



# Resourcing Strategy 2012

The Resourcing Strategy 2012 can be accessed on the City of Sydney's website at [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au)

Further information or feedback on the Resourcing Strategy can be made by the link provided on the website, or via email to [corporateplan@cityofsydney.nsw.gov.au](mailto:corporateplan@cityofsydney.nsw.gov.au)

Alternatively, comments can be made in writing to:  
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# 01 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

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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.

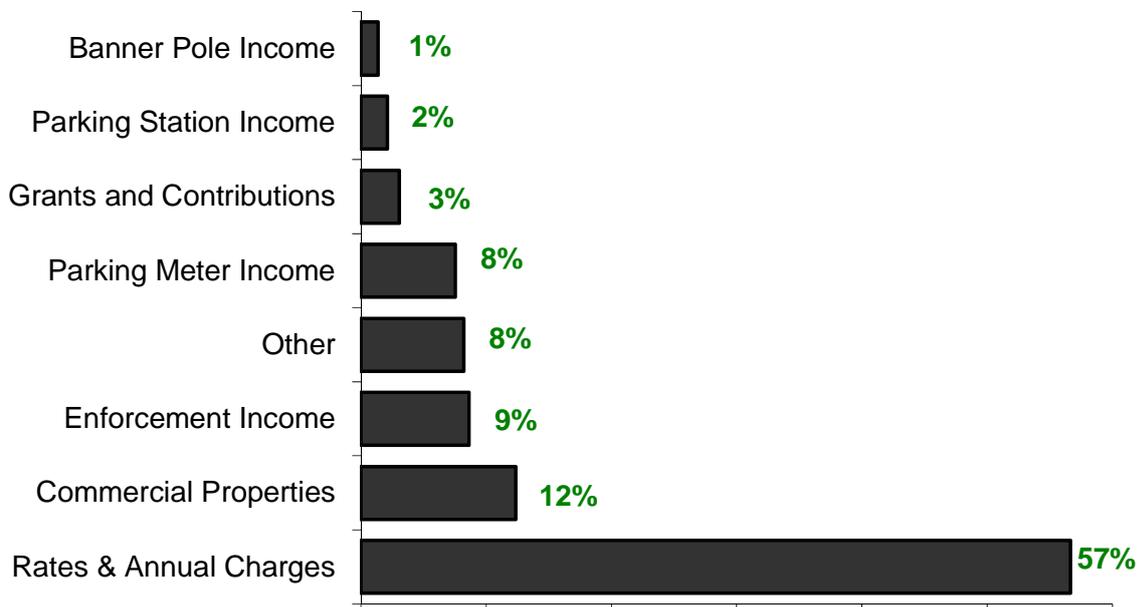
The Plan makes reference to the annual Consumer Price Index (CPI) movements as an indicative guide to annual income and expenditure movements. The model supporting this Plan uses a figure of 3% which is derived from the Reserve Bank of Australia's long term upper limit of CPI growth.

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

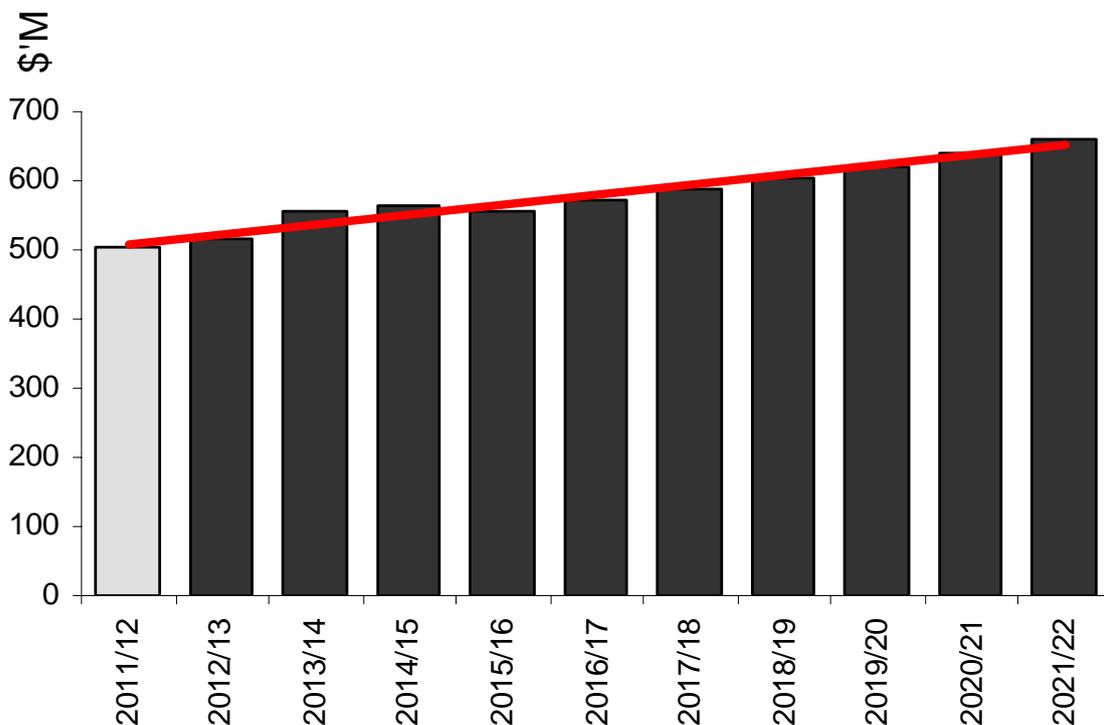
## Operating Income

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 2012/13 budget, a distribution that remains relatively stable.



The following chart demonstrates the City's planned operational income over the 10 year financial plan to 2021/22.



## Annual Rates and Charges

Rates and Annual Charges are the City's predominant source of annual income, contributing over half of total operating income, 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.

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. The allowable increase for 2012/13 has been set at 3.6% however the 1.5% Quality of Life variation has ended reducing the increase to 2.1%. Included within the 3.6% is an amount of 0.4%, less an efficiency factor of 0.2%, to allow for the anticipated introduction of the Carbon Tax.

### **Carbon Tax**

The actual cost of the carbon tax to Council is yet to be determined. A number of studies are either underway or about to commence that will model the effect of the carbon tax. For the City of Sydney the activities causing the highest impact will be waste collection and energy consumption. The City has already undertaken a number of initiatives, including installing LED street lighting, installing photovoltaics and sending all domestic waste to alternate waste treatment which will reduce the cost of the carbon tax.

### **Quality of Life 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. Following extensive discussion, and in light of the Council's strong financial position an extension of the existing "Quality of Life" variation was not sought 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 \$30.3M for the 2012/13 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 12% 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 March 2012.

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 Pyrmont 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 2012/13 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**

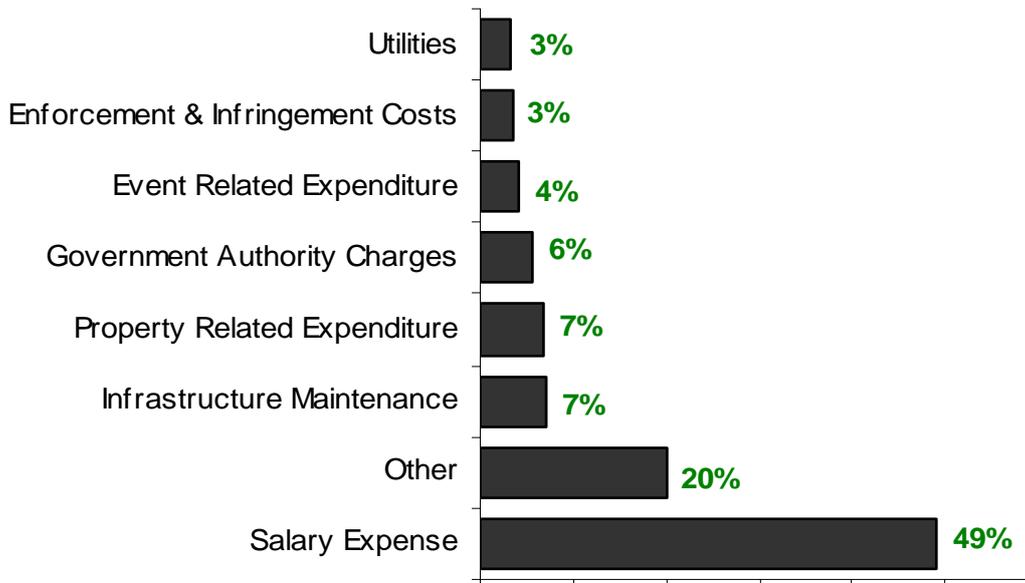
Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that accelerate the start of the project, demonstrate a shared commitment from the other party or provide a greater benefit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

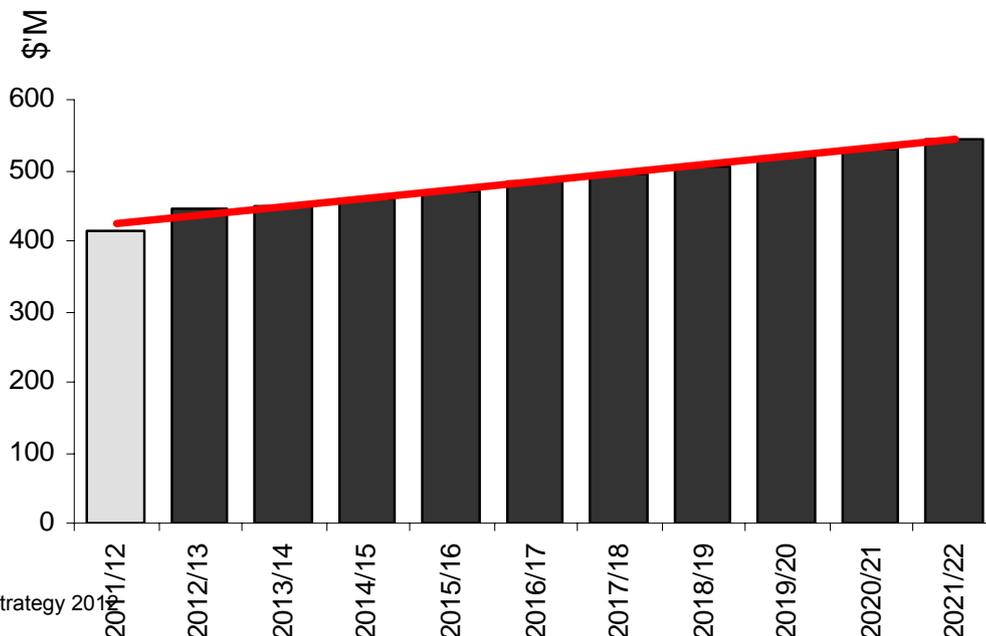
This section includes a review of the City’s major expenditure commitments over the next 10 years, together with background information and a discussion of any key risks and assumptions.

The chart below illustrates the major distribution of the City’s expenditure sources, based upon the 2012/13 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 2021/22.



## 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 LED 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 (\$3.5M 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.

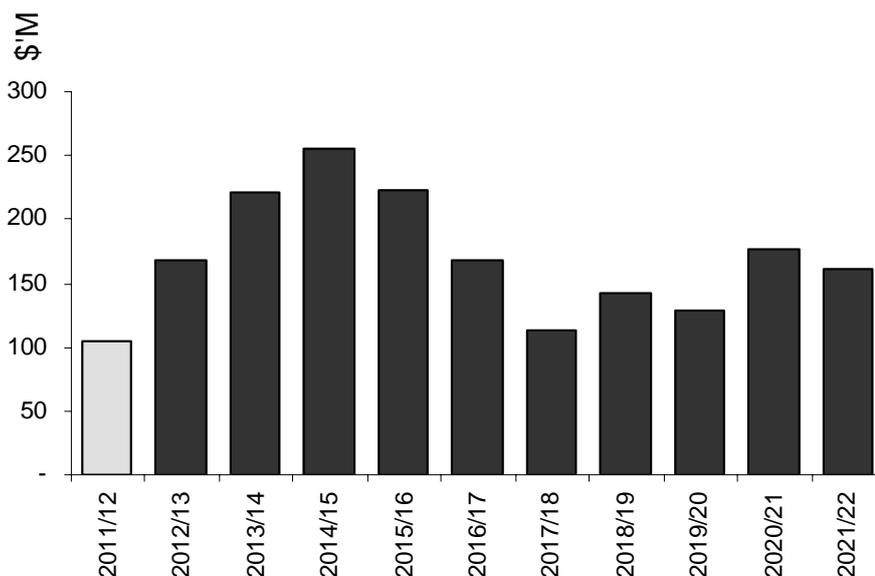
## Capital Works Program

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 in the order of \$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 within the next 10 years, it is expected that the City will return to a long term average capital works program of \$100 - 125M per annum. This is 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 2012/13 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 \$1,758M comprising a program of major projects of \$447M and ongoing programs of \$847M, emerging Sustainable Sydney 2030 priority projects of \$413M 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 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.

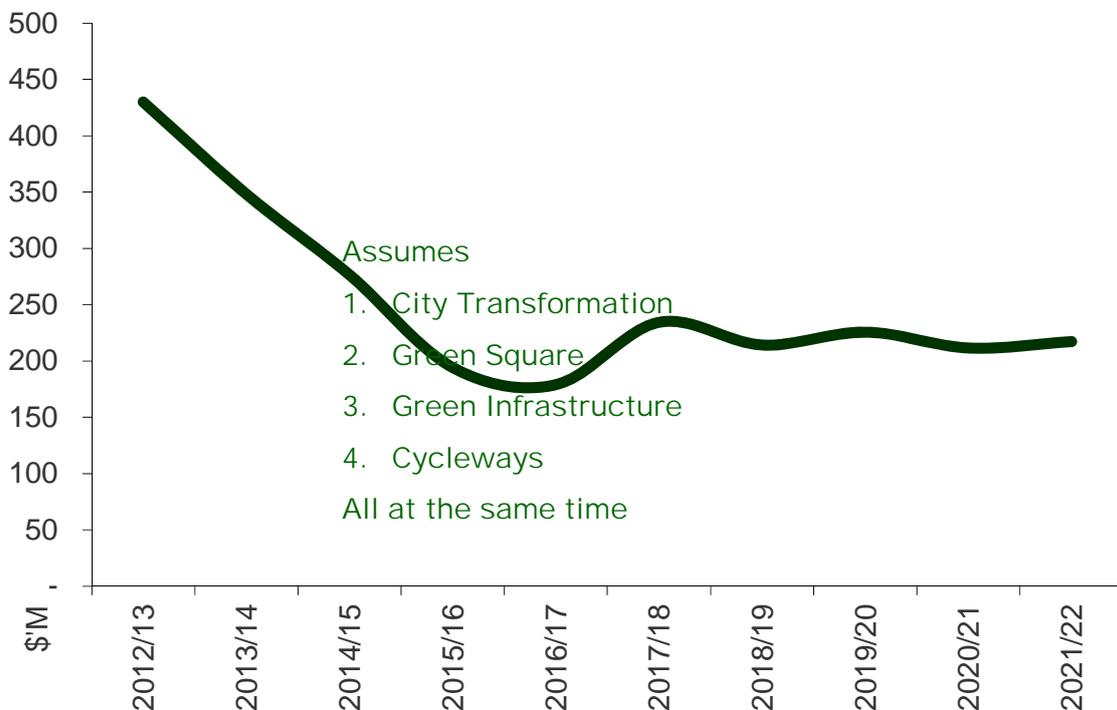
### Cash Reserves

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 2016/17, 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

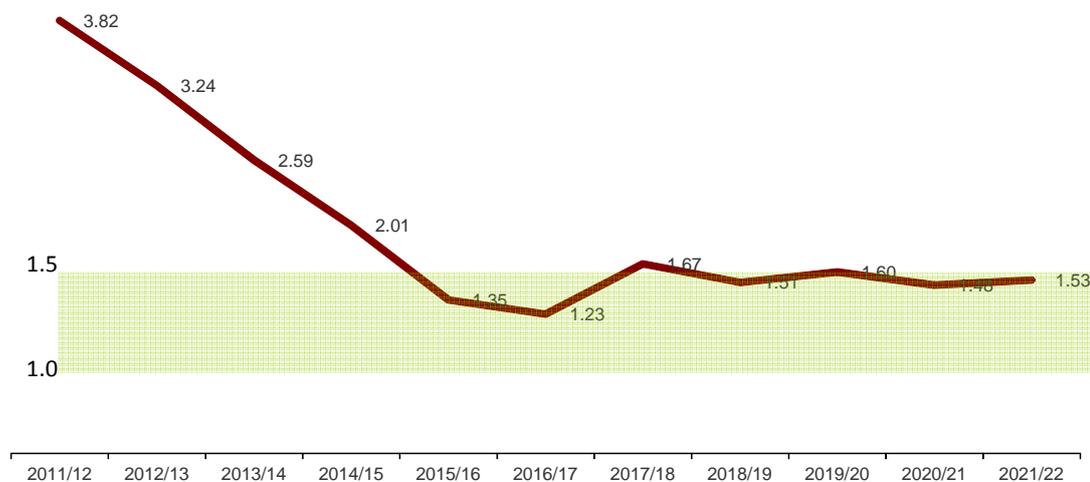
The Unrestricted Current Ratio measures the adequacy of Council's liquid working capital and its ability to satisfy its financial obligations in the short term.

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.

### Unrestricted Current Ratio



## 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

(2012)

## Income Statement

\$M

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
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### Income from Continuing Operations

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Revenue:</b>										
Rates & Annual Charges	263.9	272.9	282.3	292.0	302.0	312.3	323.0	334.1	345.6	357.5
Fees	90.1	92.7	95.3	98.0	100.7	103.6	106.6	109.6	112.8	116.0
Interest Income	28.3	19.8	15.9	11.9	9.4	10.5	11.4	11.1	11.1	10.8
Other Income	99.9	103.1	106.4	109.8	114.1	118.4	122.0	125.6	129.3	133.2
Grants and Contributions provided for Capital Purposes	20.1	52.8	50.3	29.8	30.3	27.8	23.2	23.7	24.3	24.9
Grants and Contributions provided for Operating Purposes	14.4	14.8	15.2	15.7	16.2	16.7	17.2	17.7	18.2	18.7
<b>Total Income from Continuing Operations</b>	<b>516.6</b>	<b>556.1</b>	<b>565.3</b>	<b>557.1</b>	<b>572.7</b>	<b>589.3</b>	<b>603.2</b>	<b>621.8</b>	<b>641.2</b>	<b>661.1</b>

### Expenses from Continuing Operations

Employee	180.6	186.0	191.6	197.4	203.3	209.4	215.7	222.2	228.9	235.8
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts	88.7	91.4	94.1	96.9	99.8	102.8	105.9	109.1	112.4	115.7
Depreciation Expense	76.3	83.0	87.5	91.7	95.8	99.5	103.0	106.2	109.1	111.8
Other Expenditure	98.9	99.9	102.9	106.1	110.3	112.6	116.0	119.6	123.2	128.0
<b>Total Expenses from Continuing Operations</b>	<b>444.6</b>	<b>460.4</b>	<b>476.2</b>	<b>492.1</b>	<b>509.2</b>	<b>524.3</b>	<b>540.6</b>	<b>557.0</b>	<b>573.6</b>	<b>591.3</b>
<b>Net Operating Result for the Year</b>	<b>72.1</b>	<b>95.7</b>	<b>89.2</b>	<b>65.0</b>	<b>63.5</b>	<b>65.0</b>	<b>62.6</b>	<b>64.8</b>	<b>67.7</b>	<b>69.8</b>

## Detailed Income and Expenditure

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>OPERATING INCOME</b>										
\$'M										
Advertising Income	6.4	6.6	6.8	7.0	7.2	7.4	7.6	7.8	8.0	8.2
Aquatic Facilities Income	2.5	2.6	2.6	2.7	2.8	2.9	3.0	3.1	3.1	3.2
Building & Development Application Income	5.6	5.8	6.0	6.1	6.3	6.5	6.7	6.9	7.1	7.3
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	2.1	2.1	2.2	2.2	2.3	2.4	2.4	2.5	2.6
Commercial Properties	57.8	59.7	61.8	63.8	66.7	69.6	71.7	73.8	76.0	78.3
Enforcement Income	40.4	41.6	42.8	44.1	45.4	46.8	48.2	49.7	51.1	52.7
Grants and Contributions	14.4	14.8	15.2	15.7	16.2	16.7	17.2	17.7	18.2	18.7
Health Related Income	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7	1.8
Library Income	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Other Building Fees	5.6	5.8	5.9	6.1	6.3	6.5	6.7	6.9	7.1	7.3
Other Fees	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Other Income	0.6	0.6	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7
Parking Meter Income	35.3	36.1	36.8	37.5	38.3	39.0	39.8	40.6	41.4	42.2
Parking Station Income	9.9	10.3	10.9	11.4	12.0	12.6	13.2	13.9	14.6	15.3
Private Work Income	4.5	4.6	4.8	4.9	5.0	5.2	5.4	5.5	5.7	5.8
Rates & Annual Charges	264.7	273.7	283.1	292.8	302.9	313.3	324.0	335.1	346.6	358.5
Sponsorship Income	0.6	0.6	0.6	0.6	0.7	0.7	0.7	0.7	0.7	0.8
Venue/Facility Income	5.5	5.7	5.8	6.0	6.2	6.4	6.6	6.7	7.0	7.2
Work Zone / Filming	5.5	5.7	5.8	6.0	6.2	6.4	6.6	6.8	7.0	7.2
VIK Income	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3
<b>Total Income from Continuing Operations</b>	<b>468.3</b>	<b>483.5</b>	<b>499.2</b>	<b>515.4</b>	<b>533.0</b>	<b>551.0</b>	<b>568.7</b>	<b>587.0</b>	<b>605.9</b>	<b>625.4</b>
<b>OPERATING EXPENDITURE</b>										
Salaries and Wages	146.9	151.3	155.8	160.5	165.3	170.3	175.4	180.6	186.1	191.6
Other Employee Related Costs	2.4	2.5	2.6	2.6	2.7	2.8	2.9	3.0	3.1	3.2
Employee Oncosts	6.0	6.2	6.4	6.6	6.8	7.0	7.2	7.5	7.7	7.9
Agency Contract Staff	5.0	5.2	5.3	5.5	5.7	5.8	6.0	6.2	6.4	6.6
Superannuation	14.3	14.7	15.1	15.6	16.1	16.6	17.0	17.6	18.1	18.6
Travelling	0.6	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8
Workers Compensation Insurance	3.0	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9
Fringe Benefit Tax	0.5	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.7
Training Costs (excluding salaries)	1.9	1.9	2.0	2.0	2.1	2.2	2.2	2.3	2.4	2.4
<b>Salary Expense</b>	<b>180.6</b>	<b>186.0</b>	<b>191.6</b>	<b>197.4</b>	<b>203.3</b>	<b>209.4</b>	<b>215.7</b>	<b>222.2</b>	<b>228.9</b>	<b>235.8</b>

## Detailed Income and Expenditure

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Bad & Doubtful Debts	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Consultancies	5.9	6.1	6.3	6.5	6.7	6.9	7.1	7.3	7.5	7.8
Enforcement & Infringement Costs	12.5	12.9	13.3	13.7	14.1	14.5	14.9	15.4	15.9	16.3
Event Related Expenditure	15.2	15.7	16.2	16.7	17.2	17.7	18.2	18.7	19.3	19.9
Expenditure Recovered	(6.0)	(6.2)	(6.4)	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)	(7.7)	(7.9)
Facility Management	1.3	1.4	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7
General Advertising	2.7	2.8	2.9	3.0	3.1	3.2	3.3	3.4	3.5	3.6
Governance	2.6	1.6	1.7	1.7	2.8	1.8	1.9	1.9	2.0	3.0
Government Authority Charges	20.9	21.5	22.2	22.8	23.5	24.2	25.0	25.7	26.5	27.3
Grants, Sponsorships and Donations	7.6	7.7	7.7	7.8	7.9	8.0	8.1	8.2	8.3	8.4
Infrastructure Maintenance	26.4	27.2	28.0	28.9	29.7	30.6	31.5	32.5	33.5	34.5
Insurance	3.4	3.5	3.6	3.7	3.8	3.9	4.0	4.1	4.3	4.4
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	3.8	3.9	4.0	4.1	4.2	4.4
Legal Fees	3.3	3.4	3.5	3.6	3.8	3.9	4.0	4.1	4.2	4.4
Minor Plant Purchase	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Operational Contingencies	3.6	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Other Asset Maintenance	2.1	2.2	2.3	2.3	2.4	2.5	2.5	2.6	2.7	2.8
Other Operating Expenditure	9.1	9.4	9.6	9.9	10.2	10.5	10.8	11.2	11.5	11.9
Postage & Couriers	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3	1.3	1.3
Printing & Stationery	3.1	3.2	3.3	3.4	3.5	3.6	3.7	3.8	3.9	4.0
Project Management & Other Project Costs	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.3	4.5
Property Related Expenditure	25.2	25.9	26.7	27.5	28.3	29.2	30.0	30.9	31.9	32.8
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	11.7	12.1	12.4	12.7	13.1	13.5	13.9	14.3	14.8	15.2
Stores & Materials	4.7	4.8	5.0	5.1	5.3	5.4	5.6	5.8	5.9	6.1
Surveys & Studies	3.3	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.2	4.3
Telephone Charges	2.6	2.7	2.8	2.9	3.0	3.1	3.2	3.2	3.3	3.4
Utilities	12.2	13.4	14.0	14.7	15.4	16.1	16.9	17.7	18.5	19.4
Vehicle Maintenance	3.2	3.3	3.3	3.4	3.6	3.7	3.8	3.9	4.0	4.1
VIK Expenditure	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.2	1.2	1.3
<b>Expenditure</b>	<b>187.6</b>	<b>191.4</b>	<b>197.0</b>	<b>203.0</b>	<b>210.1</b>	<b>215.4</b>	<b>221.9</b>	<b>228.6</b>	<b>235.6</b>	<b>243.7</b>
<b>Total Operating Expenditure (Excl Depreciation)</b>	<b>368.3</b>	<b>377.4</b>	<b>388.7</b>	<b>400.4</b>	<b>413.4</b>	<b>424.8</b>	<b>437.6</b>	<b>450.8</b>	<b>464.5</b>	<b>479.5</b>
<b>Operating Result</b>	<b>100.0</b>	<b>106.0</b>	<b>110.5</b>	<b>115.0</b>	<b>119.6</b>	<b>126.2</b>	<b>131.1</b>	<b>136.2</b>	<b>141.4</b>	<b>145.9</b>

## Operating Budget

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

	2012/13			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	
	\$M	Income	Expenditure										Op Surplus / (Deficit)
<b>Chief Executive Office</b>		<b>0.4</b>	<b>11.7</b>	<b>(11.3)</b>	<b>(11.6)</b>	<b>(11.9)</b>	<b>(12.3)</b>	<b>(12.7)</b>	<b>(13.1)</b>	<b>(13.4)</b>	<b>(13.8)</b>	<b>(14.3)</b>	<b>(14.7)</b>
Office of the Lord Mayor		0.0	3.3	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.1)	(4.2)	(4.3)
Chief Executive Office		0.0	1.4	(1.4)	(1.4)	(1.5)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)
Finance		0.4	7.0	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)	(7.6)	(7.9)	(8.1)	(8.3)	(8.6)
<b>Legal and Governance</b>		<b>1.0</b>	<b>14.4</b>	<b>(13.4)</b>	<b>(13.7)</b>	<b>(14.1)</b>	<b>(14.5)</b>	<b>(14.9)</b>	<b>(15.3)</b>	<b>(15.8)</b>	<b>(16.2)</b>	<b>(16.7)</b>	<b>(17.1)</b>
Governance		0.0	3.8	(3.8)	(3.9)	(4.0)	(4.1)	(4.2)	(4.3)	(4.4)	(4.5)	(4.6)	(4.7)
Legal Services		0.0	5.9	(5.9)	(6.1)	(6.3)	(6.5)	(6.7)	(6.9)	(7.1)	(7.3)	(7.5)	(7.8)
Risk Management		1.0	4.6	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.2)	(4.3)	(4.4)	(4.6)	(4.7)
<b>Chief Operations Office</b>		<b>1.8</b>	<b>19.0</b>	<b>(17.2)</b>	<b>(17.7)</b>	<b>(18.2)</b>	<b>(18.7)</b>	<b>(19.2)</b>	<b>(19.8)</b>	<b>(20.3)</b>	<b>(20.9)</b>	<b>(21.5)</b>	<b>(22.1)</b>
Chief Operations Office		0.0	1.4	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)
Sustainability		1.8	6.8	(5.0)	(5.2)	(5.3)	(5.5)	(5.6)	(5.8)	(5.9)	(6.1)	(6.3)	(6.5)
Asset Strategy and Systems		0.0	0.4	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)
Strategy and Economic Development		0.0	6.0	(6.0)	(6.1)	(6.3)	(6.4)	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)	(7.6)
City Renewal		0.0	1.5	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)
City Design		0.0	3.0	(3.0)	(3.1)	(3.2)	(3.3)	(3.3)	(3.4)	(3.6)	(3.7)	(3.8)	(3.9)
<b>City Engagement</b>		<b>1.8</b>	<b>18.9</b>	<b>(17.0)</b>	<b>(17.5)</b>	<b>(18.1)</b>	<b>(18.6)</b>	<b>(19.2)</b>	<b>(19.7)</b>	<b>(20.3)</b>	<b>(20.9)</b>	<b>(21.6)</b>	<b>(22.2)</b>
Customer Service		1.7	6.4	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.5)	(5.6)	(5.8)	(6.0)	(6.2)
Communications		0.1	12.4	(12.3)	(12.7)	(13.1)	(13.4)	(13.8)	(14.3)	(14.7)	(15.1)	(15.6)	(16.0)
<b>City Culture and Community</b>		<b>11.6</b>	<b>53.0</b>	<b>(41.4)</b>	<b>(42.5)</b>	<b>(43.7)</b>	<b>(44.9)</b>	<b>(46.1)</b>	<b>(47.4)</b>	<b>(48.7)</b>	<b>(50.1)</b>	<b>(51.5)</b>	<b>(52.9)</b>
City Culture		4.5	30.4	(25.9)	(26.6)	(27.3)	(28.0)	(28.7)	(29.5)	(30.3)	(31.1)	(31.9)	(32.8)
City Communities		2.1	9.9	(7.8)	(8.1)	(8.3)	(8.6)	(8.8)	(9.1)	(9.4)	(9.6)	(9.9)	(10.2)
City Culture and Community Management		0.0	3.1	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)
Community Centres		2.0	4.5	(2.6)	(2.7)	(2.7)	(2.8)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)
Children Services		3.0	5.0	(2.0)	(2.0)	(2.1)	(2.1)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)
<b>City Operations</b>		<b>116.1</b>	<b>154.2</b>	<b>(38.1)</b>	<b>(39.9)</b>	<b>(41.3)</b>	<b>(42.8)</b>	<b>(44.4)</b>	<b>(46.0)</b>	<b>(47.7)</b>	<b>(49.4)</b>	<b>(51.1)</b>	<b>(53.0)</b>
Venue Management		5.3	4.4	0.9	1.0	1.0	1.0	1	1	1	1	1	1
Security & Emergency Management		3.2	4.7	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)
City Rangers		40.1	27.3	12.8	13.2	13.6	14.0	14	15	15	16	16	17
Strategy and Assets Group		45.8	17.3	28.5	29.2	29.9	30.7	31	32	33	34	35	36
Parks, Trees & Aquatic Facilities		2.6	22.2	(19.6)	(20.2)	(20.8)	(21.4)	(22.0)	(22.7)	(23.4)	(24.1)	(24.8)	(25.5)
City Operations Management		0.0	0.6	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)
City Infrastructure		18.0	29.8	(11.8)	(12.6)	(13.1)	(13.6)	(14.1)	(14.7)	(15.2)	(15.8)	(16.5)	(17.1)
Cleansing & Waste		1.0	47.9	(46.9)	(48.3)	(49.8)	(51.3)	(52.8)	(54.4)	(56.0)	(57.7)	(59.4)	(61.2)
<b>Workforce and Information Services</b>		<b>0.1</b>	<b>20.8</b>	<b>(20.7)</b>	<b>(21.3)</b>	<b>(22.0)</b>	<b>(22.6)</b>	<b>(23.3)</b>	<b>(24.0)</b>	<b>(24.7)</b>	<b>(25.5)</b>	<b>(26.2)</b>	<b>(27.0)</b>
Workforce Services		0.0	7.4	(7.4)	(7.6)	(7.9)	(8.1)	(8.3)	(8.6)	(8.9)	(9.1)	(9.4)	(9.7)
Information Management		0.1	13.4	(13.3)	(13.7)	(14.1)	(14.5)	(15.0)	(15.4)	(15.9)	(16.4)	(16.8)	(17.4)
<b>Corporate Costs</b>		<b>263.9</b>	<b>(3.7)</b>	<b>267.6</b>	<b>279.9</b>	<b>290.2</b>	<b>300.8</b>	<b>312</b>	<b>325</b>	<b>336</b>	<b>348</b>	<b>360</b>	<b>372</b>
Corporate Costs		263.9	(3.7)	267.6	279.9	290.2	300.8	312	325	336	348	360	372
<b>City Planning, Development and Transport</b>		<b>13.4</b>	<b>32.9</b>	<b>(19.5)</b>	<b>(20.1)</b>	<b>(20.7)</b>	<b>(21.3)</b>	<b>(22.0)</b>	<b>(22.6)</b>	<b>(23.3)</b>	<b>(24.0)</b>	<b>(24.7)</b>	<b>(25.4)</b>
Health & Building		8.0	13.7	(5.7)	(5.9)	(6.0)	(6.2)	(6.4)	(6.6)	(6.8)	(7.0)	(7.2)	(7.4)
City Planning		5.2	10.2	(5.0)	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(5.9)	(6.1)	(6.3)	(6.5)
City Plan Development		0.1	4.2	(4.1)	(4.2)	(4.3)	(4.5)	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)
City Access		0.0	4.7	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.5)	(5.6)	(5.8)	(6.0)	(6.2)
<b>City Projects and Property</b>		<b>58.2</b>	<b>47.2</b>	<b>11.0</b>	<b>10.5</b>	<b>10.3</b>	<b>10.1</b>	<b>10</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>8</b>
City Property		58.2	40.6	17.6	17.3	17.2	17.2	17	17	17	17	17	17
City Projects		0.0	6.6	(6.6)	(6.7)	(6.9)	(7.1)	(7.3)	(7.6)	(7.8)	(8.0)	(8.2)	(8.5)
<b>Council</b>		<b>468.3</b>	<b>368.3</b>	<b>100.0</b>	<b>106.0</b>	<b>110.5</b>	<b>115.0</b>	<b>119.6</b>	<b>126.2</b>	<b>131.1</b>	<b>136.2</b>	<b>141.4</b>	<b>145.9</b>

**Summary of Income and Expenditure by Principal Activity  
for the Financial Years 2012/13 to 2021/22**

	2012/13			2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	Income	Expenditure	Net Surplus									
<b>A globally competitive and innovative city</b>	40.4	51.3	(10.9)	(8.5)	(8.7)	(8.9)	(9.1)	(9.4)	(9.6)	(9.9)	(10.2)	(10.4)
<b>A leading environmental performer</b>	3.0	62.8	(59.8)	(61.2)	(63.1)	(64.9)	(66.9)	(68.9)	(70.9)	(73.0)	(75.2)	(77.5)
<b>Integrated transport for a connected city</b>	64.6	42.9	21.7	21.4	21.8	22.1	22.5	22.9	23.3	23.7	24.1	24.5
<b>A city for walking and cycling</b>	0.0	2.0	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)	(2.4)	(2.5)	(2.6)
<b>A lively and engaging city centre</b>	0.2	0.9	(0.7)	(0.8)	(0.8)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(1.0)
<b>Vibrant local communities and economies</b>	16.8	65.6	(48.9)	(50.2)	(51.7)	(53.3)	(54.9)	(56.6)	(58.3)	(60.0)	(61.8)	(63.7)
<b>A cultural and creative city</b>	2.1	4.8	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)
<b>Housing for a diverse population</b>	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Sustainable development, renewal and design</b>	29.0	32.3	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(4.0)	(4.1)	(4.3)
<b>Implementation through effective governance and partnerships</b>	360.7	182.0	178.7	203.1	200.1	179.5	181.7	187.0	188.5	194.8	201.8	208.3
<b>Total Council</b>	<b>516.6</b>	<b>444.6</b>	<b>72.1</b>	<b>95.7</b>	<b>89.2</b>	<b>65.0</b>	<b>63.5</b>	<b>65.0</b>	<b>62.6</b>	<b>64.8</b>	<b>67.7</b>	<b>69.8</b>

## Capital Works Expenditure Summary

\$'M	Prior Years	FY-2012	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
<b>Major Projects</b>													
Belmore Park		0.0	0.5	3.5	3.0								7.0
Chinatown Public Domain	1.0	4.0	0.6	3.5	3.6	1.5	1.5	1.5	1.5	1.5	1.5		21.5
Foley Lane	0.3	0.1	1.1	0.9	1.6	0.5							4.5
Glebe Foreshore	12.0	0.1	1.5	1.5									15.1
Glebe Town Hall	5.2	4.5	0.7										10.4
Green Square Community Facilities	0.2	1.9	2.2	6.5	23.5	20.2							54.5
Green Square Health and Recreation Centre	0.3	(0.0)	0.5				2.5	5.0	35.0	40.0	67.0		150.3
Green Square TC Infrastructure	8.5	0.6	0.9	2.0	10.0	30.0	15.0	13.0	10.0	10.0	10.0		110.0
Harold Park - New Park Construction	0.0	0.1	0.4	0.5	7.3	4.8							13.0
Harris St	5.0	(0.0)											5.0
Hj Foley Park	2.4	0.5	0.9	0.7									4.5
Hyde Park	2.7	0.1	1.1	7.1	5.0	5.3	0.2	0.2	0.3				22.3
Paddington Town Hall	0.7	0.1	3.6		0.2								4.6
Perry Park - Recreational Facilities	0.4	0.4	1.1	17.4	16.5								35.8
Prince Alfred Park	18.0	12.3	1.1										31.4
Rushcutters Bay Park/Reg Bartley Oval	9.5	(0.0)	0.04										9.5
Stanley St	1.5	0.1											1.6
Surry Hills Facility & Park	19.2	0.0	0.1										19.3
Sydney Town Hall	54.1	2.4	4.3	7.7	6.0	6.0	6.6						87.1
Waterloo Oval Youth Facility	2.8	0.9											3.7
William St 101-111 facade & other wks	0.4	0.3	0.8										1.5
Woolloomooloo Improvements	2.8	0.2	0.9	1.8	2.5	2.5							10.7
<b>Major Projects Total</b>	<b>147.0</b>	<b>28.7</b>	<b>22.2</b>	<b>53.0</b>	<b>79.2</b>	<b>70.7</b>	<b>25.8</b>	<b>19.7</b>	<b>46.8</b>	<b>51.5</b>	<b>78.5</b>		<b>623.0</b>
Accessibility Upgrades		0.4	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	6.0
Bicycle Related Works		5.1	16.4	18.2	15.4	6.0	8.0	6.9	3.4				79.4
Car Parks		0.7	0.8	6.4	6.3	6.0			1.1	1.1	1.1		23.5
CBD Laneways		2.9	3.2	3.4	2.4	0.8	0.9						13.6
Greening Sydney		1.3	2.1	2.1	2.0	2.0	2.0	2.0	2.0	2.0	2.0	1.0	20.5
Open Space & Parks		7.0	9.0	11.4	7.1	9.3	7.1	5.4	5.4	5.4	5.4	5.4	77.6
PCTC Works		3.1	1.9	1.3	1.5	1.2	1.2	1.2	1.2	1.2	1.2	1.2	15.8
Pools		2.1	0.5	3.9	4.9	2.4		1.1		0.5			15.5
Property Related Projects		13.9	31.9	16.4	11.2	11.3	14.0	13.9	10.4	10.4	10.4	10.4	154.3
Public Domain		21.5	23.8	30.1	25.9	22.3	22.0	22.0	25.0	25.0	28.8	65.0	311.4
Stormwater		1.8	1.8	2.8	2.8	2.8	2.8	4.5	4.5	4.5	24.5	24.5	76.8
Sydney Park		0.3	0.2										0.6
Village Planning Facilities		4.9	11.2	27.0	29.1	22.3	10.0	11.0	0.1	0.1	0.1	2.0	117.7
<b>Programs Total</b>		<b>65.1</b>	<b>103.3</b>	<b>123.5</b>	<b>109.1</b>	<b>86.8</b>	<b>68.4</b>	<b>68.4</b>	<b>53.6</b>	<b>50.7</b>	<b>74.0</b>	<b>110.0</b>	<b>912.7</b>
Capital Works Contingency / Future Works		2.9						5.0	5.0	5.0	5.0	30.0	52.9
City Centre Transformation			2.0	6.0	52.0	52.0	59.7	2.0	5.5	0.8			180.0
Green Infrastructure	6.4	7.4	29.6	30.0	10.9	8.8	8.8	14.8	27.4	18.6	18.6	21.1	202.4
Green Square Green Infrastructure	0.0	0.5	11.4	8.1	5.0	5.0	5.0	4.0	4.0	1.6			44.6
<b>Total 2030 Projects &amp; Contingency</b>	<b>6.4</b>	<b>10.8</b>	<b>43.0</b>	<b>44.1</b>	<b>67.9</b>	<b>65.8</b>	<b>73.5</b>	<b>25.8</b>	<b>41.9</b>	<b>26.0</b>	<b>23.6</b>	<b>51.1</b>	<b>479.9</b>
<b>TOTAL CAPITAL WORKS</b>	<b>153.4</b>	<b>104.5</b>	<b>168.4</b>	<b>220.6</b>	<b>256.2</b>	<b>223.3</b>	<b>167.7</b>	<b>113.8</b>	<b>142.3</b>	<b>128.1</b>	<b>176.0</b>	<b>161.1</b>	<b>2,015.6</b>

# City of Sydney

## Balance Sheet

\$'M 2012/13 2013/14 2014/15 2015/16 2016/17 2017/18 2018/19 2019/20 2020/21 2021/22

### ASSETS

#### Current Assets

Cash and Investments	428.5	346.6	274.8	192.4	177.0	232.3	211.9	223.2	209.0	214.5
Receivables	39.8	39.8	39.8	39.8	39.8	39.8	39.8	39.8	39.8	39.8
Provision for Doubtful Rates	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Prepayments	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Inventory	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
<b>Current Assets</b>	<b>472.7</b>	<b>390.8</b>	<b>319.0</b>	<b>236.6</b>	<b>221.2</b>	<b>276.5</b>	<b>256.2</b>	<b>267.5</b>	<b>253.2</b>	<b>258.7</b>

#### Non-Current Assets

Capital Works, Infrastructure, Investment Properties and P&A	6,515.3	6,692.9	6,853.8	7,001.3	7,080.2	7,089.8	7,172.8	7,226.3	7,308.2	7,372.5
<b>Non Current Assets</b>	<b>6,515.3</b>	<b>6,692.9</b>	<b>6,853.8</b>	<b>7,001.3</b>	<b>7,080.2</b>	<b>7,089.8</b>	<b>7,172.8</b>	<b>7,226.3</b>	<b>7,308.2</b>	<b>7,372.5</b>
<b>TOTAL ASSETS</b>	<b>6,988.0</b>	<b>7,083.7</b>	<b>7,172.9</b>	<b>7,237.9</b>	<b>7,301.4</b>	<b>7,366.4</b>	<b>7,429.0</b>	<b>7,493.8</b>	<b>7,561.4</b>	<b>7,631.3</b>

### LIABILITIES

#### Current Liabilities

Payables	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8	77.8
Provisions	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1	47.1
<b>Current Liabilities</b>	<b>124.8</b>									

#### Non-Current Liabilities

Provisions	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1	19.1
<b>Non Current Liabilities</b>	<b>19.1</b>									
<b>TOTAL LIABILITIES</b>	<b>143.9</b>									

<b>Net Assets</b>	<b>6,844.1</b>	<b>6,939.8</b>	<b>7,028.9</b>	<b>7,093.9</b>	<b>7,157.5</b>	<b>7,222.4</b>	<b>7,285.0</b>	<b>7,349.9</b>	<b>7,417.5</b>	<b>7,487.3</b>
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### EQUITY

<b>Equity</b>	<b>6,844.1</b>	<b>6,939.8</b>	<b>7,028.9</b>	<b>7,093.9</b>	<b>7,157.5</b>	<b>7,222.4</b>	<b>7,285.0</b>	<b>7,349.9</b>	<b>7,417.5</b>	<b>7,487.3</b>
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## CASH FLOW FORECAST

	\$M	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
<b>Revenue:</b>											
Rates and Annual Charges		263.9	272.9	282.3	292.0	302.0	312.3	323.0	334.1	345.6	357.5
Other Operating Income		203.4	209.5	215.9	222.4	229.9	237.6	244.5	251.7	259.1	266.7
<b>Operating Income</b>		<b>467.3</b>	<b>482.5</b>	<b>498.2</b>	<b>514.4</b>	<b>531.9</b>	<b>549.9</b>	<b>567.6</b>	<b>585.8</b>	<b>604.7</b>	<b>624.1</b>
<b>Expenses:</b>											
Salary & Wages Expenditure		180.6	186.0	191.6	197.4	203.3	209.4	215.7	222.2	228.9	235.8
Other Operating Expenditure		186.7	190.4	196.0	201.9	209.0	214.3	220.8	227.4	234.3	242.5
<b>Operating Expenditure</b>		<b>367.3</b>	<b>376.4</b>	<b>387.6</b>	<b>399.3</b>	<b>412.3</b>	<b>423.7</b>	<b>436.5</b>	<b>449.6</b>	<b>463.2</b>	<b>478.2</b>
<b>Operating Surplus</b>		<b>100.0</b>	<b>106.0</b>	<b>110.5</b>	<b>115.0</b>	<b>119.6</b>	<b>126.2</b>	<b>131.1</b>	<b>136.2</b>	<b>141.4</b>	<b>145.9</b>
<b>Other Non Operating:</b>											
Interest income		28.3	19.8	15.9	11.9	9.4	10.5	11.4	11.1	11.1	10.8
Depreciation		(76.3)	(83.0)	(87.5)	(91.7)	(95.8)	(99.5)	(103.0)	(106.2)	(109.1)	(111.8)
Capital Grants and Contributions		20.1	52.8	50.3	29.8	30.3	27.8	23.2	23.7	24.3	24.9
<b>Net Surplus</b>		<b>72.1</b>	<b>95.7</b>	<b>89.2</b>	<b>65.0</b>	<b>63.5</b>	<b>65.0</b>	<b>62.6</b>	<b>64.8</b>	<b>67.6</b>	<b>69.8</b>
<b>Add Back :</b>											
Depreciation		76.3	83.0	87.5	91.7	95.8	99.5	103.0	106.2	109.1	111.8
Movements for Provisions		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash Surplus before Capital Expenditure</b>		<b>148.4</b>	<b>178.7</b>	<b>176.7</b>	<b>156.8</b>	<b>159.3</b>	<b>164.5</b>	<b>165.6</b>	<b>171.0</b>	<b>176.8</b>	<b>181.6</b>
<b>Capital Expenditure</b>											
Capital Works		(168.4)	(220.6)	(256.2)	(223.3)	(167.7)	(113.8)	(142.3)	(128.1)	(176.0)	(161.1)
Plant and Asset Acquisitions		(24.2)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)	(15.0)
Property (Acquisitions)/Divestment		(27.3)	(25.0)	22.8	(0.9)	8.0	19.7	(28.7)	(16.6)	(0.0)	(0.0)
<b>Total Capital Expenditure</b>		<b>(219.9)</b>	<b>(260.6)</b>	<b>(248.4)</b>	<b>(239.2)</b>	<b>(174.7)</b>	<b>(109.2)</b>	<b>(186.0)</b>	<b>(159.7)</b>	<b>(191.1)</b>	<b>(176.1)</b>
<b>Cash Surplus / (Deficit)</b>		<b>(71.5)</b>	<b>(81.9)</b>	<b>(71.8)</b>	<b>(82.4)</b>	<b>(15.4)</b>	<b>55.3</b>	<b>(20.4)</b>	<b>11.3</b>	<b>(14.3)</b>	<b>5.5</b>
Total Cash at Beginning of Period		500.0	428.5	346.6	274.8	192.4	177.0	232.3	211.9	223.2	209.0
Cash Surplus/ (Deficit)		(71.5)	(81.9)	(71.8)	(82.4)	(15.4)	55.3	(20.4)	11.3	(14.3)	5.5
<b>Total Cash at End of Period</b>		<b>428.5</b>	<b>346.6</b>	<b>274.8</b>	<b>192.4</b>	<b>177.0</b>	<b>232.3</b>	<b>211.9</b>	<b>223.2</b>	<b>209.0</b>	<b>214.5</b>

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# Workforce Strategy

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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:

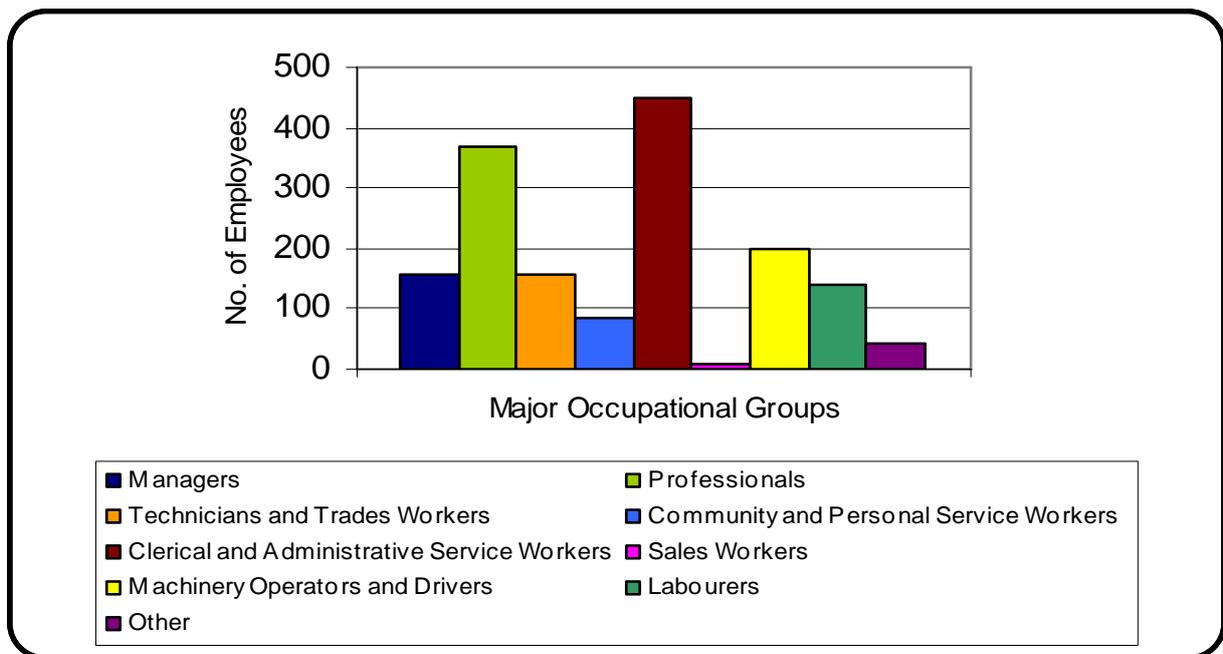
- Managing rising community expectations
- Responding to rapid change and increasing complexity
- Overcoming skills shortages and ageing workforce issues
- Creating a high performing collaborative work environment
- Achieving greater productivity and efficiency to provide the community with best value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



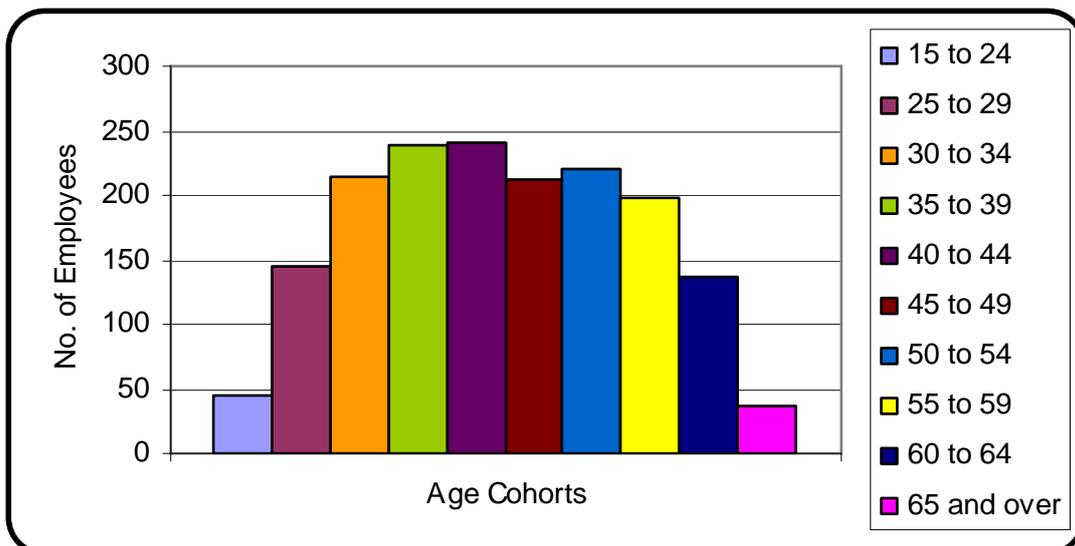
### Our workforce\* at a glance (June 2010)

- 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>• Skilled to do their job well</li> <li>• Innovative in their thinking and actions</li> <li>• Responsive, collaborative and adaptable.</li> </ul>	<p><b>Leaders and managers who are:</b></p> <ul style="list-style-type: none"> <li>• Capable of focusing on people, actions and outcomes</li> <li>• Strategic and future oriented</li> <li>• Respected through modelling the City's values and behaviours.</li> </ul>	<p><b>A workforce culture that supports:</b></p> <ul style="list-style-type: none"> <li>• Integrity</li> <li>• Collaboration</li> <li>• High performance in terms of productivity and efficiency.</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 Strategy

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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 program. 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 approximately \$3.4 billion in physical assets (excluding land) 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 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, maintenance and disposal of assets.

## 1.3. The City's Asset Management Framework

The Asset Management Framework for the City of Sydney is overseen by the 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.

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

- Asset Management Policy;
- Asset Management Strategy;
- Detailed Asset Management Plans for discrete asset classes.

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

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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

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

## 2. 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 policy objectives were advertised for public comment as part of the Resourcing Strategy documentation for the Integrated Planning and Reporting Framework in 2011. They were subsequently adopted by Council in June 2011 and 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 will address 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 impacts 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 utilize 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.

The Asset Management Policy is shown at APPENDIX 1 and will be on the City's website [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au)

## **3. ASSET MANAGEMENT STRATEGY**

### **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 their relevance in a changing environment, and to also incorporate community feedback.

The City has updated the existing strategy to ensure it supports the directions of Sustainable Sydney 2030 and is consistent with the Integrated Planning and Reporting Framework. Below is a snapshot of some important details about our critical assets and some highlights of the Strategy review.

A more detailed summary of the Policy and Strategy review is shown at APPENDIX 2, the full document will be available on the City's website [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au)

### **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; and
- Commissioned a review to update the previous policy and strategies

Table 3.1 below shows the current situation in relation to our critical and other assets including valuation information.

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

<b>Asset Category</b>	<b>Asset Component</b>	<b>Dimensions and Units</b>	<b>Replacement Value (\$M)</b>
<b>ROADS</b>	Road Pavements	333 km	387 (Incl. Cycleways)
	Dedicated Cycleways	14 km (either separated of contained in carriageway)	
	Footpaths	533 km	183
	Kerb and gutter	619 km	198
	Bridges	37	68
	Traffic Facilities	2,315	19
		<b>TOTAL</b>	<b>855</b>
<b>STORMWATER DRAINAGE</b>	Stormwater Pipes	182 km	60
	Stormwater Pits	11,920	55
	Open channels	430m	1
	Box culverts	8,600 m	7
	Stormwater Quality Improvement Devices	22	2
			<b>TOTAL</b>
<b>PARKS</b>	Iconic	24	183
	Neighbourhood	31	93
	Pocket Parks	321	72
	Civic Space	38	30
	Streetscape	87	3
	Traffic Treatment	158	2
			<b>TOTAL</b>
<b>TREES</b>	Parks Trees	11,170	28
	Street trees (incl. bases)	29,140	57
			<b>TOTAL</b>
<b>PROPERTIES</b>	Community Portfolio	83	1,234
	Corporate Portfolio	16	
	Public Domain Portfolio	64	
	Investment/Strategic Portfolio	66	
	Sydney Town Hall	1	482
			<b>TOTAL</b>
<b>PUBLIC LIGHTING</b>	Smartpoles	1,970	58
	Lightpoles	3,235	19
	Mounted lights	3,166	13
	N.B. 403 Smartpoles have bicycle rings		
			<b>TOTAL</b>
<b>SIGNS</b>	Parking and Regulatory Sign Poles	36,400	4
	Parking and Regulatory Signs	63,500	9
			<b>TOTAL</b>
<b>PLANT &amp; EQUIPMENT</b>	Fleet	498	35
<b>PLANT &amp; EQUIPMENT</b>	Other Items	970	73
<b>LIBRARY</b>		N/A	8

Asset Category	Asset Component	Dimensions and Units	Replacement Value (\$M)
<b>RESOURCES</b>			
<b>CITY ART</b>		221	25
<b>TOWN HALL COLLECTION</b>		1,850	6
<b>OFFICE EQUIPMENT</b>		N/A	21
<b>ROADS</b>	Cliff walls	49	13
	Retaining walls	95	17
	<b>TOTAL</b>		<b>30</b>
<b>MARINE STRUCTURES</b>	Sea Walls	3.3 km	11
	Jetties	4	3
	Pontoons	4	1
	Board Walks	3	1
	<b>TOTAL</b>		<b>16</b>

**Note:**

1. Some individual expenditure information is not available at this time due to inclusion in broader cost accounts. Part of the Asset Management Plan review process is to extract these individual costs and attribute them to the relevant asset categories. These updates will be included in future revisions of the Asset Management Plans.
2. The areas where data is required are marked N/A

**TABLE 3.2 – Asset Categories – Condition Assessments**

Asset Category	Asset Component	Average Condition Now #	Year of Last Condition Assessment	% of Assets Rated Satisfactory Now **
<b>ROADS</b>	Road Pavements	1.9	2011	96
	Footpaths	2.6	2011	94
	Kerb and gutter	3.0	2011	82
	Bridges	2.6	2009	81
<b>STORMWATER DRAINAGE</b>	Stormwater Pipes	2.0	2011	97
	Stormwater Pits			
	Open channels			
	Box culverts	N/A		
	Stormwater Quality Improvement Devices			
<b>PARKS</b>	Iconic	2.0	2011	96
	Neighbourhood	2.2	2011	90
	Pocket Parks	2.8	2011	89
	Civic Space	2.8	2011	89
<b>TREES</b>	Parks Trees	1.7	2011	92
	Street trees (incl. bases)	2.3	2011	94
<b>PROPERTIES (BUILDINGS)</b>	Community Services Corporate Services Public Domain Investment/Strategic Sydney Town Hall	2.45	2011	94

Asset Category	Asset Component	Average Condition Now #	Year of Last Condition Assessment	% of Assets Rated Satisfactory Now **
<b>SIGNS</b>	Parking and Regulatory Sign Poles Parking and Regulatory Signs	1.0	2011	95
<b>PUBLIC LIGHTING</b>	Smartpoles, Lightpoles Mounted lights	2.0 3.0	2009 2009	N/A N/A
<b>PLANT &amp; EQUIPMENT</b>	Fleet	2.1	2011	89

# - Average condition is based on a 5 point index being 1 – Excellent, 2 – Good, 3 – Average, 4 – Poor and 5 – Very Poor. Details of the index are shown in the Community Asset Management Plan

\*\* - Satisfactory condition is defined as the total of assets rated either Condition 1, 2 or 3

**NOTE:** - A comprehensive program of condition assessments for all of the City's assets is either underway or completed. Results will be updated in future revisions of the Plans. The focus is initially on the asset categories that have the greatest value.

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

As part of the review and update of the 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 18 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 an overview of the asset management principles and fundamentals we are implementing across asset classes but also outlining the long term plans for assets critical to 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 at the same time not focusing on technical issues more suited to detailed planning.

2. **Detailed Asset Management Plans** for discrete asset categories that include detailed inventory information, condition assessments, service levels provided, funding requirements and future demand. The Detailed Asset Management Plans are not included in the Resourcing Strategy due to their technical complexity and 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
- 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 directions of Sustainable Sydney 2030.

Detailed Asset Management Plans will be posted on the City’s website - [www.cityofsydney.nsw.gov.au](http://www.cityofsydney.nsw.gov.au) as they are finalised and approved by the Asset Management Steering Committee and Executive.

## 5. COMMUNITY ASSET MANAGEMENT PLAN –

This section briefly describes the elements included in each of the critical asset categories of this 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, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans.

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

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

## **5.2. Demand Management**

Generally, the major factors affecting asset management provision and maintenance are population and demographic changes, environmental factors, economic conditions and community expectations.

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

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

Opportunities identified for demand management are shown where identified.

## **5.3. Lifecycle Management**

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

### **5.3.1. Asset Condition Assessment**

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets. The task of rating all 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; and
- 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.

**TABLE 5.3.1 – Asset Condition Assessment Criteria**

CONDITION INDEX	CONDITION	DESCRIPTION
1	Excellent	No work required (normal Maintenance)
2	Good	Only minor maintenance required
3	Average	Maintenance work required
4	Poor	Renewal required
5	Very Poor	Urgent renewal/upgrading required

Each infrastructure asset category has a specific description of the meaning of the condition index and is 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; and
- Detailed building component data e.g. electrical components, structural components, roof details etc

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

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

### **5.3.2. Asset Valuations**

A summary of the financial position for the Asset Category.

### **5.3.3. Risk Plan**

The City of Sydney has developed a Risk Management Policy, Risk Assessment Methodology and Enterprise Risk Management System based on the identification of credible risks, measure of likelihood 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 it is necessary to understand the plans for and expenditure incurred to maintain those assets. A summary of the expenditure trends is shown for each category of asset.

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

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

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

Maintenance is repairs to assets to ensure they reach their full or expected life and include 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 or Replacement Costs**

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

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

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

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

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

Disposal costs include 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 updated information becomes available.

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

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

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

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

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

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

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

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

Example of Average Annual Asset Consumption: To replace a section of road costs \$50,000. When replaced the road section will last 20 years. The Average Annual Asset Consumption is therefore  $\$50,000/20 = \$2,500$  per annum

**Estimated Renewal and Replacement Costs** – what we are currently spending or budget to spend to renew or replace an asset and including the planned ongoing maintenance expenses plus planned capital 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 or replacement expenditure will vary depending on the timing of the renewal project and is often incorporated into projects upgrading the asset.

A Sustainability Index in excess of 0.9 is considered sustainable.

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

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

## 6. CRITICAL ASSETS

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

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

- Road Network – including carriageways, footpaths, kerb and gutter, cycleways, bridges (pedestrian and vehicular) 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.

The City understands that some asset categories not included in the Community Asset Management Plan could be considered critical by interested parties. The critical asset categories identified account for approximately 95 per cent of all asset value (excluding land). Future revisions of the Community Asset Management Plan and the individual Detailed Asset Management Plans will include all assets.

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

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

## 7. ROAD NETWORK

### 7.1. Background

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

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

The road network assets assessed in this Plan include:

- Road Pavements (including cycleways);
- Footpaths;
- Kerb and Gutters;
- Traffic Facilities such as roundabouts, speed humps, thresholds, etc; and
- Bridges for both pedestrians and road users.

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

For the purposes of the Community Plan bridge information, valuation and modeling have been included as it forms a critical part of the road and footpath network. However, an individual Detailed Asset Management Plan for bridges will be prepared because of the different maintenance and renewal requirements for bridges by comparison to roads and footpaths.

Similarly, future revisions of the Community Asset Management Plan will include cliffs and retaining walls via a separate detailed Asset Management Plan. At the time of publication, comprehensive data collection and verification, particularly relating to ownership and maintenance responsibility for cliffs and retaining walls, is underway.

The Table below details the road network assets utilised in the Community Asset Management Plan.

**TABLE 7.1 – Road Network Assets**

Asset Category	Dimensions/Quantity	Replacement Value (\$M)
<b>ROADS</b>		
Road Pavements	333 km (length) – Includes 14 km of dedicated cycleways	387
Footpaths	533 km (length)	183
Kerb and gutters	619 km	198
<u>Traffic Facilities</u>		
Roundabouts	57	1.4
Speed Humps	116	0.1
Thresholds	199	1.9
Medians	32	0.2
Traffic Islands	1,276	15.3

Asset Category	Dimensions/Quantity	Replacement Value (\$M)
<u>Bridges</u>		
4 Bridges/Culverts- Regional Roads	Deck area 9,300 sq. m Length 320m	39
16 Bridges / Culverts on Local Roads	Deck area 5,400 sq. m Length 430 m	22
2 non-standard vehicular access bridges	Deck area 200 sq. m Length 26 m	1
14 Pedestrian culverts in Parks	Deck area 1,450 sq. m Length 385 m	6
	<b>TOTAL</b>	<b>855</b>

## 7.2. Levels of Service

### 7.2.1. Current Levels of Service

COMMUNITY LEVELS OF SERVICE				
Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	To service the needs of the Council and community to current standard.	Customer Requests /complaints	Maintain current standards as per Maintenance Response Levels of Service. Meet the Corporate Plan target for renewal of road areas.	Achieved – Customer requests/complaints are generally being reduced  Achieved – annual replacement program completed
Function	Ensure that the assets in this Plan meet user requirements e.g. even surface for footpaths.	Usage of assets at a serviceable level.	Maintain current standards as per Maintenance Response Levels of Service. Meet the Corporate Plan target for renewal	Achieved – Customer reequests are generally being reduced  Achieved – annual maintenance and replacement programs completed
Safety	Provide safe and suitable assets free from trip hazards and other incidents.	Number of injury accidents.	Immediate isolation of hazard and temporary repair within 2 days Meet the Corporate Plan targets for renewal	Achieved  Achieved – annual maintenance and replacement programs completed

## 7.3. Lifecycle Management

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

number of occasions. A complete resurvey for inventory and condition of the road, footpath and kerb and gutter network was completed in 2011. A bridges inventory and condition survey is programmed for completion in 2012.

### 7.3.1. Asset Condition

CONDITION INDEX	CONDITION	DESCRIPTION	RESIDUAL OR REMAINING LIFE ESTIMATE
1	Excellent	Normal maintenance, no work required	90-100%
2	Good	Some surface/pavement structure deterioration – patching only needed	60-90%
3	Average	Significant surface/pavement structure deterioration – requires maintenance	30-60%
4	Poor	Deterioration materially affecting surface/pavement structure – requires renovation	10-30%
5	Very Poor	Urgent renewal required, surface/pavement close to or unserviceable	0-10%

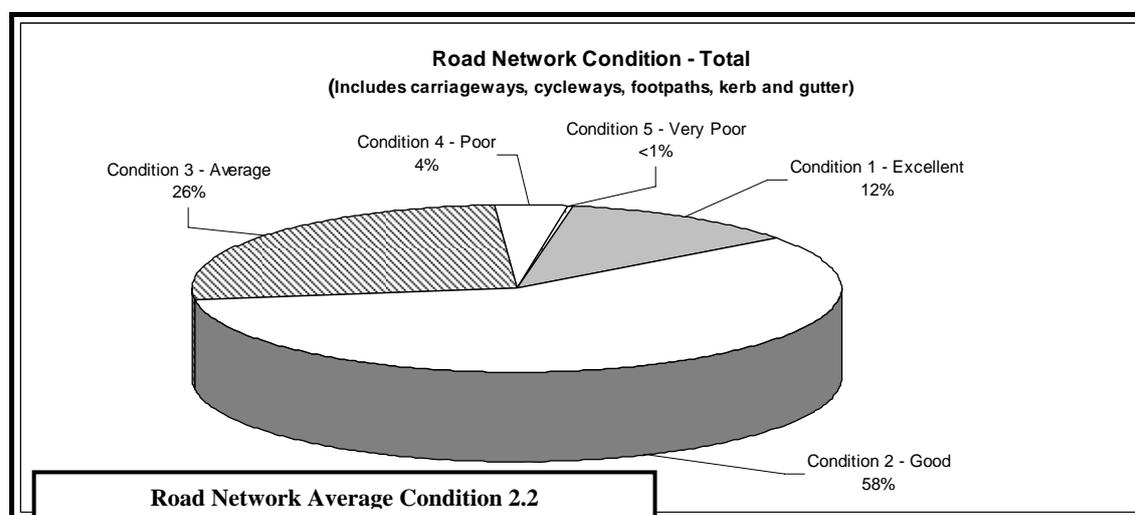
The pie charts below provides an indication of the current condition of the Road Network assets.

The preliminary output from the latest inventory and condition survey is the basis for the condition charts shown. The survey will be reviewed and updated conditions included in revisions of the Community and Detailed Asset Management Plans. We are confident that the condition information shown is reflective of the state of our road infrastructure and will not change appreciably in the revision.

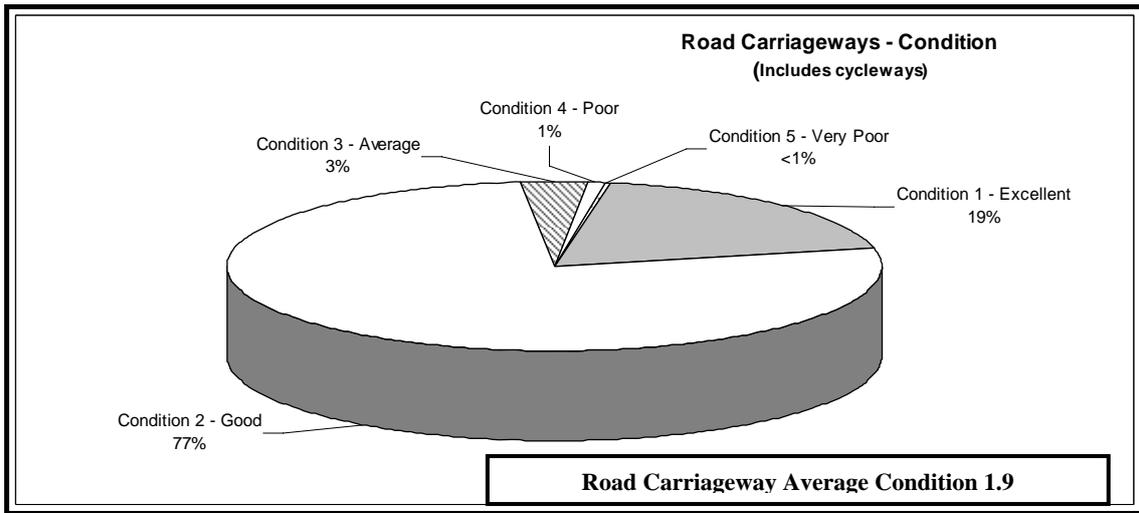
The charts are based on area for Roads Carriageways and Footpaths and length for Kerb and Gutter.

The Road Network Total is a combination of the three, with the assumption that a kerb has an indicative width of 0.5m to enable area estimation.

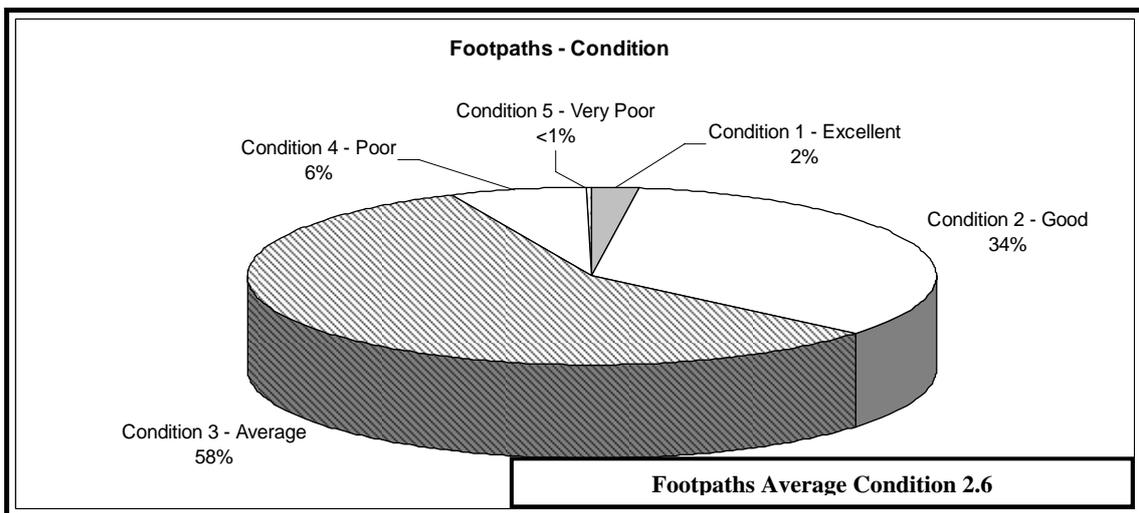
**CHART 7.3.1 – Road Network Condition**



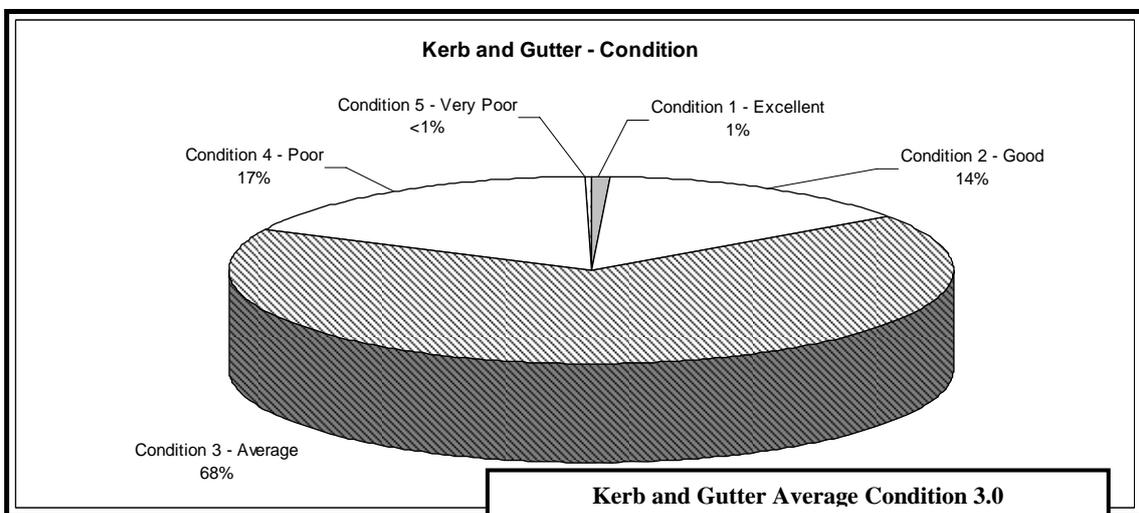
**CHART 7.3.2 – Road Carriageway Condition**



**CHART 7.3.3 – Footpath Network Condition**



**CHART 7.3.4 – Kerb and Gutter Network Condition**



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



Condition 1 - Excellent



Condition 5 – Very poor

Any road carriageway, footpath or kerb and gutter asset rated a condition 4 or 5 is under investigation by City Operations and, subject to final assessment, will be included in the works program in the next 1-2 years.

The condition assessment values of kerb and gutter is under review across the asset class in relation to the appearance versus the serviceability and performance. The age and weathered appearance of heritage assets like trachyte, granite and sandstone kerbs can give a misleading impression of their functionality and can lower condition indexes. Updated conditions will be portrayed in future revisions of the plan.

### 7.3.2. Minimum Road Network Condition

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

The preliminary analysis of the latest inventory and condition survey has indicated that the road network is generally maintained in a satisfactory manner, but has also allowed us to identify where we need to improve our service level or do some more detailed analysis.

The relative importance to the community and the wider visitor population of the roads and footpaths of the City's Central Business District (CBD) and the main streets in the Village Groups has been clearly identified. We should offer a better level of service in these areas to reflect their important function to the community.

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

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

The extent of the CBD and Village Group area is shown at **APPENDIX 3** by the plan titled *CBD and Village Groups – High Focus Roads*

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

Our intention is to regularly review the condition assessments of the road assets particularly after the identified work on condition 4 and 5 rated assets is completed in the next 1-2 years.

An estimate of a cost to reach the minimum condition is shown, but this is a preliminary estimate. Please note that the cost estimate is in addition to the existing resources and budget we direct towards the road network and does not include any allowance for upgrade or expansion of those assets; it is purely renewal.

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

	Condition Now	MINIMUM CONDITION	ESTIMATED COST TO REACH MINIMUM CONDITION (Additional to Existing Renewal) (\$M)
<b>TOTAL AREA (Including CBD and Village Groups)</b>			
Road (Surface)	1.9	2	Nil
Footway	2.7	2.5	12
Kerb and Gutter	3.0	3.0	Nil
<b>CBD and VILLAGE GROUP</b>			
Road (Surface)	1.8	2	Nil
Footway	2.5	2.2	7
Kerb and Gutter	2.9	3.0	nil

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

### 7.3.3. Asset Valuations

	CURRENT REPLACEMENT COST (\$M)	WRITTEN DOWN VALUE (\$M)	AVERAGE ANNUAL ASSET CONSUMPTION (\$M)
<b>ROADS</b>	787	528	17
<b>BRIDGES</b>	68	27	0.7

The valuation of the Road network and the included elements may change when the full analysis of the inventory and condition data is complete. Preliminary estimates indicate that the changes will not be significant but will be included in future revisions of the plans.

## 7.4. Maintenance, Renewal and Upgrade Plans

### 7.4.1. Renewal Plan

The City has prepared a 10 year renewal program (contained in the Detailed Asset Management Plans) developed in accordance with relevant standards. The 10 year program will be reviewed following analysis of the new condition data.

The Long Term Financial Plan also identifies road renewal and upgrade projects that form the basis of the financial analysis.

### 7.4.2. New Assets and Upgrade Plan

A number of roads will be handed over to the City from the Sydney Harbour Foreshore Authority (SHFA) in the coming years. While these roads are already constructed, the ongoing maintenance will add to the City's commitments.

The Green Square Development Project will create an additional Civil Infrastructure in the order of 150,000 square metres of road and footway and 16km of kerb and gutter.

### 7.4.3. Disposal Plan

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

**TABLE 7.4.3 - MAINTENANCE/RENEWAL/UPGRADE/EXPANSION EXPENDITURE TRENDS**

Year	Operational/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2005/06	6,800	17,602	26,099	41
2006/07	6,363	22,531	30,111	482
2007/08	5,408	17,530	14,007	4,740
2008/09	6,738	14,973	16,559	643
2009/10	6,255	14,545	25,872	375
<b>AVERAGE</b>	<b>6,313</b>	<b>17,436</b>	<b>22,530</b>	<b>1,256</b>
<b>2012/2011</b>	<b>6,650</b>	<b>16,601</b>	<b>1,791</b>	<b>25,779</b>

The value included in the Table for 2010/2011 will be included in a rolling average in future revisions of the plan

## 7.5. Financial Summary, Projections and Sustainability

### 7.5.1. Asset Consumption Costs for Road Network

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

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

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

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

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

For the purposes of this plan the Road Network is modeled as a whole. The Table below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 7.5.1 – EXAMPLE ROAD ASSET ANNUAL AVERAGE ASSET CONSUMPTION**

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

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

The table below shows the current Sustainability Index as projected using the average of the last 5 years costs. This is the basis for the calculation of the long term cost that the City will need to fund for the life of the asset.

**TABLE 7.5.1 – Sustainability - Current**

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)	Sustainability Index
What we should be spending	What we are spending		What we are spending/What we should be spending
25,392	23,749	1,643	0.94

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

The City has also put in place a program to complete a detailed inventory and condition assessment of all bridges leading to an improvement program and budget allocation.

The data used for the preparation of the Roads financial models is the best available and has been derived from preliminary analysis of the 2011 inventory and condition assessment data. Valuations are based on adopted fair value replacement costs derived from technical and contractor costs.

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

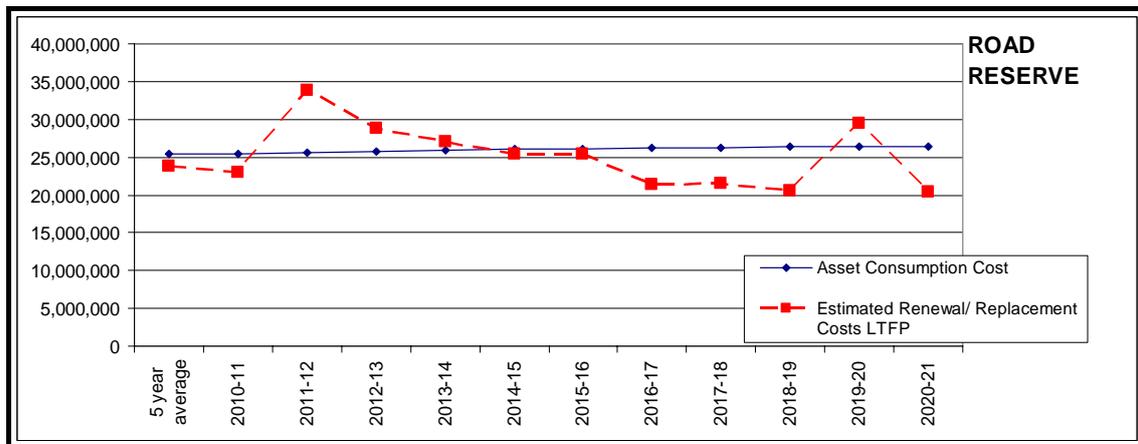
Updated data and modeling will be included in future revisions of this and the detailed asset management plan for roads.

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

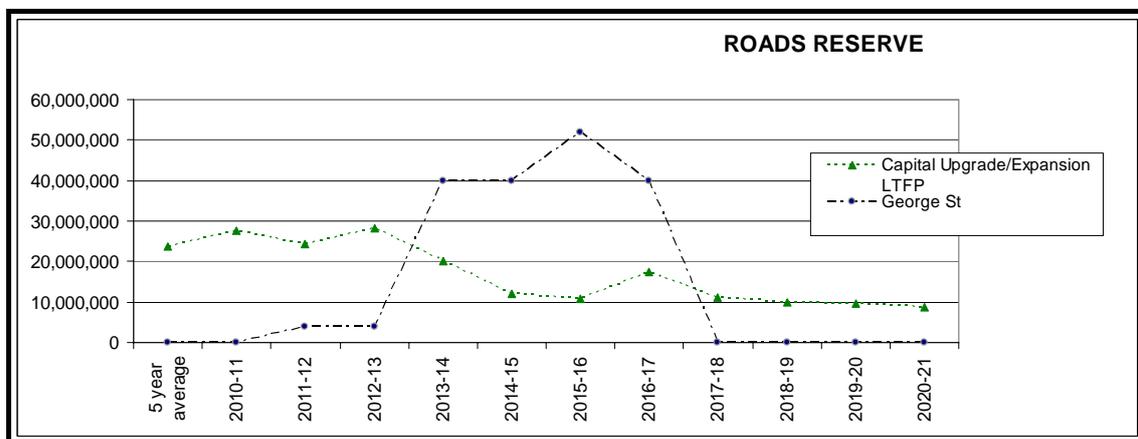
The line graphs below shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan (Estimated Renewal or Replacement Costs as at 2011). The proposed Upgrade and Expansion Expenditure is also shown in the Long Term Financial Plan (as at 2011).

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

**CHART 7.5.2 – Long Term Financial Plan 2011 – Renewal and Replacement**



**CHART 7.5.3 – Long Term Financial Plan 2011 – Upgrade**



The Table below is an estimate of the Average Asset Consumption Costs and the Average Estimated Replacement Costs, and the Sustainability Index 10 year projection. The estimate indicates that the City is budgeted to renew the roads assets at a sustainable rate.

It is important to note that the \$180M George Street Spine project is NOT included in the calculations due to the ongoing negotiations with other authorities. Any sections of George Street that become due for renewal will be completed under the normal works program budgets.

**TABLE 7.5.4 – Sustainability – 10 Year Projection**

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
26,032	25,177	853	0.97

## 8. STORMWATER DRAINAGE NETWORK

### 8.1. Background

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

When a large part of the CBD was developed, the stormwater drainage network was developed by Sydney Water and the City of Sydney. Typically, in suburban areas, Sydney Water would operate the large canals or trunk lines into which local stormwater would flow. However, with the City area, both large and small stormwater infrastructure is spread between the organisations. This is a unique situation that leads to issues surrounding ownership and responsibility for network assets.

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

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

Valuation information currently held in the financial registers for stormwater drainage infrastructure reflects historical information gathered from a number of different sources, including Sydney Water. Internal assessment established that the assets were undervalued and that has been confirmed by the preliminary results from the inventory and condition survey.

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

**TABLE 8.1 – Drainage Network Assets**

Asset Category	Dimensions/Quantity	Replacement Value (\$M)
<b>STORMWATER DRAINAGE</b>		
Stormwater Pipes	182 Km	60
Stormwater Pits	11,920	55
Open channels	430 metres	1
Box culverts	8,600 metres	7
Stormwater Quality Improvement Devices	22	2
<b>TOTAL</b>		<b>125</b>

## 8.2. Levels of Service

### 8.2.1. Current Levels of Service

COMMUNITY LEVELS OF SERVICE				
Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	To service the needs of the community and Council to an appropriate standard (i.e. minimise local flooding and ponding).	Yearly total of customer service requests and letters	Maintain parity or reduce number of customer requests from previous year.	Achieved
Function	Stormwater system to be of suitable condition and capacity to convey required flow	Response time to requests for clearances of blockages causing flooding	Respond to CSM requests for clearance of blockage causing flooding within 48 hours	Achieved
Safety	Absence of significant health safety hazards.	Response time to OHS issues or reports and public safety complaints received through customer service requests	Dangerous hazards or public safety matters are responded to and made safe within 48 hours	Achieved
Environmental	Improve storm water quality that discharges into receiving waters	Number of trapped gully pits cleanings	2,100 units cleaned per annum	Achieved - Drainage crew log cleaning.

### 8.2.2. Desired Levels of Service

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

The City knows that the elimination of all flooding is not possible, but we have commissioned a project that will enable us to better manage our flood risks in accordance with the NSW Flood Plain Management Manual.

The project involves the development of floodplain risk management studies for the City's eight catchments, starting with the comprehensive data collection program to gather pit, pipe and channel information including pit types and sizes, pipe diameters and lengths, pit depth, direction of flow, infrastructure ownership, pit and pipe condition. The data was collected in 2011, is currently being analysed and will be loaded into our corporate asset management system.

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

### 8.3. Lifecycle Management

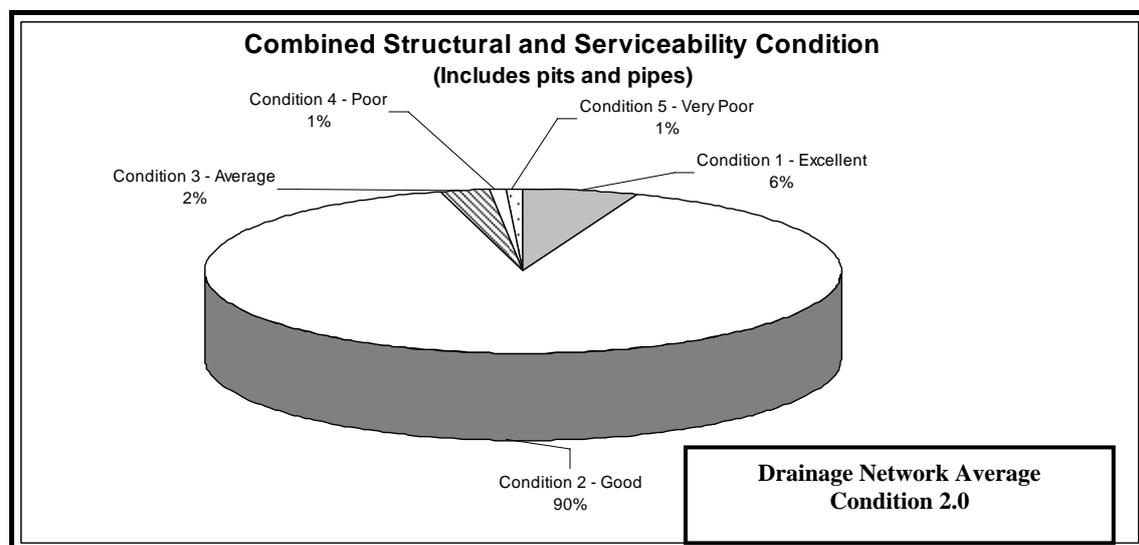
#### 8.3.1. Asset Condition

CONDITION INDEX	CONDITION	DESCRIPTION	RESIDUAL OR REMAINING LIFE ESTIMATE
1	Excellent	Sound physical condition, clear of obstructions, generally no maintenance required.	90-100%
2	Good	Acceptable physical condition, some very minor obstructions such as tree roots or concrete slurry, no measureable capacity reduction, clearing required.	60-90%
3	Average	Some minor blockages, deformation or cracking, minor loss of original hydraulic capacity, obvious blemishes in structure condition, clearing and/or minor replacement required	30-60%
4	Poor	Significant blockages or partial collapse causing moderate reduction in original hydraulic capacity, major blemishes in structure condition, moderate replacement required	10-30%
5	Very Poor	Totally blocked or collapsed, little or no original hydraulic capacity, total replacement required	0-10%

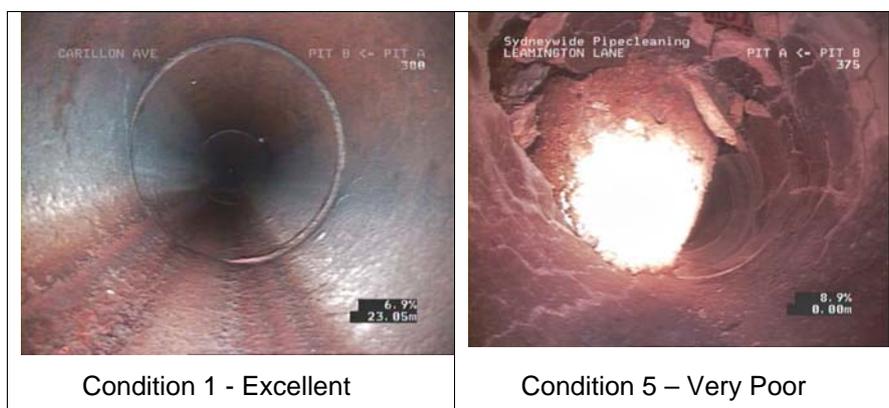
The pie chart below provides an indication of the current condition of the Stormwater Drainage Network assets. The chart is based on a count of the assets by pit or pipe.

The condition assessment is based on the average of two condition indices observed for pits and pipes when the pits were lifted for inspection. These are Serviceability (whether the pit or pipe is obstructed) and Structural Integrity, not capacity.

**CHART 8.3.1 – Drainage Network Condition**



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



As drainage assets are located underground, the condition of the entire network is difficult to determine. The latest condition assessments included the first metre of the pipe as it entered or left a pit. No assessment of tree root or other damage to pipes over the entire network (for example a full CCTV audit) was undertaken, due to the prohibitive cost of such an exercise.

As a result of the inspection methodology, the City is continually reviewing the results to determine the most reflective condition of the entire network.

Because of the difficulties in estimation City Operations is reviewing the data as there is some concern the results show a condition average higher than actually exists.

### 8.3.2. Minimum Stormwater Drainage Network Condition

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

We will be reviewing the drainage data in conjunction with the development of the floodplain risk management studies.

The condition criteria and assessment methodology will also be reviewed. It is relevant to note that performance of the stormwater drainage assets does not drop off markedly until the assets deteriorate below a condition index of 3.

Until that time the minimum condition levels will be set to coincide with the existing condition assessment. These appear in the Table below.

**TABLE 7.3.2 – MINIMUM CONDITION INDEX – STORMWATER DRAINAGE NETWORK**

	Condition Now	MINIMUM CONDITION	ESTIMATED COST TO REACH MINIMUM CONDITION (Additional to Existing Renewal) (\$M)
Pits	2.0	2.0	Nil
Pipes (includes open channels, box culverts)	2.0	2.0	Nil

### 8.3.3. Asset Valuations

	CURRENT REPLACEMENT COST (\$M)	WRITTEN DOWN VALUE (\$M)	AVERAGE ANNUAL ASSET CONSUMPTION (\$M)
STORMWATER DRAINAGE	125	94	1.3

## 8.4. Maintenance, Renewal and Upgrade Plans

### 8.4.1. Maintenance Plan

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

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

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

### 8.4.2. Renewal Plan

The City has prepared a five year renewal program developed in accordance with relevant standards. The plan will be reviewed following full analysis of the stormwater drainage inventory and condition data. Usually renewal works are undertaken where assets have suffered damage, usually by tree roots or crushed by vehicles. or at identified flooding locations to provide increased hydraulic capacity.

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

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

### 8.4.3. New Assets and Upgrade Plan

Stormwater assets have an extremely long, useful life and provide challenges to examine their condition on a regular basis. The City is committed to upgrading the condition and capacity of the stormwater network as demonstrated by the flood plain risk management studies underway and current stormwater plan works. The current condition analysis reveals that only 2 per cent of the stormwater assets are in less than average condition.

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

A number of roads, with associated drainage infrastructure, will be handed over to the City from the Sydney Harbour Foreshore Authority (SHFA) in the coming years. While these stormwater assets are already constructed, the ongoing maintenance will add to the City's commitments. The full extent of the drainage responsibility is unclear, but will need to be allowed for in future maintenance programs.

The development of the Green Square Project is subject to further specific flood and drainage studies and will create additional stormwater drainage challenges subject to further specific studies. The City will increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

#### 8.4.4. Disposal Plan

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

**TABLE 8.4 – MAINTENANCE/RENEWAL/UPGRADE EXPENDITURE TRENDS**

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2005/06	1,082	121	96	0
2006/07	854	382	34	85
2007/08	884	177	106	837
2008/09	1,147	180	953	114
2009/10	1,362	535	294	0
<b>AVERAGE</b>	<b>1,066</b>	<b>279</b>	<b>297</b>	<b>207</b>
<b>2012/2011 Actual</b>	<b>862</b>	<b>1,169</b>	<b>1,774</b>	<b>1,831</b>

The values included in Table 8.4 for 2010/2011 will be included in a rolling average in future revisions of this plan.

### 8.5. Financial Summary, Projections and Sustainability

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

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

$$\text{Asset Consumption Costs} = \text{Operational Costs} + \text{Maintenance Costs} + \text{Average Annual Asset Consumption}$$

$$\text{Average Annual Asset Consumption} = \text{Replacement Value of the Asset} / \text{Expected Life of the Asset (how long will it last)}$$

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

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

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

**TABLE 8.5.1 – EXAMPLE STORMWATER DRAINAGE ANNUAL AVERAGE ASSET CONSUMPTION**

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

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

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

The sustainability index is relatively low based on the five year trend, however, the condition of the assets reflects a good position. The historical sustainability is influenced by the inclusion of the previously unidentified additional drainage infrastructure. The associated increase in value of the asset affects the calculation of how much we should be spending.

The need to spend more on stormwater drainage has been identified internally, particularly in relation to the capacity of the network. This has led to the data collection initiative.

**TABLE 8.5.1 – Sustainability – Current**

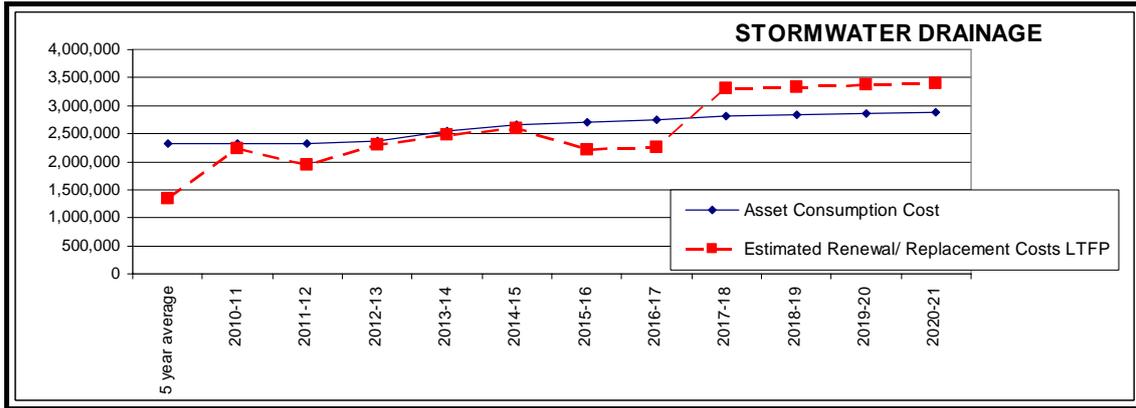
Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)	Sustainability Index
What we should be spending	What we are spending		What we are spending/What we should be spending
2,317	1,345	972	0.58

It is important to note that because of the long life of drainage assets (100 years) the annual renewal burden is lower than other assets. An increase of \$950,000 to renewal works brings the sustainability back to an index of above 0.9.

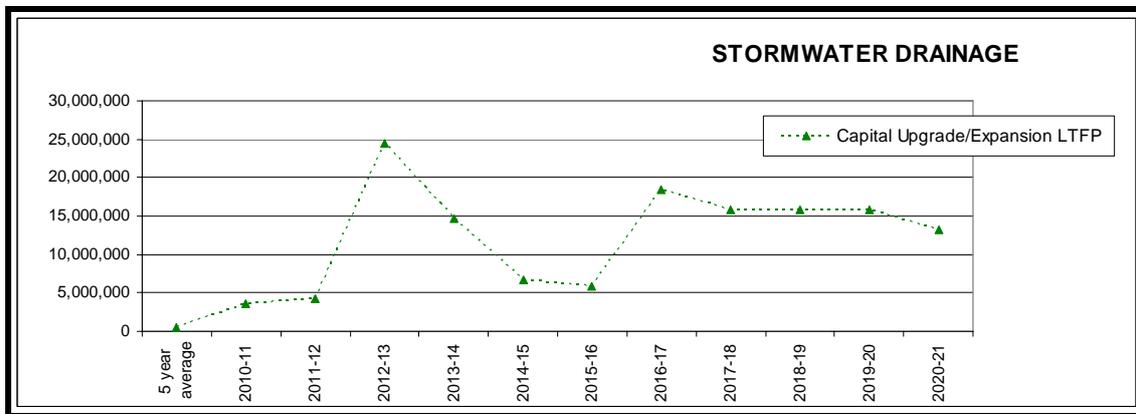
### 8.5.3. Medium term – 10 year financial planning period

The line graphs below shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan (Estimated Renewal or Replacement Costs as at 2011) and the proposed Upgrade and Expansion Expenditure also shown in the Long Term Financial Plan (as at 2011).

**CHART 8.5.2 – Long Term Financial Plan 2011 – Renewal and Replacement**



**CHART 8.5.3 – Long Term Financial Plan 2011 – Upgrade**



The graph indicates that the City is allocating sufficient funding to provide for the renewal of the Drainage infrastructure, with significant amounts being allocated to upgrading the network in accordance with the Flood Study. This includes the renewing of the existing asset. The modeling will be updated in future revisions and the detailed asset management plan for stormwater drainage.

Table 7.5.5 below is an estimate of the Average Asset Consumption Costs, the Average Estimated Replacement Costs and the Sustainability Index 10 year projection. The estimate indicates that the City is budgeted to renew the drainage assets at a balanced sustainability index. This work is primarily in conjunction with the flood studies as mentioned above.

**TABLE 7.5.5 – Sustainability – 10 Year Projection**

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
2,647	2,675	-28	1.00

## 9. PARKS, OPEN SPACES and TREES

### 9.1. Background

The City's parks, open spaces and trees are one of the community's most loved assets. Our park and open space network encompasses about 191.5 hectares throughout the local government area, providing both active and passive places for the use and enjoyment of communities. Our tree population consists of over 40,000 trees, located throughout the streets, parks and open spaces.

The collection of the specific asset data for parks and open spaces to allow for a better determination of the condition of the assets and the correct valuation for financial purposes has been completed. The parks and open spaces assets were revalued at Fair Value at the end of 2010-2011 financial year.

This Community Asset Management Plan includes parks and open spaces, together with trees (park and street) in the modeling. However, separate Detailed Asset Management Plans will be prepared for parks and open spaces and trees (park and street) because of their different maintenance and renewal requirements. The parks, open space and tree assets managed in this plan are outlined in the table below:

**TABLE 9.1 – Parks and Open Spaces and Trees Assets**

Asset category	Description	Number of Assets	Replacement Value (\$M)
<b>PARKS &amp; OPEN SPACES</b>			
Iconic	Parks that are of cultural and historical significance, or of a significant size or prominent location. These parks have a high visitation from the general public e.g. Hyde Park.	24 1,221,000 m <sup>2</sup>	183
Neighbourhood	Larger parks within villages and suburbs that have high visitation and have increased levels of amenity and infrastructure. These include facilities such as sports fields with playgrounds and toilets e.g. Alexandria Park.	31 303,000 m <sup>2</sup>	93
Pocket Park	Local parks or street closures, generally small in size that provides informal recreational areas serving surrounding residents. Some limited facilities may be provided e.g. Millard Reserve, Glebe.	321 305,000 m <sup>2</sup>	72
Civic Space	Open public squares and malls in urban areas that have a high visitation with informal use e.g. Martin Place.	38 53,000 m <sup>2</sup>	30
Streetscape	Landscaped verges footpaths and nature strips that may have lawn areas or garden beds.	87 27,000 m <sup>2</sup>	3
Traffic Treatment	Roundabouts, traffic blisters and median strips that have been planted out. May include rain gardens.	158 6,000 m <sup>2</sup>	2
	<b>TOTAL</b>	<b>659</b>	<b>383</b>
<b>TREES</b>			
Parks Trees	Contained within parks and open spaces	11,170	28
Street Trees	Contained in the road reserve and footpaths	29,140	57
	<b>TOTAL</b>	<b>40,310</b>	<b>85</b>

**Note-** This asset management plan for parks, open space and trees does not include public art, electrical, lighting and building assets located within parks and open space.

# - The parks valuation is based on the Finance registers with some additions for works underway including Prince Alfred Park.

## 9.2. Levels of Service

### 9.2.1. Current Levels of Service

#### Parks and Open Spaces

The levels of service for parks and open space maintenance are based upon budget allocations, the type and level of reactive incidents, informal consultation with stakeholders, statutory requirements and incoming correspondence and requests from the community.

#### Tree Management

The levels of service for tree maintenance are based primarily on industry best practice intervals and on the assets location, age and condition. This is also in conjunction with the reactive/seasonal work type and incoming correspondence and requests from the community.

### PARKS AND OPEN SPACE

CORE COMMUNITY LEVELS OF SERVICE				
Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Quality	Provide quality parks and open spaces for the use of the community	Customer satisfaction surveys and customer requests	An overall satisfaction rating >8 in the surveys.	Achieved
Function	To provide a diverse range of parks and open spaces within the City which ensure that user requirements are met	Customer satisfaction surveys	An overall satisfaction rating >8	Achieved
Safety	To provide a safe and hazard free environment	Reported accidents and incidents and claims	Dangerous hazards or public safety matters responded to & made safe within 24 hrs	Achieved
Responsiveness	Speed of responsiveness to public enquiry's and request	Timeframes outlined in completing customer service requests	>95% of customer requests completed on time	Achieved

## TREE MANAGEMENT

CORE COMMUNITY SERVICE LEVELS				
Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Responsiveness	To provide proactive, responsive service that promotes tree health and longevity and minimises ongoing maintenance requirements	Respond to customer requests within 48 hours	>95% of customer requests completed on time.	Achieved
		Response time to maintenance requests	Respond to customer request within 48 hours	Achieved
Key Performance Measure	Level of Service	Performance Measure Process	Performance Target	Current Performance
Function	To improve the environmental, social and financial benefits that trees provide to the community Providing trees of suitable species and condition that achieves benefits	Street Tree Master Plan and Park Tree Management Plans guide species selection and planting criteria.	Increase in canopy cover, health and overall longevity of tree population	Achieved
Safety	To provide a safe and hazard free environment	Reported accidents and incidents and claims	Dangerous hazards or public safety matters are responded to and made safe within 2 hrs	Achieved

### 9.2.2. Desired Levels of Service

#### Parks and Open Spaces

Indications of desired levels of service are obtained from various sources, including customer satisfaction surveys, residents' feedback to Councilors and staff, service requests and correspondence.

The City has quantified minimum condition levels for parks and open spaces. See section 9.3.2 below

#### Tree Management

There are no immediate requirements to increase the street and park trees service level standards. Our trees currently receive one of the highest levels (standard and frequency) of maintenance within Australia, after the City set the industry benchmark with minimum yearly inspections of all tree assets.

Future revisions of the plan will include minimum condition levels for tree assets, although the complexity of assessment of living plants subject to varied weather conditions will need to be fully understood.

### 9.3. Lifecycle Management

#### 9.3.1. Asset Condition

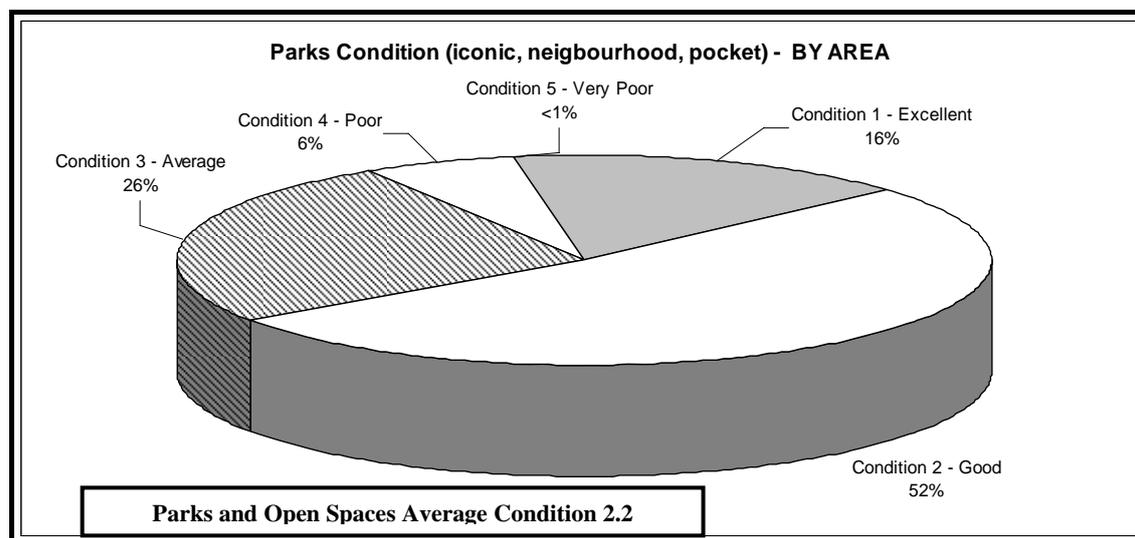
CONDITION INDEX	CONDITION	DESCRIPTION	RESIDUAL OR REMAINING LIFE ESTIMATE
1	Excellent	Well maintained park or tree, no signs of wear .	90-100%
2	Good	Slight defects and deterioration, limited sign of wear, no significant impact on park use, appearance, safety.	60-90%
3	Average	Generally sound but minor defects, minor signs of wear, some deterioration beginning to affect appearance, usage.	30-60%
4	Poor	Significant defects, significant signs of wear, defects likely to cause marked deterioration in appearance, user comfort and safety.	10-30%
5	Very Poor	Serious defects, maintenance levels low, obvious signs of wear, defects resulting in unacceptable appearance, user comfort and safety.	0-10%

#### Parks and Open Space

The pie chart below provides an indication of the current condition of the parks assets. The chart is based on the aggregate area of parks in each condition index and is limited to iconic, neighbourhood and pocket parks because they make up 96 per cent of the area and 90 per cent of the value of parks and open spaces. The condition is based on a whole of park rating.

Future revisions of the plan will include condition data for all parks and open spaces categories and will be broken down to relevant park components.

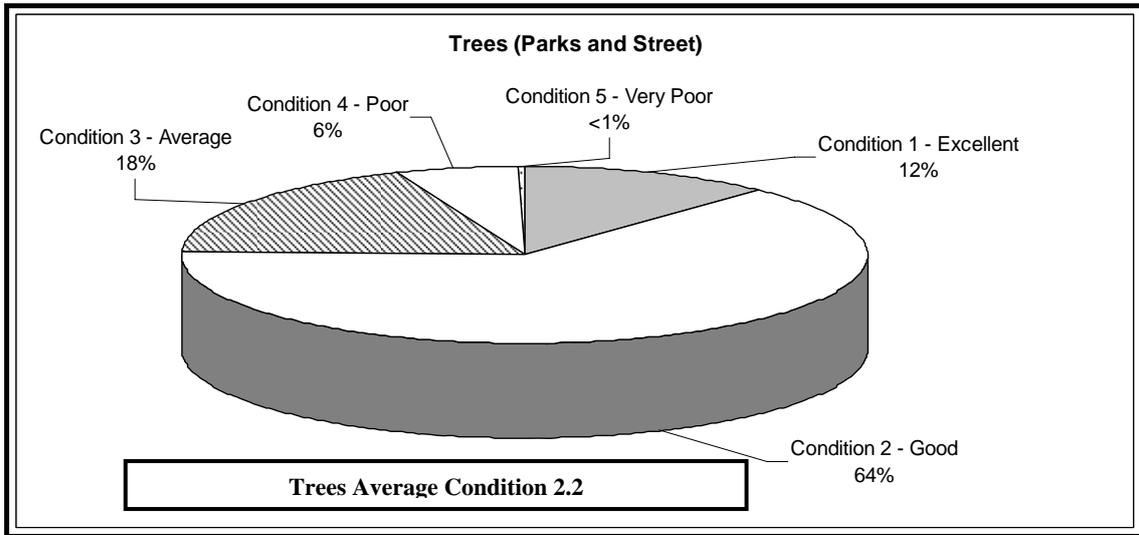
**CHART 9.3.1 – Parks Condition**



#### Tree Management

The pie chart below provides an indication of the current condition of the City's tree assets, including street trees or parks trees. For simplicity the chart is based on a count of the total number of trees, and is not divided into specific locations (street/park or suburbs) nor divided by the trees age (young, mature).

**CHART 9.3.2 – Trees Condition**



Note that the parks trees condition chart shows only the trees in the parks in the north of the City together with all the street trees. A comprehensive audit and review of all parks trees is underway which will verify the ratings and include all trees in future revisions of the plans.

All parks rated 4 (there are none rated 5) are under review by City staff and will be included in the works program in coming years. Some are specifically included in the Long Term Financial Plan and some covered by the General Parks Capital Works project.

Photographic examples have been provided below to assist in demonstrating the tree condition/appearance for each category.

	<b>Parks</b>	<b>Trees</b>
Category 1 – Excellent		
Category 4 - Poor		

### 9.3.2. Minimum Parks and Open Spaces Condition

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

At this time we are assessing the condition of parks and open spaces on a whole of park basis. We are currently collecting park component data e.g. turf, hard surfaces, fittings etc. and will base future estimates on the component data, which will give a much better reflection of the true condition of the park.

The park category, e.g. iconic, neighbourhood, pocket etc. is the best way to group minimum condition levels. The more important the park category, in relation to visibility and use, the higher the level of service we should provide.

The Table below shows the existing asset condition for the parks categories and the minimum condition level that the City considers is appropriate.

Our intention is to regularly review the condition assessments of the parks and open space assets, particularly after the identified work on condition 4 rated assets is completed in the next few years.

An estimate of a cost to reach the minimum condition is shown but this is a preliminary estimate. Please note that the cost estimate is in addition to the existing resources and budget we direct towards the parks and open spaces renewal and does not include any allowance for upgrade or expansion of those assets; it is purely renewal. Recent history indicates that when we renew a park we also undertake substantial upgrades to improve the amenity.

**TABLE 7.3.2 – MINIMUM CONDITION INDEX – PARKS and OPEN SPACES**

Park Asset category	Average Condition Now	MINIMUM CONDITION	ESTIMATED COST TO REACH MINIMUM CONDITION (Additional to Existing Renewal) (\$M)
Iconic	2.05	2.15	Nil
Neighbourhood	2.2	2.25	Nil
Pocket Park	2.8	2.75	1
Civic Space	2.8	2.25	4
Streetscape	3.0	2.75	0.1
Traffic Treatment	3.0	3.0	Nil

### 9.3.3. Asset Valuations

	CURRENT REPLACEMENT COST (\$M)	WRITTEN DOWN VALUE (\$M)	AVERAGE ANNUAL ASSET CONSUMPTION (\$M)
<b>Parks and Open Spaces</b>	383	247	14.0
<b>Parks Trees</b>	28.5	N/A	0.7*
<b>Street Trees</b>	56.9	N/A	1.4*

\* - for the purposes of financial reporting Trees are not depreciated but in order to determine the lifecycle requirements we have calculated a depreciation based on the average lifespan for Trees

## 9.4. Maintenance, Renewal and Upgrade Plans

### 9.4.1. Renewal Plan

#### Parks and Open Spaces

The amounts allocated to the renewal program for parks and open spaces will vary from year to year based on priorities informed by:

- the age of the assets;
- the condition of the assets;
- funding and capacity delivery restraints;
- community demands and satisfaction levels;
- the ongoing maintenance demand; and
- potential alignment to the renewal of other asset groups in the same location (i.e. urban renewal sites or specific renewals of streetscapes within a street).

A formal renewal criterion is being developed for open space capital works projects. It is important that significant projects are subject to a rigorous project management approach and project priorities are linked to the objectives in the Corporate Plan.

#### Trees

Unlike other engineered assets, trees do not have a renewal component and the timeframe for tree replacements can not be predicted with certainty. The life span of trees varies according to the species, location and local environmental factors. As such there is no formal renewal plan, but a provisional amount for the replacement of 450 trees annually based on current practices and trends.

### 9.4.2. New Assets and Upgrade Plan

#### Parks and Open Spaces

A number of parks and open spaces will be handed over to the City from the Sydney Harbour Foreshore Authority (SHFA) in the coming years. While these parks and open spaces are already constructed, the ongoing maintenance will add to the City's ongoing commitments.

Many of the key urban renewal areas will create additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Belmore Park, Victoria Park, Waterloo Oval, Fitzroy Gardens and Perry Park are planned in the medium-term and are included in the Long Term Financial Plan.

#### Tree Management

Major upgrade tree related projects planned in the next 5-10 years include:

- Street Tree Master Plan review (e.g in road tree planting);
- Cycleway installation/upgrades;
- Urban Forest Policy – with targets to increase canopy cover; and
- Hyde Park, Central Avenue Replacement program.

TABLE 9.4 – MAINTENANCE/RENEWAL/UPGRADE EXPENDITURE TRENDS

#### Parks and Reserves

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2005/06	11,669	10,104	9,867	2,319
2006/07	13,416	13,205	14,452	393
2007/08	12,205	18,761	21,472	8,594
2008/09	11,755	13,622	11,815	14,821
2009/10	10,899	13,012	7,285	1,345

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
<b>AVERAGE</b>	<b>11,989</b>	<b>13,741</b>	<b>12,978</b>	<b>5,494</b>
<b>2010/2011</b>	<b>11,236</b>	<b>14,122</b>	<b>120</b>	<b>630</b>

### Trees

Year	Operating/Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2005/06	2,931	2,075	91
2006/07	3,007	1,941	483
2007/08	3,333	846	1,140
2008/09	3,643	615	487
2009/10	3,702	577	410
<b>AVERAGE</b>	<b>3,323</b>	<b>1,211</b>	<b>522</b>
<b>2010/2011</b>	<b>3,783</b>	<b>440</b>	<b>305</b>

**Note 1:** Operating and Maintenance Expenditure is combined in this category as it is difficult to determine the appropriate split. Future revisions of the plan will address this.

**Note 2** - Capital Upgrade and Capital Expansion for Trees is the combined – both refer to new trees in this category.

**Note 3** - The value included in the Table for 2010/2011 will be included in a rolling average in future revisions of this plan.

## 9.5. Financial Summary, Projections and Sustainability

### 9.5.1. Asset Consumption Costs for Road Network

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

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

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

Parks and open spaces condition data is collected on a whole of park basis, where tree (street and park) is by individual trees. Average Annual Asset Consumption is calculated on the same basis.

For the purposes of this plan the parks and open spaces and trees (street and park) are modeled as a whole. The Table 9.5.1 below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 9.5.1 – EXAMPLE PARKS, OPEN SPACES & TREES ANNUAL AVERAGE ASSET CONSUMPTION**

Tree or Park Details	Name	Replacement Value	Expected Life (years)	Average Annual Asset Consumption
Street Tree	Celtis Australis	\$1,900	50	\$38
Iconic Park	Hyde Park North	\$21,100,000	50	\$422,000
Pocket Park	St James Park	\$604,000	20	\$30,200
Park Tree	Banksia Serrata	\$2,300	30	\$77
			Total	\$452,315

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

#### Parks and Open Spaces – Including Trees

The replacement and upgrade of parks, open space and tree assets are so closely linked in the terms of projects that create these assets, it is prudent to consider the life cycle costs associated as one assessment. It is also difficult to separate these works in a practical sense.

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

**TABLE 9.5.1 – Sustainability – Current**

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)	Sustainability Index
What we should be spending	What we are spending		What we are spending/What we should be spending
31,402	30,264	1,137	0.96

The relatively high index reflects the big works program for park renewal and upgrade in the last 5 years.

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

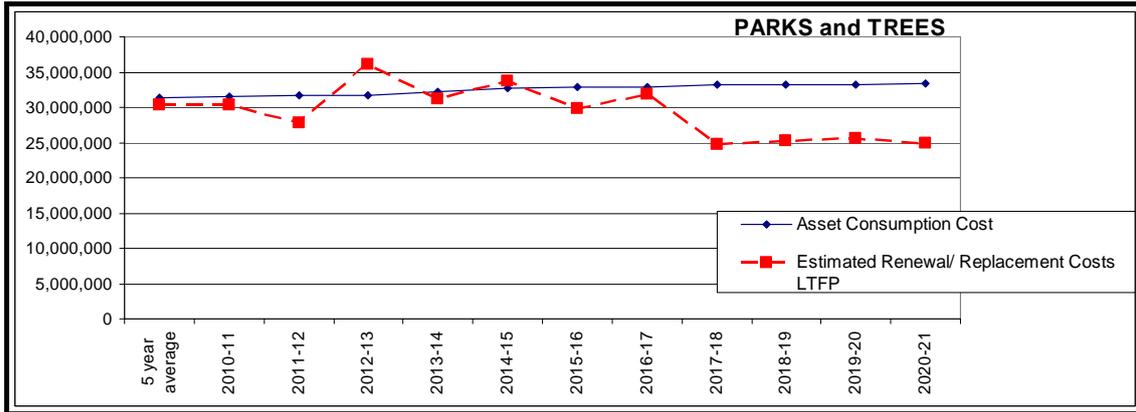
The line graph below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Estimated Renewal or Replacement Costs as at 2011). The second graph shows the upgrade/expansion proposed for the parks and trees assets in the Long Term Financial Plan (as at 2011).

The graph indicates that the City is allocating sufficient funding to provide for the renewal of the parks infrastructure, with significant amounts being allocated to renewing and upgrading the parks and trees infrastructure in the next six years in particular.

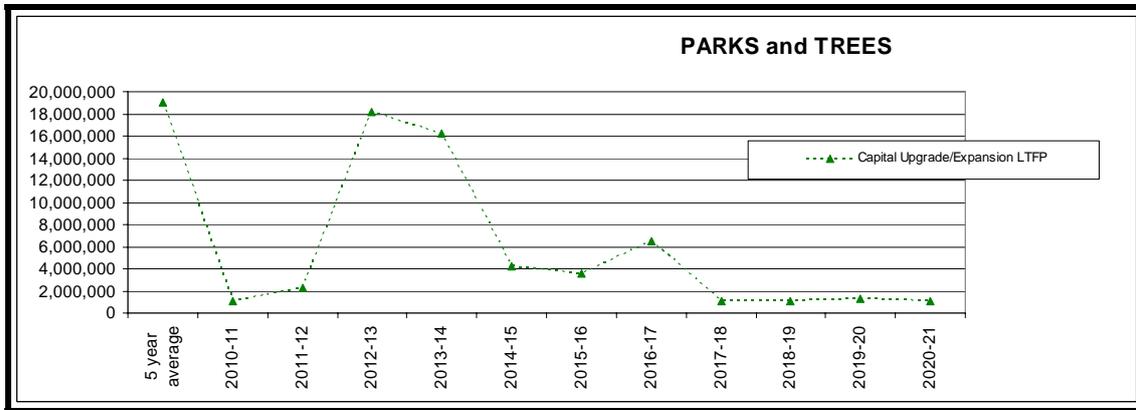
Years 7 to 10 figures for the Long Term Financial Plan reflect that we have not established any major projects at this time. Due to the changing nature of living assets and the influence of climate it is envisaged that projects will be identified closer to that period.

The modeling will be updated in future revisions of this Community and the Detailed Asset Management Plan for parks and open spaces and trees (parks and street).

**CHART 9.5.2 – Long Term Financial Plan 2011 – Renewal and Replacement**



**TABLE 9.5.3 – Long Term Financial Plan 2011– Upgrade**



The Table below is an estimate of the Average Asset Consumption Costs and the Average Estimated Replacement Costs and the Sustainability Index 10 year projection. The estimate indicates that the City is budgeted to renew the parks and open space and trees assets at a sustainable level.

**CHART 9.5.4 – Sustainability – 10 Year Projection**

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
32,605	29,209	3,396	0.90

## 10. PROPERTIES

### 10.1. Background

The City relies on its buildings and properties to provide services to the community and its corporate and commercial tenants. The building assets held by City of Sydney cover a diverse range of property types such as indoor and outdoor aquatic centres, libraries, works depots, commercial properties and community halls including the iconic Sydney Town Hall.

These buildings experience significant wear and tear. They are subject to ongoing risk assessment processes and condition assessments to assist officers to make informed decisions about reactive and planned maintenance requirements and long-term property strategy options.

The Facilities Management of the property portfolio was consolidated in 2004 with facilities management, property management and minor project management tasks outsourced. In 2008 the current service provider commenced operation.

The portfolio can be divided into five distinct groups shown below.

**TABLE 10.1 – Properties Assets**

PROPERTY PORTFOLIO	Number	Description of Use
Community	83	Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include Community halls, childcare centres, libraries, etc
Corporate	16	Buildings for occupation by City of Sydney staff serving the community, including Town Hall House and depots
Public Domain	64	Buildings such as public toilets, generally in Parks
Investment/Strategic	66	Properties held for provision of sustainable growing revenue stream for the City that partially offsets the cost of providing property services to the community
Sydney Town Hall	1	Iconic heritage listed building used for Public events, Council meetings, Councillor accommodation and private hiring.
<b>TOTAL</b>	<b>230 #</b>	

# - The total number of buildings includes buildings owned and managed by the City, owned by the City but managed by third parties (e.g. Queen Victoria Building, Capitol Theatre, Watkins Terrace, Manning Building) or leased by the City for use in conjunction with our services (e.g. Surry Hills Child Care Centre, Redfern Neighbourhood Service Centre).

## 10.2. Levels of Service

### 10.2.1. Current Levels of Service

Key Performance Measure	Performance Measure	Performance Measure Process	Performance Target	Current Performance
Safety	Minimise significant OHS risks to the public staff and contractors	Regular OHS Property inspections	Reported monthly Independently audited annually	Achieved Audit scheduled 2011/12
Function	Ensure each building is fit for purpose	Conducting regular maintenance and annual property inspections	Independent annual certification	Achieved
Quality	Ensure we present and maintain each property in an acceptable condition	Register of annual property inspections	Target Condition Index set building by building	Current average condition 2.45

### 10.2.2. Desired Levels of Service

Desired levels of service are informed by feedback from internal customers, the progress and outcomes of the Property Business Plan, service request trends and consultation with stakeholders. New corporate strategies arising from Sustainable Sydney 2030 also require consideration in determination of optimal service levels.

The City has quantified minimum condition levels for the City's properties on a building by building basis. See section 10.3.2 below.

## 10.3. Lifecycle Management

### 10.3.1. Asset Condition

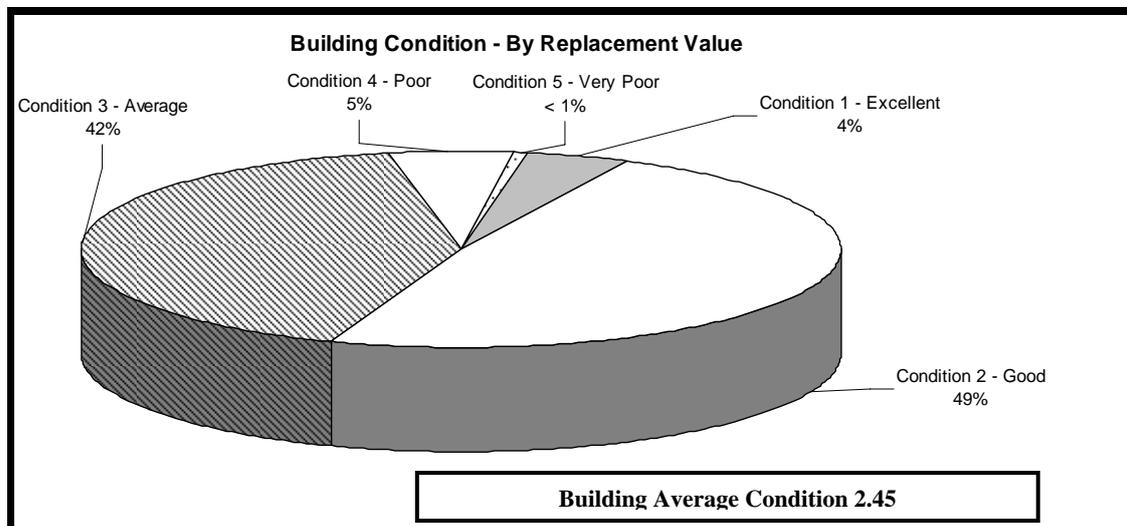
Assessing the condition of building assets can be a complex task as modern buildings are comprised of many building components, usually in differing states of condition. In some cases, a building will have a poor or very poor condition rating, but will be included as part of a major redevelopment plan for the site or selected to dispose.

CONDITION INDEX	CONDITION	DESCRIPTION
1	Excellent	Building is as new, no defects, no customer concerns, well maintained, clean.
2	Good	Building is functional, superficial defects, minor deterioration on finishes, minimal influence on customer use, no major maintenance required.
3	Average	Building functional but shows signs of moderate wear, services functional but require attention, deteriorated surfaces, minor restrictions on operational use.
4	Poor	Building functionality is reduced, significant defects to major components, services functional but often fail, backlog of maintenance works, regular complaints.
5	Very Poor	Building is not functional or deteriorated badly, serious structural or component problems, appearance is poor, services not performing, significant major defects, unsuitable for customer use.

The pie chart below provides an indication of the current condition of the property assets, as assessed by the City's property service provider, on a whole of building basis as at 30 June 2011. These are the basis of the City's report under the Local Government Act 1993 Section 428(2) (d) Condition of Public Works.

The chart is based on the aggregate replacement value by condition index for the buildings managed and maintained by the City.

**CHART 10.3.1 – Building Condition**



The City has commissioned a further extensive data collection project to provide detailed component data (e.g., electrical components, structural components, roof details) for all properties. The data gathered will include condition assessments, replacement values and expected life. The project is due for completion in 2012/13 and will greatly improve the level of detail allowing better modeling.

Photographic examples have been provided below to assist in demonstrating the property condition / appearance for each category.



### 10.3.2. Minimum Condition for Properties

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

Condition assessment is on a whole of building basis at this time linked to the replacement value. When the component data for buildings is collected and analysed it will be the basis for condition assessment.

The desired minimum condition is also assessed on a building by building basis. This is set following consideration of the Property Strategy and client (user) requirements. Not all buildings are proposed to be improved.

Our intention is to regularly review the condition assessments of the property assets particularly after the identified work on condition 4 and 5 rated assets is completed in the next few years.

An estimate of a cost to reach the minimum condition is shown but this is a preliminary estimate. Please note that the cost estimate is in addition to the existing resources and budget we direct towards the property portfolio renewal (about \$42M per annum), and does not include any allowance for upgrade or expansion of those assets; it is purely renewal.

**TABLE 10.3.2 – MINIMUM CONDITION INDEX – PROPERTY PORTFOLIO**

Buildings in Portfolio	Average Current Condition	Number of Buildings to Improve	Estimated Cost to complete the improvements (\$M)	RESULTING PORTFOLIO CONDITION
230	2.45	28	58	2.3

### 10.3.3. Asset Valuations

The following table shows a summary of the financial position for the property portfolio.

Note that there are two valuations shown for the property portfolios. These are:

- Financial accounting valuation – as at June 2011. This is based on the replacement value of operational and community assets and the market valuation for investment type properties. The Financial accounts also include assets leased to or by the City in some instances, for example, Queen Victoria Building, over which we do not have day to day maintenance control.

- Current Replacement value for the entire portfolio – this is the cost that the City would actually incur if the buildings under our control needed to be replaced as a whole and is generally what the property is insured for. This is the figure used in calculating the asset consumptions and sustainability and does not include buildings not under the City’s direct maintenance control e.g. Queen Victoria Building, Capitol Theatre.

The City has commissioned a consultancy to revalue all the City’s building assets, including:

- Replacement Value
- Insurance Value
- Market Value
- Building Components - the functional aspects of the buildings being
  - Electrical Service
  - Exterior Works
  - External Fabric
  - Fire Services
  - Interior Finishes
  - Vertical Transport
  - Mechanical Services
  - Security Services
  - Hydraulics

When complete the building valuation will be updated and the changes incorporated in future revisions of the plan.

**TABLE 10.3.2 – Building Valuations – at 30 June 2011**

	<b>Financial Valuation (\$M)</b>	<b>Written Down Value Finance (\$M)</b>	<b>Annual Depreciation Expense Finance (\$M)</b>	<b>Current Replacement Cost Insurance (\$M)</b>	<b>Average Annual Asset Consumption based on Insurance (\$M)</b>
<b>All Building Portfolios</b>	1,202	780	14.8	1,234	18.4
<b>Sydney Town Hall</b>	426	96	5.7	482	2.4
<b>TOTAL</b>	<b>1,628</b>	<b>876</b>	<b>20.5</b>	<b>1,716</b>	<b>20.8</b>

## 10.4. Maintenance, Renewal and Upgrade Plans

### 10.4.1. Renewal Plan

The required level of expenditure on the renewal program for the City’s buildings will vary from year to year and will reflect:

- The age of the assets;
- The condition of the assets components;

- Budget allocations;
- Capacity constraints to deliver services;
- On-going maintenance demand;
- Changes to service requirements; and
- The nature of the asset and its heritage and cultural significance.

The Long Term Financial Plan has made provision for all the major buildings identified as Condition Index 4 or 5 in 9.3 above.

#### 10.4.2. New Assets and Upgrade Plan

The Green Square Development Project will experience substantial growth in population and corresponding increase in demand for new community services and local facilities. Community service demands have been assessed for the Local Government Area including Green Square. New assets required to meet future community growth will be acquired progressively in line with population growth, development and funding priorities. New community facilities may require sites to be acquired or existing sites redeveloped or with some services consolidated to deliver integrated community facilities.

Timing and funding for these facilities will be influenced by budget allocations and potential development contributions and updated annually within the Long Term Financial Plan.

#### 10.4.3. Disposal Plan

From time to time assets become surplus to the City's requirements and as such are disposed of, enabling funds to be released for delivery of the City's community services.

Any disposals will be reflected in reduced asset calculations and will be incorporated in future revisions of the plan.

**TABLE 10.4 – MAINTENANCE/RENEWAL/UPGRADE EXPENDITURE TRENDS**

##### All Buildings

Year	Operational Expenditure (\$,000)	Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)
2007/08	13,419	12,800	15,787	26,386
2008/09	13,960	12,454	18,044	29,670
2009/10	14,452	14,799	10,222	12,559
<b>Average</b>	<b>13,943</b>	<b>13,351</b>	<b>14,684</b>	<b>22,872</b>
<b>2010/2011</b>	<b>15,409</b>	<b>14,192</b>	<b>16,192</b>	<b>9,057</b>

The value included in the Table for 2010/2011 will be included in a rolling average in future revisions of this plan.

### 10.5. Financial Summary, Projections and Sustainability

#### 10.5.1. Asset Consumption Costs for Property Portfolio

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

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

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

Building data is collected on a building by building basis for the purposes of this plan. Annual Asset Consumption is also calculated on that basis.

For the purposes of this plan the property portfolio is modeled as a whole. No breakdown by building type has been included but this will be the basis of future revisions of the plan. The Table below gives an example of how the Average Annual Asset Consumption is derived.

**TABLE 10.5.1 – EXAMPLE PROPERTY PORTFOLIO ANNUAL AVERAGE ASSET CONSUMPTION**

Building Name	Replacement Value	Expected Life (years)	Average Annual Asset Consumption
Alexandria Child Care	\$1,450,000	40	\$36,250
Public Toilet – Wallamulla Park	\$65,000	50	\$1,300
CARES Facility – Sydney Park	\$360,000	50	\$7,200
Redfern Town Hall	\$9,250,000	150	\$61,667
		Total	\$106,417

**Note:** the replacement values shown are indicative only.

### 10.5.2. Long term – Lifecycle Cost based on Current Expenditure

The table below shows the current Sustainability Index as projected using the average of 3 years costs. This is the basis for the calculation of the long term cost that the City will need to fund for the life of the asset.

**TABLE 10.5.1 – Sustainability – Current**

#### ALL BUILDINGS

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)	Sustainability Index
What we should be spending	What we are spending		What we are spending/What we should be spending
48,126	41,979	6,147	0.87

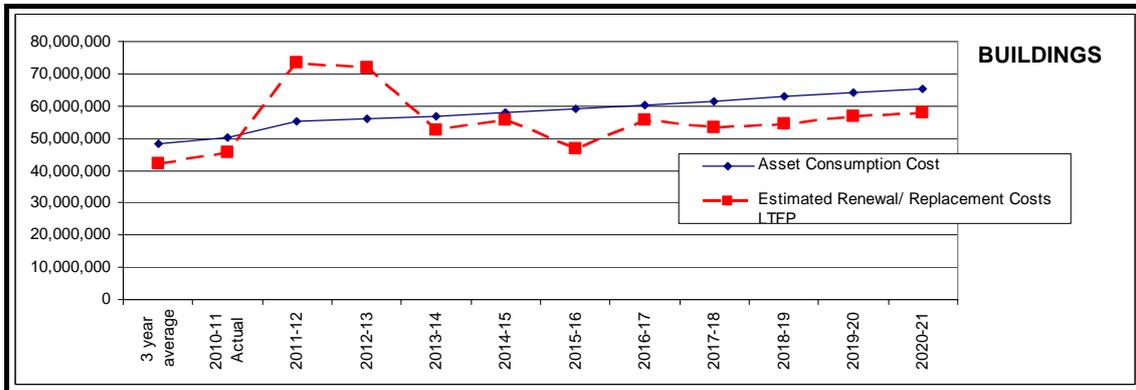
### 10.5.3. Medium term – 10 year financial planning period

The line graph below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Estimated Renewal or Replacement Costs as at 2011). The second graph shows the upgrade/expansion proposed for the Property assets in the Long Term Financial Plan (as at 2011).

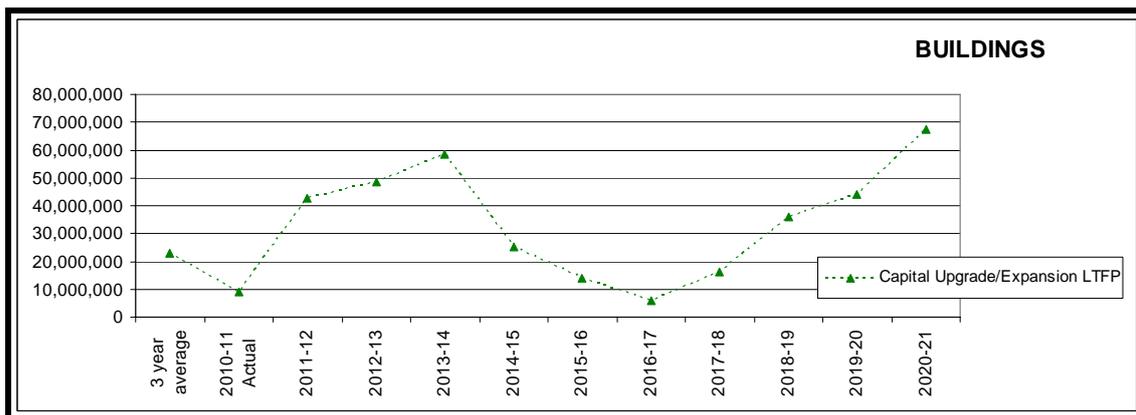
The graph indicates that the City is allocating sufficient funding to provide for the renewal of the Property infrastructure, with significant amounts being allocated to renewing and upgrading the Property infrastructure in the next 10 years.

The Long Term Financial Plan includes all the major buildings identified as Condition Index 4 or 5 in 9.3 above. The modeling will be updated in future revisions of this and the Detailed Asset Management Plan for properties.

**CHART 10.5.2 – Long Term Financial Plan 2011 – Renewal and Replacement**



**CHART 10.5.3 – Long Term Financial Plan 2011 – Upgrade**



The Table below is an estimate of the Average Asset Consumption Costs and the Average Estimated Replacement Costs and the Sustainability Index 10 year projection. The estimate indicates that the City is budgeted to renew the property assets at a rate equivalent to a balanced sustainability index.

**TABLE 10.5.4 – Sustainability – 10 Year Projection**

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
59,123	56,742	2,381	0.96

## 11. CONCLUSION

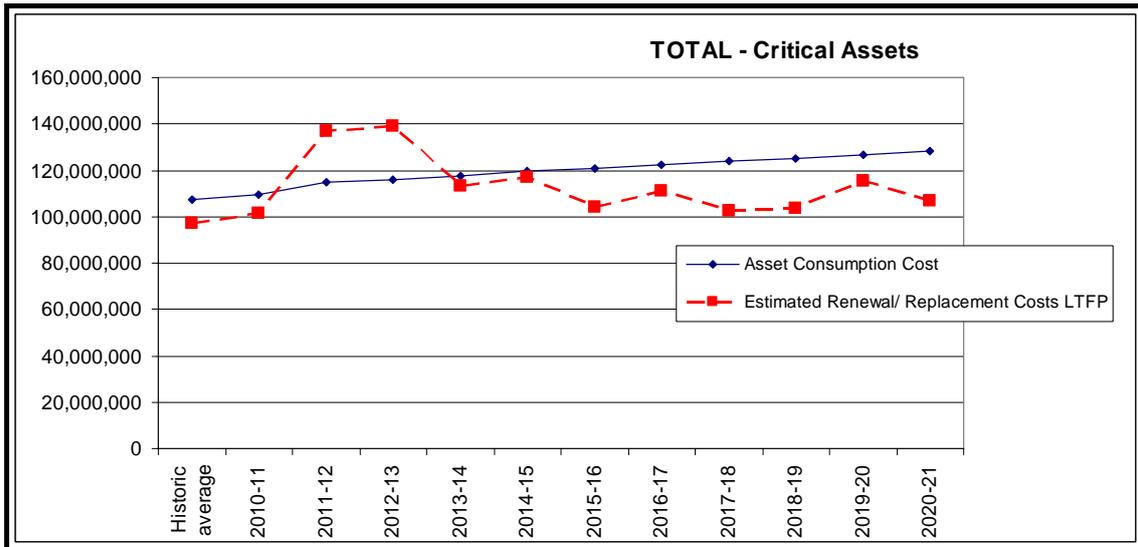
The information contained in this Community Asset Management Plan shows that the City is providing adequate funding to sustain the critical infrastructure assets for the next 10 years.

The Table below shows the Average Asset Consumption Costs and the Average Estimated Replacement Costs and the Sustainability Index 10 year projection for the four critical asset classes contained in this plan.

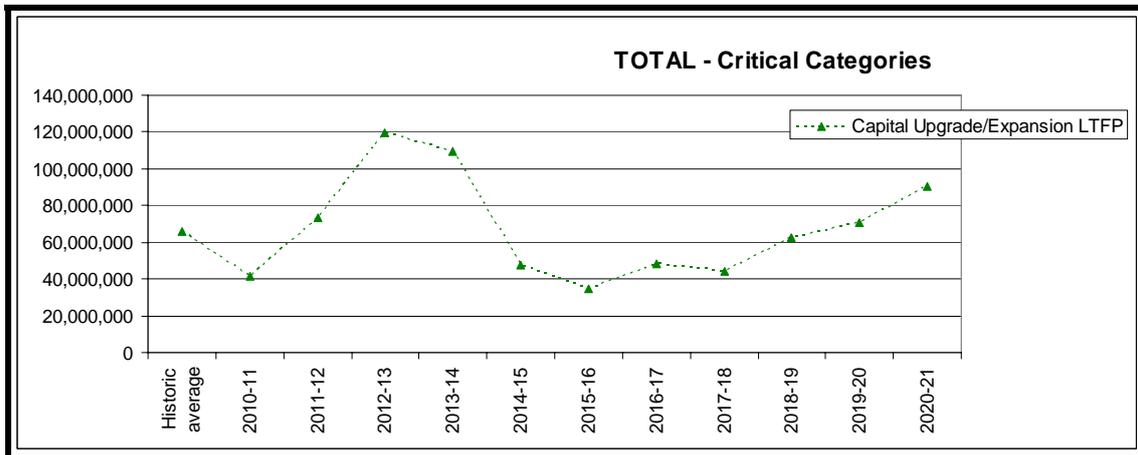
<b>Critical Asset Category</b>	<b>Average Asset Consumption Costs 10 Year Projection (\$,000)</b>	<b>Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)</b>	<b>Difference (\$,000)</b>	<b>Sustainability Index 10 Year Projection</b>
	What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
<b>ROADS</b>	26,188	25,335	853	0.97
<b>STORMWATER DRAINAGE</b>	2,647	2,675	-28	1.00
<b>PARKS AND OPEN SPACES AND TREES</b>	32,605	29,209	3,396	0.90
<b>PROPERTIES</b>	59,123	56,742	2,381	0.96
<b>TOTAL</b>	120,562	113,960	6,602	0.95

The first line graph below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan for the four Critical Asset Categories. The second graph shows the upgrade/expansion proposed for the Critical Asset Categories assets in the Long Term Financial Plan.

**CHART 11.1 – Long Term Financial Plan 2011 – Renewal and Replacement**



**CHART 11.2 – Long Term Financial Plan 2011 – Upgrade**



Future revisions of this Community and the Detailed Asset Management Plans will include updated attributes, conditions and valuations based on new information currently being collected for all these classes.

## **APPENDIX 1**

### **ASSET MANAGEMENT POLICY**

# Asset Management Policy

## **POLICY CONTENT**

### **PURPOSE**

The purpose of the Asset Management Policy is to ensure that the City has information knowledge and understanding about the long-term and the cumulative consequences of being the custodian of public infrastructure.

This will be done by ensuring the systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy also provides the framework that together with the organisational Community Strategic Plan and Sustainable Sydney 2030 enables the asset management strategy and specific asset management plans to be produced. A diagram showing the Asset Management Framework as applicable to the City of Sydney is shown at Appendix A

### **POLICY BACKGROUND AND LEGISLATIVE FRAMEWORK**

The introduction of the legislation set out in the Local Government Act 2009 and the Local Government Amendment (Planning and Reporting) Act 2009 placed a number of obligations on Councils in relation to asset management.

The legislation requires that the City must account for and plan for all of the existing assets under its ownership, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

The City must:

- Prepare an Asset Management Strategy and Asset Management Plan(s) to support the Community Strategic Plan and Delivery Program.
- Ensure the Asset Management Strategy and Plan(s) cover a minimum timeframe of 10 years.
- Ensure the Asset Management Strategy includes an overarching Council endorsed Asset Management Policy..
- Ensure the Asset Management Strategy identifies assets that are critical to the City's operations and outline risk management strategies for these assets.
- Ensure the Asset Management Strategy includes specific actions required to improve the City's asset management capability and projected resource requirements and timeframes.

The City took the opportunity to update the existing Sustainable Asset Management Policy 2006 to ensure our policy objectives and principles are consistent with Sustainable Sydney 2030, as well as the requirements the new Integrated Planning and Reporting Framework.

The development of the policy is also inherently linked to Sustainable Sydney 2030 Strategic Direction 10, which has as one of its objectives world class asset management.

The updated policy was developed following a review of the Sustainable Asset Management Policy 2006, Councillor and Executive feedback, corporate and asset owner and manager input and review of best practice documentation.

The policy objectives were advertised for public comment as part of the Resourcing Strategy documentation for the Integrated Planning and Reporting Framework and adopted by Council in June 2011.

**SCOPE**

This policy applies to all infrastructure related service provision such as Road and Transport, Stormwater Drainage, Community Services delivered by the City’s Buildings and Facilities, Parks and Open Spaces, Sport and Recreation and Environmental Protection.

**POLICY PRINCIPLES**

The City’s policy is based on the following principles to guide sustainable management of infrastructure assets. They are:

- Take a lifecycle approach – apply a whole of life methodology for managing infrastructure assets including planning, acquisition, operation, maintenance, renewal and disposal
- Sustainable environmental performance
- Best value – balance financial, environmental and social aspects to achieve best value
- Decision support systems and knowledge – core systems will include up to date infrastructure asset information to inform decisions
- Service levels – infrastructure asset service levels will be clearly defined
- Long-term financial plans – asset practices, plans and systems will enable the development of long term financial plans for asset classes
- Manage risks associated with infrastructure assets; and
- Continuous improvement of asset management practices

**DEFINITIONS**

To assist in interpretation, the following definitions apply:

<b>Policy</b>	A statement of an organisation’s attitude and preference of direction.
<b>Asset Management</b>	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.

<b>Resourcing Strategy</b>	The long-term resources required to achieve the objectives established by the Community Strategic Plan. The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.
<b>Asset Management Plan</b>	The Asset Management Plan/s must encompass all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation and replacement costs. The Asset Management Plan is an essential part of the resourcing strategy.
<b>Long Term Financial Plan</b>	<p>The Long Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan. The Long Term Financial Plan will include:</p> <ul style="list-style-type: none"> <li>▪ Projected income and expenditure, balance sheet and cash flow statement;</li> <li>▪ Planning assumptions used to develop the Plan;</li> <li>▪ Sensitivity analysis - highlights factors/assumptions most likely to affect the Plan;</li> <li>▪ Financial modelling for different scenarios e.g. planned/optimistic/conservative; and</li> <li>▪ Methods of monitoring financial performance.</li> </ul> <p>The Long Term Financial Plan is an essential part of the resourcing strategy.</p>
<b>Asset Management Strategy</b>	The Asset Management Strategy will include an overarching Council endorsed Asset Management Policy. The Asset Management Strategy will identify assets that are critical to the City's operations and outline risk management strategies for these assets. The Asset Management Strategy will include specific actions required to improve the City's asset management capability and projected resource requirements and timeframes. The Asset Management Strategy will balance the resources required in the Asset Management Plan and resources available in the Long Term Financial Plan, and report on the available choices and service and risk consequences. The Asset management Strategy is an essential part of the resourcing strategy.

## OBJECTIVES OF THE ASSET MANAGEMENT POLICY

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

These policy objectives have been derived from a review of the Sustainable Asset Management Policy 2006, Councillor and Executive feedback, corporate and asset owner and manager input. The policy objectives were advertised for public comment as part of the Resourcing Strategy documentation for the Integrated Planning and Reporting Framework and adopted by Council in June 2011.

The policy objectives 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;
- Adapt to the emerging needs in sustainable transport;
- Facilitate the changes to infrastructure needed to cater for changing.

**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 and the Delivery Program;
- 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 indicatives.

**4 Provide a sustainable funding model that meets community needs:**

- The City will have a funding model for all asset related services extending at least 10 years and which addresses the need for funds, peaks and troughs and how the funds will be sourced.

**5 Contribute to the protection of the environment:**

- The City will minimise energy and water use, waste generation and air quality impact through its own initiatives and by working with stakeholders;
- Contributions to environmental protection and enhancement will be fundamental to all infrastructure Asset Management Planning, project and service delivery;
- Investigate and utilise, where appropriate, 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 Division of Local Government requirements.*

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

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

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

## **INTENDED OUTCOMES**

The successful completion of the Policy Objectives will provide the City with outcomes that include:

- Allocation of sufficient resources for the development of asset strategies, management plans and service level documents to achieve the target maturity;
- Management of all infrastructure assets in a systematic and sustainable manner;
- Development and commitment to long-term capital works and financial management plans that support and are responsive to the needs of the community;
- Asset renewal, disposal, upgrade or new asset provision carried out in accordance with the adopted resourcing strategy that includes demonstrated need, life cycle costing, alternative modes of delivery, sustainability, equitable distribution of resources and social equity;
- Involvement of and consultation with the community and key stakeholders as required in determining service and intervention levels;
- Asset management practices that conform to legislative requirements and reflect best practice in the industry;
- Regular update and reporting on the current maturity of the City's asset data, systems, strategies, plans, processes and skills and the accompanying organisational risk.

## **RESPONSIBILITIES**

**Lord Mayor and Councillors** adopt the policy objectives (completed) and ensure sufficient resources are applied to manage the assets.

The **Chief Executive Officer** has overall responsibility for developing infrastructure asset management systems, policies and procedures and financial models and reporting on the status and effectiveness of asset management within The City.

**The Asset Management Steering Committee** is responsible for ensuring that all asset management activities are consistent with the objectives of Sustainable Sydney 2030, the Integrated Planning and Reporting Framework and the Long Term Financial Plan.

**The Strategic Asset Management Working Group** is responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the

corporate infrastructure asset management objectives. They will also oversee the development and implementation of asset and risk management plans for all asset classes.

**Divisional Directors** and **Business Unit Managers** are responsible for implementing infrastructure asset management plans, systems, policies and procedures.

**Employees with management or supervisory responsibility** are responsible for the management of assets within the area of responsibility as determined under asset management plans.

In the short-term, **employees** will be tasked under implementation plans, and will be responsible for the timely completion of those activities contained within those plans. In the medium-term, awareness sessions will be conducted to ensure that employees are familiar with asset management and how it is applied within The Council of the City of Sydney.

## **EVALUATION**

The City will annually conduct, and report on the results of, a review of the implementation of the long-term plans mentioned in this policy. These are:

- Asset Management Plans;
- Asset Management Strategy;
- Long Term Financial Plan.

## **REFERENCES**

### **Related Legislation & Standards**

- Local Government Act 1993
- Local Government (General) Regulation 2005
- National Asset Management Framework
- IPWEA NAMS.PLUS National Templates for Asset Management Plans
- International Infrastructure Management Manual

## **RELATED POLICIES AND PROCEDURES**

- Matrix of Responsibilities for Assets
- Roads Capitalisation Procedure

## **REVIEW PERIOD**

The Asset Management Policy will be reviewed every 4 year(s).

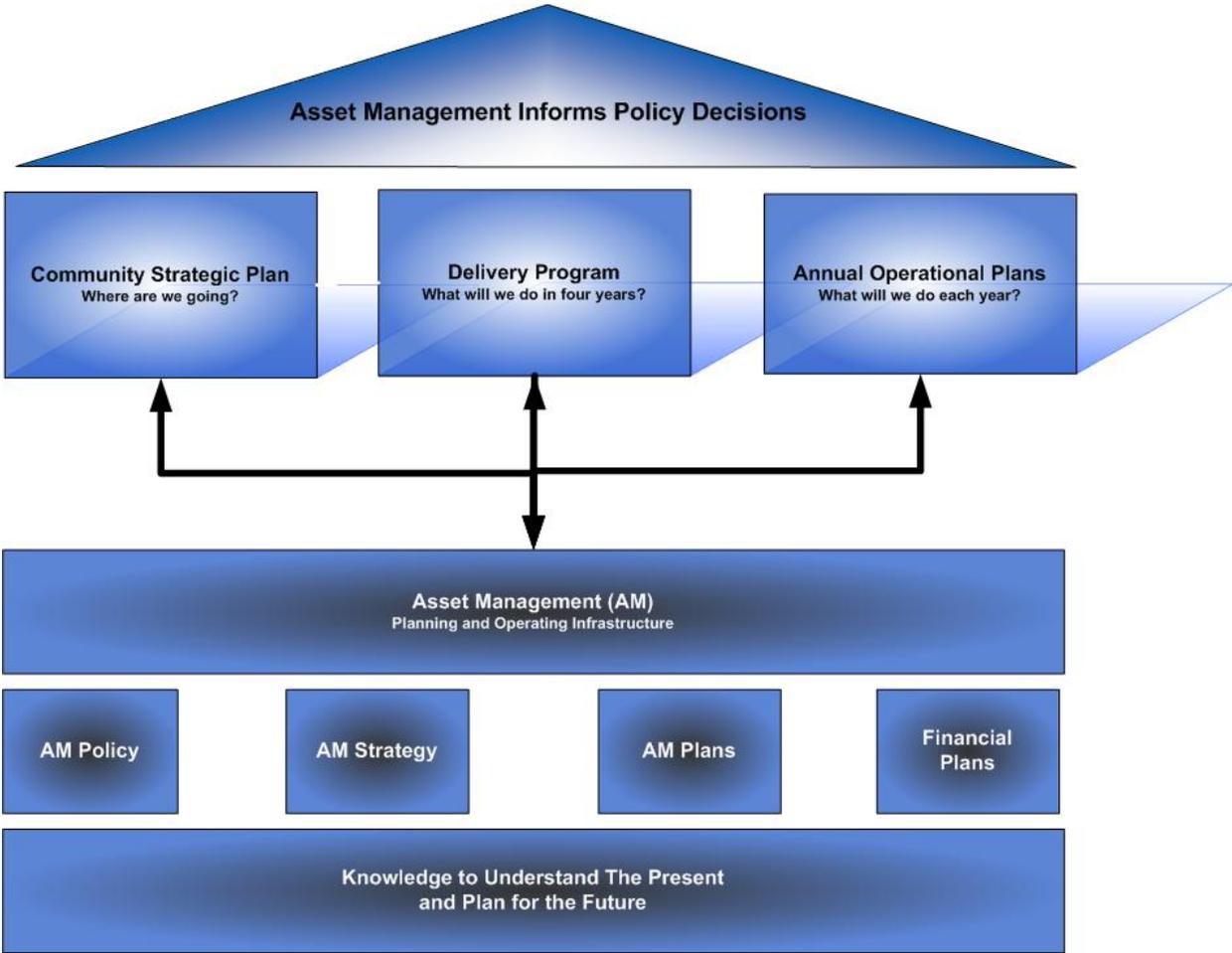
## **NEXT REVIEW DATE**

March 2016

**TRIM REFERENCE NUMBER**

Document number: 2012/049285

**APPENDIX A – ASSET MANAGEMENT FRAMEWORK**



**APPENDIX 2**  
**ASSET MANAGEMENT POLICY AND STRATEGY REVIEW**  
**SUMMARY**



City of Sydney  
Asset Management Strategy  
2011-2021

Part of the City of Sydney's  
Resource Plan

SUMMARY

April 2012

Version 3

# ASSET MANAGEMENT POLICY AND STRATEGY REVIEW

## **SUMMARY**

### **Background**

- The policy and strategy review was initiated in response to the requirements of the Integrated Planning and Reporting Requirements – Resourcing Strategy
- The review was to update the;
  - Sustainable Asset management Policy 2006
  - Infrastructure Asset Management and Service Delivery Policy and Strategy 2007
  - Infrastructure Decision Support Systems Policy and Strategy 2007

### **Some Key Findings**

- City of Sydney has made significant progress on Asset Management over many years. Council is now in a position of having prepared core Asset Management Plans for the critical asset classes which have been utilised to prepare this Strategy and the Long Term Financial Plan for the organisation.
- Funding provided in The City's Long Term Financial Plan is sufficient for long term renewal of infrastructure assets at the current service level.
- The City does not have all the detailed information to develop specific asset renewal programs in the shorter term.
- Asset Management maturity is nearing core level.
- There is good co-operation at all management levels to implement good asset management practices.
- Significant progress made in the last 3 years to improve asset systems and data.

## Asset Management Policy and Objectives

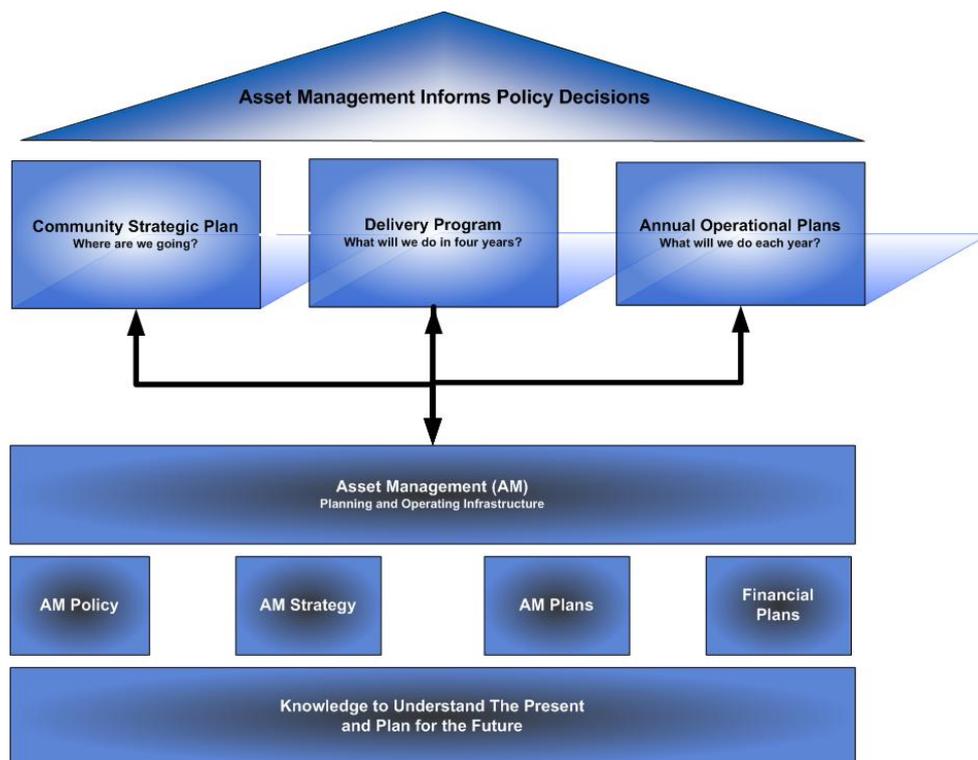
The policy objectives were advertised for public comment as part of the Resourcing Strategy documentation for the Integrated Planning and Reporting Framework and adopted by Council in June 2011. A formal policy using the City's standard template has been prepared based on the objectives.

The objectives of Council's Asset Management Policy are:

- 1 Provide infrastructure and services to sustain City of Sydney area;
- 2 Implement a life-cycle approach to the management of infrastructure assets;
- 3 Ensure that service delivery needs form the basis of infrastructure asset management;
- 4 Provide a sustainable funding model that meets community needs;
- 5 Contribute to the protection of the environment;
- 6 Develop and implement an integrated decision support system;
- 7 Ensure compliance with legislative and Division of Local Government requirements;
- 8 Allocate Asset Management responsibilities.

## Key Elements of Asset Management Planning Strategy

The framework adopted by the City to meet the requirements of the Integrated Planning and Reporting Framework is shown below:



## Key Strategies

The purpose of the Asset Management Strategy is to provide direction to developing an ongoing process for managing Infrastructure assets. The following key strategies are identified:

**Key Strategy 1** - Formally adopt the revised Asset Management Policy.

**Key Strategy 2** - Implementing, monitoring and reporting to the Executive on the development of asset management at City of Sydney is the responsibility of the Asset Management Steering Committee.

**Key Strategy 3** - Continue to develop and update Asset Management Plans for the major asset groups.

**Key Strategy 4** - Identify infrastructure expenditure by both:

- Expenditure Category i.e. the Asset Group it is associated with; for example, road pavement.
- Expenditure Type – operating, maintenance, capital renewal, capital upgrade or capital expansion.

**Key Strategy 5** – Continue to develop reporting on the consequences of ongoing ownership costs for new capital works proposals in budget deliberations. This is achieved by identifying the renewal and capital upgrade/expansion components of all capital works projects, and providing for the ongoing operational and maintenance requirements.

**Key Strategy 6** - Develop Risk Management Plans for all major asset classes. These should be included in a maturity assessment and risks reviewed by an Audit Committee and accepted by Council.

**Key Strategy 7** – Continue to review the completeness and accuracy of the data for all major infrastructure classes.

**Key Strategy 8** - Use a knowledge management strategy to ensure that appropriate and optimal decision support information is available to clearly communicate the cumulative consequences of decisions.

**Key Strategy 9** – Continue developing the corporate asset register meeting both technical and financial reporting requirements.

**Key Strategy 10** - Develop and adopt an Asset Accounting and Capitalisation Policy that assists in meeting the intention of Fair Value Reporting (AASB116).

**Key Strategy 11** – Continue to use and develop funding models which addresses the need for sustainable renewal of infrastructure and which identifies all asset life cycle costs.

**Key Strategy 12** - Consider and use the 10 year Long Term Financial Plan to link both the future anticipated income projections, and the future expenditure requirements to sustain services. A resource plan will consider the expenditures identified in the Asset Management Plans, and will provide input into the annual Council budget.

**Key Strategy 13** - Continue to improve the information on the relationship between the service level and cost so that future community consultation will be well informed of the options and costs.

**Key Strategy 14** - Undertake a detailed assessment of the resources required to implement this Asset Management Strategy so that a program of improvement and milestones can be implemented and monitored. The first step is to complete an asset management maturity audit as set out in this strategy.

## Asset Maturity Audit - Analysis on Current Asset Management Practice

The City reviewed the current capability and gaps that exist in our current asset management systems and practices. The analysis was

- A review of organisational capability for management of infrastructure assets;
- Based on the Advanced National Framework for Asset Planning and Management – consistent with Integrated Planning and Reporting Framework; and
- Over 9 themes covering 35 areas of practice audited – results provide the basis of the Asset Management Development Programme shown at Appendix A.

Asset management maturity is assessed based on two levels:

- Core Maturity – core custodial responsibilities including recording and reporting on assets, statutory reporting, ensuring community safety, providing management information to guide decisions; and
- Advance Maturity – capability to understand optimal levels of capacity, run scenarios based on varying service levels, target service levels and lowest cost.

### Summary of Results

Theme	Score (Average)	Core Target	Advanced Target	Number of Practice Areas
AM Policy	3.0	3.0	4.0	1
Annual Report	3.2	3.0	5.0	3
Budget	2.8	3.0	5.0	1
Data & Systems	2.7	3.0	4.9	16
Governance & Management	3.0	3.0	5.0	4
Service Levels & Costs	2.5	3.0	5.0	1
Skills & Processes	2.6	3.0	5.0	4
Strategic Longer-Term Plan	3.5	3.0	5.0	3
Strategy & Planning	3.0	3.0	5.0	2
				35

### Asset Maturity Results

- The City is approaching core level, which is achievable in 12-18 months;
- Significant progress made in the last 3 years to improve asset systems and data;

## **Risk Assessment of Current Maturity**

Evaluation of the organisational risk associated with current level of maturity, based on likelihood and consequences

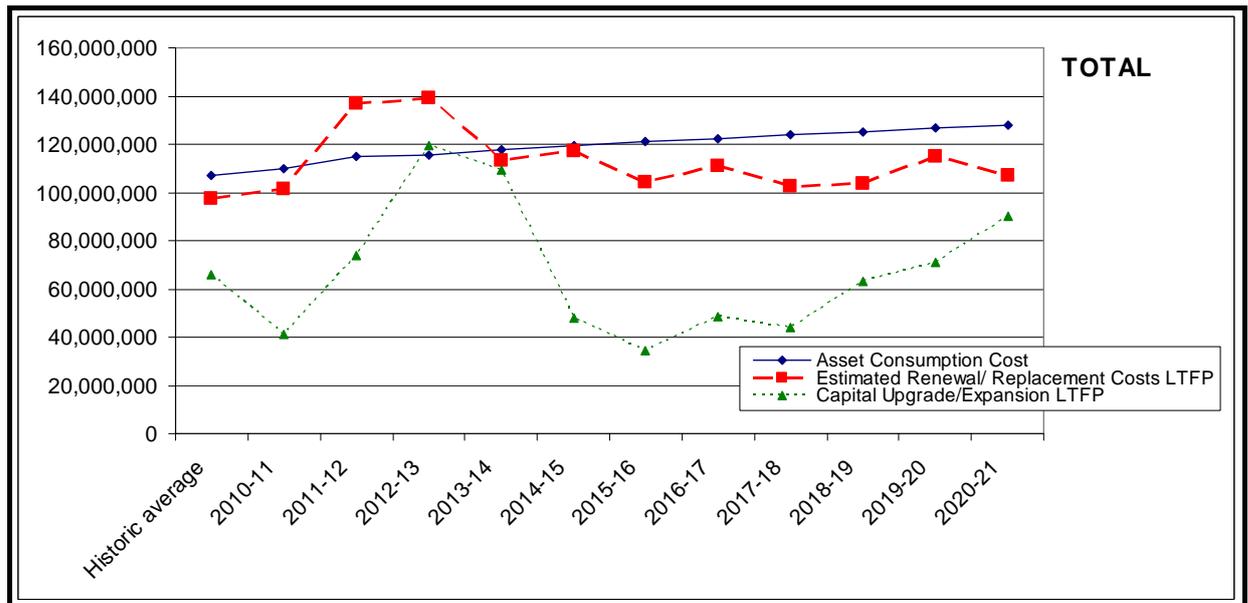
Risk Assessment identified 24 items based on the implications of the current maturity. The seven major recommendations are

- Complete Asset Management Plans in accordance with Integrated Planning & Reporting requirements. Ensure that Asset Management Plans provide service level and risk reporting;
- A review of component data against the requirements of Australian Infrastructure Financial Management Guidelines;
- Interaction between Enterprise Risk System and the Corporate Asset Management System has not been determined. This should be made a priority in the continuing Asset Management Improvement Plan;
- A review of unit rates against the requirements of Australian Infrastructure Financial Management Guidelines;
- Improve the process for asset handover to ensure asset registers are kept up to date;
- Continue to develop the processes to understand the ongoing cost of new capital projects, and the inclusion in council's budget; and
- Report via the Asset Management Plans and Asset Management Strategy a fully substantiated relationship between the resource plan and the service level provided. These community service levels should then be linked to technical service levels set out in the Asset Management Plans.

### Current Asset Analysis – Sustainability

- The Strategy includes a financial assessment of the City's critical assets, including the sustainability, all based on the adopted Long Term Financial Plan.
- The financial information is the same as shown in the Integrated Planning & Reporting Resourcing strategy and the Community Asset Management Plan as contained in the Corporate Plan for 2012-2013.

### Long Term Financial Plan – Total Critical Assets



Sustainability Index													
	5 year Average	2011 Actual	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average
Buildings - All	0.87	0.91	1.32	1.29	0.92	0.96	0.79	0.92	0.86	0.87	0.88	0.89	0.96
Road Network (incl. bridges)	0.94	0.90	1.32	1.12	1.04	0.97	0.98	0.82	0.82	0.78	1.12	0.78	0.97
Stormwater Drainage	0.58	0.96	0.83	0.97	0.97	0.97	0.81	0.82	1.18	1.18	1.17	1.17	1.0
Parks Open Spaces and Trees	0.96	0.96	0.88	1.14	0.97	1.03	0.91	0.97	0.75	0.76	0.77	0.75	0.90
Total	0.91	0.92	1.19	1.20	0.96	0.98	0.86	0.91	0.83	0.83	0.91	0.83	0.95

## APPENDIX A

### Key Strategies identified

Key Strategy	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
1	Long-Term Financial Plan	Formally adopt the revised Asset Management Policy	AM Policy	Finance Asset Strategy & Systems (Asset Strategy and Systems)	IP&R Group 2 Annual	See also 2.1.0, 2.2.1 Objectives adopted by Council June 2011 Draft policy in approved format at Trim 2012/049285
2	Budget	Implementing, monitoring and reporting to the Executive on the development of asset management at City of Sydney is the responsibility of the Asset Management Steering Committee.	Governance and Management	Finance Asset Strategy & Systems	Annual	Quarterly meetings held and minuted Regular reports and briefing to Executive
3	AM Plans	Continue to develop and update Asset Management Plans for the major asset groups.	Strategy & Planning	Asset Strategy and Systems Working Group	June 2013	See also 2.2.2 NAMS template adopted Fleet Asset Plan completed 209-10 – updated for 2012 approved by Asset Management Steering Committee Road Network, Stormwater Drainage, Parks and Open Spaces, Properties approved by Steering Committee December 2011 Others including Bridges, Cliffs and retaining walls, Aquatics, Trees under development
4	Budget	Identify infrastructure expenditure by both: <ul style="list-style-type: none"> <li>Expenditure Category i.e. the Asset Group it is associated with; for example, road pavement</li> <li>Expenditure Type – operating, maintenance, capital renewal, capital upgrade or capital expansion</li> </ul>	Governance and Management	Finance Working Group	Dec 2012	See also 1.3.2 Categories developed (Finance) for major infrastructure in association with Corporate Asset Management System data transfer Expenditure types defined and incorporated in Long Term Financial Plan and determined for historical expenditures for model Split between maintenance, renewal, upgrade often difficult to determine particularly for Properties and Parks

Key Strategy	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
5	Capital Investment Decisions	Continue to develop reporting on the consequences of ongoing ownership costs for new capital works proposals in budget deliberations. This is achieved by identifying the renewal and capital upgrade/expansion components of all capital works projects, and providing for the ongoing operational and maintenance requirements.	Governance and Management	Finance Working Group	June 2013	See also 2.3.4 Types incorporated in Long Term Financial Plan and determined for historical expenditures for model Processes and documentation under development for split between capital and operating expenditure Asset handover process being developed Analysis of ongoing costs reliant on data availability and quality
6	Risk Management Functionality	Develop Risk Management Plans for all major asset classes. These should be included in a maturity assessment and risks reviewed by an Audit Committee and accepted by Council.	Data and Systems	Risk Working Group	June 2013	See also 2.5.07 Risk Management criteria included in Asset Management Plans but individual plans not commenced Interaction with Corporate Asset Management System not scoped – Risk management functionality included in project plan for Phase 3 of Corporate Asset Management System Decision around extent of utilisation and cross over with Enterprise Risk Management
7	AM Performance Data	Continue to review the completeness and accuracy of the data for all major infrastructure classes.	Data and Systems	Working Group	Ongoing	See also 2.5.01 Data collection methodology developed and approved by Working Group Data collection including condition completed for Roads, Drains and Traffic Signs – continues for Property, Parks, Street Furniture, Trees, Bridges and other assets
8	Knowledge Management	Use a knowledge management strategy to ensure that appropriate and optimal decision support information is available to clearly communicate the cumulative consequences of decisions.	Strategy and Planning	Working Group Asset Strategy and Systems	Dec 2013	Knowledge Management Strategy framework included in the Policy and Strategy Review Significant part is the implementation of Corporate Asset Management System which continues Development of target service levels pivotal
9	Asset Register and Functionality	Continue developing the corporate asset register meeting both technical and financial reporting requirements.	Data and Systems	Working Group Asset Strategy and Systems	June 2012 – Phase 2 June 2013 Phase 3	See also 2.5.03 Phase 2 due for completion June 2012 Phase 3 commencing June 2012
10	AM Data Integrity	Develop and adopt an Asset Accounting and Capitalisation Policy that assists in meeting the intention of Fair Value Reporting (AASB116).	Data and Systems	Working Group Finance	Dec 2012	See also 2.5.02 Under development led by Finance and associated with development of financial categories in Corporate Asset Management System

Key Strategy	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
11	Budget	Continue to use and develop funding models which addresses the need for sustainable renewal of infrastructure and which identifies all asset life cycle costs.	Budget	Working Group Finance	June 2012	See also 1.2.0 Funding model developed for Part 2 of the Resourcing Strategy – Community Asset Plan Linked to the Long Term Financial Plan and incorporated in Policy and Strategy Review
12	Budget	Consider and use the 10 year Long Term Financial Plan to link both the future anticipated income projections, and the future expenditure requirements to sustain services. A resource plan will consider the expenditures identified in the Asset Management Plans, and will provide input into the annual Council budget.	Budget	Working Group Finance	June 2013	Funding model developed for Part 2 of the Resourcing Strategy – Community Asset Plan Linked to the Long Term Financial Plan and incorporated in Policy and Strategy Review Model s included in Asset Management Plan's but linkage to annual budgeting not developed
13	Service Levels and Costs	Continue to improve the information on the relationship between the service level and cost so that future community consultation will be well informed of the options and costs.	Service Levels and Costs	Working Group Asset Strategy and Systems	June 2012 minimum service levels	See also 2.4.0 Asset Management Plan's identify current service levels and conditions Service level and condition targets being developed for critical infrastructure
14	Data Management Skills	Undertake a detailed assessment of the resources required to implement this Asset Management Strategy so that a program of improvement and milestones can be implemented and monitored. The first step is to complete an asset management maturity audit as set out in this strategy.	Skills and Processes	Asset Strategy and Systems	December 2012	See also 2.6.1 Maturity assessment completed as part of the strategy review Business case for additional administrator of Corporate Asset Management System completed Feb 2012

### Identified in Maturity Analysis

PA_UID	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
1.1.2	Long-Term Financial Plan	Continue link to resourcing plans, business plans	Strategic Longer-Term Plan	Finance Asset Strategy & Systems	IP&R Group 2 Annual	Long term financial plan established as the basis for infrastructure modelling Linkage to Business Plans not developed Asset Management Plan links for critical asset classes complete
1.2.0	Budget	Complete linkage of the Asset Management Plan outputs to the Long Term Financial Plan & Budget provisions	Budget	Finance Asset Strategy & Systems	Annual	Asset Management Plan links for critical asset classes complete but will be refined as better data becomes available and/or is analysed Budget process may need some refinement as Asset Management Plans mature

PA_UID	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
1.3.0	Annual Report	Consider the need for State of Assets and Value for money reports	Annual Report	Asset Strategy and Systems Working Group	June 2013	Not commenced Data and reporting needs to be bedded down and working first
1.3.2	Sustainability Reporting	Continue to develop input and reporting on expenditure types for asset groups	Annual Report	Finance Working Group	Dec 2012	Categories developed (Finance) for major infrastructure in association with Corporate Asset Management System data transfer Expenditure Types defined and incorporated in Long Term Financial Plan and determined for historical expenditures for model Split between maintenance, renewal, upgrade often difficult to determine particularly for Properties and Parks
2.1.0	AM Policy	Review and update to ensure consistent with IP&R and the Sustainable Sydney 2030	AM Policy	Asset Strategy and Systems	Completed	Objectives adopted by Council June 2011 Draft policy in approved format at Trim 2012/049285
2.2.1	AM Strategy	Prepared in 2007. Needs review and update to ensure consistent with IP&R and the Sustainable Sydney 2030	Strategy & Planning	Asset Strategy and Systems	Completed	Adopted by Asset Strategy and Systems December 2011 Executive briefing Feb 2012 for adoption
2.2.2	AM Plans	Complete Asset Management Plans in accordance with IP&R requirements. Ensure that Asset Management Plans provide service level and risk reporting that show the cumulative consequences of the available funding set out in the resource plan.	Strategy & Planning	Working Group	Critical Assets completed	NAMS template adopted Fleet Asset Plan completed 209-10 – updated for 2012 approved by Asset Management Steering Committee Road Network, Stormwater Drainage, Parks and Open Spaces, Properties approved by Steering Committee December 2011 Others including Bridges, Cliffs and retaining walls, Aquatics, Trees under development Target Service Levels presentation to Executive Feb 2012
2.3.1	AM Roles & Practices	Link AM roles to position descriptions and performance reviews	Governance & Management	Working Group Steering Committee Workforce Services	June 2014	Matrix of Responsibility for Assets developed and approved by Asset Strategy and Systems – included in Asset Management Plans Linkage to Position Descriptions and Performance Review not commenced
2.3.3	AM Improvement	The results of this maturity audit should update the asset management development programme (AMDP).	Governance & Management	Asset Strategy and Systems Working Group	June 2012	Maturity Assessment and Key Strategies are the basis of the AMDP

PA_UID	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
2.3.4	Capital Investment Decisions	Continue to develop the processes to understand the ongoing cost of new capital projects, and the inclusion in council's budget. Link capital investment decision making to the asset management plan and asset management strategy service level and acceptable risk targets following the update of Asset Management Plan and completion of an asset management strategy.	Governance & Management	Finance Asset Strategy and Systems Working Group	December 2012	Project Management Process for the City developed Asset Handover processes under development between City Projects, Public Domain and relevant Asset Managers Service Target Service Levels presentation to Executive Feb 2012 Linkages to Asset Management Plans not commenced
2.4.0	Service Levels & Costs	Report via the Asset Management Plan and AM strategy a fully substantiated relationship between the resource plan and the service level provided. Establish reporting on service level trends through the annual report that reports on service quality (condition), functionality and capacity in terms of % very good, % satisfactory and meeting targets, % poor and below target. These community service levels should then be linked to technical service levels set out in the Asset Management Plans	Service Levels & Costs	Steering Committee	June 2012 minimum service levels	Target Service Levels presentation to Executive Feb 2012 Consistent methodologies for componentisation and condition assessment of assets part of the Corporate Asset Management System implementation
2.5.01	AM Performance Data	Continue data collection in a structured and prioritised approach	Data & Systems	Working Group	Ongoing	Data collection methodology developed and approved by Working Group Data collection including condition completed for Roads, Drains and Traffic Signs – continues for Property, Parks, Street Furniture, Trees, Bridges and other assets
2.5.02	AM Data Integrity	A review of component data against the requirements of Australian Infrastructure Financial Management Guidelines (AIFMG) is recommended to provide confidence that the register is materially correct for the purpose of financial reporting and the resource plan under IPR.	Data & Systems	Finance Working Group Asset Strategy and Systems	Roads & Stormwater June 2012 Buildings & Parks December 2012	Data collection including components complete for roads and drainage – review of financial alignment commenced with Finance Building valuation using components due for completion March 2012 Parks data collection continuing using components –due for completion August 2012
2.5.03	Asset Register Functionality	Continue the implementation of Corporate Asset Management System	Data & Systems	Asset Strategy and Systems Working Group	June 2012 – Phase 2 June 2013 Phase 3	Phase 2 due for completion June 2012 Phase 3 commencing June 2012

PA_UID	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
2.5.06	Condition & Performance. Functionality	Performance monitoring and reporting functionality critical to service level reporting set out in 2.4.0 and 2.5.01. This item should be reviewed as 2.4.0 and 2.5.01 are implemented to align data needs with system implementation.	Data & Systems	Steering Committee	Ongoing	Data collection methodology developed and approved by Working Group All data collection incorporates condition assessment based on 1-5 index All data loaded into Corporate Asset Management System required to include condition
2.5.07	Risk Management Functionality	At present the interaction between Enterprise Risk System and Corporate Asset Management System has not been determined. This should be made a priority in the continuing Asset Management Improvement Plan. System functionality for risk management should be developed in parallel with the risk management process in 2.5.13	Data & Systems	Risk Management Steering Committee Asset Strategy and Systems Working Group	December 2013	Interaction with Corporate Asset Management System not scoped – Risk management functionality included in project plan for Phase 3 of Corporate Asset Management System Decision around extent of utilisation and cross over with Enterprise Risk Management
2.5.09	Unit Costs	A review of unit rates against the requirements of Australian Infrastructure Financial Management Guidelines (AIFMG) is recommended to provide confidence that the register is materially correct for the purpose of financial reporting and the resource plan under IPR.	Data & Systems	Finance Asset Strategy and Systems Working Group	Annually at June	Review of unit rates for Roads and Drains underway – revaluation of Infrastructure assets scheduled for June 2012 Property revaluation by component due for completion March 2012 Parks revaluation using components completed June 2011
2.5.10	Asset Handover	Improve the process for asset handover to ensure asset registers are kept up to date. Register may not be kept up to date. The extent of this should be subject to internal review against the requirements of AIFMG. Formalisation of handover and update processes will assist in the maintenance of the asset register and unit costs.	Data & Systems	Finance City Projects Working Group	December 2012	Asset Handover processes under development between City Projects, Public Domain and relevant Asset Managers Service – Suite of documents required for each new project handover the aim Processes to update asset data in Corporate Asset Management System being developed in conjunction with implementation
2.5.11	Condition & Performance. Monitoring	Implement a scheduled inspection plan for renewal planning and annual reporting and performance reporting purposes	Data & Systems	Working Group	Review Annually	Data collection methodology developed and approved by Working Group All data collection incorporates condition assessment based on 1-5 index All data loaded into Corporate Asset Management System required to include condition including a history of inspections Annual process for review of condition in pace with Properties and Fleet – update for Roads as improvement occur

PA_UID	AM Practice Area	Recommendation	Theme	Resources	Timeframe	Status February 2012
2.5.12	Condition & Defect Data	Consistent corporate approach being used Still some variation within/between asset classes	Data & Systems	Asset Strategy and Systems Working Group	June 2013	Defect type and Priority list established in City Operations (Civil areas) and reflected in Corporate Asset Management System Parks implementation includes defects and priorities consistent with Pathway CSM
2.5.15	New & Upgrade Planning	Continue to develop the linkage from the strategic directions to the provision of the asset base required to provide services. Update of Asset Management Plans needs to include an asset management strategy that links the 10 year works programme to service level and risk outcomes.	Data & Systems	Finance City Projects Working Group	June 2013	Funding model developed for Part 2 of the Resourcing Strategy – Community Asset Plan using the Long Term Financial Plan Linked to the Long Term Financial Plan incorporated in Policy and Strategy Review and Critical Asset Management Plans Target Service Levels presentation to Executive Feb 2012
2.6.1	Data Management Skills	Resource analysis required specific to asset management activities	Skills & Processes	Working Group	Dec 2012	Maturity assessment completed as part of the strategy review Business case for additional administrator of Corporate Asset Management System completed Feb 2012 Effect of implementation of hand held application of Corporate Asset Management System unknown
2.6.2	Data Management Framework	Continue implementation of CAMs	Skills & Processes	Asset Strategy and Systems Working Group	June 2012 – Phase 2 June 2013 Phase 3	Phase 2 due for completion June 2012 Phase 3 commencing June 2012
2.6.3	AM Planning Skills	Train asset owners to use corporate Asset Management Plan templates	Skills & Processes	Asset Strategy and Systems Working Group	Completed for critical assets	NAMS membership maintained and templates adopted Critical Infrastructure Managers trained and mentored in use of Asset Management Plan template – plans complete and adopted by Asset Strategy and Systems NAMS training completed by 3 staff – 1 scheduled 2012

APPENDIX 3 – CBD and Village Groups – High Focus Roads

