Shellharbour
CITY COUNCIL

DRAFT

Resourcing Strategy 2022 - 2032

Acknowledgement

Shellharbour City Council acknowledges the Traditional Custodians of Dharawal Country and recognises their continued connection to the land. We pay our respects to Elders past, present and emerging and the contribution they make to the life of this city.

COMMUNITY STRATEGIC PLAN (10 YEARS)

What you want

Reflects the community's vision for the City and outlines the key long-term Objectives which sets the direction for the future. It is developed and delivered as a partnership between Council and the community.

YOU ARE HERE

RESOURCING STRATEGY (10 YEARS)

How will we deliver what you want

Contains information on the time, money, assets and people required by Council to progress the Strategies within the Delivery Program and move towards achieving our community Objectives. It is made up of the following three key components:

- Long Term Financial Plan;
- Asset Management Plan; and
- Workforce Management Plan.

COMBINED DELIVERY PROGRAM (4 YEARS) AND OPERATIONAL PLAN (1 YEAR)

What we will do

Details Strategies and individual Actions across the full range of Council operations, that Council will undertake to achieve the community Objectives.

About this document

This document comprises of the
Long Term Financial Plan (LTFP) 2022-2032,
Strategic Asset Management Plan (SAMP) 2022-2023
and **Workforce Management Plan (WMP) 2022-2026**

Resourcing Strategy 2022-2032

The Resourcing Strategy is an essential element of the Integrated Planning and Reporting framework. The strategy ensures sufficient financial and human resources exists to provide services and infrastructure assets expected by the community. The **Long Term Financial Plan**, **Strategic Asset Management Strategy**, and **Workforce Management Plan** contained within the strategy address Strategies and Actions contained within the Delivery Program and Operational Plan.

Long Term Financial Plan (LTFP) 2022-2032

Council's key objective when managing its financial resources is to remain financially sustainable. Council's Long Term Financial Plan (LTFP) is an essential tool to assess Council's financial sustainability and also demonstrate Council's long term capacity to deliver the strategic Objectives contained within the Community Strategic Plan, Delivery Program and Operational Plan.

It is essential that the LTFP adopted by Council provides a level of certainty to the community that it is a sustainable financial model and represents an acceptable balance in the context of meeting community expectations, sound financial management, and the achievement of strategic Objectives that are clear and measurable, and have community and Council support.

It is important that community assets are maintained so that the cost does not become a burden for future rate payers. Financial sustainability is achieved when service and infrastructure levels are delivered according to a long term plan without the need to significantly increase rates or significantly reduce services.

Council's Sustainable Financial Strategy supports the LTFP by providing direction and context. The LTFP is developed in conjunction with the Strategic Asset Management Plan and Workforce Management Plan and incorporates the strategies and actions contained within Council's Delivery Program.

The LTFP is for a period of ten years and includes the following:

- the planning assumptions used to develop the plan
- projected income and expenditure, balance sheet and cash-flow statement
- sensitivity analysis
- monitoring financial performance and sustainability

The primary purpose of this LTFP is to facilitate effective financial decision-making which is informed by the short, medium and long term expectations of the community.

The LTFP is reviewed on an annual basis, with a major review process undertaken in line with the review of the Community Strategic Plan.

Strategic Asset Management Plan (SAMP) 2022 - 2023

The Strategic Asset Management Plan (SAMP) is a consolidation of the previous Strategy Asset Management Strategy and Asset Management Plan and is supported by the Asset Management Policy.

The key objective of asset management planning is to provide the required level of service for the community in accordance with the Community Strategic Plan and in the most cost-effective manner. The SAMP provides information about our assets, responsible asset management and compliance with regulatory requirements and summarises information with regard to funding aimed at bringing assets to a desirable level of service.

Accurate data and a robust planning process is required to ensure that assets are managed and accounted for in an efficient and sustainable way on behalf of local communities and with a service delivery focus. Levels of service are key business drivers for asset planning, along with technical requirements that ensure asset sustainability.

Council is the custodian of infrastructure assets valued at over $1.3B. These assets have been acquired by purchase, contract, construction by staff or assets constructed and donated by developers. Assets may include roads, water and sewerage systems, drains, bridges, footpaths, buildings, recreational facilities, parks and gardens.

Workforce Management Plan (WMP) 2022-2026

The Workforce Management Plan (WFMP) is an essential element of the Integrated Planning and Reporting framework and details the approach taken in planning for our future workforce. It gives consideration to Council's current workforce profile, internal focus areas, external environmental influences and future resourcing requirements.

Our WFMP outlines Council's strategies and initiatives to attract, support, develop and retain a capable, resilient and diverse workforce who feel connected to our business and our purpose and who feel that their personal growth and wellbeing are valued. The WFMP identifies three workforce themes that align to our Community Strategic Plan objectives and key focus areas, these are:

- Develop, Grow, Innovate: Create a culture of continuous learning
- Engage and Empower: Engage and empower to enrich the experience
- Build Great Culture: Create an environment in which our people feel connected, safe, motivated and empowered

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Long Term Financial Plan 2022 - 2032

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Introduction

The Long Term Financial Plan (LTFP) is an important part of Council's strategic planning process, as it is used to model various scenarios. It is also used to inform and guide future action and to allow Council to identify financial issues at an earlier stage. The LTFP provides a means to forecast Shellharbour City Council's capacity to provide financial resources to meet the Objectives of the Community Strategic Plan.

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The LTFP is reviewed on an annual basis, with a major review process undertaken in line with the review of the Community Strategic Plan.

A Finacially Sustainable Future

Council's key objective is to be financially sustainable over the short, medium and long terms to meet community specific needs.

The 2022-2023 Operational Plan and Long Term Financial Plan have been prepared within the context of the Sustainable Financial Strategy. Council will demonstrate financial sustainability to the community by implementing 11 Key Financial Objectives contained within the four principles below.

PRINCIPLE A **- Council spending should be responsible and sustainable, aligning general revenue and expenses**

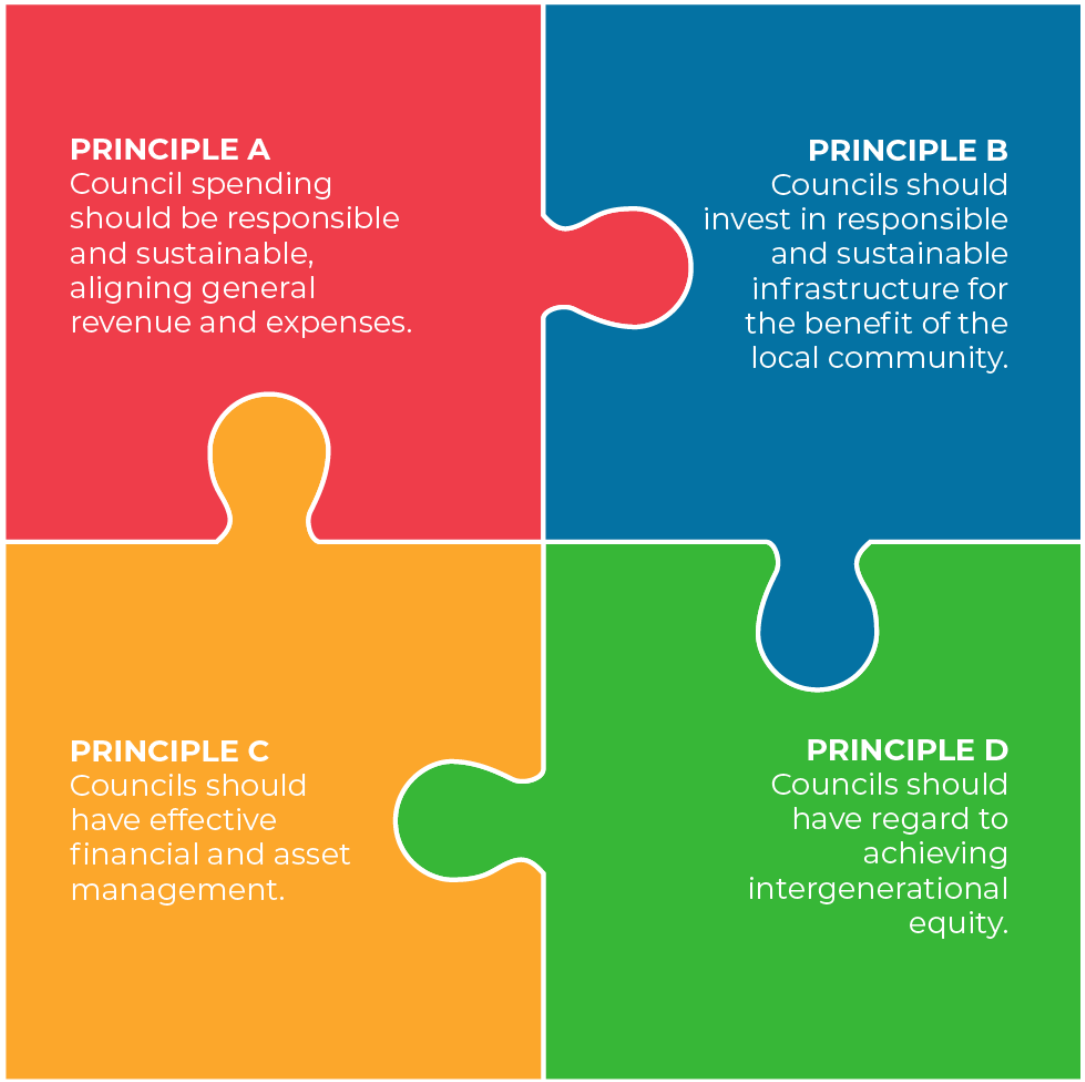
PRINCIPLE B **- Councils should invest in responsible and sustainable infrastructure for the benefit of the local community**

PRINCIPLE C **- Councils should have effective financial and asset management**

PRINCIPLE D **- Councils should have regard to achieving intergenerational equity**

Council has applied the following 11 Key Financial Objectives to the 2022-2023 Operational Plan and Long Term Financial Plan to ensure financial sustainability.

Council's Principles of Sound Financial Management



Council's Principles of Sound Financial Management

PRINCIPLE A
- Council spending should be responsible and sustainable, aligning general revenue and expenses

Key Objective 1	Financially sustainable over the short, medium and long term to meet community's specific needs.

Actions

- Maintaining a professional finance team.
- Ensuring an effective "Integrating Planning & Reporting" (IP&R) process throughout Council.
- Having Operating Performance Ratio as a key assessment criteria for Council's strategic decisions.
- Council integrates performance measures and cash reporting within the Quarterly Operational Plan Review, Delivery Program (updated annually for the Council term) and the LTFP (updated annually for a 10 Year outlook).

Outcomes

- Council will demonstrate to the community and other stakeholders that it is financially responsible and efficiently meets the needs of the community today and into the future.

Measure - Performance Measures and other Metrics

- Council achieves all performance measures and performance benchmarks set by the Office of Local Government (OLG).

Key Objective 2	Optimise returns from Council's commercial ventures thereby reducing burden for rate payers and minimising revenue volatility.

Actions

- Develop a Shell Cove Business Plan that creates a surplus from commercial enterprises to fund ongoing maintenance of the precinct and provides a dividend to Council.
- Links Shell Cove business to produce a net surplus (after depreciation) and thereby providing a dividend to Council.
- Complete the Links Shell Cove precinct sub-division and investigate further sub-division options.
- Expand commercial operations (including regular passenger transport services) at the airport precinct.
- Have a working group focusing on increasing returns from Council owned surplus land.
- Develop, implement, and continuously review, business plans for Council's enterprises.

Outcomes

- Increasing the performance of commercial assets/ventures that provide a net positive return to Council.
- Contributing positively to the Operating Performance and Own Source Revenue ratio performance measures.
- Assists in reducing the need for special rate variations.
- Improve commercial returns for the Nursery, Shellharbour Beachside Holiday Park and the Shellharbour City Stadium.

Measure - Performance Measures and other Metrics

- Achieve the Own Source Revenue ratio performance measure target of 60% each year with aspiration goal of increasing the percentage year-on-year.
- Assists Council in achieving the Operating Performance ratio.

Key Objective 3	Council will continually review its services to better define service requirements and refine delivery methods.

Actions

- Determine costs of providing services and compare to industry benchmarks.
- Undertake a review of existing service levels to ensure services are aligned with community expectation.
- Develop a rolling program of service level reviews to ensure ongoing services are delivered in accordance with best value principles.

Outcomes

- Increasing the awareness of whole of life costs in providing services to the community and further drive efficiencies.
- Minimise the burden to general rate payers of non-commercial ventures.

Measure - Performance Measures and other Metrics

- Assists Council in achieving the Operating Performance ratio.

Key Objective 4	Adequately resourced cross-functional sustainability teams will be formed to address specific risks to Council's financial sustainability.

Actions

- Cross functional sustainable teams will be formed to address specific risks to Council's financial sustainability.
- Teams will consist of subject matter experts who are resourced to identify and implement solutions.

Outcomes

- Significant risks to Council's financial sustainability is timely identified and mitigated.

Measure - Performance Measures and other Metrics

- Assists Council in achieving the Operating Performance ratio and other performance measures.

PRINCIPLE B
- Councils should invest in responsible and sustainable infrastructure for the benefit of the local community

Key Objective 5	Council will systematically assess asset conditions and determine funding to ensure desired condition levels are achieved at the best value for Council.

Actions

- The community will be engaged to determine service levels. Council's Strategic Asset Management Plan will reflect community expectations and prioritise assets spending.
- Continue with Council's asset conditional assessment program to reduce maintenance expenditure within the Delivery Program.
- Implementing processes to enable whole of life costing for assets.
- Ensure the appropriate classification of asset renewal expenditure and asset maintenance exist.
- Implement a program that ensures Infrastructure Renewal ratio greater than 100% annually.
- Further refine the program that identifies the frequency and method of conditional assessments for infrastructure assets to ensure the Infrastructure Backlog Ratio is less than 2%.
- Implement a program that ensures infrastructure assets maintenance is greater than 100%.
- Enhance the community asset strategy that ensures community assets are safe, well maintained and fit for purpose.
- Educate the community on the costs associated with maintaining assets according to the various condition categories and benchmark with peer councils.
- Undertake a strategic review of the current asset base to ensure assets are utilised and delivering value to the community. Where they are not meeting expectation divest/retire the asset.

Outcomes

- Council's asset base is fit for purpose and aligns with community service requirements.
- Achieve compliance with OLG Asset Performance Measures by prioritising expenditure and ensuring sufficient type of expenditure is performed on infrastructure assets.
- Strategic Asset Management Plan is integrated within the Operational Plan, Delivery Program and LTFP thereby guaranteeing funding.

Measure - Performance Measures and other Metrics

- Infrastructure Renewal ratio greater than 100%.
- Infrastructure Backlog ratio less than 2%.
- Asset Maintenance ratio is greater than 100% which indicates Council is investing enough funds to reduce the infrastructure backlog

Key Objective 6	Council's Delivery Program will be used to determine infrastructure service levels and funding to meet community expectations.

Actions

- The Sustainable Financial Strategy will provide the overall parameters for asset related Performance Measures and funding availability.
- Strategic Asset Management Plan is prepared at a project level within required Performance Measure parameters.
- Ensure the Strategic Asset Management Plan is integrated with the Delivery Program.

Outcomes

- Community infrastructure service levels and relevant Performance Measures will be met within the Delivery Program.
- As the Delivery Program contains project level detail, information will be available for strategic decision makers to make infrastructure changes and remain within Performance Measure parameters.

Measure - Performance Measures and other Metrics

- Assists Council in achieving the Infrastructure Renewal ratio, Infrastructure Backlog ratio and Asset Maintenance ratio.
- Assists Council in achieving the Unrestricted Current ratio.

PRINCIPLE C
Councils should have effective financial and asset management.

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- Councils should have effective financial and asset management

Key Objective 7	Financial Reporting of operational performance must be accurate and transparent to ensure Council is accountable for the efficient use of community resources.

Actions

- Council continues with the 'Budgeting for Outcomes' architecture that enables Council to monitor the costs of the Objectives contained within the Community Strategic Plan (CSP).
- Regular and rigorous reporting regime that identifies current and future variances, risks to the Operational Plan that enables timely corrective action.
- Continue to develop Council's finance partnering model so finance staff increase their understanding of Council's activities and increase the financial acumen of Council officers.

Outcomes

- The 'Budgeting for Outcomes' model enables Council to identify the true cost of achieving the community's Objectives within the CSP which drives efficiencies and improves strategic planning.
- Council's finance partnering model, will educate Council officers of the financial impact of their activities and how they will be held to account for their financial performance.
- Council officers will be held to account to ensure Council resources are efficiently utilised.

Measure - Performance Measures and other Metrics

- Council achieves all performance measures and performance benchmarks set by the Office of Local Government (OLG).

Key Objective 8	Effective Capital Expenditure Framework will ensure capital expenditure is sufficiently planned, scoped, approved and regularly monitored to maximise infrastructure delivered to the community.

Actions

- Procurement Policy and Procurement Procedures are implemented ensuring capital expenditure procurement roles and responsibilities are clear and individuals are held accountable.
- Rollout the recently developed capital reporting framework that ensures capital expenditure is appropriately approved with the Project Manager being held to account for phasing, forecasting and project risk mitigation.

Outcomes

- Council officers involved in capital expenditure are held to account resulting in predictable and efficient capital expenditure.

Measure - Performance Measures and other Metrics

- Infrastructure Renewal ratio greater than 100%.
- Infrastructure Backlog ratio less than 2%.
- Asset Maintenance ratio is greater than 100% which indicates Council is investing enough funds to reduce the infrastructure backlog.

Key Objective 9	Having a financially sustainable culture supported by effective Policies and Procedures ensures all Council officers are accountable to deliver services to the community efficiently.

Actions

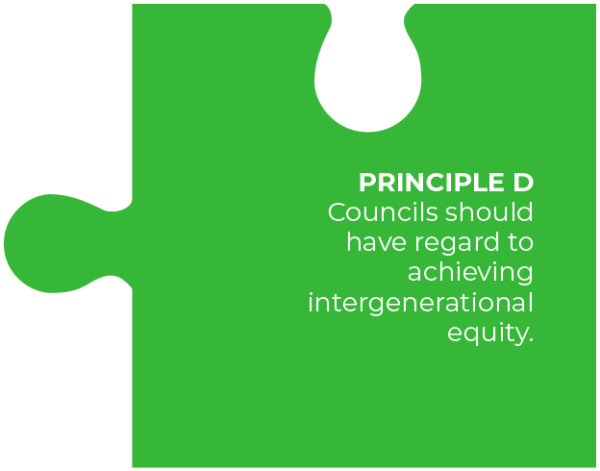
- The Quarterly Operational Plan Review process includes year-end forecasting and year-to-date variance commentary.
- Procurement Policy and Procurement Procedure are implemented so Council officers are aware of their delegated budget, remain within their delegated budget and are aware of the processes to adjust their delegated budgets.
- Provide regular finance training/education to Council's Senior Management Team.

Outcomes

- Financial literacy is achieved throughout Council thereby ensuring financial performance is maximised and is aligned with the Operational Plan and Delivery Program.

Measure - Performance Measures and other Metrics

- Assists Council in achieving all performance measures and performance benchmarks set by the Office of Local Government (OLG).
- Reduction in instances where budget allocations are exceeded.



PRINCIPLE D
- Councils should have regard to achieving intergenerational equity

Key Objective 10	Excess working capital should be minimised and potential to borrow competitively for infrastructure projects should always exist.

Actions

- Council's cash balance and investment portfolio will be managed daily and reported monthly to ensure the optimum funding exists to minimise cost of funds while maintaining liquidity.
- Ensuring Council remains financially sustainable and ensuring borrowings are commercially competitive and within sources defined by legislation.
- Investment Policy ensures Council's investment risk is appropriate.

Outcomes

- Maximise infrastructure expenditure that benefits current and future generations, maximises investment return and minimise operational volatility.

Measure - Performance Measures and other Metrics

- Unrestricted Current ratio remains within the range 1.5 to 3.5 times.
- Annualised Investment Return should be 1% above the AusBond bank Bill Index.
- Debt Service ratio remains within the range 0% to 20%.

Key Objective 11	Maintaining intergenerational equity is a key consideration for all strategic decisions.

Actions

- Utilising borrowings to assist in funding long term assets and ensuring borrowing periods do not exceed the useful life of the asset.
- Where appropriate, and not to the detriment of achieving Performance Measures and metrics, Council will pursue loans and other commercial options to further align costs with generations that are receiving benefits.
- Where it is economically sound to do so, Council will incur costs today that will ultimately provide significant benefits in the future.
- Monitor and strategically manage borrowings, including acquiring and retiring debt to maintain the Debt Service ratio.
- External borrowings will not be used for current operational expenditure.

Outcomes

- Further aligns infrastructure benefits with infrastructure costs.
- Strategic financial decisions may extend beyond Council's 10 year Long Term Financial Plan.
- Inter-generational impacts will be highlighted to ensure informed strategic decisions are made.

Measure - Performance Measures and other Metrics

- The Debt Service Cover ratio is always greater than 2%.

Planning Assumptions

The Long Term Financial Plan (LTFP) contains a number of assumptions, including some that are beyond the control of Council, such as interest rates and State Government waste levies. Variations in these assumptions during the life of the plan may have a significant impact on Council's future financial planning. The LTFP is updated annually in conjunction with the preparation of the Operational Plan and Budget, which responds to the Delivery Program and Shellharbour's 10 year Community Strategic Plan, to ensure the assumptions are continually updated with the latest information available.

Inflation

The LTFP has been prepared assuming a 2.5% inflation across the 10 year Long Term Financial Plan period. If more accurate forecasts are available for specific items, Council will adopt these rates and highlight the rates utilised where forecasts are significant.

Service Priorities

Council's objective is to ensure 'value for money' for ratepayers. Council also aims to deliver long-term financial sustainability, ensuring services remain relevant and align with the 'needs and wants' of the local community. Extensive consultation was conducted as part of the development of the Community Strategic Plan to determine the range and priority of services desired by the community.

Increase in dwellings

Shellharbour City Council's estimated population for 2022 is 79,573. The average household size (persons per dwelling) is 2.73, slightly above the state average of 2.61 . Council is forecasting a year-on-year average annual dwelling growth rate of 1.76% over the LTFP.

Business
0.5%
(based on historical data)

Residential
1.76%
(based on expected dwelling growth)

Farmland
0.0%
(based on historical data)

Anticipated annual growth by Rate Category

Revenue Forecasts

The sources of funds for Council are varied and the following shows the breakdown of revenues budgeted for Council for 2022/23. This is expected to remain an indicative breakup of sources of revenue for the term of the LTFP.

Rates & Annual Charges

Rating is a major component of Council's revenue base. The rate peg for 2022/23 is 2.1% which is based on advice from IPART NSW. The rate peg assumption for the rest of the LTFP period has been set at 2.5%, which again is consistent with IPART NSW recommendations.

User Charges and Fees

Many of the services provided by Council are offered on a 'cost recovery' basis to allow a 'user pays' principle to be applied. Other considerations when determining user charges and fees include: Regulated charges, Market price, Community Service requirements and Developer Contributions (discussed separately). The 2022/23 Operational Plan includes information on Council's pricing policies for its user charges and fees. In general, a CPI based increase has been applied to most user charges and fees pricing over the LTFP period.

Grants

$5.6M

Federal Assistance Grant

Council receives a Financial Assistance Grant from the Commonwealth Government and anticipates the continuation of this grant along with annual growth.

Other budgeted grants are generally for specific purposes and projects, with the grant monies assumed to be expended in the year it is provided. In preparing the LTFP, Council has assumed that it will continue to receive grants. A CPI based increase has been applied to these grant amounts over the LTFP period. Should these grants and subsidies be reduced, Council's ability to provide the same level of service will be impacted.

Development Contributions

Council collects contributions from new development towards funding the cost of additional infrastructure required as a result of the development. These contributions include cash, land and other assets and are collected through Council's Developer Contributions Plan, Works in Kind Agreements and/or Planning Agreements (also known as VPA's). Funds collected from developers are restricted and are allocated to projects in line with the relevant Developer Contributions Plan or Planning Agreement.

Interest and Investments

Based on advice from Council's investment advisor, existing term deposits held and taking into consideration the 10 year Australian Bond rate, interest returns have been included at 1.5% for 2022/23, 1.55% for 2023/24, 1.62% for 2024/25 and increasing on average 0.11% per annum each year after. The balance of funds available for investment has been calculated after taking into account cashflow forecasts.

1.5%

Expenditure Forecasts

The Community Strategic Plan and IRIS community surveys have given Council an indication of the communities' expectations for the future. In developing expenditure forecasts Council has considered, not only the new expenditure but also Council's existing commitments, much of which is regular and ongoing. Extensive consultation with staff occurred during the preparation of the LTFP. All categories of expenditure have been examined and projections included have been based on varying factors, including historical averaging or staff projections in many cases.

Employee Costs

Wages for 2022/23 are based on an award increase and salary system movements of 2.55%. A vacancy factor of 5% is built into the 2022/23 budget and this is included in all later year projections. Calculations for this large expenditure category is also informed by the Workforce Management Plan, as well as legislative requirements for superannuation increases and any changes to workers' compensation legislation.

Depreciation

Depreciation estimates have been based on Council's Strategic Asset Management Plan which takes into account, existing asset levels, expected asset growth and anticipated useful lives.

Borrowing Costs

Section 621 of the Local Government Act 1993 allows the Council to borrow at a level determined by the Council via approval of the Revenue Policy contained within the annual Operational Plan. Borrowing to build, renew and upgrade community assets is recognised across the industry as a prudent financial strategy when used to fund the cost of long life assets - refer to Principle D of the Sustainable Financial Strategy.

Loan borrowings have been factored in for the following capital projects. The use of loan borrowings is based on the intergenerational equity principle around the funding of long life assets. The interest rate for new loans have been based on best estimate at the time of developing the LTFP and with rates expected to increase over the plan period. The new loans are:

- Shell Cove Marina – Loans to fund the Shell Cove Marina capital program commenced drawdowns in 2020/21 along with further drawdowns in the 2021/22 year based on the capital program spend. This will continue in the 2022/23, 2023/24 and 2024/25 years with a further $25.3M to be drawn.
- Warilla Seawall - $5.2M to be drawn down in the 2022/23 and 2023/24 years.
- Tripoli Way (Albion Park Bypass) – $9.7M loan to be drawndown in 2024/25 to part fund the Tripoli Way Extension project.

Repayments currently included in the LTFP include:

Road Renewal

Borrowings from 2012/13 under the Local Infrastructure Renewal Scheme (LIRS) – Round 1 for $3.0M expenditure on the renewal of Council's road infrastructure. The term of this loan is 10 years.

Shellharbour Beachside Holiday Park Amenity Improvement

Borrowings from 2014/15 for $600K, with repayments to be funded from the Crown Reserve Restriction. The term of this loan is 10 years and was for the renewal of the existing amenities building and delivery of a camp kitchen.

A further loan of $400K was taken out to fund the installation of additional cabins. The term of this loan is also 10 years.

Stadium roof replacement

Borrowings were drawn down in 2014/15 for the Stadium Roof replacement for $987K. The term of this loan is 10 years.

Civic Centre

Loan borrowings commenced late in 2016/17 for the Civic Centre project with the total borrowing of $12.8M over a 20 year term.

Shell Cove Marina

Loan borrowings of $32.0M to fully fund the Shell Cove Marina capital program. The loan being drawndown based on projected cashflows with further drawdowns of $25.3M in 2022/23, 2023/24 and 2024/25. It has been assumed for the preparation of the modelling in this document that the loans will be repaid upon receipt of the dividend from the Shell Cove project. Should that change the modelling will be updated.

Warilla Seawall

Loan borrowings of $5.2M to part fund the renewal of the Warilla Seawall. The loan is expected to draw down $2.5M in the 2022/23 year and $2.7M in 2023/24. Repayments are to be made over a 20 year term.

Oak Flats Depot Upgrade

Loan borrowings of $1.1M to part fund the upgrade of Oak Flats Works Depot. The loan is expected to be fully drawn down in 2021/22. Repayments are to be made over a 20 year term.

Tripoli Way Extension

Loan borrowings of $9.7M to part fund the Tripoli Way Extension. The loan is expected to be fully drawn down in 2024/25. Repayments are to be made over a 20 year term.

Capital Expenditure

The majority of the capital expenditure program included in the LTFP is for the renewal of existing assets. These costs are informed by the information contained in Council's Strategic Asset Management Plan. There is however some new capital expenditure items which is not unusual in a growing local government area. Refer below for key items:

- Tripoli Way: $28.6M has been budgeted in total, including years 2022/23 ($3.8M), 2023/24 ($0.3M), 2024/25 ($0.1M), 2025/26 ($12.2M) and 2026/27 ($12.2M).
- Capital expenditure associated with the Shell Cove Marina will continue in 2022/23 ($2.6M), 2023/24 ($10.7M) and 2024/25 ($12.0M).
- The renewal of Warilla Seawall will continue into the Long Term Financial Plan period with expenditure spanning 2022/23 ($4.7M), 2023/24 ($4.8M) and 2024/25 ($0.4M).
- Shell Cove Visitors Centre and Library will commence in 2022/23 ($0.2M) and continue in 2023/24 ($6.0M) and 2024/25 ($9.4M).
- Shell Cove Sportsfields will commence in 2022/23 ($0.2M) and continue in 2023/24 ($6.0M) and 2024/25 ($3.1M).

Other Assumptions

Refer below for other assumptions that underpin Council's Long Term Financial Plan:

- Utility costs increase at 2.5% per year.
- Insurance costs are expected to increase approximately 13.5% in 2022/23 and a further increase of 9% in 2023/24. Year on year growth of 5% each year after 2023/24.
- Materials and contracts as well as other expenses growth over LTFP is 1.5%. This has been based on CPI of 2.5% less 1.0% for an efficiency target.

Financial Performance and Sustainability

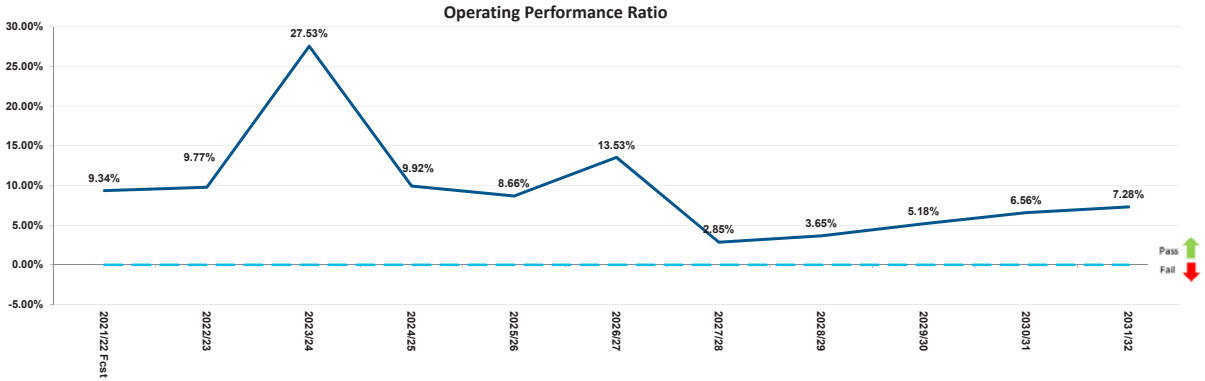
PRINCIPLE A - Council spending should be responsible and sustainable, aligning general revenue and expenses.

Operating Performance Ratio

How well is Council managing its finances in terms of containing operating expenditure within operating revenue?

Operating performance ratio is an important measure as it provides an indication of whether a Council is containing its operating expenditure within its operating revenue.

Ratio = Operating revenue (excluding capital grants and contributions) less operating expenses divided by operating revenue (excluding capital grants and contributions).



What do the results tell us?

Council exceeds the breakeven benchmark for all years. Council's share of the Shell Cove project has contributed to the outperformance until the project is scheduled to end in 2027.

Benchmark is greater than 0%

PRINCIPLE A - Council spending should be responsible and sustainable, aligning general revenue and expenses.

Own Source Revenue Ratio

How reliant is Council upon external funding sources such as Operating Grants and Contributions?

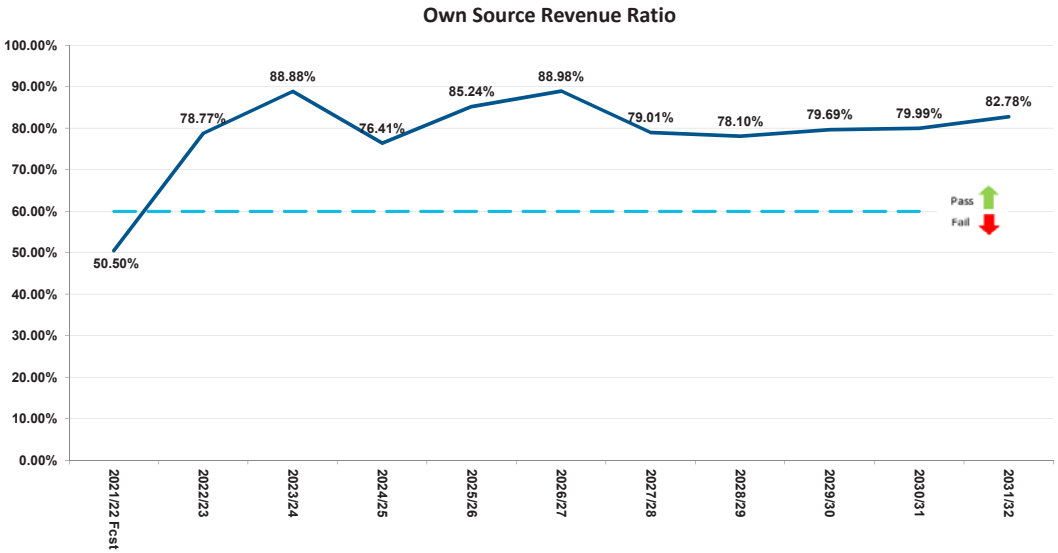
Own source revenue measures the degree of reliance on external funding sources (eg. Grants and Contributions). Financial flexibility increases as the level of own source revenue increases and gives Council greater ability to respond to external shocks or challenges.

Ratio = Total revenue (excluding grants and contributions) divided by total operating revenue (inclusive of capital grants and contributions).

What do the results tell us?

Council meets the benchmark for this indicator in all years except for 2021/22. The ratio is not expected to exceed the benchmark in 2021/22 due to the Shell Cove Marina assets being handed over to Council, which is reflected as a $90.0M capital contribution in that year. This is an extraordinary item and the exclusion of this asset transfer would result in Council meeting this ratio in 2021/22.

Benchmark is greater than 60%



PRINCIPLE D - Councils should have regard to achieving intergenerational equity

Debt Service Cover Ratio

What impact is loan repayments (principle & interest) having on the discretionary Revenue of Council?

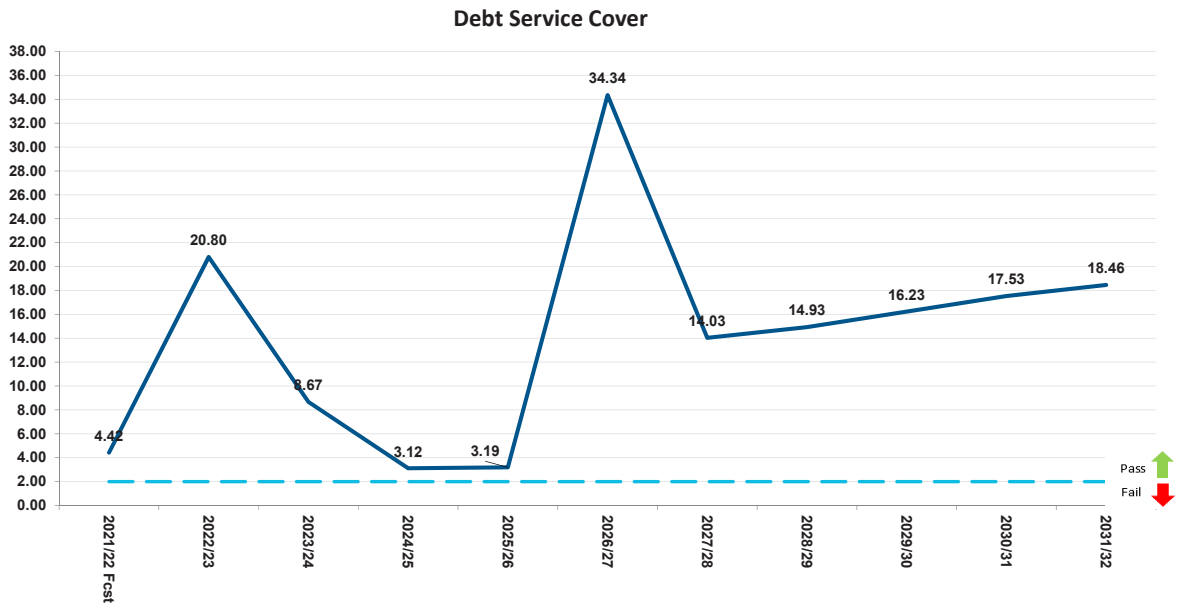
Prudent and active debt management is a key part of Council's approach to funding and managing infrastructure over the longer term.

Ratio = Operating result before capital (excluding interest and impairment, depreciation and amortisation) divided by principal repayments plus borrowing costs.

What do the results tell us?

Council has sufficent operating cash to meet borrowing repayments. The ratio declines from 2023/24 to 2025/26 where it has been assumed Shell Cove dividend payments will be utilised to repay the Shell Cove Marina borrowings.

Benchmark is greater than 2%.



PRINCIPLE A - **Council spending should be responsible and sustainable, aligning general revenue and expenses.**

Cash Expense Cover Ratio

Does Council have sufficient liquidity?

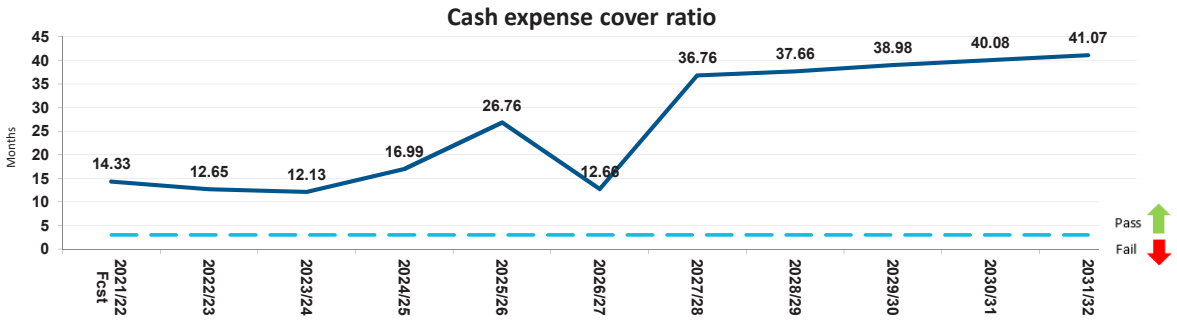
This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow.

Ratio = Current year cash and cash equivalents, and term deposits divided by payments from cash flow of operating and financing activities, divided by 12

What do the results tell us?

Council exceeds the benchmark for all years reflected in the graph below.

Benchmark is greater than 3 months.



PRINCIPLE A - Council spending should be responsible and sustainable, aligning general revenue and expenses.

Rates and Annual charges outstanding percentage

What impacts do uncollected rates and annual charges have on Council's liquidity?

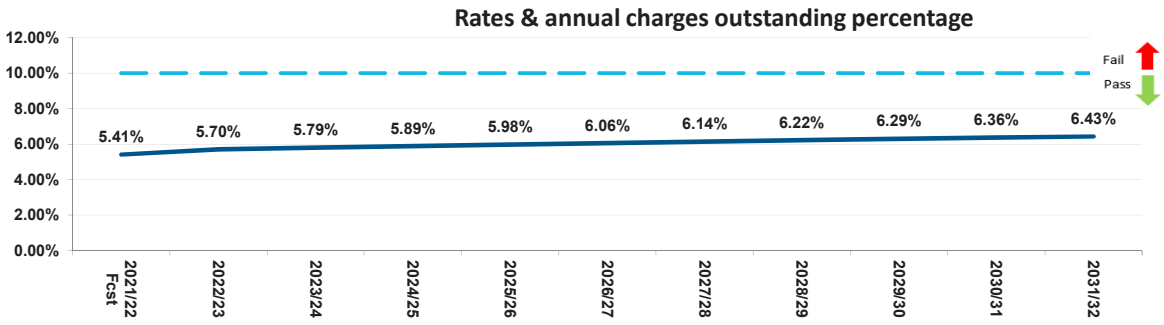
This ratio assesses the impact of uncollected rates and annual charges on liquidity and the efficiency of Councils' debt recovery.

Ratio = Rates and annual charges outstanding divided by rates and annual charges collectible.

What do the results tell us?

The target is currently being met and this result reflects that efficient credit management practices are being applied. It also indicates that a very high proportion of residents are managing to pay their rates on time and that residents have capacity to pay rates.

Benchmark is less than 10% for rural councils.



PRINCIPLE B - **Councils should invest in responsible and sustainable infrastructure for the benefit of the local community**

Infrastructure Renewals Ratio

Is Council renewing existing infrastructure?

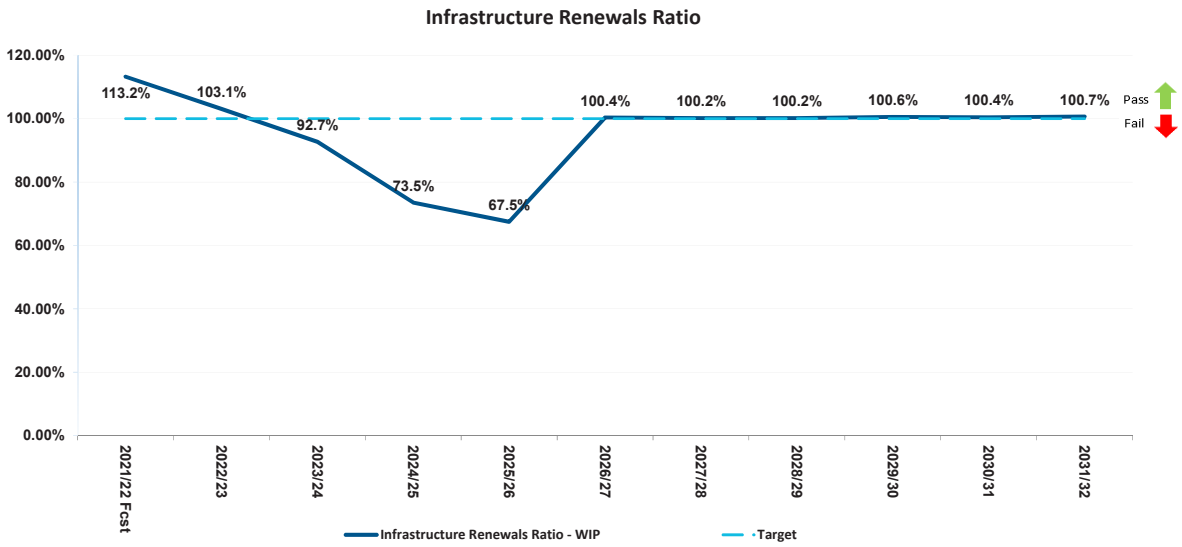
The infrastructure renewals ratio assesses the rate at which assets are being renewed against the rate at which they are depreciating.

Ratio = Asset renewals (building, infrastructure and other structures) is divided by Depreciation, Amortisation and Impairment (building, infrastructure and other structures).

What do the results tell us?

The chart shows the forecast ratio based on current funding sources. In order to meet the required benchmark Council will actively seek grant funding so it can increase the amount of renewals expenditure planned in 2023/24, 2024/25 and 2025/26.

Benchmark is greater than 100%.



PRINCIPLE B - **Councils should invest in responsible and sustainable infrastructure for the benefit of the local community**

Infrastructure Backlog Ratio

Is Council infrastructure at a satisfactory level?

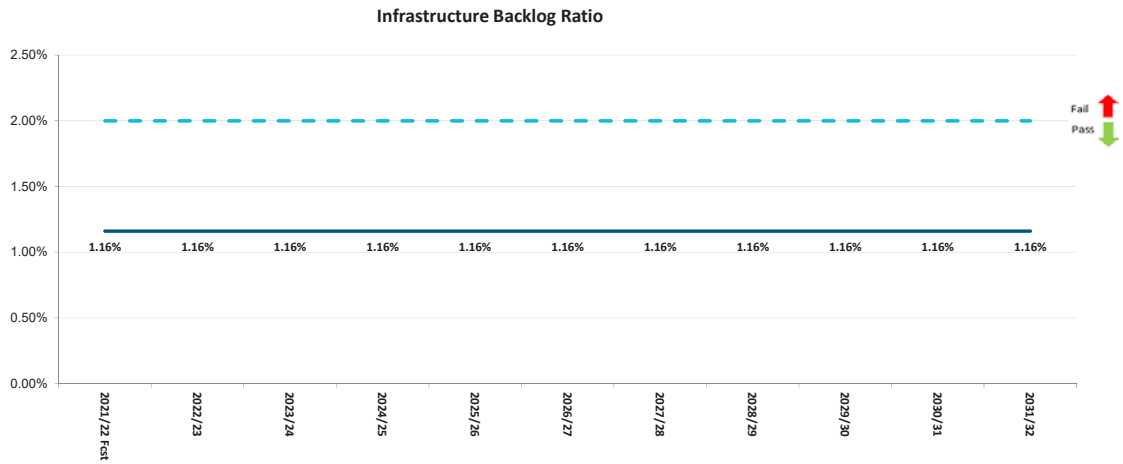
Satisfactory level is achieved when Council estimates the cost to bring Council's poor conditioned infrastructure assets to a satisfactory standard is below 2% of the total written down value.

Ratio = Estimates cost to bring assets to a satisfactory condition / Total WDV of infrastructure, buildings, other structures and depreciable land improvement assets.

What do the results tell us?

As a result of Council's asset renewal strategy funded from the Special Rate Variation combined with an effective maintenance program, the cost to bring poor conditioned assets to a satisfactory condition is below the 2% benchmark.

Benchmark is less than 2%.



PRINCIPLE B - **Councils should invest in responsible and sustainable infrastructure for the benefit of the local community**

Asset Maintenance Ratio

Is Council investing enough funds to reduce the infrastructure backlog?

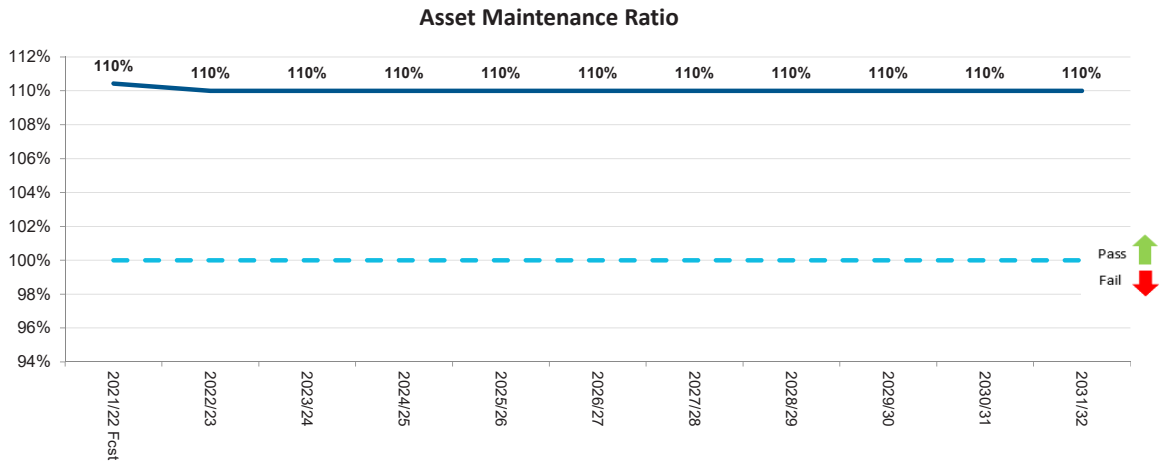
An effective maintenance program allocates sufficient asset maintenance funds that meet or exceed the estimated level of maintenance.

Ratio = Estimated level of asset maintenance / required level of asset maintenance.

What do the results tell us?

Council is maintaining assets above the required level of asset maintenance throughout the LTFP. This is achieved by implementing an effective assets renewal program and allocating sufficient funds for maintenance.

Benchmark is greater than 100%.



Income Statement

Account Description	Draft Budget 2022/23 $'000	Draft Budget 2023/24 $'000	Draft Budget 2024/25 $'000	Draft Budget 2025/26 $'000	Draft Budget 2026/27 $'000	Draft Budget 2027/28 $'000	Draft Budget 2028/29 $'000	Draft Budget 2029/30 $'000	Draft Budget 2030/31 $'000	Draft Budget 2031/32 $'000
Income from continuing operations										
Rates and annual charges	71,496	74,361	77,403	80,501	83,502	86,542	89,696	92,969	96,367	99,532
User charges and fees	19,247	19,728	20,221	20,727	21,245	21,776	22,320	22,878	23,450	24,036
Other revenue	103,288	194,894	107,882	93,329	152,955	4,282	4,396	4,512	4,632	4,753
Grants and contributions provided for operating purposes	8,632	8,667	8,800	9,060	9,346	9,681	10,025	10,170	10,738	11,109
Grants and contributions provided for capital purposes	44,601	27,954	55,809	25,360	23,200	21,988	24,600	22,422	22,393	17,454
Interest and investment income	2,157	2,218	2,369	2,723	3,495	5,079	5,521	5,964	6,407	7,281
Other income	1,331	1,364	1,398	1,433	1,469	1,506	1,543	1,582	1,621	1,662
Total income from continuing operations	**250,750**	**329,186**	**273,882**	**233,132**	**295,212**	**150,854**	**158,101**	**160,497**	**165,608**	**165,827**
Expenses from continuing operations										
Employee benefits and on-costs	44,269	45,233	46,531	47,677	48,791	49,922	51,137	52,408	53,738	55,292
Materials and services	34,408	35,106	36,479	36,848	37,936	38,731	40,065	40,386	41,230	42,700
Borrowing costs	1,025	969	1,172	1,217	980	1,313	1,273	1,230	1,185	1,140
Depreciation, amortisation and impairment for non-financial assets	21,938	23,225	24,246	25,309	25,921	26,507	27,303	27,916	28,540	29,177
Other expenses	84,362	113,780	88,016	78,739	121,592	8,725	8,856	8,988	9,123	9,260
Net losses from the disposal of assets	(700)	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	**185,302**	**218,312**	**196,444**	**189,788**	**235,220**	**125,197**	**128,633**	**130,929**	**133,816**	**137,569**
Operating result from continuing operations	**65,448**	**110,874**	**77,438**	**43,344**	**59,992**	**25,657**	**29,468**	**29,569**	**31,792**	**28,258**
Net operating result for the year before grants and contributions provided for capital purposes	**20,848**	**82,920**	**21,628**	**17,984**	**36,792**	**3,668**	**4,868**	**7,147**	**9,399**	**10,804**

Balance Sheet

Account Description	Draft Budget 2022/23 $'000	Draft Budget 2023/24 $'000	Draft Budget 2024/25 $'000	Draft Budget 2025/26 $'000	Draft Budget 2026/27 $'000	Draft Budget 2027/28 $'000	Draft Budget 2028/29 $'000	Draft Budget 2029/30 $'000	Draft Budget 2030/31 $'000	Draft Budget 2031/32 $'000
Current Assets										
Cash & Cash Equivalents	16,726	19,393	19,334	19,107	19,941	18,083	20,366	20,901	19,697	19,163
Current Investments	19,484	31,421	34,704	33,659	37,539	39,031	40,523	42,313	44,402	46,640
Current Receivables	13,894	11,806	11,147	9,615	9,290	9,607	9,935	10,275	10,627	10,959
Inventories	46,822	7,519	5,276	62,614	1,862	1,909	1,956	2,005	2,055	2,107
Contract assets and contract cost assets	-	-	-	-	-	-	-	-	-	-
Other Current Assets	1,062	1,088	1,116	1,144	1,172	1,201	1,231	1,262	1,294	1,326
Total Current Assets	**97,989**	**71,228**	**71,576**	**126,139**	**69,804**	**69,830**	**74,011**	**76,756**	**78,075**	**80,196**
Non Current Assets										
Non-current investments	111,102	183,484	206,519	204,881	231,320	244,146	256,972	271,499	287,728	304,808
Non-current Receivables	1,623	1,704	1,790	1,879	1,973	2,072	2,175	2,284	2,398	2,518
Infrastructure, Prop, Plant & Equip	1,193,705	1,234,655	1,296,347	1,325,584	1,351,308	1,368,478	1,384,978	1,401,224	1,419,374	1,432,494
Investments accounted for using the equity method	-	-	-	-	-	-	-	-	-	-
Investment Property	29,001	29,206	29,416	29,632	29,852	30,079	30,310	30,548	30,792	31,042
Intangible Assets	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035	3,035
Right of use Assets	1,801	1,846	1,892	1,939	1,988	2,038	2,089	2,141	2,194	2,249
Non-current assets classified as held for sale	-	-	-	-	-	-	-	-	-	-
Total Non Current Assets	**1,340,267**	**1,453,930**	**1,538,999**	**1,566,950**	**1,619,476**	**1,649,846**	**1,679,559**	**1,710,731**	**1,745,521**	**1,776,146**
Total Assets	**1,438,257**	**1,525,158**	**1,610,575**	**1,693,089**	**1,689,280**	**1,719,677**	**1,753,571**	**1,787,488**	**1,823,597**	**1,856,341**
Current Liabilities										
Current Payables	46,155	19,995	21,404	82,459	18,298	19,084	19,647	20,143	20,621	21,291
Contract liabilities	500	513	525	538	552	566	580	594	609	624
Lease liabilities	884	906	928	951	975	1,000	1,025	1,050	1,077	1,103
Current Borrowings	11,720	14,190	12,995	1,261	1,309	1,355	1,403	1,453	1,504	1,560
Current Provisions	14,996	15,750	16,306	16,811	17,290	17,764	18,184	18,632	19,106	19,598
Total Current Liabilities	**74,255**	**51,353**	**52,158**	**102,021**	**38,424**	**39,768**	**40,839**	**41,873**	**42,917**	**44,176**
Non Current Liabilities										
Lease liabilities	927	950	974	998	1,023	1,048	1,075	1,101	1,129	1,157
Non-current Borrowings	18,541	17,782	26,426	25,165	23,856	22,501	21,098	19,645	18,141	16,581
Non-current Provisions	19,419	19,795	20,178	20,569	20,968	21,374	21,789	22,212	22,644	23,084
Total Non Current Liabilities	**38,887**	**38,527**	**47,578**	**46,732**	**45,847**	**44,924**	**43,962**	**42,959**	**41,914**	**40,822**
Total Liabilities	**113,142**	**89,880**	**99,736**	**148,753**	**84,271**	**84,692**	**84,801**	**84,831**	**84,830**	**84,999**
Net Assets	**1,325,115**	**1,435,278**	**1,510,839**	**1,544,335**	**1,605,009**	**1,634,984**	**1,668,770**	**1,702,656**	**1,738,766**	**1,771,342**
Equity										
Retained Earnings	843,968	954,131	1,029,692	1,063,188	1,123,862	1,153,837	1,187,623	1,221,509	1,257,619	1,290,195
Revaluation Reserves	480,906	480,906	480,906	480,906	480,906	480,906	480,906	480,906	480,906	480,906
Non Controlling Equity Interest	241	241	241	241	241	241	241	241	241	241
Total Equity	**1,325,115**	**1,435,278**	**1,510,839**	**1,544,335**	**1,605,009**	**1,634,984**	**1,668,770**	**1,702,656**	**1,738,766**	**1,771,342**

Statement of Cash Flow

Account Description	Draft Budget 2022/23 $'000	Draft Budget 2023/24 $'000	Draft Budget 2024/25 $'000	Draft Budget 2025/26 $'000	Draft Budget 2026/27 $'000	Draft Budget 2027/28 $'000	Draft Budget 2028/29 $'000	Draft Budget 2029/30 $'000	Draft Budget 2030/31 $'000	Draft Budget 2031/32 $'000
Cash Flows from Operating Activities										
Receipts:										
Rates & Annual Charges	71,093	74,046	77,069	80,157	83,159	86,190	89,330	92,588	95,969	99,144
User Charges & Fees	19,159	19,666	20,156	20,661	21,181	21,712	22,255	22,811	23,381	23,972
Interest & Investment Revenues	2,157	2,218	2,369	2,723	3,495	5,079	5,521	5,964	6,407	7,281
Other Revenues	63,687	237,727	112,272	39,045	215,577	5,499	5,643	5,791	5,943	6,097
Operating Grants & Contributions	8,632	8,667	8,800	9,060	9,346	9,681	10,025	10,170	10,738	11,109
Capital Grants & Contributions	22,667	5,623	10,477	2,243	3,663	2,178	4,517	2,067	1,767	1,767
Payments:										
Employee Benefits & Oncosts	(44,092)	(45,021)	(46,539)	(47,758)	(48,922)	(50,082)	(51,376)	(52,646)	(53,977)	(55,542)
Materials & Services	(23,261)	(23,186)	(23,844)	(24,469)	(25,002)	(25,402)	(26,051)	(26,622)	(27,158)	(28,200)
Borrowing Costs	(739)	(603)	(796)	(826)	(582)	(906)	(858)	(807)	(754)	(700)
Other Expenses	(70,275)	(151,308)	(98,671)	(29,475)	(198,077)	(20,632)	(21,646)	(21,571)	(22,003)	(22,348)
Net cash provided (or used in) operating activities	**49,027**	**127,828**	**61,293**	**51,362**	**63,838**	**33,317**	**37,360**	**37,746**	**40,314**	**42,580**
Cash Flows from Investing Activities										
Receipts:										
Sale of Investments	68,000	83,000	87,000	77,000	78,000	80,000	78,000	81,000	83,000	85,000
Sale of Real Estate Assets	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	700	-	-	-	-	-	-	-	-	-
Payments:										
Purchase of infrastructure, property, plant and equipment	(42,839)	(46,872)	(46,800)	(45,594)	(35,743)	(23,867)	(23,722)	(23,808)	(26,064)	(26,610)
Purchase of Investments	(91,000)	(163,000)	(109,000)	(70,000)	(104,000)	(90,000)	(88,000)	(93,000)	(97,000)	(100,000)
Net cash provided (or used in) investing activities	**(65,139)**	**(126,872)**	**(68,800)**	**(38,594)**	**(61,743)**	**(33,867)**	**(33,722)**	**(35,808)**	**(40,064)**	**(41,610)**
Cash Flows from Financing Activities										
Receipts:										
Proceeds from Borrowings & Advances	5,191	13,432	21,639	-	-	-	-	-	-	-
Payments:										
Repayment of Borrowings and Advances	(1,398)	(11,720)	(14,190)	(12,995)	(1,261)	(1,309)	(1,355)	(1,403)	(1,453)	(1,504)
Net cash provided (or used in) financing activities	**3,794**	**1,711**	**7,449**	**(12,995)**	**(1,261)**	**(1,309)**	**(1,355)**	**(1,403)**	**(1,453)**	**(1,504)**
Net (increase) / decrease in cash	**(12,319)**	**2,667**	**(59)**	**(227)**	**834**	**(1,859)**	**2,283**	**535**	**(1,204)**	**(534)**
Cash & cash equivalents at beginning of reporting period	**29,045**	**16,726**	**19,393**	**19,334**	**19,107**	**19,941**	**18,083**	**20,366**	**20,901**	**19,697**
Cash & cash equivalents at end of reporting period	**16,726**	**19,393**	**19,334**	**19,107**	**19,941**	**18,083**	**20,366**	**20,901**	**19,697**	**19,163**

Sensitivity Analysis/ Scenario Modelling

Long term financial plans contain a wide range of assumptions, which if do not occur, may have varying levels of impact on future financial plans.

The following scenarios include modifications to some of the main assumptions made in Council's long term financial plan.

Scenario 1 – Planned - as per assumptions outlined in this document.

Scenario 2 – Increase – this includes an increase in movements in some of the main assumptions from the planned scenario as outlined below.

Inflation – Increase by 1% from the planned scenario of 2.5%. This will impact User Charges and Fees, Operating Grants and Contributions, Employee Benefits, Materials and Contracts, Other Expenses and Other Revenues. This is applicable from 2023/24 onwards.

Dwelling Growth – Increase by 0.5% from the planned scenario. This will impact Rates and Annual Charges. This is applicable from 2023/24 onwards.

Rate Peg – Increase by 0.5% from the planned scenario of 2.5%. This will impact Rates and Annual Charges. This is applicable from 2023/24 onwards.

Interest Returns – Increase by 0.5% from the planned scenario. This will impact Interest and Investment Revenues. This is applicable from 2023/24 onwards.

The net impact of the scenario is a surplus of $18.1M in 2031/32 compared to the planned surplus of $10.8M.

Scenario 3 – Decrease – this includes a decrease in movements in some of the main assumptions from the planned scenario as outlined below.

Inflation – Decrease of 1% from the planned scenario of 2.5%. This will impact User Charges and Fees, Operating Grants and Contributions, Employee Benefits, Materials and Contracts, Other Expenses and Other Revenues. This is applicable from 2023/24 onwards.

Dwelling Growth – Decrease by 0.5% from the planned scenario. This will impact Rates and Annual Charges. This is applicable from 2023/24 onwards.

Rate Peg – Decrease of 0.5% from the planned scenario of 2.5%. This will impact Rates and Annual Charges. This is applicable from 2023/24 onwards.

Interest Returns – Decrease by 0.5% from the planned scenario. This will impact Interest and Investment Revenues. This is applicable from 2023/24 onwards.

The net impact of the scenario is a surplus of $6.9M in 2031/32 compared to the planned surplus of $10.8M.

The detail impacts of the assumption changes in scenarios 2 and 3 have been modelled in the following 10 year income statements.

LTFP Income Statement - Scenario 2 Increase

Income Statement

Account Description	Draft Budget 2022/23 $'000	Draft Budget 2023/24 $'000	Draft Budget 2024/25 $'000	Draft Budget 2025/26 $'000	Draft Budget 2026/27 $'000	Draft Budget 2027/28 $'000	Draft Budget 2028/29 $'000	Draft Budget 2029/30 $'000	Draft Budget 2030/31 $'000	Draft Budget 2031/32 $'000
Income from continuing operations										
Rates and annual charges	71,496	75,006	78,754	82,678	86,750	91,014	95,500	100,219	105,186	110,324
User charges and fees	19,247	19,920	20,618	21,339	22,086	22,859	23,659	24,487	25,344	26,231
Other revenue	103,288	194,932	107,960	93,450	153,124	4,501	4,668	4,841	5,021	5,208
Grants and contributions provided for operating purposes	8,632	8,746	9,007	9,401	9,830	10,317	10,820	11,134	11,881	12,439
Grants and contributions provided for capital purposes	44,601	27,954	55,809	25,360	23,200	21,988	24,600	22,422	22,393	17,454
Interest and investment income	2,157	2,874	3,044	3,424	4,321	6,194	6,640	7,087	7,535	8,417
Other income	1,331	1,377	1,426	1,475	1,527	1,580	1,636	1,693	1,752	1,814
Total income from continuing operations	**250,750**	**330,810**	**276,617**	**237,128**	**300,838**	**158,453**	**167,522**	**171,884**	**179,113**	**181,886**
Expenses from continuing operations										
Employee benefits and on-costs	44,269	45,632	47,355	48,952	50,545	52,182	53,933	55,771	57,700	59,886
Materials and services	34,408	35,403	37,089	37,787	39,222	40,381	42,095	42,812	44,069	45,969
Borrowing costs	1,025	969	1,172	1,217	980	1,313	1,273	1,230	1,185	1,140
Depreciation, amortisation and impairment for non-financial assets	21,938	23,225	24,246	25,309	25,921	26,507	27,303	27,916	28,540	29,177
Other expenses	84,362	113,861	88,181	78,992	121,947	9,174	9,404	9,639	9,880	10,127
Net losses from the disposal of assets	(700)	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	**185,302**	**219,089**	**198,043**	**192,256**	**238,614**	**129,557**	**134,008**	**137,368**	**141,374**	**146,299**
Operating result from continuing operations	**65,448**	**111,721**	**78,574**	**44,872**	**62,224**	**28,895**	**33,514**	**34,516**	**37,739**	**35,587**
Net operating result for the year before grants and contributions provided for capital purposes	**20,848**	**83,767**	**22,765**	**19,512**	**39,024**	**6,907**	**8,914**	**12,094**	**15,346**	**18,133**

LTFP Income Statement - Scenario 3 Decrease

Account Description	Draft Budget 2022/23 $'000	Draft Budget 2023/24 $'000	Draft Budget 2024/25 $'000	Draft Budget 2025/26 $'000	Draft Budget 2026/27 $'000	Draft Budget 2027/28 $'000	Draft Budget 2028/29 $'000	Draft Budget 2029/30 $'000	Draft Budget 2030/31 $'000	Draft Budget 2031/32 $'000
Income from continuing operations										
Rates and annual charges	71,496	73,766	76,166	78,576	80,844	83,105	85,431	87,824	90,285	92,481
User charges and fees	19,247	19,535	19,828	20,126	20,428	20,734	21,045	21,361	21,681	22,006
Other revenue	103,288	194,857	107,805	93,211	152,795	4,078	4,145	4,213	4,283	4,352
Grants and contributions provided for operating purposes	8,632	8,587	8,595	8,724	8,874	9,068	9,265	9,258	9,668	9,874
Grants and contributions provided for capital purposes	44,601	27,954	55,809	25,360	23,200	21,988	24,600	22,422	22,393	17,454
Interest and investment income	2,157	1,562	1,694	2,024	2,671	3,969	4,408	4,848	5,288	6,160
Other income	1,331	1,351	1,371	1,392	1,412	1,434	1,455	1,477	1,499	1,522
Total income from continuing operations	**250,750**	**327,612**	**271,268**	**229,411**	**290,225**	**144,376**	**150,349**	**151,402**	**155,098**	**153,849**
Expenses from continuing operations										
Employee benefits and on-costs	44,269	44,834	45,716	46,426	47,087	47,748	48,473	49,236	50,037	51,042
Materials and services	34,408	34,809	35,875	35,926	36,688	37,144	38,131	38,097	38,577	39,675
Borrowing costs	1,025	969	1,172	1,217	980	1,313	1,273	1,230	1,185	1,140
Depreciation, amortisation and impairment for non-financial assets	21,938	23,225	24,246	25,309	25,921	26,507	27,303	27,916	28,540	29,177
Other expenses	84,362	113,699	87,852	78,491	121,247	8,292	8,334	8,375	8,417	8,459
Net losses from the disposal of assets	(700)	-	-	-	-	-	-	-	-	-
Total expenses from continuing operations	**185,302**	**217,535**	**194,861**	**187,368**	**231,923**	**121,004**	**123,514**	**124,854**	**126,757**	**129,494**
Operating result from continuing operations	**65,448**	**110,077**	**76,407**	**42,044**	**58,302**	**23,372**	**26,835**	**26,548**	**28,341**	**24,355**
Net operating result for the year before grants and contributions provided for capital purposes	**20,848**	**82,122**	**20,598**	**16,684**	**35,101**	**1,384**	**2,235**	**4,126**	**5,948**	**6,902**

Monitoring and Reporting

Council is required to monitor and report on the implementation of this Long Term Financial Plan (LTFP). We will undertake this to ensure that the financial objectives are being achieved. Council will use the existing IP&R framework for the purposes of monitoring implementation of the LTFP.

Council will review the LTFP in line with the review of Council's Community Strategic Plan. In addition, if necessary, more regular updates can be made to the LTFP to reflect major changes that will affect our plan.

Regular reviews will ensure that the LTFP continues to reflect the community's vision for the future of Shellharbour City and that the LTFP is aligned to the latest trends and information available.

We will monitor and report on the progress of the LTFP through the IP&R Framework through:

- The Quarterly Reports of the Delivery Program/Operational Plan, at the end of each quarter report on Council's progress on delivering the financial objectives of the LTFP.

- An Annual Report, at the end of each financial year to report on Council's progress on delivering on the financial objectives of the LTFP.

DRAFT

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1. Executive Summary

Shellharbour City Council manages 63,596 assets with a Current Asset Cost of $1.3B. With approximately 31,061 dwellings in the Shellharbour Local Government Area, this equates to an asset value of $43.6k per dwelling. This Strategic Asset Management Plan analyses the current state of these assets and recommends resource allocations for the next 10 years.

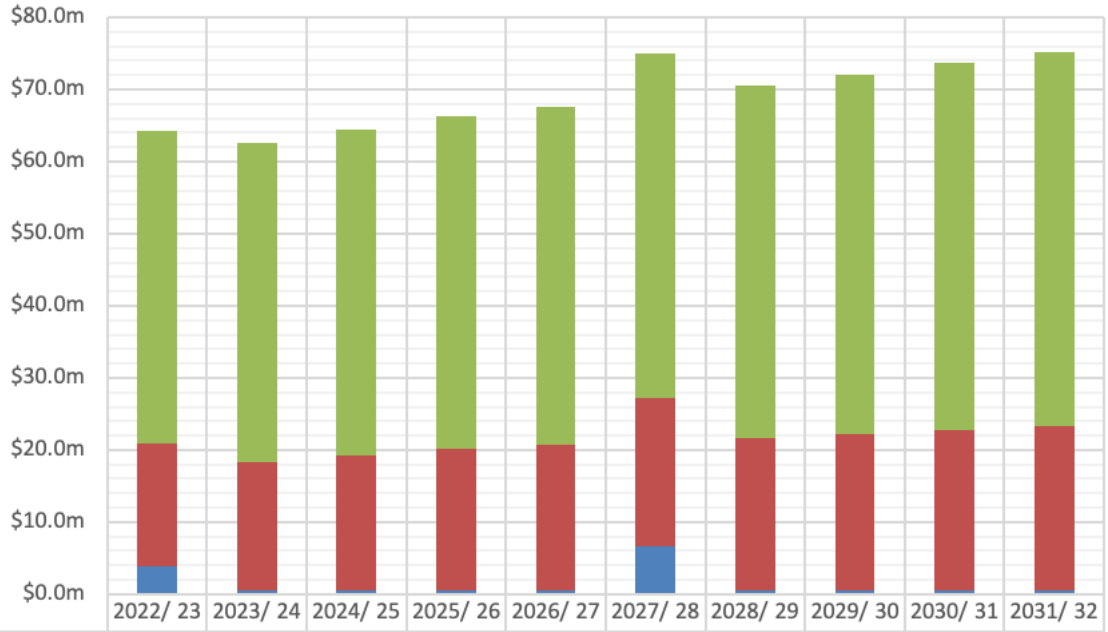
The average confidence level of the data regarding these assets is currently medium. There have been significant improvements in this data over recent years due to extensive asset inspections, which are scheduled to continue on a rolling program.

Detailed risk assessments are to be contained within the asset class-specific Portfolio Asset Management Plans. Risks associated with operating Council assets are largely acceptable, but require further consideration when risk appetite statements are finalised. The most common risk treatments required to reduce present risks are the finalisation of comprehensive inspection and maintenance schedules within Council's Asset Management Information System.

Current Levels of Service are generally appropriate when considering previous community engagement. Council's assets are in good condition on average, with an overall rating of 1.6 out of 5. Business unit assets are in the best condition with an average rating of 1.0 and Stormwater assets are in the poorest condition with an average rating of 2.0.

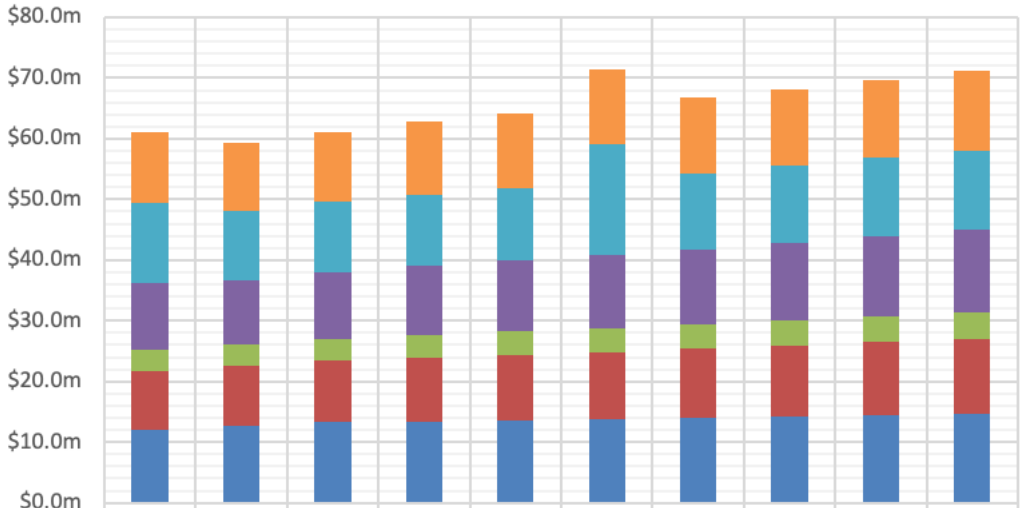
Asset base growth has been forecast using committed and expected upgrade expenditure, as well as dwelling growth forecasts, indexation and forecast efficiencies due to advances in systems, processes, tools, machinery and materials. This growth will result in an additional asset value of $528.7M over the next 10 years. It should be noted that this forecast excludes grant funding for asset upgrades. This, along with other possible major upgrade projects are contained in Appendix A for consideration and potential addition.

Growth rates for each asset class have been calculated and used to inform recommended budgets associated with the corresponding asset lifecycle costs. This enables similar Levels of Service to be sustained throughout the asset base growth over the next 10 years. These forecasts results in allocations of $14.8M for asset upgrades, $201.9M for asset renewals and $475.1M for maintenance and operations, totalling $691.8M over the next 10 years. Figure 1-1 shows these allocations while Figure 1-2 illustrates this scenario across the asset classes.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$43.4m	$44.3m	$45.2m	$46.1m	$47.0m	$47.8m	$48.8m	$49.8m	$50.8m	$51.9m
Renewal	$17.1m	$17.8m	$18.7m	$19.6m	$20.2m	$20.7m	$21.2m	$21.7m	$22.2m	$22.8m
Upgrade	$3.9m	$0.5m	$0.5m	$0.5m	$0.5m	$6.6m	$0.5m	$0.5m	$0.5m	$0.5m

***Figure 1-1**: Recommended Overall Expenditure*



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$11.5m	$11.1m	$11.4m	$12.0m	$12.2m	$12.4m	$12.5m	$12.7m	$12.9m	$13.1m
Waste	$13.3m	$11.4m	$11.6m	$11.8m	$12.0m	$18.2m	$12.4m	$12.7m	$12.9m	$13.1m
Transport	$11.0m	$10.5m	$10.9m	$11.4m	$11.7m	$12.1m	$12.4m	$12.8m	$13.2m	$13.6m
Stormwater	$3.4m	$3.5m	$3.6m	$3.7m	$3.8m	$4.0m	$4.1m	$4.2m	$4.3m	$4.4m
Open Spaces	$9.7m	$9.9m	$10.2m	$10.4m	$10.7m	$11.0m	$11.3m	$11.6m	$12.0m	$12.3m
Buildings and Pools	$12.1m	$12.7m	$13.3m	$13.4m	$13.6m	$13.8m	$14.1m	$14.3m	$14.5m	$14.7m

***Figure 1-2**: Recommended Overall Expenditure by Asset Class*

2. Introduction

The Strategic Asset Management Plan (SAMP) is a consolidation of the previous Strategy Asset Management Strategy and Asset Management Plan and is supported by the Asset Management Policy.

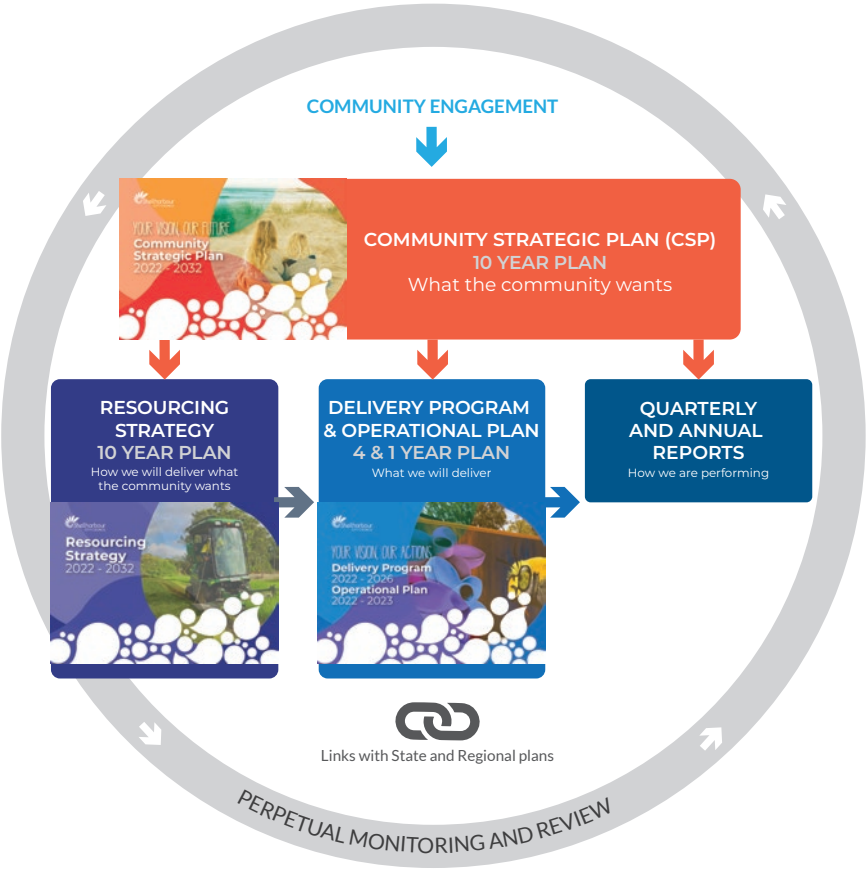


***Figure 2-1**: Integrated Planning and Reporting (IP&R) Framework*

The key objective of asset management planning is to provide the required level of service for the community in accordance with the Community Strategic Plan and in the most cost-effective manner. The SAMP provides information about our assets, responsible asset management, compliance with regulatory requirements and summarises information with regard to funding aimed at bringing assets to a desirable level of service.

Accurate data and a robust planning process is required to ensure that assets are managed and accounted for in an efficient and sustainable way on behalf of local communities and with a service delivery focus. Levels of service are key business drivers for asset planning, along with technical requirements that ensure asset sustainability.

Council is the custodian of infrastructure assets valued at over $1.35B. These assets have been acquired by purchase, contract, construction by staff or assets constructed and donated by developers. Assets may include roads, water and sewerage systems, drains, bridges, footpaths, buildings, recreational facilities, parks and gardens.

It assumes the current number of dwellings in the Shellharbour Local Government Area is 31,061 (.id, 2022). A forecast indexation rate of 2% per annum from FY23 & FY24, then 2.3% for FY25 and then 2.5% for the remainder of the plan is utilised, which is in accordance with the Long Term Financial Plan (Shellharbour City Council, 2022).

2.1 Asset Management Framework

The Asset Management Framework is illustrated in Figure 2-2. Council's Asset Management Policy, along with this Strategic Asset Management Plan (SAMP), sets the framework for undertaking Asset Management, and includes all Council assets that are in use, except Fleet, Intangible Assets and Land Stock.

Council is committed to implementing a systematic asset methodology in order to apply appropriate Asset Management practices across all areas of Council. Asset Management practices impact directly on the core business of Council and appropriate asset management is required to achieve the strategic Objectives as outlined in the Community Strategic Plan (CSP) and Long Term Financial Plan (LTFP).

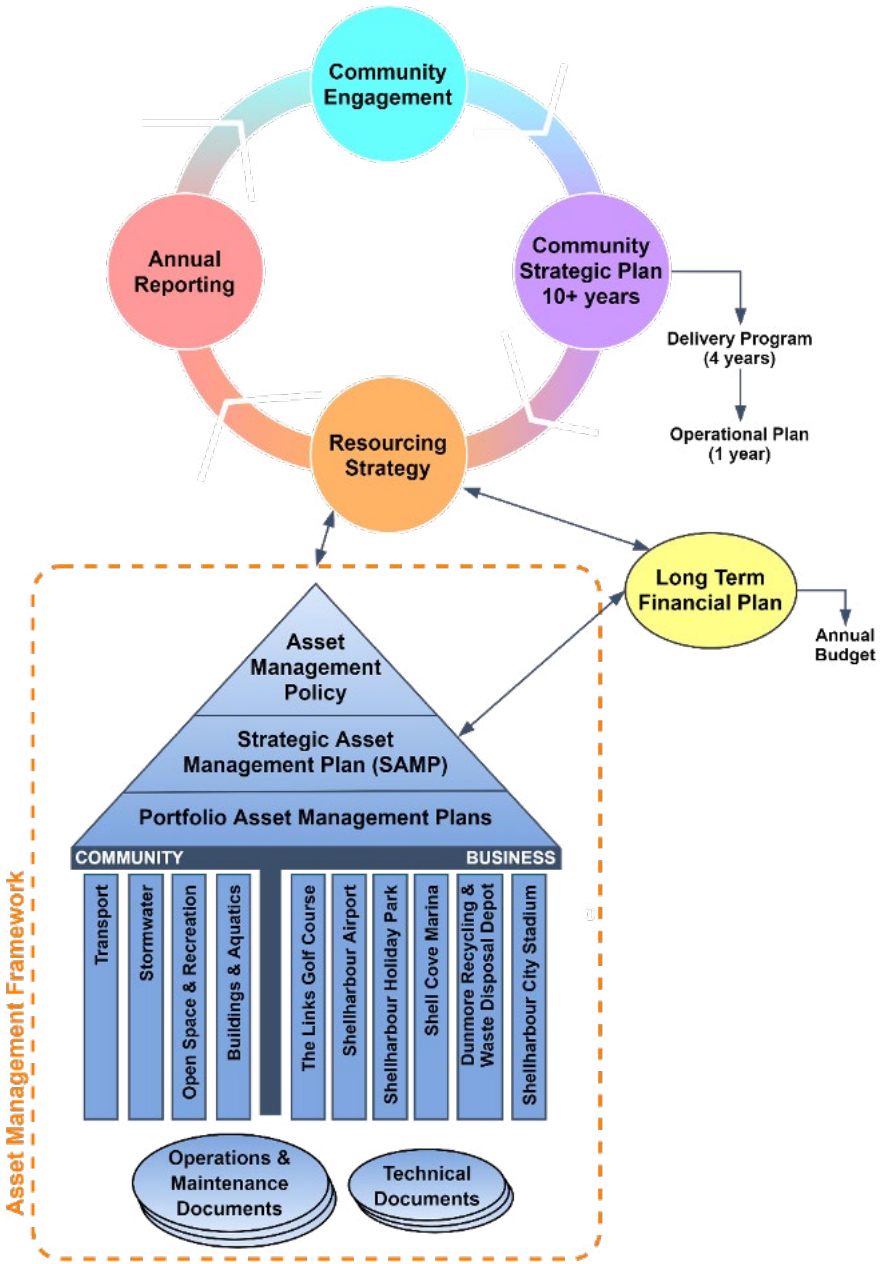


***Figure 2-2**: Asset Management Framework*

2.2 Community Engagement

The Community Satisfaction Survey (Shellharbour City Council, 2021) has been considered in the preparation of this AMP. Community satisfaction results are analysed in accordance to the community's assessment of the relative importance and their own satisfaction with a range of functions provided by Council. A selection of asset-related results are listed in Table 2-1.

Table 2-1: Community Satisfaction Survey (2021) - Quadrant Analysis

	Lower Satisfaction	High Satisfaction
Higher Importance	**KEY VULNERABILITIES** • Toilet Facilities • Street Cleaning • Other community buildings	**STRATEGIC ADVANTAGES** • Parks/Reserves/Open Spaces • Libraries • Garbage Collection
Lower Importance	**POTENTIAL VULNERABILITIES** • Condition of local roads • Shared Path Network • Stormwater/flooding • Community centres/halls	**DIFFERENTIATORS** • Playgrounds • Swimming Pools • Waste Depot Facilities • Sporting Facilities

Key Vulnerabilities are services which have an important impact on creating overall satisfaction but are performing below average. These services should be regarded as Council's foremost priorities.

Analysis of the factors that contribute to the key vulnerabilities include;

- **Street Cleaning** - scored particularly low for age group 65+, whilst scoring substantially higher for younger age demographics. This result as significantly decreased since 2019, however it appears to be consistent with results over multiple surveys since 2010. The immediate causes and factors contributing to this poor result aren't clear.
- **Toilet Facilities** - satisfaction with this service was highest in the youngest (<35) and oldest (65+) demographic, suggesting this could be a concern and pressing need of demographic more likely to be parents of children. It should be noted that Shellharbour did out-perform compared Councils on this measure. Over the period this service has been measured (2017), Council has progressively been improving satisfaction in this area from 2.8 (/5) in 2017 to 3.2 (/5) in 2021.
- **Other community buildings** - this comprised facilities other than Community Centre & Halls, Museums, Libraries and Sporting field & amenities. There are no clear demographic trends apparent. Further detailed consideration and actions relating to this measure will be addressed in the Community Facilities Needs Study and Strategy and will be incorporated in the Buildings Asset Management Plan.

Further community engagement would be required in future revisions, and become particularly relevant in the Portfolio Asset Management Plans to assist in defining the community's expectations of the agreed Levels of Service.

2.3 Strategic Context

This document is formed as a part of the Resourcing Strategy, within the context of the Integrated Planning and Reporting (IP&R) framework. The foundational strategy is the Shellharbour Community Strategic Plan (CSP) 2022-3032, which states the Community's goals and ambitions for the local area, with a vision statement of;

> "Naturally balanced, vibrant and connected community"

The CSP then seeks to enable the delivery of this vision by defining a range of key objectives and supporting strategies. In addition to the objectives listed in Council's Asset Management Policy and the Local Strategic Planning Statement (LSPS), this strategy seeks to respond to the strategic context summarised in Table 2-2.

As discussed in the Long Term Financial Plan (LTFP), the underlying drivers for future years Asset Management Strategies, which inform the Asset Management Plans, have been derived from Council's key objective of financial sustainability in both the medium and longer term. The drivers identified for the 2022-2032 LTFP are centred around the Key Performance Measure indicators established by the NSW Office of Local Government. The key strategies identified in the LTFP provide the clear objectives for the Asset Management Policy, filtering through to all Asset Management planning documents. These strategies coincide with the Key Performance Measure targets and those strategies developed to achieve the performance benchmarks.

Table 2-2: Asset Management Strategic Context

Objective	Strategy	Related Plans & Strategies
1.2 We are a liveable community	**1.2.1** Inclusive, accessible and safe spaces for our entire community **1.2.2** Promote healthy living and high-quality public spaces that are well maintained and activated **1.2.3** Construct and upgrade new buildings and infrastructure that meet current and future community needs	• Open Space & Recreation Needs Study and Strategy • Community Facilities Need Study and Strategy • Building & Aquatics AMP • Open Space AMP • Various Town Centre Plans • Libraries & Museum Strategy
2.1 We are sustainable	**2.1.1** Our bushland, coast and waterways are protected to ensure safe and sustainable use for present and future generations **2.1.4** Our waste is managed as a valuable resource and the environmental impacts are minimised **2.1.5** Address, adapt, and build resilience to climate change	• Stormwater AMP • Illawarra-Shoalhaven Water Sensitive Framework • Floodplain Management Program • Lake Illawarra Coastal Management Program • Coastal Zone Management Plan • Waste AMP
2.2 We are a beautiful and connected City	**2.2.2** Provide and promote a sustainable and integrated active travel and transport network	• Transport AMP • Active Transport Strategies - Footpath & Shared-use path masterplans
3.1 We support a strong local economy	**3.1.1** Our businesses are well-connected and thrive in an environment that supports innovation and economic growth (Airport, Links, Nursery, Stadium) **3.1.4** Activate Shell Cove to provide development, tourism and community opportunities	• Various AMPs and Business Strategy documents for each Business Unit.
4.2 We have strong leadership	**4.2.2** The Council lives responsibly within its means and strengthens its financial sustainability **4.2.4** Undertake visionary, integrated, long term planning and decision making, reflective of community needs and aspiration	• Long Term Financial Plan • Asset Management Policy

2.4 Asset Management Foundational Strategies

The following section contains strategies that are common to all asset classes and outline the basis for how Council performs its Asset Management activities. These strategies expand upon the objectives contained within the Asset Management Policy and apply to all assets for which Council is responsible.

Table 2-3: Overall Asset Management Strategies

Strategy	Asset Management Policy Objective
A. Council will consider using various funding sources, including grant funding and loan funds that address the principles of intergenerational equity to: a. Strategically provide assets required by the community b. improve the condition of its asset by renewal and maintenance c. extend assets useful life	7.1d) 7.1 i)
B. Maintain a program of regular inspection of assets under its control to evaluate the condition of Council's assets so that the useful life of these assets can be more accurately estimated. This may take the form of geotechnical assessments of Council's road pavements or remote video footage of Council's drainage pipelines	7.1 e) 7.1 j)
C. Systematic and cyclic reviews will be applied to all asset classes to ensure that the assets are managed, valued at current 'Fair Value' and depreciated in accordance with appropriate best practice Australian Standards. Useful lives will be given to each of these asset with the written down value determined in accordance with the current applicable accounting regulations.	7.1 a) 7.1 g) 7.1 k) 7.1 l)
D. Council will maintain a detailed Asset Management System of all owned assets to enable it to become a 'corporate' tool supporting the Council's AMPs.	7.1 m)
E. Council will ensure financial sustainability ratios and key performance indicators will be continuously met, including; a. Renewal Ratio (>100%)	7.1 g) 7.1 l)
F. Council will develop Asset Management Plans for each asset class, establishing; a. Levels of service b. Future Demand c. Life Cycle Principles and Management Plans d. Financial Projections e. Risk Management f. Performance Monitoring and Improvement Asset Management Plans will be subject to periodic review, usually every three years and updated annually.	7.1 b) 7.1 c) 7.1 d) 7.1g) 7.1 m) 7.1 j)

G.	Council receives land dedications and assets through works-in-kind, Council's Developer Contributions Plan (s7.11) and Voluntary Planning Agreements. Acceptance of such assets will consider the standards and objectives of Council as relates to community need, whole of lifecycle costing considerations.	7.1 c) 7.1 h) 7.1 i)
H.	Enable the organisation to evolve from reactive to scheduled/programmed maintenance	7.1 j)

Portfolio Asset Management Plans will contain various asset-specific strategies as relevant to the asset class.

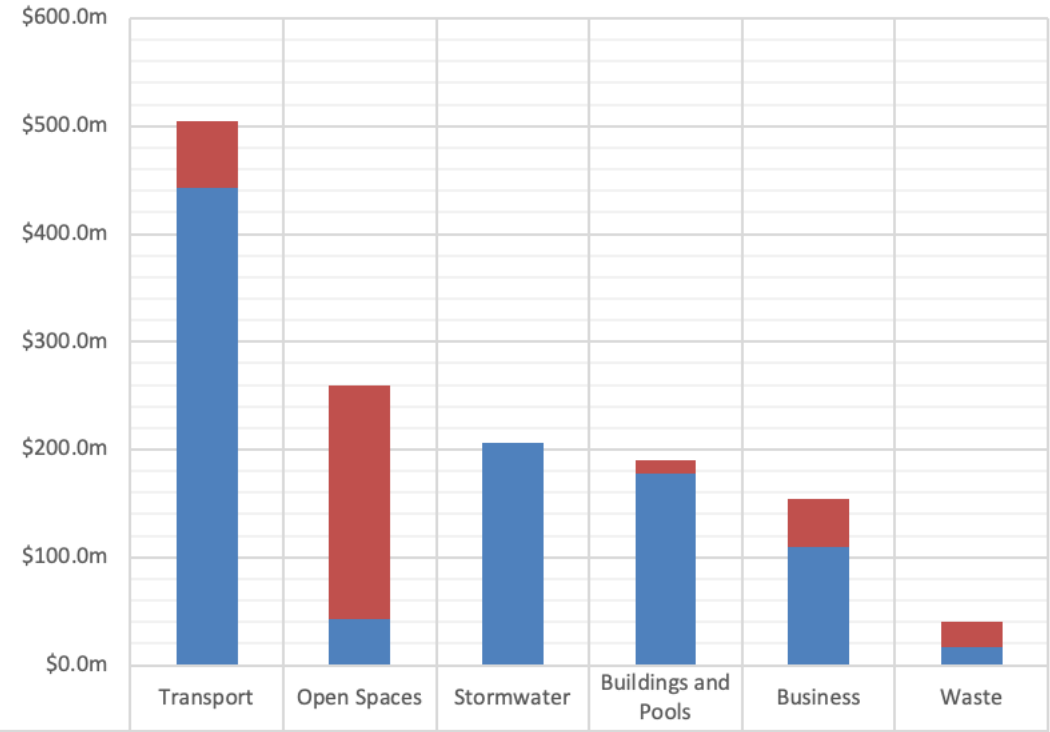
3. Asset Data

Council utilises TechnologyOne Enterprise Asset Management (EAM) as the core component of its Asset Management Information System (AMIS). Assets are recognised within an Asset Register, which contains a range of asset-specific attributes held for each asset. Each operating asset entry is then linked to a financial asset entry, which holds key financial information about the asset cost, written down replacement value and useful life for the purposes of accounting for every asset's depreciation.

3.1 Asset Inventory

Council manages 63,596 assets with a Current Asset Cost of $1354.75M. Detailed revaluations of asset classes are undertaken in accordance with Fair Value accounting standards (Australian Accounting Standards Board, 2015) on a rolling program, consistent with Table 5-4.

The current values of each asset class are shown in Figure 3-1. Infrastructure assets are assets that are included in Special Schedule 7 (SS7) reporting, such as Buildings, Roads and Stormwater Drainage. Non-Infrastructure assets are all other assets included in Note C1-8 reporting, such as Plant and Equipment, Furniture and Fittings, and Land (Office of Local Government, 2019). These two categories together comprise all depreciable assets for the purposes of this AMP.



	Transport	Open Spaces	Stormwater	Buildings and Pools	Business	Waste
Non-Infrastructure	$62.3m	$215.8m		$11.9m	$43.6m	$23.2m
Infrastructure	$442.8m	$43.2m	$206.3m	$178.2m	$110.0m	$17.3m

Figure 3-1: Asset Inventory by Current Asset Cost

Asset Management Plans are to be prepared at an asset class level and incorporated the following assets as shown in Table 3-1 below.

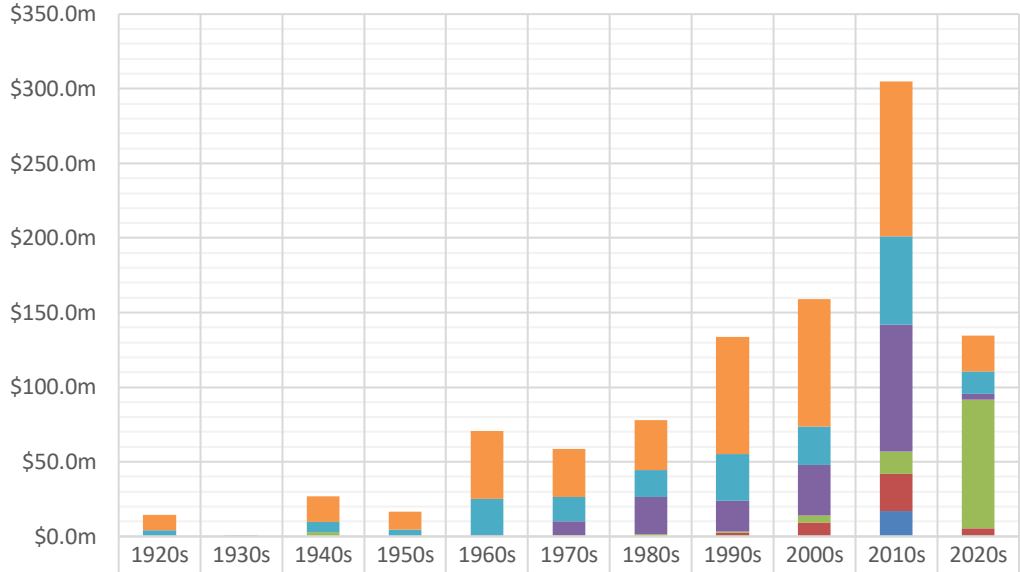
Table 3-1: Asset Class Structure

Asset Class	Council Assets (owns, manages, custodian)	Services Provided
Buildings & Aquatics	• Amenities / Toilets • Community Centres • Libraries and Museum • Council Buildings • Sport and Recreational Buildings • Swimming Pools	• Direct service provision for the general community, and including specific services to target groups such as older people, people with a disability, children, young people, people from disadvantaged socio-economic background • Provision of sporting amenities and canteen facilities to local clubs and sporting associations
Transport	• Guardrails / Barriers • Street Furniture • Bridges • Carparks • Footpaths & Cycleway • Roads	• Provide a transport network of roads and pathways for community access
Stormwater	• Culverts • Headwalls • Drainage Pits and Pipes • Kerb & Gutter • Open Drains • Gross Pollution Traps	• Control localised flooding • Improve road safety • Protect local environment from stormwater run off • Protect the environment from pollution
Open Space & Recreation	• Other Council Structures • Parks & Reserves • Sport & Recreation	• Provide sport and recreation choices • Provide passive recreational opportunities
Waste	• Land-fill • Waste Transfer Station & Community Recycling Centre • FOGO processing plant	• Processing, recycling and disposal of community and commercial waste materials
Business	• Shellharbour Airport • Shellharbour Marina • The Links Golf Course • Shellharbour Holiday Park • Shellharbour Stadium • Oak Flats Garden Nursery	• Various commercial operations according to the nature of the business

3.2 Age Profile

Construction years have not been recorded for many older assets. As a result, when comprehensive inspections and revaluations are undertaken, construction years are estimated using the asset condition and expected useful life, assuming straight-line deterioration.

As a result, the Written Down Value of the asset can be used, together with the Useful Life, to calculate an estimated construction year. The estimated decades of construction of infrastructure assets are shown in Figure 3-2.



	1920s	1930s	1940s	1950s	1960s	1970s	1980s	1990s	2000s	2010s	2020s
Transport	$10.3m	$0.4m	$17.3m	$11.8m	$45.3m	$32.3m	$33.2m	$78.6m	$85.7m	$103.9	$23.9m
Stormwater	$4.1m	$0.3m	$6.8m	$4.8m	$24.7m	$16.4m	$18.2m	$31.2m	$25.7m	$59.2m	$15.0m
Buildings and Pools					$0.6m	$9.4m	$25.0m	$20.7m	$33.6m	$85.1m	$3.9m
Business			$2.8m				$0.8m	$0.6m	$4.7m	$14.8m	$86.2m
Open Spaces						$0.6m	$0.5m	$2.3m	$9.3m	$25.0m	$5.5m
Waste							$0.1m	$0.2m	$0.2m	$16.9m	

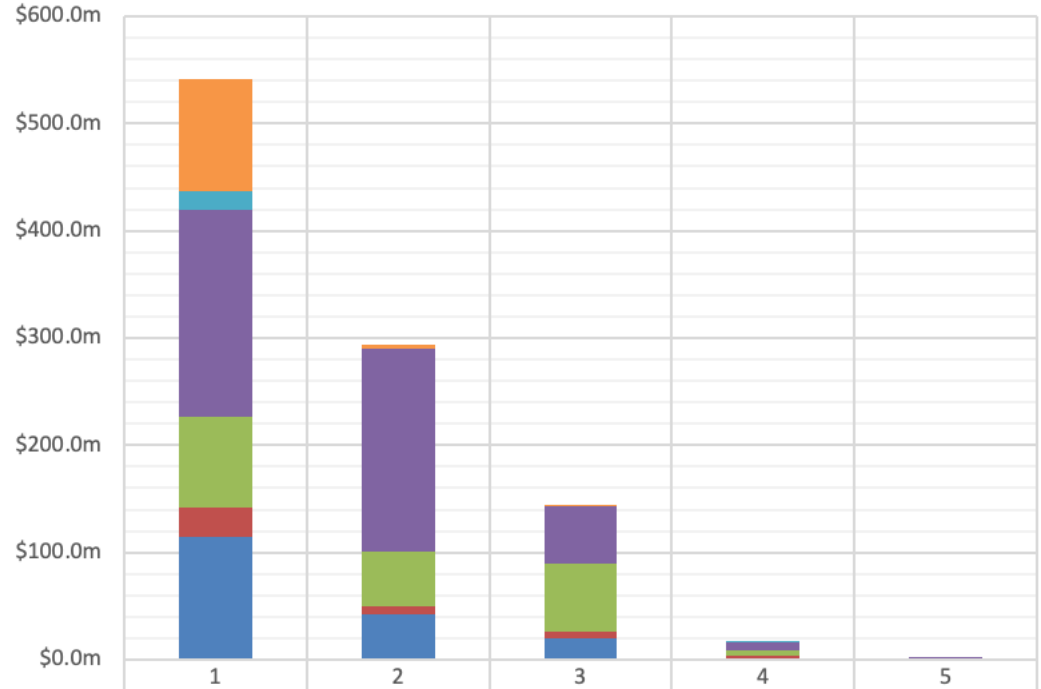
Figure 3-2: Age Profile of Infrastructure by Current Asset Cost

3.3 Asset Condition

Asset conditions are assessed as part of comprehensive network inspections, conducted per the schedule contained in Section 5.3. These assessments are undertaken in accordance with the relevant Practice Notes issued by the Institute of Public Works Engineering Australasia. The condition rating scale is 1-5:

1. As new / excellent
2. Good / satisfactory
3. Fair / tolerable
4. Poor / intolerable
5. Very poor / reconstruction required

Asset condition by Current Asset Cost is shown in Figure 3-3 and average condition by Current Asset Cost are contained in Table 3-1. The Infrastructure Backlog Ratio and Cost to Bring Assets to Agreed Service Level are reported in SS7 of Council's annual financial statements and compared to a benchmark (Office of Local Government, 2019).



	1	2	3	4	5
Business	$105.0m	$4.0m	$0.4m	$0.0m	
Waste	$16.8m	$0.2m	$0.3m	$0.0m	
Transport	$193.1m	$189.2m	$52.6m	$7.2m	$0.7m
Stormwater	$85.2m	$50.9m	$63.9m	$5.4m	$1.0m
Open Spaces	$26.5m	$7.7m	$6.7m	$1.6m	$0.2m
Buildings and Pools	$115.0m	$42.2m	$19.4m	$1.6m	

Figure 3-3: Asset Condition of Infrastructure by Current Asset Cost

Asset Class	Average Condition
Buildings and Pools	1.5
Open Spaces	1.6
Stormwater	2.0
Transport	1.7
Waste	1.0
Business	1.0
Overall	**1.7**

Table 3-2: Average Condition of Infrastructure by Current Asset Cost

Based on current 2021/22 year to date actuals, the key performance ratios are:

Infrastructure Backlog Ratio = Estimated cost to bring to satisfactory standard / Net carrying amount of infrastructure

= $8.8429M / $759.5M

= 1.16% < 2% benchmark

PASS

Cost to Bring Assets to Agreed Service Level = Estimated cost to bring assets to an agreed level of service / Gross replacement cost

= $17.686M / $996.7M

= 1.77% < 4.5% benchmark

PASS

Although the overall average condition of Council's assets is good / satisfactory this should not be cause to reduce renewal budgets, as there remains sufficient assets trending to a condition considered necessary to fully utilise available renewal budgets.

This is particularly the case as renewals entail bringing an asset to the Modern Engineering Equivalent Replacement Asset (MEERA), which generally requires more expenditure than the Current Asset Cost. This situation means that renewals often result in an increased financial burden by expanding Council's asset values.

As required by relevant accounting standards, Fair Value is to inform depreciation allocation (Australian Accounting Standards Board, 2019) associated with Council's assets. Fair Value has significant non-observable inputs for civil asset, where a market value is not able to be derived. In this place, Fair Value is taken to be the estimated asset replacement cost associate with the asset. Using this method of valuation, and thereby depreciation allocation poses a significant problem where actual renewal costs associated with any given asset exceeds the recognised Fair Value. As a result, renewal expenditure based on depreciation allocation runs the risk of not adequately ensuring asset sustainability over the long term. Considerations of other methods of resource allocation, such as condition-based deterioration modelling could be considered in future to better allocation renewal expenditure to actual asset renewal needs.

3.4 Data Confidence

Asset inventory reliability is a process of continuous improvement, which over time builds on the reliability of the information to support key business decisions. As outlined in Table 5-4, each asset class is revalued on a cyclical basis, with current observed condition and the nature of each asset assessed at this time. Each asset class have different strengths and current focuses for improvement which are summarised below, and will be further explored in the asset-class specific Asset Management Plans.

Buildings and Pools

Buildings are conceptualised as sub-components, being the structure, roof, internal fit-out & finishes, electrical, plumbing and other minor systems. Componentising a building is best-practice as each of these facets of a building have a variety of useful lives and therefore require renewal at different timing. Each component ensure depreciation allocation arising from the asset is accurate reflected across the asset lifecycle. Recent actions have ensured all new and renewed buildings are fully componentised. In 2022, Council is undertaking a revaluation of Building and Pool assets, which will result in the full componentisation of the entire Building and an improved understanding of the nature and condition of the assets in this class.

Open Space and Recreation

A wide-spread asset capture project was undertaken in 2018, which resulted in the establishment of a very strong understanding of the position and nature of many of the assets in this class. As a class, the spatial spread and quantity of assets will result in the primary focus over the coming years be on the systematic updating of condition by inspection. As part of these inspections, additional assets may be newly recognised and other minor assets that have been removed may be derecognised. Maintaining a reliability of the position, nature and condition of these relatively short-lived assets will be essential is ensuring confidence is maintained into the future.

Stormwater

Across the LGA, confidence in the inventory information is strongly correlated with the availability of 'as constructed' data. Over half of the network (55% by value) has been constructed since 1995, with such information being readily available. More established areas of the LGA, (i.e. Oak Flats, Warilla, Mount Warrigal, Shellharbour and Barrack Heights) a rolling program of CCTV pipe inspection will yield both attribute and condition information. Much of the network in Mount Warrigal and Shellharbour have been inspected, with the focus shifting to areas of Oak Flats and Barrack Heights.

Transport

As Council's largest value asset class, improvement in confidence will have significant benefits on the integrity of the asset system. The last comprehensive network condition inspection was completed in 2016, and it is identified as key priority for updating in the coming financial year. To support this, improvements to the asset register structure have been scoped and implemented. Future actions include the re-segmentation of the road network to better align with a systematic framework that would enable efficient and reliable condition data to be captured and stored.

Waste

Much of the asset development needs at the waste transfer station are contained within the waste business and financial model, which predicts the future cash flow and remediation requirements to sustainably operate the waste transfer and disposal site. Currently the model sits apart from Council's asset system, with basic asset information being integrating into the register. As part of developing the Waste Asset Management Plan, consideration will need to be given to how best to integrate the business and financial model with an AMP.

Business

Council operates a diversity of business operations, including The Links Golf Course, Shell Cove Marina, Shellharbour Airport, Shellharbour Holiday Park and Shellharbour Stadium. Many of these business assets are categorised according to their nature within the other asset classes. As such, data improvement and confidence building activities in those asset classes will benefit the understanding of the business assets. However, as a result of higher standards of accountability arising from operating business units there may be specific requirements to increase the level of detail captured and stored concerning a specific business unit's assets. Such requirements and detail would be further explored in the business unit specific Asset Management Plans.

4. Risk Management

Risk is the effect of uncertainty on Shellharbour City Council's ability to achieve its objectives. Risk Management is the process of systematically identifying, monitoring, treating and reporting these risks.

The risk management process starts with identifying risks in the context of Shellharbour City Council's operations. The identified risks are rated to enable appropriate prioritisation and planning for the risk treatments to be incorporated into Shellharbour City Council's operations.

Risks are rated prior to recognising applicable 'internal controls' to enable the selection of controls that will reduce either the likelihood or consequence of the risk occurring. At this stage, the risk rating is referred to as the 'inherent risk' rating. When the risk is rated after taking into account the existing or proposed controls, it is referred to as the 'residual risk' rating. The objective is to implement appropriate controls to reduce the inherent risk down to an acceptable level of residual risk.

High-level risk assessments have been conducted in accordance with the Risk Management Toolkit (Shellharbour City Council, 2018) and ISO 3100:2018 (International Organization for Standardization, 2018). As some assets that Council manage are inherently high risk, these risk assessments will require revision following completion of Council's risk appetite statements.

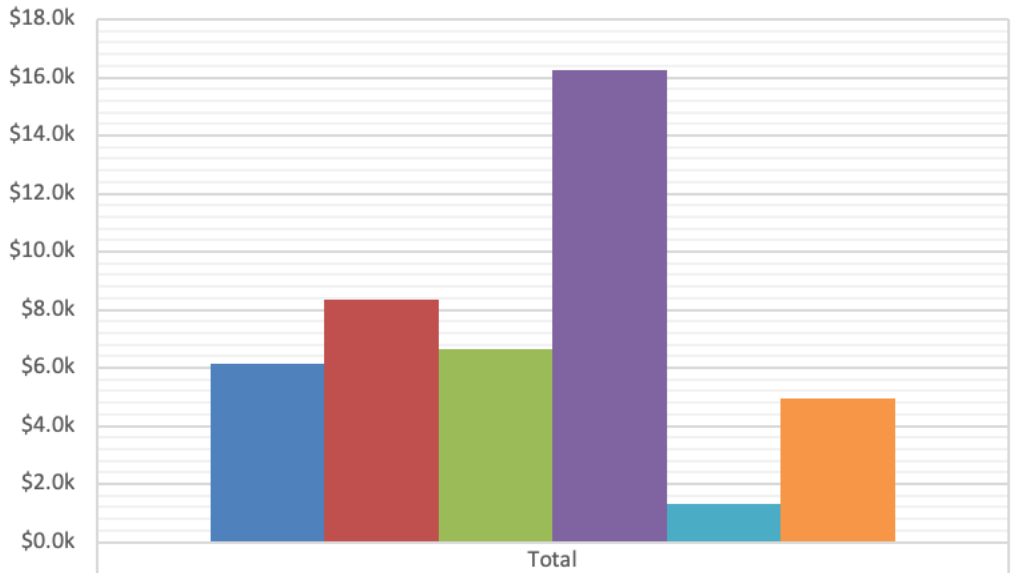
The resulting risk registers are contained in the asset class-specific AMPs. The highest priority action contained within these risk registers is the finalisation of maintenance and inspection schedules within Council's AMIS. This action, alongside further consultation on risk management with maintainers and operators, is prioritised in the Improvement Plan contained in Section 8.

5. Levels of Service

Levels of Service (LoS) are comprised of four components: provision, renewal, maintenance and operations. In this AMP, maintenance and operations are considered together, but these should be separated in future revisions. These four components are best understood in isolation, but an adjustment to one results in changes to others, so they must be considered together. More detail on these LoS are contained in the asset class-specific AMPs.

5.1 Provision Level of Service

The Provision LoS relates to what Council provides, how much and where. The assets have a Current Asset Cost of $1,354.75m. With 31,061 dwellings, this equates to an asset value of $43.6k per dwelling. This value is spread across the asset classes as shown in Figure 5-1. The asset class-specific AMPs define more details of what and how much is to be provided within these asset classes and geographic locations such as parks, sportsfields and town centres.



	Total
Buildings and Pools	$6.1k
Open Spaces	$8.3k
Stormwater	$6.6k
Transport	$16.3k
Waste	$1.3k
Business	$4.9k

Figure 5-1: Current Asset Cost per Dwelling

A spatial distribution heat map of Community Assets (except Waste) per Dwelling is well spread, as illustrated in Figure 5-2 where darker shades of red indicate a greater density of assets present (by value) in proportion to the suburb's population. Shellharbour City Centre, Croom and Dunmore appear relatively over-serviced due to a small number of dwellings currently.

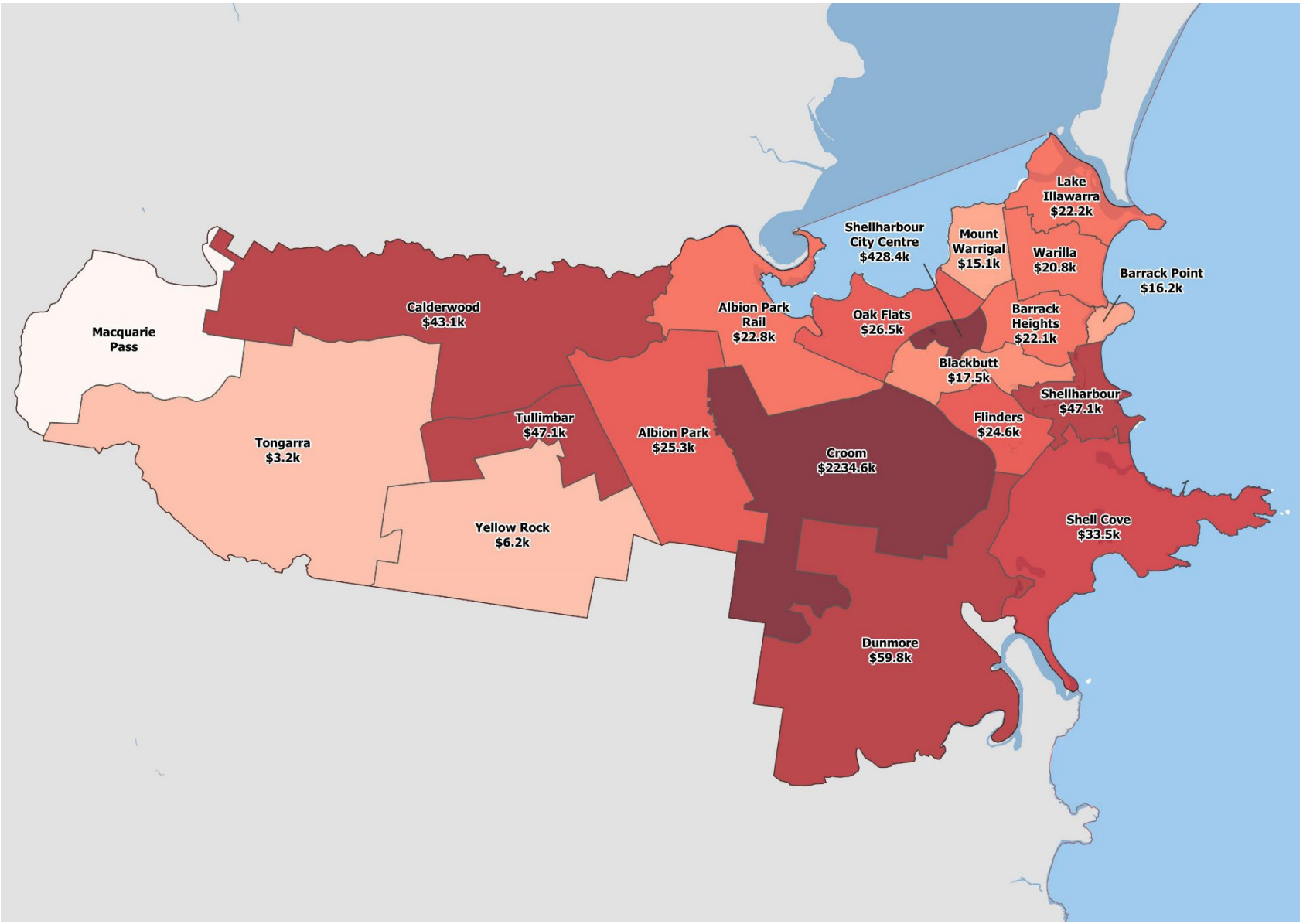


Figure 5-2: Current Asset Cost of Community Assets (except Waste) per Dwelling

5.2 Renewal Level of Service

The Renewal LoS defines how often Council intends to replace existing assets with a Modern Engineering Equivalent Replacement Asset (MEERA), including disposal of the existing asset. Adjusting this frequency has significant implications for annual depreciation, as well as required maintenance and operations expenditures. Shorter useful lives generally result in less required maintenance, all other factors being equal, and vice versa. Average useful lives for depreciable assets as defined in Section 3.1 are shown in Table 5-1 and those for Infrastructure assets as defined by SS7 and used for Infrastructure Renewal Ratio purposes are contained in Table 5-2.

Asset Class	Current Asset Cost	Recommended Annual Renewals	Average Useful Life
Buildings and Pools	$190.1m	$5.9m	32
Open Spaces	$49.9m	$1.8m	28
Stormwater	$206.1m	$1.7m	124
Transport	$385.6m	$5.8m	67
Waste	$40.5m	$1.3m	31
Business	$120.7m	$2.7m	45
Total	**$993.0m**	**$19.0m**	**52**

Table 5-1: Renewal Levels of Service for Depreciable Assets

Asset Class	Current Asset Cost	Required Annual Renewals	Average Useful Life
Buildings and Pools	$178.2m	$4.7m	38
Open Spaces	$43.2m	$1.6m	27
Stormwater	$206.3m	$1.7m	124
Transport	$442.8m	$5.8m	77
Waste	$17.3m	$0.2m	70
Business	$110.0m	$2.2m	51
Total	**$997.9m**	**$16.1m**	**62**

Table 5-2: Renewal Levels of Service for Infrastructure Assets

As previously discussed in Section 3.3, there is an issue with relying on Current Asset Cost to inform annual renewal expenditure. As engineering standards improve, the MEERA generally costs significantly more to design, construct, maintain and operate than the existing asset. This is not considered by Fair Value accounting standards (Australian Accounting Standards Board, 2015).

As this is an issue facing many local governments, at this time it is considered beyond the scope of this AMP and is raised for discussion only, but needs to be addressed in future revisions.

5.3 Maintenance and Operations Level of Service

Detailed Maintenance and Operations LoS are contained in the asset class-specific AMPs and the resulting overall ratios are shown in Table 5-3. The Community Satisfaction Survey (Shellharbour City Council, 2021) indicates these ratios are generally appropriate. Benchmarking with other local governments will be undertaken in future revisions of this AMP, which will assist with further refining these LoS.

Asset Class	Current Asset Cost	Annual Maintenance and Operations Budget	Ratio (Annual Budget / Asset Cost)
Buildings and Pools	$190.1M	$7.3M	3.8%
Open Spaces	$259.0M	$8.0M	3.1%
Stormwater	$206.3M	$1.5M	0.7%
Transport	$505.1M	$4.1M	0.8%
Waste	$40.6M	$10.9M	26.8%
Community	**$1,201.2M**	**$3.3M**	**0.3%**
Business	$165.2M	$8.4M	5.1%
Total	**$1,366.4M**	**$43.4M**	**3.2%**

Table 5-3: Maintenance and Operations Levels of Service for all Assets

In addition to these ratios, maintenance defect categories are contained in the asset class-specific AMPs. Defects will be reported in future revisions of all AMPs so that trends can be identified and maintenance efficiency can be benchmarked. Additionally, customer requests will be analysed and the results included, which will provide another indicator of community satisfaction.

The next highest priority improvement is the finalisation of scheduled maintenance and operational activities in the Asset Management Information System (AMIS). Following this, analysis of maintenance and operations requirements with degradation of asset lifecycles will be analysed and considered. These actions are included in the Improvement Plan contained in Section 8.

Table 5-4 contains the frequency for comprehensive network inspections. Some are on a rolling program with inspections being conducted every year, such as Stormwater and Buildings. Others will be conducted all at once, for example Transport. This is in addition to routine inspections undertaken by Council. Details of more regular inspections, such as quarterly playground inspections, are contained in the asset class-specific AMPs.

Comprehensive revaluations will be undertaken on each asset class every 4 years in a rolling program, consistent with Table 5-4. In the interim years, fair value assessments will be documented annually for each asset class.

Asset Class	Comprehensive Inspection Frequency (Years)	Annualised Network Inspection Percentage	Revaluation Frequency (Years)
Buildings and Pools	4	25%	4
Open Spaces	4	25%	4
Stormwater	20	5%	4
Transport	4	25%	4
Waste	4	25%	4
Business	4	25%	4

Table 5-4: Asset Inspection and Revaluation Frequencies

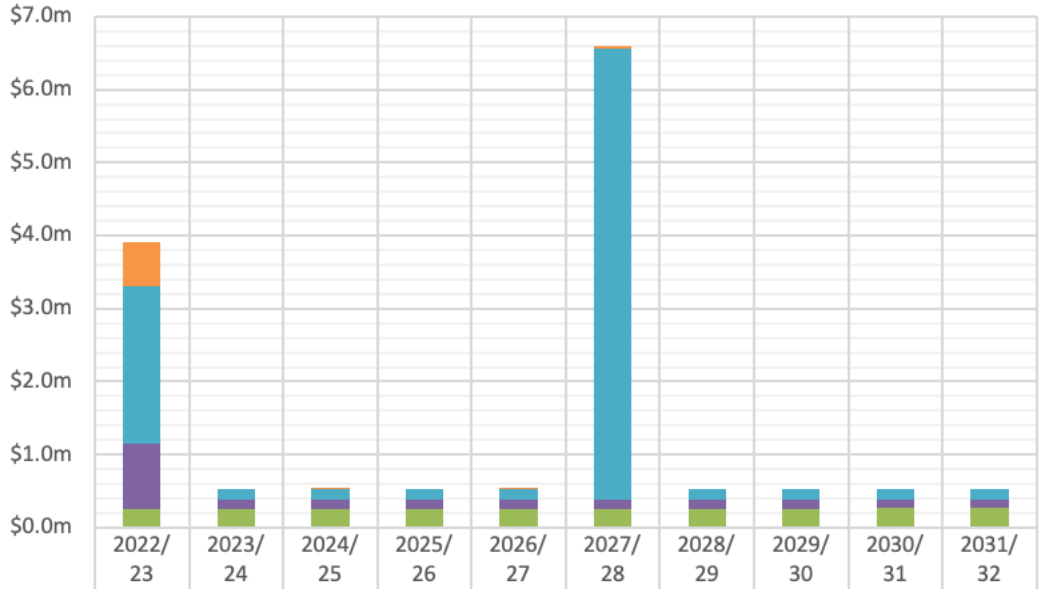
6. Asset Growth

Council's asset base will expand over the next 10 years through committed and expected upgrade expenditure, assets contributed by development through conditions of consent, and the Local Infrastructure Contributions Plan (9th Review) (Shellharbour City Council, 2019). It can be decreased through asset disposals; however, no significant disposals are currently committed. In this analysis, all future asset values, as well as planned and recommended expenditures, assume indexation rate of 2% per annum from FY23-FY24, then 2.3% for FY25 and then 2.5% for the remainder of the forecast. This is decreased by a forecast 1% efficiency factor from expected systems, processes, tools, machinery and materials improvements.

6.1 Asset Upgrades

Asset upgrades are capital projects resourced by Council or grant funding, but excluding Development Contributions, that involve existing assets being enhanced or new assets being constructed. Grant funding involving asset upgrades is not considered from 2022/23 onwards within this AMP. It, along with other potential upgrade projects and their associated lifecycle costs over the next 10 years, are presented in Appendix A for consideration.

Currently committed upgrade expenditure is included from the Capital Works Program within the Delivery Program 2022-2026 (Shellharbour City Council, 2022). Expenditure from 2022/23 onwards are forecasts and this expenditure is displayed in Figure 6-1, which totals $14.8M over 10 years.



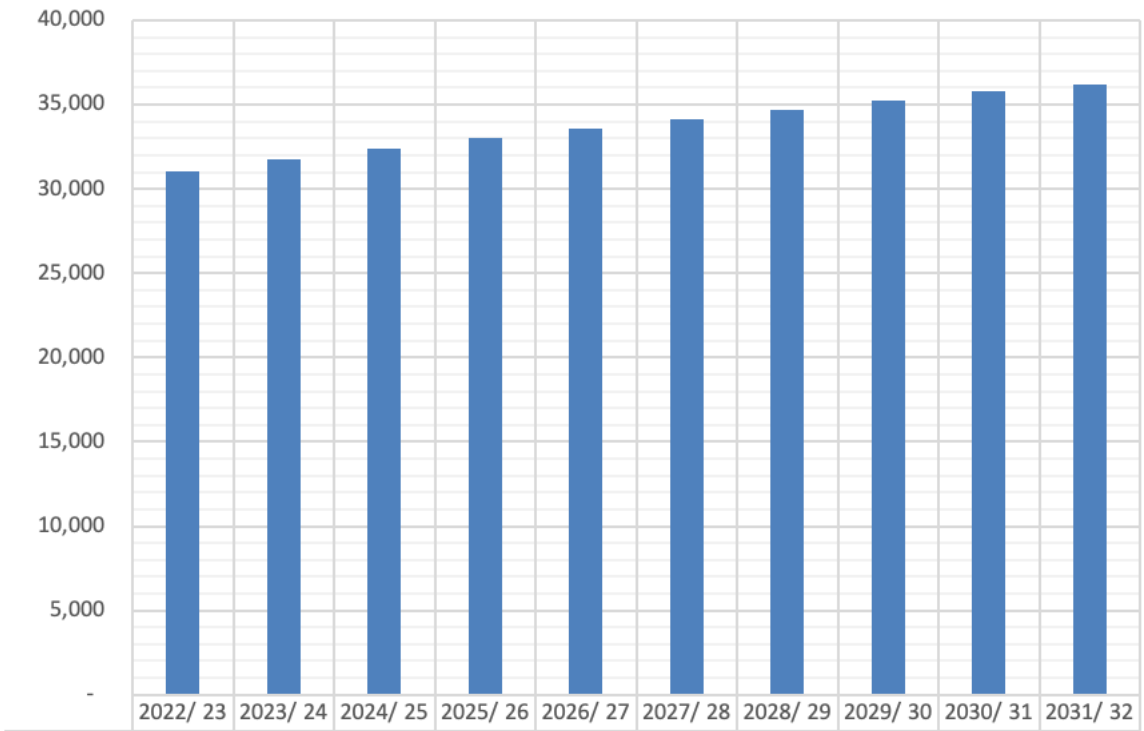
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$0.6m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m
Waste	$2.2m	$0.2m	$0.2m	$0.2m	$0.2m	$6.2m	$0.2m	$0.2m	$0.2m	$0.2m
Transport	$0.9m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Stormwater	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m
Open Spaces	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m
Buildings and Pools	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m

Figure 6-1: Asset Upgrade Expenditure

6.2 Assets Contributed by Development through Conditions of Consent

As development occurs, particularly at Shell Cove, Calderwood and Tullimbar, it is intended that infrastructure be provided at a rate consistent with the Provision LoS in existing parts of the Shellharbour Local Government Area. Data over recent years indicates that assets contributed by development through conditions of consent grow the existing asset base at a rate similar to the dwelling growth rate.

Figure 6-2 shows the forecast increase in dwellings of 5,144 over 10 years (.id, 2022). This development, together with the Local Infrastructure Contributions Plan (9th Review) (Shellharbour City Council, 2019), comprises the major component of asset base growth which is forecast over the next 10 years.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Dwellings	31,061	31,722	32,382	33,042	33,592	34,142	34,693	35,243	35,793	36,206

Figure 6-2: Forecast Dwellings in Shellharbour LGA (.id, 2022)

Figure 6-3 displays the expected value of contributed assets resulting from this development of $228.8M. The Shell Cove Marina is included as the large increase in Business contributions forecast in 2024/25, which constitutes the completion of the Boat Maintenance Facility and Shell Cove Business Park developments. There is additional community assets to be delivered as part of the Shell Cove Marina development, including the Community Centre/Library and Shell Cove Sporting Complex.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business			$22.5m							
Transport	$11.4m	$11.6m	$12.0m	$12.1m	$10.2m	$10.4m	$10.5m	$10.7m	$10.8m	$8.2m
Stormwater	$4.7m	$4.8m	$4.8m	$4.9m	$4.2m	$4.2m	$4.3m	$4.3m	$4.4m	$3.3m
Open Spaces	$5.8m	$5.9m	$6.0m	$6.1m	$5.1m	$5.2m	$5.3m	$5.3m	$5.4m	$4.1m

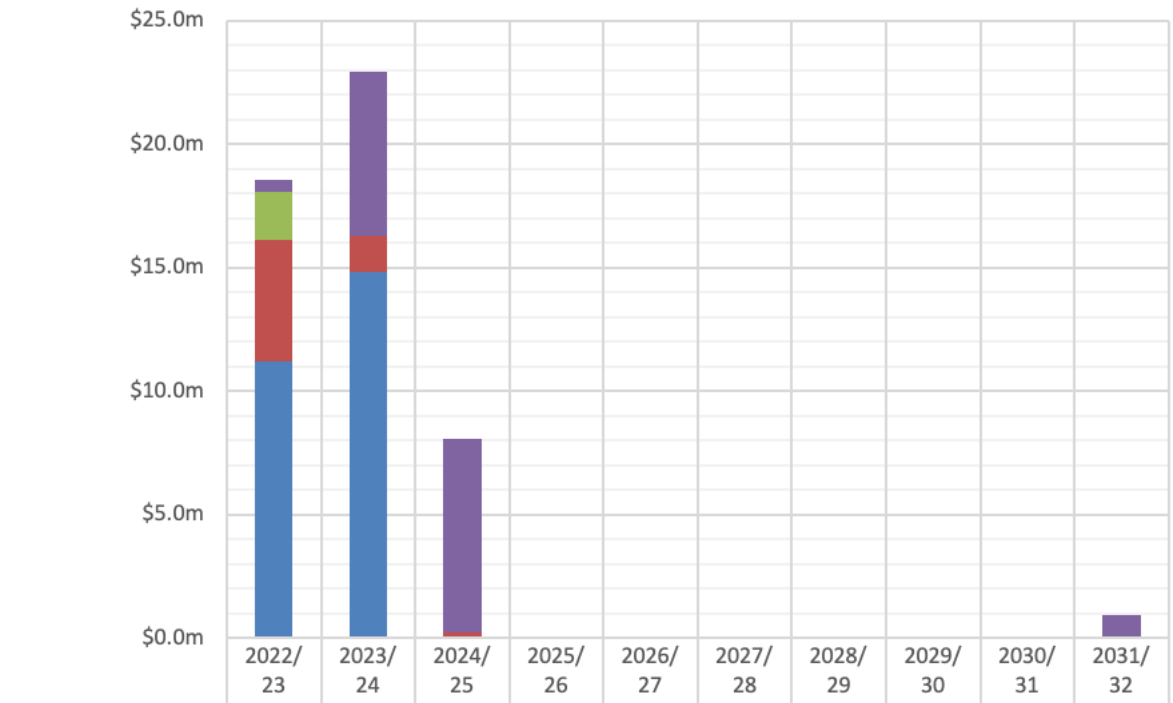
Figure 6-3: Assets Contributed by Development through Conditions of Consent

6.3 Development Contributions

An important funding source for new infrastructure are Development Contributions collected under Section 7.11 of the Environmental Planning and Assessment Act. These contributions fund a significant proportion, though not all, of the infrastructure required by new development. Under the present Contributions Plan (Shellharbour City Council, 2019), infrastructure to a total value of $50.5M is to be provided by 2025, as shown in Figure 6-4, although $13.0M of this is to be provided by Council under the apportionment requirements of the Plan.

The Contributions Plan is to be reviewed in the coming years to account for the dwelling increase in Section 6.2, and a new list of infrastructure matched to the projected income collected from the contributions will be an outcome of this review. Alternative development contribution funds such as Works in Kind Agreements or Planning Agreements may be negotiated which will further augment the infrastructure to be provided by Development Contributions. This alternative may be more beneficial to Council's financial sustainability.

Further review of this AMP following the preparation of the new Contributions Plan will determine the extent to which Development Contributions meet the need for new infrastructure or whether additional funding from other sources may be needed.



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Transport	$0.5m	$6.7m	$7.8m							$0.9m
Stormwater	$1.9m									
Open Spaces	$4.9m	$1.5m	$0.2m							
Buildings and Pools	$11.2m	$14.8m								

Figure 6-4: Development Contributions

6.4 Asset Disposals

Asset disposals entail the removal of an existing asset without replacing it with a similar asset. No such disposals are considered in this AMP. This may be examined in future revisions when considering the results of community engagement.

6.5 Asset Indexation

Indexation rate of 2% p.a from FY23 & FY24, then 2.3% for FY25 with 2.5% adopted for the remainder of the plan, which is consistent with indexation utilised in the Long Term Financial Plan (Shellharbour City Council, 2022). The same rate has been adopted in this AMP to ensure that lifecycle costs and associated budgets are comparable in future financial years.

6.6 Asset Efficiency Factor

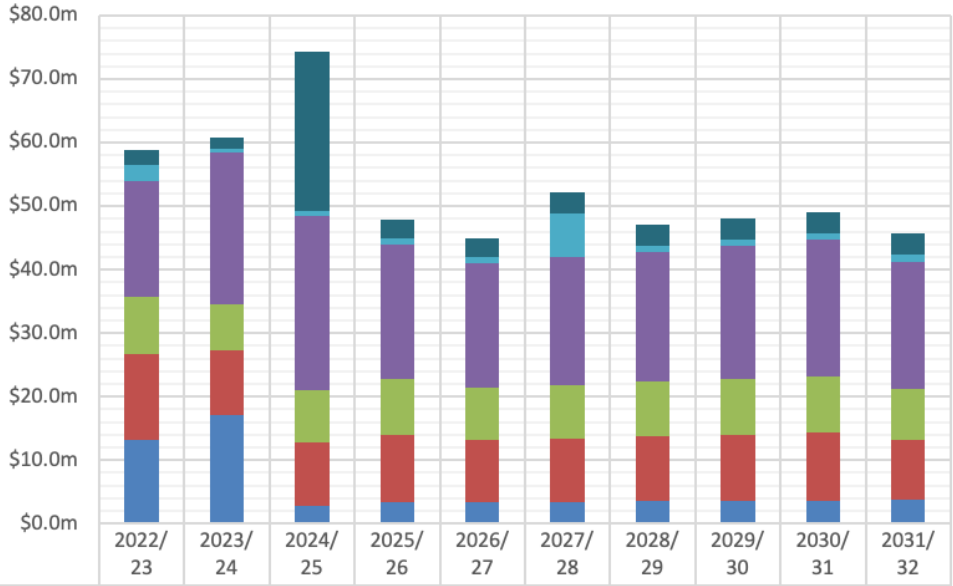
An efficiency factor of 1% is utilised in this analysis to account for advances in systems, processes, tools, machinery and materials. These improvements are expected to reduce the lifecycle costs associated with managing Council assets, so it is subtracted from total asset base growth.

6.7 Asset Base Growth

Total asset base growth is comprised these components:

- Asset upgrades – Section 6.1
- Assets contributed by development through conditions of consent – Section 6.2
- Development Contributions – Section 6.3
- Subtracting asset disposals – Section 6.4
- Indexation – Section 6.5
- Subtracting efficiency factor – Section 6.6

Figure 6-5 shows this forecast asset base growth of $528.7M over 10 years, including both indexation and efficiency factor.



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$2.3m	$1.8m	$25.2m	$3.0m	$3.1m	$3.2m	$3.2m	$3.2m	$3.3m	$3.3m
Waste	$2.6m	$0.6m	$0.7m	$0.8m	$0.9m	$7.0m	$1.0m	$1.0m	$1.0m	$1.0m
Transport	$18.1m	$24.0m	$27.4m	$21.2m	$19.6m	$20.1m	$20.5m	$21.0m	$21.4m	$20.1m
Stormwater	$9.1m	$7.3m	$8.2m	$8.8m	$8.2m	$8.4m	$8.6m	$8.8m	$8.9m	$8.0m
Open Spaces	$13.5m	$10.2m	$10.0m	$10.6m	$9.8m	$10.0m	$10.2m	$10.4m	$10.7m	$9.5m
Buildings and Pools	$13.2m	$17.0m	$2.9m	$3.4m	$3.4m	$3.5m	$3.5m	$3.6m	$3.6m	$3.7m

Figure 6-5: Asset Base Growth including Indexation and Efficiency Factor

7. Lifecycle Management

The Council assets described in Section 3, with the growth forecast in Section 6, require resourcing across their lifecycle in order to achieve the LoS contained in Section 5. The two main components are renewal expenditure, and maintenance and operations expenditure, which sum together to give the recommended overall expenditure on Council assets over the next 10 years.

7.1 Recommended Renewal Expenditure

To ensure that the overall good asset condition described in Section 3.3 is maintained and the Infrastructure Backlog Ratio benchmark is achieved, capital renewal works should be undertaken when assets reach the end of their useful lives. These capital renewal works involve disposing of the existing asset and constructing the MEERA, despite asset valuations not considering the additional costs of the MEERA.

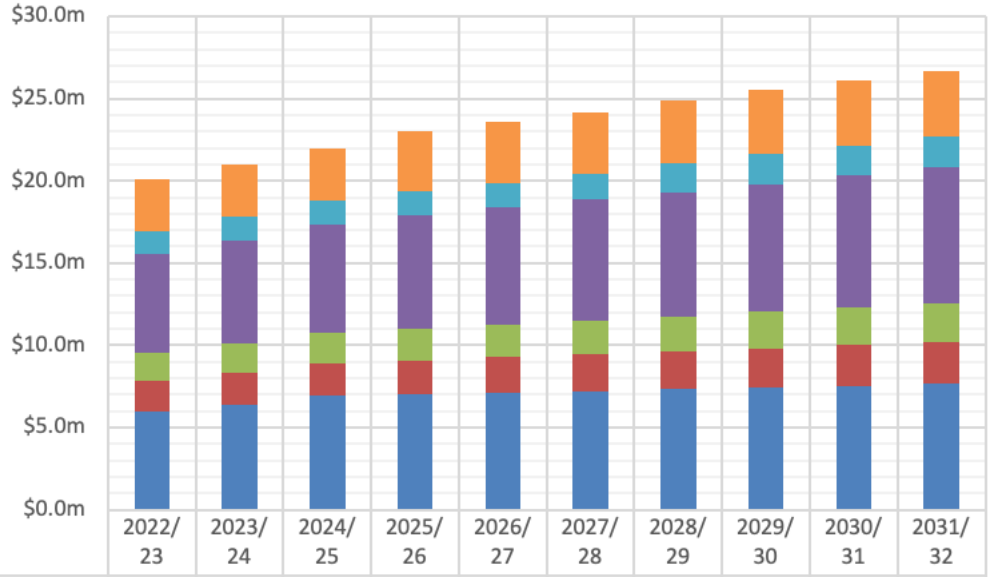
If the expiry of useful lives or asset conditions are solely relied upon to inform these recommended renewals, annual budgets fluctuate significantly, which creates difficulties from a resourcing perspective. Rather, it is better practice to average out the recommended renewal expenditure in order to reduce annual fluctuations. When future Delivery Programs are prepared, actual allocations to each asset class may vary depending upon the scale of individual projects.

As discussed in Section 3.3 and 5.2, Current Asset Costs are generally inadequate to construct the MEERA. However, this is an industry-wide issue so is not considered further in this AMP.

Figure 7-1 shows the renewal expenditure recommended for all depreciable assets, of $237.1M. This is the recommended allocation of renewal expenditure in order to provide the LoS described in Section 5.2.

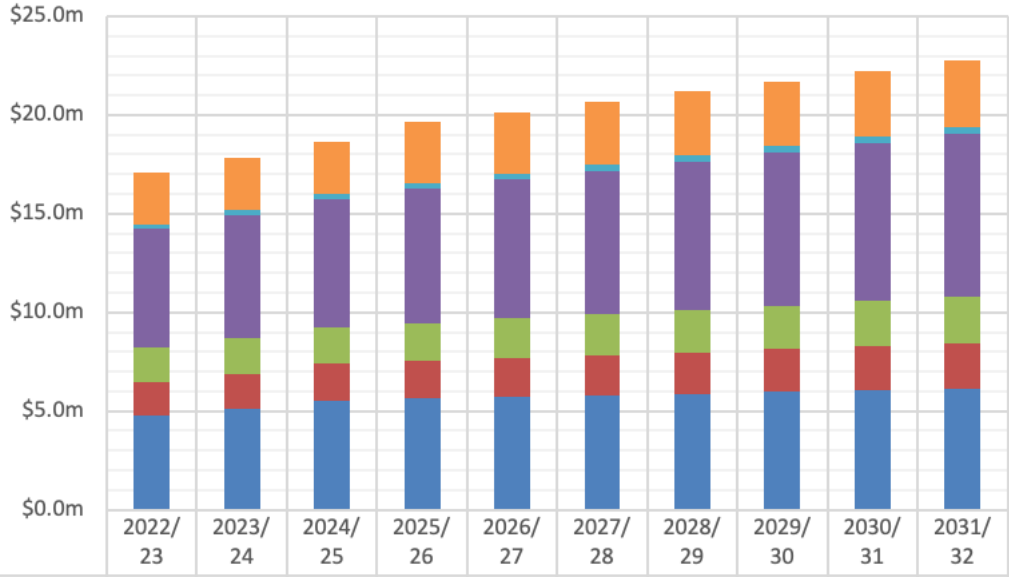
The required renewal expenditure for Infrastructure assets only is shown in Figure 7-2. $201.9M is required to renew Infrastructure assets over the next 10 years in order to meet the Infrastructure Renewal Ratio in SS7 (Office of Local Government, 2019).

Although this document outlines the required renewal expenditure required to achieve the benchmark performance of the renewal ratio, available funds are modelled in the LTFP. Any period of surplus or deficient with respect to asset renewal would be explored in that plan. When reporting on actual renewals, the ratios will fluctuate annually due to various factors such as scheduled inspections suddenly affecting reported asset conditions, periodic revaluations and unforeseen project delivery issues.



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$3.1m	$3.2m	$3.2m	$3.7m	$3.7m	$3.8m	$3.8m	$3.9m	$3.9m	$4.0m
Waste	$1.4m	$1.5m	$1.5m	$1.5m	$1.5m	$1.6m	$1.8m	$1.8m	$1.8m	$1.9m
Transport	$6.0m	$6.2m	$6.5m	$6.8m	$7.1m	$7.3m	$7.6m	$7.8m	$8.0m	$8.3m
Stormwater	$1.7m	$1.8m	$1.9m	$1.9m	$2.0m	$2.1m	$2.1m	$2.2m	$2.3m	$2.4m
Open Spaces	$1.8m	$1.9m	$2.0m	$2.1m	$2.2m	$2.2m	$2.3m	$2.4m	$2.4m	$2.5m
Buildings and Pools	$6.0m	$6.4m	$6.9m	$7.0m	$7.1m	$7.2m	$7.3m	$7.4m	$7.6m	$7.7m

Figure 7-1: Recommended Renewal Expenditure



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$2.6m	$2.6m	$2.6m	$3.1m	$3.1m	$3.2m	$3.2m	$3.3m	$3.3m	$3.4m
Waste	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.3m	$0.4m	$0.4m
Transport	$6.0m	$6.2m	$6.5m	$6.8m	$7.1m	$7.3m	$7.5m	$7.7m	$8.0m	$8.2m
Stormwater	$1.7m	$1.8m	$1.9m	$1.9m	$2.0m	$2.1m	$2.1m	$2.2m	$2.3m	$2.4m
Open Spaces	$1.7m	$1.8m	$1.8m	$1.9m	$2.0m	$2.0m	$2.1m	$2.2m	$2.2m	$2.3m
Buildings and Pools	$4.8m	$5.1m	$5.6m	$5.6m	$5.7m	$5.8m	$5.9m	$6.0m	$6.1m	$6.2m

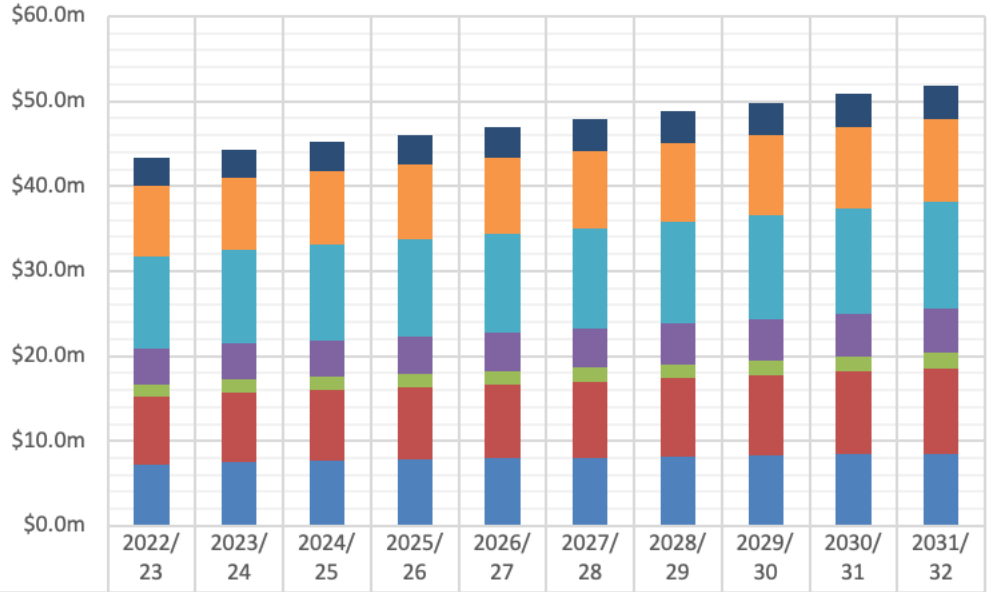
Figure 7-2: Required Infrastructure Renewal Expenditure

7.2 Recommended Maintenance and Operations Expenditure

To sustain the Maintenance and Operations LoS described in Section 5.3, Figure 7-3 shows the recommended maintenance and operations expenditure of $475.1M over 10 years. This has been calculated from the asset base growth described in Section 6.7 and funding available in the Long Term Financial Plan. Funding constraints prevent maintenance and operations expenditure from increasing in unison with full asset base growth rate and so a staggered approach is instead adopted.

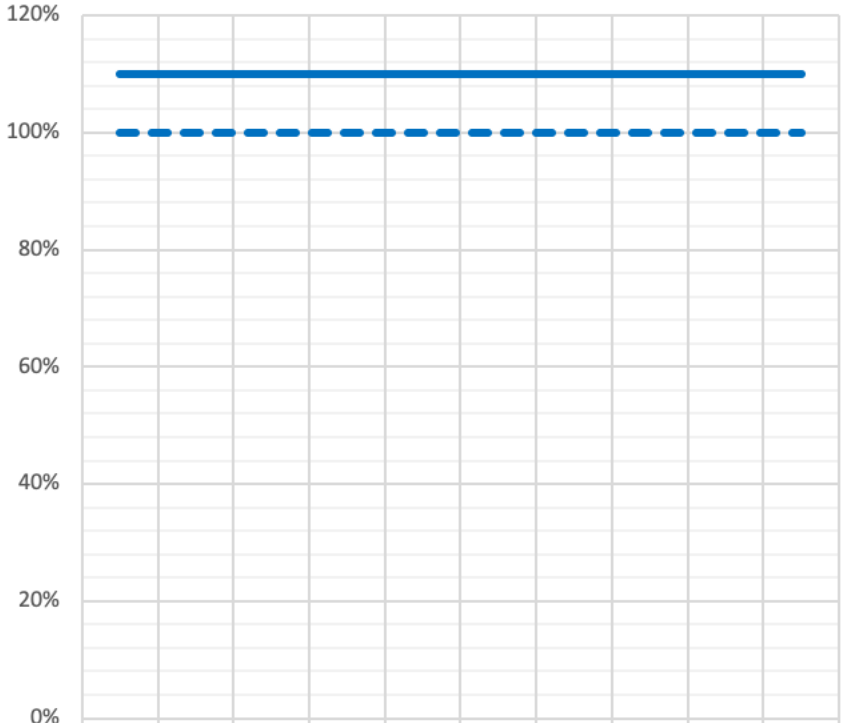
Across all years, maintenance & operations expenditure increases in accordance with Asset Indexation and the Efficiency Factor as a minimum. However, asset base growth from Asset Upgrades, Assets Contributed by Subdivision Development and Development Contributions is only considered to the extent that funding allows. Over the life of the AMP these components of asset base growth influence maintenance and operations expenditure in increasing fashion, with their considered discount rate reducing from 60% in 2022/23 to only 10% in 2030/31.

This recommended maintenance and operations expenditure, which is desired by the community, is 10% greater than the required maintenance and operations described in SS7, which is the bare minimum expected by the community. This is shown in the long-term average Asset Maintenance Ratio forecast in Figure 7-4. When reporting on actuals, this ratio will fluctuate due to unforeseen delivery issues.



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Community Overheads	$3.3m	$3.4m	$3.4m	$3.5m	$3.6m	$3.7m	$3.7m	$3.8m	$3.9m	$4.0m
Business	$8.4m	$8.4m	$8.7m	$8.9m	$9.0m	$9.1m	$9.3m	$9.4m	$9.6m	$9.7m
Waste	$10.9m	$11.0m	$11.2m	$11.4m	$11.6m	$11.7m	$12.0m	$12.2m	$12.4m	$12.6m
Transport	$4.1m	$4.2m	$4.3m	$4.4m	$4.5m	$4.7m	$4.8m	$4.9m	$5.1m	$5.2m
Stormwater	$1.5m	$1.5m	$1.5m	$1.5m	$1.6m	$1.6m	$1.7m	$1.7m	$1.8m	$1.8m
Open Spaces	$8.0m	$8.2m	$8.3m	$8.5m	$8.7m	$9.0m	$9.2m	$9.5m	$9.7m	$10.0m
Buildings and Pools	$7.3m	$7.6m	$7.7m	$7.8m	$7.9m	$8.1m	$8.2m	$8.3m	$8.4m	$8.5m

Figure 7-3: Recommended Maintenance and Operations Expenditure

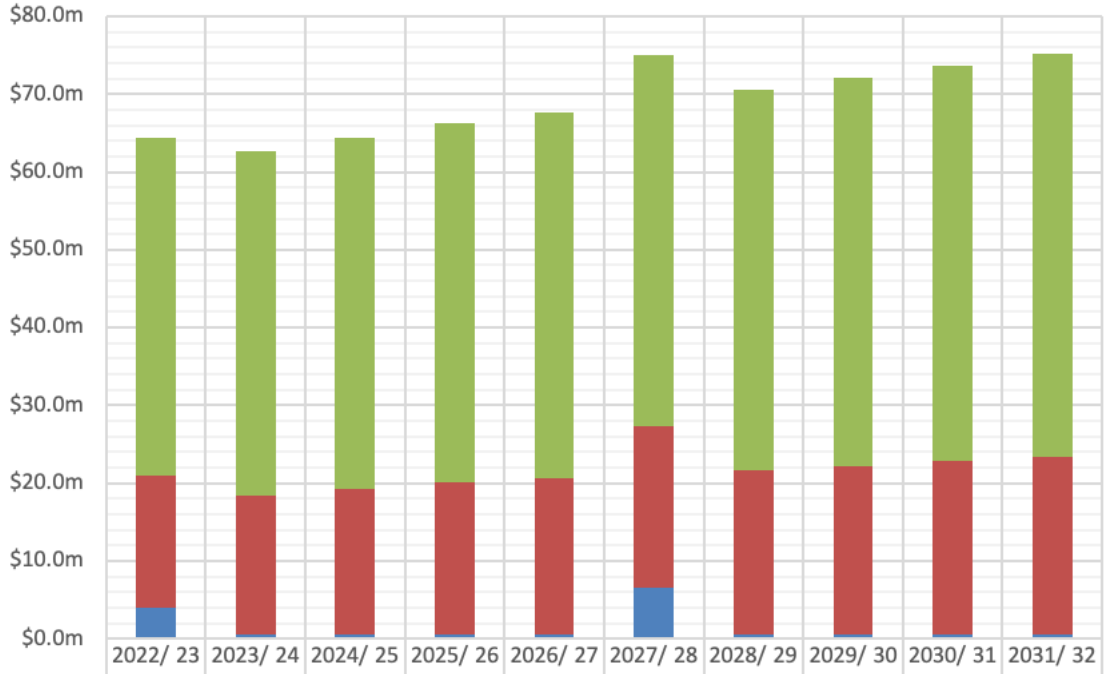


	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Asset Maintenance Ratio	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Maintenance Benchmarck	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Figure 7-4: Special Schedule 7 Asset Maintenance Ratio Forecast

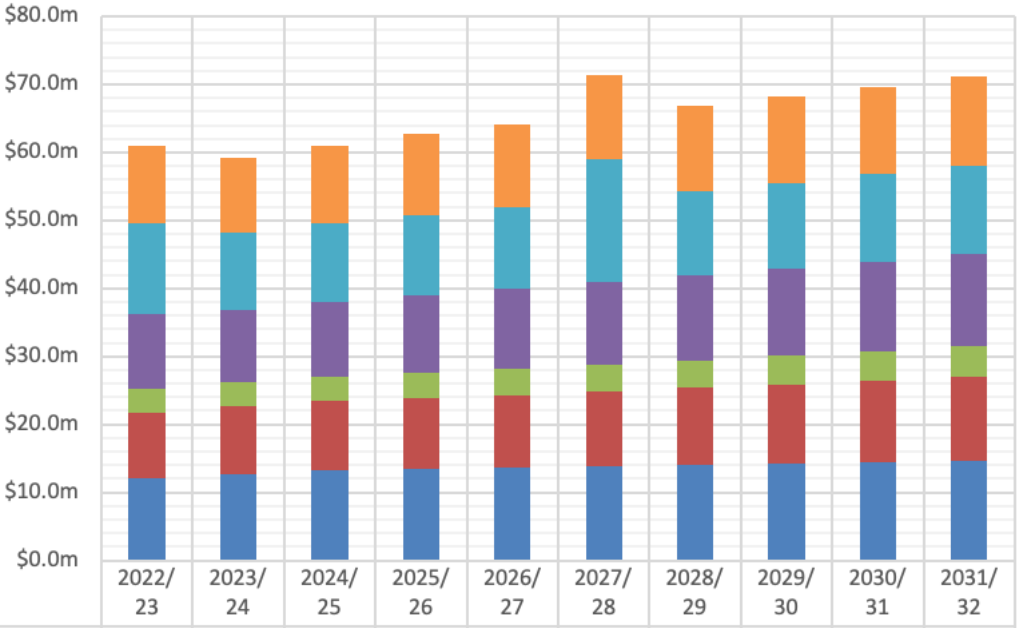
7.3 Recommended Overall Expenditure

The recommended overall expenditure is a combination of the asset upgrades from Section 6.1, the renewals from Section 7.1, and the maintenance and operations from Section 7.2, resulting in a total of $691.8m over 10 years. Figure 7-5 shows this recommended expenditure, while Figure 7-6 illustrates the spread across the asset classes.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$43.4m	$44.3m	$45.2m	$46.1m	$47.0m	$47.8m	$48.8m	$49.8m	$50.8m	$51.9m
Renewal	$17.1m	$17.8m	$18.7m	$19.6m	$20.2m	$20.7m	$21.2m	$21.7m	$22.2m	$22.8m
Upgrade	$3.9m	$0.5m	$0.5m	$0.5m	$0.5m	$6.6m	$0.5m	$0.5m	$0.5m	$0.5m

Figure 7-5: Recommended Overall Expenditure



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Business	$11.5m	$11.1m	$11.4m	$12.0m	$12.2m	$12.4m	$12.5m	$12.7m	$12.9m	$13.1m
Waste	$13.3m	$11.4m	$11.6m	$11.8m	$12.0m	$18.2m	$12.4m	$12.7m	$12.9m	$13.1m
Transport	$11.0m	$10.5m	$10.9m	$11.4m	$11.7m	$12.1m	$12.4m	$12.8m	$13.2m	$13.6m
Stormwater	$3.4m	$3.5m	$3.6m	$3.7m	$3.8m	$4.0m	$4.1m	$4.2m	$4.3m	$4.4m
Open Spaces	$9.7m	$9.9m	$10.2m	$10.4m	$10.7m	$11.0m	$11.3m	$11.6m	$12.0m	$12.3m
Buildings and Pools	$12.1m	$12.7m	$13.3m	$13.4m	$13.6m	$13.8m	$14.1m	$14.3m	$14.5m	$14.7m

Figure 7-6: Recommended Overall Expenditure by Asset Class

8. Improvement Plan

Proposed improvements to this AMP are recorded in Table 81, ranked according to priority and the resources required for each task.

Rank	Improvement	Completed by	IP&R Action
1	Finalise Community asset class-specific AMPs	Dec 2022	4.2.4.04
2	Finalise Business asset class-specific AMPs	Dec 2023	4.2.4.04
3	AchieveAustralian Standard ISO 55001 accreditation for Council's AMS	Dec 2024	4.2.4.14

Table 81: Improvement Plan

9. Monitoring and Reporting

Council is required to monitor and report on the implementation of this Strategic Asset Management Plan (SAMP). We will undertake this to ensure that the improvement actions are being achieved. Council will use the existing IP&R framework for the purposes of monitoring implementation of the SAMP.

Council will review the SAMP in line with the review of Council's Community Strategic Plan. In addition, if necessary, more regular updates can be made to the SAMP to reflect major changes and to ensure it is aligned to the latest trends and information available.

We will monitor and report on the progress of the SAMP through the IP&R Framework through:

- The Quarterly Reports of the Delivery Program/Operational Plan, at the end of each quarter report on Council's progress on delivering the improvement actions of the SAMP.

- An Annual Report, at the end of each financial year to report on Council's progress on delivering on the improvement actions of the SAMP.

Glossary

Asset Class	Categories of similar assets, brought together for the purposes of management and reporting
Asset Management Plan (AMP)	Long-term plan that outlines Levels of Service and the resources required to achieve these targets
Asset Management System (AMS)	Interacting elements of an organisation which achieve asset management objectives
Asset Management Information System (AMIS)	Processes, data, software and hardware applied to provide the essential outputs for effective asset management
Condition	The physical state of assets, recorded on a 1-5 scale
Current Asset Cost (CAC)	The amount that would be currently required to replace the service capacity of an asset
Defect	An imperfection which affects the amenity, service capacity or safety of an asset
Depreciation	The systematic allocation of Current Asset Cost over the Useful Life of an asset; all depreciation in this AMP is straight-line
Fair Value	The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
Infrastructure Backlog Ratio	Estimated cost to bring to satisfactory standard / Net carrying amount of infrastructure (benchmark < 2%)
Infrastructure Renewal Ratio	Asset renewal expenditure / Depreciation, amortisation and impairment (benchmark > 100%)
Level of Service (LoS)	Definitions of the outputs and objectives that Council intends to deliver to the community
Modern Engineering Equivalent Replacement Asset (MEERA)	An asset, constructed to relevant standards of the time, that provides similar community benefit
Written Down Value	Current Asset Cost less depreciation incurred to-date

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Appendix A | Possible Additions

Major projects included in these appendices can be added in part or in full, if proportionate asset lifecycle funding can be allocated. These possible additions will be prioritised in future revisions, considering community engagement.

Item	Description	Upgrade	Renewal	Maintenance and Operations	Total
A-1	Lake Illawarra Coastal Management Program	$1.1M	$3.9M	$1.8M	**$6.7M**
A-2	$1.0m Annual Upgrade Grants	$0.0M[1]	$1.3M	$1.2M	**$2.5M**
A-3	Parks Master Plans	$9.7M	$1.4M	$1.3M	**$12.4M**
A-4	Tripoli Way Extension	$13.1M	$1.0M	$0.7M	**$14.8M**
A-5	Yellow Rock Road Upgrade	$4.7M	$0.6M	$0.6M	**$6.0M**
A-6	Shellharbour Boardwalk	$3.8M	$0.7M	$0.7M	**$5.2M**
A-7	Cemeteries Master Plans	$4.4M	$0.5M	$0.2M	**$5.1M**
Total		**$36.8M**	**$9.4M**	**$6.5M**	**$52.7M**

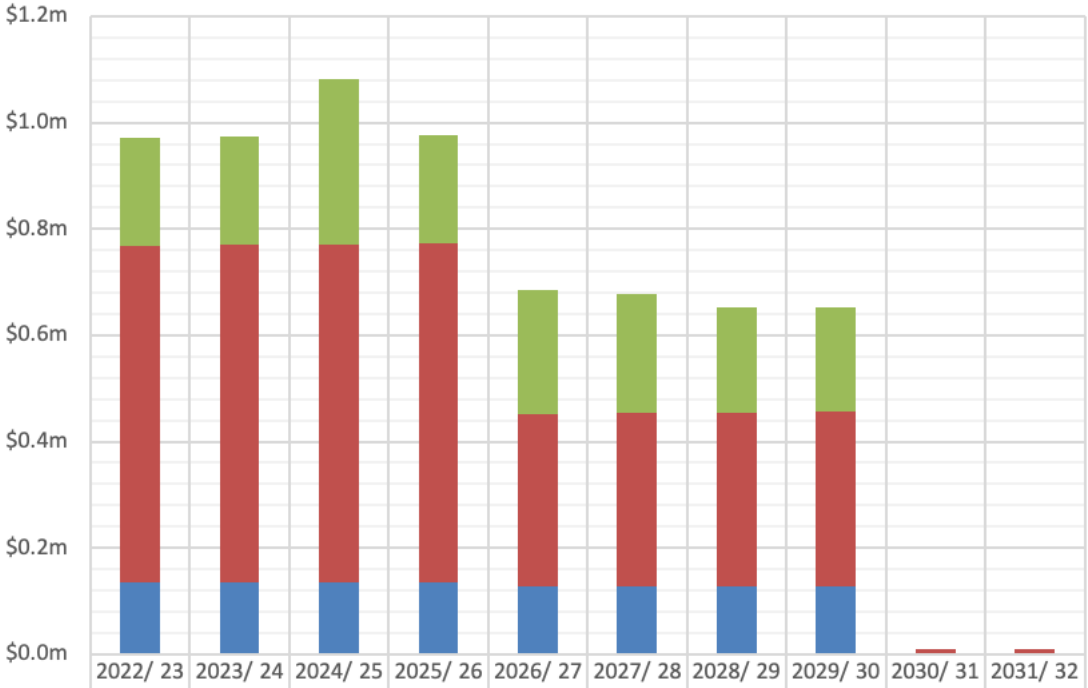
1 The $1.0m of annual upgrade grant funding is not considered Council upgrade expenditure

Appendix A-1. Lake Illawarra Coastal Management Program

Lake Illawarra Coastal Management Program (CMP) has been developed between Shellharbour City Council, Wollongong City Council and the Lake Illawarra Estuary Management Committee and was certified by NSW Government in November 2020.

Actions arising from this plan are modelled with actions that are due to occur in the first year, with actions scheduled over multi-year phases over the 10 year span of the program.

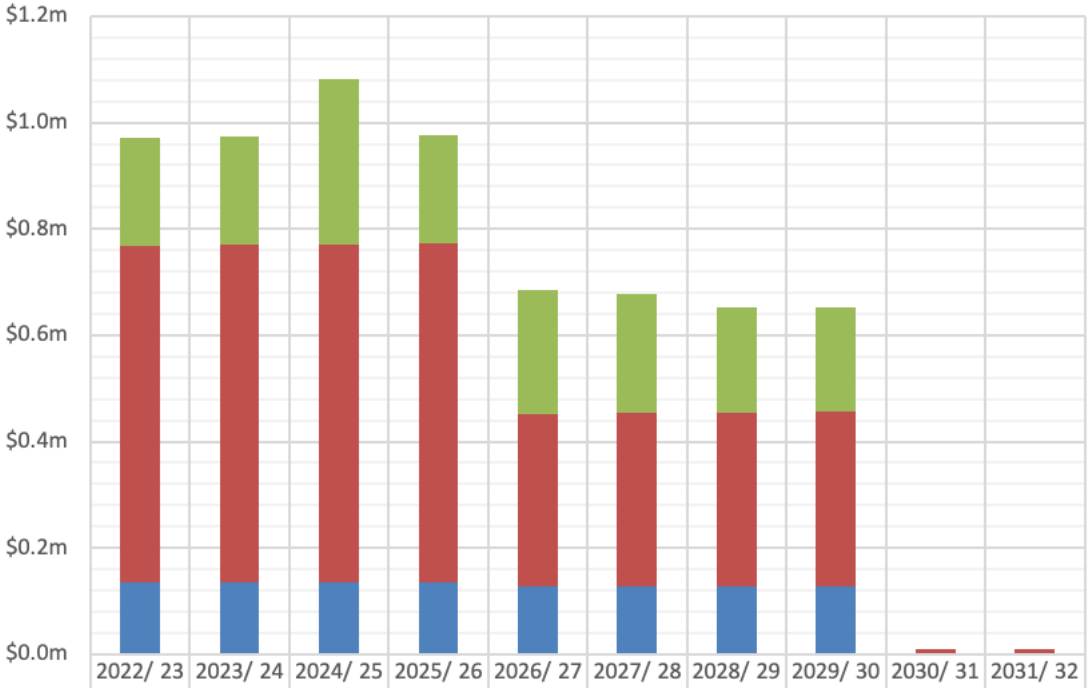
The 10-year lifecycle cost as it relates to this AMP would be approximately $7.4M.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$0.2m	$0.2m	$0.3m	$0.2m	$0.2m	$0.2m	$0.2m	$0.2m	$0.0m	$0.0m
Renewal	$0.6m	$0.6m	$0.6m	$0.6m	$0.3m	$0.3m	$0.3m	$0.3m	$0.0m	$0.0m
Upgrade	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.0m	$0.0m

Appendix A-2. $1.0M Annual Upgrade Grants

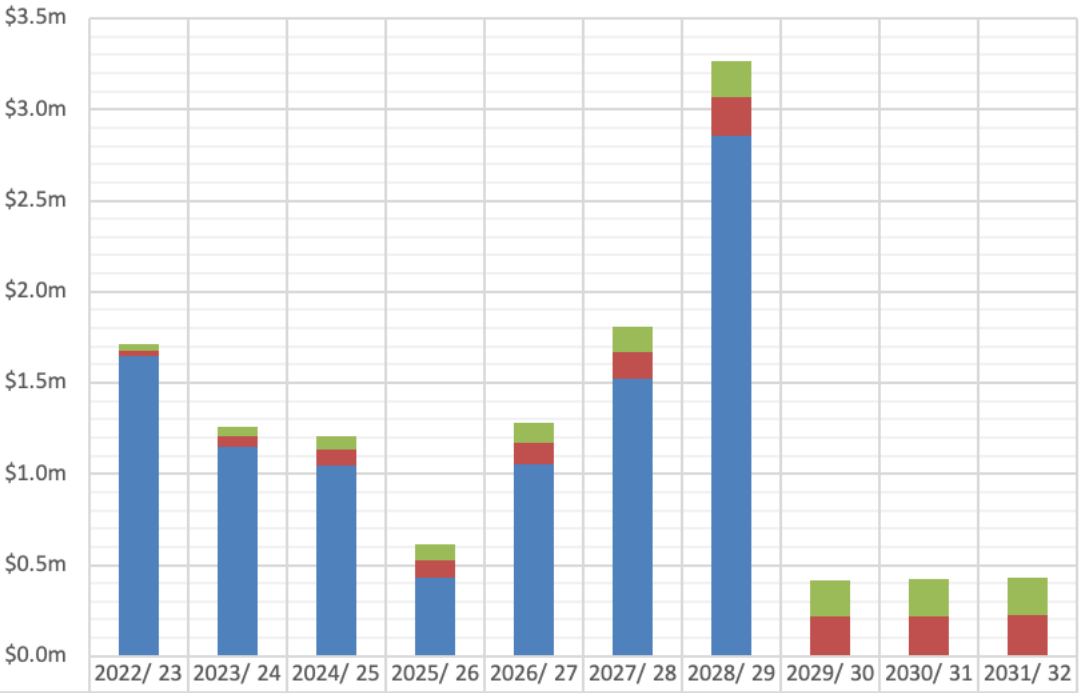
No grant funding for capital upgrade purposes have been included in any of the options within this AMP outside of the 2022-2026 Delivery Program. In this appendix, an estimate of the additional lifecycle costs resulting from an annual $1.0M of annual upgrade grant funding has been calculated based on typical asset costs. Whilst this analysis returns additional lifecycle costs of $2.5M over 10 years, this could vary significantly depending upon the particular type of assets that ultimately receive funding. Similarly, the $1.0M annual figure for these grants can be adjusted. The 10-year lifecycle cost as it relates to this AMP would be approximately $2.5M.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$0.2m	$0.2m	$0.3m	$0.2m	$0.2m	$0.2m	$0.2m	$0.2m	$0.0m	$0.0m
Renewal	$0.6m	$0.6m	$0.6m	$0.6m	$0.3m	$0.3m	$0.3m	$0.3m	$0.0m	$0.0m
Upgrade	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.0m	$0.0m

Appendix A-3.
Parks Master Plans

Lifecycle costings on the recently completed Reddall Reserve and McDonald Park Master Plans have been prepared based on the cost estimates. Several actions arising from these plans have been completed or scheduled and as such aren't included in the analysis below. Further consideration will be given to them in the Open Spaces AMP. The 10-year lifecycle cost as it relates to this AMP would be approximately $12.4M.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$0.0m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.2m	$0.2m	$0.2m	$0.2m
Renewal	$0.0m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.2m	$0.2m	$0.2m	$0.2m
Upgrade	$1.6m	$1.1m	$1.0m	$0.4m	$1.1m	$1.5m	$2.9m	$0.0m	$0.0m	$0.0m

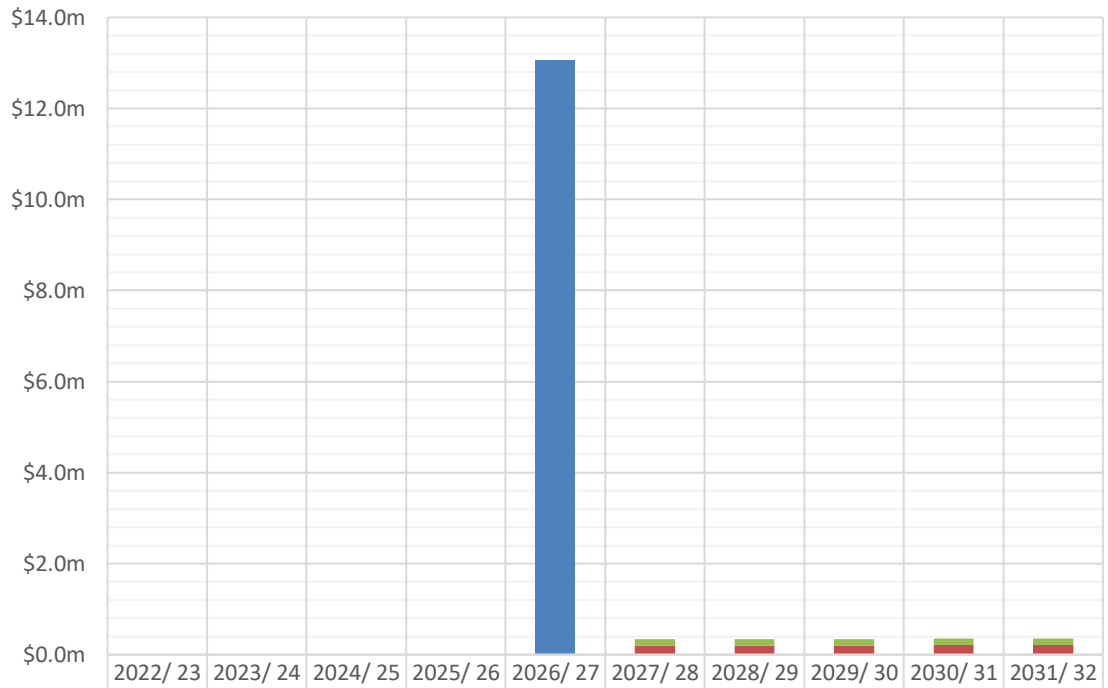
Appendix A-4. Tripoli Way Extension

The Tripoli Way extension project has featured within the Development Contributions Plan since 1993. This allocation is already considered within the AMP, however, that allocation was only intended as a partial funding source for the project.

The total current project cost is $28.5M, with various funding sources considered;

- $4.2M from State VPA which had been applied to finalising project approvals and land acquisition processes.
- $11.2M from Development Contributions Plan (9th Review) and other local VPAs (final allocation dependent on collection patterns)
- $13.1M from funding sources not yet identified but being actively pursued

The 10-year lifecycle cost as it relates to this AMP would be approximately $14.8M.



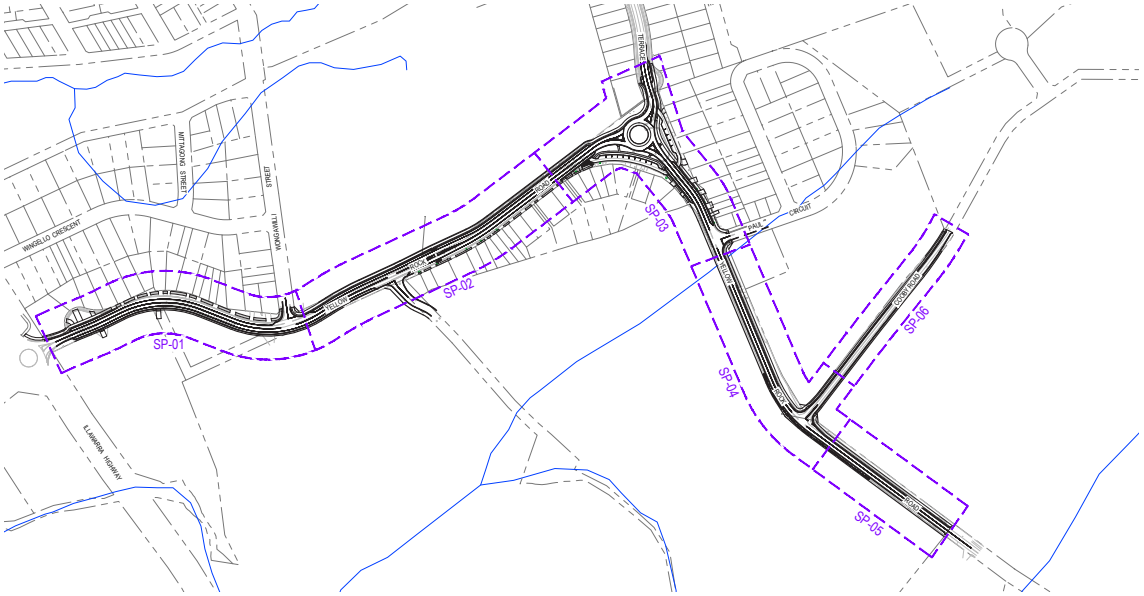
	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops						$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Renewal						$0.2m	$0.2m	$0.2m	$0.2m	$0.2m
Upgrade					$13.1m					

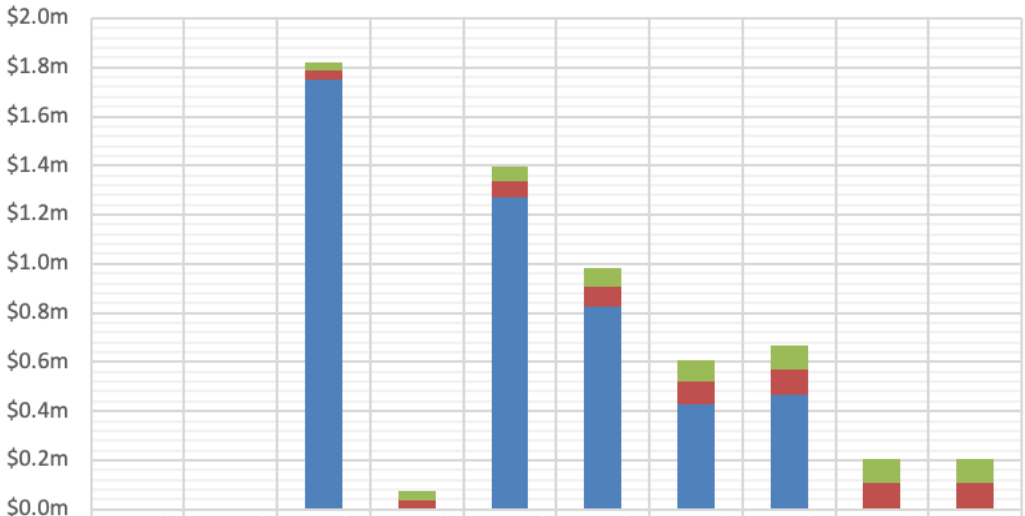
Appendix A-5. Yellow Rock Road Upgrade

As a result of urban expansion to the south-west of Tullimbar, the future suitability of Yellow Rock Road for local vehicle access has been identified as deficient. Council has completed preliminary designs for upgrades from the intersection with the Illawarra Highway, through to Cooby Road and the sections immediately beyond.

SP-01 and SP-02 feature in the 2022-26 Delivery Program, with grant funding to be pursued to contribute towards the upgrade components of these sections. Further sections may be including in future revisions of the Developer Contributions Plan.

The 10-year lifecycle cost as it relates to this AMP would be approximately $6.0M.

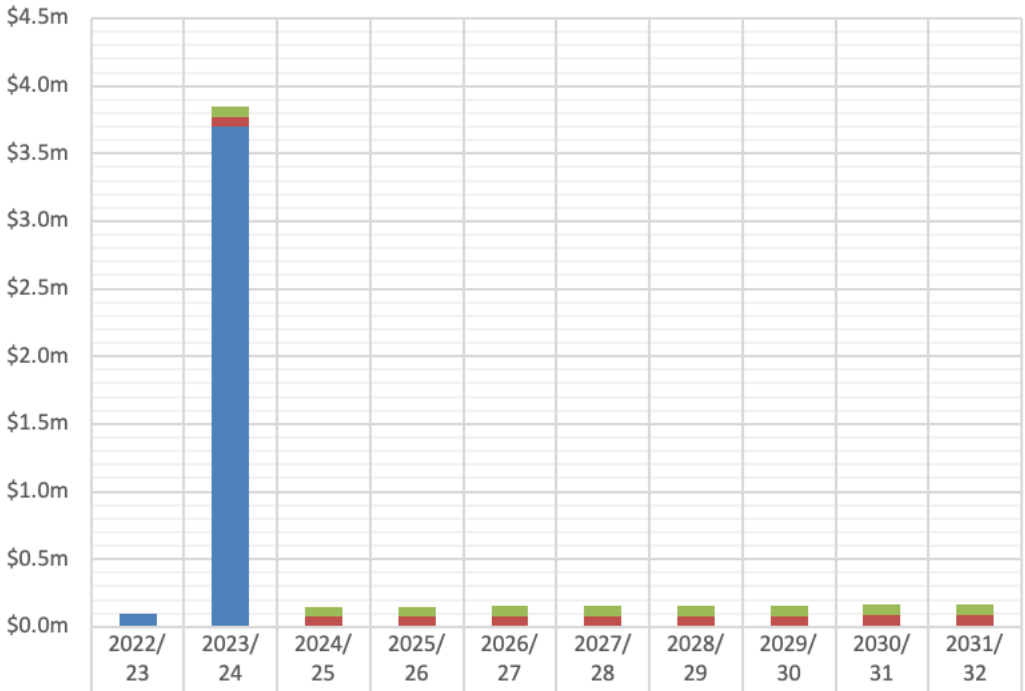




	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Maint/Ops	$0.0m	$0.0m	$0.0m	$0.0m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Renewal	$0.0m	$0.0m	$0.0m	$0.0m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Upgrade	$0.0m	$0.0m	$1.7m	$0.0m	$1.3m	$0.8m	$0.4m	$0.5m	$0.0m	$0.0m

Appendix A-6. Shellharbour Boardwalk

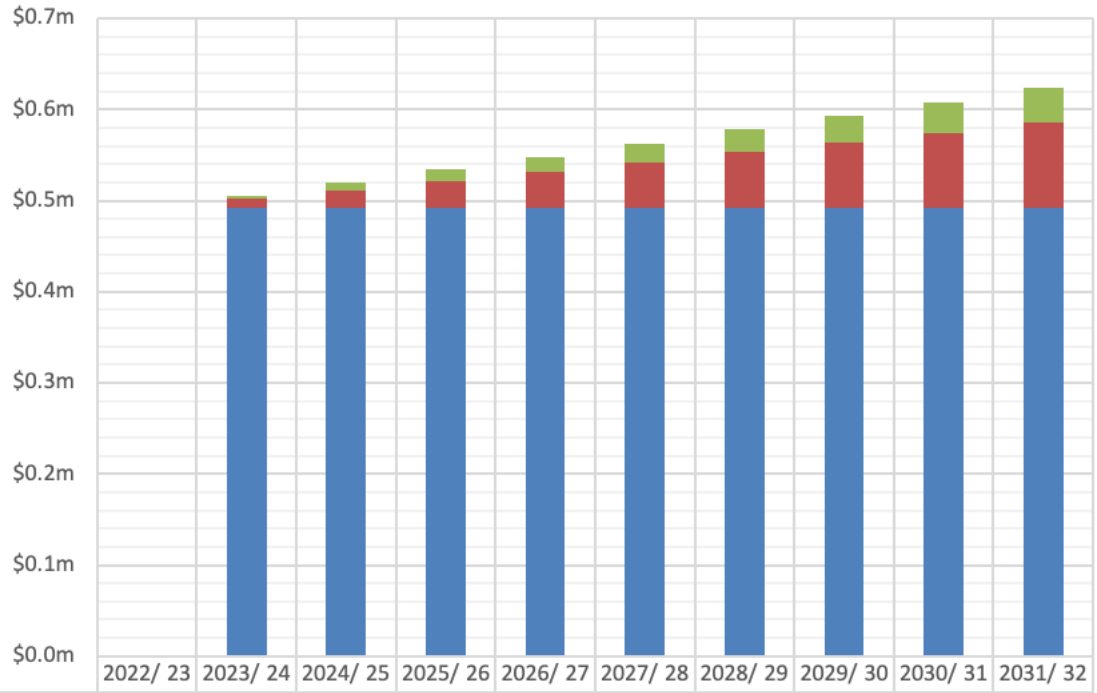
Shellharbour Boardwalk was identified in the 2010 Shared Use Path Master Plan. Concept designs have been prepared and lifecycle costs estimated accordingly. The 10-year lifecycle cost as it relates to this AMP would be approximately $5.2M.



	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Maint/Ops		$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Renewal		$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Upgrade	$0.1m	$3.7m								

Appendix A-7. Cemeteries Master Plans

Council has drafted Master Plans for Albion Park and Shellharbour Cemeteries. Additional lifecycle costs have been projected based on the associated cost estimates. It is assumed that 100% of the Shellharbour and 80% of the Albion Park Master Plans could be completed over 10 years. The 10-year lifecycle cost as it relates to this AMP would be approximately $5.1M.



	2022/ 23	2023/ 24	2024/ 25	2025/ 26	2026/ 27	2027/ 28	2028/ 29	2029/ 30	2030/ 31	2031/ 32
Maint/Ops	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m
Renewal	$0.0m	$0.0m	$0.0m	$0.0m	$0.0m	$0.1m	$0.1m	$0.1m	$0.1m	$0.1m
Upgrade		$0.5m	$0.5m	$0.5m	$0.5m	$0.5m	$0.5m	$0.5m	$0.5m	$0.5m

Policy

Asset Management

Policy Name: Asset Management	Policy Number: POL-0037-V06
Date of Last Amendment: 13 October 2021	Review Date: 18 October 2024
Policy Owner: Group Manager Asset Strategy	

1. Policy Statement/Objective(s)

Shellharbour City Council is committed to sustainably managing Council's infrastructure assets for present and future generations whilst complying with all legislative and regulatory requirements. This policy provides the interface between the organisation's strategic objectives, as detailed in the Community Strategic Plan, and other components of the Asset Management Framework.

This policy outlines the core objectives and principles that will guide Council in planning, coordinating, controlling, executing, monitoring and improving the activities associated with managing its assets. It also will outline of the core components of the Asset Management Framework that, combined, give effect to these objectives.

2. Scope

This policy applies to all infrastructure and assets under the care and control of Shellharbour City Council.

3. References

Local Government Act 1993 (NSW) & Regulation
Civil Liabilities Act 2002 (NSW)
Work Health and Safety Act 2011 (NSW) & Regulation
International Infrastructure Management Manual
Australian Accounting Standards
Shellharbour City Council Procurement Policy
ISO 55000: Asset Management – Overview, principles and terminology
ISO 55001: Asset Management – Management Systems - Requirements
ISO 55002: Asset Management – Management Systems – Guidelines for the Application of ISO 55001

4. External/Internal Consultations

Director Amenity and Assets
Group Manager Asset Strategy
Manager Asset Planning

5. Definitions

Asset Management Framework	A collection of policy, procedures and management plans which together document the processes that lead to Council achieving its asset management objectives
Integrated Planning and Reporting (IP&R)	A statutorily mandated framework where Council records the Community's long-term strategic objectives, and the associated plans aimed at achieving these objectives, along mechanisms for monitoring and reporting on the resulting progress towards these objectives
Resourcing Strategy	A suite of documents that outline how Council will provide the necessary resources to enact the plans arising from the Community's objectives. The Asset Management Framework is a component of this strategy

6. VARIATION AND REVIEW

This policy will be reviewed every three years by relevant employees.

Review History

Date Policy first adopted - Version 1	1 July 2008
Date amended adopted - Version 2	14 June 2011
Date amended - Version 3	10 June 2013
Date amended - Version 4	16 November 2016
Date amended - Version 5	12 June 2018
Date amended - Version 6	18 October 2021

7. Policy

Council recognises its obligation to act as custodian of public assets and infrastructure in accordance with Section 8 of the Local Government Act 1993. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's service delivery. It also recognises all relevant legislative requirements together with political, social, economic and environmental requirements that are to be taken into account in the management of assets.

Asset management practices impact directly on the core business of Council and on achievement of our strategic delivery objectives. An annually reviewed Strategic Asset Management Plan (SAMP) will maintain alignment with Council's Community Strategic Plan and Long Term Financial Plan.

A strategic approach to asset management ensures that Council delivers the optimal level of service through its assets. This provides a positive impact on the operations of Council, the Customers we serve and the Councillors, as representatives of the Community to which we are accountable.

7.1 Asset Management Objectives

Shellharbour City Council commits to;

a) Ensuring Asset management is an integral element of Council's planning, budgeting and reporting frameworks.
b) Utilise an asset management framework to enable the development and application of appropriate asset management practices for the different infrastructure asset classes.
c) Community engagement and needs will form part of all significant decisions affecting infrastructure.
d) Develop service levels based on responding to community needs, including expansion of the existing infrastructure networks to support the growing population, while ensuring that necessary funding is allocated to renewing existing assets in a timely manner, for ongoing provision of acceptable levels of service.
e) Ensure compliance with all statutory requirements applying to physical assets and asset management
f) Ensure that all Asset Management decisions and activities comply with Council's policies relating to Work, Health & Safety and Environment
g) Decision making for service delivery will be focused on asset renewal, rationalising under-utilised assets and non-asset solutions as far as practicable, in order to achieve a cost-effective asset base and deliver financial sustainability.
h) Formally assess both risk and economic outcomes when making decisions relating to the management of physical assets
i) Ensure that asset acquisition, renewal, upgrade and disposal decisions are made based on an assessment of expected future demand, life cycle costs and risks
j) Maintain assets in such a manner that they continue to meet operational requirements for the duration of their expected life
k) Ensure that adequate resources are provided to permit the achievement of agreed Asset Management objectives
l) Continually meet and sustainably exceed the benchmark performance indicators relating to Asset Management, particularly the asset renewal ratio.
m) Continually improve Asset Management processes and performance
n) Asset management performance and progress will be reported regularly to the community in the context of the Integrated Planning & Reporting framework.

7.2 Asset Management Framework

The Asset Management Framework, as summarised in Figure 1, integrates into the wider IP&R Framework and ensures Council performs the Asset Management functions of planning, coordinating, controlling, executing, monitoring and improving the activities associated with managing its assets.

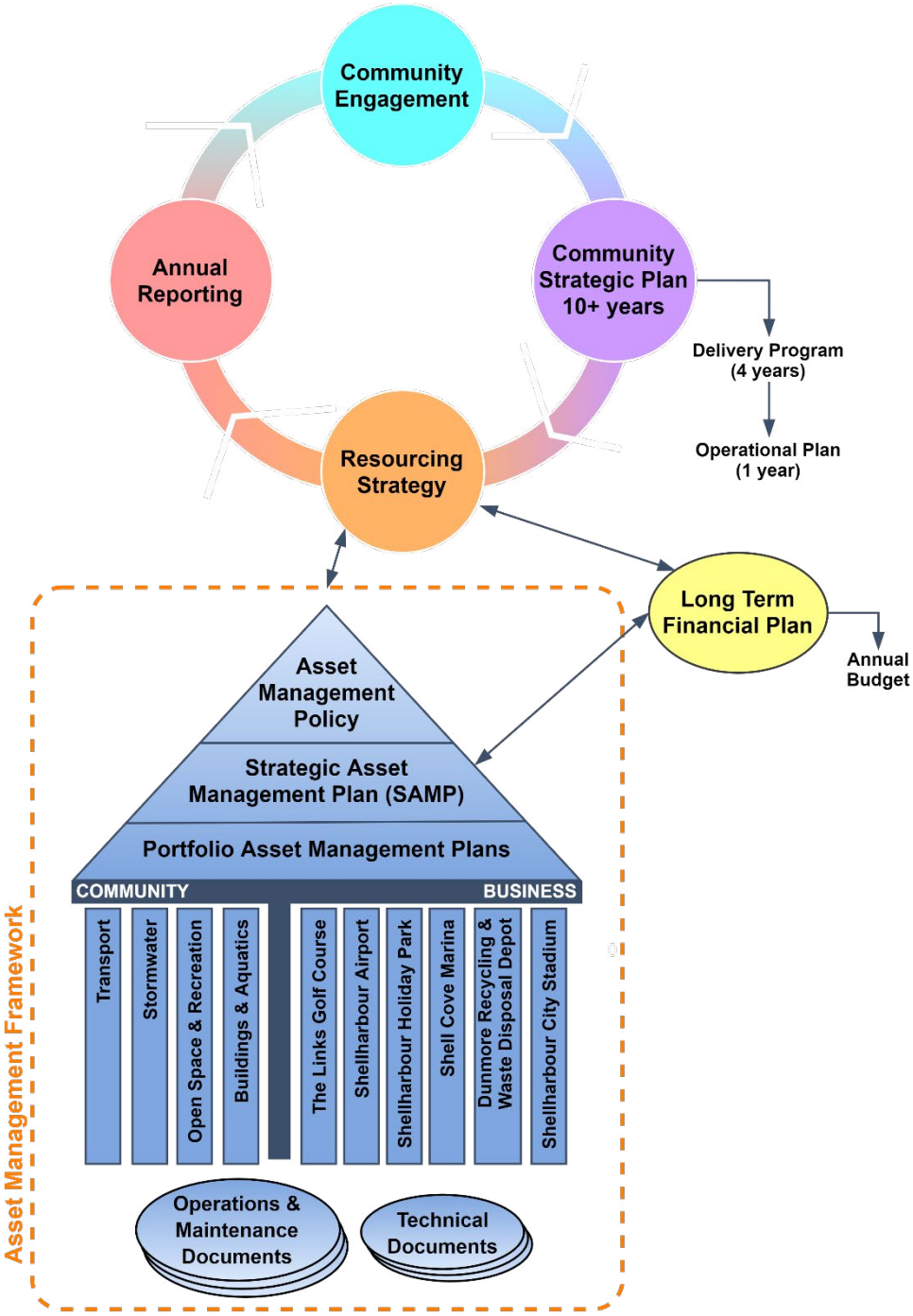


Figure 1 - The Asset Management Framework

Council's Asset Management Framework includes the following key elements;

- **Asset Management Policy**: (this document) set's out Council's Asset Management objectives.
- **Strategic Asset Management Plan (SAMP)**: shows how Council will go about achieving the objectives of the Asset Management Policy. It is a road map for the delivery of these asset management objectives in accordance with the principles set forth in this Policy. It is to be continually monitored and regularly reviewed, in alignment with the formulation of the Long Term Financial Plan (LTFP) and the Delivery Program & Operational Plans adopted annually by Council.
- **Portfolio Asset Management Plans (AMP)**: are developed to further explore the high level summary contained in the SAMP, with a detailed analysis of inventory, risk, levels of service and sustainability undertaken. AMPs are developed for all major infrastructure asset classes, grouped by the type of function the assets serve;
    - Community assets
        - Transport
        - Stormwater
        - Buildings & Aquatics
        - Open Space & Recreation
    - Business units
        - The Links Golf Course
        - Shellharbour Holiday Park
        - Shellharbour Airport
        - Shell Cove Marina
        - Dunmore Recycling & Waste Disposal Depot
        - Shellharbour City Stadium

Many of the business units listed are a combination of both business & community. Through the development of their respective AMP, the ratio of business:community will be quantified and then utilised to set the expected cost recovery of the business unit - ie full cost recovery will be expected for the business component. It is acknowledged that the determination of the business:community ratio will be a complex process, however its completion is of critical importance in ensuring the sustainability of these business ventures.

The AMPs are continually reviewed, to ensure long-term sustainability of the Council services they support. They are informed by community consultation and will be used as core inputs into the development of Council's Long Term Financial Plan.

A range of standard operating procedures and appropriate risk management practices that support this policy will be implemented. Operational plans incorporating effective and affordable preventative maintenance programs will be implemented to minimise lifecycle costs and maximise service potential of assets.

7.3 Responsibilities

7.3.1 Councillors

Councillors are responsible for adopting the policy and in ensuring that sufficient resources are applied to manage the assets.

7.3.2 Chief Executive Officer

The CEO has the overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

7.3.3 Directors and Group Managers

- Are responsible for the implementation of the Asset Manager
- Must fulfil responsibilities under the Civil Liabilities Act Standards
- Must ensure consultation occurs within the various Council Management
- Are required to set appropriate levels of service and manage
- Are to provide linkage between the community, key stakehol management of Council's assets
- Must monitor the performance of staff in relation to impleme

7.3.4 Manager Asset Planning

Is to manage the asset management functions identified i framework, and to achieve optimum outcomes and fulfil Council

8. Related Forms

Nil

9. Attachments

Nil

Policy Authorised by:

Name:

Date:

DRAFT

Workforce Management Plan 2022-2026

Executive Summary

Shellharbour City Council's Community Strategic Plan (CSP) outlines our commitment to becoming a dynamic city that values and celebrates the unique diversity of our people, places and environment. We are a connected community working together to create a safe, sustainable future that provides opportunities for all to achieve their potential.

To support delivery of our CSP objectives, Council employees approximately 440 permanent employees as well as a casual workforce to provide services to our four key stakeholders; Community, Councillors, Customers and the Council itself. We call these our 4C's.

Our Core Values (Collaboration, Sustainability, Respect, Integrity and Accountability) are the heart of our culture, guiding us to provide the best possible outcomes and help us build a strong, resilient culture that provides benefits to the 4C's and sets us up for future success.

Our Vision is an aspirational statement about Council's future that connects to our Core Values, behaviours and decision making. We drew inspiration from our Vision when developing this Workforce Management Plan (WFMP).

Inspiring Enabling
People Growth

The WFMP is an essential element of the Integrated Planning and Reporting (IP&R) framework and details the approach taken in planning for our future workforce. It gives consideration to Council's current workforce profile, internal focus areas, external environmental influences and future resourcing requirements.

Our WFMP outlines Council's strategies and initiatives to attract, support, develop and retain a capable, resilient and diverse workforce who feel connected to our business and our purpose and who feel that their personal growth and wellbeing are valued.

Through consultation with Council's Executive and Senior Management teams, key topics were identified and prioritised allowing us to develop our **three workforce themes** that align to our CSP objectives and key focus areas. These three themes demonstrate our commitment to:

Develop, Grow, Innovate: C*reate a culture of continuous learning*; each day is recognised as an opportunity for learning, reflection and growth in our roles and in supporting that in others through learning and development, technology, leadership, succession planning, knowledge transfer and innovation.

Engage and Empower: *Engage and empower to enrich the experience;* attract, engage and retain people that reflect our values. We acknowledge everything we do at Council depends on the quality, motivation and engagement of our people.

Build Great Culture: *Create an environment in which our people feel connected, safe, motivated and empowered*; culture and wellbeing permeate everything we do. It is what drives us.

A key consideration in the development of our WFMP, is our Employee Value Proposition (EVP) and shifting our mindset to being more future focused in relation to our people. We are a growth Local Government Area (LGA), we are unique and we are geared now to start leading the way in breaking the mould of what Local Government offers in terms of employee experience.

What is workforce planning?

Council operates in an environment that demands responsiveness, flexibility and continuous improvements to address issues such as; an ageing workforce; labour market changes; skills shortages and technology and automation demands.

Workforce planning is a continuous process which involves a systematic assessment to compare future workforce needs with current workforce capability to establish actions required to meet strategic objectives that support adopted outcomes.

The workforce planning process focuses on current and future workforce trends and needs to help ensure that we have the right people, with the right skills, in the right roles, at the right time, to deliver services to our 4C's - Our Community, Customers, Councillors and Council.

The Workforce Management Plan (WFMP) is a four-year plan that focuses on current and future workforce needs and trends and links workforce strategies to business outcomes.

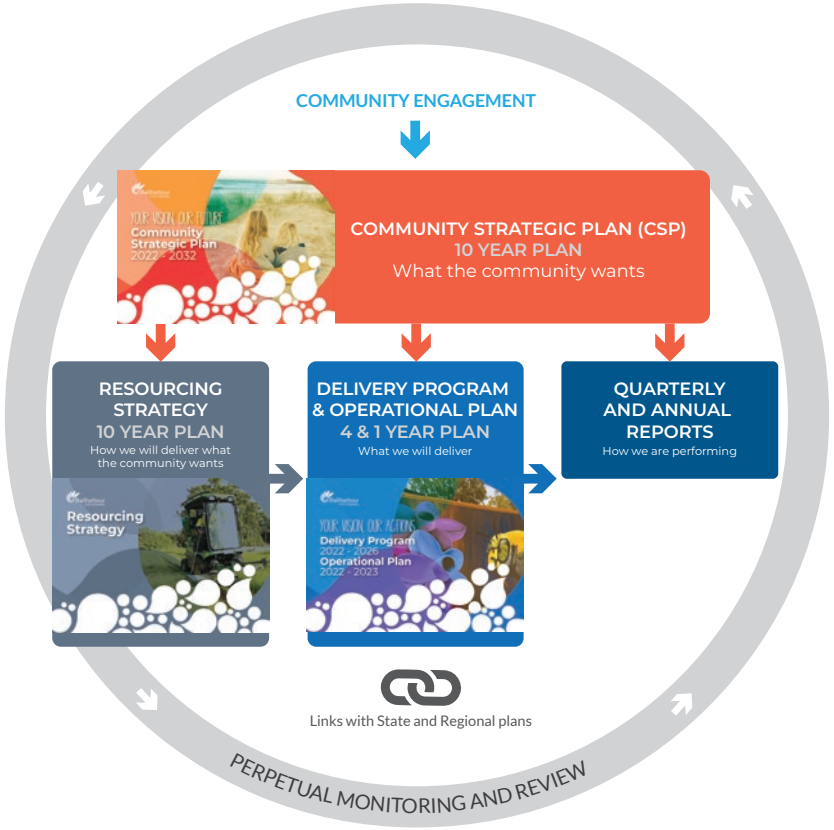
Why do we do it?

Integrated Planning and Reporting Framework

The Integrated Planning and Reporting (IP&R) Framework is a suite of documents which provides Council with the opportunity to work with our communities to develop a long term plan for our areas.

The Framework is a legislative requirement which consists of four layers of plans – The Community Strategic Plan, Resourcing Strategy, Delivery Program and Operational Plan.

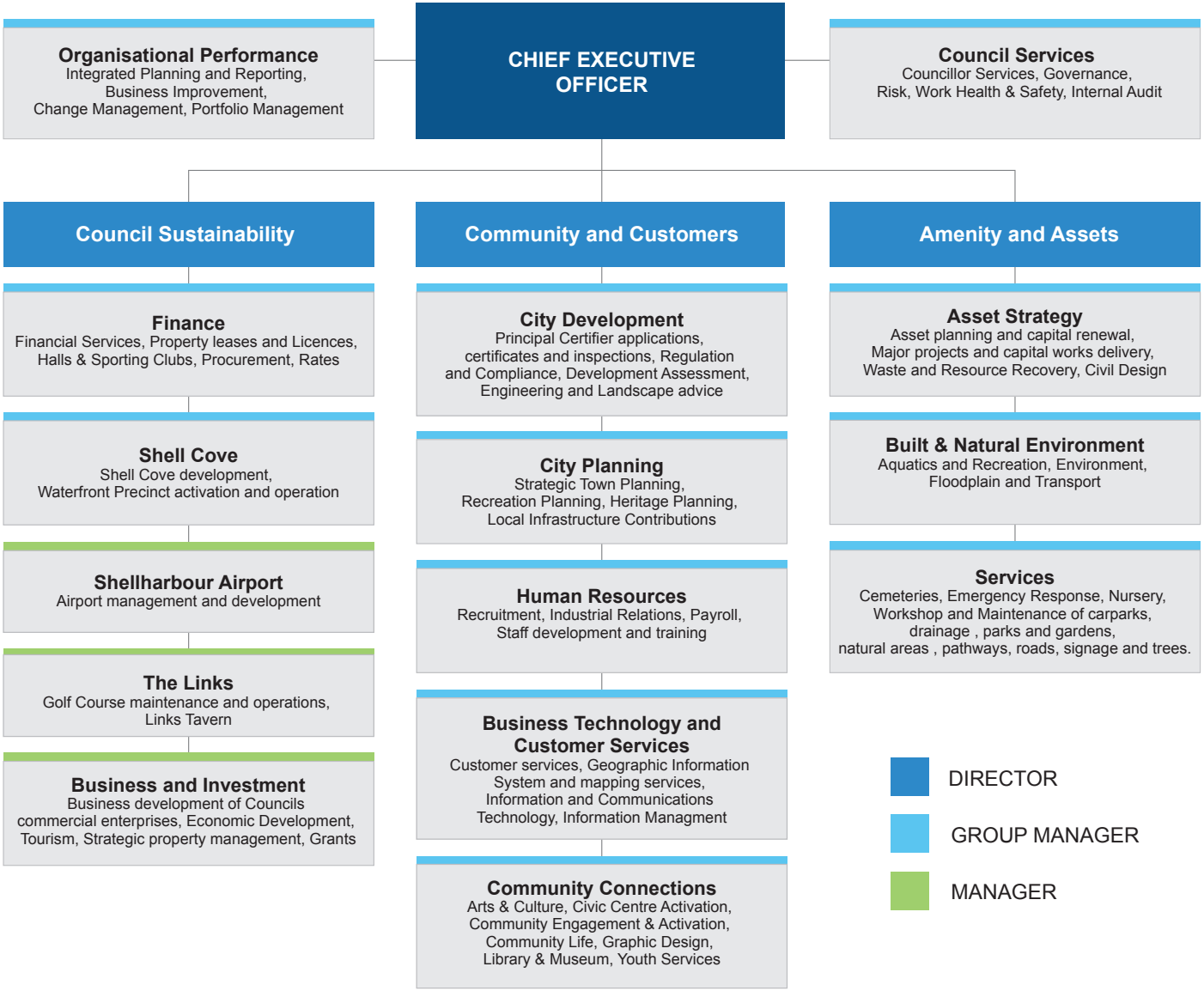
The WFMP is an integral part of Council's Resourcing Strategy and is informed by and developed in conjunction with the Long-Term Financial Plan and the Asset Management Strategy and Plans.



Workforce Planning Framework

Our Organisation

Shellharbour City Council deliver a wide range of day-to-day services to our local community – residents, businesses and visitors – as well as services to support our internal customers.



Council Sustainability is where the organisation's financial security will be assured and opportunities for financial return from current and future enterprises optimised. It is responsible for the following functions:

- Finance;
- Shell Cove;
- Shellharbour Airport;
- The Links, The Tavern Shell Cove and
- Business and Investment.

Community and Customers is the centre of services provided to the community. It drives community interaction with Council and ensures buildings and natural forms are acceptable to the community. This directorate ensures people systems are in place to attract and retain talent in order to deliver on current and strategic programs. It is responsible for the following functions:

- City Development;
- City Planning;
- People & Culture;
- Business Technology and Customer Service and
- Community Connections.

Amenity and Assets deliver infrastructure and asset management in a planned, orderly, prompt and accountable fashion to meet community expectations and as well as providing planning and budget control. It is responsible for the following functions:

- Asset Strategy (includes major projects);
- Built and Natural Environment and
- Services.

Organisational Performance and Council Services report directly to the Chief Executive Officer.

- Organisational Performance supports Integrated Planning and Reporting, Change management and business improvement and
- Council Services supports the CEO, Mayor and Councillors, Governance, Legal, Risk, WHS, Internal Audit and Media.

Our 4C's

Council exists to provide benefit to our four key stakeholders – Community, Councillors, Customers and the Council itself. We call these the 4C's.

1. **Community** - The organisation is communities focused in all that it does
2. **Councillors** - The organisation is Councillor focused and helps elected representatives to do their work
3. **Customers** - The organisation is focused on its customers and the success of the transactions and interactions it undertakes with them
4. **Council** - The organisation is sustainable

Our Values

In 2018, Shellharbour City Council discovered our Core Values - Collaboration, Accountability, Integrity, Respect and Sustainability.

These values are the heart of Council's culture, guiding us to provide the best possible outcomes for our Community, Customers, Councillors and Council (the 4C's). Our Core Values are supported by our and behaviour statements (listed below) and help us build a strong, resilient culture that provides benefits to the 4C's and sets us up for future success.

Collaboration

- We seek opportunities to develop teamwork and cooperation to support high performance.
- We work together with our Community, Councillors, Customers and Council to achieve shared goals and the best outcomes.
- We communicate and listen openly and honestly to ensure information is shared in an efficient, transparent and timely way.

Accountability

- I take responsibility for what I do and what I don't do.
- I demonstrate my commitment to deliver quality, reliable and professional services to our Community, Councillors, Customers and Council.
- I recognise my responsibility to learn, change and improve performance.

Integrity

- We behave professionally, ethically and reliably in everything we say and do.
- We are genuine, honest and transparent.
- We have the courage to do what is right when it's not the easiest route.

Respect

- I embrace diversity and welcome differences in backgrounds, experiences and viewpoints.
- I am friendly, open and polite in all my communications.
- I listen to and value the contributions of others.
- We support a safe and healthy work environment that treats everyone with fairness and equity.

Sustainability

- I seek to reflect community needs in the services I deliver.
- We make decisions today that will positively impact on Shellharbour City and its environment for generations to come.
- We adopt a long term view in the decisions we make and the actions we take so we can deliver enduring benefits to our community well into the future.
- We encourage creativity, innovation and continuous improvement to achieve a lasting impact

Our Vision

Our vision is an aspirational statement about Council's future that connects to our Core Values, behaviours and decision making.

During Change Week in March 2021, 50 employees from across the organisation participated in a Vision Discovery Workshop, ran by Colin Ellis, Culture Change Specialist.

This led to the development of our organisational vision:
Inspiring People, Enabling Growth.

Inspiring Enabling
People Growth

Workforce Profile - 2022
Key Metrics

Shellharbour City Council's workforce comprises of 440 permanent employees (including 55 fixed term).

Council also engages casual employees who work in all areas such as pools, beaches and bush regeneration as well as supplementing operations for the libraries, customer service and parks.

Gender Distribution

Of Council's permanent and fixed term employees the gender distribution is 52% male and 48% female. This is an increase of 2% of females in our workforce since our previous workforce management plan (2018).

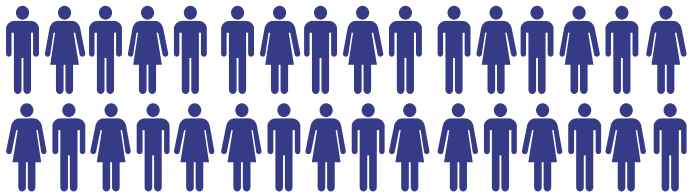
Of Council's permanent and fixed term employees that are in our indoor workforce the gender distribution is 32% male and 68% female.

Of Council's permanent and fixed term employees that work in our outdoor workforce the gender distribution is 87% male and 13% female.

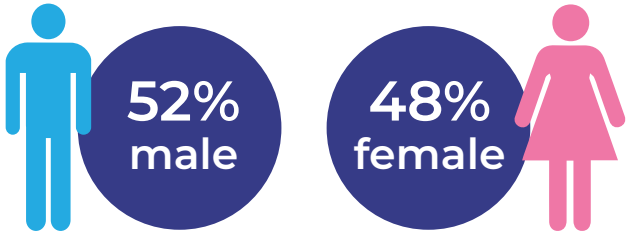
Gender and Management

Of Council's management and supervisory roles 57% are males, compared to 43% females.

Of Council's permanent and fixed term employees, 53% of males are in non-supervisory roles compared to 47% of females in non-supervisory roles.

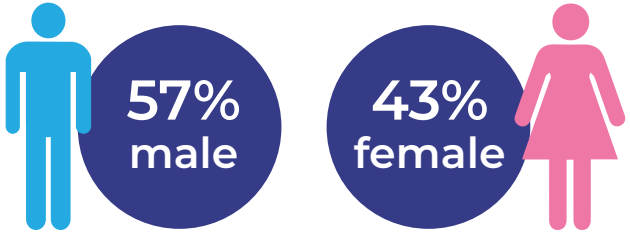


440 permanent employees



↑ 2% from 2018 Workforce Management Plan

Management and supervisory roles



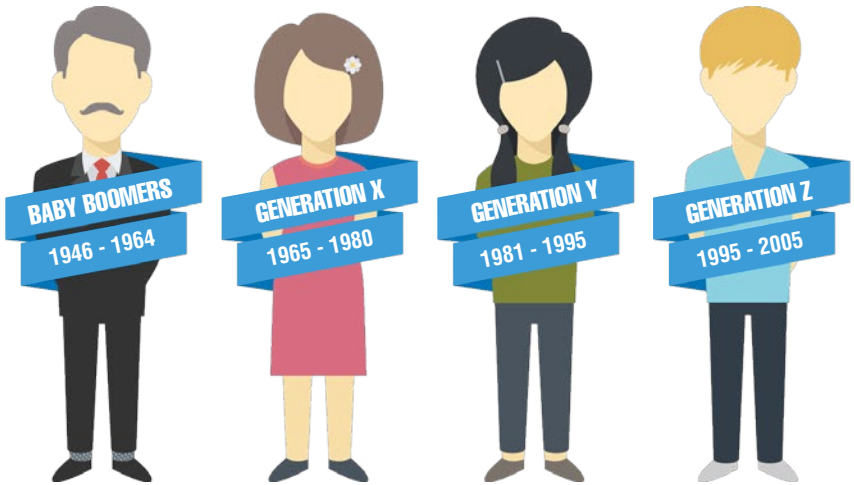
Age Profile

The average age of permanent and fixed term Council employees as at February 2022 was 43 years of age (median age was 44).

The average age for males was 44 years of age and for females 42 years of age.

Of Council employees 38 are over 60 years of age.

19 of these employees are from our Indoor team and 19 are from our Outdoor team.



	BABY BOOMERS	GENERATION X	GENERATION Y	GENERATION Z
2022	13.10% ↓	26.37% ↓	40.87% ↑	19.66% ↑
2018	30.19%	35.58%	32.88%	1.35%

Ageing workforce projections indicate that 13% of Shellharbour City Council permanent and fixed term employees will reach 60+ within the next 5 years, 12% within 10 years and 9% within 15 years.

An analysis of the age profile of Council over the next 5 years and life of this Workforce Management Plan, shows no significant difference across the Directorates or between the indoor and outdoor workforces.

Age and Key Areas

As at 28 February 2022:

- Of Council's 44 managers (including senior managers), 11 will be 60 years of age or older within five years.
- Of Council's 83 team leaders/supervisors 17 will be 60 years of age or older within five years.
- Of Council's permanent and fixed term workforce 209 are currently 45 years of age or older (48%).
- Of Council's permanent and fixed term workforce 271 will be 45 years of age or older within five years (62%).
- Of Council's permanent and fixed term workforce 38 are currently 60 years of age or older (9%).
- Of Council's permanent and fixed term workforce 94 will be 60 years of age or older within five years (21%). This is up 9% since the last workforce management plan in 2018.

Council has identified areas such as Waste and Resource Recovery, Aquatics and Recreation, City Planning, Libraries and Museum, Civil Engineering, Construction and Maintenance and Parks and Gardens, as areas where succession planning is required.

In some key areas there are a number of technical positions where employees are already over 60 years of age or will be within 5 years. Of these employees, some have engaged in a 'Phased Retirement' arrangement enabling Council to job share these positions until the employee retires. This assists with both a transfer of knowledge, training of other employees and appropriate succession planning prior to the employee retiring.

Employee Turnover

Council's turnover rate was 10.2% (excluding fixed term and casuals) over a 12 month period (March 2021–2022). This is compared to 9.07% in the last WFMP (2018).

39 permanent employees left Council during this 12 month period.

- 54% were male.
- 46% were female.

The majority of the employees who left Council during this 12 month period were in their 30's.

The average age of employees who left Council was 47 years of age.

In the 12 month period the average years of service of employees leaving was 8 years of service.

Our Internal Focus Areas

Diversity and Inclusion – Attracting a truly diverse workforce, educating and inspiring our people on diversity and inclusion, creating mechanisms to support and meet the needs and expectations of our diverse community.

Ageing Workforce – 62% of employees in our workforce will be over the age of 45 within five years and 21% will be 60 years of age or over. These figures emphasise the need to better support and accommodate the needs of our ageing workforce, with a focus on knowledge transfer, work health and safety, succession planning, upskilling and mentoring across Council.

Attraction and Retention – Attracting and retaining inspired and motivated talent with the right technical and people skills, experience, qualifications and knowledge.

Flexible Working – Sustaining and maximising the benefits of flexible working arrangements. The Covid-19 pandemic generated opportunities and highlighted the need to continue to evolve new ways of flexible working.

Technology – The need to leverage technology to continue to provide a diverse range of services to our community, improve operational efficiencies, available data to drive decision making, enable remote working and facilitate information sharing.

Wellbeing – Creating great cultures and building high performing teams provides an opportunity to be proactive in developing and implementing initiatives that promote and support a healthy workplace, whilst instilling a sense of purpose, pride and passion.

Leadership – Developing and inspiring great leaders, building leadership capacity and capability and a strong leadership culture will continue to be a key focus for Council over the coming years. Develop and retain leaders who can make sound and confident decisions, consider and promote the safety and wellbeing of employees and work consistently with our Core Values and behaviour statements.

Knowledge Transfer / Upskilling – Knowledge sharing and upskilling of our team will be critical in order to address and combat the challenges faced with an ageing workforce, attraction and retention and skills shortage areas. Upskilling and developing our team with the necessary skills will create an organic talent pipeline and a path of succession for our team, whilst also providing an opportunity for mentoring and sharing of innovative thoughts and ideas.

Learning and Development – Creating a culture of continuous learning where development and growth are encouraged. The focus within this learning environment will be on identifying the knowledge and skill gaps within our business, setting time aside from business operations to learn and develop, and aligning training offerings with both employee's personal goals and business objectives.

External Environment Influencers

Shellharbour City Council, like other Local Government Council's in NSW, face a number of key environmental workforce challenges. These challenges also present Council with a number of opportunities for the future of work. The following factors require careful management and thorough planning:

Technology

- Increased demand for mobility across our services;
- Automation;
- Increased need for upskilling of existing employees and
- Changes in how and when we work.

Population Growth Shellharbour Local Government Area

- Resourcing to meet demand;
- Increased demand for roles such as Project Managers, Engineers, Civil Works employees, Development Officers, Planners and Infrastructure professionals;
- Community expectations for more high quality amenities and maintenance outcomes and
- Processing growing volume of development applications.

Attracting and Retaining Talent

- Demand for high performing talent;
- Emergence of new markets;
- Multigenerational workforce demands – four generations working together all with differing expectations, behaviours and needs;
- Increased level of specialised labour needed for major infrastructure projects;
- Skill shortages;
- Expectation for greater flexible work practices and
- Challenge of competing with public and private sector.

The 2018 Local Government Workforce and Future Skills Report found that 69% of Councils across Australia were experiencing skill shortages in occupations such as Engineers, Urban and Town Planners, Project Managers, Environmental Health Officers and Building Surveyors.

In their 2021 Future of Work report, PwC (what-workers-want-report.pdf (pwc.com.au) asked 1800 Australian workers to rate what they wanted from their employer, below outlines the top ranking results:

25% **Remuneration and Reward** (Pay, bonuses, super, discounts etc)

22% **Wellbeing** (Mental health support, work-life balance, health and wellbeing)

16% **Experience** (Culture, Diversity and Inclusion, support and relationships, team spirit and energy)

Grants

- Federal and State Grants creating a demand for resourcing and specialised skills sets.

New / Changes to Legislation

- Changes to accreditations for positions such a building surveyors and engineering, impacting the current and future workforce and
- Continuous and at times adhoc changes to State Government legislation and Planning Reform impacting resources and services rendered.

Ageing Workforce

- Loss of corporate knowledge and intellectual capital;
- Experienced employees retiring and other employees not having the necessary skills to backfill;
- Work Health and Safety considerations and
- Managing talent shortages.

COVID-19 Pandemic

- Impacts on population growth and demographics;
- Impacts on Council services and demand for local amenities and
- Mental health, wellbeing, employee engagement and experience.

Resourcing Focus Areas

year 1	year 2	year 3	year 4
Environment	Refocus on Cadets, Trainees and Apprentices	Shell Cove Library Activation	City growth requiring further support in Planners, Building & Health Officers
Our People, Culture & Wellbeing	Service Level Reviews	Cyber Security	
Shell Cove, Projects and other Capital Works infrastructure creation.			
Infrastructure and City growth requiring ongoing maintenance and operational support.			

Transforming our Workforce

Reflecting on the years past

Since 2020 we have managed our business through two significant periods of pandemic including lockdown and transition to remote work for many of our people. Also during this time, Council invested in developing and inspiring great leaders, building leadership capacity and capability. Council developed a Leadership Development Framework and Program focusing on three key areas of development – Leading Self, Leading Others and Leading the Business. The Program is designed to build conscious leaders who value and invest in the culture of their teams.

Employee wellbeing and employee experience are the new focus of successful workplaces. At Council we began this journey back in 2018 with:

- The creation and enlivening of our Core Values;
- The strategic direction of our Health and Wellbeing Committee and
- The significant investment in our Leadership Program.

In November 2020, the Health and Wellbeing Committee partnered with NSW Health to undertake the Healthy Lifestyle survey across our organisation. The data from this survey highlighted a number of areas of concern:

- Mental ill-health risk - current risk (25% high, 29% medium risk) and future risk (16% high, 31% medium);
- Poor healthy eating patterns – Fruit (63% not adequate) and Vegetables (92% not adequate);
- Water intake – 83% not adequate;
- Poor discretionary eating choices – Sweets (41%) and
- Opportunity for better active travel – Motor vehicle (93%)

The mental ill-health risks in particular are also echoed by PwC's latest Future of Work publication where it was found that:

> "Almost one in two Australian workers were already experiencing mental health challenges before the pandemic"
> what-workers-want-report.pdf (pwc.com.au).

Leadership growth along with the awareness of the value in investing in the wellbeing of our people throughout lockdown, has brought us to a pivotal time in Council's consideration of our future workforce.

Focus areas in the years to come

The pandemic has taught us that wellbeing, employee engagement and experience are crucial to the connection our people have to the place of work we offer. We need to attract and retain a workforce who feel connected to our business, our purpose and who feel that their personal growth and wellbeing are valued.

Whilst we had already begun to acknowledge the importance of both Culture and Wellbeing at Council, the focus in particular on the Health and Wellbeing of our people through our recent lockdown experiences went into overdrive. Moving our workforce to remote work, protecting the physical and psychological safety of our diverse teams through the pandemic and devising creative ways to support managers in this time has only further demonstrated the inextricable link between work, culture and wellbeing.

One thing is clear – the focus on culture and wellbeing at work is no longer a nice to have. Thinking about how we can more purposefully integrate culture and well-being into everyday work going forward is also a crucial part of our Employee Value Proposition (EVP).

We know that Health and Wellbeing initiatives cannot be tokenistic or without considered planning. In our diverse work environment these initiatives will also require some tailoring to fit the unique needs of our disparate workforce, in particular offsite teams and taking into consideration the future generation of workers.

The future generation of workers are unlikely to be content to stay with an organisation for decades. They are likely to stay in their roles for shorter periods of time and have greater expectations and demands of their employers than preceding generations. In addition, our recent experience has proven that the pandemic has further shifted the expectations of our workforce. The playing field has changed and the time is now to take decisive action.

Learning and Development (L&D) is a relatively new function in Council and has only existed since 2019 and has operated predominately, in a highly administrative and operational delivery mode. We have seen the demands of this function in its short time continue to increase and it is clear that the business wants and expects more.

Research tells us however, that the expectation of our workforce goes well beyond basic competence and compliance training to that which enables us to acknowledge and unleash a workers potential. Deloitte describes the future of organisational development as one that:

> "Considers both the dynamic nature of work and the equally dynamic potential of workers to reinvent themselves. Empowering workers with agency and choice over what work they do, unleashing their potential by allowing them to apply their interests and passions to organizational needs."

2021 Deloitte Global Human Capital Trends.pdf

The importance of the L&D function in the employee lifecycle is inarguable. Everything from induction, compliance, support of cadets, trainees and apprentices to leadership development is expected from this fledgling work stream. This work all positively contributes to the EVP, employee experience and culture of our organisation.

A key driver in all of this is revising our EVP and shifting our mindset to being more future focused in relation to our people. The war on talent has been raging for years and it has moved past a basic pay discussion. The big private sector players have been focusing their attraction strategies on brand, benefits, culture, wellbeing and experience for years. We are a growth Local Government Area (LGA), we are unique and we are geared now to start leading the way in breaking the mould of what local government offers in terms of employee experience.

A recent report from Deloitte says:

> "that the shift from survive to thrive depends on an organization becoming—and remaining—distinctly human at its core. This is not just a different way of thinking and acting. It's a different way of being, one that approaches every question, every issue, and every decision from a human angle first."

2021 Deloitte Global Human Capital Trends.pdf

The investment the business has made in leadership development and through this, in the culture of our organisation makes now the perfect time to leverage these learnings and the appetite for change through strong strategic direction in relation to our people.

Developing our 2022–2026 Workforce Management Plan

In 2022 through consultation with Council's Executive and Senior Management team, we identified drivers (both internal and external) that would demand change and/or have direct impact our workforce. From here, key topics were identified and prioritised allowing us to develop our **three workforce themes** for the next four years demonstrating our commitment to:

Develop, Grow, Innovate: C*reate a culture of continuous learning*. Each day is recognised as an opportunity for learning, reflection and growth in our roles and in supporting that in others through learning and development, technology, leadership, succession planning, knowledge transfer and innovation.

Engage and Empower: *Engage and Empower to enrich the experience.* Attract, engage and retain people that reflect our values. We acknowledge everything we do at Council depends on the quality, motivation and engagement of our people.

Build Great Culture: *Create an environment in which our people feel connected, safe, motivated and empowered.* Culture and Wellbeing permeate everything we do. It is what drives us.

These themes have been identified in consideration of the employee life cycle and are represented in the visual People and Culture Strategic Plan (**Diagram 1).** The strategic plan identifies the components of an employee life cycle with 1, 4, 5 and 6 highlighted as Council's key workforce focus areas. In addition to the four key lifecycle focus areas, technology implementation and operations and business partnering support the entire employee lifecycle and are represented visually as wrapping around the cycle itself.

Diagram 1 – People and Culture Strategic Plan

2022-2026 Workforce Management Plan

Workforce Themes	Develop, Grow, Innovate	Engage and Empower	Build Great Culture
Objectives	**Create a culture of continuous learning.** Each day is recognised as an opportunity for learning, reflection and empowerment in our roles and in supporting that in others through: • Technology • Leadership • Succession Planning • Learning and Development • Knowledge Transfer • Innovation	**Engage and Empower to enrich the experience.** Attract, engage and retain people that reflect our values. We acknowledge that everything we do at Council depends on the quality, motivation and engagement of our people. • Remuneration • Attraction • Customer Service • Retention • Reward and Recognition • Performance	**Create an environment in which our people feel connected, safe, motivated and empowered.** Culture and Wellbeing permeate everything we do. It is what drives us. • Culture and Wellbeing • Diversity and Inclusion • Ageing workforce • Flexible Working • Work, Health and Safety
People and Culture Vision: **Partner with trust, empower together**			
How we will get there	• Technology implementation that improves access to data • Develop HR dashboards and reporting • Learning and development strategy • Induction program review and transition to online • Leadership development • Develop approach to succession planning • Develop leader capability in workforce planning • Promote creativity and innovation across Council	• Review of reward and recognition programs • Develop recruitment strategies and plans for hard to fill roles and skill shortages • Create an Employee Value Proposition (EVP) • Develop cadets, apprentices and trainee program • Enable high performance through clear goals and feedback with alignment to organisational objectives	• Develop culture strategy • Conduct culture surveys • Review health and wellbeing • Initiatives • Develop diversity and inclusion strategy • Develop ageing workforce strategy • Review flexible and hybrid work arrangements • Develop Work, Health and Safety initiatives to promote a positive safety culture • Increase opportunities for our employees to provide feedback and communicate improvements identified

Workforce Themes	Develop, Grow, Innovate	Engage and Empower	Build Great Culture
Our Measures	• Workforce four year implementation plan and reporting • Number of technology implementation projects completed • Increase in the use of people related data to drive decision making • Implement Learning Management System • Increase in innovation and ideas put forward • Increase in learning and development opportunities • Increase leaders capability and the number of successions plans in Council	• Number of improvements identified and implemented for reward and recognition • Increase in engagement and recognition measured through surveys and turnover • Increase in recognition nominations and notes of thank you • Decrease in time to fill vacancies • Number of initiatives and programs related to the development of our EVP • Increase in retention rate • Increase in engagement rates	• Implementation and action plans for each of the strategies • Number of culture initiatives identified and implemented • Number of health and wellbeing initiatives identified and implemented • Decrease in lost time (sick leave and injury) • Number of Work Health and Safety initiatives identified and implemented • Increase in participation in wellness programs • Number of initiatives identified and implemented to address our ageing workforce • Increase in feedback and number of improvements made • Improved health and wellbeing (measured through leave and survey)

Our 4C's

4C's

Community
Customers
Councillors
Council

Our Vision

Inspiring Enabling
People Growth

Our Values

Workforce Themes	Develop, Grow, Innovate	Engage and Empower	Build Great Culture
What Success will look like	• Improved leadership capability • Alignment of training offerings with both employees personal goals and business objectives • Our people own and drive their development • We foster and promote a growth mindset • Improved self-awareness and emotional intelligence • Our people are trained and competent to carry out work safely and skilfully • Systems that create efficiencies, consolidate data and enable us to share knowledge easily • Reward and recognise success • Succession planning is embedded in our people practices • Opportunity for mentoring and innovative thoughts and ideas	• A sustainable talent pipeline that reflects future business needs • Greater values match between potential employees and Council Core Values and behaviour statements. • Increased community satisfaction with customer service • Have adequate resources to provide the best possible outcomes for our 4C's • Improved and targeted recruitment and selection processes • Our people are proud, confident and visible at all levels of the organisation	• Leaders who consider and promote the safety and wellbeing of our people • Our people work consistently with our Core Values and behaviour statements • Improved engagement • Improved health and wellbeing • Harmonious, self-motivating teams • Enhanced cultural accountability • A diverse and inclusive workforce • Being proud of each other and our great workplace • Feedback is used to achieve continuous improvement
Achievement looks like: (Council's strategic objectives)	**LEADERSHIP:** 4.1 Build an organisation that places customers and the community at the heart of service delivery 4.2 The workforce is capable, resilient and diverse	**LEADERSHIP:** 4.1 Build an organisation that places customers and the community at the heart of service delivery 4.2 The workforce is capable, resilient and diverse	**LEADERSHIP:** 4.1 Build an organisation that places customers and the community at the heart of service delivery 4.2 The workforce is capable, resilient and diverse
Alignment to Business Focus Areas	• Community and Customer Experience • Building Great Culture	• Community and Customer Experience • Building Great Culture	• Building Great Culture

Tracking our Progress

The above themes and identified objectives will be supported by a four-year implementation plan and data/reporting program for tracking and reporting progress of the Workforce Management Plan and aligned to Council's Integrated Planning and Reporting Process – Action and Task Reporting.

Success will require organisational wide consultation, collaboration, team work and a growth mindset.

Monitoring and Reporting

Council is required to monitor and report on the implementation of this Workforce Management Plan (WFMP). We will undertake this to ensure that the workforce objectives are being achieved. Council will use the existing IP&R framework for the purposes of monitoring implementation of the WFMP.

Council will review the WFMP in line with the review of Council's Community Strategic Plan. In addition, if necessary, more regular updates can be made to the WFMP to reflect major changes and to ensure it is aligned to the latest trends and information available.

We will monitor and report on the progress of the WFMP through the IP&R Framework through:

- The Quarterly Reports of the Delivery Program/Operational Plan, at the end of each quarter report on Council's progress on delivering the workforce objectives of the WFMP.

- An Annual Report, at the end of each financial year to report on Council's progress on delivering on the workforce objectives of the WFMP.

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