



City of Sydney Resourcing Strategy 2014

Sydney2030/**Green/Global/Connected**

- 
1. **Long Term Financial Plan LTFP 1**
 2. **Asset Management Strategy AMP 1**
 3. **Workforce Strategy WS 1**
 4. **Information, Communication and
Technology Strategy..... ICT 1**

The Resourcing Strategy can be accessed on the City of Sydney website at
www.cityofsydney.nsw.gov.au

Information or feedback on the Plan can be made via email to
corporateplan@cityofsydney.nsw.gov.au

Alternatively, comments can be made in writing to:
Feedback on Integrated Plans

City of Sydney
GPO Box 1591

SYDNEY NSW 2011

The Resourcing Strategy and all information, text, graphics and photographs are copyright of City of Sydney. The content is protected by Australian and International Copyright and trademark laws.

1. 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 updated its 2030 Vision under the Integrated Planning and Reporting framework for NSW local government and created the Sustainable Sydney 2030 Community Strategic Plan. This document is the City's Resourcing Strategy and supports the directions within Sustainable Sydney 2030 Community Strategic Plan.

The Resourcing Strategy will help ensure the community's long-term goals and objectives, expressed in the Community Strategic 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 four key areas:

1. Financial Planning
2. Workforce Planning
3. Asset Management Planning
4. Information Communications and Technology Planning

These four 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 and the ICT Strategic Plan which only span four years. The Resourcing Strategy links between the long-term Sustainable Sydney 2030 Community Strategic Plan and the medium-term Delivery Program. The documents are prepared using the best available data. Initiatives within the Resourcing Strategy are reviewed annually to ensure they remain appropriate for 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), Council's ten-year financial planning document with an emphasis on long-term financial sustainability. Financial sustainability is one of the key issues facing local government due to several contributing factors including growing demands for community services and facilities, constrained revenue growth and ageing infrastructure.

This is an important document, which aims to balance the community aspirations and goals against financial realities. Contained in this plan are:

- assumptions used to develop the plan;
- projected income and expenditure, balance sheet and 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 part of the Resourcing Strategy deals with Asset Management Planning, in particular the Council's Asset Management Policy, Strategy and specific asset category plans.

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

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

The City's Asset Management Planning framework includes:

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

Information, Communication and Technology Strategic Plan (ICTSP)

The fourth and final part of the Resourcing Strategy is the Information and Communication Technology (ICT) Strategic Plan and establishes a roadmap to ensure that ICT facilities, initiatives and resourcing are aligned with the strategic goals of the organization.

This four year plan proposes the principles and framework through which the ICT service will partner with the City's business units as they develop, upgrade and transform the nature and substance of services to clients and communities in order to deliver on Sustainable Sydney 2030 outcomes and targets.

This plan is distinct from but will be aligned with the City's digital strategy, which is currently under development. The digital strategy will identify how the City of Sydney can facilitate and assist the broader development of Sydney's economy and service sector with the use of digital technology.

Common Challenges in the Resourcing Strategy

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

The major challenges for the City include the;

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

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

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

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

Lastly, there are a number of reforms being proposed for the structure and operations of local government across NSW, some of which are strongly supported by the City of Sydney, whilst others such as amalgamations are not. The Resourcing Strategy has been developed based on the current legislative and structural framework and does not incorporate any proposed legislative or structural amendments.

Long Term Financial Plan 2014/15 to 2023/24

Contents

1. Long Term Financial Plan - Introduction	2
2. Current Financial State	3
3. Guiding Principles and Assumptions	6
4. Financial Forecasts – Continuing Operations	8
5. Financial Forecasts – Capital and Assets	21
6. Financial Performance Targets	29
7. Long Term Financial Plan Schedules	33

1. Long Term Financial Plan - Introduction



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

Local government operations are vital to its community, and it is important for stakeholders to have the opportunity to understand the financial implications arising from its Community Strategic Plan, Delivery Program and annual Operational Plan, and be assured that these plans are financially achievable and sustainable, 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 undertaking the initiatives and projects that will contribute toward the goals set down in its Sustainable Sydney 2030 Community Strategic Plan.

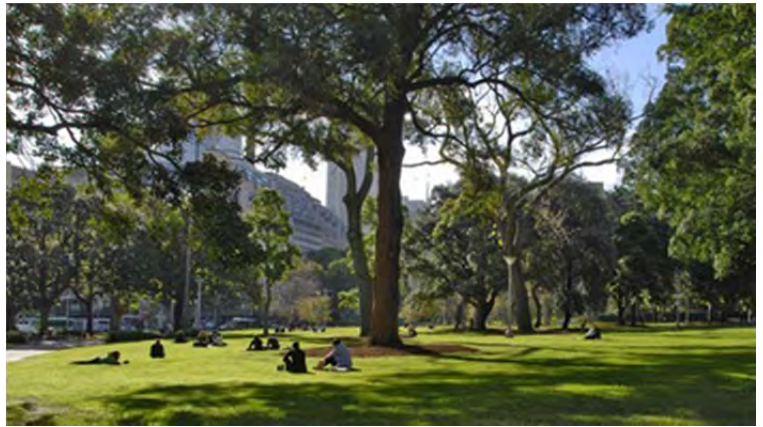
This financial plan provides a ten year overview of Council's projected annual income and expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cashflows.

The financial plan highlights the impact of contributing \$220M to the State Government's Light Rail project, delivering infrastructure and facilities associated with the Green Square Urban Renewal project (along with numerous other major initiatives detailed in this plan), whilst continuing to undertake the maintenance and renewal works required to sustain existing infrastructure and facilities at a satisfactory standard, befitting a Global City.

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 the City achieves all of its strategic goals without risking the long term financial sustainability of its operations.

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

2. Current Financial State



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

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

Review into the Financial Sustainability of the NSW Local Government Sector by NSW Treasury Corporation (T-Corp)

A NSW Treasury Corporation review into the Financial Sustainability of NSW councils (January 2013), concluded that the City of Sydney's financial sustainability is strong, with a positive outlook.

The determination follows a review of Council's historical financial information and its future long term financial plans, reflecting the diligence of council's financial planning and control.

T-Corp's conclusions reflected the following points of interest, indicating that the City:

- consistently achieves strong operating surpluses, forecast to continue;
- has sound liquidity, forecast to continue, despite plans to deliver major projects;

- maintains good financial flexibility, expected to continue into the future;
- has debt free operations; and
- has the capacity to utilise significant borrowings if required

The T-Corp review incorporated a broader range of financial measures, with mandatory reporting of these indicators from proposed in the 2013/14 Department of Local Government (now Office of Local Government) Draft Code of Financial Reporting. The outcome of industry and community consultation is expected to be incorporated as part of the finalised Code for 2013/14.

The City targets above benchmark performance across all mandatory performance indicators as part of our long term financial planning process.

Features of Sustainable Councils

TCorp also noted that while a high population density and low reliance on external sources of funds are important factors to a sustainable council, other factors which can assist their sustainability position include:

1. *Quality management and staff*

- Experienced management team who understand the business and focus on sustainability
- Appropriately qualified engineering staff who understand tasks required
- Skilled grant officers and financial reporting staff to assist decision making
- Ability to attract and secure quality and skilled employees

2. *Responsible Council that understands its role*

- Important for the Council to have a long term vision
- Council that concentrates on "fit for purpose" assets



3. **Good reporting and budgeting**

- Conservative budgeting helps attain necessary operational surpluses
- Good quality reports to help attain external funds (e.g. grants)

Local Government Reform

Arising from the NSW Independent Local Government Review Panel, the report *Revitalising Local Government* set out a series of recommendations for reform of local government in NSW, including a series of recommendations grouped under the following headings:

- Fiscal responsibility
- Strengthening revenue base (including reform of rate-pegging practices)
- Meeting infrastructure needs (addressing infrastructure backlog)
- Improvement, productivity and accountability (including review of individual services)
- Political leadership and good governance
- Advance structural reform
- Regional joint organisations
- Metropolitan Sydney
- State-Local Government Relations
- Driving and monitoring reform

The adoption of some (or all) of the recommendations put forth could potentially have significant financial ramifications. The City has actively contributed input to the process to date, and will continue to offer feedback and lobby for effective and equitable reform of local government in NSW.

With the State Government yet to respond to the above recommendations, the City has employed a “business as usual” assumption that underpins the Long Term Financial Plan. The financial implications of adopting

some or all of the Review Panel’s recommendations (including Council amalgamations) would need to be individually assessed, and clarified, before the Long Term Financial Plan could be adjusted to reflect revised outcomes.

Economic conditions

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

- The Consumer Price Index for Sydney (CPI),
- Property market performance,
- Employment market trends; and
- The state of financial markets (including official interest rates)

Fluctuations in inflation rates over time impact upon both income and expenditure. To safeguard against the risk of detrimental fluctuations in the CPI, the City uses a prudent inflationary factor of 3%, at the high end of the Reserve Bank’s “target” range.

The Sydney property market is currently undergoing a period of unprecedented growth. Aside from influencing the performance of the City’s substantial commercial property holdings, the state of the property market will also directly impact the City’s ability to acquire and divest property holdings. More broadly, the demographic characteristics of the city are directly impacted by prevailing property market trends.

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

For a number of years, the market-driven rate of wages growth has comfortably outstripped both the CPI and



Local Government Cost Index. The maximum allowable rate increase (as determined by IPART) utilises the Local Government Cost Index as the basis for setting the maximum allowable general rates increase in a given year, placing significant additional pressure on the City's Operating Result.

Interest rates, as determined by Reserve Bank policy and financial market conditions will directly impact the returns earned by the City's investment portfolio. Further, the financial position of the City is affected through adjustments to Council provisions and valuation of assets, which are in part determined through reference to long term bond rates.

The City adopts conservative assumptions in financial projections, to mitigate the risk of economic fluctuations adversely affecting projections. The various escalation rates for both income and expenditure are regularly reviewed and updated as appropriate.

3. Guiding Principles and Assumptions

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

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

Key principles employed in the financial planning process:

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

Council maintains a tight control over its financial position and performance, and this has been continually demonstrated through its strong operating results. This long term financial plan continues this successful strategy. The funds generated from operations are used to commence new initiatives and programs, and to sustain the City's extensive capital program, however, the suitability of utilising debt and/or private financing will be considered, as appropriate.

The 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 ten 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 on stable overall cost increases of 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 accordingly (refer section 4).

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

The City will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet the City's liabilities and commitments, and manage cash flow demands to ensure responsible financial management control. While externally restricted reserves will be maintained in accordance with legislative requirements, a number of internally restricted reserves are used to ensure that funds are set aside to directly support Sustainable Sydney 2030 priority initiatives and projects.

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



Assumptions

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

The City's 2014/15 Financial Year budgets (as detailed in the Operational Plan, and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. As noted above, the budgeted Income Statement and Balance Sheet are taken to represent "business-as-usual" and income and expenditure are escalated, where relevant, by an appropriate index.

The Plan utilises annual CPI movements as an indicative guide to annual income and expenditure movements. The model supporting this Plan uses a figure derived from the Reserve Bank of Australia's long term upper limit of CPI growth.

For income and expenditure items driven by more specific factors, relevant alternative indices are incorporated into financial modelling.

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

- Increased capital income as a result of development activity in the Green Square precinct
- Anticipated increase to rates income as a result of development at Barangaroo
- Operational impact of servicing Barangaroo precinct
- Operational impact of new community facilities at Green Square
- Expenditure impact of local government elections

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

As capital projects are forecast to be completed, the corresponding impacts upon depreciation are factored in to the financial results.

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

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

4. Financial Forecasts – Continuing Operations

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 operating income sources, based upon the draft 2014/15 budget, a distribution that remains relatively stable.

The City aims to maintain a diverse income base, with income sources outside Rates and Annual Charges vital to reduce the burden on ratepayers of funding all of Council’s operations.

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





Rates and Annual 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.

Rates Income

In accordance with NSW legislative requirements, the City calculates its individual rates by applying an ad valorem (rate in the dollar) multiplier to each property owners unimproved land value. The City maintains three ad valorem rates being a CBD business rate, a general business rate and a general 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 income represents 46% of Income from Continuing Operations (as reflected in the schedules in section 7 of this plan. CBD business rates represent approximately 24%, other business rates 11% and residential rates 11%, of total income from continuing operations. 80% of residents are on minimum rates, reflecting Sydney's high density living. The City's property distribution is not conducive to achieving an equitable 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.

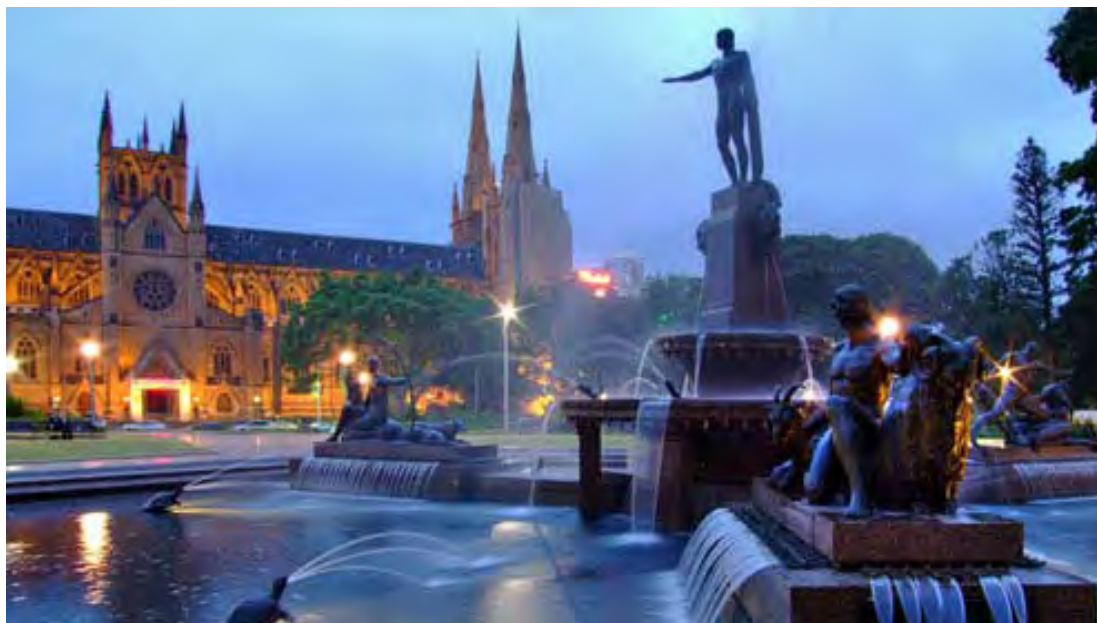
The Minister for Local Government constrains the growth of annual rate income for all councils by setting a general maximum rates increase. This 'rate cap' is recommended

by The Independent Pricing and Regulatory Tribunal (IPART), based upon the price movement of local government expenses in the market and assuming a productivity improvement (efficiency) factor.

Council's general rates base can also grow when new properties are developed within the area that require additional local government services, where the sum of the rates paid by strata owners exceed the original rate value or where crown lands (normally rate-exempt) are being leased for private purposes. The completion of major urban redevelopments within Sydney has generated additional income during recent years which is expected to continue.

In 2012, private leases in the Barangaroo redevelopment site were rated for the first time, amounting to new rates income of around \$3.7M per annum. It is anticipated that over the life of the plan, this amount of income will rise as further development is approved.

In total, the City has estimated future average general rate increases of 3% p.a. The general allowable increase for 2014/15 has been set at 2.3%. IPART determined a general rate increase of 2.8% for councils in recognition of the rising cost incurred by local government in NSW, however then deduct a standard 'productivity' factor of 0.2% and a further 0.3% to remove the final part of the carbon price advance of 0.4% allowed in 2012/13.



Pensioner Rates Exemptions

Council continues to provide 100% rebate of rates and annual charges for eligible pensioners within its local government area. This scheme provides an additional rebate on top of a mandatory rebate for eligible pensioners and in total the scheme costs approximately \$2.5M per year. While this cost has remained reasonably constant, Council officers continue to assess long term trends to ensure the sustainability of this policy, and consider the long term benefits and impacts of this scheme.

Domestic Waste Management Charges

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

These charges amount to \$34.3M for the 2014/15 financial year, including the gradual 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 sent to landfill and convert it into a renewable energy resource.

Stormwater Charges

The legislation also provides the City with the ability to collect a further \$1.8M each year to improve its stormwater networks. The City plans to expend significant sums towards these important infrastructure improvements in the coming ten years, and this contribution has assisted with the preliminary planning of network enhancements, and in the future will contribute to the delivery of works identified with the Stormwater Management Plan.

Environmental Upgrade Agreements (EUA)

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

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

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

The City currently has in place 2 EUAs; for \$36.7M and \$2.7M respectively.

Fees and Charges

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



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

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

- the cost of providing the service
- whether the goods or service are provided on a commercial basis
- the importance of the service to the community
- the capacity of the user to pay
- the impact of the activity on public amenity
- competitive market prices
- prices dictated by legislation; and
- any factors specified within 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 around 9% of the Income From Continuing Operations for the City.

Parking income is predicted to rise close to CPI levels over the ten year period of the long term financial plan.

Other Income

Commercial Property Income

The City's commercial properties portfolio generates approximately 10% of its Income From Continuing Operations, and has been a key revenue source of Council for over 50 years.

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

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

The City has a draft property strategy and plan, articulating the goals and actions for each of the portfolios (commercial, community, investment and strategic), which assists in determining the future needs of Council and the potential for acquisition and divestment for properties over the course of ten years.

An ongoing review of the yields generated from the commercial portfolio is being conducted 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 generally reflect CPI increases over the longer term, subject to acquisitions or divestments of income generating property. Commercial property markets are subject to demand and supply dynamics that impact on vacancy levels and the rents that can be negotiated.

Enforcement Income

Enforcement income refers to the gross revenue generated from the Council's ordinance and parking enforcement activities in maintaining a safe city. The gross income, being the value of fines issued, represents around 7% of the City's Income From Continuing Operations.

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. After paying processing fees to the State, and sharing the net income, Council retains income in the order of 2% of Income from Continuing Operations.

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 for annual CPI adjustments, reflecting the annual increases previously approved by the State Government.

Enforcement income levels over the longer term may be influenced by:

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

Operational Grants and Sponsorships

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

The City is allocated in the order of \$5.5M 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 specific grant funding application. The City also participates in projects between other councils and authorities that may also be funded directly by grants from other parties.

The long term financial plan 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. In fact, it should be noted that the recent Local Government Review recommended that these funds be directed to those councils in greater need. The City would need to assess its response to any 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 is actively sought to 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 also maintains an appropriate Grants & Sponsorship policy, to ensure the highest levels of probity and transparency to protect the City's reputation.

Interest Income

The City invests funds that are surplus to its current needs in accordance with the approved "Minister's Orders" and its own Investment Policy, which is reviewed annually and approved by Council. The City's "Investment Policy and Strategy for the Management of Surplus Funds" was last endorsed by Council in March 2014, and again reflects a prudent and conservative approach, to achieve reasonable returns whilst ensuring the safeguard of the City's funds for the purposes intended.

The City has steadily developed relevant cash reserves to be applied towards the major Sustainable Sydney

2030 projects over the next ten years, in addition to those external restrictions required by legislation. The size of the investment portfolio and interest rate movements determine the revenue generated from the Council's cash investment portfolio, and the investment income derived is therefore expected to gradually decline as the cash reserves are utilised for the major projects.



Capital Income

Developer Contributions

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

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

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

The City – under Section 94 of the Environmental Planning and Assessment Act – has also levied 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. It is anticipated that a new Section 94 contributions plan will be developed during 2014/15, reflecting current population and development projections, and an updated list of essential infrastructure and facilities.

Recent State Government requirements have restricted the maximum amount of developer contributions that can be levied and the type of public facilities, amenities and services that can be funded through the development contributions system. In accordance with the Ministerial

Direction effective from 16 September 2010, residential contributions are capped to \$20,000 per dwelling or lot created.

As a result of the contributions cap, it is anticipated that a new Section 94 plan will not significantly alter existing contributions rates for new dwellings. The City will also closely monitor the progress of the NSW Government’s proposed reforms to the state’s planning system. The implications for collection and utilisation of developer contributions are unclear, however information circulated to date indicate that the City’s utilisation of developer contributions mechanisms should not be materially adversely affected.

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.

The Green Square urban renewal area has generated substantial demand for development (particularly residential), and has been forecast to provide considerable uplift to both contributions income, and demand for new infrastructure and facilities in the area, over the ten year timeframe of the Plan.

The use of Voluntary Planning Agreements (VPAs) and, in the case of the Green Square, the Floorspace Bonus scheme and Developer Rights Scheme (DRS) will also continue to deliver significant public benefits where the City is able to negotiate positive outcomes with Developers. The potential for Works In Kind contributions may deliver essential infrastructure, or alternatively, cash contributions will further assist in funding the City’s capital works program.



In the case of the DRS, the Long Term Financial Plan reflects an uplift to developer contributions over the next ten years, in line with anticipated timing of development within the Green Square Town Centre. As detailed in the Green Square Town Centre Infrastructure Strategy, the DRS will assist in funding the provision of essential local infrastructure (including roads, drainage, open space and traffic/access infrastructure) and facilities (including childcare centres, libraries and recreational facilities) within Green Square, in conjunction with Section 94 and the City's general funds.

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

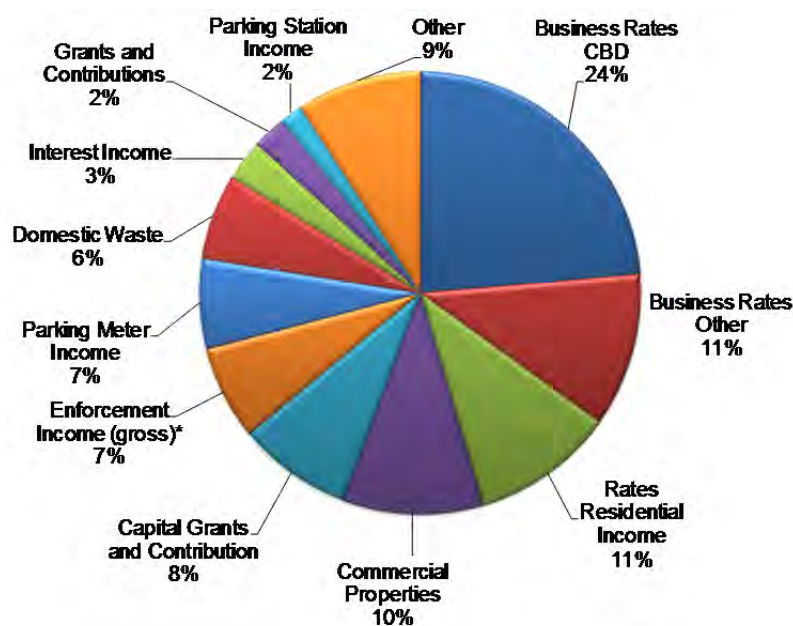
Capital Grants

Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that 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 is assessed, and where the funding sources are known, included in the long term financial plan.

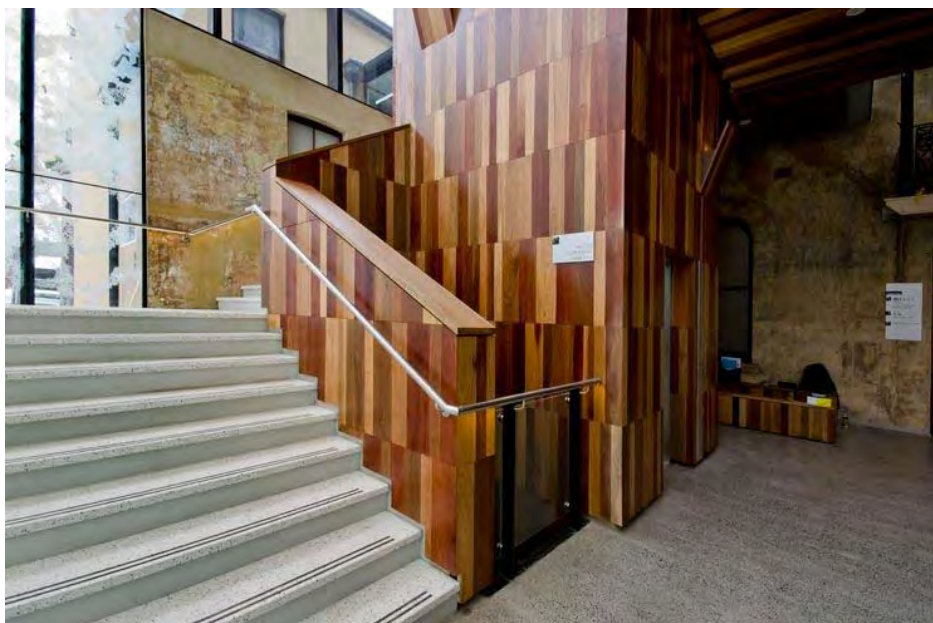
The plan incorporates a conservative sum for capital grants income in each year, based on historical availability of grant funding assistance. As specific projects are identified as eligible for grants, the income and budgeted capital expenditure are matched within the plan.

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



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

The above graph shows the percentage breakdown of the revenue sources that constitute Income from Continuing Operations for 2014/15.

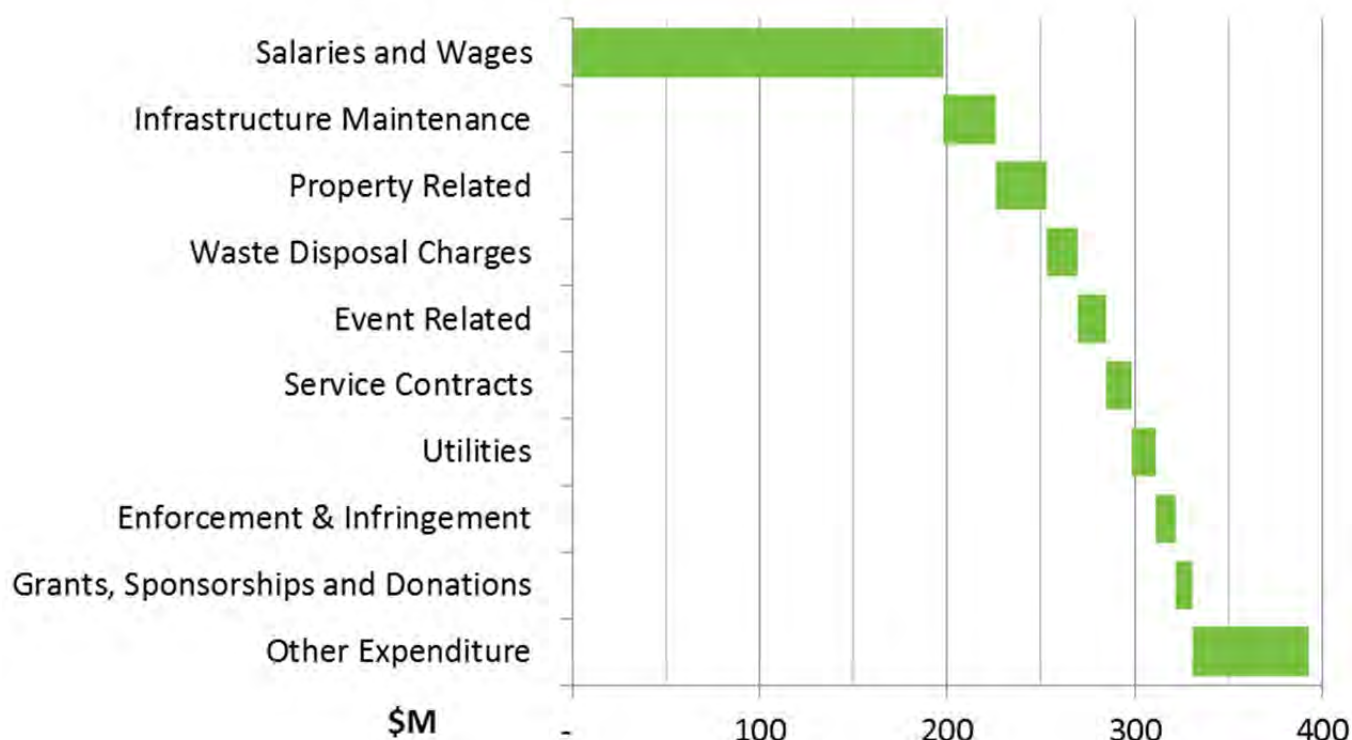


Operating Expenditure

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

The chart below illustrates the major distribution of the City's expenditure sources, based upon the draft 2014/15 budget, a distribution that has also remained relatively stable for a number of years.

Operating expenditure is expected to increase in general terms over the next ten years and an average increase for annual CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions. Examples of specific items include tipping fees and government authority charges such as the fire service levies and utility charges that have been increasing at much higher rates in recent years.





Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce of over 1,900, 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 50% of the City’s total operational expenditure (excluding depreciation), rising from approximately 45% in 2004/05, and therefore warrants specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

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

The Workforce Strategy 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 are incorporated within the current provisions contained in this long term financial plan.

Future salary and wages costs will be determined as part of periodic award negotiations between the Council and relevant unions. The plan contains provisions for increases in line with CPI over the ten year period together with an allocation for a small number of new positions - again reflecting the need to deliver the City’s major project commitments and 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 fluctuating moderately from year to year, depending on the specific needs and priorities of the services and projects within this category of expense.

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

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



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

Major financial risks within this category of expenditure include:

- increased costs of inputs to operations (waste 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); and
- limited competition for some specific service areas.

Other Expenditure

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

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

The City commits significant funding to its ongoing community events (including New Year’s Eve, Chinese New Year, etc). While there are also 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 are well managed to 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 including the use of renewable energy 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 above CPI, and this forecast will be closely monitored and updated with greater precision as energy saving projects are implemented 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 implementation of LED technology to the City’s street lighting assets, a project that is currently underway, will



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 expenditure for water usage is expected to rise 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 \$1.0M for the cost of running the local government elections every four years. The plan allows for elections in 2016 and 2020. These costs may vary as a result of recent recommendations relating to local government elections for the City.

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 the levies should be apportioned equitably and used for the nominated outcomes in a transparent manner.

The City contributes in excess of \$10.0M annually to the State Government in the form of direct levies. The increase in these charges, in some cases arbitrarily set by the State Government, has in recent years 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 (\$3.9M annually)

- Emergency Services Levy assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$3.8M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD (\$1.6M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning and Environment (\$0.5M annually).

The Waste and Environment Services Levy will continue to increase at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2014/15 it is anticipated to rise in the order of 12%. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge, as required by legislation.

The 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 fully onto councils.

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 what benefits to public transport have been achieved through the use of these specifically quarantined funds.

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



Parking Enforcement Agreement

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

The City returns around \$5.5M annually to the State Government as per the agreement. This amount fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income. In addition, the City pays the State Debt Recovery Office in the order of \$4.9M for the processing of infringement notices.

Asset and infrastructure Maintenance

The City's Asset Management Strategy Plan incorporates the over-arching framework, policies and strategies to manage the critical assets under the City's control, a key measure of long term sustainability. The plan provides estimates of the planned maintenance levels for each of the major categories of infrastructure assets and the long term financial plan includes forward estimates for asset maintenance activities including new assets developed, together with provisions for projects that refurbish, upgrade or create new community facilities and essential infrastructure.

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

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. Guidelines set down by the State Government Office of Local Government require that all assets are revalued within a five year cycle.

The implementation of improved asset management systems for the buildings portfolio has increased depreciation expense. The City owns over 200 buildings for community, strategic and investment purposes. From the 2012/13 financial year, building assets have been broken into discrete components (e.g. external fabric of a building, and the electrical and mechanical components of the building) in order to better reflect their value.

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

5. Financial Forecasts – Capital and Assets

Capital Works Expenditure

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

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

Asset and Infrastructure Renewal and Upgrade

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

The program for asset renewal, enhancement and for the creation of new assets will be informed by the City's Asset Management Strategy, 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.

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

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

The ten year long term financial plan provides 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.

In addition to the major initiatives, the ten year plan also allocates 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.



Barangaroo Integration & Harbour Village North

The City has committed to integrating the new development of the Barangaroo Development Site into the City with \$36.6M allocated towards related public domain works.

New Childcare Centres

The City has committed to delivering new childcare centres to assist in meeting the growing demand for childcare places within the LGA. The first facility to come on line will be at 277 Bourke Street, with additional sites expected to be delivered and operational within the first four years of the long term financial 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, photovoltaic solar and other renewable energy projects, waste to energy facility, and major water re-use projects.

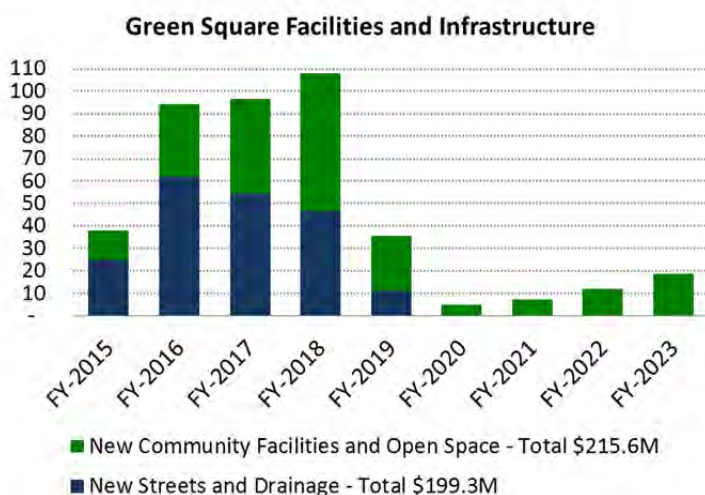
This plan allows funding for the City's own assets and contributions towards infrastructure that will benefit the broader Sydney local government area.

Green Square

The Green Square urban renewal area includes capital works of approximately \$415.0M over the next ten years. In addition, future land acquisitions by Council related to the provision of infrastructure and facilities in Green Square will total more than \$24.0M. The overall capital project delivery has been divided into two major project groups, reflecting the nature of infrastructure and facilities to be delivered, and allowing better planning.

More than 85% of this expenditure is forecast to occur within the first five years of the Plan.

The graph below highlights the timing of expenditure for the Green Square Urban Renewal project groups. The graph indicates that the bulk of the expenditure will occur in the financial years 2014/15 to 2018/19. The size and timing of this project when combined with the light rail contribution has a significant impact on the cash balances of the Council.



Projects within Green Square are grouped into the major groups: **Community Facilities and Open Space** and **Streets and Drainage**

Green Square Community Facilities and Open Space

New facilities and open space have been planned for the former South Sydney Hospital site at Green Square. In addition, significant new open space is to be provided within the Green Square Town Centre and surrounds.



Specific major projects within this group include:

Green Square Aquatic Centre (and adjacent Gunyama Park)

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

An architectural design competition has been launched seeking a vision for these spaces consistent with the City's high urban design standards.

Green Square Library and Plaza

Over 160 architects from around the world entered a design competition in 2012 to create a new library and plaza for Green Square. A winner was selected in 2013, and the City is currently working with the architect to develop a concept design.

Green Square Streets and Drainage

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

It is envisaged that the construction of the culvert (full length) will be completed by 2017. Sydney Water began notifying property owners and conducting site and geotechnical investigations from January 2014.

In addition, the provision of new roads (both local streets and major roads) will require significant capital expenditure, the majority of which is expected to occur

within the first four years of the Long Term Financial Plan.

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

Bicycle Related Works

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

The City's bicycle related works program aligns with the NSW Government's *Sydney City Centre Access Strategy* (December 2013).

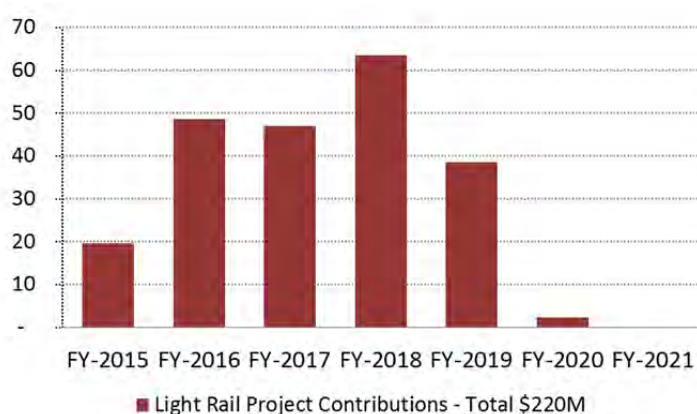
Light Rail Contribution

The City has been working with the State Government, over a number of years, to assess the feasibility of improving public access and transport through the city centre district. The Light Rail project was recently announced by the State Government.

To enable this project to integrate with the surrounding infrastructure and keep Sydney competitive as a global city in terms of business, tourism and liveability, the City has committed to contribute \$220.0M of funding to the associated public domain works, design and essential service relocations. The works are forecast to commence in 2014.



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



Parks and Open Spaces

The City's parks, open spaces and trees are amongst 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 renewal works has been developed to maintain and enhance the quality and enjoyment of the open space within the Council area.

Property Related Projects

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

The upgrade of Sydney Town Hall external façade is captured as a separate major project, as outlined in the Capital Works Expenditure summary found within the financial schedules of this report.

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 assets are maintained to a satisfactory standard across the entire the local government area.

The public domain category of works includes:

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

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 Centre Streetscape Upgrades

Provision is made within the long term financial plan for the revitalisation of "high streets" within the City's major



village precincts. These major initiatives include traffic management measures, increased amenity and capacity of the streetscape.

Major projects relating to the upgrade of Chinatown and Crown St, Surry Hills are separately identified within the Capital Works Expenditure summary, included in the financial schedules of this report.

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 ten Year Capital Works schedule comprises a mixture of known projects over the shorter term and contains provisional sums 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 ten years, demonstrates the City's intention to return to a long term average capital works program of \$140-150.0M per annum.

This objective 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, to ensure the renewal and maintenance of our infrastructure and facilities to the required standard for a global City and its surrounding villages.

The City will generate the requisite funds through tightly controlled and well managed operations, interest earnings and capital contributions. While the objective will continue to pose a challenging program to deliver



year on year, it is considered appropriate, achievable and financially sustainable.

Plant and Assets (incl. ICT Projects)

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

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

The forecasts shown represent asset acquisitions net of disposals (which aim to recover the residual value of the asset, where a sale is possible). The annual \$20.0M allowance represents the long term target, with specific requirements determined within the Operational Plan each year.

Property Strategy - Acquisition and Divestments

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

For the purposes of this financial plan, provisional sums for future property acquisition and divestment have been included to reflect how the prospective cash flows would impact Council's cash reserves and financial position.

As discussed above, purchases of land related to the delivery of the overall Green Square Urban renewal

project have been significant. Most of these purchases have been undertaken to facilitate stormwater and road infrastructure delivery, with an estimated \$24.3M of acquisitions remaining at the close of the 2013/14 financial year. The intention remains to divest any residual lands that are not required, once the essential assets have been constructed/delivered.

Over the life of this plan, the City will identify other specific development 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.

Cash (Funding) Forecasts

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

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

The ratio of current vs non-current cash and investments as at 2013/14 is assumed constant throughout the plan, with minor adjustments made where required by timing of expenditure and required cash restriction balances.



Cash Restrictions

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

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

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

External Restrictions:

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

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

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

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

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

Internal Restrictions:

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

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

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

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

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

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

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

Green Infrastructure – Monies set aside for implementing green infrastructure projects including



co/trigeneration plants, water recycling and evacuated waste systems to deliver enhanced environmental benefits to the organisation and community.

Renewable Energy – Monies set aside to develop renewable energy for the organisation that can be derived from wind, solar or geo-thermal sources. A further \$2.0M per annum will be set aside until 2014/15

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

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

Infrastructure Contingency – Monies are restricted for the immediate funding of urgent and expensive rectification of historic buildings and ageing infrastructure (eg. stormwater).

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

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

6. Financial Performance Targets

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

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

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

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, tight 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 \$100.0M which is achievable and aligns with current performance. Along with interest earnings and capital contributions, this will generate funds of around \$140.0M 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 on a quarterly basis to the Council and the public community.

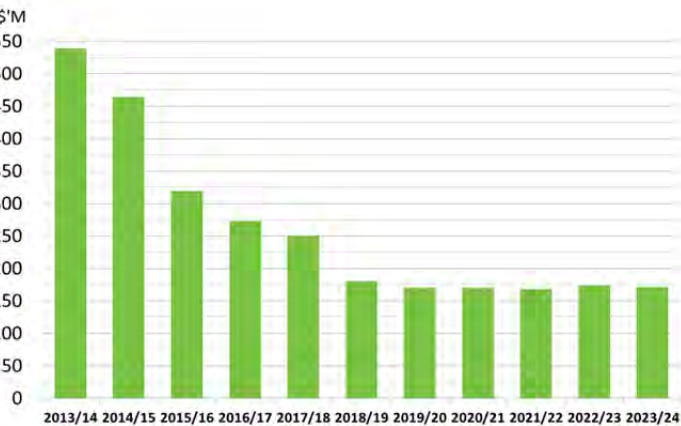
Cash Reserves

The City ensures in its planning process that it holds sufficient cash reserves to satisfy all of its legislative requirements (or external) reserves as well as the internal reserves (employee liabilities etc) that it has elected to set aside to ensure prudent financial controls. This minimum total has typically been between \$170M - \$200.0M.

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



Forecast Cash Balance over ten years in \$M



Office of Local Government Performance Indicators

The most recently issued *Local Government Code of Accounting Practice and Financial Reporting* (2012/13 financial year) prescribes a series of performance indicators to be compulsorily reported from the 2013/14 financial year. The City uses these indicators (and respective benchmarks) as key parameters in the financial planning process. The ratios used (and brief descriptions of their purpose) are as follows:

Unrestricted Current Ratio (Liquidity)

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 Unrestricted Current Ratio is specific to local government and is designed to represent a Council's ability to meet short term obligations as they fall due. Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions)

complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs.

The City's ratio is currently near 3.65, reflecting cash reserves accumulated by the City in preparation for the initiatives and major projects soon to commence. The unrestricted current ratio decreases over the life of the long term financial plan as these strategic cash reserves are allocated towards the major projects in the capital works program. Cash levels out to remain within the identified benchmark range in the later years of the plan, as annual capital works forecasts return to a more typical level.

The City targets a long term ratio of between 1.5 and 1.75, a benchmark which accords with the recommendations of the Office of Local Government.

Operating Performance

This ratio measures a Council's achievement of containing operating expenditure within operating revenue. It is important to distinguish that this ratio is focussing on operating performance and hence capital grants and contributions are excluded. The benchmark is greater than negative 4%.

This benchmark is comfortably exceeded in the City's Long Term Financial Plan. Operating surpluses underpin the delivery of Council's ambitious capital works program.

Own Source Operating Revenue

This ratio measures fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council's financial flexibility



improves the higher the level of its own source revenue. The benchmark is greater than 60%.

The City exceeds the benchmark in all years of the plan, but maintains that a diverse income base reduces the direct burden placed on the City's ratepayers in funding operations and capital expenditure.

Capital Expenditure Ratio

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1.

The City questions the value of this ratio as an indicator of financial performance, given the disconnect between depreciation (a retrospective measure) and capital expenditure which is prospectively based on identified future need. Additionally, fluctuations in annual capital works expenditure may distort the ratio. The city aims to meet the benchmark over the longer term, in order to incorporate any such fluctuations and ensure a more reflective average capital spend.

Infrastructure Backlog Ratio

This ratio shows what proportion the backlog is against the total value of a Council's infrastructure.

Projecting a "cost to bring to satisfactory standard" for the City's asset base is extremely difficult, given that it is typically a retrospective measure. The City uses this ratio to set the benchmark level for "Cost To Bring to a Satisfactory Standard" over the ten years of the Plan, and the Asset Management Strategy identifies appropriate levels of renewal expenditure required by the existing asset base.

Asset Maintenance Ratio

This ratio compares actual versus required annual asset maintenance. A ratio of above 1.0 indicates that the Council is investing enough funds within the year to stop the Infrastructure Backlog from growing. The benchmark is greater than 1.

The Long Term Financial Plan reflects the aims of the Asset Management Strategy; to meet appropriate maintenance standards and benchmarks, but not over-service existing assets.

Building and Infrastructure Renewals Ratio

This ratio compares the proportion spent on infrastructure asset renewals and the asset's deterioration measured by its accounting depreciation. Asset renewal represents the replacement or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets or the refurbishment of old assets that increase capacity or performance.

Whilst the City believes that annual depreciation is a very limited basis for determining required asset renewal, it nonetheless targets an above-benchmark result, except in instances where renewal expenditure is inconsistent with the strategic plan for a property.

Cash Expense Cover Ratio

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

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



Interest Cover Ratio

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

Debt Service Cover Ratio

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

Rates and Charges Outstanding Percentage

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

Whilst this ratio is not proposed as part of the mandatory set of financial performance measures, the City continues to monitor performance in collection of rates as a key measure of efficient financial management.

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

7. Long Term Financial Plan Schedules

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

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

Income & Expenditure (Income Statement)

Income & Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan's including the 2014/15 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
- Distributed by the City's principal activities

Capital Works

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

The proposed Capital Works program includes a total of \$1,958.9M comprising a program of major projects of \$1,045.9M and ongoing programs of \$913.0M.

Balance Sheet (Statement of Financial Position)

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

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

Cash Flow Forecast

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

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

City of Sydney Income Statement

		2015/16	2016/17	2017/18	4 Year Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Year Total
\$'M	2014/15											
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	289.9	299.9	313.7	324.5	1,228.0	335.6	347.2	359.1	371.4	384.1	396.0	3,421.3
Fees	98.8	101.5	104.4	107.3	412.1	110.4	113.5	116.7	120.0	123.5	127.0	1,123.2
Interest Income	18.3	15.3	12.9	12.6	59.2	10.4	8.4	8.2	8.1	8.2	8.3	110.7
Other Income	97.2	98.3	102.4	106.6	404.5	109.9	113.4	117.0	120.7	124.5	129.6	1,119.5
Grants and Contributions provided for Capital Purposes	48.2	56.4	48.4	51.8	204.8	29.7	22.0	30.7	25.3	38.7	30.0	381.2
Grants and Contributions provided for Operating Purposes	13.9	14.0	14.4	14.8	57.1	15.3	15.7	16.2	16.7	17.2	17.7	155.9
Total Income from Continuing Operations	566.3	585.4	596.3	617.7	2,365.7	611.3	620.2	647.8	662.2	696.2	708.5	6,311.9
Expenses from Continuing Operations												
Employee	197.9	203.7	210.7	218.0	830.4	227.0	234.8	242.9	251.3	259.9	268.9	2,315.2
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts	96.4	98.4	101.5	104.8	401.1	108.1	111.5	114.8	118.3	121.8	125.5	1,101.1
Depreciation Expense	111.1	113.3	115.5	117.9	457.7	120.2	122.6	125.1	127.6	130.1	132.7	1,216.1
Other Expenditure	105.9	105.5	109.5	111.6	432.6	114.8	118.1	122.5	125.1	128.7	132.4	1,174.2
Total Expenses from Continuing Operations	511.2	520.9	537.3	552.3	2,121.8	570.1	587.1	605.4	622.2	640.6	659.5	5,806.5
Net Operating Result for the Year	55.0	64.5	59.0	65.4	243.9	41.2	33.2	42.5	40.0	55.6	49.0	505.4

Colour Key (All Schedules):

Next Year Budget (2014-15)
4 Year Budget (2014-15 to 2017-18 inclusive)
10 Year Budget (2014-15 to 2023-24 inclusive)

Detailed Income and Expenditure

		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Year Total				
	2015/16	2016/17	2017/18	4 Year Total								
2014/15												
OPERATING INCOME												
\$'M												
Advertising Income	6.5	6.7	6.9	7.1	27.2	7.3	7.5	7.7	8.0	8.2	8.4	74.4
Annual Charges	37.1	38.1	39.2	40.4	154.9	41.5	42.7	44.0	45.3	46.6	47.9	422.9
Aquatic Facilities Income	2.5	2.6	2.6	2.7	10.4	2.8	2.9	3.0	3.1	3.1	3.2	28.4
Building & Development Application Income	6.4	6.5	6.7	6.9	26.6	7.1	7.4	7.6	7.8	8.0	8.3	72.8
Building Certificate	1.5	1.6	1.6	1.6	6.3	1.7	1.7	1.8	1.9	1.9	2.0	17.3
Child Care Fees	2.3	2.3	2.4	2.5	9.5	2.6	2.6	2.7	2.8	2.9	3.0	26.0
Commercial Properties	57.8	57.8	60.6	63.6	239.8	65.7	67.8	70.0	72.3	74.6	77.1	667.3
Enforcement Income	38.7	39.8	41.0	42.3	161.8	43.5	44.8	46.2	47.6	49.0	50.5	443.3
Grants and Contributions	13.9	14.0	14.4	14.8	57.1	15.3	15.7	16.2	16.7	17.2	17.7	155.9
Health Related Income	1.1	1.2	1.2	1.3	4.8	1.3	1.3	1.4	1.4	1.5	1.5	13.2
Library Income	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	0.4	0.4	3.2
Other Building Fees	6.2	6.3	6.5	6.7	25.8	6.9	7.1	7.4	7.6	7.8	8.0	70.6
Other Fees	3.4	3.5	3.6	3.7	14.0	3.8	3.9	4.0	4.1	4.3	4.4	38.5
Other Income	1.0	1.1	1.1	1.1	4.3	1.1	1.2	1.2	1.3	1.3	1.3	11.7
Parking Meter Income	37.2	37.9	38.7	39.5	153.3	40.3	41.1	41.9	42.7	43.6	44.5	407.3
Parking Station Income	9.2	9.7	10.2	10.7	39.7	11.2	11.8	12.4	13.0	13.6	14.3	116.0
Private Work Income	6.0	6.2	6.4	6.6	25.1	6.8	7.0	7.2	7.4	7.6	7.8	68.8
Rates - Business CBD	134.1	138.8	143.6	148.6	565.1	153.8	159.2	164.8	170.5	176.5	182.7	1,572.6
Rates - Business Other	63.6	65.8	68.2	70.5	268.2	73.0	75.6	78.2	80.9	83.8	86.7	746.4
Rates - Residential	55.1	57.1	62.7	64.9	239.9	67.2	69.6	72.1	74.6	77.2	79.8	680.4
Sponsorship Income	0.6	0.6	0.6	0.7	2.5	0.7	0.7	0.7	0.7	0.8	0.8	6.9
Venue/Facility Income	6.8	7.0	7.2	7.5	28.6	7.7	7.9	8.2	8.4	8.7	8.9	78.3
Work Zone	6.7	6.9	7.1	7.3	28.1	7.6	7.8	8.0	8.3	8.5	8.8	77.1
Value in Kind - Revenue	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.2	2.2	2.3	2.4	20.8
Total Operating Income	499.7	513.7	534.9	553.2	2,101.6	571.2	589.8	609.0	628.8	649.3	670.3	5,820.0
OPERATING EXPENDITURE												
Salaries and Wages	160.0	165.5	171.2	177.2	673.9	184.7	191.1	197.7	204.6	211.6	219.0	1,882.6
Other Employee Related Costs	1.9	2.0	2.1	2.1	8.1	2.2	2.2	2.3	2.4	2.5	2.5	22.2
Employee Oncosts	5.1	5.3	5.5	5.8	21.7	6.0	6.2	6.5	6.7	7.0	7.3	61.5
Agency Contract Staff	5.9	5.1	5.3	5.4	21.7	5.6	5.8	5.9	6.1	6.3	6.5	57.9
Superannuation	18.9	19.6	20.2	21.0	79.7	21.7	22.4	23.2	24.0	24.9	25.7	221.6
Travelling	0.6	0.6	0.6	0.6	2.3	0.6	0.6	0.7	0.7	0.7	0.7	6.3
Workers Compensation Insurance	3.2	3.3	3.4	3.5	13.3	3.6	3.7	3.8	3.9	4.0	4.1	36.3
Fringe Benefit Tax	0.5	0.5	0.5	0.6	2.2	0.6	0.6	0.6	0.6	0.7	0.7	5.9
Training Costs (excluding salaries)	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.2	2.2	2.3	2.4	20.8
Salary Expense	197.9	203.7	210.7	218.0	830.4	227.0	234.8	242.9	251.3	259.9	268.9	2,315.2

Detailed Income and Expenditure

						2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Year Total
	2015/16	2016/17	2017/18	4 Year Total								
	2014/15											
Bad & Doubtful Debts	0.3	0.3	0.3	0.3	1.2	0.3	0.3	0.3	0.3	0.3	0.3	3.0
Consultancies	5.9	6.1	6.3	6.4	24.7	6.6	6.8	7.0	7.3	7.5	7.7	67.6
Enforcement & Infringement Costs	10.6	10.9	11.2	11.6	44.2	11.9	12.3	12.6	13.0	13.4	13.8	121.2
Event Related Expenditure	15.7	16.2	16.7	17.2	65.7	17.7	18.2	18.7	19.3	19.9	20.5	179.9
Expenditure Recovered	(5.2)	(5.3)	(5.5)	(5.6)	(21.6)	(5.8)	(6.0)	(6.2)	(6.4)	(6.5)	(6.7)	(59.2)
Facility Management	1.1	1.2	1.2	1.2	4.7	1.3	1.3	1.4	1.4	1.4	1.5	13.0
General Advertising	3.2	3.3	3.4	3.5	13.4	3.6	3.7	3.8	3.9	4.1	4.2	36.8
Governance	1.8	1.8	2.9	1.9	8.4	2.0	2.1	3.1	2.2	2.2	2.3	22.3
Government Authority Charges	6.4	6.6	6.8	7.0	26.8	7.2	7.4	7.7	7.9	8.1	8.4	73.5
Grants, Sponsorships and Donations	9.4	9.6	9.8	10.0	38.7	10.2	10.4	10.7	10.9	11.1	11.4	103.4
Infrastructure Maintenance	28.1	29.0	29.8	30.7	117.7	31.7	32.6	33.6	34.6	35.6	36.7	322.4
Insurance	3.3	3.4	3.5	3.6	13.8	3.7	3.8	3.9	4.1	4.2	4.3	37.8
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
IT Related Expenditure	5.7	5.9	6.1	6.2	23.9	6.4	6.6	6.8	7.0	7.2	7.5	65.5
Legal Fees	3.1	3.2	3.3	3.4	13.0	3.5	3.6	3.7	3.8	3.9	4.0	35.5
Operational Contingencies	3.5	1.7	1.7	1.7	8.6	1.7	1.7	1.7	1.7	1.7	1.7	18.8
Other Asset Maintenance	2.3	2.4	2.5	2.6	9.8	2.6	2.7	2.8	2.9	3.0	3.1	26.8
Other Operating Expenditure	8.9	9.1	9.4	9.7	37.1	10.0	10.3	10.6	10.9	11.2	11.6	101.7
Postage & Couriers	1.1	1.1	1.1	1.2	4.4	1.2	1.2	1.3	1.3	1.3	1.4	12.1
Printing & Stationery	3.3	3.4	3.5	3.6	13.8	3.7	3.8	3.9	4.0	4.2	4.3	37.7
Project Management & Other Project Costs	1.7	1.8	1.9	1.9	7.3	2.0	2.0	2.1	2.2	2.2	2.3	20.0
Property Related Expenditure	27.2	28.0	28.9	29.7	113.8	30.6	31.5	32.5	33.5	34.5	35.5	311.8
Service Contracts	13.2	13.9	14.5	15.2	56.9	15.8	16.5	16.9	17.5	18.0	18.5	160.1
Stores & Materials	5.1	5.2	5.4	5.5	21.2	5.7	5.9	6.0	6.2	6.4	6.6	58.0
Surveys & Studies	2.4	2.2	2.3	2.3	9.3	2.4	2.5	2.6	2.6	2.7	2.8	24.9
Telephone Charges	2.7	2.8	2.9	3.0	11.4	3.1	3.2	3.2	3.3	3.4	3.6	31.2
Utilities	13.0	13.4	13.8	14.2	54.4	14.6	15.1	15.5	16.0	16.5	17.0	149.1
Vehicle Maintenance	3.3	3.4	3.5	3.6	13.9	3.7	3.9	4.0	4.1	4.2	4.3	38.1
Waste Disposal Charges	16.3	16.8	17.3	17.8	68.1	18.3	18.9	19.4	20.0	20.6	21.2	186.6
Value in Kind - Expenditure	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.2	2.2	2.3	2.4	20.8
Expenditure	195.3	199.2	206.2	211.4	812.1	217.8	224.3	231.9	237.7	244.7	251.9	2,220.5
Total Operating Expenditure (Excl Depreciation)	393.2	402.9	417.0	429.4	1,642.5	444.7	459.1	474.8	489.0	504.7	520.8	4,535.7
Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)	106.5	110.8	118.0	123.8	459.1	126.5	130.7	134.2	139.8	144.6	149.5	1,284.3

Detailed Income and Expenditure

						2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Year Total
	2015/16	2016/17	2017/18	4 Year Total								
	2014/15											
Operating Surplus/(Deficit)	106.5	110.8	118.0	123.8	459.1	126.5	130.7	134.2	139.8	144.6	149.5	1,284.3
<i>Add Additional Income:</i>												
Interest	18.3	15.3	12.9	12.6	59.2	10.4	8.4	8.2	8.1	8.2	8.3	110.7
Grants and Contributions provided for Capital Purp	48.2	56.4	48.4	51.8	204.8	29.7	22.0	30.7	25.3	38.7	30.0	381.2
<i>Less Additional Expenses:</i>												
Capital Project Related Costs	6.9	4.7	4.9	5.0	21.5	5.1	5.3	5.5	5.6	5.8	6.0	54.8
Depreciation Expense	111.1	113.3	115.5	117.9	457.7	120.2	122.6	125.1	127.6	130.1	132.7	1,216.1
Net Operating Surplus/(Deficit)	55.0	64.5	59.0	65.4	243.9	41.2	33.2	42.5	40.0	55.6	49.0	505.4

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

								2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Year Total
	2014/15			2015/16	2016/17	2017/18	4 Year Total							
	Income	Expenditure	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	
\$M														
Chief Operations Office	0.4	16.3	(15.9)	(16.4)	(16.9)	(17.5)	(66.7)	(18.0)	(18.6)	(19.3)	(19.9)	(20.6)	(21.2)	(184.3)
Chief Operations Office	0.0	3.9	(3.9)	(4.1)	(4.2)	(4.3)	(16.5)	(4.5)	(4.7)	(4.8)	(5.0)	(5.2)	(5.3)	(46.0)
Sustainability	0.3	2.5	(2.1)	(2.2)	(2.3)	(2.4)	(9.0)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(2.8)	(24.8)
Research, Strategy and Corporate Planning	0.1	6.5	(6.4)	(6.5)	(6.7)	(7.0)	(26.7)	(7.2)	(7.4)	(7.6)	(7.9)	(8.1)	(8.4)	(73.3)
City Renewal	0.0	0.8	(0.8)	(0.8)	(0.8)	(0.8)	(3.2)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(8.9)
City Design	0.0	2.7	(2.7)	(2.8)	(2.9)	(3.0)	(11.4)	(3.1)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)	(31.4)
City Life	12.7	62.5	(49.9)	(51.4)	(53.0)	(54.7)	(209.0)	(57.0)	(58.7)	(60.6)	(62.5)	(64.4)	(66.5)	(578.6)
Culture and Creativity Programs	5.3	26.7	(21.4)	(22.1)	(22.8)	(23.6)	(90.0)	(24.9)	(25.7)	(26.6)	(27.4)	(28.3)	(29.2)	(252.1)
City Life Management	0.1	10.9	(10.8)	(11.0)	(11.3)	(11.6)	(44.6)	(11.8)	(12.1)	(12.4)	(12.7)	(13.0)	(13.4)	(120.1)
Social Programs and Services	6.9	18.8	(11.9)	(12.3)	(12.7)	(13.2)	(50.0)	(13.6)	(14.1)	(14.6)	(15.1)	(15.6)	(16.2)	(139.2)
City Business & Safety	0.2	3.9	(3.7)	(3.9)	(4.0)	(4.1)	(15.7)	(4.2)	(4.4)	(4.5)	(4.7)	(4.8)	(5.0)	(43.3)
Sustainability Programs	0.2	2.3	(2.1)	(2.1)	(2.2)	(2.3)	(8.7)	(2.3)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(24.0)
City Operations	122.2	165.7	(43.5)	(45.6)	(47.5)	(49.4)	(186.1)	(51.5)	(53.5)	(55.7)	(57.9)	(60.2)	(62.6)	(527.5)
Venue Management	6.5	4.5	2.0	2.0	2.1	2.1	8.2	2.2	2.2	2.3	2.3	2.4	2.4	22.0
Security & Emergency Management	2.9	5.0	(2.1)	(2.1)	(2.2)	(2.3)	(8.7)	(2.4)	(2.4)	(2.5)	(2.6)	(2.7)	(2.8)	(24.2)
City Rangers	38.4	26.4	12.0	12.3	12.6	12.9	49.8	13.2	13.6	13.9	14.2	14.6	15.0	134.3
Strategy and Assets Group	47.2	17.9	29.2	29.9	30.6	31.3	121.0	32.0	32.8	33.6	34.4	35.2	36.1	324.9
City Greening and Leisure	2.5	26.4	(23.9)	(24.6)	(25.4)	(26.2)	(100.1)	(27.0)	(27.9)	(28.8)	(29.7)	(30.6)	(31.6)	(275.6)
City Operations Management	0.0	0.6	(0.6)	(0.6)	(0.6)	(0.7)	(2.5)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)	(7.0)
City Infrastructure and Traffic Operations	23.2	31.4	(8.2)	(8.5)	(8.9)	(9.2)	(34.8)	(9.6)	(9.9)	(10.3)	(10.7)	(11.2)	(11.6)	(98.2)
Cleansing & Waste	1.5	53.5	(52.0)	(53.9)	(55.6)	(57.4)	(219.0)	(59.2)	(61.1)	(63.0)	(65.0)	(67.1)	(69.2)	(603.7)
City Projects and Property	57.5	48.4	9.1	8.8	8.6	8.3	34.8	8.0	7.7	7.5	7.2	6.8	6.5	78.5
City Property	57.5	42.7	14.7	14.7	14.6	14.6	58.6	14.6	14.5	14.5	14.4	14.4	14.4	145.4
City Projects	0.0	5.6	(5.6)	(5.9)	(6.1)	(6.3)	(23.9)	(6.5)	(6.8)	(7.0)	(7.3)	(7.6)	(7.8)	(66.9)
City Planning Development and Transport	14.5	36.9	(22.4)	(21.8)	(22.6)	(23.4)	(90.3)	(24.3)	(25.2)	(26.1)	(27.1)	(28.1)	(29.1)	(250.1)
Health & Building	8.3	14.3	(6.0)	(6.1)	(6.4)	(6.6)	(25.1)	(6.9)	(7.2)	(7.5)	(7.8)	(8.1)	(8.4)	(71.0)
Planning Assessments	5.8	12.1	(6.3)	(6.5)	(6.8)	(7.0)	(26.7)	(7.3)	(7.6)	(7.9)	(8.2)	(8.5)	(8.8)	(74.9)
Strategic Planning and Urban Design	0.3	5.5	(5.2)	(4.1)	(4.2)	(4.4)	(18.0)	(4.5)	(4.7)	(4.9)	(5.0)	(5.2)	(5.4)	(47.6)
City Access	0.0	4.9	(4.9)	(5.0)	(5.2)	(5.4)	(20.5)	(5.5)	(5.7)	(5.9)	(6.1)	(6.3)	(6.5)	(56.5)
Chief Executive Office	0.0	7.3	(7.3)	(7.5)	(7.8)	(8.0)	(30.5)	(8.3)	(8.6)	(8.8)	(9.1)	(9.4)	(9.8)	(84.5)
City Engagement	2.0	18.9	(16.9)	(17.4)	(18.0)	(18.6)	(70.9)	(19.2)	(19.9)	(20.6)	(21.3)	(22.0)	(22.7)	(196.6)
Chief Financial Office	0.5	8.0	(7.5)	(7.8)	(8.0)	(8.3)	(31.6)	(8.6)	(8.9)	(9.2)	(9.5)	(9.8)	(10.1)	(87.6)
Legal and Governance	0.7	11.3	(10.6)	(10.9)	(11.3)	(11.6)	(44.4)	(12.0)	(12.4)	(12.8)	(13.2)	(13.6)	(14.0)	(122.3)
Workforce and Information Services	0.0	24.6	(24.5)	(25.3)	(26.2)	(27.0)	(103.0)	(27.9)	(28.8)	(29.8)	(30.7)	(31.8)	(32.8)	(284.8)
Corporate Costs	289.2	(6.6)	295.8	306.1	320.7	334.1	1,256.7	345.2	357.5	369.4	383.8	397.6	411.8	3,522.1
Council	499.7	393.2	106.5	110.8	118.0	123.8	459.1	126.5	130.7	134.2	139.8	144.6	149.5	1,284.3

Summary Of Income and Expenditure by Principal Activity

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

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2014/15) to better reflect the allocation of Council funds towards these major directions.

	2018/192019/202020/212021/222022/232023/24												
	2015/162016/172017/18							Net Surplus/(Deficit) by Year					
\$'M	2014/15				Net Surplus/(Deficit) by Year								
	Income	Expenditure	Net Surplus/(Deficit)	Capital									
A globally competitive and innovative city	38.7	52.6	(13.9)	0.0	(11.7)	(12.2)	(12.7)	(13.1)	(13.6)	(14.2)	(14.7)	(15.3)	(15.9)
A leading environmental performer	2.4	67.0	(64.6)	38.6	(66.5)	(68.6)	(70.8)	(73.0)	(75.4)	(77.8)	(80.3)	(82.8)	(85.5)
Integrated transport for a connected city	71.2	44.9	26.3	44.3	26.1	26.6	27.1	27.6	28.1	28.7	29.2	29.8	30.4
A city for walking and cycling	0.0	2.1	(2.1)	37.6	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.5)	(2.6)	(2.7)	(2.8)
A lively and engaging city centre	0.2	0.7	(0.5)	12.1	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)
Vibrant local communities and economies	15.9	80.3	(64.4)	85.2	(65.6)	(67.7)	(69.9)	(72.8)	(75.2)	(77.6)	(80.2)	(82.8)	(85.5)
A cultural and creative city	2.4	5.8	(3.4)	5.0	(3.5)	(3.6)	(3.7)	(3.8)	(4.0)	(4.1)	(4.2)	(4.4)	(4.5)
Housing for a diverse population	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Sustainable development, renewal and design	43.6	35.4	8.1	0.0	(0.3)	(1.1)	(1.9)	(2.7)	(3.5)	(4.4)	(5.3)	(6.3)	(7.2)
Implementation through effective governance and partnerships	392.0	222.5	169.5	27.4	188.7	188.4	200.2	182.1	179.8	195.1	198.8	220.8	220.8
Total Council	566.3	511.2	55.0	250.2	64.5	59.0	65.4	41.2	33.2	42.5	40.0	55.6	49.0

Capital Works Expenditure Summary

The City has developed a four year forward Capital Works program that will continue to deliver vital improvements to the City's domain, roads, footways, pools, open space and community facilities. The proposed program will enable the commencement and completion of many key infrastructure projects and progress a number of Sustainable Sydney 2030 projects. The program prepared is in line with the agreed long term financial parameters and represents the City's capacity to deliver the program each year and provisions for significant projects which may be delivered by third parties.

		2015/16	2016/17	2017/18	4 Years Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Years Total
\$'M	2014/15											
Major Projects												
Barangaroo Integration and Harbour Village North	4.7	12.0	4.3	5.5	26.5	5.9	3.2	1.0				36.6
CBD Laneways	6.2			2.0	8.2	4.7	8.4	2.5	0.9			24.6
Chinatown Public Domain	3.0	5.3	0.1	0.8	9.2	1.0	3.0	3.0	1.5	2.0	2.0	21.7
Crown Street Activation	6.0	1.3			7.2							7.2
Eora Journey	1.0	1.3	1.6	0.9	4.8							4.8
Foley Lane	1.1	1.9			3.0							3.0
Glebe Foreshore	2.0				2.0							2.0
Green Infrastructure	15.7	17.7	10.0	5.7	49.0	21.9	14.0	15.1	13.6	16.7	4.9	135.3
Green Square Community Facilities and Open Space	11.0	28.0	48.9	61.5	149.3	24.2	5.0	7.1	12.0	18.7		216.3
Green Square Streets and Drainage	18.2	69.2	54.6	46.6	188.7	11.3						200.1
Heffron Hall Upgrade	4.0	5.1			9.1							9.1
Hyde Park	3.0	4.5	0.1	0.2	7.8	0.3	5.0	5.0	5.2			23.3
Johnstons Canal Master Plan & Harold Park Works	2.0	6.5	5.2		13.7							13.7
Juanita Nielsen Centre	5.6	3.7			9.3							9.3
Light Rail Project Contribution	19.6	48.6	47.1	63.6	178.9	38.6	2.3	0.2				220.0
New Childcare Centres	13.0	14.0	4.0		31.0		22.0					53.0
Oxford Street Properties Activation	2.2	0.9	0.6		3.7	0.9	1.7					6.3
Perry Park - Recreational Facilities	3.2	6.0	2.5		11.7							11.7
Sydney Town Hall	6.3				6.3		4.5	7.0	7.5	8.3	1.3	34.9
T2 Bicycle and Community Hub	2.9	4.9			7.8							7.8
Town Hall House - Levels 1,2 and 3 Upgrade	5.3				5.3							5.3
Major Projects Total	135.8	230.7	179.1	186.9	732.3	109.0	69.1	40.9	40.7	45.6	8.2	1,045.9

Capital Works Expenditure Summary - continued

		2015/16	2016/17	2017/18	4 Years Total	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	10 Years Total
\$'M	2014/15											
Programs												
Accessibility Upgrades	0.4	0.4	0.6	0.6	1.9	0.6	0.6	0.6	0.6	0.6	0.6	5.3
Bicycle Related Works	28.5	10.3	3.5		42.3	2.7	3.5	2.9	2.4	2.3	3.0	59.1
Car Parks	2.4				2.4	1.1	1.1	1.1	1.1	2.0	1.1	10.1
Community, Cultural and Recreation Property Related Projects	9.3	5.2	5.8	3.0	23.3	3.0	4.0	15.5	15.0	15.0	21.5	97.3
Corporate and Investment Property Related Projects	18.2	15.2	16.5	11.1	61.1	10.4	11.5	16.7	15.9	15.9	17.4	149.1
Greening Sydney	2.1	2.0	2.1	2.0	8.2	2.1	2.0	2.1	2.0	2.2	2.0	20.6
Open Space & Parks	11.4	7.6	5.9	7.6	32.5	6.0	16.0	16.9	14.3	11.3	22.8	119.7
PCTC Works	1.8	1.8	1.8	1.8	7.2	1.8	1.8	1.8	1.8	1.8	1.8	18.0
Pools	0.8	1.8	2.2	0.6	5.5	0.6	3.9	6.9	5.0	2.0	3.0	26.9
Public Art LGA	3.9	5.6	3.3	2.8	15.5	2.2	1.1	0.5	0.7	0.7	0.7	21.3
Public Domain	16.6	19.5	16.9	15.0	68.0	14.1	14.9	22.3	29.6	24.6	29.1	202.5
Public Domain - Paver in-fill upgrade	4.0	5.0	5.0	4.5	18.5	5.5	5.5	5.5	5.5	5.5	5.5	51.5
Stormwater Drainage	5.0	8.4	8.4	1.5	23.3	1.5	1.5	11.5	11.5	10.6	16.5	76.4
Village Centre Streetscape Upgrades	4.8			3.0	7.8	3.5	8.5	6.0	5.1	6.4	13.0	50.2
Programs Total	109.4	82.9	71.8	53.4	317.5	55.1	75.9	110.3	110.4	100.9	138.0	908.1
Contingency & Provisional Sums												
Contingency	5.0				5.0							5.0
Total Contingency & Provisional	5.0				5.0							5.0
TOTAL CAPITAL WORKS	250.2	313.6	250.9	240.2	1,054.8	164.0	145.0	151.2	151.1	146.5	146.2	1,958.9

City of Sydney

Balance Sheet

		2018/19	2019/20	2020/21	2021/22	2022/23	2023/24			
		2015/16	2016/17	2017/18						
\$'M	2014/15									
ASSETS										
Current Assets										
Cash and Investments	464.5	319.6	273.1	250.2	180.6	170.0	169.7	168.2	173.6	171.4
Receivables	101.6	100.6	101.8	102.9	104.0	105.1	106.3	107.4	108.9	110.2
Provision for Doubtful Rates	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Prepayments	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9	3.9
Inventory	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Current Assets	571.3	425.4	380.1	358.3	289.8	280.3	281.2	280.8	287.7	286.8
Non-Current Assets										
Capital Works, Infrastructure, Investment Properties and P&A	7,034.3	7,255.9	7,349.4	7,435.2	7,531.6	7,571.5	7,615.1	7,655.9	7,704.6	7,755.2
Non Current Assets	7,034.3	7,255.9	7,349.4	7,435.2	7,531.6	7,571.5	7,615.1	7,655.9	7,704.6	7,755.2
TOTAL ASSETS	7,605.6	7,681.3	7,729.6	7,793.5	7,821.4	7,851.8	7,896.3	7,936.8	7,992.3	8,042.0
LIABILITIES										
Current Liabilities										
Payables	112.2	123.4	112.7	111.2	97.9	95.1	97.1	97.6	97.5	98.2
Provisions	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1	54.1
Current Liabilities	166.3	177.5	166.8	165.3	152.0	149.2	151.3	151.8	151.6	152.3
Non-Current Liabilities										
Provisions	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
Non Current Liabilities	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2	17.2
TOTAL LIABILITIES	183.5	194.7	184.0	182.5	169.2	166.4	168.4	168.9	168.8	169.5
Net Assets	7,422.1	7,486.6	7,545.6	7,611.0	7,652.2	7,685.4	7,727.8	7,767.8	7,823.4	7,872.5
EQUITY										
Equity	7,422.1	7,486.6	7,545.6	7,611.0	7,652.2	7,685.4	7,727.8	7,767.8	7,823.4	7,872.5

City of Sydney CASH FLOW FORECAST

		2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24
	\$M	2014/15								
Revenue:										
Rates and Annual Charges		289.1	299.0	312.8	323.5	334.6	346.1	358.0	370.3	383.0
Other Operating Income		208.9	212.9	220.2	227.7	234.5	241.6	248.8	256.3	264.0
Operating Income		497.9	511.8	533.0	551.3	569.2	587.7	606.8	626.6	647.0
Expenses:										
Salary & Wages Expenditure		197.9	203.7	210.7	218.0	227.0	234.8	242.9	251.3	259.9
Other Operating Expenditure		193.5	197.3	204.3	209.4	215.7	222.2	229.8	235.5	242.4
Operating Expenditure		391.4	401.0	415.0	427.4	442.7	457.0	472.7	486.8	518.4
Operating Surplus		106.5	110.8	118.0	123.8	126.5	130.7	134.2	139.8	149.5
Other Non Operating:										
Interest income		18.3	15.3	12.9	12.6	10.4	8.4	8.2	8.1	8.2
Capital Related Project Expenses		(6.9)	(4.7)	(4.9)	(5.0)	(5.1)	(5.3)	(5.5)	(5.6)	(6.0)
Depreciation		(111.1)	(113.3)	(115.5)	(117.9)	(120.2)	(122.6)	(125.1)	(127.6)	(130.1)
Capital Grants and Contributions		48.2	56.4	48.4	51.8	29.7	22.0	30.7	25.3	38.7
Net Surplus		55.0	64.5	59.0	65.4	41.2	33.2	42.5	40.0	55.6
Add Back :										
Depreciation		111.1	113.3	115.5	117.9	120.2	122.6	125.1	127.6	130.1
Non-Cash Asset Adjustments		3.0	2.2	2.3	2.4	2.4	2.5	2.6	2.7	2.8
Cash Surplus before Capital Expenditure		169.1	180.0	176.8	185.7	163.9	158.3	170.1	170.2	188.5
Capital Expenditure										
Capital Works		(245.2)	(313.6)	(250.9)	(240.2)	(164.0)	(145.0)	(151.2)	(151.1)	(146.5)
Plant and Asset Acquisitions		(27.4)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)	(20.0)
Property (Acquisitions)/Divestment		8.6	(3.5)	59.5	54.2	(35.0)	0.0	0.0	0.0	(15.0)
Total Capital Expenditure		(264.0)	(337.1)	(211.4)	(206.0)	(219.0)	(165.0)	(171.2)	(171.1)	(186.2)
Net Receivables/Payables Movement		20.3	12.3	(12.0)	(2.6)	(14.4)	(3.9)	0.9	(0.7)	(1.6)
Cash Surplus / (Deficit)		(74.6)	(144.8)	(46.6)	(22.9)	(69.5)	(10.6)	(0.3)	(1.6)	5.4
Total Cash at Beginning of Period		539.0	464.5	319.6	273.1	250.2	180.6	170.0	169.7	168.2
Cash Surplus/ (Deficit)		(74.6)	(144.8)	(46.6)	(22.9)	(69.5)	(10.6)	(0.3)	(1.6)	5.4
Total Cash at End of Period		464.5	319.6	273.1	250.2	180.6	170.0	169.7	168.2	173.6

Asset Management Plan

2014

1.	Asset Management Planning	AMP 3
1.1	Background	AMP 3
1.2	What is asset management?	AMP 3
1.3	The City's Asset Management Framework.....	AMP 3
2.	Asset Management Policy	AMP 5
3.	Asset Management Strategy	AMP 7
3.1	Background	AMP 7
3.2	Current Situation	AMP 7
3.3.	Current Asset Management Capacity and Maturity	AMP 11
4.	Asset Management Plans	AMP 12
5.	Community Asset Management Plan.....	AMP 14
5.1	Levels of Service	AMP 14
5.2	Demand Management	AMP 14
5.3	Lifecycle Management.....	AMP 14
5.4.	Financial Summary	AMP 17
6.	Critical Assets	AMP 19
7.	Road Network	AMP 20
7.1	Background	AMP 20
7.2.	Levels of Service	AMP 21
7.3.	Lifecycle Management.....	AMP 22
7.4.	Maintenance, Renewal and Upgrade Plans	AMP 26
7.5.	Financial Summary, Projections and Sustainability.. ..	AMP 27
8.	Stormwater Drainage Network .	AMP 31
8.1.	Background	AMP 31
8.2.	Levels of Service	AMP 32
8.3.	Lifecycle Management.....	AMP 33
8.4.	Maintenance, Renewal and Upgrade Plans	AMP 35
8.5.	Financial Summary, Projections and Sustainability	AMP 36
9.	Parks, Open Spaces and Trees	AMP 41
9.1.	Background	AMP 41
9.2.	Levels of Service	AMP 43
9.3.	Lifecycle Management.....	AMP 45
9.4.	Maintenance, Renewal and Upgrade Plans	AMP 50
9.5.	Financial Summary, Projections and Sustainability	AMP 52
10.	Properties	AMP 56

10.1. Background	AMP 56
10.2. Levels of Service	AMP 57
10.3. Lifecycle Management.....	AMP 57
10.4. Maintenance, Renewal and Upgrade Plans	AMP 62
10.5. Financial Summary, Projections and Sustainability	AMP 63
11. Conclusion.....	AMP 67
12. Appendix 1.....	AMP 69
13. APPENDIX 2 – City Centre and Village Groups – High Focus Roads	AMP 74

1. Asset Management Planning

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 \$8.7 billion in physical assets (including land) to support its delivery of services to the community. The City has developed a framework for embedding asset management objectives and principles. These principles are aimed solely at managing 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"¹

The term "asset management" as defined in the City's Strategy² 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 Source "Planning a Sustainable Future" Planning and Reporting Manual for local government in NSW: Department of Local Government NSW

² Infrastructure Asset Management and Service Delivery Policy and Strategy 2007" City of Sydney ;pp. 35

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 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 and adopted 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.

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

3. Asset Management Strategy

3.1 Background

An asset management strategy provides a summary of how the resources available in the Resourcing Strategy will deliver Sustainable Sydney 2030 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 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 key projects in the Strategy.

3.2 Current Situation

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

The purchase and progressive implementation of a corporate asset management system to consolidate asset data and information

Commissioned and completed a number of data collection projects aimed at improving the quality of the underlying base asset data for roads, stormwater drainage, trees, parks and open spaces, and buildings; updates of the roads and stormwater drainage network data is scheduled for 2014-15.

Table 3.2.1 and 3.2.2 on the following page shows the current situation in relation to our critical and other assets including valuation information.

TABLE 3.2.1 – City of Sydney Critical Asset Categories (as at March 2014)

Asset Category	Asset Component	Dimensions and Units	Financial Replacement Value (\$M)
ROADS	Roads	333 km	902
	Road Pavements	12 km (separated cycleways))	(Incl. Cycleways)
	Dedicated Cycleways		
	Footpaths	533 km	360
	Kerb and gutter	619 km	252
	Bridges	38	68
	Traffic Facilities	1,680	19
		TOTAL	1,601
STORMWATER	Drainage		
	Stormwater Pipes	182 km	145
	Stormwater Pits	11,920	56
	Open channels	430m	4
	Box culverts	8,600 m	38
	Water Quality Improvement Devices	22	1
	Rain Gardens	130	1
		TOTAL	245
PARKS	Iconic	22	187
	Neighbourhood	32	95
	Pocket Parks	271	75
	Civic Space	17	23
	Streetscape	233	3
	Traffic Treatment	211	2
		TOTAL	386
TREES	Parks Trees	12,365	28
	Street trees (incl. bases)	30,801	58
		TOTAL	86
PROPERTIES	Community Portfolio	86	
	Corporate Portfolio	18	
	Public Domain Portfolio	71	1,367
	Investment/Strategic Portfolio	69	
	Sydney Town Hall	1	446
		TOTAL	1,812

TABLE 3.2.2 – City of Sydney Other Asset Categories (as at March 2014)

Asset Category	Asset Component	Dimensions and Units	Financial Replacement Value (\$M)
PUBLIC LIGHTING	Public Lighting		
	Smartpoles	2,022	60
	Lightpoles	2,620	19
	Mounted lights	6,401	13
	Street Furniture	N/A	9
	Permanent Survey Marks	N/A	3
	TOTAL		90
SIGNS	Parking and Regulatory Sign Poles	34,000	2
	Parking and Regulatory Signs	63,500	7
	TOTAL		9
PLANT & EQUIPMENT	Fleet	479	35
PLANT & EQUIPMENT	Other Items e.g. parking meters	N/A	56
LIBRARY RESOURCES	Books and publications	N/A	9
CITY ART	Public Art and sculptures	223	32
TOWN HALL COLLECTION	Historical items, cultural artefacts	1,850	6
OFFICE EQUIPMENT	Information Technology, desks etc.	N/A	20
STRUCTURES	Cliff and Retaining Walls	140	7
	Foreshore Structures		
	Sea Walls	2 km	10
	Jetties	4	0.5
	Pontoons	4	0.5
	Steps/Stairs/Ramps	94	18
	Fences	290	N/A
	TOTAL		16

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 – Not available

- 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

++ - Year of condition assessment is in brackets e.g. (2013) indicates data collection will be undertaken in that year

TABLE 3.2.3 – Asset Categories – Condition Assessments

Asset Category	Asset Component	Average Condition Now #	Year of Condition Assessment ++	% of Assets Rated Satisfactory Now **
ROADS	Road Pavements	1.8	2011	99
	Footpaths	2.6	2011	94
	Kerb and gutter	3.0	2011	82
	Bridges	2.6	2013	81
	Traffic Facilities	N/A	(2014)	N/A
	Steps and Ramps	2.4	2013	87
STORMWATER	Drainage	2.0	2011	97
	Water Quality Devices	N/A	N/A	N/A
PARKS	Iconic	2.0	2013	99
	Neighbourhood	2.2	2013	97
	Pocket Parks	2.8	2013	94
	Civic Space	2.8	2013	94
TREES	Parks Trees	N/A	(2014)	N/A
	Street trees (incl. bases)	2.3	2014	98
PROPERTIES (BUILDINGS)	Community Services Corporate Services Public Domain Investment/Strategic Sydney Town Hall	2.4	2013	95
SIGNS	Parking and Regulatory Sign Poles Parking and Regulatory Signs	1.0	2011	95
LIGHTING AND FURNITURE	Smartpoles, Lightpoles	2.0	2009	N/A
	Mounted lights	3.0	2009	N/A
	Street Furniture	N/A	(2013)	N/A
	Permanent Survey Marks	N/A	(2013)	N/A
STRUCTURES	Cliff & Retaining Walls	N/A	2013	N/A
	Foreshore Structures	N/A	2013	N/A
	Fences	N/A	2013	N/A
PLANT & EQUIPMENT	Fleet	2.1	2013	99

NOTES: - 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.

The areas where data is required are marked N/A – Not available.

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 continues to improve. The major focus is on asset planning and 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. Five major projects are currently underway, or planned for 2014/15, to meet the implementation plan priorities

- Development of Risk Management Plans for Critical Assets;
- Identification of renewal, upgrade and expansion components of Long Term Financial Plan capital projects;
- Review and update of the roads, footways and kerb and gutter inventory and condition data;
- Review and update of the stormwater drainage inventory and condition data incorporating CCTV analysis of pit and pipe capacity and structure; and
- Review and update the City's Traffic Facility asset inventory and condition data assessment.

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.PLUS2.

The Corporate Asset Management System provides a 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. The Table below shows the plans either completed or being developed:

ASSET CATEGORY	STATUS
Fleet Services	Completed
Cleansing and Waste	Completed
Venue Management	Completed
Parking Services	Completed
Security and Emergency Management	Completed
Road Pavements	Completed to Draft
Footways	Completed to Draft
Kerb and Gutter	Completed to Draft
Stormwater Drainage	Completed to Draft – based on Critical asset class
Parks Services	Completed to Draft – based on Critical asset class
Property Services	Completed to Draft – based on Critical asset class
Bridges	Commenced – data collection
Traffic Facilities	Commenced – data collection
Steps, Ramps, Cliffs and Retaining Walls, Foreshore Structures	Commenced – data collection
Fences	Commenced – data collection
Water Quality Devices	Commenced – data collection
Aquatic Facilities	Commenced – data collection
Street Trees	Commenced – data collection
Public Lighting	Commenced – data collection
Street Furniture	Commenced – data collection
Permanent Survey Marks	Commenced – data collection

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

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 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 Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans.

The City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections below and are derived from the best available 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 the implementation of the George Street light rail project. Both 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 continually updating and incorporating improved condition data.

Condition assessments are important because they:

- Identify assets or areas where maintenance is needed;

- Give information, through regular assessment, on the trend in deterioration of assets;
- Enable estimates of costs to restore to a reasonable level; and
- Help 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 which is due to be updated in 2014/15;
- Stormwater drainage network being pit, pipe and channel information including size, capacity, dimensions, condition, which are also due for update in 2014/15 including CCTV analysis for all City owned pipes and pits;
- Parks inventory detailing park elements, condition and valuation; and
- Detailed building component data e.g. electrical components, structural components, roof details etc. These components are included in the Financial valuations but work is continuing to fully implement into operations

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

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

5.3.2. Asset Valuations

A summary of the 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.

A project to review and update the high level risks associated with the critical asset classes will be completed during 2013/14. The completion of the associated Risk Management Plan for Critical Assets is due in 2014/15.

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

A Sustainability Index in excess of 0.9 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 modelling 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 or update projects.

7. Road Network

7.1 Background

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

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

The road network assets assessed in this Plan include:

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

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 modelling 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 is

complete but verification, particularly relating to ownership and maintenance responsibility for cliffs and retaining walls, continues.

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

TABLE 7.1 – Road Network Assets

Asset Category	Dimensions/ Quantity	Replacement Value (\$M)
ROADS		
Road Pavements	333 km (length) – Includes 12 km of separated cycleways	902
Footpaths	533 km (length)	360
Kerb and gutters	619 km	252
Traffic Facilities		
Roundabouts	57	1.5
Speed Humps	116	0.
Thresholds	199	2.1
Medians	32	0.2
Traffic Islands	1,276	15.3
Bridges		
Steel Bridges	34 – 17,000 sq. m	68
Timber Bridges	4 – 310 sq. m	
TOTAL		1,601
STRUCTURES		
Cliff and Retaining Walls	140	7
Foreshore Structures	2 km	10
Sea Walls	4	0.5
Jetties	4	0.5
Pontoons	94	18
Steps/Stairs/Ramps	290	N/A
Fences		
TOTAL		16

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 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 target for renewal	Achieved – Customer requests 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 target 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 survey of inventory and condition of the road, footpath and kerb and gutter network was completed in 2011 and the data has been updated for work completed through 2012/2013 financial year. A bridges inventory and condition survey is complete but full analysis of the data is ongoing.

7.3.1. Asset Condition

CONDITION INDEX	CONDITION	DESCRIPTION	RESIDUAL OR REMAINING LIFE ESTIMATE
1	Excellent	No work required (normal maintenance)	90-100%
2	Good	Some surface/pavement structure deterioration – patching only required (only minor maintenance required)	60-90%
3	Average	Significant surface/pavement structure deterioration – maintenance work required	30-60%
4	Poor	Deterioration materially affecting surface/pavement structure (renewal required)	10-30%
5	Very Poor	Surface/pavement close to or unserviceable (urgent renewal required)	0-10%

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

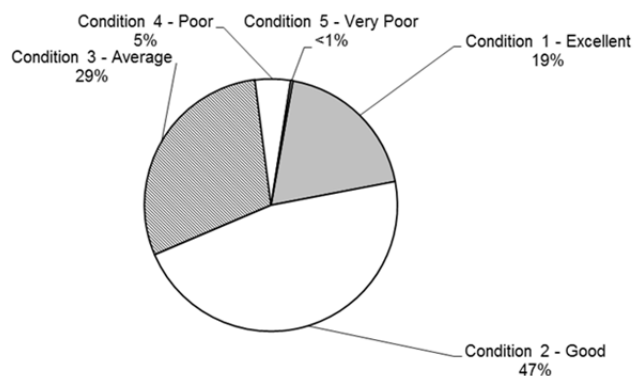
The data from the inventory and condition survey, updated for works completed since the survey, forms the basis for the condition charts shown. The survey is due for review in the 2014/2015 financial year and updated conditions included in revisions of the Community and Detailed Asset Management Plans. 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

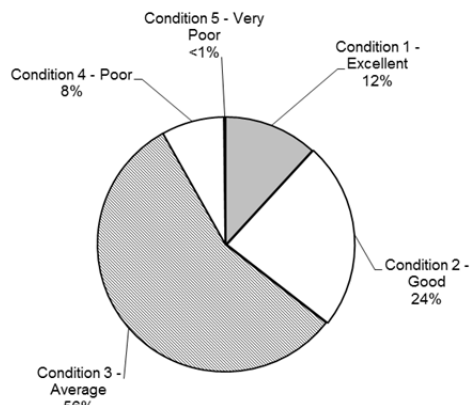
Road Network Condition - Total
(Includes carriageways, cycleways, footpaths, kerb and gutter)



Road Network Average Condition 2.2

CHART 7.3.3 – Footpath Network Condition

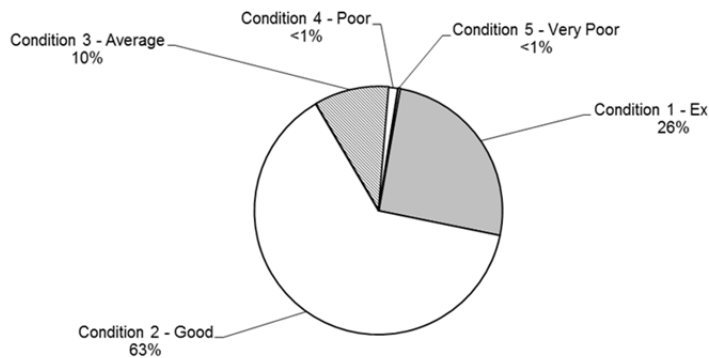
Footpaths - Condition



Footpaths Average Condition 2.6

CHART 7.3.2 – Road Carriageway Condition

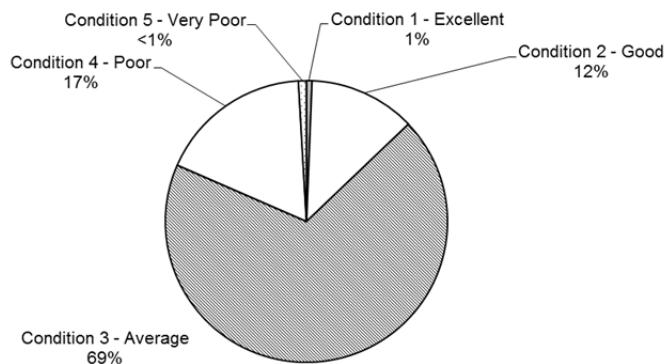
Road Carriageways - Condition
(Includes cycleways)



Road Carriageway Average Condition 1.9

CHART 7.3.4 – Kerb and Gutter Network Condition

Kerb and Gutter - Condition



Kerb and Gutter Average Condition 3.0



Condition 1 - Excellent



Condition 5 – Very poor

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

Any road carriageway, footpath or kerb and gutter asset rated a condition 4 or 5 has been or 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 analysis of the 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

Centre 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:

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

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

The 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 the 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)
TOTAL AREA (Including CBD and Village Groups)			
Regional Road Surface	1.9	2	Nil
Major Road Surface		2.5	
Minor Road Surface		3.0	
Footway	2.6	2.5	9
Kerb and Gutter	3.0	3.0	Nil
CBD and VILLAGE GROUP			
Road Surface	1.8	2	Nil
Footway	2.4	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)
ROADS	1,533	788	19.2
BRIDGES	68	26	0.7

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 more detailed analysis of 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 additional Infrastructure in the order of 150,000 square metres of road and footway and 16km of kerb and gutter.

7.4.3. Disposal Plan

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

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

Year	Operational/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2008/09	7,240	16,282	18,006	699
2009/10	6,728	15,854	28,201	408
2010/2011	8,276	18,444	23,198	313
2011/2012	10,012	20,619	14,029	1,063
2012/2013	7,033	23,130	16,208	1,201
AVERAGE	7,858	18,866	19,928	737

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

**TABLE 7.5.1 –
EXAMPLE ROAD
ASSET ANNUAL
AVERAGE ASSET
CONSUMPTION –
Indicative values only
(As above)**

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

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

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

TABLE 7.5.2 – Sustainability - Current

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
27,767	26,724	1,043

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 analysis of the 2011 inventory and condition assessment data and has been updated for work completed through 2012/13 financial year. Valuations are based on adopted fair value replacement costs derived from technical and contractor costs.

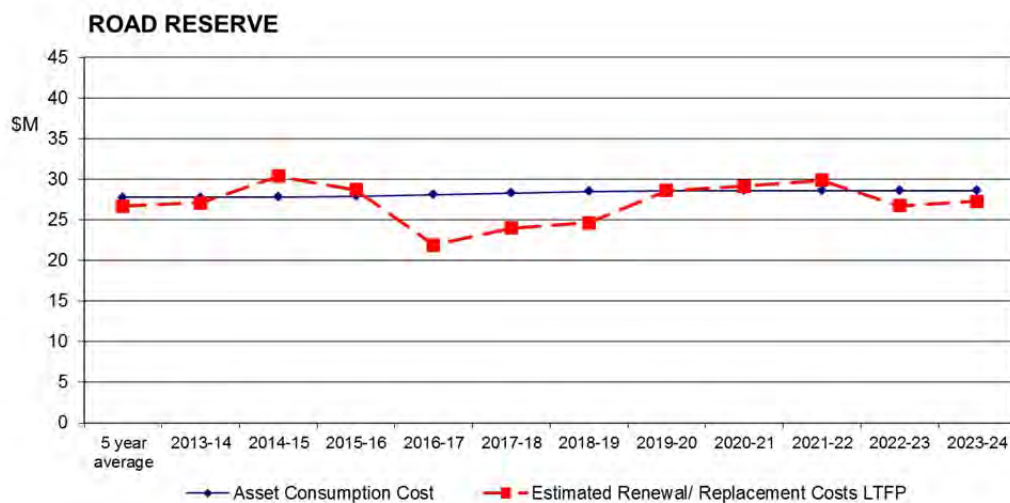
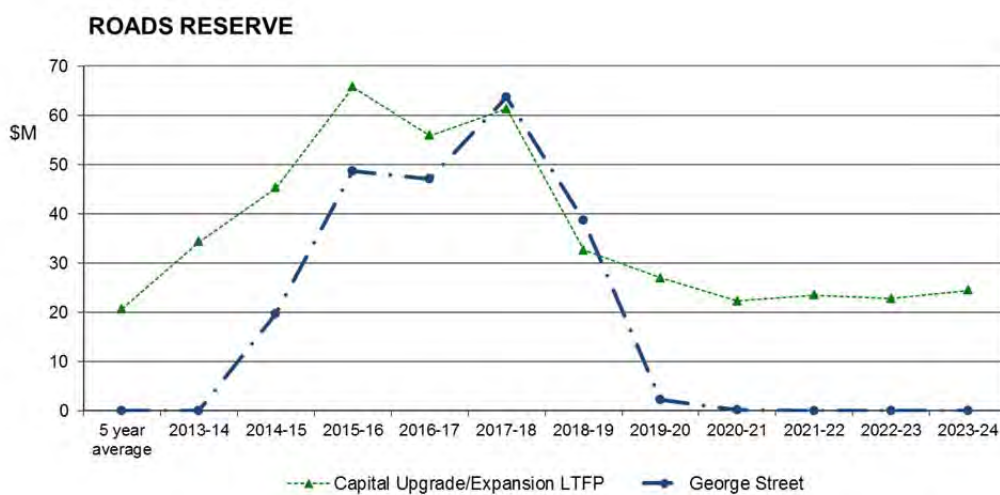
The roads data includes materials, quantities, kerb and footpath alignments, condition assessments based on the 1-5 scale and life expectancy predictions. The data has been loaded into the City's corporate asset management system to assist in lifecycle predictions both in cost and use analysis.

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

7.5.3. Medium term – 10 year financial planning period

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

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

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

The Table below is an estimate of the Average Asset Consumption Costs and the 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 \$220M 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 7.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
28,323	27,135	1,188	0.96

8. Stormwater Drainage Network

8.1. Background

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

When a large part of the City Centre was developed, the stormwater drainage network was developed by Sydney Water and the City of Sydney. Typically, in suburban areas, Sydney Water would operate the large canals or trunk lines into which local stormwater would flow. However, 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 analysis of that data collection process.

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

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

A program is in place for 2014/15 to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of the City owned pipes and pits.

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)
STORMWATER DRAINAGE		
Stormwater Pipes	182 Km	145
Stormwater Pits	11,920	56
Open channels	430 metres	4
Box culverts	8,600 metres	38
Stormwater Quality Improvement Devices	22	1
Rain Gardens	130	1
TOTAL		245

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 requests for clearance of blockage causing flooding within 48 hours	Achieved
Safety	Absence of significant health safety hazards.	Response time to WHS 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 study is broken into the eight stormwater catchments with the Green Square/Alexandria canal catchment being the first considered. We anticipate that all eight catchments will be completed and adopted by Council in 2014/15.

The current drainage inventory has been 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.

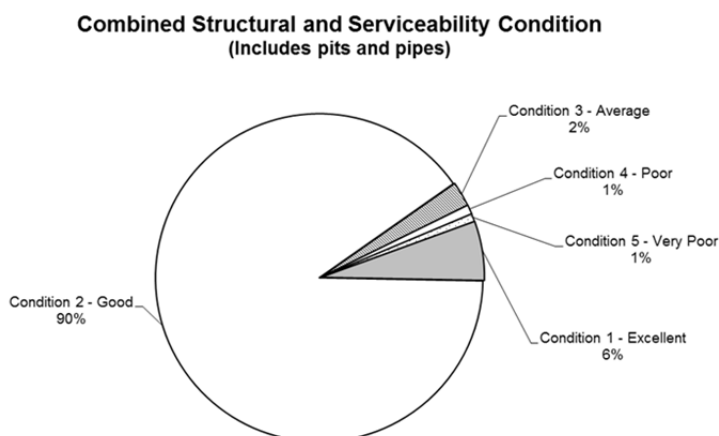


CHART 8.3.1 – Drainage Network Condition

Drainage Network Average
Condition 2.0

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.



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

As drainage assets are located underground, the condition of the entire network is difficult to determine. The original 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.

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.

In response to these concerns the City has put in place a program is in place for 2014/15 to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of City owned pipes and pits. We anticipated that the full review will take 3 years to complete.

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

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 8.3.2 – 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

	CURRENT REPLACEMENT COST (\$M)	WRITTEN DOWN VALUE (\$M)	AVERAGE ANNUAL ASSET CONSUMPTION (\$M)
STORMWATER DRAINAGE	245	149	2.4

8.3.3. Asset Valuations

See table above

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 of 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)
2008/09	1,239	196	1,036	123
2009/10	1,475	583	320	0
2010/11	2,098	1,221	930	0
2011/12	1,777	974	1,473	
2012/13	1,339	311	1,747	0
AVERAGE	1,586	657	1,101	25

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.

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)

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

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

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

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

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

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

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

The sustainability gap is relatively large based on the five year trend; however, the condition of the assets reflects a good position. The historical sustainability is influenced by the inclusion of previously unidentified additional drainage infrastructure through the data collection project. The associated increase in value of the asset in the revaluation in 2012 also affected the 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 led to the data collection initiative, and subsequent need to include CCTV analysis.

TABLE 8.5.2 – Sustainability – Current

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
4,039	2,242	1,796

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 \$1,500,000 to renewal works brings the sustainability back to satisfactory level. Examination of the Long Term Financial Plan shows that the City has made a commitment to increasing renewal program for drainage assets.

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) and the proposed Upgrade and Expansion Expenditure also shown in the Long Term Financial Plan.

CHART 8.5.2 – Long Term Financial Plan – Renewal and Replacement

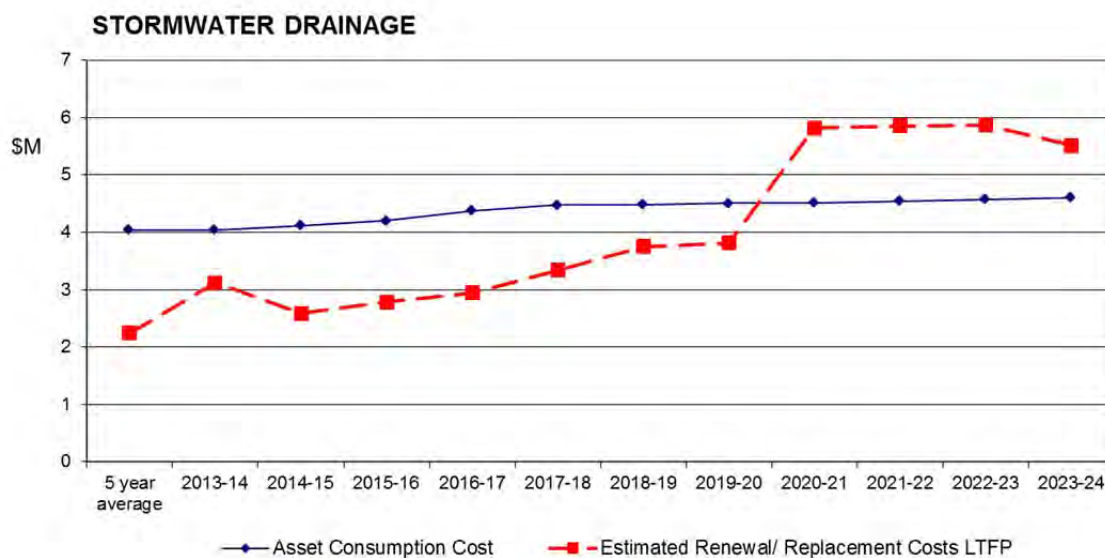
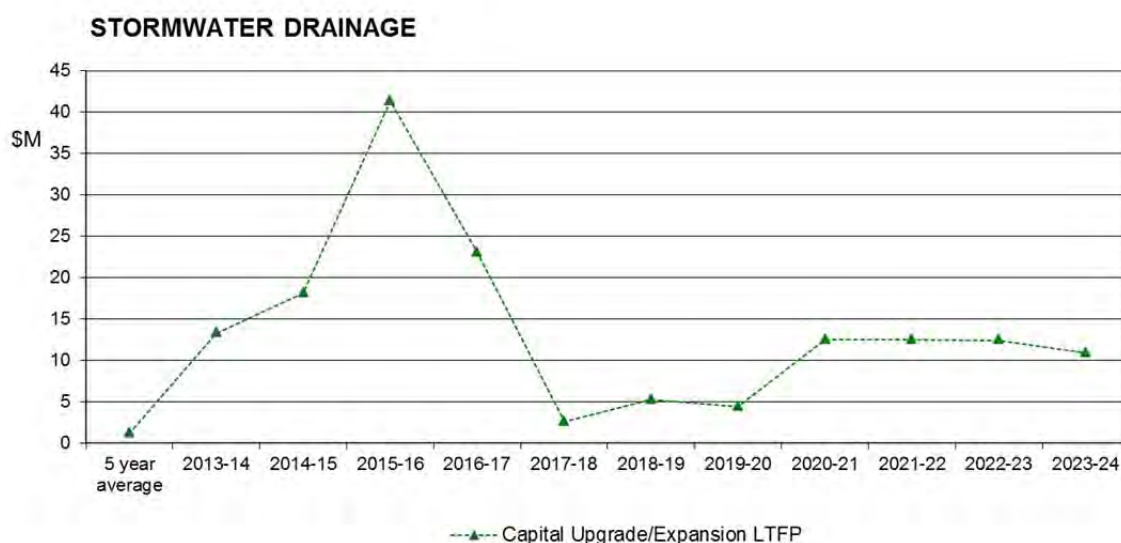


CHART 8.5.3 – Long Term Financial Plan – Upgrade/Expansion

The graph indicates that the City has committed significant funding to the renewal of the Drainage infrastructure in the next 10 years, with substantial amounts being allocated to upgrading the network in accordance with the Flood Study. This includes the renewing of the existing asset. The modelling will be updated in future revisions and the detailed asset management plan for stormwater drainage.

The spike in upgrade/expansion in the 2015/16 year is due to the implementation of the Green Square trunk drainage project.

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 has budgeted to renew the drainage assets at a sustainable rate. As mentioned above it is important to note that a balanced sustainability would be achieved by an additional \$278,000 per annum commitment.

The City understands that the renewal of the stormwater drainage infrastructure is an important priority and the additional renewal funds being allocated in the next 10 years are required to bring the network to a satisfactory level.

Years 7 to 10 of the Long Term Financial Plan identifies a significant commitment to the renewal and upgrade/expansion of the drainage network.

TABLE 8.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
4,399	4,122	278	0.93

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 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 2010/11 financial year.

This Community Asset Management Plan includes parks and open spaces, together with trees (park and street) in the modelling. 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 and Area of Parks	Replacement Value (\$M)
PARKS AND OPEN SPACES			
Iconic	Parks that are of cultural and historical significance, or of a significant size or prominent location. These parks have a high visitation from the general public e.g. Hyde Park.	22 117.2 Ha	187
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.	32 27.7 Ha	95
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.	271 32.6 Ha	75
Civic Space	Open public squares and malls in urban areas that have a high visitation with informal use e.g. Martin Place.	17 2.1 Ha	23
Streetscape	Landscaped verges footpaths and nature strips that may have lawn areas or garden beds.	233 6.6 Ha	3
Traffic Treatment	Roundabouts, traffic blisters and median strips that have been planted out. May include rain gardens.	211 1.6 Ha	2
	TOTAL	786	386
TREES			
Parks Trees	Contained within parks and open spaces	12,365	28
Street Trees	Contained in the road reserve and footpaths	30,801	58
	TOTAL	43,017	86

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.

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
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 Councillors and staff, service requests and correspondence.

The City has quantified minimum condition levels for parks and open spaces. See section 9.3 below

Tree Management

There are no immediate requirements to increase the street and park trees service level standards. 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, no signs of wear, trees are in sound health and structural condition	90-100%
2	Good	Limited sign of wear, no significant impact on park use, appearance, safety. Trees have slight defects or impacts on their health.	60-90%
3	Average	Generally sound but minor defects, minor signs of wear, some deterioration beginning to affect appearance, usage. Trees have some defects impacting structure and show signs of deterioration in health	30-60%
4	Poor	Significant signs of wear, defects likely to cause marked deterioration in appearance, user comfort and safety. Trees have significant defects in structure and health	10-30%
5	Very Poor	Parks maintenance levels low, obvious signs of wear, defects resulting in unacceptable appearance, user comfort and safety. Serious defects/health issues that require tree removal	0-10%

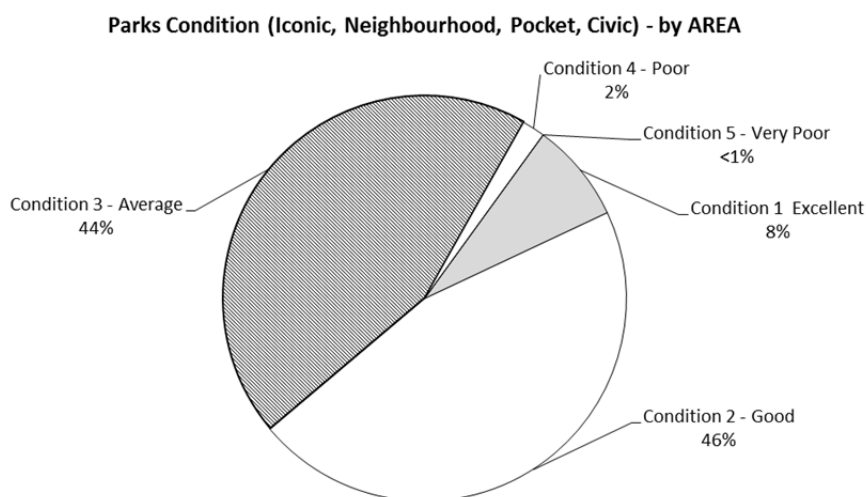
Parks and Open Space

The pie chart 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 and civic Spaces 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 and was reassessed in 2014 by the asset managers in the City Operations Division

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



Parks and Open Spaces Average Condition 2.4

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.

The current average condition of the iconic, neighbourhood and pocket parks and civic Spaces is 2.4,

which is lower than the 2013 rating of 2.25. The reduction is attributed to a revision of the general condition of Hyde Park by the asset manager from 2-good to 3-average, based on the identified need to improve the hard infrastructure, including the stone retaining walls, in the park

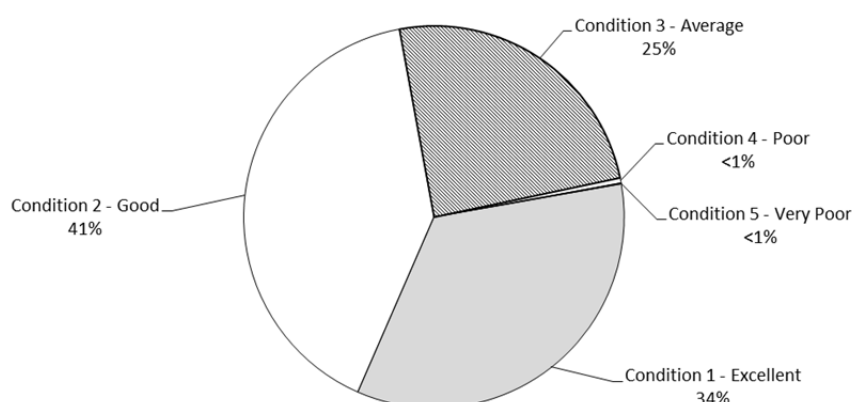
The Long Term Financial Plan reflects the need to improve Hyde Park by allocating some \$23,000,000 to upgrade the park, including trees, in coming years.

Tree Management

The assessment of the condition of trees is a difficult task because they are growing, and therefore constantly changing, and because of the effects of climatic conditions.

CHART 9.3.2 – Trees Condition

Trees - Street Trees only



Trees Average Condition 1.9





During 2013 the City implemented new contracts to manage all Street Trees and northern zone Parks Trees. These contracts include different methodology to assess tree condition (both street and park) based on canopy cover and structural integrity.

At the time of publication the 27,500 Of the 31,000 street trees have been assessed under the new criteria. The parks tree reassessment is early into the implementation. For this reason the Tree Condition pie chart is based on the street tree component only.

Future revisions of the plan will include updated condition data for all street and park trees.

The pie chart below provides an indication of the current condition of the City's tree assets. 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).

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

	<u>Parks</u>	<u>Trees</u>
Category 1 – 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 analysing park component data e.g. turf, hard surfaces, fittings etc. to determine if that is the best way to base future estimates of condition of Parks and Open Spaces. Our aim is to develop a methodology that will give us the best 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 based on the value of the park categories. 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.

The table shows that we need to allocate significant funds to iconic parks to reach the desired minimum condition. As detailed in section 9.3.1 the Long Term Financial Plan reflects the need to improve Hyde Park by allocating some \$23M to restore and upgrade the park, including trees, in coming years.

TABLE 9.3.2 – 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	2.3	2.15	7.0
Neighbourhood	2.3	2.25	1.2
Pocket Park	2.8	2.75	0.9
Civic Space	2.9	2.25	3.7
Streetscape	3.0	2.75	0.2
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)
Parks and Open Spaces	386	210	14.3
Parks Trees	28	N/A	0.7*
Street Trees	58	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 life of 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 cannot be predicted with certainty. The life span of trees varies according to the species, location and local environmental factors. As such there is no formal renewal plan, but a provisional amount for the replacement of 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, in particular the Green Square Project, will create additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Victoria Park, Waterloo Oval 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)
2008/09	12,783	14,813	12,847	16,116
2009/10	11,880	14,183	7,940	1,466
2010/11	11,911	13,980	8,599	80
2011/12	11,679	6,319	468	0
2012/13	13,019	9,682	2,700	1,041
AVERAGE	12,254	11,795	6,518	3,741

Trees

Year	Operating/Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2008/09	3,961	669	530
2009/10	4,036	629	447
2010/11	4,010	547	243
2011/12	4,220	575	366
2012/13	4,445	951	887
AVERAGE	4,135	674	494

Note 1: Operating and Maintenance Expenditure is combined in this category as it is difficult to determine the appropriate split.

Note 2 - Capital Upgrade and Capital Expansion for Trees is the combined – both refer to new trees in this category. The averages show a reduced renewal and upgrade budget in Parks and Open Spaces in the last 2-3 years, this followed a big works program in the preceding 4-5 years.

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 valuation data is collected in a combination of whole of park basis and major components depending on the importance of the park. Tree (street and park) is by individual trees. Average Annual Asset Consumption is calculated on the same basis.

For the purposes of this plan the parks and open spaces and trees (street and park) are modelled as a whole. 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 – Indicative values only

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 – landscaping hardworks	\$12,453,000	25	\$498,120
Pocket Park	St James Park	\$604,000	40	\$15,100
Park Tree	Banksia Serrata	\$2,300	30	\$77
			Total	\$513,335

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

Parks and Open Spaces – Including Trees

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

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

TABLE 9.5.1 – Sustainability – Current

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
32,928	28,858	4,069

The figures reflect a reduced average renewal and upgrade budget, primarily in Parks and Open Spaces in the last 2-3 years. The Long Term Financial Plan

includes significant budget allocation to the renewal and upgrade/expansion of Parks and Open Spaces which will address the long term difference.

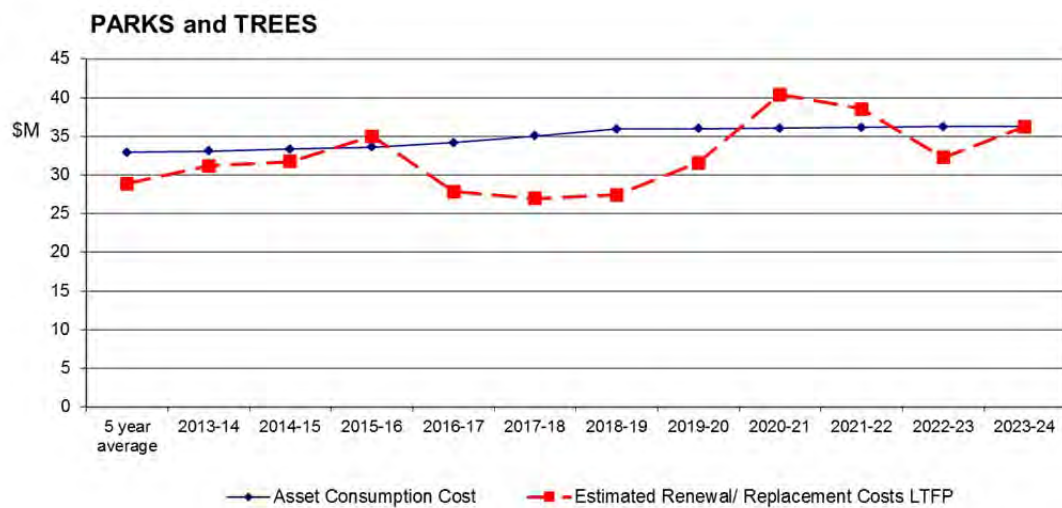
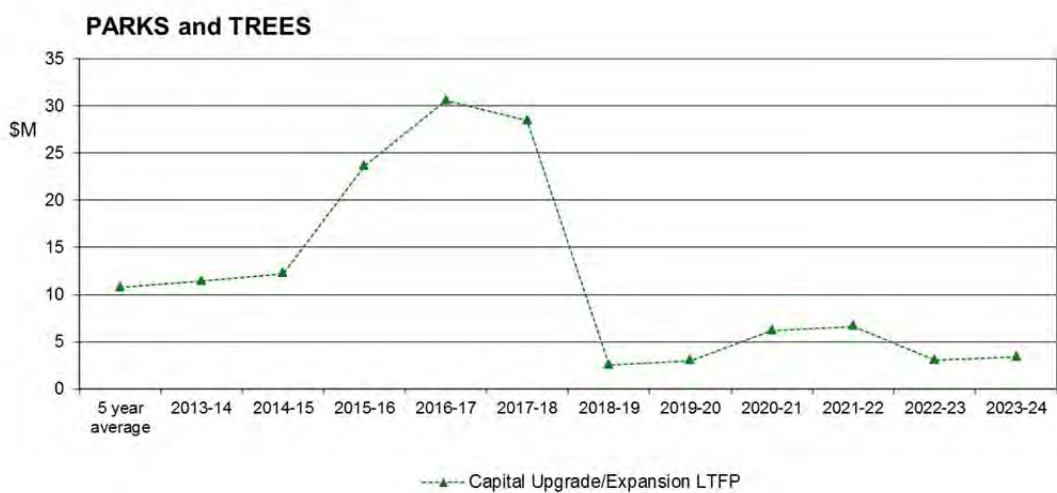
9.5.3. Medium term – 10 year financial planning period

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). The second graph shows the upgrade/expansion proposed for the parks and trees assets in the Long Term Financial Plan.

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

Amounts shown for Years 6 to 9 in the Long Term Financial Plan reflect the renewal provision for iconic park upgrades, particularly Hyde Park. Due to the changing nature of living assets and the influence of climate it is envisaged that projects will be identified closer to that period.

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

CHART 9.5.2 – Long Term Financial Plan – Renewal and Replacement**TABLE 9.5.3 – Long Term Financial Plan– Upgrade/Expansion**

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
35,082	32,636	2,446	0.93

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 portfolio can be divided into five distinct groups shown below.

TABLE 10.1 – Properties Assets

PROPERTY PORTFOLIO	Number	Description of Use
Community	86	Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include Community halls, childcare centres, libraries, etc.
Corporate	18	Buildings for occupation by City's staff serving the community, including Town Hall House and depots
Public Domain	71	Buildings such as public toilets, generally in parks
Investment/Strategic	69	Properties held for provision of sustainable revenue stream for the City and for key strategic sites for future development
Sydney Town Hall	1	Iconic heritage listed building used for public events, Council meetings, Councillor accommodation and private hiring.
TOTAL	245 #	

- 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 2014/15
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 2.4

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

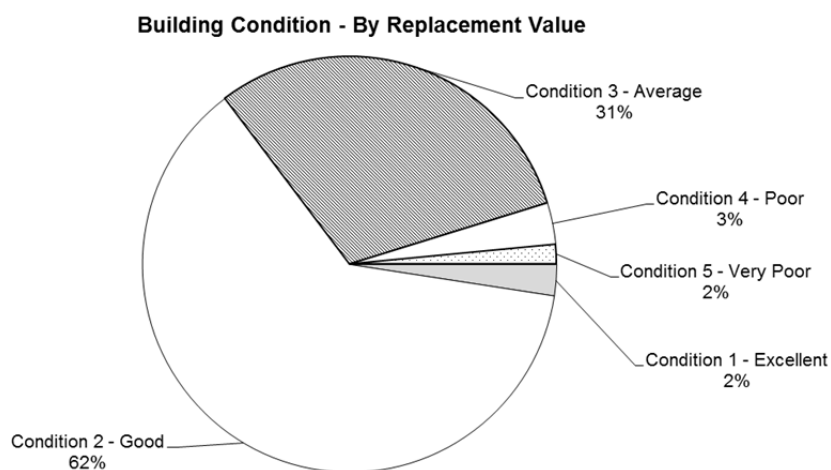
10.3.1. Asset Condition

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 on the following page provides an indication of the current condition of the property assets, as assessed by the City's service provider and reviewed by City Property Unit, on a whole of building basis as at 30 June 2013. Please note that a number of buildings were either under refurbishment or closed at the time of the condition assessment. This assessment is 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

Buildings Average Condition 2.4

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



Condition 1 – Excellent



Condition 5 – Very Poor

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 analysed and verified it may become the basis for condition assessment.

The desired minimum condition is 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.

An estimate of a cost to reach the minimum condition is shown for our buildings currently rated 4 or 5, this is a preliminary estimate. Please note that the cost estimate is renewal of the building only, and does not include any allowance for upgrade or expansion of those assets.

TABLE 10.3.1 – MINIMUM CONDITION INDEX – PROPERTY PORTFOLIO

Buildings in Portfolio	Average Current Condition	Number of Buildings to Improve from 4 and 5	Estimated Cost to complete the improvements (\$M)	DESIRED MINIMUM PORTFOLIO CONDITION
245	2.4	11	16.5	2.3

10.3.3. Asset Valuations

The Table 10.3.2 shows a summary of the financial position for the property portfolio.

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

- Financial accounting valuation – this is based on the replacement value of 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 recently completed a revaluation 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

The building valuation based on components has been updated in the financial registers.

Full assessment of the impact of how the components will affect the assessment of asset consumption and how we should include investment properties is under review. For the purposes of this plan the calculation of asset consumption is based on the building as a whole, changes based on the use of building components may be incorporated into future revisions of the plan.

TABLE 10.3.2 – Building Valuations

	Financial Valuation (\$M)	Written Down Value Finance (\$M)	Current Replacement Cost Insurance (\$M)	Average Annual Asset Consumption based on Insurance (\$M)
All Building Portfolios	1,367	820	1,393	20.4
Sydney Town Hall	446	103	529	2.6
TOTAL	1,812	923	1,922	23.0

10.4. Maintenance, Renewal and Upgrade Plans

10.4.1. Renewal Plan

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

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

The Long Term Financial Plan has made provision, where appropriate, for buildings identified as Condition Index 4 or 5 in section 10.3 above.

10.4.2. New Assets and Upgrade Plan

The Green Square 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, 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)
2008/09	15,635	13,948	20,209	33,230
2009/10	15,753	13,948	11,142	18,962
2010/11	16,334	15,044	17,164	9,600
2011/12	17,570	15,448	19,178	16,584
2012/13	19,950	17,447	28,372	17,126
Average	17,048	15,604	19,213	19,100

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 modelled 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 – Indicative values only

Building Name	Replacement Value	Expected Life (years)	Average Annual Asset Consumption
Alexandria Child Care	\$1,489,000	60	\$24,817
Public Toilet – Beare Park	\$173,000	70	\$2,471
CARES Facility – Sydney Park	\$384,000	50	\$7,680
Redfern Town Hall	\$9,731,000	200	\$48,655
		Total	\$83,623

Note: the replacement values shown are indicative only.

10.5.2. Long term – Lifecycle Cost based on Current Expenditure

The table below shows the current Sustainability as projected using the average of 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 10.5.2 – Sustainability – Current

ALL BUILDINGS

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
55,651	51,865	3,786

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). The second graph shows the upgrade/expansion proposed for the Property assets in the Long Term Financial Plan.

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.

Significant upgrade and expansion projects are scheduled between 2015 and 2019. These include building works in the Green Square Urban Renewal precinct and in community facilities across the local government area.

The Long Term Financial Plan includes all the major buildings identified as Condition Index 4 or 5 in Table 10.1 above. The modelling will be updated in future revisions of this and the Detailed Asset Management Plan for properties.

CHART 10.5.1 – Long Term Financial Plan – Renewal and Replacement

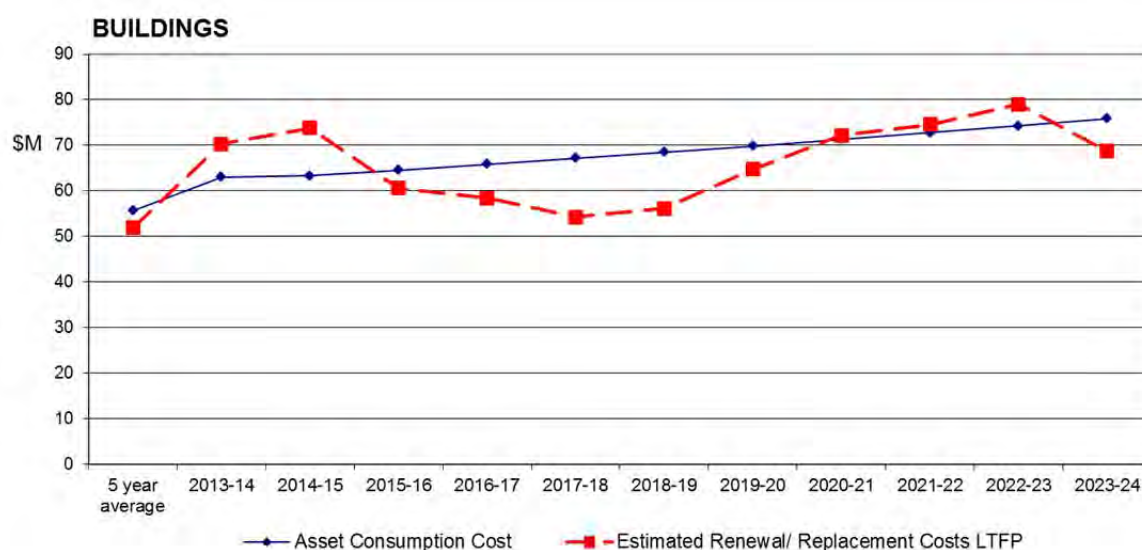
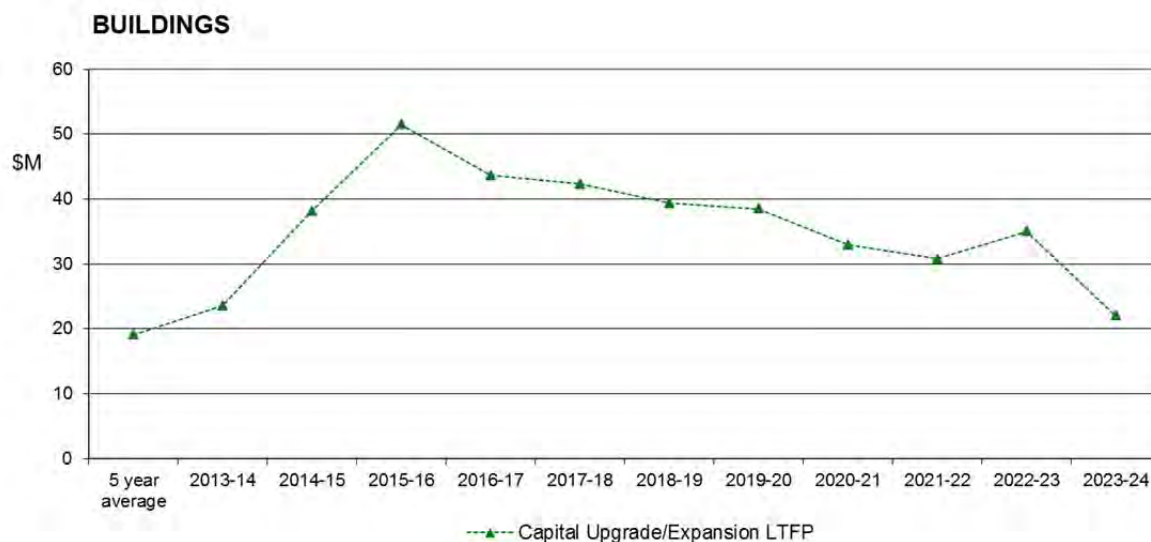


CHART 10.5.2 – Long Term Financial Plan – Upgrade/Expansion

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 10.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
68,778	66,626	2,151	0.97

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.

Critical Asset Category	Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
	What we should be spending	What we are proposing to spend		What we are spending/What we are proposing to spend
ROADS	28,324	27,136	1,188	0.96
STORMWATER DRAINAGE	4,399	4,122	278	0.93
PARKS AND OPEN SPACES AND TREES	35,082	32,636	2,446	0.93
PROPERTIES	68,778	66,626	2,152	0.97
TOTAL	136,582	130,519	6,063	0.96

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.

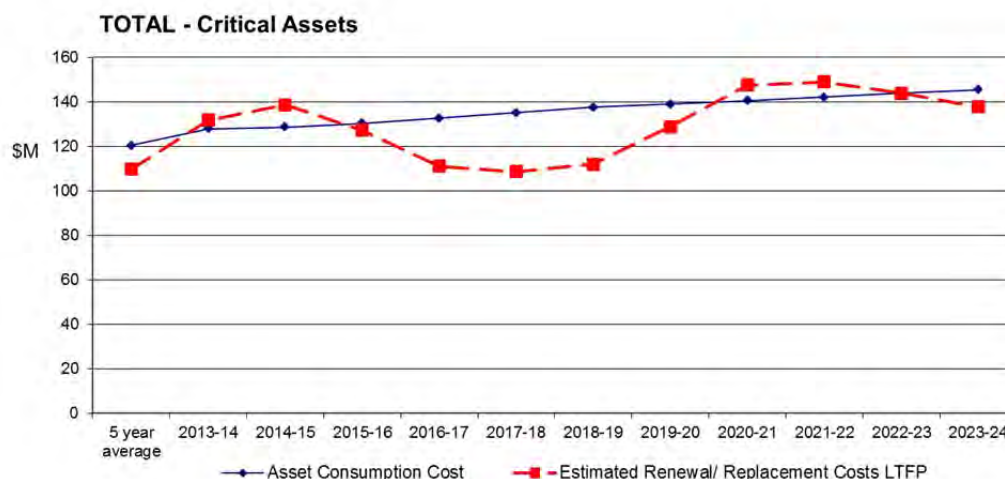
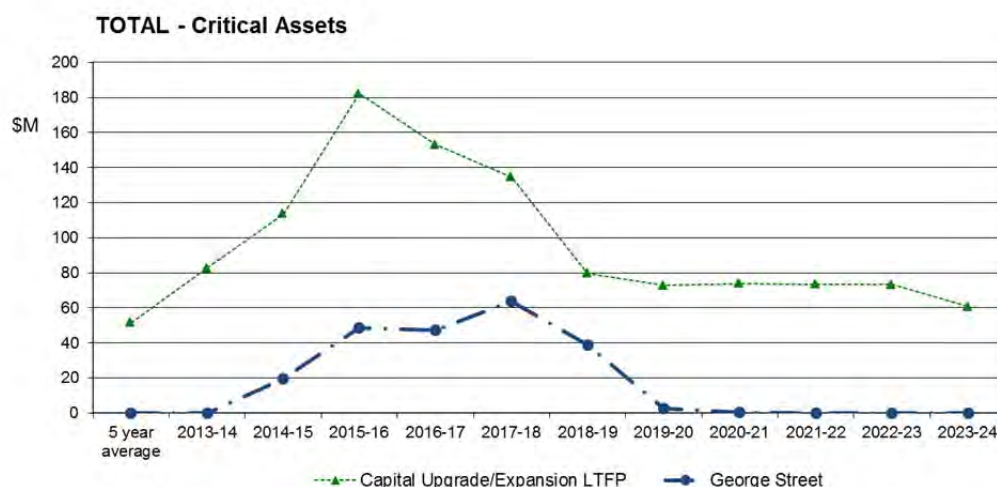
CHART 11.1 – Long Term Financial Plan – Renewal and Replacement**CHART 11.2 – Long Term Financial Plan – Upgrade/Expansion**

Chart 11.2 includes the \$220M George Street Spine project is shown as a separate item in recognition of its impact on the Long Term Financial Plan and the importance of the project to the City

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

12. Appendix 1

Asset Management Policy

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:

Policy	A statement of an organisation's attitude and preference of direction.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
Resourcing Strategy	The long-term resources required to achieve the objectives established by the Community Strategic Plan. The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.
Asset Management Plan	The Asset Management Plan/s must encompass all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation

and replacement costs. The Asset Management Plan is an essential part of the resourcing strategy.

Long Term Financial Plan

The Long Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan. The Long Term Financial Plan will include:

- Projected income and expenditure, balance sheet and cash flow statement;
- Planning assumptions used to develop the Plan;
- Sensitivity analysis - highlights factors/assumptions most likely to affect the Plan;
- Financial modelling for different scenarios e.g. planned/optimistic/conservative; and
- Methods of monitoring financial performance.

The Long Term Financial Plan is an essential part of the resourcing strategy.

Asset Management Strategy	The Asset Management Strategy will include an overarching Council endorsed Asset Management Policy. The Asset Management Strategy will identify assets that are critical to the City's operations and outline risk management strategies for these assets. The Asset Management Strategy will include specific actions required to improve the City's asset management
---------------------------	--

capability and projected resource requirements and timeframes. The Asset Management Strategy will balance the resources required in the Asset Management Plan and resources available in the Long Term Financial Plan, and report on the available choices and service and risk consequences. 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

13. Appendix 2 – City Centre and Village Groups – High Focus Roads



Workforce Strategy

2014

1. Introduction	2
2. About the Workforce Strategy	3
3. Workforce Strategy	4
The City's Vision.....	4
The City's Purpose	4
Underpinned by our Values	4
Context – Our Challenges	4
Who are we?	5
Implementation.....	7
Next steps	8
Our Workforce Goals.....	9
Our Strategies	9
Desired Outcomes.....	9
Progress Report	10

1. Introduction

The City of Sydney employs the largest number of people of any Local Government in New South Wales. Our people are central to achieving 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, other levels of government and the private sector in order to meet increasing community expectations in a rapidly changing, complex environment. To do this effectively requires a high performing and productive 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 managers and employees with the right skills for our diverse functions. It also requires clear development pathways linked to performance and development management 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 high level plan to guide our workforce initiatives. It is supported by detailed action plans and programs.

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

2. 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.

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 four year period, ending in June 2015. The strategy supports the Delivery Program and Sustainable Sydney 2030.

The City's first Workforce Strategy endorsed in 2011 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 their workplace experience and their role in building the culture. The results of these consultations have driven the development of this four year action plan by aligning the goals of the City with the development of the people trusted to deliver on them.

The Workforce Strategy identifies high level issues and themes and provides a strategic framework to guide our people management strategies. This strategy aims to attract 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.

A new Workforce Strategy for 2015-2018 is currently being developed and will reflect the relevant actions and themes arising from the Future-Proofing Local Government: National Workforce Strategy 2013-2020 prepared by the Local Government Practice Unit of Local Government Managers Australia

(LGMA) on behalf of the Australian Centre of Excellence for Local Government (ACELG).

It will include a renewed focus on leadership and management capability at all levels of management at the City to ensure the City has the right skills to deliver the next phase of projects aimed at achieving the City's Sustainable Sydney 2030 goals.

3. Workforce Strategy

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

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.

Context – Our Challenges

The City of Sydney faces significant future challenges as it realises the ambitious Sustainable Sydney 2030 strategy. Over the last ten years, the City has experienced significant change. Today the City faces demographic challenges due to changes in workforce composition, such as an ageing workforce which will

become more dominant especially in areas already significantly impacted. Existing areas of skills shortage and tight labour supply such as planning, engineering, environmental health and child care are likely to remain 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 include:

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

As recruitment and retention is forecast to remain competitive in some areas vital to our business, the City needs to continue to position itself in the employment market. We also 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.

Who are we?

The City of Sydney's workforce is large and diverse with a range of occupations represented (refer to Chart 1). Employees work in front line, operational and strategic services located at several depots, libraries, parks, community centres, Town Hall House and other offices. Below is an overview of the key statistics as at 31 December 2013.

Our workforce* at a glance (31 December 2013)

- The City employed 1891 staff and an additional 171 casual staff (full time equivalent).
- Permanent employees represent 71 percent of the workforce.
- The major occupational group is clerical and administrative workers at 28 percent.
- Professionals make up 24.3 percent of the workforce.
- Women represent 40 percent of the workforce.
- Employees who identify as Aboriginal or Torres Strait Islander represent 1.9 percent of the workforce.
- The majority of the workforce (57 percent) is aged between 30-49 years.
- Employees aged over 50 years represent 33 percent of the workforce.
- Employees aged less than 30 years represent 10 percent of the workforce.
- There are four industrial awards and one enterprise agreement that apply to the City of Sydney
- The workforce has a relatively stable separation rate of 8.9 percent

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

The age profile of our workforce (Chart 2) shows that a significant number of employees are aged over 45 years (47.1 percent) at the City. This compares with 50.5 percent over 45 years in the NSW Public Sector (Source: State of the Sector Report 2013) and 39.5 percent of all NSW employed persons (Source: State of the Sector Report 2013).

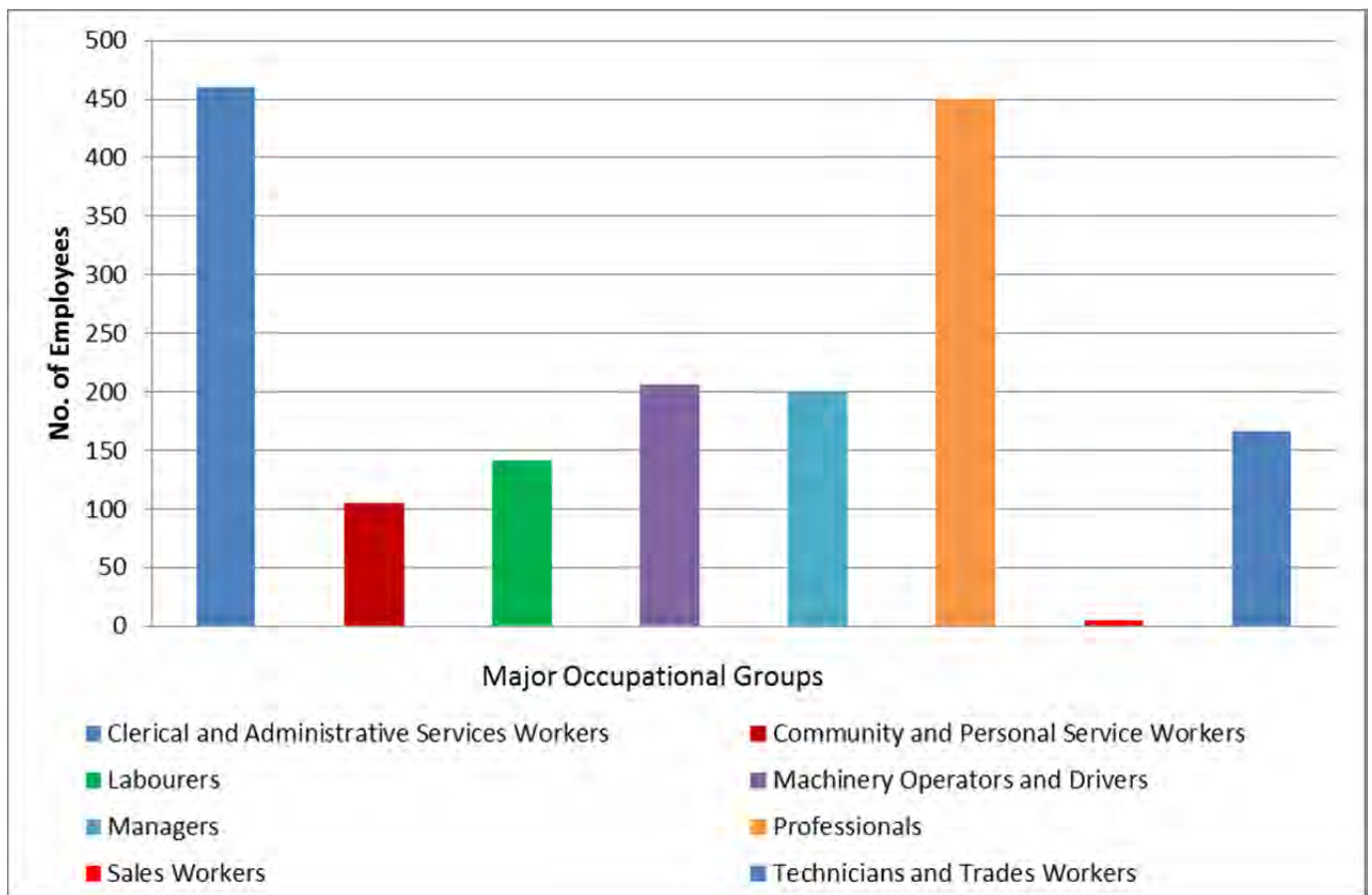
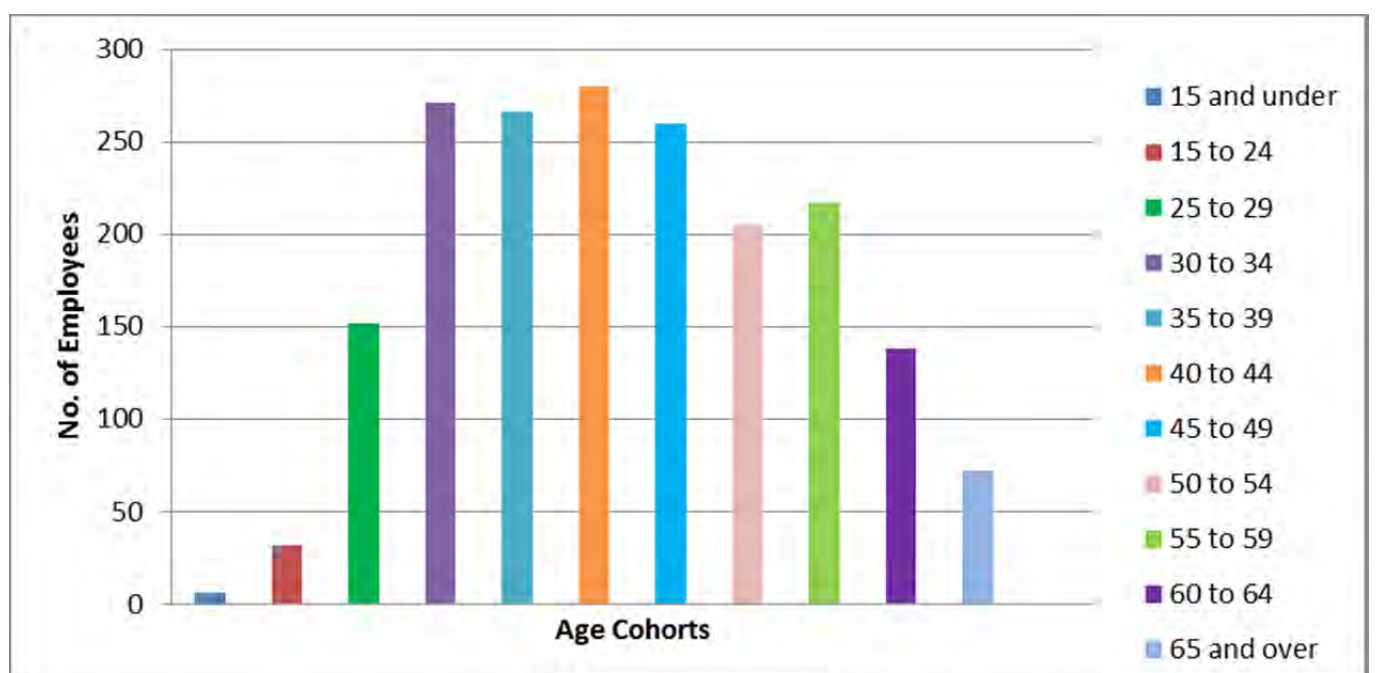


Chart 1 – Above: Occupational Groups employed at the City of Sydney (ANZSCO) as at 31 December 2013

Chart 2 – Below: Age profile of the City of Sydney workforce as at 31 December 2013



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.

The key factors driving retention are:

- Skills development
- Respect, trust and autonomy
- Job security
- Good supportive managers
- Work variety
- Career progression
- Personal achievement
- The right tools and resources to do the job
- The ability to be creative and add value
- Being treated fairly.

outlined a range of targeted initiatives that have been progressively executed.

Priority projects have included:

- The development of the City's values and expected behaviours
- The development and implementation of a new performance and development management program
- The development and implementation of a new salary progression scheme linked to performance
- A stronger focus on staff engagement
- Increased investment and expansion of learning and development programs for staff
- Increased investment and expansion of leadership development programs for managers
- Redevelopment of the City's Safety Management System to support Work health and safety.

Implementation

The implementation phase of the Workforce Strategy commenced with a four-year action plan in 2011, which

Next steps

A new Workforce Strategy for 2015 is currently being developed. It will include a renewed focus on leadership capability at all levels of management at the City to ensure the City has the right skills to deliver on the next phase of projects aimed at achieving the City's Sustainable Sydney 2030 goals. It will also address the new workforce opportunities and challenges associated with technology and increased mobility.

Priority projects for the 2011-2014 strategy continue to be implemented during 2014/15 with key actions included in operational Business Unit Plans to ensure execution and alignment cross the organisation.

The progress of key organisation-wide projects will be monitored and regularly reported to employees.

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

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

Our Workforce Goals

People who are:

- Skilled to do their job well
- Innovative in their thinking and actions
- Responsive, collaborative and adaptable.

Leaders and managers who are:

- Capable of focusing on people, actions and outcomes
- Strategic and future oriented
- Respected through modelling the City's values and behaviours.

A workforce culture that supports:

- Integrity
- Collaboration
- High performance in terms of productivity, quality and efficiency.

Our Strategies

- Enhance the attraction and recruitment of skilled staff particularly in areas of occupational or skills shortage
- Expand learning and development programs and opportunities for career development
- Position the City as an employer of choice in the market
- Embed the purpose, values and behaviours across the City's workforce
- Develop a Workforce Diversity and Equity strategy
- Develop entry level pipeline programs.

- Develop and promote leadership capability for the City's leaders and managers
- Create clear learning pathways through programs and strategies that develop leaders at all levels
- Support the ongoing development of team leaders and business unit managers in managing for high performance and employee engagement
- Customise learning and development needs to meet diverse business needs
- Build a staff recognition program to support employee performance.

- Engender an organisational culture authentic to our Purpose, Values and Behaviours
- Ensure an appropriate and motivating performance development and management program
- Introduce a new induction program for new starters
- Improve work clarity and expectations
- Ensure better systems for supporting learning and development activities
- Mitigate against risks, through efficient WHS and Enterprise Risk Management
- Support employees' health and well-being.

Desired Outcomes

- High quality candidates are attracted to the City
- Continuous improvement is embedded in the way business is done
- The City is recognised as an employer of choice
- The City is recognised as a values driven organisation
- The City's workforce profile reflects the diversity of our community
- Employment of Aboriginal and Torres Strait Islander people is supported
- Graduates, apprentices and trainees are employed
- The City is recognised by its staff as a great place to work.

- Leadership has helped build a high performing organisation
- Managers have excellent people management skills and tools to help in the management of their people
- Managers have the skills and capability to deliver the goals of SS2030.
- Learning and development opportunities support our organisational and business needs
- Values and behaviours are strengthened through reward and recognition.

- The organisational culture supports our articulated values and behaviours
- Efficient systems provide support for a productive workforce culture with clear performance measures
- Performance development and management supports and motivates staff
- Consistent and clear performance outcomes are articulated across the workforce
- Policies support the effective management of people
- Wellbeing programs are advanced to enhance health and safety.

Progress Report

Workforce Strategy as of 31 December 2013

Goal	Strategy	Activity	Status Update
People who are: - Skilled to do their job well - Innovative in their thinking and actions - Responsive, collaborative and adaptable	1. Enhance the attraction and recruitment of skilled staff particularly in areas of occupational or skills shortage	1.1 Ongoing analysis of internal and external workforce data to assist with workforce planning 1.2 Identify areas of skills shortage and ageing workforce for attraction to potential quality applicants 1.3 Develop targeted strategies to attract and recruit in areas of occupational and skills shortages 1.4 Survey the Career Aspirations and Retirement Intentions of employees 1.5 Develop web marketing material to support attraction	Ongoing review of data relating to skills shortage areas continues so that critical roles have entry level programs in areas such as engineering and construction management. The development of partnerships and ongoing links with universities through MOUs continues. Commenced 2013 Graduate Program, UNSW Co-op Scholarship Program, and Pilot UTS International Interns Program. Retirement Intentions survey has been developed and is ready to be piloted in the City Operations Division in 2014. A careers positioning statement has been developed which can be used in recruitment, and careers fairs to promote careers at the City.

Goal	Strategy	Activity	Status Update
People who are: - skilled to do their job well - Innovative in their thinking and actions - Responsive, collaborative and adaptable	2. Expand learning and development programs and opportunities for career development	2.1 Broaden the range of development opportunities in skills gap areas 2.2 Promote and support the City's Higher Education Support program 2.3 Offer programs for Emerging Leaders	<p>The range of developmental opportunities offered to staff has been broadened from 6 to 24 internal programs as part of a comprehensive learning and development program that includes performance management and leadership development workshops and two in house workshops to assist employees to understand local government decision making at the City.</p> <p>6.2% of the City's workforce were supported in undertaking formal higher education leading to accredited qualifications, including undergraduate study in areas targeted for skill and occupational shortage.</p> <p>The Emerging Leaders Programs continue to be successfully run:</p> <ul style="list-style-type: none"> - 16 participants completed the 2013 Developing Women Leaders Program - 17 participants completed the 2013 Future Leaders Program - Development of an alumni for graduates of the last three years of the Developing Women Leaders program and the Future Leaders program .
	3. Position the City as an employer of choice in the market	3.1 Develop a communications strategy to promote the City as an employer of choice	The City's new careers website was launched in January 2013 (http://www.cityofsydney.nsw.gov.au/council/about-council/careers). This site promotes the City's Employee

Goal	Strategy	Activity	Status Update
			Value Proposition.
	4. Embed the purpose, values and behaviours across the City's workforce	4.1 Communicate and embed the City's values and behaviours as part of a comprehensive plan	Values and behaviours are embedded in the City's performance management program. Ongoing refresher activities at both the organisational and divisional level continue. A new non-salary employee recognition program was launched in February 2014 which acknowledges the behaviours and efforts of employees to deliver on the City's purpose and demonstrate the City's values.
	5. Develop a Workforce Diversity and Equity strategy	5.1 Draft strategy produced to target equity groups and under-represented groups in the workforce	The City's Equity & Diversity Strategy was finalised and endorsed by Executive in 2013. Strategic initiatives focus on improving the attraction and retention of Aboriginal and Torres Strait Islander employees, those from culturally diverse backgrounds and people with disabilities. In December 2013, a discussion was held with the City's Disability (Inclusion) Panel to ensure the City is an accessible workplace for current and prospective employees with a disability.
		5.2 Maintain support for the Aboriginal Employment Strategy traineeship program	In 2013, the City became a White Ribbon Accredited workplace which endorses the City's commitment to promoting non violence against women and driving education programs to support this in the workplace. 10 AES trainees commenced the two year program in 2013.
	6. Develop entry level pipeline programs.	6.1 Develop programs for recruitment and development of graduates, apprentices, cadets and interns, and link to Diversity and Equity Strategy	Two graduates completed the 2013 Graduate program and have continued to work at the City. The pilot international intern program (with UTS) is

Goal	Strategy	Activity	Status Update
		6.2 Gain support for graduate programs in areas at risk of skills shortage	<p>continuing with 2 interns for first semester 2014.</p> <p>The Australia Korea Internship program for a Korean university student was run during January and February 2014</p> <p>The Co-op Scholarship program which commenced in 2013 (with UNSW) is continuing in civil engineering and construction management and property</p> <p>Following the evaluation of the 2013 Graduate program, a graduate program for 2014 is currently being developed in identified skills shortage areas.</p>
Leaders and managers who are: - Capable of focusing on people, actions and outcomes -Strategic and future oriented -Respected through modelling the City's values and behaviours	7. Develop and promote leadership capability for the City's leaders and managers	<p>7.1 Build existing Executive leadership understanding and capability</p> <p>7.2 Build Business Unit Managers' leadership capability - Develop and organise two Manager's Conferences each year.</p> <p>7.3 Build team leader leadership capability - Develop a Leader as Coach program for team leaders and managers</p> <p>7.4 Build supportive program for Emerging Leaders</p>	<p>A Leadership Capability Framework has been developed and will be embedded into all leadership programs and initiatives in a phased approach from 1 July 2014.</p> <p>Ongoing Bi-annual Managers' workshops are held each year which focus on leadership capability. An additional workshop was held in 2013 that focused on discussing recommendations for improvement from an organisational culture survey completed by managers in early 2013. Two key recommendations, the introduction of an employee recognition program and the leadership capability framework are being implemented in 2014.</p> <p>Performance management skills training in performance conversations and developing work plans are run throughout the year.</p> <p>The City's Future Leaders Program is offered annually and Alumni meetings run twice yearly for all developing</p>

Goal	Strategy	Activity	Status Update
			<p>Women Leaders and Future Leaders</p> <p>The City's learning and development program for management capability has been expanded to include Coaching Skills and Conducting Difficult Workplace Conversations</p>
	8. Create clear learning pathways through programs and strategies that develop leaders at all levels	<p>8.1 Develop a suite of nationally accredited and non-accredited training programs suitable for managers</p> <p>8.2 Development of learning and development plans for all staff</p> <p>8.3 Enhance partnerships with external Learning and Development providers</p> <p>8.4 Partner with Business Unit Managers to develop alternative learning opportunities such as job rotation and special project activities</p>	<p>A comprehensive program has been developed. This includes programs for Essential Skills for Team Leaders/Supervisors, Communication Skills and Negotiating and Influencing Skills, Performance Review Planning, and eLearning programs of disability awareness, and workplace violence prevention.</p> <p>The City's performance management program includes a development plan for all staff. All managers are required to ensure their team members develop such a plan.</p> <p>Partnerships continue to be developed with external learning providers including universities and TAFE.</p> <p>The ongoing development of learning programs in partnership with Business Unit Managers includes: disability awareness training, performance review planning, coaching and mentoring.</p>

Goal	Strategy	Activity	Status Update
Leaders and managers who are: Capable of focusing on people, actions and outcomes Strategic and future oriented Respected through modelling the City's values and behaviours	9. Support the ongoing development of team leaders and business unit managers in managing for high performance	9.1 Link to educational/entry-level programs available to existing employees 9.2 Maintain targeted professional development opportunities for women - continue year 3 of the Developing Women Leaders program 9.3 Develop targeted professional development opportunities for future leaders 9.4 Develop targeted professional development opportunities for Business Unit Managers 9.5 Develop targeted professional development opportunities for Team Leaders	Ongoing support is provided for employees undertaking higher education that supports individual development and has relevance for the achievement of business goals. The Graduate Program includes targeted learning and development programs. The Developing Women Leaders Program was successfully run 2011-2013 The Future Leaders Program continued to be successfully implemented. Enhanced Capability is being achieved through the Learning and Development program and Managers' Workshops. A professional development for team leaders program is to be piloted in 2014.
	10. Customise learning and development needs to meet diverse business needs	10.1 Support Business Unit Managers with tailored training requests by providing design and delivery advice such as support for Procurement, Contract Management and Customer Service training	Such programs have been running since 2012 for people managers: Fostering innovation and improvement, Resolving conflict, Leading people through organisational change, Developing high performing teams and Effective meetings

Goal	Strategy	Activity	Status Update
		10.2 Develop and deliver in-house training programs in partnership with business units	In house programs are now being run including Contract Management, Advanced Procurement, Council Meetings and the Executive Support Development Program
	11. Engender an organisational culture authentic to our Purpose, values and Behaviours	<p>11.1 Revise induction program to build on purpose, values and behaviours and the City's story and context</p> <p>11.2 Develop learning programs (individual/professional Development) to reinforce the City's purpose, values and behaviours)</p>	<p>A new three stage induction process has been introduced, with the quarterly City Introduction strongly promoting the City's purpose and values and connecting staff with the City's vision and strategy.</p> <p>Targeted programs continue to be run including tailored workshops for business units to help staff develop contextual understanding of the values and purpose in their work.</p>
	12. Ensure an appropriate and motivating performance development and management system	<p>12.1 Develop tools and guidelines for managers to effectively manage staff performance</p> <p>12.2 Develop skills and train managers in effective performance development and management</p>	<p>Performance and Development Management – A Guide for People Managers has been developed and is being used in training.</p> <p>The following courses on performance management have been developed and conducted:</p> <ul style="list-style-type: none"> • Creating Individual Performance Plans for People Managers • Performance Conversations for Employees – Office Based • Performance Conversations for Employees - Outdoor Based • Performance Conversations for People Managers

Goal	Strategy	Activity	Status Update
			2013/14 saw the introduction of a new performance based salary progression system for City of Sydney Award staff which rewards performance as part of the performance development and management system
	13. Introduce a new induction program for new starters	<p>13.1 Induction content changed to more effectively induct new employees in understanding their job role and the role of the City</p> <p>13.2 Robust online compliance training that is compliant with and can be run from the LMS to be developed</p> <p>13.3 City Introduction program to be reintroduced and run on a quarterly basis and will target all those who have joined the organisation over the past year</p>	<p>A three stage induction program is now in place: Meet and Greet, City Introduction and Local Induction with Manager</p> <p>Compliance programs have been developed as eLearning and run through the Learning Management System (LMS).</p> <p>This has been reintroduced, revised and is run quarterly.</p>
A workforce culture that supports: Integrity, Collaboration, High performance in terms of quality, productivity and efficiency	14. Foster staff engagement to support productivity and performance	14.1 Develop and implement an action plan to foster staff engagement	Organisational and divisional action plans have been developed with ongoing initiatives being implemented, including the launch of a non-salary employee recognition program in 2014.
	15. Ensure better systems for supporting learning and development activities	<p>15.1 Train staff in the use of Learning Management System and develop service standards and procedures</p> <p>15.2 Implement new e-learning platform to allow for more flexible learning delivery options</p>	<p>Key staff have been trained in the use of the LMS and are using it on a regular basis to assist with maintenance of training requests and attendance records.</p> <p>A blended learning approach to support face to face programs is now being offered.</p>

Goal	Strategy	Activity	Status Update
		15.3 Improve records management and reporting on learning and development through improved Learning Management System functionality	LMS provides reporting on individual, team and business unit levels for attendance at all face to face and e-learning programs
	16. Mitigate against risks, through efficient WH&S and Enterprise Risk Management	<p>16.1 Continue to develop procedures, tools and materials for the Safety Management System (SMS) website</p> <p>16.2 Continue to review and update the SMS in line with Work Health & Safety legislation and National Audit requirements</p> <p>16.3 Develop online and face to face WH&S refresher training and implement throughout the organisation</p> <p>16.4 Review workers compensation policies and procedures including procedures for psychological injury</p> <p>16.5 Develop and implement new procedures for pre-employment medicals</p> <p>16.6 Improve the monitoring and reporting of workplace injuries and claims by developing the functionality for reporting</p>	<p>The SMS website continues to be reviewed to ensure business needs are met</p> <p>The SMS was reviewed to ensure legislative compliance</p> <p>A comprehensive training program has been developed in consultation with the Health & Safety Committee and is being implemented across the whole organisation</p> <p>.</p> <p>Policies and procedures have been reviewed to ensure best practice approaches are adopted</p> <p>A new health assessment procedure has been introduced to streamline processes</p> <p>Completed</p>

Goal	Strategy	Activity	Status Update
	17. Support employees' health and wellbeing	<p>17.1 A draft health profile has been developed for the organisation</p> <p>17.2 Implement a Health and Wellbeing Framework (inclusive of management of non-work related injuries, ageing workforce and mental health issues)</p> <p>17.3 Develop and implement a policy for Workplace Health and Wellbeing</p> <p>17.4 Implement a corporate Health and Wellbeing program based on best practice and tailored to the City's workforce needs</p>	<p>This has been completed to ensure appropriate strategies are developed and implemented.</p> <p>A framework that addresses the health and wellbeing needs of the workforce and organisation has been developed in consultation with senior management and through consideration of best practice.</p> <p>A workplace policy has been developed in light of the health profile and health and wellbeing framework.</p> <p>Ongoing. The Health and Wellbeing program has expanded to include skin checks and flu vaccinations</p>

Information, Communication and Technology Strategic Plan 2014



1. Introduction	2
2. Executive Summary	3
3. Setting the Context	5
City of Sydney Values as relating to ICT Strategy	5
Governance of ICT	5
ICT Services	5
Core Infrastructure Remediation	5
Business Systems	5
Resourcing and investment in ICT	6
4. Technology Trends Shaping ICT Strategy	7
Technology Trends and their relevance to the City of Sydney	7
Cloud Computing	7
Mobile Computing	7
Social Computing	8
Data Centric Computing	9
Big Data	9
Open Data	9
5. Strategic Statements	10
Strategic Statements in Relation to Technology Trends	10
Strategic Statements in Relation to Business Systems	11
Strategic Statements linking to the Long Term Financial Plan and Workforce Strategy	11
High level Implementation Plans	12
6. Appendix A - ICT Strategy on a Page	13

1. Introduction

This Information and Communication Technology (ICT) Strategic plan establishes a roadmap to ensure that ICT facilities, initiatives and resourcing are aligned with the strategic goals of the organisation.

This plan proposes the principles and frame work through which the ICT service will partner with the City's business units as they develop, upgrade and transform the nature and substance of services to clients and communities in order to deliver on Sustainable Sydney 2030 outcomes and targets.

The function of this ICT Strategic Plan is to:

- Summarise, evaluate and communicate IT industry directions and their relevance at the City of Sydney;
- Establish the strategic statements that give direction to the development and management of the service over the life of the plan;
- Establish high level targets that will facilitate measurement of implementation and achievement of the objectives of the plan;
- Set out high level implementation activities that will deliver on our goals.

The next developments in technology could also substantially impact the relevance of this plan. For example, the iPhone was launched just under seven years ago and five years ago mobile "apps" barely existed. Customer needs will change in ways we can't predict; following and responding to technological innovation that is not yet evident.

To ensure currency and relevance the City's ICT Strategic Plan will be reviewed each year and updated as necessary. Major revisions will be aligned with the term of Council.

This plan is distinct from but will be aligned with the City's digital strategy, which is currently under

development. The digital strategy will identify how the City of Sydney can facilitate and assist the broader development of Sydney's economy and service sector with the use of digital technology.

2. Executive Summary

The Sustainable Sydney 2030 Community Strategic Plan sets an ambitious agenda for transformation of Sydney to increase its standing as a city in a global context. To meet this agenda, the City requires highly functioning, quality ICT facilities that will underpin its engagement with and service delivery to our diverse range of customers, clients and stakeholders.

The prevalence and acceptance of digital services coupled with the predominance of mobile devices to access these services is changing expectations for the availability and consumption of business services.

Customers now expect the ability to connect to digital services, anywhere and at any time. This plan provides the principles through which the City's ICT facilities and services will be developed in order to meet our business aspirations and service objectives. The response to these demands will be centred on three key themes as summarised below.

1. The sourcing of ICT facilities as a service, commonly known as "Cloud Computing", has matured significantly in the past three to four years. The maturing of the Cloud Computing technology and the economies of scale that arise from its adoption make it increasingly more viable for an organisation to source IT solutions as services.

The main benefits include developing the capacity where appropriate to provide world class systems and technologies that can be available and supported 24 hours, 7 days a week (24x7) to agreed service levels.

Cloud computing represents a vast investment by providers in contemporary technologies and specialised skills to derive market offerings delivered at a level of currency and security that typically cannot not be met within a relatively small, diverse organisation with wide ranging public service objectives.

Under this strategic direction, the City's ICT service will transition from being a traditional in-house model to a model where, as appropriate, systems and facilities will be sourced and delivered by industry partners "in the cloud". Those services will be managed under robust contracts that meet the City's business needs.

2. The City will establish a strategic approach to business systems sourcing and management. It will critically examine the utility and functional support provided by the current enterprise applications and develop a business systems and data architecture and roadmap, to guide decisions in relation to business systems development, extension and replacement.

All projects that deliver new facilities and systems will be aligned with the roadmap and business priorities and will consider "cloud first" and "mobile first" options to take advantage of new generation services and technology.

3. New technologies and approaches in the area of data management provides for opportunities to analyse our services to greater levels. Many of the City's business processes are now system enabled and this introduces ever increasing responsibilities for appropriate custodianship and protection of private and confidential data. In response to these opportunities and demands, there is a need to ensure our organisation has the capability to effectively manage the data in our business systems.

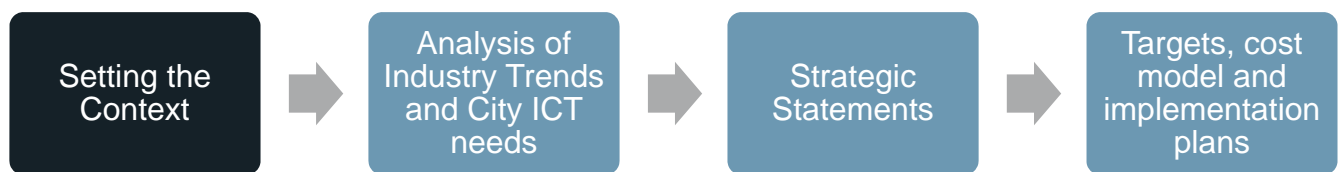
This plan proposes that the City establish a data centric approach to systems planning, design and management. This data centric approach focuses on increasing the utility and accuracy of data within business systems and minimising replication of similar data between systems which will minimise risks arising from incompatibility between systems and unauthorised access or disclosure.

It will also yield efficiency benefits where data is created once, but used in multiple systems.

A separate and further outcome of developing and maintaining high quality data will be the ability to publish certain sets of data to support transparency, encourage innovation and enable development of further community benefit by others using industry acceptable Open Data standards.

The summary of the current state, target state, transformation activities and underlying assumptions is found in Appendix A, ICT Strategy on a Page.

3. Setting the Context



City of Sydney Values as relating to ICT Strategy

The City's values of collaboration, innovation, quality, courage, integrity and respect provide guidance in shaping the plan, the ICT initiatives and the way in which we work and interact to implement these initiatives.

Information & Communications Technology (ICT) Strategic Plan

Together with the City's people and physical assets, Information and Communications Technology is a core resource for the effective delivery of business services. The ICT Strategic Plan is a component of the City's resourcing strategy, to provide an overarching framework for directing a sustained course of action over the four year period, within a rapidly and ever changing environment.

Governance of ICT

The ICT function is a Unit within the Workforce and Information Services Division led by the Manager, Information Services.

A number of teams provide direct and indirect support across the organisation and are Client Relations, Business Advisory, Strategy & Governance, IT Security, and IT Projects Planning and Delivery.

An Executive governing body, the Information Technology and Management Steering Group provides oversight of the direction and upgrade of the service and ensures alignment with organisational strategic business priorities.

ICT Services

The City's corporate system spreads across a network servicing 52 sites with around 2,500 fixed and mobile end user devices accessing both enterprise applications, and line of business systems.

Core Infrastructure Remediation

As the result of two years of infrastructure upgrade the City is well positioned with core ICT facilities of sufficient capacity, currency and reliability to support the transformational targets to be achieved during the life of this plan.

Business Systems

The business of local government is wide ranging and diverse. Many of the City's services to its customers, visitors and partners are delivered through and with reference to its business systems. Over the past ten to fifteen years, the City has implemented and operated a suite of separate enterprise level applications with varying levels of integration to deliver its core responsibilities, such as;

- Rates, Property, Planning, Inspections Certificates;
- Financial and Supply Chain Management;
- Corporate Planning and Reporting;
- HR/Payroll/Timekeeping;
- Asset Management;
- Spatial Information; and
- Online Business Services for client facing transactions.

It also relies on a numerous and diverse range of “line of business” applications for specific and specialised functions such as childcare, venue and event management, design and drafting, community facilities and library services.

The future activity around business systems development, planning and management requires a considered and strategic approach to derive maximum value from the investment in replacing or significantly upgrading core systems.

Resourcing and investment in ICT

The implementation of many of the Sustainable Sydney 2030 actions is generating tangible needs for new, improved and expanded business systems and longer hours of services. This demand will grow particularly over the next five to seven years will require a balanced investment strategy to derive optimum results for the business, community and value for money.

The City's future level of investment in ICT will be aligned with the strategic intent of this plan. It will be realistic in its scope and delivery, consider best value concepts, balance the benefits and costs of new investments and be governed by the principles in the City's Long Term Financial Plan.

4. Technology Trends Shaping ICT Strategy



Technology Trends and their relevance to the City of Sydney

Technology changes at an ever increasing rate and leading analysts pose that the industry is currently experiencing profound game changing activity as the result of a “nexus of forces” being the convergence of technological developments and consumer uptake of those.

Discussed in this section are four of the technologies that comprise the nexus of forces: “cloud” computing, mobile computing, social computing and “big data.” Each will have an impact on how the City employs these technologies to deliver services to our customers and the community. This plan proposes a clear position on each.

Cloud Computing

Cloud Computing is the use of ICT facilities (hardware, software and services) delivered primarily, but not always, over the Internet. Cloud computing can be a form of commissioning where the ICT contracted facilities are normally shared and their operational management is transparent to the client.

Cloud computing has matured significantly in the last two to three years and includes several subclasses such as:

- Infrastructure as a Service (IaaS),
- Software as a Services (SaaS),
- Network as a Services (NaaS),
- Storage as a Service (StaaS) and
- Platform as a Service (PaaS)

Cloud services can deliver just about anything which has traditionally been delivered in-house from on premise ICT facilities.

Due to the economies of scale that cloud based ICT facilities and services provide, there are potential cost savings that may be available by moving towards cloud based solutions. Further benefits of cloud based facilities

include the keeping current and avoiding aged infrastructure, taking advantage of industry investment in system and software security management and obtaining system support and administration on a 24x7 basis. Such facilities and capabilities would come at a prohibitive cost if the City attempted to replicate a similar service with internal resources.

Services delivered by the cloud are designed to be easily increased or decreased (scaled) according to demand and are designed, managed and resourced to be available 24x7 which matches the City’s round the clock operational requirements in some key service areas.

Sourcing Software as a Service (SaaS) will drive new approaches to obtaining business benefit for both internally and externally facing services. Together with pursuing mobile solutions, it can provide great advantages in relation to agility, flexibility and scalability.

The adoption of cloud based services needs to be carefully planned, with each opportunity assessed and considered on its merits. Adoption of cloud services will pose new challenges, primarily around sovereignty, privacy, security and continuation of service during provider transition.

Cloud computing offers a significant shift in the way ICT services can be sourced and managed, and as with any substantial change it will be appropriate to undertake rigorous assessment of the opportunities and benefits within the City’s risk management framework.

Mobile Computing

Over the past five years the use of lightweight mobile devices such as tablets and smartphones has increased exponentially.

While this growth has primarily been driven by consumer demand, the use and benefits of mobile devices for management and field workers has created

overwhelming demand in the corporate world. Mobile facilities are regarded as increasingly vital tools to deliver services directly to customers and for driving efficiencies and productivity in field based work.

Mobile devices are differentiated from desktops and laptops by two key features:

- They are lightweight and truly portable in that they are able to connect anywhere, anytime via a combination of WiFi and mobile telephony.
- There is a very large, expanding and inexpensive library of applications (apps) available and the cost and mechanisms to develop further specific apps to support business functions or deliver a service is relatively inexpensive.

Additionally, the rich features present on the device are easily integrated into mobile apps. For example, the location services ability on the device determines its geographic location and can enable point of interests in the surrounding location, providing travel routes and times between locations and providing status updates based on conditions at the location.

The combination of a mature, secure technology and the differentiating features offers an attractive utility to now apply to the City's business purposes, enabling mobile workers to interact with systems, clients and communities to easily access information and services at any time from any location.

Social Computing

The third major trend is social media or social computing. Social computing is the use of computer and networks for social interaction, communication, advertising and information.

Social computing is driving immense change in the way individuals and businesses communicate. Core tools and products leading the revolution are Facebook, LinkedIn and Twitter, with hundreds of alternative tools and services on offer. Whilst this is important for communications and engagement purposes, the use of social media as a secure transactional tool where the authenticity of the transactor is required to be substantiated, is as yet untried.

Social computing provides an opportunity to make data and information more widely available and to spark thought and interaction. It acts to exponentially expand customer reach through pyramid and network based on-forwarding and it is also a channel that is open and used 24x7.

In combination with the rapid uptake of mobile devices, immediate, mass distribution of content is possible as well as immediate and extensive feedback and/or sourcing of input and ideas essential for effective community engagement. Social media conversations and replies are available to the other participants in the mass network and this provides an element of social moderation in ways not previously possible.

Social computing depends on the public using their own facilities delivered across the internet. As such it is not a technology that needs to be (or should be) delivered via the City's own direct services as it can largely be accessed and used by the community independently of any City facilities and services.

Data Centric Computing

Recent industry developments in relation to the creation and management of data require some analysis and consideration. Two main themes are of relevance: Big Data and Open Data

Big Data

Big Data is a term used to describe the gathering, storage and use of very large data sets to inform service delivery and management decisions, usually in real time.

Analysing data to produce information for use by business is not new and falls under a broader term of “business intelligence”. Business Intelligence relies on a dedicated approach using a variety of tools to analyse data for specific business operations presented in a coherent and often in a visually appealing manner.

The term “Big Data” has arisen from the industry response to data sets so large and dynamic that they became difficult to process using traditional management tools and data processing applications. A range of innovative technological solutions were developed in the past decade or so, and underpin many of today’s large commercial entities such as Amazon and Google and are becoming increasingly cost effective to implement.

The distinction between big data and data intelligence is not absolute, but a distinction is that big data encompasses the concept of using data in real time to interact and shape the interaction between service provider and customer. For example, software is programmed to assess the web browsing habits of a customer or potential customer and to dynamically

influence the information presented to that browser, and to build a profile for future interactions. In this capacity data and logic are combined to drive action toward a business purpose.

Open Data

Open Data is the principle of making data collections easily and permanently available and accessible in electronic form for further analysis, use and creation of value.

Over the last decade, many governments have committed to the concept of Open Data for the purposes of transparency and greater citizen engagement in the development and consumption of services.

Open data programs are typically being implemented by governments and research organisations and data is published on data portals from which it can be extracted by any person for further use under creative commons licencing. Examples of government data portals include: **data.gov** (US) **data.gov.uk** and **data.gov.au**

The NSW Government issued in September 2013 its Open Data Policy that requires NSW government agencies commit to, and commence proactive publication of their data to the **data.nsw.gov.au** portal.

The trend of providing more data to a wider audience increases the need for accurate and well governed data. In this environment, the roles and responsibilities for data quality will need to be clearly understood and actioned.

5. Strategic Statements



Strategic Statements in Relation to Technology Trends

The City's strategic statements responding to the key technology trends are outlined here and encapsulate how the City will capitalise on these trends to provide value.

Cloud First

- The City will embrace Cloud Computing.
- The City will consider and assess cloud based solutions at each opportunity to source new or significantly enhanced systems and computing facilities.
- To do so effectively the City will develop a due diligence framework to guide those assessments.
- Within five years the City will source a significant part of its computing infrastructure, facilities and systems as a service in the cloud.
- The City will develop and implement a plan to transition to cloud computing while ensuring as little disruption to business facilities and services as possible.

Mobile First

- All projects for new and enhanced business systems will explicitly consider mobile needs.
- The City will use the mobile apps offered by the providers of its enterprise systems where these are available and meet adequate technical and security standards.

- Where Apps are not available at an acceptable standard or within an acceptable timeframe, the City will develop its own apps.

Social Enabled

- The City will manage the use of "social computing" where it is appropriate as a valuable communication and information channel.
- Projects for new and enhanced business systems will consider interfaces to social media channels as an aspect of the business requirements.

Data Centric

- The City will embrace Data Governance and create a framework to ensure that data is well understood, well managed and effectively used.
- The City's data stores will be designed and administered in a manner that promotes the initial and ongoing quality and utility of the data as an enterprise and community asset.
- The contextual and informational quality of data created in business systems will be proactively managed by the City.
- The City's data will be classified in order to inform appropriate levels of protective management.
- The City will publish appropriately classified data to encourage innovation and increase the community benefits to be derived from the available resources.

Strategic Statements in Relation to Business Systems

Business Systems

The strategic statements addressing business systems issues are outlined here to describe how the City will approach the management and improvement of these facilities, to enable better business outcomes.

The City will:

- establish a strategic approach to business systems and data architectures
- critically review the value provided by the current portfolio of enterprise applications and develop a systems and data architecture/roadmap
- source and replace line of business solutions in partnership with the business with a bias toward SaaS solutions
- include a wide number of factors including the environmental footprint in assessing solutions

Strategic Statements linking to the Long Term Financial Plan and Workforce Strategy

Investment

Strategic statements in relation to investment in and resourcing of ICT are outlined here to inform the development of the City's Long Term Financial Plan and Workforce Strategy.

- The City's investment into ICT will reflect the required ICT enablement of service delivery as guided by business strategy.
- Over the long term, ICT investment will migrate from a majority of capital expenditure to primarily an operational expense, reflecting the adoption of cloud based facilities and services.

Resourcing

- The City will reorganise its resourcing to meet its business and service delivery needs.
- The City will source services from mature industry suppliers who are appropriately organised and scaled to provide 24 x 7 availability and support of systems where this provides the greatest business and strategic benefit.
- The role of ICT professionals at the City of Sydney will transition toward:
 - Providing the strategy, standards and governance framework for delivery and management of ICT services.
 - Interpreting and representing business requirements and ensuring appropriate delivery of solutions and services to meet those requirements.
 - Establishing and managing contracts for ICT service delivery.

High level Implementation Plans

Attaining the strategic directions outlined in this document will span over a course of several years and will require commitment from both ICT and the business units to bring about the desired capabilities.

The vision is to attain secure, reliable, available, contemporary “world class” ICT facilities that support the City’s operations and enable service delivery anytime, anywhere.

The high level targets and outcomes that support this vision are:

- A unified view of customer and customer interactions
- The majority of substantial client transactions available online and/or mobile
- The majority of our mobile workforce is able to transact with enterprise applications on location
- The interface for working together with colleagues and clients electronically will be ubiquitous and consistent across backend systems
- The recurrent cost of the ICT service matches the City’s profile as leading within sector and meets service demand for world class 24 x 7 facilities.
- The majority of facilities and services are delivered under robust service contracts with trusted industry partners
- The ICT workforce has the capacity and expertise to meet demand and expectations

The major implementation streams toward these outcomes, within the term of this plan include:

- Migration to sourcing computing infrastructure and facilities as services as and when appropriate;
- Establishing a strategic approach to Business Systems sourcing and management, and migration to Software as a Service as and when appropriate;
- Progressively transforming the ICT Services business model from Service Operator to Service Manager

Implementation activities are conducted through the Core Facilities and Services, and the Business Systems project streams.

Transition of the ICT Business Model is managed in the context of the City’s Workforce Strategy and the Unit’s Workforce and Organisational Culture Plan.

6. Appendix A - ICT Strategy on a Page

Contribute to the City's ability to provide excellent reliable and timely services to the community through contemporary ICT facilities and services.

Initial State

- Fragmented view of customers and interactions
- A small number of substantial client transactions is available online
- The field based workforce mostly conducts its work through paper based forms followed by return to office for data entry.
- Collaboration with colleagues and clients is hampered through traversing disparate systems and document formats
- Total recurrent cost of ICT service is insufficient to meet expectation and demand
- A small proportion of services and facilities is delivered under robust service contracts with trusted industry partners
- Limited workforce capacity to meet service demand

Strategic Statements Guiding Transformational Action

The City will

- embrace Cloud Computing and will consider and assess cloud based solutions when sourcing new or significantly enhanced systems and computing facilities.
- adopt a "mobile first" approach to the design and architecture of its business systems.
- integrate social media channels as appropriate to its service and communication requirements.
- adopt a data centric approach to govern creation and management of data as a valuable asset.
- publish appropriately classified data to encourage innovation and increase the community benefits to be derived from its data assets.

Initiatives for 2014-17

- Implement the City's priorities for customer service and engagement using the newly established city wide platforms for Master Customer Data management, Client Relationship Management and Online Business Services
- Implement facilities that enable our Mobile Workforce to conduct their work efficiently and securely from outside the City's network perimeter
- Enable substantial progress in transformation of planning transactions and documentation from paper based to digitally based
- Provide an electronic workspace that enables staff and customers to communicate and collaborate easily and efficiently
- Transition to "cloud first" sourcing model for services including Infrastructure as a Service (IaaS) and Software as a Service (SaaS)
- Establish a Systems and Data Architecture, Business Systems Roadmap and Data Governance Framework
- Move towards the ISU Business Model from Service Operator to Service Manager

Target State for 2017

- Unified view of customer and customer interaction
- The majority of substantial client transactions are available online and/or mobile
- The majority of our mobile workforce is able to transact with enterprise applications on location
- The interface for working together with colleagues and clients electronically will be ubiquitous and consistent across backend systems
- The recurrent cost of the ICT service matches the City's profile as leading within sector and meets service demand for world class 24 x 7 facilities.
- The majority of facilities and services are delivered under robust service contracts with trusted industry partners
- The ICT workforce has capacity and expertise to meet demand and expectations

