



CSP Extract: Resourcing Strategy 2014/2015

THE RESOURCING STRATEGY

- Financial Sustainability of Oberon Council
- DRAFT Long Term Financial Plan (LTFP)
- DRAFT Workforce Management Plan (AMP)
- DRAFT Asset Management Plan (AMP)
- OTHER PLANS
- DRAFT DELIVERY PROGRAM and OPERATIONAL PLANS
- LIST OF DONATIONS (and Financial Assistance for 2014/15)
- CAPITAL EXPENDITURE 2014/2015 and LOCAL INFRASTRUCTURE RENEWAL SCHEME



THE RESOURCING STRATEGY

The RESOURCING STRATEGY consists of three components:

- LONG TERM FINANCIAL PLAN (LTFP) - financial modelling and 10 year plan
 - how we propose to manage financial commitments and maintain financial sustainability
- WORKFORCE MANAGEMENT PLAN (WMP) - organisational capability, with a 4 year plan
 - how we will manage our workforce ensuring that we have the right number of people with the right skills, in the right job at the right time
- ASSET MANAGEMENT PLAN (AMP) - asset strategy, with a 10 year plan
 - providing the information needed to plan for future management of assets and identifies ways to fund the repair and maintenance of current assets.

FINANCIAL SUSTAINABILITY OF OBERON COUNCIL

A report prepared by NSW Treasury Corporation (TCorp) for Oberon Council, the Division of Local Government and the Independent Local Government Review Panel considered that Oberon Council is currently in a sound Sustainability position.

The report by TCorp noted that Council has reported \$16.1m of Infrastructure Backlog in 2012 which represent 13.3% of its infrastructure asset value of \$120.9m. The majority of the Backlog relates to public roads infrastructure which increased by almost \$9m over the review period (2009 to 2012) following Asset Revaluations.

A definition of Infrastructure Backlog is the amount of deterioration, or the amount required to bring the asset back to its original (as new) condition. TCorp observed that Council appears *“to be underspending the required amount to maintain their existing assets at a satisfactory level”*.

However Council, and the community MAY NOT require all assets to be maintained at the “satisfactory level”, and the statement that Council is “underspending” may not be accurate.

TCorp notes that Council will be debt free by 2016 and has not forecast any additional borrowings, and that Council has the capacity to borrow up to \$11.9m.

At its Ordinary Meeting held on 16 April 2013 Council decided to address the Infrastructure Backlog in the current review of the Delivery Program and Operational Plans and to allocate funding to reduce their current Backlog

Council also decided to undertake further consultation with the community and to review the service levels for roads infrastructure maintenance, and to then review its LTFP to provide a more certain picture of its forecast financials

LONG TERM FINANCIAL PLAN (LTFP)

The LTFP continues to show a negative trend from years 2016/2017 and beyond. This is due to the requirement to maintain the Community Infrastructure Assets as shown in the Asset Management Plan.

The LTFP will be revised to complement the **Future Directions and Strategic Outcomes** which are shown in the Draft Oberon CSP 2014, the Draft Delivery Program and Draft Operational Plans.

The LTFP has been prepared with some assumptions (the estimated increases in the cost of materials etc.) and forecasts for revenues and expenditures and also sensitivity analysis (for example what effect increases in interest rates will have and population projections).

The LTFP has been calculated utilising the latest estimated figures for 2014/15: (2013/14)

▪ Consumer Price Index (CPI)	3.00%	(3.0%)
▪ Salaries & Wages Increases	4.00%	(4.0%)
▪ Insurance Premiums Increases	3.00%	(3.4%)
▪ Electricity Supply Charges	3.00%	(7.0%)
▪ Gas Supply Charges	20.00%	(10.0%)

WORKFORCE MANAGEMENT PLAN (WMP)

In May 2012 an initial Survey was carried out which provided details of our Workforce Profile. A further Survey was done in May 2014 and the following variations:

- ❖ There is a slight change in Gender Comparison **with 67.47% of Males and 32.53% Females** in 2014 which compares with 65.44% and 34.56% in 2012.
- ❖ Full-time employment has **increased to 69.61%** from 60.58% in 2012.
- ❖ Part-time and Casuals have **decreased to 8.83%** (was 13.47%) and 18.62% (was 22.11%).
- ❖ Total Full-time and Trainee/Apprentice employees increased from around 84% to 89% with Part-time decreasing from 16.05% to 10.85%
- ❖ The **Average Age for employees is 42 years**, with 39 years for Administration/Indoor and 48 years for Outdoor/Works and Depot employees.
- ❖ In 2012 the total accumulated Years of Service was 682 years for 81 Permanent Employees which represents an average length of service at **8.41 years**
- ❖ In 2014 the total accumulated Years of Service is now 787 years for 83 Permanent Employees which represents an average length of service at **9.42 years**

In most areas of the organisation there is a highlighted need to implement good succession planning with a number of key employees either close to retirement or where there is not a qualified or experienced replacement available.

During 2014/15 the requirement for either a part-time or casual employee to undertake Economic Development activities will be reviewed.

There are no other significant impacts or changes to the WMP for 2014/15.

ASSET MANAGEMENT PLAN (AMP)

The AMP for Roads, which is the most significant asset category, was presented at a Councillor Workshop in early April 2014.

Councillors have expressed a desire to reconsider the existing Policy of NOT undertaking any further sealing of the Unsealed Rural Road Network.

Further Modelling of scenarios about service levels for the Road Network is being undertaken and will be presented to Councillors for consideration.

This will also take account of the proposed LIRS Funding of \$1.6M on Mayfield Rd and \$3.4M on the Unsealed Road Network.

Other Asset Management Plans and Strategies remain unchanged (refer CSP 2013).

OTHER PLANS

There are a number of other Plans which support Council's Operational Activities.

These Plans form part of Council's overall planning processes and are "integrated" into the Oberon Community Strategic Plan 2014 through the Delivery Program and Operational Plans.

Some of these plans are:

- STRATEGIC BUSINESS PLAN FOR WATER SUPPLY OPERATIONS
- STRATEGIC BUSINESS PLAN FOR SEWER OPERATIONS
- PLANT REPLACEMENT PROGRAM OR PLAN

DRAFT DELIVERY PROGRAM (DP) and OPERATIONAL PLANS (OP)

The Delivery Program (DP) outlines the principal strategies that Council has prioritised over a four year term to achieve the **Strategic Outcomes** in the CSP. The Operational Plan (OP) shows the detailed **Actions** that will be undertaken over the next 12 months **from 1 July 2014**.

The DP and OP set out in practical terms the tasks involved in delivering our community expectations. These are the documents that direct the day to day work of Council and are what we report on to show how we are progressing towards our goals and the 6 Future Directions.

The Operational Plan 2014/2015 includes the **Council's Revenue Policy** and an **Estimate of Income and Expenditure** along with the annual **Fees and Charges**.

Assumptions

A 3% increase for Consumer Price Index (CPI) being the average rate over the last 10 years. Charges not increased by 3% include Ordinary Rates which will increase by **2.3%** as set by the Independent Pricing and Regulatory Tribunal (IPART). Water Rates and Charges will increase by **10%** and Sewer by **15%**.

Salaries and Wages will **increase by 4%** to include a CPI and skill progression increase. There is also a statutory adjustment for compulsory superannuation of a quarter of percent to **9.50%**.

Revenue Policy

Fees and Charges have generally been increased by the **CPI rate of 3%**. Statutory charges are set by the State Government and therefore increases are only made when advised by the Office of Local Government (OLG) or other Government Departments. The Fees and Charges Schedule form part of the Operational Plan and a DRAFT copy of this will be distributed to Councillors as a separate document.

Ordinary Rates

An Ordinary Rate is raised on every rateable assessment within the Council area. The *Local Government Act, 1993* requires all rateable assessments to be categorised. The categories applicable are Farmland, Business, Residential, and Mining.

Further sub-categories apply to each category and these are - Residential, Rural Residential (definition Local Government Act, 1993), Non-Urban Centres of Population (covering the areas known as the Village of Black Springs, Oberon Hills Estate, Stratford Downs Estate and Titania Park Estate).

Town Improvement Rates

A Town Improvement Rate is raised on every rateable assessment within the defined Oberon "Village" area. The purpose of this rate is to provide for town improvements. The categories applicable are – Residential, Business, and Farmland.

It is proposed to review the Town Improvement Rate to include the Stratford Downs Estate into the area defined as the Oberon "Village". This is due to the premise that residents of this area have a close proximity to the urban area of the town of Oberon and therefore, have easy access to the use of the "town services" which include the parks and playground areas, sporting fields, the Common and other town related facilities.

All rating categories will be reviewed leading up to the 2015/16 rating period to ensure that Council meets the Local Government Act 1993 requirements. It is expected that this will include a new Special Rate for Wind Farms and to possibly replace the Town Improvement Rate with specific Special Rates that have Programs/Projects attached to them.

Sewerage Charges

Sewerage Charges for 2014/15 will incorporate an access and usage component. Access charges have been calculated to cover the capital costs of the sewer scheme while the usage charge covers operational costs. **An increase of 15% is proposed.**

Water Charges

Water Charges for 2014/15 will incorporate an access and usage component. The access or base has been calculated to cover the fixed costs of the water reticulation scheme. **An increase of 10% is proposed.**

Waste Charges

Domestic Waste Charges - Council must make a levy and annual charge for the provision of domestic waste management services for each parcel of rateable land for which that service is available. Currently, the service is available to all parcels of land within the town of Oberon, as well as Stratford Downs. Council is required to levy this charge on all parcels of land, whether the land is occupied or vacant. **A 3% increase is proposed.**

Loan Borrowings

Two applications were submitted for funding under the NSW Governments Local Infrastructure Renewal Scheme (LIRS). A separate section is included on the LIRS applications.

Transfer to/from Restricted Assets and Reserve Funds

A list of the current Reserve Balances will be included in the Draft Operational Plan 2014/2015.

Financial Assistance Program

Section 356 of the *Local Government Act 1993* details the requirements for providing financial assistance to others (including charities, community & sporting organisations).

LIST OF DONATIONS

A list of suggested Community Donations was submitted to the Finance Committee on 13 May 2014. This will be reviewed prior to Council determining to place the Draft Oberon CSP 2014 on Public Exhibition.

This list is in 3 parts with the first part including “**Civic**” **type donations** which are annual donations to Schools end of year Presentations, and regular contributions towards Rates and Charges (Water) for the RSL, Museum, Showground, Masonic Centre and also a donation to Council’s Social Club.

The second part includes **specific requests** from community groups and the third part is **contributions toward projects as in kind work**, to external organisations.

CAPITAL EXPENDITURE 2014/2015 and LOCAL INFRASTRUCTURE RENEWAL SCHEME

A list of **Capital Expenditure Items** was considered during the Council Workshop process and is included in the Operational Plan for 2014/2015.

In addition Oberon Council has submitted **Two Applications** to the Office of Local Government (OLG) for Round Three Projects under the Local Infrastructure Renewal Scheme (LIRS). Round three provides a **3% interest subsidy** on loans for Infrastructure Backlog Works. Successful Projects are expected to be announced in mid to late June 2014.

The likely impacts on the draft Oberon Community Strategic Plan 2014, Delivery Program and Operational Plans, should any offers for LIRS funding be accepted is as follows:

- The LIRS Priority One Project for Mayfield Rd has been amended to reflect Grant Funding of \$600,000 and therefore borrowings of \$1M.
- The LIRS Priority Two Project for Rural Roads has been split over a three year period with \$1M, \$1.2M and \$1.2M being spent from 2014/15, 2015/16 and 2017/2018. Borrowings of \$3.4M remain unchanged also with \$654K allocated for expenditure on Unsealed Rural Rds.

A decision on both LIRS Applications is expected to be made during June and therefore the two Projects will be subject to an offer and acceptance process (i.e. the NSW Government makes the offer and Oberon Council decides to accept or reject the offer.)

