



How Council will Resource its Service Delivery:
Resourcing Strategy 2015-2017

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The Shoalhaven City Council Resourcing Strategy forms part of Council’s Integrated Planning and Reporting (IPR) framework.

The Resourcing Strategy is intended to:

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

The Resourcing Strategy includes:

- Long Term Financial Planning (LTFP)
- Workforce Planning
- Asset Management Planning
- Information Technology and Telecommunications Planning

The central theme for the resourcing strategy is based around transforming the organization into a financially sustainable, best practice Council that is more efficient and effective, making sure our ratepayers receive “high quality” and “value for money” in the services we deliver.

2 LONG TERM FINANCIAL PLANNING

2.1 Introduction

The LTFP aims to ensure Council remains financially sustainable into the future. It is for a period of 10 years with assumptions that will:

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

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

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

The LTFP will be revised given the budget setting process obtained from Figure 2.1 and adopted each year in final form. Shoalhaven City Council has three main funds for operations: General Fund, Water Fund and Sewerage Fund. The Long

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

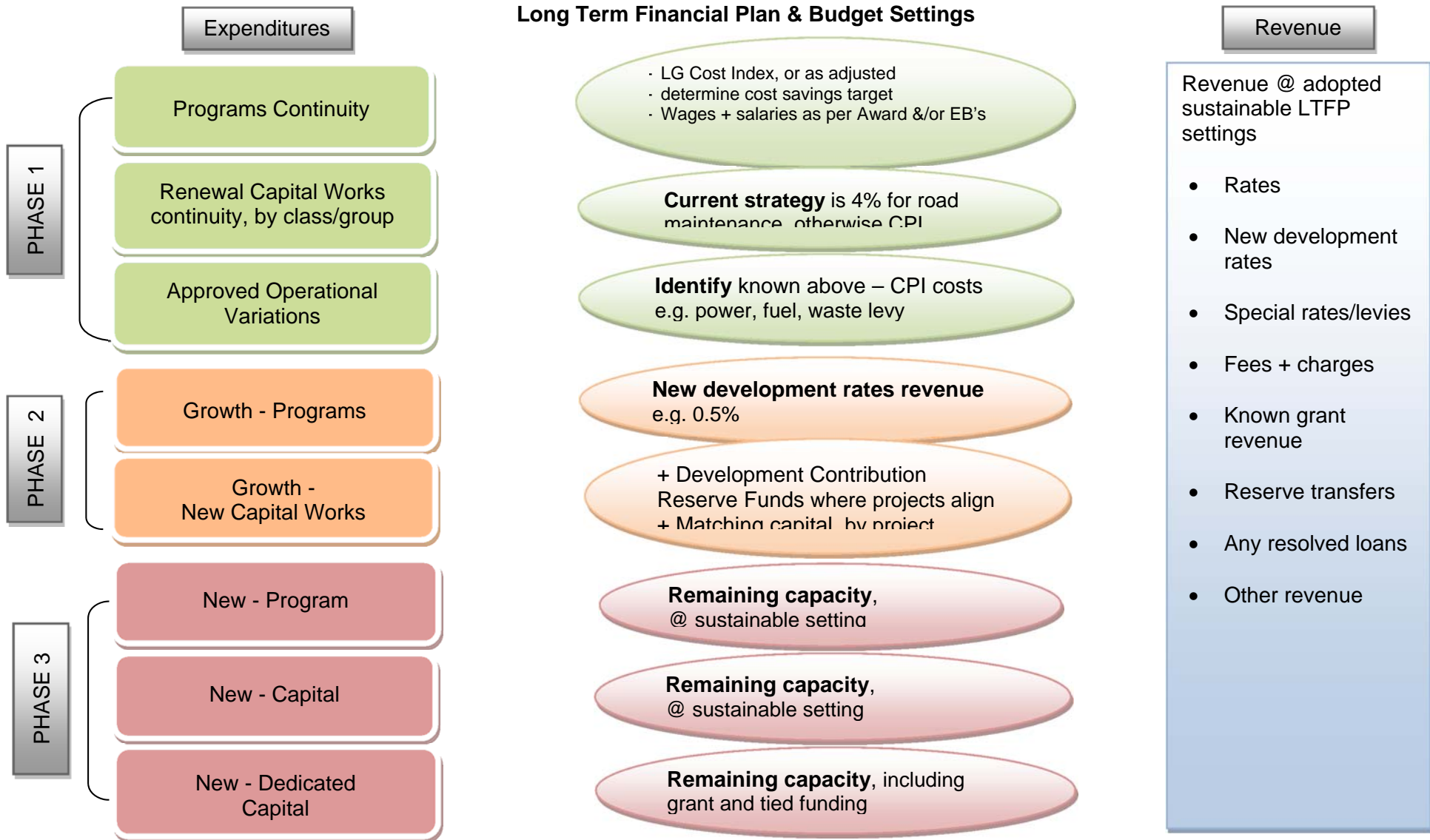


Figure 2.1 Long Term Financial Plan and Budget Settings

Budget Phasing Framework – Explanatory Notes

Context

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

PHASE 1

Recurrent Operating

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

Capital Renewal

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

PHASE 2

City-growth Operating

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

City-growth Capital

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

PHASE 3

New Operating

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

New Capital

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

Figure 2.2 Budget Phasing Framework – Explanatory Notes

2.2 Shoalhaven Water

Shoalhaven City Council has responsibility for water and sewerage services for the Shoalhaven local government area under the Local Government Act 1993. Council meets these responsibilities and delivers water and sewerage services through Shoalhaven Water, a business group of Council.

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

Water and Sewerage funds are therefore managed and planned separately from Council's General Fund. The Local Government Act 1993 specifies that money raised from water and sewerage charges may only be used for the purpose of these activities (i.e. water and sewerage funds cannot be used to fund general fund activities). However, Council may in some circumstances declare a dividend from both the water and sewerage funds to be applied towards any purpose allowed under the Act.

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

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

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

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

- renewal/replacement works
- new works for growth

- new works for asset enhancement (including backlog sewerage works).

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

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

Figure 2.3 Shoalhaven Water Resourcing Framework

2.3 Financial Planning Strategic Assumptions

2.3.1. Assumptions

Key principles and assumptions used to set Council’s budgets and long term financial forecasts are:

- separate treatment of ‘General Fund’ and Shoalhaven Water and Sewer operations and finances, with water and sewer services to operate on a full-cost recovery basis
- maintain a similar balance of cash reserves i.e. no deficit budgeting
- creation of the Industrial Land Reserve Fund, so that the proceeds of Council’s industrial land sales (cash basis) are transferred to that reserve and are not treated as operational

revenue. This reserve is used to fund further industrial land initiatives (with less or no debt),

- Shoalhaven Water dividend revenues directed to Strategic Projects Reserve Fund,
- General policy of not to borrow to finance operating activities
- continued borrowing for commercial or ‘special’ programs, if any
- “similar levels of service” planned unless specifically highlighted
- steady increases in infrastructure maintenance expenditure projected, together with marked increases in some capital construction areas.

Council’s ten year forecasts include a forward program of capital works, both renewal and upgrade/new works, informed by Council’s adopted Asset Management Plans, Section 94 Plans and other Council resolutions. Projected capital works include major new community and cultural facilities, recreation and leisure facilities, roads and drainage projects, footpaths and cycle way works, various land acquisition, and Rural Fire Service buildings.

2.3.2. 2015/16 LTFP Assumptions

The 2015/16 LTFP reflects the following strategic assumptions about our operating environment:

Revenue Forecasts

Capacity for Rating

Rate Pegging for the 2015/2016 financial year has been set by the Independent Pricing and Regulatory Tribunal at 2.4%. Council has assumed future rate increases will be 2.5% on the current rate base for the next 2 years. It is anticipated that the number of assessable properties will increase by 0.5% per year.

Water and Sewerage

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

Fees and Charges

Fees and charges for services will be levied according to the recovery of the costs to provide the service.

Grants and Subsidies

A conservative approach for the general component of the Financial Assistance Grant has been adopted by assuming that there will be an increase in the grant of 3%. The roads component of the Financial Assistance Grant has also been assumed to increase by 3%. Other recurrent government grants are assumed to increase by 3% and capital grants are estimated according to the capital projects to be constructed. The Roads to Recovery grant is fixed at \$1,476,819 per year (with a double payment expected in the 15/16 financial year) up to and including year 2018/19, when the current Commonwealth Government commitment ends. There are no State Government Subsidies in the Water Supply programs and the REMs scheme in the Sewer Fund has subsidy support approved until 2015/16.

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

respect to planned projects and programs, which will in turn be reflected in successive LTFPs.

Interest Income

Interest on investments is assumed at 3.25% on cash held. The interest earned on the balances of the Waste Management, Section 94, Water and Sewerage reserves will be allocated to these reserves, with the remainder going to General Fund.

Developer Contribution

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

Borrowings

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

Expenditure Forecasts

Employee Costs

Salary and wage cost increases of 2.7% are assumed for 2015/2016 and 2.8% for the future years in relation to current staff levels, with an on-cost rate of 38.9% to cover leave accrued and superannuation paid for employees. There is no

specific provision for growth in Council's workforce to meet either the service needs of a growing community or new services that might be identified as required.

Materials and Contracts

Electricity costs are assumed to remain static for 2015/16 and increase 2.25% for street lighting. Road construction materials are anticipated to increase by 3% every year. Other material and contracts costs are anticipated to increase by 2.25%.

Interest Expenses

The interest for existing loans is as provided for in the existing contracts and the interest assumed on new loans is 5.5%.

Depreciation

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

Other Expenses

A number of expense lines have had no CPI increase factored in for the 2015/2016 budget with an increase of 2.25% only for specific expenditure items, affecting continuing operations.

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

2.3.3. Long Term Financial Sustainability

The LTFP is fundamentally premised on long term sustainability based on current revenue and expenditure settings. Future services and programs will be planned and delivered within the capacity available through a resourcing approach that is sustainable in the long term. The Division of Local Government Capital Expenditure Guidelines will be a major project consideration and a basis for prudent project governance and management.

General Fund

The 2015/16 budget demonstrates an operating deficit, excluding capital revenues, of \$9.69 million. The longer term forecast of these key indicators is for operating deficits until 2024/25. These results are partly attributable to significant increases in depreciation expenses following the revaluation of Council's assets. To address declining results, Council set operational savings targets which commenced in 2011/12 and reach a level of \$1 million per annum by 2014/15. An organisational review currently being undertaken by Council and initiatives in the Transformation Program is expected to achieve net savings of \$6.5 million per annum after 3 years. The savings for both targets have been met for the 15/16 financial year. As part of the Fit For The Future strategy, Council needs to be in surplus by 2019/20. It is vital for Council to improve its operating result to become financially sustainable, and reductions in operating expenditure is a strategy that is presently being pursued to achieve this outcome. Council are also forecasting an increase in rates from 2017/18 of 7.5% above rate peg for 2 years to improve the deficit position by

2019/2020. Work on Council's internal modelling has been pursued post adoption of the 2015/16 budget, and is demonstrated in the Long Term Planning section of this document.

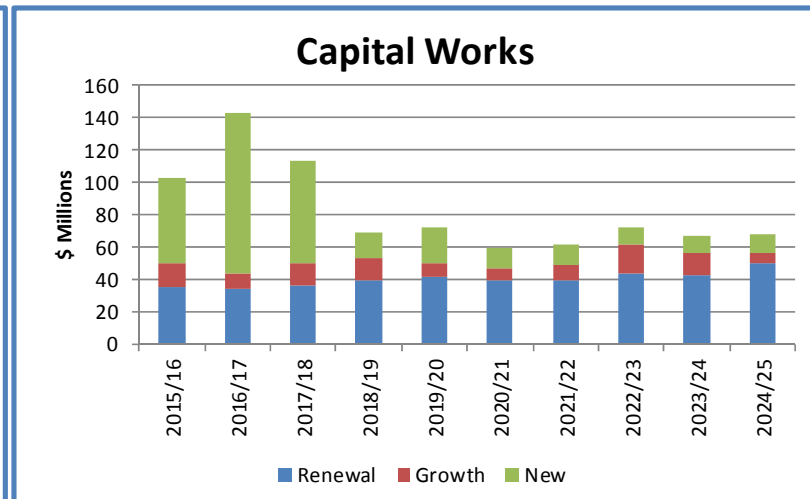
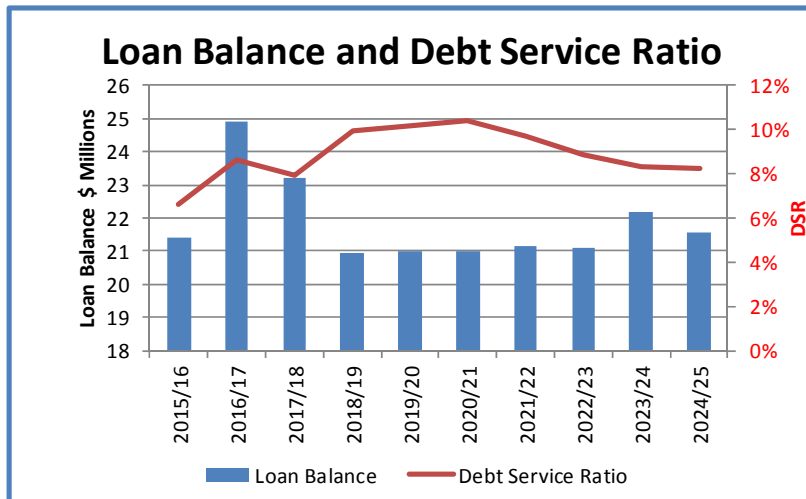
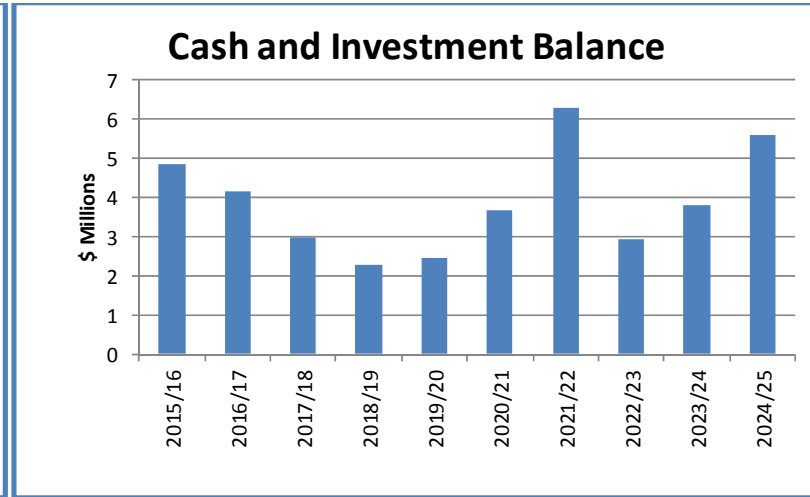
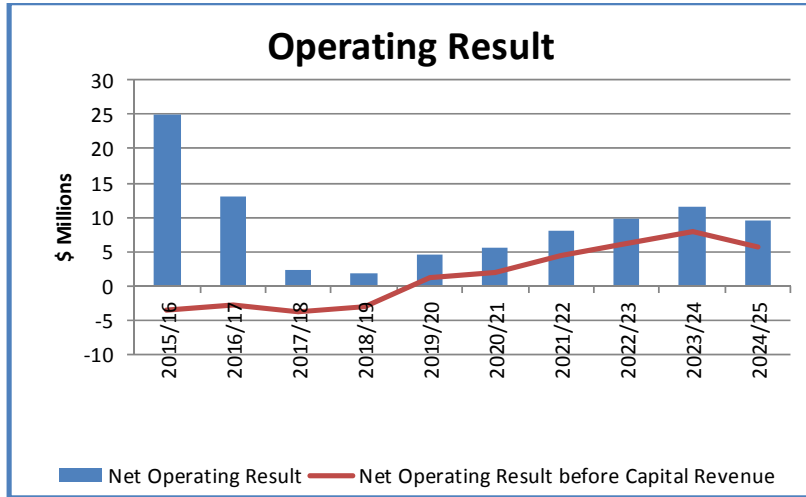
It is important to note, that planning for resourcing capacity and project priorities for the immediate period is more certain, the latter period of the LTFP timeframe is subject to greater potential variation due to unforeseen external factors, changes to LTFP assumptions and settings, and the requirement that successive elected Councils must review the Community Strategic Plan and respond to changing community demands and aspirations.

Council will need to carefully consider and engage the community on operating program expectations, capital project priorities and resourcing solutions that may provide increased capacity for infrastructure and facilities investment.

2.4 Long Term Financial Statements

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

2.4.1 Consolidated Financial Statements



Consolidated Ten Year Financial Plan - Income Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	116,592	121,520	128,766	136,087	144,071	148,667	153,406	158,292	163,328	168,539
User Charges & Fees	60,024	62,626	65,510	68,037	70,647	73,492	76,406	79,346	82,490	85,804
Interest & Investment Revenue	3,430	3,066	2,510	2,444	2,469	2,592	2,778	3,046	3,337	3,649
Other Revenues	1,069	1,451	1,631	1,783	1,794	1,842	1,814	1,762	1,647	1,582
Grants & Contributions provided for Operating Purposes	19,952	19,760	20,283	20,848	21,467	22,099	22,751	23,422	23,985	24,693
Grants & Contributions provided for Capital Purposes	28,312	15,923	5,976	4,914	3,498	3,641	3,626	3,692	3,721	3,782
Other Income:										
Net gains from the disposal of assets										
Total Income from Continuing Operations	229,379	224,346	224,676	234,113	243,946	252,333	260,781	269,560	278,508	288,049
Expenses from Continuing Operations										
Employee Benefits & On-Costs	69,225	71,392	73,838	76,144	78,426	80,788	83,181	93,452	80,360	90,731
Borrowing Costs	4,018	4,003	6,916	9,200	9,085	9,117	8,460	7,814	7,668	7,073
Materials & Contracts	48,076	48,113	50,192	52,023	53,445	54,952	56,554	50,650	67,599	61,594
Depreciation & Amortisation	55,099	57,179	59,211	61,464	63,631	65,674	67,814	69,981	72,212	78,470
Other Expenses	28,104	30,539	32,293	33,471	34,710	36,172	36,783	37,864	39,122	40,630
Total Expenses from Continuing Operations	204,522	211,226	222,450	232,302	239,297	246,703	252,792	259,761	266,961	278,498
Net Operating Result for the Year	24,857	13,120	2,226	1,811	4,649	5,630	7,989	9,799	11,547	9,551
Net Operating Result for the year before Grants and Contribution provided for Capital Purposes	(3,455)	(2,803)	(3,750)	(3,103)	1,151	1,989	4,363	6,107	7,826	5,769

Consolidated Ten Year Financial Plan - Balance Sheet

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	4,847	4,152	2,989	2,272	2,472	3,697	6,311	2,931	3,817	5,583
Investments	38,946	26,946	22,446	18,446	23,446	29,446	36,446	49,446	60,446	65,446
Receivables	16,676	16,880	17,088	17,307	17,531	17,763	18,007	18,259	18,518	18,786
Inventories	379	1,079	79	2,529	2,079	2,279	129	429	(221)	(571)
Other	393	393	393	393	393	393	393	393	393	393
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	61,241	49,450	42,995	40,947	45,921	53,578	61,286	71,458	82,953	89,637
Non-Current Assets										
Investments	40,986	40,986	40,986	40,986	40,986	40,986	40,986	40,986	40,986	40,986
Receivables	6,174	6,117	6,061	6,005	5,951	5,898	5,845	5,793	5,743	5,693
Inventories	8,699	8,017	7,887	5,972	5,545	3,515	3,435	2,454	1,624	2,644
Infrastructure, Property, Plant & Equipment	2,419,118	2,501,117	2,551,584	2,554,242	2,556,482	2,545,563	2,535,111	2,533,302	2,524,999	2,509,936
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	1,492	1,552	1,614	1,679	1,746	1,816	1,889	1,965	2,044	2,126
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	(1,371)	(1,457)	(1,548)	(1,645)	(929)	(989)	(1,052)	(1,119)	(1,190)	0
Total Non-Current Assets	2,475,098	2,556,332	2,606,584	2,607,239	2,609,781	2,596,789	2,586,214	2,583,381	2,574,206	2,561,385
Total Assets	2,536,339	2,605,782	2,649,579	2,648,186	2,655,702	2,650,367	2,647,500	2,654,839	2,657,159	2,651,022
Liabilities										
Current Liabilities										
Payables	21,423	24,920	23,193	20,924	21,002	20,988	21,143	21,114	22,158	21,582
Borrowings	14,111	10,653	13,784	15,614	16,883	16,679	15,977	15,401	16,505	8,260
Provisions	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980
Total Current Liabilities	65,514	65,553	66,957	66,518	67,865	67,647	67,100	66,495	68,643	59,822

Consolidated Ten Year Financial Plan - Balance Sheet - continued

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	53,729	109,953	150,059	147,228	148,680	137,863	127,481	125,551	114,097	107,148
Provisions	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396
Total Non-Current Liabilities	58,125	114,349	154,455	151,624	153,076	142,259	131,877	129,947	118,493	111,544
Total Liabilities	123,639	179,902	221,412	218,142	220,941	209,906	198,977	196,442	187,136	171,366
Net Assets	2,412,700	2,425,880	2,428,167	2,430,044	2,434,761	2,440,461	2,448,523	2,458,397	2,470,023	2,479,656
Equity										
Retained Earnings	1,350,786	1,363,906	1,366,131	1,367,943	1,372,593	1,378,223	1,386,212	1,396,010	1,407,557	1,417,108
Revaluation Reserves	1,061,914	1,061,974	1,062,036	1,062,101	1,062,168	1,062,238	1,062,311	1,062,387	1,062,466	1,062,548
Council Equity Interest	2,412,700	2,425,880	2,428,167	2,430,044	2,434,761	2,440,461	2,448,523	2,458,397	2,470,023	2,479,656
Minority Equity Interest	0	0	0	0	0	0	0	0	0	0
Total Equity	2,412,700	2,425,880	2,428,167	2,430,044	2,434,761	2,440,461	2,448,523	2,458,397	2,470,023	2,479,656

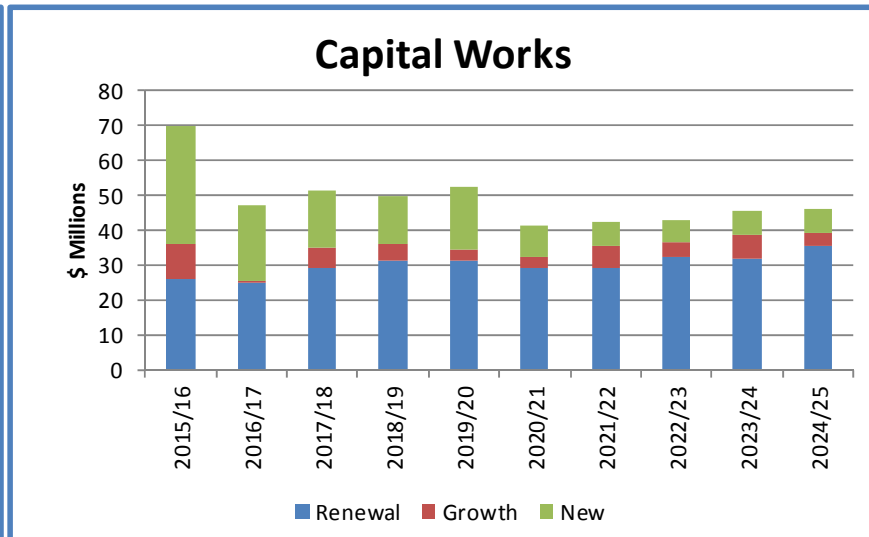
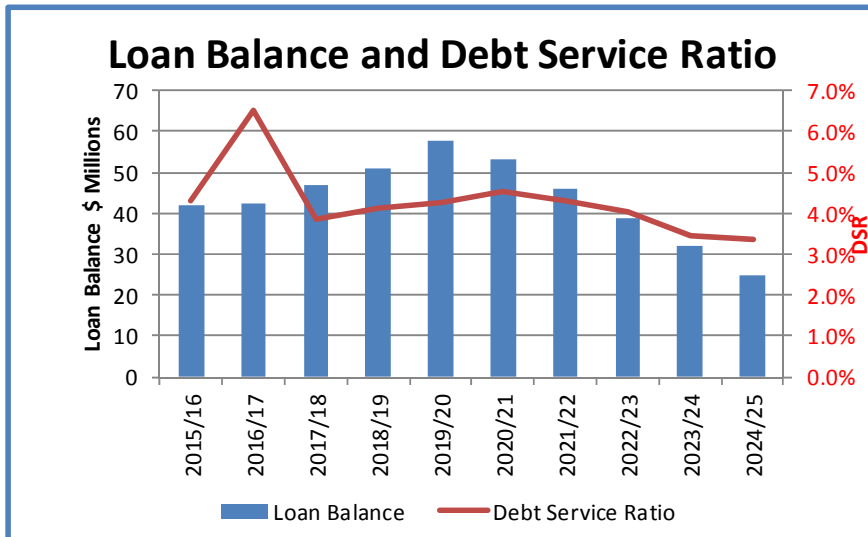
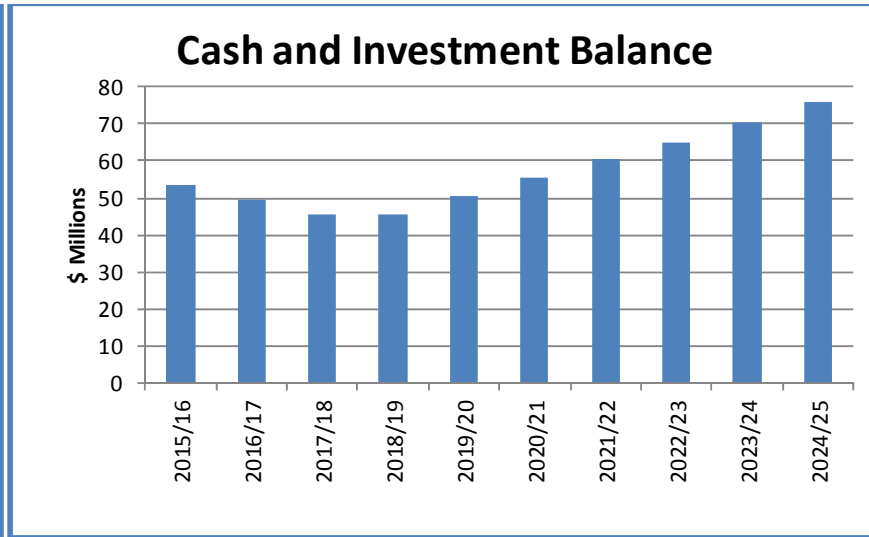
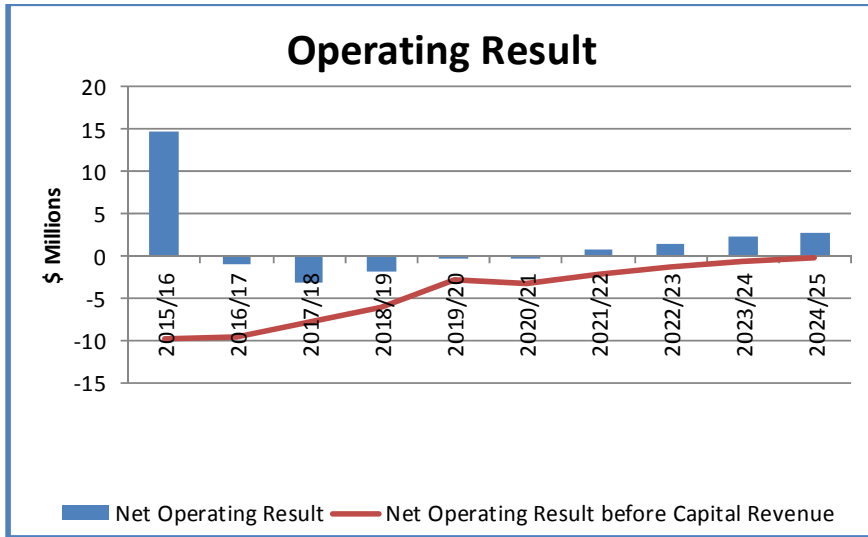
Consolidated Ten Year Financial Plan - Cash Flow Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	116,456	121,374	128,612	135,925	143,901	148,488	153,217	158,093	163,119	168,320
User Charges & Fees	60,024	62,626	65,510	68,037	70,647	73,492	76,406	79,346	82,490	85,804
Interest & Investment Revenue Received	4,113	3,663	3,016	2,852	2,786	2,850	2,973	3,173	3,393	3,649
Grants & Contributions	48,264	35,683	26,259	25,762	24,965	25,740	26,376	27,114	27,706	28,475
Other	1,069	1,451	1,631	1,783	1,794	1,842	1,814	1,762	1,647	1,582
<i>Payments:</i>										
Employee benefits & On-costs	(69,225)	(71,392)	(73,838)	(76,144)	(78,426)	(80,788)	(83,181)	(93,452)	(80,360)	(90,731)
Materials & Contracts	(48,036)	(48,041)	(50,104)	(51,948)	(53,369)	(54,871)	(56,470)	(51,224)	(66,165)	(62,187)
Borrowing Costs	(4,701)	(4,600)	(7,422)	(9,608)	(9,402)	(9,375)	(8,655)	(7,942)	(7,724)	(7,073)
Other	(28,104)	(30,539)	(32,293)	(33,471)	(34,710)	(36,172)	(36,783)	(37,864)	(39,122)	(40,630)
Net Cash Provided (or used in) Operating Activities	79,860	70,225	61,371	63,188	68,186	71,206	75,697	79,006	84,984	87,209
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	14,500	13,000	4,500	4,000	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	2,250	1,950	2,650	1,650	4,100	3,650	3,850	1,700	2,000	1,350
Sale of Infrastructure, Property, Plant & Equipment	2,246	2,086	2,420	2,402	2,411	2,282	2,342	2,547	2,566	2,530
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	1,371	1,457	1,548	1,646	930	989	1,052	1,119	1,190	0

Consolidated Ten Year Financial Plan - Cash Flow Statement - continued

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Payments:										
Purchase of Investment Securities	0	(1,000)	0	0	(5,000)	(6,000)	(7,000)	(13,000)	(11,000)	(5,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(99,530)	(137,841)	(113,913)	(68,869)	(68,281)	(57,132)	(59,633)	(70,174)	(66,866)	(65,921)
Purchase of Real Estate Assets	(2,545)	(1,968)	(1,520)	(2,185)	(3,223)	(1,820)	(1,620)	(1,020)	(520)	(2,020)
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(81,708)	(122,316)	(104,315)	(61,356)	(69,063)	(58,031)	(61,009)	(78,828)	(72,630)	(69,061)
Cash flows from Financing Activities										
Receipts:										
Proceeds from borrowings & Advances	9,397	65,505	52,433	11,234	16,690	4,934	4,605	12,419	3,931	121
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(9,355)	(14,111)	(10,653)	(13,784)	(15,614)	(16,883)	(16,679)	(15,977)	(15,401)	(16,505)
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Financing Activities	42	51,394	41,780	(2,550)	1,076	(11,949)	(12,074)	(3,558)	(11,470)	(16,384)
Net Increase/(Decrease) in Council's Reserves	(16,789)	(15,713)	(4,460)	(3,398)	4,223	6,084	9,108	10,190	10,040	6,349
Net Increase/(Decrease) in Council's Accumulated Funds	14,984	15,018	3,297	2,680	(4,022)	(4,859)	(6,493)	(13,570)	(9,154)	(4,583)
Net Increase/(Decrease) in Cash & Cash Equivalents	(1,806)	(697)	(1,164)	(718)	199	1,226	2,614	(3,380)	884	1,764
plus: Cash & Cash Equivalents - beginning of year	6,653	4,847	4,150	2,986	2,268	2,467	3,693	6,307	2,927	3,811
Cash & Cash Equivalents - end of the year	4,847	4,150	2,986	2,268	2,467	3,693	6,307	2,927	3,811	5,575

2.4.2 General Fund Financial Statements



General Fund Ten Year Financial Plan - Income Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
<i>Revenue:</i>										
Rates & Annual Charges	75,106	78,659	84,492	90,355	96,833	99,874	103,008	106,237	109,563	113,009
User Charges & Fees	42,092	43,996	45,902	47,403	48,936	50,651	52,378	54,071	55,905	57,842
Interest & Investment Revenue	2,299	2,018	1,854	1,798	1,863	1,986	2,113	2,228	2,398	2,515
Other Revenues	53,374	55,117	57,073	59,794	61,802	63,870	66,273	68,187	70,090	72,152
Grants & Contributions provided for Operating Purposes	18,930	18,725	19,235	19,788	20,393	21,011	21,649	22,305	22,854	23,547
Grants & Contributions provided for Capital Purposes	24,516	8,601	4,779	4,114	2,698	2,841	2,826	2,892	2,921	2,982
<i>Other Income:</i>										
Net gains from the disposal of assets										
Total Income from Continuing Operations	216,316	207,117	213,335	223,251	232,525	240,233	248,246	255,921	263,731	272,047
Expenses from Continuing Operations										
Employee Benefits & On-Costs	56,070	57,819	59,786	61,661	63,550	65,470	67,406	69,400	71,421	73,536
Borrowing Costs	2,249	2,258	2,340	2,543	2,765	3,103	2,830	2,426	2,033	1,645
Materials & Contracts	46,461	46,342	48,310	50,280	51,866	53,529	55,306	57,084	58,878	60,807
Depreciation & Amortisation	38,311	39,887	41,400	43,119	44,736	46,212	47,768	49,334	50,945	52,627
Other Expenses	58,404	61,827	64,598	67,550	69,805	72,309	74,247	76,150	78,176	80,618
Total Expenses from Continuing Operations	201,496	208,132	216,435	225,153	232,722	240,623	247,557	254,393	261,454	269,232
Net Operating Result for the Year	14,821	(1,016)	(3,100)	(1,903)	(197)	(390)	690	1,528	2,277	2,815
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(9,695)	(9,617)	(7,879)	(6,016)	(2,895)	(3,231)	(2,136)	(1,365)	(644)	(166)

General Fund Ten Year Financial Plan - Balance Sheet

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	665	426	199	965	1,967	3,311	3,975	1,634	1,858	3,545
Investments	27,035	23,035	19,535	18,535	22,535	26,535	30,535	37,535	42,535	46,535
Receivables	12,214	12,277	12,341	12,408	12,477	12,549	12,625	12,704	12,785	12,868
Inventories	379	1,079	79	2,529	2,079	2,279	129	429	(221)	(571)
Other	384	384	384	384	384	384	384	384	384	384
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	40,677	37,201	32,538	34,821	39,442	45,058	47,648	52,686	57,341	62,761
Non-Current Assets										
Investments	25,818	25,818	25,818	25,818	25,818	25,818	25,818	25,818	25,818	25,818
Receivables	3,887	3,830	3,774	3,718	3,664	3,611	3,558	3,506	3,456	3,406
Inventories	8,499	7,817	7,687	5,772	5,345	3,315	3,235	2,254	1,424	2,444
Infrastructure, Property, Plant & Equipment	1,582,613	1,586,120	1,592,181	1,594,297	1,596,535	1,587,922	1,579,044	1,569,362	1,561,032	1,550,219
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	1,492	1,552	1,614	1,679	1,746	1,816	1,889	1,965	2,044	2,126
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	1,622,309	1,625,137	1,631,074	1,631,284	1,633,108	1,622,482	1,613,544	1,602,905	1,593,774	1,584,013
Total Assets	1,662,986	1,662,338	1,663,612	1,666,105	1,672,550	1,667,540	1,661,192	1,655,591	1,651,115	1,646,774
Liabilities										
Current Liabilities										
Payables	17,372	17,372	17,372	17,372	17,372	17,372	17,372	17,372	17,372	17,372
Borrowings	10,655	5,670	6,548	7,044	7,613	7,767	7,744	6,954	7,359	8,260
Provisions	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980	29,980
Total Current Liabilities	58,007	53,022	53,900	54,396	54,965	55,119	55,096	54,306	54,711	55,612

General Fund Ten Year Financial Plan - Balance Sheet - continued

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	31,517	36,810	40,243	44,078	50,084	45,239	38,153	31,737	24,500	16,361
Provisions	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396	4,396
Total Non-Current Liabilities	35,913	41,206	44,639	48,474	54,480	49,635	42,549	36,133	28,896	20,757
Total Liabilities	93,920	94,228	98,539	102,870	109,445	104,754	97,645	90,439	83,607	76,369
Net Assets	1,569,066	1,568,110	1,565,073	1,563,235	1,563,105	1,562,786	1,563,547	1,565,152	1,567,508	1,570,405
Equity										
Retained Earnings	828,386	827,370	824,271	822,368	822,171	821,782	822,470	823,999	826,276	829,091
Revaluation Reserves	740,680	740,740	740,802	740,867	740,934	741,004	741,077	741,153	741,232	741,314
Council Equity Interest	1,569,066	1,568,110	1,565,073	1,563,235	1,563,105	1,562,786	1,563,547	1,565,152	1,567,508	1,570,405
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-
Total Equity	1,569,066	1,568,110	1,565,073	1,563,235	1,563,105	1,562,786	1,563,547	1,565,152	1,567,508	1,570,405

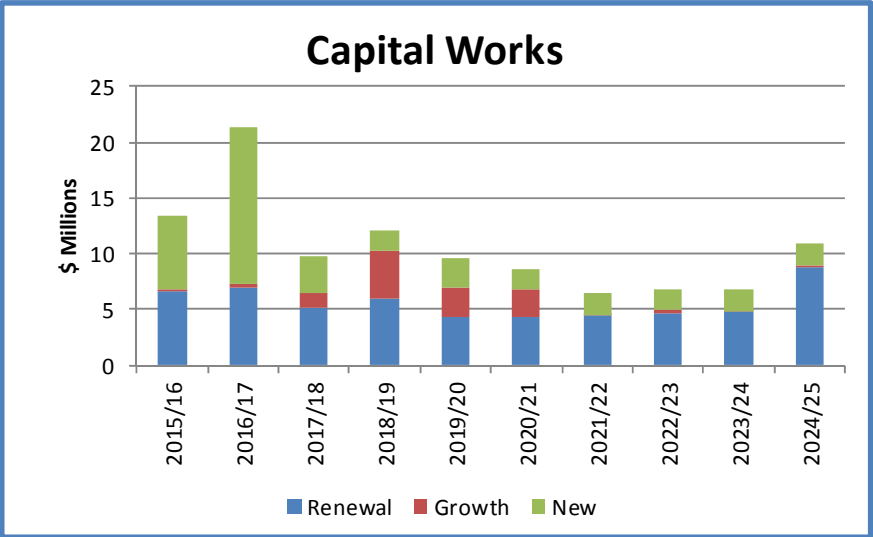
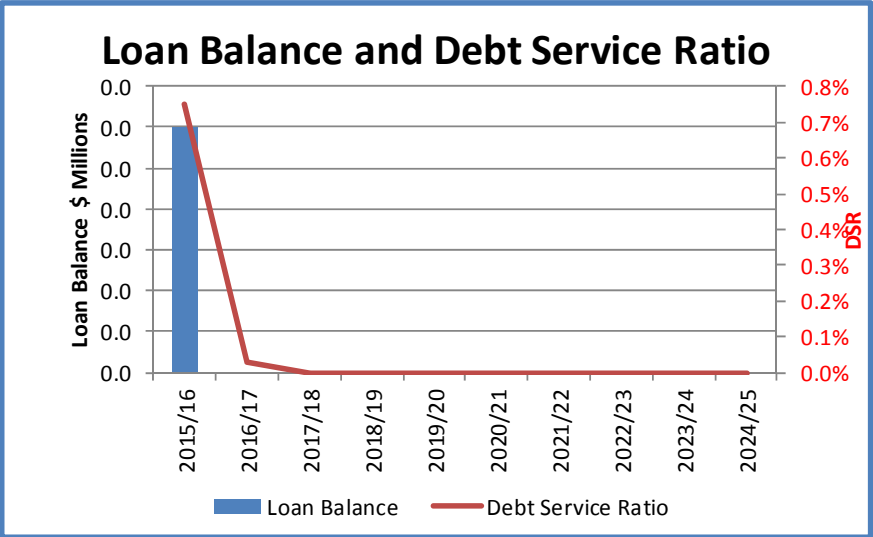
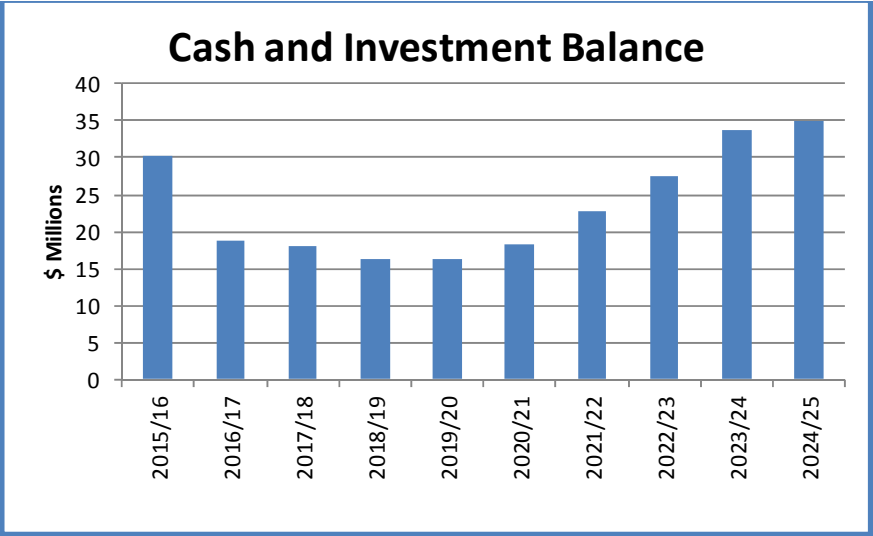
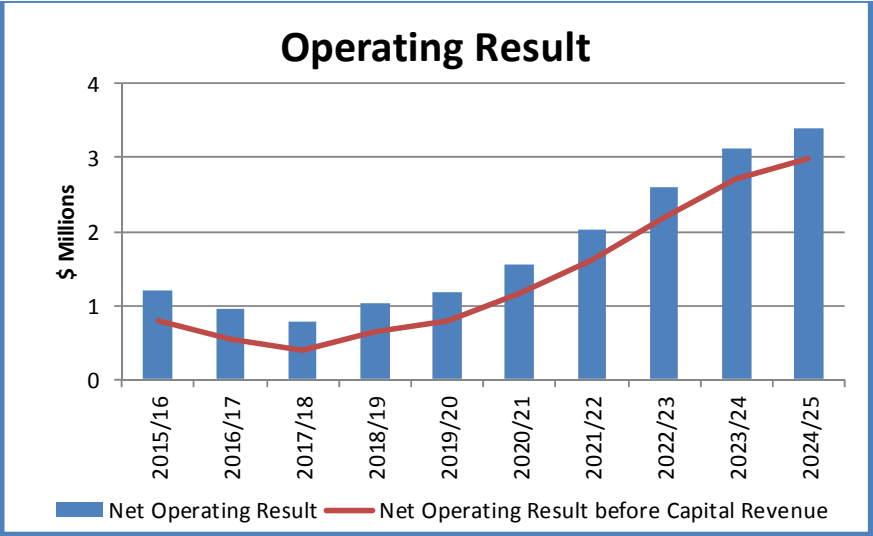
General Fund Ten Year Financial Plan - Cash Flow Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	75,105	78,654	84,484	90,343	96,818	99,855	102,985	106,210	109,533	112,975
User Charges & Fees	42,092	43,996	45,902	47,403	48,936	50,651	52,378	54,071	55,905	57,842
Interest & Investment Revenue Received	2,299	2,018	1,854	1,798	1,863	1,986	2,113	2,228	2,398	2,515
Grants & Contributions	43,445	27,326	24,014	23,901	23,091	23,852	24,474	25,198	25,775	26,529
Other	53,374	55,117	57,073	59,794	61,802	63,870	66,273	68,187	70,090	72,152
<i>Payments:</i>										
Employee benefits & On-costs	(56,070)	(57,819)	(59,786)	(61,661)	(63,550)	(65,470)	(67,406)	(69,400)	(71,421)	(73,536)
Materials & Contracts	(46,461)	(46,342)	(48,310)	(50,280)	(51,866)	(53,529)	(55,306)	(57,084)	(58,878)	(60,807)
Borrowing Costs	(2,249)	(2,258)	(2,340)	(2,543)	(2,765)	(3,103)	(2,830)	(2,426)	(2,033)	(1,645)
Other	(58,404)	(61,827)	(64,598)	(67,550)	(69,805)	(72,309)	(74,247)	(76,150)	(78,176)	(80,618)
Net Cash Provided (or used in) Operating Activities	53,131	38,866	38,292	41,205	44,524	45,804	48,435	50,835	53,193	55,408
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	2,000	4,000	3,500	1,000	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	2,250	1,950	2,650	1,650	4,100	3,650	3,850	1,700	2,000	1,350
Sale of Infrastructure, Property, Plant & Equipment	1,986	1,819	2,144	2,118	2,118	1,981	2,032	2,227	2,237	2,191
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Payments:										
Purchase of Investment Securities	0	0	0	0	(4,000)	(4,000)	(4,000)	(7,000)	(5,000)	(4,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(67,342)	(45,213)	(49,605)	(47,354)	(49,092)	(39,580)	(40,923)	(41,878)	(44,852)	(44,005)
Purchase of Real Estate Assets	(2,345)	(1,968)	(1,520)	(2,185)	(3,223)	(1,820)	(1,620)	(1,020)	(520)	(2,020)
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(63,451)	(39,412)	(42,831)	(44,770)	(50,097)	(39,769)	(40,661)	(45,971)	(46,136)	(46,484)
Cash flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	6,768	10,962	9,981	10,880	13,619	2,922	657	538	121	121
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(6,029)	(10,655)	(5,670)	(6,548)	(7,044)	(7,613)	(7,767)	(7,744)	(6,954)	(7,359)
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Financing Activities	739	307	4,311	4,331	6,575	(4,691)	(7,110)	(7,205)	(6,833)	(7,237)
Net Increase/(Decrease) in Council's Reserves	(10,859)	(3,218)	(3,769)	(683)	4,622	4,728	4,870	5,777	6,211	5,379
Net Increase/(Decrease) in Council's Accumulated Funds	1,278	2,979	3,542	1,448	(3,619)	(3,384)	(4,206)	(8,118)	(5,987)	(3,692)
Net Increase/(Decrease) in Cash & Cash Equivalents	(9,581)	(239)	(228)	766	1,002	1,344	665	(2,342)	224	1,687
plus: Cash & Cash Equivalents - beginning of year	10,246	665	426	199	965	1,967	3,311	3,975	1,634	1,858
Cash & Cash Equivalents - end of the year	665	426	199	965	1,967	3,311	3,975	1,634	1,858	3,545

2.4.3 Water Fund Financial Statements



Water Fund Ten Year Financial Plan - Income Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
<i>Revenue:</i>										
Rates & Annual Charges	4,042	4,182	4,326	4,475	4,629	4,787	4,951	5,120	5,295	5,475
User Charges & Fees	15,358	15,844	16,666	17,534	18,451	19,421	20,446	21,529	22,674	23,886
Interest & Investment Revenue	1,713	1,508	1,026	922	772	722	721	808	844	993
Other Revenues	3,017	3,063	3,115	3,212	3,310	3,409	3,511	3,616	3,723	3,834
Grants & Contributions provided for Operating Purposes	487	496	505	515	525	535	545	556	567	578
Grants & Contributions provided for Capital Purposes	400	400	400	400	400	400	400	400	400	400
<i>Other Income:</i>										
Net gains from the disposal of assets										
Total Income from Continuing Operations	25,017	25,492	26,038	27,057	28,087	29,274	30,574	32,029	33,503	35,166
Expenses from Continuing Operations										
Employee Benefits & On-Costs	9,018	9,312	9,621	9,920	10,176	10,478	10,789	13,649	8,942	11,718
Borrowing Costs	17	0	0	0	0	0	0	0	0	0
Materials & Contracts	4,292	4,423	4,555	4,689	4,820	4,969	5,127	1,654	9,158	5,815
Depreciation & Amortisation	7,111	7,325	7,544	7,771	8,004	8,244	8,491	8,746	9,009	9,748
Other Expenses	3,384	3,478	3,533	3,641	3,901	4,023	4,149	5,381	3,274	4,488
Total Expenses from Continuing Operations	23,822	24,539	25,253	26,021	26,900	27,714	28,556	29,430	30,382	31,769
Net Operating Result for the Year	1,196	953	784	1,036	1,186	1,560	2,018	2,599	3,121	3,397
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes										
	796	553	384	636	786	1,160	1,618	2,199	2,721	2,997

Water Fund Ten Year Financial Plan - Balance Sheet

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	3,309	757	927	1,247	374	206	1,752	525	645	861
Investments	11,844	2,845	1,845	(155)	845	2,845	5,846	11,845	17,845	18,845
Receivables	1,386	1,404	1,423	1,443	1,463	1,484	1,505	1,528	1,552	1,576
Inventories	0	0	0	0	0	0	0	0	0	0
Other	1,466	1,557	1,655	939	998	1,061	1,128	1,199	9	9
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	18,005	6,563	5,850	3,474	3,680	5,596	10,231	15,097	20,051	21,291
Non-Current Assets										
Investments	15,168	15,168	15,168	15,168	15,168	15,168	15,168	15,168	15,168	15,168
Receivables	803	803	803	803	803	803	803	803	803	803
Inventories	100	100	100	100	100	100	100	100	100	100
Infrastructure, Property, Plant & Equipment	364,260	378,103	380,180	384,265	385,647	385,772	383,513	381,433	379,036	380,013
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	8,474	6,926	5,280	4,350	3,362	2,310	1,191	0	0	0
Total Non-Current Assets	388,805	401,100	401,531	404,686	405,080	404,153	400,775	397,504	395,107	396,084
Total Assets	406,810	407,663	407,381	408,160	408,760	409,749	411,006	412,601	415,158	417,375
Liabilities										
Current Liabilities										
Payables	1,397	1,846	1,238	1,380	1,281	1,250	1,160	987	1,457	1,494
Borrowings	6	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	1,403	1,846	1,238	1,380	1,281	1,250	1,160	987	1,457	1,494

Water Fund Ten Year Financial Plan - Balance Sheet - continued

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	0	0	0	0	0	0	0	0	0	0
Provisions	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	0	0	0	0	0	0	0	0	0	0
Total Liabilities	1,403	1,846	1,238	1,380	1,281	1,250	1,160	987	1,457	1,494
Net Assets	405,407	405,817	406,143	406,780	407,479	408,499	409,846	411,614	413,701	415,881
Equity										
Retained Earnings	200,613	201,023	201,349	201,986	202,685	203,705	205,052	206,820	208,907	211,087
Revaluation Reserves	204,794	204,794	204,794	204,794	204,794	204,794	204,794	204,794	204,794	204,794
Council Equity Interest	405,407	405,817	406,143	406,780	407,479	408,499	409,846	411,614	413,701	415,881
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-
Total Equity	405,407	405,817	406,143	406,780	407,479	408,499	409,846	411,614	413,701	415,881

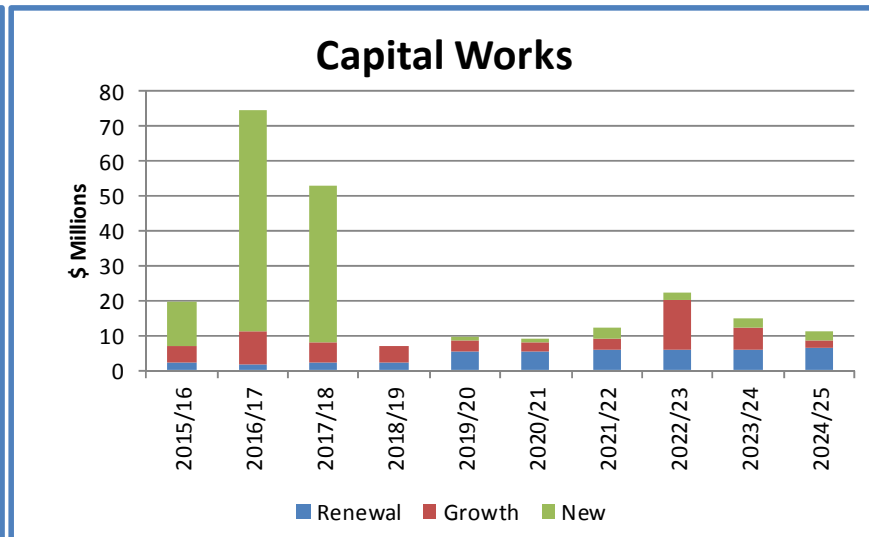
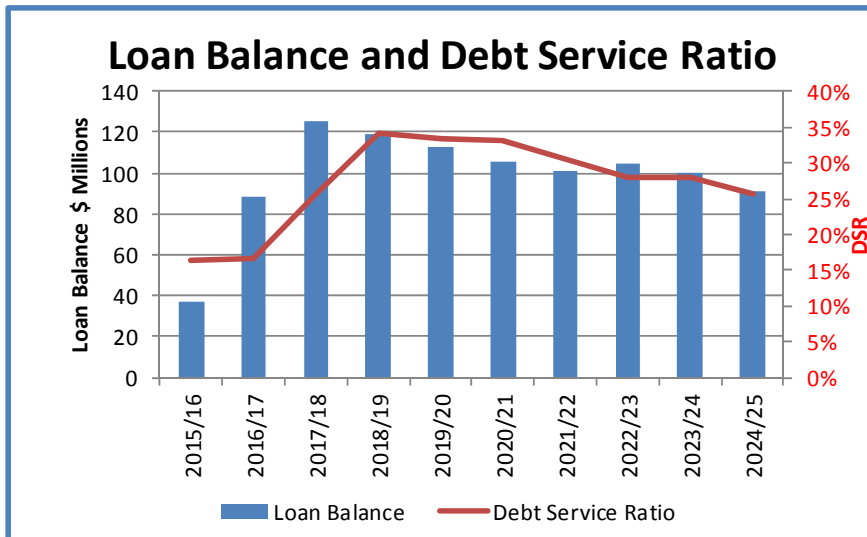
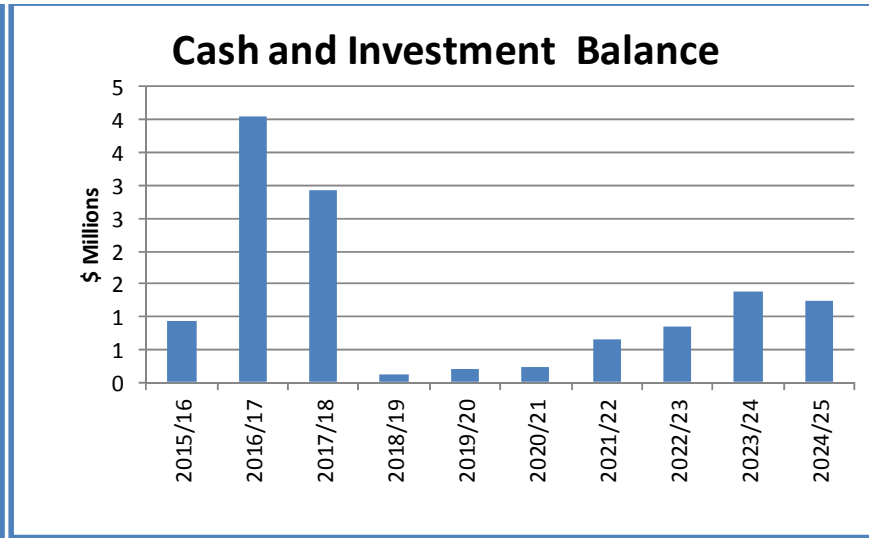
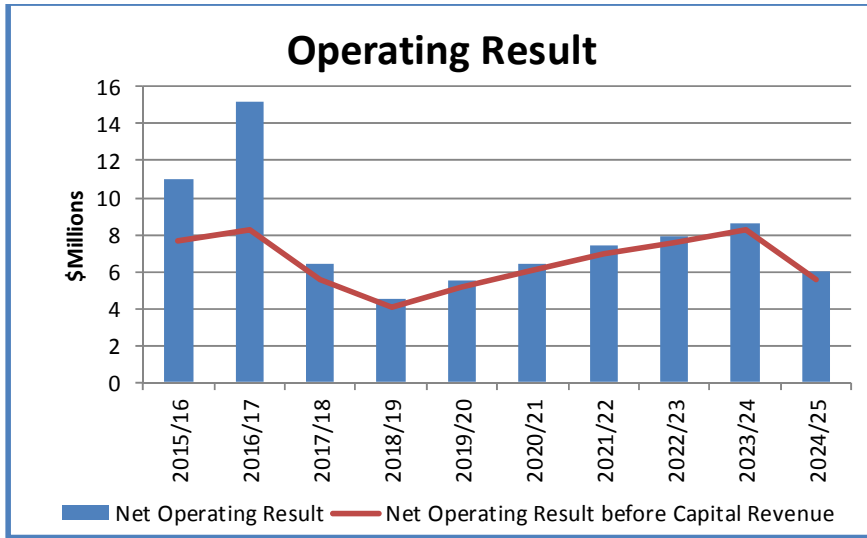
Water Fund Ten Year Financial Plan - Cash Flow Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	4,024	4,163	4,307	4,455	4,608	4,766	4,929	5,098	5,272	5,451
User Charges & Fees	15,358	15,844	16,666	17,534	18,451	19,421	20,446	21,529	22,674	23,886
Interest & Investment Revenue Received	1,713	1,508	1,026	922	772	722	721	808	844	993
Grants & Contributions	887	896	905	915	925	935	945	956	967	978
Other	3,017	3,063	3,115	3,212	3,310	3,409	3,511	3,616	3,723	3,834
<i>Payments:</i>										
Employee benefits & On-costs	(9,018)	(9,312)	(9,621)	(9,920)	(10,176)	(10,478)	(10,789)	(13,649)	(8,942)	(11,718)
Materials & Contracts	(4,424)	(4,404)	(4,538)	(4,668)	(4,786)	(4,945)	(5,102)	(1,850)	(8,685)	(6,001)
Borrowing Costs	(17)	(0)	0	0	0	0	0	0	0	0
Other	(3,384)	(3,478)	(3,533)	(3,641)	(3,901)	(4,023)	(4,149)	(5,381)	(3,274)	(4,488)
Net Cash Provided (or used in) Operating Activities	8,156	8,279	8,326	8,808	9,204	9,807	10,513	11,126	12,579	12,934
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	6,000	9,000	1,000	2,000	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	140	144	149	153	158	162	167	172	177	183
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	1,371	1,457	1,548	1,646	930	989	1,052	1,119	1,190	0

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Payments:										
Purchase of Investment Securities	0	0	0	0	(1,000)	(2,000)	(3,000)	(6,000)	(6,000)	(1,000)
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(13,086)	(20,883)	(10,395)	(11,887)	(9,677)	(8,586)	(6,515)	(6,814)	(6,792)	(10,684)
Purchase of Real Estate Assets	(100)	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(5,676)	(10,281)	(7,698)	(8,089)	(9,590)	(9,435)	(8,296)	(11,523)	(11,424)	(11,502)
Cash flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(167)	(6)	0	0	0	0	0	0	0	0
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	(788)	(543)	(458)	(399)	(487)	(540)	(671)	(831)	(1,034)	(1,217)
Net Cash Provided (or used in) Financing Activities	(955)	(550)	(458)	(399)	(487)	(540)	(671)	(831)	(1,034)	(1,217)
Net Increase/(Decrease) in Cash & Cash Equivalents	1,526	(2,552)	170	320	(873)	(168)	1,546	(1,228)	121	215
plus: Cash & Cash Equivalents - beginning of year	1,783	3,309	757	927	1,247	374	206	1,752	525	645
Cash & Cash Equivalents - end of the year	3,309	757	927	1,247	374	206	1,752	525	645	861

2.4.4 Sewerage Fund Financial Statements



Sewer Fund Ten Year Financial Plan - Income Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Income from Continuing Operations										
Revenue:										
Rates & Annual Charges	37,444	38,679	39,948	41,258	42,610	44,006	45,447	46,935	48,470	50,055
User Charges & Fees	2,574	2,786	2,943	3,101	3,260	3,420	3,582	3,746	3,911	4,077
Interest & Investment Revenue	100	138	136	132	151	142	138	137	151	141
Other Revenues	1,561	1,563	1,564	1,611	1,659	1,709	1,760	1,813	1,868	1,924
Grants & Contributions provided for Operating Purposes	535	539	542	546	549	553	556	560	564	567
Grants & Contributions provided for Capital Purposes	3,397	6,922	797	400	400	400	400	400	400	400
Other Income:										
Net gains from the disposal of assets										
Total Income from Continuing Operations	45,611	50,626	45,929	47,047	48,630	50,230	51,884	53,591	55,363	57,164
Expenses from Continuing Operations										
Employee Benefits & On-Costs	4,137	4,261	4,430	4,563	4,700	4,841	4,986	10,404	(4)	5,476
Borrowing Costs	2,435	2,342	5,082	7,065	6,637	6,272	5,825	5,516	5,691	5,429
Materials & Contracts	4,570	4,706	4,888	5,034	5,185	5,341	5,501	(2,676)	14,470	6,162
Depreciation & Amortisation	9,677	9,967	10,266	10,574	10,891	11,218	11,555	11,901	12,258	16,096
Other Expenses	13,747	14,214	14,850	15,317	15,648	16,136	16,640	20,516	14,333	18,012
Total Expenses from Continuing Operations	34,566	35,489	39,516	42,553	43,062	43,808	44,506	45,661	46,748	51,174
Net Operating Result for the Year	11,046	15,137	6,413	4,494	5,568	6,422	7,378	7,930	8,615	5,990
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes										
	7,649	8,215	5,617	4,094	5,168	6,022	6,978	7,530	8,215	5,590

Sewer Fund Ten Year Financial Plan - Balance Sheet

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Assets										
Current Assets										
Cash & Cash Equivalents	873	2,969	1,863	60	131	180	583	773	1,314	1,177
Investments	66	1,066	1,066	66	66	66	66	66	66	66
Receivables	3,076	3,198	3,324	3,455	3,591	3,729	3,875	4,027	4,181	4,342
Inventories	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Non-current assets classified as "held for sale"	0	0	0	0	0	0	0	0	0	0
Total Current Assets	4,015	7,233	6,253	3,581	3,788	3,975	4,524	4,866	5,561	5,585
Non-Current Assets										
Investments	0	0	0	0	0	0	0	0	0	0
Receivables	1,485	1,484	1,484	1,485	1,483	1,485	1,485	1,483	1,484	1,484
Inventories	100	100	100	100	100	100	100	100	100	100
Infrastructure, Property, Plant & Equipment	472,245	536,895	579,223	575,680	574,300	571,869	572,553	582,507	584,931	579,704
Investments accounted for using the equity method	0	0	0	0	0	0	0	0	0	0
Investment Property	0	0	0	0	0	0	0	0	0	0
Intangible Assets	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0
Total Non-Current Assets	473,830	538,479	580,807	577,265	575,883	573,454	574,138	584,090	586,515	581,288
Total Assets	477,845	545,712	587,060	580,846	579,671	577,429	578,662	588,956	592,076	586,873
Liabilities										
Current Liabilities										
Payables	2,655	5,703	4,583	2,172	2,349	2,366	2,611	2,755	3,328	2,716
Borrowings	4,907	6,531	8,881	9,499	10,259	9,964	9,352	9,637	9,146	0
Provisions	0	0	0	0	0	0	0	0	0	0
Total Current Liabilities	7,562	12,234	13,464	11,671	12,608	12,330	11,963	12,392	12,474	2,716

Sewer Fund Ten Year Financial Plan - Balance Sheet - continued

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Non-Current Liabilities										
Payables	0	0	0	0	0	0	0	0	0	0
Borrowings	32,056	81,525	116,644	109,145	102,886	95,922	91,570	94,933	90,787	90,787
Provisions	0	0	0	0	0	0	0	0	0	0
Total Non-Current Liabilities	32,056	81,525	116,644	109,145	102,886	95,922	91,570	94,933	90,787	90,787
Total Liabilities	39,618	93,759	130,108	120,816	115,494	108,252	103,533	107,325	103,261	93,503
Net Assets	438,227	451,953	456,952	460,030	464,177	469,177	475,129	481,631	488,815	493,370
Equity										
Retained Earnings	321,787	335,513	340,512	343,590	347,737	352,737	358,689	365,191	372,375	376,930
Revaluation Reserves	116,440	116,440	116,440	116,440	116,440	116,440	116,440	116,440	116,440	116,440
Council Equity Interest	438,227	451,953	456,952	460,030	464,177	469,177	475,129	481,631	488,815	493,370
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-
Total Equity	438,227	451,953	456,952	460,030	464,177	469,177	475,129	481,631	488,815	493,370

Sewer Fund Ten Year Financial Plan - Cash Flow Statement

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Cash flows from Operating Activities										
<i>Receipts:</i>										
Rates & Annual Charges	37,326	38,556	39,821	41,127	42,475	43,866	45,302	46,784	48,315	49,895
User Charges & Fees	2,574	2,786	2,943	3,101	3,260	3,420	3,582	3,746	3,911	4,077
Interest & Investment Revenue Received	100	138	136	132	151	142	138	137	151	141
Grants & Contributions	3,932	7,461	1,339	946	949	953	956	960	964	967
Other	1,561	1,563	1,564	1,611	1,659	1,709	1,760	1,813	1,868	1,924
<i>Payments:</i>										
Employee benefits & On-costs	(4,137)	(4,261)	(4,430)	(4,563)	(4,700)	(4,841)	(4,986)	(10,404)	4	(5,476)
Materials & Contracts	(4,397)	(4,653)	(4,816)	(4,980)	(5,143)	(5,284)	(5,443)	2,299	(13,508)	(6,568)
Borrowing Costs	(2,435)	(2,342)	(5,082)	(7,065)	(6,637)	(6,272)	(5,825)	(5,516)	(5,691)	(5,429)
Other	(13,747)	(14,214)	(14,850)	(15,317)	(15,648)	(16,136)	(16,640)	(20,516)	(14,333)	(18,012)
Net Cash Provided (or used in) Operating Activities	20,777	25,035	16,625	14,991	16,366	17,557	18,846	19,304	21,679	21,519
Cash flows from Investing Activities										
<i>Receipts:</i>										
Sale of Investment Securities	6,500	0	0	1,000	0	0	0	0	0	0
Sale of Investment Property	0	0	0	0	0	0	0	0	0	0
Sale of Real Estate Assets	0	0	0	0	0	0	0	0	0	0
Sale of Infrastructure, Property, Plant & Equipment	120	124	127	131	135	139	143	148	152	157
Sale of Interest in Joint Ventures & Associations	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0

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

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Payments:										
Purchase of Investment Securities	0	(1,000)	0	0	0	0	0	0	0	0
Purchase of Investment Property	0	0	0	0	0	0	0	0	0	0
Purchase of Infrastructure, Property, Plant & Equipment	(19,101)	(71,745)	(53,913)	(9,628)	(9,511)	(8,965)	(12,195)	(21,482)	(15,222)	(11,231)
Purchase of Real Estate Assets	(100)	0	0	0	0	0	0	0	0	0
Purchase of Interest in Joint Ventures & Associates	0	0	0	0	0	0	0	0	0	0
Deferred Debtors & Advances Made	0	0	0	0	0	0	0	0	0	0
Net Cash Provided (or used in) Investing Activities	(12,581)	(72,621)	(53,785)	(8,496)	(9,376)	(8,826)	(12,052)	(21,334)	(15,070)	(11,075)
Cash flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	4,000	56,000	44,000	2,000	4,000	3,000	5,000	13,000	5,000	0
Other Financing Activity Receipts	0	0	0	0	0	0	0	0	0	0
Payments:										
Repayment of Borrowings & Advances	(4,529)	(4,907)	(6,531)	(8,881)	(9,499)	(10,259)	(9,964)	(9,352)	(9,637)	(9,146)
Repayment of Finance lease Liabilities	0	0	0	0	0	0	0	0	0	0
Other Financing Activity Payments	(1,418)	(1,411)	(1,414)	(1,417)	(1,420)	(1,423)	(1,426)	(1,429)	(1,432)	(1,434)
Net Cash Provided (or used in) Financing Activities	(1,947)	49,682	36,055	(8,298)	(6,918)	(8,682)	(6,390)	2,219	(6,068)	(10,581)
Net Increase/(Decrease) in Cash & Cash Equivalents	6,249	2,096	(1,106)	(1,803)	71	49	404	189	541	(137)
plus: Cash & Cash Equivalents - beginning of year	(5,376)	873	2,969	1,863	60	131	180	583	773	1,314
Cash & Cash Equivalents - end of the year	873	2,969	1,863	60	131	180	583	773	1,314	1,177

2.5 Capital Works Program

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

General Fund Capital Program

Asset Renewal	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Aquatic Recreation	1,027,875	531,000	459,000	430,000	547,000	753,000	866,000	450,000	530,000	551,000
Cemeteries	322,000	126,000	129,780	134,000	138,000	142,000	146,000	150,380	150,380	150,380
Fleet Management	5,483,000	5,112,869	6,547,855	5,666,922	4,770,010	5,912,649	5,372,500	5,372,500	5,372,500	6,372,500
Computers, Furniture and Equipment	283,000	313,000	341,000	309,000	318,000	349,060	336,000	344,000	344,000	344,000
Corporate Business and Contracting Units	155,000	32,000	32,000	34,000	35,000	36,050	37,000	37,930	37,930	37,930
Council Buildings and Property	1,998,000	1,021,000	3,058,000	5,293,000	6,308,600	2,195,980	1,122,700	4,150,600	1,266,503	3,182,162
Library	440,000	454,000	467,000	481,360	496,091	510,974	526,710	542,621	558,900	575,668
Parks & Reserves	376,000	311,000	395,000	330,000	418,000	443,930	440,000	469,000	523,290	477,709
Roads and Transport	11,778,818	12,246,636	12,351,897	14,003,029	13,148,656	13,334,056	14,499,771	15,352,159	16,674,577	17,589,577
Tourist Parks Operations	2,792,754	3,502,220	3,643,316	3,907,471	3,769,779	3,990,335	4,034,239	4,151,591	4,272,499	4,397,068
Waste Management	855,000	1,102,100	1,506,478	469,873	855,387	515,877	1,277,636	1,039,243	1,418,783	1,135,153
Waterways, Coastal & Floodplain	458,000	318,000	432,000	443,000	455,000	827,510	480,800	493,800	493,800	493,800
	25,969,447	25,069,825	29,363,326	31,501,655	31,259,523	29,011,421	29,139,356	32,553,824	31,643,162	35,306,947
Asset Growth	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Aquatic Recreation	0	0	0	0	0	0	0	0	0	0
Cemeteries	0	0	0	0	0	0	0	0	0	0
Council Buildings and Property	0	450,000	4,800,000	4,150,000	2,818,000	0	0	0	0	0
Parks & Reserves	9,345,000	0	732,000	0	90,000	3,092,700	6,295,000	4,098,000	6,900,940	3,603,968
Roads and Transport	495,000	0	0	165,000	0	0	0	0	0	0
Waterways, Coastal & Floodplain	0	0	0	0	0	0	0	0	0	0
	9,840,000	450,000	5,532,000	4,315,000	2,908,000	3,092,700	6,295,000	4,098,000	6,900,940	3,603,968

General Fund Capital Program - continued

Assets New	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Aquatic Recreation	0	0	0	0	0	2000000	0	0	0	0
Economic Development	2,344,500	1,800,000	1,520,000	2,020,000	2,920,000	1,820,000	1,620,000	1,020,000	520,000	2,020,000
Cemeteries	250,000	52,995	0	0	0	0	0	0	0	0
Computers, Furniture and Equipment	291,695	143,000	147,000	151,000	155,000	159,650	165,000	167,970	167,970	167,970
Council Buildings and Property	150,000	50,000	50,000	50,000	352,000	53,560	55,000	56,650	58,400	58,400
Fire Protection & Emergency Services	4,000,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000
Parks & Reserves	615,000	487,000	489,000	516,000	518,000	544,980	548,000	573,000	563,000	507,000
Roads and Transport	21,386,625	10,872,526	4,146,826	7,743,000	11,554,000	2,540,810	2,414,000	2,513,000	2,494,000	2,576,000
Tourist Parks Operations	1,545,000	1,519,302	1,352,059	1,166,720	1,148,192	707,378	512,177	393,487	271,201	271,201
Waste Management	1,061,958	4,789,500	7,924,923	1,475,181	900,407	869,456	1,194,051	922,405	2,153,510	913,341
Waterways, Coastal & Floodplain	2,232,000	1,347,000	0	0	0	0	0	0	0	0
	33,876,778	21,661,323	16,229,808	13,721,901	18,147,599	9,295,834	7,108,228	6,246,512	6,828,081	7,113,912
	69,686,225	47,181,148	51,125,134	49,538,556	52,315,122	41,399,955	42,542,584	42,898,336	45,372,183	46,024,827

Water Fund Capital Program

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Asset Renewal										
Chargeable Private Works	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Other Asset Purchases	3,042,128	2,442,428	1,781,786	1,704,113	1,755,236	1,807,893	1,862,130	1,917,994	1,975,534	2,034,800
Renewal / Replacement Works	3,468,000	4,346,600	3,320,617	4,206,999	2,509,885	2,434,476	2,507,510	2,582,735	2,660,217	6,654,343
	6,610,128	6,892,028	5,208,493	6,020,385	4,377,672	4,358,296	4,489,045	4,623,716	4,762,428	8,819,620
Asset Growth										
New Works Growth	260,000	360,500	1,326,125	4,294,417	2,633,691	2,376,512	59,703	307,468	63,339	65,239
	260,000	360,500	1,326,125	4,294,417	2,633,691	2,376,512	59,703	307,468	63,339	65,239
Assets New										
New Works (Asset Enhancement)	6,606,000	14,059,500	3,235,745	1,693,727	2,532,395	1,796,875	1,850,781	1,906,304	1,963,494	2,022,398
	6,606,000	14,059,500	3,235,745	1,693,727	2,532,395	1,796,875	1,850,781	1,906,304	1,963,494	2,022,398
	13,476,128	21,312,028	9,770,363	12,008,529	9,543,758	8,531,683	6,399,529	6,837,488	6,789,261	10,907,257

Sewerage Fund Capital Program

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Asset Renewal										
Chargeable Private Works	100,000	103,000	106,090	109,273	112,551	115,927	119,405	122,987	126,677	130,477
Other Asset Purchases	1,163,000	1,197,890	1,267,776	1,305,809	1,238,060	1,275,201	1,313,458	1,352,861	1,393,447	1,435,251
Renewal / Replacement Works	885,000	515,000	530,450	546,364	3,939,281	4,057,459	4,179,183	4,304,559	4,433,695	4,566,706
	2,148,000	1,815,890	1,904,316	1,961,446	5,289,892	5,448,587	5,612,046	5,780,407	5,953,819	6,132,434
Asset Growth										
New Works Growth	4,780,000	9,270,000	6,227,483	5,201,381	3,230,210	2,260,584	3,188,120	14,377,225	6,346,518	2,218,114
	4,780,000	9,270,000	6,227,483	5,201,381	3,230,210	2,260,584	3,188,120	14,377,225	6,346,518	2,218,114
Assets New										
New Works (Asset Enhancement)	12,550,000	63,654,000	44,589,627	0	1,125,509	1,217,238	3,582,157	1,844,811	2,533,540	2,674,785
	12,550,000	63,654,000	44,589,627	0	1,125,509	1,217,238	3,582,157	1,844,811	2,533,540	2,674,785
	19,478,000	74,739,890	52,721,426	7,162,827	9,645,611	8,926,409	12,382,323	22,002,443	14,833,877	11,025,333

2.6 General Fund – Capital Works Projects

List of Major Projects Included in the Capital Works Program (greater than \$1M)

JobDesc	Total Amount
Nowra REMS 1B Nowra/Bomaderry	\$112,000,000
North Nowra Link Road	\$14,300,000
Porters Crk Dam Remediation	\$12,000,000
Sanctuary Point Playing Fields	\$10,000,000
Shoalhaven Indoor Sport Centre	\$8,665,000
Ulladulla STP process review	\$8,400,000
Jerbera Estate Rd Construction	\$7,234,300
Sporting Fields - Planning Area 5	\$7,000,000
Property Develop General	\$6,890,000
Flinders Road Upgrade (Highway to Albatross Rd)	\$6,710,000
Sporting Fields - Planning Area 1	\$6,500,000
Community Buildings Refurbishment	\$6,000,000
Milton / Ulladulla SPS	\$5,600,000
Central Area Community Infrastructure	\$4,850,000
Community Buildings Minor Wrks	\$4,388,459
East Nowra Community Centre	\$3,800,000
Turpentine Rd NBBSP 4.7-6.7	\$3,721,662
Nth Shoalhaven Integrated Childs Centre	\$2,818,000
St Annes St SPS	\$2,800,000
St Georges Basin STP	\$2,500,000
North Nowra Surcharge Main upgrade Stage 2	\$2,400,000
Bomaderry - New SPS	\$2,200,000
Milton WTP Augumentation	\$2,100,000
Bamarang WTP Upgrade Clarifier	\$2,000,000
Bomaderry Pool Rehabilitation	\$2,000,000
Nowra Sth, Flinders Depot - Electrical workshop	\$2,000,000
Veron's Estate Rd Construction	\$1,920,738
FDAF AATP Elec Fire Provn	\$1,791,000
Naval College Rd NBBSP	\$1,500,000

List of Major Projects Not Included in the Capital Works Program (greater than \$600,000)

Project	Amount
Nowra Traffic Strategy Construction	\$16,000,000
Nowra CBD All Day Carparking	\$15,000,000
Nowra Eastern Bypass	\$11,973,000
Bay and Basin Regional Sporting Precinct	\$10,000,000
Berry Car Parking	\$6,958,650
Shoalhaven City Library	\$5,800,000
Ulladulla road improvements	\$5,533,000
South Nowra Internal Access Rd	\$5,450,000
Nowra Sports Park - Lyrebird	\$3,600,000
Sanctuary Point Playing Fields	\$3,500,000
Bishop Drive	\$3,000,000
Construction of Second Chapel	\$2,700,000
Milton Highway Intersection Corks Lane	\$2,575,000
Nowra Community Centre	\$2,500,000
Matron Porter Drive	\$2,000,000
South Nowra Internal Access Rd Drainage	\$1,600,000
Greys Beach Masterplan	\$1,500,000
Huskisson Car Park	\$1,402,000
Hillcrest Ave Drainage	\$1,320,000
West Lake Conjola New Launching Facility	\$1,200,000
Bernie Regan Additional Sportsfields	\$1,000,000
Nowra CBD Land Acquisition	\$1,000,000
Nowra Traffic Strategy Land Acquisition	\$1,000,000
Berry Neighbourhood Gardens Community Centre	\$934,000
NTS East- Brereton to NTS East preload	\$900,000
NTS West- Brereton St/North St intersection	\$600,000
Vincentia & Beach Road Roundabout	\$600,000

2.7 Sensitivity Analysis

The table below analyses the sensitivity of various assumptions

Assumption	Sensitivity	Result
Revenue		
Investment Interest	0.5% reduction	-\$294,621 Reduced interest received in the first year
Fees and Charges	1% reduction	-\$436,325 Reduced revenue in the first year
Expenditure		
Loan Interest Rate	1% additional increase on a \$1,000,000 loan	\$6,214 Additional cost of repayments per year
Materials & contracts expense (operating)	0.5% higher than forecast	\$212,938 Additional cost of materials & contracts in first year

2.8 Risk Assessment

A risk assessment has been performed on the assumptions detailed above in accordance with Council’s Risk Assessment Procedure (PRD09/169). The matrix of the risk assessment is tabled below:

Risk Rating Matrix

		Consequence				
		1 Negligible	2 Minor	3 Moderate	4 Major	5 Severe
Likelihood	5 Almost Certain	Medium	High	High	Extreme	Extreme
	4 Likely	Medium	Medium	High	High	Extreme
	3 Possible	Low	Medium	High	High	High
	2 Unlikely	Low	Low	Medium	Medium	High
	1 Rarely	Low	Low	Medium	Medium	High

Likelihood

- 5 Almost Certain Is expected to occur in some circumstances
- 4 Likely May occur at some time
- 3 Possible Not expected to occur
- 2 Unlikely Likely to occur in exceptional circumstances
- 1 Rarely Highly unlikely to occur in the foreseeable future

Consequence

- 1 Negligible Negligible financial loss - up to 1% of Council's budget
- 2 Minor Minor financial loss - up to 3% of Council's Budget
- 3 Moderate Significant financial loss - up to 10% of Council's Budget
- 4 Major Major financial loss - up to 20% of Council's Budget
- 5 Severe Extensive financial loss - up greater than 20% of Council's budget

The table below identifies the risks, rates them and considers the possible liability to Council:

Risk	Likelihood	Consequence	Risk Rating	Potential Liabilities
Inaccurate projected estimates of expenditure	Likely	Minor	Medium	Possible service level or capital project cuts
Uncertain of revenue stream	Rarely	Minor	Low	Possible service level or capital project cuts
Possible impacts on expenditure				
Employee wage increase higher than 2.7%	Unlikely	Minor	Medium	Possible service level or capital project cuts
CPI greater than 2.5%	Possible	Minor	Low	Possible service level or capital project cuts
Borrowing interest rate higher than 5.5%	Unlikely	Minor	Low	May not be able to construct major works that are loan funded
Increasing the superannuation %	Possible	Minor	High	Possible service level or capital project cuts
Contributions Plan (s94) projects required earlier than affordable	Possible	Major	High	Capital projects cuts. Not meeting obligations.
Unplanned infrastructure failure or necessary renewal	Possible	Moderate	High	Possible service level or capital project cuts
Climate Change - impacts on infrastructure	Possible	Major	High	Major redirection of capital project and maintenance budgets
Possible impacts on revenues				
Rate pegging lower than 2.5%	Possible	Minor	Medium	Possible service level or capital project cuts
Financial Assistance Grant reduction	Unlikely	Minor	Low	Possible service level or capital project cuts
Inability to use Holiday Haven generated income on other crown reserves	Possible	Moderate	High	Possible service level or capital project cuts
Interest paid on investments is lower than 3.25%	Possible	Minor	Low	Possible service level or capital project cuts
Land Sales targets not met	Possible	Moderate	High	May not be able to construct works funded from Strategic Projects Reserve or Strategic Property Acquisition Reserve
Council investments fail to return principal	Possible	Minor	Medium	Possible service level or capital project cuts

Risk	Likelihood	Consequence	Risk Rating	Potential Liabilities
Other risks associated with key projects				
Reclaimed Effluent Management Scheme - subsidised scheme grant not available	Unlikely	Major	Medium	Project may be spread over a longer time period, borrow funds, Sewerage fees may increase
North Nowra Link Road - approvals requirement beyond budget	Possible	Major	High	Capital project cuts

2.9 Financial Modeling

Council will be modeling three scenarios for General Fund. One for the planned base line position and the other scenarios modeling the impact of new capital works at Veron's not proceeding, and the 7.5% rate proposed increase for Fit For The Future not being approved.

Scenario 1 - Current Baseline

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating Result for the year before Grants and Contributions	(9,695)	(9,617)	(7,879)	(6,016)	(2,895)	(3,231)	(2,136)	(1,365)	(644)	(166)
Cash Balance	0	0	0	0	0	0	0	0	0	0

Scenario 2 - Proposed SRV & associated works at Veron's not proceeding

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating Result for the year before Grants and Contributions	(9,695)	(7,940)	(8,006)	(6,158)	(3,053)	(3,405)	(2,327)	(1,574)	(872)	(414)
Operating Result - per Scenario 1	(9,695)	(9,617)	(7,879)	(6,016)	(2,895)	(3,231)	(2,136)	(1,365)	(644)	(166)
Cash Balance - Surplus / (Deficit)	0	1,677	(127)	(142)	(158)	(174)	(191)	(209)	(228)	(248)

The current LTFP includes a proposed Special Rate Variation Project for Veron's estate. These works are to fund infrastructure. Should the SRV not be approved, the rates revenue will not be received (forecast over a 10 year period), the loan to fund the work will not be drawn down, and the works will not proceed.

Long Term Financial Planning

2015/17

Scenario 3 - 7.5% rate rise for FFTF not proceeding	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
Operating Result for the year before Grants and Contributions	(9,695)	(9,617)	(10,825)	(12,216)	(12,682)	(13,262)	(12,418)	(11,903)	(11,446)	(11,239)
Operating Result - per Scenario 1	(9,695)	(9,617)	(7,879)	(6,016)	(2,895)	(3,231)	(2,136)	(1,365)	(644)	(166)
Cash Balance - Surplus / (Deficit)	0	0	(2,946)	(6,200)	(9,786)	(10,031)	(10,282)	(10,539)	(10,802)	(11,072)

The current LTFP includes a proposed Above Rate Peg submission to IPART, in order for Council to meet the FFTF guidelines. As is demonstrated above, should the proposed 7.5% above rate peg submission not be approved, Council will not be able to demonstrate being Fit For The Future within the recommended timeframes.

2.10 Performance Monitoring

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

2.10.1. Definitions and Historical Results

Performance Measures – Definitions and Historical Results							
Indicator	Description	Formula	Target	Actual Result - 2013/14			
				Consolidated	General Fund	Water Supply	Sewerage
General Purpose Financial Report – Note 13							
Operating Performance Ratio	Measure Council's achievement of containing operating expenditure within operating revenue	$\frac{\text{Total continuing revenue (excl Cap Grants \& Contrib) - Operating Expenses}}{\text{Total continuing revenue (excl Cap Grants \& Contrib)}}$	Benchmark is 0	-0.69%	-8.93%	19.42%	16.02%
Own Source Operating Revenue Ratio	Measure fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions	$\frac{\text{Total continuing operating revenue (less ALL grants and contributions)}}{\text{Total continuing operating revenue}}$	Above 60%	84.73%	81.55%	94.27%	95.95%
Unrestricted Current Ratio	To assess the adequacy of working capital & its ability to satisfy obligations in the short term for the unrestricted activities of Council	$\frac{\text{Current Assets less all External Restrictions}}{\text{Current Liabilities less Specific Purpose Liabilities}}$	Above 1.50:1	1.39:1	1.36:1	12.44:1	1.44:1

Indicator	Description	Formula	Target	Actual Result - 2013/14			
				Consolidated	General Fund	Water Supply	Sewerage
Debt Service Cover Ratio	Measures the availability of operating cash to service debt including interest, principal and lease payments	$\frac{\text{Operating Result before capital excluding EBITDA}}{\text{Principal Repayments + Borrowing Interest Costs}}$	2 or above	4.12	3.52	21.75	2.56
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	To assess the impact of uncollected rates and annual charges on liquidity and the adequacy of recovery efforts	$\frac{\text{Rates, Annual and Extra charges Outstanding}}{\text{Rates, Annual & Extra Charges Collectible}}$	5%	7.08%	5.25%	9.99%	10.18%
Cash Expense Cover Ratio	To assess the number of months a Council can continue paying for its immediate expenses without additional cash inflow	$\frac{\text{Asset renewals (building and infrastructure)}}{\text{Depreciation, amortization and Impairment (building and infrastructure)}}$	At least 3	9.34	7.86	34.54	3.18

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

Return on Capital	Council's with Category 1 Businesses would be expected to generate a return on capital funds employed that is comparable to rates of return for private businesses operating in a similar field	$\frac{\text{Surplus/(deficit) from continuing operations before Capital Amounts + Interest Expense}}{\text{Written down value of Infrastructure, Property, Plant and Equipment at 30 June}}$	Water 2.4%			1.40%	2.00%
Economic Real Rate of Return	To demonstrate that the water and sewerage businesses meet the requirements of National Competition Policy to achieve full cost recovery	$\frac{\text{Revenue from operations – Operation, Maintenance and Administration Expenses – current cost depreciation}}{\text{Written down replacement cost}}$	Water 0.2%			0.94%	1.64%
			Sewerage 2.2%				
			Sewerage 1.1%				

Long Term Financial Planning

2015/17

Indicator	Description	Formula	Target	Actual Result - 2013/14			
				Consolidated	General Fund	Water Supply	Sewerage
Additional Measures - All Funds							
Operating Surplus	The difference between day to day income and expenses for the period	Operating income – Operating expenses	Breakeven operation position or better over any five year period	-\$1,784,000	-\$12,949,000	\$4,822,000	\$6,343,000
Operating Surplus Ratio	The percentage by which the major controllable income source varies from day to day expenses	$\frac{\text{Operating surplus (deficit)}}{\text{General and Other rate income}}$	An operating surplus ratio between 0% and 15% over any five year period	-0.94%	-9.29%	20.42%	16.44%

2.10.2. Long Term Financial Plan Results & Fit for the Future

Indicator	Target	Fund	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
General Purpose Financial Report – Note 13												
Unrestricted Current Ratio	Greater than 1:1	General	0.48:1	0.56:1	0.44:1	0.52:1	0.61:1	0.73:1	0.78:1	0.86:1	0.96:1	0.94:1
		Water	6.29:1	-1.41:1	-2.69:1	-4.42:1	-4.91:1	-3.82:1	-0.47:1	3.98:1	5.82:1	6.24:1
		Sewerage	0.39:1	0.47:1	0.32:1	0.11:1	0.09:1	0.07:1	0.09:1	0.08:1	0.1:1	0.33:1
Debt Service Ratio	Between 10% and 20%	Consolidated	7%	9%	8%	10%	10%	10%	10%	9%	8%	8%
		General	4%	7%	4%	4%	4%	5%	4%	4%	3%	3%
		Water	1%	0%	0%	0%	0%	0%	0%	0%	0%	0%
		Sewerage	16%	17%	26%	34%	33%	33%	31%	28%	28%	26%
Rates & Annual Charges Coverage Ratio	Below 50%	Consolidated	50%	54%	57%	58%	59%	58%	58%	58%	58%	58%
		General	35%	38%	40%	40%	42%	42%	41%	42%	42%	42%
		Water	16%	16%	17%	17%	16%	16%	16%	16%	16%	16%
		Sewerage	82%	76%	87%	88%	88%	88%	88%	88%	88%	88%
Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage	5%	Consolidated	7%	7%	7%	7%	6%	6%	6%	6%	6%	6%
		General	6%	6%	6%	5%	5%	5%	5%	5%	4%	4%
		Water	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
		Sewerage	8%	8%	8%	8%	8%	8%	8%	8%	8%	8%
Building & infrastructure Renewals Ratio	100%	Consolidated	55%	52%	56%	59%	59%	54%	53%	56%	54%	59%
		General	30%	42%	41%	46%	41%	43%	43%	51%	45%	49%
		Water	52%	64%	47%	58%	34%	32%	32%	32%	32%	72%
		Sewerage	5%	3%	3%	3%	19%	19%	19%	19%	19%	130%

Indicator	Target	Fund	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Special Purpose Financial Report – Income Statement and Notes 2 and 3 – Water and Sewer Only												
Return on Capital	2.40%	Water	0.2%	0.1%	0.1%	0.2%	0.2%	0.3%	0.4%	0.6%	0.7%	0.8%
	2.20%	Sewerage	2.1%	2.0%	1.8%	1.9%	2.1%	2.1%	2.2%	2.2%	2.4%	1.9%
Economic Real Rate of Return	0.2%	Water	-0.1%	-0.1%	-0.1%	0.0%	0.1%	0.2%	0.3%	0.5%	0.6%	0.6%
	1.1%	Sewerage	2.8%	3.2%	2.0%	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	1.9%
Additional Measures - All Funds												
Operating Surplus	Breakeven operation position or better over any five year period \$,000	Consolidated	-3,454	-2,803	-3,750	-3,103	1,151	1,990	4,362	6,106	7,826	5,768
		General	-9,695	-9,617	-7,879	-6,016	-2,895	-3,231	-2,136	-1,365	-644	-166
		Water	796	553	384	636	786	1,160	1,618	2,199	2,721	2,997
		Sewerage	7,649	8,215	5,617	4,094	5,168	6,022	6,978	7,530	8,215	5,590
Operating Surplus Ratio	An operating surplus ratio between 0% and 15% over any five year period	Consolidated	-2%	-1%	-2%	-1%	0%	1%	2%	2%	3%	2%
		General	-5%	-5%	-4%	-3%	-1%	-1%	-1%	-1%	0%	0%
		Water	3%	2%	1%	2%	3%	4%	5%	7%	8%	9%
		Sewerage	18%	19%	12%	9%	11%	12%	14%	14%	15%	10%

The following Fit For The Future table demonstrates internal modelling undertaken subsequent to the adoption of the 2015/16 – 2024/25 budget. Fit For The Future requires Council to demonstrate sustainability by 2019/20. A number of measures have been modelled internally, and the result of the combination of all of the following measures, will ensure that Council meets the benchmarks set by the deadline. These measures are as follows:

- Continue with Transformation Programme
- Reduction in staff allowances
- Implement zero based budgeting and decrease Council expenditure
- Apply for Above Rate Peg increase of 7.5% over 2 years (2017/18 & 2018/19)
- Better Management of Overtime and Casuals
- Improve use of technology to drive efficiencies

Fit for the Future Measures - Rate Increase 7.5% for 2 years, 2017/18 to 2018/19, additional funds transferred to renewal and asset maintenance

Annual Results

Measure		Target		Actuals					Budget								
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sustainability	General Fund - Operating Performance Result	Greater than 0%	Original Result	-5.2%	-2.2%	-8.9%	-7.5%	-7.0%	-6.0%	-6.3%	-6.1%	-6.0%	-5.2%	-4.6%	-4.1%	-3.7%	
			All Strategies	-5.2%	-2.2%	-8.9%	-7.5%	-6.1%	-4.5%	2.3%	8.4%	7.6%	8.2%	9.0%	9.4%	10.1%	10.5%
	General Fund - Own Source Revenue Result	Greater than 60%	Original Result	82.1%	82.1%	81.6%	79.6%	77.2%	83.9%	86.0%	86.5%	87.3%	87.3%	87.4%	87.5%	87.5%	
			All Strategies	82.1%	82.1%	81.6%	79.6%	77.3%	84.0%	87.0%	88.3%	89.0%	89.0%	89.1%	89.1%	89.2%	89.2%
	General Fund - Building And Infrastructure Asset Renewal Result	Greater than 100%	Original Result	41.8%	33.9%	69.2%	55.3%	53.4%	51.5%	51.6%	51.4%	62.5%	60.7%	58.8%	61.3%	56.6%	59.7%
			All Strategies	41.8%	33.9%	105.9%	55.3%	56.3%	57.2%	84.1%	108.4%	105.8%	107.5%	107.2%	109.3%	106.5%	110.3%
Effective Infrastructure and Service Management	General Fund - Infrastructure Backlog Result	Less than 2%	Original Result			3.6%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.1%	1.1%	
			All Strategies			3.6%	0.9%	0.9%	0.9%	0.9%	0.9%	1.0%	1.0%	1.0%	1.0%	1.1%	1.1%
	General Fund - Asset Maintenance Result	Greater than 100%	Original Result	69.0%	145.2%	75.5%	82.9%	78.4%	80.5%	81.3%	81.7%	82.1%	82.6%	82.9%	83.3%	83.7%	84.1%
			All Strategies	69.0%	145.2%	75.5%	82.9%	78.2%	80.1%	80.8%	95.0%	105.1%	100.6%	99.0%	101.4%	99.2%	99.4%
	General Fund - Debt Service Result	Greater than 0 and less than or equal to 20%	Original Result	4.7%	6.7%	5.9%	5.5%	5.3%	8.0%	4.6%	5.1%	5.4%	5.7%	5.4%	5.0%	4.3%	4.2%
			All Strategies	4.7%	6.7%	5.9%	5.5%	5.3%	8.0%	4.3%	4.4%	4.6%	4.9%	4.7%	4.3%	3.7%	3.6%
Efficiency	General Fund - Real Operating Expenditure Per Capita Result	A decrease in Real Operating Expenditure per capita over time	Original Result	1,824	1,359	1,434	1,470	1,461	1,442	1,439	1,425	1,413	1,401	1,381	1,361	1,342	1,326
			All Strategies	1,824	1,359	1,434	1,469	1,452	1,428	1,422	1,802	2,842	2,509	2,351	2,436	2,252	2,209

Three Year Average

Measure		Target		Actuals					Budget								
				2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Sustainability	General Fund - Operating Performance Result	Greater than 0%	Original Result			-5.4%	-6.3%	-7.8%	-6.8%	-6.4%	-6.2%	-6.2%	-6.1%	-5.7%	-5.3%	-4.1%	
			All Strategies			-5.4%	-6.3%	-7.4%	-6.0%	-2.5%	2.5%	6.3%	8.0%	8.3%	8.9%	9.5%	10.0%
	General Fund - Own Source Revenue Result	Greater than 60%	Original Result			81.9%	81.0%	79.3%	80.2%	82.3%	85.5%	86.6%	87.0%	87.3%	87.3%	87.4%	87.5%
			All Strategies			81.9%	81.0%	79.4%	80.2%	82.8%	86.6%	88.2%	88.8%	89.0%	89.1%	89.1%	89.2%
	General Fund - Building And Infrastructure Asset Renewal Result	Greater than 100%	Original Result			48.8%	53.2%	58.7%	53.4%	52.2%	51.5%	55.3%	58.3%	60.6%	60.3%	58.9%	59.2%
			All Strategies			61.6%	64.9%	70.6%	56.3%	66.2%	83.8%	99.7%	107.2%	106.9%	108.0%	107.7%	108.7%
Effective Infrastructure and Service Management	General Fund - Asset Maintenance Result	Greater than 100%	Original Result			91.0%	95.8%	78.9%	80.6%	80.1%	81.2%	81.7%	82.1%	82.5%	82.9%	83.3%	83.7%
			All Strategies			91.0%	95.8%	78.9%	80.4%	79.7%	85.4%	93.9%	100.3%	101.5%	100.4%	99.9%	100.0%
	General Fund - Debt Service Result	Greater than 0 and less than or equal to 20%	Original Result			5.7%	6.0%	5.6%	6.3%	6.0%	5.9%	5.0%	5.4%	5.5%	5.4%	4.9%	4.5%
			All Strategies			5.7%	6.0%	5.5%	6.3%	5.8%	5.4%	4.4%	4.6%	4.7%	4.6%	4.2%	3.9%

2.11 Updating and Review

The LTFP will be reviewed each year, as part of the development of the Operational Plan. The review will include an assessment of

the previous year's performance in terms of accuracy of the projections made compared to the actual results. Major differences between budget and actual figures will be documented with an explanation. A full review of the LTFP will be conducted every four years, in line with the review of the CSP.

3 WORKFORCE PLANNING

3.1 Introduction

The implementation and achievement of the Shoalhaven City Council Community Strategic Plan will be largely delivered by the Council workforce. Workforce planning will be critical to delivering quality business and services and in meeting community expectations.

Getting the right people, in the right places, with the right skills, doing the right jobs– doesn't just happen.... It requires informed planning and decision making to be able to shape a workforce for the future which is capable of delivering Council objectives in a rapidly changing environment. It requires an understanding of both the internal and external context to predict, assess and respond appropriately to demand and supply gaps in the workforce. It is driven by leaders and managers who can engage staff to provide high quality community services with practices that represent best value for money.

Council has clearly articulated workplace values, well established risk and safety culture and an extensive commitment to the training of staff.

Council's Workforce Planning needs to be flexible and dynamic to respond to changes resulting from the transformation program and changes to the external environment as required.

3.2 Workforce Challenges

The workforce challenges facing Council are similar to those facing the Australian business sector as a whole:

- An ageing and shrinking workforce – resulting in increased competitive labour market pressures to attract and retain skilled and qualified staff
- Evolving community expectations, Council strategy and business direction - requiring new or changed skill/capability to deliver objectives.
- The rapid pace of technology change - affecting service expectations, service delivery, job design and market competition
- Increasing government compliance requirements and regulation - affecting work functions, accreditation, and reporting and qualification requirements
- Major reform of the Local Government industry and legislative framework e.g. shared services, amalgamations and Local Government Act changes.

Shoalhaven City Council will need to create sustainable workforce development strategies, to maximise its capacity to successfully deliver its Community Strategic Plan in the context of these workforce challenges.

3.3 Workforce Planning Purpose

Council's workforce planning will ensure that strategies and processes are in place to shape the workforce and provide the capabilities to deliver Council's Community Strategic Plan vision

and objectives. Workforce planning is guided by the following principles:

- Identification of the core organisational capabilities (competencies) to achieve organisational sustainability
- Designing appropriate work practices that enable delivery of strategy
- Balancing workforce renewal through a mix of recruitment and “grow your own” strategies
- Optimising the potential of employees through effective performance review and professional and career development
- Recognising and rewarding employees
- Valuing diversity and promoting equality of opportunity for employees in all aspects of employment
- Providing a safe working environment for all employees
- Fostering and maintaining effective employee relations
- Delivering business outcomes within an effective change management framework and IT enhanced environment
- Streamlining of policy, systems and processes that hinder flexibility, agility and innovation
- Actively managing workforce sustainability and risk.

3.4 The Look and Shape of Our Workforce

3.4.1. Staff Numbers and Employment Type

At July 2012 the Council workforce was 800 Full Time Equivalent (FTE) permanent employees (excluding casual staff and non-employee apprentices/trainees). The total headcount of staff working for council (including casual staff, apprentices and trainees) was 1208.

There has been a continuing reduction of the permanent (FTE) workforce as a result of the combination of increasing staff retirement rates, ongoing work redesign, an increased investment in workforce development strategies and financial sustainability initiatives to achieve efficiencies in staffing expenditure.

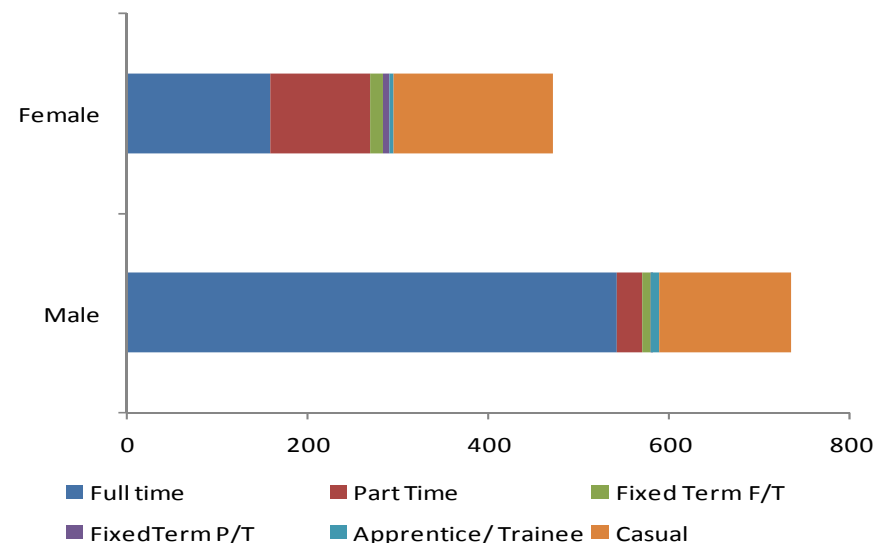


Figure 3.1 Gender and Employment Type of Council Workforce 2012

3.4.2. Age

Over 44% of Council's staff are mature aged workers (50 years and above). This will pose significant workforce continuity challenges during the period of the Community Strategic Plan 2023, including a loss of corporate knowledge; capacity of older workers to undertake physically demanding jobs; and the reducing capacity to attract and build a skilled workforce to replace exiting workers.

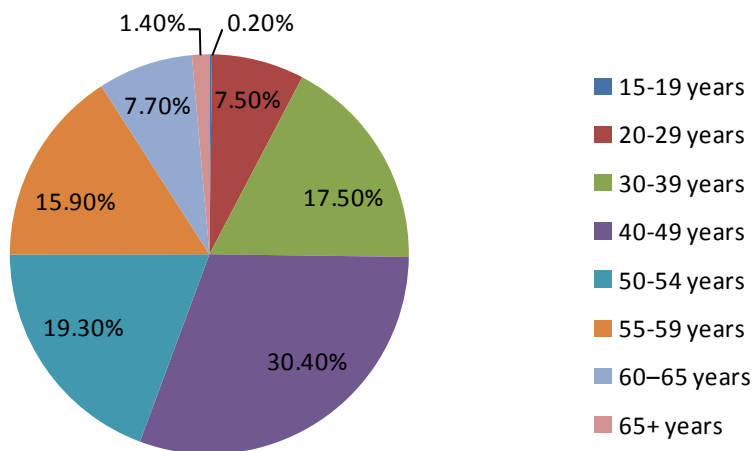


Figure 3.2 Age Distribution of Council Workforce 2012

The anticipated impact of retirements will affect the indoor and outdoor workforce equally over the next 5 years.

3.4.3. Occupations

The Council workforce consists of more than 100 individual occupations that deliver four business streams: (reported in ALGWE Census 2012)

- 42.4% of staff are engaged in Engineering/Infrastructure functions
- 26.5% of staff are engaged in Human and Community Services functions
- 17.3% of staff are engaged in Corporate Services/Government functions
- 13.8% are engaged in Planning and Environment functions

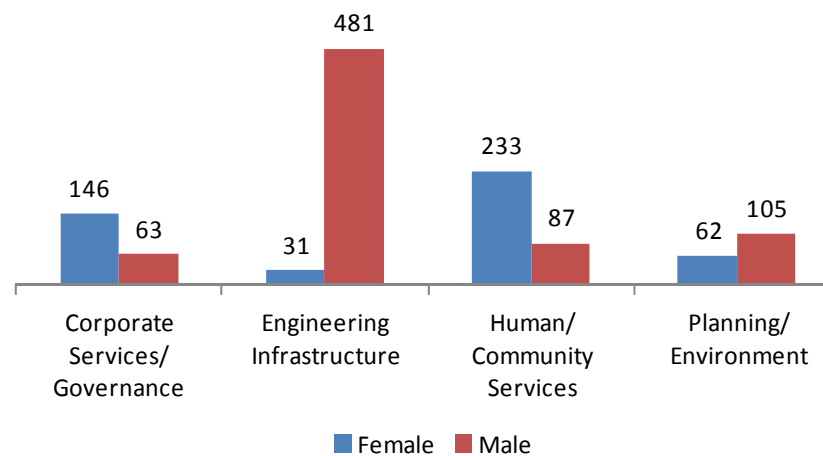


Figure 3.3 Occupations by Gender 2012

The predominant workforce occupation is in the engineering/infrastructure business stream and male, whilst the least common occupation is female workers in the same business

stream. Note: these business streams include all occupations that contribute to business outcomes – ie professionals, paraprofessionals, administrative and support workers.

Figure 3.4 below, showing staff numbers by age cohorts indicates where skills shortages may occur in business streams in the coming years as older staff exit the workforce.

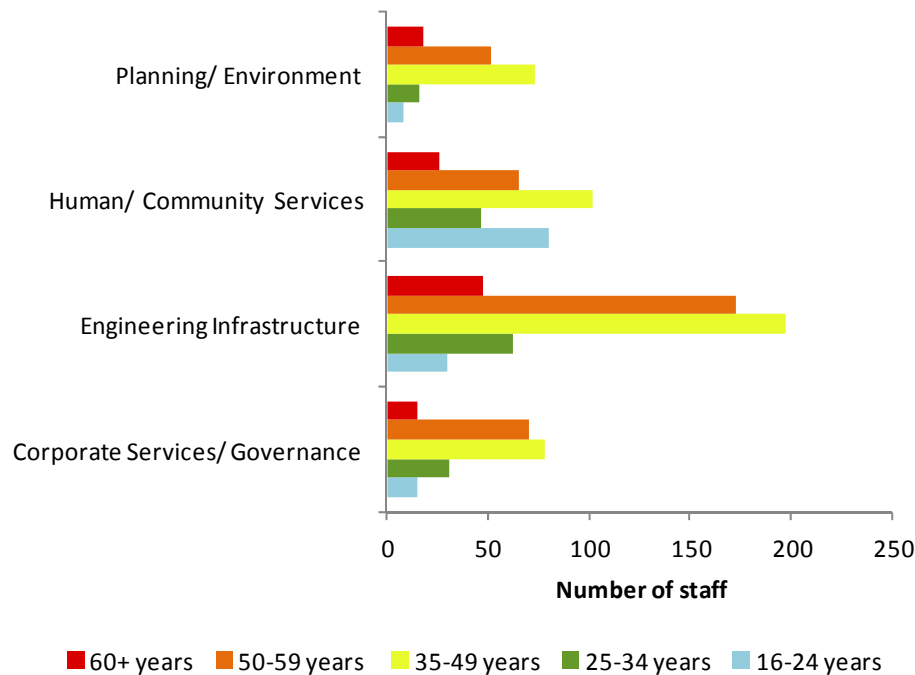


Figure 3.4 Occupations by Age 2012

If during the four year timeframe to 2017 all workers currently aged over 60 retire and all workers who reach the age of 60 choose to retire, this will see 178 workers (excluding casual staff) leave the organisation (or 20.3% of the workforce).

3.4.4. Turnover

Turnover refers to the percentage of the permanent workforce who have left council and does not include internal promotions, transfers or secondments.

Until 2009 staff turnover was relatively low but since 2010 there has been an increasing rate of staff turnover. This reflects an increase in retirements combined with the decreasing Council workforce numbers

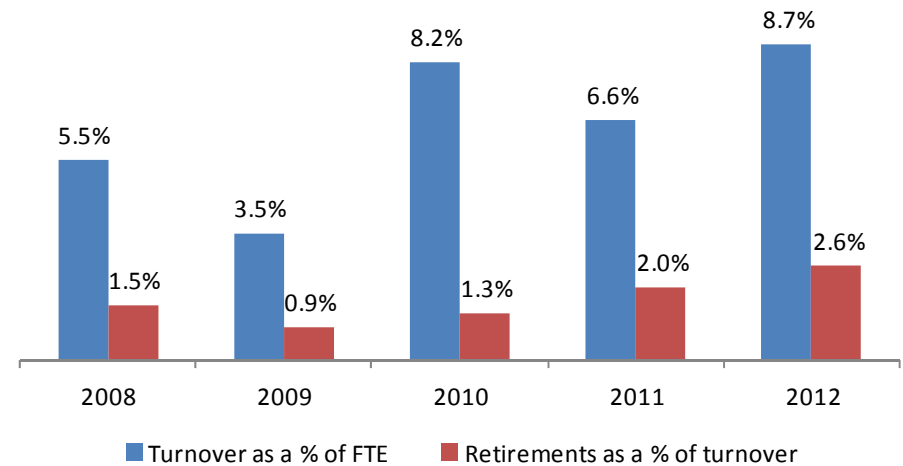


Figure 3.5 Trends in Turnover of Permanent Workforce

During the past five years the average age at retirement has increased from 60 to 61.7 years and this trend is likely to continue as age pension eligibility age rises from 65 to 67 years in the next decade.

As a result of staff commencements in this period, whilst FTE reduced, headcount increased in all business streams apart from Planning and Environment, indicating a trend to less full-time employment. The net decrease of Council workforce numbers in the 50+ age bracket (-28) was compensated by an increase in younger staff (+43).

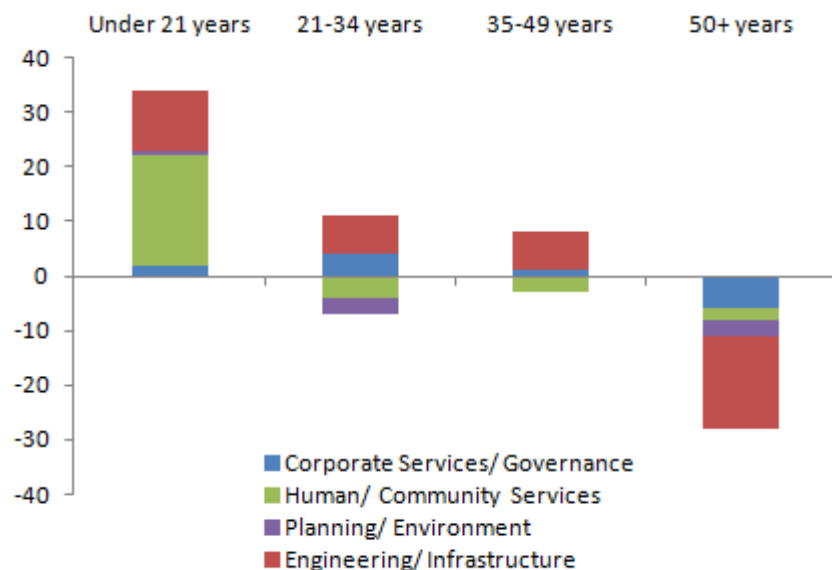


Figure 3.6 Net Impact of Commencements and Turnover (headcount) in Year Ending 30 June 2012

3.4.5. Diversity

Council has made a commitment to an Aboriginal employment target (3.7% of staff) in the EEO Management Plan, which reflects the Aboriginal population within the Shoalhaven community profile. As at 30 June 2012, 1.9 % of staff (headcount) have identified as Indigenous (however this may not reflect the true proportion of the workforce that is Aboriginal). Council has also committed to work towards diversity targets for Culturally and Linguistically Diverse (CALD) and Disability in line with the changing community profile.

3.5 Implications for Workforce Planning

During the period of the previous Resourcing Strategy, Council’s workforce planning was focussed on developing an understanding of the complexity of interactions in a changing business environment which required simultaneous improvements focused on:

- customers and stakeholders
- organisation of work
- performance of people
- risk and sustainability.

3.5.1 Transformation Program

For the period 2013 – 2017 Council’s Workforce Planning will focus on supporting the following transformation program objectives:

- Governance and organisation structure
- Organisation culture

- Financial sustainability
- Efficiency and effectiveness
- Customer Service
- Communications

Specific initiatives identified as part of the Transformation Program have been integrated into the key priorities at 3.6.

3.5.2 Restructure

In 2013 Council reviewed and significantly revised its organisational structure to ensure it has the capability to deliver the Community Strategic Plan. Key business drivers of this change were:

- improving customer service and communications
- assuring financial sustainability
- improving management of existing infrastructure, primarily roads.

The transformation program and restructure are expected to deliver reductions in salary expenditure and this will be reflected in the Long Term Financial Plan.

3.5.3 Technologies

Major enhancement of Council's information and knowledge management capabilities is underway through the replacement of corporate business systems and information technologies. This will involve significant review and optimisation of work practices and arrangements to take full advantage of new systems' capabilities to support operating efficiencies.

3.5.4 Service Reviews

Ongoing review of service programs, and in particular resource

sharing and outsourcing opportunities, may result in workforce reductions commensurate with any changes in service levels, productivity and service delivery method.

3.6 Priorities

Council's workforce planning activity in the period to 2017 will aim to address its internal and external workforce challenges through the following strategies:

- 1 **Leadership:** developing the capability of its leaders and managers to achieve its workforce objectives
- 2 **Capability:** building and maintaining a skilled workforce that can sustain Council business
- 3 **Engagement:** creating a workplace environment which promotes staff involvement and supports the capacity to respond to emerging priorities and deliver innovative business solutions.

A Workforce Development Plan will outline the actions and timelines to achieve these objectives. This plan will be built collaboratively with staff and will evolve overtime.

Key priorities to achieve the above 3 key workforce strategies are identified below. Priorities may change over time to respond to the needs of the organisation and to respond to the external environment.

Strategy 1: Leadership

- Adopt a Leadership Capability/ Competency framework.
- Develop a Leadership Development Program.

- Integrate the capability/ competency framework into the recruitment process for management positions.
- Develop Succession Plans for Executive & Management positions.
-

Strategy 2: Capability

- Improve the competitiveness, effectiveness and efficiency of Council's recruitment processes including its presence on-line
- Increase structured entry programs and opportunities (including traineeships or apprenticeship) for occupations that are in short supply.
- Enhance and promote the *Planned Departure Program* including increasing flexibility in changing current working arrangements, reengagement after retirement and retirement planning sessions which provide options for those wanting to either exit or remain in the workforce.
- Introduce a range of core capability programs in the Corporate Training Plan.
- Enhance performance management processes to align with the Community Strategic Plan and corporate objectives and to encourage desired behaviours in the workplace.
- Offer structured career paths for staff seeking to develop their skills and enhance their contribution to Council.
- Continue to meet mandatory skills accreditation and compliance requirements in training and development programs.

Strategy 3: Engagement

- Continue to improve the corporate induction program beyond compliance requirements to address cultural issues and performance expectations.
- Conduct Employee Climate surveys to understand the perceptions that staff have of their workplace and identify the strengths and opportunities for improvement in the organisation's culture.
- Achieve the objectives of the EEO Management Plan.

4 ASSET MANAGEMENT PLANNING

4.1 Introduction

Currently the Shoalhaven City Council is the custodian of community assets with a replacement value of about \$3 billion. There are legislative and community expectations that council assets are managed to provide the greatest benefits, at the lowest whole-of-life costs, for all residents, landowners and visitors.

Council is developing a comprehensive Asset Management (AM) system to meet the community’s expectation and to satisfy statutory and financial imperatives. An AM system must include:

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

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

4.2 Assets Sustainability

Special Schedule 7 to the 2012/13 Annual Financial Report indicates that Council’s infrastructure backlog works, based on Asset Management Plan data and accounting principles, is over \$41 million. Schedule 7 also indicates an annual maintenance requirement of some \$24.1 million, met in 2012/13 with an expenditure of some \$18.6 million. In the 2012/13 year, the reported Asset Renewal Ratio was 31% (it should ideally be 100%).

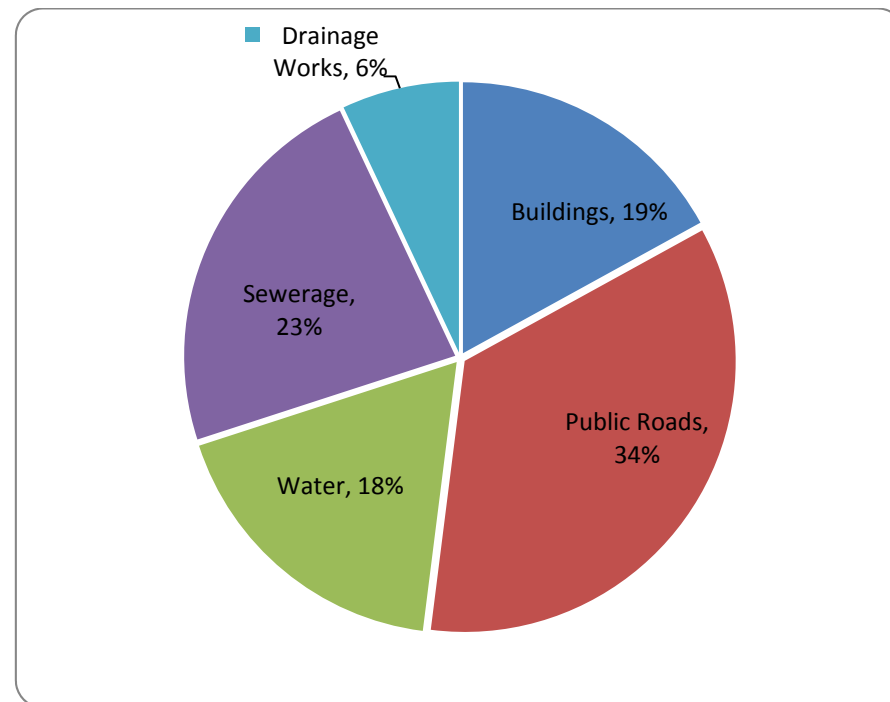


Figure 4.1 Total Current Value of Assets 2012/13

Roads is the asset category with the highest infrastructure backlog (about \$27 million). The LTFP includes increasing annual allocations for road renewals by 10% per year. This approach is expected to eliminate the backlog of road surface renewals by 2023/24 and for road pavement renewals by 2028/29. However, the overall average condition of the buildings asset category is likely to deteriorate slightly over this period owing to the diversion of available funds to roads.

4.3 Asset Management Strategy

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

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

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

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

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

4.3.1. Asset Management Policy

Council adopted a revised Asset Management Policy in 2014. This overarching document provides some principles for the implementation and use of Asset Management. One of the requirements of the Policy was the development of the AM Strategy.

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

- preference for allocation of resources to maintain and renew existing assets
- maintenance of our asset base and targeting a long term asset sustainability index (actual replacement/renewal budget versus required funding as per AMPs) averaging 90-95% for each of the asset types
- the Asset Management Strategy to guide the development and review of AMPs and to specify appropriate 'levels of service' for inclusion in AMPs
- community consultation in the development of appropriate 'levels of service' and asset performance to be measured against these levels
- the management of Council's assets to be overseen by the Asset Management Planning Committee
- risk management, environment and sustainability to be considered in the development of asset strategies

- asset acquisition to be justified by considering the ‘whole of life cost’ of the new asset including initial capital cost, operation, maintenance, rehabilitation and disposal costs
- annual operation/maintenance budgets to include an allowance for additional costs arising from addition of new assets through development, acquisition, dedication or leasing and/or licensing as well as an allowance to cover cost increases in line with indices relevant to each asset class
- adequate resources should be provided to undertake regular agreed levels of inspections to identify hazards and asset condition
- utilisation and operating/maintenance costs to be monitored to ensure that costs do not outweigh the benefits derived
- “minimum utilisation” measures being determined for all building structures to determine surplus building assets.

4.3.2. Risk Management

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

Critical assets include:

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

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

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

4.3.3. Asset Management Plans

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

- Administration buildings
- Aquatic facilities
- Arts and crafts buildings
- Bridges and culverts
- Bus shelters
- Car parks – commercial
- Cemeteries
- Coastal and estuary assets
- Community buildings
- Courts – tennis and netball
- Cultural centre’s
- Early childhood services
- Flood mitigation drainage structures

- Footpaths and cycleways
- Kerb and gutter
- Libraries
- Parks and reserves
- Playgrounds
- Public amenities
- Public halls and community centres
- Scout and guides club facilities
- Sealed roads
- Shoalhaven animal shelter
- Stormwater drainage
- Streetscapes
- Surf lifesaving clubs
- Telecommunications infrastructure
- Tourist Parks
- Traffic facilities
- Unsealed roads
- Walking tracks
- Wastewater assets
- Water assets
- Waterways infrastructure (boating facilities)
- Works depots.

AM plans have now have been re-formatted into a 'best practice' template as suggested in the International Infrastructure Management Manual (2011 edition) and contain:

- a description of the asset category and the services delivered
- the key standards, systems and guidelines which influence asset management activities

- levels of service (current and desired) and a system of performance measures
- factors influencing future demand and the impacts of changing demand
- management of risk
- summary of life cycle strategies
- long term cash flow projections
- links to the CSP, LTFP, Delivery Program and Operational Plan, through capital and maintenance programs.

4.3.4. Reporting

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

Asset reporting is in accordance with:

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

The annual report includes:

- assets acquired during the year
- assets held for each principal activity
- condition of public works:
 - estimate of amount of money to bring works up to a satisfactory standard

- estimate of annual expense to maintain the works at that standard
- program of maintenance in respect of the works.

4.3.5. Asset Management Improvement Plan

Council's AM Improvement Plan (AMIP) details actions necessary to progress from the current situation to eventually achieving the expected outcomes of the CSP. The Improvement Plan therefore fills the gaps or deficiencies in asset knowledge, systems, resources and service levels to meet these outcomes. The current version of the AMIP contains about 500 tasks necessary to meet the 'maturity' gap in the AM system and is summarised in the following groupings:

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

4.4 Priority Responses

4.4.1. AM Preparation

Principal Activities:

- Complete review of all Asset Management Plans (AMPs); re-format to 'best practice' AMP template; and ensure they

adequately inform the CSP and DP and meet Office of Local Government (OLG) requirements

- Confirm current levels of service and performance measures for each asset category
- Update financial and demand projections in all AMPs as part of their review
- Ensure all assets are constructed and maintained to meet appropriate quality standards.

4.4.2. Improve AM Processes

Principal Activities:

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

4.4.3. Improve AM Systems

Principal Activities:

- Re-format and 'cleanse' AM data for ready inclusion in new integrated AM and financial software (Civica)
- Maintain links from Conquest to Geographic Information System (GIS); the Maintenance Management System; and

the customer request system (Merit) until Civica is fully implemented

4.4.4. Improve AM data

Principal Activities:

- Record works and cost information per asset for optimum whole-of-life calculations
- Include proposed assets and predicted cash-flows in Civica
- Record outcomes of statutory inspections per asset in Civica.

4.4.5. Actions for AM organisation and training

Principal Activities:

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

- Define the roles and responsibilities of asset 'custodians' and disseminate to staff.

4.4.6. Actions for AM identified in the Transformation Program Implementation Plan (TPIP)

Principal Activities:

- Review the causes and develop guidelines to reduce capital works carry-overs
- determine the overall annualised costs for maintenance and renewals on commercial and community properties buildings
- Establish a project management methodology
- Align AM to the IT system upgrade to Civica
- Develop and document a common process and methodology for the management of Council assets internally to the organisation
- Implement the recommendations of the AM Strategy
- Realign corporate systems with new organisation structure
- Systematically review and document business rules and standards to improve customer service standards.

5 INFORMATION TECHNOLOGY AND TELECOMMUNICATIONS PLANNING

5.1 Introduction

Our Information Technology and Telecommunications (IT+T) planning addresses the practical information technology and telecommunications needs of the Shoalhaven City Council in delivering its many diverse, geographically dispersed and often specialist services and infrastructure programs to the community, directed by the Council's Community Strategic Plan, Shoalhaven 2023.

A key to continual improvement in the scope and efficiency of service delivery will be efficiencies in operations and the integration of operational functions that can be gained through highly effective technology and information and communications systems.

Delivery of Civica Authority integrated software solution and the re-engineering of underlying business systems and processes is a key initiative that is being undertaken during 2014-2015.

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

5.2 Scope of Functions and Services

The scope of Council's information technology and telecommunications services facilitate and deliver business systems and technologies to support the requirements and improve the operation of Council services and facilities

These profiles include the following activities:

5.2.1 IT equipment and Infrastructure

desktop and mobile computing hardware

networking Infrastructure
server systems
data storage and management infrastructure
mobile devices / telephones
fixed telephony services
facsimile services cabling solutions
printing services
industrial control systems support services.

5.2.2 Business Systems

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

5.2.3 Geographic Information Systems

management of all corporate GIS data
provision of GIS services.

5.3 Scope of Resources

5.3.1 Budget Expenditure and Revenue

The Information Services Section's IT&T budget for 2013/14 has an operational expenditure of \$4.1 million and capital expenditure of some \$2.7 million.

5.3.2 Assets managed and controlled

IT & T services are delivered through the following assets:
computer hardware and networks

structured cabling systems
software licenses.

5.3.3 Existing IT+T Strategies

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

- a single solution for the same need throughout Council
- based on use of proven technology
- utilising an integrated core IT software solution
- with common data standards
- and in-house capacity to optimise and implement.

The IT Strategy focuses on key high-level business drivers identified through various reviews such as

- Operational review (2012)
- Organisation Review (2013)
- Transformational Program and Implementation Plan (2013)
- Local Government Acts Taskforce discussion paper.

And technology drivers capitalising on improved technology to deliver business solutions. These business and technology drivers include

- Improvements to Customer Service
- Enhance Operational Efficiency
- Mobility for all staff
- Technology convergence
- Online transaction capacity.

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

- working smarter
- improving access to services
- exploiting information

- efficient, secure, agile technology
- linking it all together
- renewing service delivery
- managing assets.

5.4 Functions and Services Forecast

5.4.1 Program Continuity

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

Key activities and tasks associated with program continuity will include:

Major software replacement and maintenance

- Replacement of major proprietary software with Civica Authority, replacing many varied software assets that have reached end of life or will be more effectively provided through integration. These include
 - Rating and water billing systems.
 - Human Resource and Payroll system
 - Sun - the underlying financial system for general ledger, debtors and creditors
 - Online DA tracking module and Developer Enquiry system.
- Upgrades to Trim/ Records Manager – Council's electronic document management system.
- Upgrades for ESRI – ESRI provides a suite of applications that make up Council's Geographic Information Systems (GIS)

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

Realignment of Business Systems and Structure

Outcomes of the 2013 Transformational Program and Implementation Plan together with the implementation of Civica Authority will include significant associated work on:

- Realignment of corporate systems with the new organisation structure
- Analysis and development of business rules and standards to support the changed functions
- Significant support and development in the delivery of improved customer service through a dedicated customer service centre.

Core Infrastructure software acquisition or replacement

Council's primary server infrastructure is based on a VMware virtualised environment with replicated storage area network. This infrastructure is maintained at the latest software revisions to ensure reliability, security and feature set.

- SQL Server 2012 – Council's core database is currently split between SQL 2000 and SQL 2008. Upgrade and consolidation is required
- Exchange Server 2013 – Currently council is using exchange server 2010
- Windows Server 2012 – Many servers are still running 2003 and require upgrade
- Replacement of exiting Threat Management Gateway 2010 Servers
- Introduction of Windows 8.1 into the mobile and desktop computer fleet.

Electronic document environment

On-going support for an electronic document environment requires:

major storage capacity growth

document backup, recovery and archiving

document migration to new standards

server redundancy

network capacity

desktop resources

document security.

Emergency Communications Networks

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

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

5.4.2 City and Community Growth

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

IT+T infrastructure and operations should support improved operational efficiencies, enabling overall long term service growth to be achieved at or below the rate of actual City growth. In some cases, service growth will be supported by very small incremental IT+T investments, and in other cases a quantum investment in IT+T will enable highly efficient service expansion.

Particular challenges include:

Water and Sewer Functions

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

Increased Mobile / Field Communications and Data Requirements

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

Communications Tower Infrastructure

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

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

While Council owns a number of towers already, a clear policy position and strategy for the development and management of the towers network into the future, together with a sustainable business model, is required. Development of an underlying asset management plan (AMP) will support tower operations.

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

5.4.3 New Initiatives

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

Internet, Web 2.0 and e-Government

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

Council's governance, community engagement, branding and communications initiatives now, and will increasingly, incorporate the internet as a core two-way communications 'channel' and media

Compliance with various legislative requirements now demands highly effective internet site interface with core systems and operations

The diversity of Council's operations requires the management of several internet site 'identities' and Council also uses social media as a business tool for parts of its operations

Council's internet sites must also address the increasing range of customer interface and business transactions now enabled via the internet, making marked improvements to the efficiency of dealing with Council for our widespread community.

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

5.4.4 Changing Technology

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

Mobile Solutions

Expanding mobile software solutions delivered to staff and customers will allow business to be transacted, anywhere, anytime.

Systems Convergence

With the development of Council's core IP network infrastructure, advantage can be taken using the converged network to deliver not only voice but also video solutions at sites such as leisure centres, libraries and offices.

Cloud Computing

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

Green IT

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

5.5 Priority Responses

5.5.1 Optimal IT&T Asset Management

Activities:

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

5.5.2 Corporate IT Solutions

Activities:

Implement, monitor and review the Information Technology Strategy and information technology and telecommunications planning to ensure optimal support of Council operations

Deploy and implement Civica Authority software suite as the core software platform for Council

Identify and implement mobile solutions to improve efficiency for staff.

5.5.3 Communications Technology

Activities:

Provide communications and information technology support to the DISPLAN Communication Supporting Plan

Ensure Council's corporate Internet presence is secure, accessible, maintainable and relevant

Provide infrastructure and support to deliver reliable and secure information technology services to the public through Council facilities such as Libraries, Visitor Information Centres and Tourist Parks.

5.5.4 Transformational Program and Implementation Plan

The following TPIP projects will deliver and/or contribute to the identified priority [workforce planning] activities:

- 4.2 - IT system upgrade to Civica Authority
- 4.8 - Realignment (of corporate systems) with new structure
- 5.1 - One stop customer service centre
- 5.2 – Review and Business rules and standards