



RESOURCING STRATEGY

2011 - 2013



Resourcing Strategy

2012-2013

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Executive Summary

Introduction

The *Local Government Act 1993* requires each council to develop and implement a Resourcing Strategy for the provision of appropriate and realistic resources to achieve the objectives of its Community Strategic Plan (CSP).

The Shoalhaven City Council Resourcing Strategy forms part of Council's 'Integrated Planning and Reporting (IPR)' framework, in accordance with the relevant NSW Government IPR Guidelines and Manual. The Resourcing Strategy is intended to:

- establish a high level, strategic view of the means by which Council can achieve the objectives and strategies set out in its CSP
- align resource allocation to support strategic directions and priorities
- outline the fundamental principles that will support financially sustainable resource allocation
- integrate the resource needs and priorities identified by asset management planning and workforce planning (in particular) with the resourcing capacity of the Long Term Financial Plan (LTFP).

The Resourcing Strategy includes the mandatory requirements of:

- Long Term Financial Planning (LTFP),
- Workforce Planning and,
- Asset Management Planning.

Our Resourcing Strategy also includes Information Technology and Telecommunications Planning.

Long Term Sustainability

We are experiencing continual setting of the NSW Government's rate pegging at levels that are below the real escalation of costs to local government, together with the on-going impact of a variety of costs shifted to or imposed upon local government and the steady reduction in real terms of our Federal Assistance Grants received. These trends, outside Council's control, will make it progressively more difficult for our operating revenues to keep pace with the cost of simply continuing to deliver the same services and facilities to our community.

Our key challenges in meeting future resourcing requirements will be:

- service continuity in an operating environment with constrained revenue indexation
- addressing the City's infrastructure backlog while moving towards fully funding renewal of existing infrastructure and building the facilities of the future
- providing for the growth of services, within the capacity enabled by new revenue derived from the City's growth
- maintaining a financially sustainable long term position as we meet the needs and aspirations of our community.

We are financially sustainable and will continue to work more efficiently. However, if services are to be maintained at current levels for our existing and growing community, then it is likely that we will see the progressive reduction of our capital expenditure capacity over time, and hence a decreasing ability to renew existing assets and infrastructure as well as provide new and enhanced facilities. Continuous and careful management of both the revenue and expenditure sides of the financial 'equation' will be necessary

to maintain a long term financially sustainable service and facility delivery pattern.

Resourcing Strategy Principles and Priority Actions

Our Resourcing Strategy is premised on a series of Sustainable Resourcing Principles, including Core Principles of Program Sustainability, Rate Predictability, Inter-generational Equity and Meeting Growth Needs. We have also established Working Sustainable Resourcing Principles and Supporting Principles.

The CSP is necessarily a plan reflecting community aspirations, setting ambitions and identifying the challenges before us as a community. The Resourcing Strategy may not immediately provide all of the resources necessary to fulfill all of those ambitions. As a result we will need to focus on priority goals, drive innovation and improvement, challenge assumptions, and engage the community in our decision-making on resource allocation priorities.

Of particular importance will be the continuing delivery of services and maintenance and renewal works programs, while meeting the service and infrastructure requirements of the City as it grows. The goal is to ensure long term sustainability in Council's application of community resources to its operations, works and projects.

Broad-based actions for improved resourcing policy and practice, better information for resource planning, and systems improvements are identified in the Strategy, together with a series of more specific strategic actions associated with each of the key topic areas – financial planning, workforce planning, asset management planning and information technology and telecommunications.

Long Term Financial Planning

Shoalhaven City Council was rated as 'sustainable' by Fiscal Star in 2009, reflecting a sound position relative to many comparable local government areas. We plan to remain financially sustainable through the disciplined implementation of our Long Term Financial Plan (LTFP) – we have a target of a “break even operating position or better (before capital grants and contributions)” each year, and the LTFP forecasts that this will be achieved through to 2021/22. Supporting this outcome we will have reducing levels of debt and improving balances in our reserve funding.

Our Resourcing Strategy provides for the continuity of services and infrastructure renewal programs, increasing facilities to address City growth needs, and a projected capacity for new infrastructure, facilities and services. As a growing community we have many demands to invest in our current and new infrastructure and facilities. Capital works expenditure is budgeted at some \$50 million per annum in 2012/13, but is expected to reduce to \$37 million by 2021/22.

Meeting many diverse demands –in particular the provision of new infrastructure and facilities—with the resources available on a sustainable basis, will require careful planning and decision making and in particular the prioritisation of the opportunities and demands that can be addressed at any one time. We will develop Council's budget each year in a structured process that aligns to the LTFP and ensures that we remain both sustainable and focused on the priority areas of the Resourcing Strategy.

Asset Management Planning

Asset planning will focus on the renewal of our \$3.17 billion portfolio of existing infrastructure in line with our 2011 Asset Management

Policy and Asset Management Strategy. New infrastructure and facilities will also continue to be delivered, aligned to the Community Strategic Plan and community priorities, and within the funding limitations of a long term sustainable position.

Despite a planned focus on renewal of infrastructure, the LTFP forecasts an overall reduction of the Building and Infrastructure Renewals Ratio indicator, with the “consolidated” indicator dropping from 61% in 2008/09 to 44% in 2020/21 to (against a target of 100%).

Workforce Planning

Workforce pressures will be a major challenge, as we plan to meet changing community needs. We forecast the need for our workforce investment to increase at over 4% per annum, taking into account existing salary and wage levels, together with the demands of our growing city and new activities that will be generated by the Community Strategic Plan and successive Council Delivery Programs. However, workforce resourcing is not specifically indexed at this level, and service growth needs will be balanced against other demands for priority funding.

Information Technology and Telecommunications Planning

We also plan to maintain a strong information technology base, to support continuing efficiency in our diverse work across the expansive Shoalhaven. IT+T strategies will focus on managing assets, new operating environments, corporate IT solutions, our IT workforce and forecasting future organisational needs.

Reporting and Review

The Resourcing Strategy includes a number of measures by which we will monitor and report on our progress and importantly, our sustainability. The Strategy will be reviewed each year, as the LTFP is revised to reflect actual budget outcomes and our up-to-date financial position.

1. SUSTAINABLE RESOURCING STRATEGY

1.1. Introduction

The Local Government Act requires each council to develop and implement a Resourcing Strategy for the provision of appropriate and realistic resources to achieve the objectives of its Community Strategic Plan (CSP).

The Shoalhaven City Council Resourcing Strategy is intended to:

- establish a high level, strategic view of the means by which Council can achieve the objectives and strategies set out in its CSP, Shoalhaven 2020
- align resource allocation to support strategic directions and priorities over the life of the CSP
- outline the fundamental principles that will support the financially sustainable allocation of resources to high priority areas
- integrate the resource needs identified by asset management planning and workforce planning (and potentially other resourcing plans) with the resourcing capacity of the Long Term Financial Plan (LTFP).

1.2. Objectives

The Shoalhaven City Council Resourcing Strategy is based on the framework (Figure 1) and requirements established by the NSW Division of Local Government's 'Integrated Planning and Reporting (IPR) Guidelines' and the 'IPR Manual for Local Government in NSW' (2010). The Guidelines set out mandatory requirements and the Manual provides guidance to ensure that all legislative requirements have been addressed.

The Resourcing Strategy will:

- inform the CSP, the Delivery Program and the Operational Plan

- forecast the financial matters associated with each of the above
- forecast the human resource requirements to achieve the Delivery Program
- take into consideration the management of existing assets and the need for procuring new or updated assets and
- consider future technology information and telecommunications needs.

The Resourcing Strategy includes the mandatory requirements of:

- Long Term Financial Planning (LTFP),
- Workforce Planning and,
- Asset Management Planning.

Shoalhaven's Resourcing Strategy also includes Information Technology and Telecommunications Planning.

1.3. Resourcing Strategy Context

1.3.1. Financial Capacity

Council's General Fund expenditure is over \$223 million per annum (including depreciation of \$34 million) with total revenues of about \$179 million (excluding loans). Over \$185 million is spent each year on on-going operational services and functions, and about \$23.5 million on asset and infrastructure renewal, with the remaining funds invested in new capital works and services. Council holds extensive Reserve Funds from which it draws revenue for specific purposes as required, and funding is also received through various grants and partnership arrangements for specific projects and activities.

1.3.2. Aspirations and Priorities

The CSP is necessarily a plan reflecting community aspirations, setting ambitions that will in total probably exceed the immediate capacity to fund and deliver all programs and initiatives. Part of the

purpose of the CSP is to demonstrate and articulate community ambitions and set out the challenges before us as a community.

This is regarded as a healthy state of tension – it allows ambitions to be shared, sets goals, drives innovation and improvement, demands that we challenge assumptions, and it will require engagement, debate and decision-making on priorities.

The CSP identifies Council's on-going program commitments and strategies. The Resourcing Strategy will guide the allocation of resources - human, assets, financial and other - to those respective commitments and strategies, through the Delivery Program, Operational Plan and annual budget.

Of particular importance will be the continuing delivery of services and works programs, while meeting the service and infrastructure requirements of the City as it grows. Our goal is to ensure long term sustainability in Council's application of community resources to its operations, works and projects.



Figure 1. Integrated Planning and Reporting Framework

The CSP sets out various objectives and strategies (Figure 2) that refer directly to the development and implementation of the Resourcing Strategy:

OBJECTIVE: 4.1 A COUNCIL THAT IS ACTIVELY ENGAGED WITH THE COMMUNITY AND OTHERS IN ITS DECISION MAKING

Strategies	
4.1.4	Report regularly on Council's progress against the measures linked to the Community Strategic Plan, Delivery Program and Resourcing Strategy.

OBJECTIVE: 4.4 A COUNCIL THAT IS EQUITABLE, STRATEGIC AND CONSIDERS THE NEEDS OF ALL GENERATIONS, NOW AND IN THE FUTURE

Strategies	
4.4.1	Undertake Council activities within a clear framework of strategic and business planning, policies, procedures and service standards.

OBJECTIVE: 4.5 A COUNCIL THAT IS ACCOUNTABLE AND SUSTAINABLE

Strategies	
4.5.1	Manage Council's finances and resources in accordance with the Resourcing Strategy.
4.5.2	Enhance an organisational culture of using resources wisely, achieving quality outcomes, providing excellent customer service and seeking continuous improvement.
4.5.3	Complete the implementation of the Integrated Planning and Reporting framework through all aspects of Council's activities.

4.5.4	Implement and regularly review Council's Resourcing Strategy.
4.5.5	Assess and rationalise Council's property portfolio to ensure that the properties held in Council's ownership are suitable and necessary for the community's needs

Figure 2. Community Strategic Plan, Shoalhaven 2020

1.3.3. **Financial Sustainability in Local Government**

The financial sustainability of local government has been the subject of a number of inquiries. Key extracts from two 2006 reports - Price Waterhouse Coopers (PWC) for the ALGA and Professor Percy Allan's NSW inquiry - are informative for the Resourcing Strategy:

- "Service programs in local government have generally increased in response to community demands and cost shifting, and managing demand has been a challenge for councils with narrow or low-growth revenue bases. Many councils have adopted on-going efficiency improvement programs" (PWC).
- "Where councils report operating ... or cash flow deficits, there is a strong tendency to defer or scale back renewals expenditure to upgrade existing [community] infrastructure. ... creating a backlog of renewals work". This is less so with water, sewer and roads infrastructure, because the costs of these assets are either funded by user charges or partly supported by grants programs (PWC).
- There is a "key data shortcoming" across many councils in relation to accurate capital expenditures and separation of maintenance, renewal, and (new) capital expenditure (PWC).

- "Some councils are also experiencing financial challenges due to significant population growth (e.g. sea change / tree change) as infrastructure is augmented to meet demand. However, ...once the transitional impacts moderate, a larger scale population, coupled with a modern asset base and sound asset management practices, should improve the prospects for such councils to be financially sustainable"(PWC).
- Councils with an infrastructure renewal gap and backlog should restrain operating expenditure on recurrent services (taking an 'optimalist' approach) until their physical assets are restored to a satisfactory condition. The bulk of real growth in revenues should be devoted to renewing and enhancing local infrastructure. Improving current program outcomes, should be mostly funded from external sources (Allan).
- Councils should prioritise services based on community survey feedback, at least at the start of each four year term (Allan).
- Introduction of longer term financial and asset planning should be matched by removal of rate-pegging, and a capacity for Councils to determine their own rates settings (Allan).
- Councils should make a concerted effort to achieve an operating budget surplus (excluding capital grants income) within three to five years (Allan).

Shoalhaven City Council is presently rated as 'sustainable', with a forecast sound financial capacity.

1.3.4. **Sustainability Challenges**

We are experiencing continual setting of the NSW Government's rate pegging at levels that are below the real escalation of costs to

local government, together with the on-going impact of a variety of costs shifted to or imposed upon local government and the steady reduction in real terms of our Federal Assistance Grants received. These trends will progressively exacerbate a pattern in which our predictable operating revenues will not keep pace with the cost of simply continuing to deliver the same services and facilities to our community.

We will need to continue to work more efficiently, however, if services are to be maintained at current levels for our existing and growing community, then it is likely that we will see the progressive reduction of our capital expenditure capacity over time. This will lead to a declining ability to both renew existing assets and infrastructure and provide new and enhanced facilities. Continuous and careful management of both the revenue and expenditure sides of the financial 'equation' will be necessary to maintain a long term financially sustainable service and facility delivery pattern.

The key challenges in meeting the Council's resource requirements of the period to 2020 are summarised as follows:

- continuing to provide current services in an environment where salaries/wages and cost indexation is greater than projected rates revenue indexation
- addressing the current infrastructure backlog and fully funding the planned/required renewal of existing infrastructure, together with appropriate new infrastructure commitments
- ensuring that revenue increases created by the growth of the city's population and economy, are used to fund planned growth in services and facilities to meet the needs of that growth

- delivering all of the above through best use of the available financial capacity and within the key parameter of a sustainable minor budget operating surplus each year.

In October 2010 Council considered a report together with recommendations about the long term financial implications of current infrastructure assets status and levels of renewal investment, but did not resolve any specific strategic responses in addition to the then current Resourcing Strategy principles.

In April 2011, as part of the preparation of the 2011/12 budget Council decided to undertake an "Operational Review of Council" with the objective of progressively identifying operational savings building to \$1 million per annum over four years to 2014/15. This is reflected in the Long Term Financial Plan and will be implemented through Resourcing Strategy and Delivery Program Activities.

1.4. **Resourcing Strategy Sustainability Principles**

The Resourcing Strategy is based on a commitment to sustainable resourcing principles, focused on the following fundamental 'building blocks':

- activities delivered - through either Operational Programs or Capital Works Programs, and
- activities attributable - to either continuity of current programs at current levels of service, expansion of programs to meet City growth needs at current levels of service, or new Programs delivering increased levels of service compared to Current Programs.

1.4.1. **Core Sustainable Resourcing Principles**

- program sustainability – maintaining priority service and infrastructure renewal programs
- rate predictability – stability and predictability in the setting of rate revenue
- inter-generational equity – sharing fairly the use of resources, and the associated cost burden, between current and future users of services and infrastructure
- meeting growth needs – new revenue attributed to the City's growth is directed to growth-based services and infrastructure.

1.4.2. **Working Sustainable Resourcing Principles**

- clear separation of “General Fund” operations and budgeting from the management and budgeting of Shoalhaven Water and Sewer operations
- continuity of existing services at current levels, subject to ongoing programs of cost savings, efficiency, service evaluation and rationalisation
- asset and infrastructure renewal as a primary commitment for capital expenditure programs, with scope and priorities determined by the adopted Asset Management Plans
- asset renewal, addressing backlog works, to bring infrastructure to a ‘satisfactory’ standard as the second priority commitment
- meeting the needs of the City's continued growth with increased services and infrastructure at current service levels

- Development Contributions Plan commitments as a key consideration in prioritising for new and upgraded assets and infrastructure
- new or enhanced services and infrastructure programs funded by acceptable rate and other revenue increases – and/or prudent new debt, where linked to new infrastructure. Resultant revenue increases to be determined following specific community engagement, and to be consistent with Council's adopted financial sustainability principles and targets.

1.4.3. **Strategic Principles Supporting Sustainability**

The following principles will support long term resourcing sustainability:

- business case-based decision making for new and enhanced service programs and capital works, with whole of life costs reflected in the LTTP
- capital revenue from land asset sales directed to investment in new community infrastructure, with the exception of the continuing operation of the Industrial Land Reserve Fund
- allocation of unplanned and untied revenues to asset and infrastructure investment, with renewal as first priority (subject to funding source requirements), until renewal backlog is removed and renewal programs fully funded.

Figure 3 provides a representation of the resourcing priorities that flow from the application of the core sustainability principles and working principles.

Resourcing Strategy Priorities

Service Outcomes	Budget	Expenditure Type [Delivery Program Budget Type]	Priority	Revenue Sources
Sustainable Services	Operating Budget	Existing Programs [ongoing; recurrent] Asset Operating Costs [ongoing; recurrent] Asset Maintenance Costs [ongoing; recurrent]	1	Planned recurrent revenue – indexed on current levels, plus savings / efficiency targets
	Capital Budget	Assets Renewal [Capital – Renewal] Assets Backlog [Capital – Renewal]		
Service Growth	Capital Budget	Assets Upgrade – City Growth [Capital – New]	3	Committed new recurrent revenue, growth-based *
		Assets Upgrade – Increased Service [Capital – New]	5	Forecast new recurrent and capital revenue, within sustainable parameters *
		New Assets – City Growth [Capital – New]	3	Committed new recurrent revenue, growth-based *
		New Assets – Increased Service [Capital – New]	7	Forecast and “windfall” recurrent and capital revenue, within sustainable parameters *
	Operating Budget	New Programs [New Initiative]	4	Forecast new recurrent revenue, within sustainable parameters
		Expanded Programs – Increased Service [New Initiative]	6	Forecast new recurrent revenue, within sustainable parameters
		Expanded Programs – City Growth [New Initiative]	2	Committed new recurrent revenue, growth-based

Figure 3. Resourcing Strategy Priorities

* Can include debt

1.4.4. **Resource Allocation**

The allocation of budget resources to the many competing service and works priorities will address high priorities first, followed by progressive resourcing of relatively lower priorities in line with sustainable resourcing limits (see figure 5.1 on page 15).

The elements of the Integrated Planning and Reporting framework are linked –

- The Community Strategic Plan defines community-driven objectives and strategic directions,
- The Delivery Program identifies Activities to be undertaken to achieve the CSP objectives,
- The Long Term Financial Plan determines sustainable resourcing capacity, including financial, workforce, assets and IT and telecommunications resources,
- The Resourcing Strategy defines both Sustainable Resourcing Principles and a structured budget *process* to prioritise allocation of available resources,
- The annual business planning and budget *process* considers a range of possible Delivery Program Activities, driven by the CSP, and determines annual resource allocation that will deliver priority programs and projects within sustainable constraints.

Delivery Program Activities are identified by ‘budget type’:

- On-going
- Recurrent
- New Initiative
- Capital Works Renewal, or
- Capital Works New.

The Delivery Program framework is aligned to the Expenditure Types shown in Resourcing Strategy Figure 3 for prioritisation purposes, thus enabling the prioritised allocation of resources to existing, varied and

new Delivery Program activities through the budget process shown in Resourcing Strategy Figures 5.1 and 5.2. This process enables the real-time assessment of priorities for resource allocation, responsive service provision and strategic new investment over time.

1.4.5. **Prioritising Criteria**

Council has adopted criteria in the following categories to guide the assessment of priorities for projects and programs linked to the City’s growth and new services.

- Strategic settings, with the priority given to:
 - maximising alignment with CSP strategies
 - environmental programs
 - community safety
 - road sealing program
 - shared path construction
- Capital works prioritisation
 - identified in an asset management plan
 - developer contributions held
 - addresses changes in statutory or community standards
- Priority considerations such as:
 - ecologically sustainable development
 - cost savings
 - reducing risk exposure
 - community benefit
 - partnerships
 - timing imperatives

1.5. Priority Responses

1.5.1. *Continuous Improvement of Policy and Practice*

Activities:

- Develop a policy and program for the review of on-going service programs, for strategic alignment, community relevance, efficiency and service delivery methods, to assure “best value” outcomes and outputs from those on-going (recurrent) programs.
- Undertake community engagement on preparedness to support increased rate revenue, fees and charges or debt, as part of any consideration of quantum increases in service and/or asset investment.
- Develop a strategy for the treatment of ‘windfall’ revenues and savings, which will be initially directed to infrastructure assets investment in priority order:
 - firstly for maintenance and renewal backlog
 - then full funding of renewal programs
 - then growth-driven infrastructure.
- Develop a strategic approach to the pursuit and allocation of external funds and the treatment of grant and partnership project revenue in long term financial forecasting.

1.5.2. *Better Information for Better Planning*

Activities:

- Improve the accuracy and categorisation of the data and expenditure forecasts held for asset management planning.

- Ensure optimum alignment between asset management planning and financial accounting and reporting in relation to assets, in particular the relationship between depreciation and asset renewal.
- Develop a forward estimate of our capacity to fund new services and new capital project works (by asset class), and confirm the extent to which this projected capacity will meet anticipated demands and ambitions.
- Identify potential asset rationalisation opportunities which would ultimately facilitate the continued provision of services but reduce maintenance and ultimate renewal costs, and engagement the community on key issues associated with asset rationalisation.

1.5.3. *Systems Improvements*

Activities:

- Recognise in long term resource allocation the full and whole-of-life range of costs – capital & operation, and immediate & on-going, including depreciation – associated with proposed new initiatives.
- Make full provision in the LTFP for Council's forecast Development Contributions obligations, consistent with actual and forecast developer contributions.
- Confirm clear definitions of the various terminologies and expenditure categories used in the resource allocation process, to ensure a consistent and systematic translation of the adopted principles into operational practice.

- Develop and integrate processes and criteria for resource allocation to competing demands for City-growth and new initiatives projects.
- Review and fully integrate the mapping of financial management data for reporting against the Community Strategic Plan, Delivery Program and Resourcing Strategy frameworks.

1.6. **Measuring Progress**

Indicators or measures (Figure 4) are necessary to monitor and assess the achievements of the Resourcing Strategy. These may be financial or non-financial but should inform the monitoring of Council's financial and resourcing sustainability in the long term.

In addition to financial performance measures stipulated in the Accounting Code, further measures are drawn from the 2009 NSW Local Government Financial Sustainability Review and the 2009 Australian Infrastructure Financial Management Guidelines.

Sustainability Measures	
Indicator	Description
Operating Result Ratio	Expenses less operating revenue <u>as a proportion of</u> annual revenue from rates, fees and charges.
Infrastructure Backlog Ratio	Estimated cost of deferred maintenance as a proportion of annual operating revenue.
Net Financial Liabilities Ratio	The net amount owed compared with the period's income.
Interest Cover Ratio	Proportion of operating income used to pay interest on loans, net of interest income.
Asset Sustainability Ratio	The ratio of asset replacement expenditure relative to depreciation for a period. i.e. whether assets are being replaced at the rate they are 'consumed'—this is the same measure as in Building & Infrastructure Renewals Ratio
Asset Consumption Ratio	The average proportion of 'as new' condition left in assets.
Asset Renewal Funding Ratio	The ratio of net present value of asset replacement funding in the LTFP relative to the net present value of projected capital renewal expenditure identified in an asset management plan for the same period.
Sustainable Rate Revenue Increase	Rate revenue increases required to achieve the Operating Result Ratio target, over ten years.
Expenditure on Staff Costs	Salaries and wages expenditure as a proportion of total expenditure (excluding depreciation).

Figure 4. Sustainability Measures

2. LONG TERM FINANCIAL PLANNING

2.1. Introduction

The Shoalhaven Long Term Financial Plan (LTFP) is used to inform decision making during the development and annual review of the Delivery Program and Operational Plan. The LTFP is for a period of 10 years.

The assumptions contained in the LTFP will:

- respond to forecast economic parameters
- reflect the strategic priorities of the Council as to community outcomes and fiscal policy, and
- result in responsible forward forecasts of financial sustainability indicators.

Council's annual budget will be developed having regard to:

- the CSP
- the adopted and reviewed Delivery Program and annual draft Operational Plan
- the draft LTFP, developed as an early step in the budget cycle and based on the Sustainable Resourcing Principles
- the achievement of financially sustainable forecast outcomes
- the settings within the draft LTFP for revenues and categories of expenditure.

The LTFP will be revised and adopted each year in final form based on the final adopted budget, as indicated in Figure 5 (page 14).

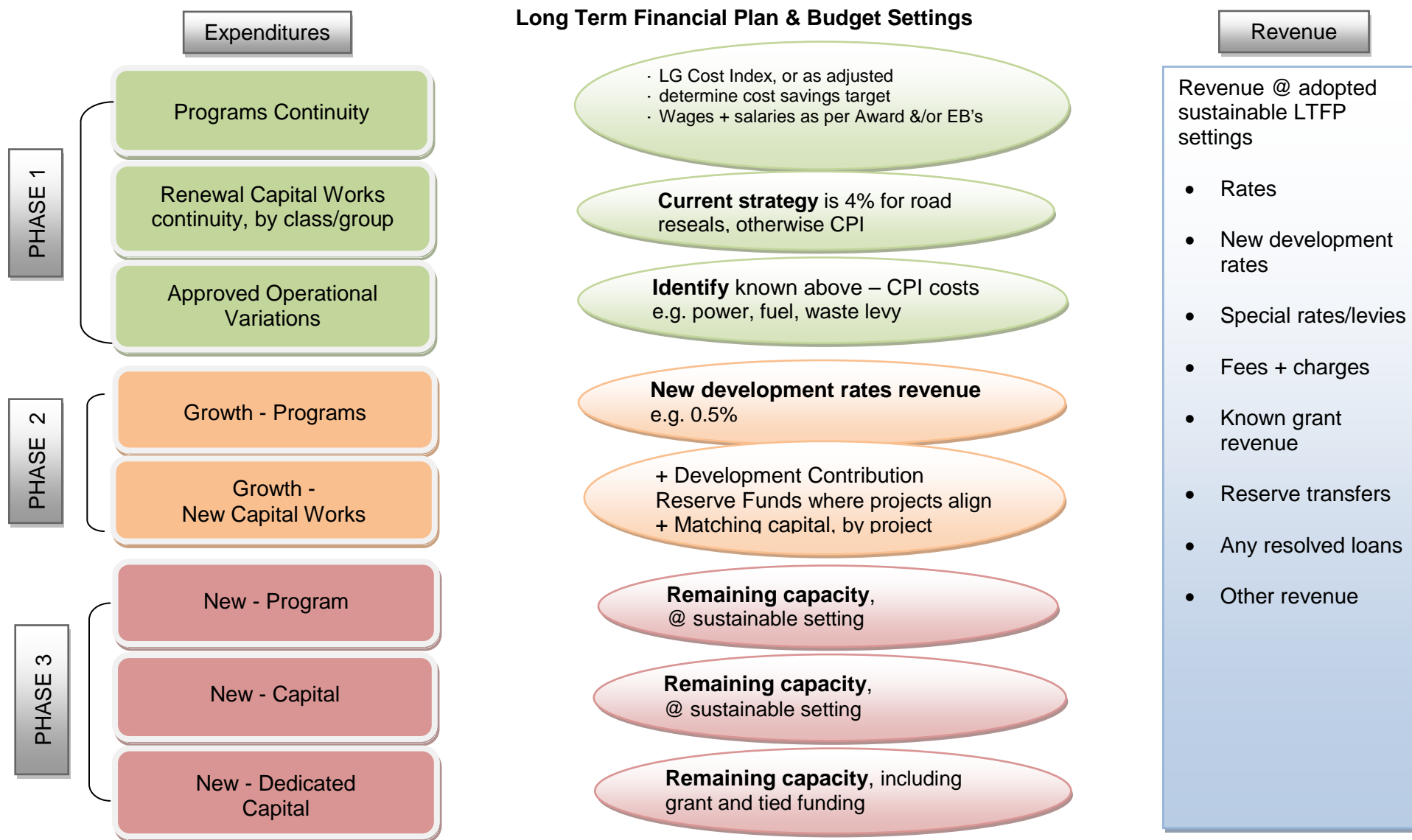


Figure 5.1 Long Term Financial Plan and Budget Settings

Budget Phasing Framework – Explanatory Notes

Context

Budget development sits within the context of the LTFP settings and resultant forecast of financial sustainability measures. The approach to the three budget phases links back to the settings adopted, in part for budget development proposes, in the draft LTFP. The result of the budget process will become the basis for an adopted LTFP, projecting forward from the adopted budget settings.

PHASE 1

Recurrent Operating

Current, continuing operating budget items – same services and programs, same scope - indexed as per LTFP assumptions / provisions, which may include a savings target margin created through efficiencies, cost savings, service reduction, rationalisation, etc. [Provision may be CPI or LGPI, or similar, less savings target]

Capital Renewal

Capital renewal and maintenance programs, based on AMP settings and priorities, indexed as per LTFP assumptions / provisions. [Could include a 'gap closing' margin above annual AMP requirements, at least until the renewal backlog is removed and maintenance/renewal programs fully funded]

PHASE 2

City-growth Operating

- (a) Increased operational services and activities, where the current services are provided to a growing community (but not new services or expanded service levels/scope), funded as per LTFP assumptions / provisions and assessed / prioritised based on agreed criteria. Some services / programs may 'grow' in a 'lumpy' pattern, others in a relatively 'straight line' pattern. [typically, the LTFP provision will be equivalent to the new revenue attributable to forecast city growth, pro rata for operating expenditures]
- (b) Hold any remaining 'city growth' budget items for Phase 3 consideration.

City-growth Capital

- (a) New or upgraded infrastructure and facilities, where the current levels of service and facilities are provided to a growing community (but not new kinds of infrastructure, facilities or expanded service levels/scope), funded as per LTFP assumptions / provisions and assessed / prioritised based on agreed criteria (including Development Contributions funded projects as highest priorities). [typically, the LTFP provision will be equivalent to the new revenue attributable to forecast city growth, pro rata for capital expenditures, plus LTFP provision for Development Contributions funds to be applied to capital projects]
- (b) Hold any remaining 'city growth' budget items for Phase 3 consideration.

PHASE 3

New Operating

New operating budget items (ie, services, activities, programs, beyond the parameters of the recurrent and city growth categories), as per LTFP assumption / provision, if any. New initiative proposals, plus remaining unfunded 'city growth' items are assessed / prioritised based on agreed criteria (CSP priorities heavily weighted). Subject to review and revision of earlier budget phase decisions and revenue assumptions, the financial capacity for 'new operating' may increase above the LTFP provision. Any variation to revenue assumptions must have regard to impact on financial sustainability measures / targets, and will reflect in the adopted LTFP post-budget.

New Capital

New and upgrade capital budget items (ie, projects, infrastructure, facilities, beyond the parameters of the recurrent and city growth categories), as per LTFP assumption / provision, if any. New capital project proposals, plus remaining unfunded 'city growth' items are assessed / prioritised based on agreed criteria (CSP priorities heavily weighted). Subject to review and revision of earlier budget phase decisions and revenue/debt assumptions, the financial capacity for 'new capital' may increase above the LTFP provision. Any variation revenue and/or debt assumptions must have regard to impact on financial sustainability measures / targets, and will reflect in the adopted LTFP post-budget.

Figure 5.2 Budget Phasing Framework – Explanatory Notes

Shoalhaven City Council has three main funds for operations: General Fund, Water Fund and Sewerage Fund. The Long Term Financial Plan will provide Financial Statements and Performance Measures for the whole of Council and the three funds separately. The information for the whole of Council (consolidated accounts) will enable comparisons with our Financial Reports. It is also necessary show this information by the three separate funds. This will enable comparisons with other Local Government Areas, as some may not have Water and Sewerage functions. Also, the three funds have different revenue structures; therefore the separation allows for a more accurate assessment of the long term financial sustainability of each fund.

2.2. Shoalhaven Water

Shoalhaven City Council has responsibility for water and sewerage services for the Shoalhaven local government area. Council exercises water supply and sewerage functions under Division 2 Part 3 Chapter 6 of the Local Government Act 1993. Council meets these responsibilities and delivers water and sewerage services through Shoalhaven Water, a business group of Council.

Both the water and sewer operations are designated as Category 1 Business Units (i.e. the annual gross operating income is greater than \$2 million). As such, the operations funds are subject to Competitive Neutrality Guidelines and the water and sewer businesses are subject to the same corporatisation principles as State Government business activities. This requires the businesses to apply full cost attribution, including tax equivalent regime payments and to operate within the same regulatory framework as private businesses. Pricing structures should reflect these requirements, including an appropriate rate of return from the business.

Water and Sewerage funds are therefore managed and planned separately from Council’s General Fund. The Local Government Act 1993 specifies that money raised from water and sewerage charges may only be used for the purpose of these activities (i.e. water and

sewerage funds cannot be used to fund general fund activities). However, Council may in some circumstances declare a dividend from both the water and sewerage funds to be applied towards any purpose allowed under the Local Government Act.

Water and sewerage income is derived from annual charges and charges for use. Other major income is from grants under the Country Towns Water Supply and Sewerage Program and from Developer Income (also referred to as Section 64 income). Water and Sewerage capital works can also be funded through loan borrowings.

The Community Strategic Plan includes the following in relation to Shoalhaven Water:

OBJECTIVE

1.6

SUSTAINABLE WATER SUPPLY AND SEWERAGE SERVICES PROVIDING RESPONSIBLE COMMUNITY RETURNS

Strategies	
1.6.1	Review and implement the Shoalhaven Water Strategic Business Plan in accordance with the Best Practice Management of Water Supply and Sewerage Guidelines.
1.6.2	Deliver to Council an appropriate annual community dividend from the Shoalhaven Water operations.
1.6.3	Implement a range of new services and/or strategic infrastructure through the use of Shoalhaven Water community dividends for targeted priority purposes.

Figure 6. Sustainable Water Supply and Sewerage Services

In addition to the Sustainable Resourcing Principles the resourcing of Shoalhaven Water services and works is guided by the following specific principles:

- network expansion and enhancement costs are recovered across the whole of the network through pricing settings
- network expansion to meet city growth needs is forecast in advance but required capital works only activated when the known location and scale of development demands are confirmed
- scoping, prioritising, procurement, implementation and commissioning of network expansion capital works must be able to occur rapidly
- generally, Section 64 development contribution funds will provide a guide to network expansion priorities and project scope
- the funds will provide a modest and transparent community dividend to Council each year, in accordance with the CSP.

The water and sewer funds provide for capital programs each year for:

- renewal/replacement works
- new works for growth
- new works for asset enhancement (including backlog sewerage works).

The key planning and delivery documentation for these programs is summarised below.

Capital Works – Water and Sewerage					
Renewal/ Replacement	New Works (Growth)		New Works (Asset Enhancement)		
Asset Management Plans	Developer Servicing Plans (Section 64)	Water Supply Headworks Strategy	Pollution Reduction Programs	Changes in regulatory and operating standards	Backlog Sewerage Program

Figure 7. Shoalhaven Water Resourcing Framework

2.3. Financial Planning Strategic Assumptions

2.3.1. Previous Assumptions

Key principles and assumptions used in recent years to set Council's budgets and long term financial forecasts have been:

- separate treatment of 'General Fund' and Shoalhaven Water and Sewer operations and finances, with water and sewer services to operate on a full-cost recovery basis maintenance of the balance of cash reserves (i.e. no deficit budgets), (2009-12 Management Plan)
- creation of the Industrial Land Reserve Fund, so that the proceeds of Council's industrial land sales are not treated as operational revenue and can ultimately fund further industrial land initiatives (with less or no debt), (2009-2012 Management Plan)
- other land sales and Shoalhaven Water dividend revenues directed to Strategic Projects Reserve Fund, (2009-2012 Management Plan)
- reduced borrowing for works programs
- continued borrowing for commercial or 'special' programs, if any
- portion of Financial Assistance Grant directed to Strategic Projects Reserve (\$1 million per year), however, this ceased from 2009/10.
- "similar levels of service" planned unless specifically highlighted
- steady increases in infrastructure maintenance expenditure projected, together with marked increases in some capital construction areas.

Council's ten year forecasts include a forward program of capital works, both renewal and upgrade/new works, informed by Council's adopted Asset Management Plans, Section 94 Plans and other Council resolutions. Projected capital works include major new community and cultural facilities, recreation and leisure facilities, roads and drainage projects, footpaths and cycle way works, various land acquisition, and Rural Fire Service buildings. The cessation of Roads to Recovery funding at the end of the current Commonwealth Government commitment in 2013/14 has been assumed.

2.3.2. 2012/13 LTFP Assumptions

The 2012/13 LTFP reflects the following strategic assumptions about our operating environment:

Revenue Forecasts

Capacity for Rating

Rate Pegging for the 2012/13 financial year has been set by the Independent Pricing and Regulatory Tribunal (IPART) at 3.6%. IPART determined that the Local Government Cost Index increased by 3.4%, added 0.4% as an advance for carbon pricing and subtracted a 0.2% productivity factor. Council has assumed future rate increases to be 3% on current rating base level. Above rate pegging variations have not been included in the LTFP, but may be considered during reviews of the plan in future years. It is anticipated that the number of assessable properties will increase by 0.2% per year.

Water and Sewerage

The pricing of water and sewerage services is guided by State Government Best Practice Pricing Guidelines. Council has adopted a two part tariff for water supply, consisting of an access charge and a usage charge. Access charges are related to the size of the water meter for non-residential properties. The guidelines require that at least 75% of revenue for residential customers should be generated through the usage component. The Shoalhaven Water pricing path

has been set to target an economic real rate of return (ERRR) for the water business of 2.4%. Sewerage tariffs adopted by Council consist of a uniform sewerage charge for residential properties, a two part tariff for non-residential customers and appropriate fees and charges for liquid trade waste dischargers.

Fees and Charges

Fees and charges for services will be levied according to the recovery of the costs to provide the service. An increase of 3% is considered reasonable.

Grants and Subsidies

The Financial Assistance Grant is assumed to increase by 3% each year. Other recurrent government grants are also assumed to increase by 3% and capital grants are estimated according to the capital projects to be constructed. The Roads to Recovery grant is assumed to be \$1,435,592 per year up to and including year 2018/19, when the current Commonwealth Government commitment ends. There are no State Government Subsidies in the Water Supply capital program and State Government subsidy for Sewerage is phased out by 2012/13.

Council will continue to seek grant and partnership funding for a range of well-aligned projects and programs, which will be reflected in budgets and the LTFP as and when specific arrangements are confirmed. While we expect to continue to have reasonable success in this area, we have adopted the prudent position of making no assumption that this source of funds can be relied upon for the purposes of forward forecasting of resourcing and financial sustainability. Successful increases in revenue through grants and partnerships will be treated as windfalls, to be leveraged for maximum benefit, and may well enable flow-on improvement in our position with respect to planned projects and programs, which will in turn be reflected in successive LTFPs.

Interest Income

Interest on investments is assumed at 5.5% on cash held. The interest earned on the balances of the Waste Management, Section 94, Water and Sewerage reserves will be allocated to these reserves, with the remainder going to General Fund.

Developer Contribution

Contributions received are held in separate reserves and are spent on projects according to the Contributions Plan.

Borrowings

The LTFP provides for new loans for specific capital project works. Council may also borrow for commercial projects, where they have a capacity from future income inflows to repay the loan. The loans for general fund will be for a ten year repayment schedule, water and sewerage loans will have a repayment schedule of 15 years.

Expenditure Forecasts

Employee Costs

Salary and wage cost increases of 3.25% are assumed for 2012/13 and 3.25% for the future years in relation to current staff levels, with an on-cost rate of 38.4% to cover leave accrued and superannuation paid for employees. There is no specific provision for growth in Council's workforce to meet either the service needs of a growing community or new services that might be identified as required.

Materials and Contracts

For 2012/13, electricity prices for small sites will rise by a projected 10%. For large sites they will rise by a projected 20% and street lighting a projected 22%. Electricity costs are assumed to increase by 5% in future years. Road construction materials are anticipated to

increase by 3% every year. Other material and contracts costs are anticipated to increase by 3%.

Interest Expenses

The interest for existing loans is as provided for in the existing contracts and the interest assumed on new loans is 8%.

Depreciation

Depreciation cost will be based on estimated useful life of assets and reviewed every year. In the LTFP, depreciation in future years is increased by 3% with additions to account for the depreciation expected for the planned construction of major works.

Other Expenses

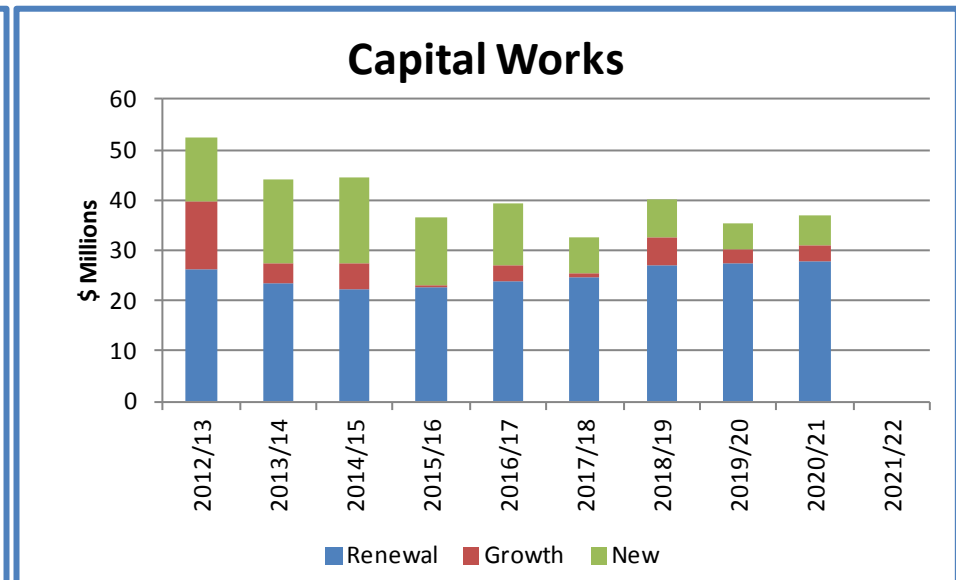
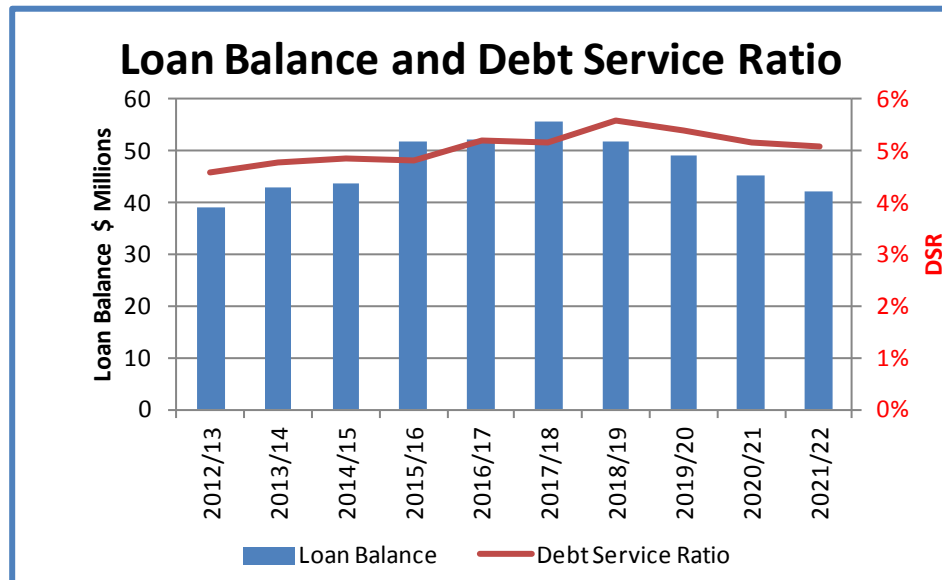
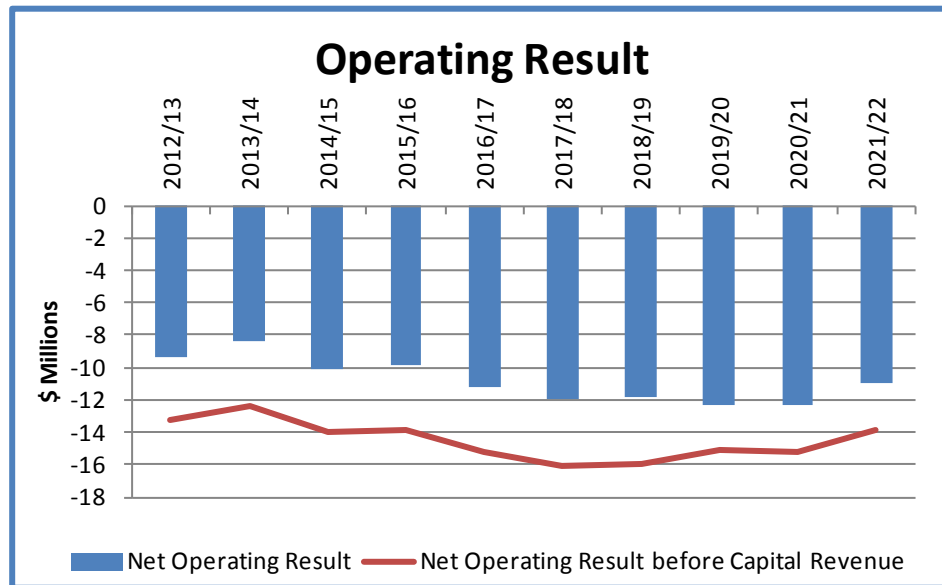
All other expenditure for continuing operations is assumed to increase by 3%.

The LTFP also provides for the additional cost of operations and maintenance of newly constructed or upgraded assets.

2. LONG TERM FINANCIAL STATEMENTS

The Long Term Financial Plan includes projected income and expenditure, balance sheet and cashflow statements. The format of these statements is in accordance with the current Code of Accounting Practice. The statements will be provided for the General Fund, Water Fund and Sewerage Fund

General Fund Financial Statements



General Fund Ten Year Financial Plan - Income Statement

	2012/13	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	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	63,863	66,128	68,478	70,865	73,340	75,908	78,571	81,335	84,232	87,239
User Charges & Fees	38,226	40,036	41,726	43,311	45,171	46,850	48,740	50,750	52,776	54,809
Interest & Investment Revenue	3,800	3,456	3,048	2,871	2,974	2,899	2,946	3,199	3,440	3,798
Other Revenues	48,599	51,270	52,461	54,489	56,003	57,514	60,737	62,125	63,335	64,652
Grants & Contributions provided for Operating Purposes	17,349	17,861	18,333	18,875	19,376	19,952	20,485	21,065	21,662	22,312
Grants & Contributions provided for Capital Purposes	3,927	3,947	3,902	4,058	4,015	4,075	4,135	2,763	2,925	2,931
Other Income:										
Net gains from the disposal of assets										
Total Income from Continuing Operations	175,765	182,696	187,948	194,468	200,879	207,198	215,614	221,236	228,371	235,741
Expenses from Continuing Operations										
Employee Benefits & On-Costs	52,918	54,616	56,482	58,337	60,283	62,258	64,300	66,386	68,506	70,594
Borrowing Costs	2,296	2,714	3,025	3,158	3,761	3,794	4,057	3,784	3,596	3,308
Materials & Contracts	46,093	47,715	49,674	51,394	53,482	55,351	57,149	59,045	60,979	62,913
Depreciation & Amortisation	34,390	35,411	36,490	37,586	38,713	39,887	41,076	42,285	43,566	44,873
Other Expenses	49,396	50,621	52,357	53,809	55,867	57,882	60,867	62,084	64,004	64,959
Total Expenses from Continuing Operations	185,093	191,077	198,028	204,283	212,107	219,172	227,450	233,583	240,651	246,648
Net Operating Result for the Year	(9,328)	(8,380)	(10,080)	(9,815)	(11,228)	(11,974)	(11,835)	(12,347)	(12,280)	(10,907)
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(13,255)	(12,327)	(13,982)	(13,872)	(15,243)	(16,049)	(15,971)	(15,109)	(15,206)	(13,838)

General Fund Ten Year Financial Plan - Balance Sheet

	2012/13	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	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	24,474	15,121	6,436	6,601	6,737	2,446	(1,066)	(9,964)	(14,380)	(16,767)
Investments	6,100	6,100	6,100	1,100	0	0	0	0	0	0
Receivables	4,647	4,806	4,972	5,143	5,317	5,499	5,683	5,877	6,071	6,273
Inventories	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202	3,202
Other	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430	1,430
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	39,853	30,659	22,140	17,476	16,686	12,577	9,249	545	(3,677)	(5,862)
Non-Current Assets										
Investments	5,088	5,088	5,088	5,088	1,900	0	0	0	0	0
Receivables	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039	11,039
Inventories	6,618	6,618	6,618	6,618	6,618	6,618	6,618	6,618	6,618	6,618
Infrastructure, Property, Plant & Equipment	1,526,325	1,530,953	1,530,200	1,532,980	1,526,170	1,523,644	1,511,373	1,505,260	1,493,350	1,481,516
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	1,550,578	1,555,206	1,554,453	1,557,233	1,547,235	1,542,809	1,530,538	1,524,425	1,512,515	1,500,681
Total Assets	1,590,431	1,585,865	1,576,593	1,574,709	1,563,921	1,555,386	1,539,787	1,524,970	1,508,838	1,494,819
Liabilities										
Current Liabilities										
Payables	13,175	13,175	13,175	13,175	13,175	13,175	13,175	13,175	13,175	13,175
Borrowings	5,846	5,935	5,974	6,494	6,719	7,793	7,967	8,075	8,499	4,142
Provisions	30,482	30,482	30,482	30,482	30,482	30,482	30,482	30,482	30,482	30,482
Total Current Liabilities	49,503	49,592	49,631	50,151	50,376	51,450	51,624	51,732	52,156	47,799

General Fund Ten Year Financial Plan - Balance Sheet - continued

	2012/13	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	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	33,227	36,953	37,722	45,133	45,348	47,712	43,776	41,196	36,921	38,166
Provisions	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842	9,842
Total Non-Current Liabilities	43,069	46,795	47,564	54,975	55,190	57,554	53,618	51,038	46,763	48,008
Total Liabilities	92,572	96,387	97,195	105,126	105,566	109,004	105,242	102,770	98,919	95,807
Net Assets	1,497,859	1,489,478	1,479,398	1,469,583	1,458,355	1,446,382	1,434,545	1,422,200	1,409,919	1,399,012
Equity										
Retained Earnings	788,097	779,716	769,636	759,821	748,593	736,620	724,783	712,438	700,157	689,250
Revaluation Reserves	709,762	709,762	709,762	709,762	709,762	709,762	709,762	709,762	709,762	709,762
Council Equity Interest	1,497,859	1,489,478	1,479,398	1,469,583	1,458,355	1,446,382	1,434,545	1,422,200	1,409,919	1,399,012
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	1,497,859	1,489,478	1,479,398	1,469,583	1,458,355	1,446,382	1,434,545	1,422,200	1,409,919	1,399,012

General Fund Ten Year Financial Plan - Cash Flow Statement

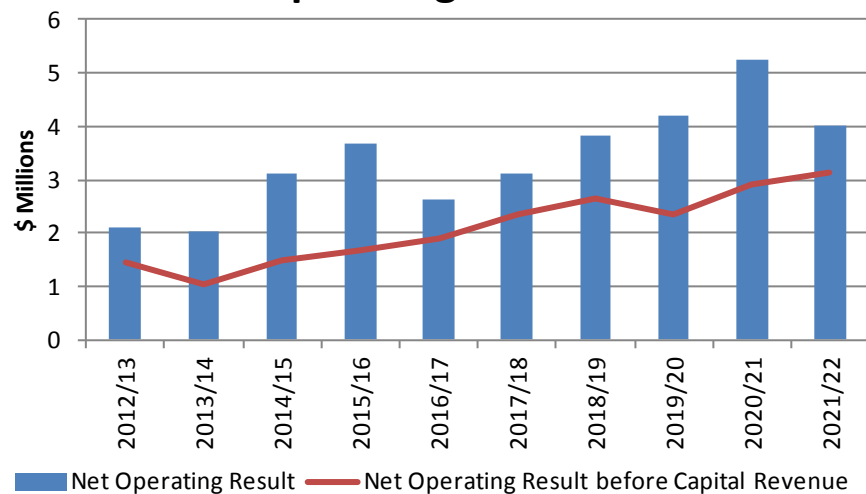
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	63,707	65,967	68,313	70,695	73,165	75,727	78,385	81,144	84,036	87,037
User Charges & Fees	38,226	40,036	41,726	43,311	45,171	46,850	48,740	50,750	52,776	54,809
Interest & Investment Revenue Received	3,800	3,456	3,048	2,871	2,974	2,899	2,946	3,199	3,440	3,798
Grants & Contributions	21,276	21,807	22,234	22,933	23,391	24,027	24,620	23,827	24,587	25,243
Other	48,599	51,270	52,461	54,489	56,003	57,514	60,737	62,125	63,335	64,652
<i>Payments:</i>										
Employee benefits & On-costs	(52,918)	(54,616)	(56,482)	(58,337)	(60,283)	(62,258)	(64,300)	(66,386)	(68,506)	(70,594)
Materials & Contracts	(46,093)	(47,715)	(49,674)	(51,394)	(53,482)	(55,351)	(57,149)	(59,045)	(60,979)	(62,913)
Borrowing Costs	(2,296)	(2,714)	(3,025)	(3,158)	(3,761)	(3,794)	(4,057)	(3,784)	(3,596)	(3,308)
Other	(49,396)	(50,621)	(52,357)	(53,809)	(55,867)	(57,882)	(60,867)	(62,084)	(64,004)	(64,959)
Net Cash Provided (or used in) Operating Activities	24,906	26,869	26,244	27,601	27,310	27,732	29,055	29,747	31,090	33,764
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	0	0	0	5,000	4,288	1,900	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	1,450	2,450	3,310	2,000	2,450	1,550	1,350	1,050	1,100	1,300
Sale of Infrastructure, Property, Plant & Equipment	2,091	2,004	2,240	2,078	2,037	2,298	2,410	2,915	2,586	2,649
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	4,750	0	0	0	0	0	0	0	0	0

General Fund Ten Year Financial Plan - Cash Flow Statement - continued

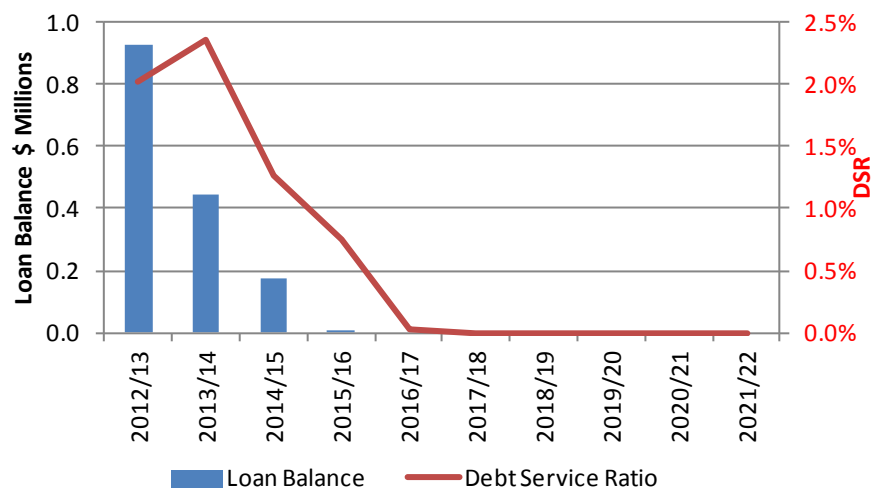
	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Payments:										
Purchase of Investment Securities	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(50,258)	(44,074)	(41,268)	(44,353)	(36,390)	(40,489)	(31,900)	(37,803)	(32,808)	(36,177)
Purchase of Real Estate Assets	(250)	(418)	(19)	(91)	0	(720)	(665)	(2,334)	(2,533)	(812)
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(42,217)	(40,038)	(35,737)	(35,366)	(27,615)	(35,461)	(28,805)	(36,172)	(31,655)	(33,039)
Cash flows from Financing Activities										
Receipts:										
Proceeds from borrowings & Advances	8,602	9,662	6,742	13,905	6,934	10,157	4,031	5,494	4,224	5,387
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(5,546)	(5,846)	(5,935)	(5,974)	(6,494)	(6,719)	(7,793)	(7,967)	(8,075)	(8,499)
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Financing Activities	3,056	3,817	807	7,931	440	3,439	(3,762)	(2,473)	(3,850)	(3,112)
Net Increase/(Decrease) in Cash & Cash Equivalents	(14,254)	(9,353)	(8,686)	165	135	(4,290)	(3,513)	(8,898)	(4,416)	(2,387)
plus: Cash & Cash Equivalents - beginning of year	38,728	24,474	15,121	6,436	6,601	6,737	2,446	(1,066)	(9,964)	(14,380)
Cash & Cash Equivalents - end of the year	24,474	15,121	6,436	6,601	6,737	2,446	(1,066)	(9,964)	(14,380)	(16,767)

Water Fund Financial Statements

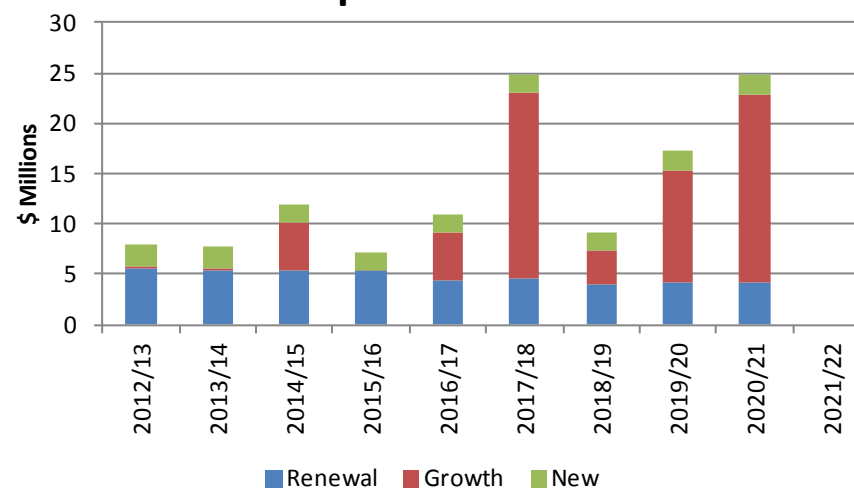
Operating Result



Loan Balance and Debt Service Ratio



Capital Works



Water Fund Ten Year Financial Plan - Income Statement

	2012/13	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	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	4,014	4,226	4,372	4,523	4,678	4,838	5,004	5,175	5,351	5,534
User Charges & Fees	14,547	15,042	15,809	16,615	17,467	18,366	19,316	20,319	21,379	22,499
Interest & Investment Revenue	2,165	2,147	2,072	2,102	1,969	2,064	2,005	1,205	1,314	1,031
Other Revenues	954	983	1,013	1,043	1,074	1,106	1,140	1,174	1,209	1,246
Grants & Contributions provided for Operating Purposes	488	497	506	516	526	536	546	557	568	579
Grants & Contributions provided for Capital Purposes	671	1,009	1,612	2,012	755	778	1,170	1,869	2,333	875
Other Income:										
Net gains from the disposal of assets										
Total Income from Continuing Operations	22,838	23,904	25,384	26,812	26,469	27,689	29,181	30,298	32,154	31,763
Expenses from Continuing Operations										
Employee Benefits & On-Costs	6,827	7,114	7,388	8,010	8,270	8,529	8,803	9,027	9,302	9,596
Borrowing Costs	85	57	27	17	0	0	0	0	0	0
Materials & Contracts	3,673	3,702	3,991	4,090	4,213	4,339	4,469	4,603	4,741	4,883
Depreciation & Amortisation	6,758	6,956	7,167	7,386	7,603	7,834	8,067	8,306	8,554	8,812
Other Expenses	3,375	4,040	3,691	3,618	3,742	3,875	4,009	4,155	4,307	4,462
Total Expenses from Continuing Operations	20,717	21,869	22,263	23,120	23,828	24,577	25,348	26,091	26,903	27,753
Net Operating Result for the Year	2,121	2,036	3,121	3,692	2,641	3,111	3,833	4,207	5,251	4,010
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	1,450	1,026	1,509	1,679	1,886	2,334	2,662	2,338	2,918	3,135

Water Fund Ten Year Financial Plan - Balance Sheet

	2012/13	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	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	17,356	17,266	19,297	18,479	21,695	22,348	10,010	12,904	9,060	1,433
Investments	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	3,216	0
Receivables	2,572	2,586	2,599	2,614	2,626	2,640	2,655	2,672	2,688	2,703
Inventories	0	0	0	0	0	0	0	0	0	0
Other	1,232	1,308	1,389	1,475	1,567	1,664	948	1,007	1,070	1,137
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	24,376	24,376	26,501	25,784	29,104	29,868	16,829	19,799	16,034	5,273
Non-Current Assets										
Investments	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	1,508	0
Receivables	0	0	0	0	0	0	0	0	0	0
Inventories	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	308,281	310,194	311,163	315,441	314,782	317,647	334,153	334,848	343,382	359,243
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	12,592	11,302	9,931	8,474	6,925	5,280	4,350	3,361	2,309	1,190
Total Non-Current Assets	322,381	323,004	322,602	325,423	323,215	324,435	340,011	339,717	347,199	360,433
Total Assets	346,757	347,380	349,103	351,207	352,319	354,303	356,840	359,516	363,233	365,706
Liabilities										
Current Liabilities										
Payables	983	983	983	983	983	983	983	983	983	983
Borrowings	484	273	167	6	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	1,467	1,256	1,150	989	983	983	983	983	983	983

Water Fund Ten Year Financial Plan - Balance Sheet - continued

	2012/13	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	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	446	173	6	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	446	173	6	0	0	0	0	0	0	0
Total Liabilities	1,913	1,429	1,156	989	983	983	983	983	983	983
Net Assets	344,844	345,951	347,947	350,218	351,336	353,320	355,857	358,533	362,250	364,723
Equity										
Retained Earnings	187,779	188,886	190,882	193,153	194,271	196,255	198,792	201,468	205,185	207,658
Revaluation Reserves	157,065	157,065	157,065	157,065	157,065	157,065	157,065	157,065	157,065	157,065
Council Equity Interest	344,844	345,951	347,947	350,218	351,336	353,320	355,857	358,533	362,250	364,723
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	344,844	345,951	347,947	350,218	351,336	353,320	355,857	358,533	362,250	364,723

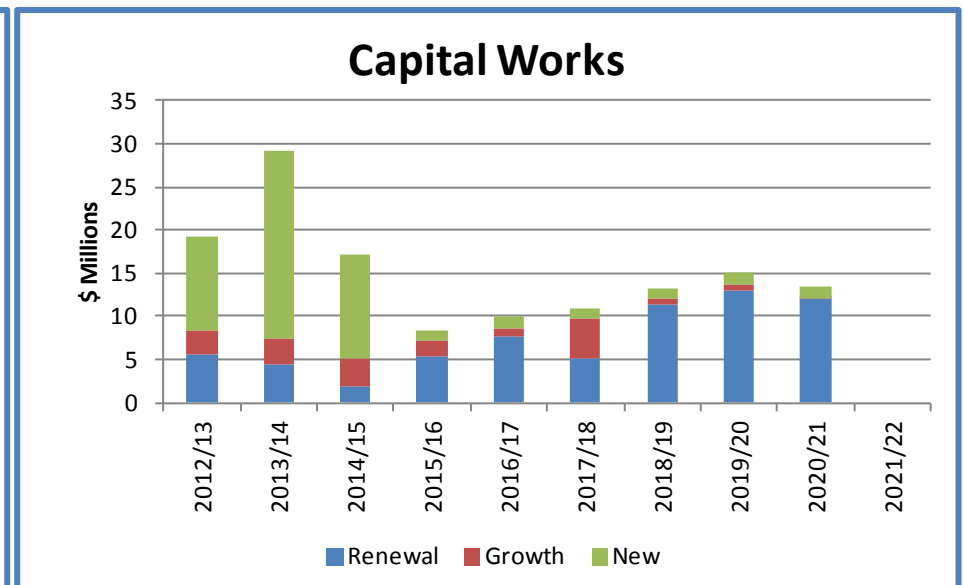
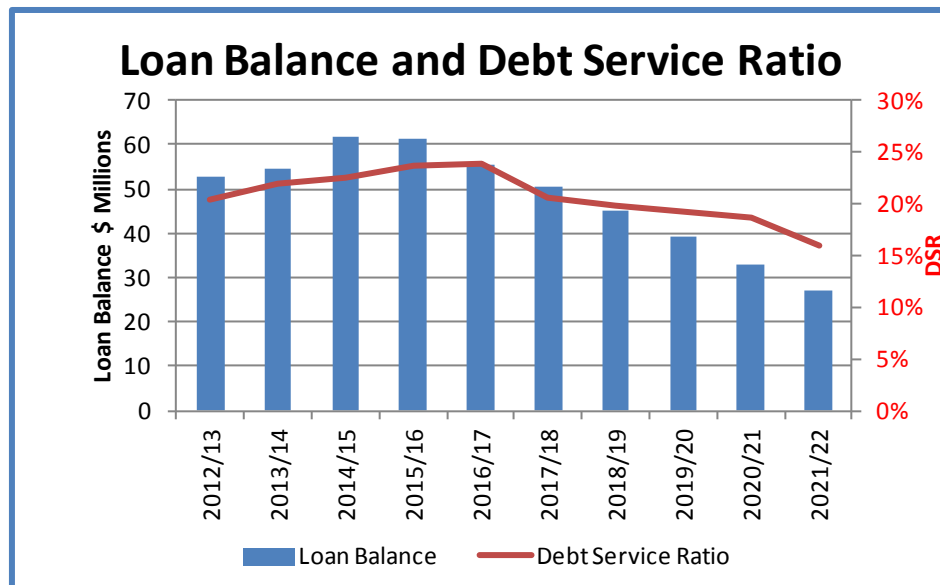
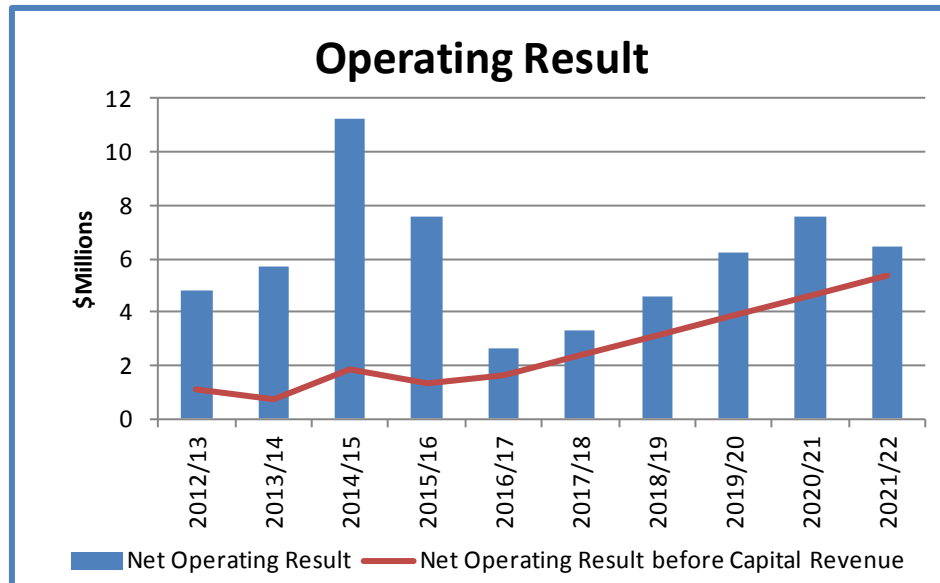
Water Fund Ten Year Financial Plan - Cash Flow Statement

	2012/13	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	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	4,002	4,213	4,359	4,509	4,664	4,824	4,989	5,159	5,335	5,518
User Charges & Fees	14,547	15,042	15,809	16,615	17,467	18,366	19,316	20,319	21,379	22,499
Interest & Investment Revenue Received	2,165	2,147	2,072	2,102	1,969	2,064	2,005	1,205	1,314	1,031
Grants & Contributions	1,159	1,506	2,118	2,528	1,281	1,314	1,717	2,426	2,901	1,455
Other	954	983	1,013	1,043	1,074	1,106	1,140	1,174	1,209	1,246
<i>Payments:</i>										
Employee benefits & On-costs	(6,827)	(7,114)	(7,388)	(8,010)	(8,270)	(8,529)	(8,803)	(9,027)	(9,302)	(9,596)
Materials & Contracts	(3,673)	(3,702)	(3,991)	(4,090)	(4,213)	(4,339)	(4,469)	(4,603)	(4,741)	(4,883)
Borrowing Costs	(85)	(57)	(27)	(17)	(0)	0	0	0	0	0
Other	(3,375)	(4,040)	(3,691)	(3,618)	(3,742)	(3,875)	(4,009)	(4,155)	(4,307)	(4,462)
Net Cash Provided (or used in) Operating Activities	8,867	8,979	10,275	11,064	10,230	10,931	11,885	12,497	13,789	12,806
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	0	0	0	0	0	0	0	0	0	4,724
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	140	144	149	153	158	162	167	172	177	183
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	1,142	1,214	1,290	1,371	1,457	1,548	1,646	930	989	1,052

Water Fund Ten Year Financial Plan - Cash Flow Statement - continued

	2012/13	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	\$ '000
Payments:										
Purchase of Investment Securities	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(8,474)	(9,014)	(8,285)	(11,817)	(7,101)	(10,862)	(24,740)	(9,174)	(17,265)	(24,855)
Purchase of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(7,192)	(7,655)	(6,846)	(10,293)	(5,487)	(9,151)	(22,927)	(8,072)	(16,099)	(18,896)
Cash flows from Financing Activities										
Receipts:										
Proceeds from borrowings & Advances	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(363)	(484)	(273)	(167)	(6)	0	0	0	0	0
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	(893)	(929)	(1,125)	(1,421)	(1,522)	(1,127)	(1,296)	(1,531)	(1,534)	(1,537)
Net Cash Provided (or used in) Financing Activities	(1,256)	(1,413)	(1,398)	(1,588)	(1,529)	(1,127)	(1,296)	(1,531)	(1,534)	(1,537)
Net Increase/(Decrease) in Council's Reserves	419	(90)	2,031	(818)	3,215	654	(12,338)	2,894	(3,844)	(7,627)
Net Increase/(Decrease) in Council's Accumulated Funds	0	0	0	0	0	0	0	0	0	0
Net Increase/(Decrease) in Cash & Cash Equivalents	419	(90)	2,031	(818)	3,215	654	(12,338)	2,894	(3,844)	(7,627)
plus: Cash & Cash Equivalents - beginning of year	16,937	17,356	17,266	19,297	18,479	21,695	22,348	10,010	12,904	9,060
Cash & Cash Equivalents - end of the year	17,356	17,266	19,297	18,479	21,695	22,348	10,010	12,904	9,060	1,433

Sewerage Fund Financial Statements



Sewerage Fund Ten Year Financial Plan - Income Statement

	2012/13	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	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	32,156	34,121	35,955	37,135	38,352	39,609	40,906	42,245	43,628	45,055
User Charges & Fees	2,118	2,311	2,461	2,612	2,765	2,919	3,074	3,231	3,389	3,549
Interest & Investment Revenue	51	33	42	56	110	94	122	143	120	76
Other Revenues	1,389	1,431	1,473	1,517	1,563	1,610	1,658	1,708	1,759	1,812
Grants & Contributions provided for Operating Purposes	491	494	498	501	504	507	511	514	517	521
Grants & Contributions provided for Capital Purposes	3,689	4,960	9,404	6,231	957	986	1,484	2,369	2,958	1,110
Other Income:										
Net gains from the disposal of assets										
Total Income from Continuing Operations	39,893	43,350	49,833	48,053	44,251	45,726	47,755	50,210	52,371	52,121
Expenses from Continuing Operations										
Employee Benefits & On-Costs	3,766	4,030	4,159	4,283	4,412	4,544	4,681	4,821	4,965	5,114
Borrowing Costs	3,154	3,593	3,822	4,465	4,470	4,070	3,697	3,303	2,875	2,432
Materials & Contracts	4,448	4,841	5,102	5,256	5,414	5,576	5,744	5,916	6,093	6,275
Depreciation & Amortisation	11,191	11,524	11,874	12,230	12,601	12,983	13,366	13,761	14,177	14,607
Other Expenses	12,538	13,643	13,629	14,264	14,726	15,198	15,689	16,189	16,706	17,245
Total Expenses from Continuing Operations	35,097	37,630	38,585	40,498	41,622	42,372	43,176	43,990	44,817	45,674
Net Operating Result for the Year	4,797	5,720	11,248	7,555	2,629	3,354	4,579	6,220	7,554	6,447
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	1,108	760	1,845	1,323	1,672	2,368	3,095	3,851	4,596	5,337

Sewerage Fund Ten Year Financial Plan - Balance Sheet

	2012/13	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	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	547	99	263	1,161	793	1,200	1,497	989	81	658
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	4,940	5,008	5,053	5,101	5,149	5,198	5,248	5,300	5,350	5,404
Inventories	0	0	0	0	0	0	0	0	0	0
Other	1	1	1	1	1	1	1	1	1	1
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	5,488	5,108	5,317	6,263	5,943	6,399	6,746	6,290	5,432	6,063
Non-Current Assets										
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	52	105	142	179	217	256	296	336	377	419
Inventories	0	0	0	0	0	0	0	0	0	0
Infrastructure, Property, Plant & Equipment	477,600	485,109	502,308	507,052	502,669	499,405	496,856	496,210	496,866	495,520
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	477,652	485,214	502,450	507,231	502,886	499,661	497,152	496,546	497,243	495,939
Total Assets	483,140	490,322	507,767	513,494	508,829	506,060	503,898	502,836	502,675	502,002
Liabilities										
Current Liabilities										
Payables	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771	2,771
Borrowings	4,798	5,293	5,433	5,896	5,129	5,490	5,876	6,304	5,708	7,511
Provisions	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	7,569	8,064	8,204	8,667	7,900	8,261	8,647	9,075	8,479	10,282

Sewerage Fund Ten Year Financial Plan - Balance Sheet - continued

	2012/13	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	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	47,780	49,487	56,554	55,658	50,529	45,038	39,163	32,859	27,151	19,640
Provisions	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	47,780	49,487	56,554	55,658	50,529	45,038	39,163	32,859	27,151	19,640
Total Liabilities	55,349	57,551	64,758	64,325	58,429	53,299	47,810	41,934	35,630	29,922
Net Assets	427,791	432,771	443,009	449,169	450,400	452,761	456,088	460,902	467,045	472,080
Equity										
Retained Earnings	292,914	297,894	308,132	314,292	315,523	317,884	321,211	326,025	332,168	337,203
Revaluation Reserves	134,877	134,877	134,877	134,877	134,877	134,877	134,877	134,877	134,877	134,877
Council Equity Interest	427,791	432,771	443,009	449,169	450,400	452,761	456,088	460,902	467,045	472,080
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	427,791	432,771	443,009	449,169	450,400	452,761	456,088	460,902	467,045	472,080

Sewerage Fund Ten Year Financial Plan - Cash Flow Statement

	2012/13	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	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	32,039	34,001	35,872	37,051	38,266	39,521	40,816	42,154	43,535	44,960
User Charges & Fees	2,118	2,311	2,461	2,612	2,765	2,919	3,074	3,231	3,389	3,549
Interest & Investment Revenue Received	51	33	42	56	110	94	122	143	120	76
Grants & Contributions	4,180	5,454	9,901	6,732	1,461	1,493	1,994	2,883	3,475	1,630
Other	1,389	1,431	1,473	1,517	1,563	1,610	1,658	1,708	1,759	1,812
<i>Payments:</i>										
Employee benefits & On-costs	(3,766)	(4,030)	(4,159)	(4,283)	(4,412)	(4,544)	(4,681)	(4,821)	(4,965)	(5,114)
Materials & Contracts	(4,448)	(4,841)	(5,102)	(5,256)	(5,414)	(5,576)	(5,744)	(5,916)	(6,093)	(6,275)
Borrowing Costs	(3,154)	(3,593)	(3,822)	(4,465)	(4,470)	(4,070)	(3,697)	(3,303)	(2,875)	(2,432)
Other	(12,538)	(13,643)	(13,629)	(14,264)	(14,726)	(15,198)	(15,689)	(16,189)	(16,706)	(17,245)
Net Cash Provided (or used in) Operating Activities	15,871	17,124	23,039	19,701	15,144	16,249	17,855	19,890	21,638	20,959
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	557	0	0	0	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	120	124	127	131	135	139	143	148	152	157
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0

Sewerage Fund Ten Year Financial Plan - Cash Flow Statement - continued

	2012/13	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	\$ '000
Payments:										
Purchase of Investment Securities	0	0	0	0	0	0	0	0	0	0
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(20,454)	(19,157)	(29,200)	(17,105)	(8,353)	(9,858)	(10,960)	(13,263)	(14,984)	(13,418)
Purchase of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(19,777)	(19,033)	(29,073)	(16,974)	(8,218)	(9,719)	(10,817)	(13,115)	(14,832)	(13,261)
Cash flows from Financing Activities										
Receipts:										
Proceeds from borrowings & Advances	9,000	7,000	12,500	5,000	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(4,196)	(4,798)	(5,293)	(5,433)	(5,896)	(5,129)	(5,490)	(5,876)	(6,304)	(5,708)
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	(793)	(741)	(1,009)	(1,395)	(1,398)	(993)	(1,251)	(1,407)	(1,410)	(1,412)
Net Cash Provided (or used in) Financing Activities	4,011	1,461	6,197	(1,828)	(7,294)	(6,122)	(6,741)	(7,282)	(7,713)	(7,121)
Net Increase/(Decrease) in Council's Reserves	105	52	(336)	(71)	(275)	492	385	(401)	(795)	695
Net Increase/(Decrease) in Council's Accumulated Funds	0	(500)	500	970	(93)	(85)	(89)	(107)	(113)	(119)
Net Increase/(Decrease) in Cash & Cash Equivalents	105	(448)	164	898	(368)	407	296	(508)	(908)	577
plus: Cash & Cash Equivalents - beginning of year	442	547	99	263	1,161	793	1,200	1,497	989	81
Cash & Cash Equivalents - end of the year	547	99	263	1,161	793	1,200	1,497	989	81	658

Capital Works Program

Council has adopted Sustainable Resourcing Principles as part of the Resourcing Strategy. The first priority for capital projects expenditure is renewal and replacement works, the second priority is projects that address the growth of the City, and the last priority is the construction of new assets to deliver new facilities or increased levels of service.

General Fund Capital Program

Asset Renewal	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Aquatic Recreation	5,325,000	3,670,000	546,000	563,000	580,000	597,000	615,000	633,000	651,990	672,000
Cemeteries	111,000	115,000	325,000	122,000	126,000	297,000	134,000	138,000	142,000	146,000
Fleet Management	1,265,000	2,545,000	284,000	290,000	339,000	309,000	318,000	327,000	336,810	346,000
Computers, Furniture and Equipment	31,000	153,000	30,000	31,000	32,000	32,000	34,000	35,000	36,050	37,000
Corporate Business and Contracting Units	3,840,000	957,000	889,000	504,000	491,000	628,000	541,000	556,000	922,680	531,000
Council Buildings and Property	6,340,000	5,345,133	6,013,719	5,935,497	5,466,532	6,223,490	6,624,728	8,556,422	7,171,559	6,860,546
Library	403,000	414,700	427,700	440,000	453,600	466,600	480,900	495,600	510,470	526,200
Parks & Reserves	466,000	312,000	326,000	330,000	347,000	348,000	368,000	366,000	390,370	387,000
Roads and Transport	6,893,000	7,474,000	8,539,592	9,283,592	9,765,592	10,234,592	11,188,592	10,969,000	11,479,570	12,468,000
Tourist Parks Operations	2,145,000	2,745,766	2,975,172	3,210,536	3,505,143	3,606,642	3,771,240	3,928,067	4,073,699	4,222,692
Waste Management	840,000	250,000	120,000	1,070,000	1,070,000	780,000	250,000	420,000	1,070,000	1,102,000
Waterways, Coastal & Floodplain	318,000	326,000	443,000	423,000	282,000	395,000	405,000	416,000	788,340	409,000
	27,977,000	24,307,599	20,919,183	22,202,625	22,457,867	23,917,324	24,730,460	26,840,089	27,573,538	27,707,438
Asset Growth	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Aquatic Recreation	0	0	0	0	0	0	0	0	0	0
Cemeteries	0	0	0	0	0	0	0	0	0	0
Council Buildings and Property	3,450,000	6,850,000	3,800,000	5,000,000	0	2,500,000	0	0	0	0
Parks & Reserves	9,074,000	75,000	0	80,000	82,000	0	0	90,000	92,700	95,000
Roads and Transport	250,000	250,000	0	75,000	390,000	500,000	665,000	5,800,000	2,533,000	3,000,000
Waterways, Coastal & Floodplain	0	200,000	0	200,000	50,000	0	0	0	0	0
	12,774,000	7,375,000	3,800,000	5,355,000	522,000	3,000,000	665,000	5,890,000	2,625,700	3,095,000

General Fund Capital Program - continued

Assets New	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Economic Development	1,020,000	2,320,000	2,820,000	1,520,000	2,420,000	1,020,000	1,020,000	20,000	20,000	1,120,000
Communications and Electrical	0	0	0	0	0	0	0	0	0	0
Computers, Furniture and Equipment	62,000	130,000	135,000	138,000	143,000	147,000	151,000	155,000	159,650	165,000
Council Buildings and Property	190,000	158,000	50,000	165,000	50,000	50,000	50,000	52,000	53,560	55,000
Fire Protection & Emergency Services	710,000	820,000	600,000	650,000	600,000	950,000	600,000	600,000	618,000	637,000
Parks & Reserves	1,706,500	505,000	467,000	546,000	571,000	489,000	516,000	609,000	638,710	645,000
Roads and Transport	3,465,592	3,530,592	8,042,000	11,422,000	2,692,000	2,748,000	2,610,000	2,705,000	2,660,440	2,721,000
Tourist Parks Operations	1,770,000	2,896,234	1,903,828	1,725,464	1,403,857	1,157,358	992,760	825,933	451,301	287,308
Waste Management	833,000	2,450,000	2,550,000	720,000	5,530,000	5,730,000	1,230,000	2,440,000	540,000	556,000
	9,757,092	12,809,826	16,567,828	16,886,464	13,409,857	12,291,358	7,169,760	7,406,933	5,141,661	6,186,308
	50,508,092	44,492,425	41,287,011	44,444,089	36,389,724	39,208,682	32,565,220	40,137,022	35,340,899	36,988,746

Water Fund Capital Program

Asset Renewal	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Chargeable Private Works	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Other Asset Purchases	1,823,380	1,956,300	1,654,270	1,703,831	1,754,979	1,807,603	1,861,850	1,917,663	1,975,243	2,034,484
Renewal / Replacement Works	2,490,500	3,409,300	3,621,913	3,567,754	3,489,077	2,434,476	2,507,510	1,967,798	2,026,832	2,087,637
	4,413,880	5,468,600	5,382,273	5,380,858	5,356,607	4,358,006	4,488,765	4,008,448	4,128,752	4,252,598
Asset Growth										
New Works Growth	300,000	309,000	159,135	4,797,072	56,275	4,764,616	18,460,049	3,320,659	11,236,251	18,645,209
	300,000	309,000	159,135	4,797,072	56,275	4,764,616	18,460,049	3,320,659	11,236,251	18,645,209
Assets New										
New Works (Asset Enhancement)	3,760,000	2,143,018	2,185,454	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	1,957,160
	3,760,000	2,143,018	2,185,454	1,688,263	1,738,911	1,791,078	1,844,811	1,900,155	1,957,160	1,957,160
	8,473,880	7,920,618	7,726,862	11,866,193	7,151,793	10,913,700	24,793,625	9,229,262	17,322,163	24,854,967

Sewerage Fund Capital Program

Asset Renewal	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Chargeable Private Works	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Other Asset Purchases	1,324,500	1,133,000	1,166,990	1,202,000	1,238,060	1,275,201	1,313,458	1,352,861	1,393,447	1,435,251
Renewal / Replacement Works	4,386,000	4,274,500	3,182,700	546,364	3,939,281	6,376,007	3,582,157	9,838,991	11,400,931	10,438,185
	5,810,500	5,510,500	4,455,780	1,857,637	5,289,892	7,767,135	5,015,020	11,314,839	12,921,055	12,003,913
Asset Growth										
New Works Growth	3,320,000	2,775,850	2,981,129	3,212,617	1,922,369	915,827	4,734,417	701,028	779,064	91,334
	3,320,000	2,775,850	2,981,129	3,212,617	1,922,369	915,827	4,734,417	701,028	779,064	91,334
Assets New										
New Works (Asset Enhancement)	11,323,832	10,870,448	21,763,114	12,035,077	1,141,057	1,175,290	1,210,536	1,246,878	1,284,294	1,322,817
	11,323,832	10,870,448	21,763,114	12,035,077	1,141,057	1,175,290	1,210,536	1,246,878	1,284,294	1,322,817
	20,454,332	19,156,798	29,200,023	17,105,331	8,353,318	9,858,252	10,959,973	13,262,745	14,984,413	13,418,064

General Fund – Capital Works Projects

List of Major Projects Included (greater than \$500,000)

Project	Amount
North Nowra Link Road	\$14,550,000
Southern Shoalhaven Library / Civic Centre	\$10,000,000
North Shoalhaven Indoor sport	\$9,000,000
Nowra Pool Rehabilitation	\$8,000,000
Sth Nowra Internal Access Rd	\$5,700,000
Ulladulla road improvements	\$5,533,000
Vincentia Community Centre Library	\$5,000,000
East Nowra Community Centre	\$4,100,000
Integrated Software Solution	\$3,270,000
Public Land Acquisition	\$2,620,000
Nowra Community Centre	\$2,500,000
Bomaderry Pool Rehabilitation	\$2,000,000
Asbestos Mgmt Plan Bld Repairs	\$1,756,900
Sth Nowra Internal Access Rd Drainage	\$1,600,000
RDAF - AATP electricity and fire provisions	\$1,000,000
Comerong Ferry Overhaul	\$719,000
Ison Park-Upgrade Amenities	\$600,000
Sth Nowra Industrial Estate	\$590,000
Quinns Lane Repair	\$500,000

List of Major Projects Not Included (greater than \$500,000)

Project	Amount
Nowra Traffic Strategy Construction	\$17,500,000
Nowra Eastern Bypass	\$11,973,000
Bay and Basin Regional Sporting Precinct	\$10,000,000
Nowra Car Parking	\$9,691,000
Berry Car Parking	\$6,958,650
Shoalhaven River Facility	\$6,000,000
Shoalhaven City Library	\$5,800,000
Huskisson RSL Land Acquisition	\$4,000,000
Nowra Sports Park - Lyrebird	\$3,600,000
Sporting Fields in Planning Area 3	\$3,500,000
Bishop Drive	\$3,000,000
Northern Shoalhaven Integrated Childs Centre	\$2,818,941
Ulladulla Gym extension	\$2,800,000
Construct Second Chapel	\$2,700,000
Milton Hwy Intersection Corks Ln	\$2,500,000
Matron Porter Drive	\$2,000,000
Huskisson Carpark (03CARP0002)	\$1,402,000
Hillcrest Ave Drainage	\$1,320,000
West Lake Conjola New Launching Facility	\$1,200,000
Nowra Carparking CBD Land Acquisition	\$1,000,000
Nowra Traffic Strategy Land Acquisition	\$1,000,000
Berry Neighbourhood Gardens Community Centre	\$934,000
Vincentia - Beach Rd Roundabout	\$600,000
Quinn Rd & Old Sth Road Roundabout	\$563,000
West Nowra Community Centre	\$560,000
Owen & Sydney St Roundabout	\$553,000
Narang Rd Tennis Upgrade	\$550,000

Scenario 1 - Current Baseline	2012/13	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	\$ '000
Net Operating Result for the Year	(9,385)	(8,456)	(10,167)	(9,913)	(11,339)	(12,097)	(11,973)	(12,499)	(12,448)	(11,092)
Operating Result before Grants and Contributions	(13,312)	(12,403)	(14,069)	(13,971)	(15,354)	(16,172)	(16,108)	(15,262)	(15,374)	(14,023)
Cash Balance (Deficit)	0	(4,634)	(4,528)	(4,641)	(6,375)	(8,292)	(5,450)	(7,108)	(7,221)	(6,763)

Scenario 2 - Construct Section 94 projects

Council cost for Section 94 Projects	7,794	13,532	14,566	14,966	13,472	13,046	5,771	7,606	7,395	3,915
Cash Balance (Deficit)	(7,794)	(18,166)	(19,094)	(19,607)	(19,847)	(21,339)	(11,220)	(14,714)	(14,616)	(10,678)

Scenario 3 - Increase rates to fund baseline deficit

Apply for an 11% rate rise in 2013/14, and a subsequent 1% rate rise in 2019/20

Additional revenue generated	5,530	5,707	5,884	6,066	6,254	6,448	7,299	7,525	7,758
Cash Balance (Deficit)	896	1,179	1,243	(309)	(2,038)	998	191	304	995

Performance Monitoring

Council will monitor its actual performance against the Long Term Financial Plan and assess its long term financial sustainability by applying performance measures. A broad range of measures have been chosen, some are currently reported by Council in Note 13 of the General Purpose Financial Report, Income Statement, Notes 2 and 3 of the Special Purpose Financial Report. Additional measures have been chosen from the Australian Infrastructure Financial Management Guidelines to ensure a comprehensive view of Council's financial sustainability.

Performance Measures – Definitions and Historical Results							
Indicator	Description	Formula	Target	Actual Result - 2010/11			
				Consolidated	General Fund	Water Supply	Sewerage
General Purpose Financial Report – Note 13							
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	$\frac{\text{Current Assets less restricted Assets}}{\text{Current Liabilities Less Specific Purpose Liabilities}}$	Greater than 1:1	2.35:1	2.29:1	13.45:1	2.17:1
Debt Service Ratio	To assess the impact of loan principal and interest repayment on the discretionary revenue of Council	$\frac{\text{Debt Service Cost}}{\text{Revenue from continuing operations excluding capital items and specific grants and contributions}}$	Between 10% and 20%	7.80%	5.44%	1.76%	19.55%
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	$\frac{\text{Rates \& Annual Charges}}{\text{Revenue from continuing operations}}$	Below 50%	48.9%	47.29%	13.72%	80.82%

Indicator	Description	Formula	Target	Actual Result - 2010/11			
				Consolidated	General Fund	Water Supply	Sewerage
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	$\frac{\text{Rates \& Annual charges Outstanding}}{\text{Rates \& Annual Charges Collectible}}$	5%	7.57%	3.76%	39.64%	11.78%
Building & infrastructure Renewals Ratio	To assess the rate at which these assets are being renewed against the rate at which they are depreciated	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortization and Impairment (building and infrastructure)}}$	100%	22.94%	27.71%	17.52%	11.88%

Special Purpose Financial Report – Income Statement and Notes 2 and 3 – Water and Sewerage Only

Return on Capital	Council's with Category 1 Businesses would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field	$\frac{\text{Surplus/(deficit) from continuing operations before Capital Amounts + Interest Expense}}{\text{Written down value of Infrastructure, Property, Plant and Equipment at 30 June}}$	Water 2.4% Sewerage 2.2%			0.58%	1.44%
Economic Real Rate of Return	To demonstrate that the water and sewerage businesses meet the requirements of National Competition Policy to achieve full cost recovery	$\frac{\text{Revenue from operations – Operation, Maintenance and Administration Expenses – current cost depreciation}}{\text{Written down replacement cost}}$	Water 0.2% Sewerage 1.1%			0.44%	2.13%

Indicator	Description	Formula	Target	Actual Result - 2010/11			
				Consolidated	General Fund	Water Supply	Sewerage
Additional Measures - All Funds							
Operating Surplus	The difference between day to day income and expenses for the period	Operating income – Operating expenses	Breakeven operation position or better over any five year period	-\$7,496,000	-\$13,314,000	\$1,846,000	\$3,972,000
Operating Surplus Ratio	The percentage by which the major controllable income source varies from day to day expenses	$\frac{\text{Operating surplus (deficit)}}{\text{Rates and Other Charges}}$	An operating surplus ratio between 0% and 15% over any five year period	-0.01%	-0.02%	49.88%	13.70%

Long Term Financial Plan Results

Indicator	Target	Fund	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
General Purpose Financial Report – Note 13												
Unrestricted Current Ratio	Greater than 1:1	Consolidated	0.68:1	0.15:1	-0.28:1	-0.61:1	-0.74:1	-0.97:1	-1.18:1	-1.65:1	-1.91:1	-2.66:1
		General	0.68:1	0.15:1	-0.28:1	-0.61:1	-0.74:1	-0.97:1	-1.18:1	-1.65:1	-1.91:1	-2.66:1
		Water	16.62:1	19.41:1	23.04:1	26.07:1	29.61:1	30.38:1	17.12:1	20.14:1	16.31:1	5.36:1
		Sewerage	0.73:1	0.63:1	0.65:1	0.72:1	0.75:1	0.77:1	0.78:1	0.69:1	0.64:1	0.59:1
Debt Service Ratio	Between 10% and 20%	Consolidated	8%	8%	8%	9%	9%	8%	8%	8%	8%	8%
		General	5%	5%	5%	5%	5%	5%	6%	5%	5%	5%
		Water	2%	2%	1%	1%	0%	0%	0%	0%	0%	0%
		Sewerage	20%	22%	23%	24%	24%	21%	20%	19%	19%	16%
Rates & Annual Charges Coverage Ratio	Below 50%	Consolidated	53%	53%	52%	53%	54%	54%	54%	54%	54%	54%
		General	36%	36%	36%	36%	37%	37%	36%	37%	37%	37%
		Water	18%	18%	17%	17%	18%	17%	17%	17%	17%	17%
		Sewerage	81%	79%	72%	77%	87%	87%	86%	84%	83%	86%
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5%	Consolidated	9%	8%	8%	8%	8%	8%	8%	8%	8%	8%
		General	7%	7%	7%	7%	7%	7%	7%	7%	7%	7%
		Water	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
		Sewerage	11%	11%	11%	10%	10%	10%	10%	10%	10%	10%
Building & infrastructure Renewals Ratio	100%	Consolidated	49%	52%	46%	42%	41%	43%	43%	45%	45%	44%
		General	40%	51%	44%	44%	45%	47%	48%	47%	49%	49%
		Water	39%	52%	53%	51%	48%	33%	33%	25%	25%	25%
		Sewerage	41%	39%	28%	5%	33%	51%	28%	75%	84%	75%

Indicator	Target	Fund	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Special Purpose Financial Report – Income Statement and Notes 2 and 3 – Water and Sewer Only												
Return on Capital	2.40%	Water	0.5%	0.3%	0.5%	0.5%	0.6%	0.7%	0.8%	0.7%	0.8%	0.9%
	2.20%	Sewerage	0.9%	0.9%	1.1%	1.1%	1.2%	1.3%	1.4%	1.4%	1.5%	1.6%
Economic Real Rate of Return	0.2%	Water	0.5%	0.4%	0.5%	0.5%	0.6%	0.7%	0.8%	0.9%	1.2%	4.1%
	1.1%	Sewerage	0.9%	1.0%	1.2%	1.3%	1.4%	1.5%	1.5%	1.5%	1.7%	1.7%

Additional Measures - All Funds												
Operating Surplus	Breakeven operation position or better over any five year period \$,000	Consolidated	-12,338	-12,211	-12,763	-13,686	-14,605	-13,467	-12,761	-11,858	-10,635	-8,315
		General	-13,255	-12,327	-13,982	-13,872	-15,243	-16,049	-15,971	-15,109	-15,206	-13,838
		Water	1,450	1,026	1,509	1,679	1,886	2,334	2,662	2,338	2,918	3,135
		Sewerage	1,108	760	1,845	1,323	1,672	2,368	3,095	3,851	4,596	5,337
Operating Surplus Ratio	An operating surplus ratio between 0% and 15% over any five year period	Consolidated	-7%	-7%	-7%	-7%	-7%	-6%	-6%	-5%	-4%	-3%
		General	-8%	-7%	-8%	-7%	-8%	-8%	-8%	-7%	-7%	-6%
		Water	7%	4%	6%	7%	7%	9%	10%	8%	10%	10%
		Sewerage	3%	2%	5%	3%	4%	5%	7%	8%	9%	10%

3. WORKFORCE PLANNING

3.1. Introduction

The Shoalhaven City Council workforce is our most valuable asset, representing an investment of some \$44.5 million (2009/10) in salaries and wages each year. This investment is \$62.2 million when all associated overhead costs are considered.

Our workforce planning recognises and seeks to address the human resourcing requirements of Council's Community Strategic Plan and Delivery Program, with a minimum timeframe of 4 years.

The Shoalhaven community is experiencing many 'sea-change' community trends and characteristics. Our population:

- is generally older than other communities in NSW in terms of its average age
- has higher proportions of people in the retirement and older age groups and lower proportions of people in the young adult (18-24) age groups
- has a lower than average workforce participation rate, with unemployment at 7.9% (June 2010)
- includes a higher than average Aboriginal & Torres Strait Islander population.

Shoalhaven is a regional economy with manufacturing, defence, tourism and agriculture representing the core economic activities for the area. Residential growth and regional plans will lead to continued population growth. Shoalhaven remains the most visited LGA destination outside Sydney.

3.2. Workforce Challenges

Local Government is not exempt from the challenges facing the Australian workforce and the ageing and sea-change communities demand more services, and revenue raising capacity remains constrained.

The key challenges affecting Council's workforce are:

- an ageing population and shrinking workforce
- skills shortages and increased qualification needs among employees and Council
- transfer of job and industry knowledge from employees exiting the workforce
- attraction and retention of future employees
- reward and recognition of current employees
- career progression opportunities and succession planning.

3.3. Workforce Planning Purpose

Council's workforce planning will ensure that strategies and processes are in place to shape the workforce and provide the capabilities to deliver Council's Community Strategic Plan vision and objectives. Our workforce strategies will both enhance the effectiveness of the workforce overall and attract, recruit, develop, retain and re-engage valued and skilled employees.

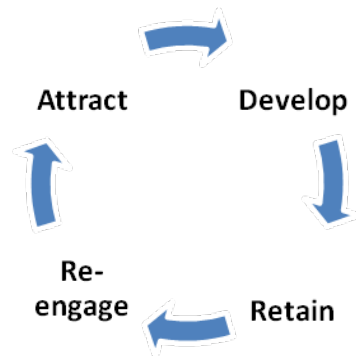


Figure 8. Employment phases

Our workforce planning will complement and enhance the effectiveness of our existing strategies, policies and practices in the 'core' areas of:

- Human Resources Management
- Industrial Relations
- Occupational Health and Safety
- Training and Development
- Workers Compensation Management.

Our workforce planning is directed to achieve the following outcomes:

- staff development and retention through leadership and engagement, training and development, and career management
- recruitment and development of employees to meet future business needs
- optimum staffing costs, employment levels and productivity
- timely responses to new and changing skills demands through forecasting, specific training and/or recruitment.

3.4. The Look and Shape of Our Workforce

3.4.1. Staff Numbers

At July 2011 Council had 890 Full Time Equivalent (FTE) employees, representing a total of 1024 employees. These employees include trainees and apprentices employed through specialist third party organisations and exclude casual employees. All data below excludes the casual workforce for statistical purposes. The City Services and Operations Group is the largest, with 38% of Council's FTE positions and also responsible for 50% of Council's temporary staff.

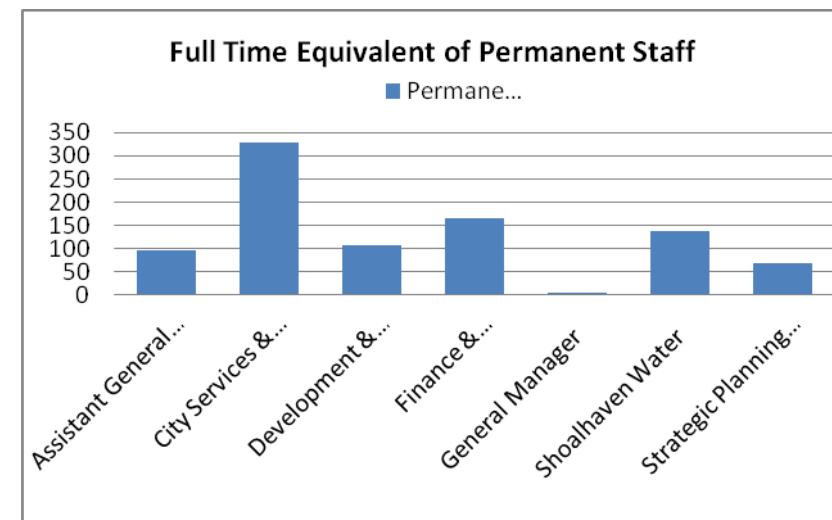


Figure 9. Full Time Equivalent of Permanent Staff

3.4.2. Employment Type

Just over three quarters (76%) of Council's workforce is employed on a full-time permanent basis. This figure has remained relatively stable over the past 4 years.

12.4% of staff are permanently employed on a part-time basis and 5.6% of our staff are trainees or apprentices. In addition to the core workforce, Council also employs a casual workforce of some 250 staff for a range of activities where demands occur on a seasonal or specific event basis.

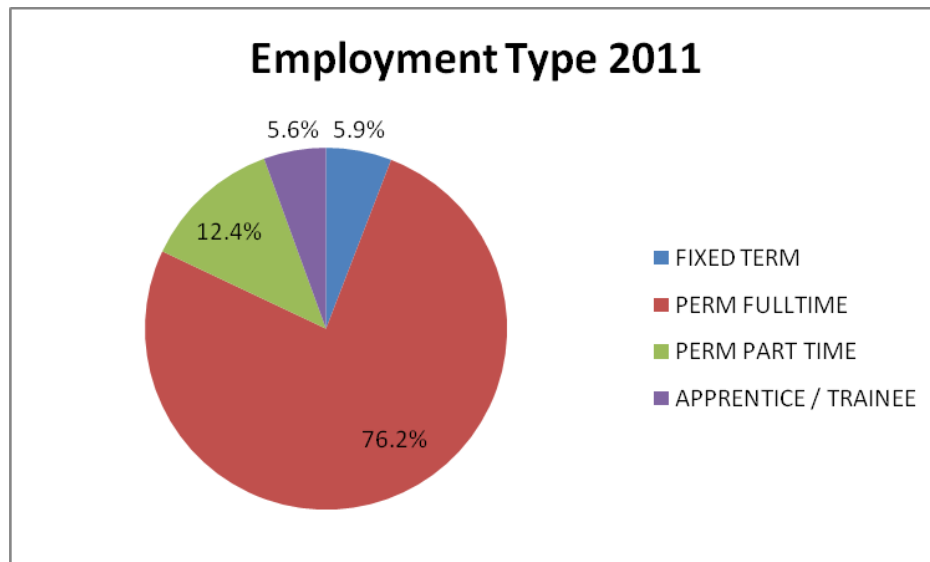


Figure 10. Employment Type 2011

3.4.3. Age

26% of Council's staff are in the 51-60 years age bracket with 6.4% over 61 years and predominantly male in both of these groups. 46.6% of our staff are in the 31-50 year age groups.

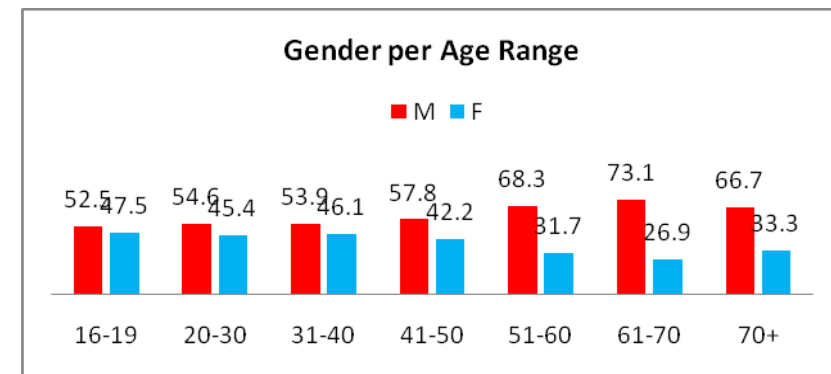


Figure 11. Staff Age Range

3.4.4. Retirees

Over the last four years 55 staff have retired (6% of the workforce):

- 24% retired between 54 and 60 years of age, and
- 51% retired between 61 and 65 years of age.

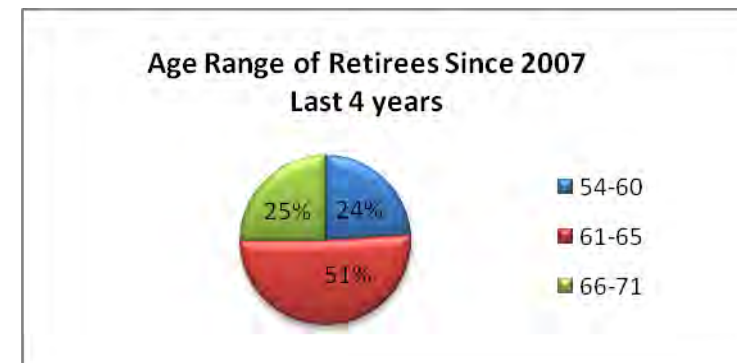


Figure 12. Age Range of Retirees

3.4.5. Turnover

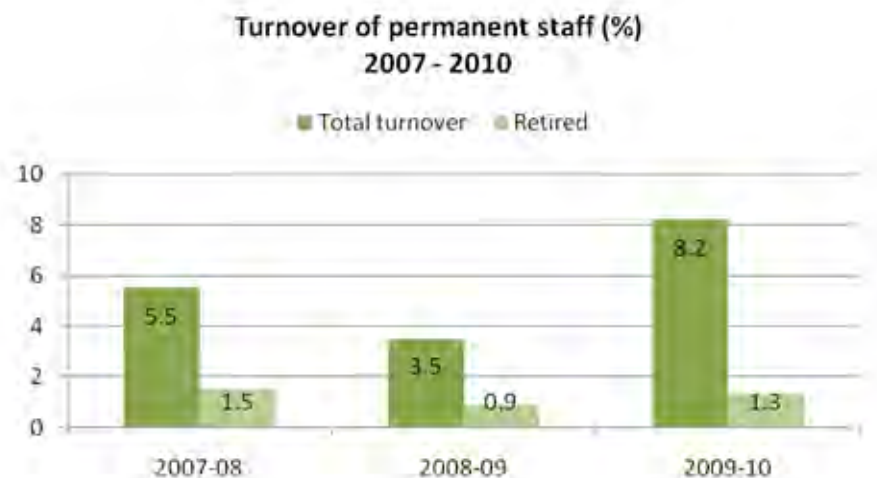


Figure 13. Turnover Statistics (permanent staff)

Council experienced a reduction in turnover during the GFC period; however this has increased sharply in 2009-10. Retirement still remains moderate across the 3 year period.

3.4.6. Length of Service with Council

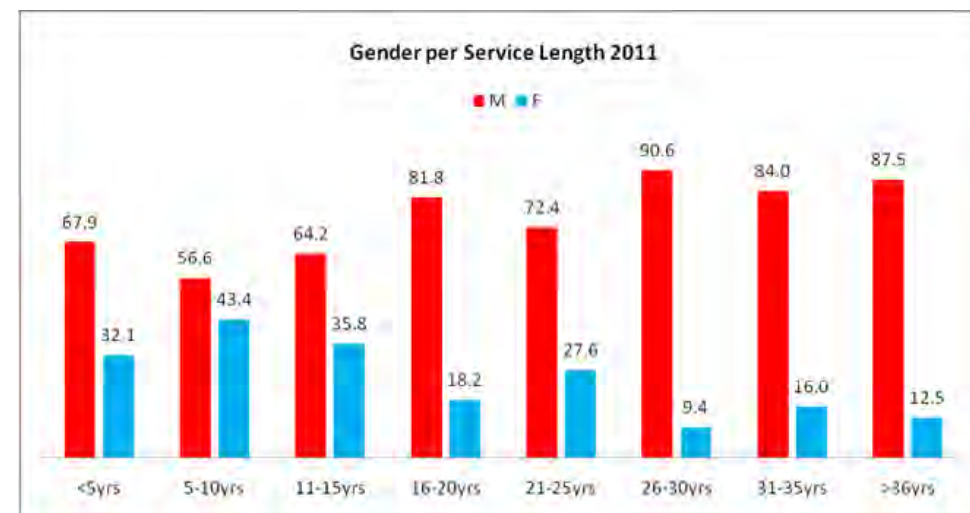


Figure 14. Service Length

Over half of our workforce has been with Council for less than 10 years. The other half include:

- Just over 10% have worked with Council for both 11-15 years and also 16-20 years.
- Under 8% have worked with Council for between 21-25 years
- Just over 10% have worked with Council between 26-30 years, and
- Over 3% have worked with Council over 31 years.

3.4.7. Occupation

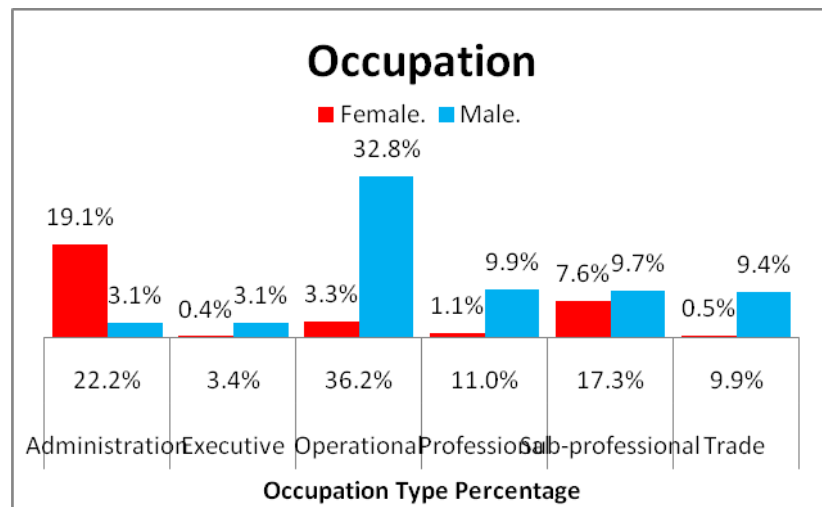


Figure 15. Occupation

The largest occupational group within Council is operational incorporating skilled labourers, tradespersons, plant operators and waste attendants. 33% of Council employees are males employed in operational occupations and the occupation with the largest female representation is Administration, which consists of 19% of Council's workforce. 60% of operational workers are aged 41 years and above and half of those staff are aged 51 years and over.

3.5. Implications for Council's Workforce Planning

Our staff profile, forecast turnover rates and likely retirement pattern will create a number of challenges for Council as an employer:

- with nearly a quarter of Council's permanent male staff and nearly 15% of female staff likely to retire in the next 5 years we face significant risks in terms of loss of knowledge and skills

- the physical capability of older workers to undertake manual work must be carefully managed to ensure their long term health, wellbeing and productive capacity
- the ageing workforce, being in the 'baby boomer' and 'sandwich' generations, is likely to continue to seek to balance workplace commitments with family and private interests
- younger employees replacing those retiring will be 'Generation X and Y', with generally shorter job / career tenure expectation and seeking increased work/life balance and work flexibility
- community demand for facilities and services will increase and probably diversify in line with the changing population, requiring progressive adjustment of our workforce skills to meet these different service expectations
- the anticipated rate of workforce change, together with an increasing diversity of working arrangements and the continuing pressure to achieve increased productivity from the workforce resource, will demand that Council actively 'engage' staff in the organisation, its mission and the delivery of Council's Shoalhaven 2020 vision.

3.6. Community Strategic Plan Delivery Forecast

3.6.1. Trend Analysis

Council's salaries and wages expenditure pattern from 2002/03 to 2008/09 shows that in only three of those years Council contained workforce costs to a 3% increase, but that in the other three years,

costs increased by 7%, 11% and 17%. Expenditure in this area increased by over 50% in the six years from 2002/03 to 2008/09. Between 2008/09 and 2009/10, salaries and wages costs increased by 6%. Increases in total workforce costs will not be limited to CPI or award-based indexation, given the continuing growth of services to our population and incremental provision of new facilities and services.

3.6.2. **Program Continuity**

Based on the continued provision of Council's current service and works programs on the current basis, workforce resources will be maintained at current levels and subject to (primarily) Award-based salary and wage cost adjustments. These costs are forecast to increase at 2.15% for 2011/12 and 3.25% through to 2020/21.

Any program of organisational review should aim to identify means by which service levels can be maintained with reduced staff numbers and costs (possibly using the principle of natural attrition to progressively achieve strategic changes).

3.6.3. **City and Community Growth**

As the city and its population grows, so will the demand for current services and facilities, delivered at current service levels. Based on city-growth revenue assumptions in our financial forecasting, i.e. approximately 0.4% for 2011/12, the average growth in FTE staff numbers to meet city growth needs is likely to be four (4) per year – that is, 0.4% of 890 FTE.

Over a ten year forecast timeframe, this would generate some 36 new FTE staff positions, linked directly to meeting the needs of the growth of the city's community.

Assuming a spread of new positions across low to middle wage and salary ranges, this additional FTE provision is forecast to require some \$300,000 per annum to be included in long term financial planning.

3.6.4. **New Services and Facilities**

Where new initiatives arise from the Community Strategic Plan or other pressures, consideration will need to be given to additional workforce resources to meet service output and/or skills and experience requirements.

Council considered a December 2010 report on workforce forecasts to 2020/21 based on first-cut estimates prepared by senior staff, taking into account the anticipated requirements of future programs and projects to deliver the adopted CSP, and including both service continuity and responses to externally imposed requirements. Subject to continuing refinement, these forecasts provide a reasonably realistic picture of workforce growth over the next ten years as Council responds to the vision and objectives of the CSP and to change in our community and statutory obligations.

Notable forecast growth areas include:

- libraries and leisure services
- works and services maintenance
- corporate business activities
- development and environmental compliance functions
- IT, electrical and communications
- environmental sustainability policy and programs
- economic development
- core infrastructure delivery
- community engagement.

To address the current ten year workforce forecasts for new services and increased service levels, Council would need to consider LTFP workforce expenditure settings for an average growth of some 6 FTE positions per annum. Including corporate overheads this would require a further \$500,000 per annum in additional workforce expenditure.

3.6.5. **Forward Estimates**

In total, the estimated workforce requirements of program continuity, city growth and new initiatives are likely to generate some \$1.85 million per year in additional workforce costs, i.e. a salary and wages cost increase of some 4.2% per year (on the 2009/10 baseline of \$44.5 million).

In light of the workforce forecasts available, Council in December 2010 resolved to consider funding capacity in the LTFP to address at least a 'low scenario' for workforce growth costs to 2020/21. Any actual allocation of funding for this will be considered and confirmed in the context of each year's Delivery Program / Operational Plan and budget deliberations. This 'low scenario' would attribute \$400,000 per annum in workforce growth costs, over and above indexation of existing salaries and wages (i.e. about half of the current forecast needs).

In 2011/12 Council has funded workforce growth (above indexation of existing workforce costs) at a nett additional budget cost of \$291,000 per annum.

While the LTFP assumptions provide for existing workforce cost increases, forecast workforce costs associated with city growth and new or expanded services are not LTFP funded unless directly linked to the future operation of a new asset (like a library) for which capital funding is planned.

The effect of this will be that consideration of resourcing for real workforce growth will occur year by year through the budget process, and where workforce growth is funded it will likely be at the cost of reduced on-going new capital works capacity relative to what may be planned.

3.7. **Priority Responses**

3.7.1. **Attraction, Recruitment and Retention**

Attraction, recruitment and retention strategies in order to develop a sustainable workforce must be based on what motivates people to join and stay with Council. Council needs to identify itself as a well-aligned employer of choice at key career stages, i.e., to apprentices and trainees, graduates, mid career staff and mature candidates, and meet the respective employment needs of those groups.

Activities:

- Develop, implement and regularly review Council's Human Resources Strategies.
- Recruit and retain a highly competent workforce to deliver quality outcomes for the community.

3.7.2. **Succession Planning and Management**

Succession planning and management will involve managing our recruitment and professional development processes as employees join and leave Council, to ensure the required workforce skills and experience are maintained.

Activities:

- Develop the workforce and provide employees with the skills and competencies to deliver Council's Community Strategic Plan.

3.7.3. *Flexible Working Arrangements*

Increased flexibility in working patterns and arrangements will be an important factor in attracting, retaining and engaging employees at every stage of their employment cycle and lifestyle phase. Older employees will be encouraged to remain in the workforce longer, by way of strategies including transfer of corporate information, mentoring of younger staff and focussed succession planning. Flexible working arrangements will need to be based around the continuity of operational activities and services.

Activities:

- Foster a caring and flexible organisation which engages and motivates our diverse workforce.

3.7.4. *Policies and Practices*

Maintaining a skilled workforce that can deliver Council's vision and objectives through a program of services and works will require on-going engagement, investment and innovation.

Activities:

- Address Council's key workforce planning challenges over the next four to ten years.

- Create an Injury Management culture where claims and injuries are managed effectively and injured workers are supported in a timely, safe and durable return to work.
- Embrace workplace safety across the diversity of Council activities by involving all stakeholders.

4. ASSET MANAGEMENT PLANNING

4.1. Introduction

Currently the Shoalhaven City Council is the custodian of community assets valued at about \$2.3 billion. There are legislative and community expectations that council assets are managed to provide the greatest benefits, at the lowest whole-of-life costs, for all residents, landowners and visitors.

A comprehensive Asset Management (AM) system is required to meet the community's expectation and to satisfy statutory and financial imperatives. An AM system must include:

- asset registers
- the condition of assets
- appropriate maintenance, operational and renewal regimes and systems
- risk analysis
- capability of predicting future capital investment
- prediction of the deterioration in the level of service provided by assets over time
- capability to model 'what if' scenarios
- life cycle costing

The creation of an effective AM system requires many resources and may take a long time to properly implement. Consequently, the Asset Management Strategy includes a plan to fully develop and implement an AM system. This is called the Asset Management Improvement Plan.

4.2. Assets Sustainability

Special Schedule 7 to the 2009/10 Annual Financial Report indicates that Council's infrastructure backlog works, based on Asset Management Plan data and accounting principles, is over

about \$49 million. Schedule 7 also indicates an annual maintenance requirement of some \$24.2 million, met in 2009/10 with an expenditure of some \$16.5 million. In the 2009/10 year, the reported Asset Renewal Ratio was 42% (it should ideally be 100%).

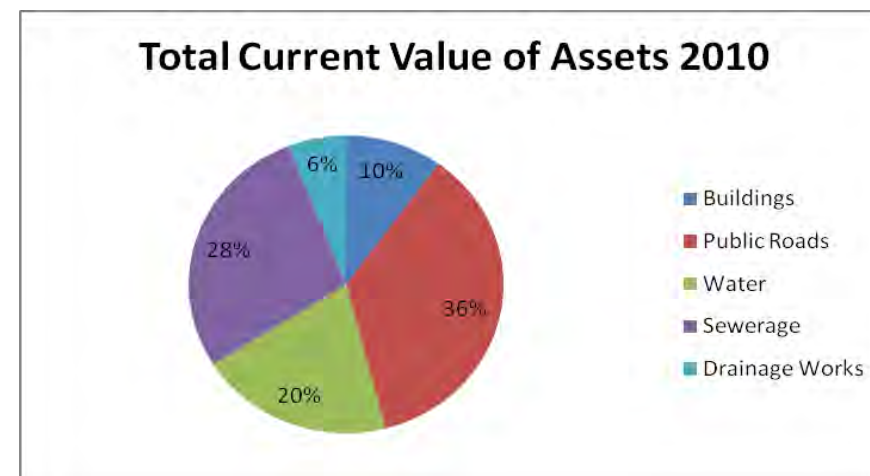


Figure 16. Total Current Value of Assets 2009/2010

An overview of the 2009/10 funding of Asset Management Plans (AMPs) across all asset classes, and excluding Major Projects expenditures, indicates that:

- 83% of planned maintenance was funded
- 79% of planned renewal was funded and
- 89% of planned new and upgraded infrastructure work was funded.

A total annual shortfall of over \$5 million (or 15%) is estimated by this analysis, and in particular the maintenance and renewal

components (i.e. managing what we already have) fall some \$4.2 million (17%) short of what the AMPs indicate is required.

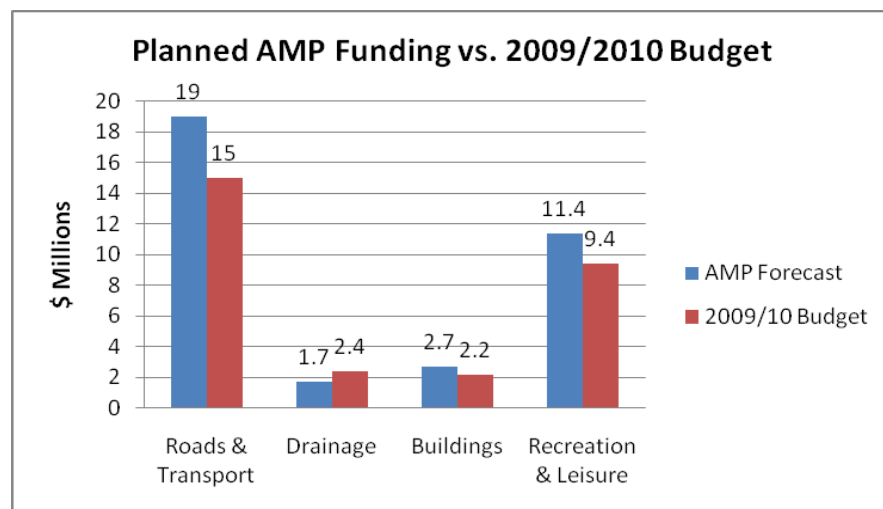


Figure 17. Planned AMP Funding Vs. 2009/10 Budget

The LTFP forecasts that the Building and Infrastructure Renewals Ratio indicator will decline from 55% to 52% through to 2020/21, for General Fund, Water Fund and Sewer Fund assets as a consolidated indicator, against a target of 100%.

4.3. Asset Management Strategy

There are two main outcomes of the Asset Management Strategy. These are:

- aligning Council's asset base, and its associated levels of service, with the objectives contained in the Community Strategic Plan and community priorities, and
- improving Council's Asset Management practices.

The AM Strategy considers three different planning periods. These are:

- a rolling 10-20+ years forecast, linked to the CSP
- four years to guide asset decisions flowing from the Delivery Program and
- the annual plan detailing the actions to be implemented in the Operational Plan.

The AM Strategy can be viewed on Council's website.

4.3.1. Asset Management Policy

Council adopted a revised Asset Management Policy in 2011. This overarching document provides some principles for the implementation and use of Asset Management. One of the requirements of the Policy was the development of the AM Strategy.

The Policy (which is also publicly available on Council's website) includes the principles of:

- preference for allocation of resources to maintain and renew existing assets
- maintenance of our asset base and targeting a long term asset sustainability index (actual replacement/renewal budget versus required funding as per AMPs) averaging 90-95% for each of the asset types
- the Asset Management Strategy to guide the development and review of AMPs and to specify appropriate 'levels of service' for inclusion in AMPs

- community consultation in the development of appropriate 'levels of service' and asset performance to be measured against these levels
- the management of Council's assets to be overseen by the Asset Management Planning Committee
- risk management, environment and sustainability to be considered in the development of asset strategies
- asset acquisition to be justified by considering the 'whole of life cost' of the new asset including initial capital cost, operation, maintenance, rehabilitation and disposal costs
- annual operation/maintenance budgets to include an allowance for additional costs arising from addition of new assets through development, acquisition, dedication or leasing and/or licensing as well as an allowance to cover cost increases in line with indices relevant to each asset class
- adequate resources should be provided to undertake regular agreed levels of inspections to identify hazards and asset condition
- utilisation and operating/maintenance costs to be monitored to ensure that costs do not outweigh the benefits derived
- "minimum utilisation" measures being determined for all building structures to determine surplus building assets.

4.3.2. **Risk Management**

The AM Strategy identifies assets which are critical to Council's operations and outlines the risk management strategies for these assets.

Critical assets include:

- water infrastructure such as storages; treatment plants and reticulation system
- waste water infrastructure such as treatment plants; pump stations and reticulation system
- city administrative centre, Nowra
- the Ulladulla office.

Risk management procedures have been developed for these assets including emergency response; business continuity; and condition monitoring.

Other asset types also have risk management procedures and these are detailed in the individual AM Plans.

4.3.3. **Asset Management Plans**

Asset Management Plans have been developed for the following asset categories:

- Administration buildings
- Aquatic facilities
- Arts and crafts buildings
- Bridges and culverts
- Bus shelters
- Car parks – commercial
- Cemeteries
- Coastal and estuary assets
- Community buildings
- Courts – tennis and netball

- Cultural centre's
- Early childhood services
- Flood mitigation drainage structures
- Footpaths and cycleways
- Kerb and gutter
- Libraries
- Parks and reserves
- Playgrounds
- Public Amenities
- Public halls and community centres
- Scout and guides club facilities
- Sealed roads
- Shoalhaven animal shelter
- Surf lifesaving clubs
- Traffic facilities
- Unsealed roads
- Walking tracks
- Waterways infrastructure (boating facilities)
- Works depots.

The AM Improvement Plan has highlighted that not all assets have a corresponding AM plan. Consequently, draft AMPs have been developed for stormwater drainage, streetscapes and furniture; and; tourist park facilities; water and wastewater assets. AMPs for tourist park facilities and for communications infrastructure should be developed during 2011/2012.

AM plans during 2011/2012 contain:

- a description of the asset category and the services delivered
- the key standards, systems and guidelines which influence asset management activities
- levels of service (current and desired) and a system of performance measures

- factors influencing future demand and the impacts of changing demand
- management of risk
- summary of life cycle strategies
- long term cash flow projections
- links to the CSP, LTFP, Delivery Program and Operational Plan, through capital and maintenance programs.

4.3.4. **Reporting**

Council is the custodian and the trustee of public assets, and is responsible for the management of those assets (including statutory reporting and accounting compliance). Annual reporting to the community is an important part of transparent and accountable governance.

Asset reporting is in accordance with:

- the Local Government Act and Regulations
- the NSW Local Government Code of Accounting Practice and Financial Reporting and
- the Australian Accounting Standards.

The annual report includes:

- assets acquired during the year
- assets held for each principal activity
- condition of public works:
 - estimate of amount of money to bring works up to a satisfactory standard
 - estimate of annual expense to maintain the works at that standard
 - program of maintenance in respect of the works.

4.3.5. **Asset Management Improvement Plan**

The AM Improvement Plan details actions necessary to progress from the current situation to eventually achieving the expected outcomes of the CSP. The Improvement Plan therefore needs to fill any gap or deficiency in asset knowledge, systems, resources and service levels to meet these outcomes. The detailed AM Plan will be a separate document but summarised under the following groupings:

- AM preparation
- AM process improvement
- AM information system improvement
- AM data improvement
- AM organisation and training.

4.4. **Priority Responses**

4.4.1. **AM Preparation**

Activities:

- Develop Asset Management Plans (AMPs) for tourist park facilities and communications infrastructure.
- Review existing AMPs to ensure they adequately inform the CSP and DP and meet DLG requirements.
- Define current levels of service and performance measures for each asset category.
- Update financial and demand projections in existing AMPs.
- Ensure all assets are constructed and maintained to meet appropriate quality standards.

4.4.2. **Improve AM Processes**

Activities:

- Establish appropriate valuation, depreciation and effective life procedures for each asset category.
- Refine the procedure for recording asset acquisition.
- Develop the procedure for recognition of contributed assets.

4.4.3. **Improve AM Systems**

Activities:

- Link the financial system with AM database (Conquest).
- Link the Geographic Information System (GIS) with Conquest.
- Link the Maintenance Management System with Conquest.
- Link the customer request system (Merit) to Conquest.
- Develop an AM integration module for linked systems.

4.4.4. **Improve AM data**

Activities:

- Document asset register unit rate calculations.
- Record works and cost information per asset for optimum whole-of-life calculations.
- Include proposed assets and predicted cash-flows in Conquest.

- Record outcomes of statutory inspections per asset in Conquest.

4.4.5. ***Actions for AM organisation and training***

Activities:

- Review resource requirements as AM system functionality and maturity changes.
- Review the frequency of condition assessments and risk inspections for various asset categories.
- Develop training and succession plans for staff involved in AM.
- Complete the integration of the AM system with corporate systems and processes.

5. INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS PLANNING

5.1. Introduction

Our Information Technology and Telecommunications (IT+T) planning addresses the practical information technology and telecommunications needs of the Shoalhaven City Council in delivering its many diverse, geographically dispersed and often specialist services and infrastructure programs to the community, directed by the Council's Community Strategic Plan, Shoalhaven 2020.

A key to continual improvement in the scope and efficiency of service delivery in the Shoalhaven local government environment will be efficiencies in operations and the integration of operational functions that can be gained through strong and current technology and information and communications systems.

IT+T planning recognises the importance of continuing to support on-going operational programs, together with ensuring the capacity to support the expansion of those programs as the City grows. Potential new functions and activities that may be associated with new Council initiatives are also identified, together with the possible issues and opportunities associated with the constant technological change in our business environment and the community.

5.2. Scope of Functions and Services

The Information Technology Section of Council is responsible for information technology and telecommunications functions. The scope of these functions and the associated, primarily internal, services can be divided into nine categories.

5.2.1. *IT equipment and Infrastructure*

- desktop and mobile computing hardware
- networking Infrastructure
- server systems
- data storage and management infrastructure
- cabling solutions.

5.2.2. *Communications Equipment and Infrastructure*

- mobile telephones
- fixed telephony services
- facsimile services
- mobile and fixed two-way radio equipment.

5.2.3. *Software Services*

- procurement and license management
- software development and integration
- business analysis services.

5.2.4. *First line telephone customer service, during and outside business hours*

5.2.5. *Communications Workshop Business Unit*

- security system installation, audit and repairs
- security cameras installation and maintenance.

5.2.6. **Commercial Electrical Engineering Services**

- design, estimating and contract management for new electrical assets and upgrades to existing assets
- maintenance programs for electrical assets in consultation with customers
- electricity account administration
- consultancy service for the Streetlighting program
- corporate leadership of the energy saving initiatives program
- provision of alternate electricity supply during emergency events.

5.2.7. **Industrial Electrical Engineering Services**

- electricity account management
- recommendations on energy saving initiatives
- consultation regarding upgrades to automation and control systems
- design, estimating and contract management for new electrical assets and upgrades to existing assets
- maintenance program for electrical assets
- telemetry support services .

5.2.8. **Radio Communications**

- communication tower facilities for Council and Southern Water Services
- business planning and financial forecasting
- client agreements
- management of the site fees policy
- site audits

- new site negotiations
- contract management.

5.2.9. **Shoaltech Business Unit, comprised of Shoalcom and Shoalelectrics**

- **Shoalcom** provides radio and telecommunications services, support of communication tower infrastructure, and security/surveillance system installation and maintenance
- **Shoalelectrics** provides installation, maintenance and repair services for electrical, instrumentation and automation and control assets. Its main customer is Shoalhaven Water Group, however, considerable work is also carried out at public buildings and sporting facilities.

5.3. **Scope of Resources**

5.3.1. **Workforce Resources**

The IT Section of Council is currently comprised of 4 Managers, 4 Supervisors, 2 Engineers, and a wide range of support staff roles including technical support, telephonists, administrative assistants, project managers and electrical technicians among others. Staff resources include:

- software services – six full time employees
- IT infrastructure and desktop services – 13 full time employees
- administration and customer service – five full time employees
- electrical / telemetry management and design – eight full time employees

- electrical and communications operations – eight full time employees
- apprentices and trainees – five.

5.3.2. **Budget Expenditure and Revenue**

The Information Technology Section's budget for 2009/10 has an operational income of \$4.8 million. Operation expenditure for the section is \$8.4 million and capital expenditure some \$680,000.

5.3.3. **Assets managed and controlled**

- communication towers
 - five "General Fund" sites
 - nine Shoalhaven Water sites
- Shoaltech sites at
 - McIntyre Way Depot (Shoal Electric)
 - 4 McIntyre Way (Shoalcom)
 - Ulladulla Depot (Shoal Electric)
- computer hardware and networks
- structured cabling systems
- software licenses.

5.3.4. **Existing IT+T Strategies**

Our adopted (and regularly reviewed) IT Strategy focuses on Council's corporate information technology systems, guided by the following underlying principles:

- a single solution for the same need throughout Council
- use of proven technology
- "best of breed" IT solutions
- common data standards

- in-house capacity to tailor and integrate.

The IT Strategy seeks to address present and future needs through a series of connected "strategic threads":

- working smarter
- improving access to services
- exploiting information
- efficient, secure, agile technology
- linking it all together
- renewing service delivery
- managing assets

Information Technology supports energy management initiatives, primarily focused on overseeing Council's Energy Savings Action Plan (ESAP).

Service delivery through electrical and communications workshops utilises the "Shoaltech Business Plan" which covers the period 2009 to 2012. This plan defines the business undertaken, demand for services, and resource requirements predicted to meet the expected demands of the organisation.

5.4. **Functions and Services Forecast**

5.4.1. **Program Continuity**

As a baseline, it will be essential to continue to maintain, renew as required, manage and operate IT+T infrastructure and systems based on current levels of activity and service to meet internal and external customer needs, including as a key reference point the existing IT Strategy principles.

Key activities and tasks associated with program continuity will include:

Major proprietary software acquisition or replacement

- Civica – Council's rating and water billing systems are provided by Civica using the Fujitsu 2000 suite of programs. This system is highly tailored to fulfil Council's water billing requirement
- CHRIS 21 – Provides Council's Human Resource and Payroll system
- Sun – Owned by Infor, Sun is the underlying financial system for general ledger, debtors and creditors
- Trim – Council's electronic document management system.
- ESRI – ESRI provides a suite of applications that make up Council's Geographic Information Systems (GIS)
- MasterPlan / MasterView – These programs deliver Council's online DA tracking module and Developer Enquiry system.

An increasing emphasis on business analyst and project management inputs to software development and integration is anticipated.

Core Infrastructure software acquisition or replacement

- SQL Server 2008 – Council's core database is currently split between SQL 2000 and SQL 2005. Upgrade and consolidation is required

- Exchange Server 2010 – Currently council is using exchange server 2003. It is proposed to skip Exchange Server 2007 and move directly to 2010
- Windows Server 2008 – Many servers are still running 2003 and require upgrades
- Forefront Threat Management Gateway 2010 upgrade from ISA Server 2006
- Sophos Security suite
- System Centre Configuration Manager 2007
- Virtualization of selected servers.

In order to provide services and security, appropriate infrastructure software needs to be in place and maintained.

Electronic document environment

- major storage capacity growth
- document backup, recovery and archiving
- document migration to new standards
- server redundancy
- network capacity
- desktop resources
- document security.

Emergency Communications Networks

The anticipated impacts of climate change include the occurrence of less predictable and more severe weather events. The provision of effective and reliable communications infrastructure is part of Council's responsibilities in preparation for disaster response actions, when they are inevitably required. This will include:

- the development of effective business continuity plans and identification of resource requirements
- maintenance and renewal of the two way radio network as a key element of our emergency response capability.

Consolidation of Shoaltech operations

The work teams of Shoalcom and Shoalelectrics have recently co-located into a single fit-for-purpose workshop facility at Bomaderry. This will help to better control fixed costs and overheads, and will support more effective management of our workforce and physical resources.

5.4.2. City and Community Growth

The LTFP forecasts typical annual City growth at 0.5% per annum, which in turn is expected to generate service (i.e. staff and infrastructure) expansion of a similar order. Core IT+T services provision will need to support this progressive City and services growth pattern. However, the roll out of growth-linked services is likely to occur in a 'lumpy' fashion reflecting incremental growth in certain services needs and based on the actual location of growth needs across the City.

IT+T infrastructure and operations should support improved operational efficiencies, enabling overall long term service growth to be achieved at or below the rate of actual City growth. In some cases, service growth will be supported by very small incremental

IT+T investments, and in other cases a quantum investment in IT+T will enable highly efficient service expansion.

Particular challenges include:

Water and Sewer Functions

- continuing support of the operations of Shoalhaven Water through telemetry control systems with increasing automation and remote monitoring of operations
- increased and more complex facilities and systems as the Shoalhaven Water capital works program proceeds.

Increased Mobile / Field Communications and Data Requirements

- interconnectivity of worksites and non-staffed facilities will increase the complexity of managing remote and mobile communications, requiring careful risk management
- IT+T systems will also increasingly support corporate directions in workplace flexibility and corporate operations efficiency.

Communications Tower Infrastructure

Council, together with other parties such as telecommunications carriers, ISPs, broadcasters, emergency services groups and Government agencies will increasingly use tower-based communications networks and technology as part of the 'skeleton' of a future connected city, community and organisation. This is likely to generate individual and joint tower infrastructure proposals for sites within or near the major population centres, for which Council may be a proponent and/or assessing authority.

Council should progressively enhance its own towers network and the efficiency and resilience of the associated telecommunications capacity for core operational purposes. This will also enhance emergency response communications and community connectedness more generally, while having the capacity to both minimise environmental and health impact concerns and generate revenue through the co-location of other users.

While Council owns a number of towers already, a clear policy position and strategy for the development and management of the towers network into the future, together with a sustainable business model, is required.

We also expect to work with fibre optic installers to include the best possible communications framework for Council's operations.

5.4.3. ***New Initiatives***

New strategic directions and initiatives emerging from the Community Strategic Plan, in response to a range of operating environment 'drivers' and community aspirations, are likely to require IT+T resources.

Energy Efficiency and Carbon Pollution Reduction

Further commitments to Council's programs in energy management and National Greenhouse and Energy Reporting best practice are anticipated as energy costs continue to increase and a national ETS is introduced.

While carbon pollution reduction will be a major issue in its own right, the CSP looks for Council to both become more efficient and demonstrate community leadership in this area.

Energy generation initiatives may include:

- hydro – water assets
- wind – at appropriate sites
- solar for all new buildings and possible retro-fit opportunities.

Internet and Web 2.0

Our community, in line with the Australian population, will increasingly make use of the internet for personal and business purposes. This form of coordination is a key opportunity to keep regional communities connected and will be further enhanced by continuing demographic change and the National Broadband Network rollout.

- Council's governance, community engagement, branding and communications initiatives now, and will increasingly, incorporate the internet as a core communications 'channel' and media.
- Compliance with various legislative requirements now demands highly effective internet site interface with core systems and operations.
- The diversity of our operations has already resulted in several internet site 'identities' attributable to the Shoalhaven and we are cautiously entering the arena of social media as a business tool for parts of our operations.
- Our internet sites must also address the increasing range of customer interface and business transactions now enabled via the internet, making marked improvements to the efficiency of dealing with Council for our widespread community.

The management of Council's activities in the internet environment will inevitably become more complex and responsive to the increasing range of functions and transactions occurring in that forum.

CCTV

While the Nowra CBD project has been a high profile public place initiative, CCTV is in use at a range of other Council facilities including the Entertainment Centre. Further installations both in busy public areas and on Council-managed sites (possibly with ultimate capacity for monitoring of the latter), should be anticipated as the technology continues to evolve and the role of CCTV in community safety and property management is resolved.

5.4.4. Changing Technology

New technology has been a driver of much change for Shoalhaven's operations; however, we will always carefully consider the core business and community objectives benefits of embracing new generation technology before investing.

Open Source Software

An IT Strategy that embraces open source software may be advantageous in some instances, but will require strategic preparation, training and skilled resources to take advantage of the benefits.

Systems Convergence

With the development of Council's core IP network infrastructure, advantage can be taken using the converged network to deliver

not only voice but also video solutions at sites such as leisure centres, libraries and offices.

Cloud Computing

The move to Software as a Service (SAAS) and Infrastructure as a Service (IAAS) can provide council with greater flexibility in delivery of IT services. SAAS allows the hosting of software by an external provider over the internet providing service on demand. IAAS utilises external hardware as a service accessible via the internet. Consideration needs to be given to where this technology is appropriate, recognising and mitigating the associated risks.

Virtualisation

Currently server virtualisation is limited to Disaster Recovery and small scale server systems. Consolidation of servers and clients will lead to improved performance and flexibility and is a short-term priority improvement.

Green IT

Further demands on energy efficiency will also require the inclusion of appropriate green IT initiatives to reduce Council's carbon footprint and energy efficiency.

5.5. Priority Responses

5.5.1. Optimal IT&T Asset Management

Activities:

- Liaise with telecommunications carriers and internet service providers to facilitate communication infrastructure deployment

and upgrades using Council-owned communications tower facilities throughout the City.

- Develop and manage Council's telecommunication's facilities and infrastructure.

5.5.2. **Corporate IT Solutions**

Activities:

- Implement, monitor and review the Information Technology Strategy and information technology and telecommunications planning to ensure optimal support of Council operations.
- Provide communications and information technology support to the DISPLAN Communication Supporting Plan.
- Lead and facilitate implementation of Council's Energy Savings Action Plan.

5.5.3. **Communications Technology**

Activities:

- Ensure Council's corporate Internet presence is secure, accessible, maintainable and relevant.
- Provide infrastructure and support to deliver reliable and secure information technology services to the public through Council facilities such as Libraries, Visitor Information Centres and Tourist Parks.

5.5.4. **Forecasting and Supporting Organisational Needs**

Activities:

- Implement works and projects defined within the ShoalTech Business Plan to support both core operations and Shoalhaven Water activities.
- Deliver first line telephone customer service, 24 hours per day, 7 days per week.

Appendix 1 – Sustainability Measures

Sustainability Measures - Long Term Financial Plan							
Indicator	Description	Formula	Target	Actual Result - 2009/10			
				Consolidated	General Fund	Water Supply	Sewerage
General Purpose Financial Report – Note 13							
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	$\frac{\text{Current Assets less restricted Assets}}{\text{Current Liabilities Less Specific Purpose Liabilities}}$	Greater than 1:1	2.02:1	2.02:1	6.89:1	1.26:1
Debt Service Ratio	To assess the impact of loan principal and interest repayment on the discretionary revenue of Council	$\frac{\text{Debt Service Cost}}{\text{Revenue from continuing operations excluding capital items and specific grants and contributions}}$	Between 10% and 20%	8.28%	5.03%	3.24%	20.67%
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	$\frac{\text{Rates \& Annual Charges}}{\text{Revenue from continuing operations}}$	Below 50%	47%	34%	15%	72%
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	$\frac{\text{Rates \& Annual charges Outstanding}}{\text{Rates \& Annual Charges Collectible}}$	5%	7.25%	4.19%	36.00%	10.86%
Building & infrastructure Renewals Ratio	To assess the rate at which these assets are being renewed against the rate at which they are depreciated	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortization and Impairment (building and infrastructure)}}$	100%	41.94%	63.68%	14.76%	26.46%

Special Purpose Financial Report – Income Statement and Notes 2 and 3 – Water and Sewerage Only							
Indicator	Description	Formula	Target	Actual Result - 2009/10			
				Consolidated	General Fund	Water Supply	Sewerage
Return on Capital	Council's with Category 1 Businesses would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field	$\frac{\text{Surplus/(deficit) from continuing operations before Capital Amounts + Interest Expense}}{\text{Written down value of Infrastructure, Property, Plant and Equipment at 30 June}}$	Water 2.4% Sewerage 2.2%	Water 2.4% Sewerage 2.2%	N/A	0.42%	1.16%
Economic Real Rate of Return	To demonstrate that the water and sewerage businesses meet the requirements of National Competition Policy to achieve full cost recovery	$\frac{\text{Revenue from operations – Operation, Maintenance and Administration Expenses – current cost depreciation}}{\text{Written down replacement cost}}$				0.37%	1.61%
Additional Measures							
Operating Surplus	The difference between day to day income and expenses for the period	Operating income – Operating expenses	Breakeven operating position or better, over any five year period	\$1,067,000	Nil	\$1,308,000	\$3,229,000
Operating Surplus Ratio	The percentage by which the major controllable income source varies from day to day expenses	$\frac{\text{Operating surplus (deficit)}}{\text{Rates and Other Charges}}$	Between 0% and 15%, over any five year period	1.24%	Nil	40.88%	11.75%

Indicator	Description	Formula	Target	Actual Result - 2009/10			
				Consolidated	General Fund	Water Supply	Sewerage
Net Financial Liabilities	What is owed to others less money held, invested or owed to the entity	Total liabilities – financial assets	Net financial liabilities between zero and annual operating income				
Interest Cover Ratio	Proportion of operating income used to pay interest on loans, net of interest income.	$\frac{\text{Interest on Loans – investment interest}}{\text{Operating income}}$	To be confirmed				
Sustainable Rate Revenue Increase	Rate revenue increases required to achieve the Operating Result Ratio target, over ten years.	To be confirmed	<2%				
Expenditure on Staff Costs	Salaries and wages expenditure as a proportion of total expenditure (excluding depreciation).	$\frac{\text{Salaries \& wages expenditure}}{\text{Operational + Capital Expenditure – Depreciation}}$	<40%				

Sustainability Measures – Asset Management Planning							
Indicator	Description	Formula	Target	Actual Result - 2009/2010			
				Consolidated	General Fund	Water Supply	Sewerage
Asset Consumption ratio	The average proportion of 'as new condition' left in assets	$\frac{\text{Depreciated replacement cost of plant and equipment and infrastructure assets}}{\text{Current Replacement Cost of depreciable Assets}}$	Between 40% and 80%				
Asset renewal funding ratio	The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a LTFP relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period	$\frac{\text{NPV of projected 10 year capital renewal funding outlays in a LTFP}}{\text{NPV of projected 10 year capital renewal expenditures in an asset Management plan in Current values.}}$	Between 90% and 100%				
Infrastructure Backlog Ratio	Estimated cost of deferred maintenance as a proportion of annual operating revenue.	$\frac{\text{Cost of deferred maintenance}}{\text{Operating income}}$	To be confirmed				
Asset Sustainability Ratio	The ratio of asset replacement expenditure relative to depreciation for a period. i.e. whether assets are being replaced at the rate they are 'consumed'—this is the same measure as in Building & Infrastructure Renewals Ratio	$\frac{\text{Capital Expenditure on Renewal}}{\text{x Depreciation}}$	To be confirmed				

Indicator	Formula	Formula	Target	Actual Result - 2009/2010			
				Consolidated	General Fund	Water Supply	Sewerage
Asset Management Plans Review	Number and % of AMP's reviewed and/or adopted within previous three years	$\frac{\text{Number of AMP's with date adoption less than 3 yrs old}}{\text{Total \# AMPs}}$	>90%				

Sustainability Measures - Workforce Planning			
Indicator	Formula	Target	Actual Result 2010/2011
Staff Turnover	Number of employees leaving Council including resignation, retirement and redundancy	< 6%	4.71%
Workplace Safety Incidents	Workplace safety corrective actions rate	Reduced workplace incident rates from previous year	145
		90% of workplace safety corrective actions resolved within established benchmarks	Not available
Lost Time Injuries	Number of injuries requiring lost time from work per million hours worked, for previous 12 months	Reduced Lost Time Injury rate vs. previous year	15.5 per million hours
Staff Engagement	Staff survey responses on workplace participation Average Sick Leave Days per FTE staff (Average Staff grievances per FTE staff) x 100	Improved results noted in 2011 staff survey	N/A
		Reduced sick leave rate vs. previous year	69.7
		Reduced rate of lodged grievances vs. previous year	12 grievances
Staff Recognition	Participation in outstanding performance recognition schemes	Increased Outstanding Performance Award nominations	222 nominations
		Increased Staff Appreciation Gift Card Scheme participation	33 awards
Leadership	Training and activities to promote leadership	100% participation in EDD process	67%
		Increased participation in leadership and management programs	25 commenced 2010/11 management programs
Flexible Work Arrangements	Number of Staff participating in part-time employment; flexible hours; purchased annual leave; working from home etc, as % of total staff	Increased participation % vs. previous year	N/A
		Improved staff responses on flexibility in 2011 staff survey	N/A – no survey
Training	Number of hours in training & development per FTE staff	Increased hours, vs. previous year	29 – hours per FTE staff
Traineeships / Apprenticeships	Work based trainee and apprenticeship employees as % of FTE staff	>4%	7%
Indicator	Formula	Target	Actual Result 2010/2011

Diversity	Staff being youth, disabled person, or Aboriginal, as % of FTE staff	Increased employment of youth, disabled persons & Aboriginals, vs. previous year	Youth (25yr) – 13.5% Aboriginal – 2.5%, self reported Disabled - unknown
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Sustainability Measures - IT+T			
	Formula	Target	
Indicator	Description	Target	Actual Result 2010/2011
Implementation of appropriate KPI data within the Interplan reporting framework	Number of Community Indicators, Strategic Progress Indicators and Activities Indicators	>100 indicators reported	366
System availability time (%)	Number of hours of corporate IT system availability ÷ total number of operating hours	>99%	100%
Number of PCs and laptops supported	Total number of Council desktop PC's and laptop PC's per 100 FTE staff	Increase from previous year Reduced number of multi-machine users	104.29
Number of public-access PCs supported, and number of sites offering public-access PC	Total public-access PC's per library and other public access sites	Increase from previous year	33
Number of corporate website hits	Total website visits to Shoalhaven City Council home website, Holiday Haven website, Shoalhaven Water website, Shoalhaven Tourism websites and SEC website	Increase from previous year	3.2 million (core website)