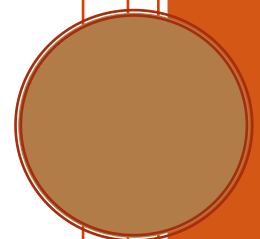


2017-2021

WENTWORTH SHIRE COUNCIL

RESOURCE STRATEGY



INTRODUCTION

The Community Strategic Plan (CSP) is the highest level plan that is prepared by Council on behalf of the Community. The purpose of the CSP is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

The CSP is a plan for the whole community, not just Council. Council has a role to play by ensuring that the activities and services that are provided are in line with the priorities and aspirations of the Community. Council prepares a Resource Strategy to outline the physical, financial and human resources that it is able to commit to assist the community with the CSP.

The Resource Strategy consists of three components, being the:

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

These individual documents should be viewed as constituent elements of an overall strategy and will be under continuous review and adjustment as annual budgets and operating plans are developed and refined.

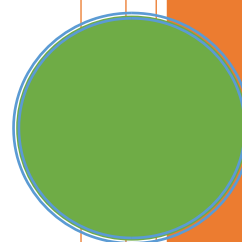
WENTWORTH SHIRE COUNCIL



RESOURCE STRATEGY
2017-2021

ASSET MANAGEMENT STRATEGY



Wentworth
Shire Council



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This Asset Management Strategy has been prepared in accordance with the legislative requirements established under section 403 of the Local Government Act 1993, with the assistance of the Institute of Public Works Engineering Australia

NAMS.PLUS Asset Management

The Institute of Public Works Engineering Australasia.

www.ipwea.org/namsplus

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Executive Summary

This asset management strategy is prepared to assist council in improving the way it delivers services from infrastructure including roads, bridges, footpaths, stormwater drainage, plant and equipment, water supply, sewerage, buildings, and other assets. These infrastructure assets have a replacement value of \$547M¹.

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 strategic plan.²

Adopting this asset management strategy will assist council in meeting the requirements of national sustainability frameworks, 2010 and Integrated Planning and Reporting guidelines for NSW (IPR). Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993. This sets out the role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery.

The asset management strategy is prepared following a review of the council's service delivery practices, financial sustainability indicators, asset management maturity and fit with council's vision for the future outlined in the four year Delivery Program. 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.

¹ Note 9a for the financial year ending 30 June 2016

² LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

1. Introduction

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

Infrastructure assets such as roads, drains, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.³

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.⁴

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 comprising:

- 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 report 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.⁵

Framework 2 Asset Planning and Management has seven elements to assist in highlighting key management issues, promoting prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges. The seven elements are as follows:

- 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.⁶

³ LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

⁴ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

⁵ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

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,
- to enable Council's asset management policies to be achieved, and
- to ensure the integration of Council's asset management with its long term strategic plan.⁷

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 the 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.

1.1 Legislative reform

1.1.1 NSW IPR

Local councils in NSW are required to undertake their planning and reporting activities in accordance with the Local Government Act 1993. This sets out the role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by asset management plans for sustainable service delivery. An Integrated Planning and Reporting Manual has been developed to provide councils with information and guidance to assist their transition to the new planning and reporting framework.

In particular, local governments will effectively plan for future sustainability through longer-term planning by developing 10 year plans, publishing these and reviewing progress annually. The community and the State then have the best information available to judge progress against the plan, and local governments can make necessary adjustments.

Long-term Community Strategic Plans

The Community Strategic Plan is the highest level plan that is prepared by Council on behalf of the Community. The purpose of the Community Strategic Plan is to identify the community's main priorities and aspirations for the future and to plan strategies for achieving these goals.

⁶ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

⁷ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

Resource Planning

The Community Strategic Plan provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources – time, money, assets and people – to actually carry them out. The Resourcing Strategy consists of three components:

- Long Term Financial Planning
- Workforce Management Planning
- Asset Management Planning.

The Resourcing Strategy is the point where Council assists the community by sorting out who is responsible for what, in terms of the issues identified in the Community Strategic Plan. Some issues will clearly be the responsibility of Council, some will be the responsibility of other levels of government and some will rely on input from community groups or individuals. The Resourcing Strategy focuses in detail on matters that are the responsibility of the council and looks generally at matters that are the responsibility of others.

Achieving and maintaining sustainability in Local Government requires consideration of services, service levels, associated costs and associated risks.

This Asset Management Strategy forms part of the Resource Plan.

1.1.2 Strategic Issues at a National Level

At its meeting on 4 August 2006, the Local Government and Planning Ministers' Council (LGPMC) agreed to a nationally consistent approach to asset planning and management, financial planning, and reporting and assessing financial sustainability.

20 October 2006, the LGPMC endorsed the draft National Frameworks for Financial Sustainability in Local Government as a basis for consultation. On 21 March 2007 the LGPMC endorsed the Frameworks for implementation in the context of their relationships with their local government sectors.

8th May 2009 the LGPMC agreed to enhancement and acceleration of frameworks

The National Frameworks consists of three main frameworks:

- Framework 1 - Criteria for Assessing Financial Sustainability
- Framework 2 - Asset Planning and Management
- Framework 3 - Financial Planning and Reporting

The Asset Planning and Management framework consists of seven elements as follows:

1. Development of an Asset Management Policy - Each state/territory is expected to develop an asset management policy, which provides high-level guidance to assist individual councils in developing their asset management policy.
2. Strategy and Planning - Councils should be provided with guidance from the State on developing an asset management strategy which is designed to support and implement its asset management policy;

3. Governance and Management Arrangements - Councils should be encouraged to apply and implement good governance and management arrangements which link asset management to service delivery and include assigning roles and responsibility for asset management between the General Manager, the Council and senior managers;
4. Defining Levels of Service - Mechanisms should be established that include community consultation to define the levels of service councils are expected to provide from their asset base;
5. Data and Systems – A framework for collection of asset management data should be established;
6. Skills and Processes – The asset management framework should contain a continuous improvement program;
7. Evaluation – The asset management framework should contain a mechanism to measure its effectiveness.

The financial reporting elements of the national framework consist of 3 elements as follows:

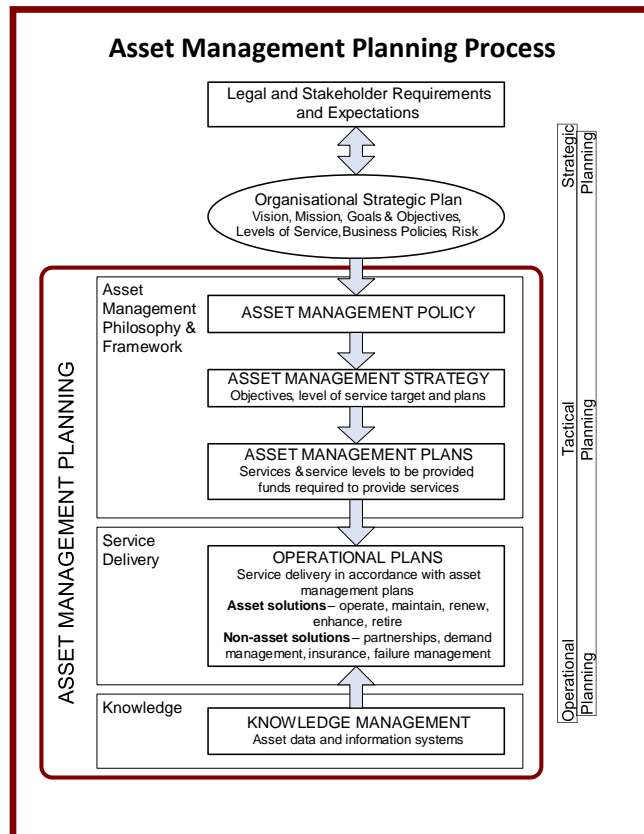
1. Strategic Longer Term Plan – The plan brings together the detailed requirements in the Council's Long Term Community Strategic Plan, and demonstrates how council intends to resource the plan.
2. Annual Budget – Councils prepare an annual budget which is presented in a way which is understandable to the community and which can be compared with the audited financial statements.
3. Annual Report – Councils prepare an annual report in respect of each financial year. This is to include a report on operations, audited financial statements, explanations of any variations between the budget and actual results, and any impacts that variations will have on the longer term Community Strategic Plan.

The changes to legislation in NSW IPR and the implementation through IPR are consistent with the National Framework.

1.2 Asset Management Planning Process

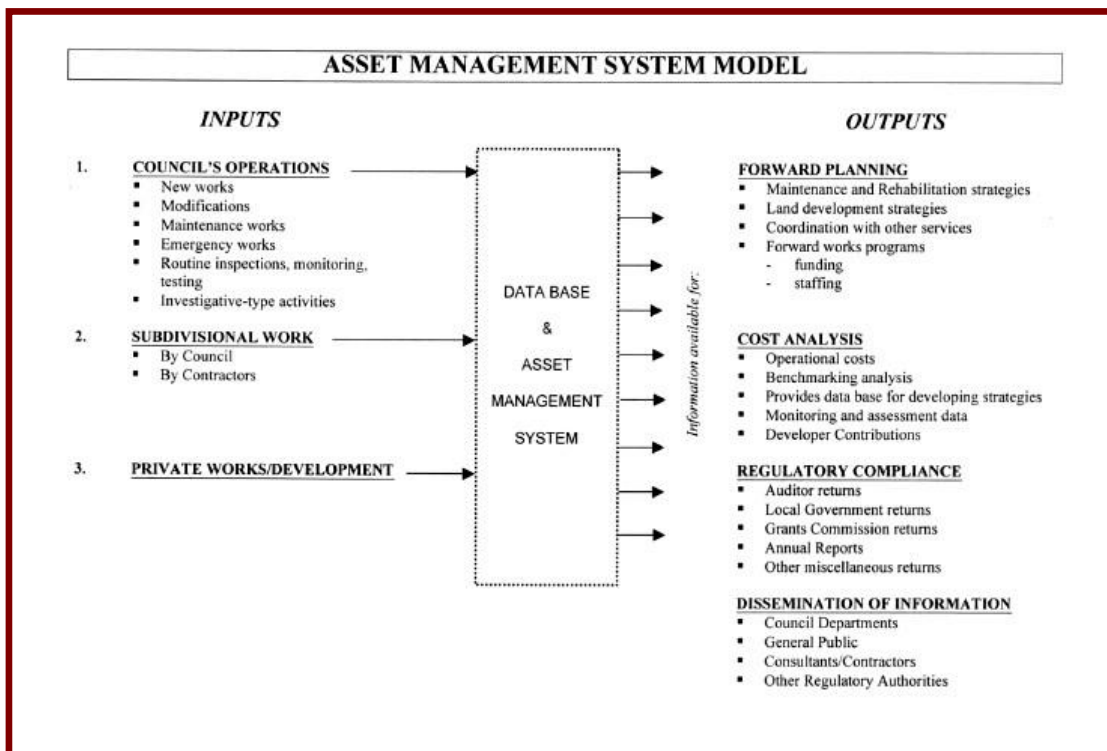
Asset management planning is a comprehensive process to ensure that are managed and maintained in a way that affordable services from infrastructure to be in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financially sustainability under scenarios with different proposed service levels.

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



assets
enables
provided

with
and
asset
linked to
plan.⁶



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 assets is shown in Table 1. **Table 1: Assets used for providing Services**

⁶ IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

Asset Class	Description	Services Provided
Buildings	<ul style="list-style-type: none"> Buildings - Specialised Buildings – Non Specialised 	The land and buildings provided by Wentworth Shire Council are used to support the administration, operational and social infrastructure for the community.
Other Assets	<ul style="list-style-type: none"> Land Improvements – Depreciable e.g. Parks and Gardens Office Equipment Furniture and Fittings Library books Other Structures 	The miscellaneous and other assets provided by Wentworth Shire Council are used to support the administration, operational and social infrastructure for the community and are an important part of the assets Council manages.
Plant and Equipment	<ul style="list-style-type: none"> Plant and Equipment 	The Plant and Equipment of Wentworth Shire Council are used to undertake road construction and maintenance. They are critical to the provision of the road network which is important to the community and economy of the region.
Transport	<ul style="list-style-type: none"> Roads Footpaths Shared paths Kerb and gutters Street Furniture Culverts Bridges 	The Roads and Bridges provided by Wentworth Shire Council are used to support transportation and are important to the community and economic activities of the region.
Stormwater Drainage	<ul style="list-style-type: none"> Pipes Pits Levee Banks 	The drainage provided by Wentworth Shire Council are used to support Storm Water Management
Water and Sewer	<ul style="list-style-type: none"> Treatment Plants Pump & Filling Stations Mains Telemetry Distribution Networks-pipes, meters etc. Reservoirs & Towers Manholes & vents 	The Water Supply and Sewerage Network provided by Wentworth Shire Council is used to support public health and is important to the community and economic activities of the region.

3. The Council's assets and their management?

3.1 State of the Assets

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

Table 2: Financial Status of the Assets

Asset Class	Replacement Cost (\$000)	Depreciated Replacement Cost (\$000)	Depreciation Expense for current year (\$000)
-------------	--------------------------	--------------------------------------	---

Transport	\$378,385.00	\$287,188.00	\$4,081.00
Stormwater Drainage	\$5,973.00	\$4,997.00	\$61.00
Water and Sewer	\$70,382.00	\$34,550.00	\$1,099.00
Buildings	\$50,470.00	\$18,663.00	\$954.00
Plant & Equipment	\$16,405.00	\$4,451.00	\$838.00
Other Assets	\$25,559.00	\$19,944.00	\$546.00
Total	\$547,174.00	\$369,793.00	\$7,579.00

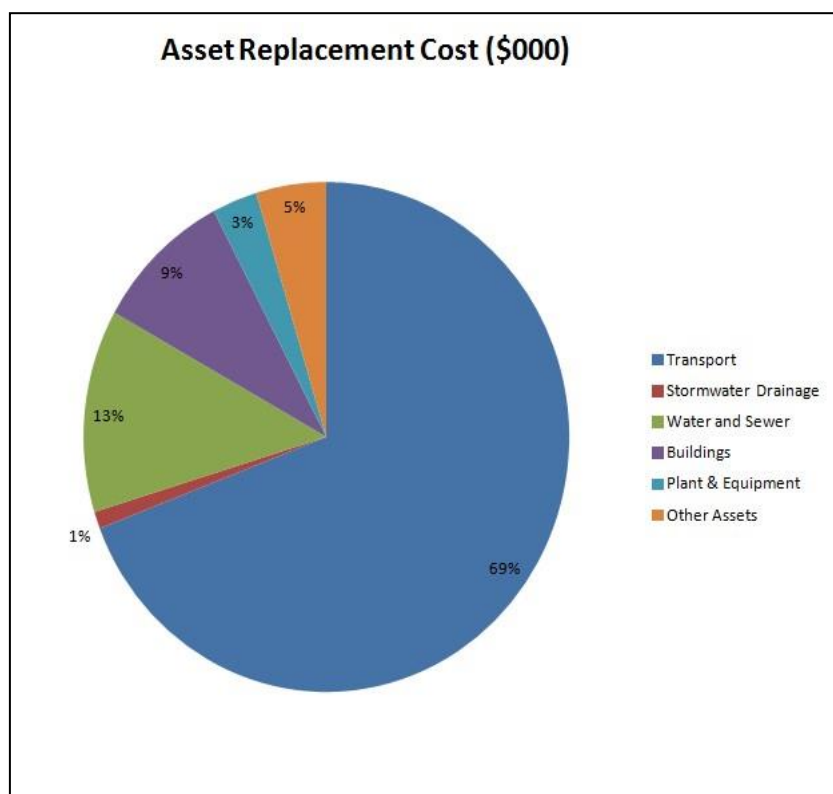


Figure 1: Asset Replacement Values

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

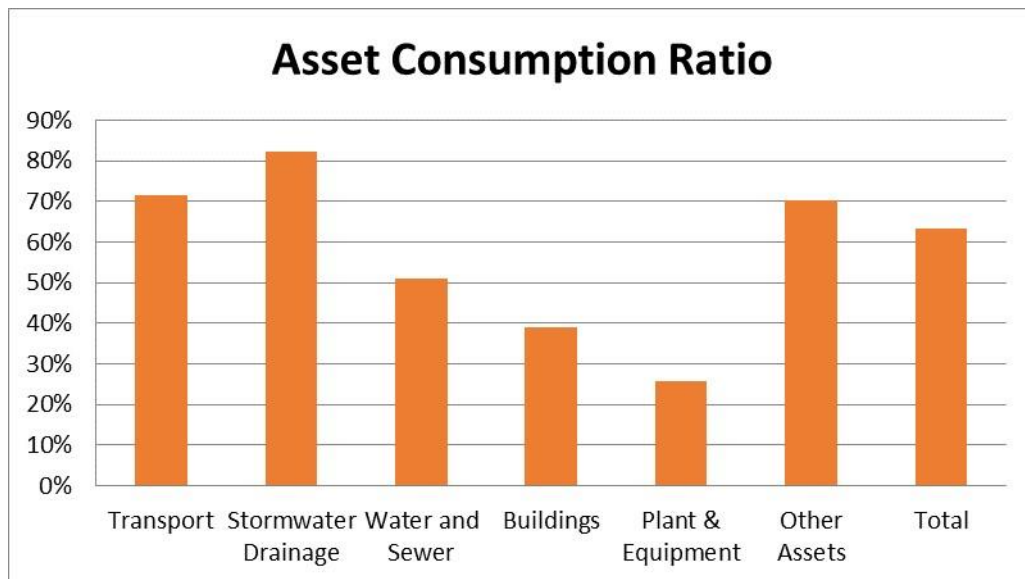


Figure 3: Asset Condition Profile – Roads and Transport

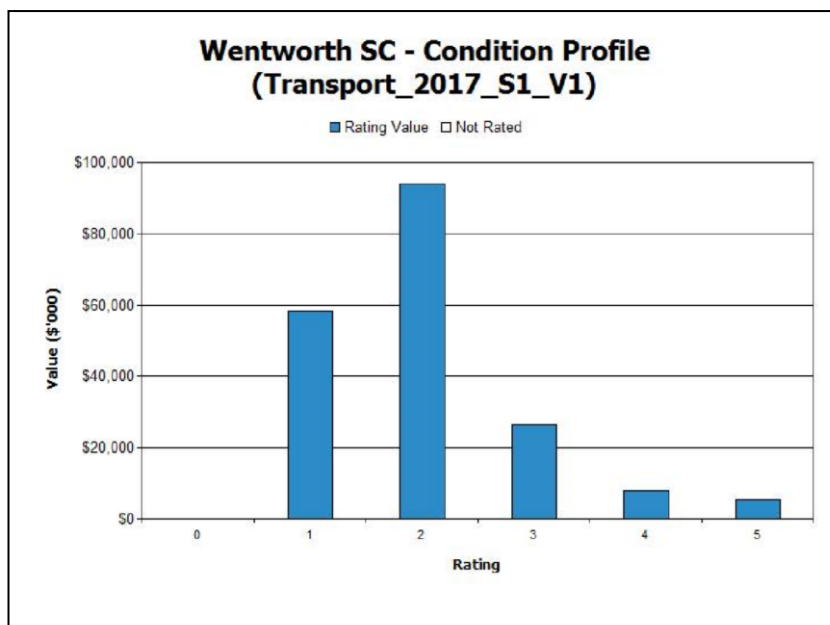


Figure 4: Asset Condition Profile – Stormwater Drainage

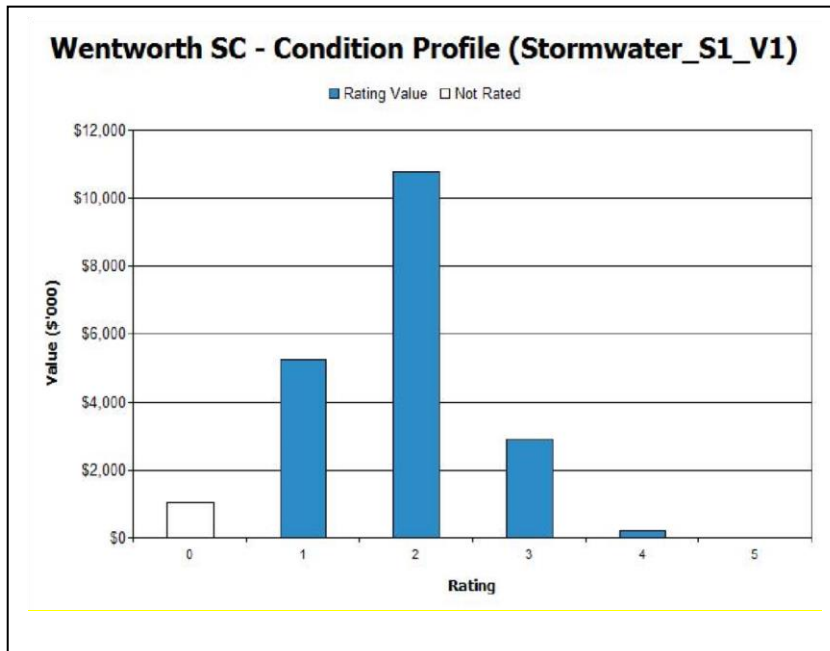
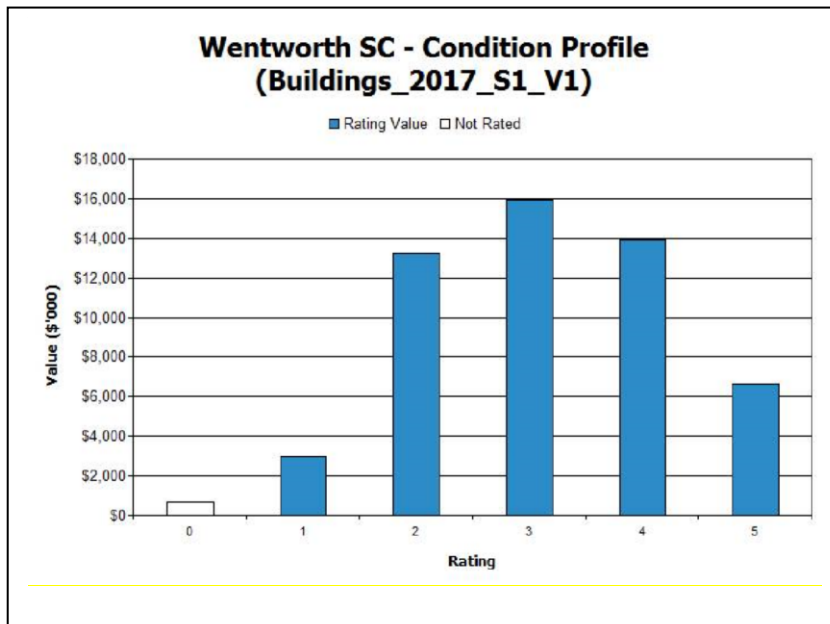


Figure 5: Asset Condition Profile – Buildings



3.2 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this asset management plan is shown in Table 3. It needs to be noted that whilst the 10 year forward projection is based on the best available forward estimates of work needed, the life cycle cost is based on depreciation.

Table 3: Life Cycle Cost for Council Services

Asset Class	Operations	Maintenance	Depreciation Expense for current year (\$000)	Life Cycle Cost (\$/yr)
Transport	\$565.00	\$2,576.00	4,081.00	\$7,222.00
Stormwater Drainage	\$7.00	\$128.00	61.00	\$196.00
Water and Sewer	\$1,207.00	\$904.00	1,099.00	\$3,210.00
Buildings	\$485.00	\$236.00	954.00	\$1,675.00
Plant & Equipment	\$333.00	\$513.00	838.00	\$1,684.00
Other Assets	\$110.00	\$699.00	546.00	\$1,355.00
Total	\$2,707.00	\$5,056.00	\$7,579.00	\$15,342.00

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 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure is shown in Table 4.

Table 4: Life Cycle Expenditure for Council Services

Asset Class	Operations	Maintenance	Cap Renewal Exp (\$/Yr)	Life Cycle Exp (\$/yr)
Transport	\$565.00	\$2,576.00	\$3,935.00	\$7,076.00
Stormwater Drainage	\$7.00	\$128.00	\$7.00	\$142.00
Water and Sewer	\$1,207.00	\$904.00	\$185.00	\$2,296.00
Buildings	\$485.00	\$241.00	\$93.00	\$819.00
Plant & Equipment	\$333.00	\$513.00	\$528.00	\$1,374.00
Other Assets	\$110.00	\$699.00	\$231.00	\$1,040.00
All Services	\$2,707.00	\$5,061.00	\$4,979.00	\$12,747.00

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, 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 organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the Asset Management 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 and long term financial plan.

The life cycle gap and life cycle indicator for services covered by this asset management plan is summarised in Table 5.

Table 5: Life Cycle Indicators

Asset Class	Life Cycle Cost (\$/yr)	Life Cycle Exp (\$/yr)	Life Cycle Gap (\$/yr)	Life Cycle Indicator
Transport	\$7,222.00	\$7,076.00	\$146.00	98%
Stormwater Drainage	\$196.00	\$142.00	\$54.00	72%
Water and Sewer	\$3,210.00	\$2,296.00	\$914.00	72%
Buildings	\$1,675.00	\$819.00	\$856.00	49%
Plant & Equipment	\$1,684.00	\$1,374.00	\$310.00	82%
Other Assets	\$1,355.00	\$1,040.00	\$315.00	77%
All Services	\$15,342.00	\$12,747.00	\$2,595.00	83%

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

The life cycle indicators are significantly influenced by depreciation rates, the forecast of capital renewal and the planned expenditure on capital renewal. The life cycle indicators include supplementary funds to address funding gaps for year one.

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade/expansion or new works expenditure.

The Asset Management Plans which provide the detail input into the sustainability assessment consider 3 Scenarios.

- Scenario 1 uses the Asset Register valuation data to project the renewal costs for renewal years using acquisition year and useful life, or
- Scenario 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or a combination of average network renewals plus defect repairs. Scenario 2 is still being developed for included asset categories.
- Scenario 3 balances the long term financial plan budgets with the projected renewal programme.

3.3 Risks Critical to Council's Operations

Risk	Description	Risk Management Strategy
------	-------------	--------------------------

The community cannot afford gravel on all roads. Financial Sustainability	<p>Council's financially sustainable for the next 10 years is moderate. There are 2 scenario options for Transport;</p> <p>2A – Gravel on all regional and collector roads (achievable)</p> <p>2B – Gravel resheeting based on current budget – will mean managed deterioration of gravel network and implementation of risk management strategy.</p> <p>A long term prioritisation programme for gravel roads based on road hierarchy and usage.</p>	<ul style="list-style-type: none"> Transfer funding from proposed new and upgraded assets to the road resealing programme as detailed in asset management plan options, OR find alternative sources of revenue OR reduce costs in other service areas. The resheeting program should be increased to an average of \$1.3 million per year to bring satisfactory level. Develop a long term prioritised plan for the renewal and maintenance of gravel and sealed roads including life cycle cost options for annualised life. Ongoing traffic volume monitoring and community engagement.
Protection of sealed pavements for local roads.	Council's current expenditure level on reseat is medium and will result in increasing pavement failures in the longer term which have a renewal cost approximately 5 times higher than the reseat cost.	Maintain current level of reseals to control renewal frequency to an average of 15 years between reseals to prevent water entering pavement. Continue reseat programme to approx. \$1.4 million per year to protect sealed pavements.
Review of condition and function of Buildings, Land Improvements and Other Structures Assets	The asset register indicates that Council needs a major investment in buildings, land improvements and other structures assets.	Review future function and condition appropriate for each building taking into account the likely utilisation of buildings and land improvements. This should include community engagement on possible rationalisation of low use and low function buildings.
Low levels of asset knowledge	Council's sustainable asset management practice and capacity building has not been evident. There is a need to develop organisational maturity by training in systems, asset management principles and practices.	Implement an asset knowledge management strategy to update the asset register useful lives, remaining lives and unit costs so that the asset register aligns with the 10 year LTFFP and asset management plans.
Low levels of state of the assets reporting	State of the assets reporting needs to report on condition/quality, function and capacity/utilisation, reporting the trend of Good/Fair/poor.	Implement annual state of the assets reporting in future annual reports so that special schedule 7 (section 428 2(d) of the local government act aligns with the asset management plans.
Increased loading on Council Pavements	Council needs to identify the strength and capacity of its road network.	<p>Monitor traffic and transport loads on key roads to ensure state of the assets reporting is linked to road use and loads.</p> <p>The current strategy to increase pavement rehabilitation expenditure intends to increase the strength of existing pavements.</p>

Risk	Description	Risk Management Strategy
------	-------------	--------------------------

		The average growth in road freight since 1995 is 4% per annum ⁷ and freight vehicles are getting larger.
Functionality of Water and Sewer Infrastructure	Ageing infrastructure reaching end of life with no routine maintenance and operation in place. No preventative / planned / routine maintenance to the infrastructure	Major rehabilitation works need to take place. Implement water main replacement, air scouring, stop valves & hydrants replacement, water treatment plant and reservoirs upgrade programme. Implement Sewer relining, manhole replacement, pump station and electrical upgrade programme.
Review of condition and function of Stormwater Drainage	Townships are subject to minor flooding during periods of high rainfall.	Monitor the functionality and capacity of the existing kerbs and clean the pits regularly.
Lack an informed strategic approach	Council and community are not making informed trade off judgements having regard to the long term and cumulative consequences of infrastructure decisions.	Implement the councillor and community engagement programmes in this Asset Management strategy.
Risk Management and Governance	Corporate risk register and audit committee needs to be implemented in accordance with this strategy.	Implement the governance processes for asset management as directed by Asset Management Steering Committee.

3.4 Asset Management Structure

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. Within the Wentworth Shire Council, the Council Roads Committee provides the most logical mechanism through which this can be achieved for roads and transport. The Committee will act as the *Asset Management Steering Committee*. For rest of other assets, MANEX will act as the Asset Management Steering Committee.

The benefits of a corporate asset management team include:

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

Apart from formulating an appropriate program, asset management governance, service level reporting and risk management reporting, 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,

⁷ Trends in non-urban road freight using weigh-in-motion (WIM) data David Mitchell. Bureau of Infrastructure, Transport and Regional Economics

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.

The responsibilities of corporate asset management team include:

- statutory compliance to achieve funded target outcomes under the asset management development programme (AMDP) identified.
- Reviewing processes and providing direction on the development and implementation of an asset knowledge management strategy to ensure optimum benefit / cost / risk for technology systems, information management, business processes and reporting.
- Developing, implementing and monitoring key performance indicators that link the resourcing strategy to the Community Strategic Plan (CSP)
- Developing appropriate policies to ensure effective Asset Management across the Council that demonstrate value for money whilst controlling risk and loss.
- Informing Council's Senior Management (MANEX) of progress and
- Recommending to the group organisational change as required.

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 elements⁸ to assess 'core' competency under the National Frameworks. The core competencies are:

Financial Planning and Reporting

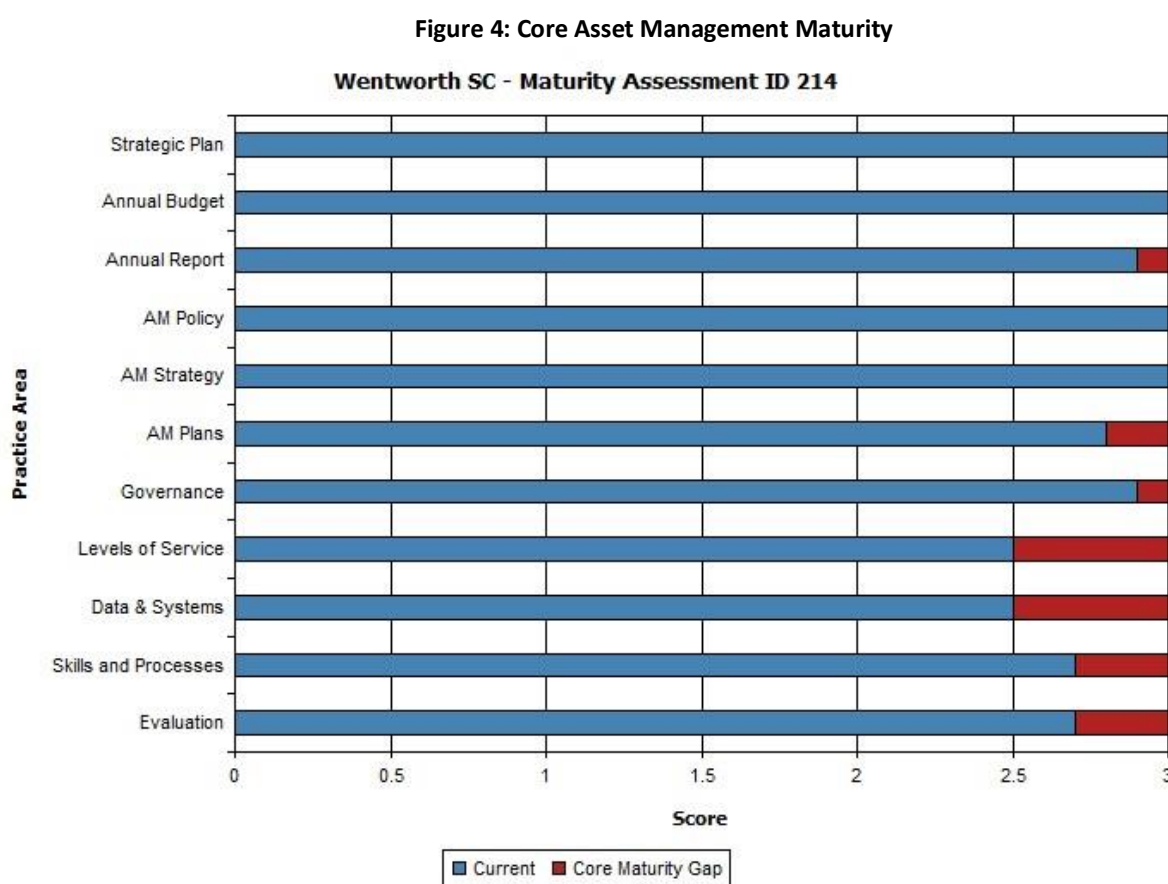
- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

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

⁸ Asset Planning and Management Element 2 *Asset Management Strategy and Plans* divided into Asset Management Strategy and Asset Management Plans competencies.

Council's maturity assessment for the core competencies is detailed in Appendix A and 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.



Council has achieved core maturity for Asset Management Strategy, Asset Management Plans, Asset Management Policy and an update of Council's asset management maturity is scheduled for June 2018.

3.6 Strategy Outlook

1. Council's current asset management maturity has attained 'core' level in most areas with substantial progress being made over the last five years. Continued investment is needed to improve information, lifecycle and service management.
2. The Council is able to fund current transport infrastructure life cycle cost at current levels of service and available revenue.
3. More accurate data is required for water and sewer infrastructure to perform the financial modelling. The Council needs to increase funding for buildings, land improvements other structure and stormwater drainage infrastructure to maintain current levels of service.
4. By increasing operating revenue and considering borrowing to fund capital works, combined with realising future efficiency gains, Council can move to a more sustainable position within ten years.

4. Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

Council's vision is: *"A caring Community with a friendly safe country lifestyle with opportunities for growth and development."*

Council's mission is: *"To represent and assist the Community and the stakeholders of the Wentworth Shire in meeting their needs at an affordable cost."*

The Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out where the Council wants to be. The objectives are the steps needed to get there. Goals and objectives relating to the delivery of services from infrastructure are shown in Table 6.

Table 6: Goals and Objectives for Infrastructure Services

Goals	Objectives
Community Strategic Planning	To identify Council's and the Community's future direction through an integrated corporate planning approach. <ul style="list-style-type: none">• Implementation of the Community Engagement Strategy• Adoption of Community Strategic Plan• Review and update of Long Term Financial Plan (part of Resource Strategy)• Review of Workforce Management Plan (part of Resource Strategy)• Review and update of Asset Management Plan (part of Resource Strategy)
Maintaining Financial Sustainability	To provide sound financial and administrative support for Council and commitments to external organisations. <ul style="list-style-type: none">• Revaluation of Assets on a fair value basis• Review of Long Term Financial Plan and link with Asset Management Plans• Develop system integration to management asset information
Housing & Community Amenities	To provide public amenities, ensure all uses of land are appropriate and that Council provides environmentally sensitive and effective services to meet the needs of the community. <ul style="list-style-type: none">• Providing an Appealing Environment of Public Venues• Managing Waste• Flood Management• Providing Public Amenities
Roads & Bridges (Infrastructure)	To provide a road network for safe and efficient access to the Shire for all residents and visitors. <ul style="list-style-type: none">• To continuously improve the State and Regional road network by forward planning, design and construction as permitted within the RMS funding guidelines.• To maintain Council's urban roads in a safe trafficable condition.• To maintain Council's rural local roads in a safe and trafficable condition.• To ensure that the database of assets is costed and valued appropriately.• To ensure that the useful life and unit rates are reviewed annually in the database of assets to calculate the valuations.
Water Supply	To provide economical, reliable and safe water supply systems to the townships of Wentworth, Dareton, Buronga, Gol Gol and Poongcarie. To ensure that the Water

Goals	Objectives
	<p>Supply Utility operates as a standalone business unit within Council.</p> <ul style="list-style-type: none"> To provide and maintain a safe, healthy and high quality potable water supply and an attractive living environment. To provide dual water supply for Wentworth, Dareton, Buronga and Gol Gol and Pooncarie. To investigate ways and means of improving specific infrastructure and services. To comply with State Best Practice Management of Water & Sewerage Guidelines 2007.
Sewerage	<p>To provide an economical, reliable and environmentally safe sewerage system for the townships of Wentworth, Dareton, Buronga and Gol Gol.</p> <ul style="list-style-type: none"> To provide and maintain effective, efficient and competitively priced sewerage services To investigate ways and means of improving specific infrastructure and services. To comply with State Best Practice Management of Water & Sewerage Guidelines 2007.

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with legislative requirements, community needs and affordability.

4.2 Asset Management Policy (CP200)

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with the Community Strategic Plan, applicable legislation, together with community need and affordability.

The asset management strategy is developed to support the asset management policy and is to enable 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.

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 futures, 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,
- provide high level oversight of financial and asset management responsibilities through 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.

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 2 years.	Improved financial and asset management capacity within Council.
11	Report six monthly to Council via the Audit Committee/General Manager on development and implementation of Asset Management Strategy, Asset Management Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.

5.1 Asset Management Capability

This Asset Management Strategy includes specific actions required to improve council's asset management capability and projected resource requirements and timeframes. Table 8 of this strategy shows the summary asset management improvement plan and current status of improvement actions. The key strategy status is

1. Major improvement achieved in the past 12 months for core level.
2. 10 year forward outlook is that current service levels cannot be maintained within the current budget allocations, requiring budget allocations to be reviewed as a part of the ongoing Asset Management Improvement Plan.
3. Additional Scenarios are needed with higher confidence to provide a balanced outlook between budget and costs for next 10 years
4. Any new assets will increase future costs for maintenance, operating and future renewal and need corresponding additional funding.
5. Residual asset and service risks that are not managed need to be reported to Internal Audit & Risk Management Committee. These risks have been identified in risk management plans
6. Ongoing asset management improvement programme recommended in the Asset Management strategy to progress substantially in Council's core level of governance and management.

6. Asset Management Improvement Plan

The main target for the Council will be the achievement of plans, data & systems and skills & processes that lead to core asset management, while balancing the delivery of existing asset activities. The tasks required to achieve a 'core' financial and asset management maturity are shown in priority order in Table 8.

Table 8: Asset Management Improvement Plan

Practice Area	Recommendations	Status
Strategic Longer Term Plan	1. Complete LTFP on completion of all AMPs and the AM strategy. 2. Ensure CSP priorities and performance measures are linked to community service levels in AMPs 3. Ensure final Plans indicate likely service level and risk trends resulting from adopted LTFP.	Y
Annual Budget	1. Ensure that the budget aligns with the adopted resource plan. 2. Review the commentary in the budget following the completion of IPR resource strategy to provide a statement of whether the budget will achieve the CSP service objection. 3. Utilise upcoming training in Infrastructure financial management and long term financial planning.	Y
Annual Report	1. Include "state of the assets" reporting in annual report to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends. 2. Ensure that special schedule 7 shows that cost to bring to satisfactory is equal to available resources. If this is not true, there needs to be an explanation in the annual report.	Y
AM Policy	1. Ensure that the AM Policy is implemented and communicated to key stakeholders.	Y
AM Strategy	1. Review Strategy using updated template on completion of Asset Management Plans. 2. Ensure the strategy covers the following areas as required under IPR: 2.12 - The Asset Management Strategy must include a council endorsed Asset Management Policy. 2.13 -The Asset Management Strategy must identify assets that are critical to the council's operations and outline risk management strategies for these assets. 2.14 - The Asset Management Strategy must include specific actions required to improve council's asset management capability and projected resource requirements and timeframes.	Y
AM Plans	1. Review all Asset and Risk Management Plans using the same Asset and Risk Management templates. 2. Utilise NAMS.PLUS training to build broader capacity and knowledge.	Y
Governance and Management	1. Adopt terms of reference for the asset management steering committee. Initial focus of the group should be on the implementation of AMPs. Longer term role to report risk and service level trends. 2. Set up a formal process for corporate risk reporting for any residual high risks from AMPs to the Internal Audit Committee and Council.	P

Practice Area	Recommendations	Status
Levels of Service	1. Link community and technical service levels in AMP to the community strategic plan. 2. Develop additional AMP scenarios as required to align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the CSP and annual reporting (special schedule 7).	P
Data & Systems	1. Provide a data improvement programme as part of the asset management improvement programme based on benefit/cost/risk. 2. Provide a knowledge management strategy to continue to identify skills and knowledge needed for the technology/data options and audit trail, security etc. 3. Annual update of unit rates based on completed works programme to update replacement cost and renewal cost rates. 4. The maturity assessment provides the capacity to benchmark asset management performance and practice. Review against other councils as required. 5. Review and update condition assessment manual for all asset classes as required. 6. Update the use of REFLECT/ROAM/IntraMaps with insight to manage inspections, defects, intervention levels and accomplishments for all asset classes.	Y
Skills and Processes	1. Review business processes and document to ensure audit trail for financial transactions, asset register updates and annual reporting. 2. Incorporate training and skills development into recommended knowledge management strategy. 3. Complete risk registers for each asset group\AMP. Any residual high risks should be listed in each AMP. The highest risks in each AMP should then be included in the corporate risk register and reported to executive/council/audit committee for acceptance of residual risk. 4. Utilise the IPWEA Professional development program to further develop and broaden internal capacity.	P
Evaluation	1. AMPs and resource allocation needs to be formally adopted and reviewed by the executive team and council. 2. Use this maturity report, and the recommended project plan to monitor and review national framework implementation (IPR). 3. Service level reporting needs to be implemented using a state of the assets report reporting on trends for quality, function and capacity. Implement regular reporting on current maturity and IPR Implementation Plan.	P

STATUS

- Y - Core Level Achieved
P - Partial – In progress
N - No substantial progress

The three important area remain:

- Levels of service;
- Asset management plans and
- Ongoing consolidation of corporate data and development of the corporate asset system & its integration with other systems.

The Council's involvement with the Institute of Public Works Australia (IPWEA) NAMS.PLUS initiative has enhanced and continues to assist in improvements and knowledge in developing sustainable asset management practices.

6.1 Asset Management Maturity Improvement Plan

Table 6.1 shows the ongoing engagement program and key milestones. This should be reviewed every quarter.

Project Plan Key Project Components	Key Milestones for Achieving and Retaining Core Maturity			
	Jan – Jun 2017	Jul – Dec 2017	Jan – Jun 2018	After June 2018
1. Review and update community strategic plan	Ensure CSP aligns with Strategy and Planning Documents. Additional scenarios may be needed to balance LTFP resources to achievable service targets.	Brief new Council on any important sustainability, risk and service level implications identified in the Strategy and Planning documents	Following completion of service level and risk reporting determine ongoing community engagement for sustainable service delivery.	Outgoing Council reports progress made during their Council term
2.Strategy and Planning Documents development and coordination	Complete draft Strategy and Planning Documents that balances LTFP with AMPs. AM strategy outlines risks of current maturity as well as service levels that can be achieved by Strategy and Planning documents			New Council engages community in reviewing and updating the Council's Strategy and Planning Documents as per community consultation strategy.
2.1 Review and update Long Term Financial Plan	Ensure LTFP balances with AMP costs to deliver service level and risk targets. This may involve a number of scenarios			Annual review or LTFP and delivery programme
2.2 Review and update Asset Management Policy, Strategy and Plans	Complete balanced AM Policy, Plans and Strategy with an achievable resourcing plan and service targets based on the LTFP. Council may have additional scenarios showing alternative service levels if funding is available.	Ensure AMPs contain service levels and risks that reflect available resources in LTFP as well as scenarios to achieve target level of service (if different to achievable levels of service)	Council reviews resourcing strategy every year including a state of the assets report on condition, function and capacity trends against targets.	Update Strategy and Planning Documents as required

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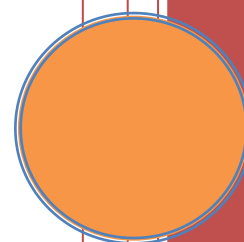
2017-2027

Wentworth Shire Council

Long Term Financial Plan



Wentworth
Shire Council



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OVERVIEW

The Long Term Financial Plan enables the community aspirations and goals that have been identified in the Community Strategic Plan to be tested against financial realities. It is designed to be both a decision making and problem solving tool, acting as a guide for future action, rather than being set in concrete.

BACKGROUND

The Long Term Financial Plan (LTFP) exists primarily to facilitate the delivery of the objectives and strategies expressed in the Community Strategic Plan. The LTFP is not an end in itself, however it is a means of ensuring the objectives of the integrated planning framework are matched by an appropriate resource plan.

Community needs must be understood and are a key input into the LTFP. This is crucial in determining what is included in the scope of the options presented. Community needs help establish the base case and enable Council to construct options for consideration.

In addition to acting as a resource plan, the LTFP further endeavours to:

- Establish a prudent and sound financial framework, combining and integrating financial strategies to achieve a planned outcome
- Establish a financial framework against which Council's strategies, policies, and financial performance can be measured
- Ensure that Council complies with sound financial management principles and plans for the long term financial sustainability of Council
- Allows Council to meet its obligations under the Council's Charter of the Local Government Act 1993 as detailed in Section 3.2

PURPOSE AND OBJECTIVES

PURPOSE

The purpose of the LTFP is to provide Council with a mechanism to meet the community's expectations and priorities for improving its economic, environmental and social outcomes with the context of finite economic and financial resources. The LTFP enables an increased ability to plan and manage the financial responsibilities of the Council by providing an understanding of the long term financial impact of operational and service level decisions. The LTFP addresses the desired objectives of financial sustainability, service levels, infrastructure renewals and replacement and considers the resource levels required to achieve those objectives.

OBJECTIVES

The objectives of the LTFP are to:

- Comply with the Office of Local Government's IP&R framework
- Ensure Council's long term financial sustainability
- Identify financial and strategic opportunities
- Provide a sound basis for strategic decision making
- Provide transparency in forecasting Council's financial position
- Analyse the cumulative financial impacts of Council's current plans and policies
- Build on Council's current strategic direction as identified in the adopted annual Operational Plan and the 4 year Delivery Program
- Maintain service levels to the community or provide a mechanism for choosing between alternative service delivery options in line with the Community Strategic Plan
- Achieve and maintain a surplus annual Operational Plan
- Maintain a strong cash and liquidity position
- Ensure robustness of appropriate cost recovery strategies through full pricing and recognition of the true cost of provision of services when setting revenue targets

- Maintain adequate cash reserves in accordance with legislation or policy requirements
- Ensure asset renewal and maintenance is in line with the Asset Management Plan
- Achieving a financial structure where new assets or existing asset renewal needs are met from the base operating income of Council
- Investment and funding strategies which promote intergenerational equity
- Demonstrating Council's ability to be Fit for the Future.

The challenge of financial sustainability is one faced by a majority of NSW Councils and Wentworth Shire Council is certainly not immune from this issue.

Over time Wentworth Shire Council has greatly increased its assets, which has consequently increased its depreciation, operation and maintenance costs to an already large sum and contributed to an ageing asset base.

In order to manage this asset base, strategies and plans need to be developed which are designed to address issues regarding asset life cycles and risk. Such strategies and plans should ensure that their content addresses priorities in line with organisational objectives. Finance and expenditure should also be planned and controlled in line with these priorities. Resources should be used as effectively and efficiently as possible. Technical levels of service that relate to compliance requirements in legislation should be maintained.

CURRENT FINANCIAL SITUATION

OPERATING RESULTS

The following table details Council's operating results for each of the last five years.

WENTWORTH SHIRE COUNCIL INCOME STATEMENT					
Year Ending June 30th	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenue					
Rates & Annual Charges	\$6,759	\$7,056	\$7,312	\$7,526	\$7,762
User Charges & Fees	\$3,361	\$4,071	\$3,934	\$3,928	\$4,155
Interest	\$1,073	\$986	\$1,008	\$1,027	\$839
Grants & Contributions (Op)	\$7,816	\$6,096	\$5,723	\$7,916	\$10,229
Other Operating Revenue	\$1,729	\$513	\$559	\$770	\$576
Net gain/loss Disposal of Assets	\$52	\$10	\$79	\$21	\$34
Total Revenue	\$20,790	\$18,732	\$18,615	\$21,188	\$23,595
Operating Expenses					
Employee Costs	\$7,177	\$7,444	\$7,249	\$7,550	\$7,945
Materials & Contracts	\$4,818	\$4,517	\$5,515	\$6,064	4,858
Interest Charges	\$80	\$66	\$48	\$50	\$57
Depreciation & Amortisation	\$7,426	\$6,801	\$7,230	\$6,898	\$7,579
Other Operating Expenses	\$1,994	\$2,010	\$1,876	\$2,448	\$2,555
Total Expenses	\$21,495	\$20,838	\$21,918	\$23,010	\$22,994
Capital Grants & Contributions	\$2,808	\$3,177	\$1,433	\$1,476	\$1,528
OPERATING RESULT	\$2,103	\$1,071	- \$1,870	-\$346	\$2,129

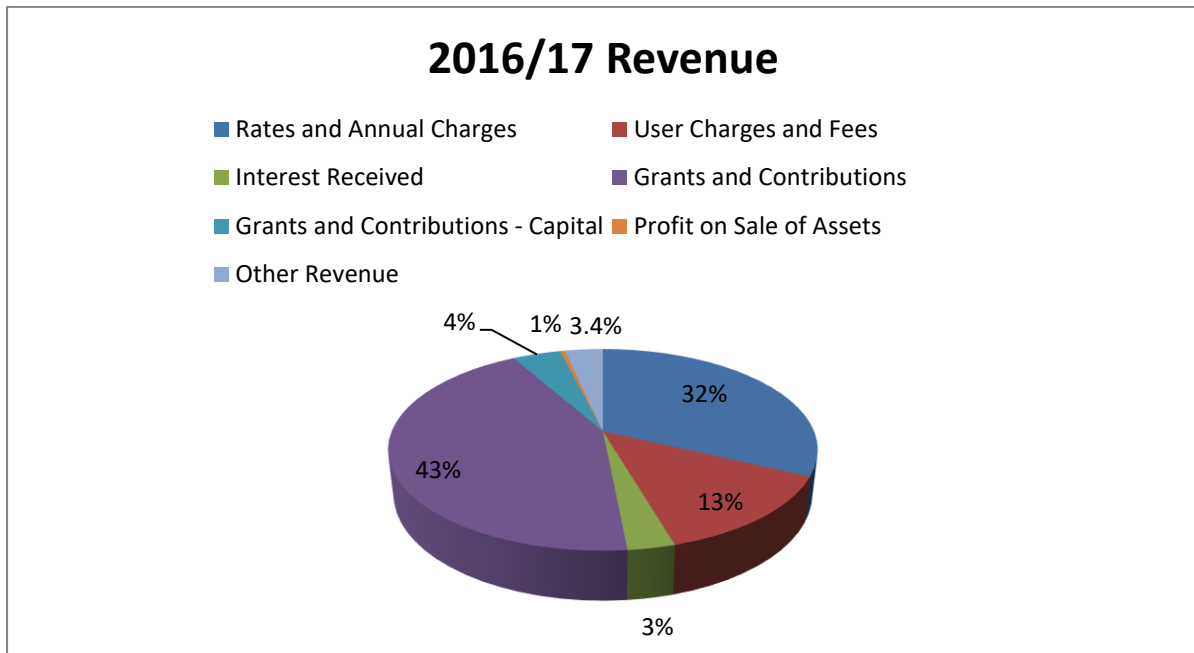
BALANCE SHEET RESULTS

The following table details the balance sheet results for the past 5 years.

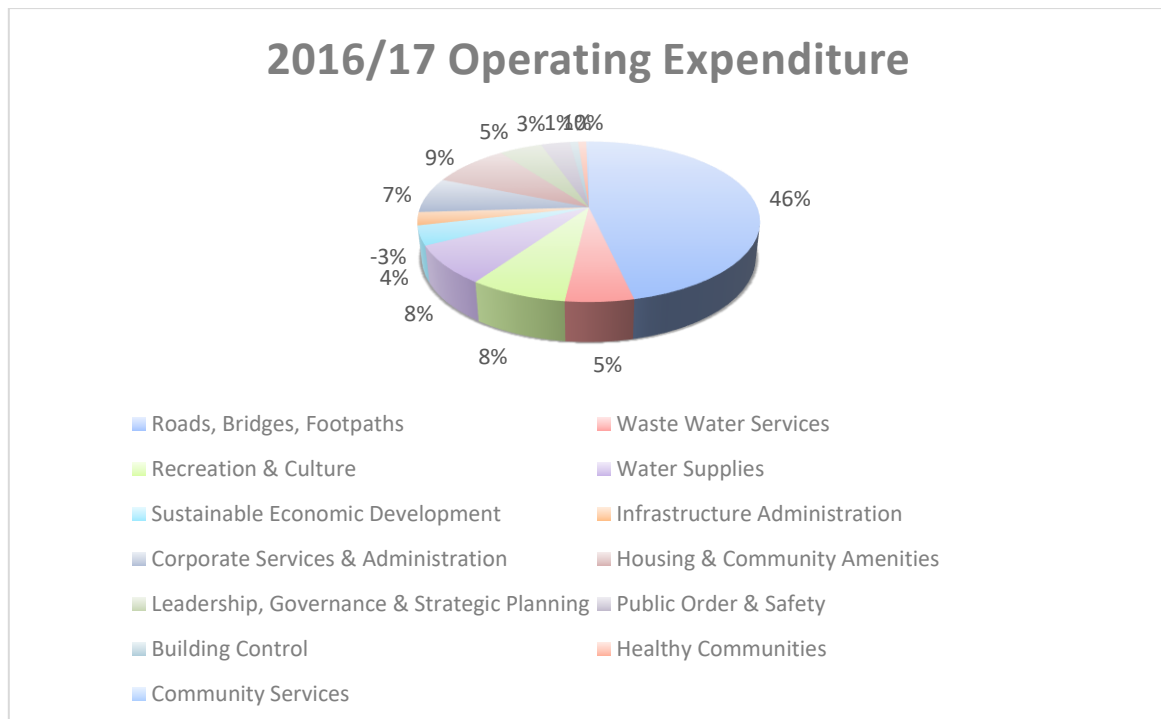
WENTWORTH SHIRE COUNCIL BALANCE SHEET					
Year Ending June 30th	2012	2013	2014	2015	2016
	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets					
Cash on Hand and at Bank	\$4,936	\$11,970	\$15,789	\$22,883	\$18,134
Investments	\$14,000	\$9,000	\$8,000	\$1,000	\$8,000
Receivables	\$5,705	\$6,219	\$3,919	\$2,905	\$3,564
Inventories	\$497	\$504	\$478	\$502	\$479
Other	\$216	\$122	\$114	\$94	\$143
Current Assets	\$25,354	\$27,815	\$28,300	\$27,384	\$30,320
Non-Current Assets					
Receivables	\$0	\$0	\$0	\$0	\$0
Property, Plant & Equipment	\$268,680	\$267,950	\$277,204	\$358,835	\$371,077
Non-Current Assets	\$268,680	\$267,950	\$277,204	\$358,835	\$371,077
Total Assets	\$294,034	\$295,765	\$305,504	\$386,219	\$401,397
Current Liabilities					
Creditors	\$1,482	\$1,303	\$3,473	\$2,436	\$2,171
Provisions	\$1,775	\$1,610	\$1,612	\$1,915	\$2,062
Borrowings	\$187	\$146	\$211	\$197	\$190
Current Liabilities	\$3,444	\$3,059	\$3,444	\$3,059	\$4,423
Non-Current Liabilities					
Provisions	\$196	\$258	\$258	\$277	\$415
Borrowings	\$774	\$604	\$310	\$988	\$826
Other	\$0	\$0	\$0	\$0	\$0
Non-Current Liabilities	\$970	\$862	\$568	\$1,265	\$1,241
Total Liabilities	\$4,414	\$3,921	\$5,864	\$5,813	\$5,664
NET ASSETS	\$289,620	\$291,844	\$299,640	\$380,406	\$395,733
Restrictions					
External restrictions	\$7,120	\$8,388	\$7,542	\$8,224	\$9,475
Internal restrictions	\$5,496	\$8,089	\$6,908	\$8,810	\$6,330
Unrestricted cash	\$6,320	\$4,493	\$9,339	\$6,849	\$10,329
Capital expenditure	\$4,733	\$5,027	\$6,848	\$7,585	\$6,626
Total	\$23,669	\$25,997	\$30,273	\$32,068	\$32,760

CURRENT FINANCIAL YEAR – REVENUE PROJECTIONS

The following charts depicts Council's Revenue and Expenditure budgets for the 2016-17 year.



Current Financial Year – Expenditure Projections



PLANNING FOUNDATIONS

Wentworth Shire Council remains committed to operating with a financially sustainable framework, to ensure that its community and other stakeholders can rely upon the ongoing provision of a full and diverse range of high quality community services, facilities and infrastructure.

Council plans to maintain its financial position and performance, to ensure resilience and maintain capacity to adapt and respond to arising community needs in a measured and equitable manner.

PLANNING ASSUMPTIONS

Key principles employed in the financial planning process include but are not limited to the following:

- Financial sustainability
- Maintain diversity of income source
- Generate significant operating surpluses
- Maintain tight control over expenditure and staff numbers
- Deliver best value services, facilities and infrastructure
- Effective and Efficient utilisation of funding sources to fund capital works and asset acquisitions including the appropriate use of debt
- Prudent financial investment
- Maintain above benchmark results against key performance indicators

The Long Term Financial Plan continues Council's commitment to maintain tight control over its financial position and performance. The operational plan and forward projections have been set to continue Council's high standards of service and to adequately allow for all known and anticipated changes over the coming ten year period.

Unexpected cost pressures will always arise, along with increasing service demands, however Council will continue to underpin its service delivery with a value for money approach through competitive procurement processes, internal controls and the completion of service reviews incorporating customer feedback to ensure continued effectiveness and efficiency.

Council will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet Council's liabilities and commitments as they fall due, and to manage cash flow demands to ensure responsible financial management control. While externally restricted reserves will be maintained in accordance with legislative requirements, a number of internally restricted reserves are used to ensure that funds are set aside to directly support Council's priority initiatives and projects.

Where new initiatives/projects that will impact operating income and/or expenditure are anticipated, additional adjustments are made to long term projections in the model. The Capital Program is itemised and forecast for the ten year timeframe of the plan. In later years, where specific projects may not have yet been identified, provisional sums are included reflecting historical works patterns, and in line with renewal requirements identified as part of the Asset Management Strategy.

Local government operations are vital to its community, and it is important for stakeholders to have the opportunity to understand the financial implications arising from its Community Strategic Plan, Delivery Program and annual Operational Plan, and be assured that these plans are financially achievable and sustainable.

Wentworth Shire Council's long term financial plan recognises its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community while undertaking the initiatives and projects that will contribute toward the goals set down in its Community Strategic Plan.

The plan demonstrates that Council has the financial capacity to progress these initiatives, and provides an ongoing prudent financial budgeting framework to facilitate future decision-making, ensuring that the Council is well-placed to pursue strategic goals without risking the long term financial sustainability of its operations.

REVENUE FORECASTS

The major sources of revenue for Council are:

- Rates and Annual Charges
- User Charges and Fees
- Interest
- Grants and Contributions
- Other Revenue

Rating and Annual Charges

The total income that can be raised from levying rates on property is capped by the State Government via the Independent Pricing and Regulatory Tribunal. The current rate structure for Wentworth Shire Council will be maintained; rate assessments will be based entirely upon property valuations (ad valorem) with the addition of differential base rates applying where appropriate. The continuing constraint of rate pegging imposed by the State Government limits Council's ability to provide additional services or borrow additional funds and has focused considerable attention to the need for and efficiency of each service provided.

The general allowable increase for 2017/2018 has been set at 1.5%. Beyond 2017/2018, council has estimated increase for years 2-5 at 2% pa and increases in years 6-10 at 2.5% pa. A review of the Local Government Rating System in NSW has been commenced by IPART, pending the findings of the review and any subsequent changes implemented by the NSW Government, the LTFP assumes a continuation of the current NSW rating system.

For rating purposes land in Wentworth Shire is categorised as residential, farmland or business. Each of these categories has a number of sub-categories. The current rates structure is as follows:

Farmland	Business	Residential
Dry Land Grazing Licence/Pump Site/Pipeline Farmland	Wentworth Mourquong Trentham Cliffs Arumpo Pooncarie Business - General	Wentworth Buronga Gol Gol Gol Gol East Pooncarie Dareton Rural Residential

Domestic Waste Management charges

Domestic waste management charges are provided on a full cost recovery basis and are determined each year pursuant to Section 496 of the Local Government Act, 1993. The charge is based on a 240 litre capacity mobile garbage bin. Additional charges are made in the event that properties require additional capacity for general waste.

Tourism levy

A special variation for Tourism was approved in 1998 for \$10 per assessment and is still in place.

Levee Bank levy

A special rate was approved in 2004/2005 to help facilitate the payment of a loan that was required to help reconstruct the Levee Bank surrounding the Wentworth Township. The total project cost was in excess of \$4,000,000 with the Community to contribute \$1,000,000.

The levy for the repayment of the \$1,000,000 loan plus interest has been spread across all ratepayers within the Shire of Wentworth over a period of twenty years at a cost of \$30 per property. The current balance of the loan is \$208,877

Water and Sewer

The pricing of water and sewerage services is guided by the State Government Best Practice Pricing Guidelines. Council has adopted a two part tariff for water supply, consisting of an access charge and a usage charge. Access charges are related to the size of the water meter for non-residential properties. The guidelines require that at least 75% of revenue for residential customers should be generated through the usage component. Sewerage tariffs adopted by Council consist of a uniform sewerage charge for all relevant properties. The two part tariff for non-residential customers and appropriate fees and charges for liquid waste discharges has not yet been introduced.

Pensioners who hold a Pensioner Concession card and own and occupy rateable property in Wentworth Shire receive a mandatory rebate on their rates and annual charges. The State Government funds 55% of the rebate.

Interest charges on unpaid rates and charges will accrue on a daily basis at the maximum rate advised in accordance with Section 566 of the Local Government Act, 1993.

User Charges & Fees

Many of the services provided by Council are offered on a user pays basis. Fees and Charges relate mainly to the recovery of service delivery costs through the charging of fees to users. All fees in this category are annually reviewed, published in the Revenue Policy with the Operational Plan, and incorporated within the annual operational budget. Assessment of fees and charges is based on:

- the cost of providing the service
- whether the goods or service are provided on a commercial basis
- the importance of the service to the community
- the capacity of the user to pay
- the impact of the activity on public amenity
- competitive market prices
- prices dictated by legislation
- factors specified within relevant local government regulations as applicable.

Council needs to be mindful of using fees and charges as an avenue to increase revenue over the life of the LTFP in that it can create issues around maintaining equitable access to services and facilities for residents. The Shire's relatively low population base does not provide a large market from which significant fees and charges can be obtained.

There are a mixture of commercial, regulatory and statutory fees in addition to user based fees, which are subsidised to provide wider community outcomes. The LTFP assumes that fees will rise, in general terms, in lines with CPI over the course of the ten years. The level of fees and charges income will fluctuate moderately from year to year depending on patronage and demand for facilities and services.

The Roads and Maritime Services contract (RMCC) is classed as a fee for service and accounts for approx. \$2million of revenue annually.

Interest on Investments

Council has an investment portfolio that varies in size from year to year however it is projected to average between \$18m and \$31m over the life of the LTFP. These funds are a mixture of unspent grants, reserve funds and general revenue. All investments are placed in accordance with the Minister's Order and Councils adopted investment policy which reflects a prudent and conservative approach, to achieve reasonable returns whilst ensuring the safeguard of Council's funds for the purposes intended. Interest earnings form a significant part of Council's revenue each year and are subject to the size of Council investment portfolio and to fluctuations in interest rates as they respond to economic conditions.

Grants & Contributions

Operational Grants

Council receives grant funding from other government bodies to supplement its other sources of income and provide additional funding for specific projects or programs where there may be shared outcomes.

Council is currently allocated \$5.7M annually from the Commonwealth Government in the form of the Financial Assistance Grants (FAG). These are general purpose grants paid to local councils under the provisions of the Commonwealth Local Government (Financial Assistance) Act 1995. These funds are paid to council as an unconditional grant. The LTFP makes allowance for a notional annual increase in line with CPI.

Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

Capital Grants

Capital grants are received by Council for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that can assist in accelerating the commencement of a project, demonstrate a shared commitment for the other party or provide a greater benefit arising from the additional funding.

A number of proposed projects over the ten years will require significant additional sources of funding for the projects to progress. Each of these projects is assessed, and where the funding sources are known, included in the LTFP.

The plan incorporates a conservative sum for capital grants income in each year, based on historical availability of grant funding assistance. As specific projects are identified as eligible for grants, the income and budgeted capital expenditure are matched within the plan.

Council collects monetary contributions from developers as a condition of consent on Development Applications to meet the demand for public amenities and public services created by new development. Authority to do this is provided by Section 94 of the Environmental Planning and Assessment Act, 1979. This form of revenue is difficult to predict and Council has adopted the prudent position of making no assumption that this source of funds can be relied upon for the purpose of forward forecasting of resources and financial sustainability. Successful increases in revenue through developer contributions will be treated as windfalls

Other Revenue

Miscellaneous revenue is obtained from a variety of sources including insurance recoveries, property rentals, etc. It is anticipated that other revenue will be maintained at current levels with an increase for CPI factored in.

Council may carry out work on private land, either on request or arrangement with the land owner or under relevant legislation. The amount or rate to be charged will be the appropriate commercial rate, being the actual cost of the works and standard on-costs to provide full cost recovery plus a return to Council.

ADDRESSING ANY REVENUE GAPS

To accurately calculate financial sustainability Council needs to assess the following (1) the scope of services/service levels needed/expected by the community and (2) the capacity of Council to meet these community needs/expectations.

The LTFP captures the needs and desires of the community by reflecting inputs from IP&R documents. The LTFP is also based on service delivery and asset maintenance and provision required determines if there is financial sustainability gap. Addressing Council's financial sustainability is reflected in the CSP and other IP&R documents. The LTFP is the document which determines if there is a sustainability gap and models options for addressing that gap. Not taking any action to ensure a sustainable operating surplus will impact Council's capacity to meet community service and asset expectations. The community needs and desires are captured in the LTFP as follows:

- Sustainable Maintenance and Renewal: The LTFP captures community needs regarding assets by including key data such as what constitutes (1) sustainable infrastructure maintenance, (2) sustainable infrastructure renewal and (3) infrastructure backlog to align to the time horizon of the LTFP projections. It should be noted that the annual costs are greater of a lifetime perspective is considered due to maintenance and renewal increasing as the average age of infrastructure increases.
- Infrastructure Backlog: The LTFP also utilises the infrastructure backlog determined and documented in the Asset Management Strategy. This data has been used to determine the level of capital works required over future years to reach a sustainable infrastructure backlog. The objectives need to be met to achieve the goals listed in the Delivery Program and the Budget Principles as documented in the Operating Plan.

In conclusion, the updated LTFP captures key inputs on community needs, current status and investment required in existing infrastructure, the current baseline of Council financials and various assumptions. These are all important inputs in generating a relevant and realistic LTFP.

EXPENDITURE FORECASTS

The major sources of expenditure for Council are:

- Employee Expenses
- Borrowing Costs
- Materials & Contracts
- Depreciation
- Other Expenditure

This section includes a review of Council's major expenditure commitments over the next ten years, together with background information and a discussion of any key risks and assumptions. Operating expenditure is expected to increase in general terms over the next ten years and an average increase for annual growth of 0.5% less than expected CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions.

Employee Expenses

Council is a leading employer in the region both directly through its full time equivalent workforce of 112.15 budgeted positions and indirectly through the services it contracts to ensure an efficient, affordable and sustainable service delivery model for the community.

Council aims to build its reputation as an "employer of choice" in order to attract and retain quality staff that it will continue to develop, support and assist. The challenge in a competitive market place is to achieve these goals and enhance Council's service delivery capability while maintaining salary and wages that are sustainable over the long term.

Direct employee costs represent approximately 35% of Council's total operational expenditure (excluding depreciation), therefore it warrants specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

Council's Workforce Strategy has been prepared in line with the development of this final plan and considers the current and future workforce challenges and the skill sets of employees required to meet our key objectives.

The Workforce Strategy is intended to provide an understanding of the internal and external issues facing the organisation now and into the future in terms of the capability of our people, the quality of management and leadership and our workforce culture.

The delivery of major projects within the Community Strategic Plan will rely on the effectiveness of Council's workforce to plan, implement and manage the many projects, facilities and services. Council will continue to develop strategies that enhance recruitment and attraction, customising learning and development needs, building leadership and management capability and supporting effective performance development and management. These programs are incorporated within the current provisions contained in this LTFP.

Future salary and wages costs will be determined as part of periodic award negotiations between LGNSW and the union. The LTFP contains provisions for increases that are expected to be above CPI over the ten year period together with adjustments to staff resourcing to coincide with a transition from capital construction and expansion towards a program of service delivery and maintenance.

Council Employee Leave Entitlements reserve is used to fund unanticipated changes in termination payments each year. The number of staff who might leave is difficult to predict and the LTFP modelling has a provision added to represent the projected levels of retirements, to accommodate the challenges of an ageing workforce.

Council's policy is to fully fund the leave entitlements of staff in the Employee Leave Entitlements Reserve. In recent years the reserve has been used to assist in the funding of costs associated with the resignation/retirement of a number of long serving employees. Council has been fortunate in recent years that it has had enough surplus cash to fund 100% of this reserve. It is

projected that the reserve will maintain a balance of 100% over the life of the LTFP. However if surplus funds were to decrease Council may have to revisit this policy.

Workers Compensation premiums increase and decrease significantly with claims history. Council continues to be proactive in order to minimise any potential for claims.

Borrowing Costs

Wentworth Shire Council in the past has been debt averse and viewed the achievement of a low level of debt or even a debt free status as a primary goal. However we appreciate that the use of loan funding can be a critical component of the funding mix to deliver much needed infrastructure to the community. The beneficiaries of these projects will assist in their funding as their rates will be applied in part to repaying the loans. This is in contrast to current ratepayers bearing the entire burden in one year, possibly at the expense of other worthwhile expenditure.

Debt is seen as a method of more fairly spreading capital costs to deliver intergenerational equity. Keeping this in mind there are limits to the amount the Council can borrow without impacting on its financial sustainability and Council is mindful of not wanting to impose excessive debt on current or future generations.

Council's borrowing strategy projected in the LTFP is to restrict the debt service ratio to less than the industry benchmark of 10%. Before embarking on any new debt Council will consider the following:

- Debt financing is only to be used for clearly identifiable major projects and the Capital Works Program
- Debt finance will not be used to meet operational shortfalls
- The period of repayment of debt finance shall not exceed the period over which the benefits are received from a project, or the life of the asset whichever is lesser

The principles of intergenerational equity are supported in respect of the Council contribution to the funding of major projects, the benefits of which will be shared by future generations.

Loans shall only be raised after taking into consideration future known specific capital funding requirements and, when raised, shall only fund the specific project or purpose approved.

Materials and Contracts

Materials and contract expenditures are another significant proportion of total operating expenditure, with the amount expended fluctuating moderately from year to year, depending on the specific needs and priorities of the services and projects within this category of expense.

Council has significant infrastructure and facility asset holdings that need to be maintained to a quality standard, whilst providing a broad and diverse range of quality services for its community. Expectations for increasing levels of service and new community assets will lead to future cost pressures. Asset management and service planning, together with on-going service reviews of contract and services, will aim to defray some of these increasing costs.

Major financial risks within this category of expenditure include:

- increased costs of inputs to operations (waste costs, fuel, labour)
- increased levels of service expected by the community and other stakeholders
- new services expected to be delivered by local government and potential government cost-shifting
- additional asset maintenance costs (new parks, roads, cycle ways, trees, facilities etc)
- limited competitive supply for some specific service areas.

Asset and Infrastructure Maintenance

Council's Asset Management Strategy incorporates the over-arching framework, policies and strategies to manage the critical assets under Council's control, a key measure of long term sustainability.

The LTFP provides estimates of the planned maintenance levels for each of the major categories of infrastructure assets including forward estimates for asset maintenance activities including new assets developed, together with provisions for projects that refurbish, upgrade or create new community facilities and essential infrastructure.

The long term financial plan and asset management plan together demonstrate the council's capacity to fund the required maintenance and renewal of its critical operational and community assets, in a condition appropriate to meet the needs of the community and its expectations over the next ten years.

Depreciation

Depreciation of assets is a non-cash expense that systematically allocates the financial benefit of a fixed asset, and recognises degradation of its capacity to continue to provide functionality over time. Depreciation provides an approximate indicator of the reduction of the asset's estimated useful life, on the proviso that it is maintained in a standard condition.

Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class. Depreciation is not influenced by other factors such as CPI and will only change if asset values or depreciation rates vary, or assets are acquired or disposed of. NSW Office of Local Government guidelines require that all assets are revalued to "fair value" within a five year cycle.

Reviews of valuation and depreciation across all asset classes are expected to be undertaken over the life of the LTFP, as improved data is obtained through detailed condition assessments and collection exercises. Council will attempt to align asset depreciation with consumption of economic benefit as closely as practical using available information.

However, depreciation – a notional calculation of asset consumption over its useful life – is not a measure of the required renewal expenditure on an asset in any given year. It does not reflect the actual physical degradation of the asset condition. Depreciation is therefore merely a guide towards the funds that should be allocated towards the renewal of assets on an annual basis.

Council's investment in new community facilities and other assets, and periodic revaluation of our existing assets will see the depreciable asset base rise over time. The LTFP assumes a continuation of present-day depreciation methodology.

Other Expenses

This incorporates costs relating to ordinary goods and services which are recurrent in nature and relatively stable as a proportion of total expenditure, such as postage, printing and insurance. It also includes payments to utilities, donations to other organisations, tourism activities and contributions to other levels of government that can significantly change over time.

Total costs for this category fluctuate over time, reflecting specific payments for individual projects and periodic events, payments to other government bodies and local government elections.

EXPENDITURE CHALLENGES

Community needs must be understood and are a key input into the LTFP. This is crucial in determining what is included in the scope of the options presented. Community needs help establish the base case and enable Council to construct options for consideration.

For many years Council has recognised the challenge of meeting community needs in a financially sustainable manner. This challenge has been divided into two elements (1) assess the gap in financial sustainability assuming community needs correspond to the current scope

of services and service levels and (2) assess the impact of additional or enhanced services in line with changing or revised community needs.

CAPITAL EXPENDITURE PROGRAM

Council, through its capital works program, delivers vital improvements to the shire's public areas, roads, footways, stormwater, parks and open spaces, pools and other community facilities. New or replacement facilities are designed and constructed to meet growing community needs, while the existing portfolio of essential infrastructure and community facilities require upgrades and renewal in addition to their annual maintenance.

Capital programs comprise groups of works that underpin Council's extensive asset base, and support increasing community demand for high quality infrastructure and facilities. Programs covering Council's main asset classes incorporate both Asset Enhancement (new, extended and significantly upgraded assets) and rolling programs of renewal (also incorporating minor upgrades of existing assets).

Substantial capital programs are in place to continue the renewal of Council's infrastructure network. The programs will ensure that these key asset groups meet or exceed Council's determined 'minimum' service levels and continue to provide the expected amenity to the community.

The capital works program prioritises projects based on asset condition, risk, community need and other opportunities as they arise with other entities. Over shorter periods, some areas of the Shire may require more capital works than others to reflect short term needs and opportunities.

The need for new assets is constantly assessed and verified against current population and development projects, community feedback and alternative means of supplying services. A further consideration is the priority of refurbishing existing assets that provide community benefits or operational service that require regular refurbishment to enable the overall safety and quality of the facility to be maintained.

The ten year capital works schedule comprises a mixture of specifically identified and budgeted projects over a shorter term and contains provisional sums over the longer term for programs of work where individual project opportunities have not yet been determined.

Apart from funding constraints, Council has capacity constraints which determine the capital works program delivery timeframe. The constraints in project delivery include community consultation, state government approvals, design, procurement processes and availability of labour resources to project manage and implement the projects.

In addition to the renewal and expansion of Council's asset base delivered through the capital works program, Council undertakes a replacement (and, where appropriate) upgrade/expansion program for its plant and equipment assets including motor vehicles, furniture, plant and IT hardware.

Consistent with previous long term financial plans, Council continues to plan for an extensive capital expenditure program, with over \$103 million expenditure forecast for the renewal and upgrades of infrastructure and facilities, acquisitions of new assets and acquisitions of land and property (net of divestments) over the next ten years.

This significant capital program requires careful planning and financial management, in order to ensure that delivery is achievable whilst maintaining operational service standards.

The following list represents the total value of expenditure over the next 10 years on capital expenditure and major projects.

• Furniture and Equipment	\$ 100,000
• IT Infrastructure Renewals	\$ 1,000,000
• Swimming Pools Renewals	\$ 350,000
• Netball Court Renewals	\$ 200,000
• New Integrated Management System	\$ 355,000
• Cemetery Upgrades	\$ 35,000
• Plant and Equipment	\$ 22,682,000
• Storm Water Management	\$ 5,000,000
• Building Renewals	\$ 2,290,000
• Playground Equipment	\$ 85,000
• Effluent Disposal Systems	\$ 2,290,000
• Library Materials	\$ 636,000
• Parks and Gardens	\$ 695,000
• Trees Management	\$ 750,000
• Curlwaa Riverfront	\$ 670,000
• Land Acquisitions	\$ 970,000
• Midway Improvements	\$ 1,850,000
• Gol Gol Riverfront Improvements	\$ 200,000
• Wentworth Aerodrome	\$ 2,500,000
• Waste Management Facilities	\$ 600,000
• Wentworth Riverfront	\$ 1,050,000
• Junction Island	\$ 200,000
• Sharedways Works	\$ 540,000
• Buronga Riverfront	\$ 460,000
• PS Ruby	\$ 500,000
• Roads Upgrades/Renewals	\$ 35,229,000
• Water Infrastructure Renewals	\$ 10,247,000
• Sewer Infrastructure Renewals	\$ 11,267,000
Total	\$102,818,000

ASSET MANAGEMENT

Wentworth Shire Council is responsible for a large and diverse asset base. These assets include roads, bridges, footpaths, drains, halls, parks, sporting facilities, water and sewerage infrastructure. The infrastructure assets owned or controlled by Council are required for service delivery, not for profit making. The key objective therefore in assessing infrastructure assets is that a specific level of service can be provided now and into the future.

Service provision, in particular service levels, ultimately determine the infrastructure asset requirements of a Council. In turn all assets that are utilised for service provision require proper maintenance and replacement, over a period of time, to guarantee that the specific service levels are actually achieved now and into the future.

In order to manage this asset base, strategies and plans have been developed which are designed to address issues regarding asset life cycles and risk. The Asset Management Plans that have been developed include information on existing asset condition, deemed acceptable base condition and any associated funding shortfalls together with revised financial models providing affordability data.

The data from these plans have been used to populate the LTFP and act as a guide to assist Council in its decision making processes and is based on best available financial data and assumptions regarding projected movements in future years. It is expected that, as these plans evolve, projected indicators may look decidedly different as further knowledge and expertise is developed.

The program for asset renewal, enhancement and for the creation of new assets will be informed by Council's Asset Management Strategy. Over the long term, proposed capital expenditure for replacement and refurbishment of key asset classes is expected to meet or exceed the required level, as identified in the Asset Management Strategy.

The need for new assets is constantly assessed and verified against current population and development projects, community feedback and alternative means of supplying services. A further consideration is the priority of refurbishing existing assets that provide community benefits or operational service that require regular refurbishment to enable the overall safety and quality of the facility to be maintained.

Over time Wentworth Shire Council has greatly increased its assets, which has consequently increased its depreciation, operation and maintenance costs to an already large sum and contributed to an ageing asset base.

In order to manage this asset base, strategies and plans need to be developed which are designed to address issues regarding asset life cycles and risk. Such strategies and plans should ensure that their content addresses priorities in line with organisational objectives. Finance and expenditure should also be planned and controlled in line with these priorities. Resources should be used as effectively and efficiently as possible. Technical levels of service that related to compliance requirements in legislation should be maintained.

FINANCIAL MODELLING

The LTFP modelling has been devised with three scenarios, as per the Integrated Planning and Reporting requirements.

OPTION 1 (BASE CASE) – (refer financial summary pages Option 1)

This is based on Council's 2016/2017 budget and includes only a major review of expenditure. This is Council's base case scenario and focuses on what it costs to provide basic services to the community at current levels. No new major capital works have been included other than capital renewals and projects already included for future years. This scenario assumes that

the Aerodrome project was completed as planned in 2016/2017. It also assumes that any redevelopment of the new Wentworth Civic Centre will be completed using existing budgets.

REVENUE ASSUMPTIONS

- Ordinary Rates will continue to increase annually in line with State Government rate pegging policy
- General User Fees and Charges will rise annually by forecasted CPI
- Regulatory Fees and Charges will stay the same with any increase attributable to extra service provision
- There are no new capital grants forecasted and income will rise by forecasted CPI.
- Recurrent Operating Grants will increase by forecasted CPI
- Investment income reduced to reflect an expected decrease in interest rates
- Growth Rate is based on the historical trends of 1.0%

EXPENDITURE ASSUMPTIONS

- Employee costs will increase by forecasted 3.00% per annum for four years then 3.50% for every year thereafter. There is no increase in staff numbers forecasted
- Other operating expenditure all increased in line with CPI (3%)
- Asset renewal rate is projected to be above 100% for the remaining period of the plan.
- Service levels to remain at current provisions
- This scenario includes only capital expenditure requirements required to keep maintaining current service standards.

OPTION 2 (PREFERRED OPTION) – (refer financial summary pages Option 2)

This is based on Council's 2017/2018 budget and includes a major review of revenue, operating expenditure and capital expenditure. This option includes projects subject to a grant have been included to be fully funded via Council, grants and/or external contributions.

Grants and/or external funding will be pursued as part of the 2017/18 implementation for all projects subject to that category of funding. That means that projects will be worked on prior to applying for the funding (whether the funding exists or has potential to be funded by an external body). These works will include preparing all of the background of the project, Council's desired outcome, all designs, permits and development applications required, and a report to Council on the scope of works if necessary. Essentially these projects will be deemed to be shovel ready if all of these works are completed before application.

All projects subject to grants and/or external funding will be budgeted for separately to the construction/implementation phase. If it is possible to include the preparation work above in the overall funding application for the project then that will be the approach adopted.

All projects will be prioritised in order to maximise Council chances of attracting funds. That simply means that where a funding stream exists or is provided during the financial year, and the criteria of the funding outlines a restriction on the number of project that can be applied for, then applications for the funding will be made in order of Council's priority.

If Council fails to receive a grant and/or the external contributions for the project, it will not proceed until Council review the funding assumptions. If Council decides to proceed with the project it will be funded via a loan.

REVENUE ASSUMPTIONS

- Ordinary Rates, User Fees and Charges, Operating Grants will be increase by the following amounts:
 - Years 2 – 5 increase by 2%
 - Years 6 -10 increase by 2.5%

- Investment income to remain relatively static to reflect expected low interest rates that is offset by increases in cash on hand and held for investment.
- Growth Rate is based on the historical trends of 1.0%

EXPENDITURE ASSUMPTIONS

Expenditure is critically reviewed on an annual basis. Where there is no justification for an increase in operational expenditure then it is held at current year's levels or even reduced.

- Materials and Contracts and Other Expenses have been forecast to increase by the following amounts:
 - Years 2 – 5 1.5% increase in operational expenditure
 - Years 6 – 10 2.0% increase in operational expenditure
- Borrowing costs will change annually in line with approved loan repayment requirements
- Employee Expenses have been forecasted to increase by 2.80% per year based on the current structure of 112.15 and in line with 2016/2017 EBA increase. This figure will need to be adjusted once the new award increases are known. An allowance has also been made for a number of term contract positions that sit outside the structure.

OPTION 3 (ALTERNATIVE OPTION) – (refer financial summary pages Option 3)

This is based on Council's 2017/2018 budget and includes a major review of revenue, operating expenditure and capital expenditure. This option includes Projects subject to a grant have been included to be fully funded via Council, grants and/or external contributions.

Grants and/or external funding will be pursued as part of the 2017/18 implementation for all projects subject to that category of funding. That means that projects will be worked on prior to applying for the funding (whether the funding exists or has potential to be funded by an external body). These works will include preparing all of the background of the project, Council's desired outcome, all designs, permits and development applications required, and a report to Council on the scope of works if necessary. Essentially these projects will be deemed to be shovel ready if all of these works are completed before application.

All projects subject to grants and/or external funding will be budgeted for separately to the construction/implementation phase. If it is possible to include the preparation work above in the overall funding application for the project then that will be the approach adopted.

All projects will be prioritised in order to maximise Council chances of attracting funds. That simply means that where a funding stream exists or is provided during the financial year, and the criteria of the funding outlines a restriction on the number of project that can be applied for, then applications for the funding will be made in order of Council's priority.

If Council fails to receive a grant and/or the external contributions for the project, it will not proceed until Council review the funding assumptions. If Council decides to proceed with the project it will be funded via a loan.

Under this option Council is unsuccessful in receiving a grant for the Aerodrome Runway upgrade project and has decided to fund this project via an external loan. This loan will add an additional \$198,500 in annual principal and interest payments. The total interest paid for this project will be \$1,469,000 over 20 years. Currently Council has not been assessed as being Fit for the Future by the Independent Pricing and Regulatory Tribunal and are unable to access low interest loans from T-Corp.

If Council are able to access low interest T-Corp loans for this project it would reduce total interest payments over 20 years to \$987,000 over 20 years a saving of \$482,000

REVENUE ASSUMPTIONS

- Ordinary Rates, User Fees and Charges, Operating Grants will be increase by the following amounts:
 - Years 2 – 5 increase by 2%
 - Years 6 -10 increase by 2.5%
- Investment income to remain relatively static to reflect expected low interest rates that is offset by increases in cash on hand and held for investment.
- Growth Rate is based on the historical trends of 1.0%

EXPENDITURE ASSUMPTIONS

Expenditure is critically reviewed on an annual basis. Where there is no justification for an increase in operational expenditure then it is held at current year's levels or even reduced.

- Materials and Contracts and Other Expenses have been forecast to increase by the following amounts:
 - Years 2 – 5 1.5% increase in operational expenditure
 - Years 6 – 10 2.0% increase in operational expenditure
- Borrowing costs will change annually in line with approved loan repayment requirements
- Employee Expenses have been forecasted to increase by 2.80% per year based on the current structure of 112.15 and in line with 2016/2017 EBA increase. This figure will need to be adjusted once the new award increases are known. An allowance has also been made for a number of term contract positions that sit outside the structure.

SUMMARY OF PLANNING ASSUMPTIONS

2017/27 Planning Assumptions		CPI & Inflation	Rates	Employee Costs	Grants	Interest on investments	Interest on borrowings	Growth
Option 1	2017/18	2.00%	2.40%	3.00%	3.00%	3.00%	5.50%	1.00%
	Future	3.00%	3.00%	3.30%	3.00%	3.00%	5.00%	1.00%
Option 2	2017/18	1.50%	1.50%	2.80%	1.50%	0%	5.00%	1.00%
	Years 2-5	2.00%	2.00%	2.80%	2.00%	2.00%	5.00%	1.00%
	Years 6-10	2.50%	2.50%	2.80%	2.50%	2.00%	5.00%	1.00%
Option 3	2017/18	1.50%	1.50%	2.80%	1.50%	0%	5.00%	1.00%
	Years 2-5	2.00%	2.00%	2.80%	2.00%	2.00%	5.00%	1.00%
	Years 6-10	2.50%	2.50%	2.80%	2.50%	2.00%	5.00%	1.00%

SENSITIVITY ANALYSIS

Although the assumptions used are our current informed estimate based on a range of reliable sources, long term financial plans are inherently uncertain. They contain a wide range of assumptions, including assumptions about interest rates and the potential effect of inflation on revenue and expenditure which are largely outside our control.

Some of these assumptions will have a relatively limited impact if they are wrong. Others can have a major impact on future plans. Accordingly the development of the long term financial plan has included financial modelling taking account of different scenarios, because our ability to maintain financial sustainability depends on it.

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

The following may affect the outcome of the above scenarios in the following way:

Rate and Annual Charges

Rates and annual charges make up approximately 35% of projected operating revenue. Council cannot set the rate of increase but can only accept the rate pegging imposed on it by the Minister for Local Government. The LTFP assumes annual rate increases of 2% for year 2 to 5 and 2.5% for year 6 to 10, and an annual 1% increase in assessments.

The LTFP has been projected on the premise that current rating income collection patterns are maintained. Any financial shocks or changed economic conditions have the ability to impact rate payer capacity to pay and in doing so will affect the Council cash flows. Annual charges, particularly domestic waste management charges, are susceptible to significant cost increases as a result of legislative change in this area of operation.

Grants and Contributions

Council will continue to seek grant and partnership funding for a range of well-aligned projects and programs. These will be reflected in operational budgets as and when specific arrangements are confirmed.

While Council expects to continue to have reasonable success in this area, we have adopted the prudent position of making no assumption that this source of funds can be relied upon for the purpose of forward forecasting of resourcing and financial sustainability.

Successful increases in revenue through grants and partnerships will be treated as windfalls, to be leveraged for maximum benefit, and may well enable flow-on improvement in our position with respect to planned projects and programs, which will in turn be reflected in successive iterations of the LTFP.

Employee Costs

Employee costs make up approximately 35% of projected operating expenditure. This is reflective of the service based nature of a significant proportion of council activities as well as the construction and maintenance of the considerable infrastructure owned by Council. As it makes up such a large proportion of the operating expenditure budget, and movements in rates of pay determined through industry wide award negotiations and market forces, the council is sensitive to unplanned changes in employee costs. The LTFP assumes average annual increases of 2.80% to employee costs over the 10 years of the LTFP.

The Council's ability to put in place the necessary workforce to achieve the community's ideas and aspirations for the future are affected by several internal and external factors. The internal challenges include:

- The rising cost of employment
- Skills shortage
- Staff turnover
- Attraction and retention capacity of Council

The external challenges include:

- Continued contributions to the defined benefits superannuation scheme shortfall
- Award salary increase above CPI and rate pegging
- Changes in service levels in response to community priorities

Any significant changes in this expenditure line will have major impacts on the Council LTFP and the organisation would need to quickly adapt its original planned operations to offset movements in this area.

Materials and Contracts

Materials and contracts make up approximately 20% of projected operating expenditure. This is reflective of the considerable number of assets held, constructed and maintained by Council. This places the Council under considerable pressure from rising raw material costs including fuel. Any major unplanned hikes in these costs will impact the LTFP. Any new unplanned assets or major projects will also increase materials and contracts due to increased maintenance requirements.

Interest Revenue

Council's current policy approach is that interest earnings are used to fund the operational budget and to contribute to the contingency reserve for major projects. This source of revenue however, is impacted by the various fluctuations of the investment market and is not necessarily a reliable source of revenue. The potential for the use of interest income as a source of revenue to balance the operational budget may in turn be impacted. Council's LTFP is extremely sensitive to any further developments that may affect the return of its investment portfolio.

PERFORMANCE MONITORING

Council is committed to ensuring that Council and its community are sustainable and able to continue to grow in the long term. Accordingly, it will measure its financial performance on a continuing basis. It will ensure that its financial management policies and procedures are reviewed and updated as circumstances change, to ensure its long term financial sustainability and growth are not compromised. A set of key performance indicators will be included in each scenario. As part of the State Governments Fit for the Future reform agenda seven new benchmarks to measure Councils performance have been introduced. These include:

SUSTAINABILITY MEASURES

Operating Performance Ratio

(Benchmark: greater than 0%)

Identified in the T-Corp review as a core measure of financial sustainability, this ratio essentially measures a council's Operating Result excluding Capital Grants and Contributions (which are typically tied to the delivery of capital works). Performance at or above benchmark indicates that Council has the ability to internally generate sufficient funding for its ongoing operations.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Operating Performance ratio	Greater than 0%	3	-8.08%	4.71%	4.54%	5.53%	6.69%	7.03%	9.04%	8.45%	10.45%	10.74%
		2	-8.08%	5.11%	5.05%	6.02%	7.15%	7.46%	9.44%	8.83%	10.75%	11.07%
		1	5.78%	6.51%	6.98%	6.95%	8.35%	9.64%	11.24%	11.07%	12.63%	13.45%

Own-Source Operating Revenue Ratio

(Benchmark: greater than 60%)

A measure of fiscal flexibility, Own Source Revenue refers to a council's ability to raise revenue through its own internal means, thereby reducing reliance on external sources of income and insulating against negative fluctuations in external funding.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Own Source Operating Revenue ratio	Greater than 60%	3	46.77%	48.58%	50.25%	51.75%	53.30%	53.40%	53.47%	53.35%	53.33%	53.44%
		2	46.77%	48.58%	50.25%	51.75%	53.30%	53.40%	53.47%	53.35%	53.33%	53.44%
		1	50.28%	51.42%	51.66%	51.73%	51.58%	51.73%	51.63%	51.74%	51.82%	51.94%

Building and Infrastructure Asset Renewal ratio

(Benchmark: greater than 100%)

This measure is intended to indicate the extent to which a council is replenishing the deterioration of its building and infrastructure assets. The implication of the benchmark is that a council's annual depreciation expense is the indicative level of required annual renewal of its assets.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Building and Infrastructure Asset Renewal ratio	Greater than 100%	3	180.95%	149.43%	106.86%	94.58%	85.33%	85.70%	87.71%	91.25%	91.58%	90.38%
		2	180.95%	149.43%	106.86%	94.58%	85.33%	85.70%	87.71%	91.25%	91.58%	90.38%
		1	114.34%	103.90%	100.32%	83.16%	79.08%	81.50%	82.23%	86.22%	86.93%	86.89%

EFFECTIVE INFRASTRUCTURE AND SERVICE MANAGEMENT

Infrastructure Backlog Ratio

(Benchmark: less than 2%)

Infrastructure Backlog, in the context of this ratio, refers to an estimated costs to restore a council's assets to a "satisfactory standard", typically through renewal works. With renewal cycles that typically take place over the longer term, it is not unusual that some backlog will occur. Maintaining this ratio at lower levels over the long term will indicate that the service capacity of assets is being effectively maintained.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Infrastructure Backlog ratio	Less than 2%	3	5%	4%	3%	3%	4%	4%	5%	5%	6%	6%
		2	5%	4%	3%	3%	4%	4%	5%	5%	6%	6%
		1	5%	4%	3%	4%	4%	5%	5%	6%	6%	7%

Asset Maintenance Ratio

(Benchmark: greater than 100%)

The extent to which a council is adequately maintaining its building and infrastructure asset base is measured by expressing actual (planned) maintenance as a proportion of the "required" maintenance expenditure. A ratio result of greater than 100% will indicate that council is exceeding its identified requirements in terms of maintenance, which in turn should impact positively upon infrastructure backlog and required renewal levels.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Asset Maintenance ratio	Greater than 100%	3	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		2	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%
		1	101%	101%	101%	101%	101%	101%	101%	101%	101%	101%

Debt Service Ratio

(Benchmark: greater than 0, less than 20%)

The effective use of debt may assist in the management of “intergenerational equity” and help to ensure that excessive burden is not placed on a single generation of a council’s ratepayers to fund the delivery of long term infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Year Ending June 30th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Debt Service ratio	Greater than 0, less than 20%	3	2.61%	3.87%	3.87%	3.60%	3.54%	3.47%	3.39%	3.22%	2.83%	2.68%
		2	2.61%	3.24%	3.04%	2.79%	2.74%	2.68%	2.62%	2.47%	2.10%	1.96%
		1	3.78%	4.36%	5.23%	4.24%	4.09%	4.00%	3.88%	3.66%	3.25%	3.16%

EFFICIENCY MEASURE

Real Opex per head

(Benchmark; Declining over time)

Whilst the difficulty of adequately measuring public sector efficiency is freely acknowledged within the Local Government sector, this measure nevertheless attempts to reflect the extent to which a Council provides “value for money” through savings in underlying (inflation adjusted) operating expenditure over time, relative to the population serviced.

Year Ending June 30 th			2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Ratio	Bench mark	Scenario										
Real Opex per head ratio	Declining over time	3	↑	↑	↑	↑	↑	↓	↓	↑	↓	↓
		2	↑	↑	↑	↑	↑	↓	↓	↑	↓	↓
		1	↑	↑	↓	↑	↓	↓	↓	↑	↓	↓

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - CONSOLIDATED
Scenario: Business as usual Option

	Actuals 2015/16	Current Year 2016/17	2017/18	2018/19	2019/20	2020/21	Projected Years					
	\$	\$	\$	\$	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
							\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	7,762,000	7,851,100	8,082,246	8,349,483	8,565,554	8,818,137	9,107,453	9,346,258	9,622,261	9,935,701	10,258,545	10,591,073
User Charges & Fees	4,155,000	3,278,372	3,364,344	3,452,895	3,544,102	3,638,046	3,734,809	3,834,474	3,937,129	4,042,863	4,151,770	4,263,944
Interest & Investment Revenue	839,000	735,199	757,255	779,973	803,372	827,473	852,297	877,866	904,202	931,328	959,268	988,046
Other Revenues	576,000	940,830	885,999	951,443	859,170	872,189	1,012,509	958,334	1,055,087	1,076,364	1,107,979	1,119,942
Grants & Contributions provided for Operating Purposes	10,229,000	10,609,830	8,689,581	8,923,604	9,162,935	9,410,314	9,665,959	9,927,559	10,197,877	10,477,149	10,764,799	11,061,078
Grants & Contributions provided for Capital Purposes	1,528,000	1,061,885	985,701	494,782	504,135	513,769	523,693	533,913	544,441	555,283	566,453	577,957
Other Income:												
Net gains from the disposal of assets	34,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	25,123,000	24,477,215	22,765,127	22,952,180	23,439,267	24,079,929	24,896,721	25,478,404	26,260,998	27,018,688	27,808,814	28,602,040
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,945,000	7,284,094	7,498,473	7,719,254	7,946,627	8,218,704	8,500,239	8,791,559	9,093,007	9,404,935	9,727,707	10,061,702
Borrowing Costs	57,000	353,404	492,139	578,042	573,270	518,074	494,166	468,848	442,414	414,444	388,670	363,376
Materials & Contracts	4,858,000	4,335,206	3,810,704	3,927,469	3,991,010	4,247,745	4,409,854	4,287,565	4,240,858	4,533,701	4,514,070	4,593,793
Depreciation & Amortisation	7,579,000	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606	6,360,606
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,555,000	2,368,941	2,359,209	2,410,782	2,463,695	2,582,982	2,573,680	2,630,825	2,689,454	2,819,608	2,811,325	2,874,646
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,994,000	20,702,252	20,521,130	20,996,153	21,335,208	21,928,111	22,338,546	22,539,403	22,826,338	23,533,294	23,802,378	24,254,123
Operating Result from Continuing Operations	2,129,000	3,774,964	2,243,998	1,956,027	2,104,059	2,151,818	2,558,175	2,939,001	3,434,660	3,485,394	4,006,436	4,347,917
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,129,000	3,774,964	2,243,998	1,956,027	2,104,059	2,151,818	2,558,175	2,939,001	3,434,660	3,485,394	4,006,436	4,347,917
Net Operating Result before Grants and Contributions provided for Capital Purposes	601,000	2,713,079	1,258,296	1,461,245	1,599,924	1,638,049	2,034,482	2,405,088	2,890,218	2,930,111	3,439,983	3,769,960

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - CONSOLIDATED
Scenario: Business as usual Option

	Actuals 2015/16 \$	Current Year 2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Projected Years					
							2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$
ASSETS												
Current Assets												
Cash & Cash Equivalents	18,134,000	16,905,242	16,413,416	16,781,154	18,119,725	19,348,409	21,254,386	23,649,348	25,905,383	28,031,434	30,543,650	33,321,241
Investments	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Receivables	3,564,000	3,233,046	3,221,557	3,309,058	3,373,946	3,472,170	3,616,302	3,708,094	3,846,075	3,966,931	4,097,109	4,227,566
Inventories	479,000	445,313	420,982	424,589	425,618	435,735	438,944	433,359	428,920	440,491	437,198	436,171
Other	143,000	94,768	84,876	87,253	88,540	95,092	95,013	94,533	93,549	100,919	99,047	98,584
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	30,320,000	28,678,369	28,140,831	28,602,055	30,007,829	31,351,406	33,404,645	35,885,333	38,273,926	40,539,774	43,177,004	46,083,563
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	371,077,000	382,978,821	387,184,991	390,056,389	391,168,059	391,592,133	391,634,202	391,612,216	392,154,417	392,927,144	393,838,837	394,809,066
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	371,077,000	382,978,821	387,184,991	390,056,389	391,168,059	391,592,133	391,634,202	391,612,216	392,154,417	392,927,144	393,838,837	394,809,066
TOTAL ASSETS	401,397,000	411,657,191	415,325,822	418,658,444	421,175,888	422,943,539	425,038,846	427,497,550	430,428,343	433,466,918	437,015,840	440,892,629
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	2,171,000	2,543,222	2,499,313	2,276,265	2,316,502	2,411,740	2,452,184	2,500,517	2,551,715	2,659,849	2,698,820	2,749,472
Borrowings	190,000	291,288	355,725	604,536	479,404	503,312	528,630	555,064	554,953	496,485	521,779	548,361
Provisions	2,062,000	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	4,423,000	4,886,851	4,907,378	4,933,142	4,848,247	4,967,393	5,033,156	5,107,922	5,159,009	5,208,675	5,272,940	5,350,174
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	826,000	6,837,717	8,241,823	9,592,655	10,090,935	9,587,623	9,058,992	8,503,928	7,948,975	7,452,490	6,930,711	6,382,349
Provisions	415,000	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,241,000	7,262,376	8,666,482	10,017,314	10,515,594	10,012,282	9,483,651	8,928,587	8,373,634	7,877,149	7,355,370	6,807,009
TOTAL LIABILITIES	5,664,000	12,149,227	13,573,860	14,950,456	15,363,841	14,979,674	14,516,807	14,036,509	13,532,643	13,085,824	12,628,310	12,157,182
Net Assets	395,733,000	399,507,964	401,751,961	403,707,988	405,812,047	407,963,865	410,522,040	413,461,040	416,895,700	420,381,094	424,387,530	428,735,447
EQUITY												
Retained Earnings	34,216,000	37,990,964	40,234,961	42,190,988	44,295,047	46,446,865	49,005,040	51,944,040	55,378,700	58,864,094	62,870,530	67,218,447
Revaluation Reserves	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000
Council Equity Interest	395,733,000	399,507,964	401,751,961	403,707,988	405,812,047	407,963,865	410,522,040	413,461,040	416,895,700	420,381,094	424,387,530	428,735,447
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	395,733,000	399,507,964	401,751,961	403,707,988	405,812,047	407,963,865	410,522,040	413,461,040	416,895,700	420,381,094	424,387,530	428,735,447

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Business as usual Option

	Actuals 2015/16	Current Year 2016/17	2017/18	2018/19	2019/20	2020/21	Projected Years					
	\$	\$	\$	\$	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
							\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	8,482,000	7,254,826	8,041,366	8,305,663	8,523,897	8,773,466	9,059,728	9,300,580	9,573,447	9,883,709	10,204,993	10,535,915
User Charges & Fees	2,657,000	4,655,292	3,355,338	3,443,618	3,534,547	3,628,204	3,724,672	3,824,033	3,926,374	4,031,786	4,140,361	4,252,192
Interest & Investment Revenue Received	613,000	789,908	755,029	770,630	788,036	811,704	829,626	853,172	878,945	906,832	931,000	956,908
Grants & Contributions	11,768,000	11,714,955	9,726,150	9,424,831	9,660,601	9,917,398	10,182,745	10,454,401	10,735,014	11,024,887	11,323,481	11,631,030
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,196,000	378,954	904,852	931,875	871,429	860,339	971,330	960,780	1,022,593	1,062,540	1,091,443	1,107,789
Payments:												
Employee Benefits & On-Costs	(7,738,000)	(7,284,267)	(7,491,762)	(7,991,793)	(7,946,627)	(8,218,704)	(8,500,239)	(8,791,559)	(9,093,007)	(9,404,935)	(9,727,707)	(10,061,702)
Materials & Contracts	(5,806,000)	(3,958,040)	(3,806,823)	(3,886,842)	(3,951,932)	(4,178,045)	(4,385,678)	(4,236,850)	(4,198,055)	(4,455,383)	(4,481,435)	(4,552,562)
Borrowing Costs	(57,000)	(322,965)	(489,974)	(579,474)	(575,518)	(519,612)	(495,780)	(470,542)	(444,193)	(416,188)	(390,120)	(364,900)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(3,109,000)	(2,368,941)	(2,359,209)	(2,410,782)	(2,463,695)	(2,582,982)	(2,573,680)	(2,630,825)	(2,689,454)	(2,819,608)	(2,811,325)	(2,874,646)
Net Cash provided (or used in) Operating Activities	9,006,000	10,859,722	8,634,967	8,007,727	8,440,737	8,491,768	8,812,723	9,263,191	9,711,666	9,813,640	10,280,690	10,630,023
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	69,000,000	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	39,000	452,000	408,000	464,000	362,000	345,000	475,000	430,000	516,000	526,000	526,000	526,000
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(76,000,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(6,625,000)	(18,653,484)	(11,003,336)	(9,703,631)	(7,837,315)	(7,128,680)	(6,878,433)	(6,769,598)	(7,416,568)	(7,658,636)	(7,797,989)	(7,856,653)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(13,586,000)	(18,201,484)	(10,595,336)	(9,239,631)	(7,475,315)	(6,783,680)	(6,403,433)	(6,339,598)	(6,900,568)	(7,132,636)	(7,271,989)	(7,330,653)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	6,350,000	1,800,000	2,000,000	1,000,000	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(169,000)	(236,995)	(331,457)	(400,357)	(626,852)	(479,404)	(503,312)	(528,630)	(555,064)	(554,953)	(496,485)	(521,779)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(169,000)	6,113,005	1,468,543	1,599,643	373,148	(479,404)	(503,312)	(528,630)	(555,064)	(554,953)	(496,485)	(521,779)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,749,000)	(1,228,758)	(491,826)	367,739	1,338,571	1,228,684	1,905,977	2,394,962	2,256,034	2,126,051	2,512,216	2,777,591
plus: Cash, Cash Equivalents & Investments - beginning of year	22,883,000	18,134,000	16,905,242	16,413,416	16,781,154	18,119,725	19,348,409	21,254,386	23,649,348	25,905,383	28,031,434	30,543,650
Cash & Cash Equivalents - end of the year	18,134,000	16,905,242	16,413,416	16,781,154	18,119,725	19,348,409	21,254,386	23,649,348	25,905,383	28,031,434	30,543,650	33,321,241
Cash & Cash Equivalents - end of the year	18,134,000	16,905,242	16,413,416	16,781,154	18,119,725	19,348,409	21,254,386	23,649,348	25,905,383	28,031,434	30,543,650	33,321,241
Investments - end of the year	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Cash, Cash Equivalents & Investments - end of the year	26,134,000	24,905,242	24,413,416	24,781,154	26,119,725	27,348,409	29,254,386	31,649,348	33,905,383	36,031,434	38,543,650	41,321,241

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - CONSOLIDATED
Scenario: Preferred Option

	Actuals 2015/16	Current Year 2016/17	2017/18	2018/19	2019/20	2020/21	Projected Years					
	\$	\$	\$	\$	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
							\$	\$	\$	\$	\$	\$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	7,762,000	7,851,100	8,224,750	8,389,115	8,556,768	8,727,773	8,902,198	9,124,591	9,352,543	9,486,194	9,725,686	9,971,166
User Charges & Fees	4,155,000	3,087,113	4,202,375	4,331,426	4,402,267	4,476,924	4,548,226	4,642,196	4,740,915	4,837,243	4,938,439	5,044,564
Interest & Investment Revenue	839,000	735,199	735,199	736,822	738,478	740,166	741,888	744,084	746,335	748,642	751,007	753,431
Other Revenues	576,000	1,132,547	1,061,786	1,020,009	1,038,598	1,097,558	1,096,897	1,100,742	1,125,168	1,150,187	1,215,816	1,222,067
Grants & Contributions provided for Operating Purposes	10,229,000	10,609,830	6,744,115	8,794,360	8,951,703	9,112,203	9,275,924	9,484,325	9,697,940	9,916,899	10,141,337	10,371,391
Grants & Contributions provided for Capital Purposes	1,528,000	1,061,885	5,894,738	2,713,773	2,102,988	1,362,388	671,976	684,200	696,730	709,573	722,738	736,231
Other Income:												
Net gains from the disposal of assets	34,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	25,123,000	24,477,673	26,862,963	25,985,505	25,790,801	25,517,012	25,237,108	25,780,139	26,359,631	26,848,738	27,495,024	28,098,851
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,945,000	7,284,094	7,936,185	8,170,715	8,356,501	8,575,439	8,800,447	9,033,273	9,272,569	9,518,513	9,771,290	10,031,092
Borrowing Costs	57,000	138,964	280,157	349,873	341,877	323,269	306,744	289,225	271,031	251,763	235,178	223,147
Materials & Contracts	4,858,000	4,480,963	4,839,779	3,927,598	4,119,788	4,014,261	3,924,200	4,112,417	3,860,462	4,118,309	3,935,930	4,058,294
Depreciation & Amortisation	7,579,000	6,360,606	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,555,000	2,323,643	2,569,427	2,597,789	2,636,697	2,751,161	2,741,190	2,752,033	2,798,819	2,906,568	2,915,301	2,985,036
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,994,000	20,588,270	22,662,558	22,082,987	22,491,873	22,701,141	22,809,592	23,223,960	23,239,891	23,832,165	23,894,710	24,334,580
Operating Result from Continuing Operations	2,129,000	3,889,403	4,200,405	3,902,518	3,298,928	2,815,871	2,427,517	2,556,179	3,119,740	3,016,574	3,600,313	3,764,271
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,129,000	3,889,403	4,200,405	3,902,518	3,298,928	2,815,871	2,427,517	2,556,179	3,119,740	3,016,574	3,600,313	3,764,271
Net Operating Result before Grants and Contributions provided for Capital Purposes	601,000	2,827,518	(1,694,333)	1,188,746	1,195,940	1,453,484	1,755,541	1,871,979	2,423,010	2,307,001	2,877,575	3,028,040

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - CONSOLIDATED
Scenario: Preferred Option

	Actuals 2015/16 \$	Current Year 2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Projected Years						2026/27 \$
							2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$		
ASSETS													
Current Assets													
Cash & Cash Equivalents	18,134,000	13,156,924	8,497,899	6,775,633	7,025,414	7,864,845	9,509,556	11,141,850	13,157,631	14,991,313	17,360,389	19,901,625	
Investments	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	
Receivables	3,564,000	3,196,552	3,563,136	3,539,892	3,617,441	3,676,443	3,727,549	3,819,572	3,922,990	4,016,862	4,138,044	4,246,866	
Inventories	479,000	452,214	466,416	424,647	432,784	426,811	419,188	426,758	415,827	426,639	416,581	418,554	
Other	143,000	96,819	109,973	93,482	97,702	97,379	92,783	96,152	93,297	100,038	95,757	96,886	
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	30,320,000	24,902,508	20,637,423	18,833,655	19,173,341	20,065,478	21,749,076	23,484,332	25,589,746	27,534,853	30,010,770	32,663,931	
Non-Current Assets													
Investments	-	-	-	-	-	-	-	-	-	-	-	-	
Receivables	-	-	-	-	-	-	-	-	-	-	-	-	
Inventories	-	-	-	-	-	-	-	-	-	-	-	-	
Infrastructure, Property, Plant & Equipment	371,077,000	382,978,821	395,357,888	401,277,694	403,913,199	405,527,057	405,897,537	406,391,230	407,033,222	407,798,654	408,613,169	409,463,132	
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-	
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-	
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non-Current Assets	371,077,000	382,978,821	395,357,888	401,277,694	403,913,199	405,527,057	405,897,537	406,391,230	407,033,222	407,798,654	408,613,169	409,463,132	
TOTAL ASSETS	401,397,000	407,881,329	415,995,311	420,111,349	423,086,540	425,592,535	427,646,613	429,875,562	432,622,967	435,333,508	438,623,940	442,127,063	
LIABILITIES													
Current Liabilities													
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-	
Payables	2,171,000	2,533,623	2,888,060	2,511,648	2,573,395	2,620,040	2,619,645	2,682,977	2,719,398	2,813,307	2,835,711	2,891,990	
Borrowings	190,000	264,543	387,751	385,484	356,521	373,043	390,562	408,755	399,943	332,285	317,427	352,632	
Provisions	2,062,000	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	4,423,000	4,850,507	5,328,152	4,949,473	4,982,257	5,045,424	5,062,548	5,144,073	5,171,681	5,197,933	5,205,479	5,296,962	
Non-Current Liabilities													
Payables	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowings	826,000	2,983,761	6,419,692	7,011,891	6,655,370	6,282,326	5,891,765	5,483,010	5,083,067	4,750,782	4,433,355	4,080,723	
Provisions	415,000	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-	
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-	
Total Non-Current Liabilities	1,241,000	3,408,420	6,844,351	7,436,550	7,080,029	6,706,986	6,316,424	5,907,669	5,507,726	5,175,441	4,858,014	4,505,382	
TOTAL LIABILITIES	5,664,000	8,258,926	12,172,503	12,386,023	12,062,286	11,752,410	11,378,972	11,051,741	10,679,407	10,373,374	10,063,493	9,802,345	
Net Assets	395,733,000	399,622,403	403,822,808	407,725,326	411,024,254	413,840,125	416,267,642	418,823,820	421,943,560	424,960,134	428,560,447	432,324,718	
EQUITY													
Retained Earnings	34,216,000	38,105,403	42,305,808	46,208,326	49,507,254	52,323,125	54,750,642	57,306,820	60,426,560	63,443,134	67,043,447	70,807,718	
Revaluation Reserves	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	
Council Equity Interest	395,733,000	399,622,403	403,822,808	407,725,326	411,024,254	413,840,125	416,267,642	418,823,820	421,943,560	424,960,134	428,560,447	432,324,718	
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-	
Total Equity	395,733,000	399,622,403	403,822,808	407,725,326	411,024,254	413,840,125	416,267,642	418,823,820	421,943,560	424,960,134	428,560,447	432,324,718	

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Preferred Option

	Actuals 2015/16	Current Year 2016/17	2017/18	2018/19	2019/20	2020/21	Projected Years					
	\$	\$	\$	\$	\$	\$	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27
							\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	8,482,000	7,254,826	8,179,656	8,360,281	8,527,357	8,697,774	8,871,599	9,085,578	9,312,554	9,451,083	9,683,672	9,928,102
User Charges & Fees	2,657,000	4,480,652	4,104,547	4,319,170	4,395,048	4,469,352	4,540,924	4,632,620	4,730,891	4,827,391	4,928,127	5,033,786
Interest & Investment Revenue Received	613,000	822,811	752,643	745,391	732,551	729,758	724,323	725,343	724,351	730,931	725,599	726,753
Grants & Contributions	11,768,000	11,714,955	12,605,905	11,570,950	11,040,734	10,489,403	9,961,349	10,162,891	10,388,895	10,620,553	10,858,008	11,101,403
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,196,000	557,660	903,870	1,019,800	1,024,558	1,080,439	1,094,251	1,090,187	1,109,091	1,130,805	1,189,887	1,209,535
Payments:												
Employee Benefits & On-Costs	(7,738,000)	(7,284,267)	(7,900,521)	(8,472,207)	(8,356,501)	(8,575,439)	(8,800,447)	(9,033,273)	(9,272,569)	(9,518,513)	(9,771,290)	(10,031,092)
Materials & Contracts	(5,806,000)	(4,105,251)	(4,606,806)	(3,927,313)	(4,073,814)	(3,964,799)	(3,913,062)	(4,067,428)	(3,818,376)	(4,046,733)	(3,909,556)	(4,013,986)
Borrowing Costs	(57,000)	(125,639)	(268,772)	(351,446)	(343,295)	(324,546)	(308,078)	(290,621)	(272,490)	(253,167)	(236,265)	(224,149)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(3,109,000)	(2,323,643)	(2,569,427)	(2,597,789)	(2,636,697)	(2,751,161)	(2,741,190)	(2,752,033)	(2,798,819)	(2,906,568)	(2,915,301)	(2,985,036)
Net Cash provided (or used in) Operating Activities	9,006,000	10,992,104	11,201,094	10,666,838	10,309,941	9,850,783	9,429,668	9,553,263	10,103,529	10,035,781	10,552,881	10,745,317
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	69,000,000	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	39,000	452,000	457,280	464,426	471,714	479,148	486,731	496,400	506,310	516,467	526,879	537,551
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(76,000,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(6,625,000)	(18,653,484)	(19,876,539)	(13,443,462)	(10,146,390)	(9,133,979)	(7,898,645)	(8,026,807)	(8,185,303)	(8,318,624)	(8,378,400)	(8,424,205)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(13,586,000)	(18,201,484)	(19,419,259)	(12,979,036)	(9,674,676)	(8,654,831)	(7,411,913)	(7,530,407)	(7,678,993)	(7,802,156)	(7,851,521)	(7,886,654)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	2,350,000	3,900,000	1,000,000	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(169,000)	(117,697)	(340,860)	(410,067)	(385,484)	(356,521)	(373,043)	(390,562)	(408,755)	(399,943)	(332,285)	(317,427)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(169,000)	2,232,303	3,559,140	589,933	(385,484)	(356,521)	(373,043)	(390,562)	(408,755)	(399,943)	(332,285)	(317,427)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,749,000)	(4,977,076)	(4,659,025)	(1,722,265)	249,781	839,430	1,644,711	1,632,294	2,015,781	1,833,682	2,369,075	2,541,236
plus: Cash, Cash Equivalents & Investments - beginning of year	22,883,000	18,134,000	13,156,924	8,497,899	6,775,633	7,025,414	7,864,845	9,509,556	11,141,850	13,157,631	14,991,313	17,360,389
Cash & Cash Equivalents - end of the year	18,134,000	13,156,924	8,497,899	6,775,633	7,025,414	7,864,845	9,509,556	11,141,850	13,157,631	14,991,313	17,360,389	19,901,625
Cash & Cash Equivalents - end of the year	18,134,000	13,156,924	8,497,899	6,775,633	7,025,414	7,864,845	9,509,556	11,141,850	13,157,631	14,991,313	17,360,389	19,901,625
Investments - end of the year	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Cash, Cash Equivalents & Investments - end of the year	26,134,000	21,156,924	16,497,899	14,775,633	15,025,414	15,864,845	17,509,556	19,141,850	21,157,631	22,991,313	25,360,389	27,901,625

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
INCOME STATEMENT - CONSOLIDATED
Scenario: Alternative Option

	Actuals 2015/16 \$	Current Year 2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Projected Years					
							2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	7,762,000	7,851,100	8,224,750	8,389,115	8,556,768	8,727,773	8,902,198	9,124,591	9,352,543	9,486,194	9,725,686	9,971,166
User Charges & Fees	4,155,000	3,087,113	4,202,375	4,331,426	4,402,267	4,476,924	4,548,226	4,642,196	4,740,915	4,837,243	4,938,439	5,044,564
Interest & Investment Revenue	839,000	735,199	735,199	736,822	738,478	740,166	741,888	744,084	746,335	748,642	751,007	753,431
Other Revenues	576,000	1,132,547	1,061,786	1,020,010	1,038,597	1,097,557	1,096,897	1,100,742	1,125,168	1,150,187	1,215,816	1,222,067
Grants & Contributions provided for Operating Purposes	10,229,000	10,609,830	6,744,115	8,794,360	8,951,703	9,112,203	9,275,924	9,484,325	9,697,940	9,916,899	10,141,337	10,371,391
Grants & Contributions provided for Capital Purposes	1,528,000	1,061,885	3,394,738	2,713,773	2,102,988	1,362,388	671,976	684,200	696,730	709,573	722,738	736,231
Other Income:												
Net gains from the disposal of assets	34,000	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Income from Continuing Operations	25,123,000	24,477,673	24,362,963	25,985,505	25,790,800	25,517,011	25,237,108	25,780,138	26,359,631	26,848,738	27,495,023	28,098,851
Expenses from Continuing Operations												
Employee Benefits & On-Costs	7,945,000	7,284,094	7,936,185	8,170,715	8,356,501	8,575,439	8,800,447	9,033,273	9,272,569	9,518,513	9,771,290	10,031,092
Borrowing Costs	57,000	138,964	280,157	442,931	462,645	440,079	419,394	397,504	374,715	350,619	328,959	311,595
Materials & Contracts	4,858,000	4,480,963	4,839,779	3,927,598	4,119,788	4,014,261	3,924,200	4,112,417	3,860,462	4,118,309	3,935,930	4,058,294
Depreciation & Amortisation	7,579,000	6,360,606	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011	7,037,011
Impairment	-	-	-	-	-	-	-	-	-	-	-	-
Other Expenses	2,555,000	2,323,643	2,569,427	2,597,789	2,636,697	2,751,161	2,741,190	2,752,033	2,798,819	2,906,568	2,915,301	2,985,036
Interest & Investment Losses	-	-	-	-	-	-	-	-	-	-	-	-
Net Losses from the Disposal of Assets	-	-	-	-	-	-	-	-	-	-	-	-
Joint Ventures & Associated Entities	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses from Continuing Operations	22,994,000	20,588,270	22,662,558	22,176,045	22,612,642	22,817,951	22,922,242	23,332,239	23,343,575	23,931,020	23,988,491	24,423,027
Operating Result from Continuing Operations	2,129,000	3,889,403	1,700,405	3,809,461	3,178,158	2,699,060	2,314,866	2,447,900	3,016,056	2,917,718	3,506,532	3,675,824
Discontinued Operations - Profit/(Loss)	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Operating Result for the Year	2,129,000	3,889,403	1,700,405	3,809,461	3,178,158	2,699,060	2,314,866	2,447,900	3,016,056	2,917,718	3,506,532	3,675,824
Net Operating Result before Grants and Contributions provided for Capital Purposes	601,000	2,827,518	(1,694,333)	1,095,688	1,075,171	1,336,672	1,642,890	1,763,700	2,319,325	2,208,145	2,783,794	2,939,593

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
BALANCE SHEET - CONSOLIDATED
Scenario: Alternative Option

	Actuals 2015/16 \$	Current Year 2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Projected Years					
							2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$
ASSETS												
Current Assets												
Cash & Cash Equivalents	18,134,000	13,156,924	8,568,003	6,647,368	6,691,462	7,333,773	8,781,354	10,216,499	12,035,110	13,671,602	15,843,465	18,187,465
Investments	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Receivables	3,564,000	3,196,552	3,483,656	3,539,465	3,614,516	3,671,812	3,721,203	3,811,512	3,913,216	4,005,375	4,124,842	4,231,950
Inventories	479,000	452,214	466,416	424,647	432,784	426,811	419,188	426,758	415,827	426,639	416,581	418,554
Other	143,000	96,819	109,973	93,482	97,702	97,379	92,783	96,152	93,297	100,038	95,757	96,886
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	30,320,000	24,902,508	20,628,047	18,704,962	18,836,463	19,529,774	21,014,528	22,550,921	24,457,451	26,203,655	28,480,644	30,934,855
Non-Current Assets												
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Receivables	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	371,077,000	382,978,821	392,857,888	401,277,694	403,913,199	405,527,057	405,897,537	406,391,230	407,033,222	407,798,654	408,613,169	409,463,132
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	371,077,000	382,978,821	392,857,888	401,277,694	403,913,199	405,527,057	405,897,537	406,391,230	407,033,222	407,798,654	408,613,169	409,463,132
TOTAL ASSETS	401,397,000	407,881,329	413,485,935	419,982,656	422,749,662	425,056,831	426,912,066	428,942,151	431,490,673	434,002,309	437,093,813	440,397,987
LIABILITIES												
Current Liabilities												
Bank Overdraft	-	-	-	-	-	-	-	-	-	-	-	-
Payables	2,171,000	2,533,623	2,878,684	2,531,803	2,583,831	2,630,116	2,629,343	2,692,277	2,728,280	2,821,750	2,843,692	2,899,486
Borrowings	190,000	264,543	387,751	463,181	438,176	458,858	480,748	503,536	499,552	436,970	427,445	468,254
Provisions	2,062,000	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341	2,052,341
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	4,423,000	4,850,507	5,318,776	5,047,325	5,074,348	5,141,315	5,162,432	5,248,154	5,280,173	5,311,060	5,323,477	5,420,081
Non-Current Liabilities												
Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	826,000	2,983,761	6,419,692	9,378,404	8,940,228	8,481,370	8,000,622	7,497,085	6,997,533	6,560,563	6,133,119	5,664,865
Provisions	415,000	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659	424,659
Investments Accounted for using the equity method	-	-	-	-	-	-	-	-	-	-	-	-
Liabilities associated with assets classified as "held for sale"	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	1,241,000	3,408,420	6,844,351	9,803,063	9,364,887	8,906,029	8,425,281	7,921,745	7,422,192	6,985,222	6,557,778	6,089,524
TOTAL LIABILITIES	5,664,000	8,258,926	12,163,127	14,850,388	14,439,235	14,047,344	13,587,713	13,169,899	12,702,365	12,296,283	11,881,255	11,509,605
Net Assets	395,733,000	399,622,403	401,322,808	405,132,268	408,310,427	411,009,487	413,324,353	415,772,252	418,788,308	421,706,026	425,212,558	428,888,382
EQUITY												
Retained Earnings	34,216,000	38,105,403	39,805,808	43,615,268	46,793,427	49,492,487	51,807,353	54,255,252	57,271,308	60,189,026	63,695,558	67,371,382
Revaluation Reserves	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000	361,517,000
Council Equity Interest	395,733,000	399,622,403	401,322,808	405,132,268	408,310,427	411,009,487	413,324,353	415,772,252	418,788,308	421,706,026	425,212,558	428,888,382
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-	-	-
Total Equity	395,733,000	399,622,403	401,322,808	405,132,268	408,310,427	411,009,487	413,324,353	415,772,252	418,788,308	421,706,026	425,212,558	428,888,382

Wentworth Shire Council
10 Year Financial Plan for the Years ending 30 June 2027
CASH FLOW STATEMENT - CONSOLIDATED
Scenario: Alternative Option

	Actuals 2015/16 \$	Current Year 2016/17 \$	2017/18 \$	2018/19 \$	2019/20 \$	2020/21 \$	Projected Years					
							2021/22 \$	2022/23 \$	2023/24 \$	2024/25 \$	2025/26 \$	2026/27 \$
Cash Flows from Operating Activities												
Receipts:												
Rates & Annual Charges	8,482,000	7,254,826	8,179,656	8,360,281	8,527,357	8,697,774	8,871,599	9,085,578	9,312,554	9,451,083	9,683,672	9,928,102
User Charges & Fees	2,657,000	4,480,652	4,104,547	4,319,170	4,395,048	4,469,352	4,540,924	4,632,620	4,730,891	4,827,391	4,928,127	5,033,786
Interest & Investment Revenue Received	613,000	822,811	752,724	745,738	735,048	731,465	726,037	727,057	726,065	732,645	727,313	728,468
Grants & Contributions	11,768,000	11,714,955	10,169,743	11,507,112	11,040,734	10,489,403	9,961,349	10,162,891	10,388,895	10,620,553	10,858,008	11,101,403
Bonds & Deposits Received	-	-	-	-	-	-	-	-	-	-	-	-
Other	2,196,000	557,660	919,431	1,004,240	1,024,558	1,080,438	1,094,251	1,090,187	1,109,091	1,130,805	1,189,887	1,209,534
Payments:												
Employee Benefits & On-Costs	(7,738,000)	(7,284,267)	(7,900,521)	(8,472,207)	(8,356,501)	(8,575,439)	(8,800,447)	(9,033,273)	(9,272,569)	(9,518,513)	(9,771,290)	(10,031,092)
Materials & Contracts	(5,806,000)	(4,105,251)	(4,606,806)	(3,927,313)	(4,073,814)	(3,964,799)	(3,913,062)	(4,067,428)	(3,818,376)	(4,046,733)	(3,909,556)	(4,013,986)
Borrowing Costs	(57,000)	(125,639)	(268,772)	(433,725)	(464,407)	(441,716)	(421,107)	(399,298)	(376,593)	(352,461)	(330,507)	(313,082)
Bonds & Deposits Refunded	-	-	-	-	-	-	-	-	-	-	-	-
Other	(3,109,000)	(2,323,643)	(2,569,427)	(2,597,789)	(2,636,697)	(2,751,161)	(2,741,190)	(2,752,033)	(2,798,819)	(2,906,568)	(2,915,301)	(2,985,036)
Net Cash provided (or used in) Operating Activities	9,006,000	10,992,104	8,780,575	10,505,506	10,191,326	9,735,318	9,318,353	9,446,301	10,001,141	9,938,201	10,460,353	10,658,098
Cash Flows from Investing Activities												
Receipts:												
Sale of Investment Securities	69,000,000	-	-	-	-	-	-	-	-	-	-	-
Sale of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Infrastructure, Property, Plant & Equipment	39,000	452,000	457,280	464,426	471,714	479,148	486,731	496,400	506,310	516,467	526,879	537,551
Sale of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Disposal Groups	-	-	-	-	-	-	-	-	-	-	-	-
Distributions Received from Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Purchase of Investment Securities	(76,000,000)	-	-	-	-	-	-	-	-	-	-	-
Purchase of Investment Property	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Infrastructure, Property, Plant & Equipment	(6,625,000)	(18,653,484)	(17,385,915)	(15,924,709)	(10,155,766)	(9,133,979)	(7,898,645)	(8,026,807)	(8,185,303)	(8,318,624)	(8,378,400)	(8,424,205)
Purchase of Real Estate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Intangible Assets	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Debtors & Advances Made	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of Interests in Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Contributions Paid to Joint Ventures & Associates	-	-	-	-	-	-	-	-	-	-	-	-
Other Investing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(13,586,000)	(18,201,484)	(16,928,635)	(15,460,284)	(9,684,052)	(8,654,831)	(7,411,913)	(7,530,407)	(7,678,993)	(7,802,156)	(7,851,521)	(7,886,654)
Cash Flows from Financing Activities												
Receipts:												
Proceeds from Borrowings & Advances	-	2,350,000	3,900,000	3,500,000	-	-	-	-	-	-	-	-
Proceeds from Finance Leases	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Receipts	-	-	-	-	-	-	-	-	-	-	-	-
Payments:												
Repayment of Borrowings & Advances	(169,000)	(117,697)	(340,860)	(465,858)	(463,181)	(438,176)	(458,858)	(480,748)	(503,536)	(499,552)	(436,970)	(427,445)
Repayment of Finance Lease Liabilities	-	-	-	-	-	-	-	-	-	-	-	-
Distributions to Minority Interests	-	-	-	-	-	-	-	-	-	-	-	-
Other Financing Activity Payments	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	(169,000)	2,232,303	3,559,140	3,034,142	(463,181)	(438,176)	(458,858)	(480,748)	(503,536)	(499,552)	(436,970)	(427,445)
Net Increase/(Decrease) in Cash & Cash Equivalents	(4,749,000)	(4,977,076)	(4,588,920)	(1,920,635)	44,093	642,311	1,447,581	1,435,145	1,818,611	1,636,492	2,171,862	2,344,000
plus: Cash, Cash Equivalents & Investments - beginning of year	22,883,000	18,134,000	13,156,924	8,568,003	6,647,368	6,691,462	7,333,773	8,781,354	10,216,499	12,035,110	13,671,602	15,843,465
Cash & Cash Equivalents - end of the year	18,134,000	13,156,924	8,568,003	6,647,368	6,691,462	7,333,773	8,781,354	10,216,499	12,035,110	13,671,602	15,843,465	18,187,465
Cash & Cash Equivalents - end of the year	18,134,000	13,156,924	8,568,003	6,647,368	6,691,462	7,333,773	8,781,354	10,216,499	12,035,110	13,671,602	15,843,465	18,187,465
Investments - end of the year	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000
Cash, Cash Equivalents & Investments - end of the year	26,134,000	21,156,924	16,568,003	14,647,368	14,691,462	15,333,773	16,781,354	18,216,499	20,035,110	21,671,602	23,843,465	26,187,465

WENTWORTH SHIRE COUNCIL

RESOURCE STRATEGY

2017 – 2021

WORKFORCE MANAGEMENT PLAN

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1. EXECUTIVE SUMMARY

The Local Government Act requires Council to develop a Workforce Management Plan to address the human resourcing requirements of Council's Delivery Program. Through the Workforce Management Planning process, data has been compiled in order to identify the current workforce issues that require action. The Workforce Management Plan also addresses various statutory requirements such as Equal Employment Opportunity Management and embedding the principles of multiculturalism within the workforce.

The Workforce Management Plan shows how we will achieve our vision of excellence in service delivery whilst managing the changes that the new emerging workforce is undergoing. A challenge for any rural organisation is always going to be the attraction and retention of suitably qualified people to act in a team environment and to bring skills and knowledge to their role.

Wentworth Shire Council is one of many rural areas which will have to find unique and innovative solutions to ensure that our workforce is able to maintain service standards in ways that our metropolitan counterparts will never need to; the key driver being the workforce population concentration.

It is with optimism that this plan puts forward visionary strategies to ensure that we not only continue to maintain our excellent levels of service delivery to our residents, but are acknowledged for our innovative and inspiring objectives to meet the aims of the Workforce Strategy.

Some of the consultation initiatives and research that has been taken into consideration in the development of this Workforce Management Plan includes:

- Community engagement activities undertaken for the development of the Community Strategic Plan
- Information obtained through a previous organisational-wide skills audit
- Information obtained from the most recent census data
- Input from staff through the following forums:-
 - the Senior Management team (General Manager and Directors)
 - the Staff Consultative and Equal Employment Opportunity Committee
 - the Directors and Managers Group

Workforce planning is an important part of the new Integrated Planning and Reporting framework. An effective workforce strategy aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues and deliver appropriate services effectively and efficiently.

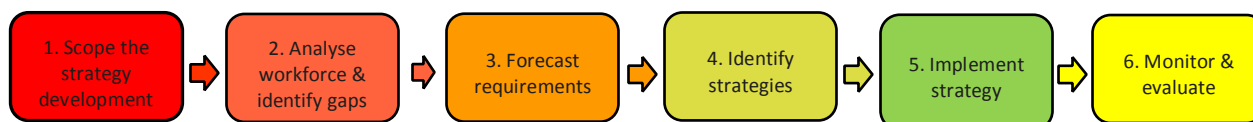
2. AN EFFECTIVE WORKFORCE MANAGEMENT STRATEGY

In developing the Workforce Management Plan, a variety of research material and engagement activities have been used to assist in identifying the current organisational position, the future organisational requirements, the key issues and areas for improvement within the organisation.

Workforce planning is an important part of the new Integrated Planning and Reporting framework. An effective workforce strategy aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues and deliver appropriate services effectively and efficiently.

The Division of Local Government suggests a six step approach to developing the Workforce Management Plan. These steps are depicted in the following diagram:

STEPS IN DEVELOPING THE WORKFORCE MANAGEMENT PLAN



3. BENEFITS OF A WORKFORCE MANAGEMENT PLAN

By approaching workforce planning in a strategic way, Council will be able to:

- Respond more effectively to the aspirations of the community
- Analyse its workforce requirements based on the commitments given in the Delivery Program
- Budget employee benefits and on-costs more effectively
- Set performance indicators for the objectives established in the Delivery Program
- Ensure that staff performance is aligned to the objectives established in the Delivery Program
- Respond to strategic workforce issues, such as an ageing workforce in a more appropriate way
- Invest more wisely in staff recruitment and retention strategies

Wentworth Shire Council has undertaken a thorough examination of the following areas in an effort to determine the short and long term impacts on the current workforce; emerging strategic issues; industry and professional trends (marked against state-wide and National data) and workforce supply and demand.

Social research suggests that in 2020 Australia's population will be approaching 24 million and that the median age will be almost 40. While the Baby Boomers (born 1963 - 1972) sit at over a third (34%) of the total workforce, in 2020 they will make up less than 1 in 5

workers. Generation Y (1998 – 2006) born will make up 35% in 2020 and will Generation Z (born 1995 – 2020) will make up 12%.

In addition to the impacts of shifts in the working demographic will have on an averaged data trend on a state and National basis, there are more specific adverse challenges which are particular to the Wentworth Shire area.

As part of the whole management vision for the future of Wentworth Shire, this report should be read in conjunction with the Community Strategic Plan 2017, as part of Council's Delivery Program.

By approaching workforce planning in a strategic way, Council will be able to:

- respond more effectively to the needs of the community
- analyse workforce requirements based on the commitments given in the Delivery Program
- budget employee benefits and on-costs more effectively
- set performance indicators for the objectives established in the Delivery Program
- ensure that staff performance is aligned to the objectives established in the Delivery Program
- respond to strategic workforce issues, such as an ageing workforce, in a more appropriate way
- invest more wisely in staff recruitment and retention strategies
- react positively to changes in the physical environment and encourage employees to do the same through co-operative change management
- prepare a continuous improvement model for succession planning
- react positively to emerging technologies

4. NATIONAL TRENDS

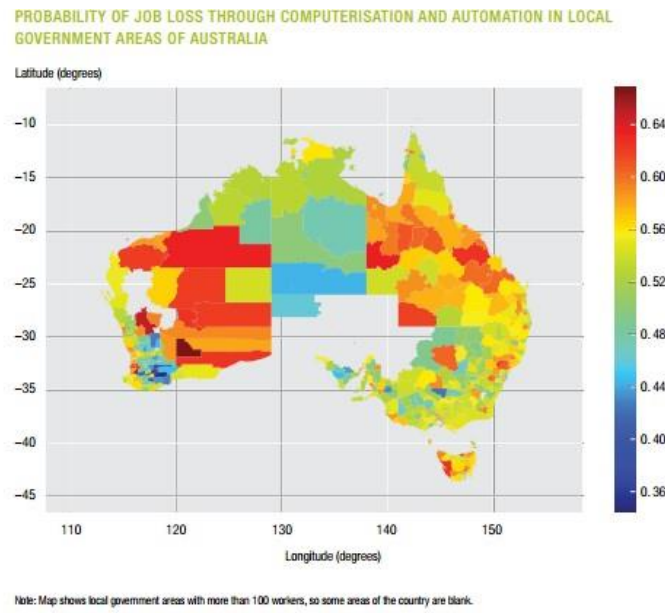
Ageing Workforce

Research cited by the Department of Employment and Workplace Relations in 2006 highlights the impact of a shrinking skills pool. Australians are now living longer (National Strategy for Ageing) but having fewer babies (ABS, 3301.0). As a consequence of this the Australian Bureau of Statistics Labour Force projections 2004 indicate that eighty percent of future workforce growth in the next decade will come from people aged 45 plus.

Technological Change

The 1980s saw a technological revolution with the uptake of computing and communications technologies which has forever changed the way we do business, and Council is aware that technology is going to continue to shape our workforce in the coming years, and on a national scale, it will be an imperative that all business is able to rapidly adapt to change and innovate.

A national report by Committee for Economic Development of Australia (ceda)¹ states that technological change over the last two decades has been extremely fast and it is likely to continue, with the report stating that a significant portion of Australian job that exist today will no longer exist in 20 years' time.



5. ISSUES FOR WORKFORCE MANAGEMENT SPECIFIC TO WENTWORTH

The Long Term Impact of the Community Strategic Plan (CSP) priorities

It is evident from the CSP that the community is placing importance on economic development and growth, public amenity and access and sound public administration and management.

A small rate-payer base and rate capping will make it extremely difficult to deliver all that the community expects from Council, placing pressure on Council to critically analyse the services it provides to the community and the way in which those services are delivered.

Council will need to find ways to improve its efficiency and supplement its existing income if it is to provide additional services to support the aspirations of the Community. Changes to the workforce structure, increasing grant and project based funding; together with rate increases are just some of the options to be considered in order to increase the revenue base of Council.

¹ Committee for economic development of Australia, Australia's future workforce?, 2015, ISBN: 0 85801 300 2

Contestability of Roads and Maritime Services (RMS) Contracts

The introduction of contestability of the contracts issued by Roads and Maritime Services (RMS) for the maintenance of State Roads may negatively impact on the contract works currently provided by eight staff members of Council. Conversely however, this also provides Council with the opportunity to secure additional contracts issued by RMS.

Removal of Water and Waste Water Operations from Councils

Outcomes from the NSW State Government inquiry into Water and Sewer operations across the State are likely to be finalised within the timeframe of this Delivery Program. The options that are being considered by the State Government include corporatizing the industry and allowing regional alliances (such as Regional Organisation of Councils) to deal with strategic elements of the industry.

Rate Pegging

The maximum amount of rates that can be charged by NSW Councils is determined annually by the Independent Pricing and Regulatory Tribunal (IPART). Rate pegging severely constrains the revenue base of Council, which may result in the reduction of some services and limitations of what Council can contribute towards the Community Strategic Plan objectives.

Resource Sharing, Amalgamations and Boundary Changes

The Local Government Review has highlighted the need for greater resource sharing and cooperation between councils through initiatives such as inter-council contractual arrangements, sharing staff, alternate service delivery models and commercialising services. Wentworth Shire currently has a modest list of resource sharing activities and will need to explore additional arrangements into the future.

Delivery and Service Levels

Council has indicated its strong desire to improve the level of service that is being provided by the organisation, but also its desire to review the services that it provides. There is a need to develop a comprehensive set of service level agreements across the organisation to enable it to respond quickly and efficiently to the demands that are placed on it and to monitor and manage staff performance levels.

The four year delivery timespan allows for the provision of staffing at three sites within an 18 month timeframe. The current staffing structure is heavily biased towards customer service, and the customer service sites are currently found in two sites in Wentworth, as Council transitions all divisions across to the new Civic Centre, and upon the end of this transition, the customer service in Adelaide Street will cease, as all of Council's services are located to the new building.

The current re-fit of the Midway Centre in Buronga Gol Gol will see the establishment of an additional customer service site to better serve residents of these rapidly growing communities.

Recruitment and Retention of Required Skill-sets

In previous years, Council has experienced difficulties in recruiting people with relevant experience to fill vacancies in the following areas:

- Statutory planning
- Water and Waste Water operations

In addition to these specific positions, it has also been identified through a recent skills audit that Council will need to raise skill levels in the following areas:

- Workplace Health and Safety
- Project management
- Contract management
- Performance management

As a consequence of either a declining skill level within the recruitment pool, or our geographic location, recent recruitment experience has found that the recruitment process does not always deliver employees who have the full complement of skills to address the selection criteria. Attracting appropriately qualified staff, is expected to negatively impact on employment and on-costs over the term of the delivery program.

Workforce Demand and Supply

One of the most important challenges faced by Council is to broaden the workforce profile within the context of fairness in recruitment process and the pressures that force the organisation into the easier option of employing older, experienced employees in preference to younger, inexperienced employees

A comparison of data captured in 2008 and 2011 tends to suggest that the historical workforce turnover rate is in the vicinity of 13% per annum. It is expected however, that within the Delivery Program timeframe (2017-2021), the turnover rate will increase to approx. 15% due to increasing numbers of retiring employees. This will lead to increased recruitment costs

Critical Areas of Shortage and Surplus

Recruiting experience tends to suggest that there are increasing numbers of local (wider Sunraysia region) candidates for lower level, semi- skilled positions, such as customer service positions and plant operator positions.

Positions requiring specialist knowledge, such as engineering and technical skills and high level management skills, it has become necessary to cast a wider net. This increases recruitment costs and potentially impacts on remuneration levels; which equates to metro based applicants finding offered salaries lower than their expectations.

It is anticipated that the demand for staff with specialist skills such as Project Management and Contract Management skills, will increase in the new competitive environment and there will be downward pressure on unskilled positions.

Financial Considerations

The most recent analysis of staffing within the Council reveals that 73.96% of current staff are aged between 45 and 74 years.

Council has been aware for some time that its staffing profile is weighted towards staff over the age of 45 and some with quite long periods of service. Council understands that this situation will take some strategic consideration to manage this asset liability. Council has fully costed wages this liability.

The following information has been compiled from the audited financial statements.

	10/11	11/12	12/13	13/14	14/15	15/16
Annual Report Extracts	2011	2012	2013	2014	2015	2016
	000's	000's	000's	000's	000's	000's
Total Income from continuing operations	20,209	23,598	21,909	20,000	22,664	25,123
Employee benefits & on-costs	6,282	7,177	7,444	7,947	7,550	7,945
Note 4						
Salaries and Wages	4,659	5,462	5,834	6,458	5,992	6,587
Travelling	47	35	38	25	42	46
Employee Leave Entitlements	972	1,068	1,100	1,012	1,177	1,183
Superannuation - Defined Contribution Plans	339	373	452	460	510	563
Superannuation - Defined Benefit Plans	249	220	219	193	192	184
Workers' Compensation Insurance	293	439	383	290	270	269
Fringe Benefit Tax (FBT)	23	23	49	26	32	28
Training Costs (other than Salaries & Wages)	95	81	87	99	49	63
Recruitment Expenses	2	14	29	43	11	7
Uniforms	35	40	32	39	39	29
Total employee costs	6,714	7,755	8,223	8,645	8,314	8,959
Less: capitalised costs	-432	-578	-779	-698	-764	-1,014
Total employee costs expensed	6,282	7,177	7,444	7,947	7,550	7,945
Note 10a						
Annual leave provisions (note10a)	643	723	702	715	857	889
Long Service Leave - current (note10a)	726	824	728	731	881	1,000
Long Service Leave - non-current (note10a)	58	34	79	81	98	98
Gratuities - current (note10a)	166	228	180	166	177	173
Gratuities - non-current (note10a)	27	12	29	27	29	26
Equivalent Full Time Employees at year end		99	91	95	104	104
Equivalent Full Time Employees at year end (incl vacancies)		107	104	97	107	103
Other employee entitlement considerations	2011	2012	2013	2014	2015	2016
Annual award increases	3.25%	3.25%	3.25%	3.25%	3.25%	3.25%
Projected workcover premium increases	5%	5%	2%	2%	2%	2%
Superannuation Guarantee Charge	9%	9%	9%	10%	10%	10%
Analysis						
Total employee costs as a % of continuing income (actuals)	31.09%	30.41%	33.98%	39.74%	33.31%	31.62%

6. THE MODERN WORKPLACE ENVIRONMENT

The Burden of Compliance

It is becoming increasingly difficult within a Council the size of Wentworth to stay abreast of and comply with layers upon layers of statutory and regulatory compliance. Specific areas of compliance are:-

- Promoting Better Practice
- Workplace Health & Safety
- State-cover audit
- State-wide audit
- Internal audits

The environment of the modern workplace is tied up in regulations and rules and Wentworth Shire Council (WSC) makes every effort to comply with the rigorous legislative requirements expected from the Local Government Act (NSW) 1993 and associated regulations and statutory rules through to the expectations arising from the application of the Fair Work Act (2009) (Cwlth).

The normative references from which WSC takes guidance including the following:

- Anti-Discrimination Act (Cth) 1977
- Work Health and Safety Act (NSW) (2011)
- Age Discrimination Act 2004 (Cth)
- Disability Discrimination Act 1992 (Cth)
- Racial Discrimination Act (Cth) 1975
- Sex Discrimination Act (Cth) 1984
- Workplace Gender Equality Act 2012 (Cth)
- Local Government Award (NSW) 2014

Equal Employment Opportunity (Local Government Act S345)

Wentworth Shire Council is committed to a workplace of equality and diversity where all workers are valued and respected and have opportunities to develop to their full potential.

Our objective is to create a culture displaying:

- a diverse and skilled workforce which reflects the diversity of the community
- a workplace with fair work practices and behaviours
- opportunities of employment and participation by members of Equal Employment Opportunity (EEO) groups, which include:
 - Women
 - Aboriginal and Torres Strait Islanders
 - Members of racial, ethnic and religious minority groups
 - People with a disability

Workplace Equity & Diversity Analysis

By developing policies around the requirements of the EEO and anti-discrimination legislation, Council has an adequate foundation from which to apply Equal Employment Opportunity, to implement the principles of multiculturalism and to further incorporate the social justice principles of equity, access, participation and rights across all levels of workforce planning.

Council's implementation of EEO principles has the intent to empower staff and help them meet their full potential by providing a workplace free of discrimination and harassment. Council's selection of individuals for employment, promotion or advancement, training and staff development is on the basis of personal merit in fair and open competition, according to the skills, qualifications, knowledge, efficiency and effectiveness relevant to each position.

Communication

The following methods are used in order to communicate EEO policies and programs to staff:

- all Council policies are displayed on the Council website and the staff intranet
- display EEO information on staff notice-boards and in staff newsletters
- inclusion of EEO principles in all new and existing Human Resources policies
- the undertaking of recruitment and selection training for all relevant staff
- development and implementation of an EEO awareness program for all staff
- meetings of the staff

Workplace Health and Safety

Effective management of workplace health and safety is a mandatory obligation for all organisations today and Council is no different. Council is in the process of implementing a Workplace Health and Safety Committee to represent all divisions of Council.

Council is currently in the process of forming a Workplace Health and Safety Committee which will accomplish two very important tasks:

1. It will form a structure by which each division or designated work group will be represented and will be able to raise issues and concerns to be discussed in an open forum with input and suggestions welcomed and actions to be completed to ensure that the workplace is safe, and an area free of bullying or intimidation.
2. Working in tandem with the Disability Inclusion Plan, the Workplace Health and Safety Committee will introduce an agenda item that will ask committee members to report on any Council building, area, or public space that would be unable to be used or used with difficulty by any person with a disability. This gives Council the information necessary to ensure that our work environment is able to be accessed by all staff.

Workplace Stress

Pressures emanating from both external sources to the organisation and from internal sources can create ongoing problems if not resolved. Workplace stress can manifest itself into poor workplace behaviour, increased absenteeism, increased staff turnover, conflict, stress related illnesses and reduced productivity. Council recognises that one of its most significant challenges is to address this workforce risk by building up the leadership capacity in the organisation to ensure that the core values of Council underpin the way that staff is managed.

Code of Conduct

In accordance with the Local Government Act 1993 (s440) Council has adopted a Code of Conduct, which acts as the key mechanism to assist Council officials to act honestly, ethically, responsibly and with accountability. The key principles which underpin the Code of Conduct are:

- **Integrity** - not being under any financial or other obligation to any individual or organisation that might reasonably be thought to influence the performance of Council duties.
- **Leadership** - a duty to promote and support the key principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of the Council.
- **Selflessness** - a duty to make decisions in the public interest.
- **Impartiality** - making decisions on merit and in accordance with statutory obligations when carrying out public business. This includes the making of appointments, awarding of contracts or recommending individuals for rewards or benefits. This means fairness to all, impartial assessment, merit selection in recruitment and in purchase and sale of Council's resources, considering only relevant matters.
- **Accountability** - being accountable to the public for decisions and actions and considering issues on their merits, taking into account the views of others. This means recording reasons for decisions, submitting to scrutiny, keeping proper records and establishing audit trails.
- **Openness** - a duty to be as open as possible about decisions and actions, giving reasons for decisions and restricting information only when the wider public interest clearly demands. This means recording, giving and revealing reasons for decisions; revealing other avenues available to the client or business; when authorised, offering all information; communicating clearly.
- **Honesty** - a duty to act honestly, including declaring any private interests relating to public duties and take steps to resolve any conflicts arising in such a way that protects the public interest. This means obeying the law; following the letter and spirit of policies and procedures; observing the Code of Conduct; fully disclosing actual or potential conflict of interests and exercising any conferred power strictly for the purpose for which the power was conferred.

- **Respect** - treating others with respect at all times. This means not using derogatory terms towards others, observing the rights of other people; treating people with courtesy and recognizing the different roles others play in Local Government decision-making.

In addition to the principles outlined above, Wentworth Shire Council has adopted values, which also help to underpin and guide these key principles and may be used as an aid in interpreting the substantive provisions of the Code.

7. WORKFORCE PROFILE

Demographic Profile of the Local Government Area (LGA)

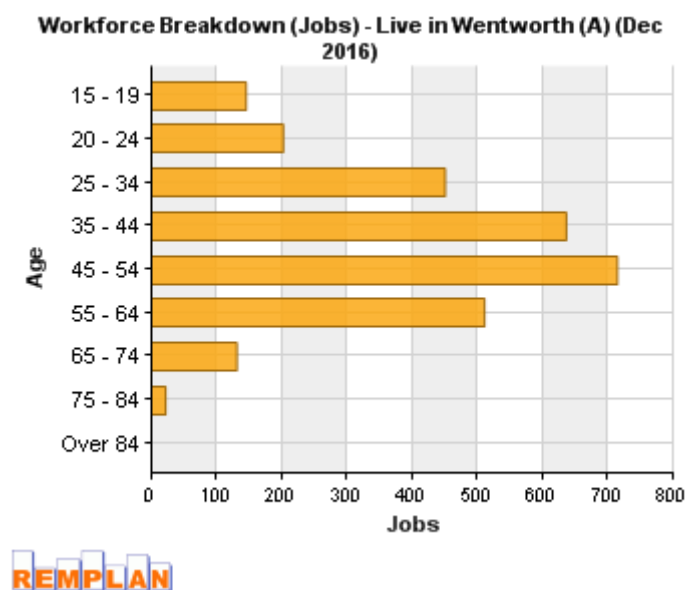
Historically, the demographics of the Wentworth Shire Council have not varied greatly. The most recent census (2016) indicates that the majority of the population within the Wentworth Local Government Area (94.9%) are Australian born (ABS, 2016).

Council's ongoing evaluation of the staffing structure will be conducted to determine the level of effectiveness of the Council's culturally and linguistically appropriate services.

Up to date community demographic, cultural and epidemiological profiles shall be kept of the municipal area, via ABS data. This data will be recorded in the Annual Report and will be used for future service provision.

Employment Basis

Males working in a full time capacity make up the majority (61.5%) of the workforce. Females make up a total of (38.5%) of the workforce, and are employed full time, part time or casual.



Source: REMPLAN – Statistics from Australian Bureau of Statistics

Council's workforce is over-represented in the 55-64 year age bracket, when compared with both the total labour force within the Wentworth region. In all 75% of WSC employees are over the age of 45.

Conversely, Council is significantly under-represented in the 15-24 year age bracket compared with a total region labour force in the same bracket of 13.47%.

Employees Identifying as Aboriginal or Torres Strait Islander

The Division of Local Government notes the following: "The active participation of Aboriginal people in council affairs as council employees is an effective way of connecting with Aboriginal communities. The employment of Aboriginal people by councils is an effective way to demonstrate a commitment to working effectively with Aboriginal communities."

(http://www.dlg.nsw.gov.au/dlg/dlghome/dlg_IntegratedPlanningIndex.asp).

The previous Council briefing paper titled Closing the Gap in the Wentworth Shire outlined an Indigenous Employment model that was implemented to increase employment of Aboriginal persons. Wentworth Shire Council engages with the local Aboriginal community in response to specific issues crossing heritage areas and places of cultural sensitivity and currently employs six staff who identify as Aboriginal.

8. EMPLOYEE PROFESSIONAL SUPPORT AND DEVELOPMENT

Data Collection System

A staff profile is compiled annually and reports staff numbers, age, gender and the number of trainees and apprentices. It is not the current practice of Human Resources to collect employee data about cultural & linguistic diversity; Aboriginal or Torres Strait Islander origin or physical disabilities.

Grievance Management for Internal Disputes

The opinions of staff are highly valued and giving all employees the opportunity to confidentially voice their views of Wentworth Shire Council and its operations at least annually assists Council in assessing the staff climate and, with staff, develop initiatives for improvement.

Internal grievance management is guided by the Code of Conduct and referenced by the Award. Council provides an effective mechanism by which aggrieved staff may receive prompt, fair and consistent consideration of issues raised. Every attempt is made to ensure staff are grievances are dealt with swiftly and are trustworthy, confidential, impartial and free from bias, addressed and resolved.

Staff Inductions

Council has a comprehensive induction process which covers a variety of topics to equip staff with the knowledge required to safely and proficiently carry out their duties. All new staff are given time to go through the induction process, at their own pace and level of

understanding with Human Resources to ensure that they fully understand their rights and their responsibilities as an employee.

Corporate Uniform

A corporate uniform is provided in order to promote a professional and corporate image of staff employed by Wentworth Shire Council in the Civic Centre, the Tourism Information Centre, the Library and other designated work areas within Council.

Salary and Performance Appraisal System

Wentworth Shire Council's salary and performance appraisal system provides employees with appropriate reward for their skills and performance. Wentworth Shire Council's salary system is based on 4 key banding areas known as:

- Operational
- Administrative / Technical / Trade
- Professional / Specialist
- Executive

Each of these bands have a set of three or four levels which are defined with skill descriptors within the Award under the headings of:

- Authority and Accountability
- Judgement and Problem Solving
- Specialist knowledge and Skills
- Management Skills
- Interpersonal Skills
- Qualifications and Experience

Performance-Based Management of Staff

The introduction of the Integrated Planning & Reporting requirements will necessitate moving to performance based management of Council staff. For some staff, given their tenure and age, this may be a cause for concern, particularly where they are not accustomed to working in a competitive work environment.

Learning and Development

Wentworth Shire Council (WSC) is committed to developing a highly skilled and flexible workforce by providing staff with opportunities in professional growth and development, and an important part of this commitment is the encouragement of staff to undertake corporate learning, statutory learning, job specific and professional development training.

WSC has endeavoured to make the most of subsidies and incentives to employ apprentices and trainees; aware of how barriers to entry can be overcome with assistance and support.

Continuous Improvement Process

Staff members are encouraged to participate in an exit interview process. Although not compulsory, WSC encourages exit interviews as it is used as a source of data capture and adds to the continuous improvement process through the recruitment and employment processes.

9. WORKFORCE MANAGEMENT PLAN STRATEGIES

Performance Measures

In line with the Integrated Planning and Reporting requirements, the Delivery Program is a statement of commitment to the community from each newly elected council, and in preparing the Delivery Program, Council is accounting for its stewardship of the community's long-term goals, outlining what it intends to do towards achieving these goals during its term of office and what its priorities will be.

Diversity in the Workplace

Employment environments such as Wentworth Shire Council are hampered in their obligation to ensure diversity whether at the behest of share-holders or at the insistence of societal expectations as one size does not fit all. One of the problems encountered has been eloquently explained in the New South Wales' compilation of submissions from rural Local Government Areas' Workforce Management Plans which show consistent data that the population pools from where they draw staff are often aged, unskilled and sparse, and therefore the ability to meet the diversity expectations are restricted.

There are tools available for the push for increased diversity which are attractive for potential employers including incentives for the employment of recognised 'disadvantaged minorities' including Indigenous, migrant with limited English skills or for the reintroduction of people who have not been in the workforce for some time for whatever reason.

Regardless of these very real challenges, Wentworth Shire Council continues to strive for diversity through the following ways:

- *Assessing the current level of diversity in the workplace*
- *Acknowledging the benefits of workplace diversity*
- *Acknowledging the Challenges of Diversity in the Workplace through communication, resistance to change, implementation of diversity in the workplace policies, and successful management of diversity in the workplace.*

Coping with an Ageing Workforce

The strategic issues that are emerging from an ageing workforce are:

- ***Management of a multi-generational workforce*** – a high proportion of mature employers can make it difficult to introduce younger and sometimes more qualified staff to senior management positions within the organisation.
- ***The need to provide flexibility*** – there is an increasing need to provide flexibility to allow employees to change their work/life balance and to enable Council to develop capacity to respond to peaks and troughs in demand and service delivery.

- **Work design and an improved work environment** – there is evidence to suggest that the age profile of our staff is leading to an increasing number of workcover claims. Effective work design ensures that workers are best matched to work and workloads, which improves workplace health and safety and delivers higher levels of productivity.

Development of Flexible Employment Solutions

Staff at WSC are employed under the Local Government (State) Award 2014; which at the time of writing is being renegotiated. WSC recognises the ageing workforce in local government and the need to retain skills and experience within the industry. The award encourages Councils to develop and promote flexible work and leave arrangements to enable employees to better manage their transition into retirement.

Working within the provisions of the award, flexible workplace practices to be considered include:

- flexible hours (start, finish and breaks)
- flexible rostering or scheduling
- make-up time and time in lieu
- averaged or annualised hours
- compressed working week/nine day fortnight
- working from home and telecommuting
- part-time positions
- job sharing
- project and seasonal work opportunities
- flexible leave options, including personal and carers leave, purchased leave and sabbaticals

Council is an employer willing to support the implementation of well-considered and well supported flexible arrangements for staff.

Business Succession Planning

Council recognises that formal business succession planning is a legitimate way of developing the skills and abilities of staff, preparing them for advancement, whilst retaining them to ensure a return on the organisation's training investment. Succession planning is also a way of retaining corporate knowledge, which is a particular issue given the numbers of staff that are approaching retirement within the next five years.

Business succession planning is linked to the learning and development requirements of individuals, however it is recognised that managers need to be better trained on conducting performance appraisal interviews in order to fully identify those employees with potential to progress and the needs of the maturing (over the age of 55) employee.

Existing Structure

The current adopted Organisational Structure consist on 112.15 full time equivalent (FTE) employees. The structure is currently based on 4 key functional areas being:

- The Office of the General Manager (OGM)
- Roads and Engineering Division (R&E)
- Health and Planning Division (H&P)
- Finance and Policy Division (F&P)

In order to deliver the substantial capital budget in 2016/17 the permanent workforce has been supplemented with numerous contracted employees. In view of the proposed 2017/2021 Delivery Program and the 2017/18 Operational Plan, the General Manager has flagged the need for additional employees. With exact positions yet to be determined the General Manager will report revised workforce requirements once the Delivery Program and Operational Plan have been adopted by Council.

10. CURRENT ORGANISATIONAL STRUCTURE

TO BE INSERTED ONCE UPDATED AND CURRENT

11. WORKFORCE MANAGEMENT PLAN STRATEGIES MATRIX

Over the term of the workforce management plan the following initiatives will be incorporated into, and subsequently monitored through, Council's four year delivery program and one year operational plan.

The Goal of the Workforce Management Plan is to be the best employer we can be. This is Goal, and individual initiatives are included in item 4.1.4 of the 2017-2021 Delivery Program and 2017/18 Operational Plan.

Workforce priority area: People
Delivery Program Initiatives
Explore the possibility of introducing an apprenticeship / traineeship program.
Update workforce related policies and procedures in line with any amendments to the Local Government (State) Award.
Continue to monitor and actively manage workplace health and safety
Undertake all identified training activities
Annually report on equity & diversity outcomes, as required under the Local Government Act

Workforce priority area: Performance
Delivery Program Initiatives
Review the development of the training program, ensuring that individual training is benefiting the organisation
Increase the level of knowledge and communication throughout the organisation.
Implement additional training with senior managers to increase their capacity to manage teams and individuals more effectively
Ensure that operational plan responsibilities are linked to staff performance, as required under the Integrated Planning and Reporting legislation