



Fit for the Future: improvement proposal  
Bankstown City Council

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# Council's Fit for the Future Resolution

Ordinary Meeting 23 June 2015.

## Fit for the Future - Banktown Council's Improvement Proposal Submission

CLR. Kuskoff:/CLR. Golledge

RESOLVED that

1. Council endorse the attached Improvement Proposal in response to the State Government's Fit for the Future reform program, as attached to this report;
2. The Mayor and General Manager be delegated authority to respond to and/or address any further requests for information from IPART or the Office of Local Government / State Government in relation to Council's Improvement Proposal as required;
3. Councillors be provided with regular feedback, updates and Council Reports in relation to any responses from IPART and/or the Office of Local Government / State Government as to Council's Improvement Proposal.
4. Following the NSW Government's decision relating to Council's Fit for the Future Improvement Proposal, Council be provided with a further report on the implementation of the NSW Government's decision.
5. In responding to Council's Improvement Proposal, the General Manager be required to review Council's Resourcing Strategies and Organisational Structure in preparation for the implementation of Council's proposed Action Plan as attached.

- CARRIED

# Council details

## Bankstown City Council

Bankstown City Council covers an area of approximately 77 square kilometres, with a population of 200,357 (ABS 2014). Residents of the Bankstown LGA are represented by 12 Councillors, across four distinct wards.

## Our Councillors

### South Ward

Linda Downey (LAB)  
*Mayor*

Jim Daniel (LIB)

Scott Parker (IND)

### East Ward

Khal Asfour (LAB)

Naji Najjar (LIB)

Toan Nguyen (LAB)

### West Ward

Ian Stromborg (LAB)

Glen Waud (LIB)

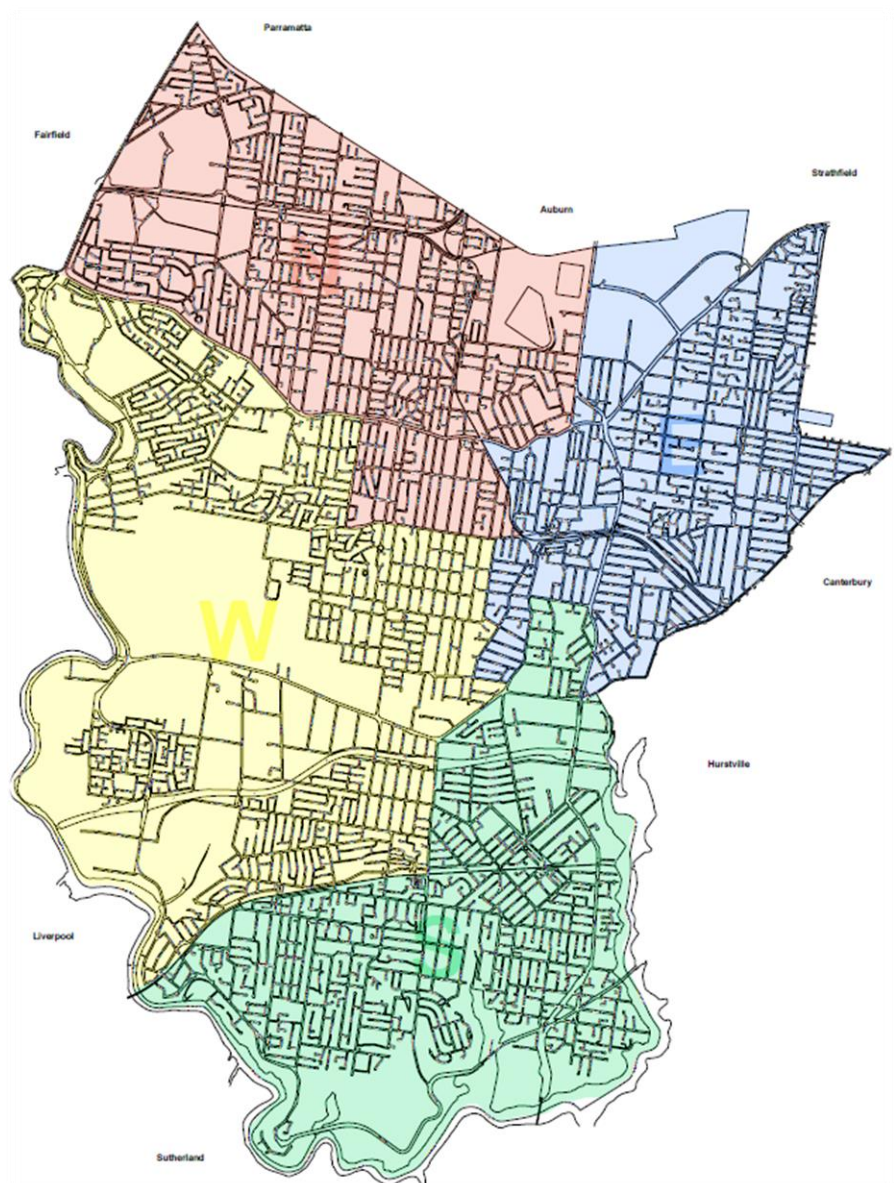
Allan Winterbottom (IND)  
*Deputy Mayor*

### North Ward

Jenny Golledge (LAB)

Alex Kuskoff (LAB)

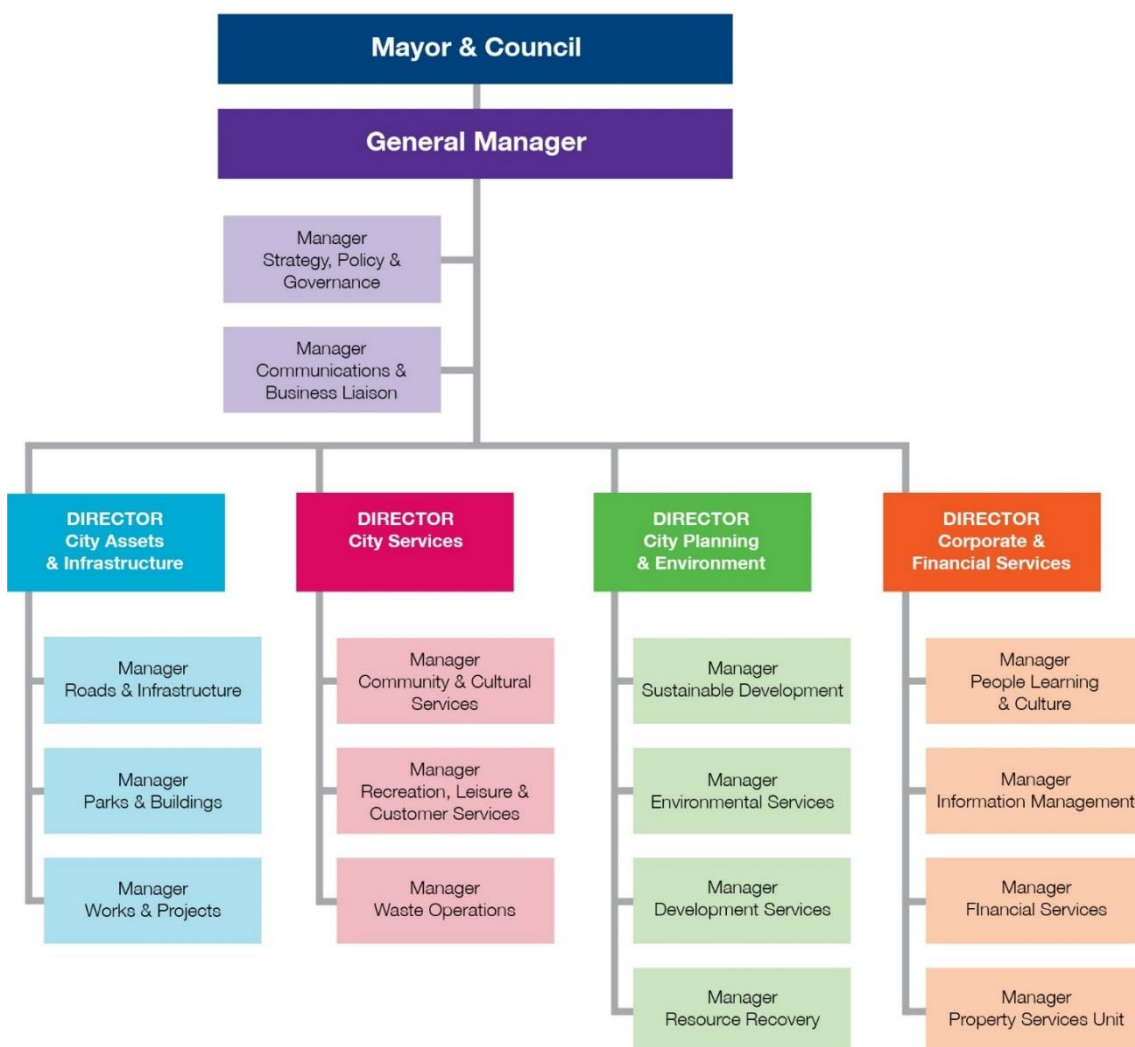
Michael Tadros (LIB)



# Council’s Leadership Team

Council’s staff are led by our General Manager, Matthew Stewart. Mr Stewart is assisted by a team of Directors and Managers focused on organisational excellence and industry leadership.

Council’s structure has been practically designed to facilitate agile leadership and foster a culture of continuous innovation and improvement, demonstrated by a number of small restructures undertaken over the past four years, designed to meet the functional needs of the Council and the community. Bankstown’s Leadership Team meets on a weekly basis to discuss an array of strategic, operational and financial issues, assisted by subject matter experts across the Council.



This structure has proven to be robust and responsive. The breadth of experience at Council (with the average tenure of a staff member at over ten years) allows Council to foster a culture of engagement and employee commitment, while remaining flexible to adapt to changing community needs.



# Executive Summary

Bankstown Council presents this improvement proposal as a signpost of Council's unique position within metropolitan Sydney. Council has a demonstrated record of strong performance across financial and workforce indicators, and a sound track record of asset management.

Fit for the Future has presented Bankstown Council with an opportunity to reaffirm its long term financial vision. Prior to the State Government's plan, Council was tracking along a Ten-Year plan, designed to deliver high quality services to the community at the lowest possible price point (from a rating perspective). With the dawn of the Fit for the Future program, however, and the revised performance benchmarks and criteria, Council has been forced to re-evaluate its approach.

This document sets out to demonstrate Council's current capacity, and its strategy for becoming *fit for the future*, underpinned by a slight adjustment to its rating income. This adjustment (1.5% a year for five years above IPART) is designed to sustainably transition Councils towards satisfying each of the Fit for the Future benchmarks within a timeframe that is acceptable to the community. Council also proposes a minor boundary readjustment on its northern border with Strathfield Council in order to smooth current built and natural boundaries, and enable it to more appropriately manage infrastructure programs surrounding major heavy-transit corridors surrounding the Enfield Intermodal.

Overall, Council takes its approach as a response to the disproportionate level of disadvantage in its community. Financially, the ratepayers in the Bankstown LGA are amongst the lower percentiles of household income across metropolitan Sydney. As a result, it is critically important that Council respond to the Fit for the Future package in a way that is sustainable not only for Council itself, but for the community it serves. To that end, Council will also be looking to progress its Resourcing Strategy (made up of the Asset Management Strategy, Workforce Strategy and Long Term Financial Strategy). In doing so, Council looks to ensure that it is positioned as capably as possible to respond to the evolving needs of the community.

It is on this basis that Council presents an improvement proposal that is, in relation to asset performance, tracking towards meeting the required 2% backlog benchmark. That said, Council is, as outlined in its Action Plan, looking to integrate *fit for the future* and its underlying methodologies and aspirations as part of all staff's day-to-day working lives. Whether that be in the pursuit of lowering real OPEX over time, or in the alignment of key policy positions with community expectations following fit for the future, Council is committed to providing its ratepayers effective leadership and sound governance.

It is this same effective leadership that has enabled Council to be recognised as an industry leader; most recently recognised as the most progressive Council in NSW with the 2014 AR Bluett Memorial Award. It is this commitment to excellence that drives staff at Bankstown, and makes Council an attractive place to work. As outlined in this report, all staff are committed to promoting excellence in their day-to-day tasks, fostering a culture of continuous improvement and innovation. In doing so, Council is able to maintain exceptional performance against the vast majority of Fit for the Future benchmarks.

Council is confident that it satisfies the threshold criteria and ratios, and is therefore *fit for the future*.



# Scale and Capacity

## Bankstown City Council

Bankstown Council is uniquely positioned. Standing as one of the largest Councils in the State, and positioned between the inner-western and western suburbs, Bankstown is a populous hub with a diverse cultural mix and strong sense of community.

The ILGRP has determined that Bankstown Council has the scale and capacity to meet the opportunities and challenges for delivering high quality, sustainable governance into the future. In its draft methodology, IPART repeats this conclusion, highlighting that Bankstown Council is one of few Councils with a preferred “no change” option, already holding the necessary scale to stand-alone. This reflects Bankstown’s sound position as an industry leader, and a sought after place to live and work. Bankstown’s population is expected to reach over 225,000 by 2031, accelerated on the back of Council’s newly defined Local Area Plans (LAP’s).

Financially, Bankstown Council is considered sound and stable, a position reiterated by TCorp in its recent external review (annexed to this report). Prior to the State Government’s *fit for the future* initiative, Council was progressing along a 10-Year plan of infrastructure management and financial sustainability, focused on meeting the levels of service expected by our community. On the basis that the assumptions in this report are endorsed, the Fit for the Future program does little more than accelerate Council’s ambitions, albeit to a position that is trending to meeting, rather than significantly exceeding, all benchmarks.

As a Council, Bankstown enjoys strong strategic capacity – both as defined by IPART and in the broader sense as a reflection of Council’s role in the community through planning and other initiatives. Council’s approach within this improvement proposal strengthens this role by leveraging a minor rating adjustment (the first ever above IPART) to enhance the level of services provided to the community, and to compensate for recent cost shifting and a decline in grant funding. In doing so, Council is able to meet each of the Fit for the Future benchmarks, as defined by IPART in its methodology document.

Through Council’s plan, particularly in relation to assets and facility use and management, Council looks to increase the breadth of its revenue base, while maintaining its underlying ability to undertake new functions and major projects through effective liquidity structuring. In doing so, Council becomes a more attractive borrower for major projects (major community buildings), and a capable self-funding organisation over the long term. This comes as a result of Council finding itself in a sound financial position, underpinned by an array of revenue streams and a strong asset foundation.

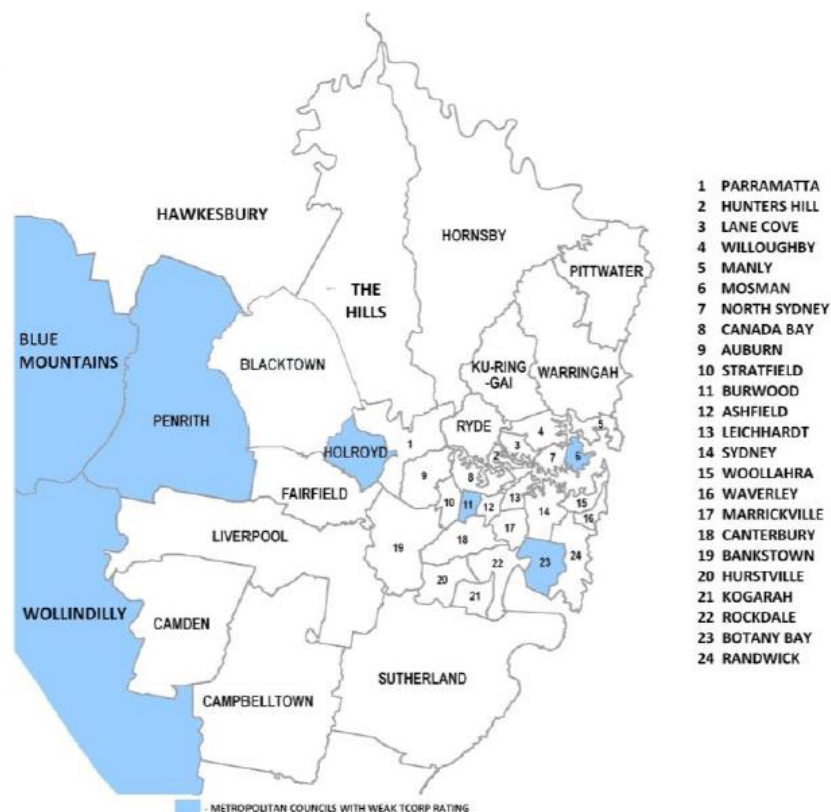
In combination with these elements of strategic capacity, Council is also an attractive employer of highly skilled staff. Council recognises the importance of investing heavily in staff, be that in terms of their personal or professional lives. Council offers flexible work arrangements within an environment of excellence and innovation. Council’s successes were recently recognised in the recent AR Bluett Memorial Award. Council has a high-performing and self-motivating culture that consistently scores industry leading staff satisfaction ratings.

Through a combination of the factors above, Council stands as a strong regional partner for all levels of government, and an appealing candidate for inter-council collaboration and service integration, especially to Councils without the requisite scale and capacity.

To that end, Bankstown is mindful of the potential amalgamation pattern as foreshadowed in the ILGRP materials, and in various reports handed down to date. Bankstown has considered these issues, and concludes that, in the event that the Government determines, due to regional factors, that Bankstown is unable to stand alone as currently suggested, a northern amalgamation with components of the Strathfield Council area present the greatest synergy to Bankstown’s existing position.

This synergy is driven by a number of factors, not the least including boundary smoothing and more effective regional planning. Should the Government’s amalgamation pattern transform Bankstown’s surrounding area into a grouping of a number of “super” Councils, with populations in excess of 300,000, Bankstown’s own position as a regional leader will undoubtedly be compromised. Bankstown suggests, then, that in any amalgamation pattern, should it be considered appropriate to reconcile large areas of surrounding Councils, that Bankstown is well placed to absorb sections of neighbouring Councils – most especially along major transport and natural boundaries.

In any event, Bankstown notes that its position has not been identified by the ILGRP as “at risk”, nor has it been identified as a headline merger candidate in the same report:



Independent Local Government Review Panel – Final Report

Accordingly, on the basis of the ILGRP’s report and its own internal investigations, Council considers that it meets the relevant scale and capacity threshold criteria, satisfying each of the items identified by Sansom, and by IPART in its methodology framework.

# Section One:

## Council's Current Position

### Description

The City of Bankstown is one of the most multicultural Local Government Areas in Australia. It is currently home to 200,357 (ABS 2014) residents, speaking more than 120 different languages. The city is characterised by its affordable housing and commercial space, excellent transport and distribution links, large expanses of native bushland, and quality sporting facilities, recreational parkland and reserves. The traditional custodians of the area are the Darug peoples.

Bankstown is known for the diversity of its people, its strong sense of local identity and its strategic location within Sydney's primary transport and freight corridors. Located 20 kilometres south-west of the Sydney CBD it is only 30 minutes by train or road from Sydney Airport. Bankstown is accessible via air (Bankstown Airport), rail (Bankstown and East Hill (Airport) lines), road and sea. Major roads to access Bankstown include the M5 Motorway, the Hume Highway and Roberts Rd, Davies Rd and Milperra Rd.

In contrast to its urban density, Bankstown also offers large expanses of native bushland, 330 public open spaces and parks including access to the Georges River and home to quality sporting facilities, including Memorial Oval, quoted as the *best suburban cricket pitch in the world* by current Australian Cricket Captain Michael Clarke.

Financially, Bankstown is in a sound position, both as internally assessed and as assessed by TCorp in its external review. Council recognises that its current position requires some adjustment (as reflected in its Long Term Financial Strategy), however holistically Council remains able to provide the level of service expected by the Community, to a high standard.

Bankstown's organisational vision is that of *a culture, place and City of excellence*. This commitment to excellence is incorporated in Council's approach to delivery of services to our community. Considering though the level of disadvantage in its community, Council recognises that the support of the State Government and IPART is required through endorsing this proposal to commit to the future that the Bankstown community wants and deserves.

## Section Two:

# SWOT Analysis

### Strengths

- **Organisational Values.** Council has a strong set of organisational values that underpin its day-to-day functions. These values, **Respect, Integrity, Teamwork, Sustainability, Service**, align Council's culture with its aspiration to be a leading Council in NSW. Council regularly rewards employees who espouse these values in their day to day work.
- **Community Satisfaction.** Council maintains a strong community satisfaction result. Following the most recent community satisfaction survey (2014), over 92% of residents were satisfied with Council's performance. This is a reflection of Council's ongoing efforts to ensure that it is collaborating with and serving the community in the most effective way possible.
- **Self-Insured.** Bankstown Council has been self-insured since 1985, without any substantial claims made against the fund. As a result, premiums paid remain low, thereby increasing Council's ability fund alternate projects.
- **Staff Retention.** Council prides itself on the tenure of its employees and its relatively low turnover rates. Staff are enthusiastic about working at Council and display an ongoing willingness to stay with the organisation, despite prospects outside of Bankstown.
- **Flexible Work Practices.** Council offers a highly flexible work arrangement to staff through a nine day fortnight accrued time off system. This system is used by the vast majority of staff providing a mechanism for ensuring all staff have a good quality of life, while remaining engaged with their work. This results in a high levels of discretionary effort, and a general uplift in the quality of work produced by staff at Council.
- **Process Management.** Process Management and improvement is a core component of day-to-day business at Council. By leveraging process mapping technology, Council staff are able to observe, improve and discuss workflows and methods of operation to ensure that we are, at all times, operating as effectively as possible.
- **Ongoing Business Improvement.** Council has a culture of continuous improvement, fostered by our ambition to be a *city of excellence*. This ambition and focus on improvement has resulted in savings of over \$5M each year over the past five years.
- **Regional collaboration.** Bankstown has consistently demonstrated its ability to lead regional projects, most notably in recognising the need for a multi-jurisdictional approach to combat the issue of illegal dumping. Council actively lobbied the EPA to establish a new RID Squad in Bankstown. Using Bankstown City Council as host, the strategic alliance of Auburn, Canada Bay, Canterbury and Strathfield Councils began operating as the Inner West RID Squad in September 2014. Rates of successful prosecutions are up, incidents of illegal dumping are down, service is improved and costs reduced.



- **Leadership Recognition.** Council employs highly talented staff. Most recently, Council's Manager, People Learning & Culture was awarded the HR Manager of the Year award (across both the private and public sector), and its Coordinator, Leisure and Aquatics, was awarded the countries best emerging leader. Council was also the recent recipient of the 2014 AR Bluett Memorial Award for metropolitan Councils.
- **Business Excellence.** Council is committed to fostering a culture of excellence. Bankstown is the host council of the Local Government Business Excellence Network, an organisation focused on collaboration around industry best practice in operational excellence. Moreover, Council has adopted a modified "excellence wheel" to use for problem solving, forward planning and crisis management.
- **Information Technology.** Council has recently rolled out a new information management system (iShare), designed to allow for easy sharing of critical documents and knowledge across the organisation through the use of cloud databases and online forums. All staff are required to regularly update their relevant team pages with information and key knowledge articles on a regular basis. Council is also investing heavily in other software to ensure that it remains on the forefront of effective IT implementation.

## Weaknesses

- **Asset Backlog.** Council's size, relative to its ratepayer's particular disadvantage (on the SEIFA index) means that asset management occurs on an "as required" basis for the majority of major projects. Although renewal works do frequently take place, they are often overshadowed by maintenance works required on Council's wide asset base.

Council also finds itself in a unique position where a number of its assets are currently either approaching the end of their useful life, or transitioning towards a period where substantial maintenance will be required. Post World War II, the Bankstown area entered a period of rejuvenation and construction of major assets. These post-war assets are now drawing towards the end of their useful life, requiring further substantial investment to keep them within Council's and the community's standards.

That said, over the past five years Council has invested heavily in soft and hard assets to allow it to transition to a more effective asset management plan, focused on reversing this trend over the medium term. Council is confident that it will be able to position itself well into the future.

- **Ageing Workforce.** A by-product of a high factor of staff retention is the propensity to thereby employ an ageing workforce. Although the issue is not critical at present, Council recognises the weaknesses in the potential for organisational knowledge to be lost by the transition to retirement of aged staff.
- **Bargaining Power.** Although Council is in a sound economic position, its relative bargaining power does not enable it to better commercial construction rates. As a result, Council is often left to look to itself to find operational efficiencies to offset the difference between yearly rate increases and the cost of asset maintenance across such a wide area.

Despite this weakness, Council is making some progress along collective bargaining agreements with other Councils in regional blocs (SSROC, WSROC). In doing so, Council is able to pool the scope of each organisation to create a more appealing prospect for private contractors.

- **Reliance on Cash.** Council has adopted a “no debt” policy in its day-to-day operations. Council intends to have repaid all outstanding debt by 2018. Consequently, into the future Council will fund major works with cash, rather than debt, potentially exposing itself, in real terms, to ineffective use of funding.

Conversely, Council is no longer exposed to interest rate risks across the short to long term. Council is able to redirect these payments into other areas of its business, including asset expenditure and maintenance. In doing so, Council benefits from a balanced approach to managing its investments, in order to secure its long term financial sustainability, while resisting the need to enter into intergenerational debt arrangements.

It should also be noted that Council has not been impacted by the GFC or the recurring cost of holding Collateral Debt Obligations (CDO’s). This has allowed Council to more effectively manage its financial position, and take a more balanced approach to its risk profile over time.

## Opportunities

- **Potential for Growth.** Bankstown covers a significant area bordering Sydney’s inner and western suburbs. As such, Council stands to benefit from population growth and an increase in residential developments, each of which will directly impact the level of service that Council is able to provide.
- **Major Infrastructure Hub.** Council is one of few local government areas in NSW to accommodate an airport, alongside major road networks and rail interchanges. Council’s position enables it to leverage these advantages into the future to deliver a higher quality of service and opportunity to residents, and to the Council itself.
- **Urban Renewal.** The Bankstown LGA is still in a phase of growth and redevelopment. Assisted by Council’s recent LAP amendment, the Bankstown area provides a rich canvas for change and renewal, thereby attracting more ratepayers (both residential and business) to the area.
- **Land Reuse and Investment.** Council currently holds a portfolio of land assets that pay little to no return. A diversified approach to income generation would allow Council to consider leveraging its portfolio to create opportunities for growth and collaborative service delivery with major community groups.

## Threats

- **Fit for the Future.** Council's financial position is sound, as is its current approach to asset management, as aligned with the community's expectations. The Fit for the Future reforms have created a level of uncertainty throughout the sector, and particular to Bankstown, in that it has forced Council to accelerate its strategies for income generation, thereby placing an increased level of pressure on both the residential and business community.
- **Community Engagement Levels.** Although Council represents a highly satisfied community, the level of participation in Council engagement activities is relatively low. Taking for example the fit for the future engagement process Council has recently finalised, which was the highest ever return on a Council circular, less than 1% of all residents replied. This presents a threat to Council's long term ambitions, which may become misaligned with the communities expectations and aspirations.
- **Cost Shifting.** Cost shifting has been a significant issue for Council in the last five years. In total, approximately \$11M in costs have been redirected to Council from both the State and Federal Governments. Council has been forced to make significant reforms to compensate for this loss in funding. Should cost shifting continue, the ability for Council to provide services to its community becomes a significant issue.
- **Cost of Construction.** Rising construction costs make it difficult for Council to progress its asset renewal strategy as quickly as anticipated in the majority of cases. Rising costs are not compensated for by the annual rate peg increase, which often requires Council to remove assets from its program. Should this continue into the future, and Council's improvement proposal is not accepted, the serious threat exists of Council not being in a position to maintain an array of its assets to the standard required by the community.
- **Context following reform.** Although Council is a relatively large Council as compared to its current neighbours, the Fit for the Future reform process and the potential for large scale amalgamations could result in its regional bargaining power significantly declining. Council is conscious that any decision made by the State Government may have an adverse impact on Council's day-to-day operations.
- **2016 Council Elections.** Council is mindful that any resolution passed within this term may change as a result of any newly elected Councillors or a change in majority. This poses an underlying risk to the fit for the future package, where Council's endorsement of this improvement proposal and the assumed rating increase is reversed some one year later.

## Section Three

### Performance against fit for the future benchmarks



# Sustainability

## Benchmark Performance

Based on a series of assumptions as set out in this template, and on the basis of Council’s existing Long Term Financial Strategy, Council makes the following projections. These projections are fully integrated; that is, they represent forecasts based on Council implementing its *fit for the future* implementation plan, as reflected in its renewed Long Term Financial Strategy.

---

Measure / Benchmark	2013/2014	Yes/No	2017/2018	Yes/No
Operating performance ratio	(0.055)	No	0.068	Yes
Own source revenue	89.2%	Yes	91%	Yes
Building & Infrastructure asset renewal ratio	88.4%	No	127%	Yes

---

Council notes that the figures provided above are point-in-time, that is, they are not calculated based on running averages, as doing so would distort the impact of Council’s improvement plan, which begins in 2017/2018.

Although the above is calculated on a point-in-time basis, Council presents, at **Section Nine** consolidated forecasts on a three-year running average basis, as requested by IPART. Council does stress, however, that this approach distorts the impact of its *fit for the future* methodology.

## Council’s Approach

Under Council’s fit for the future plan, all sustainability benchmarks are met in 2017/2018. This is the result of an adjustment to both residential and business rates. This adjustment includes the introduction of business categories, in combination with an uplift in the residential minimum rate, and the underlying residential rate itself (by 1.5% for five years).

Notably, each of the sustainability benchmarks continue to track upwards to 2020 and beyond, aligned with Council’s 10-year improvement plan. This plan is purposely designed to sustainably manage Council’s approach to its infrastructure backlog management program.

# Infrastructure & Service Management

## Benchmark Performance

Again, based on a series of assumptions as set out in this template, Council makes the following projections. Should IPART require, extensive modelling can be provided in support of these projections.

---

Measure / Benchmark	2013/2014	Yes/No	2017/2018	Yes/No
Infrastructure backlog ratio	3.89%	No	5%	No
<i>Note: Under this improvement proposal, the infrastructure backlog ratio is met in 2022, with the backlog brought to nil by 2025.</i>				
Asset maintenance	65.2%	No	110%	Yes
Debt service ratio	2.83%	Yes	0.57%	Yes

---

As with its *sustainability* calculations, Council notes that the figures provided above are point-in-time. This is especially relevant to the calculation of the *infrastructure backlog ratio*, with it being at the centre of Council’s fit for the future plan. This plan realises a significant ramp-up in asset expenditure beginning in 2017/2018. Consequently, a premature averaging of the relevant ratio would do little more than present a distorted perspective on Council’s plan.

## Council’s Approach

Infrastructure management, and in particular the infrastructure backlog ratio is closely monitored by Council, forming part of day-to-day operations, and annual budgeting/forecasting.

As at 2017/2018, Council will not be in a position to meet the required 2% infrastructure backlog ratio. It is, however, reducing its overall backlog position along a sustainable curve. Council is realistic in its ability to meet the fit for the future benchmarks without drastically changing the assumptions underpinning its backlog calculation.

It would be a simple thing, should Council elect to do so, to alter the basis on which current renewal cost is calculated by adjusting the acceptable level of asset degradation or recalculating depreciable expenses for example. Instead, Council considers the most appropriate course is to maintain its current approach to backlog valuation and asset categorisation, as it forms an essential pillar of our overall community satisfaction.



Accordingly, Council's approach to meeting the fit for the future benchmark is to embark on an asset maintenance and renewal acceleration program, fostered by an uplift in rateable income. This suggested uplift is outlined in detail in the following section of this submission.

In short, Council will look to increase rates on the following basis:

- An increase of the minimum residential rate from \$585 to \$700;
- An increase in residential rates (excluding minimum rates) of 1.5% per year above the standard IPART rate, for a period of five years;
- Introduce business categories to more effectively draw from centres of activity, after a careful study of capacity to pay in those centres; and
- Following the creation of said categories, uplift business rates by a total of \$10,000,000 across the LGA. No fixed increase other than standard growth is to apply after the first year.

Using this model, and Council's philosophy of taking a gradual, sustainable approach to asset management, Council looks to direct funding towards its backlog acceleration program from 2017 onwards, enabling it to completely erode its current backlog value by 2024/2025, with the fit for the benchmark met in 2022. It should be noted that Council has, in its Long Term Financial Strategy, already taken the position that an uplift in rates is required in order to satisfy all asset benchmarks.

A more substantive discussion of this approach is detailed under the section headed *Council's proposed Rating Model*. Further to this discussion, Council invites IPART to consider its recently adopted Long Term Financial Strategy, in combination with its Asset Management Strategy, which have each been designed to facilitate this transition towards achieving a 2% infrastructure backlog ratio within our 10 year planning cycle.

# Efficiency

## Benchmark Performance

The following projection is based on information available to Council as at the time of preparation. Population forecasts are an inexact science, and Council has prepared its modelling on the basis of a linear increase.

---

Measure / Benchmark	2013/2014	Yes/No	2017/2018	Yes/No
Real OPEX per capita	0.64	Yes	0.79	Yes

---

Council’s approach to determining real OPEX saw a factor of 2.5% applied to present value calculations. Although above IPART’s most recent rating decision for the sector sat at 2.4%, Council considers a slight increase (if not more) to that factor appropriate when attempting to forecast real OPEX over the long term, in order to apply smoothing of costs caused by increases in day-to-day operating costs.

## Council’s Approach

Under Council’s fit for the future plan, the efficiency benchmark is met in 2017/2018. This is a result of Council’s ongoing commitment to lean business practices, and its forecast capacity for OPEX savings over the short and medium term, in real dollar terms.

Council expects that the efficiency benchmark will continue to track downwards (improving) to 2020 and beyond, aligned with Council’s 10 year improvement plan. This remains the case despite the required ramp-up in staffing and other costs as a result of Council’s backlog acceleration program.

Council also takes the approach of regularly reviewing those costs which are classed as “core services” or “discretionary”. This process enables Council to consider its position in relation to ongoing funding gaps, while allowing for the identification of key community initiatives as a “core service”, despite not being so on a purely objective basis.



## Section Four

### Water Utility Performance

Bankstown Council does not currently maintain any water utilities, other than underground piping. Accordingly, no response is provided to these questions within the improvement proposal.

## Section Five:

How will your council become fit for the future?

# Sustainability

## Overview

Council’s approach to meeting the State Government’s “Fit for the Future” (FFTF) benchmarks is underpinned by an increase in rateable income, drawn from all ratepayers in the LGA.

Over the past 40 years, Council has, for a number of reasons particular to this LGA, elected not to seek a variation to the standard yearly IPART rate increase. In order to maintain this approach, over the past decade Council has undertaken a substantial internal rationalisation process, leveraging the “business excellence” framework and lean strategic thinking to position itself as a leading Council, operating on one of the lowest OPEX per capita cost models of any metropolitan Council.

Despite the substantial community benefit that has arisen as a result of the above (in a monetary sense), Council must now respond to the various benchmarks set by the fit for the future model. Doing so, however, will not call for a substantial rating increase (as compared to neighbouring Council’s recent successful SRV’s), despite the reasonably large amount of income that Council forecasts that it requires over the next ten years.

## Benchmark Performance

Bankstown Council projects performance against the three sustainability criteria as follows:

Measure / Benchmark	2016/2017	2017/2018	2018/2019	2019/2020	Yes/No
Operating performance ratio	(0.031)	0.068	0.076	0.080	Yes
Own source revenue	90%	91%	91%	92%	Yes
Building & Infrastructure asset renewal ratio	65%	127%	130%	151%	Yes

These projections are based on robust modelling, with full budgetary integrations including across all assumptions used by Council in its day-to-day operations. These outcomes are presented as point-in-time, relevant to the particular years as identified. Calculations based on running three year averages are presented at **Part Ten** of this document.

## Background to Council's Rating Model

Put simply, Council's primary focus in the fit for the future program is a decrease in its infrastructure backlog ratio. It should be noted, however, that council's current position is in its view sustainable and appropriate. Community satisfaction surveys indicate widespread community positivity towards the way in which Council maintains both major and minor infrastructure.

Nevertheless, Council is required to reassess its asset assumptions to facilitate a decline in the infrastructure backlog ratio to 2%. We raise this issue, and the topic of rating models here for two reasons:

1. The assumed increase in revenue will have significant flow-on effects to all other ratios, especially in circumstances where Council's intention is to spend 100% of the additional income on its backlog improvement program; and
2. The additional spending on the backlog improvement program will cause a dramatic uplift in the "building and infrastructure asset renewal ratio", caused by a significant injection of working funds.

Council's approach to meeting the fit for the future benchmark is to embark on an asset maintenance and renewal acceleration program, fostered by an uplift in rateable income. In short, Council will look to increase rates on the following basis:

- An increase of the minimum residential rate from \$585 to \$700;
- An increase in residential rates (excluding minimum rates) of 1.5% per year above the standard IPART rate, for a period of five years;
- Introduce business categories to more effectively draw from centres of activity, after a careful study of capacity to pay in those centres; and
- Following the creation of said categories, uplift business rates by a total of \$10,000,000 across the LGA. No fixed increase other than standard growth is to apply after the first year.

Using this model, Council is able to direct funding towards its backlog acceleration program, thereby enabling it to completely erode its current backlog value by 2023/2024, with the fit for the future benchmark met in 2022. It should be noted that Council has, in its Long Term Financial Strategy, already taken the position that an uplift in rates is required in order to satisfy all asset benchmarks.

## Council's Proposed Rating Model

Council, with the assistance of an external rates modelling firm has analysed a substantial amount of potential rating scenarios to deliver sustainable solutions to the Government's revised benchmark requirements. In total, Council reviewed over 150 individual rating scenarios in order to identify the most effective mix possible for the Bankstown LGA.

In combination with this modelling, Council developed a comprehensive financial calculator that combines its asset and financial projections with its rating data to allow live modelling to track the impact of income increases across all key business units.

This calculator allows Council to make projections based on the fit for the future criteria for all years until 2040, to closely examine the impact on the infrastructure backlog, amongst other things. In doing so, Council is confident that its approach is sustainable, not only over the “fit for the future timeline”, but for the next generation of ratepayers.

## Summary conclusions from Council’s Rating Model

Following extensive investigation, consultation with the community and close introspection of Council’s short and long term financial and asset projections, two key conclusions were drawn:

1. In the context of the State Government’s plan, in order to achieve all *fit for the future* benchmarks *within* five years would require an increase in income of \$25,000,000, beginning in 2017/2018.
2. Achieving all benchmarks within a *ten-year* timeframe (with all but the infrastructure backlog achieved within 5 years), requires \$17,000,000 in additional income. This lesser amount of more readily able to be gradually drawn from all rateable properties; i.e. Council’s proposed *gradual rates increase*.

On the basis of the above, Council proposes the following rating structure. Council considers that this will enable it to draw the appropriate increase from its residential ratepayers over a five year period, noting that this increase would mark the first occasion, in some 40 years, that Council will have applied for an increase above the standard IPART rate peg.

## Part One: Approach to Residential Rates

### Council’s Strategy

### Financial Impact

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Increase residential minimum rate across whole LGA to \$700 per household

**\$1,500,000** increase in rateable income per year

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Increase other residential rates by **1.5%** over IPART for five years

**\$1,363,463** increase in rateable income in the first year.

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Total increase to council in the first year is ~**\$2,863,463** from residential properties

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## Part Two: Approach to Business Rates

### Council’s Strategy

Here, Council proposes to introduce business categories in order to implement a tiered rating structure. Bankstown Council is one of few Councils without *business categorisation*. Council considers that its current approach (based on a flat, single tiered structure), although appropriate in the past, is no longer able to offer a robust solution to taxation in the LGA. Equally proportionate *ad valorem* distribution disadvantages those businesses with far less capacity to pay, such as local corner stores within the Bankstown CBD.

By introducing categorisation, Council aims to redistribute its rating approach similarly to a progressive taxation system, focused on capacity to pay and zones of activity. In doing so, Council is able to consider the particular circumstances and character of particular business zones, and apply more appropriate rating models to them.

Council has also conducted extensive comparative analysis of structures in neighbouring Councils and across similar business types, in an attempt to determine the most equitable distribution of rating income, whilst still maintaining the comparative advantage of businesses within the LGA, to ensure that the vibrancy of the business community in Bankstown remains strong.

Following the instruction of this categorisation, Council will look to uplift rates across its business categorisation by **\$10,000,000 in year one** of its plan (2017). Following this, rates will increase in line with IPART’s annual determination. There will be no ongoing adjustment to business rates.

Council’s proposed categorisation is as follows.

Category	Suggested Rating Impact
<i>Business Ordinary Rate</i>	current base rate <sup>1</sup> <b>+5%</b>
Minor Industrial Centres	<i>business ordinary rate</i> <b>+25%</b>
Major Industrial Centres	<i>business ordinary rate</i> <b>+85%</b>
Major Shopping Centres	<i>business ordinary rate</i> <b>+85%</b>
Central Shopping Centre	<i>business ordinary rate</i> <b>+125%</b>

### Cumulative Impact

The combined effect of council’s proposed model is **\$12,863,436** in the first year of implementation, increasing gradually towards an estimated **\$17,000,000** in year five, in line with Council’s overall fit for the future improvement plan.

This impact is designed to be as accommodating as possible for our community’s particular needs. Council has determined that the most effective system of rating is one that looks closely at capacity to pay, which identifies particular industry and capabilities which are more appropriately taxed at a higher

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<sup>1</sup> The “current business rate” is the ad valorem rate as at the relevant year.

level, similar to a progressive taxation system. As will be discussed, this comes as a result of a number of factors, including demographics, particular disadvantage and the distribution of wealth across the LGA.

## Understanding Council’s Approach

Council is confident that its approach is framed in the best possible way for its residents, and for its own approach to asset and infrastructure management. Plainly, Council’s suggested increase is small. In the context of recent increases across metropolitan Sydney, a cumulative 7.6% increase over five years represents a modest elevation to headline rates, and an approach that can more easily be absorbed by the community, especially those at relative disadvantage.

In order to provide IPART with some detailed clarity surrounding Council’s approach, we provide the following rating formula that has been applied to underpin a number of assumptions made in this paper. This formula aims to calculate the rolling increase in rateable income, underpinned by Council’s budgetary assumptions.

## Residential Rates Formula

The following formula presents what Council considers to be the most accurate representation of standardised income growth across time, allowing for variable change across timeframes. This formula presents a base-case calculation, and has been adapted where necessary to provide more robust forecasts.

$$R^n = [R_{(n-1)} + (R_{t(n-1)} \times (i + ai)) + (RPG \times M^r)]$$

Where;

<b>R<sup>n</sup></b>	Additional residential rate revenue in year n
<b>R<sup>t</sup></b>	Total projected residential rates as at year n
<b>i</b>	Standard IPART rate peg increase
<b>ai</b>	Model rate above IPART
<b>RPG</b>	Residential property growth
<b>M<sup>r</sup></b>	Minimum rate

Council notes that this formula includes the ability to make an assumption for residential property growth. For transparency, Council notes that it has across all cases assumed a growth rate of 600 properties per year, each on minimum rate. This assumption aims to smooth out the overall curve of our forecast model by considering the proportion of high density developments against lower density changes in our LGA.

## Business Rates Formula

Council has also applied a similar formula to its calculation of business rate growth.

As discussed, the underlying assumption Council makes is that it will receive \$10,000,000 in rate income in the first year, with standard IPART increases thereafter. As a result it is not necessary to include in this formula any variance for a rate increase above the nominal level. The sample business rates formula used by council is as follows.

$$B^n = [B_{(n-1)} + (B_{(n-1)} \times (i + ai) )]$$

Where;

<b>B<sup>n</sup></b>	Additional business rate revenue in year n
<b>B<sup>t</sup></b>	Total projected business rates as at year n
<b>i</b>	Standard IPART rate peg increase
<b>ai</b>	Model rate above IPART

As is apparent, Council’s business rate formula takes the same approach as taken for residential properties, save for the exclusion of property growth. Notably, Council does not make projections based on changing business property use, as the currently adopted zoning assumptions are robust enough to compensate for any change. Accordingly, Council provides no adjustment.

## Income Growth Projections

To illustrate the projected growth of this increase, Council provides the following table, highlighting uplift until FY2020/2021. Council’s long term projection of the same uplift demonstrates a similar curve adopted, highlighting the pull-back in rate increases above IPART following 2021/2022.

Financial Year	Additional Rate Revenue (additional to IPART increases on base)	
	Residential	Business
2015-2016	-	-
2016-2017	-	-
2017-2018	\$2,836,463.70	\$10,000,000.00
2018-2019	\$4,283,549.48	\$10,240,000.00
2019-2020	\$5,809,066.74	\$10,485,760.00
2020-2021	\$7,416,602.19	\$10,737,418.24

As expected in Council’s modelling, and as demonstrated above, Council achieves its \$17,000,000 required increase by 2021. This increase is insignificant in the context of Council’s current position,



allowing Council to do no more than position itself to be able to continue to provide its current level of services into the foreseeable future; that is, it does not allow for changes to service expectations that might increase expenditure. This includes an inability to construct new facilities such as community buildings, playgrounds, or the creation of additional infrastructure. Simply put, although Council's position following the implementation of its plan will allow it to appropriately manage all existing infrastructure, it will not be in the position to fund major asset construction, such as its recent funding of the new Bankstown Learning and Knowledge Centre (BlaKc).

That said, Council's approach has been and continues to be one that is focused on reducing the overall impact on its LGA over both the short and long term. From a purely financial perspective, a more significant increase to Council's rates was the more financially prudent course to follow. However, taking such an approach would do little to consider the community's particular needs, and would risk placing an unnecessary level of burden on our ratepayers.

# Infrastructure and Service Management

## Overview

As discussed in the mirroring question under “Sustainability”, Council has embarked on a rigorous review of its key strategic assumptions and frameworks. The focus of this review was, in the most part, on the infrastructure backlog ratio.

This ratio presents the greatest challenge to Council. Council currently holds over \$2 billion in assets, with the majority of those being roads and underground piping. Clearly, these are assets which do not lend themselves to rationalisation or modification in any substantive way, and therefore, exist as an ongoing issue to be addressed.

## Benchmark Performance

Council’s performance against the series of efficiency benchmarks is sound. Council’s adopted Asset Management Strategy (annexed to this submission) provides a sustainable and well-reasoned approach to asset management, designed to gradually move council towards a long term infrastructure solution.

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Measure / Benchmark	2015/2016	2017/2018	2018/2019	2019/2020	Yes/No
Infrastructure backlog ratio	5%	5%	5%	4%	No
<i>Note: Under this improvement proposal, the infrastructure backlog ratio is met in 2022, with the backlog brought to nil by 2025.</i>					
Asset maintenance	71%	110%	112%	123%	Yes
Debt service ratio	0.93%	0.57%	0.01%	0.01%	Yes

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As evidenced above, the start of Council’s fit for the future improvement plan in 2017/2018 results in a significant change to each of the benchmarks above. With a significant first year and ongoing ramp up in asset maintenance spending, Council embarks along its suggested backlog acceleration program, heading towards an infrastructure backlog ratio of less than 2% by 2022.

## Approach to asset and infrastructure management

The majority of Council’s road infrastructure is in a sound operating state. Over 75% of Council’s total road network has at least a mean asset rating below 2.5s.

Over the past year, Council has embarked on an unprecedented spatial mapping exercise of its current road assets. In doing so, Council has modified its approach to polygon mapping (away from a square-area only approach), allowing it to more accurately identify and measure all curved road spaces, which enables Council to determine far more accurate maintenance and renewal costs, in combination with a better understanding of the true value of the asset.

In doing so, Council is also able to more accurately project asset maintenance requirements. This means that Council’s fit for the future renewal program can be directly aligned with its existing accelerated works program. Further, it allows Council to more confidently project required works and timeframes over the next 10 years to provide a realistic approximation of how the uplift in rateable income will be applied to Council’s assets.

Accordingly, council is able to make the following projection as to its backlog:

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Financial Year	Additional Rate Revenue (additional to IPART increases on base)		Infrastructure Backlog Value
	Residential	Business	
2015-2016	-	-	\$61,837,000.77
2016-2017	-	-	\$75,760,000.99
2017-2018	\$2,836,463.70	\$10,000,000.00	\$76,648,297.61
2018-2019	\$4,283,549.48	\$10,240,000.00	\$70,891,604.37
2019-2020	\$5,809,066.74	\$10,485,760.00	\$65,111,960.27
2020-2021	\$7,416,602.19	\$10,737,418.24	\$57,587,850.88
2021-2022	\$9,109,895.08	\$10,995,116.28	\$47,648,123.94
2022-2023	\$9,748,532.56	\$11,258,999.07	\$35,589,444.22
2023-2024	\$10,402,497.34	\$11,529,215.05	\$23,777,058.17
2024-2025	\$11,072,157.28	\$11,805,916.21	\$11,626,254.79
2025-2026	\$1,757,889.05	\$12,089,258.20	Nil.

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It is important to note that these projections also include the impact of fluctuating OPEX costs over the period (which includes staffing costs associated with the increase in workload resulting from an accelerated asset renewal program), amongst other things.

Council has assumed for the purposes of this improvement proposal and for its own internal projections that the backlog will be eroded in full by 2025. Relevantly, the infrastructure backlog ratio will be met in 2023/2024. This projection includes Council's forecasts on asset revaluations and estimated written down values.

## Asset Methodology

Bankstown's Lifecycle model and approach to asset maintenance is relatively simple. It is, of course, a very subjective process and the results heavily depend on the expertise of the officers involved. For each asset or asset collection, the model quantifies the Minimum Average Annual Lifecycle Expenditure (MAALE) required to ensure the asset or asset collection will achieve its set Effective Useful Life (EUL). The MAALE comprises an annualised estimate for the replacement of the asset and an annualised estimate of the total cost of Operations and Maintenance.

The premise of the model is that if the MAALE is banked each year to an asset reserve fund, sufficient funds will be available when required, over the life of the asset, for its operation, maintenance, partial renewal/rehabilitation and eventual replacement. The current model does not include inflation or interest - these may be added as the accuracy of the other inputs are refined.

The cost of renewal (construction/acquisition/reconstruction) of an asset is assumed to be the Current Replacement Cost (CRC) of the asset as determined through Council's valuation processes. These valuation processes are detailed in Council's Infrastructure Assets Valuation Methodology Manual. For the Lifecycle Model and the AMS, the CRC value is annualised by dividing the CRC by Effective Useful Life (CRC/EUL).

The cost of Operations and Maintenance has been estimated from an apportionment of Councils Operational Budget (OPEX) between Operations, Maintenance and other activities. Generally, it has been assumed that our OPEX budgets adequately provide for day to day Operations and Maintenance.

The apportionment of OPEX expenditure has been completed by Council's assets team each year from 2008 onwards. As stated above the apportionment is subjective. It is based on the understanding and experience of the AST staff involved in OPEX budgeting. In 2012, changes occurred to the way that Council treats depreciation expense and its overall depreciation methodology. As a result today, two year average figures are used in the lifecycle models (2012-2013). Finally, the 2012 figures have been brought to 2013 Present Value by applying inflation.

## Infrastructure Backlog Management

As part of its fit for the future investigations and planning, Council considered its approach towards infrastructure backlog projections. To date, and as is common industry practice, asset management is largely informed by financial capacity, guided by both short and long term financial strategies.

Simply put, standard industry practice is for long term financial forecasting to inform the dollar value of initiatives and replacement works that an asset plan is able to allocate.



Council considered that in the context of the fit for the future reforms, this approach required modification if it was to fully respond to the demands of the proposed package. Accordingly, Council developed an integrated financial and asset modelling system.

This model is designed to take a modest approach to backlog calculations over time; that is, it overweights underlying OPEX assumptions to factor in potential future uncertainty. Simply put, the model looks to assess all of the inputs and outputs surrounding backlog growth, which are for all intents and purposes the different things that Council spends its cash on. It also enables Council to factor in the impact of any special levy or major asset sale, although no such projections are included within this improvement proposal.

As a result of this process and full financial/assets integration, Council is more readily able to compensate for financial forecasts and changes to underlying assumptions such as inflation or the cost of materials, and apply these to a long term view of the infrastructure backlog. Relevantly, Council applies the following formula to determine backlog erosion over time.

$$B^n = (B^{n-1} \times (1 + i)) - (R^n + B^n + SL + \mu) + (\alpha + \beta + nOPEX)$$

Where;

<b>B</b>	Infrastructure Backlog
<b>n</b>	Year
<b>i</b>	Inflation Rate
<b>R</b>	Residential Rate Increase
<b>B</b>	Business Rate Increase
<b>SL</b>	Special Levy Adjustment
<b>μ</b>	Sale of Asset
<b>α</b>	Lifecycle Maintenance and Renewal Gap
<b>β</b>	Estimated FAG Grant Shortfall
<b>nOPEX</b>	Nominal OPEX gap

## Asset Management Plan

### Overview

A number of Council's assets are in the later stages of their life cycles and their maintenance needs are becoming more significant. Some of these assets are degraded and their condition is below the nominal operating standards for these classes of assets. Many others are well maintained and operating at appropriate standards.

In broad terms, for the four major Asset Groups (Roads and Transport, Buildings and Other Structures, Parks and Recreation, and Stormwater Drainage), with a Current Replacement Value of about \$1.8B, the total average annual funds available (capital renewal and maintenance) for asset lifecycle maintenance is about \$46 million per annum (actual varies from year to year).

The minimum average annual expenditure required to keep the assets of the four major groups at or around their current condition is of the order of \$65 million per annum (as at 2015). Thus, the current Renewal Gap (the difference between the required funding to keep the assets in good condition and the actual funds available) is about \$12 million per annum. And the Unfunded Renewals balance (the cost of all asset works that are currently due or past due but have not been funded) is about \$46 million or about 2.5% of the total asset stock for the four major groups

It should be noted that these figures are skewed by the Roads and Transport Asset Group. For the Roads and Transport Group alone the total average annual funds required for lifecycle maintenance is about \$27 million and the total average annual funds available (capital and maintenance) for asset lifecycle maintenance is about \$21 million per annum, leaving a Renewal Gap of about \$6 million p.a. for the Roads and Transport Group alone.

Most other NSW Councils are in a similar or worse position. New South Wales Council's own and/or manage over \$70 billion in local community infrastructure and other assets. The Independent Inquiry into the Financial Sustainability of Local Government in NSW (the Allan Report, 2006) estimated that NSW Councils expended about \$350 million p.a. on asset maintenance and renewal.

It also estimated that this was more than \$500 million below what the councils should be spending to maintain the assets at an appropriate standard (the Renewal Gap). The Allan Report also estimated the Infrastructure Unfunded Renewals total in 2006 was at least \$5.3 billion and if no action was taken to address the Renewal Gap, the Infrastructure Unfunded Renewals Total would grow to about \$20 billion by 2027.

### Asset Categorisation Methodology

Many of Council's assets are known as "complex assets" as they are built up from a number of component assets. For example an urban road is composed of at least the pavement and the surface layers; and a building is made up of a structure, a roof, services, fit out and so on. To achieve its designed service life, some of the components of each complex asset must be replaced or refurbished during the service life of the complex asset.

For example, a road surface will need to be replaced a few times during the life of the pavement layer and a roof may need replacing about half way or so through the life of a building. If the component replacements/refurbishments for a complex asset are not carried out on time, the complex asset as a whole may fail prematurely, with its actual service life falling far short of its designed service life.

Analysis of the costs associated with the maintenance of the types of complex assets managed by Council show that (generally) the least cost lifecycle service life is about the lifespan of the longest lived component asset and that the average annual cost of the component replacement/refurbishment to achieve the least cost service life is of the order of 1~3% of the Current Replacement Cost (CRC) of the complex asset.

It should be noted that although the average annual expenditure is of the order of 1~3%, actual annual expenditure will vary greatly, depending on the significance of component works for each year. For instance, a roof replacement may cost up to 20% of the CRC of a building. These “lumps” in expenditure are usually managed by establishing cash flows into component replacement reserves.

Generally, the replacement/refurbishment strategy that will lead to the least cost service life tends to be that which leads to the asset being kept in Good Condition.

A key element of lifecycle asset management is minimising the overall lifecycle cost of an asset by ensuring the required budget is available on time so that appropriate replacements, refurbishments and other maintenance can be carried out when required.

## Current Asset Position

Bankstown’s extensive asset portfolio includes:

- infrastructure like roads, footpaths, drains and parks;
- community buildings like parks amenities, town halls and community centres;
- operational buildings and plant & equipment; and
- natural and heritage assets.

Council also has some residential and commercial properties.

Generally, infrastructure assets directly provide a service to the community (e.g., roads provide transport services); community assets are used to enable a service to be provided or are used in the delivery of a service to the community (e.g., a community hall being used by a playgroup); and operational assets are utilised by Council directly to administer and facilitate its operations (e.g., Council’s depots support the field teams who maintain the parks).

Natural and heritage assets are managed by Council on an ongoing basis for the benefit of the current and future Bankstown communities.

Council has assets that would cost about \$2,772 million or more to build today (CRC - Current Replacement Cost). Their Written Down Value (WDV) is about \$2,083 million. For the purposes of asset management, similar assets have been put together in several Asset Management Groups

These Groups are:

- Roads and Transport;
- Buildings and Other Structures;
- Parks and Recreation;
- Stormwater Drainage;
- Plant and Equipment;
- Other Assets; and
- Land

Importantly, Council notes that its long term strategy focuses on formalising Strategic Asset Management (SAM) across Council. Informally, in various ways and over many years, the Council has been practicing strategic asset management (to greater or lesser extent, as available budgets have permitted). This Strategy and the SAM Program builds on this foundation, reinforcing many existing organisational practices and developing new practices, as required, establishing Service Focussed and Sustainable Asset Management for the Bankstown community.

These practices include lifecycle maintenance management, targeted maintenance for assets in good condition (to keep them in that condition) and promoting replacement projects for aged or obsolete assets as capital initiatives.

This will become especially relevant in the context of significant changes to Town Centres proposed by Bankstown's newest LAP, which is focused on fostering growth through a transition to higher density centres of activity, clustered around major town centres. This resulting increase in population will need to be catered for, and additional assets will need to be built (parking lots, community centres etc.) to accommodate the needs of the expanded community. At same time, and as discussed in the following section, Council will also need to be mindful of the impact that marked population growth has on community expectations. Current service levels may no longer satisfy the community's needs, and as a result, changes would need to be made by Council to its approach to asset maintenance.

## Community Expectations

A significant element of the Integrated Planning and Reporting Framework is communication with the community. Council has a long standing history of consultation with its community, and this trend will continue into the future, where our community will be widely canvassed and involved in the decision making process. This will help to ensure the decisions taken about services and assets reflect the needs of the community and can be funded by the community, especially in areas experiencing high levels of growth on the back of Council's development plans.

For Council's Asset Management Strategy and its supporting Asset Management Plans, the needs of the community have been assessed by considering the demographic projections for the Bankstown LGA, the recent Customer Request history and, the preliminary findings of the consultation for the development of the Bankstown Community Plan. Details are documented in the individual Asset Management Plans, as attached to this submission.

## Debt Methodology

Bankstown City Council acknowledges that debt is an available option to assist in financing its asset management strategy, in particular to assist in addressing Council’s asset backlog.

In brief, Council’s approach to assessing the use of debt is based on the premise that:

- Debt should not be considered a source of funding for recurrent operations (i.e. recurrent income source) or a substitute for income.
- Based on the above, any funding shortfall for recurrent asset maintenance purposes should be met from recurrent income sources, and
- Council should have the financial capacity to meet debt servicing costs, as and when they fall due (ie. a net surplus in its operational performance).

As an alternate option, Council has assessed the financial implications of borrowing funds based on the above parameters, in particular to service its asset backlog, as a comparison to raising revenue and determine the estimated long term cost to its Ratepayers.

Council’s modelling is based on the assumption that Council will borrow the 2017 value of its backlog (~\$79M) - \$7M per annum for 10 years, each loan fixed for 20 years and at an interest rate of 4% (taking advantage of the State Government’s preferential loan program offered as part of the *fit for the future* package), with no additional costs assumed for debt services, such as establishment or ongoing fees.

Based on the above parameters and assumptions, Council has compared the financial impact of borrowing versus increasing rates as follows:

### *No Debt Option – Rate Increase Option*

Rate increase required to fund operating gap	\$2,030,000
Rate increase required to fund maintenance and renewals	\$9,980,000
Rate increase required to fund backlog repair	\$5,300,000

Based on this scenario, the financial impact of increasing rates (year 1) to address the three (3) components is estimated at an additional \$17,300,000 in income.

### *Debt Option – Rate Increase and Borrowing Option*

Rate increase required to fund operating gap	\$2,030,000
Rate increase required to fund maintenance and renewals	\$9,980,000
Rate Increase to fund Debt Servicing Cost	\$5,780,000

Based on this scenario, the financial impact of increasing rates (year 1) to address the three (3) components is estimated at an additional \$17,800,000 in income.



Put simply, debt is approximately \$500,000 more expensive to fund on a yearly basis when compared to cash funding. As expected, the gradual ramp up of debt servicing costs (as yearly loans begin to accumulate) outstrip the proposed growth in Council's rateable income, meaning that Council cannot repay its debt any more aggressively, at least in the short term, than would be required under the loan.

To that end, Council also notes that even in a situation where surplus funds are allocated to debt repayments following full backlog repair, the length of debt servicing is still in the order of 20 years. Over the proposed life of the loan, debt is some ~\$40M more expensive than cash in real terms. This is, in Council's opinion, a modest approach, considering the underlying assumption that rates will remain at 4%, which is unlikely in the context of the current economic climate.

Considering the above, Council takes the view that using debt to finance the backlog would have a negative impact on its financial sustainability, requiring a further rate than that which is currently being proposed.



# Efficiency

## Overview

Council is already positioned as an extremely lean organisation. With one of the lowest OPEX per capita costs of any metropolitan Council, Bankstown is confident in its ability to apply agile strategic and organisational frameworks to its day to day operations, focused on delivering enhanced efficiencies across the board.

## Benchmark Performance

Council’s ongoing commitment to the Business Excellence Framework and its focus on delivering sustainable and efficient services to the community has stood as a pillar of our financial sustainability over the last decade.

Council’s ten year fit for the future improvement plan builds on this success to deliver a declining real OPEX over time. This calculation, represented as point-in-time, assumes a linear present value formula (that is, no change in inflation over the calculated period).

Measure / Benchmark	2015/2016	2017/2018	2018/2019	2019/2020	Yes/No
Real OPEX per capita	0.79	0.78	0.78	0.77	Yes

Council notes that the calculation of this ratio includes a smoothing of the impact of election-year anomalies. Council currently allocates \$1M in extra OPEX funding in an election year. For the purposes of the benchmark above, this has been adjusted to \$250,000 over each four year period. Nonetheless, following 2017/2018, Council estimates a gradual decline in real OPEX per capita, assisted by growing population forecasts and more sustainable infrastructure management practices.

## Approach to Efficiency

Council’s strategies to improve performance against this benchmark are diverse. Over the next five years, Council will:

### 1. Ongoing strategic service reviews

Council operates by the methodology that “just because it’s how we’ve done it in the past, doesn’t mean it’s how we do it in the future”.

Living this methodology means having a robust approach to ongoing analysis of individual business units. Council treats each of its core operating areas as individual businesses, each

contributing to the overall mechanism of Council. In taking this view, Council expects that each manager regularly reviews the operation of his or her team to ensure that it is operating in the most effective way possible.

Invariably, operating in such an environment will lead to efficiency savings across the board, which will immediately impact on council's running OPEX cost, assisting in the long-term reduction of real OPEX per capita.

## **2. Process Mapping and Improvement**

Council has invested heavily in ProMapp – a closed system cloud-based process management application designed to provide visual aids to process mapping and improvement. This system allows Council to create robust process frameworks, underpinned by the view that possessing a strong process foundation is critical to overarching organisational success.

Council will continue to develop comprehensive process maps across all business units, looking to improve processes where possible to drive greater efficiencies, thereby reducing real OPEX over time.

## **3. Invest in Information Technology solutions.**

Council recognises the significant impact that effective technology solutions can have on an organisation. Ongoing efficiencies are difficult to achieve unless Council remains on the forefront of innovation through more effective use of technology. Accordingly, Council is embarking on a significant IT software upgrade and investment program (valued at over \$5M), designed to position Council with the necessary tools to remain efficient and effective over the long term.

## **4. Create an integrated corporate indicator reporting system.**

Similarly to many Councils across NSW, Council currently operates a quarterly reporting system with a number of Key Performance Indicators, designed to provide a snapshot of Council's operations (via its adherence to the State IPR Framework).

Within the next year, Council is aiming to design and implement a live corporate indicator system which allows all managers access to live operational data to better inform decision making and long term planning.

The aim of this strategy is to enable confidence in decision making, and identify potential weaknesses in organisational fluidity as observed through variances in, for example, application turn-around times or replies to work requests.

Following the implementation of this system Bankstown will look to review KPI's for all staff. This review will look to closely align each staff member's individual performance with key operational objectives. This will, by its very nature, assist in an uplift in performance through measurement and consequently the ability to more precisely monitor variance in activity for efficiency savings.

5. **Aim to achieve a “Gold” rating for business excellence, and embed an “excellence way of thinking” within the organisation.**

Council is currently rated as a “Bronze” organisation within the Australian Organisational Excellence Foundation’s rating system, which is of itself a great accolade and recognition of our tireless work towards making our organisation as effective as possible.

The pursuit of a “Gold” award for business excellence will require Council to not only lead the Local Government industry in its approach to organisational excellence and efficiencies, but the private industry also. The award is designed to recognise those organisations with the most effective approach to business improvement, and most especially those organisations that value ongoing improvement as a core priority.

# Section Six:

## Improvement Action Plan

### Overview

Council’s improvement action plan is based largely on its ongoing approach to asset maintenance and backlog managements. The following action plan focuses on a number of critical issues surrounding staffing, contracts and associated works as necessary for an organisation maintaining its vision of embarking on an accelerated works program.

Financially, Council needs little to no change in the way in which it operates under this plan. The additional rating income proposed within this document does not necessitate any variance to standard practice, nor will the foreshadowed approach to OPEX management require any changes to ordinary day-to-day work plans. Council believes in its adopted approach, and is confident that its plan will deliver successes in both the short and long term.

### Action Plan

For the purpose of this improvement proposal, Council’s plan commences in FY2016, or one year before the proposed and assumed rating increase is implemented. Council takes this approach as its plan will require a change in its approach to workforce management and procurement policies, all of which will need to be finalised prior to the first year of project works foreshadowed in this document. Accordingly, the following Action Plan represents Council’s view of critical objectives which are necessary to the facilitation of Council’s *fit for the future acceleration program*.

Action	Milestones	Timeframe	Financial Impact
Revise Council’s Workforce Strategy and current strategies and policies to address short term high skilled staffing needs.	Draft <i>fit for the future ready</i> Workforce Strategy prepared and delivered to the Executive Leadership Team (ELT).	Q1 FY16	Nil impact resulting from the <i>design</i> of the revised Workforce Strategy.
	Draft <i>fit for the future ready</i> Workforce Strategy placed on the staff intranet for feedback.	Q2 FY16	
	Final <i>fit for the future ready</i> Workforce Strategy endorsed by the “new Council”.	Q3 FY16	

Action	Milestones	Timeframe	Financial Impact
Revise Council's approach to procurement to ensure capacity to deliver services into the future.	Draft <i>fit for the future ready</i> procurement policy delivered to the ELT.	Q1 FY16	Nil impact resulting from the <i>design</i> of the revised policy.
	Manager, Financial Services delivers suggested team composition and structure to the ELT for endorsement	Q2 FY16	
	ELT endorses revised procurement policy and approach to contractors.	Q3 FY16	
	Council endorses revised approach to procurement.	Q3 FY16	
Conduct comprehensive scoping exercise for all <i>fit for the future acceleration program</i> works.	All assets surveyed and logged; draft approach endorsed by Manager, and provided to the ELT.	Q3 FY16	Minor financial impact, likely due to additional staff required to complete scoping exercise in the specified timeframe.
	ELT endorses asset categorisation and suggested renewals approach.	Q4 FY16	
	Report to Council on suggested assets approach.	Q4 FY16	
	Council endorsement.	Q4 FY16	
Design performance monitoring system for asset management to allow the ELT to track Council's adopted renewal program.	System created and/or purchased.	Q3 FY16	Nil to Moderate financial impact, dependant on approach taken and resulting licencing or other costs.
	System integrated with Council's asset base and live mapping commences.	Q4 FY16	
			Some impact on server use due to high level of data, and potential for changes to technology infrastructure to compensate.

Action	Milestones	Timeframe	Financial Impact
Prepare amended integrated planning and corporate reporting framework to focus on deliverables under the fit for the future program.	Manager, Strategy, Policy & Governance to prepare proposed amendments to approach, alongside revised reporting framework.	Q3 FY16	Nil impact.
	Proposed amendments provided in draft to the ELT.	Q3 FY16	
	Amendments and approach endorsed by the ELT; quarterly reporting begins in Q4 FY2016.	Q4 FY16	
Review structure of Council Standing Committees (including those involving Councillors) to ensure robust operational leadership into the future.	Manager, Strategy Policy & Governance to conduct review.	Q1 FY16	Nil impact.
	The ELT to receive proposed structured for consideration.	Q1 FY16	
	Revised structure endorsed by the ELT.	Q2 FY16	
	Revised structure endorsed by the Council.	Q3 FY16	
	Revised structure implemented.	Q4 FY16	
Review Council's Community Strategic Plan to ensure alignment with feedback received during the <i>fit for the future</i> process.	Policy & Integrated Planning Units to conduct comprehensive review of all components of the Community Strategic Plan.	Q1 FY16	Nil impact.
	Policy Unit to provide draft of the revised Community Strategic Plan to the ELT for endorsement prior to release to public exhibition.	Q2 FY16	
	Draft release to the community for feedback.	Q3 FY16	



Action	Milestones	Timeframe	Financial Impact
Conduct community consultation surrounding the Community Strategic Plan.	Engagement officers to prepare key engagement materials and promote exhibition of the Strategy.	Q4 FY16	Moderate impact due to cost of publication, promotion and other advertisement in local media.
	Community provides feedback to strategy; any required amendments made to reflect community needs and aspirations.	Q1 FY17	
Review Council's Delivery Program to ensure alignment with core <i>fit for the future</i> objectives.	Integrated Planning Unit to conduct comprehensive review of all components of the Delivery Program to ensure alignment with <i>fit for the future</i> objectives and outcomes.	Q1 FY16	Nil impact.
	Integrated Planning Unit to provide draft of the revised Delivery Program to the ELT for endorsement prior to release to public exhibition.	Q2 FY16	
	Draft release to the community for feedback.	Q3 FY16	
Conduct community consultation surrounding the Delivery Program.	Engagement officers to prepare key engagement materials and promote exhibition of the Strategy.	Q3 FY16	Moderate impact due to cost of publication, promotion and other advertisement in local media.
	Community provides feedback to strategy; any required amendments made to reflect community needs and aspirations.	Q4 FY16	
Review Council's standing Resourcing Strategy to ensure alignment between each of the Asset Management Strategy, Workforce Strategy and Long Term Financial Plan.	Comprehensive review of push-pull factors across all strategies to ensure alignment with necessary long-term projections for asset, workforce and financial factors (i.e. each strategy accounts for the operation of the other to ensure a rounded approach to the fit for the future acceleration program).	Q1 FY16 – Q2 FY16	Nil resourcing impact; potential impact to long term financial projections and/or asset expenditure, dependant on outcome.

Action	Milestones	Timeframe	Financial Impact
Ensure overarching Asset Management Strategy alignment following Resourcing Strategy Review.	The ELT endorses the approach to Asset Management suggested as part of the Resourcing Strategy Review. Asset Management approach reviewed and endorsed separately due to significance to Council's approach to <i>fit for the future</i> .	Q3 FY16	Nil impact.
Create standing report template on Council's fit for the future acceleration program for monthly council meetings.	Integrated Planning and Policy teams to create framework for reporting progress to Councillors.	Q3 FY16	Nil impact.
	The ELT to review and adopt approach to reporting.	Q3 FY16	
Facilitate Councillor workshops on Council's renewed approach to asset management.	Integrated Planning and Assets Teams to prepare Councillor workshop to ensure community priorities are accounted for in Council's cyclical asset renewal program as part of the <i>fit for the future acceleration program</i> .	Q2 FY16	Nil impact.
	Facilitate Councillor workshop on asset management.	Q4 FY16	
Create Annual Reporting template to include all <i>fit for the future</i> benchmarks as required by the State Government.	Manager, Financial Services to prepare amended template for annual reporting to include fit for the future benchmarks.	Q2 FY16	Nil impact.
	Manager, Financial Services to ensure integration of <i>fit for the future</i> benchmarks in all financial reporting.	Q2 FY16	

## Section Seven:

# Other actions Council considered in preparation of the improvement action plan

## Background

As part of its evaluation process surrounding fit for the future, Council sought to investigate every option available to it, including a potential merger. In doing so, Council has positioned itself with a comprehensive understanding of each potential variable across both a stand-alone and merger option.

This section first deals with Council's options under a merger, or in some cases, boundary adjustment scenario. Although both the Strathfield and Canterbury options analysed by Council showed some positive results (in some cases resulting in no rate increase to ordinary residential rates), our community was nonetheless more concerned with a loss of local identity and unforeseen change. Following this merger discussion, Council comments on the other actions considered in preparation of this plan, commencing with alternate rating models.

## Merger / Boundary Adjustment Options

### Canterbury Council

Under the Government's proposed *fit for the future* plan, an ancillary option presented to Bankstown was a merger with Canterbury Council. As Bankstown resolved to consider all options available to it in order to make as informed a decision as possible, Council has investigated the potential benefits and drawbacks of a merger to the degree possible with publically available information.

Council notes that it was not able to obtain any significant volume of non-public information from Canterbury Council, especially following its resolution in February 2015 to not entertain a merger with Bankstown Council, and instead pursue discussion with the St George grouping of Councils.

### Financial Considerations

Summarily, modelling suggests that a merger with Canterbury Council would provide greater efficiencies over time, allowing Council to maintain its current ordinary residential rates position. Business rates, however, would adapt to suit Bankstown's proposed model (with the introduction of categories), which would result in a further increase to business rate revenue (estimated at an additional \$3M), thereby alleviating some of the upfront financial pressures caused as a result of the merger.

Concurrent to this financial opportunity, Council expects that it would be able to recognise the following returns and benefits for the combined Bankstown/Canterbury community, should a merger or boundary consolidation take place:

- Opportunities to harmonise planning instruments and gain efficiencies through more efficient regulatory practices;
- Consolidation of corporate support functions, including finance, human resources, procurement, plant and fleet management and communications, with little to no substantial impact on community service;
- Potential to reassess Council’s approach to asset management and the pursuit of economies of scale through the creation of a larger serviceable area.

These opportunities would of themselves lead to further financial savings for Council over both the short and long term. To that end, Council also identifies a number of upfront savings likely to be realised in the event of a merger, including:

Type	Saving
Workers Compensation Premiums	\$1,000,000
Senior Management Restructure	\$1,800,000
Major Systems Integration	\$1,250,000
Consolidated Contract Provisioning	\$1,000,000
	<b>\$5,050,000</b>

Combined with these savings, Council projects that it will be able to secure significant one-off savings following a merger through the rationalisation of service sites and the sale of major assets (Council buildings), which would be able to be spent on asset renewals across the new LGA. Of course, this rationalisation would of itself provide further savings through a reduction in staffing and maintenance costs for those facilities themselves.

Returning then to the issue of rateable income which would be generated in a merger, Council defers to a preliminary analysis of *ad valorem* values across each Council. Council notes that the following projections account for the full impact of Canterbury’s recent Special Rate Variation application, and assumed that it is passed on in full.

First, Council notes its projections for **residential ad valorem** changes.

	Bankstown Council	Canterbury Council
2014	0.32048	0.28029
2015	0.32817	0.30132
2016	0.33605	0.32392
2017	0.34411	0.34821

Evidently, Canterbury Council’s *ad valorem* rate adjustment following its special rate variation places its relative rate in the dollar slightly higher than Bankstown’s comparative rate (notwithstanding differences in property values across each LGA).

This means, among other things, that the adoption of Bankstown’s rating model would have little to no substantive impact on Canterbury’s ordinary residential ratepayers. Considering especially that a 1.5%



increase on Bankstown’s base ad valorem as projected in 2017 would increase its factor by 0.005. On that basis, Council can conclude that its model would be palatable for both IPART and Canterbury’s residents, considering that the relative uplift to their rates would be minor, if at all changed.

Next, Council considers the projected **business ad valorem** rate across each LGA, again factoring in the impact of Canterbury’s Special Rate Variation.

	Bankstown Council	Canterbury Council
2014	0.72239	0.74409
2015	0.73973	0.79990
2016	0.75748	0.85990
2017	0.77566	0.92439

This projection reveals a significant disparity in underlying ad valorem rates across Bankstown and Canterbury. Accordingly, Bankstown takes the view that its rating model would not cause any financial burden to Canterbury based businesses, considering that the likely output would be a smoothing of rates across the respective LGA’s.

Combined, the effect of a merger on the ratepayers will be nil for ordinary ratepayers in the Bankstown LGA, and close to the same for those in the current Canterbury LGA. This is as a result of Council’s ability to redirect surplus cash funding towards Bankstown’s infrastructure backlog over the short term.

### Strategic Planning

There are a number of key arterial channels common to the Bankstown and Canterbury area. Most relevantly, the M5 Motorway, Canterbury Road and the south-western rail corridor. At present, there exists a disparity in holistic planning approaches for cross-regional projects which sit on these major corridors. Bankstown considers that a merger or partial boundary adjustment would offer the required scope to conduct more effective regional planning, in line with the character of the area and particular community considerations.

Combined with the above, Bankstown's geographic position on the border of both S.S.R.O.C. & W.S.R.O.C. boundaries places us in a unique position at the gateway to Western Sydney, but also strategically positioned to have an affinity to the east and south east with Councils such as Canterbury, with a highly diversified multicultural community.

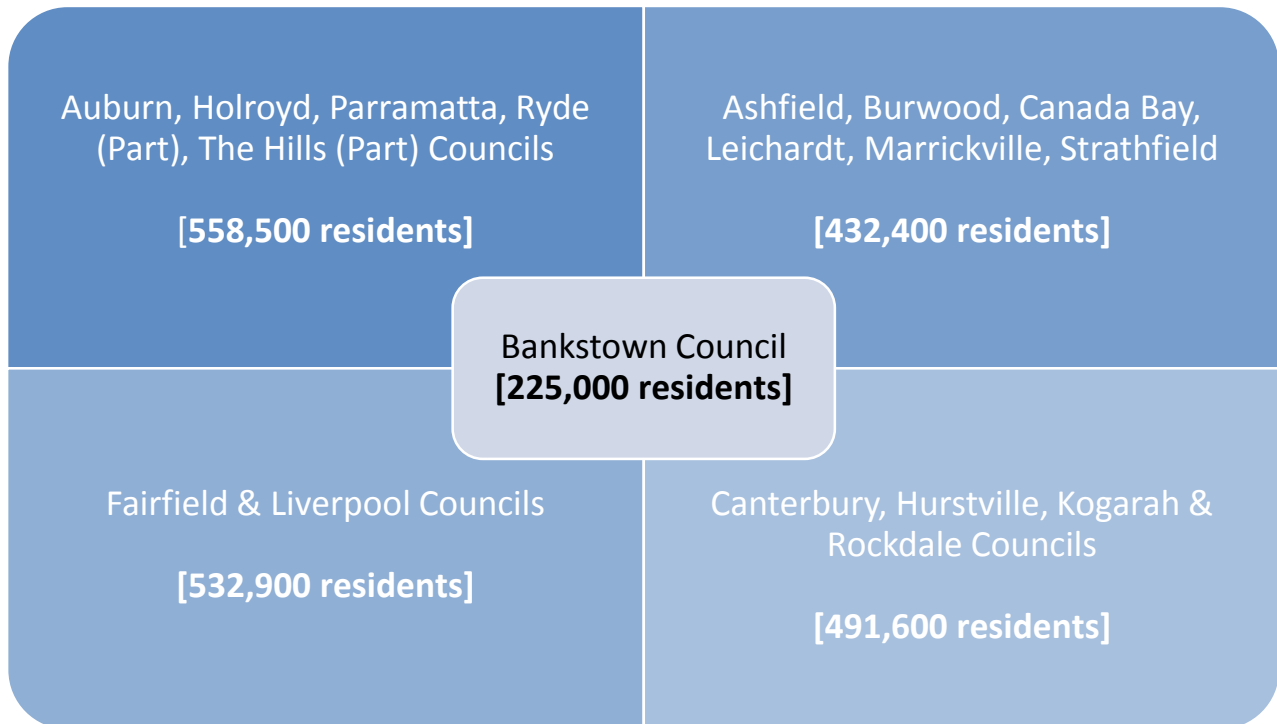
### Community Planning

Under any model, a larger Council would have a greater “strategic capacity” to respond to its communities’ needs, more potential to derive service improvements, and broader efficiencies and bring about a culture of innovation. Local Government is the most able tier of government to understand the unique characteristics of its individual communities. The goal in any merger would be to create the optimum space and place in which our unique communities will want to live, work and play; and to capitalise on the quality of that space as our competitive advantage.

### Fit for the Future Amalgamation Pattern

Throughout this improvement proposal, Council notes the issue of its current scale and position being substantially reduced should the NSW Governments amalgamation pattern result in Councils of over 350,000 residents encircling the Bankstown LGA.

The ILGRP’s suggested pattern would realise the following residential demographic in 2031.



Clearly, the proposed amalgamation pattern would see Bankstown Council reverse its position from being one of the most populous LGA’s in metropolitan Sydney, to a far smaller Council, surrounded by Councils of on average double its size, should Canterbury be joined with the St George grouping of Councils.

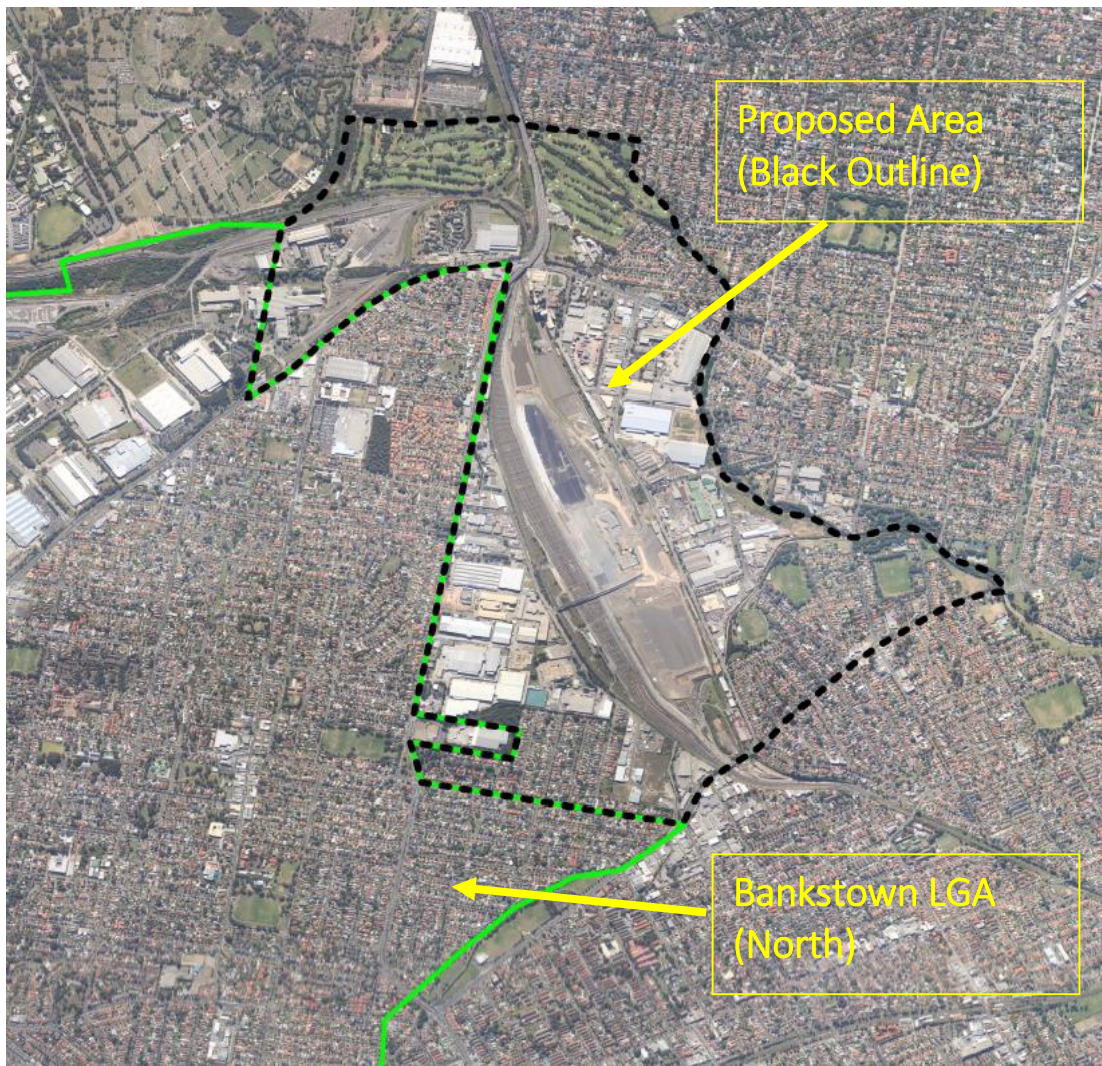


## Strathfield Council

Council has also investigated the potential for a boundary adjustment taking in a southern portion of Strathfield Council. This adjustment would result in an increased ability for effective regional planning through the observance of more natural boundaries, including the intake of the remaining portion of the suburb of Greenacre. Moreover, it would allow Council to plan more effectively for asset maintenance in the areas surrounding the Enfield Intermodal, where high load traffic frequently travels.

Alongside these objectives, Council notes that the relative population intake would be low, impacting only 3,337 residents across a limited number of residential property blocks. Culturally, the bloc identified by Council is of a similar demographic to those areas in Northern Bankstown, each with similar needs surrounding facilities, open spaces and infrastructure.

To provide some perspective, Council provides the following map of the proposed boundary readjustment, marked with dotted black lines below.



This proposed realignment looks to adjust Bankstown's boundary to:



- North East along Punchbowl Road to the Cooks River
- North West along the Cooks River to Strathfield Golf Club
- Encompassing Strathfield Golf Club to connect with existing Bankstown Boundary

In doing so, Council would also absorb major key infrastructure including Strathfield Golf Club, Greenacre Bowling and Recreation Club, the Enfield Intermodal Terminal and the Greenacre Industrial Area. The area also included five open space reserves.

Without access to its rating data, Council is not able to prepare impact projections for Strathfield Council. That said, applying Bankstown's model would result in an additional \$2,500,000 (approx.) in rateable income. This would assist in reducing the need for the full 1.5% uplift to Bankstown's ratepayers, albeit, not to a significant extent.

## Bankstown City Council – Other Actions Considered

### Financial Modelling

In order to satisfy the Governments set benchmarks, Council would need a further \$25M a year to meet the required criteria within the given 5-year timeframe. Needless to say, this would have both a significant and detrimental impact on Bankstown's residents.

Instead, a more modest and/or prudent approach should be taken to achieve the criteria by implementing a longer term strategy, being say ten (10) years, to achieve the same desired and expected outcome. This would reduce the level of annual income required to around \$17M per annum.

In principle, Council can approach the issue by:

1. Increasing income through rates;
2. Decreasing expenditure by reducing service levels to the community; or
3. A combination of both.

Interestingly and as one would expect, despite decreasing our service levels being an option, Council's community consultation has clearly indicated that this is not our residents' preferred option, particularly the varied nature and type of service provided as well as the standard/level of each service.

As indicated earlier, Council's approach to managing its operations is regarded as one of the most efficient throughout NSW. The recent IPART report regarding the Fit for the Future criteria highlighted the level of expenditure per head of population for each metropolitan Council.

As noted in said report, Bankstown's spend per population is one of the lowest throughout the metropolitan area, a level largely attributable to the reduction in around \$7M of net operational costs on an annual basis over the past five years. Despite the reduction in net operational costs, Council has employed a further forty staff and increase its net income while not varying and/or reducing its service levels.

## Council's Approach

For some time, Council has been able to demonstrate a strong and sound approach to fiscal management, in terms of reducing certain operating costs whilst also absorbing the escalation of non-discretionary costs.

Whilst our organisation has a strong corporate culture and commitment to business excellence, it does not have the capacity to further reduce our operational costs without reducing its service levels – an approach that the community does not support.

Notwithstanding this, it is also becoming apparent that the NSW Government will be reviewing their approach to the allocation of the Federal Government's Financial Assistance Grants, whereby it proposes to shift more funds to regional areas throughout NSW.

Its affect has already had an impact on Council. Council's 2014/15 allocation has reduced by \$400,000 from the previous year. Assuming Council continues to receive similar reductions down to the minimum level whilst also taking into account the effect of inflation and population growth, it is anticipated this shortfall could blow out to over \$5M over the next ten years.

The Fit for the Future phone poll conducted in February 2015 indicated that the following service areas were the highest priority for our community:

- Maintenance of local transport infrastructure;
- Effective management of existing assets such as sporting fields, parks, libraries and leisure centres;
- Ensuring high standards of cleanliness and waste management;
- Preserving a safe and pleasant community environment;
- Meeting the development needs of a growing population; and
- Dealing effectively with traffic congestion.

The results of the phone poll indicate that there was a preference for Council to maintain its current service levels, with only 9% of respondents confirming they would prefer Council to decrease service levels to the community. Responses during Council's engagement with the community revealed that residents would prefer a small increase in rates rather than a cut in services.

Bankstown Council has a history of prudent financial management and efficient service delivery, and for almost 40 years, has not increased rates above the state-wide benchmark set by IPART. This annual minimal increase though has not kept up with inflation, meaning that Council has carried the shortfall and been increasingly reliant on grant funding (refer to figure 3).

Under Fit for the Future, the definition of financial sustainability has changed and in responding to this package, Council must amend its current approach to financial management to reflect the new benchmarks and sustainability criteria as set by the NSW Government.

In responding to the Fit for the Future criteria and based on community feedback to date, Council has undertaken a thorough investigation and developed new possible rates models to achieve the proposed additional \$17M under the preferred no merge approach.

For Ratepayers who own residential properties, the suggested options were:

- **Gradual Rate Increase**
  - Around 1.5% above inflation each year for five years for standard houses (equating to less than 50 cents a week).
  - Adjust rate for most duplexes, townhouses and units by up to \$2.20 a week.
  - Under this option, increases will also apply to business premises.
  
- **Upfront Rate Increase**
  - Around 10% above inflation in the first year for standard houses (equating to around \$2 a week or less than the cost of a cup of coffee).
  - Adjust rate for most duplexes, townhouses and units by up to \$2.20 a week.
  - Under this option, increases will also apply to business premises.

In proposing the above, it is also envisaged that our Ratepayers who own Business properties, will similarly need to contribute to raising the required revenue of around \$10M.

Given the divergent nature and type of businesses throughout the City, Council, like many other Councils, sees benefits in establishing various business rating categories as a way to equitably levy rates across the city.

Like any broad based tax system, the principles that underpin how best to raise required revenue are generally driven by the notion of ability/capacity-to-pay and the likely benefits that one would derive/receive, both directly and indirectly through various services provided by Council.

Whilst each local government area has its own unique features and approach to applying a business rating structure, the common element amongst most sub-category structures is the focus on “centres of activity” (eg. Major shopping centres and industrial areas).

Having assessed various options/structures throughout the Sydney metropolitan area, Council has identified the business sub-category rating option (as discussed in Part Four) as the most reasonable, fair and equitable structure to apply amongst our business properties and how any additional revenue would be applied/obtained from those categories.

Understandably there are many options that may form the basis to how a sub-category structure is developed and indeed would be subject to further detailed consideration by Council as part of its future Integrated Planning and Reporting Framework.

Nevertheless, as is the case with all policy decisions, it’s important to gauge our community’s sentiment on all major issues facing our city, particularly on an important issue such as Rates.

As indicated above, this approach provides a reasonable, fair and equitable option addressing our business rate structure and raising the required revenue for Council to meet the NSW Government’s Fit for the Future reform criteria.

## Meeting the Infrastructure Backlog Ratio

The Infrastructure Backlog Ratio has a benchmark of 2%. Achieving the 2% target by 2019/2020 would require Council to find an additional \$25 million a year in a combination of additional revenue and reduced expenditure.

In considering an appropriate response to meet the Infrastructure Backlog Ratio benchmark, Council decided to instead raise an additional \$17 million through a rating increase. The response was based on two principles, the Benefit Principle and the communities Capacity to Pay.

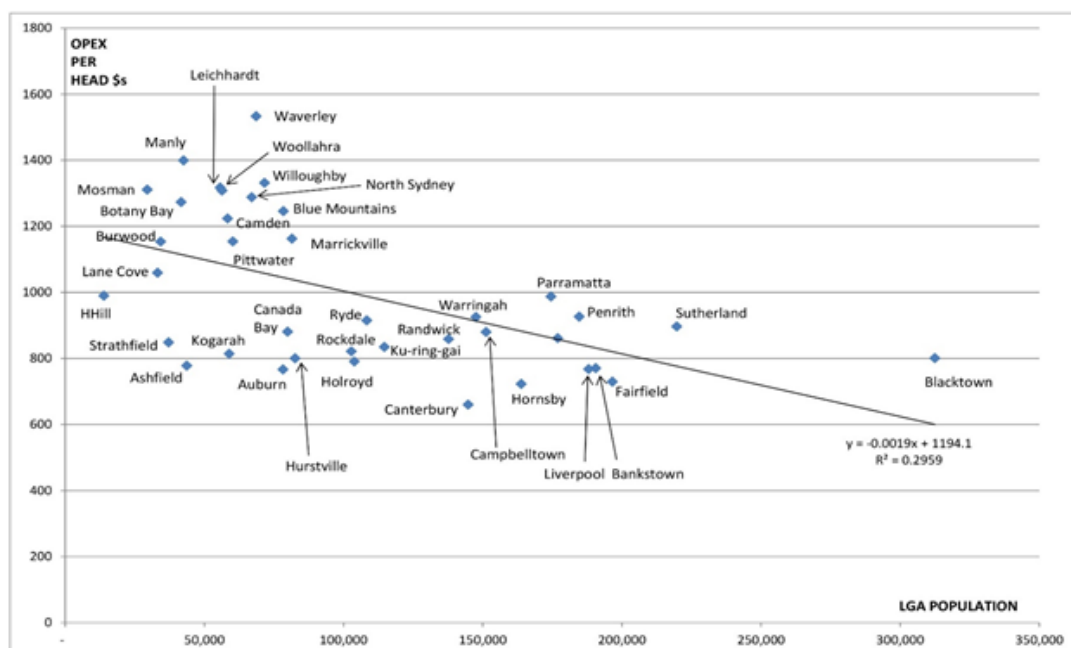
Council infrastructure are long duration assets, intended to indefinitely service the community and external users and the current Infrastructure Backlog is the result of past underspending on asset maintenance and renewal. Effectively, past asset users did not pay enough to maintain the assets that they were using and have shifted the burden to pay for those assets to current users. In addition when current users renew assets currently in the infrastructure backlog they are effectively paying for the use of those assets to the benefit of future users. Council is therefore of the opinion, that the Infrastructure backlog should be reduced by finding a balance between allocating the cost of renewals to those that will benefit and ensuring that Council is Fit for the Future. As a result, Council holds that as far as it is possible those that benefit from asset renewal should carry the financial burden. Council holds that an equitable compromise can be found by raising \$17 million and meeting the required benchmark by 2025. The decision not to raise \$25 million is further reinforced by the demographics of the LGA. A comparison of equivalised household income in the Bankstown LGA compared to Greater Sydney shows that Bankstown has a higher percentage of households in the low to medium low quartiles and the proportion of those quartiles is growing.

Bankstown LGA also has a SEIFA Index of Disadvantage of 931.7, placing Bankstown LGA in the bottom decile when compared to metro councils. Bankstown City Council proposes that a more prudent option that takes into account the Capacity to pay of its ratepayers would be a more gradual repair of its backlog.

## Changes to service delivery

In considering strategies to alleviate the financial burden imposed on Ratepayers, alternate strategies focusing on changes to service delivery were considered. It was found that Bankstown Council operated efficiently when compared with similar and nearby councils. For the purposes of Bankstown City Council's Fit for the Future proposal it was determined that the low operating cost per resident indicated most changes that could significantly contribute to becoming Fit for the Future had already been implemented.

Council has not abandoned its drive to improving its status as a 'City of Excellence' and will continue in reducing operating costs wherever possible. However, changes to service delivery do not form part of the proposed strategy.



Bankstown Council – Performance against metropolitan Councils – OPEX per head.

## Community Consultation

Council has also consulted extensively with its community. This consultation has taken place in two key stages. These stages can be summarised as follows:

### Consultation Stage One

On 16 December 2014, Council adopted its Fit for the Future Community Consultation Plan and Schedule. The Plan and associated Schedule detail the various engagement methods used by Council to gauge community sentiment on the options presented to Bankstown and in turn guide Council's decision making.

Stage One of the Community Consultation was implemented between December 2014 and early February 2015, incorporating:

- Council's Fit for the Future Have Your Say website (with Google translate);
- Dedicated Fit for the Future phone line and email address with residents also encouraged to write directly to the General Manager with suggestions or questions;
- Development of a Fit for the Future FAQ/Information Sheet;
- A quick reference pocket guide, also translated into Arabic, Chinese and Vietnamese;
- Information on display at Customer Service, Library & Knowledge Centres, Chester Hill Community Centre and Bankstown Arts Centre;
- A pocket card for residents to register to stay involved;
- Seven dedicated Fit for the Future Information Booths across the LGA;
- Distribution of a Ratepayer survey;
- Phone poll of residents to gauge initial community sentiment;
- Receiving feedback via the dedicated phone line, online feedback forms and email;
- Briefing the Community Network Interagency, Sports Operational Committee, Council's Social Planning Workshops and key stakeholders; and
- Establishment of Council's "Employee Engagement Group";

These various engagement methods provide Council with both qualitative and quantitative data and more importantly, an accurate snapshot of community sentiment.

The following summary provides an overview of two main elements of the consultation, with Councillors having been provided a detailed analysis of the outcomes at briefings and workshops.

## Phone Poll

Bankstown City Council engaged Micromex Research to carry out its phone poll during the period 9<sup>th</sup> – 14<sup>th</sup> February 2015 where a total of 605 interviews were conducted.

Council has a history of undertaking statistically valid community satisfaction surveys and with this experience can ascertain that a sample size of 605 provides a maximum sampling error of plus or minus 4.0% at 95% confidence. Therefore, the research findings documented in the attached report can be interpreted as not just the opinions of 605 residents, but as an accurate representation of the community's attitudes.

The phone poll indicated that:

- The overall satisfaction with Council is strong, with 90% of residents indicating that they are at least 'somewhat satisfied' with the performance of Council;
- Initially nearly 90% of residents were at least 'somewhat supportive' of Bankstown standing alone;
- That even with the potential for a rate rise or service reduction, residents are still more supportive of standing alone (54%) than merging with Canterbury Council. Notwithstanding the margin of error, at this stage there is no indication that there is a community preference towards amalgamating with Canterbury Council.

Some of the key themes expressed by residents for supporting the stand alone option were that:

- A bigger Council will be less responsive to local/community issues;
- The size and population of the merged Council area would be detrimental to services;
- The current good performance of Bankstown Council makes amalgamation with another Council, particularly Canterbury, unattractive;
- The varied service levels between Bankstown and Canterbury;
- Loss of local identity and incompatibility with other merged areas; and
- A rate increase was an affordable alternative to a merger with Canterbury.

## Ratepayer Survey

To coincide with the distribution of the January rates notice, Council undertook a direct mail out to all Bankstown Ratepayers requesting their views on the options available under the Fit for the Future package. The documentation consisted of a letter from the Mayor, information sheet as well as a survey card which contained anticipated costs and benefits associated with each option for Bankstown.

Approximately 60,000 surveys were distributed and provided 28 days to respond. In total 2,282 (3.8%) were returned from the distribution date of 27 January 2015 to close of business Monday 2 March 2015.



77% of respondents indicated their preference was the 'no merge' option, with 22% in favour of merging with Canterbury and 1% not indicating a response.

Comments provided by Ratepayers were similar to those received during the phone poll.

Following this first round of consultation, it became clear there was a strong preference for Bankstown to stand alone and not merge with Canterbury City Council. Accordingly, Council's investigative focus shifted towards rating models which considered only a stand-alone option.

## Consultation Stage Two.

Stage Two of Council's Community Consultation Plan was implemented throughout April 2015. The focus of these engagement activities was on gauging community sentiment on the revenue options for Bankstown in order to raise the required \$17M under Council's preferred approach to address the Fit for the Future benchmarks. This entailed:

- A phone poll of residential Ratepayers;
- Second Ratepayer survey to residential households;
- Letter to business premises regarding proposed business rating structure;
- Holding four Fit for the Future Information Booths across the LGA; and
- Receiving feedback via the dedicated phone line, online feedback forms and email;

These various engagement methods provide Council with both qualitative and quantitative data and more importantly, an understanding of the community's sentiments on the matter.

The following summary provides an overview of two main elements of the consultation, with Councillors having been provided a detailed analysis of the outcomes at briefings and workshops.

### Phone Poll

Bankstown City Council engaged Micromex Research to undertake its second phone poll between 14 – 18 April 2015.

The phone poll indicated that there was a strong community preference for Option A i.e. the gradual rate increase over five years (as supported in this improvement proposal).

The top rationale for selecting Option A was:

- Easier to adapt financially to a more gradual increase;
- More affordable for less well-off members of the community; and
- Upfront increase would be too great an expense for residents.



At the time of the phone poll, due to the uncertainty around the criteria to be used to determine whether a Council was Fit for the Future and “in the event that the State Government were to force amalgamations”, further data was gathered on residents’ support of a merger should it offset potential rate increases.

Based on this scenario, a number of residents were at least ‘somewhat supportive’ of an amalgamation, however, without the ability to conduct further due diligence, Council was unable to provide any additional information to its ratepayers to this end. This was as a direct result of Canterbury Council resolving not to engage Bankstown Council in merger discussions to any degree.

### Ratepayer Survey

Council undertook a direct mail out to all Bankstown Ratepayers requesting their views on the revenue options to meet the Fit for the Future criteria. The documentation consisted of a letter from the Mayor and survey card which contained anticipated costs and benefits associated with each option for Bankstown.

Approximately 50,162 residential Ratepayer surveys were distributed and in total 2309 (4.6%) were returned. 80% of respondents indicated their preference was Option A (1.5% gradual increase), with 15% in favour of Option B (10% upfront increase) and 5% either indicating no preference or unsure.

Comments provided by Ratepayers were similar to those received during the phone poll. In undertaking this consultation, it has become clear there is a community preference for Option A, the gradual rate increase.

Similarly, Council also distributed 3918 letters to Ratepayers of business premises to inform them of the proposed adjustments for local businesses as part of a holistic review of Council’s rating structure to be Fit for the Future. Business Ratepayers were encouraged to contact Council should they wish to obtain further information on the issue.

250 calls were received during April to the dedicated Fit for the Future phone line, with approximately 15 of these being from businesses. Generally, businesses were aware of the rationale of the *fit for the future* program, with very few questioning the basis for change, instead questioning the need for said change to be implemented at the speed requested by the State Government. Notably, there was an underlying level of acceptance for Council’s approach to a tiered rating structure, despite the inherent rate rise contained within such categorisation for all businesses ratepayers.

## Section Eight:

### How will your plan improve performance?

Council has prepared the following projections based on point-in-time figures. Council takes this approach to more accurately reflect the impact of its suggested fit for the future improvement approach, which is underpinned by a rating increase commencing FY2017/2018. Averaged figures, per IPART’s template, are provided at Section Nine.

Measure / Benchmark	2016/2017	2017/2018	2018/2019	2019/2020	Yes/No	Tracking
Operating performance ratio	(0.031)	0.068	0.076	0.080	Yes	OK
Own source revenue	90%	91%	91%	92%	Yes	OK
Building & Infrastructure asset renewal ratio	65%	127%	130%	151%	Yes	OK
Infrastructure backlog ratio	5%	5%	5%	4%	No	OK
Asset maintenance	71%	110%	112%	123%	Yes	OK
Debt service ratio	0.93%	0.57%	0.01%	0.01%	Yes	OK
Real OPEX per capita	0.79	0.78	0.78	0.77	Yes	OK

Overall, Council achieves all fit for the future benchmarks under its ten year plan. On their face, the only benchmark not within range is the “infrastructure backlog ratio”, however, as suggested by IPART, Council need not meet 2% by 2020, rather, Council must track downwards towards this point. Bankstown Council’s plan as discussed in this proposal enables it to do so, tracking gradually towards 2% within a ten-year timeframe.

Council notes that the above indicators are presented as point-in-time, rather than as running averages as suggested by IPART. Although the averaged benchmarks appear at **Section Nine**, for the purposes of its



primary submission, Council considers it more appropriate to include single point in time calculations to more accurately reflect the impact of its improvement plan. This is especially so in circumstances where Council's assumed rate increase does not trigger until 2017. The period of time in the interim represents "business as usual" as Council gears up towards its renewed program.

# Section Nine

## Expected improvement in performance

### Overview

Bankstown Council is focused on taking a sustainable approach towards meeting each of the fit for the future benchmarks. Over the five year period commencing 2015/2016 (under the fit for the future plan), Council forecasts a transition towards meeting all of the seven measures/benchmarks, under the current IPART definitions.

That said, Council will not be below the 2% benchmark for the infrastructure backlog ratio until 2025, as the assumptions made in this paper are underpinned by a gradual approach to asset management, mindful of the special disadvantage in the Bankstown community.

Measure / Benchmark	2016/2017	2017/2018	2018/2019	2019/2020	Yes/No
Operating performance ratio	(0.031)	0.005	0.037	0.074	Yes
Own source revenue	90%	91%	91%	92%	Yes
Building & Infrastructure asset renewal ratio	65%	91%	107%	136%	Yes
Infrastructure backlog ratio	5%	5%	5%	4.6%	No
Asset maintenance	71%	84%	98%	115%	Yes
Debt service ratio	0.93%	0.57%	0.01%	0.01%	Yes
Real OPEX per capita	0.79	0.78	0.78	0.77	Yes

Council notes that the performance reported above are based on averaged projections, as requested by IPART in its review methodology document.

## Financial Projections

Finally, Council notes that it has integrated its approach to its fit for the future acceleration program within its Long Term Financial Strategy (LTFS), and presents the following sheet.

	2015/16 Budget \$,000	2016/17 Plan \$,000	2017/18 Plan \$,000	2018/19 Plan \$,000	2019/20 Plan \$,000
<b>INCOME FROM CONTINUING OPERATIONS</b>					
<b>Revenue</b>					
Rates and Annual Charges	115,412	119,344	121,980	126,758	131,656
User Charges and Fees	12,053	12,354	12,663	12,979	13,304
Interest and Investment Revenue	3,680	3,825	3,968	4,152	4,225
Other Revenues	11,397	11,681	11,972	12,771	13,089
Grants and Contributions Provided for Operating Purposes	11,765	11,640	11,518	11,398	11,280
Grants and Contributions Provided for Capital Purposes	6,215	5,062	5,212	5,062	5,062
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>160,520</b>	<b>163,906</b>	<b>167,314</b>	<b>173,120</b>	<b>178,615</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>					
Employee Benefits and On-costs	67,067	69,380	71,774	74,250	76,849
Borrowing Costs	717	135	-	-	-
Materials and Contracts	24,994	26,559	26,283	26,940	27,613
Depreciation and Amortisation	32,408	32,408	32,408	32,408	32,408
Other Expenses	33,915	35,363	36,405	37,730	39,113
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>159,101</b>	<b>163,846</b>	<b>166,870</b>	<b>171,329</b>	<b>175,984</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>1,419</b>	<b>60</b>	<b>444</b>	<b>1,791</b>	<b>2,631</b>
<b>NET OPERATING RESULT FOR THE YEAR</b>	<b>1,419</b>	<b>60</b>	<b>444</b>	<b>1,791</b>	<b>2,631</b>

Council has made a similar projection in its LTFS in relation to its assumed fit for the future rating model (1.5% rates uplift over IPART), as follows.

	2015/16 Budget \$,000	2016/17 Plan \$,000	2017/18 Plan \$,000	2018/19 Plan \$,000	2019/20 Plan \$,000
<b>INCOME FROM CONTINUING OPERATIONS</b>					
<b>Revenue</b>					
Rates and Annual Charges	115,412	119,344	134,397	140,430	146,652
User Charges and Fees	12,053	12,354	12,663	12,979	13,304
Interest and Investment Revenue	3,680	3,825	3,968	4,152	4,225
Other Revenues	11,397	11,681	11,972	12,771	13,089
Grants and Contributions Provided for Operating Purposes	11,765	11,640	11,518	11,398	11,280
Grants and Contributions Provided for Capital Purposes	6,215	5,062	5,212	5,062	5,062
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	160,520	163,906	179,731	186,792	193,611
<b>EXPENSES FROM CONTINUING OPERATIONS</b>					
Employee Benefits and On-costs	67,067	69,380	71,774	74,250	76,849
Borrowing Costs	717	135	-	-	-
Materials and Contracts	24,994	26,559	26,283	26,940	27,613
Depreciation and Amortisation	32,408	32,408	32,408	32,408	32,408
Other Expenses	33,915	35,363	36,405	37,730	39,113
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	159,101	163,846	166,870	171,329	175,984
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	1,419	60	12,860	15,464	17,627
<b>NET OPERATING RESULT FOR THE YEAR</b>	1,419	60	12,860	15,464	17,627

First year of 1.5% rate increase  
(to follow until 2022/2023)

\$17.6M increase on base-case  
total income projection

# Section Ten

## Implementation

### Overview

Council’s approach to implementation is grounded in its FY16 action plan. This plan is designed to integrate Council’s assumed fit for the future program as part of its day-to-day operations and reporting. In doing so, Council looks to embed its culture of innovation and excellence across all aspects of its approach to fit for the future.

Accordingly, Council presents the following summary of key accountabilities under its Action Plan, as pillars of its long term implementation of the fit for the future package. For ease of reference, the column headed “financial impact” has been substituted with “key accountability”.

Action	Milestones	Timeframe	Key Accountability
Revise Council’s Workforce Strategy and current strategies and policies to address short term high skilled staffing needs.	Draft <i>fit for the future ready</i> Workforce Strategy prepared and delivered to the Executive Leadership Team (ELT).	Q1 FY16	General Manager.
	Draft <i>fit for the future ready</i> Workforce Strategy placed on the staff intranet for feedback.	Q2 FY16	Manager, People Learning & Culture
	Final <i>fit for the future ready</i> Workforce Strategy endorsed by the “new Council”.	Q3 FY16	
Revise Council’s approach to procurement to ensure capacity to deliver services into the future.	Draft <i>fit for the future ready</i> procurement policy delivered to the ELT.	Q1 FY16	Manager, Financial Services
	Manager, Financial Services delivers suggested team composition and structure to the ELT for endorsement	Q2 FY16	
	ELT endorses revised procurement policy and approach to contractors.	Q3 FY16	
	Council endorses revised approach to procurement.	Q3 FY16	



Action	Milestones	Timeframe	Key Accountability
Conduct comprehensive scoping exercise for all <i>fit for the future acceleration program</i> works.	All assets surveyed and logged; draft approach endorsed by Manager, and provided to the ELT.	Q3 FY16	Manager, Roads & Infrastructure
	ELT endorses asset categorisation and suggested renewals approach.	Q4 FY16	
	Report to Council on suggested assets approach.	Q4 FY16	
	Council endorsement.	Q4 FY16	
Design performance monitoring system for asset management to allow the ELT to track Council's adopted renewal program.	System created and/or purchased.	Q3 FY16	General Manager.
	System integrated with Council's asset base and live mapping commences.	Q4 FY16	Manager, Strategy, Policy & Governance
Prepare amended integrated planning and corporate reporting framework to focus on deliverables under the fit for the future program.	Manager, Strategy, Policy & Governance to prepare proposed amendments to approach, alongside revised reporting framework.	Q3 FY16	General Manager.
	Proposed amendments provided in draft to the ELT.	Q3 FY16	Manager, Strategy, Policy & Governance
	Amendments and approach endorsed by the ELT; quarterly reporting begins in Q4 FY2016.	Q4 FY16	

Action	Milestones	Timeframe	Key Accountability
Review structure of Council Standing Committees (including those involving Councillors) to ensure robust operational leadership into the future.	Manager, Strategy Policy & Governance to conduct review.	Q1 FY16	General Manager.
	The ELT to receive proposed structured for consideration.	Q1 FY16	Manager, Strategy, Policy & Governance
	Revised structure endorsed by the ELT.	Q2 FY16	
	Revised structure endorsed by the Council.	Q3 FY16	
	Revised structure implemented.	Q4 FY16	
Review Council's Community Strategic Plan to ensure alignment with feedback received during the <i>fit for the future</i> process.	Policy & Integrated Planning Units to conduct comprehensive review of all components of the Community Strategic Plan.	Q1 FY16	Manager, Strategy, Policy & Governance
	Policy Unit to provide draft of the revised Community Strategic Plan to the ELT for endorsement prior to release to public exhibition.	Q2 FY16	
	Draft release to the community for feedback.	Q3 FY16	
Conduct community consultation surrounding the Community Strategic Plan.	Engagement officers to prepare key engagement materials and promote exhibition of the Strategy.	Q4 FY16	Manager, Strategy, Policy & Governance
	Community provides feedback to strategy; any required amendments made to reflect community needs and aspirations.	Q1 FY17	

Action	Milestones	Timeframe	Key Accountability
Review Council's Delivery Program to ensure alignment with core <i>fit for the future</i> objectives.	Integrated Planning Unit to conduct comprehensive review of all components of the Delivery Program to ensure alignment with <i>fit for the future</i> objectives and outcomes.	Q1 FY16	General Manager.  Manager, Strategy, Policy & Governance
	Integrated Planning Unit to provide draft of the revised Delivery Program to the ELT for endorsement prior to release to public exhibition.	Q2 FY16	
	Draft release to the community for feedback.	Q3 FY16	
Conduct community consultation surrounding the Delivery Program.	Engagement officers to prepare key engagement materials and promote exhibition of the Strategy.	Q3 FY16	General Manager.  Manager, Strategy, Policy & Governance
	Community provides feedback to strategy; any required amendments made to reflect community needs and aspirations.	Q4 FY16	
Review Council's standing Resourcing Strategy to ensure alignment between each of the Asset Management Strategy, Workforce Strategy and Long Term Financial Plan.	Comprehensive review of push-pull factors across all strategies to ensure alignment with necessary long-term projections for asset, workforce and financial factors (i.e. each strategy accounts for the operation of the other to ensure a rounded approach to the fit for the future acceleration program).	Q1 FY16 – Q2 FY16	General Manager.  All Directors.  Manager, Strategy, Policy & Governance
Ensure overarching Asset Management Strategy alignment following Resourcing Strategy Review.	The ELT endorses the approach to Asset Management suggested as part of the Resourcing Strategy Review. Asset Management approach reviewed and endorsed separately due to significance to Council's approach to <i>fit for the future</i> .	Q3 FY16	General Manager.  All Directors.  Manager, Strategy, Policy & Governance

Action	Milestones	Timeframe	Key Accountability
Create standing report template on Council's fit for the future acceleration program for monthly council meetings.	Integrated Planning and Policy teams to create framework for reporting progress to Councillors.	Q3 FY16	Manager, Strategy, Policy & Governance
	The ELT to review and adopt approach to reporting.	Q3 FY16	
Facilitate Councillor workshops on Council's renewed approach to asset management.	Integrated Planning and Assets Teams to prepare Councillor workshop to ensure community priorities are accounted for in Council's cyclical asset renewal program as part of the <i>fit for the future acceleration program</i> .	Q2 FY16	Manager, Strategy, Policy & Governance
	Facilitate Councillor workshop on asset management.	Q4 FY16	
Create Annual Reporting template to include all <i>fit for the future</i> benchmarks as required by the State Government.	Manager, Financial Services to prepare amended template for annual reporting to include fit for the future benchmarks.	Q2 FY16	Manager, Financial Services.
	Manager, Financial Services to ensure integration of <i>fit for the future</i> benchmarks in all financial reporting.	Q2 FY16	

# Endorsement

## Bankstown City Council

### Fit for the Future - Banktown Council's Improvement Proposal Submission

CLR. Kuskoff:/CLR. Gollledge

RESOLVED that

1. Council endorse the attached Improvement Proposal in response to the State Government's Fit for the Future reform program, as attached to this report;
2. The Mayor and General Manager be delegated authority to respond to and/or address any further requests for information from IPART or the Office of Local Government / State Government in relation to Council's Improvement Proposal as required;
3. Councillors be provided with regular feedback, updates and Council Reports in relation to any responses from IPART and/or the Office of Local Government / State Government as to Council's Improvement Proposal.
4. Following the NSW Government's decision relating to Council's Fit for the Future Improvement Proposal, Council be provided with a further report on the implementation of the NSW Government's decision.
5. In responding to Council's Improvement Proposal, the General Manager be required to review Council's Resourcing Strategies and Organisational Structure in preparation for the implementation of Council's proposed Action Plan as attached.

- CARRIED

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Council is confident that its improvement proposal presents a sustainable approach to becoming fit for the future, within the framework of the specific challenges which face our community.

Council looks forward to the opportunity to work with IPART in its assessment of this proposal, or provide any further information as might be required.

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**Linda Downey**  
Mayor

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**Matthew Stewart**  
General Manager

# Annexure A

## Point-in-Time Benchmark Projections

Council presents the following benchmark projections on a point-in-time basis, which in Councils view presents a clearer image of the impact of Councils plan and assumptions set out in this document.

Measure / Benchmark	2016/2017	2017/2018	2018/2019	2019/2020	Yes/No	Tracking
Operating performance ratio	(0.031)	0.068	0.076	0.080	Yes	OK
Own source revenue	90%	91%	91%	92%	Yes	OK
Building & Infrastructure asset renewal ratio	65%	127%	130%	151%	Yes	OK
Infrastructure backlog ratio	5%	5%	5%	4%	No	OK
Asset maintenance	71%	110%	112%	123%	Yes	OK
Debt service ratio	0.93%	0.57%	0.01%	0.01%	Yes	OK
Real OPEX per capita	0.79	0.78	0.78	0.77	Yes	OK

On the basis of the projections above, Council is in a sound position across all three criteria, with all benchmarks either met or transitioning appropriately towards benchmark, as requested by IPART.

# Attachments

In support of this improvement proposal, Council provides IPART with the following documents designed to further inform IPART's recommendation to the State Government.

1. TCorp Report
2. Community Consultation Reports
3. Workforce Strategy
4. Long Term Financial Plan
5. Asset Management Strategy
6. Community Plan



# Bankstown City Council

## Financial Assessment and Sustainability Report

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**Date:** 8 November 2013

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## **Disclaimer**

This report has been prepared by New South Wales Treasury Corporation (TCorp) in accordance with the appointment of TCorp by Bankstown City Council (the Council) as detailed in TCorp's letter of 20 May 2013.

The report has been prepared based on information provided to TCorp. TCorp has relied on this information and has not verified or audited the accuracy, reliability or currency of the information provided to it for the purpose of preparation of the report. TCorp and its directors, officers and employees make no representation as to the accuracy, reliability or completeness of the information contained in the report.

In addition, TCorp does not warrant or guarantee the outcomes or projections contained in this report. The projections and outcomes contained in the report do not necessarily take into consideration the commercial risks, various external factors or the possibility of poor performance by the Council all of which may negatively impact the financial capability and sustainability of the Council. The TCorp report focuses on Council's future Sustainability, within prudent risk parameters and the limits of its financial projections.

The report has been prepared for Bankstown City Council. TCorp shall not be liable to Bankstown City Council or have any liability to any third party under the law of contract, tort and the principles of restitution or unjust enrichment or otherwise for any loss, expense or damage which may arise from or be incurred or suffered as a result of reliance on anything contained in this report.

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## 1 Executive Summary

In April 2013 TCorp provided Bankstown City Council (the Council) with a Financial Assessment, Sustainability and Benchmarking Report as part of the work undertaken for the Independent Local Government Review Panel.

In the report TCorp made the following observations:

- Council had reported an operating deficit in two of the past four years and was forecasting operating deficits for the entire forecast period.
- Council had spent below benchmark levels on asset maintenance, renewals and capital expenditure for the majority of the review period.
- Council's overall Infrastructure Backlog increased by 60.7% (\$56.6m) since 2009, to \$149.7m in 2012 following the Asset Revaluation process.
- Council had the capacity to borrow up to \$53.7m in addition to their existing borrowings.
- IPP&E was forecast to decline over the LTFP from \$1,825.4m in 2012 to \$1,677.0m in 2022.
- Council's LTFP was based on an assumption of decreasing levels of service which seemed in conflict with its increasing population. Council had informed TCorp that the updated LTFP would address this issue.

TCorp's report stated that "based on our review of both the historic financial information and the 10 year financial forecast within Council's long term financial plan we consider Council to be moderately sustainable. Based on a declining IPP&E base and growing population forecast, Council would not be Sustainable in the long run, however Council forecast growing levels of investments which would be available for asset renewals and additions."

In the report TCorp noted the LTFP did not have sufficiently planned Capital Expenditure to maintain existing assets at an acceptable standard plus any allowance for growth and that this potential shortfall was the key risk facing the Council's long term sustainability. Council has detailed that this is being revised and addressed within the current review of the IP&R documentation.

Council advised they were in the process of reviewing their Asset Management Plan (AMP) and LTFP and they would fully incorporate the latest AMPs into the forecasts.



Following receipt of the report Council has completed extensive assessments of its infrastructure asset base. In addition, as per the updated LTFP document, Council has, in conjunction with other Southern Sydney Councils' (SSROC), carried out a comprehensive assessment and developed an agreed approach to managing its asset base, particularly in terms of useful lives, depreciation rates, life-cycle funding and replacement costs.

Council has also completed a comprehensive review of their Asset Management Strategy (AMS) which ensures that appropriate levels of investment are in place for asset maintenance, renewal and replacement. The review has also clarified Council's current financial position and future funding requirements.

Council has now finalised their IP&R documentation which includes a Community Plan, Delivery Program and Operational Plan.

Council has provided TCorp with three scenarios within their LTFP. Scenario 1 (or Base Case Scenario), Scenario 2 and Scenario 3.

'Scenario 1' is based on Council maintaining current service levels and capital funding.

'Scenario 2' includes a 7.0% permanent increase, above rate peg, to rates revenue from 2015 which will address Council's Infrastructure Backlog and ongoing funding to its capital maintenance requirements.

'Scenario 3' includes a temporary increase of 11.0%, above rate peg, for 7 years which will address Council's unfunded renewals and funding of its capital maintenance requirements, including Infrastructure Backlog.

As the Council operates only one fund we focused our analysis on this General Fund.

The key observations from our review of Council's updated 10 year forecasts for its General Fund for Scenario 1 are:

- Council has forecast an improving operating result, excluding capital grants and contributions, and from 2019 an operating surplus has been forecast.
- Council's Interest Cover and DSCR are above benchmark over the forecast period and Council forecast they will be debt free by 2019.
- Under Scenario 1 Council will focus on maintaining current service levels and becoming debt free by 2019. Council has advised they have not set aside funding to address their Infrastructure Backlog and as a result Council advise their Infrastructure Backlog will increase from \$34.0m in 2013 to \$81.0m in 2023. While a surplus operating result is anticipated from 2019 for the remainder of the forecast period, Council has advised surplus funds will be used to fund the increased capital expenditure required to address Council's ongoing asset management requirements, including its estimated infrastructure backlog amount.

The key observations from our review of Council's updated 10 year forecasts for its General Fund for Scenario 2 are:

- Council has forecast an operating surplus from 2015 and the operating result is forecast to increase over the period, when capital grants and contributions are excluded.
- The majority of Council's benchmarks are above benchmark for the entire forecast period.
- Council anticipate under Scenario 2 that their backlog will be reduced by \$15.0m to \$19.0m in 2023.

The key observations from our review of Council's updated 10 year forecasts for its General Fund for Scenario 3 are:

- Council has forecast an operating surplus from 2014 and a surplus of \$5.3m is anticipated by 2023, when capital grants and contributions are excluded.
- The majority of Council's benchmarks are above benchmark for the entire forecast period.
- Council anticipate under Scenario 3 that their backlog will be cleared by 2023.

Based on the revised information provided to TCorp and using Scenario 1, Council is currently assessed to have a FSR of Moderate. Based on the current LTFP, the Outlook for Council is Neutral for the next three years, however in the latter part of the financial forecast, Council's financial position is forecast to improve, and Council's Outlook may then improve.

In respect of the long term Sustainability of the Council our key observations for Scenario 1 are:

- Council is forecasting to return to a surplus position in 2018 and the operating result is forecast to continue to improve for the remainder of the forecast period.
- Council's Interest Cover Ratio and DSCR are well above benchmark and by 2019 Council forecast they will be debt free.
- Council's Unrestricted Current Ratio is above benchmark and improving over the entire forecast period.
- Council's Own Source Operating Ratio is forecast above benchmark for the entire forecast period which indicates Council is not heavily reliant on external sources of revenue.
- However under Scenario 1 Council has advised that their Infrastructure Backlog will increase from \$35.0m in 2014 to \$81.0m in 2023.

Based on the revised information provided to TCorp and using Scenario 2, Council is currently assessed to have a FSR of Moderate. Based on the current LTFP, the Outlook for Council is Positive for the next three years, with an improved performance indicated over the longer term.

In considering the longer term financial Sustainability of the Council under Scenario 2 we make the following additional comments:

- Council is forecasting to return to a surplus position in 2015 and the operating result is forecast to continue to improve for the remainder of the forecast period.
- Under Scenario 2 Council anticipate they will reduce their Infrastructure Backlog from \$35.0m in 2014 to \$19.0m in 2023.
- Council's Interest Cover Ratio and DSCR are well above benchmark and by 2019 Council forecast they will be debt free.
- Council's Unrestricted Current Ratio is above benchmark and improving over the entire forecast period.
- Council's Own Source Operating Ratio is forecast above benchmark for the entire forecast period which indicates Council is not heavily reliant on external sources of revenue.



Based on the revised information provided to TCorp and using Scenario 3, Council is currently assessed to have a FSR of Moderate. Based on the current LTFP, the Outlook for Council is Positive for the next three years, with an improved performance indicated over the longer term.

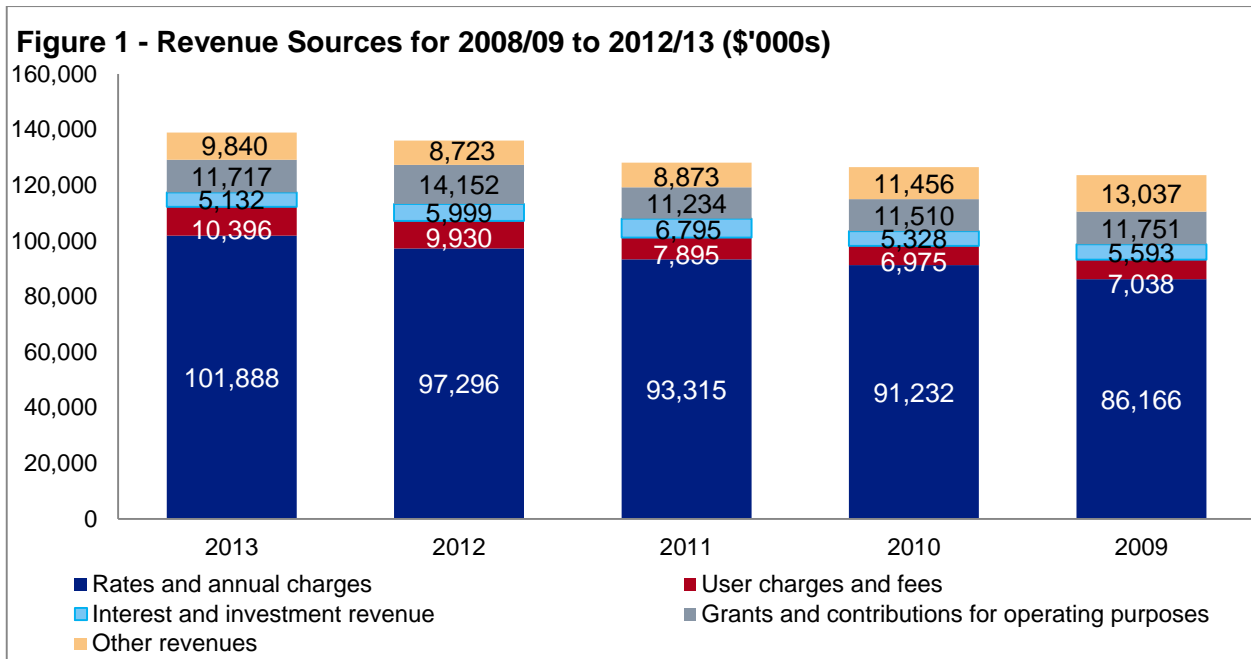
In considering the longer term Sustainability of the Council we make the following comments:

- Council is forecasting to return to a surplus position in 2015 and the operating result is forecast to continue to improve for the remainder of the forecast period. While Council has to reduce their revenue in 2022 Council are forecast to remain in a healthy surplus position.
- Council is forecasting capital spending sufficient to address their asset maintenance and Infrastructure Backlog and allow for some new capital spend.
- Under this scenario Council propose to clear their existing backlog by 2022.
- Council's Interest Cover Ratio and DSCR are well above benchmark and Council is forecast to be debt free by 2019.

## 2 Review of Financial Performance and Position

TCorp has updated its review based on the 2013 annual audited accounts of the Council

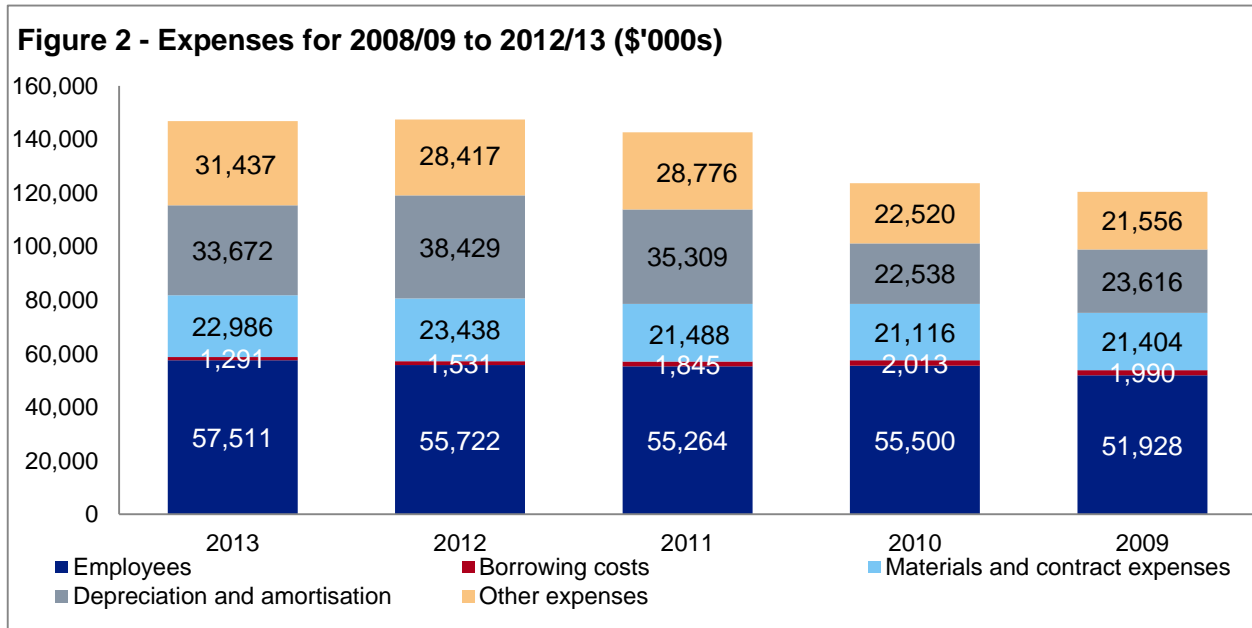
### 2.1 Revenue



#### Key Observations

- Council's annual revenue increased by 12.4% (\$15.7m) since 2009 to \$138.9m in 2013 when capital grants and contributions, and net gain on disposal of assets are excluded.
- Rates and annual charges increased by 4.7% in 2013 as a result of rate peg increases as well as a 7.7% increase in domestic waste management charges.
- User fees and charges also increased by 4.7% in 2013 primarily as a result of increased aquatic services income.
- Interest and Investment revenue decreased by 14.5% (\$0.9m). In 2013 Council overall investment revenue decreased as a result of a decrease in interest rates from 6.12% in 2012 to 5.28% in 2013.
- Operating grants and contributions decreased by 17.2% (\$2.4m) in 2013. The Financial Assistance Grant (FAG) has been prepaid for a number of years. In 2011 one quarter of the 2012 FAG was prepaid, in 2012 half the 2013 FAG was prepaid, and in 2013 half the 2014 FAG was prepaid. As a result, 1.25 years of FAG payments were accounted for in 2012 while only 1 year of FAG payment was accounted for in 2013 with a decrease reflected in the operating grants in the 2013 accounts.

## 2.2 Expenses



### Key Observations

- Council's annual expenses have increased by 21.9% (\$26.4m) since 2009, to \$146.8m in 2013.
- However in 2013 Council's expenses decreased by 0.4% (\$0.6m) on the previous year driven by a significant reduction in Council's annual depreciation expense.
- Employee expenses increased by 3.2% in 2013.
- Following a peak in 2012 due to an increase in contractor costs for restoration works, materials and contracts expense decreased by 1.9% (\$0.5m) in 2013.
- Depreciation expense decreased by (12.4%) \$4.8m in 2013. As part of obtaining a regional approach to managing assets, Council with other SSROC Council carried out a comprehensive assessment of various asset classes and adopted the SSROC agreed useful life rates. Council's road pavements were also reassessed which resulted in a change in the valuation method to reflect current construction/renewal practices. Both these changes resulted in a decrease in depreciation expense in 2013.

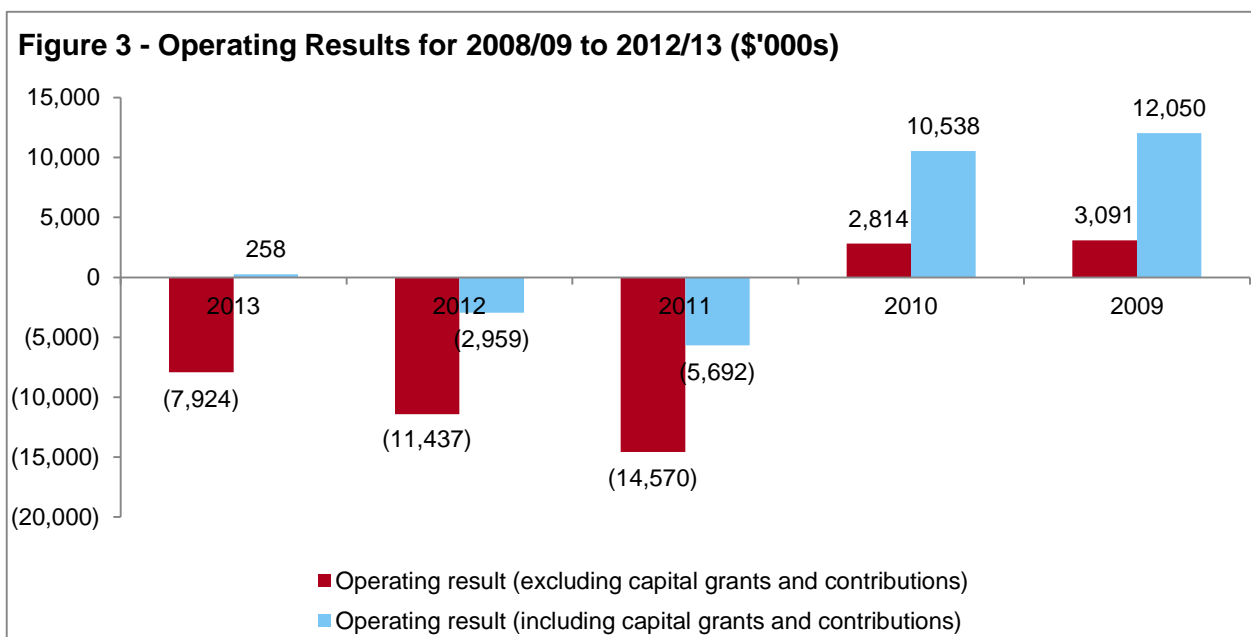


## 2.3 Operating Results

TCorp has made some standard adjustments to focus the analysis on core operating council results. Grants and contributions for capital purposes, realised and unrealised gains on investments and other assets are excluded, as well as one-off items which Council have no control over (e.g. impairments).

TCorp believes that the exclusion of these items will assist in normalising the measurement of key performance indicators, and the measurement of Council's performance against its peers.

All items excluded from the income statement and further historical financial information is detailed in Appendix A.



### Key Observations

Council has posted an operating deficit, excluding capital grants and contributions, for the past three years. The position improved from negative \$14.6m in 2011, to negative \$7.9m in 2013. Increased user fees and charges as well as an increase in the FAG had a positive impact on the operating result in 2012. In 2013 Council's annual expenses appear to have been well managed, and excluding the impact of the decrease in depreciation expense, increased at a lower rate than the previous couple of years. As a result overall expenses decreased by 0.4% which had a positive impact on the operating result for that year.

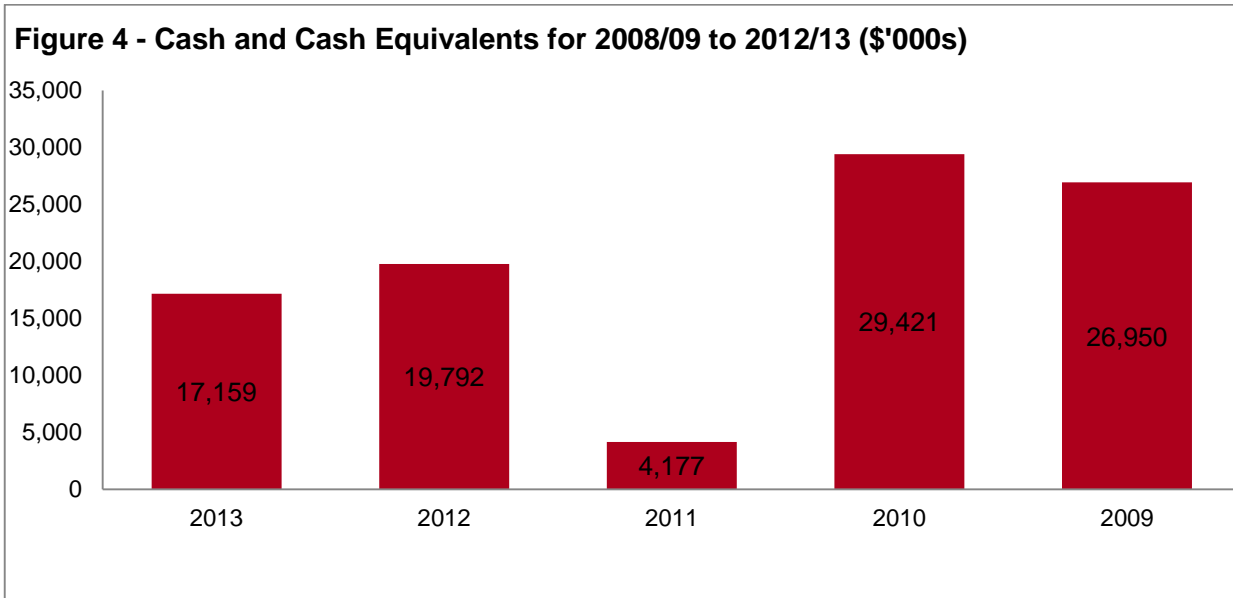
## 2.4 Financial Management Indicators

Performance Indicators	Year ended 30 June				
	2013	2012	2011	2010	2009
EBITDA (\$'000s)	27,039	28,523	22,584	27,365	28,697
Operating Ratio	(5.7%)	(8.4%)	(11.1%)	2.2%	2.5%
Interest Cover Ratio	20.94x	18.63x	12.24x	13.59x	14.42x
Debt Service Cover Ratio	5.28x	4.61x	3.00x	3.81x	5.14x
Unrestricted Current Ratio	1.93x	2.96x	2.84x	3.23x	3.07x
Own Sourced Revenue	76.3%	74.2%	73.9%	73.2%	70.3%
Cash Expense Ratio	1.8 months	2.2 months	0.5 months	3.6 months	3.4 months
Net Assets (\$'000s)	1,802,291	1,832,975	1,832,651	1,829,105	1,160,705

### Key Observations

- Council's EBITDA is being maintained at relatively consistent levels.
- Council's Interest Cover Ratio and DSCR were well above benchmark for each year of the review period, which indicates Council has sufficient capacity to manage their existing debt, or if required, take on additional debt. In 2013 Council had total borrowings of \$10.8m which represents 0.6% of Council's overall Net Assets.
- While still above benchmark the Unrestricted Current Ratio fell in 2013 due to a decrease in investments.
- Council's Own Source Revenue Ratio is well above benchmark each year of the review period which indicates Council is not heavily reliant on external sources of funding.
- The Cash Expense Ratio decreased further below benchmark in 2013 however in 2013 Council held \$32.4m in current term deposits which could be converted to cash at short notice if required by Council.

## 2.5 Statement of Cashflows



### Key Observations

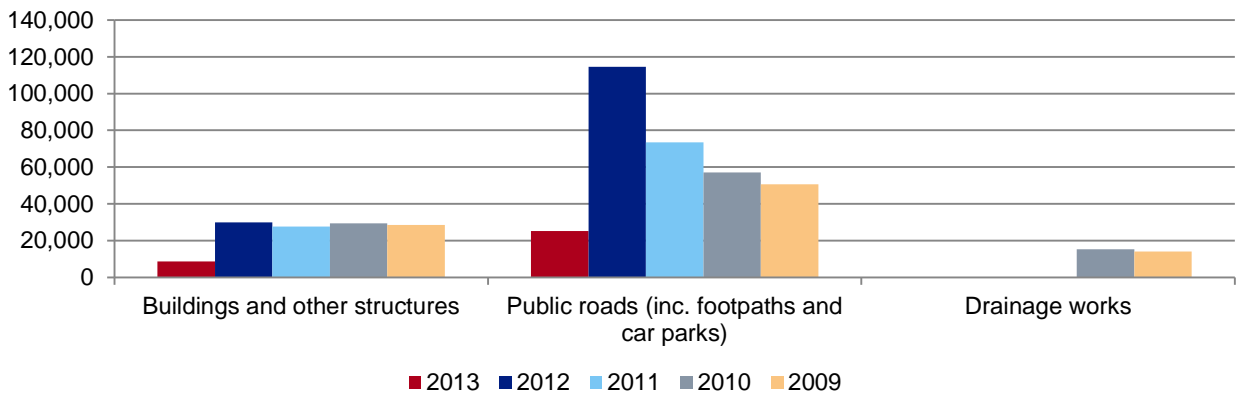
- Cash and cash equivalents decreased by \$2.6m in 2013 to \$17.2m of which \$1.3m was cash on hand and \$15.9m was held in short term deposits.
- Of the \$80.0m in current and non-current cash, cash equivalents and investments, \$29.2m was externally restricted, \$43.6m was internally restricted and \$7.2m was unrestricted.
- Council do not hold any current CDO's or short term FRN's however they do hold \$4.0m in non-current FRN's.

## 2.6 Capital Expenditure

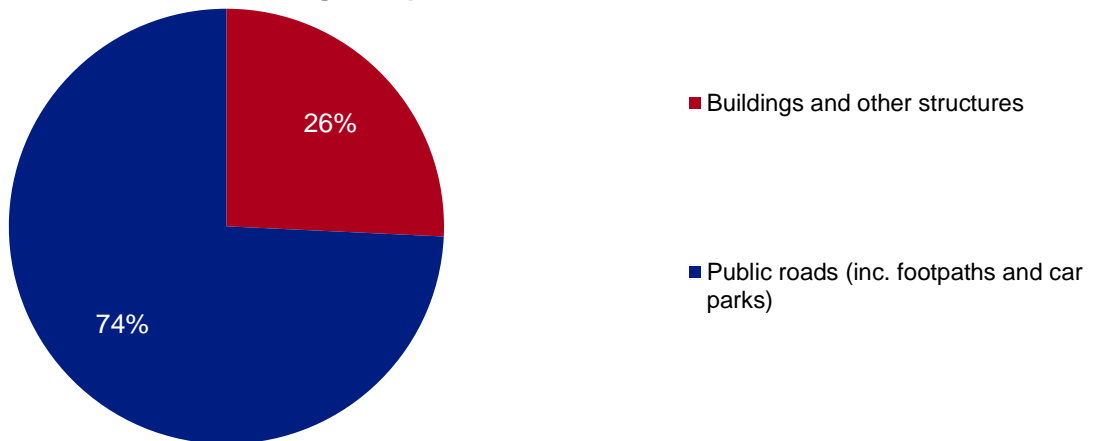
The following section predominantly relies on information obtained from Special Schedules 7 and 8 that accompany the annual financial statements. These figures are unaudited and are therefore Council's estimated figures.

### 2.6.1 Infrastructure Backlog

**Figure 5 - Infrastructure Backlog for 2008/09 to 2012/13(\$'000s)**



**Figure 6 - Infrastructure Backlog Composition for 2012/13**



In 2013 Council reported \$34.0m in Infrastructure Backlog, a decrease of \$110.5m on the previous year. 74.0% relates to public roads infrastructure backlog which decreased by \$89.2m to \$25.2m, while 26.0% relates to buildings and other structures backlog which decreased by \$21.2m to \$8.7m.

Council has advised that since 2010 Council backlog estimates in public roads infrastructure, and particularly in road pavements, were based on the replacement cost of all pavement in Condition 5 or worse, as predicted by the Pavement Management System (PMS). Prior to the PMS, data was based on pavement testing data dating from 2005.



In 2012 all of Council's road pavements were tested for Council by the Australian Road Research Board (ARRB). These tests showed significantly fewer pavement sections in condition 5 or worse which indicated that the pavement deterioration model used previously was either very conservative or did not accurately reflect the number of failed road sections. As a result the reported Backlog for road pavements was greater than it should have been.

In order to ensure that the PMS model does not lead to inaccurate Backlog estimates in the future, Council's Pavement Engineer is now setting up a program for the routine testing of pavements so that over four years all pavements are tested at least once, subject to budget funding, which will then be reflected in their results.

In their current Asset Management Strategy (AMS) Council advised that a significant proportion of Council's assets are in the later stages of their life cycles and their maintenance needs are becoming more significant. Some of the assets are degraded and their condition is below the nominal operating standards for these classes of assets. Many others are well maintained and operating at appropriate standards.

In their AMS base case scenario, Council indicates an asset renewal funding gap of approximately \$11.0m p.a. over the next 10 years in order to maintain their assets in their current condition. Of this approximately \$5.0m p.a. relates to the roads and transport asset class alone.

## 2.6.2 Infrastructure Status

Infrastructure status	Year ended 30 June				
	2013	2012	2011	2010	2009
Bring to satisfactory standard (\$'000s)	34,009	144,515	101,190	101,913	93,170
Required annual maintenance (\$'000s)	40,558	40,411	39,820	20,265	19,459
Actual annual maintenance (\$'000s)	25,692	31,329	35,960	17,084	16,094
Total value infrastructure assets (\$'000s)	1,161,691	1,212,417	1,220,537	1,153,999	556,749
Total assets (\$'000s)	1,868,912	1,897,600	1,905,743	1,905,716	1,239,044
Infrastructure Backlog Ratio	0.03x	0.12x	0.08x	0.09x	0.17x
Asset Maintenance Ratio	0.63x	0.78x	0.90x	0.84x	0.83x
Building and infrastructure asset renewal ratio	0.72x	0.60x	0.78x	0.68x	0.74x
Capital Expenditure Ratio	1.20x	0.89x	1.13x	1.02x	1.30x

The Infrastructure Backlog Ratio decreased to benchmark level in 2013 following the decrease in Council's Infrastructure Backlog as discussed previously.

Council's Asset Maintenance Ratio is well below benchmark and on a downward trend.

While the Buildings and Asset Renewal Ratio improved in 2013, it remained well below benchmark.

Council's Capital Expenditure Ratio increased above benchmark in 2013 due to increased capital works relating to the construction of Council's Library and Knowledge Centre.

### 2.6.3 Capital Program

The following figures are sourced from the Council's Annual Financial Statements at Special Schedule No. 8 and are not audited. New capital works are major non-recurrent projects.

Capital Program (\$'000s)	Year ended 30 June				
	2013	2012	2011	2010	2009
New capital works	48,397	36,749	11,532	6,430	11,422

#### Major Capital Works in 2012/2013

Civic Tower Maintenance  
 Bankstown Arts Centre Refurbishment and Extension  
 Women's Health Centre Construction  
 Bankstown Knowledge and Library Centre

#### Major Capital Works 2013-2017:

Roads Replacement	\$41.3m
Operational Assets Replacement	\$39.8m
Parks Replacements	\$8.3m
Building Replacement	\$7.5m
Library Replacement	\$3.5m

In their LTFP Council advise that over the past 12 months they have carried out a full review and detailed assessment of their infrastructure asset base. This has led to a review of Council's AMS ensuring appropriate levels of investment are made in terms of maintenance and renewal.

In their Base Case Scenario, Council has forecast over \$400m towards the construction and purchase of assets over 10 years however Council advise this will not be sufficient to address Infrastructure Backlog.

Council is aware they face a number of asset management challenges over the coming years. In their AMS, Council advised that funding asset maintenance and renewal and reducing Backlog will require Council to continue to drive efficiency measures, review both services and/or service levels provided and/or increase its revenue base.

Council is continuing to review and monitor their AMS with future plans to include the establishment of levels of service for each asset class linked to the long term community planning framework, develop maintenance service level agreements (SLAs) and continuous performance monitoring with recommended changes to practices and or service levels as necessary.



### **3 Review of Financial Forecasts**

The revised financial forecast model shows the projected financial statements and assumptions for the next 10 years. As Council only operates one Fund we have focussed our analysis on the General Fund.

The LTFP forecast submitted was based on Council's 2013 budget figures, however for the purposes of our report we have used 2013 actual figures. As a result some of the results may be slightly skewed.

Council has provided TCorp with three scenarios within their LTFP, a 'Scenario 1 or Base Case Scenario', 'Scenario 2' and 'Scenario 3'.

'Scenario 1 is based on Council maintaining current service levels and capital funding.

'Scenario 2' includes a 7.0% permanent increase, above rate peg, to rates revenue from 2015 which will address Council's Infrastructure Backlog and ongoing funding of its capital maintenance requirements.

'Scenario 3' includes a temporary increase of 11.0%, above rate peg, for 7 years which will address Council's unfunded renewals and funding of its capital maintenance requirements and Infrastructure Backlog.

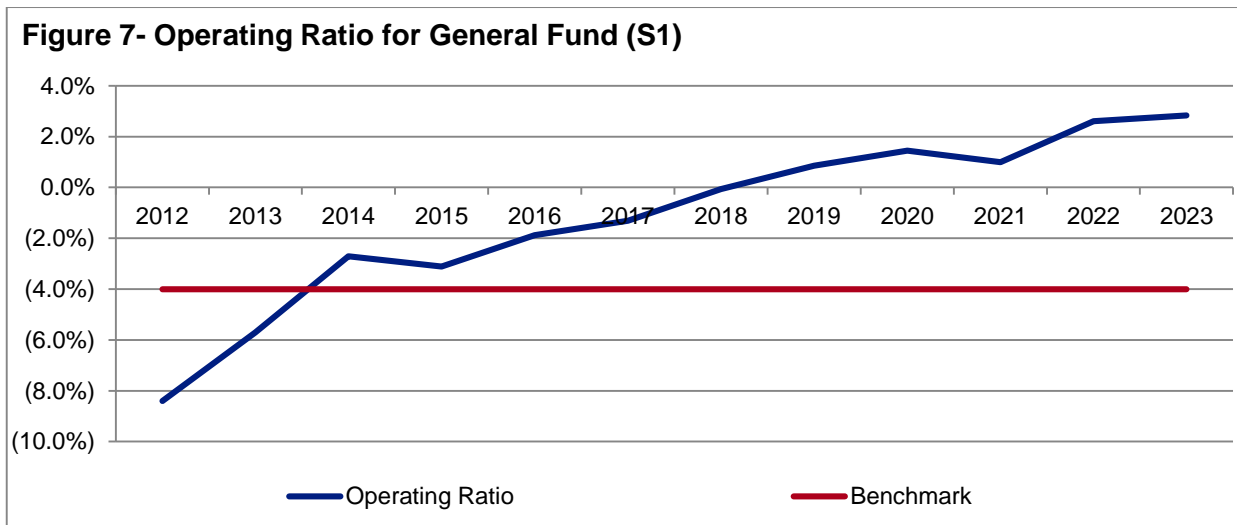




### 3a Scenario 1 – Base Case Scenario

Scenario 1 or Base Case Scenario is based on maintaining current service levels and capital funding.

#### 3.1a Operating Results



The Base Case Scenario forecasts an improving operating result over the forecast period.

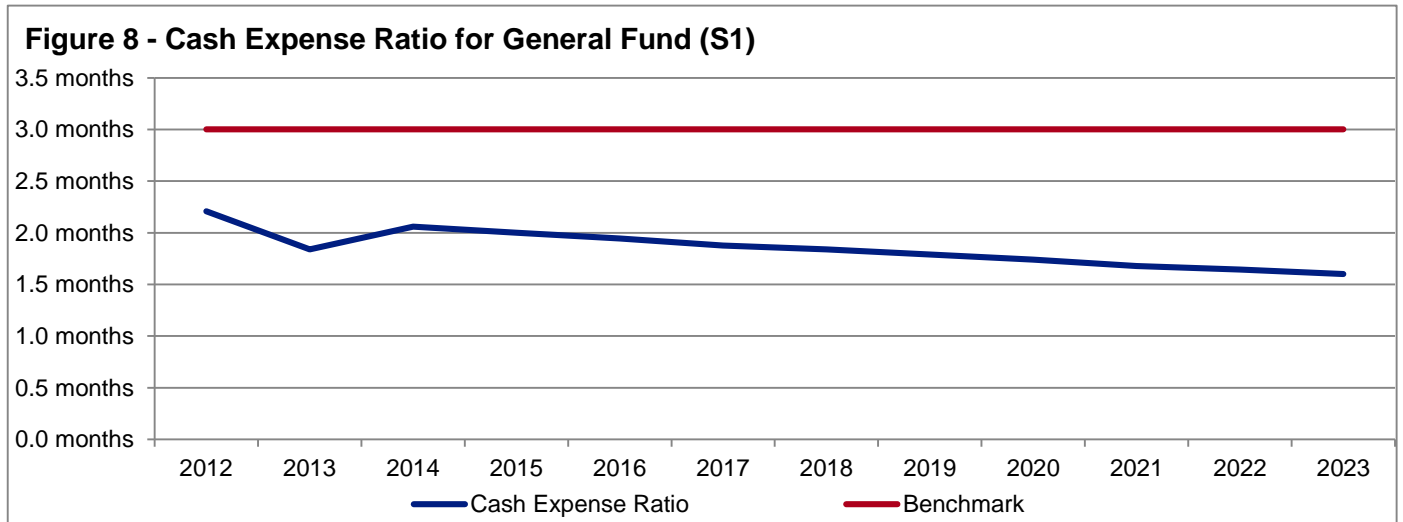
In 2014, while operating grants are forecast to reduce as a result of the prepayment of half the 2014 FAG in 2013, operating revenue is forecast to increase by 4.8% (\$6.6m), primarily as a result of a forecast increase of 4.6% (\$4.7m) in rates and annual charges as a result of increased domestic waste charges.

While employee expenses are forecast to increase by 7.5% (\$4.3m) in 2014, Council has forecast a decrease in all other expenses resulting in an overall increase of only 0.6% in Council's total expenses in 2014.

For the remainder of the forecast period Council has forecast operating revenue to increase by an average of 3.0% p.a. (compared to the historic average of 3.3%), with operating expenses forecast to increase by an average of 2.4% p.a. While the historic average increase in operating expenses between 2009 and 2013 was 5.2%, it should be noted these results are skewed as a result of increased depreciation expense in 2011, and Council's operating expenses decreased overall in 2013.

### 3.2a Financial Management Indicators

#### Liquidity Ratios

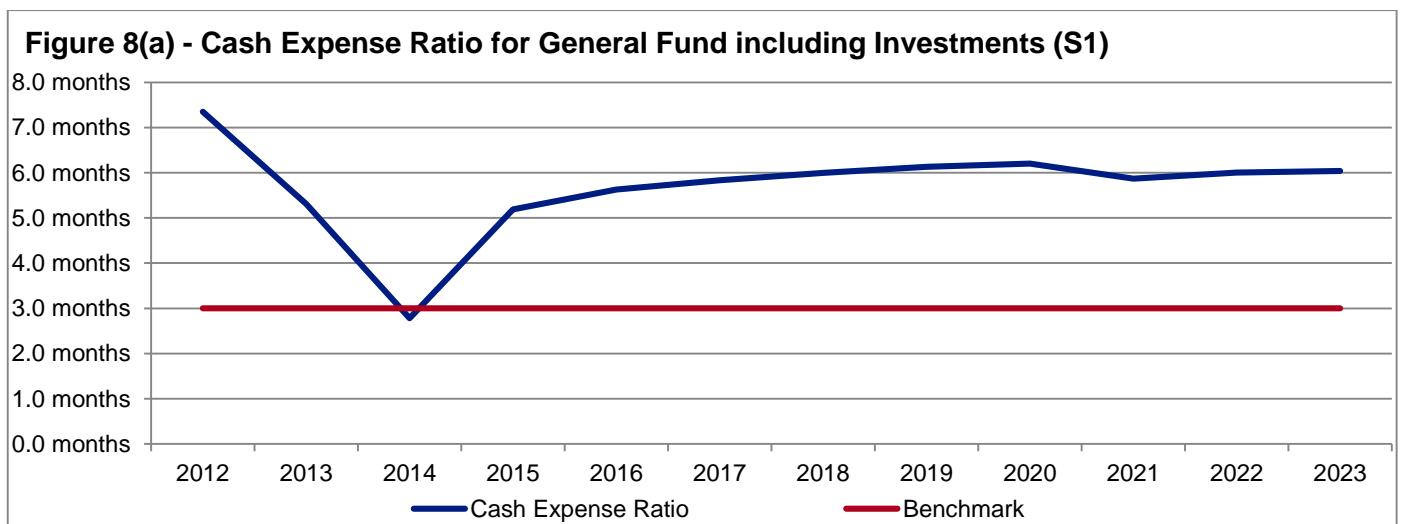


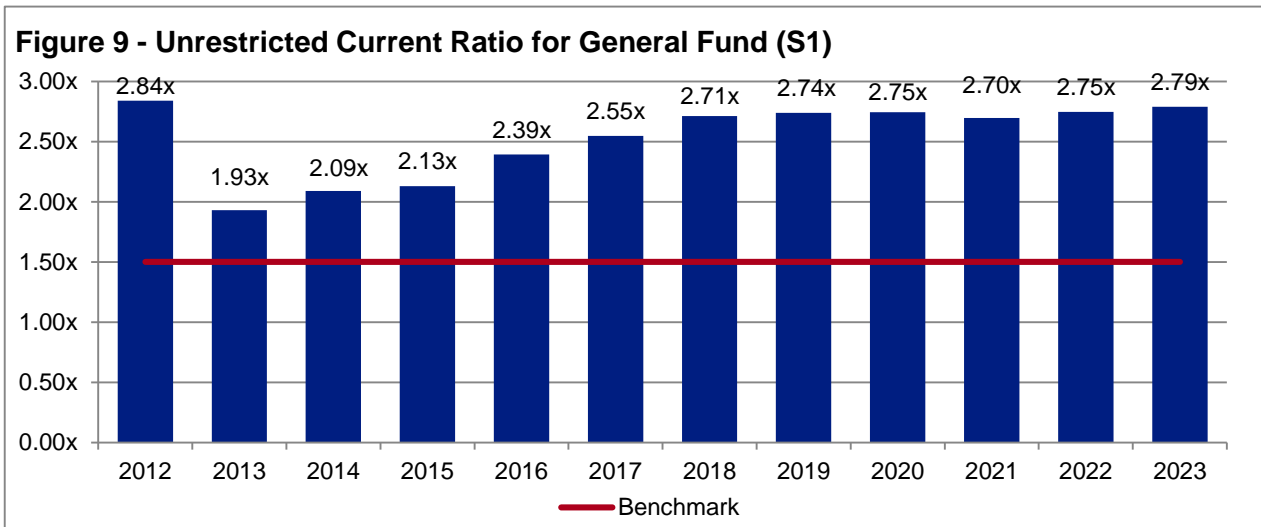
Council’s Cash Expense Ratio is below benchmark for the entire forecast period. Council has forecast cash and cash equivalents to remain constant at \$19.8m for the entire period.

The ratio does not take into account Council’s current level of investments. If these are included (Fig. 8(a)), Council’s Cash Expense Ratio is forecast at or above benchmark over the entire forecast period.

In June 2013, Council held \$80.0m in their current and non-current investment portfolio. Of this 75.0% (59.8m) was held in term deposits, 21.0% (\$17.2m) was held in cash and other deposits and 4.0% (\$3.0m) was held in FRN’s.

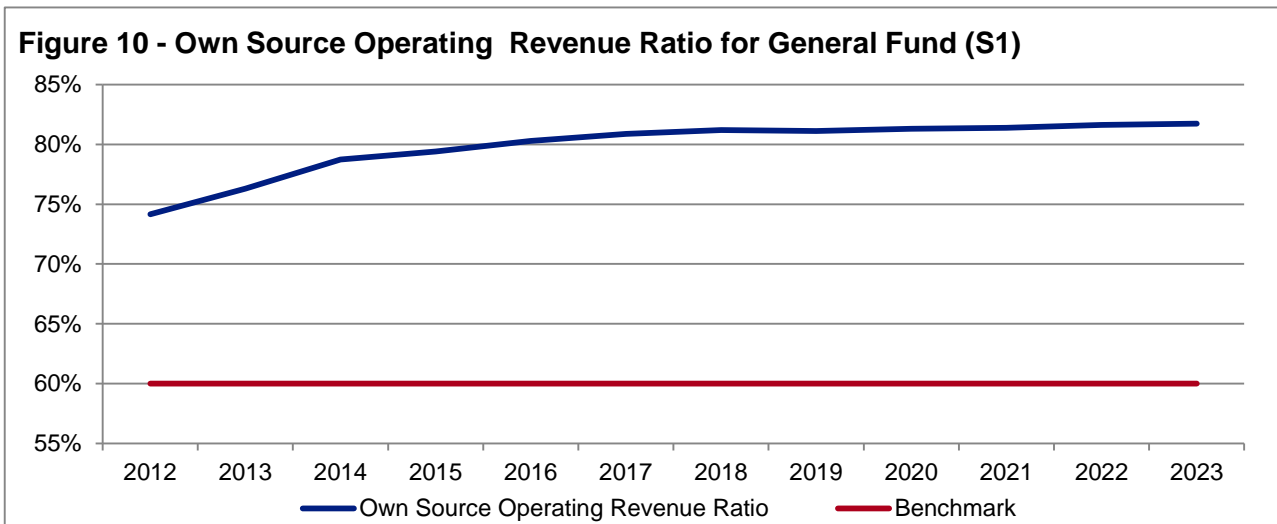
In 2014 Council has forecast current investments to decrease by \$25.4m to \$6.9m which Council has advised is due to a change in the allocation between current and non-current investments.





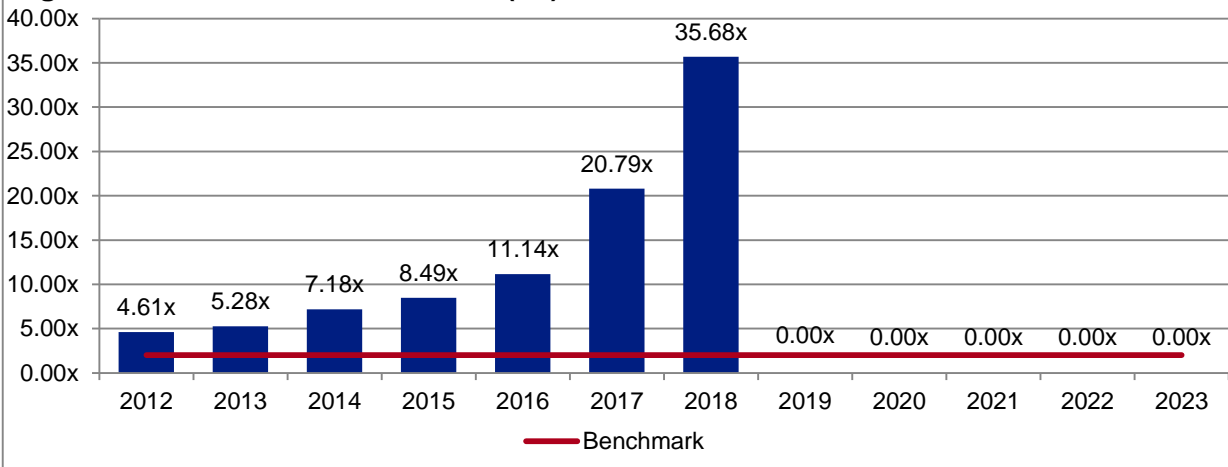
The Unrestricted Current Ratio is above benchmark for the entire forecast period. This indicates Council should not face liquidity issues in the future.

### Fiscal Flexibility Ratios



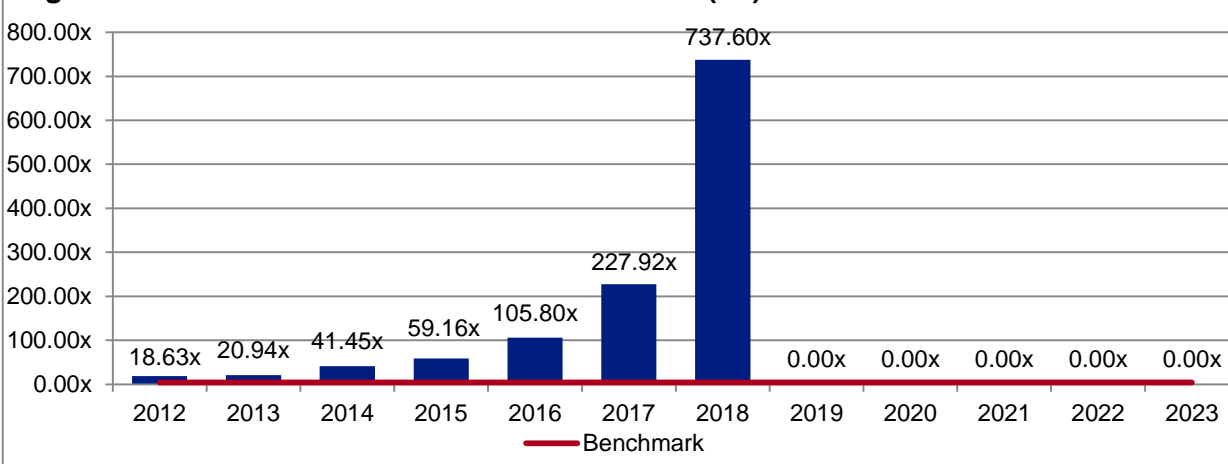
The Own Source Operating Revenue Ratio is well above benchmark for the entire forecast period highlighting that Council is not heavily reliant on external sources of funding. In 2013 Council received \$2.0m in capital grants for the Memorial Oval Project and \$0.8m for the Trigenation Project. Lower grants are forecast from 2014 and this causes the ratio to increase from that year.

**Figure 11 - DSCR for General Fund (\$1)**



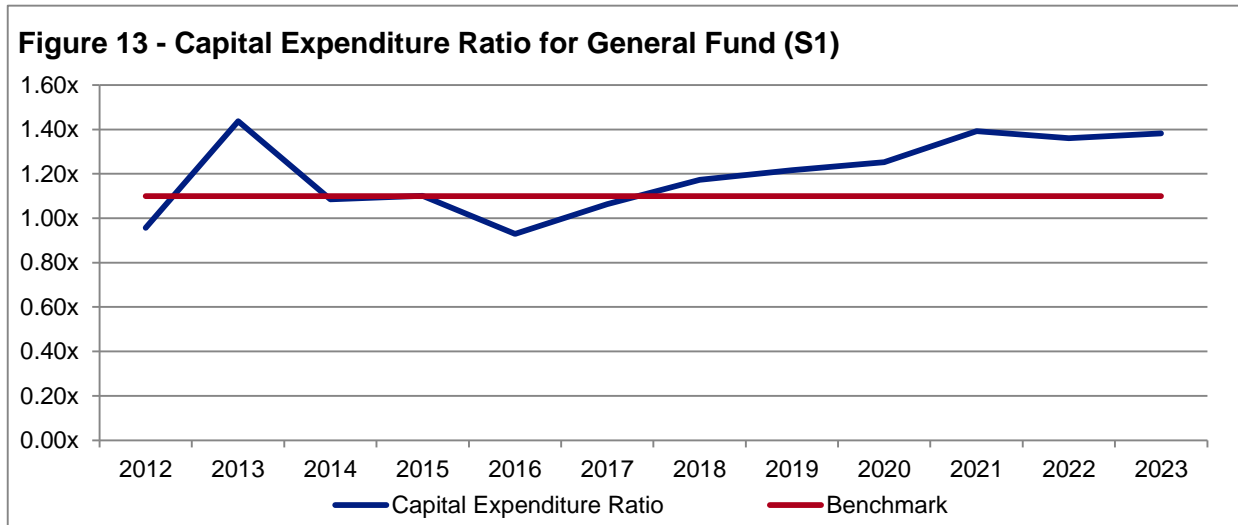
Council's DSCR is well above benchmark, and improving over the forecast period. By 2019 Council plan to have paid down all their debt therefore no ratio is applicable from 2019.

**Figure 12 - Interest Cover Ratio for General Fund (\$1)**



Similar to the DSCR, Council's Interest Cover Ratio is well above benchmark for the forecast period. Based on these ratios Council has the capacity to take on additional debt if necessary. Such a strategy could assist Council in reducing their Infrastructure Backlog.

### 3.3a Capital Expenditure



Council has forecast \$400.0m in capital expenditure between 2014 and 2022. From 2018 Council forecast they will be spending above the required amount in capital expenditure which increases as Council pays down their debt and use cash to pay for capital expenditure.

Council has indicated that while the current Infrastructure Backlog is estimated at \$35.0m, Council is required to spend an extra \$10.0m p.a. on asset renewal and maintenance to prevent their Infrastructure Backlog from growing. Capital expenditure outlined in the LTFP indicates that when Infrastructure Backlog is excluded, Council has the financial capacity to provide levels of infrastructure to a standard that is acceptable by the community.



### 3.4a Financial Model Assumption Review

The Council has used their own assumptions in developing their forecasts.

In order to evaluate the validity of the Council's forecast model, TCorp has compared the model assumptions versus TCorp's benchmarks for annual increases in the various revenue and expenditure items. Any material differences from these benchmarks should be explained through the LTFFP.

TCorp's benchmarks:

- Rates and annual charges: TCorp notes that the LGCI increased by 3.4% in the year to September 2011, 2.8% in 2012, and 3.6% in 2013. In November 2012 IPART announced that the rate peg to apply in the 2013/14 financial year will be 3.4%. Beyond 2014 TCorp has assessed a general benchmark for rates and annual charges to increase by mid-range LGCI annual increases of 3.0%
- Interest and investment revenue: annual return of 5%
- All other revenue items: the estimated annual CPI increase of 2.5%
- Employee costs: 3.5% (estimated CPI+1%)
- All other expenses: the estimated annual CPI increase of 2.5%

#### Key Observations and Risks

- The LTFFP adopted by Council is based on maintaining current services and current service levels.
- The LTFFP forecast submitted was based on Council's 2013 budget figures, however for the purposes of our report we have used 2013 actual figures. As a result some of the results may be slightly skewed.
- Rates and annual charges are forecast to increase by 4.6% in 2014. This is due to an increase in domestic waste charges. From 2015 Council has forecast rates and annual charges to increase by an average of 3.4% p.a.
- User fees and charges are forecast to increase by an average of 2.6% p.a. over the forecast period.
- Following a decrease in 2014 as a result of the prepayment of half the 2014 FAG in 2013, operating grants are forecast to increase by approximately 2.5% p.a. for the remainder of the forecast period.
- Council has forecast other revenue to increase by 6.9% (\$0.8m) in 2019 due to anticipated development at Bankstown Airport. For the remainder of the period they are forecast to increase by 2.5% p.a.
- When estimating their costs Council budgets for its full complement of staff and as a result employee expenses have been forecast to increase by 7.5% in 2014 which would increase employee numbers by 32 employees from 2013. From 2015 employee expenses are forecast to increase by 3.3% p.a. which is in line with the average historic increase between 2009 and 2013.
- Materials and contract expenses are forecast to fluctuate throughout the 10 year financial forecast period with increases of up to 7.1% year on year and decreases of 3.8% year on year which Council advised is a result of the timing of various projects including the inclusion of election expenses.



- Depreciation is forecast to decrease by a further 5.4% in 2014 as a result of the road pavement valuation adjustments. From 2015 depreciation expense is forecast to increase by 1.0% p.a.
- With the exception of Council's depreciation expense, which may be slightly understated, we find the assumptions used in Council's financial forecast reasonable.

### **3.5a: Sustainability**

Based on the information received and the revised LTFP, TCorp believes the Council is in a Moderate Sustainability position and based on the current financial forecast we believe Council to be sustainable in the long term.

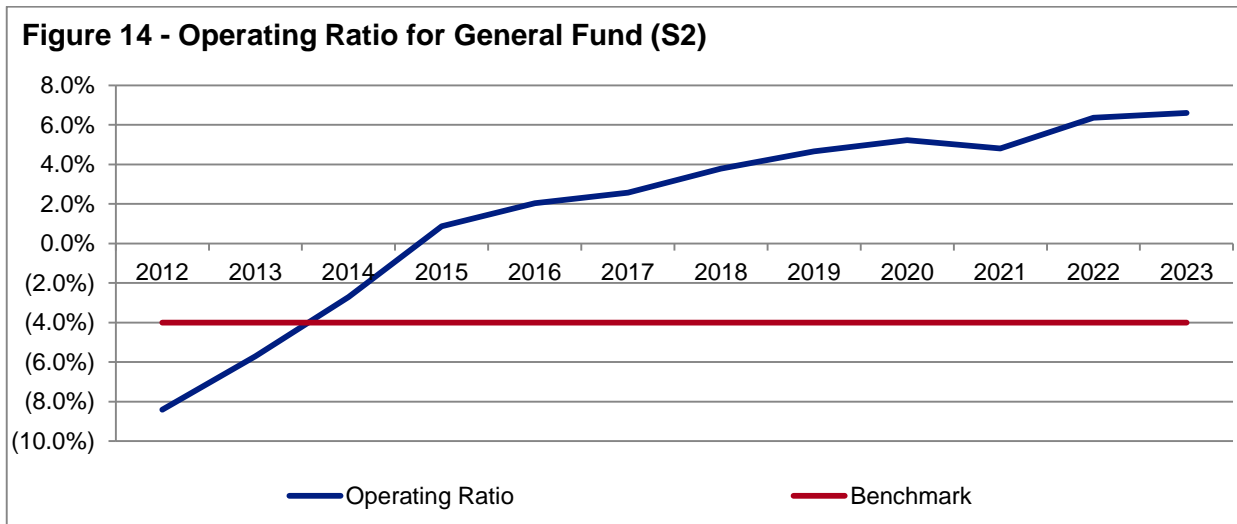
In considering the longer term financial Sustainability of the Council we make the following additional comments:

- Council is forecasting to return to a surplus position in 2018 and the operating result is forecast to continue to improve for the remainder of the forecast period.
- Council's Interest Cover Ratio and DSCR are well above benchmark and by 2019 Council forecast they will be debt free.
- Council's Unrestricted Current Ratio is above benchmark and improving over the entire forecast period.
- Council's Own Source Operating Ratio is forecast above benchmark for the entire forecast period which indicates Council is not heavily reliant on external sources of revenue.
- Under Scenario 1 Council has advised that their Infrastructure Backlog will increase from \$34.0m in 2014 to \$81.0m in 2023.

### 3b Scenario 2

Scenario 2 incorporates a permanent SRV of 7.0%, above rate peg, in rates revenue from 2015 to address Council’s Infrastructure Backlog and ongoing funding of its capital maintenance requirements.

#### 3.1b: Operating Results



Scenario 2 forecasts an improving operating result over the forecast period, when capital grants and contributions are excluded. The Operating Ratio is forecast to increase above benchmark in 2014 and a surplus position is anticipated from 2015 for the remainder of the forecast period.

In 2014 operating revenue is forecast to increase by 4.8% (\$6.6m), primarily as a result of a forecast increase of 4.6% (\$4.7m) in rates and annual charges as a result of increased domestic waste charges.

From 2015 a surplus position has been forecast based on the assumption that revenue will increase by approximately 8.7% as a result of the proposed SRV in 2015.

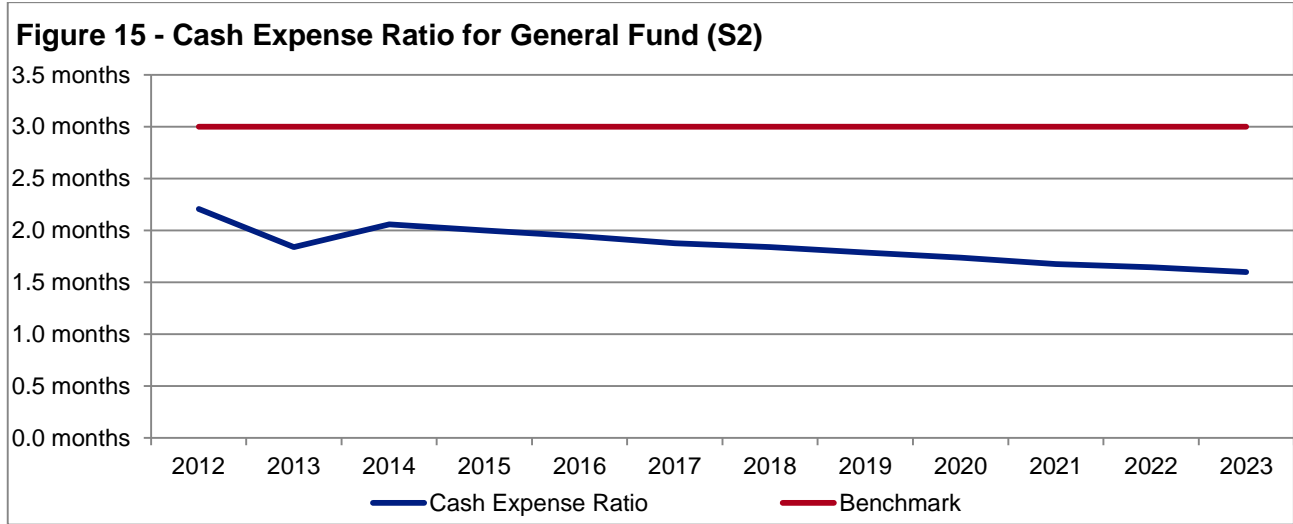
For the remainder of the period, Council has forecast operating revenue to increase by an average of 3.2% p.a. (compared to the historic average of 3.3% p.a.), while operating expenses are forecast to increase by an average of 2.4% p.a. over the same period. While the historic average increase in operating expenses between 2009 and 2013 was 5.2% p.a., it should be noted these results are skewed as a result of increased depreciation expense in 2011.



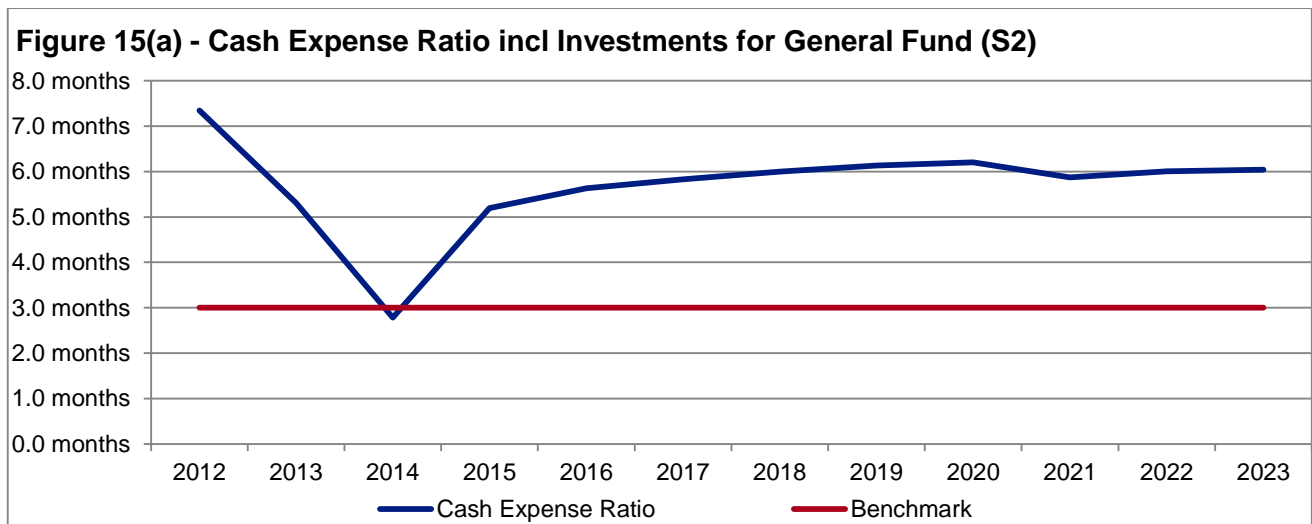
### 3.2b: Financial Management Indicators

The financial indicators are linked to the utilisation of debt in early years and the use of cash for capital works projects. The indicators remain static over time as the amortising debt reduces, operating deficits improve and cash is allocated to capital expenditure.

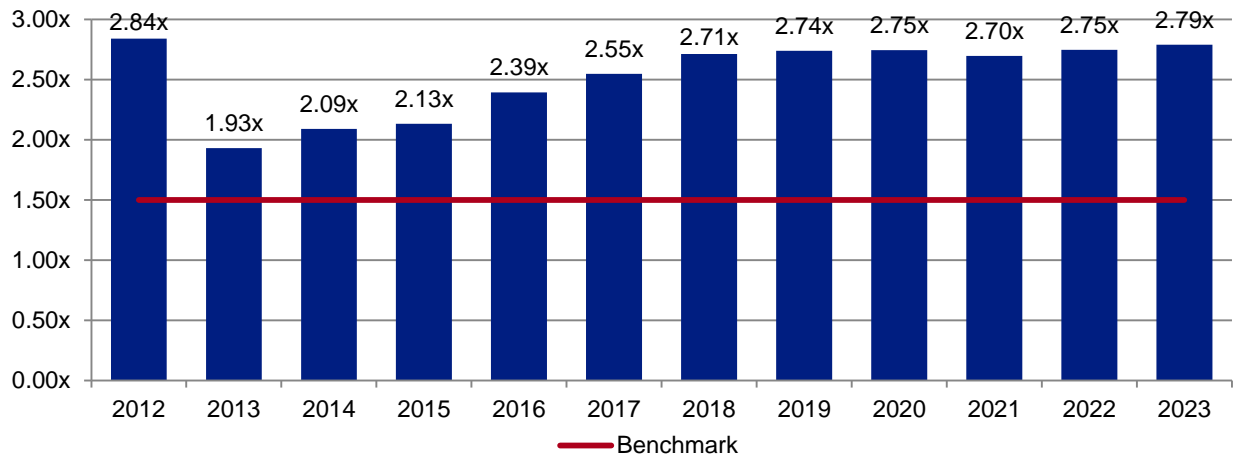
#### Liquidity Ratios



The Cash Expense Ratio is forecast below benchmark for the entire forecast period however the ratio does not include investments. When Investments are included (Fig. 15(a)) the Cash Expense Ratio is above benchmark for the entire forecast period except 2014.



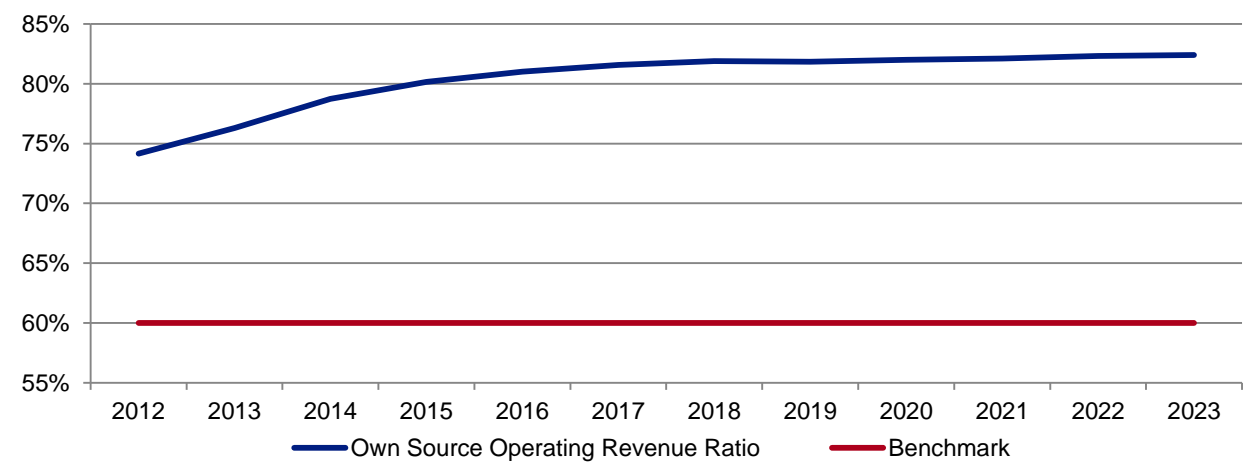
**Figure 16 - Unrestricted Current Ratio for General Fund (\$2)**



Council’s Unrestricted Ratio is above benchmark for the entire forecast period which indicates Council should not face liquidity issues in the future.

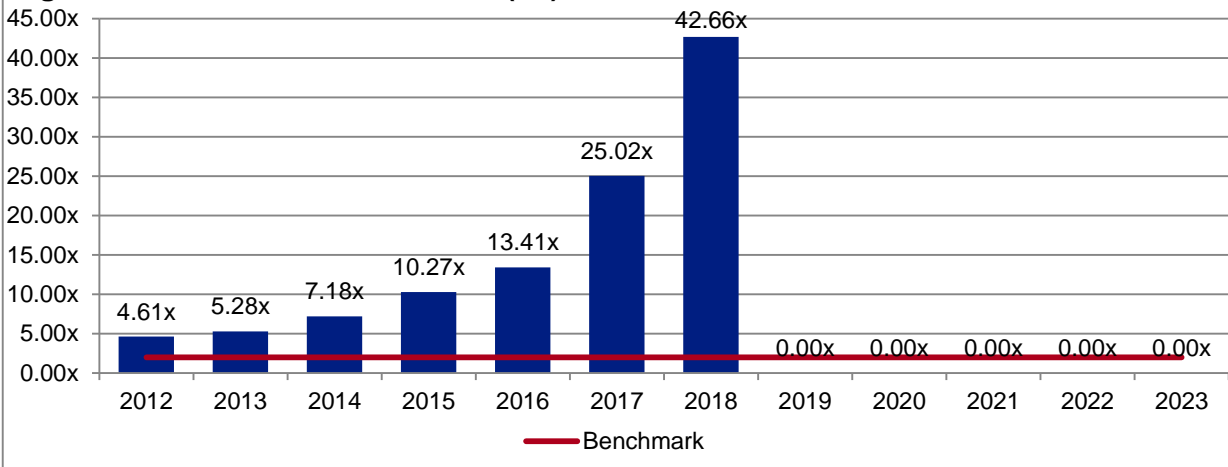
**Fiscal Flexibility Ratios**

**Figure 17 - Own Source Operating Revenue Ratio for General Fund (\$2)**

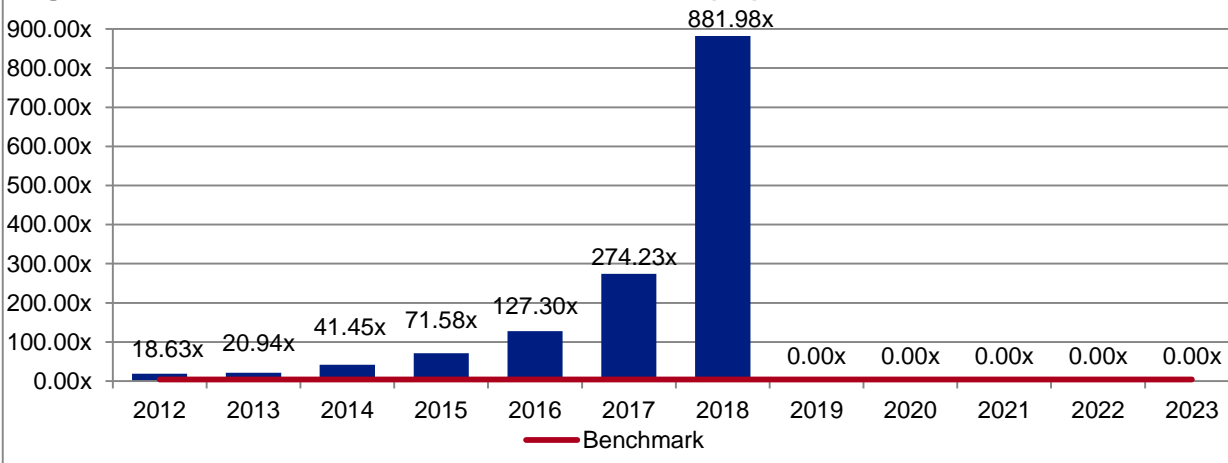


Council’s Own Source Operating Revenue Ratio is well above benchmark for the entire forecast period. This indicates that Council is not heavily reliant on external sources of funding.

**Figure 18 - DSCR for General Fund (\$2)**

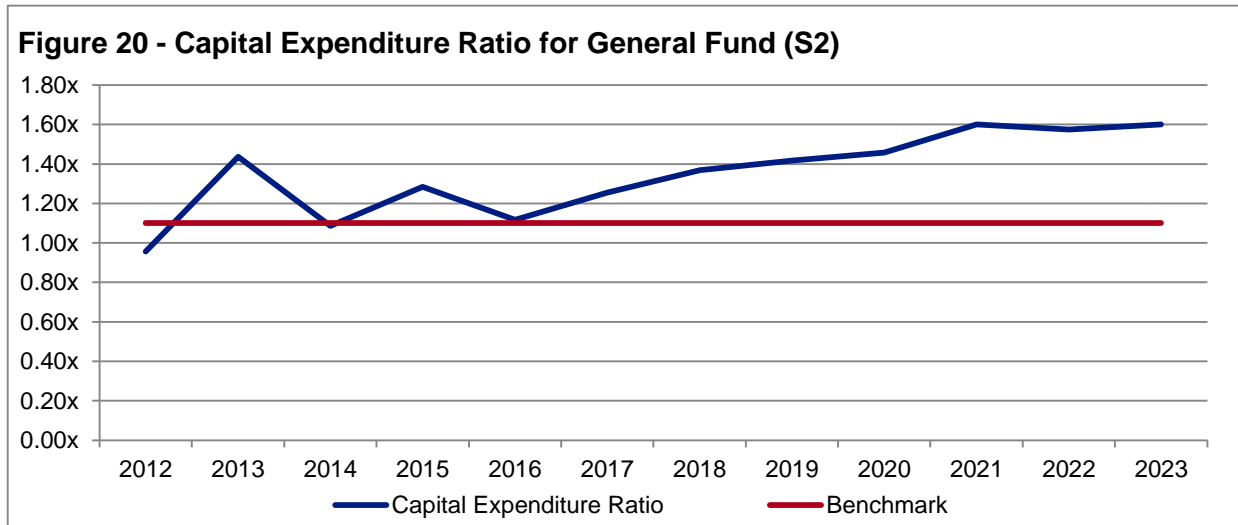


**Figure 19 - Interest Cover Ratio for General Fund (\$2)**



Council's DSCR and Interest Cover Ratio are both well above benchmark for the entire forecast period. By 2019 Council plans to have paid down all their debt therefore no ratio is applicable from 2019.

### 3.3b: Capital Expenditure



Council's Capital Expenditure Ratio is above benchmark for the entire forecast period. Under this Scenario, Council has forecast \$460.0m in IPP&E purchases over the 10 year financial forecast. The additional capital spending in Scenario 2 will help address the Infrastructure Backlog.



### **3.4b: Financial Model Assumption Review**

#### **Key Observations and Risks**

- Scenario 2 incorporates a permanent SRV of 7.0%, above rate peg, from 2015 to address Council's Infrastructure Backlog and ongoing funding of its capital maintenance requirements.
- Rates and annual charges are forecast to increase by 4.6% in 2014 due to an increase in domestic waste charges. In 2015 Council has forecast rates and annual charges to increase by 8.7% (\$9.3m) as a result of the proposed SRV of 7.0%. From 2016 they are forecast to increase by an average of 3.4% p.a.
- With the exception of rates and annual charges the assumptions used for the various revenue and expenditure items in the LTFP for Scenario 2 are the same as for Scenario 1.

### **3.5b: Sustainability**

Based on the information received and the revised LTFP, TCorp believes the Council is in a Moderate Sustainability position and based on the current financial forecast we believe Council to be sustainable in the long term.

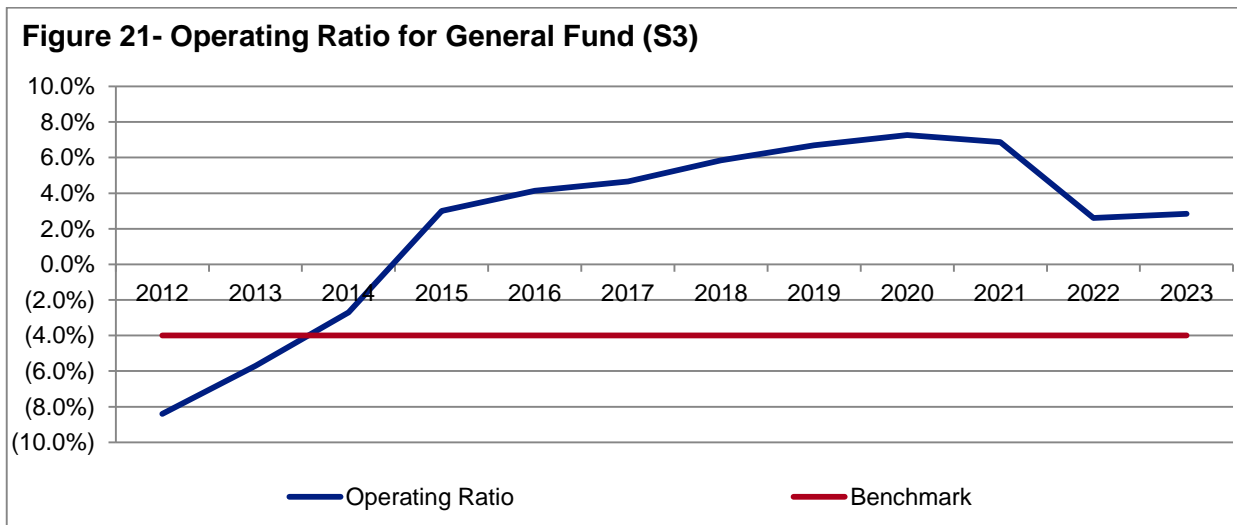
In considering the longer term financial Sustainability of the Council we make the following additional comments:

- Council is forecasting to return to a surplus position in 2015 and the operating result is forecast to continue to improve for the remainder of the forecast period.
- Under this Scenario Council anticipate they will reduce their Infrastructure Backlog from \$34.0m in 2014 to \$19.0m in 2023.
- Council's Interest Cover Ratio and DSCR are well above benchmark and by 2019 Council forecast they will be debt free.
- Council's Unrestricted Current Ratio is above benchmark and improving over the entire forecast period.
- Council's Own Source Operating Ratio is forecast above benchmark for the entire forecast period which indicates Council is not heavily reliant on external sources of revenue.

### 3c Scenario 3

Scenario 3 incorporates a temporary SRV of 11.0%, above rate peg, for 7 years from 2015 to address Council’s Infrastructure Backlog and funding of its capital maintenance requirements.

#### 3.1c: Operating Results



Scenario 3 forecasts an improving operating result over the forecast period, when capital grants and contributions are excluded. The Operating Ratio is forecast to increase above benchmark in 2014 and a surplus position is anticipated from 2015 for the remainder of the forecast period.

From 2015 a surplus position has been forecast based on the assumption that revenue will increase by approximately 11.0% as a result of the proposed SRV in 2015.

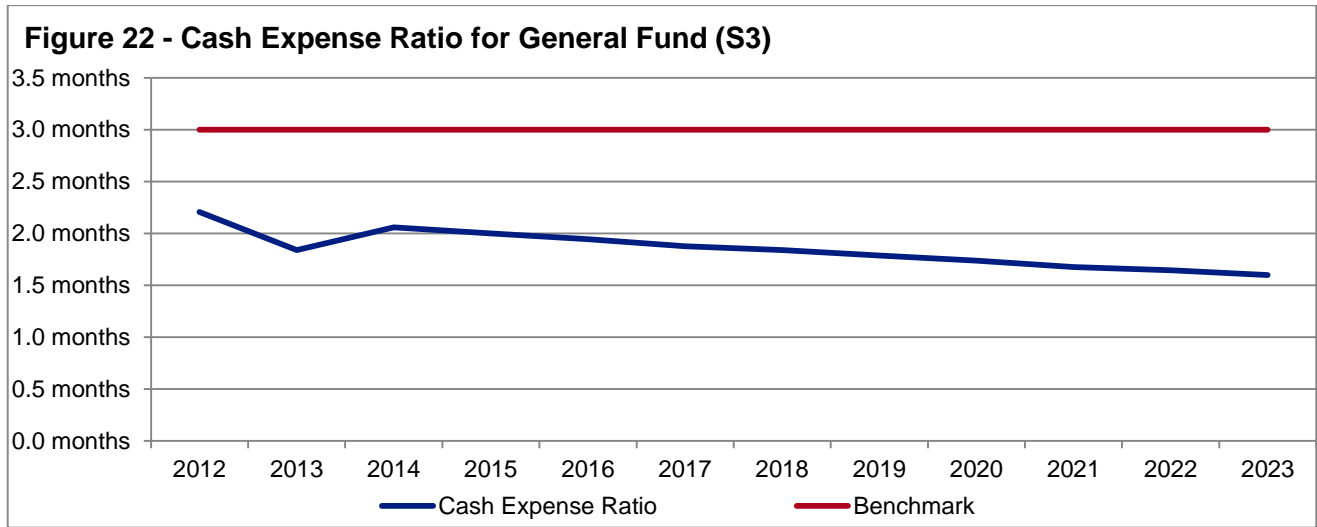
In 2022 the ratio is forecast to decrease as a result of a reduction in revenue due to the completion of the proposed SRV.

For the remainder of the period Council has forecast operating revenue to increase by an average of 3.2% p.a. (compared to the historic average of 3.3% p.a.), while operating expenses are forecast to increase by an average of 2.4% p.a. over the same period. While the historic average increase in operating expenses between 2009 and 2013 was 5.2%, it should be noted these results are skewed as a result of increased depreciation expense in 2011.

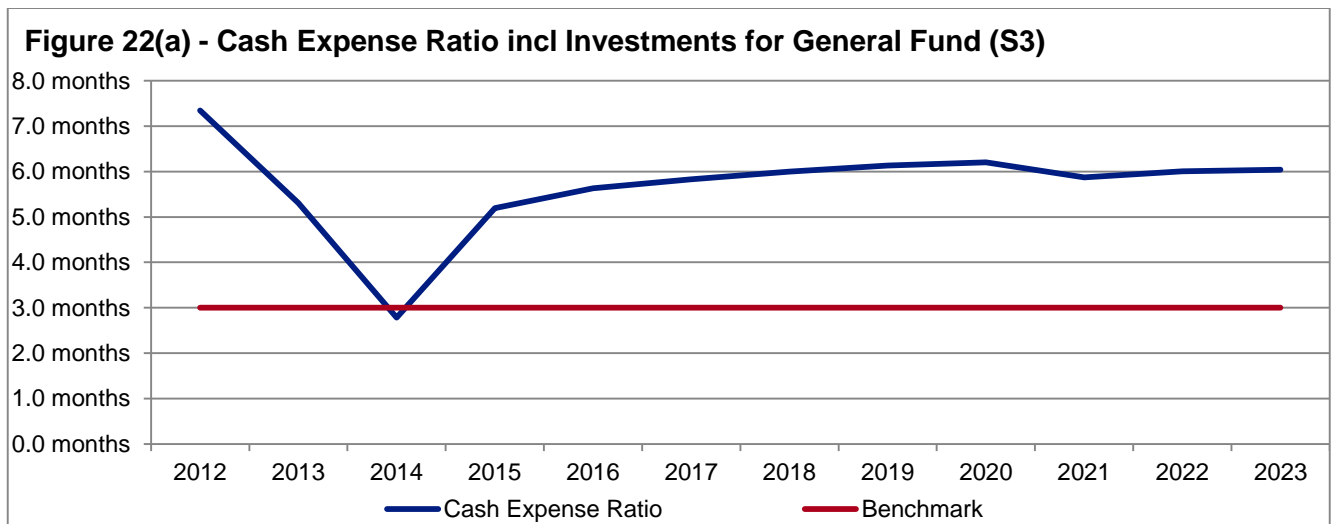
### 3.2c: Financial Management Indicators

The financial indicators are linked to the utilisation of debt in early years and the use of cash for capital works projects. The indicators remain static over time as the amortising debt reduces, operating deficits improve and cash is allocated to capital expenditure.

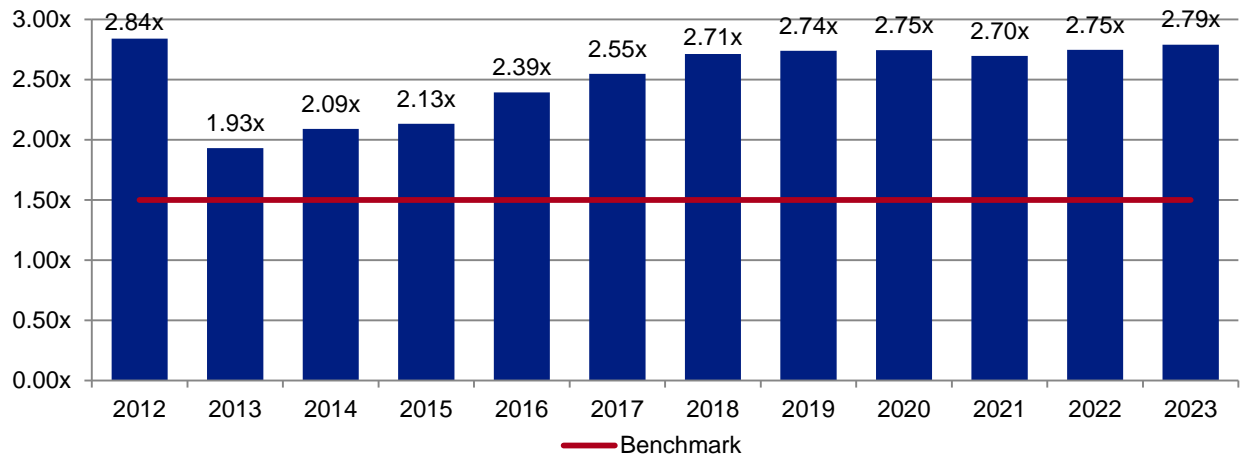
#### Liquidity Ratios



The Case Expense Ratio is below benchmark for the entire forecast period however this ratio does not include investments. When investments are included (Fig. 22(a)) the ratio is above benchmark for the entire forecast period.



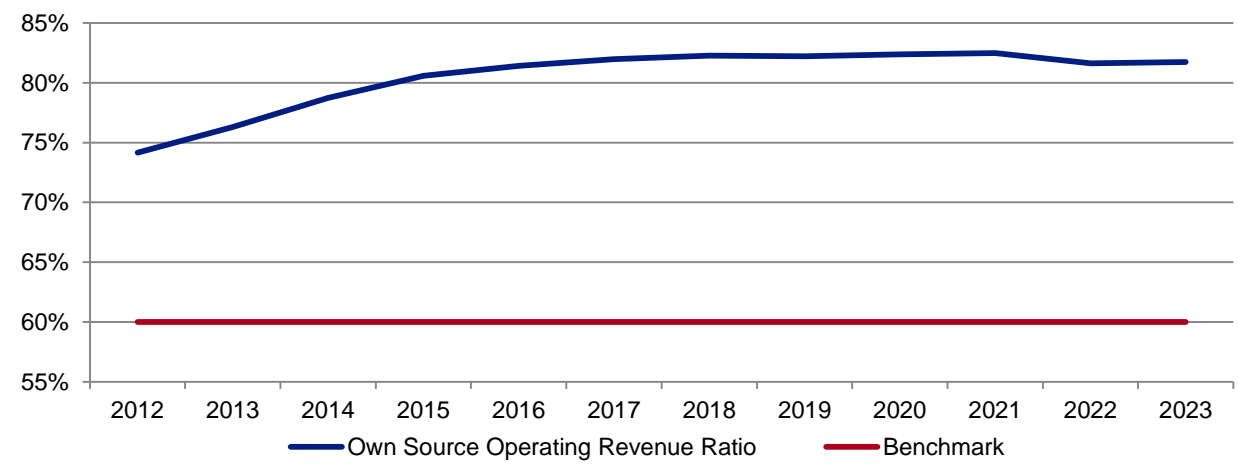
**Figure 23 - Unrestricted Current Ratio for General Fund (\$3)**



Council’s Unrestricted Current Ratio is well above benchmark for the entire forecast period indicating Council should not face liquidity issues in the future.

**Fiscal Flexibility Ratios**

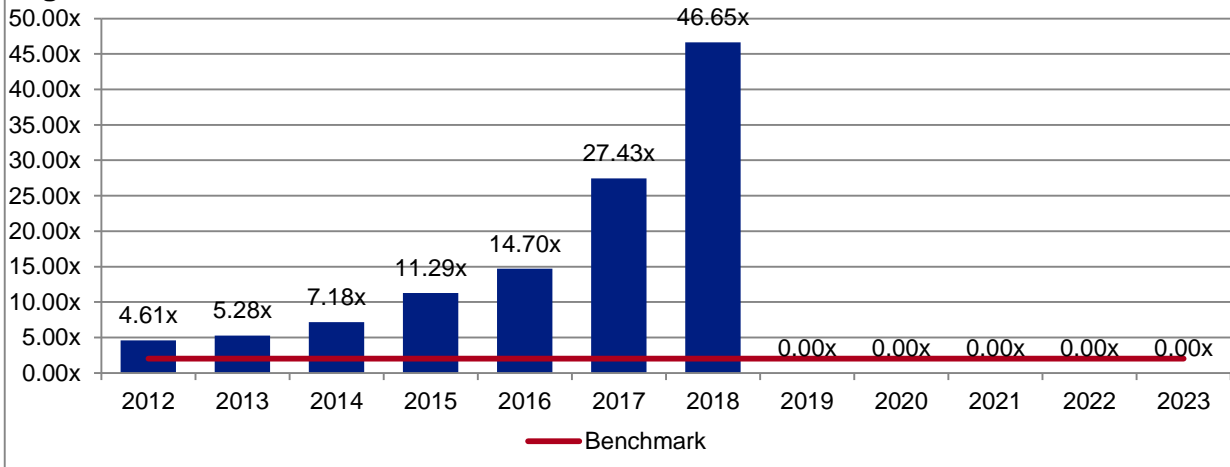
**Figure 24 - Own Source Operating Revenue Ratio for General Fund (\$3)**



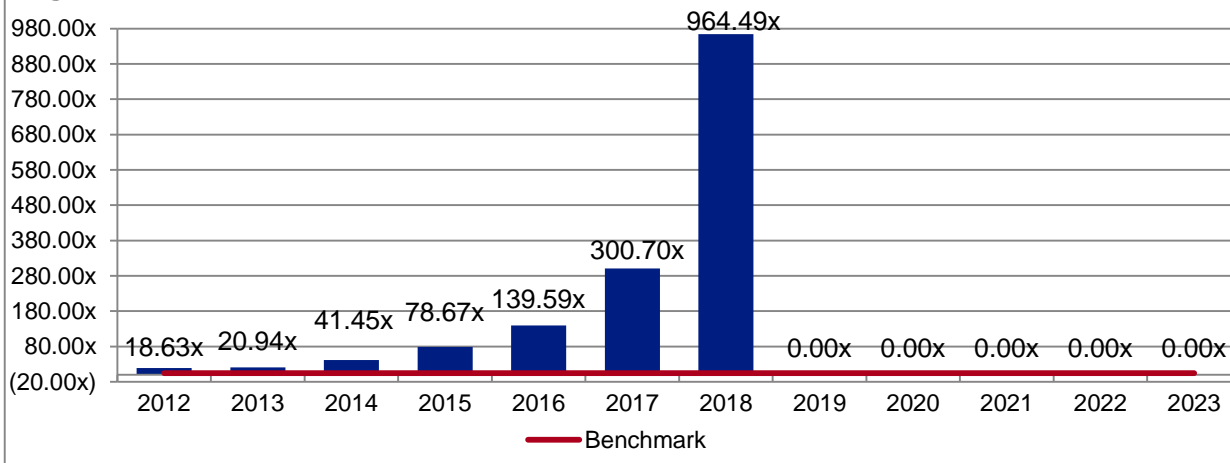
The Own Source Operating Ratio is well above benchmark for the entire forecast period. The ratio decreases marginally in 2022 due to the completion of the proposed SRV which will result in a reduction in Council’s operating revenue that year.



**Figure 25 - DSCR for General Fund**

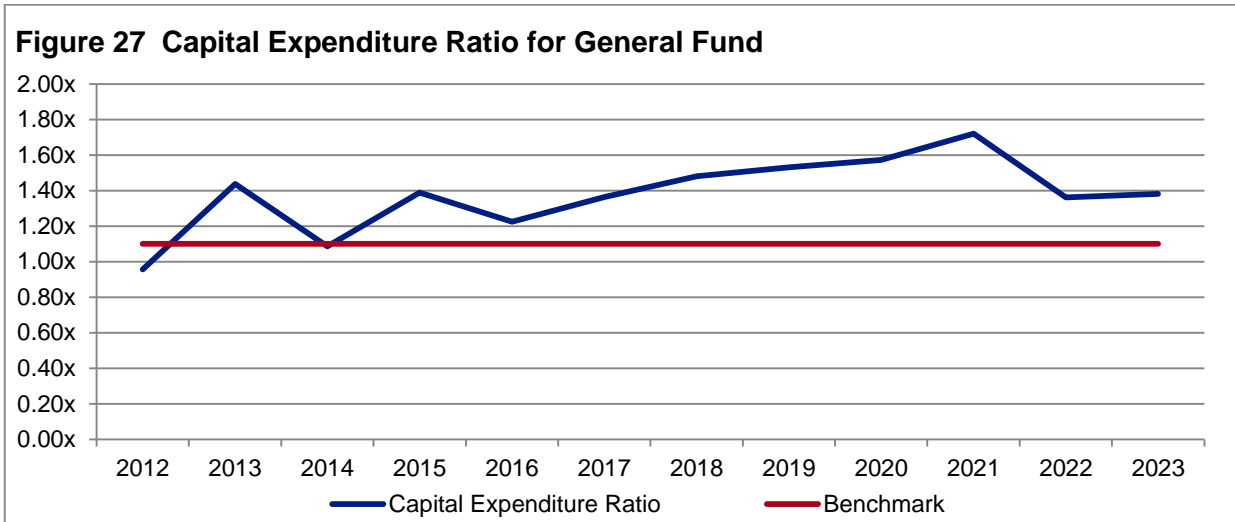


**Figure 26 - Interest Cover Ratio for General Fund**



Council's DSCR and Interest Cover Ratio are both well above benchmark for the entire forecast period. By 2019 Council plan to have paid down all their debt therefore no ratio is applicable from 2019.

### 3.3c: Capital Expenditure



Based on Scenario 3 Council's Capital Expenditure Ratio is above benchmark for the entire forecast period. Council's proposed expenditure under this scenario is \$450m. Council has not assigned any specific projects under this scenario.



### **3.4c: Financial Model Assumption Review**

Scenario 3 incorporates a temporary SRV of 11.0%, above rate peg, for 7 years from 2015 to address Council's Infrastructure Backlog and funding of its capital maintenance requirements

#### **Key Observations and Risks**

- Rates and annual charges are forecast to increase by 11.8% (\$12.6m) in 2015 as a result of the proposed SRV of 11.0% above rate peg. In 2022 they are forecast to decrease by 4.1% (\$6.0m) as Council deduct the value of the SRV from their general rates income. For the remainder of the forecast period rates and annual charges are forecast to increase by an average of 3.4% p.a.
- With the exception of rates and annual charges the assumptions used for the various revenue and expenditure items in the LTFP for Scenario 3 are the same as for Scenario 1.

### **3.5c: Sustainability**

Based on the information received and the LTFP for Scenario 3, TCorp believes the Council to be in a Moderate Sustainability position.

Should an SRV of 11.0% above rate peg be approved, in considering the longer term Sustainability of the Council we make the following comments:

- Council is forecasting to return to a surplus position in 2015 and the operating result is forecast to continue to improve for the remainder of the forecast period. While Council has to reduce their revenue in 2022 Council are forecast to remain in a surplus position.
- Under this scenario Council propose to clear their existing Infrastructure Backlog by 2022.
- Council's Interest Cover Ratio and DSCR are well above benchmark and propose to be debt free by 2019. This suggests Council has the capacity to undertake additional borrowings in their financial forecast, if required.

## 4 Conclusion and Recommendations

Based on our review of both the historic financial information and the updated 10 year financial forecast within Council's long term financial plan for Scenario 1 we consider Council to be currently in a Moderate financial Sustainability position with a Neutral Outlook.

We base our recommendation on the following key points:

- Council forecast a surplus position from 2018 with the operating result improving in the long term.
- The majority of Council's benchmark ratios are at or above benchmark for the forecast period.
- Council advise under this Scenario their Infrastructure Backlog will increase significantly by 2023.

Based on our review of both the historic financial information and the updated 10 year financial forecast within Council's long term financial plan for Scenario 2 we consider Council to be in a Moderate financial Sustainability position with an improving performance indicated over the longer term and a Positive Outlook

We base our recommendation on the following key points:

- Council forecast a surplus position from 2015 with the operating result increasing in the long term.
- Council's Interest Cover Ratio and DSCR are well above benchmark for the entire forecast period which indicates Council has the capacity to undertake additional borrowings.
- Under this scenario Council has advised they will reduce their Infrastructure Backlog from \$34.0m in 2013 to \$18.0m in 2023.

Based on our review of both the historic financial information and the updated 10 year financial forecast within Council's long term financial plan for Scenario 3 we consider Council to be currently in a Moderate financial Sustainability position with an improving performance indicated over the longer term and a Positive Outlook.

We base our recommendation on the following key points:

- Council has forecast a surplus position from 2015 with the operating result continuing to improve over the forecast period.
- Under Scenario 3 Council forecast they will clear their Infrastructure Backlog by 2023.
- Council's Interest Cover Ratio and DSCR are well above benchmark for the entire forecast period which indicates Council has the capacity to undertake additional borrowings.



## Appendix A Historical Financial Information Tables

Table 1-Income Statement

Income statement	Year ended 30 June					% annual change			
	2013	2012	2011	2010	2009	2013	2012	2011	2010
<b>Revenue</b>									
Rates and annual charges	101,888	97,296	93,315	91,232	86,166	4.7%	4.3%	2.3%	5.9%
User charges and fees	10,396	9,930	7,895	6,975	7,038	4.7%	25.8%	13.2%	(0.9%)
Interest and investment revenue	5,132	5,999	6,795	5,328	5,593	(14.5%)	(11.7%)	27.5%	(4.7%)
Grants and contributions for operating purposes	11,717	14,152	11,234	11,510	11,751	(17.2%)	26.0%	(2.4%)	(2.1%)
Other revenues	9,840	8,723	8,873	11,456	13,037	12.8%	(1.7%)	(22.5%)	(12.1%)
<b>Total revenue</b>	<b>138,973</b>	<b>136,100</b>	<b>128,112</b>	<b>126,501</b>	<b>123,585</b>	<b>2.1%</b>	<b>6.2%</b>	<b>1.3%</b>	<b>2.4%</b>
<b>Expenses</b>									
Employees	57,511	55,722	55,264	55,500	51,928	3.2%	0.8%	(0.4%)	6.9%
Borrowing costs	1,291	1,531	1,845	2,013	1,990	(15.7%)	(17.0%)	(8.3%)	1.2%
Materials and contract expenses	22,986	23,438	21,488	21,116	21,404	(1.9%)	9.1%	1.8%	(1.3%)
Depreciation and amortisation	33,672	38,429	35,000	22,538	23,616	(12.4%)	9.8%	55.3%	(4.6%)
Other expenses	31,437	28,417	28,776	22,520	21,556	10.6%	(1.2%)	27.8%	4.5%
<b>Total expenses</b>	<b>146,897</b>	<b>147,537</b>	<b>142,373</b>	<b>123,687</b>	<b>120,494</b>	<b>(0.4%)</b>	<b>3.6%</b>	<b>15.1%</b>	<b>2.6%</b>
<b>Operating result (excluding capital grants and contributions)</b>	<b>(7,924)</b>	<b>(11,437)</b>	<b>(14,261)</b>	<b>2,814</b>	<b>3,091</b>	30.7%	19.8%	(606.8%)	(9.0%)
<b>Operating result (including capital grants and contributions)</b>	<b>258</b>	<b>(2,959)</b>	<b>(5,383)</b>	<b>10,538</b>	<b>12,050</b>	108.7%	45.0%	(151.1%)	(12.5%)



**Table 2 - Items excluded from Income Statement**

<b>Excluded items</b>					
Grants and contributions for capital purposes	8,182	8,478	8,878	7,724	8,959
Net gain/(loss) from the disposal of assets	350	(103)	622	1,516	1,691



**Table 3 – Balance Sheet**

Balance Sheet (\$'000s)	Year Ended 30 June					% annual change			
	2013	2012	2011	2010	2009	2013	2012	2011	2010
<b>Current assets</b>									
Cash and cash equivalents	17,159	19,792	4,177	29,421	26,950	(13.3%)	373.8%	(85.8%)	9.2%
Investments	32,368	46,065	78,044	79,323	70,789	(29.7%)	(41.0%)	(1.6%)	12.1%
Receivables	9,777	8,675	10,627	8,033	9,274	12.7%	(18.4%)	32.3%	(13.4%)
Inventories	420	397	482	407	468	5.8%	(17.6%)	18.4%	(13.0%)
Other	1,042	1,016	879	968	955	2.6%	15.6%	(9.2%)	1.4%
<b>Total current assets</b>	<b>60,766</b>	<b>75,945</b>	<b>94,209</b>	<b>118,152</b>	<b>108,436</b>	<b>(20.0%)</b>	<b>(19.4%)</b>	<b>(20.3%)</b>	<b>9.0%</b>
<b>Non-current assets</b>									
Investments	30,500	25,000	11,000	0	0	22.0%	127.3%	0.0%	0.0%
Receivables	1,691	1,679	1,597	2,004	1,994	0.7%	5.1%	(20.3%)	0.5%
Inventories	0	0	0	0	0	0.0%	0.0%	0.0%	0.0%
Infrastructure, property, plant & equipment	1,771,635	1,790,846	1,794,882	1,781,545	1,124,679	(1.1%)	(0.2%)	0.7%	58.4%
Investment property	4,320	4,130	4,055	4,015	3,935	4.6%	1.8%	1.0%	2.0%
<b>Total non-current assets</b>	<b>1,808,146</b>	<b>1,821,655</b>	<b>1,811,534</b>	<b>1,787,564</b>	<b>1,130,608</b>	<b>(0.7%)</b>	<b>0.6%</b>	<b>1.3%</b>	<b>58.1%</b>
<b>Total assets</b>	<b>1,868,912</b>	<b>1,897,600</b>	<b>1,905,743</b>	<b>1,905,716</b>	<b>1,239,044</b>	<b>(1.5%)</b>	<b>(0.4%)</b>	<b>0.0%</b>	<b>53.8%</b>
<b>Current liabilities</b>									
Payables	14,985	10,223	11,870	10,281	10,442	46.6%	(13.9%)	15.5%	(1.5%)
Borrowings	3,297	3,834	4,656	5,684	5,171	(14.0%)	(17.7%)	(18.1%)	9.9%
Provisions	32,833	32,022	34,470	34,546	33,413	2.5%	(7.1%)	(0.2%)	3.4%
<b>Total current liabilities</b>	<b>51,115</b>	<b>46,079</b>	<b>50,996</b>	<b>50,511</b>	<b>49,026</b>	<b>10.9%</b>	<b>(9.6%)</b>	<b>1.0%</b>	<b>3.0%</b>
<b>Non-current liabilities</b>									
Borrowings	7,465	10,761	14,595	19,251	22,935	(30.6%)	(26.3%)	(24.2%)	(16.1%)
Payables	91	0	94	116	0	0.0%	(100.0%)	(19.0%)	0.0%
Provisions	7,950	7,785	7,407	6,733	6,378	2.1%	5.1%	10.0%	5.6%



Total non-current liabilities	15,506	18,546	22,096	26,100	29,313	(16.4%)	(16.1%)	(15.3%)	(11.0%)
<b>Total liabilities</b>	<b>66,621</b>	<b>64,625</b>	<b>73,092</b>	<b>76,611</b>	<b>78,339</b>	<b>3.1%</b>	<b>(11.6%)</b>	<b>(4.6%)</b>	<b>(2.2%)</b>
<b>Net assets</b>	<b>1,802,291</b>	<b>1,832,975</b>	<b>1,832,651</b>	<b>1,829,105</b>	<b>1,160,705</b>	<b>(1.7%)</b>	<b>0.0%</b>	<b>0.2%</b>	<b>57.6%</b>





**Table 4-Cashflow**

<b>Cash Flow Statement (\$'000s)</b>	<b>Year ended 30 June</b>				
	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>	<b>2013</b>
Cash flows from operating activities	38,406	36,788	29,546	35,666	35,445
Cash flows from investing activities	(37,206)	(16,517)	(49,106)	(30,204)	(32,370)
Proceeds from borrowings and advances	0	0	0	2,000	4,000
Repayment of borrowings and advances	(3,833)	(4,656)	(5,684)	(5,171)	(3,595)
Cash flows from financing activities	(3,833)	(4,656)	(5,684)	(3,171)	405
<b>Net increase/(decrease) in cash and equivalents</b>	<b>(2,633)</b>	<b>15,615</b>	<b>(25,244)</b>	<b>2,291</b>	<b>3,480</b>
	17,159	19,792	4,177	29,421	26,950

## **Appendix B Glossary**

### **Asset Revaluations**

In assessing the financial sustainability of NSW councils, IPART found that not all councils reported assets at fair value<sup>1</sup>. In a circular to all councils in March 2009<sup>2</sup>, DLG required all NSW councils to revalue their infrastructure assets to recognise the fair value of these assets by the end of the 2009/10 financial year.

### **Collateralised Debt Obligation (CDO)**

CDOs are structured financial securities that banks use to repackage individual loans into a product that can be sold to investors on the secondary market.

In 2007 concerns were heightened in relation to the decline in the “sub-prime” mortgage market in the USA and possible exposure of some NSW councils, holding CDOs and other structured investment products, to losses.

In order to clarify the exposure of NSW councils to any losses, a review was conducted by the DLG with representatives from the Department of Premier and Cabinet and NSW Treasury.

A revised Ministerial investment Order was released by the DLG on 18 August 2008 in response to the review, suspending investments in CDOs, with transitional provisions to provide for existing investments.

### **Division of Local Government (DLG)**

DLG is a division of the NSW Department of Premier and Cabinet and is responsible for local government across NSW. DLG’s organisational purpose is “to strengthen the local government sector” and its organisational outcome is “successful councils engaging and supporting their communities”. Operating within several strategic objectives DLG has a policy, legislative, investigative and program focus in matters ranging from local government finance, infrastructure, governance, performance, collaboration and community engagement. DLG strives to work collaboratively with the local government sector and is the key adviser to the NSW Government on local government matters.

### **Depreciation of Infrastructure Assets**

Linked to the asset revaluations process stated above, IPART’s analysis of case study councils found that this revaluation process resulted in sharp increases in the value of some council’s assets. In some cases this has led to significantly higher depreciation charges, and will contribute to higher reported operating deficits.

### **EBITDA**

EBITDA is an acronym for “earnings before interest, taxes, depreciation, and amortisation”. It is often used to measure the cash earnings that can be used to pay interest and repay principal.

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<sup>1</sup> IPART “Revenue Framework for Local Government” December 2009 p.83

<sup>2</sup> DLG “Recognition of certain assets at fair value” March 2009

## **Grants and Contributions for Capital Purposes**

Councils receive various capital grants and contributions that are nearly always 100% specific in nature. Due to the fact that they are specifically allocated in respect of capital expenditure they are excluded from the operational result for a council in TCorp's analysis of a council's financial position.

## **Grants and Contributions for Operating Purposes**

General purpose grants are distributed through the NSW Local Government Grants Commission. When distributing the general component each council receives a minimum amount, which would be the amount if 30% of all funds were allocated on a per capita basis. When distributing the other 70%, the Grants Commission attempts to assess the extent of relative disadvantage between councils. The approach taken considers cost disadvantage in the provision of services on the one hand and an assessment of revenue raising capacity on the other.

Councils also receive specific operating grants for one-off specific projects that are distributed to be spent directly on the project that the funding was allocated to.

## **Independent Commission Against Corruption (ICAC)**

ICAC was established by the NSW Government in 1989 in response to growing community concern about the integrity of public administration in NSW.

The jurisdiction of the ICAC extends to all NSW public sector agencies (except the NSW Police Force) and employees, including government departments, local councils, members of Parliament, ministers, the judiciary and the governor. The ICAC's jurisdiction also extends to those performing public official functions.

## **Independent Pricing and Regulatory Tribunal (IPART)**

IPART has four main functions relating to the 152 local councils in NSW. Each year, IPART determines the rate peg, or the allowable annual increase in general income for councils. They also review and determine council applications for increases in general income above the rate peg, known as "Special Rate Variations". They approve increases in council minimum rates.

They also review council development contributions plans that propose contribution levels that exceed caps set by the Government.

## **Infrastructure Backlog**

Infrastructure backlog is defined as the estimated cost to bring infrastructure, building, other structures and depreciable land improvements to a satisfactory standard, measured at a particular point in time. It is unaudited and stated within Special Schedule 7 that accompanies the council's audited annual financial statements.

## **Integrated Planning and Reporting (IP&R) Framework**

As part of the NSW Government's commitment to a strong and sustainable local government system, the Local Government Amendment (Planning and Reporting) Act 2009 was assented on 1 October 2009. From this legislative reform the IP&R framework was devised to replace the former Management Plan and Social Plan with an integrated framework. It also includes a new requirement to prepare a long-term Community Strategic Plan and Resourcing Strategy. The other essential elements of the new framework are a Long-Term Financial Plan (LTFP), Operational Plan and Delivery Program and an Asset Management Plan.

## **Local Government Cost Index (LGCI)**

The LGCI is a measure of movements in the unit costs incurred by NSW councils for ordinary council activities funded from general rate revenue. The LGCI is designed to measure how much the price of a fixed “basket” of inputs acquired by councils in a given period compares with the price of the same set of inputs in the base period. The LGCI is measured by IPART.

## **Net Assets**

Net Assets is measured as total assets less total liabilities. The Asset Revaluations over the past years have resulted in a high level of volatility in many councils’ Net Assets figure. Consequently, in the short term the value of Net Assets is not necessarily an informative indicator of performance. In the medium to long term however, this is a key indicator of a council’s capacity to add value to its operations. Over time, Net Assets should increase at least in line with inflation plus an allowance for increased population and/or improved or increased services. Declining Net Assets is a key indicator of the council’s assets not being able to sustain ongoing operations.

## **Roads and Maritime Services (RMS)**

The NSW State Government agency with responsibility for roads and maritime services, formerly the Roads and Traffic Authority (RTA).

## **Section 64 Contribution**

Development Servicing Plans (DSPs) are made under the provisions of Section 64 of the Local Government Act 1993 and Sections 305 to 307 of the Water Management Act 2000.

DSPs outline the developer charges applicable to developments for Water, Sewer and Stormwater within each Local Government Area.

## **Section 94 Contribution**

Section 94 of the Environmental Planning and Assessment Act 1979 allows councils to collect contributions from the development of land in order to help meet the additional demand for community and open space facilities generated by that development.

It is a monetary contribution levied on developers at the development application stage to help pay for additional community facilities and/or infrastructure such as provision of libraries; community facilities; open space; roads; drainage; and the provision of car parking in commercial areas.

The contribution is determined based on a formula which should be contained in each council's Section 94 Contribution Plan, which also identifies the basis for levying the contributions and the works to be undertaken with the funds raised.

## **Special Rate Variation (SRV)**

A SRV allows councils to increase general income above the rate peg, under the provisions of the Local Government Act 1993. There are two types of special rate variations that a council may apply for:

- a single year variation (section 508(2)) or
- a multi-year variation for between two to seven years (section 508A).

The applications are reviewed and approved by IPART.



## Sustainability

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.

### Ratio Explanations

#### Asset Maintenance Ratio

Benchmark = Greater than 1.0x

Ratio = actual asset maintenance / required asset maintenance

This ratio compares actual versus required annual asset maintenance, as detailed in Special Schedule 7. A ratio of above 1.0x indicates that the council is investing enough funds within the year to stop the Infrastructure Backlog from growing.

#### Building and Infrastructure Renewals Ratio

Benchmark = Greater than 1.0x

Ratio = Asset renewals / depreciation of building and infrastructure assets

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

#### Cash Expense Cover Ratio

Benchmark = Greater than 3.0 months

Ratio = current year's cash and cash equivalents / (total expenses – depreciation – interest costs)\*12

This liquidity ratio indicates the number of months a council can continue paying for its immediate expenses without additional cash inflow.

#### Capital Expenditure Ratio

Benchmark = Greater than 1.1x

Ratio = annual capital expenditure / annual depreciation

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.

#### Debt Service Cover Ratio (DSCR)

Benchmark = Greater than 2.0x

Ratio = operating results before interest and depreciation (EBITDA) / principal repayments (from the statement of cash flows) + borrowing interest costs (from the income statement)

This ratio measures the availability of cash to service debt including interest, principal and lease payments



### **Building and Infrastructure Backlog Ratio**

Benchmark = Less than 0.02x

Ratio = estimated cost to bring assets to a satisfactory condition (from Special Schedule 7) / total infrastructure assets (from Special Schedule 7)

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

### **Interest Cover Ratio**

Benchmark = Greater than 4.0x

Ratio = EBITDA / interest expense (from the income statement)

This ratio indicates the extent to which a council can service its interest bearing debt and take on additional borrowings. It measures the burden of the current interest expense upon a council's operating cash.

### **Operating Ratio**

Benchmark = Better than negative 4%

Ratio = (operating revenue excluding capital grants and contributions – operating expenses) / operating revenue excluding capital grants and contributions

This ratio measures a council's ability to contain operating expenditure within operating revenue.

### **Own Source Operating Revenue Ratio**

Benchmark = Greater than 60%

Ratio = rates, utilities and charges / total operating revenue (inclusive of capital grants and contributions)

This ratio measures the level of a council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A council's financial flexibility improves the higher the level of its own source revenue.

### **Unrestricted Current Ratio**

Benchmark = 1.5x (taken from the IPART December 2009 Revenue Framework for Local Government report)

Ratio = Current assets less all external restrictions / current liabilities less specific purpose liabilities

Restrictions placed on various funding sources (e.g. Section 94 developer contributions, RMS contributions) complicate the traditional current ratio because cash allocated to specific projects are restricted and cannot be used to meet a council's other operating and borrowing costs. The Unrestricted Current Ratio is specific to local government and is designed to represent a council's ability to meet debt payments as they fall due.

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# Bankstown City Council

Post-Amalgamation Research

Prepared by: Micromex Research

Date: April 2015

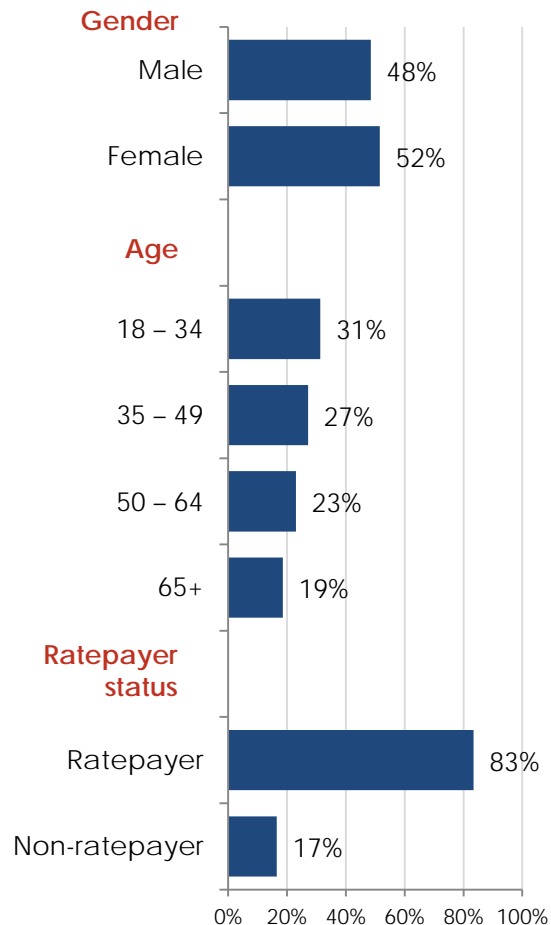




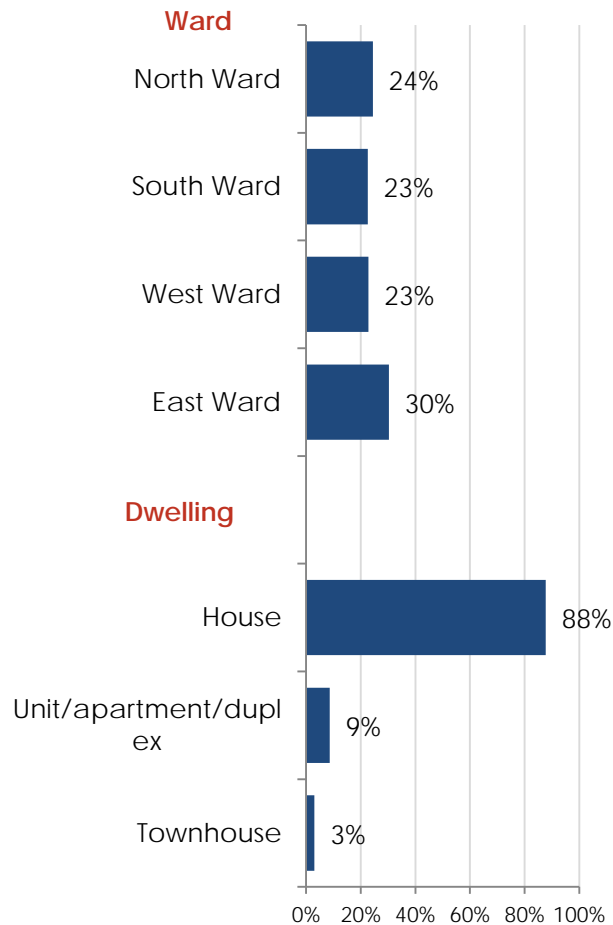


# Sample Profile

The sample was weighted by age and gender to reflect the 2011 ABS community profile of Bankstown City Council



Base: N=719



Base: N=600

# Detailed Findings



# Concept Statement – Fit For The Future Consultation

Thousands of residents took part in the first stage of consultation on the future of the City of Bankstown and it has become clear there is a preference for Bankstown to stand alone and not merge with Canterbury City Council.

In response to this, at the 24 March 2015 Council Meeting, Bankstown Council formally endorsed the “No Change” option for Bankstown.

Despite the fact that Bankstown Council is financially sound today, under the NSW Government’s Fit for the Future criteria, it would need a further \$25 million a year to be financially sustainable and meet the criteria within their 5 year timeline. This is unrealistic and would require a massive rate increase, something Council is unwilling to inflict on you.

Bankstown Council believes a more modest approach is necessary, where we meet most of the NSW Government’s requirements but not in the short timeframe. To achieve this, Council must find an extra \$17 million a year in order to be financially sustainable.

Based on the community’s feedback and its investigations, Council has come up with two options to stand alone:

- Option A – Gradual rate increase over a 5 year period; OR
- Option B – An upfront rate increase

Under both of these options, increases will also apply to business premises.



# Concept Statement – Rates Options

## Option A

Option A involves an annual increase in rates for standard houses of around 1.5%, over and above inflation, for five years that would enable Council to maintain its delivery of services to the community. This equates to about 50 cents a week.

For most residents living in duplexes and units there will be a rate adjustment, which is predicted to be up to \$2.20 a week in the first year. This will then revert to inflation after that.

## Option B

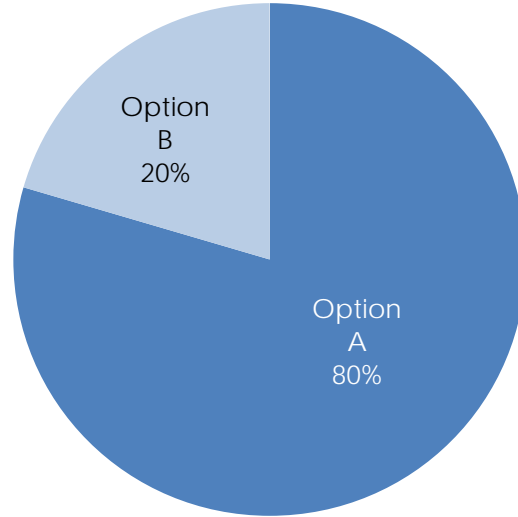
Option B involves an upfront rate increase for standard houses in the first year of around 10% above inflation. This is equivalent to about \$2 a week. While this approach leads to a higher one-off increase, the rate will revert to the standard inflation increase each year after that.

For most residents living in duplexes and units, there will be a rate adjustment, which is predicted to be up to \$2.20 a week in the first year. This will then revert to inflation after that.



# Preferred Option

Q1. Please indicate your preferred option:



	Overall	Male	Female	18 – 34	35 – 49	50 – 64	65+	North Ward	South Ward	West Ward	East Ward	House	Townhouse	Unit/ apartment/ duplex
<b>Base</b>	<b>600</b>	<b>293</b>	<b>307</b>	<b>157</b>	<b>168</b>	<b>152</b>	<b>123</b>	<b>146</b>	<b>135</b>	<b>137</b>	<b>182</b>	<b>526</b>	<b>22</b>	<b>52</b>
Option A – Gradual rate increase over a 5 year period	80%	77%	82%	73%	77%	84%	86%	82%	85%	75%	77%	80%	77%	71%
Option B – An upfront rate increase	20%	23%	18%	27%	23%	16%	14%	18%	15%	25%	23%	20%	23%	29%

There was a broad community preference for Option A – a gradual rate increase, with 80% preferring this over a larger one-off increase. Support for this outcome rose with the age of the respondent, with the strongest preference for Option A over B coming from those aged 65 and over

# Reasons For Preferring Option A

Q2. What is your reason for choosing that option as preference?



Base: N=477

Top 10 responses (>1% of total)	Count
Easier to adapt financially to a more gradual increase	269
More affordable for less well-off members of the community - families, low income earners, pensioners, young people	94
Upfront increase would be too great an expense for residents	74
Most beneficial option for the community's finances	39
Potential for change in policy means a lower immediate increase is preferable	21
Lower total increase is preferable	19
Lowest increase possible is appropriate - Council should explore alternatives to rate increases	15
Not likely to live in the area for five years, so smaller immediate increase is preferable	11
Oppose higher increase on principle due to excessive existing rates	9
Current poor service provision makes a lower increase preferable	7

Note: for remaining minor responses, see Appendix

The predominant reason for support of this option was the higher perceived affordability or manageability of a gradual rate increase. A significant number of residents also pointed out the financial difficulty of paying for a single larger increase for less well-off members of the community such as pensioners



# Reasons For Preferring Option B

Q2. What is your reason for choosing that option as preference?



Base: N=123

Top 10 responses (>1% of total)	Count
Preferable to incur an upfront cost than to commit to a period of increased rates	73
Quicker return to standard rate increases would make this option more affordable for the community	13
Gradual increase may continue beyond planned period/is too uncertain	9
Increase is currently affordable	5
Proposed increase is small enough to justify	5
Different plans for different dwelling types make one-off increase more attractive	4
Simpler/easier process to have a one-year increase	4
Upfront payment would provide Council with funds sooner	4
Inevitability of higher rates makes a one-off increase more attractive	3
Upfront payment would be preferable provided further costing information was provided	3

Note: for remaining minor responses, see Appendix

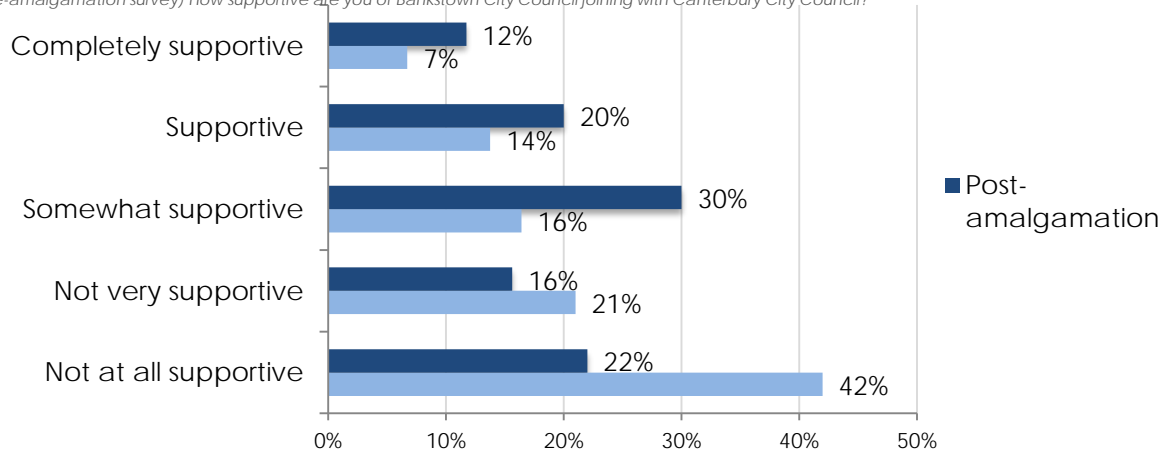
Residents indicating a preference for Option B tended to value the one-off, immediate nature of the proposed larger increase, and to indicate that the community would be more amenable to a faster return to the standard inflation rate



# Support for Amalgamation if Rate Increase is Offset

Pre-amalgamation vs. Post-amalgamation

Q3. If a merger with Canterbury were to generate efficiencies and savings that offset a rate increase for standard homes, how supportive of a merge would you be?  
 Q4a. (Pre-amalgamation survey) How supportive are you of Bankstown City Council joining with Canterbury City Council?



	Overall post-amalg.	Overall pre-amalg.	Male	Female	18 – 34	35 – 49	50 – 64	65+	North Ward	South Ward	West Ward	East Ward	House	Townhouse	Unit/apartment/duplex
<b>Base</b>	<b>600</b>	<b>605</b>	<b>293</b>	<b>307</b>	<b>157</b>	<b>168</b>	<b>152</b>	<b>123</b>	<b>146</b>	<b>135</b>	<b>137</b>	<b>182</b>	<b>526</b>	<b>22</b>	<b>52</b>
<b>Mean ratings</b>	<b>2.85▲</b>	<b>2.22</b>	<b>2.97</b>	<b>2.74</b>	<b>3.08</b>	<b>2.99</b>	<b>2.76</b>	<b>2.48▼</b>	<b>2.64</b>	<b>2.86</b>	<b>2.64</b>	<b>3.17▲</b>	<b>2.83</b>	<b>2.80</b>	<b>3.08</b>
Completely supportive	12%	7%	15%	8%	12%	14%	12%	8%	10%	13%	7%	16%	12%	7%	8%
Supportive	20%	14%	19%	22%	19%	24%	19%	19%	16%	21%	17%	26%	19%	16%	36%
Somewhat supportive	30%	16%	32%	30%	49%	27%	26%	19%	30%	29%	33%	31%	30%	43%	32%
Not very supportive	16%	21%	15%	16%	8%	16%	18%	22%	17%	15%	20%	12%	17%	18%	4%
Not at all supportive	22%	42%	19%	24%	13%	19%	25%	32%	27%	22%	24%	15%	22%	16%	20%

▲ ▼ = significantly higher/lower level of support (by group/survey)

Scale: 1 = not at all supportive, 5 = completely supportive

Support for an amalgamation with Canterbury City Council, even if it were to offset rate increases, was mixed, with 62% of residents being 'somewhat supportive' to 'completely supportive', and 38% 'not very' or 'not at all' supportive. However, residents were significantly more supportive than they had been before the need for rate increases had been discussed





**DELIVERING RESULTS  
THROUGH OUR PEOPLE**  
**WORKFORCE  
STRATEGY**



**BANKSTOWN**  
*City of Progress*

The Integrated Planning and Reporting Framework legislation (Local Government Act 1993) and guidelines require all Councils prepare and implement a Resourcing Strategy. The three components that make up the Resourcing Strategy are the Long Term Financial Plan, the Asset Management Strategy and the Workforce Strategy.

Consultation and research documents were compiled by Bankstown City Council.

Thank you to all who contributed to the Strategy.

For further information contact:

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Web: [www.bankstown.nsw.gov.au](http://www.bankstown.nsw.gov.au)

#### Integrated Planning and Reporting Suite

Version	Years Covered	Date Adopted	Responsibility
1	2013-17	June 2013	People Learning & Culture (PLC)
2	2014-17 (18)	June 2014	People Learning & Culture (PLC)
3	2015-19	June 2015	People Learning & Culture (PLC)

## **THE COMMUNITY VISION**

Bankstown is a thriving centre of Greater Sydney. We enjoy the services and facilities of a prosperous, growing city with lively neighbourhoods and a proud history. Our diverse population live and work together in harmony.

Bankstown is a modern, active community with quality transport infrastructure, clean waterways, pristine bushland and great community spaces and parks.

## **THE CORPORATE VISION**

A culture, place and city of excellence

### **Listening to your Views**

Council regularly engages our Community to understand satisfaction with the services and facilities we provide and to identify important community issues.

Latest information from our Community Satisfaction Survey reveals that 77.9% are satisfied with the Council's overall performance. This compares very favourably with other councils.

Among the many tools in Council's Community Engagement Program is a Resident Panel which provides valuable input into planning for improved services and facilities.

Council hosts a "Have Your Say" website and social media plays an important part in our engagement 'toolkit'. You can look for latest news or comment online with the Bankstown APP or find us on Facebook.

Council welcomes your input and acknowledges that it plays an important part in developing the resourcing strategies (asset, finance and workforce) that underpin our Integrated Planning Suite.





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## The Purpose and Context of the Workforce Strategy

Bankstown City Council is one of the largest of the 152 councils in NSW, serving a population of 190,637. Western Sydney will accommodate significant residential growth over the next 10 years, with most suburbs increasing in population. Bankstown's population will increase in line with this trend. It is expected young adults and young families will be attracted to our medium density housing.

To meet this growth trend and remain sustainable, it is imperative Council continues to deliver services efficiently and our services accommodate new and/or different needs. Furthermore, recent reviews within the Local Government sector are focusing attention on ways in which further consolidation and cooperation among neighbouring Councils could be actioned.

Given this context of change, our Workforce Strategy focuses on providing a framework to support Bankstown City Council in meeting the community's priorities and aspirations. Our Workforce Strategy will ensure we build our organisational capability through our people, by having the right people with the right skills, attitudes, values and commitment.

Specifically, this Workforce Strategy will:

- Anticipate and respond to organisation wide staffing issues;
- Ensure appropriate deployment of staffing resources to current and emerging organisational work requirements;
- Support organisational values and manage organisational culture; and
- Identify and manage risk.

Supporting our four year Workforce Strategy is our four year implementation plan. Annual Action Plans, which feed into Council's annual Operational Plan, sustain the prioritised implementation and achievement of outcomes.

## The Integrated Planning and Reporting Framework

The aim of the NSW Integrated Planning and Reporting Framework is to improve the way Local Government plans and meets the needs of the community. The Bankstown Community Plan is a key component of the Integrated Planning process. The other components are explained and represented in the diagram on the following page.

### ***The Bankstown Community Plan 2023***

The Bankstown Community Plan 2023 sets out a strategic Vision for the City and is supported at a corporate level by a suite of integrated documents, which show how Bankstown City Council will respond over the coming decade to play its part in achieving these outcomes. The Bankstown Community Plan is framed around 5 City Directions: **Liveable, Invest, Green, Connected and Lead**. Council's Delivery Program and Operational Plan provide the detail for achievement of the outcomes contained in the Bankstown Community Plan 2023.

### ***4 Year Delivery Program***

This Strategy sets out the projects and services Council will deliver over the next 4 years that work towards achieving the five City Directions in the Bankstown Community Plan. The Delivery Program is made up of 27 Term Achievements, which are statements that direct the actions of Council. All plans, projects, activities and funding allocations are directly linked to the Delivery Program.

### ***1 Year Operational Plan***

Bankstown City Council's Operational Plan supports the Delivery Program and provides details of the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program. The Operational Plan is reviewed and adopted annually by Council.

### ***Resourcing Strategy***

The Resourcing Strategy provides information on how Council will implement responsibilities from the Community Plan. The Resourcing Strategy, taking into account our workforce, finances and assets, will enable Council to deliver services to the community in the most sustainable way. The Resourcing Strategy is made up of three components:

- Council's **Workforce Strategy**. This Strategy outlines how we will ensure Council has the staff with the skills to deliver the agreed outcomes over the next 4 years. This Strategy identifies current workforce challenges, gaps and resources required.
- The **Asset Management Strategy**: This plan provides detailed information on the type and condition of our assets and their expected renewal requirements.
- The **Long Term Financial Strategy (LTFS)**: This plan brings the budget, resourcing and asset management components together. It also models a number of scenarios in the context of constraints we face in the long term, providing a sound basis for financial decision making.





The diagram below outlines Bankstown City Council’s Integrated Planning Framework and shows the relationship between the Bankstown Community Plan, Delivery Program and Operational Plan. The Resourcing Strategy supports the delivery of all plans.

## Bankstown Community Plan 10 Year Vision 5 City Directions

Liveable	Invest	Green	Connected	Lead
Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators



### Delivery Program 4 years

**27 Term Achievements**  
Statements which describe what Council aims to deliver over the four year Council term.



### Operational Plan 1 year

**Individual project and activities that will be undertaken in 2015-16 across 20 services**

Liveable	Invest	Green	Connected	Lead
Arts and Culture	Economic Development	Environment and Sustainability	Roads and Transport	City Planning
Community Services	Library Services	Parks and Open Space		Communications
Development Services	Town Centre Management	Stormwater Management		Corporate Support
Emergency Services		Waste and City Cleaning		Governance and Strategy
Leisure and Aquatics				Property Services
Sports and Recreation				Regulatory Compliance

### Resourcing Strategy

- Long Term Financial Strategy 10yr
- Workforce Management Plan 4yr
- Asset Management Plan 10yr





## Understanding our Community

By understanding our local community, Council can make better and informed resourcing decisions.

The City of Bankstown is one of the most multicultural Local Government Areas in Australia. It is currently home to 190,637 (ABS 2011) residents, speaking more than 120 different languages. The city is characterised by its affordable housing and commercial space, excellent transport and distribution links, large expanses of native bushland, and quality sporting facilities, recreational parkland and reserves.

The traditional custodians of the area are the Darug peoples. The district of Bankstown was established in 1797 by Governor Hunter in honour of Sir Joseph Banks, who sailed with Captain Cook on the Endeavour.

Bankstown is known for the diversity of its people, its strong sense of local identity and its strategic location within Sydney's primary transport and freight corridors. Located 20 kilometres south---west of the Sydney CBD, it is only 30 minutes by train or road from Sydney Airport. Bankstown is accessible via air (Bankstown Airport), rail (Bankstown and East Hill (Airport) lines) and road. Major roads to access Bankstown include the M5 Motorway, the Hume Highway, Roberts Rd, Davies Rd, Milperra Rd, Henry Lawson Drive and King Georges Road.

If we could shrink Bankstown's population into a village of 100 people, with all the existing human ratios remaining the same, it would look something like this:

- 51 would be female **↑** / 49 would be male
  - 8 would be infants aged between 0-4 years **↑**
  - 14 would be children aged between 5-17 years **↑**
  - 53 would live in a 'couple with children' family **↔**
  - 20 would live on their own **↑**
  - 9 would be aged 60-69 years **↑**
  - 14 would be aged 65 or older **↔**
  - 56 would be Australian born **↓**
  - 44 would be born overseas **↑** including 7 from Lebanon and 7 from Vietnam.
  - 55 would speak a language other than English at home **↑**
  - 56 would be Christian **↓** and 19 would be Muslim **↑**
  - 1 would be of Aboriginal descent **↔**
  - 86 would be Australian Citizens **↔**
  - 24 would live in households with a combined annual income of \$31,000 or less **↓**
  - 21 would live in households with a combined annual income of \$107,000 or more **↑**
  - 11 would live in households with no motor vehicle **↓**
  - 34 would own their own homes outright **↓**
  - 69 would live in a freestanding house **↑**
  - 29 are renting their property **↑**
  - 6 would be going to University or a tertiary institution now **↓**
  - 53 would be in the labour force **↑**
- = Trending up** **↑** = **Trending down** **↓** = **stable** **↔**

Document Sources- 2006 / 2011 ABS Census, I.D Community Profile and Forecast, and DEEWR 2011 Local Employment Figures

## Managing the Council

The role of local government is to lead local communities to achieve social, economic and environmental wellbeing through:

- Utilising integrated strategic planning;
- Working in partnership with the community, other councils, State and Commonwealth governments to achieve outcomes based on community priorities as established through Integrated Planning and Reporting;
- Providing and procuring effective, efficient and economic infrastructure, services and regulation; and
- Exercising democratic local leadership and inclusive decision-making.

All councils in NSW operate under a Charter which requires them to provide adequate, equitable and appropriate services and facilities for the community and to ensure those services and facilities are managed efficiently and effectively.

To do this, we must be community leaders and talk to the community regularly to determine the needs and expectations of people who live, work and play in our City.

Our services and facilities should consider the environment and the needs of future generations, observing principles of social justice and participation. We must keep the local community informed about our activities, act consistently and without bias, and be a responsible employer.

In order to provide all this, Bankstown is governed by 12 Councillors who are elected every four years, three from each of the four geographical wards (North, South, East and West). Councillors represent the interests of residents and ratepayers, provide leadership and guidance to the community, and encourage communication between council and the community. The Councillors elect the Mayor annually.

Councillors make sure Council is heading in the direction that is best for the City. They make policy decisions, determine what services Council provides, and sign off on the operational and capital budgets over the life of the Delivery Program.

Bankstown City Council is one of the largest of the 152 councils in NSW. The main statutes that detail the powers of local councils are the Local Government Act 1993 and the Environmental Planning and Assessment Act 1979. Many other statutes also confer specific powers and responsibilities upon the Council.



## Council's Role

Council has several roles as an organisation and is accountable to various levels of law and, most importantly, to our community. By understanding and developing our role, Council can help to create a prosperous City.

### ***Council as a 'Leader'***

Council acts as a role model for others, through its own actions, strategic organisational responses and ways of doing things. In our dialogue with the community and other stakeholders, Council can display leadership and work towards becoming a benchmark Council whilst developing an outstanding City.

### ***Council as an 'Advocator'***

Council seeks to improve services, facilities and opportunities for the City and its Community by lobbying agencies, Regional Organisations of Councils and the State and Federal Governments. In discussions with these parties, there are opportunities to build on Bankstown's strengths and promote our regional interests.

### ***Council as a 'Custodian'***

Council acts as a guardian for the shared aspirations for Bankstown's future, and a shared vision, which will guide our journey towards being a sustainable city. Council's role as custodian includes caring for the City's people and places, both now and into the future.

### ***Council as an 'Educator'***

Council has a fundamental role in educating the City's communities and other stakeholders, specifically around the long-term sustainability of the City. A broad range of opportunities exist for Council to articulate its vision and gain support for our initiatives.

### ***Council as a 'Facilitator'***

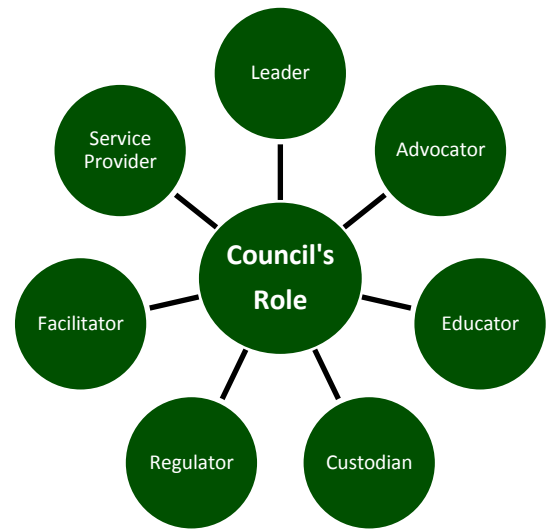
Council assists interaction amongst stakeholders, and forms strategic alliances aimed at promoting sustainability initiatives, focussing on elements including social, economic, environmental, cultural and governance outcomes.

### ***Council as a 'Regulator'***

Council has a statutory responsibility to implement legislative provisions such as resource recovery, sustainable development controls and environmental management, energy and water reduction measures and other State Government requirements, which are aimed at achieving the long-term health of our environment and wellbeing of our Community. Council also acts as the delegate regulator on behalf of other levels of Government in some issues, such as food safety inspections.

### ***Council as a 'Service Provider'***

Council has a strong commitment to delivering the services needed by its Community, and ensuring both City and Council resources are responsibly managed. Council's role as service provider aims to assist in building the long-term health, wellbeing and prosperity of the City. Council must monitor the changing needs of the Community and revise its service levels, provision and advocacy to ensure Council resources are effectively distributed.





## A Culture, Place and City of Excellence

Bankstown City Council has adopted the Australian Business Excellence Framework (ABEF) as the best suited integrated leadership and management system to ensure sustainable organisational excellence.

The Australian Business Excellence Framework is a tool that allows us to explore our own unique situation and a way of leading and managing our organisation to achieve sustainable results. By looking at what we do and asking some straight forward questions such as:

- How are we really performing as an organisation;
- What are we good at; and
- What do we need to do to improve.

The Business Excellence Framework works with our Corporate Values to underpin our City Directions and outcomes. This approach gives us a better understanding of how to improve the services we provide. Better services will lead to greater efficiencies and better outcomes for our community.

## Our Organisational Values

Our Workforce Strategy will reinforce the values and culture of our organisation. In 2010, new organisational values and behaviours were developed by our people. These values articulate the direction and desired behaviours we are striving to achieve.

### *Respect*

We will:

- Listen to one another.
- Include and acknowledge the contributions of others.
- Value our working relationships, resources and environment.
- Use culturally intelligent practices.

### *Integrity*

We will:

- Be honest in our communications.
- Be fair in our dealings.
- Be transparent in our decisions.
- Be accountable for our actions.

### *Teamwork*

We will:

- Encourage a trusting and supportive team environment to achieve common goals.
- Build unity and skills as one organisational team.
- Actively share and develop knowledge, ideas and information
- Share in our successes.

### *Sustainability*

We will:

- Take a holistic approach to our environmental, people and financial planning and management.
- Always consider the 'now and future' in our decisions.

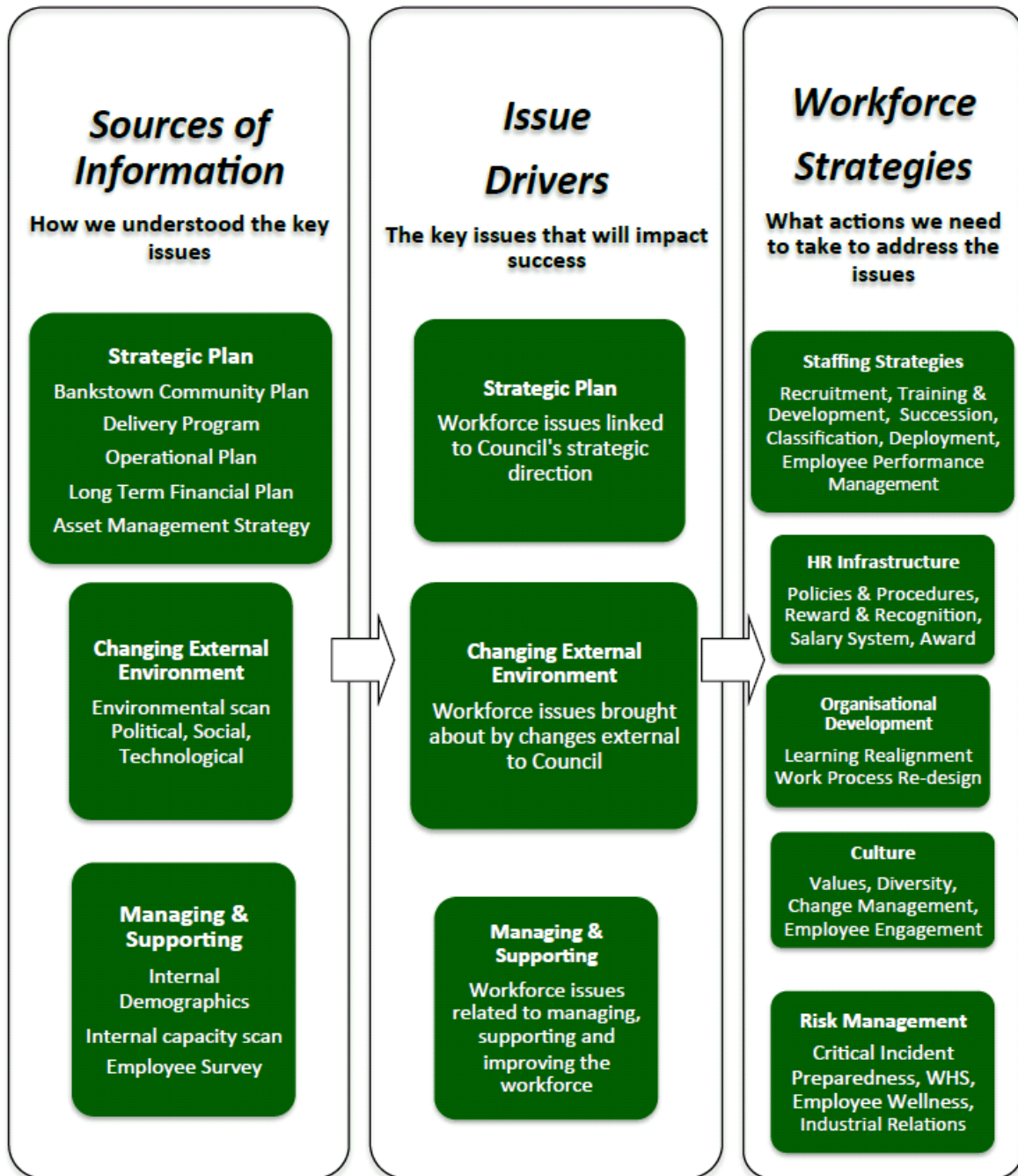
### *Service*

We will:

- Focus on our customers' needs.
- Pride ourselves in being consistent, efficient and effective.

## The Workforce Strategy Framework

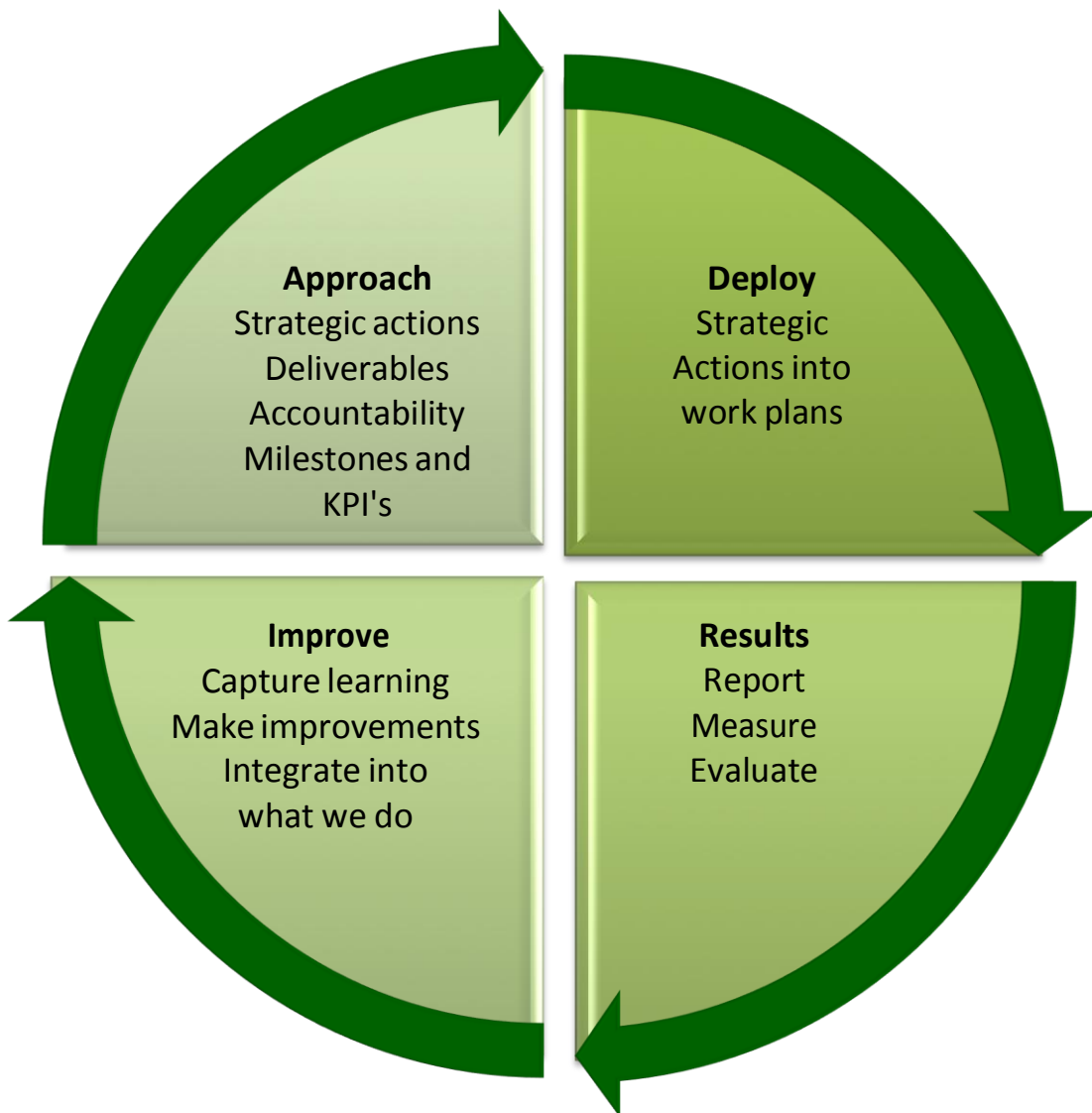
Bankstown City Council's 2013 Workforce Strategy was developed by a working group of staff from across the People, Learning & Culture and Strategy, Policy & Governance Units. The following framework was applied to create our Workforce Strategy.





## The Action Planning Cycle

This planning cycle will ensure we achieve our workforce outcomes and enable us to continuously improve what we do and how we do it.



## Understanding Key Themes

To understand the key issues that will impact Council's workforce, a scan of Council's strategic planning priorities, goals and objectives was conducted, as well as extensive consultation across our organisation. Analysis of the documentation and interviews was undertaken to identify common themes impacting our workforce (known as Thematic Analysis).

Outlined below are the themes identified within each issue driver that influenced the development of our strategic actions.





## Understanding Key Challenges

The role of local government has expanded significantly beyond the traditional 'roads, rates and rubbish', responding to changes in legislation and continuously improving its services with regard to community expectations. Further to this, Council continues to maintain a policy of not increasing rates more than the IPART pegged rate increase level as per our Long Term Financial Strategy. This means that different, potentially more sophisticated service delivery models need to be implemented in the most efficient way possible to meet the needs of our community while remaining financially sustainable. Local government prides itself on 'doing more with less'--- but this requires exceptional strategic organisation of the resources available.

The role of local government is still expanding. A number of key areas will challenge our ability to deliver efficient and quality services, including:

### ***Legislative Reforms***

The need for greater integration of the business through service planning has been reinforced during the process for achieving Council's commitment to the recent Integrated Planning and Reporting reforms. The need to create cross functional cultures between Finance, Assets and People, Learning and Culture, and Corporate Strategy staff has been imperative in accommodating and adjusting to these changes.

While this is a challenge, this is also viewed as an opportunity, as focusing on cross functional teams promotes a culture of improved quality, collaboration and integrity of information and service delivery. It also reduces internal duplication of work and therefore potentially increasing organisational efficiencies.

The Bankstown City Council Delivery Program drives our response to this challenge. Council is becoming more "service---centric", believing services should drive the delivery of operations and assets. A Service Review Framework is being developed to assess all services and activities across Council and to establish an ongoing process for the review of services and continuous improvement. Service Reviews lead to increased productivity, better resource management, decreased costs, removal of duplication and additional revenue. The reviews will balance service levels, condition of assets and available funds to better achieve agreed outcomes.

Council will continue to investigate shared service and alternate delivery options to maximise efficiency. At this point, this investigation focuses on our involvement with Regional Organisations of Councils (ROCs), noting the recommendations of Destination 2036. In particular there is scope for:

- Structural changes in ROC's to enhance the delivery of shared services including allowing them to incorporate and remove legal and other barriers to shared services;
- Improved regional strategic planning and delivery of government services; and
- Making it easier for local government to set up corporate entities and for councils to provide services to each other.

### ***Changing Workforce Profile***

As Bankstown City Council continues to review its services to the community and how they are offered, we recognise the skills profile of our workforce will change as well. As Council focuses increasingly on offering services and the level of those services being delivered, customer service skills in particular will take precedence. We will move towards developing competencies around

working with people, including relationship management and networking in all of our staff. Skills and competencies such as persuading, influencing and communicating as well as researching and presenting information and managing knowledge, will become increasingly important.

Where Council previously may have relied on analytical skills in engineering focused areas, these problem solving skills will now need to be coupled with creativity and innovation. With the shift towards more service delivery models comes an increasing reliance on technology that will impact on the way skills are developed and improved, particularly in our people's ability to deliver results and meet customer expectations as well as adapt and respond to change.

The Bankstown Community Plan and key drivers will influence the capabilities required by our leaders. Most significantly, our leaders will be required to develop a collaborative culture focused on effective cross functional cooperation. A culture that values continuous improvement, quality, collaboration, integrity and community focused service delivery will be necessary to achieve positive community outcomes.

### ***Technological Changes***

Council recognises technology plays an increasingly important role in the workplace. As technology improves, Council's Workforce Strategy will need to include provisions for incorporating technological literacy within our people. Technology will be a key driver in changes in the skill mix of our people.

Increasingly, employees will need to have and/or develop skills to support technology---focused approaches to community engagement and service delivery. The understanding and use of social media, online engagement and mobile technology will be part of day---to---day work for our people.

### ***Ageing Workforce***

More than 49% of our staff are aged 45 years or over. While this means we have access to employees with vast experience, it also suggests almost half of our workforce could be seeking retirement or flexible work practices over the next 10 years. We need to work towards developing a deeper understanding of the future needs of our employees.

To combat an ageing workforce and sustain our workforce capacity we need to attract and retain highly skilled employees from the young labour market. We recognise attracting younger employees and retaining their talent requires a flexible approach and strong support of them in furthering their career prospects. A workplace that can offer an innovative and technology---savvy environment will be necessary to retain this segment of the workforce. Development opportunities through training and education as well as coaching and mentoring programs will be increasingly valuable in this environment.

An ageing workforce is more likely to have increased health related issues. This may impact on both our ability to deliver services and achieve community outcomes as well as increase our Workers Compensation costs. It is important we continue to work with our people to improve the safety and wellbeing in our workplace. Further, we need to pinpoint our critical roles and establish mechanisms to capture and share organisational knowledge to ensure the long term sustainability of our organisation.

## Understanding Who We Are

By understanding the make-up of our workforce through quantitative and qualitative analysis, we are able to plan, support and manage our organisation's resource needs. Through this analysis, we are able to capture a snapshot of current workforce attributes and identify the ways in which we will fulfil our future workforce requirements. The figures below highlight key attributes of our current workforce.

### Retention

Employees have remained working for us during 2011/2012 year. This is slightly below the 11% figure for public administration industry category.

**9 OUT OF 10**

### Length of Service

We are proud our employees are offered opportunities that are engaging and sustain career tenure. Our average length of service figure reflects the upper 25<sup>th</sup> percentile of job tenure for all Australian workers. We need to continually invest in our people in order to retain core skills, expertise and knowledge to overcome skill shortages in key professional areas.

**11 YEARS**  
**AVERAGE LENGTH OF SERVICE**

### Employment Mix

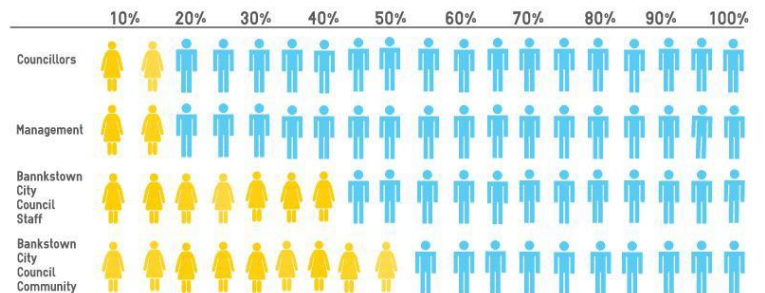
Overall, about three quarters of our workforce positions are permanent. This employment status mix is in line with other Metropolitan Councils in NSW and provides flexibility for seasonal issues and service delivery.

<b>PERMANENT</b>	<b>73.67%</b>
<b>CASUAL</b>	<b>19.48%</b>
<b>TEMP</b>	<b>5.08%</b>
<b>APPR/TRAINEE</b>	<b>1.77%</b>

### Gender Mix

To be an Employer of Choice, we need to address gender balance in our leadership positions. In comparison to other Metropolitan Councils in NSW, where women are represented in 21% of Executive positions, 36% of Management level positions and 45% of Supervisor or Team Leader positions, women are under represented at Bankstown City Council. This means we need to consider strategies to achieve greater gender balance.

### 2013 Gender Breakdown

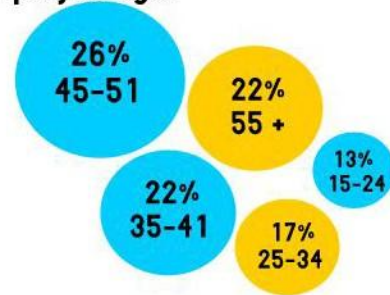


## Age Mix

Our age mix is in line with trends in other Metropolitan Councils in NSW where 47% of workforce is 45 years or older.

This suggests, over the next 10 years we will potentially have more of our staff seeking flexible work arrangements and/or retiring.

## Employee age:



## Cultural Mix

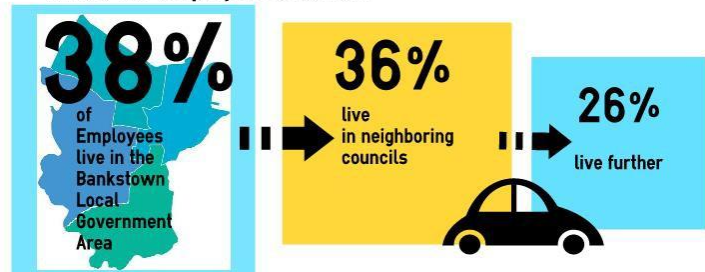
There are many benefits to our organisation and our community of having a diverse workforce in terms of cultural background, age, gender, and experience. We will continue to look for ways to better understand and leverage from the diverse range of knowledge, skills, experience and abilities of our people.



## Where our employees live

We need to harness the local knowledge of our employees to support improved service delivery to our community and better understand shifts in community service needs in the future.

## Where our employees are from



## What our employees think

Through our 2012 Employee Opinion Survey results, we know what's important to our people, and the top areas we need to work on to improve employee engagement and continue to develop a workforce that can innovate, continuously improve and meet the changing needs of our community.

## TOP 4 AREAS OF IMPORTANCE

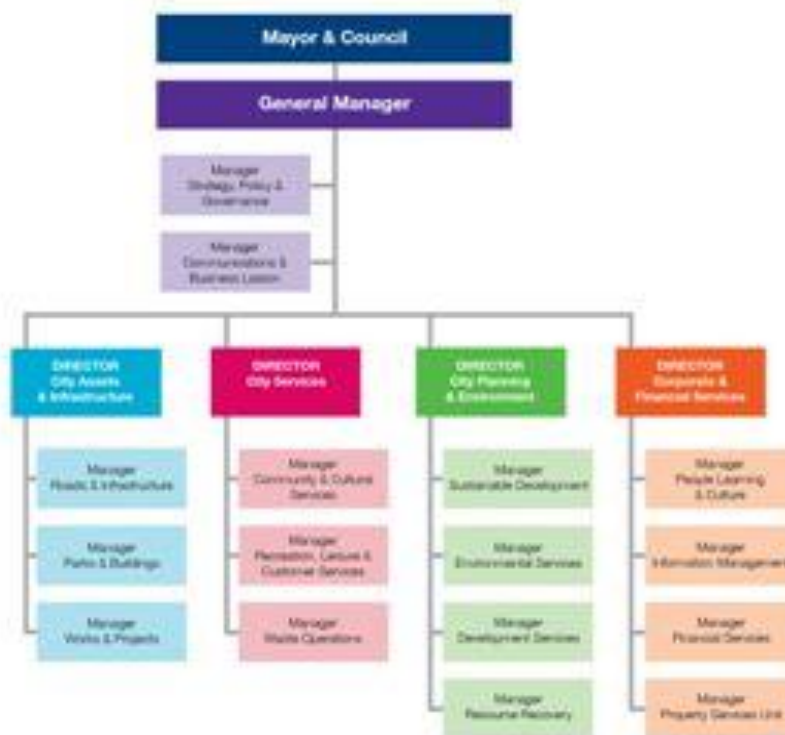
- **Keeping skilled employees**
- **Valuing employees at Bankstown City Council**
- **Working as a team in my work area**
- **Providing a safe work environment**

Sources of comparable data: NSW Division of Local Government, Department of Premier and Cabinet 2011 Division of Local Government 2010 Census of Local Government Employees, ISBN 1 920766 98 7 Date Sourced 1/5/13 <http://www.dlg.nsw.gov.au/dlg/dlghome/documents/Information/2010%20Census%20of%20Local%20Government%20Employees%20---%20Report%20on%20Findings.pdf> . Reserve Bank of Australia (2012) Labour Market Turnover and Mobility Date Sourced 1/5/13 <http://www.rba.gov.au/publications/bulletin/2012/dec/1.html>



## Knowing what we do

It is important Council has an effective, efficient and flexible organisational structure with appropriate staffing levels. The diagram below depicts the current organisational structure.



## Our departmental breakdowns

The **City Assets and Infrastructure Department** is responsible for managing all Council's assets such as parks, buildings, roads and drains. This includes the delivery of capital works as well as managing the ongoing maintenance of these assets.

The **City Services Department** focuses on service planning and delivery. This department is responsible for community engagement, managing our community halls and sporting fields and marketing our facilities to maximise use. This department is also responsible for the delivery of services such as leisure and aquatics, public libraries, arts and cultural programs, customer service and community and cultural development.

The **City Planning and Environment Department** is responsible for all Council's strategic and environmental planning, development assessments, regulatory compliance and environmental education. This department also coordinates major projects including the renewal of our town centres and environmental and open space improvements.

The **Corporate & Financial Services Department** has overall responsibility for the business management of Council. The units within this department assist the operational arms of Council to ensure any financial, technological and human resources needed are made available, as well as managing Council's information.

**The Office of the General Manager** is responsible for a number of key activities, including communications, marketing and events, integrating the organisation's key plans and assisting in the development of those plans, business improvement initiatives, coordinating council meetings and administrative services for the General Manager, Mayor and Councillors.

## Our Workforce Strategy

### *Key Issues and Outcomes*

The Workforce Strategy addresses six issues:

1. Understanding and responding to changing service demands from our community;
2. Becoming an employer of choice;
3. Responding to Reforming the Local Government Sector;
4. Managing the anticipated retirement bubble to ensure the sustainability of service delivery in the future;
5. Achieving the right level of skills/core competencies required of the future workforce; and
6. Improving operational efficiency to remain financially sustainable.

A number of outcomes have been identified to describe the workforce we need in the future in order to address the key workforce issues.

### **The Workforce Strategy strives to deliver on the Term Achievements in Council's Delivery Program 2013---17.**

## **TA 24.**

Council is an employer of choice with a contemporary workforce plan which supports a safe and diverse workplace.

## **TA 28.**

Council will operate in an environment of innovation, continuous improvement and organisational excellence.

**In doing this, the workforce strategy moves towards the City Direction 'LEAD'.**

## Issues driven by: The Strategic Plan

### ***1. Issue: Understanding and responding to changing service demands from our community.***

Align the workforce to community needs to ensure we can respond to changes in service demands.

#### **Desired Outcomes to address the issue**

- An engaged community and stakeholders
- A diverse workforce
- Formal relationships with tertiary institutions
- Jobs and competencies that are defined and aligned with organisational priorities

### ***2. Issue: Becoming an employer of choice.***

The right people with the right skills, attitudes and values who want to work at Council and deliver services to our community

#### **Desired Outcomes to address the issue:**

- Work is meaningful and clearly aligned to business outcomes and service deliverables
- Accessible Reward and Recognition Program
- A culture that fosters the values of respect, pride and organisational belonging
- Flexible workplace practices that encourages work/ life balance
- Systems and processes are streamlined and only value added actions are undertaken



## Issues driven by: The Changing External Environment

### ***3. Issue: Responding to Reforming the Local Government Sector.***

Anticipate and manage changes that may impact on our ability to deliver services to our community

#### **Desired Outcomes to address the issue:**

- Prepared for changes imposed by external sources

### ***4. Issue: Managing the anticipated retirement bubble to ensure the sustainability of service delivery in the future.***

Capitalise on the inter---generational diversity within our organisation and our city

#### **Desired Outcomes to address the issue:**

- A flexible workforce
- Critical roles, skills and knowledge are identified and managed appropriately
- Council has the workforce depth and breadth needed for present and future success

## Issues driven by: Managing and Supporting our Workforce

### ***5. Issue: Achieving the right level of skills/core competencies required of the future workforce.***

Our people have the skills they need to deliver the services required by our community in the most efficient way

#### **Desired Outcomes to address the issue:**

- Critical roles and skills in our organisation are identified and managed appropriately
- Employees know how performance contributes to the success of the organisation and are held accountable for their performance
- Constructive relationships between Council and education institutions
- Employees are engaged in development opportunities and seek to learn

### ***6. Issue: Improving operational efficiency to remain financially sustainable.***

We consider alternative and innovative ways to deliver the services required by our community.

#### **Desired Outcomes to address the issue:**

- Employees empowered to look for alternative ways to deliver services
- Efficient and effective processes
- A flexible workforce
- Services that meet community needs
- A safe workplace

## Strategies & Actions

A cluster of strategies and actions have been developed for each issue that will enable us to achieve the outcomes and address the key workforce issues.

Issue						Staffing Strategies
1	2	3	4	5	6	
✓✓	✓✓					Develop a Recruitment Strategy to attract a diverse pool of applicants and strongly position Council in the market as an Employer of Choice.
✓✓			✓✓			Coordinate and enhance leadership capabilities at all levels.
	✓✓		✓✓		✓✓	Develop strategies to match the knowledge, skills and abilities of our people with the needs of the organisation.
	✓✓					Develop performance expectations, goals and measures for all employees that are aligned to organisational goals.
	✓✓			✓✓		Deploy and review the employee performance management, development, feedback and coaching process and system.
			✓✓			Support leaders to ensure they understand their people management accountabilities.
			✓✓		✓✓	Build our leaders' knowledge and skills to effectively implement flexible work arrangements.
			✓✓	✓✓		Establish a Talent Management Strategy to identify career pathways for our people

## Issue

## HR Infrastructure

1	2	3	4	5	6	
✓✓		✓✓				Review policies and procedures to encourage diversity and support flexibility within our workforce.
✓✓						Implement core and job specific competency framework to align our workforce skills, competencies and knowledge with organisational priorities.
	✓✓			✓✓		Extend the recognition process to include acknowledgement for outstanding or improved performance.
		✓✓				Strengthen policy and procedure mechanisms to increase responsiveness to changes in local government sector.
			✓✓	✓✓		Implement a job catalogue and job analysis framework to identify critical roles, skills and knowledge.
				✓✓		Review the salary system to reflect the needs of the workforce and the financial constraints of the organisation.

Issue						Organisational Development
1	2	3	4	5	6	
✓✓	✓✓		✓✓	✓✓		Develop a process and system to capture information, knowledge and processes related to critical roles and functions.
✓✓	—			—		Undertake the Service Review program to better understand the needs of the community and inform decision making.
		✓✓				Conduct research to identify innovations within and outside our industry sector in order to improve service delivery.
			✓✓			Develop an alumni program that creates a pool of experienced people who have retired and are willing to work during peak periods or on specific projects.
✓✓				✓✓		Build relationships with tertiary institutions and educational providers to support learning, change and innovation in our organisation and overcome skill shortages.
					✓✓	Encourage innovation and improvement to our processes to become more efficient and effective and improve the quality of outputs.
		✓✓				Conduct scenario planning to identify ways to respond to potential changes to the sector that may impact the workforce.



Issue						Risk Management
1	2	3	4	5	6	
	✓✓			✓✓	✓✓	Develop an Enterprise Risk Management Framework that enables the organisation to effectively manage risks and opportunities.
					✓✓	Enhance the Employee Wellness Program.
	✓✓		✓✓			Develop a Work Life Balance Strategy that encourages a flexible approach to employment for the diverse needs of the workforce.
	✓✓					Review the Employee Assistance Program.
		✓✓			✓✓	Review and test business continuity plans.
✓✓	✓✓	✓✓				Develop partnerships with unions to support our workforce in dealing with changes within the local government sector.
		✓✓		✓✓	✓✓	Build the knowledge and skills of our leaders to mitigate exposure to employment claims.
		✓✓		✓✓		Build the knowledge and skills of our people to improve our safety performance and identify emerging risks.
		✓✓				Conduct scenario planning to identify ways to respond to potential changes with workplace health and safety legislation and practices.
				✓✓		Review plans, procedures and training to mitigate workplace health and safety risks.

Issue						Culture
1	2	3	4	5	6	
✓✓				✓✓		Support our workforce to enact the organisational values in their work every day.
✓✓	✓✓					Build the capabilities of our leaders to help them support their teams' understanding of how they contribute to the bigger picture.
✓✓	✓✓					Build an inclusive organisational culture that values diversity.
	✓✓					Implement a process to strengthen team relationships and sustain a productive, high performing workforce.
			✓✓			Implement strategies to address the needs of mature age employees and women in leadership positions.
			✓✓			Establish a mentoring program that encourages inter---generational connections between employees.
	✓✓			✓✓		Strengthen employee engagement by seeking feedback from staff and addressing their improvement ideas.
					✓✓	Build a culture that emphasises a consistent and customer focussed approach to what we do.







**DELIVERING RESULTS THROUGH  
OUR FINANCIAL MANAGEMENT**

**LONG TERM  
FINANCIAL STRATEGY**



**The Integrated Planning and Reporting Framework legislation (Local Government Act 1993) and guidelines require that all Councils prepare and implement a Resourcing Strategy. The three components that make up the Resourcing Strategy are the Long Term Financial Strategy, the Asset Management Strategy, and the Workforce Strategy. This plan is the 3<sup>rd</sup> edition of the Long Term Financial Strategy.**

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Consultation and research documents were compiled by  
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Version	Years Covered	Date Adopted	Responsibility
1	2013-23	June 2013	Financial Services
2	2014-24	June 2014	Financial Services
3	2015-25	June 2015	Financial Services

## THE COMMUNITY VISION

Bankstown is a thriving centre of Greater Sydney. We enjoy the services and facilities of a prosperous, growing city with lively neighbourhoods and a proud history. Our diverse population live and work together in harmony.

Bankstown is a modern, active community with quality transport infrastructure, clean waterways, pristine bushland and great community spaces and parks.

## THE CORPORATE VISION

A culture, place and city of excellence

### Listening to your Views

Council regularly engages our Community to understand satisfaction with the services and facilities we provide and to identify important community issues.

Latest information from our Community Satisfaction Survey reveals that 92% of residents are 'somewhat satisfied' to 'very satisfied' with the overall performance of Council, with the result significantly higher than the all NSW LGA Brand Score.

Among the many tools in Council's Community Engagement Program is a Resident Panel which provides valuable input into planning for improved services and facilities.

Council hosts a "Have Your Say" website ([www.haveyoursaybankstown.com.au](http://www.haveyoursaybankstown.com.au)) and you can email Council at [haveyoursay@bankstown.nsw.gov.au](mailto:haveyoursay@bankstown.nsw.gov.au).

Social media also plays an important part in our engagement 'toolkit'. You can look for latest news or comment online by searching OurBankstown on the App Store or on on Facebook.

Council welcomes your input and acknowledges that it plays an important part in developing the resourcing strategies (asset, finance and workforce) that underpin our Integrated Planning Suite.

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## GLOSSARY AND ABBREVIATIONS

**Accrual accounting** - A method of accounting that recognises expenses when incurred and revenue when earned rather than when payment is made or received

**Asset Management** - An approach to managing assets (buildings, roads, stormwater drains, equipment etc) that takes into account a whole-of-life cycle for their purchase, renewal, maintenance and obsolescence.

**AMS** - Asset Management Strategy

**Capital expenditure** - spending money to either buy assets or to add to the value of an existing asset with a view to extending its useful life (i.e. purchasing a garbage truck or renovating a section of road).

**Community Strategic Plan** - a document based on community consultation that outlines and identifies the community's main priorities, expectations and goals for the future, and the necessary strategies for achieving these goals.

**Cost shifting** - when the responsibility for, or cost of, providing a certain service is shifted from a higher level of government to a lower level without the necessary funding or revenue raising capacity.

**DSCR** – Debt Service Cover Ratio

**Depreciation** - a measurement of the estimated value of the wear and tear of an asset over time. Also described as the cost of decline in the value of an asset over its useful life.

**DWM**- Domestic waste management.

**Employee Costs** - Costs associated with the employment of staff (permanent, part-time or casual), encompassing the rate per hour and including on-costs such as superannuation, allowances, annual leave etc.

**Externally restricted cash assets** - Funds held in the bank that are required by law to be retained for a Specific use and no other use.

**FAG** – Financial Assistance Grant

**Financial sustainability** - Generating sufficient income through revenue raising and cost management to meet current and future expenditure requirements, without significant adjustments which would cause social and economic disruption.

**Fit for the Future** – State Government program for reform in Local Government. The program is aimed at increasing financial sustainability across all Council's in NSW.

**GFC** - Global Financial Crisis

**Internally restricted cash assets** - Funds held in the bank that Council has accumulated in previous accounting periods, over which Council has spending authority and which are primarily held for future capital expenditure.

**IPART** - Independent Pricing and Regulatory Tribunal

**LGA** - Local Government Area

**Liquidity** - is a measure of the ability to pay debts as and when they fall due. It is usually expressed as a ratio or a percentage of current liabilities.

**LTFS** – Long Term Financial Strategy

**MOW** – Meals on Wheels

**Operating deficit** - an excess of expenditure over income in an accounting period whereby the total income (exclusive of any funds for capital expenditure) is less than the expenditure for that period.

**Operating surplus** - an excess of income over expenditure in an accounting period whereby the total expenditure (exclusive of any funds for capital expenditure) is less than the income for that period.

**Renewal Gap** - the gap between the minimum required lifecycle asset maintenance and renewal expenditure and the funds available

**SWL** – Stormwater levy

**Unfunded Renewals** - the estimated cost of all asset treatments (maintenance and component/asset renewals) due or past due at the date of review, previously referred to as the Backlog.

**Unrestricted cash assets** - also referred to as 'general funds', are the funds available for day to day liquidity purposes and for specific expenditure as Council may determine from time to time.

**WS** – Workforce Strategy

## **1. The Purpose of the Long Term Financial Strategy**

The Long Term Financial Strategy (LTFS) is an important part of Council's strategic planning process. It is where long term community aspirations and goals are tested against financial realities. It helps Council to decide what resources are needed to deliver on our responsibilities.

The Long Term Financial Strategy answers questions that relate to:

- Council's ability to manage and address fiscal issues, obligations and responsibilities
- Opportunities for future income and economic growth
- Affordability and community expectations and;
- How Council can sustainably achieve required outcomes.

The LTFS is a dynamic decision-making and problem-solving tool; a guide for future action. The modelling included in the LTFS ensures Council has appropriate plans to address unexpected events and provides opportunities to identify financial issues at an earlier stage and gauge the effect of these issues in the longer term.

## **2. Understanding our Community**

By understanding our local community Council can make better informed resourcing decisions. The City of Bankstown is one of the most multicultural Local Government Areas in Australia. It is currently home to 190,637 (ABS 2011) residents, speaking more than 120 different languages. The city is characterised by its affordable housing and commercial space, excellent transport and distribution links, large expanses of native bush land, and quality sporting facilities, recreational parkland and reserves.

The traditional custodians of the area are the Darug peoples. The district of Bankstown was established in 1797 by Governor Hunter in honour of Sir Joseph Banks, who sailed with Captain Cook on the Endeavour.

Bankstown is known for the diversity of its people, its strong sense of local identity and its strategic location within Sydney's primary transport and freight corridors. Located 20 kilometres south-west of the Sydney CBD it is only 30 minutes by train or road from Sydney Airport. Bankstown is accessible via air (Bankstown Airport), rail (Bankstown and East Hill (Airport) lines) and road. Major roads to access Bankstown include the M5 Motorway, the Hume Highway, Roberts Rd, Davies Rd, Milperra Rd, Henry Lawson Drive and King Georges Road.

## 2.1 Population and demographics

If we could shrink Bankstown's population into a village of 100 people, with all the existing human ratios remaining the same, it would look something like this:

- 51 would be female / 49 would be male
  - 8 would be infants aged between 0-4 years ↑
  - 14 would be children aged between 5-17 years
  - ↑ 53 would live in a 'couple with children' family
  - ↔ 20 would live on their own ↑
  - 9 would be aged 60-69 years ↑
  - 14 would be aged 65 or older ↔
  - 56 would be Australian born ↓
  - 44 would be born overseas -↑—including 7 from Lebanon and 7 from Vietnam. ↑
  - 55 would speak a language other than English at home ↑
  - 56 would be Christian ↓ and 19 would be Muslim ↑
  - 1 would be of Aboriginal descent ↔
  - 86 would be Australian Citizens ↔
  - 24 would live in households with a combined annual income of \$31,000 or less ↓
  - 21 would live in households with a combined annual income of \$107,000 or more ↑
  - 11 would live in households with no motor vehicle ↓
  - 34 would own their own homes outright ↓
  - 69 would live in a freestanding house ↑
  - 29 are renting their property ↑
  - 12 would be going to University or a tertiary institution now (2006 statistic N/A) ↔
  - 53 would be in the labour force
- = Trending up    ↑ = Trending down    ↓ = stable    ↔

Document Sources- 2006 / 2011 ABS Census, I.D Community Profile and Forecast, and DEEWR 2011 Local Employment Figures

### 3. The Integrated Planning and Reporting Framework

The aim of the NSW Integrated Planning and Reporting Framework is to improve the way that Local Government plans and meets the needs of the community. The components of the Integrated Planning process are explained and represented in the diagram below.

#### ***3.1 Bankstown Community Plan 2023- Ten years***

The Bankstown Community Plan 2023 sets out a strategic Vision for the City and is supported at a corporate level by a suite of integrated documents which show how Bankstown City Council will respond over the coming decade to play its part in achieving these outcomes. The Bankstown Community Plan is framed around 5 City Directions: **Liveable, Invest, Green, Connected and Lead**. Council's Delivery Program and Operational Plan provide the detail for achievement of the Outcomes contained in the Bankstown Community Plan 2023.

#### ***3.2 Delivery Program – Four years***

This Strategy sets out the projects and services Council will deliver over the next 4 years that work towards achieving the five City Directions in the Bankstown Community Plan. The Delivery Program is made up of 27 Term Achievements, which are statements that direct the actions of Council. All plans, projects, activities and funding allocations are directly linked to the Delivery Program.

#### ***3.3 Operational Plan - One year***

Bankstown City Council's Operational Plan supports the Delivery Program and provides details of the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program. The Operational Plan is reviewed and adopted annually by Council.

#### ***3.4 Resourcing Strategy***

The Resourcing Strategy provides information on how Council will implement responsibilities from the Community Plan, taking into account our workforce, finances and assets. The Resourcing Strategy will enable Council to deliver services to the community in the most sustainable way. The Resourcing Strategy is made up of three components:

Council's **Workforce Strategy**. This Strategy outlines how we will ensure Council has the staff with the skills to deliver the agreed outcomes over the next 4 years. This Strategy identifies current workforce challenges, gaps; and resources required.

The **Asset Management Strategy**. This plan provides detailed information on the type and condition of our assets and their expected renewal requirements.

The **Long Term Financial Strategy (LTFS)**. This plan brings the budget, resourcing and asset management components together. It also models a number of scenarios in the context of constraints we face in the long term, providing a sound basis for financial decision making



The diagram below outlines Bankstown Council’s Integrated Planning Framework and shows the relationship between the Bankstown Community Plan, Delivery Program and Operational Plan. The Resourcing Strategy supports the delivery of all plans.



## 4. Managing the Council

The role of local government is to lead local communities to achieve social, economic and environmental wellbeing through:

- integrated strategic planning;
- working in partnership with the community, other councils, State and Commonwealth governments;
- providing and procuring effective, efficient and economic infrastructure, services and regulation;
- exercising democratic local leadership; and
- inclusive decision-making.

All councils in NSW operate under a Charter which requires them to provide adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively.

Councils must be community leaders and must talk to the community regularly to determine the needs and expectations of people who live, work and play in the City of Bankstown.

Our services and facilities should consider the environment and the needs of future generations, and observe principles of social justice and participation. Councils must keep the local community informed about its activities: it must act consistently and without bias, and it must be a responsible employer.

In order to do this, Bankstown City Council is governed by 12 Councillors who are elected every four years, three from each of the four geographical wards (North, South, East and West). Councillors represent the interests of residents and ratepayers, provide leadership and guidance to the community, and encourage communication between Council and the community. Councillors at Bankstown City Council elect the Mayor annually.

Councillors also make sure that Council is heading in the direction that is best for the City. They make policy decisions, determine what services Council provides, and sign off on the operational and capital budgets over the life of the Council.

Bankstown City Council is one of the largest of the 152 councils in NSW. The main statutes that detail the powers of local councils are the Local Government Act 1993 and the Environmental Planning and Assessment Act 1979. Many other statutes also confer specific powers and responsibilities upon the Council.

## 5. Council's Role

Council has several roles as an organisation. We are required to comply with various and most importantly our community. By understanding and developing our role, Council facilitates the creation of a prosperous City.

### ***Council as a 'Leader'***

Council acts as a role model for others, through its own actions, strategic organisational responses and way of doing things. In our dialogue with the community and other stakeholders, Council can display leadership and work towards becoming a

benchmark Council whilst developing an outstanding City.

### ***Council as an 'Advocator'***

Council seeks to improve services, facilities and opportunities for the City and its Community by lobbying agencies, Regional Organisations of Council's and the State and Federal Government. In discussions with these parties, there are opportunities to build on Bankstown's strengths and promote our regional interests.

### ***Council as a 'Custodian'***

Council acts as a guardian for the shared aspirations for Bankstown's future, and a shared vision, which will guide our journey towards being a sustainable city. Council's role as custodian includes caring for the City's people and places, both now and into the future.

### ***Council as an 'Educator'***

Council has a fundamental role in educating the City's communities and other stakeholders, specifically around the long-term sustainability of the City. A broad range of opportunities exist for Council to articulate its vision and gain support for our initiatives.

### ***Council as a 'Facilitator'***

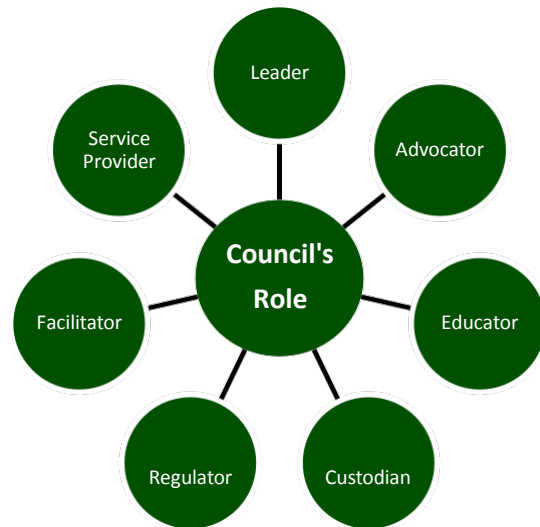
Council assists interaction amongst stakeholders, and forms strategic alliances aimed at promoting sustainability initiatives, focusing on elements including social, economic, environmental, cultural and governance outcomes

### ***Council as a 'Regulator'***

Council has a statutory responsibility to implement legislative provisions such as waste management, sustainable development controls and environmental management, energy and water reduction measures and other State Government requirements, which are aimed at achieving the long-term health of our environment and wellbeing of our Community. Council also acts as the delegate regulator on behalf of other levels of Government in some issues, such as food safety inspections.

### ***Council as a 'Service Provider'***

Council has a strong commitment to delivering the services needed by its Community, and ensuring that both City and Council resources are responsibly managed. Council's role as service provider aims to assist in building the long-term health, wellbeing and prosperity of the City. Council must monitor the changing needs of the Community and revise its service levels, provision and advocacy to ensure that Council resources are effectively distributed.



## 6. City of Excellence

Bankstown City Council has adopted the Australian Business Excellence Framework (ABEF) as the best suited integrated leadership and management system to ensure sustainable organisational excellence.

The Business Excellence Framework is a tool that allows us to explore our own unique situation and to lead and manage our organisation to achieve sustainable results. By looking at what we do and asking some straightforward questions such as:

- How are we really performing as an organisation;
- What are we good at; and
- What do we need to do to improve.

The Business Excellence Framework works with our Corporate Values to underpin our City Directions and outcomes. This approach gives us a better understanding of how to improve the services we provide. Better services will lead to greater efficiencies and better outcomes for our community.

## 7. Our Organisational Values

In 2010, new organisational values and behaviours were developed by our people. These values articulate the direction and desired behaviours that we are striving to achieve.

### *Respect*

We will:

- Listen to one another.
- Include and acknowledge the contributions of others.
- Value our working relationships, resources and environment.
- Use culturally intelligent practices.

### *Integrity*

We will

- Be honest in our communications;
- Be fair in our dealings,
- Be transparent in our decisions, and
- Be accountable for our actions.

### *Teamwork*

We will:

- Encourage a trusting and supportive team environment to achieve common goals.
- Build unity and skills as one organisational team.
- Actively share and develop knowledge, ideas and information
- Share in our successes.

### *Sustainability*

We will:

- Take a holistic approach to our environmental, people and financial planning and management.
- Always consider the 'now and future' in our decisions.

### *Service*

We will:

- Focus on our customers' needs.
- Pride ourselves in being consistent, efficient and effective.

## 8. Long Term Financial Strategy (LTFS)

### 8.1 Financial Outlook

Council's long term financial plan continues to be assessed amidst a challenging period in the local government sector. Particularly the outcomes of the NSW Fit for the Future reform proposals. Notwithstanding this, Council has continued to approach its long term financial planning based on a balanced approach towards managing future growth and community expectations, while ensuring a sound and responsible approach to financial management.

Over the years, Council has made significant inroads into improving its financial position. A history of prudent fiscal management decisions see Bankstown City Council well placed to manage the future requirements of the city.

Despite an ongoing increase in non-discretionary costs across the organisation and certain constraints on various revenue streams, Council will continue to maintain a sound level of investment in core public and community services. Council's objective is to deliver a balanced allocation of funds towards asset renewal and key initiatives, both in the residential and business sectors across the city.

In establishing the appropriate financial framework, Council will be able to determine the most appropriate way to respond directly to the service and infrastructure demands of an informed community. This response would broadly look to encompass:

- Stronger local communities through ensuring an adequate standard of key facilities for the ongoing provision of a range of significant social and recreational services
- Providing greater choice and consultation to the community on council provided services and infrastructure and raising levels of wellbeing and inclusion through the encouragement of participation in community activities
- The implementation of local programs to meet the diverse needs of the Bankstown community
- Sustainable environmental strategies to continually improve local environmental outcomes
- Enhanced business and community links and promote equity and development
- Further economic development and the generation of employment benefits through links with the business community
- Support for local recreation, arts and culture and an appreciation of heritage in order to promote vibrant and active communities.

### 8.2 Current Issues Facing the Local Government Sector

#### 8.2.1 External factors influencing sustainability

##### Financial Sustainability

Financial Sustainability of councils has been a topical issue in Local Government for more than a decade and has gained more significance since the Integrated Planning and Reporting (IP & R) framework was first legislated in 2010. This issue features heavily in the NSW Government's Fit for the Future reform proposals.



In general terms 'sustainability' means to maintain our current practices and service levels. Financial Sustainability is a similar concept. Often individuals plan over shorter periods of time. For Local Government planning is generally more suitable over longer periods i.e. 10 years. This is because councils are perpetual entities, which acquire and manage a stock of financial and physical assets in order to provide services for generations of local residents and ratepayers.

In late 2014, the State Government announced a program for reform in Local Government entitled "Fit for the Future". This program forms the basis for the State Government to implement structural reforms to the Local Government sector that are aimed at increasing financial sustainability across all Councils in NSW. This approach assesses sustainability based on a new series of financial benchmarks, and establishes a framework for mergers.

The "Fit for the Future" program has reaffirmed Council position outlined in previous Long Term Financial Strategies that an increase in revenue is required to address Council's unfunded renewals going forward. This is estimated at approximately \$17M p.a which will assist in satisfying both the State Government's new benchmarks, and Council's own long term asset plans in a sustainable manner. Without this additional income, Council will not be in a position to be declared "Fit for the Future", and further, will expose itself to a deteriorating asset conditions and ever increasing inflationary gap due to a disparity between IPART rate increases and standard inflationary pressures.

Bankstown Council's Long Term Financial Strategy (LTFS) models Council's financial position and its ability to deliver services and infrastructure over the next 10 years. While the LTFS can be quite technical, the numbers can be used to calculate various key financial indicators. These key financial indicators can be used to measure Council's long term financial sustainability.

## **Cost Shifting**

Cost shifting is where the responsibility for, or costs of, providing a certain service are shifted from a higher level of government to a lower level without the necessary funding or revenue raising capacity. A Commonwealth Parliamentary standing committee during 2002-2003 undertook an inquiry into local government and cost shifting.

The Committee concluded that significant cost shifting to local government had occurred. Over recent years the NSW Local Government and Shires Associations (LGSA), has implemented a program to quantify the on-going extent of cost shifting to local government in NSW. The program is based on quantitative surveys of NSW local councils. The survey was last conducted for the 2011/12 financial year.

This survey determined that in 2011-12 cost shifting on to NSW Local Government was estimated to amount to 5.63% of Local Government's total income before capital amounts or \$521 million. Bankstown City's estimate is around \$15.8 million or 11.6% of our income base.

This is a significant issue for Council and the local government sector, in general. Council will continue to advocate on this issue to be appropriately addressed, particularly given Council's asset management obligations (further discussed below).

## Asset Management

Various inquiries into Australian local government over the last few years have all concluded that in general the sector has underfunded the renewal and replacement of its infrastructure and community assets and are not sufficiently sustainable under existing policy settings. In NSW this gap has been estimated by one Inquiry to be in the hundreds of millions of dollars.

Local government is far more 'asset intensive' than other levels of government, therefore asset management performance has a much greater bearing on financial performance. In an effort to maximise effectiveness and improve asset management practices, the NSW Government introduced specific asset management requirements for councils. These requirements include:

- Council needing to develop an Asset Management Strategy, which looks to clearly respond to our Community Plan, including the type and condition of our assets and their expected renewal requirements and any resourcing implications, and
- The ongoing revaluation of assets held by Councils to a fair replacement value rather than on historical amounts so as to ensure the accuracy of the information and required investment.

Over the past 2 months, Council has carried out an extensive and detailed assessment of its infrastructure asset base. The assessment provides a holistic view of our major asset classes, in terms of condition, functionality and capacity in meeting our community's needs. In addition, through its Integrated Planning and Reporting process, Council has consulted the community around these issues and in particular their broader ongoing expectations of Council.

In conjunction with other Southern Sydney Councils' (SSROC), Council has carried out a comprehensive assessment and agreed approach in managing its asset base, particularly in terms of useful lives, depreciation rates, life-cycle funding and replacement costs. The Regional approach is expected to provide consistency, clarity and above all the opportunity to capitalise on broader efficiencies across the region, as they arise.

This information has led to a comprehensive review of Council's Asset Management Strategy, in particular ensuring that appropriate levels of investment are made in terms of maintaining, renewing and replacing its assets as well as required annual depreciation and ongoing maintenance costs. The review has brought a greater degree of certainty to Council's ten-year forecast necessary to develop its LTFS.

Council's current projections show it has the financial capacity to allocate around \$350M towards the construction, renewal and purchase of assets over the next 10 years. In addition, Councils projected Asset Management Strategy requires Council to address unfunded renewals, estimated to total around \$61M.

Whilst Council's LTFS suggests that it has the capacity to somewhat address required funding for annual maintenance, particularly given the reduction in debt servicing costs, the unfunded renewal amount does require further consideration.

## **Climate Change**

Climate change, specifically rising temperatures, will place an increasing cost burden on Council through growing energy and water consumption and associated costs.

The financial impact of other climate change related events, such as damage to assets through more severe storms, is unclear.

Council will continue to minimise energy consumption through efficiencies and renewable energy.

## **Increasing Governance Requirements**

Governance requirements continue to be imposed on the local government sector by the NSW State Government including such things as a strengthened internal audit function, corruption prevention strategies, extended Code of Conduct and Code of Meeting Practice requirements, a more comprehensive strategic planning and management framework and the Government Information Act 2009.

Whilst Council understands the need to ensure sound governance principles and practices exist, there is a need to review and lessen the current compliance and reporting burden placed on Council's and invest this effort in fostering continuous improvement and effective accountability to local communities.



## 9. Our Approach

### 9.1 Objectives

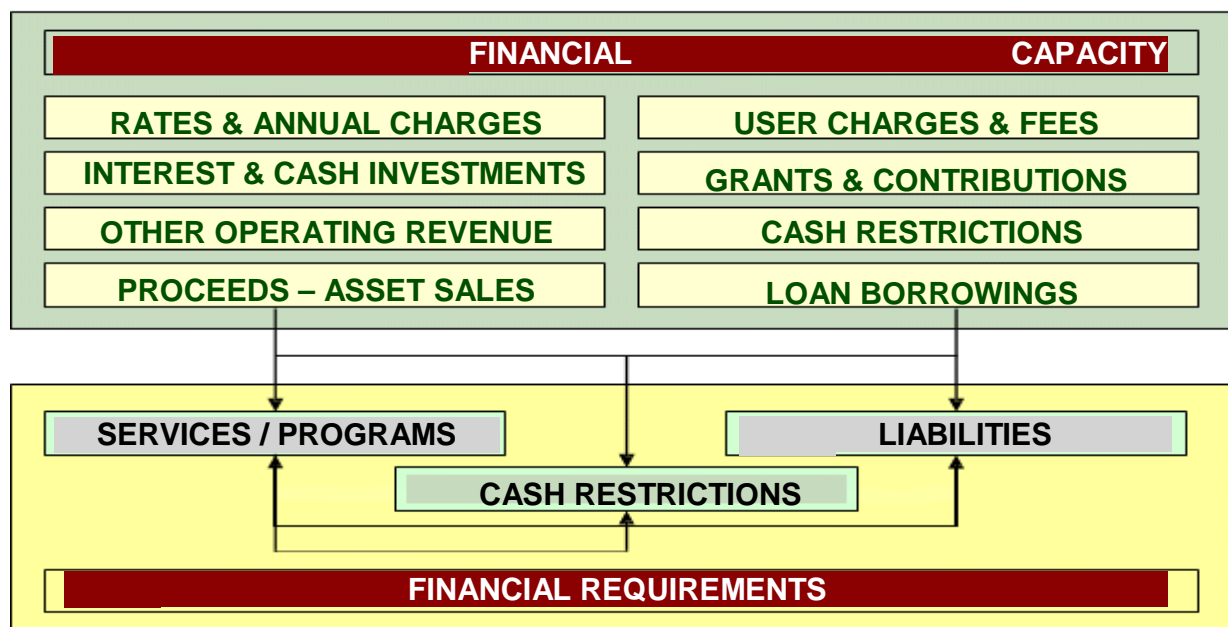
Council's Long Term Financial Strategy outlines the global parameters, direction and allocation of resources. The Strategy is premised on a number of key principles and objectives which are used as a base to prepare specific financial plans.

Council's revenue-raising and financing policies will ensure that they adequately provide for, support and/or maintain:

- The agreed strategic financial indicators set by Council;
- Operational and capital expenditure necessary to service its present statutory, service and long-term asset management obligations;
- Agreed operational and/or capital initiatives;
- Known commitments and liabilities;
- Cash restriction policies and contingency funds.

Council's Long Term Financial Strategy will be supported by Council's Four-Year Delivery Program and Annual Operational Plan. The strategic parameters identified above will form the basis of their preparation and consideration by Council and the Community.

From a funding perspective, Council will manage its *financial requirements* based on its available *financial capacity* in the following manner as represented in the figure below:



In aiming to meet the *City Directions* identified in the Bankstown Community Plan, Council will balance its planned priorities while ensuring it maintains a sound financial outcome. The strategy provides the required guidance and approach to managing its financial direction, encouraging efficient management of resources, equitable pricing models and measurable milestones.

The Strategy will provide a mechanism through which all Council's financial issues, constraints and demands can be balanced against its service and asset management expectations and aspirations.

Council's planning process will incorporate the impact of expected social and environmental impacts, particularly the growth in population, its demographics and age of its residents.

Relevant strategies and policies will be reviewed as required to ensure that Council is able to satisfy its strategic financial objectives and remains sustainable.

Council will also continually renew its services and programs to ensure their efficiency and effectiveness.

## **9.2 Preparing the Long Term Financial Strategy**

The LTFS draws on information contained within Bankstown City's Community Strategic Plan, Delivery Program, Operational Plan, Current Budget and scenario modelling undertaken. The LTFS is developed in conjunction with the Workforce Strategy and Asset Management Strategy.

The LTFS has been developed to help Council identify and manage specific liabilities and settle them as they fall due. The three major liabilities that Council records are:

- Payables - where Council acquires goods or services on credit and repays them in accordance with agreed payment terms.
- Loan Borrowings - total outstanding loan payments.
- Provisions - where known liabilities are accrued for future payment. This primarily includes employee entitlements and insurance claims.

In managing its liabilities, Council will ensure that it:

- Meets its immediate/current liabilities as and when they fall due.
- Develops and maintains appropriate risk management and operational strategies to contain and reduce its liabilities.
- Effectively manages its cash flow.
- Establishes appropriate cash restriction strategies to assist in managing its longer term liabilities, such as employee entitlements, and is able to meet any immediate fluctuations without affecting recurrent operations.

Council's Debt Strategy will mean that Council will eliminate one of its liabilities by 2017/18, which will reduce its interest cost and improve its available cash flow.

The service levels, asset maintenance and renewal requirements outlined in the Asset Management Strategy have informed the capital expenditure and maintenance expenditure components of the LTFS.

The LTFS is a dynamic document, updated each year on the adoption of the annual Budget. The LTFS changes as the needs, strategies and financial position of Council change over time. The output from the LTFS provides financial reports over a 10 year period in keeping with Bankstown City's Community Strategic Plan.

### **9.3 Financial Performance Objectives and Measures**

Council's aim is to ensure that it remains financially sustainable in the long-term. Council's long-term financial plan will aim to ensure that it:

- Is able to raise adequate recurrent income to sufficiently cover all recurrent operating costs
- Achieves operating surpluses
- Continuously improves its financial position
- Maintains a positive unrestricted cash and investment balance
- Progressively increases funding for asset maintenance and renewal
- Maintains a fair and equitable rating structure
- Manages the recovery of outstanding receivables/amounts in timely manner
- Meets its liabilities as they fall due from existing recurrent income
- If required, is a modest net debtor where borrowings (debt) is a minority of the total capital invested in Council's infrastructure and other assets
- Manages interest expenses to less than a substantial proportion of Council's annual operating revenues.
- Invests in capital expenditure at a level at least equal to depreciation expense
- Establishes a positive net acquisition of non-financial assets for renewal/replacement purposes.

These outcomes will be premised on achieving and maintaining a number of set performance objectives/measures.

#### **9.3.1 Measuring Financial Sustainability**

Bankstown City's LTFS uses a combination of the key indicators and ratios identified above and those identified in the State Government's Fit for the Future criteria and the Local Government Code of Accounting Practices, to forecast its financial position for the next 10 years and ensure Council manages all elements of its financial position. The table below sets out the indicators, ratios, a brief definition, and benchmark that Council use as a base to assess its financial performance and position and compare them across the sector

These performance measures are aimed at ensuring that Council's planning process maintains well defined global parameters, which will guide Council's decision making processes, in terms of providing effective, well managed and sustainable services and assets as well as plan for ongoing investment and expansion of our city.

Indicator	Definition	Benchmark
Operating Performance) Ratio	(Operating revenue excluding capital grants and contributions – operating expenses) / operating revenue excluding capital grants and contributions  Measures a Council’s ability to contain operating expenditure within operating revenue	>0%
Cash Expense Ratio	Current year’s cash and cash equivalents / (total expenses - depreciation - interest costs)*12  Indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow	>3 months
Unrestricted Current Ratio	Current assets less all external restrictions / current liabilities less specific purpose liabilities  Designed to represent a Council’s ability to meet payment of liabilities as they fall due	>150%
Working Funds	Unrestricted Working Capital	\$4M
Own Source Operating Revenue Ratio	Rates, utilities and charges / total operating revenue (incl capital items)  Measures the level of a Council’s fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council’s financial flexibility improves the higher the level of its own source revenue.	>60%
Debt Service Ratio	Net debt service cost (principal plus interest) / Operating Revenue (excluding capital grants and contributions)  Indicates whether Council is leveraging debt within a reasonable level.	<10%
Debt Service Cover Ratio	Operating results before interest and depreciation (EBITDA)/ Principal repayments plus borrowing interest cost.  Measures the availability of operating cash to service debt including interest, principal and lease payments.	>2%
Capital Expenditure Ratio	Annual Capital Expenditure / Annual Depreciation  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.	>1.1
Infrastructure Backlog Ratio	Estimated cost to bring assets to a satisfactory condition / Total value of infrastructure, buildings, other structures and depreciable land improvement assets  This indicates what proportion the backlog is against the total value of council’s infrastructure.	<2
Asset Maintenance Ratio	Actual asset maintenance / required asset maintenance  Compares actual versus required annual asset maintenance	100%
Building and Infrastructure Renewals Ratio	Asset renewals / Depreciation of building and infrastructure assets  Compares the proportion spent on infrastructure asset renewals and the asset deterioration measured by its accounting depreciation.	100%
Real OPEX per Capita	Total expenses / Population (forecast)  Indicates how well council is utilizing economies of scale and managing service levels to achieving efficiencies	Declining

### 9.3.2 Financial Governance

Council's Financial Strategy provides the required framework which will ensure that monetary decisions are made and implemented in meeting its financial goals and outputs.

The strategy will ensure that Council effectively manages its obligations with the view to:

- Promote confidence within the community;
- Result in better council outputs and outcomes; Enhance its value and standing;
- Meeting required legislative responsibilities;
- Delivering on the community's requirements.

Council will continue to ensure that there will be robust and transparent financial management established and maintained to meet accountability to its community and stakeholders, particularly in terms of its stewardship of community assets, both now and in the future.

### 9.3.3 Risk Management

Council's Financial Strategy and Long Term Financial Plan provide the required measures and approach towards managing its exposure to financial risk.

Council's decisions regarding its financial capacity and requirements will be managed within the context of agreed and accepted financial performance objectives in ensuring that it remains sustainable, together with agreed cash reserves to manage fluctuation in recurrent operations and contingencies.

It will establish and maintain an effective approach to identifying, assessing, monitoring and managing its organisational risks having regard to the parameters as set out in this strategy.

### 9.3.4 Managing Financial Outcomes

Council is responsible for the provision of various regulatory, economic, social and environmental services to its community.

In meeting these requirements, Council will ensure appropriate and adequate strategies exist to meet its agreed financial performance objectives and fiscal obligations in managing its growing infrastructure and service demands.

In planning for the effective provision of its outcomes, Council will ensure an assessment of significant operational issues and internal reform options, including

- Its financial capacity to mobilise its financial resources through expanding its own-source revenue through agreed revenue-raising and financing policies;
- Setting clear and appropriate priorities;
- Employment of an effective, flexible and adaptable workforce strategy;
- Its managerial capacity, in terms of exhibiting effectiveness and efficiency;
- Ability to absorb 'non-discretionary' variables, industry constraints and financial stress;
- Capitalise on available opportunities, particularly obtainable economies-of-scale, competitive tendering, procurement, shared resources and regional service delivery.
- Broadening asset management capacity.

Council's approach to developing its recurrent operations will be based on the following attributes.



## 9.4 Assumptions

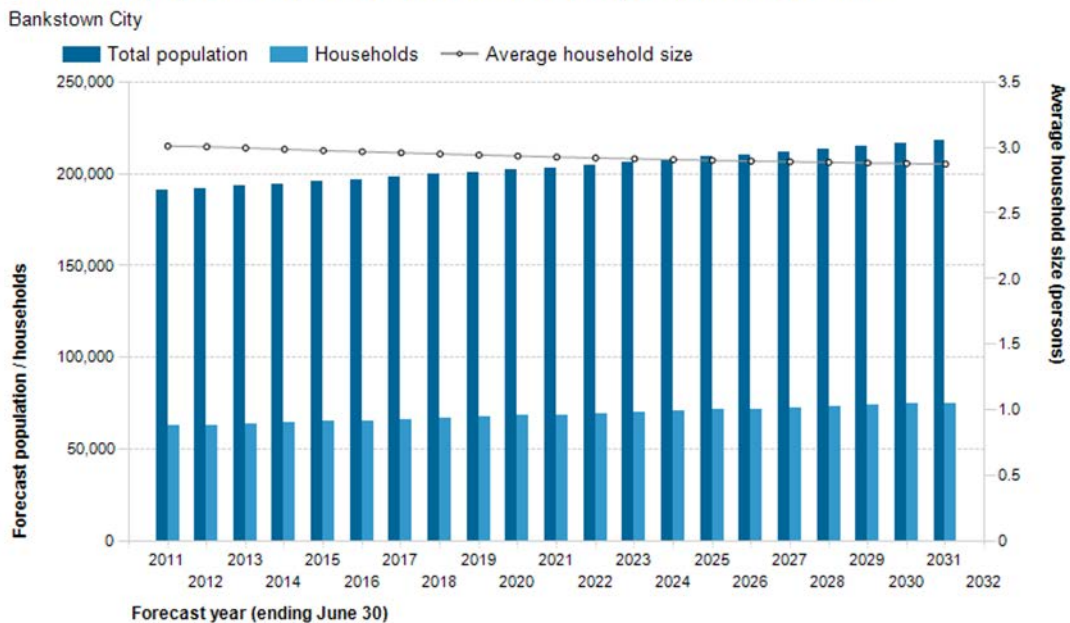
Bankstown City's LTFS is based on a number of underlying assumptions. The key planning assumptions considered in this strategy are outlined below. All modelling undertaken to formulate Council's LTFS is based around these assumptions and the parameters used can be found in Appendix A of this document.

### 9.4.1 General Forecasts

#### Population Growth

Population growth is a significant factor impacting on Council's future financial position. The population of Bankstown City is approximately 196,000 with an additional 14,000 people expected to move into the area in the next 10 years (Profile id).

#### Forecast population, households and average household size



Population and household forecasts, 2011 to 2031, prepared by .id the population experts, October 2012.



#### Inflation

The reported Local Government Cost Index (LGCI), as determined by IPART, for the year to September 2014 was 2.5%. The rate measures price changes for goods, materials and labour used by an average council. It is similar to the Consumer Price Index (CPI) which is used to measure changes in prices for a typical household.

For the purposes of modelling Council's LTFS the LGCI has been used for the next 10 years as the standard escalation factor.

A number of other assumptions and forecasts have been included in the LTFS models to provide a more accurate reflection of the movements in costs over a ten year period.

Varied rates of increase have been applied, as required, for the following areas: Rate

- revenue
- DWM charge
- SWL
- Salaries and Wages
- Waste Tipping Fees
- Superannuation
- Financial Assistance Grant (FAG)

Appendix A provides a summary of all of Council’s assumptions applied in developing its LTFS

## 9.4.2 Revenue and Funding

### General Rates

General Rate Revenue provides essential whole of community services not funded through other sources.

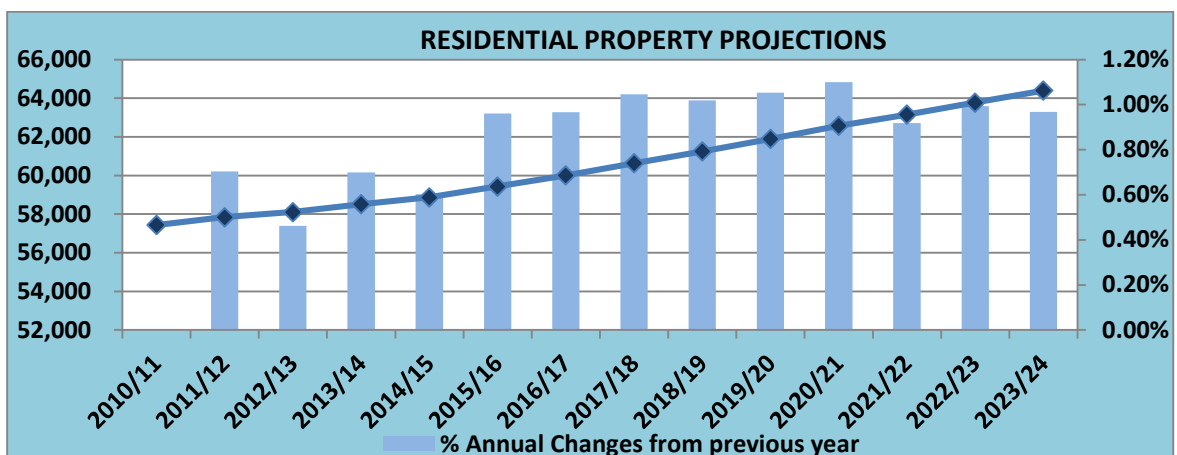
Since 2010 the rate peg for increase to Council’s general rate income and reviewing applications for special rates and minimum rate increases under the Local Government Act 1993, is determined by IPART.

In preparing its Delivery and Operational Plans, Council will:

- Annually increase its rates income yield by that amount/percentage determined by IPART,
- Where appropriate, will consider the application for a rate variation or separate Special Rates to support its operations and/or specific initiatives or priorities set by Council.
- Assess its rate structure, including its existing Special Rate, from time to time to ensure that it supports the principles of equity, representation and capacity to pay.

Council's rate structure and LTFS reflects an element of expected growth in the city based on existing development approvals and forecast development potential of available land for new housing and are the basis of the residential rateable property projections.

It is currently estimated that the number of rateable assessments will increase by approximately 1% over the next 10 years. This growth has been reflected in Council's LTFS. A summary of this projection is as follows.



## **Domestic Waste Management**

Council will annually assess its Domestic Waste Management Charge to ensure that it recovers the reasonable cost of providing the service, including the provision for asset replacement and rehabilitating Kelso Tip, in accordance with the Local Government Act 1993.

The reasonable cost of calculating Council's Domestic Waste Management Charge reflects the expected increase in rateable assessments over the next 10 years and associated increases in the cost of managing the service.

## **Stormwater Levy**

Council currently charges an annual Stormwater Levy which is set in accordance with the parameters set out in the Local Government Act 1993 and Regulation. The levy is used to plan, construct and operate required stormwater assets.

Funding generated from the Stormwater Levy has been reflected in Council's LTFS for 2015/16 and 2016/17. In preparing its 2016/17 budget council again need to consider extending this Levy.

Council's Rates and Charges, Debt Recovery and Hardship Assistance Policy provide Council's adopted rating framework and structure for the city.

## **Grants and Contributions**

### **Developer Contributions**

Council's Section 94A Developer Contributions Plan is a major source of funding designed to assist growth throughout the city with funding new and/or the upgrade of existing facilities and infrastructure required to meet the community's needs.

Projected funding and agreed outcomes under the Plan have been reflected in Council's LTFS and allocated to Council's annual capital expenditure program.

### **Grants**

Local Government is heavily reliant on adequate Federal and State grant funding. Notwithstanding this, the industry has seen a real term decline in grant funding, which poses a challenge in managing Council's operations particularly its capital replacement program and annual maintenance requirements.

The rate of economic growth and consequent rises in national taxation revenue means that grants have decreased as a percentage of both GDP and tax revenue. While at both the national and state level, rising tax revenue collected nationally (and in the case of the states, redistributed back to them through the GST) has allowed those spheres of government to meet increasing demands for services, this has not been the case at the local government level, resulting in a vertical fiscal imbalance in funding across the tiers of government in Australia.

As local government is the custodian of a large proportion of Australia's physical infrastructure, this is an issue which needs to be addressed at a national level.



This is quite evident when assessing Council's summary of major grant funding streams over the years.

Grant	10/11 \$M	11/12 \$M	12/13 \$M	13/14 \$M	14/15 \$M	15/16 \$M
FAG	6.8	7.2	7.0	7.2	6.9	6.9
R2R	1.0	0.7	0.7	0.7	0.7	1.4
RTA - Reg/Local	1.6	1.5	1.5	1.3	0.8	0.8
TOTAL	9.4	9.4	9.2	9.2	8.4	9.1
% - Total Revenue*	6.8	6.5	6.4	6.2	5.2	5.4

\* Includes Capital Grants & Contributions

Council will continue to encourage the establishment and refinement of a more appropriate allocation of infrastructure funding, particularly with the view to:

- Set Financial Assistance Grants as a proportion of total Commonwealth tax
- Escalate Financial Assistance Grants annually by a more realistic local government cost index
- Focus Roads to Recovery spending on maintenance
- Secure a longer term commitment and appropriate annual escalation in funding under the Roads to Recovery program.
- Reviewing available regional roads, road safety and traffic efficiency funding made available by the Roads and Traffics Authority (RTA)

In accepting capital grants or seed funding to develop new infrastructure or services, Council will also assess the corresponding whole-of-life costs, including recurrent operating costs, maintenance and renewals to ensure that they do not affect existing operations.

## **Investment Returns and Cash Reserves**

### **Cash Investments**

Council applies a prudent risk management approach to managing its cash investments. The key objectives to managing investments are to ensure:

- That Council effectively secures the investment of funds which are surplus to the City's current operational requirements.
- The security of Council's portfolio by limiting associated risk and its exposure to individual institutions and products.
- The portfolio generates acceptable and sound returns compared to industry standards and appropriate benchmarks.
- That Council obtain prudent and independent investment advice.
- That an appropriate delegation process exists to manage Council's funds.
- Compliance with relevant parts of the Local Government Act 1993, Regulations, Ministerial Orders and Accounting Standards.

Council's Cash Investment Policy provides Council's adopted policy framework and approach to managing its cash investments.

### **Cash Restrictions**

A pivotal part of Council's budgeting process is the need to maintain a number of cash restriction reserves, which are utilised to manage both externally imposed statutory or regulatory requirements as well as those set by Council.

Council differentiates and restricts required funds between internal (e.g. employee leave entitlement, insurance contingency reserve, asset replacement reserve including plant, equipment and IT) and external restrictions (e.g. unexpended grants and contributions, section 94A contributions, domestic waste management fund, workers compensation, stormwater levy, and town centre improvement rate).

The ongoing management of these reserves are reviewed annually by Council based on legislative requirements, replacement and initiative strategies, known commitments and/or contingencies.

Generally, internally restricted reserves are set aside and utilised for a specific purpose and/or its prudent approach to ensuring that Council is able to meet its liquidity ratio targets, working capital commitments and obligations (liabilities), as required.

Council's Asset Management Plan provides the required time frames and commitments to drawing on required funding from reserves to meet Council's required asset outcomes.

Council's Cash Investment policy provides the framework and approach to managing its cash investments. Movements in Council's cash reserves have been factored into the LTFS.

### ***Pricing of Goods and Services***

Council establishes its pricing levels through a range of factors, which are broadly dependent on the nature of the good or service being provided and the extent to which Council recognises an obligation to subsidise provision of the good or service. Council's Pricing Policy is subject to review on an annual basis or where appropriate, according to need.

Where appropriate, Council will assess and apply a user pays model in setting its pricing based on the following provisions:

#### **Cost of provision**

The cost to Council of providing goods or services is a primary consideration when determining pricing. Council recognises that rational and relevant pricing decisions can only be made when there is a full understanding of the cost to Council – and the community – of resourcing specific service areas.

#### **Community Service Obligations**

Council acknowledges that it has an obligation to provide some goods and services as a community service. As a result, Council accepts responsibility for at least partially funding these goods and services from other sources of revenue. This is reflected in varying degrees of pricing subsidy, dependant on the nature of the good or service being provided.

Where it is not feasible to collect fees from private beneficiaries for a good or service, which provides a wider community benefit, full subsidy will be applied. Where cost recovery can be achieved but Council recognises an obligation in terms of equity and social justice considerations, and the merit and wellbeing of the community, an appropriate level of subsidisation will be applied.

### **Private Benefit**

Some goods and services provided by Council are not provided on the basis of wider community benefit, and are used by private beneficiaries. Goods or services of a commercial nature will be subject to commercially competitive pricing principles, which reflect market conditions and full cost recovery.

Where Council are engaged in providing any commercial/business operations, it will price such services at full cost recovery, to cover both the cost of capital and a commercial rate of return. Council will look to generate an agreed positive return on assets so as to not reduce financial viability.

Where required, Council will ensure compliance with 'competitive neutrality' provisions of the National Competition Policy and categorisation (i.e. category 1 or 2 business activity).

### **Statutory Limitation**

It is acknowledged that certain fees, charges and levies are set by legislation and Council has no control over pricing in these circumstances.

### **Community Considerations**

There are circumstances in which fees and charges levied under this policy may be further subsidised or discounted by Council on the basis of:

- **Ability to Pay** – Some members of the community may have difficulty accessing Council's services because of a lower ability to pay. Where a fee or charge is discounted on this basis, it must be specified in Council's Schedule of Fees & Charges or approved by Council.
- **Special Community Benefit** – In certain circumstances the discounting of a fee or charge will assist in attracting a user or level of use which will result in a special benefit to the community. Council acknowledges that some degree of flexibility may be applied when levying a fee or charge where such a benefit is anticipated.

## ***Capital Investment and Sale of Assets***

### **Capital Investment**

The Local Area Planning process and other relevant demand drivers will determine the replacement, renewal, rationalisation, retirement and creation of new assets and be reflected in Council's Asset Management Strategy.

The Asset Management Strategy is integral part of council's long term financial planning process and in particular strengthens our financial scenarios outlined in this strategy. It outlines the current state of Bankstown's assets and shows the required level of life cycle funding to keep the assets in good condition in perpetuity. The minimum required funding level identified in the Asset Management Strategy has been used in the modelling for this strategy. In turn the LTFS financial projections for asset renewals have been replicated in the Asset Management Strategy.

## Proceeds from Sale of Assets

Council will continually review and rationalise identified community assets where assets are either under-utilised, are surplus or may no longer meet the service expectations of our community.

Funds from divesting of such assets will be restricted and used to provide an opportunity to create or upgrade infrastructure and facilities as identified under Council's Local Area Planning process. Agreed projects, will accordingly be included in the capital expenditure program, as determined by Council.

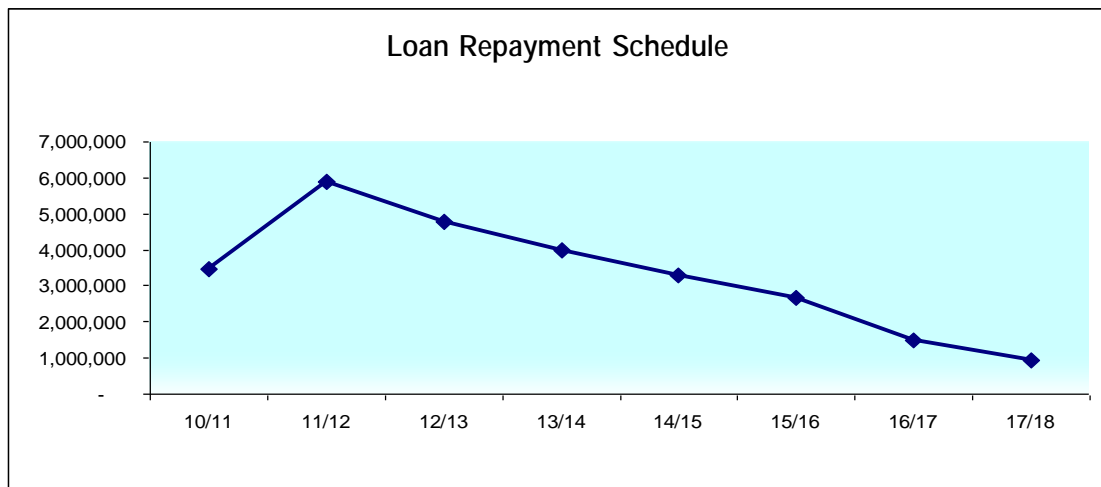
Similarly, Council will continually review the purchase of new and/or replacement of its operational asset base, including plant, equipment and property, to ensure that it appropriately and effectively supports the provision of services throughout the city.

Proceeds from the Sale of Assets will be restricted, including an equivalent amount of associated depreciation cost (where feasible) to fund Council's ongoing operational asset program.

## Loans

Council's long-term strategy is to ensure that it has the *financial capacity* to adequately service its *financial requirements* without any reliance on loan borrowings.

Council's aim will be to finalise its existing/outstanding debts by 2018 and in turn redirect debt service costs towards asset replacement purposes. A summary of Council's loan repayment schedule (interest and capital) is graphically illustrated below.



The future use of any loan funds will be restricted for the purposes of constructing income generating assets, which will service any debt obligations without affecting existing recurrent operations and/or cash flows.

## Other

In addition to the above mentioned sources, Council generates a number of other regulatory and non-core revenues such as rental income on Council properties and income from fines.

Council will continue to review its pricing and revenue raising opportunities, with the view to provide a recurrent alternate income stream and support its ability to provide the required services and community outcomes.

### 9.4.3 Expenditure

Council has 20 broad service areas which incorporate all of Council's services. Council's Operational Plan details each service budget, including required inputs (resources).

A summary of the services is as follows:

<b>Arts &amp; Culture</b>	<b>City Planning</b>
Communications	Community Services
<b>Corporate Support</b>	<b>Development Services</b>
Emergency Management	Economic Development
<b>Environment and Sustainability</b>	<b>Governance and Strategy</b>
Leisure and Aquatics	Library Services
<b>Parks &amp; Open Space</b>	<b>Sport and Recreation</b>
Property Services	Regulation and Compliance
<b>Roads and Transport</b>	<b>Stormwater Management</b>
Waste & City Cleaning Services	Town Centre Management

Council will plan for the provision of services and assets by setting clear and appropriate priorities, as determined by the community. This will be undertaken within a planning environment focused on retaining a financially sustainable and viable position. Council's approach will be to establish relevant and appropriate operational strategies so as to ensure that it is able to have the flexibility and freedom to respond to community demands, as and when appropriate.

In terms of managing its recurrent operational services/programs, Council will:

- Establish and manage an effective Workforce Strategy. Council will regularly review its organisational structure and ensure it remains flexible to adapt to delivering required outcomes. Council will continually look to broaden and improve its staff's knowledge, skills and capacity so as to ensure it meets its required challenges and constraints.
- Determine the required resources to support its long- term service plans and reflect them in its delivery and operational plans.
- Plan to absorb any service expansion as part of its prioritisation process.
- Where appropriate, assess outsourcing specialised services through competitive tendering and other collaborative, regional service delivery and industry reform options.
- Apply a shared services approach to managing corporate support functions, with the view to capitalise on economies of scale throughout the organisation.



- Apply, where appropriate, a commercial approach to managing agreed services/functions and other non-core outcomes.
- Continually assess its support/overhead cost structure.
- Manage issues of "cost shifting", statutory and other non-discretionary costs, as required.

In addition to its core statutory and regulatory outcomes, Council has an obligation to ensure that necessary social, community and environmental management services are provided to its community. In setting its priorities, Council will take into consideration both its current and expected population, demographics, density, distribution and growth when developing its long-term service and asset management plans.

Council will ensure it provides an appropriate balance and scale of services with respect to its available financial resources/capacity. In consultation with its community, Council will set its priorities based on long-term service plans for the community.

As part of any consultation process, Council will:

- Adequately reflect the community's key priorities;
- Manage community expectations and ensure that the community understands the tradeoffs between increasing services and increasing revenue;
- Increase awareness of existing services and assets currently provided; and
- Inform the community on the implications of not prioritising its services.

Relevant/required community, operational and investment assets will support services. Council will:

- Review, revise and/or rationalise its asset base to match the service needs and priorities of the community;
- Establish effective renewal strategies and plans based on condition assessments; and
- Determine the agreed scale of asset quality demanded by the community

In cases where services may also be provided by other levels of government, Council will consult with the appropriate level of government to ensure that it is:

- The most appropriate level of government to provide the service;
- Managing any overlap with similar Federal or State government provided services; and
- The most cost effective and appropriate service delivery option.

## **A City of Excellence**

Council has chosen to use the Australian Business Excellence Framework as a way to become a 'City of Excellence'. The Business Excellence Framework is a tool that allows us to explore our own unique situation and a way of leading and managing our organisation to achieve sustainable organisational results.

Whilst the approach presents many organisational benefits, the primary incentive is that it will generate productivity improvements within Council's services, particularly its corporate support and administrative functions, improve the level and/or quality, and ultimately generate savings for Council.

Council's ongoing commitment to the program is reliant on its ability to identify, review and implement process improvements which generate an annual productivity dividend of at least 0.1% of its operational expenditure. Council's LTFS allows for all savings to be reinvested back into Council's capital expenditure program.

## **Workforce Strategy / Employee Costs**

Council's Workforce Strategy (WS) will ensure Council will determine the required organisational structure and resources to deliver the agreed servicing outcomes, as determined by our community.

Council's recognises that its employees are its greatest resource and as such has developed a WS which ensures that it will develop relevant organisational development strategies and invest in specific programs to attract, train and retain skilled personnel.

Council's LTFS will reflect necessary resources to implement agreed actions outlined in its Delivery Plan, including necessary financial commitments required to comply with relevant Awards, superannuation and taxation legislation.

## **Materials, Contracts and Other**

Council will acquire, engage and commit necessary resources to deliver agreed services and capital expenditure as set out in its Delivery and annual Operational plan.

Council will ensure it continually reviews its procurement strategies, approach and available opportunities so as to ensure that our operations are carried out in the most efficient and effective manner.

Council also recognises that components of its costs are "non-discretionary" in nature, particularly certain government and/or regulatory costs relating to waste management charges and levies, street lighting and emergency services, which are somewhat beyond Council's control.

Notwithstanding the above, Council's LTFS will consider, determine and reflect required funding and resources annually through its Operational Plan.

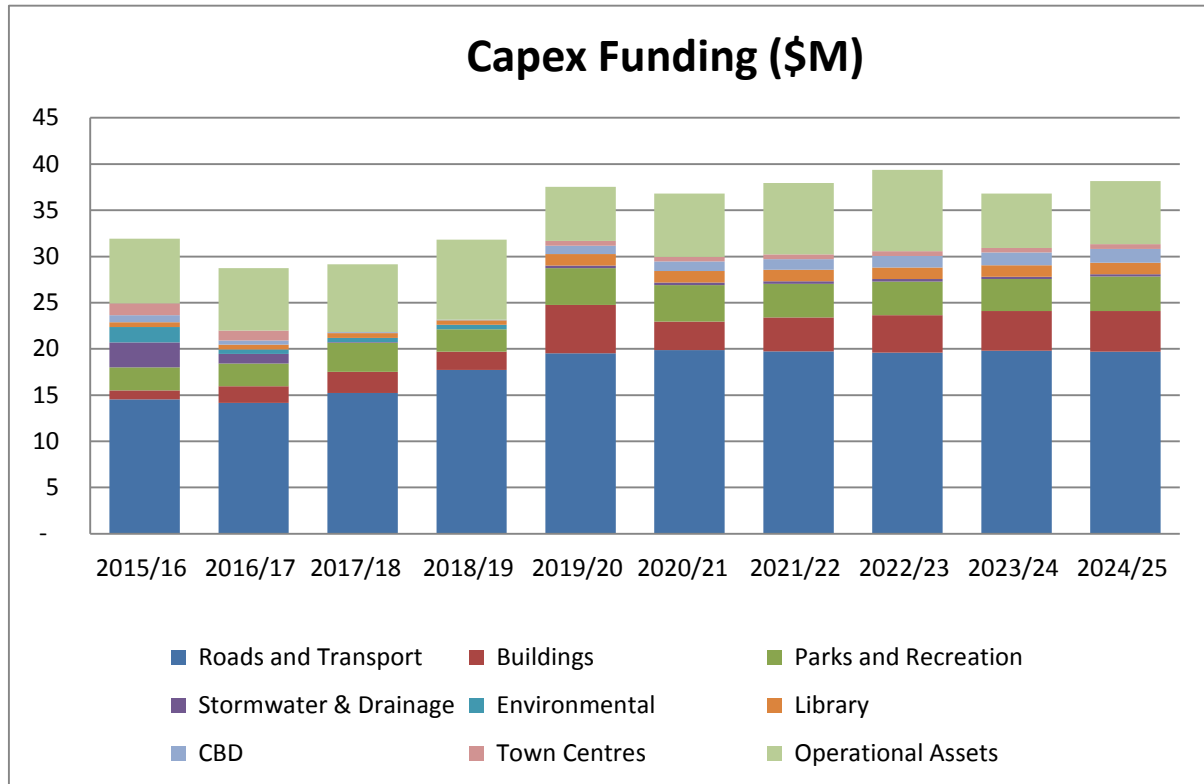
## **Capital Expenditure**

In terms of managing its assets, Council has developed the required strategy and plans for each of Council's asset management groups. The strategy and plans will reflect best practice principles in addressing Council's asset management obligations and the need to accurately measure and address the consumption of its assets.

In managing its assets, Council will:

- Manage the whole life of an asset, from planning, purchase, operation, maintenance, and disposal at life end using appropriate accounting practices;
- Plan to allocate sufficient funds each year for routine maintenance, renewal of infrastructure and unfunded renewals;
- Ensure effective renewal and replacement strategies exist for operational plant and equipment to support Council's long term service plans;
- Rely on its Local Area Planning process and other relevant demand drivers in determining the replacement, renewal, rationalisation, retirement and creation of new assets;
- Apply a transparent prioritisation model for infrastructure projects to support its strategic principles and approach; and
- Utilise dedicated asset reserves to fund specific community outcomes and programs.

Based on the current allocation, CPI increases and its ability to re-direct funding from reduced debt service cost, Council’s extrapolated available general funds for capital purposes will be as follows:



Council’s projections show it has the financial capacity to allocate around \$350M towards the construction and purchase of assets over the 10 years. In addition Council’s Unfunded Renewals are estimated around \$61M<sup>1</sup>.

Whilst Council’s Capital expenditure modelling indicates that in the absence of unfunded renewals, Council has the financial capacity to provide levels of infrastructure to a standard that is acceptable by the community, the unfunded renewal amount does require further consideration.

The modelling included in this strategy prioritises the available funding (in priority order) to meet operational requirements for delivery of services; maintenance; renewal; and the reduction of Unfunded Renewals. For the modelling of this strategy maintenance and renewal expenditure has been aggregated. The following breakdown highlights the additional expenditure required<sup>2</sup> to satisfy the NSW Government’s Fit for the Future criteria:

Renewal Gap	\$11.5M
Unfunded Renewals	\$5.5M

On this basis, Council would be required to spend an extra additional \$17M<sup>3</sup> p.a. to address the current decline in asset conditions and resolve the Unfunded Renewals over a reasonable period. Certain funding scenarios have been developed as part of Council’s LTFS to address this identified funding gap (see section 11).

<sup>1</sup> As at 30 June 2014 the unfunded renewal balance was \$53.1M (refer to Table 4 of the current AMS), this is estimated to increase to approximately \$61M by 30 June 2015.

<sup>2</sup> Figures based on 2017/18 requirements (first years of the proposed rate increase for scenario 2 and 3 in this strategy)..

<sup>3</sup> Table 4 in the current AMS indicates a renewal Gap of \$14.6M which is an average of actual expenditure over the last five years. \$17M is the projected renewal gap in 2017/18.



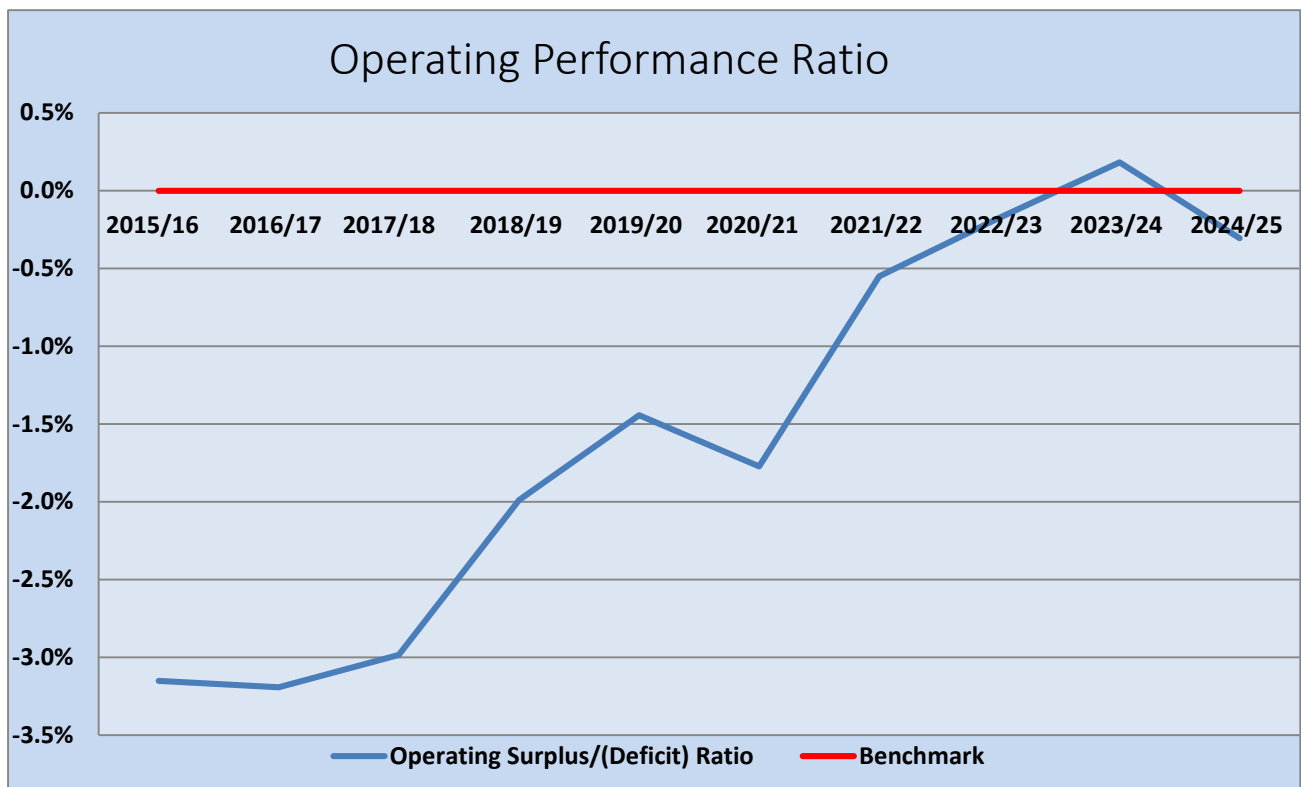
## 10 Financial Capacity and Position (Base Case)

In order to evaluate Council's financial capacity and sustainability Council has carried out an extensive and detailed assessment of its infrastructure asset base, community service level expectations and its financial performance. The LTFS models the Council's financial position according to industry standard financial ratios, and the NSW Government's Fit for the Future criteria.

The following assesses Council's current Base Case using these ratios.

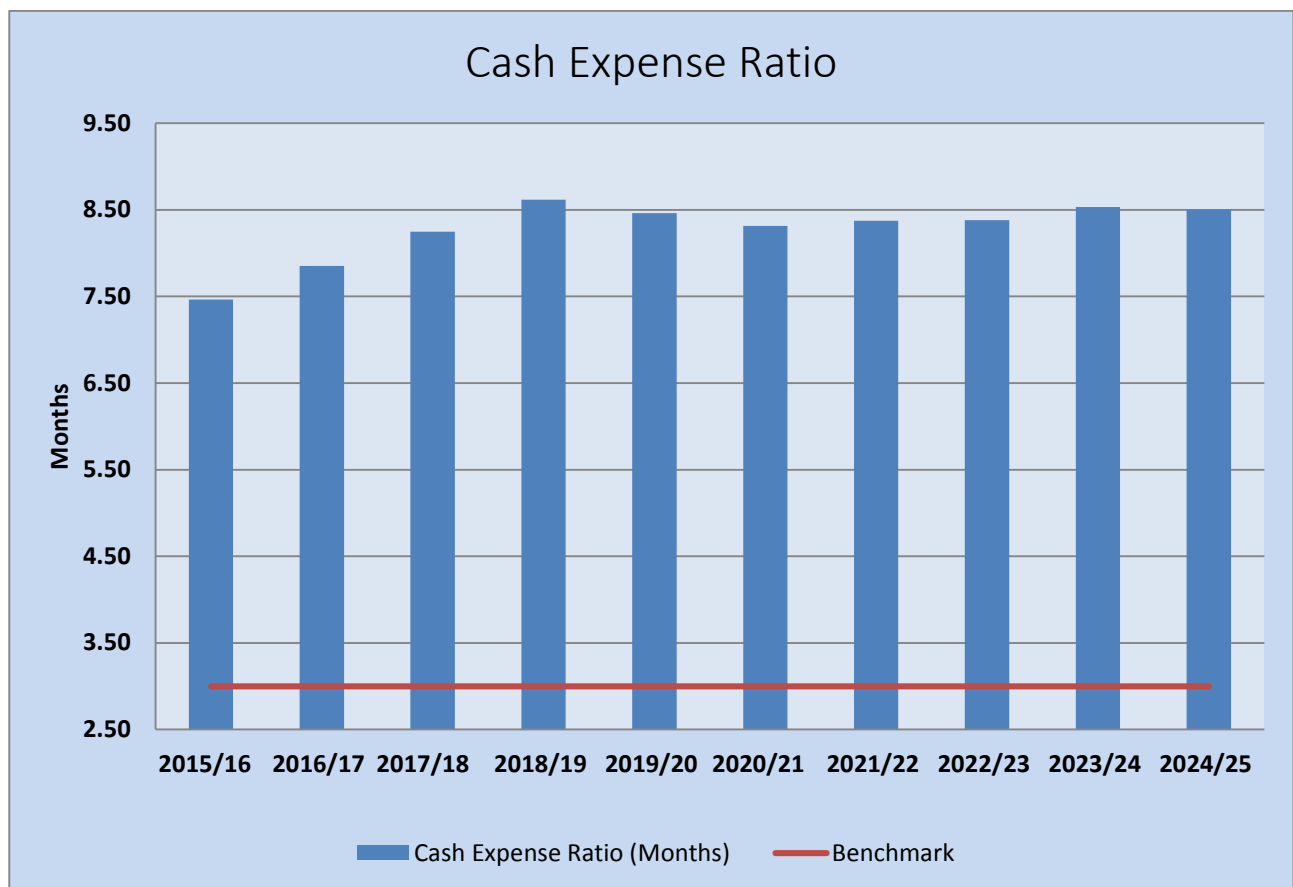
### Operating Performance Ratio

Ratio Definition	Comment	Benchmark
<p>Measures a Council's ability to contain operating expenditure within operating revenue.</p> <p>(Operating revenue excluding capital grants and contributions – operating expenses) / operating revenue excluding capital grants and contributions</p>	<p>Council's operating result is expected to gradually improve, particularly given an increasing number of properties, reduction in debt servicing costs and contained growth in costs to CPI.</p> <p>Election are scheduled for 2016/17, 2020/21 and 2024/25.</p> <p>The benchmark for this ratio was amended from (4%) to 0% during 2014/15.</p>	>0%



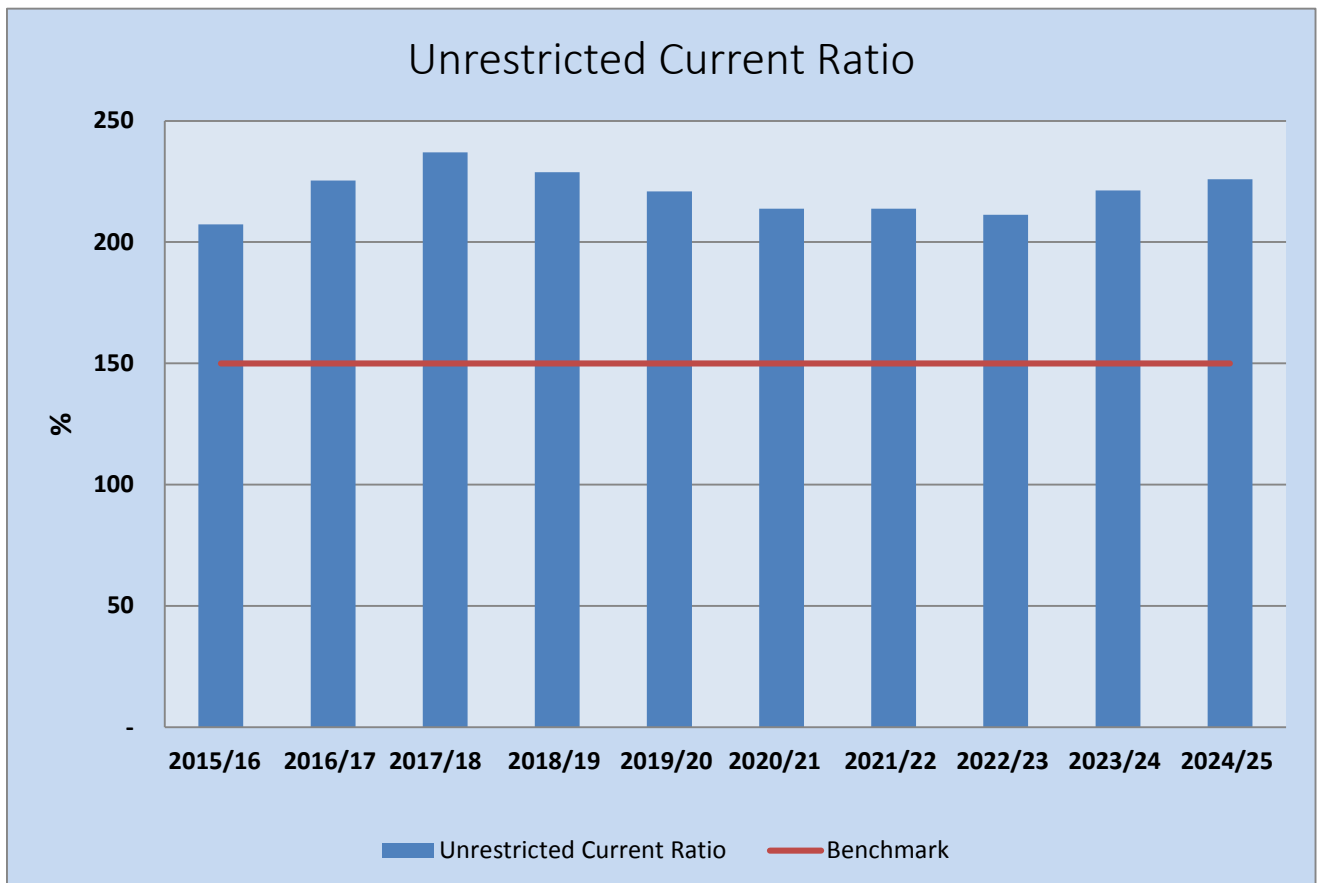
## Cash Expense Ratio

Ratio Definition	Comment	Benchmark
<p>Indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow</p> <p>Current year's cash and cash equivalents / total expenses - depreciation - interest costs)*12</p>	<p>The gradual increase in the Cash Expense Ratio over the life of the forecast is driven by increasing cash balance forecasts. The graph indicates that Council expects to have cash reserves of over seven month's cash expenses during the LTFS.</p>	<p>&gt; 3 months</p>



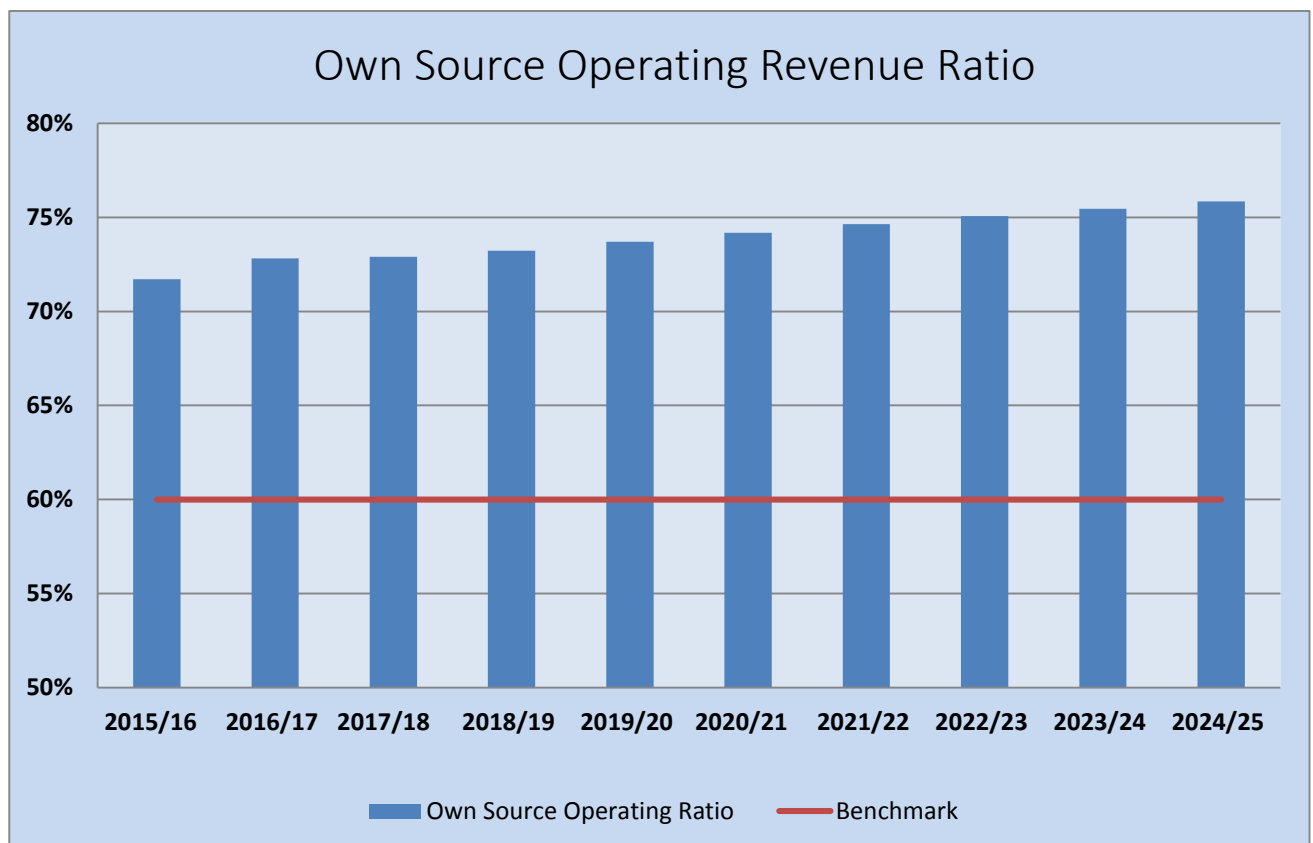
## Unrestricted Current Ratio

Ratio Definition	Comment	Benchmark
<p>Designed to represent a Council's ability to meet payment of liabilities as they fall due</p> <p>Current assets less all external restrictions / current liabilities less specific purpose liabilities</p>	<p>Council's forecast indicates that it has sufficient liquidity to meet its short term obligations.</p>	<p>&gt; 150%</p>



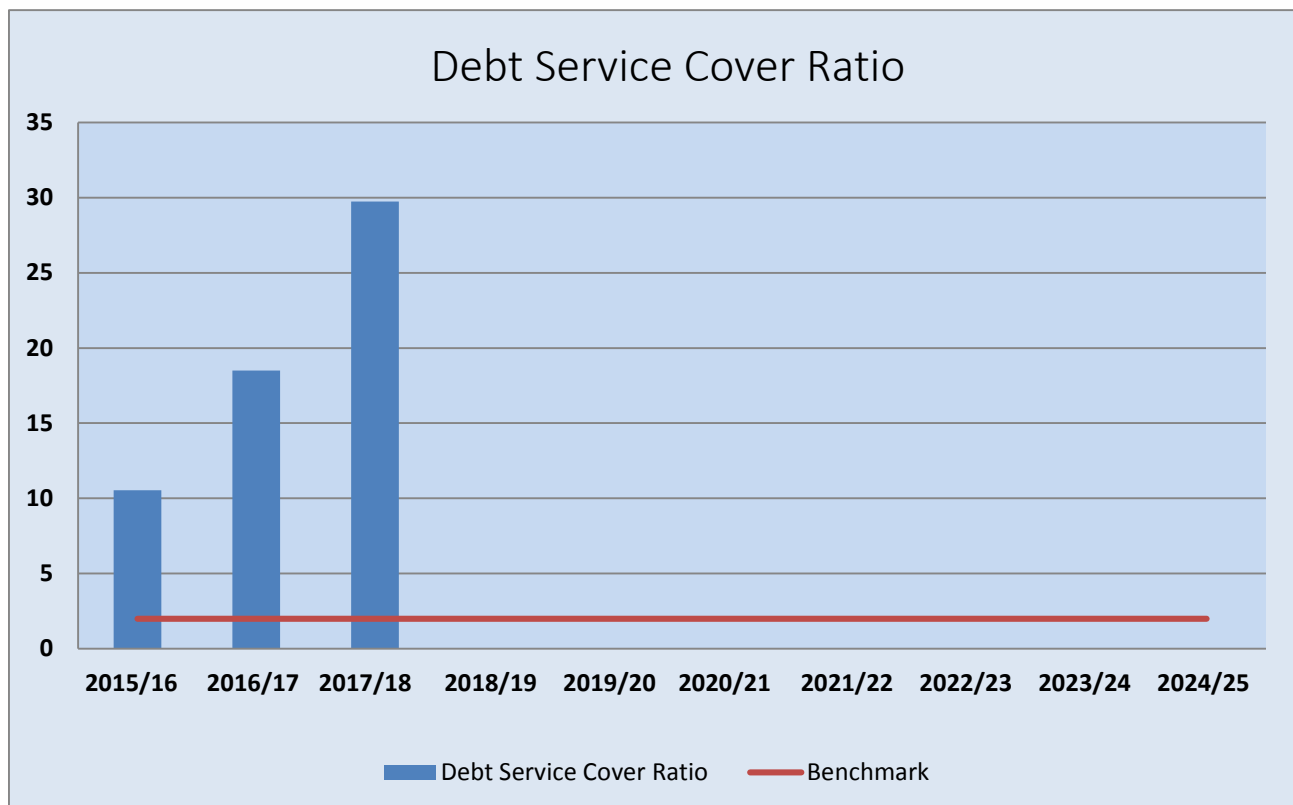
## Own Source Operating Revenue Ratio

Ratio Definition	Comment	Benchmark
<p>Measures the level of a Council’s fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and contributions. A Council’s financial flexibility improves the higher the level of its own source revenue.</p> <p>Rates, utilities and charges / total operating revenue (incl capital items)</p>	<p>The graph shows that Council is continually improving its financial flexibility and is becoming consistently less reliant on external sources of revenue to meet its obligations</p>	>60%



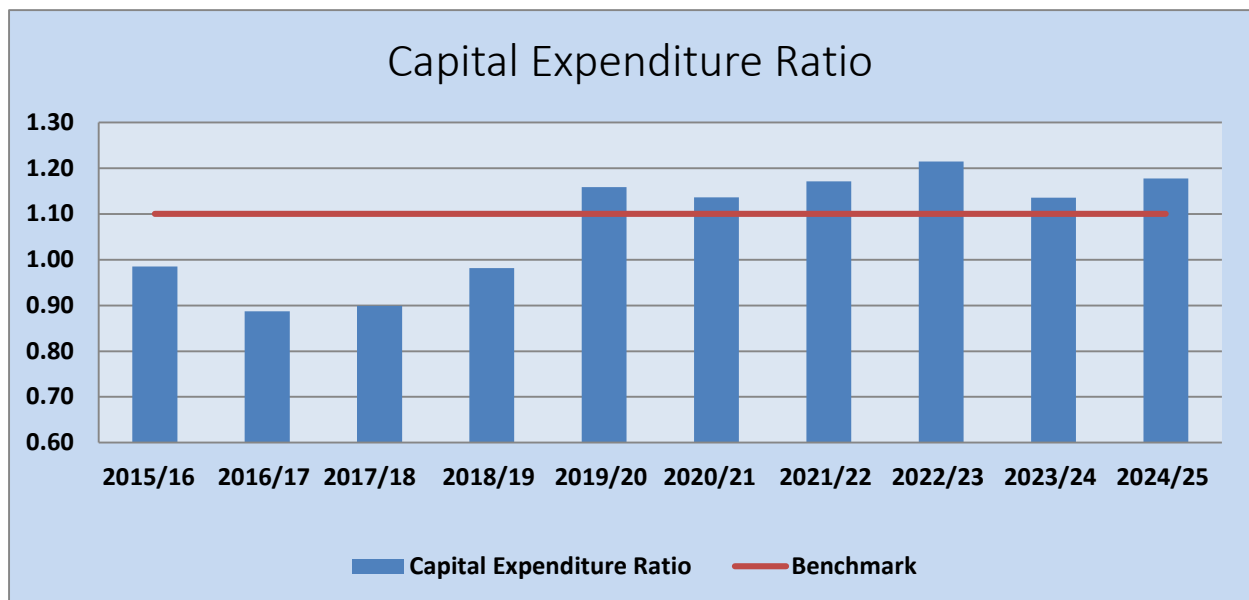
## Debt Service Cover Ratio

Ratio Definition	Comment	Benchmark
<p>This ratio measures the availability of operating cash to service debt including interest, principal and lease payments</p> <p>Operating results before interest and depreciation (EBITDA) / Principal repayments + borrowing cost by Revenue from Continuing Operations</p>	<p>The graph shows that Council has sufficient operating cash to services debt.</p> <p>Council is expected to finalise its outstanding debt liability by 2018.</p> <p>The savings in debt servicing costs will be reallocated to capital expenditure.</p>	>2%



## Capital Expenditure Ratio

Ratio Definition	Comment	Benchmark
<p>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.</p> <p>Annual Capital Expenditure / Annual Depreciation</p>	<p>Councils Capital Expenditure Ratio is expected to increase and remain above the benchmark from 2019. This ratio measures Councils forecast capital expenditure compared to its depreciation expense. A ratio above 1.00 indicates the council is spending more on assets than the rate of consumption.</p>	> 1.1



Notwithstanding the above, modelling undertaken by Council indicates that Council's current unfunded renewals are estimated around \$61M<sup>4</sup>. Council is required to spend an additional \$17M<sup>5</sup> p.a. to arrest the current decline in asset conditions and resolve the unfunded renewals over a 10-11 year period.

Capital expenditure modelling outlined in the LTFS indicate that in the absence of unfunded renewals, Council has the financial capacity to provide levels of infrastructure to a standard that is acceptable by the community. However the unfunded renewal amount requires further consideration.

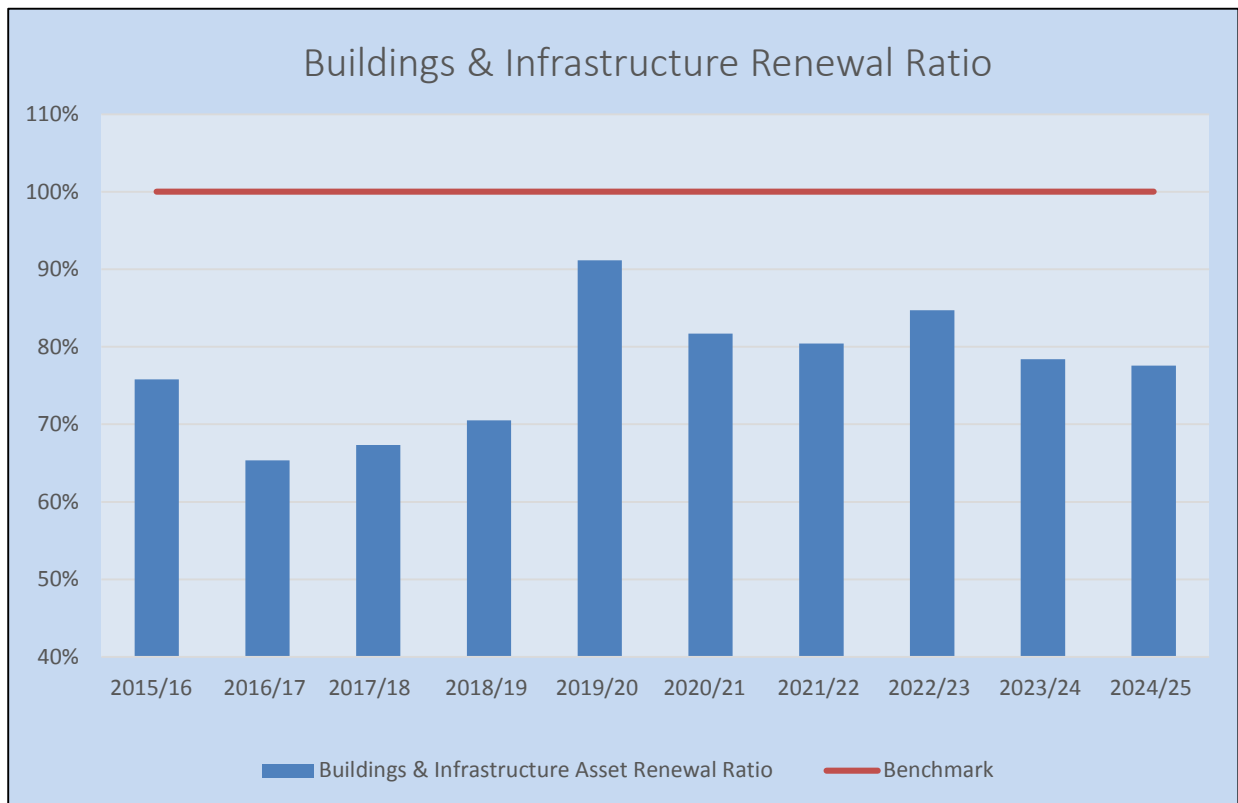
The scenario modelling undertaken in section 11 of this document presents some options on how Council can address this gaps without any external loan borrowings.

<sup>4</sup> As at 30 June 2014 the unfunded renewal balance was \$53.1M (refer to Table 4 of the current AMS), this is estimated to increase to approximately \$61M by 30 June 2015.

<sup>5</sup> Table 4 in the current AMS indicates a renewal Gap of \$14.6M which is an average of actual expenditure over the last five years. \$17M is the projected renewal gap in 2017/18.

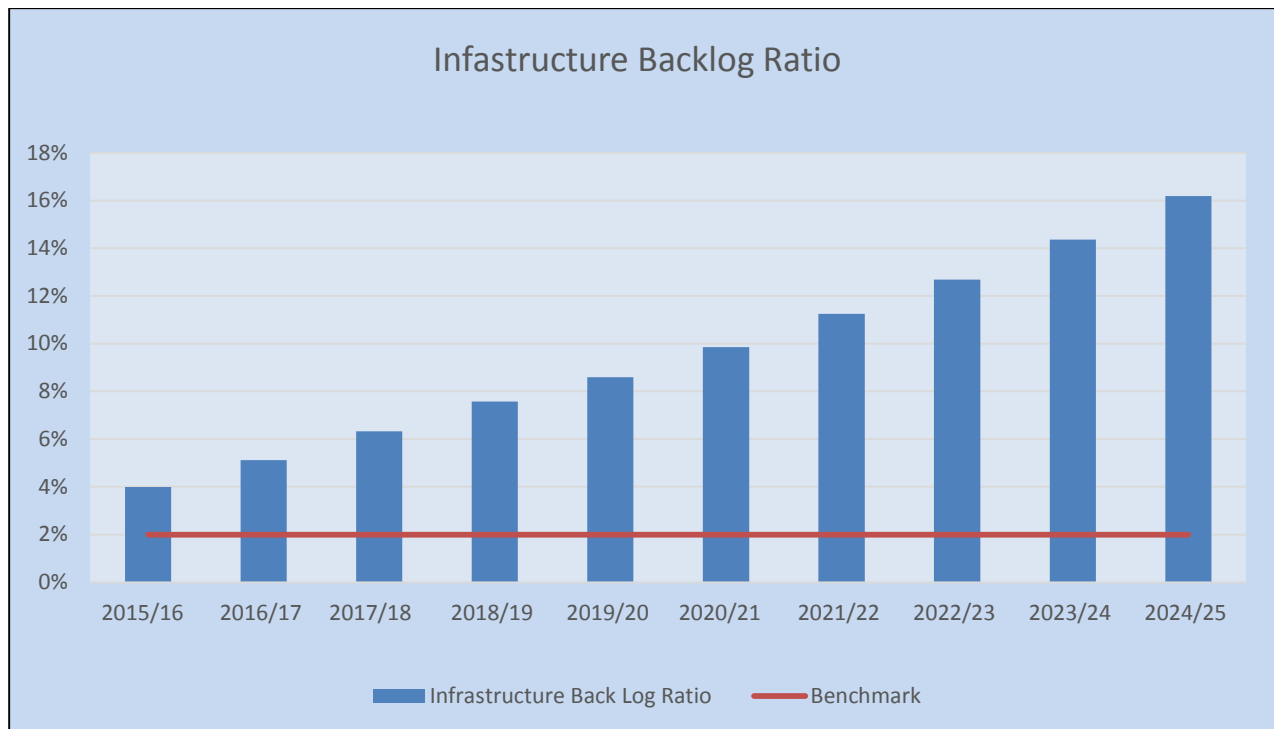
## Building & Infrastructure Asset Renewal Ratio

Ratio Definition	Comment	Benchmark
<p>Measures whether council's assets are deteriorating faster than they are being renewed.</p> <p>Asset renewals (building and infrastructure) / Depreciation, amortisation and impairment (building and infrastructure)</p>	<p>Council's current projections show it has the financial capacity to allocate around \$350M towards the construction, renewal and purchase of assets over the next 10 years. Not with standing this additional revenue is required to address unfunded renewals.</p> <p>Council's Fit for the Future Improvement Program looks to address this by increasing Rates by \$17M p.a. (Refer Appendix B and C Scenario 2 and 3).</p>	<p>&gt; 100% over three years.</p>



## Infrastructure Backlog Ratio

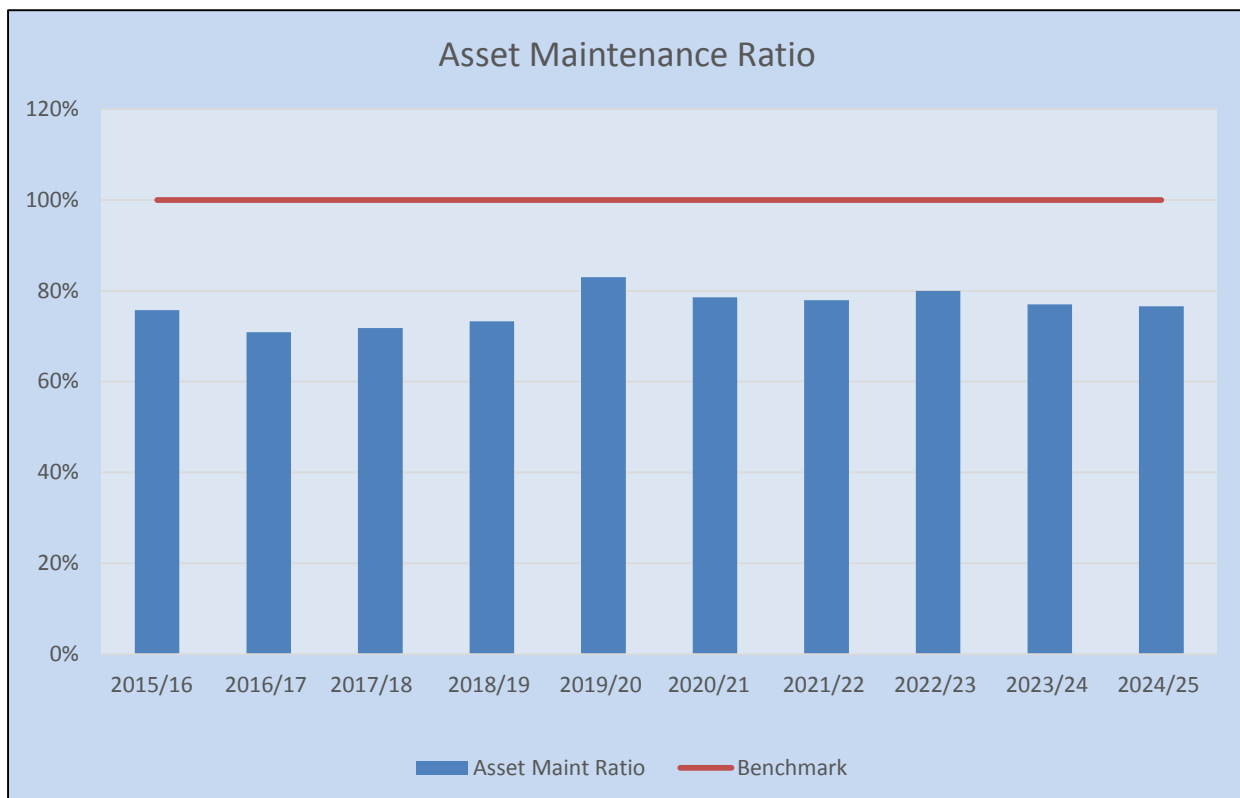
Ratio Definition	Comment	Benchmark
<p>Measures how effectively councils are managing their infrastructure.</p> <p>Estimated cost to bring assets to a satisfactory condition / total WDV of infrastructure, buildings, other structures and depreciable land improvement assets</p>	<p>Council’s current projections show it has the financial capacity to allocate around \$350M towards the construction, renewal and purchase of assets over the next 10 years. Not with standing this additional revenue is required to address unfunded renewals.</p> <p>Council’s Fit for the Future Improvement Program looks to address this by increasing Rates by \$17M p.a. (Refer Appendix B and C Scenario 2 and 3).</p>	< 2%





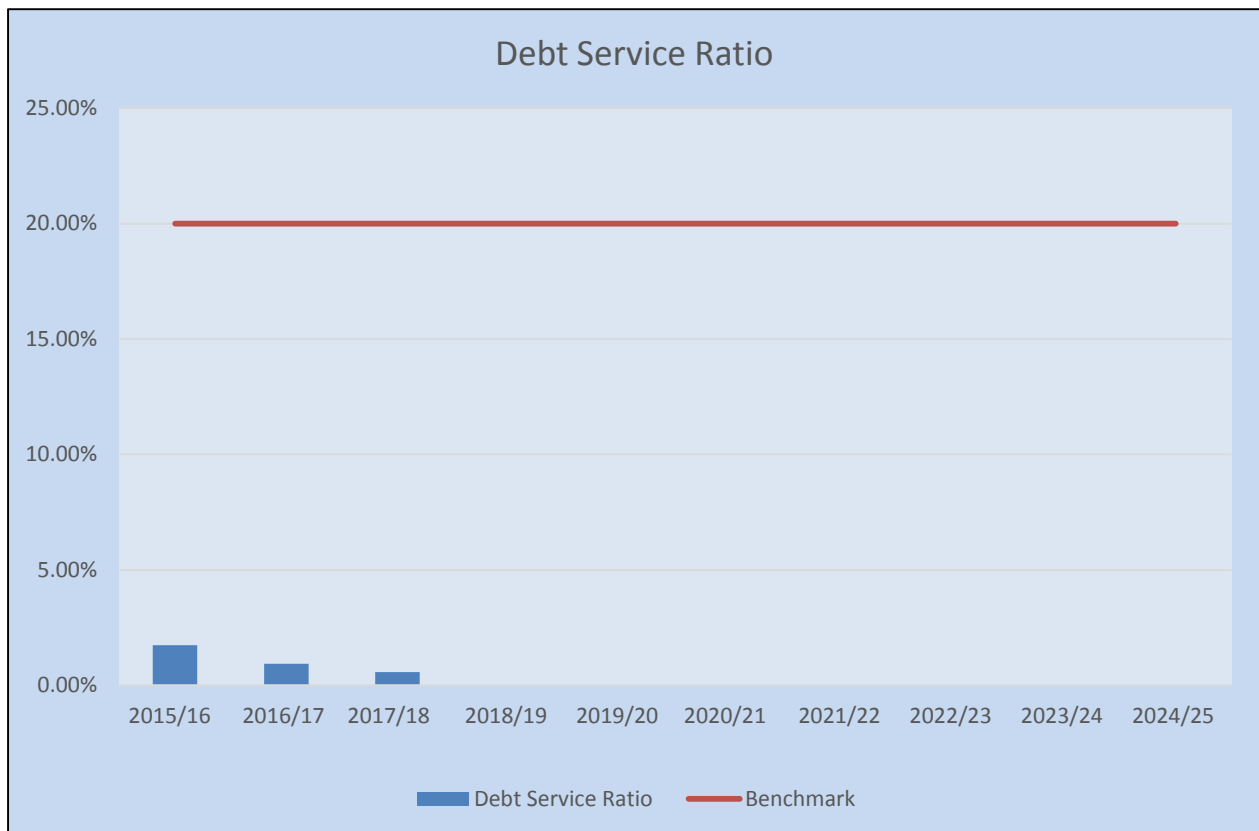
## Asset Maintenance Ratio

Ratio Definition	Comment	Benchmark
<p>Indicates whether Council is spending enough on maintaining its assets to avoid increasing its backlog.</p> <p>Actual asset maintenance / required asset maintenance</p>	<p>Council's current projections show it has the financial capacity to allocate around \$350M towards the construction, renewal and purchase of assets over the next 10 years. Not with standing this additional revenue is required to address unfunded renewals.</p> <p>Council's Fit for the Future Improvement Program looks to address this by increasing Rates by \$17M p.a. (Refer Appendix B and C Scenario 2 and 3).</p>	> 100%



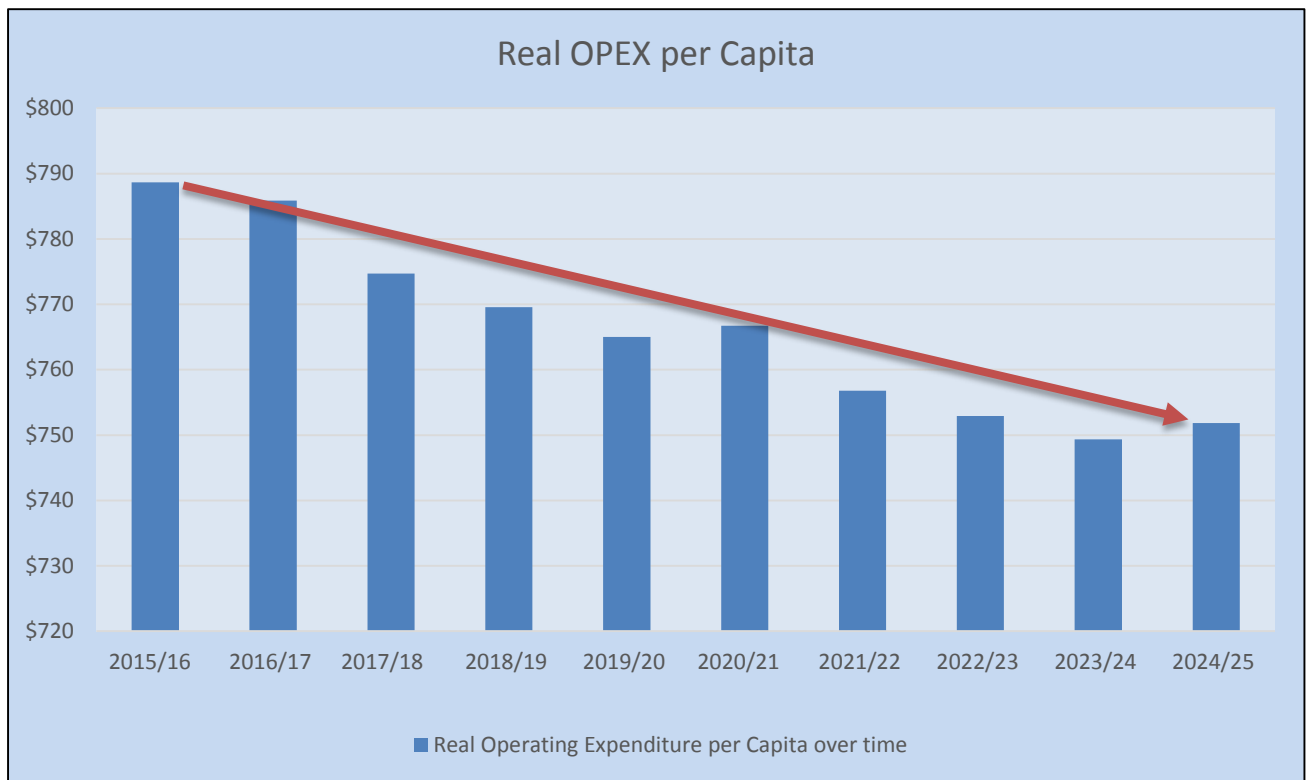
## Debt Service Ratio

Ratio Definition	Comment	Benchmark
<p>Indicates whether Council is leveraging debt within a reasonable level</p> <p>Cost of debt service (interest + principal) / total continuing operating revenue (excl. capital grants and contributions)</p>	<p>Council expects to finalise its outstanding bank debt liability by 2018, thereafter carrying only minor incremental debt on a credit basis, well within the relevant ratio.</p>	<p>Between 0% and 20%.</p>



## Real OPEX per Capita

Ratio Definition	Comment	Benchmark
<p>Indicates how well councils are utilising economies of scale and managing service levels to achieve efficiency</p> <p>OPEX / Population (forecast)</p>	<p>Given that Bankstown is an established LGA (i.e. no additional road or parks required) the projected increase in population is not forecasted to result in a commensurate increase in service delivery costs.</p>	<p>Declining real OPEX over time.</p>



## 10 Scenario Modelling

Whilst having provided a financial model (Base Case) based on Council's current financial strategies, income streams and service levels, Council is required to consider its broader asset management outcomes, particularly relating to unfunded renewals, and the new Fit for the Future criteria.

Significant additional modelling has been undertaken to update the scenario's included in the 2014/15 LTFS. The updated scenarios reflect analysis carried out in preparing Council's Fit for the Future Improvement Proposal, including community consultation regarding service levels and asset standards. The Improvement Proposal outlines Council's strategies for long term financial sustainability within the revised NSW Government's framework. This has been reflected in the preparation of alternative income scenarios included in this strategy.

A summary of Council's Base Case, and its two alternative Fit for the Future scenarios are:

- 10.1 Scenario 1** – 'Base Case' which maintains current service levels and capital funding with no increase to Rating Revenue. Refer to Appendix A.
- 10.2 Scenario 2** – 'Gradual' - A gradual increase (starting at approximately \$12M in 2017/18) to which satisfies both the State Government's fit for the future benchmarks, and Council's own long term asset plans (unfunded renewals) by 2030/31. Refer to Appendix B.
- 10.3 Scenario 3** – 'Upfront' - A permanent increase (approximately \$17M p.a. from 2017/18) to Rating Revenue which satisfies both the State Government's fit for the future benchmarks, and Council's own long term asset plans (unfunded renewals) by 2028/29. Refer to Appendix C.

It should be noted that the scenarios have been developed as a guide to generally quantify the estimated increase to revenue required to address the identified funding gap.

## **11 CONCLUSION**

Council's Long Term Financial Strategy provides the community a view on the direction and approach to managing and balancing Council's limited resources and their expected levels of service. It informs the community on what options are available to address the key issue of infrastructure maintenance and renewal to maintain a satisfactory service level across our asset base for the next decade.

Council's strategy enables both the Delivery Plan and Operational Plan process to implement the objectives set out in the strategy in a financially sustainable manner.

Bankstown City Council's LTFS model presents to the community a Council that is financially stable and sustainable over the long term and is able to generate a sufficient funds to provide a level of service and infrastructure the community finds satisfactory.

The LTFS outlines scenarios that enable Council to strengthen its financial position and build a sustainable organisation in order to meet its future obligations.

## **12 ATTACHMENTS**

Appendix A – Scenario 1 – 'Base Case'

Appendix B – Scenario 2 – 'Gradual'

Appendix C – Scenario 3 – 'Upfront'

## Appendix A

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
SCENARIO 1 – ‘BASE CASE**

<b>Aim</b>	To model Council’s financial position for the next ten years, using current income and expenditure trends.	
<b>Financial Parameters</b>	This is the ‘Base Case’ modeled using Council’s 2015-16 budget and the assumptions as shown on page 47.	
<b>Key Outcomes</b>	<ul style="list-style-type: none"> <li>• Maintain current service levels</li> <li>• Reduction in debt service costs redirected to Capital</li> <li>• Total capital funding is around \$350M over 10 years</li> <li>• Council is debt free by 2017-18</li> <li>• Maintain financial indicators within set targets</li> </ul>	
<b>Asset Management Position</b>	Year 1 - \$61M Unfunded Renewals	Year 10 (2025) - \$247M Unfunded Renewals
<b>Fit for the Future Criteria</b>	Year 1 – 3 of 7 criteria met.	Year 10 (2025) – 4 of 7 criteria met.

**Industry Standard & Fit for the Future Ratios**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
Cash Expense Ratio (Months)	7.47	7.85	8.24	8.62	8.46	8.31	8.37	8.38	8.53	8.50
Unrestricted Current Ratio	2.07	2.25	2.37	2.29	2.21	2.14	2.14	2.11	2.21	2.26
Debt Service Cover Ratio	11	19	30	-	-	-	-	-	-	-
Working Fund (\$M)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Capital Expenditure Ratio	0.99	0.89	0.90	0.98	1.16	1.14	1.17	1.21	1.14	1.18
Operating Performance Ratio	(3.15)%	(3.19)%	(3.01)%	(1.99)%	(1.44)%	(1.77)%	(0.55)%	(0.17)%	0.00	(0.30)%
Own Source Revenue Ratio	89%	90%	90%	90%	91%	91%	92%	92%	92%	92%
Building & Infrastructure Asset Renewal Ratio	76%	65%	67%	70%	91%	82%	80%	85%	78%	78%
Infrastructure Backlog Ratio	4%	5%	6%	8%	9%	10%	11%	13%	14%	16%
Asset Maintenance Ratio	76%	71%	72%	73%	83%	79%	78%	80%	77%	77%
Debt Service Ratio	1.78%	0.96%	0.58%							
Real OPEX Per Capita	\$789	\$786	\$775	\$770	\$765	\$767	\$757	\$753	\$749	\$752

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
INCOME STATEMENT  
SCENARIO 1 – ‘BASE CASE’**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
<b>INCOME FROM CONTINUING OPERATIONS</b>										
<b>Revenue</b>										
Rates and Annual Charges	115,412	119,344	121,980	126,758	131,656	136,655	141,783	147,001	152,349	157,823
User Charges and Fees	12,053	12,354	12,663	12,979	13,304	13,636	13,977	14,327	14,685	15,052
Interest and Investment Revenue	3,680	3,825	3,968	4,152	4,225	4,279	4,346	4,422	4,541	4,636
Other Revenues	11,397	11,681	11,972	12,771	13,089	13,414	13,748	14,091	14,442	14,801
Grants and Contributions Provided for Operating Purposes	11,765	11,640	11,518	11,398	11,280	11,163	11,049	10,937	10,827	10,720
Grants and Contributions Provided for Capital Purposes	6,649	5,062	5,212	5,062	5,062	5,062	5,062	5,062	5,062	5,062
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>160,954</b>	<b>163,906</b>	<b>167,314</b>	<b>173,120</b>	<b>178,615</b>	<b>184,210</b>	<b>189,966</b>	<b>195,840</b>	<b>201,907</b>	<b>208,094</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>										
Employee Benefits and On-costs	67,097	69,412	71,807	74,284	76,885	79,577	82,363	85,248	88,235	91,282
Borrowing Costs	717	135	45	-	-	-	-	-	-	-
Materials and Contracts	25,015	26,580	26,305	26,962	27,636	29,527	29,066	29,792	30,537	32,700
Depreciation and Amortisation	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408
Other Expenses	33,930	35,379	36,421	37,746	39,129	40,812	42,085	43,660	45,304	47,260
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>159,168</b>	<b>163,915</b>	<b>166,985</b>	<b>171,401</b>	<b>176,059</b>	<b>182,324</b>	<b>185,923</b>	<b>191,109</b>	<b>196,484</b>	<b>203,650</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>1,787</b>	<b>(8)</b>	<b>329</b>	<b>1,719</b>	<b>2,556</b>	<b>1,886</b>	<b>4,044</b>	<b>4,731</b>	<b>5,423</b>	<b>4,444</b>
<b>OPERATING RESULT FROM DISCONTINUED OPERATIONS</b>										
<b>NET OPERATING RESULT FOR THE YEAR</b>	<b>1,787</b>	<b>(8)</b>	<b>329</b>	<b>1,719</b>	<b>2,556</b>	<b>1,886</b>	<b>4,044</b>	<b>4,731</b>	<b>5,423</b>	<b>4,444</b>
<b>Attributable to :</b>										
- Council	1,787	(8)	329	1,719	2,556	1,886	4,044	4,731	5,423	4,444
- Minority Interest	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year Before Grants and Contributions Provided for capital purposes</b>	<b>(4,862)</b>	<b>(5,071)</b>	<b>(4,884)</b>	<b>(3,344)</b>	<b>(2,506)</b>	<b>(3,177)</b>	<b>(1,019)</b>	<b>(331)</b>	<b>360</b>	<b>(619)</b>

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
CASH FLOW STATEMENT  
SCENARIO 1 – 'BASE CASE'**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
Net Operating Results for the Year	1,787	(8)	329	1,719	2,556	1,886	4,044	4,731	5,423	4,444
Adjust for Non Cash Expenses	43,224	43,510	43,422	43,807	44,206	44,619	45,047	45,489	45,947	46,421
Payments for Accrued Liabilities	8,221	8,426	8,637	8,853	9,074	9,301	9,534	9,772	10,016	10,267
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>36,790</b>	<b>35,075</b>	<b>35,114</b>	<b>36,673</b>	<b>37,689</b>	<b>37,204</b>	<b>39,557</b>	<b>40,448</b>	<b>41,353</b>	<b>40,598</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Sales of Assets	19,124	2,191	1,649	2,616	1,324	2,191	1,649	2,616	1,324	2,191
<b>TOTAL</b>	<b>19,124</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>
<b>PAYMENTS - PURCHASE OF CAPITAL ASSETS</b>										
Roads and Transport	14,545	14,142	15,214	17,718	19,539	19,867	19,728	19,590	19,815	19,698
Buildings	965	1,810	2,293	1,980	5,203	3,075	3,674	4,043	4,291	4,407
Parks - Active & Passive	2,495	2,470	3,170	2,424	3,981	3,962	3,646	3,656	3,449	3,724
Stormwater & Drainage	2,715	1,048	50	-	281	269	263	257	250	250
Environmental	1,660	475	475	475	-	-	-	-	-	-
Library	500	500	500	500	1,250	1,250	1,250	1,250	1,250	1,250
CBD	750	450	100	50	917	1,035	1,158	1,256	1,376	1,500
Town Centres	1,300	1,100	-	-	506	506	506	506	506	506
Operational Assets	6,993	6,758	7,344	8,673	5,872	6,852	7,728	8,817	5,872	6,822
<b>TOTAL</b>	<b>31,923</b>	<b>28,753</b>	<b>29,146</b>	<b>31,820</b>	<b>37,549</b>	<b>36,816</b>	<b>37,953</b>	<b>39,376</b>	<b>36,808</b>	<b>38,156</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(12,799)</b>	<b>(26,562)</b>	<b>(27,497)</b>	<b>(29,204)</b>	<b>(36,225)</b>	<b>(34,625)</b>	<b>(36,304)</b>	<b>(36,760)</b>	<b>(35,484)</b>	<b>(35,965)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Proceeds from borrowings and advances										
<b>TOTAL</b>										
<b>PAYMENTS</b>										
Repayment of borrowing and advances	2,401	1,349	882	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,401</b>	<b>1,349</b>	<b>882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,401)</b>	<b>(1,349)</b>	<b>(882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>

**RECONCILIATION OF NET CHANGE IN CASH HELD TO WORKING FUND**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>
Net Utilised - Internal Restrictions	(20,715)	(3,799)	(2,270)	(2,279)	970	256	(77)	(241)	(970)	493
Net Utilised - External Restrictions	(876)	(3,365)	(4,465)	(5,191)	(2,433)	(2,834)	(3,176)	(3,448)	(4,900)	(5,125)
<b>Working Fund Brought Forward</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>TOTAL - WORKING FUND</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>



**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
BALANCE SHEET  
SCENARIO 1 – 'BASE CASE'**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
<b>ASSETS</b>										
<b>Current Assets</b>										
Cash and Cash Equivalents	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647
Investments	40,770	44,933	46,668	46,137	45,600	45,179	46,432	47,120	50,990	53,623
Receivables	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128
Inventories	502	502	502	502	502	502	502	502	502	502
Other	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Non Current Assets Classified as Held for Sale	-									
<b>Total Current Assets</b>	55,197	59,361	61,095	60,565	60,028	59,607	60,859	61,548	65,418	68,050
<b>Non-Current Assets</b>										
Investments	32,000	35,000	40,000	48,000	50,000	53,000	55,000	58,000	60,000	62,000
Receivables	1,695	1,737	1,781	1,825	1,871	1,918	1,966	2,015	2,065	2,117
Inventories	-									
Infrastructure, Property, Plant and Equipment	2,081,051	2,075,205	2,070,293	2,067,089	2,070,906	2,073,123	2,077,019	2,081,370	2,084,445	2,088,002
Investments Accounted for Using Equity Method	-									
Investment Property	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740
Intangible Assets	1,446									
Other	-									
<b>Total Non-Current Assets</b>	2,121,932	2,117,682	2,117,814	2,122,654	2,128,517	2,133,780	2,139,724	2,147,125	2,152,250	2,157,859
<b>Total Assets</b>	2,177,129	2,177,043	2,178,909	2,183,219	2,188,545	2,193,387	2,200,584	2,208,673	2,217,668	2,225,909
<b>LIABILITIES</b>										
<b>Current Liabilities</b>										
Payables										
Interest Bearing Liabilities	12,719	13,037	13,363	13,697	14,039	14,390	14,750	15,119	15,497	15,884
Provisions - Payable in less than 12 Months	1,349	882	-	-	-	-	-	-	-	-
Provisions - Payable after 12 Months	-	-	-	-						
<b>Total Current Liabilities</b>	49,945	51,051	51,794	53,473	55,208	57,000	58,851	60,763	62,739	64,780
<b>Non-Current Liabilities</b>										
Payables	131	134	138	141	145	148	152	156	160	164
Interest Bearing Liabilities	882	-	-	-	-	-	-	-		
Provisions	12,184	11,877	12,669	13,577	14,608	15,769	17,067	18,509	20,102	21,854
<b>Total Non-Current Liabilities</b>	13,196	12,012	12,806	13,718	14,753	15,917	17,219	18,665	20,262	22,018
<b>Total Liabilities</b>	63,141	63,063	64,600	67,191	69,961	72,917	76,070	79,428	83,000	86,798
<b>Net Assets</b>	2,113,988	2,113,980	2,114,309	2,116,028	2,118,584	2,120,470	2,124,514	2,129,245	2,134,668	2,139,111

<b>EQUITY</b>										
Retained Earnings	1,152,069	1,152,061	1,152,390	1,154,108	1,156,665	1,158,551	1,162,594	1,167,326	1,172,748	1,177,192
Revaluation Reserve	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919
Council Equity Interest										
Minority Equity Interest										
<b>Total Equity</b>	<b>2,113,988</b>	<b>2,113,980</b>	<b>2,114,309</b>	<b>2,116,028</b>	<b>2,118,584</b>	<b>2,120,470</b>	<b>2,124,514</b>	<b>2,129,245</b>	<b>2,134,668</b>	<b>2,139,111</b>

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
ASSUMPTIONS  
SCENARIO 1 – ‘Base Case’**

EXPENDITURE VARIABLES	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
<b>General CPI Increase from 15/16</b>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Wages</b>	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Tipping</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>EPA Levy</b>	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
<b>SES/ Fire</b>	5.0%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%	3.5%
<b>Superannuation</b>	9.5%	9.5%	9.5%	10.0%	10.5%	11.0%	11.5%	12.0%	12.0%
<b>Productivity Dividend (Employee + Mat /Cont. only)</b>	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
<b>INCOME VARIABLES</b>									
<b>General CPI Increase from 15/16</b>	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
<b>Rate Pegging %</b>	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%	2.4%
<b>DWM / Cost Per Service \$</b>	460	490	520	550	580	610	640	670	700
<b>Financial Assistance Grant</b>	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)	(200,000)
<b>Ordinary Residential (incl splits)</b>	54,686,272	55,893,188	57,121,591	58,379,294	59,664,466	60,968,139	62,312,531	63,680,766	65,081,637
<b>Ordinary Residential Minimums</b>	7,947,525	8,535,194	9,181,496	9,846,358	10,555,552	11,321,601	12,040,221	12,826,223	13,634,522
<b>Total Ordinary Residential Rates</b>	<b>62,633,797</b>	<b>64,428,382</b>	<b>66,303,086</b>	<b>68,225,653</b>	<b>70,220,019</b>	<b>72,289,740</b>	<b>74,352,752</b>	<b>76,506,989</b>	<b>78,716,159</b>
<b>Ordinary Business (incl splits)</b>	27,406,326	27,973,884	28,530,732	29,098,196	29,657,096	30,226,062	30,849,938	31,461,393	32,084,428
<b>Ordinary Business Minimums</b>	518,444	530,887	543,628	556,675	570,035	583,716	597,725	612,071	626,760
<b>Total Ordinary Business Rates</b>	<b>27,924,770</b>	<b>28,504,770</b>	<b>29,074,360</b>	<b>29,654,871</b>	<b>30,227,131</b>	<b>30,809,778</b>	<b>31,447,663</b>	<b>32,073,463</b>	<b>32,711,188</b>
<b>Special Rate</b>	<b>694,364</b>	<b>772,324</b>	<b>868,691</b>	<b>969,238</b>	<b>1,087,274</b>	<b>1,210,418</b>	<b>1,308,480</b>	<b>1,427,513</b>	<b>1,551,506</b>
<b>Total Domestic Waste Services</b>	<b>29,814,900</b>	<b>32,021,010</b>	<b>34,257,600</b>	<b>36,551,900</b>	<b>38,866,380</b>	<b>41,219,530</b>	<b>43,638,400</b>	<b>46,087,290</b>	<b>48,589,800</b>
<b>Stormwater Residential Non Strata</b>	1,084,075								
<b>Stormwater Residential Strata</b>	155,675								
<b>Stormwater Business</b>	782,650								
<b>Total Stormwater Management Services</b>	<b>2,022,400</b>								

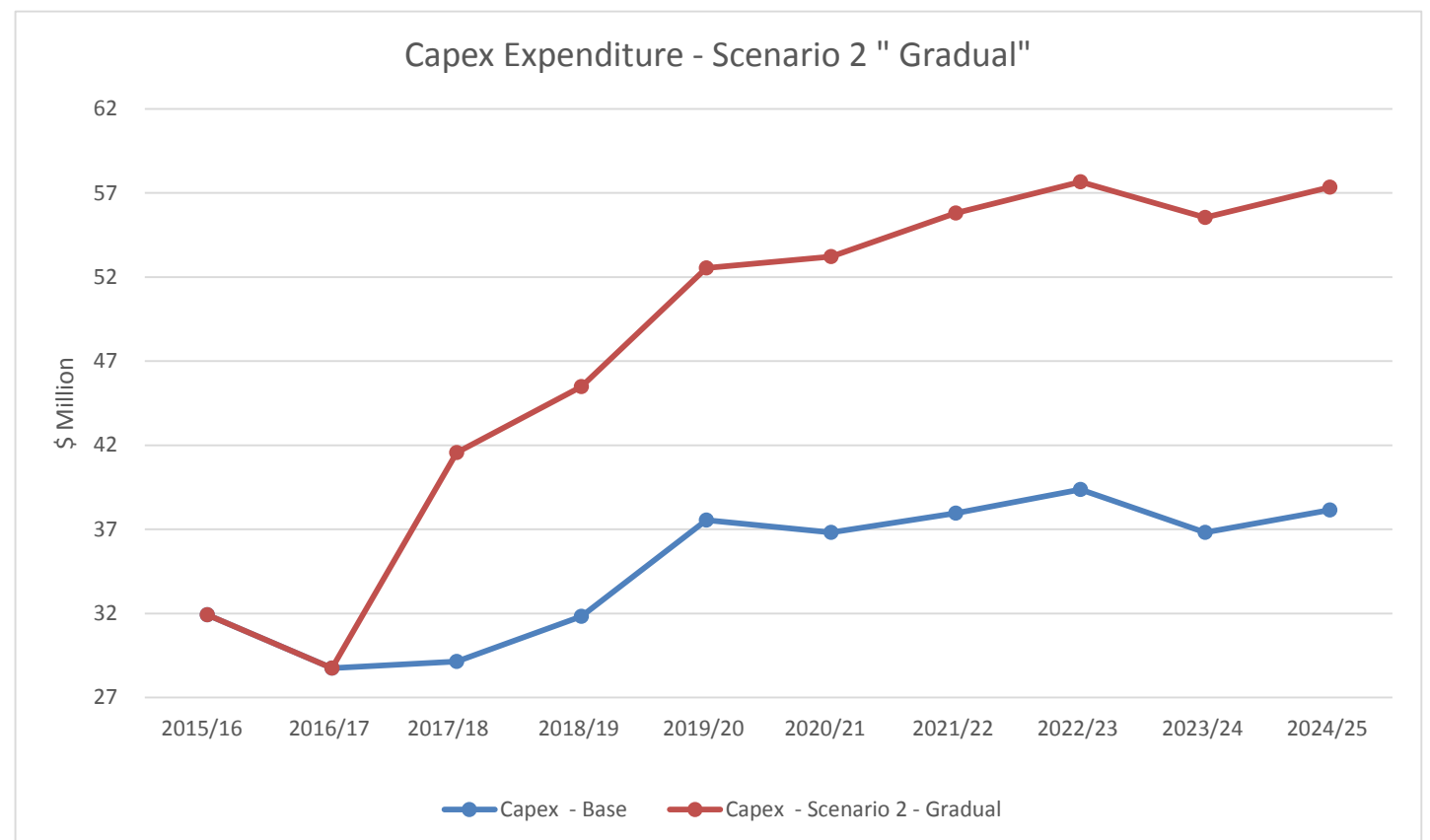
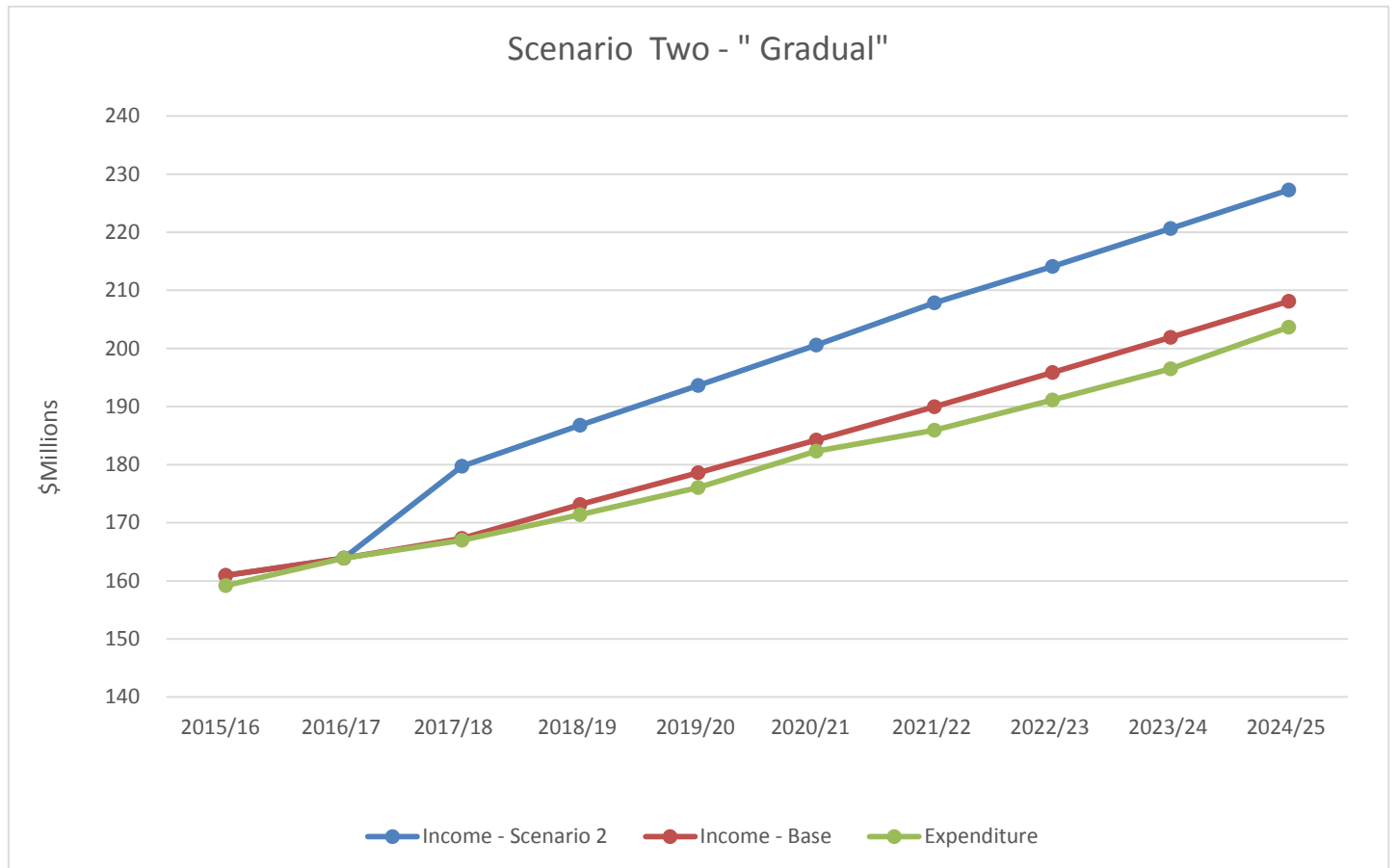
## Appendix B

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
SCENARIO 2 – ‘GRADUAL’**

<b>Aim</b>	To model Council’s financial position, if Council’s Rate Revenue was gradually increased (over a five year period) to address unfunded renewals.	
<b>Financial Parameters</b>	As per the ‘Base Case’ plus (from 17/18): <ul style="list-style-type: none"> <li>• an increase in minimum rates to \$700,</li> <li>• 1.5% above IPART each year for five years for non-minimum Residential Rates, and</li> <li>• an additional \$10M from Business Rates.</li> </ul>	
<b>Key Outcomes</b>	<ul style="list-style-type: none"> <li>• Maintain current service levels</li> <li>• Address unfunded renewals.</li> <li>• Reduction in debt service costs redirected to Capital</li> <li>• Compared to ‘Base Case’, additional renewal funding of \$132M over the 10 year strategy</li> <li>• Council is debt free by 2017-18</li> <li>• Maintain financial indicators within set targets</li> </ul>	
<b>Asset Management Position</b>	Year 1 - \$61M Unfunded Renewals	Year 16 (2031) - \$0M Unfunded Renewals
<b>Fit for the Future Criteria</b>	Year 1 – 3 of 7 criteria met.	Year 10 (2025) – 6 of 7 criteria met. Year 12 (2027) – 7 of 7 criteria met.

**Industry Standard Financial & Fit for the Future Ratios**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
Cash Expense Ratio (Months)	7.47	7.85	8.24	8.62	8.46	8.31	8.37	8.38	8.53	8.50
Unrestricted Current Ratio	2.07	2.25	2.37	2.29	2.21	2.14	2.14	2.11	2.21	2.26
Debt Service Cover Ratio	11	27	43							
Working Fund (\$M)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Capital Expenditure Ratio	0.99	0.89	1.28	1.40	1.62	1.64	1.72	1.78	1.71	1.77
Operating Performance Ratio	(3.15)%	(3.19)%	4.32%	5.68%	6.62%	6.76%	8.30%	8.59%	8.86%	8.36%
Own Source Revenue Ratio	89%	90%	91%	91%	92%	92%	92%	93%	93%	93%
Building & Infrastructure Asset Renewal Ratio	76%	65%	111%	117%	141%	135%	137%	141%	135%	134%
Infrastructure Backlog Ratio	4%	5%	5%	5%	5%	5%	5%	4%	4%	3%
Asset Maintenance Ratio	76%	71%	102%	105%	118%	115%	116%	118%	115%	114%
Debt Service Ratio	1.78%	0.96%	0.54%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Real OPEX Per Capita	\$789	\$786	\$775	\$770	\$765	\$767	\$757	\$753	\$749	\$752



**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
INCOME STATEMENT  
SCENARIO 2 – 'GRADUAL'**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
<b>INCOME FROM CONTINUING OPERATIONS</b>										
<b>Revenue</b>										
Rates and Annual Charges	115,412	119,344	134,397	140,430	146,652	153,045	159,641	165,293	171,085	177,014
User Charges and Fees	12,053	12,354	12,663	12,979	13,304	13,636	13,977	14,327	14,685	15,052
Interest and Investment Revenue	3,680	3,825	3,968	4,152	4,225	4,279	4,346	4,422	4,541	4,636
Other Revenues	11,397	11,681	11,972	12,771	13,089	13,414	13,748	14,091	14,442	14,801
Grants and Contributions Provided for Operating Purposes	11,765	11,640	11,518	11,398	11,280	11,163	11,049	10,937	10,827	10,720
Grants and Contributions Provided for Capital Purposes	6,649	5,062	5,212	5,062	5,062	5,062	5,062	5,062	5,062	5,062
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>160,954</b>	<b>163,906</b>	<b>179,731</b>	<b>186,792</b>	<b>193,611</b>	<b>200,600</b>	<b>207,824</b>	<b>214,131</b>	<b>220,643</b>	<b>227,285</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>										
Employee Benefits and On-costs	67,097	69,412	71,807	74,284	76,885	79,577	82,363	85,248	88,235	91,282
Borrowing Costs	717	135	45	-	-	-	-	-	-	-
Materials and Contracts	25,015	26,580	26,305	26,962	27,636	29,527	29,066	29,792	30,537	32,700
Depreciation and Amortisation	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408
Other Expenses	33,930	35,379	36,421	37,746	39,129	40,812	42,085	43,660	45,304	47,260
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>159,168</b>	<b>163,915</b>	<b>166,985</b>	<b>171,401</b>	<b>176,059</b>	<b>182,324</b>	<b>185,923</b>	<b>191,109</b>	<b>196,484</b>	<b>203,650</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>1,787</b>	<b>(8)</b>	<b>12,745</b>	<b>15,391</b>	<b>17,553</b>	<b>18,276</b>	<b>21,901</b>	<b>23,023</b>	<b>24,159</b>	<b>23,635</b>
<b>OPERATING RESULT FROM DISCONTINUED OPERATIONS</b>										
<b>NET OPERATING RESULT FOR THE YEAR</b>	<b>1,787</b>	<b>(8)</b>	<b>12,745</b>	<b>15,391</b>	<b>17,553</b>	<b>18,276</b>	<b>21,901</b>	<b>23,023</b>	<b>24,159</b>	<b>23,635</b>
<b>Attributable to :</b>										
- Council	1,787	(8)	12,745	15,391	17,553	18,276	21,901	23,023	24,159	23,635
- Minority Interest	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year Before Grants and Contributions Provided for capital purposes</b>	<b>(4,862)</b>	<b>(5,071)</b>	<b>7,533</b>	<b>10,329</b>	<b>12,490</b>	<b>13,213</b>	<b>16,839</b>	<b>17,960</b>	<b>19,096</b>	<b>18,572</b>

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
CASH FLOW STATEMENT  
SCENARIO 2 – 'GRADUAL'**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
Net Operating Results for the Year	1,787	(8)	12,745	15,391	17,553	18,276	21,901	23,023	24,159	23,635
Adjust for Non Cash Expenses	43,224	43,510	43,422	43,807	44,206	44,619	45,047	45,489	45,947	46,421
Payments for Accrued Liabilities	8,221	8,426	8,637	8,853	9,074	9,301	9,534	9,772	10,016	10,267
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>36,790</b>	<b>35,075</b>	<b>47,530</b>	<b>50,346</b>	<b>52,685</b>	<b>53,594</b>	<b>57,414</b>	<b>58,740</b>	<b>60,089</b>	<b>59,789</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Sales of Assets	19,124	2,191	1,649	2,616	1,324	2,191	1,649	2,616	1,324	2,191
<b>TOTAL</b>	<b>19,124</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>
<b>PAYMENTS - PURCHASE OF CAPITAL ASSETS</b>										
Roads and Transport	14,545	14,142	15,214	17,718	19,539	19,867	19,728	19,590	19,815	19,698
Buildings	965	1,810	2,293	1,980	5,203	3,075	3,674	4,043	4,291	4,407
Parks - Active & Passive	2,495	2,470	3,170	2,424	3,981	3,962	3,646	3,656	3,449	3,724
Stormwater & Drainage	2,715	1,048	50	-	281	269	263	257	250	250
Environmental	1,660	475	475	475	-	-	-	-	-	-
Library	500	500	500	500	1,250	1,250	1,250	1,250	1,250	1,250
CBD	750	450	100	50	917	1,035	1,158	1,256	1,376	1,500
Town Centres	1,300	1,100	-	-	506	506	506	506	506	506
Operational Assets	6,993	6,758	7,344	8,673	5,872	6,852	7,728	8,817	5,872	6,822
Infrastructure - SRV			12,416	13,673	14,996	16,390	17,858	18,292	18,736	19,191
<b>TOTAL</b>	<b>31,923</b>	<b>28,753</b>	<b>41,562</b>	<b>45,492</b>	<b>52,545</b>	<b>53,206</b>	<b>55,811</b>	<b>57,667</b>	<b>55,544</b>	<b>57,347</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(12,799)</b>	<b>(26,562)</b>	<b>(39,913)</b>	<b>(42,876)</b>	<b>(51,221)</b>	<b>(51,015)</b>	<b>(54,162)</b>	<b>(55,051)</b>	<b>(54,220)</b>	<b>(55,156)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Proceeds from borrowings and advances										
<b>TOTAL</b>										
<b>PAYMENTS</b>										
Repayment of borrowing and advances	2,401	1,349	882	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>2,401</b>	<b>1,349</b>	<b>882</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,401)</b>	<b>(1,349)</b>	<b>(882)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>

**RECONCILIATION OF NET CHANGE IN CASH HELD TO WORKING FUND**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>
Net Utilised - Internal Restrictions	(20,715)	(3,799)	(2,270)	(2,279)	970	256	(77)	(241)	(970)	493
Net Utilised - External Restrictions	(876)	(3,365)	(4,465)	(5,191)	(2,433)	(2,834)	(3,176)	(3,448)	(4,900)	(5,125)
<b>Working Fund Brought Forward</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>TOTAL - WORKING FUND</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>





**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
BALANCE SHEET  
SCENARIO 2 – ‘GRADUAL’**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	Budget	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
<b>ASSETS</b>										
Current Assets										
Cash and Cash Equivalents	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647
Investments	40,770	44,933	46,668	46,137	45,600	45,179	46,432	47,120	50,990	53,623
Receivables	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128
Inventories	502	502	502	502	502	502	502	502	502	502
Other	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Non Current Assets Classified as Held for Sale										
<b>Total Current Assets</b>	55,197	59,361	61,095	60,565	60,028	59,607	60,859	61,548	65,418	68,050
Non-Current Assets										
Investments	32,000	35,000	40,000	48,000	50,000	53,000	55,000	58,000	60,000	62,000
Receivables	1,695	1,737	1,781	1,825	1,871	1,918	1,966	2,015	2,065	2,117
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	2,081,051	2,075,205	2,082,710	2,093,178	2,111,991	2,130,598	2,152,351	2,174,994	2,196,805	2,219,553
Investments Accounted for Using Equity Method	-	-	-	-	-	-	-	-	-	-
Investment Property	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740
Intangible Assets	1,446	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	2,121,932	2,117,682	2,130,231	2,148,743	2,169,602	2,191,256	2,215,057	2,240,749	2,264,611	2,289,410
<b>Total Assets</b>	2,177,129	2,177,043	2,191,326	2,209,308	2,229,630	2,250,862	2,275,916	2,302,297	2,330,028	2,357,460
<b>LIABILITIES</b>										
Current Liabilities										
Payables	12,719	13,037	13,363	13,697	14,039	14,390	14,750	15,119	15,497	15,884
Interest Bearing Liabilities	1,349	882	-	-	-	-	-	-	-	-
Provisions - Payable in less than 12 Months	-	-	-	-	-	-	-	-	-	-
Provisions - Payable after 12 Months	35,876	37,132	38,431	39,777	41,169	42,610	44,101	45,644	47,242	48,896
<b>Total Current Liabilities</b>	49,945	51,051	51,794	53,473	55,208	57,000	58,851	60,763	62,739	64,780
Non-Current Liabilities										
Payables	131	134	138	141	145	148	152	156	160	164
Interest Bearing Liabilities	882	-	-	-	-	-	-	-	-	-
Provisions	12,184	11,877	12,669	13,577	14,608	15,769	17,067	18,509	20,102	21,854
<b>Total Non-Current Liabilities</b>	13,196	12,012	12,806	13,718	14,753	15,917	17,219	18,665	20,262	22,018
<b>Total Liabilities</b>	63,141	63,063	64,600	67,191	69,961	72,917	76,070	79,428	83,000	86,798
<b>Net Assets</b>	2,113,988	2,113,980	2,126,725	2,142,117	2,159,669	2,177,945	2,199,846	2,222,869	2,247,028	2,270,663
<b>EQUITY</b>										
Retained Earnings	1,152,069	1,152,061	1,164,806	1,180,197	1,197,750	1,216,026	1,237,927	1,260,950	1,285,109	1,308,743
Revaluation Reserve	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919
Council Equity Interest	-	-	-	-	-	-	-	-	-	-
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	2,113,988	2,113,980	2,126,725	2,142,117	2,159,669	2,177,945	2,199,846	2,222,869	2,247,028	2,270,663

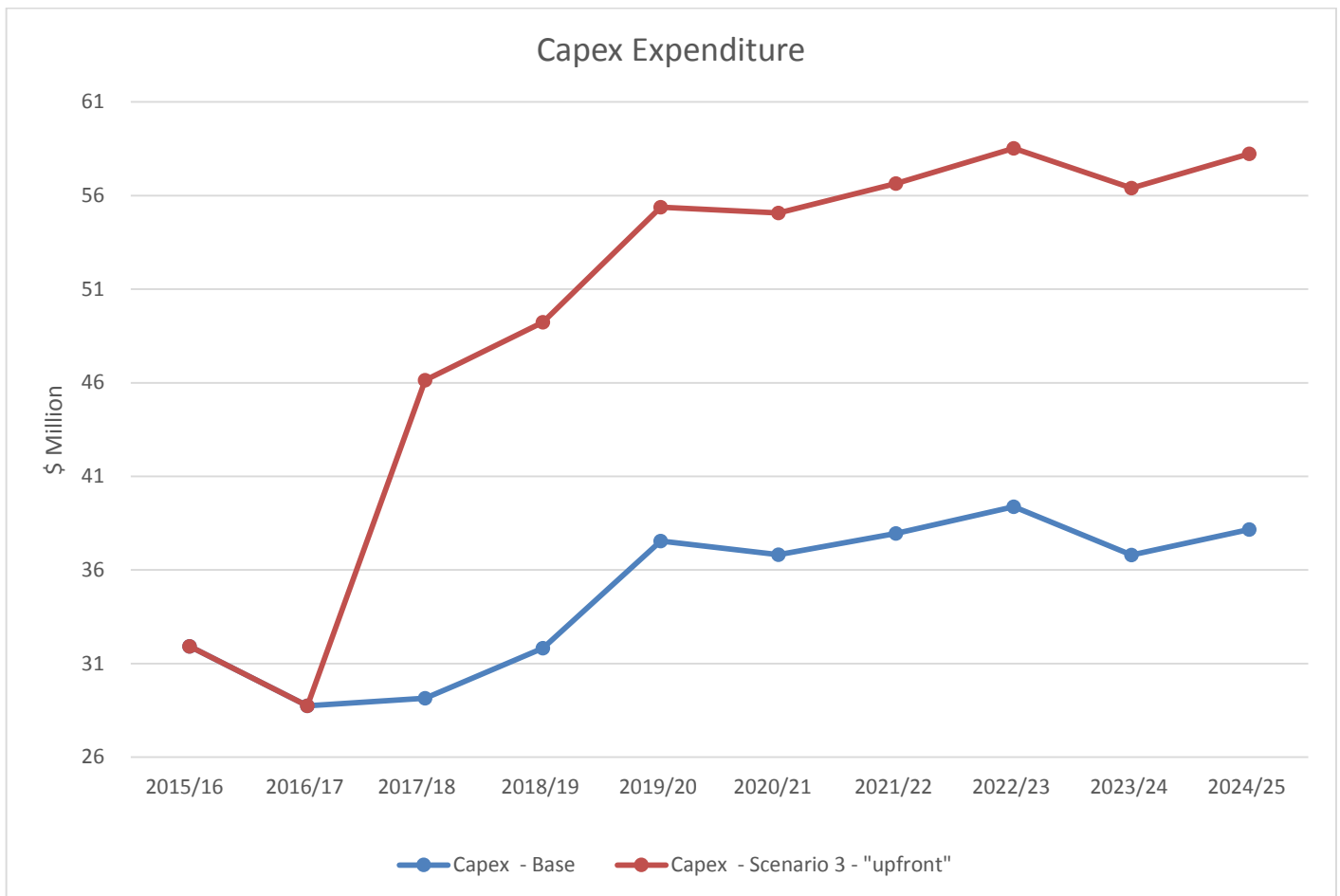
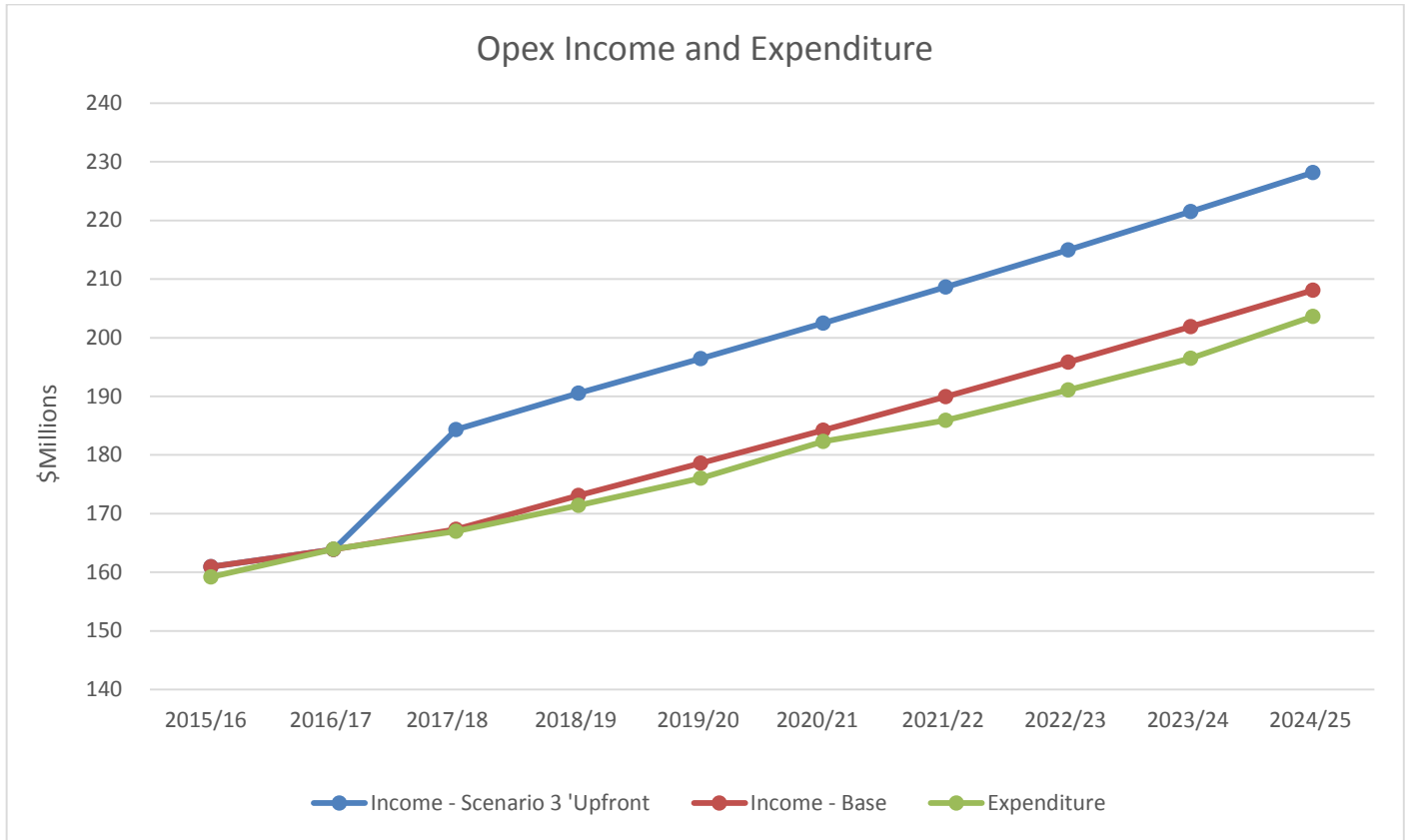
## Appendix C

### BANKSTOWN CITY COUNCIL TEN YEAR FINANCIAL PLAN SCENARIO 3 – ‘UPFRONT’

<b>Aim</b>	To model Council’s financial position, if Council’s Rate Revenue was increased in 2017/18 to address unfunded renewals over a sustainable period.	
<b>Financial Parameters</b>	As per the ‘Base Case’ plus (in 17/18): <ul style="list-style-type: none"> <li>• an increase in minimum rates to \$700,</li> <li>• 10% above IPART for non-minimum Residential Rates, and</li> <li>• an additional \$10M from Business Rates.</li> </ul>	
<b>Key Outcomes</b>	<ul style="list-style-type: none"> <li>• Maintain current service levels</li> <li>• Address unfunded renewals.</li> <li>• Reduction in debt service costs redirected to Capital</li> <li>• Compared to ‘Base Case’, additional renewal funding of \$148M over the 10 year strategy</li> <li>• Council is debt free by 2017-18</li> <li>• Maintain financial indicators within set targets</li> </ul>	
<b>Asset Management Position</b>	Year 1 - \$61M Unfunded Renewals	Year 14 (2028) - \$0M Unfunded Renewals
<b>Fit for the Future Criteria</b>	Year 1 – 3 of 7 criteria met.	Year 10 (2025) – 7 of 7 criteria met.

#### Industry Standard & Fit for the Future Financial Ratios

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
Cash Expense Ratio (Months)	7.47	7.85	8.24	8.62	8.46	8.31	8.37	8.38	8.53	8.50
Unrestricted Current Ratio	2.07	2.25	2.37	2.29	2.21	2.14	2.14	2.11	2.21	2.26
Debt Service Cover Ratio	11	27	48							
Working Fund (\$M)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0
Capital Expenditure Ratio	0.99	0.89	1.42	1.52	1.71	1.70	1.75	1.81	1.74	1.80
Operating Performance Ratio	(3.15)%	(3.19)%	6.77%	7.58%	8.00%	7.64%	8.68%	8.96%	9.22%	8.72%
Own Source Revenue Ratio	89%	90%	91%	91%	92%	92%	92%	93%	93%	93%
Building & Infrastructure Asset Renewal Ratio	76%	65%	127%	130%	151%	141%	140%	144%	138%	137%
Infrastructure Backlog Ratio	4%	5%	5%	5%	4%	4%	4%	3%	3%	2%
Asset Maintenance Ratio	76%	71%	110%	112%	123%	118%	117%	119%	116%	115%
Debt Service Ratio	1.78%	0.96%	0.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Real OPEX Per Capita	\$789	\$786	\$775	\$770	\$765	\$767	\$757	\$753	\$749	\$752



**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
INCOME STATEMENT  
SCENARIO 3 – 'UPFRONT'**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
<b>INCOME FROM CONTINUING OPERATIONS</b>										
<b>Revenue</b>										
Rates and Annual Charges	115,412	119,344	138,980	144,166	149,481	154,908	160,475	166,142	171,949	177,893
User Charges and Fees	12,053	12,354	12,663	12,979	13,304	13,636	13,977	14,327	14,685	15,052
Interest and Investment Revenue	3,680	3,825	3,968	4,152	4,225	4,279	4,346	4,422	4,541	4,636
Other Revenues	11,397	11,681	11,972	12,771	13,089	13,414	13,748	14,091	14,442	14,801
Grants and Contributions Provided for Operating Purposes	11,765	11,640	11,518	11,398	11,280	11,163	11,049	10,937	10,827	10,720
Grants and Contributions Provided for Capital Purposes	6,649	5,062	5,212	5,062	5,062	5,062	5,062	5,062	5,062	5,062
<b>TOTAL INCOME FROM CONTINUING OPERATIONS</b>	<b>160,954</b>	<b>163,906</b>	<b>184,314</b>	<b>190,528</b>	<b>196,441</b>	<b>202,464</b>	<b>208,658</b>	<b>214,980</b>	<b>221,506</b>	<b>228,164</b>
<b>EXPENSES FROM CONTINUING OPERATIONS</b>										
Employee Benefits and On-costs	67,097	69,412	71,807	74,284	76,885	79,577	82,363	85,248	88,235	91,282
Borrowing Costs	717	135	45	-	-	-	-	-	-	-
Materials and Contracts	25,015	26,580	26,305	26,962	27,636	29,527	29,066	29,792	30,537	32,700
Depreciation and Amortisation	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408	32,408
Other Expenses	33,930	35,379	36,421	37,746	39,129	40,812	42,085	43,660	45,304	47,260
<b>TOTAL EXPENSES FROM CONTINUING OPERATIONS</b>	<b>159,168</b>	<b>163,915</b>	<b>166,985</b>	<b>171,401</b>	<b>176,059</b>	<b>182,324</b>	<b>185,923</b>	<b>191,109</b>	<b>196,484</b>	<b>203,650</b>
<b>OPERATING RESULT FROM CONTINUING OPERATIONS</b>	<b>1,787</b>	<b>(8)</b>	<b>17,329</b>	<b>19,127</b>	<b>20,382</b>	<b>20,139</b>	<b>22,736</b>	<b>23,872</b>	<b>25,022</b>	<b>24,514</b>
<b>OPERATING RESULT FROM DISCONTINUED OPERATIONS</b>										
<b>NET OPERATING RESULT FOR THE YEAR</b>	<b>1,787</b>	<b>(8)</b>	<b>17,329</b>	<b>19,127</b>	<b>20,382</b>	<b>20,139</b>	<b>22,736</b>	<b>23,872</b>	<b>25,022</b>	<b>24,514</b>
<b>Attributable to :</b>										
- Council	1,787	(8)	17,329	19,127	20,382	20,139	22,736	23,872	25,022	24,514
- Minority Interest	-	-	-	-	-	-	-	-	-	-
<b>Net Operating Result for the Year Before Grants and Contributions Provided for capital purposes</b>	<b>(4,862)</b>	<b>(5,071)</b>	<b>12,116</b>	<b>14,064</b>	<b>15,320</b>	<b>15,077</b>	<b>17,673</b>	<b>18,809</b>	<b>19,960</b>	<b>19,451</b>

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
CASH FLOW STATEMENT  
SCENARIO 3 – ‘UPFRONT’**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
Net Operating Results for the Year	1,787	(8)	17,329	19,127	20,382	20,139	22,736	23,872	25,022	24,514
Adjust for Non Cash Expenses	43,224	43,510	43,422	43,807	44,206	44,619	45,047	45,489	45,947	46,421
Payments for Accrued Liabilities	8,221	8,426	8,637	8,853	9,074	9,301	9,534	9,772	10,016	10,267
<b>CASHFLOW FROM OPERATING ACTIVITIES</b>	<b>36,790</b>	<b>35,075</b>	<b>52,114</b>	<b>54,081</b>	<b>55,514</b>	<b>55,458</b>	<b>58,249</b>	<b>59,589</b>	<b>60,953</b>	<b>60,668</b>
<b>CASHFLOW FROM INVESTING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Sales of Assets	19,124	2,191	1,649	2,616	1,324	2,191	1,649	2,616	1,324	2,191
<b>TOTAL</b>	<b>19,124</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>	<b>1,649</b>	<b>2,616</b>	<b>1,324</b>	<b>2,191</b>
<b>PAYMENTS - PURCHASE OF CAPITAL ASSETS</b>										
Roads and Transport	14,545	14,142	15,214	17,718	19,539	19,867	19,728	19,590	19,815	19,698
Buildings	965	1,810	2,293	1,980	5,203	3,075	3,674	4,043	4,291	4,407
Parks - Active & Passive	2,495	2,470	3,170	2,424	3,981	3,962	3,646	3,656	3,449	3,724
Stormwater & Drainage	2,715	1,048	50	-	281	269	263	257	250	250
Environmental	1,660	475	475	475	-	-	-	-	-	-
Library	500	500	500	500	1,250	1,250	1,250	1,250	1,250	1,250
CBD	750	450	100	50	917	1,035	1,158	1,256	1,376	1,500
Town Centres	1,300	1,100	-	-	506	506	506	506	506	506
Operational Assets	6,993	6,758	7,344	8,673	5,872	6,852	7,728	8,817	5,872	6,822
Infrastructure - SRV			17,000	17,408	17,826	18,254	18,692	19,140	19,600	20,070
<b>TOTAL</b>	<b>31,923</b>	<b>28,753</b>	<b>46,146</b>	<b>49,228</b>	<b>55,375</b>	<b>55,070</b>	<b>56,645</b>	<b>58,516</b>	<b>56,407</b>	<b>58,226</b>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(12,799)</b>	<b>(26,562)</b>	<b>(44,497)</b>	<b>(46,612)</b>	<b>(54,051)</b>	<b>(52,879)</b>	<b>(54,996)</b>	<b>(55,900)</b>	<b>(55,083)</b>	<b>(56,035)</b>
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>										
<b>RECEIPTS</b>										
Proceeds from borrowings and advances										
<b>TOTAL</b>										
<b>PAYMENTS</b>										
Repayment of borrowing and advances	2,401	1,349	882							
<b>TOTAL</b>	<b>2,401</b>	<b>1,349</b>	<b>882</b>							
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(2,401)</b>	<b>(1,349)</b>	<b>(882)</b>							
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>

**RECONCILIATION OF NET CHANGE IN CASH HELD TO WORKING FUND**

	YEAR 1 2015/16 Budget \$,000	YEAR 2 2016/17 Plan \$,000	YEAR 3 2017/18 Plan \$,000	YEAR 4 2018/19 Plan \$,000	YEAR 5 2019/20 Plan \$,000	YEAR 6 2020/21 Plan \$,000	YEAR 7 2021/22 Plan \$,000	YEAR 8 2022/23 Plan \$,000	YEAR 9 2023/24 Plan \$,000	YEAR 10 2024/25 Plan \$,000
<b>NET CHANGE IN CASH HELD FOR PERIOD</b>	<b>21,591</b>	<b>7,164</b>	<b>6,734</b>	<b>7,470</b>	<b>1,463</b>	<b>2,579</b>	<b>3,253</b>	<b>3,689</b>	<b>5,870</b>	<b>4,633</b>
Net Utilised - Internal Restrictions	(20,715)	(3,799)	(2,270)	(2,279)	970	256	(77)	(241)	(970)	493
Net Utilised - External Restrictions	(876)	(3,365)	(4,465)	(5,191)	(2,433)	(2,834)	(3,176)	(3,448)	(4,900)	(5,125)
<b>Working Fund Brought Forward</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>
<b>TOTAL - WORKING FUND</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>	<b>4,000</b>

**BANKSTOWN CITY COUNCIL  
TEN YEAR FINANCIAL PLAN  
BALANCE SHEET  
SCENARIO 3 – ‘UPFRONT’**

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
	2015/16 Budget	2016/17 Plan	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan	2021/22 Plan	2022/23 Plan	2023/24 Plan	2024/25 Plan
	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000	\$,000
<b>ASSETS</b>										
Current Assets										
Cash and Cash Equivalents	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647	5,647
Investments	40,770	44,933	46,668	46,137	45,600	45,179	46,432	47,120	50,990	53,623
Receivables	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128	7,128
Inventories	502	502	502	502	502	502	502	502	502	502
Other	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151	1,151
Non Current Assets Classified as Held for Sale										
<b>Total Current Assets</b>	55,197	59,361	61,095	60,565	60,028	59,607	60,859	61,548	65,418	68,050
Non-Current Assets										
Investments	32,000	35,000	40,000	48,000	50,000	53,000	55,000	58,000	60,000	62,000
Receivables	1,695	1,737	1,781	1,825	1,871	1,918	1,966	2,015	2,065	2,117
Inventories	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant and Equipment	2,081,051	2,075,205	2,087,293	2,101,497	2,123,139	2,143,610	2,166,198	2,189,689	2,212,364	2,235,991
Investments Accounted for Using Equity Method	-	-	-	-	-	-	-	-	-	-
Investment Property	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740	5,740
Intangible Assets	1,446	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<b>Total Non-Current Assets</b>	2,121,932	2,117,682	2,134,814	2,157,062	2,180,750	2,204,268	2,228,903	2,255,444	2,280,169	2,305,848
<b>Total Assets</b>	2,177,129	2,177,043	2,195,909	2,217,627	2,240,778	2,263,874	2,289,763	2,316,992	2,345,587	2,373,898
<b>LIABILITIES</b>										
Current Liabilities										
Payables	12,719	13,037	13,363	13,697	14,039	14,390	14,750	15,119	15,497	15,884
Interest Bearing Liabilities	1,349	882	-	-	-	-	-	-	-	-
Provisions - Payable in less than 12 Months	-	-	-	-	-	-	-	-	-	-
Provisions - Payable after 12 Months	35,876	37,132	38,431	39,777	41,169	42,610	44,101	45,644	47,242	48,896
<b>Total Current Liabilities</b>	49,945	51,051	51,794	53,473	55,208	57,000	58,851	60,763	62,739	64,780
Non-Current Liabilities										
Payables	131	134	138	141	145	148	152	156	160	164
Interest Bearing Liabilities	882	-	-	-	-	-	-	-	-	-
Provisions	12,184	11,877	12,669	13,577	14,608	15,769	17,067	18,509	20,102	21,854
<b>Total Non-Current Liabilities</b>	13,196	12,012	12,806	13,718	14,753	15,917	17,219	18,665	20,262	22,018
<b>Total Liabilities</b>	63,141	63,063	64,600	67,191	69,961	72,917	76,070	79,428	83,000	86,798
<b>Net Assets</b>	2,113,988	2,113,980	2,131,309	2,150,436	2,170,818	2,190,957	2,213,693	2,237,564	2,262,587	2,287,101
<b>EQUITY</b>										
Retained Earnings	1,152,069	1,152,061	1,169,390	1,188,516	1,208,899	1,229,038	1,251,773	1,275,645	1,300,667	1,325,181
Revaluation Reserve	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919	961,919
Council Equity Interest	-	-	-	-	-	-	-	-	-	-
Minority Equity Interest	-	-	-	-	-	-	-	-	-	-
<b>Total Equity</b>	2,113,988	2,113,980	2,131,309	2,150,436	2,170,818	2,190,957	2,213,693	2,237,564	2,262,587	2,287,101







**DELIVERING RESULTS  
THROUGH OUR ASSETS**  
**ASSET MANAGEMENT  
STRATEGY**



**BANKSTOWN**  
*City of Progress*



The Integrated Planning and Reporting Framework legislation (Local Government Act 1993) and guidelines require all Councils prepare and implement a Resourcing Strategy. The three components that make up the Resourcing Strategy are the Long Term Financial Plan, the Asset Management Strategy and the Workforce Strategy. This plan is the 3rd edition of the Asset Management Strategy developed for the Integrated Planning and Reporting Framework. The original Asset Management Strategy was developed prior to the introduction of the Integrated Planning and Reporting Framework in 2011. The financial figures reported in this Strategy are as at 30th June 2014.

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Thank you to all who contributed to the Strategy.

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#### Integrated Planning and Reporting Suite

Version	Years Covered	Date Adopted	Responsibility
1	2013-23	June 2013	Asset Systems, CAI
2	2014-23 (24)	June 2014	Asset Systems, CAI
3	2015-23 (25)	June 2015	Asset Systems, CAI

## THE COMMUNITY VISION

Bankstown is a thriving centre of Greater Sydney. We enjoy the services and facilities of a prosperous, growing city with lively neighbourhoods and a proud history. Our diverse population live and work together in harmony.

Bankstown is a modern, active community with quality transport infrastructure, clean waterways, pristine bushland and great community spaces and parks.

## THE CORPORATE VISION

A culture, place and city of excellence.

## LISTENING TO YOUR VIEWS

Council regularly engages our Community to understand satisfaction with the services and facilities we provide and to identify important community issues.

Latest information from our Community Satisfaction Survey reveals that 92% are satisfied with the Council's overall performance. This compares very favourably with other councils.

Among the many tools in Council's Community Engagement Program is a Resident Panel which provides valuable input into planning for improved services and facilities.

Council hosts a "Have Your Say" website ([www.haveyoursaybankstown.com.au](http://www.haveyoursaybankstown.com.au)) and you can email Council at [haveyoursay@bankstown.nsw.gov.au](mailto:haveyoursay@bankstown.nsw.gov.au).

Social media also plays an important part in our engagement 'toolkit'. You can look for latest news or comment online by searching OurBankstown on the App Store or on Facebook.

Council welcomes your input and acknowledges that it plays an important part in developing the resourcing strategies (asset, finance and workforce) that underpin our Integrated Planning Suite.

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## 1. INTRODUCTION

### 1.1 PURPOSE AND CONTEXT

The purpose of this Asset Management Strategy (AMS) is the development, implementation and administration of service centric, community focused and sustainable asset management at Bankstown City Council.

This Strategy outlines a structured set of actions aimed at enabling Council to improve its asset management practices, to achieve the objectives of the Bankstown Community Plan 2023 and the intended outcomes of the adopted Asset Management Policy.

The Strategy – and its Asset Management Plans for the various asset groups – will provide Council with the detailed asset information and knowledge required for short, medium and long term planning.

The key benefits of implementing this Asset Management Strategy include:

- Better services and assets with fewer resources through better aligning future services and assets (outcome focussed assets).
- Ability to understand what standard our assets are in and the effect our actions are having on them (informed decision making).
- Having a key set of actions that will allow us to manage the provision of these assets into the future at lowest long-term cost (sustainable lifecycle management).
- Being able to assign appropriate levels of funding for operational actions on each asset class in line with service level targets (prioritised maintenance).
- Being able to clearly define what service levels can be delivered with the resources available (understanding limitations).

In 2007 and 2009, the Local Government and Planning Ministers' Council (LGPMC) resolved to establish a nationally consistent approach to asset planning and management, financial planning and reporting and the assessment of financial sustainability for local government. Each State Minister endorsed the Nationally Consistent Frameworks for Local Government Financial Sustainability for implementation in their state.

The NSW implementation of the National Frameworks is included in the Office of Local Government's (OLG) Integrated Planning and Reporting Framework (IPRF).

## 1.2 THE INTEGRATED PLANNING & REPORTING FRAMEWORK

The aim of the NSW Integrated Planning and Reporting Framework (IPR) is to improve the way that Local Government plans and meets the needs of the Community.

### *The Bankstown Community Plan 2023*

The Bankstown Community Plan 2023 sets out a strategic Vision for the City and is supported at a corporate level by a suite of integrated documents which show how Bankstown City Council will respond over the coming decade to play its part in achieving these outcomes. The Bankstown Community Plan is framed around 5 City Directions Liveable, Invest, Green, Connected and Lead. Council's Delivery Program and Operational Plan provide the detail for achievement of the Outcomes contained in the Bankstown Community Plan 2023.

### *4 year Delivery Program*

This Strategy sets out the projects and services Council will deliver over the 4 year Council electoral term that work towards achieving the five City Directions in the Bankstown Community Plan. The Delivery Program is made up of 27 Term Achievements, which are statements that direct the actions of Council. All plans, projects, activities and funding allocations are directly linked to the Delivery Program.

### *1 year Operational Plan*

Bankstown City Council's Operational Plan supports the 4 year Delivery Program and provides details of the individual projects and activities that will be undertaken each year to achieve the commitments made in the Delivery Program. The Operational Plan is reviewed and adopted annually by Council.

### *Resourcing Strategy*

The Resourcing Strategy provides information on how Council will implement responsibilities from the Community Plan, taking into account our workforce, finances and assets. The Resourcing Strategy will enable Council to deliver services to the community in the most sustainable way. The Resourcing Strategy is made up of three components:

**The Workforce Strategy.** This Strategy outlines how we will ensure Council has the staff with the skills to deliver the agreed outcomes over the 4 year period covered by the Delivery Program. It identifies current workforce challenges, gaps; and resources required.

**The Asset Management Strategy.** This Strategy provides detailed information on the type and condition of our assets and their expected renewal requirements. The Strategy is projected forward to enable effective planning and allocation of resources for at least 10 years.

**The Long Term Financial Plan (LTFP).** This Plan brings the budget, resourcing and asset management components together. It also models a number of scenarios in the context of constraints we face in the long term, providing a sound basis for financial decision making. Like the Asset Management Strategy, it is projected forward to enable effective planning and allocation of resources for at least 10 years.



## Bankstown Community Plan 10 Year Vision 5 City Directions

Liveable	Invest	Green	Connected	Lead
Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators	Outcomes City Indicators



### Delivery Program 4 years

**27 Term Achievements**  
Statements which describe what Council aims to deliver over the four year Council term.



### Operational Plan 1 year

**Individual project and activities that will be undertaken in 2015-16 across 20 services**

Liveable	Invest	Green	Connected	Lead
Arts and Culture	Economic Development	Environment and Sustainability	Roads and Transport	City Planning
Community Services	Library Services	Parks and Open Space		Communications
Development Services	Town Centre Management	Stormwater Management		Corporate Support
Emergency Services		Waste and City Cleaning		Governance and Strategy
Leisure and Aquatics				Property Services
Sports and Recreation				Regulatory Compliance

### Resourcing Strategy

- Long Term Financial Strategy 10yr
- Workforce Management Plan 4yr
- Asset Management Plan 10yr



## 1.3 UNDERSTANDING OUR COMMUNITY

By understanding our local community, Council can make better and informed resourcing decisions.

The City of Bankstown is one of the most multicultural Local Government areas in Australia. It is currently home to 190,637 (ABS 2011) residents, speaking more than 120 different languages. The city is characterised by its affordable housing and commercial space, excellent transport and distribution links, large expanses of native bushland, and quality sporting facilities, recreational parkland and reserves.

The traditional custodians of the area are the Darug peoples. The district of Bankstown was established in 1797 by Governor Hunter in honour of Sir Joseph Banks, who sailed with Captain Cook on the Endeavour.

Bankstown is known for the diversity of its people, its strong sense of local identity and its strategic location within Sydney's primary transport and freight corridors. Located 20 kilometres south-west of the Sydney CBD, it is only 30 minutes by train or road from Sydney Airport. Bankstown is accessible via air (Bankstown Airport), rail (Bankstown and East Hill (Airport) lines) and road. Major roads to access Bankstown include the M5 Motorway, the Hume Highway, Roberts Rd, Davies Rd, Milperra Rd, Henry Lawson Drive and King Georges Road.

If we could shrink Bankstown's population into a village of 100 people, with all the existing human ratios remaining the same, it would look something like this:

- 51 would be female / 49 would be male
  - 8 would be infants aged between 0-4 years ↑
  - 14 would be children aged between 5-17 years ↑
  - 53 would live in a 'couple with children' family ↔
  - 20 would live on their own ↑
  - 9 would be aged 60-69 years ↑
  - 14 would be aged 65 or older ↔
  - 56 would be Australian born ↓
  - 44 would be born overseas, -including 7 from Lebanon and 7 from Vietnam. ↑
  - 55 would speak a language other than English at home ↑
  - 56 would be Christian ↓ and 19 would be Muslim ↑
  - 1 would be of Aboriginal descent ↔
  - 86 would be Australian Citizens ↔
  - 24 would live in households with a combined annual income of \$31,000 or less ↓
  - 21 would live in households with a combined annual income of \$107,000 or more ↑
  - 11 would live in households with no motor vehicle ↓
  - 34 would own their own homes outright ↓
  - 69 would live in a freestanding house ↑
  - 29 are renting their property ↑
  - 6 would be going to University or a tertiary institution now ↔
  - 53 would be in the labour force
  - 52 would be married. ↓ (4% from 2006)
- = Trending up ↑ = Trending down ↓ = stable ↔**

Document Sources- 2006 / 2011 ABS Census, I.D Community Profile and Forecast, and DEEWR 2011 Local Employment Figures



## 1.4 MANAGING THE COUNCIL

The role of local government is to lead local communities to achieve social, economic and environmental wellbeing through:

- utilising integrated strategic planning
- working in partnership with the community, other councils, State and Commonwealth governments to achieve outcomes based on community priority as established through Integrated planning and reporting
- providing and procuring effective, efficient and economic infrastructure, services and regulation
- exercising democratic local leadership and inclusive decision-making

All councils in NSW operate under a Charter which requires them *provide adequate, equitable and appropriate services and facilities for the community and to ensure that those services and facilities are managed efficiently and effectively.*

To do this we must be community leaders and we must talk to the community regularly to determine the needs and expectations of people who live, work and play in our City.

Our services and facilities should consider the environment and the needs of future generations; observing principles of social justice and participation. We must keep the local community informed about our activities, act consistently and without bias, and be a responsible employer.

In order to provide all this, Bankstown is governed by 12 Councillors who are elected every four years, three from each of the four geographical wards (North, South, East and West). Councillors represent the interests of residents and ratepayers, provide leadership and guidance to the community, and encourage communication between Council and the community. The Councillors elect the Mayor annually.

Councillors make sure that Council is heading in the direction that is best for the City. They make policy decisions, determine what services Council provides, and sign off on the operational and capital budgets over the life of the Council.

Bankstown City Council is one of the largest of the 152 councils in NSW. The main statutes that detail the powers of local councils are the Local Government Act 1993 and the Environmental Planning and Assessment Act 1979. Many other statutes also confer specific powers and responsibilities upon the Council.

## 1.5 COUNCIL'S ROLE

Council has several roles as an organisation. We are accountable to various levels of law and most importantly our community. By understanding and developing our role, Council can help create a prosperous City.

### ***Council as a 'Leader'***

Council acts as a role model for others, through its own actions, strategic organisational responses and way of doing things. In our dialogue with the community and other stakeholders, Council can display leadership and work towards becoming a benchmark Council whilst developing an outstanding City.

### ***Council as an 'Advocator'***

Council seeks to improve services, facilities and opportunities for the City and its Community by lobbying agencies, Regional Organisations of Council's and the State and Federal Government. In discussions with these parties, there are opportunities to build on Bankstown's strengths and promote our regional interests.

### ***Council as a 'Custodian'***

Council acts as a guardian for the shared aspirations for Bankstown's future, and a shared vision, which will guide our journey towards being a sustainable city. Council's role as custodian includes caring for the City's people and places, both now and into the future.

### ***Council as an 'Educator'***

Council has a fundamental role in educating the City's communities and other stakeholders, specifically around the long-term sustainability of the City. A broad range of opportunities exist for Council to articulate its vision and gain support for our initiatives.

### ***Council as a 'Facilitator'***

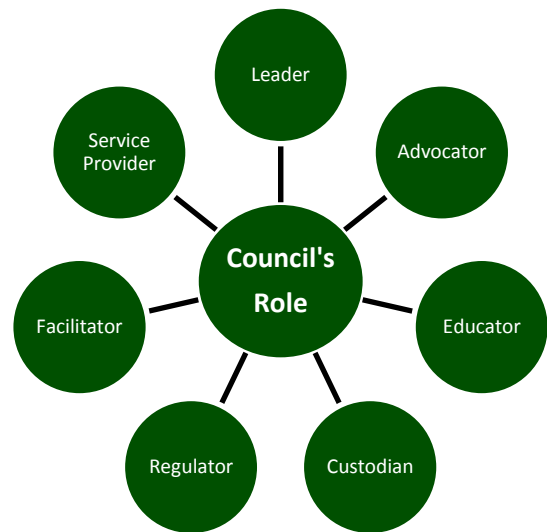
Council assists interaction amongst stakeholders, and forms strategic alliances aimed at promoting sustainability initiatives, focussing on elements including social, economic, environmental, cultural and governance outcomes

### ***Council as a 'Regulator'***

Council has a statutory responsibility to implement legislative provisions such as waste management, sustainable development controls and environmental management, energy and water reduction measures and other State Government requirements, which are aimed at achieving the long-term health of our environment and wellbeing of our Community. Council also acts as the delegate regulator on behalf of other levels of Government in some issues, such as food safety inspections.

### ***Council as a 'Service Provider'***

Council has a strong commitment to delivering the services needed by its Community, and ensuring that both City and Council resources are responsibly managed. Council's role as service provider aims to assist in building the long-term health, wellbeing and prosperity of the City. Council must monitor the changing needs of the Community and revise its service levels, provision and advocacy to ensure that Council resources are effectively distributed.



## 1.6 CITY OF EXCELLENCE

Bankstown City Council has chosen to use the Australian Business Excellence Framework as a way to become a 'City of Excellence'. The Business Excellence Framework is a tool that allows us to explore our own unique situation and a way of leading and managing our organisation to achieve sustainable organisational results. By looking at what we do and asking some straight forward questions such as:

- How are we really performing as an organisation?
- What are we good at; and
- What do we need to do to improve?

We can better understand what we are doing well. Essentially these are our strengths and also our opportunities for improvement. The Business Excellence Framework works together with our Corporate Values to underpin our City Directions and outcomes. This approach gives us a better understanding of how to improve the services we provide. Better services will lead to greater efficiencies and better outcomes for our community.

## 1.7 OUR ORGANISATIONAL VALUES

Our Asset Management Strategy will reinforce the values and culture of our organisation. In 2010, new organisational values and behaviours were developed by our people. These values articulate the direction and desired behaviours that we are striving to achieve

### *Respect*

We will:

- Listen to one another.
- Include and acknowledge the contributions of others.
- Value our working relationships, resources and environment.
- Use culturally intelligent practices.

### *Integrity*

We will:

- Be honest in our communications.
- Be fair in our dealings.
- Be transparent in our decisions.
- Be accountable for our actions.

### *Teamwork*

We will:

- Encourage a trusting and supportive team environment to achieve common goals.
- Build unity and skills as one organisational team.
- Actively share and develop knowledge, ideas and information
- Share in our successes.

### *Sustainability*

We will:

- Take a holistic approach to our environmental, people and financial planning and management.
- Always consider the 'now and future' in our decisions.

### *Service*

We will:

- Focus on our customers' needs.
- Pride ourselves in being consistent, efficient and effective.

## 1.8 ASSET PLANNING STRUCTURE

### *Asset Management Policy*

Council's Asset Management Policy (shown in Section 9) provides clear direction for managing assets at Bankstown and sets the framework for the preparation of Council's Asset Management practices and processes.

### *Asset Management Strategy*

Drawing information from the Asset Management Plans, this Strategy details Bankstown Council's extensive asset portfolio and the work in train to develop better asset management systems at Bankstown; provides innovative service oriented "State of Assets" dashboards<sup>1</sup> outlining essential information for informed lifecycle asset management decision making; shows Council's current asset management maturity; and the strategic actions necessary to develop best practice asset management at Bankstown.

### *Asset Management Plans*

Bankstown Council has developed four Asset Management Plans (AMPs) that detail the management of Council assets in the following infrastructure areas:

- Buildings and Other Structures,
- Parks and Recreation,
- Roads and Transport, and
- Stormwater Drainage.

These four Asset Management Plans will be reviewed over the next few years in line with the revaluation schedule.

Additional asset management plans will be developed for the Plant and Equipment, Natural Assets and Lands areas in the next four years. Special plans may be developed for trees and signage. Each Asset Management Plan provides a long term assessment of the asset activities and actions required to deliver and support Council services. The plans include estimates of the lifecycle costs associated with maintenance, rehabilitation and replacement of assets. Council's Asset Management Plans are presented as separate documents.

In addition, facility level (tactical) asset management plans (FAMPs) have been developed for some of Council's priority community facilities including The Velodrome, The Bankstown Arts Centre, the Leisure and Aquatic Centres, the Civic Tower, the Council Chambers and the (new) Bankstown Library and Knowledge Centre (BLaKC). These FAMPs provide information about the short to medium term operations, maintenance and renewal needs of these assets. Additional facility level asset management plans for other facilities will be developed, on a needs basis, over the next four years.

### *Asset Management System*

Bankstown City Council is developing a modern Asset Management System. This is being done as part of the ongoing Strategic Asset Management (SAM) Program.

The Asset System will eventually comprise:

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<sup>1</sup> National State of the Assets Report & Pilot Study (2012), Jeff Roorda & Associates for the Australian Local Government Association.

- A whole of Council relational database for asset information, supported by a logical data schema to govern interactions with other Council systems, to automate as far as possible data exchanges;
- Data logging and workflow devices to streamline the issue of works and the acquisition of work details and other asset data;
- Asset scenario modelling tools to allow various strategic options to be assessed;
- User systems to enable the asset information to be easily viewed and used to inform decision making , at all levels, across the whole of Council; and
- Business procedures and processes to support these initiatives.

The principle objectives of the new system will be to:

- Provide accurate inventory and condition information of the Council's assets;
- Facilitate efficient day-to-day management of the Council's assets;
- Enable objective long-term service and asset planning based on a sound knowledge of the current state of the Council's assets i.e. long term impacts of funding decisions; and
- Allow the adoption of robust depreciation and other lifecycle cost measures.

Following on from the Asset Information Project, the Asset Management Project (commenced March 2012) reviewed all existing software and data needs using the following approach:

- A focus on documenting current processes;
- Identifying improvements to the current processes;
- Changing processes to ensure delivery of the asset plans;
- Identifying supporting software requirements;
- Identifying data supporting the processes;
- Identifying data ownership and custodianship to support the five views (see Figure 1 below); and
- Using an Asset Register Prototype to assist in documenting requirements.

The presentation of the Asset Information will use (at least) the following perspectives:

- Property view (Financial and Spatial Information Systems);
- Financial view (Financial System);
- Customer View (Rates, CRM Systems);
- Subject view (Management Plans and DRMS); and
- Asset view (Asset Management and Spatial Information Systems).

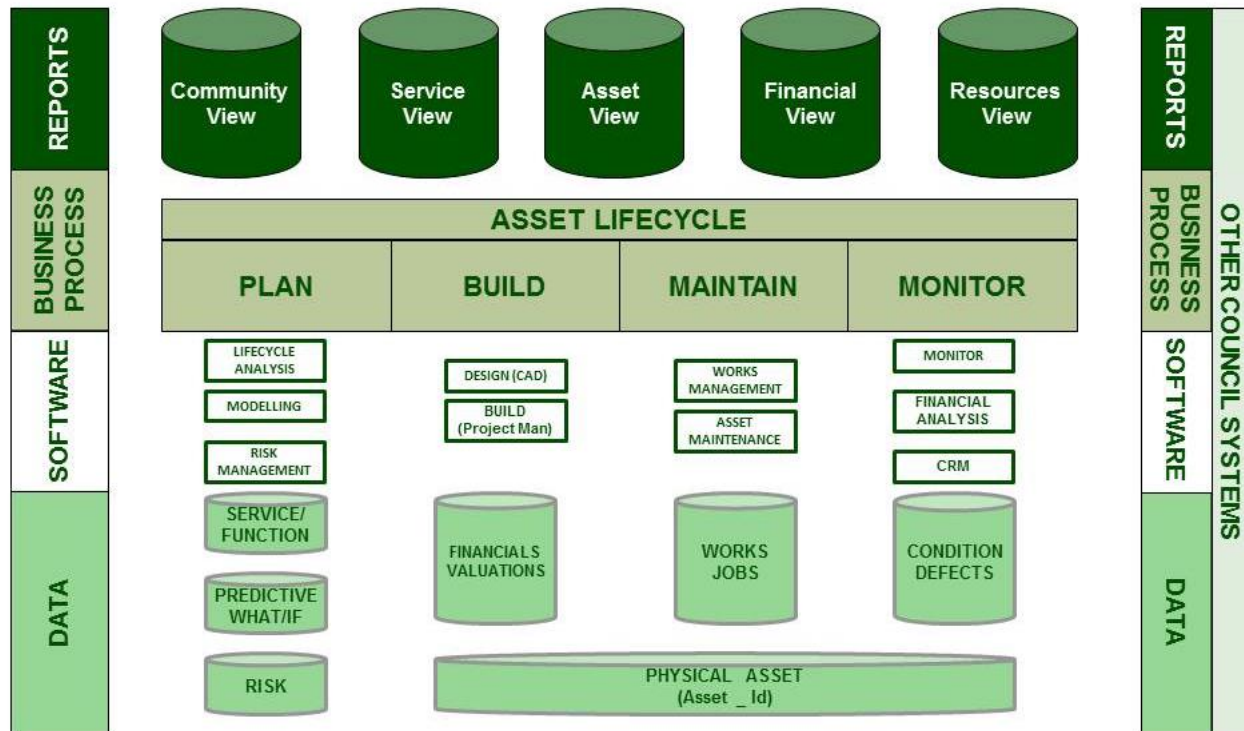
A key outcome of the Asset Management Project for 2013/14 was the development of the spatial (or map) view of Bankstown's assets. As a result today, all Council staff who have access to a computer can view over 98% of Council's assets on aerial photos of the LGA. That is, over 110,000 assets across the Bankstown LGA together with their associated alpha-numeric data which may then be used in analysis asset management options.

This advanced understanding of our asset management and spatial systems needs is now being used to assist in the development of the (new) integrated Electronic Works Ordering (EWO) and (Pathway) Customer Service Systems. These systems will provide both end to end customer request monitoring and electronic asset works management capabilities across Council. This will include user friendly smart phone/tablet interfaces for both Council staff and the public. These systems are currently being developed together and it is planned that they will be progressively rolled out across Council in 2015/16.



Central to the development of these asset systems is the notion that all the different users are really looking at the same asset information and the apparent differences only relate to their perspective (their point of view).

The way this fits together is shown Figure 1:



**Figure 1 - Asset Management Framework Information System**

## 1.9 THE ASSET CHALLENGE

As a large "middle ring" Sydney Metropolitan council, developed mostly after World War Two, Bankstown has well-established community assets. Most of this occurred between about 1950 and 1990, the post war housing and development era. During that time the focus of Council was building basic infrastructure (roads, parks and drainage) to allow housing to be developed and building community facilities (libraries, halls and other community facilities) to allow the growing communities to develop. The budget focus at the time was to minimise maintenance and devote as much funding as possible to the creation of new assets.

Most of the assets developed were long lived and solid. Generally, they would require little or no maintenance for many years. For instance, many community buildings will last 100 years or so and significant maintenance, like roof refurbishments, will not be required until the buildings are some 40 years old (subject to other routine maintenance being done). Another example is an urban road which will require little or no maintenance for up to the first 30 years of its life. Surface rehabilitation will (then) be required about each 30 years after that. Major pavement rehabilitation may be required at about 50 years.

Today, a significant proportion of Council's assets are in the later stages of their life cycles and their maintenance needs are becoming more significant. Some of these assets are degraded and their condition is below the nominal operating standards for these classes of assets. Many others are well maintained and operating at appropriate standards.

For the condition scale used in this Strategy (at a network or Asset Group level) the least lifecycle cost maintenance strategy will lead to an average Group condition score between 2 and 3 being maintained (closer to 2 than 3). Section 3 shows that most Assets Groups have an average condition greater than 2, some are greater than 3 and the overall average is 2.5.

As shown in Section 3.5, Bankstown's asset stocks have reached the point where the funds currently allocated in Council's budget for the lifecycle maintenance are not sufficient to maintain asset condition and maintain existing service levels. As such the asset stocks are now slowly deteriorating.

In broad terms, for the four major Asset Groups (Roads and Transport, Buildings and Other Structures, Parks and Recreation, and Stormwater Drainage), with a Current Replacement Value of about \$1,859 million<sup>2</sup>, the total average annual funds available (capital renewal and maintenance) for asset lifecycle maintenance is about \$43 million<sup>3</sup> per annum (actual varies from year to year). The minimum average annual expenditure required to keep the assets of the four major Groups at or around their current condition is of the order of \$58 million per annum. Thus, the current Renewal Gap (the difference between the required funding to keep the assets in good condition and the actual funds available) is about \$15 million per annum. And the Unfunded Renewals balance (the cost of all asset works that are currently due or past due but have not been funded) is about \$53 million or about 2.9% of the total asset stock for the four major groups.<sup>4</sup> It should be noted that these figures are skewed by the Roads and Transport Asset Group. For the Roads and Transport Group alone the total average annual funds required for lifecycle maintenance is about \$27 million and the total average annual funds available (capital and maintenance) for asset lifecycle maintenance is about \$18 million per annum, leaving a Renewal Gap of about \$9 million p.a. for the Roads and Transport Group alone.

Most other NSW Councils are in a similar or worse position. New South Wales councils own and/or manage over \$70 billion<sup>5</sup> in local community infrastructure and other assets<sup>6</sup>. The Independent Inquiry into the Financial Sustainability of Local Government in NSW (the Allan Report, 2006) estimated that NSW Councils expended about \$350 million p.a. on asset maintenance and renewal. It also estimated that this was more than \$500 million below what the councils should be spending to maintain the assets at an appropriate standard (the Renewal Gap)<sup>7</sup>. The Allan Report also estimated the Infrastructure Unfunded Renewals total in 2006 was at least \$5.3 billion and if no action was taken to address the Renewal Gap, the Infrastructure Unfunded Renewals Total would grow to about \$20 billion by 2020<sup>8</sup>.

In NSW, rate pegging (introduced in 1977) and cost shifting from State and Federal to Local Government have substantially reduced (in real terms) the funds available for lifecycle asset maintenance. That is, although the State approved rate increases tend to follow the previous year's

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<sup>2</sup> Includes Knowledge and Library Centre, opened April 2014. Excludes non-depreciable parts of the asset values.

<sup>3</sup> Present worth average of previous 5 years annual capital expenditure and previous 3 years operational expenditure.

<sup>4</sup> The Unfunded Renewal and Renewal Gap figures are based on valuation figures as of July 2014 and the present worth average budgeted capital over the last 5 years and maintenance over the last 3 years. These figures are approximate. Actual capital and maintenance expenditure varies from year to year.

<sup>5</sup> A billion is defined as 1,000 million (1,000,000,000).

<sup>6</sup> Excluding water supply and sewerage assets.

<sup>7</sup> On average, NSW councils are spending about 41% of what they should on asset maintenance and renewal.

<sup>8</sup> Approximately, the NSW wide Unfunded Renewals total is at least \$10 billion or about 14% of the total value.

CPI increases, the real cost of the increasing number of services demanded of local councils increase each year by much more than the CPI<sup>9</sup>. As such, real value per capita of rates in NSW is now up to 23 percent less than the Councils of other states<sup>10</sup>.

Adequately funding asset maintenance and renewal, reducing the Renewal Gap and Unfunded Renewals will require councils to develop efficiencies, rationalise assets, review levels of service, source additional grant funds and if necessary, raise additional revenue or a mixture of some and/or all these. Deciding on appropriate strategies will be crucial decisions that will affect local communities for years to come.

Developing Strategic Asset Management frameworks to inform and support these important decisions are now one of the most significant challenges NSW councils face.

## 1.10 STRATEGIC ASSET MANAGEMENT (SAM)

About seven years ago Council commenced its Strategic Asset Management (SAM) Program, to develop “Service Focused, Sustainable Asset Management for the Bankstown Community”. Through the SAM Program, data about Bankstown’s assets are being collected and/or updated; assets are being valued; staff skills are being expanded; other resources are being developed; and asset systems are being created.

SAM is supported by Council’s organizational structure with assets being managed by City Assets and Infrastructure Directorate (CAI) and services being managed by City Services Directorate (CS). The end to end project management processes in CAI also support SAM.

This Asset Management Strategy will be implemented through the SAM Program.

With the principles embraced over the last seven years and the creation of the CAI and CS Directorates, Strategic Asset Management at Bankstown is now a logical process that guides the planning, acquisition, operation and maintenance, renewal and disposal of assets, as appropriate. The primary objectives are:

- ensure the best possible mix of assets are employed to support the services delivered to the Bankstown Community, and (then)
- ensure the service delivery potentials of the assets are maximised whilst related risks and costs are minimised, over the entire lifecycle of each asset.

In simple terms, asset management is about the way the Council looks after its assets, both on a day-to-day basis (i.e. maintenance and operations) and in the medium to long term (i.e. lifecycle management and tactical/strategic planning).

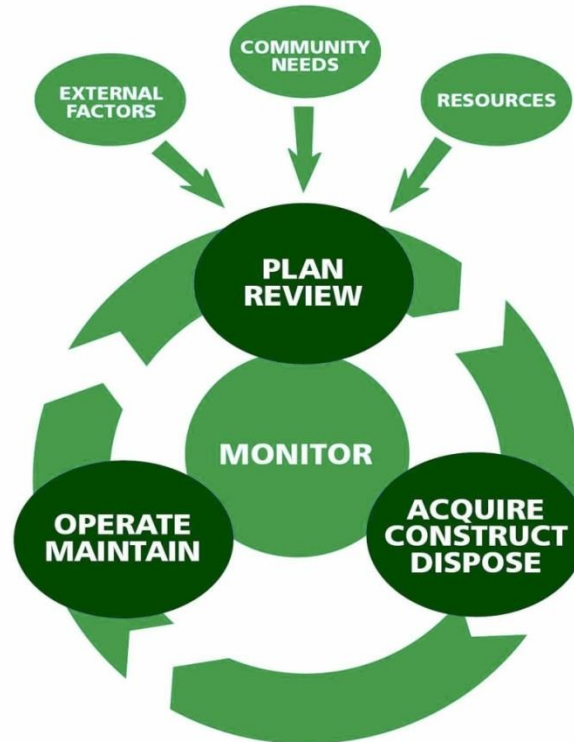
Figure 2 below illustrates the typical lifecycle of an asset and associated asset management functions from planning for the need to create an asset through to its ultimate renewal or disposal including the audit and review of the assets performance.

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<sup>9</sup> Costs of Council Services tend to follow the Producer Price Index (PPI).

<sup>10</sup> DOTARS, 2007 showed NSW rates in 2005/06 were 23% less than Vic/SA and 12% less than the average of all other states.





**Figure 2 - Asset Lifecycle Diagram**

Many of Council’s assets are known as “complex assets” as they are built up from a number of component assets. For example an urban road is composed of at least the pavement and the surface layers; and a building is made up of a structure, a roof, services, fit out and so on. To achieve its designed service life, some of the components of each complex asset must be replaced or refurbished during the service life of the asset. For example, a road surface will need to be replaced a few times during the life of the pavement layer and a roof may need replacing about half way or so through the life of a building. If the component replacements/refurbishments for a complex asset are not carried out on time the complex asset as a whole may fail prematurely, with its actual service life falling far short of its designed service life. Analysis of the costs associated with the maintenance of the types of complex assets managed by Council show that (generally) the least cost lifecycle service life is about the lifespan of the longest lived component asset and that the average annual cost of the component replacement/refurbishment to achieve the least cost service life is of the order of 1~3% of the depreciable Current Replacement Cost (depreciable CRC<sup>11</sup>) of the complex asset. It should be noted that although the average annual expenditure is of the order of 1~3%, actual annual expenditure will vary greatly, depending on the significance of component works for each year. For instance, a roof replacement may cost up to 20% of the CRC of a building. These “lumps” in expenditure are usually managed by establishing cash flows into component replacement reserves.

Generally, the replacement/refurbishment strategy that will lead to the least cost service life tends to be that which leads to the asset being kept in Good Condition (between Condition 2 and 3 on the scale shown in Table 2 of this Strategy).

<sup>11</sup> Also known as Depreciable Amount

A key element of lifecycle asset management is minimising the overall lifecycle cost of an asset by ensuring the required budget is available on time so that appropriate replacements, refurbishments and other maintenance can be carried out when required.

## **1.11 ALIGNMENT WITH THE NATIONAL ASSET MANAGEMENT FRAMEWORKS**

In line with the National Frameworks for Local Government Sustainability and the DLG's Integrated Planning and Reporting Framework, the Council is committed to the seven key elements of the National Frameworks:

1. Development of an asset management policy
2. Strategy and Planning
3. Governance and Management Arrangements
4. Defining Levels of Service
5. Data and Systems
6. Skills and Processes
7. Evaluation<sup>12</sup>

The key Strategic Actions as documented in Section 5 demonstrate the Council's direction in achieving the above outcomes. The Key Performance Indicators (KPI's) described in Section 6 demonstrate how Council will measure its success in terms of evaluation. An Asset Management Maturity assessment for the Council is attached as Section 4.

In line with the National Frameworks, this Strategy is a commitment to Service Centric, Community Focused and Sustainable Strategic Asset Management (SAM) at Bankstown Council.

## **1.12 LEGISLATIVE CONTROLS OF ASSET MANAGEMENT**

In addition to using asset management as a tool to better manage the community's assets and to help provide better services to the community, there are legislative and code of practice requirements that Council must comply with in relation to the management of its assets, as follows:

### **1.12.1 NSW OLG Integrated Planning and Reporting Framework**

As stated previously the Integrated Planning and Reporting Framework (IPRF) is the NSW Government's implementation of the Local Government and Planning Ministers' Council (LGPMC) endorsed Nationally Consistent Frameworks for Local Government Financial Sustainability. Implementation of the IPRF has been mandated through the NSW Local Government Act and the associated IPRF Guidelines and Manual.

### **1.12.2 NSW and Federal Acts and Regulations**

The NSW and Federal Acts and associated Regulations that may apply to Strategic Asset Management include:

- Local Government Act and Regulations,
- Roads Act,
- Environmental Planning and Assessment Act and Regulations,
- Work Health and Safety Act and Regulations 2011,
- The Protection of the Environment Act and Regulations, and
- Anti-Discrimination Act.

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<sup>12</sup> Local Government and Planning Ministers' Council (LGPMC) Framework 2 May 2009

- Disability Discrimination Act

Some acts and regulations may also have reporting frameworks and implementation targets.

### **1.12.3 Australian Standards and other Codes of Practice**

Many Australian Standards and other Codes apply to asset management. These include:

- Building Code of Australia (and referenced Australian Standards)
- AS/NZ ISO 31000 Risk Management – Principals and Guidelines
- AS/NZ 3760 In-service Safety Inspection and Testing of Electrical Equipment

An International Asset Management Standard has recently been finalised. Known as the ISO 55000 series, it was released March 2014. Council's asset management practices will be reviewed against this Standard over the next year with a compliance program being developed for implementation 2016 onwards, if necessary.

### **1.12.4 Australian Accounting Standards**

The Australian Accounting Standards that apply to Local Government include:

- AASB 116 Property, Plant & Equipment – prescribes requirements for recognition and depreciation of property, plant and equipment assets;
- AASB 13 Fair Value Measurement – sets out methods for determining Fair Value;
- AASB 136 Impairment of Assets – aims to ensure that assets are carried at amounts that are not in excess of their recoverable amounts;
- AASB 1021 Depreciation of Non-Current Assets – specifies how depreciation is to be calculated;
- AAS 1001 Accounting Policies – specifies the policies that Council is to have for recognition of assets and depreciation;
- AASB 1041 Accounting for the reduction of Non-Current Assets – specifies the frequency and basis of calculating depreciation and revaluation basis used for assets;
- AAS 1015 Accounting for acquisition of assets – method of allocating the value to new assets on acquisition; and
- AAS 1010 Recoverable Amounts of Non-Current Assets – specifies requirement to test the reasonableness of valuations.

## **1.13 BANKSTOWN'S COMMUNITY INFRASTRUCTURE & OPERATIONAL ASSETS**

Bankstown's extensive asset portfolio includes:

- infrastructure like roads, footpaths, drains and parks;
- community buildings like parks amenities, town halls and community centres;
- operational buildings and plant & equipment; and
- natural and heritage assets.

Council also has some residential and commercial properties.

Generally, infrastructure assets directly provide a service to the community (e.g., roads provide transport services); community assets are used to enable a service to be provided or are used in the delivery of a service to the community (e.g., a community hall being used by a playgroup); and operational assets are utilised by Council directly to administer and facilitate its operations (e.g., Council's depots support the field teams who maintain the parks). Natural and heritage assets are managed by Council on an ongoing basis for the benefit of the current and future Bankstown communities.

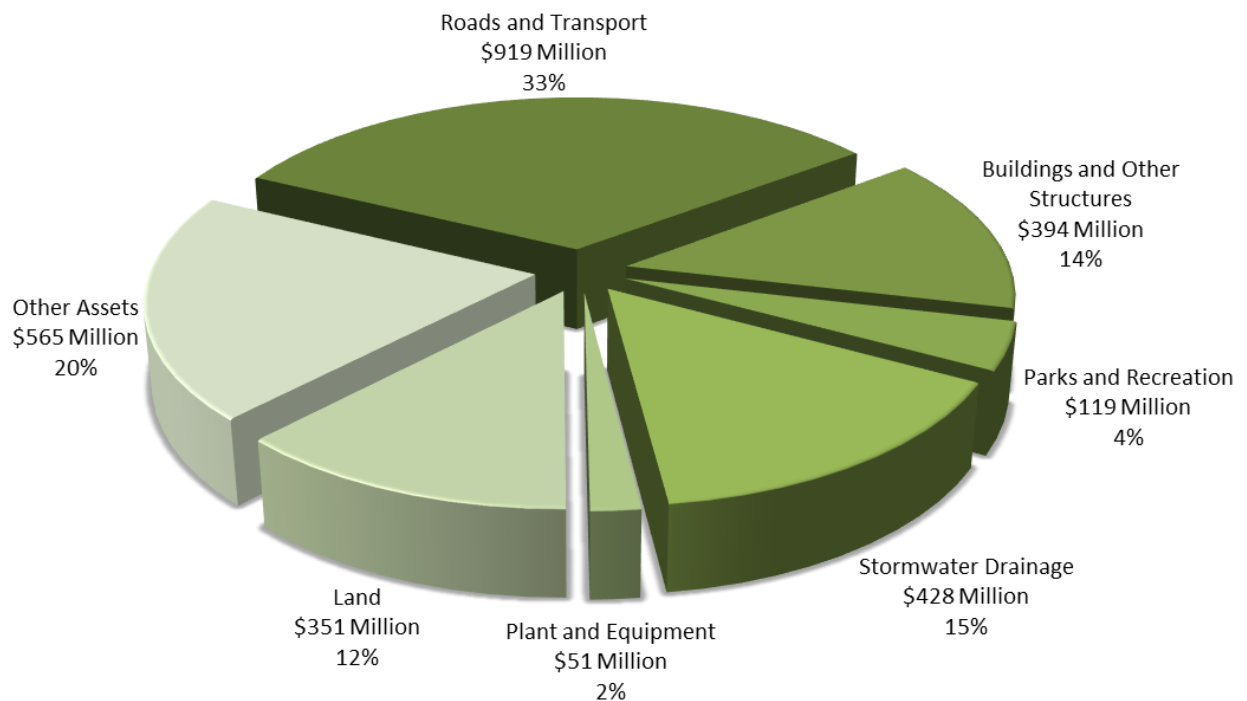
Council has assets that would cost about \$2,827 million<sup>13</sup> or more to build today (CRC - Current Replacement Cost). Their written down value (WDV) is about \$2,092 million<sup>13</sup>.

For the purposes of asset management, similar assets have been put together in several Asset Management Groups.

These Groups are:

- Roads and Transport,
- Buildings and Other Structures,
- Parks and Recreation,
- Stormwater Drainage,
- Plant and Equipment,
- Other Assets, and
- Land.

The proportion of assets in each of the Asset Management Groups is shown in Figure 3. Further details are shown in Section 3.



**Figure 3 - Distribution of Asset Groups by Current Replacement Cost**

This Asset Management Strategy details proposals for the management of the assets in the four major Asset Management Groups (Roads and Transport, Buildings and Other Structures, Parks and

<sup>13</sup> Including Plant and Equipment, Other Assets (mainly non-depreciable elements) and Land.

Recreation, and Stormwater Drainage) only. The Current Replacement Cost of these four Asset Groups is about \$1,859 million<sup>14</sup>.

Plant and Equipment, Other Assets and Lands are not considered further in this version of the Asset Management Strategy. See Section 3.1 for more detail.

Please note that these Asset Management Groups do not necessarily follow the financial reporting groups of the Australian Accounting Standards. These Asset groupings are for asset management purposes only.

As shown in the Delivery Program, Council's activities have been grouped into 20 Service Profiles. State of Assets Dashboards (see Section 3.6) have been developed for the Services that use Council's assets. The Asset Management Groups do not fully align with the Delivery Program Service State of Assets Dashboards, however each Dashboard has a section detailing the assets used by the Service.

Also note the value of Land (land under roads and parks, and other lots owned and/or managed by Council) has been excluded from most Tables and Figures of this Strategy. Generally, land is a non-depreciable asset of significant value and should be excluded from depreciable asset lifecycle calculations.

## **1.14 COMMUNITY EXPECTATIONS**

A significant element of the Integrated Planning and Reporting Framework is communication with the community. It is intended that the views of the community will be widely canvassed and the community will be involved in the decision making process, to ensure the decisions taken about services and assets reflect the needs of the community and can be funded by the community. For this Strategy and its supporting Asset Management Plans, the needs of the community have been assessed by considering the demographic projections for the Bankstown LGA, the recent Customer Request history and, the findings of the consultation for the development of the Bankstown Community Plan. Community Survey results are shown in the Service Profile State of Assets Dashboards (Section 3.6).

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<sup>14</sup> Excludes Plant and Equipment (\$51 million), Other Assets (\$565 million) and Lands (\$351 million). Non depreciable earthworks and residuals in Pavements and Drainage (\$517 million) and Investment Properties (\$5.74 million) are included in Other Assets.



## 2. MEETING THE ASSET MANAGEMENT CHALLENGE

This Strategy focuses on formalising Strategic Asset Management (SAM) across Council. Informally, in various ways and over many years, the Council has been practicing strategic asset management (to greater or lesser extent, as available budgets have permitted). This Strategy and the SAM Program builds on this foundation, reinforcing many existing organisational practices and developing new practices, as required, establishing Service Focussed and Sustainable Asset Management for the Bankstown Community.

These practices include lifecycle maintenance management, targeted maintenance for assets in good condition to keep them in good condition and promoting replacement projects for aged or obsolete assets as capital initiatives. Some of the more significant recent activities are:

### ***Civic Tower***

The Civic Tower is one of Council's most significant facilities. It is managed as a commercial enterprise in a partnership between Council's staff and a commercial property agent. Routine cleaning and maintenance are funded from rental income. A sinking fund has also been established (again funded from income) for major maintenance like lift refurbishments. The building is now some 25 years old and it is being managed to keep it in very good (or optimal) condition.

As part of the SAM Program, a Facility Asset Management Plan (FAMP) has been developed for the Civic Tower. The FAMP is being utilised by the building managers to plan and budget short to medium term maintenance for the facility.

### ***The Bankstown Arts Centre and the new Women's Health Centre***

The Bankstown Arts Centre in Olympic Parade is a refurbishment and substantial extension of an aged facility, jointly funded by Council and the Federal Government. The facility provides much greater functionality and capacity than the old facility and being near new its maintenance funding requirements for the next ten years will be low. A FAMP has been developed for the Bankstown Arts Centre to guide the facility manager about lifecycle asset maintenance and replacement needs and to inform future budgets.

The Women's Health Centre, constructed in Jacobs Street in 2013, replaced three aged assets of degraded functionality and capacity<sup>15</sup>. The degraded assets have been sold as development sites. It should also be noted the new facility's maintenance needs are significantly less than the old facilities it replaces. A FAMP for the facility will be developed in the next couple of years to guide future lifecycle budget decisions.

### ***The Bankstown Knowledge and Library Centre***

As part of the CBD Renewal Program, the (old) Town Hall building has been refurbished and extended to become a modern, purpose built library facility. The Bankstown Library and Knowledge Centre (BLaKC) was formally opened on the 6<sup>th</sup> April 2014.

As a mainly new facility, the new library's maintenance funding requirements will be significantly less than that of the old Town Hall (for 10 years or more). Also, the old Central Library building has now been taken out of service and will be redeveloped to provide other facilities, which will further reduce ongoing building maintenance budgets.

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<sup>15</sup> Women's Health Centre at 74 Restwell St, the Bankstown Handicapped Children's Centre at 80 Restwell St and the Immunization Clinic at North Terrace.

As part of the build process, the lifecycle maintenance arrangements for the new/refurbished Bankstown Library and Knowledge Centre has been formalised through the development of a FAMP for the facility.

### ***Upgrade/Renewal of Other Libraries***

From 2013 onwards \$750,000 per year has been dedicated to the upgrade and/or renewal of Council's other libraries. This program will resolve Renewal Gap and Unfunded Renewal issues of Council's libraries by about 2020. Chester Hill Library was the first facility targeted under this program. Panania Library will be redeveloped in 2016/17. As part of the build process, FAMPs will be developed for each facility.

### ***Memorial Indoor Sports Centre and Media Centre***

These new buildings have been designed to minimise construction, operating and maintenance costs. They are good examples of what Council can do to develop the sustainability of its building projects and they are a pointer to future projects, both renewal and new.

### ***The Refurbishment of Birrong and Revesby Leisure Centres***

Over the last few years the Birrong and Revesby Leisure Centres (pool complexes) have been refurbished to improve their functionality, so that they better serve the needs of the community. The upgraded facilities include water play features, improved amenities and café/kiosk areas, and better carparking.

Apart from making the facilities more attractive to users (this is already leading to higher utilisation) the maintenance requirements of the refurbished facilities will be significantly less than those of the pre-existing facilities.

As part of the SAM Program, the lifecycle maintenance arrangements for the new/refurbished Leisure Centres have been formalised through the development of tailored Asset Management Plans for the facilities (FAMPs).

### ***Road Funding – State Government Cost Shifting***

Through historical agreements, Council shares the cost of maintenance of Regional Roads with Roads and Maritime Services (RMS, previously known as the Roads and Traffic Authority (RTA)). Thirty or forty years ago, the split was 50/50, with the RMS (then the Department of Main Roads) contributing 50% of a reasonable support budget for Regional Roads.

Over the years the RMS's contribution has not kept pace with increases in lifecycle maintenance costs, so that today (on average) Council's budget for the maintenance of Regional Roads is generally much more than the RMS's (previously 50/50) contribution.

Also, in the last 30~40 years traffic through Bankstown has increased substantially, but the number of Main and Regional Roads declared by the RMS has not kept (and is not keeping) pace.

When coupled with rate pegging, this cost shifting by the state is substantially eroding Council's asset budgets with no end in sight.

### ***National Heavy Vehicle Regulation***

The State and Federal governments have now implemented changes to Australia wide heavy vehicle regulations which will allow trucks with higher mass limit (HML) suspensions to carry heavier loads. These regulations are similar to those now in place in Europe. Although some of the available research into the effects of these heavier loads on local roads support the changes most of the research does not. Generally this research contends the heavier loads will have substantial detrimental effects on Bankstown's roads and will lead to the accelerated failure of the roads used by these HML trucks (mainly collector and industrial roads). Council has formally objected to the

introduction of these regulations. The affected roads will be monitored over the next few years with further representations being made to the State and Federal Governments when appropriate.

### ***Town Centre Improvement Program***

The rolling Town Centre Improvement Program was set up in 2005, with capital funding of about \$2 million each two years, for the development and/or upgrade of Town Centres. Works undertaken under the Program include lighting, traffic facilities, pedestrian areas and footpaths, street trees and garden bed plantings, public artworks, children's playgrounds, shade structures and street furniture infrastructure. To date works have been done in Chester Hill, Sefton, Miller Rd Villawood, Condell Park, Padstow, Panania, Greenacre, Revesby, Yagoona, Georges Hall and Punchbowl. Work is scheduled in 2014/15 and onwards for Chester Hill, Greenacre, Mount Lewis and the Gibson Avenue shops.

The program has led to the renewal of some \$8 million footpath and street furniture assets, reducing the infrastructure maintenance needs of the areas done.

Please note that the higher community utilisation of these renewed Town Centres has led to increased need for cleaning and waste management.

### ***Proposed Medium Term Financial Strategy***

Asset Management Strategy 1 (AM Strategy 1), published in the original version of the Asset Management Strategy (2011), proposed to increase over a number of years, the annual funds applied to asset management (capital and maintenance) by restructuring Council's loan profile, reducing loan balances and using the funds that would otherwise have been committed to debt servicing for asset renewal.

Asset Management Strategies 2 (2012) and 3 (2013), published in the 2012 and 2103 Asset Management Strategies respectively were the next iteration of that approach, extended the funding to 2024.

Asset Management Strategy 4 (AM Strategy 4) as shown in Section 11, further refines the approach and extends the funding to 2025. The AM Strategy 4 shows the renewal funding proposed for all Asset Management Groups for the next ten years – previous versions only showed the renewal funding for selected assets. Provision has been made in the Long Term Financial Plan for AM Strategy 4 and both Council's Operational Plan and Delivery Program outline projects and funding that complies with AM Strategy 4.



## 3. CURRENT STATUS OF BANKSTOWN'S ASSETS

### 3.1 ASSET MANAGEMENT GROUPS

The broad range of assets managed by Council has been sorted, for asset management purposes, into several Asset Management Groups. The links between the Asset Management Plan Groups and the Services identified in the Delivery Program are detailed in Table 1 below.

AMP Group	Service Profile	Includes Assets Such As
Roads and Transport	Roads & Traffic	All vehicle and pedestrian infrastructure (both roads and parks) including pavements; kerb and gutter; footpaths, boardwalks and cycleways; road furniture; signs; bridges; traffic facilities; and open (surface level) carparks.
Buildings and Other Structures	Arts & Cultural Services	Bankstown Arts Centre and artworks across the LGA.
	Community Services	Children's Facilities, Youth Facilities, Senior Citizens' Centres, Community Centres/Halls, Immunisation Clinics
	Corporate Support	Civic Tower, Council Depots, Plant and Fleet Vehicles, Investment Properties, IT assets, Office Equipment and Furniture (see Plant and Equipment below), Council Lands.
	Emergency Management	SES Headquarters, SES Plant and other Vehicles
	Governance & Strategy No Service Profile	Council Chambers
	Leisure & Aquatic Services	Birrong, Wran, Greenacre and Max Parker (Revesby) Aquatic and Leisure Centres.
	Library Services	Bankstown Library and Knowledge Centre; Chester Hill, Greenacre, Padstow and Panania Libraries; and Library Books.
Parks and Recreation	Parks & Open Space	All parks toilet/amenity buildings; gardens, playgrounds, park lighting, BBQs, picnic shelters, other furniture, signs and other park (passive recreation) assets.
	Sport & Recreation	All active sports amenities, kiosk and clubhouse buildings; playing fields and courts with associated fences, irrigation, sportsfield lighting, seating, other furniture signs and other active sports assets; the Sefton Golf Course; Bankstown Memorial Park Indoor Sports Centre and the Media Centre; and the Basketball Stadium.
Stormwater Drainage	Stormwater Management	Pipes, culverts, channels, and other conduits; Pits, junction pits, outlets and other devices; Retarding basins, gross pollutant traps, trash racks, booms, ponds, dams and other water quality devices; and levees, training walls and other flood mitigation structures.
Plant and Equipment	Included in Corporate Support	Vehicles, trucks, major plant, minor plant, workshop equipment, information technology, office equipment furniture, fittings and library books.
Other Assets	Waste & City Cleaning Services	Domestic Waste and Recycling Bins; parks and street litter bins; Waste Enclosures; and the Kelso Waste Management Facility (weighbridge, office and amenities).
Natural Assets	Environment & Sustainability No Service Profile	Open water bodies, riverfronts, urban streams, riparian corridors; escarpments; bushland and all trees (Street, Park and Facility).
Land	Included in Corporate Support	Community and Operational Lands, owned and/or controlled by Council (including some Crown and other lands) and land under roads.

Table 1 - Asset Management Groups

Of the 20 Services<sup>16</sup>, City Planning, Communications, Economic Development, Development Services, Property Services, Regulatory Compliance and Town Centres Management are not significant asset users. They mainly use office space, office equipment and some fleet vehicles which are included in the Corporate Support Service. The above seven Services have been excluded from Table 1 and will not have dashboard reports created.

The distribution of office space & equipment and fleet services across the Services has not yet been done - these assets have been included in the Corporate Support Service dashboard. Also included in Corporate Support Service is the Land Asset Group. As the Asset Management Plan for Natural Assets has not yet been done, a dashboard for the Environment & Sustainability Service has also not been done.

The State of Assets Service Dashboards (Section 3.6) focus primarily on the Services and the mix of assets that support them. For instance, the community buildings support Community Services and the parks buildings support the Parks & Open Space Service. This is different to the way assets are grouped in the Asset Management Plans.

For Asset Management purposes, assets of a similar nature, regardless of function or location have been grouped together. Hence all buildings (community and parks) are in the Buildings and Other Structures Group and all park and road pathways are in the Roads and Transport Group, and so on.

As stated previously, to date Asset Management Plans have been developed for the Roads and Transport, Buildings and Other Structures, Parks and Recreation and Stormwater Drainage Groups. Currently, Signs have been distributed into the Roads and Parks Groups. Sign assets may be the subject of a future special plan.

At this stage Plans have not been developed for Plant and Equipment, Other Assets, Natural Assets and Lands. Plant and Equipment is currently managed on a lifecycle cost basis and generally, the Unfunded Renewals and Renewal Gap are not significant.

Other Assets mainly comprise non-depreciable residual earthworks associated with other Groups. As these are not subject to wear and tear, they do not have Unfunded Renewals or Renewal Gaps. Plant and Equipment and Other Assets are not considered further in this version of the Asset Management Strategy.

Also, as stated previously, the value of Land (land under roads and parks, and other lots owned and/or managed by Council) has been excluded from most Tables and Figures of this Strategy. Generally, Land is a non-depreciable asset of significant value and is excluded from the depreciable asset calculations that drive lifecycle asset budgets.

Please note that these asset planning groups do not necessarily follow the financial reporting groups of the Australian Accounting Standards. The planning groups are only for asset management purposes.

## **3.2 THE MEANING OF CONDITION SCORES**

The Condition Scores (1 to 5 with 6 indicating End of Life) used in this Strategy have the meaning shown in Table 2 below.

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<sup>16</sup>The Parks & Recreation and Communications & Economic Development Services were split in 2015 to create the Parks & Open Space, Sport & Recreation, Communications and Economic Development Services.

This ranking scale is based on the 1 to 5 scale shown in the International Infrastructure Management Manual, 2011, with Score 6 added to represent failed assets. A similar scale was used for the 2010, 2011 and 2012 Fair Valuations of Council’s Road, Stormwater and Parks assets. This scale is being used in the 2015 Fair Valuation of Roads and Transport and Stormwater Drainage assets.

The descriptions in the Table are a general guide to assist in understanding the meaning of each condition score. In practice the condition score for an asset is determined by a range of measures and indicators that vary for each Asset Group. The detailed scoring schemes are documented in the separate Asset Management Plans prepared for each of the significant Asset Groups. Primarily, the condition scores used in this Strategy and the supporting Asset Management Plans reflect the serviceability of assets – structural soundness and/or fitness for use.

Nonetheless, Condition is a complex and sometimes subjective measure. Depending on the asset, Condition may include or account for any or all of the following elements:

- serviceability (structural soundness),
- functionality (fit for purpose),
- aesthetics (look good),
- environmental and financial sustainability (does not unreasonably burden future generations),
- capacity (the right size for the intended function), and
- adaptability (can change to suit the changing needs of Bankstown).

Generally, the Average Condition score shown for an Asset Group (a collection of assets) has been weighted on the basis of the CRC of each asset in the Group (that is each asset in a Group contributed to the Group condition score in proportion to its replacement cost relative to the replacement cost of the whole Group).

Understanding the condition of the assets (and Asset Groups) and the various types of distress that affect them is an important part of the informed decision framework for determining sustainable asset service levels. Other matters to be considered include affordability, intergenerational equity and the risk of asset failure.

Condition	Tag	Description	Remaining Service Potential
1	Excellent	New or near new or in excellent to very good condition with no indicators of obsolescence. Only nominal maintenance required.	Very High
2	Good	In good condition with no sign of immediate or short term obsolescence. Only minor maintenance required.	High
3	Average	In fair condition and there may be some signs of short to medium term obsolescence. Significant maintenance may be required to improve condition to 2.	Adequate
4	Poor	In poor condition with significant signs of impending (short term) obsolescence. Substantial maintenance required to keep the asset serviceable.	Low
5	Unserviceable	In very poor condition or obsolete – the asset no longer provides an adequate level of service and/or immediate remedial action required to keep the asset in service.	Very Low
6	End of Life	Theoretical end of life – asset decommissioned or closed	None

**Table 2 - Condition Score Meaning**

## 3.3 ASSET VALUE AND CONDITION

Table 3 below sets out the values of asset categories for all the Asset Groups, the valuation figures are as at 1 July 2014.

**Table 3 - Value and Condition of Bankstown's Asset Groups**

Asset Management Group	Current Replacement Cost	Written Down Value	Average Condition (cost weighted) <sup>17</sup>
<b>Roads and Transport</b>			
Pavements	505,845,000	347,148,000	2.2
Kerbs	170,490,000	98,823,000	2.7
Footpaths <sup>18</sup>	118,632,000	80,775,000	2.2
Road Furniture	13,014,000	8,219,000	2.4
Signs and Lines	5,301,000	974,000	3.1
Bridges	18,299,000	11,692,000	2.5
Traffic Management Devices	59,277,000	27,928,000	3
Open Carparks	27,877,000	16,197,000	3
Town Centres	0	0	0
<b>Total</b>	<b>918,735,000</b>	<b>591,756,000</b>	<b>2.4</b>
<b>Buildings and Other Structures</b>			
Leisure and Aquatics Facilities	14,919,000	8,761,000	2.7
Outdoor Swimming Pools	6,779,000	3,144,000	3
Arts Centre	6,696,000	6,405,000	1
Children's Facilities	10,147,000	4,269,000	3.4
Civic Tower	75,690,000	38,423,000	3
Community Facilities	31,176,000	15,851,000	3
Council Chambers	1,760,000	864,000	3
Council Works Depots	14,199,000	7,097,000	3.2
Dunc Gray Velodrome	62,960,000	40,990,000	2
Fences and Screens	9,530,000	5,800,000	2.2
Libraries	17,544,000	9,323,000	2.9
Major Carparks	27,604,000	10,691,000	3.4
Other Buildings	3,400,000	3,029,000	1
Other Structures	14,018,000	7,944,000	2.9
Parks Buildings and Facilities	51,052,000	24,002,000	3.2
Tenanted Properties	1,944,000	387,000	4.6
Town Hall/Knowledge Centre	44,310,000	36,645,000	1.7
<b>Total</b>	<b>393,728,000</b>	<b>223,625,000</b>	<b>2.7</b>

<sup>17</sup> The Condition of each asset in each Category has been weighted by its Current Replacement Cost relative to the Current Replacement Cost of the whole Category.

<sup>18</sup> Footpaths includes cycleways, boardwalks and the pedestrian footpath network.

Table 3 - Value and Condition of Bankstown's Asset Groups

Asset Management Group	Current Replacement Cost	Written Down Value	Average Condition (cost weighted) <sup>17</sup>
<b>Parks and Recreation</b>			
Playing Fields	57,877,000	34,940,000	1.9
Playgrounds	7,227,000	2,828,000	3.4
Ground Improvements	28,836,000	14,145,000	2.7
Golf Course	4,254,000	2,023,000	2
Irrigation	5,509,000	2,983,000	2.3
Park and Sportsfield Lighting	11,380,000	8,218,000	2
Park Signage	2,098,000	999,000	2.5
Park Furniture	1,459,000	709,000	2.5
<b>Total</b>	<b>118,640,000</b>	<b>66,845,000</b>	<b>2.2</b>
<b>Stormwater Drainage</b>			
Drainage Structures	71,761,000	50,491,000	2.8
Drainage Conduits	346,257,000	247,945,000	2.7
Water Quality Devices	6,194,000	4,362,000	2.4
Flood Mitigation	3,586,000	3,036,000	3
<b>Total</b>	<b>427,798,000</b>	<b>305,834,000</b>	<b>2.7</b>
<b>Plant and Equipment</b>			
Plant and Equipment	22,951,000	11,846,000	3
Office Equipment	2,032,000	869,000	4
Furniture and Fittings	9,449,000	4,117,000	3
Waste Management Assets	16,915,000	5,622,000	3
<b>Total</b>	<b>51,347,000</b>	<b>22,454,000</b>	<b>3</b>
<b>Land</b>			
Operational Land	220,541,000	220,541,000	n/a
Community Land	129,685,000	129,685,000	n/a
Land Under Roads	959,000	959,000	n/a
<b>Total</b>	<b>351,185,000</b>	<b>351,185,000</b>	<b>n/a</b>
<b>Other Assets</b>			
Tip Assets	4,266,000	1,113,000	3
Library Books	12,018,000	1,335,000	4
Information Management	24,140,000	2,907,000	4
Artworks	1,940,000	1,940,000	n/a
Low Value Assets	241,000	0	3
Investment Properties	5,740,000	5,740,000	n/a
<b>Total</b>	<b>48,345,000</b>	<b>13,035,000</b>	<b>n/a</b>



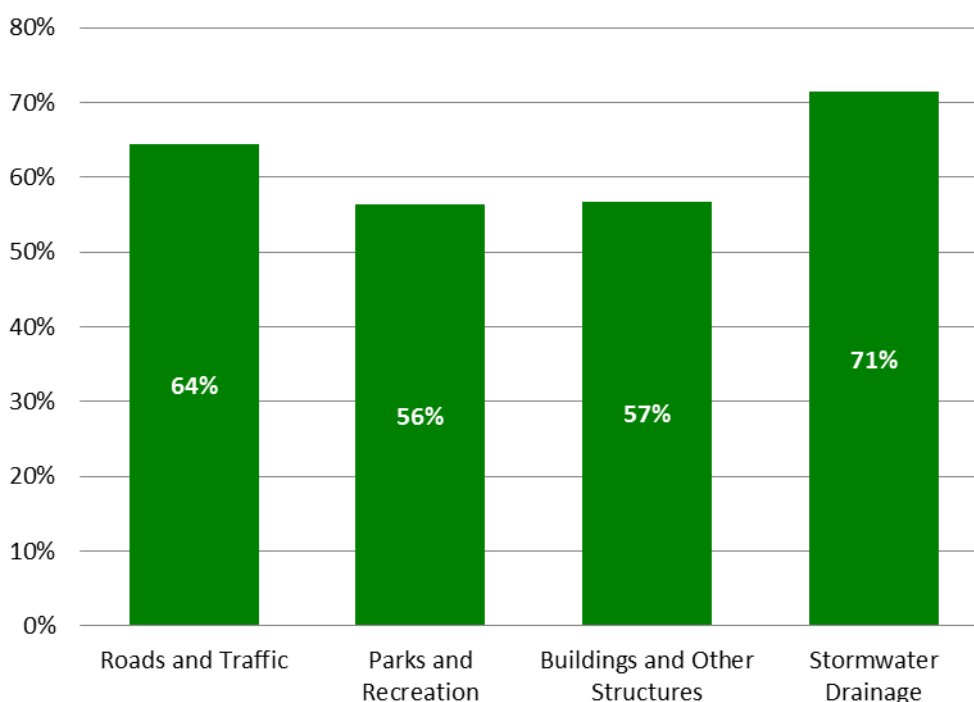
**Table 3 - Value and Condition of Bankstown’s Asset Groups**

Asset Management Group	Current Replacement Cost	Written Down Value	Average Condition (cost weighted) <sup>17</sup>
<b>Non Depreciable Earthworks</b>			
Road Formation	455,102,000	455,102,000	n/a
Drainage	44,644,000	44,644,000	n/a
Flood Mitigation	17,277,000	17,277,000	n/a
<b>Total</b>	<b>517,023,000</b>	<b>517,023,000</b>	<b>n/a</b>
<b>Total for All Asset Groups</b>			
	<b>2,826,801,000</b>	<b>2,091,757,000</b>	<b>2.5</b>

Table 3 does not include allowances for asset replacement or renewal works that are in train or are proposed.

### 3.4 ASSET CONSUMPTION RATIO

The asset consumption ratios of Council’s assets (average proportion of “remaining service potential” left in assets, being the WDV divided by the CRC) are shown in Figure 4 - Asset Consumption Ratio.



**Figure 4 - Asset Consumption Ratios**

## 3.5 INFRASTRUCTURE RENEWAL GAP AND UNFUNDED RENEWALS

New South Wales councils own and/or manage over \$70 billion in local community assets like roads, bridges, footpaths, drainage, parks, sportsfields and community buildings. Studies have shown many of these assets are deteriorating and insufficient funds are being set aside by the councils for their maintenance and replacement. The shortfall of maintenance and renewal funding is known as the *Renewal Gap*. In a number of cases, asset condition has deteriorated to below levels acceptable to the community and substantial funds need to be expended on those assets to rehabilitate them, to bring them up to a satisfactory operating level. This is known as *Unfunded Renewals* which is defined as the total cost of all asset treatments (maintenance and component/asset renewals) due or past due at the date of review. In many previous reports this has been referred to as the *Infrastructure Backlog* or (just) *Backlog*.

As stated previously, the Allan Report, 2006 estimated that NSW Councils expended about \$350 million p.a. on asset maintenance and renewal. It also estimated that this was more than \$500 million below what the councils should be spending to maintain the assets at an appropriate standard (the Renewal Gap). The Allan Report, also estimated the Unfunded Renewal total (Infrastructure Backlog) in 2006 was at least \$5.3 billion and if no action was taken to address the Renewal Gap, the Unfunded Renewals total would grow to about \$20 billion by 2020<sup>19</sup>.

For the four major Asset Groups (Roads and Transport, Buildings and Other Structures, Parks and Recreation, and Stormwater Drainage), Bankstown Council has assets that would cost about \$1,859 million<sup>20</sup> or more to build today (depreciable CRC - Current Replacement Cost). Their written down value (WDV) is about \$1,193 million<sup>21</sup>. Unfunded Renewals and Renewal Gaps exist for most Asset Groups. Table 4 shows the details for the Unfunded Renewals and the Renewal Gap for the major Asset Groups. Plant and Equipment and Other Assets have been excluded. As stated previously the Unfunded Renewals and Renewal Gap for these Groups are not significant.

It should be noted that pavements were revalued in the 2012/13 financial year to take advantage of the 2012 pavement condition survey undertaken by the Australian Road Research Board (ARRB) for Council. This valuation was done using the Modern Engineering Equivalent Replacement Asset (MEERA) approach to assess the depreciable CRC and WDV of pavements.

Also, where appropriate and reasonable, the extended Effective Useful Lives (EULs) proposed by the General Managers' Group of the South Sydney Regional Organisation of Councils (SSROC) have been adopted and the lifecycle treatment costs adjusted to suit. More information about valuations and EULs is shown in Council's Infrastructure Assets Valuation Methodology Manual, 2013.

Table 4 shows (where applicable) the:

**CRC** – depreciable Current Replacement Cost or Depreciable Amount estimate;

**WDV** – Written Down Value estimate (depreciated value excluding non-depreciable amounts);

**Condition** - the asset value weighted average condition of the Asset Group on a scale of 1 (new or near new) to 5 (near end of service life). Depending on the Asset Group, Good condition is generally between Condition 2 and 3;

**Twenty Year Average Annual Expenditure** - the required average annual expenditure (maintenance and capital works) for the Asset Group, over the next twenty years to address the Unfunded Renewals (if any), bring the assets up to good condition (if required) and keep them there;

<sup>19</sup> Excluding water and sewerage assets. Based on June 2012 valuation information.

<sup>20</sup> Excluding Plant and Equipment, Other Assets (Tip & non-depreciable elements) and Lands.

<sup>21</sup> Excluding Plant and Equipment, Other Assets (Tip & non-depreciable elements) and Lands.

**Current Average Annual Expenditure** - an estimate of the current total maintenance and capital works expenditure on the Asset Group, being the annualized present worth of the value of the last 3 years maintenance and 5 years capital renewals expenditure;

**Renewal Gap** - the gap (if any) between the Minimum Average Annual Expenditure and the Current Average Annual Expenditure. A negative Renewal Gap indicates Council is more than adequately funding asset renewal and the average condition of the Asset Group will improve over time. A positive Renewal Gap indicates insufficient asset renewal funding and the average condition of the Asset Group will deteriorate over time. Note the Renewal Gap expenditure does not address Unfunded Renewals;

**Minimum Average Annual Expenditure** – the average annual expenditure required to keep the Asset Group in good condition after Unfunded Renewals (if any) have been addressed; and

**Unfunded Renewals** – the estimated cost of all asset treatments (maintenance and component/asset renewals) due or past due at the date of review, previously referred to as the Backlog.

The Unfunded Renewals total<sup>22</sup> has been estimated as the current replacement costs of assets (and/or asset components in the case of buildings) that are currently rated at Condition 5 or End of Life. The information about pending maintenance/renewal treatments contained in Facility level Asset Management Plans (FAMPs), where they exist, have been used to estimate the Unfunded Renewals for those facilities.

The Minimum Average Annual Expenditure has been estimated as the average annual cost of replacing the asset together with an estimate of the rehabilitation and/or component replacement required to ensure the asset will achieve its full potential service life and any ongoing maintenance. These estimates have been tailored to the asset types and have been cost weighted where asset categories in a Group have varying effective lives.

The Current Average Annual Expenditure figures are based on an approximate distribution of operating and capital budgets for the last three/five years to the asset management groups shown, with the annualized figures being brought to present worth. In most cases capital projects span more than one Asset management group – for this analysis the costs were assigned to the most significant asset management group for the project.

Historically at Bankstown operating budgets have been costed to a “Trades” or work group breakup. As such in a number of asset areas it has not been possible to breakout the operating costs (like Park Furniture) but such costs are included in the overall figures (Park Furniture costs are included in Playing Fields and Passive Areas totals). It is intended to develop additional attributes for Councils costing systems to allow these breakups to be made in future reports.

Table 4 shows that for all four major Asset Groups the Current Annual Expenditures are currently not sufficient (on a lifecycle average annual cost basis) and the asset conditions are slowly deteriorating. All Asset Groups have Renewal Gaps and/or Unfunded Renewals.

For the four major Asset Groups, the total average annual funds available (capital and maintenance) for asset lifecycle maintenance is currently about \$43 million per annum (the actual varies from year to year). The average Minimum Average Annual Expenditure required to keep these \$1.859 billion asset stocks in good condition is of the order of \$58 million per annum. Thus, the current Renewal Gap is currently about \$15 million per annum. And the Unfunded Renewal total is in the order of \$53 million. Please note the figures in Table 4 do not include allowances for asset replacement or renewal works that are in train or are currently proposed.

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<sup>22</sup> Pavement Unfunded Renewals total is based on the 2012 pavement survey, using the Pavement Condition Index (PCI) for the surface and International Roughness Index (IRI) for the Base. Buildings Unfunded Renewals is based on component condition data. Other Unfunded Renewals are based on myPredictor modeling data, year zero.



Table 4 - Estimated Infrastructure Unfunded Renewals Totals and Renewal Gap (2014)

Asset Management Group	Current Replacement Cost	Written Down Value	Average Condition	Twenty Year Average Annual Expenditure	Current Average Annual Expenditure	Renewal Gap	Minimum Average Annual Expenditure	Unfunded Renewals	Note
<b>Roads and Transport</b>									
Pavements	505,845,000	347,148,000	2.2	17,657,000	10,126,000	6,162,000	16,288,000	27,381,000	
Kerbs	170,490,000	98,823,000	2.7	2,230,000	500,000	1,546,000	2,046,000	3,689,000	
Footpaths	118,632,000	80,775,000	2.2	4,599,000	2,075,000	2,492,000	4,567,000	640,000	
Road Furniture	13,014,000	8,219,000	2.4	456,000	121,000	334,000	455,000	14,000	
Signs and Lines	5,301,000	974,000	3.1	1,338,000	569,000	718,000	1,287,000	1,010,000	
Bridges	18,299,000	11,692,000	2.5	309,000	34,000	231,000	265,000	873,000	
Traffic Management Devices	59,277,000	27,928,000	3	2,045,000	705,000	1,222,000	1,927,000	2,367,000	
Open Carparks	27,877,000	16,197,000	3	643,000	421,000	81,000	502,000	2,817,000	
Town Centres	0	0	0	0	3,650,000	-3,650,000	0	0	
<b>Total</b>	<b>918,735,000</b>	<b>591,756,000</b>	<b>2.4</b>	<b>29,277,000</b>	<b>18,201,000</b>	<b>9,136,000</b>	<b>27,337,000</b>	<b>38,791,000</b>	
<b>Buildings and Other Structures</b>									
Leisure and Aquatics Facilities	14,919,000	8,761,000	2.7	1,096,000	1,503,000	-489,000	1,014,000	1,639,000	
Outdoor Swimming Pools	6,779,000	3,144,000	3	0	61,000	-61,000	0	0	
Arts Centre	6,696,000	6,405,000	1	241,000	1,059,000	-818,000	241,000	0	
Children's Facilities	10,147,000	4,269,000	3.4	597,000	481,000	97,000	578,000	363,000	
Civic Tower	75,690,000	38,423,000	3	2,271,000	443,000	1,828,000	2,271,000	0	
Community Facilities	31,176,000	15,851,000	3	1,802,000	1,598,000	148,000	1,746,000	1,119,000	
Council Chambers	1,760,000	864,000	3	70,000	25,000	45,000	70,000	0	
Council Works Depots	14,199,000	7,097,000	3.2	437,000	409,000	17,000	426,000	215,000	
Dunc Gray Velodrome	62,960,000	40,990,000	2	1,946,000	0	1,889,000	1,889,000	1,144,000	
Fences and Screens	9,530,000	5,800,000	2.2	947,000	65,000	834,000	899,000	969,000	
Libraries	17,544,000	9,323,000	2.9	569,000	1,053,000	-527,000	526,000	855,000	Includes Central Library
Major Carparks	27,604,000	10,691,000	3.4	539,000	368,000	156,000	524,000	291,000	
Other Buildings	3,400,000	3,029,000	1	109,000	0	109,000	109,000	0	SES Building
Other Structures	14,018,000	7,944,000	2.9	464,000	55,000	366,000	421,000	862,000	

Table 4 - Estimated **Infrastructure** Unfunded Renewals Totals and Renewal Gap (2014)

Asset Management Group	Current Replacement Cost	Written Down Value	Average Condition	Twenty Year Average Annual Expenditure	Current Average Annual Expenditure	Renewal Gap	Minimum Average Annual Expenditure	Unfunded Renewals	Note
Parks Buildings and Facilities	51,052,000	24,002,000	3.2	1,721,000	531,000	1,001,000	1,532,000	3,791,000	
Tenanted Properties	1,944,000	387,000	4.6	0	0	0	0	0	
Town Hall/Knowledge Centre	44,310,000	36,645,000	1.7	1,329,000	4,283,000	-2,954,000	1,329,000	0	
<b>Total</b>	<b>393,728,000</b>	<b>223,625,000</b>	<b>2.7</b>	<b>14,138,000</b>	<b>11,934,000</b>	<b>1,641,000</b>	<b>13,575,000</b>	<b>11,248,000</b>	
<b>Parks and Recreation</b>									
Playing Fields	57,877,000	34,940,000	1.9	5,903,000	5,272,000	631,000	5,903,000	0	
Playgrounds	7,227,000	2,828,000	3.4	652,000	166,000	460,000	626,000	504,000	
Ground Improvements	28,836,000	14,145,000	2.7	4,353,000	5,127,000	-802,000	4,325,000	541,000	
Golf Course	4,254,000	2,023,000	2	593,000	439,000	142,000	581,000	225,000	
Irrigation	5,509,000	2,983,000	2.3	431,000	53,000	333,000	386,000	905,000	
Park and Sportsfield Lighting	11,380,000	8,218,000	2	437,000	189,000	228,000	417,000	386,000	
Park Signage	2,098,000	999,000	2.5	224,000	24,000	186,000	210,000	285,000	
Park Furniture	1,459,000	709,000	2.5	89,000	0	78,000	78,000	215,000	
<b>Total</b>	<b>118,640,000</b>	<b>66,845,000</b>	<b>2.2</b>	<b>12,682,000</b>	<b>11,270,000</b>	<b>1,256,000</b>	<b>12,526,000</b>	<b>3,061,000</b>	
<b>Stormwater Drainage</b>									
Drainage Structures	71,761,000	50,491,000	2.8	861,000	222,000	639,000	861,000	0	
Drainage Conduits	346,257,000	247,945,000	2.7	3,001,000	1,137,000	1,864,000	3,001,000	0	
Water Quality Devices	6,194,000	4,362,000	2.4	619,000	547,000	72,000	619,000	0	
Flood Mitigation	3,586,000	3,036,000	3	24,000	0	24,000	24,000	0	
<b>Total</b>	<b>427,798,000</b>	<b>305,834,000</b>	<b>2.7</b>	<b>4,505,000</b>	<b>1,906,000</b>	<b>2,599,000</b>	<b>4,505,000</b>	<b>0</b>	
<b>Grand Total for Major Asset Groups</b>	<b>1,858,901,000</b>	<b>1,188,060,000</b>	<b>2.5</b>	<b>60,602,000</b>	<b>43,311,000</b>	<b>14,632,000</b>	<b>57,943,000</b>	<b>53,100,000</b>	

## 3.6 STATE OF THE ASSETS REPORTS

This section contains the 'State of the Asset'<sup>23</sup> Reports relating to each Council Service as detailed in Section 3.1. The dashboard reporting mechanism is a new approach to provide a clearer picture about the state of Council's assets in terms of condition, functionality and capacity, in relation to the Services they support and provide. The assessment of the functionality of an asset is used to determine whether the asset is able to meet its purpose as intended and capacity looks at the assets ability to deliver the level of service that has been determined after measuring the level of demand. The assessment of condition, functionality and capacity needs to be considered as it has a direct influence on Council's value of any capital investment. There are 20 Services shown in Council's Delivery Program, of which 13 Services require or use assets to support/deliver that Service. Eleven Service Dashboards have been prepared for the Services identified below and are included in this section. The Service Dashboards for Environment & Sustainability and Governance & Strategy have not yet been developed.

- Arts & Cultural Services
- Community Services
- Corporate Support
- Emergency Management
- Leisure & Aquatic Services
- Library Services
- Parks & Open Space<sup>24</sup>
- Roads & Traffic
- Sport & Recreation<sup>24</sup>
- Stormwater Drainage
- Waste & City Cleaning Services

The dashboards are highly visual snapshots of essential information for asset management decision makers. By scanning the dashboards, Council and its management will be provided with information about what the community wants, what it can afford and what it is willing to pay for whilst communicating and understanding its risk. Each dashboard achieves this by incorporating in two pages, the service aims detailed in the Community Plan, Council's ability to fund and maintain its current service levels, the Resourcing Strategy, long-term funding strategy and associated funding gap - all crucial information for Council in its drive to make informed decisions about its \$2.83 billion asset portfolio.

The 10 Year Resourcing Strategies in the following dashboards show the long term average annual expenditure (Operations, Maintenance and Renewal) required to maintain the existing mix of asset conditions and the proposed expenditure on new assets (New), for each service group. Also shown is the funding available from the Long Term Financial Plan (LTFP). The Renewal figures include the medium term Asset Funding Strategy shown in Table 7 - Details of Asset Management Funding Strategy 4

Some plant operational costs are shown in their corresponding Services.

The dashboard asset values are based on the figures shown in Table 3. They exclude non-depreciable amounts shown in Non Depreciable Earthworks and Land.

It should be noted the 10 Year Resourcing Strategies only show long term average requirements. The timing of when these funds may be needed to maintain or replace an asset has not been modelled

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<sup>23</sup> ALGA commissioned Jeff Roorda & Associated to develop a National State of the Assets Report (2012), these reports build on the work undertaken to develop a nationally consistent frameworks for reporting.

<sup>24</sup> The Parks & Recreation Service was split to create the Parks & Open Space and Sport & Recreation Services for 2015.

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# ARTS & CULTURAL SERVICES



## Service Aims

To provide a range of facilities, projects, programs, events and ceremonies which promote artistic expression, a sense of place, and identity, cultural development, and community connectedness.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017
- Local Area Plans
- Cultural Plan

## Community Satisfaction Survey

1. Art and cultural opportunities



73%



Happy



Happy, but trending down



Not Happy



**BANKSTOWN ARTS CENTRE**

## COUNCIL SERVICE ACTIVITIES

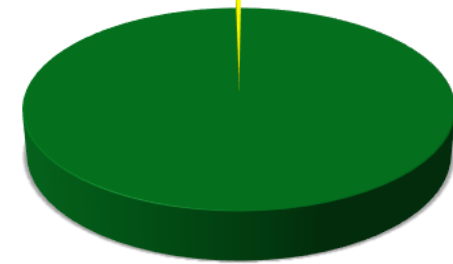
**Service Description:** Our Arts & Cultural Services support artistic expression and cultural development through range of projects, programs, events, ceremonies and facilities.

Key Activities	Diverse range of community events and celebrations
	GetSmART Seminars
	Educational initiatives to promote the cultural history of Bankstown, including Indigenous heritage
	Professional development opportunities for artists
Key Projects and Programs	Ceremonial events and launches
	Cultural Programs
	Bankstown Arts Centre Business Plan
	Talent Advancement Program
	Sister Cities Programs

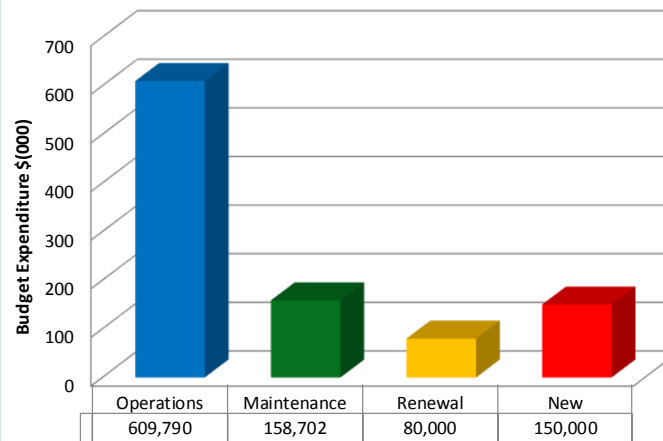
## Assets supporting Service

- Bankstown Arts Centre
- Various Internal and External Artwork

0.5% of Total Asset Value



Value of Arts & Cultural Services Assets  
\$8,635,243



Arts & Cultural Services



**PAUL KEATING PARK**

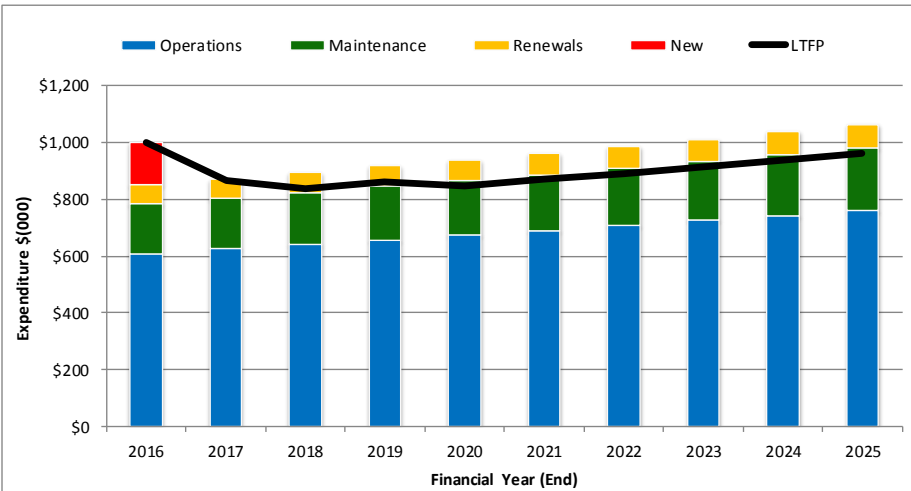


# ARTS & CULTURAL SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Arts & Cultural assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$80,151 per year for the lifecycle management of the assets in the Arts & Cultural Services area.

Life Cycle Cost (annually)	\$241,044
Life Cycle Available Funding (annually)	\$160,893
Life Cycle (Surplus)/Gap (annually)	\$80,151
Life Cycle Financing Indicator	67%

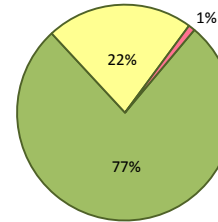
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$60,432 per year for the lifecycle management of the assets in the Arts & Cultural Services area.

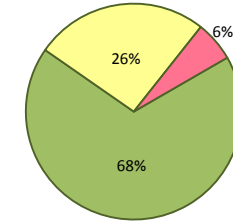
10 Year Cost (annually)	\$241,044
10 Year Available Funding (annually)	\$180,612
10 Year Gap (annually)	\$60,432
10 Year Financing Indicator	75%

### Overall Service Condition

Current Condition

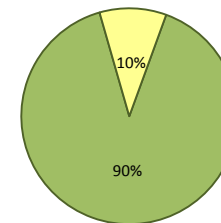


10 Year Projected Condition (Given Available Funding)

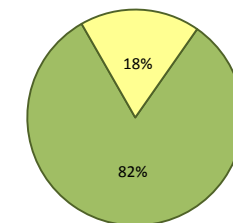


### Overall Service Function

Current Function

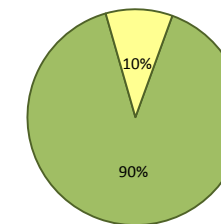


10 Year Projected Function (Given Available Funding)

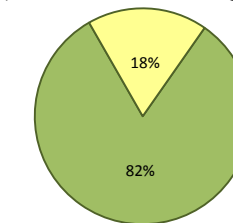


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low





# COMMUNITY SERVICES

## Service Aims

To promote access, equity, social justice and community well-being for the residents, workers and visitors of Bankstown, including those with specific needs. This service provides a range of programs and facilities to meet the needs of our diverse population.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

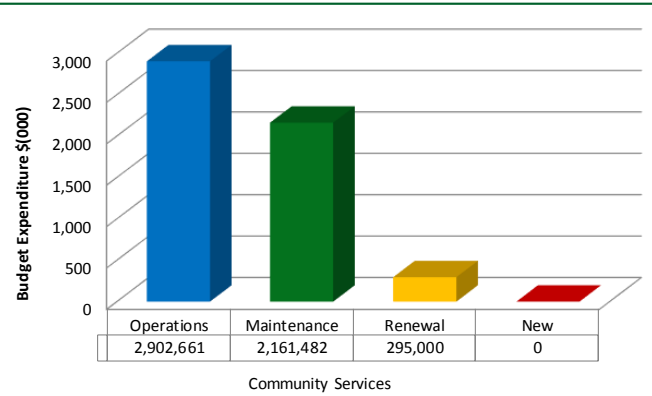
1. Community centres and facilities		79%
2. Programs and support for youth		72%
3. Programs and support for older residents		74%
4. Programs and support for people with a disability		74%
5. Programs and support for newly arrived and migrant communities		73%
6. Festivals and events		77%

Happy  
 Happy, but trending down  
 Not Happy

## COUNCIL SERVICE ACTIVITIES

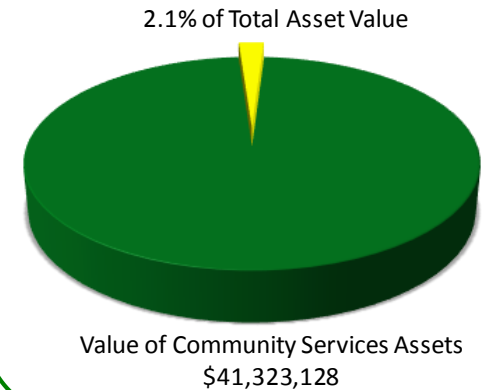
**Service Description:** Our community services develop an overarching Social Plan that will combine the individual target group plans and enable Council to allocate resources to best address priority needs.

Key Activities	Volunteer Programs Aged and disability services
	Meals on Wheels, and Immunisation services
	Community Facilities Management
	Community Harmony Day
	Safety expo
	Community events co-ordination
Key Projects and Programs	Community Grants and Events Sponsorship Program
	Community Facilities Improvement and Maintenance Program
	Club Grants Program on behalf of local clubs
	Programs for Children and Families, Young People and Seniors
	Programs for All Ability Needs
	Community Safety Programs



## Assets supporting Service

- Youth and Children's Facilities
- Senior Citizens'/ Citizens' Centres
- Community Centres/Halls
- Immunisation Clinics



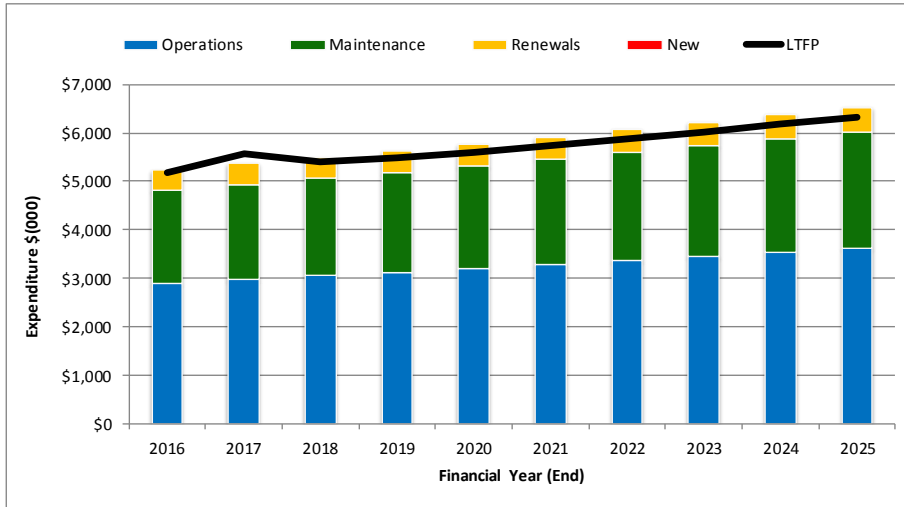


# COMMUNITY SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Arts & Cultural assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$149,590 per year for the lifecycle management of the assets in the Community Services area.

Life Cycle Cost (annually)	\$2,324,243
Life Cycle Available Funding (annually)	\$2,174,653
Life Cycle (Surplus)/Gap (annually)	\$149,590
Life Cycle Financing Indicator	94%

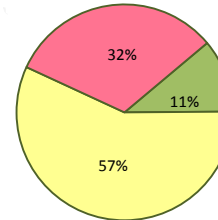
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$31,047 per year for the lifecycle management of the assets in the Community Services area.

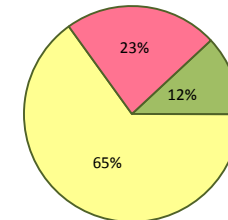
10 Year Cost (annually)	\$2,324,243
10 Year Available Funding (annually)	\$2,293,196
10 Year Gap (annually)	\$31,047
10 Year Financing Indicator	99%

### Overall Service Condition

Current Condition

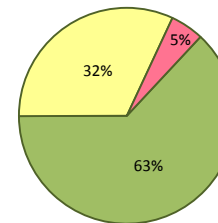


10 Year Projected Condition (Given Available Funding)

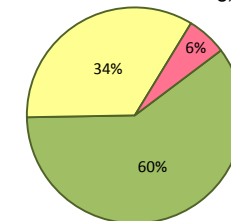


### Overall Service Function

Current Function

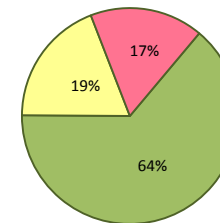


10 Year Projected Function (Given Available Funding)

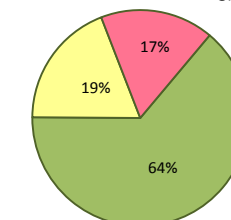


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# CORPORATE SUPPORT



## Service Aims

To provide resourcing for Council's effective and efficient operations. This service assists the organisation in its day to day activities and includes Human Resources, Finance, Information Management and Customer Service activities.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

1. Long term planning for the Bankstown Council area		68%
2. Council policies and plans		66%
3. Council provision of information to the community		69%
4. Council promotion of Bankstown		71%

**Happy**
**Happy, but trending down**
**Not Happy**

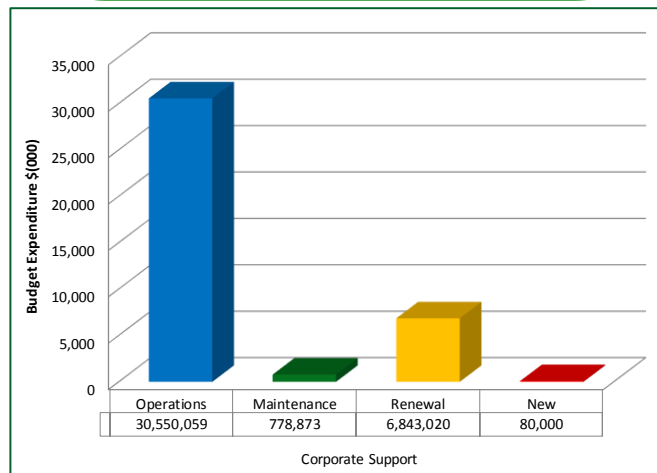
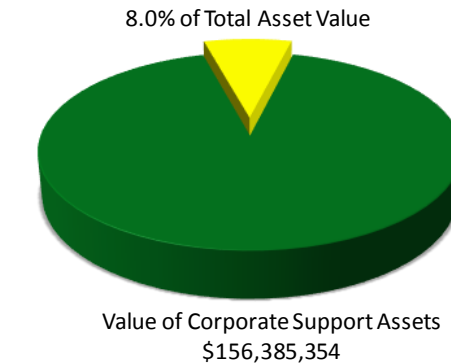
## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Corporate Support services provide a safe and diverse workplace, financially sustainable organisation, socially responsible and ethical governance culture, effective information for Council and the community, and an environment of innovation, continuous improvement and organisational excellence.

<b>Key Activities</b>	Design and Project Management Services
	Implement best practice procurement
	Participate in regional working groups WSROC and SSROC
	Use Local Government Procurement (LGP) and State Government contracts
	Compliance with tendering provision and effective contract management
	Manage Council's investment portfolio
	Maintain the Cash Investment Register
	Provide monthly reports to Council
	Maintain policies and procedures
	Information Infrastructure and Customer Service
	Printing Service
	Information Management
	Business Applications
	Employee Engagement
<b>Key Projects and Programs</b>	Risk Management
	Long Term Financial Planning and Budgeting
	Financial Management and Reporting
	Rate Management

## Assets Supporting Service

- Civic Tower
- Residential and other Buildings
- Council Works Depots
- Fleet Vehicles
- Council Lands
- IT Assets

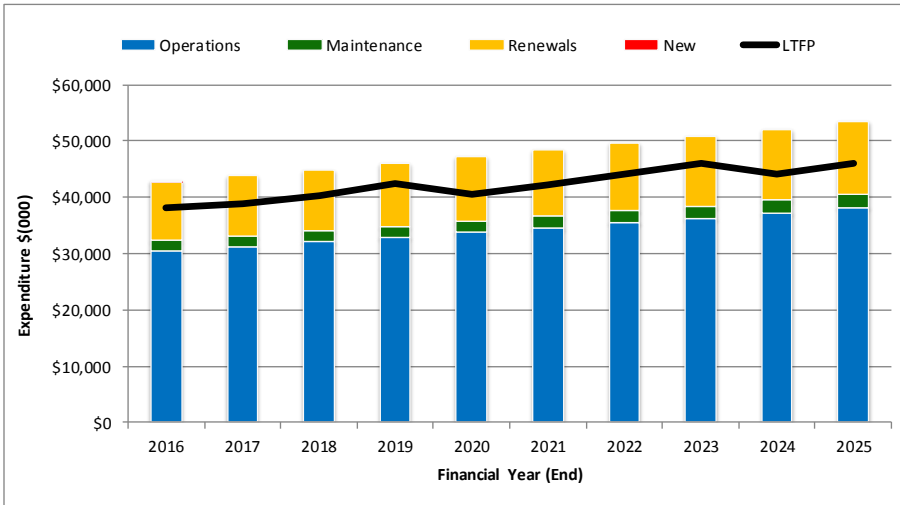


# CORPORATE SUPPORT



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Corporate Support assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$5,876,174 per year for the lifecycle management of the assets in the Corporate Support area.

Life Cycle Cost (annually)	\$12,213,074
Life Cycle Available Funding (annually)	\$6,336,900
Life Cycle (Surplus)/Gap (annually)	\$5,876,174
Life Cycle Financing Indicator	52%

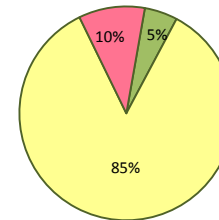
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$5,017,056 per year for the lifecycle management of the assets in the Corporate Support area.

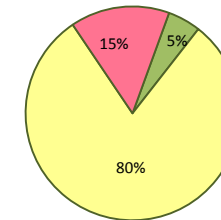
10 Year Cost (annually)	\$12,213,074
10 Year Available Funding (annually)	\$7,196,018
10 Year Gap (annually)	\$5,017,056
10 Year Financing Indicator	59%

### Overall Service Condition

Current Condition

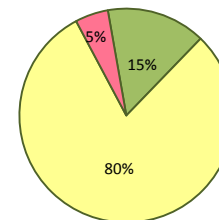


10 Year Projected Condition (Given Available Funding)

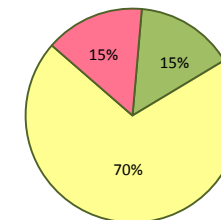


### Overall Service Function

Current Function

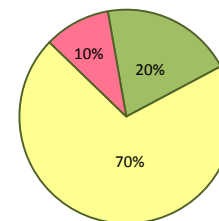


10 Year Projected Function (Given Available Funding)

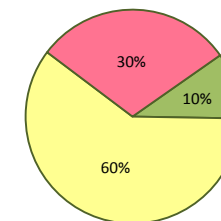


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# EMERGENCY MANAGEMENT

## Service Aims

To provide and maintain a safe, secure and protected City which is able to effectively respond to and recover from a disaster or emergency.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

1. Community safety programs



68%



Happy



Happy, but trending down



Not Happy



## COUNCIL SERVICE ACTIVITIES

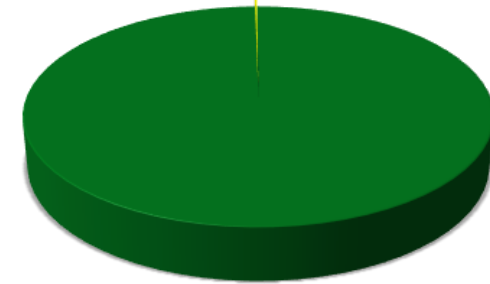
**Service Description:** Our Emergency Management service assists and supports the planning, implementation and review of the response provided during a significant emergency or disaster in Bankstown.

Key Activities	SES support
	Safety Expo
	Bankstown Local Emergency Management Committee Support
	Bushfire management plans
	Maintain Local SES operations centre at Manuka Reserve
Key Projects and Programs	Emergency Management
	Weed control program
	Local Emergency Plan
	Emergency Management Plans
	Flood Risk Management Plans

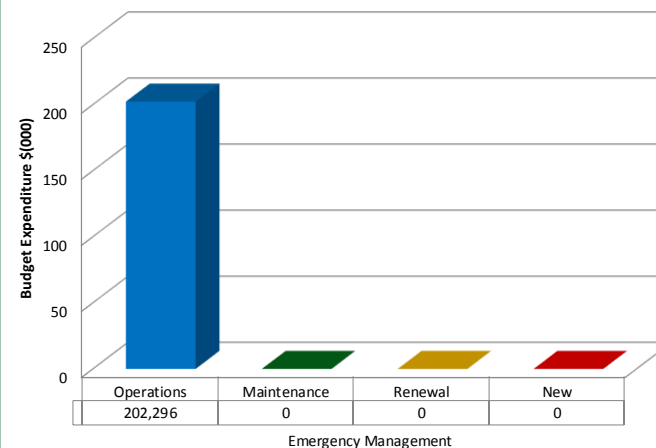
## Assets supporting Service

- SES Headquarters
- SES Plant and other vehicles

0.2% of Total Asset Value



Value of Emergency Management Assets  
\$3,400,000

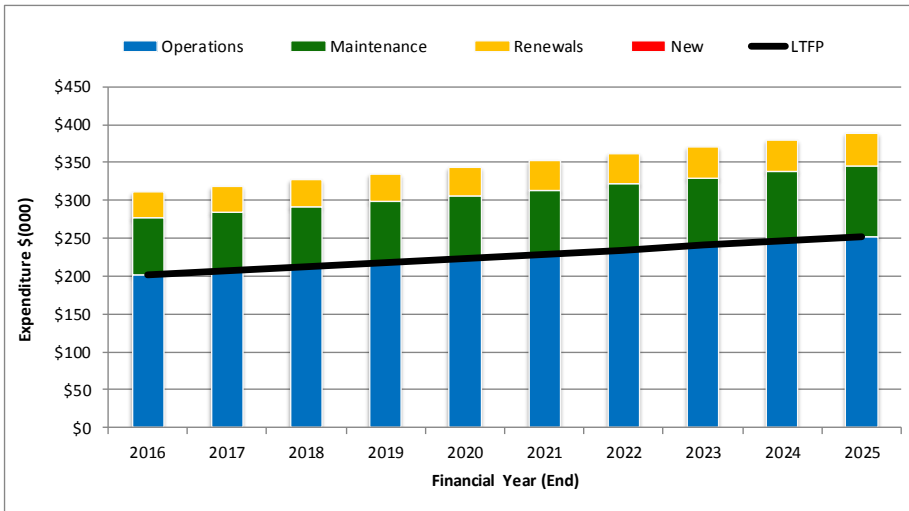


# EMERGENCY MANAGEMENT



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Emergency Management assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$108,800 per year for the lifecycle management of the assets in the Emergency Management area.

Life Cycle Cost (annually)	\$108,800
Life Cycle Available Funding (annually)	\$0
Life Cycle (Surplus)/Gap (annually)	\$108,800
Life Cycle Financing Indicator	0%

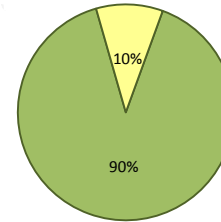
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$108,800 per year for the lifecycle management of the assets in the Emergency Management area.

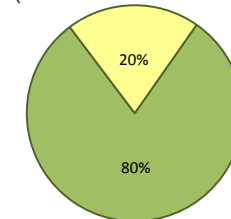
10 Year Cost (annually)	\$108,800
10 Year Available Funding (annually)	\$0
10 Year Gap (annually)	\$108,800
10 Year Financing Indicator	0%

### Overall Service Condition

Current Condition

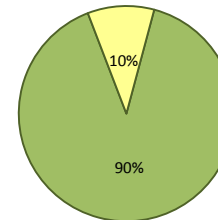


10 Year Projected Condition  
(Given Available Funding)

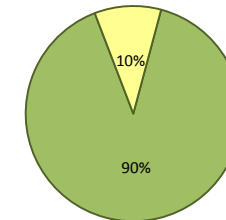


### Overall Service Function

Current Function

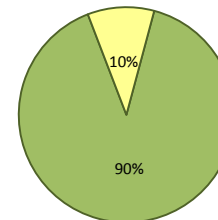


10 Year Projected Function  
(Given Available Funding)

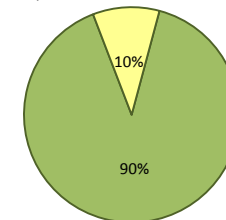


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity  
(Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low





# LEISURE & AQUATIC SERVICES

## Service Aims

To provide leisure and aquatic facilities and programs that gives enjoyment to and improves the wellbeing of our Community.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

1. Leisure centres (e.g. swimming pools)



73%



Happy



Happy, but trending down



Not Happy



**BIRRONG LEISURE CENTRE**

## COUNCIL SERVICE ACTIVITIES

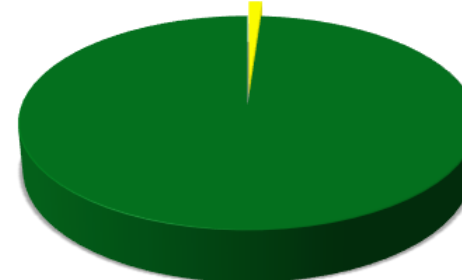
**Service Description:** Our Leisure and Aquatic services provide a wide range of programs and actions including; swim schools, fitness classes, entertainment, water therapy and general leisure.

<b>Key Activities</b>	Leisure centre operations (Revesby, Birrong, Greenacre, and Wran)
	Leisure and Aquatics Facilities Management
	Recreation and entertainment activities
	Training and fitness activities
	Health and therapy activities
<b>Key Projects and Programs</b>	Leisure and Aquatics Facilities Improvement and Maintenance Program
	Learn to Swim Schools Programs
	Fitness Programs

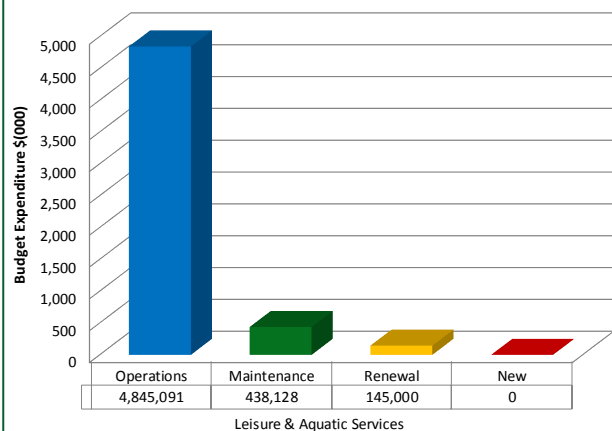
## Assets supporting Service

- Birrong Leisure Centre
- Wran Leisure Centre
- Greenacre Leisure Centre
- Max Parker (Revesby) Leisure Centre

1.1% of Total Asset Value



Value of Leisure & Aquatic Services Assets  
\$21,697,712

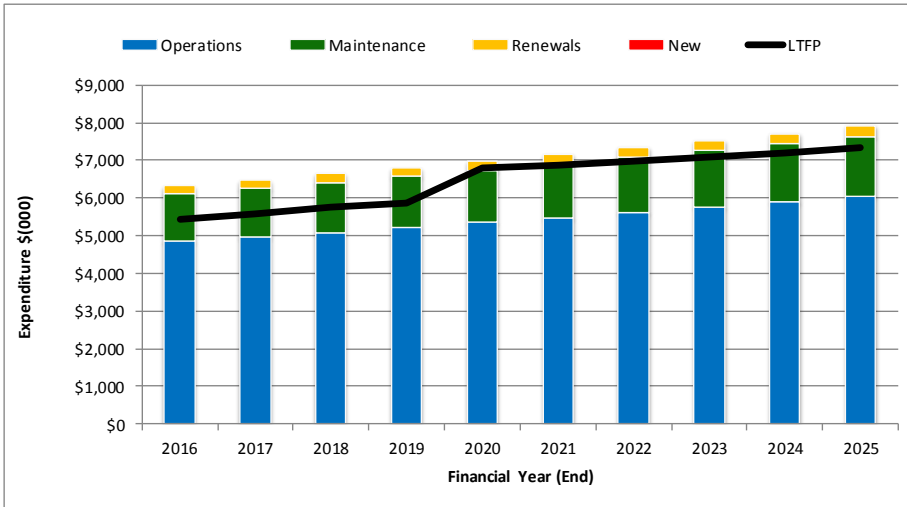


# LEISURE & AQUATIC SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Leisure & Aquatic assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$453,350 per year for the lifecycle management of the assets in the Leisure & Aquatic Services area.

Life Cycle Cost (annually)	\$1,475,444
Life Cycle Available Funding (annually)	\$1,022,094
Life Cycle (Surplus)/Gap (annually)	\$453,350
Life Cycle Financing Indicator	69%

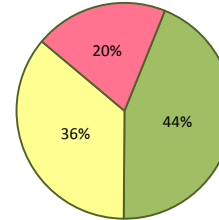
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$548,962 per year for the lifecycle management of the assets in the Leisure & Aquatic Services area.

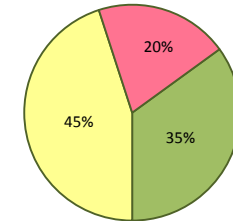
10 Year Cost (annually)	\$1,475,444
10 Year Available Funding (annually)	\$926,482
10 Year Gap (annually)	\$548,962
10 Year Financing Indicator	63%

### Overall Service Condition

Current Condition

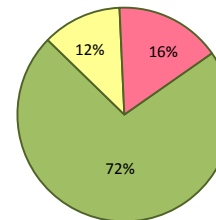


10 Year Projected Condition (Given Available Funding)

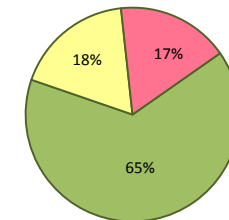


### Overall Service Function

Current Function

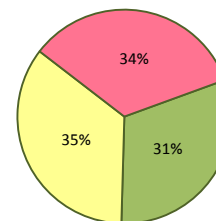


10 Year Projected Function (Given Available Funding)

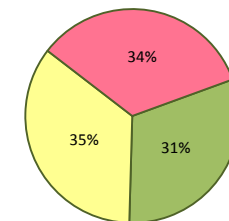


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low

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# LIBRARY SERVICES

## Service Aims

To provide equal access to information, ideas and knowledge through the provision of physical and virtual environments.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

1. Council libraries and Knowledge Centres



84%



Happy



Happy, but trending down



Not Happy



**BANKSTOWN KNOWLEDGE CENTRE**

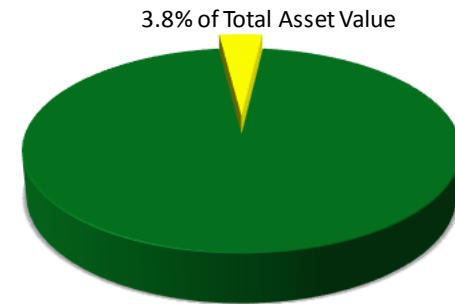
## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Library Services provide informational, educational, and recreational facilities, resources, products and services for our community and visitors through five locations; Bankstown, Chester Hill, Greenacre, Padstow and Panania.

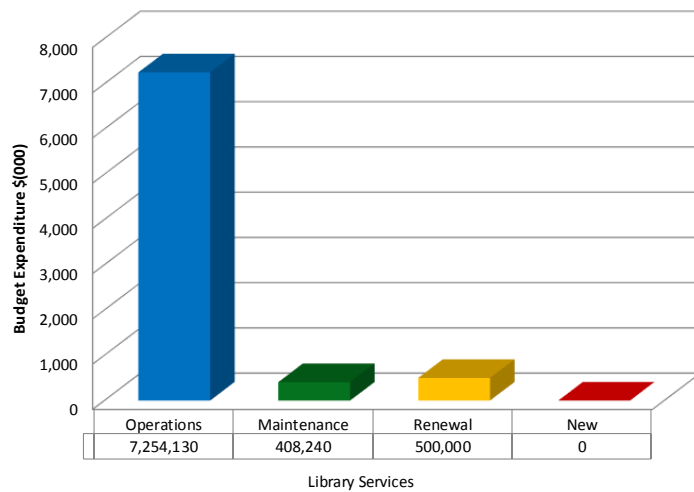
Key Activities	Operation of five Library sites - Bankstown, Chester Hill, Greenacre, Padstow and Panania
	Bus to Library and Home Library Service
	Children's Library Services
	Children and young people activities
Key Projects and Programs	Library Youth Plan
	Local History Programs
	Library Modernisation Plan
	Local programs and events

## Assets supporting Service

- Bankstown Library & Knowledge Centre
- Chester Hill Library
- Greenacre Library
- Padstow Library
- Panania Library
- Library Books Collection



Value of Library Services Assets  
\$73,872,160

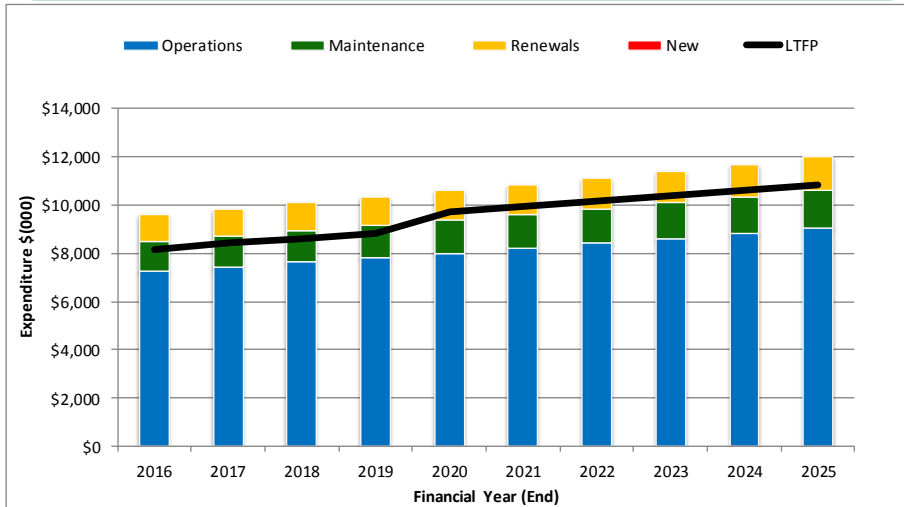


# LIBRARY SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Library assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$942,456 per year for the lifecycle management of the assets in the Library Services area.

Life Cycle Cost (annually)	\$2,336,347
Life Cycle Available Funding (annually)	\$1,393,891
Life Cycle (Surplus)/Gap (annually)	\$942,456
Life Cycle Financing Indicator	60%

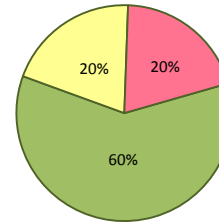
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$1,079,790 per year for the lifecycle management of the assets in the Library Services area.

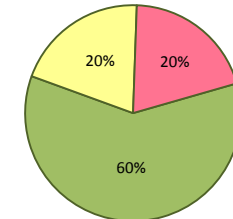
10 Year Cost (annually)	\$2,336,347
10 Year Available Funding (annually)	\$1,256,557
10 Year Gap (annually)	\$1,079,790
10 Year Financing Indicator	54%

### Overall Service Condition

Current Condition

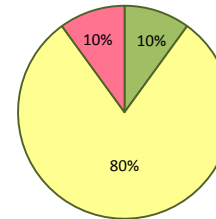


10 Year Projected Condition (Given Available Funding)

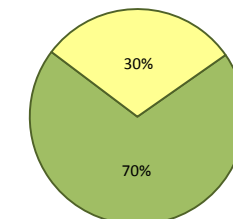


### Overall Service Function

Current Function

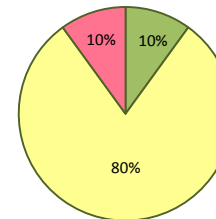


10 Year Projected Function (Given Available Funding)

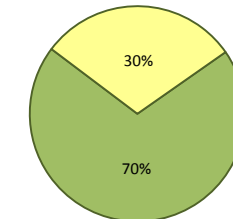


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# PARKS & OPEN SPACE

## Service Aims

To provide accessible parks and open spaces that caters for all ages, cultures and people with special needs.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017
- Open Space Strategic Plan

## Community Satisfaction Survey

1. Maintenance of local parks and playgrounds		77%
2. Protecting bushland		76%
3. Maintenance of local parks and gardens		77%

Happy    Happy, but trending down    Not Happy



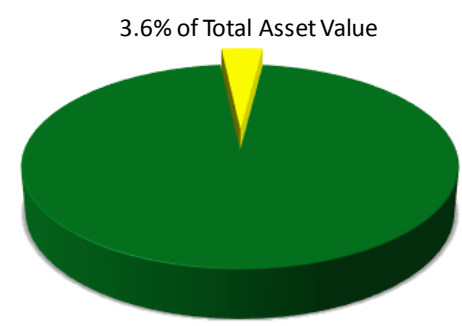
## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Parks & Open Space Services provide parks, community halls, street stalls and support, bookings and management, playgrounds, cycle ways and skate parks.

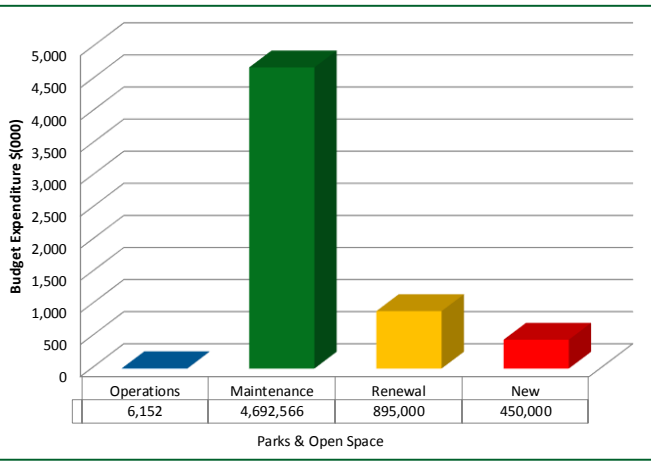
Key Activities	Complete the plans of management
	Open Space Strategic Plan
	Bankstown Gardens Stage 3
	Playground improvements
Key Projects and Programs	CBD Public Domain Program
	Parks and Open Space Improvement and Maintenance Program
	Urban Activation Program
	Parks and Reserves Signage Replacement Program
	Parks and Reserves Fencing Replacement Program
	Parks Shelters Replacement Program
	Parks and Reserves Boomgate upgrades

## Assets supporting Service

- Parks & Reserves
- Park Furniture
- Park Lighting
- Park Amenities
- Park Signage
- Playgrounds
- Other Park Assets
- Gardens



Value of Parks & Open Space Assets  
\$70,956,217

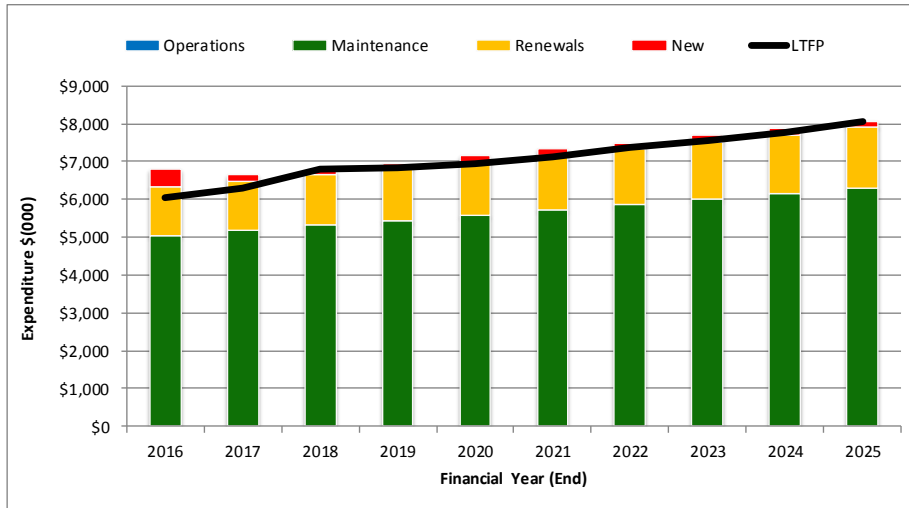


# PARKS & OPEN SPACE



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Park & Recreation assets in the current condition versus the available funding for this asset, shown by the black line



## Summary of Asset Costs

### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$10,349 per year for the lifecycle management of the assets in the Parks & Open Space area.

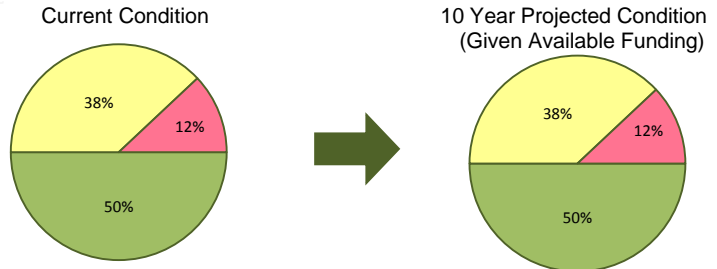
Life Cycle Cost (annually)	\$6,323,861
Life Cycle Available Funding (annually)	\$6,313,512
Life Cycle (Surplus)/Gap (annually)	\$10,349
Life Cycle Financing Indicator	100%

### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

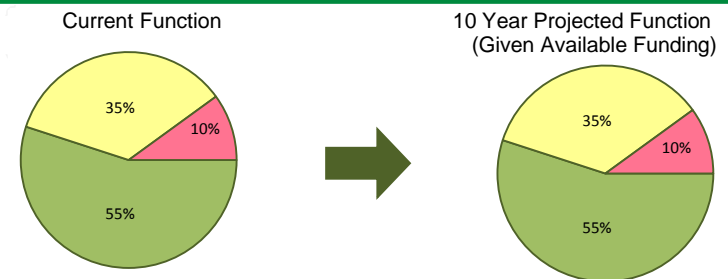
In the next ten years, there will be an ongoing average annual funding shortfall of \$177,382 per year for the lifecycle management of the assets in the Parks & Open Space area.

10 Year Cost (annually)	\$6,323,861
10 Year Available Funding (annually)	\$6,146,479
10 Year Gap (annually)	\$177,382
10 Year Financing Indicator	97%

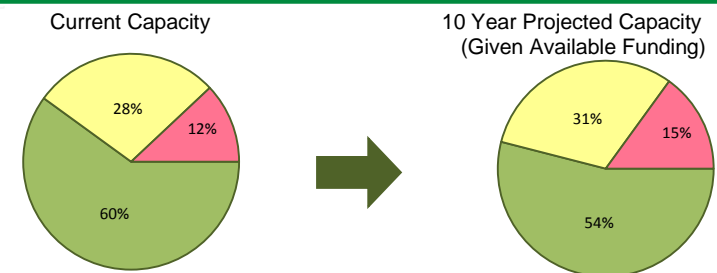
## Overall Service Condition



## Overall Service Function



## Overall Service Capacity



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# ROADS & TRAFFIC

## Service Aims

To provide vehicles, cyclists and pedestrians with well-maintained, safe, and integrated transportation networks.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

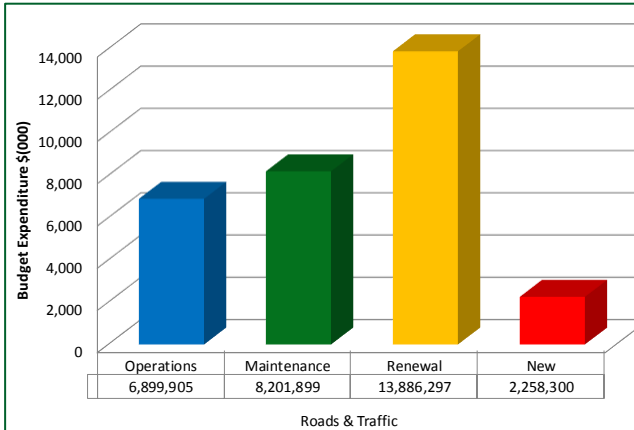
1. Traffic flow		57%
2. Availability of car parking		58%
3. Maintaining local roads		63%
4. Maintaining footpaths		63%
5. Road safety		69%
6. Access to cycleways		64%

Happy  
 Happy, but trending down  
 Not Happy

## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Roads and Traffic Services plan, design, construct and maintain for local and regional roads, bridges, footpaths, and carparks.

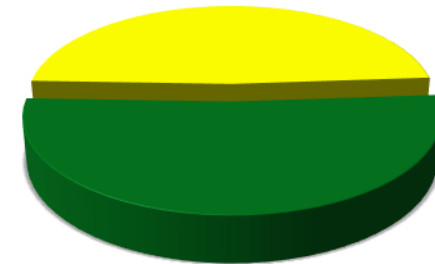
Key Activities	Submissions for Federal Blackspot Funding
	Parking Regulation
	Traffic facilities, signs and line markings
	Bankstown Traffic Committee coordination
Key Projects and Programs	Technical advice on roads and traffic for DA referrals
	Car Parking Program
	Footpath Maintenance and Improvement Program
	Kerb & Gutter Maintenance and Improvement Program
	Road Safety Strategic Plan
	Regional Roads Maintenance and Improvement Program
	Local Roads Maintenance and Improvement Program
	Traffic Management Program
	Cycleways and Shared Paths Program
	Transport Strategic Plan
	Boardwalks and Park Bridges Program
	Accessible Public Transport Program
	Road Bridge Rehabilitation Program



## Assets supporting Service

- Road Pavement (Formation, Pavement Base, Pavement Residual, Pavement Surface)
- Open Surface Level Carparks
- Kerb & Gutter
- Pathways, cycleways and boardwalks
- Vehicular/Pedestrian Bridges)
- Signage & Street Furniture
- Street Lighting
- Traffic Management Devices

48.3% of Total Asset Value



Value of Roads & Traffic Assets  
\$946,339,554



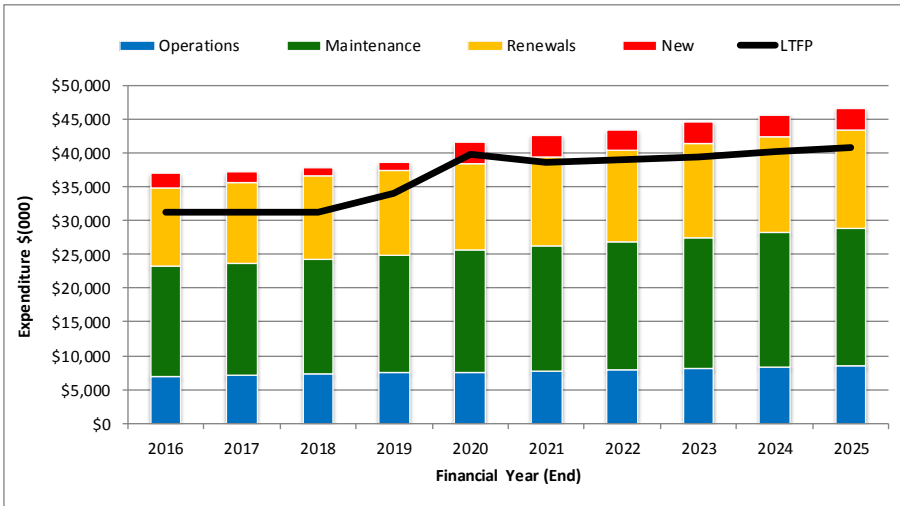
**NORTH TERRACE, BANKSTOWN**

# ROADS & TRAFFIC



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Roads & Traffic assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$4,670,900 per year for the lifecycle management of the assets in the Roads & Traffic area.

Life Cycle Cost (annually)	\$27,862,381
Life Cycle Available Funding (annually)	\$23,191,481
Life Cycle (Surplus)/Gap (annually)	\$4,670,900
Life Cycle Financing Indicator	83%

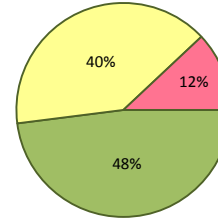
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$4,428,861 per year for the lifecycle management of the assets in the Roads & Traffic area.

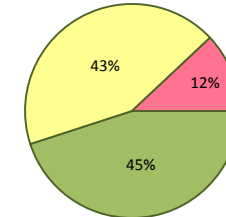
10 Year Cost (annually)	\$27,862,381
10 Year Available Funding (annually)	\$23,433,520
10 Year Gap (annually)	\$4,428,861
10 Year Financing Indicator	84%

### Overall Service Condition

Current Condition

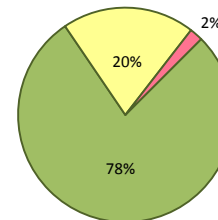


10 Year Projected Condition (Given Available Funding)

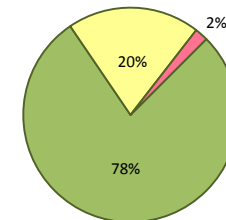


### Overall Service Function

Current Function

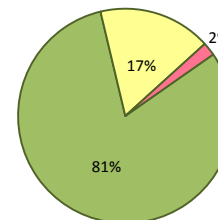


10 Year Projected Function (Given Available Funding)

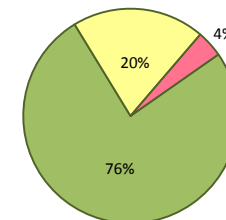


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# SPORT & RECREATIONAL SERVICES



## Service Aims

To provide a broad range of recreational, sporting, and leisure opportunities for all ages and cultures.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

1. Sporting ovals, grounds and facilities



79%



Happy



Happy, but trending down



Not Happy



**KELSO**

## COUNCIL SERVICE ACTIVITIES

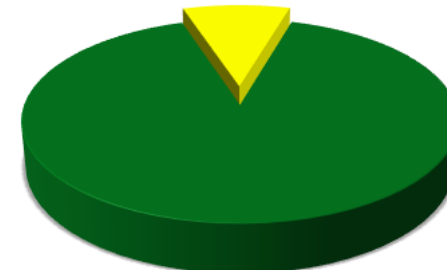
**Service Description:** Our Sport & Recreational Services provide sporting fields, local sporting associations support and partnership events, facility bookings and management, and recreation programs.

Key Activities	Sports Strategic Plan
	Sportsfield Facilities Management
	Golf Course Facilities Management
	Paws in the Park – Off Leash Dog Parks
	Sports Strategic Plan
Key Projects and Programs	Sportsfield Reconstruction Program
	Lighting Improvement Program
	Irrigation Improvement Program
	Clubhouse Improvement Program
	Golf Course Improvement and Maintenance Program

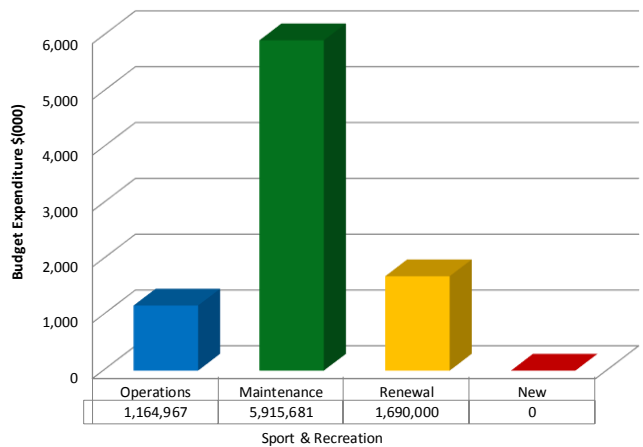
## Assets supporting Service

- Playing Fields
- Amenities
- Tennis Courts
- Golf Courses
- Netball Courts
- Sport Centres
- Irrigation
- Sportfields Lighting
- Sportfields Furniture
- Basketball Stadium

9.5% of Total Asset Value



Value of Sport & Recreation Assets  
\$185,244,911



**MARCO PLAYGROUNDS**

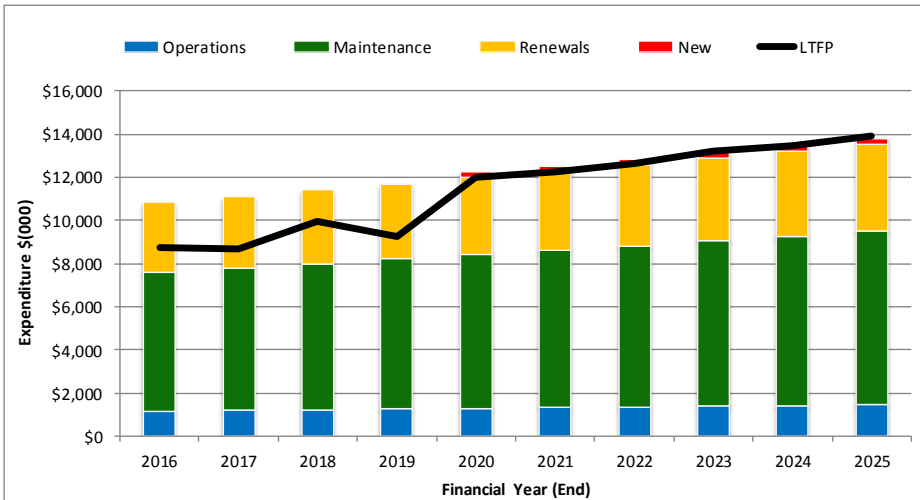


# SPORT & RECREATIONAL SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Sport & Recreational assets in the current condition versus the available funding for this asset, shown by the black line



## Summary of Asset Costs

### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$27,564 per year for the lifecycle management of the assets in the Sport & Recreation area.

Life Cycle Cost (annually)	\$9,684,042
Life Cycle Available Funding (annually)	\$9,656,478
Life Cycle (Surplus)/Gap (annually)	\$27,564
Life Cycle Financing Indicator	100%

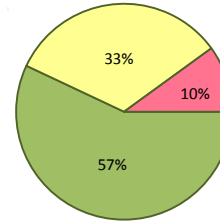
### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$856,906 per year for the lifecycle management of the assets in the Sport & Recreation area.

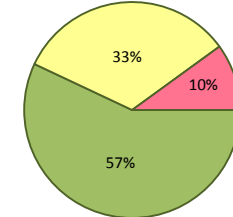
10 Year Cost (annually)	\$9,684,042
10 Year Available Funding (annually)	\$8,827,136
10 Year Gap (annually)	\$856,906
10 Year Financing Indicator	91%

## Overall Service Condition

Current Condition

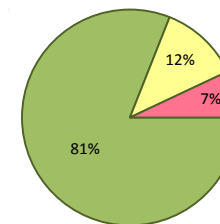


10 Year Projected Condition (Given Available Funding)

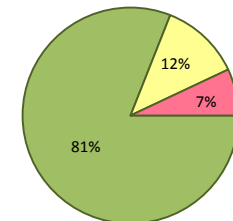


## Overall Service Function

Current Function

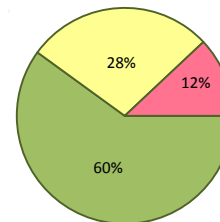


10 Year Projected Function (Given Available Funding)

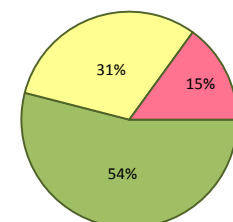


## Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# STORMWATER MANAGEMENT

## Service Aims

To mitigate the impact of stormwater on the community and the environment.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017
- Bankstown LEP and DCP Part E3—Flood Risk Management

## Community Satisfaction Survey

1. Protecting waterways		74%
2. Maintenance of the stormwater system		75%

**Happy**    
 **Happy, but trending down**    
 **Not Happy**



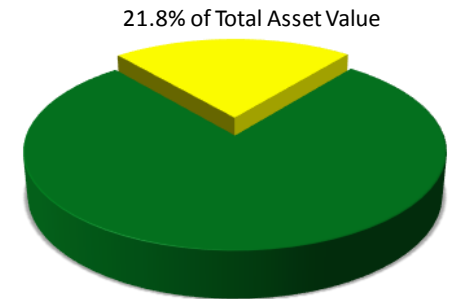
## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Stormwater Management Services provide for the effective and efficient movement of water via overland flow paths and underground pipes and open channels.

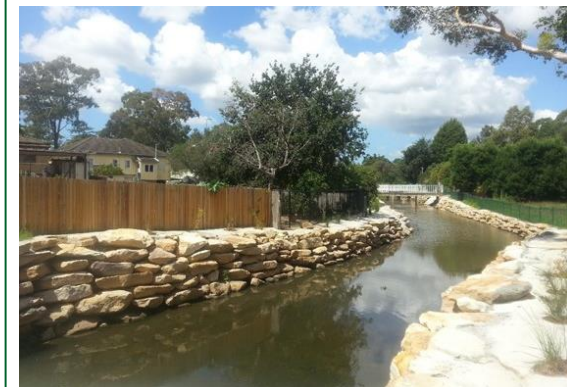
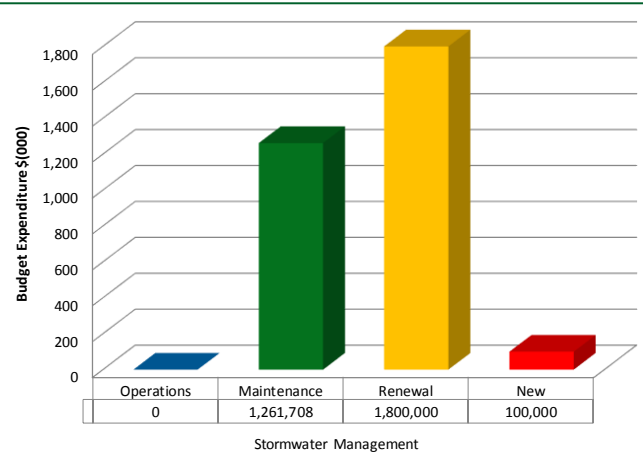
<b>Key Activities</b>	Water quality monitoring
	Drainage infrastructure construction and maintenance
	Catchment management
	Water harvesting, treatment and re-use
<b>Key Projects and Programs</b>	Stormwater Harvesting Program
	Stormwater Audit
	Flood Risk Management Planning (FRMP)
	Drainage Program
	Waterways Improvement Program
	Stormwater Harvesting
Flood Risk Management Planning	

## Assets supporting Service

- Drainage Structures
- Drainage Conduits
- Water Quality Devices
- Drainage Earthworks
- Kelso Levee
- Carinya Road Levee



Value of Stormwater Management Assets  
\$427,797,990

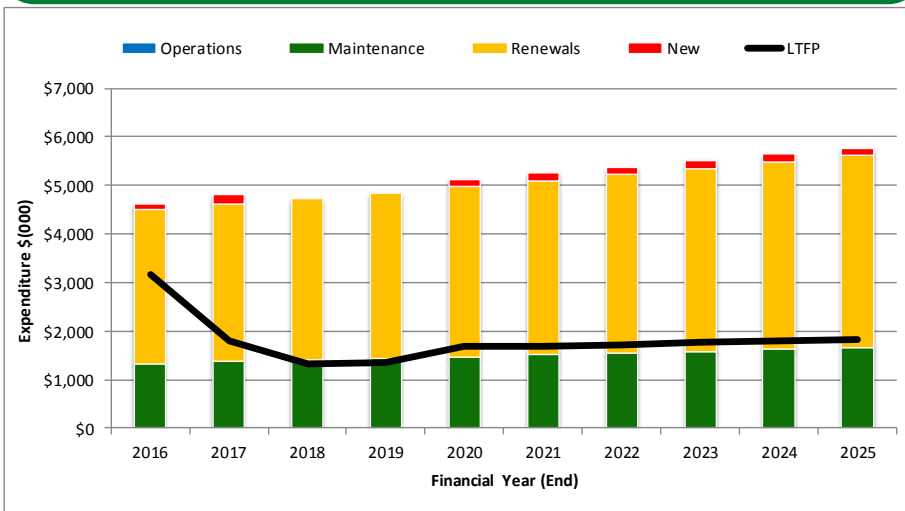


# STORMWATER MANAGEMENT



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Stormwater assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$3,143,300 per year for the lifecycle management of the assets in the Stormwater Management area.

Life Cycle Cost (annually)	\$4,505,344
Life Cycle Available Funding (annually)	\$1,362,044
Life Cycle (Surplus)/Gap (annually)	\$3,143,300
Life Cycle Financing Indicator	30%

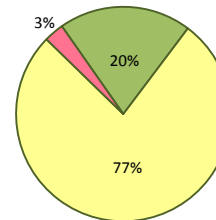
#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

In the next ten years, there will be an ongoing average annual funding shortfall of \$2,976,077 per year for the lifecycle management of the assets in the Stormwater Management area.

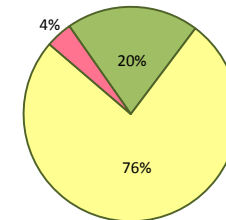
10 Year Cost (annually)	\$4,505,344
10 Year Available Funding (annually)	\$1,529,267
10 Year Gap (annually)	\$2,976,077
10 Year Financing Indicator	34%

### Overall Service Condition

Current Condition

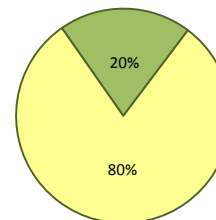


10 Year Projected Condition (Given Available Funding)

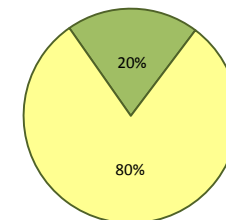


### Overall Service Function

Current Function

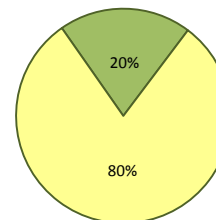


10 Year Projected Function (Given Available Funding)

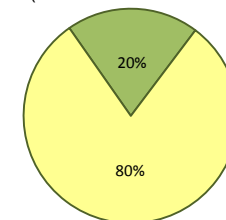


### Overall Service Capacity

Current Capacity



10 Year Projected Capacity (Given Available Funding)



Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



# WASTE AND CITY CLEANING SERVICES

## Service Aims

To provide a clean, attractive, and usable City, free of litter, graffiti, pollution and other materials, while managing recycling and waste reduction.

## Supporting Strategic Documents

- Bankstown Community Plan 2023
- Draft Operational Plan 2015-16
- Delivery Program 2013-2017

## Community Satisfaction Survey

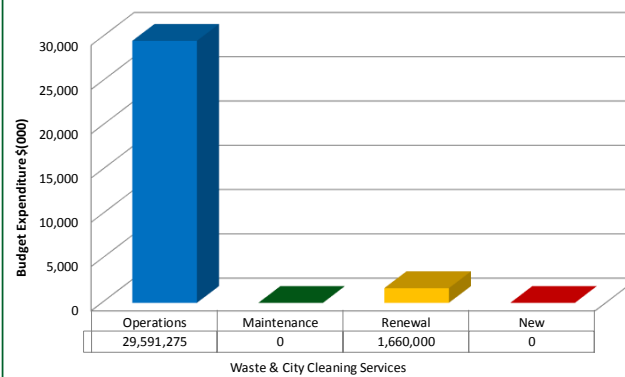
1. Cleaning of public places		64%
2. Removal of illegally dumped rubbish		66%
3. Graffiti removal		67%
4. Garbage collection		85%
5. Encouraging recycling		83%

Happy    
 Happy, but trending down    
 Not Happy

## COUNCIL SERVICE ACTIVITIES

**Service Description:** Our Waste and City Cleaning service collects and processes waste and recycling from rateable residential properties, business, the public domain and Council owned facilities. The service also provides a range of cleaning services and prevention measures which enhance the cities community domain.

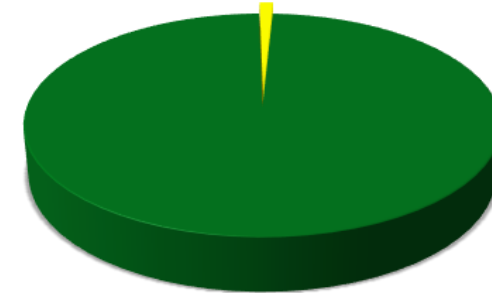
<b>Key Activities</b>	3 bin waste and recycling service
	Trade waste services
	Annual clean-up service
	Street sweeping and public place cleaning
	Graffiti abatement and removal
	Kelso Tip Waste Management Facility
<b>Key Projects and Programs</b>	Hazardous waste removal
	Graffiti Management
	City Cleaning Program
	Facility Cleaning Program
	Domestic Waste and Recycling Program
	Kelso Waste Review
	Waste Stream Review
	Litter and Illegal Dumping Prevention Strategic Plan
	Waste Avoidance and Resource Recovery Strategic Plan
	Community Environmental Education Strategic Plan



## Assets supporting Service

- Waste Enclosure
- Tip Assets
- Domestic Waste Recycling Bins
- East Hills Garbage Depot - Amenities & Lunchroom
- East Hills Garbage Depot - Weighbridge Office

1.1% of Total Asset Value



Value of Waste & City Cleaning Services Assets  
\$21,181,170



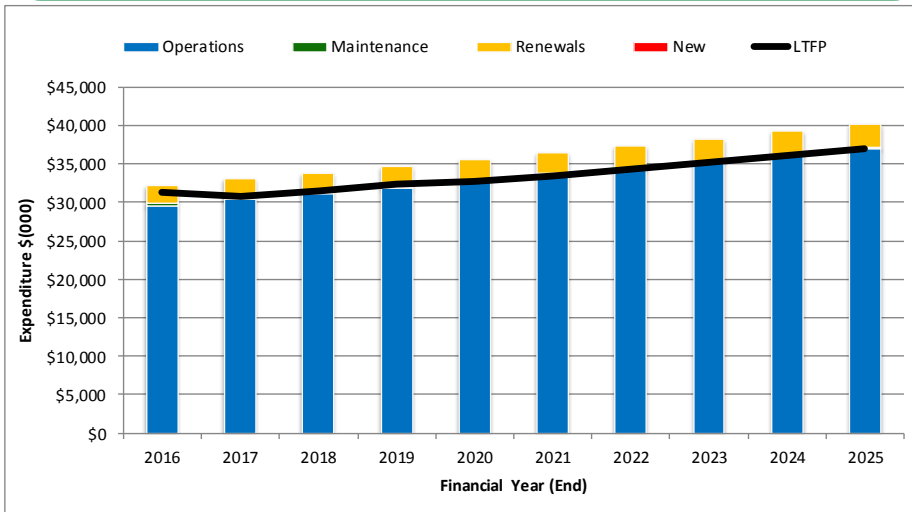


# WASTE AND CITY CLEANING SERVICES



## 10 Year Resourcing Strategy

The chart below shows projected required Average Annual Lifecycle expenditures over the next 10 years to maintain Waste and City Cleaning assets in the current condition versus the available funding for this asset, shown by the black line



### Summary of Asset Costs

#### LONG TERM – LIFECYCLE COSTS

In the long term, there will be an ongoing average annual funding shortfall of \$2,581,927 per year for the lifecycle management of the assets in the Waste & City Cleaning Services area.

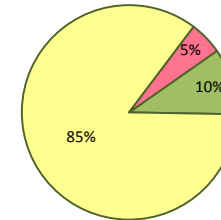
Life Cycle Cost (annually)	\$2,612,093
Life Cycle Available Funding (annually)	\$30,166
Life Cycle (Surplus)/Gap (annually)	\$2,581,927
Life Cycle Financing Indicator	1%

#### MEDIUM TERM – 10YR FINANCIAL PLANNING PERIOD

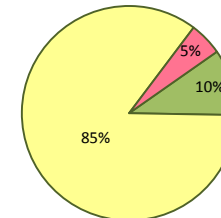
In the next ten years, there will be an ongoing average annual funding shortfall of \$2,310,432 per year for the lifecycle management of the assets in the Waste & City Cleaning Services area.

10 Year Cost (annually)	\$2,612,093
10 Year Available Funding (annually)	\$301,661
10 Year Gap (annually)	\$2,310,432
10 Year Financing Indicator	12%

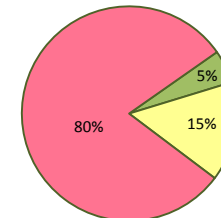
### Overall Service Condition



### Overall Service Function



### Overall Service Capacity

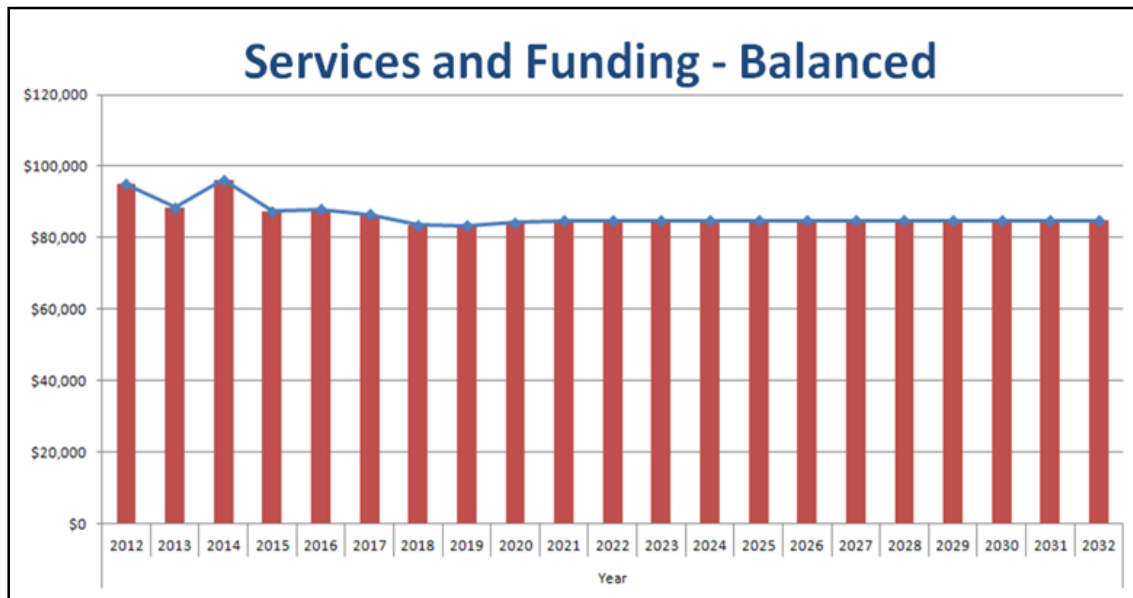


Key	Good	Fair	Poor
Confidence in Data	High	Moderate	Low



## 3.7 ASSET MANAGEMENT SCENARIOS

Strategic modelling and optimisation is about balancing service levels, state of the assets with available funds to manage risk and deliver agreed service outcomes. The results of which should look like Figure 5 below.



**Figure 5 - Balanced Asset Management Scenario**

Scenario modelling allows us to understand the consequence of the decisions we make. For example what will happen to the condition of our Playground network over time if we A) keep the same available resources or B) increase the available resources? The preparation of an acceptable Asset Management Strategy requires three (3) scenarios to be modelled.

Scenario 1 – What the asset register says we need to do plus upgrade/new assets. In other words the lifecycle model for what we need to do to maintain the assets in good condition in perpetuity. We currently report the average annual expenditure. In future models we wish to report proposed annual expenditure.

Scenario 2 – What we need to do to maintain desired levels of service plus upgrade / new assets. Basically what we need to do over the next 10 years to keep assets serviceable.

Scenario 3 – What can we do with available resources? This basically models what we can afford to do based on available resources identified in the Long Term Financial Strategy

In this Strategy what we need to fund to keep the assets in good condition in perpetuity is shown in Table 4 - Estimated Infrastructure Unfunded Renewals Totals and Renewal Gap (2014). Also shown in that Table is the total funding currently committed to the Operation, Maintenance and Replacement of Council's assets. Most asset groups show a shortfall of funding, but no recent modelling of the rate of degradation that would result has been done.

It is important to note that the Asset Management Funding Strategy 4 shown in Section 11, together with other actions currently underway to renew and improve the sustainability of some of our major buildings, will substantially address this funding shortfall by 2022.

## 4. COUNCIL'S ASSET MANAGEMENT MATURITY

This section of the Asset Management Strategy provides an overview of Councils capacity to manage infrastructure assets and demonstrate value for money for infrastructure based services.

### 4.1 HOW WE DEFINE ASSET MANAGEMENT MATURITY

Asset Management Maturity is the level or ability of the Council to achieve contemporary best practice asset management. In general terms, contemporary best practice asset management for Bankstown Council means the following:

- *We know what we own or have responsibility or legal liability for;*
- *We have recorded these assets in a register down to an identifiable level and our valuations are reported at a component level;*
- *We monitor the condition, functionality, capacity, performance, utilisation and costs of assets down to the managed component level and aggregate this data up to give outputs of cost and performance at the portfolio levels;*
- *We understand and have recorded the current levels of service in terms of reliability, repeatability and quality of service as well as our responsiveness to any asset failures;*
- *We understand the likely future levels of service required based on population growth, demographic changes and community expectations;*
- *We understand the long term (10 years plus) funding needs of our city to meet customer expectations in both capital and maintenance expenditure;*
- *We monitor and report on the condition, performance and functionality of our assets against prescribed service levels and regulatory requirements;*
- *We have uniform processes across our whole organisation for the evaluation of any investment in capital works(new/upgrade, renewal/rehabilitation), maintenance and operations;*
- *We have a consistent method of developing annual needs based budgets; and*
- *We regularly report and compare actual performance against planned performance – costs, service levels and responsiveness.*

### 4.2 HOW WE MEASURE ASSET MANAGEMENT MATURITY

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting (adopted by the Australian Local Government and Planning Ministers Council on 8th March 2009) defined 10 elements. From these 10 elements 11 core asset management practice areas have been developed to assess 'core' competency under the National Frameworks. The 11 core asset management practice areas are:

#### Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plans
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

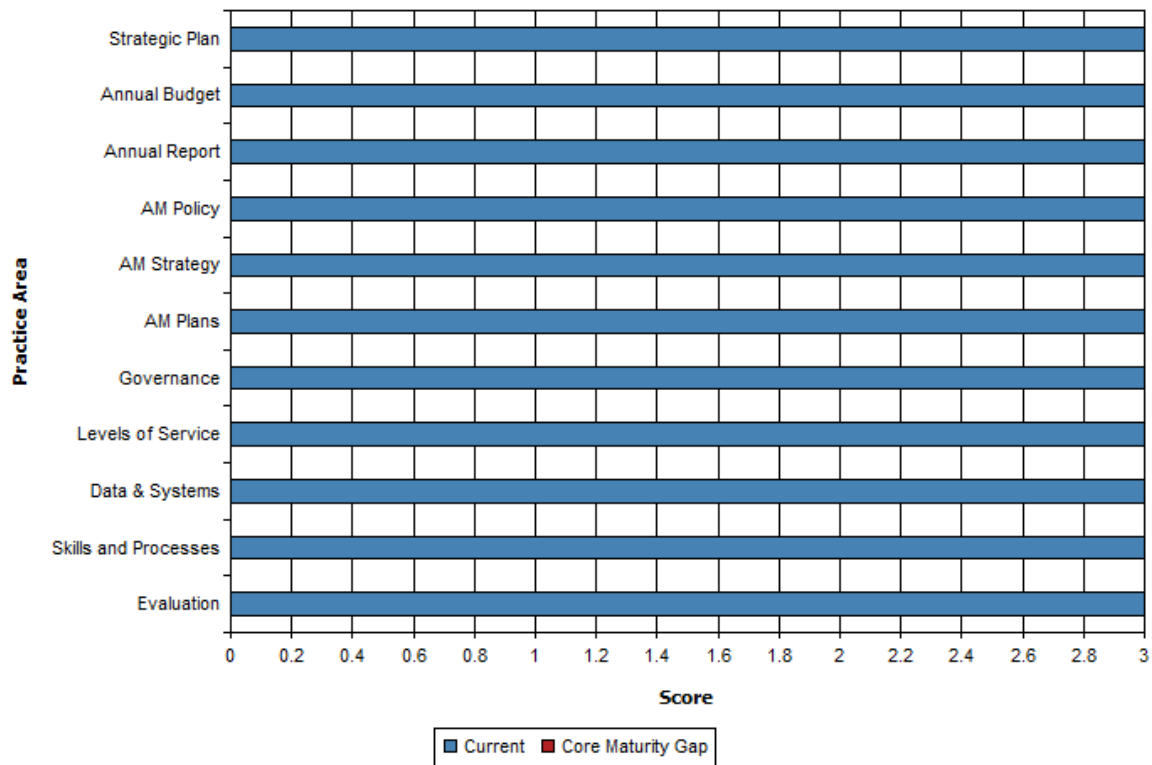
#### Asset Planning and Management



These have been incorporated into a computerised Maturity Assessment Tool by JRA. As stated earlier, Bankstown is participating in an ALGA project for the development of a State of Assets reporting system which is being led by JRA. The tool uses a series of standard questions to develop evidence of asset maturity. Maturity is measured through a scoring system. Using the Assessment Tool, interviews were held with relevant asset management staff from across Council. The process also involved the examination of Council's Community Plan and Asset Management documents by JRA. Based on the information provided and evidence determined through the interviews and from a review of background information made available, the Council's current level of maturity was assessed for each practice area.

### 4.3 MATURITY AUDIT RESULTS

Figure 6 displays the results from the 2015 maturity audit. The maturity level is shown by the blue bars. The maturity gap to be overcome for Council to achieve core financial and asset management competency is shown by the red bars. As you can see in figure 6 there are no gaps and Bankstown City Council has achieved CORE Asset Management Maturity.



**Figure 6 - Bankstown's Asset Maturity Assessment Results**

As the Community Plan, Delivery Program, Operational Plan, Long Term Financial Plan and Asset Management Strategy are now aligned in respect of asset funding, core Asset Management Maturity has been achieved. Work is underway to develop Levels of Service for the various asset groups and once complete advanced level Asset Management Maturity will have been achieved. Council's maturity assessment for the core competencies as of 2015 is detailed in Section 10 and summarised in Figure 6. Council's asset management maturity is approaching the level set out for advanced asset management under the National Framework<sup>25</sup>

<sup>25</sup> Local Government Financial Sustainability Nationally Consistent Frameworks 1, 2 & 3, May 2009

## 5. STRATEGIC ACTIONS

Bankstown Council is facing a series of asset management challenges that are common to most LGAs throughout Australia. The majority of the Council's assets were first constructed at the same time the original suburbs were built after World War Two. These assets are in the latter half of their expected lives, if not near the end. As such, their physical condition has deteriorated and will continue to deteriorate at an accelerated pace in the coming years.

At the same time, population growth and changing demographics are challenging the functionality and capacity of these assets. Community expectations are also changing, which will further affect the ability of these assets to meet the emerging needs of the community.

Adequately funding asset maintenance and renewal, and reducing Unfunded Renewals will require Council to develop efficiencies, rationalise assets, review service levels, source additional grant funds and as necessary, raise additional revenue or a mixture of some or all these - crucial decisions that will affect the Bankstown Community for years to come.

At Bankstown, these challenges will be met by:

- Adopting good-practice asset management strategies to ensure the intergenerational sustainability of Council's community and operational assets;
- Ensuring that the required funding is available to upgrade the existing assets of the Council to meet changing expectations of the community;
- Moving towards consumption-based funding analysis and optimised budgeting methods;
- Being able to model asset behaviour to reliably predict the condition of assets into the future for various funding scenarios;
- Ensuring sound risk management and mitigation associated with the Council's assets; and
- Developing and maintaining asset management staff, databases, electronic systems (like dataloggers) and other resources to support the above.

As noted in Section 4, Council has made significant improvements in asset management practices over the past five years as evidenced by the Asset Management Maturity scores. The completion of the Asset Information Project (January 2012) has seen the development of a spatial data model for the management of assets which will become the foundation of future asset systems. Council is investing in modern advanced asset management tools like Trimble GPS Dataloggers and the *myPredictor* modelling software, the development of end to end project management and the evolving asset systems resources have better equipped Council to tackle the asset management challenge.

The Asset Management Project commenced in March 2012 has seen great inroads to improving Bankstown's ability to manage and maintain its infrastructure assets. Most notably, the "Spatially Enabling Bankstown Project" saw the establishment of a physical asset register (using MyValuer) and linking the asset information through the GIS (Geographical Information Systems) environment enabling all staff access to asset information through the MapInfo and Exponare platforms. Other initiatives driven by the Asset Management Project have been the ongoing development of procedures and condition manuals to support the capture and maintenance of asset data and the development of data capture programs for field staff (the Maintenance Defect Register).

In 2015 the fast track development of the (new) integrated Electronic Works Ordering (EWO) and (Pathway) Customer Service Systems was commenced. As stated earlier, these systems will provide

both end to end customer request monitoring and electronic asset works management capabilities across Council. This will include user friendly smart phone/tablet interfaces for both Council staff and the public. These systems are currently being developed together and it is planned that they will be progressively rolled out across Council in 2015/16.

Nonetheless, Council’s Asset Management journey is still in its early stages. It is vital that the Council capitalises on its efforts to date and keeps on travelling down the path of continuous improvement. By adopting the following strategic actions, the Council will move closer and closer to the LGA Ideal Targets of the Maturity matrices (see Section 10).

Importantly, the following strategies are a series of linked steps that will enable the Council to produce advanced asset management processes that will guide the long-term financial planning for its assets. The strategies work to achieve the following two Term Achievements from the Delivery Program:

**TA 4.** Council will provide well planned and maintained community assets in an economically sustainable manner.

**TA 19.** Council is strategically and effectively managing its public land and property portfolios.

The responsibility for all strategies is the SAM Unit, supported by City Assets and Infrastructure (CAI-renewal, rehabilitation and maintenance) Units.

<b>STRATEGY 1 – SERVICE LEVELS REVIEW AND MONITORING</b>	<b>Year</b>			
<b>Action</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
Review levels of service for each asset class linked to the long term community planning framework (i.e. what the community wants, what it can afford and what it’s willing to pay).	○	○	○	
Develop Maintenance Service Level agreements and Manuals for each asset group.	○	○		
Monitor the performance with respect to the Strategic and Operational Service Levels and recommend changes of practices or Service Levels as necessary.		○	○	○

STRATEGY 2 – ADVANCED CONDITION AND SERVICE LEVEL MANAGEMENT	Year			
Action	2016	2017	2018	2019
Determine an appropriate range of condition, capacity, functionality and other measures for each asset category that will provide a cost-effective measure of the condition of each asset.	○	○	○	○
Develop cost-effective assessment tools for condition and service level criteria (such as rank, functionality, capacity, utilisation, adaptability, aesthetics and other measures).	○	○	○	○
Prepare Council’s Asset Assessment Manual in line with the asset revaluation schedule.	○	○	○	○
Develop an Infrastructure Risk Register and establish links to business continuity planning. Review annually.	○	○	○	○
Develop and implement Infrastructure Risk Management Improvement Plan actions.		○		
Establish, maintain and audit asset condition assessment programs to ensure the currency of the information.	○	○	○	○

STRATEGY 3 – ENHANCED LONG-TERM MODELLING	Year			
Action	2016	2017	2018	2019
Develop enhanced model cost parameters to match the advanced condition management practices.	○			
Generate enhanced long-term financial projections from predictive models (e.g. myPredictor) using the scores obtained from strategic work.	○	○	○	○

STRATEGY 4 – LONG-TERM FINANCIAL PLANNING AND ADVANCED ASSET MANAGEMENT	Year			
	2016	2017	2018	2019
<b>Action</b>				
Review existing budgets and funding sources, to better focus the available resources to minimise the growth in the Renewal Gap and/or Unfunded Renewals (Backlog).	○	○	○	○
Review and revise asset costing processes to ensure planned, cyclic and reactive asset expenditure is captured appropriately to inform the life cycle asset projections.	○	○	○	○
Integrate the life cycle asset financial projections into the Council's Long-Term Financial Strategy and Workforce Plan, making adjustments to Service Levels and/or funding source models as necessary to achieve asset funding scenarios that are both affordable and sustainable in the long-term.	○	○	○	○
Undertake asset revaluations in line with the asset revaluation schedule.	○	○	○	○

STRATEGY 5 – ASSET MANAGEMENT PROCESSES, SYSTEMS AND RESOURCES	Year			
	2016	2017	2018	2019
<b>Action</b>				
Review and further develop the electronic and automated field collection of asset defects and condition information to inform the asset management processes.	○	○	○	○
Collate, organise and keep current all of Council's asset information on Council's systems and make it available for decision making. This includes the incorporation of new and/or upgraded assets as developed.	○	○	○	○
Develop, maintain and audit asset maintenance and administration workflows and business processes, with clear roles and responsibilities.	○	○	○	○
Develop and Implement asset systems to support these strategies and the lifecycle management of Council's asset portfolio.		○	○	○

STRATEGY 6 – ASSET MANAGEMENT PLAN DEVELOPMENT AND REVIEW	Year			
	2016	2017	2018	2019
<b>Action</b>				
Develop Asset Management Plans for the “Plant and Equipment”, “Lands” and “Natural Assets” Asset Groups.	○	○	○	
Develop a priority list of significant facilities for which Facility Management Plans (FAMPS). From this list the relevant FAMPS will be completed as per schedule.	○	○		
Plan for the development of special Asset Management Plans for the “Signs” and “Trees” Asset Categories.		○	○	
Review the Asset Management Policy, the Asset Management Strategy and the Asset Management Plans annually in conjunction with the development of Council’s annual Operational Plan and in conjunction with the reviews of the Bankstown Community Plan and the Delivery Program.	○	○	○	○

STRATEGY 7 – IMPROVE COUNCIL’S ASSET MANAGEMENT MATURITY	Year			
	2016	2017	2018	2019
<b>Action</b>				
Undertake Asset Management Maturity Audit every two years to ensure core maturity is maintained and progress towards advanced maturity is achieved.		○		○
Complete the actions identified in the Asset Management Maturity Improvement Program.	○	○	○	○
Review Asset Management processes against the new Asset Management Standard, ISO 55000 and develop and implement a compliance program, as required.	○	○		



## 6. KEY PERFORMANCE INDICATORS

Table 5 below sets out the relevant Key Performance Indicators (KPIs) that the Council will use to assess the quality and effectiveness of its asset Management practices. These measures will be reviewed and the targets revised annually, in conjunction with reviews of this Strategy. The 2013 target have been set along with 2017 targets in line with the 4 year Delivery Program.

KPI	Measurement Method	Target (2015)	Target (2018)
Overall Asset Management Maturity:	Measured in terms of the National Frameworks on Asset Planning and Management and Financial Planning and Reporting.	Core – All practice areas meet core level requirements	Advanced – All practice areas meet advanced level requirements
Asset Service Levels <sup>26</sup>	Measuring actual v/s targets.	70%	80%
Customer Satisfaction	Measured in terms of customer response through the Community Satisfaction surveys.	85%	90%
Asset Condition Index	Average cost weighted condition of all assets for the latest condition audit	2.5	2.5
Asset Consumption Index	The current written down book value divided by the current gross value	60%	60%
Asset Sustainability Ratio	The ratio of asset replacement expenditure relative to depreciation for a period. It measures whether assets are being replaced at the rate they are wearing out. (Capital Expenditure on Replacement and Renewal divided by Depreciation Expense)	> 85%	> 85%
Asset Renewal Funding Ratio	The ratio of the net present value of asset replacement funding accommodated over a 10 year period in a LTFP relative to the net present value of projects asset capital renewal expenditure identified in an AM Plan for the same period. Essentially, it is a measure of council's ability to fund its projected asset renewals / replacements in the future.	At least 85%	> 90%
Asset Health Index	Ratio of the Network Level Remaining Life to the Expected Useful Life at a Portfolio Level.	50%	50%
All strategic actions set out in the AM Strategy completed within timeframes	% of strategic actions completed within timeframes	> 60%	> 80%

**Table 5 - Key Performance Indicators for Quality Assessment of Asset Management Practices**

<sup>26</sup> Council will develop service levels for all asset categories from 2013 to 2016.



## 7. STRATEGY REVIEW

Any Strategy must be a dynamic document, reflecting and responding to changes over time. A full review of this Asset Management Strategy will take place every four years in conjunction with the major review of the Bankstown Community Plan. Minor reviews will be done annually in conjunction with the development of the Operational Plan (Council's annual budget process).

## 8. REFERENCES

- .....NSW Office of Local Government Integrated Planning and Reporting Framework Guidelines and Manual
- .....Bankstown Community Plan
- .....IPWEA International Infrastructure Management Manual
- .....IPWEA Financial Management Guidelines
- .....Bankstown Council Asset Management Policy
- .....Bankstown Asset Valuation Methodology Manual
- .....Bankstown Roads and Transport Asset Management Plan
- .....Bankstown Buildings and Other Structures Asset Management Plan
- .....Bankstown Parks and Recreation Asset Management Plan
- .....Bankstown Stormwater Drainage Asset Management Plan.
- .....Local Government Financial Sustainability Nationally Consistent Framework, Frameworks 1, 2 & 3, May 2009

## 9. BANKSTOWN COUNCIL ASSET MANAGEMENT POLICY

Adopted June 2015<sup>27</sup>

### POLICY STATEMENT

Assets proposed, owned or administered by Bankstown City Council will be acquired, managed and maintained, on a lifecycle basis, to ensure they effectively support the needs of the community in terms of sustainable social, environmental, economic and governance outcomes.

This Policy establishes the high level objectives for the management of Council's infrastructure and other assets. It outlines the direction of Council in relation to the ongoing stewardship of over \$2.5 billion infrastructure and other assets. It will be supported by operational policies and procedures that will establish organisational roles and responsibilities and a reporting framework to ensure ongoing Council governance of Asset Management at Bankstown.

### PURPOSE OF POLICY

This policy and the processes that support it will facilitate:

- Achievement of the management objectives for community, infrastructure and operational assets to meet the present and future needs of the community,
- Custodianship of natural and heritage assets in perpetuity,
- The rationalisation of existing, and the development of appropriate new, assets to meet the needs of the Bankstown community for services at an appropriate level now and in the future,
- The development or enhancement of the community capital of Bankstown,
- Delivery of assets at the right cost, at the right time with the right standard,
- Council's ongoing governance of Asset Management activities,
- Council's ability to report within the Integrated Planning and Reporting Framework, and
- Development of appropriate systems, procedures and controls to enable the above.

### SCOPE

This policy applies to all assets proposed, owned or administered by Bankstown City Council. It includes:

- Community and infrastructure assets,
- Operational assets used in the provision of community services and other Council operations, and
- Natural and heritage assets in the Bankstown area.

Assets owned or administered by Bankstown City Council must:

- Have an identified strategic purpose that contributes to Council's community infrastructure and/or service delivery objectives as defined in Council's Strategic Community, Tactical and Operational Plans,
- Be managed so that the assets are structurally sound (fit for service), functionally sound (fit for purpose), aesthetically sound (look good) and are environmentally and financially sustainable,

<sup>27</sup> This is an abridged version of the AM Policy, Section 3 Background, Section 6.1 Related Documents and Section 6.2 References has been omitted from this Strategy. An unabridged copy will be made available upon request

- Be accessible, adaptable and have sufficient capacity to meet the varying needs of the Bankstown community over time, Add to or enhance the community capital of Bankstown,
- Have clearly defined custodianship and operational accountabilities for the respective aspects of their management,
- Be identified, registered and recorded in accordance with relevant legislation and accounting standards,
- Have a current Asset Management Plan detailing the whole life cycle of the asset including responsibilities and accountabilities for the delivery, routine maintenance, major periodic maintenance (MPM) and (as required) the disposal or renewal of the asset,
- Have budgeted funding planned for their long term management, maintenance, disposal and/or renewal, and
- Be managed within a framework of clear and transparent processes and records so that it can be demonstrated that responsible management practices have been followed.

## RESPONSIBILITY

The Director City Assets and Infrastructure is responsible for the implementation and review of this policy.

## DEFINITIONS

The following defined terms are used in the policy:

Asset	Plant, Equipment, Property, Buildings, Facilities, Infrastructure, Commercial Investments, Natural and Heritage Items owned or administered by Council.
Community Asset	An asset that is used to enable a service or to provide a service to the community, e.g. community centres, town halls, swimming pools, libraries and sports complexes.
Infrastructure Asset	An asset that by its nature provides value to the community or enables the community to function, e.g. roads, traffic facilities, footpaths, drains, parks and sports fields.
Operational Asset	An asset utilised to administer and facilitate the operations of the council, e.g. plant & equipment and Council administration facilities.
Natural or Heritage Asset	Bushland, wetlands or river frontage and/or historical buildings and facilities of significance which Council seeks to preserve for future generations.
Asset Management Plan	A plan outlining the full physical and financial life cycle of an asset. It will include details of the asset components, asset values, depreciation rates, lifecycle expectations, routine and major periodic maintenance plans for the whole of the life of the asset and its separable components together with any necessary plans for the ultimate sale or disposal of the asset.
Capital Expenditure	Expenditure for new infrastructure, the renewal or upgrade of existing assets that enhances the service potential of the assets. Such expenditure is to be capitalised.

Major Periodic Maintenance (MPM)

Material expenditure (in financial terms), cyclical in nature and incurred under either a maintenance or capital works plan. It is the planned refurbishment of an asset that will lead to an improvement in the asset condition which may be close to its original condition and is required to ensure the asset provides its pre-determined service capacity and quality and will achieve its useful life. Such expenditure is to be capitalised.

Routine Maintenance

Expenditure which does not meet the definition of capital expenditure but is incurred to ensure that the asset continues to provide its pre-determined service capacity and quality and achieves its useful life. Routine maintenance expenditure is of a regular, on-going nature and is to be treated as an expense.

Community Capital

The natural, human, social, and built capital from which a community receives benefits and on which the community relies for continued existence  
(Source: Sustainablemeasures.com)

Financial Sustainability

The financing of the life cycle costs of an asset does not unreasonably burden future generations or unreasonably reduce the asset choices of future generations

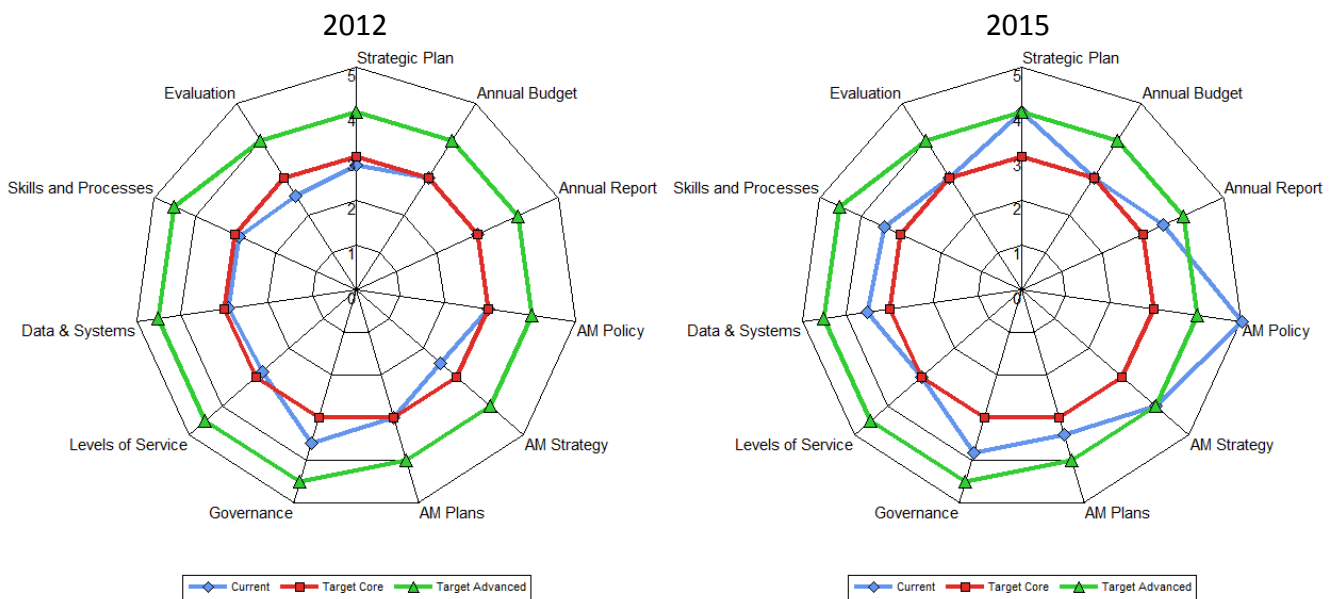
## 10. BANKSTOWN COUNCIL ASSET MANAGEMENT MATURITY MATRIX 2015

For each of the 11 practice areas the following information has been provided:

- The current assessed maturity level;
- Key observations on the current maturity level;
- Implications of the assessed current maturity level;
- An assessed risk score, based on the corporate risk framework;
- A confidence indicator (H/M/L) reflecting the extent of evidence on which the assessment has been based; and
- Recommendations on actions required to be taken to reach a minimum or core level of maturity.

Practice Area	2012 Score	Current Score	Core Target	Advanced Target
Strategic Longer Term Plan	2.8	4	3	4
Annual Budget	3	3	3	4
Annual Report	3	3.5	3	4
Asset Management Policy	3	5	3	4
Asset Management Strategy	2.5	4	3	4
Asset Management Plans	3	3.4	3	4
Governance and Management	3.6	3.8	3	4.5
Levels of Service	2.8	3	3	4.5
Data & Systems	2.9	3.5	3	4.5
Skills and Processes	2.9	3.4	3	4.5
Evaluation	2.5	3	3	4

**Table 6 - Summary of Asset Management Maturity Scores**



**Figure 7 - Asset Management Maturity Score Spider Comparisons –2012 Vs 2015**

## 11. PROPOSED MEDIUM TERM FINANCIAL STRATEGY

This Section details Asset Management Funding Strategy 4 (AM Strategy 4), a proposal to increase over a number of years, the annual funds applied to asset management (capital and maintenance, asset renewal funding only) by restructuring Council's loan profile

It is the next iteration of the strategies published in the 2011, 2013 and 2014 versions of the Asset Management Strategy. It is a proposal to increase over a number of years, the annual funds applied to asset management (capital and maintenance) by restructuring Council's loan profile, reducing loan balances and using the funds that would otherwise have been committed to debt servicing, for asset renewal. Asset Management Funding Strategy 3 extends this approach to 2025.

Asset Management Funding Strategy 4 is shown in Table 7 - Details of Asset Management Funding Strategy 4

overleaf. Unlike previous versions (which showed only selected Asset Groups) this version shows all proposed renewal funding for all asset group/categories.

Also included this year is Table 8 - Delivery Program Funding Sources which shows the funding sources for the projects included in the 2015/2019 Delivery Program. It should be noted the Delivery Program includes funding for:

- Asset Renewal projects,
- Projects for the construction of New Assets and
- Other projects where no assets are affected (flood studies and the like).

The capital budget totals shown are the same as the annual funding totals shown in the Long Term Financial Plan. Inflation of 2.5% has been included in these figures. This table shows the existing available funding only (the base case) and does not include any additional income from future rate proposals outside the likely annual IPART increases.

**Table 7 - Details of Asset Management Funding Strategy 4**

Asset Management Group		Proposed Capital Budgets for Financial Years Shown:									
		2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
<b>Roads and Transport</b>											
	Pavements	11,106,000	11,008,000	12,080,000	14,619,000	14,350,000	15,205,000	15,061,000	15,152,000	15,426,000	15,343,000
	Kerbs	300,000	350,000	350,000	350,000	1,041,000	992,000	939,000	938,000	918,000	917,000
	Footpaths <sup>28</sup>	635,000	1,060,000	1,060,000	940,000	980,000	882,000	834,000	790,000	735,000	734,000
	Bridges	150,000	0	0	0	171,000	132,000	146,000	138,000	175,000	174,000
	Traffic Management Devices	240,000	240,000	240,000	260,000	318,000	286,000	271,000	257,000	239,000	238,000
	Open Carparks	174,000	250,000	250,000	315,000	386,000	176,000	313,000	173,000	207,000	206,000
	Town Centres	910,000	1,015,000	0	0	917,000	1,035,000	1,158,000	1,256,000	1,376,000	1,500,000
	<b>Total</b>	<b>13,515,000</b>	<b>13,923,000</b>	<b>13,980,000</b>	<b>16,484,000</b>	<b>18,163,000</b>	<b>18,708,000</b>	<b>18,722,000</b>	<b>18,704,000</b>	<b>19,076,000</b>	<b>19,112,000</b>
<b>Buildings and Other Structures</b>											
	Leisure and Aquatics Facilities	145,000	150,000	200,000	175,000	980,000	882,000	834,000	790,000	735,000	734,000
	Arts Centre	50,000	50,000	30,000	0	0	0	0	0	0	0
	Civic Tower	435,000	370,000	320,000	310,000	2,159,000	0	0	0	0	0
	Community Facilities	30,000	350,000	0	0	0	0	0	0	0	0
	Council Works Depots	30,000	20,000	40,000	0	0	0	0	0	0	0
	Fences and Screens	100,000	200,000	145,000	165,000	300,000	270,000	261,000	247,000	230,000	229,000
	Libraries	1,750,000	50,000	60,000	60,000	742,000	692,000	695,000	702,000	709,000	717,000
	Major Carparks	100,000	100,000	100,000	100,000	122,000	110,000	104,000	148,000	138,000	138,000
	Other Structures	60,000	30,000	175,000	40,000	245,000	231,000	219,000	158,000	147,000	193,000
	Parks Buildings and Facilities	650,000	1,100,000	1,738,000	1,570,000	2,580,000	2,604,000	3,207,000	3,579,000	3,828,000	3,878,000
	<b>Total</b>	<b>3,350,000</b>	<b>2,420,000</b>	<b>2,808,000</b>	<b>2,420,000</b>	<b>7,128,000</b>	<b>4,789,000</b>	<b>5,320,000</b>	<b>5,624,000</b>	<b>5,787,000</b>	<b>5,889,000</b>

<sup>28</sup> Footpaths includes cycleways, boardwalks and the pedestrian footpath network

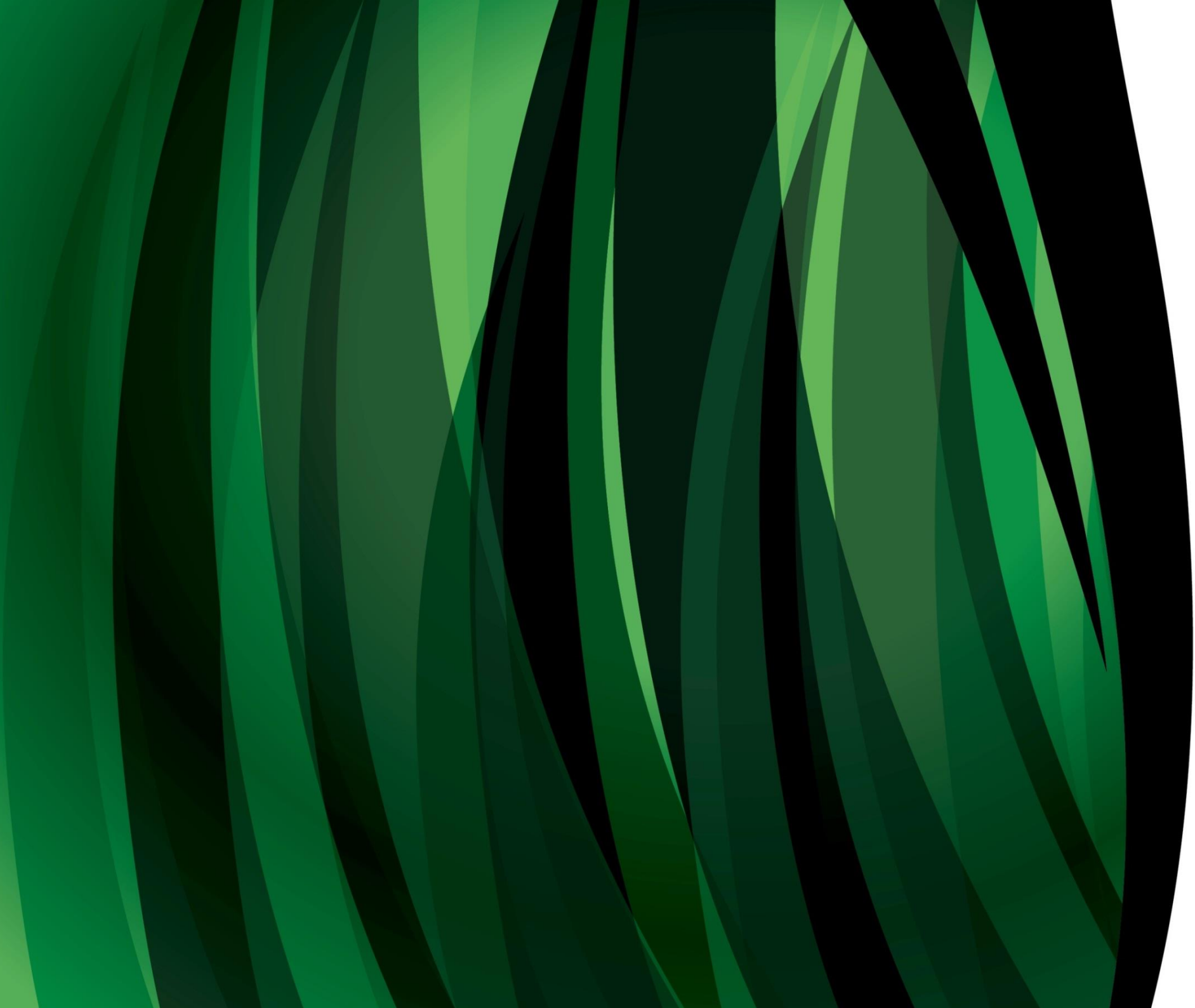


**Table 7 - Details of Asset Management Funding Strategy 4**

Asset Management Group	Proposed Capital Budgets for Financial Years Shown:									
	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025
<b>Parks and Recreation</b>										
Playing Fields	720,000	450,000	450,000	484,000	759,000	738,000	699,000	661,000	661,000	660,000
Playgrounds	350,000	600,000	670,000	670,000	575,000	606,000	574,000	543,000	574,000	573,000
Ground Improvements	190,000	165,000	200,000	50,000	147,000	154,000	151,000	138,000	129,000	220,000
Golf Course	140,000	0	170,000	0	0	187,000	0	183,000	0	170,000
Irrigation	170,000	180,000	540,000	130,000	502,000	441,000	448,000	424,000	441,000	440,000
Park and Sportsfield Lighting	350,000	250,000	300,000	300,000	490,000	441,000	417,000	395,000	390,000	390,000
Park Signage	100,000	0	100,000	0	0	0	0	0	0	0
Park Furniture	0	0	0	80,000	0	0	0	0	0	0
<b>Total</b>	<b>2,020,000</b>	<b>1,645,000</b>	<b>2,430,000</b>	<b>1,714,000</b>	<b>2,473,000</b>	<b>2,567,000</b>	<b>2,289,000</b>	<b>2,344,000</b>	<b>2,195,000</b>	<b>2,453,000</b>
<b>Stormwater Drainage</b>										
Drainage Structures	360,000	60,000	0	0	27,000	24,000	23,000	22,000	20,000	20,000
Drainage Conduits	1,440,000	240,000	0	0	108,000	97,000	92,000	87,000	81,000	81,000
<b>Total</b>	<b>1,800,000</b>	<b>300,000</b>	<b>0</b>	<b>0</b>	<b>135,000</b>	<b>121,000</b>	<b>115,000</b>	<b>109,000</b>	<b>101,000</b>	<b>101,000</b>
<b>Grand Total for Major Asset Groups</b>	<b>20,685,000</b>	<b>18,288,000</b>	<b>19,218,000</b>	<b>20,618,000</b>	<b>27,899,000</b>	<b>26,185,000</b>	<b>26,446,000</b>	<b>26,781,000</b>	<b>27,159,000</b>	<b>27,555,000</b>

**Table 8 - Delivery Program Funding Sources**

Asset Construction and Renewal Funding Sources (as Per 2015/19 Delivery Program)	Proposed Capital Budgets for Financial Years Shown:			
	2015/2016	2016/2017	2017/2018	2018/2019
Contributions - Developer - Sec 94 A	1,211,000	830,000	350,000	300,000
Grants & Contributions	3,149,000	1,562,000	1,712,000	1,562,000
Town Centre Improvement Rate	350,000	450,000	100,000	0
Domestic Waste Reserve	2,705,000	1,495,000	1,835,000	2,250,000
Stormwater Levy	1,915,000	1,198,000	0	0
Infrastructure - Road and Transport	9,203,000	10,322,000	11,394,000	13,899,000
Infrastructure - Leisure and Aquatics	145,000	150,000	150,000	175,000
Infrastructure - Buildings & Other Structures	770,000	1,360,000	2,143,000	1,805,000
Infrastructure - Parks and Recreation	2,145,000	1,915,000	2,510,000	2,104,000
Infrastructure - Stormwater Drainage	700,000	50,000	50,000	0
Operational Assets - Depot	30,000	20,000	0	0
Operational Assets - Civic Tower/Chambers	360,000	370,000	320,000	310,000
Operational Assets - Motor Vehicles	2,500,000	3,500,000	2,500,000	3,500,000
Operational Assets - Plant	1,158,000	1,018,000	2,334,000	2,258,000
Operational Assets - Information Technology	1,260,000	800,000	800,000	800,000
Town Centres - CBD - Improvement Programme	200,000	0	0	0
Town Centres - CBD - Maintenance Reserve	0	0	0	0
Town Centres- Other - Improvement Programme	600,000	900,000	0	0
Community Services - Community Hall Reserve	30,000	23,000	0	0
General Fund	3,492,000	2,790,000	2,948,000	2,857,000
<b>Total Funding</b>	<b>31,923,000</b>	<b>28,753,000</b>	<b>29,146,000</b>	<b>31,820,000</b>



**BANKSTOWN**  
City of Progress



# BANKSTOWN COMMUNITY PLAN 2023

Bankstown's future - in your hands



# COMMUNITY

**The Integrated Planning and Reporting Framework legislation (Local Government Act 1993) and guidelines require that councils prepare and implement a Community Strategic Plan (CSP). The CSP is the highest level strategic plan that Council will prepare. Bankstown's CSP is known as the Bankstown Community Plan 2023.**

**According to the Integrated Planning and Reporting legislation a review of a Community Strategic Plan must role the planning period forward by at least 4 years so that it is always a 10 year minimum plan.**

**The first edition of the Bankstown Community Plan was first adopted in September 2010. This is Edition 2 of the Bankstown Community Plan 2023.**

This review published June, 2013

Original published February, 2011

## **Bankstown Community Plan**

Consultation and research documents were compiled by Bankstown City Council.  
Thank you to all who contributed to the Plan.

The photographs used in this plan were part of a photography competition run by Council.  
Thank you to all participants.

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# PLAN

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## Listening to your views

The Bankstown Community Plan acknowledges the area's history and identity and aims to realise the community's vision for the future. In developing our long term plan for the City, we have taken into account the views of the Bankstown residents, investors, businesses and employees.

Council has prepared a Community Engagement Strategy to guide the review of our Integrated Planning Suite, identifying relevant stakeholder groups within the community and methods to engage each group. Our Community Engagement Strategy is guided by the following principles:

- We will be fair, transparent and inclusive
- We will act with honesty, integrity and respect
- Our processes will be informed and effective

The community engagement process has shown that the Bankstown community is diverse, passionate and positive about the future. Residents value and appreciate the area's multiculturalism, convenient location, local amenities, open space and proximity to the Georges River. Our residents feel very connected to their neighbourhoods and feel a sense of pride in the Bankstown area.

The Bankstown Community Plan was first adopted in September 2010. In preparation for the development of the Plan, Council engaged the community through a variety of methods:

- Attended festivals
- Surveyed the Residents Panel
- Set up stalls in neighbourhood centres
- Held six neighbourhood forums
- Held four Future Forums
- Held a Youth Summit
- Set up an interactive website
- Handed out reply-paid survey postcards
- Held the Social Planning Forum
- Met with all Council's Advisory Committees
- Met with interagency groups
- Engaged with primary school students through an art competition.



# PLAN

A number of individuals and groups contributed to the plan including:

- Over 2500 website visits
- 480 written responses (e.g. surveys, comments)
- Over 1200 face-to-face discussions
- 405 attended information sessions
- 559 attended a forum.

The first edition of the Bankstown Community Plan contained 7 City Directions, which guided Bankstown City Council's areas of focus. In line with the Integrated Planning and Reporting (IPR) Framework, the Bankstown Community Plan (BCP) was reviewed following the September 2012 Local Government Elections.

As part of the review, work was undertaken to better understand how the 7 City Directions can be delivered in the future through the Integrated Planning process. A key finding from the review was that there was a significant amount of cross over with the City Directions of Provide and Enjoy. It was established that themes within the Enjoy and Provide Directions were covered within the other City Directions.

This review also consisted of a 'health check', incorporating the results of the most recent Community Satisfaction Survey undertaken in 2012. In listening to the community satisfaction survey results and in preparation for Councils Term Achievement (Delivery Program) the City Directions were consolidated to five (5) City Directions of **Liveable, Green, Invest, Connected, and Lead.**

## Your Feedback

Aside from the engagement undertaken to prepare the draft Integrated Planning Suite, Council exhibited all plans from 24th April 2013 to Friday 7 June 2013. A number of mediums were used to ensure that the exhibition process engaged a broad spectrum of people. The consultation program incorporated:

- Advertisements published twice in the local papers
- Translated notices in locally distributed Arabic, Vietnamese and Chinese newspapers
- Copies of the plan made available on the Council's website and through the Councils Bang the Table forum;
- Displays set up in the Customer Service Centre and in the libraries;
- Letters sent to the local Members of Parliament, relevant government agencies, community organisations and individuals;
- A web forum, conducted on [www.bangthetable.com.au](http://www.bangthetable.com.au);
- A notice was included in the 4th quarter rates installment notices reaching around 45,000 households.
- An email was distributed to managers and team leaders alerting them to the exhibition of the documents and their role in the process.

Consultation and information sessions with following committees were conducted:

- Aboriginal and Torres Straight Island (8 people)
- Age and Disability (10 people)
- Youth (15 people)
- Migrant Interagency (20 people)
- Yagoona Lions (15)
- Revesby Rotary (10)
- Safety advisory committee (7 People)
- Bankstown Business Advisory Service Breakfast (100 people).

Council was able to meet directly with over 500 people through a number of face to face engagement activities.

- Four Workshops (including a Resident Panel Workshop) were conducted across the Bankstown LGA;
- One hundred and eighty teachers and students were engaged through Council's Civics Education Program;
- Twenty parents of local primary school students were engaged through the Birrong Expo;
- Sixty students and teachers at Bankstown TAFE; and
- A stall at the Centro civics roadshow.

These consultation sessions were tailored according to the audience.

Council's online forum, not including Council's own website, received 1,355 page views from 427 visitors over the exhibition period. Over 600 documents were downloaded from the website, which included Councils entire suite of draft Integrated Plans.

At the closure of the exhibition period 14 formal submissions had been received. The formal submissions raised a range of issues, including stronger approaches to particular areas of enforcement, challenges for Bankstown over the next 10 years, the capital works program, appropriate key performance indicators and the community vision. Council has considered and provided a response to all formal submission, making changes to each plan where appropriate. Details on how feedback was considered can be found in the report to Council at the Ordinary Meeting on the 25th June, 2013, available on Council's website.



## Mayor's Message

The Bankstown Community Plan is a product of thorough consultation carried out across the Bankstown LGA involving residents and community organisations.

The Plan captures the vision, hopes and aspirations our community holds for Bankstown City's future to help guide Council forward.

It is also a means of keeping us accountable and measuring our progress as we surge ahead in meeting and hopefully exceeding community expectations.

The original seven City Directions have been condensed into five in order to help Council sharpen its focus. After all, 'Enjoy' and 'Provide' form a part of everything we do.

As part of Council's strong commitment to community consultation, we are further strengthening residents input through our Resident Panel, which provides ongoing feedback to help shape Bankstown.

I want to stress that the Plan sets a broad framework and we all have a role to play in crystallising the vision of the future and making adjustments in the present.

I therefore encourage all members of our community to continue having a say. Council is always keen to hear from you. I use this opportunity to thank those who made submissions during the exhibition period.

As a life long resident and Mayor of Bankstown, I am tremendously proud of our achievements as a city, and I am passionate about the great potential we have yet to realise.

I look forward to continuing this exciting journey with you.

A handwritten signature in black ink that reads "Khal Asfour". The signature is written in a cursive, flowing style.

Clr Khal Asfour  
**Mayor of Bankstown City**

# COMMUNITY

## Working towards our Community Vision

This Plan is a strategic document that outlines the 10 year vision for Bankstown and guides Council's activities to achieve this vision.

The Bankstown Community Plan is built around five City Directions.

Under each direction sit a number of outcomes. These outcomes describe what kind of City the Community wants in the future, addressing key challenges in Bankstown's future including economic development, natural environment and continued growth. The key performance indicators identify how Council will track the City's progress and celebrate our successes.

While Council has a key role in shaping the future of our City, there are other key stakeholders who pay a vital role – our residents, local business and industry, community organisations and state and federal agencies. The success of the Plan will lie in its ability to develop strong partnerships with our community and key organisations and take a coordinated approach to meeting the community's needs. Council will work to encourage and support opportunities for collaboration between key Council units and stakeholders working together to deliver your City Directions.

The Bankstown Community Plan 2023 will be reviewed after each Council election to ensure it remains contemporary with the needs and vision of Bankstown City.

## The Community Vision

Bankstown is a thriving centre of Greater Sydney. We enjoy the services and facilities of a prosperous, growing city with lively neighbourhoods and a proud history. Our diverse population live and work together in harmony.

Bankstown is a modern, active community with quality transport infrastructure, clean waterways, pristine bushland and great community spaces and parks.

## The Corporate Vision

A culture, place and City of excellence.



## City Directions to support our Vision

The overarching vision of Bankstown City is supported by five City Directions:

### **LIVEABLE**

A City that offers high quality of life to diverse communities.

### **INVEST**

A City of economic and educational opportunities

### **GREEN**

A sustainable City that respects its natural environment

### **CONNECTED**

A City connected by safe and accessible transport

### **LEAD**

A City of innovation and participation

The five (5) City Directions describe what Bankstown City will look like in 2023 and form the basis of Councils Delivery Program, which is structured under 27 Term Achievements covering the period 2013-17.



## The Integrated Planning and Reporting Framework

The aim of the NSW Integrated Planning and Reporting Framework is to improve the way that Local Government plans and meets the needs of the community. The Bankstown Community Plan is a key component of the Integrated Planning process. The other components are explained and represented in the diagram on the following page.

### Delivery Program

This plan sets out the projects and services Council will deliver over the next 4 years that work towards achieving the five City Directions in the Bankstown Community Plan. The Delivery Program is made up of 27 Term Achievements, which are statements that direct the actions of Council. All plans, projects, activities and funding allocations are directly linked to the Delivery Program.

### Operational Plan

Bankstown City Council's Operational Plan is a one year plan, providing details of the individual projects and activities that will be under-taken each year to achieve the commitments made in the Delivery Program.

### Resourcing Strategy

The Resourcing Strategy provides information on how Council will implement responsibilities from the Bankstown Community Plan, taking into account our workforce, finances and assets. The Resourcing Strategy will enable Council to deliver services to the community in the most sustainable way. The Resourcing Strategy is made up of three components:

**Council's Workforce Management Plan.** This plan outlines how we will ensure Council has the staff with the skills to deliver the agreed outcomes over the next 10 years. This plan identifies current workforce challenges, gaps and resources required.

**The Asset Management Strategy.** This plan provides detailed information on the type and condition of our assets and their expected renewal requirements.

**The Long Term Financial Plan (LTFP).** This plan brings the budget, resourcing and asset management components together. It also models a number of scenarios in the context of constraints we face in the long term, providing a sound basis for financial decision making.

# PLAN





## The Bankstown Community

The City of Bankstown is one of the most multicultural Local Government Areas in Australia. It is currently home to 190,637 (ABS 2011) residents, speaking more than 120 different languages. The city is characterised by its affordable housing and commercial space, excellent transport and distribution links, large expanses of native bushland, and quality sporting facilities, recreational parkland and reserves.

The traditional custodians of the area are the Darug peoples. The district of Bankstown was established in 1797 by Governor Hunter in honour of Sir Joseph Banks, who sailed with Captain Cook on the Endeavour.

Bankstown is known for the diversity of its people, its strong sense of local identity and its strategic location within Sydney's primary transport and freight corridors. Located 20 kilometres south-west of the Sydney CBD it is only 30 minutes by train or road from Sydney Airport. Bankstown is accessible via air (Bankstown Airport), rail (Bankstown and East Hill (Airport) lines) and road. Major roads to access Bankstown include the M5 Motorway, the Hume Highway and Roberts Rd, Davies Rd, Milperra Rd, Henry Lawson Drive and King Georges Rd.

If we could shrink Bankstown's population into a village of 100 people, with all the existing human ratios remaining the same, it would look something like this:

---

51 would be female / 49 would be male

---

8 would be infants aged between 0-4 

---

14 would be children aged between 5-17 

---

53 would live in a 'couple with children' family 

---

20 would live on their own 

---

9 would be aged 60-69 

---

14 would be aged 65 or older 


---

56 would be Australian born 

---

44 would be born overseas, , including 7 from Lebanon and 7 from Vietnam.

---

55 would speak a language other than English at home 

---

56 would be Christian  and 19 would be Muslim

---

1 would be of Aboriginal descent 

---

# PLAN

---

86 would be Australian Citizens 

---

24 would live in households with a combined annual income of \$31,000 or less 

---

21 would live in households with a combined annual income of \$107,000 or more 

---

11 would live in households with no motor vehicle 

---

34 would own their own homes outright 

---

69 would live in a freestanding house 

---

29 are renting their property 

---

12 would be going to University or a tertiary institution now (2006 statistic N/A) 

---

50 would be in the labour force (2006 statistic N/A)

---

52 would be married.  4% from 2006)

---

---

 = Trending up       = Trending down       = stable

---

Document Sources- 2006 / 2011 ABS Census, I.D Community Profile and Forecast,  
and DEEWR 2011 Local Employment Figures

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## Our City Today and Tomorrow

By looking at Bankstown from a cultural, demographic and regional context we can better plan for the future. Bankstown is located in Sydney's south western suburbs, 20km from the Sydney CBD. Bankstown is a residential, commercial and industrial area which covers 78 sq km and includes 25 suburbs.

Bankstown is surrounded by the local government areas of Canterbury, Liverpool, Auburn, Fairfield, Parramatta, Strathfield, Hurstville and Sutherland. Major arterial roads such as the Hume Highway, Canterbury Road, the M5, Stacey Street and Rookwood Road traverse our local government area.

### TODAY

#### Population

In 2012, Bankstown's population is 190,637.

The 2011 census shows us that the Bankstown Community has a higher proportion of young people, fewer adults and homemakers, and an average number of older people. Comparing this with the census in 2006, we can see significant growth overall, particularly in the aged demographic.

Bankstown's population has grown by approximately 7% between the 2006 and 2011 Census. This is stronger than the Sydney and NSW growth of 6.6% and 5.6% respectively.

### TOMORROW (TEN YEARS)

An additional 12,000 people are expected to move into the area in the next 10 years. Most suburbs are expected to increase in population, with the key drivers being redevelopment opportunities in the Bankstown CBD and infill development in older suburbs such as Padstow and Yagoona

In the next 10 years, Bankstown expects a significant increase in young adults and young families who will be attracted to our medium density housing.

#### Education

Only 32.1 per cent of the Bankstown population hold post-high school education qualifications.

Around 25% of the Bankstown population were attending an educational institution in 2011.

Trends over the past decade have shown a significant increase in the amount of Bankstown residents gaining Bachelor or Diploma level qualifications.

This is predicted to continue over the next 10 years, fueled by the strengthening educational sector in and around Bankstown and our rich accessibility to the Sydney CBD.

## TODAY

### Health

The life expectancy of Bankstown residents is 78.8 years for male and 84.8 for females. This is comparable to the rest of NSW.

NSW Health also publishes data pertaining to adult health (aged 16 and over). Key statistics include:

- 8.0% of Bankstown residents have diabetes or high blood glucose, as compared with 7.4% of NSW
- 20% of Bankstown residents are obese, as compared with 17.4% of NSW
- 11.9% of Bankstown residents suffer from high and very high psychological distress, as compared with 11.5% of NSW

## TOMORROW (TEN YEARS)

The life expectancy of Bankstown residents is predicted to remain stable in the coming years.

The ageing population and large proportion of young children in Bankstown will require high quality health services.

Council will aim to support the growth in this key sector.

### Industry and Employment

Bankstown has its roots in trade, with manufacturing dominating industry and providing a significant amount of jobs.

Bankstown is a strong area for major industry, but also an engine room of small businesses that employ five or less staff.

Bankstown boasts the specialized Airport centre and has attracted several big names to the area in the past decade.

An overall decline in Australian manufacturing and trade will have an effect on Bankstown's key industries into the future.

However this decline will be met with increases in service based industries including healthcare and food services.

Council aims to be a facilitator and catalyst in the Bankstown economy, supporting all sectors and local jobs for local residents.

### Cultural Diversity

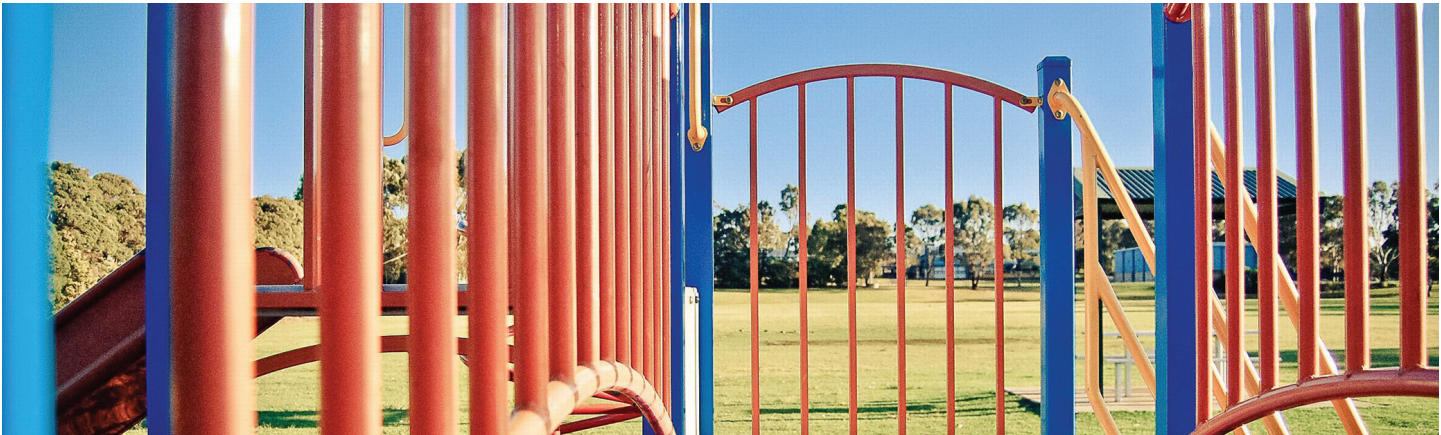
In Bankstown, the most common overseas birth places are Lebanon (8 per cent), Vietnam (7 per cent) and China (3 per cent). Our overseas-born population totals 35.8 per cent, with 32.3 per cent from a non-English speaking background.

Bankstown has always been popular with new migrants and hosts a very diverse and culturally strong community.

This is predicted to continue into the future with people from a wide range of places and nations contributing to a vibrant City.



# COMMUNITY



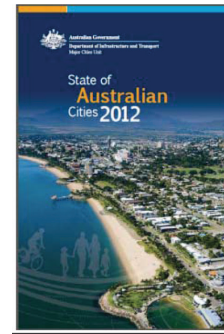
## Preparing the Bankstown Community Plan

Council uses a number of tools to gather information from the community, continuously monitoring our performance and changes in the Community's needs. The following documents represent an important component in preparing and delivering the Community's vision for Bankstown.

### State and Regional Plans

Council has considered relevant State and Regional Plans in preparing the Bankstown Community Plan, including recognizing and consulting on regional growth targets in our planning.

The South Western Sydney Regional Action Plan identifies the immediate actions the NSW Government will prioritise. These will complement the long term strategies being developed for NSW and existing regional strategies.



### Local Area Planning

These plans identify land use changes to balance the demands for future growth with the need to protect and enhance environmental values. It will ensure that adequate land, infrastructure, facilities and open space are available and appropriately located to sustainably accommodate future housing and employment needs. These plans will also inform the changes to the statutory planning framework and infrastructure priorities to 2031.



### Demographic Profiling

Council uses information gathered by the Census to predict the Bankstown community's future needs. Council analyses the age, gender, household type, employment type, level of education, cultural background and use of transport to direct our services to areas where they are needed most.



### Community Research Strategies

Council undertakes significant research with the community every year, from 'one-off' engagements that gather information for a particular project to the annual Community Satisfaction Survey, which allows us to monitor the Community's needs over time.





## How will we get there?

### Council’s Term Achievements

A Term Achievement is a statement describing Councils focus over the term of Council to deliver the City Directions.

Each Term Achievement is linked to a City Direction or number of City Directions, as below. The complete set of Term Achievements becomes Council’s next four year Delivery Program.

TERM ACHIEVEMENT	LIVEABLE	INVEST	GREEN	CONNECTED	LEAD
<p><b>TA 1.</b> Council will have integrated plans for local areas that recognise each location’s unique characteristics and heritage that guides the future development of our City.</p>	✓	✓	✓	✓	✓
<p><b>TA 2.</b> Council will have a leading local planning framework for development assessment, building certification and compliance that effectively manages the development of land in the City.</p>	✓	✓	✓	✓	✓
<p><b>TA 3.</b> Council will enhance and promote the CBD and town centres through public domain improvements.</p>	✓			✓	
<p><b>TA 4.</b> Council will provide well planned and maintained community assets in an economically sustainable manner.</p>	✓	✓	✓	✓	✓
<p><b>TA 5.</b> Council will improve the connectivity of roads, cycling and pedestrian networks to facilitate accessible, safe and convenient routes for all.</p>	✓			✓	
<p><b>TA 6.</b> Public parking will be accessible and actively managed.</p>	✓			✓	



# PLAN

TERM ACHIEVEMENT	LIVEABLE	INVEST	GREEN	CONNECTED	LEAD
<b>TA 7.</b> Our City's biodiversity will be protected and conserved with increased awareness in our Community.			✓		
<b>TA 8.</b> Council is a regional leader for catchment management and sustainability.	✓		✓		
<b>TA 9.</b> Council will provide access to high quality parks and open spaces for all ages and cultures.	✓		✓		
<b>TA 10.</b> Council will better utilise our energy and water resources.	✓		✓		
<b>TA 11.</b> Council will reduce the amount of waste to landfill through improved resource recovery across the City.	✓		✓		
<b>TA 12.</b> Council will implement strategies which respond to the social needs and well being of the Community.	✓	✓	✓	✓	✓
<b>TA 13.</b> Council will prepare and implement Community safety initiatives.	✓		✓	✓	✓
<b>TA 14.</b> Council will provide quality leisure and sports facilities and recreation programs.	✓		✓		
<b>TA 15.</b> Council will promote the City's rich cultural diversity through creative events and programs.	✓				

# COMMUNITY

TERM ACHIEVEMENT	LIVEABLE	INVEST	GREEN	CONNECTED	LEAD
<b>TA 16.</b> Council will promote and market the City.		✓			✓
<b>TA 17.</b> Council will increase opportunities for investment, employment and economic growth in the City.		✓			✓
<b>TA 18.</b> Our City's Library Services will be modernised to meet current and emerging needs of our Community.	✓	✓			
<b>TA 19.</b> Council is strategically and effectively managing its public land and property portfolios.	✓	✓	✓	✓	✓
<b>TA 20.</b> Council will respond to emerging aviation issues in the Sydney region and their impact on Bankstown.	✓	✓	✓	✓	✓
<b>TA 21.</b> Council will enhance Community participation, collaboration and engagement.	✓	✓	✓	✓	✓
<b>TA 22.</b> Council advocates for the City and its people.	✓	✓	✓	✓	✓
<b>TA 23.</b> Council is an employer of choice with a contemporary workforce plan which supports a safe and diverse workplace.					✓
<b>TA 24.</b> Council continues to be financially sustainable.	✓	✓	✓	✓	✓

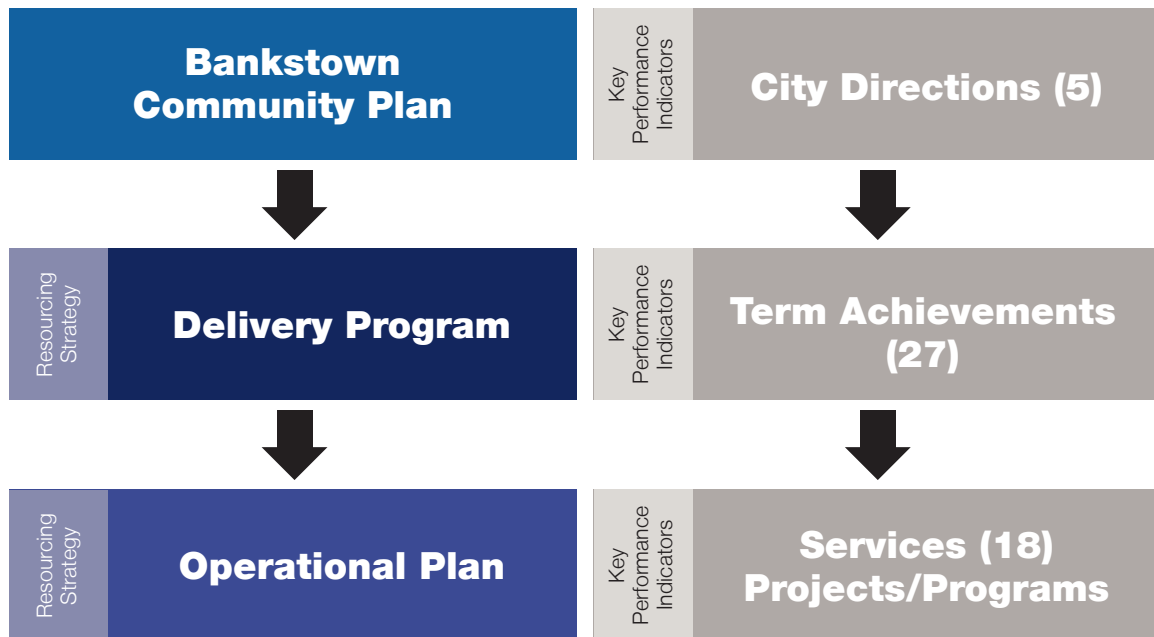
# PLAN

TERM ACHIEVEMENT	LIVEABLE	INVEST	GREEN	CONNECTED	LEAD
<p><b>TA 25.</b> Council will operate within a socially responsible and ethical governance culture.</p>	✓	✓	✓	✓	✓
<p><b>TA 26.</b> Council and the Community will be supported by effective information provision.</p>	✓	✓	✓	✓	✓
<p><b>TA 27.</b> Council will operate in an environment of innovation, continuous improvement and organisational excellence.</p>	✓	✓	✓	✓	✓

## Measuring Our Success

Continual improvement is central to Council's Integrated Planning and Reporting. Much of this hinges on Council knowing how it is tracking in its progress towards the Community Plan Directions. A system of Key Performance Indicators (KPI's) have been developed to measure City, Term Achievement and project outcomes. Council routinely analyses performance against these measures and regularly reports to the Community through biannual reports on the progress of the Delivery Plan, Annual Reporting and End of Term Reports.

To ensure that we deliver on this plan, and our five City directions, we actively look to our community for feedback on whether they perceive that we are meeting our promises and getting things right.



## City of Excellence

Bankstown City Council has chosen to use the Australian Business Excellence Framework as a way to become a 'City of Excellence'. The Business Excellence Framework is a tool that allows us to explore our own unique situation and a way of leading and managing our organisation to achieve sustainable organisational results. By looking at what we do and asking some straight forward questions such as:

- How are we really performing as an organisation
- What are we good at
- What do we need to do to improve

We can better understand what we are doing well. Essentially these are our strengths and also our opportunities for improvement. The Business Excellence Framework works together with our Corporate Values to underpin our City Directions and outcomes. This approach gives us a better understanding of how to improve the services we provide. Better services will lead to greater efficiencies and better outcomes for our community.

## Understanding the City Directions

The Bankstown Community Plan is structured around 5 City Directions that guide Council's actions towards achieving the Community vision over the next ten years. The City Directions are Liveable, Invest, Green, Connected and Lead. These City Directions represent key areas of concern over the next ten years raised by the Bankstown Community in consultation with Council.

Council's approach to these directions have been represented in this plan through the Australian Business Excellence Framework, explaining Council's approach, deployment and intended result. A series of measures are attached to each City Direction to show Council and the Community how well we are progressing.

The following six sections represent Council's approach to each City Direction:

**Partners:** A list of partners that Council will work with to deliver the result.

**The Role of Bankstown Council:** A description of the services and activities Council undertakes that will directly support the Direction.

**What did our Community Say?:** An explanation of key concerns of the Community in relation to the Direction.

**Think and Plan:** An explanation of the challenges in delivering this Direction and Council's long term strategic approach.

**Act and Accomplish:** Demonstrates which four year Term Achievements are designed to support this Direction, as below.

TERM ACHIEVEMENT LINK													
1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	

**Check, Measure and Report:** The objective of the Direction and key performance indicators.

# COMMUNITY



PLAN

# CITY DIRECTIONS



## LIVEABLE

**Liveable places have good access to public transport, local services and leisure facilities. They are clean, safe and attractive for users. And of course, you can live there: appropriate and affordable housing meets the diverse needs of residents.**

Our City is made up of diverse communities, with a range of lifestyles, interests and needs. High quality community assets, attractive town centres and balanced development will continue to support these strong communities.

The City's unique Town Centres will continue to be strong focal points for community life and will encourage a sense of belonging. Safe and clean local areas will ensure that residents have equal access to the important services that make a significant contribution to the City's liveability.

Bankstown's built heritage and natural assets will be preserved, providing our community with a sense of identity, pride and history. Ensuring that future growth is balanced with the Community's needs will preserve Bankstown's valued open space and public areas.

## PARTNERS

Council has a responsibility to work with a number of partners and advocate to other levels of government on behalf of the Community. Potential partners in achieving this strategic direction are:

- Regional Organisations of Councils (ROCs)
- Local education providers
- Government agencies responsible for transport, heritage, research, planning and infrastructure
- Community support groups

## THE ROLE OF BANKSTOWN COUNCIL

Council has a role in ensuring that future development retains Bankstown's identity and character while responding to future growth. The activities and services Council provides which directly support this direction are:

- Local Area Planning
- Support for Youth
- Support for CALD groups
- Support for aged persons
- Support for people with disabilities
- Development Assessment
- Aquatics and Leisure Services
- Events
- Heritage conservation
- Town Centre Improvements.
- Community Centres
- Providers
- Government agencies responsible for transport, heritage, research, planning and infrastructure.

## WHAT DID OUR COMMUNITY SAY?

Our community wants to retain the character, built heritage, sense of community and village atmosphere of Bankstown's suburbs. The community wants to look to the future by incorporating environmentally sensitive and attractive design features into local centres and community assets.

The community has told us that they think that clean and safe parks, public centres and facilities are important in making Bankstown a good place to live.

# COMMUNITY



## THINK & PLAN

### THE APPROACH

Our City is forecast to grow substantially by 2031 with an expected increase in housing and job numbers. Council must think strategically to accommodate these increases while ensuring that transport, infrastructure and services keep pace with the growing population, while maintaining a balance with the natural environment.

Continued growth in Sydney also means that housing is in high demand. With partners, Council is ensuring that affordable, attractive and sustainable housing is available to accommodate this growth.

Our City has a post-war era asset base in the latter stage of effective lives and ageing infrastructure with a replacement cost of \$2.6 billion dollars. Council must be able to successfully maintain and operate these assets within acceptable levels of service and balanced against available funding.

## ACT & ACCOMPLISH

### THE DEPLOYMENT

#### TERM ACHIEVEMENT LINK

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## CHECK, MEASURE & REPORT

### THE RESULT

A City that offers high quality of life to diverse communities.

### KEY PERFORMANCE INDICATORS

#### COMMUNITY WELLBEING

- Bankstown Local Government Area's ranking on the SEIFA (Socio-Economic Indexes for Areas) Index
- Percentage improvement in Community Wellbeing indicators in the Community Satisfaction Survey

#### ACCESSIBLE FACILITIES, SERVICES AND BUSINESSES

- Percentage of population within 400m of a park or reserve
- Number of development applications per annum

#### CONDITION OF FACILITIES

- Asset Management Plans completed
- Community satisfaction with the condition of Council facilities

## INVEST

### **Encouraging investment and economic growth in the City of Bankstown is essential to moving forward.**

Bankstown will maximize our local competitive advantage, capitalizing on our strengths and using them to drive local economic growth. We will have an attractive, vibrant City with a strong economy to attract new businesses and skilled workers.

Equally, our community will enjoy a range of education opportunities to increase the wellbeing and capacity of residents. This will include quality library and information services that are accessible for the whole community.

Retailing in our town centres will be supported by improved urban design and amenity for those who shop there, and the branding of Bankstown City will offer a unique selling point attracting further investment. Council will work with the support of local businesses and residents to achieve these goals.

## PARTNERS

Council has a responsibility to work with a number of partners and advocate to other levels of government on behalf of the Community. Potential partners in achieving this City Direction are:

- Regional Organisations of Councils (ROCs)
- Government agencies responsible for transport, research, planning and infrastructure
- Local businesses
- Educational institutions
- Neighbouring councils

## THE ROLE OF BANKSTOWN COUNCIL

Council has a role in ensuring that Bankstown is in a position to support businesses and economic development in its planning and regulations. Council also supports investment in Bankstown by promoting the City. The activities and services Council provides which directly support this direction are:

- Marketing and Business Liaison
- Bankstown Business Advisory Service
- Strategic Planning
- Ensuring Development Assessment is compliant and provides for affordable and diverse housing choices
- Hosting and Supporting Events
- Town Centre Improvements.
- Implementing the Economic Development Strategy

## WHAT DID OUR COMMUNITY SAY?

The community wants more jobs, education opportunities and access to shops and services in their local neighbourhoods.

The community wants to improve their skills and to be provided with more information on how to access continued education in formal and informal settings.



# COMMUNITY



## THINK & PLAN

### THE APPROACH

Bankstown has a higher proportion of workers in unskilled or semi-skilled occupations than the rest of Sydney and a lower proportion of managers and professionals. In our community, only a small proportion of people have formal qualifications.

Bankstown is in a period of transition with industrial restructuring resulting in job losses, particularly in older manufacturing industries, which are yet to be replaced by new “higher order” jobs. Manufacturing is Bankstown’s largest industry sector with around 18,000 jobs, followed by retail trade, health and the community services sector. Council will plan for and work with local industry to ensure continued development in these sectors.

In order to maintain economic growth, Council will work to reposition Bankstown as a key employment and development destination. This will require a more varied approach to employment lands planning with intensification in some precincts and possible conversion to mixed use or residential in other precincts.



## ACT & ACCOMPLISH

### THE DEPLOYMENT

#### TERM ACHIEVEMENT LINK

1	2	3	4	5	6	7	8	9	10	11	12	13	14
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## CHECK, MEASURE & REPORT

### THE RESULT

A City of economic and educational opportunities.

### KEY PERFORMANCE INDICATORS

#### EMPLOYMENT

- Labour force participation rate
- Youth employment rate

#### BUSINESS START-UPS AND DIVERSITY

- Gross Regional Product
- Number of ABN registrations in the Bankstown LGA

#### EDUCATION AND SKILLS

- Percentage of population with tertiary qualifications
- Percentage of population without post school or trade qualification
- Percentage of households with access to the internet

## GREEN

**A green City has successfully balanced development and the built environment with green, living spaces. Sustainable growth enhances the natural environment through good planning.**

Council will be pursuing a number of initiatives in the coming years in the areas of energy, water, biodiversity, transport, waste and sustainable corporate processes.

Many of these actions, while led by Council, will be carried out in partnership with the community, regulatory authorities and other stakeholders. Council will also participate in catchment-wide and regional initiatives to ensure that environmental programs are coordinated across local government boundaries.

## PARTNERS

Council has a responsibility to work with a number of partners and advocate to other levels of government on behalf of the Community. Potential partners in achieving this City Direction are:

- Regional Organisations of Councils (ROCs)
- Local education providers
- Government agencies responsible for transport, heritage, research, planning and infrastructure
- Environmental concern groups
- Schools
- Neighbouring councils

## THE ROLE OF BANKSTOWN COUNCIL

Council has a role in ensuring that Bankstown remains sustainable in the use of its energy, water, waste and transport.

The activities and services Council provides which directly support this direction are:

- Strategic Planning
- Parks and Recreation
- Natural Environment
- Resource Recovery
- Recycling and waste recovery programs

## WHAT DID OUR COMMUNITY SAY?

The community wants clean waterways, healthy green corridors and to produce a smaller environmental footprint. The community also wants Bankstown to be leader in environmental protection and management.

Protecting waterways and environmental education are areas in which the Community wants further investment.



## THINK & PLAN

### THE APPROACH

Bankstown's natural environment is rich, diverse and unique. It covers an area of approximately 525 hectares and provides a valuable resource for local residents and visitors alike.

There are eight catchment areas that serve the Bankstown City, being Prospect Creek, Duck River, Cooks River, Salt Pan Creek, Little Salt Pan Creek, Kelso Creek, Milperra and Georges River. Bankstown Council is part of three regionally based catchment management groups that work together to look after the Georges River, Cooks River and Parramatta River catchments.

The overall cost of waste management has increased by \$6.1M (or 38%) in four (4) years, and with costs continuing to rise, a strategic approach is required. Council is committed to ensuring that waste, recycling and pollution is managed well in the City. Currently, Council's Recycle Right program represents industry best-practice and innovation to suit a culturally diverse community.

Through many of its sustainability projects Council is saving energy and water and improving the natural environment and biodiversity, including water saving initiatives, an active transport strategy, a biodiversity strategy and energy safety initiatives.

## ACT & ACCOMPLISH

### THE DEPLOYMENT

#### TERM ACHIEVEMENT LINK

1	2	3	4	5	6	7	8	9	10	11	12	13	14
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## CHECK, MEASURE & REPORT

### THE RESULT

A sustainable City that respects its natural environment.

### KEY PERFORMANCE INDICATORS

#### HABITAT HEALTH

- Improved water quality indicators
- Hectares of bushland in the Local Government Area
- Improved noxious weed management across the Local Government Area

#### PARKS AND OPEN SPACE

- Increasing percentage of residents satisfied with the maintenance of parks and sporting grounds

#### ENERGY AND WATER CONSUMPTION

- Energy use by sector and per capita
- Water use by sector and per capita
- Percentage of waste diverted from landfill
- Increase in the rate of recycling
- Council's energy use

## CONNECTED

### **Our City will have accessible modes of transport and support all transport users in commuting safely.**

Our high car ownership rates, coupled with an increasing number of our residents favoring cars over other forms of transport, means that a number of our local road networks have high levels of congestion.

This makes the management of traffic through our city a key priority. The community has also expressed concern over parking, requesting more convenient parking close to businesses but with better enforcement of timing and restrictions.

Planning for local areas should aim to reduce the reliance on private vehicles and fossil fuels in an integrated multimodal network.

Installing more designated bike and pedestrian paths connecting key locations around the city can provide practical and sustainable transport options to driving. Ensuring that services are conveniently placed in a local context will encourage active transport.

## PARTNERS

Council has a responsibility to work with a number of partners and advocate to other levels of government on behalf of the Community. Potential partners in achieving this City Direction are:

- Regional Organisations of Councils (ROCs)
- The Roads and Maritime Services
- Relevant state and regional taskforces
- Local transport concern groups

## THE ROLE OF BANKSTOWN COUNCIL

Council has a role to investigate the provision of better public transport and congestion management initiatives and continue to advocate to the state government on behalf of our community.

The activities and services Council provides which directly support this direction are:

- Strategic Planning
- Roads and Infrastructure Planning
- Footpath provision and maintenance
- Road provision and maintenance
- Advocacy in relation to State roads, transport and infrastructure
- Active transport strategies
- Town Centre Improvements

## WHAT DID OUR COMMUNITY SAY?

The community wants a well connected transport network, with services and infrastructure that serve their needs while being sustainable, efficient and affordable.

Council's annual Community Satisfaction Survey tells us that walking and cycling paths are increasingly valued by the community, but still considered 'niche' transport options that aren't available to the whole community.



# COMMUNITY



## THINK & PLAN

### THE APPROACH

Road safety has been consistently rated as highly important by the Community in the annual Community Satisfaction Survey. With both the Hume highway and the M5 Motorway running through Bankstown, the city has significant traffic flow.

With increasing congestion across Sydney, Bankstown's public transport system must accommodate increasing demand by residents, businesses and visitors.

We will work collaboratively with our partners, to respond to our increasing population and their requirements for connection to our workplace, educational, retail and recreational destinations. We will embrace emerging transport technologies to improve the integration of our transportation systems and connect and develop our cycleways and walkways to encourage more people out of their cars. We will stay abreast of our aging infrastructure, which needs to cope with greater usage, to ensure our assets are appropriately planned and maintained.

Bankstown is largely car-dependant in its modes of transport, and providing convenient, equitable and accessible parking is important to our community.

## ACT & ACCOMPLISH

### THE DEPLOYMENT

#### TERM ACHIEVEMENT LINK

1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	

## CHECK, MEASURE & REPORT

### THE RESULT

A City connected by safe and accessible transport.

### KEY PERFORMANCE INDICATORS

#### CONNECTIVITY

- Percentage of residents satisfied with local transport
- Bus coverage of the LGA

#### CYCLING, WALKING AND USING PUBLIC TRANSPORT

- Usage of public transport
- Kilometres of dedicated walking and cycling trails in the Bankstown Local Government Area
- Percentage of residents satisfied with the availability and condition of footpaths and cycle ways
- Percentage of residents who cycle to work

## LEAD

**This direction is about Council making positive strategic decisions for the Community, and advocating on the Community's behalf when possible.**

Council has a key role in ensuring that all members of the community have an opportunity to take part in Council's decision making processes and are supported in accessing information, resources and services.

This is vital in ensuring that the needs and priorities of our community are understood and incorporated in Council's operations and strategic planning.

## PARTNERS

Council has a responsibility to work with a number of partners and advocate to other levels of government on behalf of the Community. Potential partners in achieving this City Direction are:

- Regional Organisations of Councils (ROCs)
- Community Organisations

## THE ROLE OF BANKSTOWN COUNCIL

Council plays a key role in ensuring that members of the Bankstown community have equal opportunity to participate meaningfully in Council's decision making processes.

The activities and services Council provides which directly support this direction are:

- Strategic Planning
- Integrated Planning and Reporting
- Community and Cultural Development
- Customer Service
- Implement the Bankstown Community Engagement Policy and Toolkit

## WHAT DID OUR COMMUNITY SAY?

The community wants more opportunities to participate in local activities and to foster more caring and connected neighbourhoods.

The community identified greater public awareness and communication with residents as an area which could be improved, including opportunities to provide feedback.



# COMMUNITY



## THINK & PLAN

### THE APPROACH

Bankstown is committed to organisational excellence, with a dedication to business improvement.

The review of the NSW planning system highlights the importance of community engagement, proposing a Public Participation Charter.

Community involvement and engagement is at the heart of good governance and we will ensure that our City Direction meets the aspirations of our local community. We will develop a leadership culture focused on our new mission: Working with our community and partners to provide strategic leadership, effective projects and quality customer services.

## ACT & ACCOMPLISH

### THE DEPLOYMENT

#### TERM ACHIEVEMENT LINK

1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	

## CHECK, MEASURE & REPORT

### THE RESULT

A City of innovation and participation.

### KEY PERFORMANCE INDICATORS

#### COUNCIL TRAINING AND DEVELOPMENT

- Training and development expenditure
- Staff satisfaction with professional development opportunities

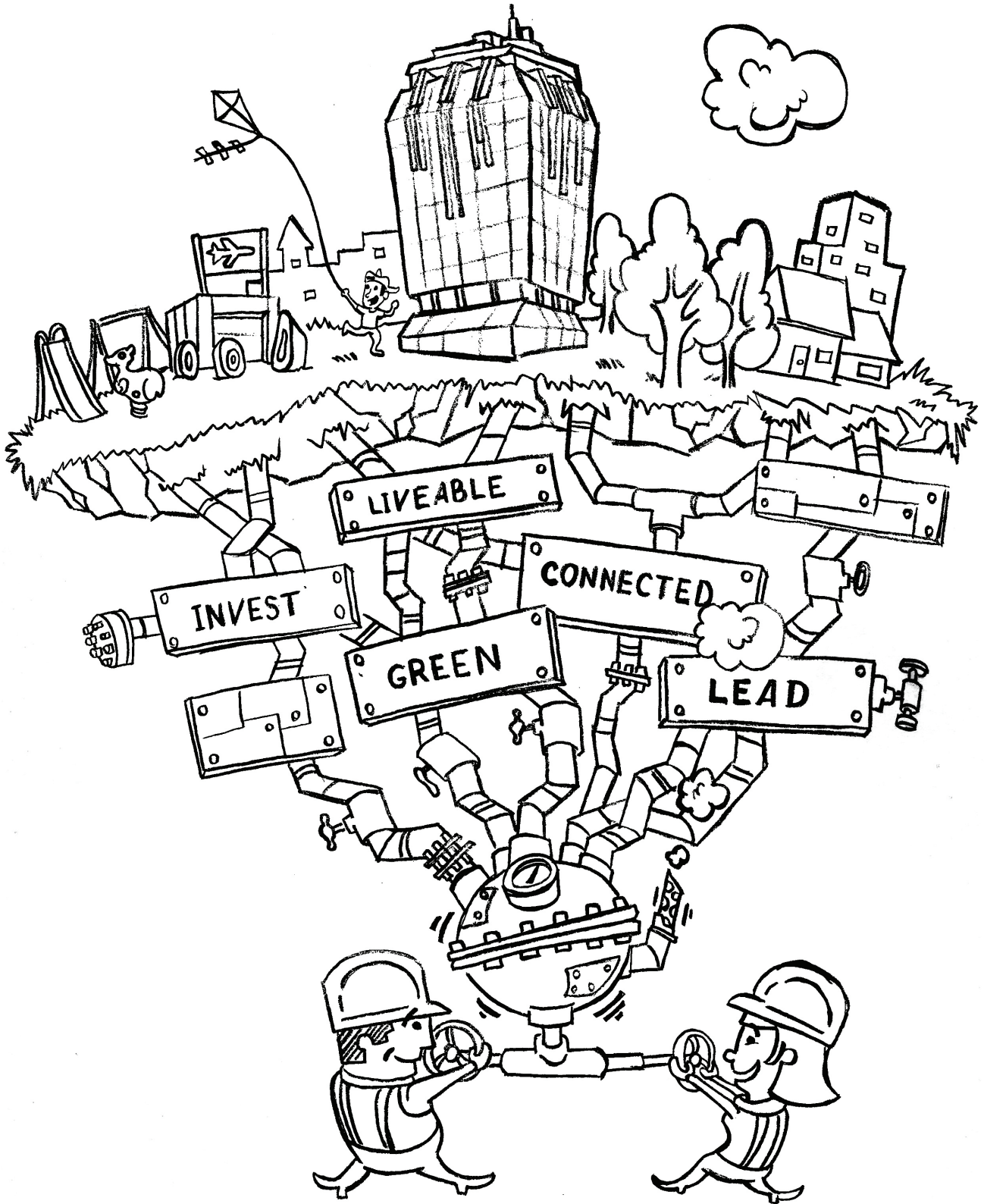
#### COMMUNITY AWARENESS

- Percentage of residents who report that they understand Council's role
- Percentage of residents satisfied with the overall performance of Council annually

#### COMMUNITY PARTICIPATION

- Increase in formal volunteering rates and participation in community groups
- Percentage of votes counted as formal

# COMMUNITY





# PLAN

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please contact Council on 9707 9999.

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# BANKSTOWN COMMUNITY PLAN

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