

Resourcing Strategy



RESOURCING STRATEGY

The NSW State Government's Integrated Planning and Reporting Framework requires councils to develop a Resourcing Strategy in order to achieve the objectives established by their Community Strategic Plan.

The Community Strategic Plan, provides a vehicle for expressing long-term community aspirations. However, these goals and objectives cannot be achieved without sufficient resources (time, money, assets and people) to carry them out. Some strategies identified in the Community Strategic Plan are the responsibility of Council, while some are the responsibility of other levels of government and others rely on input from community groups or individuals. The Resourcing Strategy details the strategies that are the responsibility of Council and consists of

- Asset management planning
- Workforce planning
- Long-term financial planning

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Asset Management Strategy

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Council has a significant portfolio of community infrastructure assets under its care and control. Council must account and plan for all of the existing assets under its ownership, and any new asset solutions proposed in the Community Strategic Plan and Delivery Program.

The Integrated Planning and Reporting Framework requires that the Asset Management Strategy include an overarching Council endorsed Asset Management Policy and summary plans that identify all built assets under Council's ownership and outline risk management strategies for them. The Asset Management Strategy is supported by supported by Asset Management Plans.

Workforce Management Plan

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The Workforce Management Plan addresses the human resourcing requirements of Council's Delivery Program. It ensures Council has the people best able to achieve its strategic direction and deliver appropriate services effectively and efficiently and includes:

- analysis of current workforce and identification of gaps
- forecasting workforce requirements
- strategies to address gaps
- method of periodic monitoring and evaluation.

Long Term Financial Plan

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The Long Term Financial Plan reflects Council's desire and capacity to deliver the strategies, initiatives, works and programs identified in the Community Strategic Plan and Delivery Program and includes:

- projected income and expenditure, balance sheet and cash flow statement
- planning assumptions used to develop the Plan
- sensitivity analysis - highlights factors/assumptions most likely to affect the Plan
- financial modelling for different scenarios e.g. planned/optimistic/conservative
- methods of monitoring financial performance.

PART 1 ASSET MANAGEMENT STRATEGY

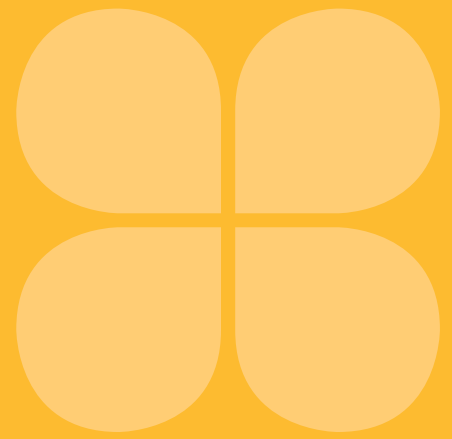
A photograph of a modern park area. In the foreground, there's a green lawn with a concrete path. A black metal frame stands around a young tree. Behind it, a paved walkway leads to a structure made of vertical wooden slats. More young trees are planted along the path. In the background, a building with a curved roof and a sign that says "Take it easy" is visible. The sky is clear and blue.



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Introduction

This Asset Management Strategy identifies the challenges that Council faces and provides a strategic framework within which Council will work to manage its community assets.

Asset management describes the process by which Council manages physical assets to meet current and future levels of service for its community. Under the "Asset Management Standard PAS 55", asset management is described as the "systematic and coordinated activities and practices through which an organisation optimally manages its physical assets, and their associated performance, risks and expenditures over their lifecycle for the purpose of achieving its organisational strategic plan".

Council provides and looks after a broad range of assets such as roads, drains, water, sewer, waste, parks, community facilities, sporting facilities and foreshore amenities. These assets are valued over \$1.4 billion, and are essential to our quality of life and contribute a healthy, active and safe community.

The majority of Council's assets were constructed at the same time as the original suburbs were built. These assets are approaching the latter half of their expected life and, as such, the physical condition will further deteriorate in the coming years. In addition, Council has also received in recent years an increasing amount of contributed assets from developments.

Population growth, shifting community expectations and increased economic activity are additional challenges to the capacity of existing assets to meet the increasing demands and changes in our environment.

The development of an Asset Management Strategy will enable Council to show why and how asset management is undertaken to support the service delivery needs of the community into the future.

This Strategy as prepared reflects Council's intentions at the time of publication.



Purpose of the strategy

The purpose of the Asset Management Strategy (AMS) is to provide direction to developing the ongoing processes for managing infrastructure assets.

The AMS will continue to evolve as the strategic objectives of Council, as informed by the community, develop or change. The key steps in the process include:

- Reviewing the strategic trends;
- Assessing the asset stock; and
- Assessing gaps in the knowledge required to prepare Asset Management Plans and Asset Action Plan.

What is asset management?

In simple terms, asset management is about the way the Council looks after its assets, both on a day-to-day basis (i.e. maintenance and operations) and in the medium to long term (i.e. strategic planning).

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

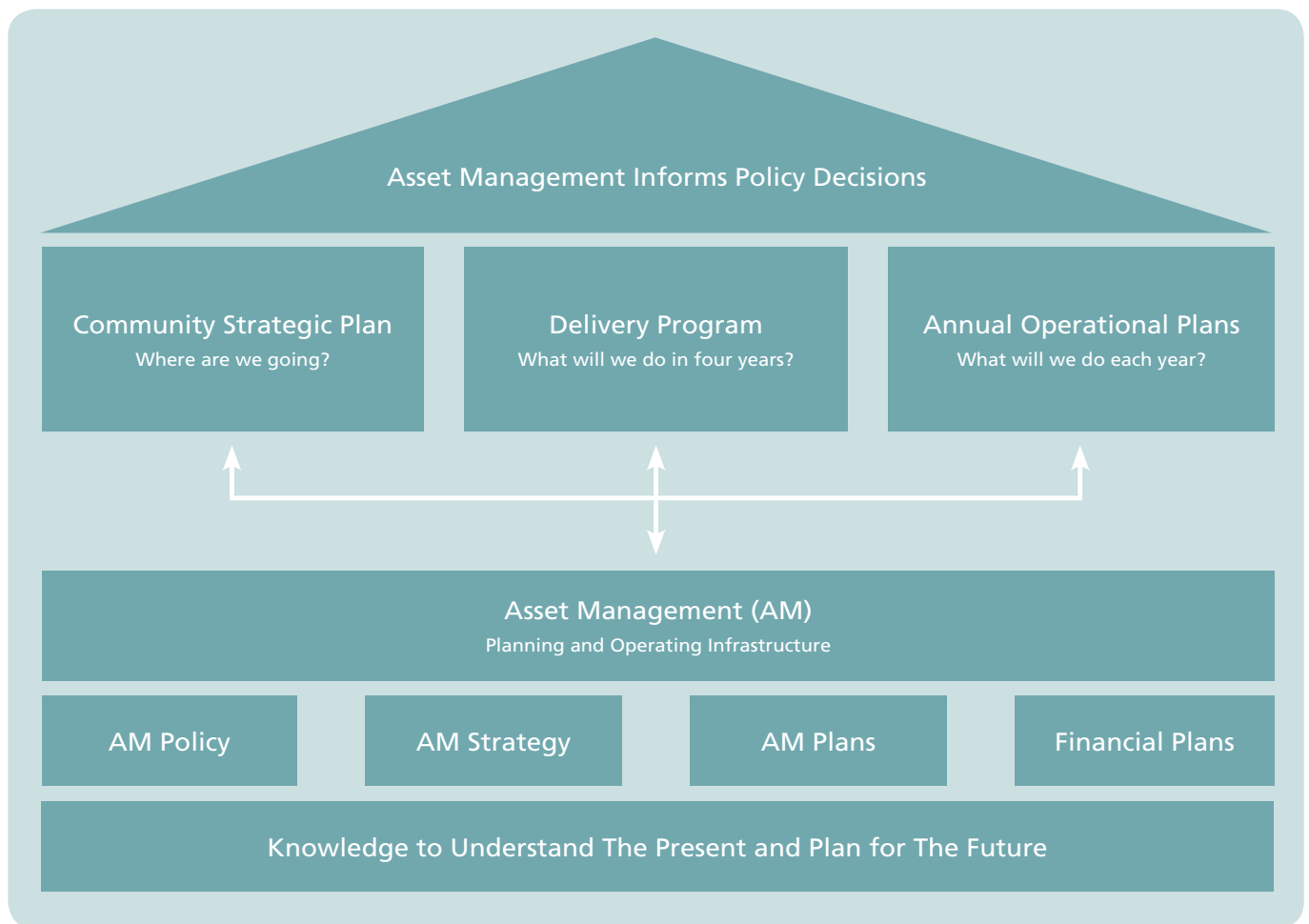
- In the most cost effective manner;
- Through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets; and
- For present and future consumers.

KEY AREAS OF ASSET MANAGEMENT PLANNING

The nine key areas of asset management that guide the direction for future systems, processes and planning include:

- 1. Sustainable Environmental Performance** - All aspects of the management of Council's assets will include criteria to achieve sustainable environmental performance.
- 2. Life-Cycle Asset Management Principles** - Apply a "whole of life" methodology for managing infrastructure assets including:
 - Planning;
 - Acquisition/creation;
 - Operation;
 - Maintenance;
 - Renewal; and
 - Disposal.
- 3. Best Value** - Council will balance financial, environmental and social aspects to achieve best value for the community.
- 4. Decision Support Systems and Knowledge** - Council's systems will include the measurement, monitoring, evaluation, and reporting on the performance of assets to enable better and more informed decisions.
- 5. Service Levels** - Asset service levels will be clearly defined and reflect the needs of the community, meet corporate policy objectives, and balance capital investment, operational safety and costs.
- 6. Long Term Financial Plans (LTFP)** - Asset practices, plans, and systems will enable the development of long term financial plans for asset classes.
- 7. Asset Planning Strategies** - Council is committed to integrating long-term sustainability objectives into asset planning and project delivery. Council recognises the need to strategically plan to meet the service delivery needs of stakeholders.
- 8. Asset Management Practices** - Council will adopt a consistent and standard methodology to the management of all infrastructure asset groups including the development of infrastructure asset and risk management plans for all asset groups.
- 9. Responsibility** - The responsibility for all individual aspects of the management and use of Council's assets will be clearly defined by means of a responsibility matrix or decision chart.

Figure 2 below shows the key elements of the Asset Management System that need to be implemented. Informed decisions need to be supported by Asset Management and Risk Management Plans linked to the Long Term Financial Plan. These should be informed by sound data derived from Council's integrated asset decision support system



Current Situation

The first step in developing an AMS is to understand the current situation of Council's assets and their management. This includes consideration of the following:

- What assets do we have and where are they?
- What is the current condition of assets?
- Do they meet Council's and community current and forecast needs?
- Is the funding base for operation, maintenance and renewal appropriate and affordable?
- What is the state of Council's asset management procedures and training?

ASSET COST, CONDITION AND VALUE

The cost, condition and value of assets are reported each year in Council's Annual Report. The values are documented in the Financial Statements, and the condition and expenditures are documented in Special Schedule 7. Council reported in its last Financial Statement (2011-12) that it would cost \$1.43 billion to replace all its infrastructure assets, with a current depreciation value of \$980 million.

Preliminary estimates indicate that Council needs to spend \$48.5 million annually on renewals (Council actually spends \$8.4 million) and \$12.0 million annually on maintenance (Council actually spends \$8.4 million). The cost to bring all of its assets to a standard where only minor maintenance is required is estimated at \$28.0 million.

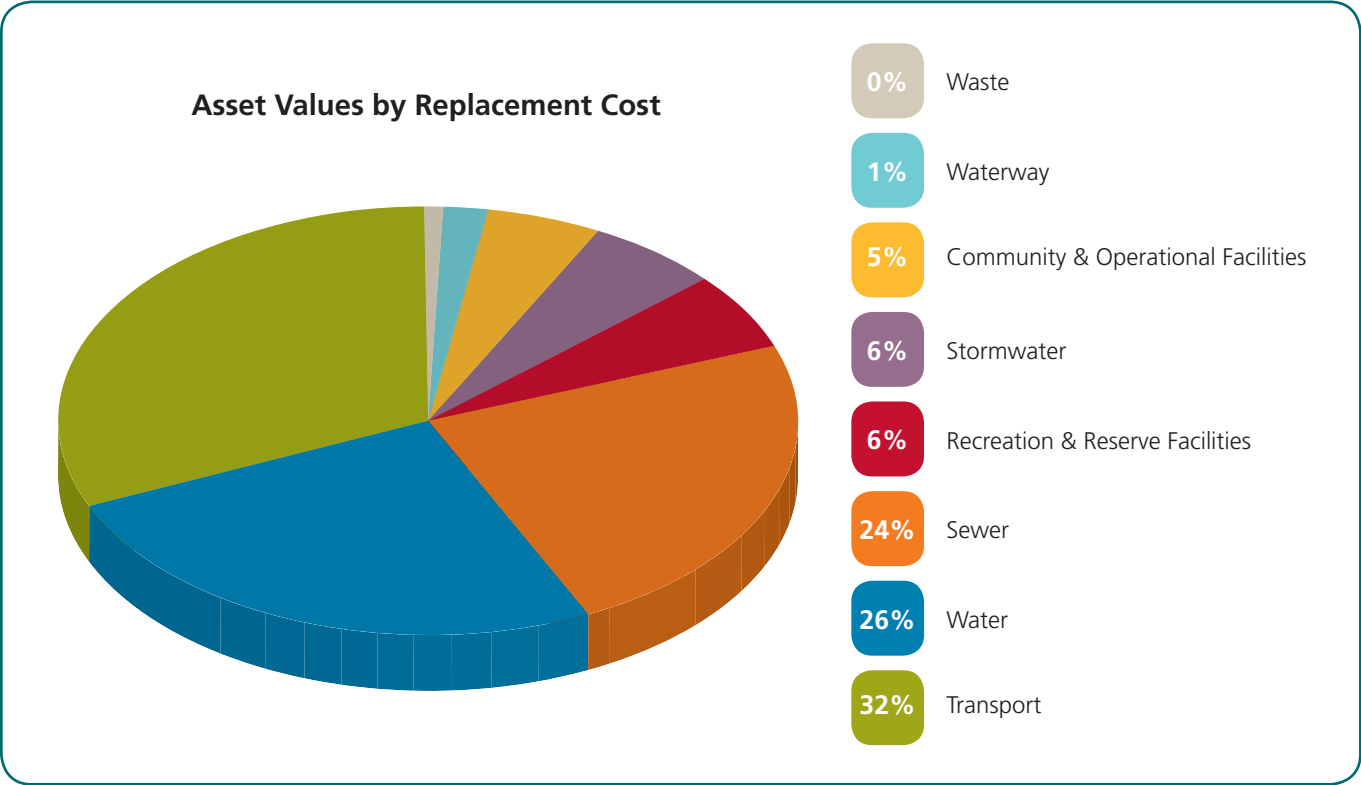
The infrastructure gap described above is the difference between what council should be spending and what council is

actually spending on asset maintenance and renewal. The gap is effectively added each year to the backlog, creating a greater problem for the future. The infrastructure backlog is the sum of the work we should have done but haven't to maintain and renew our assets. The greater the backlog, the higher the risk that our infrastructure will fail.

Asset condition is measured using a 0 – 5 rating system derived from the International Infrastructure Management Manual 2006.

Rating	Description of Condition
0	Abandoned or Non-existent.
1	Very good: Only planned maintenance required.
2	Good: Minor maintenance required plus planned maintenance.
3	Fair: Significant maintenance required. Significant deterioration evident.
4	Poor: Significant renewal/upgrade required. Failure likely in short-term
5	Very poor: Unserviceable. Failure imminent or has occurred

At present, detailed condition data is only known on Council's sealed road network and its bridge network. Partial information is held on its unsealed road, stormwater and building assets. In respect of water and sewer assets, condition of vital assets (pumps, sewer mains in environmentally sensitive areas, etc.) is monitored on a regular basis and the results recorded.



Asset Category	Tag	Description	Remaining Service Potential
<ul style="list-style-type: none"> • Roads and Carparks • Footpaths and Cycleways • Bus Shelters • Recreational Services • Waterway Assets • Water Collection and Transport • Waste 	Good	In good condition with no sign of immediate or short term obsolescence. Only minor maintenance required	High
<ul style="list-style-type: none"> • Bridges • Stormwater Drainage • Wastewater and Reuse • Building and Structures 	Fair	In fair condition, and there may be some signs of short to medium term obsolescence. Significant maintenance may be required to improve to Condition 2.	Adequate

Table 2 above provides a summary of the overall condition of Council's asset categories as assessed in 2011. It should be noted that this table only relates to the condition of the asset, not its capacity to meet current demand."

The 'Level of Service' provided by Council's assets is primarily governed by the condition of these assets. Currently there are limited formally adopted service levels. Council will further develop service levels in the next revision of its Asset Management Plans for each asset group and link these service levels to the Delivery Program. This will provide the link between service levels and costs of service delivery, providing a tool for community consultation on these levels to enable Council to make decisions on service levels and costs in setting budgets and rate levels. It will also provide a base for management performance reporting linking service levels and expenditure.

To assist in this process, consideration of life cycle costing and funding models is required to better inform Council and the community.

Council's assets are valued in accordance with Accounting Standard AASB116. A more detailed outline of Council's assets is provided in the following table. The replacement cost stated is from Council's expenditure and benchmarked rates. The Estimated Replacement Cost is what Council would need to spend to replace with like for like. The Renewal Requirement is what should be spent each year on replacement and is compared to what is currently spent. The figures presented are based on the best available information at the time of finalising the Strategy and will be subject to regular review.

SUSTAINABILITY

Council is using the latest standards and templates adopted nationally through the National Asset Management Strategy (NAMS) to assess asset life cycle. These standards use a sustainability ratio which is useful in relating levels of service, condition, expenditure, and full asset value.

A sustainability ratio of 1 is the ideal long term (100 year) average. A sustainability ratio of less than 1 generally means that funds are not sufficient to maintain the desired level of service. Council has a current average sustainability ratio of 0.4 on its assets.

After a lifecycle review of its assets and operations, Council is aware that it is spending only about half of what is needed to maintain and replace transport and stormwater assets, and about one quarter of the expenditure needed to maintain and replace water and sewer assets over the long term. Council has prepared a LTFP based upon a scenario of maintaining its assets. This incorporates increased maintenance levels to address most of the infrastructure gap for roads, but does not address the infrastructure backlog. After the ten year period of the LTFP, Council will face the need to increase renewal expenditure to manage ageing assets.

It is widely understood across all councils in NSW that the real cost of maintaining assets and infrastructure is not able to be met by existing rating income. Eurobodalla's situation is not unique. This means that the current population is leaving a debt for future population.

Improving information, analysis and reporting about assets is important and this work will continue and be reviewed over time. The information will support more sophisticated management of assets and better assessment of the time to intervene and renew or replace the asset.

Asset Category		Quantity	Estimated Replacement Cost	Estimated Long-Term Renewal Requirements	Current Renewal Expenditure
			(\$,000)	(\$,000)	(\$,000)
Transport					
Sealed roads	Essential	588 km	273,839	5,579	2,893
Unsealed Roads	Essential	510 km	67,781	1,261	663
Bridges	Essential	61 of	22,320	1,021	166
Culverts (minor)	Essential	1400 of	1,790	44	
Kerb & Gutter	Desirable	942.9 km	49,387	658	(inc. in sealed roads)
Guardrail	Essential	16.3 km	1,870	70	
Signs, guideposts, etc	Essential	14500 of	3,709	562	
Carparks	Desirable	173 of	10,028	201	84
Footpaths & Cycleways	Desirable	90.8 km	28,146	375	49
Bus Shelters	Desirable	59 of	1,005	50	8
	Essential		469,970	9,821	3,863
Stormwater					
Pipes	Essential	171 km	58,900	653	461
Pits	Essential	7,343 of	20,400	369	174
Quality Structures	Desirable	27 of	1,900	31	0
	Essential		81,200	1,053	635
Water & Sewer					
Water Collection & Transport	Critical	921 km	579,301	33,924	1,887
Wastewater Collection and Reuse	Critical	545 km	228,665	3,038	1,435
Sewage Treatment	Critical	5 plants	126,366	1,944	-
	Critical		934,322	38,905	3,322
Recreational Services					
Parks and Reserves	Desirable		13,818	1,052	276
Sportsfields and active recreation	Desirable		40,936	1,783	232
	Desirable		54,754	2,835	508
Waste					
Disposal	Essential	2	3,741	218	
Transfer	Essential	1	194	5	
Recycling	Desirable	3	771	39	
	Essential	3 facilities	4,707	262	-
Buildings and Structures					
Operational	Essential	229	33,766	282	120
Administrative	Essential	134	32,876	507	
Community and Halls	Desirable	102	12,901	651	120
Public Amenities	Desirable	94	5,770	106	
Emergency Services Facilities		50	6,526	198	
Caravan Parks and camping grounds		3	15,356	95	
	Desirable	528 of	107,195	1,839	340
Waterway Assets					
Wharves, pontoons and jetties	Desirable	18 of	2,182	30	33
Boat ramps	Desirable	20 of	2,820	130	100
Rockwalls and riverbank structures	Desirable	9.5 km	9,070	49	-
	Desirable		14,072	209	133
Total			1,431,305	48,484	8,364



COMMUNITY PRIORITIES AND SATISFACTION

Council delivers a range of services and facilities through 15 divisions. Analysis and community consultation has shown that if Council is to meet the objectives and targets of the Eurobodalla 2030 CSP vision, all services need to be maintained at their existing level and some services will require enhancement.

Ongoing reviews of service levels, in consultation with the community and having regard to their full delivery costs are undertaken on a regular, planned and ad hoc basis to ensure that we meet the community needs and to identify funding allocations. These reviews are undertaken in-house or with external assistance.

Ultimately the setting of service levels should be undertaken in conjunction with the community. This enables Council to make informed decisions on the allocation of community resources in accordance with community priorities and willingness to pay.

The linking of service levels and the cost of service delivery is an essential component of asset management planning. It is essential that Council knows the true costs of service delivery, priorities placed by the community on infrastructure, the service levels that are desired by the community and what they are willing to pay. A full review of Council's services is planned for 2012/13. This information will be used to update the AMS and other IPR documents in their subsequent reviews.

Customer Satisfaction Surveys

Council conducts a Customer Satisfaction Survey every four years, involving a random selection of residents, to determine community attitudes towards the services and facilities it provides about the quality and appropriateness of each of its services.

This feedback informs reviews of service delivery standards and level of service used in the development and review of the Delivery Program to ensure areas that are not meeting community expectation are reviewed. The survey includes standard questions that are benchmarked with the previous survey. Results of previous surveys have indicated that maintenance of infrastructure is of the highest importance to Eurobodalla customers.

In addition, IRIS Research was commissioned by Council in 2010 to conduct a comprehensive telephone survey among the Shire's residents. This survey was one component of the engagement process undertaken during the preparation of Eurobodalla 2030. The broad goal of the survey was to measure Council's performance and to provide and up to date insight into the perceptions of service delivery, as well as understanding the community's priorities in terms of resource allocation.

The Resident's Survey results may be accessed from Council's website – IRIS Resident's Survey Results.

The key results of the Resident's Survey identified road infrastructure and traffic management as the main Council service areas in need of resource allocation, with environmental protection, sustainable living and health services also mentioned.

Asset Management Practice and Procedure

Within Eurobodalla Shire Council there are a range of asset management responsibilities as well as a range of asset types. For these reasons, responsibility for asset management is spread across the organisation in the following areas:

STEWARDSHIP

Asset Matrix Group

Council has gathered a cross-divisional team known as the Asset Matrix Group. This team has the responsibility for the development of integrated asset management practices across the organisation.

Data Collection & Recording

Council has data stored for the following assets:

- Roads (both sealed and gravel);
- Bridges (including major culverts);
- Stormwater Infrastructure;
- Buildings;
- Parks and Reserves;
- Water and sewer assets;
- Waste Management Facility assets;
- Boat ramps, wharves and jetties, and rockwalls.

To allow better integration, planning and assessment of its assets, Council is currently investigating an integrated total asset management system.

Risk Management

Council has a Risk Management Policy, which has highlighted corporate risk in a number of major areas, such as Infrastructure Assets, Service Delivery, Human Resources, Disaster Planning, Financial, Legislative, Management, Commercial Development and Partnerships. For each area identified, a process of developing detailed risk assessments and implementing improvement opportunities is being put into action.

Council provides a range of assets for the community which present a risk to Council. Failure to manage risk correctly could lead to death or injury, financial loss, organisational and operational disruption and reduction or loss of service to the community. Our risk management process involves evaluating, monitoring risk in our strategic planning, project management, outsourced services and organisational functions ensuring risks associated with these are controlled and acceptable. These risk treatments then need to be linked to asset renewal and maintenance programs.

An Asset Management Improvement Strategy will enable Council to manage risk in a controlled and coordinated manner, while providing the basis for a legal defence in the event of any mishap whilst minimising the probability of a catastrophic infrastructure failure.

ASSET MANAGEMENT PLANNING

Council's key strategy for the management of its assets is to, at a minimum, ensure that sufficient resourcing is allocated to maintain and renew critical and priority assets so that those assets do not deteriorate at a rate faster than expected for their useful life. Council has an adopted Asset Management Policy which requires the establishment of a hierarchy, sustaining existing assets at adequate levels, effectively accounting for its assets and consideration of life cycle costs before any asset is adopted or purchased.

This Strategy complements the Policy by detailing a set of strategic actions aimed at improving asset management performance over time.

Detailed Asset Management Plans are being prepared for all major asset categories. The Asset Management Plans tell us how much we should be spending on maintaining and renewing our assets. These plans are being developed to cover a minimum forecast period of ten years.

FINANCIAL PLANNING

Council has comprehensive asset information on which to base its long term financial planning, particularly for transport, water and sewer.

The service levels, asset maintenance and renewal requirements outlined in this Asset Management Strategy and supporting Asset Management Plans have determined the capital expenditure and maintenance expenditure components of the LTFFP.



Where do we want to be by 2022?

The second step in developing an AMS is to understand where we want to be. This includes consideration of the following:

- How does the Strategy align with the vision and objectives set out in the Community Strategic Plan;
- Gap analysis – comparison between what we have at present and where we need to be; and
- What strategies do we need to put in place to address the gap?

ALIGNING OUR ASSETS TO OUR COMMUNITY STRATEGIC PLAN

The CSP has been developed in partnership with the community as required by the legislation, with reference to the NSW State Plan and other state and regional plans. The CSP provides an important direction on the community driven needs and forms the basis of Council's other strategic planning documents.

As part of this long term strategic planning with the community, the following vision has been developed by the community and adopted by Council: Friendly, Responsible, Thriving and Proud.

In support of this vision, the community identified four key focus areas that form the basis of the CSP:



The four focus areas are to underpin the strategies around Council's future asset management processes. Asset Management Plans alone cannot support or facilitate the community's aspirations; however they must be used in parallel with strategic planning tools such as Local Environmental Plans and Development Control Plans to ensure consistency in direction.

Council's Asset Management Plans are to reflect the needs and desires of a growing community by highlighting current service delivery issues and reflect priorities in future infrastructure renewal programs.

GAP ANALYSIS – ASSET MANAGEMENT MATURITY MODEL

A gap analysis of asset management has been undertaken to identify those areas of asset management practice that Council could improve. To ensure consistency an Asset Management Maturity Model was used based on the model presented in the National Asset Management System (NAMS).

The Asset Management Maturity Model used by Council is an enhanced version of the NAMS.PLUS maturity model.

The model as developed comprises 16 'Practice Areas' which cover the key functions of asset management as applied across the organisation. The practice area level has been the principal basis on which the maturity assessments have been conducted. The practice areas have been also grouped into three asset management themes which represent common areas of focus and enable a level of aggregation of the maturity findings.

Each practice area has also been assigned a capability category, being the dominant capability associated with that area from the categories of Stewardship, Asset Management Planning and Financial Planning.

A list of the practice areas in the model, together with their associated theme and capability category, is included Table 4.

The analysis presented indicates that Council's priorities in relation to asset management should focus on the areas of Sustainability Reporting, collection of Asset Condition Data, and development of Service Levels and Costs.

	Assessment Score	Stewardship					Asset Management Planning							Financial Planning			
		Asset Management Policy	Asset Management Strategy	Risk Management Process	AM Accountability & Responsibility	Sustainability Reporting	Asset Identification & Recording	Asset Data Maintenance	Asset Condition Data	Risk Management	Service Levels & Delivery Costs	Future Demand Impacts	Asset Management Plans	Life Cycle Costs in Investment Decisions	Revaluation Process	Reporting Asset Consumption	Long Term Financial Plan
Excellence	5																
Competence	4																
Systematic Approach	3																
Awareness	2																
Needs Improvement	1																
			Current Capability Score								Gap to achieve Desired Capability						

Present Capability	5	5	3.2	4	2	4.5	3.5	1.8	2.6	2.8	2.8	4	4	3	4	3.8
Desired Capability	5	5	5	4.8	5	5	4.8	4.4	4	5	5	5	5	3	4	4.5
Gap	0	0	1.8	0.8	3	0.5	1.3	2.6	1.4	2.2	2.2	1	1	0	0	0.7
Importance Weighting	5	5	4.8	5	4	5	5	4	4	5	5	5	4	4	5	4.8
Weighted Gap	0	0	8.6	4	12	2.5	6.5	10.4	5.6	11	11	5	4	0	0	3.4
Priority For Improvement	13	13	5	9	1	12	6	4	7	2	2	8	9	13	13	11



Table 5 presents a translation of the Council priorities for asset management improvement from the Gap Analysis Tool.

Priority	
1	Asset Management Strategy
2	Asset Management Plans
3	Long Term Financial Plan
4	Service Levels & Delivery Costs
5	Future Demand Impacts
6	Sustainability Reporting
7	Asset Condition Data
8	Risk Management Process
9	Asset Data Maintenance
10	Life Cycle Costs & Investment Decisions
11	Risk Management
12	Asset Management Accountability & Responsibility
13	Asset Identification and Recording
14	Reporting Asset Consumption
15	Revaluation Process
16	AM Policy

Improvement Plan

To ensure the Asset Management Strategy is implemented effectively and efficiently, an Improvement Plan has been prepared using the priorities for asset management improvement from the Gap Analysis Tool.

The actions required to undertake improvement of Council's asset management capabilities are impacted by both internal and external influences and require resources or enablers. These enablers can be in the areas of people, processes, technology and information and data.

The Improvement Plan prioritises the specific capability areas identified through the Gap Analysis, where action is required to raise Council's asset management capacity to the desired level of maturity. Implementation of these improvements will require resourcing and monitoring. The actions have been integrated into Council's Delivery Program to ensure resourcing, implementation and performance monitoring.

Action Number	Action Item	Responsible Officer	Key Performance Indicator	Target Completion Date
1.1	Asset Management Strategy to be reviewed annually	AMPC	Review completed	December 31 annually
2.1	Asset Management Plans to be completed for: <ul style="list-style-type: none"> • Transport • Water & Sewer • Stormwater • Operational and Community Facilities • Recreational Facilities • Marine and Boating Facilities • Waste Management Facilities 	AMPC	Plans completed and adopted	May 2013
2.2	Asset Management Plans to be developed for: <ul style="list-style-type: none"> • Airport • Batemans Bay Beach Resort • Camping Grounds • Major Plant • Significant Trees 	AMPC	Plans completed	Dec 2014
2.3	Asset Management Plans to be updated annually	AMPC	Plans current	December 31 annually
2.4	Asset Management Plans to be fully reviewed every 4 years	AMPC	Plans current	2016
3.2	Long Term Financial Plan to be reviewed annually	FM		December 31 annually
4.1	Service Levels to be linked to the cost of service delivery and developed in association with the community	DMTS	Service Levels adopted	July 2014
4.2	Methodologies for the collection of asset data and condition assessments for assets are to be developed and implemented	DMTS	Methodologies adopted	July 2013
4.3	Condition assessments for Council's major transport assets is to be undertaken on a regular basis	DMTS	Assessments less than five (5) years old	July 2013
4.4	Asset Register review and age based condition assessment for Stormwater Drainage	DMTS	Current condition assessment held	July 2015
4.5	Condition assessment undertaken and recorded for water, wastewater and reuse assets	DMTS	Current condition assessment held	July 2015
4.6	Condition assessment undertaken and recorded for Council's playground assets	DMTS	Assessments less than two (2) years old	July 2014

Action Number	Action Item	Responsible Officer	Key Performance Indicator	Target Completion Date
4.7	Condition assessment undertaken and recorded for Council's building assets	DMTS	Assessments less than five (5) years old	July 2014
4.8	Condition assessment undertaken and recorded for Council's recreational assets	DMTS	Current condition assessment held	July 2014
4.9	Condition assessment undertaken and recorded for Council's Waste Management Facilities assets	DMWasteS	Current condition assessment held	July 2014
4.10	Condition assessment undertaken and recorded for Council's Marine and Boating assets	DMWasteS	Current condition assessment held	July 2014
4.11	Consideration be given to developing sustainability indicators for inclusion in Council's Annual Report	AMPC	Considered	July 2013
5.1	Develop and implement Risk Management Procedures across all classes of assets	DIS	Risk Management procedures in place	Dec 2013
5.2	Continually assess the environmental, social and economic risk of critical assets.	DIS	Assessment recorded	Annually
5.3	Develop strategies for all critical assets and implement intervention strategies to ensure assets are managed appropriately.	DIS / AMPC	Strategies completed	Dec 2014
5.4	Continue to meet legislative requirements for assets in all spheres of operation.	DIS	No breaches of Legislative requirements	Annually
5.5	Undertake Risk Assessment for all classes of asset incorporating risks associated with all stages of an assets lifecycle from planning to disposal	DIS	Risk assessments completed for all classes of assets	Dec 2013
6.1	Capital expenditure for assets to be identified separately for renewal, upgrade and expansion.	DIS	Identified and allocated in financial system	July 2013
6.2	Lifecycle cost information to be considered in all decision making processes relating to new/upgraded services and assets	DIS / AMPC	Considered	Annually
6.3	Further development and integration of ESC's project management framework processes to ensure funding models and whole of life costs are fully developed for required asset acquisitions, renewals or replacement.	DIS	Process in place	Annually
7.1	Develop Asset Data Management procedures.	DMTS	Procedures in place	July 2013
7.2	Continue to consolidate, confirm and maintain accurate data and condition assessment on all assets within a centralised data storage system.	DMTS	Data correct; Centralised system in place and in use	July 2014
7.3	Continuous assessment of the suitability of current Asset Management systems	DMTS / AMPC	Assessment undertaken	Annually
7.4	Develop rating systems for inclusion of projects in the Delivery Program	DMTS	Systems developed	July 2014
7.5	Assets identified and recorded at appropriate component level to meet financial reporting and operational requirements.	DMTS	Assets recorded	July 2014

Action Number	Action Item	Responsible Officer	Key Performance Indicator	Target Completion Date
7.6	Integrate Asset Management data and financial records to ensure consistent reporting of all information	DMTS	Systems integrated	July 2014
7.7	Asset Data maintained and continually improved through day-to-day data maintenance activities	DMTS	Data correct	On-going
7.8	Data for asset renewals, upgrades and expansions collected and recorded in a timely manner and to the adopted levels of accuracy.	DMTS	Data correct	On-going
7.9	Adopt standards and methods of submission for asset data from external sources	DMTS	System in place for data submission	Dec 2013
8.1	Asset Management Strategy and Plans reviewed every four (4) years	AMPC	Plans current	July 2016
9.1	Undertake future demand impact analysis	AMPC	Analysis recorded	July 2015
10.1	Ensure each Officer responsible for asset management is aware of their responsibilities.	AMPC	Corporate awareness	Dec 2013
10.2	Review all relevant position descriptions to ensure asset management responsibilities are defined as appropriate.	DIS	Position Descriptions current	July 2013





APPENDICES

Appendix I - (2012 Draft)

Asset Management Policy

PURPOSE

This policy is designed to:

- Ensure that Council's assets are managed effectively to deliver the level of service our community is prepared to pay for in the short, medium and long term taking account of the social, economic and environmental consequences of Council's decisions.
- Ensure costs are reasonably shared between those using and consuming the assets today and those who will be required to renew, replace, upgrade or dispose of those assets in the future (providing inter-generational equity).
- Ensure there is continuous improvement in asset management and service delivery.

The policy aims:

- To promote an integrated framework for dealing with the management, renewal and upgrading of infrastructure assets
- To ensure consistency and fairness in the manner in which the Council deals with infrastructure assets
- To address the Council's Charter under Section 8 of the Local Government Act 1993 which states in part that Council shall:
 - have regard to the long term and cumulative effects of its decisions;
 - bear in mind that it is the custodian and trustee of public assets and to effectively account for and manage the assets for which it is responsible.
- To minimise the risk to Council from public liability under the Civil Liability Act 2002
- To make the Council's policies and requirements for asset management are readily accessible and understandable to the public.

POLICY STATEMENT

1 Application

This policy applies to all physical infrastructure assets owned, controlled or managed by Council.

2 Management of infrastructure

Council is responsible for the management of an array of infrastructure that has been developed for and on behalf of the community. To ensure the realisation of the goals and aspirations of the community, Eurobodalla is committed to sustainable management of that infrastructure.

To achieve this, Council is committed to implementing a systematic, integrated methodology across all areas of its operations.

Council will implement the asset management framework as outlined in the International Infrastructure Management Manual (2011) and the NSW Integrated Planning Reforms.

3 Asset Management Strategy

An Asset Management Strategy will be developed and adopted by Council that is consistent with the Community Strategic Plan.

4 Level of Service

Detailed levels of service for all its asset groups will be developed in partnership with the community to ensure that the needs of the Community and the Council are met.

The agreed level of service for each service area shall take into account the capability of Council to maintain that infrastructure in an economically sustainable fashion.

Council will implement Maintenance Management Systems and inspection regimes for all its assets to ensure agreed levels of service are maintained.

5 Asset Management Plans

Council will develop formal Asset Management Plans for the infrastructure in each of its major service functions, addressing the whole of life costs of the infrastructure including initial capital cost, operation, maintenance, rehabilitation, and where appropriate, disposal of assets.

The Asset Management Plans shall also address the expansion or upgrade of the asset to meet the growing demands of the community, drawing upon appropriate strategies and planning documents.

6 Asset Planning and Budgeting

The Asset Management Plans shall be used to inform and provide linkages to Council's Long-term Financial Plan

Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice Australian Standards.

All assets will be valued in accordance with Fair Value principles. Council will regularly review its asset inventory and identify opportunities for asset rationalisation.

7 Asset Operations and Management

Systematic asset management and appropriate asset management best practice shall be adopted and implemented throughout all Departments of Council.

Wherever possible, predictive modelling will be used to develop and implement preventative maintenance programs to ensure that lowest net life cycle cost is achieved and asset potential is optimised.

IMPLEMENTATION

Implementation Steps		Responsibility
1	Code of Practice This policy will be implemented by following Council's Asset Management Code of Practice, which specifies in detail the plan, procedures and matters to be considered.	Council Officers
2	Complaints Complaints received regarding Asset Management will be recorded on Council's Customer Service Request ("CSR") system and handled in accordance with the Complaints Policy. The CSR database will be used as a tool to analyse the history of complaints and to assist determination of subsequent actions or issue of notices.	

REVIEW

The Policy will be automatically revoked at the expiration of 12 months after the declaration of the poll for the next general Local Government election, unless Council revokes it sooner.

Note: Automatic revocation of the Policy is provided for by section 165(4) of the *Local Government Act 1993*. The next general Local Government election is expected to be held in September 2015. This policy will also be reviewed and updated as necessary when Council's functions, structure or activities change, or when technological advances or new systems change the way Council manages (subject).

Reviews of the effectiveness of this policy could include consideration of the following:

Performance Indicator	Data source(s)
Complaints	Council Records
Customer Feedback Survey Responses	Surveys

GOVERNANCE

This policy should be read in conjunction with any related legislation, codes of practice, relevant internal policies, and guidelines.

Related Legislation and Policies

Name	Link
Code of Practice	

Related External References

Name	Link
Division of Local Government	http://www.dlg.nsw.gov.au/

Change History

Version	Approval Date	Approved by	Change
1	September 2009	Council	Policy
2	x October 2012	Council	Updated to new Policy Template, updated review date





Appendix II - (2012 Draft)

Asset Management Code of Practice

Code Title: **ASSET MANAGEMENT**

Reason for Code: Council is the major provider and manager of infrastructure within the Shire. This infrastructure is provided both for the benefit of the community and to enable Council to undertake its operations efficiently and responsibly

The code has been prepared to:

1. Assist Council effectively manage its infrastructure assets so as to deliver the level of service our community is prepared to pay for in the short, medium and long term taking account of the social, economic and environmental consequences of Council's decisions.
2. To minimise the risk to Council from public liability under the Civil Liability Act 2002
3. To address the reasonable expectations of the community in managing the risk to the public, through the prudent management of Council's assets.
4. To provide a consistent platform for managing assets across all areas of Council.

Code details:

This Code covers:

- | | |
|----------------------------------|---|
| 1. Asset Groups | 7. Financial Planning – Short and Long Term |
| 2. Asset Strategy | 8. Funding Priorities |
| 3. Level of Service | 9. Valuing |
| 4. Asset Management Plans | 10. Condition Assessment |
| 5. Asset Recording | 11. Reporting |
| 6. Maintenance Management System | |



1. Asset Groups

Council manages a vast array of infrastructure on behalf of our community with a replacement value of approximately \$1.5B.

The assets Council is responsible for include:

(a) Transport

- local and regional roads and bridges*
- footpaths and shared pathways
- traffic facilities*
- bus shelters*

(b) Stormwater*

(c) Marine and Boating Facilities

- wharves, jetties and boatramps*
- rockwalls

(d) Operational and Community Facilities

- public buildings* inc. toilets, halls and community centres
- public cemeteries*
- airport
- Depots
- Administration

(e) Recreational facilities*

- Aquatic centres
- Sporting ovals
- Reserves and parks

(f) Water supply infrastructure

- Dams, trunk mains
- Treatment systems
- Reservoirs, pump stations
- Reticulation networks

(g) Sewerage

- Reticulation
- Treatment
- disposal and recycling facilities

(h) Waste facilities

- waste depots
- transfer stations
- recycling facilities

(* Assets where renewal may be funded from the Infrastructure Fund as part of the General Fund)

2. Asset Strategy

To ensure an integrated approach to the management of its assets, an Asset Management Strategy will be developed and adopted by Council.

The Asset Management Strategy is to be in accordance with the Community Strategic Plan and cover the full range of Council's assets.

3. Levels of Service

The level of service delivered from these assets to the community is dependent on many factors including the community's preparedness to pay for the long term costs of building, operating and maintaining, renewing and ultimately replacing or disposing of particular assets.

The level of service for each asset group will be developed in conjunction with community.

For each asset type, a hierarchy will be established to reflect the relative importance and use of the asset. Different levels of service will be set according to the hierarchy of the asset.

4. Asset Management Plans

Council shall develop formal Asset Management Plans for each of its major infrastructure groups. These shall be in accordance with the principles and guidelines in the International Infrastructure Management Manual 2011.

The Asset Management Plans shall address the whole of life costs of owning each individual asset including initial capital cost, operation, maintenance, rehabilitation, and where appropriate, disposal of assets.

The Asset Management Plans shall also address the expansion or upgrade of the asset to meet the growing demands of the community, drawing upon appropriate strategies and planning documents.

Each Asset Management Plan shall establish appropriate levels of service for each asset group.

The Asset Management Plans shall be used to inform and provide linkages to Council's Operational Plan and Delivery Plan including:

- (a) development of each annual budget;
- (b) development of work programs for the Operational Plan;
- (c) establishing performance indicators for each asset group.

For water and sewer, the Asset Management Plan shall also inform the Water and Sewerage Strategic Business Plan. Each Asset Management Plan shall include a long-term financial plan covering a ten year period based on whole of life costing of each asset.

Asset Management Plans shall be integrated with Council's other strategic documents (eg financial strategy, associated developer contribution plans).

The Asset Management Plans shall include a program to progressively improve Council's capacity to manage its assets. This will include appropriate capacity building within the organisation, including elected Councillors, to improve the level of knowledge required to effectively manage the community's assets.

Each Asset Management Plan shall be reviewed every four years.

5. Asset Recording

Council will implement an integrated asset management system to record its assets.

All new assets will be recorded spatially, including (but not limited to) asset description, as-constructed details, value, and anticipated life.

As-constructed details, in the currently approved method, will be required to be submitted and approved by Council before any asset is accepted.

Where possible, predictive modelling will be utilised to manage the asset.

Condition data will be obtained and recorded on a cyclic basis.

6. Maintenance Management System

A Maintenance Management System will be implemented for all asset groups, including inspection regimes, recording of work, and regular reporting

7. Financial Planning – Short and Long Term

All assets require on-going expenditure of funds to provide for maintenance (eg routine repairs) and in some cases operational expenses (eg electricity costs) to ensure they provide the agreed level of service and to maximise their useful life.

The majority of these assets have relatively long lives, many in excess of twenty years and some over one hundred years. Nevertheless, it is inevitable that these assets will require funding for renewal, replacement or disposal. These costs can be substantial and prudent management requires appropriate strategies and financial planning to provide for this work to ensure our services can be provided on an on-going basis (that is, to ensure they are sustainable).

Similarly, the needs of our community are continually changing with increasing levels of development, changing demographics, changing technology and so on.

The challenge is to find the appropriate balance in ensuring existing assets are sustained at adequate levels whilst setting aside sufficient funding to provide for the changing needs of our community, all within a limited budget.

The tools used to improve the understanding include assessing the condition and remaining life of the assets and assigning a "fair value" to their replacement. That value drives depreciation expense and in turn signals the financial sustainability of decisions to maintain, renew or replace assets. Using accounting mechanisms the inter-generational value of decisions to invest in assets will be known. This will include use of techniques such as triple bottom line (to expose actual or potential environmental, social and economic costs or benefits of an asset decision) and/or calculation of long run marginal costs and nett present value.

Section 8 of the Local Government Act 1993 requires that Council effectively account for and manage the assets for which it is responsible and have regard to the long term and cumulative effect of its decisions.

8. Funding Priorities

Council shall give priority to funding the maintenance and renewal of existing assets over the construction of new assets.

Prior to the approval for or acceptance of new assets, Council shall give consideration to:

- (a) the whole of life costs of that asset, and the affordability of Council being able to sustain that asset in the short, medium and long term (as required under Section 8 of the Local Government Act 1993);

(b) the rationalisation and/or disposal of assets, where appropriate, to provide a balance between providing a sufficient number of assets to service the community and being able to afford the whole of life costs of owning those assets;

(c) clustering of different asset types to maximise utilisation of each asset type and reduce the demand for new like assets (eg grouping of parks facilities and playground in the vicinity of public toilets and shared car parks).

9. Valuing

Council shall account for all its assets using "fair value". Council shall:

- (a) undertake a full revaluation of its assets on a four yearly cycle;
- (b) in the intervening period, revalue its assets by adjustment of values to reflect increases in costs each year.

Council shall determine the components of each asset that will require replacement in the future and the corresponding replacement cost. This information shall be calculated annually and included in Council's annual financial statements.

10. Condition Assessment

Council shall undertake regular condition assessment of its assets to:

- (a) assist in the revaluation of each asset group;
- (b) assist in the development of work programs for each asset group;
- (c) determine the deterioration or improvement in network condition and the adequacy of funding levels to sustain each asset group to provide the agreed levels of service;
- (d) allow review of the Asset Management Plan and the agreed levels of service.

Council's condition assessment shall be based on a consistent philosophy to allow comparison of the condition of various asset groups. Where practicable, this philosophy should also be consistent with State and National Standards and/or Guidelines.

11. Reporting

Council shall report against the key performance indicators and financial outcomes established within Council's Management Plan in its Annual Report.

Council's Asset Management Plan reporting should be in a form to allow aggregation of data to a State and National level to assist in lobbying State and Federal government for a fairer share of revenue including through:

- Local Government Shires Association
- NSW Roads & Transport Directorate
- NSW Water Directorate.

Definitions:

Disposal	Activities necessary to dispose of decommissioned assets.
Fair value	The amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction.
Levels of service	The defined service quality for a particular activity (ie roads) or service area (eg mowing) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability or cost.
Lifecycle cost	The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs. Otherwise called "whole of life cost".
Rehabilitation	Works to rebuild or replace parts or components of an asset, to restore it to a required functional condition and extend its life, which may incorporate some modification. General involves repairing the asset to deliver its original level of services (ie sliplining of sewer mains) without resorting to significant upgrading or renewal, using available techniques and standards.
Renewal	Works to upgrade, refurbish or replace existing facilities with facilities of equivalent capacity or performance capability.
Replacement	The complete replacement of an asset that has reached the end of its useful life, so as to provide a similar, or agreed alternative, level of service.
Useful life	May be expressed as either: the period of which a depreciable asset is expected to be used; the number of production or similar units (eg intervals, cycles) that is expected to be obtained from an asset.

Acknowledgment: Definitions courtesy of the International Infrastructure Management Manual (2011)

Appendix III

Asset Management Overview

ASSET MANAGEMENT

Purpose of Asset Management

Asset Management is a set of processes that must consider the whole lifecycle of assets. It is a practical and financially responsible means of managing assets through creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future community needs.

The key elements of successful infrastructure asset management include:

- Taking a lifecycle approach
- Developing cost-effective management strategies for the long-term
- Providing a defined level of service and monitoring performance
- Understanding and meeting the impact of growth through demand management and infrastructure investment
- Managing risks associated with asset failures
- Sustainable use of physical resources
- Continuous improvement in asset management practices.

A formal approach to the management of infrastructure assets is essential in order to provide services in the most cost-effective manner, and to demonstrate this to customers and other stakeholders.

Role of Local Government

In accordance with the Local Government Act 1993 (New South Wales) and Local Government (General) Regulations 2005 (New South Wales) Council has a wide range of objectives and functions

which relate to the provision and management of infrastructure. The Act provides the legal framework to assist Councils in providing an efficient and effective infrastructure system.

The provision of infrastructure is considered to be one of the most important roles of Council as it strives to provide a safe and functional environment for its community. Ensuring that this infrastructure is managed in an effective and efficient manner, and continues to meet the needs of our community in both the short and long term, is a key issue for Council.

Key Principles

Whilst the responsible management of Council's infrastructure can be seen as a technical measure, based on a defined set of measures and requirements, it is clearly more than that and is an organizational wide responsibility. Strategic asset management is based on 5 principles:

- Sound information and systems are needed to inform decision making;
- Comprehensive asset management planning is required to ensure decisions are based on an evaluation of alternatives that take into account life cycle costs, benefits and risks of assets;
- The Community will be informed and have an opportunity to have involvement in establishing level of service standards based on a willingness to pay;
- Responsibility for asset management, including accountability and reporting requirements, is clearly established, communicated and implemented;
- An effective policy framework is established for the strategic management of assets.



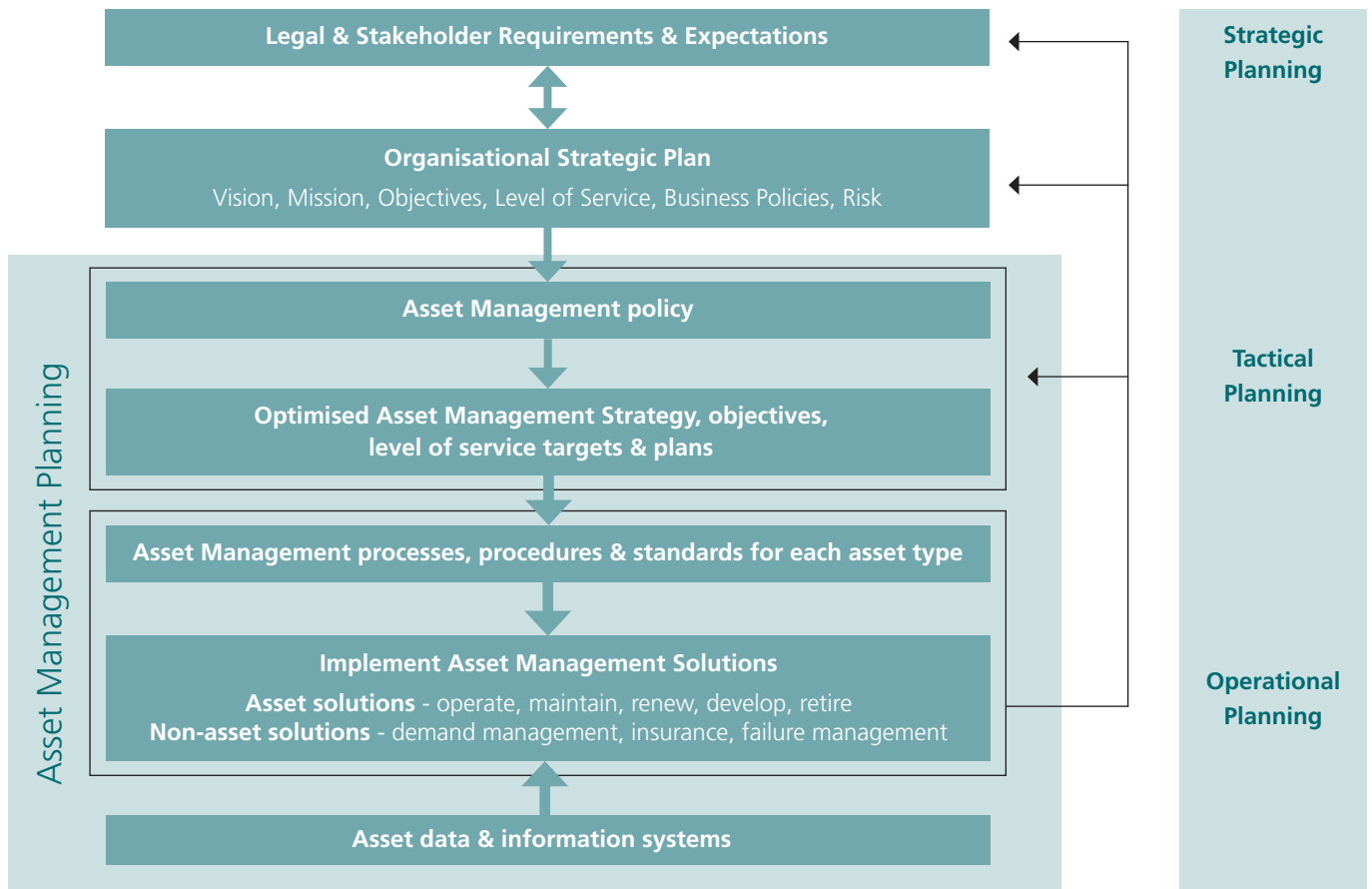


Figure 1 - Strategic Asset Management Process

Planning Process

The scope of asset management activities extends from the establishment of an asset management policy and the identification of service level targets which match stakeholder expectations and legal requirements, to the daily operation of facilities required meeting those defined level of service.

The process of linking legal and stakeholder requirements and expectations to implementing the optimum operational activities for Council is achieved through the strategic asset management planning process illustrated in Figure 1.

Underpinning asset management decision-making and the monitoring and review process is asset data and asset information systems.

The identification, assessment and control of risk is a key focus at all levels of planning, with the results from this process providing inputs into the asset management strategy, policies, objectives, processes, plans, controls and resourcing.

Legislation and Regulation

To assist in consistency on how the management of assets is undertaken and reported, the NSW Department of Local Government (DLG) has issued guidelines for compliance with the Integrated Planning and Reporting Framework. The guidelines indicate the basic structure that the Strategy should be:

- 2.12 The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.
- 2.13 The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets.
- 2.14 The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.

The draft Planning and Reporting Manual states:

An Asset Management Strategy will include:

- A description of the current status of Council's asset management practices (processes, asset data and information systems).
- Specific actions to be undertaken to improve or enhance Council's asset management capability (a gap analysis), including resource requirements and timeframes.
- Specific actions to be undertaken to achieve the Council's strategic objectives

It is the belief of Council that these requirements have been met.

COUNCIL'S INFRASTRUCTURE ASSETS

Current and Future Community Needs

All of Council's assets are fundamental in meeting the needs of the community.

Significant work has been undertaken previously on developing strategies for the provision of those assets that will be required in the future to cater for growth. Examples of these include Council's Recreation Strategy, Shared Paths Strategy, and Integrated Water Cycle Management Plan.

Level of Service

The determination and adoption of service levels is an important facet of the planning process. Currently there are limited formally adopted service levels.

To assist in the commencement of the asset management process, the assumption was made that the current level of service for the majority of assets is adequate to meet the needs and expectations of the community. This assumption will be replaced with greater detailed knowledge of the community's expectation as part of the Community Strategic Plan process.

As part of the development of the plan, the views of the community on the current levels of service and their willingness to continue funding that level of service will be sought. Subsequently accepted levels of services will then be adopted and used in future service provision.

The final determination of service levels will be undertaken in conjunction with the community as part of the development of the Community Strategic Plan. This will enable Council to make informed decisions on the allocation of community resources in accordance with community priorities and willingness to pay.

Balancing desired level of service against the cost to deliver services at that level is an essential component in strategic asset management planning. Council must know the true cost of service delivery, priorities placed by the community on infrastructure, the service levels that are desired by the community and at what level they are willing to pay.

To further develop service levels for each asset group, these must be linked to the Delivery Program. This provides the link between service levels and costs of service delivery, providing a tool for community consultation on these levels. This enables Council to make decisions on service levels and costs in setting budgets and rate levels. It also provides a base for management performance reporting linking service levels and expenditure. To assist in this process, consideration of life cycle costing and funding models is required to better inform Council and the Community.

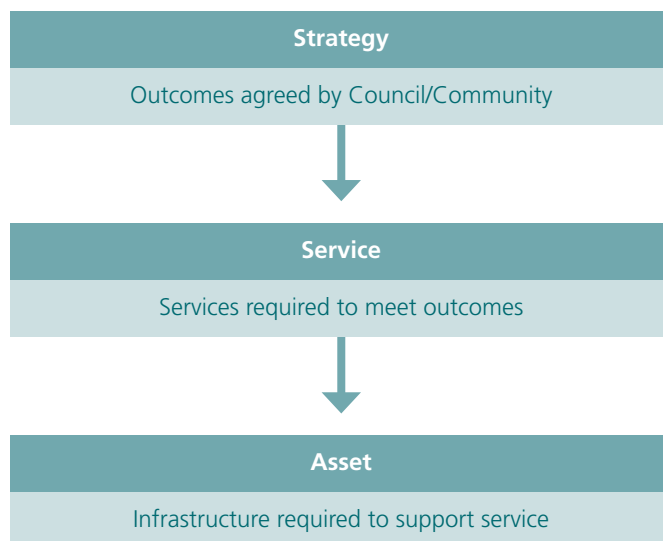


Figure 2.1 – Level of Service determined from Community Plan

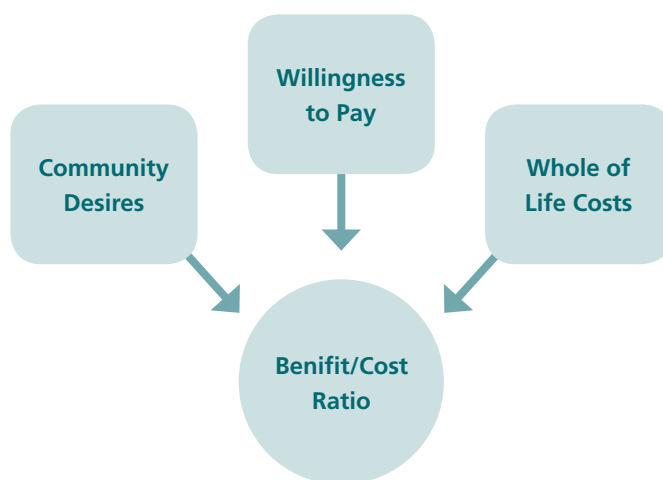


Figure 2.2 – Framework for determining sustainable level of service

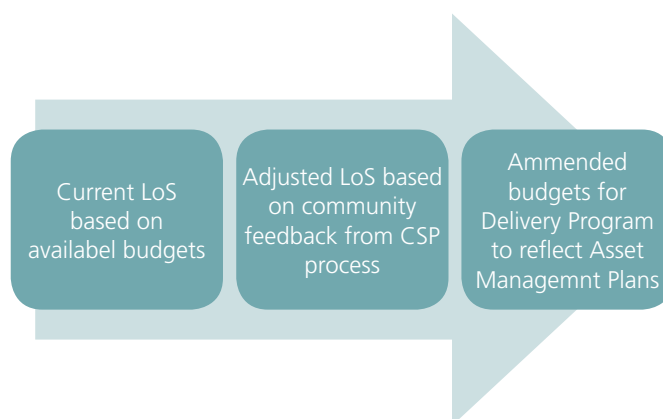


Figure 2.3 – Levels of Service Influence on Delivery Program

Funding Adequacy and affordability

The total replacement cost of Council's major infrastructure assets is estimated to be in excess of \$1.3 billion with an estimated long term average renewal requirement of \$23 million. The current level of renewal funding is approximately \$6.1 million per annum.

Whilst it is proposed that these initial determinations will form the basis of Council's 10 year financial plan, a number of opportunities have been identified to further improve the robustness and integrity of the information. The introduction of standardised definitions between asset maintenance, operational costs, renewal, upgrade and new projects will further enhance the robustness of the information.

The Community Strategic Plan will refine the level of commitment that the community is willing to make to the operation of Council and the provision of services both now and in the future. Till this plan is finalised, it cannot be determined whether Council's level of funding of infrastructure is acceptable. It can be determined though that the current funding is not adequate to maintain the current level of service.

Performance Measures

Asset Management Plans document the linkage between levels of service and life cycle costs. Performance Levels are target Levels of Service. The performance measures for engineering services typically are:

- The amenity of local retail and industrial areas - including signage, street furniture & gardens, car parking enhancements;
- Community safety and accessibility of the built environment - including reductions in road pavement roughness, and increases in accessibility including maintaining and extending network of sealed roads, footpaths, and bridges;
- Accessibility of footpaths, and levels of street lighting;
- Environmental amenity - including the cleaning of stormwater drainage pits, water quality works, public transport and bicycle way enhancements.

To monitor these performance standards the following asset knowledge needs to be assembled:

1. Demand projections and forecasts;
2. A description of the current asset portfolio;
3. A broad description of the management activities (operations & maintenance, renewals, capital works and asset disposals) required to deliver the defined service levels;
4. Identification of strategies and actions required to ensure service sustainability, including resources and timeframes;
5. A cash-flow forecast outlining the asset related expenditure required over the term of the plan;
6. Compliance and risk strategies and costs.

As part of identifying the best value mix of service, there needs to be a clearly understood link between the economic, social and environmental prosperity for the community and the asset stock needed and revenues needed to deliver these objectives. This information allows Council to make better informed decisions on the allocation of limited resources based

on community values of service and cost. It stands to reason that the provision of services providing the highest benefit at the least cost will give the greatest value. This information needs to flow both ways between the community and Council's operational functions.

Risk Management

Delivering services through infrastructure is broad, complex and involves significant capital outlays. Managing risks is a key element in the management of infrastructure assets, particularly in the balance of desired / required levels of service and available funding. Risk is a combination of likelihood and consequence. Exposure to risk can be managed by either removal through ensuring there is no likelihood of something occurring or there are no consequences or by mitigating the consequence or likelihood.

Examples of risk to Council include:

- Significant losses if a capital project is not managed carefully. Such projects may also involve unbalanced cash flows, when large initial investments are necessary before any returns are obtained.
- Infrastructure becoming worthless due to changing economic conditions, varying levels of demand for services, new competition and maintenance and disposal requirements
- Loss of reputation and positive public image.

To ensure Council fulfils its obligations, it has adopted a Risk Management Plan that defines the methodology and actions required for the assessment and treatment of risks associated with Council activities, including providing services to the community from infrastructure. It uses the fundamentals of Australian Standard for Risk Management, AS/NZS 4360; 2004 and is in accordance with Council's Risk Management Policy.

The Risk Management Policy states its objectives as:

- establishing the context of risk management;
- identification, analyse, assessment and prioritisation all areas of material risk, including fraud risk;
- assessment of the benefits, costs and implementation of available options and controls to mitigate or prevent risk;
- treatment of risk, where applicable;
- avoidance of exposure by Council to undue criticism, challenge or financial loss; and
- enabling Council to make informed judgements concerning the level and costs of risk involved in achieving cost effective outcomes

Risk management needs to be considered in the development of Asset Management Plans for each class of asset.



LIFE CYCLE COSTS

Current Forecasts

Life cycle costing for infrastructure is the sum of two components, the annual maintenance expenditure required to provide the required service levels and the Average Annual Asset Consumption (AAAC). The NSW Treasury define it as "the total cost throughout its life including planning, design, acquisition and support costs and any other costs directly attributable to owning or using the asset."

AAAC is the sum of the current replacement cost for individual assets divided by the economic (or useful life). It is the average annual sum required to maintain the service potential of the assets over their life cycle.

It is important to note at this point that the determination of the life of an asset where it reaches the point that renewal is required is a best estimate and subject to numerous factors that influence the actual duration to reach that point (e.g. construction methods, material, weather, usage, worker skill etc).

For example, the average life of a road pavement has been determined to be 40 years. This can be equated to intervention when the asset condition is assessed as being below 3. If the asset is left to deteriorate (to the equivalent of condition level 4) the average life would be 48 years. Experience shows that some roads fail well in advance of these lives due to a range of factors including:

Construction

- the gravel used,
- its depth,
- whether it was stabilised,
- the compaction

Service

- Traffic volumes and mix of heavy vehicles
- Weather patterns
- Installation of trenches across roads

However it is also important to note that roads in quiet subdivision streets can last over 75 years without requiring rehabilitation. Hence it should be recognised that the figures quoted in plans are based on average deterioration rates and industry accepted lives (where applicable).

The life cycle cost can be compared to present maintenance and asset renewal expenditure in order to assess Council's position on funding of asset maintenance and renewal. This does not mean that the life cycle cost level of funding needs to be provided now. The actual level of funding required depends on desired service levels and the age and renewal needs of the asset stock.

To achieve benefits from undertaking life cycle analysis it is important to be able to compare predicted costs with current expenditures. This requires Council's expenditures to be identified as operation, maintenance, capital renewal, capital upgrade or capital expansion.

The purpose of each Asset Management Plan is to estimate the level of funds required to meet desired service levels taking into account the timing of asset renewals. In the first drafts of these asset management plans an indication should be provided of the level of service desired, which can be funded with existing budgets, and consideration of options to improve these levels, or if appropriate reduce them. This will provide the community with the opportunity to determine an acceptable level of service based on their willingness to pay for that level.

Based on the initial development of the Asset Management Plans an assessment has been made of the total annual renewal budget available and that required over the next 10 years. This provides an indication of the current 'gap' in funding over this period and when combined with the current backlog of works identified provides details of the increase in budget allocations required to manage assets to current desired levels of service.

PART 2 WORKFORCE MANAGEMENT PLAN



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Introduction

THE NEED TO UNDERTAKE WORKFORCE PLANNING

In order to comply with legislative requirements in developing Council's Community Strategic Plan (CSP), a Workforce Management Strategy is required to address the human resourcing requirements of our Delivery Program for 2012-2016. This Strategy must address the workforce planning issues for a minimum of four years.

Irrespective of the legislative requirements, it is simply good practice to adopt a strategic approach to workforce planning to ensure Council has the right employees, with the right skills, to deliver the services required by the community, both now and in the future.





Why is it important

Workforce planning helps to ensure that the community's goals, as expressed in the Community Strategic Plan, will be met. The development of an effective workforce plan will enable Council to focus on the medium and longer-term goals and provide a framework for dealing with immediate challenges in a consistent way.

How workforce planning benefits our organisation

Effective workforce planning aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues, and deliver appropriate services effectively and efficiently.

Workforce Strategy Underpinning Objectives

The goals of this strategy are to effectively:

- establish Council's workforce requirements based on the commitments and objectives in the Community Strategic Plan with a particular focus on the four year Delivery Program;
- consider and contribute to the refining of the appropriate workforce structure to meet those commitments and objectives;

THE SCOPE OF THE DEVELOPMENT OF THE PLAN - LINKS TO OUR COMMUNITY STRATEGIC PLAN

Scope of this Workforce Plan

This Plan is closely linked, in both timeframe and focus, to assisting Council in meeting the requirements of its four-year Delivery Program, and through that, to contribute to the longer term Community Strategic Plan.

As a first step, a major component of this Workforce Plan is to identify several actions and projects, to be implemented over the early timeframe of the Delivery Program, to provide a more rigorous approach to determining future workforce requirements.

- promote workplace equity and diversity as a tool to benefit Council; and
- support and develop Council's employees.

This Plan provides a foundation for future workforce planning and it is critical that Council has an accurate understanding of its current workforce, and such information is outlined in the following Section.

Current Workforce Profile

ACTUAL AND FULL TIME EQUIVALENT EMPLOYEES LEVELS

Actual employee numbers

Employee numbers can be shown in two ways. The first is simply the number of employees employed by Council. However, in terms of available human resources to deliver against expectations, it is more useful to measure employee numbers in terms of the number of 'Full Time Equivalent' employees or FTE.

The table below shows how many individuals were employed by Council over the past five years at the end of the relevant financial year, as well as current staffing levels in the last column.

Status	06 - 07	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Actual employees numbers	485	489	489	466	480	465

* As at 24 April 2012

Full time equivalent employee numbers

The next table illustrates employees in terms of FTE at Council and their employment status. Note: Other than 'Total FTE,' numbers have been rounded to whole numbers.

Status	06 - 07	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Permanent Full-time	336	344	342	344	335	323
Permanent Part-time FTE	43	44	46	50	53	55
Casual FTE	10	6	7	5	7	20
Temporary FTE	18	19	27	9	15	13
Apprentices	16	14	7	8	6	4
Trainees	9	11	15	13	18	14
Total FTE	431.35	438.07	444.62	428.54	433.69	427.92

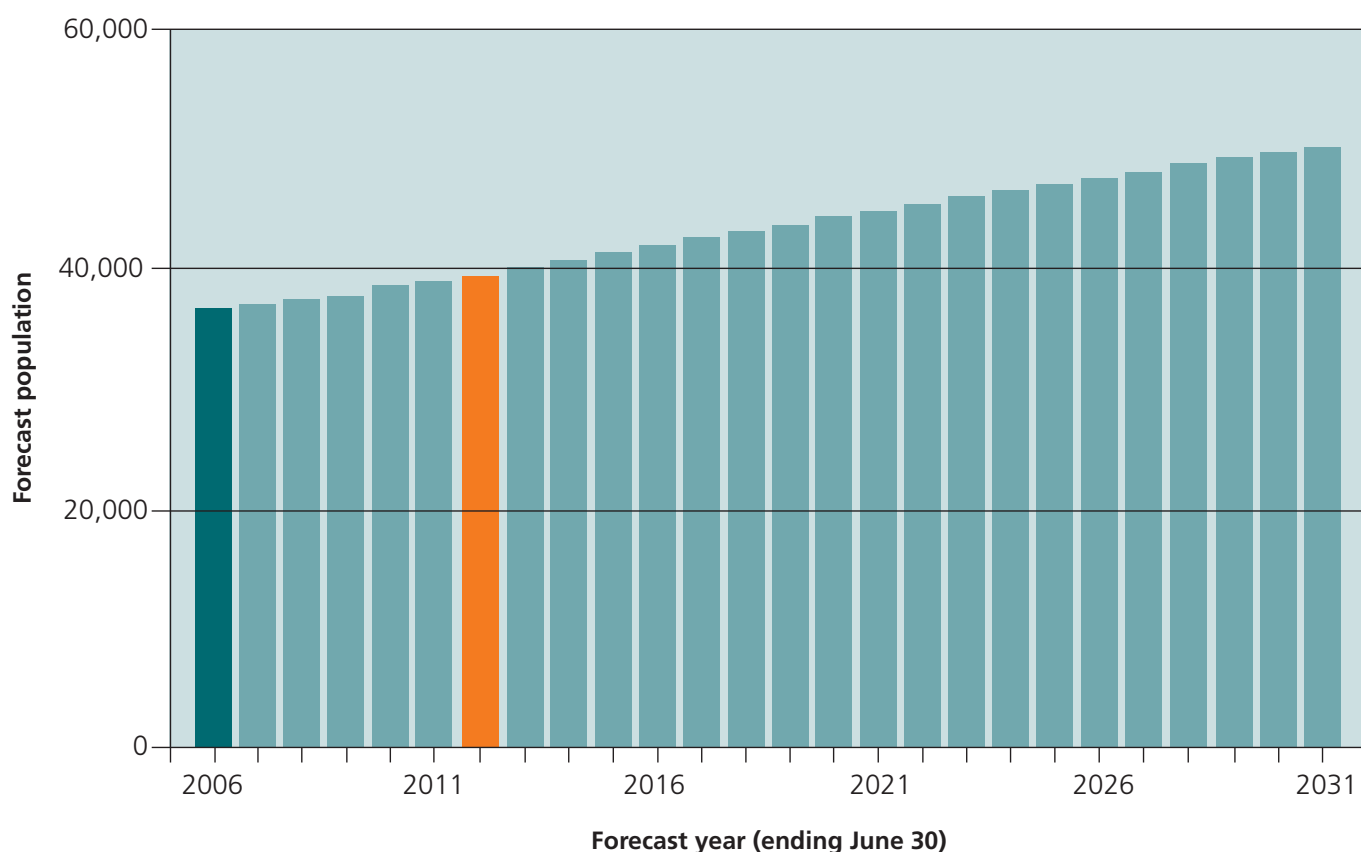
* As at 24 April 2012

The above data indicates that Council is not a growing employer in terms of either actual number of employees or their FTE status. Employee levels show as at end June 2012, a slight decrease of approx. just over 0.8% FTE since the end of 2006-07, and a decrease of over 3.75% FTE since the end of 2008-09.

Comparatively however, the Eurobodalla Shire has continued to grow in terms of its population. See the following graph which indicates growth since 2006 and also future trends. It is not expected that Council's workforce would increase in direct proportion to the population it serves, however it is inevitable that there would be some measure of growth in order to maintain not only existing utilities and services, but to provide for additional infrastructure and subsequent maintenance. In simple terms; every service provided by council has to meet the needs of more and more people.



Shire population



Visitor numbers

In addition to a rising population base, The Eurobodalla Shire needs to provide and maintain infrastructure capability for a much higher seasonal population, due to the very large number of visitors it receives each year. These numbers fluctuate, but nevertheless planning needs to take account for the capacity of providing services at the highest end of the potential visitor numbers.

It is estimated that the Shire's peak population in summer reaches 120,000; more than 3 times the number of permanent residents. In total the Shire can expect between 1.1 and 1.2 million visitors per annum.

Maintaining services over the past several years, without expansion of employee FTE numbers, has been a major challenge for Council. It would be an unrealistic expectation, however, that this can continue indefinitely, regardless of efficiency improvements, while still maintaining services as indicated in the CSP, to the standard required with an ever expanding client base. The challenge in future years will be to maintain stability in workforce numbers wherever possible for some services and to moderate growth in workforce requirements (and hence costs) as much as is feasible for other services. (See Action Item 1 in Section3)

EMPLOYEE TURNOVER

Employee turnover is a factor when planning for future workforce needs. In Council's case, turnover has historically been quite low, but this has increased in the past 12 months and may in part be attributable to the major restructuring that occurred during this period. As a guide the median turnover rate for Councils in NSW in 2011-12 was 10.6%.

There are benefits associated with lower overall employee turnover in that corporate knowledge, as well as specific skill sets, are retained and there are efficiencies in that fewer people are in a learning stage within their roles and need less intense levels of training, coaching and supervision. Some level of turnover however, is beneficial in terms of bringing people with new ideas and perspectives to the organisation and promoting diversity as well as providing opportunities for career advancement for existing staff.

	06 - 07	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Terminations	41	56	31	21	30	57
Commencements	45	59	36	19	31	46
Turnover (%)	10.07%	13.82%	7.37%	4.96%	7.16%	14.04%

Terminations by length of service

Of those employees who leave Council until the past year, very few had more than 10 years' experience. There has been a recent significant increase in the number of more experienced staff leaving in 2011-12. Again, the restructure would have been an influencing factor; however this may also be indicative of what is expected to be a continuing trend of older baby-boomers starting to exit the organisation.

Length of Service	08 - 09	09 - 10	10 - 11	11 - 12
< 5 years	14	14	22	19
> 5 to < 10 years	10	5	5	13
> 10 to < 20 years	2	0	6	13
> 20 years	5	2	2	12

Recruitment source

In terms of recruitment, selection processes are based strictly on the 'merit principle'. Applicants are assessed against specific criteria examining their written application, their performance at interviews and referee checks. Historically, data shows a fairly even success rate for both internal and external applicants in winning jobs in Council. Internal appointments are of existing employees, be they permanent employees gaining promotions, or temporary or casual employees winning permanent positions. External appointments are people from outside of Council's workforce. The below is illustrative and shows the outcomes for the year 2011-2012.

Appointments (externally advertised)	Sept Qtr	Dec Qtr	Mar Qtr	Jun Qtr	11 - 12	%
External appointments	23	4	9	8	44	62%
Internal (Existing Casual/Temp employee)	3	5	0	0		
Internal (Promotion of Perm employee)	7	4	5	1		
Total Internal appointments	10	9	5	1	27	38%

AGE AND GENDER PROFILES

Ageing workforce

For comparative purposes, the following table shows data for Eurobodalla in relation to other NSW Councils. The data **is presented in percentage terms**. As indicated below, Eurobodalla Shire Council's workforce has a higher age profile than other NSW Councils, particularly in the age groups 45 to 54 (35%) and 55 plus (24%), which together account for 59% of Councils employees. (See also Action Items 2 and 3 in Section 3)

Mid 2011	15 - 24	25 - 34	35 - 44	45 - 54	55+
Metropolitan Councils	11	20	23	26	19
Rural Councils	8	15	23	30	23
Regional Councils	9	16	24	30	19
All Councils	10	17	24	28	20
Eurobodalla Shire Council	7	12	22	35	24

(percentages across the rows)



Gender and occupation classification

The table below indicates the type of occupation, by Australian Standard Classification of Occupations (ASCO) code, of Council employees by gender:

Occupation	Female	Male	Total
Manager & Administrators	5	13	18
Professionals	8	14	22
Associate Professionals	29	35	64
Intermediate Clerical, Sales	68	8	68
Advanced Clerical and Service	40	17	57
Tradesperson and Related	2	103	105
Intermediate Production assist.	19	57	76
Labourers & related work	0	34	34
Total	171	281	452
% (rounded)	38%	62%	

While approximately a third of employees overall are female, when the traditionally male dominated occupations of tradesperson and labourer/related are excluded, (see following table) then of the remaining employees, there is a more even balance of 54 % female and 46% male. (See also Action Item 4 in Section 3)

Occupation	Female	Male	Total
Manager & Administrators	5	13	18
Professionals	8	14	22
Associate Professionals	29	35	64
Intermediate Clerical, Sales	68	8	68
Advanced Clerical and Service	40	17	79
Intermediate Production assist.	19	57	76
Total	169	144	313
% (rounded)	54%	46%	



EMPLOYEE DEVELOPMENT

Short course training

Council has a strong focus in supporting employees in improving their skills and knowledge. Typically, approx. 120 short courses will be conducted each year; the majority focussed on WHS and mandatory licences renewals.

Leadership training

Directors and Managers participated in Leadership training in late 2010. By the end of 2011, a further 120 staff who had any form of supervisory role also participated in an intensive 4 day workshop on enhancing their leadership, performance feedback/management and communication skills. This focus on leadership training is in acknowledgement of the outcomes of the 2009 Employee Opinion Survey, where employees indicated this was an area where they saw room for improvement. (See also action Item 6 in Section 3).

Similar programs will be run on an 'as needs' basis in future to ensure all supervisors and managers who are promoted or appointed to supervisory positions receive the same training.

A Continuous Improvement Team has been established to ensure the learning from the leadership program is embedded within the organisation and skills are further developed.

Accredited training

In addition to providing the above, Council has, for a number of years, been increasingly promoting and organising nationally recognised accredited training. As at the end of June 2012, it had 88 employees who were enrolled in courses and studying across a wide range of subjects for formal qualifications. A further 13 are due to be enrolled to commence studies in 2013. The range includes those courses being taken as part of traditional apprenticeships, those being undertaken by trainees and cadets and also those being undertaken by existing permanent employees utilising the Australian Apprenticeship program, as well as other programs which involve considerable subsidy support via both Federal and State Government initiatives.

Staff are participating in courses offering 21 different qualifications from Cert. III to Diploma levels. While there is an impressive number of employees undertaking such training, (and many more have previously completed similar or other certificate courses) and it is envisioned that this will continue in the medium term, there is a need to conduct a review of such training as well as all other training activities. (See also Action Item 5 in Section 3).

Please note the above data does not include staff who are studying privately to enhance their qualifications.



HEALTH & SAFETY

Lost time injury hours and new workers compensation claims

There are several data sets that can be used in developing a workforce plan for an ageing workforce. A significant one is statistics in relation to the number of hours of lost time due to injuries sustained in the workplace, and also the number of new workers compensation claims submitted annually. The following table and charts illustrate these in relation to Council employees:

	05 - 06	06 - 07	07 - 08	08 - 09	09 - 10	10 - 11	11 - 12
Lost Time Injury Hrs.	4175	2418	3831	2325	1998	2895	3863
New Claims	35	33	30	22	18	20	22

What is particularly encouraging about the above is the contrast between the number of new claims in the three years between 05-06 and 07-08, where there were 98 (average 32.7 per annum) new workers compensation claims, and the subsequent four year period from 08-09 to 11-12 where there were 82 new claims (average 20.5 per annum). Council's very strong preventative approach to WH&S issues in recent years appears to be effective.

This approach was recently augmented by a training program designed to affect behavioural awareness and change called SafeStart which was attended by all operational employees, who due to the physical nature of their work, are most at risk of injury.

The trend in the new claims table is promising, particularly in light of the fact that Council has an ageing workforce. A high proportion of the workers compensation claims now relate to 'sprains and strains' type of injuries from those in operational

physical work duties. However, in future, as this stream of workers continues to age, it is a reasonable assumption that regardless of preventative injury WH&S initiatives, that physically degenerative sourced injury claims will increase. In addition, older workers tend to take longer to recover from such injuries. This will place a burden in financial and operational terms in regard to workers compensation premiums and subsequent lost productive time, and again subsequent labour replacement costs.

It is not always practical or possible for injured employees to be found light/alternative duties given the imperative to occupy every position within Council by employees competently equipped via training, qualifications and experience, to carry out their duties both efficiently and effectively. It is a reasonable expectation that the workers compensation and rehabilitation and 'return to work' function within HR will, over time, become an increasingly critical function.

Workforce Action Plan

ACTION ITEM 1

Mapping workforce predictions to 4 year Deliver Program

Timeframe: 2012-13

Link to Delivery Program: *“Maintain a high performing workforce that is responsive to the needs of the community”*

This and the following Actions are intended to be implemented in 2012-13 or 2013-14. The output of this, the first action is expected to form the key input into all other planned actions in the latter three years of this workforce plan.

As the number one action Item and of the highest priority, a process needs to be created whereby the final adopted Four Year Delivery program 2012-2016 will have its identified actions analysed in broad terms to determine (a) whether effective delivery of the activity will require significantly more or less or different (in terms of skills) workforce resources; and (b) at what estimated stage will this resource variation be required.

The Above process will need to be sufficiently rigorous to produce reliable data but simple enough that it can be utilised by a broad range of managers/supervisors in a timely and consistent manner. The subsequent analysis will be co-ordinated by Organisation Development, with critical input by the relevant Directors and Divisional Managers of the areas delivering the relevant services. Outputs from this exercise will also need to inform all long term financial modelling and planning.

This analysis will inform potential broad variations in workforce requirements and identify critical positions and roles and (if required) the most critical additional skills requirements. In the longer term further workforce planning will aim to be increasingly more rigorous in terms of HR metrics and other data collection and subsequent predictive analysis.

To achieve the above, existing Organisational Division staff will be required to participate in specialist Workforce Planning training to develop the skills to carry out this function in a professional manner.

ACTION ITEM 2

Ageing Workforce (a) – Attracting and retaining younger workers

Timeframe: 2012-13 and ongoing

Link to Delivery Program: *“Conduct the youth traineeship program”*

The ageing workforce is an Australian wide phenomenon and concern, and more so for Council, as it has an older profile than NSW Councils generally and certainly more so than most other organisations.

Council has an enviable track record in providing one-year youth traineeships, (usually around 6 or 7 per annum) as well as other traineeships and also has an appropriate proportion of apprenticeships and cadetships. However, the youth trainees and other trainees, in particular, have no guarantee, or even a strong likelihood of gaining permanent employment with Council at the end of their traineeship. The approach to youth traineeships is already under review and in 2013 Council will:

- Offer 7 new one year traineeships, including three that are aboriginal identified positions.
- Extend 2 existing youth trainees for a second year allowing them deeper experience and to attain additional higher level qualifications.
- Continue to allow for direct appointment of suitable trainees to permanent positions as they become vacant at or towards the end of the term of their traineeship.

In addition to the above, all opportunities to create additional traditional trade apprenticeships and also cadetships in Council's wide range of professional occupations and specialities needs to be encouraged and facilitated. As per the proposal re youth and other trainees, it will be a priority to provide where possible, permanent employment to people utilising these workforce entry mechanisms.

ACTION ITEM 3

Ageing Workforce (b) – Increasing flexible working arrangements for older employees

Timeframe: 2012-13

Link to Delivery Program: *“Support the health and safety of staff”*

Council has recently enhanced its flexible working arrangements for all administrative employees and its operational employees continue to value and operate on a nine-day fortnight basis. It has also started to grant a small number of employees reduced hours per week, on a trial basis, as a means of transitioning such employees into retirement. Further, it has developed a Code of Practice to facilitate more staff looking at this option. The advantages are:

- It allows older employees to wind down their time at work over a staggered period of time without having to either retire completely when they'd rather not (or can't afford to), or to become overtired and stressed by continuing to work full-time as they age.
- It allows time for other less experienced or new employees to be coached and mentored by the more experienced employees, who are transitioning to retirement, so that knowledge and skills are passed on.

Over time, the above strategy will result in more permanent part-time employees as a proportion of all employees. As an employer this will allow Council to provide employment to a greater number of the community while not necessarily increasing FTE employee numbers or wage costs. Part-time employment would appear to be a favoured option for many employees and it was noted that Council's part-time employees indicated significantly higher job satisfaction levels than full-time employees in the 2009 Employee Opinion Survey.

ACTION ITEM 4

Diversity initiatives

Timeframe: 2012-14

Link to delivery program: "Maintain a high performing workforce that is responsive to the needs of the community"

Council is considering the option of forming a new Continuous Improvement Group as part of its ongoing implementation of the Business Excellence Framework, to review and further develop its EEO and Diversity Plan.

While it is the norm that there are still areas of employment that are traditionally male or female dominated, Council has whole areas of employment where there are minimal numbers of women employed. These are in the non- managerial or non-professional aspects of operational areas, such as roads construction and maintenance, water and sewer and waste services and other trade and labouring areas. Other organisations have for many years seen inroads made in overcoming barriers to women in gaining positions in such occupations and Council, as part of its EEO and Diversity strategy, intends to explore why this is not occurring.

Encouraging women to enter such occupations would enhance Council's potential talent pool as well as be in keeping with the spirit of EEO legislation and community expectations. Female and other EEO group representation at all levels of management will also be explored to ensure there are no barriers to equality of opportunity in such roles.

Council has had past success in initiatives that in part led to a number of its employees identifying as being of Indigenous background. Council will continue to explore initiatives to further increase the ratio of Indigenous employees to reflect their demographic share of the shire's population.

In addition, Council will improve its data collection in regard to other EEO target groups by incorporating capacity to self-nominate as being a member of such groups via the 2012 Employee Opinion Survey. Analysis of such data will then be able to inform the evolution of the EEO & Diversity Plan.



ACTION ITEM 5

Employee development review

Timeframe: 2013-14

Link to Delivery Program: "Maintain a high performing workforce that is responsive to the needs of the community"

While there is ample evidence of Council's positive approach to its employees' training and development; from a workforce planning perspective, a review needs to be undertaken to ensure all training activity is focussed on the present and future anticipated skill requirements of staff to meet the outcomes expected from the Delivery Program 2012-16 and Community Strategic Plan. Such a review may explore options such as:

- Adopting a wholly corporate approach to training and other development activities rather than a dual approach where some is corporately driven and some is driven and sourced by Directorate or functional areas.
- In keeping with the foregoing, it may be advantageous to establish a corporate cost centre for all training activity and having all training sourced, administered and evaluated centrally. This will allow Council to accurately cost and monitor all training.
- In conjunction with the annual formal performance feedback process, develop an improved mechanism for identification of skills gaps and further developing the annual calendar of development activities to address this gap. An increased focus on longer term training requirements to meet employee career aspirations (and Delivery Plan outcomes) could be incorporated.
- Reviewing all WH&S related and 'Ticket' acquisition training (and consequent ongoing renewals and refreshers) to ensure that only those employees who require them for safety, legislative compliance and optimal operational requirements are trained. Future needs would also be a consideration.
- Analysing all future accredited training to ensure that;
 - the qualifications sought are directly relevant to the current or potential functions of the employees being enrolled
 - the course providers are the most appropriate
 - Council applies for the most advantageous source of subsidies, should they continue, (there are various) and consideration has been given to capacity to provide similar training to future employees when subsidies may not still be available
 - there is adequate internal coaching and mentoring available to the students to ensure their successful completion of all courses
 - administration is co-ordinated in terms of monitoring successful progress, intervening where it is not and accounting for and administering all progressive fees and subsidies as well as progress of the students.

The output from the above review will be an integral part of workforce planning in ensuring that employees have the appropriate skills to deliver the services that the community require in the most efficient way possible.



ACTION ITEM 6

Employee opinion Survey

Timeframe: 2012-13

Link to Delivery Program: "Coordinate the conduct of continuous improvement projects under the business excellence framework"

The confidential 2009 Employee Opinion Survey was a critical tool in alerting Council to issues that concerned employees. The survey results have inspired several completed projects since then, via Continuous Improvement Teams such as; the reviewed performance feedback process, the instigation of organisation wide leadership training, and a new rewards and recognition initiative. Progress in other areas such as developing a consistent project management approach and exploring improved customer service systems are also direct by-products. A further confidential Employee Opinion Survey will be undertaken in November 2012 and possibly again in 2015 for the following reasons:

- to measure the success or otherwise of actions and improvement projects such as those described above;
- To gain employees' perspectives on other areas where they believe improvement is needed;
- To measure if any progress has been gained in terms of employee's job satisfaction and engagement levels; and
- To further inform future projects or changes to promote higher levels of efficiency and effectiveness of services and to further inform ongoing workforce planning.

As per the previous survey in 2009, the responses and collective results of any survey of employee opinion needs to remain confidential between employees and Council, otherwise:

- direct comparison with the original survey as a benchmark for progress will not be valid;
- significantly less employees will participate, perhaps to the point where it becomes non-representative and therefore weakens or even negates its validity; and
- responses could be influenced (either positively or negatively) if respondents are aware that the results will be publicised outside the organisation, hence again detracting from any confidence in the validity of the results.

PART 3

LONG TERM FINANCIAL PLAN





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Introduction

The Long Term Financial Plan (LTFP) serves an important function in Council's strategic planning process. The LTFP is one component of the Resourcing Strategy Council is required to have under the Integrated Planning and Reporting requirements of the Local Government Act 1993 (Sect 403).

The purpose of the LTFP is to provide a guide for future action. It is a tool to test the community's aspirations and goals against financial realities. It will be used to inform decision making during the development of the Delivery Program (DP) and Operational Plan (OP).

The LTFP includes:

- 1) Outline of the assumptions used in the development to forecast revenue and expenditure.
- 2) Financial modelling to demonstrate the financial implications for implementing the CSP actions, including the projected income, expenditure, balance sheet and cash flow statements.
- 3) A sensitivity analysis to identify factors/assumptions most likely to affect the plan.
- 4) Information on how Council will monitor its financial performance against the plan.

Eurobodalla Shire Council (ESC) has three main operating funds: General Fund (includes Environment and Waste), Water Fund & Sewer Fund.

The LTFP provides Financial Statements and Performance measures for the whole of Council (Consolidated) and the three funds separately.

The LTFP spans the 10 years from 2012-13 to 2021-22 and includes the 2012-13 Operational Plan (Including September Review) and the 2012-16 Delivery Program priorities.

In accordance with legislation, the plan will be updated on an annual basis as more information becomes known during the development of the OP and reviewed in detail as part of the four yearly review of the Community Strategic Plan (CSP).

Assumptions

The key principles and assumptions used to set Council's long term forecasts include:

REVENUE FORECAST

- Rating capacity – The Independent Pricing and Regulatory Authority (IPART) rates determination of 3% was applied.
- Fees & Charges – levied according to the recovery of the costs to provide the service. An increase of 3% was considered reasonable.
- Grants & Subsidies – although the plan assumes receipt of the Federal Government's Road to Recovery grant beyond the commitment of 2013-14, Council adopted a conservative position with all other grant funds and made limited assumptions that these source of funds can relied upon for the purpose of forward forecasting of resourcing and financial sustainability. However, Council remains committed to seek grant and partnership funding for a range of projects and program. Once these arrangements are confirmed, they will reflect in the LTFP.
- Interest – on investment assumed at 5.5%.
- Developer Contributions (DC) – are held in separate reserves and are spent on projects in accordance with the relevant DC plans.
- Borrowings – limited new borrowings assumed on new capital projects.

EXPENDITURE FORECAST

- Operating Expenditure – (including employee costs, materials and contracts, other expenses) is assumed 3%.
- Interest on debt – for existing loans, as provided in the existing schedules and the interest on new loans is assumed at 8%, repayments over 20 years.
- Depreciation – based on estimate useful life of assets as known at the time and will be reviewed each year.
- Water & Sewer Funds – real increase of 5% assumed every 5 years, therefore in 2016-17 and 2021-22.

GROWTH FORECAST

- Population and assessment growth – 1%.
- Revenue growth – 1%.
- Cost relating to growth assumed at 0.5%.
- Developer Contribution – 1% (\$20m over 10 years).

REAL VERSUS NOMINAL

The LTFP has applied nominal values to conceptualise the time value of money over the 10 year period. The DP and OP figures however are shown in real terms.

Modelling

From the objectives of the Eurobodalla 2030 Community Strategic Plan, Council developed three funding scenarios:

Scenario	Description
Scenario 1 : As is funding	Continuation of current funding Infrastructure & services not sustainable and declines over the 10 year plan (State Government rate pegging only)
Scenario 2 : Maintain priority infrastructure	Increased council revenue required Look after our critical and priority infrastructure, significantly slowing the increase in backlog of work. However, does not deal with infrastructure renewal that is required beyond the 10 year horizon.
Scenario 3 : Provide for the future	Additional increase in council revenue required Scenario 2 adding enhancement of services to address infrastructure renewals and key projects for the future

Considering the above three scenarios, a 'base case' was developed and modelled for the LTFP.

The base case consists of a mixture of scenarios 1 and 2. It maintains the funding of scenario 1, IPART rate peg only, but includes the level of service indicated in scenario 2 of addressing the infrastructure gap. This enables the model to inform the community the shortfall council will experience if action is not taken.

There are some minor enhancements in this base case, continuing existing capital programs such as pathways, and grants would be pursued to enhance scheduled asset renewals. After this 10 year period, Council will face the need to increase renewal expenditure to manage ageing assets.

It is widely understood across all Councils in NSW that the real cost of maintaining assets and infrastructure is not able to be met by existing rating income. Eurobodalla's situation is not unique. Council is investing significant efforts in using technology and analysis to find better more efficient and cost effective means to manage and maintain its assets and infrastructure. An example of this is the recent introduction of Zero Base Budgeting which involves a 'line by line' review of expenses. Council's review will focus first on Infrastructure and then roll the process out across the rest of Councils operations and administration functions. This process will inform Councillors and the community the costs of services at various levels and enable prioritisation of services as determined by the community.



CONSOLIDATED RESULT

Councils' Income 2012-22 \$1,052 million

Sources of Income 2012-22	Value (\$M)	%
Rates & Annual Charges	578	54.9
User Fees and Charges	220	20.9
Grants	173	16.5
Capital Grants & Contributions	44	4.2
Investments	18	1.7
Other	19	1.8
Total	1,052	100

Councils' Expenditure 2012-22 \$1,079 million

Type of Expenditure 2012-22	Value (\$M)	%
Employee Costs	395	36.5
Borrowing Costs	42	3.9
Materials & Contracts	272	25.2
Depreciation	294	27.4
Other Expenses	76	7
Total	1,079	100

This model includes funding sources such as rates, user fees and charges, grants, utilisation of reserves and borrowings.

Costs include providing current services into the future with additional maintenance and renewal funding for assets and facilities those services rely on.

Our modelling shows that our income will fall short of the cost of providing services by near \$71 million (net operating result before Capital Grants & Contributions) over the next 10 years. If the community wants to maintain the current infrastructure council will need to increase income as well as continue to minimise expenses. Should capital grant and contributions be realised as expected this gap will reduce to \$27 million.

Some income collected by Council has restrictions on how it can be used. For example the income collected from Water, Sewer and Waste customers can only be used for those services. Similarly council raises levies for environment activities and stormwater which need to be spent on these.

While supplying water and sewer services is one of the major activities of Council, it should be noted that not all Council's in NSW provide these functions. Therefore it is not valid to compare rate assessments to areas where such services are provided and charged by a separate authority.

Eurobodalla Shire Council

10 Year Financial Plan for the Years ending 30 June 2022

INCOME STATEMENT - CONSOLIDATED

Scenario: Base Case

Income from Continuing Operations

Revenue:

Rates & Annual Charges	47,600	49,776
User Charges & Fees	19,806	20,324
Interest & Investment Revenue	1,629	1,476
Other Revenues	1,623	1,674
Grants & Contributions provided for Operating Purposes	16,639	15,076
Grants & Contributions provided for Capital Purposes	7,532	3,218

Total Income from Continuing Operations

Current Year

2012/13

\$'000

2013/14

\$'000

47,600

19,806

1,629

1,623

16,639

7,532

94,829

49,776

20,324

1,476

1,674

15,076

3,218

91,543

Expenses from Continuing Operations

Employee Benefits & On-Costs

Borrowing Costs

Materials & Contracts

Depreciation & Amortisation

Other Expenses

Total Expenses from Continuing Operations

33,781

4,386

26,881

25,143

6,953

97,144

34,669

4,604

23,062

25,988

6,602

94,925

Operating Result from Continuing Operations

(2,315)

(3,382)

Net Operating Result for the Year

(2,315)

(3,382)

Net Operating Result before Grants and Contributions provided for Capital Purposes

(9,847)

(6,600)



Projected Years							
2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
51,971	54,254	56,424	58,681	61,028	63,469	66,008	68,648
20,900	21,281	21,742	22,217	22,709	23,215	23,738	24,278
1,695	1,794	1,675	1,845	1,877	1,877	1,877	1,877
1,733	1,793	1,856	1,921	1,988	2,058	2,130	2,205
15,609	16,177	16,743	17,329	17,935	18,563	19,212	19,884
5,073	3,734	3,846	3,962	4,081	4,203	4,329	4,459
96,981	99,033	102,286	105,955	109,618	113,385	117,295	121,352
35,900	37,036	38,694	40,048	41,450	42,901	44,402	46,407
4,706	4,870	5,015	4,596	4,059	3,683	3,367	3,185
23,876	24,719	26,292	27,213	28,165	29,151	30,171	32,108
26,988	28,145	28,989	29,859	30,754	31,677	32,627	33,606
6,828	7,066	7,341	7,598	7,864	8,139	8,424	8,753
98,298	101,836	106,331	109,313	112,292	115,550	118,991	124,059
(1,317)	(2,803)	(4,045)	(3,358)	(2,675)	(2,165)	(1,696)	(2,707)
(1,317)	(2,803)	(4,045)	(3,358)	(2,675)	(2,165)	(1,696)	(2,707)
(6,390)	(6,537)	(7,892)	(7,320)	(6,755)	(6,368)	(6,025)	(7,166)



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
BALANCE SHEET - CONSOLIDATED
Scenario: Base Case

Current Year
2012/13
\$'000

ASSETS

Current Assets

Cash & Cash Equivalents

10,792

Investments

36,934

Receivables

9,354

Inventories

1,198

Other

420

Total Current Assets

58,698

Non-Current Assets

Investments

646

Receivables

99

Inventories

63

Infrastructure, Property, Plant & Equipment

1,239,836

Investment Property

550

Total Non-Current Assets

1,241,194

TOTAL ASSETS

1,299,891

LIABILITIES

Current Liabilities

Payables

4,346

Borrowings

13,615

Provisions

8,681

Total Current Liabilities

26,643

Non-Current Liabilities

Borrowings

54,876

Provisions

1,918

Total Non-Current Liabilities

56,794

TOTAL LIABILITIES

83,437

Net Assets

1,216,455

EQUITY

Retained Earnings

696,457

Revaluation Reserves

519,998

Council Equity Interest

1,216,455

Total Equity

1,216,455

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
11,487	11,481	13,159	10,210	8,896	9,894	10,433	10,206	7,963
36,340	36,340	36,340	35,383	33,636	30,417	28,256	28,256	28,256
9,257	9,516	9,754	9,988	10,239	10,510	10,797	11,100	11,405
917	950	981	1,022	1,055	1,090	1,125	1,162	1,211
311	316	333	346	358	370	383	396	412
58,312	58,604	60,567	56,948	54,183	52,280	50,993	51,120	49,246
633	633	633	612	600	600	600	600	600
81	64	46	29	12	(6)	(23)	(40)	(58)
63	63	63	63	63	63	63	63	63
1,235,922	1,234,616	1,231,060	1,227,414	1,223,675	1,219,840	1,215,905	1,211,869	1,207,728
550	550	550	550	550	550	550	550	550
1,237,249	1,235,925	1,232,352	1,228,668	1,224,899	1,221,047	1,217,095	1,213,041	1,208,883
1,295,561	1,294,529	1,292,919						
3,539	3,661	3,781	3,912	4,040	4,172	4,309	4,450	4,607
12,171	10,033	8,266	7,092	5,700	5,044	2,542	6,397	1,923
8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681
24,391	22,375	20,728	19,685	18,421	17,897	15,532	19,528	15,211
56,179	58,481	61,320	59,105	57,194	54,637	53,928	47,701	48,693
1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918
58,097	60,399	63,238	61,023	59,113	56,555	55,846	49,619	50,612
82,488	82,773	83,966	80,708	77,533	74,452	71,378	69,147	65,822
1,213,073	1,211,756	1,208,953	1,204,908	1,201,549	1,198,875	1,196,710	1,195,014	1,192,307
693,075	691,758	688,955	684,910	681,551	678,877	676,712	675,016	672,309
519,998	519,998	519,998	519,998	519,998	519,998	519,998	519,998	519,998
1,213,073	1,211,756	1,208,953	1,204,908	1,201,549	1,198,875	1,196,710	1,195,014	1,192,307
1,213,073	1,211,756	1,208,953	1,204,908	1,201,549	1,198,875	1,196,710	1,195,014	1,192,307

Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Base Case

Current Year
2012/13
\$'000

Cash Flows from Operating Activities

Receipts:

Rates & Annual Charges	47,978
User Charges & Fees	20,701
Interest & Investment Revenue Received	1,871
Grants & Contributions	23,783
Other	1,378

Payments:

Employee Benefits & On-Costs	(33,781)
Materials & Contracts	(28,180)
Borrowing Costs	(4,027)
Other	(6,946)

Net Cash provided (or used in) Operating Activities

22,777

Cash Flows from Investing Activities

Receipts:

Sale of Investment Securities	11,774
Sale of Infrastructure, Property, Plant & Equipment	5,955
Deferred Debtors Receipts	19

Payments:

Purchase of Infrastructure, Property, Plant & Equipment	(42,233)
---	----------

Net Cash provided (or used in) Investing Activities

(24,484)

Cash Flows from Financing Activities

Receipts:

Proceeds from Borrowings & Advances	8,788
-------------------------------------	-------

Payments:

Repayment of Borrowings & Advances	(4,198)
------------------------------------	---------

Net Cash Flow provided (used in) Financing Activities

4,591

Net Increase/(Decrease) in Cash & Cash Equivalents

2,884

plus: Cash, Cash Equivalents & Investments - beginning of year

7,908

Cash & Cash Equivalents - end of the year

10,792

Cash & Cash Equivalents - end of the year

10,792

Investments - end of the year

37,580

Cash, Cash Equivalents & Investments - end of the year

48,372

Representing:

- External Restrictions	26,207
- Internal Restrictons	12,555
- Unrestricted	9,609
	48,372

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
49,706	51,898	54,178	56,352	58,606	60,951	63,389	65,924	68,561
20,231	20,798	21,207	21,654	22,128	22,616	23,120	23,640	24,177
1,462	1,680	1,783	1,680	1,841	1,862	1,855	1,848	1,855
18,618	20,671	19,894	20,572	21,273	21,997	22,746	23,521	24,323
1,567	1,678	1,737	1,798	1,860	1,925	1,993	2,063	2,135
(34,669)	(35,900)	(37,036)	(38,694)	(40,048)	(41,450)	(42,901)	(44,402)	(46,407)
(23,431)	(23,805)	(24,661)	(26,229)	(27,145)	(28,095)	(29,078)	(30,096)	(32,034)
(4,282)	(4,425)	(4,632)	(4,824)	(4,455)	(3,972)	(3,653)	(3,367)	(3,185)
(6,595)	(6,820)	(7,058)	(7,332)	(7,589)	(7,855)	(8,129)	(8,414)	(8,743)
22,607	25,774	25,413	24,977	26,471	27,980	29,342	30,718	30,683
607	-	-	978	1,759	3,218	2,161	-	-
537	537	537	537	537	537	537	537	537
19	19	19	19	19	19	19	19	19
(22,612)	(26,218)	(25,126)	(25,880)	(26,656)	(27,456)	(28,280)	(29,128)	(30,002)
(21,448)	(25,662)	(24,570)	(24,346)	(24,341)	(23,681)	(25,562)	(28,572)	(29,445)
13,159	12,053	10,868	4,685	3,648	2,399	1,803	170	2,916
(13,622)	(12,171)	(10,033)	(8,266)	(7,092)	(5,700)	(5,044)	(2,542)	(6,397)
(463)	(118)	835	(3,581)	(3,444)	(3,301)	(3,241)	(2,373)	(3,482)
695	(6)	1,678	(2,950)	(1,314)	998	539	(227)	(2,244)
10,792	11,487	11,481	13,159	10,210	8,896	9,894	10,433	10,206
11,487	11,481	13,159	10,210	8,896	9,894	10,433	10,206	7,963
11,487	11,481	13,159	10,210	8,896	9,894	10,433	10,206	7,963
36,973	36,973	36,973	35,995	34,236	31,018	28,856	28,856	28,856
48,460	48,454	50,132	46,204	43,132				
27,506	27,876	30,036	27,996	26,041	24,038	21,992	20,762	18,187
12,805	13,185	13,566	13,946	14,326	14,707	15,087	15,468	15,848
8,148	7,392	6,530	4,262	2,764	2,167	2,210	2,833	2,784
48,460	48,454	50,132	46,204	43,132	40,912	39,289	39,063	36,819

GENERAL (INCLUDING ENVIRONMENT & WASTE) FUND RESULT

This base case includes limited new capital works and is substantially a maintenance and renewal only budget. The infrastructure gap (the difference between what council should be spending and what council is spending on asset maintenance and renewals) is partially addressed from 2013/14, excluding road pavement annual renewals. The transport program's backlog (sum of all the work council should have but haven't done to maintain and renew our assets) is not addressed. This increases the risk of our infrastructure failing in the future.

This base case does include:

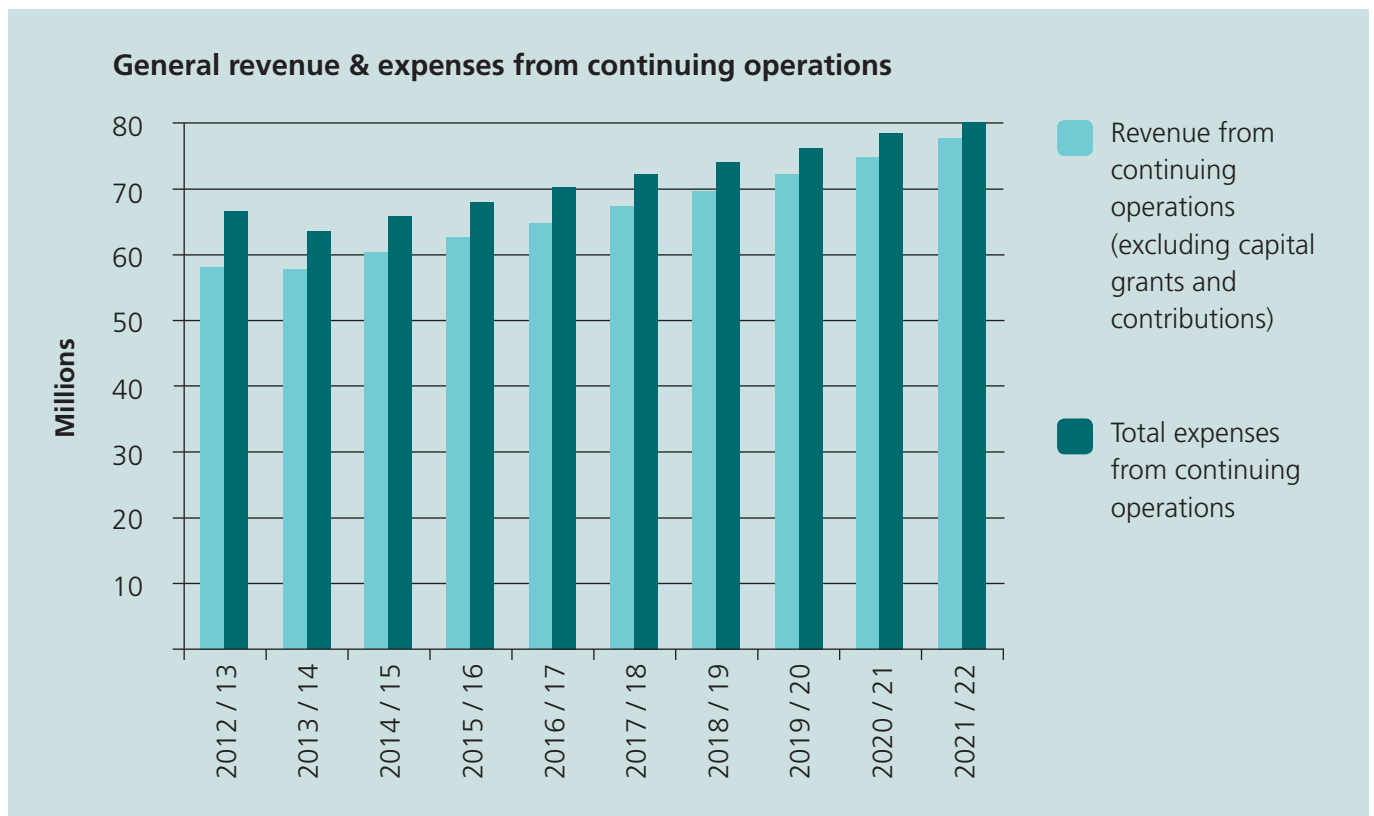
- Bay Link Road Stage 1
- New cell and leachate controls for Surf Beach Landfill
- Provision for elections

The following large capital projects identified in the CSP are not included in this base case:

- Bay Link Road Stage 2
- Batemans Bay Pool renewal or upgrade
- Regional Arts Centre

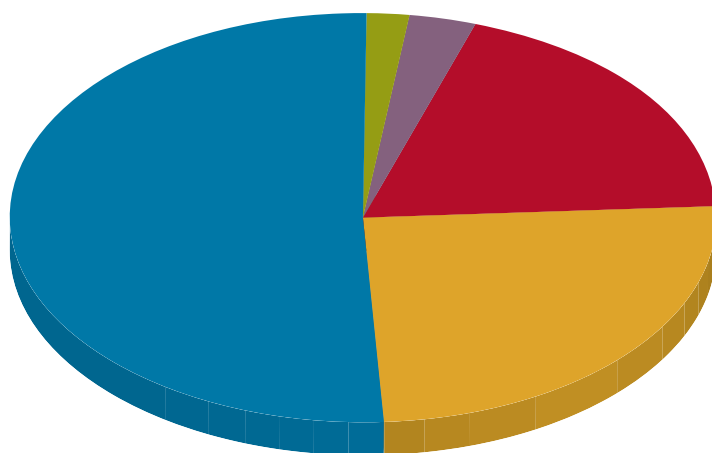
Also opportunities for technology improvements, interest free loans and State & Federal Government Grants for major infrastructure are not included in this base case.

Results 2012-2022	\$ Million	Change Year 1 to 10
Operating Income	664	34%
Operating Expenditure	715	22%
Net Result	-51	
Average annual deficit	-5.1	





General operating revenue by type 2012 - 22



2%

Interest & Investment Revenue

3%

Other Revenues

19%

User Charges & Fees

25%

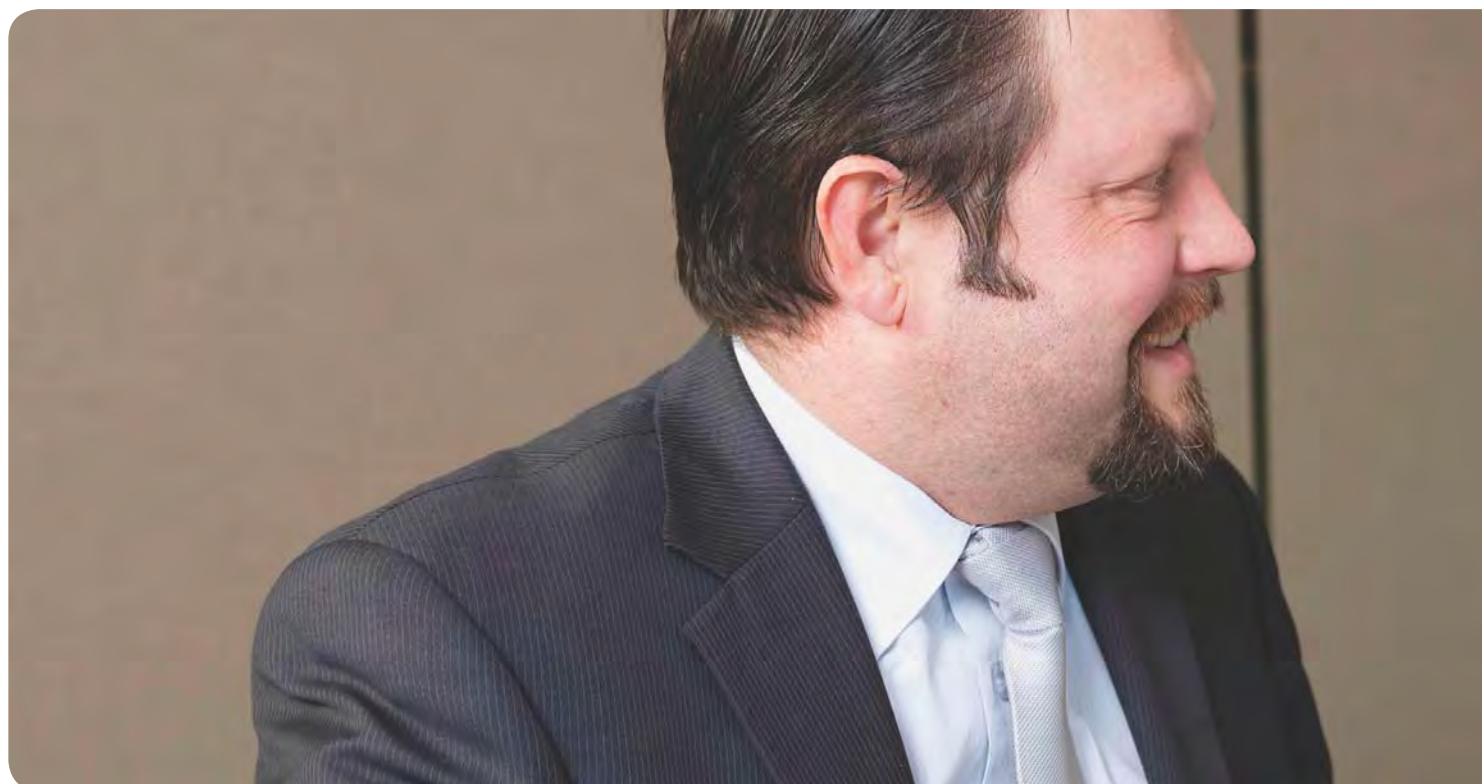
Grants & Contributions provided
for Operating Purposes

51%

Rates & Annual Charges

Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
INCOME STATEMENT - GENERAL FUND
Scenario: Base Case

	Current Year 2012/13 \$'000	2013/14 \$'000
Income from Continuing Operations		
Revenue:		
Rates & Annual Charges	28,179	29,425
User Charges & Fees	10,535	10,863
Interest & Investment Revenue	1,521	1,168
Other Revenues	1,583	1,633
Grants & Contributions provided for Operating Purposes	16,237	14,651
Grants & Contributions provided for Capital Purposes	5,217	1,268
Total Income from Continuing Operations	63,271	59,008
Expenses from Continuing Operations		
Employee Benefits & On-Costs	27,274	27,909
Borrowing Costs	2,163	2,323
Materials & Contracts	13,824	9,806
Depreciation & Amortisation	16,725	17,245
Other Expenses	6,405	6,035
Total Expenses from Continuing Operations	66,392	63,318
Operating Result from Continuing Operations	(3,121)	(4,310)
Net Operating Result for the Year	(3,121)	(4,310)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(8,337)	(5,578)



2014/15	2015/16	Projected Years					
		2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30,722	32,070	33,353	34,687	36,075	37,518	39,018	40,579
11,248	11,572	11,977	12,396	12,830	13,279	13,744	14,225
1,387	1,286	1,167	1,237	1,269	1,269	1,269	1,269
1,690	1,749	1,810	1,874	1,939	2,007	2,077	2,150
15,161	15,705	16,255	16,824	17,412	18,021	18,652	19,305
1,206	1,242	1,280	1,318	1,357	1,398	1,440	1,483
61,414	63,625	65,842	68,335	70,883	73,493	76,201	79,011
28,900	29,805	30,849	31,928	33,046	34,202	35,399	36,638
2,429	2,354	2,312	2,015	1,616	1,385	1,191	1,108
10,200	10,563	10,932	11,315	11,711	12,121	12,545	12,984
17,901	18,649	19,209	19,785	20,379	20,990	21,620	22,268
6,241	6,458	6,684	6,918	7,160	7,411	7,670	7,939
65,670	67,830	69,986	71,961	73,912	76,110	78,426	80,938
(4,257)	(4,205)	(4,144)	(3,626)	(3,029)	(2,617)	(2,225)	(1,926)
(4,257)	(4,205)	(4,144)	(3,626)	(3,029)	(2,617)	(2,225)	(1,926)
(5,463)	(5,447)	(5,424)	(4,944)	(4,386)	(4,015)	(3,665)	(3,409)



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
BALANCE SHEET - GENERAL FUND
Scenario: Base Case

Current Year
2012/13
\$'000

ASSETS

Current Assets

Cash & Cash Equivalents

-

Investments

28,877

Receivables

6,359

Inventories

1,032

Other

390

Total Current Assets

36,658

Non-Current Assets

Investments

646

Receivables

99

Inventories

63

Infrastructure, Property, Plant & Equipment

723,813

Investment Property

550

Total Non-Current Assets

725,170

TOTAL ASSETS

761,828

LIABILITIES

Current Liabilities

Payables

4,203

Borrowings

7,991

Provisions

8,681

Total Current Liabilities

20,875

Non-Current Liabilities

Borrowings

26,271

Provisions

1,918

Total Non-Current Liabilities

28,189

TOTAL LIABILITIES

49,064

Net Assets

712,764

EQUITY

Retained Earnings

440,021

Revaluation Reserves

272,743

Council Equity Interest

712,764

Total Equity

712,764

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
-	196	312	-	-	381	1,403	3,003	3,932
28,283	28,283	28,283	27,326	26,817	26,817	26,817	26,817	26,817
6,226	6,449	6,669	6,885	7,118	7,371	7,639	7,924	8,211
752	780	805	831	857	885	913	943	973
281	285	300	311	321	332	344	356	368
35,542	35,992	36,369	35,352	35,114	35,786	37,117	39,043	40,302
633	633	633	612	600	600	600	600	600
81	64	46	29	12	(6)	(23)	(40)	(58)
63	63	63	63	63	63	63	63	63
720,390	714,225	709,797	705,251	700,586	695,797	690,880	685,832	680,648
550	550	550	550	550	550	550	550	550
721,717	715,535	711,089	706,505	701,810	697,004	692,070	687,004	681,803
757,259	751,527	747,457	741,857	736,924	732,790	729,186	726,047	722,105
3,394	3,510	3,625	3,743	3,865	3,991	4,121	4,257	4,396
3,081	1,835	5,420	5,077	3,631	2,921	1,219	2,156	788
8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681	8,681
15,155	14,026	17,726	17,500	16,177	15,593	14,021	15,093	13,866
31,732	31,385	27,821	26,590	26,607	26,086	26,670	24,684	23,895
1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918	1,918
33,650	33,303	29,739	28,509	28,526	28,004	28,588	26,602	25,814
48,805	47,329	47,465	46,009	44,702	43,597	42,610	41,695	39,679
708,454	704,198	699,992	695,848	692,222	689,193	686,577	684,352	682,426
435,711	431,455	427,249	423,105	419,479	416,450	413,834	411,609	409,683
272,743	272,743	272,743	272,743	272,743	272,743	272,743	272,743	272,743
708,454	704,198	699,992	695,848	692,222	689,193	686,577	684,352	682,426
708,454	704,198	699,992	695,848	692,222	689,193	686,577	684,352	682,426

Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
CASH FLOW STATEMENT - GENERAL FUND
Scenario: Base Case

Current Year
2012/13
\$'000

Cash Flows from Operating Activities

Receipts:

Rates & Annual Charges	28,556
User Charges & Fees	11,623
Interest & Investment Revenue Received	1,763
Grants & Contributions	21,066
Other	1,338

Payments:

Employee Benefits & On-Costs	(27,274)
Materials & Contracts	(15,203)
Borrowing Costs	(2,163)
Other	(6,403)

Net Cash provided (or used in) Operating Activities

13,303

Cash Flows from Investing Activities

Receipts:

Sale of Investment Securities	11,774
Sale of Infrastructure, Property, Plant & Equipment	5,955
Deferred Debtors Receipts	19

Payments:

Purchase of Infrastructure, Property, Plant & Equipment	(33,237)
---	----------

Net Cash provided (or used in) Investing Activities

(15,489)

Cash Flows from Financing Activities

Receipts:

Proceeds from Borrowings & Advances	5,198
-------------------------------------	-------

Payments:

Repayment of Borrowings & Advances	(1,659)
------------------------------------	---------

Net Cash Flow provided (used in) Financing Activities

3,538

Net Increase/(Decrease) in Cash & Cash Equivalents

1,353

plus: Cash, Cash Equivalents & Investments - beginning of year

(1,353)

Cash & Cash Equivalents - end of the year

(0)

Cash & Cash Equivalents - end of the year

(0)

Investments - end of the year

29,523

Cash, Cash Equivalents & Investments - end of the year

29,523

Representing:

- External Restrictions	7,359
- Internal Restrictons	12,555
- Unrestricted	9,609

29,523

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
29,355	30,649	31,995	33,281	34,613	35,997	37,437	38,934	40,492
10,807	11,182	11,517	11,908	12,325	12,756	13,203	13,665	14,143
1,154	1,372	1,275	1,172	1,233	1,254	1,247	1,240	1,247
16,244	16,357	16,930	17,517	18,123	18,751	19,400	20,072	20,767
1,530	1,640	1,698	1,757	1,819	1,883	1,949	2,017	2,088
(27,909)	(28,900)	(29,805)	(30,849)	(31,928)	(33,046)	(34,202)	(35,399)	(36,638)
(10,180)	(10,127)	(10,502)	(10,865)	(11,245)	(11,639)	(12,046)	(12,468)	(12,904)
(2,323)	(2,429)	(2,354)	(2,312)	(2,015)	(1,616)	(1,385)	(1,191)	(1,108)
(6,033)	(6,239)	(6,456)	(6,682)	(6,916)	(7,158)	(7,408)	(7,668)	(7,936)
12,645	13,505	14,297	14,928	16,008	17,183	18,193	19,202	20,150
607	-	-	978	520	-	-	-	-
537	537	537	537	537	537	537	537	537
19	19	19	19	19	19	19	19	19
(14,359)	(12,274)	(14,758)	(15,201)	(15,657)	(16,126)	(16,610)	(17,109)	(17,622)
(13,196)	(11,717)	(14,201)	(13,666)	(14,580)	(15,570)	(16,054)	(16,552)	(17,065)
8,542	1,488	1,856	3,846	3,648	2,399	1,803	170	-
(7,991)	(3,081)	(1,835)	(5,420)	(5,077)	(3,631)	(2,921)	(1,219)	(2,156)
551	(1,592)	21	(1,574)	(1,428)	(1,232)	(1,118)	(1,050)	(2,156)
(0)	196	116	(312)	0	381	1,022	1,601	929
(0)	(0)	196	312	(0)	(0)	381	1,403	3,003
(0)	196	312	(0)	(0)	381	1,403	3,003	3,932
(0)	196	312	(0)	(0)	381	1,403	3,003	3,932
28,916	28,916	28,916	27,938	27,417	27,417	27,417	27,417	27,417
28,916	29,112	29,228	27,938	27,417	27,798	28,820	30,421	31,350
7,962	8,534	9,132	9,730	10,327	10,925	11,523	12,120	12,718
12,805	13,185	13,566	13,946	14,326	14,707	15,087	15,468	15,848
8,148	7,392	6,530	4,262	2,764	2,167	2,210	2,833	2,784
28,916	29,112	29,228	27,938	27,417	27,798	28,820	30,421	31,350

WATER FUND RESULT

This base case assumes existing services continue at similar levels including treatment and fluoridation and includes limited new water capital works.

The base case results in net operating losses in most years in the water fund, however the cash and cash equivalents balance is building up in the later years.

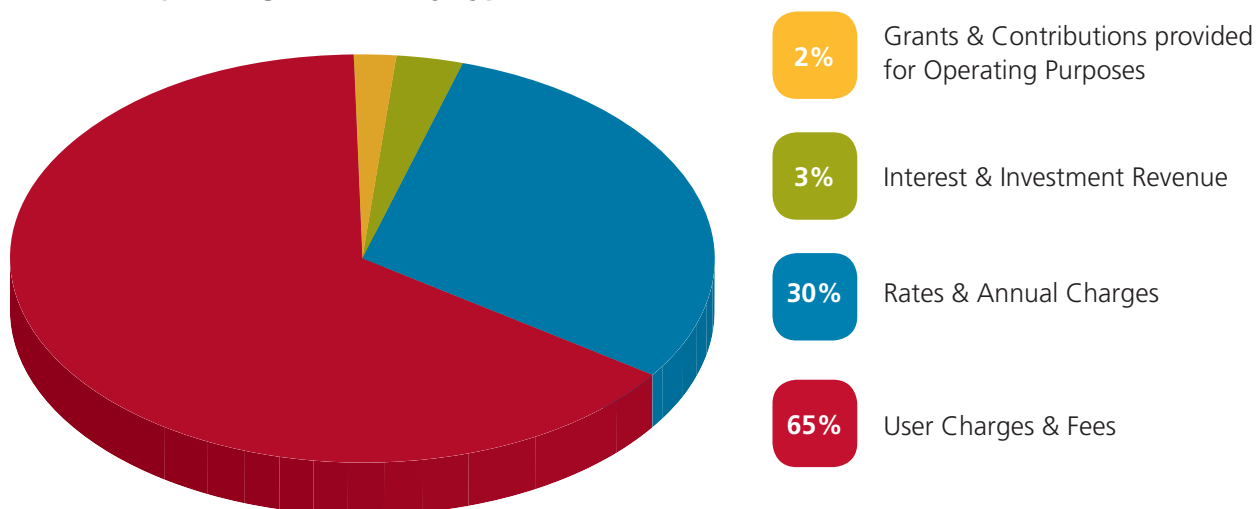
No provision for a dividend to the general fund is included in the LTFP as the net operating results predict a deficit in most years. Best practice pricing compliance is maintained in this LTFP with a stable pricing path (indicative).

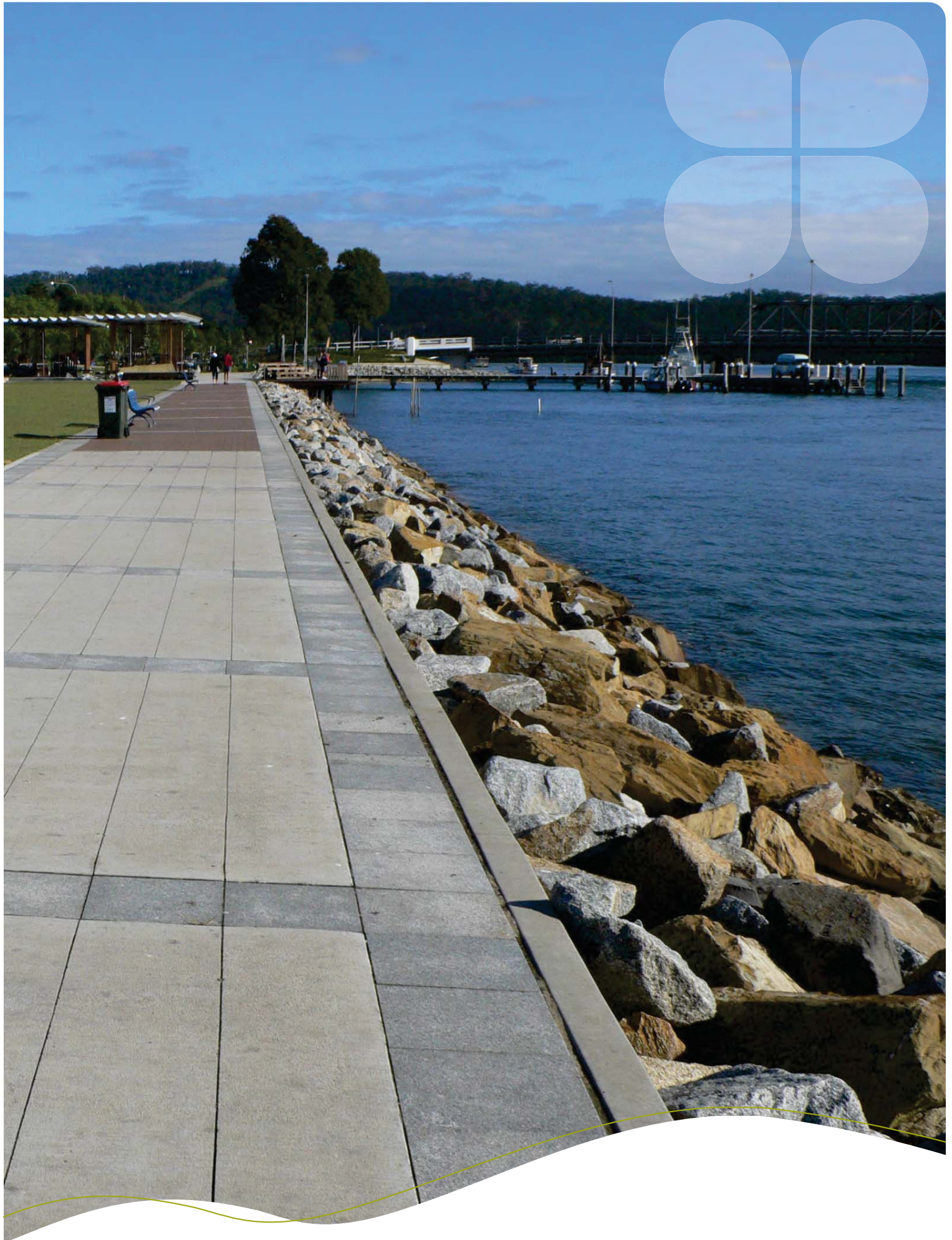
Results 2012-2022	\$ Million	Change Year 1 to 10
Operating Income	135	20%
Operating Expenditure	157	40%
Net Result	-22	
Average annual deficit	-2.2	

Water Revenue & Expenses from Continuing Operations



Water Operating Revenue by Type 2012 - 22





Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
INCOME STATEMENT - WATER FUND
Scenario: Base Case

	Current Year 2012/13 \$'000	2013/14 \$'000
Income from Continuing Operations		
Revenue:		
Rates & Annual Charges	3,285	3,426
User Charges & Fees	8,579	8,629
Interest & Investment Revenue	58	258
Grants & Contributions provided for Operating Purposes	206	218
Grants & Contributions provided for Capital Purposes	1,100	1,133
Total Income from Continuing Operations	13,229	13,664
Expenses from Continuing Operations		
Employee Benefits & On-Costs	5,429	5,643
Borrowing Costs	678	654
Materials & Contracts	3,431	3,385
Depreciation & Amortisation	3,716	3,824
Other Expenses	109	113
Total Expenses from Continuing Operations	13,363	13,619
Operating Result from Continuing Operations	(134)	45
Net Operating Result for the Year	(134)	45
Net Operating Result before Grants and Contributions provided for Capital Purposes	(1,234)	(1,088)



Projected Years							
2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3,572	3,724	3,873	4,028	4,189	4,356	4,530	4,712
8,679	8,729	8,780	8,831	8,883	8,935	8,988	9,042
258	458	458	558	558	558	558	558
230	242	251	260	269	278	288	298
1,167	1,202	1,238	1,275	1,313	1,353	1,393	1,435
13,905	14,355	14,599	14,952	15,212	15,481	15,758	16,045
5,842	6,039	6,552	6,782	7,019	7,265	7,519	8,158
611	619	618	601	583	564	544	522
3,504	3,626	3,935	4,072	4,215	4,363	4,515	4,899
3,996	4,134	4,258	4,386	4,518	4,653	4,793	4,937
117	121	131	136	141	146	151	164
14,070	14,540	15,495	15,977	16,476	16,990	17,522	18,679
(165)	(185)	(895)	(1,026)	(1,264)	(1,510)	(1,763)	(2,634)
(165)	(185)	(895)	(1,026)	(1,264)	(1,510)	(1,763)	(2,634)
(1,332)	(1,387)	(2,133)	(2,301)	(2,577)	(2,862)	(3,157)	(4,069)



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
BALANCE SHEET - WATER FUND
Scenario: Base Case

Current Year
2012/13
\$'000

ASSETS

Current Assets

Cash & Cash Equivalents

3,859

Investments

1,439

Receivables

2,896

Inventories

167

Other

25

Total Current Assets

8,386

Non-Current Assets

Infrastructure, Property, Plant & Equipment

279,634

Total Non-Current Assets

279,634

TOTAL ASSETS

288,020

LIABILITIES

Current Liabilities

Payables

20

Borrowings

628

Total Current Liabilities

648

Non-Current Liabilities

Borrowings

8,802

Total Non-Current Liabilities

8,802

TOTAL LIABILITIES

9,450

Net Assets

278,570

EQUITY

Retained Earnings

147,115

Revaluation Reserves

131,455

Council Equity Interest

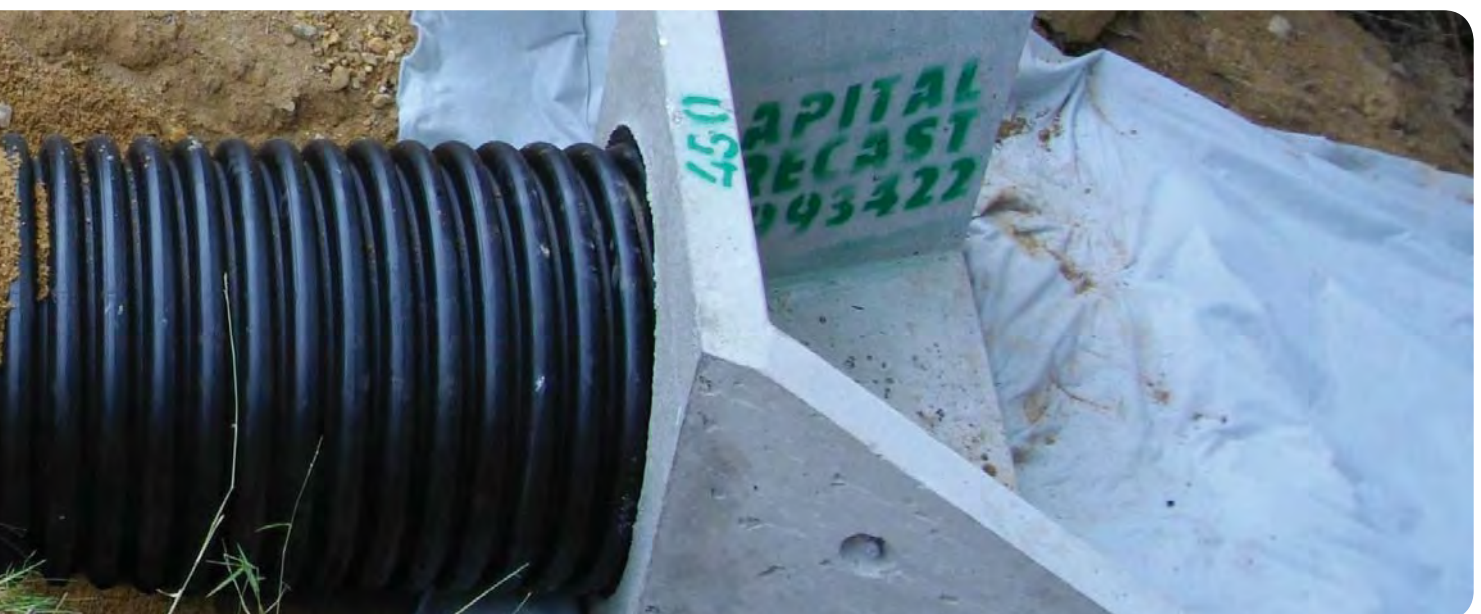
278,570

Total Equity

278,570



Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
4,546	5,711	7,204	8,088	8,896	9,513	9,932	10,146	9,527
1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439
2,913	2,930	2,947	2,963	2,980	2,998	3,015	3,033	3,050
164	170	176	191	198	205	212	219	238
25	26	26	29	30	31	32	33	36
9,088	10,276	11,792	12,710	13,542	14,185	14,630	14,870	14,290
278,349	276,476	274,504	272,473	270,380	268,225	266,005	263,719	261,364
278,349	276,476	274,504	272,473	270,380	268,225	266,005	263,719	261,364
287,437	286,752	286,297	285,182	283,923	282,410	280,635	278,589	275,654
20	21	21	23	24	25	26	27	29
5,965	1,621	221	235	250	266	284	799	285
5,985	1,642	242	258	274	291	309	825	314
2,837	6,661	7,790	7,556	7,306	7,040	6,756	5,957	6,168
2,837	6,661	7,790	7,556	7,306	7,040	6,756	5,957	6,168
8,822	8,303	8,032	7,813	7,580	7,331	7,065	6,783	6,482
278,615	278,450	278,264	277,369	276,343	275,079	273,570	271,807	269,172
147,160	146,995	146,809	145,914	144,888	143,624	142,115	140,352	137,717
131,455	131,455	131,455	131,455	131,455	131,455	131,455	131,455	131,455
278,615	278,450	278,264	277,369	276,343	275,079	273,570	271,807	269,172
278,615	278,450	278,264	277,369	276,343	275,079	273,570	271,807	269,172



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
CASH FLOW STATEMENT - WATER FUND
Scenario: Base Case

Current Year
2012/13
\$'000

Cash Flows from Operating Activities

Receipts:

Rates & Annual Charges
User Charges & Fees
Interest & Investment Revenue Received
Grants & Contributions
Other

3,285
8,379
58
1,306
-

Payments:

Employee Benefits & On-Costs
Materials & Contracts
Borrowing Costs
Other

(5,429)
(3,429)
(678)
(104)

Net Cash provided (or used in) Operating Activities

3,389

Cash Flows from Investing Activities

Payments:

Purchase of Infrastructure, Property, Plant & Equipment

(2,916)

Net Cash provided (or used in) Investing Activities

(2,916)

Cash Flows from Financing Activities

Receipts:

Proceeds from Borrowings & Advances

580

Payments:

Repayment of Borrowings & Advances

(530)

Net Cash Flow provided (used in) Financing Activities

50

Net Increase/(Decrease) in Cash & Cash Equivalents

522

plus: Cash, Cash Equivalents & Investments - beginning of year

3,337

Cash & Cash Equivalents - end of the year

3,859

Cash & Cash Equivalents - end of the year

3,859

Investments - end of the year

1,439

Cash, Cash Equivalents & Investments - end of the year

5,298

Representing:

- External Restrictions
- Internal Restrictitons
- Unrestricted

879
-
4,419

5,298

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
3,426	3,572	3,724	3,873	4,028	4,189	4,356	4,530	4,712
8,612	8,662	8,712	8,763	8,814	8,865	8,918	8,970	9,024
258	258	458	458	558	558	558	558	558
1,351	1,397	1,444	1,489	1,535	1,582	1,631	1,681	1,733
(5)	(5)	(6)	(6)	(6)	(6)	(7)	(7)	(7)
(5,643)	(5,842)	(6,039)	(6,552)	(6,782)	(7,019)	(7,265)	(7,519)	(8,158)
(3,383)	(3,510)	(3,633)	(3,950)	(4,079)	(4,222)	(4,370)	(4,523)	(4,918)
(654)	(611)	(619)	(618)	(601)	(583)	(564)	(544)	(522)
(108)	(111)	(115)	(125)	(130)	(134)	(139)	(144)	(156)
3,854	3,809	3,926	3,331	3,336	3,230	3,119	3,004	2,266
(2,539)	(2,123)	(2,162)	(2,227)	(2,294)	(2,363)	(2,434)	(2,507)	(2,582)
(2,539)	(2,123)	(2,162)	(2,227)	(2,294)	(2,363)	(2,434)	(2,507)	(2,582)
-	5,445	1,350	-	-	-	-	-	496
(628)	(5,965)	(1,621)	(221)	(235)	(250)	(266)	(284)	(799)
(628)	(520)	(271)	(221)	(235)	(250)	(266)	(284)	(303)
687	1,165	1,493	883	808	617	419	214	(619)
3,859	4,546	5,711	7,204	8,088	8,896	9,513	9,932	10,146
4,546	5,711	7,204	8,088	8,896	9,513	9,932	10,146	9,527
4,546	5,711	7,204	8,088	8,896	9,513	9,932	10,146	9,527
1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439	1,439
5,985	7,150	8,643	9,527	10,335	10,952	11,371	11,585	10,966
824	766	706	644	579	512	442	370	294
-	-	-	-	-	-	-	-	-
5,162	6,385	7,938	8,883	9,756	10,440	10,929	11,215	10,672
5,985	7,150	8,643	9,527	10,335	10,952	11,371	11,585	10,966

SEWER FUND RESULT

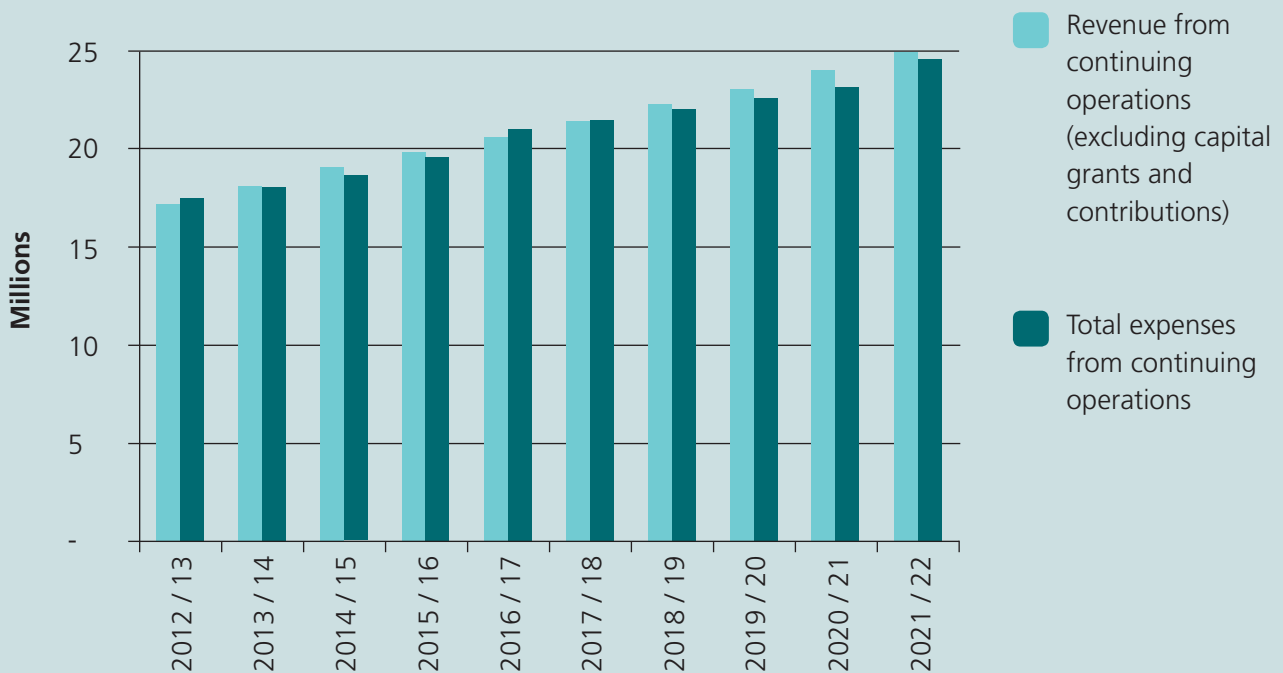
The base case results in net operating losses in most years in the sewer fund, however the cash and cash equivalents balance is building up in the later years.

As with the water fund, no provision for a dividend to the general fund has been included as the operating results are marginal. Two major capital works included in the base case include the Malua Bay diversion and Batemans Bay Sewerage Treatment Plant upgrade. New loan funding is budgeted up for these works.

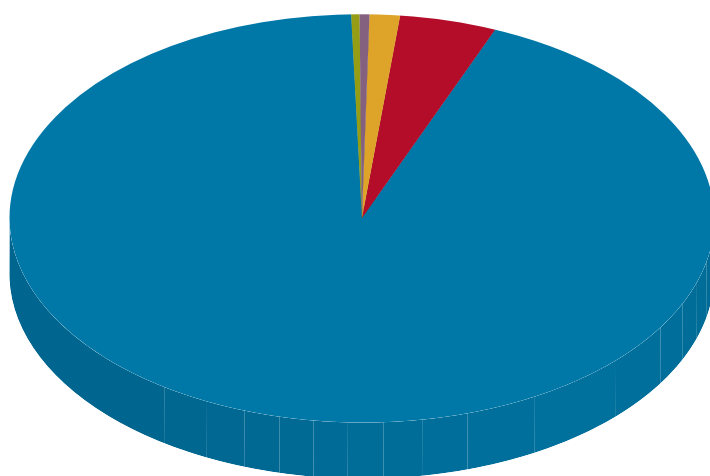
Best practice pricing compliance is maintained with a stable pricing path (indicative).

Results 2012-2022	\$ Million	Change Year 1 to 10
Operating Income	209	45%
Operating Expenditure	207	41%
Net Result	-2	
Average annual deficit	-0.2	

Water Revenue & Expenses from Continuing Operations



Sewer Operating Revenue by Type 2012 - 22





Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
INCOME STATEMENT - SEWER FUND
Scenario: Base Case

	Current Year 2012/13 \$'000	2013/14 \$'000
Income from Continuing Operations		
Revenue:		
Rates & Annual Charges	16,136	16,925
User Charges & Fees	691	832
Interest & Investment Revenue	50	50
Other Revenues	40	41
Grants & Contributions provided for Operating Purposes	195	206
Grants & Contributions provided for Capital Purposes	1,216	817
Total Income from Continuing Operations	18,328	18,872
Expenses from Continuing Operations		
Employee Benefits & On-Costs	1,078	1,118
Borrowing Costs	1,545	1,627
Materials & Contracts	9,625	9,871
Depreciation & Amortisation	4,701	4,920
Other Expenses	439	454
Total Expenses from Continuing Operations	17,388	17,989
Operating Result from Continuing Operations	940	883
Net Operating Result for the Year	940	883
Net Operating Result before Grants and Contributions provided for Capital Purposes	(276)	66



2014/15 \$'000	2015/16 \$'000	Projected Years		2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
		2016/17 \$'000	2017/18 \$'000				
17,677	18,460	19,198	19,966	20,765	21,596	22,459	23,358
974	979	985	990	995	1,001	1,006	1,011
50	50	50	50	50	50	50	50
43	44	46	48	49	51	53	55
217	229	237	245	254	263	272	282
2,700	1,290	1,329	1,369	1,410	1,452	1,496	1,541
21,661	21,053	21,845	22,668	23,523	24,412	25,336	26,296
1,158	1,192	1,293	1,338	1,385	1,434	1,484	1,610
1,667	1,896	2,085	1,980	1,860	1,734	1,632	1,556
10,172	10,530	11,425	11,825	12,239	12,667	13,111	14,225
5,090	5,361	5,522	5,687	5,858	6,034	6,215	6,401
470	486	525	544	563	582	603	651
18,557	19,466	20,850	21,375	21,905	22,450	23,044	24,443
3,105	1,587	995	1,293	1,618	1,962	2,292	1,853
3,105	1,587	995	1,293	1,618	1,962	2,292	1,853
405	297	(334)	(76)	208	509	796	313



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
BALANCE SHEET - SEWER FUND
Scenario: Base Case

Current Year
2012/13
\$'000

ASSETS

Current Assets

Cash & Cash Equivalents

6,932

Investments

6,618

Receivables

98

Other

5

Total Current Assets

13,654

Non-Current Assets

Infrastructure, Property, Plant & Equipment

236,390

Total Non-Current Assets

236,390

TOTAL ASSETS

250,043

LIABILITIES

Current Liabilities

Payables

123

Borrowings

4,997

Total Current Liabilities

5,120

Non-Current Liabilities

Borrowings

19,803

Total Non-Current Liabilities

19,803

TOTAL LIABILITIES

24,922

Net Assets

225,121

EQUITY

Retained Earnings

109,321

Revaluation Reserves

115,800

Council Equity Interest

225,121

Total Equity

225,121



Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
6,941	5,574	5,643	2,122	-	-	-	-	-
6,618	6,618	6,618	6,618	5,380	2,161	-	-	-
118	138	139	140	140	141	142	143	143
6	6	6	6	7	7	7	7	8
13,682	12,336	12,405	8,886	5,527	2,309	149	150	151
237,183	243,915	246,760	249,690	252,709	255,818	259,020	262,318	265,716
237,183	243,915	246,760	249,690	252,709	255,818	259,020	262,318	265,716
250,865	256,250	259,165	258,576	258,235	258,127	259,169	262,468	265,867
126	130	134	146	151	156	162	167	182
3,125	6,577	2,626	1,781	1,819	1,857	1,039	3,442	850
3,251	6,707	2,760	1,926	1,970	2,013	2,103	6,553	6,529
21,610	20,435	25,709	24,959	23,281	21,512	20,502	17,060	18,630
21,610	20,435	25,709	24,959	23,281	21,512	20,502	17,060	18,630
24,861	27,141	28,469	26,885	25,251	23,525	22,605	23,613	25,158
226,004	229,109	230,696	231,691	232,984	234,602	236,564	238,856	240,709
110,204	113,309	114,896	115,891	117,184	118,802	120,764	123,056	124,909
115,800	115,800	115,800	115,800	115,800	115,800	115,800	115,800	115,800
226,004	229,109	230,696	231,691	232,984	234,602	236,564	238,856	240,709
226,004	229,109	230,696	231,691	232,984	234,602	236,564	238,856	240,709



Eurobodalla Shire Council
10 Year Financial Plan for the Years ending 30 June 2022
CASH FLOW STATEMENT - SEWER FUND
Scenario: Base Case

Current Year
2012/13
\$'000

Cash Flows from Operating Activities

Receipts:

Rates & Annual Charges	16,136
User Charges & Fees	699
Interest & Investment Revenue Received	50
Grants & Contributions	1,411
Other	40

Payments:

Employee Benefits & On-Costs	(1,078)
Materials & Contracts	(9,549)
Borrowing Costs	(1,185)
Other	(439)

Net Cash provided (or used in) Operating Activities

6,085

Cash Flows from Investing Activities

Receipts:

Sale of Investment Securities	-
-------------------------------	---

Payments:

Purchase of Infrastructure, Property, Plant & Equipment	(6,079)
---	---------

Net Cash provided (or used in) Investing Activities

(6,079)

Cash Flows from Financing Activities

Receipts:

Proceeds from Borrowings & Advances	3,010
-------------------------------------	-------

Payments:

Repayment of Borrowings & Advances	(2,008)
------------------------------------	---------

Net Cash Flow provided (used in) Financing Activities

1,002

Net Increase/(Decrease) in Cash & Cash Equivalents

1,008

plus: Cash, Cash Equivalents & Investments - beginning of year

5,924

Cash & Cash Equivalents - end of the year

6,932

Cash & Cash Equivalents - end of the year

6,932

Investments - end of the year

6,618

Cash, Cash Equivalents & Investments - end of the year

13,550

Representing:

- External Restrictions	4,102
- Internal Restrictitons	-
- Unrestricted	9,448

13,550

Projected Years								
2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
16,925	17,677	18,460	19,198	19,966	20,765	21,596	22,459	23,358
812	954	979	984	989	994	1,000	1,005	1,011
50	50	50	50	50	50	50	50	50
1,023	2,917	1,519	1,566	1,614	1,664	1,715	1,768	1,822
41	43	44	46	48	49	51	53	55
(1,118)	(1,158)	(1,192)	(1,293)	(1,338)	(1,385)	(1,434)	(1,484)	(1,610)
(9,868)	(10,168)	(10,526)	(11,414)	(11,820)	(12,234)	(12,662)	(13,105)	(14,211)
(1,305)	(1,385)	(1,658)	(1,894)	(1,839)	(1,773)	(1,704)	(1,632)	(1,556)
(454)	(470)	(486)	(525)	(544)	(563)	(582)	(603)	(651)
6,108	8,460	7,190	6,718	7,126	7,568	8,030	8,511	8,267
-	-	-	-	1,238	3,218	2,161	-	-
(5,713)	(11,821)	(8,206)	(8,452)	(8,706)	(8,967)	(9,236)	(9,513)	(9,798)
(5,713)	(11,821)	(8,206)	(8,452)	(7,467)	(5,749)	(7,075)	(9,513)	(9,798)
4,617	5,120	7,662	839	-	-	-	-	2,420
(5,004)	(3,125)	(6,577)	(2,626)	(1,781)	(1,819)	(1,857)	(1,039)	(3,442)
(386)	1,995	1,085	(1,787)	(1,781)	(1,819)	(1,857)	(1,039)	(1,023)
8	(1,367)	69	(3,521)	(2,122)	0	(902)	(2,041)	(2,554)
6,932	6,941	5,574	5,643	2,122	0	0	(902)	(2,943)
6,941	5,574	5,643	2,122	0	0	(902)	(2,943)	(5,497)
6,941	5,574	5,643	2,122	0	0	(902)	(2,943)	(5,497)
6,618	6,618	6,618	6,618	5,380	2,161	-	-	-
13,559	12,192	12,261	8,740	5,380	2,161	(902)	(2,943)	(5,497)
3,801	3,587	3,363	3,127	2,880	2,621	2,348	2,062	1,762
-	-	-	-	-	-	-	-	-
9,757	8,604	8,898	5,612	2,499	(459)	(3,250)	(5,005)	(7,259)
13,559	12,192	12,261	8,740	5,380	2,161	(902)	(2,943)	(5,497)

Sensitivity Analysis

Long term financial plans are inherently uncertain. They contain a wide range of assumptions including assumptions about interest rates and potential effect of inflation on revenues and expenditures. Some of these assumptions will have a relatively limited impact if they are wrong. Others can have a major impact on future financial plans.

The following table analyses the sensitivity of various assumptions:

Assumption	Sensitivity	Impact
Population Growth	Reduce to 0.5% for all years	General Fund (10 years) Net operating deficit increases by \$5.5 million
Rate Increase	Additional 1%	Raise an extra \$280k in 2013-14
	Additional 2.5% for 5 years from 2014-15	Raise an extra \$4 million by 2019
	Additional 4% for 5 years from 2014-15	Raise and extra \$6.4 million by 2019
Employee Costs	Additional 1%	General Fund – additional \$270k in 2013-14

Features of this LTFP that have been identified as risks and volatile factors include:

- Assuming the Roads to Recovery grant continues beyond the 2013-14 commitment
- Borrowing & investment rates vary
- Dividends from Water & Sewer not budgeted; (\$600k are not included)
- Profits from Commercial & property are being reserved for future strategic acquisitions or developments
- Assets require renewal earlier than anticipated
- IPART Local Government Cost Index lags one year
- IPART productivity assumptions
- IPART LG cost index is erroneous and too low (every 1% variance = about \$200,000 pa on rates capped general income)
- Growth could vary from our assumptions
- Climate risks and carbon tax, energy & fuel costs
- Disasters and insurance





Monitoring Financial Performance

Council will monitor its actual performance against the LTFP and assess its long term financial sustainability by applying performance measures.

The following measures are in accordance with Note 13 – Statement of Performance measures of the current Accounting Code.

Indicator	Target	Actual 2011-12	Projected 2012-13	Projected 2013-14	Projected 2014-15	Projected 2015-16	Projected 2021-22
Unrestricted Current Ratio	>1.00	1.88	1.91	2.73	3.03	2.19	2.27
Debt Service Ratio	10%-30%	8.72%	10.08%	21.09%	18.77%	15.98%	8.38%
Rates & Annual charges Coverage Ratio	< 40%	46.29%	50.20%	54.37%	53.59%	54.78%	56.57%
Rates , Annual Charges, Interest & Extra Charges Outstanding Percentage	< 5%	4.65%	3.71%	3.58%	3.58%	3.58%	3.58%
Building & Infrastructure Renewals Ratio	100%	74.46%	41.93%	59.71%	47.20%	69.24%	70.21%

Notes:

Unrestricted Current Ratio - To assess the adequacy of working capital and the ability to satisfy obligations in the short term for the unrestricted activities of Council.

Debt Service Ratio - To assess the impact of loan principal and interest repayment on the discretionary revenue of Council.

Rates & Annual charges Coverage Ratio – To assess the degree of dependence upon revenue from rates and annual charges and to assess the security of Council's income.

Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage – To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts.

Building & Infrastructure Renewal Ratio - To assess the rate at which these assets are being renewed against the rate at which they are depreciated.

