906,559	478,125,797	479,486,681	481,004,581	482,672,651	484,470,664
Total Equity	474,104,000	474,246,959	474,886,732	475,837,747	476,906,559	478,125,797	479,486,681	481,004,581	482,672,651	484,470,664
General Fund Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flows from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	11,754,300	11,398,158	11,683,111	11,975,189	12,274,569	12,581,433	12,895,969	13,218,368	13,548,827	13,887,548
User charges and fees	5,558,335	6,397,293	7,307,226	8,189,906	8,394,654	8,604,520	8,819,633	9,040,124	9,266,127	9,497,780
Interest & Investment Revenue	518,000	506,493	517,953	548,386	623,838	730,567	827,044	937,008	1,038,176	1,117,094
Grants, subsidies, contributions - Operating	1,150,064	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	8,730,880	1,662,038	1,703,588	1,746,178	1,789,833	1,834,578	1,880,443	1,927,454	1,975,640	2,025,031
Other Income	6,165,500	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Payments:										
Employee Benefits	- 13,296,324	- 13,376,230	- 13,720,560	- 14,135,804	- 14,489,199	- 14,851,429	- 15,222,715	- 15,603,283	- 15,993,365	- 16,393,199
Materials and Contracts	- 4,284,586	- 4,623,156	- 5,017,402	- 5,512,785	- 5,634,066	- 5,758,015	- 5,884,692	- 6,014,155	- 6,146,466	- 6,281,689
Other Expenses	- 5,815,454	- 2,853,132	- 2,915,901	- 2,980,051	- 3,045,612	- 3,112,615	- 3,181,093	- 3,251,077	- 3,322,601	- 3,395,698
Net cash provided (or used in) operating activities	10,480,714	9,239,431	9,839,182	10,471,716	10,820,730	11,208,420	11,593,455	11,999,777	12,405,311	12,796,814
Cash Flows from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	- 24,278,900	- 8,218,217	- 8,273,215	- 7,416,940	- 6,709,496	- 7,478,313	- 7,378,000	- 8,110,377	- 9,340,322	- 8,435,231
Net cash provided (or used in) investing activities	- 24,278,900	- 8,218,217	- 8,273,215	- 7,416,940	- 6,709,496	- 7,478,313	- 7,378,000	- 8,110,377	- 9,340,322	- 8,435,231
Cash Flows from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	- 589,638	- 596,777	- 538,829	- 260,245	- 158,295	- 156,909	- 142,700	- 142,419	- 142,116	- 141,802
Net cash provided (or used in) financing activities	- 589,638	- 596,777	- 538,829	- 260,245	- 158,295	- 156,909	- 142,700	- 142,419	- 142,116	- 141,802
Net (increase) / decrease in cash	- 14,387,824	424,437	1,127,139	2,794,531	3,952,939	3,573,198	4,072,755	3,746,981	2,922,873	4,219,780

Consolidated Income Statement (General + Water + Sewerage Funds)										Unsustainable Scenario
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Income										
Rates, Levies & Annual Charges	17,342,100	17,125,653	17,553,794	17,992,639	18,442,455	18,903,516	19,376,104	19,860,506	20,357,019	20,865,945
User charges and fees	8,568,335	9,482,543	10,469,607	11,431,347	11,717,131	12,010,059	12,310,310	12,618,068	12,933,520	13,256,858
Interest & Investment Revenue	718,000	711,893	728,899	765,027	846,329	959,065	1,061,711	1,178,011	1,285,687	1,371,287
Grants, subsidies, contributions - Operating	8,730,880	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	6,215,500	1,713,288	1,756,120	1,800,023	1,845,023	1,891,149	1,938,428	1,986,888	2,036,560	2,087,474
Other Income	1,150,064	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Total Income	42,724,879	39,161,344	40,889,586	42,629,731	43,757,651	44,943,170	46,145,419	47,388,812	48,651,757	49,921,509
Expenses										
Employee Benefits	15,438,467	15,494,502	15,891,788	16,361,313	16,770,346	17,189,605	17,619,345	18,059,828	18,511,324	18,974,107
Materials & Contracts	6,648,038	7,038,604	7,485,990	8,035,681	8,212,466	8,393,141	8,577,790	8,766,501	8,959,364	9,156,470
Depreciation & Amortization	11,493,000	11,680,325	11,972,333	12,271,641	12,578,432	12,892,893	13,215,216	13,545,596	13,884,236	14,231,342
Other Expenses	6,510,454	3,563,422	3,641,817	3,721,937	3,803,820	3,887,504	3,973,029	4,060,436	4,149,765	4,241,060
Interest on Loans	499,732	419,070	343,581	281,376	228,660	203,651	188,138	174,300	158,982	143,308
Total Expenses	40,589,692	38,195,922	39,335,509	40,671,949	41,593,725	42,566,794	43,573,517	44,606,661	45,663,671	46,746,287
Operating Result - Surplus/(Deficit)	2,135,187	965,422	1,554,076	1,957,782	2,163,926	2,376,377	2,571,901	2,782,151	2,988,086	3,175,222
Surplus/(Deficit) after Capital Grants	4,080,313	747,866	202,043	157,759	318,903	485,228	633,474	795,262	951,525	1,087,748
Consolidated Balance Sheet										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Current Assets										
Cash and cash equivalents	10,133,005	10,063,259	9,991,708	9,918,303	9,842,997	9,765,742	9,686,488	9,605,182	9,521,771	9,436,203
Current Investments	29,379,242	30,933,284	31,174,878	26,582,496	32,302,997	36,204,490	42,722,774	47,034,492	51,180,704	54,299,718
Current Receivables	3,625,823	3,716,469	3,809,380	3,904,615	4,002,230	4,102,286	4,204,843	4,309,964	4,417,713	4,528,156
Total Current Assets	43,138,070	44,713,012	44,975,966	40,405,414	46,148,225	50,072,518	56,614,105	60,949,638	65,120,188	68,264,078
Non Current Assets										
Infrastructure, Property, Plant and Equipment	568,524,547	566,723,439	566,819,321	572,377,619	567,948,683	565,939,102	561,846,886	560,211,667	558,937,753	558,866,643
Total Non Current Assets	568,524,547	566,723,439	566,819,321	572,377,619	567,948,683	565,939,102	561,846,886	560,211,667	558,937,753	558,866,643
Total Assets	611,662,617	611,436,452	611,795,287	612,783,033	614,096,907	616,011,621	618,460,991	621,161,305	624,057,941	627,130,720
Current Liabilities										
Current Payables	950,000	970,900	992,260	1,014,090	1,036,399	1,059,200	1,082,503	1,106,318	1,130,657	1,155,531
Current Borrowings	1,340,062	1,347,365	1,125,899	1,009,746	625,283	290,173	253,600	267,436	282,756	298,429
Current Provisions	5,103,000	5,230,575	5,361,339	5,495,373	5,632,757	5,773,576	5,917,916	6,065,863	6,217,510	6,372,948
Total Current Liabilities	7,393,062	7,548,840	7,479,498	7,519,208	7,294,440	7,122,949	7,254,018	7,439,617	7,630,922	7,826,907
Non Current Liabilities										
Non Current Borrowings	7,831,340	6,483,975	5,358,076	4,348,330	3,723,047	3,432,874	3,179,275	2,911,839	2,629,084	2,330,655
Total Non Current Liabilities	7,831,340	6,483,975	5,358,076	4,348,330	3,723,047	3,432,874	3,179,275	2,911,839	2,629,084	2,330,655
Total Liabilities	15,224,402	14,032,815	12,837,574	11,867,538	11,017,487	10,555,823	10,433,293	10,351,456	10,260,006	10,157,563
Net Assets	596,438,215	597,403,637	598,957,713	600,915,495	603,079,421	605,455,797	608,027,699	610,809,849	613,797,935	616,973,157
Equity										
Council equity	596,438,215	597,403,637	598,957,713	600,915,495	603,079,421	605,455,797	608,027,699	610,809,849	613,797,935	616,973,157
Total Equity	596,438,215	597,403,637	598,957,713	600,915,495	603,079,421	605,455,797	608,027,699	610,809,849	613,797,935	616,973,157
Consolidated Cash Flow										
Account Description	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Cash Flow from Operating Activities										
Receipts:										
Rates, Levies & Annual Charges	17,342,100	17,125,653	17,553,794	17,992,639	18,442,455	18,903,516	19,376,104	19,860,506	20,357,019	20,865,945
User charges and fees	8,568,335	9,482,543	10,469,607	11,431,347	11,717,131	12,010,059	12,310,310	12,618,068	12,933,520	13,256,858
Interest & Investment Revenue	718,000	711,893	728,899	765,027	846,329	959,065	1,061,711	1,178,011	1,285,687	1,371,287
Grants, subsidies, contributions - Operating	1,150,064	8,949,152	9,172,881	9,402,203	9,637,258	9,878,189	10,125,144	10,378,273	10,637,730	10,903,673
Grants, subsidies, contributions - Capital	8,780,880	1,713,288	1,756,120	1,800,023	1,845,023	1,891,149	1,938,428	1,986,888	2,036,560	2,087,474
Other Income	6,165,500	1,178,816	1,208,286	1,238,493	1,269,455	1,301,192	1,333,722	1,367,065	1,401,241	1,436,272
Payments:										
Employee Benefits	15,438,467	15,494,502	15,891,788	16,227,280	16,632,962	17,048,786	17,475,005	17,911,881	18,359,678	18,818,669
Materials and Contracts	6,648,038	7,038,604	7,485,990	8,035,681	8,212,466	8,393,141	8,577,790	8,766,501	8,959,364	9,156,470
Other Expenses	6,510,454	3,563,422	3,641,817	3,721,937	3,803,820	3,887,504	3,973,029	4,060,436	4,149,765	4,241,060
Net cash provided (or used in) operating activities	14,327,919	13,192,392	14,000,755	14,644,833	15,108,403	15,613,740	16,119,594	16,649,994	17,182,950	17,705,310
Cash Flow from Investing Activities										
Payments:										
Purchase of infrastructure, plant and equipment	25,558,900	9,879,217	12,068,215	17,829,940	8,149,496	10,883,313	9,123,000	11,910,377	12,610,322	14,160,231
Net cash provided (or used in) investing activities	- 25,558,900	- 9,879,217	- 12,068,215	- 17,829,940	- 8,149,496	- 10,883,313	- 9,123,000	- 11,910,377	- 12,610,322	- 14,160,231
Cash Flow from Financing Activities										
Payments:										
Repayment of Borrowings and Advances	1,816,732	1,759,132	1,690,946	1,407,275	1,238,406	828,934	478,311	427,900	426,418	426,064
Net cash provided (or used in) financing activities	- 1,816,732	- 1,759,132	- 1,690,946	- 1,407,275	- 1,238,406	- 828,934	- 478,311	- 427,900	- 426,418	- 426,064
Net (increase) / decrease in cash	- 13,047,713	1,554,042	241,594	4,592,382	5,720,501	3,901,493	6,518,284	4,311,718	4,146,211	3,119,015

2.6 Sensitivity Analysis

Both the planned and unsustainable scenarios have been evaluated in relation to their sensitivity to changes in the assumptions.

Employee Costs

Council's ability to realise the savings proposed in relation to employee costs will obviously have a major impact on future performance.

Future increases (indexation) of employee costs due to award increases and progression of staff through the salary system will too given these costs make up almost half of all ongoing expenditure. If the benchmark index for employees was 3% p.a. rather than 2.5%, then over 10 years this has an \$800,000 impact to Council's operating result.

Interest Rates

While Council has minimal amounts of borrowing and loans are decreasing over time, interest received on investments will have a significant impact on operating results, particularly in later years as Council's reserves increase as they build up prior to expending them on assets when they reach the point at which they need considerable renewal (in excess of depreciation expenses).

It is notable that a 0.5% decrease in interest rates will significantly impact Council's operating result, decreasing the surplus by around \$40,000 p.a. in 5 years (dropping it into deficit) and by \$260,000 p.a. in 10 years (with a strong surplus of \$450,000 remaining).

Capital Works Programs

If Council was to ramp up its capital works programs over and above what is proposed in the current LTFP (section 2.8), it will reduce its reserves and so interest revenues.

If Council was to increase spending on asset renewals sufficient to match depreciation it would spend another \$16.8M over the 10 years of the LTFP.

The associated drop in interest revenues will mean Council doesn't achieve an operating surplus until year 6 (a year later) and the surplus in 10 years will be more than halved but will still be healthy at around \$310,000 (0.8% of revenues excluding capital grants and contributions).

Grant Programs

As noted in section 2.1, a third of Council's operating revenues (around \$8.7M p.a.) come from grants. Council has also assumed that ongoing grants for capital programs (valued at another \$1.6M p.a.). If such grants were to be reduced or discontinued, Council would have to generate considerably more revenues from other sources.

2.7 Measuring Financial Performance

As discussed in section 2.1, Council's key objectives in developing this LTFP were to achieve an operating surplus within 5 years and to adequately fund asset renewals.

However, there are a range of industry benchmarks that Council is required to report on as part of its annual report. These are discussed below, along with forecast performance.

A number of ratios are available to measure the performance of Council's financial management and sustainability. Each scenario within this plan has included indicators of Council's performance against these measures.

Operating Performance Ratio – Benchmark > 0%

The purpose of this ratio is to measure a council's achievement in containing operating expenditure within operating revenue. In the planned scenario, Council does not reach the benchmark until 2023/24.

Own Source Revenue – Benchmark > 60%

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility improves the higher the level of its own source revenue.

The benchmark is achieved in the planned scenario with the exception of the 2019/20 financial year due to grant funding being received for the development of the Rosewood to Tumbarumba Rail Trail throughout the year.

Building and Infrastructure Renewals Ratio – Benchmark 100%

This ratio compares the proportion spent on infrastructure asset renewals and deterioration of Council's asset portfolio measured by its accounting depreciation.

Service Management Plans will be further developed to provide better guidance on the depreciation expense and renewals required to meet our agreed levels of satisfaction with the community. This benchmark needs to be assessed over a longer period of time than one year due to considerable spikes that occur when major projects, such as renewal of a sewer treatment plant, are completed. This benchmark of 100% is not achieved during the ten year period, however Council has sufficient cash reserves available to spend more on renewals if it considers it necessary to do so.

Unrestricted Current Ratio - > 1.5

This ratio is designed to represent Council's ability to meet short term obligations as they fall due.

The Unrestricted Current Ratio Benchmark is >1.5, Councils LTFP plan will see unrestricted funds maintained at a sufficient level.

Debt Service Cover Ratio – Benchmark > 2x

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments.

This benchmark is expected to be achieved over the life of the LTFP.

Cash Expenses Cover Ratio – Benchmark > 3 months

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash flow.

This benchmark is expected to be achieved over the life of the LTFP.

Rates and annual charges outstanding percentage – Benchmark < 10%

This ratio assesses the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

This benchmark is expected to be achieved over the life of the LTFP.

Infrastructure Backlog Ratio – Benchmark < 2%

This ratio shows what proportion the backlog is against the total value of Council's infrastructure.

This benchmark is expected to be achieved over the life of the LTFP.

Asset Maintenance Ratio – Benchmark > 100%

This ratio compares actual versus required annual maintenance, as detailed in Special Schedule 7 (of the annual financial statements).

This benchmark is expected to be achieved over the life of the LTFP.

2.8 Capital Works Program

The chart below shows Council's planned capital expenditure for general fund assets over the next 10 years.

In future, the Service Management Plans (sections 1.5 and 3.4) will identify the particular projects to be undertaken within each of these program areas (e.g. particular roads that will be renewed as part of the sealed roads renewal program).

BAR CHART to be inserted in final version showing proposed works by asset category

3. Strategic Asset Management Plan

3.1 Key Findings

Council's \$520M buildings and infrastructure asset portfolio is generally in good condition.

Last year, Council reported *only 1% (about \$9M) of assets in 'poor' condition* and so in need of renewal. This is very good compared to most other councils. Analysis suggests *none present an unacceptable level of risk* if they were to remain in service in the medium term.

In order to sustain its infrastructure asset portfolio, Council basically needs to:

- look after (*adequately maintain*) the assets it has now,
- formulate *robust plans for future renewals* (backed by reliable data) and
- *carefully consider the need for new or upgraded assets* based on an analysis of user needs and bearing in mind the additional costs (operations, maintenance and future renewal) that come with them.

Asset Maintenance

A review of maintenance activities suggest that budgets are sufficient for water, sewerage and transport assets, but *buildings and open space may need additional funds*. This will be examined in detail during preparation of Service Management Plans for these assets.

Council has excellent maintenance management systems in place in some areas (i.e. undertaking asset inspections, prioritisation and responding to defects), although these need bedding down consistently across the local government area. Doing so will improve service levels and reduce risks, as well as generating significant efficiencies.

Renewals and New/Upgraded Assets

Transport assets (roads, bridges, footpaths, kerb) are the only area with real concerns about the quality of the condition data, and a program is scheduled in late 2019 to address this. Analysis of current data suggests renewal budgets are sufficient over the medium term (10 years) but over the longer term, renewal needs will ramp up as these assets that are generally in good condition deteriorate. Meanwhile, Council must continue to invest in resealing sealed roads as this keeps the water out and avoids premature pavement failure.

Programs also need to be developed for new and upgraded assets (widening narrow roads, building new kerb or footpaths, main street beautifications) and considered alongside renewal works based on clear priorities such as safety, traffic volumes and community need.

Council has good data about the condition of above-ground **water and sewerage** assets. There is a need for some renewals (mostly short-lived mechanical and electrical equipment) and future budgets cater for this. The only systems likely to require significant investment are Tumbarumba water supply (where security is an issue), Khancoban sewage treatment plant (which is reaching the end of its service life) and Cloverdale water supply (which has a number of operational issues as well as ageing infrastructure). These will be evaluated as part of Integrated Water Cycle Management Strategy which is currently being prepared.

Council has an ongoing program with sufficient budgets for CCTV inspection and relining of sewerage pipelines to keep up with lines needing work (i.e. with a history of repeated sewer chokes or at risk of failure). New technologies are available to assess the condition of water pipes, and a program is being prepared to assess those at higher risk of failure to identify future renewal priorities. Currently, there are few pipes with a history of repeated breaks.

While the majority of Council's **buildings** are in good condition, there are a number of public halls, public toilets/amenities and community buildings identified as being in poor condition. A needs analysis will be undertaken to evaluate the need for renewal (considering usage, availability of alternative facilities, opportunities for disposal) and also identify where upgrade works are required to improve functionality and meet user needs. This analysis will include a prioritised list of projects based on defined criteria, but it is likely that Council will need to consider allocating additional resources (as well as pursuing grants) if it wants to undertake significant works.

Similar issues exist with **open space and recreation** assets: there are a number of assets identified in poor condition, but capital works programs need to consider the need for upgraded or new assets alongside renewals. As with buildings, funding will need review (as well as pursuing grants) if Council is to make progress given the size of current budgets.

An extensive program to gather better condition data on **stormwater drainage** assets is nearing completion. While this has identified a number of pipes and pits needing refurbishment or replacement, adequate funds are available to undertake this work. There is a need to undertake analysis to determine urban stormwater catchments in need of upgrade works to address local flooding issues.

Council's **plant, vehicle and equipment fleet** is in generally good condition, with a robust system in place to establish hire rates and program replacements to ensure that Council maintains a safe, reliable and efficient fleet to support service delivery.

Future Improvements

Council's Asset Management Policy establishes its commitment to the effective management of its assets and acknowledges a number of elements – stakeholder engagement, leadership, planning, resources and support, operational controls as well as performance review and improvement – need to come together to achieve this.

A key challenge for Council at this stage is establishing **meaningful performance measures** for its asset management activities linked to the available budgets.

In relation to *maintenance*, systems need to be in place to measure defects (grass needing mowing, potholes needing filling, unsealed roads needing grading), to evaluate what Council can afford to do and to track how long it takes to respond. In relation to *capital works*, Council needs to know what it will cost to fix (for example) all roads when they reach a particular condition-based intervention level (e.g. a measure of roughness) now and in future and consider the condition of the network and rate of deterioration. Similarly, Council needs to set standards for *upgrade works* such as road widths on major routes.

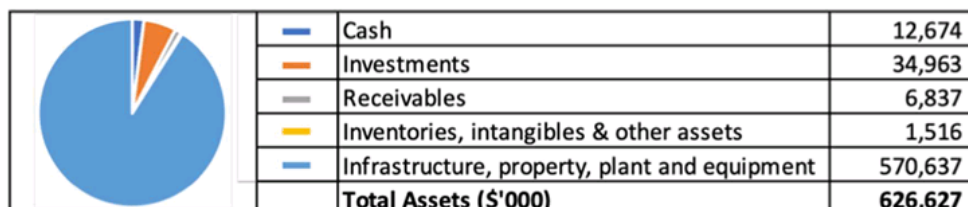
Once this work is undertaken, Council will be well positioned to undertake more meaningful **community engagement about infrastructure related service levels and budgets**, including consideration of the reallocation of funds between asset classes.

Other issues to be considered by the Asset Management Steering Group in future (with advice to be provided to Council's Executive Leadership Team and potentially to Council itself) include: documentation, control and monitoring of key processes; increased use of technology and scenario modelling as part of renewals planning.

3.2 Introduction

Council's financial sustainability is impacted not only by the way it manages its finances (e.g. reducing expenditure or increasing revenues) but by the way it manages its infrastructure and other physical assets (plant and equipment, buildings, office equipment, etc.).

Managing cash alone won't ensure financial sustainability because these physical or 'non-cash' assets make up over 90% of all assets Council is responsible for, as shown below.



Source: Council's 2017/18 Financial Statements (Statement of Financial Position)

These assets are also *critical to the delivery of most, if not all, Council services*. Transport, open space and recreation, water supply and sewerage are all 'asset intensive' services but assets such as Council's administration buildings support all its services.

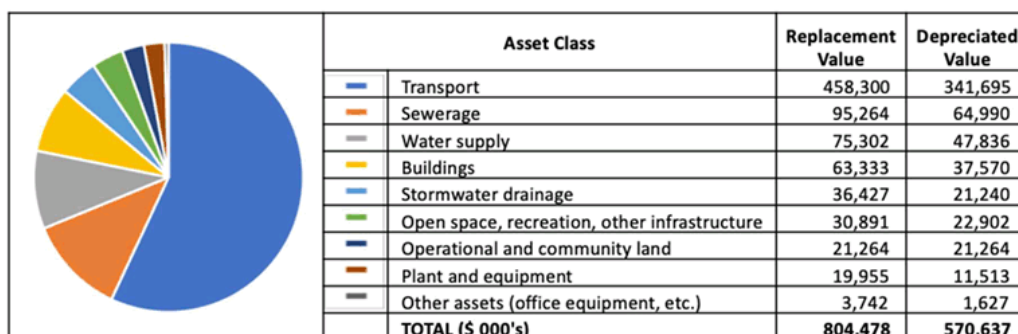
Council has prepared an **Asset Management Policy** (on Council's website) to document its intentions and direction to managing its assets. In particular, this involves a systematic approach based on *ISO 55001:2014* (international standard for asset management systems).

This **Strategic Asset Management Plan** is key to applying the Policy. It includes:

- an overview of Council's *building and infrastructure asset portfolio*
- a summary of Council's approach to *planning for asset management activities*, which is centred around the preparation of **Service Management Plans**
- a description of Council's *asset management system*, how it supports the achievement of its objectives and key areas for improvement.

3.3 Council's Building and Infrastructure Asset Portfolio

The largest portion of Council's infrastructure, property, plant and equipment asset portfolio is transport (primarily roads), as shown below.⁴

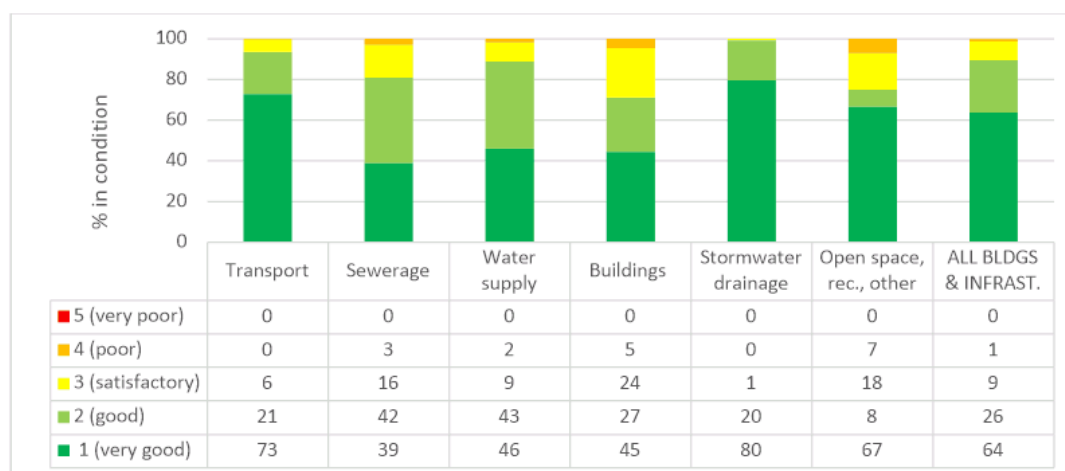


Source: Council's 2017/18 Financial Statements, Note 10a.

This Strategic Asset Management Plan focuses on buildings and infrastructure. It does not consider land or office equipment.

The **Service Dashboards** provides further details regarding the categories of assets that make up each of these asset classes including forecast renewal rates.

Under NSW Government requirements, all councils must report on the state of their infrastructure on a scale of 1 (very good) to 5 (very poor). As shown below, Council's buildings and infrastructure assets are generally in good condition.



Source: Council's 2017/18 Financial Statements, Special Schedule 7.

The fact that Council's assets are in generally good condition means that renewal needs are relatively low at this time. However, it is important to note that in future Council may need to spend more than it currently is on asset renewal as these newer assets deteriorate.

⁴ Note: 'replacement cost' is cost to build or buy an asset, depreciated value is what it is currently worth.

3.4 Planning for Asset Management Activities

ISO 55001's broad definition of **asset management** – *coordinated activity to realise value from assets for an organisation and its stakeholders* – fits equally well with services that aren't heavily reliant on infrastructure (like tourism) as those that are (like transport).

In recognition of this and of the benefits of a consistent approach to business planning, Council has broadened the application of 'asset management plans' to all services as discussed in section 1.5. Following is further detail with a focus on asset management.

Service Management Plans have been prepared for all Council activities that meet ISO 55001 requirements as well as aligning well with the Integrated Planning and Reporting (IP&R) Framework generally. Key issues addressed in the Plans are:

- what are Council's performance objectives for this service area / function?
- what does Council need to do to achieve these, when, and what will this cost? (this also includes identifying improvement actions / projects).

Service Dashboards are an alternative way of presenting the **Delivery Program**,⁵ the key difference being that Council's current DP is structured around the *five themes in the Community Strategic Plan*, whereas the Service Dashboards / Management Plans are grouped by *service areas / functions which, critically, align with Council's budget*.

The **Council Improvement Plan** in section 1.1 identifies the opportunity to move to a service-based structure for Council's IP&R documents as part of the full revision following the 2020 local government election.

Until Council's next review of IP&R, Service Dashboards supplement current documents by providing a *big picture summary* of everything Council does. The Dashboards are also designed to facilitate a conversation about *reallocating resources between service areas* via 'traffic lights' highlighting issues of concern with the value provided now and in future.

Service Management Plans provide the detail behind the Dashboards, identifying:

- *resource requirements* (people, assets, finances) to inform the **Resourcing Strategy** and vice versa (identifying priority actions within available resources) and
- *key actions and projects* (along with budgets) to inform the **Operational Plan**.

3.4.1 Key elements of Service Management Plans (SMPs)

As discussed in section 3 of this Resourcing Strategy (on Council's **Business Improvement Program**) Council is still in a transitional phase, establishing its new organisation.

The first version of SMPs has focused on describing the current service delivery activities, identifying existing Council strategies and plans as well as improvement opportunities as a foundation for improvement.

Current service delivery activities are firstly split into operations and capital.

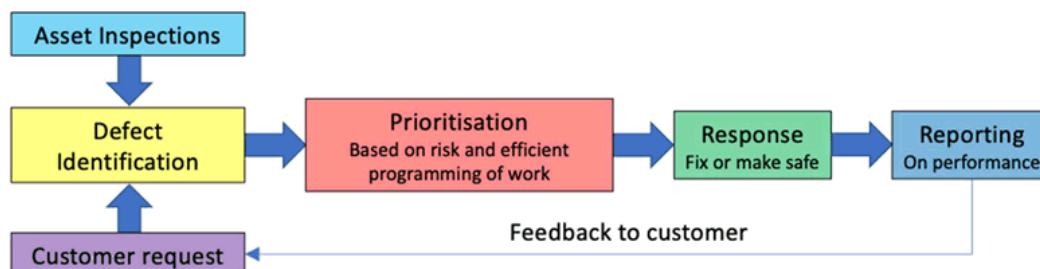
Operational Programs

Operations are distinct from capital programs (below – which are limited to activities to renew assets and build new assets). These are generally 'ongoing'.

⁵ The definitions in the NSW LG Act align closely with ISO 55001: (s404) the DP details the principal activities Council will undertake to perform its functions within available resources, and (s8A) these functions are to be carried out to deliver the best possible value to residents and ratepayers.

For *asset-related services*, operations include (for example) the operation of water and sewage treatment plants as well as **maintenance activities** which can be:

- *scheduled or planned* either on:
 - a *preventative* basis (e.g. servicing sewage pumps every 1,000 hours – like changing the oil in a car every 10,000km) or
 - a *corrective* basis (e.g. mowing grass when it reaches a certain height, grading a road when it reaches a certain level of roughness)
- *reactive* which is generally for higher risk issues where scheduled maintenance is either not possible or inefficient (e.g. clearing a blocked sewer main or a fallen tree)



The figure above summarises the corrective maintenance process. This is the main type of maintenance activity Council undertakes across roads, parks, buildings and some aspects of water supply and sewerage infrastructure. Inspection schedules and target response times (based on the risks associated with a defect) need to be defined across all areas having regard to what is possible with available resources.

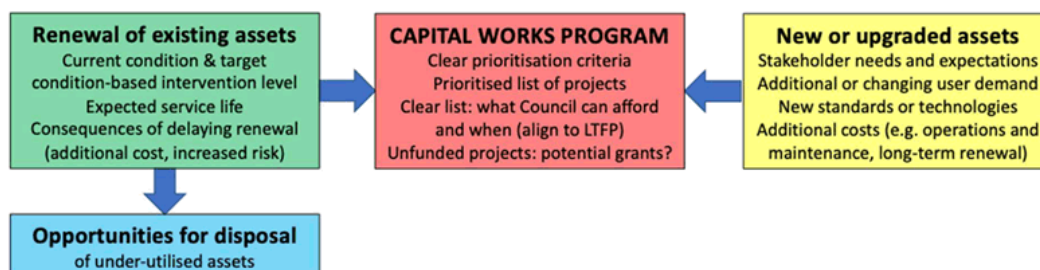
For *services not heavily reliant on assets*, operational activities are described in SMPs in terms of the *key processes and performance objectives* (e.g. customer service is focused on resolving customer requests as easily, consistently and reliably as possible; the key measure is the number of calls that are resolved at the first point of contact, rather than these needing to be referred to other staff).

These key operational program areas, performance measures, budgets and responsibilities for these functions are also summarised in *Service Dashboards*.

Where activities – either ongoing programs or one-off projects – are recommended to be undertaken (e.g. as part of a Council strategic plan for the service) but are currently unfunded, a budget estimate is provided in the SMP along with information supporting the *business case* to undertake it, with particular reference to issues relating to Council's objectives and the effective management of risk (see below). These 'budget bids' will be considered annually when Council is formulating its Operational Plan.

Capital Works Programs

Capital works are specifically related to renewing or disposing of existing assets or building new ones. There are several key elements to formulating such programs:



There is work to be done on each of these elements:

- improving information on *existing assets*: reliable asset registers (capturing all assets), current condition, expected service life, setting achievable condition-based intervention levels, clarifying the consequences of delaying renewal
- evaluating stakeholder needs, changing demands and new standards giving rise to the need for *new or upgraded assets* as well as evaluating the costs of these
- identifying opportunities to *dispose* of under-utilised assets and engaging users regarding alternative means of meeting their needs
- developing clear *prioritisation criteria* for capital works programs, and aligning renewal needs with what is possible based on funds available in the LTFFP. This must also facilitate prioritisation of resources *between asset classes* (roads vs. buildings).

Again, in many cases, this exercise has identified the *need for improvements*. Key actions are identified in the Council Improvement Plan in section 1.1.

It is notable that each SMP includes details of the current status of the **asset register** (what information is available, when and by whom it was collected, confidence in the data) and proposed actions to update and/or improve it. This is foundational for capital works programs, but also financial reporting on assets (valuation, depreciation, etc.).

Key capital works program areas, prioritisation criteria, performance targets and budgets are summarised in *Service Dashboards*.

Risk Management

Risk management underpins all aspects of SMPs including both operations and capital programs. Each SMP includes a table identifying the key risks relating to the service and treatment methods Council has in place. Where activities to manage risks are not adequately funded, the details of these risks are identified along with the costs of implementing further actions. For asset intensive services, this is defined in terms of the '*renewal backlog*' (cost of renewing high risk assets) and '*required maintenance*' (additional cost over actual maintenance to appropriately manage risk).

It is noted that there are no high/extreme (unacceptable) risks identified in any of the SMPs.

It is a requirement of ISO 55001 as well as IP&R Guidelines issued by NSW Government that the SMPs identify critical assets and methods to manage the risks associated with these. Virtually all Council's assets are critical to users of those assets, hence the comprehensive approach to identifying risk management methods outlined above. However, the significance of asset failures varies based on the number of users, impacts on users, etc. Each SMP thus includes an asset hierarchy that underpins operations (asset maintenance) and capital works programs, and programs are established having regard to associated risks.

Performance Measures and Targets

Council has identified performance measurement and reporting as a key opportunity for improvement across Council generally in the Council Improvement Plan in section 1.1.

In many cases, SMPs identify the need to formalise systems to *measure current outputs* before Council can set targets and monitor and report on future performance. In some cases, there is investment required in improvement projects and/or new technologies to achieve this (in such cases, the budget estimate is included).

Alignment with Long Term Financial Plan

Last but not least, the *Service Dashboards* include a table summarising projected revenues and expenditures relating to the service aligned with figures in the LTFP.

3.5 Council's Asset Management System

As noted in section 1, Council's Asset Management Policy identifies its intention to implement a systematic approach to managing its assets based on ISO 55001 (international standard for asset management systems).

The *management systems approach* reinforces the fact that a number of elements must come together to deliver effective asset management outcomes, as shown below.

Council's Asset Management System		
ISO 55001: elements of a system to effectively manage assets		
Context of Organisation Internal and external issues Stakeholder expectations Scope of AM system	Leadership Policy Roles and responsibilities	Planning Identify risks and opportunities AM objectives and plans to achieve them
Support Adequate resources Competence, awareness, communications, control of documented information	Operations Process control Assessing risks of changes Outsourced activities	Performance Evaluation Monitoring, measurement, analysis and evaluation Internal audits Management review
Improvement Response to nonconformity, Preventative action, Continual improvement		

Council's focus is applying this system to asset intensive services. The opportunity to apply it more broadly to other services will be considered in future.

3.6 Asset Management Steering Group: AM System Monitoring and Improvement

Council's Asset Management Policy nominates the *Asset Management Steering Group* as the primary driver of improvements to its asset management system.

The Group includes all key staff with leadership roles in critical elements of AM. **Terms of Reference for the Asset Management Steering Group** set out below reinforce the role of the group as the driver of improvements in Council's asset management system and also in providing advice to Council's Executive Leadership Team.

Terms of Reference for Asset Management Steering Group

Purpose

Council has established the AMSG under the AM Policy to monitor and review the implementation and improvement of the AM system to ensure Council's AM objectives are met.

The AMSG will also provide a cross-functional forum for planning and coordinating AM activities, including raising awareness of and communicating about AM issues.

Technical AM documents that do not require formal adoption by Council may be tabled at the AMSG for feedback and, potentially, endorsement.

Membership

- Director Assets and Infrastructure
- Division Manager Finance and IT
- Division Manager Assets, Planning and Design
- Division Manager Infrastructure Works
- Coordinator GIS and Asset Systems

Agenda Items

Standard agenda items will include the following:

- Clarity of roles and responsibilities with respect to AM
- Need for increased awareness of AM issues and how these should be communicated
- Adequacy of resources (including competencies) and processes to support the implementation of the AM system
- Problems or potential problems identified with Council's assets, AM or AM system; actions to correct and control or prevent them; review effectiveness of actions taken
- Proposed changes to AM system and assessment of associated risks
- Proposed outsourcing of AM activities, controls and monitoring required
- Internal AM audit program

Additionally, each 6 months the AMSG will undertake management review of the AM system (timed to coincide with performance reporting for Council's Delivery Program) addressing the following:

- Status of actions from previous management reviews
- Changes in external and internal issues that are relevant to the AM system
- Information on AM performance including trends in nonconformities and corrective actions, monitoring and measurement results, audit results
- AM activities undertaken
- Opportunities for continual improvement
- Changes in the profile of risks and opportunities

Outputs of the management review will include decisions related to continual improvement opportunities and any need for changes to the AM system.

Minutes of the AMSG will be tabled for information at Executive Leadership Team meetings.

3.7 Maturity Assessment against ISO 55001: Identifying Improvements

While Council is not considering certification against the ISO 55001 standard at this time, it is used by the Asset Management Steering Group (as set out in the Terms of Reference) as a benchmark of 'good practice' to evaluate the current level of system maturity and to identify and prioritise improvements.

An assessment of Council's compliance against the standard has been undertaken. At this stage, this was limited to the mandatory requirements ('shall' statements), but further detail will be considered in future reviews.

The table below summarises the key findings in terms of current status and priorities for improvement. Specific actions are included in the Council Improvement Plan in section 1.1.

Summary of Maturity Assessment Against ISO 55001

ISO 55001 Requirement	Current Status	Priorities for Improvement
4. Context of Organisation Internal and external issues Stakeholder expectations Scope of AM system	Generally covered in SMPs and AM Policy	Refine information in future revisions of SMPs
5. Leadership Policy, roles & responsibilities	Fundamentals in place	Continue to raise awareness of importance of AM Clarify roles & responsibilities
6. Planning Identify risks & opportunities AM objectives and plans to achieve them	SMPs have established the fundamentals	Refining information on risks and opportunities Defining SMART objectives and reviewing SMPs
7. Support Adequate resources Competence, awareness, communications, control of documented information	Fundamentals in place	Better definition of competency requirements, continued communication
8. Operations Process control Assessing risks of changes Outsourced activities	Limited documentation and formal control of processes Assessment of risks of changes is largely informal Outsourced activities generally well controlled	Develop and implement controls on priority processes Formalise risk assessments on changes Review controls for outsourced activities
9. Performance Evaluation Monitoring, measurement, analysis and evaluation Internal audits Management review	Various M, M, A & E activities in place No internal audits AMSG established for management review	Need to review what M, M, A & E activities are required Conduct internal audits (when AM system more mature) Continue AMSG
10. Improvement Response to nonconformity Preventative action Continual improvement	Response to nonconformity and preventative action currently ad hoc Continual improvement now underpinned by SAMP, AMPs and AMSG	Consider formalising nonconformance & preventative action processes as documentation improves Continue to support AMSG

4. Workforce Management Plan

Workforce planning is the process of translating strategic and operational objectives into workforce requirements then developing a range of strategies to ensure that workforce composition matches requirements over time and that Council can be responsive to change and emerging needs.

Like any other resource, Council needs to ensure that its people are being managed and utilised efficiently, effectively and sustainably.

Councils Delivery Program identifies a group of priority focus areas for the planning period 2018 – 2021. The workforce specific focus areas are:

- The effective and efficient use of internal resources to deliver quality services to our community
- Cutting red tape and renewing focus on delivering excellent customer service
- Delivering major projects program on time and within allocated budgets
- Developing and integrating standardised work practices across the organisation
- Ensuring transparent and accountable leadership

These focus areas provide the foundation for the following principles utilised to develop this Workforce Plan:

Sustainable Workforce

To have a workforce that is sustainable financially as well as continuing to be sustainable in the delivery of services over time and be responsive to the changing environment, increased demands and ever-expanding functionality of Council

Capable Workforce

To have a workforce with the capability to achieve our objectives through effective attraction, recruitment, retainment and development of our people and capacity to deliver through effective systems, processes and resources.

Agile Workforce

Structure our organisation and manage our people, systems and tools to enable business continuity, mobility, collaboration and responsiveness to change.

4.1 Outlook

Council's workforce is experiencing significant challenges and pressures. Transitioning to one Council organisation, large volume of projects and high level of community expectation and scrutiny have required the workforce to adapt rapidly to a new environment.

Critical barriers that are currently inhibiting the workforce include:

- Business integration and technology implementation
- Scaling up of workforce to cope with increased project work
- Capability of staff in relation to skills and experience, and expectations
- Expectation of seamless transition and maintaining business as usual

The LTFP (section 2.4) proposes considerable reductions in employee costs to improve Council's financial sustainability from a combination of a one-off realignment of resources and several years of reductions as a result of natural attrition (i.e. not replacing all positions when they become vacant, but rather reviewing these on a case by case basis).

It is vital that such decisions are made having regard to the opportunities to generate efficiencies and potential impacts on service delivery, which will be examined as part of the preparation of Service Management Plans (section 1.5).

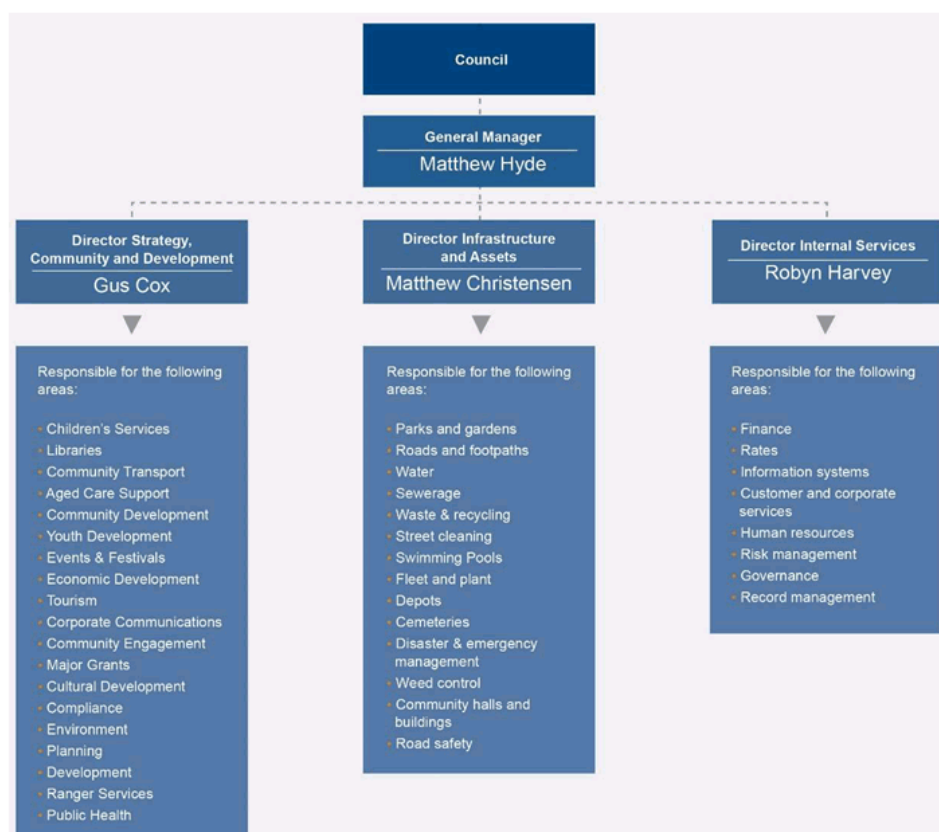
4.2 Council's Workforce

4.2.1 Structure and Size

Council employs 240 Full Time Equivalent (FTE) staff, which equates to 283 people working in a mixture of permanent full-time, part-time and casual roles.

Of this employee headcount, 6 people working are employed in temporary roles relating to the merger implementation or other specific project work, under fixed term contract.

Council's organisational structure is shown below.



4.2.2 Workforce Profile

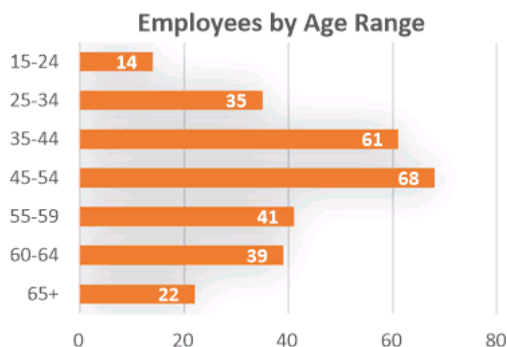
DIVERSITY

45%
Female



55%
Male

0.4% persons of Aboriginal or Torres Strait Islander descent
1.4% persons from non-English speaking background
0.7% persons with a disability.



22 staff
are aged 65+ right now
a further
39 staff
will reach this age bracket
within 10 years

*These projections are based
on retirement age of 65 years
which is expected to increase
over time.*

10 years

Average time of service

6%

Annual Turnover Rate

DEVELOPMENT

We have 4 apprenticeships: 3 studying Heavy Vehicle Mechanics and 1 studying Horticulture.

Avg Training Spend
\$973/ FTE compared to NSW
Avg \$1125/FTE

HEALTH & SAFETY

Councils Integrated Management System which includes Safety, Quality and Environmental management was re-accreditation for Snowy Valleys Council in October 2018 following a stringent assessment against Australian Standards.

LTI **39 days/100 employees**
compared to **88 days/100** for
NSW Councils

1.85% avg premium rate
Regional avg 2.32%
OLG avg 3.09%

Council achieves very good safety performance and offer a range of well-being initiatives to support our people which we are adding to on an ongoing basis.

\$7,052 avg claim cost
Regional avg \$12,012
OLG avg \$14,962
Ref: StateCover Audit 2018.



Council's age profile statistics indicate the nearing retirement of a large proportion of the workforce. Snowy Valleys Council workforce *currently* comprises 22 staff over the age of 65, and a further 39 due to reach 65 within the next five years. Turnover for Council was 6% last financial year, which represents approximately 9 Full Time Equivalent positions per annum. Historically, turnover has been up to 11% per year.

The position types which will be most impacted by retirements will be:

- Works Officers and Field Based Team Leaders
- Trade Positions
- Leadership Positions
- Technical Positions

Divisions most impacted will be:

- Community Services
- Infrastructure Works
- Development and Environment and People
- Culture and Governance (to a lesser degree)

Given that some of these retirements represent a loss in leadership and supervision within the workforce there will be a need to concentrate on building leadership capabilities within the workforce now, to build the capability and capacity of current leaders and to develop potential future leaders.

The organisation maintains a strong balance between maintaining the historical knowledge and identity with bringing in new ideas, approaches and attitudes, through a healthy composition of long serving staff and new recruitment.

4.2.3 Employment Costs

Employee costs are a major component of Councils fixed expenditure representing over 40% of operating expenditure. These costs increase annually in line with Award based increases which are generally around 2.5% each year applied to all rates. Additionally, the compulsory superannuation costs will increase 0.5% annually from the current rate of 9.5% until they reach 12% in 2025.

Given Council's number of long serving employees combined with high workload requirements leading into and since merger, Council maintains a high employee Leave Liability, with 23% of staff having in excess of 12 weeks leave accrued. Council's financial reserve to fund this leave being taken was \$1.7M as at June 2018.

Council is currently implementing an Excess Leave Management Strategy to reduce leave liability. This will be addressed within the Business Improvement Program.

4.3 Workforce Challenges

Key challenges identified through Council's strategic planning processes and consultation with key staff are outlined below.

4.3.1 The Need to Reduce Employee Costs to Improve Financial Sustainability

Council's LTFP (section 2) highlights that Council's current expenditure is not financially sustainable over the long term. Salaries and wages are a major component of expenditure. Other items such as depreciation are not easily varied, so Council has little option but to seek to realise savings in relation to its employee costs.

However, the issue cannot be considered in isolation as simply reducing positions or salaries to reduce expenditure. A number of risks to this approach exist, including:

- Maintaining service levels expected by the community
- Attraction and retention of high quality staff
- Maintaining legislative employment protections

Additionally, a large volume of project work has come about due to the awarding of grants to deliver a significant infrastructure program. This program has diverted significant resources away from what would be considered as 'business as usual' towards this program.

Further, the organisation is still in a phase of transition in many of its business functions, which requires intensive staff involvement to complete, and is a highly important function to lay the groundwork for business improvement.

Initial consultation with key staff in regard to workloads and efficiencies highlights that there will be considerable challenges to realising savings while still delivering on community expectations, legislative requirements, etc.

4.3.2 Skill Shortages

The '*Local Government Workforce and Future Skills Report NSW 2018*' reports the following professional shortages:

- | | |
|---|---------------------------------|
| ▪ Engineers | ▪ Environmental Health Officers |
| ▪ Project Managers | ▪ Urban/Town Planners |
| ▪ Building Surveyors | ▪ Technical and Trade Positions |
| <i>Additional 'difficult to recruit' positions specific to our Council are:</i> | |
| ▪ Early Childhood Teachers | ▪ Economic Development Officers |
| ▪ GIS Officers | ▪ Specialist Plant Operators |

Council is already facing challenges in relation to attracting qualified, skilled and experienced applicants due to skills shortages / availability as well as other factors including salary rates and our remote/regional location. Where some shortages exist, options are available to contract specific services, however, skilled staff are still required to critically assess, implement and monitor the outputs of these contracted services.

Our attraction and recruitment methods need to be reviewed to identify opportunities for improvement and innovation as well as investigating options for shared or alternative service delivery methods in these areas.

4.3.3 Capability and Capacity

Council provides a very broad range of services across its operations which require skilled, qualified and engaged workers to ensure the safety of staff and the public, quality of services and value. Given the relatively small size of Council's workforce this requires the organisation to develop and retain people who are adaptable and multi-skilled, to meet our obligations in the various areas and have business continuity.

The workforce is currently being impacted by high work demands and recent turnover in staffing due to retirements and resignations. Turnover is not necessarily a negative for organisations as it brings in new ideas, approaches and capabilities however it does involve a period of development before new staff become fully productive in their roles.

Council is asking more of its people in terms of strategic planning, report preparation and analytical thinking as well as use of technology and is expecting its people to adapt and perform at a high level in the core capabilities required for their role. This requires a strategic learning and development program and high level communication and leadership skills.

Programs have been implemented to upskill workers in preparation for these impacts, with more to be achieved in this area starting with an audit of our skills and qualifications register to update and complete our data for future planning.

4.4 Operating Environment

Change in the sector has been significant over the past five years due to the implementation of the 'Fit for the Future' reform in New South Wales. Based on research and consultation with key stakeholders the following environmental factors have been identified which have the potential to impact on Councils operations and ability to achieve its objectives as planned in the short term. These are discussed below.

4.4.1 External Factors

- Continuing significant community division regarding acceptance of merger impacting on the workforce culture and staff morale;
- Upcoming election at Federal level may increase or decrease funding which will impact projections in the resourcing strategy;
- Increases or decreases to funding from RMS for continued RMCC and project work affects Council financially as well as operationally.
- Implementation of Snowy 2.0 could result in loss of employees from Council to higher paid work with Snowy Hydro (although it may also create a local market of desirable skills at the end of the project);
- Requirement for engineers to become certified which could impact on Councils current engineering workforce and the competition in the market for engineers;
- New legislative requirements being imposed on Council to comply with or administer;
- Pace of Technological change leading to faster redundancy of current systems as well as increasing pace in new technological developments e.g. Smart Cities
- Increasing costs and requirements for training in relation to licencing and compliance areas is decreasing the amount of funds available for development of staff;
- Increased focus on safety systems review / audit due to penalties in place including prison sentences for 'senior officers' failing to ensure a safe place of work.
- It is expected that climatic changes will, over time, impact on Council's workforce in terms of core working hours and hazard mitigation relating to extreme weather conditions especially for field based workers.
- Ageing population as well as increased rates of health conditions in younger generations (e.g. obesity) will impact the capability and capacity of available people

4.4.2 Internal Factors

- Extended vacancies in key areas due to difficulties in attracting suitable applicants puts a strain on the ability to deliver for affected Divisions;
- Gaps in data available within systems to allow us to provide analytics and reports in an efficient and timely manner to support decision making;
- Refinement to the current organisation structure to allow the structure to be realigned with strategic objectives;
- Leadership capability and capacity including identification and development of 'future leaders';
- Delivery deadlines for NCIF projects adding to regular work.
- Enhancement in access to technology, information and the current functionality and of our systems and user capabilities are reducing efficiency and increasing risk;
- Evolution to electronic communication and record keeping will require dedicated resources in the short term to convert current hard copy records to electronic files and to consolidate existing electronic records.

4.4.3 Longer Term

Current research outlines the major predictions of how the future of work will change over the next 10 years as:

- Rapid technological transformation will change the way data is stored and accessed, the equipment and technology currently used and its functionality.
- Artificial Intelligence and robotic technology is predicted to impact on Councils as costs reduce and uses expand.
- Five generations within the workforce bringing the need to be innovative and to have systems and processes which can be suited to the difference needs, drivers and expectations of these generations.
- Ageing workforce and population affecting availability of workers and competition for talent.
- Shorter retention periods and a rise in the 'gig economy' which will require different systems and approaches over time.
- Changes in the focus on leaders to harness 'soft skills' to improve people outcomes rather than the more traditional leadership programs. *The World Economic Forum predicts emotional intelligence will be one of the top 10 skills for employees by 2020.*
- Changes in customer expectations for service levels, to be kept informed, have instant access to information, to be able to use online services to make payments and complete applications etc. (reductions in face to face contact)

These predictions provide opportunities and threats to Council's workforce and need to be considered through any workforce restructure, staff training and development, staff attraction and retention or systems implementation.

4.5 Future Focus

Council's people are key to the achievement of its strategic objectives, therefore effective workforce management and planning for future needs is critical. This process allows Council to consider and be prepared for workforce changes including potential retirements, changes in legislation that might require a change in qualifications or workload, increased staff needs in key service areas or new service areas emerging / former service areas reducing.

Council can then be prepared and implement strategies prior to the changes to reduce the risk and impact on service levels and capabilities.

4.5.1 Our People

In terms of the future needs in terms of our people, overall we need people who are resilient, adaptable, diverse and accountable. The one certainty that we can state is that our future workforce will face ongoing change, which will be at times fast paced particularly in terms of technological development. Council will need to place an emphasis on attracting and retaining staff through a mixture of employment conditions, stimulating opportunities and building a positive organisational reputation.

With four existing apprenticeship positions, Council is in a position to review its appetite and Corporate Social Responsibility with a mind to increasing this number to offset the expected turnover of the next five years. An apprenticeship program presents a good opportunity for succession planning and developing staff to suit organisational need. Positional development around knowledge and skills that will reflect the future of the Council and the industry, will provide Council with a more agile and capable workforce.

To deliver on the ongoing requirements of Council we need the following.

Leaders with the capability and capacity to:

- Communicate, influence and collaborate with the community and other stakeholders;

- Understand community expectations and priorities;
- Translate this understanding into options with business cases and recommendations;
- Carry out high level planning, translating this into strategies and actions to drive delivery of Councils strategic objectives.

People with the capability and capacity to:

- Use technology effectively to improve business outcomes
- Be multi-skilled, innovative, flexible and responsive
- Apply effective project management skills
- Work to deadlines and achieve targets and objectives
- Troubleshoot and problem solve within the scope of their work
- Document, analyse and improve business processes
- Utilise metrics and business analytics effectively to support good decision making

Systems with the capability and capacity to:

- Be accessed from anywhere
- Evolve with Councils changing needs over time
- Be flexible and allow for innovation and improvement
- Allow Council to meet service levels and legislative compliance

It is expected that Councils investment in our major software system Technology One will be in place for at least the next 10-15 years so there is a need to ensure that we are investing in getting optimal functionality from this system.

4.5.2 Culture

As a basis it is necessary to adopt a systems thinking approach within the organisational culture to focus employees on building new ways of working and making more sustainable, efficient use of resources. We need to assess the options and adopt a simple, low resource method which is simple to apply and relatable to staff therefore becomes part of the 'way we do things' rather than an approach that needs to be highly resourced to be effective.

To be successful and aligned to business needs, our culture needs a transparent, consistent approach that focuses on the vision and strategies for the Council and how those within the organisation can contribute to that goal.

4.5.3 Opportunities

In addition to challenges, Council has the opportunity to increase income through marketing specialist services to other Councils and organisations. This could be done either as fee for service or via a resource sharing program between Councils where specialist skills are increasingly difficult to attract and retain from the market.

Council has people with marketable skills and knowledge and there have already been instances of our people providing assistance or specialist services in the areas of Project Management, Building & Development, Auditing and Safety System establishment.

There are many more areas that we can develop to allow income to Council in the future if we are able to create depth in our organisation to allow us to operate effectively with these people not working on our systems.

Other areas of potential include software and App development, design work and event planning. There is also potential for us to develop training programs delivered internally in areas that we are currently facing market shortage of trainers e.g. grader operations, chainsaw operations.

A further source of opportunity is our recent membership approval to the Canberra Joint Organisation and building strong relationships within that group to develop our approaches and to gain cost savings through cooperative arrangements and knowledge sharing.

4.6 Path to Improvement

Following consultation with leaders and key staff, industry research and analysis of our current and predicted future workforce requirements key challenges or gaps have been identified which will be the focus of actions within this workforce management plan. These will be based around the three major themes of this resourcing plan which are:

1. Sustainable Workforce
2. Capable Workforce
3. Agile Workforce

These areas are outlined in the following table which outlines the challenge or gap identified, the objective, planned actions, timing and estimated cost.

Improvement Actions for Council's Workforce Management

SUSTAINABLE Workforce <i>A workforce that is sustainable financially as well as continuing to be sustainable in the delivery of services over time and be responsive to the changing environment, increased demands and ever-expanding functionality of Council</i>				
Gap / Challenge	Objective	Actions	Timing	Reference
Effective and efficient use of internal resources to deliver quality services	Strategically plan expenditure within the learning & development budget to gain the best use of this investment	Develop and implement a targeted Learning and Development strategy including an annual costed program within budget	by June 2019 and ongoing	WFP-19-01
Effective Excess Leave Management	Continue to manage excess leave liability on an ongoing basis	Build effective leave management into the performance appraisals for all supervisors based on business improvement plan targets and report monthly	June 2019 and ongoing	WFP-19-02
Diversity and Inclusion Management	A respectful, fair workplace that values diversity	Develop an updated EEO Management Plan outlining programs to facilitate increased representation of target groups	June 2019 and ongoing	WFP-19-03
Maintaining the Health and Wellbeing of our people	To promote active, healthy lifestyle choices within our organisation, support staff and contribute to their individual well-being	Implement the SVC Well-being Program 'Eat Well, Move Well, Live Well'	June 2019 and ongoing	WFP-19-04
Improve our ability to attract, retain talented people	Implement contemporary recruitment, selection and appointment practices	Implement the Recruitment and Selection Policy and Procedure	May 2019	WFP-19-05
		Train leaders and recruitment panel members	By July 2019	WFP-19-06
	Develop our talent management capabilities and systems including transition to Tech1 Talent Management Module	Establish a talent management program that identifies talent gap analysis aligned with succession planning strategy, retention strategy and leadership growth program	By June 2020	WFP-19-07
Ageing Workforce / Retirements	Establish and implement an Entry level program to support succession planning and local opportunities for young people	Establish the framework for traineeships, apprenticeships, cadetships and work experience programs	By June 2020	WFP-19-08

SUSTAINABLE Workforce

A workforce that is sustainable financially as well as continuing to be sustainable in the delivery of services over time and be responsive to the changing environment, increased demands and ever-expanding functionality of Council

Gap / Challenge	Objective	Actions	Timing	Reference
	To build a sustainable and effective succession program	Establish the succession planning framework in alignment with the Council Improvement Program and Service Management Plans	Commence May 2019	WFP-19-09
		Prepare succession plans for identified High Risk / Hard to Fill Positions	By January 2020	WFP-19-10

CAPABLE Workforce

To have a workforce with the capability to achieve our objectives through effective attraction, recruitment, retainment and development of our people and capacity to deliver through effective systems, processes and resources.

Gap / Challenge	Objective	Actions	Timing	Reference
Business Integration and technology implementation and transition to paperless office principles	Reduction in paper based processes	Implement on line lodgement of hazard and incident reports as part of the Tech1 transition to CiA environment	By Mar 2020	WFP-19-11
	Implement the E-Recruitment module within Tech1 which will reduce paper-based processes by 80%	Transition our E-Recruitment to Tech1 to improve integration and allow us access to increased functionality around on-boarding	By June 2019	WFP-19-12
Effective, transparent and accountable leadership (Delivery Program)	Leaders who are managing achievement of targets, aligning their staff and work processes to the strategic objectives	Develop a Leadership development program for office based Leaders Including a tertiary qualification and targeted development in core capabilities including: reporting writing, business case development, financial management	Commence May 2019 – June 2020	WFP-19-13
		Develop a Leadership development program for field based leaders	Commence November 2019	WFP-19-14

CAPABLE Workforce

To have a workforce with the capability to achieve our objectives through effective attraction, recruitment, retainment and development of our people and capacity to deliver through effective systems, processes and resources.

Gap / Challenge	Objective	Actions	Timing	Reference
		Including targeted development in core capabilities including: resourcing, planning, delegating, quality control		
Building capability and capacity of our people	Establish Capability as the basis for performance appraisal	Implement the Local Government Capability Framework within the transition to online performance appraisal (including training of leaders and staff)	By December 2019	WFP-19-15
Increasing cost of training and development as well as reduction in locally based providers	To increase access to on-site training for staff in core skills	Implement E-Learning software to allow flexibility and access to learning of core concepts for on-boarding, development and compliance	By May 2020	WFP-19-16

AGILE Workforce

Structure our organisation and manage our people, systems and tools to enable business continuity, mobility, collaboration and responsiveness to change.

Gap / Challenge	Objective	Actions	Timing	Reference
Improvements required in communication and engagement of staff and contribute to positive culture (Internal Communication Review)	An agile, engaged, informed and accountable workforce	Implement actions within the adopted Internal Communications Framework 'Belong, Mobilise and Represent'	Commence May 2019 and ongoing	WFP-19-17
Loss of talented staff due to higher rates of pay/better conditions available in the market	Improve attraction and retention capabilities	Establish and implement a rewards and recognition program strongly linked to performance and achievement of strategic objectives	By June 2021	WFP-19-18
Effective performance management and appraisal mechanisms	To improve the outcomes from the performance planning and review process	Transition our performance planning and review process onto the Tech1 'Talent Management' module	June - Dec 2019	WFP-19-19

AGILE Workforce <i>Structure our organisation and manage our people, systems and tools to enable business continuity, mobility, collaboration and responsiveness to change.</i>				
	To improve the outcomes from the performance planning and review process	Establish a development and progression plan for all relevant positions	By June 2019	WFP-19-20
Improve the effectiveness of our on-boarding and exit processes	An agile, engaged, informed and accountable workforce.	Develop and implement an engaging, innovative on-boarding process utilising various modes of delivery. Including a 3-6 monthly 'corporate' induction	December 2019	WFP-19-21
		Develop team/section based induction programs for all areas to ensure a successful transition of new staff into their work areas following the initial induction	June 2020	WFP-19-22
		Improve the exit process to improve information collected and the use of information to identify issues and areas for improvement	December 2019	WFP-19-23
Lack of accurate / complete data in some areas and varied storage methods	To build complete information relating to employee qualifications, skills and capabilities	Complete a skills audit and training needs analysis for all positions entering data back into Tech1 for reporting, gap analysis and future planning	By June 2019 and ongoing	WFP-19-24
Lack of role clarity and clear accountabilities within some areas	To build role clarity and accountability	Review all positions descriptions in alignment with the structure review / and efficiency program.	Refer to BIP	WFP-19-25
Ability to 'scale up' as required through casual, contract, consultancy, temporary arrangements	To build a network of available people to undertake casual work	Implement an open casual employment mechanism via Councils website linked to Tech1 E-Recruitment	By June 2019 and ongoing	WFP-19-26
	To utilise various networks to access specialist skills as required	Utilise procurement / government contracts as well as continuing to build relationships and contacts with consultants and contractors to assist with peak workloads as required	Ongoing	WFP-19-27