




Resourcing Strategy 2018

Sydney2030/**Green/Global/Connected**

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1. Long Term Financial Plan..... LTFP 1
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Action Plan (2018 update) FFTF1

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
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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

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

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

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

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

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

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

Long Term Financial Plan (LFTP)

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

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

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

Asset Management Plan (AMP)

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

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

The City of Sydney is responsible for \$11 billion of infrastructure assets including land. The Asset Management Plan is the summary of the relevant strategies, plans and actions for the assets critical to our operation.

The City's Asset Management Planning framework includes:

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

Workforce Strategy (WS)

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

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

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

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

Our six strategic priorities are:

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

Information and Technology Strategic Plan (ITSP)

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

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

Community Engagement Framework

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

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

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

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

Common Challenges in the Resourcing Strategy

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

The major challenges for the City include the;

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

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

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

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

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

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

Fit for the Future Improvement Action Plan (Update)

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

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

Long Term Financial Plan 2018/19 to 2027/28

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1. Long Term Financial Plan - Introduction



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

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

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

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

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

In accordance with a Council resolution of December 2016, City staff have continued to identify additional initiatives to accelerate the implementation and progress achievement of the *Environmental Action Plan 2016-21*. The draft 2018/19 operating budget and subsequent four years of the Long Term Financial Plan make allowance above business as usual to support these accelerated actions.

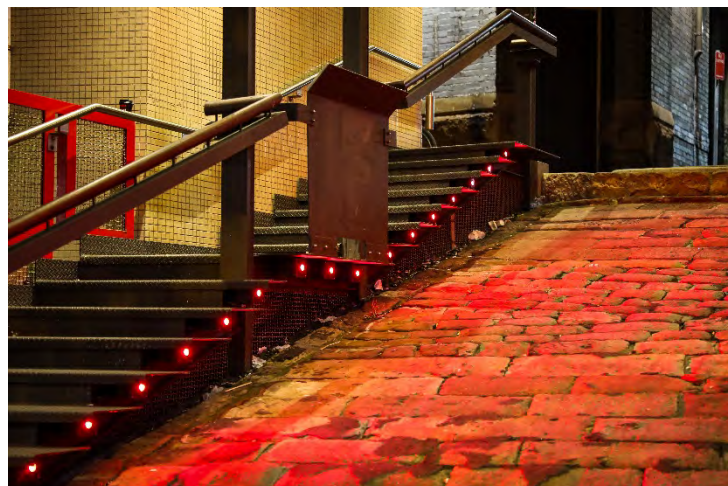
Initiatives include:

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

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

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

2. Current Financial State



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

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

Financial Sustainability

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

In their assessment of the City’s ‘Council Improvement Proposal’ as part of the NSW *Fit for the Future* program, the Independent Pricing and Review Tribunal (IPART) noted that the City “demonstrated it is a high performing council in the Sydney Region”, and that high financial performance was achieved whilst maintaining low residential rates.

The key principles driving the City’s long term planning include:

1. *Sustainable Sydney 2030* will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.
2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.
3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.
4. Agreed targets and outcomes incorporated into the City’s annual planning and budgeting processes.
5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.
6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.
7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.
8. Policies and procedures regularly reviewed to improve the City’s approach and respond to emerging needs and community expectations.
9. Regional, national and international engagement and partnerships to increase the City’s influence, scope and capacity.
10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.



No future amalgamations or boundary changes have been anticipated or modelled as part of this plan.

Property NSW and the City have continued to discuss the potential transfer of some Place Management NSW (the former Sydney Harbour Foreshore Authority) land and assets and associated maintenance services to the City. Council officers are seeking further information from Property NSW in order to develop an understanding of the full impact of acquiring such assets on our resourcing and operational capacity and the terms under which such assets would be transferred. The Long Term Financial Plan does not include any provision for owning, controlling, maintaining or operating assets and services currently controlled by Place Management NSW

Economic conditions

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

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

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

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

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

For a number of years, the market-driven rate of wages growth within the Local Government sector has comfortably outstripped both the CPI and Local Government Cost Index. The maximum allowable rate increase (as recommended 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 and restrictive scope for investment (per Ministerial Order) have impacted the City's return on investments held. Further, the financial position of the City is affected through adjustments to Council provisions, in part determined by reference to long term bond rates, and fixed asset revaluations. The City adopts conservative assumptions in financial projections, to mitigate the risk of economic fluctuations adversely affecting financial sustainability. 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, parts of Leichhardt City Council and the City of Sydney in 2004, the Council's average annual Operating Result has generally maintained a surplus in excess of \$100.0M. This consistent 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 2016-17 was \$515.7M, with \$402.2M 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. The City has long sustained a strong liquidity position, along with diversity in significant alternative income streams to supplement a substantial rating base.

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 \$107.9M contribution to trunk drainage works at Green Square urban renewal area (\$87.9M in the Green Square Town Centre, with a further \$20.0M earmarked for works in the Erskineville area), in partnership with Sydney Water (a state government agency).

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

3. Guiding Principles and Assumptions



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

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

Key principles employed in the financial planning and modelling 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 and efficient utilisation of funding sources to fund 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 business improvement programs incorporating customer feedback to ensure effectiveness and efficiency.

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

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

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



support Sustainable Sydney 2030 priority initiatives and projects. Both internal and external reserves are summarised in Section 5 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 2018/19 financial year budgets (as detailed in the Operational Plan, and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. As noted above, the budgeted Income Statement and Balance Sheet are taken to represent "business-as-usual" and income and expenditure are escalated over the ten years of the plan, where relevant, by an appropriate index.

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

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

- Increased capital income as a result of development activity in the Green Square precinct
- Capital Grants expected to be received – particularly for City cycleways

- Operational impact of new community facilities at Green Square and in the city's CBD
- Allowances for asset maintenance growth as a result of new infrastructure/facilities
- Ongoing expenditure impact of the high cost of administering the City's unique non-residential voting roll, and local government elections
- Adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.

The Capital Program is 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, via a sophisticated financial modelling tool, in order to arrive at what it considers to be the most realistic and balanced scenario. The attached schedules reflect the City's forecast position.

4. Financial Forecasts – Continuing Operations



Income from Continuing Operations

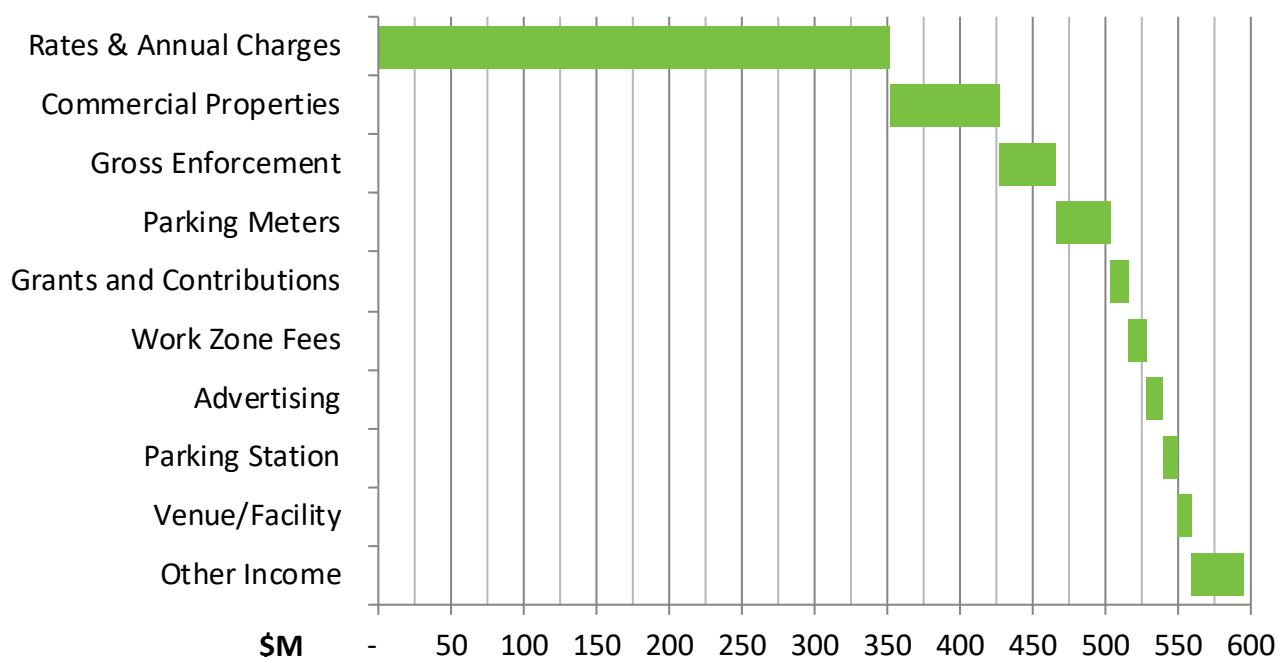
This section includes a review of the major sources of income received by the City, including explanatory information along with a discussion of the risks and assumptions.

The chart below illustrates the major distribution of the City's operating income sources, based upon the 2018/19 budget, a distribution that remains relatively stable over the life of the Plan.

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

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

Major Items of Operating Income* – 2018/19 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 rating categories being:

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

The City maintains minimum business and residential rates which are applied to property owners where rate in the dollar charge falls below a set amount. This is to ensure that all landowners make a reasonable contribution towards the services and facilities provided, which is particularly relevant given the number of strata property owners with relatively small proportionate land values within the City.

The City's annual rates income represents 43.7% of Income from Continuing Operations (as reflected in the schedules in section 7 of this plan). CBD business rates represent approximately 23.6%, other business rates 9.5% and residential rates 10.6%, of total income from continuing operations. The City's property distribution is not conducive to achieving an equitable unimproved land value based tax, with 76.0% 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 to the Local Government Minister 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 in most years.

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 City is looking closely at its rating path and the best way to equitably align its rating structure to service this growth. The City will continue to explore alternative rating models during 2018/19, and invite community feedback, to determine options that will improve the fair and equitable distribution of the rates burden for all of our ratepayers

The general allowable increase for 2018/19 has been set at 2.3%. IPART determined this rate peg with reference to the annual movement in the Local Government Cost Index. Beyond 2018/19, the City has estimated future average general rate increases of 2.5% p.a, allowing for IPART approved increases and development growth.



The City will continue to advocate for a more equitable and flexible rating system as part of a detailed submission to IPART. The Plan assumes a continuation of the current NSW rating system.

Following a court decision during 2017/18, land sites where residential accommodation was under construction, were required to be categorised as residential for rating purposes rather than categorised as business. This resulted in a loss of rates income in 2017/18 of \$11.7M. Under the Local Government Act (1993) the City is able to recover these funds in 2018/19 which has given a 'one-off' lift to rates income next year.

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 \$2.7M 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 \$47.3M for the 2018/19 financial year, including the gradual accumulation of a reserve providing funding for future waste treatment options, as outlined in the *Advanced Waste Treatment Master Plan: 2013-2030* and the forthcoming *Waste*

Strategy, due to be finalised early in the 2018/19 financial year. This is an important initiative to supplement Council's existing efforts to promote and provide recycling and green waste services to assist in the reduction of the total amount of waste being directed to landfill.

Stormwater Charges

The legislation also provides the City with the ability to collect a further \$2.0M each year to improve its stormwater networks. The charges remain at \$25 per residential property, \$12.50 per residential strata unit, and a pro rata rate of \$25 for every 350m² or part thereof for business properties. The funds raised from this charge are quarantined to improve the quality and quantity management of the City's stormwater network, over and above the existing works that are currently undertaken. 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 two EUAs with a combined outstanding balance of over \$2.6M. Further agreements are considered as applications are received.

Alternative Heritage Floorspace Scheme

The Central Sydney Planning Committee (CSPC) resolved on 17 March 2016 to establish an Alternative Heritage Floor Space (HFS) scheme. The scheme allows developers within Central Sydney to lodge bank guarantees with the City, in order to delay the deadline for the purchase of required HFS.

If, at the maturity date of the planning agreement, the developer has not purchased the required HFS, the bank guarantee/s become payable. In the event that the City redeems a bank guarantee for cash, the funds will be held as restricted cash, pending the identification of an appropriate avenue for disbursement.

Fees and Charges

Fees and user charges are derived from patrons of the City's facilities and services and organisations seeking to use the public domain. Fees and charges income

provides around 17% of the Council's Income From Continuing Operations.

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

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

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

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

Parking Income

Parking income is derived from the City's network of parking meters and two car parking stations located in Goulburn Street, in the Central Business District, and in Kings Cross. Total parking income makes up around 8% of the Income From Continuing Operations for the City.



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

Other Income

Commercial Property Income

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

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

Council has primarily invested within the 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. The City is investigating the granting of a long-term 'ground lease' over its three Oxford Street holdings, pending the outcome of a formal Expression of Interest (EOI) process in 2018/19. Any resultant changes to income and expenditure under such an arrangement remain uncertain, and have not been modelled in this Plan.

The City's accounting approach for tenancies under the City's Accommodation Grants Program (AGP) is to

recognise gross income (and corresponding gross expenditure). The equivalent commercial rate of rent for these properties is shown as income, with the reduction provided under the AGP recognised as a non-cash (or "in-kind") grant expense.

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

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

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

Enforcement Income

Enforcement income refers to the gross revenue generated from the Council's ordinance and parking enforcement activities in maintaining a safe city. In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD. Further parking enforcement responsibilities were transferred to



the City as a result of the 2004 Council amalgamation (with the former South Sydney City Council) and boundary transfer (with the former Leichhardt Municipal Council)

The gross income, being the value of fines issued, represents around 6% of the City's Income From Continuing Operations. After paying processing fees to the NSW Government's State Debt Recovery Office and deducting other operating costs 50% of the net income is remitted to the NSW Government (for CBD and former South Sydney zones), Council retains income equal to approximately 2% of Income from Continuing Operations.

The City utilises its enforcement resources to monitor parking and ordinance issues.

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 \$5.4M 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 "pause" in indexation of the FAG introduced in the 2014-15 Federal Budget was lifted in 2018, as agreed. The Long Term Financial Plan allows for notional annual increases in line with CPI. Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

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

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



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

Interest Income

The City invests funds that are surplus to its current needs in accordance with the approved "Minister's Orders" and its own Investment Policy and Strategy, which is reviewed annually and approved by Council. The City's *Investment Policy and Strategy for the Management of Surplus Funds* was last endorsed by Council in October 2017. It again reflects a prudent and conservative approach, to achieve reasonable returns ensuring the safeguard of the City's funds for the purposes intended, whilst giving preference to Socially Responsible Investments (SRIs).

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

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

Capital Income

Developer Contributions

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

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

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

Effective from 1 July 2016, the City's Section 7.11 (94) Plan – the *City of Sydney Development Contributions Plan 2015* – reflects updated population and development projections, and an updated list of essential infrastructure and facilities. The plan incorporates the entire local government area (excluding Central Sydney), replacing Ultimo Pyrmont Section 94 Plan (1994) and the City of Sydney Development Contributions Plan (2006).

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



created. This cap has not been subject to indexation since its inception, representing a decline in real terms. The cap, combined with the financial pressures associated with rate pegging, significantly constrain the City's ability to fund its capital program. As a result of the contributions cap, it is anticipated that a new Section 7.11 (94) plan will not significantly alter existing contributions rates for most new dwellings.

Development 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 development contribution 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.

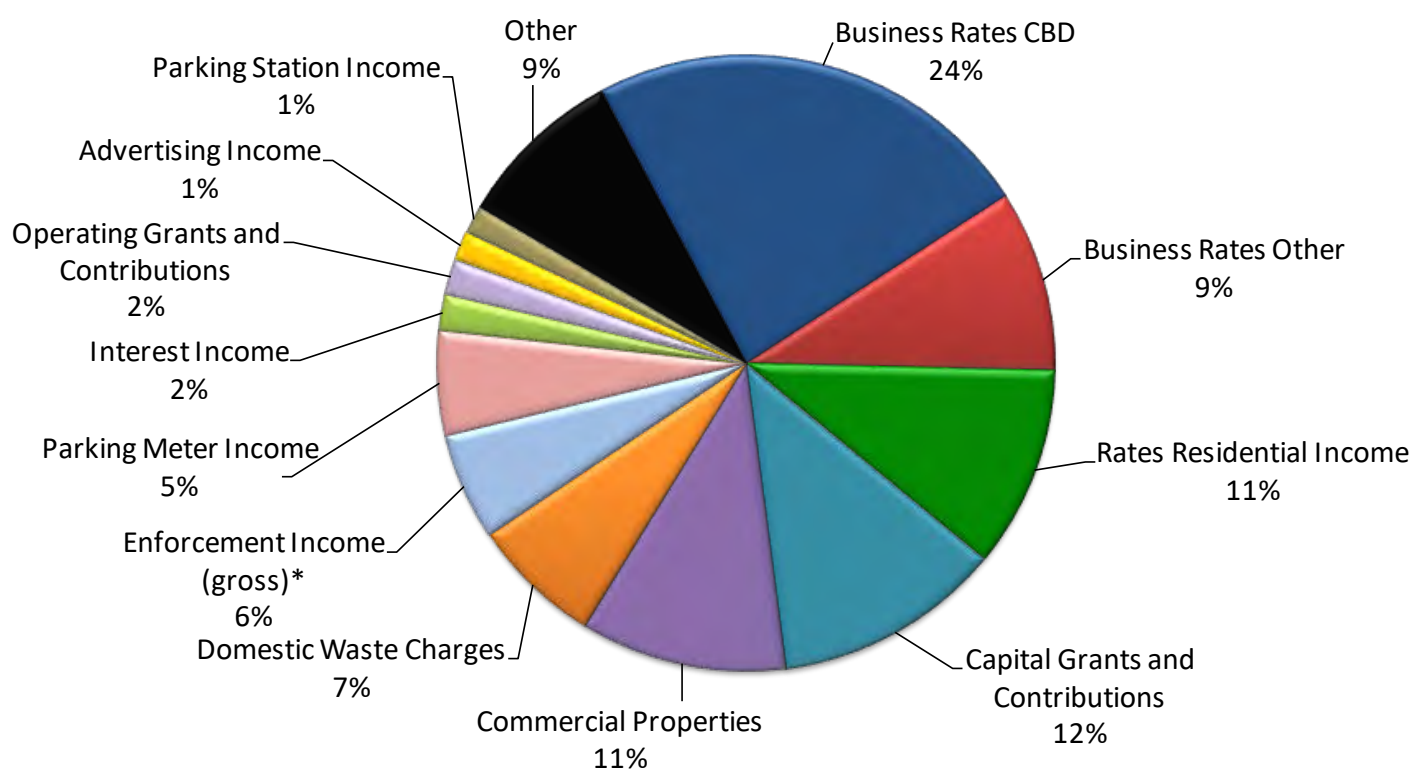
A number of proposed projects over the next ten years will require significant additional sources of funding for the projects to progress. Each of these projects is assessed, and where the funding sources are known, included in the long term financial plan.

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.

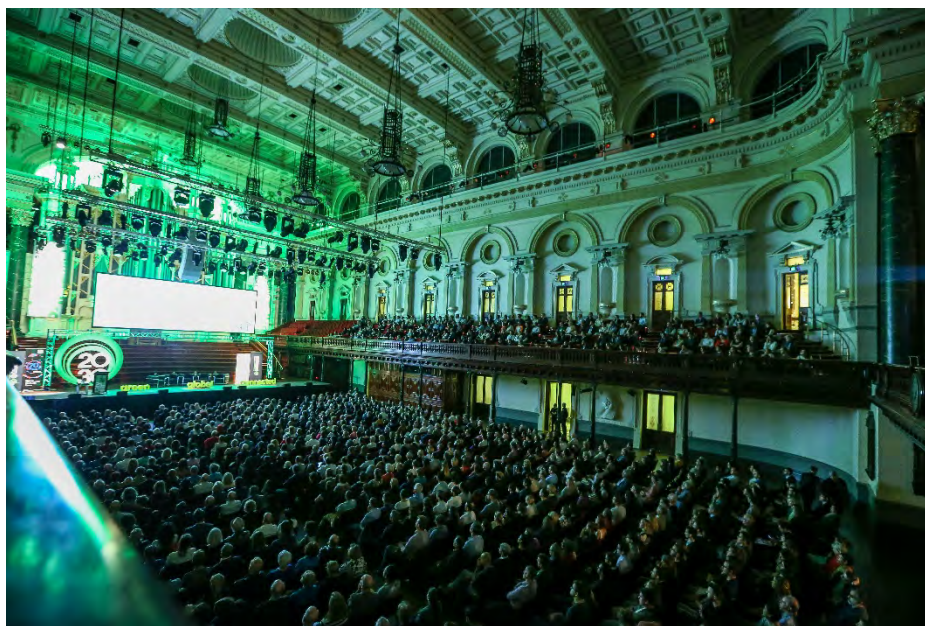
A significant allowance has been made for anticipated grants from NSW Roads and Maritime Services (RMS), towards the construction of new cycleways, consistent with the NSW Government's *City Access Strategy*. This is further detailed in section 5 of this Plan.



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



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



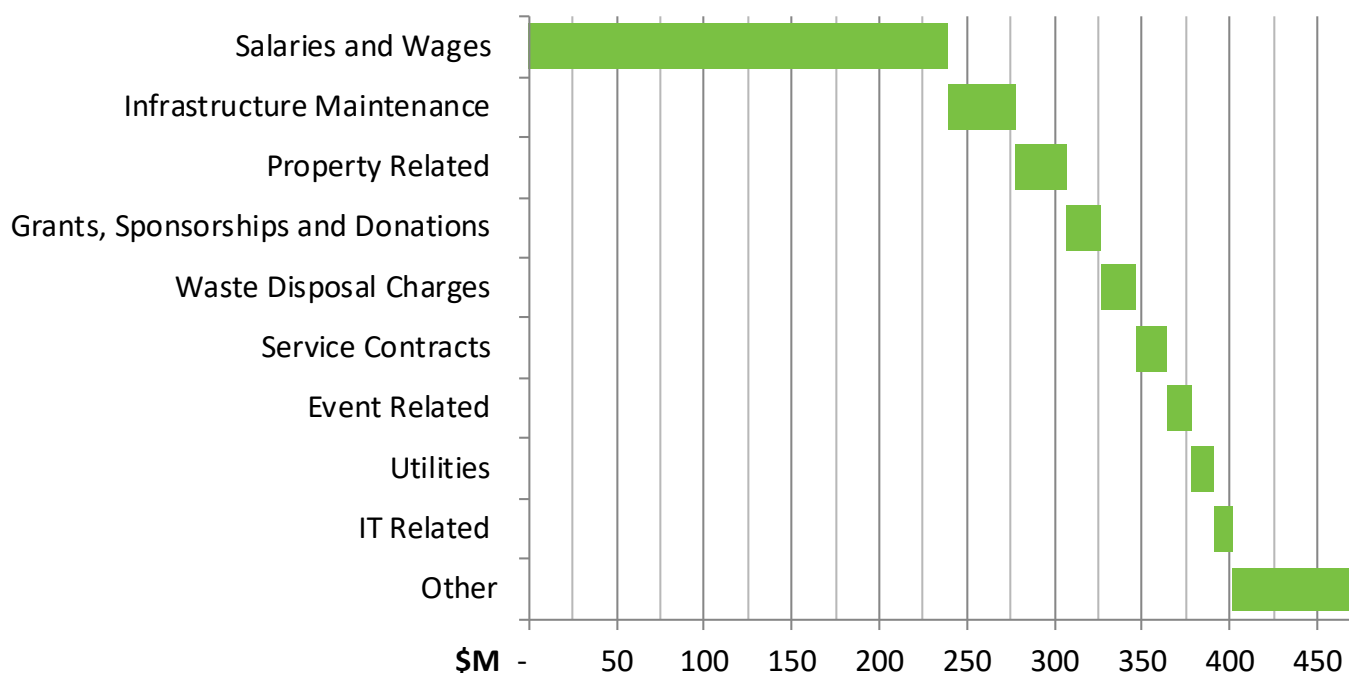
Expenses from Continuing Operations

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

The chart below illustrates the major distribution of the City's operating expenditure sources, based upon the draft 2018/19 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* – 2018/19 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 1,940 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 approximately 51% of the City’s total operational expenditure (excluding depreciation and light rail contribution expenses), rising from approximately 45% in 2004/05, therefore warranting specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

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

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

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

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

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

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

Materials and Contracts

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

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

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



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

Other Expenditure

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

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

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

been successful at managing these events within the overall budget framework for major events. Programming is reviewed annually to ensure adequate funding has been allocated for specific events. The increasing cost of security measures for events has also been factored in to the plan

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 charging around \$1.2M for the cost of running the local government elections every four years. The plan allows for elections in 2020 and 2024. The 2016 City of Sydney



Local Government elections cost approximately \$1.1M, excluding City staff resources.

The *City of Sydney Amendment (Elections) Bill 2014* passed by the NSW parliament in 2014, requires the City to administer a roll of business voters within the LGA, for the purposes of compulsory voting. The City's 2018/19 budget includes \$1.1M for the Council Elections Unit (established in 2015/16 financial year to address the onerous compliance requirements of the legislation).

State Government Levies

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

The City contributes in excess of \$14.0M 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 \$7.5M annually)
- Fire & Emergency Services Levy (FESL) assigned to each council in NSW based to partially fund metropolitan and rural fire services (\$4.1M annually)
- Parking Space Levy which applies to commercial car parking spaces within the CBD (\$2.0M annually)
- Contributions to the Sydney Region Development Fund managed by the Department of Planning and Environment (\$0.6M annually).

The Waste and Environment Services Levy has historically increased at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2018/19 it is anticipated to again rise, although in line with CPI only. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge, as required by legislation.

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

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

Parking Enforcement Agreement

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

The City expects to return around \$4.5M annually to the State Government as per the agreement in 2018/19. 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 \$5.0M for the processing of infringement notices.

Asset and Infrastructure Maintenance

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

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

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

Depreciation

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

Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class. Depreciation is not influenced by other factors such as CPI and will only

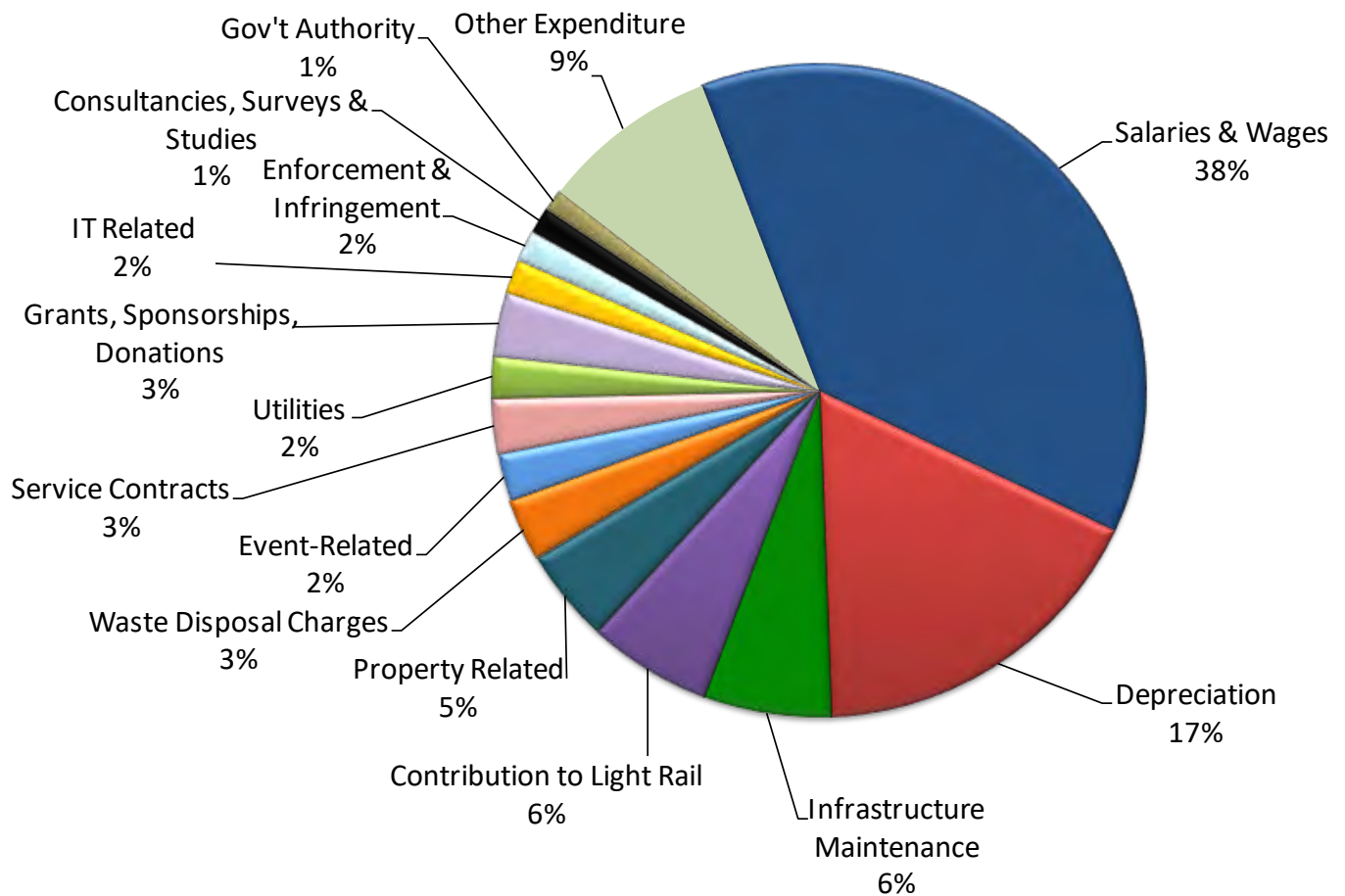
change if asset values or useful lives vary, or assets are acquired or divested. NSW Office of Local Government guidelines require that all assets are revalued to "fair value" within a five year cycle.

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

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

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

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



5. Financial Forecasts – Capital and Assets



Capital Works Expenditure

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

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

Asset and Infrastructure Renewal and Upgrade

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

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

Capital Works Program

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

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

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

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

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

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

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



Significant Projects (>\$20M Total Budget)

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 \$14.8M of funding towards related future public domain works over the ten years of the Plan.

Childcare Centres

The City's commitment to fast-track the delivery of new childcare centres has delivered four new City-owned childcare centres to date. Further funding has been set aside in the future to assist in meeting the growing demand for childcare places within the LGA. Future opportunities continue to be assessed by the City.

Chinatown Public Domain – Program of Works

Continuing a long-running program of staged works in Chinatown, the Plan includes a further \$13.2M of funding from 2018/19 to 2024/25, to further enhance the amenity of public domain in the Chinatown precinct of the CBD.

Erskineville 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 2020/21 financial year. As the final design and procurement method for the works are determined a more accurate budget will be established.

Green Infrastructure

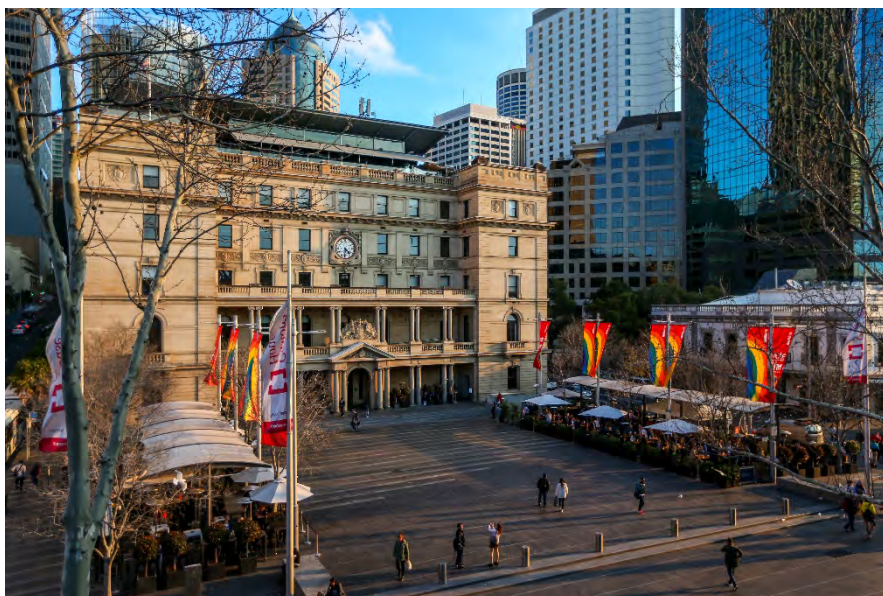
The City has set aside funds towards the feasibility, design and construction of a range of infrastructure projects such as trigeneration or cogeneration projects, light emitting diode (LED) public domain lighting, photovoltaic solar (and other renewable) energy projects, a waste to energy facility, 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 \$272.5M 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 \$25.5M, plus additional expenditure related to acquisition of new open space as opportunities arise. The overall capital project delivery has been divided into major project groups, reflecting the nature of infrastructure and facilities to be delivered, and allowing better planning. Approximately 88% 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 occurring in the financial years 2017/18 to 2020/21. The size and timing of this project, when combined with the light rail contribution of \$220.0M, has a significant impact on the projected cash balances of the Council.



of the Drying Green and Dyuralya Square within the Green Square Town Centre and surrounds.

Green Square Library and Plaza

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

Green Square Streets and Drainage

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

These works will be partially funded from development 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 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.



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 construction will begin in earnest in 2018/19.

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



It is envisaged that the construction of the drainage will be completed during the 2018/19 financial year.

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 due for completion early in the 2018/19 financial year, capital works providing further new parkland to the existing 14 hectares of public space on the border of Glebe and Annandale are likewise due for completion in the near future. The works will include wetland improvements, paths and boardwalks, play area upgrades, skate facilities and additional recreation space.

Light Rail Contribution

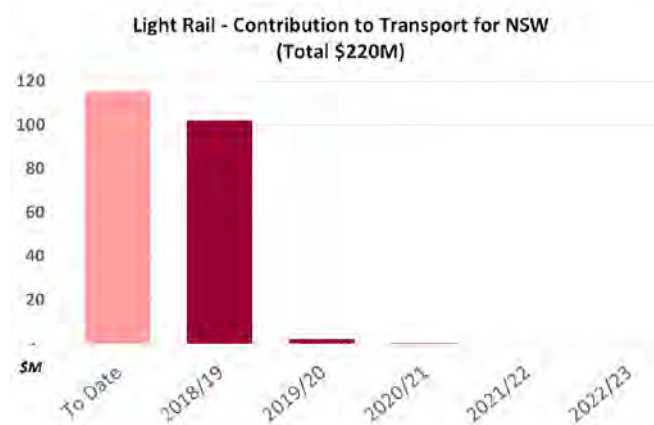
The City has been working with the State Government, over a number of years, to assess the feasibility of improving public access and transport through the city centre district. Works to deliver the project have are well advanced.

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 3 contribution instalments, totalling \$115.3M, 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.





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 augmented 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 has delivered, funded by the City, cycleways in Liverpool and Castlereagh 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 240 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 assigned to specific projects. Renewal of community and recreational facilities is forecast to meet the requirements identified in the Asset Management Strategy, over the ten years of the Plan.

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

Infrastructure – Roads, Bridges and Footways

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



Open Space, Parks and Trees

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

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

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

Public Art

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

Public Domain

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

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

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

The public domain category of works includes:

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

Stormwater Drainage

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

Prioritisation of Projects

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



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

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

Timing

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

Capacity

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

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

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

Future Capital Works Program

The City's long term financial plan, as these major initiatives are completed within the next ten years, demonstrates the City's intention to return to a long term average capital works program of around \$120 -130M per annum.

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

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

Plant and Assets (incl. ICT Projects)

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

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

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



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

Property Strategy - Acquisition and Divestments

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

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

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

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

Cash (Funding) Forecasts

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

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

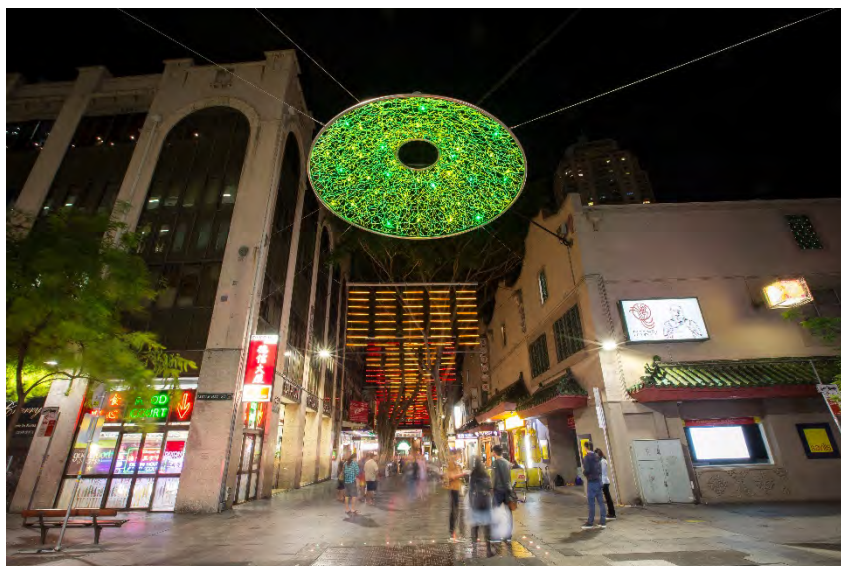
The ratio of current vs non-current cash and investments as at 2017/18 is assumed to be consistent throughout the plan, with minor adjustments made where required by timing of expenditure and required cash restriction balances.

Cash Restrictions

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

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

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



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

External Restrictions:

Development Contributions – 100% of cash Developer Contributions levied under Section 7.11 (94), Section 61, Bonus Floor Space scheme and Voluntary Planning Agreements (including the Developer Rights Scheme for Green Square Town Centre) received but not yet expended in accordance with the applicable deed or contributions plan.

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

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

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

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

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

Internal Restrictions:

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

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

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

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

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

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

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

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



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

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

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

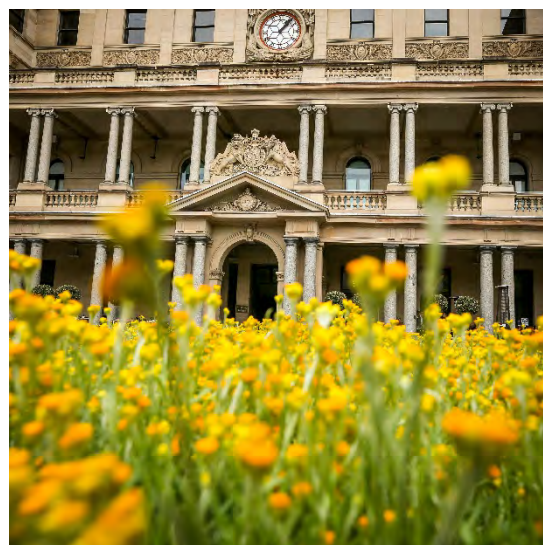
Infrastructure Contingency – Monies are restricted for the immediate funding of urgent and expensive rectification of historic buildings and ageing infrastructure (e.g. Sydney Town Hall, stormwater works).

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

Alternative Heritage Floor Space – Monies received through the redemption of bank guarantees provided under the Alternative Heritage Floor Space scheme will be restricted, pending the identification of an appropriate option for their disbursement.

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

6. Financial Performance Targets



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

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

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

Key Performance Measures

As outlined in section 3 above, seven financial performance measures were utilised as criteria for the Fit for the Future program. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies. With the exception of the Infrastructure Backlog Ratio, which is a snapshot by year, each ratio reflects a 3 year average up to the year shown, commencing with 2018/19. Additional detail on projected performance against these ratios is included with the schedules in Section 8 of this Plan.

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

Sustainability

Operating Performance Ratio (Benchmark: greater than 0%)

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

Projected performance:

2018-19	2021-22	2024-25	2027-28
3.35%	0.61%	0.59%	0.38%

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:

2018-19	2021-22	2024-25	2027-28
83.34%	90.03%	92.17%	92.49%

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:

2018-19	2021-22	2024-25	2027-28
82.67%	102.68%	104.86%	105.51%

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

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

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

Infrastructure and Service Management

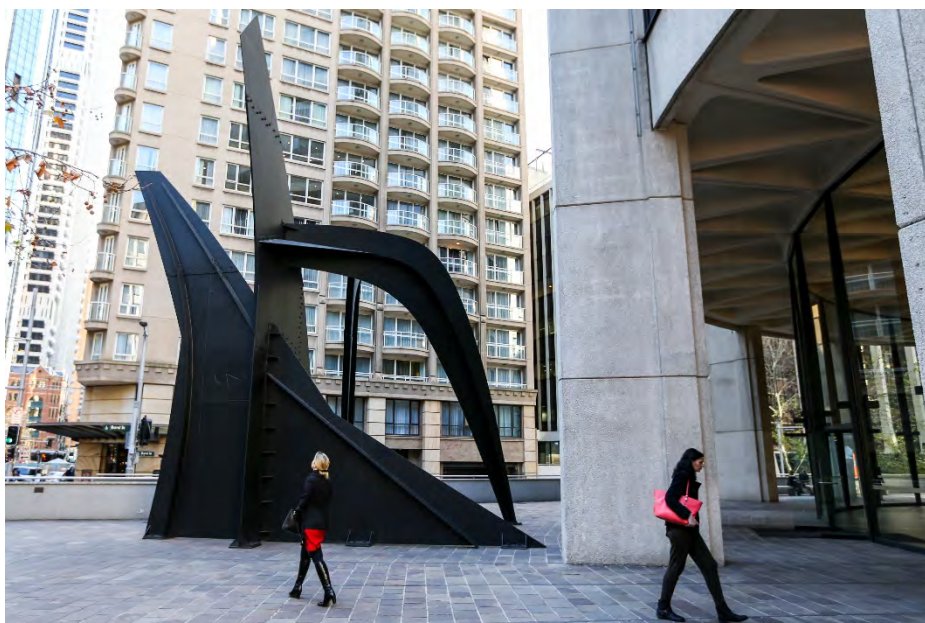
Infrastructure Backlog Ratio (Benchmark: less than 2%)

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:

2018-19	2021-22	2024-25	2027-28
3.77%	3.02%	2.58%	2.29%

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



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

Asset Maintenance Ratio

(Benchmark: greater than 100%)

The extent to which a council is adequately maintaining its building and infrastructure asset base is measured by expressing actual (planned) maintenance as a proportion of the “required” maintenance expenditure. A ratio result of greater than 100% will indicate the 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:

2018-19	2021-22	2024-25	2027-28
105.61%	105.33%	102.92%	101.09%

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:

2018-19	2021-22	2024-25	2027-28
0.00%	0.00%	0.00%	0.00%

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

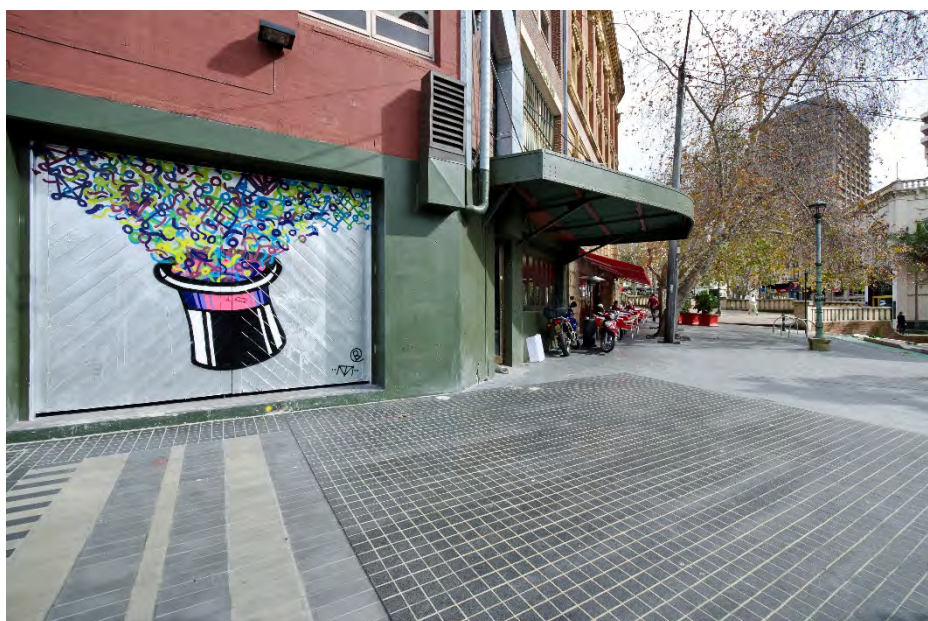
Should circumstances change over the life of the Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term.

Efficiency

Real Operating Expenditure per Capita

(Benchmark: Declining over time)

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



Projected performance:

2018-19	2021-22	2024-25	2027-28
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) in excess of 1.2 million.

Other Key Performance Indicators

Operating Surplus

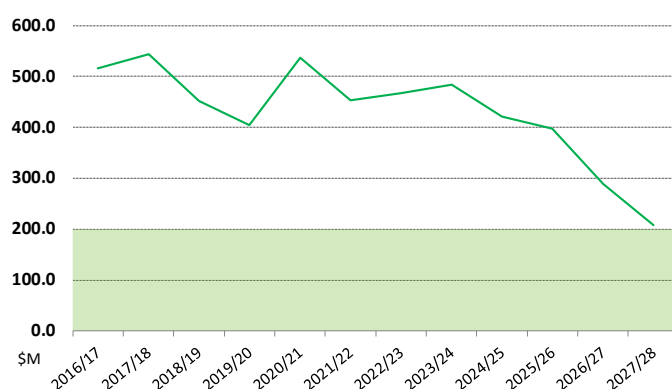
The City is targeting an Operational Surplus (excluding interest earnings and depreciation expense) of \$125.6M for 2018/19 which is achievable and aligns with current performance levels. Along with interest earnings and capital contributions, this will generate funding of around \$210.0M in 2018/19, to be utilised in funding the forecast capital expenditure and asset acquisition programs. Longer term trends will see annual Operational Surpluses of \$111.2 or more, with internally generated capital funding in the order of \$175.0M annually.

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

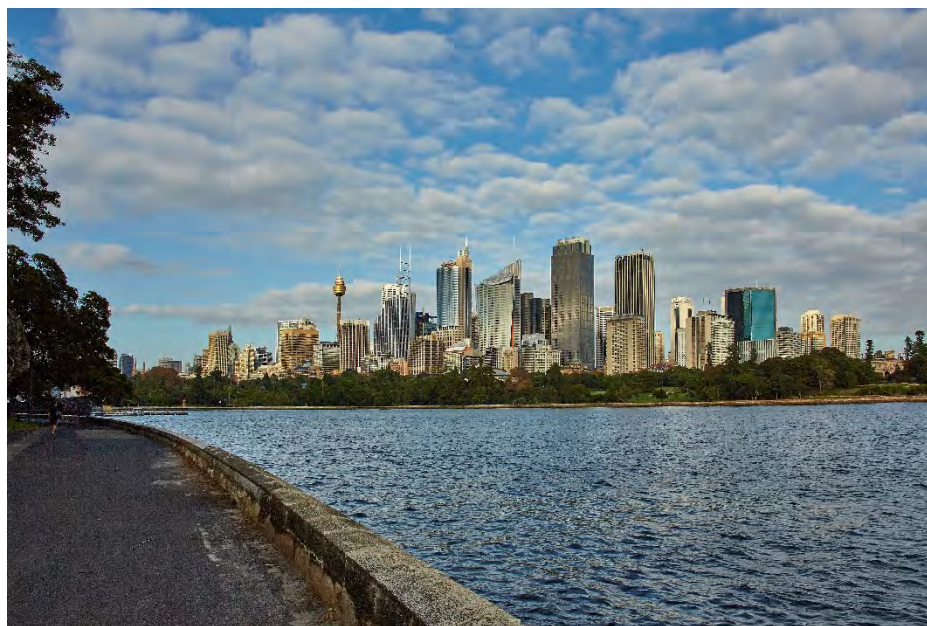
Cash Reserves

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.



Fluctuations of projected cash balances are largely a consequence of projected proceeds resulting from the divestment of surplus City-owned properties, and also the significant capital works program expenditure.



Office of Local Government Performance Indicators

The *Local Government Code of Accounting Practice and Financial Reporting* (2017/18 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) (Benchmark 1 – 1.5 or higher)

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

The City's ratio was 2.68 for the 2016/17 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:

2018-19	2021-22	2024-25	2027-28
1.93 : 1	2.08 : 1	1.90 : 1	1.11 : 1

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

Capital Expenditure Ratio (Benchmark > 1.1)

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:

2018-19	2021-22	2024-25	2027-28
2.84 : 1	1.79 : 1	1.25 : 1	1.18 : 1

Cash Expense Cover Ratio (Benchmark > 3 months)

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

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



Debt Service Cover Ratio

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

Interest Cover Ratio

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

Rates and Charges Outstanding Percentage

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

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

7. Long Term Financial Plan Schedules



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

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

Income & Expenditure (Income Statement)

Income & Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan's including the 2018/19 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 \$1,598.4M comprising a Significant Projects total of \$431.6M and Capital Programs of \$1,166.8M.

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 operating result is shown below both inclusive and exclusive of this item .

City of Sydney Income Statement

		2019-20	2020-21	2021-22	4 Year Total	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	10 Year Total
\$'M	2018-19											
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	351.9	348.9	357.8	367.0	1,425.5	376.4	386.0	395.8	405.9	416.3	427.0	3,832.8
Fees	116.2	115.3	118.1	121.1	470.7	124.1	127.4	130.9	134.5	138.2	142.0	1,267.7
Interest Income	14.0	13.2	14.4	16.3	57.9	15.2	16.8	16.0	16.6	14.0	10.2	146.8
Other Income	115.0	117.3	120.1	123.3	475.7	126.3	129.9	133.7	137.6	143.6	151.5	1,298.3
Grants and Contributions provided for Capital Purposes	82.8	61.0	61.3	40.7	245.8	40.7	40.7	44.0	43.7	41.7	42.0	498.5
Grants and Contributions provided for Operating Purposes	12.8	13.1	13.3	13.6	52.8	13.9	14.2	14.6	15.0	15.4	15.8	141.7
Total Income from Continuing Operations	692.6	668.7	685.1	681.9	2,728.4	696.5	715.1	735.1	753.3	769.0	788.4	7,185.8
Expenses from Continuing Operations												
Employee	238.6	245.0	252.3	257.4	993.3	264.8	273.4	281.2	290.4	298.8	308.9	2,710.6
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	114.1	116.8	119.3	124.8	475.1	128.6	132.8	137.1	141.5	146.0	150.4	1,311.5
Depreciation Expense	109.4	113.8	116.3	118.8	458.3	122.4	123.6	124.9	126.1	128.2	129.7	1,213.0
Other Expenditure	128.9	128.5	133.2	134.8	525.5	135.9	139.6	145.1	147.5	151.6	155.9	1,401.2
Light Rail Contribution to NSW Government	102.2	2.3	0.2	0.0	104.7	0.0	0.0	0.0	0.0	0.0	0.0	104.7
Total Expenses from Continuing Operations	693.2	606.4	621.4	635.9	2,556.8	651.7	669.4	688.2	705.4	724.6	744.9	6,741.1
Net Operating Result for the Year	(0.6)	62.3	63.8	46.1	171.6	44.8	45.7	46.9	47.8	44.4	43.5	444.7
Net Operating Result (excl Light Rail Contribution)	101.6	64.6	64.0	46.1	276.3	44.8	45.7	46.9	47.8	44.4	43.5	549.4

Colour Key (All Schedules):

Next Year Budget (2018-19)
4 Year Budget (2018-19 to 2021-22 inclusive)
10 Year Budget (2018-19 to 2027-28 inclusive)

Detailed Income and Expenditure

							2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	10 Year Total
		2019-20	2020-21	2021-22	4 Year Total								
\$'M	2018-19												
OPERATING INCOME													
Advertising Income	10.5	10.8	11.1	11.4	43.8	11.8	12.1	12.5	12.8	13.2	13.6	119.9	
Annual Charges	49.3	50.7	52.2	53.7	205.9	55.3	56.9	58.5	60.2	62.0	63.8	562.5	
Aquatic Facilities Income	1.2	0.6	0.6	0.6	3.0	0.6	0.6	0.7	0.7	0.7	0.7	7.0	
Building & Development Application Income	7.1	7.2	7.4	7.6	29.4	7.8	8.0	8.3	8.5	8.8	9.0	79.8	
Building Certificate	1.2	1.2	1.3	1.3	5.0	1.3	1.4	1.4	1.5	1.5	1.6	13.7	
Child Care Fees	2.0	2.0	2.1	2.1	8.2	2.2	2.2	2.3	2.4	2.5	2.5	22.3	
Commercial Properties	74.9	76.4	78.3	80.4	310.0	82.3	84.6	87.0	89.6	94.0	100.5	848.1	
Enforcement Income	39.1	39.9	40.9	41.9	161.9	43.0	44.3	45.6	47.0	48.4	49.8	439.9	
Grants and Contributions	12.8	13.1	13.3	13.6	52.8	13.9	14.2	14.6	15.0	15.4	15.8	141.7	
Health Related Income	1.7	1.8	1.8	1.8	7.1	1.9	2.0	2.0	2.1	2.1	2.2	19.4	
Library Income	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2	1.8	
Other Building Fees	9.1	9.2	9.5	9.7	37.5	10.0	10.3	10.6	10.9	11.2	11.5	101.9	
Other Fees	4.5	4.7	4.8	4.9	19.0	5.1	5.2	5.4	5.5	5.7	5.9	51.8	
Other Income	0.6	0.6	0.6	0.7	2.5	0.7	0.7	0.7	0.7	0.8	0.8	6.9	
Parking Meter Income	37.7	38.1	38.8	39.6	154.2	40.4	41.2	42.0	42.9	43.7	44.6	409.2	
Parking Station Income	10.3	10.6	11.0	11.3	43.2	11.6	12.0	12.3	12.7	13.1	13.5	118.5	
Private Work Income	6.3	6.4	6.6	6.8	26.2	6.9	7.2	7.4	7.6	7.8	8.0	71.1	
Rates - Business CBD	163.5	157.5	161.4	165.4	647.8	169.6	173.8	178.2	182.6	187.2	191.9	1,731.1	
Rates - Business Other	65.8	63.0	64.5	66.1	259.4	67.8	69.5	71.2	73.0	74.8	76.7	692.5	
Rates - Residential	73.3	77.7	79.7	81.7	312.4	83.7	85.8	87.9	90.1	92.3	94.6	846.8	
Sponsorship Income	0.7	0.7	0.7	0.8	3.0	0.8	0.8	0.8	0.9	0.9	0.9	8.0	
Venue/Facility Income	10.0	10.2	10.4	10.7	41.2	10.9	11.3	11.6	12.0	12.3	12.7	112.0	
Work Zone	12.1	9.8	10.2	10.5	42.6	10.8	11.2	11.6	12.0	12.5	12.9	113.5	
Value in Kind - Revenue	1.9	1.9	2.0	2.0	7.8	2.1	2.1	2.2	2.3	2.3	2.4	21.2	
Total Operating Income	595.9	594.5	609.4	624.9	2,424.6	640.6	657.6	675.1	693.1	713.4	736.2	6,540.6	
OPERATING EXPENDITURE													
Salaries and Wages	193.5	198.7	204.6	208.2	804.9	214.0	220.8	228.0	235.4	243.2	251.4	2,197.8	
Other Employee Related Costs	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.1	2.2	2.3	2.3	20.7	
Employee Oncosts	7.4	7.7	8.0	8.3	31.3	8.6	8.9	9.2	9.6	9.9	10.3	87.8	
Agency Contract Staff	7.9	7.8	8.0	8.3	32.1	8.5	8.7	9.0	9.3	9.5	9.8	86.8	
Superannuation	20.9	21.6	22.4	23.2	88.1	24.0	24.8	24.5	25.4	25.1	26.0	237.9	
Travelling	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.4	0.4	0.5	4.0	
Workers Compensation Insurance	4.2	4.2	4.3	4.5	17.2	4.6	4.7	4.8	5.0	5.1	5.3	46.8	
Fringe Benefit Tax	0.7	0.7	0.7	0.7	2.7	0.7	0.7	0.8	0.8	0.8	0.8	7.3	
Training Costs (excluding salaries)	1.9	2.0	2.0	2.0	7.9	2.1	2.2	2.2	2.3	2.4	2.4	21.5	
Salary Expense	238.6	245.0	252.3	257.4	993.3	264.8	273.4	281.2	290.4	298.8	308.9	2,710.6	

Detailed Income and Expenditure

							2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	10 Year Total
		2019-20	2020-21	2021-22	4 Year Total								
		2018-19											
	\$'M												
OPERATING EXPENDITURE cont'd													
Bad & Doubtful Debts	0.2	0.2	0.2	0.2	0.9	0.2	0.2	0.2	0.2	0.2	0.2	0.2	2.2
Consultancies	5.8	5.9	6.1	6.2	24.0	6.4	6.6	6.8	7.0	7.2	7.4	7.4	65.2
Enforcement & Infringement Costs	9.5	9.7	9.9	10.2	39.3	10.4	10.7	11.1	11.4	11.7	12.1	12.1	106.8
Event Related Expenditure	14.8	15.1	15.5	15.9	61.4	16.3	16.8	17.3	17.8	18.3	18.9	18.9	166.7
Expenditure Recovered	(6.9)	(5.0)	(5.1)	(5.2)	(22.2)	(5.4)	(5.5)	(5.7)	(5.9)	(6.0)	(6.2)	(6.2)	(56.9)
Facility Management	5.0	5.1	5.2	5.4	20.8	5.5	5.7	5.8	6.0	6.2	6.4	6.4	56.4
General Advertising	2.1	2.2	2.2	2.3	8.8	2.3	2.4	2.5	2.6	2.6	2.7	2.7	24.0
Governance	2.3	2.3	4.0	2.4	11.0	2.5	2.6	4.3	2.7	2.8	2.9	2.9	28.8
Government Authority Charges	6.9	7.1	7.3	7.4	28.7	7.6	7.9	8.1	8.3	8.6	8.8	8.8	78.1
Grants, Sponsorships and Donations	19.9	18.7	19.0	19.3	76.8	18.1	18.5	18.9	19.3	19.7	20.1	20.1	191.2
Infrastructure Maintenance	39.4	38.2	39.1	40.2	157.0	41.2	42.4	43.6	44.8	46.1	47.4	47.4	422.4
Insurance	3.4	3.5	3.6	3.8	14.4	3.9	4.0	4.1	4.2	4.3	4.5	4.5	39.3
IT Related Expenditure	10.6	10.8	11.0	11.3	43.7	11.6	11.9	12.3	12.7	13.1	13.4	13.4	118.7
Legal Fees	3.7	3.8	3.9	4.0	15.3	4.1	4.2	4.3	4.4	4.6	4.7	4.7	41.6
Operational Contingencies	4.5	4.5	4.5	4.5	18.0	4.5	4.5	4.5	4.5	4.5	4.5	4.5	45.0
Other Asset Maintenance	2.3	2.3	2.4	2.4	9.4	2.5	2.6	2.7	2.7	2.8	2.9	2.9	25.6
Other Operating Expenditure	9.0	9.0	9.3	9.5	36.8	9.7	10.0	10.3	10.6	11.0	11.3	11.3	99.8
Postage & Couriers	1.5	1.6	1.6	1.6	6.4	1.7	1.7	1.8	1.8	1.9	2.0	2.0	17.3
Printing & Stationery	2.3	2.4	2.4	2.5	9.7	2.6	2.6	2.7	2.8	2.9	3.0	3.0	26.3
Project Management & Other Project Costs	1.1	1.1	1.1	1.2	4.5	1.2	1.2	1.3	1.3	1.3	1.4	1.4	12.2
Property Related Expenditure	29.1	32.3	33.2	34.0	128.6	34.9	35.9	37.0	38.1	39.2	40.4	40.4	354.1
Service Contracts	17.2	18.1	18.2	21.2	74.6	22.5	23.6	24.8	26.0	27.2	28.2	28.2	226.8
Stores & Materials	5.6	5.7	5.8	6.0	23.0	6.1	6.3	6.5	6.7	6.9	7.1	7.1	62.6
Surveys & Studies	2.4	2.5	2.5	2.6	10.0	2.6	2.7	2.8	2.9	3.0	3.1	3.1	27.1
Telephone Charges	2.9	2.9	3.0	3.1	11.8	3.1	3.2	3.3	3.4	3.5	3.6	3.6	32.1
Utilities	12.9	13.6	14.0	14.4	54.8	14.0	14.4	14.9	15.3	15.8	16.3	16.3	145.5
Vehicle Maintenance	2.7	2.7	2.8	2.9	11.1	2.9	3.0	3.1	3.2	3.3	3.4	3.4	30.1
Waste Disposal Charges	19.5	20.1	20.7	21.3	81.6	22.0	22.6	23.3	24.0	24.7	25.4	25.4	223.6
Value in Kind - Expenditure	1.9	1.9	2.0	2.0	7.8	2.1	2.1	2.2	2.3	2.3	2.4	2.4	21.2
Expenditure	231.7	238.3	245.4	252.4	967.8	257.2	265.0	274.6	281.2	289.7	298.2	298.2	2,633.7
Total Operating Expenditure (Excl Depreciation)	470.2	483.3	497.7	509.8	1,961.1	522.0	538.3	555.7	571.6	588.5	607.1	607.1	5,344.4
Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)	125.6	111.2	111.7	115.1	463.5	118.6	119.3	119.3	121.5	124.9	129.1	129.1	1,196.2

Detailed Income and Expenditure

						2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	10 Year Total
\$'M		2019-20	2020-21	2021-22	4 Year Total							
	2018-19											
Operating Surplus/(Deficit)	125.6	111.2	111.7	115.1	463.5	118.6	119.3	119.3	121.5	124.9	129.1	1,196.2
Add Additional Income:												
Interest	14.0	13.2	14.4	16.3	57.9	15.2	16.8	16.0	16.6	14.0	10.2	146.8
Grants and Contributions provided for Capital Purposes	82.8	61.0	61.3	40.7	245.8	40.7	40.7	44.0	43.7	41.7	42.0	498.5
Less Additional Expenses:												
Capital Project Related Costs	11.3	7.0	7.1	7.2	32.7	7.4	7.5	7.6	7.8	7.9	8.1	79.0
Depreciation Expense	109.4	113.8	116.3	118.8	458.3	122.4	123.6	124.9	126.1	128.2	129.7	1,213.0
Light Rail Contribution to NSW Government	102.2	2.3	0.2	0.0	104.7	0.0	0.0	0.0	0.0	0.0	0.0	104.7
Net Operating Surplus/(Deficit)	(0.6)	62.3	63.8	46.1	171.6	44.8	45.7	46.9	47.8	44.4	43.5	444.7

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

								2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	10 Year Total
	2018/19			2019/20	2020/21	2021/22	4 Year Total							
	Income	Expenditure	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)
\$M														
Chief Operations Office	0.3	17.5	(17.2)	(17.7)	(17.7)	(17.7)	(70.3)	(17.6)	(18.2)	(18.9)	(19.6)	(20.3)	(21.0)	(185.9)
Chief Operations Office	0.3	2.2	(1.9)	(2.0)	(2.0)	(2.1)	(8.0)	(2.2)	(2.2)	(2.3)	(2.4)	(2.5)	(2.6)	(22.2)
Sustainability	0.0	2.2	(2.2)	(2.5)	(2.5)	(2.5)	(9.7)	(1.9)	(1.9)	(2.0)	(2.1)	(2.1)	(2.2)	(21.9)
Strategy and Urban Analytics	0.0	4.5	(4.5)	(4.6)	(4.6)	(4.7)	(18.5)	(4.9)	(5.0)	(5.2)	(5.4)	(5.6)	(5.8)	(50.3)
City Design	0.0	3.4	(3.4)	(3.5)	(3.5)	(3.6)	(14.0)	(3.7)	(3.8)	(4.0)	(4.1)	(4.2)	(4.4)	(38.1)
Green Square	0.0	0.9	(0.9)	(0.7)	(0.7)	(0.7)	(3.0)	(0.8)	(0.8)	(0.8)	(0.9)	(0.9)	(0.9)	(8.1)
City Transformation	0.0	1.1	(1.1)	(1.0)	(0.9)	(1.0)	(4.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(1.2)	(10.8)
Green Infrastructure	0.0	1.0	(1.0)	(1.0)	(1.0)	(0.6)	(3.6)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.9)	(8.2)
Project Management Office	0.0	0.3	(0.3)	(0.3)	(0.4)	(0.4)	(1.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.5)	(3.9)
Community Relations	0.0	2.0	(2.0)	(2.0)	(2.1)	(2.1)	(8.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(22.4)
City Life	13.4	82.2	(68.7)	(69.0)	(70.7)	(72.2)	(280.6)	(72.7)	(74.9)	(77.2)	(79.6)	(82.0)	(84.5)	(751.6)
Creative City	5.1	32.3	(27.2)	(28.5)	(29.6)	(30.5)	(115.8)	(31.4)	(32.4)	(33.5)	(34.5)	(35.7)	(36.8)	(320.0)
Grants and Sponsorship	0.1	20.8	(20.8)	(19.6)	(19.9)	(20.3)	(80.5)	(19.1)	(19.5)	(20.0)	(20.4)	(20.8)	(21.3)	(201.7)
Social Programs and Services	7.9	19.8	(11.9)	(11.9)	(11.8)	(11.8)	(47.5)	(12.3)	(12.7)	(13.2)	(13.7)	(14.2)	(14.7)	(128.1)
City Business & Safety	0.1	4.0	(3.8)	(4.0)	(4.1)	(4.2)	(16.1)	(4.3)	(4.5)	(4.6)	(4.8)	(4.9)	(5.1)	(44.4)
City Life Management	0.0	2.0	(2.0)	(2.0)	(2.1)	(2.1)	(8.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.6)	(22.5)
Sustainability Programs	0.3	3.3	(3.0)	(3.1)	(3.2)	(3.3)	(12.5)	(3.4)	(3.5)	(3.6)	(3.8)	(3.9)	(4.1)	(34.9)
City Services	133.9	183.7	(49.8)	(53.8)	(56.1)	(58.5)	(218.2)	(60.8)	(63.4)	(66.1)	(68.8)	(71.7)	(74.7)	(623.8)
Venue Management	8.9	5.5	3.3	3.4	3.4	3.5	13.6	3.5	3.6	3.7	3.8	3.9	4.0	36.1
Security & Emergency Management	3.1	6.2	(3.1)	(3.2)	(3.3)	(3.4)	(12.8)	(3.5)	(3.6)	(3.7)	(3.8)	(4.0)	(4.1)	(35.5)
City Rangers	38.4	25.7	12.7	12.8	12.9	13.1	51.5	13.3	13.6	13.9	14.3	14.6	15.0	136.2
Parking and Fleet Services	48.1	16.8	31.3	31.5	32.1	32.7	127.6	33.4	33.9	34.5	35.1	35.7	36.3	336.5
City Greening and Leisure	2.0	32.4	(30.4)	(32.1)	(33.0)	(34.1)	(129.6)	(35.1)	(36.2)	(37.3)	(38.5)	(39.7)	(40.9)	(357.3)
City Services Management	0.0	0.8	(0.8)	(0.7)	(0.7)	(0.5)	(2.8)	(0.4)	(0.3)	(0.2)	(0.1)	0.1	0.1	(3.4)
Infrastructure Services	32.1	33.1	(1.1)	(2.0)	(2.3)	(2.5)	(7.9)	(2.8)	(3.0)	(3.3)	(3.5)	(3.8)	(4.1)	(28.4)
Cleansing & Waste	1.3	63.0	(61.7)	(63.5)	(65.4)	(67.3)	(257.9)	(69.3)	(71.5)	(73.8)	(76.1)	(78.5)	(81.0)	(708.0)
City Projects and Property	75.1	60.2	14.9	14.1	13.8	13.6	56.5	13.3	13.1	12.9	12.7	14.3	17.8	140.6
City Property	75.1	51.0	24.1	23.5	23.6	23.6	94.8	23.7	23.9	24.1	24.2	26.3	30.1	247.1
CPP - Infrastructure Delivery	0.0	0.9	(0.9)	(0.8)	(0.8)	(0.8)	(3.2)	(0.8)	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(8.9)
CPP - Development and Strategy	0.0	3.0	(3.0)	(3.1)	(3.2)	(3.3)	(12.5)	(3.3)	(3.5)	(3.6)	(3.7)	(3.8)	(3.9)	(34.2)
CPP - Professional Services	0.0	5.3	(5.3)	(5.5)	(5.7)	(6.0)	(22.5)	(6.2)	(6.4)	(6.6)	(6.9)	(7.1)	(7.4)	(63.2)
City Planning Development and Transport	19.5	43.0	(23.5)	(26.9)	(27.8)	(28.8)	(106.9)	(29.8)	(30.8)	(31.8)	(32.9)	(34.1)	(35.2)	(301.6)
Health & Building	2.8	13.9	(11.0)	(11.4)	(11.9)	(12.3)	(46.6)	(12.7)	(13.2)	(13.7)	(14.2)	(14.7)	(15.2)	(130.3)
Planning Assessments	6.9	14.0	(7.1)	(10.0)	(10.1)	(10.4)	(37.7)	(10.8)	(11.1)	(11.4)	(11.8)	(12.1)	(12.5)	(107.3)
Strategic Planning and Urban Design	0.7	7.3	(6.6)	(6.8)	(7.0)	(7.3)	(27.7)	(7.5)	(7.7)	(8.0)	(8.3)	(8.5)	(8.8)	(76.6)
City Access	0.5	5.1	(4.5)	(4.7)	(4.8)	(4.9)	(19.0)	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(6.0)	(52.1)
Construction & Building Certification Services	8.5	2.6	5.9	5.9	6.1	6.2	24.1	6.3	6.5	6.7	6.9	7.0	7.2	64.7

Operating Budget

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

								2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	10 Year Total
	2018/19			2019/20	2020/21	2021/22	4 Year Total							
	Income	Expenditure	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)	Op Surplus / (Deficit)
\$M														
City Engagement	2.4	20.4	(18.0)	(18.1)	(18.7)	(19.2)	(74.1)	(19.7)	(20.3)	(20.9)	(21.6)	(22.3)	(23.1)	(202.1)
Customer Service	2.2	6.8	(4.5)	(4.2)	(4.3)	(4.4)	(17.5)	(4.5)	(4.6)	(4.7)	(4.9)	(5.0)	(5.2)	(46.6)
Engagement	0.1	13.6	(13.5)	(13.9)	(14.3)	(14.8)	(56.5)	(15.2)	(15.7)	(16.2)	(16.7)	(17.3)	(17.9)	(155.5)
Chief Executive Office	0.0	8.4	(8.4)	(8.7)	(8.9)	(9.2)	(35.1)	(9.5)	(9.8)	(10.1)	(10.4)	(10.8)	(11.2)	(96.9)
Office of the Lord Mayor	0.0	3.6	(3.6)	(3.8)	(3.9)	(4.0)	(15.3)	(4.1)	(4.3)	(4.4)	(4.6)	(4.7)	(4.9)	(42.4)
Councillor Support	0.0	2.1	(2.1)	(2.2)	(2.3)	(2.3)	(8.9)	(2.4)	(2.5)	(2.5)	(2.6)	(2.7)	(2.8)	(24.5)
Chief Executive Office	0.0	1.6	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)	(18.3)
Secretariat	0.0	1.1	(1.1)	(1.1)	(1.1)	(1.1)	(4.3)	(1.1)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)	(11.7)
Chief Financial Office	0.4	8.5	(8.0)	(8.2)	(8.4)	(8.7)	(33.4)	(8.7)	(9.0)	(9.4)	(9.7)	(10.1)	(10.4)	(90.7)
Legal and Governance	0.9	13.4	(12.5)	(12.9)	(14.9)	(13.7)	(54.0)	(14.1)	(14.6)	(16.6)	(15.5)	(16.0)	(16.5)	(147.4)
Workforce and Information Services	0.0	31.0	(31.0)	(31.8)	(32.7)	(33.7)	(129.2)	(34.8)	(35.9)	(37.1)	(38.3)	(39.6)	(40.9)	(355.8)
Corporate Costs	350.0	2.1	347.9	344.2	353.6	363.2	1,408.8	373.0	383.1	394.6	405.3	417.5	429.0	3,811.3
Council	595.9	470.2	125.6	111.2	111.7	115.1	463.5	118.6	119.3	119.3	121.5	124.9	129.1	1,196.2

Summary Of Income and Expenditure by Principal Activity

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

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2018/19) to better reflect the allocation of Council funds towards these major directions.

					2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
					Net Surplus/(Deficit) by Year			Net Surplus/(Deficit) by Year					
	2018/19				Net Surplus/(Deficit) by Year								
	Income	Expenditure	Net Surplus/ (Deficit)	Capital									
\$'M													
A globally competitive and innovative city	38.9	54.2	(15.3)	0.0	(12.9)	(13.3)	(13.8)	(14.4)	(15.0)	(15.6)	(16.2)	(16.9)	(17.5)
A leading environmental performer	1.6	77.5	(75.9)	27.1	(78.4)	(80.5)	(82.5)	(84.3)	(87.0)	(89.8)	(92.7)	(95.7)	(98.8)
Integrated transport for a connected city	83.3	48.7	34.6	130.5	33.2	33.6	34.3	34.9	35.5	36.1	36.7	37.2	37.8
A city for walking and cycling	0.0	1.3	(1.3)	14.0	(1.4)	(1.4)	(1.4)	(1.5)	(1.5)	(1.6)	(1.6)	(1.7)	(1.7)
A lively and engaging city centre	0.0	0.6	(0.6)	3.7	(0.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(0.8)
Resilient and inclusive local communities	15.5	199.2	(183.7)	142.3	(77.1)	(72.7)	(84.1)	(86.7)	(89.4)	(92.3)	(95.2)	(98.2)	(101.0)
A cultural and creative city	3.1	7.6	(4.5)	13.0	(4.9)	(4.9)	(5.1)	(5.3)	(5.4)	(5.6)	(5.8)	(6.0)	(6.2)
Housing for a diverse community	0.0	5.4	(5.4)	0.0	(4.0)	(4.0)	(4.1)	(2.7)	(2.8)	(2.9)	(2.9)	(3.0)	(3.1)
Sustainable development, renewal and design	99.9	41.3	58.7	0.1	22.0	21.3	11.3	10.3	9.4	8.3	8.3	7.2	6.0
Implementation through effective governance and partnerships	450.3	257.4	192.9	12.2	186.3	186.4	192.2	195.0	202.8	210.9	218.2	222.3	228.9
Total Council	692.6	693.2	(0.6)	342.8	62.3	63.8	46.1	44.8	45.7	46.9	47.8	44.4	43.5

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						2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	10 Year Total	Total Project Budget	
		2019/20				2020/21	2021/22	4 Years Total							
		2018/19													
Significant Projects (>\$20M)															
Barangaroo Integration and Harbour Village North	9.5	0.6	2.4	4.5	3.0	10.6	2.0	2.3					14.8	24.3	
Childcare Centres	33.5	0.7			8.0	8.7				5.0	6.0	2.3	22.0	55.4	
Chinatown Public Domain	8.4	0.5	1.5	3.0	2.5	7.5	2.0	2.0	1.7				13.2	21.5	
Erskineville Trunk Drainage	1.0	0.8	10.0	8.3		19.0							19.0	20.0	
Green Infrastructure	43.7	5.6	6.2	5.4	3.9	21.0	5.2	5.2	4.1	3.9	2.1		41.6	85.3	
Green Square Aquatic Centre and Gunyama Park	14.3	68.9	13.0	0.1		82.1	4.4						86.5	100.8	
Green Square Community Facilities and Open Space	40.0	12.4	11.7	23.1	9.4	56.6	5.0						61.6	101.6	
Green Square Library and Plaza	68.3	2.1				2.1							2.1	70.4	
Green Square Streets and Drainage	136.7	26.7	57.4	23.1	8.6	115.8	0.6	5.0	1.0				122.4	259.1	
Johnstons Canal Master Plan & Harold Park Works	16.3	2.4	5.0			7.5							7.5	23.7	
Light Rail – CBD to South East	115.3	102.2	2.3	0.2		104.7							104.7	220.0	
Major Depots	33.9													33.9	
Major Projects Total	520.9	222.8	109.6	67.7	35.3	435.4	19.3	14.5	6.8	8.9	8.1	2.3	495.2	1,016.1	

Capital Works Expenditure Summary - continued

\$'M

	Prior Years Total						2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	10 Years Total	Total Project Budget
		2018/19	2019/20	2020/21	2021/22	4 Year Total								
Capital Programs														
Asset Enhancement														
Bicycle Related Works	26.7	7.6	16.0	13.1	3.5	40.2	15.8	3.4	3.2	0.8	0.5		63.8	90.5
Community, Cultural and Recreation Property Related Projects	41.6	10.5	1.8	3.8	8.0	24.1	1.5	8.7	16.0	16.5	19.0	15.5	101.3	142.9
Corporate and Investment Property Related Projects	28.8	0.9	1.3	0.3	0.3	2.6							2.6	31.4
Open Space & Parks	37.3	13.3	14.2	10.3	17.5	55.3	5.9	7.2	10.0	11.3	13.3	17.8	120.8	158.1
Public Art LGA	11.1	11.9	3.2	0.2	0.2	15.4	0.2	0.2					15.7	26.8
Public Domain	10.0	5.8	7.1	9.3	5.5	27.6	4.9	5.0	7.0	8.6	5.5	3.3	61.9	71.9
Stormwater Drainage	6.8	9.0	2.3	1.5	3.7	16.4	4.0	9.0		1.5	2.5	4.0	37.4	44.2
Rolling Programs (Asset Renewal)														
Community, Cultural and Recreation Property Related Projects		9.8	7.9	7.9	13.0	38.6	12.1	13.0	12.0	13.0	12.0	14.0	114.7	114.7
Corporate and Investment Property Related Projects		7.3	13.1	14.7	24.8	59.9	14.8	13.1	13.0	12.2	12.0	12.0	137.1	137.1
Infrastructure - Roads Bridges Footways		13.5	9.6	9.0	10.5	42.6	11.8	14.9	18.4	18.8	20.1	20.7	147.3	147.3
Open Space & Parks		11.3	20.9	17.9	13.4	63.5	19.0	21.4	24.7	20.9	20.1	21.2	190.8	190.8
Public Art LGA		0.6	0.5	0.7	0.5	2.4	0.6	0.5	0.5	0.6	0.5	0.5	5.5	5.5
Public Domain		11.8	16.3	14.3	13.3	55.7	16.7	19.2	10.5	9.2	9.0	8.9	129.2	129.2
Stormwater Drainage		1.7	2.0	2.0	2.0	7.7	3.5	3.5	4.5	4.5	5.0	5.0	33.7	33.7
Programs Total	162.4	115.0	116.0	105.0	116.0	452.0	110.6	119.1	119.8	117.9	119.4	122.9	1,161.8	1,324.2
Contingency														
Capital Works Contingency		5.0				5.0							5.0	5.0
Total Contingency		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	683.2	342.8	225.6	172.7	151.4	892.4	129.9	133.5	126.5	126.8	127.6	125.2	1,662.0	2,347.9

		2022/23		2023/24	2024/25	2025/26	2026/27	2027/28			
		2019/20	2020/21	2021/22							
	\$'M	2018/19									
ASSETS											
Current Assets											
Cash and Investments		452.1	404.6	537.1	453.8	466.6	483.3	420.6	398.1	288.5	207.8
Receivables		124.5	124.6	125.2	125.8	126.4	127.1	127.8	128.6	129.5	130.7
Prepayments		3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4	3.4
Inventory		0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8	0.8
Current Assets		580.7	533.4	666.5	583.8	597.2	614.6	552.6	530.9	422.2	342.8
Non-Current Assets											
Capital Works, Infrastructure, Investment Properties and P&A		11,646.7	11,756.2	11,682.4	11,811.0	11,842.5	11,876.5	11,989.2	12,063.9	12,222.2	12,350.8
Non Current Assets		11,646.7	11,756.2	11,682.4	11,811.0	11,842.5	11,876.5	11,989.2	12,063.9	12,222.2	12,350.8
TOTAL ASSETS		12,227.4	12,289.7	12,348.9	12,394.7	12,439.7	12,491.1	12,541.8	12,594.8	12,644.5	12,693.6
LIABILITIES											
Current Liabilities											
Payables		128.3	128.2	123.6	123.4	123.7	129.3	133.1	138.2	143.5	149.1
Provisions		73.3	73.3	73.3	73.3	73.3	73.3	73.3	73.3	73.3	73.3
Current Liabilities		201.5	201.5	196.9	196.7	196.9	202.6	206.4	211.5	216.8	222.3
Non-Current Liabilities											
Provisions		17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7
Non Current Liabilities		17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7	17.7
TOTAL LIABILITIES		219.3	219.2	214.7	214.4	214.7	220.3	224.1	229.2	234.6	240.1
Net Assets		12,008.2	12,070.5	12,134.2	12,180.3	12,225.1	12,270.8	12,317.7	12,365.5	12,409.9	12,453.5
EQUITY											
Equity		12,008.2	12,070.5	12,134.2	12,180.3	12,225.1	12,270.8	12,317.7	12,365.5	12,409.9	12,453.5

City of Sydney

CASH FLOW FORECAST

		2022/232023/242024/252025/262026/272027/28								
		2019/20	2020/21	2021/22						
\$M	2018/19									
Revenue:										
Rates and Annual Charges	351.9	348.9	357.8	367.0	376.4	386.0	395.8	405.9	416.3	427.0
Other Operating Income	242.1	243.7	249.6	255.9	262.2	269.5	277.1	284.9	294.8	306.8
Operating Income	594.0	592.6	607.4	622.9	638.5	655.5	672.9	690.8	711.1	733.8
Expenses:										
Salary & Wages Expenditure	238.6	245.0	252.3	257.4	264.8	273.4	281.2	290.4	298.8	308.9
Other Operating Expenditure	229.8	236.4	243.5	250.4	255.1	262.8	272.4	279.0	287.4	295.8
Operating Expenditure	468.3	481.4	495.8	507.8	519.9	536.2	553.5	569.3	586.2	604.7
Operating Surplus	125.6	111.2	111.7	115.1	118.6	119.3	119.3	121.5	124.9	129.1
Other Non Operating:										
Interest income	14.0	13.2	14.4	16.3	15.2	16.8	16.0	16.6	14.0	10.2
Light Rail Contribution to NSW Government	(102.2)	(2.3)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses	(11.3)	(7.0)	(7.1)	(7.2)	(7.4)	(7.5)	(7.6)	(7.8)	(7.9)	(8.1)
Depreciation	(109.4)	(113.8)	(116.3)	(118.8)	(122.4)	(123.6)	(124.9)	(126.1)	(128.2)	(129.7)
Capital Grants and Contributions	82.8	61.0	61.3	40.7	40.7	40.7	44.0	43.7	41.7	42.0
Net Surplus	(0.6)	62.3	63.8	46.1	44.8	45.7	46.9	47.8	44.4	43.5
Add Back :										
Depreciation	109.4	113.8	116.3	118.8	122.4	123.6	124.9	126.1	128.2	129.7
Non-Cash Asset Adjustments	(4.8)	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cash Surplus before Capital Expenditure	104.1	177.1	181.1	165.9	168.1	170.3	172.7	174.9	173.6	174.2
Capital Expenditure										
Capital Works - excluding Light Rail Contribution	(240.6)	(223.3)	(172.5)	(151.4)	(129.9)	(133.5)	(126.5)	(126.8)	(127.6)	(125.2)
Plant and Asset Acquisitions	(26.2)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)	(25.0)
Property (Acquisitions)/Divestments	55.2	24.0	154.0	(72.0)	0.0	0.0	(87.0)	(50.0)	(135.0)	(109.0)
Total Capital Expenditure	(211.6)	(224.3)	(43.5)	(248.4)	(154.9)	(158.5)	(238.5)	(201.8)	(287.6)	(259.2)
Net Receivables/Payables Movement	15.4	(0.2)	(5.1)	(0.8)	(0.4)	4.9	3.1	4.4	4.3	4.3
Cash Surplus / (Deficit)	(92.1)	(47.4)	132.5	(83.3)	12.9	16.7	(62.7)	(22.5)	(109.6)	(80.7)
Total Cash at Beginning of Period	544.2	452.1	404.6	537.1	453.8	466.6	483.3	420.6	398.1	288.5
Cash Surplus/ (Deficit)	(92.1)	(47.4)	132.5	(83.3)	12.9	16.7	(62.7)	(22.5)	(109.6)	(80.7)
Total Cash at End of Period	452.1	404.6	537.1	453.8	466.6	483.3	420.6	398.1	288.5	207.8

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 - 2018-19 (\$M)

	2018-19		
	Acquisitions	Sales	Net Budget
Books	1.5	-	1.5
Equipment	8.8	-	8.8
Furniture & Fittings	0.4	-	0.4
Information Technology (Equipment)	1.8	-	1.8
Technology and Digital Services - Capital Projects	10.5	-	10.5
Miscellaneous	0.2	-	0.2
Plant	1.1	0.1	1.0
Vehicles	3.3	1.4	1.9
Total	27.7	(1.5)	26.2

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

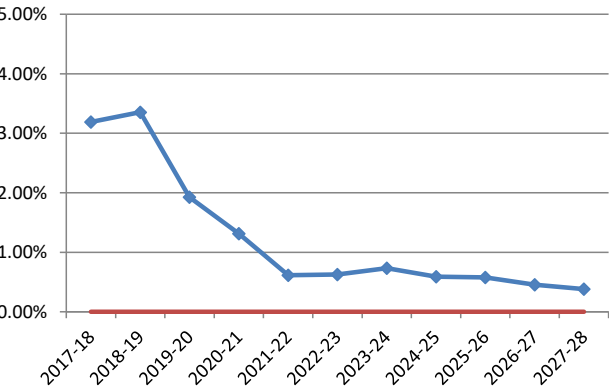
The City's performance in respect of the mandated Office of Local Government Performance measures is detailed below. The charts demonstrate performance trends on the basis of forward projections contained in the Long Term Financial Plan, and estimates related to future asset maintenance and renewal requirements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

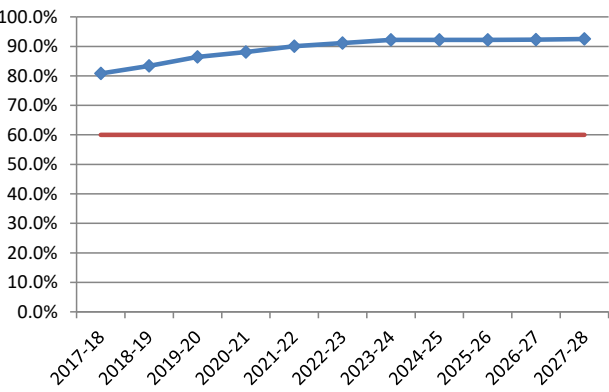


$$\frac{\text{Operating Revenue (excl Capital Grants \& Contributions)} \text{ less } \text{Operating Expenses}}{\text{Operating Revenue (excl Capital Grants \& Contributions)}}$$

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



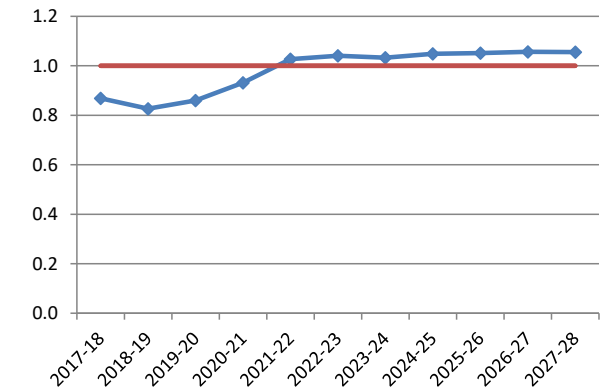
$$\frac{\text{Total continuing operating revenue less all grants and contributions}}{\text{Total Operating Revenue (inclusive of Capital Grants and Contributions)}}$$

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

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

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

Building and Infrastructure Asset Renewal Ratio



$$\frac{\text{Actual Asset Renewals}}{\text{Required Renewal* of Building and Infrastructure Assets}}$$

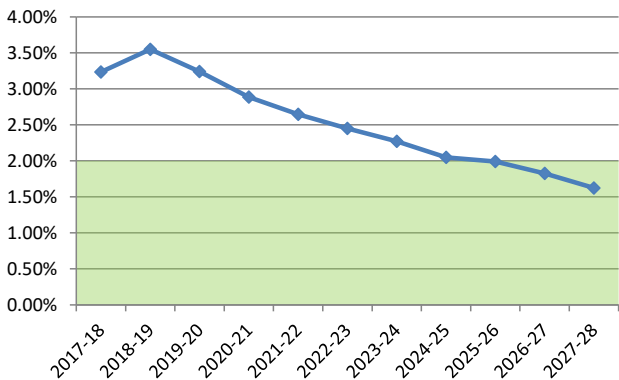
Rather than utilise depreciation expense as an arbitrary proxy for required levels of asset renewal, the required renewal of building and infrastructure assets is instead sourced from the Asset Management Plan in the City's Integrated Planning and Reporting documents.

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

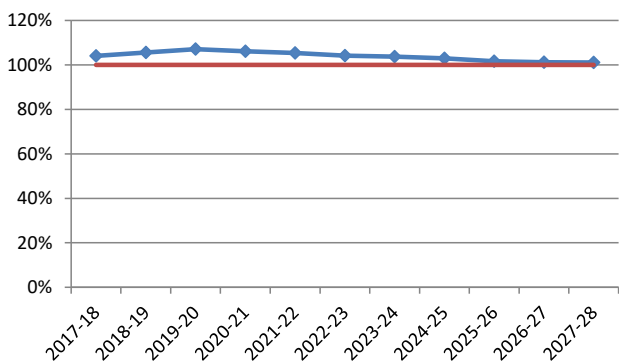
OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - continued

Infrastructure and Service Management

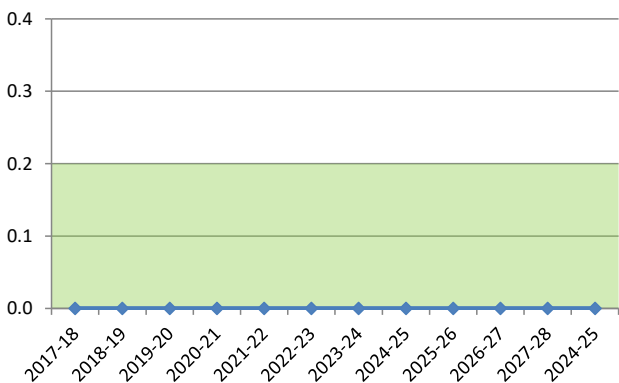
Infrastructure Backlog Ratio



Asset Maintenance Ratio

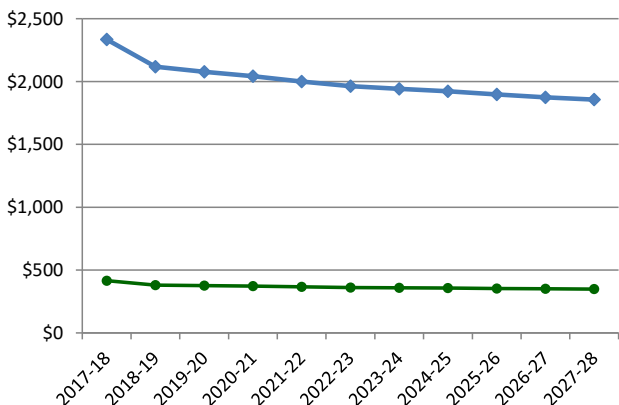


Debt Service Ratio



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

Actual Asset Maintenance

Required Asset Maintenance

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

Extended periods of asset maintenance exceeding the required levels would represent over servicing. Whilst gross expenditure on asset maintenance will continue to grow over time, so 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 over 1.2M per day

Asset Management Plan

2018

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1. Asset Management Planning

1.1 Background

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

The City of Sydney is responsible for approximately \$12 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, acquisition, operation, maintenance and disposal of assets.

1.3 The City's Asset Management Framework

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

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

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

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

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

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

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

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

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

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

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

2.1 Policy

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

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

The policy objectives are:

- 1. Provide infrastructure and services to sustain the City of Sydney communities**
- 2. Implement a life-cycle approach to the management of infrastructure and public assets**
- 3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices**
- 4. Provide a sustainable funding model that provides assets aligned with the City's long term plans and community needs**
- 5. Develop and implement best value environmentally sustainable asset management practices**
- 6. Provide reliable asset and infrastructure data through supported digital platforms**
- 7. Implement an integrated decision support system**
- 8. Ensure compliance with legislative requirements**
- 9. Allocate Asset Management responsibilities**



Sydney Park wetlands - stormwater

The Asset Management Policy 2016, including specific elements of the objectives is shown at APPENDIX 1

3. Asset Management Strategy

3.1 Background

An asset management strategy provides a summary of how the resources available in the Resourcing Strategy will deliver Sustainable Sydney 2030 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 was consistent with the Integrated Planning and Reporting Framework. The strategy focus areas were further reviewed in 2017 in conjunction with the 2017 Resourcing Strategy

3.2 Current Situation

The City has made significant advances in asset management and completed initiatives detailed in the 2012 strategy and those identified by the Asset Management Program Control Group, including:

- Development and adoption of an overarching asset management policy (see 2.1 above);
- Implementation of an asset management framework and governance structure;

- Identifying asset maintenance, renewal, upgrade and new costs in the Long Term Financial Plan projects;
- The progressive implementation of a corporate asset management system to consolidate asset data, valuation and operational information. There are now 290,000 assets and 350 registered users of the system
- The introduction of a mobile capability for managing infrastructure inspection, maintenance and job completion, There are 150 active mobile users across the civil infrastructure maintenance, parks and open spaces and tree management business units and contractors,
- The introduction of job activity and costing capability through mobile applications,
- Development of processes to streamline infrastructure asset valuation through interfacing of systems,
- Data collection projects aimed at improving the quality of the underlying base asset data for roads, stormwater drainage, trees, parks and open spaces, and buildings and their components.

Table 3.2.1 and 3.2.2 on the following pages show the current status 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 2018)

Financial Category	Asset Category	Asset Component	Dimensions and Units	Financial Value (\$M)
Infrastructure: Roads, Bridges, Footpaths	Roads	Roads	330 km	635
		-Road surface	13 km (separated cycleway)	(Incl. Cycleway)
		-Road base		
		-Dedicated Cycleway		
		Footpaths	542 km	530
		Kerb and gutter	628 km	304
		Traffic Facilities (medians, roundabouts etc.)	2,174 items	22
		TOTAL		1,491
Infrastructure: Roads, Bridges, Footpaths	Structures	Bridges		
		Steel/Conc./ Composite		
		Bridges	36	88
		Timber Bridges	4	
		Cliff and Ret. Walls	140	7
		Sea Walls	2 km	10
		Jetties/Pontoons	6	1
		Steps/Stairs/Ramps	94	18
		Fences	291	
		TOTAL		124
Infrastructure: Stormwater Drainage	Stormwater	Drainage		
		-Stormwater Pipes	179 km	196
		-Stormwater Pits	12,086	81
		-Open channels	100 m	0.1
		-Box culverts	7,370 m	26
		Water Quality Improvement		
		-GPT (Gross Pollutant Traps)	52	1.4
		-Rain Gardens	138	1.2
		TOTAL		305
Land Improvements	Parks	Iconic	22	226
		Neighbourhood	36	118
		Pocket Parks	267	76
		Streetscape	712	11
		Traffic Treatment	419	10
		Playgrounds (value contained in park types)	127	N/A
		TOTAL		441
Other Structures - Trees	Trees	Parks Trees	13,583	34
		Street trees (incl. bases)	32,140	82
		Property Trees	547	0 (included in Property value)
		TOTAL		116
Buildings – Specialised and Non specialised Investment Buildings	Property	Community Portfolio	183	688
		Commercial Portfolio	57	695
		Sydney Town Hall	1	488
		TOTAL		1,872

TABLE 3.2.2 – City of Sydney Other Asset Categories (as at March 2018)

Financial Category	Asset Category	Asset Component	Dimensions and Units	Financial Value (\$M)
Other Structure – Poles and Lights	Public Lighting	Smartpoles	2,371	76
		Council Lighting (poles, mounted lights)	3,842 poles	26
		Street Furniture	8,313 lights	
		Ashtrays	32	
		Bins	826	
		Cycle Parking	1,538	
		Information Stand	298	12
		Kiosks (CoS owned)	55	
		Seats	1,243	
		Shelters	634	
		Permanent Survey Marks (State registered)	2,900	3
		TOTAL		117
Other Structures - Signs	Signs	Parking and Regulatory Sign Poles	36,500	2
		Parking and Regulatory Signs	63,500	12
		TOTAL		14
Plant and Equipment	Fleet	Fleet – vehicles and major plant	456	37
Plant and Equipment	Plant & Equipment	Parking Meters	1,372	9
		Security	N/A	2
		Other Items	N/A	38
		TOTAL		49
Other Assets - Library Books	Library Resources	Books and publications	N/A	10
Other Assets - City Art	City Art	Public Art and sculptures	245 items	42
Other Assets - Heritage Assets	Town Hall Collection	Historical items, cultural artefacts	1,850 items	7
Office Equipment	Office Equipment	Office fit out, Information Technology, desks etc.	N/A	29

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	2017	99
	Footpaths	2.6	2016	92
	Kerb and gutter	2.5	2016	98
	Traffic Facilities	2.0	2015	95
	Steps and Ramps	2.4	2013	87
Structures	Bridges	2.7	2013	90
	Cliff & Retaining Walls	2.1	2014	98
	Foreshore Structures			
	Sea walls	2.5	2014	99
	Jetties/Pontoons	2.5	2014	99
Stormwater	Fences	N/A	2015	N/A
	Drainage – Pits – Sample area	1.5	2017	98
	Drainage – Pipes – Sample area	2.3	2017	86
	Gross Pollutant Traps	N/A	Sch. 2018	N/A
Parks	Iconic	2.45	2017	99
	Neighbourhood	2.3	2017	96
	Pocket Parks	2.4	2017	96
	Streetscapes	2.95	2017	99
	Traffic Treatments	3.0	2017	N/A
Trees	Parks Trees (north)	1.5	2017	99
	Street trees (incl. bases)	1.8	2017	99
	Property Trees	1.4	2017	99
Property (Buildings)	Community Portfolio			
	Commercial Portfolio	2.4	2017	91
	Sydney Town Hall			
Lighting And Furniture	Smartpoles, Light poles	2.0	2009	N/A
	Mounted lights	3.0	2009	N/A
	Street Furniture			
	Ashtrays	2.8	2016	91
	Bins	2.7	2016	90
	Cycle Parking	2.5	2016	92
	Information Stand	2.6	2016	93
	Kiosks (CoS owned)	1.9	2016	99
	Seats	2.6	2016	86
	Shelters	2.1	2016	99
	Permanent Survey Marks	2.0	2016	N/A
Plant & Equipment	Fleet	2.1	2015	99

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

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

3.3. Asset Management Strategy Update 2017

The Asset Management Program Control Group reviewed the Strategy in 2017 to determine the priorities that will enable the City to meet the Sustainable Sydney 2030 objectives.

Both the 2012 and 2017 Strategy included a maturity assessment (gap analysis) of the City's capability benchmarked against the best practice industry standard National Asset Management System (NAMS) themes and criteria.

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

The focus areas were advertised for public comment as part of the Resourcing Strategy 2017 documentation and adopted by Council, in June 2017. The focus areas are:

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

Outlines of the focus areas are contained in Table 3.3.4 with the detailed information, including specific elements of the key objectives, shown at APPENDIX 2

3.4. Asset Management Capability and Maturity - Assessment

The infrastructure the City provides serves over 615,000 visitors and 224,000 residents (2017 estimate) per day with the projected local population of more than 300,000 by 2031.

The City commits significant funds to asset management and currently annually spends in excess of \$60M in operational and maintenance, \$120M in renewal and upgrade of the critical infrastructure assets.

The City also has a program to deliver new facilities, assets and buildings in the next 4 years. A major

component is the completion of the Green Square urban renewal project with infrastructure costs in excess of \$100M. The project includes the Green Square Town Centre, Aquatic and Recreation Centre, Library and Plaza, Green Square Trunk Drainage, a number of new parks and the relocation of the City's maintenance depot.

The impact on City resources and assets of the Transport NSW Light Rail project, when completed, will add to the challenge of providing the levels of services expected by the community.

The City will require resources with suitable capacity and capability to cope with the population increase and visitors and to efficiently manage these new assets.

While recognising that there have been significant advances in asset management of the City the Executive has identified that asset management culture and capability is an area of organisational priority in light of the changing infrastructure priorities.

The City has commissioned an Executive Enterprise Change Project to review asset management capability and maturity to examine whether:

- Performance and outcomes are meeting community needs
- Expenditure is prudent and efficient
- Current frameworks for decision making are transparent and demonstrate value for money
- Expenditure on assets (capital and operational) adequately delivers on the principles of 'intergenerational equity' (ensuring future generations are not unfairly burdened)
- Robust systems with adequate data and analytical capability

A project team has been established with the first priority to reassess current capability and maturity against the Australian Standards

- AS ISO55000 –Asset Management – Overview, principles and terminology and
- AS ISO55001 – Asset Management – Management Systems – Requirements

The review will identify priorities and required asset management improvements to both update and expand the asset strategy focus areas and achieve ISO certification.

It is anticipated that the capability and maturity assessment will be completed in the 2018/19 financial year with the recommendations priorities included in future revisions of this plan.

TABLE 3.3.4 – Asset Strategy – Focus areas

Focus Area	Key Outcomes	Priority Projects
Asset Management Governance Consistent and appropriate data and corporate governance processes are in place for all asset activities and classes	<ul style="list-style-type: none"> Improved data governance Structured infrastructure risk management plans Current and relevant policy and strategy Compliance with Integrated Planning and Reporting requirements Digital service delivery designed around the user 	<ul style="list-style-type: none"> In conjunction with Data and Information Services Unit to develop glossary, data definition and data flow charts Review and update business, data governance and management processes Adopt risk management plans for the Critical asset classes, including climate change adaptation, at a network level Policy and Strategy reviewed on 4 year cycle Review and update Asset Management Plan process Continue rollout of ConfirmConnect and WorkZone mobile platforms
Asset Management Skills and Processes The City's staff will have sufficient data and system knowledge, rigorous processes, clear communication and a culture committed to asset and service improvement	<ul style="list-style-type: none"> Proactive asset management culture Standard asset creation and handover processes Developed asset management skills Effective communication and On-line tools 	<ul style="list-style-type: none"> Develop on-line references and tools for asset managers Develop standard templates and processes for asset demolition and creation Communications strategy for asset management practices
Asset Information and Systems The City will support service delivery through the provision of up to date asset information and integrated systems providing digital and mobile platforms	<ul style="list-style-type: none"> Integrated platforms Fully resourced system support Mobile first solutions Quality data and information Adopted long term strategy for system Best practice data modelling and reporting 	<ul style="list-style-type: none"> Review and update of the roads, footways, 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 Building and condition audit for relevant buildings Continue rollout of ConfirmConnect and WorkZone mobile platform Develop and enable advanced modelling within the corporate system

Focus Area	Key Outcomes	Priority Projects
Levels of Service The City will measure the performance of all asset classes against agreed levels of service including intervention levels, inspection frequency and condition thresholds	<ul style="list-style-type: none"> • Agreed service levels for all asset classes • Costs associated with service delivery captured and understood • Validated asset lifecycle models • Service levels of new and acquired infrastructure identified at inception • Environmental considerations included in all service level outcomes 	<ul style="list-style-type: none"> • Development of service levels specific to individual asset classes including intervention levels, priority determination and inspection frequency • Develop cost collection model and implement through mobile technology • Develop processes to directly link the corporate asset management system to water, energy and waste consumption
Financial Sustainability The cost of infrastructure service delivery will be fully understood and incorporated into lifecycle modelling linked to the long term financial plan	<ul style="list-style-type: none"> • Full understanding of costs to deliver services to support budget preparation • Benchmarked asset operation and maintenance activities and costs • Validated lifecycle models • Integrated asset operational and financial data • Current asset management plans • Purpose specific tools for asset reporting 	<ul style="list-style-type: none"> • Develop and implement strategy, processes and procedures to capture costs associated with infrastructure maintenance activities • Embed renewal, upgrade and expansion components of capital projects within the Long Term Financial Plan • Migrate asset financial and valuation data to the Corporate Asset Management System
Environmentally Sustainable Asset Management Practices Embed best practice environmental management practices into all aspects of infrastructure service delivery	<ul style="list-style-type: none"> • Climate change considerations as part of normal business • Cleaner stormwater solutions • Embedded sustainable design guidelines • Environmental impact considered in plant and equipment acquisition • Asset reporting includes environmental outcomes 	<ul style="list-style-type: none"> • Embed environmental guidelines in all renewal and upgrade activity • Develop processes to directly link the corporate asset management system to water, energy and waste consumption • Develop processes to minimise the environmental impact of new or replacement plant and equipment

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 assessment against the ISO55000 standards will enhance the implementation.

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, volume and evolving content based on improved data collection and governance.

The City of Sydney will prepare detailed asset management plans for all significant asset categories. APPENDIX 3 below shows the plans completed.

Please note that Detailed Asset Management Plans for the critical assets have completed a first iteration, but are now under review and update. The main review points are:

- Roads – collation and update of conditions and to inform program development based on newly acquired road carriageway, footway and kerb and gutter data
Service level review for all civil assets to determine optimum inspection and response times
- Stormwater drainage – update of conditions and inventory based on CCTV program – currently 20% of LGA completed
Service level review for all drainage assets to determine optimum inspection and response times
- Parks – renewal program for parks now based on condition assessments – programs in plan to be updated accordingly
- Property – development of Property Strategy underway which will inform asset management priorities and programs
New facilities management contract awarded, process to verify and complete asset inventory and condition part of contract terms – will be undertaken in 2018/19

5. Community Asset Management Plan

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

5.1 Levels of Service

The City has defined service levels in two ways:

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

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

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

This plan now includes elements from the City's financial statements relating Special Schedule 7 of the code of accounting practice and financial reporting and is the report on infrastructure assets. Details are shown at section 5.3.4. This replaces previous estimates of minimum condition levels to provide uniformity across reporting platforms.

5.2 Demand Management

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

Factors affecting the demand for services in the City include:

- Population of 224,000 in 2016 being an increase of 36% in the last 10 years;
- Projected population of about 315,000 by 2031;
- Green Square to have 61,000 residents by 2030;
- 425,000 workforce commute to the City each day;
- 500,000 people work in the City each day;
- 4.25 million international visitors each year;
- 50% of residents 18-34 years old;
- 37% of households occupied by lone persons;
- 45.3% of households are couples without children or group households;
- 60% of City households have cars – Greater Sydney average 87% and
- 30.5% of residents use active transport (riding or walking)

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

Specifically, for the City, the largest impact on infrastructure will be the development of the Green Square Urban Renewal Project in the next 4 years, which covers approximately 280 hectares of land and the implementation of the Light Rail project. Both will require significant funding and provision of essential infrastructure and community facilities.

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

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

Demand management opportunities are shown where identified.

5.3 Lifecycle Management

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

5.3.1 Asset Condition Assessment

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

Condition assessments are important because they:

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

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

The general method to assess asset condition uses a five point scale and is applied across all infrastructure assets. The condition indexes are shown in Table 5.3.1.

Each infrastructure asset category has specific levels and descriptions (contained in the Detailed Asset Management Plans) associated with the condition indexes, the assessments shown in the asset specific sections reflect these specifics.

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 – road carriageways was completed in 2017, kerb and footway are complete but under audit, bridge audit and condition assessment scheduled for 2018. These network wide reviews are completed on a 4-5 year cycle

Parks structure e.g. retaining walls and pedestrian underpass inventory and condition are scheduled for completion in 2018.

- Stormwater drainage network (being pit, pipe and channel information) including size, capacity, dimensions, condition, update commenced in 2015 and will continue for the next 3-4 years. Includes CCTV analysis for all City owned Gross Pollutant Traps (GPTs) pipes and pits;
- Parks inventory detailing park elements, condition and valuation, 90% of parks are complete, conditions assessments of whole park assets completed for the 4th year. The validation of footway verges in conjunction with the roads footway and kerb audit continues and detailed asset condition assessment of select park structural assets is underway; and
- Collection of detailed building component data e.g. electrical components, structural components, roof details etc. is integral to the new facilities management contract and will be a priority item for the 2018/19.

An independent review of the 53 high value or use buildings, primarily relating to risk and priority works is complete and is the basis for the renewal component of the 2018/19 capital program.

Revaluation of the City's buildings based on components is complete and is loaded into the asset valuation registers.

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

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	Restoration maintenance work required
4	Poor	Asset renewal required
5	Very Poor	Urgent renewal/upgrading required

5.3.2. Asset Valuations

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

5.3.3. Risk Plan

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

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

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

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

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

The associated Risk Management Plan for Critical Assets will be reviewed and adopted in 2018. Future revisions of this and the detailed asset management plans will include detail of the risk treatment options, plans and timetable for completion.

5.3.4. Maintenance, Renewal and Upgrade 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 and the definitions of lifecycle costs appear below.

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 or 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.

5.3.4.4. Expansion (New) Assets and Upgrade Costs

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

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

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

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 • Light rail construction 	<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 • Roads asset management plan • Pavement management model 	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 • Floodplain Management Implementation Plan 	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 • Community feedback • Planned maintenance programs 	High

5.3.5. Estimate of Cost to bring asset to satisfactory condition

The 2018 plan now includes elements from the City's financial statements relating Special Schedule 7 of the Code of Accounting Practice and financial reporting and is the report on the City's infrastructure assets.

Special Schedule 7 includes estimates of the cost to bring our critical assets to a satisfactory standard or an agreed level of service. This replaces previous estimates of minimum condition levels to provide uniformity across reporting platforms.

Special Schedule 7 contains two primary estimates for assessing the City's financial obligation relating to renewal of infrastructure assets. These are:

- **Estimated cost to bring to a satisfactory standard**

The amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by Council and the community.

Unless otherwise agreed with the community the level for satisfactory is set at Condition 2 – Good

- **Cost to bring to the accepted level of service set by Council**

Estimate of the cost to renew or rehabilitate existing assets that have reached the condition based intervention level adopted by Council.

For the City, in general terms this means any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor.

- **Required Maintenance**

Estimate of the costs identified to perform routine activities that should be undertaken to sustain the asset in a functional state, ensuring assets reach their predicted useful life, excluding renewal.

This includes operational and maintenance costs.

- **Actual Maintenance**

Actual expenditure incurred to perform those routine activities

Tables are included in the following critical asset sections showing the City's obligations

5.4. Financial Summary, Projections and Projections

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

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 for the full useful life of the asset
- Medium term lifecycle costs over the 10 year financial planning period contained in the Long Term Financial Plan.

Estimates of each are shown for the critical asset classes.

5.4.1. Life Cycle Costs

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

5.4.2. Asset Consumption Costs

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 (sometimes referred to as 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.

Asset Consumption Costs are calculated using the general methodology:

- **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)

Table 5.4.1 shows examples of how Average Annual Asset Consumption is calculated.

5.4.3. 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.

- **Estimated Operational, Maintenance, Renewal and Replacement Costs** = Budgeted Operational Costs + Budgeted Maintenance Costs + Budgeted Renewal or Replacement Program

5.4.4. Sustainability Index

The 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.

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

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.

Information contained in the models address any gap identified in Special Schedule 7 estimates of the cost to bring our critical assets to a satisfactory standard.

TABLE 5.4.1 – Calculation of Average Annual Consumption Cost – INDICATIVE ONLY

Asset Type	Asset Location	Replacement Value	Expected Life (years)	Average Annual Asset Consumption
Road - Asphalt road surface	George Street – Bathurst to Liverpool	\$80,000	25	\$3,200
Drainage -Concrete Box Culvert	Huntley Street – Mitchel Road to Belmont Street	\$6,900	100	\$69
Street Tree – Celtis Australis	George Street – Bathurst to Liverpool	\$2,000	50	\$40
Pocket Park – Landscaping Hardworks	St James Park	\$345,000	25	\$13,800
Property– Electrical Component	Alexandria Child Care Centre	\$125,000	20	\$4,000
			Total	\$21,109

6. Critical Assets

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

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

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

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

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

Sections 7 to 10 show summary information for the critical asset classes based on the information contained in section 5. The City has utilised the Asset Management Framework, the NAMS.PLUS3 methodology and the best available data to prepare this summary information.

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

7. Road Network

7.1 Background

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

A significant proportion of the City's road network assets have been in existence for many years. These assets have originated from a combination of Council construction and 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.

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

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

A 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 2011/18 financial years. Inventory and condition updates were completed for road carriageway, footpath and kerb and gutter assets in 2017/18.

The updated roads condition is reflected in the graphs but the footpath and kerb and gutter are still being analysed. Updated conditions will be included in revisions of the Community and Detailed Asset Management Plans

A bridges inventory and condition survey is complete and is included in the Structures Asset Management Plan. An audit and condition survey of parks structures e.g. retaining walls, and a pedestrian underpasses will be completed in 2018.

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

The City receives some Grant funding from both the Federal and State Governments to assist in the management, maintenance and operation of the City's road infrastructure, which is a fundamental part of the NSW transport network.

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.

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

7.2. Roads and Structures Assets

Table 7.1 shows the range, extent and asset replacement cost for the roads assets detailed in the Community Asset Pan, 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	Road Surface Road Base 330 km length (road centreline) (296.5km Local, 33.5km Regional) Includes 13 km of separated cycleway	188 447
Footpaths	542 km (length)	530
Kerb and gutters	628 km	304
<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	15.7
	TOTAL	1,489
STRUCTURES		
Bridges		
Steel/Conc./ Composite Bridges	35	88
Timber Bridges	4	
Cliff and Ret. Walls	140	7
Sea Walls	2 km	10
Jetties/Pontoons	6	1
Steps/Stairs/Ramps	94	18
Fences	291	N/A
	TOTAL	124
STREET FURNITURE		
Smartpoles	2,371	76
Council Lighting (poles, mounted lights)	3,842 poles 8,313 lights	26
Street Furniture		
Ashtrays	32	
Bins	826	
Cycle Parking	1,538	
Information Stand	298	12
Kiosks (CoS owned)	55	
Seats	1,243	
Shelters	634	
Permanent Survey Marks	2,900	3
	TOTAL	117

7.3. Current Levels of Service

Table 7.2.1 shows some important community levels of service used by business units to gauge community satisfaction

A comprehensive review of all service levels, including inspection frequency, intervention levels and response times, for all civil and stormwater assets is underway. The review will drive changes to maintenance and renewal activities to provide a level of service that is reflective of community expectations and resource availability.

TABLE 7.3.1 – Current Levels of Service - Roads

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 • 1030 in 2015/16 • 1451 in 2016/17 Footpath requests <ul style="list-style-type: none"> • 4195 in 2013/14 • 3826 in 2014/15 • 3656 in 2015/16 • 4501 in 2016/17 Kerb and Gutter requests <ul style="list-style-type: none"> • 950 in 2013/14 • 673 in 2014/15 • 380 in 2015/16 • 679 in 2016/17

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 the Corporate Asset Management System

7.4. Lifecycle Management

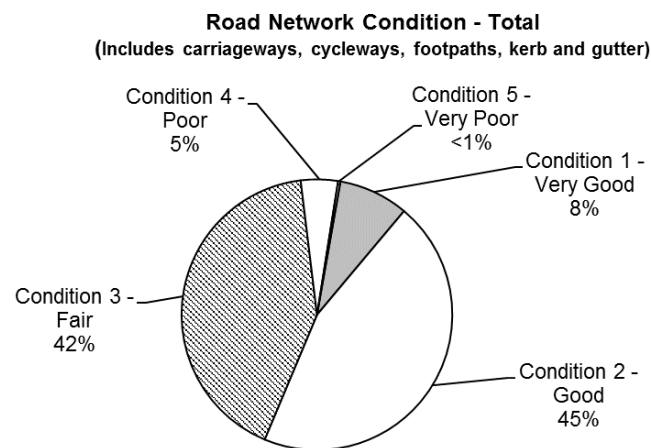
7.4.1. Asset Condition

The pie charts show the current condition of the Road Network assets. Photographs of road surfaces provide a guide to what Condition 1 – Very Good and 5 – Very Poor look like.

Inventory and condition updates were completed for road carriageway, footpath and kerb and gutter assets in 2017/18. The updated roads condition is reflected in the graphs but the footpath, kerb and gutter data is still being analysed. Updated conditions will be included in revisions of the Community and Detailed Asset Management Plans.

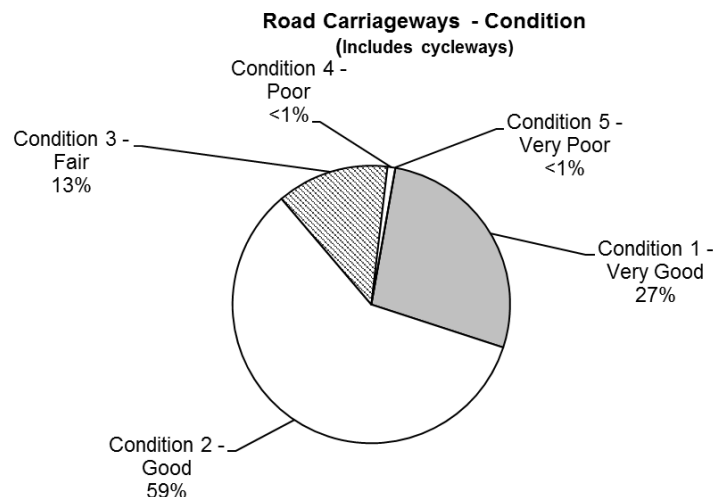
Any road carriageway, footpath or kerb and gutter asset rated a condition 4 or 5 has been or is under investigation and, subject to final assessment, will be included in the works program in the next 1-2 years. The condition graphs show that <5% of the road network falls within categories 4 or 5.

CHART 7.4.1 – Road Network Condition

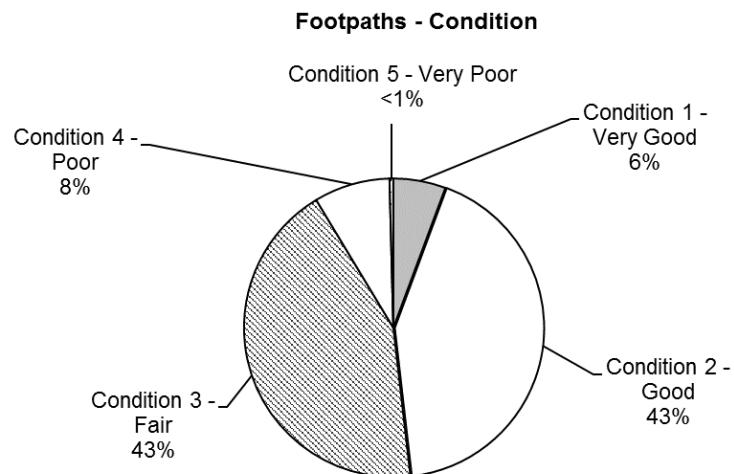
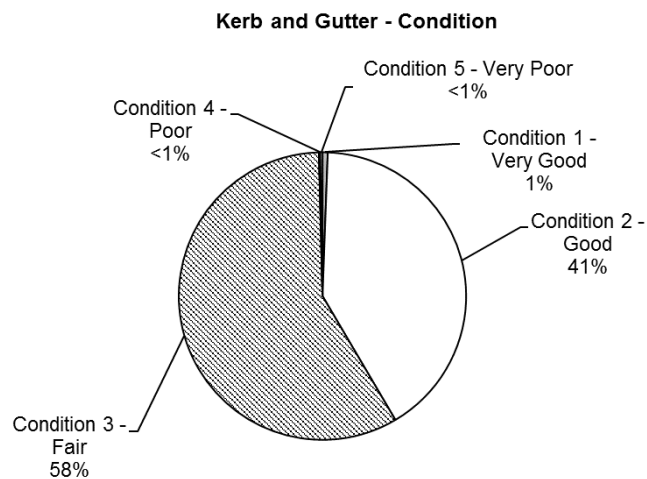


Road Network Average Condition 2.4

CHART 7.4.2 – Road Carriageway Condition



Road Carriageway Average Condition 1.9

CHART 7.4.3 – Footpath Network Condition**Footpaths Average Condition 2.55****CHART 7.4.4 – Kerb and Gutter Network Condition****Kerb and Gutter Average Condition 2.5**



Condition 1 – Very Good



Condition 5 – Very Poor

7.4.2. Asset Valuations

Table 7.4.5 shows the asset valuations, written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations in section 7.5

TABLE 7.4.5 - Valuations

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
Roads Surface	188	132	5.6
Roads Base	447	395	0.5
Footway	530	311	9.6
Kerb and Gutter	304	230	3.0
Bridges	88	42	0.9

7.4.3 Maintenance, Renewal and Upgrade costs

Table 7.4.6 shows the trend in the last 5 years in infrastructure expenditure for the road network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports.

The 5 year average is the basis for the long term lifecycle costs.

TABLE 7.4.6 - Maintenance/Renewal/Upgrade/Expansion Expenditure Trends

Year	Operational/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2012/13	7,877	25,905	18,153	1,345
2013/14	8,678	26,102	12,301	9,250
2014/15	9,396	23,839	27,390	22,979
2015/16	9,367	15,453	14,282	12,752
2016/17	9,829	13,620	14,307	20,689
AVERAGE	8,986	20,946	17,286	13,403

Note: Increased expenditure in upgrade and expansion in the last 2-3 years is due to the ongoing roll out of the City's cycleway network - the lower renewal amount for 2015-2017 reflects the increased focus on the George Street light rail project.



7.4.4. Estimate of Costs to bring assets to satisfactory condition for the Road Network

Table 7.4.7 shows the Report on Infrastructure Assets as at 30 June 2017 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in section 5.3.5

TABLE 7.4.7 – Special Schedule 7 Cost to Satisfactory

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard (\$,000) ###	Estimated Cost to bring to the agreed level of service set by Council (\$,000) *****	2016/17 Required maintenance	2016/17 Actual maintenance
Roads	Sealed Roads – surface course	9,703	555	3,134	3,673
	Sealed Roads – base structure	970	970	373	157
	Bridges	8,774	1,998	44	131
	Footpaths	13,285	10,003	4,415	4,403
	Kerb and Gutter	2,318	404	759	1,112

- As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '2' or better. These cost assessments remain highly subjective as in previous years

***** - reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.

7.5. Financial Summary, Projections and Sustainability

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

Table 7.5.1 shows the current sustainability as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets

TABLE 7.5.1 – 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	
28,584	29,931	+1,347

7.5.2. Medium term – 10 year financial planning period

Chart 7.5.1 shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs

Chart 7.5.2 shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan

Table 7.5.2 shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

CHART 7.5.1 – Long Term Financial Plan – Maintenance, Renewal and Replacement

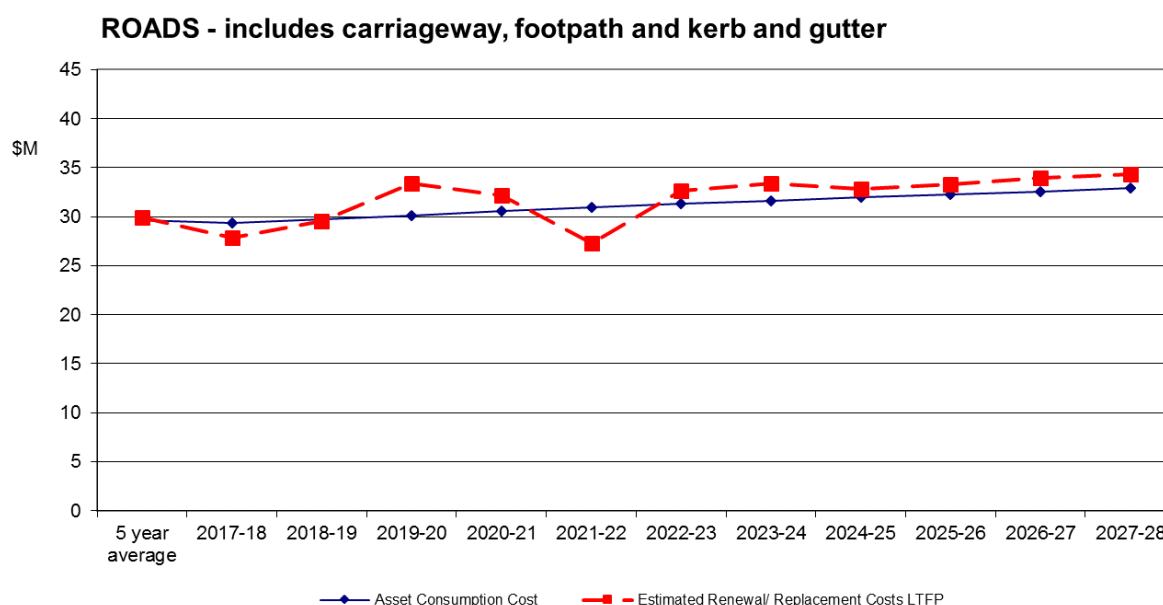
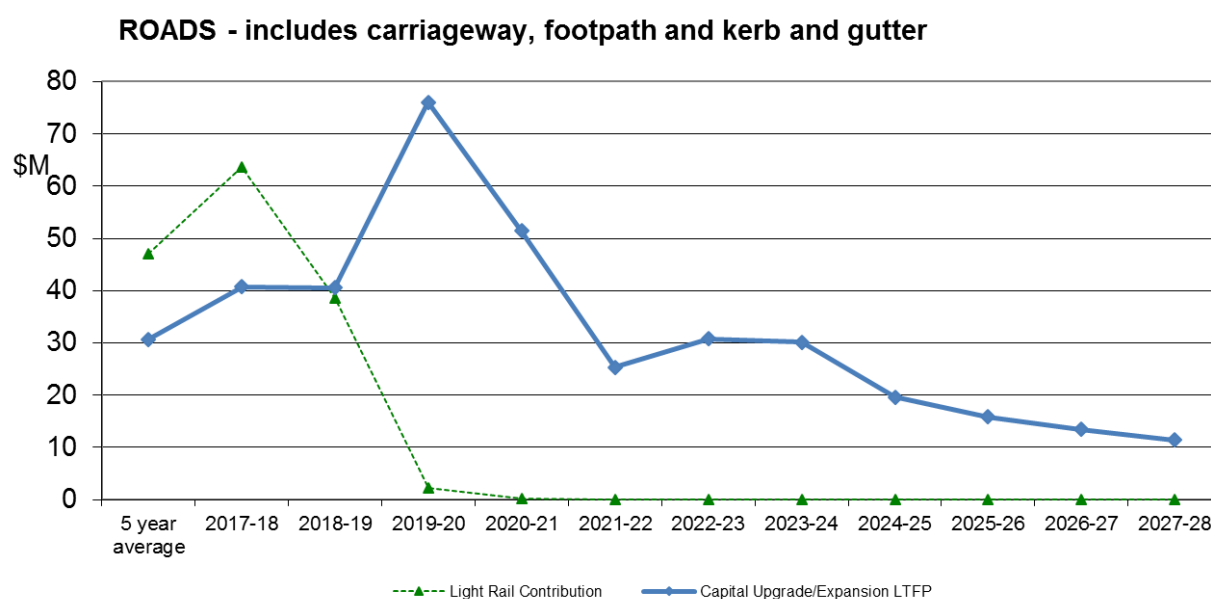


CHART 7.5.2 – Long Term Financial Plan – Upgrade/Expansion**TABLE 7.5.2 – Sustainability – 10 Year Projection**

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
31,217	31,899	682	1.02

7.5. Concluding Remarks

The estimates contained in the Charts and Table indicates that the City has budgeted to renew road assets at a sustainable rate over the next 10 years and is addressing the maintenance and renewal requirements and the Special Schedule 7 cost to satisfactory requirements consistent with the Office of Local Government performance measures. The spikes in the upgrade and expansion chart are due to the implementation of the Green Square redevelopment project.



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 built by Sydney Water and the City of Sydney. Typically, in suburban areas, Sydney Water would operate the large canals or trunk lines into which local stormwater would flow. However, within the City area, both large and small stormwater infrastructure is spread between the organisations.

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

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

A program is in place to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of the City owned pipes and pits and began in 2016. 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.

To date condition assessment of 15-20% of the network has been completed in the Centennial Park, Blackwattle Bay, Alexandra Canal and Johnston's Creek catchments and the areas adjacent to the CBD light rail corridor. The initial analysis of these sample areas suggests that average structural condition of the network is likely to be between 2.1 and 2.5.

Valuation information was updated in 2017 to reflect the more accurate information available through the data collection. 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.

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

The City has prepared a five year renewal program developed in accordance with relevant standards including 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.

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.

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

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

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

We anticipate 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.

Sydney Park Wetlands



8.2. Drainage Asset

Table 8.2 shows the range, extent and asset replacement cost for the roads assets detailed in the Community Asset Pan, together with some associated infrastructure for reference purposes.

TABLE 8.2 – Drainage Network Assets

Asset Category	Dimensions/ Quantity	Replacement Value (\$M)
Stormwater Pipes	179 Km	196
Stormwater Pits	12,036	81
Open channels	100 metres	0.1
Box culverts	7,370 metres	26
Stormwater Quality Improvement Devices		
- Gross Pollutant Traps	52	1.4
- Raingardens	138	1.3
TOTAL		305

8.3. Levels of Service

Table 8.3.1 shows some important community levels of service used by Business Units to gauge community satisfaction

A comprehensive review of all service levels, including inspection frequency, intervention levels and response times, for all civil and stormwater assets is underway. The review will drive changes to maintenance and renewal activities to provide a level of service that is reflective of community expectations and resource availability.

TABLE 8.3.1 – Current Levels of Service - Drainage

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.	591 requests 2013-14 568 -2014-15 958 -2015-16 1055 -2016-17 ###
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 2016/17 (316 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 2016/17 (400 enquiries)
Environmental	Improve storm water quality that discharges into receiving waters	Number of trapped gully pits cleanings	2,100 units cleaned per annum	1,596- 2013-14 2,182- 2014-15 1,691- 2015-16 1,590- 2016-17 ***

-Major rain events can impact these results

*** - More time spent on customer requests due to the severity of frequent wet weather in the last 2 years and the need to top up water within the pits containing wet seals (i.e. combined sewer/stormwater systems to minimise odour escape)

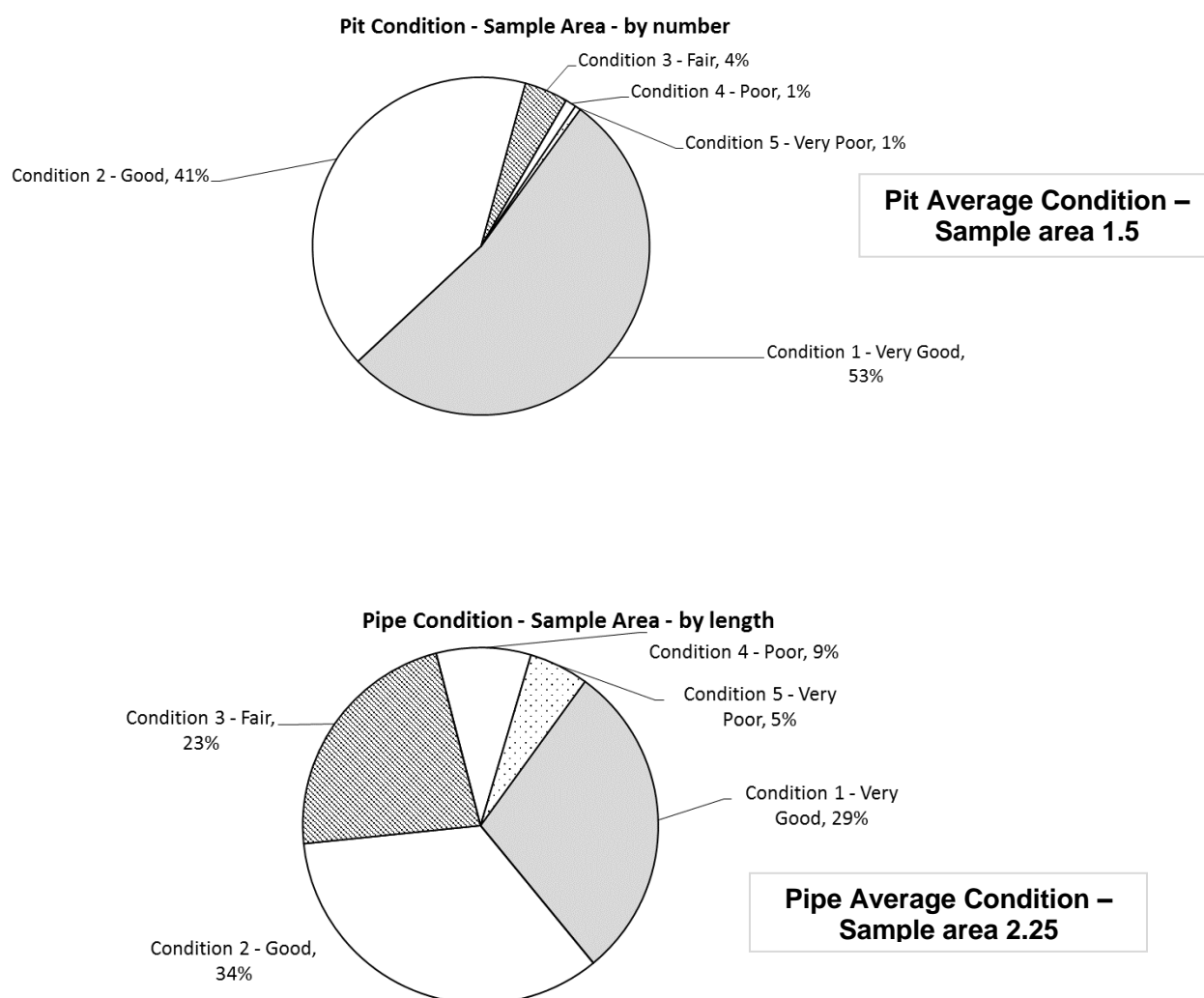
8.4. Lifecycle Management

8.4.1. Asset Condition - Stormwater

Chart 8.3.1 shows the overall condition of pits and pipes in the sample areas outlined in section 8.1. The sample area represents about 25% of the network but needs to be fully analysed prior to adoption. The initial observation is that the pit conditions are generally very good and that there are some issues with the pipe network.

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

CHART 8.4.1 – Drainage Network Condition (CCTV sample area)



8.4.2. Asset Valuations

Table 8.4.1 shows the asset valuations, written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations in section 8.5

TABLE 8.4.1 – Asset Valuation – Stormwater Drainage Network

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
Pipes	195	126	2.0
Pits	81	51	0.8
Box Culverts	26	17	0.3
Open Channel	1.3	0.6	0.1
Gross Pollutant Traps	1.4	0.8	0.01
TOTAL	305	196	3.2

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

8.4.3. Maintenance/Renewal/Upgrade/Expansion Expenditure Trends

Table 8.4.2 shows the trend in the last 5 years in infrastructure expenditure for the drainage network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports.

The 5 year average is the basis for the long term lifecycle costs.

TABLE 8.4.2 – Maintenance/Renewal/Upgrade Expenditure Trends

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2012/13	1,500	349	1,956	0
2013/14	1,417	2,038	655	9,795
2014/15	1,365	2,805	3,712	10,726
2015/16	2,569	4,183	13,981	23,699
2016/17	2,574	3,371	9,307	13,492
AVERAGE	1,885	2,549	5,922	11,542

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.

8.4.4. Estimate of Costs to bring assets to satisfactory condition for the Stormwater Drainage Network

Table 8.4.3 shows the Report on Infrastructure Assets as at 30 June 2017 in accordance with the Code of Accounting Practice and Financial reporting. It shows the estimates to bring the stormwater drainage assets to a satisfactory standard as described in section 5.3.5

TABLE 8.4.3 – Special Schedule 7 Cost to Satisfactory

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard (\$,000) ###	Estimated Cost to bring to the agreed level of service set by Council (\$,000) *****	2016/17 Required maintenance	2016/17 Actual maintenance
Stormwater Drainage	Stormwater Drainage	3,000	3,000	2,562	2,574

- As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '2' or better. These cost assessments remain highly subjective as in previous years

***** - reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.

8.5. Financial Summary, Projections and Sustainability

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

Table 8.5.1 shows the current sustainability as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets.

TABLE 8.5.1 – 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	
5,040	4,434	-606

8.5.2. Medium term – 10 year financial planning period

Chart 8.5.2 shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs.

Chart 8.5.3 shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan

Table 8.5.3 shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

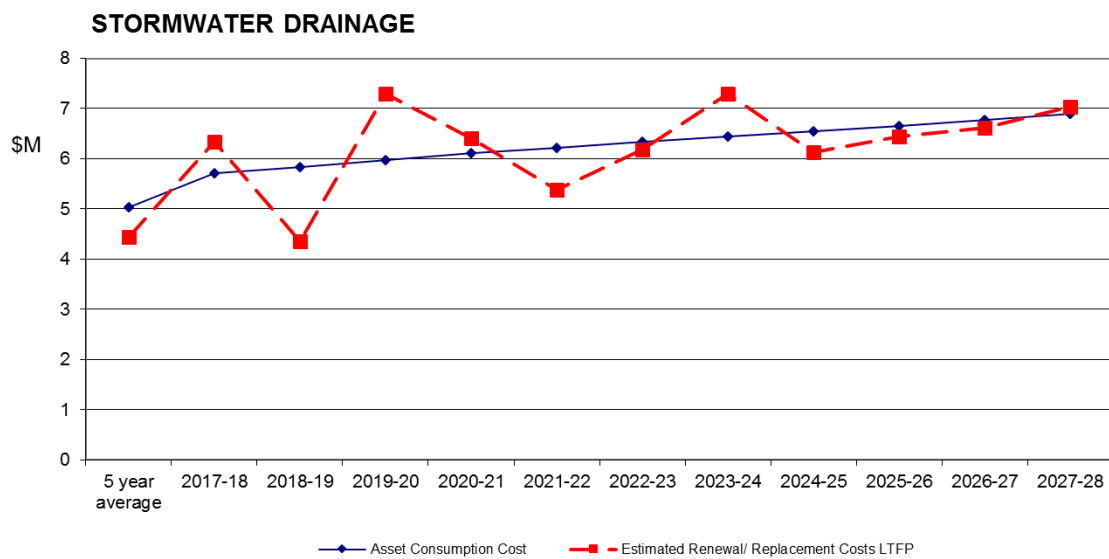
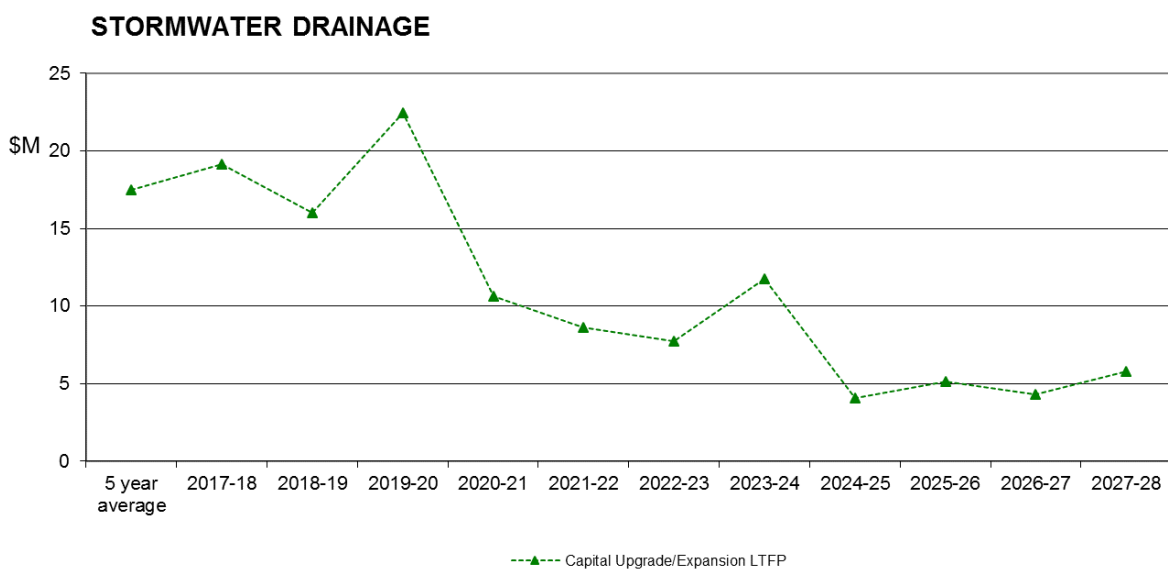
CHART 8.5.2 – Long Term Financial Plan – Maintenance, Renewal and Replacement**CHART 8.5.3 – Long Term Financial Plan – Upgrade/Expansion**

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
6,320	6,314	6	1.00

8.5. Concluding Remarks

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

The maintenance and renewal chart estimates look uneven but should be looked at in the context that the drainage assets have a particularly long life and a small change to renewal in any one year (say \$1,000,000) has a marked effect on the chart appearance.

The spike in upgrade/expansion in the next 2 years is due to the implementation of the Green Square trunk drainage project. There is a more even distribution of renewal expenditures in the later years of the plan.

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.

The estimates indicates that the City has budgeted to renew the drainage assets at a sustainable rate and is and is addressing the renewal requirements and the Special Schedule 7 requirements consistent with the Office of Local Government performance measures.

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 hundreds of thousands of residents and visitors using our parks daily. The park and open space network encompasses about 200 hectares throughout the local government area, providing both active and passive places for the use and enjoyment of communities.

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

The City's tree population consists of over 46,000 trees, located throughout the streets, parks and open spaces and City properties.

The Community Asset Management Plan includes parks and open spaces, together with trees (park and street) in the modelling. However, separate Detailed Asset Management Plans are being prepared for parks and open spaces and trees (park and street) because of their different maintenance and renewal requirements.

9.1.1. Parks and Open Spaces – Considerations

In excess of 3.4 Ha of park and open spaces have been added to the City in the last 1-2 years through the development process, these include Walaba Park, Chippendale Green, Mary O'Brien Reserve, the Western Block and some small parks around Green Square. While these parks and open spaces are already constructed, the ongoing maintenance will add to the City's ongoing commitments.

Negotiations also continue for the handover to the City of a number of significant parks and open spaces from the Sydney Harbour Foreshore Authority (SHFA), the Department of Planning, Transport for NSW Light Rail and Westconnex which are anticipated in the next 6-12 months.

Projected growth in the Park network area (from 206 Ha. In 2018/19 to 215Ha. in 2021) will impact on resourcing and ongoing maintenance and renewal activities.

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. The ongoing

maintenance requirements of these assets will add to the City's commitments.

Many of the key urban renewal areas, in particular the Green Square Urban Renewal Project and Harold Park will create large additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Victoria Park, Belmore Park and Perry Park are planned in the medium-term and are included in the Long Term Financial Plan. Recent developments on a number of new and renewed assets in Green Square were completed in the past 12-24 months. A major project in Sydney Park continues to improve the effectiveness of the Wetlands and Storm Water Harvesting system.

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

The likely development of synthetic sports fields within the City will present a new asset type that will require new approaches to maintenance of those assets and associated facilities. Estimates on the required management inputs for Gunyama Park (Green Square) are currently being sought.

Playground equipment, softfall, shade sails and associated infrastructure require replacement and minor upgrade works to ensure that identified playgrounds remain safe and fit for use, minimising risk to the City and providing increased amenity for children and their carers. The program for replacement of playgrounds is determined following a report from an external playground assessor itemising the remaining useful life for each playground.

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

9.1.2. Trees – Considerations

The extensive urban renewal projects across the LGA, including Green Square, Ashmore Precinct and Harold Park, include new streetscapes and street tree assets. Best practice 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.

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

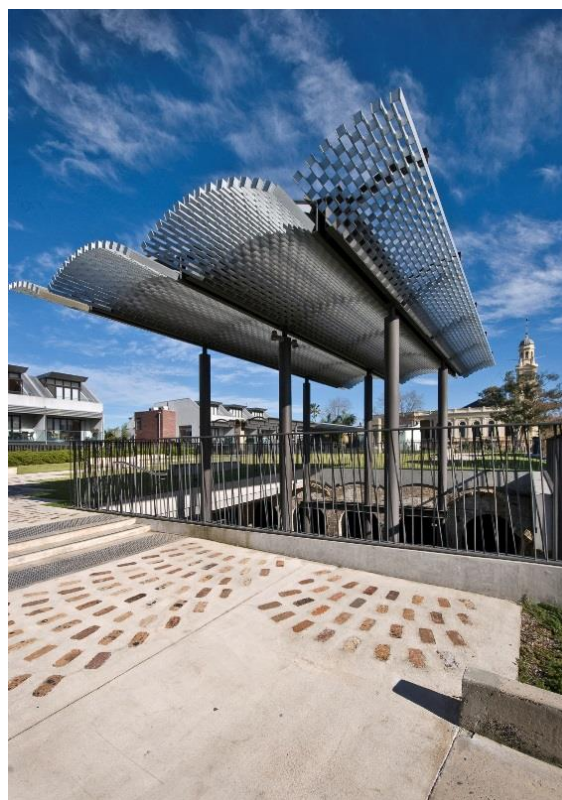
The ongoing improvement to the tree asset condition and maintenance data should permit the development of more structured renewal plan. This would assist with the City's urban forest co-ordination, so better asset turnover can be achieved.

The City is enabling the improved management through implementation (commenced 2013) of tree management condition assessment and maintenance activities using a mobile application.

During 2016 all street trees and the southern park trees were combined into one dataset in the corporate asset management system and their conditions are being assessed in the same way using mobile applications. The northern park trees are being combined into this same dataset in 2018. Not all condition assessments are complete but the condition chart shows the assessed

street tree and park trees condition as they are at the time of writing.

The parks, open space and tree assets included in this plan are outlined in this section.



Paddington Reservoir Gardens

9.2. Parks and Open Spaces and Tree Assets

Table 9.2.1 shows the range, extent and asset replacement cost for the parks and open space and tree assets detailed in the Community Asset Plan, together with some associated infrastructure for reference purposes.

TABLE 9.2.1 – Parks and Open Spaces and Trees Assets (December 2017)

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.	22 115.4 Ha	226
Neighbourhood	Larger parks within villages and suburbs that have high visitation and have increased levels of amenity and infrastructure. These include facilities such as sports fields with playgrounds and toilets e.g. Alexandria Park.	36 30 Ha	118
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.	267 32.9 Ha	76
Streetscape	Landscaped verges footpaths and nature strips that may have lawn areas or garden beds.	712 16.3 Ha	11
Traffic Treatment	Roundabouts, traffic blisters and median strips that have been planted out. May include rain gardens.	419 2.8 Ha	10
	TOTAL		442
Trees			
Parks Trees	Contained within parks and open spaces	13,583	34
Street Trees	Contained in the road reserve and footpaths	32,140	82
Property Trees	Contained within Council properties like Childcare, Community Centres	547	Contained in Property value
	TOTAL	46,270	116

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

Note 2- Some 3.4 Ha of park and open spaces was added to the City in 2017, these included in and around Harold Park, Nita McCrea Reserve and some small parks in Green Square.

Note 3- The Parks service unit data collection initiative has added a significant number of streetscapes and traffic treatments to the portfolio in the last year, improving the City's data quality and understanding of the extent of open space.

Note 4- Community Gardens are being progressively implemented and will be included in future revisions of this plan



9.3. Parks and Open Spaces and Tree Assets

Tables 9.3.1 and 9.3.2 show some important community levels of service used by business units to gauge community satisfaction.

TABLE 9.3.1 – 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 (Score 8.7)
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 (Score 8.7)
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 9.3.2 – 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

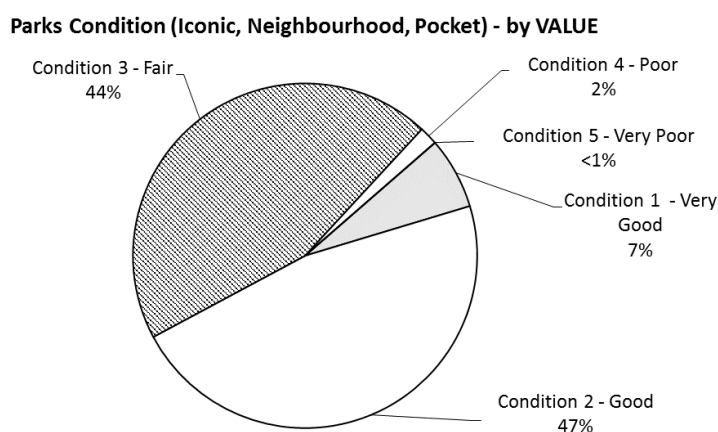
9.3. Lifecycle Management

9.3.1. Asset Condition

Chart 9.3.1 shows the overall condition of parks and open space assets. The chart uses the aggregate replacement value of parks in each condition index and is limited to iconic, neighbourhood and pocket parks as they make up 91 per cent of the area and 96 per cent of the value of parks and open spaces. Inclusion of streetscapes and traffic treatments will not materially alter the percentages.

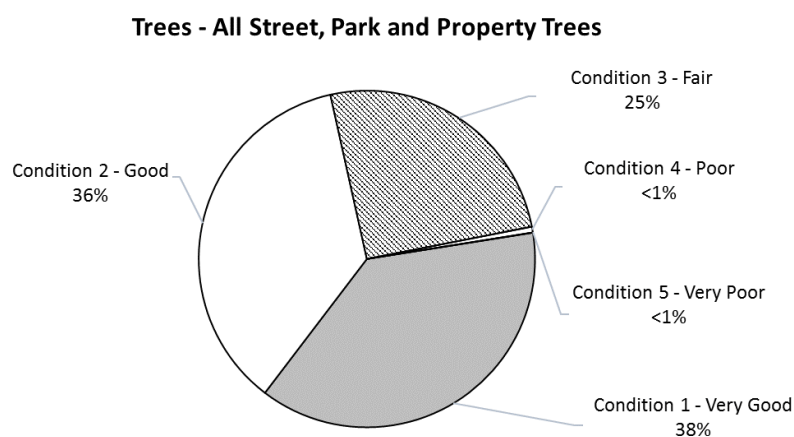
Chart 9.3.2 shows the condition of all trees in the City of Sydney. All street trees, park trees and trees within City properties are now in one dataset in the corporate asset management system and their conditions are being assessed in the same way. For simplicity the chart is based on a count of the total number of trees, and is not divided into specific locations (street/park or suburbs) nor divided by the trees age (young, mature).

CHART 9.3.1 – Parks Condition







Parks and Open Spaces Average Condition 2.4

CHART 9.3.2 – Trees Condition



Trees Average Condition 1.9

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. Asset Valuations

Table 9.3.3 shows the asset valuations, written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations in section 9.5



Paddington Reservoir Gardens



Prince Alfred Park Playground

TABLE 9.3.3 - Valuations

	Current Replacement Cost (\$M)	Written Down Value (\$M)	Average Annual Asset Consumption (\$M)
Parks and Open Spaces	442	207	16.3
Parks Trees	34	N/A	0.8*
Street Trees	82	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.

9.3.3. Maintenance/Renewal/Upgrade/Expansion Expenditure Trends

Tables 9.3.4 and 9.3.5 show the trend in the last 5 years in infrastructure expenditure for the parks and open spaces and tree network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports.

The 5 year average is the basis for the long term lifecycle costs.

TABLE 9.3.4 – Maintenance/Renewal/Upgrade Expenditure Trends

Parks and Open Spaces

Year	Operating/ Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade Expenditure (\$,000)	Expansion Expenditure (\$,000)
2012/13	14,581	10,844	3,024	1,166
2013/14	15,494	11,042	2,702	7,374
2014/15	15,514	14,378	4,758	5,497
2015/16	15,816	10,287	2,596	7,107
2016/17	15,429	8,775	2,013	27,398
AVERAGE	15,367	11,065	3,019	9,708

TABLE 9.3.5 – Maintenance/Renewal/Upgrade Expenditure Trends

Tree Management

Pirrama Park



Year	Operating/Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2012/13	4,979	1,065	993
2013/14	6,927	1,492	1,406
2014/15	7,778	1,514	580
2015/16	7,928	1,681	947
2016/17	7,701	1,721	804
AVERAGE	7,062	1,495	946

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.

9.3.4. Estimate of Costs to bring assets to satisfactory condition for the Parks and Open Space Network

Table 9.3.4 shows the Report on Infrastructure Assets as at 30 June 2017 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the Parks and open space assets to a satisfactory standard as described in section 5.3.5

TABLE 9.3.4 – Special Schedule 7 Cost to Satisfactory

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard (\$,000) ###	Estimated Cost to bring to the agreed level of service set by Council (\$,000) *****	2016/17 Required maintenance	2016/17 Actual maintenance
Open space/recreational assets	Open Space	10,359	7,398	14,433	15,429

- As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '2' or better. These cost assessments remain highly subjective as in previous years

***** - reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.



9.5. Financial Summary, Projections and Sustainability

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

Table 9.5.1 shows the current sustainability as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets.

TABLE 9.5.1 – Sustainability – Current

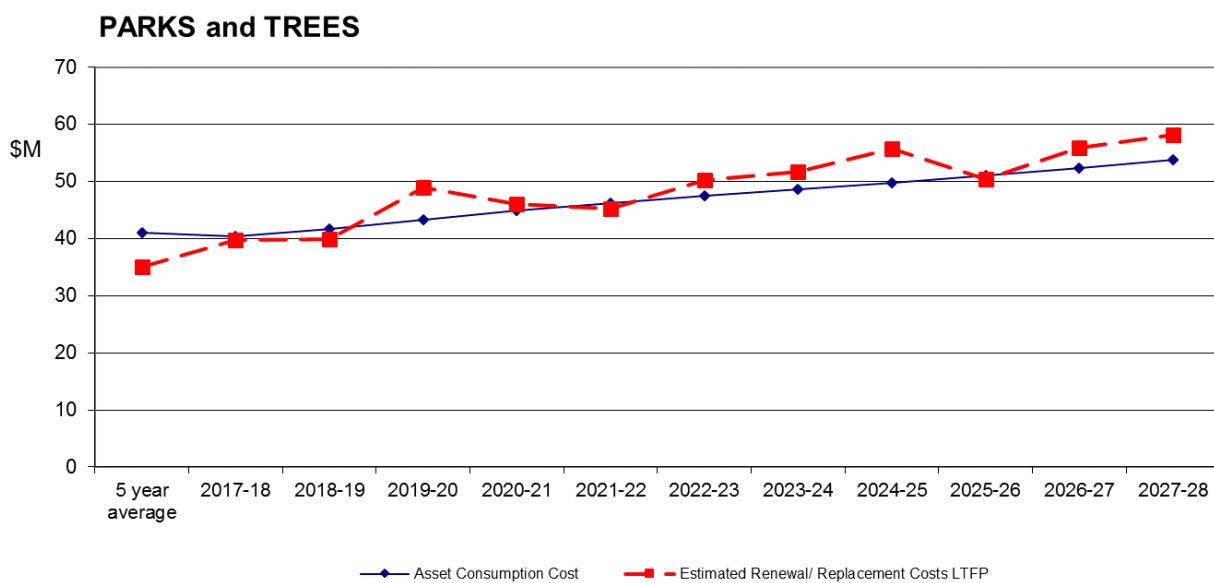
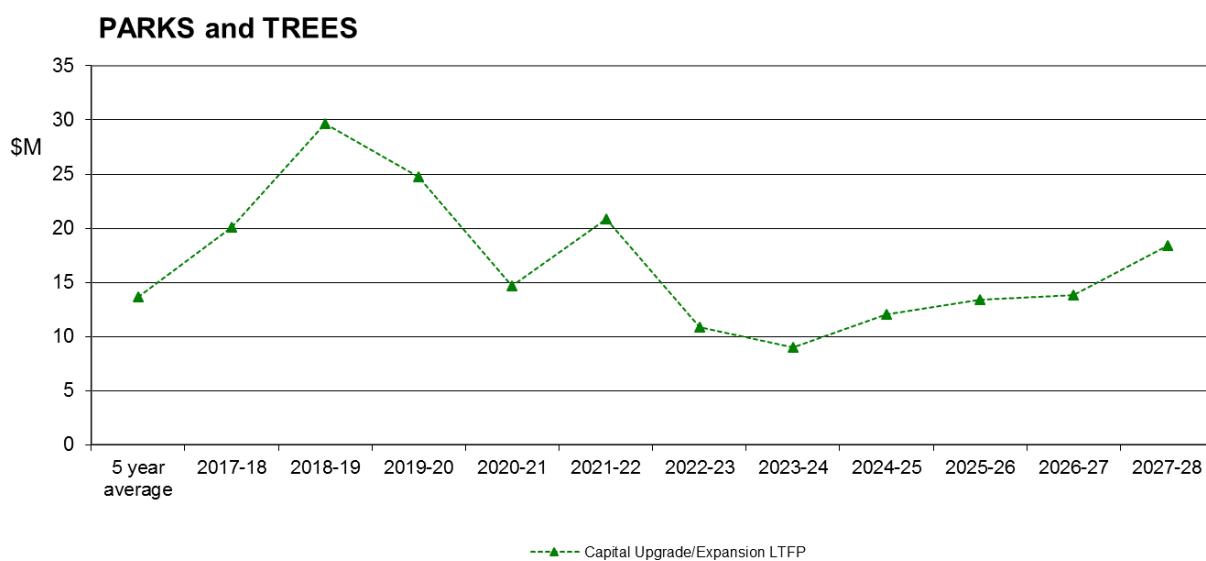
Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
41,044	34,989	-6,055

The estimate reflects 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.

9.5.2. Medium term – 10 year financial planning period

Chart 9.5.1 shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs

Chart 9.5.2 shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan Table 9.5.2 shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

CHART 9.5.1 – Long Term Financial Plan – Maintenance, Renewal and Replacement**CHART 9.5.2 – Long Term Financial Plan– Upgrade/Expansion**



Paddington Reservoir Gardens

TABLE 9.5.2 – 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
47,227	49,251	2,024	1.04

9.5. Concluding Remarks

The graphs 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 the weather.

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 and committing ongoing resources and maintenance budgets to these expanded assets.

The historic maintenance and renewal 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.

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 and Special Schedule 7 cost to satisfactory requirements consistent with the Office of Local Government performance measures.

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 the City cover a diverse range of property types such as indoor and outdoor aquatic centres, libraries, works depots, public toilets, and commercial property and community halls including the iconic Sydney Town Hall.

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

The portfolio is currently divided into two distinct groups, community and commercial, details are shown in Table 10.2.1.

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

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

The Green Square Urban Renewal Project will result in substantial growth in population and corresponding increase in demand for new community facilities and local services. The City has committed significant funds to new assets including the Green Square Aquatic Centre (\$92 million), the Green Square Community Library (58 million) and the Green Square Creative Centre (\$29 million).

Community service demands are continually assessed for the entire Local Government Area including Green

Square Urban Renewal area. New assets required to meet future community growth will be acquired progressively in line with population growth, development and funding priorities. New community facilities may require sites to be acquired or existing sites redeveloped or with some services consolidated to deliver integrated community facilities.

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

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. The City has set condition targets for buildings which 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 is closed.

The City has commissioned a detailed building component data collection project e.g. electrical components, structural components, roof details etc. These components will include individual assets where relevant, replacement values, current conditions and maintenance and renewal estimates. The detailed inventory of 53 high value or use buildings is complete and is being utilised in the preparation of the 2018/19 maintenance and renewal projects and budgets.

The City has gone to market to engage a Property Services Provider for facilities management. The contract includes building asset, condition and maintenance data collection for the entire portfolio which will inform how the City can improve property services and asset use. The new provider will commence in July 2018.

10.2. Property Assets

Table 10.2.1 shows the range, extent and asset replacement cost for the Property assets detailed in the Community Asset Pan, together with some associated infrastructure for reference purposes.

TABLE 10.2.1 – Property Assets

Property Portfolios	Number	Description of Use
Community Portfolio	183	Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include depots, community halls, childcare centres, libraries, public toilets etc.
Commercial Portfolio	57	Buildings owned or utilised by the City for a commercial or business purposes.
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).

10.3. Levels of Service

Table 10.3.1 shows some important community levels of service used by business units to gauge community satisfaction

TABLE 10.3.1 – Current Levels of Service - Property

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 2016/17
Function	Ensure each building is fit for purpose	Conducting regular maintenance and annual property inspections	Independent annual certification	Achieved
Quality	Ensure each building is presented and maintained in an acceptable condition	Register of annual property inspections	Target Condition Index set building by building	Current average condition 2.4

10.3. Lifecycle Management

10.3.1. Asset Condition

Sydney Town Hall has an insurance replacement value of \$489 million which accounts for 26% 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 (it equates to 12% of condition Good). For that reason two condition charts are provided.

Chart 10.3.1 shows the overall condition of Property assets, including Sydney Town Hall

Chart 10.3.2 shows the condition of Property assets without Sydney Town Hall.

CHART 10.3.1 – Building Condition – with Sydney Town Hall

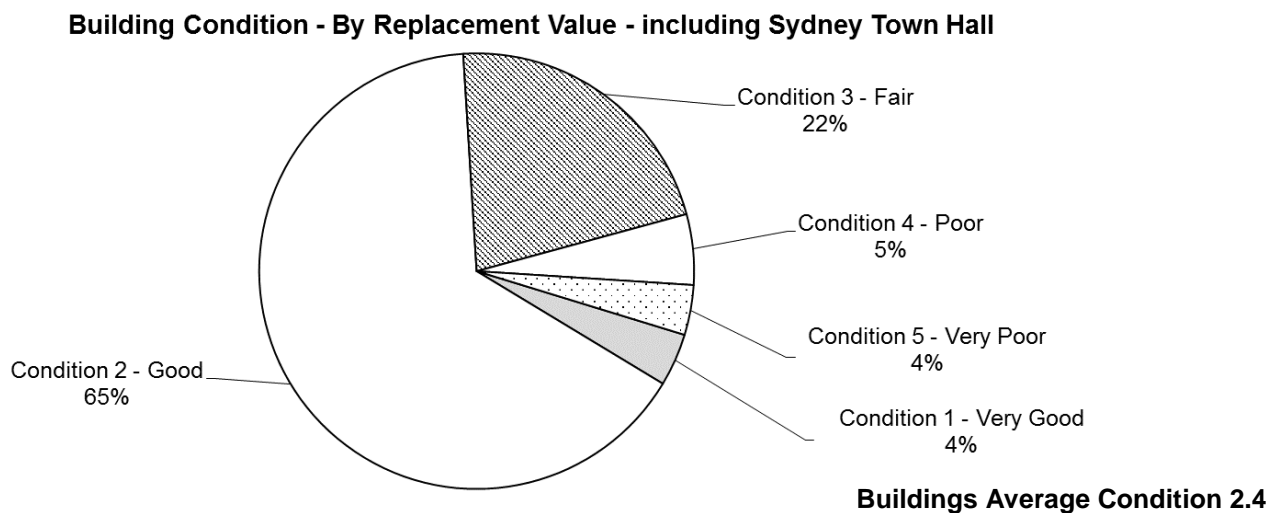
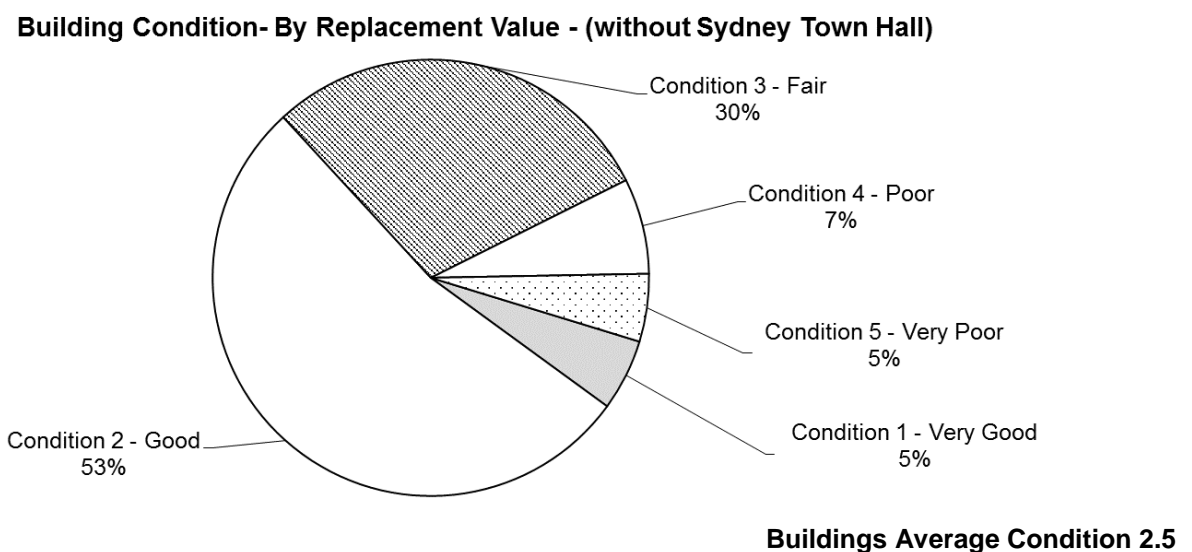


CHART 10.3.2 – Building Condition – without Sydney Town Hall



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. Asset Valuations

Table 10.3.1 shows the asset valuations, written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations in section 10.5

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 average asset consumption and sustainability and does not include buildings not under the City's direct maintenance control e.g. Queen Victoria Building, Capitol Theatre.

TABLE 10.3.1 – Building Valuations

	Financial Valuation (\$M)	Written Down Value Finance (\$M)	Current Replacement Cost Insurance (\$M)	Average Annual Asset Consumption (\$M)
All Building Portfolios	1,454	1,229	1,383	23.7
Sydney Town Hall	488	388	489	4.0
TOTAL	1,943	1,173	1,872	27.7

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

10.3.3. Maintenance, Renewal and Upgrade Costs

Table 10.3.2 shows the trend in the last 5 years in infrastructure expenditure for the property assets. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports.

The 5 year average is the basis for the long term lifecycle costs.

TABLE 10.3.2 – Maintenance/Renewal/Upgrade Expenditure Trends - Buildings

Year	Operational Expenditure (\$,000)	Maintenance Expenditure (\$,000)	Renewal/ Replacement Expenditure (\$,000)	Upgrade/ Expansion Expenditure (\$,000)
2012/13	13,384	19,541	31,777	19,181
2013/14	13,036	21,276	33,120	10,934
2014/15	13,576	19,637	23,077	19,531
2015/16	12,828	19,812	20,085	36,155
2016/17	11,180	21,614	30,613	32,955
AVERAGE	13,242	20,376	27,734	23,751

10.3.4. Estimate of Costs to bring assets to satisfactory condition for Properties

Table 10.3.3 shows the Report on Infrastructure Assets as at 30 June 2017 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in section 5.3.5

TABLE 10.3.3 – Special Schedule 7 Cost to Satisfactory

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard (\$,000) ###	Estimated Cost to bring to the agreed level of service set by Council (\$,000) *****	2016/17 Required maintenance	2016/17 Actual maintenance
Buildings	Buildings	45,207	30,542	32,081	30,437

- As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '2' or better. These cost assessments remain highly subjective as in previous years

***** - reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City sets a Target or Minimum asset condition for each building in the portfolio. These are reflective of the current strategy for the building, in some cases a building will have a poor condition rating as the target because it is identified for upgrade or closed. The City's general definition of agreed level of service for Property is the cost to reach the condition Target for that building.

10.5. Financial Summary, Projections and Sustainability

10.5.2. Long term – Lifecycle Cost based on Current Expenditure

Table 10.5.2 below shows the current Sustainability as projected using the average of 5 years historical costs. This is the basis for the calculation of the long term cost that the City will need to fund for the life of the asset.

TABLE 10.5.2 – Sustainability – Current – All Buildings

Asset Consumption Costs (\$,000)	Renewal or Replacement Costs (5 year Average) (\$,000)	Difference (\$,000)
What we should be spending	What we are spending	
58,542	59,573	+1,031

10.5.3. Medium term – 10 year financial planning period

Chart 10.5.1 shows the relationship between the Asset Consumption Costs estimates and the funded Long Term Financial Plan (Estimated Operational, Maintenance, Renewal or Replacement Costs).

Chart 10.5.2 shows the upgrade/expansion proposed for the Property assets in the Long Term Financial Plan.

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.

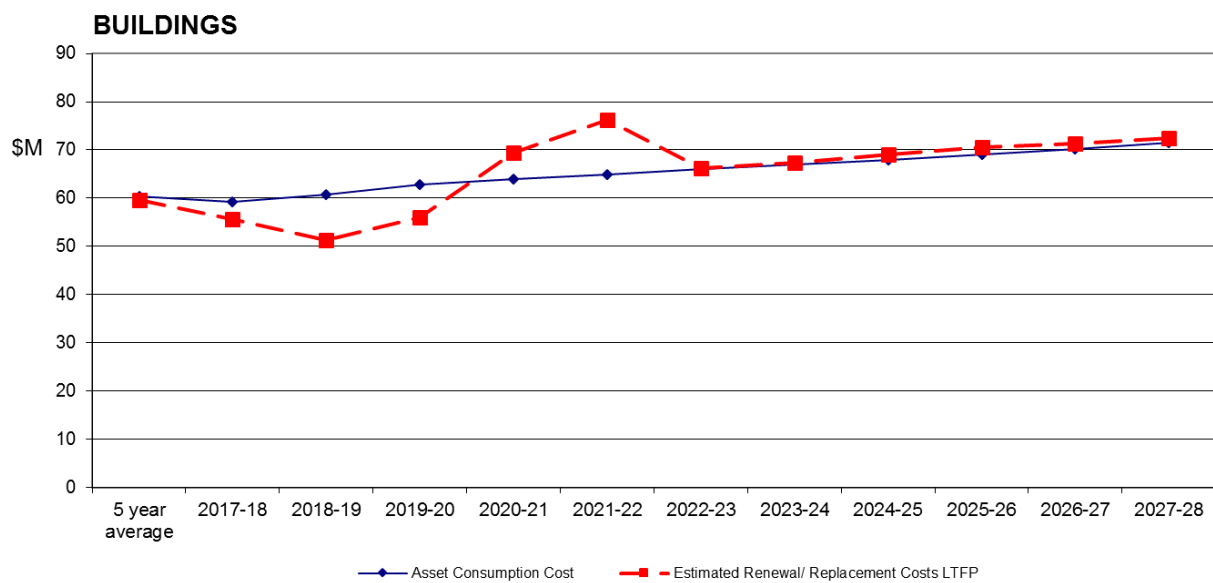
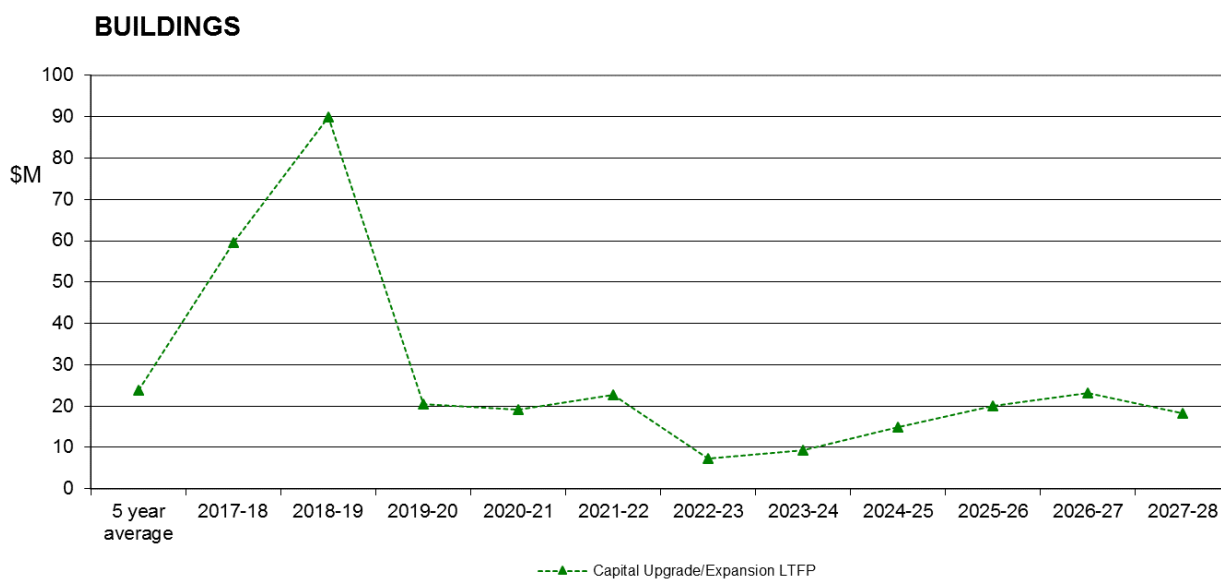
CHART 10.5.1 – Long Term Financial Plan – Maintenance Renewal and Replacement**CHART 10.5.2 – Long Term Financial Plan – Upgrade/Expansion**

TABLE 10.5.3 – 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
65,771	65,960	+190	1.00

10.5. Concluding Remarks

The chart 10.5.1 indicates that the City is allocating sufficient funding to provide for the renewal of the Property infrastructure, with significant amounts being allocated to renewing and upgrading the Property infrastructure in the next 10 years.

Significant upgrade and expansion projects are scheduled between 2017 and 2019. These include building works in the Green Square Urban Renewal precinct and new community facilities across the local government area.

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

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 and Special Schedule 7 requirements consistent with the Office of Local Government performance measures.



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	31,217	31,899	681 (2.2%)	1.02
Stormwater Drainage	6,320	6,314	6 (0.1%)	1.00
Parks and Open Spaces And Trees	47,227	49,251	2,024 (4.3%)	1.04
Property	65,771	65,961	189 (0.3%)	1.00
Total	150,535	153,425	2,889 (1.9%)	1.02

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, note that Light Rail contribution has been separated from the remainder of the Upgrade/Expansion figures to give a better overall picture.

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

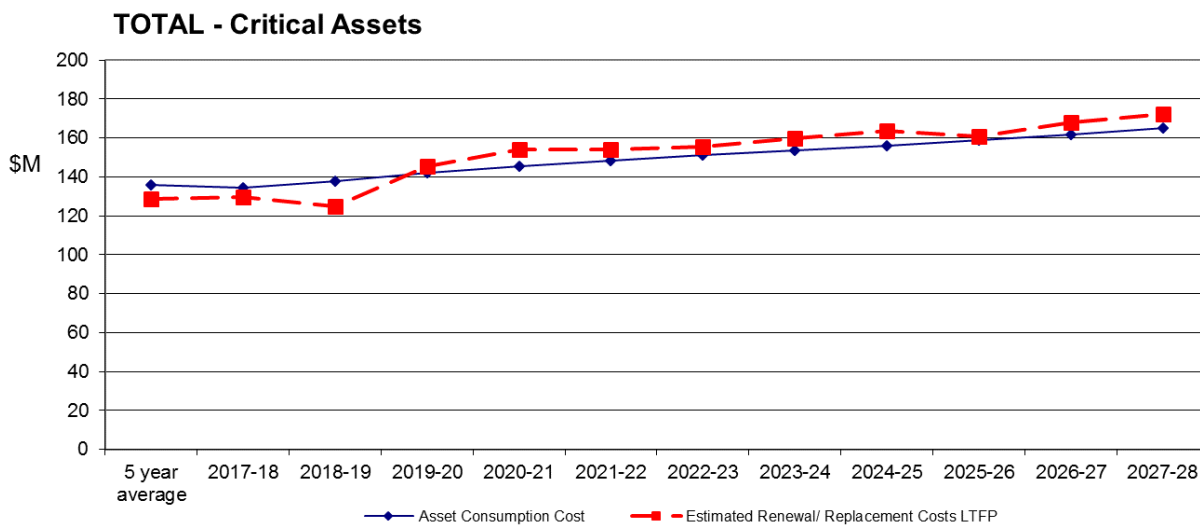


Chart 11.1 shows a slight dip in maintenance, renewal and replacement costs for the years 2018-2020 in relation to the estimate of how much should be spent. This is attributed to the substantial upgrade and expansion works during that period, particularly the Green Square Urban Renewal project and the City Transformation – Light Rail project, which has diverted funds from renewal projects.



Waterloo Community Centre

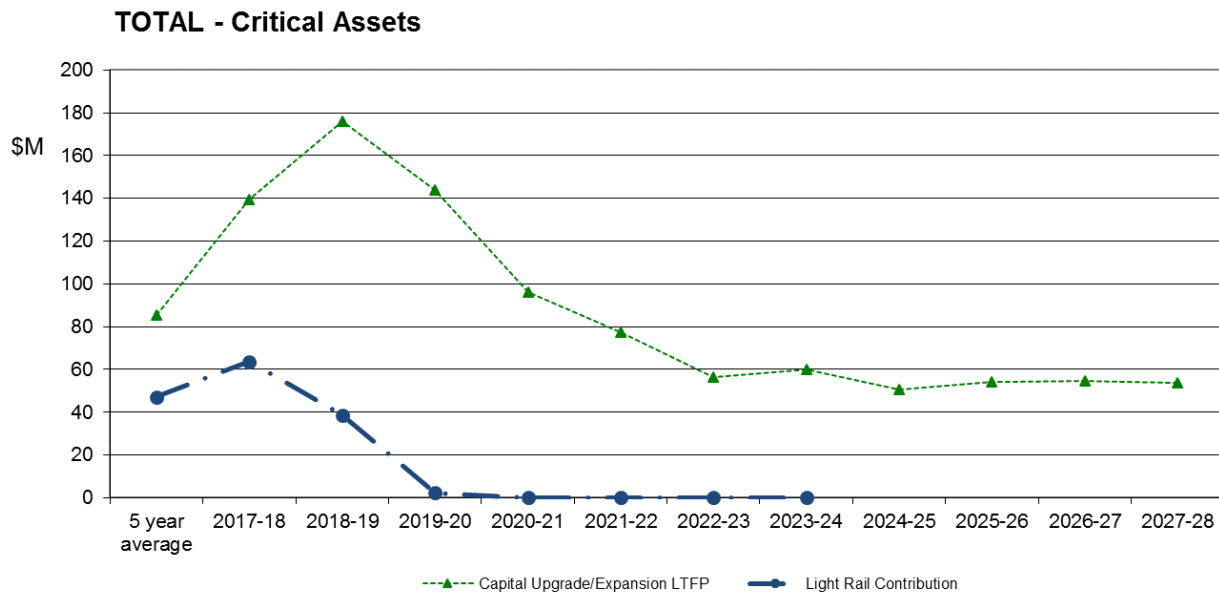
CHART 11.2 – Long Term Financial Plan – Upgrade/Expansion

Chart 11.2 includes the completion of the \$220M City Transformation – Light Rail project is shown as a separate item in recognition of its impact on the Long Term Financial Plan and the importance of the project to the City.

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



Tote Building, Green Square

12. Appendix 1

Asset Management Policy 2016

Purpose

The purpose of the Asset Management Policy is to ensure that the City has information knowledge and understanding about the long-term and the cumulative consequences of being the custodian of public infrastructure. This is achieved by ensuring that the systems and processes are in place to enable people to determine the most effective and efficient options for delivering infrastructure related services while controlling exposure to risk and loss.

The Asset Management Policy also provides the framework that together with the organisational Community Strategic Plan and Sustainable Sydney 2030 enables the asset management strategy and specific asset management plans to be produced.

Context

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

This Integrated Planning and Reporting legislation requires that the City must account for and plan for all of the existing assets under its ownership, and any new assets proposed in its Community Strategic Plan and Delivery Program and associated Resourcing Strategy.

The City must:

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

Figure 1 below shows the components of the Integrated Planning and Reporting Resourcing Strategy that frame the Asset Management requirements.

Figure 1 – City of Sydney Asset Management Framework

The City first adopted an Asset Management Policy in 2006. It was reviewed and updated in 2012. The 2012 update ensured our objectives and principles were consistent with Sustainable Sydney 2030, as well as the requirements the Integrated Planning and Reporting Framework.

The policy is linked to Sustainable Sydney 2030 Strategic Direction 10, Implementation through effective governance and partnerships, Objective 10.3 the City of Sydney is financially sustainable over the long term

This 2016 policy update builds on the Asset Management Policies of 2006 and 2012. The policy objectives were reviewed and enhanced by the Asset Management Program Control Group and the Executive Asset Management Advisory group and were advertised for public comment as part of the Resourcing Strategy 2016. The updated objectives were adopted by Council in June 2016.

Scope

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

Definitions

Term	Meaning
Policy	A statement of an organisation's attitude and preference of direction.
Asset Management	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
Resourcing Strategy	The long-term resources required to achieve the objectives established by the Community Strategic Plan (Sustainable Sydney 2030). The strategy will include provision for long-term financial planning, workforce management planning and asset management planning.
Asset Management Program Control Group	Representative asset managers responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset management objectives. They also oversee the development and implementation of asset and risk management plans for all asset classes
Asset Management Plan	The Asset Management Plan/s must encompass all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation and replacement costs.
Long Term Financial Plan	The Long Term Financial Plan will be used to inform decision making during the finalisation of the Community Strategic Plan and the development of the Delivery Program. The Long Term Financial Plan will be for a minimum of 10 years and be updated at least annually as part of the development of the Operational Plan.
Asset Management Strategy	The Asset Management Strategy will include an overarching Council endorsed Asset Management Policy. The Asset Management Strategy will identify assets that are critical to the City's operations and outline risk management strategies for these assets. The Asset Management Strategy will include specific actions required to improve the City's asset management capability and projected resource requirements and timeframes. The Asset Management Strategy will balance the resources required in the Asset Management Plan and resources available in the Long Term Financial Plan, and report on the available choices and service and risk consequences.

Policy Principles

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

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

Policy Objectives

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

These policy objectives build on those contained in the Asset Management Policy 2012, and were advertised for public comment as part of the Resourcing Strategy 2016 documentation for the Integrated Planning and Reporting Framework and adopted by Council in June 2016.

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

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

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

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

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

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

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

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

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

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

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

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

7. Implement an integrated decision support system that:

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

8. Ensure compliance with legislative requirements by:

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

9. Allocate Asset Management responsibilities where:

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

Responsibilities

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

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

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

The Asset Management Program Control Group is responsible for ensuring that people, processes and systems are in place and work together to deliver services and meet the corporate infrastructure asset

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

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

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

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

Consultation

This update builds on the Asset Management Policy 2006 and 2012, and was developed after review of those policies by the Asset Management Program Control Group, the Executive Asset Management Advisory group of the Corporate and Strategy Projects Steering Committee and review of best practice documentation.

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

References

Laws and standards

- **Local Government Act 1993**
- **Local Government (General) Regulation 2005**
- **National Asset Management Framework**
- **IPWEA NAMS.PLUS3 Templates for Asset Management Plans**
- **International Infrastructure Management Manual**

Policies, procedures and guidelines

- Matrix of Responsibilities for Assets
- Roads Capitalisation Procedure
- Corporate Asset Management System Data Management Procedure

Approval

The Chief Executive Officer / Council approved this policy/procedure on 27 June 2016

Review

Review period	Next review date	TRIM reference
The Asset Management Program Control Group will review this policy every 4 years	June, 2020	2016/546823

13. Appendix 2

Asset Management Strategy Focus Areas 2017

Asset Management Governance

Consistent and appropriate data and corporate governance processes are in place for all asset activities and classes

Key Outcomes

Improved Data Governance

- Documented and controlled data and processes
- Embedded data responsibilities
- Shared and consistent data language
- Assured data quality
- Use data wisely

Structured infrastructure Risk Management plans

- Manage risks at a network and/or individual asset level
- Complement the Climate Change Adaptation Plan
- Consistent with the City's risk management framework

Current and Relevant Policy and Strategy

- Asset management policy and strategy documents consistent with Sustainable Sydney 2030 and industry best practice
- Embedded matrix of responsibility for assets
- Adequate resources assigned to asset services

Compliance with Integrated Planning and Reporting requirements

- Annual review and enhancement of Community asset management plan
- Recognised framework for creating and reviewing detailed asset management plans
- Validated lifecycle models for critical asset classes, including new infrastructure

Digital service delivery

- Digitalise infrastructure services to improve service delivery effectiveness
- Deliver a mobile working experience to the City's workforce

Priority Projects

- In conjunction with Information System Unit to develop glossary, data definition and data flow charts
- Review and update business and data governance and management processes
- Adopt risk management plans for the Critical asset classes, including climate change adaptation, at a network level
- Policy and Strategy reviewed on 4 year cycle
- Review and update Asset Management Plan process
- Continue rollout of ConfirmConnect and WorkZone mobile platforms

Asset Management Skills and Processes

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

Key Outcomes

Asset Management Culture

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

Asset Creation and Handover

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

Skills Development

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

Effective Communication and On-line tools

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

Priority Projects

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

Asset Information and Systems

The City will support service delivery through the provision of up to date asset information and integrated systems providing digital and mobile platforms

Key Outcomes

Integrated platforms

- Asset data will be integrated with core corporate systems and available through digital platforms

Resourcing of System Support

- Adequate resources are available to support the systems

Mobile First

- Systems enable mobile solutions

Quality Data and Information

- Asset data will be up to date and of acceptable quality
- Critical asset classes will be surveyed and updated on a regular and programmed basis

Long Term Strategy for System

- System development will be guided by a adopted long term strategy

Best Practice Data modelling and Reporting

- Critical assets are supported by best practice modelling solutions
- Key Users have solid analytical skills
- Reports enable monitoring of progress of asset performance and condition

Priority Projects

- Review and update of the roads, footways and kerb and gutter inventory and condition data
- Review and update of the stormwater drainage inventory and condition data incorporating CCTV analysis of pit and pipe capacity and structure
- Building and condition audit for relevant buildings
- Continue rollout of ConfirmConnect and WorkZone mobile platform
- Develop and enable advanced modelling within the corporate system

Levels of Service

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

Key Outcomes

Agreed service levels for all asset classes, including

- Intervention levels
- Inspection frequency
- Condition thresholds

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

- Operational costs
- Maintenance costs
- Service level options

Validated lifecycle models, determine inputs for

- Operational costs
- Maintenance costs
- Renewal programs based on condition models

Service levels of new infrastructure identified at inception, including

- Intervention levels
- Inspection frequency
- Condition thresholds

Environmental considerations included in all service level outcomes

Priority Projects

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

Financial Sustainability

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

Key Outcomes

Full understanding of costs to deliver services to enable budget preparation

- Unit rates
- Resource utilisation
- Funding priority

Benchmarked asset operation and maintenance activities

- Review industry standards
- Develop comparison data sets

Validate lifecycle models including

- Creation
- Operation
- Maintenance
- Renewal
- Disposal

Integrated asset operational and financial data

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

Asset Management Plans

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

Purpose specific tools for asset reporting

- Results against targets

Priority Projects

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

Environmentally Sustainable Asset Management Practices

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

Key Outcomes

Climate change considerations as part of normal business

Environmental factors are included in all Capital projects

- Project management guidelines and processes to include

Cleaner stormwater solutions

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

Environmental guidelines

- Embed environmental guidelines in all renewal and upgrade projects

Environmental considerations in Plant and Equipment

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

Asset reporting to includes environmental outcomes

- Directly link building and infrastructure assets to utility reporting

Priority Projects

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

14. Appendix 3 - Detailed Asset Management Plans - Status

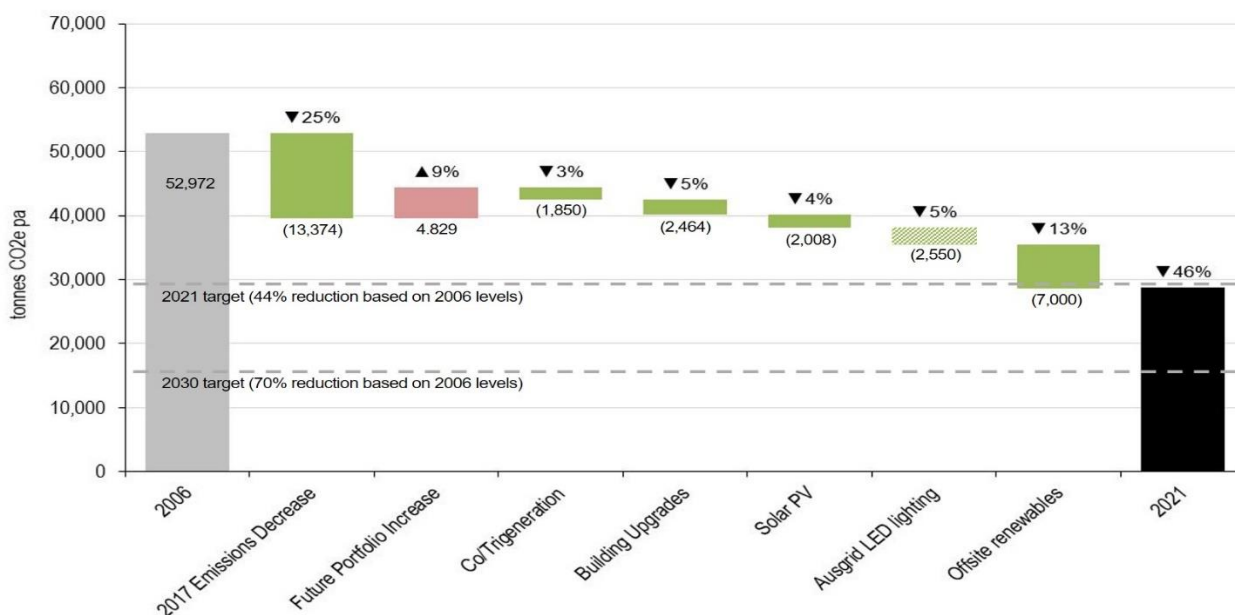
CATEGORY	STATUS
Fleet Services	Completed – Due for review and update
Cleansing and Waste	Completed – Due for review and update
Venue Management	Completed – Due for review and update
Parking Services	Completed – Due for review and update
Security and Emergency Management	Completed – Due for review and update
Road Pavements	Completed – to be updated in 2018/19
Footways	Completed – to be updated in 2018/19
Kerb and Gutter	Completed – to be updated in 2018/19
Structures – includes Bridges, Steps/Stairs/Ramps, Cliffs/Retaining Walls, Sea Walls, Jetties, Pontoons	Completed – to be audited in 17/18 and updated 18/19
Traffic Facilities	Completed to draft – data being utilised in works program development
Stormwater Drainage	Completed to Draft – based on Critical asset class – scheduled for review and update
Parks Services	Completed to Draft – based on Critical asset class – scheduled for review 18/19
Property Services	Completed to Draft – based on Critical asset class – Review scheduled when Property Strategy is complete
Fences	Commenced – due for completion 18/19
Water Quality Devices	Commenced – data collection
Aquatic Facilities	Commenced – data collection and analysis
Street Trees	Commenced – data collection and analysis
Public Lighting	Commenced – data collection
Street Furniture	Commenced – data collection
Permanent Survey Marks	Commenced – data collection
Public Art	Commenced – data collection

15. Asset Environmental Target

How we will get there

As at June 2017, the City has a verified emissions reduction of 25 per cent from the 2006 baseline. The chart below shows the initiatives that the City has undertaken and the estimated contributions of the initiatives we will implement across our operational portfolio to reach the target of reducing our emissions by at least 44 per cent by 2021. We will maintain our certified carbon neutral status each year through the purchase of verified offsets for those emissions we cannot eliminate, as we have since 2007. However the reduction target is absolute and does not allow for offsets.

City of Sydney operations greenhouse gas emissions target to 2021. Estimated contribution of initiatives.



Completed Initiatives - 25% reduction achieved

Portfolio change (+3 per cent) includes changes to the City's property portfolio over time. Major additional facilities include Ian Thorpe Aquatic Centre, 343 George Street, Sydney, and Surry Hills Community Centre.

Management improvements includes emissions reductions achieved outside of the major efficiency initiatives. This includes solar installed to date, improved energy measurement and monitoring, behaviour changes and small works. **Other influences** on emissions include annual weather changes.

Initiatives to be completed by 2021

The 2021 emissions target remains at 44% reduction from the 2006 baseline and with a current forecast to a 46% reduction.

- Future portfolio increase (+9 per cent) assumes the expansion of the City's property portfolio for community and operational purposes.

Increases: Alexandria Canal Depot, Waranara Early Education Centre, Green Square Community and Cultural Precinct, Green Square Library and Plaza, Gunyama Park Aquatic and Recreation Centre, Perry Park Recreation Centre and Green Square Water Reuse.

Increases through Developers Contributions to the City: Greenland Tower Creative Hub, Darling Library, and 178-186 George Street.

Proposed Divestments: Epsom Road Depot, Gerard Street Depot and Marian Street Depot.

- Co/Trigeneration (-3 per cent) - reductions will be accomplished through the operation of co/trigeneration facilities at Town Hall House, Cook and Phillip Park Aquatic Centre, Ian Thorpe Aquatic Centre and Gunyama Park Aquatic and Recreation Centre.
- Building upgrades (-5 per cent) reflects estimated savings from efficiency upgrades in the most resource intensive properties via the Major Properties Efficiency Project (MPEP).
- Solar Photovoltaics (PV) (-4 per cent) on City properties that can deliver 15 per cent of electricity demand if battery storage provides a cost effective solution and the City can take advantage of virtual net metering between our sites.
- Ausgrid LED lighting (-5 per cent) - The City pays for the electricity used by all street lighting in the local government area, however some of these lights are owned by Ausgrid. We will advocate for Ausgrid to upgrade all its street lighting to more efficient LED bulbs. This element is striped to indicate it is not within the City's control.

Off-site renewables (-13 per cent) can be purchased by the City through the GreenPower scheme or directly from a renewable project such as Power Purchase Agreement (PPA) and integrates into the City's retail contract renewal in 2019



Gunyama Park Aquatic and Recreation Centre: artist impressions

Operational Emissions Commitment and future year estimates

Similar in format to a financial budget, the following table provides annual Asset Portfolio carbon emission estimates to reach the City's stated 2021 target. Estimates for water and waste will be provided next year.

		2018/19	2019/20	2020/21	TOTAL
GHG Tonnes CO2e	2017/18				
Property Emissions Portfolio					
Carried forward Portfolio Balance	22,507	22,087	21,333	19,684	22,507
Add					
Net Portfolio Changes	157	520	646	3,261	4,584
Reduction Emissions Projects					
Co/Trigeneration Installations	(500)	(450)	(450)	(450)	(1,850)
Building Upgrades	0	(133)	(1,163)	(1,168)	(2,464)
Solar PV Installations	(77)	(691)	(682)	(558)	(2,008)
Total Property Emissions at End of Period	22,087	21,333	19,684	20,769	20,769
Street and Parks Lighting Emissions					
Carried forward Portfolio Balance	12,736	12,816	12,899	12,131	12,736
Add					
New Street Lights	80	83	82	0	245
Reduction of Emissions					
Ausgrid LED Street Lighting Program	0	0	(850)	(1,700)	(2,550)
Total Street and Parks Lighting Emissions at End of Period	12,816	12,899	12,131	10,431	10,431
Other Emissions					
Contractor Fuel	1,256	1,256	1,256	1,256	1,256
Organisational Fleet	2,417	2,417	2,417	2,417	2,417
Corporate Emissions (Events, Business Travel, Paper)	944	944	944	944	944
Total Other Emissions	4,617	4,617	4,617	4,617	4,617
Reduction of Emissions					
Offsite Renewables	0	0	0	(7,000)	(7,000)
Total OffSite Emissions	0	0	0	(7,000)	(7,000)
Total Emissions at End of Period	39,520	38,849	36,432	28,817	28,817
Baseline June 2006 Emissions GHG Tonnes CO2e					
	52,972	Emission Reduction June 2021			46%



Alexandria Canal Depot: Photovoltaic Solar Installation

Workforce Strategy

2015-19



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1. Executive Summary

Serving more than one million residents, visitors and workers per day, our employees play an essential role in assisting the Council carry out its responsibilities on behalf of the community.

In diverse roles across the organisation, our people are delivering the exciting and ambitious Sustainable Sydney 2030 plan to make our city Green, Global and Connected, while continuing to provide the high-quality services that are valued by the community.

This Workforce Strategy 2015-19¹ plays an important role in resource planning during this period and beyond. With the needs of our community growing and evolving, delivering the right initiatives to build capability in our people is critical.

In line with the Integrated Planning and Reporting Guidelines, this workforce strategy summarises recent work undertaken to implement the strategy, analyses issues and trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next two years.

The City has developed and implemented a range of significant workforce and organisational development programs. These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.

The strategy builds upon this earlier work and takes account of the key influences related to:

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

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

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

Our six strategic priorities are:

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

To address these priorities, we have developed a series of key strategic deliverables that we will report upon annually.

¹ Revised March 2018

2. Background

Extending from Sydney Harbour at Rushcutters Bay to Glebe and Annandale in the west and from Sydney Park and Rosebery in the south to Centennial Park and Paddington in the east, the City of Sydney employs a wide range of people.

In diverse roles across the City, our people are achieving the exciting and ambitious Sustainable Sydney 2030 plan, while continuing to provide the high-quality services that are valued by the community.

In recognition that our employees are custodians of public trust and confidence, we are continuing to build a high-performance workforce with a value-based culture of collaboration, courage, integrity, innovation, quality and respect. We invest in the capability of our employees so that our workforce is able to fulfil our purpose – to Lead, Govern and Serve.

To achieve this, the City needs to work productively in partnership with the community, other levels of government and the private sector in order to meet increasing and evolving community expectations.

This Workforce Strategy 2015-19 plays an important part of our Resourcing Strategy. With workforce costs making up over 50% of the City's annual operating budget, ensuring we are delivering the right initiatives to build capability in our people is crucial.

In line with the Integrated Planning and Reporting Guidelines set out by the Office of Local Government, this workforce strategy summarises recent work undertaken, analyses new trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next two years and beyond.



City of Sydney purpose and values



City of Sydney employees celebrate the Mardi Gras

What has led us to where we are today?

Rapid change has been underway at all levels of public service around the world, including the City of Sydney, from intergenerational working styles and the use of technology to the shift in the nature of the skills and roles required to service our community.

In order to achieve the goals of Sustainable Sydney 2030 and deliver our purpose to Lead, Govern and Serve, we need to build a workforce that is both capable and adaptable. This workforce must continue to maintain quality services and cater for a growing, evolving city and population.

The City of Sydney has recognised that it must operate as a high-performance, values-driven organisation. A high-performance organisation is one that is efficient, effective and ethical. To achieve this, we need to use and develop the full potential of our organisation, its people, resources and technology.

During the implementation of this strategy, we have engaged our people in developing a detailed blueprint for the delivery of Sustainable Sydney 2030. We have ensured there is a common understanding and commitment to achieving these goals by involving our people in all aspects of transforming the city. We have also embedded a strong sense of purpose and a commitment to shared values.

During the current (2015-19) and previous (2011-15) Workforce Strategies, the City has developed and implemented a range of significant workforce and organisational development programs.

These have been developed with strong engagement from managers and employees who have been involved in designing and piloting a range of customised tools and programs. The result has been a robust, practical set of solutions considered fit for purpose and easily adopted by most of the workforce.



The award-winning transformation of Sydney Park

Building employee capability

The City's Learning and Development curriculum offers our employees a range of programs to support their development.

The program builds new knowledge and skills and maintains the technical and professional expertise of our employees. Topics range from Cultural Awareness to Microsoft Excel, Driver Training to Finance Fundamentals. New programs include a Workplace English Language and Literacy Program to help workers meet their current and future employment and training needs.

Each year, the City supports around 6% of our employees to undertake higher education to acquire formal qualifications.

In addition to traditional classroom-based learning, the City has opportunities for 'on the job' experience, learning from others and on-line learning resources. We are guiding our people leaders to develop their employees through more effective coaching and mentoring.

Leadership and Management Capability Framework

YOURCITY



Sydney2030/Green/Global/Connected

Developing our leaders

Developing the leadership and management capability of our people leaders has been a key focus over the last four years. Development has been directed toward effective frontline management, performance conversations and coaching skills for managers, and developing high-performing teams.

Developed in 2013 in consultation with our managers, the City's Leadership and Management Capability Framework was launched in 2014. The framework describes the City's expectations of leaders at each level of the organisation across six elements:

- Operating Strategically
- Developing People and Culture
- Driving Results
- Displaying Awareness of Self and Others
- Cultivating Productive Relationships
- Managing Effectively.

The framework has been the foundation for the City's leadership development programs and is supporting the following outcomes:

- More effective job design and improved workforce planning
- Improved capacity to identify and recruit the right people
- Aligned development opportunities that deliver on business goals
- A tool to provide feedback for successful performance and productivity.

Following the launch of the framework, tailored programs have been developed to build capability of our leaders. This includes a cornerstone leadership skills program for the City's frontline managers which was launched in 2015 and a coaching skills for managers program.



ArtsReady trainees at the City of Sydney

Preparing for a future workforce

The City has a range of programs in place to help us recruit new talent and attract a broad range of candidates. We also have programs to build on the skills and create new career paths for current employees. In this way, we are addressing current workforce needs and planning for future needs.

The City provides entry-level positions in areas of skill shortage, for disadvantaged job seekers and where there is a high concentration of mature-aged staff. Such programs involve vocational training and mentoring. The City also provides opportunities for vocational work experience and volunteers.

Aboriginal and Torres Strait Islander Traineeships

Run in partnership with Aboriginal Employment Strategy (AES), an indigenous national recruitment company, this program gives Aboriginal and Torres Strait Islander students the opportunity to work for the City for two years while they complete school. The City is a proud supporter of this program and has been working with AES since 2007.

ArtsReady Trainees

ArtsReady is a traineeship program, run in partnership with the non-profit organisation ArtsReady Australia, which gives school leavers the chance to gain paid work experience in the creative and cultural sector while completing a TAFE business certificate.

Graduate and Undergraduate Programs

In partnership with universities, initiatives include a Graduate Program, Co-op Scholarships, student planners, undergraduates and cadets.

CareerSeekers

The City has supported the CareerSeekers program which connects asylum seekers with employers who can provide local organisational experience and job seeking support for mid-level professionals.

Apprenticeships

In 2017 the City employed six apprentices (five gardeners and one electrician).

Vocational Work Experience and Volunteers

The City supports work experience placements as part of a student's structured education program or where industry experience is a requirement of the study.

The City recognises the significant contribution of volunteers within our community. Volunteers bring a wide range of skills, commitment and diversity providing services which may otherwise not be available to the City and community.



The City's leaders at a managers' workshop

Redesigning our performance and development management process

In 2011, the City embarked on a review of performance and development management at the City with a view to improving the process for employees and managers. We redefined what performance means at the City – recognising that tangible results and behaviours linked to our values are important.

Developed in consultation with employees and managers, the City's revised approach to performance and development management:

- Sets clearer standards for performance and behaviours
- Encourages each employee to perform at their best while living our values
- Ensures an achievement and development focus centred on regular feedback throughout the year
- Recognises people who are performing well.

All 300 people managers have been trained in managing performance including having productive performance conversations and guiding team members in exploring development opportunities. Refresher training in developing people for performance takes place each year.

Introduced in 2012, a new salary progression scheme, linked to the performance management and development program, was implemented for all City of Sydney Award staff. The scheme aims to improve organisational performance by rewarding individual contribution.

Developing an employee recognition program to celebrate excellence

The Employee Recognition program recognises excellence in individual and team achievement. Awards are issued under the categories of Lead, Govern and Serve with a team award recognising excellence in 'collaboration', one of the City's core values. The annual City-wide Employee Recognition Awards have received over 100 nominations each year since its launch in 2014.



City employees at the launch of the City's Reconciliation Action Plan at Redfern Park

Supporting health and wellbeing

The City is committed to achieving best practice in workplace health, safety (WHS) and wellbeing and has a comprehensive program in place. Our work, health and safety strategy seeks to develop a strong safety culture where there are high levels of personal accountability and responsibility across the organisation. It has four key directions:

- Developing a stronger safety culture
- Driving effective workplace injury prevention programs
- Communicating openly and innovatively
- Building a psychologically resilient and healthy workplace.

The City's Health and Wellbeing program continues to target known health risks and includes flu vaccinations, hearing tests and free health checks on-site for depot staff. A stronger focus on mental health and wellbeing has commenced with mental health awareness training provided to all people managers.

The City uses a mix of online, written and face-to-face communication to distribute our messages and give our people an opportunity to get involved in our activities and programs, and have a say on matters which are of interest to them. Internal social media is increasingly used to encourage collaboration and conversation on innovation and improvement.

Improving internal communication

Effective internal communication is critical if we are to achieve our business outcomes and help employees understand the link between their work and our common purpose to Lead, Govern and Serve our community.

An internal communications framework has been established to support the sharing of ideas and information, and encourage every employee to keep up-to-date with our current priorities.

3. Looking to the future

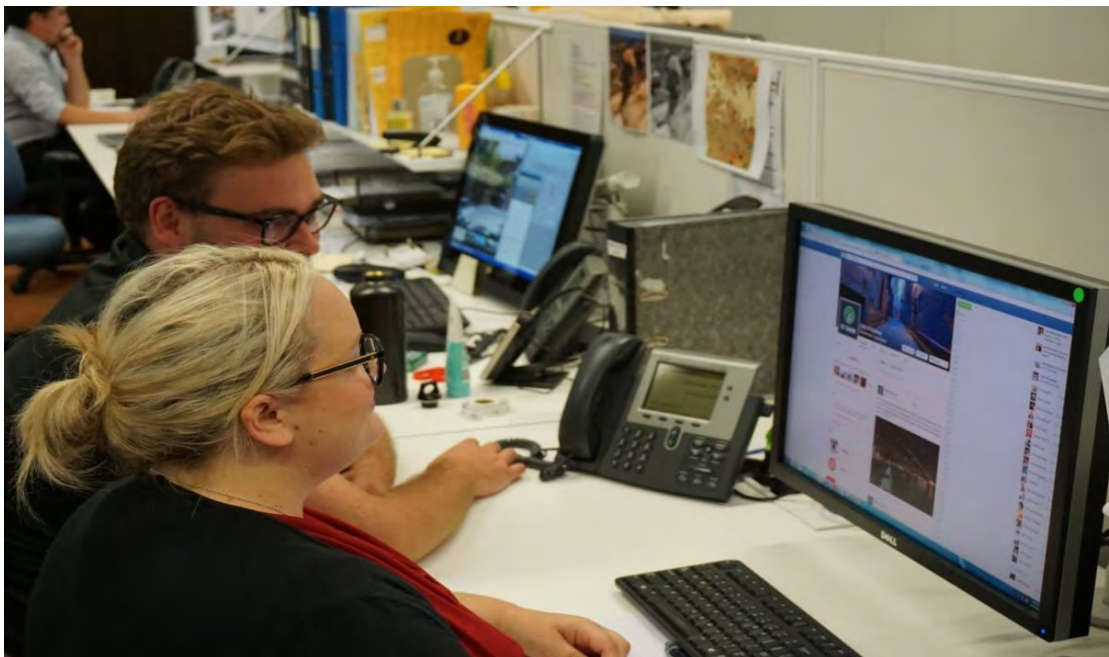
The City's strategic workforce priorities build upon our achievements to date and seek to maintain and develop our committed and capable workforce.

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

Across the globe and in Australia there are pronounced changes influencing the nature of work and the workforce of the future.

Significant trends include:

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



City employees interacting with the community via our Facebook page

The impact of technology

Key points:

- New jobs and roles are being created
- Technology is now part of the business strategy and customer experience
- Different generations have different expectations in terms of technology
- Technology is important for engagement, mobility and flexibility

The workforce is changing rapidly. Many of the jobs being created today did not exist five years ago. Much of this change is being shaped by digital technologies, enhanced cyber security, big data and the rise of social media. These elements are resulting in an evolution of new roles and capability requirements across many organisations.

Technology is increasingly a shared responsibility across organisations. New roles are emerging to coordinate marketing, customer service and IT, with a specific focus on the quality of customer experience. Effective partnerships between business units will be critical to the success of technology-led improvements.

Organisations are expanding their service delivery using digital channels. This requires many community and customer facing employees to have well developed technology capabilities.

Within organisations, technology has gone from being a work 'tool' to an 'enabler' of business strategy and customer experience.

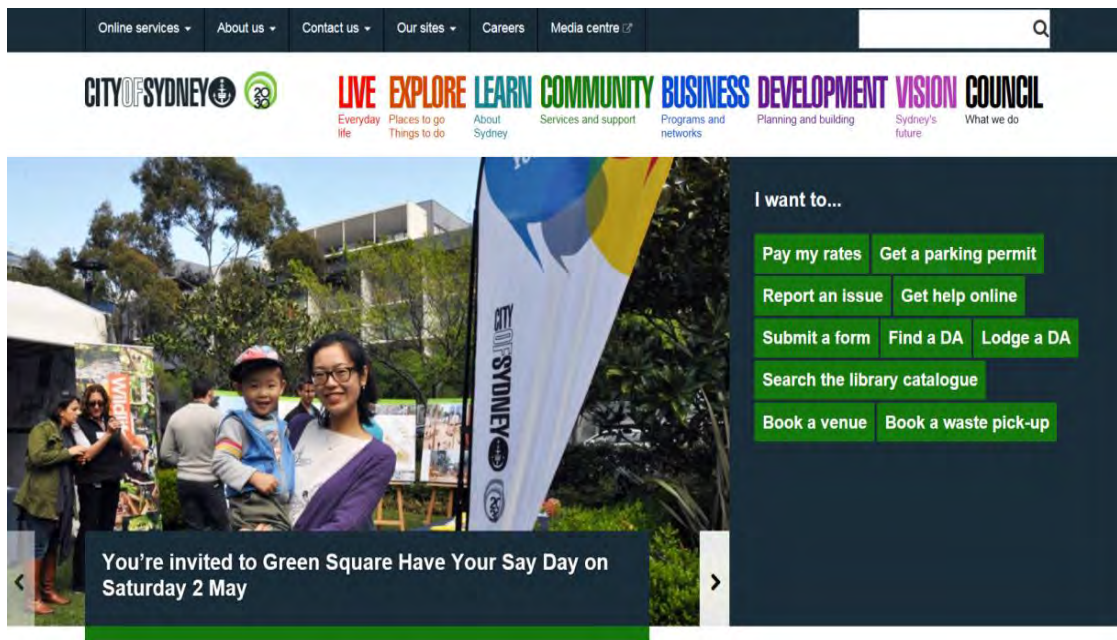
Over the past five years the use of mobile devices such as tablets and smartphones has increased exponentially. While this growth has primarily been driven by consumer demand, mobile facilities are now seen as a vital tool for service delivery and field-based work.

Employees' expectations have also changed. The expectation that technology used in the workplace be similar, if not the same, as that accessed in private life is no longer a desire but an expectation.

Initially led by millennials, but now increasingly adopted by all generations, is the expectation of access to information from any device at any time. This presents both opportunities and challenges for employers as they seek to balance openness and autonomy with privacy and security.

Generational differences in communication preferences and modes of digital collaboration are becoming heightened. Almost all forms of work require some computer literacy, even if it is simply sending an email or searching an internal intranet site to locate a colleague's contact details.

Technology has changed what it means for employers to engage their workforce. From traditional face-to-face meetings, town halls and formal 'one way' communication, technologically-savvy leaders are now interacting with their employees in a 'two way' mode via blogs, discussion boards and web-enabled conferences.



Connecting with our community via our online business services portal

Solis (2014), a leader in how digital capability is influencing today's workplace, states in recent research on the link between digital technology and employee engagement:

Socially engaged companies are genuinely more open, communicative, and also open to listening and learning in real time. They are leading the way for a new social era of business transformation, where trust becomes a metric and relationships offer economic value. (Solis 2014, para.16)

The era of 'anytime, anywhere and on any device' is blurring the line between work and home. Personal and work time is increasingly blended and the concept of work as a 'place' is changing. Offices are being redesigned to create dynamic and flexible spaces. Across Australia, increasing numbers of employees of all ages are choosing flexible work arrangements including working remotely.

Many large organisations with technology-enabled flexible working practices are fast becoming employers of choice for mid-career and older workers, whose experience is still vital. Technology-enabled flexibility also plays a vital role in supporting greater female participation in the workforce.

Over the coming years the City will look to address the challenges and opportunities brought about through the impact of technology. Our next steps are outlined in our strategic priorities, later in this strategy.



The City's Meals on Wheels Volunteers

An older experienced workforce

Key points:

- Australia has an ageing population and the retirement age is increasing
- People are able and keen to work longer
- Employers are changing workplace policies and practices to accommodate mature age workers
- A multi-generational approach brings benefits

Like many nations around the world, Australia is experiencing a marked societal shift – one which will see Australians in the 55 to 70 age bracket number over 5 million by 2030 (Deloitte 2012b). This demographic trend will affect all aspects of society and the economy, including the workforce.

Governments are becoming concerned about the dependency ratio². According to the Australian Government's 2015 Intergenerational Report:

This trend is already visible, with the number of people aged between 15 and 64 for every person aged 65 and over having fallen from 7.3 people in 1974-75 to an estimated 4.5 people today. By 2054-55, this is projected to nearly halve again to 2.7 people. (Commonwealth of Australia 2015, p.viii)

The report shows the number of Australians aged 65 or over is projected to more than double by 2055. This

brings new challenges for Australia including the need for older workers to learn new skills and work longer. In Australia workforce participation is expected to rise:

Participation rates among those aged 65 and over are projected to increase strongly, from 12.9 per cent in 2014-15 to 17.3 per cent in 2054-55. (Commonwealth of Australia 2015, p.ix)

The growth in the number of older Australians also provides opportunities for Australia. For example, research by Deloitte (2012a) shows that increasing the older workforce by 5 per cent would bring an extra \$48 billion annually to Australia's GDP.

According to the Hon. Susan Ryan AO, Age Discrimination Commissioner, to achieve these benefits we need to remove the barriers that prevent many older Australians from reaching their full potential in workplaces (Ryan 2014).

Encouraging workforce participation by older workers and increasing the retirement age are now government priorities.

The composition of the workforce in Australia is already changing. People are retiring at a later age. Economic uncertainty and volatility in the share market (the main source of income for middle-class retirees), combined with better health and the expansion of tertiary education, have seen the beginning of a trend toward people working longer.

² The dependency ratio refers to the number of people of traditional working age (15-64) for every person over 65.

Employers are developing plans to retain older workers and looking at new ways of attracting them. Tapping the full potential of older workers will become critical.

Companies are looking for ways to make the workplace age-friendly, especially with regard to physically demanding jobs, and are promoting health and fitness.

All this adds up to a future where the reality is a more diverse workforce. New thinking about the ageing demographic trend demands 'integrated ageing-management strategies', not just for employers, but also for public and private organisations delivering services to the community.

Rather than responding to an ageing workforce, employers are learning to manage a multi-generational workforce, to create a work environment that is flexible and attractive to workers of all ages and to build an employer brand that attracts and retains top talent.

Examples of approaches include:

- Addressing age diversity in recruitment policies
- Providing opportunities for employees of all ages to develop new skills and competencies
- Providing flexible work options
- Addressing age-related stigma
- Enhancing managers' ability to manage a diverse workforce.

The ageing workforce is a trend likely to bring about positive outcomes, not least because it will make the workplace more inclusive. Research on older workers and their engagement shows that at least one category of older workers choose to work because they want to, and therefore are highly engaged.

Over the coming years the City will look to address the challenges and opportunities brought about through an older workforce. Our next steps are outlined in our strategic priorities, later in this strategy.



The City of Sydney's end-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, presentism and compensation claims.

According to Dr Sam Harvey, a psychiatrist and researcher who has studied the results of the Australian National Health Surveys 2001-2011:

Mental illness now accounts for about 10% of all workers' compensation claims, yet those claims account for up a third of budgets. Psychological injury claims are far more expensive than physical injury claims, primarily because of longer recovery times. (Martin 2015, ABC Radio RN)

However, the actual prevalence of mental stress in workplaces is unknown and likely to be higher than reported in workers' compensation statistics, since not all

employees apply for or receive compensation (Safe Work Australia 2013).

The good news is that recent analysis (PwC 2014) estimates that a positive return on investment of 2.3 is possible through implementing effective actions to create a mentally healthy workplace. This means that every dollar spent on effective workplace mental health actions may generate \$2.30 in benefits to an organisation.

The business case for workplace health and wellness programs is growing as more employers and governments recognise that employee health is a major contributor to economic and social development.

However comprehensive workplace wellness programs in Australia are still rare. According to the Health and Productivity Institute of Australia in 2008 about 1,500 corporate and government employers across Australia provided health assessment and intervention programs, representing 3.6% of all Australian employees (PwC 2010).

While the City currently provides our employees with a comprehensive Health and Wellbeing program, our steps to strengthen this program are outlined later in this strategy.



The City's White Ribbon Ambassadors with representatives from White Ribbon and NSW Police

The need to attract talent and leverage diversity

Key points:

- Talent purchasing power has shifted
- Australian workplaces are becoming more diverse
- Organisations are looking for new ways to attract and retain people
- Aligned personal values and organisational purpose are a powerful driver

Since the global financial crisis, there has been a steady increase in what research refers to as a shift from West to East (Hay Group 2014). This shift has given employers in Asia more purchasing power to attract talent from around the globe, allowing people to move further and more frequently than ever before.

For Australia and more specifically Sydney, as a potential attractor of talent, this means the increasing need to compete with places like Singapore, Hong Kong and Indonesia. Where in the past global organisations made Sydney their regional hub, this is now changing.

Highly skilled professionals across Asia now have decades of experience working in Western organisations and are flexible in their style of delivery, commanding more influence in global organisations. The advantage of Asian time zones and lower cost bases for globally-run organisations means the previous appeal of Australia or Sydney specifically has diminished in favour of Manila and Singapore, which have an experienced professional population and English as their common language.

The shift from West to East also has benefits for Australia and its workforce. According to McCrindle Research, much of the change set to influence the future of the workplace:

*...has come through our diverse and growing cultural mix. Currently 1 in 4 Australians weren't born here and the cultural diversity of the under 30s is even greater than that of the over 30s.
(McCrindle Research n.d., p.8)*

In 2016 the cultural mix of Sydney is even more diverse, with 34.4% of all city residents speaking a language other than English at home. Most common amongst the over 30 languages spoken at home are Mandarin (5.9%), Cantonese (3.7%), Thai (2.5%) and Indonesian (2.1%).

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 to 54.9%



City of Sydney employees celebrate Chinese New Year

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, LGBTQI awareness and disability and mental health awareness, are also providing a link between themselves as an employer and their broader role in the community.

Reconciliation Action Plans, White Ribbon, awareness of carer responsibilities other values-based organisational development programs are also examples of ways organisations are helping employees find a connection between their personal values and those of the organisation for which they choose to work.

The City's plans to attract key talent and leverage diversity will be outlined in our strategic priorities, later in this strategy.

4. Our Workforce



A Cleansing and Waste Officer keeping our streets clean

Our community at a glance

- The City serves more than 1.2 million residents, visitors and workers per day³.
- Between 2011 and 2016, the City's population increased by nearly 18.1%. In contrast, the NSW population grew by only 5.9% over the same period⁴.
- More than half of the City's residents were born overseas, more than a third in a country where English is not the first language⁵.
- The predominant non-English language spoken at home is Mandarin, followed by Cantonese and Thai⁵.
- The City's Aboriginal and Torres Strait Islander community continues to be a vital component of the city's resident population.
- Almost half of the City's residents were aged between 18 and 34. The median age of City residents was 32 years⁵.

Our workforce at a glance⁶

- At 30 June 2017, there were 1,881 employees (continuing and fixed term).
- 60% of non-casual employees were male, compared to 40% female.
- Over 44.8% of employees performing managerial and supervisory roles were female.
- The average length of service was 10.9 years.
- The average age of employees was 46 years.
- 23.6% of employees are aged over 55 years.
- 2.1% of employees identified as being a person of Aboriginal or Torres Strait Islander descent.
- 1.8% of employees reported that they had one or more limitations or restrictions associated with a disability.
- 19.7% of employees reported that they spoke a language other than English at home.

³This figure is an estimate from an amalgam of sources, including the ABS *Regional Population Growth, Australia 2015-16*, (Cat. No. 3218.0); ABS *2016 Census of Population and Housing*; and the City of Sydney Council *Floorspace and Employment Survey 2012*.

⁴ ABS *Regional Population Growth, Australia 2015-16*, (Cat. No. 3218.0).

⁵ ABS *2016 Census of Population and Housing*.

⁶ Figures were sourced from the City's workforce profile data as at 30 June 2017



Winners of the City's Employee Recognition Awards

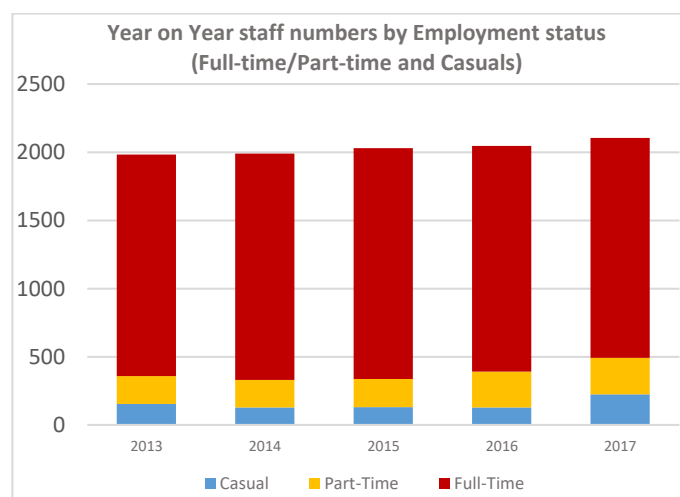
Workforce Composition

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 2017 there were 1,881 non-casual (continuing and fixed-term) employees⁷, of which 81% were employed on a permanent basis and 19% on a term contract basis. In addition to this there were 224 casual employees and 261 agency contractors.

Of the total 1,881 employees as at June 2017, the City had 269 part-time employees which is 14.3% of the total population, bringing City's total workforce to 1,753.6 full time employees (FTEs⁸). City Life division has the highest percentage of part-time employees, nearly 39% of their employees work on part-time arrangements.

The City's non casual full-time equivalence (FTE) at 30 June 2017 was 1,753 consisting of 1,612 FTE (resulting from 1,612 full-time employees) and 169.7 FTE (resulting from 269 part-time employees)..



Source: Workforce Profile extract 2013 - 17

⁷ The figure is the actual employee headcount on the specified date.

⁸ Based on the workforce profile data as at 30 June 2017. Full Time Equivalence (FTE) is calculated by dividing the number of hours

actually worked by the number of hours worked by full-time employee, e.g. a staff member who works part-time 50% will be a 0.5 FTE

Separations

The voluntary separation rate (also known as the employee-initiated separation rate) for non-casual employees at the City during 2016/17 was 9.6%. This rate, which excludes completion of fixed-term appointments, has remained below 10% over the past five years.

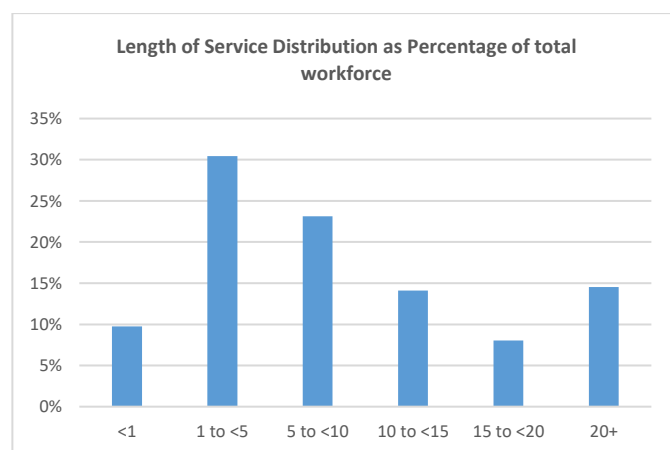
The separation rate for new employees, i.e. those that commenced during 2016/17 excluding the completion of term appointments (also known as the new starter turnover rate) was 8.9%. Both the voluntary separation and the new starter turnover rates are in line with the 2017 median for the Sydney Eastern City Councils' benchmarking peer group⁹ which were 9% and 8.33% respectively.

Length of service

The average length of service (LOS) of non-casual employees at the City at 30 June 2017 was 10.9 years with the longest serving period being 55 years. The average was 11.3 years for full-time employees and 8.5 years for part-time employees.

The median length of service (LOS) of non-casual employees at the City on 30 June 2017 was 8.0 years as compared to the 9.3 years of median length of service in NSW public sector agencies.¹⁰

Overall, 19.2% of employees had less than three years of service and 31.6% had less than five years of service.



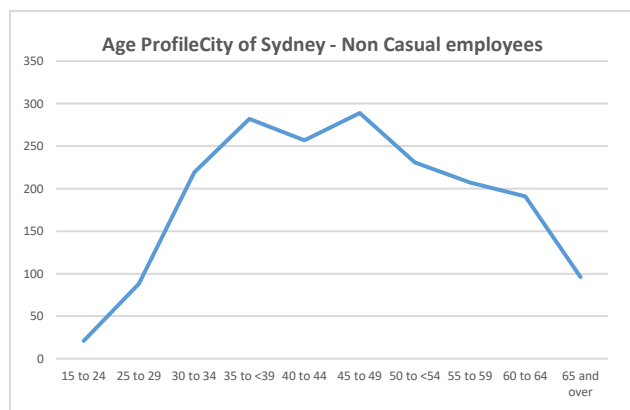
Source: Workforce Profile extract June 2016 -17

Age

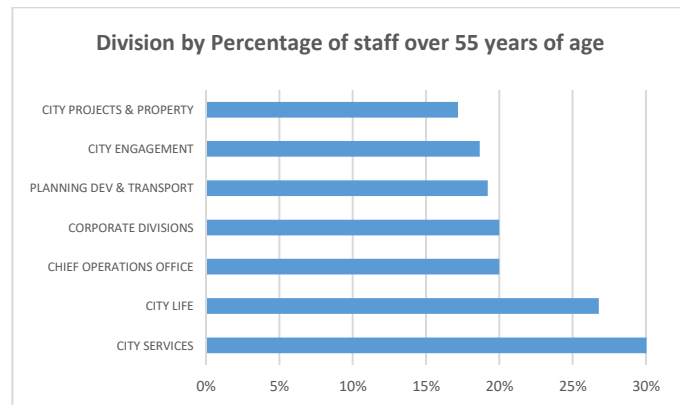
At 30 June 2017 the average age of non-casual employees was 46 years.

The main concentration of employees sits between the 35 to 49 year old range, representing 44% of the City's workforce. 17.4% of employees were aged under 35 years, which is a decrease from 19.1% in 2015/16.

Overall, 23.5% of City of Sydney employees were over 55 years old. These employees are mainly concentrated in City Services division (30%). In comparison, 24.4% of employees in NSW public sector agencies were aged 55 years and over in June 2017 ¹¹.



Source: Workforce Profile extract 2016 - 17



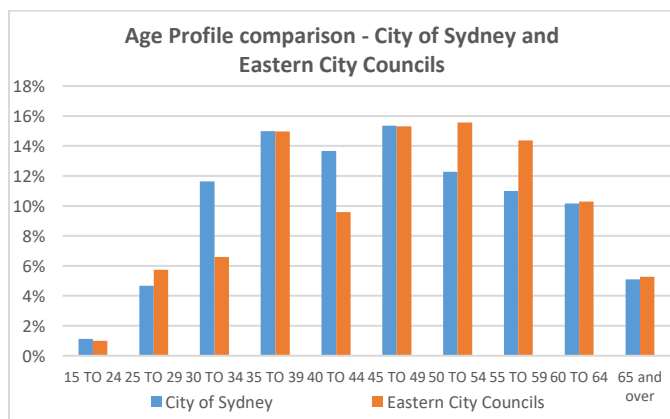
Source: Workforce Profile extract 2016 - 17

⁹ Benchmarking in comparison to the LG NSW Benchmarking report 2016-17

¹⁰ Benchmarking in comparison to the State of the NSW Public Sector Workforce Profile 2017.

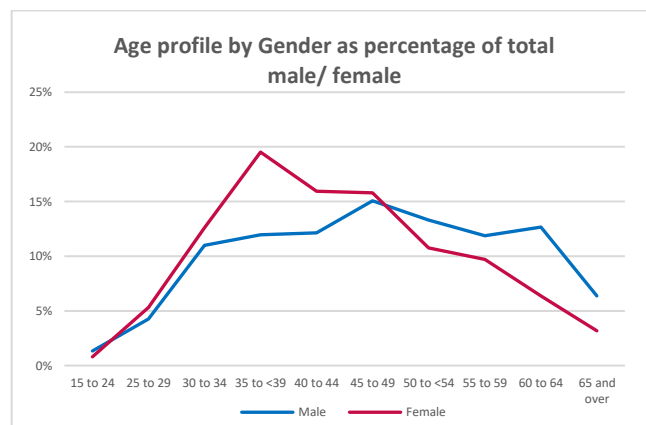
¹¹ Workforce Profile 2017 – Public Service Commission

The City of Sydney has a slightly higher population in age group 30 to 44 as compared to the Sydney Eastern City Councils' benchmarking peer group. Most significantly, the City has 40.3% of employees between the age group of 30 to 44, and 26.3% aged 55 and over, compared to 31.1% and 29.9% respectively for the Sydney Eastern City Councils as shown below.



Source: Workforce Profile extract 2016 – 17; LG NSW Benchmarking Report

The age profiles for male and female non-casual staff at the City exhibit a notable difference. There are more female staff below the age of 50 years (69.9%) compared to male staff (55.7%).

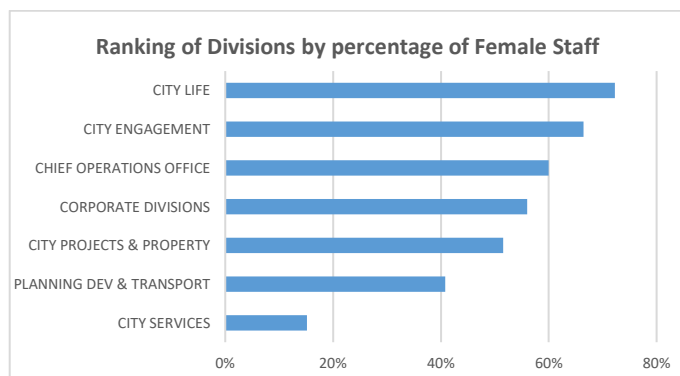


Source: Workforce Profile extract 2016 - 17

Gender

At 30 June 2017, 60% of non-casual employees were male, compared to 40% female. The percentage of female non-casual staff has been stable over the past five years, varying from 39.2% in 2012 to 40% in 2017.

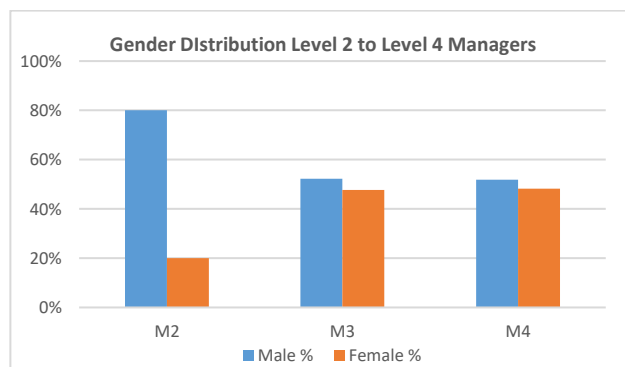
The percentage of female employees varies across the City. The City Life division has the highest percentage of female non-casual employees (72.3%), followed by City Engagement (66.4%). The City services division is predominantly male, with only 15.1% of female employees.



Source: Workforce Profile extract 2016 - 17

At 30 June 2017, the overall proportion of female employees performing managerial and supervisory roles at the City of Sydney was 44.8% as compared to 41.8% in 2014. This is higher than the overall population

proportion of female employees at the City of 40%. The proportion of female employees at director level was 22%, at the business unit manager level it was 47.8% and at section manager level it was 48.2%.



Source: Workforce Profile extract 2016 - 17

In 2017 the City undertook its second gender pay equity review guided by the Workforce Gender Equality Agency framework for private sector workplaces. The City's 2016/17 gender pay gap was 2.8% in favour of men (the average pay gap between men and women working within the same salary level).

The organisational gender pay gap (the gap between the average remuneration of women and men across the City – salaried, wages and casual employees) was -6.8% in favour of women. This means more women employees are in higher paying jobs across the City. This compares with the national gender pay gap of 15.3% and public sector pay gap of 10.8%¹² in favour of men.

In 2016-2017, there were 82 promotions, of which 33 or 40% were received by female employees¹³. This is consistent with 40% of the City's staff being female.

¹² Source: Workplace Gender Equality Agency, Gender Pay Gap Statistics March 2017 and CEO Update 2017 – Gender Pay Review

¹³ Source: Payroll data 2016-2017. A promotion is when an employee advances to a more senior level and band in the organisation.



City employees and community members celebrate NAIDOC Week

Diversity and inclusion¹⁴

Aboriginal and Torres Strait Islander employees

At 30 June 2017, 2.1% of the City's non-casual employees had identified as being a person of Aboriginal or Torres Strait Islander descent. In comparison the average for the Urban Larger Councils' benchmarking peer group in 2017 was 1.8%¹⁵.

The City Services division has the highest percentage of non-casual Aboriginal and Torres Strait Islander staff (3.5%).

Employees with a disability

At 30 June 2017, 1.8% of the City's non-casual staff had one or more limitations or restrictions associated with a disability, even though this may not require an adjustment in the workplace. In comparison the average for the Sydney Urban Larger Councils' benchmarking peer group in 2017 was 3.1%.

Culturally and linguistically diverse employees

On 30 June 2017, 19.7% of employees reported that they spoke a language other than English at home. In comparison, the average for the Urban Larger Councils' (benchmarking peer group in 2017) for people who spoke English as a second language was 5.8%.

LGBTQI employees

In 2017, the City of Sydney became one of the first councils to collect information for employees who identify as being LGBTQI employees. Currently 3% of City staff identify as being LGBTQI as compared to 4% in the NSW Public Sector¹⁶.

Diversity Statistics Financial Year June 2014 - 2017

	2014	2015	2016	2017
Aboriginal and Torres Strait Islander employees	1.7%	1.4%	1.6%	2.1%
Employees with a disability	1.7%	1.4%	1.4%	1.8%
Culturally and linguistically diverse employees	17.7%	14.7%	14.2%	19.7%

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.

After a review of our process for collecting staff diversity data last year, it became apparent that there may be under-reporting. The City now encourages employees to self-identify as being a part of a diversity group. This has helped build a more accurate picture of the workforce.

¹⁴ Source: EEO data collected at the time of joining the City.

¹⁵ Source: LGNSW Data FY 16-17 excluding City of Sydney data

¹⁶ Source: State of the NSW Public Sector Report 2017

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:

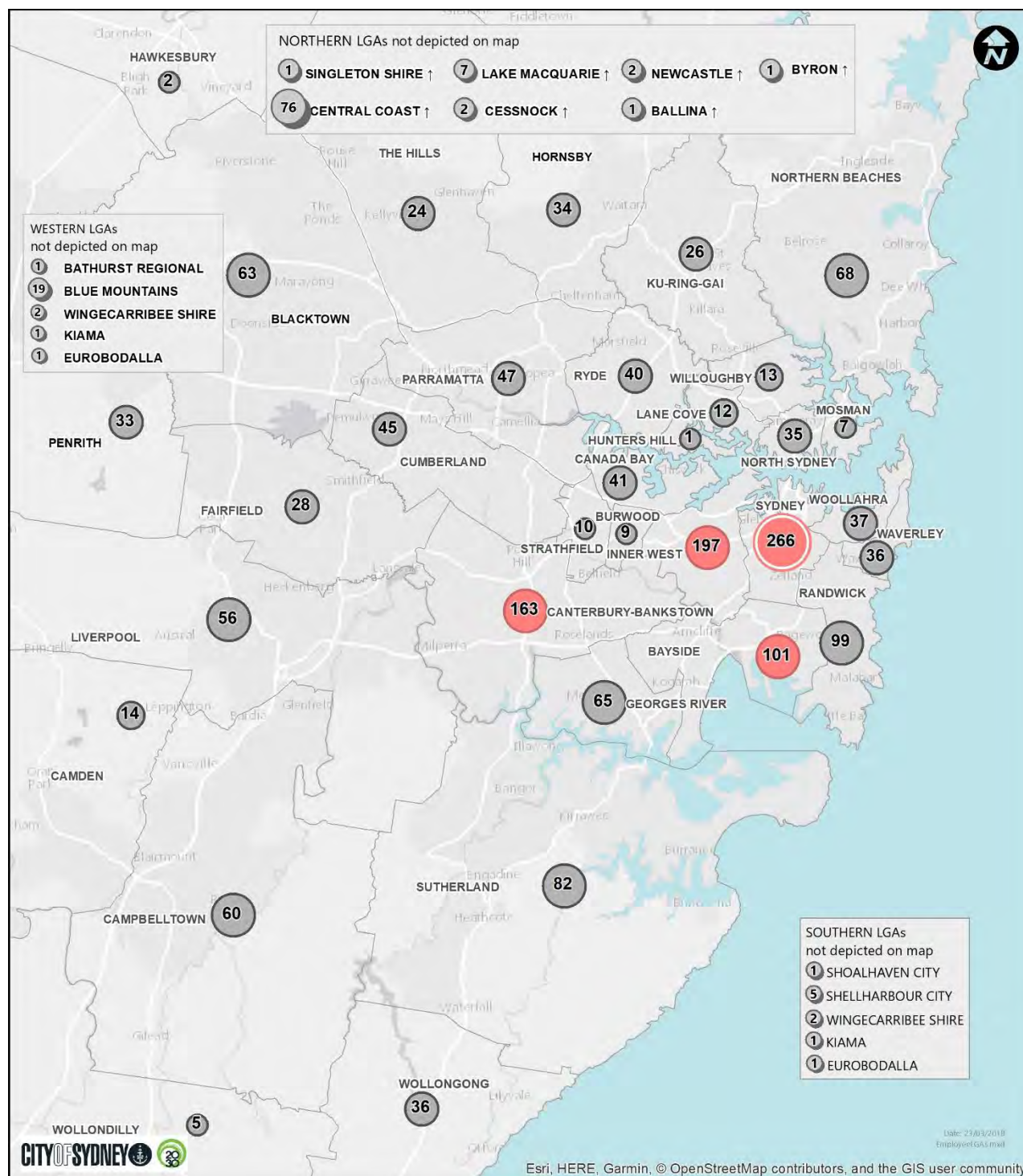
- Skills development
- Respect, trust and autonomy
- Job security
- Good supportive managers
- Work variety
- Career progression
- Personal achievement
- The right tools and resources to do the job
- The ability to be creative and add value
- Being treated fairly.

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 2017, an estimated¹⁵ 266 (14%) of non-casual employees lived within the City of Sydney Local Government Area (LGA). The heat map below shows the residential locations for our employees.



¹⁵ This figure is an estimate as six suburbs are partly within the City of Sydney LGA and records were assigned to either the City or a neighbouring LGA using a proportion based on publicly available spatial population data.

This heat map shows the distribution of employee residential locations across LGAs in the Sydney region and beyond. It was produced with employee residential suburb and postcode records (employee details and actual addresses were not used). The inner circles are within each LGA; the outer circles have been shifted, e.g. Newcastle, Blue Mountains, etc.



City employees and community members joining in on Ride to Work Day

Future of the City of Sydney Employee Heat Map

From its first year of creation, this data will be enhanced and analysed on a regular basis to assist with workforce planning and to assist in understanding:

- Why our employees choose to work for the City of Sydney when local government employment is available across NSW?
- Are there benefits in increased investment in flexibility and mobility initiatives in order to maintain key talent and experienced workers?
- Will the expansion of employment hubs across Greater Sydney influence employee separation among those looking to decrease travel time?

5. Our strategic priorities

In addition to review of key workforce trends and the analysis of our current workforce, business unit managers were consulted.

In early 2015, in line with the business planning cycle and as part of the research to assist in the development of this four-year strategy, all business unit managers were asked to complete a workforce action plan that identified the changes in the nature of work expected by their unit over the next four years.

The Workforce action plans asked business unit managers to identify the future capability needs of their workforce under the following criteria: people, process, systems, structure and culture.

Key themes emerging from these plans included:

- The City needs to continue (and accelerate) our ability to be productive, flexible and capable of community-focused improvement to meet the community's changing needs and changes in the future of work.
- The City's employees are our greatest resource. Their commitment provides a strong foundation for effectiveness and performance.

- Understanding the demographics of both the community we serve and our employees provides the City with challenges and opportunities.
- Improving our workforce planning capability will enable the City to identify future trends in workforce demand and supply.

Insights from these plans have guided the identification of the strategic goals.

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

Our six strategic priorities are:

1. Leverage our common purpose
2. Foster employee engagement and performance
3. Build an agile and skilled workforce
4. Apply a digital mindset
5. Develop our diverse and inclusive workplace
6. Strengthen our healthy workplace.



Leverage our common purpose



Foster employee engagement and performance



Build an agile and skilled workforce



Apply a digital mindset



Develop our diverse and inclusive workplace



Strengthen our healthy workplace



*City employees
celebrating excellence*

Leverage our common purpose

What and why?

Engaged employees whose personal values are aligned with their organisation's purpose are more likely to take an active interest in helping it succeed. These employees work hard to realise our core organisational priorities.

Outcome

We know that the City's determination to be Green, Global and Connected is a core reason that people from different sectors and locations choose to work for the City. The opportunity to make a difference to our community is a key attractor and strength for the City.

By promoting our purpose to Lead, Govern and Serve we leverage the commitment and discretionary effort of our people in achieving our core priorities.

Deliverables

- Continue to build and promote the City's Employee Value Proposition to attract and retain committed and skilled people
- Maintain and build employee awareness of the City's purpose and values
- Strengthen internal communication to inform employees about the City's strategic direction and purpose.
- Develop manager skills to communicate a clear line of sight between employee work and the goals of the City.



City managers in a workshop

Foster employee engagement and performance

What and why?

Engaged employees are committed to the organisation's goals and values, willing to apply effort to improve the organisation's performance, and at the same time can enhance their own sense of achievement and wellbeing at work.

Evidence shows that employee engagement improves performance against business goals. Higher levels of engagement are strongly related to higher levels of innovation and engaged employees are more resilient to change. Organisations that develop leaders who communicate effectively have higher success rates in inspiring change and driving productivity.

Outcome

Leadership and management will help create an engaged organisation where employees see how their role benefits the customer or community they serve.

The City of Sydney will continue to focus on developing leadership and management capability across the organisation to help drive employee engagement and performance.

In creating a culture of communication in which managers and employees share common goals and work together, we are more likely to identify areas of potential improvement and work effectively together.

Deliverables

- Continue to build leadership and management capability at all leadership levels
- Design a new Learning and Development curriculum and implement a more flexible delivery approach
- Enhance opportunities for workplace flexibility and mobility, as key drivers for engagement and productivity
- Continue to leverage the commitment and insights from experienced employees to co-design the City's development tools, frameworks and programs
- Determine which core employee experiences create the greatest impact in engagement and performance.



City managers in a workshop exploring agility

Build an agile and skilled workforce

What and why?

An agile organisation operating with a clear strategic vision achieves productivity by staying close to the changing needs of its customers, and moving resources and adjusting priorities to meet these needs.

An agile workforce has:

- Strong frameworks for enhancing and developing new skills
- Comprehensive onboarding programs
- Empowered and responsible employees able to identify challenges and opportunities for improvement
- Managers capable of using data and customer experience to drive change and innovation.

Outcome

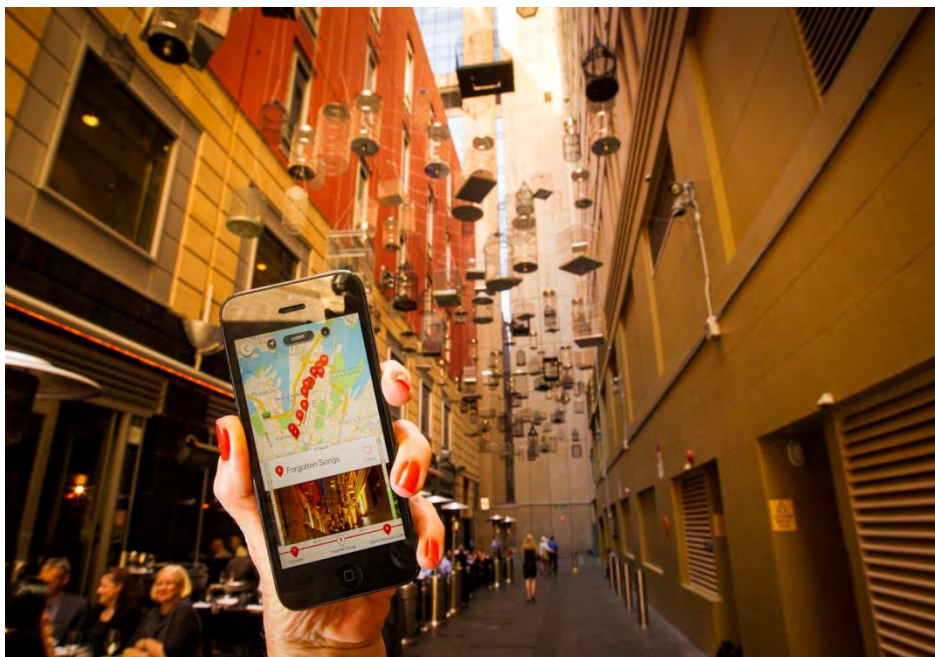
We need to improve our ability to be responsive, adaptive and flexible in how we provide services to our growing community.

By combining data analysis, evidence-based research and insights into customer experience, managers can drive community focused improvements and efficiencies.

By improving our workforce planning capability the City will have greater flexibility to meet changing needs.

Deliverables

- Develop managers' capability in workforce planning, analytical and problem-solving skills to drive improvement and innovation
- Define and build a manager on-boarding program to accelerate productivity
- Review entry-level employment programs to ensure they address organisational needs
- Establish an employee capability framework to underpin performance and development
- Develop a change management and continuous improvement framework tailored to the City's needs.



Providing new services to the community through technology

Apply a digital mindset

What and why?

Technology has disrupted business and the nature of work is changing.

Traditional corporate tools such as intranets, human resources and finance systems are being joined by collaboration and social tools.

These tools are bringing new abilities and opportunities into organisations, allowing staff to connect and coordinate more effectively as well as be more productive in the field.

Outcome

A digital mindset will support the development of flexible work modes, mobile work delivery, customer experience improvements, and collaboration and communication tools.

By building organisational and employee capability in digital technologies we will be well placed to meet evolving community needs.

Deliverables

- Implement initiatives to build staff digital capability with a focus on people-centred design
- Apply a digital mindset when developing and enhancing work practices and procedures
- Develop and recruit for manager and staff skills in technology and information management
- Utilise digital approaches to support increased workforce mobility and flexibility
- Strengthen understanding and use of workplace digital collaboration methods to drive innovation and continuous improvement.



City employee serving the community at a Good Neighbourhood barbecue

Develop our diverse and inclusive workplace

What and why?

A workplace that values diversity and is free of discrimination is more productive:

- Greater employee satisfaction leads to improved productivity
- Reduced employee turnover cuts the cost of having to replace skilled and experienced people
- Harnessing diverse employee skills and perspectives increases creativity and innovation.

A reputation for respect, inclusion and diversity also enhances an employer's business and reputation.

Failure to take steps to prevent discrimination has serious legal and financial consequences.

Outcomes

A diverse workforce will be well placed to serve our diverse community. An inclusive workplace will harness employee skills and perspectives to increase collaboration and innovation.

By building diversity and inclusion awareness and capability, we will recruit and retain a workforce where employee differences are valued and seen as a positive point of difference.

Deliverables

- Embed the principles of diversity and inclusion in the City's recruitment, learning, performance management and leadership programs
- Report on gender equity as part of an annual workforce planning and reporting process
- Develop and action the workforce commitments within the City's Reconciliation Action Plan
- Develop programs to support workplace diversity and inclusion including among Aboriginal & Torres Strait Islanders, women, culturally and linguistically diverse (CALD), LGBTQI, mature age workers and employees with disabilities and/or carer responsibilities
- Develop managers' skills in leading a diverse and inclusive workplace.



The City's Urban Ecology Coordinator at work



City Rangers on patrol

Strengthen our healthy workplace

What and why?

Workplace health and wellbeing programs can assist employees to prevent health issues, manage chronic conditions and manage the health effects of ageing.

According to UK think tank Engage for Success (2014), employees that described themselves as having “high wellbeing” were 35% more attached to their organisations.

A healthy workplace is no longer about simply preventing injury, although this is still a crucial outcome. Wellbeing programs are fast becoming an attractor for progressive employers.

Outcome

A healthy workplace will support productivity and can reduce costs due to sickness, injury or reduced performance.

By implementing a comprehensive health and wellbeing program, we can create a physically and psychologically healthy workplace.

Deliverables

- Continue to develop a strong safety culture across the organisation
- Promote the City's commitment to health and wellbeing as part of the City's Employee Value Proposition
- Strengthen the City's focus on psycho-social health and resilience
- Develop initiatives throughout the employee lifecycle to support wellbeing and productivity.

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1. Introduction

This Information and Technology Strategic Plan establishes a roadmap for how information and technology will be leveraged to transform services to the community and deliver Sustainable System 2030 outcomes and targets.

The function of this Strategic Plan is to:

- Evaluate industry directions and their relevance for the City of Sydney.
- Establish the strategic statements that provide direction to the development and management of information and technology.
- Establish high level targets that will facilitate measurement of implementation and achievement of the objectives of the plan.
- Set out high-level implementation activities that will deliver on our goals.

The information and technology industries are fast moving with new service offerings and technologies continually emerging and evolving. Individuals, becoming more digitally-savvy, are embracing these changes. This is leading to ever-increasing community, client, and workforce expectations that services should be available digitally whenever, wherever, and however required.

Similarly, there is growing recognition by organisations that high quality information and data are critical for improving services, including the way they are delivered, and for strategic planning. Individuals and industry are seeking greater access to information and data.

Organisations need to respond to this increasing demand while ensuring that appropriate controls are in place to safeguard security, privacy and other obligations.

The potential value of information and data has led to wide spread acceptance that investing in information and data governance and management is a critical focus area for organisations.

Organisations require systems and technologies that are robust yet responsive to change. This will help meet the changing needs and expectations of individuals and organisations in digital services and information and data.

This Strategic Plan outlines the key actions that will enable the City to respond to current and emerging information and technology related challenges, risks, and opportunities and achieve the City's strategic outcomes.

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

2. Executive Summary

The Sustainable Sydney 2030 Community Strategic Plan sets an ambitious agenda for the transformation of Sydney to increase its standing as a global city. High quality information and data and technology facilities are critical to the City achieving its aims of improving service delivery through stronger collaboration and inclusive participation.

High quality information and data that support evidence-based strategic, tactical, and operational decision-making are critical. This Strategic Plan focuses on improving information and data quality to unlock inherent value. It also seeks to lift the City's capability in business intelligence and analytics. High quality information and data, business intelligence, and analytics are all core to the City enhancing management of its diverse portfolio of services and assets now and into the future.

Sustainable Sydney 2030 recognises that collaboration and inclusive participation are critical to success. This Strategic Plan supports increased collaboration, knowledge sharing, and human-centered service design practices that embed the principles of partnering, co-design, and openness.

A central theme of this Strategic Plan is to champion digital ways of working through digital services, workforce mobility, and the establishment of information marketplaces. Information marketplaces will support the City to become a place for innovation and economic and social development.

This Strategic Plan builds on the achievements of the previous ICT strategic plan. The tenets of Mobile-First and Cloud-First will continue to guide future investment in information and technology. The theme of data-centricity is further developed in a focus area dedicated to information and data. It is also reflected in the renaming of the previous ICT strategic plan to the Information and Technology Strategic Plan.

A summary of the current state, target state, implementation activities, and underlying assumptions is found in Appendix A, Information and Technology Strategic Plan on a Page.

3. Setting the context

City of Sydney Values as relating to Information and Technology Strategy

The City's values of collaboration, innovation, quality, courage, integrity, and respect underpin the development of the Strategic Plan and the delivery of information and technology enabled change.

Information and Technology Strategic Plan

Together with the City's people and physical assets, Information and Technology are core resources for the delivery of effective and efficient business services to the community and our partners.

As an integrated component of the City's Resourcing Strategy, the Strategic Plan provides the framework for directing a sustained course of action over the four-year period, within a rapidly and ever changing environment.

Governance of Information and Technology

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

A number of teams provide direct and indirect support across the organisation – Client Relations, Business Advisory, Strategy & Governance, IT Security, Business Solutions, Document Services, Technical Services, and IT Project Planning and Delivery.

An Executive governing body, the Information Technology and Management Steering Group, provides oversight of the direction and delivery of information and technology services and projects and ensures alignment with organisational strategic business priorities.

Information and Technology Services

Information Services

To deliver on its legislative and community obligations, the City provides information access, records and archives, and document management services. In the 2015/16 financial year, the City responded to 5,071 formal and informal information access requests. Over the same period, nearly 1.1 million documents were registered in the City's records repository, there were nearly 475,000 visits to the City's on-line archives, and nearly 1,000 in person visits to the City's on-site archives.

Business Systems

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

- Rates, Property, Planning, Inspections Certificates;
- Financial and Supply Chain Management;

- Corporate Planning and Reporting;
- HR/Payroll/Timekeeping;
- Asset Management;
- Spatial Information; and
- Online Business Services for client facing transactions.

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

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

Infrastructure

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

Resourcing and investment in Information and Technology

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

4. Trends shaping Information and Technology Strategy

Information and Technology Trends and their relevance to the City of Sydney

Digital Service Delivery

Customer-centric Digital Services

Customers expect that the services they need are available over the Internet, on the device of their choosing, and where and when they want. Customers also expect to provide information up front and once only, that unnecessary interactions are avoided, and to be kept informed to a level and in a manner of their choosing.

Meeting these expectations has been a focus of many organisations over the past decade. Increasingly, customers are expecting that services are joined up, taking into account their specific needs in the context of a life-event.

To meet changing expectations requires organisations to understand the customer's interaction and transaction history; the customer's journey through fulfilment of a variety of services; and specific customer needs and wants in terms of service delivery expectations.

This understanding applies to both the traditional (for example, over the counter, telephone, or physical mail) and digital channels. Careful attention is required on whether a customer wants or is able to interact digitally and any assistance that may be required to interact digitally.

Digital services is a key theme of the Digital Strategy, and information and technology are critical enablers:

- Information, in terms of being of sufficient quality for streamlined service delivery, customer insights and analytics to guide continual service improvements; and security and privacy to ensure the interests of the individual are respected and protected.
- Technology, in regards to the actual delivery of the services over the digital channel through various means – on-line forms, internet chat, social media, etc.

Enterprise Mobility

Digital service delivery extends to the workforce. Mobility is critical for organisations such as the City which deliver many services in the field.

The City has done much to support a mobile workforce, with mobile access infrastructure established, and mobile applications deployed to a range of field-workers. This Strategic Plan builds on these achievements, aiming to deliver full mobility to the workforce. Full mobility is where any City employee can fully interact and transact with City systems, information, and data, without having to return to a City location.

Design for mobility, like designing customer-centric digital services, needs to employ human-centered design and the voice of the customer.

Government as a Platform

Another aspect to digital service delivery is the City as a contributor into the digital ecosystem. This approach recognises that the full service needs of a customer cannot always be met by a single organisation – services provided by other organisations (public and private sector) may also be required.

Demand for Government as a Platform comes from the community as well as industry, which is increasingly seeking governments to be a platform for innovation – a provider of services and information that industry can integrate for social and monetary benefit.

The City will explore opportunities to publish digital services and information in machine-accessible ways that allow external parties to integrate services to provide a richer experience to the customer. Contribution to the digital ecosystem is a theme of the Digital Strategy.

Information and Data

Information and Data Governance and Management

Information and data are the lifeblood of an organisation. If managed well, they can provide tremendous value – supporting transformation, greater effectiveness, and increased efficiency. If managed poorly, they can impair service delivery and experience.

Information and data are recognised as critical to achieving the outcomes of Sustainable Sydney 2030 and the City's strategies and plans. Therefore, a cornerstone of this Strategic Plan is to improve the City's capability in information and data governance, management, and use

to maximise the inherent value of available information and data.

An organisation's success in delivering quality services to customers in times of increasing financial constraints is dependent on its ability to harness information and data. Recognising this, many organisations have charged senior-level managers with overall stewardship of corporate information and data. Typically, the focus of these roles is on enterprise-wide governance, management, and use of information and data as organisational "assets".

In the context of this Strategic Plan, senior-level leadership of information and data is crucial for digital service delivery; workforce mobility; building information marketplaces; knowledge sharing and collaboration; and evidence-based decision making from high quality information and data.

Like all public-sector organisations, the City has legislative obligations to protect the privacy of individuals. Protecting unauthorised access to, and modification of, information and data are at the very centre of good information and data governance and management.

Business Intelligence and Analytics

Building on high quality data, business intelligence provides evidence-based insight into an organisation's performance and how it can improve service and operational effectiveness and efficiency – effectiveness in terms of "fit for purpose" and valued services; and efficiency in terms of streamlined processes that make optimal use of resources.

Supported by technology advances, the field of business analytics has emerged to be a key organisational capability. Complementing business intelligence, business analytics provides insights into the organisation in the context of the environment in which it operates.

An aspect of business analytics, particularly relevant to the City, is that of city (or urban) analytics. This provides insights into: the way people interact with Sydney; the assets maintained by the City and other organisations aiming to deliver the best experience to residents, visitors, and workers; and increasing asset utilisation. City analytics is a theme of the Digital Strategy.

Similar to information and data governance and management, a focus of this Strategic Plan is to raise the City's capability in business intelligence and analytics.

Information Marketplaces

The value of information and data is maximised the more it is shared. The City possesses much information and data of potentially immense value to the community and industry.

Publishing information and data under an “open by default” principle accords with legislation and policy and public access principles. It is also a key enabler of industry and government innovation as well as continual innovation of the City's own processes and services.

Building and growing Information Marketplaces is a key focus area of this Strategic Plan. This directly contributes to the Digital Strategy priority of the City being an “ethical innovator in the information marketplace”.

Similar to real physical marketplaces, information marketplaces provide information and data products that have understandable terms and conditions of access and use and which are proactively managed across the full product, information, and data lifecycles.

Enterprise Systems

The City manages an extensive and diverse portfolio of systems that need to be robust and reliable – functioning as and when required. Systems need to be contemporary – supporting the future direction of the City – and be responsive to change.

Some major systems are built around aged architectures which limit flexibility and agility to transform for improved customer service delivery and effectiveness and efficiency. An implementation principle of this Strategic Plan is to streamline, standardise, and simplify. This includes aiming to reduce the system portfolio to a core set and integrate those systems to provide agility, flexibility, and information accessibility.

The future system landscape needs to consider opportunities to adopt cloud based services and externally managed systems. Adopting cloud and externally managed systems was a theme of the previous ICT Strategy, carried forward in this Strategic Plan. This supports the internal IT unit move from being a service operator to service manager.

5. Strategic Statements

Strategic Statements in relation to Information and Technology

Digital Services

The City will:

- Continue to implement services over the digital channel to improve service delivery and efficiency to customers and partners.
- Deliver a mobile working experience that enables employees to fully interact and transact remotely.

Information and Data

The City will:

- Strengthen information and data governance and management practices to improve information and data quality and maximise inherent value.
- Strengthen business intelligence and analytics for improved planning, continual improvement, workforce and activity management, decision making and reporting.
- Build information marketplaces that promote open data, improve accessibility to information, and foster industry development.

Enterprise Systems

The City will:

- Target investment in systems that support digital service delivery and workforce mobility.
- Increase the adoption of cloud-based and externally managed services.

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

The City's investment in Information and Technology will be guided by business strategy. Change initiatives will be "Business-led, IT-enabled". Over the long term, investment will move from a majority of capital expenditure to primarily an operational expense, reflecting the adoption of cloud based and externally managed services.

The City will:

- Establish a contemporary collaboration environment that supports effective and efficient collaboration and communication and drives information and knowledge sharing.
- Integrate strategy, planning, investment, and change to ensure that information and

technology investments deliver value and will be operationally sustainable.

- Establish a complementary governance environment that supports digital services, workforce mobility, and data-centric initiatives.

High level Outcomes

Attaining the strategic directions outlined in this document will span several years and will require commitment across the organisation to bring about the desired capabilities.

The high-level outcomes that will result from attainment of the strategic directions are:

- The majority of appropriate City services are available online.
- The City's workforce can securely access the services and information they require to operate flexibly.
- Data quality is improved and the inherent value of data is maximised.
- Greater understanding of the current and future needs and expectations of the community, including how they interact with the services and assets of the City.
- Information marketplaces promote improved accessibility to information, and foster industry development.

- The City's enterprise systems are robust, reliable, contemporary, and provide sufficient agility and flexibility to allow the City to respond to change.
- The majority of enterprise systems are sourced either from the cloud or managed service providers.
- The City's workforce possesses the capabilities necessary to best manage and use information and technology.
- The City can quickly deliver information and technology-related innovations.

Foundation Principles

Delivery of information and technology-enabled initiatives will be underpinned by the following principles.

Principle 1: Customer Service Focused

Services will be designed with the customer front-of-mind. The "voice of the customer" will be understood early in the service co-design process.

Principle 2: Capability Oriented

Processes, information and data, and technology, together with people's competencies and capacity are the building blocks of capability. Each needs to be

considered in relation to each other for the capability, as a whole, to achieve the desired outcomes and be sustainable.

Principle 3: Co-Design and Openness

Co-design is about actively engaging all parties throughout the design and delivery process to ensure services are sustainable. Co-design requires a culture of openness and collaboration.

Principle 4: Sustainability

All change initiatives will consider the impact on service delivery. Services need to be financially, operationally, socially, and environmentally sustainable into the longer term.

Principle 5: “Simplify, Streamline, and Standardise”

All change initiatives will endeavour to simplify, streamline, and standardise processes, information and data, and technology in support of improved internal operations and customer outcomes.

Principle 6: Appropriate Governance

Governance needs to be appropriate to the risk and value of the change. Two governance environments are required: one that is applied where change has an inherently higher risk level and accordingly greater oversight and scrutiny is required; and a second that is better aligned to innovation, providing a safe environment in which to experiment – to learn, iterate and deliver fast.

6. Appendix A – Information and Technology Strategic Plan on a Page

Current	Strategic Intentions		Target
<ul style="list-style-type: none"> ❖ Priority customer services are available online. ❖ The field based workforce conducts some work through paper based forms followed by return to office for data entry. ❖ The value of the data that the City uses is not being fully leveraged for insight and strategic, tactical, and operational decision making. ❖ Some major systems are built around aged architectures which limits opportunities to transform for improved customer service. ❖ The knowledge possessed by the workforce is not being fully leveraged. ❖ Understanding and proficiency in information and technology varies. 	Digital Service Delivery	<ul style="list-style-type: none"> ❖ Continue to implement services over the digital channel to improve service delivery and efficiency to customers and partners. ❖ Deliver a mobile working experience that enables employees to fully interact and transact remotely. 	<ul style="list-style-type: none"> ✓ The majority of appropriate City services are available online. ✓ The City's workforce can securely access the services and information they require to operate flexibly.
	Information and Data	<ul style="list-style-type: none"> ❖ Strengthen information and data governance and management practices to improve information and data quality and maximise inherent value. ❖ Strengthen business intelligence and analytics for improved planning, continuous improvement, workforce and activity management, decision making and reporting. ❖ Build information marketplaces that promote open data, improve accessibility to information and foster industry development. 	<ul style="list-style-type: none"> ✓ Data quality is improved and the inherent value of data is maximised. ✓ Greater understanding of the current and future needs and expectations of the community, including how they interact with the services and assets of the City. ✓ Information marketplaces promote improved accessibility to information, and foster industry development.
	Enterprise Systems	<ul style="list-style-type: none"> ❖ Target investment in systems that support digital service delivery and workforce mobility. ❖ Increase the adoption of cloud-based and externally managed services. 	<ul style="list-style-type: none"> ✓ The City's enterprise systems are robust, reliable, contemporary and provide sufficient agility and flexibility to allow the City to respond to change. ✓ The majority of enterprise systems are sourced either from the cloud or managed service providers.
	Investment and Workforce	<ul style="list-style-type: none"> ❖ Establish a contemporary collaboration environment that supports effective and efficient collaboration and communication and drives information and knowledge sharing. ❖ Integrate strategy, planning, investment and change to ensure that information and technology investments deliver value and will be operationally sustainable. ❖ Establish a complementary governance environment that supports digital services, workforce mobility and data-centric initiatives. 	<ul style="list-style-type: none"> ✓ The City workforce possesses the capabilities necessary to best manage and use information and technology. ✓ The City can quickly deliver information and technology-related innovations.

Community Engagement Framework 2018




Sydney2030 Green/Global/Connected



Our approach to engaging the community

city of villages



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01 Summary



Mary Robinson speaking at City Talks 2016. Photograph by Jamie Williams

The City of Sydney is here to serve our communities and achieve our mutual vision of being a green, global and connected city. We provide regular opportunities for our community to participate in the decisions and projects that shape Sydney's built environment, economy, culture and society.

This document is a framework for how we consult our diverse communities on these important projects. It includes a definition of community engagement and explains how we talk with – and listen to – our communities.

It outlines the guiding principles, activities and channels we use when working with our communities and illustrates these in action on some recent projects.

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

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

This document supports the integrated planning and reporting framework required by the Local Government Act (1993) and meets the City's legislative requirement for a community engagement strategy.

The Local Government Act identifies community participation as a guiding principle of local government – 8A (3) Councils should actively engage with their local communities, through the use of the integrated planning and reporting framework and other measures.

02

Community engagement framework

Defining community engagement

Community engagement, also called 'public participation', is the process of involving people in the decisions that affect their lives.

It enables good governance and informed decision making by promoting shared responsibilities for decisions.

It supports an open approach to managing risk by providing a strong foundation for understanding decisions and building trust within our community about the decision-making process.

Effective community engagement supports our capacity to achieve the City of Sydney's overarching *Sustainable Sydney 2030* plan. It provides a framework for addressing the need for sustained collaboration, partnerships and new ways of involving and empowering our community under this plan.

The process of community engagement

Community engagement can involve a broad variety of activities. One way to understand different types of engagement with the community is through a continuum from **informing** (reflecting a low level of engagement) through to **active participation** (reflecting a high level of engagement).

Informing takes place when a decision has already been made or action is required, and the City of Sydney needs to make sure that those affected are aware of the facts.

Consulting takes place when a project requires some input, feedback or advice before part of the project or decision is progressed.

Active participation takes place when the City of Sydney collaborates with specific stakeholder groups or the community to work out what needs to be done and to develop solutions that are incorporated into decision making.

All engagement processes need to **inform**, most will have some level of **consultation** and some will include **active participation**.



Final working group meeting Resilient Sydney. Photograph by Katherine Griffiths

Guiding principles of community engagement

The City of Sydney's approach to community engagement is guided by the following principles:

Integrity: engagement should be transparent – clear in scope and purpose.

Inclusiveness: engagement should be accessible and balanced – capturing a full range of values and perspectives.

Dialogue: engagement should promote dialogue and open up genuine discussion. It should be supported by timely and accurate information – a space to weigh options and develop common understanding.

Influence: engagement should be reflected in outcomes – the community should be able to see and understand the impact of their involvement.

The City of Sydney will:

- ensure that engagement is always timely, accessible, planned and meaningful
- undertake engagement activities that overcome barriers to public participation and build the capacity of our communities to participate in decision making
- provide feedback to participants on the results of their contribution
- review and evaluate with our communities on the effectiveness of our engagement activities.

These principles are informed by the International Association of Public Participation core values. They also reflect the City of Sydney's organisational values of collaboration, integrity, courage, quality, innovation and respect.

Our engagement objectives

Our approach to community engagement aims to:

- | | |
|---|---|
| 1 | Provide opportunities for our communities to take part in the City of Sydney's decision making process for outcomes that benefit our community |
| 2 | Provide a strong foundation for understanding and working with our communities – promoting a shared responsibility for decisions and trust in the decision-making process |
| 3 | Develop sustained collaboration, partnerships and new ways to involve and empower the community to achieve <i>Sustainable Sydney 2030</i> |

03

Ways we engage our community

The City offers a range of opportunities for residents, workers, community groups, business, government and industry stakeholders to share their ideas, insight and feedback on projects and policies to help inform council decisions.

The engagement approach taken, including the combination of activities, is determined to be appropriate to the plan, strategy, policy or project being undertaken, and most effective in reaching the communities and stakeholders affected.

Engagement activities include:

- a dedicated online consultation portal - **sydneyyoursay.com.au** which includes surveys, polls, mapping, and online forum
- workshops and community meetings
- stakeholder meetings and roundtables
- deliberative processes including 21st century town hall meetings and citizens' juries
- public seminars including CityTalks
- creative workshops with children
- community and stakeholder reference groups
- interagency forums
- public exhibitions and submissions
- wellbeing survey of residents every four years
- random selection surveys
- Advisory panels and groups including the Aboriginal and Torres Strait Islander Advisory Panel; Inclusion (Disability) Advisory Panel; Public Art Advisory Panel; Design Advisory Panel; Retail Advisory Panel; Better Buildings Partnership

- information on the City of Sydney websites and disseminated through traditional and social media channels
- 101 workshops for strata communities and businesses
- site inspections and walk through opportunities
- construction liaison groups
- drop-in sessions and pop-up stalls
- door-knocking, signs, letters and notices
- customer services, neighbourhood service centres and community centres.

In 2015 we surveyed City residents through the wellbeing survey. More than 6,000 responses were received and collated. We asked people 'what kind of local area' they wanted for the future.



City of Sydney's Aboriginal and Torres Strait Islander Advisory Panel 2016. Photograph by Jamie Williams

Making sure we reach everyone

Central to the City's drive to engage with our diverse community is our commitment to being inclusive and accessible.

The City has:

- an Aboriginal and Torres Strait Islander advisory panel
- an inclusion (disability) advisory panel
- a Chinese Lunar New Year advisory panel
- a retail advisory panel
- a program of regular meetings with tenants of social housing.

We support community networks and programs, including:

- youth programs and programs for older people
- International Student Leadership and Ambassador program
- pop-up stalls at events such as local markets and festivals including NAIDOC, Youth and Living in Harmony Week, Yabun and Aboriginal and Torres Strait Islander ANZAC Day commemoration
- interagency forums
- neighbourhood service centres and community centres

Our targeted consultation activities include:

- deliberative processes such as citizens juries that recruit participants targeted to reflect the diverse demographics of our community
- workshops for school children and young people
- focus groups for people with disability.

The City has identified the value of digital channels to expand the reach and accessibility of engagement. We have a dedicated consultation portal – **sydneyyoursay.com.au**. We strive to ensure our websites and information comply with requirements of the Web Accessibility National Transition Strategy.

We have guidelines to assist staff to produce alternative formats and Easy English versions. We also used translators including Auslan signers at events.

Statutory consultation

Some elements of community engagement are directed by statutory requirements of the Environmental Planning and Assessment Act and the Local Government Act. Other legislation and instruments include the City of Sydney Notification of Planning and Development Applications and the Development Control Plan 2005.

04

Reporting on engagement activities

The information we collect through community engagement helps staff and councillors make decisions. The City reports the details and outcomes of engagement to council including:

- consultation activities undertaken
- number of people and organisations who participated
- feedback from our communities
- online engagement activity, including number of visitors, demographic information of visitors, document downloads, video views and comments
- social media statistics.

We also share the results of community engagement through **sydneyyoursay.com.au**



05

Evaluating engagement activities

We evaluate our engagement in four areas:

1	Process – how well was the engagement was designed and implemented?
2	Appropriateness – was the engagement appropriate and how well did the public and stakeholders accept the process?
3	Reach – were the people we reached representative of those affected by the decision?
4	Outcomes – were the intended outcomes of the engagement process achieved?

Learnings from these are used to inform recommendations for the next stage of the process and future projects.

What the community has said about engagement

As part of our engagement activities, we evaluate the experience with the community and explore their expectations for future engagement.

In the past two years the City has conducted major pieces of work to better understand our community's aspirations for engagement:

- In our social sustainability policy one of the four directions is 'an engaged city'. In a consultation on the policy, we sought views from the community on how to strengthen engagement between the community and the City and within communities more generally.
- Research conducted by Sydney University on the impact of engagement on participant understandings of climate change ran alongside the citizens' panel on climate change adaptation.
- A survey of 800 small businesses reviewed this community and its needs.

The broad messages on engagement from community are:

- The residents, visitors, workers, businesses and students of Sydney value the opportunity to engage with the City.
- Our communities have high expectations when the City engages with them.
- People want to co-design, collaborate and take responsibility for creating change.



The People's Summit supporting the implementation of the social sustainability policy. Photograph by Katherine Griffiths

Engagement approaches

Our communities have told us they value processes that bring together diverse groups of people. They want our engagement processes to reflect the diversity of our communities, including hard-to-reach groups, children and young people.

They also support approaches that incorporate deliberation and dialogue. Feedback from deliberative processes, including citizens' juries, panels and reference groups, is always positive.

For example, 96% of participants in the People's Summit on Social Sustainability said all or most of their expectations were met and would take up the invitation to participate again in a similar process.

Not only do these approaches give greater confidence to participants that their views matter, they also strengthen knowledge and ongoing engagement on the subject matter and as a community member more generally. For example, participants of the People's Summit who felt they had a good understanding of social sustainability rose from 27% to 60% as a result of their involvement in the process. Through the citizens' panel on climate change adaptation the views of participants on vulnerability shifted from individual perspectives to greater empathy for others and a broader appreciation of the challenge of climate change for the wider community.

Collaboration and partnerships

Community members expressed a strong desire for local solutions for local problems. There is a clear view that challenging issues cannot be solved alone and that partnerships deliver better results. There is also growing interest in co-created solutions particularly at a neighbourhood level.

Government and industry groups are increasingly seeing the benefits of collaboration to define and deliver initiatives that can reshape our city.

There is a strong desire for decision making to be as transparent and local as possible. Business and residents have indicated that they value face-to-face events. The community wants the City to use digital channels for sharing real-time information and data.



Green Square Info Day October 2016. Photograph by Damian Shaw

06

Community engagement in action – case studies

To understand how our approach to engagement influences different projects, we have provided some recent examples and how these relate to our overarching Sustainable Sydney 2030 plan.

Our 2016 social sustainability policy and discussion paper responded to the many strategic directions under Sustainable Sydney 2030 and we used a range of techniques during the consultation process.

Other examples align with specific directions of the plan. Some projects have a significant impact, such as the redevelopment of Green Square. Others impact smaller groups, such as those interested in community gardens.



*Sydney Story Factory workshop on a City for All.
Photograph by Yvette Andrews*



Voting on priorities at the People's Summit. Photograph by Katherine Griffiths

Sustainable Sydney 2030

A city for all – social sustainability

From March to May 2016, we invited Sydneysiders to engage in a meaningful conversation about a socially just and resilient future for Sydney.

Our social sustainability policy *A City for All* shares a vision for an inclusive and equitable city and encourages Sydneysiders to look at the big challenges facing us.

The consultation commenced with an inspirational City Talk event with world elder Mary Robinson. We held a major workshop with community groups, government organisations and industry groups. We held workshops with children in partnership with the Sydney Story Factor, pop-up information sessions and stalls as well as online engagement including a kids-say page on Sydney Your Say. 1,300 people gave feedback through the process.

In late May, we held a deliberative democracy people's summit to determine how to act on this feedback. Throughout the summit we mirrored the draft policy's values by seeking to improve participants' wellbeing.

Deliberative democracy focuses on collective decision-making, which encourages dialogue. It aims for consensus rather than majority rule. A total of 146 people were randomly selected to attend and represented a microcosm of the wider community.

We asked them to reflect on the outcomes of our consultation process and agree on ideas that the City could turn into actions. After hearing from subject experts and engaging in group discussions, they used digital devices to vote in real time and engaged in further discussion before reaching agreement.

We saw people from different generations and backgrounds speaking to each other for the first time and finding common ground – the city they love to live in. People felt the draft policy touched on issues that really meant something to them.

Feedback from participants showed:

80% believed their contribution would make a difference

96% said they would be involved again.

Participants felt they played an integral role in charting the future direction of our city, they felt more responsible for each other's wellbeing and for the policy's outcomes.

They showed us that when a community has a voice and a part to play, they care more about the outcome.

Strategic Direction 1

A globally competitive and innovative city



The Ventura, an all-female tech startup co-working space. Photograph by Brendan Read

Tech startups action plan

Australia's biggest tech startup ecosystem is in Sydney and the City proposed an action plan to support this emerging sector. We took a targeted digital approach to consultation to ensure the action plan was shaped, tested and accepted by the community with firsthand experience of this ecosystem.

Online advertising and advertorials were placed in Start-up Daily, Startup Smart and Business Insider. A twitter hash tag **#StartupSyd** stimulated conversation and drive awareness and interest. The City's corporate and Sydney Your Say Twitter accounts linked to **sydneyyoursay.com.au** with City staff and community members regularly tweeting. Industry influencers were approached to promote dialogue involving topics from women in tech to Indigenous digital advocates.

This engagement reached a wide audience including tech startup entrepreneurs, employees, professionals in corporate businesses, investors, educators and students. Over 300 people gave feedback via the online survey and valuable perspectives were also collected through our online discussion forum and Twitter.

The City is now building upon this approach to successfully reach audiences online, leverage influencers and trends, increase our accessibility and engage communities who can be harder to engage through more traditional consultation activities.

Strategic Direction 2

A leading environmental performer



Net Zero Roundtable 2017. Photograph by Katherine Griffiths

New ways to engage on sustainability and climate change

As part of Sustainable Sydney 2030, we are developing a series of master plans to achieve our environmental target. From the first plans to now, our engagement approach has evolved from informing our community to active involving them in the process.

Our climate change adaption master plan reflects a high level of community engagement. After conducting an internal assessment to identify and rank the climate risks we drafted a plan that shows the projected changes, their impact, and a series of actions to address these risks.

We randomly selected 30 community members who represented the diversity of our city and hosted a two and a half day deliberative democracy citizens' panel.

The panel reviewed the climate risks, prioritised actions and incorporated additional risks and actions. They also developed a set of principles around vulnerability that they felt should guide the policy. Those principles now form the policy's executive summary.

The panel's ideas also changed the way we wrote the strategy. Throughout the document we've acknowledged the community's recommendations by putting a green indicator next to an action they directly influenced, suggested or supported.

We also saw attitudes shift throughout the event. Participants arrived with a diversity of opinions, but listened to each other, worked through their differences and arrived at a consensus. Many commented that it was a profound experience to see some people's entrenched individually focussed perspectives change to embrace empathy for the vulnerability of all people.

Strategic Direction 3

Integrated transport for a connected city



Car sharing policy

Car sharing eases traffic congestion, frees up parking spaces and lowers greenhouse gas emissions. The City has provided dedicated on-street parking spaces for car share cars since 2007 and first adopted a car sharing policy in 2011. Over 700 vehicles are now available for residents and businesses to share.

In 2016 the City reviewed the policy. Given the high level of community interest, the draft policy was exhibited for 60 days. Our communities were consulted through advertisements in local and metropolitan newspapers, a dedicated page on the Sydney Your Say website, including an accessible version of the draft policy, social media posts and letters to neighbourhood and business groups. There were 2,500 unique visitors to the website and more than 1,000 downloads of the draft policy.

The policy was endorsed by Council In November 2016. The City has since received many thank you emails from the community.

We received 635 submissions from car share members, residents, non-residents, community service and business groups. Many suggestions made were incorporated into the final policy. A community engagement report outlined the City's response to contributions.

Strategic Direction 4

A city for walking and cycling



Signage prototype being tested. Photograph by Damian Shaw

Wayfinding strategy

A goal of our Sydney wayfinding strategy is to improve accessibility, navigation and getting around the City's streets for vision-impaired people.

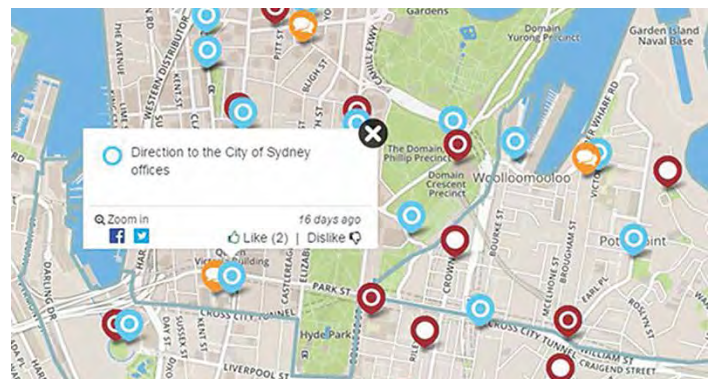
The success of the wayfinding signage project was largely due to the range of consultation techniques used. We worked with Vision Australia and Guide Dogs NSW/ACT, conducted online engagement, focus groups and stakeholder meetings, to prototyped and refined new signs.

Blind and low vision members of the community welcomed the opportunity to provide valuable feedback, giving insight into the design and placement of signs and the importance of predictable, start-of-journey wayfinding signs.

We used online mapping to crowdsource community input on sign locations for civic landmarks and historical places. People placed pins and comments on locations they felt needed signs. It provided a more interactive and human-centred digital experience.

The feedback provided new locations for the City to consider. Close to 100 comments and suggestions were made.

Sydney now has the world's largest braille and tactile sign network. The signs have been widely praised in helping people discover Sydney, explore attractions and find their way around.



Drop a pin on the map tool from the sydneyyoursay.com.au consultation page

Strategic Direction 5

A lively and engaging city centre



*New Year's Eve - Welcome to Country featuring the Tribal Warrior boat and the words Always was always will be Aboriginal Land.
Photograph by Ryan Pierse*

Sydney New Year's Eve - Working with partners to make the city safe and enjoyable for all

The Sydney New Year's Eve celebration attracts over 1 million people to Sydney's harbour foreshore.

The event requires close collaboration between the City, NSW Police, Transport for NSW, Department of Premier and Cabinet and other government agencies to ensure a safe, accessible and enjoyable night for all.

In 2016, an inaugural integrated crowd management plan was developed and implemented. Two key components of the plan were the closure of up to 40% more roads than in previous years, and new egress routes to direct pedestrian traffic.

It was critical to engage the community about these changes to ensure they were well understood. Letters were sent to CBD residents, businesses, commercial and private carparks. Information sheets were distributed throughout the accommodation sector. A briefing with NSW Police Force was held for commercial carpark operators and local liquor accords.

The event needs to be safe but it also needs to be meaningful and engaging to be a true success. The City works with the Metropolitan Local Aboriginal Land Council and Tribal Warrior Association to deliver the Welcome to Country on a grand scale.

The Lord Mayor's Picnic attended by 1,000 children with specific needs and their carers and siblings is made possible through the collaboration and support of the volunteers from Girl Guides Australia and Scouts Australia and over 80 charity organisations that assist in distribution of tickets.

Every year our marketing and media partnerships with Tourism Australia, Destination NSW and ABC are crucial to providing essential event planning information to those attending via the official NYE website and to sharing the excitement of the night across the world.

For 2016 NYE, Tourism Australia's video highlights package has so far received 4.4 million views. The City of Sydney's midnight image post on Facebook had a reach of over 3 million. ABC live stream trended at number 5 on YouTube. **#SydNYE** on twitter had a potential reach of 7.6 million on 31 December and 48.9 million for overall campaign period.

Strategic Direction 6

Resilient and inclusive local communities



Primary school students provide the City with ideas for improving our parks. Photograph by Katherine Griffiths

Parks for everyone

When it comes to our parks, we ensure every major decision in our design and upgrade process has been backed by community consultation.

We talk to everyone who uses the space, including children.

To upgrade Chelsea Street Playground in Redfern we consulted school children from Bourke Street Public School.

The consultation was designed to align with learning outcomes in the curriculum. Providing an authentic learning experience where they can see and enjoy the outcome is a positive way to engage these young students.

During the design process, students were asked to think about what they enjoy doing: jumping, dancing, discovering nature, talking to friends or making up adventures. We then encourage them to draw how they'd perform these activities. They come up with the most extraordinary ideas – ideas that can be made a reality.

For Chelsea Street, children suggested small cubbies constructed among the trees which became the inspiration for the final design.

Not only do we design playgrounds that reflect the dreams of the children who use them, in the process the children learn they can have a say in their community.

Community gardens: leading the way through policy

Community gardens are unique open spaces that contribute to our wellbeing by connecting diverse people and creating space to harvest in harmonious ways.

Our community gardens policy offers a framework for residents who want to establish a community garden and supports existing gardens to become self-managed to a high standard.

Our updated policy needed to clarify the rights and responsibilities of volunteers, the City and partnering organisations, especially around public liability insurance, safety and maintenance.

Integral to the success of this consultation was our series of face-to-face meetings with existing community gardening groups. Each group's skill set varies. Some are adept at planning and management while others are focussed only on gardening.

An independent facilitator ran on-location consultation meetings to talk to groups who had varying opinions about our role in the management of their gardens.

As a result of these meetings, we acknowledged the diversity of community gardens and their surrounding communities. We made our policy more flexible and placed more value on the social benefits of community gardening. The tone of the document was altered to be less prescriptive and we recognised the safety issues faced by some groups including theft of crops and vandalism.

We saw a remarkable shift in attitude from these groups towards the City. While we could not include all of their requested changes, they could see their voice in the final policy – they saw the value of working together to make their gardens better.

Strategic Direction 7

A cultural and creative city



Celebrating the unveiling of the park signage in Reconciliation Park. Photograph by Katherine Griffiths

Re-awaking Gadigal language

In 2015, staff from our Greening and Leisure unit approached our Aboriginal and Torres Strait Islander Advisory Panel with the idea of including recognition of the Gadigal people as traditional custodians on new signs they were installing in the City's parks.

It was a fascinating open conversation involving Elders, community and City staff. They discussed connection to country, the invasion and taking of Aboriginal land and the use of Aboriginal languages.

The advisory panel suggested the words 'You are on Gadigal country' should be prominently displayed on the signs. They also wanted to feature Gadigal words meaning 'hello' or 'welcome.'

Professor Jakelin Troy, Aboriginal linguist and Director of Aboriginal and Torres Strait Islander Research at the University of Sydney also provided expert advice.

The new signage with the acknowledgement of country and the words, 'bujari gamarruwa' (good day), was unveiled in March 2016 at Reconciliation Park in Redfern. The event featured a moving moment when students, parents, teachers, Elders and the local community were taught to say 'bujari gamarruwa' (good day) in the Gadigal language.

"Hearing the language come alive in those young people's mouths was transformative," says David Beaumont, Community Engagement Coordinator for the City and proud Wiradjuri man. "Language was the first thing that was taken from us. Now it's one of the first things we're bringing back. This project demonstrates that we can write a new narrative together."

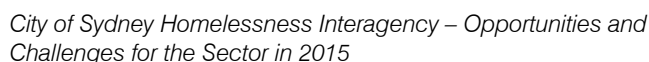
Homelessness unit

In 2014 the City engaged the sector to determine the short term focus of the homelessness unit. Throughout 2015, four sector workshops were held to explore opportunities and challenges, identify longer term themes and refine priority areas.

During 2016 a group of people with lived experience of homelessness, including those currently sleeping rough, were engaged as advisors to look at findings from the registry week survey and the themes from the sector workshops. These advisors worked with the City to identify priority directions for the homelessness unit for the next 10 years.

A sector workshop was held to test the priority directions and identify key actions. The homelessness unit continues to work with the advisors to prioritise actions. The result of this ongoing engagement will be documented in the City's Homelessness Action Plan.

Engagement has built trust between the City and this community. Six people who are now housed and have agreed to be photographed and shared their stories to support the City's work.



Strategic Direction 9

Sustainable development, renewal and design



Residents explore the Green Square model 2014 at the Tote.

Green Square: a coordinated partnership approach

Green Square is one of Australia's fastest growing neighbourhoods with over 30,000 new dwellings and 60,000 residents expected by 2030. The area's revitalisation is an exciting opportunity for community building and place-making with a new town centre, library, parks and community facilities.

It is the most complex project we have ever managed. It involves many partners, agencies and contractors. And it presents challenges for the community as they live through significant construction and change.

The City works to ensure the community is supported during the renewal program, from providing timelines for community facilities and private development, to community participation in the design processes for projects.

We hold regular events to ensure we hear from the local community and respond to local needs. We have artist impressions, information boards, a fly-through video and models. Our kids activities encourage families to get involved.

We work closely with developers and government agencies on a community relations program to support people impacted by construction.

We negotiated with private developers to create a single point of contact for complaints. This minimises confusion and gives residents confidence their concerns are being heard. Residents can also participate in a construction liaison group.

On advice from residents, we negotiated with developers to agree on coordinated respite nights. We also look at opportunities to change our construction methods to reduce local impacts. Private developers are now collaborating with us to strive for green star accreditation.

Our engagement program has been so successful, we are replicating it across other urban renewal areas in the city.

Strategic Direction 10

Implementation through effective governance and partnerships



Resilient Sydney Community Meeting, Central District, Parramatta. Photograph by Katherine Griffiths

Resilient Sydney

In 2015 Sydney was chosen to join the 100 Resilient Cities initiative pioneered by the Rockefeller Foundation. The initiative develops strategies to help cities survive, adapt and thrive as we face the challenges of the 21st century.

The Resilient Sydney office is hosted by the City of Sydney. Sydney receives technical support and resources from 100 Resilient Cities to develop and implement a resilience strategy for the metropolitan area.

CEOs from councils in the six districts of Sydney sit on our steering committee. We also convene representatives from councils in our resilience ambassadors group, working with them to identify the risks and find solutions.

We have formed a local government engagement group. This means drawing on the deep knowledge and expertise of practitioners in local government to ensure our processes are robust, inclusive and reflect the spectrum of views in our communities.

We are working with all the councils of metropolitan Sydney to catalyse action to address key challenges such as extreme weather, increasing demand on health services and decreasing social cohesion.



Help shape the future of Sydney.
Have your say at
SydneyYourSay.com.au

Fit for the Future Improvement Action Plan Update 2018

1. Fit for the Future Improvement Action Plan Update

Update on progress of the City's Fit for the Future Improvement Action Plan

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

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

1. Sustainable Sydney 2030 will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.

Staff have undertaken a comprehensive review of a range of data to inform the development of the Sustainable Sydney 2030 Community Strategic Plan including: the progress toward the Sustainable Sydney 2030 targets; the key trends and issues likely to affect Sydney to 2030 and beyond; the findings from community engagement from the past four years; analysis of the 2015 survey of residents that included the question 'tell us about the local area you want to live in, in future'; analysis of the Community Wellbeing Indicators;

review of Resilience Sydney research findings, and a review of global city strategic plans.

The revised Sustainable Sydney 2030 responds to the findings of the extensive research and analysis and proposes a plan that builds on the previous version and addresses contemporary issues and challenges. It includes a new target – to achieve net zero greenhouse gas emissions by 2050 – as well as revised objectives to respond to the identified challenges, opportunities and policy context. Staff developed a Delivery Program and an Operational Plan. These plans underpin the projects and programs that the organisation is to deliver against the key priorities which are monitored and reported every six months to the community.

The revised Resourcing Strategy details how the strategic aspirations of the City can be achieved in terms of time, money, assets and people and focuses on long term strategies in four key areas:

- **Long-Term Financial Plan:** A ten year plan that identifies the City's current and future financial capacity to deliver upon the objectives of Sustainable Sydney2030 and continue to deliver high quality services, facilities and infrastructure to the community.
- **Workforce Strategy:** a plan to ensure the City's workforce has the capacity, culture and capability to deliver the outcomes expressed in Sustainable Sydney2030.

- **Asset Management Plan:** the City has assets valued at approximately \$11B (including land) under its care and control. This plan sets out the current status and resourcing requirements for each key asset area to ensure their maintenance and renewal at appropriate standards.
- **Information and Technology Strategic Plan:** A roadmap to accelerate the delivery of digital services, unlock the inherent value of information and data, and optimise investment in technology in support of Sustainable Sydney 2030 and other key business strategies.
- **Community Engagement Strategy:** “Our approach to engaging our community”. A framework for how we consult with our diverse communities and provide regular opportunities for our community to participate in the decisions and projects that shape Sydney.

2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.

The City provides a variety of engagement opportunities to help shape and develop projects, partnership and policies necessary to progress the implementation of the Sustainable Sydney 2030 Vision and to help develop initiatives which engage key stakeholders to strengthen new and existing relationships, encourage continued broad endorsement of the vision and maintain enthusiasm for implementation of the vision through partnerships.

“Our approach to engaging our community” provides a framework for undertaking the appropriate form of community consultation to inform the City’s plans, programs, strategies, policies and projects. It was first adopted in 2013.

The Community Engagement Strategy has been updated with recent case studies to demonstrate how appropriate engagement is conducted across the 10 strategic directions and a variety of projects and programs.

3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.

Community roles and expectations are changing, moving toward digital services, co-creation of services and with a desire for a stronger input into key decisions that affect the future of our community. Good governance and effective leadership is essential to implement the strategic and complex objectives of the City’s Sustainable Sydney 2030. The City will continue to enhance the governance, risk and audit frameworks, programs and policies to ensure compliance with legislative requirements and organisational values to ensure delivery of services is conducted with strong governance frameworks.

The City will continue to participate in external reviews and forums that enhance local government governance and continuous improvement with effective information management.

4. Agreed targets and outcomes will be incorporated into the City's annual planning and budgeting processes.

There were seven financial sustainability measures developed by the State Government during the Fit for the Future review process to aid the assessment of each council's financial position and asset management practices. The measures are:

Sustainability

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

Infrastructure and Service Management

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

Efficiency:

- Real Operating Expenditure (per capita)

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

The City incorporates these measures and other supplementary indicators, in conjunction with key budgeting principles, to formulate the budgets and long term estimates contained with the Delivery Program, Operational Plan and Long Term Financial Plan. All of the measures and targets are in the Long Term Financial Plan.

The key principles employed in the financial planning process at the City are:

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

The above points have consistently remained the core principles of the City's long term financial planning process both before and since the introduction of the Integrated Planning and Reporting Framework. There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. By adopting and applying these principles in practice, the City remains on track to deliver within a robust and financial sustainable framework, the essential programs and significant projects contained within the objectives in Sustainable Sydney 2030.

5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.

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

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

This diligence has continued under the Integrated Planning & Reporting framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon. However, the City is faced with challenges over the longer term such as a growing residential and worker population, demand for new and enhanced services and operational cost indices rising higher than revenue. Total rates revenue is capped and

does not reflect the growth of the population within the City. To remain financial sustainable, an ever increasing focus on service levels and operating costs is crucial to deliver repeatable operating surpluses that will fund major capital works and asset renewal programs.

6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.

The City's Workforce Strategy 2015-2019 plays an important role in resource planning during this period and beyond. With the needs of the City of Sydney's community growing and evolving, delivering the right initiatives to build capability in the people who make-up the organisation is critical. In line with the Integrated Planning and Reporting Guidelines, the City's Workforce Strategy summarises recent work undertaken to implement the strategy, analysis of trends and issues which impact today's workforce and based on this foundation, defines the strategic priorities for the next two years.

The strategy builds upon this earlier work and takes account of the key influences related to:

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

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

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

To address these priorities, we have developed a series of key strategic deliverables that we report upon annually in an update in the Workforce Strategy.

7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.

There are a number of measures identified in the Long Term Financial Plan that relate to infrastructure management and asset maintenance with more detailed assessments provided in the Asset Management Plan on the City's critical asset categories.

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

Condition assessments are important because they:

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

The City has defined service levels in two ways:

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

These technical measures relate to service criteria and are shown in the detailed Asset Management Plans. Desired levels of service are obtained from various sources including Customer Satisfaction surveys, residents' feedback to Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans. The City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections in the Asset Management Plan and are derived from the best available condition data and analysis.

8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.

The City operates under an internal administrative procedure to direct and guide action to review its policies and procedures. The City sets minimum timeframes for reviews at four years. Guidance is provided to City staff responsible for policy reviews to conduct research to ensure the policy continues to meet community needs and is fit for purpose. Policies are also reviewed with regard to their alignment to City strategies and plans. A governance unit oversees the development and review of policies, procedures and guidelines at the City and directs attention when required.

9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.

The role of city leadership is ever-evolving. Strong relationships, knowledge exchange and effective collaboration between city governments is essential. Growth pressures in metropolitan Sydney require improved collaboration across all levels of government, the private sector and the community to achieve sustainable outcomes.

The City engages in international partnerships including the Rockefeller Foundation to develop a Resilience Plan for metropolitan Sydney and C40 which focusses on environmental initiatives which can be implemented by cities globally to address climate change. Regionally, the City, has engaged with all councils in metropolitan Sydney in the development of the Resilience Strategy and is forging strong relationships with those councils which will enhance both the City's scope and capacity and that of other local government authorities. Nationally, the City continues to engage with the Council of Capital City Lord Mayors and relevant Federal Departments including the Cities Unit within Prime Minister and

Cabinet, and the Department of Environment and Energy. Key projects include the development of a Cities Framework and providing feedback on the Federal Government's Climate Policy Review.

10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.

The effective use of debt may assist in the management of "intergenerational equity", and help to ensure that excessive burden is not placed on a single generation of a council's ratepayers to fund the delivery of long term infrastructure and assets. Other strategies may also achieve an equivalent outcome, and a consistent program of capital

delivery will also alleviate the need to excessively burden a particular set of ratepayers.

The City's history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses that will facilitate the delivery of the ten year capital program without the utilisation of borrowings. Should circumstances change over the life of the Long Term Financial Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term. This is assessed annually during the preparation of the annual budget and ten year long term financial estimates.

