

Options to meet Resourcing Challenges from 2014/15

Under the IPR framework (detailed on page 5), the Resourcing Strategy sets out what resources (human, infrastructure and financial) Council intends to allocate (via the Delivery Program) toward the achievement of objectives for which it is responsible under the Community Strategic Plan.

The Resourcing Strategy comprises a ten-year Long Term Financial Plan (LTFP), a ten-year Asset Management Strategy (AMS) and a four-year Workforce Management Plan (WMP). These documents have all been reviewed in support of the reviewed Coffs Harbour 2030 Plan, Delivery Program and Operational Plan.

The Resourcing Strategy demonstrates that Council's current position is unsustainable, i.e. that Council cannot continue to deliver the services it currently does to current standards, let alone achieve new objectives over and above these.

The first factor in Council's unsustainable position can be seen in the Long Term Financial Plan. Council's revenue base is limited (due largely to rate pegging legislation) and is not keeping pace with increases in costs to deliver the services Council currently delivers, and in addition to this costs arising from responsibilities shifted to Council that were previously the responsibility of the NSW State Government. In total, this gap between revenue and expenditure – even allowing for other controls on operational spending (such as salaries) - is around \$1.8M per year.

The second factor in Council's unsustainable position can be seen in the Asset Management Strategy. Council is custodian and trustee of around \$1.8 Billion in public assets. Over the years, funding to maintain and renew this infrastructure has been reduced as more funds are required to meet rising costs in other areas. But this has resulted in a significant deterioration in public infrastructure to the extent that an additional \$6.2M is required simply to halt the further deterioration of infrastructure, not to address the significant backlog of infrastructure requiring renewal, which is estimated to be in the order of \$61.7M for the General Fund (and \$55.2M for Water Supply and Sewerage Funds).

In summary, if Council is to achieve a sustainable financial position, and thus to have the resources to deliver those objectives of the Community Strategic Plan for which it has historically considered to be its responsibility, \$8M in additional funding is required. It is likely that this will need to come from a range of options, including:

- Productivity improvements (changing the way services are delivered)
- Reductions in current levels of service delivery
- New revenue opportunities (e.g. commercialisation of council services)
- Additional Rate income

Over the next twelve months, the opportunities available in terms of these options will be explored further with a view to seeking the community's endorsement of a revised resourcing strategy from 2014/2015 to return Council to a position of sustainability. It is highly likely that some level of Special Rate Variation will be put forward as part of that strategy.