




# Resourcing Strategy 2017

Sydney2030/**Green/Global/Connected**

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The Resourcing Strategy can be accessed on the City of Sydney website at  
[www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au)

Information or feedback on the Plan can be made via email to  
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Alternatively, comments can be made in writing to:

Feedback on Integrated Plans

City of Sydney

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# 1. Introduction

A revision of Sustainable Sydney 2030 was undertaken as part of the Integrated Planning and Reporting framework. Council's priorities and vision for the future of the City were updated and translated into actions which are supported by the City's Resourcing Strategy.

This updated Resourcing Strategy underpins the directions within Sustainable Sydney 2030 Community Strategic Plan and builds on previous plans, ensuring that the shared vision for our city in 2030 is realised. It takes stock of what has already been achieved and responds to the feedback we've received from you, our community over the last four years. It also takes account of changes in relevant federal and NSW government policies and commitments as well as the long term economic, social, cultural and environmental trends and challenges for Sydney.

Our Resourcing Strategy is developed to help ensure the community's long-term goals and objectives, expressed in Sustainable Sydney 2030 are met. Effective resource planning ensures Council will focus not only on the short-term issues and the range of service delivery indicated in the Operational Plan, but also on the medium and long-term challenges.

Sustainable Sydney 2030 and this Resourcing Strategy recognises that the City does not act alone and that partners including state and federal agencies, non-government organisations, community groups and individuals have a role to play in delivering responses to achieve the community outcomes.

Contained within this strategy are five key resource areas which in terms of time, money, assets and people respond to the long term strategic aspirations:

- Financial Planning (Long Term Financial Plan LFTP)
- Workforce Planning
- Asset Management Planning
- Information and Technology Strategic Plan
- Community Engagement Framework

Our five resource areas underpin technical and policy guidance to guide the strategic implementation of our integrated planning. Moreover, Resourcing Strategy initiatives are reviewed annually to ensure they remain appropriate for the changing environment and to incorporate community feedback, and undergo a full comprehensive review following each Council election.

## Long Term Financial Plan (LFTP)

The first part of the Resourcing Strategy consists of Council's Long Term Financial Plan (LFTP), Council's ten-year financial planning document with an emphasis on long-term financial sustainability. Financial sustainability is one of the key issues facing local government due to several contributing factors including growing demands for community services and facilities, constrained revenue growth and ageing infrastructure. This is an important document, which aims to balance the community aspirations and goals against financial realities. Contained in this plan are:

- Assumptions used to develop the plan;
- Projected income and expenditure, balance sheet and cash-flow statements and
- Methods of monitoring financial performance.

Balancing expectations, uncertainty of future revenue and expenditure forecasts is one of the most challenging aspects of the financial planning process. As such, the longer the planning horizon, the more general the plan will be in the later years. Every effort has been taken to present the most current estimates and project scopes to be included in this plan.

## Asset Management Plan (AMP)

The third part of the Resourcing Strategy deals with Asset Management Planning, in particular the Council's Asset Management Policy, Strategy and specific asset category plans.

The net value of infrastructure assets for NSW local governments is \$81 billion, which enable councils to provide services to their community. These assets need to be managed in the most appropriate manner on behalf of and to service the community.

The City of Sydney is responsible for \$8.7 billion of infrastructure assets including land. The Asset Management Plan is the summary of the relevant strategies, plans and actions for the assets critical to our operation.

The City's Asset Management Planning framework includes:

- Council's overall vision and goals and supporting asset management vision and goals;
- Sustainable Asset Management Policy
- Infrastructure Asset Management and Service Delivery Strategies



### Workforce Strategy (WS)

The second part of the Resourcing Strategy is the Workforce Strategy. An effective workforce strategy aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues, and deliver appropriate services effectively and efficiently. The Workforce Strategy addresses the human resourcing requirements for Council's Delivery Program and therefore, the Strategy spans four years. The strategy builds upon this earlier work and takes account of the key influences related to:

- The impact of technology
- An older experienced workforce
- A healthy workplace as a driver of performance
- The need for talent attraction and the influence of diversity.

In addition, our strategic workforce priorities are informed by managers' perspectives and our workforce profile.

This plan has six strategic priorities. Collectively they aim to optimise the City of Sydney's workforce strengths, address our most critical challenges and help focus our continuing efforts in building a high-performing, values-driven workplace.

Our six strategic priorities are:

- Leverage our common purpose
- Foster employee engagement and performance
- Build an agile and skilled workforce
- Apply a digital mindset
- Develop our diverse and inclusive workplace
- Strengthen our healthy workplace.

### Information and Technology Strategic Plan (ITSP)

The fourth part of the Resourcing Strategy is the Information and Technology Strategic Plan. This defines the roadmap by which the City will leverage information and technology to transform the nature of services to communities and customers to deliver on Sustainable Sydney 2030 outcomes and targets.

This four-year plan is distinct from, but directly contributes to, the City's Digital Strategy, which defines how the City will facilitate the broader development of Sydney's economy and service sector with the use of digital technology.

### Community Engagement Framework

The Resourcing Strategy also includes a revised community engagement framework section to reflect the City's community engagement objectives and principles and a summary of recent engagement programs. This is the City's response to the Integrated Planning and Reporting requirements.

This document is a framework for how we consult our diverse communities on these important projects. It includes a definition of community engagement and explains how we talk with – and listen to – our communities. It outlines the guiding principles, activities and channels we use when working with our communities and illustrates these in action on some recent projects.

The city is made up of diverse communities, with different lifestyles, interests and needs. Our many stakeholders include government departments and authorities, cultural institutions and groups, community organisations, and businesses both large and small.

We consistently use new communication techniques and channels to ensure all these voices are heard when planning and developing our projects. We also work to ensure these voices accurately and effectively represent our community's changing values and needs.

### Common Challenges in the Resourcing Strategy

A number of major challenges are common across all four elements of the Resource Strategy and are discussed briefly here rather than repeating each item in each element of the Resource Strategy.

The major challenges for the City include the;

- Planned growth in population and workers;
- Redevelopment of major urban renewal areas;
- Dynamic local and global economic conditions.

The City will be undergoing significant renewal in key urban sites such as Green Square, Barangaroo, and Harold Park. The City will be involved in these projects requiring a major allocation of resources to support, deliver or maintain key community infrastructure and services as the sites are constructed and new communities form.

The City will also participate in the provision of more sustainable energy production within the City environs requiring technical expertise and financial resources.



Improving the access to and around the City is also a key challenge addressed in the Resourcing Strategy, mostly in terms of funding and asset management of major infrastructure works. The City's resources and that of the communities are significantly linked to the local and global economic conditions affecting property development, employment and investment in key infrastructure by other parties.

Lastly, there are a number of reforms being proposed for the structure and operations of local government across NSW, many of which are strongly supported by the City of Sydney.

The Resourcing Strategy has been developed based on the current legislative and structural framework and does not incorporate any proposed legislative or structural amendments.

### **Fit for the Future Improvement Action Plan – 2017 (Update)**

In September 2014, the NSW Government announced the Fit for the Future program, representing a continuation of the local government reform in NSW. All councils were required to develop an Improvement Action Plan under the State Government's Fit for the Future program in 2015.

In preparation of the development of the current round of Integrated Planning and Reporting documents, the City has reviewed the Fit for the Future Improvement Action plan developed in 2015. A commentary on the progress is provided as part of this Resourcing Strategy.

# Long Term Financial Plan 2017/18 to 2026/27

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# 1. Long Term Financial Plan - Introduction



A long term financial plan is one of the three key Resourcing Strategies required under the NSW Integrated Planning & Reporting framework. The City of Sydney also elects to add an Information Communication and Technology Strategy, recognising it as a key enabler of business efficiency and effectiveness, and of community information and interaction.

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

The City of Sydney's long term financial plan recognises its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community while undertaking the initiatives and projects that will contribute toward the goals set down in its Sustainable Sydney 2030 Community Strategic Plan.

This financial plan provides a ten year overview of Council's projected annual income and expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cashflows.

The financial plan highlights the impact of the City's contributions (totalling \$220.0M) to the State Government's Light Rail project, delivering infrastructure and facilities associated with the Green Square Urban Renewal project (along with numerous other major initiatives detailed in this plan), whilst continuing to undertake the maintenance and renewal works required to sustain existing infrastructure and facilities at a satisfactory standard, befitting a Global City.

In accordance with a Council resolution of December 2016, City staff have identified initiatives that can be funded in addition to business as usual activities, within the draft 2017/18 operating budget and over the subsequent five years, to accelerate the implementation and progress achievement of the *Environmental Action Plan 2016-21*.

The initiatives identified are budgeted in 2017/18 to cost \$2.4M and include:

- efficiency initiatives, improved utilities management and better waste management practices;
- amendments to planning controls to improve the environmental performance of new buildings, including the development of a planning pathway towards net-zero buildings;
- utilisation of open data platform to report on local government area environmental programs;
- use of this data to target sustainability programs;
- enhancement of office tenancy sustainability programs;
- energy tune-up programs for businesses and residential apartments; and
- sustainability programs to encourage uptake of renewable energy

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

The ten year timeframe of this Financial Plan necessitates the use of a variety of underlying assumptions. The long term financial plan will therefore be closely monitored, and regularly revised, to reflect changing circumstances.

## 2. Current Financial State



The goals and objectives set out in the Sustainable Sydney 2030 Strategic Plan form the basis for this plan. The City remains in a very strong financial position, built upon a diverse income base, significant business rate income and its commitment to control and deliver services, facilities and infrastructure that are both effective and efficient.

The organisation is well placed to continue to invest in the transformation of the City into a resilient urban environment, attractive to its community of residents and workers alike. The City developed its Sustainable Sydney 2030 Strategic Plan on the basis of extensive community consultation and engagement. The actions of turning the vision of Sustainable Sydney 2030 into a reality are underway, underpinned with the continued substantial allocation of capital funding to significant projects over the next ten years.

### NSW Local Government Reform (“Fit for the Future”)

In September 2014, the NSW Government announced the *Fit for the Future* program, representing a continuation of the local government reform in NSW detailed in section 2 above.

In their assessment of the City’s ‘Council Improvement Proposal’, The Independent Pricing and Review Tribunal (IPART) noted that the City “demonstrated it is a high performing council in the Sydney Region”, and noted that high financial performance indicators were achieved whilst maintaining low residential rates.

In terms of providing a full and balanced assessment of financial performance now and into the future, the view of the City (and of the sector widely) was that the adopted set of performance indicators do not adequately reflect the characteristics of a sustainable Council.

The City supports the definition of financial sustainability set out in the TCorp report *Financial Sustainability of the New South Wales Local Government Sector* and reiterated in the IPART methodology that “A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community”.

As part of the City’s 2015 submission under the *Fit for the Future* program, an Improvement Action Plan was developed. The key aspects of this plan were:

1. *Sustainable Sydney 2030* will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.
2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.
3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.
4. Agreed targets and outcomes will be incorporated into the City’s annual planning and budgeting processes.
5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.
6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.





7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.
8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.
9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.
10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.

The City's progress against each of the above points is provided in the *Resourcing Strategy (June 2017)* document.

Following the recommendations of IPART in assessing *Fit for the Future* submissions, the City of Sydney was not subject to a forced amalgamation, nor boundary changes with surrounding local government areas. No amalgamations or boundary changes have been modelled as part of this plan.

## Economic conditions

Economic conditions are a significant external impact to the City's financial position, with key influences including:

- Property market performance,
- Urban Renewal and development trends (as driven by property market performance)
- The Consumer Price Index for Sydney (CPI),
- Employment market trends
- The state of financial markets (including official interest rates); and
- Local Government Cost Index (LGCI), a key determinant in "pegged" rates increases

Fluctuations in inflation rates over time impact upon both income and expenditure. In order to reflect current economic conditions appropriately, and to safeguard against the risk of detrimental fluctuations in the CPI in the medium to long term, the City applies an inflationary factor of 2%, escalating to 3% in the later years of the Long Term Financial Plan.

The Inner-Sydney property market has, in recent years, undergone a period of unprecedented growth. Aside from influencing the performance of the City's substantial commercial property holdings, the state of the property market will also directly impact the City's ability to acquire and divest property holdings. More broadly, the demographic characteristics of the city are directly impacted by prevailing property market trends.

Wages growth is a significant issue for the City in managing its underlying operating expenditure over a ten year timeframe, as employee costs currently represent approximately 50% of the City's total operating expenditure.

For a number of years, the market-driven rate of wages growth within the Local Government sector has comfortably outstripped both the CPI and Local Government Cost Index. The maximum allowable rate increase (as determined by IPART) utilises the Local Government Cost Index as the basis for setting the maximum allowable general rates increase in a given year, placing significant additional pressure on the City's Operating Result.

Interest rates, as determined by Reserve Bank policy and financial market conditions, will directly impact the returns earned by the City's investment portfolio. Whilst the City's financial investment portfolio continues to outperform industry benchmarks, a sustained period of historically low interest rates has impacted the City's return on investments held. Further, the financial position





of the City is affected through adjustments to Council provisions and valuation of assets, which are in part determined through reference to long term bond rates. The City adopts conservative assumptions in financial projections, to mitigate the risk of economic fluctuations adversely affecting projections. The assumed escalation rates for both income and expenditure are regularly reviewed and updated as appropriate.

### Current Financial Position – City of Sydney

Since the amalgamation of the (former) South Sydney City Council and the City of Sydney in 2004, the Council's average annual Operating Result has generally maintained a surplus in excess of \$100.0M. This consistently strong operating performance has allowed the City to accumulate significant cash reserves, and to internally fund its capital works program over this time. The City's closing cash and investments balance at 2015-16 was \$569.9M, with \$487.7M of this total restricted for specific purposes.

The City of Sydney is in a strong financial position due to more than a decade of stable progressive government, professional corporate administration, a policy commitment to prudent financial management, and strategically sound investments.

In early 2015 PWC assessed the City's financial position over the past six years and stated: "We believe that Council was in a strong and stable financial position for the six years during which we acted as external auditor. The financial indicators during that period showed that Council had very strong liquidity and no debt. Its rating income was generally below 50% of its total income but this did not impact on its ability to deliver services as Council had significant alternative income streams to take pressure off the rating base and limit the impact of rate pegging".

The robustness of the City's financial position has enabled its commitment of \$220.0M towards the NSW Government's Light Rail project in the CBD and South East of the city, and a \$90.6M contribution to trunk drainage works at Green Square urban renewal area (\$70.6M in the Green Square Town Centre, and a further \$20.0M earmarked for Ashmore Estate Erskineville), in partnership with Sydney Water (a state government agency).

As detailed in this Plan, operating surpluses will continue to underpin the delivery of the City's capital program in the long term.

# 3. Guiding Principles and Assumptions



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

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

Key principles employed in the financial planning process:

- Financially sustainable
- Maintain diversity of income sources
- Generate significant operating surpluses
- Maintain tight control over expenditure and staff numbers
- Deliver best value services, facilities and infrastructure
- Effective utilisation of funding sources to fund capital works and asset acquisitions
- Efficient funding of capital works and asset acquisitions
- Prudent financial investment
- Consider appropriate use of debt, internal borrowing and private financing arrangements
- Maintain above benchmark results against key performance indicators

The above points have consistently remained the core principles of the City's long term financial planning process both before and since the introduction of the Integrated Planning and Reporting Framework.

The Long Term Financial Plan continues Council's commitment to maintain tight control over its financial position and performance, an achievement that has been continually demonstrated through strong operating results. The funds generated from operations are used to commence new initiatives and programs, and to fund delivery of the City's extensive capital program, however, the suitability of utilising debt and/or private financing will be considered, for appropriate initiatives and projects.

The operational plan and forward projections have been set to continue the City's high standards of service and to adequately allow for all known and anticipated changes over the coming ten year period. Unexpected cost pressures will always arise, along with increasing service demands, however the City will continue to underpin its quality services with a value for money approach through competitive procurement processes, internal controls and the completion of service reviews incorporating customer feedback to ensure effectiveness and efficiency.

Income and expenditure projections are generally based on stable overall cost increases of 2-3% per annum, a representative of CPI movements over recent times, and conservatively modelled on the upper end of the Reserve Bank targeted range of inflation. Elements of income and expenditure that are subject to wider fluctuation have been modelled accordingly (refer **Assumptions** below).

As noted above, the annual operational budget plans for significant operating surpluses, which, combined with the City's interest earnings and capital contributions, provide funding for ongoing capital works projects and programs that are designed and constructed to provide the City's world class facilities.

The City will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet the City's liabilities and commitments as they fall due, and manage



cash flow demands to ensure responsible financial management control. While externally restricted reserves will be maintained in accordance with legislative requirements, a number of internally restricted reserves are used to ensure that funds are set aside to directly support Sustainable Sydney 2030 priority initiatives and projects. Both internal and external reserves are summarised in Section 6 of this Plan.

The City closely monitors its financial performance and publishes a number of key financial indicators within its quarterly budget reviews to demonstrate its financial health and sustainability.

## Assumptions

The major assumptions for this plan, including the impact on the Asset Management Plan and Workforce Strategy are reflected in the introduction to the Resourcing Strategy.

The City's 2017/18 financial year budgets (as detailed in the Operational Plan, and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. As noted above, the budgeted Income Statement and Balance Sheet are taken to represent "business-as-usual" and income and expenditure are escalated over the ten years of the plan, where relevant, by an appropriate index.

Broadly, the Plan utilises forecast annual CPI growth as an indicative guide to annual income and expenditure movements. Appropriate adjustments are made where income or expenditure items are known to escalate on a different basis.

Where new initiatives/projects that will impact operating income and/or expenditure are anticipated, additional adjustments are made to long term projections in the model. Significant adjustments include:

- Increased capital income as a result of development activity in the Green Square precinct
- Anticipated increase to rates income as a result of development at Barangaroo
- Capital Grants expected to be received – particularly for City cycleways
- Operational impact of servicing urban renewal precincts, such as Barangaroo, Green Square and Ashmore Estate
- Operational impact of new community facilities at Green Square
- Allowances for asset maintenance growth as a result of new infrastructure/facilities
- Ongoing expenditure impact of administering a non-residential voting roll and Local government elections
- Adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.

The Capital Program is itemised and forecast for the ten year timeframe of the Plan. In later years, where specific projects may not have yet been fully identified, provisional sums are included reflecting historical works patterns, and in line with renewal requirements identified as part of the Asset Management Strategy.

As capital projects are forecast to be completed, corresponding income and expenditure (including depreciation) impacts are factored into future financial results.

Other assumptions relating to specific income and expenditure types are included within this Long Term Financial Plan.

In preparing the Plan, the City undertakes a wide range of sensitivity testing in order to arrive at what it considers to be the most realistic and balanced scenario. The attached schedules reflect the City's forecast position.



# 4. Financial Forecasts – Continuing Operations



## Income from Continuing Operations

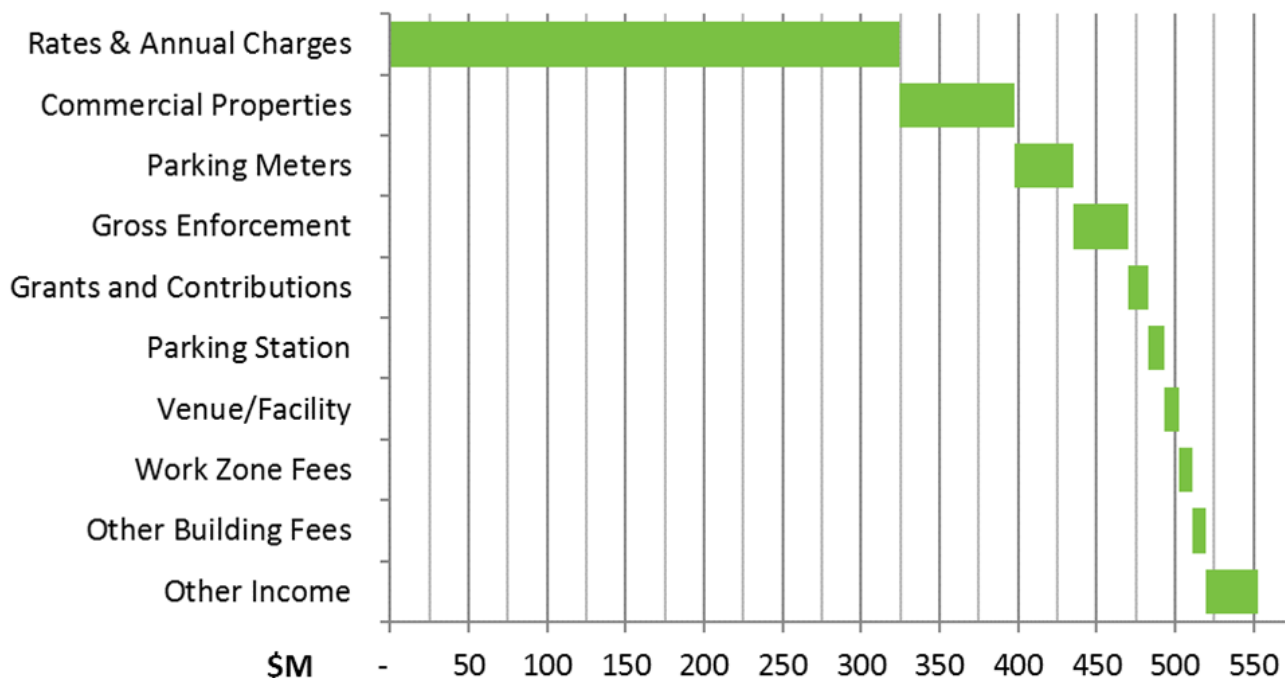
This section includes a review of the major sources of income received by the City, including explanatory information along with a discussion of the risks and assumptions.

The chart below illustrates the major distribution of the City's operating income sources, based upon the 2017/18 budget, a distribution that remains relatively stable over the life of the Plan.

The City aims to maintain a diverse income base, with income sources outside Rates and Annual Charges vital to reduce the burden on ratepayers of funding all of Council's ongoing operations, minimising the impact of rate-pegging.

In addition to the operating income below, details of capital income – also used to partially fund the City's capital works program - are detailed later in this section.

### Major Items of Operating Income\* – 2017/18 Budget



\* Note – Capital Grants & Contributions and Interest & Investment Income do not form part of Operating Income and are excluded from this chart



## Rates and Annual Charges

Rates and Annual Charges are the City's primary source of annual income, contributing over half of total operating income, a proportion which has remained relatively constant since the Council boundary adjustment of 2004.

### Rates Income

In accordance with NSW legislative requirements, the City calculates its individual rates by applying an ad valorem (rate in the dollar) multiplier to each property owner's unimproved land value. The City maintains three ad valorem rates being:

1. a CBD business rate;
2. a general business rate; and
3. a general residential rate for the entire Sydney local government area

In addition, the City maintains minimum business and residential rates to ensure that all landowners make a reasonable contribution towards the services and facilities provided, which is particularly relevant given the number of strata property owners with relatively small proportionate land values within the City.

The City's annual rates income represents 43% of Income from Continuing Operations (as reflected in the schedules in section 7 of this plan). CBD business rates represent approximately 23%, other business rates 10% and residential rates 10%, of total income from continuing operations. The City's property distribution is not conducive to achieving an equitable unimproved land value based tax, with 77% of residents on minimum rates, reflecting Sydney's high density living. However, minimum rates do not produce a rate levy that reflects an individual owner's capacity to contribute to the cost of Local Government operations, nor their likely consumption of Council services.

The State Government constrains the growth of annual rate income for all councils by setting a general maximum rates increase. This 'rate cap' is recommended by The Independent Pricing and Regulatory Tribunal (IPART), based upon the price movement of local government expenses in the market and assuming a productivity improvement (efficiency) factor.

Council's general rates base can also grow when new properties are developed within the area that require additional local government services, where the sum of the rates paid by strata owners exceed the original rate value or where crown lands (normally rate-exempt) are being leased for private purposes. The completion of major urban redevelopments within Sydney has generated additional income during recent years, although significantly less than required to fund the increase in services demand by new residents, as the properties were previously rated as businesses.

The general allowable increase for 2017/18 has been set at 1.5%. IPART determined a general rate increase of 1.47% for councils in recognition of the rising cost incurred by local government in NSW, with 0.03% rounding applied to arrive at the rate peg of 1.5%. Beyond 2017/18, the City has estimated future average general rate increases of 2.5% p.a, allowing for IPART approved increases and development growth.

A review of the Local Government Rating System in NSW has been commenced by IPART, with a final report delivered to the Minister for Local Government in December 2016. The City will continue to advocate for a more equitable and flexible rating system as part of a detailed submission to IPART. Pending the findings of the review, and any subsequent changes implemented by the NSW Government, the Plan assumes a continuation of the current NSW rating system.





### Pensioner Rates Exemptions

Council continues to provide 100% rebate of rates and annual charges for eligible pensioners within its local government area. This scheme provides an additional rebate on top of a mandatory rebate for eligible pensioners and in total, the scheme currently costs approximately \$2.8M per year. While this cost has remained reasonably constant, Council officers continue to assess long term trends to ensure the sustainability of this policy, and consider the long term benefits and impacts of this scheme.

### Domestic Waste Management Charges

The Local Government Act requires Domestic Waste to be a full cost recovery service, and all costs associated with the administration, collection, recycling, disposal, treatment, and community education are entitled to be recouped from residential ratepayers.

These charges amount to \$44.5M for the 2017/18 financial year, including the gradual accumulation of a reserve providing funding for investigation into the viability of a "Waste To Energy" facility, as outlined in the *Advanced Waste Treatment Master Plan: 2013-2030* and the forthcoming *Waste Strategy*, due to be finalised early in the 2017/18 financial year. This is an important initiative to supplement Council's existing efforts to promote and provide recycling and green waste services to assist in the reduction of the total amount of waste being directed to landfill and to provide an alternative source of energy generation

### Stormwater Charges

The legislation also provides the City with the ability to collect a further \$2.0M each year to improve its stormwater networks. The City plans to expend significant sums towards these important infrastructure

improvements in the coming ten years, and this contribution has assisted with the preliminary planning of network enhancements, and in the future will contribute to the delivery of works identified with the Stormwater Management Plan.

### Environmental Upgrade Agreements (EUA)

Legislation for the use of Environmental Upgrade Agreements in NSW commenced on 18 February 2011. The legislation enables Councils to utilise an innovative mechanism to help unlock the significant potential for improved environmental performance from large commercial, and multi-unit residential buildings.

The scheme is a voluntary agreement between a council, a building owner and a finance provider, and the intention of the agreements is to improve the environmental efficiency of commercial buildings. Under the agreement, the finance provider provides capital to a building owner to implement environmental upgrades. This capital is repaid through environmental upgrade charges issued by council. Once the council has received the repayment, it is forwarded to the financier.

Environmental upgrade charges are charges on the land. Therefore, if building ownership changes, the new owner assumes liability for the environmental upgrade charge. Similar schemes to the one proposed in this bill have been introduced in the United States of America where they are known as property-assessed clean energy schemes, and a similar scheme has also been introduced in Melbourne.

The City currently has in place four EUAs with a combined outstanding balance of over \$27.5M. Further agreements are considered as applications are received.





## Fees and Charges

Fees and user charges are derived from patrons of the City's facilities and services and organisations seeking to use the public domain. Fees and charges income provides around 17% of the Council's Income From Continuing Operations.

This category of income includes parking meter and parking station income, planning and building regulation fees, aquatic centre income, venue hire, advertising space income, filming fees and work zone fees. There are a mixture of commercial, regulatory and statutory fees in addition to user based fees, which are subsidised to provide wider community outcomes.

Fees and charges are determined annually, published in the Revenue Policy within the Operational Plan, and incorporated within the annual operating budget.

Assessment of the fees is based on:

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

The long term plan assumes that fees will rise, in general terms, in line with CPI projections over the course of the ten years. The level of fees and charges income will fluctuate moderately from year depending on patronage and demand for facilities and services.

## Parking Income

Parking income is derived from the City's network of parking meters and two car parking stations located in Goulburn Street, in the Central Business District, and in Kings Cross. Total parking income makes up around 8% of the Income From Continuing Operations for the City. Parking income is predicted to rise close to CPI levels over the ten year period of the long term financial plan.

## Other Income

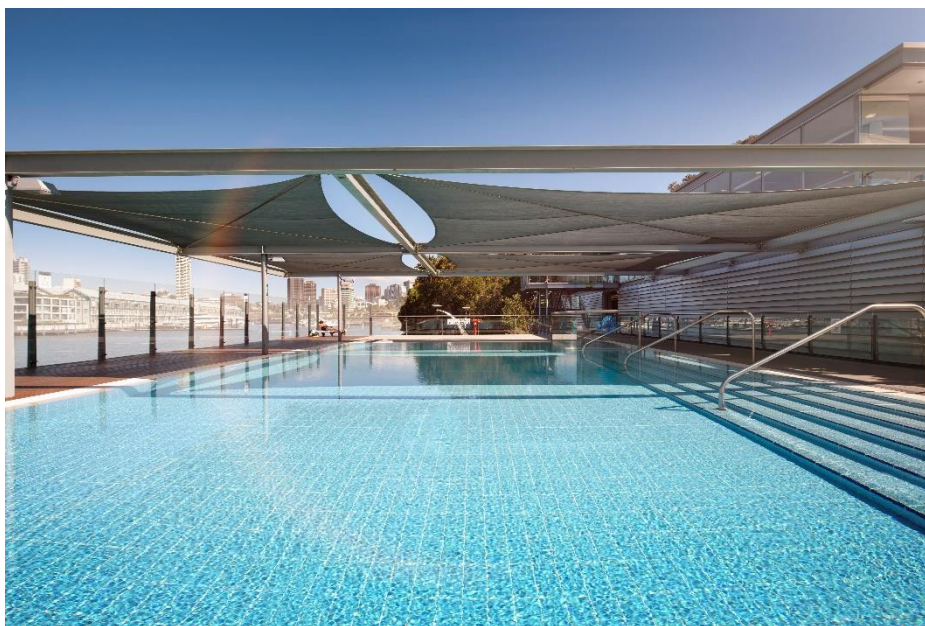
### Commercial Property Income

The City's commercial properties portfolio generates approximately 11% of its Income From Continuing Operations, and has been a key revenue source of Council for over 50 years.

The City intends to at least maintain the level of income derived from property over the next ten years, to support the anticipated additional demand for community services over the same period, and to ensure that the burden of Council's operational costs are not borne solely by the ratepayer.

Council has primarily invested within the CBD and the major 'gateways' leading into the city centre, including a significant investment property in 343 George Street. This category of income also includes revenue generated from the ninety-nine year lease of the Council-owned Queen Victoria Building to a private operator, which has a residual revenue share entitlement.

A change in accounting approach has resulted in the recognition of gross income (and corresponding gross expenditure) for tenancies under the City's Accommodation Grants Program (AGP). The equivalent commercial rate of rent for these properties is shown as



income, with the reduction provided under the AGP recognised as a non-cash (or “in-kind”) grant expense.

The City has a draft property strategy and plan, articulating the goals and actions for each of the portfolios (commercial, community, investment and strategic), which assists in determining the future needs of Council and the potential for acquisition and divestment of properties over the course of ten years. An ongoing review of the yields generated from the commercial portfolio is being conducted to benchmark the City’s returns to market, identify the underlying factors and any opportunities to enhance any sub-optimal returns through either refurbishment, development or disposal if appropriate.

The size and diversity of the portfolio presents an opportunity to grow this stream of income through careful management, divestment and potential re-investment in suitable properties, which assists in alleviating funding pressures on the City’s ratepayers.

The long term financial plan assumes that rental income will generally reflect CPI increases over the longer term, subject to acquisitions or divestments of income generating property. Commercial property markets are subject to demand and supply dynamics that impact on vacancy levels and the rents that can be negotiated.

## Enforcement Income

Enforcement income refers to the gross revenue generated from the Council’s ordinance and parking enforcement activities in maintaining a safe city. In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD. Further parking enforcement responsibilities were transferred to the City as a result of the 2004 Council amalgamation (with the former South Sydney City Council) and

boundary transfer (with the former Leichhardt Municipal Council)

The gross income, being the value of fines issued, represents around 5% of the City’s Income From Continuing Operations. After paying processing fees to, and sharing 50% of the net income with the NSW Government (for CBD and former South Sydney zones), Council retains income equal to approximately 2% of Income from Continuing Operations.

The City utilises its resources to monitor parking and ordinance issues. The outcomes for the community include improved road and pedestrian safety, better traffic flow and access. The level of parking enforcement income has followed a downward trend in recent years as compliance rates have improved. The number of infringement notices issued have declined approximately 30% from their peak, however the recovery rate of outstanding fines remains in excess of 90%, a highly efficient rate of collection.

The long term financial plan incorporates an increase for annual CPI adjustments, reflecting the annual increases previously approved by the State Government.

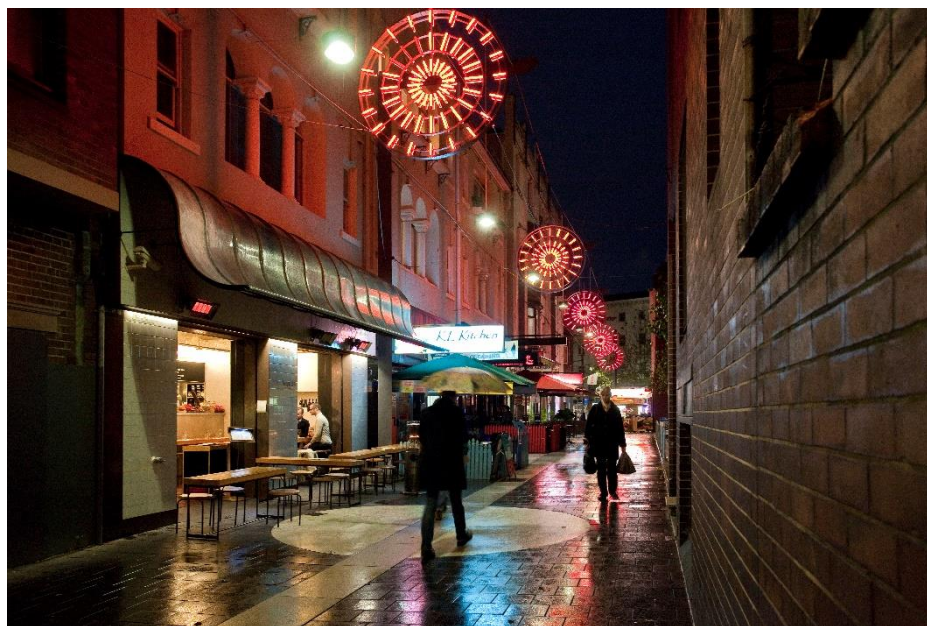
Net enforcement income levels over the longer term may be influenced by:

- Increase of salaries and wages, or other costs associated with the service
- Improved compliance levels
- Reduced infringement collection rates

## Operational Grants and Sponsorships

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





The City is presently allocated in the order of \$5.3M annually from the Commonwealth Government in the form of the Financial Assistance Grants (FAG). These are general purpose grants paid to local councils under the provisions of the Commonwealth Local Government (Financial Assistance) Act 1995. These funds are paid to councils as unconditional grants.

Other specific grants are allocated to individual projects or programs, either as part of a National or State scheme, or as a result of a specific grant funding application. The City also participates in projects between other councils and authorities that may also be funded directly by grants from other parties.

The long term financial plan makes allowance for a “pause” in indexation of the FAG until 2018, per the 2014-15 Federal Budget. Beyond 2018, notional annual increases in line with CPI are assumed. Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

There is an ongoing risk that the funding methodology applied to the allocation of the Federal Assistance Grants could be altered and that the City receives a reduction in grant allocations. The recent Local Government Review recommended that these funds be directed to those councils in greater need. The City would need to assess its response to any proposed change.

Sponsorship is sought and utilised by the City, as either cash or value-in-kind (free use of a private space) to obtain additional resources with which to support specific events, activities or programs, and sponsorships can also enhance the success and public exposure of these activities. Additional sponsorship is actively sought to

allow the City to enhance, extend or reduce the cost of current activities or programs, or to develop new ones.

The market for sponsorship remains extremely tight and competitive, and the City as a public authority also maintains an appropriate Grants & Sponsorship policy, to ensure the highest levels of probity and transparency to protect the City's reputation.

### Interest Income

The City invests funds that are surplus to its current needs in accordance with the approved “Minister's Orders” and its own Investment Policy and Strategy, which is reviewed annually and approved by Council. The City's *Investment Policy and Strategy for the Management of Surplus Funds* was last endorsed by Council in October 2016. It again reflects a prudent and conservative approach, to achieve reasonable returns ensuring the safeguard of the City's funds for the purposes intended, whilst giving preference to Socially Responsible Investments (SRIs).

The City has steadily developed relevant internal cash reserves to be applied towards the major Sustainable Sydney 2030 projects over the next ten years, in addition to those external restrictions of funds required by legislation.

The size of the investment portfolio and interest rate returns determine the revenue generated from the Council's cash investment portfolio, and the investment income derived is therefore expected to gradually decline as the cash reserves are utilised in the delivery of the major projects for which they have been set aside. These projections are reflected in the Cash and Investments Balances graph in Section 7 and the financial schedules in Section 8 of this Plan.





## Capital Income

### Developer Contributions

Development contributions provide significant funding towards the cost of essential public facilities, amenities and infrastructure provided by Council, reflecting the increased demand generated by increases in resident and worker populations.

In the Sydney CBD precinct, section 61 of the City of Sydney Act allows for contributions amounting to 1% of the total development cost, to be levied by Council on building projects over \$200,000.

The *Central Sydney Development Contributions Plan 2013* – which is the City of Sydney's current Section 61 plan – is presently operating on a recoupment basis, with contributions income applied to previously completed works. The plan, adopted in July 2013, also incorporates future works items, facilitating the utilisation of future contributions income in funding the delivery of these works.

Effective from 1 July 2016, the City's Section 94 Plan – the *City of Sydney Development Contributions Plan 2015* – reflects updated population and development projections, and an updated list of essential infrastructure and facilities. The plan incorporates the entire local government area (excluding Central Sydney), replacing Ultimo Pyrmont Section 94 Plan (1994) and the City of Sydney Development Contributions Plan (2006).

State Government requirements restrict the maximum amount of developer contributions that can be levied and the types of infrastructure and facilities that can be funded through the developer contributions system. In accordance with a Ministerial Direction effective from 16 September 2010, contributions levied on residential development are capped to \$20,000 per dwelling or lot

created. This cap has not been subject to indexation since its inception, representing a decline in real terms. The cap, combined with the financial pressures associated with rate pegging, significantly constrain the City's ability to fund its capital program. As a result of the contributions cap, it is anticipated that a new Section 94 plan will not significantly alter existing contributions rates for most new dwellings.

Section 94 contributions are heavily reliant on the property development cycles influenced by demand, availability of land stock, interest rates and access to funding. As a result, there are substantial risks of cash flow not aligning with planned expenditure to be funded by Section 94 funding, leaving funding "gaps" that need to be supplemented by other sources until contributions are received.

The use of Voluntary Planning Agreements (VPAs) and, in the case of the Green Square, the Floorspace Bonus scheme and Developer Rights Scheme (DRS) will also continue to deliver significant public benefits where the City is able to negotiate positive outcomes with developers. Agreements with developers to provide Works In Kind contributions will continue to be linked to the delivery of essential infrastructure, where this mechanism is effective. Alternatively, cash contributions will further assist in directly funding the City's capital works program.

In the case of the DRS, the Long Term Financial Plan reflects an uplift to developer contributions over the next ten years, in line with substantial development in Green Square Town Centre. The contributions funding will partly offset the cost of meeting the associated increase in demand for new infrastructure and facilities in the area. As detailed in the Green Square Town Centre Infrastructure Strategy, the DRS will assist in funding the provision of essential local infrastructure (including roads, drainage, open space and traffic/access



infrastructure) and facilities (including childcare centres, libraries and recreational facilities) in Green Square, in conjunction with Section 94 and the City's general funds.

Careful planning and regular reviews of forecasts and contributions plans over the life of the long term financial plan will reduce the risk of committing to expending significant sums for projects without appropriate financial support from developer contributions.

### Capital Grants

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

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

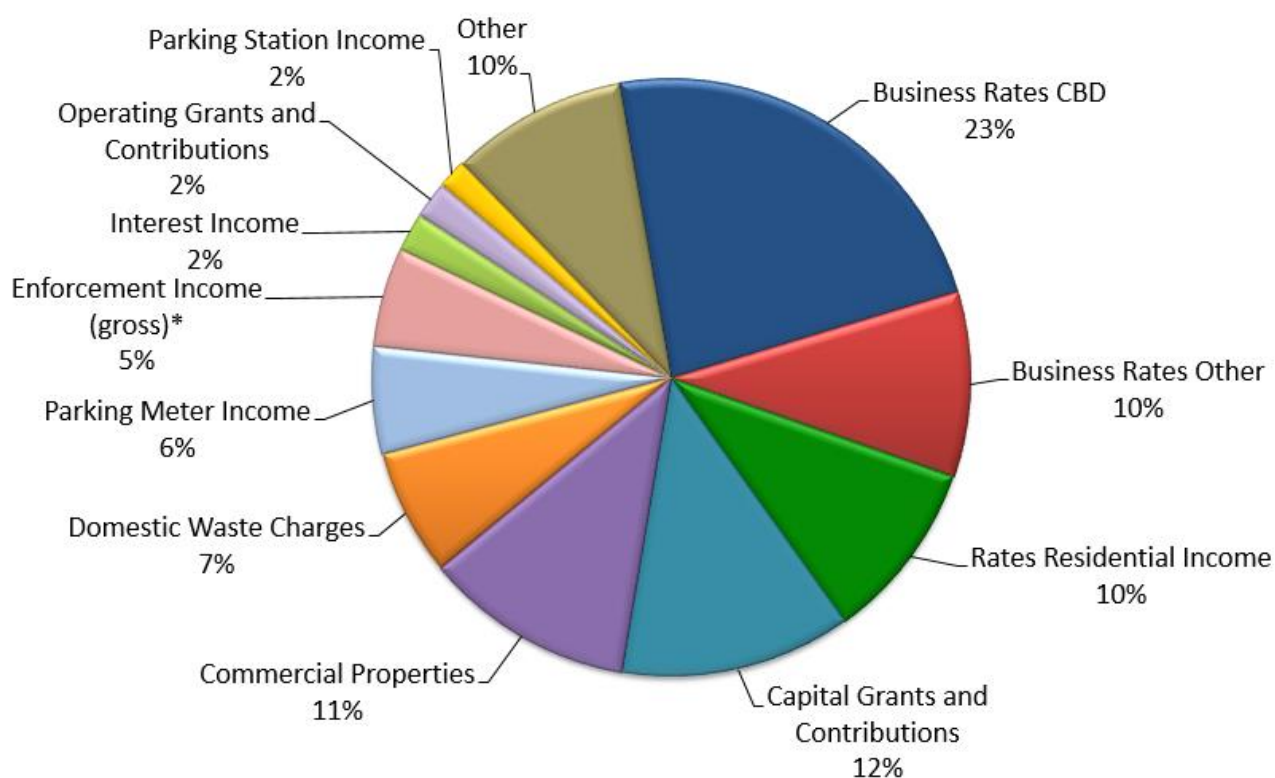
The plan incorporates a conservative sum for capital grants income in each year, based on historical availability of grant funding assistance. As specific projects are identified as eligible for grants, the income and budgeted capital expenditure are matched within the plan.

A significant allowance has been made for anticipated grants from NSW Roads and Maritime Services (RMS), towards the construction of new cycleways, consistent with the NSW Government's *City Access Strategy*. This is further detailed in section 6 of this Plan.





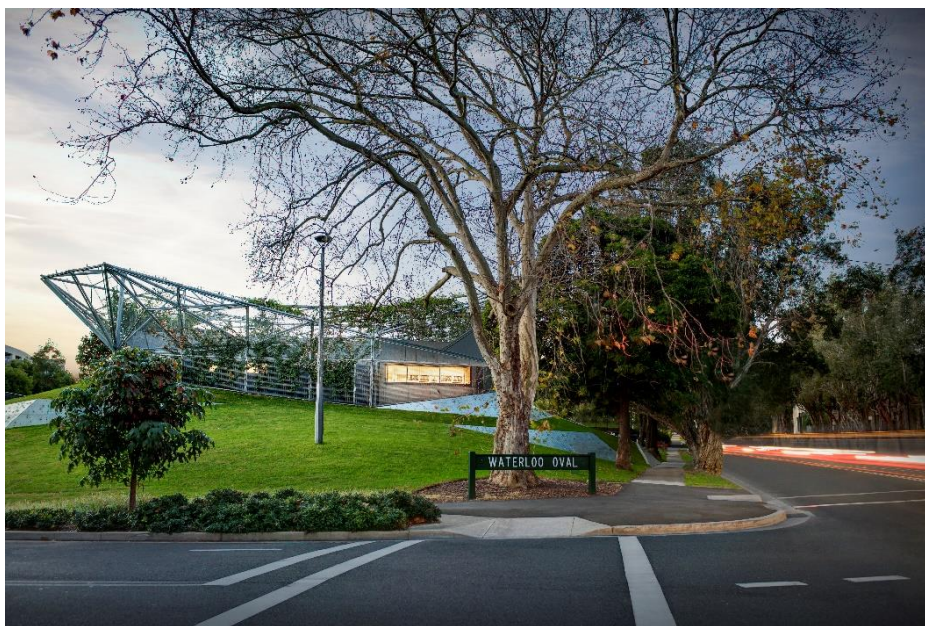
### Summary – Income Sources as a % of Income from Continuing Operations



\* Note that once processing fees and profit share (returned to NSW State Government) and collection costs are taken out of this total, the value represents 2% of income

- Income from Continuing Operations consists of Operating Income, plus significant amounts for Capital Grants & Contributions and Interest and Investment Income





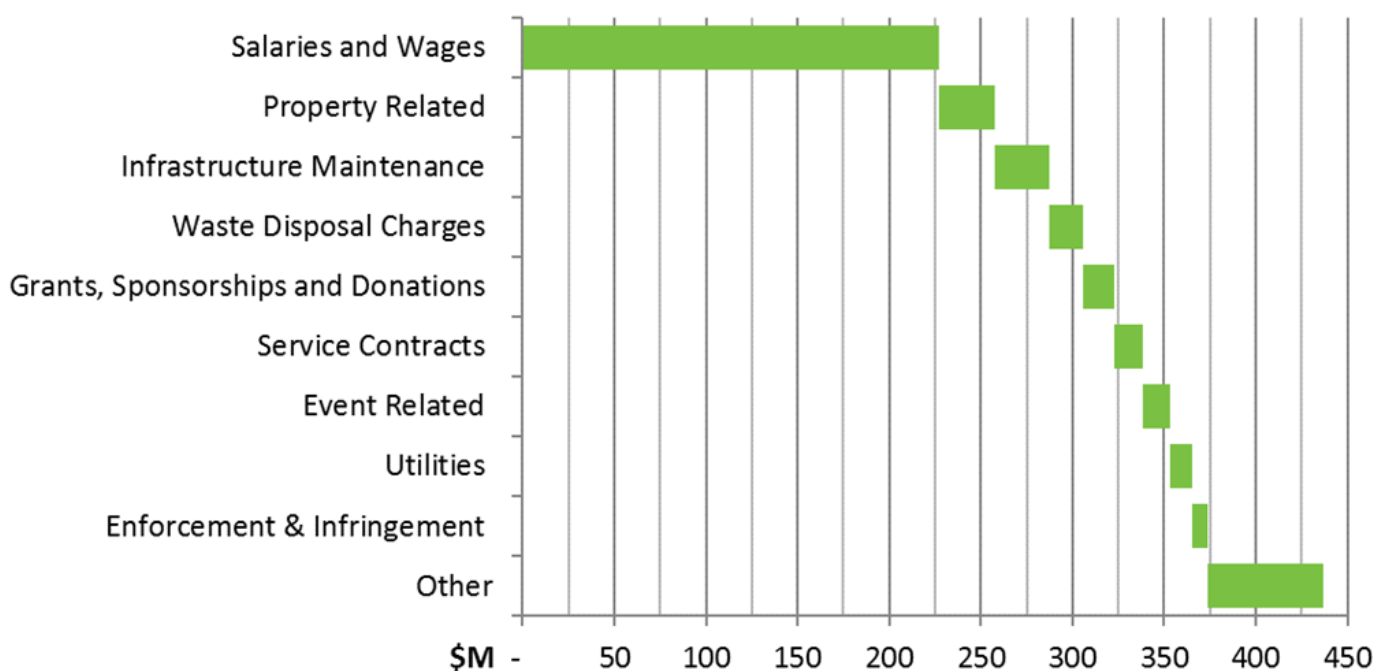
## Expenses from Continuing Operations

This section includes a review of the City's major expenditure commitments over the next ten years, together with background information and a discussion of any key risks and assumptions.

The chart below illustrates the major distribution of the City's operating expenditure sources, based upon the draft 2017/18 budget, a distribution that has also remained relatively stable for a number of years.

Operating expenditure is expected to increase in general terms over the next ten years and an average increase for annual CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions.

### Major Items of Operating Expenditure\* – 2017/18 Budget



\* Note – Depreciation and Contribution to Light Rail do not form part of Operating Expenditure and are excluded from this chart



## Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce of over 1,930 budgeted positions and indirectly through the services it contracts to ensure an efficient, affordable and sustainable service delivery model for the community.

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

Direct employee costs represent over 51% of the City’s total operational expenditure (excluding depreciation and light rail contribution expenses), rising from approximately 45% in 2004/05, therefore warranting specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

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

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

The delivery of the major projects within the Sustainable Sydney 2030 Strategic Plan will rely on the effectiveness of the City’s workforce to plan, implement and manage the many projects, facilities and services.

The Workforce Strategy has identified a number of actions to ensure that the City’s employees are capable of delivering the City’s plans and key objectives.

Strategies include enhancing recruitment and attraction, customising learning and development needs, building leadership and management capability and supporting effective performance development and management. These programs are incorporated within the current provisions contained in this long term financial plan.

Future salary and wages costs will be determined as part of periodic award negotiations between the Council and relevant unions. The plan contains provisions for increases in line with recent award trends over the ten year period, together with adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.

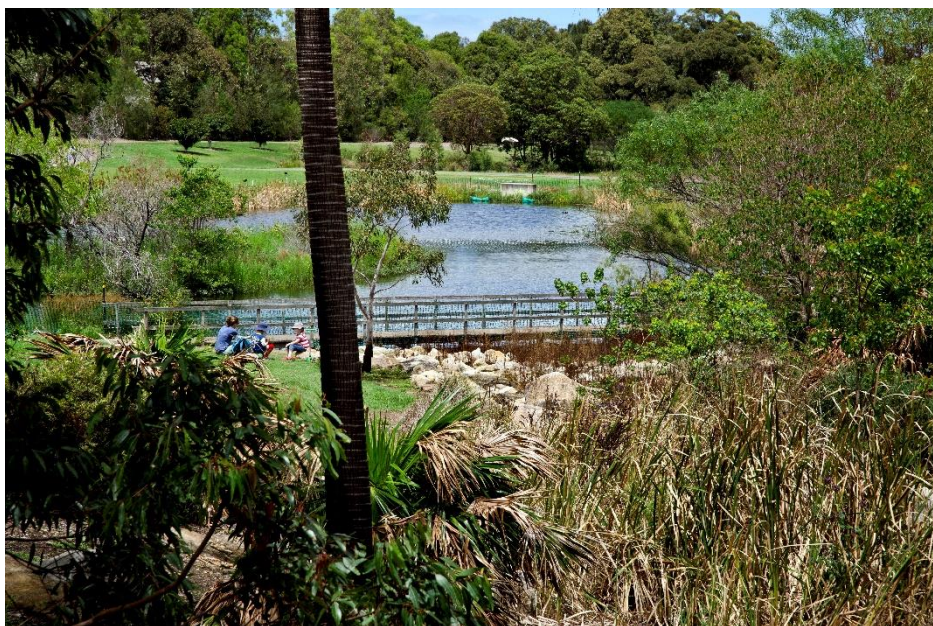
## Materials and Contracts

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

The category includes costs for services contracted to external parties for waste collection, facilities management, road maintenance and parks maintenance.

The City has significant infrastructure and facility asset holdings that need to be maintained to a quality standard, whilst providing a broad and diverse range of quality services for its community. Expectations for increasing levels of service and new community facilities and assets will lead to future cost pressures. Asset management and service planning, together with on-





going service reviews of contracts and services, will aim to defray some of these increasing cost demands.

Major financial risks within this category of expenditure include:

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

## Other Expenditure

“Other Expenditure” incorporates costs relating to ordinary goods and services which are recurrent in nature and relatively stable as a proportion of total expenditure, such as postage, printing and insurance. It also includes the costs for producing large community events, payments to utilities, donations to other organisations, communication expenses and contributions to other levels of government that can significantly change over time.

Total costs for this category have fluctuated over the last five years, reflecting specific payments for individual projects and periodic events including special events, payments to other government bodies and local government elections.

The City commits significant funding to its ongoing community events (including New Year’s Eve, Chinese New Year, etc). While there are cost pressures associated with producing and staging these events, there are often discretionary elements and the City has

been successful at managing these events within the overall budget framework for major events. Programming is reviewed annually to ensure adequate funding has been allocated for specific events.

The City also manages a large and diverse annual Grants and Sponsorship program to ensure that financial support is available for the development and delivery of community projects and programs that align with the City’s strategic plan outcomes. These programs are tightly managed to ensure that the City supports a broad and diverse range of grant applications that satisfy set criteria, within the approved program.

As noted in Commercial Property Income above, the plan now accounts for tenancies under the City’s Accommodation Grants Program (AGP) as gross income and gross (in-kind) grant expense, reflecting the value of rental abatement provided to tenants under the program.

An analysis of recent trends and project assumptions has however identified several items that are likely to increase at higher than the CPI rate. The major items have all been examined and longer term assumptions determined for the following items.

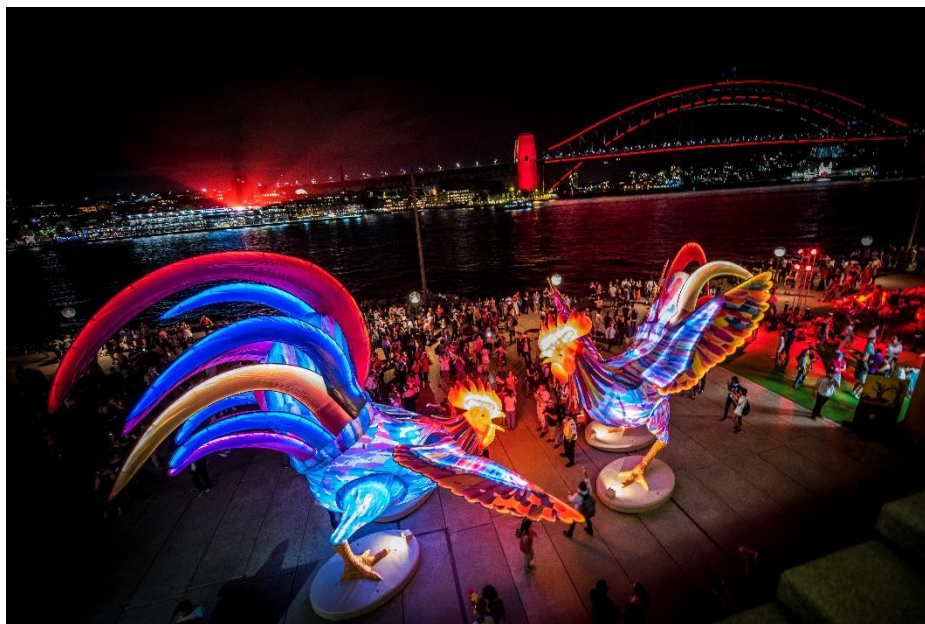
### Property Leasing Costs

The Plan allows for additional property leasing costs, in respect of a new library to be built by Lend Lease as part of the redevelopment of Darling Harbour.

### Local Government Elections

The Plan anticipates the NSW Electoral Commission charges around \$1.2M for the cost of running the local government elections every four years. The plan allows for elections in 2020 and 2024. The 2016 City of Sydney Local Government elections cost approximately \$1.1M, excluding City staff resources.





The *City of Sydney Amendment (Elections) Bill 2014* passed by the NSW parliament in 2014, will require the City to administer a roll of business voters within the LGA, for the purposes of compulsory voting. The City's 2017/18 budget includes \$1.1M for the Council Elections Unit (established in 2015/16 financial year to address the onerous compliance requirements of the legislation).

### State Government Levies

The City recognises that State Government levies are a legitimate mechanism to distribute the burden of funding certain services and can be used as a financial disincentive to promote a reduction in certain activities, however the levies should be apportioned equitably and used for the nominated outcomes in a transparent manner.

The City contributes in excess of \$12.0M annually to the State Government in the form of direct levies. The increase in these charges, in some cases arbitrarily set by the State Government, has in recent years risen significantly higher than CPI for the same period.

The levies paid by the City to other agencies include:

- Waste and Environment Services Levy applied to all waste disposed to landfill (over \$6.0M annually)
- Fire & Emergency Services Levy (FESL) assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$4.0M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD (\$2.0M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning and Environment (\$0.6M annually).

The Waste and Environment Services Levy has historically increased at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2017/18 it is anticipated to again rise, although in line

with CPI only. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge, as required by legislation.

The City is also subject to the State's Parking Service Levy, which has again risen disproportionately over recent years, with little advance notice, has had a significant impact on the cost of public and private parking within the City. There are also concerns over what benefits to public transport have been achieved through the use of these specifically quarantined funds.

The City contributes to the Sydney Region Development Fund, to assist with funding a proportion of the loans required for the State to procure lands for open space, transport etc. The City believes that this funding mechanism should be made available to offset the costs of strategic lands acquired by the City in delivering essential infrastructure and open space in the Green Square urban renewal area.

### Parking Enforcement Agreement

The Enforcement Income section referenced the 2001 agreement that transferred responsibility to the City for parking enforcement in the CBD, and the requirement for the City to share equally the net revenue with the NSW Government (for the CBD and South Sydney precincts), after deducting all costs associated with this important regulatory and traffic management function.

The City expects to return around \$4.2M annually to the State Government as per the agreement in 2017/18. This amount fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income. In addition, the City will pay the State Debt Recovery Office in the order of \$4.4M for the processing of infringement notices.



## Asset and Infrastructure Maintenance

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

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

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

## Depreciation

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

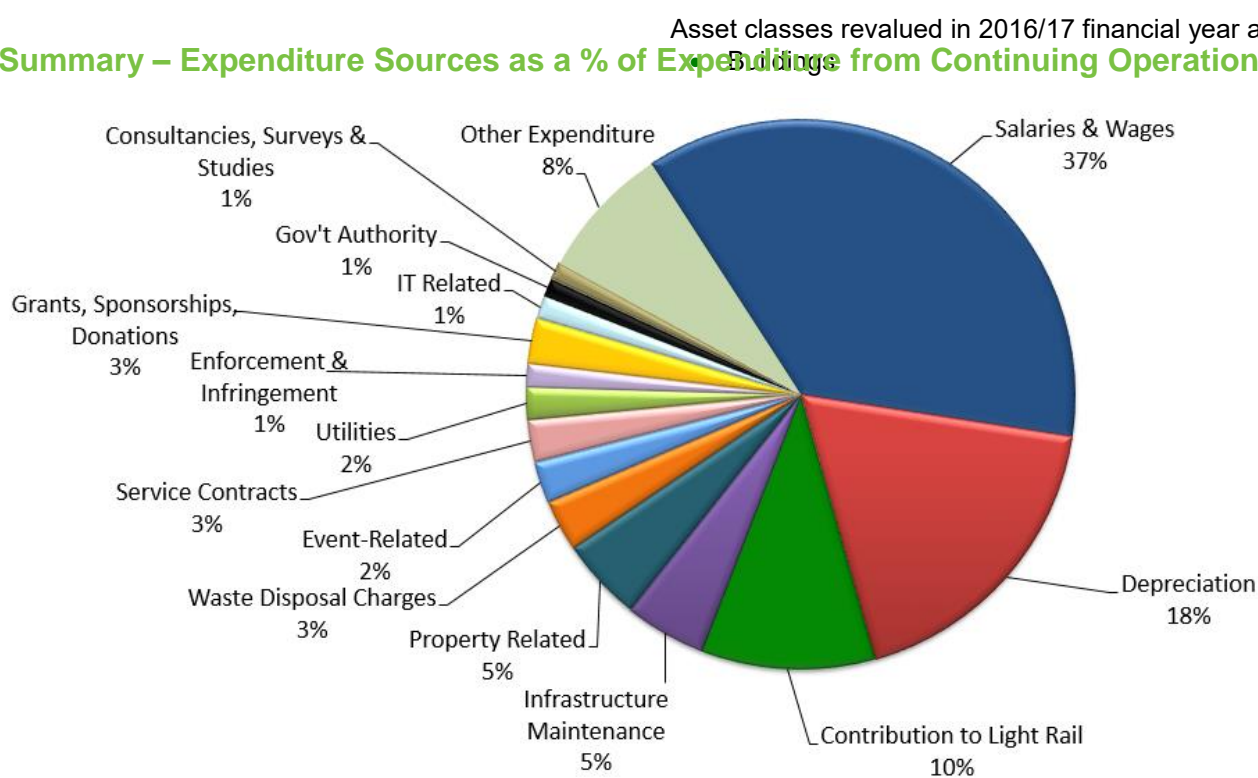
Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class. Depreciation is not influenced by other factors such as CPI and will only change if asset values or useful lives vary, or assets are acquired or divested. NSW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

Valuation and depreciation methodologies are regularly reviewed, as part of cyclical asset revaluations and in the interim, as improved asset data becomes available. Updated asset condition data is incorporated into depreciation calculations, with the aim of better aligning asset depreciation with consumption of economic benefit as closely as practical, using available information.

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

The City's investment in new community facilities and other assets, and periodic revaluation of existing assets will see the depreciable asset base rise over time. This Plan assumes a continuation of present-day depreciation methodology, and accordingly increases in depreciation expense have been modelled in line with anticipated project completion dates.

## Summary – Expenditure Sources as a % of Expenditure from Continuing Operations\*



• Note – Expenditure from Continuing Operations consists of Operating Expenditure, plus significant expense amounts for Depreciation and Contribution to Light Rail

- Operational Land
- Infrastructure

In 2017/18, the following classes will be revalued:

- Plant & Equipment (incl. Furniture & Fittings and Office Equipment)



# 5. Financial Forecasts – Capital and Assets



## Capital Works Expenditure

Consistent with previous long term financial plans, the City continues to plan for an extensive capital expenditure program, with over \$2.0 billion expenditure forecast for the construction of infrastructure and facilities, acquisition of new assets and acquisitions of land and property (net of divestments) over the next 10 years.

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

## Asset and Infrastructure Renewal and Upgrade

The City will fund the renewal and upgrade of its infrastructure assets through its allocation of funds to its ongoing maintenance and capital works program. In cases where there is a requirement for major funding outside of this program, this will be achieved by the diversion of funds into an internally restricted reserve fund.

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

## Capital Works Program

The City, through its capital works program, delivers vital improvements to the City's public domain, roads, footways, stormwater, parks and open spaces,

properties, pools and other community facilities. New or replacement facilities are designed and constructed to meet growing community needs, while the existing portfolio of essential infrastructure and community facilities require upgrades and renewal in addition to their annual maintenance programs.

The capital works program funds the design, construction and refurbishment of council controlled infrastructure, and is integrated with the asset management strategy plans, with a strong focus on quality service delivery and whole of life planning and management for each asset class.

Capital works funding is the largest program of expenditure in the City's budget over the next ten years, and is therefore the subject of rigorous planning to ensure a sustainable level of funding for the timely delivery of key projects.

The ten year Capital Works schedule incorporated estimates of the scope, value and timing of the works and projects based upon Council's priorities, current level of knowledge and best estimates.

The ten year Long Term Financial Plan provides for the funding of the City's significant projects, in order to progress the goals and outcomes within the Sustainable Sydney 2030 Community Strategic Plan.

In addition to the major initiatives, the ten year plan also allocates funds for capital programs that both enhance the City's asset base, and also for all of the City's rolling programs of asset upgrade and renewal to ensure that its public domain infrastructure (including roads, footpaths, drains), traffic management, open space and parks, properties, pools and other community facilities are all maintained in accordance with the relevant asset management plans, and to a quality expected by the community and other stakeholders.



## Significant Projects (>\$20M Total Budget)

### Ashmore Estate Trunk Drainage

As a result of urban renewal and redevelopment works at Ashmore Estate Erskineville, significant trunk drainage works, typically a state government responsibility within the City of Sydney LGA, are required to augment stormwater capacity for the precinct. The City has made allowance for a \$20.0M contribution to the works, expected to be completed in conjunction with Sydney Water in the 2019/20 financial year.

### Barangaroo Integration & Harbour Village North

The City has committed to integrate the new development of the Barangaroo development site into the City, with a further \$15.2M of funding towards related future public domain works over the ten years of the Plan.

### Childcare Centres

The City's commitment to delivering new childcare centres to assist in meeting the growing demand for childcare places within the LGA continues. Three facilities have completed construction, with an additional site currently forecast for completion in 2016/17. Future opportunities continue to be assessed by the City.

### Chinatown Public Domain – Program of Works

Continuing a long-running program of staged works in Chinatown, the Plan includes a further \$13.3M of funding from 2017/18 to 2023/24, to further enhance the amenity of public domain in the Chinatown precinct of the CBD.

## Green Infrastructure

The City has set aside funds towards the feasibility, design and construction of a range of infrastructure projects such as trigeneration or cogeneration projects, light emitting diode (LED) public domain lighting, photovoltaic solar (and other renewable) energy projects, a waste to energy facility, and major water re-use projects.

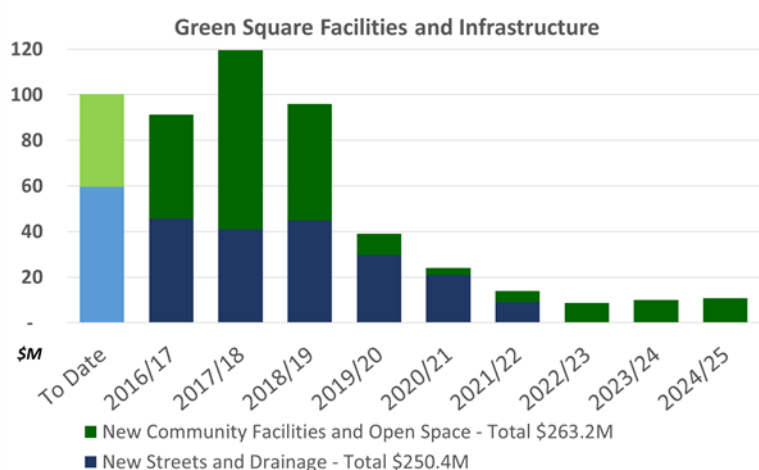
This plan allows funding for the City's own assets and contributions towards infrastructure that will benefit the broader Sydney local government area.

## Green Square

The City's works in the Green Square urban renewal area are forecast to cost a further \$322.1M over the next ten years. In addition, future land acquisitions by Council related to the provision of infrastructure and facilities in Green Square will total approximately \$19.7M, plus additional expenditure related to acquisition of new open space as opportunities arise. The overall capital project delivery has been divided major project groups, reflecting the nature of infrastructure and facilities to be delivered, and allowing better planning. Approximately 79% of the remaining capital expenditure is forecast to occur within the first three years of the Plan.

The graph below highlights the timing of expenditure for the Green Square Urban Renewal project groups and indicates that the bulk of the expenditure will occur in the financial years 2017/18 and 2018/19. The size and timing of this project, when combined with the light rail contribution of \$220.0M, has a significant impact on the cash balances of the Council.

Project groupings for Green Square are as follows:



### Green Square Aquatic Centre (and adjacent Gunyama Park)

A park with a multi-purpose sports field, aquatic centre and a range of recreation activities will be built in the Epsom Park precinct on Joynton Avenue, opposite the (former) South Sydney Hospital site.

An architectural design competition was held, seeking a vision for these spaces consistent with the City's high urban design standards. The winning design has now been selected and design work is ongoing.

### Green Square Community Facilities and Open Space

New facilities and open space are being delivered at the former South Sydney Hospital site at Green Square. In addition, open space will be augmented with the addition of the Drying Green and Dyuralya Square within the Green Square Town Centre and surrounds.

### Green Square Library and Plaza

Over 160 architects from around the world entered a design competition in 2012 to create a new library and plaza for Green Square. A winner was selected in 2013. Construction works are continuing on the library and plaza, targeted for completion in 2018.

### Green Square Streets and Drainage

The provision of new roads (both local streets and major roads) will require significant capital expenditure, the majority of which is expected to occur within the first four years of the Long Term Financial Plan. Beyond this timeframe, precinct planning for Ashmore Estate, Epsom and Lachlan Precincts within the Green Square Urban Renewal area will inform future works.

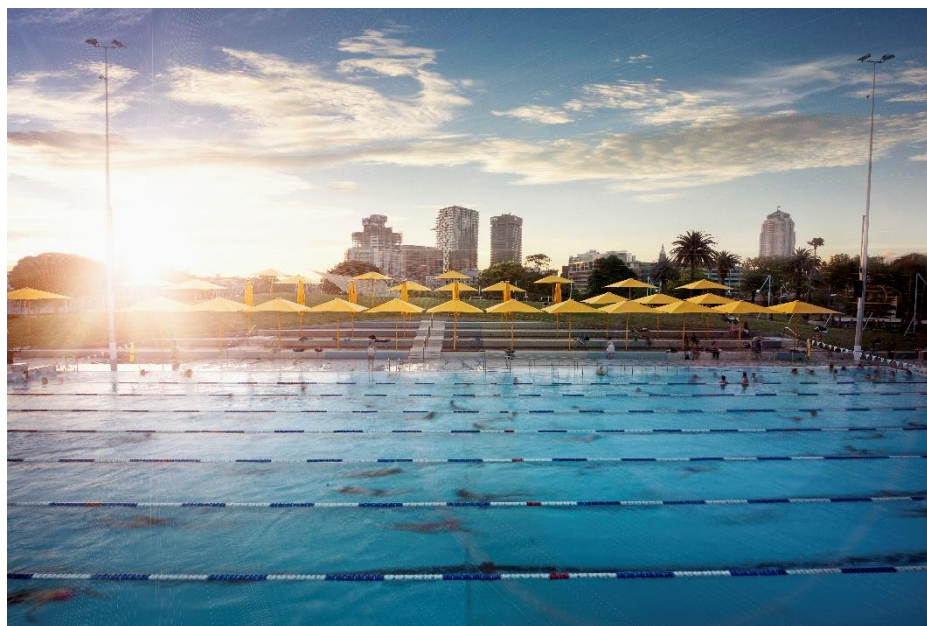
These works will be partially funded from developer contributions with the balance from the City's own funds, with timing reliant on the property development on key sites within the area. There is also potential for delivery of some projects through "works in kind" arrangements with developers, in exchange for developer contribution credits.

### Green Square Trunk Drainage

The first major infrastructure project in Green Square is a new trunk drainage system to be built in partnership with Sydney Water. The system will mitigate the risk of flooding through the town centre, with a new culvert running 2.5 kilometres from Epsom Park through the Green Square town centre, before connecting to the Alexandra Canal.

It is envisaged that the construction of the drainage will be completed by 2018.





### Johnston's Creek Master Plan & Harold Park Works

The Johnston's Creek Master Plan (2013) outlined planned extensions to the open space at Federal and Bicentennial Parks Glebe. The plan also incorporated new open space to be delivered at the Harold Park development site nearby.

With the Harold Park redevelopment nearing completion, capital works providing an additional 5.4 hectares of new parklands to the existing 14 hectares of public space on the border of Glebe and Annandale are likewise due for completion in the near future. The works will include wetland improvements, paths and boardwalks, play area upgrades and additional recreation space

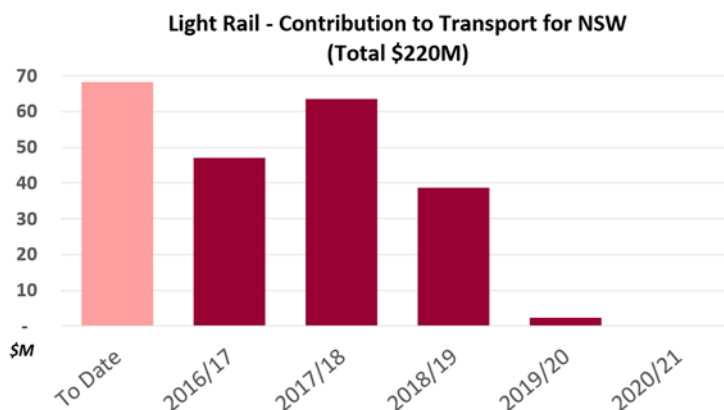
### Light Rail Contribution

The City has been working with the State Government, over a number of years, to assess the feasibility of improving public access and transport through the city centre district. Early works to deliver the project have commenced.

To enable this project to integrate with the surrounding infrastructure and keep Sydney competitive as a global city in terms of business, tourism and liveability, the City has committed to contribute \$220.0M of funding to the associated public domain works and design. The first 2 contribution instalments, totalling \$68.2M, have been paid to date. A further \$47.1M (excl) GST is forecast to be paid in late 2016/17.

The chart below highlights the anticipated timing of the contributions to Light Rail project, based on a Memorandum of Understanding between the City and Transport for New South Wales.

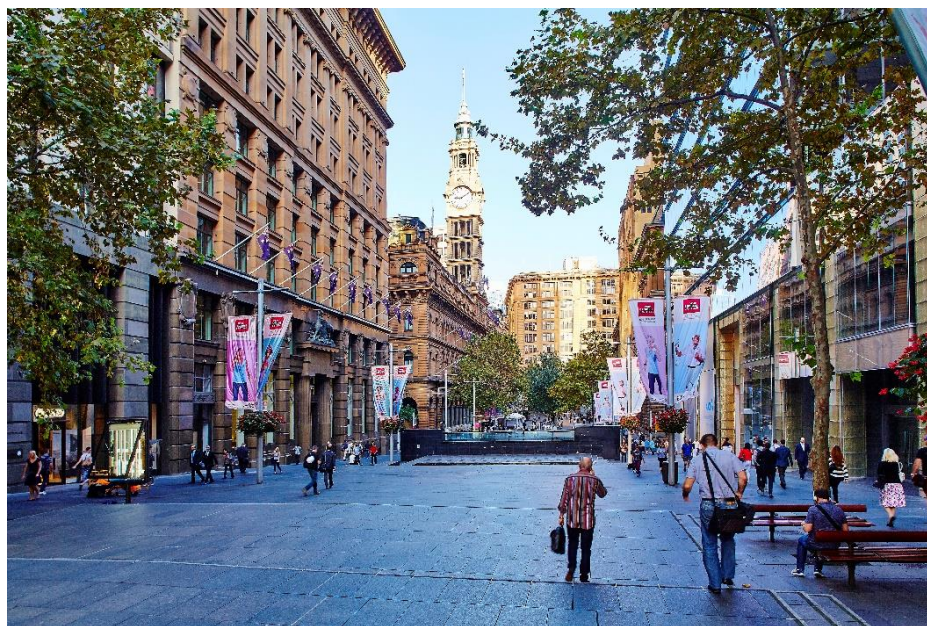
As the stages of the works are completed, the Memorandum of Understanding allows for the transfer of infrastructure assets back to the City. At this time, the timing and value of such transfers are not known in detail. Estimates have been made in this Plan relating to required renewal and maintenance of future asset acquisitions.



### Major Depots – Program of Works

Works are underway to construct a new Council depot, adjacent to Alexandra Canal. Upon completion, the existing depot at Epsom Road, Zetland is to be transferred to the new site.

Additionally, significant renewal and upgrade works are scheduled for the City's major depot at Bay Street, Ultimo. These will be the first major renewal works at the depot in many years, and initial works are forecast for completion during the 2018/19 financial year.



### Capital Programs (*Asset Enhancement and Rolling Programs – Renewal*)

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

#### Bicycle Related Works

The City is planning to continue construction of 200 km of cycleway network to ensure a safer and more comfortable cycling environment. Priority routes have been developed and their implementation will be subject to the necessary approvals and community consultation to ensure optimum outcomes for the community.

The City's bicycle related works program aligns with the NSW Government's *Sydney City Centre Access Strategy* (December 2013). The NSW Government's Roads and Maritime Services will deliver, funded by the City, cycleways in Liverpool, Castlereagh and Park Streets, within the CBD.

Significant capital grants related to the delivery of new cycleways have been incorporated into the Long Term Financial Plan. These grants are anticipated to be received from NSW Roads and Maritime Services based on their own priorities, and expenditure on a number of new cycleways projects is contingent upon the receipt of these grant funds. Should the grants not be received, expenditure on the proposed program will not be achievable, and will need to be revised accordingly.

#### Property Related Projects

The City manages a diverse portfolio of over 200 properties and has provided funds for their renewal, refurbishment or enhancement to continue the safe, efficient and sustainable operation of the buildings by commercial tenants, community patrons and staff.

Future provision has been made for the construction of new and upgraded community facilities, in order to meet increased demand as a result of a growing population. As project priorities and opportunities are identified, these provisional sums will be utilised by specific projects. Renewal of community and recreational facilities is forecast to meet the requirements identified in the Asset Management Strategy, over the ten years of the Plan.

Renewal works to the City's corporate and investment portfolio will focus on sustainability and building compliance, along with works to maintain the income generating capacity of commercial properties. Renewal/upgrade works to Sydney Town Hall will continue over the life of the Plan.

#### Infrastructure – Roads, Bridges and Footways

Substantial capital programs are in place to continue the renewal of the City's infrastructure network, in particular: roads, bridges and footways (incorporating kerb and gutter assets). The programs will ensure that these key asset groups meet or exceed the City's determined 'minimum service levels' and continue to provide the expected amenity to the community. Also captured within these projections is the ongoing CBD Paver In-fill Program, which has successfully improved public domain amenity by replacing existing asphalt and concrete footpaths with granite paving.





## Open Space, Parks and Trees

The City's parks, open spaces and trees (including City controlled Crown Reserves) are amongst the community's most highly-valued assets. Our park and open space network encompasses approximately 200 ha throughout the local government area, providing both active and passive places for the community's use and enjoyment.

Along with the continuation of the successful Small Parks and Playgrounds Program, the Street and In-Road Tree Planting Programs and works to enhance Public Domain Landscaping, major renewal projects are in progress at Hyde Park, along with Perry Park Alexandria and Victoria Park, Camperdown.

Future works to enhance the City's Open Space provision include significant works at Belmore Park, the installation of synthetic sportsfield surfaces to improve capacity, and large provisional sums budgeted to deliver the new Open Space envisaged by the City's Developer Contributions Plan, addressing increasing future demand created by the City's new population.

## Public Art

Programs to enhance the City's array of public art are focused on the implementation of the City Centre Public Art projects, as well as new opportunities within the Green Square precinct and ongoing projects as part of the Eora Journey program. These new projects will be underpinned by an ongoing program of public art restoration and renewal.

## Public Domain

The City is committed to delivering innovative urban design projects that improve the quality and scope of the public domain for residents, workers and visitors

together, and ensuring the ongoing safety of users of the public domain.

The ten year capital works program focuses on both improving the public domain and ensuring that the assets are maintained to a satisfactory standard across the entire local government area.

The public domain category of works includes:

- Upgrade works for CBD laneways
- Major improvement and upgrade works for 'Village Centre' streetscapes (provisional budget funding utilised as specific projects are identified)
- Works to public plazas and squares
- Traffic and pedestrian improvement works
- Renewal of miscellaneous infrastructure assets (e.g. seawalls and retaining structures)

## Stormwater Drainage

The City is undertaking a program of renewal and replacement of its existing stormwater network, in order to reduce the potential damaging effects of flooding. Arising from Flood Plain Management Studies, enhancement and upgrade works are also planned in the ten year program. These works will meet growing community needs in areas experiencing residential growth and capacity augmentation will assist in the mitigation of potential flooding risks.

## Prioritisation of Projects

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





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

The planned rapid growth within the southern section of the City's area will place additional emphasis on the priority of the provision of community facilities and essential infrastructure in line with the development of the significant sites.

### Timing

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

### Capacity

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

The ten year capital works schedule proposes an annual budget that reflects the demand and capacity to deliver one or two high value projects over a shorter period of a few years and recognises the organisation's delivery capabilities. A small number of very large projects may be totally delivered by other parties and Council may elect to contribute to the project through financial means

only, which would not affect the project delivery capacity of the organisation.

### Future Capital Works Program

The City's long term financial plan, as these major initiatives are completed within the next ten years, demonstrates the City's intention to return to a long term average capital works program of around \$120.0-130.0M per annum.

This objective will enable funding for a number of major projects each year, and adequate funding for all of the City's annual asset upgrade and renewal programs, to ensure the renewal and maintenance of our infrastructure and facilities to the required standard for a global City and its surrounding villages.

The City will generate the requisite funds through tightly controlled and well managed operations, interest earnings and capital contributions. While the objective will continue to pose a challenging program to deliver year on year, it is considered appropriate, achievable and financially sustainable.

### Plant and Assets (incl. ICT Projects)

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

Additionally, the City makes an annual allowance in the Plan for purchase, development and implementation of new software and systems.

The forecasts shown represent asset acquisitions (net of disposals, which aim to recover the residual value of the



asset, where a sale is possible). The annual \$25.0M allowance represents the long term target, with specific requirements determined within the Operational Plan each year.

### Property Strategy - Acquisition and Divestments

The City controls a wide portfolio of operational, community, commercial and strategic property assets, which it needs to regularly review to confirm as appropriate in light of changing needs, operational and investment requirements.

For the purposes of this financial plan, provisional sums for future property acquisition and divestment have been included (including the utilisation of developer contributions in acquiring new land for open space) to reflect how the prospective cash flows would impact Council's cash reserves and financial position.

As discussed above, purchases of land related to the delivery of the overall Green Square Urban renewal project have been significant. Most of these purchases have been undertaken to facilitate stormwater and road infrastructure delivery, with an estimated \$19.0M of acquisitions remaining. The intention remains to divest any residual lands that are not required, once the essential assets have been constructed/delivered.

Over the life of this plan, the City will identify other specific development, community and investment opportunities, for Council consideration within the framework of the City's property strategy. Each of these proposals would then lead to specific acquisition and divestment recommendations that would be brought to Council for their review and direction, subject to relevant community consultation where appropriate, before being formally approved or progressed.

### Cash (Funding) Forecasts

Incorporating the above forecasts for operating results, capital income and expenditure and asset acquisitions and disposals, the City projects cash and investments balances across the ten year period of the Long Term Financial Plan.

The projected balances incorporate cash and investments held by the City. The maturity profile of the City's investment portfolio will be determined on a "needs basis", taking into consideration the short term cash requirements of the Council, whilst retaining sufficient cash reserves to fund the Capital Works Program. Consideration is given to the effect on the Unrestricted Current Ratio, a key liquidity measure, and on maximising investment returns earned on surplus cash.

The ratio of current vs non-current cash and investments as at 2016/17 is assumed to be consistent throughout the plan, with minor adjustments made where required by timing of expenditure and required cash restriction balances.

### Cash Restrictions

A significant portion of the City's cash and investment reserves is restricted. These restricted balances are forecast in order to ensure that overall cash balances adequately cover the restricted amounts whilst retaining an appropriate level of working capital.

External restrictions represent cash holdings that have not yet been discharged in accordance with the conditions (externally) of their receipt.

Internal restrictions are made via Council resolution, generally in order to assign funds to specific projects/purposes or to provide contingency funds for





unanticipated circumstances (e.g. Employee Leave Entitlements).

#### **External Restrictions:**

**Developer Contributions** – 100% of cash Developer Contributions levied under Section 94, Section 61, Bonus Floor Space scheme and Voluntary Planning Agreements (including the Developer Rights Scheme for Green Square Town Centre) received but not yet expended in accordance with the applicable deed or contributions plan.

**Contributions – Capital Works** – 100% of cash contributions provided to Council by third parties that are yet to be expended on the project/s for which they were provided.

**Unexpended Grants** - 100% of cash grants received not spent during the year are treated as restricted funds.

**Domestic Waste** - Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business.

**Stormwater Management** – Funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.

**Public Roads** – In accordance with section 43 (4) of the Roads Act (NSW) 1993, proceeds from the sale of (former) public roads are set aside for the acquisition of land for public roads, and/or carrying out works on public roads.

#### **Internal Restrictions:**

**Public Liability Insurance** – Monies have been restricted for 100% of the provision.

**Employee Leave Entitlements** - 10% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.

**Workers Compensation Insurance** – In accordance with actuarial advice, Council restricts funds for 100% of the provision, plus an additional “prudent margin”.

**Performance Bond Deposits** - All security deposits are held as restricted funds.

**Commercial Properties** – Funds from the divestment of excess commercial properties are set aside to reinvest and continue the revenue stream from (and maintain diversification of) Council’s large commercial and investment property portfolio.

**City Centre Transformation** – Monies set aside to meet future contributions to the State Government in respect of the future transformation of George Street into a shared pedestrian zone incorporating light rail.

**Green Square** – Monies set aside in anticipation of Green Square infrastructure not funded by developer contributions or grant funding.

**Green Infrastructure** – Monies set aside for implementing green infrastructure projects including co/trigeneration plants, water recycling and evacuated waste systems to deliver enhanced environmental benefits to the organisation and community.





**Renewable Energy** – Monies set aside to develop renewable energy for the organisation that can be derived from wind, solar or geo-thermal sources.

**Community Facilities** – Cash proceeds from the divestment of properties that no longer fulfil community needs are set aside for the future acquisition or development of property to improved community spaces or replacement facilities that meet community needs at that time.

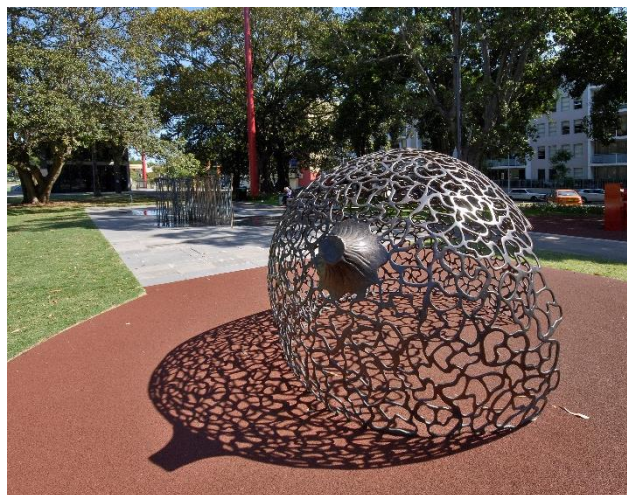
**Operational Facilities** – Cash proceeds from the divestment of surplus operational properties are set aside for the future acquisition or development of properties to supplement or replace buildings within the current operational building assets portfolio that provide infrastructure for the operation of Council's services.

**Infrastructure Contingency** – Monies are restricted for the immediate funding of urgent and expensive rectification of historic buildings and ageing infrastructure (e.g. Sydney Town Hall, stormwater works).

**Affordable Housing** – Proceeds from the sale of selected properties (nominated by Council resolution) are set aside for the future acquisition of land to be utilised in the delivery of additional affordable housing within the City of Sydney LGA.

Cash balance forecasts per the Long Term Financial Plan are summarised in section 7 of this document.

# 6. Financial Performance Targets



The City has a history of rigorous financial planning, monitoring and reporting, which facilitates a transparent understanding of performance, risks and issues that has served Council well. An early awareness of risks and issues allows the Council and the Executive to amend its plans to mitigate these arising risks and ensure the long term financial sustainability of Council.

This diligence has continued under the Integrated Planning & Reporting framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon.

There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. At a high level, the intention at this stage has been to focus on the following industry measures of financial operating sustainability.

## Key Performance Measures

As outlined in section 3 above, seven financial performance measures were utilised as criteria for the Fit for the Future program. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies. With the exception of the Infrastructure Backlog Ratio, which is a snapshot by year, each ratio reflects a 3 year average up to the year shown, commencing with 2017/18. Additional detail on projected performance against these ratios is included with the schedules in Section 8 of this Plan.

The projections included below are shown in green where the mandated benchmark level is met/exceeded.

## Sustainability

### Operating Performance Ratio (Benchmark: greater than 0%)

Widely acknowledged within the sector as a core measure of financial sustainability, this ratio essentially measures a council's Operating Result excluding Capital Grants & Contributions (which are typically tied to delivery of new capital works). Performance at or above benchmark indicates that Council has the ability to internally generate sufficient funding for its ongoing operations.

Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 2.47%   | 0.61%   | 0.51%   | 0.18%   |

All years within the Plan are expected to remain above benchmark, though declining performance reflects increasing pressure on the City's Operating Result as new assets (and resultant depreciation) and services are required to meet increasing demand. This trend supports the City's advocacy for amendments to current rating legislation, in order to improve equity amongst ratepayers, and ensure long term financial sustainability.

### Own Source Revenue Ratio (Benchmark: greater than 60%)

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



Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 81.83%  | 89.51%  | 91.59%  | 92.70%  |

The City will continue to perform at levels in excess of the benchmark. Increasing ratios reflect the anticipated incremental growth of the City's rating base, relative to other income sources. However, the City will continue to seek a diversified income base, to minimise the burden on ratepayers in funding services and asset delivery.

#### **Building and Infrastructure Asset Renewal Ratio\*** (Benchmark: greater than 100%)

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

Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 96.22%  | 98.51%  | 100.63% | 101.22% |

The mandated use of depreciation in calculating the required level of asset renewal is flawed, as depreciation patterns do not necessarily match the decline of asset service potential and should therefore not be used as a benchmark level for asset renewals.

**\* The City has utilised calculations of "Required Asset Renewal" from its Asset Management Plan (part of the IPR "suite" of documents) and the ratio projections above reflect this approach.**

The City's Capital Program is expected to generate capital renewal near or above benchmark levels for the entire 10 years of the Long Term Financial Plan. The lower projected performance in earlier years of the Plan mark a temporary decline in asset renewal works, as organisational capacity is instead focused on the delivery of significant new assets, particularly during the peak delivery period for Green Square. As delivery capacity returns to "business as usual", the performance against this ratio trends back to above-benchmark results.

### Infrastructure and Service Management

#### **Infrastructure Backlog Ratio** (Benchmark: less than 2%)

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

Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 3.27%   | 2.83%   | 2.60%   | 2.49%   |

The City's projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City's asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise capital works.





Condition assessment methodology evolves regularly, as does official guidance from the Office of Local Government and the sector generally, regarding the assessment of any identified infrastructure “backlog”.

### Asset Maintenance Ratio

(Benchmark: greater than 100%)

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

Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 101.97% | 102.53% | 100.29% | 99.07%  |

This Long Term Financial Plan, in conjunction with the Asset Management Plan, addresses identified asset maintenance requirements. Maintenance budgets over the life of the plan are forecast to marginally exceed benchmark levels and meet the increased requirements presented by a growing asset base. Continued strong maintenance levels are also expected to positively impact on both infrastructure backlog and required asset renewal levels over time.

### Debt Service Ratio

(Benchmark: greater than 0, less than 0.2)

The effective use of debt may assist in the management of “intergenerational equity”, and help to ensure that excessive burden is not placed on a single generation of a council’s ratepayers to fund the delivery of long term

infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Projected performance:

| 2017-18 | 2020-21 | 2023-24 | 2026-27 |
|---------|---------|---------|---------|
| 0.00%   | 0.00%   | 0.00%   | 0.00%   |

Whilst the benchmark for this ratio requires a Council to utilise at least *some* debt, the City’s history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses. This Long Term Financial Plan details the effective utilisation of these funds, facilitating the delivery of the ten year capital program without the utilisation of borrowings.

Should circumstances change over the life of the Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term.

## Efficiency

### Real Operating Expenditure per Capita

(Benchmark: Declining over time)

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



Projected performance:

| 2017-18         | 2020-21         | 2023-24         | 2026-27         |
|-----------------|-----------------|-----------------|-----------------|
| Declining Trend | Declining Trend | Declining Trend | Declining Trend |

The City's continued strong financial controls are expected to result in better-than-benchmark performance over the ten years of the Plan. This reflects continued efficiency in providing new infrastructure, facilities and services to a growing residential population.

The City continues to argue for a measure that is reflective of the much larger population that utilise its services, infrastructure and facilities, including workers, students and visitors. Current estimates place daily 'users' of the city (incorporating all of the above) at approximately 1.2 million.

## Other Key Performance Indicators

### Operating Surplus

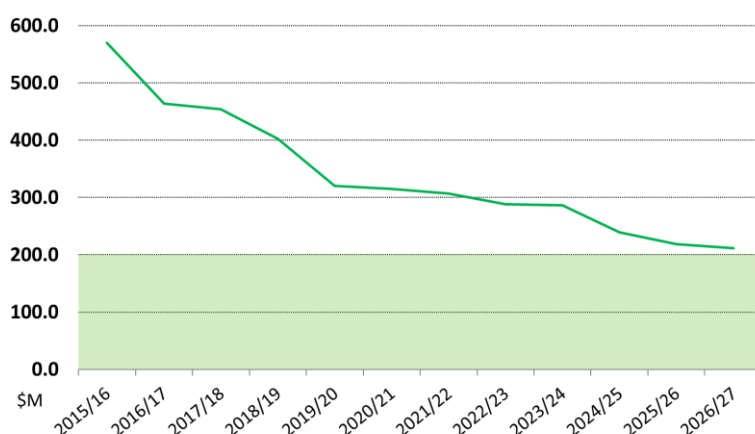
The City is targeting an Operational Surplus (excluding interest earnings and depreciation expense) in excess of \$116.3M which is achievable and aligns with both current performance levels, and previous iterations of the City's Long Term Financial Plan. Along with interest earnings and capital contributions, this will generate funds of around \$165.0M per annum required to fund the forecast long term average capital expenditure and asset acquisition programs.

Performance against this target is monitored monthly by the Executive and reported on a quarterly basis to the Council and the public community.

### Cash Reserves

The City ensures in its planning process that it holds sufficient cash reserves to satisfy all of its legislative requirements (or external reserves) as well as the internal reserves (employee liabilities etc) that it has elected to set aside to ensure prudent financial controls. This minimum total has typically been between \$180M - \$200.0M.

The chart below illustrates the City's cash balances as forecast over the next ten year period. Read in conjunction with the projected Unrestricted Current Ratio, it indicates that the City will remain sufficiently liquid over the period of the long term financial plan to meet its obligations and deliver its capital program whilst maintaining operational service levels.







## Office of Local Government Performance Indicators

The draft *Local Government Code of Accounting Practice and Financial Reporting* (2016/17 financial year) prescribes a series of performance indicators to be compulsorily reported. The City uses these indicators (and respective benchmarks) as key parameters in the financial planning process. These mandated ratios incorporate those included within *Fit for the Future*, and some additional indicators as detailed below. The ratios (and brief descriptions of their purpose) are as follows:

### Unrestricted Current Ratio (Liquidity)

The Unrestricted Current Ratio is specific to local government, measuring the adequacy of Council's liquid working capital and its ability to satisfy its financial obligations as they fall due in the short term.

Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs.

The City's ratio was 2.92 for the 2015/16 financial year, reflecting cash reserves accumulated by the City in preparation for initiatives and major projects now underway. The unrestricted current ratio decreases over the life of the long term financial plan as these strategic cash reserves are utilised in delivering the capital works program. Cash levels stabilise around the identified benchmark range in the later years of the plan, as annual capital works forecasts return to a more typical level.

Projected Performance:

| 2017-18  | 2020-21  | 2023-24  | 2026-27  |
|----------|----------|----------|----------|
| 2.18 : 1 | 1.97 : 1 | 1.72 : 1 | 1.58 : 1 |

The City targets a long term ratio of between 1.5 and 1.75, above the Office of Local Government benchmark level of 1.5.

### Capital Expenditure Ratio

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1. The City questions the value of this ratio as an indicator of financial performance, given the disconnect between depreciation (a retrospective measure) and capital expenditure based on identified future need. Variable annual capital expenditure may also distort the ratio.

Projected Performance:

| 2017-18  | 2020-21  | 2023-24  | 2026-27  |
|----------|----------|----------|----------|
| 2.66 : 1 | 1.83 : 1 | 1.29 : 1 | 1.18 : 1 |

### Cash Expense Cover Ratio

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months.

With no obvious threats to continuity of income receipts, the City is confident that cash expense coverage will remain sufficient across the life of the plan.





### Debt Service Cover Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio is not applicable.

### Interest Cover Ratio

This ratio indicates the extent to which a Council can service its interest bearing debt and take on additional borrowings. It measures the burden of current interest expense upon a Council's operating cash. The benchmark is greater than 4. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio will not be applicable.

### Rates and Charges Outstanding Percentage

This measure indicates a council's success at recovering its annual rates and charges, with higher percentages of outstanding debts indicating a potential threat to council's working capital and liquidity.

Whilst this ratio is not a mandatory financial performance measure, the Office of Local Government has previously advised a benchmark of a maximum 5% for metropolitan councils (8% for rural councils). The City maintains its underlying outstanding rates balance below 2% of annual rates income, a ratio that has improved and been maintained over a number of years. The City continues to monitor performance in collection of rates as a key measure of efficient financial management.

# 7. Long Term Financial Plan Schedules



The City has produced a number of financial reports to demonstrate its plans and commitments over the ten year horizon of the long term financial plan.

The following briefly describes these schedules and any assumptions have not been previously discussed throughout the body of the plan.

## Income & Expenditure (Income Statement)

Income & Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan's including the 2017/18 budget and future years' forward estimates.

The summary report provides a high level overview, accords with the discussion in this plan, and aligns to the required Annual Financial Reports format.

Additional income and expenditure reports then provide more detailed information:

- In regard to each of the City's main income and expenditure types
- By Council's organisational structure; and
- Distributed by the City's principal activities

## Capital Works

The Capital Works budget within the Long Term Financial Plan identifies each major project, rolling program and future project provision over the course of the ten year planning horizon.

The proposed Capital Works program includes a total of \$1,676.0M comprising a Significant Projects total of \$586.7M and Capital Programs of \$1,089.3M.

## Balance Sheet (Statement of Financial Position)

The Balance Sheet reflects the Council's financial assets, liabilities and equity over the ten years of the plan.

The ten year balance sheet reflects movements in cash and investments levels, the acquisition and divestment of assets and estimated movements in employee leave provisions, accounts payable and accounts receivable.

## Cash Flow Forecast

The Cash flow Forecast takes the Net Surplus result from the Income & Expenditure Statement, adjusts for non-cash transactional movements and allows for the Capital Expenditure program to forecast the movements in the City's total Cash Reserves.

Achieving this cash forecast is critical to ensuring the sustainability of the long term financial plans, and as such it will be one of the key measures that is regularly monitored and reviewed over the life of the plan.

## Office of Local Government Performance Measures

Projections relating to key performance measures are included in graphical format to provide additional context and to indicate performance trends over the period of the Plan.

BUDGETED INCOME STATEMENT

The City's budgeted Income Statement (and future year projections) is prepared with regard to International Financial Reporting Standards (AIFRS) and the NSW Office of Local Government's Code of Accounting Practice and Financial Reporting. The formatting of the statement below reflects this approach.

A major non-cash item that may impact the City's financial results is the incremental increase / decrease arising from the annual market revaluation of the City's investment properties. The recognition of this valuation change will have no impact upon the budgeted funds available for the Council and is therefore excluded from the annual budget and future years' financial estimates.

The accounting treatment of the City's \$220M contribution to the NSW Governments Light Rail project (budgeted within the City's capital works program) is reflected as a separate line item in the statement below. The City's underlying operating result (excluding this item) is in surplus for all years of the Plan.

City of Sydney  
Income Statement

|  |       | 2018-19 | 2019-20 | 2020-21 | 4 Year Total | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 10 Year Total |
|--|-------|---------|---------|---------|--------------|---------|---------|---------|---------|---------|---------|---------------|
|  | \$'M  | 2017-18 |         |         |              |         |         |         |         |         |         |               |
| <b>Income from Continuing Operations</b>                 |       |         |         |         |              |         |         |         |         |         |         |               |
| <b>Revenue:</b>  |       |         |         |         |              |         |         |         |         |         |         |               |
| Rates & Annual Charges                                   | 324.5 | 335.4   | 343.9   | 352.7   | 1,356.5      | 361.7   | 371.0   | 380.4   | 390.1   | 400.1   | 410.3   | 3,670.2       |
| Fees   | 106.0 | 107.6   | 109.5   | 112.2   | 435.3        | 114.9   | 117.6   | 120.7   | 123.9   | 127.2   | 130.6   | 1,170.4       |
| Interest Income  | 13.5  | 12.6    | 11.4    | 10.0    | 47.5         | 9.8     | 10.1    | 9.7     | 10.1    | 8.8     | 8.2     | 104.3         |
| Other Income   | 109.9 | 112.4   | 114.9   | 117.9   | 455.1        | 121.0   | 124.1   | 127.9   | 131.8   | 135.7   | 139.8   | 1,235.4       |
| Grants and Contributions provided for Capital Purposes   | 83.3  | 54.1    | 55.2    | 56.3    | 248.9        | 44.1    | 43.3    | 43.9    | 39.9    | 38.0    | 38.0    | 496.2         |
| Grants and Contributions provided for Operating Purposes | 12.7  | 12.6    | 12.8    | 13.0    | 51.1         | 13.2    | 13.4    | 13.7    | 14.0    | 14.3    | 14.7    | 134.4         |
| Total Income from Continuing Operations                  | 649.8 | 634.7   | 647.8   | 662.1   | 2,594.4      | 664.7   | 679.6   | 696.4   | 709.9   | 724.2   | 741.7   | 6,810.9       |
| <b>Expenses from Continuing Operations</b>               |       |         |         |         |              |         |         |         |         |         |         |               |
| Employee   | 227.1 | 233.8   | 237.7   | 243.2   | 941.8        | 250.6   | 258.7   | 267.1   | 274.8   | 284.0   | 293.0   | 2,570.1       |
| Borrowing  | 0.0   | 0.0     | 0.0     | 0.0     | 0.0          | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0           |
| Materials and Contracts                                  | 104.1 | 111.2   | 113.4   | 116.3   | 445.0        | 119.2   | 122.1   | 125.7   | 129.4   | 133.1   | 136.9   | 1,211.4       |
| Depreciation Expense                                     | 113.0 | 115.8   | 119.8   | 122.4   | 471.1        | 123.9   | 125.5   | 126.9   | 128.3   | 131.2   | 132.3   | 1,239.3       |
| Other Expenditure  | 114.1 | 115.1   | 117.6   | 121.7   | 468.5        | 123.4   | 126.5   | 130.0   | 134.7   | 137.2   | 141.0   | 1,261.4       |
| Light Rail Contribution to NSW Government                | 63.6  | 38.6    | 2.3     | 0.2     | 104.7        | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 104.7         |
| Total Expenses from Continuing Operations                | 622.0 | 614.5   | 590.8   | 603.8   | 2,431.1      | 617.2   | 632.8   | 649.7   | 667.2   | 685.6   | 703.3   | 6,386.8       |
| Net Operating Result for the Year                        | 27.8  | 20.2    | 57.0    | 58.3    | 163.3        | 47.5    | 46.8    | 46.7    | 42.7    | 38.6    | 38.4    | 424.1         |
| Net Operating Result (excl Light Rail Contribution)      | 91.4  | 58.8    | 59.3    | 58.5    | 268.0        | 47.5    | 46.8    | 46.7    | 42.7    | 38.6    | 38.4    | 528.8         |

|   |  |
|---|--|
| Colour Key (All Schedules):                   |  |
| Next Year Budget (2017-18)                    |  |
| 4 Year Budget (2017-18 to 2020-21 inclusive)  |  |
| 10 Year Budget (2017-18 to 2026-27 inclusive) |  |



## Detailed Income and Expenditure

|   |              |              |              |              | 2021-22        | 2022-23      | 2023-24      | 2024-25      | 2025-26      | 2026-27      | 10 Year Total  |
|---|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|----------------|
|   |              | 2018-19      | 2019-20      | 2020-21      | 4 Year Total   |              |              |              |              |              |                |
| \$'M                                      | 2017-18      |              |              |              |                |              |              |              |              |              |                |
| <b>OPERATING INCOME</b>                   |              |              |              |              |                |              |              |              |              |              |                |
| Advertising Income                        | 6.5          | 6.7          | 6.8          | 7.0          | 27.0           | 7.2          | 7.5          | 7.7          | 7.9          | 8.1          | 73.8           |
| Annual Charges                            | 46.5         | 47.9         | 49.3         | 50.7         | 194.3          | 52.2         | 53.7         | 55.2         | 56.8         | 58.5         | 531.0          |
| Aquatic Facilities Income                 | 1.1          | 0.5          | 0.5          | 0.6          | 2.8            | 0.6          | 0.6          | 0.6          | 0.6          | 0.6          | 6.5            |
| Building & Development Application Income | 7.5          | 7.6          | 7.8          | 8.0          | 30.8           | 8.2          | 8.4          | 8.6          | 8.9          | 9.1          | 83.3           |
| Building Certificate                      | 1.6          | 1.6          | 1.7          | 1.7          | 6.6            | 1.8          | 1.8          | 1.9          | 1.9          | 2.0          | 18.0           |
| Child Care Fees                           | 2.1          | 2.1          | 2.2          | 2.2          | 8.6            | 2.3          | 2.3          | 2.4          | 2.5          | 2.6          | 23.3           |
| Commercial Properties                     | 73.7         | 75.5         | 77.2         | 79.3         | 305.7          | 81.4         | 83.6         | 86.1         | 88.7         | 91.4         | 831.3          |
| Enforcement Income                        | 34.7         | 35.4         | 36.1         | 37.0         | 143.4          | 38.0         | 38.9         | 40.1         | 41.3         | 42.5         | 388.0          |
| Grants and Contributions                  | 12.7         | 12.6         | 12.8         | 13.0         | 51.1           | 13.2         | 13.4         | 13.7         | 14.0         | 14.3         | 134.4          |
| Health Related Income                     | 1.6          | 1.6          | 1.7          | 1.7          | 6.6            | 1.7          | 1.8          | 1.8          | 1.9          | 1.9          | 17.8           |
| Library Income                            | 0.2          | 0.2          | 0.2          | 0.2          | 0.7            | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 2.0            |
| Other Building Fees                       | 8.6          | 8.8          | 9.0          | 9.2          | 35.5           | 9.4          | 9.6          | 9.9          | 10.2         | 10.5         | 96.1           |
| Other Fees                                | 3.4          | 3.7          | 3.8          | 3.9          | 14.9           | 4.0          | 4.1          | 4.2          | 4.4          | 4.5          | 40.8           |
| Other Income                              | 0.9          | 0.9          | 0.9          | 0.9          | 3.6            | 1.0          | 1.0          | 1.0          | 1.0          | 1.1          | 9.8            |
| Parking Meter Income                      | 37.4         | 37.8         | 38.2         | 39.0         | 152.4          | 39.7         | 40.5         | 41.4         | 42.2         | 43.0         | 403.2          |
| Parking Station Income                    | 10.2         | 10.5         | 10.8         | 11.1         | 42.7           | 11.5         | 11.8         | 12.2         | 12.5         | 12.9         | 116.9          |
| Private Work Income                       | 6.2          | 6.3          | 6.4          | 6.6          | 25.4           | 6.7          | 6.9          | 7.1          | 7.3          | 7.5          | 68.8           |
| Rates - Business CBD                      | 149.8        | 153.6        | 157.4        | 161.4        | 622.1          | 165.4        | 169.5        | 173.8        | 178.1        | 182.6        | 1,678.7        |
| Rates - Business Other                    | 64.7         | 66.2         | 67.9         | 69.6         | 268.3          | 71.3         | 73.1         | 74.9         | 76.8         | 78.7         | 723.6          |
| Rates - Residential                       | 63.5         | 67.7         | 69.4         | 71.1         | 271.8          | 72.9         | 74.7         | 76.5         | 78.4         | 80.3         | 736.9          |
| Sponsorship Income                        | 0.8          | 0.8          | 0.8          | 0.9          | 3.3            | 0.9          | 0.9          | 0.9          | 1.0          | 1.0          | 9.0            |
| Venue/Facility Income                     | 8.8          | 9.0          | 9.2          | 9.4          | 36.5           | 9.7          | 9.9          | 10.2         | 10.5         | 10.8         | 98.7           |
| Work Zone                                 | 8.6          | 8.8          | 9.0          | 9.2          | 35.6           | 9.4          | 9.7          | 10.0         | 10.3         | 10.6         | 96.4           |
| Value in Kind - Revenue                   | 2.0          | 2.0          | 2.1          | 2.1          | 8.2            | 2.2          | 2.2          | 2.3          | 2.4          | 2.4          | 22.3           |
| <b>Total Operating Income</b>             | <b>553.0</b> | <b>568.0</b> | <b>581.2</b> | <b>595.8</b> | <b>2,298.0</b> | <b>610.8</b> | <b>626.2</b> | <b>642.8</b> | <b>659.9</b> | <b>677.4</b> | <b>6,210.4</b> |
| <b>OPERATING EXPENDITURE</b>              |              |              |              |              |                |              |              |              |              |              |                |
| Salaries and Wages                        | 186.3        | 191.7        | 194.2        | 198.3        | 770.5          | 204.3        | 210.9        | 217.7        | 224.9        | 232.4        | 2,101.6        |
| Other Employee Related Costs              | 1.9          | 1.9          | 2.0          | 2.0          | 7.7            | 2.1          | 2.1          | 2.2          | 2.2          | 2.3          | 21.0           |
| Employee Oncosts                          | 5.7          | 6.0          | 6.3          | 6.5          | 24.5           | 6.8          | 7.1          | 7.4          | 7.6          | 7.9          | 69.6           |
| Agency Contract Staff                     | 5.8          | 5.9          | 6.0          | 6.2          | 23.8           | 6.3          | 6.5          | 6.7          | 6.9          | 7.1          | 64.6           |
| Superannuation                            | 20.4         | 21.1         | 21.8         | 22.6         | 86.0           | 23.4         | 24.2         | 25.0         | 24.7         | 25.6         | 234.1          |
| Travelling                                | 0.3          | 0.3          | 0.3          | 0.3          | 1.3            | 0.3          | 0.3          | 0.4          | 0.4          | 0.4          | 3.5            |
| Workers Compensation Insurance            | 4.1          | 4.2          | 4.2          | 4.3          | 16.8           | 4.5          | 4.6          | 4.7          | 4.8          | 5.0          | 45.5           |
| Fringe Benefit Tax                        | 0.6          | 0.6          | 0.6          | 0.6          | 2.5            | 0.7          | 0.7          | 0.7          | 0.7          | 0.7          | 6.7            |
| Training Costs (excluding salaries)       | 2.1          | 2.1          | 2.2          | 2.2          | 8.7            | 2.3          | 2.4          | 2.4          | 2.5          | 2.6          | 23.5           |
| <b>Salary Expense</b>                     | <b>227.1</b> | <b>233.8</b> | <b>237.7</b> | <b>243.2</b> | <b>941.8</b>   | <b>250.6</b> | <b>258.7</b> | <b>267.1</b> | <b>274.8</b> | <b>284.0</b> | <b>2,570.1</b> |

## Detailed Income and Expenditure

|   |              |              |              |              |                | 2021-22      | 2022-23      | 2023-24      | 2024-25      | 2025-26      | 2026-27      | 10 Year Total  |
|---|--------------|--------------|--------------|--------------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|
|   |              | 2018-19      | 2019-20      | 2020-21      | 4 Year Total   |              |              |              |              |              |              |                |
| \$'M  | 2017-18      |              |              |              |                |              |              |              |              |              |              |                |
| <b>OPERATING EXPENDITURE cont'd</b>   |              |              |              |              |                |              |              |              |              |              |              |                |
| Bad & Doubtful Debts  | 0.2          | 0.2          | 0.2          | 0.2          | 0.8            | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 0.2          | 2.0            |
| Consultancies   | 4.4          | 4.5          | 4.5          | 4.7          | 18.0           | 4.8          | 4.9          | 5.0          | 5.2          | 5.4          | 5.5          | 48.8           |
| Enforcement & Infringement Costs  | 8.6          | 8.8          | 8.9          | 9.2          | 35.5           | 9.4          | 9.6          | 9.9          | 10.2         | 10.5         | 10.8         | 96.0           |
| Event Related Expenditure   | 15.0         | 15.3         | 15.6         | 16.0         | 61.9           | 16.4         | 16.8         | 17.3         | 17.8         | 18.4         | 18.9         | 167.4          |
| Expenditure Recovered   | (4.7)        | (4.8)        | (4.9)        | (5.0)        | (19.5)         | (5.2)        | (5.3)        | (5.4)        | (5.6)        | (5.8)        | (6.0)        | (52.7)         |
| Facility Management   | 1.7          | 1.7          | 1.8          | 1.8          | 7.0            | 1.9          | 1.9          | 2.0          | 2.0          | 2.1          | 2.1          | 19.0           |
| General Advertising   | 2.5          | 2.5          | 2.6          | 2.7          | 10.3           | 2.7          | 2.8          | 2.9          | 3.0          | 3.0          | 3.1          | 27.8           |
| Governance  | 2.3          | 2.3          | 2.4          | 3.6          | 10.6           | 2.5          | 2.6          | 2.6          | 3.9          | 2.8          | 2.9          | 27.8           |
| Government Authority Charges  | 6.6          | 6.7          | 6.9          | 7.0          | 27.2           | 7.2          | 7.4          | 7.6          | 7.8          | 8.1          | 8.3          | 73.7           |
| Grants, Sponsorships and Donations  | 18.3         | 17.1         | 17.3         | 17.6         | 70.3           | 18.0         | 18.3         | 18.6         | 19.0         | 19.4         | 19.8         | 183.5          |
| Infrastructure Maintenance  | 29.7         | 31.8         | 32.4         | 33.4         | 127.3          | 34.2         | 35.1         | 36.2         | 37.2         | 38.4         | 39.5         | 347.9          |
| Insurance   | 2.8          | 2.8          | 2.9          | 3.0          | 11.5           | 3.1          | 3.2          | 3.3          | 3.4          | 3.5          | 3.6          | 31.6           |
| Interest Expense  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0            | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.1            |
| IT Related Expenditure  | 8.4          | 8.5          | 8.7          | 8.9          | 34.5           | 9.1          | 9.4          | 9.7          | 9.9          | 10.2         | 10.5         | 93.4           |
| Legal Fees  | 3.6          | 3.7          | 3.8          | 3.9          | 15.0           | 4.0          | 4.1          | 4.2          | 4.3          | 4.4          | 4.6          | 40.5           |
| Operational Contingencies   | 4.5          | 4.5          | 4.5          | 4.5          | 18.0           | 4.5          | 4.5          | 4.5          | 4.5          | 4.5          | 4.5          | 45.0           |
| Other Asset Maintenance   | 2.2          | 2.3          | 2.3          | 2.4          | 9.2            | 2.4          | 2.5          | 2.6          | 2.7          | 2.7          | 2.8          | 25.0           |
| Other Operating Expenditure   | 9.1          | 9.2          | 9.4          | 9.7          | 37.4           | 9.9          | 10.2         | 10.5         | 10.8         | 11.1         | 11.4         | 101.2          |
| Postage & Couriers  | 1.3          | 1.4          | 1.4          | 1.4          | 5.6            | 1.5          | 1.5          | 1.6          | 1.6          | 1.6          | 1.7          | 15.0           |
| Printing & Stationery   | 2.7          | 2.7          | 2.8          | 2.9          | 11.0           | 2.9          | 3.0          | 3.1          | 3.2          | 3.3          | 3.4          | 29.9           |
| Project Management & Other Project Costs  | 1.2          | 1.2          | 1.3          | 1.3          | 5.0            | 1.3          | 1.4          | 1.4          | 1.4          | 1.5          | 1.5          | 13.5           |
| Property Related Expenditure  | 30.6         | 34.5         | 35.2         | 36.1         | 136.4          | 37.0         | 38.0         | 39.1         | 40.3         | 41.4         | 42.6         | 374.8          |
| Service Contracts   | 15.2         | 17.1         | 17.4         | 17.9         | 67.6           | 18.3         | 18.8         | 19.4         | 19.9         | 20.5         | 21.2         | 185.7          |
| Stores & Materials  | 5.1          | 5.2          | 5.3          | 5.4          | 20.9           | 5.5          | 5.7          | 5.8          | 6.0          | 6.2          | 6.4          | 56.5           |
| Surveys & Studies   | 1.9          | 1.9          | 1.9          | 2.0          | 7.7            | 2.0          | 2.1          | 2.2          | 2.2          | 2.3          | 2.4          | 20.9           |
| Telephone Charges   | 2.7          | 2.8          | 2.8          | 2.9          | 11.1           | 3.0          | 3.0          | 3.1          | 3.2          | 3.3          | 3.4          | 30.2           |
| Utilities   | 11.7         | 12.1         | 12.4         | 12.8         | 49.0           | 13.1         | 13.5         | 13.9         | 14.4         | 14.8         | 15.2         | 134.0          |
| Vehicle Maintenance   | 2.9          | 2.9          | 3.0          | 3.0          | 11.8           | 3.1          | 3.2          | 3.3          | 3.4          | 3.5          | 3.6          | 31.9           |
| Waste Disposal Charges  | 18.8         | 19.4         | 20.0         | 20.5         | 78.7           | 21.2         | 21.8         | 22.5         | 23.1         | 23.8         | 24.5         | 215.6          |
| Value in Kind - Expenditure   | 2.0          | 2.0          | 2.1          | 2.1          | 8.2            | 2.2          | 2.2          | 2.3          | 2.4          | 2.4          | 2.5          | 22.3           |
| <b>Expenditure</b>  | <b>211.1</b> | <b>220.3</b> | <b>224.9</b> | <b>231.8</b> | <b>888.1</b>   | <b>236.3</b> | <b>242.2</b> | <b>249.2</b> | <b>257.5</b> | <b>263.6</b> | <b>271.2</b> | <b>2,408.1</b> |
| <b>Total Operating Expenditure (Excl Depreciation)</b>  | <b>438.2</b> | <b>454.1</b> | <b>462.6</b> | <b>475.0</b> | <b>1,829.9</b> | <b>487.0</b> | <b>500.9</b> | <b>516.3</b> | <b>532.3</b> | <b>547.7</b> | <b>564.2</b> | <b>4,978.2</b> |
| <b>Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)</b> | <b>114.8</b> | <b>113.9</b> | <b>118.6</b> | <b>120.8</b> | <b>468.1</b>   | <b>123.8</b> | <b>125.3</b> | <b>126.5</b> | <b>127.5</b> | <b>129.7</b> | <b>131.2</b> | <b>1,232.2</b> |

Detailed Income and Expenditure

|  |         |       |         |         |              | 2021-22 | 2022-23 | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 10 Year Total |
|--|---------|-------|---------|---------|--------------|---------|---------|---------|---------|---------|---------|---------------|
| \$'M   | 2018-19 |       | 2019-20 | 2020-21 | 4 Year Total |         |         |         |         |         |         |               |
|  | 2017-18 |       |         |         |              |         |         |         |         |         |         |               |
|  |         |       |         |         |              |         |         |         |         |         |         |               |
| Operating Surplus/(Deficit)                            | 114.8   | 113.9 | 118.6   | 120.8   | 468.1        | 123.8   | 125.3   | 126.5   | 127.5   | 129.7   | 131.2   | 1,232.2       |
| Add Additional Income:                                 |         |       |         |         |              |         |         |         |         |         |         |               |
| Interest   | 13.5    | 12.6  | 11.4    | 10.0    | 47.5         | 9.8     | 10.1    | 9.7     | 10.1    | 8.8     | 8.2     | 104.3         |
| Grants and Contributions provided for Capital Purposes | 83.3    | 54.1  | 55.2    | 56.3    | 248.9        | 44.1    | 43.3    | 43.9    | 39.9    | 38.0    | 38.0    | 496.2         |
| Less Additional Expenses:                              |         |       |         |         |              |         |         |         |         |         |         |               |
| Capital Project Related Costs                          | 7.2     | 6.0   | 6.1     | 6.2     | 25.4         | 6.3     | 6.4     | 6.5     | 6.6     | 6.7     | 6.8     | 64.6          |
| Depreciation Expense                                   | 113.0   | 115.8 | 119.8   | 122.4   | 471.1        | 123.9   | 125.5   | 126.9   | 128.3   | 131.2   | 132.3   | 1,239.3       |
| Light Rail Contribution to NSW Government              | 63.6    | 38.6  | 2.3     | 0.2     | 104.7        | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 104.7         |
| Net Operating Surplus/(Deficit)                        | 27.8    | 20.2  | 57.0    | 58.3    | 163.3        | 47.5    | 46.8    | 46.7    | 42.7    | 38.6    | 38.4    | 424.1         |



Operating Budget  
Organisation Summary - Operating Result (Before Depreciation, Interest, Capital Income and Extraordinary Items)

|  |         |             |                           |                           |                           |                           |                           | 2021/22                   | 2022/23                   | 2023/24                   | 2024/25                   | 2025/26                   | 2026/27                   | 10 Year Total             |
|--|---------|-------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  | 2017/18 |             |                           | 2018/19                   | 2019/20                   | 2020/21                   | 4 Year Total              |                           |                           |                           |                           |                           |                           |                           |
|  | Income  | Expenditure | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) |
|  |         |             |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| \$M  |         |             |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |                           |
| Chief Operations Office                        | 0.8     | 15.8        | (15.1)                    | (14.9)                    | (11.6)                    | (11.8)                    | (53.4)                    | (12.4)                    | (12.9)                    | (13.5)                    | (14.1)                    | (14.8)                    | (15.4)                    | (136.6)                   |
| Chief Operations Office                        | 0.3     | 2.1         | (1.9)                     | (1.9)                     | (2.0)                     | (2.1)                     | (7.8)                     | (2.1)                     | (2.2)                     | (2.3)                     | (2.4)                     | (2.5)                     | (2.6)                     | (21.9)                    |
| Sustainability                                 | 0.5     | 2.4         | (2.0)                     | (1.7)                     | (1.8)                     | (1.9)                     | (7.4)                     | (2.0)                     | (2.0)                     | (2.1)                     | (2.2)                     | (2.3)                     | (2.4)                     | (20.5)                    |
| Research, Strategy and Corporate Planning      | 0.1     | 5.6         | (5.5)                     | (5.7)                     | (5.5)                     | (5.4)                     | (22.1)                    | (5.6)                     | (5.8)                     | (6.0)                     | (6.2)                     | (6.4)                     | (6.6)                     | (58.7)                    |
| City Design                                    | 0.0     | 3.0         | (3.0)                     | (2.7)                     | (2.8)                     | (2.9)                     | (11.5)                    | (3.0)                     | (3.1)                     | (3.3)                     | (3.4)                     | (3.5)                     | (3.6)                     | (31.4)                    |
| Green Square                                   | 0.0     | 1.0         | (1.0)                     | (1.0)                     | 0.2                       | 0.2                       | (1.6)                     | 0.1                       | 0.1                       | 0.1                       | 0.0                       | (0.0)                     | (0.1)                     | (1.3)                     |
| City Transformation                            | 0.0     | 0.8         | (0.8)                     | (0.9)                     | 0.8                       | 0.8                       | (0.0)                     | 0.8                       | 0.8                       | 0.7                       | 0.7                       | 0.7                       | 0.6                       | 4.2                       |
| Green Infrastructure                           | 0.0     | 0.9         | (0.9)                     | (1.0)                     | (0.5)                     | (0.5)                     | (2.9)                     | (0.6)                     | (0.6)                     | (0.6)                     | (0.7)                     | (0.7)                     | (0.8)                     | (6.9)                     |
| City Life                                      | 13.7    | 79.5        | (65.8)                    | (67.7)                    | (69.8)                    | (70.5)                    | (274.0)                   | (72.6)                    | (74.7)                    | (77.0)                    | (79.3)                    | (81.8)                    | (84.2)                    | (743.5)                   |
| Creative City                                  | 5.5     | 32.1        | (26.6)                    | (29.0)                    | (30.2)                    | (31.0)                    | (116.8)                   | (32.0)                    | (32.9)                    | (34.0)                    | (35.1)                    | (36.2)                    | (37.3)                    | (324.3)                   |
| Grants and Sponsorship                         | 0.1     | 18.5        | (18.4)                    | (17.2)                    | (17.5)                    | (17.8)                    | (71.0)                    | (18.2)                    | (18.5)                    | (18.9)                    | (19.3)                    | (19.8)                    | (20.2)                    | (185.9)                   |
| Social Programs and Services                   | 7.6     | 19.6        | (11.9)                    | (12.3)                    | (12.8)                    | (12.0)                    | (49.0)                    | (12.4)                    | (12.9)                    | (13.4)                    | (13.9)                    | (14.5)                    | (15.0)                    | (131.3)                   |
| City Business & Safety                         | 0.2     | 4.0         | (3.7)                     | (3.9)                     | (4.0)                     | (4.1)                     | (15.7)                    | (4.2)                     | (4.3)                     | (4.5)                     | (4.6)                     | (4.8)                     | (4.9)                     | (43.0)                    |
| City Life Management                           | 0.0     | 2.3         | (2.3)                     | (2.3)                     | (2.4)                     | (2.4)                     | (9.4)                     | (2.5)                     | (2.6)                     | (2.7)                     | (2.7)                     | (2.8)                     | (2.9)                     | (25.7)                    |
| Sustainability Programs                        | 0.3     | 3.2         | (2.9)                     | (3.0)                     | (3.0)                     | (3.1)                     | (12.0)                    | (3.3)                     | (3.4)                     | (3.5)                     | (3.6)                     | (3.7)                     | (3.9)                     | (33.3)                    |
| City Operations                                | 119.7   | 173.1       | (53.3)                    | (57.6)                    | (59.8)                    | (61.7)                    | (232.4)                   | (63.5)                    | (65.7)                    | (67.9)                    | (70.2)                    | (72.8)                    | (76.0)                    | (648.5)                   |
| Venue Management                               | 8.5     | 5.4         | 3.1                       | 3.1                       | 3.2                       | 3.3                       | 12.7                      | 3.3                       | 3.4                       | 3.4                       | 3.5                       | 3.6                       | 3.7                       | 33.6                      |
| Security & Emergency Management                | 2.8     | 5.2         | (2.4)                     | (2.5)                     | (2.5)                     | (2.6)                     | (9.9)                     | (2.6)                     | (2.6)                     | (2.6)                     | (2.7)                     | (2.8)                     | (2.9)                     | (26.1)                    |
| City Rangers                                   | 34.4    | 24.4        | 10.0                      | 10.3                      | 10.5                      | 10.9                      | 41.7                      | 11.2                      | 11.5                      | 11.9                      | 12.4                      | 13.0                      | 13.2                      | 114.8                     |
| Strategy and Assets Group                      | 47.7    | 17.0        | 30.7                      | 31.0                      | 31.4                      | 32.3                      | 125.5                     | 33.0                      | 33.7                      | 34.2                      | 34.8                      | 35.4                      | 35.9                      | 332.5                     |
| City Greening and Leisure                      | 1.3     | 28.9        | (27.6)                    | (29.7)                    | (30.4)                    | (31.4)                    | (119.0)                   | (32.1)                    | (32.9)                    | (33.9)                    | (34.9)                    | (36.0)                    | (37.1)                    | (325.9)                   |
| City Operations Management                     | 0.0     | 0.7         | (0.7)                     | (0.7)                     | (0.8)                     | (0.8)                     | (3.0)                     | (0.8)                     | (0.8)                     | (0.9)                     | (0.9)                     | (0.9)                     | (1.0)                     | (8.3)                     |
| City Infrastructure and Traffic Operations     | 24.7    | 32.0        | (7.3)                     | (8.3)                     | (8.7)                     | (9.0)                     | (33.4)                    | (9.2)                     | (9.5)                     | (9.6)                     | (9.8)                     | (10.0)                    | (10.5)                    | (92.0)                    |
| Cleansing & Waste                              | 0.4     | 59.6        | (59.2)                    | (60.8)                    | (62.5)                    | (64.4)                    | (247.0)                   | (66.3)                    | (68.3)                    | (70.5)                    | (72.7)                    | (75.0)                    | (77.4)                    | (677.2)                   |
| City Projects and Property                     | 74.0    | 52.7        | 21.3                      | 19.0                      | 18.7                      | 18.6                      | 77.6                      | 18.4                      | 18.3                      | 18.2                      | 18.2                      | 18.1                      | 18.1                      | 187.0                     |
| City Property                                  | 74.0    | 44.4        | 29.5                      | 27.5                      | 27.7                      | 27.9                      | 112.6                     | 28.1                      | 28.3                      | 28.6                      | 28.9                      | 29.2                      | 29.6                      | 285.2                     |
| CPP - Infrastructure Delivery                  | 0.0     | 0.7         | (0.7)                     | (0.8)                     | (0.8)                     | (0.9)                     | (3.2)                     | (0.9)                     | (1.0)                     | (1.0)                     | (1.0)                     | (1.1)                     | (1.1)                     | (9.4)                     |
| CPP - Development and Strategy                 | 0.0     | 2.3         | (2.3)                     | (2.3)                     | (2.4)                     | (2.5)                     | (9.4)                     | (2.5)                     | (2.6)                     | (2.7)                     | (2.8)                     | (2.9)                     | (3.0)                     | (25.9)                    |
| CPP - Program Support                          | 0.0     | 2.3         | (2.3)                     | (2.4)                     | (2.5)                     | (2.6)                     | (9.7)                     | (2.6)                     | (2.7)                     | (2.8)                     | (2.9)                     | (3.0)                     | (3.1)                     | (27.0)                    |
| CPP - Professional Services                    | 0.0     | 2.9         | (2.9)                     | (3.1)                     | (3.2)                     | (3.4)                     | (12.6)                    | (3.5)                     | (3.7)                     | (3.8)                     | (4.0)                     | (4.1)                     | (4.3)                     | (36.0)                    |
| City Planning Development and Transport        | 18.6    | 40.3        | (21.7)                    | (22.6)                    | (23.5)                    | (24.4)                    | (92.2)                    | (25.4)                    | (26.4)                    | (27.4)                    | (28.5)                    | (29.5)                    | (30.7)                    | (260.1)                   |
| Health & Building                              | 2.3     | 13.3        | (11.0)                    | (11.4)                    | (11.8)                    | (12.2)                    | (46.4)                    | (12.7)                    | (13.1)                    | (13.6)                    | (14.1)                    | (14.6)                    | (15.1)                    | (129.7)                   |
| Planning Assessments                           | 7.4     | 14.4        | (7.0)                     | (7.2)                     | (7.5)                     | (7.8)                     | (29.5)                    | (8.1)                     | (8.4)                     | (8.8)                     | (9.1)                     | (9.5)                     | (9.8)                     | (83.2)                    |
| Strategic Planning and Urban Design            | 0.7     | 5.8         | (5.0)                     | (5.2)                     | (5.4)                     | (5.5)                     | (21.1)                    | (5.7)                     | (5.9)                     | (6.1)                     | (6.3)                     | (6.6)                     | (6.8)                     | (58.6)                    |
| City Access                                    | 0.2     | 4.4         | (4.2)                     | (4.3)                     | (4.4)                     | (4.6)                     | (17.5)                    | (4.7)                     | (4.9)                     | (5.0)                     | (5.2)                     | (5.4)                     | (5.5)                     | (48.2)                    |
| Construction & Building Certification Services | 8.0     | 2.5         | 5.5                       | 5.5                       | 5.6                       | 5.7                       | 22.3                      | 5.8                       | 5.9                       | 6.1                       | 6.3                       | 6.4                       | 6.6                       | 59.5                      |

Operating Budget  
Organisation Summary - Operating Result (Before Depreciation, Interest, Capital Income and Extraordinary Items)

|                                    |         |             |                           |                           |                           |                           |              | 2021/22                   | 2022/23                   | 2023/24                   | 2024/25                   | 2025/26                   | 2026/27                   | 10 Year Total             |
|------------------------------------|---------|-------------|---------------------------|---------------------------|---------------------------|---------------------------|--------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|                                    | 2017/18 |             |                           | 2018/19                   | 2019/20                   | 2020/21                   | 4 Year Total | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) |
|                                    | Income  | Expenditure | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) | Op Surplus /<br>(Deficit) |              |                           |                           |                           |                           |                           |                           |                           |
|                                    |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| \$M                                |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| City Engagement                    | 2.1     | 21.1        | (18.9)                    | (19.2)                    | (19.8)                    | (20.4)                    | (78.4)       | (21.0)                    | (21.6)                    | (22.2)                    | (22.9)                    | (23.6)                    | (24.4)                    | (214.0)                   |
| Customer Service                   | 2.1     | 6.1         | (4.1)                     | (4.1)                     | (4.1)                     | (4.2)                     | (16.5)       | (4.3)                     | (4.4)                     | (4.5)                     | (4.6)                     | (4.7)                     | (4.9)                     | (44.0)                    |
| Engagement                         | 0.1     | 14.9        | (14.9)                    | (15.2)                    | (15.6)                    | (16.1)                    | (61.9)       | (16.7)                    | (17.1)                    | (17.6)                    | (18.2)                    | (18.9)                    | (19.5)                    | (169.9)                   |
| Chief Executive Office             | 0.0     | 7.9         | (7.9)                     | (8.1)                     | (8.4)                     | (8.6)                     | (33.0)       | (8.8)                     | (9.1)                     | (9.4)                     | (9.8)                     | (10.1)                    | (10.4)                    | (90.6)                    |
| Office of the Lord Mayor           | 0.0     | 3.6         | (3.6)                     | (3.7)                     | (3.9)                     | (4.0)                     | (15.2)       | (4.1)                     | (4.3)                     | (4.4)                     | (4.6)                     | (4.7)                     | (4.9)                     | (42.2)                    |
| Councillor Support                 | 0.0     | 2.1         | (2.1)                     | (2.1)                     | (2.2)                     | (2.2)                     | (8.5)        | (2.2)                     | (2.3)                     | (2.4)                     | (2.5)                     | (2.5)                     | (2.6)                     | (23.1)                    |
| Chief Executive Office             | 0.0     | 1.4         | (1.4)                     | (1.5)                     | (1.5)                     | (1.5)                     | (5.9)        | (1.6)                     | (1.6)                     | (1.7)                     | (1.8)                     | (1.8)                     | (1.9)                     | (16.3)                    |
| Secretariat                        | 0.0     | 0.8         | (0.8)                     | (0.8)                     | (0.8)                     | (0.9)                     | (3.3)        | (0.9)                     | (0.9)                     | (1.0)                     | (1.0)                     | (1.0)                     | (1.0)                     | (9.1)                     |
| Chief Financial Office             | 0.6     | 8.3         | (7.7)                     | (7.8)                     | (8.1)                     | (8.2)                     | (31.8)       | (8.4)                     | (8.5)                     | (8.9)                     | (9.2)                     | (9.5)                     | (9.9)                     | (86.1)                    |
|                                    |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| Legal and Governance               | 0.7     | 12.1        | (11.4)                    | (11.7)                    | (12.1)                    | (13.6)                    | (48.9)       | (12.8)                    | (13.2)                    | (13.6)                    | (15.3)                    | (14.5)                    | (15.0)                    | (133.4)                   |
|                                    |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| Workforce and Information Services | 0.0     | 27.9        | (27.9)                    | (28.6)                    | (29.4)                    | (30.3)                    | (116.1)      | (31.2)                    | (32.2)                    | (33.3)                    | (34.4)                    | (35.5)                    | (36.7)                    | (319.4)                   |
|                                    |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| Corporate Costs                    | 322.8   | (0.5)       | 323.3                     | 333.2                     | 342.4                     | 351.8                     | 1,350.7      | 361.4                     | 371.3                     | 381.4                     | 393.0                     | 403.6                     | 415.9                     | 3,677.4                   |
|                                    |         |             |                           |                           |                           |                           |              |                           |                           |                           |                           |                           |                           |                           |
| Council                            | 553.0   | 438.2       | 114.8                     | 113.9                     | 118.6                     | 120.8                     | 468.1        | 123.8                     | 125.3                     | 126.5                     | 127.5                     | 129.7                     | 131.2                     | 1,232.2                   |

Summary Of Income and Expenditure by Principal Activity

Council has adopted the Strategic Directions from the Sustainable Sydney 2030 vision as its Principal Activities for this Delivery Program. A number of Principal Activities are largely of an advocacy and facilitation role for the City (such as Housing for a Diverse Population) and not one of direct service provision. As a result, the proposed budget does not reflect substantial operational costs (particularly salaries expenditure) incurred indirectly in delivering this Principal Activity. The Principal Activity for *A City for Walking and Cycling*, for example, will be largely achieved via capital works for infrastructure and reflects minimal operational expenditure.

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2017/18) to better reflect the allocation of Council funds towards these major directions.

|  |         |             |                           |         |                               |         |         | 2021/22                       | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 |
|--|---------|-------------|---------------------------|---------|-------------------------------|---------|---------|-------------------------------|---------|---------|---------|---------|---------|
|  |         |             |                           |         | 2018/19                       | 2019/20 | 2020/21 | Net Surplus/(Deficit) by Year |         |         |         |         |         |
| \$'M   | 2017/18 |             |                           |         | Net Surplus/(Deficit) by Year |         |         |                               |         |         |         |         |         |
|  | Income  | Expenditure | Net Surplus/<br>(Deficit) | Capital |                               |         |         |                               |         |         |         |         |         |
| A globally competitive and innovative city                   | 34.7    | 52.4        | (17.7)                    | 0.0     | (15.6)                        | (15.8)  | (15.9)  | (16.2)                        | (16.7)  | (17.1)  | (17.4)  | (17.9)  | (18.7)  |
| A leading environmental performer                            | 1.1     | 73.3        | (72.1)                    | 19.7    | (73.7)                        | (75.8)  | (78.0)  | (80.3)                        | (82.8)  | (85.4)  | (88.2)  | (91.0)  | (94.0)  |
| Integrated transport for a connected city                    | 78.3    | 46.6        | 31.7                      | 105.5   | 26.7                          | 26.7    | 27.2    | 27.8                          | 28.2    | 28.7    | 29.3    | 29.7    | 29.9    |
| A city for walking and cycling                               | 0.0     | 1.5         | (1.5)                     | 11.1    | (1.5)                         | (1.6)   | (1.6)   | (1.7)                         | (1.7)   | (1.8)   | (1.8)   | (1.9)   | (1.9)   |
| A lively and engaging city centre                            | 0.0     | 0.8         | (0.8)                     | 2.6     | (0.9)                         | (0.9)   | (0.9)   | (1.0)                         | (1.0)   | (1.0)   | (1.1)   | (1.1)   | (1.1)   |
| Resilient and inclusive local communities                    | 16.8    | 89.2        | (72.5)                    | 133.4   | (74.5)                        | (74.3)  | (75.4)  | (80.3)                        | (83.6)  | (86.3)  | (89.1)  | (92.0)  | (95.0)  |
| A cultural and creative city                                 | 3.0     | 7.0         | (4.1)                     | 7.8     | (4.4)                         | (4.6)   | (4.8)   | (4.9)                         | (5.1)   | (5.3)   | (5.5)   | (5.6)   | (5.8)   |
| Housing for a diverse community                              | 0.0     | 3.8         | (3.8)                     | 0.0     | (2.4)                         | (2.4)   | (2.5)   | (2.6)                         | (2.6)   | (2.7)   | (2.8)   | (2.9)   | (3.0)   |
| Sustainable development, renewal and design                  | 94.4    | 39.2        | 55.2                      | 1.5     | 25.7                          | 25.5    | 24.6    | 12.2                          | 11.2    | 9.7     | 8.7     | 8.6     | 7.6     |
| Implementation through effective governance and partnerships | 421.5   | 308.0       | 113.5                     | 22.4    | 140.9                         | 180.1   | 185.6   | 194.6                         | 201.0   | 207.9   | 210.7   | 212.6   | 220.4   |
| Total Council  | 649.8   | 622.0       | 27.8                      | 304.0   | 20.2                          | 57.0    | 58.3    | 47.5                          | 46.8    | 46.7    | 42.7    | 38.6    | 38.4    |



## Capital Works Expenditure Summary

The City's Capital Works Program is built around a number of significant projects that will expand and/or significantly upgrade the provision of infrastructure and facilities for the community, and Capital Programs that underpin key asset groups such as public domain, roads, footways, pools, open space and community facilities. The proposed program will enable the commencement and completion of many identified priorities and progress a number of Sustainable Sydney 2030 projects. The program prepared is in line with the agreed long term financial parameters and represents the City's capacity to deliver the program each year and expenditure provisions for significant projects which may be delivered by third parties.

| \$'M   | Prior<br>Years<br>Total |              |              |             |               |              | 2021/22     | 2022/23     | 2023/24     | 2024/25     | 2025/26     | 2026/27     | 10 Year Total | Total<br>Project<br>Budget |
|--|-------------------------|--------------|--------------|-------------|---------------|--------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------|----------------------------|
|  |                         | 2018/19      | 2019/20      | 2020/21     | 4 Years Total |              |             |             |             |             |             |             |               |                            |
|  |                         | 2017/18      |              |             |               |              |             |             |             |             |             |             |               |                            |
| <b>Significant Projects (&gt;\$20M)</b>          |                         |              |              |             |               |              |             |             |             |             |             |             |               |                            |
| Ashmore Estate Trunk Drainage                    | 0.2                     | 0.8          | 10.0         | 9.0         | 19.8          |              |             |             |             |             |             |             | 19.8          | 20.0                       |
| Barangaroo Integration and Harbour Village North | 16.5                    | 2.3          | 0.7          | 2.0         | 7.6           | 3.0          | 2.2         | 2.4         |             |             |             |             | 15.2          | 31.7                       |
| Chinatown Public Domain                          | 8.2                     | 0.8          | 1.0          | 3.0         | 7.8           | 1.5          | 2.0         | 2.0         |             |             |             |             | 13.3          | 21.5                       |
| Green Infrastructure                             | 61.6                    | 6.3          | 4.9          | 9.1         | 7.4           | 7.1          | 7.1         | 7.1         | 13.6        | 12.0        |             |             | 74.6          | 136.1                      |
| Green Square Aquatic Centre and Gunyama Park     | 12.8                    | 37.7         | 34.6         | 4.2         | 76.5          |              |             |             |             |             |             |             | 76.5          | 89.4                       |
| Green Square Community Facilities and Open Space | 34.3                    | 16.3         | 8.2          | 5.2         | 3.1           | 32.9         | 5.0         | 8.7         | 10.0        | 10.7        |             |             | 67.3          | 101.6                      |
| Green Square Library and Plaza                   | 39.2                    | 24.7         | 8.3          |             | 33.1          |              |             |             |             |             |             |             | 33.1          | 72.2                       |
| Green Square Streets and Drainage                | 105.2                   | 40.8         | 44.8         | 29.7        | 20.9          | 136.2        | 9.0         |             |             |             |             |             | 145.2         | 250.4                      |
| Johnstons Canal Master Plan & Harold Park Works  | 13.8                    | 3.0          | 3.7          |             | 6.7           |              |             |             |             |             |             |             | 6.7           | 20.5                       |
| Light Rail – CBD to South East                   | 115.3                   | 63.6         | 38.6         | 2.3         | 0.2           | 104.7        |             |             |             |             |             |             | 104.7         | 220.0                      |
| Major Depots                                     | 24.4                    | 8.4          |              |             | 8.4           |              |             |             |             |             |             |             | 8.4           | 32.7                       |
| New Childcare Centres                            | 33.5                    | 3.3          |              |             | 3.3           |              |             |             |             |             | 6.0         | 12.7        | 22.0          | 55.4                       |
| <b>Major Projects Total</b>                      | <b>465.0</b>            | <b>208.1</b> | <b>154.9</b> | <b>64.4</b> | <b>37.2</b>   | <b>464.6</b> | <b>25.6</b> | <b>20.0</b> | <b>21.5</b> | <b>24.3</b> | <b>18.0</b> | <b>12.7</b> | <b>586.7</b>  | <b>1,051.7</b>             |

Capital Works Expenditure Summary - continued

\$'M

| \$'M   | Prior<br>Years<br>Total |         |       |         |         |              | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 10 Years Total | Total<br>Project<br>Budget |         |
|--|-------------------------|---------|-------|---------|---------|--------------|---------|---------|---------|---------|---------|---------|----------------|----------------------------|---------|
|  |                         | 2018/19 |       | 2019/20 | 2020/21 | 4 Year Total |         |         |         |         |         |         |                |                            |         |
|  |                         | 2017/18 |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| Capital Programs   |                         |         |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| Asset Enhancement  |                         |         |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| Bicycle Related Works  |                         | 53.1    | 6.5   | 12.3    | 13.4    | 7.6          | 39.7    | 9.0     | 5.7     | 0.2     |         |         | 54.6           | 107.7                      |         |
| Community, Cultural and Recreation Property Related Projects |                         | 41.2    | 3.2   | 8.1     | 0.9     | 4.1          | 16.3    | 7.4     | 14.0    | 17.0    | 17.0    | 18.0    | 14.0           | 103.7                      | 144.9   |
| Corporate and Investment Property Related Projects           |                         | 35.2    | 1.2   | 0.2     |         |              | 1.4     |         |         |         |         |         |                | 1.4                        | 36.6    |
| Open Space & Parks   |                         | 24.6    | 16.6  | 18.7    | 10.8    | 16.9         | 62.9    | 10.3    | 7.0     | 8.0     | 8.0     | 13.0    | 13.0           | 122.3                      | 146.9   |
| Public Art LGA   |                         | 6.6     | 6.5   | 4.4     | 2.7     | 0.6          | 14.3    | 0.2     |         |         |         |         |                | 14.5                       | 21.1    |
| Public Domain  |                         | 21.1    | 1.7   | 5.4     | 8.6     | 8.0          | 23.6    | 4.9     | 4.9     | 5.0     | 7.0     | 8.6     | 5.5            | 59.4                       | 80.4    |
| Stormwater Drainage  |                         | 15.1    | 2.9   | 0.7     |         | 1.5          | 5.1     | 3.7     | 11.2    | 9.0     |         | 5.0     | 5.0            | 39.0                       | 54.1    |
| Rolling Programs (Asset Renewal)                             |                         |         |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| Community, Cultural and Recreation Property Related Projects |                         |         | 6.9   | 10.3    | 7.1     | 11.8         | 36.0    | 12.0    | 8.6     | 7.0     | 7.5     | 10.0    | 9.0            | 90.1                       | 90.1    |
| Corporate and Investment Property Related Projects           |                         |         | 9.9   | 16.2    | 17.2    | 15.1         | 58.4    | 14.2    | 14.6    | 12.1    | 11.0    | 13.2    | 13.0           | 136.5                      | 136.5   |
| Infrastructure - Roads Bridges Footways                      |                         |         | 12.8  | 11.5    | 10.7    | 13.3         | 48.3    | 14.8    | 15.8    | 17.1    | 18.8    | 18.8    | 19.0           | 152.6                      | 152.6   |
| Open Space & Parks   |                         |         | 10.8  | 10.0    | 16.4    | 15.8         | 53.0    | 15.7    | 18.6    | 20.0    | 20.0    | 20.2    | 17.2           | 164.7                      | 164.7   |
| Public Art LGA   |                         |         | 0.6   | 0.6     | 0.5     | 0.7          | 2.4     | 0.6     | 0.7     | 0.6     | 0.6     | 0.7     | 0.7            | 6.3                        | 6.3     |
| Public Domain  |                         |         | 10.4  | 11.8    | 12.8    | 12.2         | 47.1    | 11.4    | 20.3    | 13.4    | 9.8     | 8.3     | 8.2            | 118.7                      | 118.7   |
| Stormwater Drainage  |                         |         | 2.3   | 2.0     | 2.0     | 1.6          | 7.9     | 2.0     | 2.0     | 2.5     | 3.5     | 3.5     | 3.5            | 24.9                       | 24.9    |
| Programs Total   |                         | 197.0   | 92.4  | 112.0   | 103.2   | 108.9        | 416.5   | 106.1   | 123.4   | 112.0   | 103.2   | 119.3   | 108.0          | 1,088.5                    | 1,285.5 |
| Contingency  |                         |         |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| Capital Works Contingency                                    |                         |         | 5.0   |         |         |              | 5.0     |         |         |         |         |         |                | 5.0                        | 5.0     |
| Total Contingency  |                         | 0.0     | 5.0   | 0.0     | 0.0     | 0.0          | 5.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0            | 5.0                        | 5.0     |
|  |                         |         |       |         |         |              |         |         |         |         |         |         |                |                            |         |
| TOTAL CAPITAL WORKS  |                         | 662.0   | 305.5 | 266.8   | 167.7   | 146.2        | 886.1   | 131.7   | 143.4   | 133.5   | 127.5   | 137.3   | 120.7          | 1,680.2                    | 2,342.2 |

# City of Sydney

## Balance Sheet

|  |          | 2021/22  |          | 2022/23  | 2023/24  | 2024/25  | 2025/26  | 2026/27  |          |          |
|--|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
|  |          | 2018/19  | 2019/20  | 2020/21  |          |          |          |          |          |          |
|  | \$'M     | 2017/18  |          |          |          |          |          |          |          |          |
| ASSETS   |          |          |          |          |          |          |          |          |          |          |
| Current Assets   |          |          |          |          |          |          |          |          |          |          |
| Cash and Investments   | 453.9    | 397.9    | 316.4    | 310.8    | 302.4    | 283.2    | 281.8    | 234.3    | 213.8    | 206.2    |
| Receivables  | 96.0     | 96.4     | 96.8     | 97.4     | 98.0     | 98.6     | 99.3     | 100.0    | 100.7    | 101.5    |
| Prepayments  | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      | 4.0      |
| Inventory  | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      | 1.0      |
| Current Assets   | 554.9    | 499.3    | 418.2    | 413.2    | 405.4    | 386.8    | 386.1    | 339.3    | 319.5    | 312.7    |
| Non-Current Assets   |          |          |          |          |          |          |          |          |          |          |
| Capital Works, Infrastructure, Investment Properties and P&A | 11,401.2 | 11,478.8 | 11,608.3 | 11,671.8 | 11,728.6 | 11,800.5 | 11,851.0 | 11,944.3 | 12,009.3 | 12,056.7 |
| Non Current Assets   | 11,401.2 | 11,478.8 | 11,608.3 | 11,671.8 | 11,728.6 | 11,800.5 | 11,851.0 | 11,944.3 | 12,009.3 | 12,056.7 |
| TOTAL ASSETS   | 11,956.1 | 11,978.0 | 12,026.5 | 12,085.0 | 12,134.0 | 12,187.3 | 12,237.1 | 12,283.5 | 12,328.8 | 12,369.4 |
| LIABILITIES  |          |          |          |          |          |          |          |          |          |          |
| Current Liabilities  |          |          |          |          |          |          |          |          |          |          |
| Payables   | 115.9    | 117.7    | 109.2    | 109.4    | 110.9    | 117.3    | 120.4    | 124.1    | 130.8    | 133.0    |
| Provisions   | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     | 65.4     |
| Current Liabilities  | 181.3    | 183.1    | 174.5    | 174.8    | 176.2    | 182.7    | 185.7    | 189.4    | 196.1    | 198.4    |
| Non-Current Liabilities                                      |          |          |          |          |          |          |          |          |          |          |
| Provisions   | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     |
| Non Current Liabilities                                      | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     | 20.7     |
| TOTAL LIABILITIES  | 201.9    | 203.7    | 195.2    | 195.4    | 196.9    | 203.4    | 206.4    | 210.1    | 216.8    | 219.1    |
|  |          |          |          |          |          |          |          |          |          |          |
| Net Assets   | 11,754.1 | 11,774.3 | 11,831.3 | 11,889.6 | 11,937.1 | 11,984.0 | 12,030.7 | 12,073.4 | 12,112.0 | 12,150.4 |
|  |          |          |          |          |          |          |          |          |          |          |
| EQUITY   |          |          |          |          |          |          |          |          |          |          |
| Equity   | 11,754.1 | 11,774.3 | 11,831.3 | 11,889.6 | 11,937.1 | 11,984.0 | 12,030.7 | 12,073.4 | 12,112.0 | 12,150.4 |



# City of Sydney

## CASH FLOW FORECAST

|   |                | 2018/19        | 2019/20        | 2020/21        | 2021/22        | 2022/23        | 2023/24        | 2024/25        | 2025/26        | 2026/27        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| \$M   | 2017/18        |                |                |                |                |                |                |                |                |                |
| <b>Revenue:</b>                                   |                |                |                |                |                |                |                |                |                |                |
| Rates and Annual Charges                          | 324.5          | 335.4          | 343.9          | 352.7          | 361.7          | 371.0          | 380.4          | 390.1          | 400.1          | 410.3          |
| Other Operating Income                            | 226.5          | 230.6          | 235.1          | 240.9          | 246.9          | 253.0          | 260.0          | 267.3          | 274.8          | 282.6          |
| <b>Operating Income</b>                           | <b>551.0</b>   | <b>566.0</b>   | <b>579.1</b>   | <b>593.7</b>   | <b>608.6</b>   | <b>624.0</b>   | <b>640.5</b>   | <b>657.5</b>   | <b>674.9</b>   | <b>692.9</b>   |
| <b>Expenses:</b>                                  |                |                |                |                |                |                |                |                |                |                |
| Salary & Wages Expenditure                        | 227.1          | 233.8          | 237.7          | 243.2          | 250.6          | 258.7          | 267.1          | 274.8          | 284.0          | 293.0          |
| Other Operating Expenditure                       | 209.1          | 218.2          | 222.8          | 229.7          | 234.2          | 240.0          | 246.9          | 255.2          | 261.2          | 268.6          |
| <b>Operating Expenditure</b>                      | <b>436.2</b>   | <b>452.1</b>   | <b>460.5</b>   | <b>472.9</b>   | <b>484.8</b>   | <b>498.6</b>   | <b>514.0</b>   | <b>529.9</b>   | <b>545.2</b>   | <b>561.7</b>   |
| <b>Operating Surplus</b>                          | <b>114.8</b>   | <b>113.9</b>   | <b>118.6</b>   | <b>120.8</b>   | <b>123.8</b>   | <b>125.3</b>   | <b>126.5</b>   | <b>127.5</b>   | <b>129.7</b>   | <b>131.2</b>   |
| <b>Other Non Operating:</b>                       |                |                |                |                |                |                |                |                |                |                |
| Interest income                                   | 13.5           | 12.6           | 11.4           | 10.0           | 9.8            | 10.1           | 9.7            | 10.1           | 8.8            | 8.2            |
| Light Rail Contribution to NSW Government         | (63.6)         | (38.6)         | (2.3)          | (0.2)          | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            | 0.0            |
| Capital Related Project Expenses                  | (7.2)          | (6.0)          | (6.1)          | (6.2)          | (6.3)          | (6.4)          | (6.5)          | (6.6)          | (6.7)          | (6.8)          |
| Depreciation                                      | (113.0)        | (115.8)        | (119.8)        | (122.4)        | (123.9)        | (125.5)        | (126.9)        | (128.3)        | (131.2)        | (132.3)        |
| Capital Grants and Contributions                  | 83.3           | 54.1           | 55.2           | 56.3           | 44.1           | 43.3           | 43.9           | 39.9           | 38.0           | 38.0           |
| <b>Net Surplus</b>                                | <b>27.8</b>    | <b>20.2</b>    | <b>57.0</b>    | <b>58.3</b>    | <b>47.5</b>    | <b>46.8</b>    | <b>46.7</b>    | <b>42.7</b>    | <b>38.6</b>    | <b>38.4</b>    |
| Add Back :  |                |                |                |                |                |                |                |                |                |                |
| Depreciation                                      | 113.0          | 115.8          | 119.8          | 122.4          | 123.9          | 125.5          | 126.9          | 128.3          | 131.2          | 132.3          |
| Non-Cash Asset Adjustments                        | 0.5            | 1.0            | 1.0            | 1.0            | 1.0            | 1.0            | 1.0            | 1.0            | 1.0            | 1.0            |
| <b>Cash Surplus before Capital Expenditure</b>    | <b>141.3</b>   | <b>137.0</b>   | <b>177.8</b>   | <b>181.8</b>   | <b>172.5</b>   | <b>173.3</b>   | <b>174.7</b>   | <b>172.0</b>   | <b>170.8</b>   | <b>171.7</b>   |
| <b>Capital Expenditure</b>                        |                |                |                |                |                |                |                |                |                |                |
| Capital Works (excluding Light Rail Contribution) | (241.9)        | (228.2)        | (165.4)        | (146.0)        | (131.7)        | (143.4)        | (133.5)        | (127.5)        | (137.3)        | (120.7)        |
| Plant and Asset Acquisitions                      | (25.7)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         | (25.0)         |
| Property (Acquisitions)/Divestments               | 110.1          | 58.9           | (60.0)         | (16.0)         | (25.0)         | (30.0)         | (20.0)         | (70.0)         | (35.0)         | (35.0)         |
| <b>Total Capital Expenditure</b>                  | <b>(157.4)</b> | <b>(194.4)</b> | <b>(250.4)</b> | <b>(187.0)</b> | <b>(181.7)</b> | <b>(198.4)</b> | <b>(178.5)</b> | <b>(222.5)</b> | <b>(197.3)</b> | <b>(180.7)</b> |
| <b>Net Receivables/Payables Movement</b>          | <b>6.1</b>     | <b>1.4</b>     | <b>(9.0)</b>   | <b>(0.4)</b>   | <b>0.9</b>     | <b>5.9</b>     | <b>2.4</b>     | <b>3.0</b>     | <b>6.0</b>     | <b>1.5</b>     |
| <b>Cash Surplus / (Deficit)</b>                   | <b>(10.1)</b>  | <b>(56.0)</b>  | <b>(81.5)</b>  | <b>(5.6)</b>   | <b>(8.4)</b>   | <b>(19.2)</b>  | <b>(1.4)</b>   | <b>(47.5)</b>  | <b>(20.5)</b>  | <b>(7.6)</b>   |
| Total Cash at Beginning of Period                 | 463.9          | 453.9          | 397.9          | 316.4          | 310.8          | 302.4          | 283.2          | 281.8          | 234.3          | 213.8          |
| Cash Surplus/ (Deficit)                           | (10.1)         | (56.0)         | (81.5)         | (5.6)          | (8.4)          | (19.2)         | (1.4)          | (47.5)         | (20.5)         | (7.6)          |
| <b>Total Cash at End of Period</b>                | <b>453.9</b>   | <b>397.9</b>   | <b>316.4</b>   | <b>310.8</b>   | <b>302.4</b>   | <b>283.2</b>   | <b>281.8</b>   | <b>234.3</b>   | <b>213.8</b>   | <b>206.2</b>   |

### Asset Replacement and Sales (including Information Services - Capital Projects)

Council holds assets to ensure its financial viability, for commercial and strategic reasons, and to meet the needs of its operations.

Depreciating assets, such as plant, equipment and vehicles, held for Council's operations are changed or replaced in line with Council's current needs and the operational life of the asset. The City replaces its light fleet every two years or 40,000km excluding utility vehicles which are replaced every three years or 60,000km. The City also adopts a replacement program to renew its Personal Computer assets on an average three-yearly cycle.

The City has a program of upgrades and enhancements to information systems. These can include installation and configuration of 3rd party software and development of new in-house solutions.

Where these system developments are deemed to have an enduring benefit to the City, the costs of the project are capitalised as assets within the Fixed Asset Register, and amortised over an appropriate useful life. Capitalisation of costs is consistent with the City's *IPPE Asset Recognition and Capitalisation Policy*.

### Summary of Expenditure - 2017-18 (\$M)

|   | 2017-18      |              |             |
|---|--------------|--------------|-------------|
|   | Acquisitions | Sales        | Net Budget  |
| Books                                   | 1.9          | -            | 1.9         |
| Equipment                               | 3.5          | -            | 3.5         |
| Furniture & Fittings                    | 0.8          | -            | 0.8         |
| Information Technology (Equipment)      | 2.0          | -            | 2.0         |
| Information Services - Capital Projects | 7.5          | -            | 7.5         |
| Miscellaneous                           | 1.1          | -            | 1.1         |
| Plant                                   | 4.0          | (0.4)        | 3.5         |
| Vehicles                                | 7.0          | (1.7)        | 5.2         |
| <b>Total</b>                            | <b>27.8</b>  | <b>(2.2)</b> | <b>25.7</b> |

### Statement of Business or Commercial Activities

The City of Sydney expects to continue with Parking Stations as a Category 1 business activity. These commercial activities provide an additional source of funding that enables the Council to continue to provide enhanced services and infrastructure delivery without placing additional burden on the City's ratepayers.

### Revenue Policy - Charges for Works Carried out on Private Land

Council does not generally carry out works on private land, however if Council were required to undertake such works (e.g. the construction of a private road), then the works would be charged at the appropriate commercial rate.

# OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - PROJECTIONS

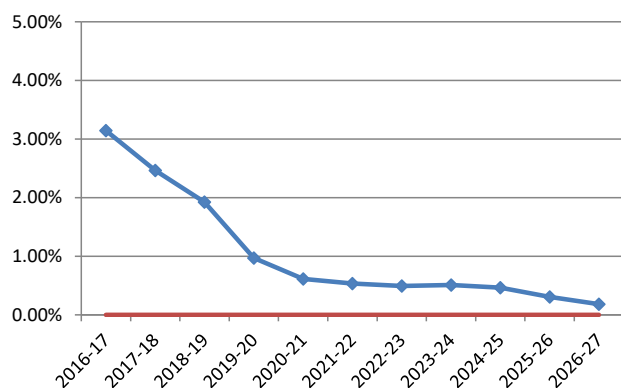
The City's performance in respect of the mandated Office of Local Government Performance measures is detailed below. The charts demonstrate performance trends on the basis of forward projections contained in the Long Term Financial Plan, and estimates related to future asset maintenance and renewal requirements (per the Asset Management Plan) and infrastructure backlog.

The formulas used in the calculations, as provided by the NSW Office of Local Government, are also included.

The graphs plot the 3-year average performance for each year shown (with the exception of the Infrastructure Backlog Ratio and the Real Operating Expenditure per Capita, shown as 'snapshot' performance). E.g. 2019/20 will show average performance for the 3 years to 2019/20 (2017/18, 2018/19, 2019/20).

## Sustainability

### Operating Performance Ratio



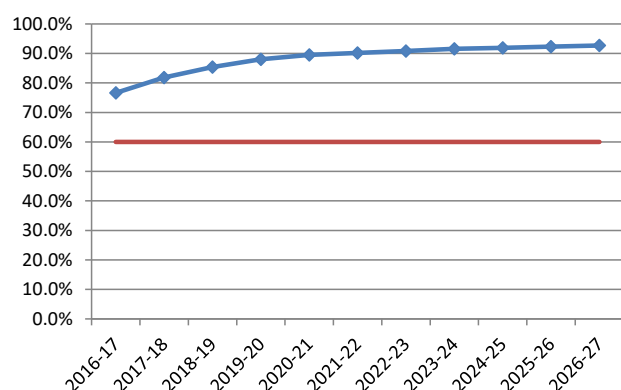
### Operating Revenue (excl Capital Grants & Contributions) less Operating Expenses

#### Operating Revenue (excl Capital Grants & Contributions)

Operating Performance is projected to exceed benchmark over the life of the Long Term Financial Plan. However, the declining trend is indicative of the increasing cost pressures faced by the City in delivering services to a rapidly growing population.

Estimates relating to increased operating expenditure required to service urban renewal areas (including Green Square and Barangaroo) are reflected in forward projections, and contribute to a decline in operating performance. In later years, the softening of rates growth and the continued increase of depreciation expense (related to new capital works) contribute to put pressure on the Operating Result.

### Own Source Revenue



### Total continuing operating revenue less all grants and contributions

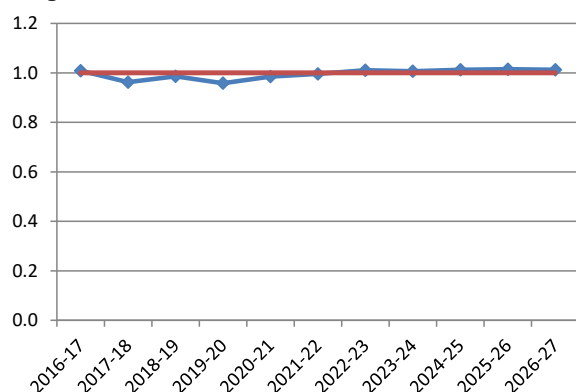
#### Total Operating Revenue (inclusive of Capital Grants and Contributions)

The City's Own Source Operating Revenue is already well above the required benchmark level and is forecast to continue to grow as a proportion of total operating revenue.

As detailed in the Long Term Financial Plan document, minor incremental growth in the City's rates base and the expected continuation of the "cap" on developer contributions per new dwelling will result in capital income representing a declining proportion of the City's income base, reflected in the gradual increase in the Own Source Revenue ratio.

The ratio may be impacted by higher-than-expected capital income receipts

### Building and Infrastructure Asset Renewal Ratio



### Actual Asset Renewals

#### Required Renewal\* of Building and Infrastructure Assets

Rather than utilise depreciation expense as an arbitrary proxy for required levels of asset renewal, the required renewal of building and infrastructure assets is instead sourced from the Asset Management Plan in the City's Integrated Planning and Reporting documents.

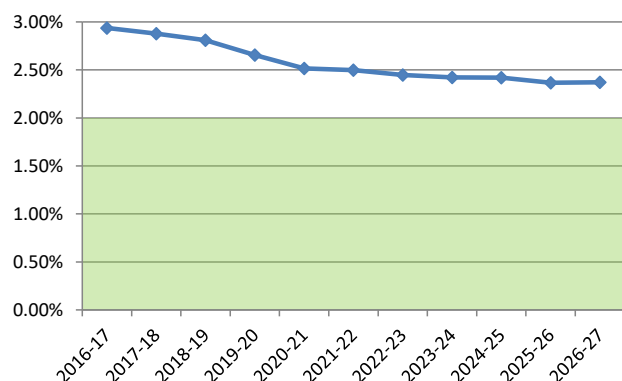
The performance of this ratio is generally on or above benchmark, with earlier years' performance temporarily impacted as the City's financial and delivery capacity is focused on the provision of required infrastructure in the broader Green Square urban renewal area, as well as the contribution to the NSW Government's light rail project, integration with Barangaroo and significant cycling infrastructure works.



# OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - continued

## Infrastructure and Service Management

### Infrastructure Backlog Ratio



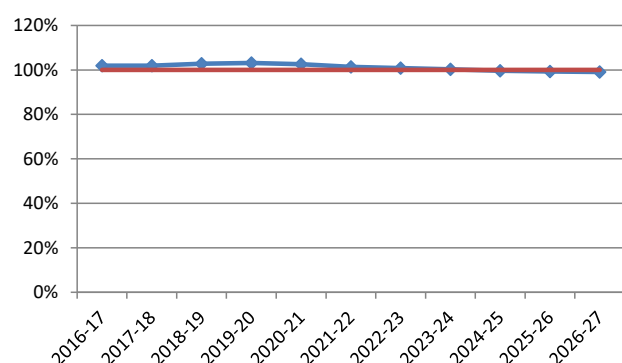
### Estimated Costs to Bring Assets to a Satisfactory Standard

**Written Down Value of Infrastructure**  
(incl roads and drainage assets), **Building, Other Structures and Depreciable Land Improvements Assets**

The City holds the view that the vast majority of its buildings and infrastructure are currently maintained at or above a "satisfactory standard". The identified infrastructure backlog is subject to ongoing review, to ensure that backlog levels reported are reflective of those assets deemed to be at less than "satisfactory standard".

The City's projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City's asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise capital works.

### Asset Maintenance Ratio



### Actual Asset Maintenance

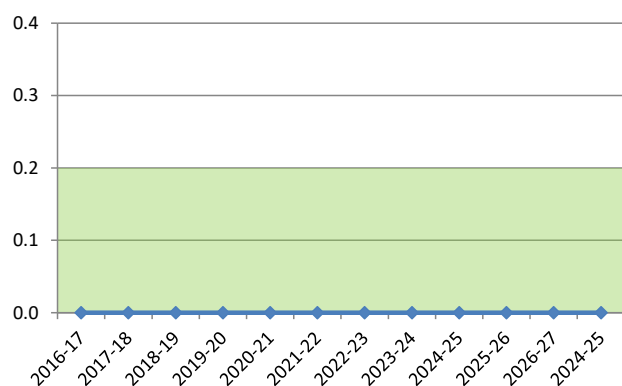
### Required Asset Maintenance

In line with the City's Asset Management Plan, asset maintenance is forecast to meet or exceed benchmark over the life of the plan. In time, this performance will ease to a level closer to 100% (i.e. benchmark).

Extended periods of asset maintenance exceeding the required levels would represent over servicing. Whilst gross expenditure on asset maintenance will continue to grow over time, so will the "required" level of annual maintenance, as the City's asset base continues to grow.

Over the longer term, increases to asset maintenance expenditure will continue to be 'matched' to growth in the City's asset base.

### Debt Service Ratio



### Principal Repayments (from Statement of Cash Flows) plus Borrowing Interest Costs (from the income statement)

### Operating Results before Interest and Depreciation (EBITDA)

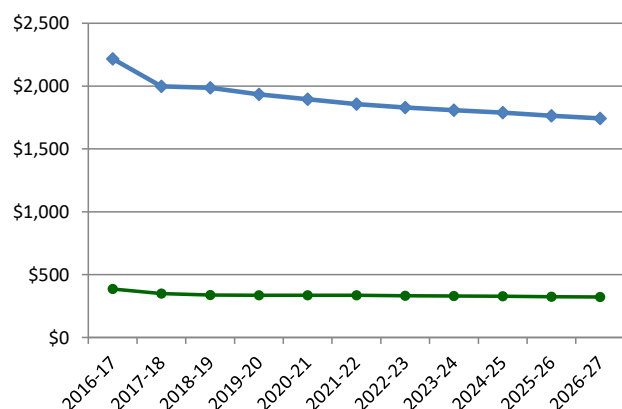
Historically strong financial management has alleviated the need for the City to borrow funds, and the Long Term Financial Plan projects that this trend will continue over the next 10 years.

In addition to cash and investment reserves accumulated over a period of 15 years, the City has access to considerable capital income (in the form of developer contributions and interest on cash and investments) that will facilitate the delivery of new capital projects without the use of borrowings.

Should funding circumstances change, the City will review the appropriateness of debt financing accordingly.

## Efficiency

### Real Operating Expenditure per capita



### Real Operating Expenditure

### Residential Population of Local Government Area

A declining trend over time is in line with OLG requirements, and reflects the City's commitment to targeting efficiencies in service delivery.

Whilst gross Operating Expenditure is forecast to increase over time, the residential population of the LGA is projected to grow more rapidly, representing a declining level of Real Operating Expenditure per capita.


Service levels are reviewed as part of the Integrated Planning and Reporting process, and will reflect ratepayer priorities within tight budgetary controls.

Note that the green line reflects the inclusion of **all users** of the City, currently approximately 1.2M per day

# Asset Management Plan 2017

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# 1. Asset Management Planning

## 1.1 Background

Sustainable Sydney 2030 Community Strategic Plan is the City's overarching strategic program. Robust asset management is an objective of Sustainable Sydney 2030, contained within Strategic Direction 10 - *Implementation through Effective Governance and Partnerships*.

The City of Sydney is responsible for approximately \$12.7 billion in physical assets (including land) to support its delivery of services to the community. The City has developed a framework for embedding asset management objectives and principles. These principles are aimed solely at managing the City's community assets to give the best possible long-term services to the City's residents, ratepayers and visitors.

## 1.2 What is asset management?

An asset is defined as "a resource controlled by a Council as a result of past events and from which future economic benefits are expected to flow to the Council"<sup>1</sup>

The term "asset management" as defined in the City's Strategy<sup>2</sup> is:

"The combination of management, financial, economic, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner."

Asset management is a "whole of life" approach that includes planning, acquisition, operation, maintenance and disposal of assets.

## 1.3 The City's Asset Management Framework

The Asset Management Framework for the City of Sydney is overseen by the Asset Management Program Control Group. The objectives of the Group are to:

- Ensure that all asset management activities are consistent with the objectives of Sustainable Sydney 2030 Community Strategic Plan and incorporate lifecycle asset management principles
- Ensure compliance with the requirements of the Integrated Planning and Reporting Legislation and Guidelines and other infrastructure asset reporting

- Oversee the development of the City's Asset Management key strategy themes and projects
- Set direction and outcomes for the Asset System Working Group and the Corporate Asset Management System (CAMS)
- Ensure all asset management policies and strategies (new and reviewed) are submitted to the Corporate and Strategy Projects Steering Committee
- Ensure the integrity of the asset management process within Council and arbitrate and resolve any dispute or issue arising.

The Asset System Working Group is responsible for the delivery of system improvements, training, mapping and integration to other systems and maintenance and inspection process improvements.

To support this framework the City has prepared and adopted a number of Asset Management documents, including

- Asset Management Policy;
- Asset Management Strategy;
- Detailed Asset Management Plans for discrete asset classes.
- Risk Management Plans for the critical assets

All documents will be updated through the life of the Sustainable Sydney 2030 Community Strategic Plan.

Figure 1.3 below shows the City's Asset Management framework.

The condition analysis, financial valuation and projections and maintenance and operation costs in the current plans are prepared using the best available data and will be improved as updated information becomes available. The embedding of the Corporate Asset Management System will assist in achieving that improvement.

The NSW Government's process of review of the performance and sustainability of local government, termed *Fit for the Future*, encompassed seven performance ratios used in determining a Council's financial "fitness" (sustainability) into the future. Amongst these indicators are ratios measuring asset renewal and

<sup>1</sup> Source "Planning a Sustainable Future" Planning and Reporting Manual for local government in NSW: Department of Local Government NSW

<sup>2</sup> Asset Management Strategy 2011-2021" City of Sydney ;pp. 64

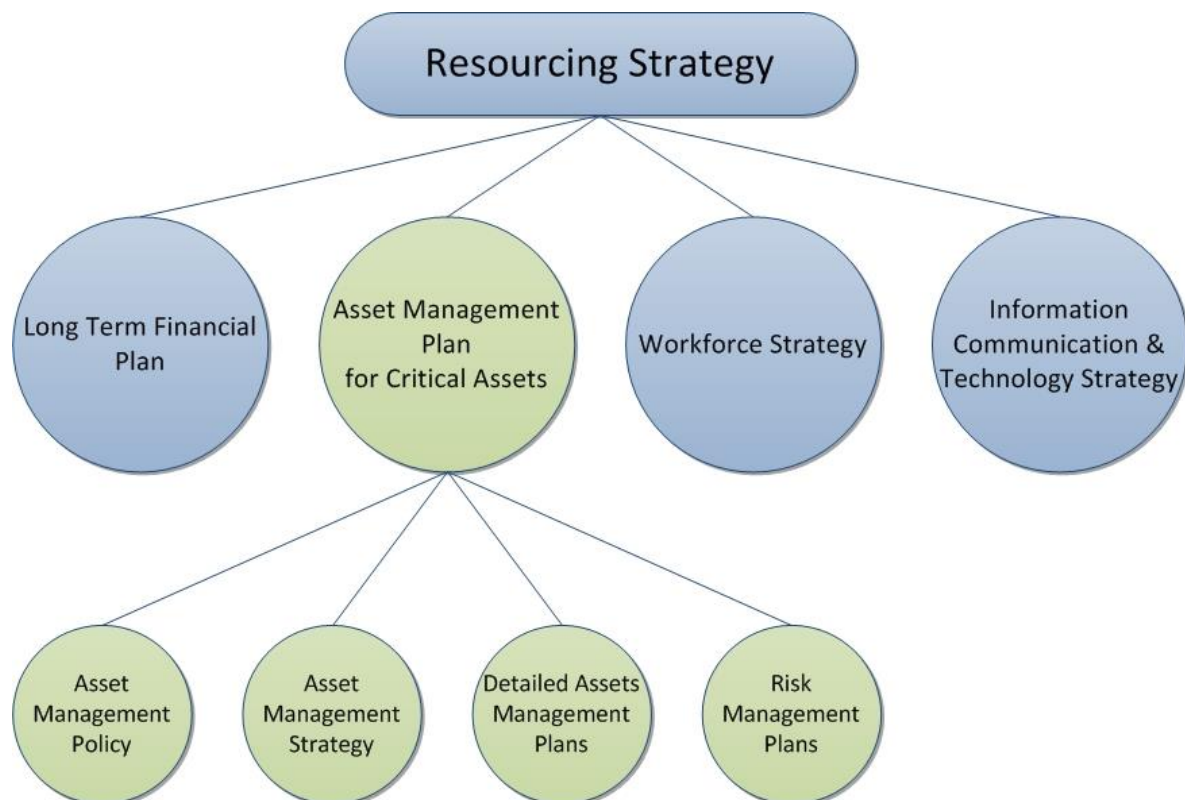
maintenance levels in future years, and also infrastructure “backlog”, defined loosely as “cost to bring to a satisfactory standard”.

The City was classified as Fit for the Future in the assessment delivered in early 2015.

Consistent with the requirements of the Office of Local Government performance measures, the information and modelling contained within this plan (and more broadly within the City’s Integrated Planning and Reporting documents) demonstrate that the City is managing its

infrastructure assets effectively and efficiently. Over the ten year window of this Plan, identified asset renewal and maintenance requirements are met, and the City’s ten year capital works program is set to address identified infrastructure “backlog” whilst providing new and upgraded infrastructure and facilities to meet growing community demand in the future.

**Figure 1.3 – City of Sydney Asset Management Framework**





# 2. Asset Management Policy

## 2.1 Policy

The policy objectives guide the City of Sydney to meet desired outcomes consistent with policy principles and meet strategic goals set out in Sustainable Sydney 2030, Integrated Planning and Reporting legislation and other strategic documents.

These policy objectives were advertised for public comment as part of the Resourcing Strategy 2016 documentation and adopted by Council in June 2016

The policy objectives are:

### 1. Provide infrastructure and services to sustain the City of Sydney communities that:

- Supports the quality of life and amenity, urban environment and cultural fabric appropriate to City;
- Adapts to emerging needs in sustainable transport;
- Facilitates the changes to infrastructure needed to cater for changing communities;
- Enhance the resilience of the City's infrastructure and community

### 2. Implement a life-cycle approach to the management of infrastructure and public assets where:

- Asset planning decisions are based on an evaluation of alternatives that consider the "whole of life" of an asset through acquisition, operation, maintenance, renewal and disposal;
- The asset management cycle considers the current and future environmental, economic, cultural and social outcomes.

### 3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:

- Establishing and monitoring levels of service for each asset class through the Community and Detailed Asset Management Plans;
- Identifying and monitoring individual and network risks to assets and service levels for each asset class;

### 4. Provide a sustainable funding model that provides assets aligned with the City's long term plans and community needs with a:

- Funded model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs and identifies how the funds will be sourced.

### 5. Develop and implement best value environmentally sustainable asset management practices that:

- Encourage a flexible and scenario based approach through systems and plans to allow for innovative use of assets, particularly in recycling and environmental initiatives.
- Acknowledge climate change adaptation and environmental protection and enhancement protocols are fundamental to sustainable asset management planning;
- Minimise energy and water use, waste generation and air quality impacts through our own initiatives and by working with stakeholders;
- Utilise low energy products, infrastructure materials and methods wherever possible;
- Incorporate sustainability criteria into infrastructure projects and procurement.

### 6. Provide reliable asset and infrastructure data through supported digital platforms demonstrated by the:

- Distribution of open sourced data for community use where appropriate;
- Implementation of sound data governance and data quality management;
- Access to systems and information by mobile technology wherever possible.

### 7. Implement an integrated decision support system that:

- Provides systems and knowledge necessary to achieve policy outcomes;
- Proactively interrogates and models data to support informed decisions;
- Minimise risk of corporate knowledge and data loss;

- Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools;
- Reduces data duplication.

**8. Ensure compliance with legislative requirements by:**

- Having clear policies, processes and information to ensure that organisational objectives and legislative requirements are met.

**9. Allocate Asset Management responsibilities where:**

- The roles and responsibilities of Council, Chief Executive Officer and Asset Managers are clearly identified.

The Asset Management Policy 2016 is shown at APPENDIX 1



Sydney Park wetlands - stormwater

# 3. Asset Management Strategy

## 3.1 Background

An asset management strategy provides a summary of how the resources available in the Resourcing Strategy will deliver Sustainable Sydney 2030 Community Strategic Plan and the Delivery Program.

This Strategy is a “living” document that helps to guide the activities and decision making of the organisation into the future. The initiatives are reviewed on a regular basis to ensure their relevance in a changing environment, and to also incorporate community feedback.

The City updated the Strategy in 2012 to ensure it supported the directions of Sustainable Sydney 2030 Community Strategic Plan and is consistent with the Integrated Planning and Reporting Framework.

## 3.2 Current Situation

The City has made significant advances in asset management and completed the majority of the initiatives in the implementation plan detailed in the 2012 strategy over the last few years, including:

- Development and adoption of an overarching asset management policy (see 2.1 above);
- Implementation of a asset management framework and governance structure;
- Identifying asset maintenance, renewal, upgrade and new costs in the Long Term Financial Plan projects;

- The progressive implementation of a corporate asset management system to consolidate asset data, valuation and operational information;
- The introduction of a mobile capability for managing inspection and maintenance of infrastructure;
- Completed a number of data collection projects aimed at improving the quality of the underlying base asset data for roads, stormwater drainage, trees, parks and open spaces, and buildings.

Key strategy themes were identified by the Asset Management Program Control Group which are;

- Data Governance
- Asset Management Culture
- Budget, Valuation, Financial Policy and Models
- Asset Creation and Handover
- Policy and Strategy Update
- Risk Management Plans
- Integrated Planning and Reporting
- Asset Management System Development

Action plans were developed for each of these themes.

Table 3.2.1 and 3.2.2 on the following pages show the current situation in relation to the City's critical and other assets including valuation information.



TABLE 3.2.1 – City of Sydney Critical Asset Categories (as at March 2017)

| Financial Category   | Asset Category | Asset Component                                | Dimensions and Units       | Financial Value (\$M)          |
|--|----------------|--|----------------------------|--------------------------------|
| Infrastructure:<br>Roads, Bridges,<br>Footpaths                              | Roads          | Roads  | 336 km                     | 932                            |
|  |                | -Road surface                                  | 15 km (separated cycleway) | (Incl. Cycleway)               |
|  |                | -Road base                                     |                            |                                |
|  |                | -Dedicated Cycleway                            |                            |                                |
|  |                | Footpaths                                      | 542 km                     | 405                            |
|  |                | Kerb and gutter                                | 628 km                     | 269                            |
|  |                | Bridges  | 39 bridges                 | 68                             |
|  |                | Traffic Facilities (medians, roundabouts etc.) | 2,174 items                | 24                             |
|  |                | <b>TOTAL</b>                                   |                            | <b>1,698</b>                   |
| Infrastructure:<br>Roads, Bridges,<br>Footpaths                              | Structures     | Bridges  |                            |                                |
|  |                | Steel/Conc./ Composite                         |                            |                                |
|  |                | Bridges  | 35                         | 68                             |
|  |                | Timber Bridges                                 | 4                          |                                |
|  |                | Cliff and Ret. Walls                           | 140                        | 7                              |
|  |                | Sea Walls                                      | 2 km                       | 10                             |
|  |                | Jetties/Pontoons                               | 6                          | 1                              |
|  |                | Steps/Stairs/Ramps                             | 94                         | 18                             |
|  |                | Fences   | 291                        | N/A                            |
|  |                | <b>TOTAL</b>                                   |                            | <b>104</b>                     |
| Infrastructure:<br>Stormwater<br>Drainage                                    | Stormwater     | Drainage                                       |                            |                                |
|  |                | -Stormwater Pipes                              | 175 km                     | 156                            |
|  |                | -Stormwater Pits                               | 12,273                     | 61                             |
|  |                | -Open channels                                 | 430 m                      | 4                              |
|  |                | -Box culverts                                  | 8,600 m                    | 40                             |
|  |                | Water Quality Improvement                      |                            |                                |
|  |                | -GPT (Gross Pollutant Traps)                   | 52                         | 1                              |
|  |                | -Rain Gardens                                  | 138                        | 1                              |
|  |                | <b>TOTAL</b>                                   |                            | <b>264</b>                     |
| Land<br>Improvements   | Parks          | Iconic   | 22                         | 223                            |
|  |                | Neighbourhood                                  | 36                         | 117                            |
|  |                | Pocket Parks                                   | 269                        | 70                             |
|  |                | Streetscape                                    | 651                        | 11                             |
|  |                | Traffic Treatment                              | 406                        | 7                              |
|  |                | Playgrounds (value contained in park types)    | 127                        | N/A                            |
|  |                | <b>TOTAL</b>                                   |                            | <b>428</b>                     |
| Other Structures<br>- Trees  | Trees          | Parks Trees                                    | 15,096                     | 29                             |
|  |                | Street trees (incl. bases)                     | 32,225                     | 60                             |
|  |                | Property Trees                                 | 551                        | 0 (included in Property value) |
|  |                | <b>TOTAL</b>                                   |                            | <b>89</b>                      |
| Buildings –<br>Specialised and<br>Non specialised<br>Investment<br>Buildings | Property       | Community Portfolio                            | 75                         |                                |
|  |                | Corporate Portfolio                            | 22                         |                                |
|  |                | Public Domain Portfolio                        | 74                         | 1,401                          |
|  |                | Investment/Strategic Portfolio                 | 54                         |                                |
|  |                | Sydney Town Hall                               | 1                          | 454                            |
|  |                | <b>TOTAL</b>                                   |                            | <b>1,855</b>                   |

**TABLE 3.2.2 – City of Sydney Other Asset Categories (as at March 2017)**

| Financial Category                 | Asset Category       | Asset Component                                    | Dimensions and Units | Financial Value (\$M) |
|------------------------------------|----------------------|--|----------------------|-----------------------|
| Other Structure – Poles and Lights | Public Lighting      | Smartpoles   | 2,232                | 71                    |
|                                    |                      | Council Lighting (poles, mounted lights)           | 3,917 poles          | 25                    |
|                                    |                      | Street Furniture                                   | 7,840 lights         |                       |
|                                    |                      | Ashtrays   | 32                   |                       |
|                                    |                      | Bins   | 826                  |                       |
|                                    |                      | Cycle Parking                                      | 1,538                |                       |
|                                    |                      | Information Stand                                  | 297                  | 10                    |
|                                    |                      | Kiosks (CoS owned)                                 | 54                   |                       |
|                                    |                      | Seats  | 1,242                |                       |
|                                    |                      | Shelters   | 579                  |                       |
|                                    |                      | Permanent Survey Marks (State registered)          | 2,900                | 3                     |
|                                    |                      | <b>TOTAL</b>                                       |                      | <b>109</b>            |
| Other Structures - Signs           | Signs                | Parking and Regulatory Sign Poles                  | 36,500               | 3                     |
|                                    |                      | Parking and Regulatory Signs                       | 63,500               | 7                     |
|                                    |                      | <b>TOTAL</b>                                       |                      | <b>10</b>             |
| Plant and Equipment                | Fleet                | Fleet – vehicles and major plant                   | 484                  | 32                    |
| Plant and Equipment                | Plant & Equipment    | Parking Meters                                     | 1,372                | 8                     |
|                                    |                      | Other Items e.g. security                          | N/A                  | 46                    |
|                                    |                      | <b>TOTAL</b>                                       |                      | <b>54</b>             |
| Other Assets - Library Books       | Library Resources    | Books and publications                             | N/A                  | 11                    |
| Other Assets - City Art            | City Art             | Public Art and sculptures                          | 245 items            | 39                    |
| Other Assets - Heritage Assets     | Town Hall Collection | Historical items, cultural artefacts               | 1,850 items          | 7                     |
| Office Equipment                   | Office Equipment     | Office fit out, Information Technology, desks etc. | N/A                  | 29                    |
|                                    |                      | <b>TOTAL</b>                                       |                      | <b>36</b>             |

**Note 1** - Some individual expenditure information is not available at this time due to inclusion in broader cost accounts. Part of the Asset Management Plan review process is to extract these individual costs and attribute them to the relevant asset categories. These updates will be included in future revisions of the Asset Management Plans.

**Note 2** - The areas where data is required are marked N/A – Not available

## Condition Ranking and Description

|              |  |
|--------------|--|
| 1            | • Very Good                                  |
| 2            | • Good                                       |
| 3            | • Fair                                       |
| 4            | • Poor                                       |
| 5            | • Very Poor                                  |
| Satisfactory | • % total of assets with 1,2, or 3 Condition |

**TABLE 3.2.3 – Asset Categories – Condition Assessments**

| Asset Category         | Asset Component                          | Average Condition Now # | Year of Condition Assessment | % of Assets Rated Satisfactory Now |
|------------------------|--|-------------------------|------------------------------|------------------------------------|
| Roads                  | Road Pavements                           | 1.9                     | 2016                         | 99                                 |
|                        | Footpaths                                | 2.7                     | 2016                         | 92                                 |
|                        | Kerb and gutter                          | 2.5                     | 2016                         | 98                                 |
|                        | Traffic Facilities                       | 2.0                     | 2015                         | 95                                 |
|                        | Steps and Ramps                          | 2.4                     | 2013                         | 87                                 |
| Structures             | Bridges                                  | 2.7                     | 2013                         | 90                                 |
|                        | Cliff & Retaining Walls                  | 2.1                     | 2014                         | 98                                 |
|                        | Foreshore Structures                     |                         |                              |                                    |
|                        | Sea walls                                | 2.5                     | 2014                         | 99                                 |
|                        | Jetties/Pontoons                         | 2.5                     | 2014                         | 99                                 |
| Stormwater             | Fences                                   | N/A                     | 2015                         | N/A                                |
|                        | Drainage – Pits – Sample area            | 1.4                     | 2015                         | 98                                 |
|                        | Drainage – Pipes – Sample area           | 2.2                     | 2015                         | 89                                 |
|                        | Gross Pollutant Traps                    | N/A                     | Sch. 2017                    | N/A                                |
| Parks                  | Iconic                                   | 2.45                    | 2016                         | 99                                 |
|                        | Neighbourhood                            | 2.3                     | 2016                         | 96                                 |
|                        | Pocket Parks                             | 2.4                     | 2016                         | 96                                 |
|                        | Streetscapes                             | 2.95                    | 2016                         | 99                                 |
|                        | Traffic Treatments                       | 3.0                     | 2016                         | N/A                                |
| Trees                  | Parks Trees (north)                      | 1.5                     | 2015                         | 98                                 |
|                        | Street trees (incl. bases)               | 1.8                     | 2016                         | 99                                 |
| Property (Buildings)   | Community Services                       |                         |                              |                                    |
|                        | Corporate Services                       |                         |                              |                                    |
|                        | Public Domain                            | 2.4                     | 2016                         | 96                                 |
|                        | Investment/Strategic<br>Sydney Town Hall |                         |                              |                                    |
| Lighting And Furniture | Smartpoles, Light poles                  | 2.0                     | 2009                         | N/A                                |
|                        | Mounted lights                           | 3.0                     | 2009                         | N/A                                |
|                        | Street Furniture                         |                         |                              |                                    |
|                        | Ashtrays                                 | 2.8                     | 2016                         | 91                                 |
|                        | Bins                                     | 2.7                     | 2016                         | 90                                 |
|                        | Cycle Parking                            | 2.5                     | 2016                         | 92                                 |
|                        | Information Stand                        | 2.6                     | 2016                         | 93                                 |
|                        | Kiosks (CoS owned)                       | 1.9                     | 2016                         | 99                                 |
|                        | Seats                                    | 2.6                     | 2016                         | 86                                 |
|                        | Shelters                                 | 2.1                     | 2016                         | 99                                 |
|                        | Permanent Survey Marks                   | 2.0                     | 2016                         | N/A                                |
|                        |  |                         |                              |                                    |
|                        |  |                         |                              |                                    |
| Plant & Equipment      | Fleet                                    | 2.1                     | 2015                         | 99                                 |

Note 1 – A comprehensive program of condition assessments for all of the City's assets is either underway or complete. Results will be updated in future revisions of the plan.

Note 2 – the areas where data is required are marked N/A – Not available



### 3.3. Current Asset Management Capacity and Maturity

The 2012 Strategy included a Maturity Assessment (gap analysis) of the City's capability benchmarked against the best practice industry standard National Asset Management System (NAMS) themes and criteria.

The Maturity Assessment was the basis of the 2012 implementation plan. The majority of the initiatives were completed but some items remain outstanding, mainly around cost analysis and service levels.

The Maturity Assessment was reviewed in 2014 and 2016. The review was completed by internal stakeholders and senior managers and considered current capability in the targeted themes.

The 2016 review is a key component of the review and update of the Asset Management Strategy.

The 2016 review and comparison showed:

- Improvement in strategic, policy, budget and report themes, these areas were clear priorities in the Asset Management Strategy and mandated by the Integrated Planning and Reporting legislation.
- Data and Systems have improved. The City has adopted a corporate solution and collected a lot of infrastructure data, but there is work to do to improve data quality.
- Asset management plans, data governance, costs analysis and service levels are identified as opportunities for improvement.
- The corporate asset management system is well established – supporting 289,000 assets and 350 registered users
- The corporate mobile application is the most efficient way to manage infrastructure assets - there are currently 80 active internal and contractor users.
- Overall maturity has improved with clearly identified opportunities in data quality and governance.

### 3.4. Asset Management Strategy Review – Key Objectives

The Asset Management Program Control Group has reviewed the 2012 Strategy, the maturity analysis and completed consultation with internal stakeholders to determine the priorities that will enable the City to meet the Sustainable Sydney 2030 objectives.

The reviewed asset management strategy will contain a snapshot of the current asset status, which is largely contained in the data and information in this Asset Management Plan.

The research and consultation clearly identified focus areas that were either below desired maturity or in need of consolidation and improvement. All the key strategy themes identified by the Asset Management Program Control Group are included in these more broad focus areas together with key asset related initiatives contained in other strategies like the Digital Strategy, Information and Technology Strategic Plan, Data Governance Framework, Climate Change Adaptation Plan, Environmental Strategy and the Serve Strategy.

The focus areas are:

1. Asset Management Governance
2. Asset Management Skills and Processes
3. Asset information and systems
4. Levels of service
5. Financial sustainability
6. Environmental sustainability asset management practices

TABLE 3.2.4 – Asset Strategy – Focus Areas

| <b>Asset Management Governance</b>   |  |
|--|--|
| Consistent and appropriate data and corporate governance processes are in place for all asset activities and classes   |  |
| <b>Key Outcomes</b>  |  |
| Improved Data Governance   | <ul style="list-style-type: none"> <li>• Documented and controlled data and processes</li> <li>• Embedded data responsibilities</li> <li>• Shared and consistent data language</li> <li>• Assured data quality</li> <li>• Use data wisely</li> </ul>   |
| Structured infrastructure Risk Management plans  | <ul style="list-style-type: none"> <li>• Manage risks at a network and/or individual asset level</li> <li>• Complement the Climate Change Adaptation Plan</li> <li>• Consistent with the City's risk management framework</li> </ul>   |
| Current and Relevant Policy and Strategy   | <ul style="list-style-type: none"> <li>• Asset management policy and strategy documents consistent with Sustainable Sydney 2030 and industry best practice</li> <li>• Embedded matrix of responsibility for assets</li> <li>• Adequate resources assigned to asset services</li> </ul>                         |
| Compliance with Integrated Planning and Reporting requirements   | <ul style="list-style-type: none"> <li>• Annual review and enhancement of Community asset management plan</li> <li>• Recognised framework for creating and reviewing detailed asset management plans</li> <li>• Validated lifecycle models for critical asset classes, including new infrastructure</li> </ul> |
| Digital service delivery designed around the user  | <ul style="list-style-type: none"> <li>• Deliver a mobile working experience to the City's workforce</li> </ul>  |
| <b>Priority Projects</b>   |  |
| <ul style="list-style-type: none"> <li>• In conjunction with Information System Unit to develop glossary, data definition and data flow charts</li> <li>• Review and update business and data governance and management processes</li> <li>• Adopt risk management plans for the Critical asset classes, including climate change adaptation, at a network level</li> <li>• Policy and Strategy reviewed on a 4 year cycle</li> <li>• Review and update Asset Management Plan process</li> <li>• Continue rollout of ConfirmConnect and WorkZone mobile platforms</li> </ul> |  |

## Asset Management Skills and Processes

The City's staff will have sufficient data and system knowledge, rigorous processes, clear communication and a culture committed to asset and service improvement

### Key Outcomes

#### Asset Management Culture

- Proactive and curious culture with people who understand asset management principles
- Capable asset managers who make informed decisions
- Appropriate tools to manage work culture change

#### Asset Creation and Handover

- Specific deliverable scope on all projects agreed by asset owner and deliverer
- Standard development and contract clauses in all asset creation projects
- Clear procedures for asset handover to owners including standard templates

#### Skills Development

- Educate all asset management staff to gain sufficient skills and processes to proactively manage asset activity

#### Effective Communication and On-line tools

- Asset management training, educational and user support resources available through digital platforms any time anywhere

### Priority Projects

- Develop on-line references and tools for asset managers
- Develop standard templates and processes for asset demolition and creation
- Communications strategy for asset management practices

| <b>Asset Information and Systems</b>   |  |
|--|--|
| The City will support service delivery through the provision of up to date asset information and integrated systems providing digital and mobile platforms   |  |
| <b>Key Outcomes</b>  |  |
| Integrated platforms   | <ul style="list-style-type: none"> <li>Asset data will be integrated with core corporate systems and available through digital platforms</li> </ul>  |
| Resourcing of System Support   | <ul style="list-style-type: none"> <li>Adequate resources are available to support the systems</li> </ul>  |
| Mobile First   | <ul style="list-style-type: none"> <li>Systems enable mobile solutions</li> </ul>  |
| Quality Data and Information   | <ul style="list-style-type: none"> <li>Asset data will be up to date and of acceptable quality</li> <li>Critical asset classes will be surveyed and updated on a regular and programmed basis</li> </ul>   |
| Long Term Strategy for System  | <ul style="list-style-type: none"> <li>System development will be guided by a adopted long term strategy</li> </ul>  |
| Best Practice Data modelling and Reporting   | <ul style="list-style-type: none"> <li>Critical assets are supported by best practice modelling solutions</li> <li>Key Users have solid analytical skills</li> <li>Reports enable monitoring of progress of asset performance and condition</li> </ul> |
| <b>Priority Projects</b>   |  |
| <ul style="list-style-type: none"> <li>Review and update of the roads, footways and kerb and gutter inventory and condition data</li> <li>Review and update of the stormwater drainage inventory and condition data incorporating CCTV analysis of pit and pipe capacity and structure</li> <li>Building and condition audit for relevant buildings</li> <li>Continue rollout of ConfirmConnect and WorkZone mobile platform</li> <li>Develop and enable advanced modelling within the corporate system</li> </ul> |  |



## Levels of Service

The City will measure the performance of all asset classes against agreed levels of service including intervention levels, inspection frequency and condition thresholds

### Key Outcomes

Agreed service levels for all asset classes, including

- Intervention levels
- Inspection frequency
- Condition thresholds

All costs associated with service delivery captured and understood, to allow for future service level options, including

- Operational costs
- Maintenance costs
- Service level options

Validated lifecycle models, determine inputs for

- Operational costs
- Maintenance costs
- Review methodologies for renewal programs based on condition models

Service levels of new and acquired infrastructure identified at inception, including

- Intervention levels
- Inspection frequency
- Condition thresholds

Environmental considerations included in all service level outcomes

### Priority Projects

- Development of service levels specific to individual asset classes including intervention levels, priority determination and inspection frequency
- Develop cost collection model and implement through mobile technology
- Develop processes to directly link the corporate asset management system to water, energy and waste consumption

## Financial Sustainability

The cost of infrastructure service delivery will be fully understood and incorporated into lifecycle modelling linked to the long term financial plan

### Key Outcomes

Full understanding of costs to deliver services to enable budget preparation

- Unit rates
- Resource utilisation
- Funding priority

Benchmarked asset operation and maintenance activities and costs

- Review industry standards
- Develop comparison data sets

Validate lifecycle models including

- Creation
- Operation
- Maintenance
- Renewal
- Disposal

Integrated asset operational and financial data

- Integrated asset valuation data
- Integrated requisition and purchase order processes

Asset Management Plans

- Lifecycle costs in all plans
- 10 year program linked to Long Term Financial Plan

Purpose specific tools for asset reporting

- Results against targets

### Priority Projects

- Strategy, processes and procedures to capture costs associated with infrastructure maintenance activities
- Embed renewal, upgrade and expansion components of capital projects within the Long Term Financial Plan
- Migrate asset financial and valuation data to the Corporate Asset Management System

## Environmentally Sustainable Asset Management Practices

Embed best practice environmental management practices into all aspects of infrastructure service delivery

### Key Outcomes

Climate change considerations as part of normal business

Cleaner stormwater solutions

- Consider raingardens in all design criteria
- Retrofit the stormwater network with Gross Pollutant Traps

Sustainable design guidelines

- Embed environmental guidelines in all renewal and upgrade projects
- Project management guidelines and processes to include environmental outcomes

Environmental considerations in Plant and Equipment

- Procurement of new or replacement plant and equipment includes environmental controls

Asset reporting to includes environmental outcomes

- Directly link building and infrastructure assets to utility reporting

### Priority Projects

- Embed environmental guidelines in all renewal and upgrade activity
- Develop processes to directly link the corporate asset management system to water, energy and waste consumption
- Develop processes to minimise the environmental impact of new or replacement plant and equipment

Full documentation of the strategy will be completed following adoption of the Resourcing Strategy 2017 and subject to any amendments included in that adoption.

# 4. Asset Management Plans

The City of Sydney is implementing asset management in a structured and consistent manner guided by the International Infrastructure Management Manual (IIMM) and the Institution of Public Works Engineers Australia utilising NAMS.PLUS3 which is the industry recognised template.

The Corporate Asset Management System provides a repository where the City can aggregate and assess improved data and the facility to produce better maintenance and operational histories.

The City is implementing Asset Management Plans in the following way:

1. **Community Asset Management Plan** being an overview of the asset management principles and fundamentals we are implementing across asset classes but also outlining the long term plans for assets critical to the City's operation.

The critical assets included in the plan are:

- Road Network
- Stormwater Drainage
- Parks and Trees
- Property

The plan identifies the standard Asset Management Plan elements the City is applying to infrastructure assets while at the same time not focusing on technical issues more suited to detailed planning.

2. **Detailed Asset Management Plans** for discrete asset categories that include detailed inventory information, condition assessments, service levels provided, funding requirements and future demand. The Detailed Asset Management Plans are not included in the Resourcing Strategy due to their technical complexity and volume.

The City of Sydney will prepare detailed asset management plans for all significant asset categories. The Table below shows the plans either completed or being developed:



| CATEGORY  | STATUS  |
|---|---|
| Fleet Services  | Completed – to be updated in 17/18                                    |
| Cleansing and Waste   | Completed – to be updated in 17/18                                    |
| Venue Management  | Completed – to be updated in 17/18                                    |
| Parking Services  | Completed – to be updated in 17/18                                    |
| Security and Emergency Management   | Completed – to be updated in 17/18                                    |
| Road Pavements  | Completed – to be updated in 2017                                     |
| Footways  | Completed – to be updated in 2017                                     |
| Kerb and Gutter   | Completed – to be updated in 2017                                     |
| Structures – includes Bridges, Steps/Stairs/Ramps, Cliffs/Retaining Walls, Sea Walls, Jetties, Pontoons | Completed – to be audited in 17/18 and updated 18/19                  |
| Traffic Facilities  | Completed to draft – data being utilised in works program development |
| Stormwater Drainage   | Completed to Draft – based on Critical asset class                    |
| Parks Services  | Completed to Draft – based on Critical asset class                    |
| Property Services   | Completed to Draft – based on Critical asset class                    |
| Fences  | Commenced – due for completion 18/19                                  |
| Water Quality Devices   | Commenced – data collection   |
| Aquatic Facilities  | Commenced – data collection and analysis                              |
| Street Trees  | Commenced – data collection and analysis                              |
| Public Lighting   | Commenced – data collection   |
| Street Furniture  | Commenced – data collection   |
| Permanent Survey Marks  | Commenced – data collection   |
| Public Art  | Commenced – data collection   |

Both the Community and Detailed Asset Management Plans are reviewed periodically to reflect the directions of Sustainable Sydney 2030 Community Strategic Plan.

# 5. Community Asset Management Plan

This section briefly describes the elements included in each of the critical asset categories of this Community Asset Management Plan.

## 5.1 Levels of Service

The City has defined service levels in two ways:

- Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, capacity, environmental impact, responsiveness, cost/efficiency and legislative compliance; and
- Operational or technical measures of performance developed to ensure that the minimum community levels of service are met. These technical measures relate to service criteria and are shown in the detailed Asset Management Plans.

Desired levels of service are obtained from various sources including the Customer Satisfaction surveys, residents' feedback to Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City has identified the review and update of service levels for specific asset classes as a key element of the ongoing asset management strategy.

The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans.

The City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections below and are derived from the best available condition data and analysis.

The minimum levels shown are subject to review following community feedback of these documents. The levels will be under constant review as part of the Asset Management Plan process.

## 5.2 Demand Management

Generally, the major factors affecting asset management provision and maintenance are population and

demographic changes, environmental factors, economic conditions and community expectations.

Factors affecting the demand for services in the City include:

- Population 205,000 in 2015 being an increase of 30% in the last 10 years;
- Projected population of 269,000 by 2031;
- Green Square to have 61,000 residents by 2030;
- 370,000 workforce commute to the City each day;
- 437,000 people work in the City each day;
- 4.25 million international visitors each year;
- 50% of residents 18-34 years old;
- 40% of households occupied by lone persons;
- 42.5% of households are couples without children or group households;
- 60% of City households have cars – Greater Sydney average 87% and
- 32.5% of residents use active transport (riding or walking)

Population growth in particular will see an increased demand for available open space, community facilities and also a need for new and emerging assets to meet user expectations.

Specifically, for the City, the largest impact on infrastructure will be the development of the Green Square Urban Renewal Project in the next 5 years, which covers approximately 280 hectares of land and the implementation of the Light Rail project for George Street. Both will require significant funding and provision of essential infrastructure and community facilities.

The handover of a number of assets from other Government Authorities is also anticipated in the next 6-12 months which will impact on service provision.

Demand for new services will be met through a combination of managing existing assets, upgrading of existing assets and providing new assets as required. New technologies will provide some opportunities to deliver better products with lower lifecycle costs.

Demand management opportunities are shown where identified.

## 5.3 Lifecycle Management

The lifecycle management details provide how the City plans to manage and operate assets while optimising costs management.

### 5.3.1 Asset Condition Assessment

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets. The task of rating all assets to the level of detail required to effectively manage them is significant and the City is continually updating and incorporating improved condition data.

Condition assessments are important because they:

- Identify assets or areas where maintenance or renewal is needed;
- Give information, through regular assessment, on the trend in deterioration of assets;
- Enable estimates of costs to restore to a reasonable level; and
- Help the City to plan future maintenance.

The adopted model is consistent with the International Infrastructure Management Manual, the Institute of Public Works Engineering Australia (IPWEA) NAMS.PLUS3 Asset Management Guidelines and the NSW Local Government Integrated Planning and Reporting Framework.

The general method to assess asset condition uses a five point scale and is applied across all infrastructure assets. The condition indexes are shown below.

**TABLE 5.3.1 – Asset Condition Assessment Criteria**

| Condition Index | Condition | Description                           |
|-----------------|-----------|---------------------------------------|
| 1               | Very Good | No work required (normal Maintenance) |
| 2               | Good      | Only minor maintenance required       |
| 3               | Fair      | Maintenance work required             |
| 4               | Poor      | Renewal required                      |
| 5               | Very Poor | Urgent renewal/upgrading required     |

Each infrastructure asset category has a specific description of the meaning of the condition index, this is detailed in the asset specific sections.

The City has commissioned a number of critical asset data collection projects to assist in the condition analysis. These include:

- Roads, footways and kerb and gutter inventory and condition assessment which is due to be updated in 2017;
- Stormwater drainage network (being pit, pipe and channel information) including size, capacity, dimensions, condition, update commenced in 2015 and will continue for the next 3 years. Includes CCTV analysis for all City owned pipes and pits;
- Parks inventory detailing park elements, condition and valuation, 90% of parks are complete. The validation of footway verges in conjunction with the roads footway and kerb audit continues; and
- Detailed building component data e.g. electrical components, structural components, roof details etc. These components are included in the financial valuations but work is continuing to fully implement into building operations and modelling. Independent review of the building components of 53 buildings, including inventory and conditions, is complete and is being analysed as a first step to better understanding building maintenance and renewal requirements.

The Corporate Asset Management System includes a comprehensive condition assessment module that has been configured using the 1-5 condition index scale.

As stated in section 5.1, the City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections below and are derived from the best available condition data and analysis.

### 5.3.2. Asset Valuations

A summary of the current replacement cost, written down value and Average Annual Asset Consumption amount for the Asset Category.

### 5.3.3. Risk Plan

The City of Sydney has developed a Risk Management Policy, Risk Assessment Methodology and Enterprise Risk Management System based on the identification of credible risks, measure of likelihood that it will occur and measures of consequence of the occurrence. The action required to manage those risks are assessed using Risk Rating Matrix and the Risk Categorisation.

Critical risks, being those assessed as 'Very High' – requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan - are summarised.

A project to review and update the high level risks associated with the critical asset classes has been undertaken.

The project has identified what element of the infrastructure, at a network level, is at risk and what can happen, possible causes, existing controls in place and risk treatment options and plans.

Table 5.3.3 shows a snapshot of the types of risk identified together with their causes and controls and rating.

The associated Risk Management Plan for Critical Assets will be reviewed and adopted in 2017. Future revisions of this and the detailed asset management plans will include detail of the risk treatment options, plans and timetable for completion.



**TABLE 5.3.3 –**  
**High level risks for critical assets - snapshot**

| Asset at Risk and what can happen                                     | Possible cause   | Existing controls   | Risk Rating |
|---|--|---|-------------|
| Road Transport Network throughout the CBD is not meeting requirements | <ul style="list-style-type: none"> <li>• Road capacity isn't adequate - insufficient corridor space</li> <li>• Public transport failure,</li> <li>• Competing priorities with road use,</li> <li>• Inadequate parking,</li> <li>• Parking impacts on public transport corridors</li> </ul>                 | <ul style="list-style-type: none"> <li>• Community surveys.</li> <li>• Sustainable Sydney 2030 Community Strategic Plan,</li> <li>• Cycling strategy,</li> <li>• Emergency traffic response,</li> <li>• Transport Planning,</li> <li>• Parking Policy,</li> <li>• Traffic Committee,</li> <li>• Advocacy</li> </ul> | Very High   |
| Stormwater System Capacity – flooding of property                     | <ul style="list-style-type: none"> <li>• Under capacity systems</li> </ul>   | <ul style="list-style-type: none"> <li>• Design Guidelines</li> <li>• Interim Floodplain Management Policy</li> <li>• Floodplain Risk Management Plans</li> </ul>   | High        |
| Parks – Provision of adequate areas of open space within the city     | <ul style="list-style-type: none"> <li>• City growth</li> <li>• Population growth</li> <li>• Increasing expectations</li> <li>• Sports field demand</li> <li>• Siting of utility infrastructure</li> <li>• Demand management, competing land uses</li> <li>• Climatic and environmental factors</li> </ul> | <ul style="list-style-type: none"> <li>• Planning controls</li> <li>• Event Planning</li> <li>• Urban renewal planning</li> <li>• Consultation</li> <li>• Resource allocation</li> </ul>  | High        |
| Buildings - potential issues that may lead to a building being unsafe | <ul style="list-style-type: none"> <li>• Fire safety, water treatment, entrapment (lifts), hazmat &amp; vandalism.</li> <li>• Flooding</li> <li>• Structural integrity</li> <li>• Inadequate maintenance</li> </ul>  | <ul style="list-style-type: none"> <li>• Inspections</li> <li>• Contract management</li> <li>• Condition reports prepared</li> <li>• Community feedback</li> <li>• Planned maintenance programs</li> </ul>  | High        |

### **5.3.4. Maintenance, Renewal and Upgrade Plans and Costs**

To assess the lifecycle costs of managing the assets it is necessary to understand the plans for and expenditure incurred to maintain those assets. A summary of the expenditure trends is shown for each category of asset.

#### **5.3.4.1. Operational Costs**

Recurrent expenditure which is continuously required to operate and manage assets e.g. management staff, on-costs.

#### **5.3.4.2. Maintenance Costs**

Maintenance is defined as repairs to assets to ensure they reach their full or expected life and include reactive, planned and preventative maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned or preventative maintenance is repair work that is identified through various means including inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

#### **5.3.4.3. Renewal or Replacement Costs**

Renewal or Replacement expenditure is major work that does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential or condition.

Work over and above restoring an asset to original service potential comprises upgrade/expansion or new works expenditure (see below)

#### **5.3.4.4. Expansion (New) Assets and Upgrade Costs**

New or expansion works are those works that create a new asset that did not previously exist. Upgrade works improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs and community requirements or requests. Assets may also be acquired at no cost to the City from land development.

New assets will commit the City to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. The City will increase annual maintenance budgets to ensure

sufficient maintenance funds over the life cycle of all newly created assets.

There is a risk that the significant transfer of assets will impact on the provision of future works.

#### **5.3.4.5. Disposal Costs**

Disposal costs include any activity associated with disposal of a decommissioned asset, including sale, demolition or relocation.

Cash flow projections from asset disposals will be developed in future revisions of this Asset Management Plan and the Long Term Financial Plan

## **5.4. Financial Summary**

The summary contains the financial requirements resulting from all the information presented in the previous sections of the Asset Management Plan. These projections will be refined as updated information becomes available.

### **5.4.1. Financial Projections and Sustainability**

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by the asset category. They are long-term life cycle costs based on historical trends and medium term costs over the 10 year financial planning period.

### **5.4.2. Life Cycle Costs**

Whole of Life costs are the costs that contribute to the overall cost of providing the asset from design, acquisition, construction, maintenance and demolition or disposal phases.

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset after the asset has been commissioned. These include the ongoing operational and maintenance costs and asset consumption (depreciation expense). This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

Each critical asset section below contains a dedicated example of how the Asset Consumption Costs are calculated. The general methodology is

- **Asset Consumption Costs** = Required Operational Costs + Required Maintenance Costs + Average Annual Asset Consumption
- **Average Annual Asset Consumption** = Replacement Value of the Asset / Expected Life of the Asset (how long will it last)

Example of Average Annual Asset Consumption:

- To replace a section of road costs \$50,000. When replaced the road section will last 20 years. The Average Annual Asset Consumption is therefore  $\$50,000/20 = \$2,500$  per annum (based on straight line consumption)

#### **Estimated Operational, Maintenance, Renewal and Replacement Costs**

- The amount that the City is currently spending or budget to renew or replace an asset, including the planned ongoing operational and maintenance expenses and planned capital renewal or replacement expenditure.

#### **Sustainability Index**

Ratio of the Estimated Operational, Maintenance, Renewal and Replacement Costs over the Asset Consumption Costs to give an indicator of sustainability in the asset's service provision. Planned or replacement expenditure will vary depending on the timing of the renewal project and is often incorporated into projects upgrading the asset.

A Sustainability Index in excess of 0.9 (90%) over a ten year period is generally considered sustainable using industry benchmarks.

The Fit for Future Building and Infrastructure Asset Renewal Ratio benchmark is set as in excess of 1.0 (100%).

Any difference between Asset Consumption Costs and Estimated Renewal or Replacement Costs provide a guide as to whether funding for the asset renewal matches the theoretical estimate of the consumption or decay of the asset.

Updated data and modelling will be included in future revisions of the Community and the detailed Asset Management Plans.

$$\text{Sustainability Index} = \frac{\text{Estimated Operational, Maintenance, Renewal and Replacement Costs}}{\text{Asset Consumption Costs}}$$

## 6. Critical Assets

Critical Assets are defined as those for which financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation.

The critical assets included in the Community Asset Management Plan are:

- Road Network – including carriageways, footpaths, kerb and gutter, cycleways, bridges (pedestrian and vehicular);
- Stormwater Drainage – including pits, pipes, culverts, open channels, stormwater quality improvement devices;
- Parks and Trees – including parks improvements, turf, garden beds, parks and street trees, water recycling and reuse systems, water features, habitat corridors and trees within Council properties;
- Property – including corporate, community, investment/strategic, public domain buildings and the Sydney Town Hall.

The City understands that some asset categories not included in the Community Asset Management Plan could be considered critical by interested parties.

The critical asset categories identified account for approximately 90 per cent of all asset value (excluding land). Future revisions of the Community Asset Management Plan and/or the individual Detailed Asset Management Plans may include all assets.

Sections 7 to 10 below show summary information for the critical asset classes. The City has utilised the Asset Management Framework, the NAMS.PLUS3 methodology and the best available data to prepare this summary information.

The Detailed Asset Management Plans will continue to be refined, particularly as updated information becomes available through the completion of data collection or update projects.



# 7. Road Network

## 7.1 Background

The City provides a road network in partnership with the Roads and Maritime Services and neighbouring Councils to enable safe and efficient pedestrian and vehicular movements.

A significant proportion of the City's road network assets have been in existence for many years. These assets have originated from a combination of Council construction as well as from development activity within the area.

The road network assets assessed in this Plan include:

- Road Pavements (including cycleways);
- Footpaths;
- Kerb and Gutters;
- Bridges for both pedestrians and road users

In this plan cycleways are included in the road pavement or carriageway. Future revisions will separate cycleways from roads as the data becomes available and the cycle network is completed.

For the purposes of the Community Asset Management Plan, bridge information, valuation and modelling have been included as it forms a critical part of the road and footpath network. However, an individual Detailed Asset Management Plans for structures, which includes bridges, cliffs and retaining walls are being prepared because of the different maintenance and renewal requirements for bridges by comparison to roads and footpaths.

The Table below shows the road network assets detailed in the Community Asset Management Plan, together with some associated infrastructure for reference purposes.

Please note that an additional 3km of road carriageway and 6km of footpaths and kerb and gutter has been added to the network in the last 5 years through a combination of redevelopment of existing sites and handover of assets from other Government Authorities.

Further handover is proposed in the next 6-12 months which will further add to the network and impact on service provision.

**TABLE 7.1 – Road and Structures Assets**

| Asset Category                              | Dimensions/<br>Quantity   | Replacement<br>Value (\$M) |
|---|---|----------------------------|
| <b>ROADS</b>                                |   |                            |
| Road Pavements                              | 336 km (length)<br>– Includes 15<br>km of separated<br>cycleway | 932                        |
| Footpaths                                   | 542 km (length)   | 405                        |
| Kerb and gutters                            | 628 km  | 269                        |
| <b>Traffic Facilities</b>                   |   |                            |
| Roundabouts                                 | 55  | 1.8                        |
| Speed Humps                                 | 430   | 0.3                        |
| Thresholds                                  | 149   | 2.3                        |
| Medians                                     | 188   | 0.2                        |
| Traffic Islands                             | 1,352   | 15.6                       |
|   | <b>TOTAL</b>  | <b>1,626</b>               |
| <b>STRUCTURES</b>                           |   |                            |
| Bridges                                     |   |                            |
| Steel/Conc./                                |   |                            |
| Composite Bridges                           | 35  | 68                         |
| Timber Bridges                              | 4   |                            |
| Cliff and Ret. Walls                        | 140   | 7                          |
| Sea Walls                                   | 2 km  | 10                         |
| Jetties/Pontoons                            | 6   | 1                          |
| Steps/Stairs/Ramps                          | 94  | 18                         |
| Fences                                      | 291   | N/A                        |
|   | <b>TOTAL</b>  | <b>104</b>                 |
| <b>STREET FURNITURE</b>                     |   |                            |
| Smartpoles                                  | 2,232   | 71                         |
| Council Lighting (poles,<br>mounted lights) | 3,917 poles<br>7,840 lights                                     | 25                         |
| Street Furniture                            |   |                            |
| Ashtrays                                    | 32  |                            |
| Bins  | 826   |                            |
| Cycle Parking                               | 1,538   |                            |
| Information Stand                           | 297   | 10                         |
| Kiosks (CoS owned)                          | 54  |                            |
| Seats                                       | 1,242   |                            |
| Shelters                                    | 579   |                            |
| Permanent Survey<br>Marks                   | 2,900   | 3                          |
|   | <b>TOTAL</b>  | <b>109</b>                 |

## 7.2. Levels of Service

### 7.2.1. Current Levels of Service

| COMMUNITY LEVELS OF SERVICE |  |                                  |  |   |
|-----------------------------|--|----------------------------------|--|---|
| Key Performance Category    | Service Objective  | Performance Measure Process      | Performance Target   | Current Performance   |
| Quality                     | Road surface, footpaths and kerb and guttering provides smooth surface/ride appropriate to location, function and road type and speed limits | Customer/ community satisfaction | 75% satisfaction level in community survey (Roads and Footpaths)               | Achieved – greater than 75% satisfied in last Community Survey (Roads and Footpaths)  |
| Function                    | Assets meet user requirements for access and movement  | Customer/ community satisfaction | 75% satisfaction level in community survey (Roads and Footpaths)               | Achieved – greater than 75% satisfied in last Community Survey (Roads and Footpaths)  |
| Safety                      | Assets are free from hazards and significant deficiencies  | Issues/defects identified        | Number of road pavement issues/ defects reduced from previous year (CAMS data) | Road requests <ul style="list-style-type: none"> <li>• 1271 in 2013/14</li> <li>• 1206 in 2014/15</li> <li>• 1030 in 2015/16</li> </ul> Footpath requests <ul style="list-style-type: none"> <li>• 4195 in 2013/14</li> <li>• 3826 in 2014/15</li> <li>• 3656 in 2015/16</li> </ul> Kerb and Gutter requests <ul style="list-style-type: none"> <li>• 950 in 2013/14</li> <li>• 673 in 2014/15</li> <li>• 380 in 2015/16</li> </ul> |

NOTE – The request trend is not reducing however, the improved inspection regime and recording through the corporate asset management system (CAMS) for reactive and proactive maintenance program has resulted in more inspections and items logged. Improvement should be observed in future when all activity is monitored in CAMS.

### 7.3. Lifecycle Management

The roads infrastructure in the City of Sydney is well established and not subject to significant growth, except in urban renewal areas. Most roads, footpaths and kerb and gutter structures have been in place for up to 100 years and therefore have been renewed a number of

times. A complete survey of inventory and condition of the road, footpath and kerb and gutter network was completed in 2011 and the data has been updated for work completed through 2015/16 financial year. A bridges inventory and condition survey is complete and is included in the Structures Asset Management Plan.

#### 7.3.1. Asset Condition

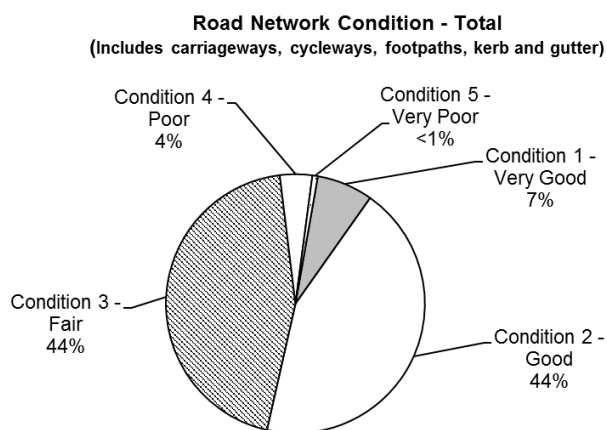
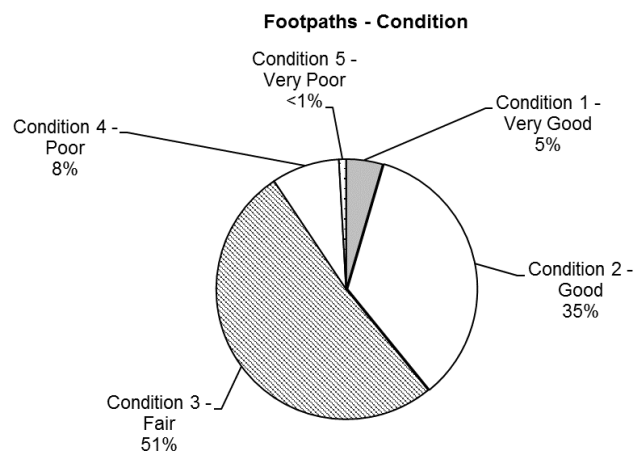
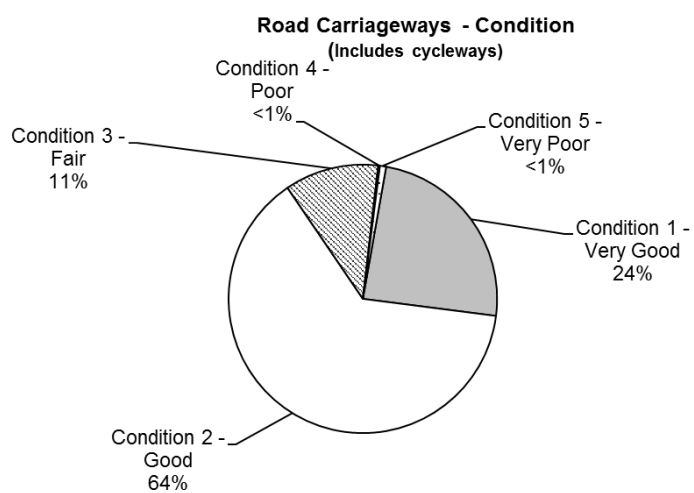
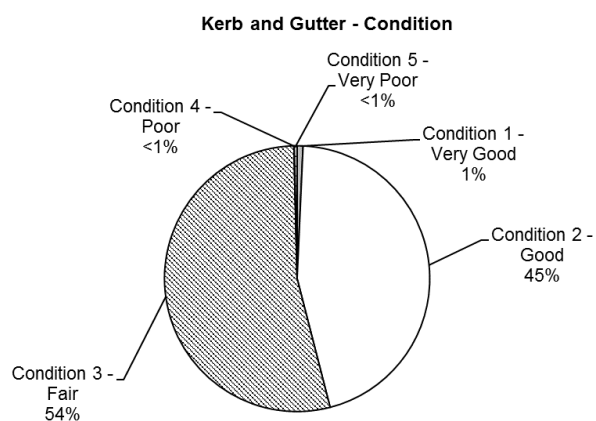
| Condition Index | Condition | Description  | Residual or Remaining Life Estimate |
|-----------------|-----------|--|-------------------------------------|
| 1               | Very Good | No work required (normal maintenance)  | 85-100%                             |
| 2               | Good      | Some surface/pavement structure deterioration – patching only required (only minor maintenance required) | 55-85%                              |
| 3               | Fair      | Significant surface/pavement structure deterioration – maintenance work required                         | 25-55%                              |
| 4               | Poor      | Deterioration materially affecting surface/pavement structure (renewal required)                         | 5-25%                               |
| 5               | Very Poor | Surface/pavement close to or unserviceable (urgent renewal required)                                     | 0-5%                                |

The pie charts on the following page provides an indication of the current condition of the Road Network assets.

The data from the inventory and condition survey, updated for works completed since the survey, forms the basis for the condition charts shown. The road carriageway survey has been updated and will be the basis of the condition chart in future revisions of the plan. The footpath and kerb and gutter condition survey will be completed in 2017. Updated conditions will be included in revisions of the Community and Detailed Asset Management Plans. The City is confident that the condition information shown is reflective of the state of

road infrastructure and will not change appreciably in the revisions.

The charts are based on a reviewed replacement cost per square metre (roads and footways) or length (kerbs) contained in the detailed asset conditions, because this is a more balanced methodology reflecting proportionate cost implications for the City. Previous plans have used area for Roads Carriageways and Footpaths and length for Kerb and Gutter. Analysis indicates that the condition ratings are not appreciably different between the two methods. The Road Network Total is a combination of the three categories, road carriageways, footpaths and kerb and gutter.

**CHART 7.3.1 – Road Network Condition****Road Network Average Condition 2.5****CHART 7.3.3 – Footpath Network Condition****Footpaths Average Condition 2.7****CHART 7.3.2 – Road Carriageway Condition****Road Carriageway Average Condition 1.9****CHART 7.3.4 – Kerb and Gutter Network Condition****Kerb and Gutter Average Condition 2.5**





Condition 1 – Very Good



Condition 5 – Very Poor

The photographs above give an indication of what the condition ratings mean in a real world situation.

Any road carriageway, footpath or kerb and gutter asset rated a condition 4 or 5 has been or is under investigation and, subject to final assessment, will be included in the works program in the next 1-2 years. The condition graphs show that <5% of the road network falls within categories 4 or 5.

The condition assessment values of kerb and gutter was reviewed across the asset class in relation to the appearance versus the serviceability and performance. The age and weathered appearance of heritage assets like trachyte, granite and sandstone kerbs can give a misleading impression of their functionality and can lower condition indexes. The review identified that the trachyte and sandstone kerbs were consistently rated at a lower level than their functionality warranted in the original survey, the condition values have been adjusted accordingly. The update of the inventory and condition data in 2017 will take into account these changes and incorporate a methodology to allow for more accurate condition assessments.

Chart 7.3.4 above reflects the preliminary analysis of the actual condition of the kerb and gutter assets in the City. Future revisions of this plan and the detailed asset management plan will reflect the updated inventory and condition assessments.

### 7.3.2. Minimum Road Network Condition

Part of the requirements of the Integrated Planning and Reporting legislation is to determine asset levels of service that are acceptable to the community.

The analysis of the inventory and condition survey has indicated that the road network is generally maintained in a satisfactory manner, but has also allowed the City to identify where improvement to service levels or more detailed analysis is required.

The relative importance to the community and the wider visitor population of the roads and footpaths of the City

Centre and the main streets in the Village Groups has been clearly identified. The City should offer a better level of service in these areas to reflect their important function to the community.

To meet this requirement for the road network the City has been divided into two categories being:

- City Centre and Village Groups, and
- The remainder of the City

The extent of the City Centre and Village Group area is shown at **APPENDIX 2** by the plan titled *City Centre and Village Groups – High Focus Roads*.

The City is reviewing this reviewing this methodology to focus more on important regional, CBD and village roads across the local government area. This methodology will be informed by the current road carriageway, footpath and kerb and gutter data collection projects and be included in future revisions of this plan

The Table below shows the existing asset condition for the two areas together with minimum condition level that the City currently considers is appropriate.

An estimate of a cost to bring the road assets to the agreed level of service set by Council is shown based on the value of the categories. This is generally the cost to renew condition 4 and 5 assets.

Please note that the cost estimate does not include any allowance for upgrade or expansion of those assets; it is purely renewal.

The update of the roads, footpaths and kerb and gutter inventory and condition survey in 2017 will include a methodology to more heavily weight City Centre and Village Groups in the subsequent analysis.

We will also review the minimum condition targets shown in the Table 7.3.2 to align with a renewal intervention level for road assets of condition 4 and a desire to have no assets in condition 5 and a maximum of 3% in condition 4.

**TABLE 7.3.2 – MINIMUM CONDITION INDEX – ROAD NETWORK**

|   | Condition Now | Minimum Condition | Estimated Cost to bring to the agreed level of service set by Council (\$M) |
|---|---------------|-------------------|---|
| Total Area (Including CBD and Village Groups) |               |                   |   |
| Regional Road Surface                         | 1.9           | 2                 | 0.8   |
| Local Road Surface                            |               | 3.0               |   |
|   |               |                   |   |
| Footway                                       | 2.7           | 2.5               | 12.7  |
| Kerb and Gutter                               | 2.5           | 3.0               | 0.5   |
| CBD and Village Group                         |               |                   | Included in above   |
| Road Surface                                  | 2.1           | 2                 |   |
| Footway                                       | 2.4           | 2.2               |   |
| Kerb and Gutter                               | 2.6           | 3.0               |   |

NOTE: 1 the condition assessment values for kerb and gutter and the minimum average condition is under review in relation to appearance versus serviceability as stated in Section 7.3.1

NOTE 2: a general review of the minimum average condition targets will be conducted in conjunction with the update of the inventory and condition data in 2017

NOTE 3: the average condition of the CBD and Village Group has been severely impacted by the works associated with the Light Rail project and have moved from 2.1 last year to 2.5 this year. Road renewal in the CBD area will be increased when the Light Rail project is completed.

### 7.3.3. Asset Valuations

|         | Current Replacement Cost (\$M) | Written Down Value (\$M) | Average Annual Asset Consumption (\$M) |
|---------|--------------------------------|--------------------------|--|
| Roads   | 1,607                          | 1,036                    | 19.0                                   |
| Bridges | 68                             | 24                       | 0.7                                    |

NOTE – a review of expected useful life and remaining useful life for roads assets was completed in 2014/15 which determined the current average annual asset consumption.

## 7.4. Maintenance, Renewal and Upgrade Plans

### 7.4.1. Renewal Plan

The City publishes a ten year Capital Works Program (as part of its Long Term Financial Plan) incorporating asset renewal programs as contained within the Detailed Asset Management Plans. The prioritisation of works within that program will be reviewed once more detailed analysis of condition data is undertaken.

### 7.4.2. New Assets and Upgrade Plan

It is anticipated that ownership of a number of roads will be transferred to the City from the Sydney Harbour Foreshore Authority (SHFA) within the next ten years. Negotiations relating to the terms of any such transfers

are ongoing, but it is expected that whilst already constructed and operational, ongoing maintenance requirements of these assets will add to the City's commitments.

The Green Square Urban Renewal is expected to create additional infrastructure in the order of 150,000 square metres of road and footway and 16km of kerb and gutter.

### 7.4.3. Disposal Plan

There are no immediate or medium term plans to dispose of existing road assets.

**TABLE 7.4.3 - Maintenance/Renewal/Upgrade/Expansion Expenditure Trends**

| Year           | Operational/<br>Maintenance<br>Expenditure (\$,000) | Renewal/<br>Replacement<br>Expenditure<br>(\$,000) | Upgrade<br>Expenditure<br>(\$,000) | Expansion<br>Expenditure<br>(\$,000) |
|----------------|---|--|------------------------------------|--------------------------------------|
| 2011/12        | 10,919  | 22,421   | 15,255                             | 1,156                                |
| 2012/13        | 7,666   | 25,211   | 17,667                             | 1,309                                |
| 2013/14        | 8,439   | 25,383   | 11,962                             | 8,996                                |
| 2014/15        | 9,130   | 23,164   | 26,615                             | 22,329                               |
| 2015/16        | 8,968   | 14,890   | 13,866                             | 12,380                               |
| <b>AVERAGE</b> | <b>9,025</b>  | <b>22,214</b>                                      | <b>17,073</b>                      | <b>9,234</b>                         |

Note1: the increased expenditure in upgrade and expansion in the last 2-3 years is due to the ongoing roll out of the City's cycleway network

Note 2: the lower renewal amount for 15/16 reflects the increased focus on the George Street light rail project.

## 7.5. Financial Summary, Projections and Sustainability

### 7.5.1. Asset Consumption Costs for Road Network

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset after the asset is commissioned. This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

- Asset Consumption Costs = Required Operational Costs + Required Maintenance Costs + Average Annual Asset Consumption
- Average Annual Asset Consumption = Replacement Value of the Asset / Expected (Total) Life of the Asset (how long will it last)

Road, footpath and kerb and gutter data is collected on a section by section basis and the Average Annual Asset Consumption is also calculated on that section by section basis.

Each section is then aggregated to give a Total Average Annual Asset Consumption for that asset class.

For the purposes of this plan the Road Network is modelled as a whole.

The Table below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 7.5.1 – Example Road Asset Annual Average Asset Consumption – Indicative values only**

| Street Name   | From        | To           | Asset Type           | Replacement Value | Expected Life (years) | Average Annual Asset Consumption |
|---------------|-------------|--------------|----------------------|-------------------|-----------------------|----------------------------------|
| George Street | Bathurst St | Liverpool St | Granite Kerb         | \$50,000          | 100                   | \$500                            |
| George Street | Bathurst St | Liverpool St | Asphalt Footpath     | \$125,000         | 30                    | \$4,167                          |
| George Street | Bathurst St | Liverpool St | Asphalt road surface | \$80,000          | 20                    | \$4,000                          |
|               |             |              |                      |                   | Total                 | \$8,667                          |





### 7.5.2. Long term - Life Cycle Cost based on Current Expenditure

Table 7.5.2 below shows the current sustainability as projected using the average of the last 5 years estimated costs. This is the basis for the calculation of the long term cost that the City will need to fund for the life of the asset.

**TABLE 7.5.2 – Sustainability - Current**

| Asset Consumption Costs (\$,000) | Renewal or Replacement Costs (5 year Average) (\$,000) | Difference (\$,000) |
|----------------------------------|--|---------------------|
| What we should be spending       | What we are spending                                   |                     |
| 28,748                           | 31,238   | +2,491              |

The City has identified the need to increase the maintenance and renewal activities for bridges and has included increased funding for this activity in the Long Term Financial Plan.

The City has completed a detailed inventory and condition assessment of all bridges leading to an improvement program and budget allocation, which is included in the Structures Detailed Asset Management Plan.

The data used for the preparation of the roads financial models is the best available and has been derived from

analysis of the 2011 inventory and condition assessment data, updated for work completed through 2015/16 financial year, and the review of the kerb and gutter condition ratings. Valuations are based on fair value replacement costs.

The roads data includes materials, quantities, kerb and footpath alignments, condition assessments based on the 1-5 scale and life expectancy predictions. The data has been loaded into the City's corporate asset management system to assist in lifecycle predictions both in cost and use analysis.

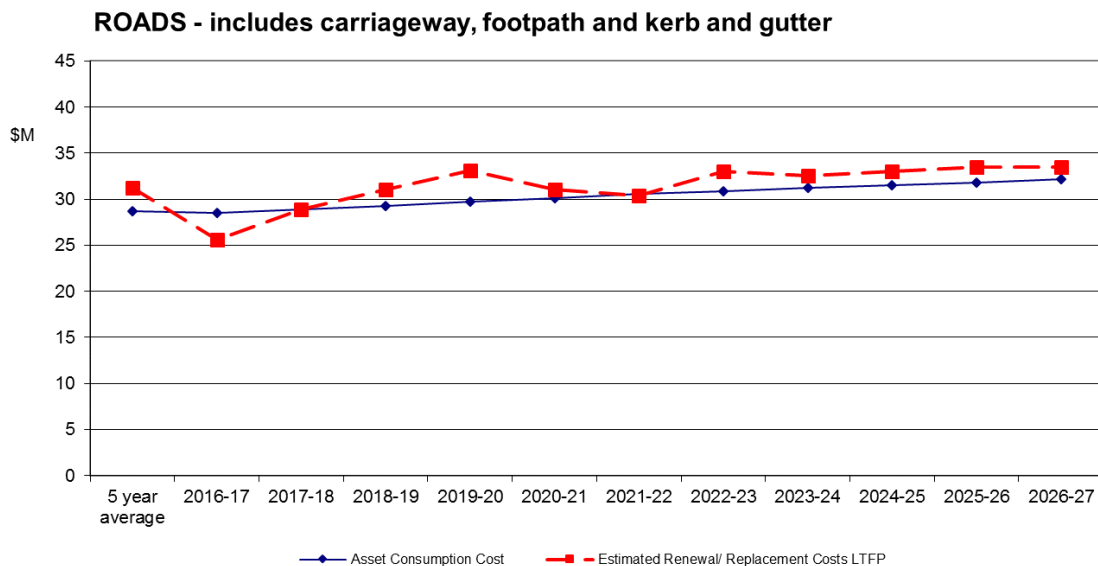
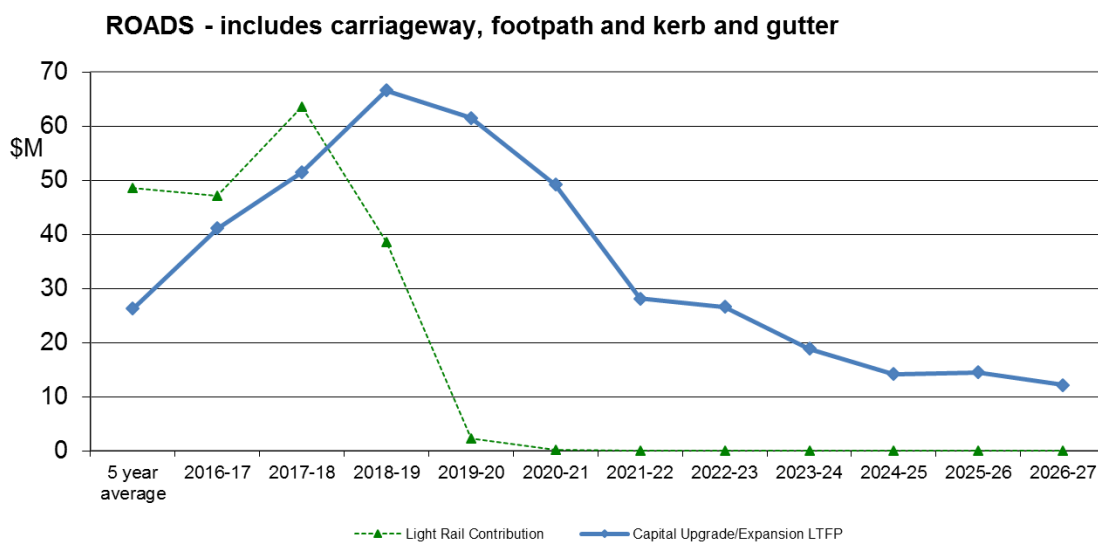
Updated data and modelling will be included in future revisions of this and the detailed asset management plan for roads.

### 7.5.3. Medium term – 10 year financial planning period

The charts on the following page show the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan (Estimated Operational, Maintenance and Renewal or Replacement Costs). The proposed Upgrade and Expansion Expenditure is as shown in the current Long Term Financial Plan.

The chart indicates that the City is allocating sufficient funding to provide for the maintenance and renewal of the roads infrastructure. The modelling will be updated in future revisions and the detailed asset management plan for roads.

The spikes in the upgrade and expansion chart are due to the implementation of the Green Square redevelopment project.

**CHART 7.5.2 – Long Term Financial Plan – Maintenance, Renewal and Replacement****CHART 7.5.3 – Long Term Financial Plan – Upgrade/Expansion**



The Table below is an estimate of the Average Asset Consumption Costs and the Estimated Operational, Maintenance, Renewal and Replacement Costs, and the Sustainability Index 10 year projection. The estimate indicates that the City has budgeted to renew the roads assets at a sustainable rate over the next 10 years and is managing the assets effectively and addressing the maintenance and renewal requirements consistent with the Office of Local Government performance measures.

It is important to note that the \$220 million City Transformation – Light Rail project is not included in the calculations due to complex relationship with other authorities and the distribution of asset costs.

**TABLE 7.5.3 – Sustainability – 10 Year Projection**

| Average Asset Consumption Costs 10 Year Projection (\$,000) | Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000) | Difference (\$,000) | Sustainability Index 10 Year Projection                             |
|---|---|---------------------|---|
| What we should be spending                                  | What we are proposing to spend  |                     | <u>What we are proposing to spend</u><br>What we should be spending |
| 30,436  | 31,407  | -970                | 1.03  |



# 8. Stormwater Drainage Network

## 8.1. Background

The City of Sydney operates an extensive stormwater drainage network that is connected to Sydney Water and other statutory authority infrastructure. The network has been in place in some areas for more than 100 years.

When a large part of the City Centre was developed, the stormwater drainage network was developed by Sydney Water and the City of Sydney. Typically, in suburban areas, Sydney Water would operate the large canals or trunk lines into which local stormwater would flow. However, within the City area, both large and small stormwater infrastructure is spread between the organisations.

Some 80% of the stormwater network is owned by the City with about 15% owned by Sydney Water and the remainder by other authorities.

This is a unique situation that leads to issues surrounding ownership and responsibility for network assets.

The City collected detailed data about the stormwater drainage network in 2011 to enhance the development of a comprehensive flood study and infrastructure planning.

The dimensions shown in the table below are based on the analysis of that data collection process.

Valuation information was updated in 2012 to reflect the more accurate information available through the data collection.

The valuation process to more accurately reflect the City's drainage asset base will be updated in future revisions of the plan as better information, particularly relating to ownership of pipes and pits, becomes available.

A program is in place to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of the City owned pipes and pits and is scheduled to begin in March 2017. The program will be conducted on a priority area basis and is expected to take a number of years to fully complete, preliminary analysis of completed areas is included in this document.

The valuation amounts shown in the Table below are based on a "fair value" approach (replacement value) for drainage assets, as reflected in the preliminary analysis of the survey.



Sydney Park Wetlands

**TABLE 8.1 – Drainage Network Assets**

| Asset Category                               | Dimensions/<br>Quantity | Replacement<br>Value<br>(\$M) |
|--|-------------------------|-------------------------------|
| Stormwater Pipes                             | 175 Km                  | 156                           |
| Stormwater Pits                              | 12,273                  | 61                            |
| Open channels                                | 430 metres              | 4                             |
| Box culverts                                 | 8,550 metres            | 40                            |
| Stormwater Quality<br>Improvement<br>Devices |                         |                               |
| - Gross<br>Pollutant<br>Traps                | 52                      | 1                             |
| - Raingardens                                | 138                     | 1                             |
| <b>TOTAL</b>                                 |                         | <b>264</b>                    |



## 8.2. Levels of Service

### 8.2.1. Current Levels of Service - Stormwater

| COMMUNITY LEVELS OF SERVICE |  |   |  |  |
|-----------------------------|--|---|--|--|
| Key Performance Category    | Service Objective  | Performance Measure Process   | Performance Target   | Current Performance  |
| Quality                     | To service the needs of the community and Council to an appropriate standard (i.e. minimise local flooding and ponding). | Yearly total of customer service requests and letters   | Maintain parity or reduce number of customer requests from previous year.              | Achieved – 591 requests 2013-14<br>568 request 2014-15<br>958 requests 2015-16 ### |
| Function                    | Stormwater system to be of suitable condition and capacity to convey required flow                                       | Response time to requests for clearances of blockages causing flooding  | Respond to requests for clearance of blockage causing flooding within 48hrs            | Achieved (367 enquiries)   |
| Safety                      | Absence of significant health safety hazards.  | Response time to Work Health and Safety issues or reports and public safety complaints received through customer service requests | Dangerous hazards or public safety matters are responded to and made safe within 48hrs | Achieved (315 enquiries)   |
| Environmental               | Improve storm water quality that discharges into receiving waters  | Number of trapped gully pits cleanings  | 2,100 units cleaned per annum  | 1,596 2013-14<br>2,182 2014-15<br>1,691 2015-16<br>***                             |

### -Major rain events in late 2016 and February 2017 impacted on these results

\*\*\* - More time spent on customer requests due to the severity of frequent wet weather and over the last summer the need to top up water within the pits containing wet seals (i.e. combined sewer/stormwater systems to minimise odour escape)

### 8.2.2. Desired Levels of Service

Desired levels of service for stormwater infrastructure are difficult to obtain through community consultation and feedback. The fundamental objective is to reduce or eliminate flooding from all catchments.

The City knows that the elimination of all flooding is not possible, but commissioned a project that will enable us to better manage and mitigate the City's flood risks in accordance with the NSW Floodplain Development Manual 2005.

The project involved the development of floodplain risk management plans for the City's eight catchments, starting with the comprehensive data collection program to gather pit, pipe and channel information including pit types and sizes, pipe diameters and lengths, pit depth, direction of flow, infrastructure ownership, pit and pipe condition.

The drainage inventory has been loaded into the corporate asset management system.

All eight catchments are now complete, with their respective risk management plans adopted.

The floodplain risk plans will allow us to develop optimum levels of service for the stormwater infrastructure that will be included in revisions of this plan and the detailed Stormwater Drainage Asset Management Plan. These

plans are available on the City of Sydney website at the following location

<http://www.cityofsydney.nsw.gov.au/vision/better-infrastructure/floodplain-management>

## 8.3. Lifecycle Management

### 8.3.1. Asset Condition - Stormwater

| Condition Index | Condition | Description  | Residual or Remaining Life Estimate |
|-----------------|-----------|--|-------------------------------------|
| 1               | Very Good | Sound physical condition, clear of obstructions, generally no maintenance required.  | 90-100%                             |
| 2               | Good      | Acceptable physical condition, some very minor obstructions such as tree roots or concrete slurry, no measureable capacity reduction, clearing required.                       | 60-90%                              |
| 3               | Fair      | Some minor blockages, deformation or cracking, minor loss of original hydraulic capacity, obvious blemishes in structure condition, clearing and/or minor replacement required | 30-60%                              |
| 4               | Poor      | Significant blockages or partial collapse causing moderate reduction in original hydraulic capacity, major blemishes in structure condition, moderate replacement required     | 10-30%                              |
| 5               | Very Poor | Totally blocked or collapsed, little or no original hydraulic capacity, total replacement required   | 0-10%                               |

The original condition assessment of drainage assets was based on two condition indices observed for pits and pipes when the pits were lifted for inspection. These are Serviceability (whether the pit or pipe is obstructed) and Structural Integrity. Pipe capacity was not a criteria for assessment in the 2011 data collection.





Condition 1 – Very Good



Condition 5 – Very Poor

The photographs above give an indication of what the condition ratings mean in the real world situation.

As drainage assets are located underground, the condition of the entire network is difficult to determine. The 2011 condition assessments included the first metre of the pipe as it entered or left a pit. No assessment of tree root or other damage to pipes over the entire network was undertaken.

Due to the difficulties in estimation, there was some concern the 2011 results do not give a sufficiently accurate assessment of the drainage asset condition.

In response to these concerns the City has put in place a program to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of City owned pipes and pits. The program will be conducted on a priority area basis and is expected to take a number of years to fully complete.

To date condition assessment of 10-15% of the network has been completed in the Centennial Park, Blackwattle Bay and Johnston's Creek catchments and the areas adjacent to the CBD light rail corridor. The initial analysis of these areas suggests that average structural condition of the network is likely to be between 2.1 and 2.5.

Further analysis of the CCTV data and follow up field investigation is required, particularly in the condition assessment of the sample area pipe assets and the ownership profile.

The pipe condition is based on the full length of each section of pipe which may be misleading. For example a 100m pipe can be rated overall as condition 4 – poor when only 30m of the pipe is unserviceable. Conversely a completely inaccessible pipe may not be condition rated in the sample.

Chart 8.3.1 shows the overall condition of pits and pipes in the sample areas. The initial observation is that the pit conditions are generally very good and that there are some issues with the pipe network.

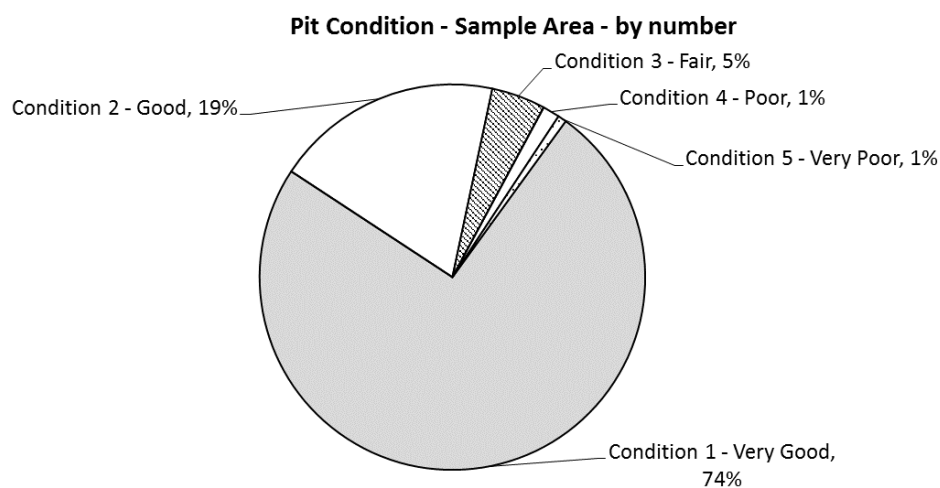
In response the City has included all pipes in the sample area in condition 4 or 5 in the priority renewal works schedule.

A contract has recently been commissioned with a CCTV contractor for a five year period commencing in mid-March 2017 to continue the pipe and pit condition assessment so as to upgrade the city's asset data base and program future works for pipe and pit replacement/renewal or remediation or a combination of both. It is anticipated that this assessment will be finalised in 2022 at a total cost of over \$2.4M.

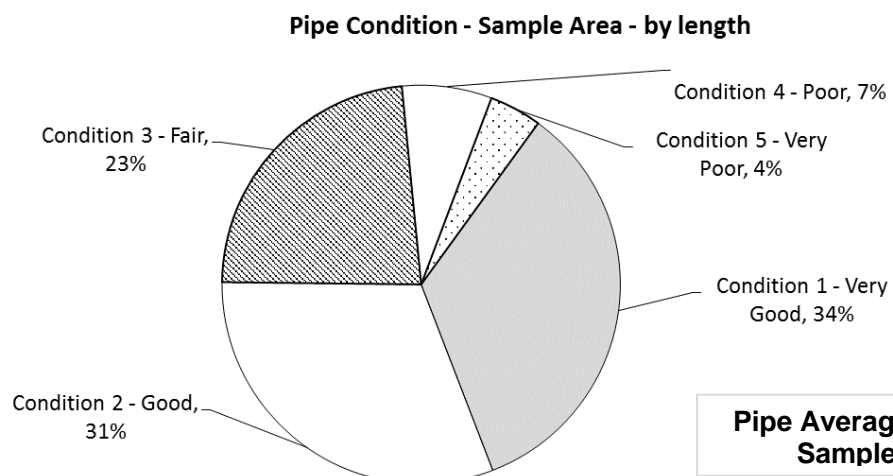
This assessment will determine the priority for pipe renewal and replacement across the city.

To enable the ensuing works to be carried out, following the full analysis, significant stormwater renewal amounts are included in the 10 year Long Term Financial Plan.

The updated condition and CCTV data will be uploaded into the corporate asset management system when complete.

**CHART 8.3.1 – Drainage Network Condition (CCTV sample area)**

**Pit Average Condition –  
Sample area 1.4**



**Pipe Average Condition –  
Sample area 2.2**



### 8.3.2. Minimum Stormwater Drainage Network Condition

Part of the requirements of the Integrated Planning and Reporting legislation is to determine asset levels of service that are acceptable to the community.

As detailed above the City is reviewing the stormwater drainage network in conjunction with the development of the floodplain risk management plans and the updated condition data supported by CCTV analysis.

It is relevant to note that performance of the stormwater drainage assets does not drop off markedly until the assets deteriorate below a condition index of 3. Initial analysis of the sample area indicates that the network condition is good to fair condition with a minimum condition level set at 3 until full analysis is complete.

Table 8.3.2 shows the estimate of the initial analysis of the sample area

**TABLE 8.3.2 – Minimum Condition Index – Stormwater Drainage Sample Area**

|  | Sample Area Average Condition | Minimum Condition | Sample Area - Number of Pits or Pipes to improve from condition 4 and 5 | Sample Area - Estimated Cost To Complete the Improvements (\$M) | Stormwater Drainage Network – Estimated Cost To Complete the Improvements (\$M) |
|--|-------------------------------|-------------------|---|---|---|
| Pits   | 1.4                           | 3.0               | 39  | 0.2   | 1.5   |
| Pipes (includes open channels, box culverts) | 2.2                           | 3.0               | 68  | 2.0   | 10  |

NOTE: these minimum conditions and estimates of improvement costs will be reviewed following the completion of the updated condition assessment and CCTV analysis

### 8.3.3. Asset Valuations

**TABLE 8.3.3 – Asset Valuation – Stormwater Drainage Network**

|                     | Current Replacement Cost (\$M) | Written Down Value (\$M) | Average Annual Asset Consumption (\$M) |
|---------------------|--------------------------------|--------------------------|--|
| STORMWATER DRAINAGE | 264                            | 160                      | 2.7                                    |

NOTE: Average Annual Asset Consumption (see 8.5 below) will be reviewed at the completion of the updated condition assessment and CCTV analysis

## 8.4. Maintenance, Renewal and Upgrade Plans

### 8.4.1. Maintenance Plan

Planned maintenance includes monthly cleaning of stormwater quality improvement devices and drainage pits and additional pre-emptive cleanings before storms. There are also minor pipe repairs and blockage clearings that result from the City's on demand CCTV inspection program.

Assessment and prioritisation of reactive maintenance is undertaken by the City's staff using experience and risk management principles, pipe maintenance is predominantly based on CCTV inspections.

In general, response times for pit maintenance requests are less than 48 hours with respect to cleaning.

### 8.4.2. Renewal Plan

The City has prepared a five year renewal program developed in accordance with relevant standards. As stated above all the City has included all pipes in the sample area in condition 4 or 5 in the priority renewal works schedule.

The plan will be reviewed following full analysis of the stormwater drainage inventory and condition data. Usually renewal works are undertaken where assets have suffered damage, often by tree roots infiltration or crushed by vehicles, or at identified flooding locations to provide increased hydraulic capacity.

Provisions for the renewal program and considerable capacity upgrade projects have been incorporated into the Long Term Financial Plan.

Floodplain risk management studies will largely determine the renewal and replacement priorities based on risk. The 20 year drainage renewal program will be subject to amendment based on ongoing risk assessments.

### 8.4.3. New Assets and Upgrade Plan

Stormwater assets have an extremely long useful life and provide challenges to examine their condition on a regular basis. The City is committed to upgrading the condition and capacity of the stormwater network as demonstrated by the flood plain risk management studies completed and current stormwater planned works.

In general, the creation, acquisition and upgrade plans will be driven by the new floodplain risk management studies and implementation plan.

The implementation plan is currently being prepared for all floodplain management items listed in the LGA's eight floodplain risk management studies and plans. This plan will form the basis of our 5yr, 10yr and long term development plans for expenditure and the programming of construction of flood mitigation works including planning options such as the re-evaluation of Council's Interim Flood Prone Land Policy.

Significant new stormwater assets will be added in the next ten years, with the Green Square Trunk drainage and the Ashmore Precinct Drainage projects having a combined value in excess of \$90 million.

As detailed in section 7.4.2 of this plan, it is anticipated that ownership of a number of roads will be transferred to the City from the Sydney Harbour Foreshore Authority (SHFA) within the next ten years. Stormwater assets associated with these roads are also expected to be transferred to the City. The full extent of the infrastructure specifications, backlog etc. is unclear, however the assets are expected to add to the City's ongoing maintenance and renewal commitments.

The City will increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

### 8.4.4. Disposal Plan

The City has no immediate plans to dispose of stormwater drainage infrastructure. Again, the floodplain risk management studies will assist in the determination of redundant infrastructure.

**TABLE 8.4 – Maintenance/Renewal/Upgrade Expenditure Trends**

| Year           | Operating/<br>Maintenance<br>Expenditure (\$,000) | Renewal/<br>Replacement<br>Expenditure<br>(\$,000) | Upgrade<br>Expenditure<br>(\$,000) | Expansion<br>Expenditure<br>(\$,000) |
|----------------|---|--|------------------------------------|--------------------------------------|
| 2011/12        | 1,936   | 1,059  | 1,601                              | 0                                    |
| 2012/13        | 1,460   | 339  | 1,904                              | 0                                    |
| 2013/14        | 1,378   | 1,982  | 637                                | 9,525                                |
| 2014/15        | 1,326   | 2,725  | 3,607                              | 10,422                               |
| 2015/16        | 2,494   | 4,061  | 13,573                             | 23,008                               |
| <b>AVERAGE</b> | <b>1,719</b>                                      | <b>2,033</b>                                       | <b>4,265</b>                       | <b>8,591</b>                         |

Note: the upgrade and expansion expenditure has increased in the last 2 years due to the Green Square Trunk Drain and Water reuse and the Sydney Park Water reuse projects.

## 8.5. Financial Summary, Projections and Sustainability

### 8.5.1. Asset Consumption Costs for Stormwater Drainage Network

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset after the asset is commissioned. This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

- Asset Consumption Costs = Required Operational Costs + Required Maintenance Costs + Average Annual Asset Consumption

- Average Annual Asset Consumption = Replacement Value of the Asset / Expected Life of the Asset (how long will it last)

Stormwater Drainage data is collected at individual pit and pipe section levels. Average Annual Asset Consumption is also calculated at that level.

Each section is then summed to give a Total Average Annual Asset Consumption for that asset class.

For the purposes of this plan, the Stormwater Drainage network is modelled as a whole. The Table below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 8.5.1 – EXAMPLE STORMWATER DRAINAGE ANNUAL AVERAGE ASSET CONSUMPTION – Indicative values only**

| Drainage Asset         | Count or Length | Unit Rate | Replacement Value | Expected Life (years) | Average Annual Asset Consumption |
|------------------------|-----------------|-----------|-------------------|-----------------------|----------------------------------|
| Double Grated Pit      | 1               | \$3,400   | \$3,400           | 100                   | \$34                             |
| Single Grated Pit      | 1               | \$2,900   | \$2,900           | 100                   | \$29                             |
| Clay pipe 0.3 diameter | 55.0            | \$270/m   | \$14,850          | 100                   | \$149                            |
| Concrete Box Culvert   | 23              | \$300/m   | \$6,900           | 100                   | \$69                             |
|                        |                 |           |                   | Total                 | \$281                            |

### 8.5.2. Long term - Life Cycle Cost based on Current Expenditure

The table below shows the current sustainability as projected using the average of the last five years costs. This is the basis for the calculation of the long-term cost that the City will need to fund for the life of the asset.

The sustainability gap is relatively large based on the five year trend; however, the condition of the assets reflects a reasonable position.

### 8.5.3. Medium term – 10 year financial planning period

The charts below show the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan (Estimated Operational, Maintenance, Renewal or Replacement Costs) and the proposed Upgrade and Expansion Expenditure also shown in the Long Term Financial Plan.

**TABLE 8.5.2 – Sustainability – Current**

| Asset Consumption Costs (\$,000) | Renewal or Replacement Costs (5 year Average) (\$,000) | Difference (\$,000) |
|----------------------------------|--|---------------------|
| What we should be spending       | What we are spending                                   |                     |
| 4,379                            | 3,752  | -627                |

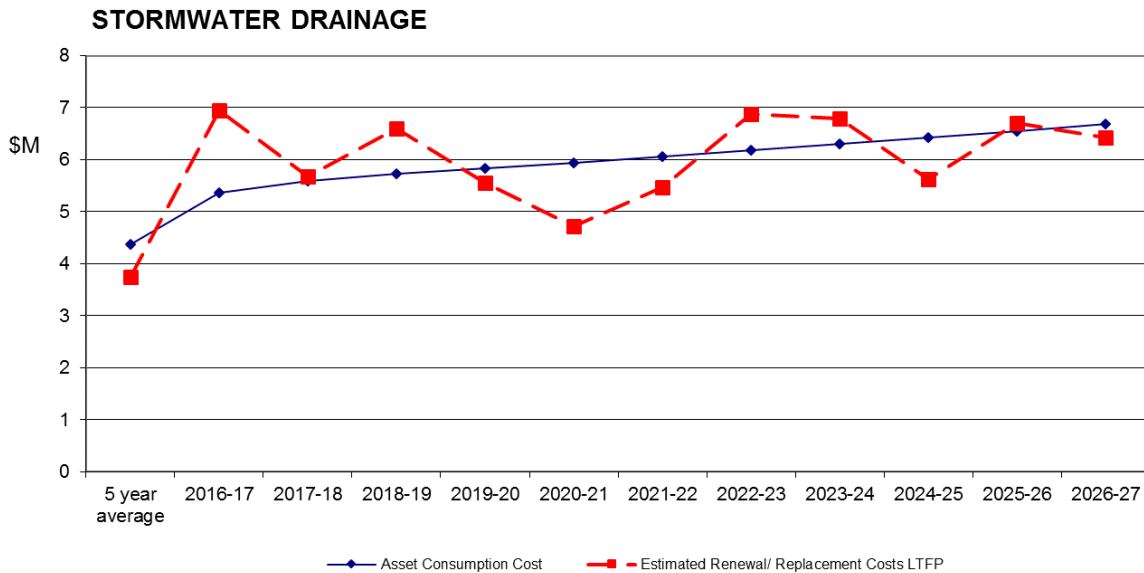
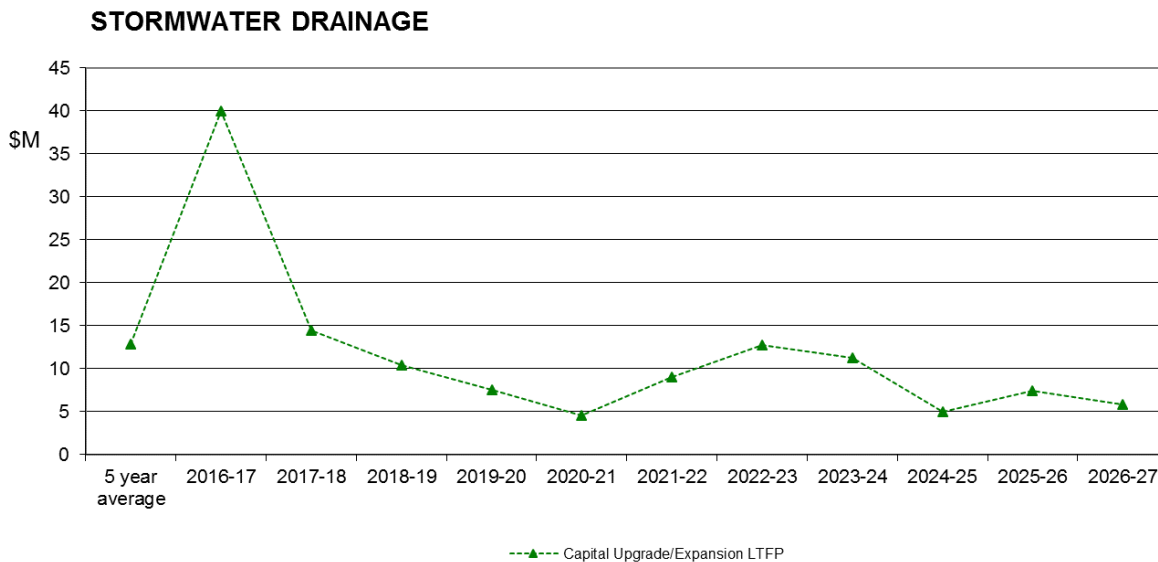
The historical sustainability is influenced by the inclusion of previously unidentified additional drainage infrastructure through the data collection project. The associated increase in value of the asset in the revaluation in 2012 also affected the estimate of asset consumption.

The City identified that there were risks associated with the stormwater drainage, particularly in relation to the capacity of the network. This led to the data collection initiative which informed the basis for the now adopted Floodplain Risk Management Plans.

Deficiencies identified in the analysis of the stormwater data subsequently established the need to include a more comprehensive CCTV analysis, which is underway.

It is important to note that because of the long life of drainage assets (100 years) the annual renewal burden is lower than other assets. A relatively moderate increase in expenditure per year for renewal works would match the desired levels. It is expected that the proposed capital works for stormwater will exceed the desired level of investment. Examination of the Long Term Financial Plan shows that the City has made a commitment to increasing renewal program for drainage assets.



**CHART 8.5.2 – Long Term Financial Plan – Maintenance, Renewal and Replacement****CHART 8.5.3 – Long Term Financial Plan – Upgrade/Expansion**

The charts indicate that the City has committed significant funding to the renewal of the Drainage infrastructure in the next 10 years with substantial amounts being allocated to upgrading the network in accordance with the floodplain risk plans. This includes the renewing of the existing asset. The modelling will be

updated in future revisions and the detailed asset management plan for stormwater drainage.

The maintenance and renewal chart estimates look uneven but should be looked at in the context that the drainage assets have a particularly long life and a small

change to renewal in any one year (say \$1,000,000) has a marked effect on the chart appearance.

The spike in upgrade/expansion in the next 2 years is due to the implementation of the Green Square trunk drainage project.

Table 8.5.3 below is an estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Costs and the Sustainability Index 10 year projection.

The City understands that the renewal of the stormwater drainage infrastructure is an important priority and the additional renewal funds being allocated in the next 10

years that includes all high priority projects that are included in the Floodplain Risk Management Plans.

Years 1 to 4 of the Long Term Financial Plan identifies a significant commitment to the renewal and upgrade/expansion of the drainage network. The updated condition assessments supported by the CCTV analysis will further assist in the determination of priority renewal works.

The estimates indicates that the City has budgeted to renew the drainage assets at a sustainable rate and is addressing the renewal requirements consistent with the Office of Local Government performance measures.

**TABLE 8.5.3 – Sustainability – 10 Year Projection**

| Average Asset Consumption Costs<br>10 Year Projection<br>(\$,000) | Average Estimated<br>Renewal and<br>Replacement Costs<br>10 Year projection<br>(\$,000) | Difference<br>(\$,000) | Sustainability Index 10 Year<br>Projection                          |
|---|---|------------------------|---|
| What we should be<br>spending                                     | What we are<br>proposing to spend   |                        | <u>What we are proposing to spend</u><br>What we should be spending |
| 6,058   | 6,128   | 70                     | 1.02  |

# 9. Parks, Open Spaces and Trees

## 9.1. Background

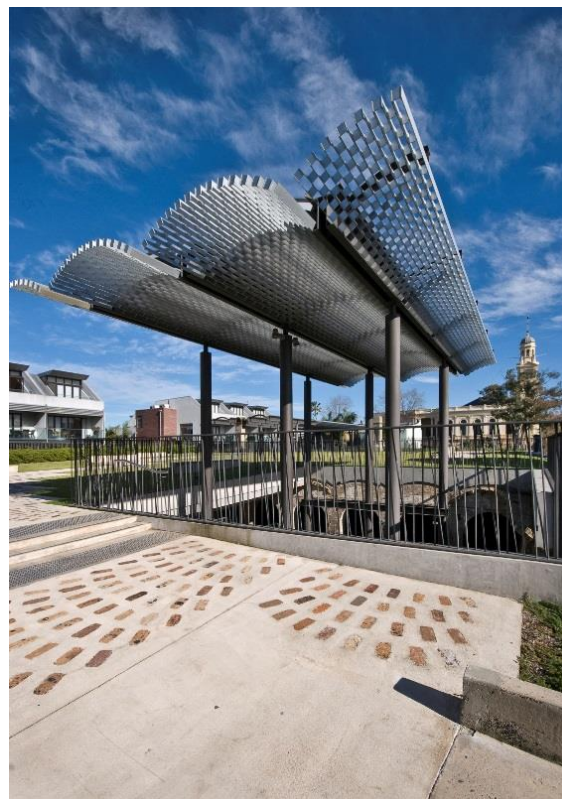
The City's parks, open spaces and trees are one of the community's most loved assets with estimates of more than 1 million customers visiting parks daily. The park and open space network encompasses about 200 hectares throughout the local government area, providing both active and passive places for the use and enjoyment of communities.

The City is also responsible for the care, control and management of many Crown Reserves, including Hyde Park, Victoria Park, Prince Alfred Park and Bicentennial Park.

The City's tree population consists of over 48,000 trees, located throughout the streets, parks and open spaces.

The collection of the specific asset data for parks and open spaces to allow for a better determination of the condition of the assets and the correct valuation for financial purposes has been completed. The parks and open spaces assets were revalued at Fair Value at the end of 2015/16 financial year.

The Community Asset Management Plan includes parks and open spaces, together with trees (park and street) in the modelling. However, separate Detailed Asset Management Plans are being prepared for parks and open spaces and trees (park and street) because of their different maintenance and renewal requirements. The parks, open space and tree assets included in this plan are outlined in the table below:



Paddington Reservoir Gardens

**TABLE 9.1 – Parks and Open Spaces and Trees Assets**

| Asset category               | Description   | Number and Area of Parks | Replacement Value (\$M)     |
|------------------------------|---|--------------------------|-----------------------------|
| <b>Parks and Open Spaces</b> |   |                          |                             |
| Iconic                       | Parks that are of cultural and historical significance, or of a significant size or prominent location. These parks have a high visitation from the general public e.g. Hyde Park.  | 22<br>116.5 Ha           | 223                         |
| Neighbourhood                | Larger parks within villages and suburbs that have high visitation and have increased levels of amenity and infrastructure. These include facilities such as sports fields with playgrounds and toilets e.g. Alexandria Park. | 36<br>29.6Ha             | 117                         |
| Pocket Park                  | Local parks or street closures, generally small in size that provides informal recreational areas serving surrounding residents. Some limited facilities may be provided e.g. Millard Reserve.                                | 269<br>33.1 Ha           | 70                          |
| Streetscape                  | Landscaped verges footpaths and nature strips that may have lawn areas or garden beds.  | 651<br>15.4 Ha           | 11                          |
| Traffic Treatment            | Roundabouts, traffic blisters and median strips that have been planted out. May include rain gardens.   | 400<br>2.7 Ha            | 7                           |
|                              | TOTAL   |                          | 428                         |
| <b>Trees</b>                 |   |                          |                             |
| Parks Trees                  | Contained within parks and open spaces  | 15,096                   | 29                          |
| Street Trees                 | Contained in the road reserve and footpaths   | 32,225                   | 60                          |
| Property Trees               | Contained within Council properties like Childcare, Community Centres   | 551                      | Contained in Property value |
|                              | TOTAL   | 47,872                   | 89                          |

Note1- This asset management plan for parks, open space and trees does not include public art, electrical, lighting and building assets located within parks and open space.

Note 2- Some 3.4 Ha of park and open spaces was added to the City in 2016, these included in and around Harold Park, Walaba Park, the Western Block and some small parks in Green Square. Harold Park itself will come under the City's control in the next 12 months.

Note 3- The Parks service unit data collection initiative has added a significant number of streetscapes and traffic treatments to the portfolio in the last year, improving the City's data quality and understanding of the extent of open space.





## 9.2. Levels of Service

### 9.2.1. Current Levels of Service

#### Parks and Open Spaces

The levels of service for parks and open space maintenance are based upon budget allocations, the type and level of reactive incidents, informal consultation with stakeholders, statutory requirements and incoming correspondence and requests from the community.

We complete intercept surveys as well to determine the key needs of the community and their levels of satisfaction with the service

The addition of new green spaces in Harold Park, Green Square and other urban renewal sites and the continued increase in generation of streetscape and traffic

treatments, and the increase in technologies surrounding water harvesting, filtration and capture will require service level reviews in the years ahead.

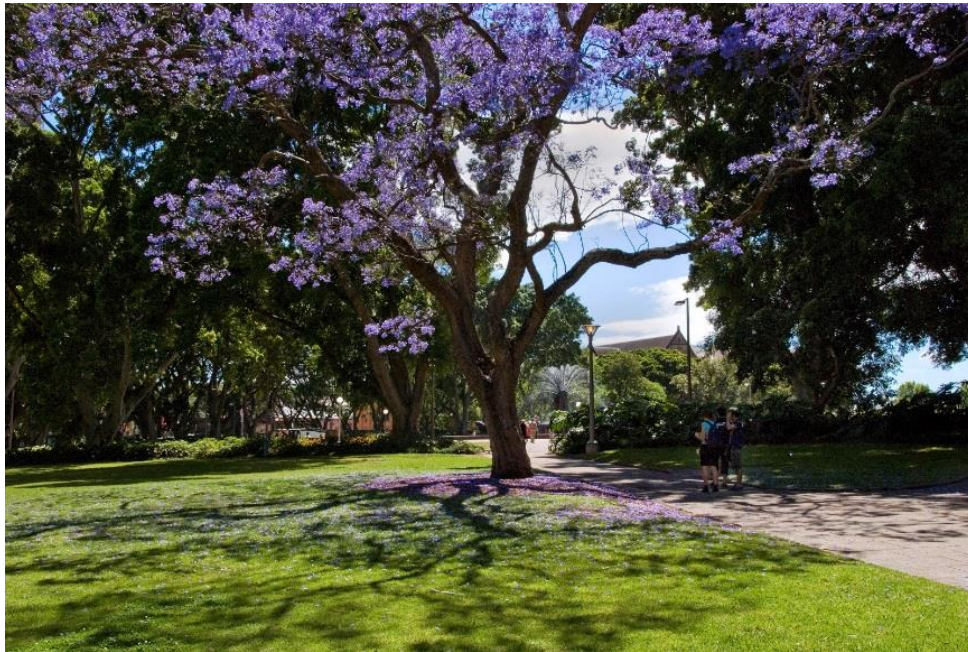
#### Tree Management

The levels of service for tree maintenance are based primarily on industry best practice intervals and on the assets location, age and condition. This is also in conjunction with the reactive/seasonal work type and incoming correspondence and requests from the community.

The increase of new street tree assets, with more complex and engineered environments (including structural soils / cells, water sensitive urban design) along with custom tree furniture (guards and grates), will also require service level reviews in the years ahead.

**TABLE 9.2.1 – Parks and Open Spaces**

| CORE COMMUNITY LEVELS OF SERVICE |   |   |  |                     |
|----------------------------------|---|---|--|---------------------|
| Key Performance Category         | Service Objectives  | Performance Measure Process                                 | Performance Target   | Current Performance |
| Quality                          | Provide quality parks and open spaces for the use of the community  | Customer satisfaction surveys and customer requests         | An overall satisfaction rating >8 in the surveys.                                  | Achieved            |
| Function                         | To provide a diverse range of parks and open spaces within the City which ensure that user requirements are met | Customer satisfaction surveys                               | An overall satisfaction rating >8  | Achieved            |
| Safety                           | To provide a safe and hazard free environment   | Reported accidents and incidents and claims                 | Dangerous hazards or public safety matters responded to & made safe within 24 hrs. | Achieved            |
| Responsiveness                   | Speed of responsiveness to public enquiry's and request   | Timeframes outlined in completing customer service requests | >95% of customer requests completed within timeframes                              | Achieved            |

**TABLE 9.2.2 – Tree Management**

| CORE COMMUNITY SERVICE LEVELS |   |  |   |                          |
|-------------------------------|---|--|---|--------------------------|
| Key Performance Category      | Service Objectives  | Performance Measure Process  | Performance Target  | Current Performance      |
| Responsiveness                | To provide proactive, responsive service that promotes tree health and longevity and minimises ongoing maintenance requirements   | Timeframes outlined in completing customer service requests  | >95% of customer requests completed on time.<br>Respond to customer request within 48 hours, complete works required within 14 days | Achieved<br><br>Achieved |
| Function                      | To improve the environmental, social and financial benefits that trees provide to the community<br>Providing trees of suitable species and condition that achieves benefits | Urban Forest Strategy<br>Street Tree Master Plan and Park Tree Management Plans guide species selection and planting criteria. | Increase in canopy cover, health and overall longevity of tree population   | Achieved                 |
| Safety                        | To provide a safe and hazard free environment   | Reported accidents and incidents and claims  | Dangerous hazards or public safety matters are responded to and made safe within 2 hrs.   | Achieved                 |

### 9.2.2. Desired Levels of Service

#### Parks and Open Spaces

Indications of desired levels of service are obtained from various sources, including customer satisfaction surveys, residents' feedback to Councillors and staff, service requests and correspondence.

The City has quantified minimum condition levels for parks and open spaces. See section 9.3 below.

#### Tree Management

There are no immediate requirements to increase the street and park trees service level standards. The City's trees currently receive one of the highest levels (standard and frequency) of maintenance within Australia, after the City set the industry benchmark with minimum yearly inspections of all tree assets.

Future revisions of the plan will include minimum condition levels for tree assets, although the complexity of assessment of living plants subject to varied weather conditions will need to be fully understood.

## 9.3. Lifecycle Management

### 9.3.1. Asset Condition

| Condition Index | Condition | Description   | Residual Or Remaining Life Estimate |
|-----------------|-----------|---|-------------------------------------|
| 1               | Very Good | Well maintained park, no signs of wear, trees are in sound health and structural condition  | 90-100%                             |
| 2               | Good      | Limited sign of wear, no significant impact on park use, appearance, safety. Trees have slight defects or impacts on their health.  | 60-90%                              |
| 3               | Fair      | Generally sound but minor defects, minor signs of wear, some deterioration beginning to affect appearance, usage. Trees have some defects impacting structure and show signs of deterioration in health | 30-60%                              |
| 4               | Poor      | Significant signs of wear, defects likely to cause marked deterioration in appearance, user comfort and safety. Trees have significant defects in structure and health                                  | 10-30%                              |
| 5               | Very Poor | Parks maintenance levels low, obvious signs of wear, defects resulting in unacceptable appearance, user comfort and safety. Serious defects/health issues that require tree removal                     | 0-10%                               |



### Parks and Open Space

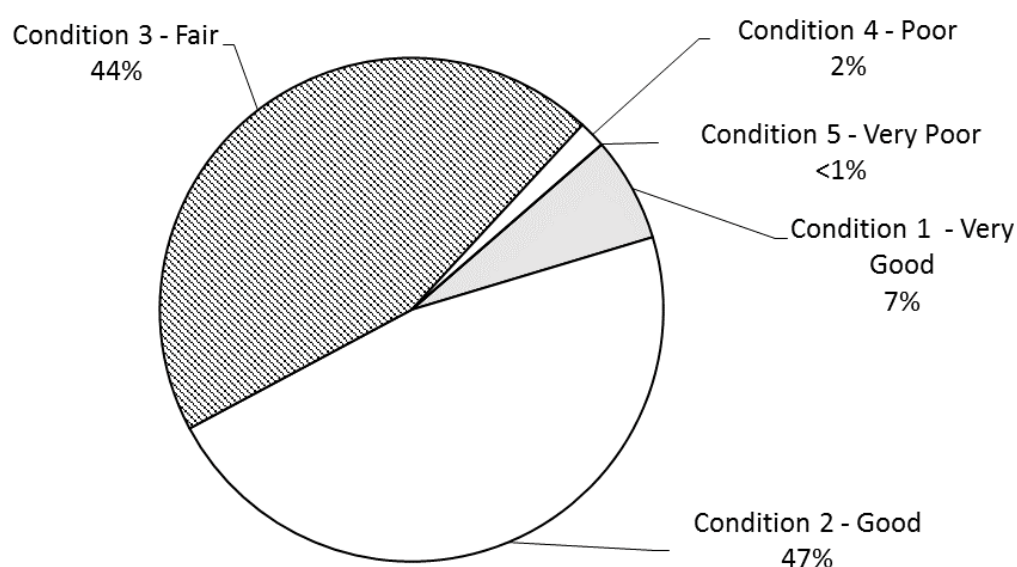
The pie chart 9.3.1 provides an indication of the current condition of the parks assets. The chart is weighted by using the aggregate replacement value of parks in each condition index and is limited to iconic, neighbourhood and pocket parks as they make up 91 per cent of the area and 96 per cent of the value of parks and open spaces. Inclusion of streetscapes and traffic treatments will not materially alter the chart below.

The condition is based on a whole of park rating and was reassessed in 2017 by the City's parks asset managers.

Assessment of condition of hard (infrastructure) and soft (living) assets in Parks has commenced and will be included in future revisions of the plan together with condition data for all parks and open spaces categories, broken down to relevant park components.

**CHART 9.3.1 – Parks Condition**

#### **Parks Condition (Iconic, Neighbourhood, Pocket) - by VALUE**



#### **Parks and Open Spaces Average Condition 2.4**

All parks rated 4 (there are none presently rated 5) are under review by City staff and are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding.

The current average condition of the iconic, neighbourhood and pocket parks is 2.4, which is the same as 2016. The rating is affected by the overall assessment of the general condition of Hyde Park by the parks asset managers as a 3-average, based on the

identified need to improve the hard infrastructure, including the stone retaining walls, in the park.

The Long Term Financial Plan reflects the need to improve Hyde Park by allocating some \$18 million to upgrade the park, including trees, in the next ten years.

Currently the assessment of Playground condition is included in the overall park condition. However the City is developing a proactive condition assessment of individual playgrounds within Park. Future revisions of this plan will include individual Playground condition.



### Tree Management

The assessment of the condition of trees is required on a regular basis, because the trees are living assets, and therefore constantly growing and responding to the effects of environmental, climatic or other urban conditions.

During 2013 the City implemented new contracts to manage all street trees and park trees in the northern half of the City of Sydney. These contracts include similar methodologies to assess tree condition (i.e. street or park contract) and is based on tree health and structural integrity.

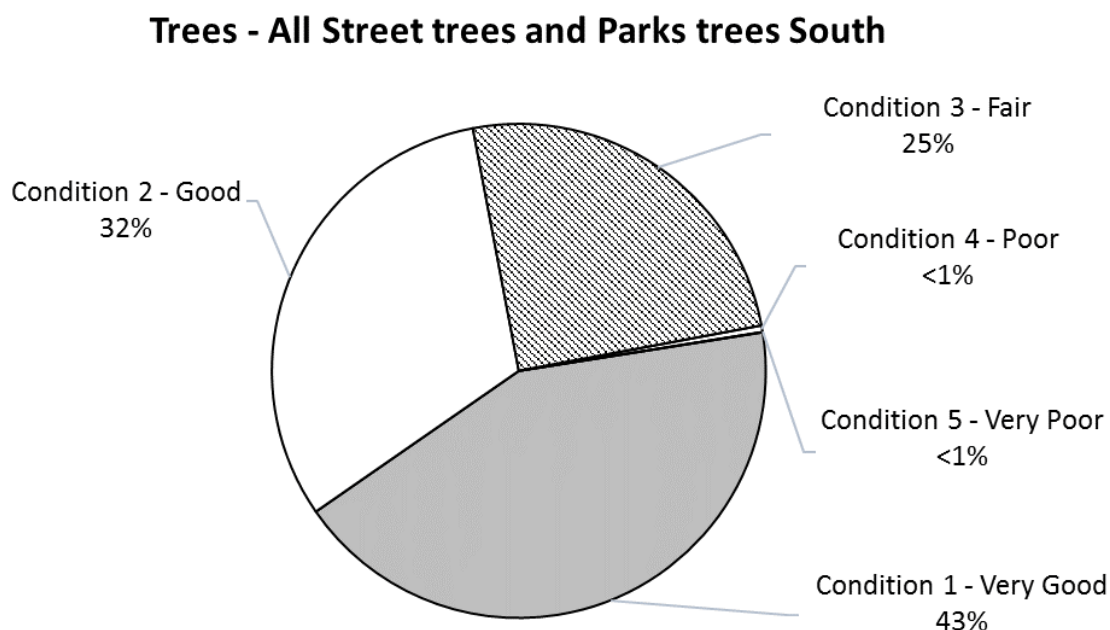
All of the 32,000 street trees have been assessed under the improved criteria. However, the assessment criteria used in Parks relates to the life expectancy of the tree

and has not been completed using the condition assessment criteria shown in section 9.3.1 at this time.

During 2016 all street trees and the southern park trees were combined into one dataset in the corporate asset management system and their conditions are being assessed in the same way. Not all condition assessments are complete but the pie chart 9.3.2 shows the assessed street tree and southern park trees condition.

For simplicity the chart is based on a count of the total number of trees, and is not divided into specific locations (street/park or suburbs) nor divided by the trees age (young, mature).

**CHART 9.3.2 – Trees Condition**



***Trees Average Condition 1.8***

Photographic examples have been provided below to assist in demonstrating the tree condition/appearance for each category.

|                           | <u>Parks</u>   | <u>Trees</u>  |
|---------------------------|--|---|
| Category 1 –<br>Very Good |   |   |
| Category 4 -<br>Poor      |  |  |

### 9.3.2. Minimum Parks and Open Space and Tree Condition

#### Parks and Open Space

Part of the requirements of the Integrated Planning and Reporting legislation is to determine asset levels of service that are acceptable to the community.

At this time the City is assessing the condition of parks and open spaces on a whole of park basis. The City is currently analysing park component data such as turf, hard surfaces, fittings etc. to determine if that is the best way to base future estimates of condition of parks and open spaces. The aim is to develop a methodology that will give us the best reflection of the true condition of the park. Assessment of condition of hard (infrastructure) and soft (living) assets in Parks has commenced to assist in this methodology.

Minimum condition levels are most appropriately grouped and assessed by the category of park, such as iconic, neighbourhood, pocket. The more important the park category, in relation to visibility and use, the higher the level of service the City proposes to provide.

Table 9.3.2 below shows the existing asset condition for the parks categories, the minimum condition level that the City considers is appropriate and the number of parks that are considered poor in each category.

The City's intention is to regularly review the condition assessments of the parks and open space assets, particularly after the identified work on condition 4 rated assets is completed in the next few years.

An estimate of a cost to bring the Parks and Open Spaces to the agreed level of service set by Council is shown based on the value of the park categories.

Please note that the cost estimate does not include any allowance for upgrade or expansion of those assets; it is

purely renewal. Recent history indicates that when a park is renewed substantial upgrades to improve the amenity are also completed.

The City needs to allocate significant funds to iconic parks to reach the desired minimum condition. As detailed in section 9.3.1 the Long Term Financial Plan includes funding to improve Hyde Park by allocating some \$16 million to restore and upgrade the park, including trees, in coming years.

Parks that have been identified with a rating 4 or under are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding.

#### Tree Management

The City is implementing tree management condition assessment and maintenance activities using a mobile application. When all park tree conditions are collected, they will be added to the street tree data and normalised. A minimum tree condition will be derived and included in future revisions of this plan.

As shown in section 9.3.1 street tree average condition is already 1.9 which places them in the good category.



Paddington Reservoir Gardens



Prince Alfred Park Playground

**TABLE 9.3.2 – Minimum Condition Index – Parks and Open Spaces**

| Park Asset category | Average Condition Now | Minimum Condition | Estimated Cost to bring to the agreed level of service set by Council (\$M) | Number of Parks to improve from 4 and 5 |
|---------------------|-----------------------|-------------------|---|---|
| Iconic              | 2.5                   | 2.15              | 10.9  | 1 ###                                   |
| Neighbourhood       | 2.3                   | 2.25              |   | 3                                       |
| Pocket Park         | 2.4                   | 2.75              |   | 12                                      |
| Streetscape         | 2.95                  | 2.75              |   | 2                                       |
| Traffic Treatment   | 3.0                   | 3.0               |   | -                                       |

### - this is a sportsfield within one of the iconic parks

### 9.3.3. Asset Valuations

|                       | Current Replacement Cost (\$M) | Written Down Value (\$M) | Average Annual Asset Consumption (\$M) |
|-----------------------|--------------------------------|--------------------------|--|
| Parks and Open Spaces | 428                            | 202                      | 15.7                                   |
| Parks Trees           | 29                             | N/A                      | 0.9*                                   |
| Street Trees          | 60                             | N/A                      | 1.5*                                   |

\* - For the purposes of financial reporting Trees are not depreciated but in order to determine the lifecycle requirements notional consumption based on a typical life of Trees are used.



## 9.4. Maintenance, Renewal and Upgrade Plans

### 9.4.1. Renewal Plan

#### Parks and Open Spaces

The amounts allocated to the renewal program for parks and open spaces will vary from year to year based on priorities informed by:

- The age of the assets;
- The condition of the assets;
- Funding and capacity delivery restraints;
- Community demands and satisfaction levels;
- The ongoing maintenance demand; and
- Potential alignment to the renewal of other asset groups in the same location (i.e. urban renewal sites or specific renewals of streetscapes within a street).

A formal renewal criterion is being developed for open space capital works projects. It is important that significant projects are subject to a rigorous project management approach and project priorities are linked to the objectives in the Delivery Program.

All parks rated 4 (there are none presently rated 5) are under review by City staff and are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding

Playground renewal and upgrade programs includes replacement, renewal and minor improvements to playgrounds that have been identified as having poor asset condition, being at the end of their useful life or being non-compliant with Australian Standards.

The City is developing a proactive condition assessment of individual playgrounds within Parks. These annual playground asset condition scores, park asset condition scores, quarterly playground inspections and audits, together with community feedback, informs which playgrounds require renewal.

Playground equipment, softfall, shade sails and associated infrastructure require replacement and minor upgrade works to ensure that identified playgrounds remain safe and fit for use, minimising risk to the City and providing increased amenity for children and their carers

#### Tree Management

Unlike other engineered assets, trees do not have a renewal component, only maintenance or replacement, and the timeframe for tree replacements cannot be predicted with certainty. The life span of trees varies according to the species, location and local environmental factors. As such there is no formal renewal plan, but a provisional amount for the replacement of 700 trees annually based on current practices and trends, together with new tree allocation in the Long Term Financial Plan.

The ongoing improvement to the tree asset condition and maintenance data should permit the development of more structured renewal plan. This would assist with the City's urban forest co-ordination, so better asset turnover can be achieved.

### 9.4.2. New Assets and Upgrade Plan

#### Parks and Open Spaces

Negotiations continue for the handover to the City of a number of parks and open spaces from the Sydney Harbour Foreshore Authority (SHFA) and the Department of Planning in the next 6-12 months.

In excess of 3.4 Ha of park and open spaces have been added to the City in the last 1-2 years through the development process, these include Walaba Park, Chippendale Green, Mary O'Brien Reserve, the Western Block and some small parks around Green Square. While these parks and open spaces are already constructed, the ongoing maintenance will add to the City's ongoing commitments.

It is anticipated that ownership of a number of roads will be transferred to the City from the Sydney Harbour Foreshore Authority (SHFA) within the next ten years. Parks and tree assets associated with these roads are also expected to be transferred to the City. Up to date, detailed inventory and condition assessments of these assets are not currently available. The ongoing maintenance requirements of these assets will add to the City's commitments.

Many of the key urban renewal areas, in particular the Green Square Urban Renewal Project and Harold Park will create large additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Victoria Park, Belmore Park and Perry Park are planned in the

medium-term and are included in the Long Term Financial Plan. Recent developments on a number of new and renewed assets in Green Square were completed in the past 12 months. A major project was completed in the Sydney Park Wetlands and Storm Water Harvesting project. Maintenance by the City will commence on these assets in 2016.

There is a continual increase in the number of streetscape and traffic treatments being developed as part of the Greening Sydney program, cycleway, and various other road and footway renewal programs. Additional assets and technology increases are being seen in relation to storm water harvesting. Resourcing to support, manage, and maintain these assets will be required in future years.

The likely development of synthetic sports fields within the City will present a new asset type that will require new approaches to maintenance of those assets and associated facilities. Estimates on the required management inputs for Gunyama Park (Green Square) are currently being sought.

#### Tree Management

The extensive urban renewal projects across the LGA, including Green Square, Ashmore Precinct and Harold Park, include new streetscapes and street tree assets. Best practise design and construction is being applied, with the trees now in highly engineered environments. Resourcing to support, manage and maintain these assets will be required in future years.

Major upgrade tree related projects planned in the next 5-10 years include:

- Light Rail and CBD Capacity Improvement projects;
- Urban Forest Strategy – with targets to increase canopy cover; and
- Street Tree Master Plan implementation (e.g. in road tree planting);
- Cycleway installation/upgrades;
- Hyde Park, Central Avenue Replacement program.

**TABLE 9.4 – Maintenance/Renewal/Upgrade Expenditure Trends**

#### Parks and Open Spaces

| Year           | Operating/<br>Maintenance<br>Expenditure<br>(\$,000) | Renewal/<br>Replacement<br>Expenditure<br>(\$,000) | Upgrade<br>Expenditure<br>(\$,000) | Expansion<br>Expenditure<br>(\$,000) |
|----------------|--|--|------------------------------------|--------------------------------------|
| 2011/12        | 12,700   | 6,871  | 508                                | 0                                    |
| 2012/13        | 14,190   | 10,554   | 2,943                              | 1,134                                |
| 2013/14        | 15,068   | 10,739   | 2,628                              | 7,171                                |
| 2014/15        | 15,074   | 13,971   | 4,624                              | 5,342                                |
| 2015/16        | 15,355   | 9,987  | 2,520                              | 6,900                                |
| <b>AVERAGE</b> | <b>14,477</b>  | <b>10,424</b>                                      | <b>2,645</b>                       | <b>4,109</b>                         |



#### **Tree Management**

| <b>Year</b>    | <b>Operating/Maintenance<br/>Expenditure<br/>(\$,000)</b> | <b>Renewal/<br/>Replacement<br/>Expenditure<br/>(\$,000)</b> | <b>Upgrade/<br/>Expansion<br/>Expenditure<br/>(\$,000)</b> |
|----------------|---|--|--|
| 2011/12        | 4,589   | 626  | 398  |
| 2012/13        | 4,845   | 1,036  | 967  |
| 2013/14        | 6,736   | 1,451  | 1,367  |
| 2014/15        | 7,558   | 1,471  | 563  |
| 2015/16        | 7,697   | 1,632  | 919  |
| <b>AVERAGE</b> | <b>6,285</b>  | <b>1,243</b>   | <b>843</b>   |

**Note 1:** Operating and Maintenance Expenditure is combined in this category as it is difficult to determine the appropriate split.

**Note 2:** - Capital Upgrade and Capital Expansion for Trees is combined – both refer to new trees in this category.

## 9.5. Financial Summary, Projections and Sustainability

### 9.5.1. Asset Consumption Costs for Park and Open Spaces

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset. This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

- Asset Consumption Costs = Required Operational Costs + Required Maintenance Costs + Average Annual Asset Consumption

- Average Annual Asset Consumption = Replacement Value of the Asset / Expected Life of the Asset (how long will it last)

Parks and open spaces valuation data is collected in a combination of whole of park basis and major components depending on the importance of the park. Tree (street and park) is by individual trees. Average Annual Asset Consumption is calculated on the same basis.

For the purposes of this plan the parks and open spaces and trees (street and park) are modelled as a whole. Table 9.5.1 provides an example of how the Average Annual Asset Consumption is derived.

**TABLE 9.5.1 – Example Parks, Open Spaces & Trees Annual Average Asset Consumption – Indicative values only**

| Tree or Park Details | Name                                    | Replacement Value | Expected Life (years) | Average Annual Asset Consumption |
|----------------------|---|-------------------|-----------------------|----------------------------------|
| Street Tree          | Celtis Australis                        | \$2,000           | 50                    | \$40                             |
| Iconic Park          | Hyde Park North – landscaping hardworks | \$12,500,000      | 25                    | \$500,000                        |
| Pocket Park          | St James Park                           | \$605,000         | 40                    | \$15,125                         |
| Park Tree            | Banksia Serrata                         | \$1,500           | 30                    | \$50                             |
|                      |   |                   | Total                 | \$515,215                        |





Pirrama Park

### 9.5.2. Long term - Life Cycle Cost based on Current Expenditure

#### Parks and Open Spaces – Including Trees

The replacement and upgrade of parks, open space and tree assets are so closely linked in the terms of projects that create these assets, it is prudent to consider the life cycle costs associated as one assessment. It is also difficult to separate these works in a practical sense.

The table below shows the current sustainability as projected using the average of the last five years costs. This is the basis for the calculation of the long-term cost that the City will need to fund for the life of the asset.

**TABLE 9.5.1 – Sustainability – Current**

| Asset Consumption Costs (\$,000) | Renewal or Replacement Costs (5 year Average) (\$,000) | Difference (\$,000) |
|----------------------------------|--|---------------------|
| What we should be spending       | What we are spending                                   |                     |
| 38,715                           | 32,429   | -6,285              |

The figures reflect a reduced average renewal and upgrade budget, primarily in Parks and Open Spaces in the last 3-5 years following a period of extensive refurbishment in the early to mid-2000's. The Long Term

Financial Plan includes significant budget allocation to the renewal and upgrade/expansion of Parks and Open Spaces which will address difference over the medium term.

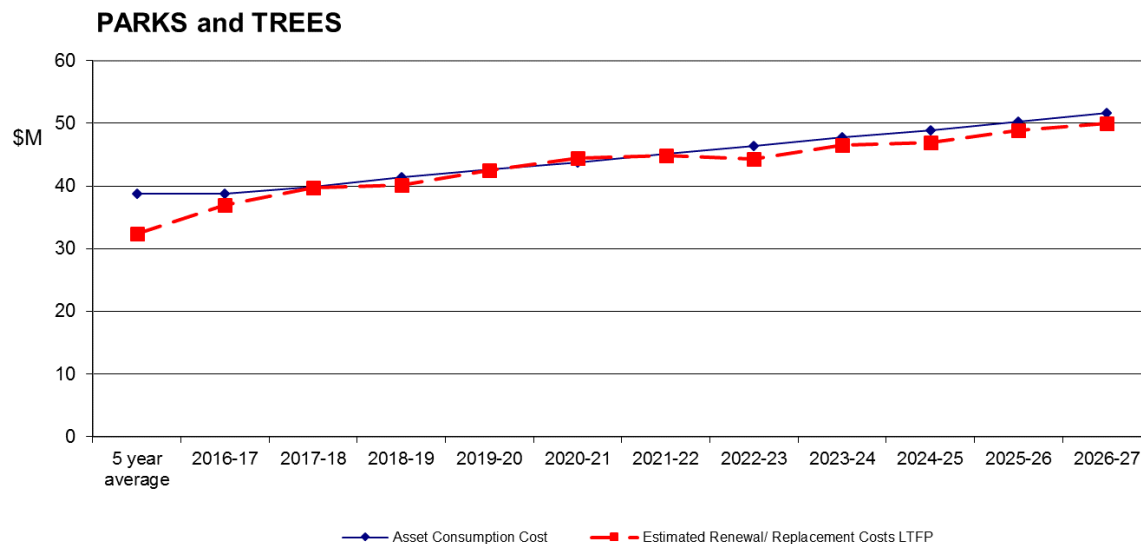
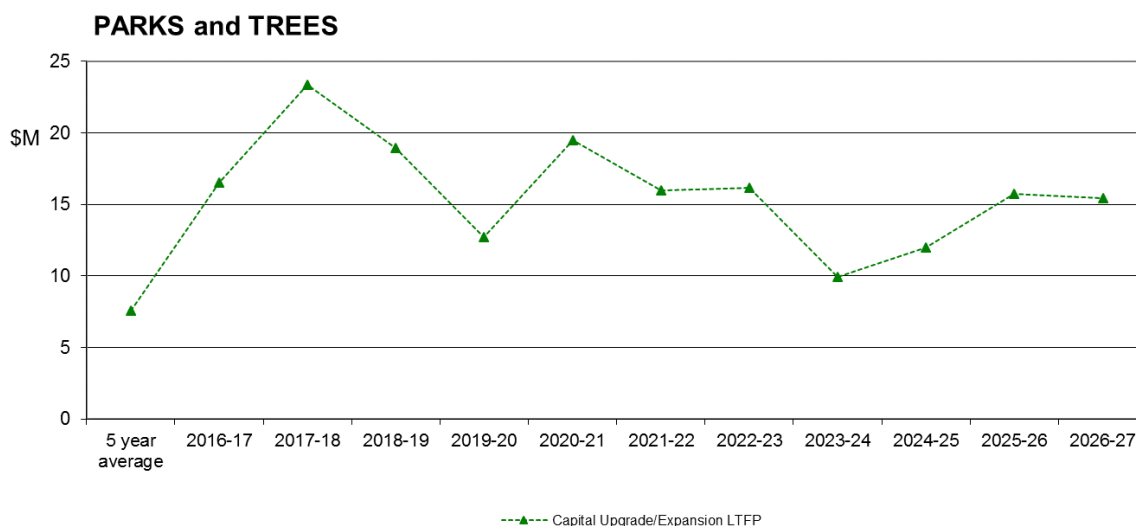
### 9.5.3. Medium term – 10 year financial planning period

The first chart below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Operational, Maintenance, Estimated Renewal or Replacement Costs). The second chart shows the upgrade/expansion proposed for the parks and trees assets in the Long Term Financial Plan.

The graph indicates that the City is allocating sufficient funding to provide for the renewal of the parks infrastructure, with significant amounts being allocated to renewing and upgrading the parks and trees infrastructure in the next five years in particular.

Amounts shown for Years 2 to 4 in the Long Term Financial Plan reflect the renewal provision for iconic park upgrades, particularly Hyde Park. Due to the changing nature of living assets and the influence of climate it is envisaged that projects will be identified closer to that period.

The modelling will be updated in future revisions of this Community and the Detailed Asset Management Plan for parks and open spaces and trees (parks and street).

**CHART 9.5.2 – Long Term Financial Plan – Maintenance, Renewal and Replacement****CHART 9.5.3 – Long Term Financial Plan– Upgrade/Expansion**

The spike in the upgrade/expansion, and the associated dip in renewal and replacement, in the Long Term Financial Plan is due to the implementation of the open space components of the Green Square Urban Renewal project, diverting funds from renewal projects.

Table 9.5.4 below is an estimate of the Average Asset Consumption Costs and the Estimated Operational, Maintenance, Renewal and Replacement Costs and the Sustainability Index 10 year projection.

The estimate indicates that the City is budgeted to renew the Parks, Open Space and Tree assets at a sustainable rate over the next 10 years and is managing the assets effectively and addressing the maintenance and renewal requirements consistent with the Office of Local Government performance measures.

**TABLE 9.5.4 – Sustainability – 10 Year Projection**

| Average Asset Consumption Costs<br>10 Year Projection<br>(\$,000) | Average Estimated<br>Renewal and<br>Replacement Costs<br>10 Year projection<br>(\$,000) | Difference<br>(\$,000) | Sustainability Index 10 Year<br>Projection                          |
|---|---|------------------------|---|
| What we should be<br>spending                                     | What we are<br>proposing to spend   |                        | <u>What we are proposing to spend</u><br>What we should be spending |
| 45,141  | 44,127  | -1,014                 | 0.98  |



Paddington Reservoir Gardens

# 10. Property

## 10.1. Background

The City relies on its buildings and property to provide services to the community and its corporate and commercial tenants. The building assets held by City cover a diverse range of property types such as indoor and outdoor aquatic centres, libraries, works depots, public toilets, and commercial property and community halls including the iconic Sydney Town Hall.

These buildings experience significant wear and tear. They are subject to regular inspections and ongoing risk assessment and compliance processes and condition assessments to assist officers to make informed decisions about reactive and planned maintenance requirements, capital expectations and long-term property strategy options.

The portfolio is currently divided into five distinct groups shown below. A review of the portfolio allocations is

underway with the aim to simplify the groupings, future revisions of this plan will include the adopted portfolios.



**TABLE 10.1 – Property Assets (as at February 2017)**

| Property Portfolios  | Number       | Description of Use  |
|----------------------|--------------|---|
| Community            | 77           | Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include community halls, childcare centres, libraries, etc. |
| Corporate            | 24           | Buildings for occupation by City's staff serving the community, including Town Hall House and depots  |
| Public Domain        | 75           | Buildings such as public toilets, cafes, generally in parks   |
| Investment/Strategic | 64           | Buildings held for provision of sustainable revenue stream for the City and for key sites for future strategic outcomes   |
| Sydney Town Hall     | 1            | Iconic heritage listed building used for public events, Council meetings, Councillor office accommodation and private hiring.   |
| <b>TOTAL</b>         | <b>241 #</b> |   |

# - The total number of buildings includes buildings owned and managed by the City, managed by third parties (e.g. Queen Victoria Building, Capitol Theatre, Capitol Square (Watkins Terrace), Manning Building) or leased by the City (e.g. Surry Hills Child Care Centre, Redfern Neighbourhood Service Centre).



## 10.2. Levels of Service

### 10.2.1. Current Levels of Service

| Key Performance Category | Service Objective   | Performance Measure Process                                    | Performance Target                              | Current Performance                 |
|--------------------------|---|--|---|-------------------------------------|
| Safety                   | Minimise significant risks to the public, staff and contractors             | Regular Property inspections                                   | Reported monthly<br>Audited annually            | Achieved<br>Audit scheduled 2016/17 |
| Function                 | Ensure each building is fit for purpose                                     | Conducting regular maintenance and annual property inspections | Independent annual certification                | Achieved                            |
| Quality                  | Ensure each building is presented and maintained in an acceptable condition | Register of annual property inspections                        | Target Condition Index set building by building | Current average condition 2.4       |

### 10.2.2. Desired Levels of Service

Desired levels of service are informed by feedback from internal customers, service request trends and consultation with stakeholders. New corporate strategies arising from Sustainable Sydney 2030 Community Strategic Plan also require consideration in determination of optimal service levels.

The City has quantified minimum condition levels for the City's property on a building by building basis. See section 10.3.1 below.

## 10.3. Lifecycle Management

### 10.3.1. Asset Condition

Assessing the condition of building assets can be a complex task as modern buildings are comprised of many building components, usually in differing states of condition. Condition targets for buildings are reflective of property strategy requirements, in some cases a building will have a poor or very poor condition rating, but will be included as part of a major redevelopment plan for the site or selected for disposal.

**Table 10.3.1. Asset Condition - Buildings**

|   | CONDITION | DESCRIPTION  |
|---|-----------|--|
| 1 | Very Good | Building is as new, no defects, no customer concerns, well maintained, clean.  |
| 2 | Good      | Building is functional, superficial defects, minor deterioration on finishes, minimal influence on customer use, no major maintenance required.  |
| 3 | Fair      | Building functional but shows signs of moderate wear, services functional but require attention, deteriorated surfaces, minor restrictions on operational use.                                       |
| 4 | Poor      | Building functionality is reduced, significant defects to major components, services functional but often fail, backlog of maintenance works, regular complaints.                                    |
| 5 | Very Poor | Building is not functional or deteriorated badly, serious structural or component problems, appearance is poor, services not performing, and significant major defects, unsuitable for customer use. |

The pie charts on this page provides an indication of the current condition of the property assets, as assessed by the City's service provider and reviewed by the City's Property asset managers, on a whole of building basis as at 30 June 2016, and includes all buildings under the City's control. This assessment is the basis of the City's report under the Local Government Act 1993 Section 428(2) (d) Condition of Public Works, taking into account whether buildings are either under refurbishment or closed at the time of the condition assessment.

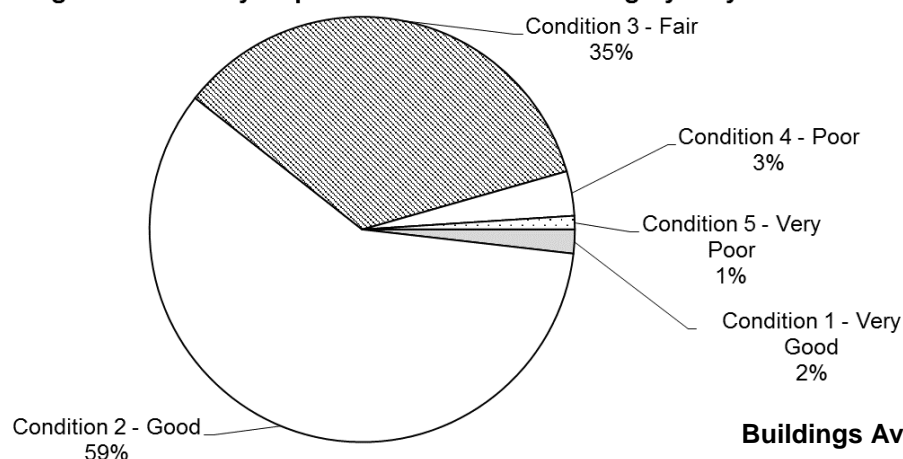
The charts are based on the aggregate insurance replacement value by condition index for the buildings managed and maintained by the City. Two charts are shown, one including Sydney Town Hall and the second without.

Sydney Town Hall has an insurance replacement value of \$580 million which accounts for 28% of the overall property portfolio value and its current condition is assessed as 2- Good. Consequently the pie chart including Sydney Town Hall can distort proportions of condition categories. For that reason two condition charts are provided.

The average condition of our Property portfolio is 2.4 including Sydney Town Hall and 2.6 excluding, which is in the good range.

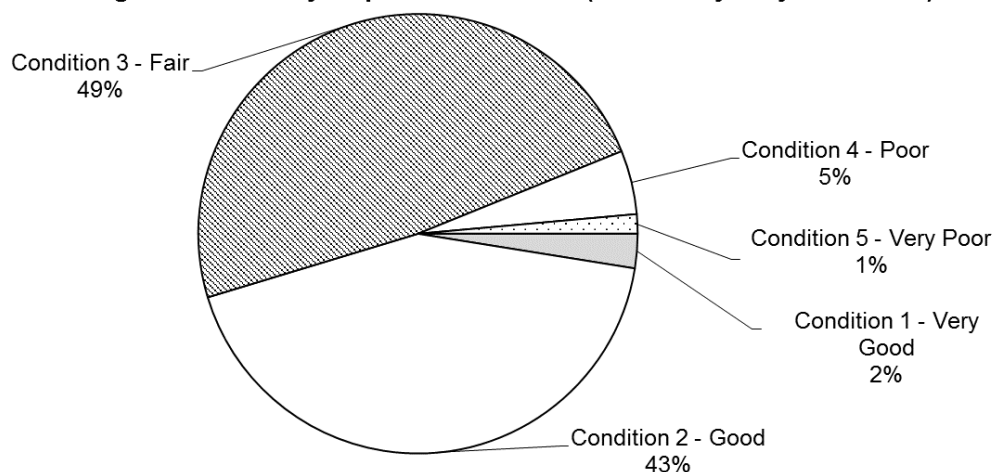
#### **CHART 10.3.1 – Building Condition – with Sydney Town Hall**

**Building Condition - By Replacement Value - including Sydney Town Hall**



#### **CHART 10.3.2 – Building Condition – without Sydney Town Hall**

**Building Condition - By Replacement Value (without Sydney Town Hall)**



Photographic examples have been provided below to assist in demonstrating the property condition / appearance for each category.



Condition 1 – Very Good



Condition 5 – Very Poor

### 10.3.2. Minimum Condition for Property

Part of the requirements of the Integrated Planning and Reporting legislation is to determine asset levels of service that are acceptable to the community.

Condition assessment is on a whole of building basis at this time linked to the insurance replacement value.

The City has commissioned a detailed building component data collection project e.g. electrical components, structural components, roof details etc. These components will include individual assets where relevant, replacement values, current conditions and maintenance and renewal estimates. The detailed inventory of 53 buildings is complete and is being analysed as a first step to better understanding building condition and maintenance and renewal requirements.

The desired minimum condition is assessed on a building by building basis taking into account client (user) requirements. Not all buildings are proposed to be improved and may be held for other purposes.

The desired minimum is reviewed annually and will be subject to an additional review following completion and endorsement of the Property Strategy.

An estimate of a cost to reach the minimum condition is shown for the City's buildings currently rated 4 or 5, this is a preliminary estimate. Please note that the cost estimate is renewal of the building only, and does not include any allowance for upgrade or expansion of those assets.

These buildings are included in the Long Term Financial Plan estimates for renewal in the next 2-3 years.

**TABLE 10.3.2 – Minimum Condition Index – Property Portfolio**

| Buildings in Portfolio | Average Current Condition | Number of Buildings to Improve from 4 and 5 | Estimated Cost to complete the improvements (\$M) | DESIRED MINIMUM PORTFOLIO CONDITION |
|------------------------|---------------------------|---|---|-------------------------------------|
| 241                    | 2.4                       | 10  | 12  | 2.25                                |

### 10.3.3. Asset Valuations

The Table 10.3.3 shows a summary of the financial position for the property portfolio.

Note that there are two valuations shown for the property portfolios. These are:

- Financial accounting valuation – this is based on the replacement value of all buildings excluding investment properties which are based on market value. The Financial accounts also include assets leased to or by the City in some instances, for example, Queen Victoria Building, over which the City does not have day to day maintenance control.
- Current Replacement value (insurance value) for the entire portfolio – this is the cost actually incurred if the buildings under the City's control needed to be replaced as a whole and is generally what the property is insured for. This is the figure used in calculating the asset consumption and sustainability and does not include buildings not under the City's direct maintenance control e.g. Queen Victoria Building, Capitol Theatre.

The City has valued all building assets, including:

- Replacement (insurance) Value
- Market Value
- At a building components level - the functional aspects of the buildings being

- Electrical Service
- Exterior Works
- External Fabric
- Fire Services
- Interior Finishes
- Vertical Transport
- Mechanical Services
- Hydraulics

The building valuation based on components has been updated in the financial registers.

Full assessment of the impact of how the components will affect the assessment of asset consumption and how this could include investment property is under review. For the purposes of this plan the calculation of asset consumption is based on the building as a whole.

In conjunction with the scheduled Property Services tender the City is reviewing how condition assessments and maintenance requirements can be improved, recorded and reported. As detailed in 10.3.2 the inventory of 53 buildings is complete and is being analysed as a first step to better understand building condition, maintenance and renewal requirements for the entire portfolio.

Future revisions of this plan, will include the recommendations of the review.

**TABLE 10.3.3 – Building Valuations**

|                                | Financial Valuation (\$M) | Written Down Value Finance (\$M) | Current Replacement Cost Insurance (\$M) | Average Annual Asset Consumption based on Insurance (\$M) |
|--------------------------------|---------------------------|----------------------------------|--|---|
| <b>All Building Portfolios</b> | 1,401                     | 786                              | 1,514                                    | 21.7  |
| <b>Sydney Town Hall</b>        | 454                       | 94                               | 580                                      | 2.9   |
| <b>TOTAL</b>                   | <b>1,855</b>              | <b>880</b>                       | <b>2,094</b>                             | <b>24.6</b>   |

*Note 1: the Average Annual Asset Consumption for Sydney Town Hall is proportionally lower than general portfolio due to the long life (200 years) of the building*

*Note 2: the variation in the financial valuation compared to the replacement cost is attributed to the significant percentage of investment properties that are assessed at market value and the high cost of establishment and approvals that are required if a building was to be rebuilt, particularly heritage assets.*



## 10.4. Maintenance, Renewal and Upgrade Plans

### 10.4.1. Renewal Plan

The required level of expenditure on the renewal program for the City's buildings will vary from year to year and will reflect:

- The age of the assets;
- The condition of the assets components;
- Budget priorities;
- Capacity constraints to deliver services;
- On-going maintenance demand;
- Changes to service requirements; and
- The nature of the asset and its heritage and cultural significance.

The Long Term Financial Plan has made provision, where appropriate, for buildings identified as Condition Index 4 or 5 in section 10.3 above.

### 10.4.2. New Assets and Upgrade Plan

The Green Square Urban Renewal Project will result in substantial growth in population and corresponding increase in demand for new community facilities and local services. The City has committed significant funds to new assets including the Green Square Aquatic Centre (\$92 million), the Green Square Community

Library (58 million) and the Green Square Creative Centre (\$29 million).

Community service demands are continually assessed for the entire Local Government Area including Green Square Urban Renewal area. New assets required to meet future community growth will be acquired progressively in line with population growth, development and funding priorities. New community facilities may require sites to be acquired or existing sites redeveloped or with some services consolidated to deliver integrated community facilities.

Timing and funding for these facilities will be influenced by budget allocations and potential development contributions and updated annually within the Long Term Financial Plan.

Future revisions of this plan will reflect the ongoing acquisition and divestment of property assets as they arise.

### 10.4.3. Disposal Plan

From time to time assets become surplus to the City's requirements and as such are disposed, enabling funds to be released for delivery of the City's community services.

Anticipated disposals are reflected in reduced asset maintenance calculations and will be incorporated in future revisions of the plan.

**TABLE 10.4 – Maintenance/Renewal/Upgrade Expenditure Trends - Buildings**

| Year           | Operational<br>Expenditure<br>(\$,000) | Maintenance<br>Expenditure<br>(\$,000) | Renewal/<br>Replacement<br>Expenditure<br>(\$,000) | Upgrade/<br>Expansion<br>Expenditure<br>(\$,000) |
|----------------|--|--|--|--|
| 2011/12        | 10,145                                 | 16,798                                 | 20,854   | 18,033   |
| 2012/13        | 13,026                                 | 19,017                                 | 30,926   | 18,667   |
| 2013/14        | 12,677                                 | 20,690                                 | 32,208   | 10,633   |
| 2014/15        | 13,192                                 | 19,081                                 | 22,424   | 18,978   |
| 2015/16        | 12,454                                 | 19,235                                 | 19,500   | 35,102   |
| <b>AVERAGE</b> | <b>12,875</b>                          | <b>18,964</b>                          | <b>25,183</b>                                      | <b>20,283</b>                                    |

## 10.5. Financial Summary, Projections and Sustainability

### 10.5.1. Asset Consumption Costs for Property Portfolio

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset after it is commissioned. This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

- Asset Consumption Costs = Required Operational Costs + Required Maintenance Costs + Average Annual Asset Consumption

- Average Annual Asset Consumption = Replacement Value of the Asset / Expected Life of the Asset (how long will it last)

Building data is collected on a building by building basis for the purposes of this Asset Management Plan. Annual Asset Consumption is also calculated on that basis.

For the purposes of this plan the property portfolio is modelled as a whole. No breakdown by building type has been included but this may be included in future revisions of this Asset Management Plan. The Table 10.5.1 below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 10.5.1 – Example Property Portfolio Annual Average Asset Consumption – Indicative values only**

| Building Name                | Replacement Value | Expected Life (years) | Average Annual Asset Consumption |
|------------------------------|-------------------|-----------------------|----------------------------------|
| Alexandria Child Care        | \$1,489,000       | 60                    | \$24,817                         |
| Public Toilet – Beare Park   | \$173,000         | 70                    | \$2,471                          |
| Cycling Centre – Sydney Park | \$384,000         | 50                    | \$7,680                          |
| Redfern Town Hall            | \$9,731,000       | 200                   | \$48,655                         |
|                              |                   | Total                 | \$83,623                         |

Note: The replacement values shown are indicative only.

### 10.5.2. Long term – Lifecycle Cost based on Current Expenditure

The table 10.5.2 below shows the current Sustainability as projected using the average of 5 years historical costs. This is the basis for the calculation of the long

term cost that the City will need to fund for the life of the asset.

**TABLE 10.5.2 – Sustainability – Current**

#### ALL BUILDINGS

| Asset Consumption Costs (\$,000) | Renewal or Replacement Costs (5 year Average) (\$,000) | Difference (\$,000) |
|----------------------------------|--|---------------------|
| What we should be spending       | What we are spending                                   |                     |
| 56,426                           | 57,022   | +596                |

### 10.5.3. Medium term – 10 year financial planning period

The chart below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Estimated Operational, Maintenance, Renewal or Replacement Costs). The second chart shows the upgrade/expansion proposed for the Property assets in the Long Term Financial Plan.

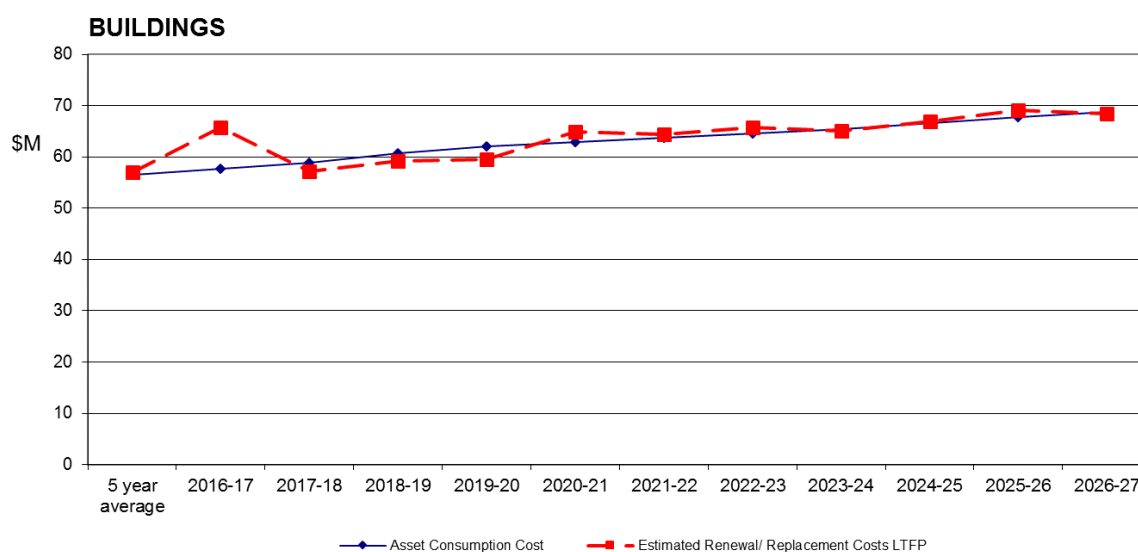
The chart 10.5.1 indicates that the City is allocating sufficient funding to provide for the renewal of the Property infrastructure, with significant amounts being

allocated to renewing and upgrading the Property infrastructure in the next 10 years.

Significant upgrade and expansion projects are scheduled between 2017 and 2019. These include building works in the Green Square Urban Renewal precinct and new community facilities across the local government area.

The Long Term Financial Plan includes the major buildings identified as Condition Index 4 or 5 in Table 10.3.1 above. The modelling will be updated in future revisions of this plan and the Draft Detailed Asset Management Plan for property.

**CHART 10.5.1 – Long Term Financial Plan – Maintenance Renewal and Replacement**



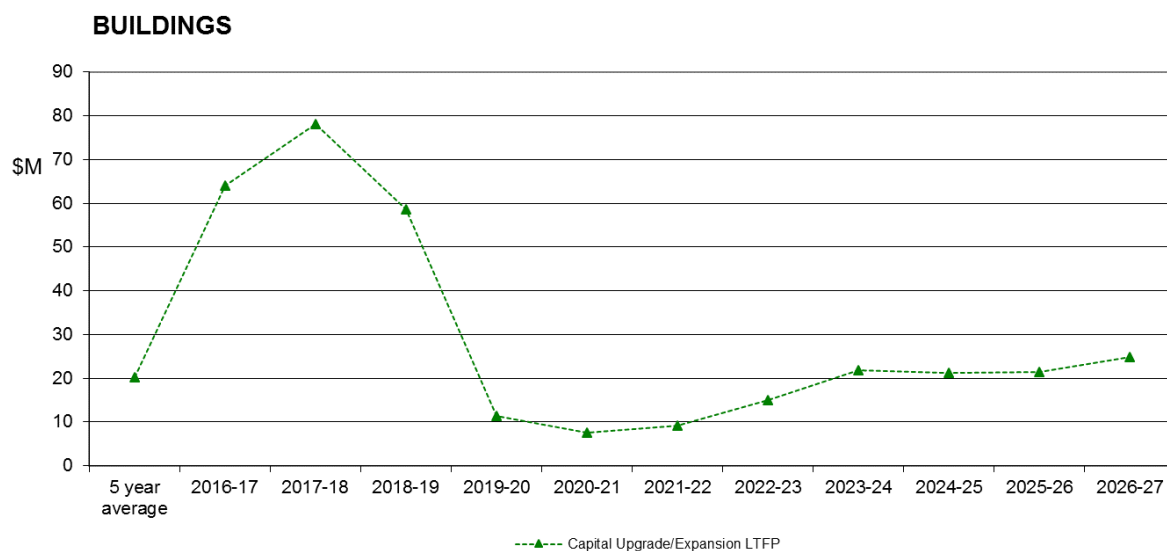
**CHART 10.5.2 – Long Term Financial Plan – Upgrade/Expansion**

Table 10.5.3 below is an estimate of the Average Asset Consumption Costs and the Estimated Operational, Maintenance, Renewal and Replacement Costs and the Sustainability Index 10 year projection.

The estimate indicates that the City is budgeted to renew the Property assets at a sustainable rate over the next 10 years, is managing the assets effectively and addressing the maintenance and renewal requirements consistent with the Office of Local Government performance measures.

**TABLE 10.5.3 – Sustainability – 10 Year Projection**

| Average Asset Consumption Costs 10 Year Projection (\$,000) | Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000) | Difference (\$,000) | Sustainability Index 10 Year Projection                             |
|---|---|---------------------|---|
| What we should be spending                                  | What we are proposing to spend  |                     | <u>What we are proposing to spend</u><br>What we should be spending |
| 63,535  | 64,203  | +667                | 1.01  |



Prince Alfred Park Pool



# 11. Conclusion

The information contained in this Community Asset Management Plan shows that the City is providing adequate funding to sustain the critical infrastructure assets for the next 10 years and is managing the assets effectively and addressing renewal requirements consistent with the Office of Local Government performance measures.

The Table below shows the Average Asset Consumption Costs and the Average Estimated Replacement Costs and the Sustainability Index 10 year projection for the four critical asset classes contained in this plan.

| Critical Asset Category         | Average Asset Consumption Costs 10 Year Projection (\$,000) | Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000) | Difference (\$,000) | Sustainability Index 10 Year Projection                             |
|---------------------------------|---|---|---------------------|---|
|                                 | What we should be spending                                  | What we are proposing to spend  |                     | <u>What we are proposing to spend</u><br>What we should be spending |
| Roads                           | 30,436  | 31,407  | 971 (3.2%)          | 1.03  |
| Stormwater Drainage             | 6,057   | 6,128   | 70 (1.2%)           | 1.02  |
| Parks and Open Spaces And Trees | 45,141  | 44,126  | -1,014 (2.2%)       | 0.98  |
| Property                        | 63,535  | 64,203  | 668 (1.1%)          | 1.01  |
| <b>Total</b>                    | <b>145,169</b>  | <b>145,864</b>  | <b>695 (0.5%)</b>   | <b>1.01</b>   |

The first chart below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan for the four Critical Asset Categories. The second chart shows the upgrade/expansion proposed for the Critical Asset Categories assets in the Long Term Financial Plan.

**CHART 11.1 – Long Term Financial Plan – Maintenance, Renewal and Replacement**

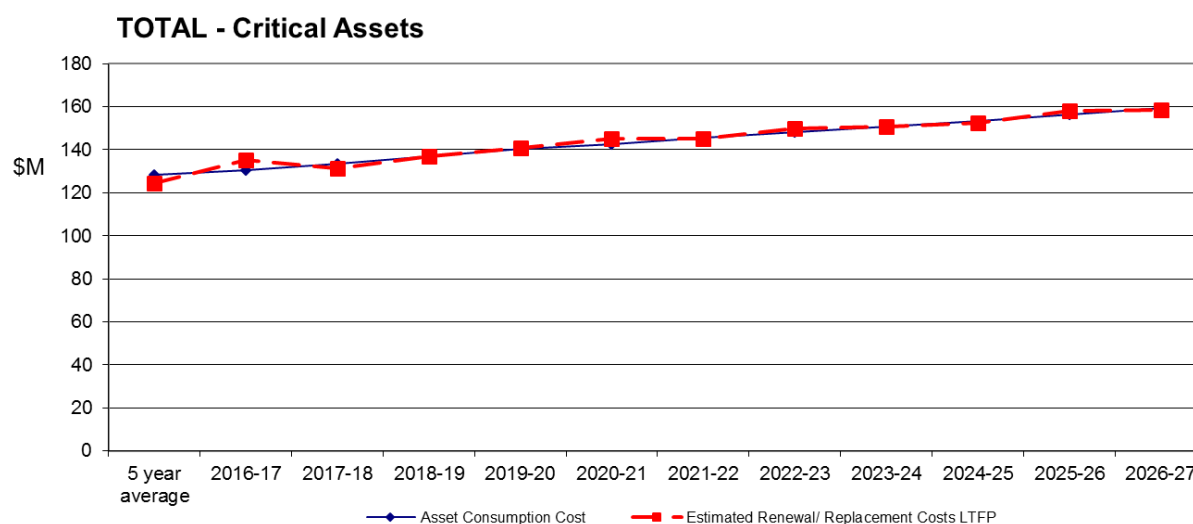


Chart 11.1 shows a slight dip in maintenance, renewal and replacement costs for the years 2018-2021 in relation to the estimate of how much should be spent. This is attributed to the substantial upgrade and expansion works during that period, particularly the Green Square Urban Renewal project and the City Transformation – Light Rail project, which has diverted funds from renewal projects.



Waterloo Community Centre

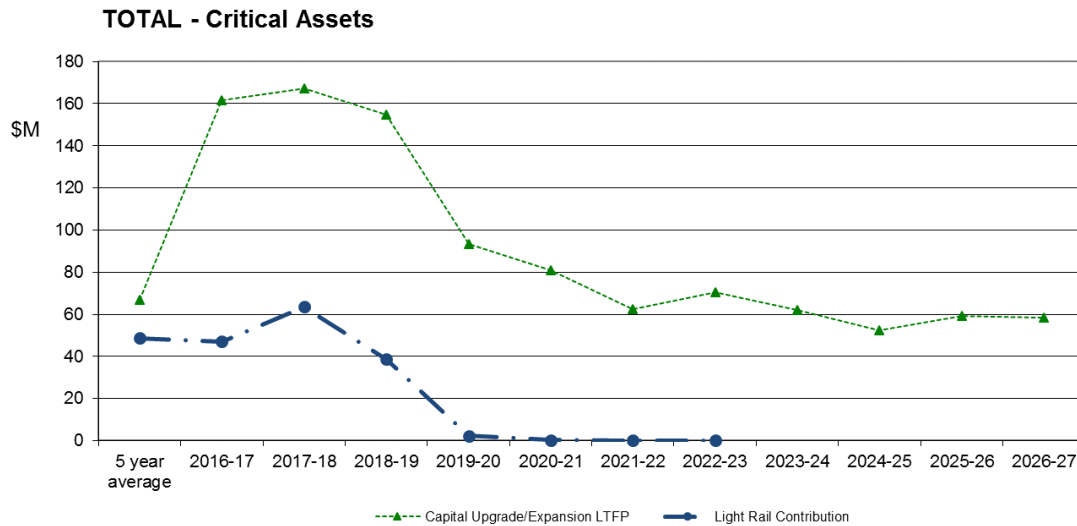
**CHART 11.2 – Long Term Financial Plan – Upgrade/Expansion**

Chart 11.2 includes the \$220M City Transformation – Light Rail project is shown as a separate item in recognition of its impact on the Long Term Financial Plan and the importance of the project to the City.

Future revisions of this Community and the Detailed Asset Management Plans will include updated attributes, conditions and valuations based on new information currently being collected for all these classes.



Tote Building, Green Square

# 12. Appendix 1

## Asset Management Policy 2016

### Purpose

The purpose of the Asset Management Policy is to ensure that the City has information knowledge and understanding about the long-term and the cumulative consequences of being the custodian of public infrastructure. This is achieved by ensuring that the systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy also provides the framework that together with the organisational Community Strategic Plan and Sustainable Sydney 2030 enables the asset management strategy and specific asset management plans to be produced.

### Context

The Local Government Act 2009 and the Local Government Amendment (Planning and Reporting) Act 2009 place a number of obligations on Councils in relation to asset management.

This Integrated Planning and Reporting legislation requires that the City must account for and plan for all of the existing assets under its ownership, and any new assets proposed in its Community Strategic Plan and Delivery Program and associated Resourcing Strategy.

The City must:

- Prepare an Asset Management Strategy and Asset Management Plan(s) to support the Community Strategic Plan and Delivery Program.
- Ensure that the Asset Management Strategy and Plan(s) cover a minimum timeframe of 10 years.
- Ensure that the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy.
- Ensure that the Asset Management Strategy identifies assets that are critical to the City's operations and outline risk management strategies for these assets.
- Ensure that the Asset Management Strategy includes specific actions required to improve the City's asset management capability and projected resource requirements and timeframes.

Figure 1 below shows the components of the Integrated Planning and Reporting Resourcing Strategy that frame the Asset Management requirements.

*Figure 1 – City of Sydney Asset Management Framework*





The City first adopted an Asset Management Policy in 2006. It was reviewed and updated in 2012. The 2012 update ensured our objectives and principles were consistent with Sustainable Sydney 2030, as well as the requirements the Integrated Planning and Reporting Framework.

The policy is linked to Sustainable Sydney 2030 Strategic Direction 10, Implementation through effective governance and partnerships, Objective 10.3 the City of Sydney is financially sustainable over the long term

This 2016 policy update builds on the Asset Management Policies of 2006 and 2012. The policy objectives were reviewed and enhanced by the Asset Management Program Control Group and the Executive Asset Management Advisory group and were advertised for public comment as part of the Resourcing Strategy 2016. The updated objectives were adopted by Council in June 2016.

## Scope

This policy applies to all infrastructure related service provision such as Road and Transport, Stormwater Drainage, Community Services delivered by the City's Buildings and Facilities, Parks and Open Spaces, Sport and Recreation and Environmental Protection.

## Definitions

| Term   | Meaning  |
|--------|--|
| Policy | A statement of an organisation's attitude and preference of direction. |

| Term                                   | Meaning  |
|--|--|
| Asset Management                       | The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.  |
| Resourcing Strategy                    | The long-term resources required to achieve the objectives established by the Community Strategic Plan (Sustainable Sydney 2030). The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.   |
| Asset Management Program Control Group | Representative asset managers responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives. They also oversee the development and implementation of asset and risk management plans for all asset classes  |
| Asset Management Plan                  | The Asset Management Plan/s must encompass all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation and replacement costs.  |
| Long Term Financial Plan               | The Long Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan.   |
| Asset Management Strategy              | The Asset Management Strategy will include an overarching Council endorsed Asset Management Policy. The Asset Management Strategy will identify assets that are critical to the City's operations and outline risk management strategies for these assets. The Asset Management Strategy will include specific actions required to improve the City's asset management capability and projected resource requirements and timeframes. The Asset Management Strategy will balance the resources required in the Asset Management Plan and resources available in the Long Term Financial Plan, and report on the available choices and service and risk consequences. |

## Policy Principles

The City's Asset Management policy is based on the following principles to guide sustainable management of infrastructure assets. They are:

- Take a lifecycle approach – apply a whole of life methodology for managing infrastructure assets including planning, acquisition, operation, maintenance, renewal and disposal
- Sustainable environmental performance

- Best value – balance financial, environmental and social aspects to achieve best value
- Long-term financial plans – asset practices, plans and systems will enable the development of long term financial plans for asset classes
- Decision support systems and knowledge – core systems will include up to date infrastructure asset information to inform decisions
- Sharing of asset data through digital platforms
- Service levels – infrastructure asset service levels will be clearly defined
- Manage risks associated with infrastructure assets; and
- Continuous improvement of asset management practices

## Policy Objectives

The policy objectives guide the City of Sydney to meet desired outcomes consistent with policy principles and meet strategic goals set out in Sustainable Sydney 2030, Integrated Planning and Reporting legislation and other strategic documents.

These policy objectives build on those contained in the Asset Management Policy 2012, and were advertised for public comment as part of the Resourcing Strategy 2016 documentation for the Integrated Planning and Reporting Framework and adopted by Council in June 2016.

### 1. Provide infrastructure and services to sustain the City of Sydney communities that:

- Supports the quality of life and amenity, urban environment and cultural fabric appropriate to City of Sydney;
- Adapts to emerging needs in sustainable transport;
- Facilitates the changes to infrastructure needed to cater for changing communities.
- Enhance the resilience of the City's infrastructure and communities

### 2. Implement a life-cycle approach to the management of infrastructure assets where:

- Asset planning decisions are based on an evaluation of alternatives that consider the “whole of life” of an asset through acquisition, operation, maintenance, renewal and disposal;
- The asset management cycle considers the current and future environmental, economic, cultural and social outcomes.

### 3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices by:

- Establishing and monitoring levels of service for each asset class through the Community and Detailed Asset Management Plans;
- Identifying and monitoring individual and network risks to assets and service levels for each asset class;

### 4. Provide a sustainable funding model that provides assets aligned with the City's long term plans and community needs with a:

- Funded model for all asset related services extending at least 10 years into the future that addresses the need for funds, considers renewal peaks and troughs and identifies how the funds will be sourced.

### 5. Develop and implement best value environmentally sustainable asset management practices that:

- Encourage a flexible and scenario based approach through systems and plans to allow for innovative use of assets, particularly in recycling and environmental initiatives.
- Acknowledge climate change adaptation, environmental protection and enhancement protocols are fundamental to sustainable asset management planning;

- Minimise energy and water use, waste generation and air quality impacts through our own initiatives and by working with stakeholders;
- Utilise low energy products, infrastructure materials and methods wherever possible;
- Incorporate sustainability criteria into infrastructure projects and procurement.

**6. Provide reliable asset and infrastructure data thorough supported digital platforms demonstrated by:**

- Distribution of open sourced for community use where appropriate;
- Implementation of sound data governance and data quality management;
- Access to systems and information by mobile technology wherever possible.

**7. Implement an integrated decision support system that:**

- Provides systems and knowledge necessary to achieve policy outcomes;
- Proactively interrogates and models data to support informed decisions;
- Minimise risk of corporate knowledge and data loss;
- Manages information as efficiently as possible through the appropriate use of software, hardware and communication tools;
- Reduces data duplication

**8. Ensure compliance with legislative requirements by:**

- Having clear policies, processes and information to ensure that organisational objectives and legislative requirements are met.

**9. Allocate Asset Management responsibilities where:**

- The roles and responsibilities of Council, Chief Executive Officer and Asset Managers are clearly identified.

## Responsibilities

**Lord Mayor and Councillors** adopt the policy objectives (completed) and ensure sufficient resources are applied to manage the assets.

**The Chief Executive Officer** has overall responsibility for developing infrastructure asset management systems, policies and procedures and financial models and reporting on the status and effectiveness of asset management within The City.

**The Corporate and Strategy Projects Steering Committee** is responsible for ensuring that all asset management activities are consistent with the objectives of Sustainable Sydney 2030, the Integrated Planning and Reporting Framework and the Long Term Financial Plan.

**The Asset Management Program Control Group** is responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives. They will also oversee the development and implementation of asset and risk management plans for all asset classes.

**Divisional Directors** and **Business Unit Managers** are responsible for implementing infrastructure asset management plans, systems, policies and procedures.

**Employees with management or supervisory responsibility** are responsible for the management of assets within the area of responsibility as determined under asset management plans.

In the short-term, **employees** will be tasked under implementation plans, and will be responsible for the timely completion of those activities contained within those plans. In the medium-term, awareness sessions



will be conducted to ensure that employees are familiar with asset management and how it is applied within The Council of the City of Sydney.

## Consultation

This update builds on the Asset Management Policy 2006 and 2012, and was developed after review of those policies by the Asset Management Program Control Group, the Executive Asset Management Advisory group of the Corporate and Strategy Projects Steering Committee and review of best practice documentation.

The above policy objectives were advertised for public comment as part of the Resourcing Strategy 2016 and adopted by Council in June 2016.

## References

### Laws and standards

- Local Government Act 1993
- Local Government (General) Regulation 2005
- National Asset Management Framework
- IPWEA NAMS.PLUS3 Templates for Asset Management Plans
- International Infrastructure Management Manual

### Policies, procedures and guidelines

- Matrix of Responsibilities for Assets
- Roads Capitalisation Procedure
- Corporate Asset Management System Data Management Procedure

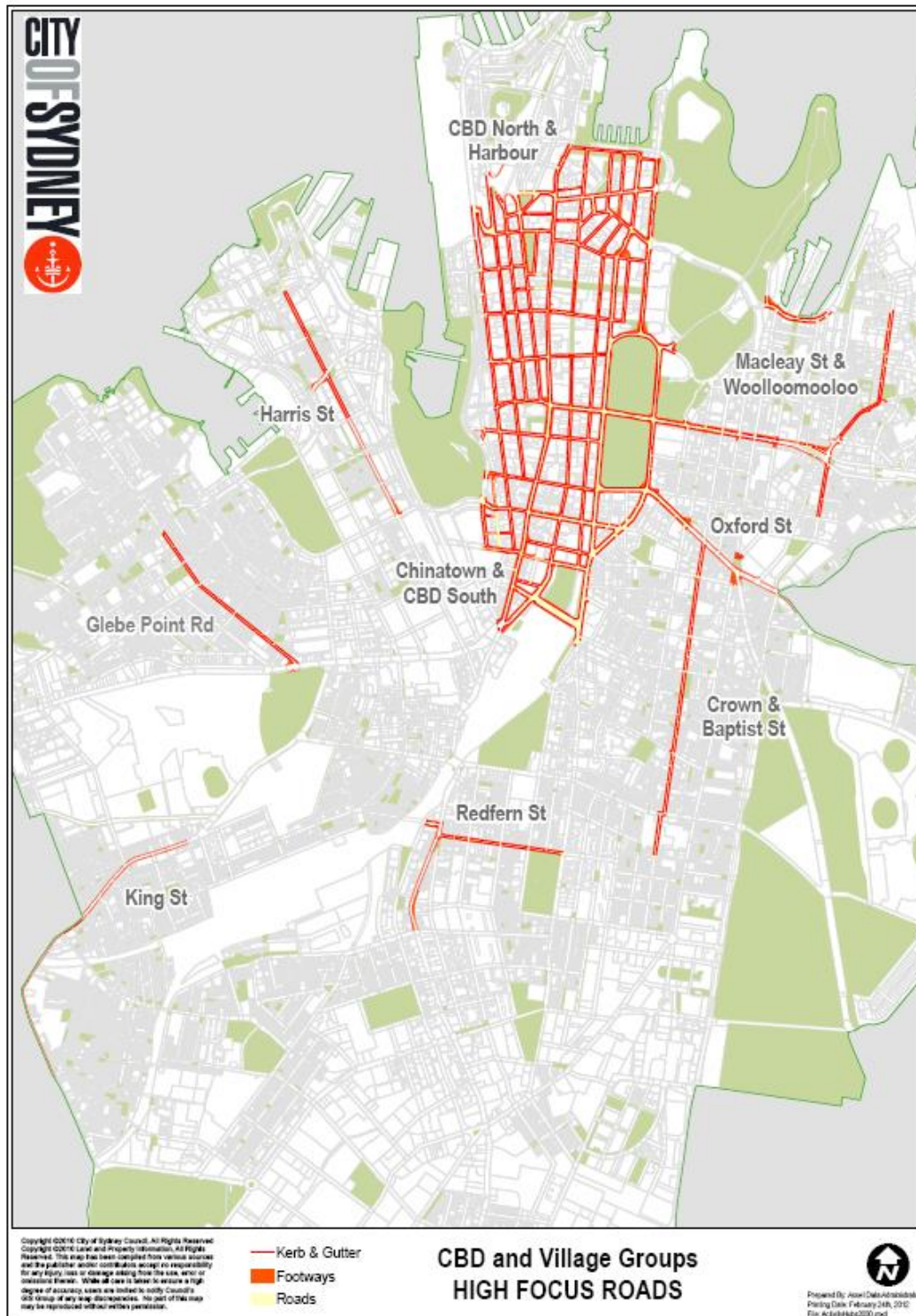
## Approval

The Chief Executive Officer / Council approved this policy/procedure on 27 June 2016

## Review

| Review period  | Next review date | TRIM reference |
|--|------------------|----------------|
| The Asset Management Program Control Group will review this policy every 4 years | June, 2020       | 2016/546823    |

# 13. Appendix 2 – City Centre and Village Groups – High Focus Roads



# Workforce Strategy 2015-19



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# 1. Executive Summary

Serving more than one million residents, visitors and workers per day, our employees play an essential role in assisting the Council carry out its responsibilities on behalf of the community.

In diverse roles across the organisation, our people are delivering the exciting and ambitious Sustainable Sydney 2030 plan to make our city Green, Global and Connected, while continuing to provide the high-quality services that are valued by the community.

This Workforce Strategy 2015-19<sup>1</sup> plays an important role in resource planning during this period and beyond. With the needs of our community growing and evolving, delivering the right initiatives to build capability in our people is critical.

In line with the Integrated Planning and Reporting Guidelines, this workforce strategy summarises recent work undertaken to implement the strategy, analyses issues and trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next two years.

The City has developed and implemented a range of significant workforce and organisational development programs. These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.

The strategy builds upon this earlier work and takes account of the key influences related to:

- The impact of technology
- An older experienced workforce
- A healthy workplace as a driver of performance
- The need for talent attraction and the influence of diversity.

In addition, our strategic workforce priorities are informed by managers' perspectives and our workforce profile.

This plan has six strategic priorities. Collectively they aim to optimise the City of Sydney's workforce strengths, address our most critical challenges and help focus our continuing efforts in building a high-performing, values-driven workplace.

Our six strategic priorities are:

- Leverage our common purpose
- Foster employee engagement and performance
- Build an agile and skilled workforce
- Apply a digital mindset
- Develop our diverse and inclusive workplace
- Strengthen our healthy workplace.

To address these priorities, we have developed a series of key strategic deliverables that we will report upon annually.

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<sup>1</sup> Revised February 2017

## 2. Background

Extending from Sydney Harbour at Rushcutters Bay to Glebe and Annandale in the west and from Sydney Park and Rosebery in the south to Centennial Park and Paddington in the east, the City of Sydney employs a wide range of people.

In diverse roles across the City, our people are achieving the exciting and ambitious Sustainable Sydney 2030 plan, while continuing to provide the high-quality services that are valued by the community.

In recognition that our employees are custodians of public trust and confidence, we are continuing to build a high-performance workforce with a value-based culture of collaboration, courage, integrity, innovation, quality and respect. We invest in the capability of our employees so that our workforce is able to fulfil our purpose – to Lead, Govern and Serve.

To achieve this, the City needs to work productively in partnership with the community, other levels of government and the private sector in order to meet increasing and evolving community expectations.

This Workforce Strategy 2015-19 plays an important part of our Resourcing Strategy. With workforce costs making up over 50% of the City's annual operating budget, ensuring we are delivering the right initiatives to build capability in our people is crucial.

In line with the Integrated Planning and Reporting Guidelines set out by the Office of Local Government, this workforce strategy summarises recent work undertaken, analyses new trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next two years and beyond.



*City of Sydney purpose and values*



*City of Sydney employees celebrate the Mardi Gras*

### What has led us to where we are today?

Rapid change has been underway at all levels of public service around the world, including the City of Sydney, from intergenerational working styles and the use of technology to the shift in the nature of the skills and roles required to service our community.

In order to achieve the goals of Sustainable Sydney 2030 and deliver our purpose to Lead, Govern and Serve, we need to build a workforce that is both capable and adaptable. This workforce must continue to maintain quality services and cater for a growing, evolving city and population.

The City of Sydney has recognised that it must operate as a high-performance, values-driven organisation. A high-performance organisation is one that is efficient, effective and ethical. To achieve this, we need to use and develop the full potential of our organisation, its people, resources and technology.

During the implementation of this strategy, we have engaged our people in developing a detailed blueprint for the delivery of Sustainable Sydney 2030. We have ensured there is a common understanding and commitment to achieving these goals by involving our people in all aspects of transforming the city. We have also embedded a strong sense of purpose and a commitment to shared values.

During the current (2015-19) and previous (2011-15) Workforce Strategies, the City has developed and implemented a range of significant workforce and organisational development programs.

These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.





*The award-winning transformation of Sydney Park*

### Building employee capability

The City's Learning and Development curriculum offers our employees a range of programs to support their development.

The program builds new knowledge and skills and maintains the technical and professional expertise of our employees. Topics range from Cultural Awareness to Microsoft Excel, Driver Training to Finance Fundamentals. New programs include a Workplace English Language and Literacy Program to help workers meet their current and future employment and training needs.

Each year, the City supports around 6% of our employees to undertake higher education to acquire formal qualifications.

In addition to traditional classroom-based learning, the City has opportunities for 'on the job' experience, learning from others and on-line learning resources. We are guiding our people leaders to develop their employees through more effective coaching and mentoring.



## Leadership and Management Capability Framework

YOURCITY



Sydney2030/Green/Global/Connected

## Developing our leaders

Developing the leadership and management capability of our people leaders has been a key focus over the last four years. Development has been directed toward effective frontline management, performance conversations and coaching skills for managers, and developing high-performing teams.

Developed in 2013 in consultation with our managers, the City's Leadership and Management Capability Framework was launched in 2014. The framework describes the City's expectations of leaders at each level of the organisation across six elements:

- Operating Strategically
- Developing People and Culture
- Driving Results
- Displaying Awareness of Self and Others
- Cultivating Productive Relationships
- Managing Effectively.

The framework has been the foundation for the City's leadership development programs and is supporting the following outcomes:

- More effective job design and improved workforce planning
- Improved capacity to identify and recruit the right people
- Aligned development opportunities that deliver on business goals
- A tool to provide feedback for successful performance and productivity.

Following the launch of the framework, tailored programs have been developed to build capability of our leaders. This includes a cornerstone leadership skills program for the City's frontline managers which was launched in 2015 and a coaching skills for managers program.



*The City of Sydney's  
ArtsReady trainees  
2015*

## Preparing for a future workforce

The City has a range of programs in place to help us recruit new talent and attract a broad range of candidates. We also have programs to build on the skills and create new career paths for current employees. In this way, we are addressing current workforce needs and planning for future needs.

The City provides entry-level positions in areas of skill shortage, for disadvantaged job seekers and where there is a high concentration of mature-aged staff. Such programs involve vocational training and mentoring. The City also provides opportunities for vocational work experience and volunteers.

### Aboriginal and Torres Strait Islander Traineeships

Run in partnership with Aboriginal Employment Strategy (AES), an indigenous national recruitment company, this program gives Aboriginal and Torres Strait Islander students the opportunity to work for the City for two years while they complete school. The City is a proud supporter of this program and has been working with AES since 2007.

### ArtsReady Trainees

ArtsReady is a traineeship program, run in partnership with the non-profit organisation ArtsReady Australia, which gives school leavers the chance to gain paid work experience in the creative and cultural sector while completing a TAFE business certificate.

### Graduate and Undergraduate Programs

In partnership with universities, initiatives include a Graduate Program, Co-op Scholarships, student planners, undergraduates and cadets.

### CareerSeekers

The City has supported the CareerSeekers program which connects asylum seekers with employers who can provide local organisational experience and job seeking support for mid-level professionals.

### Apprenticeships

In 2016 the City employed seven apprentices (five gardeners, one electrician and one stonemason).

### Vocational Work Experience and Volunteers

The City supports work experience placements as part of a student's structured education program or where industry experience is a requirement of the study.

The City recognises the significant contribution of volunteers within our community. Volunteers bring a wide range of skills, commitment and diversity providing services which may otherwise not be available to the City and community.



*City leaders at a managers' workshop*

### Redesigning our performance and development management process

In 2011, the City embarked on a review of performance and development management at the City with a view to improving the process for employees and managers. We redefined what performance means at the City – recognising that tangible results and behaviours linked to our values are important.

Developed in consultation with employees and managers, the City's revised approach to performance and development management:

- Sets clearer standards for performance and behaviours
- Encourages each employee to perform at their best while living our values
- Ensures an achievement and development focus centred on regular feedback throughout the year
- Recognises people who are performing well.

All 300 people managers have been trained in managing performance including having productive performance conversations and guiding team members in exploring development opportunities. Refresher training in developing people for performance takes place each year.

Introduced in 2012, a new salary progression scheme, linked to the performance management and development program, was implemented for all City of Sydney Award staff. The scheme aims to improve organisational performance by rewarding individual contribution.

### Developing an employee recognition program to celebrate excellence

The Employee Recognition program recognises excellence in individual and team achievement. Awards are issued under the categories of Lead, Govern and Serve with a team award recognising excellence in 'collaboration', one of the City's core values. The annual City-wide Employee Recognition Awards have received over 100 nominations each year since its launch in 2014.





*City of Sydney CEO, Monica Barone, guest speaker and employees during a lunchtime briefing in Naidoc Week 2014*

## Supporting health and wellbeing

The City is committed to achieving best practice in workplace health, safety (WHS) and wellbeing and has a comprehensive program in place. Our work, health and safety strategy seeks to develop a strong safety culture where there are high levels of personal accountability and responsibility across the organisation. It has four key directions:

- Developing a stronger safety culture
- Driving effective workplace injury prevention programs
- Communicating openly and innovatively
- Building a psychologically resilient and healthy workplace.

The City's Health and Wellbeing program continues to target known health risks and includes flu vaccinations, hearing tests and free health checks on-site for depot staff. A stronger focus on mental health and wellbeing has commenced with mental health awareness training provided to all people managers.

The City uses a mix of online, written and face-to-face communication to distribute our messages and give our people an opportunity to get involved in our activities and programs, and have a say on matters which are of interest to them. Internal social media is increasingly used to encourage collaboration and conversation on innovation and improvement.

## Improving internal communication

Effective internal communication is critical if we are to achieve our business outcomes and help employees understand the link between their work and our common purpose to Lead, Govern and Serve our community.

An internal communications framework has been established to support the sharing of ideas and information, and encourage every employee to keep up-to-date with our current priorities.



# 3. Looking to the future

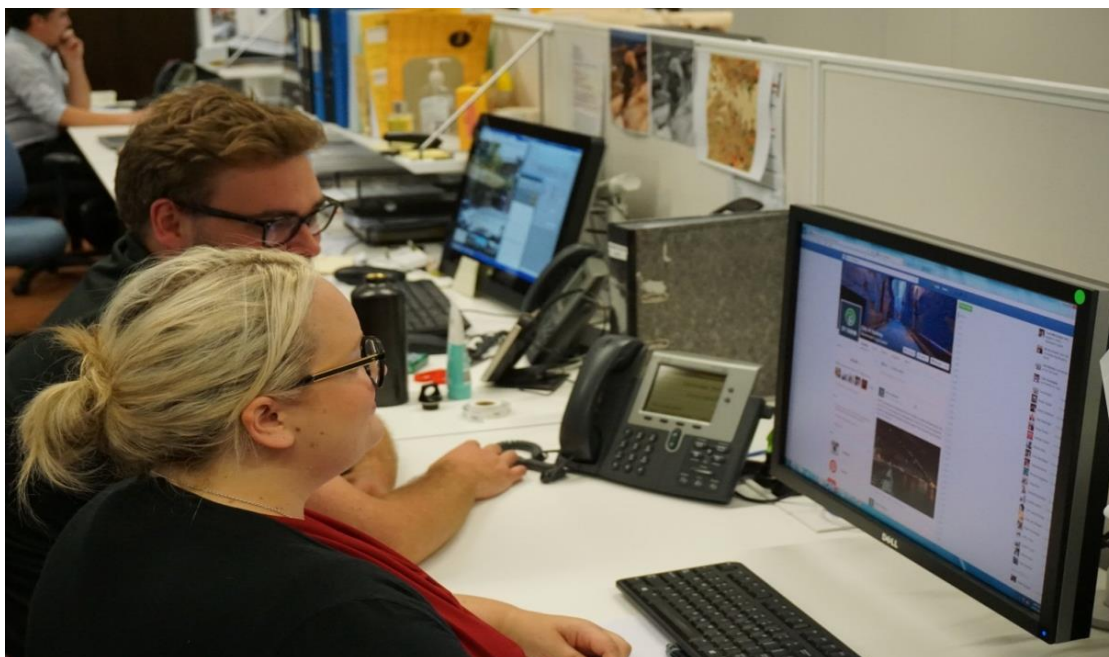
The City's strategic workforce priorities build upon our achievements to date and seek to maintain and develop our committed and capable workforce.

In addition, our priorities are informed by key workforce trends, managers' perspectives and our workforce profile.

Across the globe and in Australia there are pronounced changes influencing the nature of work and the workforce of the future.

Significant trends include:

- The impact of technology
- An older experienced workforce
- A healthy workplace as a driver of performance
- The need for talent attraction and the influence of diversity.



*City employees interacting with the community via our Facebook page*

## The impact of technology

### Key points:

- New jobs and roles are being created
- Technology is now part of the business strategy and customer experience
- Different generations have different expectations in terms of technology
- Technology is important for engagement, mobility and flexibility

The workforce is changing rapidly. Many of the jobs being created today did not exist five years ago. Much of this change is being shaped by digital technologies, enhanced cyber security, big data and the rise of social media. These elements are resulting in an evolution of new roles and capability requirements across many organisations.

Technology is increasingly a shared responsibility across organisations. New roles are emerging to coordinate marketing, customer service and IT, with a specific focus on the quality of customer experience. Effective partnerships between business units will be critical to the success of technology-led improvements.

Organisations are expanding their service delivery using digital channels. This requires many community and customer facing employees to have well developed technology capabilities.

Within organisations, technology has gone from being a work 'tool' to an 'enabler' of business strategy and customer experience.

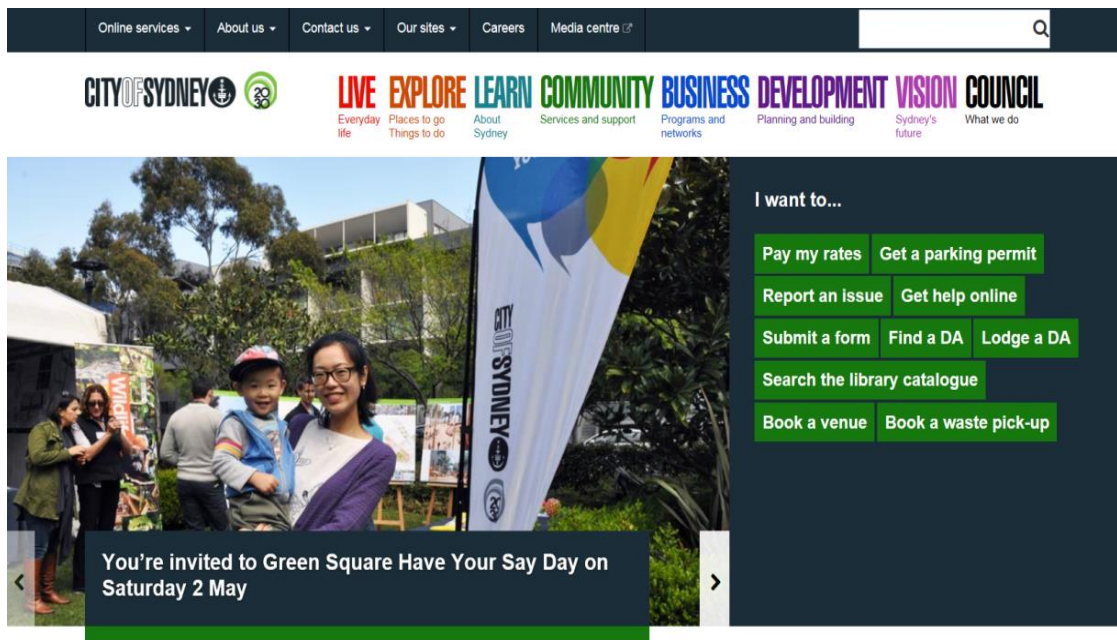
Over the past five years the use of mobile devices such as tablets and smartphones has increased exponentially. While this growth has primarily been driven by consumer demand, mobile facilities are now seen as a vital tool for service delivery and field-based work.

Employees' expectations have also changed. The expectation that technology used in the workplace be similar, if not the same, as that accessed in private life is no longer a desire but an expectation.

Initially led by millennials, but now increasingly adopted by all generations, is the expectation of access to information from any device at any time. This presents both opportunities and challenges for employers as they seek to balance openness and autonomy with privacy and security.

Generational differences in communication preferences and modes of digital collaboration are becoming heightened. Almost all forms of work require some computer literacy, even if it is simply sending an email or searching an internal intranet site to locate a colleague's contact details.

Technology has changed what it means for employers to engage their workforce. From traditional face-to-face meetings, town halls and formal 'one way' communication, technologically-savvy leaders are now interacting with their employees in a 'two way' mode via blogs, discussion boards and web-enabled conferences.



Connecting with our community via our online business services portal

Solis (2014), a leader in how digital capability is influencing today's workplace, states in recent research on the link between digital technology and employee engagement:

*Socially engaged companies are genuinely more open, communicative, and also open to listening and learning in real time. They are leading the way for a new social era of business transformation, where trust becomes a metric and relationships offer economic value. (Solis 2014, para. 16)*

The era of 'anytime, anywhere and on any device' is blurring the line between work and home. Personal and work time is increasingly blended and the concept of work as a 'place' is changing. Offices are being redesigned to create dynamic and flexible spaces. Across Australia, increasing numbers of employees of all ages are choosing flexible work arrangements including working remotely.

Many large organisations with technology-enabled flexible working practices are fast becoming employers of choice for mid-career and older workers, whose experience is still vital. Technology-enabled flexibility also plays a vital role in supporting greater female participation in the workforce.

Over the coming years the City will look to address the challenges and opportunities brought about through the impact of technology. Our next steps are outlined in our strategic priorities, later in this strategy.



*The City's Meals on Wheels Volunteers*

## An older experienced workforce

### Key points:

- Australia has an ageing population and the retirement age is increasing
- People are able and keen to work longer
- Employers are changing workplace policies and practices to accommodate mature age workers
- A multi-generational approach brings benefits

Like many nations around the world, Australia is experiencing a marked societal shift – one which will see Australians in the 55 to 70 age bracket number over 5 million by 2030 (Deloitte 2012b). This demographic trend will affect all aspects of society and the economy, including the workforce.

Governments are becoming concerned about the dependency ratio<sup>2</sup>. According to the Australian Government's 2015 Intergenerational Report:

*This trend is already visible, with the number of people aged between 15 and 64 for every person aged 65 and over having fallen from 7.3 people in 1974-75 to an estimated 4.5 people today. By 2054-55, this is projected to nearly halve again to 2.7 people. (Commonwealth of Australia 2015, p.viii)*

The report shows the number of Australians aged 65 or over is projected to more than double by 2055. This

brings new challenges for Australia including the need for older workers to learn new skills and work longer. In Australia workforce participation is expected to rise:

*Participation rates among those aged 65 and over are projected to increase strongly, from 12.9 per cent in 2014-15 to 17.3 per cent in 2054-55. (Commonwealth of Australia 2015, p.ix)*

The growth in the number of older Australians also provides opportunities for Australia. For example, research by Deloitte (2012a) shows that increasing the older workforce by 5 per cent would bring an extra \$48 billion annually to Australia's GDP.

According to the Hon. Susan Ryan AO, Age Discrimination Commissioner, to achieve these benefits we need to remove the barriers that prevent many older Australians from reaching their full potential in workplaces (Ryan 2014).

Encouraging workforce participation by older workers and increasing the retirement age are now government priorities.

The composition of the workforce in Australia is already changing. People are retiring at a later age. Economic uncertainty and volatility in the share market (the main source of income for middle-class retirees), combined with better health and the expansion of tertiary education, have seen the beginning of a trend toward people working longer.

<sup>2</sup> The dependency ratio refers to the number of people of traditional working age (15-64) for every person over 65.



Employers are developing plans to retain older workers and looking at new ways of attracting them. Tapping the full potential of older workers will become critical.

Companies are looking for ways to make the workplace age-friendly, especially with regard to physically demanding jobs, and are promoting health and fitness.

All this adds up to a future where the reality is a more diverse workforce. New thinking about the ageing demographic trend demands 'integrated ageing-management strategies', not just for employers, but also for public and private organisations delivering services to the community.

Rather than responding to an ageing workforce, employers are learning to manage a multi-generational workforce, to create a work environment that is flexible and attractive to workers of all ages and to build an employer brand that attracts and retains top talent.

Examples of approaches include:

- Addressing age diversity in recruitment policies
- Providing opportunities for employees of all ages to develop new skills and competencies
- Providing flexible work options
- Addressing age-related stigma
- Enhancing managers' ability to manage a diverse workforce.

The ageing workforce is a trend likely to bring about positive outcomes, not least because it will make the workplace more inclusive. Research on older workers and their engagement shows that at least one category of older workers choose to work because they want to, and therefore are highly engaged.

Over the coming years the City will look to address the challenges and opportunities brought about through an older workforce. Our next steps are outlined in our strategic priorities, later in this strategy.



*The City of Sydney's end-of-trip facility helps employees stay fit and healthy*

## A healthy workplace as a driver of performance

### Key points:

- Sedentary lifestyles, obesity and chronic disease prevalence is on the rise
- Psychological injuries are more costly than physical injuries for employers
- There is a growing understanding of the economic benefits of a healthy workforce
- Health and wellbeing programs are becoming an attractor for employers

There is growing evidence about the health challenges impacting the Australian workforce. With the Australian population ageing and the number of people leading a sedentary lifestyle and people classed as overweight increasing, chronic disease prevalence is on the rise.

Chronic disease can result in functional limitations and as a result, people with chronic disease may be limited in their ability to participate fully in the workforce. According to the Australian Institute of Health and Welfare (AIHW, 2009) the social and economic costs associated with absenteeism and lost productivity due to chronic conditions are key concerns.

The rise in obesity and people being overweight is having a significant effect, with over 4 million days lost from the workplace in 2001 being associated with obesity (AIHW 2005).

However, it is not just physical conditions and chronic illnesses that are impacting the workforce. Recent findings show that mental illness is one of the leading causes of sickness, absence and long-term work

incapacity in Australia and is one of the main health related reasons for reduced work performance (Harvey et al. 2014).

About 45% of Australian adults experience a mental illness at some point in their life, while one in five adults do so in any given year. *Heads up*, the national workplace initiative for mental health, estimates 6 million working days are lost each year due to untreated depression in Australia.

An analysis by PwC (2014) for Beyondblue and the National Mental Health Commission reports that mental health conditions cost Australian employers approximately \$10.9 billion per year due to absenteeism, presentism and compensation claims.

According to Dr Sam Harvey, a psychiatrist and researcher who has studied the results of the Australian National Health Surveys 2001-2011:

*Mental illness now accounts for about 10% of all workers' compensation claims, yet those claims account for up a third of budgets. Psychological injury claims are far more expensive than physical injury claims, primarily because of longer recovery times. (Martin 2015, ABC Radio RN)*

However, the actual prevalence of mental stress in workplaces is unknown and likely to be higher than reported in workers' compensation statistics, since not all

employees apply for or receive compensation (Safe Work Australia 2013).

The good news is that recent analysis (PwC 2014) estimates that a positive return on investment of 2.3 is possible through implementing effective actions to create a mentally healthy workplace. This means that every dollar spent on effective workplace mental health actions may generate \$2.30 in benefits to an organisation.

The business case for workplace health and wellness programs is growing as more employers and governments recognise that employee health is a major contributor to economic and social development.

However comprehensive workplace wellness programs in Australia are still rare. According to the Health and Productivity Institute of Australia in 2008 about 1,500 corporate and government employers across Australia provided health assessment and intervention programs, representing 3.6% of all Australian employees (PwC 2010).

While the City currently provides our employees with a comprehensive Health and Wellbeing program, our steps to strengthen this program are outlined later in this strategy.



*The City's White Ribbon Ambassadors with representatives from White Ribbon and NSW Police*

## The need to attract talent and leverage diversity

### Key points:

- Talent purchasing power has shifted
- Australian workplaces are becoming more diverse
- Organisations are looking for new ways to attract and retain people
- Aligned personal values and organisational purpose are a powerful driver

Since the global financial crisis, there has been a steady increase in what research refers to as a shift from West to East (Hay Group 2014). This shift has given employers in Asia more purchasing power to attract talent from around the globe, allowing people to move further and more frequently than ever before.

For Australia and more specifically Sydney, as a potential attractor of talent, this means the increasing need to compete with places like Singapore, Hong Kong and Indonesia. Where in the past global organisations made Sydney their regional hub, this is now changing.

Highly skilled professionals across Asia now have decades of experience working in Western organisations and are flexible in their style of delivery, commanding more influence in global organisations. The advantage of Asian time zones and lower cost bases for globally-run organisations means the previous appeal of Australia or Sydney specifically has diminished in favour of Manila and Singapore, which have an experienced professional population and English as their common language.

The shift from West to East also has benefits for Australia and its workforce. According to McCrindle Research, much of the change set to influence the future of the workplace:

*...has come through our diverse and growing cultural mix. Currently 1 in 4 Australians weren't born here and the cultural diversity of the under 30s is even greater than that of the over 30s.  
(McCrindle Research n.d., p.8)*

The cultural mix of Sydney is even more diverse, with 30% of all city residents speaking a language other than English at home. Most common amongst the over 30 languages spoken at home are Mandarin (5%), Cantonese (2%), Thai (2%), Indonesian (2%), and Korean (1.6%).

Relative to trends in the Greater Sydney area and Australia as a whole, there has been very strong growth in the proportion of city residents born overseas in recent years, with the percentage rising from 35% in 2006 to 42% in 2011.





*City of Sydney  
employees celebrate  
Chinese New Year 2015*

A richly diverse workforce has implications for the types of managers succeeding in today's workplace and that of the future. McCrindle state in their research:

*The ideal manager is one who values communication and creates an environment of transparency and respect for their staff. (McCrindle Research n.d., p. 10)*

This concept of 'respect' is an increasingly important driver of a high-performing and committed workforce that is both equitable and diverse.

Organisations that build culture, leaders that foster inclusion and leverage diverse perspectives and have a strong sense of connection with the community they serve are becoming the most successful at attracting talented employees.

Australian employers such as Telstra, National Australia Bank and an increasing number of local governments have had increasing success in attracting a new profile of employee. These employers are promoting their workplace as a values-based institution standing out from their peers. Diversity and Inclusion initiatives are often at the heart of these programs.

Organisations that have introduced initiatives such as flexible work practices, gender equity programs, LGBTI awareness and disability and mental health awareness, are also providing a link between themselves as an employer and their broader role in the community.

Reconciliation Action Plans, White Ribbon, awareness of carer responsibilities other values-based organisational development programs are also examples of ways organisations are helping employees find a connection between their personal values and those of the organisation for which they choose to work.

The City's plans to attract key talent and leverage diversity will be outlined in our strategic priorities, later in this strategy.

## 4. Our Workforce



*A Cleansing and Waste Officer keeping our streets clean*

### Our community at a glance

- The City serves more than one million residents, visitors and workers per day<sup>3</sup>.
- Between 2009 and 2014, the City's population increased by nearly 12%. In contrast, the NSW population grew by only 6.6% over the same period<sup>4</sup>.
- Nearly half of the City's residents were born overseas, more than a third in a country where English is not the first language<sup>5</sup>.
- The predominant non-English language spoken at home is Mandarin, followed by Cantonese and Thai<sup>5</sup>.
- The City's Aboriginal and Torres Strait Islander community is one of our largest growing communities<sup>5</sup>.
- Almost half of the City's residents were aged between 18 and 34. The median age of City residents was 33 years<sup>5</sup>.

### Our workforce at a glance<sup>6</sup>

- At 30 June 2016, there were 1,906 employees (continuing and fixed term).
- 60.1% of non-casual employees were male, compared to 39.9% female.
- Over 43% of employees performing managerial and supervisory roles were female.
- The average length of service was 10.6 years.
- The average age of employees was 45.6 years.
- 23.3% of employees are aged over 55 years.
- 1.6% of employees identified as being a person of Aboriginal or Torres Strait Islander descent.
- 1.4% of employees reported that they had one or more limitations or restrictions associated with a disability.
- 14.2% of employees reported that they spoke a language other than English at home.

<sup>3</sup> This figure is an estimate from an amalgam of sources, including the ABS *Regional Population Growth, Australia 2013-14*, (Cat. No. 3218.0); ABS 2011 *Census of Population and Housing*; ABS *Tourist Accommodation, Small Area Data, NSW* (Cat. No. 8635.1.55.001); Tourism Research Australia, *Tourism Forecast*, Autumn 2014; and the City of Sydney Council *Floorspace and Employment Survey 2012*.

<sup>4</sup> ABS *Regional Population Growth, Australia 2013-14*, (Cat. No. 3218.0).

<sup>5</sup> ABS 2011 *Census of Population and Housing*.

<sup>6</sup> Figures were sourced from the City's workforce profile data as at 30 June 2016.



Winners of the City's  
Employee Recognition  
Awards 2014

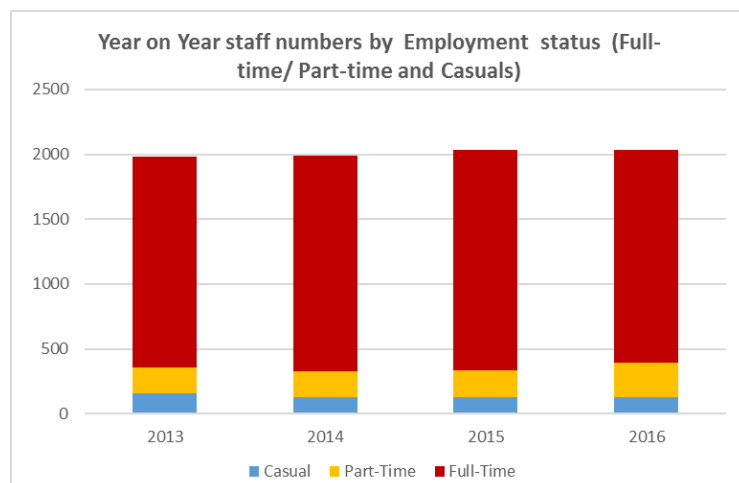
## Workforce Composition

The City's workforce consists of people employed on a continuing, fixed-term and casual basis, supplemented from time to time with agency staff and volunteers. Contingent staff (casual employees, labour hire/agency staff and volunteers) meet fluctuating demand for major events such as New Year's Eve.

At 30 June 2016 there were 1,906 non-casual (continuing and fixed-term) employees<sup>7</sup>, of which 75.9% were employed on a permanent basis and 24.1% on a term contract basis. In addition to this there were 127 casual employees.

Of the total 1,906 employees as at June 2016, the City had 263 part-time employees which is 13.8% of the total population, bringing City's total workforce to 1,808 full time employees (FTEs<sup>8</sup>). City Life has the highest percentage of part-time employees, nearly 47.5% of their employees work on part-time arrangements.

The City's non casual full-time equivalence (FTE) at 30 June 2016 was 1,808 consisting of 1,643 FTE (resulting from 1,643 full-time employees) and 165 FTE (resulting from 263 part-time employees). The proportion of both non-casual full-time employees and part-time employees has gone down over the past six years.



Source: Workforce Profile extract 2013 - 16

<sup>7</sup> The figure is the actual employee headcount on the specified date.

<sup>8</sup> Based on the workforce profile data as at 30 June 2016. Full Time Equivalence (FTE) is calculated by dividing the number of hours

actually worked by the number of hours worked by full-time employee, e.g. a staff member who works part-time 50% will be a 0.5 FTE

## Separations

The voluntary separation rate (also known as the employee-initiated separation rate) for non-casual employees at the City during 2015/16 was 7.2%. This rate, which excludes completion of fixed-term appointments, has remained below 10% over the past five years.

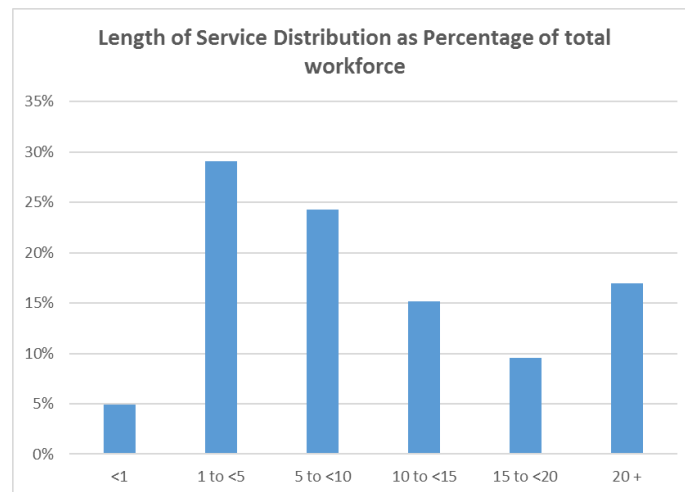
The separation rate for new employees, i.e. those that commenced during 2015/16 excluding the completion of term appointments (also known as the new starter turnover rate) was 12.3% as compared to the NSW average of 16.1%<sup>9</sup>. Both the voluntary separation and the new starter turnover rates are in line with the 2016 averages for the Sydney Inner Councils' benchmarking peer group<sup>10</sup> which were 10.6% and 11.3% respectively.

## Length of service

The average length of service (LOS) of non-casual employees at the City at 30 June 2016 was 10.6 years with the longest serving period being 54 years. The average varied from 11 years for full-time employees to 7.8 years for part-time employees.

The median length of service (LOS) of non-casual employees at the City on 30 June 2016 was 8.0 years as compared to the 9.3 years of median length of service in NSW public sector agencies.

Overall, 20.1% of employees had less than three years of service and 34% had less than five years of service.



Source: Workforce Profile extract June 2015 -16

<sup>9</sup> City of Sydney Workforce Profile extract June 2015-16 and "NSW Workforce Highlights February 2017" – PwC. The City has revised its use of term contracts which may have impacted the City's separation rate for new employees.

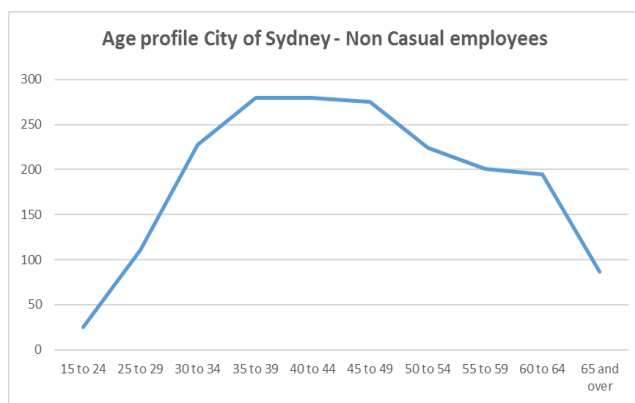
<sup>10</sup> The City participates in the annual NSW Local Government HR Metrics Benchmarking program and is able to compare itself with groups such as the Sydney Inner Councils Group.



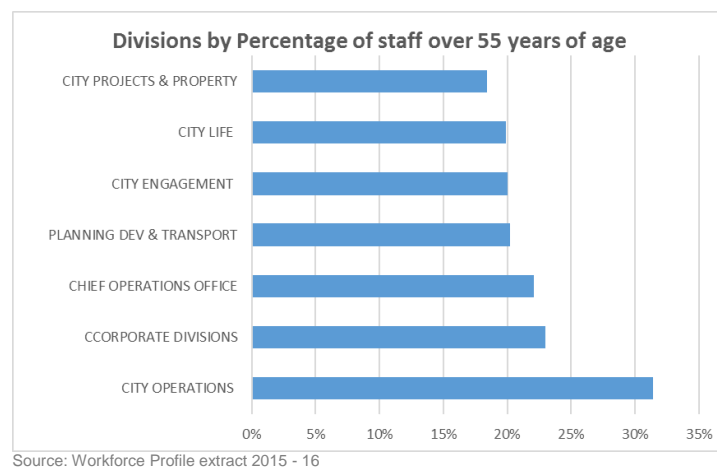
## Age

At 30 June 2016 the average age of non-casual employees was 45.6 years.

The overall age profile for City of Sydney employees is relatively flat, especially in the 35 to 49 year old range, representing 43.8% of employees. In the under-35 group there were 19.1% of employees.

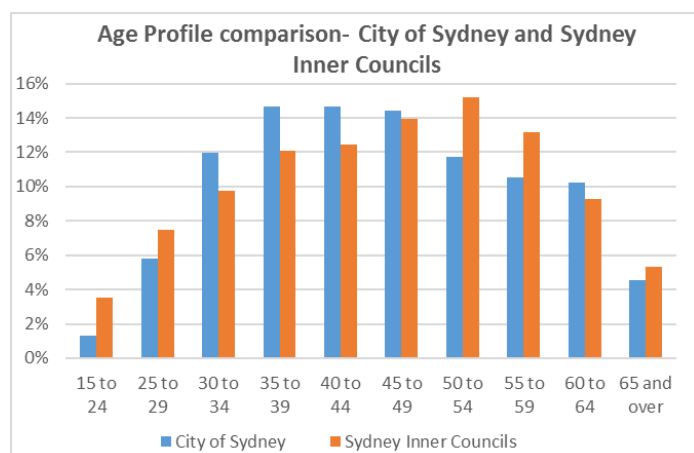


Overall, 23.3% of City of Sydney employees are over 55 years old. These are mainly concentrated in City Operations (31.4%). In comparison, 24.5% of employees in NSW public sector agencies were aged 55 years and over in June 2016 <sup>1</sup>.



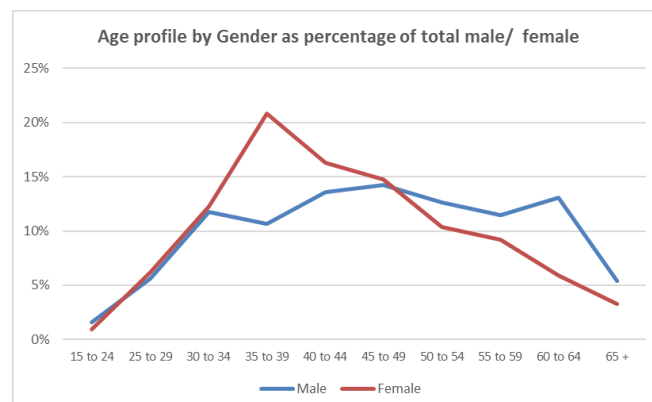
<sup>1</sup> Benchmarking in comparison to the State of the NSW Public Sector Report 2016.

The City of Sydney has a slightly younger age profile than that of the Sydney Inner Councils' benchmarking peer group. Most significantly, the City has 43.8% of employees aged 35 to 49, and 23.3% aged 55 and over, compared to 38.4% and 27.8% respectively for the Sydney Inner Councils as shown below.



Source: Workforce Profile extract 2015 – 16; LG NSW Benchmarking Report

The age profiles for male and female non-casual staff at the City exhibit a notable difference. There are more female staff below the age of 50 years (71%) compared to male staff (57%).

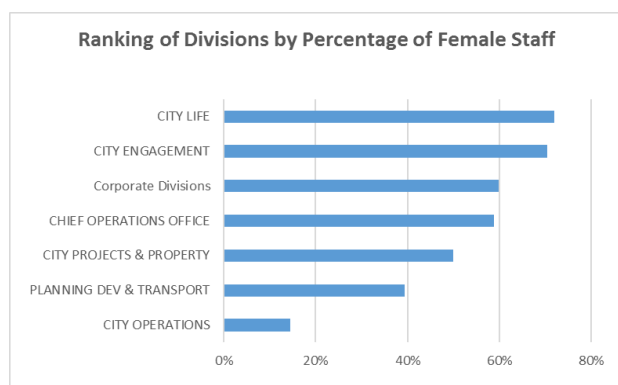


Source: Workforce Profile extract 2015 - 16

## Gender

At 30 June 2016, 60.1% of non-casual employees at the City of Sydney were male, compared to 39.9% female. The percentage of female non-casual staff has been stable over the past four years, varying from 39.2% in 2012 to 39.9% in 2016.

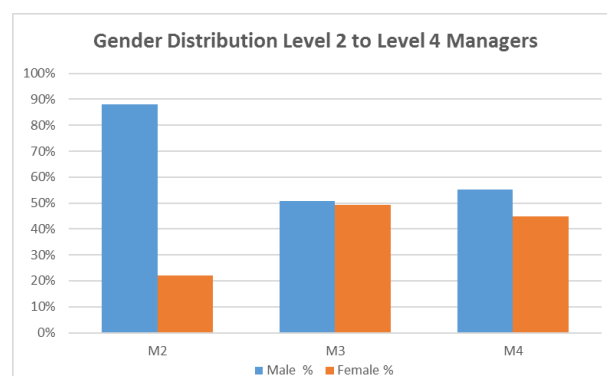
The percentage of female employees varies across the City's divisions. City Life division has the highest percentage of female non-casual employees (71.9%), followed by City Engagement (70.4%). City Operations is predominantly male dominated, with only 14.6% of female employees.



Source: Workforce Profile extract 2015 - 16

At 30 June 2016, the overall proportion of female employees performing managerial and supervisory roles at the City of Sydney was 43.1% as compared to 41.8% in 2014. This is higher than the overall population

proportion of female employees at the City of 39.9%. The proportion of female employees at director level was 22%, at the business unit manager level it was 49% and at section manager level it was 45%.



Source: Workforce Profile extract 2015 - 16

In 2016 the City undertook its first gender pay equity review and reported on the gender pay gap. This was guided by the Workforce Gender Equality Agency reporting framework for private sector workplaces with more than 100 employees. The City achieved a relatively positive overall gender pay gap of 2.5 percent. This is in comparison to the national gender pay gap of 17.9 percent and public sector pay gap of 12 percent<sup>12</sup>.

In 2015-2016, there were 48 promotions, of which 21 or 44% were received by female employees<sup>13</sup>. This is in line with 43.1% of managerial staff being females.

<sup>12</sup> Source: Workplace Gender Equality Agency, Gender Pay Gap Statistics March 2016 and CEO Update 2015 – Gender Pay Review

<sup>13</sup> Source: Payroll data 2015-2016. A promotion is when an employee advances to a more senior level and band in the organisation.



*City employees and community members celebrate NAIDOC Week 2014*

## Diversity and inclusion<sup>14</sup>

### Aboriginal and Torres Strait Islander employees

At 30 June 2016, 1.6% of the City's non-casual employees had identified as being a person of Aboriginal or Torres Strait Islander descent. In comparison the average for the Sydney Inner Councils' benchmarking peer group in 2016 was 1.92%.

The City Operations division has the highest percentage of non-casual Aboriginal and Torres Strait Islander staff (2.5%).

### Employees with a disability

At 30 June 2016, 1.4% of the City's non-casual staff had one or more limitations or restrictions associated with a disability, even though this may not require an adjustment in the workplace. In comparison the average for the Sydney Inner Councils' benchmarking peer group in 2016 was 0.99%.

### Culturally and linguistically diverse employees

On 30 June 2016, 14.2% of employees reported that they spoke a language other than English at home. In comparison, the average for the Sydney Inner Councils' (benchmarking peer group in 2016) for people who spoke English as a second language was 12.21%.

In addition, our culturally and linguistically diverse staff, which includes people who were born overseas and people who use English as their second language is 21.3%.

### Diversity Statistics Financial Year June 2016

|   | 2013  | 2014  | 2015  | 2016  |
|---|-------|-------|-------|-------|
| Aboriginal and Torres Strait Islander employees | 1.6%  | 1.7%  | 1.4%  | 1.6%  |
| Employees with a disability                     | 1.7%  | 1.7%  | 1.4%  | 1.4%  |
| Culturally and linguistically diverse employees | 17.5% | 17.7% | 14.7% | 14.2% |

The City of Sydney, like all employers, must plan for the future by understanding its current workforce and determining how to remain relevant and connected with the community we serve.

After a recent review of our staff diversity data collected in internal surveys, it is apparent that there may be under-reporting. The City is now encouraging employees to self-identify as being a part of a diversity group. This will help ensure a more accurate picture of the workforce thereby enabling better targeting of support initiatives.

<sup>14</sup> Source: EEO data collected at the time of joining the City.



## Who are the people who choose to work for the City of Sydney?

Most of our employees choose to work at the City as they can see the positive impact of the work they do. A sense of accomplishment and an ability to make a difference for our community motivates them.

According to research on the City's employment brand (Engaged Associates 2010), the key issues when attracting candidates are:

- The people: dedicated, passionate, talented colleagues who are friendly, supportive and mutually respectful
- Autonomy and responsibility
- Variety and complexity that interests, challenges and develops
- Recognition and acknowledgement
- Worthwhile work with worthwhile results
- Job security
- Flexible work patterns and work/life balance.

The key factors driving retention are:

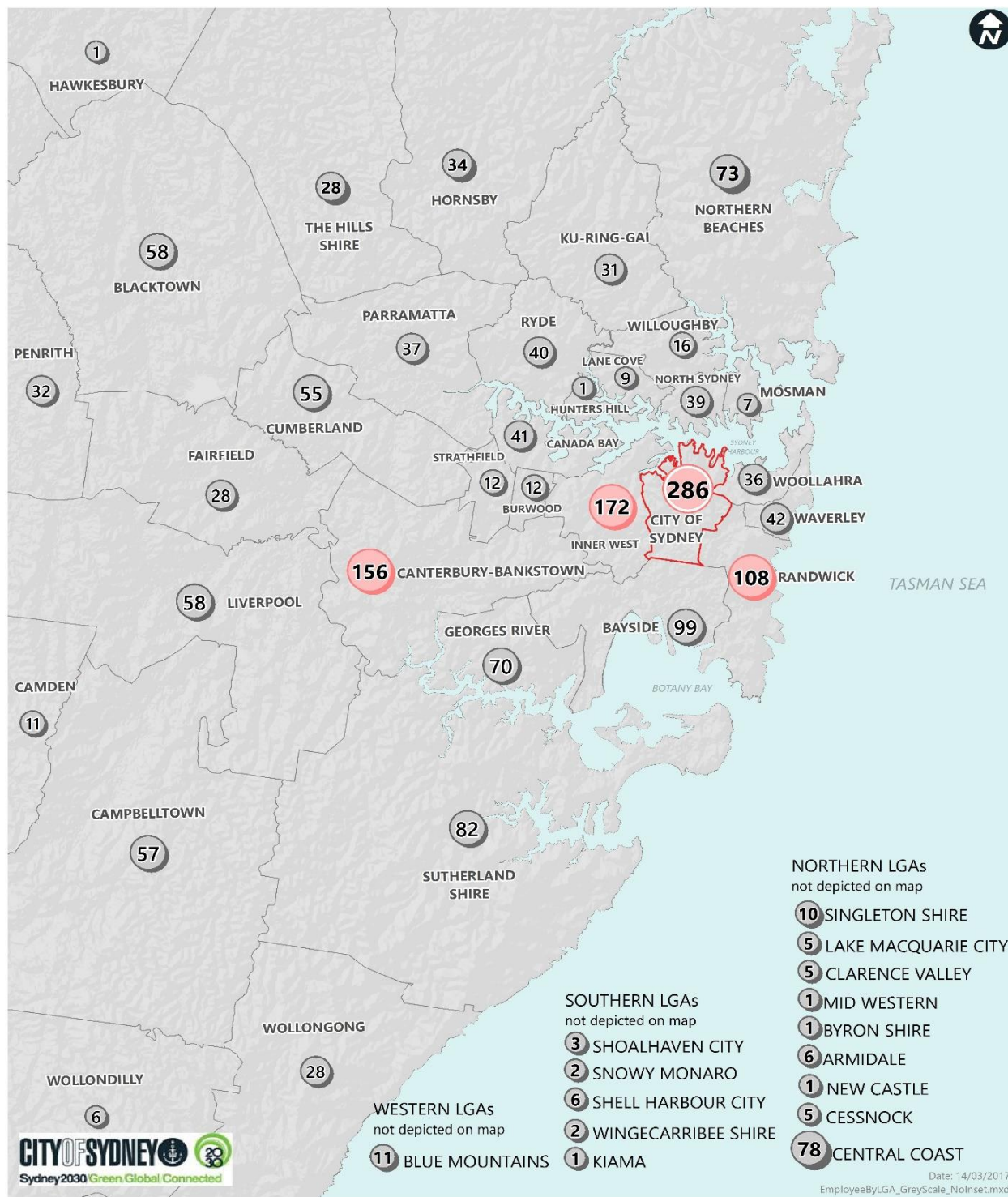
- Skills development
- Respect, trust and autonomy
- Job security
- Good supportive managers
- Work variety
- Career progression
- Personal achievement
- The right tools and resources to do the job
- The ability to be creative and add value
- Being treated fairly.

The City's ambitious plans offer meaningful and interesting opportunities. There are also significant challenges in responding to rapidly changing external circumstances, resulting in new and varied skills being required to meet the needs and expectations of the community.

The City of Sydney's Workforce Strategy recognises that people who work here need commitment, energy and flexibility. In return, our people need clarity in terms of how their personal goals align with organisational goals and priorities.

## Where do the City of Sydney's employees live?

At 30 June 2016, an estimated<sup>15</sup> 286 (15.0%) of non-casual employees lived within the City of Sydney Local Government Area (LGA). The heat map below shows the residential locations for our employees.



<sup>15</sup> This figure is an estimate as six suburbs are partly within the City of Sydney LGA and records were assigned to either the City or a neighbouring LGA using a proportion based on publicly available spatial population data.

This heat map shows the distribution of employee residential locations across LGAs in the Sydney region and beyond. It was produced with employee residential suburb and postcode records (employee details and actual addresses were not used). The inner circles are within each LGA; the outer circles have been shifted, e.g. Newcastle, Blue Mountains, etc.



*City employees and community members joining in on Ride to Work Day*

## Future of the City of Sydney Employee Heat Map

From its first year of creation, this data will be enhanced and analysed on a regular basis to assist with workforce planning and to assist in understanding:

- Why our employees choose to work for the City of Sydney when local government employment is available across NSW?
- Are there benefits in increased investment in flexibility and mobility initiatives in order to maintain key talent and experienced workers?
- Will the expansion of employment hubs across Greater Sydney influence employee separation among those looking to decrease travel time?

# 5. Our strategic priorities

In addition to review of key workforce trends and the analysis of our current workforce, business unit managers were consulted.

In early 2015, in line with the business planning cycle and as part of the research to assist in the development of this four-year strategy, all business unit managers were asked to complete a workforce action plan that identified the changes in the nature of work expected by their unit over the next four years.

The Workforce action plans asked business unit managers to identify the future capability needs of their workforce under the following criteria: people, process, systems, structure and culture.

Key themes emerging from these plans included:

- The City needs to continue (and accelerate) our ability to be productive, flexible and capable of community-focused improvement to meet the community's changing needs and changes in the future of work.
- The City's employees are our greatest resource. Their commitment provides a strong foundation for effectiveness and performance.

- Understanding the demographics of both the community we serve and our employees provides the City with challenges and opportunities.
- Improving our workforce planning capability will enable the City to identify future trends in workforce demand and supply.

Insights from these plans have guided the identification of the strategic goals.

This plan has six strategic priorities. Collectively they aim to optimise the City of Sydney's workforce strengths, address our most critical challenges and help focus our efforts in building a high-performing, values-driven workplace.

Our six strategic priorities are:

1. Leverage our common purpose
2. Foster employee engagement and performance
3. Build an agile and skilled workforce
4. Apply a digital mindset
5. Develop our diverse and inclusive workplace
6. Strengthen our healthy workplace.





Leverage our common purpose



Foster employee engagement and performance



Build an agile and skilled workforce



Apply a digital mindset



Develop our diverse and inclusive workplace



Strengthen our healthy workplace



*City employees  
celebrating excellence*

## Leverage our common purpose

### What and why?

Engaged employees whose personal values are aligned with their organisation's purpose are more likely to take an active interest in helping it succeed. These employees work hard to realise our core organisational priorities.

### Outcome

We know that the City's determination to be Green, Global and Connected is a core reason that people from different sectors and locations choose to work for the City. The opportunity to make a difference to our community is a key attractor and strength for the City.

By promoting our purpose to Lead, Govern and Serve we leverage the commitment and discretionary effort of our people in achieving our core priorities.

### Deliverables

- Continue to build and promote the City's Employee Value Proposition to attract and retain committed and skilled people
- Maintain and build employee awareness of the City's purpose and values
- Strengthen internal communication to inform employees about the City's strategic direction and purpose.
- Develop manager skills to communicate a clear line of sight between employee work and the goals of the City.



City managers in a workshop

## Foster employee engagement and performance

### What and why?

Engaged employees are committed to the organisation's goals and values, willing to apply effort to improve the organisation's performance, and at the same time can enhance their own sense of achievement and wellbeing at work.

Evidence shows that employee engagement improves performance against business goals. Higher levels of engagement are strongly related to higher levels of innovation and engaged employees are more resilient to change. Organisations that develop leaders who communicate effectively have higher success rates in inspiring change and driving productivity.

### Outcome

Leadership and management will help create an engaged organisation where employees see how their role benefits the customer or community they serve.

The City of Sydney will continue to focus on developing leadership and management capability across the organisation to help drive employee engagement and performance.

In creating a culture of communication in which managers and employees share common goals and work together, we are more likely to identify areas of potential improvement and work effectively together.

### Deliverables

- Continue to build leadership and management capability at all leadership levels
- Design a new Learning and Development curriculum and implement a more flexible delivery approach
- Enhance opportunities for workplace flexibility and mobility, as key drivers for engagement and productivity
- Continue to leverage the commitment and insights from experienced employees to co-design the City's development tools, frameworks and programs
- Determine which core employee experiences create the greatest impact in engagement and performance.



*City managers in a workshop exploring agility*

## Build an agile and skilled workforce

### What and why?

An agile organisation operating with a clear strategic vision achieves productivity by staying close to the changing needs of its customers, and moving resources and adjusting priorities to meet these needs.

An agile workforce has:

- Strong frameworks for enhancing and developing new skills
- Comprehensive onboarding programs
- Empowered and responsible employees able to identify challenges and opportunities for improvement
- Managers capable of using data and customer experience to drive change and innovation.

### Outcome

We need to improve our ability to be responsive, adaptive and flexible in how we provide services to our growing community.

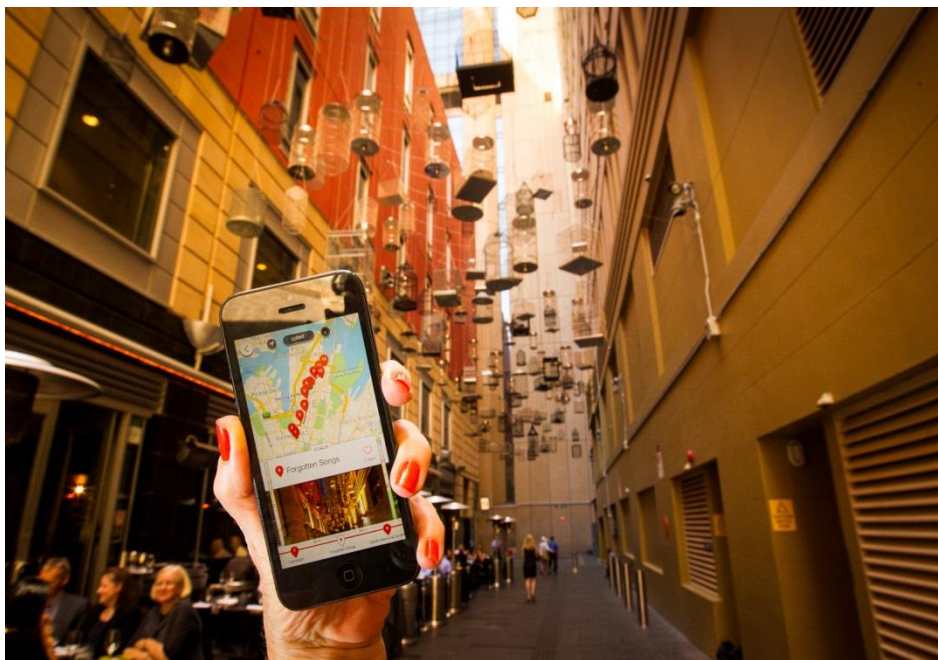
By combining data analysis, evidence-based research and insights into customer experience, managers can drive community focused improvements and efficiencies.

By improving our workforce planning capability the City will have greater flexibility to meet changing needs.

### Deliverables

- Develop managers' capability in workforce planning, analytical and problem-solving skills to drive improvement and innovation
- Define and build a manager on-boarding program to accelerate productivity
- Review entry-level employment programs to ensure they address organisational needs
- Establish an employee capability framework to underpin performance and development
- Develop a change management and continuous improvement framework tailored to the City's needs.





*Providing new services to the community through technology*

## Apply a digital mindset

### What and why?

Technology has disrupted business and the nature of work is changing.

Traditional corporate tools such as intranets, human resources and finance systems are being joined by collaboration and social tools.

These tools are bringing new abilities and opportunities into organisations, allowing staff to connect and coordinate more effectively as well as be more productive in the field.

### Outcome

A digital mindset will support the development of flexible work modes, mobile work delivery, customer experience improvements, and collaboration and communication tools.

By building organisational and employee capability in digital technologies we will be well placed to meet evolving community needs.

### Deliverables

- Implement initiatives to build staff digital capability with a focus on people-centred design
- Apply a digital mindset when developing and enhancing work practices and procedures
- Develop and recruit for manager and staff skills in technology and information management
- Utilise digital approaches to support increased workforce mobility and flexibility
- Strengthen understanding and use of workplace digital collaboration methods to drive innovation and continuous improvement.



*City employee serving the community at a Good Neighbourhood barbecue*

## Develop our diverse and inclusive workplace

### What and why?

A workplace that values diversity and is free of discrimination is more productive:

- Greater employee satisfaction leads to improved productivity
- Reduced employee turnover cuts the cost of having to replace skilled and experienced people
- Harnessing diverse employee skills and perspectives increases creativity and innovation.

A reputation for respect, inclusion and diversity also enhances an employer's business and reputation.

Failure to take steps to prevent discrimination has serious legal and financial consequences.

### Outcomes

A diverse workforce will be well placed to serve our diverse community. An inclusive workplace will harness employee skills and perspectives to increase collaboration and innovation.

By building diversity and inclusion awareness and capability, we will recruit and retain a workforce where employee differences are valued and seen as a positive point of difference.

### Deliverables

- Embed the principles of diversity and inclusion in the City's recruitment, learning, performance management and leadership programs
- Report on gender equity as part of an annual workforce planning and reporting process
- Develop and action the workforce commitments within the City's Reconciliation Action Plan
- Develop programs to support workplace diversity and inclusion including among Aboriginal & Torres Strait Islanders, women, culturally and linguistically diverse (CALD), LGBTQI, mature age workers and employees with disabilities and/or carer responsibilities
- Develop managers' skills in leading a diverse and inclusive workplace.





*The City's Urban Ecology Coordinator at work*



*City Rangers on patrol*

## Strengthen our healthy workplace

### What and why?

Workplace health and wellbeing programs can assist employees to prevent health issues, manage chronic conditions and manage the health effects of ageing.

According to UK think tank Engage for Success (2014), employees that described themselves as having “high wellbeing” were 35% more attached to their organisations.

A healthy workplace is no longer about simply preventing injury, although this is still a crucial outcome. Wellbeing programs are fast becoming an attractor for progressive employers.

### Outcome

A healthy workplace will support productivity and can reduce costs due to sickness, injury or reduced performance.

By implementing a comprehensive health and wellbeing program, we can create a physically and psychologically healthy workplace.

### Deliverables

- Continue to develop a strong safety culture across the organisation
- Promote the City's commitment to health and wellbeing as part of the City's Employee Value Proposition
- Strengthen the City's focus on psycho-social health and resilience
- Develop initiatives throughout the employee lifecycle to support wellbeing and productivity.

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# Information and Technology Strategic Plan 2017

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# 1. Introduction

This Information and Technology Strategic Plan establishes a roadmap for how information and technology will be leveraged to transform services to the community and deliver Sustainable System 2030 outcomes and targets.

The function of this Strategic Plan is to:

- Evaluate industry directions and their relevance for the City of Sydney.
- Establish the strategic statements that provide direction to the development and management of information and technology.
- Establish high level targets that will facilitate measurement of implementation and achievement of the objectives of the plan.
- Set out high-level implementation activities that will deliver on our goals.

The information and technology industries are fast moving with new service offerings and technologies continually emerging and evolving. Individuals, becoming more digitally-savvy, are embracing these changes. This is leading to ever-increasing community, client, and workforce expectations that services should be available digitally whenever, wherever, and however required.

Similarly, there is growing recognition by organisations that high quality information and data are critical for improving services, including the way they are delivered, and for strategic planning. Individuals and industry are seeking greater access to information and data.

Organisations need to respond to this increasing demand while ensuring that appropriate controls are in place to safeguard security, privacy and other obligations.

The potential value of information and data has led to wide spread acceptance that investing in information and data governance and management is a critical focus area for organisations.

Organisations require systems and technologies that are robust yet responsive to change. This will help meet the changing needs and expectations of individuals and organisations in digital services and information and data.

This Strategic Plan outlines the key actions that will enable the City to respond to current and emerging information and technology related challenges, risks, and opportunities and achieve the City's strategic outcomes.

This four-year plan is distinct from, but directly contributes to, the City's Digital Strategy, which defines how the City of Sydney will facilitate the broader development of Sydney's economy and service sector with the use of digital technology.



## 2. Executive Summary

The Sustainable Sydney 2030 Community Strategic Plan sets an ambitious agenda for the transformation of Sydney to increase its standing as a global city. High quality information and data and technology facilities are critical to the City achieving its aims of improving service delivery through stronger collaboration and inclusive participation.

High quality information and data that support evidence-based strategic, tactical, and operational decision-making are critical. This Strategic Plan focuses on improving information and data quality to unlock inherent value. It also seeks to lift the City's capability in business intelligence and analytics. High quality information and data, business intelligence, and analytics are all core to the City enhancing management of its diverse portfolio of services and assets now and into the future.

Sustainable Sydney 2030 recognises that collaboration and inclusive participation are critical to success. This Strategic Plan supports increased collaboration, knowledge sharing, and human-centered service design practices that embed the principles of partnering, co-design, and openness.

A central theme of this Strategic Plan is to champion digital ways of working through digital services, workforce mobility, and the establishment of information marketplaces. Information marketplaces will support the City to become a place for innovation and economic and social development.

This Strategic Plan builds on the achievements of the previous ICT strategic plan. The tenets of Mobile-First and Cloud-First will continue to guide future investment in information and technology. The theme of data-centricity is further developed in a focus area dedicated to information and data. It is also reflected in the renaming of the previous ICT strategic plan to the Information and Technology Strategic Plan.

A summary of the current state, target state, implementation activities, and underlying assumptions is found in Appendix A, information and Technology Strategic Plan on a Page.

# 3. Setting the context

## City of Sydney Values as relating to Information and Technology Strategy

The City's values of collaboration, innovation, quality, courage, integrity, and respect underpin the development of the Strategic Plan and the delivery of information and technology enabled change.

## Information and Technology Strategic Plan

Together with the City's people and physical assets, Information and Technology are core resources for the delivery of effective and efficient business services to the community and our partners.

As an integrated component of the City's Resourcing Strategy, the Strategic Plan provides the framework for directing a sustained course of action over the four-year period, within a rapidly and ever changing environment.

## Governance of Information and Technology

Information Services is a Unit within the Workforce and Information Services Division led by the Manager, Information Services.

A number of teams provide direct and indirect support across the organisation – Client Relations, Business Advisory, Strategy & Governance, IT Security, Business Solutions, Document Services, Technical Services, and IT Project Planning and Delivery.

An Executive governing body, the Information Technology and Management Steering Group, provides oversight of the direction and delivery of information and technology services and projects and ensures alignment with organisational strategic business priorities.

## Information and Technology Services

### Information Services

To deliver on its legislative and community obligations, the City provides information access, records and archives, and document management services. In the 2015/16 financial year, the City responded to 5,071 formal and informal information access requests. Over the same period, nearly 1.1 million documents were registered in the City's records repository, there were nearly 475,000 visits to the City's on-line archives, and nearly 1,000 in person visits to the City's on-site archives.

### Business Systems

The business of local government is wide-ranging and diverse. Many of the City's services to its customers, visitors, and partners are delivered through and with reference to its business systems. Over the past ten to fifteen years, the City has implemented, operated and developed a suite of separate enterprise level applications to deliver its core responsibilities, such as:

- Rates, Property, Planning, Inspections Certificates;
- Financial and Supply Chain Management;

- Corporate Planning and Reporting;
- HR/Payroll/Timekeeping;
- Asset Management;
- Spatial Information; and
- Online Business Services for client facing transactions.

The organisation also relies on a diverse range of “line of business” applications for specific and specialised functions such as childcare, venue and event management, design and drafting, community facilities, and library services.

The future activity around business systems development, planning, and management requires a considered and strategic approach to derive maximum value from the investment in replacing or significantly upgrading core systems.

### Infrastructure

The City's corporate facility spreads across a network servicing 52 sites with around 2,500 fixed and mobile end user devices accessing both enterprise and line of business applications.

### Resourcing and investment in Information and Technology

The City's future level of investment in Information and Technology will be aligned with the strategic intent of this plan. It will be realistic in its scope and delivery, consider best value concepts, balance the benefits and costs of new investments, and be governed by the principles in the City's Long Term Financial Plan.

# 4. Trends shaping Information and Technology Strategy

## Information and Technology Trends and their relevance to the City of Sydney

### Digital Service Delivery

#### *Customer-centric Digital Services*

Customers expect that the services they need are available over the Internet, on the device of their choosing, and where and when they want. Customers also expect to provide information up front and once only, that unnecessary interactions are avoided, and to be kept informed to a level and in a manner of their choosing.

Meeting these expectations has been a focus of many organisations over the past decade. Increasingly, customers are expecting that services are joined up, taking into account their specific needs in the context of a life-event.

To meet changing expectations requires organisations to understand the customer's interaction and transaction history; the customer's journey through fulfilment of a variety of services; and specific customer needs and wants in terms of service delivery expectations.

This understanding applies to both the traditional (for example, over the counter, telephone, or physical mail) and digital channels. Careful attention is required on whether a customer wants or is able to interact digitally and any assistance that may be required to interact digitally.

Digital services is a key theme of the Digital Strategy, and information and technology are critical enablers:

- Information, in terms of being of sufficient quality for streamlined service delivery, customer insights and analytics to guide continual service improvements; and security and privacy to ensure the interests of the individual are respected and protected.
- Technology, in regards to the actual delivery of the services over the digital channel through various means – on-line forms, internet chat, social media, etc.

#### *Enterprise Mobility*

Digital service delivery extends to the workforce. Mobility is critical for organisations such as the City which deliver many services in the field.

The City has done much to support a mobile workforce, with mobile access infrastructure established, and mobile applications deployed to a range of field-workers. This Strategic Plan builds on these achievements, aiming to deliver full mobility to the workforce. Full mobility is where any City employee can fully interact and transact with City systems, information, and data, without having to return to a City location.

Design for mobility, like designing customer-centric digital services, needs to employ human-centered design and the voice of the customer.



### ***Government as a Platform***

Another aspect to digital service delivery is the City as a contributor into the digital ecosystem. This approach recognises that the full service needs of a customer cannot always be met by a single organisation – services provided by other organisations (public and private sector) may also be required.

Demand for Government as a Platform comes from the community as well as industry, which is increasingly seeking governments to be a platform for innovation – a provider of services and information that industry can integrate for social and monetary benefit.

The City will explore opportunities to publish digital services and information in machine-accessible ways that allow external parties to integrate services to provide a richer experience to the customer. Contribution to the digital ecosystem is a theme of the Digital Strategy.

### **Information and Data**

#### ***Information and Data Governance and Management***

Information and data are the lifeblood of an organisation. If managed well, they can provide tremendous value – supporting transformation, greater effectiveness, and increased efficiency. If managed poorly, they can impair service delivery and experience.

Information and data are recognised as critical to achieving the outcomes of Sustainable Sydney 2030 and the City's strategies and plans. Therefore, a cornerstone of this Strategic Plan is to improve the City's capability in information and data governance, management, and use

to maximise the inherent value of available information and data.

An organisation's success in delivering quality services to customers in times of increasing financial constraints is dependent on its ability to harness information and data. Recognising this, many organisations have charged senior-level managers with overall stewardship of corporate information and data. Typically, the focus of these roles is on enterprise-wide governance, management, and use of information and data as organisational "assets".

In the context of this Strategic Plan, senior-level leadership of information and data is crucial for digital service delivery; workforce mobility; building information marketplaces; knowledge sharing and collaboration; and evidence-based decision making from high quality information and data.

Like all public-sector organisations, the City has legislative obligations to protect the privacy of individuals. Protecting unauthorised access to, and modification of, information and data are at the very centre of good information and data governance and management.

#### ***Business Intelligence and Analytics***

Building on high quality data, business intelligence provides evidence-based insight into an organisation's performance and how it can improve service and operational effectiveness and efficiency – effectiveness in terms of "fit for purpose" and valued services; and efficiency in terms of streamlined processes that make optimal use of resources.

Supported by technology advances, the field of business analytics has emerged to be a key organisational capability. Complementing business intelligence, business analytics provides insights into the organisation in the context of the environment in which it operates.

An aspect of business analytics, particularly relevant to the City, is that of city (or urban) analytics. This provides insights into: the way people interact with Sydney; the assets maintained by the City and other organisations aiming to deliver the best experience to residents, visitors, and workers; and increasing asset utilisation. City analytics is a theme of the Digital Strategy.

Similar to information and data governance and management, a focus of this Strategic Plan is to raise the City's capability in business intelligence and analytics.

### **Information Marketplaces**

The value of information and data is maximised the more it is shared. The City possesses much information and data of potentially immense value to the community and industry.

Publishing information and data under an "open by default" principle accords with legislation and policy and public access principles. It is also a key enabler of industry and government innovation as well as continual innovation of the City's own processes and services.

Building and growing Information Marketplaces is a key focus area of this Strategic Plan. This directly contributes to the Digital Strategy priority of the City being an "ethical innovator in the information marketplace".

Similar to real physical marketplaces, information marketplaces provide information and data products that have understandable terms and conditions of access and use and which are proactively managed across the full product, information, and data lifecycles.

### **Enterprise Systems**

The City manages an extensive and diverse portfolio of systems that need to be robust and reliable – functioning as and when required. Systems need to be contemporary – supporting the future direction of the City – and be responsive to change.

Some major systems are built around aged architectures which limit flexibility and agility to transform for improved customer service delivery and effectiveness and efficiency. An implementation principle of this Strategic Plan is to streamline, standardise, and simplify. This includes aiming to reduce the system portfolio to a core set and integrate those systems to provide agility, flexibility, and information accessibility.

The future system landscape needs to consider opportunities to adopt cloud based services and externally managed systems. Adopting cloud and externally managed systems was a theme of the previous ICT Strategy, carried forward in this Strategic Plan. This supports the internal IT unit move from being a service operator to service manager.

# 5. Strategic Statements

## Strategic Statements in relation to Information and Technology

### Digital Services

The City will:

- Continue to implement services over the digital channel to improve service delivery and efficiency to customers and partners.
- Deliver a mobile working experience that enables employees to fully interact and transact remotely.

### Information and Data

The City will:

- Strengthen information and data governance and management practices to improve information and data quality and maximise inherent value.
- Strengthen business intelligence and analytics for improved planning, continual improvement, workforce and activity management, decision making and reporting.
- Build information marketplaces that promote open data, improve accessibility to information, and foster industry development.

### Enterprise Systems

The City will:

- Target investment in systems that support digital service delivery and workforce mobility.
- Increase the adoption of cloud-based and externally managed services.

## Strategic Statements linking to the Long Term Financial Plan and Workforce Strategy

The City's investment in Information and Technology will be guided by business strategy. Change initiatives will be "Business-led, IT-enabled". Over the long term, investment will move from a majority of capital expenditure to primarily an operational expense, reflecting the adoption of cloud based and externally managed services.

The City will:

- Establish a contemporary collaboration environment that supports effective and efficient collaboration and communication and drives information and knowledge sharing.
- Integrate strategy, planning, investment, and change to ensure that information and

technology investments deliver value and will be operationally sustainable.

- Establish a complementary governance environment that supports digital services, workforce mobility, and data-centric initiatives.

## High level Outcomes

Attaining the strategic directions outlined in this document will span several years and will require commitment across the organisation to bring about the desired capabilities.

The high-level outcomes that will result from attainment of the strategic directions are:

- The majority of appropriate City services are available online.
- The City's workforce can securely access the services and information they require to operate flexibly.
- Data quality is improved and the inherent value of data is maximised.
- Greater understanding of the current and future needs and expectations of the community, including how they interact with the services and assets of the City.
- Information marketplaces promote improved accessibility to information, and foster industry development.

- The City's enterprise systems are robust, reliable, contemporary, and provide sufficient agility and flexibility to allow the City to respond to change.
- The majority of enterprise systems are sourced either from the cloud or managed service providers.
- The City's workforce possesses the capabilities necessary to best manage and use information and technology.
- The City can quickly deliver information and technology-related innovations.

## Foundation Principles

Delivery of information and technology-enabled initiatives will be underpinned by the following principles.

### Principle 1: Customer Service Focused

Services will be designed with the customer front-of-mind. The "voice of the customer" will be understood early in the service co-design process.

### Principle 2: Capability Oriented

Processes, information and data, and technology, together with people's competencies and capacity are the building blocks of capability. Each needs to be



considered in relation to each other for the capability, as a whole, to achieve the desired outcomes and be sustainable.

### **Principle 3: Co-Design and Openness**

Co-design is about actively engaging all parties throughout the design and delivery process to ensure services are sustainable. Co-design requires a culture of openness and collaboration.

### **Principle 4: Sustainability**

All change initiatives will consider the impact on service delivery. Services need to be financially, operationally, socially, and environmentally sustainable into the longer term.

### **Principle 5: “Simplify, Streamline, and Standardise”**

All change initiatives will endeavour to simplify, streamline, and standardise processes, information and data, and technology in support of improved internal operations and customer outcomes.

### **Principle 6: Appropriate Governance**

Governance needs to be appropriate to the risk and value of the change. Two governance environments are required: one that is applied where change has an inherently higher risk level and accordingly greater oversight and scrutiny is required; and a second that is better aligned to innovation, providing a safe environment in which to experiment – to learn, iterate and deliver fast.

# 6. Appendix A – Information and Technology Strategic Plan on a Page

| Current  | Strategic Intentions     |   | Target  |
|--|--------------------------|---|---|
| <ul style="list-style-type: none"> <li>❖ Priority customer services are available online.</li> <li>❖ The field based workforce conducts some work through paper based forms followed by return to office for data entry.</li> <li>❖ The value of the data that the City uses is not being fully leveraged for insight and strategic, tactical, and operational decision making.</li> <li>❖ Some major systems are built around aged architectures which limits opportunities to transform for improved customer service.</li> <li>❖ The knowledge possessed by the workforce is not being fully leveraged.</li> <li>❖ Understanding and proficiency in information and technology varies.</li> </ul> | Digital Service Delivery | <ul style="list-style-type: none"> <li>❖ Continue to implement services over the digital channel to improve service delivery and efficiency to customers and partners.</li> <li>❖ Deliver a mobile working experience that enables employees to fully interact and transact remotely.</li> </ul>  | <ul style="list-style-type: none"> <li>✓ The majority of appropriate City services are available online.</li> <li>✓ The City's workforce can securely access the services and information they require to operate flexibly.</li> </ul>  |
|  | Information and Data     | <ul style="list-style-type: none"> <li>❖ Strengthen information and data governance and management practices to improve information and data quality and maximise inherent value.</li> <li>❖ Strengthen business intelligence and analytics for improved planning, continuous improvement, workforce and activity management, decision making and reporting.</li> <li>❖ Build information marketplaces that promote open data, improve accessibility to information and foster industry development.</li> </ul>                                   | <ul style="list-style-type: none"> <li>✓ Data quality is improved and the inherent value of data is maximised.</li> <li>✓ Greater understanding of the current and future needs and expectations of the community, including how they interact with the services and assets of the City.</li> <li>✓ Information marketplaces promote improved accessibility to information, and foster industry development.</li> </ul> |
|  | Enterprise Systems       | <ul style="list-style-type: none"> <li>❖ Target investment in systems that support digital service delivery and workforce mobility.</li> <li>❖ Increase the adoption of cloud-based and externally managed services.</li> </ul>   | <ul style="list-style-type: none"> <li>✓ The City's enterprise systems are robust, reliable, contemporary and provide sufficient agility and flexibility to allow the City to respond to change.</li> <li>✓ The majority of enterprise systems are sourced either from the cloud or managed service providers.</li> </ul>   |
|  | Investment and Workforce | <ul style="list-style-type: none"> <li>❖ Establish a contemporary collaboration environment that supports effective and efficient collaboration and communication and drives information and knowledge sharing.</li> <li>❖ Integrate strategy, planning, investment and change to ensure that information and technology investments deliver value and will be operationally sustainable.</li> <li>❖ Establish a complementary governance environment that supports digital services, workforce mobility and data-centric initiatives.</li> </ul> | <ul style="list-style-type: none"> <li>✓ The City workforce possesses the capabilities necessary to best manage and use information and technology.</li> <li>✓ The City can quickly deliver information and technology-related innovations.</li> </ul>  |

# Community Engagement Framework 2017

# Our approach to engaging the community

City of Sydney  
Town Hall House  
456 Kent Street  
Sydney NSW 2000







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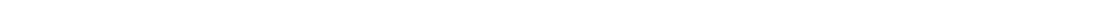
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Cover image - Green Square welcome party 2016. Photograph by Katherine Griffiths





## Summary

The City of Sydney is here to serve our communities and achieve our mutual vision of being a green, global and connected city. We provide regular opportunities for our community to participate in the decisions and projects that shape Sydney's built environment, economy, culture and society.

This document is a framework for how we consult our diverse communities on these important projects. It includes a definition of community engagement and explains how we talk with – and listen to – our communities.

It outlines the guiding principles, activities and channels we use when working with our communities and illustrates these in action on some recent projects.

The city is made up of diverse communities, with different lifestyles, interests and needs. Our many stakeholders include government departments and authorities, cultural institutions and groups, community organisations, and businesses both large and small.

We consistently use new communication techniques and channels to ensure all these voices are heard when planning and developing our projects. We also work to ensure these voices accurately and effectively represent our community's changing values and needs.

This document supports the integrated planning and reporting framework required by the Local Government Act (1993) and meets the City's legislative requirement for a community engagement strategy.

The Local Government Act identifies community participation as a guiding principle of local government – 8A (3) Councils should actively engage with their local communities, through the use of the integrated planning and reporting framework and other measures.

# Community engagement framework

## Defining community engagement

Community engagement, also called ‘public participation’, is the process of involving people in the decisions that affect their lives.

It enables good governance and informed decision making by promoting shared responsibilities for decisions.

It supports an open approach to managing risk by providing a strong foundation for understanding decisions and building trust within our community about the decision-making process.

Effective community engagement supports our capacity to achieve the City of Sydney’s overarching *Sustainable Sydney 2030* plan. It provides a framework for addressing the need for sustained collaboration, partnerships and new ways of involving and empowering our community under this plan.

## The process of community engagement

Community engagement can involve a broad variety of activities. One way to understand different types of engagement with the community is through a continuum from **informing** (reflecting a low level of engagement) through to **active participation** (reflecting a high level of engagement).

**Informing**

**Consulting**

**Active Participation**

low engagement



high engagement

**Informing** takes place when a decision has already been made or action is required, and the City of Sydney needs to make sure that those affected are aware of the facts.

**Consulting** takes place when a project requires some input, feedback or advice before part of the project or decision is progressed.

**Active participation** takes place when the City of Sydney collaborates with specific stakeholder groups or the community to work out what needs to be done and to develop solutions that are incorporated into decision making.

All engagement processes need to **inform**, most will have some level of **consultation** and some will include **active participation**.

## Guiding principles of community engagement

The City of Sydney’s approach to community engagement is guided by the following principles:

**Integrity:** engagement should be transparent – clear in scope and purpose.

**Inclusiveness:** engagement should be accessible and balanced – capturing a full range of values and perspectives.

**Dialogue:** engagement should promote dialogue and open up genuine discussion. It should be supported by timely and accurate information – a space to weigh options and develop common understanding.

**Influence:** engagement should be reflected in outcomes – the community should be able to see and understand the impact of their involvement.

The City of Sydney will:

- ensure that engagement is always timely, accessible, planned and meaningful
- undertake engagement activities that overcome barriers to public participation and build the capacity of our communities to participate in decision making
- provide feedback to participants on the results of their contribution
- review and evaluate with our communities on the effectiveness of our engagement activities.

These principles are informed by the International Association of Public Participation core values. They also reflect the City of Sydney's organisational values of collaboration, integrity, courage, quality, innovation and respect.

## Our engagement objectives

Our approach to community engagement aims to:

- provide opportunities for our communities to take part in the City of Sydney's decision making process for outcomes that benefit our community
- provide a strong foundation for understanding and working with our communities – promoting a shared responsibility for decisions and trust in the decision-making process
- develop sustained collaboration, partnerships and new ways to involve and empower the community to achieve *Sustainable Sydney 2030*.



# Ways we engage our community

The City offers a range of opportunities for residents, workers, community groups, business, government and industry stakeholders to share their ideas, insight and feedback on projects and policies to help inform council decisions.

The engagement approach taken, including the combination of activities, is determined to be appropriate to the plan, strategy, policy or project being undertaken, and most effective in reaching the communities and stakeholders affected.

Engagement activities include:

- a dedicated online consultation portal - [sydneyyoursay.com.au](http://sydneyyoursay.com.au) which includes surveys, polls, mapping, and online forum
- workshops and community meetings
- stakeholder meetings and roundtables
- deliberative processes including 21<sup>st</sup> century town hall meetings and citizens' juries
- public seminars including CityTalks
- creative workshops with children
- community and stakeholder reference groups
- interagency forums
- public exhibitions and submissions
- wellbeing survey of residents every four years
- random selection surveys
- Advisory panels and groups including the Aboriginal and Torres Strait Islander Advisory Panel; Inclusion (Disability) Advisory Panel; Public Art Advisory Panel; Design Advisory Panel; Retail Advisory Panel; Better Buildings Partnership
- information on the City of Sydney websites and disseminated through traditional and social media channels
- 101 workshops for strata communities and businesses
- site inspections and walk through opportunities
- construction liaison groups
- drop-in sessions and pop-up stalls
- door-knocking, signs, letters and notices
- customer services, neighbourhood service centres and community centres.

In 2015 we surveyed City residents through the wellbeing survey. More than 6,000 responses were received and collated. We asked people 'what kind of local area' they wanted for the future.



*City of Sydney's Aboriginal and Torres Strait Islander Advisory Panel 2016. Photograph by Jamie Williams.*

## Making sure we reach everyone

Central to the City's drive to engage with our diverse community is our commitment to being inclusive and accessible.

The City has:

- an Aboriginal and Torres Strait Islander advisory panel
- an inclusion (disability) advisory panel
- a Chinese Lunar New Year advisory panel
- a retail advisory panel
- a program of regular meetings with tenants of social housing.

We support community networks and programs, including:

- youth programs and programs for older people
- International Student Leadership and Ambassador program
- pop-up stalls at events such as local markets and festivals including NAIDOC, Youth and Living in Harmony Week, Yabun and the Aboriginal and Torres Strait Islander ANZAC Day commemoration
- interagency forums, ANZAC Day Coloured Diggers Event
- neighbourhood service centres and community centres

Our targeted consultation activities include:

- deliberative processes such as citizens juries that recruit participants targeted to reflect the diverse demographics of our community
- workshops for school children and young people

- focus groups for people with disability.

The City has identified the value of digital channels to expand the reach and accessibility of engagement. We have a dedicated consultation portal – [sydneyyoursay.com.au](https://sydneyyoursay.com.au). We strive to ensure our websites and information comply with requirements of the Web Accessibility National Transition Strategy.

We have guidelines to assist staff to produce alternative formats and Easy English versions. We also used translators including Auslan signers at events.

## **Statutory consultation**

Some elements of community engagement are directed by statutory requirements of the Environmental Planning and Assessment Act and the Local Government Act. Other legislation and instruments include the City of Sydney Notification of Planning and Development Applications and the Development Control Plan 2005.

# Reporting on engagement activities

The information we collect through community engagement helps staff and councillors make decisions. The City reports the details and outcomes of engagement to council including:

- consultation activities undertaken
- number of people and organisations who participated
- feedback from our communities
- online engagement activity, including number of visitors, demographic information of visitors, document downloads, video views and comments
- social media statistics.

We also share the results of community engagement through [sydneyyoursay.com.au](http://sydneyyoursay.com.au)

## Evaluating engagement activities

We evaluate our engagement in four areas:

- **Process** – how well was the engagement was designed and implemented?
- **Appropriateness** – was the engagement appropriate and how well did the public and stakeholders accept the process?
- **Reach** – were the people we reached representative of those affected by the decision?
- **Outcomes** – were the intended outcomes of the engagement process achieved?

Learnings from these are used to inform recommendations for the next stage of the process and future projects.

### What the community has said about engagement

As part of our engagement activities, we evaluate the experience with the community and explore their expectations for future engagement.

In the past two years the City has conducted major pieces of work to better understand our community's aspirations for engagement:

- In our social sustainability policy one of the four directions is 'an engaged city'. In a consultation on the policy, we sought views from the community on how to strengthen engagement between the community and the City and within communities more generally.
- Research conducted by Sydney University on the impact of engagement on participant understandings of climate change ran alongside the citizens' panel on climate change adaptation.
- A survey of 800 small businesses reviewed this community and its needs.

The broad messages on engagement from community are:

- The residents, visitors, workers, businesses and students of Sydney value the opportunity to engage with the City.
- Our communities have high expectations when the City engages with them.



- People want to co-design, collaborate and take responsibility for creating change.

### **Engagement approaches**

Our communities have told us they value processes that bring together diverse groups of people. They want our engagement processes to reflect the diversity of our communities, including hard-to-reach groups, children and young people.

They also support approaches that incorporate deliberation and dialogue. Feedback from deliberative processes, including citizens' juries, panels and reference groups, is always positive.

For example, 96% of participants in the People's Summit on Social Sustainability said all or most of their expectations were met and would take up the invitation to participate again in a similar process.

Not only do these approaches give greater confidence to participants that their views matter, they also strengthen knowledge and ongoing engagement on the subject matter and as a community member more generally. For example, participants of the People's Summit who felt they had a good understanding of social sustainability rose from 27% to 60% as a result of their involvement in the process. Through the citizens' panel on climate change adaptation the views of participants on vulnerability shifted from individual perspectives to greater empathy for others and a broader appreciation of the challenge of climate change for the wider community.

### **Collaboration and partnerships**

Community members expressed a strong desire for local solutions for local problems. There is a clear view that challenging issues cannot be solved alone and that partnerships deliver better results. There is also growing interest in co-created solutions particularly at a neighbourhood level.

Government and industry groups are increasingly seeing the benefits of collaboration to define and deliver initiatives that can reshape our city.

There is a strong desire for decision making to be as transparent and local as possible. Business and residents have indicated that they value face-to-face events. The community wants the City to use digital channels for sharing real-time information and data.



*The People's Summit supporting the implementation of the social sustainability policy.  
Photograph by Katherine Griffiths*

# Community engagement in action – case studies

To understand how our approach to engagement influences different projects, we have provided some recent examples and how these relate to our overarching Sustainable Sydney 2030 plan.

Our 2016 social sustainability policy and discussion paper responded to the many strategic directions under Sustainable Sydney 2030 and we used a range of techniques during the consultation process.

Other examples align with specific directions of the plan. Some projects have a significant impact, such as the redevelopment of Green Square. Others impact smaller groups, such as those interested in community gardens.

## SUSTAINABLE SYDNEY 2030 – 10 directions A city for all - social sustainability



*Sydney Story Factory workshop on a City for All. Photograph Yvette Andrews*

From March to May 2016, we invited Sydneysiders to engage in a meaningful conversation about a socially just and resilient future for Sydney.

Our social sustainability policy *A City for All* shares a vision for an inclusive and equitable city and encourages Sydneysiders to look at the big challenges facing us.

The consultation commenced with an inspirational City Talk event with world elder Mary Robinson. We held a major workshop with community groups, government organisations and industry groups. We held workshops with children in partnership with the Sydney Story Factor, pop-up information sessions and stalls as well as online engagement including a kids-say page on Sydney Your Say. 1,300 people gave feedback through the process.

In late May, we held a deliberative democracy people's summit to determine how to act on this feedback. Throughout the summit we mirrored the draft policy's values by seeking to improve participants' wellbeing.

Deliberative democracy focuses on collective decision-making, which encourages dialogue. It aims for consensus rather than majority rule. A total of 146 people were randomly selected to attend and represented a microcosm of the wider community.

We asked them to reflect on the outcomes of our consultation process and agree on ideas that the City could turn into actions. After hearing from subject experts and engaging in group discussions, they used digital devices to vote in real time and engaged in further discussion before reaching agreement.

We saw people from different generations and backgrounds speaking to each other for the first time and finding common ground – the city they love to live in. People felt the draft policy touched on issues that really meant something to them.

Feedback from participants showed:

- 80% believed their contribution would make a difference
- 96% said they would be involved again.

Participants felt they played an integral role in charting the future direction of our city, they felt more responsible for each other's wellbeing and for the policy's outcomes.

They showed us that when a community has a voice and a part to play, they care more about the outcome.





*Voting on priorities at the People's Summit. Photograph by Katherine Griffiths*

## STRATEGIC DIRECTION 1


### A globally competitive and innovative city



*The Ventura, an all-female tech startup co-working space. Photograph by Brendan Read*

### Tech startups action plan

Australia's biggest tech startup ecosystem is in Sydney and the City proposed an action plan to support this emerging sector. We took a targeted digital approach to



consultation to ensure the action plan was shaped, tested and accepted by the community with firsthand experience of this ecosystem.

Online advertising and advertorials were placed in Start-up Daily, Startup Smart and Business Insider. A twitter hash tag #StartupSyd stimulated conversation and drive awareness and interest. The City's corporate and Sydney Your Say Twitter accounts linked to [sydneyyoursay.com.au](https://sydneyyoursay.com.au) with City staff and community members regularly tweeting. Industry influencers were approached to promote dialogue involving topics from women in tech to Indigenous digital advocates.

This engagement reached a wide audience including tech startup entrepreneurs, employees, professionals in corporate businesses, investors, educators and students. Over 300 people gave feedback via the online survey and valuable perspectives were also collected through our online discussion forum and Twitter.

The City is now building upon this approach to successfully reach audiences online, leverage influencers and trends, increase our accessibility and engage communities who can be harder to engage through more traditional consultation activities.

## **STRATEGIC DIRECTION 2**

### **A leading environmental performer**

#### **New ways to engage on sustainability and climate change**

As part of Sustainable Sydney 2030, we are developing a series of master plans to achieve our environmental target. From the first plans to now, our engagement approach has evolved from informing our community to active involving them in the process.

Our climate change adaption master plan reflects a high level of community engagement. After conducting an internal assessment to identify and rank the climate risks we drafted a plan that shows the projected changes, their impact, and a series of actions to address these risks.

We randomly selected 30 community members who represented the diversity of our city and hosted a two and a half day deliberative democracy citizens' panel.

The panel reviewed the climate risks, prioritised actions and incorporated additional risks and actions. They also developed a set of principles around vulnerability that they felt should guide the policy. Those principles now form the policy's executive summary.

The panel's ideas also changed the way we wrote the strategy. Throughout the document we've acknowledged the community's recommendations by putting a green indicator next to an action they directly influenced, suggested or supported.

We also saw attitudes shift throughout the event. Participants arrived with a diversity of opinions, but listened to each other, worked through their differences and arrived at a consensus. Many commented that it was a profound experience to see some people's entrenched individually focussed perspectives change to embrace empathy for the vulnerability of all people.

## **STRATEGIC DIRECTION 3**

### **Integrated transport for a connected city**

#### **Car sharing policy**

Car sharing eases traffic congestion, frees up parking spaces and lowers greenhouse gas emissions. The City has provided dedicated on-street parking spaces for car share cars since 2007 and first adopted a car sharing policy in 2011. Over 700 vehicles are now available for residents and businesses to share.

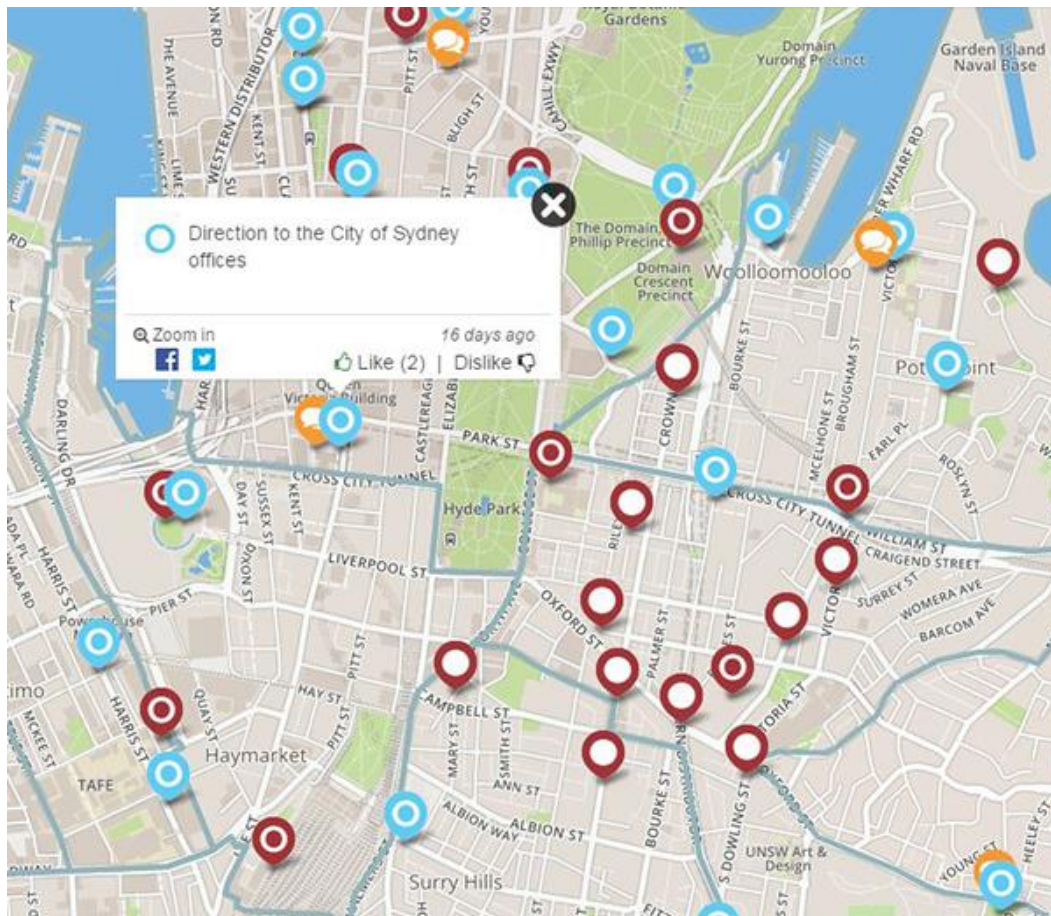
In 2016 the City reviewed the policy. Given the high level of community interest, the draft policy was exhibited for 60 days. Our communities were consulted through advertisements in local and metropolitan newspapers, a dedicated page on the Sydney Your Say website, including an accessible version of the draft policy, social media posts and letters to neighbourhood and business groups. There were 2,500 unique visitors to the website and more than 1,000 downloads of the draft policy. We received around 635 submissions from car share members, residents, non-residents, community service and business groups. Many suggestions made were incorporated into the final policy. A community engagement report outlined the City's response to contributions.

The policy was endorsed by Council In November 2016. The City has since received many thank you emails from the community.



## STRATEGIC DIRECTION 4

### A city for pedestrians and cyclists



Drop a pin on the map tool from the [sydneyyoursay.com.au](http://sydneyyoursay.com.au) consultation page

#### Wayfinding strategy

A goal of our Sydney wayfinding strategy is to improve accessibility, navigation and getting around the City's streets for vision-impaired people.

The success of the wayfinding signage project was largely due to the range of consultation techniques used. We worked with Vision Australia and Guide Dogs NSW/ACT, conducted online engagement, focus groups and stakeholder meetings, to prototyped and refined new signs.

Blind and low vision members of the community welcomed the opportunity to provide valuable feedback, giving insight into the design and placement of signs and the importance of predictable, start-of-journey wayfinding signs.

We used online mapping to crowdsource community input on sign locations for civic landmarks and historical places. People placed pins and comments on locations they felt needed signs. It provided a more interactive and human-centred digital experience.

The feedback provided new locations for the City to consider. Close to 100 comments and suggestions were made.



Sydney now has the world's largest braille and tactile sign network. The signs have been widely praised in helping people discover Sydney, explore attractions and find their way around.



*Signage prototype being tested. Photograph by Damian Shaw*

## STRATEGIC DIRECTION 5

### A lively, engaging city centre



*New Year's Eve - Welcome to Country featuring the Tribal Warrior boat and the words Always was always will be Aboriginal Land. Photograph by Ryan Pierse.*

#### **Sydney New Year's Eve - Working with partners to make the city safe and enjoyable for all**

The Sydney New Year's Eve celebration attracts over 1 million people to Sydney's harbour foreshore.

The event requires close collaboration between the City, NSW Police, Transport for NSW, Department of Premier and Cabinet and other government agencies to ensure a safe, accessible and enjoyable night for all.

In 2016, an inaugural integrated crowd management plan was developed and implemented. Two key components of the plan were the closure of up to 40% more roads than in previous years, and new egress routes to direct pedestrian traffic.


It was critical to engage the community about these changes to ensure they were well understood. Letters were sent to CBD residents, businesses, commercial and private car parks. Information sheets were distributed throughout the accommodation sector. A briefing with NSW Police Force was held for commercial car park operators and local liquor accords.

The event needs to be safe but it also needs to be meaningful and engaging to be a true success. The City works with the Metropolitan Local Aboriginal Land Council and Tribal Warrior Association to deliver the Welcome to Country on a grand scale.

The Lord Mayor's Picnic attended by 1,000 children with specific needs and their carers and siblings is made possible through the collaboration and support of the volunteers from Girl Guides Australia and Scouts Australia and over 80 charity organisations that assist in distribution of tickets.

Every year our marketing and media partnerships with Tourism Australia, Destination NSW and ABC are crucial to providing essential event planning information to those attending via the official NYE website and to sharing the excitement of the night across the world.

For 2016 NYE, Tourism Australia's video highlights package has so far received 4.4 million views. The City of Sydney's midnight image post on Facebook had a reach of over 3 million. ABC live stream trended at number 5 on YouTube. #SydNYE on



twitter had a potential reach of 7.6 million on 31 December and 48.9 million for overall campaign period.

## STRATEGIC DIRECTION 6

### Resilient and inclusive local communities



*Primary school students provide the City with ideas for improving our parks. Photograph by Katherine Griffiths*

#### **Parks for everyone**

When it comes to our parks, we ensure every major decision in our design and upgrade process has been backed by community consultation.

We talk to everyone who uses the space, including children.

To upgrade Chelsea Street Playground in Redfern we consulted school children from Bourke Street Public School.

The consultation was designed to align with learning outcomes in the curriculum. Providing an authentic learning experience where they can see and enjoy the outcome is a positive way to engage these young students.

During the design process, students were asked to think about what they enjoy doing: jumping, dancing, discovering nature, talking to friends or making up adventures. We then encourage them to draw how they'd perform these activities. They come up with the most extraordinary ideas – ideas that can be made a reality.

For Chelsea Street, children suggested small cubbies constructed among the trees which became the inspiration for the final design.

Not only do we design playgrounds that reflect the dreams of the children who use them, in the process the children learn they can have a say in their community.





*Eden community gardeners in Waterloo discuss the gardens policy*

### **Community gardens: leading the way through policy**

Community gardens are unique open spaces that contribute to our wellbeing by connecting diverse people and creating space to harvest in harmonious ways.

Our community gardens policy offers a framework for residents who want to establish a community garden and supports existing gardens to become self-managed to a high standard.

Our updated policy needed to clarify the rights and responsibilities of volunteers, the City and partnering organisations, especially around public liability insurance, safety and maintenance.

Integral to the success of this consultation was our series of face-to-face meetings with existing community gardening groups. Each group's skill set varies. Some are adept at planning and management while others are focussed only on gardening.

An independent facilitator ran on-location consultation meetings to talk to groups who had varying opinions about our role in the management of their gardens.

As a result of these meetings, we acknowledged the diversity of community gardens and their surrounding communities. We made our policy more flexible and placed more value on the social benefits of community gardening. The tone of the document was altered to be less prescriptive and we recognised the safety issues faced by some groups including theft of crops and vandalism.

We saw a remarkable shift in attitude from these groups towards the City. While we could not include all of their requested changes, they could see their voice in the final policy – they saw the value of working together to make their gardens better.



*Celebrating the unveiling of the park signage in Reconciliation Park. Photograph by Katherine Griffiths*

## STRATEGIC DIRECTION 7 A cultural and creative city

### Re-awaking Gadigal language

In 2015, staff from our Greening and Leisure unit approached our Aboriginal and Torres Strait Islander Advisory Panel with the idea of including recognition of the Gadigal people as traditional custodians on new signs they were installing in the City's parks.

It was a fascinating open conversation involving Elders, community and City staff. They discussed connection to country, the invasion and taking of Aboriginal land and the use of Aboriginal languages.

The advisory panel suggested the words 'You are on Gadigal country' should be prominently displayed on the signs. They also wanted to feature Gadigal words meaning 'hello' or 'welcome.'

Professor Jakelin Troy, Aboriginal linguist and Director of Aboriginal and Torres Strait Islander Research at the University of Sydney also provided expert advice.

The new signage with the acknowledgement of country and the words, 'bujari gamarruwa' (good day), was unveiled in March 2016 at Reconciliation Park in Redfern. The event featured a moving moment when students, parents, teachers, Elders and the local community were taught to say 'bujari gamarruwa' (good day) in the Gadigal language.

"Hearing the language come alive in those young people's mouths was transformative," says David Beaumont, Community Engagement Coordinator for the City and proud Wiradjuri man. "Language was the first thing that was taken from us.



Now it's one of the first things we're bringing back. This project demonstrates that we can write a new narrative together."

## STRATEGIC DIRECTION 8 Housing for a diverse community

City of Sydney Homelessness Interagency - Opportunities and Challenges for the Sector in 2015



By Gavin Blake of Fever Picture [feverpicture.com.au](http://feverpicture.com.au) 0403 336 260

### Homelessness unit

The City's homelessness unit has planned its work through an action research approach. Engagement has focussed on the sector, both government and non-government including health, homelessness, housing and youth services, and with people experiencing homelessness. Engagement is done alongside service delivery so ideas can be tested and refined with the community receiving the services.

In 2014 the City engaged the sector to determine the short term focus of the homelessness unit. Throughout 2015, four sector workshops were held to explore opportunities and challenges, identify longer term themes and refine priority areas.

In December 2015, in partnership with Homelessness NSW, the City surveyed 500 people experiencing homelessness during the Inner Sydney register week. This is the largest survey of its kind in Australia. The survey was developed and promoted with the support of people who have or are currently experiencing homelessness.

During 2016 a group of people with lived experience of homelessness, including those currently sleeping rough, were engaged as advisors to look at findings from the registry week survey and the themes from the sector workshops. These advisors worked with the City to identify priority directions for the homelessness unit for the next 10 years.

A sector workshop was held to test the priority directions and identify key actions. The homelessness unit continues to work with the advisors to prioritise actions. The

result of this ongoing engagement will be documented in the City's Homelessness Action Plan.

Engagement has built trust between the City and this community. Six people who are now housed and have agreed to be photographed and shared their stories to support the City's work.

## STRATEGIC DIRECTION 9

### Sustainable development, renewal and design



*Residents explore the Green Square model 2014 at the Tote*

#### **Green Square: a coordinated partnership approach**

Green Square is one of Australia's fastest growing neighbourhoods with over 30,000 new dwellings and 60,000 residents expected by 2030. The area's revitalisation is an exciting opportunity for community building and place-making with a new town centre, library, parks and community facilities.

It is the most complex project we have ever managed. It involves many partners, agencies and contractors. And it presents challenges for the community as they live through significant construction and change.

The City works to ensure the community is supported during the renewal program, from providing timelines for community facilities and private development, to community participation in the design processes for projects.

We hold regular events to ensure we hear from the local community and respond to local needs. We have artist impressions, information boards, a fly-through video and models. Our kids activities encourage families to get involved.

We work closely with developers and government agencies on a community relations program to support people impacted by construction.

We negotiated with private developers to create a single point of contact for complaints. This minimises confusion and gives residents confidence their concerns are being heard. Residents can also participate in a construction liaison group.



On advice from residents, we negotiated with developers to agree on coordinated respite nights. We also look at opportunities to change our construction methods to reduce local impacts. Private developers are now collaborating with us to strive for green star accreditation.

Our engagement program has been so successful, we are replicating it across other urban renewals areas in the city.

## **STRATEGIC DIRECTION 10**

### **Effective governance and partnerships**

#### **Resilient Sydney**

In 2015 Sydney was chosen to join the 100 Resilient Cities initiative pioneered by the Rockefeller Foundation. The initiative develops strategies to help cities survive, adapt and thrive as we face the challenges of the 21<sup>st</sup> century.

The Resilient Sydney office is hosted by the City of Sydney. Sydney receives technical support and resources from 100 Resilient Cities to develop and implement a resilience strategy for the metropolitan area.

We are working with all the councils of metropolitan Sydney to catalyse action to address key challenges such as extreme weather, increasing demand on health services and decreasing social cohesion.

CEOs from councils in the six districts of Sydney sit on our steering committee. We also convene representatives from councils in our resilience ambassadors group, working with them to identify the risks and find solutions.

We have formed a local government engagement group. This means drawing on the deep knowledge and expertise of practitioners in local government to ensure our processes are robust, inclusive and reflect the spectrum of views in our communities.

# Fit for the Future Improvement Action Plan Update 2017

# 1. Fit for the Future Improvement Action Plan Update- 2017

## Update on progress of the City's Fit for the Future Improvement Action Plan (2017)

In September 2014, the NSW Government announced the Fit for the Future program, representing a continuation of the local government reform in NSW. All councils were required to develop an Improvement Action Plan under the State Government's Fit for the Future program in 2015.

In preparation of the development of the current round of Integrated Planning and Reporting documents, the City has reviewed the Fit for the Future Improvement Action plan developed in 2015. A commentary on the progress is provided below.

### 1. Sustainable Sydney 2030 will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.

Staff have undertaken a comprehensive review of a range of data to inform the development of the Sustainable Sydney 2030 Community Strategic Plan (2017) including: the progress toward the Sustainable Sydney 2030 targets; the key trends and issues likely to affect Sydney to 2030 and beyond; the findings from community engagement from the past four years; analysis of the 2015 survey of residents that included the question 'tell us about the local area you want to live in, in future'; analysis of the Community Wellbeing Indicators;

review of Resilience Sydney research findings, and a review of global city strategic plans.

The revised Sustainable Sydney 2030 responds to the findings of the extensive research and analysis and proposes a plan that builds on the previous version and addresses contemporary issues and challenges. It includes a new target – to achieve net zero greenhouse gas emissions by 2050 – as well as revised objectives to respond to the identified challenges, opportunities and policy context. Staff have also developed a new Delivery Program for the next 4 years and an Operational Plan for the 2017/18 year, underpinned with projects and programs to deliver against the key priorities which will monitored and reported every six months to the community.

The revised Resourcing Strategy (2017) details how the strategic aspirations of the City can be achieved in terms of time, money, assets and people and focuses on long term strategies in four key areas:

- **Long-Term Financial Plan:** A ten year plan that identifies the City's current and future financial capacity to deliver upon the objectives of Sustainable Sydney2030 and continue to deliver high quality services, facilities and infrastructure to the community.
- **Workforce Strategy:** a plan to ensure the City's workforce has the capacity, culture and capability to deliver the outcomes expressed in Sustainable Sydney2030.

- **Asset Management Plan:** the City has assets valued at approximately \$12.7 billion (including land) under its care and control. This plan sets out the current status and resourcing requirements for each key asset area to ensure their maintenance and renewal at appropriate standards.
- **Information and Technology Strategic Plan:** A roadmap to accelerate the delivery of digital services, unlock the inherent value of information and data, and optimise investment in technology in support of Sustainable Sydney 2030 and other key business strategies.
- **Community Engagement Strategy:** “Our approach to engaging our community”. A framework for how we consult with our diverse communities and provide regular opportunities for our community to participate in the decisions and projects that shape Sydney.

**2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.**

The City provides a variety of engagement opportunities to help shape and develop projects, partnership and policies necessary to progress the implementation of the Sustainable Sydney 2030 Vision and to help develop initiatives which engage key stakeholders to strengthen new and existing relationships, encourage continued broad endorsement of the vision and maintain enthusiasm for implementation of the vision through partnerships.

“Our approach to engaging our community” provides a framework for undertaking the appropriate form of community consultation to inform the City’s plans, programs, strategies, policies and projects. It was first adopted in 2013.

The 2017 version of the Community Engagement Strategy has been updated with recent case studies to demonstrate how appropriate engagement is conducted across the 10 strategic directions and a variety of projects and programs.

**3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.**

Community roles and expectations are changing, moving toward digital services, co-creation of services and with a desire for a stronger input into key decisions that affect the future of our community. Good governance and effective leadership is essential to implement the strategic and complex objectives of the City’s Sustainable Sydney 2030. The City will continue to enhance the governance, risk and audit frameworks, programs and policies to ensure compliance with legislative requirements and organisational values to ensure delivery of services is conducted with strong governance frameworks.



The City will continue to participate in external reviews and forums that enhance local government governance and continuous improvement with effective information management.

**4. Agreed targets and outcomes will be incorporated into the City's annual planning and budgeting processes.**

There were seven financial sustainability measures developed by the State Government during the Fit for the Future review process to aid the assessment of each council's financial position and asset management practices. The measures are:

**Sustainability**

- Operating Performance Ratio
- Own Source Revenue Ratio
- Building and Asset Renewal Ratio

**Infrastructure and Service Management**

- Infrastructure Backlog Ratio
- Asset Maintenance Ratio
- Debt Service Ratio

**Efficiency:**

- Real Operating Expenditure (per capita)

In terms of providing a full and balanced assessment of financial performance now and into the future, the view of the City (and of the sector widely) was that the above set of measures do not adequately reflect the characteristics of a sustainable Council.

The City incorporates these measures and other supplementary indicators, in conjunction with key budgeting principles, to formulate the budgets and long term estimates contained with the 2017 Delivery Program, Operational Plan and Long Term Financial Plan. All of the measures and targets are in the Long Term Financial Plan (2017).

The key principles employed in the financial planning process at the City are:

- Financially sustainable
- Maintain diversity of income sources
- Generate significant operating surpluses
- Maintain tight control over expenditure and staff numbers
- Deliver best value services, facilities and infrastructure
- Effective utilisation of funding sources to fund capital works and asset acquisitions
- Efficient funding of capital works and asset acquisitions
- Prudent financial investment
- Consider appropriate use of debt, internal borrowing and private financing arrangements
- Maintain above benchmark results against key performance indicators

The above points have consistently remained the core principles of the City's long term financial planning process both before and since the introduction of the Integrated Planning and Reporting Framework. There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. By adopting and applying these principles in practice, the City remains on track to deliver within a robust and financial sustainable framework, the essential programs and significant projects contained within the objectives in Sustainable Sydney 2030.

**5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.**

The City is in a strong financial position due to more than a decade of stable progressive government, professional corporate administration, a policy commitment to prudent financial management and strategically sound investments.

The City has a history of rigorous financial planning, monitoring and reporting, which facilitates a transparent understanding of performance, risks and issues that has served Council well. An early awareness of risks and issues allows the Council and the Executive to amend its plans to mitigate these arising risks and ensure the long term financial sustainability of Council.

This diligence has continued under the Integrated Planning & Reporting framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon.

However, the City is faced with challenges over the longer term such as a growing residential and worker population, demand for new and enhanced services and operational cost indices rising higher than revenue. Total rates revenue is capped and

does not reflect the growth of the population within the City. To remain financial sustainable, an ever increasing focus on service levels and operating costs is crucial to deliver repeatable operating surpluses that will fund major capital works and asset renewal programs.

**6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.**

The City's Workforce Strategy 2015-2019 plays an important role in resource planning during this period and beyond. With the needs of the City of Sydney's community growing and evolving, delivering the right initiatives to build capability in the people who make-up the organisation is critical. In line with the Integrated Planning and Reporting Guidelines, the City's Workforce Strategy summarises recent work undertaken to implement the strategy, analysis of trends and issues which impact today's workforce and based on this foundation, defines the strategic priorities for the next two years.

The strategy builds upon this earlier work and takes account of the key influences related to:

- The impact of technology
- An older experienced workforce
- A healthy workplace as a driver of performance
- The need for talent attraction and the influence of diversity

In addition, our strategic workforce priorities are informed by managers' perspectives and our workforce profile.

This plan has six strategic priorities. Collectively they aim to optimise the City of Sydney's workforce strengths, address our most critical challenges and help focus our continuing efforts in building a high-performing, values-driven workplace.

Our six strategic priorities are:

- Leverage our common purpose
- Foster employee engagement and performance
- Build an agile and skilled workforce
- Apply a digital mindset
- Develop our diverse and inclusive workplace
- Strengthen our healthy workplace.

To address these priorities, we have developed a series of key strategic deliverables that we report upon annually in an update in the Workforce Strategy.

## **7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.**

There are a number of measures identified in the Long Term Financial Plan that relate to infrastructure management and asset maintenance with more detailed assessments provided in the 2017 Asset Management Plan on the City's critical asset categories.

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets. The task of rating all assets to the level of detail required to effectively manage them is significant and the City is continually updating and incorporating improved condition data.

Condition assessments are important because they:

- Identify assets or areas where maintenance is needed;
- Give information, through regular assessment, on the trend in deterioration of assets;
- Enable estimates of costs to restore to a reasonable level; and
- Help the City to plan future maintenance.

The City has defined service levels in two ways:

- Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance; and
- Operational or technical measures of performance developed to ensure that the minimum community levels of service are met.

These technical measures relate to service criteria and are shown in the detailed Asset Management Plans. Desired levels of service are obtained from various sources including Customer Satisfaction surveys, residents' feedback to Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans. The City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections in the Asset Management Plan and are derived from the best available condition data and analysis.

#### **8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.**

The City operates under an internal administrative procedure to direct and guide action to review its policies and procedures. The City sets minimum timeframes for reviews at four years. Guidance is provided to City staff responsible for policy reviews to conduct research to ensure the policy continues to meet community needs and is fit for purpose. Policies are also reviewed with regard to their alignment to City strategies and plans. A governance unit oversees the development and review of policies, procedures and guidelines at the City and directs attention when required.

#### **9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.**

The role of city leadership is ever-evolving. Strong relationships, knowledge exchange and effective collaboration between city governments is essential. Growth pressures in metropolitan Sydney require improved collaboration across all levels of government, the private sector and the community to achieve sustainable outcomes.

The City engages in international partnerships including the Rockefeller Foundation to develop a Resilience Plan for metropolitan Sydney and C40 which focusses on environmental initiatives which can be implemented by cities globally to address climate change.

Regionally, the City, has engaged with all councils in metropolitan Sydney in the development of the Resilience Strategy and is forging strong relationships with those councils which will enhance both the City's scope and capacity and that of other local government authorities.

Nationally, the City continues to engage with the Council of Capital City Lord Mayors and relevant Federal Departments including the Cities Unit within Prime Minister and



Cabinet, and the Department of Environment and Energy. Key projects include the development of a Cities Framework and providing feedback on the Federal Government's Climate Policy Review.

**10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.**

The effective use of debt may assist in the management of "intergenerational equity", and help to ensure that excessive burden is not placed on a single generation of a council's ratepayers to fund the delivery of long term infrastructure and assets. Other strategies may also achieve an equivalent outcome, and a consistent program of capital

delivery will also alleviate the need to excessively burden a particular set of ratepayers.

The City's history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses that will facilitate the delivery of the ten year capital program without the utilisation of borrowings. Should circumstances change over the life of the Long Term Financial Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term. This is assessed annually during the preparation of the annual budget and ten year long term financial estimates.

