

Resourcing Strategy

(June 2016)

- 
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

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SYDNEY NSW 2011

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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. Asset Management Planning
3. Workforce 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.

Asset Management Plan (AMP)

The second 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 \$8.8 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 Asset Management Planning framework includes:

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

Workforce Strategy (WS)

The third 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 spans four years.

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

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

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

Long Term Financial Plan 2016/17 to 2025/26

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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 also elects to add an Information Communication and Technology Strategy, recognising it as a key enabler of business efficiency and effectiveness, and of community information and interaction.

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

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

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

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

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

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

2. Current Financial State



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

The organisation is well placed to continue to invest in the transformation of the City into a 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 continued 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.

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

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
2. Responsible Council that understands its role
3. Good reporting and budgeting

NSW 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 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.



The NSW Government extended upon the recommendations of the NSW Independent Local Government Review Panel, via a review process for Local Government Reform, termed *Fit for the Future*. Further details regarding the *Fit for the Future* process, and the City's extensive submissions relating to local government reform, are contained within Section 3 of this Plan.

As detailed in Section 3, there are currently no expected implications for the City of Sydney in respect of amalgamations or boundary changes with surrounding local government areas. No amalgamations or boundary changes have been modelled as part of this plan.

Economic conditions

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

- Property market performance,
- Urban Renewal and development trends (as driven by property market performance)
- The Consumer Price Index for Sydney (CPI),
- Employment market trends; 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 and to reflect pricing impacts within the plan, the City uses a prudent inflationary factor of 3%, at the upper end of the Reserve Bank's "target" range.

The Inner-Sydney property market has, in recent years, undergone a period of unprecedented growth. Aside from influencing the performance of the City's substantial commercial property holdings, the state of the property market will also directly impact the City's ability to

acquire and divest property holdings. More broadly, the demographic characteristics of the city are directly impacted by prevailing property market trends. Wages growth is a significant issue for the City in managing its underlying operating expenditure over a ten year timeframe, as employee costs currently represent approximately 50% of the City's total operating expenditure.

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

Interest rates, as determined by Reserve Bank policy and financial market conditions, will directly impact the returns earned by the City's investment portfolio. Whilst the City's financial investment portfolio continues to outperform industry benchmarks, a sustained period of historically low interest rates has impacted the City's return on investments held. Further, the financial position of the City is affected through adjustments to Council provisions and valuation of assets, which are in part determined through reference to long term bond rates.

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



Current Financial Position – City of Sydney

Since the amalgamation of the (former) South Sydney City Council and the City of Sydney in 2004, the Council's average annual Operating Result has maintained a surplus in excess of \$100.0M. This consistently strong operating performance has allowed the City to accumulate significant cash reserves, and to internally fund its capital works program over this time. The City's closing cash and investments balance at 2014-15 was \$624.4M, with \$517.9M of this total restricted for specific purposes.

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

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

The robustness of the City's financial position has enabled its commitment of \$220.0M towards the NSW Government's Light Rail project in the CBD and South East of the city, and a \$83.2M contribution to trunk drainage works at Green Square urban renewal area (\$63.2M in the Green Square Town Centre, and a further \$20.0M earmarked for Ashmore Estate Erskineville), in

partnership with Sydney Water (a state government agency).

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

3. Fit For The Future – Outcomes



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

The proposals put forth by the NSW Government required councils to demonstrate their scale and capacity, relating to a Council's ability to meet the challenges of the future. The key elements of strategic capacity, as identified by the Independent Local Government Review Panel (ILGRP), were:

- More robust revenue base and increased discretionary spending
- Scope to undertake new functions and major projects
- Ability to employ a wider range of skilled staff
- Knowledge, creativity and innovation
- Advanced skills in strategic planning and policy development
- Effective regional collaboration
- Credibility for more effective advocacy
- Capable partner for State and Federal agencies
- Resources to cope with complex and unexpected change
- High quality political and managerial leadership

Councils were required to put forth amalgamation proposals consistent with the recommendations of the ILGRP, or alternative Council improvement proposals, which demonstrated how they would achieve the required scale and capacity and financial sustainability. The Independent Pricing and Regulatory Tribunal (IPART) was selected by the NSW Government to perform the role of the Expert Advisory Panel to assess how council proposals met the Fit for the Future criteria.

Further to an assessment of scale and capacity, councils' financial sustainability was assessed against seven defined Fit for the Future Measures:

Sustainability

- Operating Performance Ratio
- Own Source Revenue Ratio
- Building and Asset Renewal Ratio

Infrastructure and Service Management

- Infrastructure Backlog Ratio
- Asset Maintenance Ratio
- Debt Service Ratio

Efficiency:

- Real Operating Expenditure (per capita)

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

The City supports the definition of financial sustainability set out in the TCorp assessment and reiterated in the IPART methodology that "A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community".

The City of Sydney's *Fit for the Future* submission reflected the assertion that it is financially "fit" both now and into the future, and can also meet the NSW Government's criteria for scale and capacity to effectively partner with other government bodies in delivering strategically aligned outcomes for residents, business and visitors to the city.

In their assessment of the City's 'Council Improvement Proposal', IPART noted that the City "demonstrated it is a high performing council in the Sydney Region", and noted that high financial performance indicators were achieved whilst maintaining low residential rates.



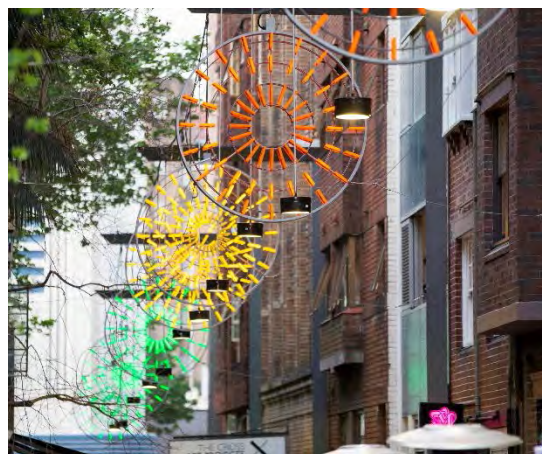
The City and its residents, as confirmed via survey and through the large number of submissions received by IPART, did not favour the ILGRP's sole recommendation (which was for a notional 'Global City' combining the City of Sydney, Botany Bay, Woollahra, Waverly and Randwick Local Government Areas). IPART considered the City of Sydney as a stand-alone council to be "not fit as a Global City".

IPART did, however, note the significant population currently serviced by the City, estimated at approximately 1.2 million daily users. Additionally, the IPART report noted that should the concept of a 'Global City Council' not be pursued by the NSW Government, then the City "meets the scale and capacity criterion as a stand-alone council and would be fit as a stand-alone council".

The financial schedules set out in Section 8 of this plan, along with the other documents presented as part of Integrated Planning and Reporting requirements, demonstrate how the City's strategic capacity is consistent with the key elements identified by the Independent Local Government Review Panel.

As noted above, financial scenarios and outcomes arising from Council amalgamations and/or boundary adjustments involving the City of Sydney have not been included as part of this Plan. To date, the NSW Government has provided no indication of any forced amalgamations or boundary changes arising from the *Fit for the Future* process that would affect the City of Sydney, and local government elections for the standalone Council remain scheduled for September 2016.

4. Guiding Principles and Assumptions



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

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

Key principles employed in the financial planning process:

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

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

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

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

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

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

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



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

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

Assumptions

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

The City's 2016/17 financial year budgets (as detailed in the Operational Plan, and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. As noted above, the budgeted Income Statement and Balance Sheet are taken to represent "business-as-usual" and income and expenditure are escalated over the ten years of the plan, where relevant, by an appropriate index.

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

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

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

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

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

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

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

5. Financial Forecasts – Continuing Operations



Income from Continuing Operations

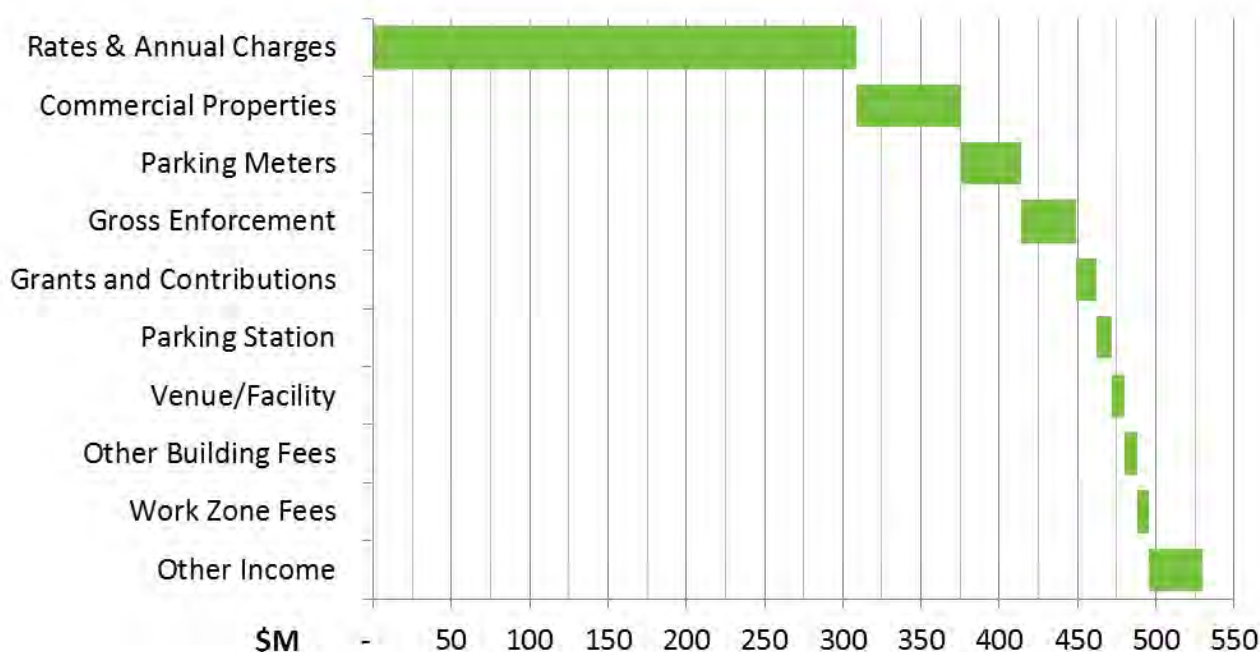
This section includes a review of the major sources of income received by the City, including explanatory information along with a discussion of the risks and assumptions.

The chart below illustrates the major distribution of the City's operating income sources, based upon the 2016/17 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 ongoing operations, minimising the impact of rate-pegging.

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

Major Items of Operating Income* – 2016/17 Budget



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



Rates and Annual Charges

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

Rates Income

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

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

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

The City's annual rates income represents 44% of Income from Continuing Operations (as reflected in the schedules in section 7 of this plan). CBD business rates represent approximately 23%, other business rates 11% and residential rates 10%, of total income from continuing operations. The City's property distribution is not conducive to achieving an equitable unimproved land value based tax, with 75% of residents on minimum rates, reflecting Sydney's high density living. However, minimum rates do not produce a rate levy that reflects an individual owner's capacity to contribute to the cost of Local Government operations, nor their likely consumption of Council services.

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

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

The general allowable increase for 2016/17 has been set at 1.8%. IPART determined a general rate increase of 1.78% for councils in recognition of the rising cost incurred by local government in NSW, with 0.02% rounding applied to arrive at the rate peg of 1.8%. Beyond 2016/17, the City has estimated future average general rate increases of 2.5% p.a, allowing for IPART approved increases and development growth.

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



Pensioner Rates Exemptions

Council continues to provide 100% rebate of rates and annual charges for eligible pensioners within its local government area. This scheme provides an additional rebate on top of a mandatory rebate for eligible pensioners and in total the scheme currently costs approximately \$2.9M 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 \$40.8M for the 2016/17 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 \$1.9M each year to improve its stormwater networks. The City plans to expend significant sums towards these important infrastructure improvements in the coming ten years, and this contribution has assisted with the preliminary planning of network enhancements, and in the future will contribute to the delivery of works identified with the Stormwater Management Plan.

Environmental Upgrade Agreements (EUA)

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

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

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

The City currently has in place four EUAs with a combined outstanding balance of over \$27.2M. Further agreements are considered as applications are received.

Fees and Charges

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



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

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

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

The long term plan assumes that fees will rise, in general terms, in line with CPI 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 8% of the Income From Continuing Operations for the City. Parking income is predicted to rise close to CPI levels over the ten year period of the long term financial plan.

Other Income

Commercial Property Income

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

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

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

A change in accounting approach has resulted in the recognition of gross income (and corresponding gross expenditure) for those tenancies under the City's Accommodation Grants Program (AGP). The equivalent commercial rate of rent for these properties is shown as income, with the reduction provided under the AGP recognised as an in-kind grant expense.

The City has a draft property strategy and plan, articulating the goals and actions for each of the portfolios (commercial, community, investment and strategic), which assists in determining the future needs of Council and the potential for acquisition and divestment of properties over the course of ten years. An ongoing review of the yields generated from the commercial portfolio is being conducted to benchmark



the City's returns to market, identify the underlying factors and any opportunities to enhance any sub-optimal returns through either refurbishment, development or disposal if appropriate.

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

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

Enforcement Income

Enforcement income refers to the gross revenue generated from the Council's ordinance and parking enforcement activities in maintaining a safe city. In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD, with the requirement that the net surplus income, after deducting all costs, be equally shared.

The gross income, being the value of fines issued, represents around 6% of the City's Income From Continuing Operations. After paying processing fees to, and sharing 50% of the net income with the NSW Government, Council retains income equal to approximately 2% of Income from Continuing Operations.

The City utilises its resources to monitor parking and ordinance issues. The outcomes for the community include improved road and pedestrian safety, better traffic flow and access. The level of parking enforcement

income has followed a downward trend in recent years as compliance rates have improved. The number of infringement notices issued have declined approximately 30% from their peak, however the recovery rate of outstanding fines remains in excess of 90%, a highly efficient rate of collection.

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

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

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

Operational Grants and Sponsorships

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

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

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



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

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

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

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

Interest Income

The City invests funds that are surplus to its current needs in accordance with the approved “Minister’s Orders” and its own Investment Policy and Strategy, which is reviewed annually and approved by Council.

The City’s *Investment Policy and Strategy for the Management of Surplus Funds* was last endorsed by Council in March 2016, 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 internal cash reserves to be applied towards the major Sustainable Sydney 2030 projects over the next ten years, in addition to those external restrictions of funds required by legislation.

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

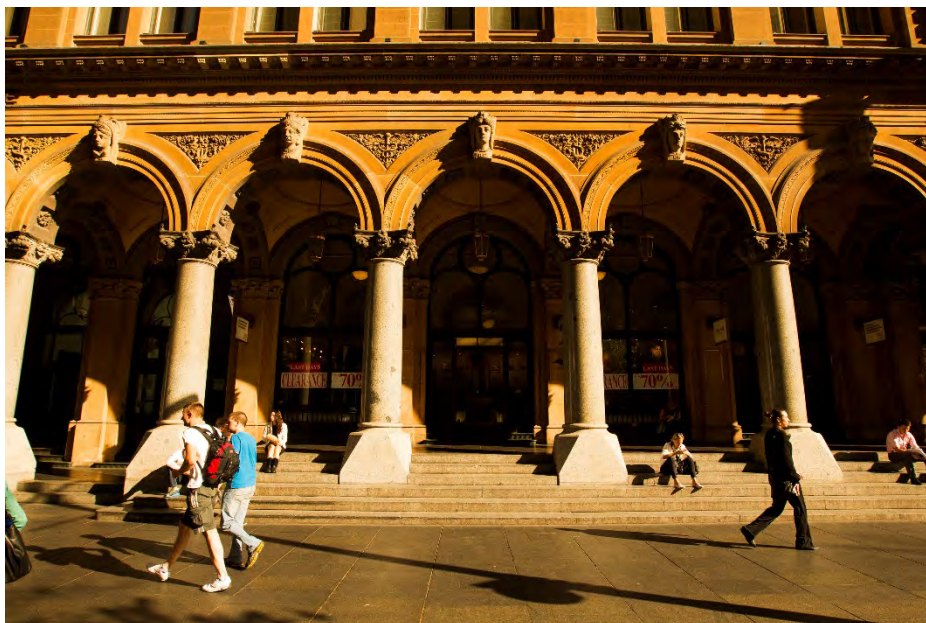
Capital Income

Developer Contributions

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

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

The Central Sydney Development Contributions Plan 2013 – which is the City of Sydney’s current section 61



plan – is presently operating on a recoupment basis, with contributions income applied to previously completed works. The plan, adopted in July 2013, also incorporates future works items, facilitating the utilisation of future contributions income in funding the delivery of these works.

The City has exhibited a new Section 94 Plan – the *City of Sydney Development Contributions Plan 2015*, reflecting updated population and development projections, and an updated list of essential infrastructure and facilities. The new plan will incorporate the entire local government area (excluding Central Sydney), replacing Ultimo Pyrmont Section 94 Plan (1994) and the City of Sydney Development Contributions Plan (2006). It is expected to be adopted formally prior to the 2016-17 financial year.

State Government requirements restrict the maximum amount of developer contributions that can be levied and the types of infrastructure and facilities that can be funded through the developer contributions system. In accordance with a Ministerial Direction effective from 16 September 2010, contributions levied on residential development are capped to \$20,000 per dwelling or lot created. This cap has not been subject to indexation since its inception, representing a decline in real terms. The cap, combined with the financial pressures associated with rate pegging, significantly constrain the City's ability to fund its capital program. As a result of the contributions cap, it is anticipated that a new Section 94 plan will not significantly alter existing contributions rates for most new dwellings.

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

to be supplemented by other sources until contributions are received.

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

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

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



Capital Grants

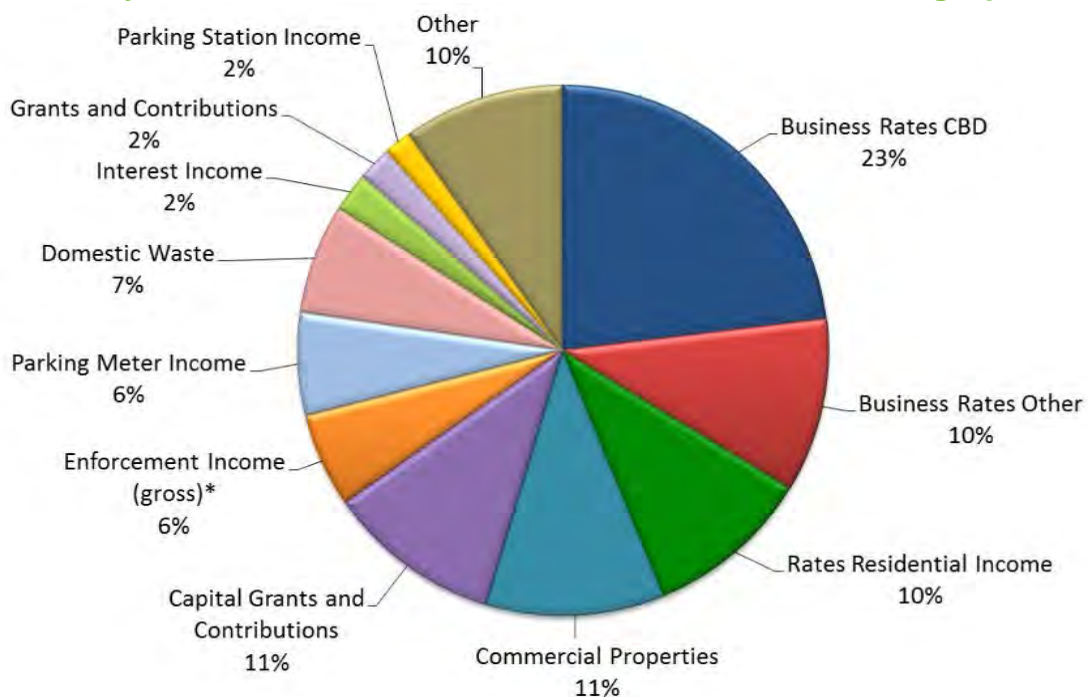
Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that can assist in accelerating the commencement of a project, demonstrate a shared commitment from the other party or provide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

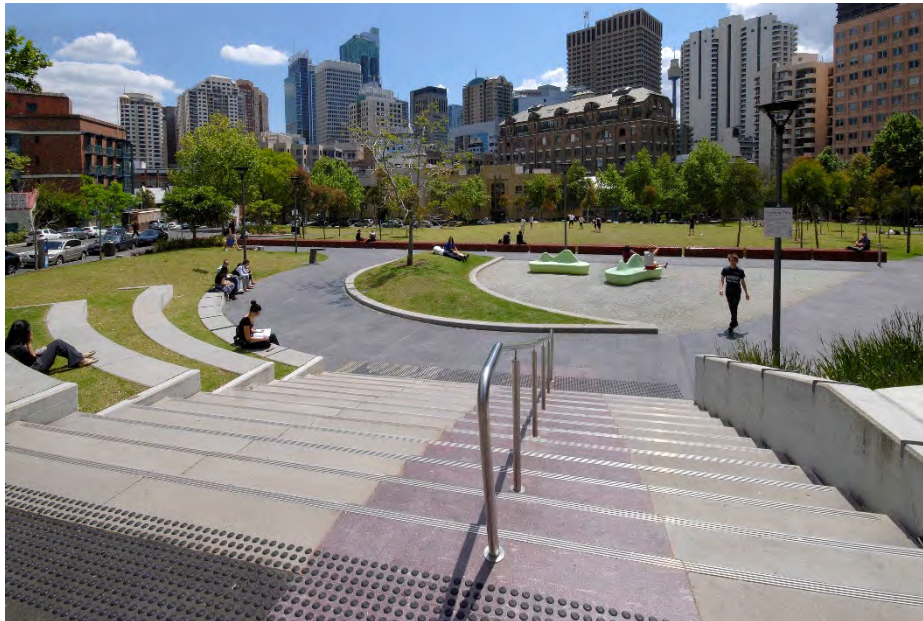
A number of proposed projects over the next ten years will require significant additional sources of funding for the projects to progress. Each of these projects is assessed, and where the funding sources are known, included in the long term financial plan.

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

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

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





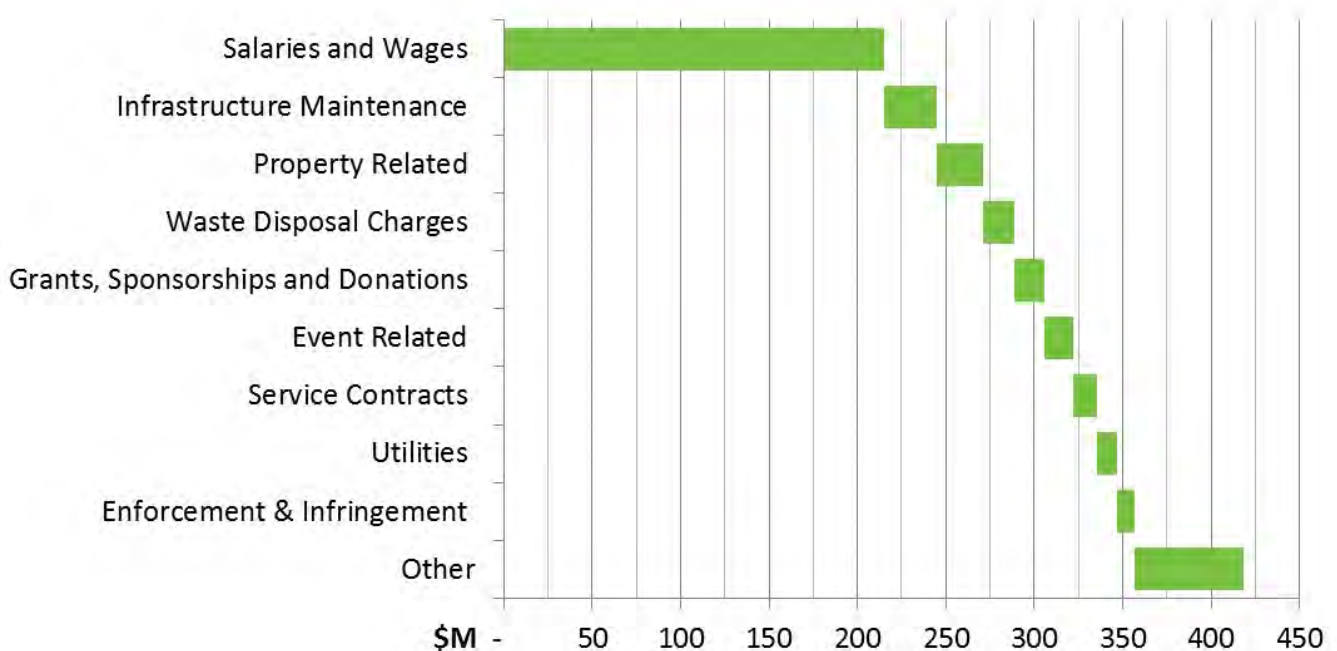
Expenses from Continuing Operations

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

The chart below illustrates the major distribution of the City's operating expenditure sources, based upon the 2016/17 budget, a distribution that has also remained relatively stable for a number of years.

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

Major Items of Operating Expenditure* – 2016/17 Budget



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



Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce of over 1,900 budgeted positions and indirectly through the services it contracts to ensure an efficient, affordable and sustainable service delivery model for the community.

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

Direct employee costs represent over 50% of the City’s total operational expenditure (excluding depreciation and light rail contribution expenses), 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 is intended to provide an understanding of the internal and external issues facing the organisation now and into the future in terms of the capability of our people, the quality of management and leadership and our workforce culture.

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

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

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

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

Materials and Contracts

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

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

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



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

Major financial risks within this category of expenditure include:

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

Other Expenditure

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

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

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

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

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

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

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

Property Leasing Costs

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

Local Government Elections

The Plan anticipates the NSW Electoral Commission charges around \$1.2M for the cost of running the local government elections every four years. The plan allows for elections in 2016, 2020 and 2024. The 2012 City of Sydney Local Government elections cost approximately \$1.1M, excluding City staff resources.



The *City of Sydney Amendment (Elections) Bill 2014* passed by the NSW parliament in 2014, will require the City to administer a roll of business voters within the LGA, for the purposes of compulsory voting. The City's 2016/17 budget includes \$5.0M for the Council Elections Unit (established in 2015/16 financial year to address the onerous compliance requirements of the legislation). The costs of establishing the non-residential roll have been verified by the City's external auditor, PriceWaterhouseCoopers. Ongoing compliance is also expected to require significant expenditure.

State Government Levies

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

The City contributes in excess of \$10.0M annually to the State Government in the form of direct levies. The increase in these changes, in some cases arbitrarily set by the State Government, has in recent years risen significantly higher than CPI for the same period.

The levies paid by the City to other agencies include:

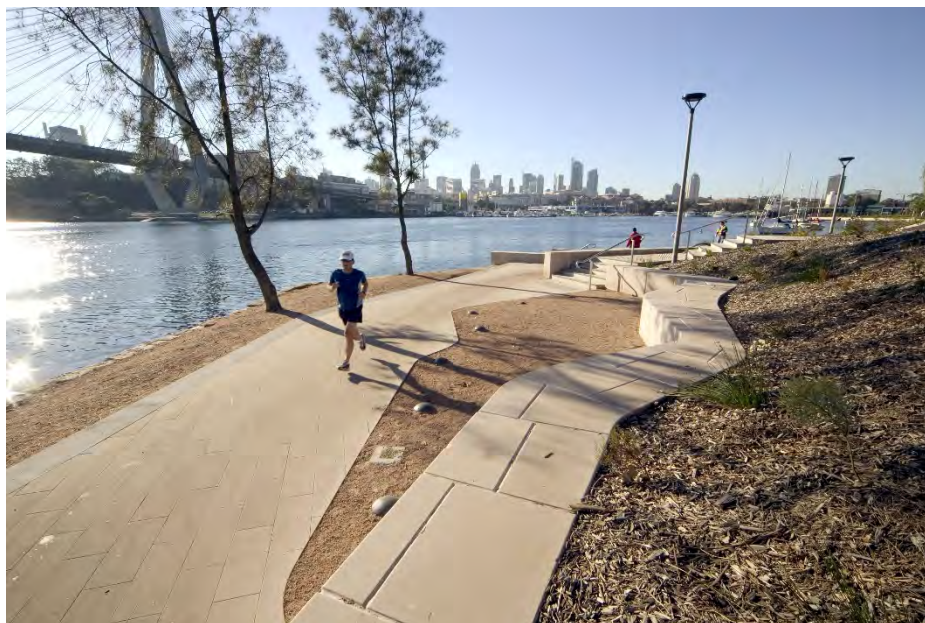
- Waste and Environment Services Levy applied to all waste disposed to landfill (over \$5.5M annually)
- Emergency Services Levy assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$3.8M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD (\$1.9M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning and Environment (\$0.6M annually).

The Waste and Environment Services Levy has historically increased at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2016/17 it is anticipated to again rise, although in line with CPI only. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge, as required by legislation.

The Emergency Services Property Levy, recently introduced by the NSW Government, will replace the previous Emergency Services Levy. The new levy arrangements will require councils to collect fire and emergency services funding contribution in conjunction with rates, shifting the collection burden from insurance companies, as has historically been the case. Councils' contribution obligations under the new Levy arrangements are not expected to be changed, and have been modelled in this Plan on a consistent basis, escalating by a CPI factor.

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

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



Parking Enforcement Agreement

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

The City expects to return around \$5.3M annually to the State Government as per the agreement in 2016/17. This amount fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income. In addition, the City will pay the State Debt Recovery Office in the order of \$4.3M for the processing of infringement notices.

Asset and infrastructure Maintenance

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

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

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

Depreciation

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

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

A revision of valuation and depreciation methodologies related to roads assets has resulted in a reduction to the annual depreciation expense for that class of approximately \$5.0M per annum (from 2014-15 levels). Further reviews of valuation and depreciation across a range of asset classes are expected to be undertaken over the life of this Plan, as improved data is obtained through detailed condition assessments and collection exercises. The City will attempt to align asset depreciation with consumption of economic benefit as closely as practical, using available information.

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



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

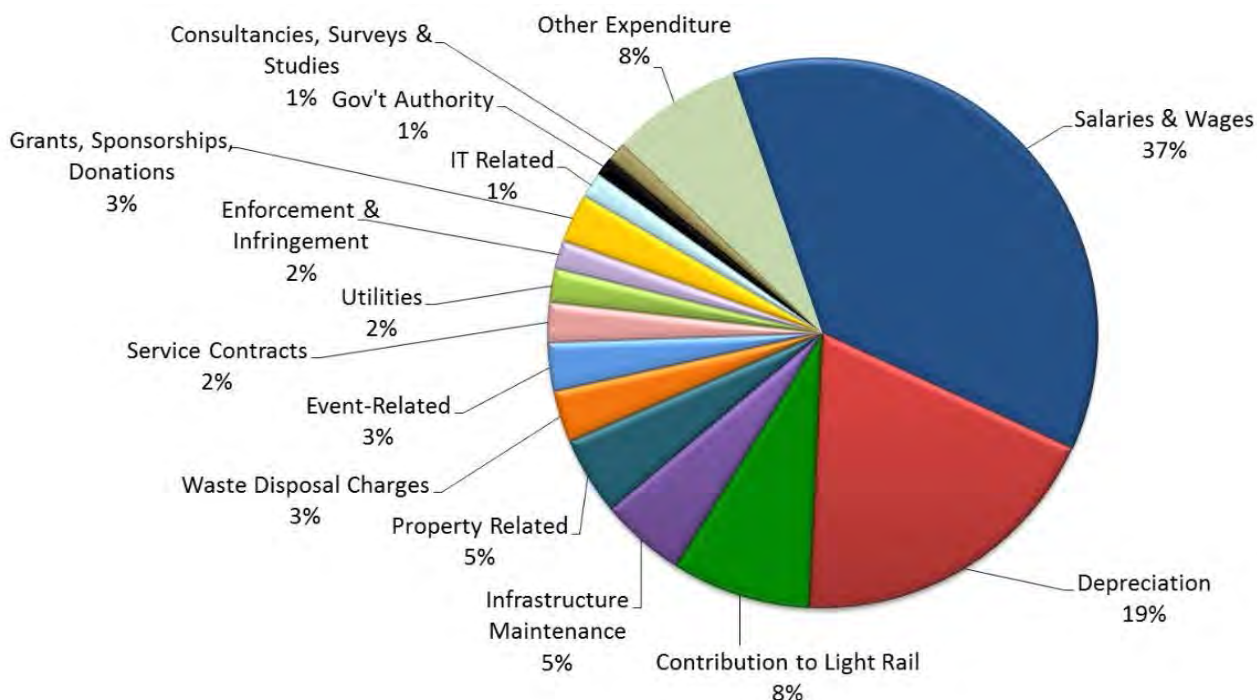
Asset classed revalued in 2015/16 financial year are:

- Land (Operational, Community and Crown Reserve)
- Land Improvements
- City Art and Heritage Collection
- Other Structures

In 2016/17, the following classes will be revalued:

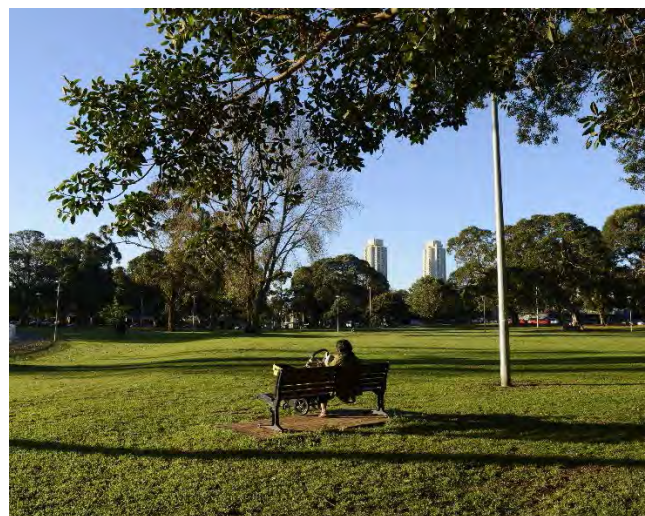
- Buildings
- Infrastructure

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



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

6. 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 \$2.1 billion expenditure forecast for the construction of infrastructure and facilities, acquisition of new assets and acquisitions of land and property (net of divestments) over the next 10 years.

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

Asset and Infrastructure Renewal and Upgrade

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

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

Capital Works Program

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

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

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

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

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

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

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



Significant Projects (>\$20M Total Budget)

Ashmore Estate Trunk Drainage

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

Barangaroo Integration & Harbour Village North

The City has committed to integrate the new development of the Barangaroo development site into the City, with a further \$22.5M of funding towards related future public domain works over the ten years of the Plan.

Childcare Centres

This is a continuation of the City's \$56.1M commitment 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 a further 3 sites expected to be delivered and operational by the end of the 2016/17 financial year. Additional sites will be delivered in subsequent years.

Chinatown Public Domain – Program of Works

Continuing a long-running program of staged works in Chinatown, the Plan includes a further \$15.4M of funding from 2016/17 to 2023/24, to further enhance the amenity of public domain in the Chinatown precinct of the CBD.

Green Infrastructure

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

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

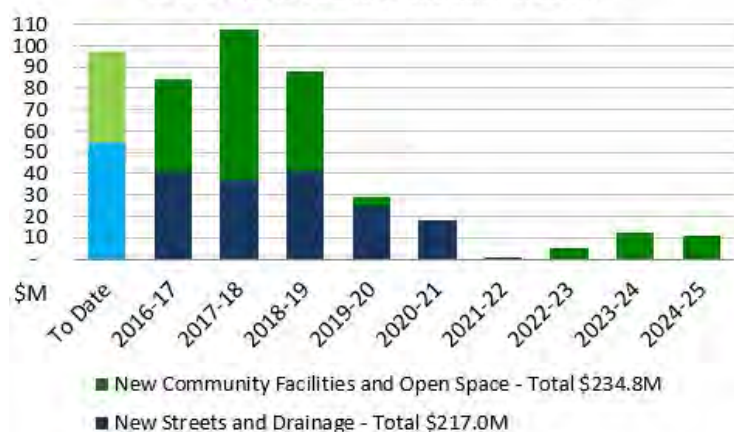
Green Square

The City's works in the Green Square urban renewal area are forecast to cost a further \$354.6M over the next ten years. In addition, future land acquisitions by Council related to the provision of infrastructure and facilities in Green Square will total approximately \$15.6M, plus additional expenditure related to acquisition of new open space as opportunities arise. The overall capital project delivery has been divided major project groups, reflecting the nature of infrastructure and facilities to be delivered, and allowing better planning. Approximately 87% of the remaining capital expenditure is forecast to occur within the first three years of the Plan.

The graph below highlights the timing of expenditure for the Green Square Urban Renewal project groups and indicates that the bulk of the expenditure will occur in the financial years 2016/17 to 2018/19. The size and timing of this project, when combined with the light rail contribution of \$220.0M, has a significant impact on the cash balances of the Council.



Green Square Facilities and Infrastructure



Project groupings for Green Square are as follows:

Green Square Aquatic Centre (and adjacent Gunyama Park)

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

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

Green Square Community Facilities and Open Space

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

Green Square Library and Plaza

Over 160 architects from around the world entered a design competition in 2012 to create a new library and plaza for Green Square. A winner was selected in 2013. Construction works have commenced on the plaza, incorporating early works for the library.

Green Square Streets and Drainage

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

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

Green Square Trunk Drainage

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

It is envisaged that the construction of the drainage (full length) will be completed by 2017.



Johnston's Creek Master Plan & Harold Park Works

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

With the Harold Park redevelopment nearing completion, works have begun to provide an additional 5.4 hectares of new parklands to the existing 14 hectares of public space on the border of Glebe and Annandale. The works will include wetland improvements, paths and boardwalks, play area upgrades and additional recreation space.

Light Rail Contribution

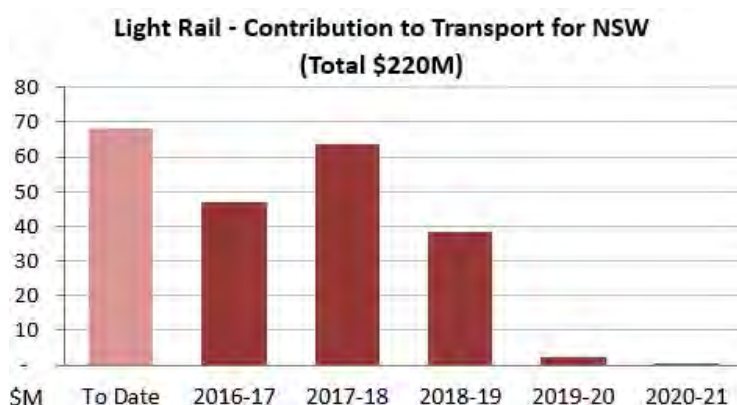
The City has been working with the State Government, over a number of years, to assess the feasibility of improving public access and transport through the city centre district. Early works to deliver the project have commenced.

To enable this project to integrate with the surrounding infrastructure and keep Sydney competitive as a global city in terms of business, tourism and liveability, the City has committed to contribute \$220.0M of funding to the associated public domain works and design. The first 2 contribution instalments, totalling \$68.2M, have been paid to date.

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

As the stages of the works are completed, the Memorandum of Understanding allows for the transfer of

infrastructure assets back to the City. At this time, the timing and value of such transfers are not known in detail. Estimates have been made in this Plan relating to required renewal and maintenance of future asset acquisitions.



Major Depots – Program of Works

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

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



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

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

Bicycle Related Works

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

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

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

Property Related Projects

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

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

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

Infrastructure – Roads, Bridges and Footways

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



Open Space, Parks and Trees

The City's parks, open spaces and trees (including City controlled Crown Reserves) are amongst the community's most highly-valued assets. Our park and open space network encompasses approximately 190 ha throughout the local government area, providing both active and passive places for the community's use and enjoyment.

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

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

Public Art

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

Public Domain

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

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

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

The public domain category of works includes:

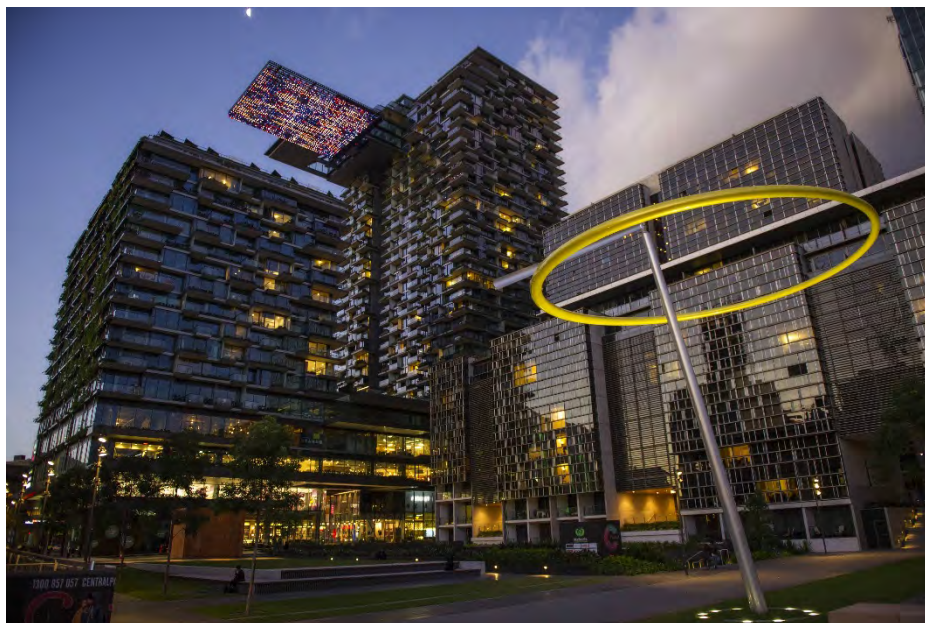
- Upgrade works for CBD laneways
- Major improvement and upgrade works for 'Village Centre' streetscapes (provisional budget funding utilised as specific projects identified)
- Works to public plazas and squares
- Traffic and pedestrian improvement works
- Renewal of miscellaneous infrastructure assets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

Stormwater Drainage

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

Prioritisation of Projects

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



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

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

Timing

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

Capacity

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

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

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

Future Capital Works Program

The City's long term financial plan, as these major initiatives are completed within the next ten years, demonstrates the City's intention to return to a long term average capital works program of around \$140.0M per annum.

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

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

Plant and Assets (incl. ICT Projects)

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

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

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



asset, where a sale is possible). The annual \$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 (including the utilisation of developer contributions in acquiring new land for open space) to reflect how the prospective cash flows would impact Council's cash reserves and financial position.

As discussed above, purchases of land related to the delivery of the overall Green Square Urban renewal project have been significant. Most of these purchases have been undertaken to facilitate stormwater and road infrastructure delivery, with an estimated \$15.6M of acquisitions remaining. The intention remains to divest any residual lands that are not required, once the essential assets have been constructed/delivered.

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

Cash (Funding) Forecasts

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

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

The ratio of current vs non-current cash and investments as at 2015/16 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 an appropriate level of working capital.

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

Internal restrictions are made via Council resolution, generally in order to assign funds to specific projects/purposes or to provide contingency funds for unanticipated circumstances (e.g Employee Leave Entitlements).



External Restrictions:

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

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

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

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

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

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.

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



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

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

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.

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

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

7. Financial Performance Targets



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

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

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

Key Performance Measures

As outlined in section 3 above, seven financial performance measures were utilised as criteria for the Fit for the Future program. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies. With the exception of the Infrastructure Backlog Ratio, which is a snapshot by year, each ratio reflects a 3 year average up to the year shown, commencing with 2016/17. Additional detail on projected performance against these ratios is included with the schedules in Section 8 of this Plan.

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

Sustainability

Operating Performance Ratio (Benchmark: greater than 0%)

Identified in the T-Corp review as a core measure of financial sustainability, this ratio essentially measures a council's Operating Result excluding Capital Grants & Contributions (which are typically tied to delivery of new capital works). Performance at or above benchmark indicates that Council has the ability to internally generate sufficient funding for its ongoing operations.

Projected performance:

2016-17	2019-20	2022-23	2025-26
3.23%	1.02%	0.68%	0.61%

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

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

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



Projected performance:

2016-17	2019-20	2022-23	2025-26
79.53%	87.63%	89.40%	91.29%

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

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

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

Projected performance:

2016-17	2019-20	2022-23	2025-26
104.68%	82.56%	98.49%	109.19%

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

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

The City's Capital Program is expected to yield above benchmark results in the 3 years to 2016-17 as significant asset renewal works are undertaken. The 3 years to 2019-20 mark a temporary decline in asset renewal works, as organisational capacity is instead focused on the delivery of significant new assets, particularly during the peak delivery period for Green Square. As delivery capacity returns to "business as usual", the performance against this ratio trends back to above-benchmark results.

Infrastructure and Service Management

Infrastructure Backlog Ratio (Benchmark: less than 2%)

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

Projected performance:

2016-17	2019-20	2022-23	2025-26
2.13%	2.48%	2.01%	1.46%

Consistent with the Asset Renewal ratio above, the City's program of asset renewal is expected to result in a declining infrastructure backlog, as renewal projects bring assets to a "satisfactory standard". Accordingly, the declining performance in the 3 years to 2019-20 is reflective of the temporary reduction in renewal spending. The ratio is anticipated to return to better-than-benchmark levels in the latter years of the Plan.



Asset Maintenance Ratio

(Benchmark: greater than 100%)

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

Projected performance:

2016-17	2019-20	2022-23	2025-26
105.05%	103.67%	103.07%	103.59%

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

Debt Service Ratio

(Benchmark: greater than 0, less than 0.2)

The effective use of debt may assist in the management of “intergenerational equity”, and help to ensure that excessive burden is not placed on a single generation of a council’s ratepayers to fund the delivery of long term infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Projected performance:

2016-17	2019-20	2022-23	2025-26
0.00%	0.00%	0.00%	0.00%

Whilst the benchmark for this ratio requires a Council to utilise at least *some* debt, the City’s history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses that will facilitate the delivery of the ten year capital program without the utilisation of borrowings.

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

Efficiency

Real Operating Expenditure per Capita

(Benchmark: Declining over time)

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

Projected performance:

2016-17	2019-20	2022-23	2025-26
Declining Trend	Declining Trend	Declining Trend	Declining Trend



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

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

Other Key Performance Indicators

Operating Surplus

The City is targeting an Operational Surplus (excluding interest earnings and depreciation expense) in excess of \$112.5M which is achievable and aligns with current performance levels. Along with interest earnings and capital contributions, this will generate funds of around \$165.0M per annum required to fund the forecast long term average capital expenditure and asset acquisition programs.

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

Cash Reserves

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

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



Office of Local Government Performance Indicators

The *Local Government Code of Accounting Practice and Financial Reporting* (2015/16 financial year) prescribes a series of performance indicators to be compulsorily reported. The City uses these indicators (and respective benchmarks) as key parameters in the financial planning process. These mandated ratios incorporate those included within *Fit for the Future*, and some additional indicators as detailed below. The ratios (and brief descriptions of their purpose) are as follows:



Unrestricted Current Ratio (Liquidity)

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

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

The City's ratio was 3.61 for the 2014/15 financial year, reflecting cash reserves accumulated by the City in preparation for initiatives and major projects now underway. The unrestricted current ratio decreases over the life of the long term financial plan as these strategic cash reserves are utilised in delivering the capital works program. Cash levels stabilise around the identified benchmark range in the later years of the plan, as annual capital works forecasts return to a more typical level.

Projected Performance:

2016-17	2019-20	2022-23	2025-26
2.39 : 1	2.10 : 1	1.77 : 1	1.87 : 1

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

Capital Expenditure Ratio

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

The City questions the value of this ratio as an indicator of financial performance, given the disconnect between depreciation (a retrospective measure) and capital expenditure based on identified future need. Variable annual capital expenditure may also distort the ratio.

Projected Performance:

2016-17	2019-20	2022-23	2025-26
2.81 : 1	1.29 : 1	1.17 : 1	1.14 : 1

Cash Expense Cover Ratio

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

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

Debt Service Cover Ratio

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

Interest Cover Ratio

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



Rates and Charges Outstanding Percentage

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

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

8. 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 2016/17 budget and future years' forward estimates.

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

Additional income and expenditure reports then provide more detailed information:

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

Capital Works

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

The proposed Capital Works program includes a total of \$1,819.0M comprising a Significant Projects total of \$726.0M and Capital Programs of \$1,093.0M.

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.

Office of Local Government Performance Measures

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

BUDGETED INCOME STATEMENT

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

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

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

City of Sydney
Income Statement

						2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 Year Total
		2017-18	2018-19	2019-20	4 Year Total							
\$'M	2016-17											
Income from Continuing Operations Revenue:												
Rates & Annual Charges	309.9	320.3	328.4	336.8	1,295.4	345.4	354.2	363.2	372.4	381.9	391.6	3,504.1
Fees	104.5	107.4	109.3	112.2	433.4	115.1	118.2	121.3	124.5	127.8	131.2	1,171.6
Interest Income	14.5	10.9	9.6	8.9	43.9	10.0	9.3	9.4	9.6	9.6	9.1	100.9
Other Income	103.5	107.6	110.9	114.2	436.2	117.6	121.2	124.8	128.5	132.4	136.4	1,197.0
Grants and Contributions provided for Capital Purposes	64.7	71.5	62.5	62.8	261.5	64.0	51.5	56.6	54.5	46.5	40.3	574.8
Grants and Contributions provided for Operating Purposes	12.9	13.0	13.3	13.6	52.9	13.9	14.2	14.5	14.8	15.1	15.5	140.8
Total Income from Continuing Operations	610.1	630.8	634.0	648.4	2,523.4	666.0	668.5	689.7	704.3	713.3	724.0	6,689.3
Expenses from Continuing Operations												
Employee	215.4	223.5	230.4	234.3	903.6	239.8	247.3	255.1	262.8	270.6	279.7	2,459.0
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	96.8	102.3	108.0	111.2	418.3	114.6	118.0	121.5	125.2	128.9	132.8	1,159.3
Depreciation Expense	109.5	112.4	115.2	117.6	454.6	120.0	122.9	124.4	125.3	126.7	127.7	1,201.7
Other Expenditure	110.8	111.0	114.9	118.2	454.9	122.7	124.9	128.4	132.1	137.0	139.7	1,239.6
Light Rail Contribution to NSW Government	47.1	63.6	38.6	2.3	151.6	0.2	0.0	0.0	0.0	0.0	0.0	151.8
Total Expenses from Continuing Operations	579.5	612.8	607.0	583.6	2,383.0	597.3	613.1	629.5	645.4	663.2	679.8	6,211.4
Net Operating Result for the Year	30.6	18.0	27.0	64.8	140.4	68.7	55.4	60.2	58.9	50.1	44.2	477.9
Net Operating Result (excl Light Rail Contribution)	77.7	81.6	65.6	67.1	292.0	68.9	55.4	60.2	58.9	50.1	44.2	629.7

Colour Key (All Schedules):	
Next Year Budget (2016-17)	
4 Year Budget (2016-17 to 2019-20 inclusive)	
10 Year Budget (2016-17 to 2025-26 inclusive)	

Detailed Income and Expenditure

					2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 Year Total	
\$'M	2017-18		2018-19	2019-20	4 Year Total							
	2016-17											
	6.3	6.5	6.7	6.9	26.5	7.1	7.3	7.5	7.7	8.0	8.2	72.4
	42.7	43.9	45.2	46.5	178.3	47.8	49.2	50.6	52.1	53.6	55.2	486.9
	0.9	1.0	0.4	0.4	2.7	0.4	0.4	0.4	0.5	0.5	0.5	5.5
	7.0	7.2	7.4	7.6	29.3	7.9	8.1	8.3	8.6	8.9	9.1	80.2
	1.6	1.6	1.7	1.7	6.6	1.8	1.8	1.9	1.9	2.0	2.1	18.0
	2.3	2.4	2.5	2.5	9.7	2.6	2.7	2.8	2.8	2.9	3.0	26.5
	66.4	69.4	71.5	73.6	280.9	75.8	78.1	80.4	82.9	85.3	87.9	771.4
	35.1	36.1	37.2	38.3	146.7	39.5	40.6	41.9	43.1	44.4	45.7	401.9
	12.9	13.0	13.3	13.6	52.9	13.9	14.2	14.5	14.8	15.1	15.5	140.8
	1.5	1.6	1.6	1.7	6.4	1.7	1.8	1.8	1.9	1.9	2.0	17.5
	0.2	0.2	0.2	0.2	0.6	0.2	0.2	0.2	0.2	0.2	0.2	1.8
	7.8	8.0	8.2	8.5	32.5	8.7	9.0	9.3	9.6	9.8	10.1	89.1
	3.4	4.1	4.2	4.3	16.0	4.5	4.6	4.7	4.9	5.0	5.2	44.9
	0.9	1.0	1.0	1.0	3.9	1.0	1.1	1.1	1.1	1.2	1.2	10.6
	38.3	38.7	39.1	39.9	156.1	40.7	41.5	42.3	43.2	44.1	44.9	412.8
	10.1	10.4	10.7	11.0	42.3	11.4	11.7	12.1	12.4	12.8	13.2	115.8
	6.7	6.9	7.1	7.3	27.9	7.5	7.7	7.9	8.2	8.4	8.7	76.3
	140.9	144.4	148.0	151.8	585.1	155.5	159.4	163.4	167.5	171.7	176.0	1,578.8
	64.6	66.2	67.8	69.5	268.1	71.3	73.0	74.9	76.7	78.6	80.6	723.2
	61.8	65.8	67.4	69.0	264.0	70.7	72.5	74.2	76.1	77.9	79.8	715.2
	1.4	1.4	1.5	1.5	5.7	1.5	1.6	1.6	1.7	1.7	1.8	15.7
	8.5	8.8	9.0	9.3	35.6	9.6	9.9	10.1	10.5	10.8	11.1	97.4
	7.6	7.8	8.0	8.3	31.6	8.5	8.8	9.0	9.3	9.6	9.9	86.7
	2.1	2.2	2.2	2.3	8.8	2.4	2.4	2.5	2.6	2.7	2.7	24.1
	530.8	548.4	561.9	576.8	2,217.9	592.0	607.7	623.8	640.3	657.2	674.6	6,013.6
	174.4	181.1	186.6	189.1	731.2	193.0	198.9	205.1	211.1	217.1	224.4	1,980.9
	1.7	1.7	1.8	1.8	7.0	1.9	1.9	2.0	2.1	2.1	2.2	19.2
	5.2	5.4	5.7	5.9	22.2	6.1	6.4	6.6	6.9	7.2	7.5	62.9
	7.2	7.5	7.7	7.9	30.3	8.2	8.4	8.7	8.9	9.2	9.5	83.3
	19.8	20.5	21.2	21.9	83.3	22.7	23.5	24.3	25.1	26.0	26.9	231.7
	0.3	0.3	0.3	0.4	1.4	0.4	0.4	0.4	0.4	0.4	0.4	3.7
	4.1	4.2	4.3	4.5	17.1	4.6	4.7	4.9	5.0	5.2	5.3	46.7
	0.5	0.6	0.6	0.6	2.3	0.6	0.6	0.7	0.7	0.7	0.7	6.3
	2.1	2.2	2.2	2.3	8.8	2.4	2.5	2.5	2.6	2.7	2.8	24.2
	215.4	223.5	230.4	234.3	903.6	239.8	247.3	255.1	262.8	270.6	279.7	2,459.0

Detailed Income and Expenditure

	\$'M	2020-212021-222022-232023-242024-252025-2610 Year Total										
		2017-18	2018-19	2019-20	4 Year Total							
		2016-17										
OPERATING EXPENDITURE cont'd												
Bad & Doubtful Debts	0.2	0.2	0.2	0.2	0.8	0.2	0.2	0.2	0.2	0.2	0.2	2.0
Consultancies	5.0	5.2	5.3	5.5	21.1	5.7	5.8	6.0	6.2	6.4	6.6	57.8
Enforcement & Infringement Costs	9.7	9.9	10.2	10.6	40.4	10.9	11.2	11.5	11.9	12.2	12.6	110.7
Event Related Expenditure	16.5	17.0	17.5	18.0	68.9	18.5	19.1	19.7	20.3	20.9	21.5	188.9
Expenditure Recovered	(5.5)	(5.6)	(5.8)	(6.0)	(22.9)	(6.2)	(6.3)	(6.5)	(6.7)	(6.9)	(7.1)	(62.7)
Facility Management	1.4	1.5	1.5	1.6	6.0	1.6	1.7	1.7	1.8	1.8	1.9	16.6
General Advertising	2.7	2.8	2.9	3.0	11.4	3.1	3.2	3.3	3.4	3.5	3.6	31.3
Governance	3.9	2.5	2.6	2.6	11.6	3.9	2.7	2.8	2.9	4.2	3.0	31.1
Government Authority Charges	6.5	6.7	6.9	7.1	27.3	7.3	7.6	7.8	8.0	8.3	8.5	74.7
Grants, Sponsorships and Donations	16.6	15.4	15.7	16.0	63.7	16.3	16.7	17.0	17.4	17.7	18.1	167.0
Infrastructure Maintenance	29.3	30.2	32.6	33.6	125.7	34.6	35.6	36.7	37.8	38.9	40.1	349.3
Insurance	2.7	2.7	2.8	2.9	11.1	3.0	3.1	3.2	3.3	3.4	3.5	30.5
Interest Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
IT Related Expenditure	8.7	9.0	9.3	9.5	36.5	9.8	10.1	10.4	10.7	11.1	11.4	100.0
Legal Fees	2.9	3.0	3.1	3.1	12.1	3.2	3.3	3.4	3.5	3.7	3.8	33.0
Operational Contingencies	1.5	1.5	1.5	1.5	6.0	1.5	1.5	1.5	1.5	1.5	1.5	15.0
Other Asset Maintenance	2.0	2.1	2.2	2.2	8.5	2.3	2.4	2.4	2.5	2.6	2.6	23.3
Other Operating Expenditure	8.8	9.1	9.3	9.6	36.8	9.9	10.2	10.5	10.8	11.1	11.5	100.8
Postage & Couriers	1.3	1.4	1.4	1.5	5.6	1.5	1.6	1.6	1.6	1.7	1.7	15.4
Printing & Stationery	3.0	3.1	3.2	3.3	12.5	3.4	3.5	3.6	3.7	3.8	3.9	34.3
Project Management & Other Project Costs	1.8	1.8	1.9	1.9	7.4	2.0	2.1	2.1	2.2	2.3	2.3	20.4
Property Related Expenditure	26.6	28.8	31.6	32.5	119.5	33.5	34.5	35.5	36.6	37.7	38.8	336.1
Service Contracts	13.6	15.5	16.0	16.5	61.7	17.0	17.5	18.0	18.6	19.1	19.7	171.6
Stores & Materials	5.1	5.2	5.4	5.5	21.1	5.7	5.9	6.0	6.2	6.4	6.6	57.9
Surveys & Studies	1.7	1.8	1.8	1.9	7.2	1.9	2.0	2.0	2.1	2.2	2.2	19.6
Telephone Charges	2.6	2.7	2.8	2.9	10.9	2.9	3.0	3.1	3.2	3.3	3.4	29.9
Utilities	11.5	11.8	12.2	12.5	48.0	12.9	13.3	13.7	14.1	14.5	15.0	131.5
Vehicle Maintenance	3.0	3.0	3.1	3.2	12.4	3.3	3.4	3.5	3.6	3.7	3.9	33.9
Waste Disposal Charges	17.6	18.2	18.7	19.3	73.7	19.8	20.4	21.0	21.7	22.3	23.0	202.1
Value in Kind - Expenditure	2.1	2.2	2.2	2.3	8.8	2.4	2.4	2.5	2.6	2.7	2.7	24.1
Expenditure	203.0	208.6	218.0	224.4	853.9	232.1	237.6	244.5	251.6	260.1	266.4	2,346.2
Total Operating Expenditure (Excl Depreciation)	418.4	432.1	448.4	458.7	1,757.6	471.9	484.9	499.6	514.4	530.7	546.1	4,805.2
Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)	112.5	116.3	113.5	118.1	460.4	120.1	122.8	124.2	125.9	126.5	128.5	1,208.4

Detailed Income and Expenditure

						2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	10 Year Total
		2017-18	2018-19	2019-20	4 Year Total							
\$'M	2016-17											
Operating Surplus/(Deficit)	112.5	116.3	113.5	118.1	460.4	120.1	122.8	124.2	125.9	126.5	128.5	1,208.4
Add Additional Income:												
Interest	14.5	10.9	9.6	8.9	43.9	10.0	9.3	9.4	9.6	9.6	9.1	100.9
Grants and Contributions provided for Capital Purp	64.7	71.5	62.5	62.8	261.5	64.0	51.5	56.6	54.5	46.5	40.3	574.8
Less Additional Expenses:												
Capital Project Related Costs	4.6	4.7	4.9	5.0	19.2	5.2	5.3	5.5	5.7	5.8	6.0	52.7
Depreciation Expense	109.5	112.4	115.2	117.6	454.6	120.0	122.9	124.4	125.3	126.7	127.7	1,201.7
Light Rail Contribution to NSW Government	47.1	63.6	38.6	2.3	151.6	0.2	0.0	0.0	0.0	0.0	0.0	151.8
Net Operating Surplus/(Deficit)	30.6	18.0	27.0	64.8	140.4	68.7	55.4	60.2	58.9	50.1	44.2	477.9

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

								2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	10 Year Total
	2016/17			2017/18	2018/19	2019/20	4 Year Total							
	\$M	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)
Chief Operations Office	0.7	17.1	(16.3)	(16.9)	(16.9)	(13.7)	(63.8)	(14.0)	(14.7)	(15.3)	(16.0)	(16.7)	(17.4)	(158.1)
Chief Operations Office	0.2	1.2	(1.0)	(1.0)	(1.0)	(1.1)	(4.1)	(1.1)	(1.2)	(1.2)	(1.3)	(1.3)	(1.4)	(11.7)
Sustainability	0.4	2.3	(1.8)	(1.9)	(1.7)	(1.7)	(7.1)	(1.8)	(1.9)	(2.0)	(2.1)	(2.2)	(2.3)	(19.3)
Research, Strategy and Corporate Planning	0.1	6.9	(6.9)	(7.1)	(7.3)	(7.2)	(28.5)	(7.2)	(7.4)	(7.7)	(8.0)	(8.2)	(8.5)	(75.6)
City Design	0.0	2.8	(2.8)	(2.9)	(2.7)	(2.8)	(11.1)	(2.9)	(3.0)	(3.1)	(3.2)	(3.3)	(3.4)	(30.1)
City Renewal	0.0	0.5	(0.5)	(0.6)	(0.6)	0.1	(1.5)	0.1	0.1	0.1	0.0	0.0	(0.0)	(1.2)
Green Square	0.0	1.2	(1.2)	(1.2)	(1.3)	(0.8)	(4.4)	(0.8)	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(10.2)
City Transformation	0.0	1.5	(1.5)	(1.6)	(1.6)	0.1	(4.6)	0.0	(0.0)	(0.1)	(0.2)	(0.2)	(0.3)	(5.5)
Green Infrastructure	0.0	0.7	(0.7)	(0.7)	(0.7)	(0.3)	(2.4)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(4.6)
City Life	14.3	73.7	(59.4)	(61.6)	(63.6)	(65.9)	(250.5)	(66.6)	(68.7)	(70.8)	(73.0)	(75.3)	(77.6)	(682.5)
Creative City	6.3	29.7	(23.5)	(26.2)	(27.3)	(28.5)	(105.5)	(29.4)	(30.4)	(31.3)	(32.3)	(33.4)	(34.4)	(296.7)
Grants and Sponsorship	0.1	16.0	(15.9)	(14.6)	(14.9)	(15.2)	(60.7)	(15.5)	(15.9)	(16.2)	(16.5)	(16.9)	(17.2)	(158.9)
Social Programs and Services	7.3	19.3	(12.1)	(12.5)	(12.9)	(13.4)	(50.9)	(12.6)	(13.1)	(13.6)	(14.1)	(14.6)	(15.2)	(134.0)
City Business & Safety	0.2	3.8	(3.7)	(3.7)	(3.8)	(3.9)	(15.0)	(4.0)	(4.2)	(4.3)	(4.5)	(4.6)	(4.8)	(41.4)
City Life Management	0.0	1.9	(1.9)	(2.0)	(2.1)	(2.1)	(8.1)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(22.4)
Sustainability Programs	0.5	2.9	(2.5)	(2.5)	(2.6)	(2.7)	(10.4)	(2.8)	(2.9)	(3.0)	(3.2)	(3.3)	(3.4)	(29.0)
City Operations	120.3	170.7	(50.4)	(52.9)	(57.5)	(59.5)	(220.4)	(61.4)	(63.2)	(65.5)	(67.8)	(70.1)	(72.6)	(621.0)
Venue Management	8.4	5.0	3.4	3.4	3.5	3.6	14.0	3.8	3.9	4.0	4.1	4.2	4.3	38.1
Security & Emergency Management	3.2	5.3	(2.1)	(2.1)	(2.2)	(2.3)	(8.8)	(2.3)	(2.3)	(2.4)	(2.4)	(2.4)	(2.5)	(23.0)
City Rangers	34.6	25.2	9.3	9.7	10.1	10.5	39.7	11.0	11.4	11.9	12.3	12.9	13.4	112.5
Strategy and Assets Group	48.5	17.3	31.1	31.3	31.5	32.1	126.0	33.0	33.6	34.2	34.7	35.3	35.9	332.7
City Greening and Leisure	1.1	27.4	(26.3)	(27.1)	(29.5)	(30.3)	(113.3)	(31.2)	(32.1)	(33.0)	(34.0)	(35.0)	(36.1)	(314.7)
City Operations Management	0.0	0.5	(0.5)	(0.5)	(0.5)	(0.6)	(2.1)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(5.8)
City Infrastructure and Traffic Operations	23.7	32.5	(8.8)	(9.2)	(10.2)	(10.6)	(38.8)	(10.9)	(11.0)	(11.4)	(11.6)	(11.8)	(12.1)	(107.5)
Cleansing & Waste	0.9	57.4	(56.5)	(58.3)	(60.2)	(62.1)	(237.2)	(64.1)	(66.1)	(68.2)	(70.3)	(72.6)	(74.9)	(653.3)
City Projects and Property	66.7	49.0	17.7	17.7	15.5	15.4	66.3	15.4	15.3	15.2	15.1	15.0	14.9	157.1
City Property	66.7	41.1	25.5	25.8	23.9	24.2	99.5	24.4	24.6	24.9	25.1	25.4	25.6	249.5
City Projects	0.0	7.4	(7.4)	(7.6)	(7.9)	(8.2)	(31.1)	(8.5)	(8.8)	(9.1)	(9.4)	(9.8)	(10.1)	(86.8)
Project Management Office	0.0	0.5	(0.5)	(0.5)	(0.5)	(0.5)	(2.0)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)	(0.6)	(5.5)
City Planning Development and Transport	17.4	39.1	(21.7)	(22.5)	(23.3)	(24.2)	(91.7)	(25.0)	(25.9)	(26.9)	(27.9)	(28.9)	(30.0)	(256.3)
Health & Building	2.2	13.1	(10.9)	(11.2)	(11.7)	(12.1)	(45.8)	(12.5)	(12.9)	(13.4)	(13.9)	(14.4)	(14.9)	(127.9)
Planning Assessments	7.0	14.2	(7.2)	(7.4)	(7.6)	(7.9)	(30.1)	(8.1)	(8.4)	(8.8)	(9.1)	(9.5)	(9.8)	(83.9)
Strategic Planning and Urban Design	1.2	4.7	(3.5)	(3.6)	(3.7)	(3.9)	(14.7)	(4.0)	(4.2)	(4.3)	(4.5)	(4.6)	(4.8)	(41.0)
City Access	0.1	4.7	(4.6)	(4.7)	(4.9)	(5.1)	(19.3)	(5.2)	(5.4)	(5.6)	(5.7)	(5.9)	(6.1)	(53.3)
Construction & Building Certification Services	6.8	2.4	4.4	4.5	4.6	4.8	18.3	4.9	5.0	5.2	5.3	5.4	5.6	49.7

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

								2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	10 Year Total										
	2016/17			2017/18	2018/19	2019/20	4 Year Total																	
	\$M	Op Surplus /		Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /	Op Surplus /										
		Income	Expenditure												(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)	(Deficit)
City Engagement	2.1	20.9	(18.8)	(19.3)	(19.8)	(20.4)	(78.3)	(21.0)	(21.7)	(22.3)	(22.9)	(23.6)	(24.4)	(214.2)										
Customer Service	2.0	6.3	(4.3)	(4.4)	(4.5)	(4.6)	(17.8)	(4.7)	(4.8)	(4.9)	(5.0)	(5.1)	(5.2)	(47.5)										
Communications	0.1	14.6	(14.5)	(14.9)	(15.3)	(15.8)	(60.5)	(16.4)	(16.9)	(17.4)	(17.9)	(18.5)	(19.2)	(166.7)										
Chief Executive Office	0.0	12.6	(12.6)	(11.4)	(11.8)	(12.1)	(47.9)	(13.7)	(12.8)	(13.3)	(13.7)	(15.3)	(14.6)	(131.2)										
Office of the Lord Mayor	0.0	3.5	(3.5)	(3.6)	(3.7)	(3.8)	(14.5)	(3.9)	(4.1)	(4.2)	(4.4)	(4.5)	(4.7)	(40.3)										
Chief Executive Office	0.0	1.4	(1.4)	(1.4)	(1.5)	(1.5)	(5.7)	(1.5)	(1.6)	(1.7)	(1.7)	(1.8)	(1.8)	(15.8)										
Council Elections	0.0	5.0	(5.0)	(3.6)	(3.7)	(3.8)	(16.2)	(5.1)	(4.0)	(4.1)	(4.2)	(5.5)	(4.5)	(43.7)										
Secretariat	0.0	2.7	(2.7)	(2.8)	(2.9)	(3.0)	(11.5)	(3.0)	(3.2)	(3.3)	(3.4)	(3.5)	(3.6)	(31.4)										
Chief Financial Office	0.6	8.0	(7.3)	(7.6)	(7.7)	(8.0)	(30.7)	(8.1)	(8.3)	(8.4)	(8.8)	(9.1)	(9.4)	(82.8)										
Workforce and Information Services	0.0	27.4	(27.4)	(28.3)	(29.1)	(30.0)	(114.8)	(31.0)	(32.1)	(33.1)	(34.2)	(35.3)	(36.5)	(317.1)										
Corporate Costs	308.1	(10.0)	318.1	328.7	337.6	346.8	1,331.2	356.2	365.8	375.9	386.7	398.0	408.6	3,622.3										
Council	530.8	418.4	112.5	116.3	113.5	118.1	460.4	120.1	122.8	124.2	125.9	126.5	128.5	1,208.4										

Summary Of Income and Expenditure by Principal Activity

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

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2016/17) to better reflect the allocation of Council funds towards these major directions.

					2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
					Net Surplus/(Deficit) by Year			Net Surplus/(Deficit) by Year					
\$'M	2016/17				Net Surplus/(Deficit) by Year								
	Income	Expenditure	Net Surplus/ (Deficit)	Capital									
A globally competitive and innovative city	34.8	52.3	(17.5)	0.0	(15.2)	(15.6)	(15.7)	(15.7)	(16.1)	(16.4)	(16.9)	(17.2)	(17.7)
A leading environmental performer	1.7	70.7	(68.9)	49.7	(71.1)	(73.0)	(75.3)	(77.7)	(80.1)	(82.7)	(85.4)	(88.1)	(91.0)
Integrated transport for a connected city	73.2	46.7	26.5	75.5	26.9	26.2	26.5	27.0	27.6	27.9	28.4	29.0	29.4
A city for walking and cycling	0.0	1.8	(1.8)	14.0	(1.9)	(1.9)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(2.4)
A lively and engaging city centre	0.1	0.9	(0.8)	11.1	(0.9)	(0.9)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)
Vibrant local communities and economies	19.1	133.8	(114.8)	103.8	(132.1)	(113.8)	(76.3)	(75.4)	(78.3)	(76.0)	(82.0)	(88.9)	(95.1)
A cultural and creative city	2.9	6.6	(3.7)	6.5	(4.2)	(4.1)	(4.3)	(4.4)	(4.6)	(4.8)	(4.9)	(5.1)	(5.3)
Housing for a diverse population	0.0	2.0	(2.0)	0.0	(0.4)	(0.4)	(0.4)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Sustainable development, renewal and design	69.2	37.7	31.5	3.0	30.7	32.2	30.1	29.4	14.8	13.8	12.9	11.8	10.8
Implementation through effective governance and partnerships	409.1	221.7	185.6	34.9	188.0	180.1	185.0	190.9	197.7	204.0	212.6	214.7	219.2
Total Council	610.1	574.1	34.1	298.4	19.8	28.8	66.7	70.7	57.3	62.2	61.0	52.2	46.4

Capital Works Expenditure Summary

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

\$'M	Prior Years Total						2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	10 Year Total	Total Project Budget	
		2017/18				2018/19	2019/20	4 Years Total							
		2016/17													
Significant Projects (>\$20M)															
Ashmore Estate Trunk Drainage		0.2	4.8	10.0	5.0	20.0							20.0	20.0	
Barangaroo Integration and Harbour Village North	10.7	7.2	2.4	0.7	2.0	12.2	2.6	3.0	2.2	2.4			22.5	33.1	
Childcare Centres	27.7	4.6	7.6	16.2		28.4							28.4	56.1	
Chinatown Public Domain - Program of Works	7.2	2.1	0.8	1.0	3.0	6.9	3.0	1.5	2.0	2.0			15.4	22.7	
Green Infrastructure - Program of Works	53.4	8.3	8.5	4.9	8.2	30.0	6.1	8.1	7.1	7.1	13.6	12.0	84.0	137.3	
Green Square Aquatic Centre and Gunyama Park	4.8	7.3	37.3	34.6	4.2	83.4							83.4	88.2	
Green Square Community Facilities and Public Domain Works	18.3	18.6	11.2	0.9		30.7			5.3	12.0	10.7		58.7	77.0	
Green Square Library and Plaza Works	19.2	18.0	21.6	10.8		50.4							50.4	69.6	
Green Square Streets	18.9	15.3	34.8	41.7	24.5	116.4	17.9	0.5					134.8	153.7	
Green Square Trunk Drainage	35.9	25.0	2.3			27.3							27.3	63.2	
Johnstons Creek Master Plan & Harold Park Works	8.2	8.9	3.1	0.1		12.1							12.1	20.3	
Light Rail - CBD to South East	68.2	47.1	63.6	38.6	2.3	151.6	0.2						151.8	220.0	
Major Depots - Program of Works	4.0	24.4	11.7	1.1		37.2							37.2	41.2	
Major Projects Total	276.4	187.0	209.7	160.7	49.3	606.7	29.9	13.1	16.7	23.5	24.3	12.0	726.0	1,002.5	

Capital Works Expenditure Summary - continued

\$'M

	Prior Years Total						2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	10 Years Total	Total Project Budget
		2016/17	2017/18	2018/19	2019/20	4 Year Total								
Capital Programs														
Asset Enhancement														
Bicycle Related Projects	52.2	6.0	9.5	8.9	11.8	36.3	10.1	7.7	12.4	11.6	9.4	9.1	96.7	148.9
Community, Cultural and Recreation Property Related Projects	51.2	7.6	8.0	6.4	5.6	27.5	18.0	25.0	14.0	18.0	18.0	17.0	137.5	188.7
Corporate and Investment Property Related Projects	32.6	3.4	1.4	0.2		5.0							5.0	37.6
Open Space, Parks & Trees	18.1	13.4	13.8	13.4	11.5	52.3	10.7	10.6	4.5	3.5	8.0	13.0	102.5	120.7
Public Art	5.7	5.4	5.2	3.7	1.7	16.0							16.0	21.7
Public Domain	28.9	2.0	1.4	5.1	8.6	17.0	9.0	5.9	5.9	5.0	8.0	10.1	60.8	89.7
Stormwater Drainage	5.5	9.6	3.1	0.5		13.3	1.5	3.7	11.2	9.0			38.6	44.1
Rolling Programs (Asset Renewal)														
Bicycle Related Projects		0.2	0.2			0.4							0.4	0.4
Community, Cultural and Recreation Property Related Projects		6.5	5.6	6.1	5.3	23.4	9.5	8.0	6.5	7.0	6.5	10.0	70.9	70.9
Corporate and Investment Property Related Projects		5.0	5.6	9.1	13.1	32.9	11.6	12.2	11.1	11.1	11.0	13.2	103.1	103.1
Infrastructure - Roads, Bridges and Footways		12.8	12.5	10.4	10.0	45.7	12.2	13.2	15.8	16.3	17.6	17.9	138.7	138.7
Open Space, Parks & Trees		9.5	7.0	8.0	13.2	37.6	15.0	17.9	21.4	22.0	23.1	22.9	159.9	159.9
Public Art		0.9	0.5	0.5	0.5	2.4	0.3	0.3	0.3	0.3	0.3	0.3	3.9	3.9
Public Domain		21.4	12.8	10.7	11.2	56.1	12.4	21.5	15.7	7.6	7.5	8.1	128.8	128.8
Stormwater Drainage		2.5	2.5	2.0	2.5	9.5	2.0	2.0	2.0	2.5	3.5	3.5	25.0	25.0
Programs Total	194.2	106.4	89.2	85.0	95.0	375.6	112.1	127.8	120.8	113.8	112.8	125.1	1,088.0	1,282.2
Contingency														
Capital Works Contingency		5.0				5.0							5.0	5.0
Total Contingency	0.0	5.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.0
TOTAL CAPITAL WORKS	470.6	298.4	298.9	245.7	144.2	987.3	142.0	140.9	137.4	137.3	137.1	137.1	1,819.0	2,289.7

City of Sydney

Balance Sheet

		2020/21		2021/22	2022/23	2023/24	2024/25	2025/26		
		2017/18	2018/19	2019/20						
	\$'M	2016/17								
ASSETS										
Current Assets										
Cash and Investments	389.6	293.3	263.4	251.4	260.7	214.4	213.0	221.9	213.6	200.1
Receivables	98.2	100.0	101.3	102.8	104.3	105.9	107.5	109.1	110.8	112.6
Prepayments	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2	4.2
Inventory	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Current Assets	492.8	398.2	369.6	359.1	369.9	325.2	325.4	336.0	329.3	317.6
Non-Current Assets										
Capital Works, Infrastructure, Investment Properties and P&A	7,383.5	7,491.5	7,547.8	7,621.0	7,685.5	7,786.4	7,847.2	7,896.9	7,954.9	8,011.8
Non Current Assets	7,383.5	7,491.5	7,547.8	7,621.0	7,685.5	7,786.4	7,847.2	7,896.9	7,954.9	8,011.8
TOTAL ASSETS	7,876.2	7,889.7	7,917.4	7,980.1	8,055.4	8,111.5	8,172.6	8,232.8	8,284.2	8,329.3
LIABILITIES										
Current Liabilities										
Payables	79.7	75.2	75.9	73.8	80.4	81.1	81.9	83.3	84.6	85.5
Provisions	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4	61.4
Current Liabilities	141.2	136.6	137.4	135.2	141.8	142.5	143.4	144.7	146.0	146.9
Non-Current Liabilities										
Provisions	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
Non Current Liabilities	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2	19.2
TOTAL LIABILITIES	160.4	155.8	156.6	154.4	161.0	161.7	162.6	163.9	165.2	166.1
Net Assets	7,715.9	7,733.9	7,760.9	7,825.7	7,894.4	7,949.8	8,010.0	8,068.9	8,119.0	8,163.2
EQUITY										
Equity	7,715.9	7,733.9	7,760.9	7,825.7	7,894.4	7,949.8	8,010.0	8,068.9	8,119.0	8,163.2

City of Sydney

CASH FLOW FORECAST

		2020/212021/222022/232023/242024/252025/26								
		2017/18	2018/19	2019/20						
\$M	2016/17									
Revenue:										
Rates and Annual Charges	309.0	319.4	327.5	335.8	344.4	353.2	362.1	371.3	380.8	390.5
Other Operating Income	219.7	226.8	232.2	238.6	245.3	252.1	259.1	266.3	273.8	281.4
Operating Income	528.7	546.2	559.7	574.5	589.7	605.3	621.3	637.7	654.6	671.9
Expenses:										
Salary & Wages Expenditure	215.4	223.5	230.4	234.3	239.8	247.3	255.1	262.8	270.6	279.7
Other Operating Expenditure	200.9	206.4	215.8	222.1	229.7	235.1	242.0	249.0	257.5	263.7
Operating Expenditure	416.3	429.9	446.2	456.4	469.5	482.5	497.1	511.8	528.0	543.4
Operating Surplus	112.5	116.3	113.5	118.1	120.1	122.8	124.2	125.9	126.5	128.5
Other Non Operating:										
Interest income	14.5	10.9	9.6	8.9	10.0	9.3	9.4	9.6	9.6	9.1
Light Rail Contribution to NSW Government	(47.1)	(63.6)	(38.6)	(2.3)	(0.2)	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(5.3)	(5.5)	(5.7)	(5.8)	(6.0)
Depreciation	(109.5)	(112.4)	(115.2)	(117.6)	(120.0)	(122.9)	(124.4)	(125.3)	(126.7)	(127.7)
Capital Grants and Contributions	64.7	71.5	62.5	62.8	64.0	51.5	56.6	54.5	46.5	40.3
Net Surplus	30.6	18.0	27.0	64.8	68.7	55.4	60.2	58.9	50.1	44.2
Add Back :										
Depreciation	109.5	112.4	115.2	117.6	120.0	122.9	124.4	125.3	126.7	127.7
Non-Cash Asset Adjustments	1.1	1.0	1.1	1.2	1.3	2.1	2.2	2.3	2.4	2.5
Cash Surplus before Capital Expenditure	141.1	131.4	143.2	183.6	190.0	180.3	186.8	186.5	179.1	174.4
Capital Expenditure										
Capital Works (excluding Light Rail Contribution)	(251.3)	(235.3)	(207.1)	(141.9)	(141.8)	(140.9)	(137.4)	(137.3)	(137.1)	(137.1)
Plant and Asset Acquisitions	(29.2)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Property (Acquisitions)/Divestments	18.8	38.9	59.6	(25.0)	(19.0)	(60.0)	(25.0)	(15.0)	(25.0)	(25.0)
Total Capital Expenditure	(261.7)	(221.4)	(172.6)	(191.9)	(185.8)	(225.9)	(187.4)	(177.3)	(187.1)	(187.1)
Net Receivables/Payables Movement	(3.1)	(6.3)	(0.6)	(3.6)	5.1	(0.8)	(0.8)	(0.3)	(0.4)	(0.8)
Cash Surplus / (Deficit)	(123.7)	(96.3)	(29.9)	(12.0)	9.3	(46.3)	(1.4)	8.9	(8.4)	(13.4)
Total Cash at Beginning of Period	513.3	389.6	293.3	263.4	251.4	260.7	214.4	213.0	221.9	213.6
Cash Surplus/ (Deficit)	(123.7)	(96.3)	(29.9)	(12.0)	9.3	(46.3)	(1.4)	8.9	(8.4)	(13.4)
Total Cash at End of Period	389.6	293.3	263.4	251.4	260.7	214.4	213.0	221.9	213.6	200.1

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

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

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

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

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

Summary of Expenditure - 2016/17

	2016-17		
	Acquisitions	Sales	Net Budget
Books	1.3	-	1.3
Equipment	7.5	(0.0)	7.5
Furniture & Fittings	1.5	-	1.5
Information Technology (Equipment)	2.5	-	2.5
Information Services - Capital Projects	8.5	-	8.5
Miscellaneous	1.0	-	1.0
Plant	3.7	(0.2)	3.5
Vehicles	5.0	(1.6)	3.4
Total	31.0	(1.9)	29.2

Statement of Business or Commercial Activities

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

Revenue Policy - Charges for Works Carried out on Private Land

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

OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - PROJECTIONS

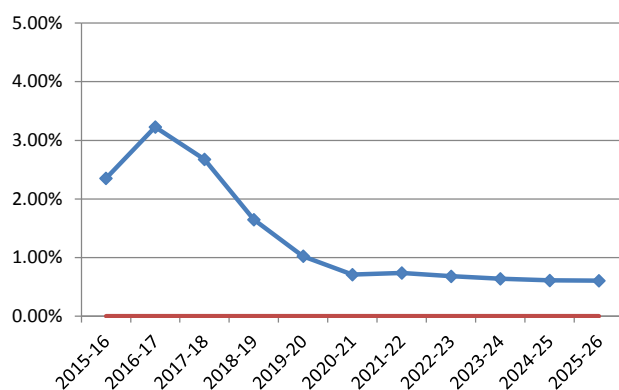
The City's performance in respect of the mandated Office of Local Government Performance measures is detailed below. The charts demonstrate performance trends on the basis of forward projections contained in the Long Term Financial Plan, and estimates related to future asset maintenance and renewal requirements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

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

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

Sustainability

Operating Performance Ratio



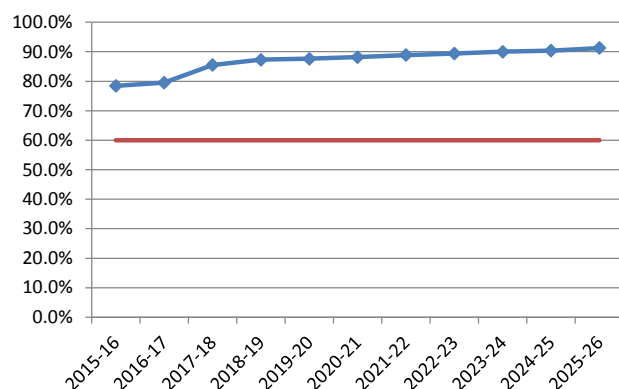
Operating Revenue (excl Capital Grants & Contributions) less Operating Expenses

Operating Revenue (excl Capital Grants & Contributions)

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

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

Own Source Revenue



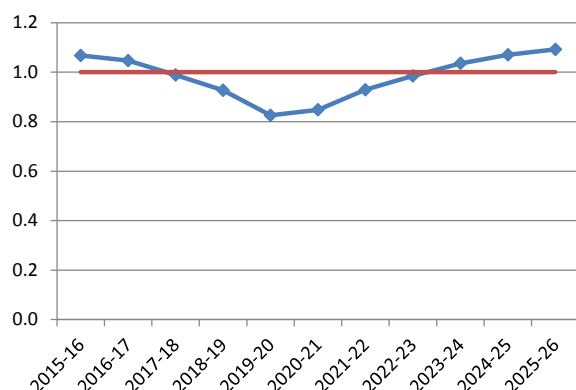
Total continuing operating revenue less all grants and contributions

Total Operating Revenue (inclusive of Capital Grants and Contributions)

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

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

Building and Infrastructure Asset Renewal Ratio



Actual Asset Renewals

Required Renewal* of Building and Infrastructure Assets

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

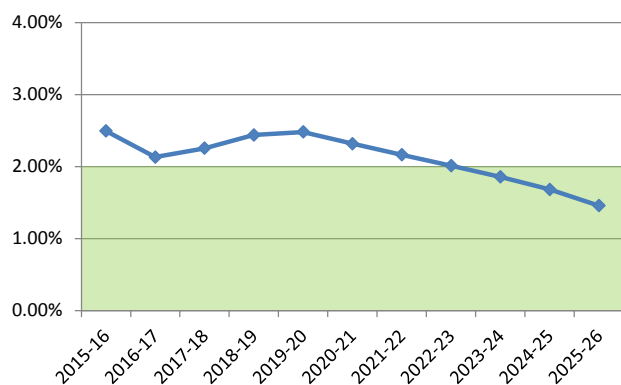
The performance of this ratio is forecast to *temporarily* decline, as the City's financial and delivery capacity is focused on the provision of required infrastructure in the Green Square urban renewal area, as well as the contribution to the NSW Government's light rail project, integration with Barangaroo and the provision of new childcare centres.

In time, the ratio is forecast to return to above benchmark performance.

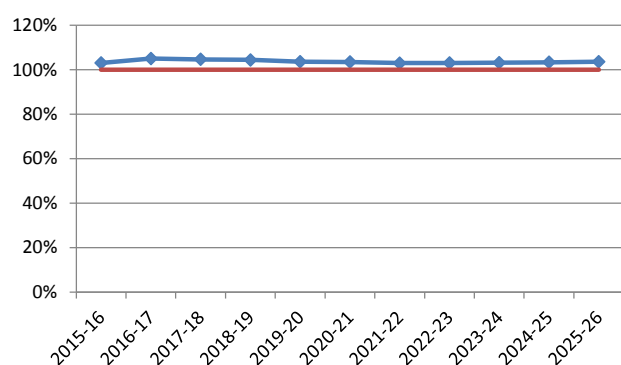
OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - continued

Infrastructure and Service Management

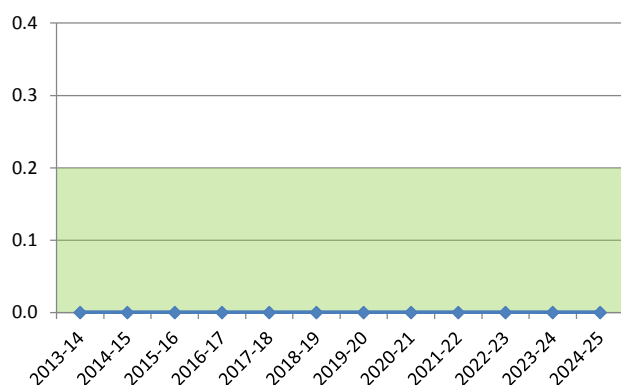
Infrastructure Backlog Ratio



Asset Maintenance Ratio

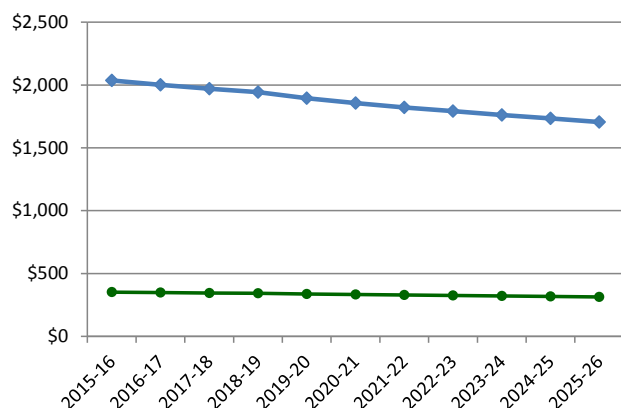


Debt Service Ratio



Efficiency

Real Operating Expenditure per capita



Estimated Costs to Bring Assets to a Satisfactory Standard

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

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

The City's projected Infrastructure Backlog ratio mirrors projected trends in asset renewals - as asset renewals exceed "required" levels, the backlog is reduced. The temporary decline in asset renewals results in a corresponding increase to backlog, subsequently addressed as renewal levels return to above benchmark level in the later years of the plan.

Actual Asset Maintenance

Required Asset Maintenance

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

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

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

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

Operating Results before Interest and Depreciation (EBITDA)

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

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

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

Real Operating Expenditure

Residential Population of Local Government Area

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

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

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

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

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1. Asset Management Planning

1.1 Background

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

The City of Sydney is responsible for approximately \$8.8 billion in physical assets (including land) to support its delivery of services to the community. The City has developed a framework for embedding asset management objectives and principles. These principles are aimed solely at managing the City's community assets to give the best possible long-term services to the City's residents, ratepayers and visitors.

1.2 What is asset management?

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

The term "asset management" as defined in the City's Strategy² is:

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

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

1.3 The City's Asset Management Framework

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

- Ensure that all asset management activities are consistent with the objectives of Sustainable Sydney 2030 Community Strategic Plan and incorporate lifecycle asset management principles
- Ensure compliance with the requirements of the Integrated Planning and Reporting Legislation and Guidelines and other infrastructure asset reporting
- Oversee the development of the City's Asset Management key strategy themes and projects
- Set direction and outcomes for the Asset System Working Group and the Corporate Asset Management System (CAMS)
- Ensure all asset management policies and strategies (new and reviewed) are submitted to the Corporate and Strategy Projects Steering Committee
- Ensure the integrity of the asset management process within Council and arbitrate and resolve any dispute or issue arising.

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

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

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

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

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

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

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

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

² Asset Management Strategy 2011-2021" City of Sydney ;pp. 64

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

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

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

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

Figure 1.3 – City of Sydney Asset Management Framework



2. Asset Management Policy

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

The objectives contained in the existing policy were adopted by Council in June 2012 following advertising for public comment as part of the Resourcing Strategy documentation for the Integrated Planning and Reporting Framework in that year.

The policy is due for review in 2016. The updated objectives below were developed by senior managers and include the 2012 initiatives, but strengthened in the areas of environmental sustainability and asset information.

The policy continues to support the directions of Sustainable Sydney 2030 Community Strategic Plan and is consistent with the Integrated Planning and Reporting Framework.

The updated and proposed asset management policy objectives are:

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

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

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

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

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

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

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

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

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

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

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

- Distribution of open sourced data for community use where appropriate;
- Implementation of sound data governance and data quality management;

- Access to systems and information by mobile technology wherever possible.

7. Implement an integrated decision support system that:

- Provides systems and knowledge necessary to achieve policy outcomes;
- Proactively interrogates and models data to support informed decisions;
- Minimise risk of corporate knowledge and data loss;
- Manages information as efficiently as possible
- through the appropriate use of software, hardware and communication tools;
- Reduces data duplication.

8. Ensure compliance with legislative requirements by:

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

9. Allocate Asset Management responsibilities where:

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

The existing Asset Management Policy 2012 is shown at APPENDIX 1, the update will include the proposed objectives (subject to Council endorsement)



Sydney Park wetlands - stormwater

3. Asset Management Strategy

3.1 Background

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

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

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

The Asset Management Program Control Group will review the strategy in 2016-2017 based on the established key strategy themes being;

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

3.2 Current Situation

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

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

Updates of the roads and footpaths data is scheduled for 2016 and work has commenced on a comprehensive CCTV condition assessment of the stormwater drainage network which will continue through 2016-2018.

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

TABLE 3.2.1 – City of Sydney Critical Asset Categories (as at March 2016)

Financial Category	Asset Category	Asset Component	Dimensions and Units	Financial Value (\$M)
Infrastructure: Roads, Bridges, Footpaths	Roads	Roads	333 km	915
		-Road surface	15 km (separated cycleway)	(Incl. Cycleway)
		-Road base		
		-Dedicated Cycleway		
		Footpaths	533 km	378
		Kerb and gutter	619 km	260
		Bridges	39 bridges	68
		Traffic Facilities (medians, roundabouts etc.)	2,174 items	23
		TOTAL		1,644
Infrastructure: Stormwater Drainage	Stormwater	Drainage		
		-Stormwater Pipes	182 km	149
		-Stormwater Pits	12,175	59
		-Open channels	430 m	4
		-Box culverts	8,600 m	40
		Water Quality Improvement		
		-GPT (Gross Pollutant Traps)	44	1
		-Rain Gardens	138	1
		TOTAL		255
Land Improvements	Parks	Iconic	22	209
		Neighbourhood	34	106
		Pocket Parks	266	88
		Civic Space	21	23
		Streetscape	513	5
		Traffic Treatment	336	7
		Playgrounds (value contained in park types)	127	N/A
		TOTAL		439
Other Structures - Trees	Trees	Parks Trees	13,209	29
		Street trees (incl. bases)	31,019	60
		TOTAL		89
Buildings – Specialised and Non specialised Investment Buildings	Property	Community Portfolio	73	
		Corporate Portfolio	24	
		Public Domain Portfolio	74	1,378
		Investment/Strategic Portfolio	69	
		Sydney Town Hall	1	448
		TOTAL		1,827

TABLE 3.2.2 – City of Sydney Other Asset Categories (as at March 2016)

Financial Category	Asset Category	Asset Component	Dimensions and Units	Financial Value (\$M)
Other Structure – Poles and Lights	Public Lighting	Smartpoles	2,036	65
		Council Lighting (poles, mounted lights)	3,745 poles	22
		Street Furniture	7,395 lights	9
		Permanent Survey Marks (State registered)	TBA	3
			2,820	
		TOTAL		99
Other Structures - Signs	Signs	Parking and Regulatory Sign Poles	36,500	2
		Parking and Regulatory Signs	63,500	7
		TOTAL		9
Plant and Equipment	Fleet	Fleet – vehicles and major plant	484	35
Plant and Equipment	Plant & Equipment	Parking Meters	1,363	8
		Other Items e.g. security	N/A	36
		TOTAL		44
Other Assets - Library Books	Library Resources	Books and publications	N/A	10
Other Assets - City Art	City Art	Public Art and sculptures	239 items	34
Other Assets - Heritage Assets	Town Hall Collection	Historical items, cultural artefacts	1,850 items	7
Office Equipment	Office Equipment	Office fit out, Information Technology, desks etc.	N/A	27
Infrastructure: Roads, Bridges, Footpaths	Structures	Cliff and Retaining Walls	140 structures	7
		Foreshore Structures		
		-Sea Walls	2 km	10
		-Jetties/Pontoons	6	1
		Steps/Stairs/Ramps	94 items	18
		Fences	291	N/A
		TOTAL		36

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

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

Condition Ranking and Description

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

TABLE 3.2.3 – Asset Categories – Condition Assessments

Asset Category	Asset Component	Average Condition Now #	Year of Condition Assessment ++	% of Assets Rated Satisfactory Now **
Roads	Road Pavements	1.9	2015	99
	Footpaths	2.7	2015	92
	Kerb and gutter	2.4	2015	98
	Bridges	2.7	2013	90
	Traffic Facilities	2.0	2015	95
	Steps and Ramps	2.4	2013	87
Stormwater	Drainage – Pits –Sample area	1.4	2015	98
	Drainage – Pipes – Sample area	2.2	2015	89
	Water Quality Devices	N/A	Scheduled 2016	N/A
Parks	Iconic	2.4	2015	99
	Neighbourhood	2.3	2015	99
	Pocket Parks	2.6	2015	94
	Civic Space	3.0	2015	89
Trees	Parks Trees (north)	1.5	2015	98
	Street trees (incl. bases)	1.9	2015	98
Property(Buildings)	Community Services Corporate Services Public Domain Investment/Strategic Sydney Town Hall	2.3	2015	95
Lighting And Furniture	Smartpoles, Light poles	2.0	2009	N/A
	Mounted lights	3.0	2009	N/A
	Street Furniture	N/A	2014	N/A
	Permanent Survey Marks	2.0	2015	N/A
Structures	Cliff & Retaining Walls	2.1	2014	98
	Foreshore Structures			
	Sea walls	2.5	2014	99
	Jetties/Pontoons	2.5	2014	99
	Fences	N/A	2015	N/A
Plant & Equipment	Fleet	2.1	2014	99

Note 1 - 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.

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

3.3. Current Asset Management Capacity and Maturity

The review and update of the Strategy included a Gap Analysis or Maturity Assessment to track the City's asset management capability against specific asset management themes.

The three most important major risk areas identified in the original assessment were:

- 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 and the service level provided.

The Maturity Assessment was reviewed in 2014 against National Asset Management System (NAMS) standards which is considered the best practice model in asset management in Australia. The review was completed by senior managers and considered current capability in the targeted themes.

A full review will be completed in conjunction with the review and update of the Asset Management Strategy during 2016/17.

The comparison showed:

- Improvement in strategic, policy, budget and report themes, these areas were clear priorities in the Asset Management Strategy and mandated by the Integrated Planning and Reporting legislation.
- Data and Systems have improved to core level. The City has adopted a corporate solution and collected a lot of infrastructure data, but there is work to do to improve data quality.
- Asset Management Plans and costs analysis are identified as opportunities for improvement.
- The corporate asset management system is well established – supporting 268,000 assets and 346 registered desktop users
- The corporate mobile application is the most efficient way to manage infrastructure assets - there are currently 60 active internal and contractor users.

- Overall maturity has improved and identified opportunities in data quality and governance.

The Asset Management Program Control Group has incorporated asset maturity considerations into the key strategy themes shown in section 3.1 above.

A number of projects based on the themes are currently underway or due to commence in 2016/17, these include

- Adoption of network Risk Management Plans for Critical Assets including climate change adaptation considerations;
- Consolidation and update of renewal, upgrade and expansion components of capital projects within the Long Term Financial Plan;
- Review and update business and data management processes;
- Migrate asset financial and valuation data to the Corporate Asset Management System;
- 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;
- Complete the strategy, processes and procedures to capture costs associated with infrastructure maintenance activities.

4. Asset Management Plans

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

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

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

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

The critical assets included in the plan are:

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

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

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

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

CATEGORY	STATUS
Fleet Services	Completed
Cleansing and Waste	Completed
Venue Management	Completed
Parking Services	Completed
Security and Emergency Management	Completed
Road Pavements	Completed
Footways	Completed
Kerb and Gutter	Completed
Structures – includes Bridges, Steps/Stairs/Ramps, Cliffs/Retaining Walls, Sea Walls, Jetties, Pontoons	Completed
Traffic Facilities	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
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
Public Art	Commenced – data collection

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

5. Community Asset Management Plan

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

5.1 Levels of Service

The City has defined service levels in two ways:

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

Desired levels of service are obtained from various sources including the Customer Satisfaction surveys, residents' feedback to Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans.

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

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

5.2 Demand Management

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

Specifically, for the City, the largest impact on infrastructure will be the development of the Green

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

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

Demand management opportunities are shown where identified.

5.3 Lifecycle Management

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

5.3.1 Asset Condition Assessment

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

Condition assessments are important because they:

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

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

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

TABLE 5.3.1 – Asset Condition Assessment Criteria

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

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

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

- Roads, footways and kerb and gutter inventory and condition assessment which is due to be updated in 2016/17;
- Stormwater drainage network (being pit, pipe and channel information) including size, capacity, dimensions, condition, update commenced in 2015 and will continue for the next 3 years. Includes CCTV analysis for all City owned pipes and pits;
- Parks inventory detailing park elements, condition and valuation, 80% of parks are complete. The validation of footway verges in conjunction with the roads footway and kerb audit continues; and
- Detailed building component data e.g. electrical components, structural components, roof details etc. These components are included in the financial valuations but work is continuing to fully

implement into building operations and modelling.

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

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

5.3.2. Asset Valuations

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

5.3.3. Risk Plan

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

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

A project to review and update the high level risks associated with the critical asset classes was initiated in 2015.

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

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

The associated Risk Management Plan for Critical Assets will be reviewed and adopted in 2016. Future revisions of this and the detailed asset management plans will include detail of the risk treatment options, plans and timetable for completion.

TABLE 5.3.3 –
High level risks for critical assets - snapshot

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

5.3.4. Maintenance, Renewal and Upgrade Plans and Costs

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

5.3.4.1. Operational Costs

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

5.3.4.2. Maintenance Costs

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

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

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

5.3.4.3. Renewal or Replacement Costs

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

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

5.3.4.4. Expansion (New) Assets and Upgrade Costs

New or expansion works are those works that create a new asset that did not previously exist. Upgrade works improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs. 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 has increased 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.

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

5.4. Financial Summary

The summary contains the financial requirements resulting from all the information presented in the previous sections of the Asset Management Plan. These projections will be 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 the asset category. They are long-term life cycle costs based on historical trends and medium term costs over the 10 year financial planning period.

5.4.2. Life Cycle Costs

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

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

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

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

Example of Average Annual Asset Consumption:

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

Estimated Operational, Maintenance, Renewal and Replacement Costs

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

Sustainability Index

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

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

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

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

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

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

6. Critical Assets

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

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

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

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

The critical asset categories identified account for approximately 95 per cent of all asset value (excluding land). Future revisions of the Community Asset Management Plan and/or the individual Detailed Asset Management Plans may include all assets.

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

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

7. Road Network

7.1 Background

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

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

The road network assets assessed in this Plan include:

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

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

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

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

TABLE 7.1 – Road and Structures Assets

Asset Category	Dimensions/ Quantity	Replacement Value (\$M)
ROADS		
Road Pavements	333 km (length) – Includes 15 km of separated cycleway	915
Footpaths	533 km (length)	378
Kerb and gutters	619 km	260
<u>Traffic Facilities</u>		
Roundabouts	55	1.8
Speed Humps	430	0.3
Thresholds	149	2.3
Medians	188	0.2
Traffic Islands	1,352	15.6
<u>Bridges</u>		
Steel Bridges	35	68
Timber Bridges	4	
	TOTAL	1,644
STRUCTURES		
Cliff and Ret. Walls	140	7
Sea Walls	2 km	8
Jetties/Pontoons	6	1
Steps/Stairs/Ramps	94	12
Fences	291	N/A
	TOTAL	28

7.2. Levels of Service

7.2.1. Current Levels of Service

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

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

7.3. Lifecycle Management

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

times. A complete survey of inventory and condition of the road, footpath and kerb and gutter network was completed in 2011 and the data has been updated for work completed through 2014/15 financial year. A bridges inventory and condition survey is complete and is included in the Structures Asset Management Plan.

7.3.1. Asset Condition

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

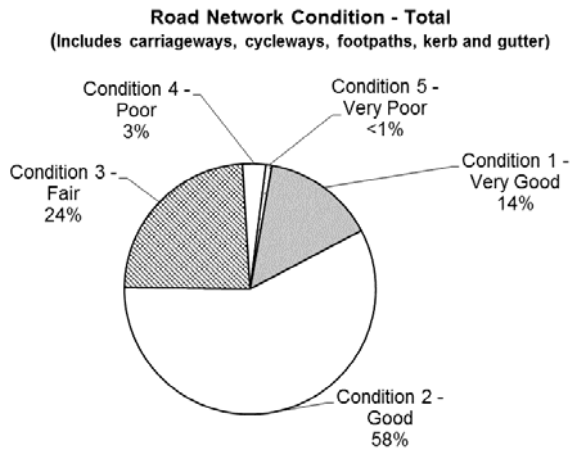
The pie charts on the following page provides an indication of the current condition of the Road Network assets.

The data from the inventory and condition survey, updated for works completed since the survey, forms the basis for the condition charts shown. The survey will be reviewed in the 2016/17 and updated conditions will be included in revisions of the Community and Detailed Asset Management Plans. The City is confident that the

condition information shown is reflective of the state of road infrastructure and will not change appreciably in the revision.

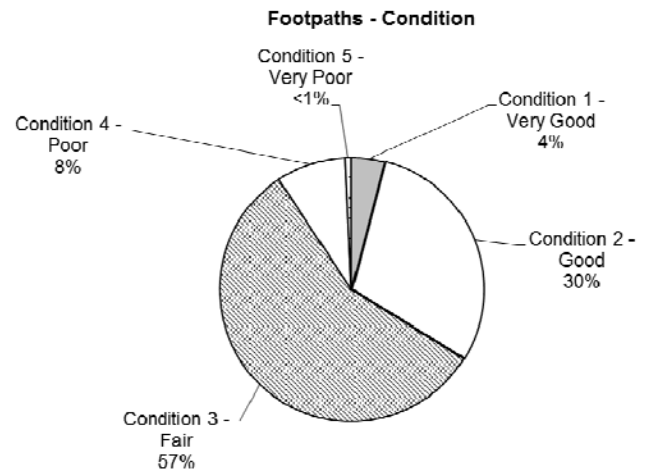
The Charts are based on area for Roads Carriageways and Footpaths and length for Kerb and Gutter. The Road Network Total is a combination of the three categories, road carriageways, footpaths and kerb and gutter with the assumption that the kerb has an indicative width of 0.5m.

CHART 7.3.1 – Road Network Condition



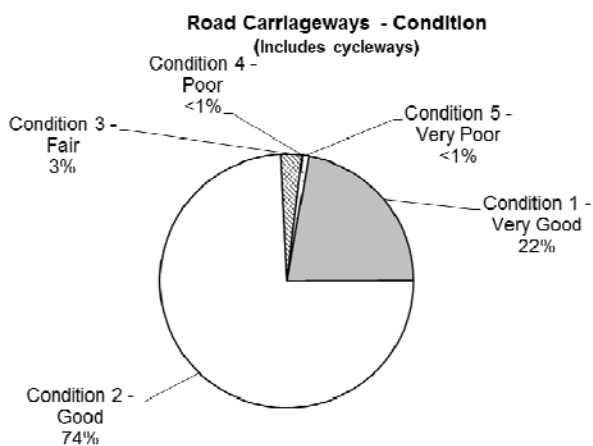
Road Network Average Condition 2.2

CHART 7.3.3 – Footpath Network Condition



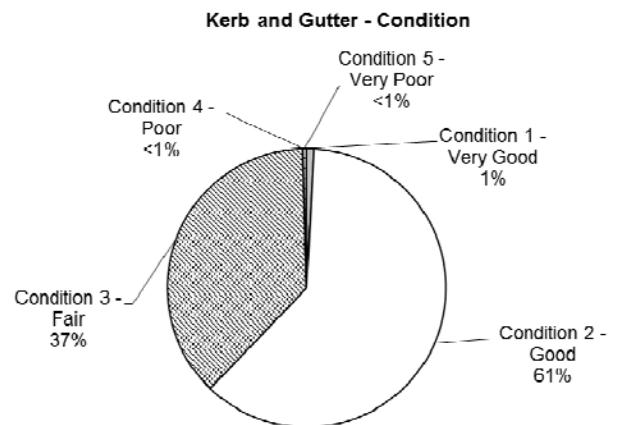
Footpaths Average Condition 2.7

CHART 7.3.2 – Road Carriageway Condition



Road Carriageway Average Condition 1.85

CHART 7.3.4 – Kerb and Gutter Network Condition



Kerb and Gutter Average Condition 2.4



Condition 1 – Very Good



Condition 5 – Very Poor

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

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

The condition assessment values of kerb and gutter was reviewed across the asset class in relation to the appearance versus the serviceability and performance. The age and weathered appearance of heritage assets like trachyte, granite and sandstone kerbs can give a misleading impression of their functionality and can lower condition indexes. The review identified that the trachyte and sandstone kerbs were consistently rated at a lower level than their functionality warranted in the original survey, the condition values have been adjusted accordingly. The update of the inventory and condition data in 2016/17 will take into account these changes and incorporate a methodology to allow for more accurate condition assessments.

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

7.3.2. Minimum Road Network Condition

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

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

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

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

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

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

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

An estimate of the cost to renew condition 4 and 5 assets is shown, but this is a preliminary estimate. Please note that the cost estimate does not include any allowance for upgrade or expansion of those assets; it is purely renewal.

The update of the roads, footpaths and kerb and gutter inventory and condition survey in 2016/17 will include methodology to more heavily weight City Centre and Village Groups in the subsequent analysis.

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

TABLE 7.3.2 – MINIMUM CONDITION INDEX – ROAD NETWORK

	Condition Now	Minimum Condition	Estimated Cost To Renew Condition 4 And 5 Assets (\$M)
Total Area (Including CBD and Village Groups)			
Regional Road Surface	1.85	2	0.3
Local Road Surface		3.0	
Footway	2.7	2.5	2.5
Kerb and Gutter	2.4	3.0	0.3
CBD and Village Group			
Road Surface	1.8	2	Nil
Footway	2.5	2.2	0.2
Kerb and Gutter	2.4	3.0	0.1

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

NOTE 2: a general review of the minimum average condition targets will be conducted in conjunction with the update of the inventory and condition data in 2015/16

7.3.3. Asset Valuations

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
Roads	1,553	772	17.4
Bridges	68	24	0.7

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

7.4. Maintenance, Renewal and Upgrade Plans

7.4.1. Renewal Plan

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

7.4.2. New Assets and Upgrade Plan

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

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

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

7.4.3. Disposal Plan

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

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

Year	Operational/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2010/11	8,688	19,489	24,511	331
2011/12	10,537	21,820	14,847	1,125
2012/13	7,395	24,518	17,181	1,273
2013/14	8,170	24,665	11,624	8,741
1014/15	8,864	22,489	25,840	21,679
AVERAGE	8,731	22,596	18,800	6,630

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

7.5. Financial Summary, Projections and Sustainability

7.5.1. Asset Consumption Costs for Road Network

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

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

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

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

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

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

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

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



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

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

TABLE 7.5.2 – Sustainability - Current

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
26,779	31,327	+4,548

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

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

The data used for the preparation of the roads financial models is the best available and has been derived from analysis of the 2011 inventory and condition assessment data, updated for work completed through 2014/15 financial year, and the review of the kerb and gutter condition ratings. Valuations are based on fair value replacement costs.

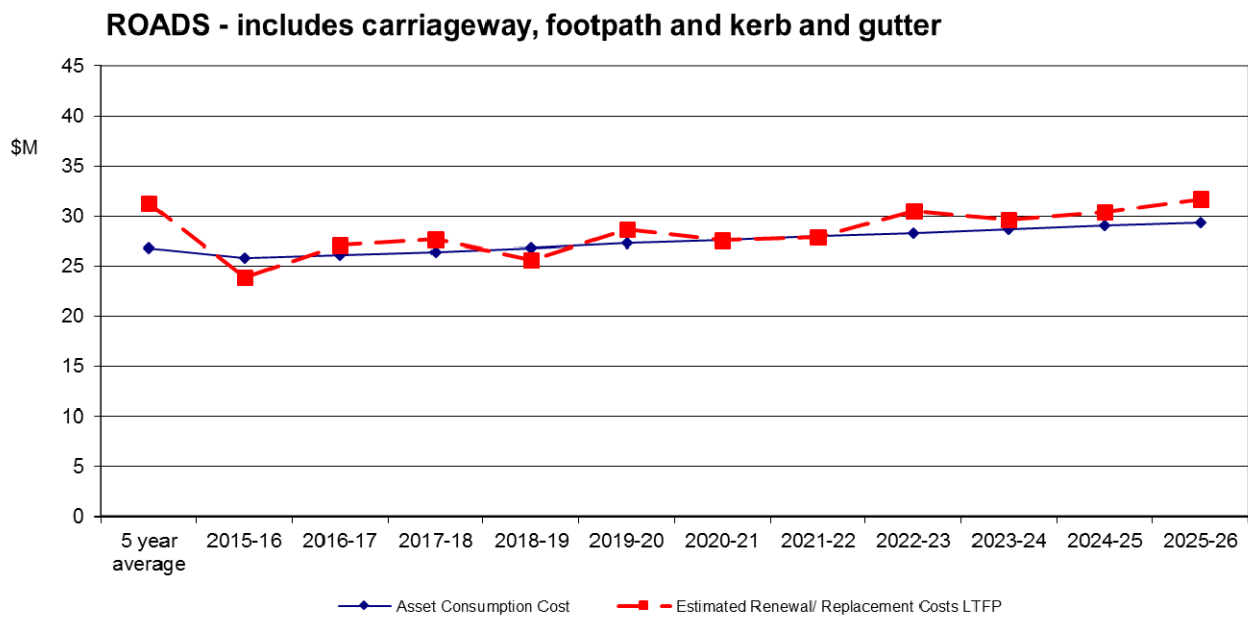
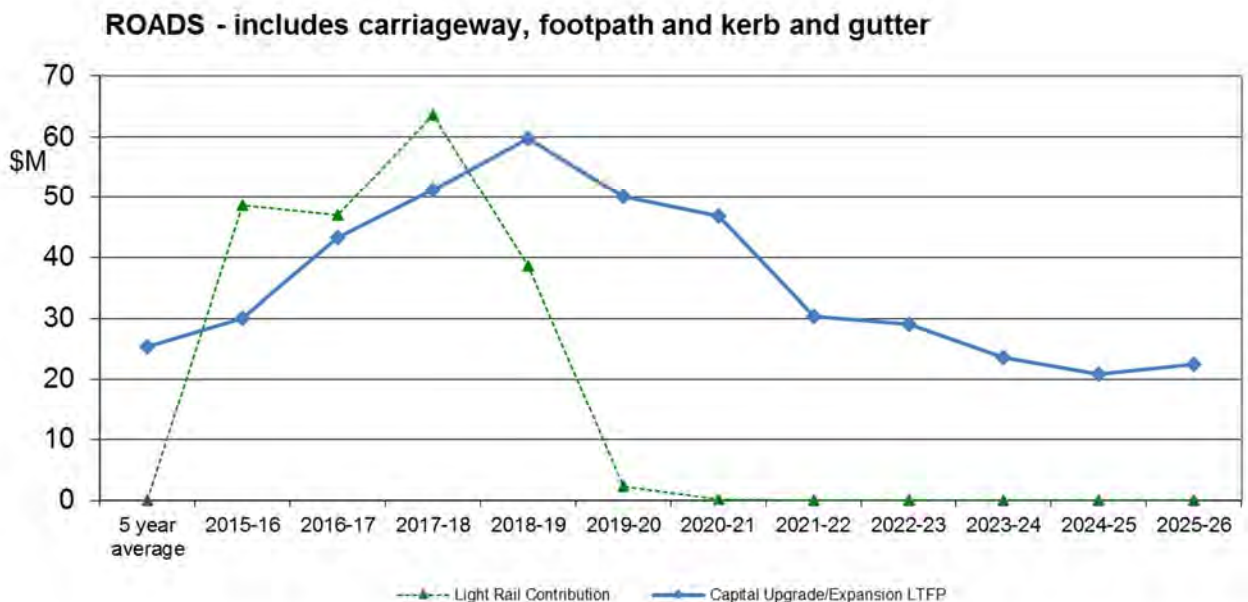
The roads data includes materials, quantities, kerb and footpath alignments, condition assessments based on the 1-5 scale and life expectancy predictions. The data has been loaded into the City's corporate asset management system to assist in lifecycle predictions both in cost and use analysis.

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

7.5.3. Medium term – 10 year financial planning period

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

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

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



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

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

TABLE 7.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		<u>What we are proposing to spend</u> What we should be spending
27,573	28,236	+663	1.02

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.

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

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

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

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

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

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

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

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



Sydney Park Wetlands

TABLE 8.1 – Drainage Network Assets

Asset Category	Dimensions/ Quantity	Replacement Value (\$M)
Stormwater Pipes	182 Km	149
Stormwater Pits	12,175	59
Open channels	430 metres	4
Box culverts	8,600 metres	40
Stormwater Quality Improvement Devices		
- Gross Pollutant Traps	44	1
- Raingardens	138	1
TOTAL		255

8.2. Levels of Service

8.2.1. Current Levels of Service - Stormwater

COMMUNITY LEVELS OF SERVICE				
Key Performance Category	Service Objective	Performance Measure Process	Performance Target	Current Performance
Quality	To service the needs of the community and Council to an appropriate standard (i.e. minimise local flooding and ponding).	Yearly total of customer service requests and letters	Maintain parity or reduce number of customer requests from previous year.	Achieved – 591 requests 2013-14 568 request 2014-15
Function	Stormwater system to be of suitable condition and capacity to convey required flow	Response time to requests for clearances of blockages causing flooding	Respond to requests for clearance of blockage causing flooding within 48hrs	Achieved (314 enquiries)
Safety	Absence of significant health safety hazards.	Response time to Work Health and Safety issues or reports and public safety complaints received through customer service requests	Dangerous hazards or public safety matters are responded to and made safe within 48hrs	Achieved (254 enquiries)
Environmental	Improve storm water quality that discharges into receiving waters	Number of trapped gully pits cleanings	2,100 units cleaned per annum	Achieved - Drainage

8.2.2. Desired Levels of Service

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

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

The project involved the development of floodplain risk management plans for the City's eight catchments, starting with the comprehensive data collection program to gather pit, pipe and channel information including pit

types and sizes, pipe diameters and lengths, pit depth, direction of flow, infrastructure ownership, pit and pipe condition.

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

All eight catchments are now complete, with six of the risk management plans adopted and the remaining two on public exhibition at the time of writing.

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

8.3. Lifecycle Management

8.3.1. Asset Condition - Stormwater

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

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





Condition 1 – Very Good



Condition 5 – Very Poor

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

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

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

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

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

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

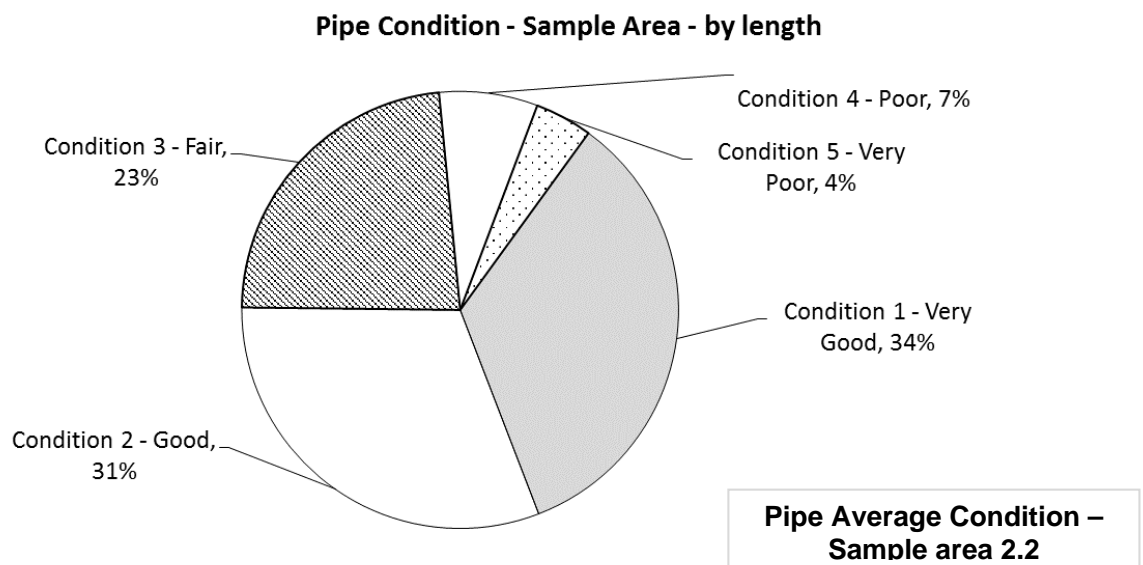
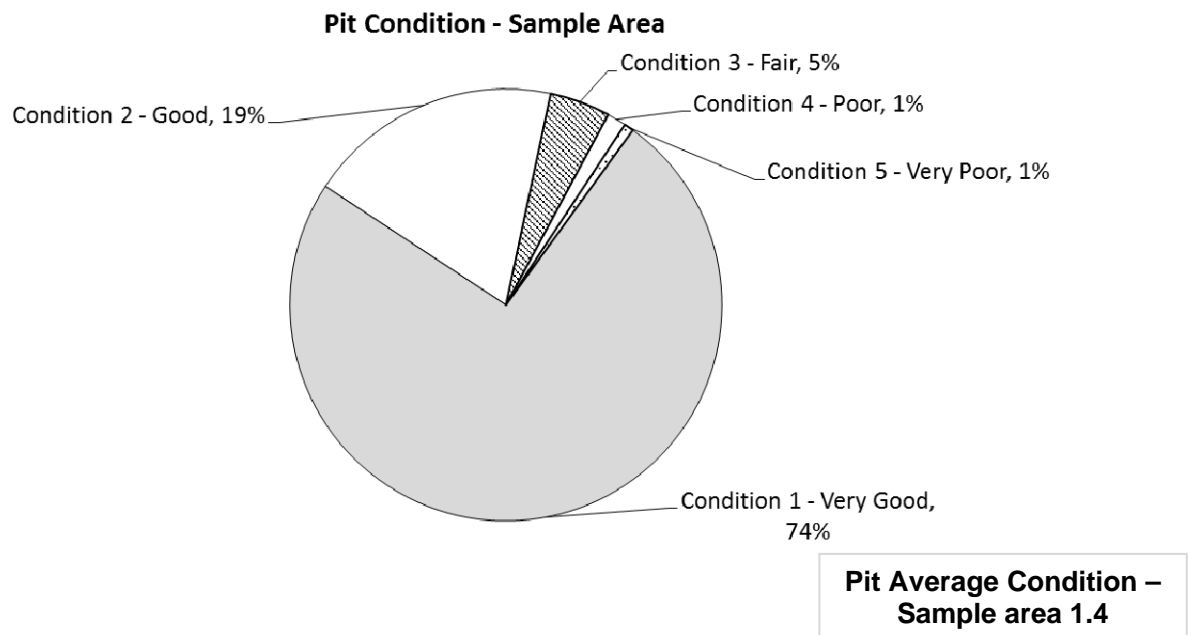
The pipe condition is based on the full length of each section of pipe which may be misleading. For example a 100m pipe can be rated overall as condition 4 – poor when only 30m of the pipe is unserviceable. Conversely a completely inaccessible pipe may not be condition rated in the sample.

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

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

The City also recognises that further significant remediation, cleaning and renewal works will be required following the full analysis of the condition assessment and CCTV data. To enable the ensuing works to be carried out, following the full analysis, significant stormwater renewal amounts are included in the 10 year Long Term Financial Plan.

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

CHART 8.3.1 – Drainage Network Condition (CCTV sample area)

8.3.2. Minimum Stormwater Drainage Network Condition

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

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

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

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

TABLE 8.3.2 – Minimum Condition Index – Stormwater Drainage Sample Area

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

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

8.3.3. Asset Valuations

TABLE 8.3.3 – Asset Valuation – Stormwater Drainage Network

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
STORMWATER DRAINAGE	255	154	2.7

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

8.4. Maintenance, Renewal and Upgrade Plans

8.4.1. Maintenance Plan

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

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

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

8.4.2. Renewal Plan

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

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

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

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

subject to amendment based on ongoing risk assessments.

8.4.3. New Assets and Upgrade Plan

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

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

Significant new stormwater assets will be added in the next ten years, with the Green Square Trunk drainage and the Ashmore Precinct Drainage projects having a combined value of \$70 million.

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

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

8.4.4. Disposal Plan

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

TABLE 8.4 – Maintenance/Renewal/Upgrade Expenditure Trends

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2010/11	2,211	1,291	983	0
2011/12	1,875	1,031	1,558	0
2012/13	1,413	330	1,852	0
2013/14	1,336	1,926	619	9,256
2014/15	1,288	2,646	3,502	10,119
AVERAGE	1,525	1,445	1,703	3,875

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

8.5. Financial Summary, Projections and Sustainability

8.5.1. Asset Consumption Costs for Stormwater Drainage Network

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

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

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

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

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

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

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

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

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

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

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

8.5.3. Medium term – 10 year financial planning period

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

TABLE 8.5.2 – Sustainability – Current

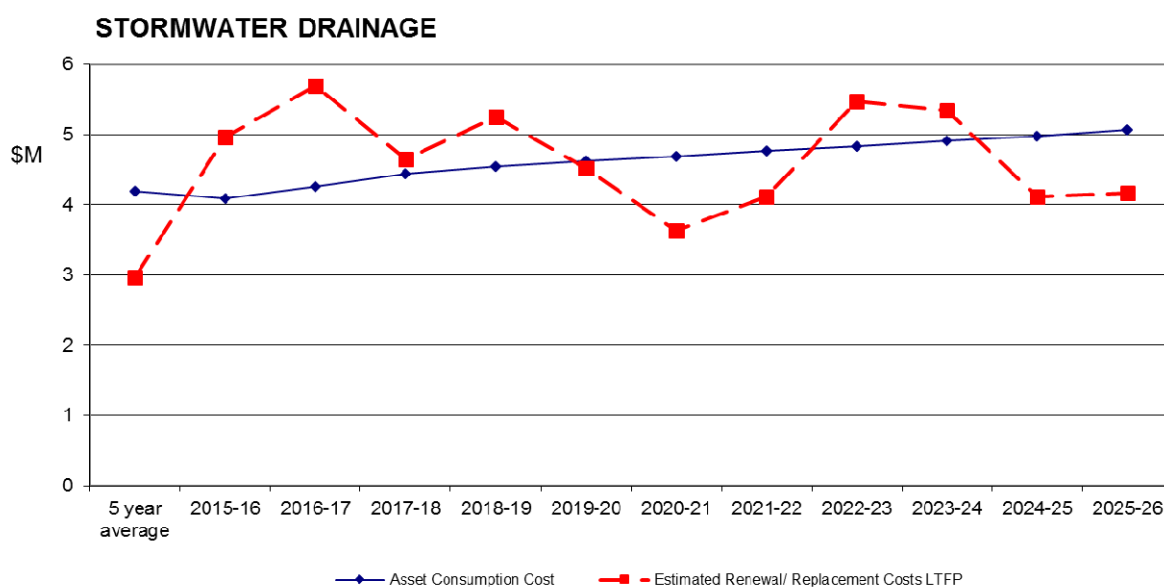
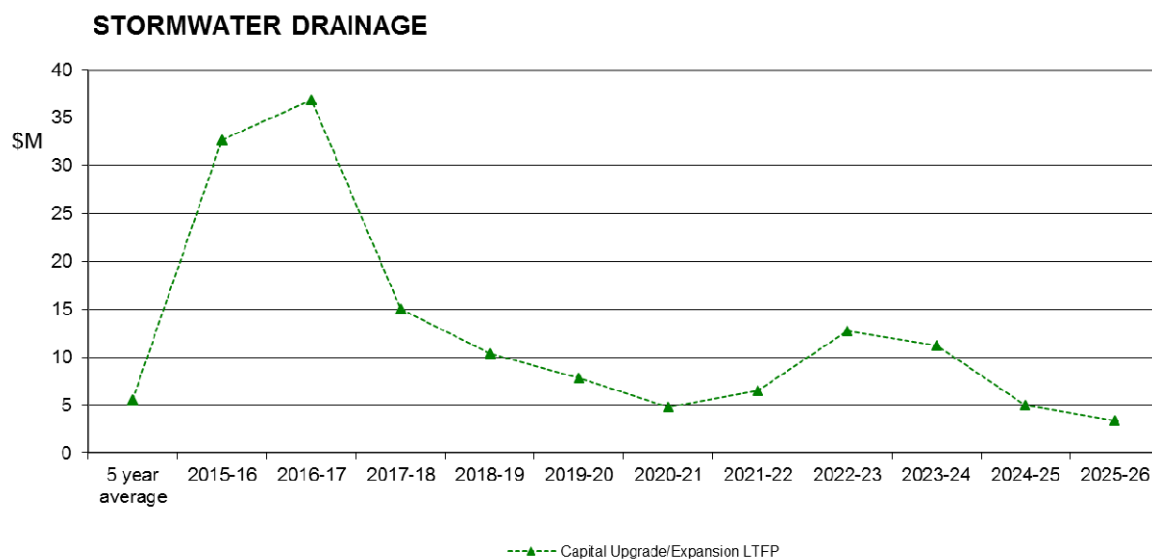
Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
4,185	2,970	-1,215

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

The City identified that there were risks associated with the stormwater drainage, particularly in relation to the capacity of the network. This led to the data collection initiative in 2011 which informed the basis for the now adopted Floodplain Risk Management Plans.

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

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

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

The charts indicate that the City has committed significant funding to the renewal of the Drainage infrastructure in the next 10 years with substantial amounts being allocated to upgrading the network in accordance with the Floodplain Risk Management Plans. This includes the renewing of the existing asset. The

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

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

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

The spike in upgrade/expansion in the 2015/2017 years is due to the implementation of the Green Square trunk drainage project.

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

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

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

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

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

TABLE 8.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		<u>What we are proposing to spend</u> What we should be spending
4,652	4,720	+68	1.02

9. Parks, Open Spaces and Trees

9.1. Background

The City's parks, open spaces and trees are one of the community's most loved assets with estimates of more than 1 million customers visiting parks daily. The park and open space network encompasses about 195 hectares throughout the local government area, providing both active and passive places for the use and enjoyment of communities.

The City is also responsible for the care, control and management of many Crown Reserves, including Hyde Park, Victoria Park, Prince Alfred Park and Bicentennial Park.

The City's tree population consists of over 44,000 trees, located throughout the streets, parks and open spaces.

The collection of the specific asset data for parks and open spaces to allow for a better determination of the condition of the assets and the correct valuation for financial purposes has been completed. The parks and open spaces assets were revalued at Fair Value at the end of 2010/2011 financial year and are due for update in 2016/2017.

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 are being prepared for parks and open spaces and trees (park and street) because of their different maintenance and renewal requirements. The parks, open space and tree assets included in this plan are outlined in the table below:



Paddington Reservoir Gardens

TABLE 9.1 – Parks and Open Spaces and Trees Assets

Asset category	Description	Number and Area of Parks	Replacement Value (\$M)
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	209
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.	34 28.6 Ha	106
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.	266 32.4 Ha	88
Civic Space	Open public squares and malls in urban areas that have a high visitation with informal use e.g. Martin Place.	21 2.4 Ha	23
Streetscape	Landscaped verges footpaths and nature strips that may have lawn areas or garden beds.	513 13.1 Ha	5
Traffic Treatment	Roundabouts, traffic blisters and median strips that have been planted out. May include rain gardens.	336 2.2 Ha	7
	TOTAL		439
Trees			
Parks Trees	Contained within parks and open spaces	13,209	28
Street Trees	Contained in the road reserve and footpaths	31,019	60
	TOTAL	44,228	88

Note1- This asset management plan for parks, open space and trees does not include public art, electrical, lighting and building assets located within parks and open space.

Note 2- the Parks service unit data collection initiative has added a significant number of streetscapes and traffic treatments to the portfolio in the last year, improving the City's data quality and understanding of the extent of open space.



9.2. Levels of Service

9.2.1. Current Levels of Service

Parks and Open Spaces

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

We complete intercept surveys as well to determine the key needs of the community and their levels of satisfaction with the service

The addition of new green spaces in Harold Park, Green Square and other urban renewal sites and the continued increase in generation of streetscape and traffic

treatments, and the increase in technologies surrounding water harvesting, filtration and capture will require service level reviews in the years ahead.

Tree Management

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

The increase of new street tree assets, with more complex and engineered environments (including structural soils / cells, water sensitive urban design) along with custom tree furniture (guards and grates), will also require service level reviews in the years ahead.

TABLE 9.2.1 – Parks and Open Spaces

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

**TABLE 9.2.2 – Tree Management**

CORE COMMUNITY SERVICE LEVELS				
Key Performance Category	Service Objectives	Performance Measure Process	Performance Target	Current Performance
Responsiveness	To provide proactive, responsive service that promotes tree health and longevity and minimises ongoing maintenance requirements	Timeframes outlined in completing customer service requests	>95% of customer requests completed on time. Respond to customer request within 48 hours, complete works required within 14 days	Achieved 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	Urban Forest Strategy Street Tree Master Plan and Park Tree Management Plans guide species selection and planting criteria.	Increase in canopy cover, health and overall longevity of tree population	Achieved
Safety	To provide a safe and hazard free environment	Reported accidents and incidents and claims	Dangerous hazards or public safety matters are responded to and made safe within 2 hrs.	Achieved

9.2.2. Desired Levels of Service

Parks and Open Spaces

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

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

Tree Management

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

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

9.3. Lifecycle Management

9.3.1. Asset Condition

Condition Index	Condition	Description	Residual Or Remaining Life Estimate
1	Very Good	Well maintained park, no signs of wear, trees are in sound health and structural condition	90-100%
2	Good	Limited sign of wear, no significant impact on park use, appearance, safety. Trees have slight defects or impacts on their health.	60-90%
3	Fair	Generally sound but minor defects, minor signs of wear, some deterioration beginning to affect appearance, usage. Trees have some defects impacting structure and show signs of deterioration in health	30-60%
4	Poor	Significant signs of wear, defects likely to cause marked deterioration in appearance, user comfort and safety. Trees have significant defects in structure and health	10-30%
5	Very Poor	Parks maintenance levels low, obvious signs of wear, defects resulting in unacceptable appearance, user comfort and safety. Serious defects/health issues that require tree removal	0-10%

Parks and Open Space

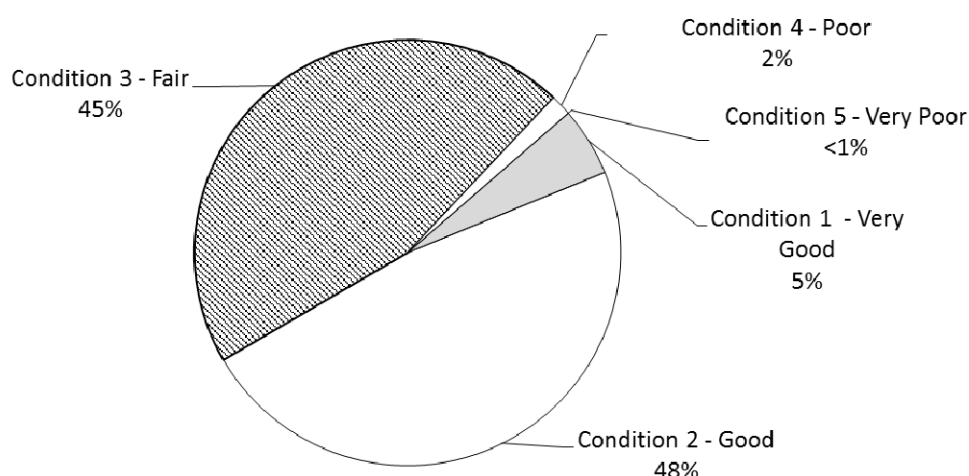
The pie chart 9.3.1 provides an indication of the current condition of the parks assets. The chart is weighted by using the aggregate area of parks in each condition index and is limited to iconic, neighbourhood and pocket parks as they make up 95 per cent of the area and 90 per cent of the value of parks and open spaces. Inclusion of streetscapes and traffic treatments will not materially alter the chart below.

The condition is based on a whole of park rating and was reassessed in 2016 by the City's parks asset managers.

Assessment of condition of hard (infrastructure) and soft (living) assets in Parks has commenced and will be included in future revisions of the plan together with condition data for all parks and open spaces categories, broken down to relevant park components.

CHART 9.3.1 – Parks Condition

Parks Condition (Iconic, Neighbourhood, Pocket) - by AREA



Parks and Open Spaces Average Condition 2.4

All parks rated 4 (there are none presently rated 5) are under review by City staff and are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding.

The current average condition of the iconic, neighbourhood and pocket parks is 2.4, which is the same as 2015. The rating is affected by the overall assessment of the general condition of Hyde Park by the parks asset managers as a 3-average, based on the

identified need to improve the hard infrastructure, including the stone retaining walls, in the park.

The Long Term Financial Plan reflects the need to improve Hyde Park by allocating some \$16 million to upgrade the park, including trees, in the next ten years.

Tree Management

The assessment of the condition of trees is required on a regular basis, because the trees are living assets, and therefore constantly growing and responding to the effects of environmental, climatic or other urban conditions.

During 2013 the City implemented new contracts to manage all street trees and park trees in the northern half of the City of Sydney. These contracts include similar methodologies to assess tree condition (i.e. street or park contract) and is based on tree health and structural integrity.

All of the 31,000 street trees have been assessed under the improved criteria.

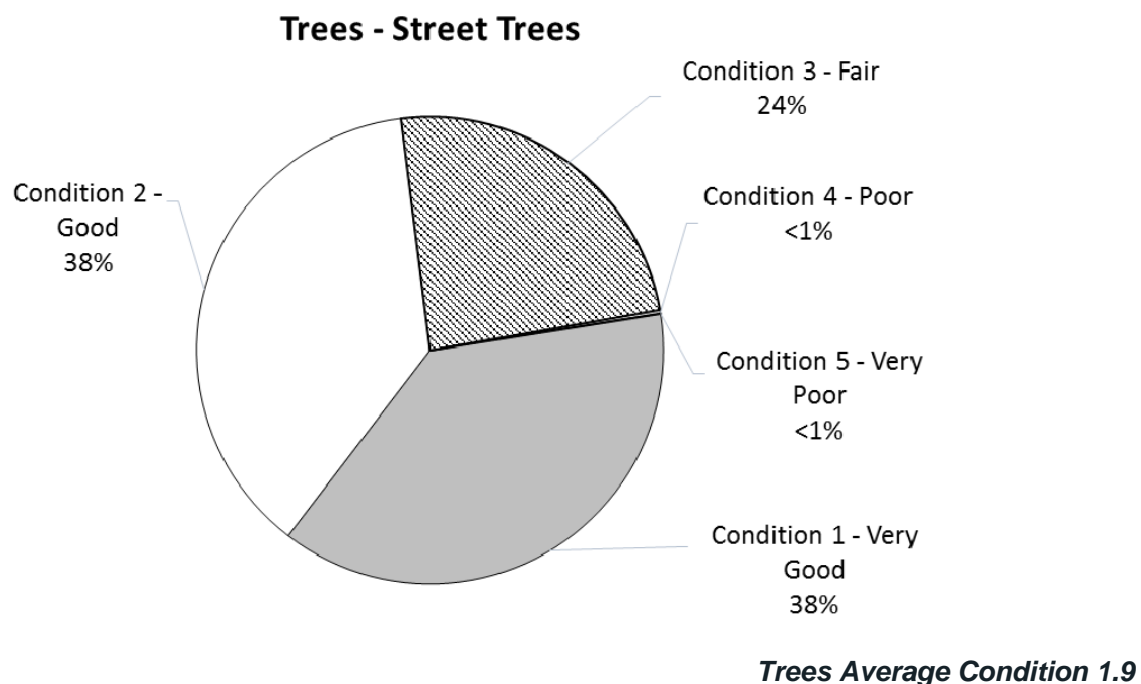
Park tree assessment is complete in the northern part of the City but continues in the south. However, the assessment criteria used in Parks relates to the life expectancy of the tree and has not been completed using the condition assessment criteria shown in section 9.3.1 at this time.

Future revisions of the plan will include updated condition data for all street and park trees, normalised to ensure a consistent comparison.


The pie chart 9.3.2 shows the Street Tree Condition.

For simplicity the chart is based on a count of the total number of trees, and is not divided into specific locations (street/park or suburbs) nor divided by the trees age (young, mature).

CHART 9.3.2 – Street Trees Condition



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 – Very Good		
Category 4 - Poor		

9.3.2. Minimum Parks and Open Space and Tree Condition

Parks and Open Space

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

At this time the City is assessing the condition of parks and open spaces on a whole of park basis. The City is currently analysing park component data such as turf, hard surfaces, fittings etc. to determine if that is the best way to base future estimates of condition of parks and open spaces. The aim is to develop a methodology that will give us the best reflection of the true condition of the park. Assessment of condition of hard (infrastructure) and soft (living) assets in Parks has commenced to assist in this methodology.

Minimum condition levels are most appropriately grouped and assessed by the category of park, such as iconic, neighbourhood, pocket. The more important the park category, in relation to visibility and use, the higher the level of service the City proposes to provide.

Table 9.3.2 below shows the existing asset condition for the parks categories, the minimum condition level that the City considers is appropriate and the number of parks that are considered poor in each category.

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

An estimate of a cost to 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:

- Does not include any allowance for upgrade or expansion of those assets; it is purely renewal. Recent history indicates that when a park is

renewed substantial upgrades to improve the amenity are also completed.

- Does not represent the amount required for the Parks and Open Space assets to reach a satisfactory level in relation to usage, this will be a lower cost.

The City needs to allocate significant funds to iconic parks to reach the desired minimum condition. As detailed in section 9.3.1 the Long Term Financial Plan includes funding to improve Hyde Park by allocating some \$16 million to restore and upgrade the park, including trees, in coming years.

Parks identified rated 4 or under are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding.

Tree Management

The City is implementing tree management condition assessment and maintenance activities using a mobile application. When all park tree conditions are collected, they will be added to the street tree data and normalised. A minimum tree condition will be derived and included in future revisions of this plan.

As shown in section 9.3.1 street tree average condition is already 1.9 which places them in the good category.



Paddington Reservoir Gardens



Prince Alfred Park Playground

TABLE 9.3.2 – Minimum Condition Index – Parks and Open Spaces

Park Asset category	Average Condition Now	Minimum Condition	Estimated Cost To Reach Minimum Condition (Additional to Existing Renewal) (\$M)	Number of Parks to improve from 4 and 5	Estimated Cost to complete improvements (\$M)
Iconic	2.4	2.15	13	1	4
Neighbourhood	2.3	2.25	1.3	2	1
Pocket Park	2.6	2.75	Nil	17	10
Civic Space	3.0	2.25	4.0	-	-
Streetscape	3.0	2.75	0.3	3	1
Traffic Treatment	3.0	3.0	Nil	-	-

9.3.3. Asset Valuations

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
Parks and Open Spaces	439	231	15.2
Parks Trees	28	N/A	0.8*
Street Trees	60	N/A	1.5*

* - For the purposes of financial reporting Trees are not depreciated but in order to determine the lifecycle requirements notional consumption based on a typical life of Trees are used.

9.4. Maintenance, Renewal and Upgrade Plans

9.4.1. Renewal Plan

Parks and Open Spaces

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

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

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

Tree Management

Unlike other engineered assets, trees do not have a renewal component, only maintenance or replacement, and the timeframe for tree replacements cannot be predicted with certainty. The life span of trees varies according to the species, location and local environmental factors. As such there is no formal renewal plan, but a provisional amount for the replacement of 700 trees annually based on current practices and trends, together with new tree allocation in the Long Term Financial Plan.

The improvement to the maturity of the tree asset condition and maintenance data should permit the development of more structured renewal plan. This would assist with the City's urban forest co-ordination, so better asset turnover can be achieved.

9.4.2. New Assets and Upgrade Plan

Parks and Open Spaces

Negotiations continue for the handover to the City of a number of parks and open spaces from the Sydney Harbour Foreshore Authority (SHFA) and the

Department of Planning in the coming years. New parks like Chippendale Green and Mary O'Brien Reserve have also been recently acquired through the development process. While these parks and open spaces are already constructed, the ongoing maintenance will add to the City's ongoing commitments.

It is anticipated that ownership of a number of roads will be transferred to the City from the Sydney Harbour Foreshore Authority (SHFA) within the next ten years. Parks and tree assets associated with these roads are also expected to be transferred to the City. Up to date, detailed inventory and condition assessments of these assets are not currently available. The ongoing maintenance requirements of these assets will add to the City's commitments.

Many of the key urban renewal areas, in particular the Green Square Urban Renewal Project and Harold Park will create additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Victoria Park and Perry Park are planned in the medium-term and are included in the Long Term Financial Plan. Recent developments on a number of new and renewed assets in Green Square were completed in the past 12 months. A major project was completed in the Sydney Park Wetlands and Storm Water Harvesting project. Maintenance by the City will commence on these assets in 2016.

There is a continual increase in the number of streetscape and traffic treatments being developed as part of the Greening Sydney program, cycleway, and various other road and footway renewal programs. Additional assets and technology increases are being seen in relation to storm water harvesting. Resourcing to support, manage, and maintain these assets will be required in future years.

The likely development of synthetic sports fields within the City will present a new asset type, estimates on the required management inputs for Gunyama Park (Green Square) are currently being sought.

Tree Management

The extensive urban renewal projects across the LGA, including Green Square, Ashmore Precinct and Harold Park, include new streetscapes and street tree assets. Best practise design and construction is being applied, with the trees now in highly engineered environments.

Resourcing to support, manage and maintain these assets will be required in future years.

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

- Light Rail and CBD Capacity Improvement projects;
- Urban Forest Strategy – with targets to increase canopy cover; and
- Street Tree Master Plan implementation (e.g. in road tree planting);
- Cycleway installation/upgrades;
- Hyde Park, Central Avenue Replacement program.

TABLE 9.4 – Maintenance/Renewal/Upgrade Expenditure Trends

Parks and Open Spaces

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2010/11	12,585	14,771	9,085	85
2011/12	12,359	6,687	495	0
2012/13	13,800	10,263	2,862	1,103
2013/14	14,641	10,435	2,554	6,968
2014/15	14,635	13,564	4,489	5,186
AVERAGE	13,604	11,144	3,897	2,668

Year	Operating/Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2010/11	4,237	578	256
2011/12	4,466	609	387
2012/13	4,712	1,008	940
2013/14	6,545	1,410	1,328
2014/15	7,337	1,428	547
AVERAGE	5,460	1,007	692

Tree Management

Note 1: Operating and Maintenance Expenditure is combined in this category as it is difficult to determine the appropriate split. **Note 2:** - Capital Upgrade and Capital Expansion for Trees is combined – both refer to new trees in this category.



9.5. Financial Summary, Projections and Sustainability

9.5.1. Asset Consumption Costs for Park and Open Spaces

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

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

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

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

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

TABLE 9.5.1 – Example Parks, Open Spaces & Trees Annual Average Asset Consumption – Indicative values only

Tree or Park Details	Name	Replacement Value	Expected Life (years)	Average Annual Asset Consumption
Street Tree	Celtis Australis	\$2,000	50	\$40
Iconic Park	Hyde Park North – landscaping hardworks	\$12,500,000	25	\$500,000
Pocket Park	St James Park	\$605,000	40	\$15,125
Park Tree	Banksia Serrata	\$1,500	30	\$50
			Total	\$515,215



Pirrama Park

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

Parks and Open Spaces – Including Trees

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

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

TABLE 9.5.1 – Sustainability – Current

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
36,554	31,214	-5,339

The figures reflect a reduced average renewal and upgrade budget, primarily in Parks and Open Spaces in the last 3-5 years following a period of extensive refurbishment in the early to mid 2000's. The Long Term

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

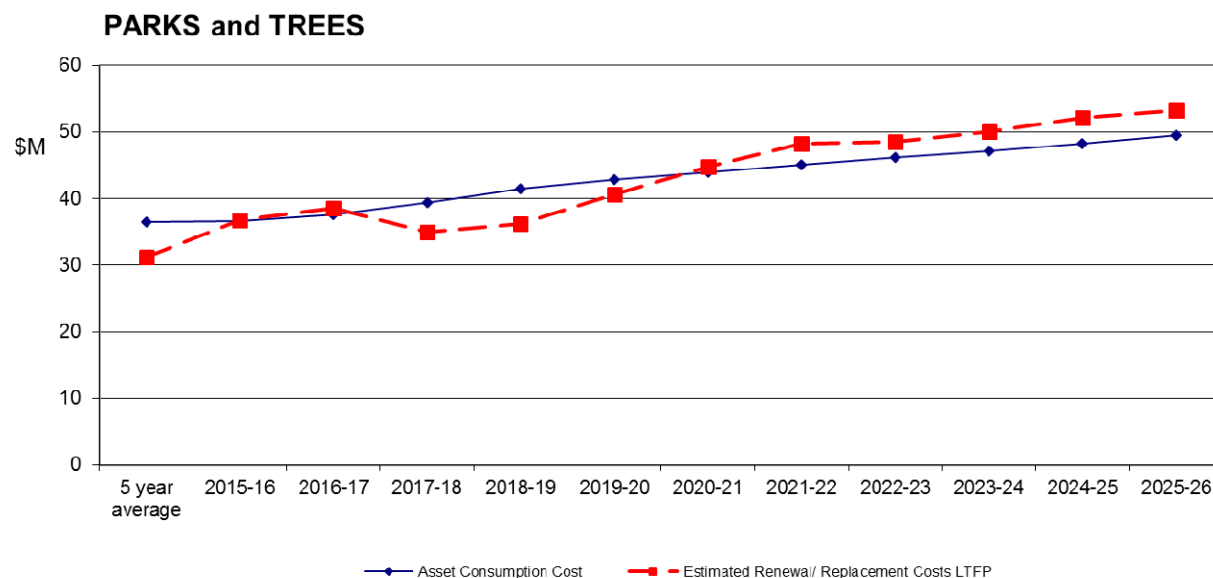
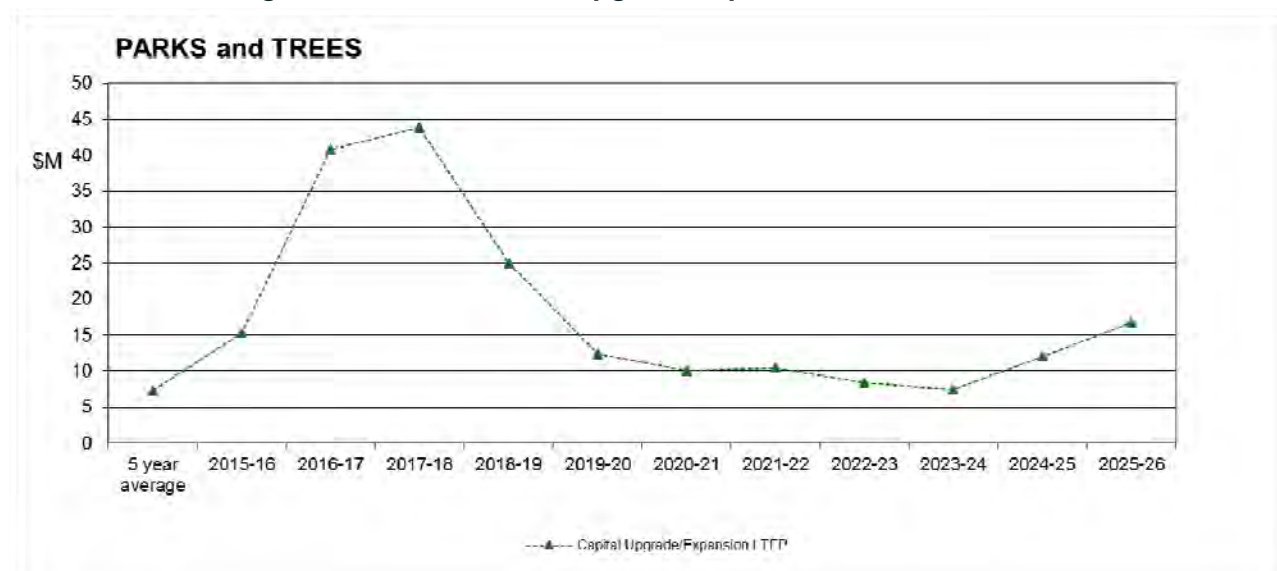
9.5.3. Medium term – 10 year financial planning period

The first chart below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Operational, Maintenance, Estimated Renewal or Replacement Costs). The second chart shows the upgrade/expansion proposed for the parks and trees assets in the Long Term Financial Plan.

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

Amounts shown for Years 2 to 4 in the Long Term Financial Plan reflect the renewal provision for iconic park upgrades, particularly Hyde Park. Due to the changing nature of living assets and the influence of climate it is envisaged that projects will be identified closer to that period.

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

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

The spike in the upgrade/expansion, and the associated dip in renewal and replacement, in the Long Term Financial Plan is due to the implementation of the open space components of the Green Square Urban Renewal project, diverting funds from renewal projects.

Table 9.5.4 below is an estimate of the Average Asset Consumption Costs and the Estimated Operational, Maintenance, Renewal and Replacement Costs and the Sustainability Index 10 year projection.

The estimate indicates that the City is budgeted to renew the Parks, Open Space and Tree assets at a sustainable rate over the next 10 years and is managing the assets effectively and addressing the maintenance and renewal requirements consistent with the Office of Local Government performance measures.

TABLE 9.5.4 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		<u>What we are proposing to spend</u> What we should be spending
43,477	44,029	+552	1.01



Paddington Reservoir Gardens

10. Property

10.1. Background

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

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

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



TABLE 10.1 – Property Assets

Property Portfolios	Number	Description of Use
Community	73	Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include community halls, childcare centres, libraries, etc.
Corporate	24	Buildings for occupation by City's staff serving the community, including Town Hall House and depots
Public Domain	77	Buildings such as public toilets, cafes, generally in parks
Investment/Strategic	69	Buildings held for provision of sustainable revenue stream for the City and for key sites for future strategic outcomes
Sydney Town Hall	1	Iconic heritage listed building used for public events, Council meetings, Councillor office accommodation and private hiring.
TOTAL	241 #	

- The total number of buildings includes buildings owned and managed by the City, managed by third parties (e.g. Queen Victoria Building, Capitol Theatre, Capitol Square (Watkins Terrace), Manning Building) or leased by the City (e.g. Surry Hills Child Care Centre, Redfern Neighbourhood Service Centre).

10.2. Levels of Service

10.2.1. Current Levels of Service

Key Performance Category	Service Objective	Performance Measure Process	Performance Target	Current Performance
Safety	Minimise significant risks to the public, staff and contractors	Regular Property inspections	Reported monthly Audited annually	Achieved Audit scheduled 2015/16
Function	Ensure each building is fit for purpose	Conducting regular maintenance and annual property inspections	Independent annual certification	Achieved
Quality	Ensure each building is presented and maintained in an acceptable condition	Register of annual property inspections	Target Condition Index set building by building	Current average condition 2.3

10.2.2. Desired Levels of Service

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

The City has quantified minimum condition levels for the City's property on a building by building basis. See section 10.3.2 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. Condition targets for buildings are reflective of property strategy requirements, in some cases a building will have a poor or very poor condition rating, but will be included as part of a major redevelopment plan for the site or selected for disposal.

Table 10.3.1. Asset Condition - Buildings

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

The pie charts on this page provides an indication of the current condition of the property assets, as assessed by the City's service provider and reviewed by the City's Property asset managers, on a whole of building basis as at 30 June 2015, and includes all buildings under the City's control. This assessment is the basis of the City's report under the Local Government Act 1993 Section 428(2) (d) Condition of Public Works, taking into account whether buildings are either under refurbishment or closed at the time of the condition assessment.

The charts are based on the aggregate insurance replacement value by condition index for the buildings managed and maintained by the City. Two charts are shown, one including Sydney Town Hall and the second without.

Sydney Town Hall has an insurance replacement value of \$572 million which accounts for 28% of the overall property portfolio value and its current condition is assessed as 2- Good. Consequently the pie chart including Sydney Town Hall can distort proportions of condition categories. For that reason two condition charts are provided.

The average condition of our Property portfolio is 2.3 including Sydney Town Hall and 2.4 excluding, which is in the good range.

CHART 10.3.1 – Building Condition – with Sydney Town Hall

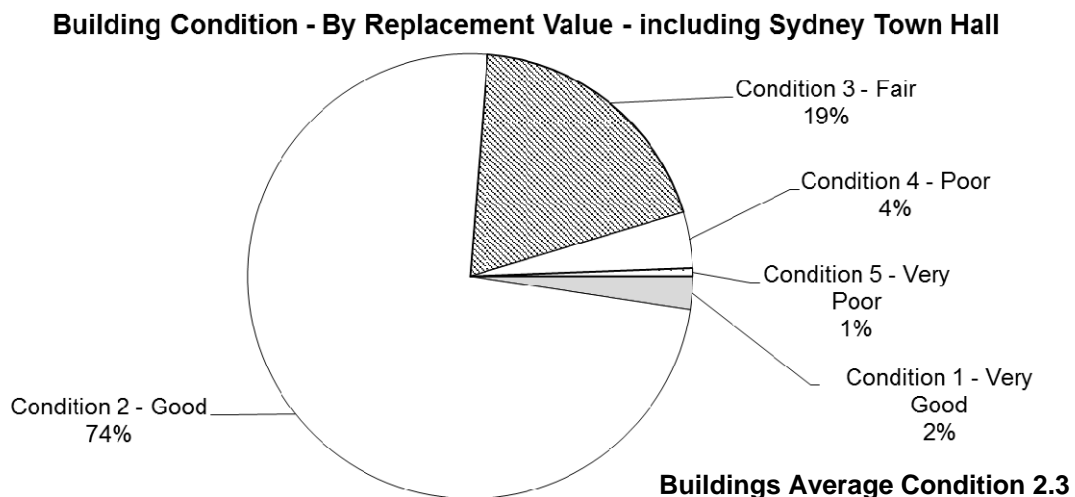
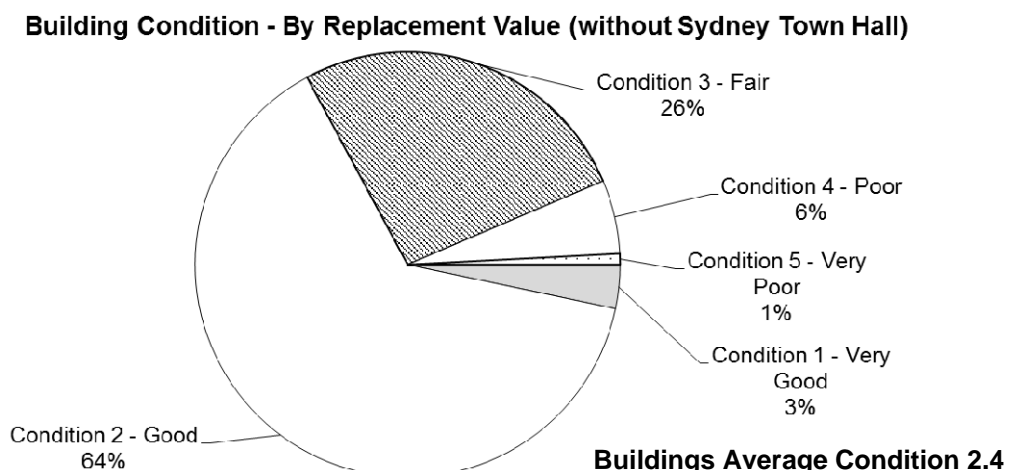


CHART 10.3.2 – Building Condition – without Sydney Town Hall



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



Condition 1 – Very Good



Condition 5 – Very Poor

10.3.2. Minimum Condition for Property

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

Condition assessment is on a whole of building basis at this time linked to the insurance replacement value.

The desired minimum condition is assessed on a building by building basis taking into account client (user) requirements. Not all buildings are proposed to be improved.

The desired minimum will be reviewed when the Draft Property Strategy is finalised.

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

The estimate is higher than the 2015 result due to movement in the condition rating for some key buildings. These buildings are included in the Long Term Financial Plan estimates for renewal in the next 2-3 years.

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
241	2.3	10	16	2.25

10.3.3. Asset Valuations

The Table 10.3.3 shows a summary of the financial position for the property portfolio.

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

- Financial accounting valuation – this is based on the replacement value of all buildings excluding investment properties which are based on market value. The Financial accounts also include assets leased to or by the City in some instances, for example, Queen Victoria Building, over which the City does not have day to day maintenance control.
- Current Replacement value (insurance value) for the entire portfolio – this is the cost actually incurred if the buildings under the City's control needed to be replaced as a whole and is generally what the property is insured for. This is the figure used in calculating the asset consumption and sustainability and does not include buildings not under the City's direct maintenance control e.g. Queen Victoria Building, Capitol Theatre.

The City has valued all building assets, including:

- Replacement (insurance) Value
- Market Value

- At a building components level - the functional aspects of the buildings being
 - Electrical Service
 - Exterior Works
 - External Fabric
 - Fire Services
 - Interior Finishes
 - Vertical Transport
 - Mechanical Services
 - Hydraulics

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

Full assessment of the impact of how the components will affect the assessment of asset consumption and how this could include investment property is under review. For the purposes of this plan the calculation of asset consumption is based on the building as a whole.

In conjunction with the scheduled Property Services tender the City is reviewing how condition assessments and maintenance requirements can be improved, recorded and reported.

Future revisions of this plan, will include the recommendations of the review.

TABLE 10.3.3 – Building Valuations

	Financial Valuation (\$M)	Written Down Value Finance (\$M)	Current Replacement Cost Insurance (\$M)	Average Annual Asset Consumption based on Insurance (\$M)
All Building Portfolios	1,378	785	1,501	21.5
Sydney Town Hall	448	93	572	2.9
TOTAL	1,826	879	2,073	24.4

Note 1: the Average Annual Asset Consumption for Sydney Town Hall is proportionally lower than general portfolio due to the long life (200 years) of the building

Note 2: the variation in the financial valuation compared to the replacement cost is attributed to the significant percentage of investment properties that are assessed at market value and the high cost of establishment and approvals that are required if a building was to be rebuilt, particularly heritage assets.

10.4. Maintenance, Renewal and Upgrade Plans

10.4.1. Renewal Plan

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

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

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

10.4.2. New Assets and Upgrade Plan

The Green Square Urban Renewal Project will result in substantial growth in population and corresponding increase in demand for new community facilities and local services. The City has committed significant funds to new assets including the Green Square Aquatic Centre (\$89 million), the Green Square Community Library (49 million) and the Green Square Creative Centre (\$18 million).

Community service demands have been assessed for the Local Government Area including Green Square Urban Renewal area. New assets required to meet future community growth will be acquired progressively in line with population growth, development and funding priorities. New community facilities may require sites to be acquired or existing sites redeveloped or with some services consolidated to deliver integrated community facilities.

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

Future revisions of this plan will reflect the ongoing acquisition and divestment of property assets as they arise.

10.4.3. Disposal Plan

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

Anticipated disposal 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 - Buildings

Year	Operational Expenditure (\$,000)	Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2010/11	17,258	15,895	18,135	10,144
2011/12	18,593	16,348	20,295	17,550
2012/13	21,147	18,494	30,075	18,153
2013/14	20,558	20,105	31,297	10,332
2014/15	20,808	18,525	21,771	18,425
AVERAGE	19,673	17,873	24,315	14,921

10.5. Financial Summary, Projections and Sustainability

10.5.1. Asset Consumption Costs for Property Portfolio

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

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

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

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

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

TABLE 10.5.1 – Example Property Portfolio Annual Average Asset Consumption – Indicative values only

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

Note: The replacement values shown are indicative only.

10.5.2. Long term – Lifecycle Cost based on Current Expenditure

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

TABLE 10.5.2 – Sustainability – Current

ALL BUILDINGS

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
61,907	61,860	+47

10.5.3. Medium term – 10 year financial planning period

The chart below shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Estimated Operational, Maintenance, Renewal or Replacement Costs). The second chart shows the upgrade/expansion proposed for the Property assets in the Long Term Financial Plan. The chart 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 2016 and 2019. These include building works in the Green Square Urban Renewal precinct and new community facilities across the local government area.

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

CHART 10.5.1 – Long Term Financial Plan – Maintenance Renewal and Replacement

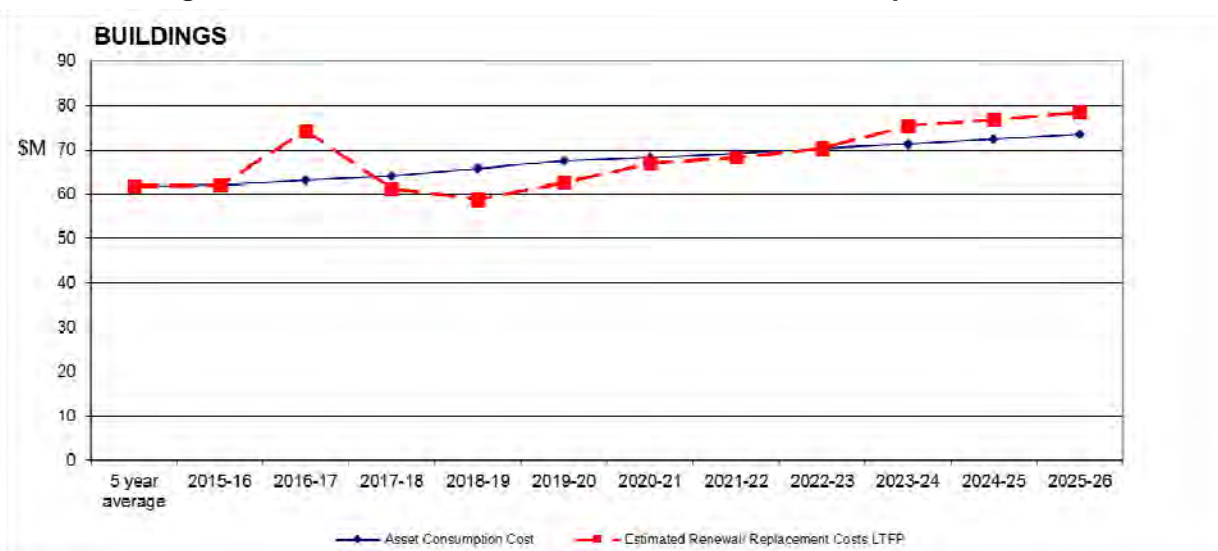


CHART 10.5.2 – Long Term Financial Plan – Upgrade/Expansion

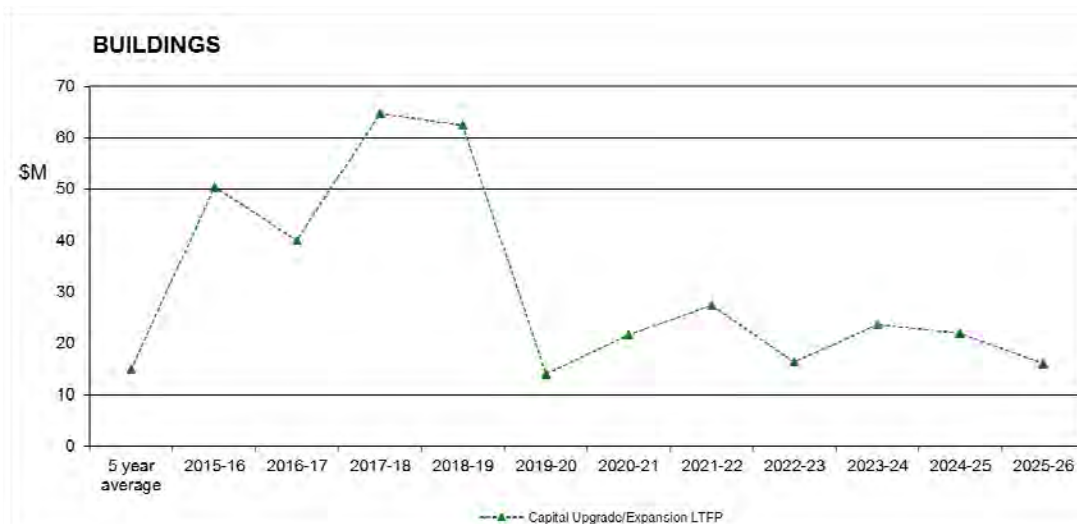


Table 10.5.3 below is an estimate of the Average Asset Consumption Costs and the Estimated Operational, Maintenance, Renewal and Replacement Costs and the Sustainability Index 10 year projection.

The estimate indicates that the City is budgeted to renew the Property assets at a sustainable rate over the next 10 years, is managing the assets effectively and addressing the maintenance and renewal requirements consistent with the Office of Local Government performance measures.

TABLE 10.5.3 – Sustainability – 10 Year Projection

Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
What we should be spending	What we are proposing to spend		<u>What we are proposing to spend</u> What we should be spending
68,048	68,712	+664	1.01



Prince Alfred Park Pool

11. Conclusion

The information contained in this Community Asset Management Plan shows that the City is providing adequate funding to sustain the critical infrastructure assets for the next 10 years and is managing the assets effectively and addressing renewal requirements consistent with the Office of Local Government performance measures.

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

Critical Asset Category	Average Asset Consumption Costs 10 Year Projection (\$,000)	Average Estimated Renewal and Replacement Costs 10 Year projection (\$,000)	Difference (\$,000)	Sustainability Index 10 Year Projection
	What we should be spending	What we are proposing to spend		<u>What we are proposing to spend</u> What we should be spending
Roads	27,574	28,236	+663 (2.4%)	1.02
Stormwater Drainage	4,652	4,720	+68 (1.5%)	1.02
Parks and Open Spaces And Trees	43,477	44,029	+552 (1.3%)	1.01
Property	68,048	68,712	+664 (1.0%)	1.01
Total	143,750	145,697	+1,947 (1.4%)	1.01

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

CHART 11.1 – Long Term Financial Plan – Maintenance, Renewal and Replacement

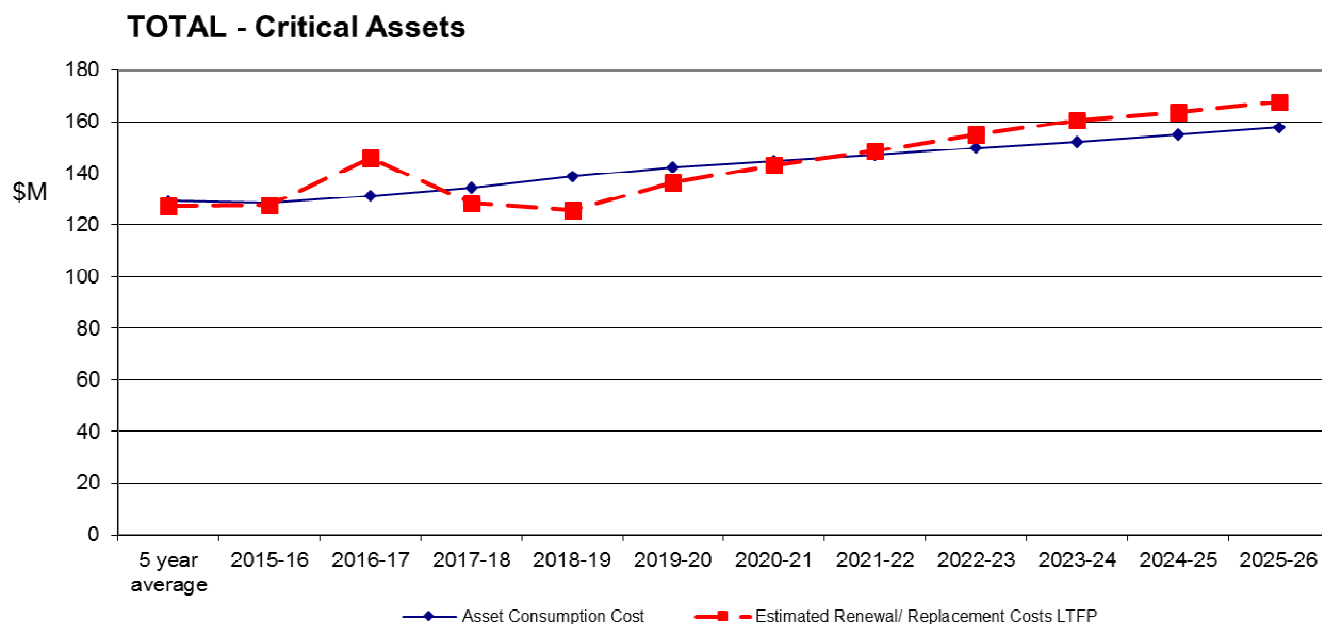


Chart 11.1 shows a dip in maintenance, renewal and replacement costs for the years 2018-2021 in relation to the estimate of how much should be spent. This is attributed to the substantial upgrade and expansion works during that period, particularly the Green Square Urban Renewal project and the City Transformation – Light Rail project, which has diverted funds from renewal projects.



Waterloo Community Centre

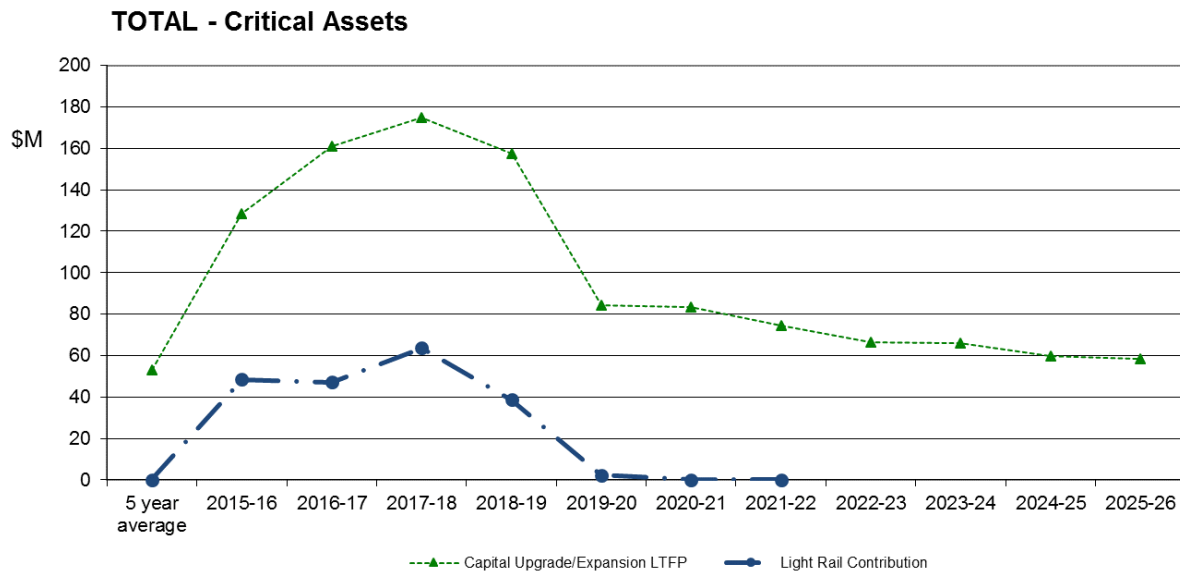
CHART 11.2 – Long Term Financial Plan – Upgrade/Expansion

Chart 11.2 includes the \$220M City Transformation – Light Rail project is shown as a separate item in recognition of its impact on the Long Term Financial Plan and the importance of the project to the City.

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



Tote Building, Green Square

12. Appendix 1

Asset Management Policy 2012

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 Community Strategic Plan 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 policy objectives and principles are consistent with Sustainable Sydney 2030 Community Strategic Plan, 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 Community Strategic Plan 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, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
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.
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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;
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.
- 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.

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 Community Strategic Plan, 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 2015



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1. Executive Summary

Serving more than one million residents, visitors and workers per day, our employees play an essential role in assisting the Council carry out its responsibilities on behalf of the community.

In diverse roles across the organisation, our people are delivering the exciting and ambitious Sustainable Sydney 2030 plan to make our city Green, Global and Connected, while continuing to provide the high-quality services that are valued by the community.

This Workforce Strategy 2015 plays an important role in resource planning over the next four years and beyond. With the needs of our community growing and evolving, delivering the right initiatives to build capability in our people is critical.

In line with the Integrated Planning and Reporting Guidelines, this workforce strategy summarises the work undertaken since the last four-year strategy, analyses new issues and trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next four years.

The City has developed and implemented a range of significant workforce and organisational development programs. These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.

The strategy builds upon this earlier work and takes account of the key influences related to:

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

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

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

Our six strategic priorities are:

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

To address these priorities, we have developed a series of key strategic deliverables for the next four years that we will report upon annually.

2. Background

Extending from Sydney Harbour at Rushcutters Bay to Glebe and Annandale in the west and from Sydney Park and Rosebery in the south to Centennial Park and Paddington in the east, the City of Sydney employs a wide range of people.

In diverse roles across the City, our people are achieving the exciting and ambitious Sustainable Sydney 2030 plan, while continuing to provide the high-quality services that are valued by the community.

In recognition that our employees are custodians of public trust and confidence, we are continuing to build a high-performance workforce with a value-based culture of collaboration, courage, integrity, innovation, quality and respect. We invest in the capability of our employees so that our workforce is able to fulfil our purpose – to Lead, Govern and Serve.

To achieve this, the City needs to work productively in partnership with the community, other levels of government and the private sector in order to meet increasing and evolving community expectations.

This Workforce Strategy 2015 plays an important part of our Resourcing Strategy over the next four years. With workforce costs making up over 50% of the City's annual operating budget, ensuring we are delivering the right initiatives to build capability in our people is crucial.

In line with the Integrated Planning and Reporting Guidelines set out by the Office of Local Government, this workforce strategy summarises the work undertaken since the last four-year strategy, analyses new trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next four years.



City of Sydney purpose and values



City of Sydney employees celebrate the 2015 Mardi Gras

What has led us to where we are today?

Rapid change has been underway at all levels of public service around the world, including the City of Sydney, from intergenerational working styles and the use of technology to the shift in the nature of the skills and roles required to service our community.

In order to achieve the goals of Sustainable Sydney 2030 and deliver our purpose to Lead, Govern and Serve, we need to build a workforce that is both capable and adaptable. This workforce must continue to maintain quality services and cater for a growing, evolving city and population.

The City of Sydney has recognised that it must operate as a high-performance, values-driven organisation. A high-performance organisation is one that is efficient, effective and ethical. To achieve this, we need to use and develop the full potential of our organisation, its people, resources and technology.

Over the last four years we have engaged our people in developing a detailed blueprint for the delivery of Sustainable Sydney 2030. We have ensured there is a common understanding and commitment to achieving these goals by involving our people in all aspects of transforming the city. We have also embedded a strong sense of purpose and a commitment to shared values.

Over the last four years, and based on our 2011 Workforce Strategy, the City has developed and implemented a range of significant workforce and organisational development programs.

These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.



The award-winning transformation of Sydney Park

Building employee capability

The City's Learning and Development curriculum offers our employees a range of programs to support their development.

The program builds new knowledge and skills and maintains the technical and professional expertise of our employees. Topics range from Cultural Awareness to Microsoft Excel, Driver Training to Finance Fundamentals. New programs include a Workplace English Language and Literacy Program to help workers meet their current and future employment and training needs.

Each year, the City supports around 6% of our employees to undertake higher education to acquire formal qualifications.

In addition to traditional classroom-based learning, the City has opportunities for 'on the job' experience, learning from others and on-line learning resources. We are guiding our people leaders to develop their employees through more effective coaching and mentoring.

Leadership and Management Capability Framework

YOURCITY



Sydney2030/Green/Global/Connected

Developing our leaders

Developing the leadership and management capability of our people leaders has been a key focus over the last four years. Development has been directed toward effective frontline management, performance conversations and coaching skills for managers, and developing high-performing teams.

Developed in 2013 in consultation with our managers, the City's Leadership and Management Capability Framework was launched in 2014. The framework describes the City's expectations of leaders at each level of the organisation across six elements:

- Operating Strategically
- Developing People and Culture
- Driving Results
- Displaying Awareness of Self and Others
- Cultivating Productive Relationships
- Managing Effectively.

The framework will support the following outcomes:

- More effective job design and improved workforce planning
- Improved capacity to identify and recruit the right people
- Aligned development opportunities that deliver on business goals
- A tool to provide feedback for successful performance and productivity.



*The City of Sydney's
ArtsReady trainees
2015*

Preparing for a future workforce

We have a number of programs in place to help us recruit new talent and attract a broad range of candidates. We also have programs to build on the skills and create new career paths for current employees. In this way, we are addressing current workforce needs and planning for future needs.

Aboriginal and Torres Strait Islander Traineeships

Run in partnership with Aboriginal Employment Strategy, an indigenous national recruitment company, this program gives Aboriginal and Torres Strait Islander students the opportunity to work for the City for two years while they complete school. The City is a proud supporter of this program and has been working with Aboriginal Employment Strategy since 2007.

ArtsReady Trainees

ArtsReady is a new traineeship program, run in partnership with non-profit organisation ArtsReady Australia, which gives school leavers the chance to gain paid work experience in the creative and cultural sector while completing a TAFE business certificate.

Graduates, Apprentices, Interns and Volunteers

The City is committed to developing entry-level positions in areas of skills shortage and where there is a high concentration of mature-aged employees. In partnership with universities, initiatives include a Graduate Program, Co-op Scholarships, International Interns, student planners and cadets. In 2014, we had seven apprentice positions.

We also recognise the significant contribution of volunteers within our community. Volunteers bring a wide range of skills, commitment and diversity providing services which may otherwise not be available to the City and community.

Future Leaders Program

The Future Leaders Program is part of the City's commitment to develop its leaders and targets employees who demonstrate leadership capacity. A cohort of high potential employees is offered this program and paired with a senior manager as their mentor.



City leaders at a managers' workshop

Redesigning our performance and development management process

In 2011, the City embarked on a review of performance and development management at the City with a view to improving the process for employees and managers. We redefined what performance means at the City – recognising that tangible results and behaviours linked to our values are important.

Developed in consultation with employees and managers, the City's revised approach to performance and development management:

- Sets clearer standards for performance and behaviours
- Encourages each employee to perform at their best while living our values
- Ensures an achievement and development focus centred on regular feedback throughout the year
- Recognises people who are performing well.

All 300 people managers have been trained in managing performance including having productive performance conversations and guiding team members in exploring development opportunities.

Introduced in 2012, a new salary progression scheme, linked to the performance management and development program, was implemented for all City of Sydney Award staff. The scheme aims to improve organisational performance by rewarding individual contribution.

Developing an employee recognition program to celebrate excellence

The Employee Recognition program recognises excellence in individual and team achievement. Awards are issued under the categories of Lead, Govern and Serve with a team award recognising excellence in 'collaboration', one of the City's core values. Launched in April 2014, the City-wide Employee Recognition Awards received 105 nominations.



City of Sydney CEO, Monica Barone, guest speaker and employees during a lunchtime briefing in Naidoc Week 2014

Supporting health and wellbeing

The City is committed to achieving best practice in workplace health, safety (WHS) and wellbeing and has a comprehensive program in place. Our work, health and safety strategy seeks to develop a strong safety culture where there are high levels of personal accountability and responsibility across the organisation. It has four key directions:

- Developing a stronger safety culture
- Driving effective workplace injury prevention programs
- Communicating openly and innovatively
- Building a psychologically resilient and healthy workplace.

The City's Health and Wellbeing program continues to target known health risks and includes flu vaccinations, hearing tests and free health checks on-site for depot staff. A stronger focus on mental health and wellbeing has commenced with mental health awareness training provided to all people managers.

Improving internal communication

Effective internal communication is critical if we are to achieve our business outcomes and help employees understand the link between their work and our common purpose to Lead, Govern and Serve our community.

An internal communications framework has been established to support the sharing of ideas and information, and encourage every employee to keep up-to-date with our current priorities. We use a mix of written

and face-to-face communication to distribute our messages and give our people an opportunity to get involved in our activities and programs, and have a say on matters which are of interest to them.

3. Looking to the future

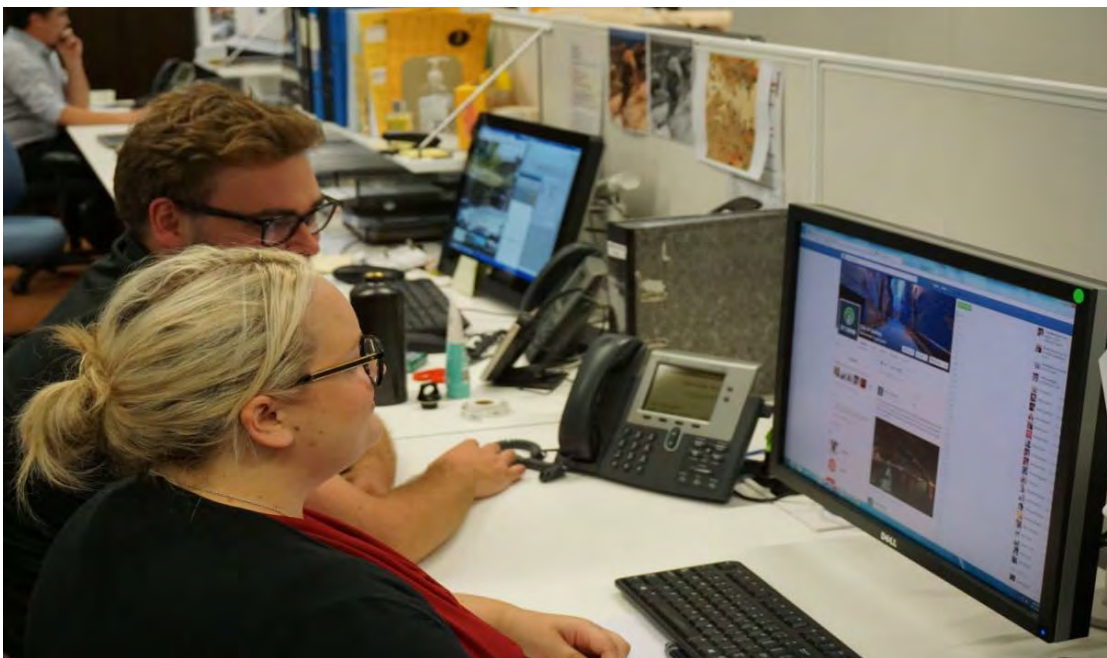
The City's strategic workforce priorities build upon our achievements to date and seek to maintain and develop our committed and capable workforce.

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

Across the globe and in Australia there are pronounced changes influencing the nature of work and the workforce of the future.

Significant trends include:

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



City employees interacting with the community via our Facebook page

The impact of technology

Key points:

- New jobs and roles are being created
- Technology is now part of the business strategy and customer experience
- Different generations have different expectations in terms of technology
- Technology is important for engagement, mobility and flexibility

The workforce is changing rapidly. Many of the jobs being created today did not exist five years ago. Much of this change is being shaped by digital technologies, enhanced cyber security, big data and the rise of social media. These elements are resulting in an evolution of new roles and capability requirements across many organisations.

Technology is increasingly a shared responsibility across organisations. New roles are emerging to coordinate marketing, customer service and IT, with a specific focus on the quality of customer experience. Effective partnerships between business units will be critical to the success of technology-led improvements.

Organisations are expanding their service delivery using digital channels. This requires many community and customer facing employees to have well developed technology capabilities.

Within organisations, technology has gone from being a work 'tool' to an 'enabler' of business strategy and customer experience.

Over the past five years the use of mobile devices such as tablets and smartphones has increased exponentially. While this growth has primarily been driven by consumer demand, mobile facilities are now seen as a vital tool for service delivery and field-based work.

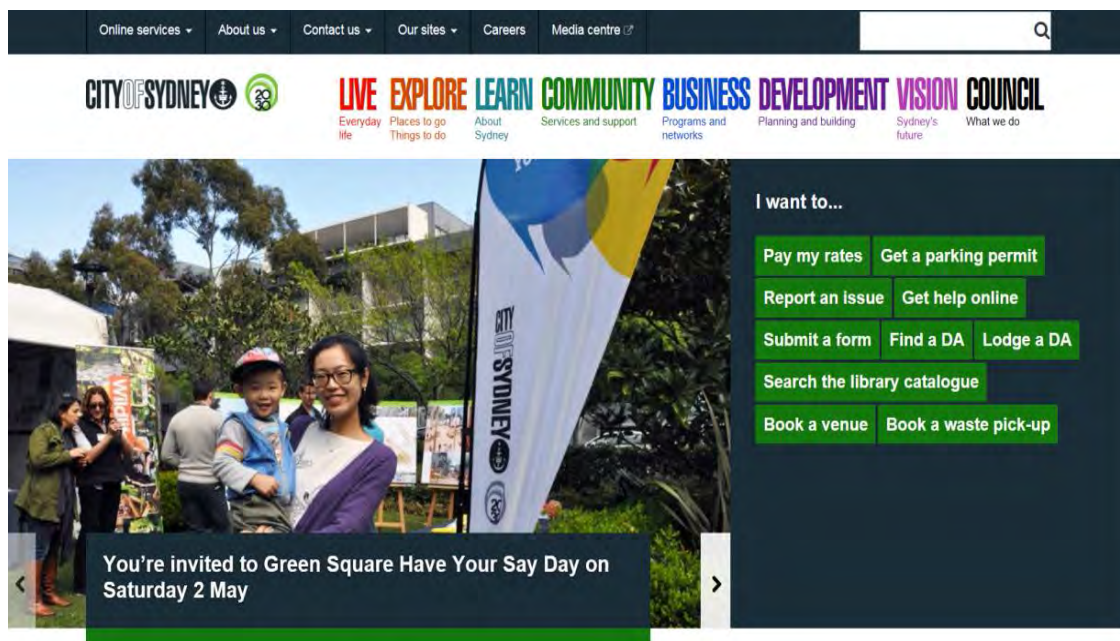
Employees' expectations have also changed. The expectation that technology used in the workplace be similar, if not the same, as that accessed in private life is no longer a desire but an expectation.

Initially led by millennials, but now adopted by Generation X, is the expectation of access to information from any device at any time. This presents both opportunities and challenges for employers as they seek to balance openness and autonomy with privacy and security.

Generational differences in communication preferences and modes of digital collaboration are becoming heightened. Almost all forms of work require some computer literacy, even if it is simply sending an email or searching an internal intranet site to locate a colleague's contact details.

Technology has changed what it means for employers to engage their workforce. From traditional face-to-face meetings, town halls and formal 'one way' communication, technologically-savvy leaders are now interacting with their employees in a 'two way' mode via blogs, discussion boards and web-enabled conferences.

Solis (2014), a leader in how digital capability is influencing today's workplace, states in recent research on the link between digital technology and employee engagement:



Connecting with our community via our online business services portal

Socially engaged companies are genuinely more open, communicative, and also open to listening and learning in real time. They are leading the way for a new social era of business transformation, where trust becomes a metric and relationships offer economic value. (Solis 2014, para.16)

The era of 'anytime, anywhere and on any device' is blurring the line between work and home. Personal and work time is increasingly blended and the concept of work as a 'place' is changing. Offices are being redesigned to create dynamic and flexible spaces. Across Australia, increasing numbers of employees of all ages are choosing flexible work arrangements including working remotely.

Many large organisations with technology-enabled flexible working practices are fast becoming employers of choice for mid-career and older workers, whose experience is still vital. Technology-enabled flexibility also plays a vital role in supporting greater female participation in the workforce.

Over the coming years the City will look to address the challenges and opportunities brought about through the impact of technology. Our next steps are outlined in our strategic priorities, later in this strategy.



The City's Meals on Wheels Volunteers

An older experienced workforce

Key points:

- Australia has an ageing population and the retirement age is increasing
- People are able and keen to work longer
- Employers are changing workplace policies and practices to accommodate mature age workers
- A multi-generational approach brings benefits

Like many nations around the world, Australia is experiencing a marked societal shift – one which will see Australians in the 55 to 70 age bracket number over 5 million by 2030 (Deloitte 2012b). This demographic trend will affect all aspects of society and the economy, including the workforce.

Governments are becoming concerned about the dependency ratio¹. According to the Australian Government's 2015 Intergenerational Report:

This trend is already visible, with the number of people aged between 15 and 64 for every person aged 65 and over having fallen from 7.3 people in 1974-75 to an estimated 4.5 people today. By 2054-55, this is projected to nearly halve again to 2.7 people. (Commonwealth of Australia 2015, p.viii)

¹ The dependency ratio refers to the number of people of traditional working age (15-64) for every person over 65.

The report shows the number of Australians aged 65 or over is projected to more than double by 2055. This brings new challenges for Australia including the need for older workers to learn new skills and work longer. In Australia workforce participation is expected to rise:

Participation rates among those aged 65 and over are projected to increase strongly, from 12.9 per cent in 2014-15 to 17.3 per cent in 2054-55. (Commonwealth of Australia 2015, p.ix)

The growth in the number of older Australians also provides opportunities for Australia. For example, research by Deloitte (2012a) shows that increasing the older workforce by 5 per cent would bring an extra \$48 billion annually to Australia's GDP.

According to the Hon. Susan Ryan AO, Age Discrimination Commissioner, to achieve these benefits we need to remove the barriers that prevent many older Australians from reaching their full potential in workplaces (Ryan 2014).

Encouraging workforce participation by older workers and increasing the retirement age are now government priorities.

The composition of the workforce in Australia is already changing. People are retiring at a later age. Economic uncertainty and volatility in the share market (the main source of income for middle-class retirees), combined with better health and the expansion of tertiary education, have seen the beginning of a trend toward people working longer.

Employers are developing plans to retain older workers and looking at new ways of attracting them. Tapping the full potential of older workers will become critical.

Companies are looking for ways to make the workplace age-friendly, especially with regard to physically demanding jobs, and are promoting health and fitness.

All this adds up to a future where the reality is a more diverse workforce. New thinking about the ageing demographic trend demands 'integrated ageing-management strategies', not just for employers, but also for public and private organisations delivering services to the community.

Rather than responding to an ageing workforce, employers are learning to manage a multi-generational workforce, to create a work environment that is flexible and attractive to workers of all ages and to build an employer brand that attracts and retains top talent.

Examples of approaches include:

- Addressing age diversity in recruitment policies
- Providing opportunities for employees of all ages to develop new skills and competencies
- Providing flexible work options
- Addressing age-related stigma
- Enhancing managers' ability to manage a diverse workforce.

The ageing workforce is a trend likely to bring about positive outcomes, not least because it will make the workplace more inclusive. Research on older workers and their engagement shows that at least one category of older workers choose to work because they want to, and therefore are highly engaged.

Over the coming years the City will look to address the challenges and opportunities brought about through an older workforce. Our next steps are outlined in our strategic priorities, later in this strategy.



The City of Sydney's end-off-trip facility helps employees stay fit and healthy

A healthy workplace as a driver of performance

Key points:

- Sedentary lifestyles, obesity and chronic disease prevalence is on the rise
- Psychological injuries are more costly than physical injuries for employers
- There is a growing understanding of the economic benefits of a healthy workforce
- Health and wellbeing programs are becoming an attractor for employers

There is growing evidence about the health challenges impacting the Australian workforce. With the Australian population ageing and the number of people leading a sedentary lifestyle and people classed as overweight increasing, chronic disease prevalence is on the rise.

Chronic disease can result in functional limitations and as a result, people with chronic disease may be limited in their ability to participate fully in the workforce. According to the Australian Institute of Health and Welfare (AIHW, 2009) the social and economic costs associated with absenteeism and lost productivity due to chronic conditions are key concerns.

The rise in obesity and people being overweight is having a significant effect, with over 4 million days lost from the workplace in 2001 being associated with obesity (AIHW 2005).

However, it is not just physical conditions and chronic illnesses that are impacting the workforce. Recent findings show that mental illness is one of the leading causes of sickness, absence and long-term work

incapacity in Australia and is one of the main health related reasons for reduced work performance (Harvey et al. 2014).

About 45% of Australian adults experience a mental illness at some point in their life, while one in five adults do so in any given year. *Heads up*, the national workplace initiative for mental health, estimates 6 million working days are lost each year due to untreated depression in Australia.

An analysis by PwC (2014) for Beyondblue and the National Mental Health Commission reports that mental health conditions cost Australian employers approximately \$10.9 billion per year due to absenteeism, presenteeism and compensation claims.

According to Dr Sam Harvey, a psychiatrist and researcher who has studied the results of the Australian National Health Surveys 2001-2011:

Mental illness now accounts for about 10% of all workers' compensation claims, yet those claims account for up a third of budgets. Psychological injury claims are far more expensive than physical injury claims, primarily because of longer recovery times. (Martin 2015, ABC Radio RN)

However, the actual prevalence of mental stress in workplaces is unknown and likely to be higher than reported in workers' compensation statistics, since not all employees apply for or receive compensation (Safe Work Australia 2013).

The good news is that recent analysis (PwC 2014) estimates that a positive return on investment of 2.3 is

possible through implementing effective actions to create a mentally healthy workplace. This means that every dollar spent on effective workplace mental health actions may generate \$2.30 in benefits to an organisation.

The business case for workplace health and wellness programs is growing as more employers and governments recognise that employee health is a major contributor to economic and social development.

However comprehensive workplace wellness programs in Australia are still rare. According to the Health and Productivity Institute of Australia in 2008 about 1,500 corporate and government employers across Australia provided health assessment and intervention programs, representing 3.6% of all Australian employees (PwC 2010).

While the City currently provides our employees with a comprehensive Health and Wellbeing program, our steps to strengthen this program are outlined later in this strategy.



The City's White Ribbon Ambassadors with representatives from White Ribbon and NSW Police

The need to attract talent and leverage diversity

Key points:

- Talent purchasing power has shifted
- Australian workplaces are becoming more diverse
- Organisations are looking for new ways to attract and retain people
- Aligned personal values and organisational purpose are a powerful driver

Since the global financial crisis, there has been a steady increase in what research refers to as a shift from West to East (Hay Group 2014). This shift has given employers in Asia more purchasing power to attract talent from around the globe, allowing people to move further and more frequently than ever before.

For Australia and more specifically Sydney, as a potential attractor of talent, this means the increasing need to compete with places like Singapore, Hong Kong and Indonesia. Where in the past global organisations made Sydney their regional hub, this is now changing.

Highly skilled professionals across Asia now have decades of experience working in Western organisations and are flexible in their style of delivery, commanding more influence in global organisations. The advantage of Asian time zones and lower cost bases for globally-run organisations means the previous appeal of Australia or Sydney specifically has diminished in favour of Manila and Singapore, which have an experienced professional population and English as their common language.

The shift from West to East also has benefits for Australia and its workforce. According to McCrindle Research, much of the change set to influence the future of the workplace:

...has come through our diverse and growing cultural mix. Currently 1 in 4 Australians weren't born here and the cultural diversity of the under 30s is even greater than that of the over 30s. (McCrindle Research n.d., p.8)

The cultural mix of Sydney is even more diverse, with 30% of all city residents speaking a language other than English at home. Most common amongst the over 30 languages spoken at home are Mandarin (5%), Cantonese (2%), Thai (2%), Indonesian (2%), and Korean (1.6%).

Relative to trends in the Greater Sydney area and Australia as a whole, there has been very strong growth in the proportion of city residents born overseas in recent years, with the percentage rising from 35% in 2006 to 42% in 2011.



City of Sydney
employees celebrate
Chinese New Year 2015

A richly diverse workforce has implications for the types of managers succeeding in today's workplace and that of the future. McCrindle state in their research:

The ideal manager is one who values communication and creates an environment of transparency and respect for their staff. (McCrindle Research n.d., p.10)

This concept of 'respect' is an increasingly important driver of a high-performing and committed workforce that is both equitable and diverse.

Organisations that build culture, leaders that foster inclusion and leverage diverse perspectives and have a strong sense of connection with the community they serve are becoming the most successful at attracting talented employees.

Australian employers such as Telstra, National Australia Bank and an increasing number of local governments have had increasing success in attracting a new profile of employee. These employers are promoting their workplace as a values-based institution standing out from their peers. Diversity and Inclusion initiatives are often at the heart of these programs.

Organisations that have introduced initiatives such as flexible work practices, gender equity programs, and disability and mental health awareness, are also providing a link between themselves as an employer and their broader role in the community.

Reconciliation Action Plans, White Ribbon and other values-based organisational development programs are also examples of ways organisations are helping employees find a connection between their personal

values and those of the organisation for which they choose to work.

The City's plans to attract key talent and leverage diversity will be outlined in our strategic priorities, later in this strategy.

4. Our Workforce



A Cleansing and Waste Officer keeping our streets clean

Our community at a glance

- The City serves more than one million residents, visitors and workers per day².
- Between 2009 and 2014, the City's population increased by nearly 12%. In contrast, the NSW population grew by only 6.6% over the same period³.
- Nearly half of the City's residents were born overseas, more than a third in a country where English is not the first language⁴.
- The predominant non-English language spoken at home is Mandarin, followed by Cantonese and Thai⁴.
- The City's Aboriginal and Torres Strait Islander community is one of our largest growing communities⁴.
- Almost half of the City's residents were aged between 18 and 34. The median age of City residents was 33 years⁴.

Our workforce at a glance⁵

- At 30 June 2014, there were 1,860 employees (continuing and fixed term).
- 60.6% of non-casual employees were male, compared to 39.4% female.
- 41.8% of employees performing managerial and supervisory roles were female.
- The median length of service was 7.0 years.
- The average age of employees was 45 years.
- 24.4% of employees are aged over 55 years old.
- 1.7% of employees identified as being a person of Aboriginal or Torres Strait Islander descent.
- 1.7% of employees reported that they had one or more limitations or restrictions associated with a disability.
- 17.7% of employees reported that they spoke a language other than English at home.

² This figure is an estimate from an amalgam of sources, including the ABS *Regional Population Growth, Australia 2013-14*, (Cat. No. 3218.0); ABS 2011 *Census of Population and Housing*; ABS *Tourist Accommodation, Small Area Data, NSW* (Cat. No. 8635.1.55.001); Tourism Research Australia, *Tourism Forecast*, Autumn 2014; and the City of Sydney Council *Floorspace and Employment Survey 2012*.

³ ABS *Regional Population Growth, Australia 2013-14*, (Cat. No. 3218.0).

⁴ ABS 2011 *Census of Population and Housing*.

⁵ These figures were sourced from the City's workforce profile data.



Winners of the City's
Employee Recognition
Awards 2014

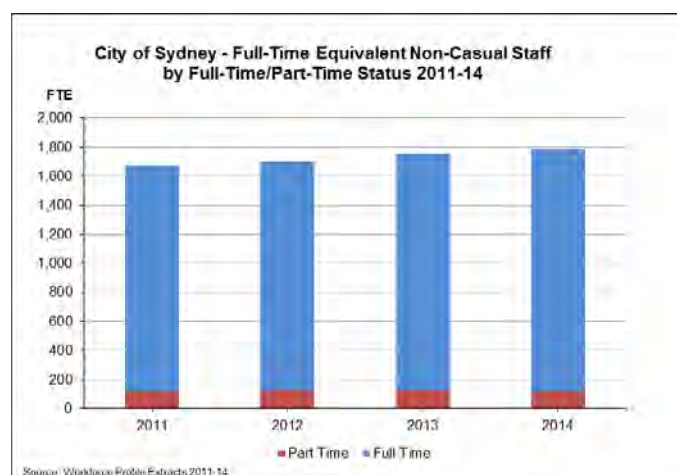
Workforce Composition

The City's workforce consists of people employed on a continuing, fixed-term and casual basis, supplemented from time to time with agency staff and volunteers. Contingent staff (casual employees, labour hire/agency staff and volunteers) meet fluctuating demand for major events such as New Year's Eve.

At 30 June 2014 there were 1,860 non-casual (continuing and fixed-term) employees⁶, of which 72.1% were employed on a continuing basis and 27.9% on a fixed-term basis, as well as 130 casual employees⁶. The 2014 non-casual headcount (1,860) was 1.6% above the 2013 headcount (1,830) and over the three years 2011 to 2014 the non-casual headcount increased by 6.3%.

The combined non-casual and casual employee headcount at 30 June 2014 was 1,990 consisting of 1,660 full-time (83.4%), 200 part-time (10.1%) and 130 casual employees (6.5%). In the 2013 ACELG Survey of Australian Local Government, these proportions were 56.8%, 24.3% and 18.9% respectively.

The City's non-casual full-time equivalence⁷ (FTE) at 30 June 2014 was 1,782.4 consisting of 1,660.0 FTE (resulting from 1,660 full-time employees) and 122.4 FTE (resulting from 200 part-time employees). The proportion of non-casual employees working part-time has remained stable over the past four years, ranging from 10.8% to 11.6%.



⁶ This figure is the actual employee headcount on the specified date.

⁷ Full-time equivalence (FTE) is calculated by dividing the number of hours actually worked by the number of hours worked by a full time employee, e.g. a staff member who works part-time 50% will be a 0.5 FTE.

Separations

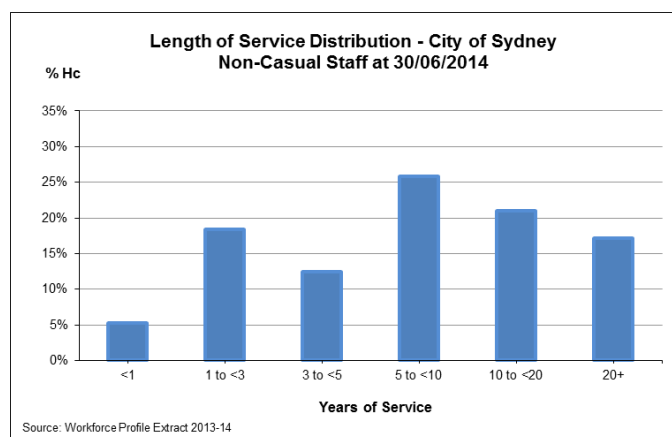
The voluntary separation rate (also known as the employee-initiated separation rate) for non-casual employees from the City during 2013/14 was 8.6%. This rate, which excludes completion of fixed-term appointments, has remained below 10% over each of the past four years, 2011 to 2014. For continuing employees the rate was 7.2% and 12.3% for fixed-term employees.

The separation rate for new employees, i.e. those that commenced during 2013/14 (also known as the new starter turnover rate) was 7.7%; this excluded completion of fixed-term appointments. Both the voluntary separation and the new starter turnover rates were below the 2014 averages for the Sydney Inner Councils' benchmarking peer group⁸ which were 8.9% and 10.1% respectively.

Length of service

The median length of service (LOS) of non-casual employees at the City on 30 June 2014 was 7.0 years with the longest serving period being 52 years. The median LOS varied from 8.0 years for continuing employees to 4.0 years for fixed-term employees; and also varied from 7.0 years for full-time employees to 6.0 years for part-time employees.

Overall, 23.6% of employees had less than three years of service and 36% had less than five years of service. In comparison, the median LOS in NSW public sector agencies in 2014 was 8.9 years.



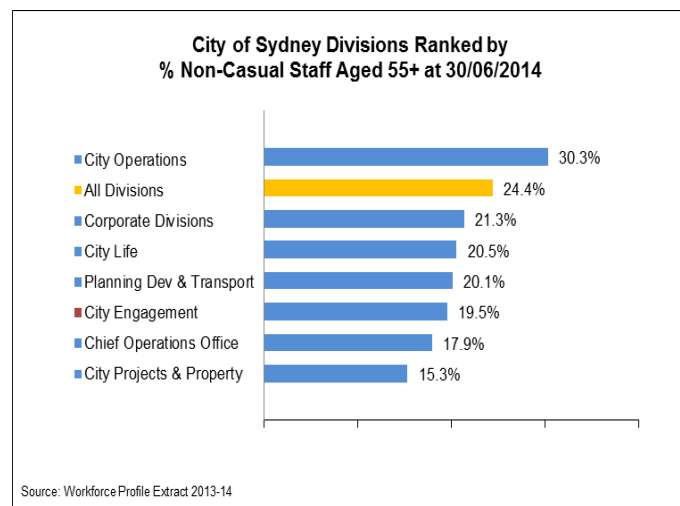
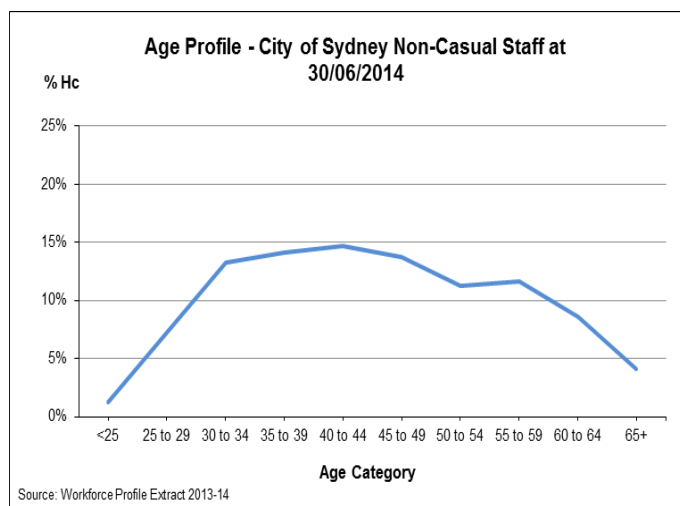
⁸ The City participates in the annual NSW Local Government HR Metrics Benchmarking program and is able to compare itself with groups such as the Sydney Inner Councils Group. This peer group consists of the following 20 Councils: Ashfield, Botany Bay, Burwood, Canada Bay, Canterbury, Hunters Hill, Hurstville, Kogarah, Lane Cove, Leichhardt, Manly, Marrickville, Mosman, North Sydney, Randwick, Strathfield, City of Sydney, Waverley, Willoughby and Woollahra.

Age

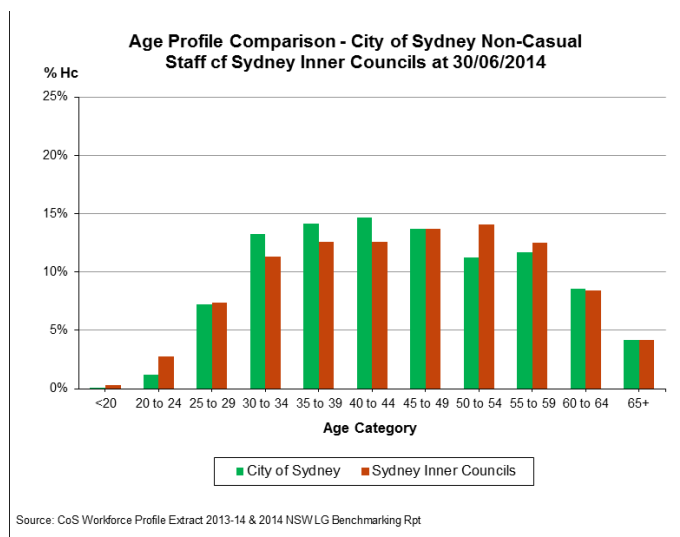
At 30 June 2014 the average age of non-casual employees was 45. The youngest employee was aged 18 and the oldest 76. Across our divisions the average age ranged from 42 (City Engagement) to 47 (City Operations).

The overall age profile for City of Sydney non-casual employees is relatively flat, especially in the 35 to the 59-year-old range, representing 42.5% of employees. In the under-35 group there were 21.8% of employees and 35.6% in the over 50s.

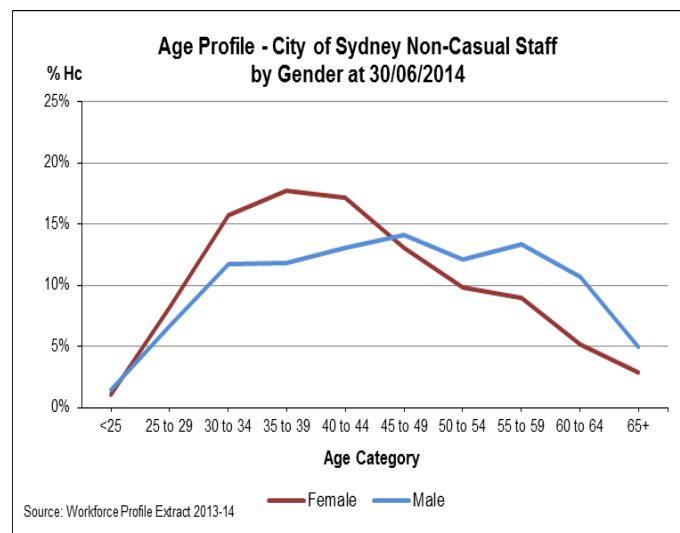
Overall, 24.4% of City of Sydney employees are over 55 years old. These are mainly concentrated in City Operations (30.3%). In comparison, 24.2% of employees in NSW public sector agencies were aged 55 years and over in June 2014.



The City of Sydney has a slightly younger age profile than that of the Sydney Inner Councils' benchmarking peer group. Most significantly, City of Sydney has 42.5% of employees aged 35 to 49, and 35.6% aged 50 and over, compared to 38.9% and 39.2% respectively for the Sydney Inner Councils as shown below.



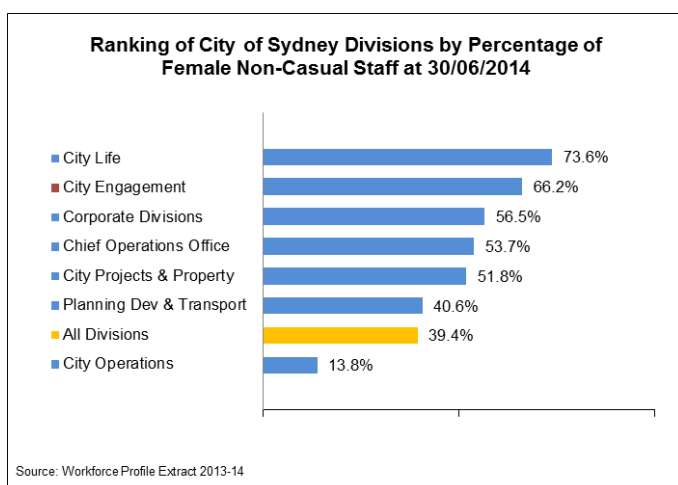
The age profiles for male and female non-casual staff at the City exhibit a notable difference. There are more female staff aged 50 or less (73.1%) compared to male staff (58.7%).



Gender

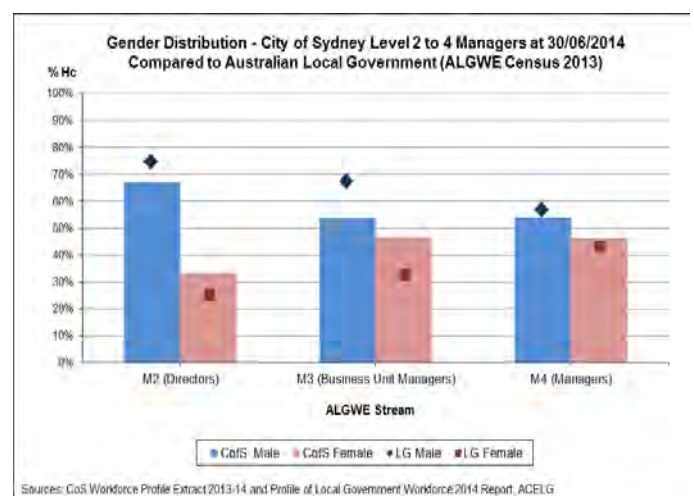
At 30 June 2014, 60.6% of non-casual employees at the City of Sydney were male, compared to 39.4% female. The percentage of female non-casual staff has been stable over the past four years, varying from 39.2% to 39.6%.

The percentage of female employees varies across the City's divisions. City Life division has the highest percentage of female non-casual employees (73.6%), followed by City Engagement (66.2%), then the corporate divisions (56.6%). City Operations is predominantly male, with 13.8% of employees female.



At 30 June 2014 the overall proportion of female employees performing managerial and supervisory roles at the City of Sydney was 41.8%, which was higher than the overall proportion of female employees (39.6%). The proportion of female employees at director level was 33.3%, at the business unit manager level it was 46.4% and at manager level it was 46.3%.

For each of these managerial levels, the proportion of female employees at the City of Sydney was higher than the proportions measured by the 2013 ACELG Survey of Australian Local Government. The City of Sydney had higher proportions of females compared to Australian Local Government for the director, business unit manager and manager levels by 8.0, 13.8 and 3.2 percentage points respectively.





City employees and community members celebrate NAIDOC Week 2014

Diversity and inclusion

Aboriginal and Torres Strait Islander employees

At 30 June 2014, 1.7% of the City's non-casual employees had identified as being a person of Aboriginal or Torres Strait Islander descent. This level has been stable for the past four years. In comparison the average for the Sydney Inner Councils' benchmarking peer group in 2014 was 1.3%.

The City Operations division has the highest percentage of non-casual Aboriginal and Torres Strait Islander staff (2.9%).

Employees with a disability

At 30 June 2014, 1.7% of the City's non-casual staff had one or more limitations or restrictions associated with a disability, even though this may not require an adjustment in the workplace. This level has been quite stable over the past four years. In comparison the average for the Sydney Inner Councils' benchmarking peer group in 2014 was 1.8%.

Culturally and linguistically diverse employees

At 30 June 2014, 17.7% of the City's non-casual staff spoke a language other than English at home. This level decreased slightly over the past four years from 20.9% in 2011. In comparison the average for the Sydney Inner Councils' benchmarking peer group in 2014 was 16.9%.

**City of Sydney Non-Casual Employees
Disability and Inclusion Statistics 2011-14**

	2011	2012	2013	2014
Aboriginal and Torres Strait Islander employees	2.1%	1.9%	1.6%	1.7%
Employees with a disability	1.9%	1.8%	1.7%	1.7%
Culturally and linguistically diverse employees	20.9%	19.2%	17.5%	17.7%

The City of Sydney, like all employers, must plan for the future by understanding its current workforce and determining how to remain relevant and connected with the community we serve.

Who are the people who choose to work for the City of Sydney?

Most of our employees choose to work at the City as they can see the positive impact of the work they do. A sense of accomplishment and an ability to make a difference for our community motivates them.

According to research on the City's employment brand (Engaged Associates 2010), the key issues when attracting candidates are:

- The people: dedicated, passionate, talented colleagues who are friendly, supportive and mutually respectful
- Autonomy and responsibility
- Variety and complexity that interests, challenges and develops
- Recognition and acknowledgement
- Worthwhile work with worthwhile results
- Job security
- Flexible work patterns and work/life balance.

The key factors driving retention are:

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

The City's ambitious plans offer meaningful and interesting opportunities. There are also significant challenges in responding to rapidly changing external circumstances, resulting in new and varied skills being required to meet the needs and expectations of the community.

The City of Sydney's Workforce Strategy recognises that people who work here need commitment, energy and flexibility. In return, our people need clarity in terms of how their personal goals align with organisational goals and priorities.

Where do the City of Sydney's employees live?

At 30 June 2014, an estimated⁹ 260 (14.0%) of non-casual employees lived within the City of Sydney Local Government Area (LGA). The heat map below shows the residential locations¹⁰ for our employees.



⁹ This figure is an estimate as six suburbs are partly within the City of Sydney LGA and records were assigned to either the City or a neighbouring LGA using a proportion based on publicly available spatial population data.

¹⁰ This heat map shows the distribution of employee residential locations across LGAs in the Sydney region and beyond. It was produced with employee residential suburb and postcode records (employee details and actual addresses were not used). The inner circles are within each LGA; the outer circles have been shifted, e.g. Newcastle, Blue Mountains, etc.



City employees and community members joining in on Ride to Work Day

Future of the City of Sydney Employee Heat Map

From its first year of creation, this data will be enhanced and analysed on an annual basis to assist with workforce planning and to assist in understanding:

- Why our employees choose to work for the City of Sydney when local government employment is available across NSW?
- Are there benefits in increased investment in flexibility and mobility initiatives in order to maintain key talent and experienced workers?
- Will the expansion of employment hubs across Greater Sydney influence employee separation among those looking to decrease travel time?

5. Our strategic priorities

In addition to review of key workforce trends and the analysis of our current workforce, business unit managers were consulted.

In early 2015, in line with the business planning cycle and as part of the research to assist in the development of this four-year strategy, all business unit managers were asked to complete a workforce action plan that identified the changes in the nature of work expected by their unit over the next four years.

The Workforce action plans asked business unit managers to identify the future capability needs of their workforce under the following criteria: people, process, systems, structure and culture.

Key themes emerging from these plans included:

- The City needs to continue (and accelerate) our ability to be productive, flexible and capable of community-focused improvement to meet the community's changing needs and changes in the future of work.
- The City's employees are our greatest resource. Their commitment provides a strong foundation for effectiveness and performance.

- Understanding the demographics of both the community we serve and our employees provides the City with challenges and opportunities.
- Improving our workforce planning capability will enable the City to identify future trends in workforce demand and supply.

Insights from these plans have guided the identification of the strategic goals.

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

Our six strategic priorities are:

1. Leverage our common purpose
2. Foster employee engagement and performance
3. Build an agile and skilled workforce
4. Apply a digital mindset
5. Develop our diverse and inclusive workplace
6. Strengthen our healthy workplace.



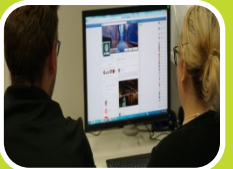
Leverage our common purpose



Foster employee engagement and performance



Build an agile and skilled workforce



Apply a digital mindset



Develop our diverse and inclusive workplace



Strengthen our healthy workplace



*City employees
celebrating excellence*

Leverage our common purpose

What and why?

Engaged employees whose personal values are aligned with their organisation's purpose are more likely to take an active interest in helping it succeed. These employees work hard to realise our core organisational priorities.

Outcome

We know that the City's determination to be Green, Global and Connected is a core reason that people from different sectors and locations choose to work for the City. The opportunity to make a difference to our community is a key attractor and strength for the City.

By promoting our purpose to Lead, Govern and Serve we leverage the commitment and discretionary effort of our people in achieving our core priorities.

Deliverables

- Continue to build and promote our Employee Value Proposition to attract and retain committed and skilled people
- Maintain and build employee awareness of the City's purpose and values
- Develop and communicate a clear line of sight between employee work and the goals of the City
- Strengthen forums to prioritise, coordinate and track completion of key initiatives.



City managers in a workshop

Foster employee engagement and performance

What and why?

Engaged employees are committed to the organisation's goals and values, willing to apply effort to improve the organisation's performance, and at the same time can enhance their own sense of achievement and wellbeing at work.

Evidence shows that employee engagement improves performance against business goals. Higher levels of engagement are strongly related to higher levels of innovation and engaged employees are more resilient to change. Organisations that develop leaders who communicate effectively have higher success rates in inspiring change and driving productivity.

Outcome

Leadership and management will help create an engaged organisation where employees see how their role benefits the customer or community they serve.

The City of Sydney will continue to focus on developing leadership and management capability across the organisation to help drive employee engagement and performance.

In creating a culture of communication in which managers and employees share common goals and work together, we are more likely to identify areas of potential improvement and work effectively together.

Deliverables

- Continue to leverage the commitment and insights from experienced employees to co-design our development tools, frameworks and programs
- Continue to build leadership and management capability at all leadership levels
- Design a new Learning and Development curriculum and implement a more flexible delivery approach
- Enhance opportunities for workplace flexibility and mobility, as key drivers for engagement
- Determine which core employee experiences create the greatest impact in engagement and performance.



City managers in a workshop exploring agility

Build an agile and skilled workforce

What and why?

An agile organisation operating with a clear strategic vision achieves productivity by staying close to the changing needs of its customers, and moving resources and adjusting priorities to meet these needs.

An agile workforce has:

- Strong frameworks for enhancing and developing new skills
- Comprehensive onboarding programs
- Empowered and responsible employees able to identify challenges and opportunities for improvement
- Managers capable of using data and customer experience to drive change and innovation.

Outcome

We need to improve our ability to be responsive, adaptive and flexible in how we provide services to our growing community.

By combining data analysis, evidence-based research and insights into customer experience, managers can drive community focused improvements and efficiencies.

By improving our workforce planning capability the City will have greater flexibility to meet changing needs.

Deliverables

- Develop workforce planning capability across the organisation
- Develop managers' analytical and problem-solving skills to drive improvement and innovation
- Define and build a manager on-boarding program to accelerate productivity
- Establish a skill enhancement framework to promote flexibility and development opportunities
- Develop a continuous improvement program tailored to the City.



Providing new services to the community through technology

Apply a digital mindset

What and why?

Technology has disrupted business and the nature of work is changing.

Traditional corporate tools such as intranets, human resources and finance systems are being joined by collaboration and social tools.

These tools are bringing new abilities and opportunities into organisations, allowing staff to connect and coordinate more effectively as well as be more productive in the field.

Outcome

A digital mindset will support the development of flexible work modes, mobile work delivery, customer experience improvements, and collaboration and communication tools.

By building organisational and employee capability in digital technologies we will be well placed to meet evolving community needs.

Deliverables

- Complete development and commence implementation of the digital strategy
- Apply a digital mindset when designing work practices and policies
- Develop and recruit for managers' skills in Technology and Information Management
- Coordinate mobile and flexible workforce initiatives
- Strengthen understanding and use of digital collaboration methods.



City employee serving the community at a Good Neighbourhood barbecue

Develop our diverse and inclusive workplace

What and why?

A workplace that values diversity and is free of discrimination is more productive:

- Greater employee satisfaction leads to improved productivity
- Reduced employee turnover cuts the cost of having to replace skilled and experienced people
- Harnessing diverse employee skills and perspectives increases creativity and innovation.

A reputation for respect, inclusion and diversity also enhances an employer's business and reputation.

Failure to take steps to prevent discrimination has serious legal and financial consequences.

Outcomes

A diverse workforce will be well placed to serve our diverse community. An inclusive workplace will harness employee skills and perspectives to increase collaboration and innovation.

By building diversity and inclusion awareness and capability, we will recruit and retain a workforce where employee differences are valued and seen as a positive point of difference.

Deliverables

- Embed the principles of diversity and inclusion in our recruitment, organisational learning, performance management and leadership programs
- Commence reporting on gender equity as part of an annual workforce planning and reporting process
- Develop and implement the workforce commitments within the City's Reconciliation Action Plan
- Introduce policies and programs to support mature aged workers who wish to stay in the workforce.



The City's Urban Ecology Coordinator at work



CityRangers on patrol

Strengthen our healthy workplace

What and why?

Workplace health and wellbeing programs can assist employees to prevent health issues, manage chronic conditions and manage the health effects of ageing.

According to UK think tank Engage for Success (2014), employees that described themselves as having "high wellbeing" were 35% more attached to their organisations.

A healthy workplace is no longer about simply preventing injury, although this is still a crucial outcome. Wellbeing programs are fast becoming an attractor for progressive employers.

Outcome

A healthy workplace will support productivity and can reduce costs due to sickness, injury or reduced performance.

By implementing a comprehensive health and wellbeing program, we can create a physically and psychologically healthy workplace.

Deliverables

- Continue to develop a strong safety culture across the organisation
- Promote the Health and Wellbeing program as part of the City's Employee Value Proposition
- Strengthen our focus on psycho-social health and resilience
- Support mature workers to maintain their health and wellbeing, particularly where wellbeing is vital for performance.

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Information, Communication and Technology Strategic Plan 2014



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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.

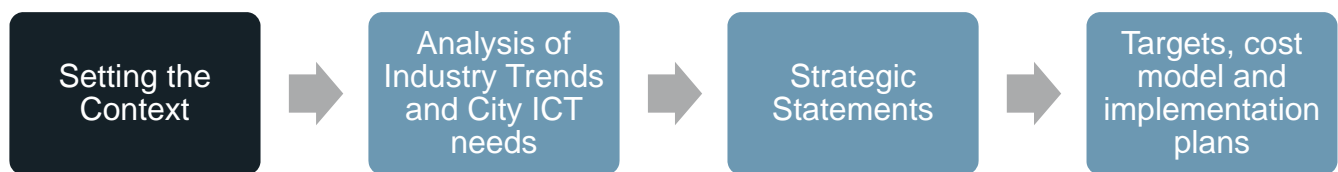
This plan proposes that the City establish a data centric approach to systems planning, design and management. This data centric approach focuses on increasing the utility and accuracy of data within business systems and minimising replication of similar data between systems which will minimise risks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

