Resourcing Strategy

2015-2025

Incorporating
Asset Management Plans 2015-2025
Organisational Development Strategy 2013-2017 (revised)
Long Term Financial Plan 2015-2025

Customer Service. Initiative. Teamwork. Communication. Reliability. Accountability.

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Executive Summary

This resourcing strategy outlines the relationship between finances, people and assets as the foundation of resource stewardship and the sustainability of services delivered for the Richmond Valley Community. Council performance is driven by the key directions, strategies and actions included in the plans bounded by this strategy.

This resourcing strategy integrates our Organisational Development Strategy, Financial Management and Asset Management with each essential to achieving the objectives in our Community Strategic Plan, Richmond Valley Towards 2025.

The focus of this plan is on growing our future together through the responsible management of trusted resources and to provide agreed services which support the fabric of modern living.

Council currently has on operating budget of $53.5 million and a full time workforce of 250 persons. Council operates an asset portfolio valued at $703 million, owns $45 million worth of land and utilises $25 million of plant and equipment to enable our operations.

This Resourcing Strategy provides the context and details of our planning for the period 2015-2025 as expressed in the following three planning documents.

Asset Management Strategy

The primary intention of asset management is to maintain and care for infrastructure assets which meet the needs and services of local residents. A reliable infrastructure network builds social trust and provides the foundation for socio-economic activities. Asset management has many goals including:

- Providing current liveability by: creating, maintaining, operating, rehabilitation and disposal of depleted assets,
- Preserving future liveability through sustainable actions, and
- Achieving this in the most cost effective manner.

Asset management is directed by a framework of legislative and regulatory requirements which emphasise prudent resource usage limiting our impact on natural capital resources. Australian Standards for infrastructure influence the design and resilience of infrastructure assets thereby improving mitigation to the effects of natural events. Therefore the objective of asset management is to establish the guide posts for planning, constructing and operating the infrastructure essential in providing the services that supports our community.

Long Term Financial Plan

Financial management is about generating sufficient revenues approximately equal to the costs of running asset-intensive networks. The fundamental objective is to develop the sustainable and cost effective funding streams needed to acquire, maintain and renew assets over the forecast period. Therefore asset management and financial management have a close relationship as expressed through key metrics.

Key linkages include capacity to finance the desired Levels of Service, demand management, risk management and community affordability through rates, user pays and developer contributions.

Funding is supplemented through special grants, transfers between reserved funds and the prudent usage of debt to smooth the cyclical costs of infrastructure, renewal and maintenance.

Council's Long Term Financial Plan (LTPF) is a detailed process influenced by asset planning, community aspirations for quality services and their ability to fund desired services. In turn, financial management is about providing operating and capital works, responsibly by ensuring financial sustainability.

Financial managers exercise judgement to predict future outcomes, which must be expressed with a high degree of confidence. This is strengthened by international and Australian Accounting Standards (AASB) that ensures a robust presentation that is complete, neutral and error free.

Organisational Development Strategy

Council requires a well-skilled and cohesive group of people to plan, operate and manage its multifaceted and diverse nature of public interest programs. Council has been modernising its organisation and how it operates for the past few years, refreshing the culture and renewing structures, systems and processes to develop a successful culture and business practices to deliver our commitments to the community.

Council serves our community by growing our future together. This is an open and transparent process that listens to community needs and achieves stated objectives through consistent, innovative and responsible activities that add value to our community.

Council's Community Strategic Plan, Richmond Valley Towards 2025, articulates the priorities and aspirations for the Richmond Valley community. These priorities require the right people, money and assets. An integrated approach to planning ensures that the three aspects of resource planning support each other and tell the same story with respect to capacity, affordability and the performance and value generated from council infrastructure to grow our community.

Resourcing decisions influence operational and delivery planning and the responsibilities for ensuring the continuity, reliability and performance of our roads, water and sewerage and other services that make living in the Richmond Valley rich in heritage, lifestyle and opportunities.

Asset Management

Introduction

The Richmond Valley is located in the Northern Rivers region of North East NSW, 726 km north of Sydney and 228 km south of Brisbane. Located on the banks of the Richmond River the region supports a variety of agricultural industries, primarily beef, sugar cane and wheat. Richmond Valley Council was formed in February 2000 as the result of amalgamation between Casino Council and Richmond River Shire Council.

Council spreads across 3,050 square kilometres with six townships, major urban areas are Casino and Evans Head and the villages are Woodburn, Coraki, Broadwater, Rileys Hill and Rappville. As at 2011, the resident population was 22,700 persons with a skew towards blue collar occupations.

The Valley's natural environment is cherished by both residents and visitors alike. Our community values the rural atmosphere its peaceful lifestyle and the outstanding natural attributes and biodiversity of this area. The community message is clear, our people want a sustainable region with access to facilities and services that provide choice and a healthy lifestyle.

Council embraces its role as a leader in the provision of reliable services by providing the essential infrastructure to promote business and economic development across the region. Our vision is to work and engage with people across the region, to gather insights and to develop a resilient and robust economy which reflects a strong sense of community.

Richmond Valley presents a friendly and relaxed place with access to natural beauty and peaceful living. This is countered by general business and employment issues afflicting most regional locations in Australia. Council plans to build on our strengths and commit towards thoughtful development, thereby establishing the region as a liveable and sustainable place.

Purpose of Asset Management

Asset Management (AM) is the day to day activities that drive strategic goals. The purpose of AM is to deliver the required Level of Service (LoS) from infrastructure assets in the most cost effective manner, for both present and future users. AM is an organisational commitment to a performance orientated culture. Aging networks and the growing demand for network expansion is causing some concern for public organisations and their ability to fund sound and reliable infrastructure assets.

The public sector plays a unique role in serving the community interest through developing systems and tools to anticipate and manage context. AM activities are generally wide and complex and involve elements of convention, legislation, policy requirements and public expectations. Key to this success is a culture of good working relationships, internal controls and capacity development, ensuring a clear direction with shared understanding between the key functional areas of Council.

Public organisations serve the public interest by aggregating community resources to deliver a network of services supporting the fabric of daily living and promoting general wellbeing. The basic purpose of public service is customer satisfaction and trust, which can be measured through the perceived benefits and value for money. Public interest is an eclectic mix of engaging with, developing, performing, complying and informing all stakeholders on public expectations.

Integrated Planning

The majority of Council infrastructure was built when essential housing and infrastructure was the priority. Early planning provided little or no analysis for matching maintenance and renewals expenditure to the future affordability of the community. Additionally past understandings of asset management did not consider the longer term cumulative effects of infrastructure decisions.

The NSW Department of Local Government's Integrated Planning and Reporting Framework focuses on improving local communities through a planning function which considers the three aspects of resourcing constraints.

- Strategic Planning ponders the big picture, this is where the abstract and important objectives are discussed, resolved and formalised.
- Strategy attempts to create future order, it is considered judgements and the long term visioning of direction, aspiration and desired position.
- Tactical Planning provides consistency, linking the objectives, values, processes, priorities and practical aspects of delivery.

- Operational Planning is about achieving customer expectations. With an emphasis on delivery it combines people, money and assets to create value for the community.
- Figure 1 illustrates this process.

Therefore Council planning's primary aim is the best use of resources through the deployment of staff and disbursements of revenue, to deliver the priorities expressed in Council's delivery program. Council has developed a scenario based approach to financial and asset management decisions which tells the same story across all community planning efforts.

In its simplest form, community aspirations and concerns are compiled from satisfaction surveys and public consultation. Measures of importance and satisfaction are assessed within a quadrant analysis which allows management to form a picture of what 'is' working well and the areas requiring attention.

Regulatory and best practices combined with community desired LoS, indicate the scale and cost of infrastructure requirements. On top of this the continuing care and provision of existing infrastructure assets results in Council establishing a 10 year works program.

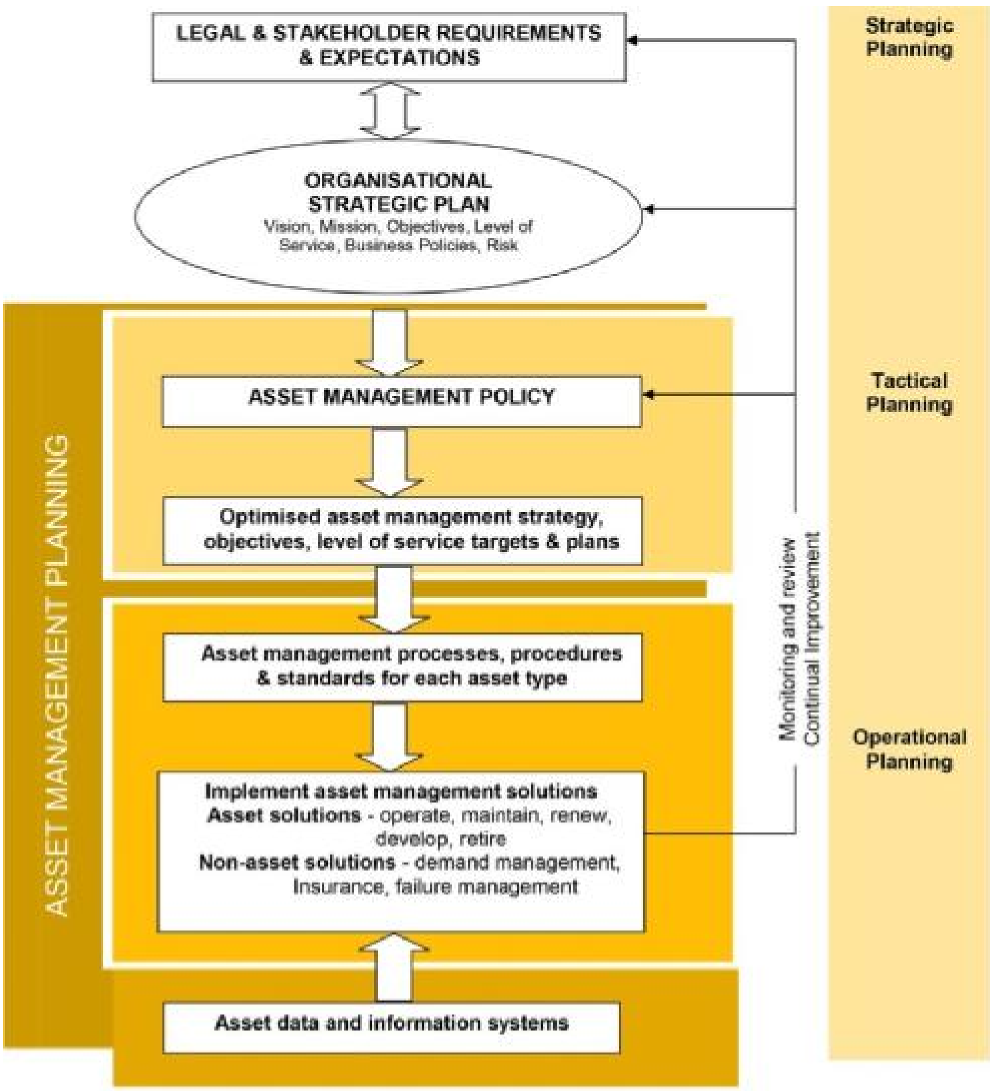

Figure 1: Strategic Asset Management Planning Process (International Infrastructure Management Manual, 2006)

Developing Levels of Service

The reliability and sureness of infrastructure networks is expected until an event or trend reduces expected performance. The loss of drinking water supplies, failure of sewerage treatment plants, bursting of a mains pipeline, loss of a major arterial road or a bridge collapse, are unanticipated with low public acceptability. Customer value is therefore a combination of convenience, dependability and timeliness.

Council develops measures LoS through understanding the needs of their broader community through connecting with and listening to locals. Community values and expectations are considered along with regulatory and quality standards developing priorities which are a measurable form of value.

LoS describe an intention to deliver value attributes like quality, accessibility, attractiveness and affordability. When achieved they convey credibility and trust by ensuring infrastructure networks provide the services and values expected by residents.

Therefore LoS indicators shape the development of Council's four year delivery plans. These represent a contract between elected representatives and management to provide value to their constituents through services and community development.

Community wellbeing is a combination of social, safety, prosperity and natural outcomes. Therefore a continuing objective for Council is to cultivate a place of business that attracts industry, provides employment and preserves the quality and attractiveness of its environment. This process is continuing and iterative as not all outcomes can be achieved concurrently.

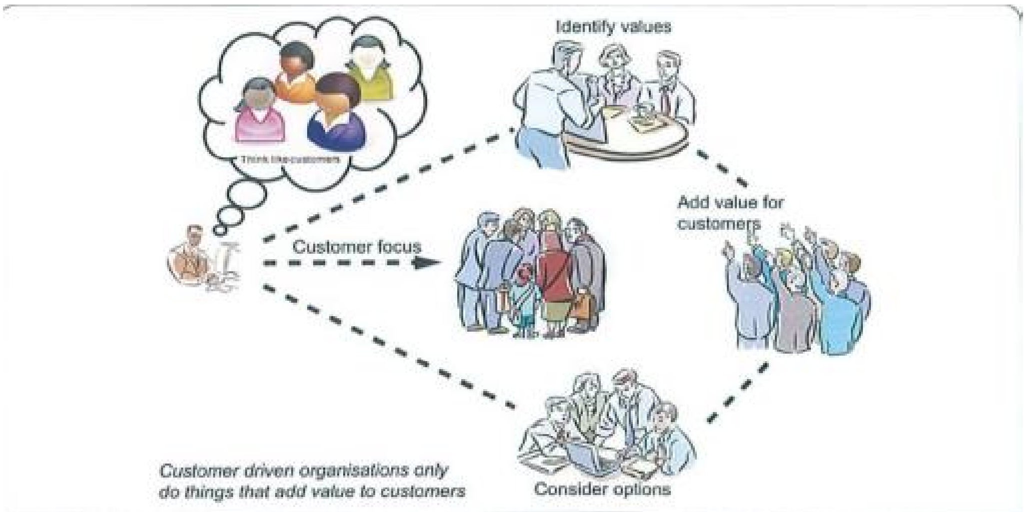

Figure 2: Adding Value to Customers

Council has significant responsibilities and powers given to it under the Local Government Act. This includes the ability to raise revenues through rates and user pay services in return for providing the general platforms for community wellbeing.

Management employs a long term approach to caring for existing asset networks, renewing aging assets and securing resources for new infrastructure without imposing too heavy a tax burden on its residents.

Predictive planning

Predictive planning is a process which matches the costs associated with maintaining existing assets and building new assets within the affordability of local residents. This is an iterative process with two main objectives:

1. Reduce the risk of asset failure to a level that is acceptable to both community and legislative expectations.
2. Preserve the integrity of asset networks for both present and future generations. Aspirations mostly exceed willingness to pay for such assets and therefore Council takes a balanced approach to achieve the best mix of services across its different asset classes.

Infrastructure planning is about balance, context and priority with resourcing constraints real and limiting. Council operates five major classes of assets, with present priorities focusing on the connectivity and supply of essential roads and bridges and the dependability of water and sewerage services.

Larger planning issues including water security and better infrastructure mitigations against flooding, droughts and rising sea levels will require significant monies. Realistically, they can only be improved incrementally over longer time frames. Adequate mitigation is beyond the immediate means of most local governments. It is more a process of steering community behaviours and perceptions so that they understand these distant concerns.

Asset management identified the costs to provide, to care for and operate service generating assets like roads, water and sewerage and drainage networks. Asset costs consist of recurring OMA and ongoing consumption (depreciation). This reduces remaining service potential, and ultimately influences the quantum of future capital expenditure.

Capital based costs represent the expenditure required to sustain, renew and or expand the service potential of infrastructure networks.

The lifecycle of an asset begins with the identification or the need for an asset and includes the building, operating and decommissioning of the asset and any physical liabilities thereafter. The objective is to look at the lowest long term cost rather than seeking short term savings when making decisions. Sustainable financial management is about managing community outcomes and providing assets and services with the lowest long term cost.

Forecasting Demand

Demand has many factors such as growth, expectations, technology, standards and social trends. Forecasting demand is underpinned by developing clearly articulated drivers with high levels of confidence based on observed evidence, user needs and their willingness to pay.

Infrastructure performance and the quality of its services are dependent on the integrity of structures, ongoing care through preventative and restorative activities, and expansive activities to accommodate community development.

Decisions regarding Council assets rely on accurate information systems and reliable techniques to produce knowledge from collated data. Council has invested in quality information systems. These systems control the integrity of information and maintain structured data sources which are used to anticipate the factors of demand.

- Council has invested in quality information systems, including Technology One for finance, ratings and document management.
- Council operates Asset Master for controlling various asset registers and applying the correct accounting treatments to asset movements.
- Council operates supporting technologies like MapInfo, SQL server, professional drawing programs, Microsoft and Adobe products and publishing technologies.

Asset decisions are based on attributes which are the result of various technical characteristics. Asset attributes have a degree of tolerance requiring subjective professional knowledge to determine their value. Variations due to specific technical characteristics are understandable, but from policy perspective wide variations in key attributes like design lives can produce ambiguity in benchmarking decisions.

Infrastructure Guidelines

Guidelines including the International Infrastructure Management Manual and Australian Standards provide technical and design quality parameters for built structures. Understanding the interconnection between asset attributes and financial movements drives good asset management decisions:

- Infrastructure guidelines result in an ideal Design Life for an asset that may be variable dependent upon local conditions or exposures to infrequent weather events.
- Constructing assets in accordance with relevant technical standards requires a modern equivalent cost of materials, plant and labour; this is called the Current Replacement Cost of an asset.
- Each asset has the potential to deliver services equivalent to the Depreciable Amount of its current replacement cost over its entire design life.
- Long lived assets are often complex assets, that is they consist of various components with different rates of decay.
- Therefore some assets have a non-depreciating component, their Residual Value which is a base component from which the complex asset can be renewed.
- The service potential of an asset is 'used up' or consumed at a rate which reflects its depreciation. Therefore at a point in time an asset will have a remaining service potential, its Depreciated Replacement Cost (less any residual value) which is the sum of its original built cost less the cumulative effect of 'used up' service consumption over the years since construction.
- The remaining service potential of a complex asset at point '*x*' in its lifecycle is current replacement cost less accumulated depreciation less any residual value.
- Assets Remaining Useful Life represents the number of future years that an asset will continue to deliver services and is simply its design life minus its current age.
- Another important attribute is an asset Condition Rating which is a subjective measure quantifying the remaining service potential, state of performance, structural integrity and inherent risk in a single measure.
- Assets are graded from 1 to 5, with condition 1 representing very good for periods up to 45% of their useful lives. Assets deteriorate through conditions 2 to 5 with level 5 signifying an asset in a very poor state.
- A condition rating of 6 implies that the asset has no remaining service potential and should be renewed or decommissioned.
- The grading approach emphasises significant renewal programs as the assets deteriorate through conditions 4 and 5.

- As assets deteriorate increasing rates of maintenance are required to care for assets until a critical point when the asset will require renewal.
- Figure 3 illustrates the relationship between costs over an assets lifecycle.

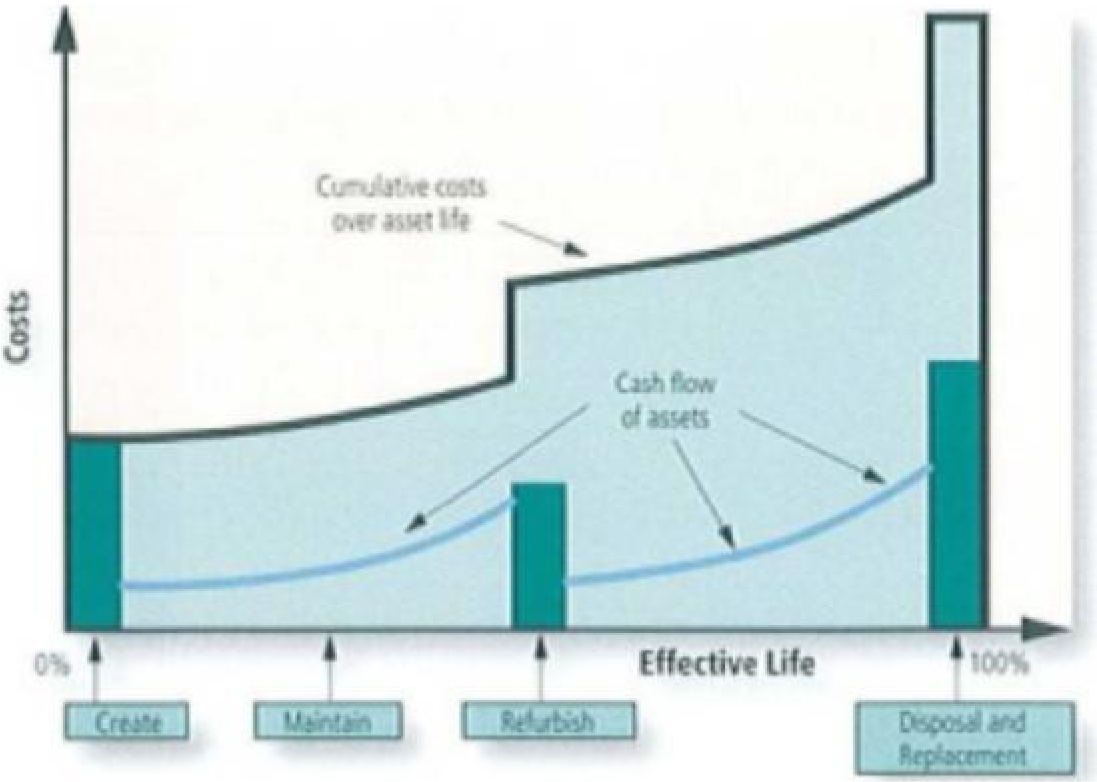

Figure 3: Lifecycle Cost for Infrastructure Assets

Asset Consumption

The rate of asset consumption or depreciation ideally should reflect its rate of usage. This introduces complexities for financing and management processes. Depreciation is an important issue for public policy formulation given that it accounts for approximately one quarter of local government expenditures in NSW and influences a Council's Financial Stability Ratios (FSR) and ultimately assessments of the current Fit for the Future (FFF).

Depreciation Issues

The primary purpose of depreciation is to match the cost of productive assets to the revenues earned from that asset over its useful life. For public assets, depreciation is an indicator for how much expenditure is required to preserve the integrity for a network of assets. Publicly owned assets have the following distinctive characteristics:

1. They do not produce cash flows,
2. They cannot be sold,
3. They have exceedingly long lives (or uncertain lives), and
4. Depreciation does not involve cash flows.

The absence of cash transactions explains why depreciation may be an instrument to smooth results or present different views on FSR to policy makers.

Inconsistencies surrounding design lives result in one council having a road surface life of 100 years against other councils 15 to 25 years, with the latter having lower measures of FSR. Similar issues exist for underground assets with variations from 70 years to 200.

Council in consultation with professional valuers has introduced modified patterns of depreciation to better match the physical consumption of potential services to the remaining useful lives of each asset.

Management's assertion is that council assets will deteriorate at a slow rate during for the first half of its lifecycle before increasing at a faster rate in its second half. That is it follows a convex curve of depreciation versus generally accepted straight line methods.

The benefits of this approach include a better approximation of remaining service potential in asset networks and ideally an accurate estimation of annual consumption or depreciation. This approach has made a positive impact on Council's financial indicators and operating performance.

However the method is complex and is driven by asset condition assessment, therefore aging networks that have deteriorated further through their lifecycles will have much higher rates of decay than newer assets. In simple terms untreated assets in condition 5 are being consumed at a rate 8.5 times faster than newer assets because of their reduced service potential.

Therefore it is important to understand that modified patterns of depreciation can vastly improve operating and performance figures for local Councils, but also increase the complexity of management planning and financing activities. This can be further complicated by the cyclical nature of long life assets having wide ranges for their design lives, meaning that certain assets will renew at rates five to seven times faster than longer life assets.

Possible situations in distant planning will see the aligning of many fast decaying asset types (that is they are all in or nearing a condition 5 state). The preservation of infrastructure is a function of matching renewals with actual deterioration of networks. This is expressed as a Renewal Ratio which is a measure that when equal to 1.0 indicates council is preserving network performance for future generations.

Future scenarios indicate that many assets classes and their condition profiles will align. This will result in decay rates 3, 4 or 8 times faster than current rates of consumption. The bottom line is the application of modified depreciation patterns will intricate the task of managerial planning, asset management and financing decisions and require significant expertise.

Therefore resourcing is a constant process of identifying the quantum of work and spreading scarce people, materials, operating plant and monetary assets; with the objective of smoothing out fluctuating asset decisions. Figure 4 illustrates the relationship between financial movements.

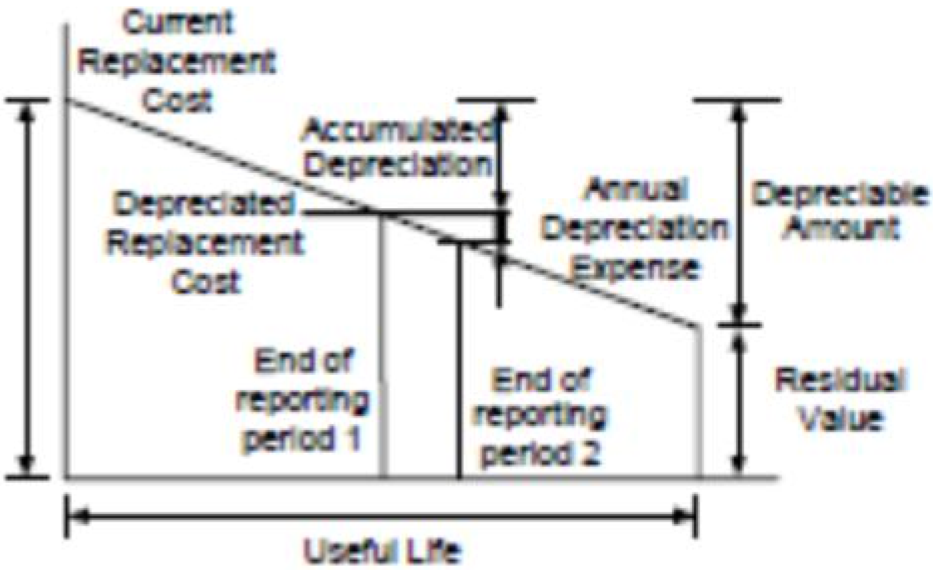

Figure 4: Asset Financial Movements

Financial Planning

The physical attributes of design lives, remaining useful lives, residual values and rates of consumption are all reflected in fair value financial valuations, which in turn reflect remaining service potential. The algorithmic process for the rate of physical depreciation is complex and therefore not totally explained in this document however, the important observation is that at any point along a depreciation curve an assets total value (Current Replacement Cost) consists of an Accumulated Depreciation amount and a remaining Depreciated Replacement Cost or its Written Down Value.

This means that all being equal, the effects of inflation on the modern equivalent costs to renew assets (indexation effect) and increasing rates of depreciation shows the cost of doing business will increase in future years.

Financial planning assesses the ability to afford against the costs to provide. It works until a suitable position is arrived at which best balances community wide aspirations.

The cost of financing is reflected in rates and user pay fees for various services. This is completed by federal assistance grants, developer contributions, debt instruments and the careful management of reserve funds to spread the financing capacity of council.

Management observed that Council business was performing below average and trending down, with insufficient financial resources to provide and maintain the LoS desired by the community. In consultation with residents a long term approach to sustainability was agreed.

Council's financial health has been boosted by a Special Rates Variation (SRV) for the years 2015 – 2019 which has steadied its overall performance. Rigorous planning has focused on Council achieving a sustainable position at the end of its LTFP.

Councillors, management and finance officers have projected financial information and determined that a sustainable position in 2025 can be achieved by supplementing the current SRV with a CPI plus 1.6% rates indexation for the period 2020-2025.

The end result is an asset position that reduces network risk to an acceptable level and is renewing assets at a rate comparable to rate they are being consumed.

Risk Management

The financing and asset management functions align with a demonstrated commitment to understand problems, classify sensitivities and prioritise solutions. Risk management enumerates the consequences and probabilities of future events and is about managing possible risk which reflects the organisations risk position.

For public organisations acting as agents for the responsible delivery of essential services, Councils primary duty of care is to provide appropriate standards of service, to minimise failures and to protect the wellbeing of the community all while providing public value.

Risk has many forms, some predictable and strengthened by legislative instruments. Other risks are infrequent and uncertain which means that are either too costly or unlikely to adequately plan for now, but should be considered for their likelihood and therefore consequences may increase with time. Risk management is a statistically known distribution of outcomes employing rational expectations and mechanistic methods to influence decisions.

Council has improved the risk process by engaging independent professional valuers to inspect and deduce risk. This observational process is complemented by technologies like pipe inspection software which improves our understanding of underground assets which are not directly observable.

Asset valuations are conducted on a five yearly cycle providing the best evidence for the current state of networks and the resulting resourcing requirements to maintain a sustainable network.

Asset Management Plans

Council has produced five Asset Management Plans (AMPs). These plans provide detailed assessments across Council's five asset classes (Buildings, Roads, Drains, Sewer and Water). A consolidated AMP provides a general snapshot of financial and asset management findings for the Council.

Council's AMP's are supplemented by an asset management review, being a more general overview of best practice asset care and financial planning principles.

Council is predicted to perform favourably over the 20 year outlook. Council infrastructure assets on average have a remaining useful life of 55% of their expected design lives and 82% remaining service potential (measured as Written Down Value divided by Current Replacement Cost). This reflects modified depreciation patterns which attempt to more accurately match the consumption profiles of long life assets.

Council focus is the long term care and preservation of infrastructure which ultimately involves a balance between affordability and the effectiveness of various networks. The individual AMP's demonstrate the achievement of financial and asset management objectives as a whole.

With $703 million worth of Infrastructure, Council has an annual bill of $30 million to provide and care for its infrastructure assets. The Asset Renewal Funding ratio is a critical indicator of infrastructures long term stability, an ideal indicator is 1.0, therefore Council's indicator of 1.01 is favourable.

Another critical indicator is the Bring to Satisfactory (BTS) measure which should be less than 2% of the asset network. This measure communicates Council's capacity to manage infrastructure risk, which is the prevention of failure for critical assets through an adequately funded renewables program.

Council has a BTS measure of 0.06 for the Stormwater drainage network and BTS measures of 0.0 for the other networks and 0.0 for the whole Infrastructure network.

Infrastructure $000 (LTFP)	Renewals	New	WDV	Disposals	Depreciation	BTS	RR
Buildings	$16,675	$3,099	$94,668	$9,004	$21,659		0.77
Roads	$62,282	$4,077	$390,813	$32,206	$51,565		1.21
Sewer	$24,238	$1,583	$134,056	$17,851	$26,592		0.91
Drains	$3,493	$355	$35,532	$5,653	$6,908	0.06	0.51
Water	$13,435	$1,276	$95,709	$5,349	$13,445		1.00
Infrastructure	**$120,123**	**$10,390**	**$750,777**	**$70,064**	**$120,169**		1.00
General	**$82,450**	**$7,531**	**$521,013**	**$46,864**	**$80,132**		1.03

Table 1: RVC Infrastructure Measures

Key Infrastructure Statistics

- Number of Assets - 68,371.
- Current Replacement Cost of asset base - $703 million.
- Annual depreciation - $8.3 million.
- Depreciated Replacement Cost $580 million, 82% of the fair values, reflecting high residual values and modified depreciation schedules for long lived assets.
- 57% of all assets have a condition rating of 1 or 2.

The good news for Council is the modernity of its Infrastructure networks, with 60% of assets constructed in the last 25 years. Only 17% of Council assets were constructed before 1970, but the number of sewer assets constructed before 1970 is 35%.

This results in a network with an average condition rating of 2.3. 57% of Council's infrastructure assets are rated condition 1 or 2 and only 20% are in a condition 4 or 5 state. In 10 years' time the network will still have a satisfactory condition of 2.9.

The good condition of Council assets is reflected in future renewals, with 43% of assets being suitable (not requiring replacement) until after 2050. A further 25% of assets have remaining lives extending to the 2040s, with the remaining 32% of assets reaching the end of their useful lives in the next 25 years.

For the planning period covered by this LTFP, Council assets will increase in value to $967 million, representing total growth of 38% with 2% attributed to new works and 36% being the future value effect. Annual depreciation will increase by 51% to $12.5 million which is modest depreciation rate increase from 1.22% in 2015 to 1.30% in 2025.

The modified depreciation effect is most noticeable in the financial periods 2021 and 2022 when the depreciation rate increases to 1.40%. This can be primarily attributed to sewer assets moving into faster decaying conditions.

Asset Revenue and Expense Profiles

Council's infrastructure program is funded by a mix of revenues, special grants and contributions and transfers from the consolidated general fund for Roads, Buildings and Drains and reserve funds for the water and sewer businesses.

Asset Lifecycle profiles for the each class and combined are shown in following graphs. The balance of funding for each asset class represents transfers from the general, sewer or water reserve fund. Annual consumption of assets (depreciation) is shown on the right axis. The Stormwater and Buildings profiles clearly illustrate the underfunding effect on asset decay versus asset renewals.

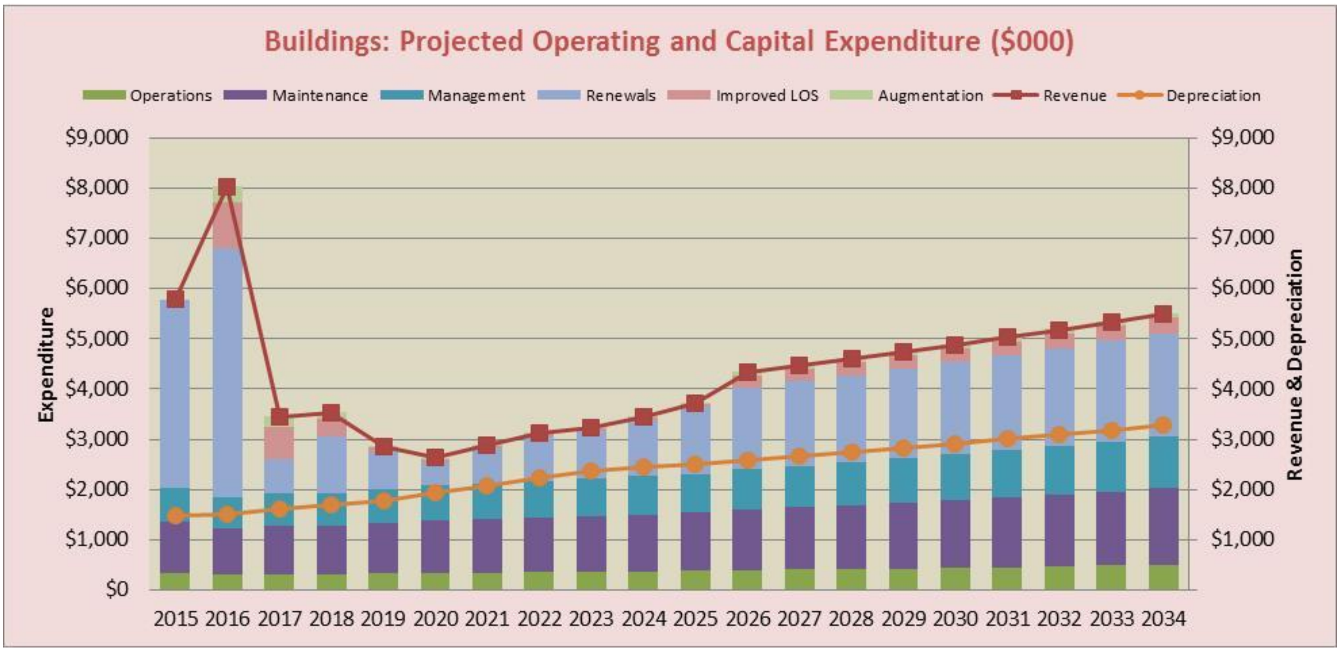

Figure 5a: Projected Operational and Capital Expenditures - Buildings

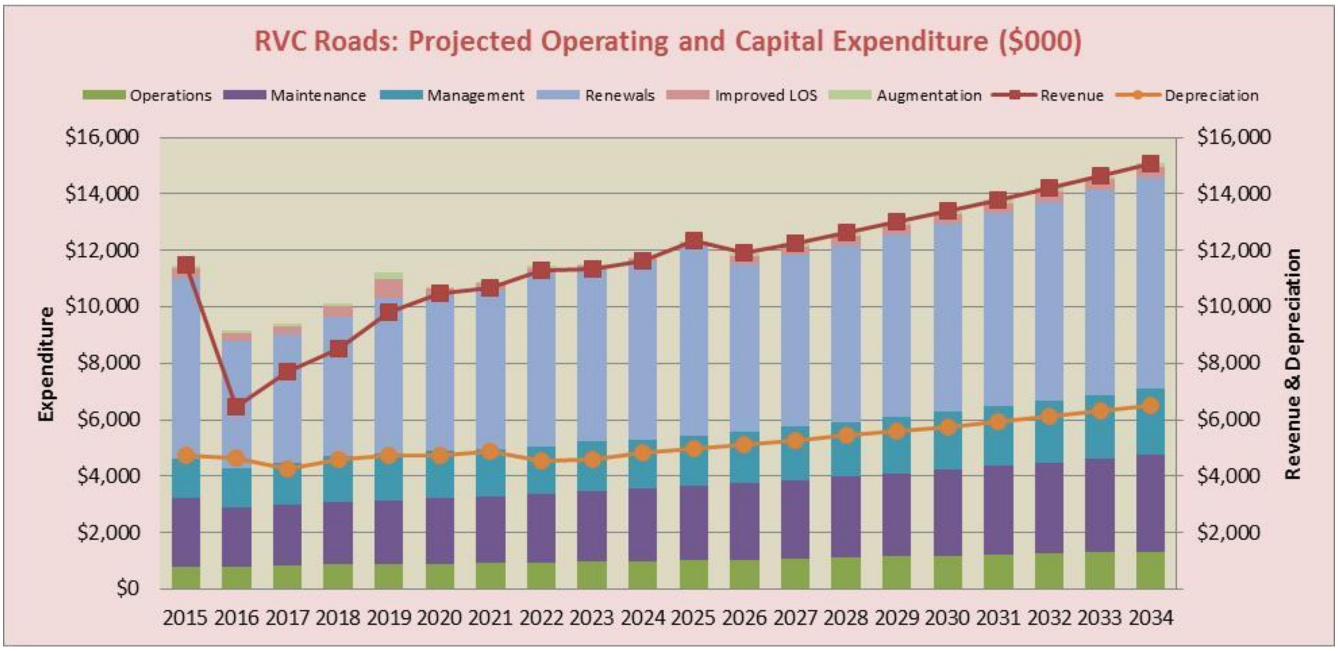

Figure 5b: Projected Operational and Capital Expenditures - Roads

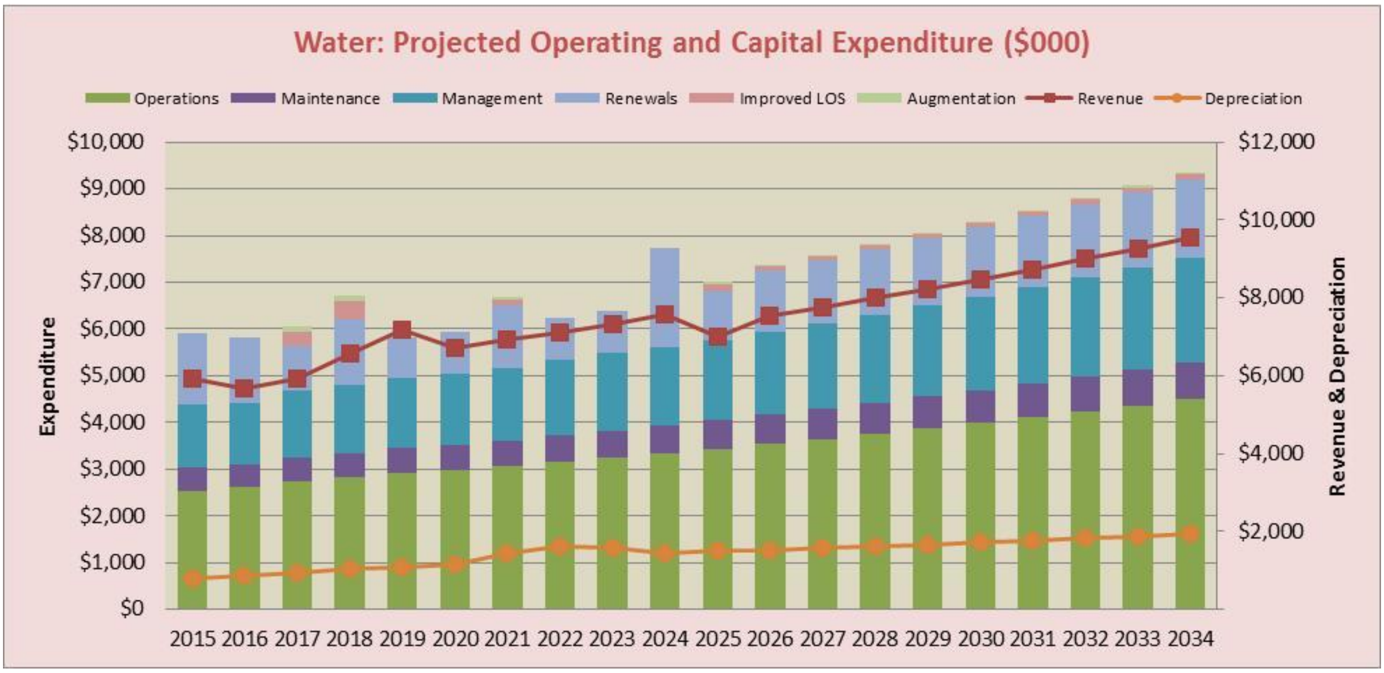

Figure 5c: Projected Operational and Capital Expenditures – Water

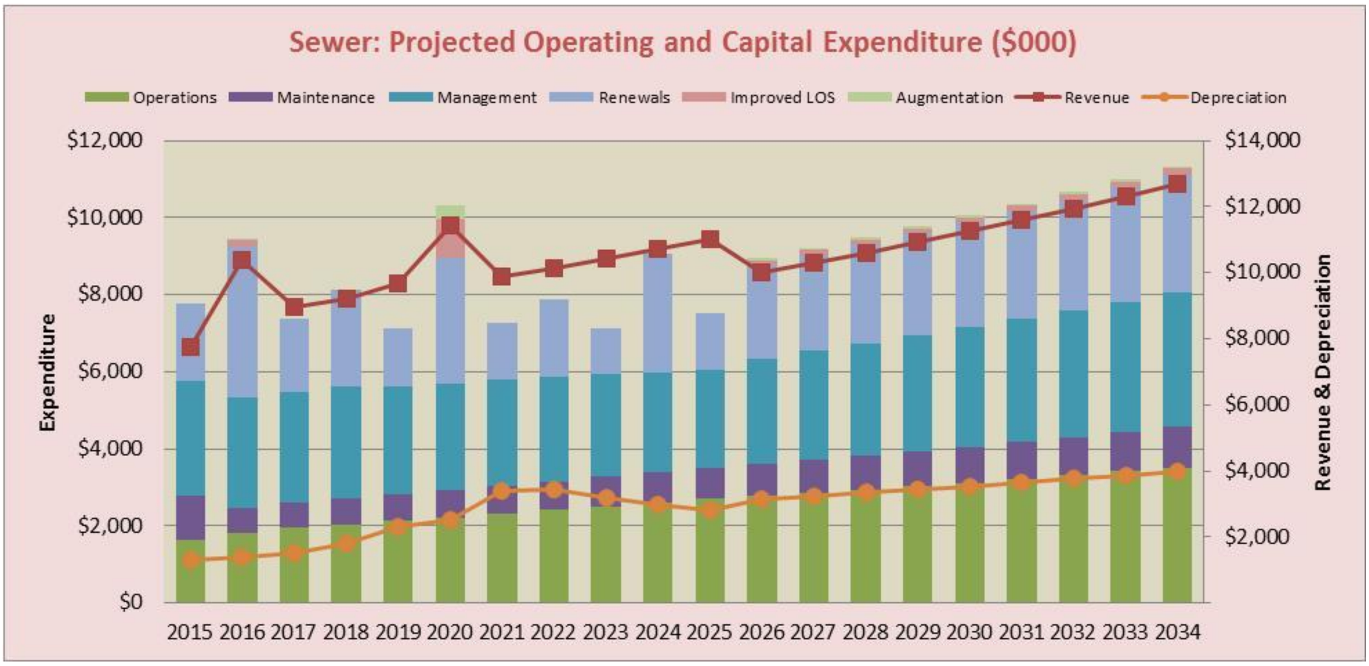

Figure 5d: Projected Operational and Capital Expenditures – Sewer

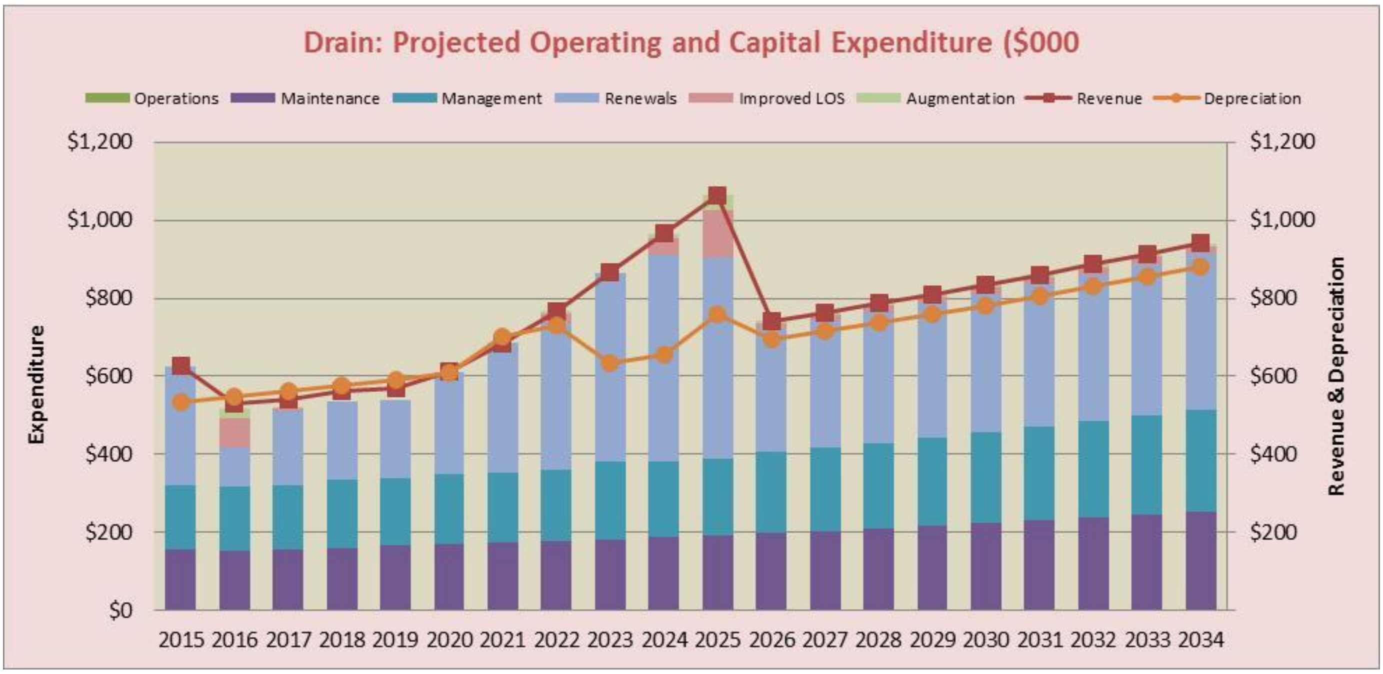

Figure 5e: Projected Operational and Capital Expenditures – Drains

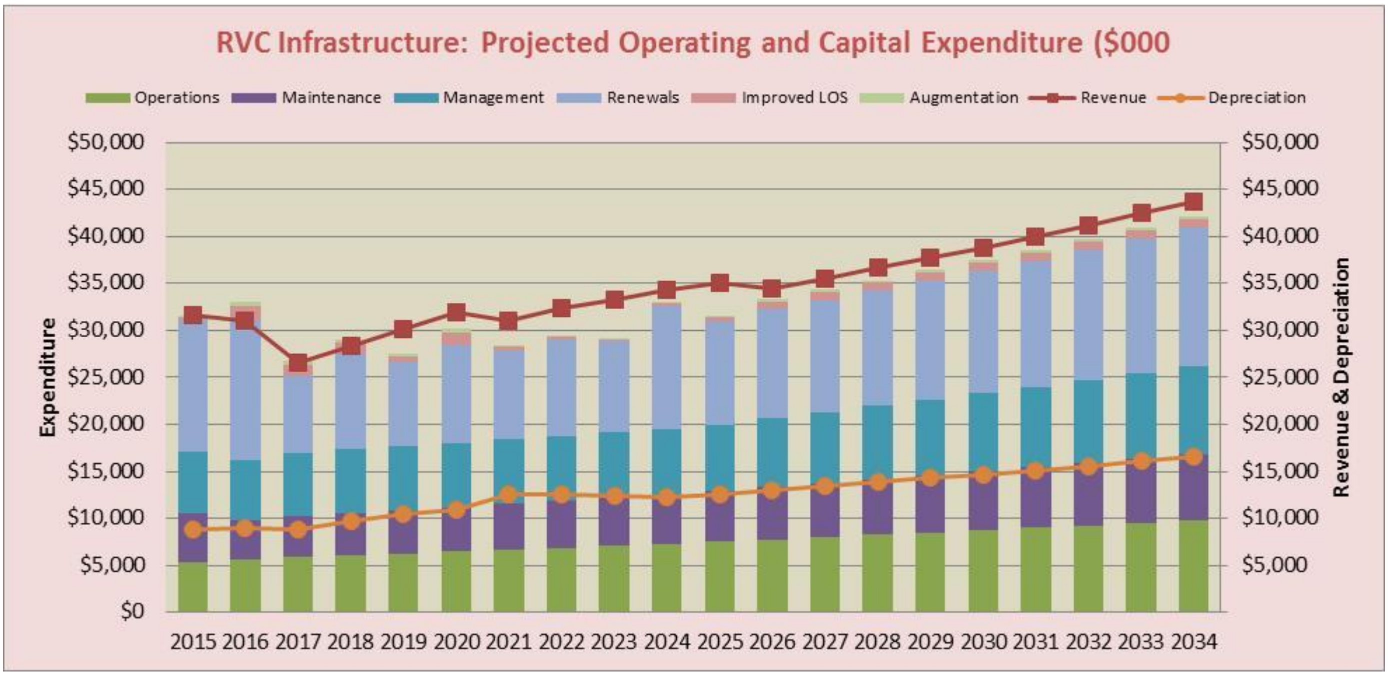

Figure 5f: Projected Operational and Capital Expenditures – RVC Infrastructure

Long Term Financial Planning

The LTFP has been prepared as a component of the Council's Resourcing Strategy and its role is to ensure the Council has a financially sustainable long term vision.

The LTFP and particularly its capacity to incorporate various scenarios for discussion with the community, is an invaluable tool in preparing Council for its current and future roles, managing community expectations and becoming financially sustainable in the long term.

Financial Sustainability

Financial sustainability is one of the key issues facing local government due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth.

Council, as an organisation, must responsibly manage its resources to ensure its long-term sustainability. This management includes not only ensuring assets be maintained but also making decisions about how to manage conflicting demands on resources, such as staff and money. The LTFP assists in developing the framework, information and service priorities to help inform those decisions.

The LTFP is a guide for future action providing the opportunity for Council to identify financial issues and their potential longer term impact as early as possible. It represents the point where long-term community aspirations and goals are tested against financial realities. It is also where Council and the community may decide what resources Council needs to fulfil its responsibilities.

Our LTFP will support our budgetary decision-making and indicates there are challenges for the future as Council strives to deliver the same level of service and maintain infrastructure.

Preparation of the Plan

The LTFP is prepared by drawing on information contained within Council's Community Strategic Plan, Delivery Program and Operational Plan in conjunction with a number of assumptions, estimates and forecasts in relation to population, revenue growth, cost increases and future economic conditions. The LTFP is accompanied by the Organisational Development Strategy and Asset Management Plans to provide a view as to how the aspirations of our community can be delivered, maintained and the financial cost of doing so.

Forecasts regarding our workforce have been identified in the Organisational Development Strategy with the challenges and financial impacts of issues such as an ageing workforce, are addressed in the LTFP through the management of the Employee Leave Entitlements Reserve.

The service levels, asset maintenance and renewal requirements outlined in the Asset Management Plan have determined the capital expenditure and maintenance expenditure components of the LTFP. The objectives of the asset management plans need to correlate with the LTFP objectives and demonstrate how Council proposes to renew and maintain its assets into the future.

Council is committed to discussions with the community regarding Long Term Financial Planning.

Alignment with Council's Delivery Program and Operational Plan

As part of the Resourcing Strategy, the LTFP needs to support and align to the actions proposed in the Delivery Program and Operational Plan. Those actions have been prepared on the basis of the direction established by the community as part of the Community Strategic Planning processes undertaken by Council.

Long Term Financial Plan Objectives

The objectives of the LTFP are to inform decision-making which responds to the community direction established via the Community Strategic Plan.

The LTFP includes projected income and expenditure, balance sheet, cash flow statements and the planning assumptions used to develop the plan. This will enable financial modelling (analysis of how different factors change the plan) to be discussed with the community and considered by Council in future decision-making.

Organisational Development

Richmond Valley Council's Organisational Development Strategy underpins our Delivery Program to ensure we have the right people, capability and culture to deliver efficient, quality services to our community.

Council is committed to developing a culture of performance and innovation to respond to the challenges that face the sector and position us as a benchmark local government organisation shaping positive change in our community and across the region.

Council has been modernising the organisation and the way we operate over the past three years, refreshing the culture and renewing structures, systems and processes to develop a winning culture and business practices to enable us to realise our commitments to the community.

Developing a high performance business

Providing an optimal structure for change and growth is one enabler of organisational performance. Council has undergone significant structural change to develop a customer facing organisation with an outcome focus. A high performing leadership team has been developed and coupled with an engaged and enabled staff the organisation stands on a strong foundation to manage change and shape a sustainable future.

Council has invested over $1.7 million to implement an integrate Corporate Information System to improve service provision. Ongoing business improvement initiatives are in place to continually improve efficiency, effectiveness and productivity and service level reviews are conducted as part of the planning and prioritising activities in consultation with the community. Renewal of our technology systems and processes is providing quality data for informed decision-making with dashboard reporting of key performance indicators supporting management to proactively identify challenges and opportunities.

A Project Management Office and project management framework is in place to enable efficient and effective delivery of projects. This approach facilitates cross-collaboration of teams, innovation and action-learning. Within this context coaching or extracting learning and knowledge transfer from the immediate work challenges is a value added activity.

"One stop" Customer Service Centres with extended hours supports a customer focussed organisation. New call centre and customer request management systems, utilising leading edge software, ensure the community can contact Council in an efficient and effective manner.

Building capacity and capability

It is commonly understood that culture can make or break organisations. Council is building a successful culture to drive strong performance and strengthen reputation, innovation and service delivery.

Council has been refreshing the culture and promoting economic development and civic pride with a number of initiatives that align with priority strategic goals. One such initiative is our Youth Employment Strategy (YES) designed to address an aging workforce and youth unemployment by attracting local youths to develop a career at Council. In 2014/2015, 21 local high school students said "yes" to scholarships, apprenticeships and traineeships as part of the YES initiative, an ongoing strategy.

Complementing the YES initiative, Council also created employment opportunities by reducing reliance on contractors and directly employing more local people and investing in plant and equipment. In addition, Council works with community organisations and educational institutions to provide opportunities for work placements, volunteers and work experience with ongoing employment opportunities on occasion.

Developing talented individuals and teams

Council recognises that organisational success is based on our people's ability to perform. Attracting and developing the right people and recognising the benefits of a diverse workforce are critical to the success of our culture. A rebranding exercise ensures we create the right impression from the outset and an extensive induction process quickly develops a good understanding and sense of engagement with Council's business.

Council fosters an environment of learning and development and invests over $500,000 annually for training and talent management initiatives. Formal leadership development programs focus on developing a high performance leadership group. Initiatives to develop our emerging leaders, supported by mentoring programs, forms part of our succession plan to retain talented people and build innovation and capability into the senior leadership team.

Improving our service

Council must continually adapt to meet the changing service expectations of the community whilst achieving efficiency savings across Council. This requires an ongoing review and scrutiny of all Councils operations. Operating in an environment of change is now the norm and developing an adaptable and flexible culture will enable us to respond to the need for continual improvement and sustain a high performing organisation.