

**CITY OF  
SYDNEY**

**RESOURCING  
STRATEGY  
(2011)**



The Resourcing Strategy (2011) can be accessed on the City of Sydney's website at [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au)

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# INTRODUCTION



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## Resourcing Strategy supporting Sustainable Sydney 2030

### Introduction

*Sustainable Sydney 2030*, was endorsed by Council in 2008 and was created following the most extensive community consultation ever held in the City of Sydney. The community determined Council's priorities and expressed their concerns and vision for the future of the City. From there, priorities, related actions, and progress indicators were developed for a 20-year period.

The City has now updated its 2030 Vision under the new Integrated Planning and Reporting framework for NSW local government and created the *Sustainable Sydney 2030* (2011) as its Community Strategic Plan.

This document is the first Resourcing Strategy the City has developed to support the directions of Sustainable Sydney 2030.

The Resourcing Strategy will help ensure the community's long-term goals and objectives, expressed in the Community Plan 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.

The resourcing strategy details how the strategic aspirations of the City can be achieved in terms of time, money, assets, and people.

The Resourcing Strategy focuses on long term strategies in three key areas:

1. Financial Planning
2. Workforce Planning
3. Asset Management Planning

These three plans are underpinned by more detailed documents that provide further technical and policy guidance in the implementation of the directions identified by the Resourcing Strategy.

The Resourcing Strategy spans ten years, with the exception of the Workforce Strategy which is only required to span four years. The Resourcing Strategy links between the long-term *Sustainable Sydney 2030 (2011)* (the Community Strategic Plan) and the medium-term Corporate Plan 2012-2015 (the Delivery Program). The documents are prepared using the best available data. Initiatives within the Resourcing Strategy will be reviewed annually to ensure applicability in the changing environment and to incorporate community feedback. The Resourcing Strategy will be fully revised as part of the comprehensive review of strategy following each Council election.

### Long Term Financial Plan (LTFP)

The first part of the Resourcing Strategy consists of Council's Long Term Financial Plan (LTFP). The LTFP is Council's ten-year financial planning document and the emphasis is on long-term financial sustainability. Financial sustainability is one of the key issues facing local government due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth.

This is an important document, which will test 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 cashflow 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.

### 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.

### Asset Management Plan (AMP)

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

NSW local governments are the custodians of approximately \$50 billion of community assets, 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 \$3.4 Billion of community assets.

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

The Community Asset Management Plan is the summary of the relevant strategies, plans and actions for the assets critical to our operation. More detailed Asset Management Plans for the critical asset classes will be developed in coming months.

### Common Challenges in the Resourcing Strategy

A number of major challenges are common across all three 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;
- A shift to more sustainable forms of energy production and transport and
- Dynamic local and global economic conditions.

The City will be undergoing significant renewal in key urban sites such as Green Square, Barangaroo, the Central Park redevelopment and Harold Park. The City will be involved in these projects requiring 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 Resource Strategy, mostly in the terms of funding and asset management of planned major infrastructure works.

Lastly, the City's resources and that of the community's are significantly linked to the local and global economic conditions affecting property development, employment and investment in key infrastructure by other parties.



# **LONG TERM FINANCIAL PLAN (2011)**

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# Introduction

## LONG TERM FINANCIAL PLAN

A long term financial plan is one of the three key Resourcing Strategies required by the NSW Integrated Planning & Reporting legislation. Local government operations are vital to its community, and it is important that stakeholders can 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, before they are formally adopted.

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 commencing new initiatives and projects to achieve the goals set down in its Sustainable Sydney 2030 Community Strategic Plan.

This financial plan provides a 10 year overview of Council's cash reserves and future funding sources, cost estimates and provisions for its continuing operations, and proposed initiatives and projects to understand the financial implications on an annual and longer term planning horizon.

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, to ensure we achieve all of our goals without risk to the long term financial sustainability of these operations, or the Council itself.

Financial planning over a 10 year horizon is difficult and obviously relies on a variety of assumptions that will undoubtedly change during this period. The long term financial plan will therefore be closely monitored, and regularly revised, to reflect these changing circumstances.

## FINANCIAL POSITION

The City remains in a very healthy financial position, based 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 City developed its Sustainable Sydney 2030 Strategic Plan on the basis of extensive community consultation and engagement, and its cash reserves have strengthened while a significant amount of work has been undertaken to test the feasibility of proposals and plan the next phase before moving to implementation.

The organisation is well placed to now invest further in the transformation of the City into a liveable urban environment, attractive to its citizens and visitors alike. The actions of turning the vision of Sustainable Sydney 2030 into a reality are underway, underpinned with the substantial allocation of capital funding to significant projects over the next ten years.

## **FINANCIAL STRATEGY**

The City of Sydney is committed to its long term financial sustainability, to ensure that its community and other stakeholders can rely upon its ongoing provision of a full and diverse range of high quality community services, facilities and infrastructure, and its ability to respond to arising community needs in a measured and equitable manner.

Council has for many years maintained a high level of control over its financial position and performance, and this has been continually demonstrated through its strong operating results. The funds generated from these operations are used to commence new initiatives and programs, and to maintain the City's extensive capital program. This long term financial plan continues this successful strategy.

Our operational plans 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 10 year period. There will always be new cost pressures arising, and 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 including customer feedback to ensure effectiveness and efficiency.

The forward income and expenditure estimates are based upon stable growth, generally around an overall increase of almost 3%, which is an approximate representation of CPI movements over recent times and projected forward during this period. Elements of income and expenditure that are subject to wider fluctuation have been modelled separately.

The annual operational budgets plan for significant operating surpluses, together with the City's interest earnings and capital contributions, these funds are required to fund the City's ongoing capital works projects and programs which design, constructs and upgrade 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 underpin the City's liabilities and commitments, 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 proposed to ensure that funds are set aside to directly support the City's Sustainable Sydney 2030 priority initiatives and projects.

The City will closely monitor its financial performance throughout the periods, and publish a number of key financial indicators within its quarterly budget reviews to demonstrate its financial health and sustainability.

## **THE FINANCIAL PLAN**

The following sections outline the major operating income and expenditure categories describing the background, future commitments and significant risks which may impact the City's finances over the next ten years.

## MAJOR ASSUMPTIONS FOR THIS PLAN

The major assumptions for this plan, including the impact on the asset management plan and workforce plan are reflected in the introduction to the Resourcing Strategy.

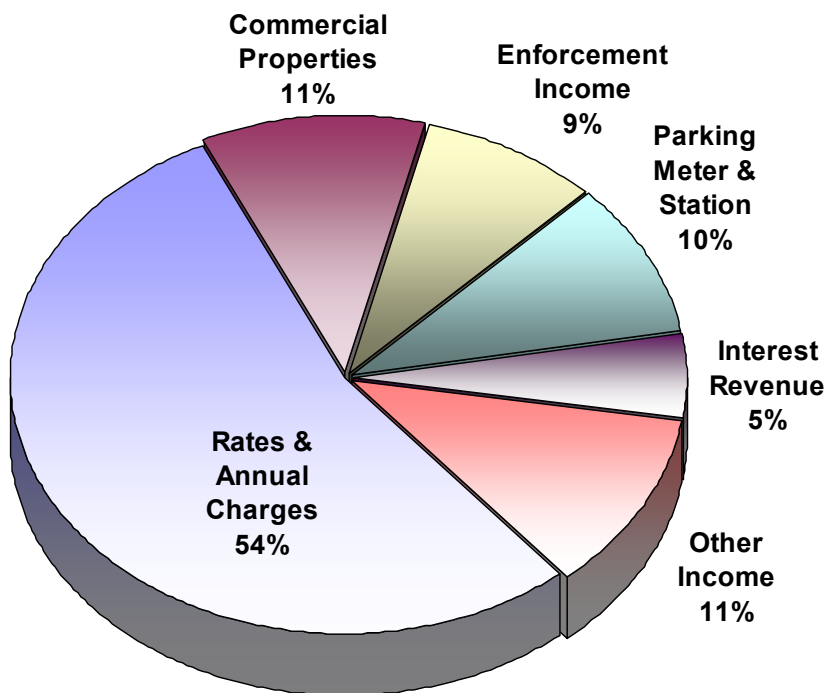
The Plan makes reference to the annual Consumer Price Index (CPI) movements as an indicative guide to annual income and expenditure movements. The model supporting this Plan uses a figure of 3% which is derived from the Reserve Bank of Australia's long term upper limit of CPI growth.

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

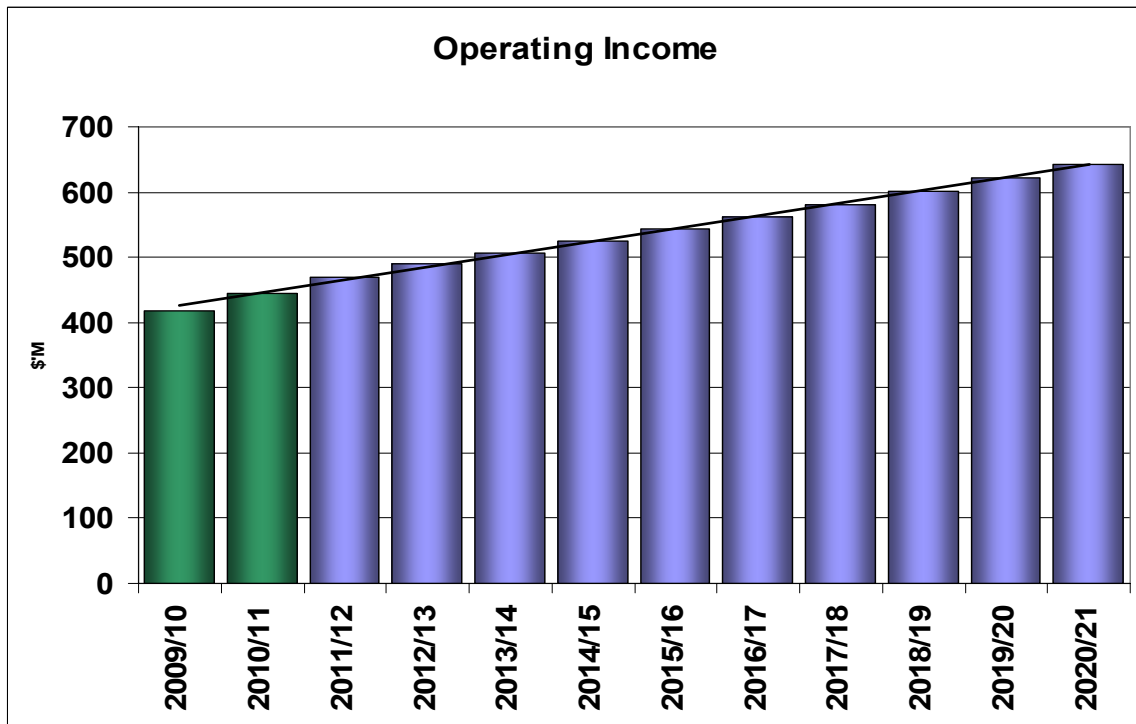
## Operating Income

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 income sources, based upon the draft 2011/12 budget, a distribution that remains relatively stable.



The following chart demonstrates the City's planned operational income over the 10 year financial plan to 2020/21.



## Annual Rates and Charges

Rates and Annual Charges are the City's predominant source of annual income, contributing 54% of total operating income in the 2009/10 financial year, a proportion which has remained relatively constant since the Council boundaries were realigned in 2004.

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 owners unimproved land value. The City maintains three ad valorem rates being a CBD business rate, a general business rate and a universal residential rate for the entire Sydney local government areas. 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 levy is distributed between its residents (22%) and businesses (78%), with almost 80% of residents on minimum rates, reflecting Sydney's high density living. The City's property distribution is not conducive to an unimproved land value based tax. Minimum rates seek to redress this situation but still do not produce a rate levy that adequately reflect an individual owner's capacity to contribute.

The Minister for Local Government controls the growth of annual rate income for all councils by setting a maximum rates increase. This 'rate cap' is recommended by IPART, based upon the price movement of local government expenses in the market and assuming a productivity improvement (efficiency) factor. This is a new initiative intended to rationalise the process, but one that must be carefully

monitored, as the 2010/11 increase of 2.6% was inadequate to compensate for the salary & wage award increase and general price movements impacting Council.

Council's general rates base can also grow where new properties are developed within the area that require additional local government services. The completion of major urban redevelopments within Sydney has generated additional income during recent years which is expected to continue.

In total, the City has estimated future average general rate increases of 3% p.a.

### **Special Variation**

In addition to their general rates income, councils may also apply to the Minister for special rate variations, to fund specifically defined projects or schemes.

In 2001, the City of Sydney was granted a 10 year special rates variation equal to 1.5% of its general rates income, or around \$3M annually. The variation was approved to assist the City with the additional costs incurred in providing "Quality of Life" services to a global city, including homelessness support and Closed Circuit Television (CCTV) security which are traditionally the responsibility of State Government, and an enhanced graffiti removal services. The approved variation concludes at the end of 2011/12, however a submission is currently being prepared to extend the existing "Quality of Life" variation for the 2012/13 financial year.

### **Pensioner Rates Exemptions**

Council continues to provide 100% rebate of rates and 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 costs approximately \$2M per year. While this cost has remained reasonably constant, Council officers are investigating the long term benefits and impacts of this scheme and any alternative mechanisms which achieve similar community benefit outcomes.

### **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 \$28M for the 2011/12 financial year, including the accumulation of a reserve to contribute to the establishment of a Waste to Energy facility for the City. This is an important element of the City's 2030 vision to reduce waste going to landfill and convert it into a renewable energy resource.

### **Stormwater Charges**

The legislation also provides the City with the option to collect a further \$1.5M each year to improve its stormwater networks. The City plans to expend significant sums towards these important infrastructure improvements in the coming 10 years, and

this contribution has assisted with the preliminary planning of network enhancements.

## **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 is working constructively with the relevant State Government authorities to determine the best practice approach to implementing a EUA for prospective owners and tenants.

## **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 up to 20% of the total operating income for Council.

This category of income includes parking meter and station income, planning and building regulation fees, venue hire, advertising space income, filming fees and work zone fees. This is a mixture of commercial, regulatory and statutory fees in addition to user based fees that are subsidised to provide wider community outcomes. Parking income is explained in more detail within this section of the plan due to the size of the income.

Fees and charges are determined annually and published in the Revenue Policy incorporated within the annual budget. Assessment of the fees is based on:

- the cost of providing the service;
- prices suggested for a service by any relevant industry body or the Division of Local Government;
- the importance of the service to the community; and
- any factors specified in relevant local government regulations.



The long term plan assumes that fees will rise in general terms in line with CPI 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. Parking income makes up to 10% of the total income 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 total operational income, and has been a key revenue source of Council for over 50 years. The City intends to maintain or increase 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 central business district and the major 'gateways' leading into the city centre, acquiring another significant investment property in 2010/11. This category of income also includes revenue generated from the ninety nine year lease of the Queen Victoria Building, which has a residual revenue share entitlement.

The City has a draft property strategy and plan which articulates 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 for properties over the course of ten years.

An ongoing review of the yields generated from the commercial portfolio is being conducted by City staff to understand the City's returns compared to market, identify the underlying factors and any opportunities to enhance any sub-optimal returns through either refurbishment, development or in some cases disposal.

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.

The long term financial plan assumes that rental income will reflect CPI increases over the longer term unless there are 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. The gross income, being the fine value, represents around 9% of the City's total operational income.

In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD, with the requirement that the net surplus income, after deducting all costs be equally shared with the State Government. After paying processing fees to the State, and sharing the net income, Council retains around 20% of the gross income raised.

The City has progressively increased 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 long term financial plan incorporates an increase by annual CPI adjustments only, reflecting the increases set previously by the State Government each year.

Lower enforcement income levels over the longer term may be influenced by;

- Improved compliance with less infringements issued
- Increase of salaries and wages, or other costs, higher than fine income increases
- Reduced collection rates of the infringements by the State Government agencies

## 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 allocated in the order of \$5M 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 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 assumes that the City will continue to receive the current levels of income received for the Financial Assistance Grant, with notional annual increases in line with CPI. Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

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 City would need to assess its response to any such change.

Sponsorship is sought and used 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 could allow the City to enhance, extend or reduce the cost of current activities or programs or develop new ones.

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

## **Interest Income**

The City invests surplus funds in a prudent and commercial environment and is governed by specific "Minister's Orders" covering the type or investment products that Councils may invest in. The City will invest its funds in accordance with the approved "Minister's Orders" and its own Investment Policy, which is reviewed annually and approved by Council. The City's "Investment Policy for the Management of Surplus Funds was endorsed by Council on 14 February 2011.

The City has steadily developed a cash reserve to be applied towards the major SS2030 projects over the next ten years. The investment income derived from the cash has also been a steady source of revenue which is expected to decline as these reserves are allocated towards the major projects.

The size of the investment portfolio and interest rate movements determine the revenue generated from the Council's cash investment portfolio. Within the City's financial plan, a conservative approach has been taken in respect of interest rates.

## **Capital Income**

### **Developer Contributions**

Development contributions provide significant funding towards essential public facilities, amenities and services undertaken by Council, the demand for which is driven by new development. Several recent State Government requirements have restricted the maximum amount of contributions that can be levied and the type of public facilities, amenities and services that can be funded through the development contributions system.

At the time of writing, the City is levying developers under the terms of the Ultimo Pymont Section 94 Plan (1994) and the City of Sydney Development Contributions Plan (2006) which operate outside Central Sydney and in accordance with the Ministerial Direction effective from 16 September 2010 that caps residential contributions to \$20,000 per dwelling or lot created.

It is proposed that a revised Development Contributions Plan for the City will be developed during 2011/12 alongside public and stakeholder consultation programs.

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 “holes” that need to be supplemented by other sources until contributions are received.

Careful planning will reduce the risk of committing to expending significant sums for projects without the optimal level of Section 94 funding being received.

### **Capital Grants**

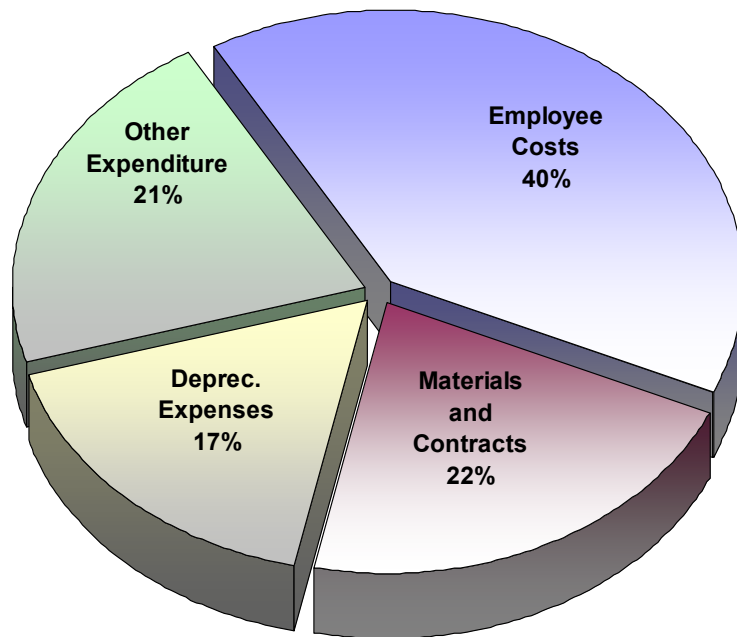
Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that accelerate the start of the project, demonstrate a shared commitment from the other party or provide a greater benefit 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 will be assessed and funded separately and where the funding sources are known, included in the long term financial plan.

# Operating Expenditure

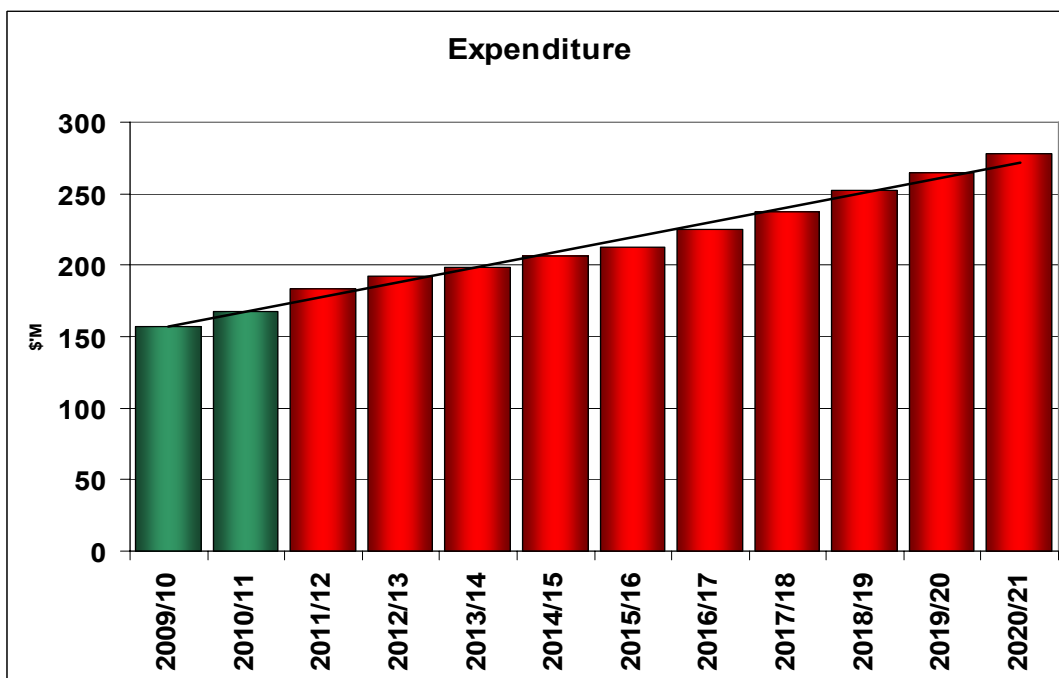
This section includes a review of the City's major expenditure commitments over the next 10 years, together with background information and a discussion of any key risks and assumptions.

The chart below illustrates the major distribution of the City's expenditure sources, based upon the draft 2011/12 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 of 3% per annum has been applied to all costs, unless specifically modified on the basis of other data or assumptions. Examples of specific items include government authority charges (tipping and fire service levies) and utility charges that have been increasing at much higher rates.

The following chart demonstrates the City's planned total operational expenditure over the 10 year financial plan to 2020/21.



## Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce of over 1,800, 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 almost 50% of the City’s total operational expenditure (excluding depreciation), rising from approximately 45% in 2004/05, and therefore warrants specific strategic planning.

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 provides 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 will be incorporated within the current provisions contained with this long term financial plan.

Future salary and wages costs will be determined as part of periodic Enterprise Bargaining Agreements between the Council and relevant unions. The plan contains provisions for increases in line with CPI over the ten year period together with a small allocation for new positions, again reflecting the construction of new facilities and services.

## Materials and Contracts

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

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

The City has significant infrastructure and facility assets that need to be maintained to a quality standard, and provides 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 costs, carbon tax, fuel, labour)
- increased levels of service expected by the community & other stakeholders
- new services expected to be delivered by local government
- additional asset maintenance costs (new parks, cycleways, trees, facilities)
- limited competition for some specific service areas.

## Other Expenses

“Other Expenditure” incorporates costs relating to ordinary goods and services which are recurrent in nature and relatively stable, such as postage, printing and insurance, but 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.

While the City commits significant funding to its ongoing community events (including New Years Eve, Chinese New Year, etc), and 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 also 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 have been well managed and ensure that the City supports a broad and diverse range of applications, that satisfy set criteria, within the approved 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.

### **Energy Prices**

Energy prices are expected to continue to increase substantially over the next ten years. The City plans to offset its exposure to this trend, through its programs to lessen energy usage and the implementation of renewable energy sources and trigeneration plants that will reduce greenhouse gas emissions and provide an efficient alternative to purchasing electricity "off the grid".

At this time, the long term financial plan assumes an overall cost of energy to the City at levels close to CPI, and this forecast will be closely monitored and updated with greater precision as these projects become closer to implementation and the actual costs and savings are better understood.

Street lighting is another major cost to the City that is expected to increase significantly over the next ten years, due to rising energy prices, however the planned implementation of newer technology to the City's street lighting assets are expected to provide savings in terms of both energy usage and maintenance costs.

### **Water Prices**

The City pays for water usage across its own properties and open spaces and has commenced water reuse and reduction programs across its facilities. The planned cost for water usage is expected to rise minimally at CPI levels in light of the planned water reduction and re-use projects already in place and new projects planned for implementation.

### **Local Government Elections**

The State Government charges council around a \$1M for the cost of running the local government elections every four years (in 2012, 2016 and 2020), however this amount substantially increased for the last election. The long term plan provides funding for this periodic expense.



## 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 for certain activities. However it would like to see all levies apportioned equitably and used for the nominated outcomes in a transparent manner.

The City contributes in excess of \$7M annually to the State Government in the form of direct levies. The increase in these changes, in some cases arbitrarily set by the State Government, has in recent years often 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 (\$2.2M annually)
- Emergency Services Levy assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$3M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD area (\$1.7M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning (\$0.5M annually).

The Waste and Environment Services Levy will continue to increase at 7% per annum, deliberately set greater than CPI as a price deterrent to additional waste. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge.

The Emergency Services Levy requires contributions from local government to the cost of providing Fire Services and the State Emergency Services. While local government is a user of these services, there have been proposals to shift the entire burden away from the insurance industry and onto councils. In the interim, these contributions have risen significantly above CPI over the last 3 years.

The City is also subject to the State's Parking Service Levy which has again risen disproportionately over the last 3 years, with little advance notice, which has had a significant impact on the cost of public and private parking within the City. There are also concerns over the what benefits to public transport have been achieved through the use of these specifically quarantined funds.

## 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 State, after deducting all costs associated with this important regulatory and traffic management function.

The City returns around \$7M annually to the State Government, an amount that fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income.

## Depreciation

Depreciation for assets is a non-cash expense that reflects the utilisation of the asset and 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 basis 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 of each asset class. Depreciation is not influenced by other factors such as CPI and will only change if the value or depreciation rate varies, assets are revalued, or assets are acquired or divested.

The City's investment in new community facilities and other assets, and periodic revaluation of our existing assets will see depreciation expenses arise over time.

However depreciation is not a measure of the required maintenance expenditure on an asset in any given year, and does not reflect the actual degradation of the assets 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.

## 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 programs, and 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 Plan, with the proposed capital expenditure for replacement and refurbishment of assets over the next ten years expected to match or exceed the level of depreciation for those assets.

## Asset and infrastructure Maintenance

The City's Asset Management Strategy Plan incorporates the over-arching framework, policies and strategies for 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 relevant to the needs of the community and the expectations of a global city over the next ten years.

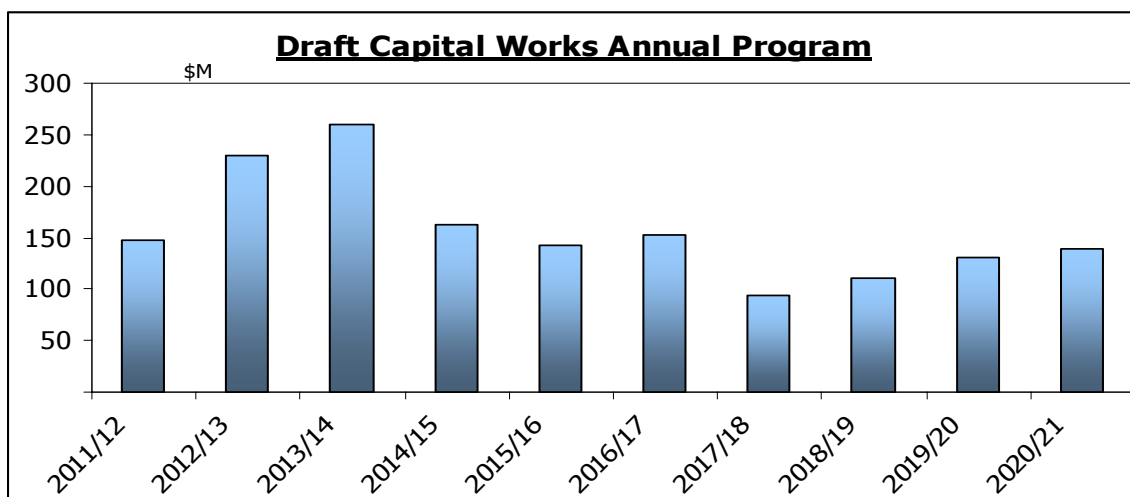
## Capital Works Program

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 strongly 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 10 years, and is therefore the subject of rigorous planning to ensure a sustainable level of funding for the timely delivery of key projects.

The 10 Year Capital Works schedule estimates the scope, value and timing of the works and projects based upon Council's priorities, current level of knowledge and best estimates.



## Ten Year Capital Works Program

The ten year long term financial plan provides funds for all of the City's rolling annual asset upgrade and renewal programs 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.

In addition, the ten year plan includes significant funds for many of the City's major initiatives and projects to progress the goals and outcomes within the Sustainable Sydney 2030 Community Strategic Plan.

## 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, renewable energy projects, waste to energy facility, automated waste collection 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.

## City Centre Transformation

The City has been working with the State Government to assess the feasibility of improving public access and transport through the city centre district. To enable this project to integrate with the surrounding infrastructure and to keep Sydney competitive as a global city in terms of business, tourism and liveability, the City has provided funds as a contribution to the associated public domain works.

## Green Square

The Green Square urban renewal area includes capital works valued at close to \$350M over the next ten years, which has been divided into four major groups to enable better planning and reporting during the implementation phases of these significant community facilities, including:

**Green Square Town Centre- Essential infrastructure and Public Domain** works include the design and construction of roads, footpaths, drainage, open space and public domain landscaping within the planned Town Centre boundaries. These works will be partially funded from developer contributions with the balance from City funds, with timing reliant on the property development on key sites within the area.

**Green Square Green Infrastructure** projects provide provisions for specific trigeneration/cogeneration, evacuated waste, and water re-use projects within the Green Square urban renewal area.

**Green Square Community Facilities** includes the planned design and construction of an integrated community facility incorporating a library, community/meetings rooms/exhibition spaces and a neighbourhood service centre. The construction of this facility will be influenced by the progress of property development and in the short term, a smaller and interim facility has been established.

**Green Square Health and Recreation Facility** refers to the design and construction of a new aquatic and recreation centre including the adjacent earthworks, roads, drainage, park and public domain enhancements surrounding the site.

## Cycleways

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.

## **Stormwater**

The City is developing a range of stormwater management and improvement plans that will identify key assets to be replaced, renewed or enhanced to reduce the potential damaging effects of flooding. This plan includes funds to facilitate the feasibility, design and construction of new stormwater assets.

## **Village Planning Facilities**

Community facilities such as libraries, recreation centres, child care centres, and cultural centres are vital community assets that require ongoing refurbishment and enhancement, and in some case the creation of new facilities to meet service needs.

This category includes the development of new major facilities and major enhancement projects only and excludes ongoing asset management costs such as asset renewal or refurbishment works which are included in the Property Related operational expenditure programs.

The planned facilities at Green Square are separately incorporated within the Green Square Community Facility group.

## **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 improving the public domain and ensuring that the asset are maintained to a satisfactory standard across the entire the local government area.

The public domain category of works includes the

- Annual road and footpath reconstruction programs
- Upgrade works for CBD laneways
- Public art restoration and new projects
- Bridge renewal works
- Miscellaneous traffic and pedestrian improvement works

## **Property Related Projects**

The City manages a wide range of 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.

## **Parks and Open Spaces**

The City's parks, open spaces and trees are one of the community's most loved assets. Our park and open space network encompasses 191.5 ha throughout the local government area, providing both active and passive places for the communities use and enjoyment. A program of major refurbishment and renewals works has been developed to maintain and enhance the quality and enjoyment of the open space within the Council area.

### 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 is 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 10 Year Capital Works schedule comprises a mixture of known projects over the shorter term and contains provisions over the longer term for programs of work where the specific projects have not been determined as yet.

### Capacity

Apart from funding constraints, the City has capacity constraints which determine the delivery of the capital works program. The constraints in project delivery include community consultation programs, 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, proposes a long term average capital works program of \$100-125M per annum based upon the funds it plans to generate from operations, interest earnings and capital contributions. This sized program will ensure funding for a number of major projects each year and adequate funding for all of the City's annual asset upgrade and renewal programs. This will remain a challenging program, but it is considered achievable and financially sustainable.

## **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 to reflect how the prospective cash flows would impact Council's cash reserves and financial position.

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

# 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 reports and any assumptions have not been previously discussed throughout the body of the plan.

## Income & Expenditure

Income and Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan's including the 2011/12 budget and future year's 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 also distributed by the City's principal activities (2030 strategic directions).

## Balance Sheet

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

The ten year balance sheet assumes that apart from the levels of Cash and Investments, the acquisition of assets and employee leave provisions, there are no other significant movements of liabilities or assets.

For the purposes of this plan and model, a constant level of Inventory, Prepayments, Receivables, Payables and other Liabilities are a reasonable assumption given that their modest fluctuations from year to year do not significantly impact the funding capacity and total cash reserves.

## 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 \$1,568M comprising a program of major projects of \$468M and ongoing programs of \$628M, emerging Sustainable Sydney 2030 priority projects of \$422M with a provision for a \$50M contingency.

## CashFlow Forecast

The Cashflow Forecast takes the Net Surplus result from the Income & Expenditure Statement, adds back the 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.



## Financial Modelling

The Integrated Planning & Reporting guidelines require councils to provide a variety of models for their long term financial plans to demonstrate the financial implications of a number of economic and operational scenarios (e.g. planned, optimistic and conservative).

The City has prepared its financial plans, forecast on the basis of sound historical income and expenditure trends, and based upon latest forecasts and knowledge to date. Future years forecasts are neither worst case scenario, or overly optimistic, and as such it is seen as little value to artificially revise these estimates to create a significant negative or positive variance that is not anticipated, as this could simply be misleading to the uninformed reader in the community.

For instance, rates income reflects the approved income base, recent Ministerial approvals and our own evidence of rates growth in the local government area. Other user charges reflect long term trends adjusted for recent experience. Conversely salary and wages growth, the City's single largest exposure, has been forecast to experience growth in line with historic award increases.

In a worst case scenario, for instance if the State were to remove our right to existing income streams or require the City to absorb a new program cost which would significantly impact our cash reserves, the City would need to revisit its planned capital expenditure to remain sustainable.

The City has therefore not provided a range of financial scenarios at this stage.

## Financial Performance Monitoring

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

This diligence will continue under the new Integrated Planning & Reporting framework, linked through with the other two key resourcing strategies of workforce planning and asset management, and will be extended to also include a longer term forecast horizon.

While there are many indicators of financial sustainability, and the City will continue 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 is to focus on the following measures of financial operating sustainability.

## Operating Sustainability

Operational sustainability refers to the Council's ability to manage its core business commitments and risks. Ideally, this concept can be expressed as having a diverse income base, control of operating expenditures and adequate coverage of operational risks. Ideally the Council should be able to manage expected financial risks and shocks without having to adopt harsh revenue or expenditure measures.

The City will measure, monitor and report on the following indicators:

### Operating Surplus

The City is targeting an Operational Surplus (excluding interest earnings and depreciation expense) in excess of \$100M, which is achievable and aligns with current performance. Along with interest earnings and capital contributions, this will generate funds of around \$140M per annum required to fund the forecast average long term capital expenditure program.

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

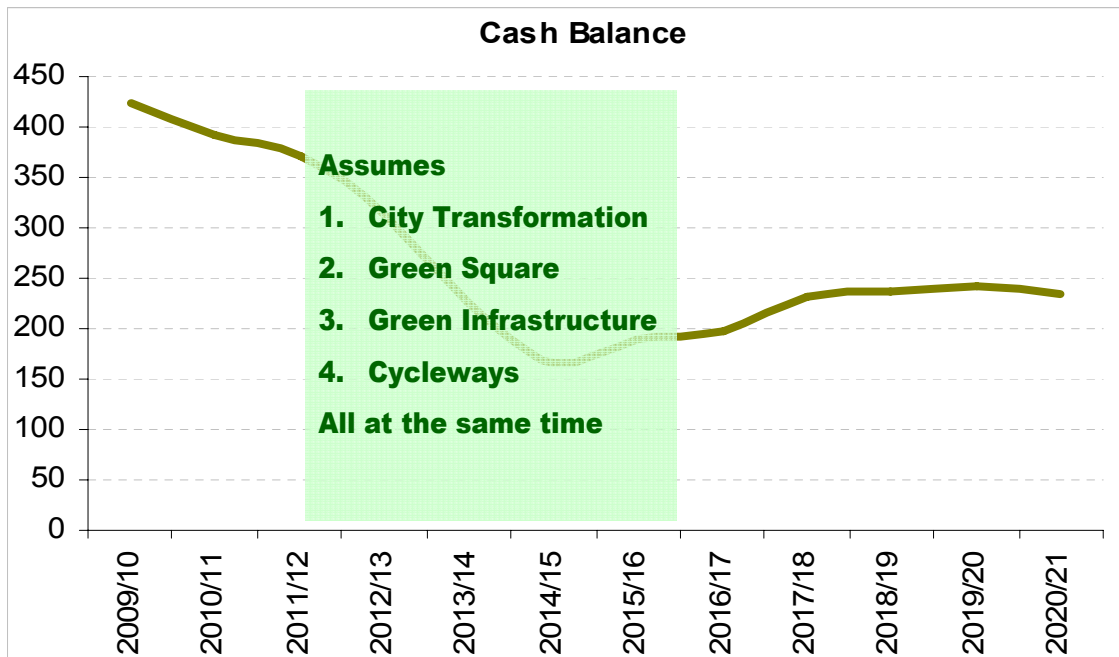
### Cash Reserves

The City for the last few years has planned to ensure that it holds minimum cash reserves totalling \$200M, this total being sufficient 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 target is being revised in light of the work undertaken in formulating this long term financial plan. In particular, the determination of the City's priority initiatives and projects, allows the City to now redefine a number of its internal reserves to demonstrate the City's financial commitment to achieve these outcomes.

The following chart illustrates the City's cash balances as forecast over the next 10 year period, and indicates that the minimum balance will dip below the previous \$200M threshold in 2014/15, if all of the major projects occur to the extent estimated in the forecast years.

## Forecast Cash Balance over ten years in \$M



## 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.

The Division of Local Government has previously advised a benchmark of a maximum 5% for metropolitan councils and 8% for rural councils. The City maintains its recovery rates below 2%, a ratio that steadily improved over a number of years, and this performance is planned to continue.

## Debt Service Ratio

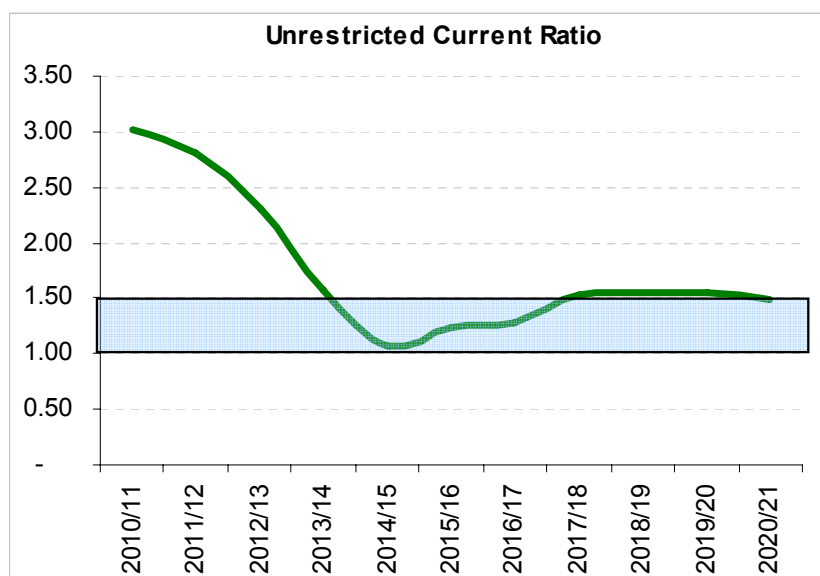
This ratio measures a council's capacity to repay its debt, with a higher ratio indicating a potential issue for ongoing service delivery. The City currently has no debt and a nil ratio.

## Liquidity Ratio

The Unrestricted Current Ratio measures the adequacy of Council's liquid working capital and its ability to satisfy its financial obligations in the short term.

The City's ratio is currently near 3.0, representing the City's cash reserves accumulated in preparation for the initiatives and major projects soon to commence. The long term financial plan indicates a decreasing current ratio representing the allocation of these strategic cash reserves towards the major projects in the capital works program, and then increasing as the cash reserves return to their planned levels.

The City targets a long term ratio between 1.0 and 1.5, with a preferred ratio of 1.5 a suitable benchmark in accordance with the recommendations of the Division of Local Government, as demonstrated in the following chart.



## Summary

The City of Sydney is in a very healthy financial position, with strong operational performance continuing to providing adequate funds for an expansive and exciting capital work program that is sustainable into the future.

The annual operational performance reflects the City's diverse and sustainable income streams and tightly controlled operational expenditure, in an environment where there has been a growing demand for increasing quality and new services to satisfy community and other stakeholder expectations.

The City's Capital Works Program has been planned to ensure adequate funds are available to complete all of existing major projects, and the rolling annual programs that underpin the City's facility and infrastructure assets.

The City's cash position remains high, with adequate reserves set aside for its external liabilities and substantial reserves developed to support its commitments to the initiatives and major projects arising from the City's Sustainable Sydney 2030 Community Strategic Plan.

# Long Term Financial Plan - Schedules

Resourcing Strategy

2011

## Income Statement

	\$'M	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges		255.7	265.0	274.7	284.8	295.4	306.4	318.0	330.0	342.6	355.8
Fees and Charges		97.1	99.7	102.5	105.3	108.2	111.3	114.4	117.6	120.9	124.3
Interest Income		25.0	18.0	14.3	10.5	9.6	10.4	11.5	12.6	12.8	12.8
Other Income		94.0	103.5	107.0	110.6	115.0	119.5	123.3	127.1	131.1	134.8
Grants and Contributions provided for Capital Purposes		15.7	47.3	47.8	26.8	25.1	22.6	17.9	18.4	19.0	19.6
Grants and Contributions provided for Operating Purposes		13.9	14.3	14.7	15.2	15.6	16.1	16.6	17.1	17.6	18.1
<b>Total Income from Continuing Operations</b>		<b>501.5</b>	<b>547.9</b>	<b>561.0</b>	<b>553.2</b>	<b>569.0</b>	<b>586.3</b>	<b>601.6</b>	<b>622.8</b>	<b>644.0</b>	<b>665.3</b>
<b>Expenses from Continuing Operations</b>											
Employee Related Costs		171.4	178.2	185.1	192.2	199.7	207.4	215.4	223.7	232.3	241.3
Borrowing		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts		93.2	96.0	98.9	101.8	104.9	113.0	121.3	129.6	138.1	146.6
Depreciation		74.1	81.8	85.6	90.5	94.8	98.2	105.8	108.9	103.3	104.6
Other Expenditure		91.1	96.7	100.4	105.5	108.4	112.7	117.2	123.4	127.1	131.8
<b>Total Expenses from Continuing Operations</b>		<b>429.9</b>	<b>452.7</b>	<b>470.1</b>	<b>490.0</b>	<b>507.7</b>	<b>531.2</b>	<b>559.6</b>	<b>585.5</b>	<b>600.8</b>	<b>624.2</b>
<b>Net Operating Result for the Year</b>		<b>71.6</b>	<b>95.2</b>	<b>91.0</b>	<b>63.2</b>	<b>61.2</b>	<b>55.1</b>	<b>42.0</b>	<b>37.3</b>	<b>43.2</b>	<b>41.1</b>

## Detailed Income and Expenditure

\$'M 2011/12 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21

### OPERATING INCOME

Aquatic Facilities Income	11.8	12.2	12.5	12.9	13.3	13.7	14.1	14.5	14.9	15.4
Advertising Income	5.5	5.5	5.6	5.7	5.8	5.8	5.9	6.0	6.1	6.2
Building & Development Application Income	4.8	5.0	5.1	5.3	5.4	5.6	5.8	5.9	6.1	6.3
Building Certificate	1.5	1.5	1.5	1.6	1.6	1.7	1.7	1.8	1.8	1.9
Child Care Fees	2.0	2.0	2.1	2.1	2.2	2.3	2.3	2.4	2.5	2.5
Commercial Properties	50.7	58.8	60.9	63.1	66.2	69.2	71.5	73.8	76.1	78.2
Enforcement Income	41.0	42.2	43.5	44.8	46.1	47.5	48.9	50.4	51.9	53.4
Grants and Contributions	13.9	14.3	14.7	15.2	15.6	16.1	16.6	17.1	17.6	18.1
Health Related Income	1.1	1.2	1.2	1.3	1.3	1.3	1.4	1.4	1.5	1.5
Library Income	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.5	0.5	0.5
Other Building Fees	5.3	5.4	5.6	5.7	5.9	6.1	6.3	6.5	6.7	6.9
Other Fees	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6
Other Income	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2
Parking Meter Income	36.0	36.8	37.5	38.2	39.0	39.8	40.6	41.4	42.2	43.1
Parking Station Income	10.1	10.7	11.2	11.7	12.3	13.0	13.6	14.3	15.0	15.7
Private Work Income	4.1	4.2	4.3	4.4	4.6	4.7	4.8	5.0	5.1	5.3
Rates & Annual Charges	255.7	265.0	274.7	284.8	295.4	306.4	318.0	330.0	342.6	355.8
Sponsorship Income	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2
Work Zone / Filming	5.7	5.8	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.4
Venue/Facility Income	5.2	5.4	5.5	5.7	5.9	6.1	6.2	6.4	6.6	6.8

**Total Income from Continuing Operations 460.1 481.8 498.1 515.1 533.5 552.5 571.3 590.9 611.3 632.0**

### OPERATING EXPENDITURE

Agency Contract Staff	3.8	4.0	4.1	4.2	4.3	4.5	4.6	4.7	4.9	5.0
Employee Oncosts	5.7	7.3	7.6	8.0	8.3	8.6	9.0	9.3	9.7	10.1
Fringe Benefit Tax	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6
Other Employee Related Costs	2.3	2.3	2.4	2.5	2.6	2.6	2.7	2.8	2.9	3.0
Salaries and Wages	138.6	144.2	149.8	155.6	161.7	168.0	174.6	181.4	188.5	195.9
Superannuation	15.6	14.9	15.5	16.1	16.7	17.4	18.1	18.8	19.5	20.3
Travelling	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.8	0.8
Training Costs (excluding salaries)	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4
Workers Compensation Insurance	2.5	2.6	2.7	2.7	2.8	2.9	3.0	3.1	3.2	3.3

**Total Employee Related Costs 171.4 178.2 185.1 192.2 199.7 207.4 215.4 223.7 232.3 241.3**

Aquatic Facility Management Fees	10.7	11.0	11.3	11.7	12.0	12.4	12.8	13.1	13.5	13.9
Advertising	2.4	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1
Consultancies	5.4	5.6	5.7	5.9	6.1	6.3	6.5	6.7	6.9	7.1
Contingencies - Operational	4.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0	6.0
Bad & Doubtful Debts	0.5	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Enforcement & Infringement Costs	13.0	13.4	13.8	14.2	14.6	15.1	15.5	16.0	16.5	17.0
Event Related Expenditure	12.4	12.8	13.2	13.6	14.0	14.4	14.9	15.3	15.8	16.2
Expenditure Recovered	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(6.0)	(6.1)	(6.3)	(6.5)	(6.7)
Governance	1.7	1.7	1.8	3.0	1.9	2.0	2.0	3.4	2.1	2.2
Government Authority Charges	19.9	21.2	22.5	24.0	25.6	27.3	29.2	31.1	33.2	35.5
Grants, Sponsorships and Donations	6.3	6.2	6.2	6.3	6.4	6.4	6.5	6.6	6.6	6.7
Infrastructure Maintenance	25.6	26.4	27.2	28.0	28.9	34.7	40.6	46.5	52.5	58.5
Insurance	3.0	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.9
Interest Expense	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
IT Related Expenditure	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.1	4.2	4.3
Legal Fees	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.2	4.4
Minor Plant Purchase	1.3	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.6
Other Asset Maintenance	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4
Other Operating Expenditure	9.3	9.5	9.8	10.1	10.4	10.7	11.1	11.4	11.7	12.1
Postage & Couriers	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3
Project Management & Other Project Costs	3.2	3.3	3.4	3.5	3.7	3.8	3.9	4.0	4.1	4.2
Property Related Expenditure	21.8	22.4	23.1	23.8	24.5	25.2	26.0	26.8	27.6	28.4
Printing & Stationery	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7
Public Domain Enhancement Contributions	1.7	1.8	1.8	1.9	1.9	2.0	2.0	2.1	2.2	2.2
Service Contracts	10.5	10.8	11.2	11.5	11.8	12.2	12.5	12.9	13.3	13.7
Stores & Materials	4.3	4.5	4.6	4.7	4.9	5.0	5.2	5.3	5.5	5.7
Surveys & Studies	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8
Telephone Charges	2.5	2.5	2.6	2.7	2.8	2.9	2.9	3.0	3.1	3.2
Utilities	10.9	12.0	12.7	13.5	14.3	15.1	16.1	17.1	18.1	18.5
Vehicle Maintenance	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.9	4.0

**Non Salary & Wages Related Expenditure 183.6 192.0 198.6 206.5 212.4 224.9 237.6 252.1 264.2 277.4**

**Total Expenditure (excluding Depreciation) 355.0 370.2 383.7 398.7 412.1 432.2 453.0 475.8 496.5 518.7**

**Operating Surplus 105.0 111.6 114.5 116.3 121.4 120.3 118.3 115.1 114.7 113.3**

## Operating Budget

### Organisation Summary - Operating Surplus (Before Depreciation, Interest and Capital Income)

#### 2011/12 Budget

	\$M	Income	Expenditure	Operating Surplus	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Chief Executive Office</b>		<b>0.5</b>	<b>11.1</b>	<b>(10.6)</b>	<b>(10.9)</b>	<b>(11.3)</b>	<b>(11.7)</b>	<b>(12.1)</b>	<b>(12.6)</b>	<b>(13.1)</b>	<b>(13.6)</b>	<b>(14.1)</b>	<b>(14.6)</b>
Chief Executive Office		0.0	1.2	(1.2)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)
Finance		0.5	6.8	(6.3)	(6.4)	(6.7)	(6.9)	(7.2)	(7.5)	(7.8)	(8.1)	(8.4)	(8.7)
Office of the Lord Mayor		0.0	3.1	(3.1)	(3.1)	(3.3)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(4.1)	(4.2)
<b>Workforce and Information Services</b>		<b>0.1</b>	<b>20.1</b>	<b>(20.0)</b>	<b>(20.6)</b>	<b>(21.3)</b>	<b>(22.1)</b>	<b>(22.9)</b>	<b>(23.7)</b>	<b>(24.5)</b>	<b>(25.4)</b>	<b>(26.3)</b>	<b>(27.2)</b>
Workforce Services		0.0	7.0	(7.0)	(7.2)	(7.5)	(7.7)	(8.0)	(8.3)	(8.6)	(8.9)	(9.2)	(9.5)
Information Management		0.1	13.1	(13.0)	(13.4)	(13.9)	(14.4)	(14.9)	(15.4)	(15.9)	(16.5)	(17.1)	(17.7)
<b>Legal and Governance</b>		<b>0.0</b>	<b>13.0</b>	<b>(12.9)</b>	<b>(12.5)</b>	<b>(13.0)</b>	<b>(14.6)</b>	<b>(13.9)</b>	<b>(14.3)</b>	<b>(14.8)</b>	<b>(16.7)</b>	<b>(15.9)</b>	<b>(16.4)</b>
Legal Services		0.0	5.8	(5.8)	(6.0)	(6.2)	(6.4)	(6.6)	(6.8)	(7.1)	(7.3)	(7.6)	(7.8)
Risk Management		0.0	4.4	(4.4)	(3.8)	(3.9)	(4.0)	(4.1)	(4.3)	(4.4)	(4.6)	(4.7)	(4.9)
Secretariat		0.0	2.7	(2.7)	(2.8)	(2.9)	(4.2)	(3.1)	(3.2)	(3.3)	(4.8)	(3.6)	(3.7)
<b>City Operations</b>		<b>116.8</b>	<b>158.2</b>	<b>(41.4)</b>	<b>(40.3)</b>	<b>(43.4)</b>	<b>(46.7)</b>	<b>(50.1)</b>	<b>(53.9)</b>	<b>(57.8)</b>	<b>(62.1)</b>	<b>(66.6)</b>	<b>(70.7)</b>
City Rangers		40.9	26.9	14.0	14.5	14.8	15.2	16	16	16	17	17	17
City Infrastructure		12.3	28.4	(16.0)	(17.8)	(18.9)	(20.0)	(21.2)	(22.5)	(23.9)	(25.4)	(27.0)	(27.9)
Cleansing & Waste		0.7	45.1	(44.4)	(45.8)	(48.1)	(50.5)	(53.0)	(55.7)	(58.5)	(61.6)	(64.8)	(68.1)
Parks, Trees & Aquatic Facilities		12.7	32.3	(19.6)	(20.0)	(20.7)	(21.4)	(22.1)	(22.9)	(23.6)	(24.4)	(25.3)	(26.1)
Security & Emergency Management		0.0	4.5	(4.5)	(1.5)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)
Strategy and Assets Group		45.8	16.2	29.7	30.4	31.1	31.9	33	33	34	35	36	37
City Operations Management		0.0	0.7	(0.7)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)
Venue Management		4.3	4.1	0.1	0.7	0.7	0.7	1	1	1	1	1	1
<b>City Culture and Community</b>		<b>9.8</b>	<b>46.5</b>	<b>(36.7)</b>	<b>(38.0)</b>	<b>(39.4)</b>	<b>(40.7)</b>	<b>(42.0)</b>	<b>(43.5)</b>	<b>(45.0)</b>	<b>(46.5)</b>	<b>(48.1)</b>	<b>(49.8)</b>
City Culture and Community Management		0.0	1.9	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)	(2.3)	(2.4)	(2.4)	(2.5)	(2.6)
City Culture		2.9	25.4	(22.4)	(23.3)	(24.1)	(24.8)	(25.6)	(26.4)	(27.2)	(28.0)	(28.9)	(29.8)
Children Services		2.9	4.9	(2.0)	(2.1)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)	(2.9)	(3.0)
Community Centres		1.9	4.4	(2.5)	(2.5)	(2.6)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(3.4)	(3.5)
Social Policy and Community Support		2.1	9.9	(7.9)	(8.1)	(8.5)	(8.7)	(9.0)	(9.4)	(9.7)	(10.1)	(10.5)	(10.8)
<b>City Planning Regulatory Services</b>		<b>17.4</b>	<b>29.7</b>	<b>(12.3)</b>	<b>(12.6)</b>	<b>(13.2)</b>	<b>(13.9)</b>	<b>(14.5)</b>	<b>(15.2)</b>	<b>(16.0)</b>	<b>(16.7)</b>	<b>(17.5)</b>	<b>(18.4)</b>
City Planning		4.5	9.8	(5.3)	(5.5)	(5.7)	(6.0)	(6.2)	(6.5)	(6.8)	(7.1)	(7.4)	(7.7)
City Plan Development		0.4	4.4	(4.0)	(4.1)	(4.3)	(4.5)	(4.6)	(4.8)	(5.0)	(5.2)	(5.4)	(5.6)
City Access		0.0	3.3	(3.3)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(4.0)	(4.2)	(4.3)	(4.4)
Health & Building Compliance		12.6	12.2	0.3	0.4	0.3	0.2	0	(0.0)	(0.2)	(0.3)	(0.5)	(0.6)
<b>Chief Operations Office</b>		<b>1.7</b>	<b>16.9</b>	<b>(15.3)</b>	<b>(15.8)</b>	<b>(16.3)</b>	<b>(16.8)</b>	<b>(17.4)</b>	<b>(17.9)</b>	<b>(18.5)</b>	<b>(19.2)</b>	<b>(19.8)</b>	<b>(20.5)</b>
Chief Operations Office		0.0	0.5	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)
Asset Strategies and Systems		0.0	0.3	(0.3)	(0.3)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
Sustainability		1.7	6.2	(4.6)	(4.6)	(4.8)	(4.9)	(5.1)	(5.3)	(5.5)	(5.6)	(5.8)	(6.0)
Design City Strategy		0.0	2.3	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)
Strategy and Economic Development		0.0	6.3	(6.3)	(6.5)	(6.7)	(6.9)	(7.1)	(7.3)	(7.5)	(7.8)	(8.0)	(8.3)
City Renewal		0.0	1.3	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.8)	(1.8)
<b>City Engagement</b>		<b>1.8</b>	<b>16.6</b>	<b>(14.8)</b>	<b>(15.5)</b>	<b>(16.1)</b>	<b>(16.7)</b>	<b>(17.3)</b>	<b>(17.9)</b>	<b>(18.6)</b>	<b>(19.3)</b>	<b>(20.0)</b>	<b>(20.7)</b>
Communications		0.1	10.6	(10.5)	(11.1)	(11.5)	(11.9)	(12.3)	(12.7)	(13.2)	(13.6)	(14.1)	(14.6)
Customer Service		1.7	6.0	(4.3)	(4.4)	(4.6)	(4.8)	(5.0)	(5.2)	(5.4)	(5.6)	(5.9)	(6.1)
<b>Corporate Costs</b>		<b>261.6</b>	<b>6.2</b>	<b>255.3</b>	<b>263.4</b>	<b>273.2</b>	<b>283.5</b>	<b>294</b>	<b>300</b>	<b>307</b>	<b>314</b>	<b>322</b>	<b>331</b>
Corporate Costs		261.6	6.2	255.3	263.4	273.2	283.5	294	300	307	314	322	331
<b>City Property</b>		<b>50.4</b>	<b>30.8</b>	<b>19.6</b>	<b>20.3</b>	<b>21.3</b>	<b>22.2</b>	<b>24</b>	<b>26</b>	<b>27</b>	<b>27</b>	<b>28</b>	<b>29</b>
City Property		50.4	30.8	19.6	20.3	21.3	22.2	24	26	27	27	28	29
<b>City Projects</b>		<b>0.0</b>	<b>6.0</b>	<b>(6.0)</b>	<b>(5.9)</b>	<b>(6.1)</b>	<b>(6.4)</b>	<b>(6.7)</b>	<b>(6.9)</b>	<b>(7.2)</b>	<b>(7.5)</b>	<b>(7.8)</b>	<b>(8.1)</b>
City Projects		0.0	6.0	(6.0)	(5.9)	(6.1)	(6.4)	(6.7)	(6.9)	(7.2)	(7.5)	(7.8)	(8.1)
<b>OPERATING SURPLUS</b>		<b>460.1</b>	<b>355.0</b>	<b>105.0</b>	<b>111.6</b>	<b>114.4</b>	<b>116.3</b>	<b>121.4</b>	<b>120.2</b>	<b>118.3</b>	<b>115.1</b>	<b>114.7</b>	<b>113.3</b>



## Summary of Income and Expenditure by Principal Activity

for the financial year 2011/12 to 2020/21

	2011/12			2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
	Income	Expenditure	Net Surplus	Net Surplus								
<b>\$M</b>												
A globally competitive and innovative city	42.5	50.1	(7.6)	(7.6)	(8.0)	(8.4)	(8.8)	(9.2)	(9.7)	(10.2)	(10.7)	(11.2)
A leading environmental performer	2.4	58.4	(56.0)	(58.2)	(60.9)	(63.7)	(66.7)	(69.9)	(73.2)	(76.7)	(80.5)	(84.4)
Integrated transport for a connected city	58.9	40.9	18.0	16.8	16.5	16.3	15.9	15.6	15.2	14.7	14.2	14.3
A city for walking and cycling	0.0	1.2	(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)
A lively and engaging city centre	0.2	0.9	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)
Vibrant local communities and economies	22.7	71.7	(49.1)	(50.3)	(52.1)	(53.9)	(55.7)	(57.7)	(59.7)	(61.8)	(64.0)	(66.2)
A cultural and creative city	2.1	5.2	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.7)	(3.8)	(4.0)	(4.1)	(4.3)
Housing for a diverse population	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sustainable development, renewal & design	32.4	29.6	2.9	32.3	32.1	13.2	10.8	7.6	2.2	2.0	1.8	1.5
Implementation through effective governance & partnerships	340.4	172.0	168.5	167.3	168.5	165.2	171.4	174.6	173.3	175.6	189.0	194.0
<b>Total Council</b>	<b>501.5</b>	<b>429.9</b>	<b>71.6</b>	<b>95.2</b>	<b>91.0</b>	<b>63.2</b>	<b>61.2</b>	<b>55.1</b>	<b>42.0</b>	<b>37.3</b>	<b>43.2</b>	<b>41.1</b>

## Balance Sheet

	\$'M	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>ASSETS</b>											
<b>Current Assets</b>											
Cash and Investments		424.4	392.0	370.8	314.1	225.5	166.0	189.9	197.3	232.1	237.5
Inventory		0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Prepayments		3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Provisions and Receivables		33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6	33.6
<b>Current Assets</b>		<b>462.1</b>	<b>429.6</b>	<b>408.5</b>	<b>351.8</b>	<b>263.2</b>	<b>203.7</b>	<b>227.5</b>	<b>234.9</b>	<b>269.8</b>	<b>275.2</b>
<b>Non-Current Assets</b>											
Capital Works, Infrastructure, Investment Properties and P&A		4,024.3	4,148.8	4,243.1	4,396.7	4,577.9	4,702.4	4,741.6	4,791.2	4,800.3	4,834.2
<b>Non Current Assets</b>		<b>4,024.3</b>	<b>4,148.8</b>	<b>4,243.1</b>	<b>4,396.7</b>	<b>4,577.9</b>	<b>4,702.4</b>	<b>4,741.6</b>	<b>4,791.2</b>	<b>4,800.3</b>	<b>4,834.2</b>
<b>TOTAL ASSETS</b>		<b>4,486.4</b>	<b>4,578.4</b>	<b>4,651.6</b>	<b>4,748.4</b>	<b>4,841.1</b>	<b>4,906.0</b>	<b>4,969.1</b>	<b>5,026.1</b>	<b>5,070.1</b>	<b>5,109.4</b>
<b>LIABILITIES</b>											
<b>Current Liabilities</b>											
Payables		73.7	73.7	73.7	73.7	73.7	73.7	73.7	73.7	73.7	73.7
Provisions		44.4	45.9	47.5	49.1	50.7	52.5	54.3	56.2	58.1	60.2
<b>Current Liabilities</b>		<b>118.1</b>	<b>119.6</b>	<b>121.2</b>	<b>122.8</b>	<b>124.4</b>	<b>126.2</b>	<b>128.0</b>	<b>129.9</b>	<b>131.8</b>	<b>133.9</b>
<b>Non-Current Liabilities</b>											
Provisions		18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8	18.8
<b>Non Current Liabilities</b>		<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>	<b>18.8</b>
<b>TOTAL LIABILITIES</b>		<b>136.9</b>	<b>138.4</b>	<b>139.9</b>	<b>141.5</b>	<b>143.2</b>	<b>145.0</b>	<b>146.8</b>	<b>148.7</b>	<b>150.6</b>	<b>152.7</b>
<b>Net Assets</b>		<b>4,349.5</b>	<b>4,440.1</b>	<b>4,511.7</b>	<b>4,606.9</b>	<b>4,697.8</b>	<b>4,761.1</b>	<b>4,822.3</b>	<b>4,877.4</b>	<b>4,919.4</b>	<b>4,956.7</b>
<b>EQUITY</b>											
Equity		4,349.5	4,440.1	4,511.7	4,606.9	4,697.8	4,761.1	4,822.3	4,877.4	4,919.4	4,956.7

**City of Sydney  
Capital Works Program -10 Year Summary**

\$,000	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	10 Yr Total
<b>Major Projects</b>											
Belmore Park	0.5	2.5	3.5	0.5							7.0
Chinatown Public Domain	1.1	3.5	3.2	3.0	1.5	1.5	1.5	1.5	1.5	1.5	19.6
Depot Strategy	0.7	5.0	6.0	0.7							12.4
Foley Lane	0.7	2.0	1.5								4.3
Glebe Foreshore	0.2	2.4									2.6
Glebe Town Hall	6.2										6.2
Green Square Community Facilities	5.3	7.0	21.0	16.5	10.0						59.8
Green Square Health and Recreation Centre		1.0					5.0	35.0	40.0	67.0	150.0
Green Square TC Infrastructure	1.0	29.2	29.2	8.2	8.2	18.2					94.0
Harold Park - New Park	0.0	4.0	4.0								8.0
Harris St		0.2	1.8								2.0
Hyde Park	0.9	7.6	0.0	5.5		5.7		0.5			20.1
Paddington Town Hall	2.3										2.3
Perry Park - Recreational Facilities	1.0	12.0	17.0								30.0
Prince Alfred Park	10.5										10.5
Sydney Town Hall	2.8	3.6	6.9	5.6	5.6	5.6					30.0
William St 101-111 Works	1.0										1.0
Woolloomooloo Improvements	0.6	1.2	1.0	2.5	2.5						7.8
<b>Major Projects Total</b>	<b>34.8</b>	<b>81.3</b>	<b>95.0</b>	<b>42.4</b>	<b>27.7</b>	<b>32.9</b>	<b>6.5</b>	<b>36.9</b>	<b>41.5</b>	<b>68.5</b>	<b>467.5</b>
<b>Programs</b>											
Accessibility Upgrades	0.5	0.5	1.0	0.5	0.5	0.5	0.5	0.5	0.5	0.5	5.5
Bicycle Related Works	10.1	14.6	8.6	5.3	4.7	9.8	7.2	6.0	6.4	5.1	77.7
Car Parks	0.8	5.0	6.5	7.4				1.0	1.0	1.0	22.7
Greening Sydney	2.3	3.0	3.0	3.0	2.6	2.6	1.6	1.6	1.6	1.6	23.1
Open Space & Parks	8.2	6.7	7.5	9.8	11.4	7.7	6.0	6.0	7.0	6.0	76.4
PCTC Works	2.5	1.3	1.1	1.1	1.1	1.1	1.1	1.1	1.1	0.8	12.6
Pools	2.3	4.9	2.5	1.9	0.8	0.4	1.1	0.2	1.2	1.9	17.2
Property Related Projects	20.7	17.7	7.1	3.7	2.2	9.8	11.2	11.2	14.8	10.3	108.9
Public Domain	21.6	15.7	14.8	14.7	14.7	13.1	13.1	12.1	21.0	11.9	152.7
Stormwater	1.7	2.7	2.7	2.7	1.4	11.4	14.4	14.4	14.4	12.4	78.7
Sydney Park	0.2	0.3	1.0								1.6
Village Planning Facilities	8.0	14.2	12.5	4.3	0.7	0.7	10.7	0.7			51.5
<b>Major Programs Total</b>	<b>79.0</b>	<b>86.7</b>	<b>68.3</b>	<b>54.4</b>	<b>40.2</b>	<b>57.2</b>	<b>67.0</b>	<b>55.0</b>	<b>69.1</b>	<b>51.6</b>	<b>628.5</b>
<b>2030 Projects &amp; Contingency</b>											
City Centre Transformation	4.0	4.0	40.0	40.0	52.0	40.0					180.0
Green Infrastructure	23.3	35.1	24.8	20.6	17.2	18.2	15.4	14.4	14.4	13.8	197.3
Green Square Green Infrastructure	1.8	16.7	26.0								44.5
Capital Works Contingency	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	50.0
<b>2030 Projects &amp; Contingency</b>	<b>34.1</b>	<b>60.8</b>	<b>95.8</b>	<b>65.6</b>	<b>74.2</b>	<b>63.2</b>	<b>20.4</b>	<b>19.4</b>	<b>19.4</b>	<b>18.8</b>	<b>471.8</b>
<b>Grand Total</b>	<b>147.9</b>	<b>228.8</b>	<b>259.1</b>	<b>162.4</b>	<b>142.2</b>	<b>153.3</b>	<b>93.8</b>	<b>111.3</b>	<b>130.0</b>	<b>138.9</b>	<b>1,567.8</b>

## CASH FLOW FORECAST

	\$M	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
<b>Revenue:</b>											
Rates and Annual Charges		255.7	265.0	274.7	284.8	295.4	306.4	318.0	330.0	342.6	355.8
Other Operating Income		204.3	216.8	223.4	230.2	238.1	246.0	253.3	260.9	268.7	276.2
<b>Operating Income</b>		<b>460.1</b>	<b>481.8</b>	<b>498.1</b>	<b>515.1</b>	<b>533.5</b>	<b>552.5</b>	<b>571.3</b>	<b>590.9</b>	<b>611.3</b>	<b>632.0</b>
<b>Expenses:</b>											
Salary & Wages Expenditure		171.4	178.2	185.1	192.2	199.7	207.4	215.4	223.7	232.3	241.3
Other Operating Expenditure		183.6	192.0	198.6	206.5	212.4	224.9	237.6	252.1	264.2	277.4
<b>Operating Expenditure</b>		<b>355.0</b>	<b>370.2</b>	<b>383.7</b>	<b>398.7</b>	<b>412.1</b>	<b>432.2</b>	<b>453.0</b>	<b>475.8</b>	<b>496.5</b>	<b>518.7</b>
<b>Operating Surplus</b>		<b>105.0</b>	<b>111.6</b>	<b>114.4</b>	<b>116.3</b>	<b>121.4</b>	<b>120.2</b>	<b>118.3</b>	<b>115.1</b>	<b>114.7</b>	<b>113.3</b>
<b>Other Non Operating:</b>											
Interest Income		25.0	18.0	14.3	10.5	9.6	10.4	11.5	12.6	12.8	12.8
Depreciation		(74.1)	(81.8)	(85.6)	(90.5)	(94.8)	(98.2)	(105.8)	(108.9)	(103.3)	(104.6)
Capital Grants and Contributions		15.7	47.3	47.8	26.8	25.1	22.6	17.9	18.4	19.0	19.6
<b>Net Surplus</b>		<b>71.6</b>	<b>95.2</b>	<b>90.9</b>	<b>63.2</b>	<b>61.2</b>	<b>55.1</b>	<b>41.9</b>	<b>37.2</b>	<b>43.2</b>	<b>41.0</b>
<b>Add Back :</b>											
Depreciation		74.1	81.8	85.6	90.5	94.8	98.2	105.8	108.9	103.3	104.6
Movements for Provisions		1.5	1.6	1.7	1.7	1.8	1.9	2.0	2.0	2.1	2.2
<b>Cash Surplus before Capital Expenditure</b>		<b>147.2</b>	<b>178.5</b>	<b>178.2</b>	<b>155.4</b>	<b>157.9</b>	<b>155.1</b>	<b>149.7</b>	<b>148.1</b>	<b>148.6</b>	<b>147.8</b>
<b>Capital Expenditure</b>											
Capital Works		(147.9)	(228.8)	(259.1)	(162.4)	(142.2)	(153.3)	(93.8)	(111.3)	(130.0)	(138.9)
Plant and Asset Acquisitions		(21.1)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
Property Acquisitions/Divestment		0.6	8.5	7.3	(37.5)	23.1	20.5	(6.0)	(16.5)	0.0	0.0
<b>Total Capital Expenditure</b>		<b>(168.4)</b>	<b>(235.3)</b>	<b>(266.8)</b>	<b>(214.9)</b>	<b>(134.1)</b>	<b>(147.8)</b>	<b>(114.8)</b>	<b>(142.8)</b>	<b>(145.0)</b>	<b>(153.9)</b>
<b>Cash Surplus / (Deficit)</b>		<b>(21.2)</b>	<b>(56.7)</b>	<b>(88.6)</b>	<b>(59.6)</b>	<b>23.8</b>	<b>7.3</b>	<b>34.8</b>	<b>5.3</b>	<b>3.6</b>	<b>(6.0)</b>
Total Cash at Beginning of Period		392.0	370.8	314.0	225.4	165.9	189.7	197.0	231.8	237.1	240.8
Cash Surplus/ (Deficit)		(21.2)	(56.7)	(88.6)	(59.6)	23.8	7.3	34.8	5.3	3.6	(6.0)
<b>Total Cash at End of Period</b>		<b>370.8</b>	<b>314.0</b>	<b>225.4</b>	<b>165.9</b>	<b>189.7</b>	<b>197.0</b>	<b>231.8</b>	<b>237.1</b>	<b>240.8</b>	<b>234.7</b>

# **WORKFORCE STRATEGY 2012–2015**

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# Workforce Strategy

## 2011-2015

The City of Sydney employs the largest number of people of any Local Government in New South Wales. Our people are central to achieving the exciting and ambitious Sustainable Sydney 2030 and continuing to provide high quality community services that offer best value for money.

Our employees play an essential role in assisting Council to carry out their responsibilities on behalf of the residents and ratepayers of Sydney. Our people are custodians of public trust and confidence. In recognising this we are committed to building a workforce with a culture of Collaboration, Courage, Integrity, Innovation, Quality and Respect, that is capable of fulfilling our purpose - to Lead, Govern and Serve.

The City needs to work productively in partnership with the community, Government and the private sector in order to meet increasing community expectations in a rapidly changing, complex environment. To do this effectively requires a workforce that is capable, responsive and innovative. The City's ambitious plans offer our people meaningful and interesting opportunities, but there are also significant challenges in responding to rapidly changing external circumstances.

The City of Sydney's Workforce Strategy recognises that people who work here need to bring commitment, energy and flexibility. In return, our people need clarity in terms of how their personal goals align with organisational goals and priorities. This requires an investment in developing leaders and managers and employees with the right skills for our diverse businesses. It also requires clear learning pathways linked to performance development and an ongoing investment in attracting and retaining talented people, while maintaining a focus on workplace health and well being.

This strategy sets out a plan for discussion by all employees. It aims to provide comment and consideration for leaders and managers. It may also be of interest to those keen to understand the broad impacts of workforce issues at the City of Sydney and more generally, in the Local Government and Australian contexts.

This strategy supports the external focus of the Sustainable Sydney 2030 by taking an internal view of our people and our potential.

## About the Workforce Strategy

The Workforce Strategy meets the Division of Local Government's Integrated Planning and Reporting (IPR) requirements where assets, finances and the workforce are planned in an integrated framework.

It identifies high level issues and themes and provides a strategic framework to guide our people management strategies over the next four years (2011 – 2015).

In order to LEAD, GOVERN and SERVE the City of Sydney requires:

- *People who are skilled, innovative, responsive, collaborative and adaptable*
- *Leaders and managers who are capable, strategic and respected*
- *A workforce culture that supports integrity, collaboration and high performance.*

The Workforce Strategy was developed by examining our workforce profile and consulting with a broad representative group of employees. While there is a focus on managers' perceptions of workforce requirements, employees have been consulted about the type of workplace they would like to experience and their role in building the culture.

The results of these consultations drive the development of this four year action plan by aligning the goals of the City with the development of the people trusted to realise them.

This strategy aims to bring the right people into the City by clearly stating what we stand for and retain people by positioning the City as an employer of choice. The strategy addresses workforce supply and demand issues and strengthens leadership and management development.

## Context – Our Challenges

The City of Sydney faces significant future challenges as it realises the ambitious Sustainable Sydney 2030 plan. Over the last ten years, the City has experienced significant change. Looking forward, the next four years offer more challenges as ageing workforce issues will become more dominant, especially in areas already significantly impacted. Existing areas of skills shortage and tight labour supply such as urban planning, engineering, policy, surveying, environmental health and child care are likely to become even more constricted.

Increasing community expectations and the complexity of community needs result in an added emphasis on strategy and management of resources. The people who work at the City face increasing demands to deliver results and need to make sound decisions based on guiding priorities. The key workforce challenges over the next four years include:

- Managing rising community expectations
- Responding to rapid change and increasing complexity
- Overcoming skills shortages and ageing workforce issues
- Creating a high performing collaborative work environment
- Achieving greater productivity and efficiency to provide the community with best value for money.

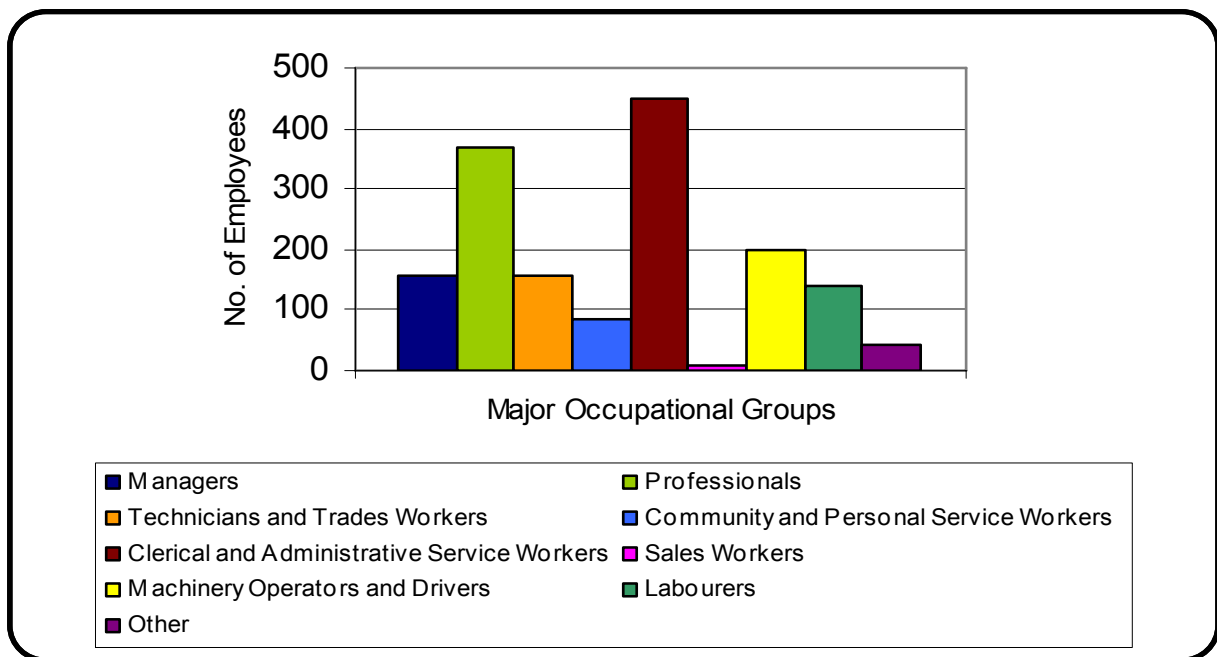


As recruitment and retention is forecast to become more competitive in areas vital to our business, the City needs to position itself better in the employment market. This requires more than defining what we need, it requires innovating in key areas to bring the right people into the business and keep critical talent. As the labour market tightens, we need a greater focus on how we value, lead and develop the people who work here. A key feature of leadership is engaging the workforce to be part of the solution.

## Who are we?

The City of Sydney's workforce is large and diverse with a range of occupations represented (refer to Chart 1). As at 30 June 2010, the City employed 1667 staff and an additional 33 casual staff (full time equivalent). There are four industrial awards and one enterprise agreement that apply to the City of Sydney. Employees work in front line, operational and strategic services located at several depots, libraries, parks, community centres, Town Hall House and other offices.

**Chart 1: Occupational Groups employed at the City of Sydney (ANZSCO)**



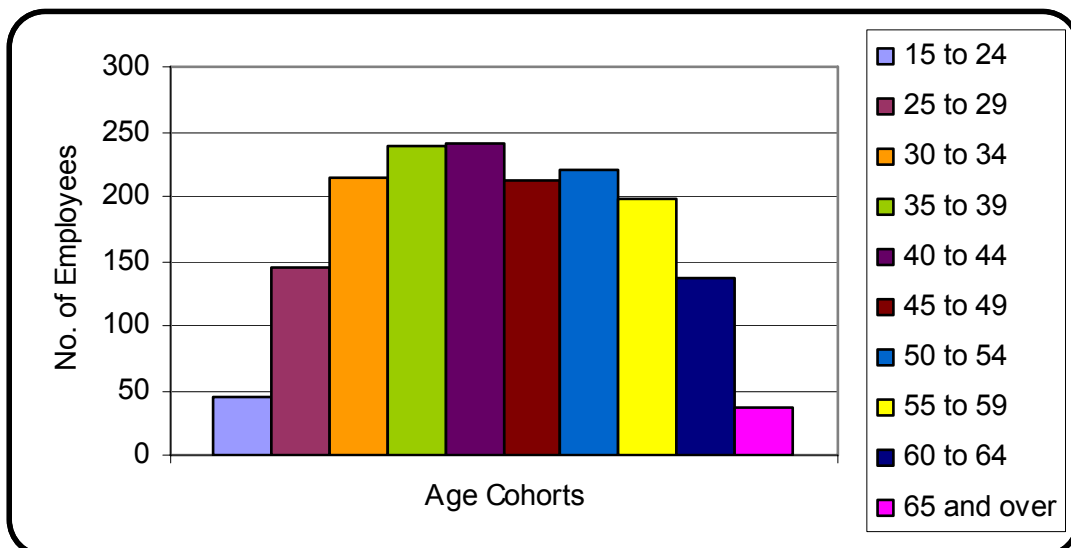
### Our workforce\* at a glance (June 2010)

- Women represent 35.6 percent of the workforce compared to 64.4 percent men.
- Permanent employees represent 80 percent of the workforce.
- The major occupational group is clerical and administrative workers at 28 percent.
- Professionals make up 23 percent of the workforce.
- Employees aged over 50 years represent 35.6 percent of the workforce.
- Employees aged less than 30 years represent 10.6 percent of the workforce.
- The majority of the workforce (53.7 percent) is aged between 30-49 years.
- Women represent 30.7 percent of top (11.9 percent) earners at the City (Band 8 and above) compared to 69.3 percent men.
- The rate of resignations for those aged 30-39 years was higher than all other age groups during 2009-2010 and was more likely to occur within the first four years of employment.
- The workforce has a relatively stable separation rate of 7 percent and a high stability index of 92.5 percent (based on the same person being employed at 30 June 2009 as at 30 June 2010).
- Employees who identify as Aboriginal or Torres Strait Islander represent 2.3 percent of the workforce.

\*Workforce represents all permanent, fixed term and temporary staff excluding casuals.

The age profile of our workforce (Chart 2) suggests a significant number of employees are aged over 45 years (48.4 percent). This compares with 51.2 percent over 45 years in the NSW Public Sector and 38.2 percent in the wider NSW workforce.

Chart 2: Age profile of the City of Sydney workforce



## **What attracts and retains people?**

According to research undertaken to inform the City's Employment brand, 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 meaningful outcomes
- Job security
- Flexible work patterns and work-life balance.

What retains people to work here is based on:

- 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.

## **What needs to improve?**

Research also identified improvements that link directly to this strategy, namely:

- The need for greater clarity and awareness by staff of the City's work and priorities
- Improved collaboration across Divisions
- Greater investment in Learning and Development.

# City of Sydney Workforce Strategy

This strategy establishes a framework for building the capability of our workforce now and into the future. It describes the outcomes we are aspiring to achieve and provides clear goals, strategies and projects to progressively achieve them over the next four years. The strategy supports the Corporate Plan and Sustainable Sydney 2030.

## The City's Vision

To make Sydney Green, Global and Connected

## The City's Purpose

To Lead, Govern and Serve

## Underpinned by our Values

Collaboration      Courage      Integrity      Innovation      Quality      Respect

## Implementation

The implementation phase of the Workforce Strategy commences in 2011-15, with the development of a four-year action plan that highlights a number of initiatives.

A number of projects that align with the strategic direction and key result areas of the strategy are identified for implementation in Year One.

## Next steps

Implementation of the Year One priority projects is now underway and Workforce Services' Business Plan and other Units' Business Plans are being reviewed to ensure alignment. As budgets are finalised, the strategic projects to support workforce planning and development will be implemented across the City.

The progress of key organisation-wide projects will be monitored and regularly reported to all employees. This ensures an integrated and well understood approach, so that diverse areas of the City ensure this is a living strategy to support our key resource, our people.

An overview of our key goals, strategies and outcomes is outlined for discussion with a focus on three main areas:

- Our people
- Our leaders and managers
- Our culture.

## Our Workforce Goals

<p><b>People who are:</b></p> <ul style="list-style-type: none"> <li>• <b>Skilled to do their job well</b></li> <li>• <b>Innovative in their thinking and actions</b></li> <li>• <b>Responsive, collaborative and adaptable.</b></li> </ul>	<p><b>Leaders and managers who are:</b></p> <ul style="list-style-type: none"> <li>• <b>Capable of focusing on people, actions and outcomes</b></li> <li>• <b>Strategic and future oriented</b></li> <li>• <b>Respected through modelling the City's values and behaviours.</b></li> </ul>	<p><b>A workforce culture that supports:</b></p> <ul style="list-style-type: none"> <li>• <b>Integrity</b></li> <li>• <b>Collaboration</b></li> <li>• <b>High performance in terms of productivity and efficiency.</b></li> </ul>
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<b>Strategies</b>		
<ul style="list-style-type: none"> <li>• Enhance the attraction and recruitment of skilled staff particularly in areas of occupational or skills shortage</li> <li>• Expand learning and development programs and opportunities for career development</li> <li>• Position the City as an employer of choice in the market</li> <li>• Embed the purpose, values and behaviours across the City's workforce</li> <li>• Develop a Workforce Diversity and Equity strategy</li> <li>• Develop entry level pipeline programs.</li> </ul>	<ul style="list-style-type: none"> <li>• Develop and promote leadership capability for the City's leaders and managers</li> <li>• Create clear learning pathways through programs and strategies that develop leaders at all levels</li> <li>• Support the ongoing development of team leaders and business unit managers in managing for high performance</li> <li>• Customise learning and development needs to meet diverse business needs</li> <li>• Build a staff recognition program to support employee performance.</li> </ul>	<ul style="list-style-type: none"> <li>• Engender an organisational culture authentic to our Purpose, Values and Behaviours</li> <li>• Ensure an appropriate and motivating performance development and management system</li> <li>• Introduce a new induction program for new starters</li> <li>• Improve work clarity and expectations</li> <li>• Ensure better systems for supporting learning and development activities</li> <li>• Mitigate against risks, through efficient OHS and Enterprise Risk Management</li> <li>• Support employees' health and well being.</li> </ul>
<p><b>Desired outcomes</b></p> <ul style="list-style-type: none"> <li>• High quality candidates are attracted to the City</li> <li>• Continuous improvement is embedded in the way business is done</li> <li>• The City is recognised as an employer of choice</li> <li>• The City is recognised as a values driven organisation</li> <li>• The City's workforce profile reflects the diversity of our community</li> <li>• Employment of Aboriginal and Torres Strait Islander people is supported</li> <li>• Higher numbers of graduates, apprentices and trainees are employed</li> <li>• The City is recognised by its employees as a great place to work.</li> </ul>	<p><b>Desired outcomes</b></p> <ul style="list-style-type: none"> <li>• Leadership has helped build a high performing organisation</li> <li>• Managers have excellent people management skills and tools to help invest in the management of their people</li> <li>• Managers have the skills and capability to deliver the goals of SS2030.</li> <li>• Learning and development opportunities are mapped against our organisational and business needs</li> <li>• Values and behaviours are strengthened through reward and recognition.</li> </ul>	<p><b>Desired outcomes</b></p> <ul style="list-style-type: none"> <li>• The organisational culture supports our articulated values and behaviours</li> <li>• Efficient systems providing support for a productive workforce culture with clear performance measures</li> <li>• Performance development and management supports and motivates staff</li> <li>• Consistent and clear performance outcomes are articulated across the workforce</li> <li>• Policies support the timely management of people</li> <li>• Wellbeing programs are advanced to enhance health and safety.</li> </ul>

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# **ASSET MANAGEMENT PLAN (2011)**

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# 1. ASSET MANAGEMENT PLANNING AT THE CITY OF SYDNEY

## 1.1. Background

Sustainable Sydney 2030 is the City's overarching strategic vision. World Class asset management is a clear objective of Sustainable Sydney 2030, contained within Strategic Direction 10, Implementation through Effective Governance and Partnerships.

The City of Sydney is responsible for \$3.4 billion in assets to support its delivery of services to the community. The City has now developed a framework for embedding asset management objectives and principles. These principles are aimed solely at managing our community's 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, 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, purchase, operation, and maintenance to disposal of assets.

## 1.3. The City's Asset Management Framework

The Asset Management Framework for the City of Sydney is overseen by the Strategic Asset Management Steering Committee. The Committee:

- Ensures 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.
- Oversees the City's Asset Management initiatives and projects including the
  - Activities of the Strategic Asset Management Working Group
  - Development of Asset Management Plans for key infrastructure classes
  - Development of 10 year financial plans for key infrastructure classes
  - Corporate Asset Management System implementation project against key milestones and its subsequent operation

The Strategic Asset Management Working Group is responsible for the delivery of the strategies, plan and projects to achieve the primary objectives.

The framework by which Asset Management is linked to the Sustainable Sydney 2030

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

- Sustainable Asset Management Policy
- Infrastructure Asset Management and Service Delivery Strategies
- Detailed Asset Management Plans for discrete asset classes

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<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> "Infrastructure Asset Management and Service Delivery Policy and Strategy 2007" City of Sydney ;pp 35

All documents are under constant review and will be updated through the life of the Community Strategic Plan.

## **2. SUSTAINABLE ASSET MANAGEMENT POLICY**

An infrastructure asset management policy provides the guiding principles and framework to enable the asset management strategy, specific objectives, targets and plans to be produced.

The City has reviewed the existing policy to ensure that it supports the directions of Sustainable Sydney 2030 and is consistent with the Integrated Planning and Reporting Framework.

The revised objectives of Council's Asset Management Policy are:

- 1** *Provide infrastructure and services to sustain the City of Sydney area:*
  - Support the quality of life and amenity, urban environment and cultural fabric appropriate to City of Sydney Council;
  - Adapt to the emerging needs in sustainable transport;
  - Facilitate the changes to infrastructure needed to cater for changing communities
- 2** *Implement a life-cycle approach to the management of infrastructure assets:*
  - 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 will consider environmental, economic and social outcomes.
- 3** *Ensure that service delivery needs form the basis of infrastructure asset management:*
  - Establish and monitor levels of service for each asset class linked to the Community Strategic Planning framework (Sustainable Sydney 2030) and the Delivery Program (the City of Sydney's Corporate Plan);
  - Infrastructure asset management and risk delivery programs will be established for each asset class to enable effective prioritisation and monitoring;
  - Enable a flexible and scenario based approach through systems and plans to allow for innovative use of assets in the future particularly in recycling and environmental initiatives.
- 4** *Provide a sustainable funding model that meets community needs:*
  - The council will have a funding model for all asset related services extending at least 10 years into the future and addresses the need for funds, peaks and troughs and how the funds will be sourced.
- 5** *Contribute to the protection of the environment:*
  - The council will minimise energy and water use, waste generation and air quality impact through its own initiatives and by working with stakeholders;
  - Contribution to environmental protection and enhancement will be fundamental to all infrastructure Asset Management Planning, project and service delivery.
  - Investigate, trial and utilise low embedded energy materials e.g. "green" concrete, warm asphalt, in civil works
  - Incorporate sustainability criteria into infrastructure projects and procurement.
- 6** *Develop and implement an integrated decision support system to:*
  - Provide systems and knowledge necessary to achieve policy outcomes;
  - Minimise risk of corporate knowledge and data loss;

- Manage knowledge as efficiently as possible through the appropriate use of software, hardware and communication tools;
- Reduce data duplication and multiple entries.

**7** *Ensure compliance with legislative and Department of Local Government requirements.*

- Having clear policy in place to ensure that organisational objectives and legislative requirements are met is essential.

**8** *Allocate Asset Management responsibilities:*

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

### 3. INFRASTRUCTURE ASSET MANAGEMENT STRATEGIES

#### 3.1. Background

An asset management strategy provides a summary of how the resources available in the Resourcing Strategy (RS) will deliver Sustainable Sydney 2030 and the Corporate Plan (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 will be reviewed on a regular basis to ensure applicability in the changing environment and to also incorporate community feedback.

The City has updated the existing strategy to ensure that it supports the directions of Sustainable Sydney 2030 and is consistent with the Integrated Planning and Reporting Framework.

#### 3.2. Current Situation

The City has made significant advancement in the area of asset management in the last three years including:

- The purchase and progressive implementation of a corporate asset management system to consolidate asset data and information
- Commissioned 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.
- Commissioned a review to update the previous policy and strategies

Table 3.1 below shows the current asset profile in relation to our critical and other assets. Not all asset categories are shown because data collection and verification continues.

**TABLE 3.1 – City of Sydney Major Asset Categories**

Asset Category	Asset Category	Dimensions or Units	Replacement Value (\$M)
ROADS	Road Pavements	321 km	387.2
	Cycleways	9 km	Incl. Cycleways
	Footpaths	566 km	182.5
	Kerb and gutter	607 km	198.4
	Bridges	37 - 16,350 sq.m	68.2
	Traffic Facilities	2,315	18.9

Asset Category	Asset Category	Dimensions or Units	Replacement Value (\$M)
<b>STORMWATER DRAINAGE</b>	Stormwater Pipes	141.584 km	47.6
	Stormwater Pits	7,920m	31.5
	Open channels	350m	1.0
	Box culverts	5,180 m	4.5
	Stormwater Quality Improvement Devices	22	2.2
	<b>PARKS</b>	Iconic	24 – 1,221,000 sq.m
Neighbourhood		31 - 303,000 sq.m	32
Pocket Parks		321 - 305,000 sq.m	36
Civic Space		38 - 53,000 sq.m	22
Streetscape		87 - 27,000 sq.m	3
Traffic Treatment		158 – 6,000 sq.m	2
<b>TREES</b>		Parks Trees	11,170
	Street trees (incl. bases)	29,140	56.9
<b>PROPERTIES</b>	Community Services	77	357
	Corporate Services	16	70
	Public Domain	62	37
	Investment/Strategic	50	754
	Sydney Town Hall	1	473
<b>PUBLIC LIGHTING</b>	Smartpoles	1,970 ###	58.3
	Lightpoles	3,235	19.4
	Mounted lights	3,166	12.7
		### 403 Smartpoles have bicycle rings	
<b>SIGNS</b>	Parking and Regulatory Sign Poles	36,400	3.6
	Parking and Regulatory Signs	63,500	9.5
<b>PLANT &amp; EQUIPMENT</b>	Fleet	498	35
<b>PLANT &amp; EQUIPMENT</b>	Other Items	970	73
<b>LIBRARY RESOURCES</b>		N/A	7.7
<b>CITY ART</b>		221	9.3
<b>TOWN HALL COLLECTION</b>		1,850	6.2
<b>OFFICE EQUIPMENT</b>		N/A	20
<b>ROADS</b>	Cliff walls	49	12.7
	Retaining walls	95	17.1
<b>MARINE STRUCTURES</b>	Sea Walls	3.3 km	11.2
	Jetties	4	2.8
	Pontoons	4	0.8
	Board Walks	3	0.5

### **3.3. Current Asset Management Capacity and Maturity**

As part of the review and update of the policy and strategy, a Gap Analysis or Maturity Assessment was completed for the City to track its asset management capability.

The City's asset management maturity is approaching the level set out for core asset management and should be achieved within eighteen months. The major improvements will focus on asset planning reporting and governance processes that link service outcomes with funding levels.

The three most important major risk areas identified and the recommendations for addressing those risks are

- Asset Management Data Integrity - A review of component data against financial management guidelines to provide confidence that the register is materially correct
- Risk Management Functionality -. Investigate the system functionality for risk management and asset management in parallel.
- Service Level Costs - Report via the Asset Management Plans and strategy a fully substantiated relationship between the resources planned the service level provided.

The strategy outlines an Implementation plan based on the detailed maturity audit.

## **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.PLUS.

The introduction of the Corporate Asset Management System in October 2010 gives us the repository where we 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 a 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 our operation

The critical assets included in the plan are:

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

The plan identifies the standard Asset Management Plan elements we are applying to our infrastructure assets while 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 to some degree ongoing development

The City of Sydney will prepare detailed asset management plans for all significant asset categories. To date, plans for the following asset categories are either prepared or in the process of preparation:

- Roads Network including Roads, Footways and Kerb and Gutter, Cycleways
- Bridges Network

- Cliffs and Retaining Wall Network
- Marine Structure Network
- Fleet Services
- Stormwater Drainage Network
- Aquatic Facilities
- Parks Services
- Street Trees
- Property Services
- Public Lighting

Both the Community and Detailed Asset Management Plans are “works in progress” and will be under constant review to reflect the direction of Sustainable Sydney 2030.

## **5. COMMUNITY ASSET MANAGEMENT PLAN**

This section briefly describes the elements that are included in all critical asset categories contained within the Community Asset 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, 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 detailed in shown in the detailed Asset Management Plans

Desired levels of service are obtained from various sources including the annual Customer Satisfaction survey, residents’ feedback to Councilors’ and staff, service requests and correspondence, consultation with stakeholders. Council 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.

### **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.

Specifically, for the City, the largest impact on infrastructure will be the development of the Green Square Urban Renewal area which contains approximately 280 hectares of land and will require significant funding and provision of essential infrastructure and community facilities.

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

Opportunities identified for demand management will be shown where known.

### 5.3. Lifecycle Management

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

#### 5.3.1. Asset Condition Assessment

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets. The task to rate all our assets to the level of detail required to effectively manage them is significant and we are working towards incorporating improved condition data.

Condition assessments are important because they:

- Identify assets or areas where maintenance is needed
- Regular assessment gives information on the trend in deterioration of assets
- Enable estimates of costs to restore to a reasonable level
- Help us plan future maintenance

The adopted model is consistent with the Department of Local Government Asset Accounting Manual, the International Infrastructure Management Manual, the IPWEA NAMS.PLUS Asset Management Guidelines and the DLG Integrated Planning and Reporting Framework.

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

CONDITION INDEX	CONDITION	RESIDUAL OR REMAINING LIFE ESTIMATE
1	Excellent	90-100%
2	Good	60-90%
3	Average	30-60%
4	Poor	10-30%
5	Very Poor	0-10%

Each infrastructure asset category either has a specific description of the meaning of the condition index which will be detailed in the asset specific sections.

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

- Roads, footways and kerb and gutter inventory and condition assessment
- Stormwater drainage network being pit, pipe and channel information including size, capacity, dimensions, condition
- Parks inventory detailing park elements, condition and valuation
- Detailed building component data e.g. electrical components, structural components, roof details etc

The Corporate Asset Management System includes a comprehensive condition assessment module which has been configured using the 1-5 condition index scale and will be the repository of the updated information.

#### 5.3.2. Asset Valuations

A summary of the financial position for the Asset Category primarily being the cost to replace the asset.

### **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 and measures of consequence. 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.

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

To assess the lifecycle costs of managing the assets we need to understand the plans for and expenditure incurred to maintain those assets. A summary of the expenditure trends will be 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 includes reactive, planned and cyclic maintenance work activities.

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

Planned 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 (Replacement) Costs**

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

#### **5.3.4.4. New Assets and Upgrade Costs**

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

New assets will commit Council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. Council will increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

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

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

Where cash flow projections from asset disposals are not available, these will be developed in future revisions of this Asset Management 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 improved as better information becomes available.



### 5.4.1. Financial Projections and Sustainability

There are two key indicators for financial sustainability that are considered in the analysis of the services provided by this asset category, these being 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, 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. This includes the ongoing 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.

**Estimated Replacement Costs** includes the planned ongoing maintenance expenses plus planned renewal or replacement expenditure.

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

A short term Sustainability Index in excess of 0.9 is considered good.

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

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

## 6. CRITICAL ASSETS

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

- Road Network – including carriageways, footpaths, kerb and gutter, cycleways, bridges (pedestrian and vehicular) and traffic facilities (roundabouts, traffic islands)
- 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
- Properties – including corporate, community, investment/strategic, public domain buildings and the Sydney Town Hall

## 7. NEXT STEPS

The City will utilise the Asset Management Framework and the best available data to finalise the summary information for the critical asset classes identified above.

The proposed service levels, asset conditions and targets, valuations, asset consumption costs, estimated replacement costs and sustainability indexes will be determined and advertised for comment prior to adoption.

The Detailed Asset Management Plans will continue to be developed particularly as and better information becomes available through the completion of data collection projects.