



Resourcing Strategy



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1.0 Introduction

Bega Valley Shire Council’s Resourcing Strategy forecasts Council’s ability to deliver assets and services to the community over the next 10 years in line with the adopted Community Strategic Plan – Bega Valley 2030.

1.1 Legislative Background

The NSW Government introduced Integrated Planning and Reporting (IPR) legislation in 2009. The legislation required all NSW Councils to prepare long term strategic asset, service and financial plans. The Resourcing Strategy is one of five corporate planning documents required by legislation, the others being;

- The Community Strategic Plan – Bega Valley 2030
- The Delivery Program
- The Annual Operational Plan
- The Community Engagement Strategy

This Resourcing Strategy has been prepared in accordance with the requirements of the State Government’s Integrated Planning and Reporting Legislation.

The diagram below outlines Council’s Integrated Planning and Reporting Framework and outlines the relationship between the Resourcing Strategy and other elements of the Integrated Planning framework.



Local Government Planning and Reporting framework

1.2 Understanding the Resourcing Strategy

The Resourcing Strategy outlines the approach that Council will apply to managing its significant infrastructure portfolio, ensuring that Council can deliver its core services with appropriate resourcing and sets reporting requirements.

1.3 Key elements of the Resourcing Strategy

The Resourcing Strategy incorporates the following:

- Asset Management Strategy

The Asset Management Strategy covers how councils asset portfolio will meet the service delivery needs of its community into the future, outlines the framework for Council's asset management policies to be achieved and ensures the integration of Council's asset management with its long term financial plan. The Asset Management Strategy assists Council in meeting the requirements of national sustainability frameworks, the State Integrated Planning and Reporting framework and community services in a financially sustainable manner

- Workforce Strategy

The Workforce Strategy is developed on the principles of having the 'right people in the right jobs at the right time' and having an 'adaptive and flexible approach so that the organisation is well placed to take advantage of the opportunities provided by the Local Government Reform Agenda' The Workforce Strategy defines three strategic priorities, these being;

1. A workplace of choice
2. Right people in the right jobs
3. Wellbeing and Safety

- Financial Strategy

The Financial Strategy provides a clear direction and context for decision making that guides the future allocation, management and use of its financial resources. The Financial Strategy sets the parameters within which Council agrees to operate in order to maintain accepted financial outcomes.

Each of these Strategies set the direction and principles to guide our organisation in achieving the financially sustainable delivery of assets and services to the community. These strategies are presented as each chapter of this Resourcing Strategy.

1.4 How are the Strategies achieved

Underpinning each strategy is a plan that demonstrates how we will deliver and achieve the directions established in our strategy. [\(hyperlink each plan in final document\)](#)

- Long Term Financial Plan
- Workforce Plan
- Asset Management Plans

These set the directive for actions in Council's Delivery Plan and Operational Plan and commitments in the budget.

1.5 Understanding our planning of *Headline Projects*

Commencing in the financial year 2016-17 Council will have in place a separately programmed and reported Headline Projects list.

A 'Headline Project' is defined as one that holds

- Significant financial investment
- Holds a high community profile (has significant social, cultural or asset benefit)

The purpose of separately identifying and profiling Headline Projects is to enable Council and the community to have greater access and understanding of project proposals and projections and upon approval greater access to project update information.

Council staff that are the leading projects will be required to complete a Project Scoping Template which will help define the proposed project planning and implementation issues. The Project Scoping Template will require staff to identify:

- Project justification (why this project is needed)
- Council and community alignments (how this project is aligned to our Community Strategic Plan, Asset Management Strategy, Social Issues Papers etc)
- Funding requirements
- Community Engagement and Communications plan
- Risks of proceeding or not proceeding with the project
- Key stakeholders to be involved with the project (internal and external)
- Monitoring and evaluation plan

This information within the Project Scoping template can then be used to work with both our community and Council on seeking feedback on priorities.

Prior to each Headline Project being approved by Council it will be assessed against the following criteria:

- Community and social benefit
- Corporate alignment
- Risk assessment
- Financial considerations
- Environmental impacts
- Economic benefits
- Community demand

Progress reports on projects that are approved under the Headline Projects scheme will be advertised and published in Council's Business Paper on a quarterly basis to ensure our community has the opportunity to remain informed and engaged in the projects.

1.6 Consultation and Engagement

Over the next month – May 1 – May 28, 2015 this Resourcing Strategy will be on public exhibition with opportunity for our community to provide feedback. This Resourcing Strategy

will be available on Council's website and in hard copy at the Council administration building, Bega, and in hard copy at Council's four library branches, Bermagui, Bega, Merimbula and Eden.

1.7 Review

Over the period of July 2015 to June 2016 Council will undertake the second full review of its Community Strategic Plan. Elements of this review will include:

- Conducting an independent community survey
- Refocus of our community ambition areas to understand and define the community aspirations
- Further establishment of key result areas for our community ambitions, to work with our community to understand what measurements of success are most important to them
- Refining and further development of our Delivery Plan to develop strategic goals in working towards our community ambitions and through defining areas that Council has a leading role in.

2.0 Asset Strategy

Executive Summary

This Asset Management Strategy assists Council in improving the way it delivers services from infrastructure services including transport, water, sewer, bridges and culverts, stormwater drainage, parks and reserves, cemeteries, recreation facilities, buildings and parking, waste management, and vehicle/ plant and equipment. These infrastructure assets have an approximate replacement value of \$1,373,545,000

The Asset Management Strategy is to enable Council to show:

- how its asset portfolio will meet the service delivery needs of its community into the future
- enable Council’s asset management policies to be achieved, and
- ensure the integration of Council’s asset management with its long term financial plan.

Adopting this Asset Management Strategy will assist Council in meeting the requirements of national sustainability frameworks, the State Integrated Planning and Reporting framework and community services in a financially sustainable manner.

The Asset Management Strategy is prepared following a review of the Council’s current Asset Management Strategy 2011, service delivery practices, financial sustainability indicators, asset management maturity and fit with Council’s vision for the future outlined in the Bega Valley Shire Council Community Strategic Plan. The Strategy outlines an asset management improvement plan detailing a program of tasks to be completed and resources required to bring Council to a minimum ‘core’ level of asset maturity and competence.

Strategy outlook

1. Council has developed a range of “Technical Levels of Service” that reflect current activities to provide a range of services and infrastructure to the community. The cost of meeting these “Levels of Service “ have been built in to Council’s Financial Strategy and maintaining this level of service is achievable over the next 10 years
2. The organisation is able to fund current infrastructure life cycle cost at current levels of service and available revenue.

The organisation’s current asset management maturity is at a competent level with investment needed to improve information management, lifecycle management, service management and accountability and direction.

Asset management strategies

No	Strategy	Desired Outcome
1	Move from annual budgeting to long term financial planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise ‘whole of life’ costs.
3	Develop Council’s Long Term Financial Plan covering 10	Sustainable funding model to

	years, and incorporating asset management plan expenditure projections with a sustainable funding position outcome.	provide Council services.
4	Incorporate Year 1 of Council's Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and the long term financial plan after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at "Fair Value" in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information reflected in asset registers, on service level performance and costs, and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Service delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within two years.	Improved financial and asset management capacity within Council.
11	Report to Council and Audit Committee on development and implementation of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

Asset management improvement plan

The program of tasks and resources required to achieve a minimum 'core' asset management maturity has been developed in the Asset Management Strategy.

Actions that need to be implemented to improve the current asset management practices are documented in Table 8 of this Strategy.

A more detailed implementation plan will be developed, as asset management plans are reviewed, to support the achievement of the improvement plan.

2.1 Introduction

A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement. These assets provide important services to communities.

Infrastructure assets such as roads, drains, bridges, water supply, sewerage, parks, recreation reserves and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be significant, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. Changing community expectations and increasing demand for new and improved services adds to the planning and financing complexity of asset management.

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require councils to adopt a longer-term approach to service delivery and funding. This approach comprises:

- A strategic longer-term plan covering, as a minimum, the term of office of the councillors and:
 - bringing together asset management and long term financial plans,
 - demonstrating how council intends to resource the plan, and
 - consulting with communities on the plan
- Annual budget showing the connection to the strategic objectives, and
- Annual reporting with:
 - explanation to the community on variations between the budget and actual results,
 - any impact of such variances on the strategic longer-term plan,
 - report of operations with review on the performance of the council against strategic objectives.

National Framework Asset Planning and Management has seven elements to assist in highlighting key management issues, which promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges. The seven elements are:

- Asset management policy
- Strategy and planning
- Asset management strategy
- Asset management plan
- Governance and management arrangements
- Defining levels of service
- Data and systems
- Skills and processes, and
- Evaluation.

This Asset management strategy enables Council to;

- Show how its asset portfolio will meet the service delivery needs of its community into the future
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plan.

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

- in the most cost effective manner
- through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets, for present and future consumers.

The objective of an Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

2.1.1 Legislative reform

Under the Office of Local Government Integrated Planning and Reporting Framework NSW Councils are required to draw together their various plans, to understand how they interact and to plan holistically for the future.

As a result Bega Valley Shire's Community Strategic Plan (CSP) was prepared to provide a vehicle for expressing long term community aspirations in accordance with current requirements. These aspirations can only be achieved if sufficient resources - time, money, assets and people are allocated.

Through the Delivery Plan, Council outlines how the objectives of the Community Strategic Plan will be implemented. Implementation is based on the resources identified in the Resourcing Strategy. The Resourcing Strategy focuses on long term planning strategies in three key areas:

- financial planning
- asset management planning and
- workforce planning.

The Resourcing Strategy is the critical link between the Community Strategic Plan and the Delivery Plan, detailing the provision of resources required to implement strategies established by the Community Strategic Plan for which Council is responsible on behalf of the community.

Council's Asset Management Strategy 2014/15-2019/20 is part of our Resourcing Strategy this document revises and supersedes current Asset Management Strategy 2011

2.1.2 Asset Management Planning Process

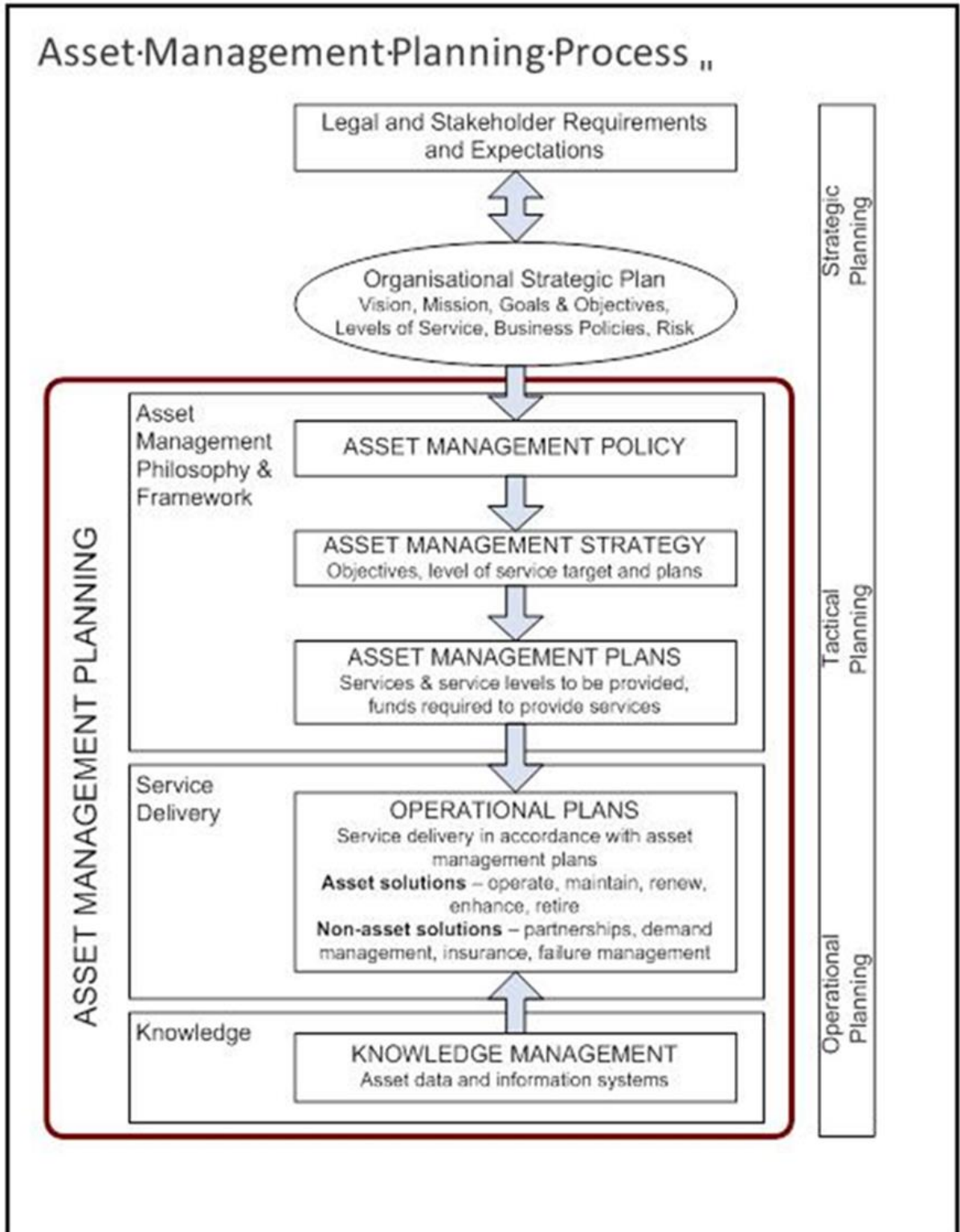
Asset management planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by

assessing Council's financial sustainability under scenarios with different proposed service levels.

Asset management planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plan and operational plan, linked to a long-term financial plan with a funding plan.

Asset Management Plans were prepared for Transport, Water, Rereation, Buildings and Sewer in 2011 and reviewed in 2015. Asset Management for Plant, Waste, Airport and Cemeteries are currently being Finalised.

Figure 1. Asset Management Planning Process



2.2 What Assets do we have?

Council uses infrastructure assets to provide services to the community. The range of infrastructure assets and the services provided from the Council's current assets is shown in Table 1.

Table 1: Assets used for providing Services

The emphasis in the Asset Management Strategy is to address the approach to Council's main Infrastructure Assets as follows:

Asset Class	Description	Services Provided
Transport Assets		
	Roads	Transportation of goods and services from production to market and to consumers. Movement of people around the Council area for business, education, recreation and leisure.
	Bridges and Culverts	
	Stormwater Drainage	
Buildings Assets		
	Community Halls	Council operations as well as providing for a range of cultural and community services through infrastructure. Facilitates a large range of activities from small local gatherings to regional initiatives.
	Office and Depots	
	Cultural	
	Childcare & Preschool	
	Other Council Buildings	
Commercial Business		
	Airport	Support the provision of a range of services to the community.
	Stock Selling Yards	
	Land	
	Cemeteries	
	Quarries	

Asset Class	Description	Services Provided
Parks & Leisure		
	Sports Grounds	Community recreation and leisure activities on developed and undeveloped and developed open spaces for a range of purposes from passive recreation to organised sport.
	Parks	
	Natural Reserves	
	Open Space	
	Swimming Pools	
	Boating Infrastructure	
	Recreational Buildings	
Water		
	Storages / Reservoirs	Provision of safe drinking water for domestic, business, industrial and recreational usage
	Treatment	
	Reticulation	
Sewer		
	Reticulation	Collection of domestic, business and individual waste water, conveyance clear of private and public property, conversion of reusable quality and return to the environment
	Pumping Station	
	Treatment/Disposal/Reuse	
Waste		
	Waste Bins	Enable the community to dispose of waste materials in an appropriate manner. Support the recovery and re use of resources.
	Transfer Stations	
	Disposal Facilities	
Plant		
	Heavy Construction	Plant and equipment used to support the operational activities of Council. Support the provision of a range of services to the community.
	Light Construction	
	Passenger Vehicles	

2.3. Council's assets and their management

2.3.1 State of the Assets

The Bega Valley 2030 Community Strategic Plan acknowledged the role infrastructure assets play in shaping communities and providing services. The hierarchy established in the CSP adopted the following principles:

- Regional or Shire Wide – one facility only, within a 45 minute drive (except sports ground where two facilities have been identified).
- District or Larger Towns– one facility in each of the major settlements (Bega, Bermagui, Eden & Merimbula), within a 25 minute drive.
- Local or Smaller Towns – one facility in each of the villages and towns, within a 15 minute drive.
- Neighbourhood – several facilities in each of the villages and town, within a 15 minute walk or cycle.

These principles now guide decisions in asset renewal, upgrade and expansion as well as disposal and rationalisation.

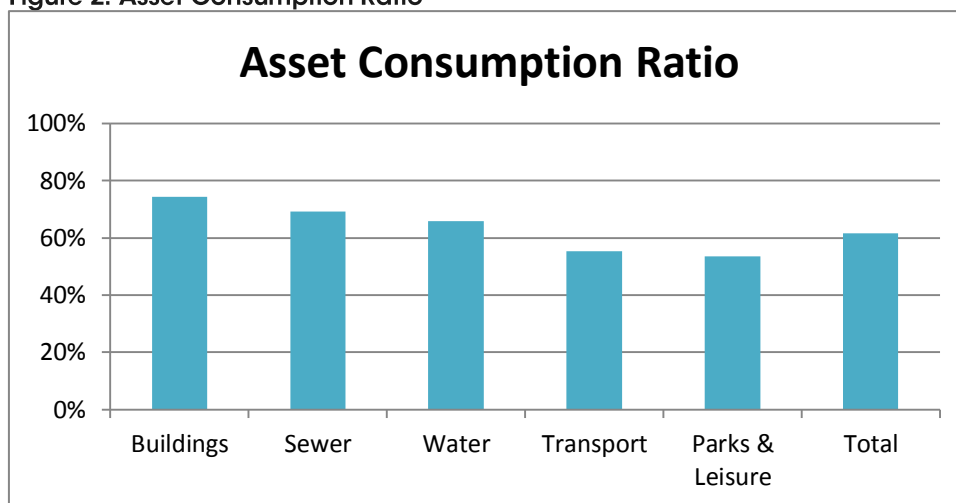
The financial status of the Council's assets is shown in Table 2.

Table 2: Financial Status of the Assets 2014

Asset Class	Replacement Cost (\$000)	Residual Value (\$000)	Depreciable Amount (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense (\$000)
Buildings	\$51,199	\$0	\$51,199	\$38,018	\$1,142
Sewer	\$274,041	\$0	\$274,041	\$189,409	\$6,516
Water	\$296,912	\$0	\$296,912	\$195,713	\$4,063
Transport	\$674,372	\$130,734	\$543,638	\$431,937	\$8,661
Parks & Recreation	\$77,021	\$0	\$77,021	\$41,205	\$2,100
Total	\$1,373,545	\$130,734	\$1,242,811	\$896,282	\$22,482

The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2.

Figure 2: Asset Consumption Ratio



At present, detailed condition information is only available for a number of asset classes. Work is ongoing to progressively capture relevant data to assist in forward works programming and asset renewal.

Below are comments on each of the asset classes.

Transport Assets:

In general, the transport asset base is in relatively good condition. Some concrete assets such as footpaths and kerb and channelling are relatively old and aesthetically may look poor to fair but from a functional perspective continue to provide a suitable level of service.

A back log in the renewal of road surfaces has been identified and progress is being made to address this backlog, generally though road surfaces are in fair to good condition.

Road pavements comprise the majority of asset value and are long life assets. Renewal demand is manageable at this point in time.

It is clear though that continued investment in transport assets is necessary to ensure service levels are maintained.

Bridges and Culverts:

Council's regular inspection regime has identified that the bridge stock is in relatively sound condition and a long term replacement program is in place. Continual investment in timber bridges is critical to extend the remaining useful life.

Buildings:

There are no significant issues with Council buildings that are impacting on the intended use of the facilities, however the asset base is ageing and assessment of whether buildings are fit for future use is required. Community facilities are predominantly maintained by the users. There is a backlog of maintenance / renewal challenges particularly larger projects that need to be addressed so that user/community needs can continue to be met in to the future.

Some buildings/facilities have recently been released from long term leases and returned to Council control.

Stormwater:

Generally these networks perform well and observations from field and technical staff would suggest that the current condition of the network and associated assets is fair with a number of current issues to address.

As relatively passive assets, with a long useful life, renewal demands will not be relatively significant for the foreseeable future. Asset maintenance has been and continues as strongest challenge.

Parks and Recreation:

Parks and Recreation assets cover a broad range of facilities and locations.

As asset condition information increases, modelling of condition can occur to provide direction and priority for the development plan. Maintenance budgets need to reflect servicing that maximises the asset life. Ageing infrastructure such as public swimming pool and playground equipment pose a significant challenge and demand on renewal funding.

Table 3: Summary of Assets and condition

Asset Class	Description	Length/ Area/ No	Condition
Transport			
Roads	Sealed Pavement Urban - Local	1,808,138.87sqm	Poor
	Sealed Pavement Rural - Local	2,172,008.50sqm	Poor
	Sealed Pavement Regional	2,013,060.80sqm	Poor
	Unsealed Pavement Urban - Local	69,739.90sqm	Good
	Unsealed Pavement Rural - Local	3,250,809.80sqm	Good
	Unsealed Pavement Regional	160,211.00 sqm	Good
	Sprayed Seal Urban - Local	1,808,138.87 sqm	Very Good
	Sprayed Seal Rural - Local	2,172,008.50 sqm	Very Good
	Sprayed Seal Regional	2,013,060.80 sqm	Very Good
	Kerb and Gutter	285,631.00m	Very Good
	Footpath Concrete	111,185.30m	Fair
	Roadside Furniture Bus Shelters	39.00each	Fair
Bridges	Timber - Local	1,414.00sqm	Poor
	Timber Regional	4,765.00 sqm	Poor
	Non Timber - Local	13,775.00 sqm	Fair
	Non-Timber - Regional	13,380.00 sqm	Fair
	Causeways Concrete Local	7,633.00 sqm	Fair
Storm Water	Drainage - Pipes	115,956.90m	Good

Asset Class	Description	Length/ Area/ No	Condition
Water and Sewer			
Water	Dams and weirs - Structures	6 No	Fair
	Treatment Works - Structures	18 No	Very Good
	Pump stations and bores	50	Fair
	Reservoirs - Tanks	63No	Very Good
	Reticulation Water Mains AC - CI	145,000 Mtr	Fair
	Reticulation Water Mains - PVC	192,000 Mtr	Fair
	Reticulation Water Mains – DI Pipes	10,000 Mtr	Fair
	Water Metres	12,467 No	Fair
Sewerage and Reuse	Treatment Works - Structure	10 No	Very Good
	Pumping Stations – Structure	58 No	Fair
	Pressure sewer mains and components	36,657 Mtr	Very Good
	Pressure sewer pump units	961	Fair
	Mains AC-Conc Pipes	108,000 Mtr	Fair
	Mains – VC & CI Pipes	69,000 Mtr	Fair
	Mains – DI Pipes	7,000 Mtr	Fair
	Mains – PVC, PE	87,000 Mtr	Fair
	Odour Control	97 No	Fair
Parks and Recreation			
	Wharfs	2 No	Fair
	Jetties	11 No	Good
	Boat Ramps	14 (No) 26 Lanes	Fair
	Sports grounds	335Ha	Fair
	Sport and Rec ground structures	28 No	Fair
	Swimming Pools	6 Facilities (No) 15 Pools (No)	Poor
	Skate Parks	9 (No)	Good
	Courts	54 (No)	Fair
	Buildings/Grandstands	1,080 m ² 36 (No)	Poor

Asset Class	Description	Length/ Area/ No	Condition
	Playground Equipment	26 No	Poor
	Lagoons and Estuaries	43,100,000 sqm	Good
Buildings			
	Community Halls	33 No	Fair
	Office and Depot's	21 No	Poor
	Cultural	9 No	Poor
	Childcare & Preschool	6 No	Poor
	Other Council Buildings	22 No	Fair
Commercial Business			
	Airport	1 No	Fair
	Sale yards	1 No	Fair
	Quarries	1 No	Fair
	Cemeteries (AM Plan to be confirmed)	13 No	Fair

2.3.2 Life Cycle Cost

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past three years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure at the start of the plan is shown in Table 4.

Table 4: Annual Expectancy on Asset

Service	Previous Year Expenditure		Cap Renewal Exp (\$000) (\$/yr)	Life Cycle Exp (\$000) (\$/yr)
	Operations (\$000)	Maintenance (\$000)		
Buildings	\$738	\$444	\$601	\$1,783
Sewer	\$4,169	\$769	\$1,336	\$6,274
Water	\$1,722	\$1,748	\$1,839	\$5,309
Transport	\$2,090	\$6,257	\$7,369	\$15,716
Parks & Leisure	\$1,579	\$843	\$660	\$3,082
All Services	\$10,298	\$10,061	\$11,80	\$ 32,164

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life

cycle expenditure is less than the life cycle cost (see table 4), it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist Council in prioritising the provision of service to the community in a financially sustainable manner. This is the purpose of the AMP Plans and Long Term Financial Plan.

A shortfall between life cycle cost and life cycle expenditure gives an indication of the life cycle gap to be addressed in the Asset Management Plans and Long Term Financial Plan.

The life cycle gap and life cycle indicator for services covered by the Asset Management Plan is summarised in Table 5.

Table 5: Life Cycle Indicators (10 Years)

Service	Life Cycle Cost (\$000) (\$/yr)	Life Cycle Expenditure (\$000) (\$/yr)	Life Cycle Gap * (\$000) (\$/yr)	Life Cycle Indicator
Buildings**	\$1,262	\$1,121	-\$141	89%
Sewer	\$12,183	\$12,095	-\$88	99%
Water	\$9,955	\$10,205	\$250	103%
Transport	\$15,321	\$15,561	\$241	102%
Parks & Leisure***	\$4,268	\$4,082	-\$186	96%
All Services	\$42,989.00	\$43,064.00		

Note 1: * A life cycle gap is reported as a negative value.

Note 2:**Buildings have a special variation commencing in 2015/2016

Note 3:*** recreation has a SV which commenced in 2014/2015 to address the gaps identified in the table.

The current service standards for Council’s assets are considered appropriate, so the challenge in funding the life cycle gap is related mostly to renewal spending.

In conjunction with this challenge, are the acknowledged renewal backlogs in a number of asset classes.

Annual asset renewal demand for a given time period may be less than or greater than the annual depreciation provision. This will depend upon the in service performance of the assets and the actual performance of the assets within the overall asset stock life cycle.

The above discussion highlights the current strategy in place to begin to address backlog needs and forward renewal needs.

A further issue to consider in respect to life cycle costs is the depreciation provision made for asset replacement and the merits of adopting a “Residual Value” approach to valuing assets

A Residual Value arises when, a range of assets have the potential to be incorporated into replacement assets or have value at the end of the assigned useful life. Examples can include e.g. road pavements, plant and equipment, buildings and constituent components, drainage pipes (as conduits for trenchless technology). Recognising this residual value has the potential

to reduce the quantum of annual depreciation provision and reflect actual asset management practice.

It is understood that a review of asset management practices is being carried out on a state wide basis and the use of residual values will be addressed as part of this review.

The modelling carried out in the development of the next generation of Asset Management Plans will assist in further identifying the current actual renewal demand.

This approach is consistent with the Council's Asset Management Policy.

Presently a key expenditure focus for Council needs to be on the asset backlog works.

The expenditure gap for building assets is relatively large; however current renewal demand does not currently reflect this gap. There needs to be a focus on improving inspection regimes and prioritising asset renewal and addressing building compliance issues.

While investment in storm water assets is well below depreciation, the current condition of the assets does not warrant significant investment at this point. As such a portion of the desirable renewal funding could be redirected to address more urgent demands in the asset network.

Council needs to commit to funding the renewal demand of the asset base and to provide additional funding to address backlog work, to ensure that the various assets meet with the expectation of the community and comply with the standards of the day.

If appropriate renewal funding is not be made available over time asset condition will deteriorate, leading to more service requests and an increasingly "risky" operating environment within which to manage

2.3.3 Asset Management Structure

There are many areas within Council that have responsibility for infrastructure asset management. Responsibilities range from managing a network such as transport to single buildings and entities across the Shire.

The latest structure review has spread infrastructure responsibilities throughout the organisation so that service provision also includes the management of the required infrastructure.

2.3.4 Corporate Asset Management Team

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- demonstration corporate support for sustainable asset management
- encouraging corporate buy-in and responsibility
- coordinating strategic planning, information technology and asset management activities
- promoting uniform asset management practices across the organisation
- information sharing across IT hardware and software
- pooling of corporate expertise
- championing of asset management process; and
- wider accountability for achieving and reviewing sustainable asset management practices.

The role of the asset management team will evolve as the organisation maturity increases over several phases.

Phase 1

- strategy development and implementation of asset management improvement program

Phase 2

- asset management plan development and implementation
- reviews of data accuracy, levels of service and systems plan development

Phase 3

- asset management plan operation
- evaluation and monitoring of asset management plan outputs
- ongoing asset management plans review and continuous improvement.

Council has recently created an Asset Coordinators role, this position reports to the Transport, Asset and Design manager who reports to the Group Manager for Transport and Utilities. The Asset team is in its infancy. The team is expected to provide an organisational service to all infrastructure asset managers within the organisation and work closely with staff within the finance sector.

The Asset Team will develop processes and procedures for the management and planning of all infrastructure assets throughout the Shire.

2.3.5 Financial & Asset Management Core Competencies

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting

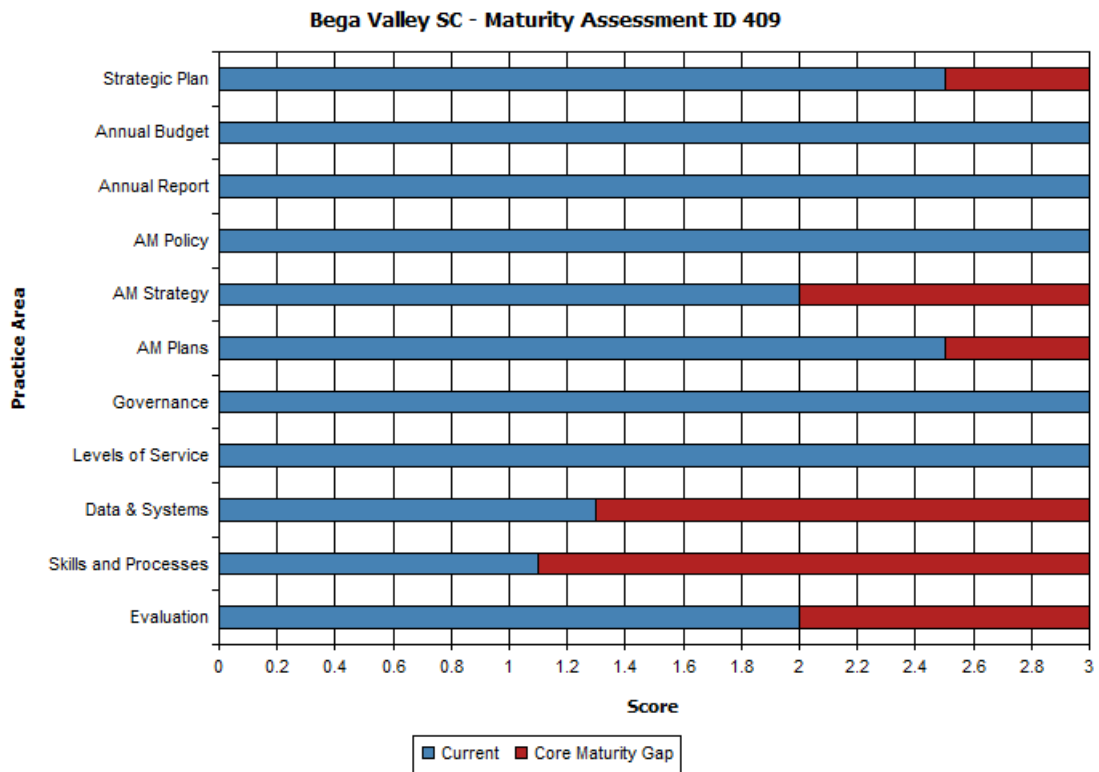
- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & Management
- Levels of Service
- Data and Systems
- Skills and processes
- Evaluation

Council's maturity assessment for the core competencies is summarised in Figure 4. The current maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve a core financial and asset management competency is shown by the red bars.

Figure 3: Core Asset Management Maturity



2.3.6 Strategic Outlook

Council has developed a range of “Technical Levels of Service” that reflect current activities to provide a range of services and infrastructure to the community. The cost of meeting these “Levels of Service “ have been built in to Council’s Long Term Financial Plan and maintaining this level of service is achievable over the next 10 years

The organisation is able to fund current infrastructure life cycle cost at current levels of service and available revenue.

The organisation’s current asset management maturity requires an investment to improve information management, lifecycle management, service management and accountability and direction as identified in figure 3.

2.4 Where do we want to be?

2.4.1 Council's Vision, Mission, Goals and Objectives

Council has adopted a Vision for the future in the Community Strategic Plan.

“Your place, our place, great place”

Council's purpose is set out in the adopted mission statement;

“The Bega Valley is a community that works together achieving a balance between quality of life, enterprising business, sustainable development and conservation of the environment.”

The Strategic Plan outlines the community ambition and outcome areas to be achieved in the planning period. The community ambitions set out where the organisation wants to be. The outcome areas are the steps needed to get there. Community ambitions and outcome areas relating to the delivery of services from infrastructure are shown in Table 6.

Table 6: Goals and Objectives for Infrastructure Services

Community Ambition	Outcome areas
A1 Connected communities: Our people, freight and destinations are connected to enable travel in, out or around the shire in a way that is safe, accessible and environmentally sustainable, and the road network allows for efficient travel and is clearly marked.	An integrated and well maintained transport network vis roads waling and cycling to support the local community and promote activity
A2 Facilities and services: Our infrastructure, facilities and services are strategically planned, located, designed and maintained to meet our local and visiting community needs.	Council and development infrastructure is constructed in compliance with assessed standard and is 'fit for purpose' Safe and well maintained built facilities meet the cultural, recreational tourism and community service needs of all ages and abilities in our community
A3 Essential services: Our water, sewer and waste services meet public health and environmental health standards, and meet our local and visitor community needs.	Drinking water supplies provided in accordance with the levels of service detailed in the Water and Sewerage Services Strategic Business Plan and business operated in a financially and environmentally sustainable manner to meet public health standards. Manage waste in accordance with waste strategy and land fill management plans in a financially and environmentally sustainable manner to meet public health standards.
E4 Supporting tourism infrastructure	Plan and implement effective infrastructure to assist maximising experiences for the shires visitors.

2.4.2 Asset Management Policy

Council's Asset Management Policy defines the Council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and enables Council to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future
- enable Council's asset management policies to be achieved; and
- ensure the integration of Council's asset management with its long term strategic plans.

2.4.3 Asset Management Vision

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with their ability to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle.

To assist in achieving this balance, Council aspires to develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the Asset Management Strategy are to:

- ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated; and
- provide high level oversight of financial and asset management responsibilities through Audit Committee/General Manager reporting to Council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

2.5 How will we get there?

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

Table 7: Asset Management Strategies

No	Strategy	Desired Outcome
1	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
2	Develop and annually review Asset Management Plans covering at least 10 years for all major asset classes (80% of asset value).	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
4	Incorporate Year 1 of Long Term Financial Plan revenue and expenditure projections into annual budgets.	Long term financial planning drives budget deliberations.
5	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
6	Report Council's financial position at Fair Value in accordance with Australian Accounting Standards, financial sustainability and performance against strategic objectives in Annual Reports.	Financial sustainability information is available for Council and the community.
7	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
8	Report on Council's resources and operational capability to deliver the services needed by the community in the Annual Report.	Services delivery is matched to available resources and operational capabilities.
9	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.
10	Implement an Improvement Plan to realise 'core' maturity for the financial and asset management competencies within two years.	Improved financial and asset management capacity within Council.
11	Report to Council by development and implementation of Asset Management Strategy, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

2.6 Asset Management Action Plan

The actions required to achieve 'core' financial and asset management maturity are shown in priority order in Table 8.

Table 8: Asset Management Action Plan

Ref	Task	Priority and Importance	Responsibility	Budget
Asset Knowledge Data				
1	Review and develop asset hierarchy down to appropriate asset/component level (develop in tandem with hierarchy development for all infrastructure assets)	High	Asset Management Steering Group	Internal resources.
2	Review, collect and record required asset location, attribute and condition data to appropriate type/component level with target 98% coverage and 98% confidence (ensure all assets incorporated)	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services	Internal resources.
3	Review and collect spatial data for all assets	Medium	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services	Internal resources.
4	Collect and maintain historical condition data for all assets	Medium	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services	Internal resources.
5	Collect and record utilisation and performance data for major assets	Medium	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services	Internal resources.
6	Record and manage operations and maintenance work type and cost data at asset type/component level	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Asset Knowledge Data				
7	Record and manage renewals and new works data	High	Water and Sewerage Assets Engineer, Manager Leisure Services	Internal resources.
8	Develop unit rate cost data for main/routine activities and works	Medium	Civil Assets, Design & Development Manager, Water and Sewerage Services Manager, Manager, Community & Cultural Services	Internal resources.
9	Review and update asset valuation and depreciation data/calculations	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure services	Internal resources.
10	Review and develop age/life data for all assets	Medium	Asset Management Steering Group	Internal resources.
Asset Knowledge Processes				
11	Develop and implement asset hierarchy/classification guidelines and processes	High	Asset Management Steering Group	Internal resources.
12	Review, develop and confirm/implement asset ID system for all assets	High	Asset Management Steering Group	Internal resources.
13	Review, develop and implement data capture strategy, guidelines and processes	High	Asset Management Steering Group	Internal resources.
14	Develop and implement condition assessment strategy, guidelines and processes	High	Asset Management Steering Group with sign off by Civil Assets, Design & Development Manager Water and Sewerage Services Manager Manager, Community & Cultural Services for their respective areas	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Asset Knowledge Processes				
15	Develop and implement guidelines/processes for measurement of utilisation and performance for all assets	Medium	Asset Management Steering Group	Internal resources.
16	Review valuation/depreciation methods/processes	High	Asset Management Steering Group	Internal resources.
17	Review, develop and implement formal asset handover guidelines/processes including processes for asset capitalisation, data transfer, operations/maintenance start-up	Medium	Asset Management Steering Group	Internal resources.
18	Review asset valuation processes in finance system	High	Asset Management Steering Group	Internal resources.
19	Review, confirm and formalise data management guidelines, processes and responsibilities	Medium	Asset Management Steering Group	Internal resources.
20	Develop and introduce data validation and auditing processes	Medium	Asset Management Steering Group	Internal resources.
Strategic Asset Planning Processes				
21	Review and develop levels of service for all assets including process for community/ customer research and consultation/input	High	Asset Management Steering Group	Internal resources.
22	Review and develop performance indicators and performance measurement and reporting	High	Asset Management Steering Group	Internal resources.
23	Review and undertake basic demand forecasting and trend analysis; include basic demand management considerations	Medium	Asset Management Steering Group	Internal resources.
24	Develop Social and Recreation Plans/Strategies to assist in managing/balancing demand for new community infrastructure and recreation facilities and inform capital works planning	High	Leadership Executive Group	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Strategic Asset Planning Processes				
25	Undertake risk analysis/assessment and develop risk registers for all assets and implement risk management systems and processes for critical/major assets	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Service in their separate areas of responsibility in conjunction with Asset Management Steering Group	Internal resources.
26	Develop lifecycle planning/costing guidelines and processes	Medium	Asset Management Steering Group	Internal resources.
27	Undertake lifecycle planning for all Infrastructure assets and develop robust long term financial forecasts	High	Asset Management Steering Group In close cooperation with the Finance Section	Internal resources.
28	Develop long term forward works programs/projections for all assets	High	Civil Assets, Design & Development Manager, Water and Sewerage Services Manager, Manager, Community & Cultural Services	Internal resources.
29	Review/develop project evaluation/prioritisation model to guide project/CAPEX expenditure decisions	Medium	Asset Management Steering Group	Internal resources.
30	Develop and implement asset rationalisation guidelines and processes for all assets	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services in their separate areas of responsibility in conjunction with Asset Management Steering Group	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Strategic Asset Planning Processes				
31	Develop and review Asset Management Plans and adopt as guiding strategy for management of Council assets (initial First Cut Plan top down/core approach then develop more robust advanced Plan aligned with IP&R and CSP process using more comprehensive data and driven by community engagement process, LoS, demand forecasting, robust financial forecasting linked to LTFP etc); subsequent review/refinement ongoing.	High	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services in their separate areas of responsibility in conjunction with Asset Management Steering Group	Internal resources.
Operations, Maintenance and Works Processes				
32	Review, develop and document operations and maintenance strategy with a focus on levels of service, planned maintenance, risk management	High	Civil Assets, Design & Development Manager, Water and Sewerage Services Manager, Manager, Community & Cultural Services	Internal resources.
33	Undertake maintenance reviews to optimise maintenance processes and systems	Medium	Water and Sewerage Assets Engineer, Civil Assets, Design & Development Manager, Manager Leisure Services in their separate areas of responsibility	Internal resources.
34	Investigate need for and implement AM&M system for operations/ maintenance works management and work orders with new Civica system implementation	High	Civil Assets, Design & Development Manager, Water and Sewerage Services Manager, Manager, Community & Cultural Services	Internal resources.
35	Investigate/implement mobile computing and use of data loggers for information transfer and data capture	Medium	Asset Management Steering Group in association with the IT group	Internal resources.
36	Develop and implement service agreements/specifications e.g. AUS- SPEC to guide operations/ maintenance service delivery	Medium	Civil Assets, Design & Development Manager, Water and Sewerage Services, Manager, Community & Cultural Services	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Operations, Maintenance and Works Processes				
37	Review condition monitoring/defect inspection systems/processes for critical/major assets	Medium	Asset Management Steering Group	Internal resources.
38	Develop/introduce best practice maintenance and construction specifications and standards	Medium	Civil Assets, Design & Development Manager, Water and Sewerage Services Manager, Manager, Community & Cultural Services	Internal resources.
Information Systems				
39	Continue to rationalise asset registers/ databases further develop Civica Asset Management	High	Asset Management Steering Group in conjunction with the IT group	Internal resources.
40	Review and implement asset management and works/maintenance management system eg Civica/AIM or additional other systems for full capabilities if necessary	High	Asset Management Steering Group in conjunction with the IT group	Internal resources.
41	Consider implementation of strategic system eg Moloney financial forecasting system and integrate with introduction of new systems	High	Asset Management Steering Group	Internal resources.
42	Review system integration/interfacing and implement full integration/interfacing of all asset management and maintenance systems with spatial system and relevant corporate/ business systems	High	Asset Management Steering Group in conjunction with the IT group	Internal resources.
43	Review/develop plans/records management system	Medium	Asset Management Steering Group in conjunction with the IT group	Internal resources.
44	Improve links between spatial system and AM&M system	High	Asset Management Steering Group in conjunction with the IT group	Internal resources.
45	Provide systems training and facilitate systems skills development on an ongoing basis	Medium	IT Group	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Organisation Context				
46	Continue to review corporate/organisation strategies and enhance AM focus as opportunities arise inc. integrated with IP&R and CSP process	High	Leadership Executive Group	Internal resources.
47	Review AM policy and strategy	High	Leadership Executive Group (Complete)	Internal resources.
48	Develop organisation long term financial strategy incorporating asset management forecasts	High	Leadership Executive Group	Internal resources.
49	Continue to develop/confirm AM Improvement Plan	High	Leadership Executive Group	Internal resources.
50	Undertake external review/audits of asset management every three years	Medium	Leadership Executive Group	Internal resources.
51	Review works and services related tendering/procurement guidelines and processes to align with industry best practice	Medium	Leadership Executive Group	Internal resources.
52	Review, enhance and develop organisation quality focus particularly relating to asset management systems, processes and practices	Medium	Asset Management Steering Group for referral to Leadership Executive Group	Internal resources.
53	Continue to develop asset management roles and responsibilities	High	Asset Management Steering Group for referral to Leadership Executive Group	Internal resources.
54	Review/refine organisation/Infrastructure Department structure to deliver desired asset management and service delivery strategy	High	Leadership Executive Group	Internal resources.
55	Develop asset management steering group and define roles and responsibilities	High	Leadership Executive Group Asset Team	Internal resources.
56	Review need and program for external specialist assistance	Medium	Leadership Executive Group	Internal resources.

Ref	Task	Priority and Importance	Responsibility	Budget
Organisation Context				
57	Develop and implement AM training program for AM staff and support staff	High	Asset Management Steering Group in cooperation with the Business Services Manager	Internal resources.
58	Develop and implement AM awareness programs for corporate team and elected representatives	High	Asset Management Steering Group	Internal resources.
59	Ensure that the Asset Management Steering Group reports on progress to the LEG in conjunction with the CSP cycle and reviews planned progress with actual progress.	High	Asset Management Steering Group and LEG	Internal resources.

3.0 Workforce Strategy

Executive Summary

This strategy document refines and builds on the Workforce Strategy 2009 to 2014 initiatives. The 2015-2019 Workforce Strategy is predicated upon the tenets of having:

- the right people in the right jobs at the right time, and
- having an adaptive and flexible approach so we are well placed to take advantage of the opportunities provided by the Local Government Reform Agenda.

Therefore we have set three strategic priorities or themes arising from previous initiatives, these being:

1. A workplace of choice
2. Right people in the right jobs
3. Wellbeing and safety

Local government in NSW and across Australia is facing significant restructuring. A core tenet of Australia's constitution, Federalism, is under review, and we face challenging times. The traditional services provided by local government bodies will be questioned and reviewed against models of economic rationalism. New service models will be required; including joint operating models with other like-organisations. Funding hierarches and requirements are changing and are already impacting Council's infrastructure and service delivery programs. These forces of change will require courageous future leadership.

To address these challenges we will be led by our organisational values: innovation and flexibility, recognition and acknowledgement, being approachable and accessible, and becoming a learning organisation that understands the importance of excellence in communication with our customers and each other.

Into the future our workforce will need to be increasingly professionalised, placing a focus on leadership and management development and also utilising qualified people in subject-matter expert roles. Career and succession planning will become a regular component of employee discussions. High performers and innovators will be identified, recognised and utilised. Learning and development will remain an important plank in the professionalisation and skills/knowledge maintenance of the workforce. We will improve efficiencies in the delivery of our training and learning programs by increased utilisation of distance and on-line learning technologies.

Consistent with the principles of our Integrated Planning and Reporting (IPR) process, we will use objective and measurable performance indicators to track how teams and individuals are performing. The introduction of a new employee performance review system (EPR) and reframed remuneration system, closely linked to our corporate values and deliverables, will provide direction and motivation for our people.

Our workforce will be diverse and inclusive, recognising the demographic profile of the community in which we operate. A significant challenge for us is our ageing workforce. We will provide a range of services to assist older employees when considering transition to retirement. We will also focus upon the management of leave entitlements as an important strategy element.

We will attract high-calibre people to work for us by promoting the natural environment and lifestyle assets of our region as a point of difference. The practices and systems that underpin our human resources processes will be reviewed and modernised. This will ensure they

support our people to work to their maximum potential, ensuring that we have the right people in the right jobs, and so we are seen as an employer of choice.

Ensuring the health and well-being of our employees continues to be paramount. Extensive reviews and updates will be made to our WHS policies, procedures, work method statements and operating procedures. Our existing Employee Assistance Program (EAP) will be reviewed and new contracting arrangements entered into to ensure our employees and their families receive crisis counselling help in a timely manner.

Consultation with our workforce is a requirement under the Award and also recognises good business practice. We will continue to develop the capabilities of the various employee consultative forums in order that they become self-directing and active contributors to the continuous improvement of BVSC's work systems and practices.

3.1 Strategic principles and initiatives

Theme 1: A responsive and flexible workplace of choice

Creating a place where employees want to work, feel valued, are recognised and can contribute. Through a culture of positive leadership and support we will create a workplace environment that stimulates and sustains positive workplace behaviour.

1.1 Employee Culture Survey

In determining the best allocation of resources for our people it is important that we understand their wants and desires. An appropriate tool to achieve this is an employee culture survey and therefore we will undertake an employee culture survey using the Human Synergistics system. Their approach focuses upon organisational values and associated behaviours. The data obtained will be compared and contrasted with the baseline data obtained from the 2009 employee survey.

1.2 Leadership and Management Development

To address the challenges of the changing external environment we need to continue to develop and grow 'courageous' leaders. We will focus the development of our people-managers (Leadership Executive Group, Managers, Coordinators and Team Leaders) on a range of contemporary and best-practice leadership techniques and practices. The organisational values and behaviours will be continually reinforced throughout.

1.3 Employee Performance Review and Remuneration

Our Integrated Planning and Reporting (IPR) process and Community Strategic Plan (CSP) rely upon the use of measurable accountabilities and performance standards. These accountabilities and performance measures flow down into the deliverables of individual employees' jobs. The employee performance review (EPR) system will be rebuilt in order to ensure tighter linkages between employees' jobs and our corporate values, corporate deliverables and corporate behaviours. Software systems will be implemented to provide integrated tracking and feedback. All of Council's job descriptions will be re-written to reflect the tighter linkages to job accountabilities held in the EPR system.

A remuneration review process will be implemented which will be separate from the EPR system. The current Remuneration System will be reviewed and reconstructed, with the large number of existing grades and steps being simplified and compressed. Non-

monetary reward mechanisms for outstanding performance, including innovation, will be advocated and utilised.

The emphasis of the redesigned EPR and Remuneration System will be upon providing performance feedback and positive reinforcement of the expected corporate values and behaviours. Financial incentives (salary and wages) will be moderated and the use of non-financial and intrinsic reward and recognition mechanisms will be encouraged. There will also be tighter links between the job deliverables and employee's learning and development plan.

1.4 Consultative Processes

We currently have a number of employee consultative mechanisms and forums including the Consultative Committee, WHS Committee, Risk Committee, Managers Forum and Coordinators Forum (soon to be convened). These committees are relatively immature and require guidance and development in a range of communication and team-working principles. We will focus upon developing the self-directedness of these groups and committees as a key plank in our culture change program.

1.5 Matrix Organisational Structure

The organisation structure introduced in 2014 is a very mature model requiring people to work both vertically and horizontally in the structure. This is essentially a matrix organisational structure, requiring flexibility in inter-teamworking and intra-teamworking. Managers and employees need development and practise in the principles of working in this sophisticated organisational model.

1.6 Work/Life Balance

We will explore the introduction and promotion of a range of human resource practices that acknowledge the holistic nature of work and personal lives. Practices including (but not limited to) paid parental leave, flexible work hours, job share opportunities and purchase of leave will be reviewed and implemented as appropriate.

1.7 Community Volunteering

BVSC is an integral member of our local community. In order to show further community commitment and to appeal to the altruistic values of our employees we will introduce a 'Volunteering' policy and encourage employees to participate. The Consultative Committee will be used as a key-driver in encouraging up-take of this practice.

1.8 Recognising Best Practice and High Performance

An annual Employees Awards Program was introduced in 2014. It will continue to be refined and promoted as a key mechanism for showcasing employees who go the extra mile and who demonstrate innovation and continuous improvement practices in their jobs.

1.9 Skills Mapping

In order to identify our talent reserves we will undertake a skills mapping exercise for all employees. A portal will be added to the Intranet for employees to identify other skills and knowledge that might be useful to BVSC in some capacity. The data obtained from these two channels will be managed by fit-for-purpose HR information technologies that integrate with the recruitment and succession planning processes as well as project management solutions.

1.10 Contracts of Employment

We will continue to investigate and implement flexible employee contracting frameworks that comply with Award provisions whilst still allowing individual arrangements to operate.

These progressive employment arrangements will make BVSC more attractive as an employer, provide productivity and efficiency gains, whilst still remaining fair to our employees.

Theme 2: Right people in the right jobs

We will be an employer of choice, attracting the right people with the right attitude and the right skills necessary to positively contribute to our organisation. Our people-support systems will be optimised to ensure they reinforce the way our people work. We will develop our workforce to respond to change and to drive the organisation forward. Through continuous improvement we will create a workforce that is committed, willing to learn and willing to support each other, thereby keeping our employees motivated, inspired and challenged.

2.1 Staffing the Organisation in a Changing Operational Environment

BVSC will need to be prepared to deal with the challenges of changing internal and external factors driven by political, legislative, regulatory, and operational changes. The types of external factors will include 'Fit-For-The-Future' scenarios, new operating models including mergers, joint operations and outsourced operations.

There will be new jobs created. These new jobs will require skills and knowledge that do not currently exist in the organisation, requiring a focus on either strategic recruitment or targeted development of our existing staff.

The new operating environments will require all people within the organisation to accept the changes required and adapt as necessary, including working in different ways. In any significant organisational change there will be a minority of people who are unable to make the transition. We will put processes in place to identify those people who are unable to transition into the new culture, or those people who operate in programs that will no longer be supported. These people will need to be assisted and supported to exit the organisation.

The Workforce Strategy will closely monitor the operational delivery plan on an on-going basis and make proactive adjustments to the people-resource mix as, and when, required.

2.2 Human Resource Management Systems

To support excellence and high productivity it is critical that our people-support systems are best-practice processes, utilising leading edge technologies where appropriate. All human resources practices and processes will undergo business process review and will be re-engineered where appropriate. Processes to be reviewed included:

- Management of human resource information data
- Recruitment and selection
- Talent management (learning and development)

BVSC has recruitment challenges because we are in many ways considered to be in a remote regional area. Remuneration levels we offer are generally less than can be offered by Councils in metropolitan areas (although within the local BVSC community our salaries and benefits are considered to be well above the norm). Anecdotally it would appear a number of recent high-calibre recruits have accepted the opportunity to relocate to the Bega Valley and work for BVSC because of our local environment and the lifestyle factors that go with that. These recruits are also often mid-career and bring with them the qualifications and experiences required for professionalisation of the workforce.

An inhibitor to recruiting this calibre of person is that often their partner also has a career (on many occasions a professional career) and a relocation ideally requires the partner to concurrently obtain a new job opportunity.

Sometimes our best advocates for working at BVSC are our own employees. Therefore an opportunity exists to actively tap into this network when recruiting for positions, in particular when looking to recruit professional and para-professional jobs when potential incumbents are currently living in Canberra, Sydney and Melbourne or other large regional centres (e.g. Bathurst-Orange).

2.3 Professionalisation of the Workforce

The Australian Training Reform Agenda which began in the mid-1990s has seen a transition in expectations regarding basic requirements for job incumbents to hold a specialist qualification for the job being performed. For example, planners should hold qualifications in planning, accountants are professionally recognised by the CPA, and engineers are qualified in specialist engineering areas. These qualifications may be vocational certificates, diplomas or full degrees. In turn, the expert-knowledge held by the incumbents translates into best-practice workplace initiatives and standards of performance.

In order to achieve this professionalisation of the workforce we will:

- Review the existing position descriptions and specify the vocational, para-professional and professional qualification requirements of the job.
- Encourage existing job incumbents who do not hold the requisite qualifications to undertake further education and to access the BVSC Study Assistance program.
- Restrict the recruitment and selection of candidates to only those applicants holding the identified qualification.

2.4 Managing the Ageing Demographic

The ageing demographic at BVSC is not-typical of the current Australian workplace. Whilst we acknowledge older workers have much to contribute to the modern workplace we also note there are other causal factors contributing to the top-end age demographic at BVSC. Some of the consequences of this issue are the challenges in finding job openings for graduating trainees/apprentices/cadets and providing career progression opportunities for high potential employees. We have received feedback from a number of those employees in this top-end demographic that they have not moved into retirement because they do not understand the financial and social consequences and hence choose the easy option of remaining in the workforce. In order to assist this transition toward retirement we will:

- Provide pre-retirement financial retirement planning services
- Conduct pre-retirement workshops
- Review the 'Transition to Retirement' policy and encourage increased utilisation

2.5 Talent Management

Career and Succession Planning

We will continue to build upon work which has been previously undertaken in this area. Initially we will undertake an analysis of jobs which are considered to be critical and those considered to be non-critical. Using this as a basis, we will develop a structured approach to succession planning for key positions within the organisation. Working within the parameters of an open merit-based selection system as per the Local Government Act (1993), each identified job will have one or more people identified as possible successors

to that position. These people will be provided with targeted development opportunities, including shadowing the incumbent in order to learn the job role, and will be provided with higher-duties opportunities when the incumbent is vacant from the job.

In conjunction with the EPR process, all employees will be encouraged to consider where they want to take their career and subsequently develop a plan for achieving their goals.

Learning and Development

Strategies for training and up-skilling of our employees at BVSC need to acknowledge the limitations imposed by our distance from many of the traditional suppliers of training services. It is costly to bring specialist training resources to us, as it also is to send our employees to larger regional centres and city locations to receive training. Increasingly we will need to adopt distance learning strategies using technologies such as teleconferencing. We will also use on-line training technologies more, especially for learning new processes such as IT software systems. We will leverage off the skills and knowledge of our existing employees to train and develop others using methodologies including on-the-job coaching and mentoring. In order to expand the horizons of our senior employees and subject-matter specialists we will investigate and, if possible, implement an employee exchange program with other employers in the region. Our policy for provision of study assistance will be reviewed and benchmarked against other local government bodies to ensure that we are providing fair and effective opportunities for further education and study.

Growing Our Own

We will continue with our programs of taking on yearly in-takes of trainees, apprentices and cadets. The program will be reviewed to ensure that the needs of both the participants and the organisation are being met. Group Training companies provide a mechanism for managing indentured apprentices which in turn gives us a high degree of flexibility with regards the existing and future organisational establishment. Therefore the utilisation of a Group Training will be investigated further. Coinciding with the professionalisation of the workforce we will investigate the possibility of introducing a graduate development program.

We will include a number of diversity trainees in our programs that reflect the community demographics.

Theme 3: Wellbeing and safety

We are committed to creating a culture where both wellbeing and safety of our employees is paramount. Through promoting workplace safety and recognising the importance of wellbeing and the benefits of a balanced lifestyle we will support our employees to achieve.

3.1 Employee Assistance Program (EAP)

It is important that an EAP provider be able to provide support services in a very timely manner. In order to ensure that this can occur a telephone 'triage' service has recently been introduced as an interim measure. The EAP requirements and access arrangements will be reviewed and new contractual arrangements entered into in order to be able to best support our employees during times of emotional need.

3.2 Environment and Workplace Ergonomics

Employees need to be provided with work spaces (e.g. workstations) that are fit-for-purpose and meet modern standards for Australian workplaces. We will continuously

review the existing accommodation arrangements and working conditions of employees and make recommendations that promote the health and well-being of staff.

We will also commence a furniture and fittings staged-replacement program in order to ensure that employees can work in a manner that does not damage them physically. We will continuously monitor advances in office workstation technologies and recommend adoption of new technologies where they will reduce the impact or chance of harm to employees. Examples of such recent innovations include stand-up desks, voice recognition software, and vertical computer mice.

Both indoor and outdoor employees need to ensure they perform work in a manner that does not cause stress and strain upon their muscles and joints. Education programs and workplace assessments are key planks in the strategy of ensuring that our employees remain physically able and capable, which is especially important at BVSC given our ageing workforce demographic. In order to assist employees to remain physically healthy we will:

- Continue to conduct 'Move-4-Life' ergonomic movement education programs.
- Perform workplace assessments on both indoor and outdoor jobs and recommend changes in work practices and technologies in order to minimise the impacts upon people's bodies.

3.3 Systems of Safe Work

The existing work health and safety (WHS) policies and procedures are in the process of being reviewed and re-written to better reflect the identified needs and the importance of this management sphere. Where gap analyses identify further needs then new WHS policies and procedures will be prepared.

In order to assist our employees to work safely it is important that our work practices (particularly those of the outdoor staff) are analysed, reviewed and written up as standard work practices. The existing identified processes will be prioritised according to their risk rating. New work practices will have safe work methods statements (SWMS) prepared at the time of implementation. Continuous improvement processes will be used to enhance the SWMSs.

Mobile technology will be introduced so that the field staff can access the most up-to-date workplace procedures.

As an operating principle it is important that WHS be seen as the responsibility of all employees; not as a function that is performed by a single specialist employee or specialist team in Council. Consequently, activity within the WHS team will focus upon education and empowerment of the workforce to take ownership of the operational aspects of the WHS, whilst the specialist WHS team will concentrate upon setting strategy and educational methodologies.

3.4 Injury, Illness and Absenteeism Management

We will support our employees to return to full and productive work lives when returning from injury or illness, whether that be work-related or non-work related.

Mental illness is now recognised as a common occurrence in our communities and hence also in the workplace. This may be a chronic or clinically diagnosed mental illness or as a result of a trauma or unexpected life events. We will continue to implement and promote programs of workplace support for people suffering mental illness in order to assist their return to health. Education programs will be initiated to ensure that the workplace is free from discrimination against sufferers and that other employees know and understand how they can best support their colleagues.

We will implement and initiate systems for monitoring and reporting on rates of employee absenteeism. Managing rates of absenteeism delivers higher productivity in the workplace and also alerts the organisation to trends such as clustering of specific types of illness or injury. Where necessary, employees will be supported in order for the illness or injury to be dealt with, or alternatively interventions will be put into place to reduce the individual's frequency of work absences.

3.5 Risk Management

We will continue to train and develop employees at all levels of the organisation in the principles of risk management so that it becomes embedded in everyday work practices. Our risk management systems are under continuous review in order to make them accessible and to ensure they are used by employees.

3.6 Leave Management

BVSC continues to carry significant employee leave entitlements (ELE) liabilities for annual leave and long service leave. This issue is impacted by the ageing demographic of our Council employees (refer to section: Employee Demographics). At end-2014 we had a required ELE of \$4,391,529 of which \$2,115,000 was funded and \$2,276,529 was unfunded. . (Appendix, Figure 6) We will actively manage the Employee Leave Entitlement (ELE) liability by enforcing employees to use their leave as it accrues (in line with Award provisions). Technologies that interface with the human resource information system will be implemented that automatically advise managers of the accrued leave status of their employees

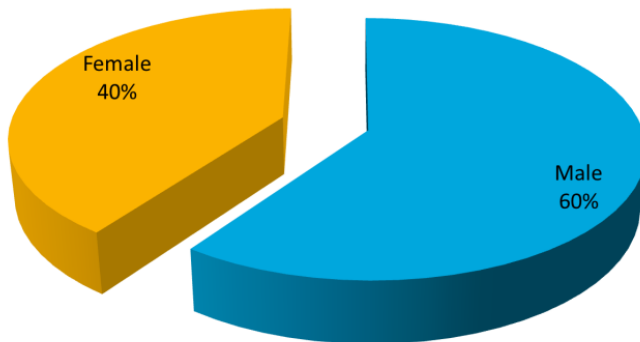
Workforce Strategy Appendix: Statistics

Current Employee Demographic Snapshot

The following data is indicative of our people resources at the end of 2014. It is based upon 371 employees in total, inclusive of full-time, part-time and casual employment types.

Gender Breakdown

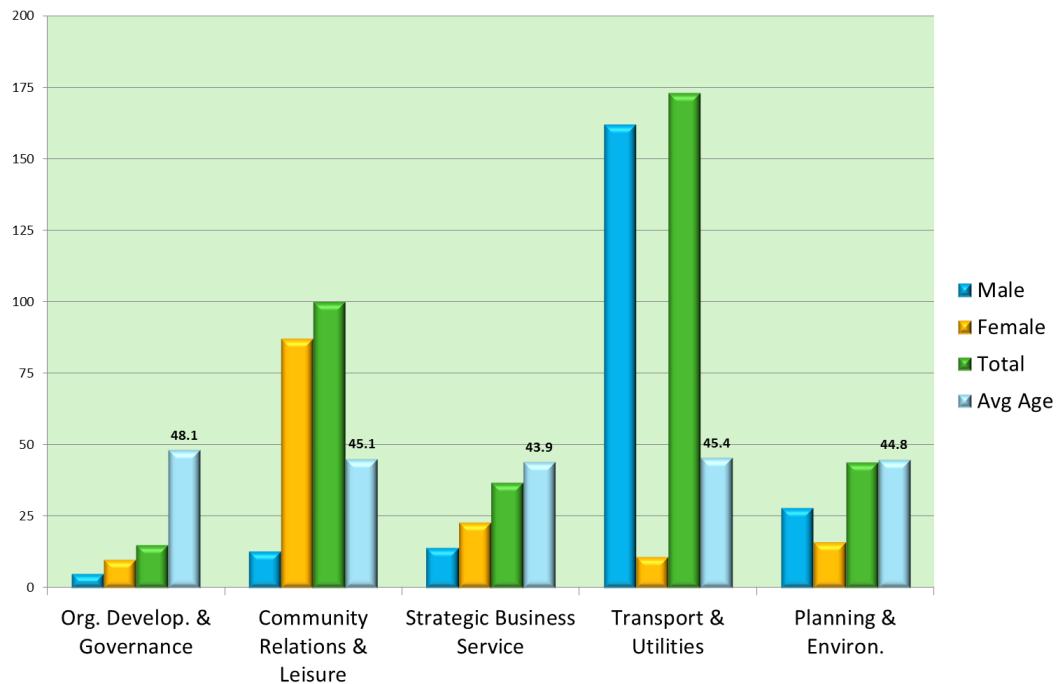
Figure 1: Total Gender Profile across BVSC



BVSC's gender profile of 40%:60% female to male ratio is very similar to other regional Councils of a similar size.

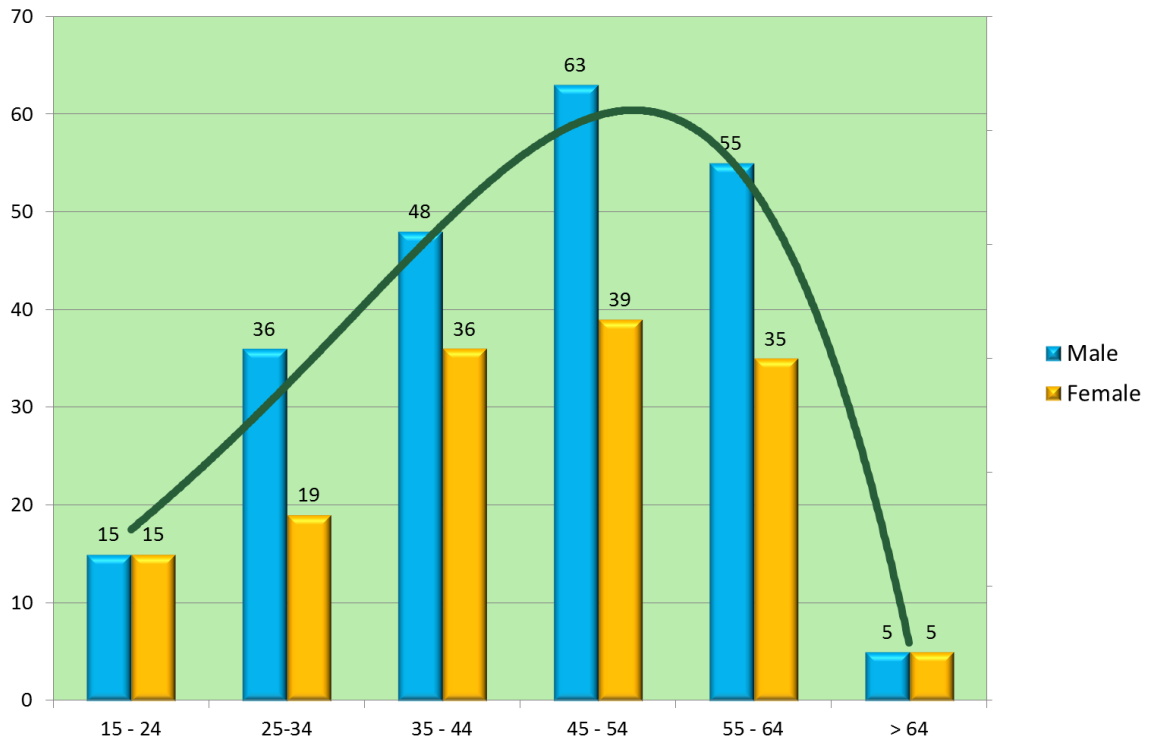
Staffing Numbers and Average Age by Group

Figure 2: Workforce Demographics by Group



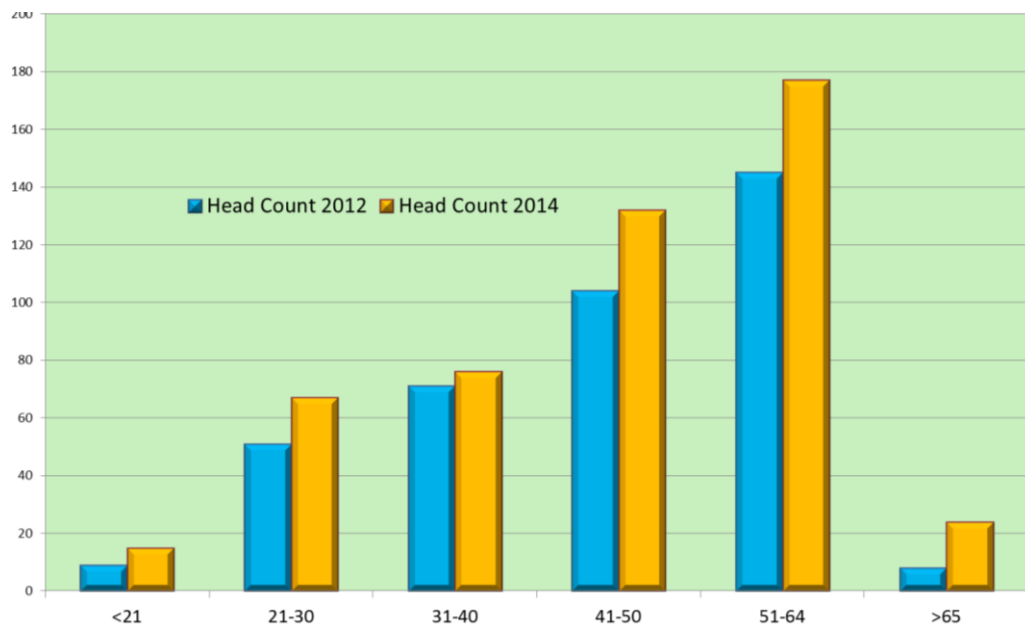
Age Demographic by Gender

Figure 3: Current Gender/Age Profile across BVSC



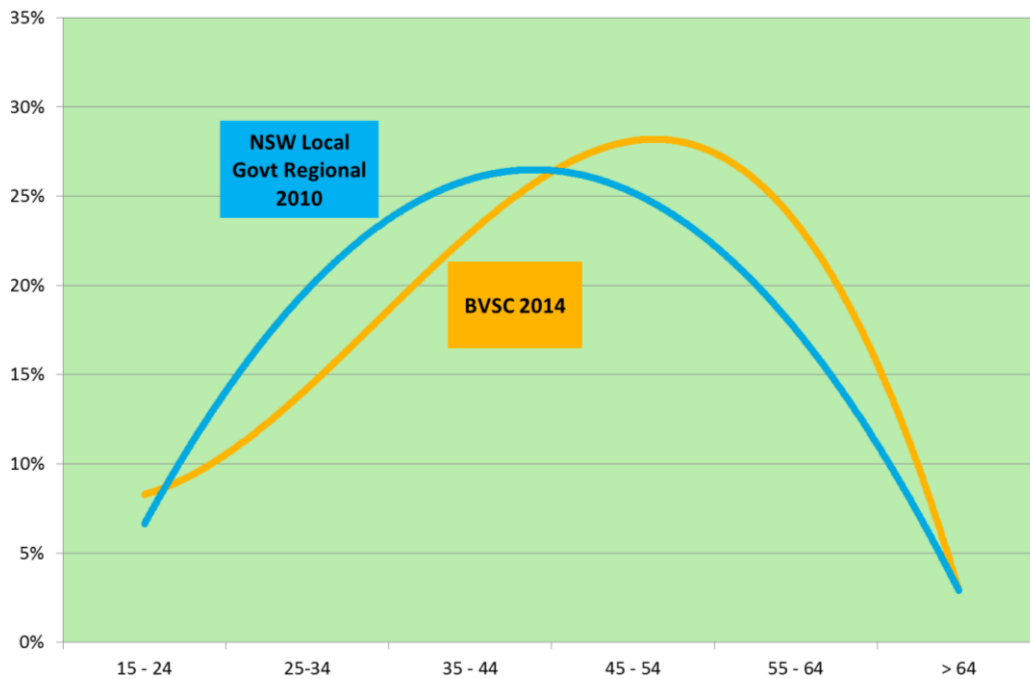
Comparative Age Profile 2012 & 2014

Figure 4: Age profile 2012 and 2014 at BVSC



Industry / BVSC Age Comparison

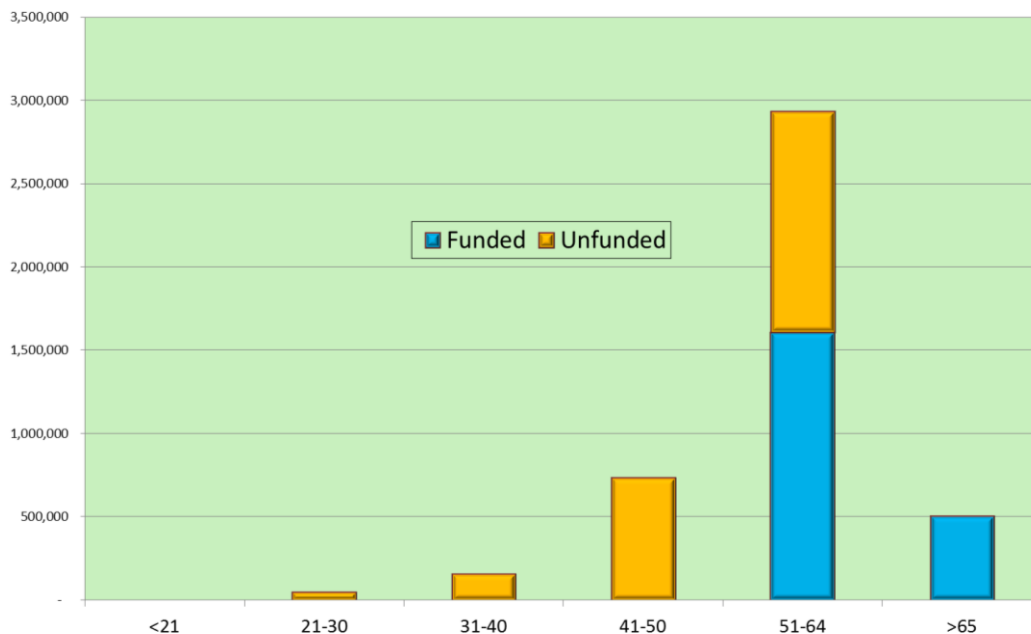
Figure 5: Age Profile of BVSC compared with NSW Local Government Regional Councils



The average age of employees at BVSC is **45.2 years**. The age profiles (Figures 3, 4 and 5) clearly show that BVSC has an ageing workforce, and that the workforce is getting older. Significantly large numbers of people occupy the end-of-career 55-64 age bracket. Using NSW Local Government census data (2010) [Figure 5] we can see BVSC's age profile is slightly skewed toward older workers when compared with similar regional councils.

Funded and Unfunded Employee Leave Entitlements

Figure 6: Funded and un-funded leave entitlements by age bracket



4.0 Financial Strategy

4.1 Introduction

Bega Valley Shire Council's Financial Strategy provides a clear direction and context for decision making that guides the future allocation, management and use of its financial resources.

It aims to ensure that Council remains financially sustainable while giving focus to funding Council priorities through strong financial management.

The Financial Strategy sets the parameters within which Council agrees to operate in order to maintain accepted financial outcomes and should be viewed as an enabling Strategy that aims to provide financial stability, affordability, delivery, and value for money, over the short, medium and longer term.

This is Council's second Financial Strategy and is informed by a review of the first strategy and improved information collected over past four years.

Challenges

Over the next 20 years, BVSC will face many challenges that will require strong financial leadership and creative solutions to meet its aspirations. The key challenges faced over this period include:

1. Managing the changing landscape in relation to funding sources available to local government and exploring the opportunities for Council to be more financially self-sustaining.
2. Maintaining required investment in Council's infrastructure, meeting both renewal and maintenance targets to ensure future generations are able to enjoy our community's assets.
3. Meeting expectations from all areas including community, service users and government by ensuring standards across key services keep pace with demand and in balance with the capacity to fund these operations.
4. Addressing the challenges of population growth and an ageing population which will impact service and infrastructure requirements.

4.2 Understanding our financial reporting structures

Councils Long Term Financial Plan sets out Councils financial ambitions for the next 10 years. This document “proves” that Council can meet its objectives over a mid to long term timeframe. Any alterations to revenue sources over time will be regularly articulated in updates to this document. The annual budget is then derived from the LTFP and detailed into functions of Council. These functional budgets are then reported in the Operational Plan of the Integrated Planning and Reporting framework.

Throughout the year, managers of Council are able to track and analyse each function’s financial position and major variances. Each quarter, a report is tabled to Council outlining the variances to the original budget and articulating any major variances. At the end of the financial year the financial statements are prepared and audited prior to be presented to Council. For the purposes of the reporting cycle, the financial statements are then used to inform any of the assumptions made in the LTFP before being updated and then rolled into the operational budget. This process has proved to be very useful over the past four years and provides certainty to the budget process. The cyclical flow of reporting is outlined below.



4.3 Our Financial Principles

4.3.1 Our Strategic Financial Principles

4.3.1.1 Narrow the gap

'Narrow the Gap' refers to a model whereby an expenditure item is mapped to a funding source. This way if a change occurs to the expenditure item, then the corresponding funding source is also altered and vice versa. This could result in funds being reallocated, or additional funds needing to be sourced.

By knowing where our organisation has the highest gap between the funding source and the cost of delivering the service, we can begin to shift resources to close that gap. By consistently monitoring and adapting to keep the gap as narrow as possible Council will continue to be sustainable into the future.

So how are our expenditure items funded? The following table shows the alignment of funding source to item:

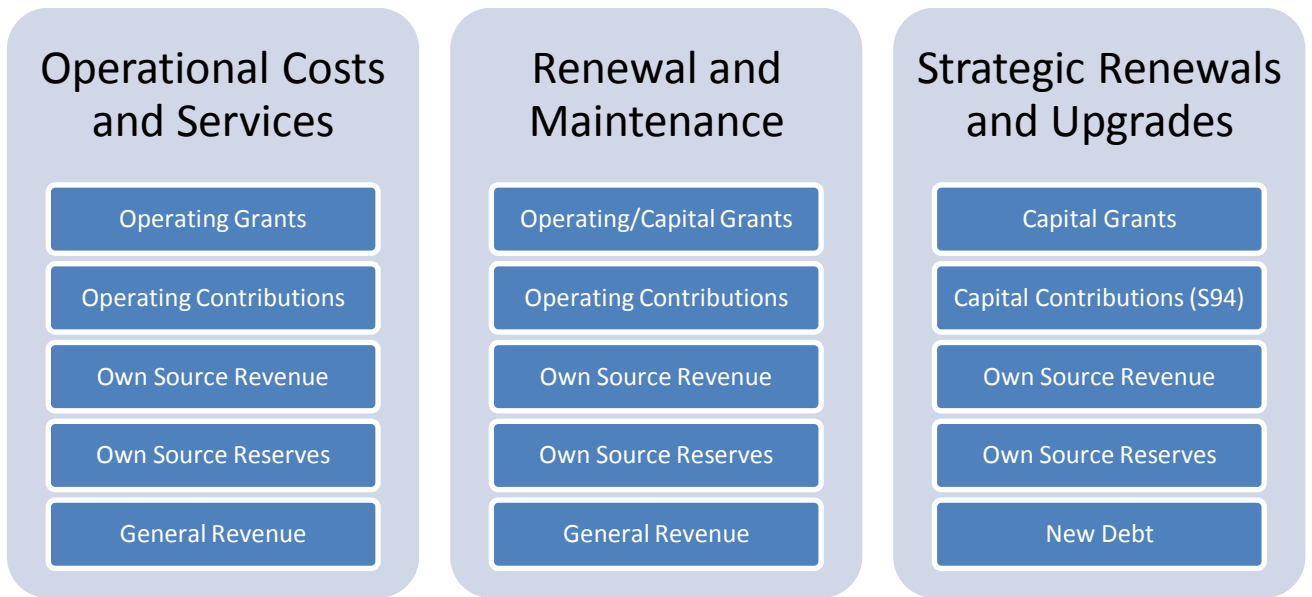
Funding Source	Expenditure Item
Rates and Charges	Infrastructure, Maintenance and Renewal
Fees and Charges	Operating Costs
Grants and Contributions	Services Provided
Debt and Reserve Funds	Upgrades and Strategic Renewals

4.3.1.2 Priority of funding

Although similar to 'Narrow the Gap', having a funding priority spells out which funding source should be expended prior to seeking an additional source. The 'Priority of Funding' principle is about *how* we pay for things.

For example, we say that planning services should be funded by Fees and Charges. However, many of those fees and charges are fixed by the NSW State Government. It is impossible for Council to match the service to the revenue as the State also imposes the services to be offered and allocates the charge. Therefore, in some instances, Council needs to subsidise the service from another source of revenue. What source of revenue should be looked at first?

The diagram below outlines the priority of funding for each of the following areas, Operational Costs and Services, Renewal and Maintenance and Strategic Renewals and Upgrades. The first priority for funding is through the upper level, working through all priority options. Before the next source of funding can be accessed, the previous source of funding needs to not only be expended but also shown to be maximised.



Council has publicly stated that Special Variation of Rates and Charges will be considered as a matter of last resort and as such is listed last on the priority of funding.

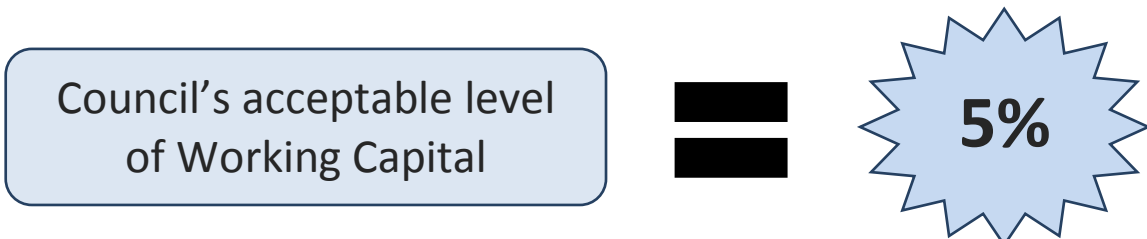
4.3.1.3 Continuous improvement

Sound financial management is the responsibility of all Council employees. As such, there needs to be mechanisms in place to ensure that the entire organisation respects, understands, and applies sound financial practises into their daily work.

Council needs to provide high quality development opportunities for employees to ensure they are adequately skilled in not only managing their financial responsibilities, but to also assist in enhancing Council’s financial policies and practises.

4.3.1.4 Working capital

Working capital is effectively the measure of an organisations uncommitted cash after all possible liabilities have been taken into account. An organisation should aspire to a healthy level of working capital as these funds would be what is called on in case of an emergency or an unforeseen financial event. Anywhere between 3%-5% of total expenditure (Operating & Capital) is considered a healthy level of working capital.

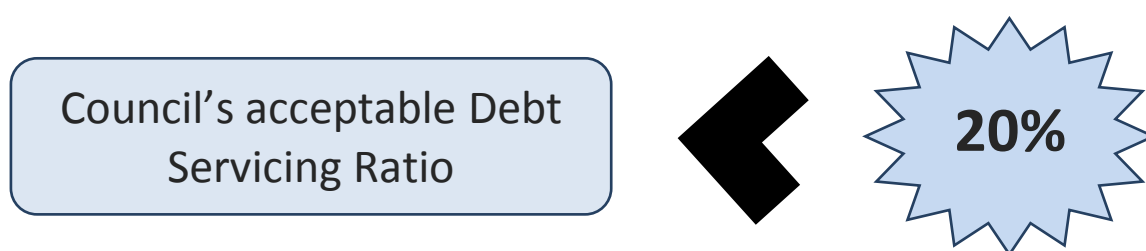


4.3.1.5 Debt

In many instances it can be reasonably stated that the benefit to specific assets will be derived from present and future generations (or in part) then it is reasonable that debt can be used to spread the cost of that asset to those future users.

With this in mind, Council should not shy away from the informed use of debt to fund strategic projects that provide improved facilities to future generations of community users.

The main measure of debt relates to the percentage of debt repayments compared to annual revenues. The Debt Servicing Ratio is benchmarked in local government at being less than 20%.



In order for debt to be considered as a potential funding source, the project must be a Strategic Renewal or Upgrade, the life of the debt must not exceed the useful life of the asset, and the asset needs to be able to generate sufficient revenues to meet all borrowing costs.

4.3.2 Operating principles

4.3.2.1 Budgeting

Council's annual operating budget is directly derived from the Long Term Financial plan. The Council budget is a zero balance budget that incorporates non-operating elements to illustrate Capital expenditure and all cash funding sources such as loans, reserves and contributions. This provides the full information required to understand how Council is funding its operations. A standard operating budget does not include all revenues and excludes capital expenditure.

Council provides its managers a top down budget by function. This means that functional managers are provided a "completed" budget that is in line with the LTFP. Managers then can amend the budget for their specific purposes. However any amendment that does not balance within the function must be linked to the Community Strategic Plan and must be signed by the General Manager with funding sources clearly identified prior to being resolved by Council.

Once adopted, Council's budget "votes" are stored in the financial information system whereby managers can track actual expenditure against budgeted expenditure.

Each quarter staff are required by legislation to report to Council via the Quarterly Budget Review Statement (QBRS). This report must include specific notification of any substantial variance to the year to date (YTD) budget. All variances are to be documented with in the QBRS.

The definition of significance is set by the individual council. For BVSC significance is defined as a variance that is **greater than 10% of the total vote** for that element.

4.3.2.2 Applying the Local Government Cost Index

The inflationary measure for local government is named the Local Government Cost Index (LGCI). It is more commonly referred to as the Rate Peg. The LGCI is calculated by IPART on behalf of the NSW Office of Local Government (OLG).

IPART use a theoretical “standard” council to provide a base weighting as to how a Council should distribute its revenue across its operations (see effective weight column in table below). It then calculates how it believes each of those elements will inflate in the next twelve months. The sum of those individual inflationary calculations are used to produce the LGCI. It should be noted that the IPART and OLG also impose an efficiency factor in the inflationary measure each year.

Council traditionally applied the LGCI as a standard inflationary measure across its entire budget. Recently BVSC changed its approach to indexing each element individually. This assists Council in applying more realistic inflation across the breadth of the organisation. As an example, consider employment costs. Council is bound by a NSW staff award in terms of indexing wages and allowances. If Council was to apply the listed LGCI of 2.47% when the award increase is 2.7% then every single budget relating to salaries would be under funded by 0.23%.

This LGCI calculation is published by IPART annually and is used in applying the inflation to Councils operating budget.

IPART LGCI Calculation Table:

Cost items	Effective weights as at end Sep 2013 (%)	Price change to end Sep 2014 (% annual average)	Contribution to index change (percentage points)
Operating costs			
Employee benefits and on-costs	41.70%	2.70%	1.14%
Plant & equipment leasing	0.40%	(1.90%)	(0.01%)
Operating contracts	1.30%	1.80%	0.02%
Legal & accounting services	1.10%	3.10%	0.03%
Office & building cleaning services	0.20%	2.00%	0.00%
Other business services	5.90%	2.30%	0.13%
Insurance	1.90%	0.30%	0.01%
Telecommunications, telephone & internet services	0.50%	0.10%	0.00%
Printing publishing & advertising	0.50%	8.60%	0.04%
Motor vehicle parts	0.50%	2.30%	0.01%
Motor vehicle repairs & servicing	0.70%	(2.80%)	(0.02%)
Automotive fuel	1.20%	3.80%	0.05%
Electricity	3.80%	1.00%	0.04%
Gas	0.10%	10.20%	0.01%
Water & sewerage	0.50%	2.80%	0.01%
Road, footpath, kerbing, bridge & drain building	3.10%	3.20%	0.10%

materials			
Other building & construction materials	0.80%	1.90%	0.01%
Office supplies	0.30%	1.30%	0.00%
Emergency services levies	1.40%	2.50%	0.03%
Other expenses ^a	8.60%	2.60%	0.22%
Borrowing Costs			
Capital costs			
Buildings – non-dwelling	6.10%	1.90%	0.11%
Construction works - road, drains, footpaths, kerbing, bridges	13.90%	3.20%	0.45%
Construction works - other	1.40%	3.20%	0.04%
Plant & equipment – machinery	3.70%	0.30%	0.01%
Plant & equipment – furniture etc	0.20%	1.60%	0.00%
Information technology & software	0.30%	(3.00%)	(0.01%)
Loan Repayments (Principals)			
Total change in LGCI	100.00%		2.47%

^a Includes miscellaneous expenses with low weights in the Index, eg, councillor and mayoral fees.

Notes: Figures may not add due to rounding. Percentage changes are calculated from unrounded numbers.

4.3.2.3 Grants

Council accepts grants, both operating and capital from other levels of government to assist in the delivery of services and projects across the community. The BVSC has been especially successful in the attraction of grant funding over the past ten years. A large number of projects and services would not have been delivered without the support of other government funds.

When Council accepts a grant the relative function of Council must illustrate what that grant funds will provide. Budgets are drawn up linking expenditure to the grant funding so that in the event the grant is withdrawn the corresponding expenditure is also withdrawn.

In terms of policy, Council applies for grants as long as the programs are consistent with Council's Community Strategic Plan, and does not unduly redirect Council resources from other committed endeavours.

Types of Grants:

There are two types of grants;

Specific Purpose: These grants are offered to deliver a specific project or service. The accepting body must comply with the conditions issued by the funding authority.

General Purpose: These grants can be used by the accepting body in the most effective manner in which they see fit.

Within these two types of grants there can be operating grants and capital grants. This is more of an accounting treatment as the two types relate to the service or project being delivered. If the project is a capital work then the grant is a capital grant, if the grant funds a service then it is an operating grant.

Authority to Accept Grants:

If a grant can be delivered and resourced 100% from the funds accepted and the accepted program does not redirect Council resources away from committed projects or services then the Group Manager of that particular function can accept the funds. Usually grants for new services are reported to Council for formal resolution.

If a grant requires matching contribution or resources that can be met 100% from within the function accepting the funds with no need for additional funding and does redirect Council resources away from committed projects or services then the Group Manager of that particular function can accept the funds if the process achieves an adopted outcome. Any new project is reported to Council for resolution.

If a grant requires matching contribution or resources that cannot be met within that particular function accepting the funds and contribution is sought from outside the function. A report to Council must be prepared and Council must resolve to accept the funds and resolve where to redirect the required funding from. Councils CSP actions and the operating budget will then be amended accordingly.

In the course of accepting grants, Council will impose an administrative fee on the program. This assists Council with the additional administrative burden that grants create. There is generally a large amount of paperwork involved to the issuing authority, including in some cases external auditing requirements

4.3.2.4 Renewals and maintenance

Council's Asset Management Plans (AMPs) illustrate the funding required to keep Council's existing assets at an acceptable condition. The AMPs make up a part of the resourcing strategy along with the financial strategy and the workforce strategy.

Council has resolved to keep its backlog at no more than 2%.

The finance strategy accepts this target and the LTFP is calculated to achieve this.

Council delegates the individual programs around renewal of assets to the functional managers in the relevant functions of Council. Those managers are provided with budgets deemed appropriate to deliver those outcomes. Maintenance and renewals are considered a program based budget. Staff work together to ensure that the funding is being spent as per the relevant plans and report back to Council on any deviation.

Where a project is considered significant, whether as an upgraded asset or a highly visible renewal, Council treats these assets in a project based budget. This means that Council allocates a certain amount of capital as a one off allocation to commence and finish the project. This provides a consistent project management framework which includes a financial plan, a community engagement plan, and implementation plan being developed for each project with progress reported to Council quarterly.

For items listed as significant and therefore project funded, Council keeps a Contingency Reserve equal to 30% of the value of these projects planned in any given year. This is to ensure that in the case of emergency, or scope change Council is not left short of funds for its other commitments. This reserve is calculated through the LTFP process and is included in the transfer to reserves in the relevant year.

4.3.2.5 Investments

Council holds public funds on behalf of the community. As such, Council employs an investment policy that is conservative but flexible enough to take advantage of opportunities in the market.

Council only invests in cash through term deposits. Council can access the wholesale market and is therefore often offered better than retail interest rates on its investments.

Council spreads its investments across a number of financial institutions and our policy outlines the relevant institution rating spread as well as the length of term.

Unless otherwise specified Council's general rule is that interest earned on public funds are placed back into the General Revenue pool.

4.3.2.6 Rates and charges

Council's Rates and Charges are issued in accordance with the Local Government Act.

Council pools its rates and charges and then assigns them to the functions of Council in line with the adopted priority of funding model.

If Council has a currently active Special Variation that is tied to a specific purpose then those funds will show in the Rates and Charges section of the related functional budget.

4.3.2.7 Fees and charges

Council's fees and charges are an integral part of Council's operating budget. Council has a position that all fees and charges should be fully cost recoverable and revenue through fees and charges be maximised to alleviate pressure on other funding sources such as property rates. Fully recoverable means that a charge should cover 100% of the cost of delivering whatever service that fee relates to. It should not cost Council to deliver that service.

This cannot be achieved in all cases. For example, some charges are set by external authorities, some charges are by necessity subsidised by other forms of revenue.

In each of these cases the Fees and Charges register outlines whether a charge is fully recovered, subsidised, or capped.

4.4 How we monitor our financial principles

To ensure alignment with the Fit For the Future framework, Bega Valley Shire Council annually monitors financial principles against the following benchmarks:

- Operating performance ratio is greater or equal to break even average over 3 years.
- Own source revenue ratio is greater than 60% average over 3 years
- Building and Infrastructure asset renewal ratio
- Infrastructure backlog ratio is less than 2%
- Asset maintenance ratio is greater than 100% average over 3 years

- Debt service ratio is greater than 0 and less than or equal to 20% average over 3 years.
- Real operating expenditure per capita.