

GROWING YOUR FUTURE TOGETHER

WOLLONDILLY
RESOURCING STRATEGY
2013/14 - 2022/23
REVISED





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The Resourcing Strategy focuses in detail on matters that are the responsibility of Council and looks generally at matters that are the responsibility of others. It has been prepared in accordance with the requirements of the State Government's Integrated Planning and Reporting Framework and gives consideration to Council's capacity to deliver on its responsibilities within our Community Strategic Plan 2033 Growing yOur Future Together.

Both the Community Strategic Plan and the Resourcing Strategy inform and are informed by the 4 Year Delivery Program.

The Resourcing Strategy incorporates the following plans:

Asset Management Strategy

This strategy is a reflection of Council's intention that our community's infrastructure network is maintained in partnership with other levels of government and stakeholders to meet the need of local residents

The strategy is predicated on the need for assets to be maintained at a reasonably safe and functional standard. Critical to this will be the provision of sufficient funding over future years to ensure that infrastructure provides services at the standard that the Community agrees and can afford.

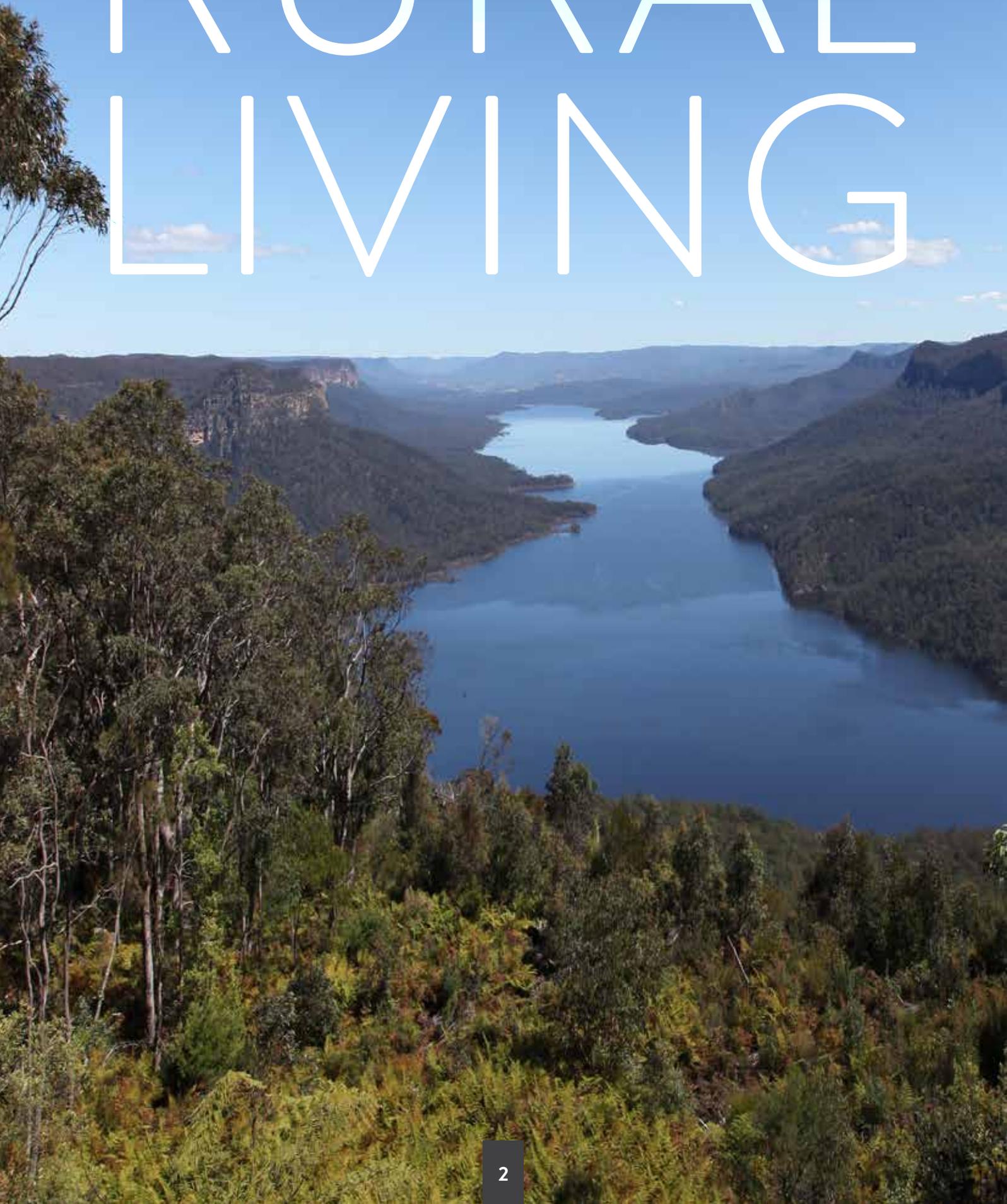
Workforce Management Plan

This plan is focused on retaining staff, developing leaders, skilling Managers and positioning Council as an employer of choice

Long Term Financial Plan

This plan focuses on Council's long term financial goal of financial sustainability and delivering quality services to the Community. This plan addresses areas that impact on the Council's ability to fund its services and capital works, whilst living within its means and ensuring financial sustainability.

RURAL LIVING





WELCOME TO WOLLONDILLY

Wollondilly, on the south western outskirts of Sydney and at the foothills of the Southern Highlands, is surrounded by spectacular, natural beauty and rural pastures. Its 2,560 square kilometres stretch from Yanderra in the south, Appin and Menangle in the east, Warragamba in the north with the Nattai wilderness, Yerranderie and Burragorang Valley to the west.

The district is rich in Aboriginal and European history. The earliest known inhabitants of the district were the Gundangurra Tribe, who gave the area its name. The word Wollondilly is attributed to having three meanings:

"A place where spirits dwell" and "Water trickling over rocks".

The third meaning is connected to a legend about the burning black coal that was carried inside the skull of a bunyip, within a basket woven of waratah stems. "Worron" means black coal and "dilly" means carry basket.

A colourful tapestry interweaves the Dreamtime legends of the Gundangurra and Tharawal people on a backdrop of gorges, ranges and plains with a rural patchwork created by the white settlers who followed the first fleet's famous straying cattle to the Cowpastures.

Each of the towns and villages have their own stories to tell and personalities to meet but the rural charm with country hospitality is found everywhere.

YOUR COUNCILLORS

AND WARD

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THERE ARE

45,093*

OF US

*Estimated resident population 2012

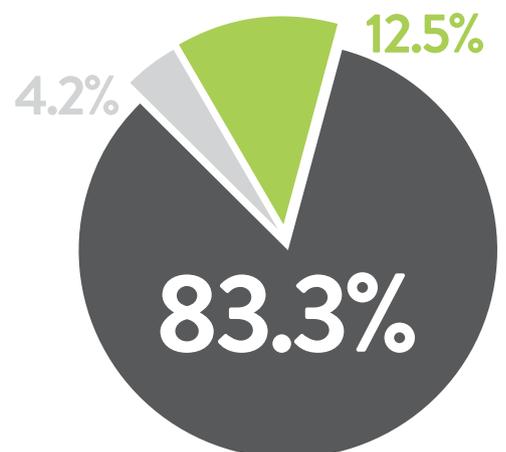
THIS IS WHO WE ARE

AGE *From the 2011 Census

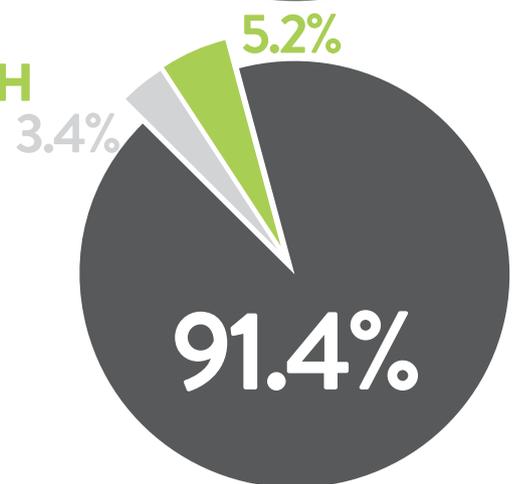
STRUCTURE

0-4	7.4%
5-11	11.3%
12-17	9.3%
18-24	8.9%
25-34	10.8%
35-49	22.4%
50-59	13.5%
60-69	9.5%
70-84	5.8%
85+	1.1%

- OVERSEAS BORN
- AUSTRALIAN BORN
- NOT STATED



- NON ENGLISH SPEAKING
- ENGLISH SPEAKING
- NOT STATED



HOUSING OWNERSHIP

- Fully owned - 30.1%
- Mortgage - 48.3%
- Renting - social housing - 1.5%
- Not Stated - 4.8%
- Renting - private 13.8%
- Renting not specified - 0.7%
- Other tenure type - 0.8%

FAMILY STRUCTURE



Couples with children - 42.9%

Couples without children - 25.4%

Lone household - 15.7%

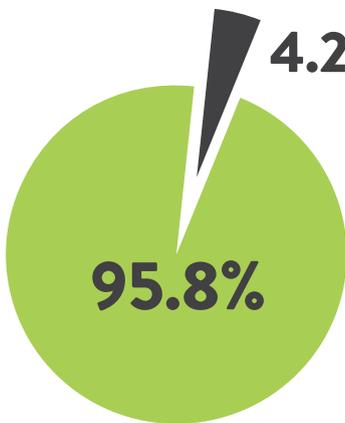
One parent families - 10.6%

Visitors - 0.5%

Other - 2.4%

Other families - 0.8%

Group household - 1.7%



- EMPLOYED
- UNEMPLOYED

WHERE WE WORK

Live and work in the area	26.9%
Live in the area but work outside	58.4%
Work area unknown	14.7%

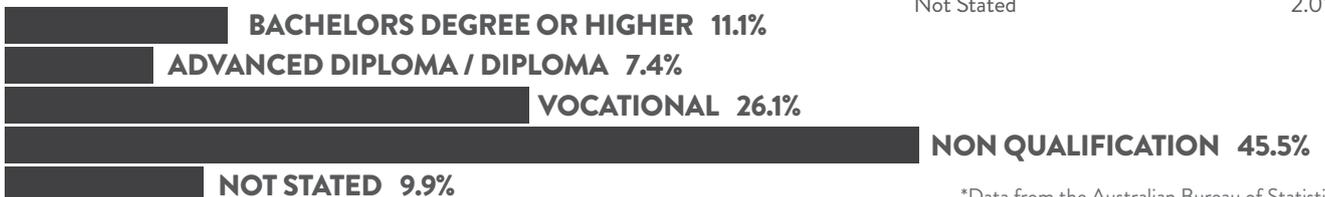
OUR JOBS

Managers	12.2%
Professionals	15.2%
Technicians & Trades Workers	18.2%
Clerical & Admin Workers	15.5%
Community & Personal Service	9.3%
Sales Workers	8.3%
Machinery Operators	9.8%
Labourers	9.7%
Other	1.8%

HOW WE GET THERE

Train	3.7%
Bus	0.4%
Car - as driver	68.8%
Car - as passenger	4.2%
Truck	3.0%
Motorbike	0.4%
Bicycle	0.1%
Walked only	1.5%
Other	1.0%
Worked at home	5.2%
Did not go to work	9.7%
Not Stated	2.0%

EDUCATION



*Data from the Australian Bureau of Statistics



OUR VISION IS RURAL LIVING

For many years the Shire has identified rural living as its “Vision”. Typically these words are seen in narrow terms, often ignoring the broader aspects of life in a rural area – towns and villages, community spirit, working agriculture, and a deep sense of place.

The concept of rural living is often put forward as a justification in debates about property development issues. By understanding the characteristics of rural living, we are better able to appreciate that the vision of rural living is not just about development issues, but about a wider set of values that reflects the Community’s desire to maintain the Shire’s rural character together with the sense of belonging to caring communities that have been at its core for generations.

Following community workshops held in November 2012, a revised definition of Rural Living comprising six key characteristics has been developed:

1. Rural setting and character

The rural setting is obvious with farmland and natural areas located between, separate towns and villages with residents experiencing and valuing this setting irrespective of where and how they live.

2. Viable agriculture

Agriculture and associated industries are encouraged and supported and continue to be a productive, sustainable and integral part of our economy, our Community and our landscape.

3. Community lifestyle

Our Community values its sense of community spirit, which is fostered through a strong identity with village life, a sense of belonging, and commitment to community participation and co-operation.

4. Diverse environment

The Shire’s diverse environmental assets, including its waterways and catchments, riparian land, groundwater and dependent ecosystems natural areas, biodiversity and agricultural lands are valued and protected because of their environmental significance. Degraded natural resources are enhanced and maintained.

5. Heritage

The Shire’s wealth of aboriginal and non-aboriginal heritage is valued and protected because of its cultural significance and its contribution to our sense of place.

6. Towns and villages

Development is carefully managed to maintain the separation of our towns and villages and their unique identities and strives to enhance their role as focal points which provide opportunities – housing, jobs, shopping, business, leisure, civic events, community facilities, education, and social interaction.



**We all experience rural living
whether we live in a house,
barn, townhouse or villa**

*Resident comment CSP Workshop Nov
2012*

VISION

Our Vision - Rural living
Council's vision reflects the Community's desire to maintain Wollondilly Shire's rural character together with the sense of belonging to caring communities that have been at its core for generations.

MISSION

To create opportunities in partnership with the Community and to enhance the quality of life and the environment, by managing growth and providing sustainable services and facilities.

VALUES

Council believes its values are important for all its operations, and desires that staff work with Council to achieve an organisation that:

- **As a custodian** - values the past, plans for the future, manages the community's assets, protects the environment and is responsive to our Community
- **As a decision maker and a service provider** - ensures equity, openness, integrity, diligence, empathy and accountability
- **As a corporation** - strives for excellence, responsibility, efficiency, quality improvement and ethical behaviour
- **As an employer** - supports the commitment, ambition, innovation and teamwork of staff



"Having a realistic and effective Resourcing Strategy is an essential element in securing the best possible future for our community. As General Manager, I am confident that we will continue to build on past achievements and that we are very well placed to address the opportunities and challenges ahead."

- Luke Johnson

INTEGRATED PLANNING & REPORTING

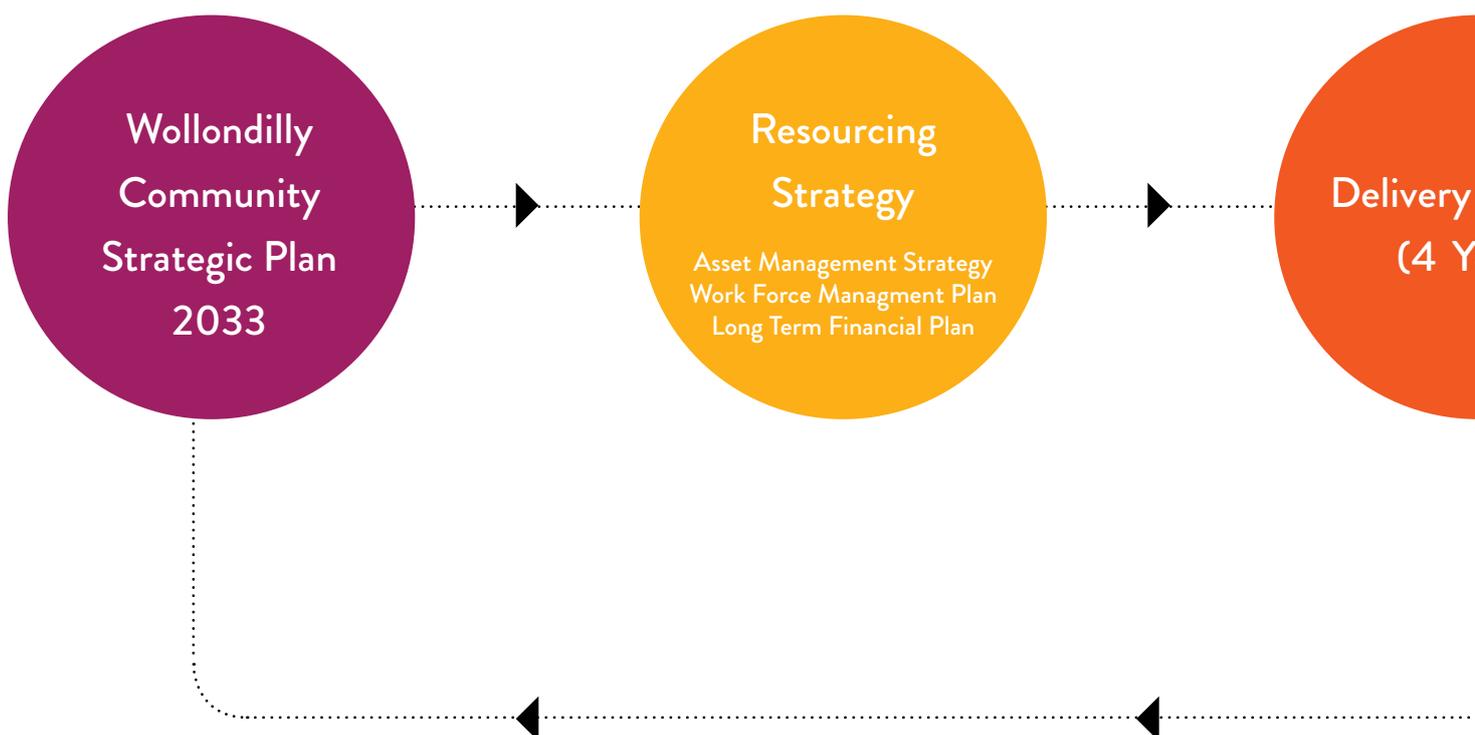
The NSW Government introduced the new Integrated Planning and Reporting Framework to encourage Local Government to undertake long term community planning. This long term planning incorporates a range of elements, highlighted in the diagram below.

Under the new Framework Council is now required to develop:

- A 10-year or longer Community Strategic Plan (CSP) establishing strategic objectives (local priorities and future aspirations) together with strategies for achieving those objectives.

- A Resourcing Strategy including asset management planning, a workforce management strategy and long term financial planning. The resourcing strategy plans for resources required.

- A Delivery Program for every four years showing how projects and programs are going to be delivered during a Council's term in office. The delivery program details principal strategies that are the responsibility of Council and is complimented by a one year operational plan which details the implementation of these strategies.

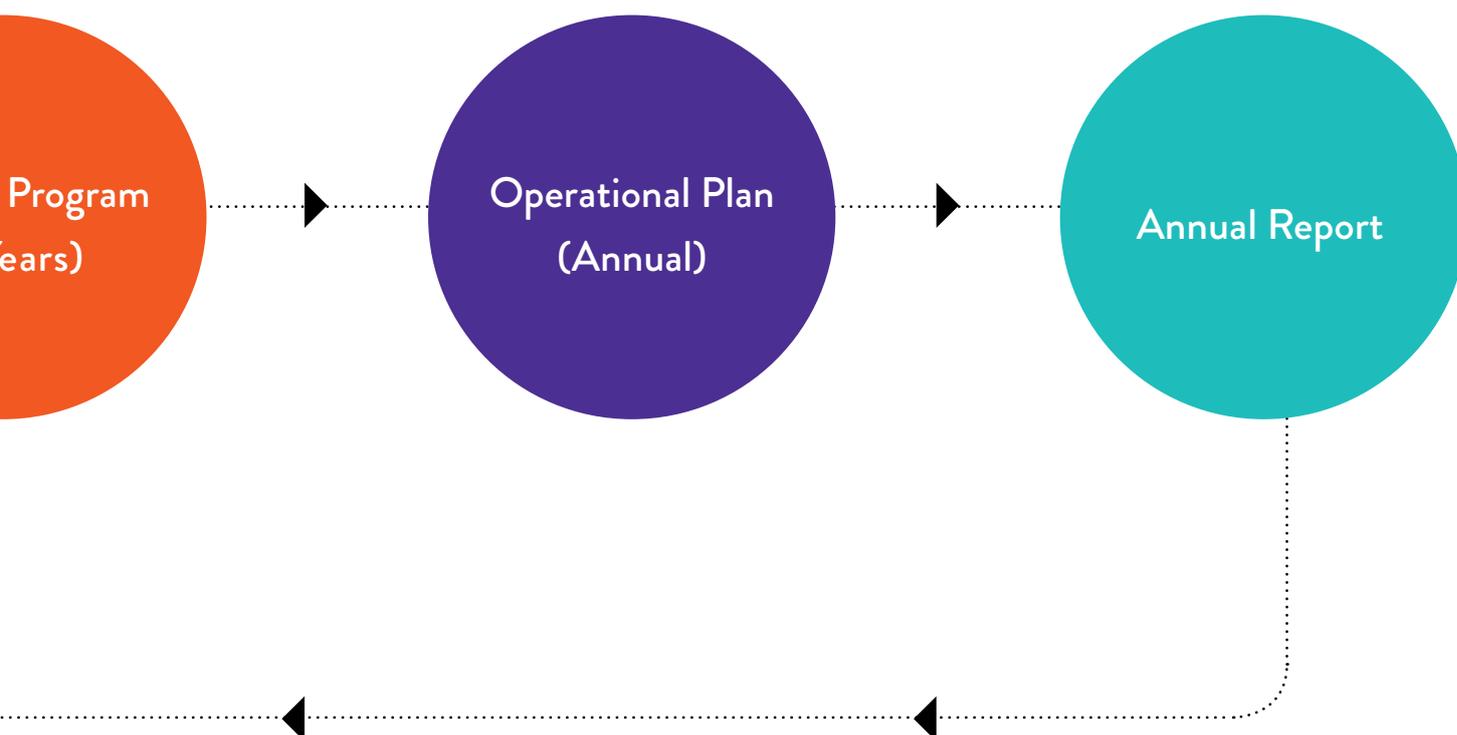


RELATIONSHIP TO THE COMMUNITY STRATEGIC PLAN

The Resourcing Strategy supports the five Key Themes of the Community Strategic Plan 2033 Growing yOur Future Together:

- Looking after the **COMMUNITY**
- Accountable and Transparent **GOVERNANCE**
- Looking after the **ENVIRONMENT**
- Building a strong local **ECONOMY**
- Management and provision of **INFRASTRUCTURE**

These Key Focus Areas also guide the direction of Council's 4 year Delivery Program, and 1 year Operational Plan





Council management and performance is governed by principles relating to social justice and sustainability. These are the foundation of the Key Directions, Objectives, Strategies and Actions within these plans



SOCIAL JUSTICE PRINCIPLES

Equity: Fairness in the distribution of resources

Equity implications of proposed activities include the impact on community wellbeing as well as who pays and who benefits.

Access: fair access to economic resources, services and rights essential to improving quality of life

All residents should be able to get to and use public facilities and services regardless of their social and economic circumstances.

Participation: Maximum opportunity to genuinely participate in decisions that effect their lives

This includes a two way flow of views and information.

Rights: rights established and promoted

Opportunities are provided to people from cultural and religious backgrounds to participate in community life.



SUSTAINABILITY PRINCIPLES

Meeting the needs of the present without compromising the ability of future generations to meet their own needs (Brundtland 1987).

Long term equity: long term vision of intergenerational social, economic, political and environmental equity.



QUALITY OF LIFE:

Healthy Environment: value of biodiversity and natural eco-systems and a minimisation of the ecological footprint.

People and Places: Distinctive characteristics of our communities, including human and cultural values, history and natural systems.

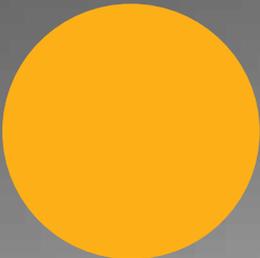
Partnerships: enable cooperative networks and environments to work towards a sustainable future.

Inspiring Leadership: continual improvement based upon accountability, transparency and good governance.

PLANNING
YOUR
FUTURE
TOGETHER

WOLLONDILLY
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STRATEGY

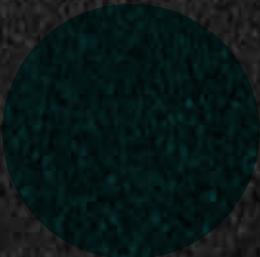
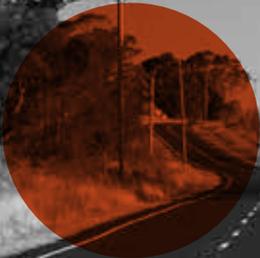
ASSET
MANAGEMENT
STRATEGY



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ASSET MANAGEMENT STRATEGY

Council is the custodian of many community assets which include roads, buildings, cemeteries, waste facilities, parks and reserves. As part of that custodial role, Council is required to review its management of all assets, including keeping inventories of the assets, their condition, the community's use of facilities and the sourcing of sufficient funds to maintain those assets at a usable standard.

Population growth, changing demographics (such as an aging population), rising customer expectations, competing demands for funding and an increasingly demanding external regulatory environment have contributed to a situation where it is essential for Council to make well-informed asset management decisions.

Council must account for and plan for all of the existing assets under its ownership and any new asset solutions proposed in its Community Strategic

Plan and Delivery Program. The Asset Management Strategy is a starting point to achieving this and Council will report on the condition of our assets in the annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.

This Strategy is integrated with Council's Long Term Financial Plan and Workforce Planning Strategy, forming Council's Resourcing Strategy, which in turn underpins the outcomes and strategies outlined in the Wollondilly Community Strategic Plan, Growing yOur Future Together 2033.

The Asset Management Strategy includes:

- An Asset Management Policy
- Specific actions required to improve Council's asset management capability and projected resource requirements and timeframes
- Identified assets that are critical to Council's operations and outlines risk management strategies for these assets

- The encompassing of all the assets under Council's control
- Identified asset service standards and
- Long term projections of asset maintenance, rehabilitation and replacement costs

The Asset Management Strategy will seek to answer the questions:

- Can we address the infrastructure backlog?
- Can we develop cost-effective management strategies for the long-term?
- How can we provide the necessary funding to manage Council's assets? Will we meet the impact of growth through demand management and infrastructure investment? Will we adequately manage risks associated with potential asset failures?
- How will we implement continuous improvement in asset management practices?

LINK TO THE COMMUNITY STRATEGIC PLAN

The Asset Management Strategy supports our communities by delivering safe, maintained and effective infrastructure and aims to address the following CSP strategies:

STRATEGY IN1 MAINTAIN ROAD NETWORK

Ensure that the road network is maintained to a standard that is achievable within the resources available

STRATEGY IN2 MANAGE ROAD NETWORK

Manage the road network to respond to community needs, growth in the Shire, improving road safety, and improving transport choices

STRATEGY IN3 PROVISION OF INFRASTRUCTURE AND FACILITIES

Provide a range of infrastructure and community facilities to meet the needs of the community

STRATEGY IN4 EMERGENCY MANAGEMENT

Plan for and assist in the community's

response to emergencies such as bushfires and flooding

STRATEGY IN5 ADVOCACY AND LOBBYING

Represent our community with regard to external services including energy, communications, water, waste management and resource recovery

STRATEGY GO6 RESOURCE EFFICIENCY

Be efficient and effective in the use of Council resources and provide value for money in the delivery of services

Therefore the Asset Management Strategy will put into action the following:

- Develop programs for road network maintenance and renewal
- Maintain and enhance asset management system to support the management of all infrastructure assets; such as buildings, parks and roads
- Identify high crash locations and apply for appropriate funding opportunities

- Develop and deliver road safety education programs including drink safe, fatigue and child safety
- Lobby other levels of Government and stakeholders for improvements on main roads and transport networks
- Implement traffic and parking improvements in response to identified community needs and growth
- Improve access and connectivity for pedestrians and cyclists
- Provide quality and timely advice to Strategic Planning and development assessment proposals
- Managing and delivering of infrastructure through sub-division, development activities and the Developer Contribution process
- Ongoing review of flood plain management to respond to identified issues such as climate change
- Lobby the State Government and other service providers for improved services such as the extension of sewer to various villages

THE CHALLENGE AHEAD

Our long term financial modeling estimates that Council faces an \$80 million deficit at the end of 10 years unless there is a significant change to expenditure or revenue.

The most significant contributor towards this future deficit is our infrastructure maintenance backlog. Wollondilly Shire is vast in size compared to its relatively low population of around 46,500. As a result we have high infrastructure maintenance costs (particularly on roads) relative to a small rate base. Here are some key facts about our infrastructure maintenance challenge:

- Council looks after;
 - 840 km roads
 - 90 parks and reserves
 - 78 bridges
 - 33 playgrounds
 - 13 playing fields
 - 19 halls
- Over 50% of community halls and

buildings are more than 50 years old

- In the next four years we need to replace 10 playgrounds which have reached the end of their useful lives, while many are not meeting current community needs
- Nine out of 10 tennis court complexes have significant issues with poor lighting not meeting current standards
- The condition of our roads is considerably worse than comparable councils

Each year there is an asset maintenance funding shortfall and as a result the condition of our infrastructure is getting progressively worse. The backlog of maintenance works needed to bring our infrastructure up to a satisfactory standard is currently \$45m but as each year passes this figure is at risk of increasing.

To fully address our infrastructure funding gap, ideally we need an extra \$80m

over the next 10 years. \$45m is needed to “close the gap” and bring our infrastructure up to a satisfactory standard. A further \$35m is needed for ongoing infrastructure maintenance (to “keep the gap closed”) and to cover increases to the day-to-day operating costs of Council. (Rate capping allowances do not cover our annual increases in costs).

This \$80m projected shortfall does not factor in the effects of the unprecedented expected future growth.

A proposed Special Rate Variation (SRV) is therefore an essential part of a long term funding strategy to not only maintain and manage our current infrastructure, but also to maintain and manage future infrastructure. Council also needs to be able to continue to deliver quality services in line with the expectations of a growing population.

If we have an SRV, the significant funding shortfall facing Council over the coming years will be addressed, the quality of infrastructure will not continue to deteriorate and Council services will not need to be reduced.

BACKGROUND

Recent Local Government Reforms have continued to focus on the financial pressures facing local government particularly in terms of limited resources, burgeoning infrastructure maintenance and renewal costs, increasing legislative complexity, rising community expectations and climate change adaptation.

In 2009, the NSW Government introduced a new framework guiding local government in a new approach to planning for and reporting on their activities. This framework is known as Integrated Planning and Reporting (IP&R) and is better known to Council as our “Corporate Business Planning documents”.

Wollondilly’s Corporate Business Planning documents consist of:

- The Wollondilly Community Strategic Plan 2030
- The Wollondilly Resourcing Strategy incorporating;
 - A Long-term Financial Plan
 - An Asset Management Strategy and Asset Plans
 - A Workforce Management Plan
- The Wollondilly Delivery Program & Operational Plan

All these documents work together to provide a solid plan for the Shire’s sustainable future.

The Resourcing Strategy, of which this Asset Management Strategy is a part, is a critical link when it comes to translating strategic objectives into actions. The Community Strategic Plan provides the means for our community to express its long term aspirations; however they will not be achieved without sufficient

resources – time, money, assets and people to carry them out.

Wollondilly Shire Council, as is the case for many Councils in NSW, has for a significant time possessed a basic level of asset management capability that has been able to provide information to meet its statutory obligations and limited information for making asset decisions. Council is working toward a capability that will meet the needs identified through the Integrated Planning Reforms to prepare a 10 year asset management framework, which includes:

- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis
- Lifecycle costing

In addition to the longer term planning requirements, Council is also required to provide updated Fair Value valuations for various asset classes on a rolling program every five years on assets such as roads (including signs and road structures), bridges, footpaths and drainage structures and parks and reserves.

Council’s current strategy is to address a number of gaps in its asset management data and systems by implementing an Asset Management Improvement Program that will meet the combined needs for asset valuations and the development of a compliant asset system to address the requirements for Integrated Planning, as well as improving

Council’s management of its assets to bring about positive community outcomes.

In summary, the Strategy is to develop an information system to manage the storage and administration of asset data, the accelerated collection of key data on roads and related data, stormwater, and buildings, and the development of specific Asset Management Plans for the critical assets of Transport, Buildings and Open Space (Parks and Playgrounds). Separate Asset Management Plans for Stormwater, Aquatic Centres, Cemeteries, Plant and Fleet Vehicles will be developed after the completion of the critical asset plans.

Although there will be resourcing implications associated with implementing this strategy, the new arrangements represent a fundamental improvement to the sustainability of local government by providing a framework to plan for, and report on, its infrastructure and services with a sharp focus on long-term sustainability. Furthermore, the community consultations that take place as part of Council’s budgetary processes will also have a stronger focus on sustainability.

This document focuses on the Asset Management Strategy identified in the Integrated Planning and Reporting Framework. It is required to conform to a formal Asset Management Policy and the Strategy will be delivered through individual Asset Management Plans for each asset category.

WHAT IS ASSET MANAGEMENT?

NSW local government is the custodian of approximately \$50 billion of community assets which enable councils to provide services to their community. These assets include roads, drains, bridges, footpaths, public buildings, recreational facilities and parks and gardens.

As custodian, councils are responsible for effectively accounting for and managing these assets and having regard for the long-term and cumulative effects of its decisions. This is a core function of councils and is reflected in the Charter, in section 8 of the Local Government Act 1993.

Furthermore, a strong and sustainable local government system requires a robust planning process to ensure that these assets are managed in the most appropriate way on behalf of local communities.

An asset is defined as a physical item owned by Council which has an economic value, and enables services to be provided to the community.

Councils should ensure their asset management planning has a service delivery focus. In other words, the assets that are provided are necessary to meet the needs of the community as identified by the community.

The term “asset management” describes the process for ‘whole of life’ asset management from planning, purchase, operation, maintenance to disposal of assets. It also encompasses integration of asset and service outcomes.

Asset Management is defined as “...the systematic and coordinated activities and practices through which an organisation optimally manages its physical assets, and

their associated performance, risks and expenditures over their lifecycle for the purpose of achieving its organisational strategic plan”.

The key components or tools in a council’s asset management system should include:

- Asset registers
- Asset condition assessments
- Asset maintenance and management systems
- Strategic planning capabilities
- Predictive modelling
- Deterioration modelling
- Risk analysis
- Lifecycle costing

Asset management decisions should be informed by evaluation of alternative means of service provision such as asset sharing, full lifecycle costing, and performance measurement and monitoring,

ESSENTIAL ELEMENTS FOR ASSET MANAGEMENT

The Planning and Reporting Manual for Local Government in NSW distributed by the Department of Local Government identifies the following essential elements in Asset Planning:

- Each council must account for and plan for all existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.
- Each council must prepare an Asset Management Strategy and Asset Management Plans to support the Community Strategic Plan and Delivery Program.
- The Asset Management Strategy and Plans must be for a minimum timeframe of 10 years.
- The Asset Management Strategy must include an overarching council endorsed Asset Management Policy.
- The Asset Management Strategy must identify assets that are critical to the council’s operations and outline the risk management strategies for these assets.
- The Asset Management Strategy must include specific actions required to improve Council’s asset management capability and projected resource requirements and timeframes
- The Asset Management Plans must encompass all the assets under a council’s control.
- The Asset Management Plans must identify asset service standards.
- The Asset Management Plan/s must contain long term projections of asset maintenance, rehabilitation, replacement costs and disposal if identified.
- Councils must report on the condition of their assets in their annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.

HOW DOES FUTURE GROWTH FIGURE IN ALL OF THIS?

Our Shire will experience significant growth over the coming years with our population expected to grow from 46,500 to more than 100,000 over the next 20 years and beyond. The scale of this growth and its timing is difficult to predict, but what is certain is that new infrastructure will be built as part of this growth and will be used by our current and future population.

On average, for each new lot produced through residential subdivisions, an additional \$35,000 of infrastructure (roads, drainage, parks and buildings) is created, so over time our infrastructure maintenance costs increase. This is why we need to have a sharp focus on developer contributions and strategies for providing and maintaining infrastructure associated with growth.

Of course, new residential growth brings in new rate income for Council. Although the additional rate income will significantly fund future infrastructure, it will not necessarily cover any of the maintenance costs of our existing infrastructure.

The growth assumptions will impact on Council's asset management systems in several key ways:

- Existing assets such as roads will deteriorate faster due to higher traffic loads
- The need to upgrade the capacity of roads to cope with more traffic will accelerate and funding levels will need to match the growth in order to preserve current levels of service
- Other assets such as community

buildings, parks and playing fields will require increased maintenance as usage increases

- There will be need to identify new assets such as parks, roads and community facilities, with much of the funding coming from developer contribution levies, however this funding will be insufficient to meet the total cost of all new facilities, where they service the existing population, with the ratio of new population to existing population determining the ratio of funding available from the new developments
- The new assets will require maintenance, which will need to be funded
- The new population cannot address the existing shortfall in funding for maintaining existing assets (the infrastructure backlog)

OUR ASSETS

ASSET MANAGEMENT PLANS

Asset Management Planning is a comprehensive process to ensure the delivery of services from infrastructure is provided in a financially sustainable manner.

An Asset Management Plan (AMP) details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

Council is on target to complete final draft AMPs by December 2014 for the following asset categories;

- Transport – which includes roads, footpaths, cycleways, bridges and other road assets
- Open Space – parks and playgrounds
- Buildings

AMPs for other asset classes will be addressed in 2015-16 including;

- Storm water
- Fleet and Plant
- Aquatic Centers
- Cemeteries

TRANSPORT

A complete review was undertaken of all road assets in 2010, with an updated inventory and new condition ratings and assessments of the gap in funding to maintain the road network in a satisfactory condition.

The inventory of assets had increased substantially, with the consequent implications that the changes in the inventory data will increase the long term demand for maintenance funding, while also creating an immediate backlog of works to repair damage that has accumulated over time. Examples in this regard include an additional 42km of regional and local roads arising from the declassification of former State Roads, a 56% increase in bridge assets and a 69% increase in kerb and gutter assets.

The Pavement Condition Index, an assessment of the overall condition of all road pavements, indicates that the Shire's roads were below the average of a number of other councils, with a PCI of 7.2 compared to 7.8.

In May 2013, a validation exercise was carried out on the accuracy of the road condition data (and other related data) utilised by Council's Pavement Management System via a visual inspection of the entire sealed road network. Where deficiencies were found in the data, new estimates were determined and the problems corrected in the PMS database. Overall, there was deterioration in the overall condition of the network PCI from 7.2 to 6.52.

A summary of the road networks condition as at 2013 is summarised as;

Condition	Percentage of Total Roads Network (2013)
Condition 1 (Excellent)	9%
Condition 2 (Good)	29%
Condition 3 (Average)	42%
Condition 4 (Poor)	12%
Condition 5 (Very Poor)	4%
Condition 6 (Failed)	4%

A condition assessment of the overall network is due in 2015.

BUILDINGS

In May 2014, Campbelltown City Council was engaged by Wollondilly Shire Council to carry out condition assessment of our 166 buildings and to create actions with estimated costs and appropriate priorities.

The physical condition assessments were completed in mid-September 2014 as planned and the data analysis was done by the end of September 2014.

The condition assessments were done as per IPWEA condition model (1 to 5) and the following is a summary of overall condition report.

Condition	Percentage of Total Buildings Network (2014)
Condition 1 (Excellent)	0%
Condition 2 (Good)	14%
Condition 3 (Average)	78%
Condition 4 (Poor)	7%
Condition 5 (Very Poor)	1%

The final result shows that most of the buildings are in condition 2 and 3. However, 7.81% of whole building network is only in condition 4 and 5 (poor to very poor condition).

OPEN SPACE

Fair value data collection for Open Space was carried out in 2011 with condition rating summarized as;

Condition	Percentage of Total Open Space Network
Condition 1 (Excellent)	15%
Condition 2 (Good)	47%
Condition 3 (Average)	34%
Condition 4 (Poor)	4%
Condition 5 (Very Poor)	0%

Fair value data collection for Open Space is due to be renewed in 2016.

OTHER ASSETS

In large part, it is anticipated that there will not be any substantive asset issues in the next four years from these other asset areas, however areas such as the cemeteries and waste facilities are likely to generate further needs for funding in the longer term.

FUNDING IMPLICATIONS FOR ASSET MAINTENANCE

As indicated in the previous section, and further documented in the Road Infrastructure Asset Management Plan and the interim Community Buildings Asset Management Plan, Council is facing an immediate shortfall in funding to maintain its assets in a satisfactory condition, which will continue into the future.

Council's current asset funding is unsustainable and it is anticipated that the overall condition of Council's assets will deteriorate, with the risk that key assets will no longer be able to provide safe and appropriate services to the community.

In large part, Council's limited funds have had to "work harder" over many years, as the range of services provided by Council have continued to grow to meet community expectations, to also respond to cost shifting from other tiers of government. This has generally resulted in councils no longer just providing the 3 "R"s (roads, rates and rubbish), but now being expected to provide the 8 "R"s (roads, rates, rubbish, regulation, recreation, regionalism, relief (community support) and riparian management).

This has meant that asset management resources have had to compete for limited funding in an environment controlled by rate pegging and ongoing cost shifting from other levels of government.

2011 FUNDING OPTIONS TO ADDRESS THE FUNDING SHORTFALL

In early 2011, we applied for a Special Rate Variation for the purpose of reducing the backlog in infrastructure maintenance and renewal. We were originally seeking a Special Rate Variation of 8% per annum over seven years. This was then reduced to 6.7% per annum over seven years following extensive community consultation. An increase of only 6% per annum over three years was subsequently approved. This fell substantially short of providing the required funds to address the mounting infrastructure maintenance gap.

This left us with a \$43 million gap in funding which has allowed the condition of our infrastructure to decline further.

Although we received less than we expected, we were still able to complete a number of projects to improve infrastructure and services for our community with the funds generated from the Special Rate Variation.

The Special Rate Variation funds also allowed us to access the State Government's Local Infrastructure Renewal Scheme (LIRS) loans to provide the early delivery of a number of much needed infrastructure works.

Some of the projects completed using the Special Rate Variation funds and LIRS loans included:

- Reconstruction of John Street, The Oaks
- Replacement of timber bridges on Bargo River Road, Couridjah; Cawdor Rd, Cawdor; and Spring Creek Road, Mt Hunter
- Playground upgrades at Tahmoor, Buxton, Bargo, Appin, Warragamba and Silverdale
- Tennis court repairs in Picton, Douglas Park and Yanderra
- Installation of sportsfield lighting at Oakdale, Tahmoor and Appin
- Over \$900,000 spent on building repairs Shire wide

PROPOSED FUTURE OPTIONS TO ADDRESS THE FUNDING SHORTFALL

OPTION 1

Deteriorate:

No SRV proposed

Under this option rates would increase only by the annual rate peg amount. The rate peg percentage for 2013/14 was 3.4% and for 2014/15 it is 2.3%. The rate peg percentage for 2015/16 is expected to be announced in late 2014 or early 2015.

This option would leave us with an \$80 million shortfall over the next 10 years, so it would have the following impacts:

- Our infrastructure would deteriorate further as we would continue to underfund maintenance expenditure. This means we would see worsening roads and continuing deterioration of facilities such as playgrounds and community buildings.
- Council would have virtually no capacity for new capital works (apart from developer contributions and grants). This means Council would have difficulty funding new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities.
- Council would need to consider a significant reduction in a wide range of Council services in order to address the funding shortfall issues. The nature and number of services delivered by Council, or the levels of service, would need to be reduced.

OPTION 2

Stabilise:

SRV 8.5% per annum over four years

Under this option rates would increase by a total of 8.5% per annum (this includes the annual rate peg percentage) over a fixed four year period (2015/16 to 2018/19).

At the end of the four year period the SRV increase will be built into the rate base (in other words rates would be maintained at this new level with just the annual rate peg increases).

This option would generate an additional \$54.5m over the next 10 years, so it would enable the following:

- Council would be able to stabilise the current deteriorating condition of our infrastructure as we would be able to fund our maintenance expenditure. This means the current condition of our roads, facilities and other infrastructure would be gradually improved through essential maintenance.
- Council will have some additional funds (in addition to developer contributions and grants) available to build new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities.
- Council could maintain its current range of services.

OPTION 3

Improve:

SRV 10.8% per annum over four years

Under this option rates would increase by a total of 10.8% per annum (this includes the annual rate peg percentage) over a fixed four year period (2015/16 to 2018/19).

At the end of the four year period the SRV increase will be built into the rate base (in other words, rates would be maintained at this new level with just the annual rate peg increases).

This option would generate the required \$80m over the next 10 years, so it would enable the following:

- Council would be able to deliver better roads, facilities and other infrastructure sooner as we would increase and bring forward much needed maintenance expenditure. We would also fully implement a preventative maintenance regime to reduce future costs to the community.
- Council would have more funds available to build new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities as we would have increased capacity to undertake new capital works.
- Council would be able to deliver a wide range of services.

ASSET IMPROVEMENTS - SUMMARY WORKS PROGRAMS

Infrastructure Improvements and Programmed Maintenance

Major Road and Bridge Works

Major Road and Bridge Works - new SRV funding

Loan Repayments - Roads (\$9m)

Loan Repayments - Bridges (\$1.75m)

Bridges, footpaths, signs and lines programmed maintenance

Bridges, footpaths, kerb, linemarking renewal - new SRV funding

Cycleways - as per Bike Plan

Footpaths - as per priority list

Footpaths - new SRV funding

Appin cycleway / road improvements program

Unsealed Roads Program - as per priority list

Blackspot / Road Toll Response Programs - funded by grant

Kerb and Gutter Program - New Works

Kerb and Gutter Program - Loan Repayments (\$1m)

Kerb and Gutter Program - new SRV funding

Traffic Facilities (Traffic Committee resolutions)

Signs and Linemarking maintenance

Bus Infrastructure Improvements

Geotechnical Investigations

Buildings Maintenance - programmed

Buildings Renewal - programmed - new SRV funding

Facilities Improvements - minor works

Parks Maintenance - bushfire risk reductions

Parks Maintenance - sports field lighting, playgrounds etc

Parks Renewal - playgrounds, sportsfields - new SRV funding

Total (excludes SRV)

Additional SRV Funds

Total (Including SRV)

**OPTION
2**

**OPTION
3**

Year of Program				Year of Program			
15/16	16/17	17/18	18/19	15/16	16/17	17/18	18/19
\$,000				\$,000			
\$2,366	\$2,501	\$2,894	\$2,930	\$2,366	\$2,501	\$2,894	\$2,930
\$724	\$1,934	\$3,305	\$4,501	\$1,007	\$2,763	\$4,793	\$6,691
\$942	\$965	\$989	\$1,015	\$942	\$965	\$989	\$1,015
\$454	\$355			\$454	\$355		
\$150	\$150	\$150	\$150	\$150	\$150	\$150	\$150
\$100	\$200	\$300	\$600	\$150	\$250	\$350	\$750
\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
\$58	\$60	\$61	\$63	\$58	\$60	\$61	\$63
\$50	\$50	\$50	\$50	\$100	\$150	\$200	\$250
\$25	\$25	\$25	\$25	\$25	\$25	\$25	\$25
\$174	\$179	\$184	\$189	\$174	\$179	\$184	\$189
\$300	\$300	\$300	\$300	\$300	\$300	\$300	\$300
\$75	\$75	\$75	\$75	\$75	\$75	\$75	\$75
\$144	\$150	\$155	\$162	\$144	\$150	\$155	\$162
\$100	\$110	\$120	\$130	\$150	\$200	\$250	\$300
\$10	\$10	\$10	\$10	\$10	\$10	\$10	\$10
\$266	\$271	\$277	\$282	\$266	\$271	\$277	\$282
\$15	\$15	\$15	\$15	\$15	\$15	\$15	\$15
\$28	\$29	\$30	\$31	\$28	\$29	\$30	\$31
\$250	\$255	\$260	\$265	\$250	\$255	\$260	\$265
\$100	\$150	\$200	\$400	\$150	\$200	\$250	\$450
\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50
\$82	\$84	\$87	\$90	\$82	\$84	\$87	\$90
\$70	\$75	\$80	\$85	\$70	\$75	\$80	\$85
\$200	\$250	\$300	\$350	\$250	\$300	\$350	\$400
\$5,534	\$5,624	\$5,717	\$5,812	\$5,534	\$5,624	\$5,717	\$5,812
\$1,274	\$2,694	\$4,275	\$6,031	\$1,807	\$3,863	\$6,193	\$8,841
\$6,808	\$8,318	\$9,992	\$11,843	\$7,341	\$9,487	\$11,910	\$14,653

FIT FOR THE FUTURE

The NSW Government recently released its reform package for local government, Fit for the Future.

Some councils across NSW have been identified as needing to merge to become Fit for the Future. This is not proposed for Wollondilly Council with the focus of this approach being more on metropolitan councils and very small rural councils. As the Independent Panel did not recommend structural change for Wollondilly, we have been asked to assess our current situation, consider the future needs of our community and the recommendations of the Independent Local Government Review Panel in line with the NSW Government’s definition and criteria benchmark for a Fit for the Future council.

As a result of this self-assessment, Council will be asked to submit a proposal on how we intend to be Fit for the Future by June 2015. The proposal will require Council to:

- enhance our financial sustainability
- be effective in the delivery of infrastructure and services
- be more efficient, and
- be of sufficient scale to engage across community, industry and government

For Council to perform well against the “Fit for the Future” criteria, a Special Rate Variation is critical and conversations with our community have occurred during the Special Rate Variation engagement process.

A Fit for the Future council is one that:

- knows the current and future infrastructure needs of the community
- develops, maintains and renews infrastructure using the right mix of revenue and borrowing
- works with others to deliver cost effective services
- delivers services and infrastructure that meets the needs of communities as identified through the Integrated Planning & Reporting process
- delivers services and infrastructure on time and on budget
- minimises unnecessary burden on business and the community
- provides value for money to the community
- manages resources well to deliver services or infrastructure
- saves money on bureaucracy and administration, freeing up funds for front-line services and community facilities
- can contribute to projects and tackle issues that impact on its residents and extend beyond the council boundary
- has credibility and influence across councils, across government and with industry

Following is the NSW Government’s Definition and Criteria Benchmark for NSW Local Councils that are Fit for the Future.

Fit for the Future		
 <p>SUSTAINABILITY</p>	<p>Definition:</p> <p>Generate sufficient funds over the long term to provide the agreed level and scope of services and infrastructure for communities as identified through the Integrated Planning & Reporting process.</p>	<p>Criteria/Benchmarks:</p> <p>Operating Performance Ratio (> or equal to break-even over 3 years)</p> <p>Own Source Revenue Ratio (>60% over 3 years)</p> <p>Building and Infrastructure Asset Renewal Ratio (>1 over 3 years)</p> <p>Infrastructure Backlog Ratio (<2%)</p> <p>Asset Maintenance Ratio (>1)</p> <p>Debt Service Ratio (>0 and less than 0.2)</p> <p>Real Operating Expenditure per capita over time</p> <p>Has the scale and capacity consistent with the recommendations of the Independent Panel</p>
 <p>EFFECTIVE INFRASTRUCTURE AND SERVICE MANAGEMENT</p>	<p>Maximise return on resources and minimise unnecessary burden on the community and business, while working strategically to leverage economies of scale and meet the needs of communities as identified in the Integrated Planning & Reporting process.</p>	
 <p>EFFICIENCY</p>	<p>Efficient service and infrastructure delivery, achieving value for money for current and future ratepayers</p>	
 <p>SCALE AND CAPACITY</p>	<p>Demonstrate strong organisational and regional capacity to mobilise resources to engage effectively across community, industry and government</p>	
		<p>Strategic capacity</p> <p>Sustained improvement against each of the criteria to underpin the strategic capacity of Councils over the long term.</p> <p>This capacity, along with willingness and commitment to collaborate in good faith with government, communities and industry stakeholders will underpin fit for the future councils</p>

As indicated in the previous sections of this document, there continues to be an ongoing shortfall in funding infrastructure and asset maintenance.

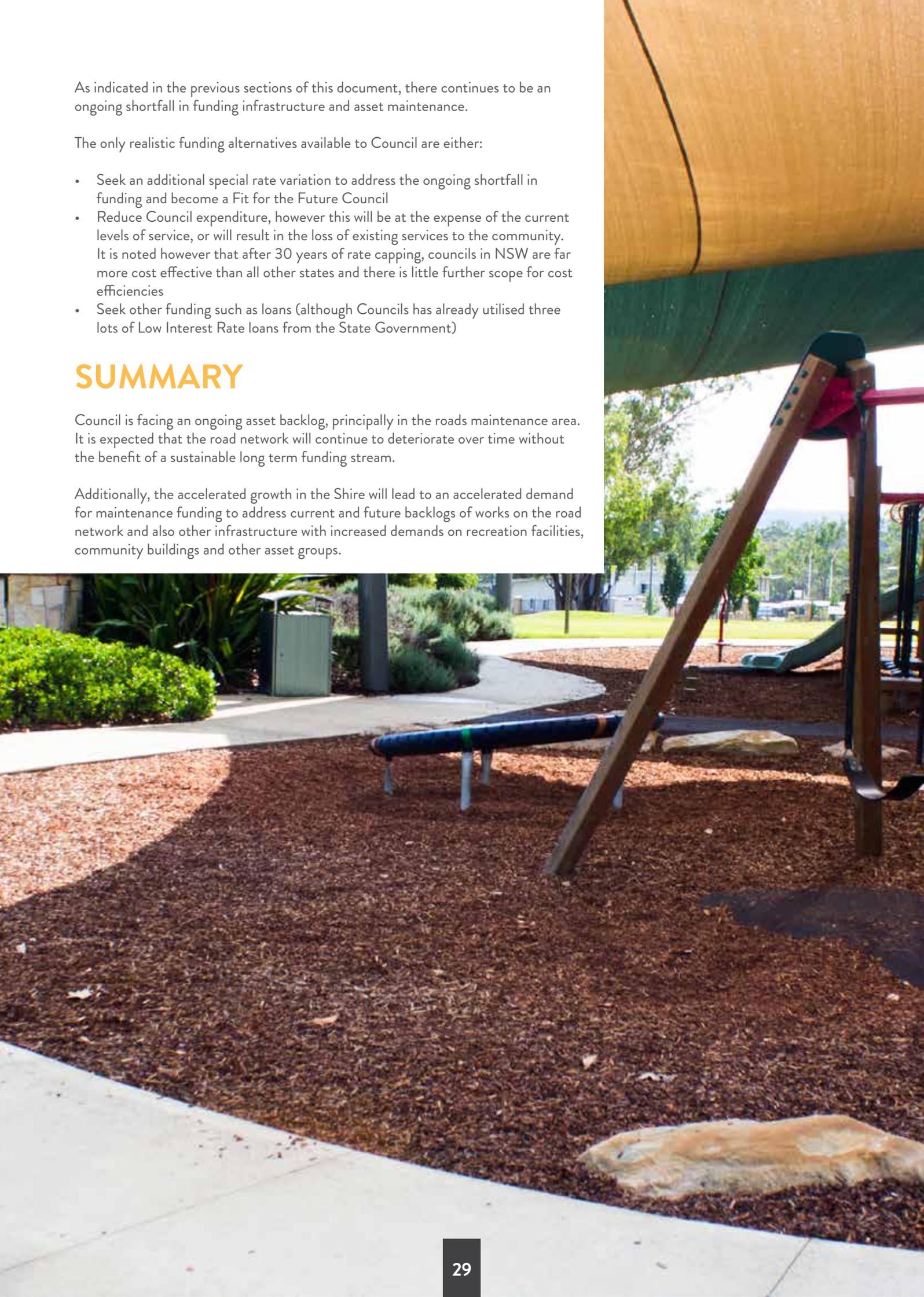
The only realistic funding alternatives available to Council are either:

- Seek an additional special rate variation to address the ongoing shortfall in funding and become a Fit for the Future Council
- Reduce Council expenditure, however this will be at the expense of the current levels of service, or will result in the loss of existing services to the community. It is noted however that after 30 years of rate capping, councils in NSW are far more cost effective than all other states and there is little further scope for cost efficiencies
- Seek other funding such as loans (although Councils has already utilised three lots of Low Interest Rate loans from the State Government)

SUMMARY

Council is facing an ongoing asset backlog, principally in the roads maintenance area. It is expected that the road network will continue to deteriorate over time without the benefit of a sustainable long term funding stream.

Additionally, the accelerated growth in the Shire will lead to an accelerated demand for maintenance funding to address current and future backlogs of works on the road network and also other infrastructure with increased demands on recreation facilities, community buildings and other asset groups.



COUNCIL'S ASSET MANAGEMENT INFORMATION AND SYSTEMS IN 2014

The need to develop and maintain an effective Asset Management System has been recognised for some time and detailed in Council's Resource Strategy for 2013/14 to 2022/23 and listed as a strategy in our Delivery and Operational Plans.

Additionally, Council now must complete a Fit for the Future self-assessment and prepare a roadmap for submission by 30 June 2015. The criteria of "effective infrastructure and services" and "efficiency" are directly impacted by a fully operational Asset Management System. Council needs to commit to develop an Asset Management System to operate in an effective and efficient manner in regards to assets.

In 2014 Wollondilly Shire Council commenced an Asset Management System Project to improve its efficient management of Assets. The asset classes defined for the project include;

Transport -	840km of roads, 78 bridges, kerb and gutter, footpaths
Open Space -	90 parks and reserves, 13 Sportsfields, 33 playgrounds
Buildings -	166 buildings and structures
Cemeteries -	three Cemeteries
Stormwater -	estimated 6,000 pits and connecting pipe network
Quarries and Waste Landfill Sites	
Asbestos -	not traditionally deemed an 'asset', but we can use the same asset management system to register known sites of asbestos and develop inspection routines and management plans out of the system. The need to do this is prescribed in the Work Health and Safety Regulation 2011.

For each of these classes, the following steps will be undertaken;

1. Review existing asset registers
2. Design AIM system hierarchy
3. Field audit to compile data (particularly stormwater, but also to 'infill' other classes as required)
4. Spatial data created geolocating assets
5. Create AIM system templates
6. Load existing asset data into the AIM system
7. Design and create a new WO system that aligns WOs with the AIM system (WO system needs to be deployed by 1 July 2015 in line with the financial year)
8. Ensure CRM creation aligns with AIM system
9. Design and create inspection and defect templates
10. Define inspection routines and defect workflows
11. Compile Capital Value Records (CVR) and load into the system
12. Build asset management and financial reports
13. End user training

The project timeline for the seven classes to complete the 11 steps is 24 months and essentially commenced in July 2014.

Concurrent to this will be the review of, and likely implementation of, the As Designed As Constructed (ADAC) electronic data system for the input of new assets as they are constructed and accepted from growth areas. ADAC is consistent with the NAMS. PLUS modelling system that we have adopted for our Asset Management Plans and is being increasingly adopted throughout NSW after originating in Qld. Council has commenced discussions with both Camden and Campbelltown about ADAC as part of Regional Resourcing Collaboration initiatives.

Council requires accurate asset inventories in order to operate in an effective and efficient manner and the Asset Management System Project needs to be committed to and resourced in order to progress. The "best value for money" strategies can only be determined when all assets are accounted for and their condition is known. This information may then be used to model and compare various maintenance investments in order to achieve the best outcome. Council must operate and maintain its growing asset pool independent of the SRV application result. The project is time constrained by the need to align the Work Order system with assets by the beginning of the financial year. The foundation data work needs to be completed for an asset class so the Work Orders can start to be aligned from the first week of November 2014. The Asset Management System and the aligned Work Order System will be needed to prepare the Fit for the Future roadmap.

ASSET MANAGEMENT IMPROVEMENT PLAN

Increased pressure from the community for improved levels of service at minimum cost and changes in legislation requiring the identification and depreciation of infrastructure assets means that Council must critically assesses the way in which it manages these assets. It is not a matter of necessarily spending more money on maintaining its assets, but is rather a realistic strategic focus to achieve maximum value from its infrastructure assets for the funds spent, within the resources that the community is willing to agree to.

Through the implementation of a more formalized approach to asset management, Council will achieve significant benefits including:

- More informed decision making
- Reduction of maintenance costs, by focusing on preventive maintenance rather than a “worst first” approach
- Greater resource efficiency

The following discussion identifies the original project plan to improve the quality of the data that Council has on its assets, improve the information systems that manage the data, and to identify the resources and indicative timeframes required to progress the development of a comprehensive asset management system.

It is noted that this is an interim approach to take Council to the next stage of development of an asset management system. This overall Strategy will be subject to ongoing review and it is therefore considered that this strategy will be a living document that will be modified to respond to issues as they arise and as new information is collated and assessed.

The information below tracks Council’s progress in implementing the original Strategy.

ASSET MANAGEMENT PREPARATION/CORPORATE OVERVIEW

Original Strategy Elements as at 2010	Status as at October 2014
Centralise asset management responsibility with the Infrastructure Planning Section	Completed
Asset management to be provided as an internal service to other sections of Council	Completed
Establish an assets working group to coordinate asset management across the organisation	Commenced
The new asset management system to provide a means to achieving compliance with the Integrated Planning reforms and to provide an information system to manage assets at least cost to the community, to identified service levels.	In progress. Asset Management Plans being renewed
Draft Asset Management Policy has been reviewed and adopted	Completed
Asset management Plans to be prepared for each individual asset group: Transport – (wroads, bridges, footpaths, kerb and gutter, signs and lines) Buildings Open Space Plant and Fleet Equipment Office Equipment Cemeteries Waste services Property Other Assets	Asset Management Plans being developed for Transport, Open Space and Buildings to be completed by January 2015 AMPs for other assets scheduled for 2015/16

ASSET MANAGEMENT PROCESS IMPROVEMENT

Original Strategy Elements as at 2010	Status as at October 2014
Centralise asset management responsibility with the Infrastructure Planning Section	Completed
Levels of service to be identified in the initial phase to reflect existing resources	Dependant on outcome of Special Rate Variation
Formalise responsibility for asset data collection and ongoing data upkeep	Completed – located in Infrastructure Planning
Collect data on levels of usage for community assets	Completed in 2013
Improve decision making on new assets through whole-of-life analysis	Commencing with major upcoming projects, in accordance with NSW Capital Projects Guidelines released in late 2010

ASSET MANAGEMENT INFORMATION SYSTEM IMPROVEMENT

Original Strategy Elements as at 2010	Status as at October 2014
Ultimately have all asset management corporately available through the Civica AIM system, when it is capable of managing the full range of asset tasks	Commenced June 2014
Develop an interim asset management capacity through off the shelf software products that can demonstrate full capability for asset management, that will allow a transfer path of functionality over time as the Civica system is improved	SMEC pavement management system acquired for roads assets. Other data retained in spreadsheets to be uploaded into new Civica asset module as part of the current Asset Management System Project
Seek to establish partnerships with neighbouring councils to assist in fast tracking the development of a workable asset system	Resource sharing and collaboration discussions being held with Camden and Campbelltown Councils (commenced 2014)
Ensure that Council's software development is under its own control, by acquiring systems that have off the shelf proven capability, and not being held to the development timeframes of Civica	Completed Upgrade path retained as data collated
Ensure that Council can meet the dual timeframes for asset revaluations by June 2010 and June 2011, as well as Integrated Planning compliance by June 2011	Completed to required timeframes

ASSET MANAGEMENT DATA IMPROVEMENTS

Original Strategy Elements as at 2010	Status as at October 2014
Roads and associated infrastructure by July 2010 (which will also match the due date for asset valuation)	Completed in 2010 – primarily through data collection by Australian Road Research Board. To be renewed in 2015
Community buildings by December 2010	Data renewed in 2014 - complete
Stormwater assets by June 2011 (an interim valuation will be required for June 2010)	Completed by due date
Land Improvements, other structures and other assets by June 2010, to meet the next date for Fair Value reporting (other structures include statues, fences, monuments and clocktowers, while other assets refer to assets not included in land, land improvements, buildings, roads, drainage water, sewer, plant and equipment or furniture and fittings)	Completed by due date
All other asset groups by June 2012	Parks and Reserves completed June 2011. Other asset groups remain incomplete due to limited resources and need to project manage the projects funded through the approved Special Rate Variation

ORGANISATIONAL/PEOPLE ISSUES

Original Strategy Elements as at 2010	Status as at October 2014
A number of part time staff in several sections are currently engaged in collecting asset data on roads and buildings, however these tasks compete with other routine day to day tasks, and asset data collection will tend to be subservient to more immediate tasks, resulting in insufficient resources available for the asset task	Dedicated Asset Systems Coordinator appointed in 2010. Additional Asset Officer identified in Workforce Management Plan. A number of vacancies to be reviewed and recruited in context of organisational restructure and Success Management Program
There are limited resources currently available to update the asset systems for new assets, while upgraded assets (such as road reconstruction works) are currently being updated on an occasional basis	Additional Asset Officer identified in Workforce Management Plan. A number of vacancies to be reviewed and recruited in context of organisational restructure and Success Management Program
There is a need to consider a dedicated Asset Officer position to ensure appropriate data updating for existing and new assets across all asset classes	A number of vacancies to be reviewed and recruited in context of organisational restructure and Success Management Program
As an interim solution, the Development Engineer (who has asset experience) to be seconded in the short term to assist with establishment of the asset systems, along with assistance from several other staff	Completed

SUMMARY OF RESOURCES REQUIRED

INITIAL RESOURCES (TO JUNE 2010)

It is proposed to rely as much as possible on using existing staff and external consultants to begin the implementation of the new asset system, which will require the following resources:

Original Strategy Elements as at 2010	Status as at October 2014
Road data by consultant, including signs and lines, road structures, roughness	Completed
Software system – initial pavement management system, database system, and financial modelling capability	Completed

ONGOING RESOURCES

In order to establish an effective ongoing asset management capability, the following resources have been identified:

Original Strategy Elements as at 2010	Status as at October 2014
Asset Coordinator position	Completed – position filled
Annual software licensing	Ongoing
Data recorders / GPS units for spatial data collection	Not yet adopted
Annual road asset data – implement a rolling data collection program of approx 20% of the network per year	Not yet commenced
Rolling program of data collection and asset updates	Ongoing



10 YEAR TIMEFRAME OF THE STRATEGY

The Strategy is required to cover a 10 year period, in accordance with the Integrated Planning and Reporting Framework.

The following table outlines the broad target dates for various asset management tasks:

Year	Key Task	Status
2010	Fair Value for roads infrastructure and drainage – inventory and condition assessment Purchase of Pavement Management System Fill vacant Asset Coordinator position	Completed Completed Completed
2011	Fair Value for parks and reserves, land improvements, other structures and other assets	Completed
2012	Implement updated Civica Asset Management Module	Completed
2013	Review of Asset Management Strategy Fair Value for property, plant and equipment, operational land and buildings	Completed Completed
2014	Renew Asset Management Plans for Transport, Open Space and Buildings	In Progress
2015	Fair Value for roads infrastructure and drainage	
2016	Fair Value for parks and reserves land improvements, other structures and other assets	
2017		
2018	Fair Value for buildings, plant and equipment	
2019		
2020	Fair Value for roads infrastructure and drainage	
2021	Fair Value for parks and reserves land improvements, other structures and other assets	
2022		
2023	Fair Value for buildings, plant and equipment	
2024		

BENEFITS OF IMPROVED ASSET MANAGEMENT SYSTEMS

The intent of improved asset management systems is to ensure that Council's limited resources maximize the condition of assets that are critical to the delivery of Council's services to the community.

Improved asset management systems will take time to deliver the full potential of improved resource allocation, but can typically be assumed to be as follows:

Timing	Potential Benefit
First 5 Years (Short Term)	Maintenance expenditure optimization (2 – 5% of maintenance budget) Resource replacement (eliminate multiple computer systems) Resource productivity improvement (staff time savings) Removing redundant processes (staff time savings) Replacing the collection of needless data and multiple versions of the same data (staff time savings) Improvements in data flows (time savings on processing) Use of common systems (staff time savings) Lower maintenance and running costs (computer systems)
5 to 15 years (Long Term)	Capital expenditure deferment (minimum 5-10% life extension and deferment of capital expenditure) Asset rehabilitation (based on rehabilitating 20-40% of assets at 60-80% of cost of replacement)

PLANNING
YOUR
FUTURE
TOGETHER

WOLLONDILLY
RESOURCING
STRATEGY

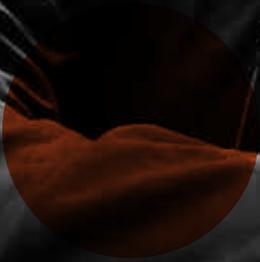
WORKFORCE
MANAGEMENT
PLAN



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WORKFORCE MANAGEMENT PLAN

This Workforce Management Plan provides Council and the Community with a roadmap to manage its workforce from 2013 to 2017.

Council faces the challenges of retaining and attracting suitably qualified employees amidst a relatively tight labour market whilst managing the demographic realities of an ageing workforce.

At the same time, public expectations around timely, lean and quality service delivery place increasing demands on Council's workforce to go about their business in ever more efficient and innovative ways.

This Plan is designed to enable ongoing professional development and bring staff into the organisation with the right skill sets and to identify strategies to manage the human resources within Council. Our major challenge is how to build a capable and resilient workforce that is able to face the demands of a constantly changing environment.

This Plan has measurable targets and identifies specific responsibilities against the various initiatives. Importantly there is a process in place for the development of policies and programs to ensure a discrimination and harassment free workplace.

We seek to promote equal employment opportunity for all and support a commitment to building a diverse and vibrant workplace.

Council acknowledges that one of the pressures facing it is the current legislative reforms in Local Government

and the need to identify strategies to ensure a competent and skilled workforce for the future.

The Community Strategic Plan 2033 Growing yOur Future Together outlines a range of outcomes and strategies that express long-term community aspirations. However these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out.

Workforce planning is an essential integrated process and it's a continuous cycle. Council's Workforce Plan is part of our Resourcing Strategy, helping to ensure that the Community's long term goals and objectives, as expressed in The Community Strategic Plan 2033 Growing yOur Future Together are met.

It is intended for this Plan to a living document that helps to guide the activities and decision making of the organisation into the future. The initiatives will be reviewed on a regular basis to ensure applicability in the changing environment and to also incorporate feedback from employees.

THE WORKFORCE MANAGEMENT PLAN WILL SEEK TO ANSWER THE QUESTIONS:

- Do we have the right people?
- Are they in the right job at the right time?
- Do we have the right skills to implement Council's Delivery Program?

The Key CSP outcome and strategy that the Workforce Management Plan addresses:

STRATEGY GO1 – Quality Employer
Provide an attractive employment choice for talented people.

However having a healthy productive and happy workforce is a key resource in the delivery of all the CSP outcomes.

Therefore the Workforce Management Plan will put into action the following:

- Provide personal and professional development opportunities for all staff including educational assistance
- Continue to implement and improve the staff Performance Management system
- Provide Employee Relation Services including attraction and retention of quality staff, payroll services and risk management services
- Ongoing review and update of this strategy
- Deliver quality Customer Service through various means such as face to face interactions and online services



RESOURCING OUR WORKFORCE MANAGEMENT PLAN

Implementation of the Workforce Management Plan is directly aligned with the objectives of the Wollondilly Community Strategic Plan 2033 Growing yOur Future Together. Responsibilities and the cost of implementing the Workforce Management Plan have been incorporated within the 4 year Delivery Program and accompanying Long Term Financial Plan.

However, it should be noted that this Plan reflects Council's intentions at the time of publication. As with any plan or budget, the actual results may vary from that forecast.

The responsibility for implementing Council's Business planning documents including the Workforce Management Plan is the responsibility of all levels within Wollondilly Shire Council.

The following outlines these responsibilities:

- The Mayor and Councillors delegate responsibilities to the General Manager and the Management and Executive (Maxex) team to develop and oversee the implementation of the Community Strategic Plan, Resourcing Strategy and Delivery Program in accordance with the legislation and guidelines as well as leading community engagement;
- The General Manager is responsible for overseeing the preparation of Council's Business Planning Framework and reporting progress and performance regularly;
- The Manex team is responsible for ensuring the key focus areas and related strategies are agreed and resourced;
- Council's Employee Relations and Governance team provide support to the Executive Team and are responsible for monitoring implementation and performance reporting;
- Managers and staff are responsible for supporting the Executive Team in implementing the Community Strategic Plan, Delivery Program, annual Operational Plans and the individual components of the Resourcing Strategy.

Wollondilly Shire Council is committed to consulting with staff when developing and refining the workforce structure as it is recognised it is beneficial to the change management process required to drive any significant changes and improve ownership of the Workforce Management Plan.

CONTEXT

Our workforce planning steps have taken into consideration the following:

- Understanding Council's strategic direction and its impact on the workforce;
- Analysing the current and future workforce needs and competencies;
- Analysing the gap between the current and future needs;
- Developing strategies to address workforce gaps;
- Implementing strategies to align the workforce with future business needs; and
- Evaluating the success of the Workforce Management Plan in meeting objectives

EMPLOYMENT STATUS

As of 30 June 2012 Council had 231 employees. Council employs full time, part-time and casual workers. The employment-status distribution of these employees and their gender are as follows



The majority of these employees (94.38%) are permanent full-time and part-time employees. Casuals are used to fill positions within the Children's Services, Library and Operational Sections. Casuals are used for short-term periods or seasonal demands.

FULL-TIME = 181

PART-TIME = 37

CASUAL = 13

74
37
12



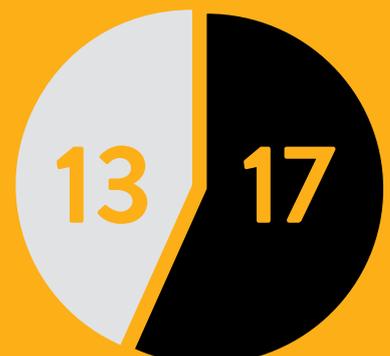
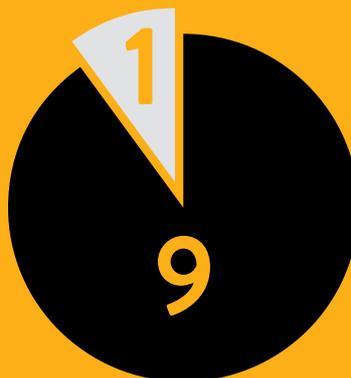
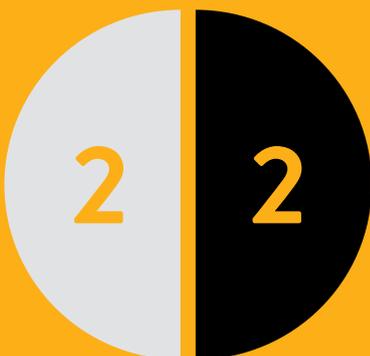
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SENIOR EXECUTIVE

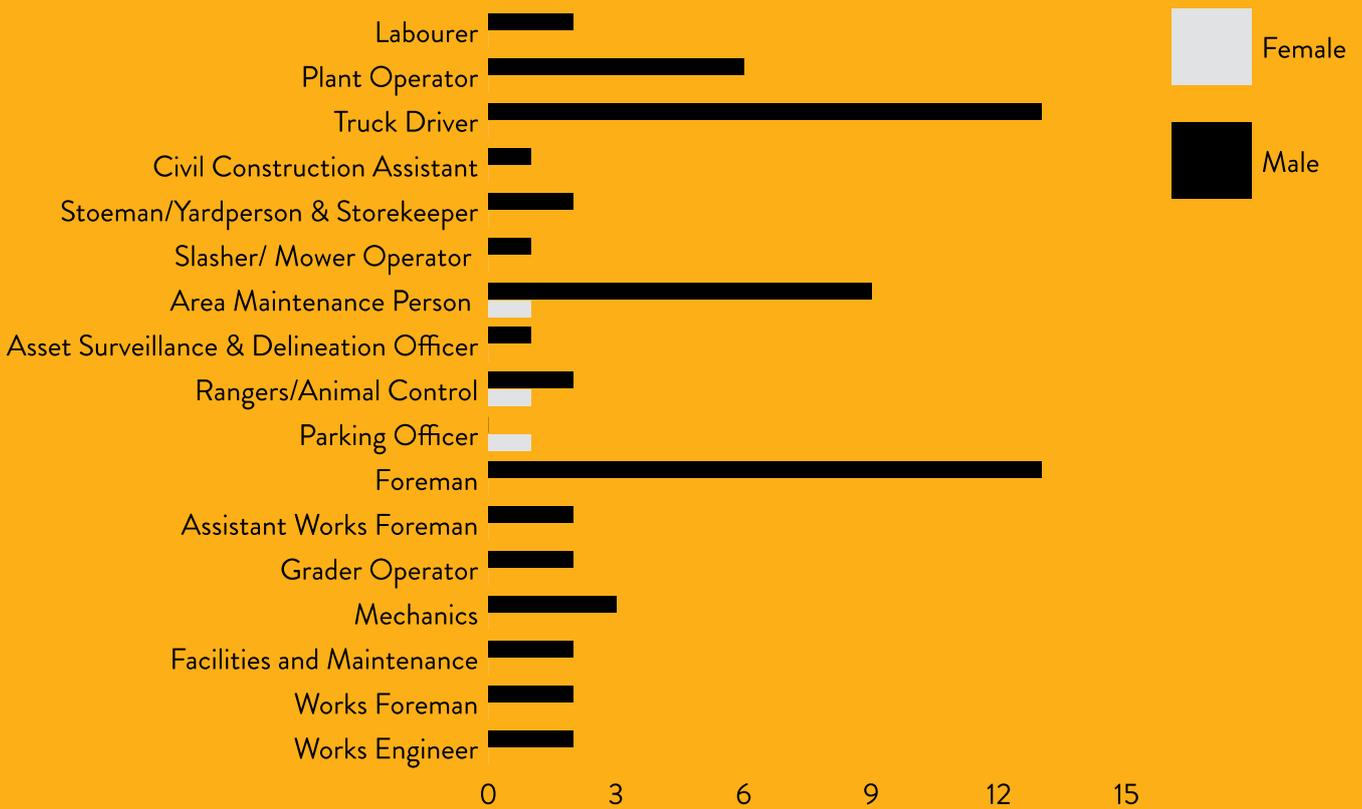
MANAGERS

TEAM LEADERS

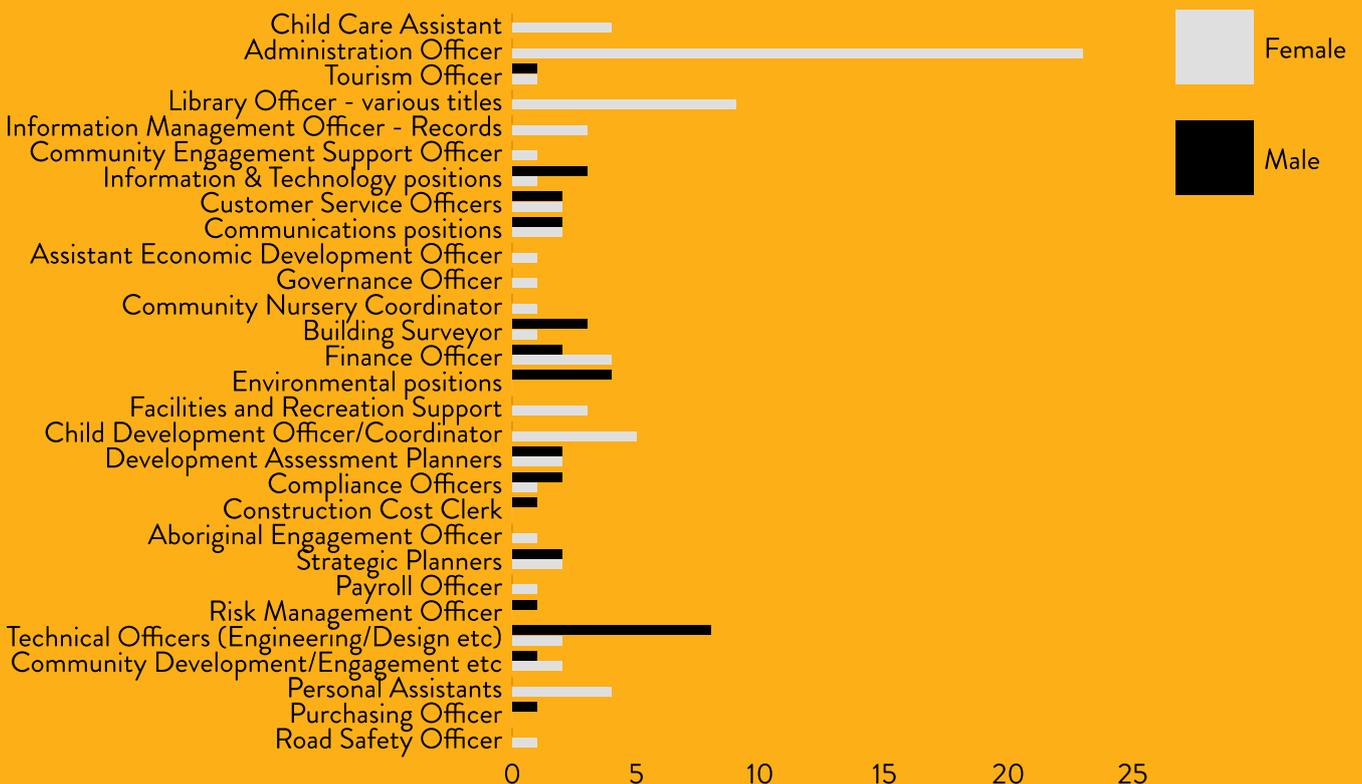


■ FEMALE ■ MALE

OUTDOOR GENDER STATISTICS

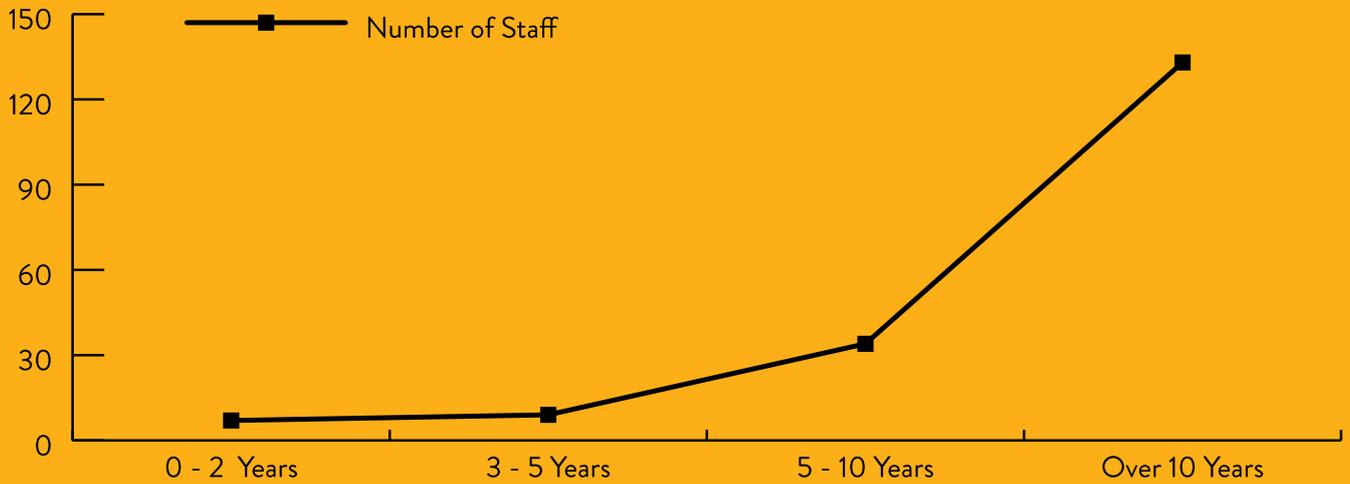


INDOOR GENDER STATISTICS



LENGTH OF SERVICE

The majority of these employees (94.38%) are permanent full-time and part-time employees. Casuals are used to fill positions within the Children's Services, Library and Operational Sections. Casuals are used for short-term periods or seasonal demands.



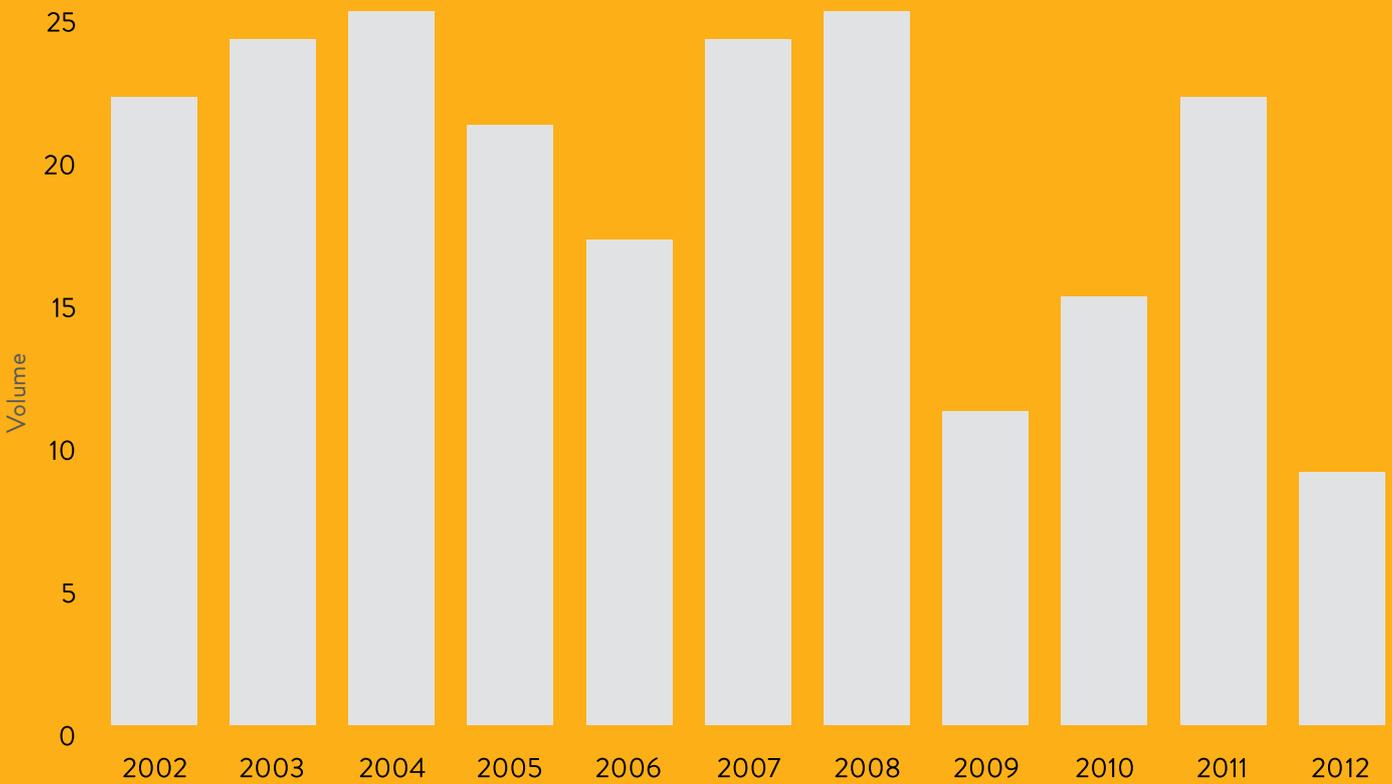
RESIDENCE

Approximately 61% of our employees live within the Wollondilly Shire Council boundaries. Another 26% travel up to 30 kilometres to work and the remaining 13% travel more than 30 kilometres to and from work each day.



HOW LONG DO EMPLOYEES STAY WITH COUNCIL?

Turnover Statistics



ETHNICITY

In June 2012 Council conducted an Equal Employment Opportunity/Diversity Survey for all of the staff. The results showed 70% of all employees were born in Australia with 30% born overseas with 13% speaking a second language. These second languages spoken by our employees include Chinese, Mandarin, Malay, French, Spanish, German, Polish and Ukranian.

EMPLOYMENT COSTS

As outlined in Council's Long Term Financial Plan, in order to meet its obligations to the community in the future, it is important for Council to manage its operational expenditure, of which a substantial proportion is its employment costs.

Note: the figures in the table below are sourced from Council's audited Annual Financial Statements from 2007/2008 to 2011/2012.

The table below shows employment costs as a % of revenue from rates from 2007/2008 to 2011/2012:

Expenditure (\$'000)	07/08	08/09	09/10	10/11	11/12
Employment costs	12,628	12,695	13,445	14,025	16,096
Total Rates & Annual Charges	17,787	19,886	22,083	23,391	24,599
Employment costs as a % of total rates	71%	64%	61%	60%	65%

The table below illustrates employment costs as a % of expenditure (excluding capital expenditure) from 2007/2008 to 2011/2012:

Expenditure (\$'000)	07/08	08/09	09/10	10/11	11/12
Employment costs	12,628	12,695	13,445	14,025	16,096
Total expenses from continuing operations	35,013	36,110	34,930	40,340	42,744
Employment costs as a % of total expenses	36%	35%	38%	35%	38%

KEY EXTERNAL FACTORS THAT ARE IMPACTING UPON WOLLONDILLY SHIRE COUNCIL

Impacts of growth on the organisation

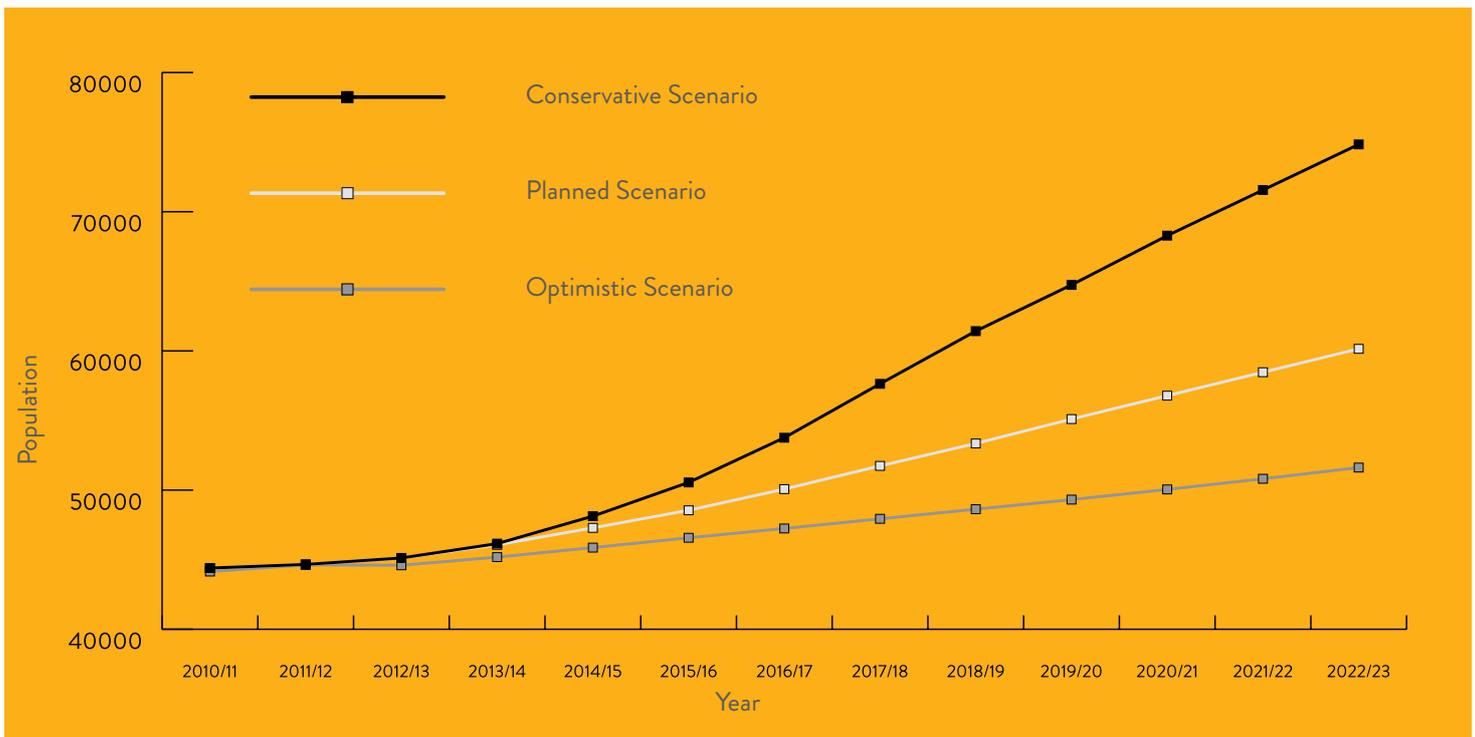
The Workforce Management Plan over the next four (4) years seeks to maintain the current suite of services and service levels. However, increasingly communities are expecting more services competing with other Local Government areas.

With this in mind, Council is growing much faster than anticipated. Council currently has forty two (42) planning proposals with an additional population of 30,000 people expected in Wilton over the next 30 years and the pressure of the release of large residential lots at Appin.

Council's workforce will need to grow over this period of time to address these major growth issues. This anticipated growth within the Shire will potentially mean an additional three (3) staff members per year over the next five years to cater for the additional pressures of the anticipated population growth, and to enable Council to maintain its current suite of services and service levels.

Skills necessary to respond to our community's needs in the future and potential shortfalls have been identified in job families such as, Strategic Planners, Development Assessment Planners, Engineers, Finance, GIS and Operational Staff.

Planned, Optimistic and Conservative Growth projections



Legislative Reform, Review of Local Government and Organisational Change

In recent years planning legislation has been modified over 150 times to try to keep up with changes in the Community, but it has reached a point where the State Government believes a new planning system is required.

Local Councils are now required to take a leadership role in the new planning system and Councils will have a greater focus on strategic planning which caters for long-term growth, infrastructure provision and environmental protection across council areas and regions. While the approach is positive and reform is welcomed, there are still many ‘unknowns’ and much work needed to advance these ideas and gain agreement on the details.

The Government Skills Australia Environmental Scan 2012 identified over 50% of respondents indicated their organisation was undergoing some form of reorganisation which would impact on the skills needs of the Council. Occupations that have been problematic to recruit across the Local Government Sector have included engineers, planners, childcare staff, environmental health workers, surveyors and managers.

The top reasons listed in the survey for having difficulty attracting candidates to these roles were: salary competition from other sectors, particularly the resources sector (60%), lack of suitably skilled candidates (46%), and attractiveness of other sectors (36%)

The impact of amalgamations on many local government councils has also created retention issues. Both the loss of corporate knowledge through redundancies aimed at reducing duplication of staff, and for some, the resultant increased workload has made it less attractive for staff to remain in the sector.

The survey also indicated that perceived inequitable remuneration was a reason some people left the sector—this was cited as the third most common reason for leaving after attractiveness of other industries and attractiveness of the resources sector in particular. Job location and not feeling valued were the next most common causes for retention difficulties.

According to survey data, key trends and factors that will impact on the local government sector over the next five years are:

- Projected exits (retirements)
- Labour shortages
- Regulation/legislation
- Economic factors
- Growth in demand
- Impact of new technologies
- Work Health & Safety (WHS) issues
- Amalgamations

Demand for Council services

Increased community expectations - particularly in areas of emergency management and asset protection and taking a role in driving of economic and social development (particularly in rural/regional councils) places pressure on resourcing these functions.

Wollondilly Shire Council is committed both in principle and in practice, to engaging on matters affecting the Wollondilly Community and this was demonstrated in the engagement process to review and develop the Community Strategic Plan and determine both residential and business ratepayers priorities in relation to services and service levels.

In summary, the key challenge for Wollondilly Shire Council is to deliver affordable services at levels the Community considers satisfactory, and which are supported by sustainable financial, asset management and workforce management.

FORECASTING FUTURE NEEDS

Wollondilly Shire Council plays a key role in ensuring economic and infrastructure development in local communities due to its regulatory function in relation to planning, building and resource management.

At the same time Wollondilly Shire Council is a major provider of a diverse range of services to local communities. These services including roads and related infrastructure, recreation centres, parks and gardens, environmental services, community libraries, community education and support services. Skills shortage is a major issue confronting Australia's workforce, as the Australian workforce is not growing fast enough to keep up with the demand for labour and the particular skills required by many industries and the labour market in Australia is ageing.

Wollondilly Shire Council's current workforce is substantially made up of workers over 45 years of age, it faces a significant challenge in filling the employment gaps as older employees retire and leave the workforce. In particular, Wollondilly Shire Council will feel the impact of the reduction in Australia's workforce as a substantive proportion of its workforce sits within the occupations with the highest projected workforce reductions. These include:

- Engineering and civil construction
- Planning and building
- Environmental health
- Finance
- Surveying
- Environmental services
- Childcare staff

Identified Workforce Development needs

Based on workforce development activity undertaken by Government Skills Australia the following issues remain a concern for the local government sector:

- salary competition from other sectors, particularly the resources sector which continues to lure existing staff and potential new recruits
- impending retirements of the *baby boomer* generation resulting in a significant loss of staff and corporate knowledge
- reduced training budgets due to economic constraints
- a perceived lack of career pathways and opportunities, particularly in the face of amalgamations and restructures
- the image of the sector and job roles not seen as desirable
- lack of workforce planning which is resulting in skill gaps and labour shortages.

These skill gaps continue to be a problem for the sector and the following range of training will be required which may help address some of these gaps:

- Engineering and civil construction
- Planning and building
- Environmental health
- Management and leadership
- Training and assessment
- Finance
- Work Health and Safety awareness
- Customer service
- Report writing

IN ORDER FOR COUNCIL TO MEET ITS OBLIGATIONS TO THE COMMUNITY, COUNCIL WILL OVER THE NEXT FOUR (4) YEARS BE FOCUSSED ON

● Health, Wellbeing and Diversity

● Work Health & Safety

● Skills Development

● Employee Engagement

● Succession Planning

HEALTH, WELLBEING AND DIVERSITY

Wellbeing for our community lies at the heart of our Community Strategic Plan and we want wellbeing for our employees to be at the heart of our Workforce Management Plan.

We understand the importance of creating a positive working environment. A healthy, safe workforce with high levels of wellbeing will achieve high performance, with lower levels of sickness, absence and higher retention rates. Looking after our employees is therefore crucial to our future success as a high performing Council and achieving our priorities.

Promoting wellbeing in the workplace is about more than promoting healthy lifestyles and eating habits. Workplace wellbeing covers a range of issues including:

- Work-life balance
- Ability to cope with workloads
- Fairness
- The impact of the physical working environment
- Perceptions of safety at work
- Support from Managers and supervisors
- Mental illness, disability, bullying and harassment

Laughter is a basic human need, and in the workplace, humour is a skill to be valued. It enables individuals to form bonds with others, combat stress, alleviate tension, improve communication and boost morale. Many of the top scoring 'Best Councils To Work For' have a strong sense of making work fun.

Our Council actively seeks to employ people on the basis of their abilities and potential regardless of their sex, race, age, disability, sexual orientation or faith. Higher morale, improved retention rates and a better understanding of customer needs are realised through the diversity of our employees.

Diversity can be improved through positive actions throughout Council. These include removing bias against older workers and workers from other cultures, encouraging gender diversity across all areas of Council, developing strong links with local communities and offering flexible family friendly practices to help working parents.

To support our employees this Council offers:

- Work-life balance initiatives ie; working from home
- Flexible working arrangements
- Support for further education and study leave
- Secondments
- Maternity and paternity benefits
- Culturally identified positions
- Monitoring equal employment issues
- Social engagements.

ACTION PLAN

CSP Strategy	Key Focus Area	10 year Actions	Responsibility	Timeframe
GO1 Provide an attractive employment choice for talented people	Health, Wellbeing And Diversity	Analyse Council's workforce demographic against the community profile.	Employee Relations	Annually – in the Annual report
		Provide training to overcome limitations	Managers	Offered on a needs basis
		Develop programs and opportunities that improve the career development of women at WSC and help to remove any identified barriers	50:50 Vision Champion in partnership with ER	Ongoing
		Continue to monitor equal employment opportunities and data and identify actions to address these	Manager Executive Services	Annually – in the Annual report
		Streamline recruitment processes and use all mediums such as internet, social media and networks to be more inclusive.	ER Team Leader	2013/14
		Improve work/life balance programs and Council culture	Employee Relations Section and all Section Managers	Ongoing
		Offer flexible working arrangements to all staff	Employee Relations	Ongoing
		Provide a range of health and wellbeing programs	Employee Relations	Ongoing

WORK HEALTH AND SAFETY

Council is totally committed to providing a safe workplace for its employees and to meeting its obligations as an employer as set out in the Work Health and Safety Act and Work Health and Safety Regulations. This is evidenced by both the financial and human resources dedicated to this area.

The principle mechanisms in place to achieve this involve;

- The adoption of a Work Health and Safety Policy.
- The establishment and support for a workplace WHS Committee.
- Implementation of safe systems of work and work practices.
- Providing information, instruction and training to ensure that staff can undertake the tasks assigned to them safely, efficiently and without risk.
- Regular monitoring and review of Councils WHS Management systems against defined WHS objectives and targets

ACTION PLAN

CSP Strategy	Key Focus Area	10 year Acton	Responsibility	Timeframe
GO1 Provide an attractive employment choice for talented people	Work Health And Safety	Take advantage of improved technology, including plant and equipment that will increase the efficiency and/or reduces manual handling risks to employees	All Section Managers	Ongoing
		Ensure new staff undertake induction training and training on the code of conduct	Manager Executive Services & Manager Governance	Ongoing
		Ensure a system is in place for regularly reviewing staff policies and new/revised policies are communicated and staff demonstrate understanding	Manager Governance, Manex and Team Leaders	Ongoing
		Safe Work Practices – promoting a culture of zero harm	Employee Relations and Manex	Ongoing

WORKFORCE STRUCTURE AND SKILLS DEVELOPMENT

Management Skills

Our Managers as well as our team leaders are the key to unlocking barriers, developing talent and delivering the changes necessary to achieve organisational and service improvements. We want our Managers to have the knowledge, skills, ambition and confidence to make an effective and sustainable contribution to the community of Wollondilly. Understanding their individual needs and aspirations is therefore essential.

Technical/Occupational Skills

Many employees are recruited for their technical or occupational skills which allow them to undertake a very specific job role. These job roles are often related in terms of sector or occupational areas. New legislation, changes to technology, changes to working practices and procedural changes can all impact on the job that needs to be done therefore skills need to be continually updated.

Core Skills

Core skills refer to the skills required by all employees to deliver modern Local Government services. The following core skills or ‘competencies’ are a priority for our Council. Whatever level in the organisation an employee operates at they will need an appropriate level of training and development in the following core areas:

- Customer Care – excellence in dealing with customers
- Equalities and Diversity
- Information and Communication Technology
- Health and Safety

Extending opportunities for traineeships and cadetships

WSC has had excellent outcomes through the implementation of the traineeship program with awards granted for Local Government Trainee of the Year, Trainee of the Year and finalist in many categories. Opportunities exist in the organisation from traineeships not only at an administrative level but to also incorporate cadetships in skills shortage areas for professional positions in social, environmental, planning, engineering and economic areas

ACTION PLAN

CSP Strategy	Key Focus Area	10 year Acton	Responsibility	Timeframe
GO1 Provide an attractive employment choice for talented people	Workforce Structure And Skills Development	Seize opportunities, as/when they arise to review positions including exploring redesign/restructure in response to changes in business direction	Manex with Employee Relations Section	Ongoing and as opportunities arise
		Identify potential areas of critical skill shortage and key future occupational skills requirements and recruit people with capacity to learn and develop in these areas	Employee Relations	Ongoing
		Support career development with mentor, on-the-job training and distance learning opportunities	Employee Relations & Manex	Annual
		Develop and implement Management and Leadership Development – GM Team Leadership development project to develop emerging leaders	General Manager & Manex	Annual – reported in Annual Report
		Continuous improvement of Frontline Management and Leadership development to ensure our leaders are able to respond to emerging challenges and change.	Manex and Employee Relations	Ongoing
		Ensure Performance Management System is linked with learning and development system	Employee Relations	2013/14
		Explore traineeship opportunities for job roles that are in short supply and provide work experience opportunities	Manex and Employee Relations	2013/14
		Address the sector’s image problems through targeted recruitment campaigns	Employee Relations & Communications Unit	Ongoing
		Prepare and educate workforce at all levels for “new ways of working” including change management and resilience training	Manex and Employee Relations	2013/14
		Ensure key work practices are documented	Manex	Reviewed Annually
Explore opportunities for resource sharing or collaborative partnerships between neighbouring Councils	Executive with input from Managers and Employee Relations	Ongoing		

EMPLOYEE ENGAGEMENT

Employee engagement is about how people behave at work. It refers to the extent to which people are connected, know what they have to do, and willingly give of their discretionary effort to do that. It is the difference between people coming to work and doing an adequate job, and people coming to work and really giving their best, displaying creativity and using their initiative.

If individuals are performing at the top of their potential, then it makes sense that teams, and all areas of Council will work more effectively. Residents will receive better service and efficiency will improve. Waste will be reduced and overall, performance will be enhanced.

Job satisfaction and happiness are important drivers of employee engagement. A person can be happy at work or satisfied with their job and not actually do any meaningful work. Job satisfaction and happiness do not in themselves create high performance.

It is essential to encourage staff to get involved and share ideas as this assists in staff feeling more engaged and more inclined towards creativity and innovation. Following are some innovative ways forward to engage with our staff:

- Suggestion schemes, including ‘Dragons’ Den’ style initiatives to tap into ‘entrepreneurial spirit’ and encourage staff to think through ideas, build a business case, and develop presentation and negotiation skills
- Cross divisional workgroups and project teams – these can be any sort of employee representation group, and are most successful where membership is cross-departmental, and where the interests of the organisation and the members are considered equally.
- ‘Sort it out days or meetings’ that focus on problem solving.
- Developing local champions to support new initiatives.
- Staff engagement groups.
- Action learning approaches to problem solving.

New technology, when used appropriately, can be a helpful tool to promote positive engagement. A good internal communications strategy is vital to open up routes for direct employee involvement. It can also ensure staff understand and support the corporate vision.

The Plan needs to be ‘two way’ to enable questions, feedback and opinion, as well as providing information. Positive internal communication methods can include:

- Team briefing sessions
- Short seminars
- Team away-days
- Regular surveys – with consistent core questions to allow the benchmarking of progress over time
- Focus groups
- Internal forums where the General Manager or senior managers lead an open question debate. This can be arranged so that questions are anonymous, perhaps through a staff post box system
- Newsletters
- Emails
- Better use of the intranet
- The development of team ‘champions’
- Defining the most important current and future skills needs and taking effective action to attract, develop or share these skills

ACTION PLAN

CSP Strategy	Key Focus Area	10 year Actions	Responsibility	Timeframe
GO1 Provide an attractive employment choice for talented people	Employee Engagement	Continue Educational Assistance Programs	Employee Relations	Ongoing
		Promote professional development and challenging work assignments	Manex	Ongoing and as opportunities arise
		Ongoing training and professional development as identified in their individual training plans	Employee Relations	Ongoing
		Conduct employee perception surveys and interviews to establish key employment issues.	Employee Relations	2013/14 2016/17
		Use of social media in communicating and engaging with new and existing staff	Employee Relations & IT	Ongoing
		Review recognition and reward systems	Manex	2013/14
		Exit Interviews – Analysis of reasons for termination	Manager Executive Services	Annually
		Ensure Employee feedback opportunities are in place e.g. all staff meetings, toolbox talks etc.	Executive	Ongoing

SUCCESSION PLANNING

Succession planning is typically defined as “a process by which one or more successors are identified for key posts (or groups of similar key posts) and career moves and/or development activities are planned for these successors.” In other words, succession planning is about preparing for likely or inevitable changes now, in order to minimise challenges later.

Succession Planning is more critical than ever because the demand for effective managers continues to grow and the retirement of “Boomers” is producing a sharp decline in the ranks of available personnel. This is true for small local government entities like Wollondilly Shire Council as well as large ones. The succession at stake is not just succession to the top position—it is the succession of each employee to the most appropriate job for him or her.

A sound succession plan will secure the future of Wollondilly Shire Council and the services it delivers. Without a plan, the future of WSC will be left to chance.

In formulating a succession plan, Council recognises that the following criteria/limitations apply:

1. The need to observe EEO practices.
2. The difficulties in attracting qualified staff to rural areas.
3. That any succession plan is only relevant at a particular point in time.

Council’s succession plan is appropriate for each of the managerial / professional positions.

Council will endeavour to ensure that it will engage and has trained staff that are capable of fulfilling the position in each of its managerial / professional areas.

Council will ensure that as well as providing the necessary opportunities for academic development to enable those positions to be filled, it will provide the necessary practical on the job training to enable those persons to fulfil each of those positions as appropriate for their particular training.

This Workforce Management Plan should also be read in conjunction with Council’s various staff policies which further expand on Council’s obligations towards its employees. This plan is aimed at providing Council with the opportunity to be in a position to achieve what is required and plan for the future through an annual review process and adjustment of the Workforce Plan.

ACTION PLAN

CSP Strategy	Key Focus Area	10 year Actions	Responsibility	Timeframe
GO1 Provide an attractive employment choice for talented people	Succession Planning	Reviewing the capability and staffing levels in line with changes to service levels in Council’s Plan	Employee Relations	Annually
		Ensure training and development is responsive and effective for responsibilities of the future	Employee Relations and Managers	Ongoing
		Implement succession planning and transition to retirement programs	Employee Relations and Managers	Ongoing
		Explore innovative, flexible options such as phased retirement	Employee Relations	2015/16

Monitoring and Evaluation

Performance will be monitored by Council’s Senior Management Team via annual progress reports tracking implementation of the Action Plan and the key performance indicators. These reports will be prepared as part of annual budget preparations. Monitoring will be complemented by quarterly performance reporting against related projects and services as outlined in Council’s Delivery Program and Operational Plans, Council’s Annual Report and via feedback provided by key stakeholders as part of the implementation process.

TERMS USED WITHIN THE WORKFORCE PLANNING STRATEGY

Community Broadly refers to any specific socially or geographically defined sectors of the Wollondilly Community that may have an interest in or be affected by the workings of Council. These may include residents and ratepayers/land owners, business owners and operators, people who work in the local government area, visitors (including tourists and shoppers), government agencies, users of Council services, local community groups and associations (including sporting, church and charity groups).

Community Strategic Plan The Community Strategic Plan (known as Growing yOur Future together 2033) is the highest level plan that a council is required to prepare. The purpose of the plan is to identify the Community's main priorities and expectations for the future. The plan outlines the goals, objectives and strategies for achieving the long term vision for Wollondilly. The Community Strategic Plan guides decision making and resource allocation to achieve a stated vision for the future. The Community Strategic Plan must cover a minimum 10 year time frame and is renewed every 4 years. Wollondilly's Community Strategic Plan covers a 20 year time frame.

Council (WSC) Describes Wollondilly Shire Council.

Delivery Program A plan that complies with the relevant provisions of the Local Government Act and identifies Council's strategic direction and objectives for at least four years into the future. It summarises the initiatives, performance measures and resources required to deliver these activities for the years of the plan.

Diversity Variety in people and community members of different ages, origins, backgrounds, sexes, religions and culture.

Discretionary Describes those roles/services, that are not classified as either non-discretionary or core roles. Council chooses to recruit such positions because they assist Council to deliver community expected services in line with priorities identified in the Community Strategic Plan and Delivery Program.

Employment This includes people aged 15 and over who are on Council's payroll.

Employment Costs Are inclusive of salaries and wages, and on costs such as leave entitlements, superannuation, workers compensation, training advertising and recruitment (as per tables on page 50)

Family/Carer's leave An Award condition whereby an employee may take leave for the purposes of caring for persons, as defined in the Award, when they are ill.

Governance The values, policies and procedures a Council and its staff adopt to provide ethical, transparent and accountable local governance.

Integrated Planning and Reporting Framework An approach to provide strategic direction and review our progress towards delivering identified priorities. Wollondilly has an integrated approach to move towards sustainability.

Labour Force This includes the total number of people employed and unemployed. The labour force represents labour supply.

Leave without Pay Unpaid leave of absence.

Mission The purpose of Council and what it should be doing and for whom it does it.

Non-discretionary Describes those roles which provide services that Council has a statutory obligation to provide.

Objectives A desired achievement expressed in broad terms.

Ordinary Hours Hours not including overtime, not workers compensation, not additional hours.

Participation Rate The percentage of the population aged 15 and over that is in the labour force.

Quadruple Bottom Line (QBL) A reporting methodology and an approach to decision making (eg the use of reporting and decision making tools) to understand the social, environmental, economic and governance.

Strategic direction A broad statement of what the community would like to see happen in the long term. At Wollondilly Shire Council they are referred to as "Directions". They chart direction, show where the organisation is going and point toward a broad

destination. However, they do not set specific milestones or determine ways to get there.

Strategies A way of achieving the objectives, goals or targets. Each objective or goal will be supported by one or more strategies. Some strategies may support more than one objective or goal. A strategy should be achievable within a timeframe, measurable and resourced.

Sustainability Maintaining and enhancing quality of life, while ensuring the viability of the community, now and in the future, through an integrated consideration of social, environmental, economic and governance factors.

Target A quantifiable level of performance to be attained at a specific future date, the attainment of which will indicate good performance in working towards the goals identified in the Community Strategic Plan.

Total Hours Employed Includes all hours, actual, additional, overtime, workers compensation, leave hours etc.

Values The beliefs, commitments, principles and philosophies that underpin how Council conducts itself in carrying out its day to day business and guide Council's everyday decision making.

Vision An image of where the Community wants to be. It is a common picture of a Community's environmental, social and economic future that is sufficiently long term to allow substantial change from past and current patterns. Focuses the attention and resources of Council on some desired future which can be visualised but not yet realised. It outlines what Council is committed to. All aspects of Council business should contribute towards achieving the vision.

LIST OF ACRONYMS

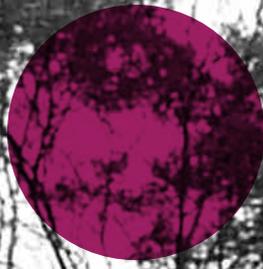
ABS Australian Bureau of Statistics
AGELG Australian Centre of Excellence for Local Government
CSP Community Strategic Plan
CTD Corporate Training and Development
CPI Consumer Price Index
CRM Customer Request Maintenance
DCP Development Control Plan
DP Delivery Program
EEO Equal Employment Opportunity
ER Employee Resources
ESD Ecologically Sustainable Development
FT Full Time
FTE Full Time Equivalent
GM General Manager
IT Information Technology
KPI Key Performance Indicator
LEP Local Environmental Plan
LG Local Government
LGA Local Government Area
LGMA Local Government Managers Australia
LTFP Long Term Financial Plan
MANEX Managers and Executive Team i.e. Senior Management Team
MACROC Macarthur Regional Organisation of Councils
WSC Wollondilly Shire Council
NSW New South Wales
WHS Work Health and Safety
WSC Wollondilly Shire Council
OP Operational Plan
PPA Personal Performance Appraisal
PT Part Time
QBL Quadruple Bottom Line

PLANNING
YOUR
FUTURE
TOGETHER

WOLLONDILLY
RESOURCING
STRATEGY

LONG TERM
FINANCIAL PLAN
2014/15 - 2023/24

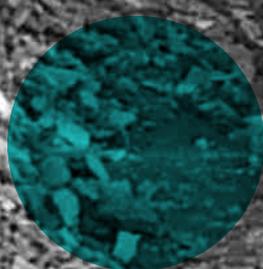
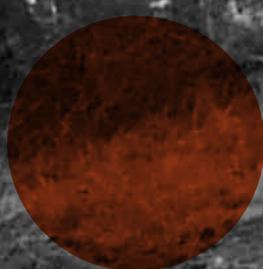
Revised November 2014



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LONG TERM FINANCIAL PLAN

For many years, Councils have operated in an environment with significant funding limitations, seeking to provide the necessary funds to renew their infrastructure and provide new services and infrastructure for our communities.

Like other Councils across NSW, Wollondilly Shire Council faces many challenges funding ongoing operations and adequately maintaining our community assets. The growth in the cost of labour and materials, increasing demand for services and cost shifting from other levels of government combined with a legislated cap in revenue generated from rates, have created a challenging financial environment.

The Long Term Financial Plan is integrated with Council's Asset Management Plan and Workforce Management Plan, forming Council's Resourcing Strategy.

The Long Term Financial Plan is a 10 year plan that will underpin the strategies and actions of Council's 4 year Delivery Program and annual Operational Plan, which in turn underpins the outcomes and strategies outlined in the Wollondilly Community Strategic Plan "Growing yOur Future Together 2033".

The plan demonstrates Council's long term financial sustainability and allows early identification of financial issues and their longer term impacts. The plan outlines the steps Council will take to realistically address the major financial challenges and opportunities which will impact on the way we do business over the next ten years.

We will update the Plan on an annual basis as part of the development of Council's Operational Plan and a detailed review will occur as part of the four yearly review of the Community Strategic Plan.

The Long Term Financial Plan includes:

- Projected income and expenditure, balance sheet and cash flow statement
- Planning assumptions used to develop the Plan
- Sensitivity analysis - highlighting factors and assumptions most likely to affect the Plan
- Financial modelling for different scenarios including planned, optimistic and conservative views
- Methods of monitoring financial performance.

The Long Term Financial Plan will seek to answer the questions:

- Can we afford what the Community wants?
- How can we go about achieving these outcomes?
- Can we survive the pressures of the future?
- What are the opportunities for future income and economic growth?

Accordingly, the Long Term Financial Plan will be used as a decision-making and problem-solving tool. It is not intended that the Plan is set in concrete – it is a guide for future action and the modelling that occurs as part of the plan will help Council to decide how it can meet the community's aspirations. It will also provide an opportunity for Council to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term.

The Long Term Financial Plan aims to address the following CSP strategies which aim to achieve a transparent, effective and sustainable Council:

STRATEGY GO5 – Financial Sustainability

Maintain Council in a strong and sustainable financial position

STRATEGY GO6 – Resource Efficiency

Be efficient and effective in the use of Council resources and provide value for money in the delivery of services

Therefore the Long Term Financial Plan will put into action the following:

- Delivery of short & long term financial planning processes
- Preparation and submission of Statutory Financial Reports
- Maintenance and improvement of financial management systems and processes
- Provision of a range of systems and processes that provides value for money and complies with Legislation
- Better practice reviews
- Internal auditing processes

CURRENT FINANCIAL POSITION

Council's current financial position is best summarised by referring to the primary financial statements in the most recent set of audited General Purpose Financial Reports (ie. for the financial year ended 30 June 2014). This information should be viewed in conjunction with the related key performance indicators as set out in note 13 of the General Purpose Financial Reports.

NOTE 13 - PERFORMANCE INDICATORS

for the financial year ended 30 June 2014

\$ '000	Amounts	Indicator
	2014	2014
1. Operating Performance Ratio		
Total continuing operating revenue (excl. Capital Grants & Contributions) - Operating Expenses	(7,411)	-17.55%
Total continuing operating revenue (excl. Capital Grants & Contributions)	42,220	
2. Own Source Operating Revenue Ratio		
Total continuing operating revenue (less All Grants & Contributions)	36,137	76.35%
Total continuing operating revenue	47,333	
3. Unrestricted Current Ratio		
Current Assets less all External Restrictions	24,693	3.18:1
Current liabilities less Specific Purpose Liabilities	7,773	
4. Debt Service Cover Ratio		
Operating Result before capital excluding interest and depreciation / impairment / amortisation (EBITDA)	5,434	1.92
Principle Repayments (from the Statement of Cash Flows)	2,836	
+ Borrowing Interest Costs (from the Income Statement)		
5. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage		
Rates, Annual and Extra Charges Outstanding	2,176	7.10%
Rates, Annual and Extra Charges Collectible	30,668	
6. Cash Expense Cover Ratio		
Current Year's Cash and Cash Equivalents including All Term Deposits	36,356	10.79
Payments from cash flow of operating and financing activities	3,368	

INCOME STATEMENT

for the financial year ended 30 June 2014

	Actual
\$ '000	2014
Income from Continuing Operations	
<i>Revenue:</i>	
Rates & Annual Charges	28,059
User Charges & Fees	4,645
Interest & Investment Revenue	1,802
Other Revenues	1,631
Grants & Contributions provided for Operating Purposes	6,083
Grants & Contributions provided for Capital Purposes	5,113
<i>Other Income:</i>	
Net gains from the disposal of assets	262
Net Share of interests in Joint Ventures & Associated	
Entities using the equity method	-
Total Income from Continuing Operations	47,595
Expenses from Continuing Operations	
Employee Benefits & On-Costs	17,688
Borrowing Costs	1,702
Materials & Contracts	14,982
Depreciation & Amortisation	11,143
Impairment	-
Other Expenses	4,116
Total Expenses from Continuing Operations	49,631
Operating Result from Continuing Operations	(2,036)
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(7,149)

STATEMENT OF FINANCIAL POSITION

as at 30 June 2014

	Actual
\$ '000	2014
ASSETS	
Current Assets	
Cash & Cash Equivalents	3,106
Investments	28,250
Receivables	4,536
Inventories	2,000
Other	210
Total Current Assets	38,102
Non-Current Assets	
Investments	11,812
Infrastructure, Property, Plant & Equipment	348,729
Total Non-Current Assets	360,541
TOTAL ASSETS	398,643
LIABILITIES	
Current Liabilities	
Payables	4,638
Borrowings	1,724
Provisions	4,883
Total Current Liabilities	11,245
Non-Current Liabilities	
Borrowings	16,595
Provisions	13,712
Total Non-Current Liabilities	30,307
TOTAL LIABILITIES	41,552
Net Assets	357,091
EQUITY	
Retained Earnings	292,638
Revaluation Reserves	64,453
Total Equity	357,091

STATEMENT OF CASH FLOWS

for the financial year ended 30 June 2014

	Actual
\$ '000	2014
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts:	
Rates & Annual Charges	28,060
User Charges & Fees	6,529
Investment & Interest Revenue Received	1,698
Grants & Contributions	9,967
Bonds, Deposits & Retention amounts received	21
Other	3,643
Payments:	
Employee Benefits & On-Costs	(17,282)
Materials & Contracts	(17,142)
Borrowing Costs	(860)
Other	(3,999)
Net Cash provided (or used in) Operating Activities	10,633
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts:	
Sale of Investment Securities	33,088
Sale of Real Estate Assets	258
Sale of Infrastructure, Property, Plant & Equipment	90
Payments:	
Purchase of Investment Securities	(40,000)
Purchase of Infrastructure, Property, Plant & Equipment	(10,714)
Purchase of Real Estate Assets	(51)
Net Cash provided (or used in) Investing Activities	(17,329)
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts:	
Proceeds from Borrowings & Advances	9,000
Payments:	
Repayment of Borrowings & Advances	(1,134)
Net Cash Flow provided (used in) Financing Activities	(7,866)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,170
plus: Cash & Cash Equivalents - beginning of year	1,936
Cash & Cash Equivalents - end of the year	3,106
plus: Investments on hand - end of year	40,062
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS	43,168

PLANNING ASSUMPTIONS

This long term financial plan (LTFP) was originally developed in conjunction with the development of the 2013/14 operational plan but has since been revised with more up to date data and now uses the adopted 2014/15 budget as its base year for the future year projections, to which a range of assumptions and forecasts have been applied.

1. Demographics / Population:

According to the ABS 2006 Census, Wollondilly Shire has a larger proportion of two-parent families with children but a smaller proportion of one-parent families, group households and single person households in comparison to the Sydney Statistical Division. Family households accounted for 80.3% of total households in Wollondilly Shire while one-person households comprised 15.1%.

Wollondilly's current population features a larger than average number of adults and dependent children compared to the Sydney average. By the same comparative measure, Wollondilly has a lower proportion of people aged 18 to 34 and over 65 years. However, over the longer term it is expected that the Shire will carry a higher proportion of population that is ageing, similar to the state average.

Similarly, it is likely to register decreasing sized households. It can be safely assumed that the current trend of outmigration of persons aged 18 to 34 years will continue. A key implication of the assumed population growth trajectory and the ageing of the population is that this is likely to offset growth in rate revenue or user charges and hence the modelling allows for only a portion of revenue increase driven by additional properties.

Wollondilly is expecting some considerable population growth over the next 20 – 30 years, however the timing and extent of this growth is not yet known and neither are the impacts that it is likely to have on Council's income and expenditure levels. It is unclear whether the net financial effect over the next few years will be positive or negative (ie: there will be additional income from development and building approvals (and eventually rate income), yet there will also be additional expenditure required in order to put in place the necessary infrastructure, as well as the additional staffing requirements to cope with the increased workloads. Due to the unknown effects, the budgetary predictions within this long term financial plan have been based on normal growth patterns so as not to distort results.

2. Economy

Whilst Council has based its forecasts on reasonable assumptions about the future, it realises there are significant uncertainties that lie ahead which are likely to cause the forecasts to diverge, especially in the later years of the forecasting horizon.

Employment sectors within Wollondilly include mining, agriculture, sport/recreation, tourism, education and some home-based business. Mining and retail have been the major impetus for recent growth with further support coming from manufacturing, agriculture and tourism. However, 60% of the labour force travels outside the Shire for their work.

Inflation

According to the Statement on Monetary Policy issued in November 2014 by the Reserve Bank of Australia, the inflation rate as measured by the Consumer Price Index is running between 2 and 3 per cent, as expected, and this is likely to continue. The RBA Statement further commented that, "although some forward indicators of employment have been firming this year, the labour market has a degree of spare capacity and it will probably be some time yet before unemployment declines consistently. Hence, growth in wages is expected to remain relatively modest the period ahead, which should keep inflation with the target even with lower levels of the exchange rate. Looking ahead, continued accommodative monetary policy should provide support to demand and help growth to strengthen over time. Inflation is expected to be consistent with the 2–3 per cent target over the next two years."

It is however likely that the actual cost increases for Council will be higher than the CPI, as the CPI is based on a broad range of consumer goods, while key cost drivers for Council tend to focus more on employment costs and construction costs. IPART recognised this point of difference and developed the Local Government Cost Index in October 2010 to inform them in their rate pegging deliberations however, as this index does not incorporate a forward view, the LTFP modelling has assumed cost increases will be in line with the upper end of the CPI target range (ie: 3%pa).

Interest Rates

The Reserve Bank left the cash rate unchanged at 2.5% at its November 2014 meeting given that growth in the global economy is continuing at a moderate pace. Volatility in some financial markets has picked up over the past couple of months. Overall, however, financial conditions remain very accommodative. Long-term interest rates and risk spreads remain very low. Markets still appear to be attaching a low probability to any rise in global interest rates or other adverse event over the period ahead. At the domestic level, interest rates are very low and have continued to edge lower over recent months as competition to lend has increased. Credit growth is moderate overall. The Reserve Bank has stated that they believe that monetary policy is appropriately configured to foster sustainable growth in demand and inflation outcomes consistent with the target and on present indications, the most prudent course is likely to be a period of stability in interest rates.

Council's Long Term Financial Plan anticipates that this cash rate will be maintained across the next 10 years. Any variation in the cash rate will have implications for this plan requiring adjustment to either revenues or expenditure in order to offset the effect of any interest rate movements.

Resource Sharing

Wollondilly is an active member of the Macarthur Regional of Councils (MACROC) and also has a resourcing agreement with neighbouring Wingecarribee Shire Council. Resource sharing agreements are currently being reviewed, with a focus on increasing resource sharing activities.

3. Service Levels

Council's Community Strategic Plan (CSP) identifies key community outcomes which were developed through an extensive consultation program on the CSP and further research conducted by way of a formal community survey. Based on this analysis and having regard to Council's revised Asset Management Plan, Council intends to generally maintain its existing level of services while adjusting infrastructure maintenance levels to match the level of funding available under each of the funding option.

4. Revenue Assumptions

Rates and Annual Charges

Rate pegging has historically limited Council's ability to raise additional revenue beyond the historical pegged levels of approximately 3%. Notwithstanding this, Council has put forward 3 funding options to be considered as we work towards addressing our infrastructure maintenance gap. Option 1 considers the effects of not applying for a special rate variation and only makes allowance for annual rate peg increases (2.4% for 2015/16 and assumed to be 3% pa thereafter). Council has put forward two other options which both consider the effects of a special rate variation. Option 2 factors in a special rate variation (SRV) increase of 8.5% pa over 4 years from 2015/2016 in the "Stabilise" scenario and Option 3 considers a 10.8% pa increase over 4 years from 2015/2016 in the "Improve" scenario.

Fees & Charges

Statutory Fees

Council has no discretion to determine the amount of the fee for a service when the amount is fixed by regulation or by another authority. Examples of statutory fees include development assessment fees, inspection fees and planning certificates. The Long Term Financial Plan makes the assumption that income from these fees will increase in line with CPI.

User Fees & Charges

The Long Term Financial Plan assumes that the majority of user fees and charges will generally rise in accordance with CPI increases. Given the non-recurring nature of Council's contract works, ongoing income is not factored into the plan and any work undertaken will have a positive impact on Council's revenues.

Grants & Contributions

The long term financial projections contained within this plan have only allowed for recurring grants and contributions and do not include any non-recurring grants.

Borrowings

Debt is raised to fund capital expenditure that will benefit current and future residents and taxpayers. All borrowings must be approved by Council resolution and all decisions will be made in accordance with Council's Borrowing Policy. It is considered appropriate that borrowing be considered for the delivery of major new infrastructure projects such as community facilities, as future debt servicing commitments can be considered appropriate for future generations to fund in return for the use of the capital item created.

The long term financial projections include all existing loan arrangements but have not made any allowance for new loans.

5. Expenditure Assumptions

Employee Costs

Employee costs are assumed to increase in accordance with the current award rates that have been agreed for 2013/14 (ie: 3.25%). In addition to this, the LTFP has factored in an increase in staff to allow for increased planning and development in connection with the anticipated increase in subdivision of lands within Council's boundaries. Thereafter, expected CPI rates have been used to index Council's projected level of employee costs.

Materials, Contracts and Other Operating Costs

Expenditure on materials, contracts and other operating costs have generally been increased in line with CPI increases.

Capital Expenditure

Capital expenditure represents expenditure towards both the creation of new infrastructure assets and the renewal of existing assets (particularly roads, drainage and footpaths). This expenditure category also includes capital purchases such as vehicles, plant items and information technology. The expenditure is based on the 10 year capital works programs detailed in the Asset Management Plan.

SENSITIVITY ANALYSIS

Potential variables that could have an impact on Council's Long Term Financial Plan are outlined below.

Rates and Annual Charges

As discussed earlier, rates and annual charges (domestic waste) make up approximately 70% of Council's total revenue stream. Council does not set the annual percentage increase in rates as this is determined by IPART. Council has put forward 3 funding options to be considered as we work towards addressing our infrastructure maintenance gap. Option 1 considers the effects of not applying for a special rate variation and only makes allowance for annual rate peg increases (2.4% for 2015/16 and assumed to be 3% pa thereafter). Council has put forward two other options which both consider the effects of a special rate variation. Option 2 factors in a special rate variation (SRV) increase of 8.5% pa over 4 years from 2015/2016 in the "Stabilise" scenario and Option 3 considers a 10.8% pa increase over 4 years from 2015/2016 in the "Improve" scenario. The option that Council includes in its application to IPART will be largely influenced by the Community's response during the extensive consultation period, however the ultimate decision regarding the rate increases that can be applied over the coming years is made by IPART.

Grants and Contributions

Our Long Term Financial Plan includes recurring grants but does not include non-recurring grants. Although historically Council has received a number of non-recurring grants each year, it would not be financially prudent to 'assume' that will always be the case. Accordingly, the Plan will be enhanced to the extent that we receive non-recurrent grants. The most significant recurring grant Council receives each year is the Financial Assistance Grant (currently \$3.4 million). Our Plan is sensitive to any changes in this grant.

Employee Costs

Employee costs are a significant component of Council's expenditure budget and are highly sensitive to changes in rates of pay determined through Award negotiations and other market forces. Council's ability to develop an appropriate workforce to achieve the Community's ideas and aspirations over the term of the Resourcing Strategy is affected by a range of external forces, including:

- Staff turnover levels
- Skills shortages
- Changes to superannuation contribution rates
- Award increases greater than rate peg and CPI
- Changes in the communities priorities and expectations with regards to service levels

Interest on Investments

Council maintains a substantial portfolio of investments which is managed in accordance with Council's investment policy. Our financial projections are based on reasonable assumptions regarding income from investments over the life of this plan and are incorporated into our overall financial plans. To that extent, the plan is sensitive to unexpected changes in the return on Council's investments.

Inflation

The nominal cost of council services is forecast to increase by at least the rate of inflation (CPI) across the 10 year period. Any variation in the rate of inflation will impact income and expenditure throughout the life of this Plan.

SCENARIOS

The LTFP modeling has been devised with scenarios that include and exclude Special Rate variations to address asset renewal and maintenance challenges as identified in Council's Asset Management Plans, as well as incorporating an element of population growth. Modelling has been used to create the scenarios outlined below. Each scenario provides an alternative financial result subject to assumed capital funding, varying levels of asset condition and their impact on key financial indicators.

OPTION 1

Deteriorate:

No Special Rate Variation Proposed

Under this option rates will increase only by the annual rate peg amount. The rate peg percentage for 2013/14 was 3.4% and for 2014/15 it is 2.3%. IPART have announced that the rate peg percentage for 2015/16 will be 2.4%.

Under this option, Council would be left with an \$80 million shortfall over the next 10 years, so it would have the following impacts:

- Our infrastructure would deteriorate further as we would continue to underfund maintenance expenditure. This means we will see worsening roads and continuing deterioration of facilities such as playgrounds and community buildings.
- Council would have virtually no capacity for new capital works (apart from developer contributions and grants). This means Council will have difficulty funding new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities.
- Council would need to consider a significant reduction in a wide range of Council services in order to address the funding shortfall issues. The nature and number of services delivered by Council, or the levels of service, would need to be reduced.

OPTION 2

Stabilise:

Special Rate Variation of 8.5% per annum over 4 years

Under this option rates would increase by a total of 8.5% per annum (this includes the annual rate peg percentage) over a fixed four year period (2015/16 to 2018/19).

At the end of the four year period the SRV increase will be built into the rate base (in other words rates would be maintained at this new level with just the annual rate peg increases).

This option would generate an additional \$54.5m over the next ten years, so it would enable the following:

- Council would be able to stabilise the current deteriorating condition of our infrastructure as we would be able to fund our maintenance expenditure. This means the current condition of our roads, facilities and other infrastructure will be gradually improved through essential maintenance.
- Council will have some additional funds (in addition to developer contributions and grants) available to build new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities.
- Council could maintain its current range of services.

OPTION 3

Option 3 – Improve:

Special Rate Variation of 10.8% per annum over 4 years

Under this option rates would increase by a total of 10.8% per annum (this includes the annual rate peg percentage) over a fixed four year period (2015/16 to 2018/19).

At the end of the four year period the SRV increase will be built into the rate base (in other words, rates would be maintained at this new level with just the annual rate peg increases).

This option would generate the required \$80m over the next ten years, so it would enable the following:

- Council would be able to deliver better roads, facilities and other infrastructure sooner as we would increase and bring forward much needed maintenance expenditure. We would also fully implement a preventative maintenance regime to reduce future costs to the community.
- Council will have more funds available to build new infrastructure such as kerb and gutter, footpaths, cycleways, open space improvements and new community facilities as we would have increased capacity to undertake new capital works.
- Council would be able to deliver a wide range of services.

OPTION 1 – DETERIORATE INCOME STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

INCOME STATEMENT

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
Scenario: Option 1 - "Deteriorate" (No SRV)			
Income from Continuing Operations			
Revenue:			
Rates & Annual Charges	29,448,789	30,514,391	31,758,303
User Charges & Fees	3,997,626	4,116,903	4,168,756
Interest & Investment Revenue	1,354,000	1,307,090	1,320,185
Other Revenues	886,348	798,765	553,519
Grants & Contributions provided for Operating Purposes	6,806,687	6,954,304	7,104,424
Grants & Contributions provided for Capital Purposes	3,587,700	2,572,000	2,572,000
Total Income from Continuing Operations	46,081,151	46,263,453	47,477,187
Expenses from Continuing Operations			
Employee Benefits & On-Costs	18,752,826	19,773,478	21,121,719
Borrowing Costs	1,160,007	1,049,301	926,362
Materials & Contracts	15,762,536	15,241,064	16,166,613
Depreciation & Amortisation	9,900,000	9,897,274	9,897,274
Other Expenses	4,670,880	4,940,024	5,490,034
Total Expenses from Continuing Operations	50,246,250	50,901,141	53,602,002
Net Operating Result from Continuing Operations	(4,165,099)	(4,637,688)	(6,124,815)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(7,752,799)	(7,209,688)	(8,696,815)

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
33,052,926	34,400,331	35,802,667	37,262,175	38,781,186	40,362,127	42,007,522
4,333,967	4,466,831	4,576,655	4,958,760	4,910,484	5,140,180	5,275,216
1,356,639	1,272,952	1,374,291	1,431,656	1,453,050	1,470,471	1,507,920
450,801	468,213	486,381	505,338	525,120	545,764	567,307
7,270,941	7,448,157	7,629,671	7,819,475	8,016,659	8,221,760	8,431,904
2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000
49,037,275	50,628,483	52,441,664	54,549,405	56,258,499	58,312,301	60,361,869
22,032,172	22,961,380	23,911,917	24,879,571	26,024,158	27,216,786	28,443,488
824,536	725,981	618,232	507,702	407,047	307,397	200,652
16,838,539	17,475,286	18,224,396	18,897,765	19,725,296	20,488,201	21,367,027
9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274
5,540,593	5,873,387	6,230,253	6,913,201	7,024,424	7,466,318	7,941,506
55,133,115	56,933,307	58,882,073	61,095,513	63,078,198	65,375,976	67,849,946
(6,095,840)	(6,304,824)	(6,440,409)	(6,546,108)	(6,819,699)	(7,063,675)	(7,488,078)
(8,667,840)	(8,876,824)	(9,012,409)	(9,118,108)	(9,391,699)	(9,635,675)	(10,060,078)

OPTION 1 – DETERIORATE BALANCE SHEET

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

BALANCE SHEET

Scenario: Option 1 - "Deteriorate" (No SRV)

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
ASSETS			
Current Assets			
Cash & Cash Equivalents	507,769	386,065	352,765
Investments	17,056,161	12,968,080	11,849,522
Receivables	4,313,853	4,314,841	4,337,167
Inventories	1,653,778	1,590,503	1,639,370
Other	586,782	573,587	604,695
Total Current Assets	24,118,343	19,833,076	18,783,519
Non-Current Assets			
Investments	7,824,529	5,949,118	5,435,979
Infrastructure, Property, Plant & Equipment	356,549,779	356,339,455	350,660,931
Total Non-Current Assets	364,374,308	362,288,573	356,096,910
TOTAL ASSETS	388,492,651	382,121,649	374,880,428
LIABILITIES			
Current Liabilities			
Payables	5,187,082	5,064,854	5,336,025
Borrowings	2,024,450	1,816,891	1,558,720
Provisions	5,182,928	5,588,603	6,009,933
Total Current Liabilities	12,394,459	12,470,349	12,904,679
Non-Current Liabilities			
Borrowings	14,571,583	12,754,692	11,195,972
Provisions	12,948,223	12,955,911	12,963,896
Total Non-Current Liabilities	27,519,806	25,710,604	24,159,868
TOTAL LIABILITIES	39,914,266	38,180,952	37,064,547
Net Assets	348,578,385	343,940,697	337,815,882
EQUITY			
Retained Earnings	284,060,385	279,422,697	273,297,882
Revaluation Reserves	64,518,000	64,518,000	64,518,000
TOTAL EQUITY	348,578,385	343,940,697	337,815,882

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
325,878	293,622	256,447	216,873	173,471	122,899	63,149
10,946,350	9,862,860	8,614,146	7,284,856	5,826,972	4,128,222	2,121,194
4,450,291	4,567,390	4,675,988	4,892,087	4,941,620	5,099,360	5,218,016
1,696,778	1,750,401	1,814,291	1,872,728	1,942,500	2,006,761	2,082,970
624,801	651,464	682,138	720,034	745,845	778,986	816,941
18,044,099	17,125,736	16,043,008	14,986,578	13,630,409	12,136,228	10,302,269
5,021,648	4,524,596	3,951,747	3,341,934	2,673,129	1,893,825	973,100
344,745,857	338,872,583	333,084,809	327,468,985	321,875,011	316,301,937	311,029,063
349,767,505	343,397,179	337,036,556	330,810,919	324,548,140	318,195,762	312,002,163
367,811,604	360,522,914	353,079,564	345,797,497	338,178,549	330,331,990	322,304,432
5,475,020	5,694,350	5,939,973	6,280,098	6,463,245	6,741,134	7,051,927
1,668,071	1,732,314	1,579,477	1,506,230	1,605,880	1,417,522	436,186
6,448,365	6,904,595	7,379,348	7,873,378	8,387,470	8,922,439	9,479,137
13,591,456	14,331,259	14,898,798	15,659,707	16,456,595	17,081,095	16,967,250
9,527,901	7,795,587	6,216,109	4,709,879	3,103,999	1,686,477	1,250,291
12,972,205	12,980,851	12,989,848	12,999,211	13,008,953	13,019,092	13,029,642
22,500,106	20,776,438	19,205,958	17,709,090	16,112,952	14,705,569	14,279,933
36,091,562	35,107,697	34,104,756	33,368,797	32,569,547	31,786,664	31,247,184
331,720,042	325,415,218	318,974,809	312,428,701	305,609,002	298,545,326	291,057,248
267,202,042	260,897,218	254,456,809	247,910,701	241,091,002	234,027,326	226,539,248
64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000
331,720,042	325,415,218	318,974,809	312,428,701	305,609,002	298,545,326	291,057,248

OPTION 1 – DETERIORATE CASHFLOW STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

CASH FLOW STATEMENT

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
Scenario: Option 1 - "Deteriorate" (No SRV)			
Cash Flows from Operating Activities			
Receipts:			
Rates & Annual Charges	29,590,298	30,469,636	31,706,058
User Charges & Fees	4,173,111	4,077,470	4,151,613
Interest & Investment Revenue Received	1,373,317	1,283,959	1,242,270
Grants & Contributions	10,438,586	9,220,563	9,364,044
Other	998,911	835,817	613,824
Payments:			
Employee Benefits & On-Costs	(18,347,482)	(19,462,686)	(20,692,405)
Materials & Contracts	(15,843,733)	(15,186,356)	(15,976,547)
Borrowing Costs	(1,168,773)	(1,059,593)	(935,599)
Other	(4,670,880)	(4,940,024)	(5,490,034)
Net Cash provided (or used in) Operating Activities	6,543,356	5,238,787	3,983,225
Cash Flows from Investing Activities			
Receipts:			
Sale of Investment Securities	8,240,499	6,050,909	1,719,116
Payments:			
Purchase of Infrastructure, Property, Plant & Equipment	(13,226,000)	(9,386,950)	(3,918,750)
Net Cash provided (or used in) Investing Activities	(4,985,501)	(3,336,041)	(2,199,634)
Net Cash provided (or used in) Investing Activities	(14,105,495)	(7,332,181)	(7,682,597)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings & Advances	-	-	-
Payments:			
Repayment of Borrowings & Advances	(1,724,244)	(2,024,450)	(1,816,891)
Net Cash Flow provided (used in) Financing Activities	(1,724,244)	(2,024,450)	(1,816,891)
Net Increase/(Decrease) in Cash & Cash Equivalents	(166,389)	(121,704)	(33,300)
plus: Cash, Cash Equivalents & Investments - beginning of year	674,159	507,769	386,065
Cash & Cash Equivalents - end of the year	507,769	386,065	352,765
Cash & Cash Equivalents - end of the year	507,769	386,065	352,765
Investments - end of the year	24,880,690	18,917,199	17,285,501
Cash, Cash Equivalents & Investments - end of the year	25,388,459	19,303,264	17,638,266

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
32,998,552	34,343,740	35,743,769	37,200,876	38,717,388	40,295,727	41,938,415
4,279,348	4,422,906	4,540,347	4,832,435	4,926,444	5,064,242	5,230,573
1,272,765	1,193,445	1,297,784	1,354,592	1,381,811	1,399,732	1,444,908
9,529,209	9,705,542	9,886,702	10,075,823	10,272,398	10,476,846	10,686,574
475,467	478,666	497,936	507,308	543,994	555,319	580,059
(21,585,431)	(22,496,503)	(23,428,167)	(24,376,179)	(25,500,324)	(26,671,678)	(27,876,240)
(16,787,744)	(17,348,093)	(18,085,419)	(18,671,090)	(19,650,562)	(20,324,273)	(21,187,926)
(832,460)	(734,461)	(627,039)	(515,732)	(414,704)	(315,561)	(207,858)
(5,540,593)	(5,873,387)	(6,230,253)	(6,913,201)	(7,024,424)	(7,466,318)	(7,941,506)
3,809,112	3,691,854	3,595,659	3,494,833	3,252,022	3,014,036	2,667,000
1,404,920	1,667,961	1,908,980	2,026,521	2,214,107	2,565,472	3,015,171
(3,682,200)	(3,724,000)	(3,809,500)	(3,981,450)	(4,003,300)	(4,024,200)	(4,324,400)
(2,277,280)	(2,056,039)	(1,900,520)	(1,954,929)	(1,789,193)	(1,458,728)	(1,309,229)
(7,309,245)	(7,329,499)	(9,316,244)	(9,096,597)	(9,381,867)	(9,561,049)	(9,118,010)
-	-	-	-	-	-	-
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(26,888)	(32,256)	(37,175)	(39,574)	(43,402)	(50,573)	(59,750)
352,765	325,878	293,622	256,447	216,873	173,471	122,899
325,878	293,622	256,447	216,873	173,471	122,899	63,149
325,878	293,622	256,447	216,873	173,471	122,899	63,149
15,967,998	14,387,455	12,565,893	10,626,790	8,500,101	6,022,047	3,094,294
16,293,876	14,681,077	12,822,339	10,843,663	8,673,573	6,144,946	3,157,443

OPTION 2 – STABILISE INCOME STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

INCOME STATEMENT

Scenario: Option 2 - "Stabilise" (8.5%pa x 4 yrs)

	Projected Years		
	2013/14	2014/15	2015/16
	\$	\$	\$
Income from Continuing Operations			
Revenue:			
Rates & Annual Charges	29,448,789	31,885,839	34,541,247
User Charges & Fees	3,997,626	4,116,903	4,168,756
Interest & Investment Revenue	1,354,000	1,307,090	1,320,185
Other Revenues	886,348	798,765	553,519
Grants & Contributions provided for Operating Purposes	6,806,687	6,954,304	7,104,424
Grants & Contributions provided for Capital Purposes	3,587,700	2,572,000	2,572,000
Total Income from Continuing Operations	46,081,151	47,634,901	50,260,131
Expenses from Continuing Operations			
Employee Benefits & On-Costs	18,752,826	19,773,478	21,121,719
Borrowing Costs	1,160,007	1,049,301	926,362
Materials & Contracts	15,762,536	15,241,064	16,166,613
Depreciation & Amortisation	9,900,000	9,897,274	9,897,274
Other Expenses	4,670,880	4,940,024	5,490,034
Total Expenses from Continuing Operations	50,246,250	50,901,141	53,602,002
Net Operating Result for the Year	(4,165,099)	(3,266,240)	(3,341,871)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(7,752,799)	(5,838,240)	(5,913,871)

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
37,435,352	40,590,420	42,246,567	43,970,293	45,764,355	47,631,625	49,575,088
4,333,967	4,466,831	4,576,655	4,958,760	4,910,484	5,140,180	5,275,216
1,356,639	1,272,952	1,374,291	1,431,656	1,453,050	1,470,471	1,507,920
450,801	468,213	486,381	505,338	525,120	545,764	567,307
7,270,941	7,448,157	7,629,671	7,819,475	8,016,659	8,221,760	8,431,904
2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000	2,572,000
53,419,700	56,818,572	58,885,564	61,257,523	63,241,668	65,581,799	67,929,435
22,032,172	22,961,380	23,911,917	24,879,571	26,024,158	27,216,786	28,443,488
824,536	725,981	618,232	507,702	407,047	307,397	200,652
16,838,539	17,475,286	18,224,396	18,897,765	19,725,296	20,488,201	21,367,027
9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274
5,540,593	5,873,387	6,230,253	6,913,201	7,024,424	7,466,318	7,941,506
55,133,115	56,933,307	58,882,073	61,095,513	63,078,198	65,375,976	67,849,946
(1,713,414)	(114,735)	3,491	162,010	163,470	205,822	79,489
(4,285,414)	(2,686,735)	(2,568,509)	(2,409,990)	(2,408,530)	(2,366,178)	(2,492,511)

OPTION 2 – STABILISE BALANCE SHEET

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

BALANCE SHEET

Scenario: Option 2 - "Stabilise" (8.5%pa x 4 yrs)

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
ASSETS			
Current Assets			
Cash & Cash Equivalents	507,769	388,125	358,094
Investments	17,056,161	13,037,263	12,028,498
Receivables	4,313,853	4,389,594	4,488,613
Inventories	1,653,778	1,590,503	1,639,370
Other	586,782	573,587	604,695
Total Current Assets	24,118,343	19,979,071	19,119,269
Non-Current Assets			
Investments	7,824,529	5,980,856	5,518,084
Infrastructure, Property, Plant & Equipment	356,549,779	357,549,854	354,431,322
Total Non-Current Assets	364,374,308	363,530,710	359,949,406
TOTAL ASSETS	388,492,651	383,509,781	379,068,675
LIABILITIES			
Current Liabilities			
Payables	5,187,082	5,081,538	5,369,880
Borrowings	2,024,450	1,816,891	1,558,720
Provisions	5,182,928	5,588,603	6,009,933
Total Current Liabilities	12,394,459	12,487,033	12,938,534
Non-Current Liabilities			
Borrowings	14,571,583	12,754,692	11,195,972
Provisions	12,948,223	12,955,911	12,963,896
Total Non-Current Liabilities	27,519,806	25,710,604	24,159,868
TOTAL LIABILITIES	39,914,266	38,197,636	37,098,402
Net Assets	348,578,385	345,312,144	341,970,273
EQUITY			
Retained Earnings	284,060,385	280,794,144	277,452,273
Revaluation Reserves	64,518,000	64,518,000	64,518,000
Total Equity	348,578,385	345,312,144	341,970,273

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
336,250	311,629	284,973	257,607	228,233	193,622	151,888
11,294,767	10,467,732	9,572,365	8,653,129	7,666,440	6,503,848	5,101,976
4,689,700	4,907,554	5,035,705	5,274,246	5,348,040	5,531,980	5,678,882
1,696,778	1,750,401	1,814,291	1,872,728	1,942,500	2,006,761	2,082,970
624,801	651,464	682,138	720,034	745,845	778,986	816,941
18,642,297	18,088,780	17,389,472	16,777,745	15,931,058	15,015,197	13,832,657
5,181,484	4,802,081	4,391,331	3,969,631	3,516,986	2,983,646	2,340,536
352,577,952	352,434,262	352,547,960	353,010,652	353,677,549	354,553,172	355,922,457
357,759,437	357,236,344	356,939,290	356,980,282	357,194,535	357,536,818	358,262,993
376,401,733	375,325,124	374,328,762	373,758,027	373,125,593	372,552,016	372,095,650
5,528,333	5,769,653	6,018,364	6,361,704	6,548,196	6,829,568	7,143,988
1,668,071	1,732,314	1,579,477	1,506,230	1,605,880	1,417,522	436,186
6,448,365	6,904,595	7,379,348	7,873,378	8,387,470	8,922,439	9,479,137
13,644,769	14,406,563	14,977,189	15,741,312	16,541,546	17,169,529	17,059,311
9,527,901	7,795,587	6,216,109	4,709,879	3,103,999	1,686,477	1,250,291
12,972,205	12,980,851	12,989,848	12,999,211	13,008,953	13,019,092	13,029,642
22,500,106	20,776,438	19,205,958	17,709,090	16,112,952	14,705,569	14,279,933
36,144,874	35,183,000	34,183,147	33,450,402	32,654,498	31,875,098	31,339,244
340,256,859	340,142,124	340,145,615	340,307,625	340,471,095	340,676,917	340,756,406
275,738,859	275,624,124	275,627,615	275,789,625	275,953,095	276,158,917	276,238,406
64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000
340,256,859	340,142,124	340,145,615	340,307,625	340,471,095	340,676,917	340,756,406

OPTION 2 – STABILISE CASH FLOW STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

CASH FLOW STATEMENT

Scenario: Option 2 - "Stabilise" (8.5%pa x 4 yrs)

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
Cash Flows from Operating Activities			
Receipts:			
Rates & Annual Charges	29,590,298	31,783,483	34,429,720
User Charges & Fees	4,173,111	4,077,470	4,151,613
Interest & Investment Revenue Received	1,373,317	1,266,807	1,224,860
Grants & Contributions	10,438,586	9,220,563	9,364,044
Other	998,911	852,501	630,995
Payments:			
Employee Benefits & On-Costs	(18,347,482)	(19,462,686)	(20,692,405)
Materials & Contracts	(15,843,733)	(15,186,356)	(15,976,547)
Borrowing Costs	(1,168,773)	(1,059,593)	(935,599)
Other	(4,670,880)	(4,940,024)	(5,490,034)
Net Cash provided (or used in) Operating Activities	6,543,356	6,552,165	6,706,648
Cash Flows from Investing Activities			
Receipts:			
Sale of Investment Securities	-	2,477,746	407,410
Payments:			
Purchase of Infrastructure, Property, Plant & Equipment	(13,226,000)	(10,597,349)	(6,478,743)
Net Cash provided (or used in) Investing Activities	(4,985,501)	(4,647,359)	(4,919,788)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings & Advances	-	-	-
Payments:			
Repayment of Borrowings & Advances	(1,724,244)	(2,024,450)	(1,816,891)
Net Cash Flow provided (used in) Financing Activities	(1,724,244)	(2,024,450)	(1,816,891)
Net Increase/(Decrease) in Cash & Cash Equivalents	(166,389)	(119,644)	(30,031)
plus: Cash, Cash Equivalents & Investments - beginning of year	674,159	507,769	388,125
Cash & Cash Equivalents - end of the year	507,769	388,125	358,094
Cash & Cash Equivalents - end of the year	507,769	388,125	358,094
Investments - end of the year	24,880,690	19,018,118	17,546,582
Cash, Cash Equivalents & Investments - end of the year	25,388,459	19,406,243	17,904,675

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
37,313,799	40,457,907	42,177,009	43,897,897	45,689,005	47,553,199	49,493,463
4,279,348	4,422,906	4,540,347	4,832,435	4,926,444	5,064,242	5,230,573
1,251,980	1,168,611	1,288,891	1,343,248	1,369,102	1,385,558	1,429,181
9,529,209	9,705,542	9,886,702	10,075,823	10,272,398	10,476,846	10,686,574
494,925	500,657	501,024	510,523	547,340	558,802	583,685
(21,585,431)	(22,496,503)	(23,428,167)	(24,376,179)	(25,500,324)	(26,671,678)	(27,876,240)
(16,787,744)	(17,348,093)	(18,085,419)	(18,671,090)	(19,650,562)	(20,324,273)	(21,187,926)
(832,460)	(734,461)	(627,039)	(515,732)	(414,704)	(315,561)	(207,858)
(5,540,593)	(5,873,387)	(6,230,253)	(6,913,201)	(7,024,424)	(7,466,318)	(7,941,506)
8,123,032	9,803,179	10,023,094	10,183,724	10,214,276	10,260,817	10,209,947
888,793	-	-	-	-	-	576,077
(7,743,904)	(9,453,584)	(9,710,971)	(10,059,966)	(10,264,171)	(10,472,897)	(10,966,559)
(6,586,155)	(8,159,729)	(8,317,435)	(8,631,612)	(8,737,419)	(8,689,547)	(8,834,159)
-	-	-	-	-	-	-
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(21,843)	(24,621)	(26,655)	(27,366)	(29,374)	(34,611)	(41,734)
358,094	336,250	311,629	284,973	257,607	228,233	193,622
336,250	311,629	284,973	257,607	228,233	193,622	151,888
336,250	311,629	284,973	257,607	228,233	193,622	151,888
16,476,251	15,269,814	13,963,695	12,622,760	11,183,426	9,487,494	7,442,513
16,812,501	15,581,442	14,248,669	12,880,367	11,411,659	9,681,116	7,594,401

OPTION 3 – IMPROVE INCOME STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

INCOME STATEMENT

Scenario: Option 3 - "Improve" (10.8%pa SRV x 4 yrs)

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
Income from Continuing Operations			
Revenue:			
Rates & Annual Charges	29,448,789	32,402,942	35,686,633
User Charges & Fees	3,997,626	4,116,903	4,168,756
Interest & Investment Revenue	1,354,000	1,307,090	1,320,185
Other Revenues	886,348	798,765	553,519
Grants & Contributions provided for Operating Purposes	6,806,687	6,954,304	7,104,424
Grants & Contributions provided for Capital Purposes	3,587,700	2,572,000	2,672,000
Total Income from Continuing Operations	46,081,151	48,152,004	51,505,517
Expenses from Continuing Operations			
Employee Benefits & On-Costs	18,752,826	19,773,478	21,121,719
Borrowing Costs	1,160,007	1,049,301	926,362
Materials & Contracts	15,762,536	15,241,064	16,166,613
Depreciation & Amortisation	9,900,000	9,897,274	9,897,274
Other Expenses	4,670,880	4,940,024	5,490,034
Total Expenses from Continuing Operations	50,246,250	50,901,141	53,602,002
Net Operating Result for the Year	(4,165,099)	(2,749,137)	(2,096,485)
Net Operating Result before Grants and Contributions provided for Capital Purposes	(7,752,799)	(5,321,137)	(4,768,485)

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
39,338,198	43,400,499	45,171,867	47,015,538	48,934,464	50,931,716	53,010,492
4,333,967	4,466,831	4,576,655	4,958,760	4,910,484	5,140,180	5,275,216
1,356,639	1,272,952	1,374,291	1,431,656	1,453,050	1,470,471	1,507,920
450,801	468,213	486,381	505,338	525,120	545,764	567,307
7,270,941	7,448,157	7,629,671	7,819,475	8,016,659	8,221,760	8,431,904
2,672,000	2,772,000	2,772,000	2,872,000	2,872,000	2,972,000	2,972,000
55,422,547	59,828,651	62,010,864	64,602,768	66,711,777	69,281,890	71,764,839
22,032,172	22,961,380	23,911,917	24,879,571	26,024,158	27,216,786	28,443,488
824,536	725,981	618,232	507,702	407,047	307,397	200,652
16,838,539	17,475,286	18,224,396	18,897,765	19,725,296	20,488,201	21,367,027
9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274	9,897,274
5,540,593	5,873,387	6,230,253	6,913,201	7,024,424	7,466,318	7,941,506
55,133,115	56,933,307	58,882,073	61,095,513	63,078,198	65,375,976	67,849,946
289,432	2,895,344	3,128,791	3,507,255	3,633,579	3,905,914	3,914,893
(2,382,568)	123,344	356,791	635,255	761,579	933,914	942,893

OPTION 3 – IMPROVE BALANCE SHEET

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

BALANCE SHEET

Scenario: Option 3 - "Improve" (10.8%pa SRV x 4 yrs)

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
ASSETS			
Current Assets			
Cash & Cash Equivalents	507,769	387,920	360,042
Investments	17,056,161	13,030,365	12,093,950
Receivables	4,313,853	4,417,089	4,551,419
Inventories	1,653,778	1,590,503	1,639,370
Other	586,782	573,587	604,695
Total Current Assets	24,118,343	19,999,463	19,249,475
Non-Current Assets			
Investments	7,824,529	5,977,691	5,548,110
Infrastructure, Property, Plant & Equipment	356,549,779	358,056,020	356,047,513
Total Non-Current Assets	364,374,308	364,033,712	361,595,623
TOTAL ASSETS	388,492,651	384,033,175	380,845,098
LIABILITIES			
Current Liabilities			
Payables	5,187,082	5,087,829	5,383,814
Borrowings	2,024,450	1,816,891	1,558,720
Provisions	5,182,928	5,588,603	6,009,933
Total Current Liabilities	12,394,459	12,493,323	12,952,468
Non-Current Liabilities			
Borrowings	14,571,583	12,754,692	11,195,972
Provisions	12,948,223	12,955,911	12,963,896
Total Non-Current Liabilities	27,519,806	25,710,604	24,159,868
TOTAL LIABILITIES	39,914,266	38,203,927	37,112,336
Net Assets	348,578,385	345,829,248	343,732,763
EQUITY			
Retained Earnings	284,060,385	281,311,248	279,214,763
Revaluation Reserves	64,518,000	64,518,000	64,518,000
Total Equity	348,578,385	345,829,248	343,732,763

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
341,084	322,441	303,117	285,765	267,202	246,195	218,965
11,457,136	10,830,920	10,181,808	9,598,971	8,975,409	8,269,793	7,355,105
4,794,526	5,065,090	5,203,819	5,456,273	5,544,156	5,745,024	5,909,131
1,696,778	1,750,401	1,814,291	1,872,728	1,942,500	2,006,761	2,082,970
624,801	651,464	682,138	720,034	745,845	778,986	816,941
18,914,325	18,620,316	18,185,171	17,933,771	17,475,111	17,046,759	16,383,111
5,255,971	4,968,694	4,670,913	4,403,536	4,117,477	3,793,775	3,374,161
356,019,921	358,545,714	361,408,979	364,703,726	368,287,639	372,167,789	376,631,736
361,275,892	363,514,408	366,079,893	369,107,262	372,405,116	375,961,564	380,005,897
380,190,218	382,134,724	384,265,064	387,041,033	389,880,227	393,008,323	396,389,007
5,551,481	5,803,838	6,053,951	6,398,750	6,586,761	6,869,715	7,185,780
1,668,071	1,732,314	1,579,477	1,506,230	1,605,880	1,417,522	436,186
6,448,365	6,904,595	7,379,348	7,873,378	8,387,470	8,922,439	9,479,137
13,667,917	14,440,748	15,012,776	15,778,358	16,580,111	17,209,676	17,101,103
9,527,901	7,795,587	6,216,109	4,709,879	3,103,999	1,686,477	1,250,291
12,972,205	12,980,851	12,989,848	12,999,211	13,008,953	13,019,092	13,029,642
22,500,106	20,776,438	19,205,958	17,709,090	16,112,952	14,705,569	14,279,933
36,168,023	35,217,185	34,218,734	33,487,448	32,693,063	31,915,245	31,381,037
344,022,195	346,917,539	350,046,330	353,553,585	357,187,164	361,093,078	365,007,971
279,504,195	282,399,539	285,528,330	289,035,585	292,669,164	296,575,078	300,489,971
64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000	64,518,000
344,022,195	346,917,539	350,046,330	353,553,585	357,187,164	361,093,078	365,007,971

OPTION 3 – IMPROVE CASH FLOW STATEMENT

WOLLONDILLY SHIRE COUNCIL

10 Year Financial Plan for the Years ending 30 June 2024

CASH FLOW STATEMENT

	Projected Years		
	2014/15	2015/16	2016/17
	\$	\$	\$
Scenario: Option 3 - "Improve" (10.8%pa SRV x 4 yrs)			
Cash Flows from Operating Activities			
Receipts:			
Rates & Annual Charges	29,590,298	32,278,867	35,548,718
User Charges & Fees	4,173,111	4,077,470	4,151,613
Interest & Investment Revenue Received	1,373,317	1,261,031	1,216,529
Grants & Contributions	10,438,586	9,220,563	9,464,044
Other	998,911	858,792	638,046
Payments:			
Employee Benefits & On-Costs	(18,347,482)	(19,462,686)	(20,692,405)
Materials & Contracts	(15,843,733)	(15,186,356)	(15,976,547)
Borrowing Costs	(1,168,773)	(1,059,593)	(935,599)
Other	(4,670,880)	(4,940,024)	(5,490,034)
Net Cash provided (or used in) Operating Activities	6,543,356	7,048,064	7,924,366
Cash Flows from Investing Activities			
Receipts:			
Sale of Investment Securities	8,240,499	5,960,052	1,453,414
Payments:			
Purchase of Infrastructure, Property, Plant & Equipment	(13,226,000)	(11,103,515)	(7,588,766)
Net Cash provided (or used in) Investing Activities	(4,985,501)	(5,143,464)	(6,135,352)
Cash Flows from Financing Activities			
Receipts:			
Proceeds from Borrowings & Advances	-	-	-
Payments:			
Repayment of Borrowings & Advances	(1,724,244)	(2,024,450)	(1,816,891)
Net Cash Flow provided (used in) Financing Activities	(1,724,244)	(2,024,450)	(1,816,891)
Net Increase/(Decrease) in Cash & Cash Equivalents	(166,389)	(119,850)	(27,877)
plus: Cash, Cash Equivalents & Investments - beginning of year	674,159	507,769	387,920
Cash & Cash Equivalents - end of the year	507,769	387,920	360,042
Cash & Cash Equivalents - end of the year	507,769	387,920	360,042
Investments - end of the year	24,880,690	19,008,056	17,642,060
Cash, Cash Equivalents & Investments - end of the year	25,388,459	19,395,976	18,002,102

2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
\$	\$	\$	\$	\$	\$	\$
39,184,832	43,229,882	45,097,470	46,938,104	48,853,869	50,847,832	52,923,184
4,279,348	4,422,906	4,540,347	4,832,435	4,926,444	5,064,242	5,230,573
1,241,773	1,154,598	1,283,152	1,334,964	1,360,258	1,374,682	1,417,659
9,629,209	9,905,542	10,086,702	10,375,823	10,572,398	10,876,846	11,086,574
504,140	511,101	502,426	511,389	548,859	559,791	585,331
(21,585,431)	(22,496,503)	(23,428,167)	(24,376,179)	(25,500,324)	(26,671,678)	(27,876,240)
(16,787,744)	(17,348,093)	(18,085,419)	(18,671,090)	(19,650,562)	(20,324,273)	(21,187,926)
(832,460)	(734,461)	(627,039)	(515,732)	(414,704)	(315,561)	(207,858)
(5,540,593)	(5,873,387)	(6,230,253)	(6,913,201)	(7,024,424)	(7,466,318)	(7,941,506)
10,093,073	12,771,585	13,139,218	13,516,515	13,671,815	13,945,562	14,029,792
1,016,371	1,000,911	1,034,311	937,632	997,040	1,116,736	1,421,720
(9,569,683)	(12,123,067)	(12,460,539)	(12,892,021)	(13,181,187)	(13,477,424)	(14,061,221)
(8,553,311)	(11,122,156)	(11,426,228)	(11,954,389)	(12,184,148)	(12,360,688)	(12,639,501)
-	-	-	-	-	-	-
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(1,558,720)	(1,668,071)	(1,732,314)	(1,579,477)	(1,506,230)	(1,605,880)	(1,417,522)
(18,958)	(18,643)	(19,324)	(17,351)	(18,564)	(21,006)	(27,231)
360,042	341,084	322,441	303,117	285,765	267,202	246,195
341,084	322,441	303,117	285,765	267,202	246,195	218,965
341,084	322,441	303,117	285,765	267,202	246,195	218,965
16,713,107	15,799,614	14,852,721	14,002,507	13,092,886	12,063,568	10,729,266
17,054,191	16,122,055	15,155,838	14,288,273	13,360,087	12,309,763	10,948,230

PERFORMANCE MONITORING

The NSW Government wants NSW Councils to be “Fit for the Future” and have put together a reform package which aims for Councils to be financially sound, operating efficiently and in a strong position to guide community growth and deliver quality services. For Councils to meet the infrastructure and service needs of their communities they need to be “financially sustainable”. This is defined as a Council which, over the long term, is able to generate sufficient funds to provide the level and scope of infrastructure and services, agreed with its community through the Integrated Planning & Reporting Process.

The criteria and benchmarks to determine whether a Council is financially sustainable and able to be effective in the delivery of infrastructure and services relate to matters such as:

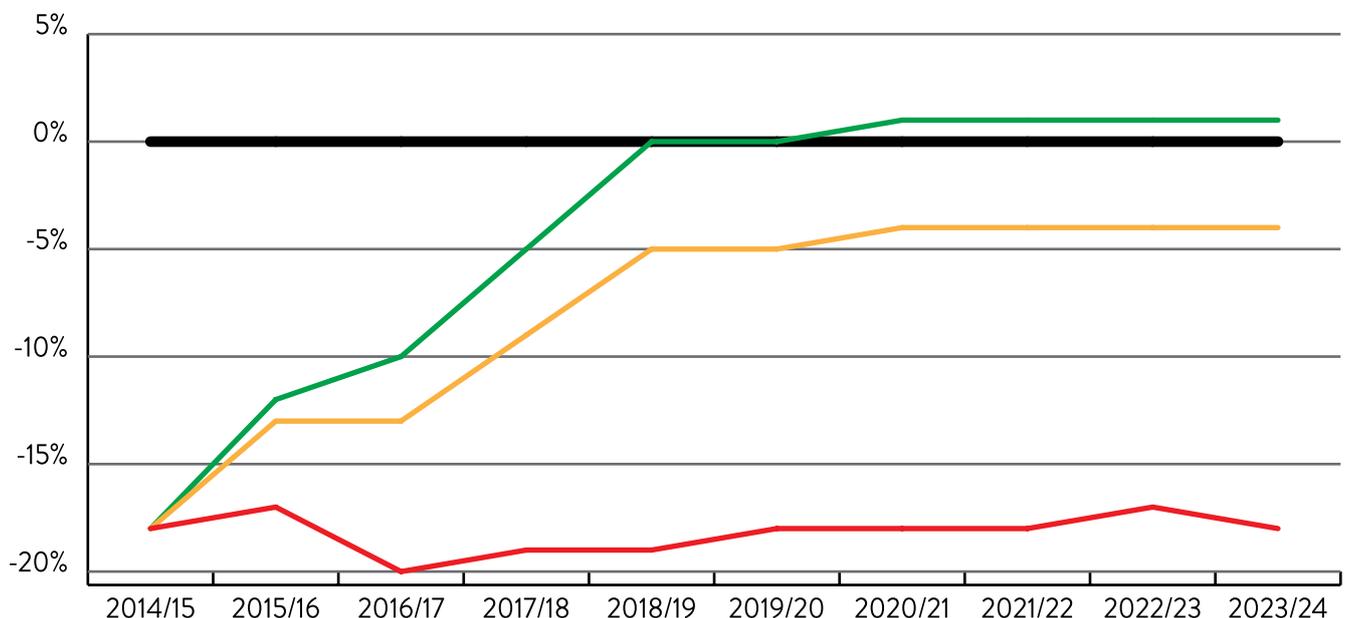
- Operating performance ratio – whether we are predicting future operating surpluses or expecting to continue to run at a deficit.
- Own source revenue ratio – how much we rely on grants and external revenue sources.
- Infrastructure and asset backlog, maintenance and renewal ratios – all about the condition of our assets and infrastructure and what needs to be spent to bring them up to standard.
- Debt service ratio – how much debt we have to service with loan repayments.

Expected results for each of these ratios have been predicted over the next 10 years under each of the three funding options being considered. As can be seen from the following graphs, Option 3 is the only option that will see Council perform well against these criteria and become “Fit for the Future”.

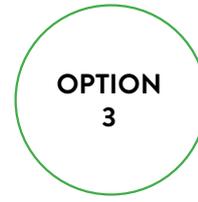
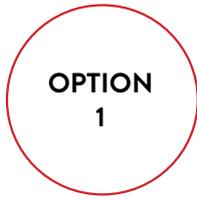


Operating Performance Ratio

This ratio measures Council’s achievement of containing operating expenditure within operating revenue. A ratio of greater than 0% indicates that Council is generating sufficient funds to provide the agreed level and scope of services to the Community as identified through the Integrated Planning & Reporting process. As can be seen in the following graphs, a positive result will only be achieved under Option 3.

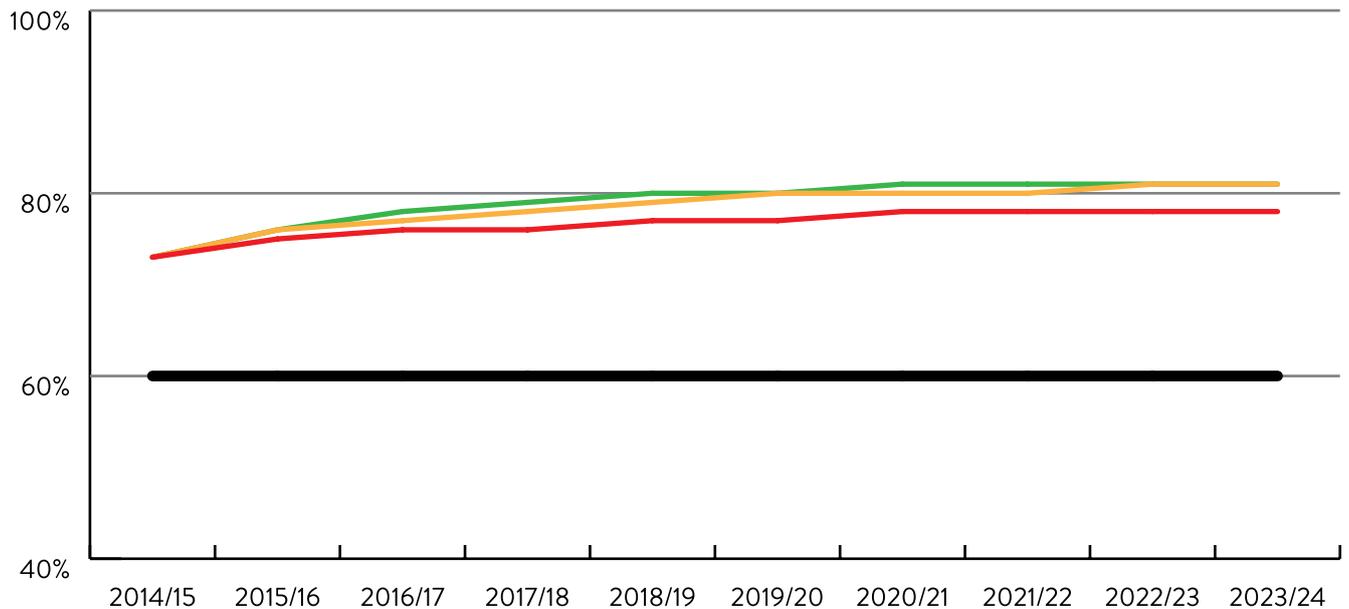


LEGEND



Own Source Revenue Ratio

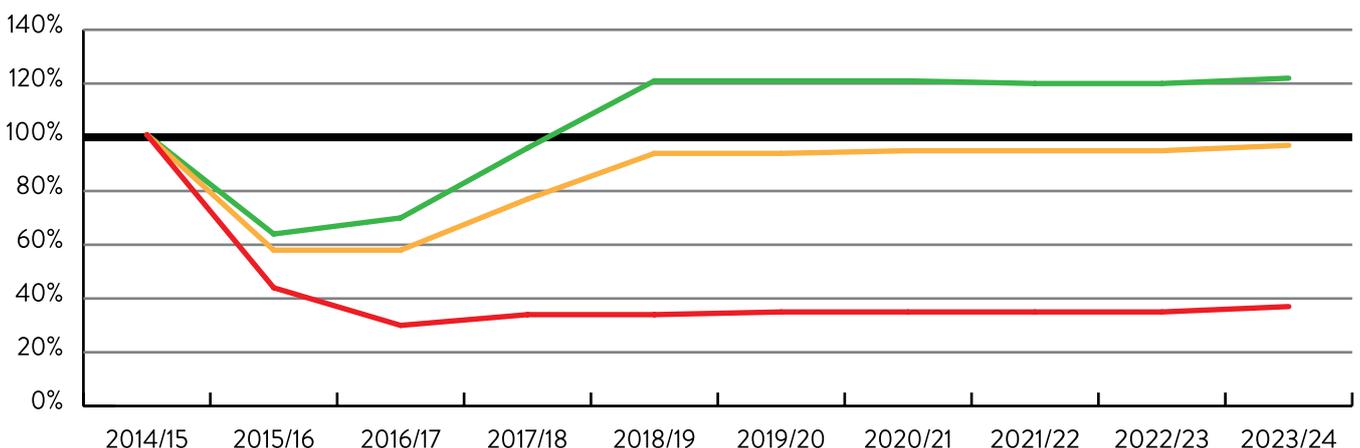
This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants & contributions. A ratio of more than 60% is considered preferable and the following graphs show that Council predicts that this benchmark will be achieved under each of the 3 funding options.



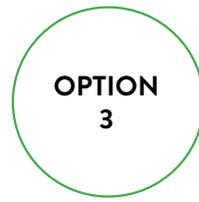
Buildings and Infrastructure Renewals Ratio

This indicator assesses the rate at which Council's assets are being renewed relative to the rate at which they are depreciating.

A ratio of less than 100% indicates that (in general terms) the existing quality of infrastructure will deteriorate while a ratio of more than 100% indicates that the quality of existing infrastructure will improve. Whilst Option 2 will see stabilisation in the condition of Council's buildings and infrastructure, the general condition and quality of Council's infrastructure will only begin to improve once the ratio is consistently above 100% - and this will only be achieved through Option 3.

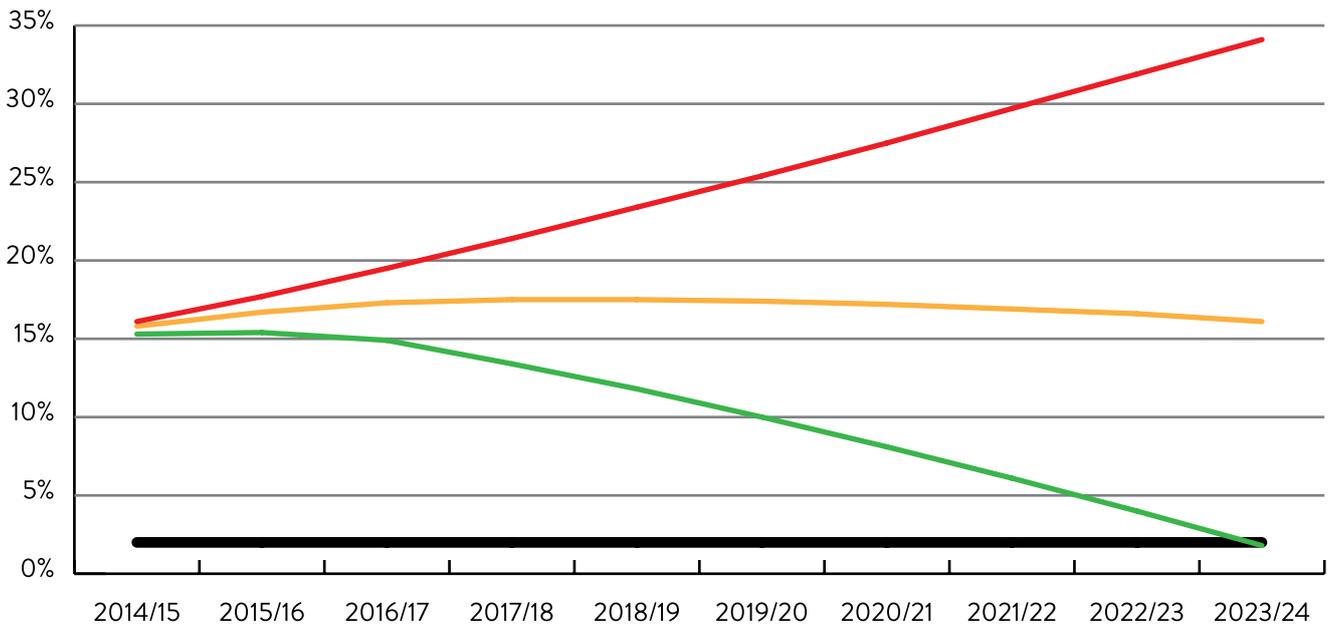


LEGEND



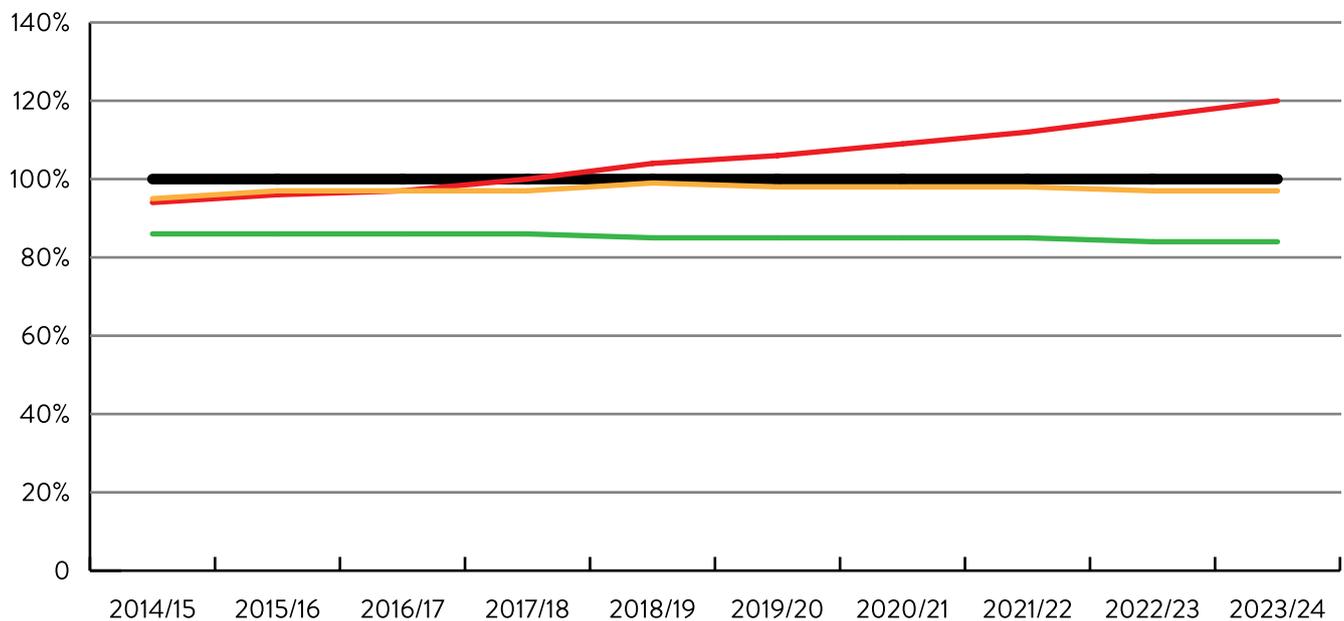
Infrastructure Backlog Ratio

This ratio shows what proportion the infrastructure backlog is against the total value of a Council’s Infrastructure. It is clear from the graphs below that Option 3 is the only scenario where the backlog will be reduced. Option 2 will see it stabilize, whereas under option one, the backlog will dramatically increase over time.



Asset Maintenance Ratio

This ratio compares actual versus required annual asset maintenance. A ratio above 1.0 indicates Council is investing enough funds to stop the infrastructure backlog from growing. As can be seen from the graphs below, there will be insufficient maintenance carried out under Option 1, therefore under this scenario the backlog will increase. Under Option 2, there will be sufficient maintenance undertaken to stop the backlog from growing, however the backlog will not get any smaller. Under Option 3 there will be additional maintenance done which will see the backlog steadily decrease over time.



LEGEND

OPTION
1

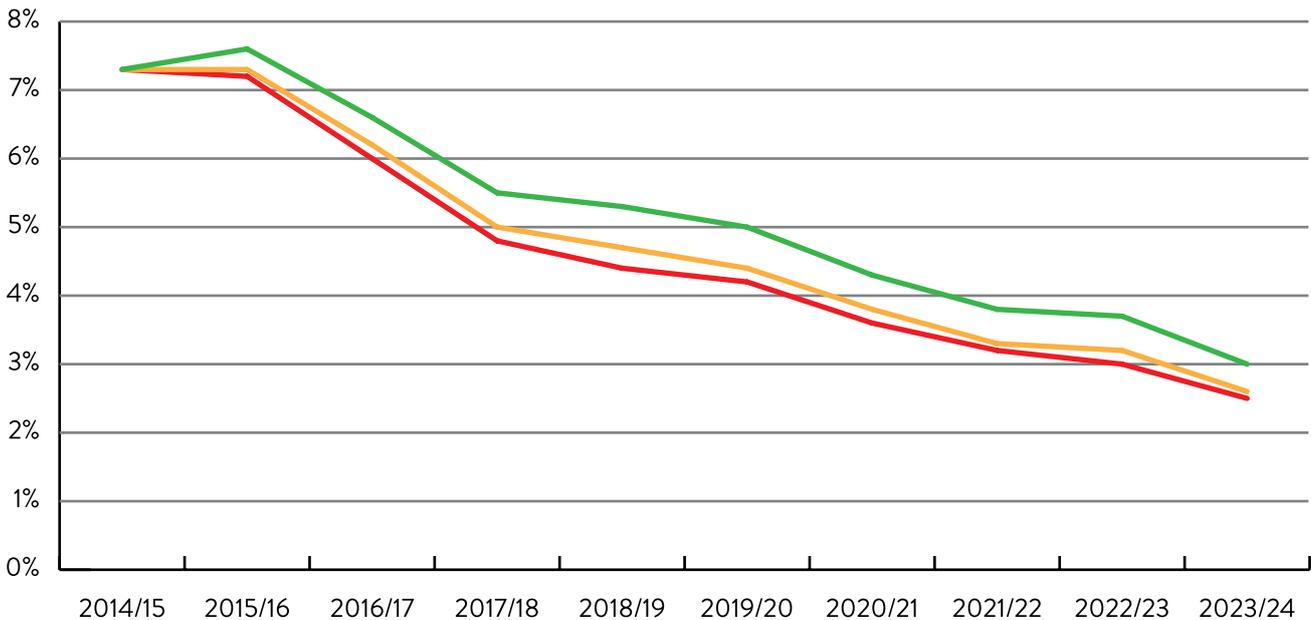
OPTION
2

OPTION
3

BENCHMARK

Debt Service Ratio

Council's Debt Service Ratio provides information on the extent to which Council's revenue from continuing operations is required for the repayment of debt. The industry benchmark is for the debt service ratio to not exceed 20%. Ideally, Council would like this ratio below 10% pa in order to keep the burden of debt at a manageable level with capacity to undertake further borrowing should the need arise. *The debt ratio is calculated as being the proportion of debt servicing costs (ie: principal and interest repayments) per year compared to the annual operating revenue (excluding capital grants & contributions).*



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**GROWING
YOUR
FUTURE
TOGETHER**