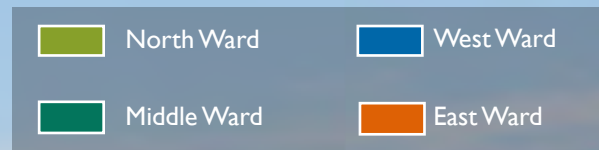


RESOURCING STRATEGY





KOGARAH CITY PROFILE



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1. BACKGROUND

The Resourcing Strategy has been prepared in accordance with the requirements of the State Government's Integrated Planning Framework and gives consideration to the capacity for Council to deliver on its responsibilities within *Bright Future, Better Lifestyle: Kogarah 2020*, our City's community strategic plan.

The diagram below outlines Council's integrated planning and reporting framework and outlines the relationship between the Resourcing Strategy and other elements of the Integrated Planning framework.



Both the Community Strategic Plan and the Resourcing Strategy inform and are informed by the four-year Delivery Plan, which has also been developed to meet the requirements of the Integrated Planning Framework.

The Resourcing Strategy incorporates the following:

Council's Workforce Plan

The Workforce Plan is focused on retaining staff, developing leaders, skilling managers, and positioning Council as an employer of choice.

Council's Asset Management Framework

The Asset Management Framework is a reflection of Council's intention that our community's infrastructure network is maintained in partnership with other levels of government and stakeholders to meet the need of the local residents. As part of this, the Plan is predicated on the need for assets to be maintained at a reasonably safe and functional standard as detailed in the Plan. Critical to the achievement of the Plan will be the provision of sufficient funding over the life of the Plan to ensure that infrastructure provides services at the standard that the community agrees to and can afford.

Council's Long Term Financial Plan

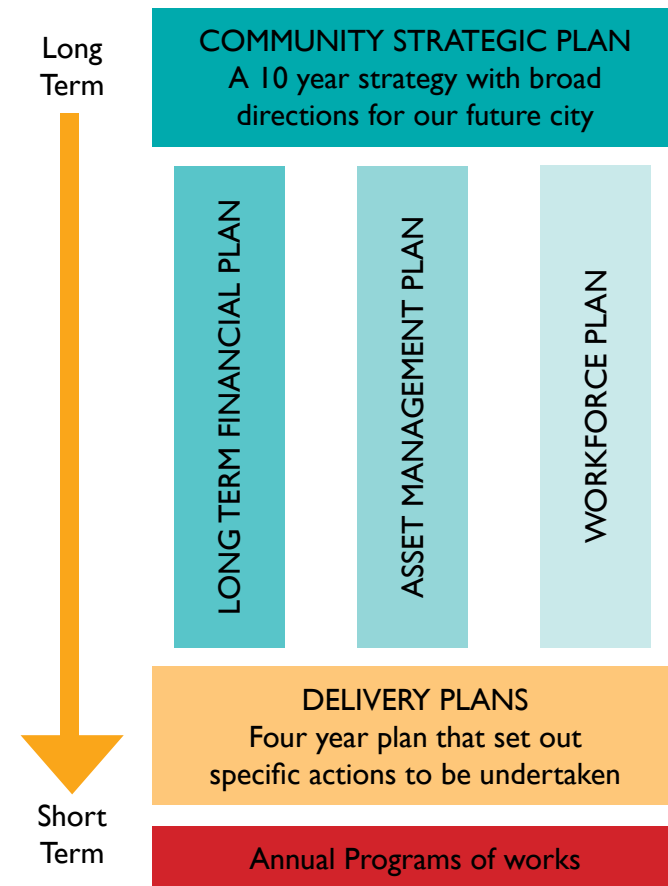
The Long Term Financial Plan focuses on Council's long term goal of financial sustainability and delivering quality services to the community. The Long Term Financial Plan is a decision making tool. It is not intended to be a document that specifically indicates to what services or proposals funds should be allocated; rather it addresses areas that impact on the Council's ability to fund its services and capital works, whilst living within its means and ensuring financial sustainability.

1.1 RELATIONSHIP TO THE COMMUNITY STRATEGIC PLAN

The Resourcing Strategy supports the six key Strategic Directions of *Bright Future, Better Lifestyle: Kogarah 2020* being:

A CLEAN, GREEN AND SUSTAINABLE CITY
A LIVEABLE AND CONNECTED CITY
A THRIVING AND PROSPEROUS CITY
A VIBRANT, SAFE AND INCLUSIVE CITY
AN ACTIVE AND HEALTHY CITY
AN INNOVATIVE AND EFFICIENT COUNCIL

These Key Strategic Directions also guide the direction of Council's Delivery Plan, budget and capital operational allowances. The diagram below represents how each of the plans fit within the overall Resourcing Strategy Framework:





1.2 COUNCIL'S CHARTER, MISSION AND VALUES

The Local Government Act 1993 provides Council with the following Charter:

- to facilitate the involvement of Councillors, members of the public, users of facilities and services and council employees in the development, improvement and co-ordination of local government;
- to raise funds for local purposes by the fair imposition of rates, charges and fees, by income earned from investments and, when appropriate, by borrowings and grants;
- to keep the local community and the State Government (and through it, the wider community) informed about its activities;
- to ensure that, in the exercise of its regulatory functions, it acts consistently and without bias, particularly where an activity of the council is affected; and
- to be a responsible employer.

In order to fulfil the Charter, Kogarah City Council has developed the following Vision and Mission Statements:

Our Vision:

A viable and sustainable future in partnership with our community.

Mission:

To build on the diversity of our community
To improve our natural and built environment
To respond to changing community needs and expectations

2. WORKFORCE PLAN

- 2.1 Council's Staff Values
- 2.2 Organisational Structure
- 2.3 Current Workforce Profile
- 2.4 Workforce Issues Identified
- 2.5 Opportunities
- 2.6 Workforce Planning Strategies
- 2.7 Review
- 2.8 References

2. WORKFORCE PLAN

Council's Workforce Planning Process is a continual process designed to match workforce requirements with organisational objectives, now and in the future. It provides us with direction and helps identify our future desired workforce. In simple terms, our Plan aims to have the right people in the right place at the right time, all the time.

Further, it contributes to the attraction, retention and development of a capable workforce which delivers Council's strategy and ensures we have adequate and appropriately skilled staff employed in the most effective way.

Council's Workforce Plan supports our Strategic Community Plan, *Bright Future, Better Lifestyle: Kogarah 2020*. The Plan is also an extension of our already existing workforce programs, policies, procedures and plans and should continue to link in with these processes.

Some of the main benefits¹ derived from the workforce planning process are:

- Appropriate numbers of staff are being recruited or developed to meet future needs;
- Reduced staffing costs through appropriate staffing levels;
- Reduced staffing costs by correcting skill imbalances before they become unmanageable and expensive;
- Improved identification of staff development needs;
- Improved capacity for career management;
- Improved employee productivity through better job design;
- Increased job satisfaction
- Improved employee relations
- Reduced staff turnover
- New or emerging job roles can be planned for through specific recruitment or training initiatives
- An enhanced capacity for staff to perform higher value work¹.

The Workforce Plan consists of the following sections:

- Council's Staff Values and Organisational Structure.
- Current Workforce Profile – provides a snapshot of current staffing levels and trends.
- Workforce Issues Identified – analyses internal & external factors & identifies gaps that may impact on our existing & future workforce.
- Opportunities – identifies opportunities and lists overall recommendations to bridge the gaps identified.
- Workforce Planning Strategies – outlines specific strategies to address the workforce issues facing us now and in the future.
- Review – outlines how and when reviews of the Workforce Plan should occur.
- References – lists other material / documents that have been referred to when developing the Plan.

2.1 COUNCIL'S STAFF VALUES

Kogarah City Council's Values (VISTA) are at the very core of what we do and help to build and maintain our family friendly, cohesive and progressive culture.

Our values guide our behaviour, how we go about our work, how we engage with each other and our customers, the choices we make and how we spend our time. They also provide a framework for improving the way we do things.

Our values should be reflected in our everyday actions and decisions and by all employees, regardless of their position and whether with us for a short time or long term career.

We measure our success by living up to these values each day of our career with Kogarah City Council.

Our values are:

- Valuing people
- Integrity
- Serving our customers
- Teamwork and communication
- Achieving excellence

Valuing People

We care about our people.

We show this by:

- Treating others with kindness and courtesy
- Respecting people's differences and accepting their individual characteristics
- Embracing diversity
- Acknowledging the ideas and contributions of others and celebrating successes
- Working in a safe manner

Integrity

We value trust, honesty and respect for each other.

- Being open and honest with each other
- Being reliable and delivering on our commitments
- Acting fairly and lawfully
- Being consistent in our decision making, behaviour and interactions
- Maintaining high standards of personal conduct and character

Serving our Customers

We provide quality service to our customers.

- Listening and responding to the needs of both our internal and external customers
- Delivering prompt, courteous and helpful service
- Providing services and facilities that offer value to the community in terms of cost, quality, reliability and timeliness
- Ensuring our decisions are economically, socially and environmentally sustainable
- Having positive interactions with other staff and the community.

Teamwork and Communication

We work together to achieve our shared goals and objectives.

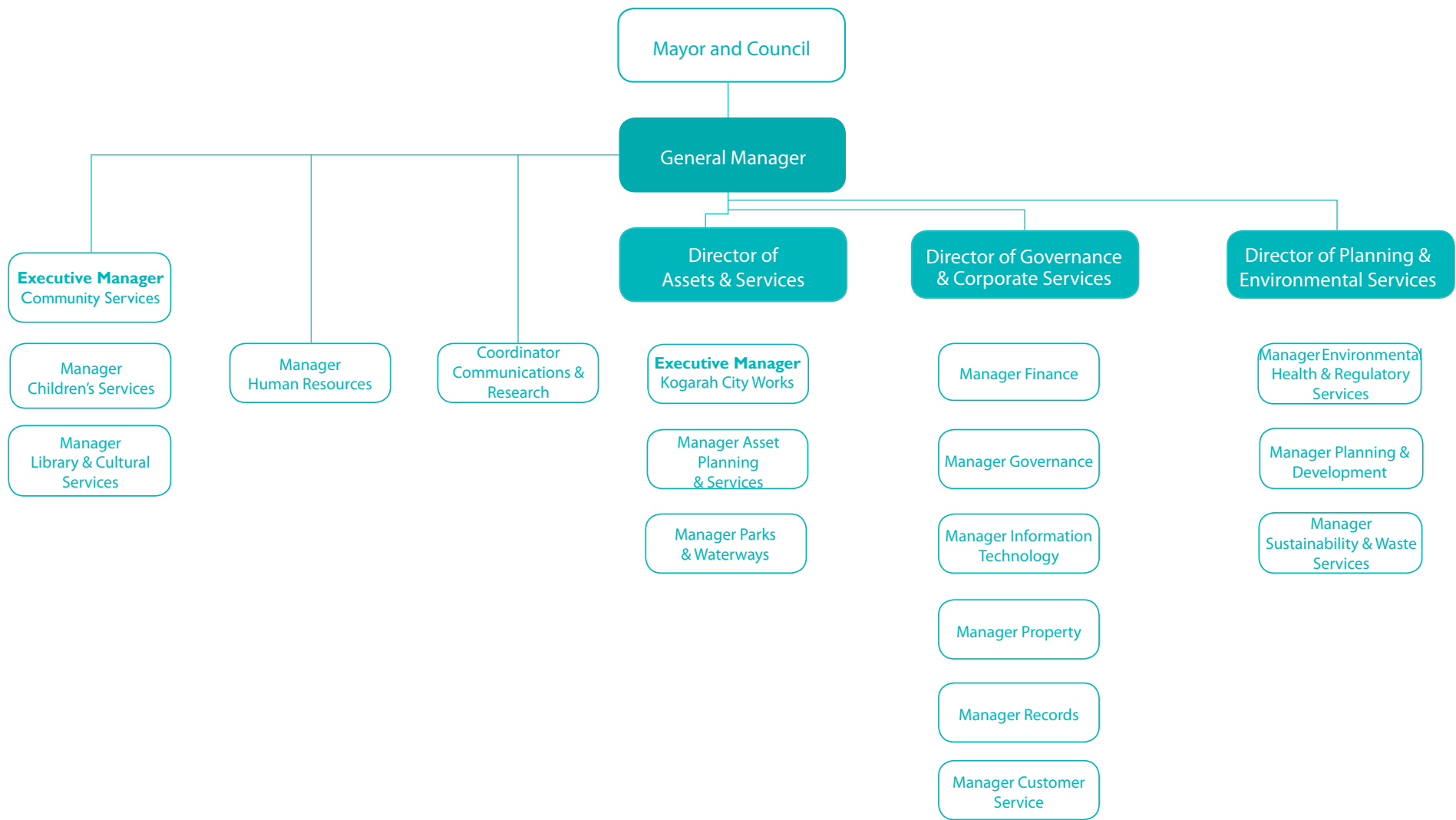
- Willingness to be flexible in assisting others when they need help
- Sharing knowledge, ideas and talents to problem solve and achieve outcomes
- Engaging in clear and open communication
- Encouraging participation in decision making
- Open and honest communication.

Achieving Excellence

We achieve Excellence.

- Leading by example in all areas of our business
- Being innovative and having a strong commitment to continuous improvement
- Promoting and embracing meaningful change
- Applying ourselves fully so that we consistently meet or exceed individual, team and organisational goals and objectives
- Persisting when faced with obstacles or challenges.

2.2 ORGANISATIONAL STRUCTURE



2.3 CURRENT WORKFORCE PROFILE

Kogarah City Council is considered a small to medium size Council, employing some 339 staff across a very diverse range of occupations.

Employment Status

Our workforce consists of permanent, temporary and casual staff and this combination contributes to not only commitment and loyalty but also allows flexibility in responding to the needs of our community. Staffing levels as at December 2012 were as follows:

Status	Number of Staff
Permanent Full time	202
Permanent Part time	66
Temporary Full Time	14
Temporary Part Time	6
Casual	51

As indicated above, approximately 79% of our staff are employed on a permanent basis and 21% are employed on a temporary / casual basis. Just under one quarter of all permanent staff are employed on a part time basis indicating that flexible work arrangements are utilised by Council staff.

Gender Profile

Currently the ratio of female to male staff is almost equal, with 48.67% of our workforce female, and 51.33% male. This demonstrates a good mix of diversity in our workforce. Further, it should be noted that this ratio closely matches the gender profile of the community which we serve.

Age

Our permanent workforce is spread across all age ranges, as outlined below:

Age Bracket	Number of Staff	Percentage of total workforce
Under 25 yrs	38	11.21 %
25 – 34 yrs	83	24.48 %
35 – 44 yrs	74	21.83 %
45 – 49 yrs	41	12.09 %
50 – 54 yrs	48	14.16 %
55 – 59 yrs	31	9.14 %
60 – 64 yrs	17	5.01 %
65+ yrs	7	2.06 %

Looking at these figures, it can be seen that just over one quarter (30.37%) of all staff are aged over 50 years, which shows that Council is no longer highly reliant on mature aged workers. Obviously there is a high attrition rate associated with older workers, especially as they approach retirement age. This has further been confirmed by a recent Future Work Plans survey conducted at Council which indicated that over half of respondents to the survey (approximately 15 staff) are planning on leaving Council within the next 2 to 10 years. This will contribute to a higher turnover rate and may result in possible skill gaps in various departments and positions across Council.

Council also has good representation of staff in the younger and mid career age brackets, with approximately 11.21% of staff aged under 25 years and over 58.4% between ages 25 and 49 years.

Location

Our workforce is made up of staff from various Local Government Areas.

LGA	Number of Staff	Percentage of total workforce
Kogarah	83	24.49 %
Rockdale	34	10.02 %
Hurstville	21	6.19 %
Sutherland	100	29.50 %
Other	101	29.79 %

Approximately 25% of staff employed by Council also resides within the Kogarah City Local Government Area (LGA). A number of other employees also reside within neighbouring LGA's. This could indicate that proximity to home is an important factor when potential staff consider applying for a job with Council.

Occupations

Council employs staff across a range of occupational groups, including various professional, technical, operational and administrative positions. According to a recent Workforce Planning Survey issued to Managers, many consider that a large proportion of positions across their areas of delegation are critical to the ongoing success of Council operations. This means that we must, where possible, ensure that we have the right skills and capabilities available at any time to fulfil these positions.

Turnover

Our current level of staff turnover is 7%. Last year this figure was 9.8%. This figure is slightly lower than local government benchmarks. Through information collected via exit questionnaires there appears to be no obvious issues of concern, however the Human Resources department will continue to monitor and analyse reasons for staff exits in the future.

2.4 WORKFORCE ISSUES IDENTIFIED

A number of issues are currently facing Council in terms of our existing workforce and such issues have been identified via:

- Analysis of our current Workforce Profile.
- Results of staff surveys – A survey was issued to staff aged 50 years and over, asking respondents about their work and retirement plans and what is shaping these plans. Another survey was issued to department Managers and sought information about current and future staffing and skill needs, including the identification of critical and difficult to fill positions, as well as general thoughts on Council's working environment.

Internal factors

The Survey results, together with information from our current workforce profile indicate the following:

Age profile of our workforce

Just under one fifth of our current workforce is aged over 50 years and many staff will be considering retirement within the next 10 years. This means that we will face challenges in filling the skill gaps as older employees retire and leave the workforce.

Differing needs of a multigenerational workforce

Council has three generations currently engaged in the workforce: the baby boomers, generation X and generation Y. Each generation has unique traits which define them and influence their attitudes and expectations regarding work. For example, external studies show that generation X and Y are defined by an increased grasp on technology, mobility and an idealogy that seeks a balance in life. Baby boomers on the other hand have a deep knowledge base, are fiercely loyal and have traditionally worked longer hours. The staff opinion survey provided further information on the attitudes and expectations of our existing workforce. Regardless, varying attitudes and expectations towards work directly impacts on the types of attraction and retention strategies that should be adopted by Council.

Further, results of our Future Work Plans survey indicated that a large proportion of our workers aged over 50 years may be interested in accessing flexible work arrangements leading in to retirement. Again, this indicates a need to put in place programs to ensure Council is responding to the needs of our workers.

Critical Positions

Managers have identified via the Workforce Planning Survey that a number of positions are critical to the ongoing functioning of Council's operations. If such positions were left vacant for a period of time, this could have a detrimental impact on service delivery. These critical positions have been identified at all levels of the organisation, not just at Management and senior levels. Many of these positions are considered critical for various reasons, including community / customer demand or simply due to the specialised nature of the position and the specialised skill and knowledge requirements of the position incumbent.

To minimise any detrimental effects that could be caused by a position incumbent leaving a critical position, Council must ensure ongoing succession planning is undertaken for such positions.

Internal Skill Gaps

Many of our workers will soon be approaching retirement age and we may face some challenges in filling skill / employment gaps as these older employees leave the workforce. Younger employees remaining with Council are less likely to have the acquired skills and experience necessary for promotion to senior and managerial roles, which indicates a need for ongoing succession planning.

Managers however have identified that such skill gaps may be able to be filled internally, in some cases by the acquisition of relevant tertiary qualifications and on-the-job experience and mentoring. Also, more than half of all department Managers believe that future leaders exist within their departments, which means that many of these skills gaps can in fact be filled internally, by encouraging ongoing staff development and internal promotion of such staff.

Specific skill shortages have been identified in the following areas: Environmental Health, Engineering and Early Childhood Teaching.

External factors

Australia is confronted with the global phenomena of technological and demographic changes that are slowing growth of the workforce and dramatically changing the way we work. These national and global trends all contribute to a skills shortage in particular key areas and currently threaten Local Government².

Specifically, some external influences which may impact upon our future Workforce include:

An ageing workforce

Australia's population is ageing and this is mainly due to sustained low levels of fertility and increasing life expectancy. According to the latest population projections released by the Australian Bureau of Statistics (ABS), Australia's population is set to change substantially over the next 50 years, and it is predicted that around one in four Australians will be 65 years or older by 2056³. This is in contrast to population figures in 2007 which showed that only 13% of our population were 65 years and older.

Research highlights that there is a reduced desire to remain in the workforce for those of retirement age for various reasons (mid 50s to early 60s)⁴. The ageing workforce together with the trend towards early retirement will have a direct impact on the size of our workforce and will directly impact on the potential pool of employees available to local government, and more specifically, Council.

A shrinking workforce

Australia's workforce is shrinking. This can be demonstrated by the following statistics: Our working age population usually grows by around 180,000 people every year, but trends already in place will see the working age population grow by just 190,000 for the entire decade of the 2020s - a tenth of the current pace⁵. This is a direct result of the ageing population, as well as a fall in the number of young people of working age, which is due to lower levels of fertility. This will obviously result in a much smaller workforce and will directly impact on the potential pool of employees available to local Government, and more specifically, Council.

Differing needs and expectations of multi-generational workforce

As is reflected within our own workforce, the labour market as a whole consists of 3 generations, all of which have varying attitudes and expectations towards work. This means that employers need to adopt a variety of workforce strategies to meet the various needs of workers.

Skills shortages

Skills shortage is a major issue facing Australia's workforce, as the Australian workforce is not growing fast enough to keep up with the demand for labour and the particular skills required by many industries⁶.

Skill shortages have been identified in a number of occupations required by local government, including engineering, town planning, environmental health and early childhood teaching.

Increasing Competition

There is increasing competition across local government and private industry to attract and recruit employees with the right skills and experience, which means employers need to continually set themselves apart from others and market and promote themselves accordingly.

Other factors

In addition, technological changes, rising expectations of the community, financial reforms, together with changes in legislation could also impact on our future workforce requirements.

2.5 OPPORTUNITIES

Despite the above challenges facing Council now and in the future, there are a number of positive factors that should be highlighted.

- Evidence suggests that Council has a good reputation, an enviable work culture and offers competitive employment conditions and benefits;
- Managers have identified that a number of 'future leaders' exist across Council;
- Many existing staff may have the potential to fill critical positions in the future, (provided specific qualifications are acquired and further training is undertaken);
- The global economic crises may lessen the impact of candidates in short supply (in the short term).

To address workforce issues identified in section 2.4 and to ensure any workforce gaps are minimised, the following general recommendations are made:

1. Continue to attract and recruit staff from a wider applicant pool so as to allow Council to become a career pathway for a range of potential new recruits – i.e. consider age diversity (both young and mature), people from diverse backgrounds (multi cultural, indigenous Australians, women with children, people with a disability)
2. Focus on retaining appropriately skilled staff, including retaining our older workforce as well as younger generations;
3. Continue to strengthen our reputation as an employer of choice, thereby assisting with attraction and retention; and
4. Offer continuous learning and development opportunities for all staff and accelerate the development of the next generation of leaders, thereby ensuring any skill gaps are reduced.

2.6 WORKFORCE PLANNING STRATEGIES

Objective 1: Attraction and Recruitment of staff from a wider applicant pool

To provide opportunities for Council to become a career pathway for a range of potential new recruits.

STRATEGY	ACTION
Recruitment of younger workers by:	<ol style="list-style-type: none"> 1. Continued annual recruitment of trainees and apprentices in various positions, including those positions identified as critical (5% target of total workforce) 2. Continued implementation of Work Experience Program, thereby promoting a career with Council 3. Strengthening of links with local High Schools, Universities and Technical Colleges, thereby promoting a career with Council.
Recruitment of a diverse workforce by:	<ol style="list-style-type: none"> 1. Continued implementation of Council's EEO Management Plan, including consideration of whether positions, as they become vacant are suitable for redesign for part time employment or other flexible work arrangements – to suit women, mature workforce or people with a disability.
Attract adequate numbers of new recruits by:	<ol style="list-style-type: none"> 1. Advertising in a variety of media, i.e. Local papers, internet job advertising sites, industry magazines, especially for jobs where candidates are in short supply 2. Continuing to utilise volunteers and invite them to apply for any current or future vacancies 3. Encourage and invite work experience students to apply for any current or future vacancies 4. Continuing with an open door return policy so that talented staff exiting the organisation are aware that they are welcome to apply for Council vacancies in the future 5. Continued benchmarking of external salaries and necessary adjustment to ensure Council remains competitive and is able to attract candidates in short supply or of high calibre.

Objective 2: Retention of appropriately skilled staff

To retain existing staff, including mature aged workers, generation X and Y, by providing opportunities for career diversity and flexibility that accommodates both professional and personal aspirations.

STRATEGY	ACTION
Retention of mature aged workers by:	<ol style="list-style-type: none"> 1. Maintaining a Flexible Retirement Options Policy, which offers a range of flexible work options to staff approaching retirement and establishes a structured process for individual phased retirement plans 2. Raising awareness among managers of the value of the older worker and ensuring promotion of such diversity within Council 3. Continuing professional development 4. New skill development to permit staff taking on new roles such as mentoring and coaching 5. Creating a pool of experienced people who have retired but are willing to work during peak periods, on specific projects or for leave coverage. 6. Allowing access to extended leave to allow social and caring needs
Retention of younger workers by:	<ol style="list-style-type: none"> 1. Developing and implementing a coaching/mentoring program for emerging talent 2. Encouraging and offering opportunities to act at higher levels by regularly advertising internal promotional opportunities and other short term vacancies
Retention of appropriately skilled and experienced staff (which may also include mature and younger workers) by:	<ol style="list-style-type: none"> 1. Continuing to offer best practice flexible working arrangements and promotion within (i.e. Investigate condensed working week and other leading edge initiatives) 2. Reviewing existing performance and remuneration system and development & implementation of new system, ensuring best practice

Objective 3: Employer of Choice

To promote the use of flexible and leading edge human resource management practices that ensures Council is a desirable workplace.

STRATEGY	ACTION
Establish innovative HR practices responsive to workers' needs by:	<ol style="list-style-type: none">1. Regularly monitoring and reviewing the appropriateness of existing policies - conduct internal employee opinion survey to seek feedback from staff2. Regularly conducting external research of 'best practice' in a range of employment areas, such as career diversity, professional and personal development, work life balance, reward and recognition, job flexibility etc3. Reviewing existing salary system and continued benchmarking to ensure market competitiveness
Promote Council as an employer of choice by:	<ol style="list-style-type: none">1. Marketing the benefits of working for Council by development of promotional brochures to hand out to job candidates, school advisors, tertiary institutions etc2. Continuing to market the benefits of working for Council via Council's website3. Marketing the benefits of working for Council via all job advertisements.4. Participate in interviews, presentations or attend various forums to promote Council

Objective 4: Minimising skill gaps, now and in the future

By offering continuous learning and development opportunities for all staff and accelerate the development of the next generation of leaders

STRATEGY	ACTION
Grow our own leaders and other key professionals by:	<ol style="list-style-type: none">1. Researching and developing a Succession Management framework, which ensures succession plans are developed for all senior and critical positions2. Encouraging and regularly offering opportunities to act at higher levels3. Supporting career development secondments within Council and facilitating secondments / transfers between other Councils4. Improving the level of skills available in Council by actively recruiting new staff with appropriate qualifications
Offer continuous learning and development opportunities by:	<ol style="list-style-type: none">1. Promoting participation in performance review process, which involves a structured approach to individual development and training plans2. Increasing staff utilisation of sponsored study3. Increasing staff access to leadership / management training4. Continuing to build the capacity and skills of our existing Senior staff

2.7 REVIEW

This Workforce Plan will be reviewed and updated annually and strategies adjusted to align the existing workforce with changing internal and external influences.

Also, annual checks will be made to ensure that strategies are successfully implemented.

2.8 REFERENCES

Extracts from the following documents have been utilised when developing Council's Workforce Plan:

¹ Queensland Disability Services - Planning for Capability, Disability Sector –Workforce Planning Guide – 2001

² Local Government Skills Shortage Steering Committee – National Skills Shortage Strategy for Local Government – May 2007

³ Australian Bureau of Statistics Media Release — One in four Australians aged 65 years and over by 2056 – September 4, 2008

⁴ Local Government Skills Shortage Steering Committee – National Skills Shortage Strategy for Local Government – May 2007

⁵ Australian Bureau of Statistics Media Release — First Australian baby boomers reach 60 – December 13, 2006

⁶ Local Government Skills Shortage Steering Committee – National Skills Shortage Strategy for Local Government – May 2007

3. ASSET MANAGEMENT STRATEGY AND POLICY

3.1 Introduction

3.2 Existing Situation

3.3 Where Do We Want To Be?

3.4 Gap Analysis

ASSET MANAGEMENT FRAMEWORK

The Asset Management Framework consists of a number of components, and includes the following:

- Asset Management Policy (AMP); and
- Asset Management Strategy (AMS); and
- Overarching Asset Management Plan (OAMP)

Specific detailed Asset Management Plans have also been prepared, and sit alongside the OAMP. These plans cover each of the four asset categories and are as follows:

- Asset Management Plan – Road Reserve Asset Category
- Asset Management Plan – Water Asset Category
- Asset Management Plan – Parks & Recreation Asset Category
- Asset Management Plan – Building Asset Category

These individual documents should be viewed as constituent elements of an overall framework and will be under continuous review and adjustment as annual budgets and operating plans are developed.



ASSET MANAGEMENT STRATEGY AND POLICY

BACKGROUND

Providing effective management of Community assets is a key Council obligation. Local Government infrastructure should effectively serve the needs and priorities of the Community and should be of a satisfactory standard in terms of providing services in a relevant, functional, safe, reliable and cost efficient manner. This Asset Management Strategy (AMS), incorporating Council's Asset Management Policy and Council's Infrastructure Asset Management Plans forms part of Kogarah's Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020*.

The Asset Management Strategy and associated Policy sets out a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Kogarah City Council to provide services to the community.

ASSET MANAGEMENT POLICY

An Asset Management Policy has been prepared and was adopted by Council on <insert date>.

This will provide an integrated and multidisciplinary approach to the sustainable management of Kogarah City Council's assets.

The objectives of this policy are to ensure adequate provision is made for the long-term renewal of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents and visitors whilst considering the natural environment.
- Safeguarding Council assets, including physical assets and employees, by implementing appropriate asset management strategies and the allocation of appropriate financial resources.
- Providing information to all Council employees to enable all employees to play an integral part in the sustainability and overall management of Council assets.
- Ensuring legislative requirements for asset management are met.
- Ensuring resources and operational capabilities are identified and responsibilities for asset management allocated.
- Demonstrating transparent and responsible asset management processes that align with best practice.
- Undertaking maintenance programs, which may include conservation, rehabilitation, minor replacements or infrastructure renewal, to prolong the life of an asset and to monitor life cycle management.
- Considering the current and future needs of the Community and its ability to provide infrastructure assets which contribute to meeting these needs.

A Copy of the Asset Management Policy is included in Appendix I

ASSET MANAGEMENT STRATEGY

3.1 INTRODUCTION

Council has been collecting information on its infrastructure assets since 1993, with a program of performance optimisation activities established in 1995 to address asset lifecycle management concerns. Changes to Council's financial management system in 1997 enabled the introduction of a job numbering system that linked all expenses/costs to individual assets.

In 2002 Council made a significant investment in the collection of asset data, leading to the development of its first infrastructure asset management plan in 2003. This initial asset management plan was prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual to meet minimum legislative and organisational requirements for sustainable service delivery and long-term financial planning and reporting. Kogarah is currently moving towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels. This Asset Management Strategy plays an integral part in moving Kogarah towards 'advanced' asset management.

Council is the custodian of infrastructure assets, with a total replacement value of some \$542 million. These infrastructure assets are broken into four asset categories; road reserve, water, parks & recreation and buildings. Each of these asset categories covers a variety of asset classes that include infrastructure such as roads, footpaths, retaining walls, marine structures, stormwater, open space assets including parks, gardens, playgrounds, sporting facilities and bushland and property assets including civic, commercial, operational and recreational buildings.

The majority of essential infrastructure already exists within Kogarah, however, much of this existing infrastructure is old and nearing the end of its useful life. The issue of aging infrastructure is a major concern, common to federal, state and local governments alike. In some asset classes current maintenance levels are considered inadequate to meet the required asset infrastructure service levels. This Asset Management Strategy outlines how Council plans to fund and address this gap.

This Asset Management Strategy does not cover operating assets such as office furniture and equipment, plant and vehicles and computers. These are not infrastructure for the community and are managed separately.

3.1.1 Scope

This strategy applies to all infrastructure assets owned and controlled by Kogarah City Council, as shown in the following table.

ASSET CLASS	DETAIL
ROAD RESERVE ASSET CATEGORY	
Pavement	Mainly bitumen trafficable surfaces and substructure
Footpath	Includes concrete footpaths, nature strips, driveways and pram ramps
Kerb & Gutter	Mainly concrete with some brick in heritage areas
Traffic Facilities	Includes signs, lines and traffic devices
Retaining Walls	Natural and man made
Street Furniture	Includes bus shelters, seats and rubbish bins
WATER ASSET CATEGORY	
Stormwater Pits & Pipes	Includes open water carrying structures
Stormwater Quality Improvement Devices (SQIDs)	Includes pollution traps and wetlands
Foreshore/ Marine Structures	Boat ramps, seawalls, jetties, tidal pools and pontoons
PARKS & RECREATION ASSET CATEGORY	
Parks & Reserves	Includes all elements except bushland and trees
Bush Areas	Indigenous bushland areas
Public Trees	Public trees located within parks and reserves and street trees located within the road reserve
BUILDINGS ASSET CATEGORY	
Buildings	Includes civic centre, libraries, child care centres, water reclamation plant, amenities blocks
Car Parks	Above and underground

3.1.2 Methodology

In recent years there has been considerable discussion at the state and local government levels across Australia as to the most effective methodology for predicting, planning and collecting the funds necessary to ensure public assets are maintained to a satisfactory standard.

In 2006, the Australian Local Government and Planning Ministers Council adopted the Local Government Financial Sustainability Framework. That Framework requires local councils across Australia to develop asset management policies, and implement asset management strategies linking the policies to service needs and asset delivery plans.

The report on the Independent Inquiry into the Financial Sustainability of NSW Local Government (the Percy Allan Report, 2006) recommends councils adopt a Total Asset Management System which would cover registration, valuation, depreciation, condition assessment, planning, design, acquisition, funding, maintenance, operation, and replacement of assets.

Unlike the other states, NSW councils are constrained in revenue raising capacity by “rate pegging”. The 2008 report of the Productivity Commission on Local Government Revenue Raising Capacity found that “rate pegging has dampened the revenue raised from rates in New South Wales relative to other States and there seems to have been little offset from non rate revenue sources”.

Kogarah City Council is committed to implementing a systematic asset management methodology in order to apply best practice asset management across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council’s priorities for service delivery.

Council recognises asset management practices impact directly on the core business of Council and appropriate asset management is required to achieve Council’s strategic service delivery objectives.

Council considers that a strategic approach to asset management will ensure that the

Council delivers the highest appropriate level of service through its assets. This will provide positive impact for members of our community and will allow Council to deliver the expected level of service and infrastructure.

A number of studies have been undertaken into asset management in local government in Victoria and South Australia. The key findings of these studies denote the need for a more flexible considered methodology which will allow councils to assess more accurately the actual cost of bringing assets to an acceptable standard.

A key feature of this methodology is knowledge:

- knowledge of the actual condition of the asset,
- knowledge of the preferred use of the asset in service provision and its suitability for that, relative to other ways of providing the service, and
- knowledge of the desired standard for maintenance of the asset.

Like most councils Kogarah is limited in its means. As the South Australian Study found:

...Funding for asset management has to compete with all of the other demands on council, and recently these demands - for social and environmental reasons as well as for increased services - have themselves been increasing. Revenue increases have not kept pace with these extra demands; a limited revenue base and community sensitivity to tax (property rates) increases have been the main reasons.

The task facing Kogarah is to establish a strategic action framework for each of its ageing major asset categories, allowing it to approach their future improvement and management in the most responsible and cost-effective manner.

While such a task may reveal the need to make additional funds available in certain areas, a knowledge based approach of ongoing assessment of both the condition of assets and desired community standards has the best potential to assist Council to contain costs in the long run and prioritise investment wisely.

Although, Kogarah has been undertaking Asset Management Planning for a number of years, this is the first comprehensive review that Kogarah has undertaken and reflects the outcomes of the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020* which identifies a number of key goals and strategies relating to infrastructure and assets and the level of service expected by our community.

Over time, Council will build on the “knowledge” contained in this Strategy to ensure that the community’s infrastructure is appropriately managed and maintained.

3.1.3 Purpose and Objectives

This Asset Management Strategy will allow Council to accomplish its Community Strategic Plan goals and meet its 10-year objectives, 4-year delivery targets and annual operational plans. It will also provide the Community with a clear indication of what is required to effectively manage infrastructure assets.

Council's goal in managing infrastructure assets is to meet the required levels of service in the most cost effective manner for present and future users. The key elements of infrastructure management are:

- taking a lifecycle approach;
- developing cost effective management strategies for the long-term;
- providing defined levels of service and monitoring performance;
- understanding and meeting the demands of growth through demand management and infrastructure investment;
- managing risks associated with asset failures;
- sustainable use of physical resources; and
- continuously improving asset management practices.

This Strategy has been prepared under the direction of Council's vision, mission statements and goals and objectives.

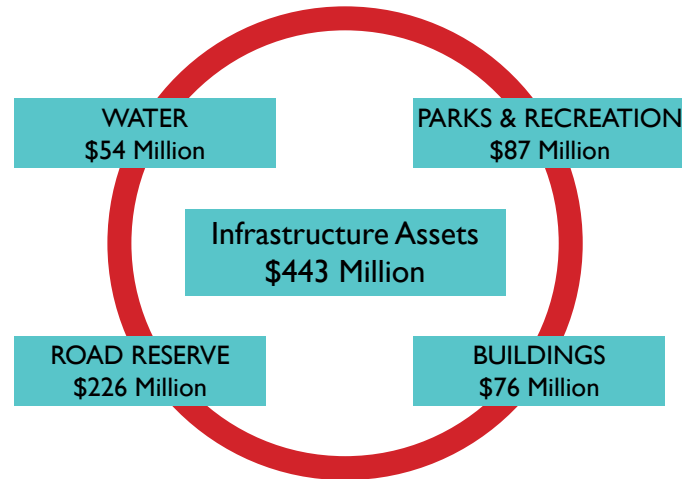
Our Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020* also provides key strategic directions and goals that are relevant to asset management and planning. Those relevant to asset management and planning are identified in the following table:

1. A CLEAN, GREEN AND SUSTAINABLE CITY	
1.1	Kogarah's natural areas, including our waterways, atmosphere, bushland and foreshore areas are protected and enhanced.
1.2	Kogarah City residents live in a clean and environmentally sustainable
1.3	Streets within the City of Kogarah are visually appealing, hosting a variety of native trees, flowers and sustainable gardens.
2. A LIVEABLE AND CONNECTED CITY	
2.1	Development in Kogarah maintains and enhances the character and amenity of our neighbourhoods, town centres and local centres.
2.2	Kogarah City residents can get to where they need to go in a way that is accessible, safe, environmentally-friendly and efficient.
2.4	Kogarah City residents are able to walk and cycle safely and conveniently throughout the city.
3. A THRIVING AND PROSPEROUS CITY	
3.1	Kogarah Town Centre is recognised as the major medical, financial and educational precinct in the St George Region.
3.2	Local centres within the City of Kogarah are distinctive and vibrant, providing opportunities for small businesses to flourish throughout the city.
3.3	Kogarah City has a dynamic and resilient business community that provides employment and training opportunities that meet the needs of local residents.

4. A VIBRANT, SAFE AND INCLUSIVE CITY	
4.1	Kogarah is a safe community where residents, workers and visitors feel safe in their homes, workplaces and in the community.
4.2	Kogarah City maintains high quality, accessible community services to meet the needs of the community.
4.3	Kogarah City is a vibrant city, with distinctive and diverse suburbs and strong cultural networks and partnerships in the community.
4.4	Kogarah City is a harmonious community, where diversity is respected and celebrated, and everyone is made to feel welcome.
5. AN ACTIVE AND HEALTHY CITY	
5.1	Kogarah City has a variety of safe and well maintained sporting fields, recreation areas and facilities to meet the recreational needs of all age groups in our community.
5.2	Kogarah City residents have access to a range of services and facilities that are relevant and responsive to health and wellbeing.
5.3	Parks and open spaces in Kogarah City are designed and managed for long term sustainability.
6. AN INNOVATIVE AND EFFICIENT COUNCIL	
6.1	Kogarah City Council is a leading, responsive, innovative, efficient and accountable organisation, that effectively manages its finances and assets.
6.2	Kogarah City residents are kept informed and are encouraged to engage in the decision making processes of Council.
6.3	Kogarah City Council is an employer of choice, promoting a safe, healthy and innovative working environment.

3.2 EXISTING SITUATION

Council is the custodian of infrastructure assets, with a total replacement value of some \$443 million. These infrastructure assets are broken into four asset categories as shown below:



Road Reserve

The road reserve asset category is defined as any assets that are located within the boundary of the road reserve. This includes road pavement, kerb and gutter, footpath, traffic facilities, retaining walls and street furniture. While street trees are located within the road reserve, they will be included within the parks and reserves asset category as they are part of the natural urban landscape. In terms of area Council has 3.3 km² of road reserve, which represents 21% of the area of the LGA (15.4 km² excluding waterways). Included in this 3.3 km² of road reserve are 160 km of roads, 338 km of kerb and gutter, 208 km of footpath, over 16,000 traffic facilities and pieces of street furniture and 125 retaining walls.

The street furniture class describes the furniture within the road reserve and includes; seats, benches, tables, shade structures, bins, bus stops, bollards and planter boxes. Traffic facilities are all the elements which are needed to be installed on the road network to ensure that standards of safe traffic movement are in accordance with the Roads and Traffic Authority

(RTA), Australian Standards and Kogarah City Council policy. The traffic facilities asset class includes traffic signs, line markings, general signs and traffic structures such as roundabouts and refuges.

In 2009 Kogarah City Council's Infrastructure Asset Officer conducted a complete network condition survey of all road pavement, footpath and kerb and gutter assets. From this network survey forward works programs were developed. Other road reserve assets are to be progressively reinspected over the next four years. A rolling inspection program has been developed for road pavement, footpath and kerb and gutter assets based on Kogarah's agreed service levels.

Water

The water asset category is comprised of 3 main classes; stormwater drains and pits, stormwater quality improvement devices (SQIDs) and foreshore/marine structures.

The stormwater drainage network typically includes all the components needed to form a complete urban stormwater collection and disposal system. The total length of Kogarah City Council's stormwater drainage network is approximately 97 km, which includes pipes, pits, retention basins and open channels.

Kogarah's stormwater network also contains a mix of nine types of SQID, totalling 64 devices. These devices are designed to cope with at least a 1 in 3 month storm event and are located preferentially to protect vulnerable and sensitive receiving waters such as Kogarah and Oatley Bays.

The Kogarah LGA contains 32 separate foreshore areas, extending along the Georges River from Neverfail Bay Reserve in Oatley to Sans Souci Park, Sans Souci. These foreshore areas contain a total of 122 marine/foreshore infrastructure assets of various types including; seawalls, revetments, stairs, pontoons, jetties, wharfs, boat ramps, viewing and fishing platforms

and swimming enclosures. In 2008 Council commissioned both a foreshores and a marine infrastructure asset management plan. These plans provide the results of detailed condition inspections and forward works programs.

Parks & Recreation

The parks & recreation asset category includes sporting fields, parks and reserves, gardens, walking tracks and park footpaths, irrigation systems, playgrounds, trees (both parks and street trees), park furniture and bushland areas. Kogarah City Council's parks & recreation assets are highly valued by the community and provide biodiversity, natural habitat and a range of passive and active recreation opportunities. Traditionally it has been difficult to put a value on these assets, however this is changing as increasing demand on these facilities is making users and the broader community more aware of the worth of open space and ecological systems.

A detailed condition inspection of children's playgrounds within the Kogarah LGA is conducted twice yearly by independent consultants, providing recommendations for renewal and replacement. A four year forward works program for playgrounds has been developed based on the condition data collected in these audits. Of concern is the high percentage of Council's playgrounds which are in a poor or failed condition posing a significant risk to users.

Further information is being collected and collated on other park assets including furniture, fixtures and fittings for more detailed modelling in the near future.

A detailed data capture of street trees was conducted in 2004 and 2005 by Council staff and included various physical, condition and risk attributes including, inclination, stability, root damage, condition and risk. The street tree data is continuously updated by Council's Tree Management Officer when responding to customer requests and general street tree maintenance. The capture of street trees has been an important factor in the modelling of the existing and potential impacts on other assets, such as footpaths, kerb and gutter and stormwater pits and pipes.

Plans of Management have been prepared for key parks and reserves within the Kogarah City Council area, as well as a generic plan of management for local parks and reserves. These plans of management are prepared in consultation with the community and highlight how Council plans to meet the expectations of the community in managing natural resources, parks and recreation.

Buildings

Council owns, operates and maintains 91 buildings, facilities and car parks in partnership with specialist contractors and in-house staff to ensure customer and community needs are satisfied by delivering a quality service efficiently. These buildings include the Civic Centre, the works depot, libraries, child care centres, commercial buildings, amenities buildings, swimming pools, a water reclamation plant, toilets and car parks.

The age of Council owned buildings ranges from 1 to 120 years. This includes heritage listed buildings such as the Carss Park Cottage and The School of the Arts through to newly constructed facilities such as the Beverley Park Water Reclamation Plant.

In 2003 Council staff conducted a condition survey of all Council owned car parks, including assessment of surface condition, line marking condition and adequacy of lighting. In 2008 Council staff conducted a condition survey of all Council owned small buildings (toilet and amenity blocks), which included componentisation of the structure into roof, structure, electrical, plumbing and other. In 2009 Council commenced a system of inspection to capture the condition of all of its building assets. From these inspections a forward works program was developed.

Condition of Kogarah's Assets

The condition rating methods adopted at Kogarah City Council vary across the asset classes. Generally, rating methods are based on the International Infrastructure Management Manual¹ as described below and adapted according to the specifics of the asset class. Schedule 7 of the Statement of Accounts uses the same 5-point rating scale.

Rating	Description of Condition
1	Very Good: Only planned maintenance required.
2	Good: Minor maintenance required plus planned maintenance.
3	Fair: Significant maintenance required.
4	Poor: Significant renewal/upgrade required.
5	Failed: Unserviceable or does not meet current Australian Standards.

Further work is required to determine the condition ratings of assets in the following classes. Kogarah City Council aims to have a 1 to 5 condition rating (where possible dependent on the type of asset) for these asset classes.

- Traffic Facilities
- Street Furniture
- Stormwater Quality Improvement Devices (SQIDs)
- Parks and Reserves
- Bushland Areas
- Park Furniture
- Public Trees (excluding street trees)
- Buildings

The table below, along with Appendix 2 indicates the current condition of the City of Kogarah's assets:

Asset Class	Condition 1 – Very Good	Condition 2 – Good	Condition 3 – Fair	Condition 4 – Poor	Condition 5 – Failed
Road Pavement (% of length)	14	53	32	1	0
Footpath (% of length)	4	39	55	2	0
Kerb & Gutter (% of length)	1.3	43.6	54.8	0.3	0
Retaining Walls (% of walls)	N/A	60	24.8	12	0.8
Stormwater Pits (% of pits)	7	21	30	40	2
Stormwater Pipes (% of pipes)	7	21	30	40	2
Marine/Foreshore Structures (% of structures)	13	40	22	24	1
Playgrounds (% of playgrounds)	58	8	8	8	18
Unconstructed Car Parks (% of car parks)	13	62	20	5	0

* The high percentage of stormwater pits and pipes in the poor and failed condition ratings is indicative of the aging profile of Kogarah's stormwater pits and pipes.

** Strategies discussed in Council's current and future funding below aim to reduce the high percentage of playgrounds in the failed condition.

¹ IIMM 2006, Appendix B, p B:1-3 ('cyclic' modified to 'planned')

Preferred Minimum Asset Condition Targets

Kogarah will set targets for the condition of our assets, with the purpose of ensuring that the proportion of assets in the poorer condition ratings does not increase beyond the current levels. The community primarily determines what is considered to be a 'satisfactory' condition of our assets. These targets will be reported and tracked in subsequent AMS's.

The framework for defining what condition ratings are acceptable will take into consideration the following items:

- Community views and attitudes.
- Establishing asset standards necessary to provide and support desired levels of service now and into the future.
- Determining appropriate and sustainable levels of maintenance and upgrades as the owner of these assets.
- Risk and hazard reduction needs.

Utilisation and User Satisfaction of Assets

Aside from some of the parks and recreation asset classes, Council does not currently assess the level of utilisation of assets. Council will investigate and instigate a process of assessing and reporting the utilisation of assets for future revisions of this AMS.

Council has not carried out any industry accepted surveys on customer expectations such as the Comparative Performance Measures in Local Government Customer Satisfaction survey. However, customer feedback received during the public exhibition of the service levels in 2008 and during the various community consultations for Council's Community Strategic Plan *Bright Future, Better Lifestyle: Kogarah 2020* has indicated the community are generally satisfied with the services provided by Council.

Lifecycle Costs and Expenditure Summary

The average annual cost over the lifecycle of each asset category is:

Asset Category	Lifecycle Cost, \$M	Lifecycle Expenditure, \$M
Road Reserve	\$5.88	\$3.46
Water	\$0.84	\$0.63
Parks and Recreation	\$3.78	\$3.57
Buildings	\$2.52	\$1.79

Future Renewal Profile

As previously discussed Council has developed forward works programs for some of its key infrastructure asset classes. Detailed forward works programs for the following asset classes have been included in Appendix 3:

- Road pavement
- Footpath
- Playgrounds
- Buildings
- Foreshore/marine structures

In the future forward works programs will be developed for other Council infrastructure asset classes.

Appendix 4 provides further detailed information on each of the infrastructure asset classes maintained by Council.

3.3 Where Do We Want To Be?

The following roles and responsibilities apply to asset management at Kogarah:

- A full time Asset Co-ordinator to oversee and implement the Asset Management Strategy, ensure Asset Management Plans are developed and reviewed and that the Asset Management System is operational and effective. The Co-ordinator is responsible for ensuring the Asset Management Plans are up to date and reviewed when programmed. The Co-ordinator also ensures the effective implementation of the Asset Management System and training of staff.
- An assisting Officer to support the Asset Co-ordinator in the role outlined above.
- Staff responsible for each asset category are sourced from other sections of Council specialising in that asset category.
- An efficient and user friendly Asset Management software system.
- Training of staff is undertaken to ensure they have a sound working knowledge of the Asset Management approach and the Asset Management System.
- Suitable equipment (hardware and software) is provided for inspections, data recording and loading of information into the Asset Management System.
- An asset condition inspection program is in place based on Council's Infrastructure Asset Service Levels.
- Interaction and involvement with the asset management industry and professional bodies ensures Council's Asset Management processes are consistent with industry best practice.
- An Asset Management Group, consisting of key Asset Management staff, meets on a 6-weekly basis to address relevant asset management issues.
- An Asset Management Working Party, including representation by key Asset Management staff and Councillors, meets on a bi-monthly basis.

Monitoring and review of Asset Management Practices and Procedures

- This Asset Management Strategy is to be reviewed every 4 years.
- The Asset Management Plans included in this AMS are to be reviewed annually following financial reporting timeframes. Condition and financial information will be updated accordingly by the Assets Co-ordinator.
- Future revisions of this AMS will include reporting on the percentages of assets in the poorer condition ratings, with the aim for these levels not to increase above current 2010 levels.
- The first four year review of this AMS will include reporting on the outcomes of any Special Rate Variation funding received.

Current and Future Funding Strategies

Kogarah City Council's aim in managing its infrastructure assets is to maintain assets at a level from which they will not further deteriorate. Council's current level of funding is considered inadequate to meet the required service levels.

Given the significant gaps identified above in the "Lifecycle Costs and Expenditure Summary" it is imperative that Council pursues strategies for the allocation of additional funds to asset maintenance. The past decade has seen extensive changes to Council's operations to achieve major efficiencies and cost reductions throughout the organisation. As a result, the most appropriate strategy to assist in closing this funding gap is the introduction of a Special Rate Variation.

Council conducted extensive consultation with the community during the community engagement strategy of *Bright Future, Better Lifestyle: Kogarah 2020*. During this consultation the community indicated they would be willing to support a special rate variation to assist in financing maintenance and improvement of various asset classes.

The Community strongly supported additional funding for four (4) specific asset classes, being roads, footpaths, playgrounds and buildings.

Four year forward works programs developed for road pavement, footpaths, playgrounds and buildings from condition assessments conducted in 2009 highlighted the annual funding gap in maintenance of these four asset classes. The table below quantifies this funding gap.

Asset Classes	Current Allocation	Required Allocation	Funding Gap
Roads	\$766,000	\$1,369,000	\$603,000
Footpaths	\$275,000	\$670,000	\$395,000
Playgrounds	\$25,000	\$325,000	\$300,000
Buildings	\$626,000	\$910,000	\$284,000

In addition, the Community acknowledged the provisions currently made by the Environmental Levy in asset management and highlighted the need to continue this funding provision beyond June 2013, at which time the Environmental Levy ceases.

As a consequence, Council will apply to the Department of Local Government for a special variation to rates under Section 508(A) of the Local Government Act. This Special Rate Variation (SRV) will be a 5.9% annual increase for four years, commencing in 2010/2011. The additional funding generated by the SRV will ensure that Council is able to:

- Maintain existing infrastructure at a high standard (roads, footpaths, buildings); and
- Replace ageing infrastructure (e.g. playgrounds, foreshores), where the need is identified; and
- Provide additional infrastructure and services, as identified by the community in Council's draft Community Strategic Plan (e.g. cycleways and youth recreation facilities).

The additional funds generated by the Special Rate Variation will be allocated as follows:

Asset Class	Additional annual funds	Description of works
Roads	\$603,000	Resurfacing of 3.2km of road (9 locations)
Footpaths	\$395,000	Reconstruction of 3.2km of footpaths (10 locations)
Playgrounds	\$300,000	Replacement of 4 Local playgrounds and 1 Regional playground
Buildings	\$284,000	Refurbishment of 10 small buildings and major works in Aquatic Centres
New Facilities	\$250,000	Construction of cycleways and a youth recreational facility
Foreshore	\$392,000	Bushland regeneration in 6 large reserves and upgrade of seawalls and foreshore structures in 8 locations

As illustrated above, Council, through the implementation of the SRV, will concentrate on addressing those asset classes which pose the greatest risk to the Community, should they deteriorate to the point of failure. It also focuses on those which, upon reaching a point of failure, would require the greatest investment to replace.

Simultaneously, Council will implement improved maintenance and renewal techniques and regimes to reduce maintenance costs and extend life expectancies. Rationalism of all of Council's asset stocks where possible will also reduce recurrent costs. These additional strategies will assist Council in closing the gaps between annual cost and annual renewal expenditure on those asset classes not specifically addressed by the Special Rate Variation.

The funding allocated from the SRV will be monitored using minimum targets for the condition of our assets, with the purpose of ensuring that the proportion of assets in the poorer condition ratings does not increase beyond current levels. This will be demonstrated in the successful completion of the annual capital works program in these four areas and will culminate in a report at the end of the four-year period confirming program completion.

Should Council be unsuccessful in being granted the Special Rate Variation (SRV), Council will need to consider a reduction in other Council provided services within the current budget and additional external revenue streams to meet the asset management requirements detailed in this AMS.

With additional levies and charges (e.g. stormwater charge, environmental levy, Section 94 funds) and grants and funding from federal and state departments it is considered Kogarah's funding for other asset classes is adequate to maintain the agreed service levels.

Council was successful in obtaining Special Rate Variation (SRV) funding over four (4) years commencing in the year 2010/2011. A list of completed works can be seen in Appendix 3.

3.4

GAP ANALYSIS

Risk Analysis

The implementation of an effective Asset Management Strategy considers the relationship and prioritisation of maintenance and capital works to support the delivery of Council services. To this effect it will be a major tool in assisting the Council to manage risk and liability through the development of defined works and service programs which best allocate the use of available resources.

In developing this Asset Management Strategy, a limited risk assessment has been carried out and documented in the risk register and risk management plan for each asset category. This risk assessment is based on the fundamentals of the Australian Standard for Risk Management, AS/NZS 4360: 2004. If a risk is deemed unacceptable a risk treatment plan will be developed. Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the infrastructure risk management plans are summarised in the table opposite.

ASSET CLASS AT RISK	WHAT CAN HAPPEN	RISK RATING (VH, H)	RISK TREATMENT PLAN
ROAD RESERVE ASSET CATEGORY			
Road Pavement	Crashes occur causing fatality/injury/damage to property. <i>Possible causes;</i> Design flaws, Damaged road surface, Existing unsafe elements in the road environment.	High	Australian Standards. RTA Regulations. Regular Pavement Inspections. Public Liability Insurance.
	Network deterioration e.g. potholes. <i>Possible causes;</i> Poor maintenance practices by other parties. Development related deterioration, Ongoing rain.	High	Annual resheeting program. Reactive pothole repairs. Road restoration standards. Public Liability Insurance.
Traffic Facilities	Crash occurring causing injury / death / successful litigation. <i>Possible causes;</i> Existing damaged traffic control device, Existing damaged/ obscured or missing sign, Driver is unaware of danger/ recommended speed, Vandalism of Traffic facilities.	High	Australian Standards. RTA Regulations, Regular Inspections. Faded sign replacements. Reactive maintenance. Public Liability Insurance.
Retaining Walls	Failure of wall resulting in injury or property damage. <i>Possible causes;</i> Deterioration, often unseen to the eye. Natural causes.	High	Programmed inspections. Vegetation management. Public Liability Insurance.
WATER ASSET CATEGORY			
Wharfs, Jetties and Pontoons	Collapse, small failures creating personal hazard. <i>Possible causes;</i> age deterioration, vandalism or navigation accident.	High	Foreshore and Marine structures AMP and associated condition assessment and works program. Public Liability Insurance.
PARKS & RECREATION ASSET CATEGORY			
Playgrounds	Personal Injury. <i>Possible cause;</i> Misuse of Equipment.	High	Post warning signage identifying suitable age groups and supervision. Public Liability Insurance.
BUILDINGS ASSET CATEGORY			
Buildings	Major Structural Damage/Defect <i>Possible causes;</i> Poor Design/Construction Methodology, Act of Nature, Human Impact.	High	Complete Structural Assessments On Existing Buildings As Required. Follow Regulatory Controls For New Buildings. Public Liability Insurance.
	Air Conditioning Failure/Contamination. <i>Possible causes;</i> Age of System Components, Incorrect Assemblage/ Installation, Poor Maintenance/Cleaning.	High	Regular System of Inspection for Mechanical and Health Risks. Proactive Maintenance. Public Liability Insurance.
Swimming Pools	Filtration System Failure. <i>Possible causes;</i> Age of System Components, Higher Standards Introduced (Non-Compliance), Poor Maintenance.	High	Regular System of Inspection for Mechanical and Health Risks. Proactive Maintenance and Scheduled Maintenance Regime. Public Liability Insurance.
Car Parks/ Buildings	Accident/Injury to Individuals or Vehicles. <i>Possible causes;</i> Human Error (by Affected Individual or Person Creating/ Ignoring Hazard), Failure or Defects of Other Systems, Non-compliance with Standards.	High	Regular System of Inspection Including OH&S Committee in Council Staff Occupied Buildings, Active Reporting Systems by Staff & Tenants, Public Liability Insurance.

The Gaps

In order for Kogarah City Council to achieve all the outcomes of this AMS, Council needs to recognise the existing gaps and address the feasibility of bridging these.

The main gaps in Infrastructure Asset Management are;

- Financial resources.
- Human resources.
- Technological limitations.
- Community representation.

Financial resources are well covered through the Asset Management Plan chapter. The general age of infrastructure and usage levels demand a level of renewal beyond what current finances allow.

Human resources are closely related to financial resources. They particularly relate to the labour component of costs to maintain assets, but also to professional services in collecting data and updating inventory information.

Technological limitations, whilst less significant, still impact the ability to manage assets efficiently. As an example, the assessment of underground assets using CCTV or X-ray technology is not cost effective to be used across entire networks and is only used for special purposes. This however limits the accuracy to which these underground assets may be condition rated.

Infrastructure assets service the community. Gauging the community's expectations is a complex exercise. It can be described as a gap because community representation is not truly uniform, as often a vocal minority may determine the course of action.

The challenge in bridging these gaps is ongoing. Kogarah City Council's main challenge is the financial resourcing gap.

As discussed above, Council will apply for a special rate variation to address specific areas. Local Government associations continue to lobby State and Federal Governments for additional funds and to address cost shifting.

Bridging the gaps is a difficult process and will be more of an evolutionary process. This Asset Management Strategy treats these gaps realistically in its approach and methodology and in its long term projections.

4.0 OVERARCHING ASSET MANAGEMENT PLAN

Executive Summary

4.1 Introduction

4.2 Principles of Asset Management

4.3 Goals and Objectives of Asset
Management

4.4 Levels of Service

4.5 Future Demand

4.6 Lifecycle Management Plan

4.7 Financial Summary

4.8 Asset Management Practices

EXECUTIVE SUMMARY

Although, Kogarah has been undertaking Asset Management Planning for a number of years, this is the first comprehensive review that the City of Kogarah has undertaken and reflects the outcomes of the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020* which identifies a number of key goals and strategies relating to infrastructure assets and the level of service expected by our Community.

This plan is one component of the Asset Management Framework – it is a general overarching document that identifies the key elements of the detailed Asset Management Plans. Detailed Asset Management Plans have been developed for each of the following four asset categories:

- Road Reserve Asset Category
- Water Asset Category
- Parks and Recreation Asset Category
- Buildings Asset Category

Both this plan and the detailed individual asset category plans are living dynamic documents and over time, Council will build on the “knowledge” contained within each of these plans to ensure that the Community’s infrastructure and building assets are managed and maintained in a sustainable manner.

What Council Provides

Council is the custodian of a significant infrastructure asset portfolio which enables services to be provided to the community. Council’s infrastructure assets currently have a total replacement value in the vicinity of \$542 million, as outlined below:

ASSET CATEGORY	CURRENT REPLACEMENT COST (\$M)
Road Reserve	\$226
Water	\$54
Parks and Recreation	\$87
Buildings	\$76
TOTAL	\$443

What does it Cost?

There are two key indicators of cost in providing levels of service; lifecycle costs and maintenance and renewal expenditure.

- Lifecycle costs - The average annual cost over the lifecycle of assets administered by Kogarah City Council is as follows:

ASSET CATEGORY	LIFECYCLE COST (\$M)	LIFECYCLE EXPENDITURE (\$M)
Road Reserve	\$5.88	\$3.46
Water	\$0.84	\$0.63
Parks and Recreation	\$3.78	\$3.57
Buildings	\$2.52	\$1.79

- Maintenance and renewal expenditure - Four year forward works programs developed for road pavement, footpaths, playgrounds and buildings from condition assessments conducted in 2009 highlighted the annual funding gap in maintenance of these four asset classes. The table below quantifies this funding gap.

ASSET CLASSES	CURRENT ALLOCATION	REQUIRED ALLOCATION	FUNDING GAP
Roads	\$766,000	\$1,369,000	\$603,000
Footpaths	\$275,000	\$670,000	\$395,000
Playgrounds	\$25,000	\$325,000	\$300,000
Buildings	\$626,000	\$910,000	\$284,000

Council conducted extensive consultation with the community during the community engagement component of *Bright Future, Better Lifestyle: Kogarah 2020*. During this consultation the community indicated they would be willing to support a special rate variation to assist in financing maintenance and improvement of various asset classes.

The Community strongly supported additional funding for four (4) specific asset classes, being roads, footpaths, playgrounds and buildings.

In addition, the Community acknowledged the provisions currently made by the Environmental Levy in asset management and highlighted the need to continue this funding provision beyond June 2013, at which time the Environmental Levy ceases.

As a consequence, Council applied to the Department of Local Government for a special variation to rates under Section 508(A) of the Local Government Act. This Special Rate Variation (SRV) proposed a 5.9% annual increase for four years, commencing in 2010/2011. The additional funding generated by the SRV would ensure that Council is able to:

- Maintain existing infrastructure at a high standard (roads, footpaths, buildings); and
- Replace ageing infrastructure (e.g. playgrounds, foreshores), where the need is identified; and
- Provide additional infrastructure and services, as identified by the community in Council's draft Community Strategic Plan (e.g. cycleways and youth recreation facilities).

Plans for the Future

Council plans to operate and maintain its infrastructure assets to achieve the following strategic objectives.

1. Ensure all infrastructure assets are maintained at a safe and functional standard.
2. Provide infrastructure that serves current and future community needs.
3. Provide a road transport network for efficient movement of traffic.
4. Provide pedestrian networks that connect important nodes within the City of Kogarah.
5. Recognise the intrinsic value of biodiversity and natural ecosystems and their protection and restoration.
6. Ensure that future land use planning and management enhances and protects biodiversity and natural heritage.
7. Ensure that trees posing a risk to the community safety be removed and replaced in accordance with the Street Tree Management Strategy Master Plan.
8. Ensure all public parks and open space are accessible, maintained and managed to meet the recreational needs of current and future residents.
9. Implement safe-by-design principles into parks and open space.
10. Ensure Council provides a range of community services and facilities.
11. Allow Council to generate revenue through the profitable management of building assets.

Measuring our Performance

Quality

All infrastructure assets will be maintained in a usable condition. Defects found or reported that are outside our service standard will be repaired for details of defect prioritisation and response time.

Function

Our intent is that appropriate infrastructure assets are maintained in partnership with other levels of government and stakeholders to meet agreed service levels.

All infrastructure assets will be maintained at a safe level and associated signage and equipment be provided as needed to ensure public safety.

Safety

Council inspects all infrastructure assets regularly and prioritises and repairs defects in accordance with our service levels to ensure they are safe. When necessary we seek specialist advice regarding a defect.

The Next Steps

This actions resulting from this asset management plan are:

- Ongoing efficient maintenance
- Prioritisation of capital works
- Regular inspections for condition rating
- Environmentally sustainable programs.

4.1 INTRODUCTION

4.1.1 Background

The main aim of the Overarching Asset Management Plan (AMP) is to communicate information about assets, to demonstrate responsive management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate the funding required to provide the required levels of service.

The Overarching Asset Management Plan should be read in conjunction with key strategic and policy documents, including:

- *Bright Future, Better Lifestyle: Kogarah 2020* – Community Strategic Plan
- Asset Management Policy
- Asset Management Strategy
- Individual Asset Management Plans for each asset category
- Delivery & Operational Plans
- Community Land Plans of Management
- 10 year (Long-term) Financial Plan
- Capital Works Programs

The abovementioned documents, together with other plans and policies form the framework for the City of Kogarah's Integrated Planning Framework which has been prepared in accordance with the Integrated Planning and Reporting Guidelines developed by the Department of Local Government.

Asset categories and classes are quantified within each of the specific Asset Management Plans.

Table 1 opposite provides an overview of the assets covered by each of the AMPs:

TABLE 1 - ASSETS COVERED BY THIS PLAN

ASSET CLASS	QUANTITY	UNIT
ROAD RESERVE		
Road Pavement	162	Km
Footpath	208	Km (length)
Kerb & Gutter	337.5	m
Traffic Facilities	16,922	No.
Retaining Walls	125	No.
Street Furniture	500	No. (Approx)
WATER		
Stormwater Pits	2946	No.
Stormwater Pipes	97	km
Stormwater Quality Improvement Devices (SQIDs)	64	No.
Marine/Foreshore Infrastructure (includes Seawalls)	122	No.
PARKS AND RECREATION		
Parks and Reserves	116 189	No. Ha
Bushland Areas	13	No.
Playgrounds	49	No.
Lights (including solar and floodlights)	161	No.
Park Furniture	400	No. (Approx)
Trees	11,992	No.
BUILDINGS		
Operational Buildings (e.g. Civic Centre & Works Depot)	8	No.
Libraries	3	No.
Childcare Facilities	3	No.
Community Halls & Facilities	4	No.
Rental Properties	4	No.
Swimming Pools	2	No.
Toilets, Amenities & Park Facilities	36	No.
Other Buildings (sports stadiums, water reclamation plant, etc)	3	No.
Car Parks	28	No.

4.1.2 Plan Framework

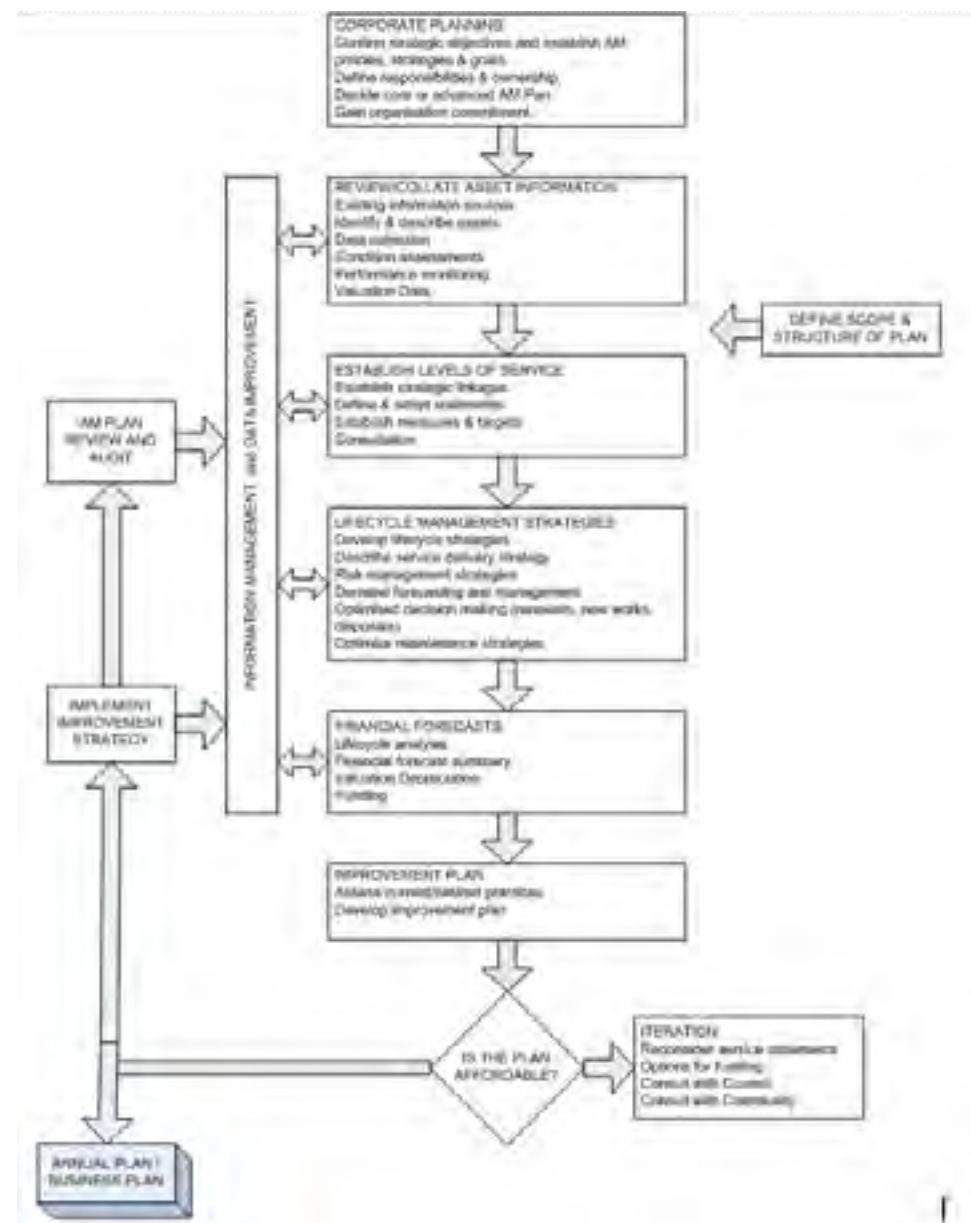
Key elements of this plan include:

- Levels of service – specifies the services and levels of service to be provided by Council.
- Future demand – how this will impact on future service delivery and how this is to be met.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are needed to provide the required services.
- Asset management practices.
- Monitoring – how the plan will be monitored to ensure it is meeting Council's objectives.
- Asset management improvement plan.

A road map for preparing an asset management plan is shown in Figure 1 below:

FIGURE 1 ROAD MAP FOR PREPARING AN ASSET MANAGEMENT PLAN

Source: IIMM Fig 1.5.1, p 1.11



4.2 PRINCIPLES OF ASSET MANAGEMENT

4.2.1 Key Elements

Kogarah first prepared an initial asset management plan in 2003 as a 'core' asset management plan in accordance with the International Infrastructure Management Manual. This first asset management plan was prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long-term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Kogarah is currently moving towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimization of activities and programs to meet agreed service levels. An example of the advanced asset management techniques employed at Kogarah is the collection of detailed condition data of multiple assets driving the optimisation of assets and forward works programs which in turn dictate work prioritisation.

The key elements of infrastructure asset management are:

- Taking a life cycle approach,
- Developing cost-effective management strategies for the long term,
- Providing a defined level of service and monitoring performance,
- Understanding and meeting the demands of growth through demand management and infrastructure investment,
- Managing risks associated with asset failures,
- Sustainable use of physical resources,
- Continuous improvement in asset management practices.¹

4.2.2 Asset Sustainability

Asset sustainability identifies the need to spend more on asset renewal than on depreciation (or consumption). To achieve this, a gap analysis based on the individual Asset Management Plans has been identified in the Asset Management Strategy.

Based on this gap analysis in relation to renewal expenditure Council needs to:

- Increase the annual expenditure level on asset renewal by \$1.257 M.

As a consequence, Council applied to the Department of Local Government for a special variation to rates under Section 508(A) of the Local Government Act. This Special Rate Variation (SRV) proposes a 5.9% annual increase for four years, commencing in 2010/2011. The additional funding generated by the SRV would ensure that Council is able to:

- Maintain existing infrastructure at a high standard (roads, footpaths, buildings); and
- Replace ageing infrastructure (e.g. playgrounds, foreshores), where the need is identified; and
- Provide additional infrastructure and services, as identified by the community in Council's draft Community Strategic Plan (e.g. cycleways and youth recreation facilities).

In order to achieve all of the above, an additional \$1.899 M will be required annually.

¹ IIMM 2006 Sec 1.1.3, p 1.3

4.3 GOALS AND OBJECTIVES OF ASSET MANAGEMENT

4.3.1 Developing the Asset Management Plan

One of the primary functions of a council is to provide services to its community, including services provided by infrastructure assets.

Council's goal in managing infrastructure assets is to meet the required level of service in the most cost effective manner for present and future users.

The asset management plan has been prepared taking into consideration Council's vision and, mission and they are consistent with the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020*.

4.4 LEVELS OF SERVICE

4.4.1 Customer Research and Expectations

Council has not carried out any industry accepted surveys on customer expectations such as the Comparative Performance Measures in Local Government Customer Satisfaction survey. However, customer feedback was requested during the public exhibition of the service levels in 2008 and during the various community consultations undertaken as part of the development of the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020*.

4.4.2 Current Levels of Service

Levels of service represent an agreement between Council and the Community to perform certain activities now and into the future. The objective of asset management is to match the level of service provided by the asset with the expectations of the Community. Understanding the level of service required for each asset category then allows Council to determine the required maintenance, replacement and disposal cycles.

Current service levels have evolved over a number of years. They have been developed from a combination of Council officers' decisions and methods, traditional work practices and industry standards.

In 2007 and 2008 a three level category rating system was developed utilising expertise within the organisation. The category rating concept provides a succinct framework to describe assets. It not only attempts to describe the traditional considerations such as risk and technical factors, but also aims to address Community expectations by specifying response times.

Each asset category is different in its composition and function. This means that the descriptors relating to each category level also vary significantly. However, from a strategic viewpoint the category ratings have been developed to broadly conform to the criteria shown in the following table:

TABLE X - THREE LEVEL CATEGORY RATING

COMMUNITY	FUNCTIONAL	FAILURE	RISK
Category 1	High Value	Essential	Very High
Category 2	Important	Important	High
Category 3	Lower Value	Less Critical	Medium

Council's current service levels for each of the asset categories are overviewed in the Tables included in Appendix 5.

4.4.3 Desired Levels of Service

Indications of desired levels of service have been obtained from various sources including the community consultation undertaken during the development of the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020*, residents' feedback to Councillors and staff, service requests and correspondence.

As part of the community consultation undertaken for the development of the Community Strategic Plan, *Bright Future, Better Lifestyle: Kogarah 2020* the following issues related to each of the asset categories were raised:

ROAD RESERVE ASSET CATEGORY

- More parking facilities, particularly in and around the Kogarah CBD
- Improved public transport services servicing the whole of the City
- Walking or cycling on designated paths to a range of commercial, recreational and community spaces around the City
- Maintaining roads and footpaths to ensure they are safe and accessible
- Managing increased traffic in local streets
- A transport-interchange facility at Kogarah Railway Station (bus/car/rail)
- Ensuring that our major centres within the city are pedestrian friendly

WATER ASSET CATEGORY

- A clean and healthy Kogarah, with a particular focus on our waterways and foreshore areas.
- Improving management of stormwater, noise and air pollution.

PARKS AND RECREATION

- Provide more children's play equipment that is sheltered from the sun,
- Increase the number of public BBQs, seating and tables in our parks and recreation areas,
- Provide more pet friendly open spaces that are fenced off and safe for everyone,
- Maintain our parks and open spaces to ensure they are clean and safe,
- Provide more well maintained public amenities,
- Increase the number of trees and gardens within the City,
- Provide recreational facilities for all age groups within our community,
- Continuously improve and increase public local infrastructure.

BUILDINGS

- Conserving our built heritage.
- Encouraging and promoting sustainable, "green" building.
- Increase parking options in the Kogarah CBD for both workers and visitors to the area.
- Provide more, well maintained public amenities.

Council is also required to meet a number of legislative requirements as part of the development of the asset management framework. A detailed list of the relevant Legislation applying to Asset Management is included at Appendix 6.

4.5 FUTURE DEMAND

4.5.1 Demand Forecast

Factors affecting demand include population change, changes in demographics, seasonal factors, vehicle ownership, consumer preferences and expectations, economic factors, environmental awareness.

Demand factor trends and impacts on service delivery are summarised in the table opposite:

PROJECTION	IMPACT ON SERVICES
POPULATION	
59,999 (2012 census), projected to be 66,115 by 2036	Increased users of road reserve assets causing greater deterioration rates and more traffic.
	Increased population, increased pressure on the ageing stormwater network.
	Increased demand/usage of foreshore/marine structures.
	Greater demand for public space and community services.
	Potential increase in conflict and intrusion into personal space.
	Increased demand for community services/facilities such as swimming pools and libraries
DEMOGRAPHICS	
Increase in our ageing population Increase in migration Changing cultural diversity More working parents	Increased demand for footpath network linking public transport nodes, shopping areas, hospitals and community precincts. Increased demand for street lighting and a safer/more accessible footpath network.
	Greater need for education programs regarding covering of drains and dumping into waterways and drains.
	Change in park usage to suits visitation by adults with grandchildren and aged persons. Increased demand for more accessible spaces and park amenities.
	Recreational facilities and services need to meet different cultural needs.
	Increased demand for aged housing and related services
	Increased demand for child care facilities
URBAN PLANNING	
Increase in higher density housing and development of the CBD areas	Increased users of road reserve assets, e.g. more pedestrians on footpaths, more cars on roads, increased use of bicycles. Increased heavy vehicles on roads due to construction sites, particularly in CBD areas.
	Greater impervious surfaces, therefore an increase in stormwater runoff volume. This adds to the pollutant load and increases pressure on the ageing stormwater network.
	More people have less personal outdoor space and therefore greater use and demand for parks, outdoor public areas, dog leash free areas and amenities.
	People have less room for entertaining etc, therefore higher use of community based facilities such as halls for functions
TRAFFIC VOLUMES	
Increasing population and prosperity of population, leading to more vehicles on roads.	Significant loading impact on roads and increased traffic congestion.
ENVIRONMENTAL FACTORS	
Potential Sea Level Rise and Climate change impacts on foreshores and marine structures	Increased need for waterfront protection measures and modelling of potential impacts.
	Changes to terrestrial and marine flora and fauna

TABLE: DEMAND FACTOR

4.5.2 Changes in Technology

Technology changes are forecast to affect the delivery of services covered by this plan. Examples, where technology changes will affect the delivery of the services covered by this plan are identified in the following table:

TABLE - CHANGES IN TECHNOLOGY AND FORECAST EFFECT ON SERVICE DELIVERY

TECHNOLOGY CHANGE	EFFECT ON SERVICE DELIVERY
Change in road construction methods	Use of existing road pavement materials for in-situ stabilisation reducing construction and disposal cost
Relining and rehabilitation of pipes, rather than replacement.	This is an easier, more cost effective and less disruptive way of repairing a failed or failing pipe. It lowers the risks involved and saves time and money.
Increasing use of CCTV survey methods.	CCTV survey increases the amount of information for planning with less disruption.
Continued improvement and development of SQIDs.	The new generation of SQIDs are increasingly becoming more effective, cost efficient and require less maintenance.
Water Sensitive Urban Design.	WSUD generally incurs a greater cost, but results in a better environmental outcome.
Development of improved/different materials which are less susceptible to environmental degradation.	Longer remaining life for marine structures and reduced maintenance costs for Council.
The use of stormwater harvesting infrastructure for park irrigation.	Reduces the use of potable water and saves on cost.
Development of improved/different materials which are less susceptible to environmental degradation.	Longer remaining life for structures and reduced maintenance costs for Council.
Energy efficient/solar lighting.	Decreased running costs allowing for more lighting and make a safer environment for users.
Water efficient technology, such as shower heads and spring handle taps.	Decreases the amount of water wasted and the cost.
Changes in computing and telecommunications	Impact on the design of buildings owned by Council
Use of electronic asset data management systems for buildings (e.g. MEX)	This will allow for better management and more proactive maintenance. This will also act as a stock inventory as individual building components can be catalogued and then also valued.
New and cheaper/efficient construction/maintenance methodologies and materials	More cost effective and more efficient construction/maintenance.
The increasing complexity of Building Management Systems (BMA), e.g. remotely controlling buildings air-con, lighting, etc	Allows for quicker and more accurate troubleshooting, also reducing turnaround time for rectification of faults. Allows for more efficient operation of buildings and reduces maintenance costs.
The increased use of solar power and bi-directional meters.	Decreased running costs and greater environmental sustainability of Council's building portfolio.
The use of stormwater harvesting infrastructure on buildings to run toilets, irrigation etc.	Reduces the use of potable water and saves costs.

4.5.3 Demand Management Plan

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in the following tables. Further opportunities will be developed in future revisions of this asset management plan.

SERVICE ACTIVITY	DEMAND MANAGEMENT PLAN
ROAD RESERVE ASSET CATEGORY	
Pedestrian access	Kogarah Pedestrian Access and Mobility Plan
Alternative modes of transport	Bicycle network investigation study
Managing traffic and parking	Local traffic/parking studies
WATER ASSET CATEGORY	
Stormwater Conveyance	Floodplain risk management planning process
Stormwater Conveyance	Local hydraulic surveys/studies
Water Quality Improvement	Estuary Management Plans, identifying new gross pollutant trap opportunities
Water Quality Improvement	Development Application water quality management policy
Marine Facilities	Marine Infrastructure Asset Management Plan and speciality studies undertaken e.g. Kogarah Bay boat ramp survey
Foreshore Structures	Foreshore Asset Management Plan, including a measure of social values
PARKS & RECREATION ASSET CATEGORY	
Removal/renewal of park assets	Risk and hazard assessment as per AS:4360:2004
Kogarah City Council Parks and Recreation Risk Management Plan	Local hydraulic surveys/studies
Removal/replacement of street trees	Kogarah City Council Street Tree Management Strategy and Master Plan
The use and management of Community Land	Community Land Plans of Management
Redevelopment of parks and amenities	Community surveys of park visitors and residents around park sites (approx 200 surveys), assessing items such as lighting/safety, frequency of use, expectations etc.
Management of Kogarah's bushland areas.	Kogarah Biodiversity Study Bushland Plans of Management.
Long-term planning of parks and recreation strategies.	St George Leisure and Recreation Strategy Plan, Kogarah Recreation Survey Report, Kogarah Council Leisure, Recreation Strategy Action Plan and Community Land Plans of Management.
BUILDING ASSET CATEGORY	
Professional Management	Manage properties to maximise commercial benefit to Council.
Reuse Asset Stock	Highlight underutilised assets and either increase usage for maximum return, or retire the asset appropriately.
System of Inspection	Continuous system of inspection conducted at a minimum annually, the data from these inspections feeds into the rolling forward works program.

TABLE - DEMAND MANAGEMENT PLAN SUMMARY

4.5.4 New Assets from Growth

The new assets required to meet growth will be acquired from additional development and constructed by Council.

Acquiring new assets will commit Council to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. The future costs are identified and considered in developing forecasts of future operating and maintenance costs.

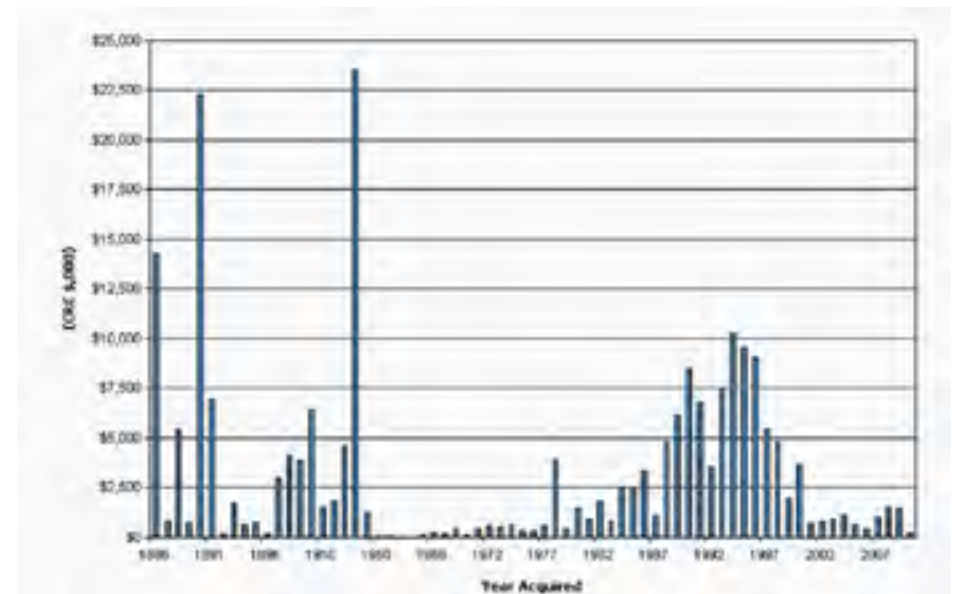
4.6 LIFECYCLE MANAGEMENT PLAN

The lifecycle management plan details how Council plans to manage and operate the assets at the agreed levels of service while optimising lifecycle costs.

4.6.1 Background Data

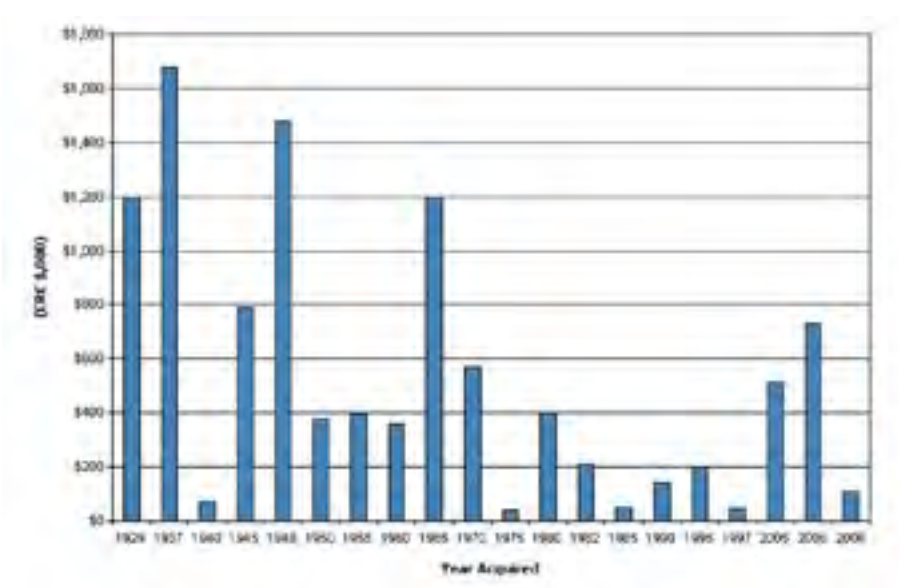
The following graphs identify the current replacement costs (CRC) and the age profile of Council's major infrastructure assets.

FIGURE 2: AGE PROFILE – ROAD RESERVE ASSET CATEGORY (ROAD, PAVEMENT, FOOTPATH AND KERB & GUTTER)



The age profile data for the road reserve asset category (Figure 2) appears to be in distinct groups, this could be due to the year acquired for some asset classes predominantly being calculated from remaining life, for example kerb and gutter. This is in comparison to road seal data, which is highly accurate and based on historical and current reseal data.

FIGURE 3: AGE PROFILE – STORMWATER ASSET CLASS



The age profile data for the stormwater asset category (Figure 3) indicates a large portion of the infrastructure was constructed in the period from 1937 to 1957 this is indicative of Kogarah’s ageing stormwater pits and pipes. The small peak in the graph in 2002 indicates the installation of several of the larger SQIDs, including Moore Reserve wetland.

FIGURE 4: AGE PROFILE –FORESHORE/MARINE INFRASTRUCTURE ASSET CLASS

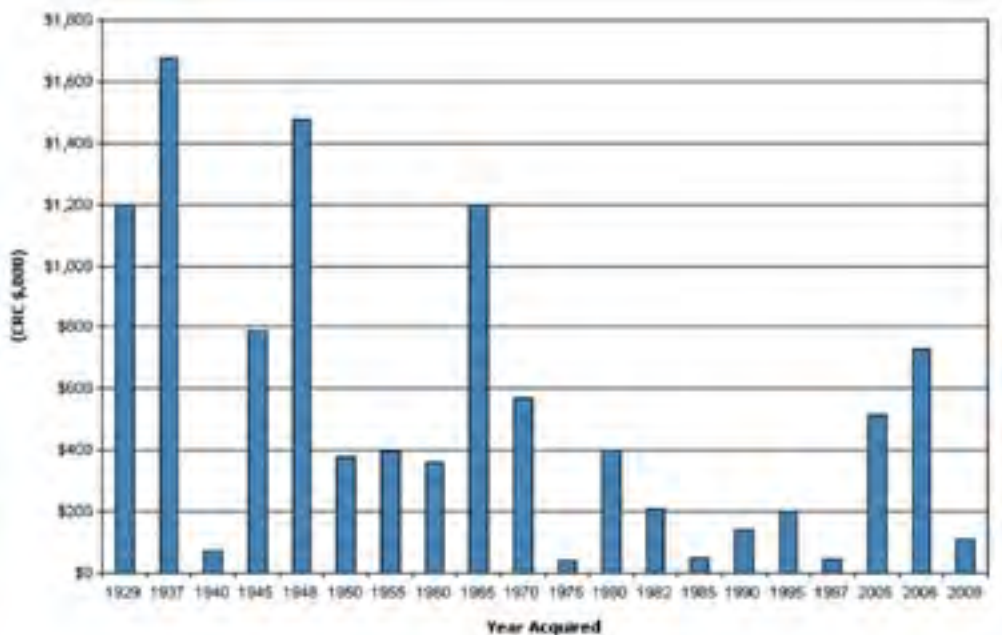
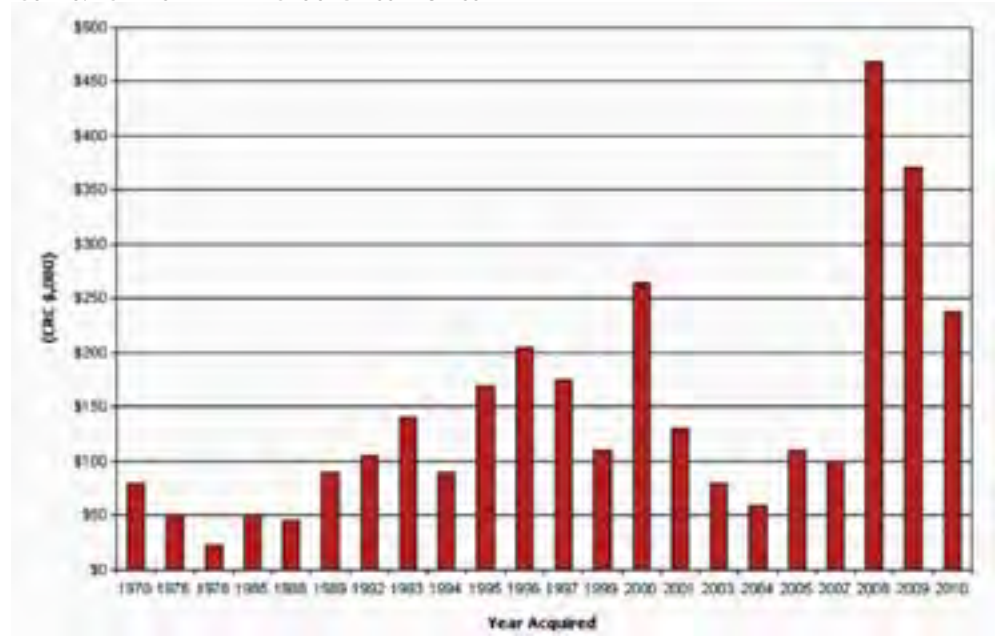


FIGURE 5: AGE PROFILE –PLAYGROUND ASSET CLASS



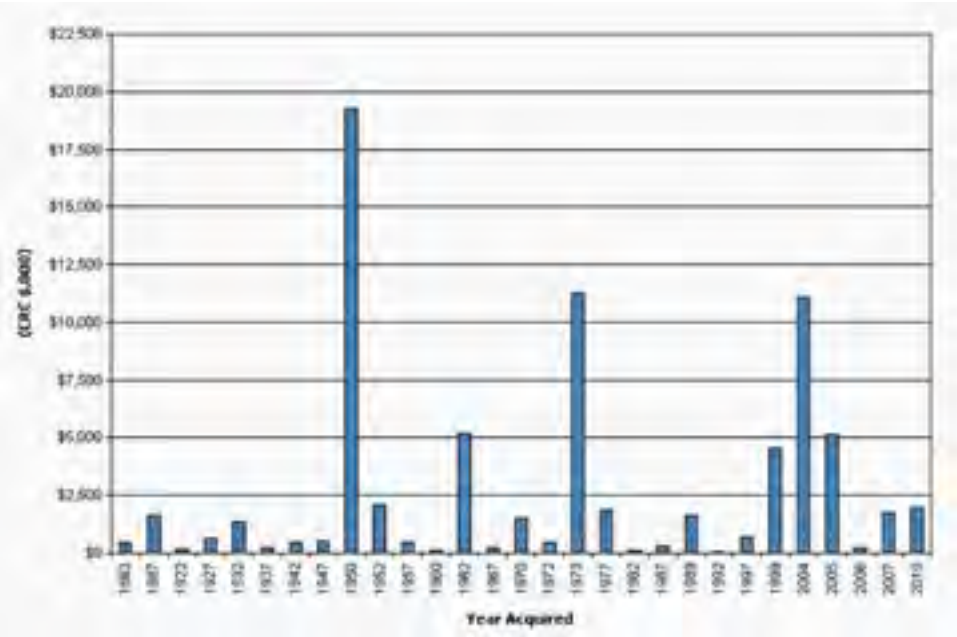
The age profile data for the playground asset category (Figure 5) indicates that playground stock is constantly being replaced and/or rejuvenated.

Kogarah City Council has 49 playground sites. These playgrounds are inspected for condition and safety on a twice-yearly basis by an independent consultant - Playfix. The average age of a playground in the Kogarah LGA is 9.8 years. This is comparable to an average playground age of 12.8 years when Kogarah’s first asset management plan was published in 2003.

The current average age is skewed by more recent installations weighing one end of the scale and at the other end several playgrounds over 17 years old. There are 9 playgrounds between 17 and 39 years of age. This represents 18% of the total number of playgrounds. This equipment is well beyond its use by date and there is on-site evidence of its lack of use by the community.

Council has recently removed four playgrounds with another one scheduled for removal in the near future and two have been recently replaced. Over the last year Council has installed 13 new playgrounds and this is helping to rejuvenate the playground stock, however, additional funding is necessary to maintain and further enhance Council’s playground assets.

FIGURE 6: AGE PROFILE –BUILDING ASSET CATEGORY



The age of Council owned buildings (Figure 6) ranges from 1 to almost 150 years. This includes heritage listed buildings such as the Carss Park Cottage and The School of the Arts through to the newly constructed water reclamation plant. It should be noted that Figure 6 does not include the 25 unconstructed car parks in Kogarah. Once these car parks are valued in 2011, they will be incorporated into the Building Asset Category Asset Management Plan.

4.6.2 Asset Capacity and Performance

Council's services are generally provided to meet design standards where these are available.

Asset Condition

The condition rating methods adopted at Kogarah City Council vary across the asset categories. Generally, rating methods are based on the International Infrastructure Management Manual² as described below and adapted according to the specifics of the asset category.

Rating	Description of Condition
1	Very Good: Only planned maintenance required.
2	Good: Minor maintenance required plus planned maintenance.
3	Fair: Significant maintenance required.
4	Poor: Significant renewal/upgrade required.
5	Failed: Unserviceable or does not meet current Australian Standards.

The following graphs provide an overview of the condition ratings for each of the asset categories. A detailed description of rating methods applied and condition of each specific asset category are included within each specific Asset Management Plan.

FIGURE 7: ROAD PAVEMENT CONDITION PROFILE (AS AT 12 MARCH 2012)

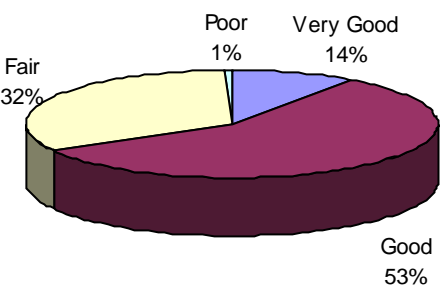


FIGURE 8: FOOTPATH CONDITION PROFILE (AS AT 12 MARCH 2012)

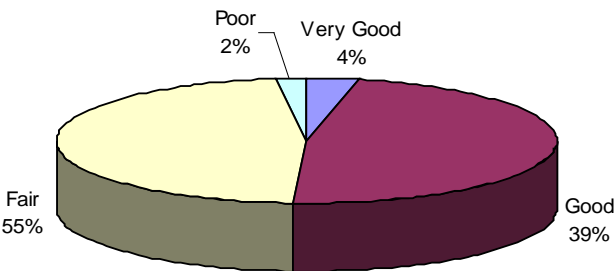
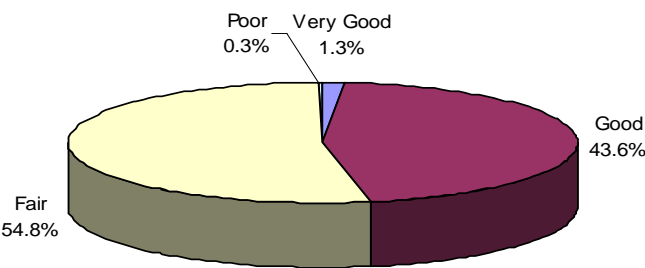


FIGURE 9: KERB AND GUTTER CONDITION PROFILE (AS AT 12 MARCH 2012)



In 2009 a complete network condition assessment was completed by Council's Infrastructure Assets Officer for the road pavement, footpath and kerb and gutter assets. A subsequent survey in 2012 assessed the conditions of all service Level 1 and 2 road pavements, footpath and kerb and gutter assets. One third (1/3) of the service Level 3 assets are to be assessed later in 2012.

Each asset segment was assigned a condition score based on those defined in the International Infrastructure Management Manual.

As indicated in Figure 7, 8 & 9 above, the condition assessment showed that the majority of road pavement (99%), footpath (98%) and kerb and gutter (99.7%) assets in the City of Kogarah are in a very good to fair condition.

²IIIMM 2006, Appendix B, p B:1-3 ('cyclic' modified to 'planned')

FIGURE 10: STORMWATER PITS CONDITION PROFILE

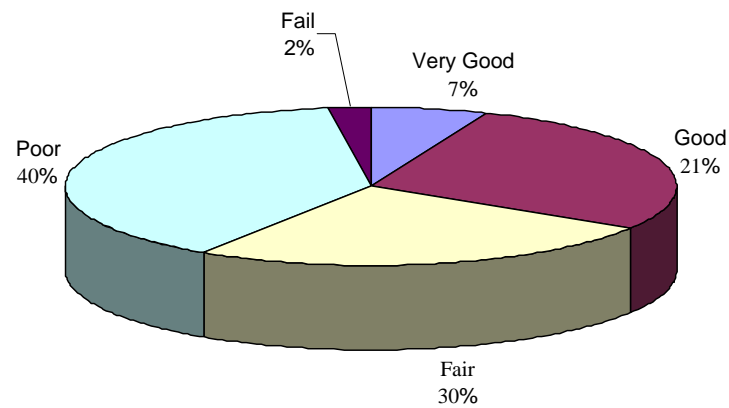
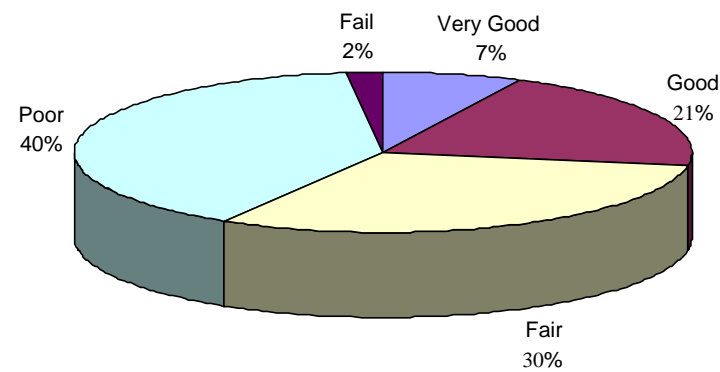
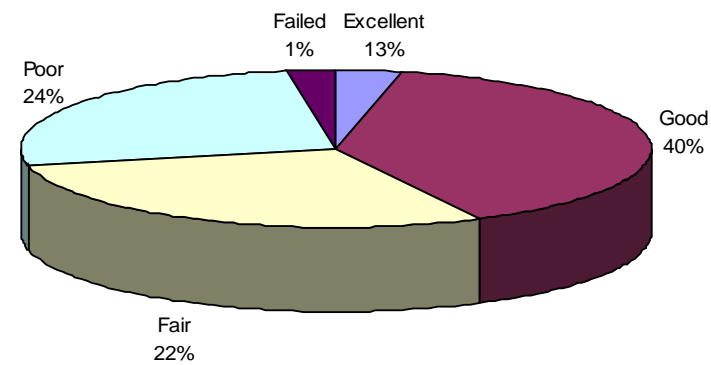


FIGURE 11: STORMWATER PIPES CONDITION PROFILE



Figures 10 & 11 above show the condition of Kogarah’s stormwater pits and pipes as assessed by the theoretical modelling conducted in 2008 and verified through CCTV sampling. These figures indicate that there is a large percentage of pits (42%) and pipes (42%) which have been assigned a poor to failed condition rating. This is indicative of the ageing nature of Kogarah’s stormwater assets.

FIGURE 12: FORESHORE/MARINE STRUCTURES CONDITION PROFILE



In 2008, Council commissioned independent consultants WMAwater to conduct assessments of the 23 foreshore areas and all foreshore/marine infrastructure assets contained within these areas. This included low tide inspections to determine the condition of the assets. Each asset was broken into components and the condition of each component assessed. Figure 12 above shows a summary of the condition assessment indicating the majority (75%) of Council’s foreshore/marine structures are in an excellent to fair condition.

FIGURE 13: PLAYGROUND ASSETS CONDITION PROFILE

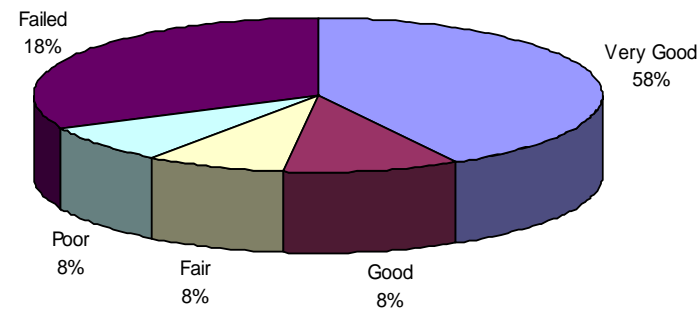


Figure 13 above shows the condition of Kogarah’s playground assets, 18% of which are of a failed condition. Generally these playgrounds have been classified as failed as they do not meet the current Australian Standards and are therefore considered a risk to the community. Council is currently working through a program of replacement (where funds permit) or removal of these playgrounds to ensure the safety of the community.

Asset Valuations

The following table below shows a summary of the financial reporting for Kogarah's assets. Detailed information relating to asset valuations are included in the Asset Management Plans for each specific asset category.

FINANCIAL SUMMARY

Asset Category	Current Replacement Cost (\$M)	Depreciable Amount (\$M)	Depreciated Replacement Cost (\$M)	Annual Depreciated Expense (\$M)	Asset Consumption (%)	Asset Renewal (%)	Annual Upgrade / Expansion (%)
Road Reserve	\$224	\$224	\$163.8	\$4.0	1.8%	0.7%	0.2%
Water	\$53.3	\$53.3	\$21.1	\$0.8	1.5%	0.5%	0.2%
Parks & Recreation	\$141.9	\$141.9	\$70.8	\$0.7	0.8%	1.0%	0.3%
Buildings	\$74.9	\$74.9	\$46.7	\$2.2	2.9%	1.1%	0.5%

4.6.3 Risk Management Plan

An assessment of risks associated with service delivery was carried out to identify critical risks to Council. The risk assessment process identifies credible risks, public exposure to risk, the likelihood of the risk event occurring, the consequences should the event occur, a risk rating and evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Council's infrastructure risk management plans identify risks and prioritise corrective action. Assets identified as 'Very High' (requiring immediate corrective action) and 'High' (requiring prioritised corrective action) are nominated as critical risks and are considered a priority for action by Council.

The following tables indicate the critical risks for each asset category:

ASSET CLASS AT RISK	WHAT CAN HAPPEN	RISK RATING (VH, H)	RISK TREATMENT PLAN
ROAD RESERVE ASSET CATEGORY			
Road Pavement	Crashes occur causing fatality/injury/damage to property. Possible causes; Design flaws, Damaged road surface, Existing unsafe elements in the road environment.	High	Australian Standards. RTA Regulations. Regular Pavement Inspections. Public Liability Insurance.
	Network deterioration e.g. potholes. Possible causes; Poor maintenance practices by other parties. Development related deterioration, Ongoing rain.	High	Annual resheeting program. Reactive pothole repairs. Road restoration standards. Public Liability Insurance.
Traffic Facilities	Crash occurring causing injury / death / successful litigation. Possible causes; Existing damaged traffic control device, Existing damaged/ obscured or missing sign, Driver is unaware of danger/ recommended speed, Vandalism of Traffic facilities.	High	Australian Standards. RTA Regulations, Regular Inspections. Faded sign replacements. Reactive maintenance. Public Liability Insurance.
Retaining Walls	Failure of wall resulting in injury or property damage. Possible causes; Deterioration, often unseen to the eye. Natural causes.	High	Programmed inspections. Vegetation management. Public Liability Insurance.
WATER ASSET CATEGORY			
Wharfs, Jetties and Pontoons	Collapse, small failures creating personal hazard. Possible causes; age deterioration, vandalism or navigation accident.	High	Foreshore and Marine structures AMP and associated condition assessment and works program. Public Liability Insurance.
PARKS & RECREATION ASSET CATEGORY			
Playgrounds	Personal Injury. Possible cause; Misuse of Equipment.	High	Post warning signage identifying suitable age groups and supervision. Public Liability Insurance.
BUILDINGS ASSET CATEGORY			
Buildings	Major Structural Damage/Defect Possible causes; Poor Design/Construction Methodology, Act of Nature, Human Impact.	High	Complete Structural Assessments On Existing Buildings As Required. Follow Regulatory Controls For New Buildings. Public Liability Insurance.
	Air Conditioning Failure/Contamination. Possible causes; Age of System Components, Incorrect Assemblage/ Installation, Poor Maintenance/Cleaning.	High	Regular System of Inspection for Mechanical and Health Risks. Proactive Maintenance. Public Liability Insurance.
Swimming Pools	Filtration System Failure. Possible causes; Age of System Components, Higher Standards Introduced (Non-Compliance), Poor Maintenance.	High	Regular System of Inspection for Mechanical and Health Risks. Proactive Maintenance and Scheduled Maintenance Regime. Public Liability Insurance.
Car Parks/ Buildings	Accident/Injury to Individuals or Vehicles. Possible causes; Human Error (by Affected Individual or Person Creating/ Ignoring Hazard), Failure or Defects of Other Systems, Non-compliance with Standards.	High	Regular System of Inspection Including OH&S Committee in Council Staff Occupied Buildings, Active Reporting Systems by Staff & Tenants, Public Liability Insurance.

TABLE: CRITICAL RISKS AND TREATMENT PLANS

4.6.4 Routine Maintenance Plan

Routine maintenance is the regular on-going work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

Maintenance Plan

Maintenance includes reactive, planned and cyclic maintenance work activities. Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done in order to develop a maintenance history and improve maintenance and service delivery performance.

Cyclic maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting of buildings, pruning of street trees, street sweeping and cleaning of stormwater pits. This work generally falls below the capital/maintenance threshold.

The table below shows the 2012 budget for maintenance by asset category.

TABLE - 2010 BUDGET FOR MAINTENANCE

ASSET CATEGORY	REACTIVE	PLANNED	CYCLIC
Roads	\$1,044,870	\$1,007,816	\$1,326,054
Footpaths	\$649,830	\$371,573	\$234,009
Parks and Recreation	\$1,400,913	\$700,456	\$1,092,350
Buildings	\$624,580	\$54,100	\$330,520

Standards & Specification

Maintenance, renewal and new assets work is carried out in accordance with the following Standards and Specifications:

- Councils adopted Standards and Guidelines
- AusSpec
- Australian Standards
- RTA Guidelines
- Austroad Guidelines
- Operational Tender

Summary of Future Maintenance Expenditures

Future maintenance for each of the asset categories is forecast to trend in line with the following graphs. Note that all costs are shown in the current 2010 values.

FIGURE 14: PLANNED MAINTENANCE EXPENDITURE - (ROAD PAVEMENT, FOOTPATH AND KERB & GUTTER)

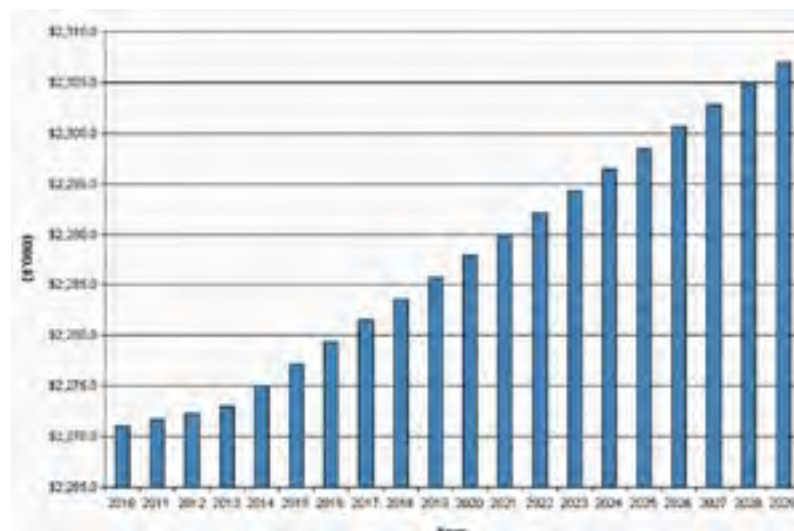


FIGURE 15: PLANNED MAINTENANCE EXPENDITURE - STORMWATER

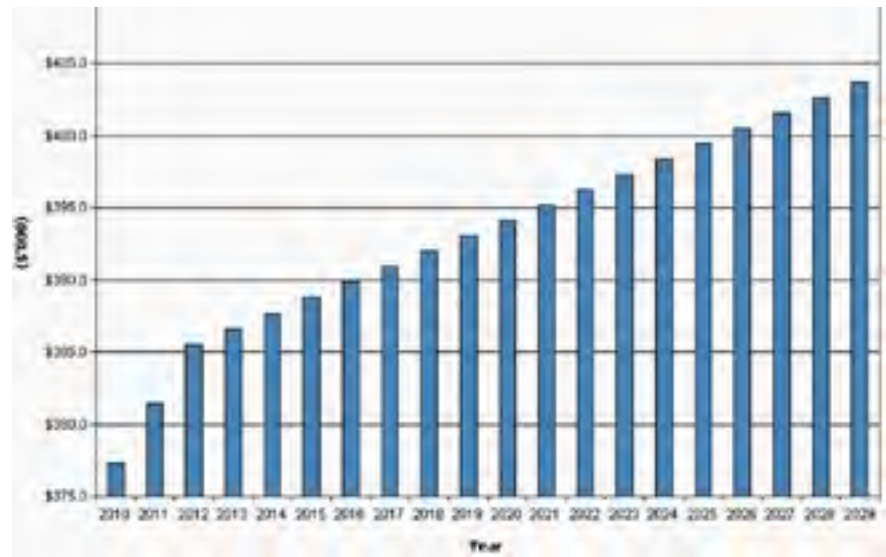


FIGURE 17: PLANNED MAINTENANCE EXPENDITURE - PLAYGROUNDS

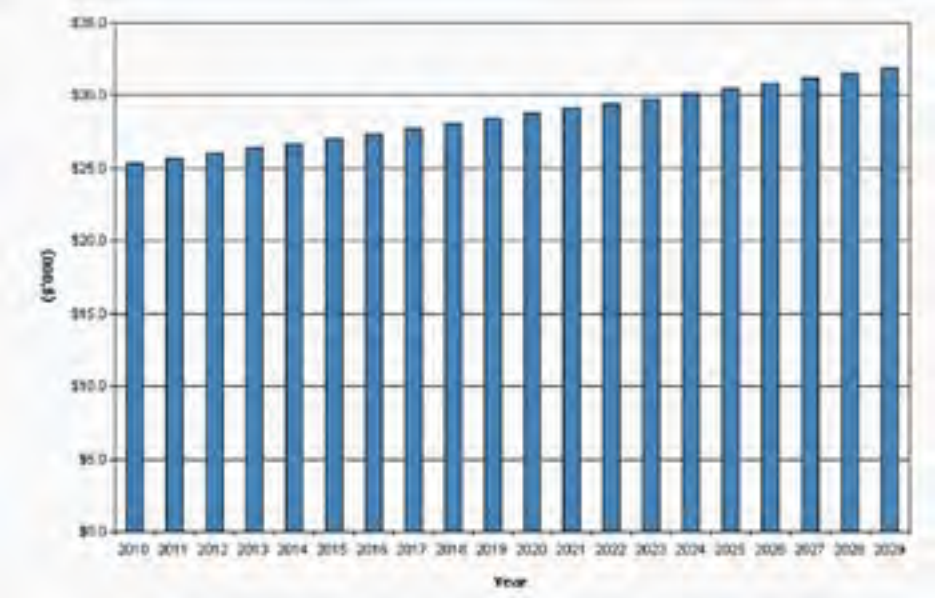


FIGURE 16: PLANNED MAINTENANCE EXPENDITURE - FORESHORE/MARINE STRUCTURES

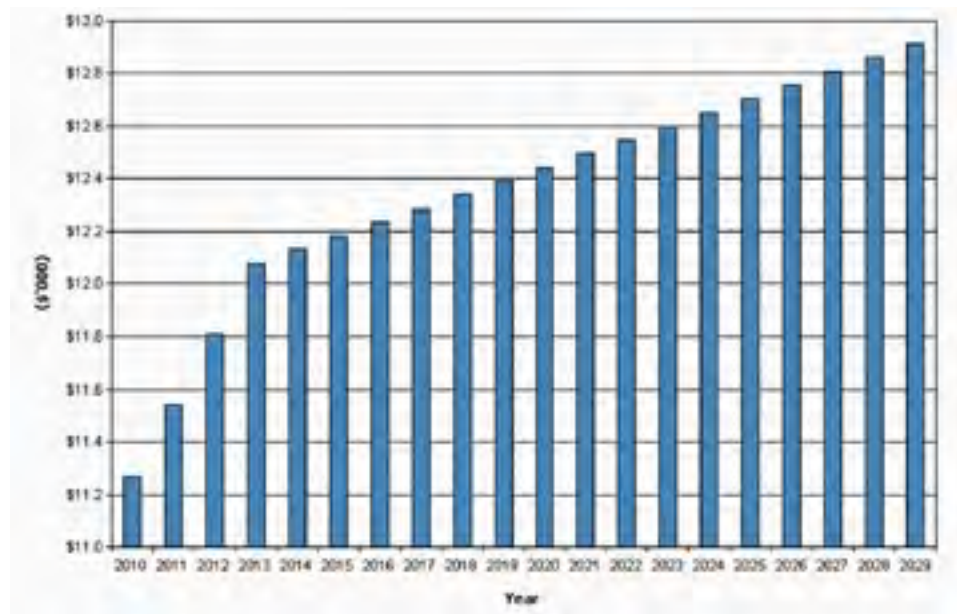
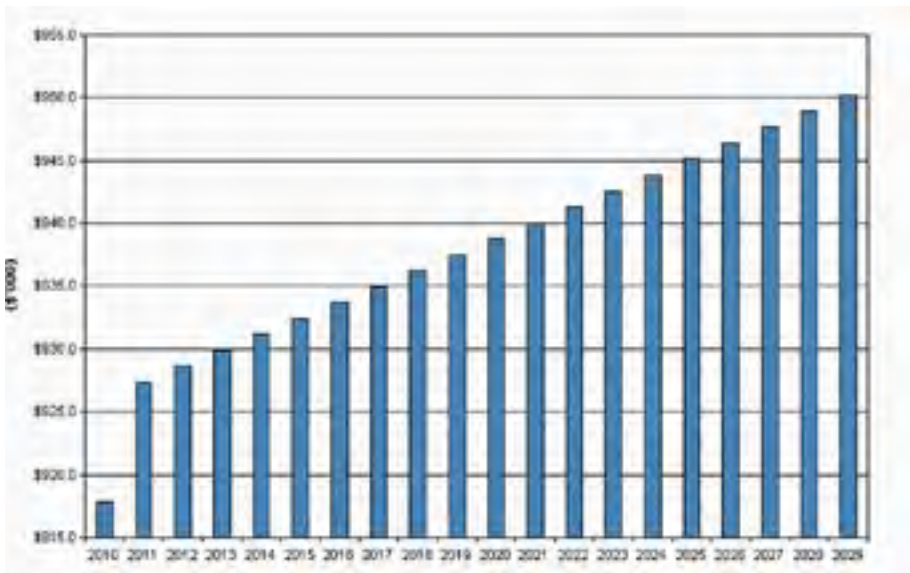


FIGURE 18: PLANNED MAINTENANCE EXPENDITURE - BUILDINGS



4.6.5 Renewal/Replacement Plan

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

Renewal Plan

Renewal will be undertaken using 'low-cost' renewal methods where practical. The aim of 'low-cost' renewals is to restore the service potential or future economic benefits of the asset by renewing the assets at a cost less than replacement cost. Analysis of future renewal requirements to sustain all asset categories has been undertaken and has been identified within each of the AMPs.

Renewal Standards

Renewal work is carried out in accordance with the following Standards and Specifications:

- Councils adopted Standards and Guidelines
- AusSpec
- Australian Standards
- RTA Guidelines
- Austroad Guidelines
- Operational Tender

4.6.6 Creation/Acquisition/Upgrade Plan

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

Selection Criteria

New assets and upgrade/expansion of existing assets are identified from various sources such as Councillor or community requests and proposals identified by strategic plans or partnerships with other organisations.

Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. Verified proposals are ranked by priority with linkages to the outcomes identified in *Bright Future, Better Lifestyle: Kogarah 2020* and funding opportunities and considered by Council.

Contender projects for future years considerations are maintained and accessed annually as part of the Capital Works bidding process.

Standards and Specifications

Standards and specifications for new assets and for upgrade/expansion of existing assets are the same as those for renewal and maintenance shown in Section 6.5.2 above.

Summary of Future Upgrade/New Assets Expenditure

The planned upgrade/new capital works are to form part of Council's four (4) year Delivery Plan. New assets and services are to be funded from Council's Capital Works program and grants where available.

4.6.7 Disposal Plan

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation.

No assets have been identified for disposal as part of this plan.

4.7 FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this asset management plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

4.7.1 Financial Statements and Projections

The financial projections for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets) for each of the asset categories are indicated in the graphs below⁴. It is important to note the following graphs use an average of capital asset expenditures from the previous five years. More sophisticated modelling on predicted capital expenditure could improve these projections.

FIGURE 19: PLANNED OPERATING AND CAPITAL EXPENDITURE – ROADS

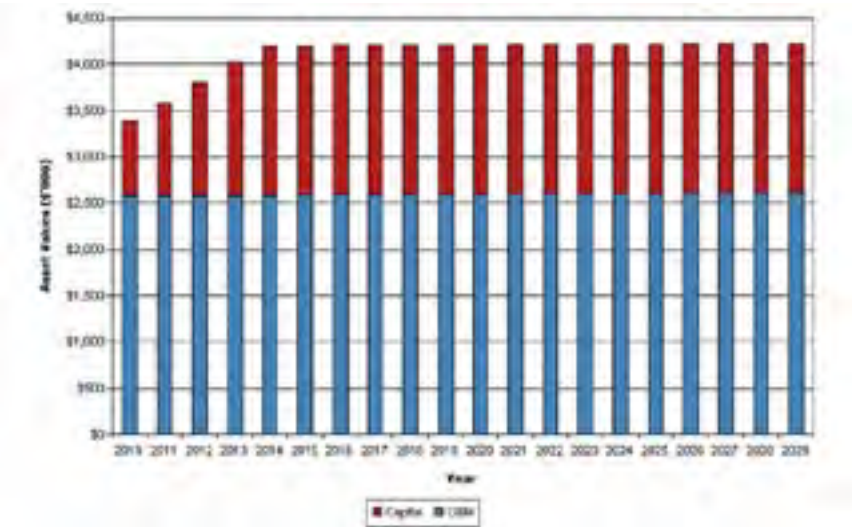


Figure 19 above shows the planned operating and capital expenditure for the road reserve asset category, including road pavement, footpath and kerb & gutter. It is important to note that the significant increase in capital in the years 2011 to 2014 is indicative of the Special Rate Variation applied by Council to fund infrastructure.

FIGURE 20: PLANNED OPERATING AND CAPITAL EXPENDITURE - STORMWATER

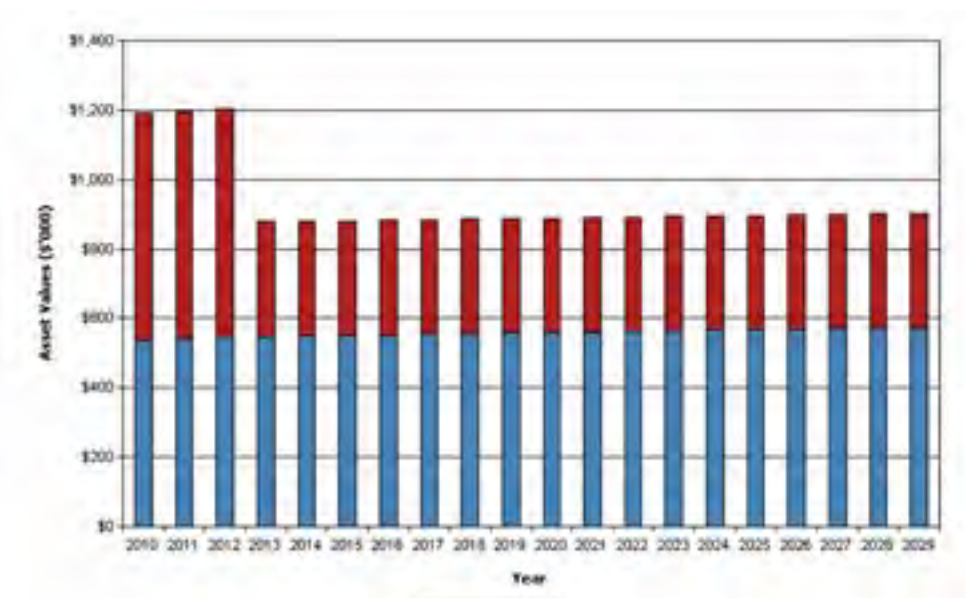


Figure 20 above indicates the planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets) for the water assets category.

The higher levels of planned operating and capital expenditure for the first three years of stormwater are indicative of the large stormwater channel duplication/ naturalisation project being undertaken by Council at Beverley Park.

⁴Note, all costs are shown in current 2010 dollar values

FIGURE 21: PLANNED OPERATING AND CAPITAL EXPENDITURE- FORESHORE/MARINE STRUCTURES

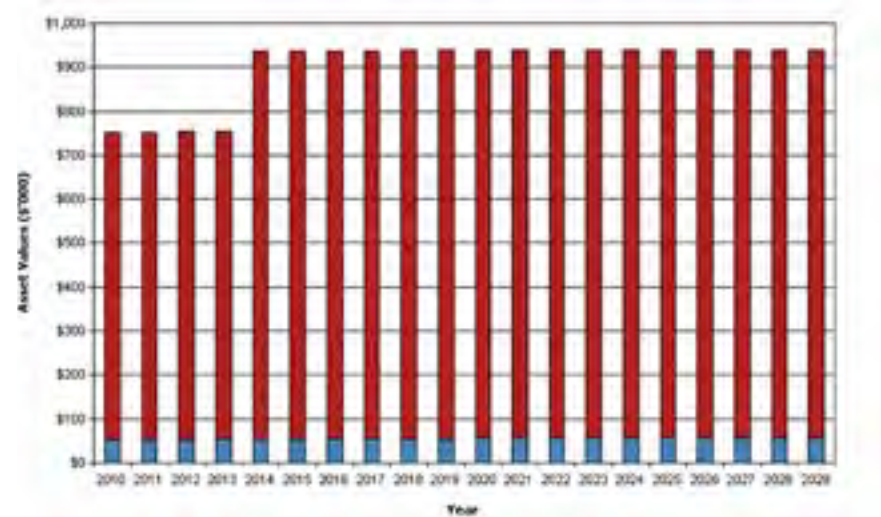
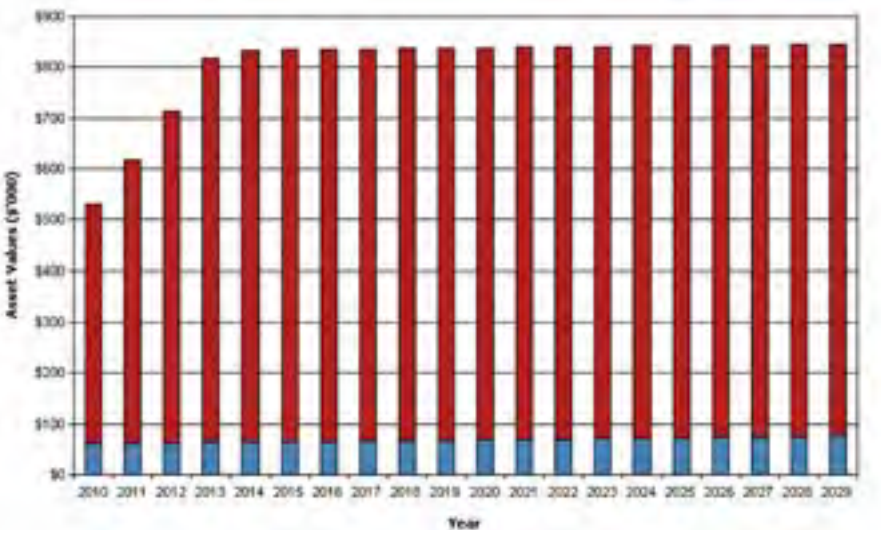


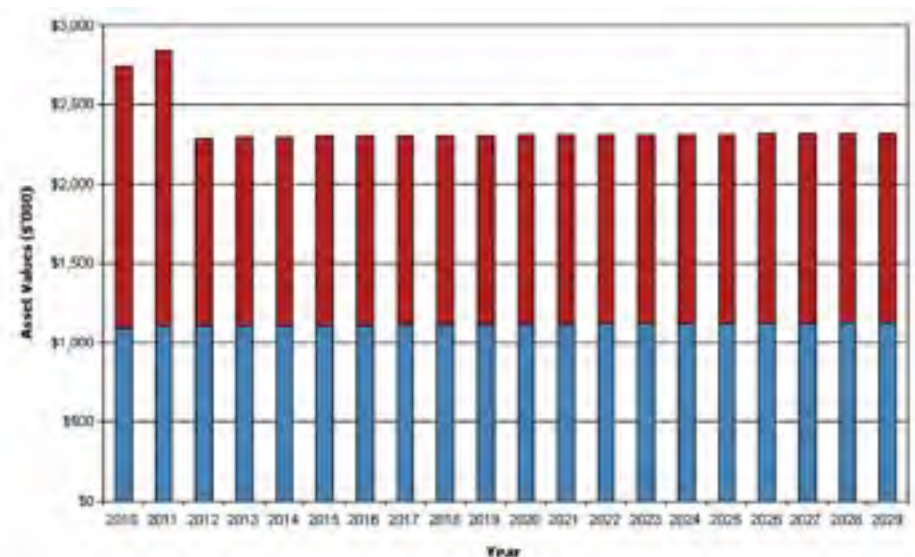
Figure 21 above indicates that foreshore/marine structures operating and capital expenditure is expected to drop after the first four years of the planning period due to the discontinuation of the environmental levy.

FIGURE 22: PLANNED OPERATING AND CAPITAL EXPENDITURE - PLAYGROUNDS



The financial projections for playgrounds are shown in Figure 22 above for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets). The sharp increase in expenditure at the start of the funding period (2010 to 2014) is indicative of additional funds received through the proposed Special Rate Variation.

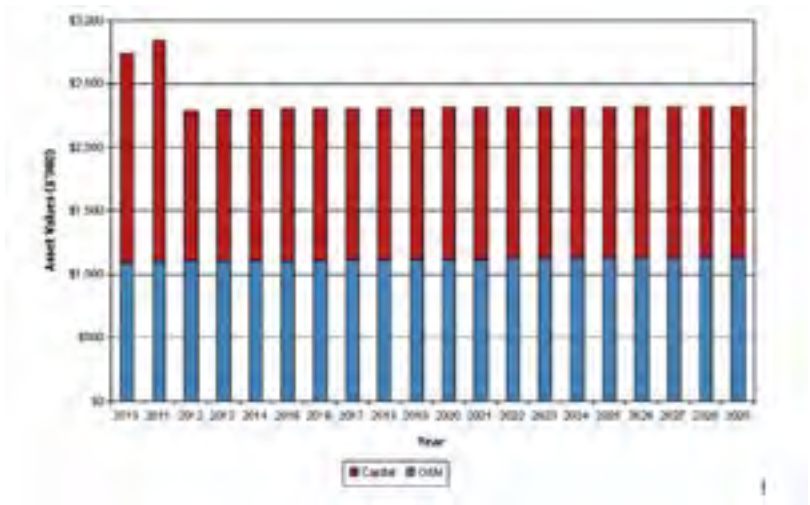
FIGURE 23: PLANNED OPERATING AND CAPITAL EXPENDITURE - BUILDINGS



The financial projections for buildings are shown in Figure 23 above for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/ expansion/new assets).

The higher values at the start of the modelling period (2010 and 2011), are reflective of higher programmed capital works in 2010 and 2011, this is offset by anticipated funding from the Special Rate Variation.

FIGURE 23: PLANNED OPERATING AND CAPITAL EXPENDITURE - BUILDINGS



The financial projections for buildings are shown in Figure 23 above for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/ expansion/new assets).

The higher values at the start of the modelling period (2010 and 2011), are reflective of higher programmed capital works in 2010 and 2011, this is offset by anticipated funding from the Special Rate Variation.

Sustainability of Service Delivery

There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by assets, these being long-term life cycle costs and medium term costs over the 10 year financial planning period.

Long-term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include maintenance and asset consumption (depreciation expense).

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes maintenance plus capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals.

A gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year.

ASSET CATEGORY	LIFE CYCLE COST	LIFE CYCLE EXPENDITURE	LIFE CYCLE GAP	LIFE CYCLE SUSTAINABILITY INDEX
Roads	\$5,626,908	\$3,340,715	\$2,286,193	0.59
Footpaths	\$812,646	\$599,285	\$213,361	0.74
Parks and Recreation	\$3,607,856	\$3,493,465	\$114,391	0.97
Buildings	\$2,384,778	\$1,777,839	\$606,940	0.75

Medium-term – 10 year financial planning period

This asset management plan identifies the estimated maintenance and capital expenditures required to provide an agreed level of service to the community over a 20 year period for input into a 10 year financial plan and funding plan to provide the service in a sustainable manner.

This may be compared to existing or planned expenditures in the 20 year period to identify any gap. In a core asset management plan, a gap is generally due to increasing asset renewals.

Providing services in a sustainable manner will require matching of projected asset renewals to meet agreed service levels with planned capital works programs and available revenue.

A gap between projected asset renewals, planned asset renewals and funding indicates that further work is required to manage required service levels and funding to eliminate any funding gap.

Council will manage the 'gap' by developing this asset management plan to provide guidance on future service levels and resources required to provide these services.

Council's long-term financial plan covers the first 10 years of the 20-year planning period. Council is currently developing its 10 year financial plan. Once completed in April 2010, the following financial projections will be added to this plan:

- The total maintenance and capital renewal expenditure required over the 10 years
- Average 10-year expenditure
- Estimated maintenance and capital renewal expenditure in year 1
- The 10-year sustainability index

4.7.2 Funding Strategy

Projected expenditure is to be funded from Council's operating and capital budgets. The funding strategy will be detailed in the Council's 10-year long-term financial plan.

4.7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council.

The depreciation expense is increasing due to the new assets created. Each of these new assets will have an associated depreciation cost which aggregate to increase the total depreciation to council.

The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets.

Depreciated replacement costs show the value of the assets. A decline in value currently indicates that the consumption (or depreciation) is occurring at a greater rate than the assets are being renewed. Details relating to the valuation forecasts for each asset category are contained within the relevant Asset Management Plans.

4.7.4 Key Assumptions Made in Financial Forecasts

This section details the key assumptions made in presenting the information contained in this asset management plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this asset management plan are:

- No substantial increase in asset stock.
- Future financial forecasts are based on stable price increases in accordance with RBA forecasts for price growth.
- Technology in delivery of new infrastructure and maintenance of existing infrastructure will not substantially change over the forward estimates.
- Service level expectations of the community will not change substantially over the forward estimates.
- The population growth will not be significantly different to the population estimates determined by the state government plan.

Accuracy of future financial forecasts may be improved in future revisions of this asset management plan by the following actions.

- More detailed information on asset classes e.g. park furniture, street furniture.
- Inclusion of all asset classes into financial forecasting.
- Addition of long-term (10-year) financial forecasts.
- More detailed long-term modelling for capital works spending.
- Increased accuracy of condition monitoring.

4.8 ASSET MANAGEMENT PRACTICES

4.8.1 Accounting/Financial Systems

Kogarah City Council uses the “Authority” accounting system. “Authority” has the capacity to record not only financial transactions, but also units of work and where they occur. In 1997 Council implemented a ‘job numbering’ system which required a large shift in work practices for both outdoor and administration staff. This job numbering system has been very successful and now provides the foundation for asset management practice at Kogarah City Council.

Council purchased “Authority” from Sanderson’s in 1996, which in 2002 became known as Civica. Civica continue to support many corporate financial management systems throughout Local Government in Australia. The “Authority” program is located on the Authority Server within the Kogarah City Council computer network and is accessed by most staff within the organisation.

Asset managers at Council maintain their own budgets, including the setup of job numbers according to maintenance and capital and the processing of invoices against these budgets. The Asset Manager, in combination with the GIS and Assets Coordinator provide valuation information to the finance section of Council. Finance use this information to update the accounting records and to produce the yearly financial reports.

The following accounting guidelines and standards are applicable to asset management practices:

- AASB 116 – Property, Plant & Equipment
- AASB 136 – Impairment of Assets
- AASB 138 – Intangible Assets
- AASB 140 – Investment Properties
- AASB 1031 – Materiality
- AASB 1051 – Land under Roads

The finance section is currently changing the grouping of assets as reported in the financial statements to align with the asset categories as defined in this Asset Management Plan.

4.8.2 Asset Management Systems

Asset Register

In 2002 Kogarah City Council engaged Jeff Roorda & Associates (JRA) to capture and assess the condition of signs, kerb, footpath, line markings and pedestrian facilities within the local government area. This was the first time detailed information had been collected on these assets and allowed for an accurate assessment of each asset’s condition and value. This information was then loaded into JRA’s Microsoft Access based asset register called Lifecycle. The lifecycle software then allowed for long-term economic as well as physical analysis of these assets.

Each asset was also represented as a feature in the relevant layer in Council’s GIS (Geographical Information System), MapInfo. Currently Council’s GIS is used to maintain and view asset register data. The lifecycle database is not maintained.

Council has been using a GIS since 1996. The GIS provides the interface to convey detailed information in a simple map based format. The most obvious function of GIS within asset management is to provide a location of each asset. However, knowing the location of each asset also allows the GIS software to analyse groups of assets by their spatial relationships and allows for complicated analysis to be performed very easily. An example of this is the modelling of street trees on other assets such as footpaths and kerb and gutter.

Kogarah City Council uses MapInfo software products for all asset register editing and map layer creation. Exponare Enquiry is used as a desktop viewer, which allows asset information to be viewed easily by all staff. Certain asset information such as stormwater drainage can be viewed by the public at the Customer Service Centre.

Kogarah City Council’s Assets Infrastructure Officer and Tree Management Officers use the MapInfo based GBM Mobile for condition assessment of Council’s assets in the field using a Personal Digital Assistant (PDA). The MapInfo system and the asset register are administered by Council’s Assets & GIS Section. Where possible, features in the GIS contain a 5 digit asset ID which provides a link into the “Authority” system.

Customer Request Management System

Council uses an intranet based Customer Request Management System or CRM for all telephone or 'over the counter' communication with residents and the wider community. The CRM system was developed by Civica (who provide Authority) and implemented for Kogarah City Council in 2006. The CRM can be accessed by staff via the intranet and has the ability to automatically assign tasks to the appropriate staff and record the actions taken by that staff member and the completion time.

Enquiries are primarily entered by Council's customer service centre and actioned by Kogarah City Works, although the system is utilised by other areas of Council. Future developments of the CRM system may allow for residents to lodge their own enquiries via the internet.

Electronic Document Management

Dataworks is Council's electronic document management system. It is widely used throughout the organisation as the primary records management system. It contains all appropriate written correspondence, either sent or received by Council. Dataworks functions in a similar way to Council's CRM for all written requests concerning an asset related issue. Tasks can be assigned to appropriate staff and the actions, dates and comments recorded. All correspondence and documents are stored under the relevant 5 digit asset ID for that feature. Dataworks is administered by the 'IT & T' and 'records' sections and is stored on the Kogarah City Council computer network. Council is currently running version 3, Release 3.41 of the Dataworks software.

In the future Council plans to provide a link between Exponare and Dataworks, employees will then be able to easily query any correspondence related to an asset using a map location.

4.8.3 Information Flow Requirements and Processes

The key information flows into this asset management plan are the:

- Asset register data on size, age, value and remaining life of the network.
- Unit rates for categories of work/material.
- Adopted service levels.
- Projections of various factors affecting future demand for services.
- Correlations between maintenance and renewal, including decay models.
- Data on new assets acquired by Council.
- The key information flows from this asset management plan are the:
- Assumed Works Program and trends.
- Resulting budget, valuation and depreciation projections.
- Useful life analysis.

These will impact the Long-Term Financial Plan, Strategic Business Plan, annual budget and departmental business plans and budgets.

The recognition of new assets and capitalisation process is defined by the following steps;

1. Asset managers identify through the budgeting process the distinction between capital and operating expenditure.
2. Council uses the project costing module in "Authority" to monitor the cost of new assets during the financial year.
3. The finance section uses the project costing data to update the asset database with all new capitalised assets.
4. This information is used to prepare annual financial reports.

4.8.4 Standards and Guidelines

Council has adopted an Asset Management Policy and Strategy.

4.9 PLAN IMPROVEMENT AND MONITORING

4.9.1 Performance Measures

The effectiveness of the asset management plans can be measured in the following ways:

- The degree to which the required cashflows identified in this asset management plan are incorporated into Council's long-term financial plan and Community Strategic Plan;
- The degree to which 1-5 year detailed works programs, budgets, business plans and organisational structures take into account the 'global' works program trends provided by the asset management plan.

4.9.2 Improvement Plan

The asset management improvement plan generated from this asset management plan is shown in the table below.

TABLE - ASSET MANAGEMENT IMPROVEMENT PLAN

TASK NO	TASK	RESPONSIBILITY	RESOURCES REQUIRED	TIMELINE
1.	Complete data collection and asset condition assessment for incomplete asset classes.			
1.1.	CBD Street Furniture	Infrastructure Assets Officer		By 2012
1.2	Traffic Facilities, including line markings and signs	Infrastructure Assets Officer		By 2012
1.3	Park furniture, fixtures and fittings (40% completed - March 2012)	Manager Recreation & Urban Landscapes	Hand held device, training and support from Assets & GIS	Completed December 2012
1.4	Componentisation of all buildings and condition assessment to allow for more accurate financial modelling	Manager KCW/Manager Property		
2.	Addition of new work for stormwater pits and pipes from old plans. Development of procedure whereby this occurs as new work is completed.	Manager Catchments & Waterways		Completed 2010
3.	Dates of acquisition for footpaths, kerb and gutter based on historical data rather than current back calculation from remaining and design lives. Development of process where new work dates of acquisition are reset, similar to road resheeting.	Manager Asset Planning & Services		Completed 2011
4.	Alignment of GIS building layers and data with buildings databases. - Project commenced March 2012.	Assets & GIS Co-ordinator		
5.	Defining minimum targets for maintaining the condition of our assets for AMS reporting.	Asset Management Group		
6.	Procedures for assessing and reporting the utilisation of assets, across the four asset categories.	Asset Managers		
7.	Addition of long-term, 10-year financial forecasts.	Manager Finance		Completed. Ongoing.
8.	Revaluation of asset classes per Department of Local Government directives and addition of this information into AMP.	Asset Management Group		Completed to date.
9.	Development of a more detailed/advanced risk analysis. Analysis to be conducted at the asset level, rather than the asset class level.	Asset Managers		

4.9.3 Monitoring and Review Procedures

This asset management plan will be reviewed during annual budget preparation and amended to recognise any changes in service levels and/or resources available to provide those services as a result of the budget decision process.

The Plan has a life of 4 years and is due for revision and updating within 2 years of each Council election. Financial and condition data will be updated on a yearly basis in line with the financial reporting period.

4.10 REFERENCES

Bright Future, Better Lifestyle: Kogarah 2020, Kogarah City Council.

DVC, 2006, 'Asset Investment Guidelines', 'Glossary', Department for Victorian Communities, Local Government Victoria, Melbourne, <http://www.dvc.vic.gov.au/web20/dvclgv.nsf/allDocs/RWP1C79EC4A7225CD2FCA257170003259F6?OpenDocument>

IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au

Kogarah Municipal Council, 2007, Section 94 Contribution Plan No. 5 Open Space

4.11 ABBREVIATIONS

AAAC	Average Annual Asset Consumption
AMP	Asset Management Plan
ARI	Average Recurrence Interval
BOD	Biochemical (biological) Oxygen Demand
CRC	Current Replacement Cost
CWMS	Community Wastewater Management Systems
DA	Depreciable Amount
DoH	Department of Health
EF	Earthworks/Formation
GIS	Geographic Information System
IRMP	Infrastructure Risk Management Plan
LCC	Life Cycle Cost
LCE	Life Cycle Expenditure
LEP	Local Environmental Plan
LGA	Local Government Area
MMS	Maintenance Management System
PCI	Pavement Condition Index
RTA	Roads & Traffic Authority
RV	Residual Value
SS	Suspended Solids
vph	Vehicles Per Hour

4.12 GLOSSARY⁵

Annual service cost (ASC)

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/opportunity and disposal costs, less revenue.

Asset class

Grouping of assets of a similar nature and use in an entity's operations (AASB 166.37).

Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

Asset management

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

Assets

Future economic benefits controlled by the entity as a result of past transactions or other past events (AAS27.12).

Property, plant and equipment including infrastructure and other assets (such as furniture and fittings) with benefits expected to last more than 12 months.

Asset Hierarchy

A framework in which components of an asset base are allocated appropriate classifications, determined by asset functionality or type. The hierarchy classifications are:

Category – the highest level at which assets are grouped according to function, and being the title of each of the suite of Asset Management Plans e.g. ROAD RESERVE.

Class - the overall asset type, e.g. KERB.
Element - sub-classification of Class, e.g. BRICK KERB.

Asset (Individual) - item or segment to which a unique identifier has been assigned, e.g. KERB & GUTTER, NORTH SIDE, JONES STREET, Brown Street to White Street, ID 9999.

Average Annual Asset Consumption (AAAC)*

The amount of a local government's asset base consumed during a year. This may be calculated by dividing the Depreciable Amount (DA) by the Useful Life and totalled for each and every asset OR by dividing the Fair Value (Depreciated Replacement Cost) by the Remaining Life and totalled for each and every asset in an asset category or class.

Component - individual part of an asset which contributes to the composition of the whole and can be separated from or attached to an asset or a system.

Brownfield asset values**

Asset (re)valuation values based on the cost to replace the asset including demolition and restoration costs.

Capital expansion expenditure

Expenditure that extends an existing asset, at the same standard as is currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating and maintenance costs, because it increases Council's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital funding

Funding to pay for capital expenditure.

Capital grants

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

Capital investment expenditure

See capital expenditure definition.

Capital new expenditure

Expenditure which creates a new asset providing a new service to the community that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operating and maintenance expenditure.

Capital renewal expenditure

Expenditure on an existing asset, which returns the service potential or the life of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it has no impact on revenue, but may reduce future operating and maintenance expenditure if completed at the optimum time, e.g.

resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Capital upgrade expenditure

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operating and maintenance expenditure in the future because of the increase in the Council's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

Carrying amount

The amount at which an asset is recognised after deducting any accumulated depreciation/amortisation and accumulated impairment losses thereon.

Class of assets

See asset hierarchy definition.

Component

See asset hierarchy definition.

Cost of an asset

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, plus any costs necessary to place the asset into service. This includes one-off design and project management costs.

Current Replacement Cost (CRC)

The cost Council would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

Current Replacement Cost "As New" (CRC)

The current cost of replacing the original service potential of an existing asset, with a similar modern equivalent asset, i.e. the total cost of replacing an existing asset with an as NEW or similar asset expressed in current dollar values.

Cyclic maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, road cleaning, replacement of air conditioning equipment, etc. This work generally falls below the capital/

maintenance threshold and needs to be identified in a specific maintenance budget allocation.

Depreciable amount

The cost of an asset, or other amount substituted for its cost, less its residual value (AASB 116.6).

Depreciated Replacement Cost (DRC)

The Current Replacement Cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

Depreciation / amortisation

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

Economic life

See useful life definition.

Expenditure

The spending of money on goods and services. Expenditure includes recurrent and capital.

Fair value

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arms length transaction.

Greenfield asset values **

Asset (re)valuation values based on the cost to initially acquire the asset.

Heritage asset

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the council holding it.

Impairment Loss

The amount by which the carrying amount of an asset exceeds its recoverable amount.

Infrastructure assets

Physical assets of the council or of another entity that contribute to meeting the public's need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and often have no market value.

Investment property

Property held to earn rentals or for capital appreciation or both, rather than for:

(a) use in the production or supply of goods or services or for administrative purposes; or

(b) sale in the ordinary course of business (AASB 140.5).

Level of service

The defined service quality for a particular asset against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental acceptability and cost.

Life Cycle Cost **

The Life Cycle Cost (LCC) is the average cost to provide the service over the longest asset life cycle. It comprises of annual maintenance and asset consumption expense, represented by depreciation expense. The LCC does not indicate the funds required to provide the service in a particular year.

Life Cycle Expenditure **

The Life Cycle Expenditure (LCE) is the actual or planned annual maintenance and capital renewal expenditure incurred in providing the service in a particular year. Life Cycle Expenditure may be compared to Life Cycle Cost to give an initial indicator of life cycle sustainability.

Loans / borrowings

Loans result in funds being received which are then repaid over a period of time with interest (an additional cost). Their primary benefit is in 'spreading the burden' of capital expenditure over time. Although loans enable works to be completed sooner, they are only ultimately cost effective where the capital works funded (generally renewals) result in operating

and maintenance cost savings, which are greater than the cost of the loan (interest and charges).

Maintenance and renewal gap

Difference between estimated budgets and projected expenditures for maintenance and renewal of assets, totalled over a defined time (e.g. 5, 10 and 15 years).

Maintenance and renewal sustainability index

Ratio of estimated budget to projected expenditure for maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

Maintenance expenditure

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

Materiality

An item is material if its omission or misstatement could influence the economic decisions of users taken on the basis of the financial report. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances.

Modern equivalent asset

A structure similar to an existing structure and having the equivalent productive capacity, which could be built using modern materials, techniques and design.

Replacement cost is the basis used to estimate the cost of constructing a modern equivalent asset.

Non-revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

Operating expenditure

Recurrent expenditure, which is continuously required excluding maintenance and depreciation, e.g. power, fuel, staff, plant equipment, on-costs and overheads.

Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Rate of annual asset consumption*

A measure of average annual consumption of assets (AAAC) expressed as a percentage of the depreciable amount (AAAC/DA). Depreciation may be used for AAAC.

Rate of annual asset renewal*

A measure of the rate at which assets are being renewed per annum expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

Rate of annual asset upgrade*

A measure of the rate at which assets are being upgraded and expanded per annum expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

Reactive maintenance

Unplanned repair work that is carried out in response to service requests and management/supervisory directions.

Recoverable amount

The higher of an asset's fair value, less costs to sell and its value in use.

Recurrent expenditure

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operating and maintenance expenditure.

Recurrent funding

Funding to pay for recurrent expenditure.

Rehabilitation

See capital renewal expenditure definition above.

Remaining life

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining life is economic life.

Renewal

See capital renewal expenditure definition above.

Residual value

The net amount which Council expects to obtain for an asset at the end of its useful life after deducting the expected costs of disposal.

Revenue generating investments

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

Risk management

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

Section or segment

A self-contained part or piece of an infrastructure asset.

Service potential

The capacity to provide goods and services in accordance with Council's objectives, whether those objectives are the generation of net cash inflows or the provision of goods and services of a particular volume and quantity to the beneficiaries thereof.

Service potential remaining*

A measure of the remaining life of assets expressed as a percentage of economic life. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (DRC/DA).

Asset Management Strategy

Documents Council's objectives for a specified period (4 years), the principle activities needed to achieve the objectives, the means by which they will be carried out, estimated income and expenditure, measures to assess performance and how this relates to the Council's objectives and activities.

Sub-component

Smaller individual parts that make up a component part.

Useful life

Either:

(a) the period over which an asset is expected to be available for use by Council, or

(b) the number of production or similar units expected to be obtained from the asset by Council.

It is the estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council. It is the same as the economic life.

Value in Use

The present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate new cash flows, where if deprived of the asset its future economic benefits would be replaced.

APPENDICES

Appendix 1 - Asset Management Policy

Appendix 2 - Conditions Maps

Appendix 3 - Future Renewals

Appendix 4 - Current Situation

Appendix 5 - Current Service Levels

Appendix 6 - Legislation

APPENDIX I -

ASSET MANAGEMENT POLICY



Policy/Code Title:	Policy – Asset Management Policy
Policy/Code Number:	P005.02
Directorate:	Assets & Services
Department:	Asset Planning & Services
Strategic Direction/s:	<ol style="list-style-type: none"> 1. A clean, green and sustainable City 2. A liveable and connected City 4. A vibrant, safe and inclusive City 5. An active and healthy City 6. An innovative and efficient Council
Strategic Goal/s:	<ol style="list-style-type: none"> 1.1. Kogarah’s natural areas, including our waterways, local air quality, bushland and foreshore areas are protected and enhanced. 1.2. Kogarah City residents live in a clean and environmentally sustainable community. 1.3. Streets within the City of Kogarah are visually appealing, hosting a variety of native trees, flowers and sustainable gardens. 2.1. Development in Kogarah maintains and enhances the character and amenity of our neighbourhoods, Town Centres and local centres. 2.3. Kogarah City residents can get to where they need to go in a way that is accessible, safe and efficient. 2.4. Kogarah City residents are able to walk and cycle safely and conveniently throughout the City. 4.1. Kogarah City is a safe community where residents, workers and visitors feel safe in their homes, workplace and in the community. 4.2. Kogarah City maintains high quality, accessible community services to meet the needs of the community.

Strategic Goal/s (Cont.):	<p>5.1. Kogarah City has a variety of safe and well maintained sporting fields, recreation areas and facilities to meet the recreational needs of all age groups in our community.</p> <p>5.2 Kogarah City residents have access to a range of services and facilities that are relevant and responsible to health and wellbeing.</p> <p>5.3. Parks and open spaces in Kogarah City are designed and managed for long term sustainability.</p> <p>6.1. Kogarah City Council is a leading, responsive, innovative, efficient and accountable organisation that effectively manages its finances and assets.</p>
Responsible Officer:	Manager Asset Planning & Services
Relevant Legislation:	Local Government Act 1993 and Local Government Regulation 2005
Adoption / Amendment / Revision Date:	Adopted 27 April 2010 Revised 30 November 2010
Resolution Number:	Min No.60/2010
Amendment History:	
Review Year:	2013

Note: Policy details may change prior to review date due to legislative changes etc, therefore this document is uncontrolled when printed.

Policy Statement

1. Introduction / Background

1.1 Council is required as part of its Community Strategic Plan to develop a Resourcing Strategy. The Resourcing Strategy is comprised of Council's Long-Term Financial Plan, Workforce Management Strategy and Asset Management Framework. A component of the Asset Management Framework is that an Asset Management Policy be developed. In accordance with this requirement and the Department of Local Government's Integrated Planning and Reporting Guidelines the following policy has been developed. This policy will provide a framework under which Kogarah City Council's infrastructure assets will be managed.

1.2 Asset management is defined as the systematic and coordinated activities and practices through which an organisation optimally manages its physical assets, and their associated performance, risks and expenditures over their life-cycle for the purpose of achieving its Community Strategic Plan.

1.3 Council has four infrastructure asset categories: road reserve, water, parks & recreation and buildings. Each of these asset categories covers a variety of asset classes that include infrastructure such as roads, footpaths, retaining walls; foreshore/marine structures, stormwater; open space assets including parks, gardens, playgrounds, sporting facilities and bushland and property assets including civic, commercial, operational and recreational buildings.

1.4 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

1.5 A strategic approach to asset management will ensure that Council delivers the highest appropriate level of service through its infrastructure assets. This will provide a positive impact on;

- Members of the public and staff;
- Council's financial position;
- The ability of Council to deliver the expected level of service and infrastructure;
- The political environment in which Council operates; and the legal liabilities of Council.

2. Definitions of Terms

The Act - The Local Government Act 1993.
LGA - Local Government Area.

3. Purpose

The purpose of this policy is to establish a framework for the management of Kogarah City Council's infrastructure assets.

This policy aims to set a framework for undertaking asset management in a structured and coordinated way and ensure it aligns with Kogarah City Council's vision '*A viable and sustainable future in partnership with our Community*' and Council's key community strategic visionary directions.

The application of sound asset management is critical to the successful implementation of the following key strategic visionary directions of Kogarah City Council's Community Strategic Plan:-

- A clean, green and sustainable City (1)
- A liveable and connected City (2)
- A vibrant, safe and inclusive City (4)
- An active and healthy City (5)
- An innovative and efficient Council (6)

This policy is needed to provide direction and guidance for asset management and planning based on service provision. The Asset Management Policy, Resource Strategy, four year Delivery plan and one year Operational plan are all integral to the success of the Community Strategic Plan. The four year Delivery plan and one year Operational plan outline the actions that will be undertaken in accordance with the Community Strategic Plan key strategic visionary directions.

In achieving the above key strategic visionary directions the following main goals and strategies have been identified as integral to contributing to successful implementation of our Community Strategic Plan and in turn Council's Asset Management Policy:- (Refer Community Strategic Plan Bright Future Better Lifestyle: Kogarah 2020 for associated strategies related to the goals outlined below).

- 1.1. Kogarah's natural areas, including our waterways, local air quality, bushland and foreshore areas are protected and enhanced.
- 1.2 Kogarah City residents live in a clean and environmentally sustainable community.
- 1.3 Streets within the City of Kogarah are visually appealing, hosting a variety of native trees, flowers and sustainable gardens.
- 2.1 Development in Kogarah maintains and enhances the character and amenity of our neighbourhoods, Town Centres and local centres.
- 2.3 Kogarah City residents can get to where they need to go in a way that is accessible, safe and efficient.

2.4 Kogarah City residents are able to walk and cycle safely and conveniently throughout the City.

4.1 Kogarah City is a safe community where residents, workers and visitors feel safe in their homes, workplace and in the community.

4.2 Kogarah City maintains high quality, accessible community services to meet the needs of the community.

5.1 Kogarah City has a variety of safe and well maintained sporting fields, recreation areas and facilities to meet the recreational needs of all age groups in our community.

5.2 Kogarah City residents have access to a range of services and facilities that are relevant and responsible to health and wellbeing.

5.3 Parks and open spaces in Kogarah City are designed and managed for long term sustainability.

6.1 Kogarah City Council is a leading, responsive, innovative, efficient and accountable organisation that effectively manages its finances and assets.

The following objectives enhance, compliment and provide direction in achieving the abovementioned goals and strategies.

4. Objectives/

The objectives of this policy are to ensure adequate provision is made for the long-term renewal of major assets by:

- Ensuring that Council's services and infrastructure are provided in a sustainable manner, with the appropriate levels of service to residents and visitors whilst considering the natural environment.
- Safeguarding Council's assets, including physical assets and employees, by implementing appropriate asset management strategies and the allocation of appropriate financial resources.
- Providing information to all Council employees to enable all employees to play an integral part in the sustainability and overall management of Council's assets.
- Ensuring legislative requirements for asset management are met.
- Ensuring resources and operational capabilities are identified and responsibilities for asset management allocated.
- Demonstrating transparent and responsible asset management processes that align with best practice.

- Undertaking maintenance programs, which may include conservation, rehabilitation, minor replacements or infrastructure renewal, to prolong the life of an asset and to monitor life-cycle management.
- Considering the current and future needs of the Community and its ability to provide infrastructure assets which contribute to meeting these needs.

5. Application / Scope

This policy applies to all infrastructure assets owned and controlled by Council, as shown in the following table.

Asset Category	Asset Class	Detail
ROAD RESERVE	Pavement	Mainly bitumen trafficable surfaces and substructure
	Footpath	Includes concrete footpaths, nature strips, driveways and pram ramps
	Kerb & Gutter	Mainly concrete with some brick in heritage areas
	Traffic Facilities	Includes signs, lines and traffic devices
	Retaining Walls	Natural and man made
	Street Furniture	Includes bus shelters, seats and rubbish bins
	Stormwater Pits & Pipes	Includes open water carrying structures
WATER	Stormwater Quality Improvement Devices (SQIDs)	Includes pollution traps and wetlands
	Foreshore/Marine Structures	Boat ramps, seawalls, jetties, tidal pools and pontoons
PARKS & RECREATION	Parks & Reserves	Includes all elements except bushland and trees
	Bush Areas	Indigenous bushland areas
	Public Trees	Public trees located within parks and reserves and street trees located within the road reserve
BUILDINGS	Buildings	Includes civic centre, libraries, child care centres, water reclamation plant, amenities blocks
	Car Parks	Above and underground

The scope of this policy includes all Directorates of Council.

6. Principles / Body

- 6.1 Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management practices across all areas of Council. This includes ensuring that assets are planned, created, operated, maintained, renewed and disposed of in accordance with Council's priorities for service delivery.

- 6.2 Council has four infrastructure asset categories; road reserve, water, parks & recreation and buildings.

Road Reserve

The road reserve asset category is defined as any assets that are located within the boundary of the road reserve. This includes road pavement, kerb and gutter, footpath, traffic facilities, retaining walls and street furniture. While street trees are located within the road reserve, they will be included within the parks and reserves asset category as they are part of the natural urban landscape.

Water

The water asset category is comprised of three (3) main classes; stormwater drains and pits, stormwater quality improvement devices (SQIDs) and foreshore/marine structures.

Parks & Recreation

The parks & recreation asset category includes sporting fields, parks and reserves, gardens, walking tracks and park footpaths, irrigation systems, playgrounds, trees (both parks and street trees), park furniture and bushland areas.

Buildings

Council owns, operates and maintains a variety of buildings, facilities and car parks in partnership with specialist contractors and in-house staff. These buildings include the Civic Centre, the works depot, libraries, child care centres, commercial buildings, amenities buildings, swimming pools, a water reclamation plant, toilets and car parks.

- 6.3 A consistent Asset Management Strategy must exist for implementing systematic asset management and asset management best-practice throughout Council.

- 6.4 All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.

- 6.5 Asset management principles will be integrated within existing planning and operational processes.

- 6.6 An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- 6.7 In accordance with Council's long-term financial plan Council's aim is to fully fund the required asset renewals to meet agreed service levels, as identified in Council's Infrastructure Asset Management Plans.
- 6.8 Asset renewal plans will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service.
- 6.9 Systematic and cyclic reviews will be applied to all asset classes to ensure that assets are managed, valued and depreciated in accordance with best practice and the applicable Australian Standards.
- 6.10 Future life-cycle costs will be reported and considered in all decisions relating to the provision of new services and assets and upgrading of existing services and assets.
- 6.11 Future service levels will be determined in consultation with the Community.

7. Community Consultation / Public Exhibition

Not applicable.

8. Relevant Legislation

- Local Government Act 1993
- Local Government (General) Regulation 2005
- Australian Standards
- Building Code of Australia 2009
- Contaminated Lands Management Act 1997
- Contaminated Lands Management Amendment Act 2008
- Crown Lands Act 1989
- Coastal Protection Act 1979
- Civil Liability Act
- Dividing Fences Act 1991
- Disability Discriminations Act 1992
- Energy Efficiency Opportunities Act 2006
- Environmental Planning and Assessment Act 1979
- Environmental Planning and Assessment Amendment Act 2008
- Explosives Act 2003
- Graffiti Control Act 2008
- Graffiti Control Amendment Act 2009
- Home Building Act 1989
- Home Building Amendment Act 2001

- Housing Act 2001
- Infrastructure Implementation Corporation Act 2005
- Land and Environment Court Act 1979
- Land Acquisitions (Just Terms Compensation) Act 1991
- OH & S Act 2000
- OH & S Regulation 2001
- Protection of the Environment Operations Act 1997
- National Resources Management Act 2004
- Noxious Weed Act 1993
- Threatened Species Act 1995
- Roads Act 1993
- Valuation of Land Act 1916
- Valuers Act 2003
- Workers Compensation Act 1987

9. Related and Associated Council Policy and Procedures

Asset Management Strategy
Asset Management Plan – Road Reserve
Asset Management Plan – Buildings
Asset Management Plan – Water
Asset Management Plan – Parks & Reserves
International Infrastructure Management Manual 2006

10. Responsible Officer / Policy Owner

The Manager Asset Planning & Services is the responsible officer.

The functions the Manager Asset Planning & Services will perform in relation to this policy are:

- Provide a point of contact about the meaning and application of the policy;
- Update the policy when necessary to ensure it is current;
- Implement communications, education and monitoring strategies;
- Ensure the policy is included on Council's policy register and record management system.

11. Responsibilities

The Manager Asset Planning & Services is responsible for the implementation, application and review of this policy across the organisation.

Staff have responsibilities for managing assets in their activities and workplace and are accountable through their individual work plans, position descriptions and actions identified in the four year Delivery Plan and the one year Operational Plan.

Employees are required to co-operate and be actively involved in the development and implementation of the Asset Management Plans. This collaborative approach will ensure a quality system delivering measurable outcomes.

Managers and Supervisors are responsible for the day to day use of assets as described in the Asset Management Policy and Asset Management Plans. This includes the timely identification, assessment and recording of defects and referral to the person responsible for the day to day management of that asset.

The Director Assets & Services is responsible for the overview of the Asset Management Policy and the implementation and review of the Asset Management Plans. The Assets & Services directorate is responsible for the large majority of operational maintenance, renewal and capital projects and development of strategic plans for the current and future management of Council's Infrastructure Assets. The Director Assets & Services is also responsible for ensuring the Community and key stakeholders inputs are integrated into the Asset Management Plans and that timely, accurate and reliable information is presented to Council for decision making.

All Directors are responsible for facilitating their directorates to operate effectively in consideration of the Asset Management Policy. Directors are also responsible for monitoring and reviewing the performance of staff in implementing asset management.

The General Manager has overall responsibility for ensuring that an Asset Management Plan is established, implemented and maintained in accordance with the Asset Management Policy, and for the assignment of responsibilities in relation to asset management. The General Manager is also responsible for reporting on the status and effectiveness of asset management within Council.

Councillors, as members of the governing body, work as part of a team to make decisions and policies that guide the activities of the council. The role as an elected person requires councillors to represent the interests of the community and provide leadership.

Councillors, administrators, members of staff of council, members of council committees and delegates of the council must comply with the applicable provisions of this policy.

12. Approval

The Executive team has the authority to approve this policy. However, Council's practice is those policies that have a significant impact on the Community be adopted by Council.

This policy was adopted by Council on 27 April 2010, Council Resolution Minute No. 60/2010.

Policy revised on 30 November 2010. Executive team approval dated 30 November 2010.

13. Monitoring

The Manager Asset Planning & Services will monitor the application of this policy in accordance with Council's four year delivery plan, one year operational plan and any legislative changes which would necessitate changes.

14. Review Date

This policy is scheduled to be reviewed every three (3) years. The due date for review is November 2013. However, this policy may be reviewed prior to this date if required.

15. Record Keeping, Confidentiality and Privacy

All documents created in relation to this policy will be kept in accordance with NSW State Records Act, Kogarah City Council's record management practice Corporate Records Policy and NSW State Records Act 1998.

Members of the public can access Council's documents in accordance with Government Information Public Access (GIPA) Act 2009 and Privacy and Personal Information Protection Act (PPIPA) 1998.

The Government Information (Public Access) Act became effective from 1 July 2010 it replaced previous legislation relating to access/rights to information i.e., Freedom of Information (FOI) Act 1989 and s12 of the Local Government Act 1993.

16. Breaches and Sanctions

Relevant legislation applies where applicable.

APPENDIX 2 -

CONDITION MAPS

Footpath Condition Map

Kerb and Gutter Condition Map

Playground Condition Map

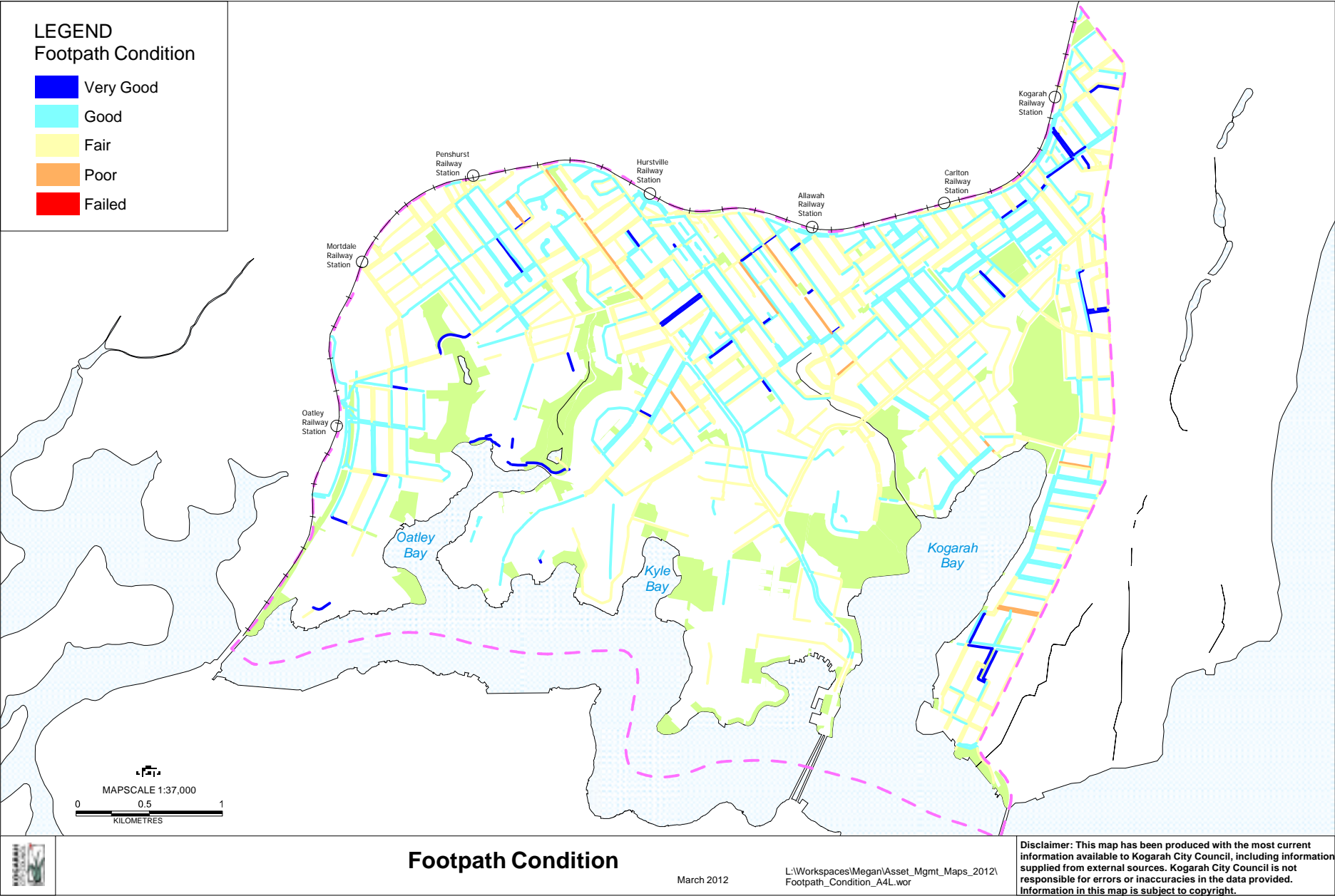
Retaining Wall Condition Map

Stormwater Pipes Condition Map

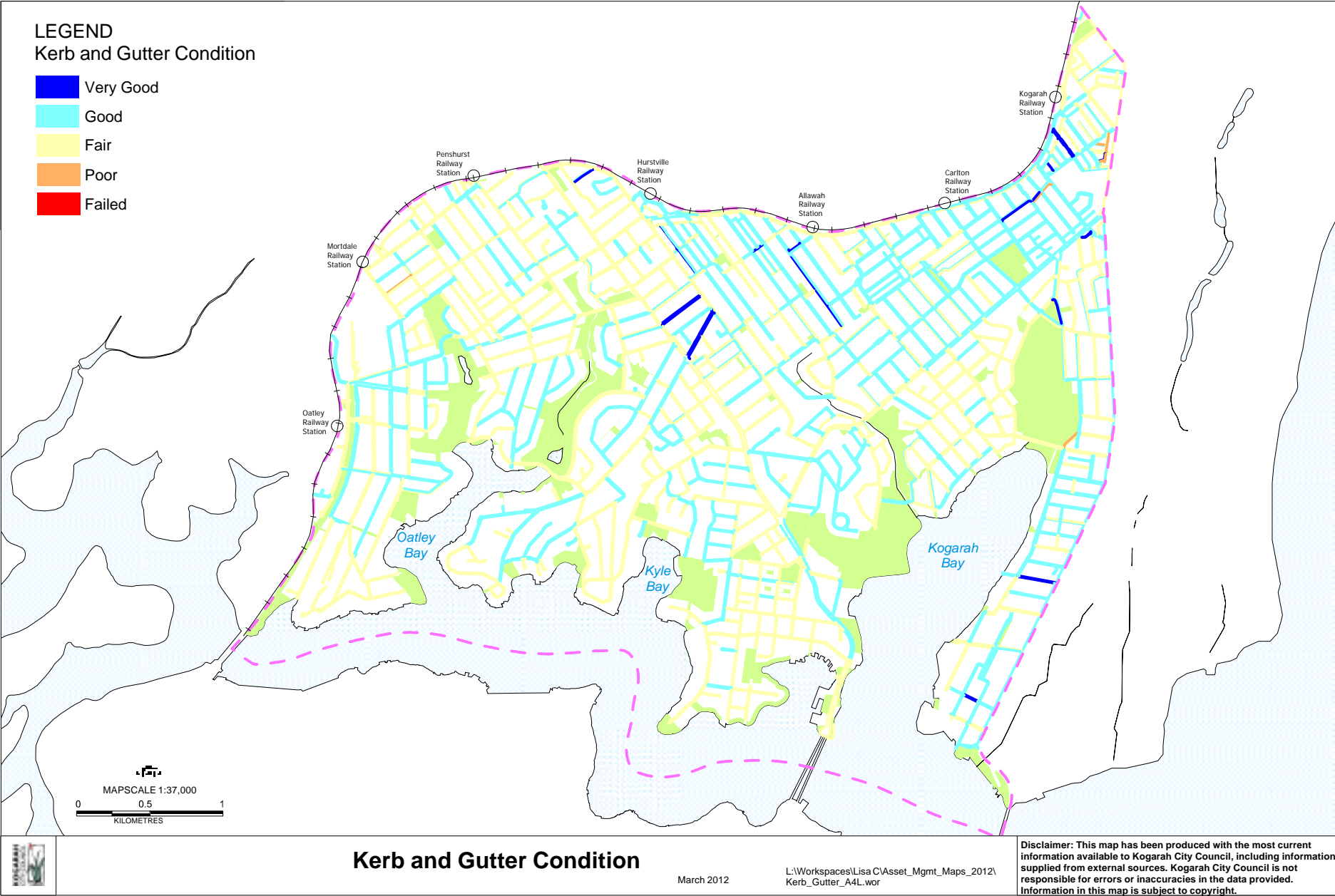
Stormwater Pits Condition Map

Road Pavement Condition Map

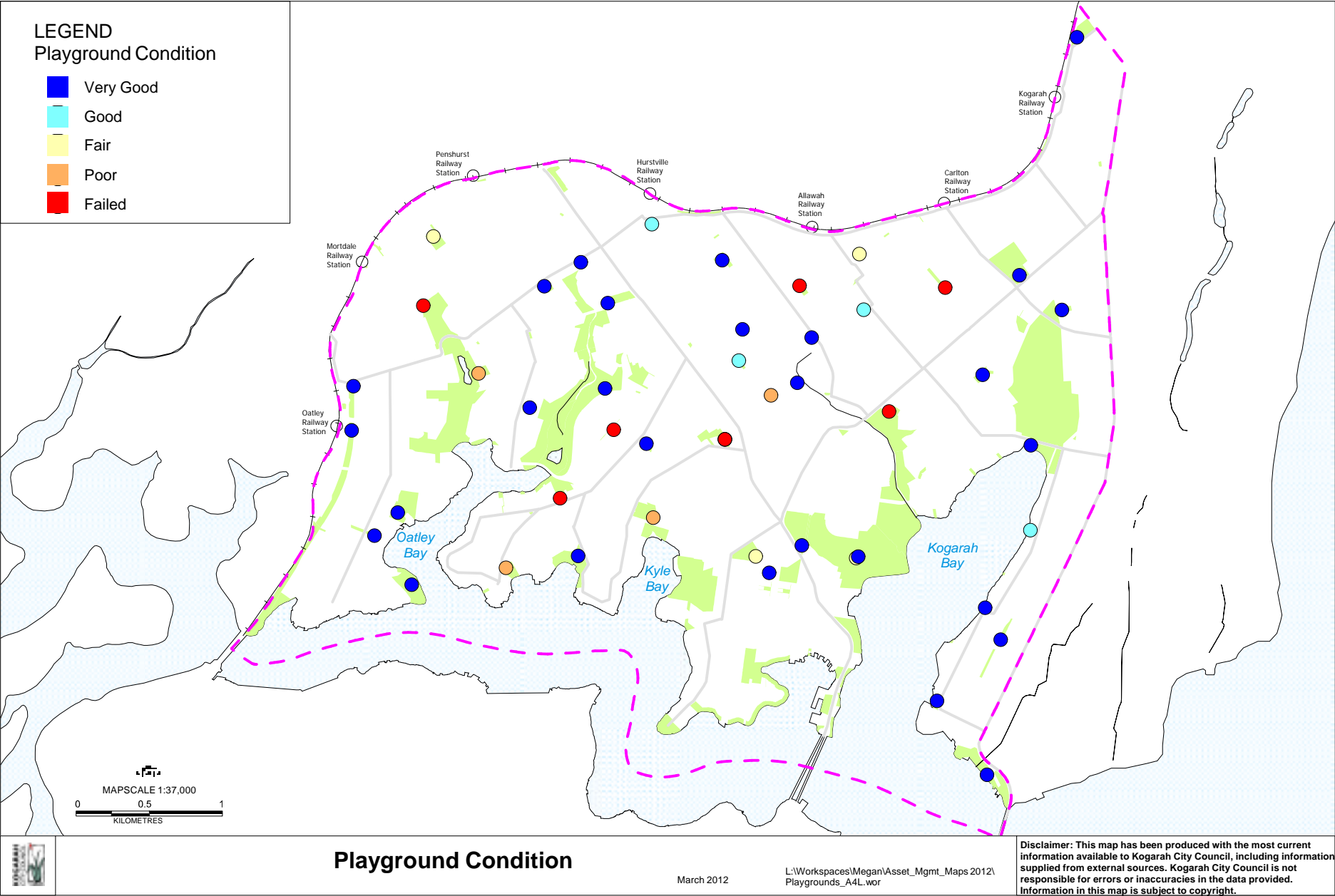
FOOTPATH CONDITION MAP



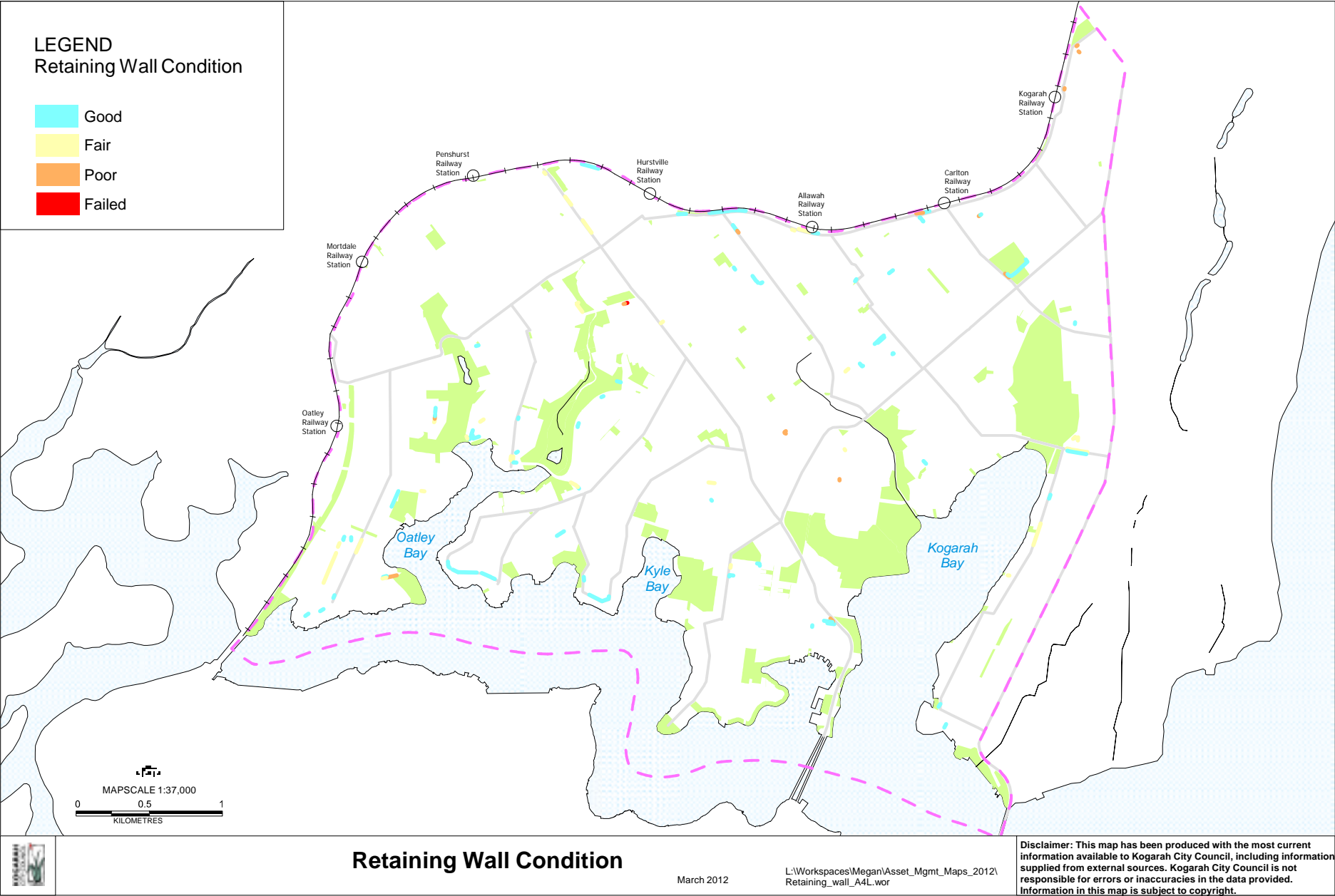
KERB AND GUTTER CONDITION MAP



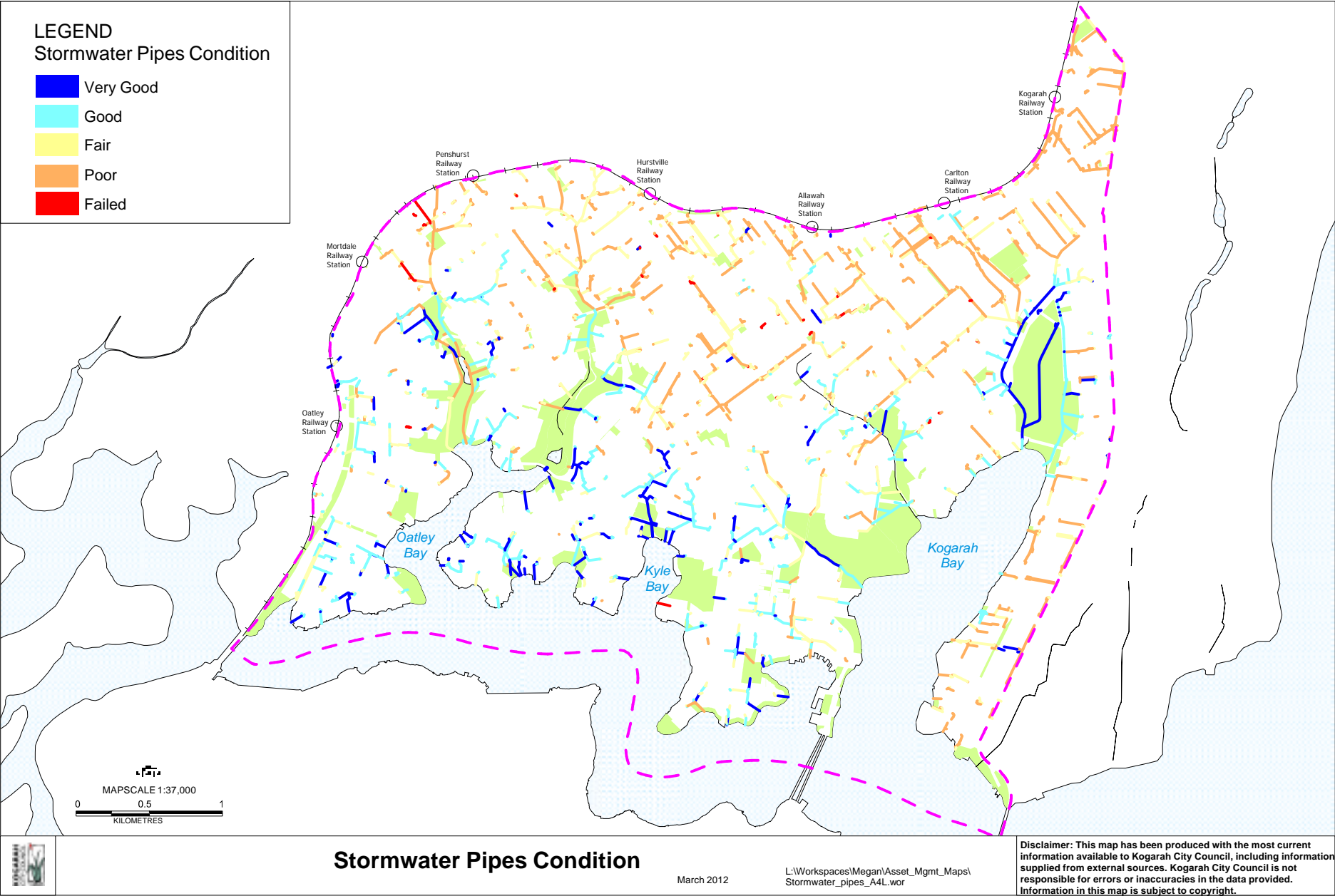
PLAYGROUND CONDITION MAP



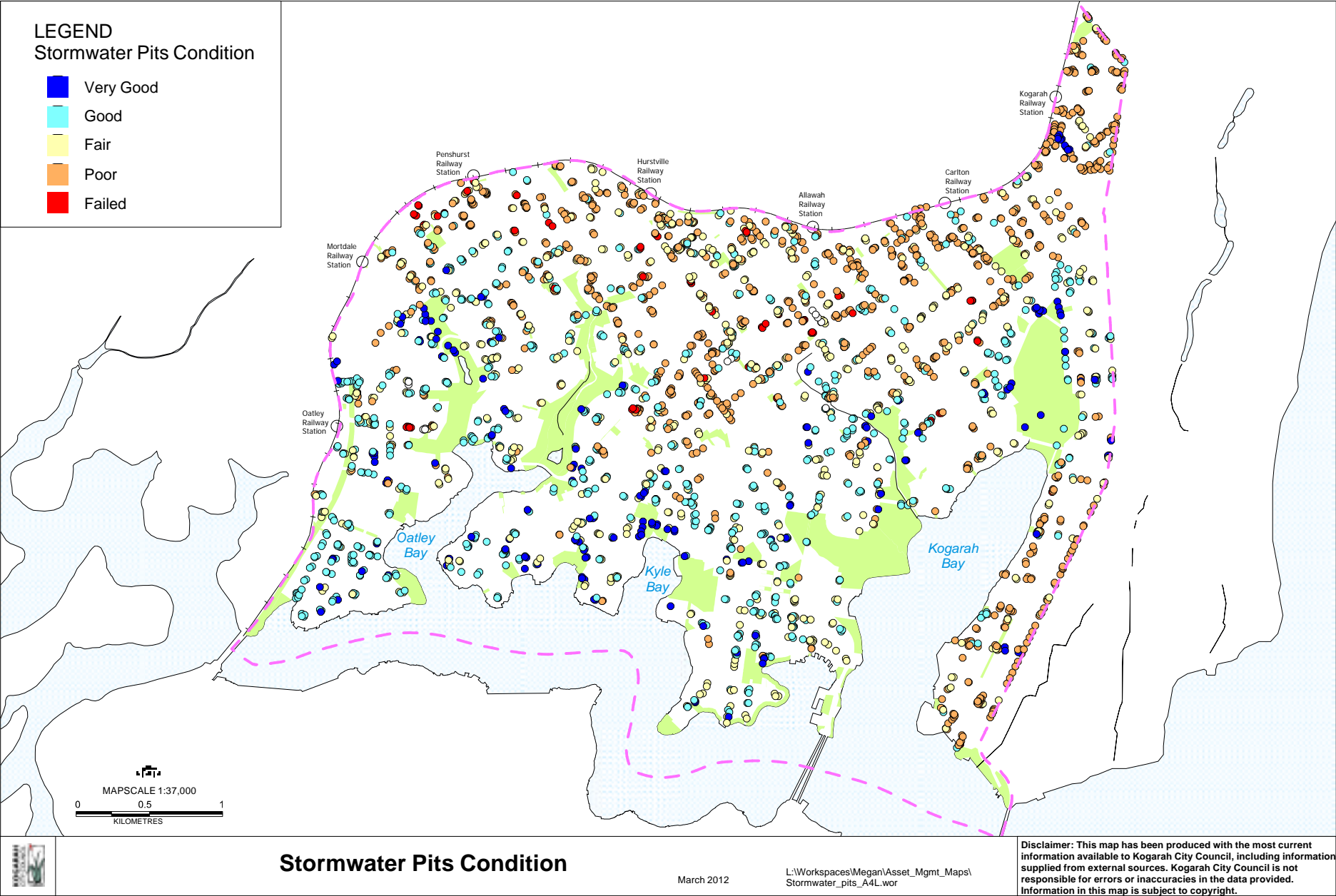
RETAINING WALL CONDITION MAP



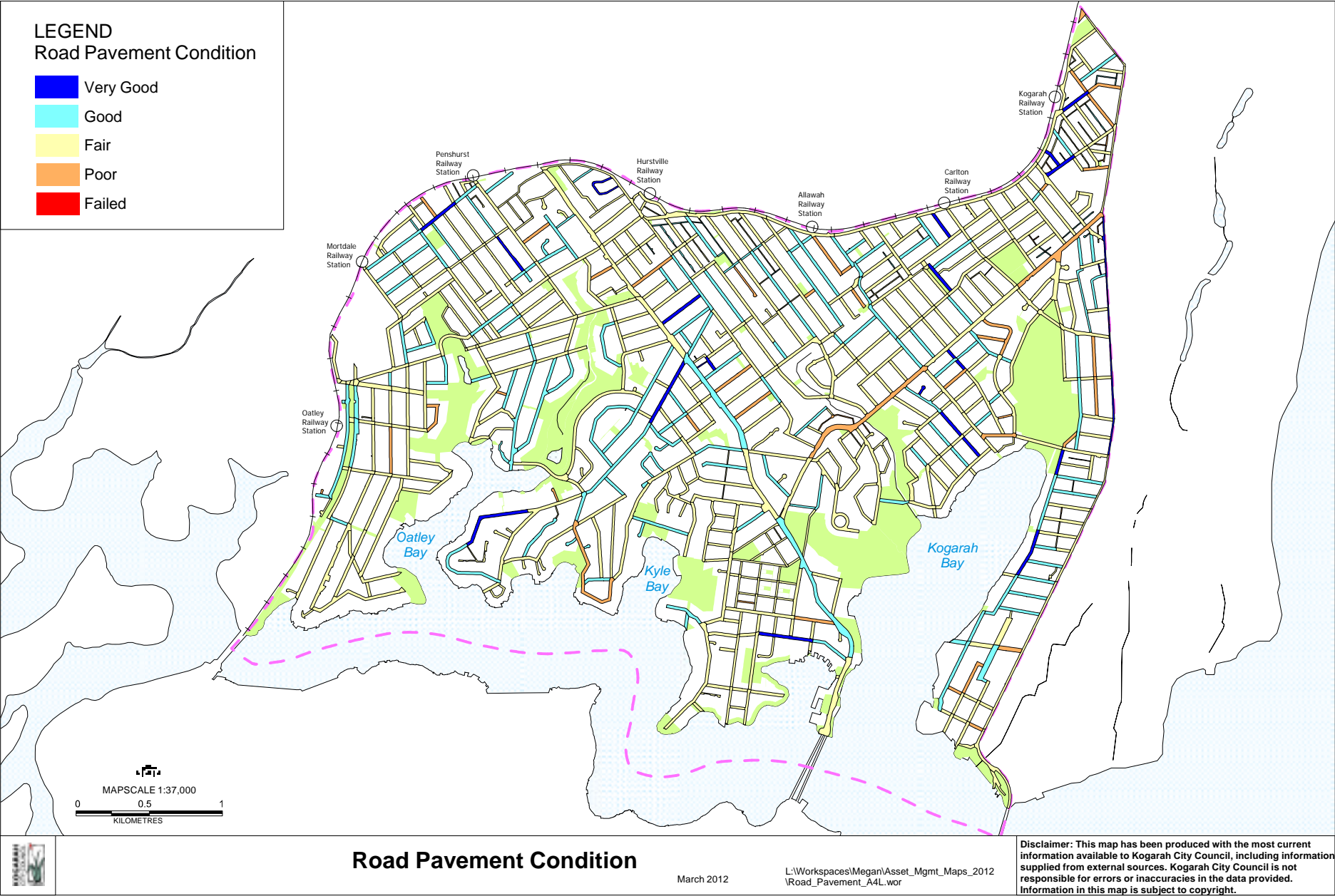
STORMWATER PIPES CONDITION MAP



STORMWATER PITS CONDITION MAP



ROAD PAVEMENT CONDITION MAP



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APPENDIX 3 -

FUTURE RENEWAL PROGRAM

FOOTPATH LISTING PRIORITISED BY CONDITIONS RATING

Last Updated

9-Oct-09

Annual Footpath Replacement Program based on this listing commencing at the top of the list, ie most deteriorated conditions.
 Spreadsheet updated periodically from Mapinfo tables by Assets & GIS section as condition ratings are updated after inspections.
 Spreadsheet resides in folder G\Assets & Services\Footpath Condition List\ for access by KCW and Assets & GIS Section.
 Extent of footpath slabs replaced per asset segment as determined by Engineering Supervisor.
 The Footpath Replacement Program is generally for longer sections of footpath. Minor footpath repairs are charged to the KCW footpath vote.

Baseline Expenditure	
Additional Expenditure SRV	

Asset No	Side	Condition	InspectDate	Street	StreetFrom	StreetTo	Type	width	Length	Cost	2010/2011	2011/2012	2012/2013	2013/2014
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS											325,000	\$325,000		
13601	Even	4	20090911	ST GEORGES PARADE	BLAKESLEY ROAD	RUSSELL LANE	Concrete	2	293.74	64,623	\$389,623			
10851	Odd	4	20090702	COLE LANE	COLE STREET	EMPRESS LANE	Concrete	0.6	61.12	4,034	\$393,657			
10091	Even	3.9	20090702	ALMA STREET	HILLCREST AVENUE	MAHER STREET	Concrete	1.5	139.95	23,092	\$416,748			
11332	Even	3.8	20090630	ENDEAVOUR STREET	THE BOULEVARDE	VISTA STREET	Concrete	1.2	166.53	21,982	\$438,730			
12611	Even	3.7	20090702	MYERLA CRESCENT	TERRY STREET	THE END	Concrete	1.5	28.81	4,754	\$443,484			
11332	Odd	3.7	20090630	ENDEAVOUR STREET	THE BOULEVARDE	VISTA STREET	Concrete	1.2	165.05	21,787	\$465,271			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS											325,000	\$325,000		
11241	Even	3.7	20090702	EDNA AVENUE	PENSHURST AVENUE	THE END	Concrete	1.5	187.84	30,994	\$355,994			
10531	Odd	3.6	20090702	BRAESIDE AVENUE	LAYCOCK ROAD	DAISY AVENUE	Concrete	1.5	151.56	25,007	\$381,001			
14222	Even	3.6	20090629	WOIDS AVENUE	FIRST AVENUE	BLAKESLEY ROAD	Concrete	1.5	668.22	110,256	\$491,257			
12621	Even	3.5	20090630	MYERS STREET	THE PROMENADE	ROCKY POINT ROAD	Concrete	1.2	276.76	36,532	\$527,790			
13851	Even	3.5	20090612	THE ESPLANADE	CONNELLS POINT ROAD	TAVISTOCK ROAD	Concrete	1.5	189.41	31,253	\$559,042			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS											325,000	\$325,000		
12621	Odd	3.5	20090630	MYERS STREET	THE PROMENADE	ROCKY POINT ROAD	Concrete	1.2	282.29	37,262	\$362,262			
13602	Odd	3.5	20090703	ST GEORGES PARADE	RUSSELL LANE	FIRST AVENUE	Concrete	1.5	440.04	72,607	\$434,869			
14072	Odd	3.5	20090528	WATERVIEW STREET	WOIDS AVENUE	BELLEVUE PARADE	Concrete	1.5	161.9	26,714	\$461,582			
11241	Odd	3.5	20090702	EDNA AVENUE	PENSHURST AVENUE	THE END	Concrete	1.5	123.24	20,335	\$481,917			
11701	Even	3.4	20090216	GROSVENOR ROAD	WONIORA ROAD	KING GEORGES ROAD	Concrete	1.5	392.54	64,769	\$546,686			
10292	Even	3.4	20090326	BELGRAVE STREET	KENSINGTON STREET	SOUTH STREET	Various	3.5	116.33	44,787	\$591,473			
12682	Odd	3.4	20090609	NEVILLE STREET	OATLEY AVENUE	LETITIA STREET	Various	1.5	145.44	23,998	\$615,471			
13791	Odd	3.4	20090702	TAVISTOCK ROAD	WONIORA ROAD	KING GEORGES ROAD	Concrete	1.2	310.6	40,999	\$656,470			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS											325,000	\$325,000		
14225	Odd	3.4	20090629	WOIDS AVENUE	WATERVIEW STREET	BIBBY STREET	Concrete	1.2	126.89	16,749	\$341,749			
10681	Odd	3.4	20090610	CARRINGTON AVENUE	COLEBORNE STREET	PARK STREET	Concrete	1.5	216.4	35,706	\$377,455			
14243	Even	3.4	20090821	WONIORA ROAD	CONNELLS POINT ROAD	GALLIPOLLI STREET	Concrete	1.5	1074.72	177,329	\$554,784			
13385	Odd	3.3	20090529	ROCKY POINT ROAD	RAMSGATE ROAD	JUBILEE AVENUE	Concrete	2.5	370	101,750	\$656,534			
10221	Odd	3.3	20090603	BALFOUR LANE	BALFOUR STREET	MCPHERSON STREET	Concrete	1.2	82.61	10,905	\$667,439			

CHILDRENS PLAYGROUND LISTING PRIORITISED BY CONDITION RATING							13/08/2009				
								Baseline Expenditure			
								Additional Expenditure SRV			
Park Name	Suburb	Ward	Condition	Current Age (yrs)	Replace Age (yrs)	Category	Cost	2010/2011	2011/2012	2012/2013	2013/2014
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS							Labour / Plant / Equipment / Materials	\$0	\$25,000		
Claydon Reserve	Sans Souci	NORTH	5	15	16	District	\$90,000	\$115,000			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS							Labour / Plant / Equipment / Materials		\$25,000		
Len Reynolds Reserve	Sans Souci	EAST	5	13	14	Local	\$45,000		\$70,000		
Oatley Pleasure Grounds	Oatley	WEST	5	33	34	Local	\$50,000		\$120,000		
Condor Street Reserve	Connells Point	MIDDLE	5	39	41	Local	\$40,000		\$160,000		
Denman Street Reserve	Hurstville	WEST	5	39	41	Local	\$40,000		\$200,000		
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS							Labour / Plant / Equipment / Materials			\$25,000	
Anglo Square Reserve	Allawah	NORTH	5	16	17	Local	\$70,000			\$95,000	
Duggan Park	Connells Point	MIDDLE	5	21	22	Local	\$45,000			\$140,000	
Meade Park	Allawah	EAST	5	12	14	Local	\$65,000			\$205,000	
Renown Park	Oatley	WEST	5	14	16	District	\$65,000			\$270,000	
Quarry Reserve (North)	Hurstville Grove	WEST	5	17	20	Local	\$35,000			\$305,000	
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS							Labour / Plant / Equipment / Materials				\$25,000
Joy Mead Reserve	Carlton	EAST	3	14	16	Local	\$55,000				\$80,000
Taunton Street Reserve	Blakehurst	EAST	4	9	12	Local	\$55,000				\$135,000
Harold Fraser Oval	Kogarah Bay	MIDDLE	5	24	27	District	\$50,000				\$185,000
Terry St/Prairevale Res	Blakehurst	MIDDLE	5	16	19	Local	\$70,000				\$255,000
Grove Reserve	Hurstville Grove	WEST	1	0	3	Local	\$35,000				\$290,000
Oatley Memorial Gardens (N)	Oatley	WEST	5	14	14	District	\$50,000				\$340,000

ROAD LISTING PRIORITISED BY CONDITION RATING						Last Updated	12/02/2010			
								Baseline Expenditure		
								Additional Expenditure - SRV		
Street Name	From	To	Treatment	Condition	Priority	Cost	2010/2011	2011/2012	2012/2013	2013/2014
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS			Labour / Plant / Equipment / Materials	5		435,000	\$435,000			
Ocean Street Kogarah	Shaw Street	Princes Hwy	Edge plane with a 30mm AC10 overlay	4	1	42,916	\$477,916			
Hillpine Avenue Kogarah	Fitzgerald St	Rocky Pt Rd	Edge plane with a 30mm AC10 overlay	4	1	63,401	\$541,317			
Ercildown Street Kogarah	Lilli Pilli Ave	Shaw Street	Edge plane with a 30mm AC10 overlay	4	1	15,700	\$557,017			
Neilsen Street Carlton	Anglo Square	Jubilee Ave	Edge plane with a 30mm AC10 overlay	4	1	70,216	\$627,233			
Anglo Square Carlton	Neilsen Street	Colvin Ave	Edge plane with a 30mm AC10 overlay	4	1	46,087	\$673,320			
Winchester Street Carlton	Hampton Court	Railway Pade	Edge plane with a 30mm AC10 overlay	4	1	52,912	\$726,232			
Lacey Street Beverly Park	Princes Hwy	Merton Street	Edge plane with a 30 mm AC10 overlay	4	1	51,400	\$777,632			
Payton Street Kogarah Bay	Princes Hwy	Carlton Cres	Edge plane with a 30mm AC10 overlay	4	1	156,400	\$934,032			
Jude Avenue Kogarah Bay	Payton Ave	End	Edge plane with a 30mm AC10 overlay	4	1	10,933	\$944,965			
Short Street South Hurstville	Allan Street	Grosvenor Rd	Edge plane with a 30mm AC10 overlay	4	1	31,492	\$976,457			
Terry Street Blakehurst	King Georges Rd	Resthaven	Edge plane with a 40mm AC14 overlay	4	1	90,200	\$1,066,657			
Terry Street Kyle Bay	Kyle Pde	End / steps	Edge plane with a 30mm AC10 overlay	4	1	11,500	\$1,078,157			
Short Lane South Hurstville	Short Street	End	Edge plane with a 30mm AC10 overlay	4	1	6,880	\$1,085,037			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS			Labour / Plant / Equipment / Materials	5		435,000		\$435,000		
Park Road Carlton	Princes Hwy	Tanner Ave	Heavy patching with a 40mm AC14 overlay	3.75	2	283,594		\$718,594		
Kensington Street Kogarah	Gray Street	Belgrave st	Base stabilisation and 50mm AC14 overlay	3.75	2	167,176		\$885,770		
Derby Street Kogarah	Kensington	Railway Pde	Base stabilisation and 50mm AC14 overlay	3.75	2	105,300		\$991,070		
Oatley Parade Oatley	Woonoona	Subway	Edge plane with a 30mm AC10 overlay	3.75	2	56,040		\$1,047,110		
Subway Oatley	Oatley Pde	River Street	Edge plane with a 40mm AC14 overlay	3.75	2	32,200		\$1,079,310		
Woniora Road South Hurstville	Cole Street	Connells Point	Edge planning with a 30mm AC10 overlay	3.75	2	80,200		\$1,159,510		
Oatley Avenue Oatley	Frederick St	Woonoona	Edge plane with a 30mm AC10 overlay	3.5	3	74,561		\$1,234,071		
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS			Labour / Plant / Equipment / Materials	5		435,000			\$435,000	
Regent Street Kogarah	Princes Hwy	Railway Pde	Edge plane with a 40mm AC14 overlay	3.5	3	184,467		\$619,467		
Letitia Street Oatley	Algernon St	End	Edge planning with a 30mm AC10 overlay	3.5	3	28,150		\$647,617		
Dinjerra Crescent Oatley	Algernon St	End	Edge planning with a 30mm AC10 overlay	3.5	3	16,560		\$664,177		
Algernon Street Oatley	Letitia Street	End	Edge planning with a 30mm AC10 overlay	3.5	3	166,424		\$830,601		
Matthew Street Beverly Park	Lacey Street	Harslett Ave	Edge planning with a 30mm AC10 overlay	3.5	3	20,844		\$851,445		
Carroll Street Beverly Park	Weeney St	Hastings St	Edge planning with a 30mm AC10 overlay	3.5	3	49,224		\$900,669		
Letitia Street Oatley	Frederick St	Neville Street	Edge plane with a 30mm AC10 overlay	3.5	3	105,040		\$1,005,709		
Gray Ave Kogarah	Rocky Point	Princes Hwy	Heavy Patching and 50 mm AC14 overlay	3.25	4	56,444		\$1,062,153		
Gray Lane Kogarah	Gray Ave	Princes Hwy	Edge plane with a 30mm AC10 overlay	3.25	4	11,561		\$1,073,714		
Waitara Parade Hurstville Grove	East Crescent	Seymour St	Edge plane with a 30mm AC10 overlay	3.25	4	181,280		\$1,254,994		
The Crescent Hurstville Grove	Bayswater Ave	Waitara Pde	Edge plane with a 30mm AC10 overlay	3.25	4	20,640		\$1,275,634		
The Mall South Hurstville	Connells Point	Prairevale	Edge plane with a 30mm AC10 overlay	3.25	4	76,840		\$1,352,474		
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS			Labour / Plant / Equipment / Materials	5		435,000				\$435,000
StGeorges Parade Carlton	Blakesley Rd	First Avenue	Edge plane with a 30mm AC10 overlay	3.25	4	140,624				\$575,624
Blakesley Road South Hurstville	King Georges	Woniora Rd	Edge plane with a 30mm AC10 overlay	3.25	4	90,920				\$666,544
Woniora Road South Hurstville	Blakesley Rd	Connells Point	Edge plane with a 30mm AC10 overlay	3.25	4	137,224				\$803,768
Laycock Road Penshurst	Railway Pde	Penshurst Ave	Edge plane with a 30mm AC10 overlay	3.25	4	50,000				\$853,768
Winter Place Oatley	Mimosa Street	End	Edge plane with a 30mm AC10 overlay	3	5	7,280				\$861,048
Shaw Lane Kogarah	Hillpine Street	Shaw Street	Edge plane with a 30mm AC10 overlay	3	5	8,944				\$869,992
Gallipoli Street Hurstville	King Georges Rd	Woniora Rd	Edge plane with a 30mm AC10 overlay	3	5	109,800				\$979,792
Railway Parade Kogarah	Harrow Road	Regent Street	Edge plane with a 40mm AC14 overlay	3	5	262,116				\$1,241,908
Jubilee Avenue Carlton	Railway Pde	Hampton Crt	Heavy Patching and 50 mm AC14 overlay	3	5	102,300				\$1,344,208
Mt Vernon Parade, Blakehurst	Read Street	End	Edge plane with a 30mm AC10 overlay	3	5	23,750				\$1,367,958

BUILDINGS AND FACILITIES LISTING PRIORITISED BY CONDITION RATING

Last Updated 12/02/2010

 Baseline Expenditure
 Additional Expenditure - SRV

Building/Facility	Item	Priority	Cost	2010/2011	2011/2012	2012/2013	2013/2014
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS	Labour / Plant / Equipment / Materials	1	400000	\$400,000			
Anderson Park - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$406,000			
Bus Shelter Cnr Ramsgate & The Promenade	Repaint, Tiling and Minor repairs	1	6000	\$412,000			
Carss Park - Amenities Block - Sports Field	Repaint, Tiling and Minor repairs	1	6000	\$418,000			
Carss Park - Toilets at embankment	Repaint, Tiling and Minor repairs	1	6000	\$424,000			
Carss Park Rangers Cottage	Gutter cleaning (requires cherry picker), Garage door requires minor repairs	1	1250	\$425,250			
Claydon Reserve - Amenities	Repaint, Tiling and Minor repairs	1	6000	\$431,250			
Claydon Reserve - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$437,250			
Connells Pt Reserve - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$443,250			
Disabled Access Report (Funktion Consultants) Program of Works Priority 1	Works to ensure compliance to Disability Standards and Federal Govt. Legislation	1	40000	\$483,250			
Dover Park - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$489,250			
Hurstville Quarry Reserve - Amenities	Repaint, Tiling and Minor repairs	1	6000	\$495,250			
KCW Depot Amenities Building	Internal ceiling requires replacement and painting	1	5000	\$500,250			
Kogarah Council - 2 Belgrave Street	Finalise and Commission BMS, Basement carpark traffic linemarking and signage, Lift maintenance	1	15000	\$515,250			
Meriman Street Amenities	light fittings, Replace hot water system	1	9100	\$524,350			
Moore Reserve - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$530,350			
Moore Reserve - West Cr / Morshead Dr - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$536,350			
Oatley Early Childhood Centre	Repair water damaged ceiling areas, Replace rusted gutters	1	4500	\$540,850			
Oatley Memorial Gardens - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$546,850			
Ocean Street Kindergarden	Paint internal and external areas, Re-glue tiles in foyer area, Install cover strip in kitchen	1	5250	\$552,100			
Parkside Drive Reserve - Toilets (Tennis Courts)	Repaint, Tiling and Minor repairs	1	6000	\$558,100			
PJ Ferry Reserve Senior Citizens Centre	Replace asbestos roof, Parquetry floor lifted from water damage	1	30000	\$588,100			
Poulton Park - Toilets 1	Repaint, Tiling and Minor repairs	1	6000	\$594,100			
Poulton Park - Toilets 2	Repaint, Tiling and Minor repairs	1	6000	\$600,100			
Renown Park Amenities	Concrete Cancer on walls require patching, Paint retaining wall outside, Replace broken light fittings, Replace leaking tap set	1	6650	\$606,750			
Sth Hurstville Kindergarden	Paint fascia, Cracked ridge capping on roof, Ramp to be made anti-slip, Lock and mechanism for electrical switchboard	1	4700	\$611,450			
Stuart St Reserve - Toilets	Repaint, Tiling and Minor repairs	1	6000	\$617,450			
Todd Park Amenities	water system leaking (located near switchboard), Replace tap set, Replace toilet cisterns that are leaking, Pipe breather at rear broken	1	10000	\$627,450			
Tom Ugly's Bridge Amenities	Replace Tap Set, Label electrical switchboard, Replace plug and waste cover for sink, Replace service door and jamb	1	1400	\$628,850			
WIN Jubilee Stadium	Discretionary Maintenance	1	10000	\$638,850			
Carss Park Public Swimming Pool	Repairs and Maintenance as per Council report for 10/11	1	70000	\$708,850			
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS	Labour / Plant / Equipment / Materials	2	400000		\$400,000		
Sans Souci Public Swimming Pool	Repairs and Maintenance as per Key Services Report for 10/11	1	141000		\$541,000		
Carss Park Rangers Cottage	Missing cover strip for eaves, Side fence damaged	2	800		\$541,800		
Hogben Park Public Toilets	Demolish alcitrave wall to dissuade anti-social behaviour	2	1500		\$543,300		
KCW Depot Amenities Building	Repair areas of flooring	2	1500		\$544,800		
KCW Depot Store	Garage door buckles when being lifted / jams / OHS	2	3000		\$547,800		
Kogarah Council - 2 Belgrave Street	Carpet replacement Level 1 kitchen	2	1500		\$549,300		
Meriman Street Amenities	Replace gutter brackets, Paint external fencing	2	2700		\$552,000		
Oatley Early Childhood Centre	Paint fascia, Repair moulded eaves, Paint internal areas, Replace toilet door, Minor repairs to plumbing in kitchen (smell), Minor tile repairs	2	3300		\$555,300		
Ocean Street Kindergarden	Paint timber eaves, Paint internal fixtures, replace gutters	2	10000		\$565,300		
Harold Fraser Reserve SES Building	Replace roof tiles with colourbond, Repair water damaged ceiling areas, Replace guttering and paint eaves and fascia	2	65000		\$630,300		
PJ Ferry Reserve Senior Citizens Centre	Roof fascia replacement, Rusted gutters need replacing	2	5500		\$635,800		
Disabled Access Report (Funktion Consultants) Program of Works Priority 2	Works to ensure compliance to Disability Standards and Federal Govt. Legislation	2	40000		\$675,800		
Kogarah Bay Progress Association Hall	Internal Painting, Flooring, Guttering and Eaves, Upgrade internal facilities	2	24000		\$699,800		
Poulton Park Amenities Block	Repair and painting of eaves, Replace guttering and install gutter guard	2	4500		\$704,300		
Quarry Reserve Tennis Courts	Birdproofing, Replace womens toilet door	2	800		\$705,100		
Renown Park Amenities	plumbing and cisterns etc., Broken conduit under switchboard	2	3600		\$708,700		
Sth Hurstville Kindergarden	Internal painting of key areas, Replace old carpet, Replace verandah light fitting	2	5800		\$714,500		
Todd Park Amenities	Door latches for cubicles not functioning	2	1300		\$715,800		
Tom Ugly's Bridge Amenities	Paint and patch external and internal walls	2	3500		\$719,300		
Carss Park Public Swimming Pool	Repairs and Maintenance as per Council report for 11/12	2	80000		\$799,300		
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS	Labour / Plant / Equipment / Materials	2	400000			\$400,000	
Sans Souci Public Swimming Pool	Repairs and Maintenance as per Key Services Report for 11/12	2	148000			\$548,000	
Carss Park Public Swimming Pool	Repairs and Maintenance as per Council report for 11/12	2	145000			\$693,000	
Carss Park Kiosk	Construct Toilets for sole use of Kiosk (i.e separate from public toilets)	3	30000			\$723,000	
Disabled Access Report (Funktion Consultants) Program of Works Priority 3	Works to ensure compliance to Disability Standards and Federal Govt. Legislation	3	40000			\$763,000	
Kogarah Council - 2 Belgrave Street	Replace window sills rubber, Fascia - upgrade aluminium in line with new logo	3	18000			\$781,000	
Meriman Street Amenities	Paint external and internal walls	3	1500			\$782,500	
Oatley Early Childhood Centre	Replace carpet, Replace air-conditioning unit	3	4500			\$787,000	
PJ Ferry Reserve Senior Citizens Centre	Paint Eaves, Internal ceiling needs replacing and painting, External areas that require painting	3	16500			\$803,500	
Poulton Park Amenities Block	Fix light fixtures and electrical wiring	3	1500			\$805,000	

Renown Park Amenities	Replace cubicle doors with locks	3	1500			\$806,500	
Sth Hurstville Kindergarden	Damaged kitchen desktop	3	750			\$807,250	
KCW Depot Store	Internal painting	3	1000			\$808,250	
Ocean Street Kindergarden	Re-tile roof (or colourbond), Paint ceilings, Patch and repair external walls	3	60000			\$868,250	
WIN Jubilee Stadium	Asset Management Plan for next 10-15 years	3	30000			\$898,250	
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS	Labour / Plant / Equipment / Materials	2	400000				\$400,000
Sans Souci Public Swimming Pool	Repairs and Maintenance as per Key Services Report for 12/13	3	160000				\$560,000
Disabled Access Report (Funktion Consultants) Program of Works Priority 4	Works to ensure compliance to Disability Standards and Federal Govt. Legislation	4	40000				\$600,000
KCW Underground Petrol Storage	Statutory obligations to be met	4	15000				\$615,000
120 Railway Parade	Flooring, Painting internal, Discretionary Maintenance	4	15000				\$630,000
Carss Park Public Swimming Pool	Repairs and Maintenance as per Council report for 12/13, Asset Management Plan for next 10-15 years	3	170000				\$800,000
Carss Park Rangers Cottage	Provide for access to comply with ASI428, Refurbish toilets and ensure compliance with ASI428	4	40000				\$840,000
Oatley Early Childhood Centre	Replace metal roof, Replace fly-screen to window, Paint architrave, Paint skirtings, Remove trip from external ramp	4	32500				\$872,500
Kogarah Council - Customer Service Centre	Repair and replace ceiling tiles as required	4	1000				\$873,500
Meriman Street Amenities	Patch cracks in floor	4	600				\$874,100
Oatley (Embankment) Girl Guides Hall	Minor Discretionary Maintenance	4	2500				\$876,600
Oatley (Embankment) Scout Hall	Minor Discretionary Maintenance	4	2500				\$879,100
Poulton Park Amenities Block	Painting as required	4	500				\$879,600
49 English Street	Painting internal	4	3500				\$883,100
Harold Fraser Reserve SES Building	Internal painting	4	6000				\$889,100
Hogben Park Public Toilets	Internal painting	4	750				\$889,850
PJ Ferry Reserve Senior Citizens Centre	Remove old supply board on fascia, Main switchboard re-wiring	4	6500				\$896,350
Sth Hurstville Kindergarden	Insulation	4	2000				\$898,350
Tom Ugly's Bridge Amenities	Re-tile floor	4	1500				\$899,850

FORESHORE LISTING PRIORITISED BY CONDITION RATING					Last Updated	12/02/2010				
							Baseline Expenditure			
							Additional Expenditure - SRV			
Location Name	Asset Type	Description	Chainage	Condition	Priority	Cost	2010/2011	2011/2012	2012/2013	2013/2014
OPERATIONAL MAINTENANCE EXPENDITURE IN VARIOUS LOCATIONS - Labour / Plant / Equipment / Materials										\$0
Poulton Park	Bushland	Bushland Regeneration Program	N/A	4	1	\$30,000				\$30,000
Moore Reserve	Bushland	Bushland Regeneration Program	N/A	4	1	\$30,000				\$60,000
Carss Bush Park	Bushland	Bushland Regeneration Program	N/A	3	2	\$30,000				\$90,000
Shipwrights Bay Reserve	Bushland	Bushland Regeneration Program	N/A	4	1	\$20,000				\$110,000
Kyle Williams Reserve	Bushland	Bushland Regeneration Program	N/A	3	2	\$10,000				\$120,000
Various Reserves	Bushland	Bushland Regeneration Program	N/A	4	1	\$12,000				\$132,000
Cities for Climate Protection		Sustainability Program	N/A	N/A	N/A	\$5,000				\$137,000
Sustainability Street Community Project		Sustainability Program	N/A	N/A	N/A	\$5,000				\$142,000
Sustainability Action Plan Implementation		Sustainability Program	N/A	N/A	N/A	\$5,000				\$147,000
Neverfail Bay	Seawall	Install Traffic Barriers on Culvert	451-464	4	1	\$3,600				\$150,600
Neverfail Bay	Seawall	Mortar Voids and Gaps between Blocks	464-507	3	3	\$12,900				\$163,500
Oatley Pleasure Grounds	Seawall	Repair Holes and Re-point Wall, fill and resurface Drop Holes	6-20	4	1	\$18,200				\$181,700
Oatley Pleasure Grounds	Seawall	Repair Holes and Re-point Wall, fill and resurface Drop Holes	33-44	4	1	\$7,700				\$189,400
Tom Ugly's Point Reserve	Seawall	Repair Holes and Mortar between Blocks	122-143	4	1	\$4,500				\$193,900
Bonney Street Reserve	Seawall	Mortar Gaps in Base of Wall and fill Back Wall Cavities	0-12	4	1	\$8,800				\$202,700
Bonney Street Reserve	Stairs	Repair Steps	12-13	4	1	\$1,500				\$204,200
Bonney Street Reserve	Seawall	Mortar Gaps in Base of Wall and fill Back Wall Cavities	13-24	4	1	\$11,000				\$215,200
Endeavour Street Reserve	Seawall	Replace Missing Blocks and Mortar Between Blocks	0-53	4	1	\$37,100				\$252,300
Sans Souci Park	Seawall	Replace Corroded Steelwork	61-104	4	1	\$30,100				\$282,400
Sans Souci Park	Beach and Revetment	Construct Sloped Rock Revetment	390-418	4	1	\$22,400				\$304,800
Sans Souci Park	Revetment	Construct Sloped Rock Revetment	450-472	5	1	\$26,400				\$331,200
Oatley Pleasure Grounds	Boatramp	Erect Sign & Investigate Future Use and Report to Council	N/A	4	1	\$8,000				\$339,200
Oatley Bay	Pontoon	Repair Gangway Slides and Fendering	N/A	3	2	\$5,000				\$344,200
Oatley Bay	Pontoon	Repair Pontoon and Gangway Decking	N/A	3	2	\$12,000				\$356,200
Endeavour Street Wharf	Jetty	Repair and Replace Decking	N/A	3	2	\$6,000				\$362,200
Endeavour Street Wharf	Pontoon	Repair and Replace Decking	N/A	3	2	\$2,000				\$364,200
Sans Souci Park	Pontoon	Upgrade Pile Rubbing Slides and Guides	N/A	5	1	\$28,000				\$392,200

APPENDIX 4 -

CURRENT SITUATION

ASSET CATEGORY: ROAD RESERVE

ROAD PAVEMENT		
Holdings	162km of sealed roads	
Value of Asset holding		
Replacement Value	\$124.4 million	
Available data	X:\Assets\Road Asset\Road Pavement\Roads_master.TAB Refer condition map in appendix 3.	
Last Condition Survey	Network condition assessment completed in 2009 by Council's Infrastructure Assets Officer. Service level one and two reinspected first quarter 2012. Service level one and two inspected every 6 months, service level three 1/3 inspected over three years.	
General Assessment of Condition:		
	Condition Rating	% of length
1	Very Good	14%
2	Good	53%
3	Fair	32%
4	Poor	1%
5	Failed	0%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications	Maintenance expenditure levels considered inadequate to meet agreed service levels. Anticipated funding from SRV will address this gap.	
Maintenance Programs	4-year forward works program developed from 2009 condition assessment, refer appendix of AMP	
Other comments		

FOOTPATH		
Holdings	208km	
Value of Asset holding		
Replacement Value	\$40 million	
Available data	X:\Assets\Road_Asset\Footpath\Paths_2009.TAB Refer condition map in appendix 3.	
Last Condition Survey	Network condition assessment completed in 2009 by Council's Infrastructure Assets Officer. Service level one and two reinspected first quarter 2012. Service level one and two inspected every 6 months, service level three 1/3 inspected over three years.	
General Assessment of Condition		
	Condition Rating	% of length
1	Very Good	4%
2	Good	39%
3	Fair	55%
4	Poor	2%
5	Failed	0%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications	Maintenance expenditure levels considered inadequate to meet service levels. Anticipated funding from SRV will address this gap.	
Maintenance Programs	4-year forward works program developed from 2009 condition assessment, refer appendix of AMP	
Other comments		

KERB AND GUTTER

Holdings	337.5km	
Value of Asset holding		
Replacement Value	\$52.2 million	
Available data	X:\Assets\Road_Asset\Kerb\Kerbs_2009.TAB Refer condition map in appendix 3.	
Last Condition Survey	Network condition assessment completed in 2009 by Council's Infrastructure Assets Officer. Service level one and two reinspected first quarter 2012. Service level one and two inspected every 6 months, service level three 1/3 inspected over three years.	
General Assessment of Condition		
	Condition Rating	% of length
1	Very Good	1.3%
2	Good	43.6%
3	Fair	54.8%
4	Poor	0.3%
5	Failed	0%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs	4-year forward works program developed from condition inspections, refer appendix of AMP.	
Other comments		

TRAFFIC FACILITIES

Holdings	16,922 items																		
Value of Asset holding																			
Replacement Value	\$7.7 million																		
Available data	X:\Assets\Road Asset\Signs\Signs_Master_2009.TAB X:\Assets\Road Asset\Traffic Features\Traffic_Features.TAB X:\Assets\Road Asset\Pedestrian Facilities\Pedestrian_Crossing_Master.TAB X:\Assets\Road Asset\Lines\Lines.TAB																		
Last Condition Survey	Some assessed in 2002 and 2005. Council's Infrastructure Assets Officer to complete a network assessment by end 2013.																		
General Assessment of Condition																			
	<table><tr><td></td><td>Condition Rating</td><td>% of facilities</td></tr><tr><td>1</td><td>Very Good</td><td>N/A</td></tr><tr><td>2</td><td>Good</td><td>N/A</td></tr><tr><td>3</td><td>Fair</td><td>N/A</td></tr><tr><td>4</td><td>Poor</td><td>N/A</td></tr><tr><td>5</td><td>Failed</td><td>N/A</td></tr></table>		Condition Rating	% of facilities	1	Very Good	N/A	2	Good	N/A	3	Fair	N/A	4	Poor	N/A	5	Failed	N/A
	Condition Rating	% of facilities																	
1	Very Good	N/A																	
2	Good	N/A																	
3	Fair	N/A																	
4	Poor	N/A																	
5	Failed	N/A																	
Level of Utilisation	Currently unassessed																		
Level of User Satisfaction	Currently unassessed																		
Budget Implications																			
Maintenance Programs																			
Other comments																			

RETAINING WALLS

Holdings	125																		
Value of Asset holding																			
Replacement Value	Not currently valued																		
Available data	X:\Assets\Road Asset\Retaining Walls\Retaining_Walls_new.TAB Refer condition map in appendix 3.																		
Last Condition Survey	Condition assessed in 2005 and 2008 by Council staff. To be inspected every three years.																		
General Assessment of Condition																			
	<table><tr><td></td><td>Condition Rating</td><td>% of walls</td></tr><tr><td>1</td><td>Very Good</td><td>60%</td></tr><tr><td>2</td><td>Good</td><td>24.8%</td></tr><tr><td>3</td><td>Fair</td><td>12%</td></tr><tr><td>4</td><td>Poor</td><td>0.8%</td></tr><tr><td>5</td><td>Failed</td><td>2.4%</td></tr></table>		Condition Rating	% of walls	1	Very Good	60%	2	Good	24.8%	3	Fair	12%	4	Poor	0.8%	5	Failed	2.4%
	Condition Rating	% of walls																	
1	Very Good	60%																	
2	Good	24.8%																	
3	Fair	12%																	
4	Poor	0.8%																	
5	Failed	2.4%																	
Level of Utilisation	Currently unassessed																		
Level of User Satisfaction	Currently unassessed																		
Budget Implications																			
Maintenance Programs																			
Other comments																			

STREET FURNITURE

Holdings	500 (approximate count)	
Value of Asset holding		
Replacement Value	Not currently valued	
Available data	X:\Assets\Road Asset\Street Furniture\Street_Furniture.TAB X:\Assets\Road Asset\Street Furniture\Bins.TAB	
Last Condition Survey	Various, 2002 to 2008. CBD assessment to be completed by Infrastructure Assets Officer by the end of 2012.	
General Assessment of Condition		
	Condition Rating	% of furniture
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs		
Other comments		

ASSET CATEGORY: WATER

STORMWATER PITS

Holdings	3,256 (count)
Value of Asset holding	
Replacement Value	\$5.3 million
Available data	X:\live\Stormwater\Kogpit.TAB Refer condition map in appendix 3.
Last Condition Survey	Network condition assessment completed in 2008 using theoretical modelling and verified with CCTV inspections.
General Assessment of Condition	
	Condition Rating % of pits
1	Very Good 7%
2	Good 21%
3	Fair 30%
4	Poor 40%
5	Failed 2%
Level of Utilisation	Currently unassessed
Level of User Satisfaction	Currently unassessed
Budget Implications	Additional funding received from Council's stormwater levy.
Maintenance Programs	
Other comments	The high percentage of pits in the poor and failed condition is indicative of the ageing profile of the stormwater network.

STORMWATER PIPES

Holdings	105km
Value of Asset holding	
Replacement Value	\$38.1 million
Available data	X:\live\Stormwater\Kogdrain.TAB Refer condition map in appendix 3.
Last Condition Survey	Network condition assessment completed in 2008 using theoretical modelling and verified with CCTV inspections.
General Assessment of Condition	
	Condition Rating % of pipes
1	Very Good 7%
2	Good 21%
3	Fair 30%
4	Poor 40%
5	Failed 2%
Level of Utilisation	Currently unassessed
Level of User Satisfaction	Currently unassessed
Budget Implications	Additional funding received from Council's stormwater levy.
Maintenance Programs	
Other comments	The high percentage of pipes in the poor and failed condition is indicative of the ageing profile of the stormwater network.

STORMWATER QUALITY IMPROVEMENT DEVICES (SQIDS)

Holdings	64 devices	
Value of Asset holding		
Replacement Value	\$7.3 million	
Available data	X:\live\Water quality\Devices.TAB	
Last Condition Survey	No condition surveys undertaken to date, other than those conducted during routine maintenance and cleaning. The frequency of this depends upon the size of the SQID and can vary from quarterly to daily. General condition considered to be good due to relatively new age of devices.	
General Assessment of Condition		
	Condition Rating	% of SQIDs
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs		
Other comments		

MARINE/FORESHORE INFRASTRUCTURE

Holdings	122 marine/foreshore structures	
Value of Asset holding		
Replacement Value	\$3.3 million	
Available data	X:\Assets\Foreshore and Waterway\Foreshore_Assets.TAB X:\Assets\Foreshore and Waterway\Marine_Infrastructure.TAB	
Last Condition Survey	2008 assessment conducted by independent consultants, results published in Foreshore Management Study and Plan (FAMP) and Marine Infrastructure Asset Management Plan (MAMP). Conditions updated from forward works programs.	
General Assessment of Condition		
	Condition Rating	% of structures
1	Very Good	13%
2	Good	40%
3	Fair	22%
4	Poor	24%
5	Failed	1%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications	It is anticipated there will be some additional funding available in 4th year of SRV.	
Maintenance Programs	4-year forward works programs developed for FAMP and MAMP. Refer appendix of AMP.	
Other comments		

ASSET CATEGORY: PARKS AND RECREATION

PARKS AND RESERVES		
Holdings	116 (count), 189 Hectares	
Value of Asset holding		
Replacement Value	\$83.8 million	
Available data	X:\live\Parks\Parks_Assets.TAB Refer map in appendix 2.	
Last Condition Survey		
General Assessment of Condition		
	Condition Rating	% of parks
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Tri-annual surveys by Recreation and Urban Landscapes section.	
Level of User Satisfaction	Usage of sportsfields monitored through booking system, heavily used all year round.	
Budget Implications		
Maintenance Programs		
Other comments		

BUSHLAND AREAS		
Holdings	13 areas	
Value of Asset holding	Not currently reported	
Replacement Value		
Available data	Not quantified.	
Last Condition Survey		
General Assessment of Condition		
	Condition Rating	% of bushland
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Tri-annual surveys by Recreation and Urban Landscapes section.	
Level of User Satisfaction	Tri-annual surveys by Recreation and Urban Landscapes section.	
Budget Implications		
Maintenance Programs		
Other comments		

PLAYGROUND

Holdings	51 pieces of equipment	
Value of Asset holding		
Replacement Value	\$3.2 million	
Available data	X:\Assets\Park Asset\Playgrounds.TAB Refer condition map in appendix 3.	
Last Condition Survey	Assessed twice-yearly by independent consultants.	
General Assessment of Condition		
	Condition Rating	% of playgrounds
1	Very Good	58%
2	Good	8%
3	Fair	8%
4	Poor	8%
5	Failed	18%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs	Current maintenance levels inadequate to meet service levels and provide safe playgrounds. 4-year forward works program developed based on Playfix inspections, refer to appendix. Anticipated funding from SRV will be utilised to address the high percentage of failed playgrounds.	
Other comments	Of concern is the high percentage of failed playgrounds which do not meet Australian Standards.	

PARK FURNITURE

Holdings	1,500+ (approximate number) 40% parks surveyed	
Value of Asset holding		
Replacement Value	Not currently reported	
Available data		
Last Condition Survey	Condition survey commenced in 2011 by Recreation and Urban Landscapes section. To be completed by June 2013.	
General Assessment of Condition		
	Condition Rating	% of park furniture
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs		
Other comments		

TREES		
Holdings	11,992 street trees	
Value of Asset holding		
Replacement Value	Not currently reported	
Available data		
Last Condition Survey	Condition of all street trees assessed by Recreation and Urban Landscapes section in 2005. Data continuously updated by Tree Management Officer and Tree Maintenance Crew when responding to customer requests and conducting general maintenance.	
General Assessment of Condition		
	Condition Rating	% of trees
1	Very Good	69%
2	Good	23.8%
3	Fair	4.8%
4	Poor	1.7%
5	Failed	0.2%
Level of Utilisation	Currently unassessed	
Level of User Satisfaction	Currently unassessed	
Budget Implications		
Maintenance Programs		
Other comments	Note: this information does not currently include public trees located in parks.	

ASSET CATEGORY: BUILDINGS

BUILDINGS		
Holdings	66	
Value of Asset holding		
Replacement Value	\$76 million	
Available data		
Last Condition Survey	Not assessed as a whole asset class. Individual assessments conducted during maintenance or when required.	
General Assessment of Condition		
	Condition Rating	% of buildings
1	Very Good	N/A
2	Good	N/A
3	Fair	N/A
4	Poor	N/A
5	Failed	N/A
Level of Utilisation	Not currently assessed	
Level of User Satisfaction	Not currently assessed	
Budget Implications		
Maintenance Programs	Current maintenance considered inadequate to meet required service levels. Anticipated funding from SRV will be utilised to address the gap.	
Other comments	4-year buildings forward works program, refer appendix.	

ASSET CATEGORY: BUILDINGS

CARPARKS

Holdings	35																	
Value of Asset holding																		
Replacement Value	Not currently reported																	
Available data																		
Last Condition Survey	Condition assessment conducted in 2003 by Council staff, assessed condition of surface and line marking and adequacy of lighting.																	
General Assessment of Condition (surface)																		
	<table><tr><td>Condition Rating</td><td>% of car parks</td></tr><tr><td>1</td><td>Very Good</td><td>13%</td></tr><tr><td>2</td><td>Good</td><td>62%</td></tr><tr><td>3</td><td>Fair</td><td>20%</td></tr><tr><td>4</td><td>Poor</td><td>5%</td></tr><tr><td>5</td><td>Failed</td><td>0%</td></tr></table>	Condition Rating	% of car parks	1	Very Good	13%	2	Good	62%	3	Fair	20%	4	Poor	5%	5	Failed	0%
Condition Rating	% of car parks																	
1	Very Good	13%																
2	Good	62%																
3	Fair	20%																
4	Poor	5%																
5	Failed	0%																
Level of Utilisation	Currently unassessed																	
Level of User Satisfaction	Currently unassessed																	
Budget Implications																		
Maintenance Programs																		
Other comments																		

APPENDIX 5 -

CURRENT SERVICE LEVELS

CURRENT SERVICE LEVELS

The following tables summarise the current service levels for each of the asset categories.

THREE LEVEL CATEGORY RATING

COMMUNITY	FUNCTIONAL	FAILURE	RISK
Category 1	High Value	Essential	Very High
Category 2	Important	Important	High
Category 3	Lower Value	Less Critical	Medium

ROADS		
Category 1	Category 2	Category 3
Regional	Collector	Local
High Traffic Volumes	Medium/High Traffic Volumes	Low/Medium Traffic Volumes
RTA Controlled	Kogarah City Council Controlled	Kogarah City Council Controlled
Kogarah City Council Maintained	Kogarah City Council Maintained	Kogarah City Council Maintained
Safety Repairs completed within 24 hours	Safety Repairs completed within 24 hours	Safety Repairs completed within 48 hours
Other repairs completed within 3 months	Other repairs completed within 4 months	Other repairs completed within 6 months
Expected Life 18 Years	Expected Life 24 Years	Expected Life 32 Years

FOOTPATH		
Category 1	Category 2	Category 3
Rail Line / Railway Parade & Zone 2(b) or Rail Line / Railway Parade & Zone 3(a) or Rail Line / Railway Parade & Zone 5(a) or Zone 3(b)	Zone 2(b) or Zone 3(a) or Zone 5(a)	Adjacent to zones other than described in Categories 1 and 2
High Pedestrian Volumes	Medium/High Pedestrian Volumes	Low/Medium Pedestrian Volumes
Safety Trip Repairs assessed within 24 hours	Safety Trip Repairs assessed within 24 hours	Safety Trip Repairs assessed within 24 hours
Temporary Repairs completed within 3 days	Temporary Repairs completed within 3 days	Temporary Repairs completed within 5 days
Final Repairs completed within 60 days or subject to school timetables	Final Repairs completed within 75 days or subject to school timetables	Final Repairs completed within 90 days
KERB & GUTTERING		
Category 1	Category 2	Category 3
Category 1 Roads (Regional)	Category 2 Roads (Collector)	Category 3 Roads (Local)
High Traffic Volumes	Medium/High Traffic Volumes	Low/Medium Traffic Volumes
Heritage Kerb (Brick, Stone)		
Safety Repairs completed within 24 hours	Safety Repairs completed within 24 hours	Safety Repairs completed within 24 hours
STREET FURNITURE		
Category 1	Category 2	Category 3
Zone 3(a) or Zone 3(b)	Zone 2(b) or Zone 5(a)	Adjacent to zones other than described in Category 1 and Category 2
High Pedestrian Volumes, commercial, shopping, food outlets	Medium/High Pedestrian Volumes	Low/Medium Pedestrian Volumes
Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours
Final Repair/Replacement within 30 days	Final Repair/Replacement within 60 days	Final Repair/Replacement within 90 days

TRAFFIC FACILITIES		
Category 1	Category 2	Category 3
All Regulatory Signs	Parking or Restricted Parking Signs, Warning Signs	Information Signs
Traffic Structures in Regional Roads	Traffic Structures in Collector Roads or roads with Category 1 or 2 Footpath	Traffic Structures not covered in Category 1 and Category 2
Line Marking associated with Regulatory Signs	Line Marking on Regional and Collector Roads	Line Marking not covered in Category 1 and Category 2
Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours
Final Repairs completed within 60 days	Final Repairs completed within 75 days	Final Repairs completed within 90 days
RETAINING WALLS AND CUTTINGS		
Category 1	Category 2	Category 3
Walls & cuttings retaining State Roads and Category 1 Roads or Walls & cuttings greater than approximately 3m in height	Walls & cuttings retaining local traffic and Category 2-3 Roads or Walls & cuttings approximately 1.5 to 3m in height	Landscaping walls or Walls & cuttings less than approximately 1.5m in height
Walls & cuttings retaining heavy load vehicles and buildings	Walls & cuttings retaining general vehicles and or pedestrians	Walls & cuttings retaining natural areas and landscaping
Emergency response 24 hours	Emergency response 48 hours	Emergency response 48 hours
Action: Close and secure area, safety assessment by geotechnical engineer	Action: Close and secure area, safety assessment by Council staff or geotechnical engineer	Action: Close and secure area, safety assessment by Council staff or geotechnical engineer

WATER ASSET CATEGORY

PITS AND PIPES		
Category 1	Category 2	Category 3
Located in private properties or	Not a Category 1 and located in high traffic areas or CBDs or	Not a Category 1 or 2 and located in a park or reserve or
Located in Flood Prone Area (5 year ARI) or	Not a Category 1 and housing a Category 2 SQID or	Not a Category 1 or 2 and housing a Category 3 SQID or
Housing a Category 1 SQID or	Not a Category 1 and pipe diameter from 350mm to 600mm	Not a Category 1 or 2 and pipe diameter less than 350mm
Located next to SES, School, Hospital, Aged Care, Child Care or Pipe diameter > 600mm or open channel		
Safety Repairs completed within 24 hours	Safety Repairs attended to within 48 hours	Safety Repairs attended to within 48 hours
Other Repairs completed within 3 months	Other Repairs completed within 6 months	Other Repairs completed within 12 months
STORMWATER QUALITY IMPROVEMENT DEVICES (SQID)		
Category 1	Category 2	Category 3
SQID located in high profile areas	SQID located in parks	SQID located in road reserve
SQID protecting swimming areas and Moore Reserve wetlands	SQID protecting bays of the Georges River	
SQID identified as Critical Control Points by Water Quality Management Strategy		
Action on Customer Request within 12 hours	Action on Customer Request within 48 hours	Action on Customer Request within 7 days
FORESHORE/MARINE INFRASTRUCTURE		
Category 1	Category 2	Category 3
Adequate parking and good access from water and pontoons associated with jetties	Adequate parking and reasonable access from water and pontoons associated with jetties	Inadequate parking or hardly accessible from water
Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours
Maintenance Repairs completed within 3 months	Maintenance Repairs completed within 3-6 months	Maintenance Repairs completed within 12 months

SEAWALLS		
Category 1	Category 2	Category 3
Vertical seawalls retaining roads or car parks, wall height > 1.5m	Vertical seawalls retaining roads or car parks, wall height < 1.5m or Non-vertical seawalls retaining roads or car parks or Seawalls retaining footpaths, wall height > 1.5m	Seawalls retaining footpaths, wall height < 1.5m or Seawalls retaining open space
Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours
Maintenance Repairs completed within 3 months	Maintenance Repairs completed within 3-6 months	Maintenance Repairs completed within 12 months

PARKS AND RECREATION AREAS ASSET CATEGORY

PARKS & RESERVES		
Category 1	Category 2	Category 3
Market catchment predominantly described as Regional or District	Market catchment predominantly described as Local or District	Market catchment predominantly described as Local
The lands physical and environmental condition offers a high diversity of recreational opportunities	The lands physical and environmental condition offers the potential to offer a diversity of recreational opportunities	The lands physical and environmental condition limits the potential to offer a diversity of recreational opportunities
Generally has access to nearby public transport and provisions for off street visitor parking	Generally has access to nearby public transport and limited or no off street visitor parking	Generally low access to public transport and limited or no off street visitor parking
Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 7 days – 3 months Moderate/Low risk 6 months – 12 months	Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 7 days – 3 months Moderate/Low risk 6 months – 12 months	Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 7 days – 3 months Moderate/Low risk 6 months – 12 months

BUSHLAND AREAS		
Category 1	Category 2	Category 3
Market catchment predominantly described as Regional or District	Market catchment predominantly described as District or Local	Market catchment predominantly described as Local
Large risk to assets via bushfire. Indicated by the presence of an Asset Protection Zone within the reserve	Limited risk to assets via bushfire hazard. No Asset Protection Zone present	Minimal risk to assets via bushfire hazard
Species/population or ecological community present within the Reserve that is protected under the TSC Act 1995	Suspected presence or records of past presence of species, population or ecological community that are currently protected under the TSC Act 1995	No record of any species, population or ecological community protected under the TSC Act 1995
Physical and environmental conditions offer a high diversity of flora and fauna species in relation to restricted species found within Kogarah and the region	Physical and environmental conditions offer a moderate level of diversity of flora and fauna species	Physical and environmental conditions offer a low level of diversity of flora and fauna species
Falls within the Kogarah Greenweb	Falls within one kilometre of the Kogarah Greenweb	Does not fall within one kilometre of the Kogarah Greenweb

PLAYGROUNDS		
Category 1	Category 2	Category 3
Market catchment predominantly described as Regional or District	Market catchment predominantly described as District or Local	Market catchment predominantly described as Local
High usage	Medium usage	Low usage
Generally has access to nearby public transport and provisions for off street visitor parking	Generally has access to nearby public transport and limited or no off street visitor parking	Generally low access to public transport and limited or no off street visitor parking
Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 7 days Moderate/Low risk 3 months	Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 7 days – 3 months Moderate/Low risk 6 months	Response: Extreme/High risk 24 – 48 hours Substantial/Medium risk 3 months Moderate/Low risk 12 months

PUBLIC TREES		
Category 1	Category 2	Category 3
Extreme/High Risk	Substantial/Medium Risk	Moderate/Low Risk
High potential for litigation and public health issues	Medium potential for litigation and public health issues	Low potential for litigation and public health issues
Response 24 – 48 hours	Response 7 days – 3 months	Response 6 – 12 months
Action: Close area and secure or remove hazard	Action: Secure or remove hazard and schedule action	Action: Schedule action

BUILDINGS ROAD RESERVE ASSET CATEGORY

BUILDINGS (EXCLUDING CAR PARKS)		
Category 1	Category 2	Category 3
Major Civic Significance (e.g. Kogarah Library)	Significant (e.g. Oatley Senior Citizens)	Minor (e.g. Carss Park Toilet)
Condition 1 to 2	Condition 2 to 4	Condition 4 to 5
Annual Maintenance Expenditure: 2% of value	Annual Maintenance Expenditure: 1% of value	Maintenance as needed
Customer Service Rating (CSR): up to 90% good	Customer Service Rating (CSR): up to 70% good	Customer Service Rating (CSR): up to 50% good
Safety Repairs completed within 24 hours	Safety Repairs completed within 24 hours	Safety Repairs completed within 48 hours
Other Repairs completed within 3 weeks	Other Repairs completed within 2 months	Other Repairs completed within 6 months

CAR PARKS		
Category 1	Category 2	Category 3
Located in Zones 3(a) or 3(b) with > 50 car parking spaces	Located in Zones 2(a), 2(b), 3(a) or 3(b) with < 50 car parking spaces, or Located in Zone 6(a) with < 75 car parking spaces, or	Located in Zone 6(a) with > 75 car parking spaces Located in Zone 5(b)
Purpose of use: commuter, shopping	Purpose of use: shopping, library, recreational	Purpose of use: recreational, park/ community, shopping
Night time lighting	Night time lighting	
Line marking	Line marking	
Sealed surface	Sealed surface	Sealed surface not required
Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours	Safety Repairs assessed within 24 hours
Maintenance Repairs completed within 60 days	Maintenance Repairs completed within 75 days	Maintenance Repairs completed within 90 days

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APPENDIX 6 -

LEGISLATIVE REQUIREMENTS

Legislative Requirements

Council has to meet many legislative requirements including Australian and State legislation and State regulations. These include:

Legislation	Requirement
Acts	
Local Government Act 1993	Set out to provide the legal framework for an effective, efficient, environmentally responsible and open system of local government in New South Wales and, to regulate the relationships between the people and bodies comprising the system, and, to encourage and assist the effective participation of local communities in the affairs of local government.
Civil Liability Act 2002	Set out to make provision in relation to the recovery of damages for death or personal injury caused by the fault or negligent of a person or organisations. Liability of road authorities. Section 42, May 2004 inclusion into the Act to provide a replacement for the non-feasance defence consequence to the May 2001 High Court judgement.
Coastal Protection Act 1979	Sets out the responsibilities and powers of Council in protecting the quality of the coastal environment.
Roads Act 1993	Set out the rights of members of the public to pass along public roads, the rights of persons who own land adjoining a public road to have access to the public road, and to establish the procedures for the opening and closing of a public road, to provide for the classification of roads, to provide for the declaration public authorities as roads authorities for both classified and unclassified roads, to confer certain functions (in particular, the function of carrying out road work), and to regulate the carrying out of various activities on public roads.
Protection of the Environment Operations Act 1997	Sets out to protect, restore and enhance the quality of the environment in New South Wales, having regard to the need to maintain ecologically sustainable development, pollution prevention, the elimination of harmful wastes, the reduction in the use of materials and the re-use, recovery or recycling of materials.

Legislation	Requirement
Environmental Planning & Assessment Act 1979	Sets out to encourage the proper management, development and conservation of natural and artificial resources for the purpose of promoting the social and economic welfare of the community and a better environment and the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats.
Natural Resources Management Act 2004	Sets out the role, purpose, responsibilities and powers of local government in controlling the use of natural resources.
Crown Lands Act 1989	Sets out the objectives and principals for Crown Land management.
Dividing Fences Act 1991	Exempts all Councils from payment of a contribution towards the installation or replacement of a fence on private land that adjoins public property in Council's ownership, care, control and management.
National Parks and Wildlife Act 1974	Sets out objectives and principles for conserving the State's natural and cultural heritage, fostering public appreciation, understanding and enjoyment of the State's natural and cultural heritage, and managing any lands reserved for the purposes of conserving and fostering public appreciation and enjoyment of the State's natural and/or cultural heritage.
Noxious Weeds Act 1993	Sets out to reduce the negative impacts of weeds on the economy, community and environment.
Threatened Species Act 1995	Sets out to conserve biodiversity and promote ecologically sustainable development.
State Environmental Planning Policy No.19 Bushland in Urban Areas	Sets out the objectives to protect and preserve bushland within the LGA.
Occupational Health and Safety Act 2000	Sets out the responsibilities of Council to secure and promote the health, safety and welfare of people at work.
Other relevant State and Federal Acts and Regulations	As appropriate.

Legislation	Requirement
STANDARDS	
Australian Accounting Standards board	Accounting rules setting out Council requirements for the financial reporting of assets.
AASB 116	Property, Plant & Equipment
AASB 136	Impairment of Assets
AASB 138	Intangible Assets
AASB 140	Investment Properties
AASB 1031	Materiality
AASB 1051	Land under Roads
Building Code of Australia 2009	Contains technical provisions for the design and construction of buildings and other structures, covering such matters as structure, fire resistance, access and egress, services and equipment, and health and amenity.
Australian Standards	The minimum requirements for Council for operational and design standards.



Draft 10 Year Long Term Financial Plan

July 2013 to June 2023

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I. Introduction

The purpose of this Draft 10 Year Long Term Financial Plan for Kogarah City Council is to provide a framework to assist future decision making that will secure the economic sustainability of the organisation and ensure adequate funds are generated into the future to achieve desirable outcomes for the community.

Kogarah City Council's 10 year Long Term Financial Plan was originally adopted in November 2001. The plan has been updated annually to assist in the preparation of yearly budget forecasts. This plan is a key document in forecasting the financial resources available for Council to achieve the strategic Direction and Goals specified in Councils' Draft Community Strategic Plan Bright Future, Better Lifestyle: Kogarah 2020.

The Policy Statements contained in this plan have been given force by resolution of Council. These policies provide the framework to guide decision making, future budgets and establish a mechanism to fund future investment decisions.

A new planning and reporting framework for NSW local government has been introduced. These reforms 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.



In accordance with this new framework Council's 10 year Long Term Financial Plan has been developed to include financial forecasting and to form part of Councils' Resourcing Strategy. The Resourcing Strategy will comprise the Long Term Financial Plan, the Workforce Management Plan and the Asset Management Plan. The 10 year Long Term Financial Plan also provides a link to Council's Delivery and Operational Plans.

The Draft 10 Year Long Term Financial Plan establishes a framework, mechanism and financial targets of the Council. It is the basis or benchmark to guide Council in the decision making process across multiple years. It contains guiding philosophies to promote a consistent financial direction spanning financial years and council terms.

The financial model predicts Kogarah's future funding requirements in order to maintain a strong financial position and deliver the facilities and services expected by our community. Setting the strategic direction of a financial plan promotes the sustainability of the organisation and ensures the availability of funds in future years to achieve all of Councils' goals and objectives.

2. Policy Framework

Previous Council resolutions have provided a policy framework to help guide the development of Council budgeting and long term financial planning. Future resource use and decision making by the Council can be guided by the structure provided in the policy framework. Council's 10 Year Long Term Financial Plan has been drafted to comply with the following policies:

2.1 Unrestricted Working Funds Balance

This is a measure of liquidity or net financial position. Council, as a prudent financial manager should set a minimum level at which its Working Capital should be maintained. A minimum level of Working Capital ensures Council retains an appropriate level of liquidity on an ongoing basis.

The unrestricted cash reserve of Council provides an appropriate buffer for unforeseen circumstances. As Council's budget grows, budget discipline is required to ensure that this reserve will grow in line with the budget and continue to provide an appropriate reserve level.

Council's target is to adopt an original budget each year maintaining a minimum unrestricted working funds balance equivalent to 5% of the unrestricted revenues in the same financial year.

2.2 Employee Leave Entitlements

At any point in time there will be outstanding leave entitlements owed to the employees of Kogarah City Council. These future entitlements to employee leave create a liability for Council that needs to be met at some point of time in the future.

Council does not maintain cash reserves to fully extinguish the leave liabilities because, as a going concern, Council does not expect to pay these liabilities in full at any one point in time. However, given the size of the liability and the potential for large payments on termination or resignation of employees it is prudent to have an appropriate level of cash reserves to meet future employee leave liabilities.

Council's target is to maintain a cash reserve equivalent to 20% of Council's liability for employee leave entitlements. Each year Council includes in its budget a transfer to the employee leave entitlement reserve to maintain Council's minimum 20% target. As at 30 June 2012 Council's cash reserve was equivalent to 41% of the total employee leave liability.

2.3 Investment Fund

In order for Council to improve its annual financial position it makes strategic investments that will contribute to this purpose. Establishment of an Investment Fund provides a reserve of cash to fund projects that result in additional recurrent income or reduced recurrent costs. Expenditure should be limited to projects with identifiable benefits.

Council established an Investment Fund in 2001 for the purpose of improving Council's financial position. Council directs all unrestricted revenues from non-recurrent sources into the Investment Fund. For example, the proceeds from a one off sale of an under-utilised Council asset would be directed into the Investment Fund.

An annual dividend is paid from the Investment Fund to unrestricted funds equivalent to 50% of the benefits realised by investments from the fund. The dividend from income generated by the Investment Fund provides an additional revenue stream for the Council to relieve the burden placed on Council by the impact of rate-pegging.

The remaining income generated by the Investment Fund remains in the Investment Fund. This reinvestment in the Investment Fund provides capital for future investments. This enables the fund to grow over time and provide a growing revenue stream.

Investments from the Fund are prioritised in order to realise the best possible improvement in Council's financial position over time. Important considerations when establishing investment priorities include; expected rate of return, size of investment, potential risk and time taken to generate returns. Priority will be given to projects with the best rate of return for minimal outlay, minimal risk and short payback period. Consideration will also be given to the political effect of investment decisions and whether or not a specific investment is consistent with the values of the organisation.

2.4 Unrestricted Budget Funds

Council adopts all budgets wherein all future expenditure of unrestricted funds comes from recurrent sources. Non-recurrent sources of income should not be used for unrestricted expenditure but instead directed to internal or external reserves as directed by Council's financial policy framework.

2.5 External Borrowings

Council currently has no external debt. Council would like to remain debt free whilst allowing for internal borrowing from restricted funds if appropriate. Council has no forecast external borrowing requirements detailed in this Long Term Financial Plan.

Whilst Council has no plans to borrow funds externally for the period of the 10 Year Long Term Financial Plan, the external borrowing capacity Council currently has is very important should any unforeseen large infrastructure costs arise in the future. Council has the ability to fund future infrastructure replacements from external loans should funding not be available from other sources.

Council's preference is to fund new or upgraded infrastructure or facilities from within its current budgeted income or from internal borrowings where it can be demonstrated

that future income within the existing budget will allow the repayment of those internal loans.

2.6 Infrastructure Reserve

Council established an Infrastructure Reserve in 2001 to provide additional resources for asset management. Council's first Long Term Financial Plan in 2001 detailed a renewal funding shortfall for Council's very large infrastructure stock. The original Infrastructure Reserve restricted funds above financial policy requirements specifically for asset management. Given the focus on asset management for the Council the creation of the Infrastructure Reserve dictates that Council direct any favourable budget results into the reserve for future expenditure on asset management.

In 2008, Council placed further restrictions on the operation of the Infrastructure Reserve. The capital in the reserve is now preserved and a dividend of 50% of the interest income generated by the investment of reserve capital is available each year for asset management expenditure. The remaining interest income is retained in the reserve so that the reserve and income generated will grow over time.

Preference is given to expenditure from the Infrastructure Reserve for maintenance and renewal of existing Council assets over the upgrade of Infrastructure. New Council infrastructure and facilities is not funded from this reserve and should be funded from other funding sources.

Council prepares future budgets that clearly demonstrate the funding of all asset management activities from the Infrastructure Reserve.

3. Current Financial Position of Council

Council's net operating result for 2011/12 was a deficit of \$448,000 (\$151,494,000 deficit in 2010/11). Excluding non-cash transactions and movements in restrictions (eg. section 94 or grants) Council achieved an Unrestricted Working Funds surplus of \$65,674 (\$221,470 in 2010/11).

Council ended last financial year with an Unrestricted Working Funds Balance of \$1.885m (\$1.882m in 2010/11). This was achieved without asset sales and at the same time increasing service levels.

Council's favourable result last financial year enabled funds to be set aside for asset management through increasing the infrastructure reserve. Council maintained adequate cash reserves to meet future obligations and unforeseen circumstances. Council's internal cash reserves totalled \$12.836m (\$12.772m in 2010/11).

Last financial year's results were achieved despite the difficult economic times and reflects the responsible approach taken by Council throughout the year in managing its finances and left the City of Kogarah in a sound financial position as at 30th June 2012.

This financial discipline has continued into the current financial year. Council's 2012/13 budget was adopted within the confines of the financial policy framework discussed previously and maintains Council's adequate financial reserves and focus on asset management.

Rate-pegging provides a constant challenge for Council to fund the services expected by our community. Council continues to endeavour to generate alternate sources of revenue and Council has an ongoing program to drive down costs and find efficiencies. Despite these efforts Council continues to have a shortfall on the renewal of its large infrastructure stock. Without addressing this shortfall Council will see a decrease in the condition of this infrastructure that will leave future generations with a much higher cost burden to rectify.

This 10 Year Long Term Financial Plan addresses Council's challenge of maintaining and renewing its assets and providing the services to a level expected by the community. These expectations have been determined through the development over the years of Council's asset management systems and the extensive consultation process conducted in conjunction with the development of the Community Strategic Plan.

4. Significant Forecasting Assumptions, Uncertainties and Risks

The following assumptions, risks and uncertainties have been prepared in accordance with the Council's legislative requirements, and in reference to the Council's Community Strategic Plan. Uncertainty increases as the number of years of prospective financial information increases. These forecast financial statements must be read with caution utilising the details of financial assumptions contained in this statement. Financial years 2017/18 to 2022/23 must be read with considerable caution even though in broad terms the business of the Council should continue as has been forecast in the Community Strategic Plan.

Uncontrollable external events will significantly affect the forecast. The most significant risks that may impact on the forecast financial statements include unexpected changes to legislation and/or regulations. It has been assumed that the organisational structure of Kogarah City Council will remain relatively unchanged.

Although climate change and its existence and causes are still being debated, many international agencies and businesses, such as insurance companies, are factoring climate change into their planning. Climate Change impacts could affect the engineering standards applied to the Council infrastructure and therefore associated costs to Council. It has been assumed that environmental conditions will not significantly change over the next 10 years.

4.1 Service Priorities

It is assumed that the community will continue to endorse the current range of services that the Council provides to the community. Extensive consultation has been conducted as part of the Community Strategic Planning Process to determine the range of services expected by the community.

4.2 Population Growth Projections

Council has projected growth in accordance with census data trends over recent years together with State Government planning requirements. Local area population projections, supplied by the NSW Department of Planning, indicate that the population of the Kogarah local government area is projected to increase from the 55,201 recorded in the 2011 Census to 59,900 in 2021 an increase of 8.51% over that ten year period.

Significant population growth above budgeted levels is not expected over the life of this plan.

4.3 Asset Ownership and Management

There are no major asset sales or change in management of significant assets that is forecast in this plan. Any sale funds will be dealt with in accordance with the financial policy framework previously described in this plan.

Kogarah City Council will continue to manage its large infrastructure stock in accordance with the Asset Management Plan detailed as part of the Resourcing Strategy. Technology and further asset information may impact on the Council's Asset Management Strategy. However, significant changes to Council's strategy are not anticipated over the life of this plan.

4.4 Natural Disasters

The funding provisions in this plan assume that there will be no major natural disaster of a type that causes widespread and significant damage to Kogarah City Council's infrastructure.

4.5 External Factors

There will be no unexpected changes to legislation, national standards, or other external factors which alter the nature or extent of services provided by Council.

4.6 Interest Rates

Council has no external borrowing and so has not estimated an interest rate for borrowed funds. Interest on money invested is estimated at 5.5% pa.

4.7 Depreciation and Useful Lives

Estimates are based on Council's accounting policies and useful lives as stated in Council's Asset Management Plan.

Future revaluations will have an impact on infrastructure remaining lives as well as future depreciation charges. This plan does not anticipate significant valuation movements that would significantly change depreciation charges on infrastructure.

4.8 Outsourcing

Where Council outsources physical works and professional services, it is assumed this practice will continue over the life of the plan.

4.9 Asset Renewal

The forecast expenditure for infrastructural asset renewal is sufficient to maintain the current level of service provided by those assets.

There is a risk of deferred maintenance resulting in additional funding requirements and/or reduced service levels not stated or provided in the Community Strategic Plan. The Council is continually working to improve the level of confidence in the asset renewal forecasts.

The Base case scenario detailed in this plan utilises Council's successful application for a special rate variation effective from 2010/11. Without the additional funding provided by this variation Council would not have been able to close the infrastructure renewal gap previously identified.

4.10 Sources of Funds

It is assumed that the level of funds available to the Council over the period of this plan will be sufficient to meet the planned service levels.

4.11 Changes to Planned Service Levels

The Council assumes that the service issues not provided for, or not fully provided for in the Community Strategic Plan will be considered by the Council in the future, and in a manner that is consistent with the requirements of the Local Government Act. In doing so it is assumed that the capacity of the Council to fund these services will be assessed against the key financial management ratios and financial policy framework stated in this plan.

5 Planned Scenario

The planned scenario model is a financial forecast aimed at delivering the strategic goals and outcomes set out in Council's Community Strategic Plan. It is based on thorough estimates of future income and expenditure under normal operating conditions. Readers should note the forecast assumptions, uncertainties and risks to the performance of this budget plan set out in this document.

The planned scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.1% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The planned scenario includes an application of a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit) for years two (2), three (3) and four (4) of the 10 year plan. The special rate variation will provide the resources required to fund the draft 4-year delivery program. This will ensure that service levels provided to the community continue to meet their on-going expectations and growing needs. It will also allow Council to maintain the condition of infrastructure to a satisfactory level and not unduly burden future generations.

Increases from years five (5) to ten (10) revert to an estimate of allowable increases to be approved by IPART of 3.25%.

The draft Delivery Program (2013 - 2017) has been developed and outlines the principal activities to be undertaken by the Council to implement the strategies established by the

Community Strategic Plan. The Delivery Program addresses the full range of Council operations, financial estimates and allocated levels of responsibility for each action.

Resourcing projections from the Delivery Program has estimated a shortfall in revenue over the four year Delivery Program of \$1.2m if a special rate variation application was not made. This would require a reduction in the operational service levels of Council and place pressure on Council's ability to maintain its infrastructure to the level expected by the community.

The NSW Treasury Corporation (TCorp) has recently conducted an independent financial assessment of Kogarah City Council in terms of its financial capacity, long term sustainability and financial performance. In terms of sustainability, TCorp believes Council to be moderately financially sustainable. TCorp considered the assumptions in this Long Term Financial Plan to be reasonable and the forecasts achievable.

TCorp has identified some challenges to Council remaining financially sustainable including spending sufficient funds on renewing and maintaining its infrastructure and ensuring costs are contained within the levels forecast. The special rate variation shown in the planned scenario will allow Council to deliver service levels as forecast and maintain the increased infrastructure expenditure seen over recent years.

In developing the rating option in this planned scenario Council considered a range of data available to it surrounding our Communities capacity to pay rates above estimated rate pegging limits.

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. The index is derived from attributes that reflect disadvantage such as low income, low educational attainment, high unemployment, and jobs in relatively unskilled occupations. A high score on the index means a low level of disadvantage. Kogarah City scores 1,045.0 on the SEIFA index of disadvantage, indicating it is less disadvantaged than both the national (1,005.2) and state (1,003.3) average.

32% of households currently have a mortgage and 26% of households are renting.

The medium weekly income for households in the Kogarah City Council LGA is \$1,463, and 24% of households earn \$2,500 or more per week. Analysis of household income levels in Kogarah City in 2011 compared to Greater Sydney shows that there was a similar proportion of high income households (those earning \$2,500 per week or more) and a lower proportion of low income households (those earning less than \$600 per week).

Council has also used comparative data published by the Division of Local Government to review the current and proposed average business and residential rates against the current business and residential rates of like Councils (classified as group 2 Councils) as well as Kogarah's three neighbouring councils.

Council has a Hardship Policy in place to provide a framework for the assessment of ratepayers who are experiencing difficulties in meeting their commitments in rates. Ratepayers suffering financial hardship can apply for relief through the hardship policy. Ratepayers can also enter into a payment arrangement with Council to pay any outstanding rates balances.

Council has also put in place measures to protect the vulnerability of eligible pensioners to pay their rates. Under Council's Debt Recovery Policy any rating debts owed to Council by eligible pensioners will not be pursued through legal action. Also, any debts owed to Council by eligible pensioners will have any interest charges written off if their debt is paid in full by the end of the financial year in which the debt was raised.

The impact of the rate variation will be distributed evenly across all rate payers. All categories in Councils rating structure will be increased by the same percentage. The following tables have been provided to demonstrate the estimated impact on residential ratepayers of the proposed special variation in contrast to rate increase at the estimated rate-pegging limit.

Residential Rate Increases with Proposed Special Rate Variation

	2012/13	2013/14 Year 1			2014/15 Year 2		
	0.00166721 \$746.48	2.80% 0.00171460 \$767.70			4.80% 0.001796901 \$804.55		
Special Rate Variation Proposed Residential Rate in the Dollar Minimum Rates							
Current Land Value	Residential Rates	Residential Rates	Change from Previous Years	Additional Cost Per Week	Residential Rates	Change from Previous Years	Additional Cost Per Week
\$447,742	\$746.48	\$767.70	\$21.22	\$0.41	\$804.55	\$36.85	\$0.71
\$450,000	\$750.24	\$771.57	\$21.33	\$0.41	\$808.61	\$37.04	\$0.71
\$500,000	\$833.61	\$857.30	\$23.69	\$0.46	\$898.45	\$41.15	\$0.79
\$550,000	\$916.97	\$943.03	\$26.06	\$0.50	\$988.30	\$45.27	\$0.87
\$600,000	\$1,000.33	\$1,028.76	\$28.43	\$0.55	\$1,078.14	\$49.38	\$0.95
\$650,000	\$1,083.69	\$1,114.49	\$30.80	\$0.59	\$1,167.99	\$53.50	\$1.03
\$700,000	\$1,167.05	\$1,200.22	\$33.17	\$0.64	\$1,257.83	\$57.61	\$1.11
\$750,000	\$1,250.41	\$1,285.95	\$35.54	\$0.68	\$1,347.68	\$61.73	\$1.19
\$800,000	\$1,333.77	\$1,371.68	\$37.91	\$0.73	\$1,437.52	\$65.84	\$1.27
\$850,000	\$1,417.13	\$1,457.41	\$40.28	\$0.77	\$1,527.37	\$69.96	\$1.35
\$900,000	\$1,500.49	\$1,543.14	\$42.65	\$0.82	\$1,617.21	\$74.07	\$1.42
\$950,000	\$1,583.85	\$1,628.87	\$45.02	\$0.87	\$1,707.06	\$78.19	\$1.50
\$1,000,000	\$1,667.21	\$1,714.60	\$47.39	\$0.91	\$1,796.90	\$82.30	\$1.58
		2015/16 Year 3			2016/17 Year 4		
		4.80% 0.001883152 \$843.17			4.80% 0.001973543 \$883.64		
Special Rate Variation Proposed Residential Rate in the Dollar Minimum Rates							
Current Land Value	Residential Rates	Residential Rates	Change from Previous Years	Additional Cost Per Week	Residential Rates	Change from Previous Years	Additional Cost Per Week
\$447,742	\$843.17	\$843.17	\$38.62	\$0.74	\$883.64	\$40.47	\$0.78
\$450,000	\$847.42	\$847.42	\$38.81	\$0.75	\$888.09	\$40.67	\$0.78
\$500,000	\$941.58	\$941.58	\$43.13	\$0.83	\$986.77	\$45.19	\$0.87
\$550,000	\$1,035.73	\$1,035.73	\$47.43	\$0.91	\$1,085.45	\$49.72	\$0.96
\$600,000	\$1,129.89	\$1,129.89	\$51.75	\$1.00	\$1,184.13	\$54.24	\$1.04
\$650,000	\$1,224.05	\$1,224.05	\$56.06	\$1.08	\$1,282.80	\$58.75	\$1.13
\$700,000	\$1,318.21	\$1,318.21	\$60.38	\$1.16	\$1,381.48	\$63.27	\$1.22
\$750,000	\$1,412.36	\$1,412.36	\$64.68	\$1.24	\$1,480.16	\$67.80	\$1.30
\$800,000	\$1,506.52	\$1,506.52	\$69.00	\$1.33	\$1,578.83	\$72.31	\$1.39
\$850,000	\$1,600.68	\$1,600.68	\$73.31	\$1.41	\$1,677.51	\$76.83	\$1.48
\$900,000	\$1,694.84	\$1,694.84	\$77.63	\$1.49	\$1,776.19	\$81.35	\$1.56
\$950,000	\$1,788.99	\$1,788.99	\$81.93	\$1.58	\$1,874.87	\$85.88	\$1.65
\$1,000,000	\$1,883.15	\$1,883.15	\$86.25	\$1.66	\$1,973.54	\$90.39	\$1.74

Residential Rate Increases without Proposed Special Rate Variation

Special Rate Variation Proposed Residential Rate in the Dollar Minimum Rates	2012/13	2013/14 Year 1			2014/15 Year 2		
	0.00166721 \$746.48	2.80% 0.00171460 \$767.70			3.25% 0.001770325 \$792.65		
Current Land Value	Residential Rates	Residential Rates	Change from Previous Years	Additional Cost Per Week	Residential Rates	Change from Previous Years	Additional Cost Per Week
\$447,742	\$746.48	\$767.70	\$21.22	\$0.41	\$792.65	\$24.95	\$0.48
\$450,000	\$750.24	\$771.57	\$21.33	\$0.41	\$796.65	\$25.08	\$0.48
\$500,000	\$833.61	\$857.30	\$23.69	\$0.46	\$885.16	\$27.86	\$0.54
\$550,000	\$916.97	\$943.03	\$26.06	\$0.50	\$973.68	\$30.65	\$0.59
\$600,000	\$1,000.33	\$1,028.76	\$28.43	\$0.55	\$1,062.19	\$33.43	\$0.64
\$650,000	\$1,083.69	\$1,114.49	\$30.80	\$0.59	\$1,150.71	\$36.22	\$0.70
\$700,000	\$1,167.05	\$1,200.22	\$33.17	\$0.64	\$1,239.23	\$39.01	\$0.75
\$750,000	\$1,250.41	\$1,285.95	\$35.54	\$0.68	\$1,327.74	\$41.79	\$0.80
\$800,000	\$1,333.77	\$1,371.68	\$37.91	\$0.73	\$1,416.26	\$44.58	\$0.86
\$850,000	\$1,417.13	\$1,457.41	\$40.28	\$0.77	\$1,504.78	\$47.37	\$0.91
\$900,000	\$1,500.49	\$1,543.14	\$42.65	\$0.82	\$1,593.29	\$50.15	\$0.96
\$950,000	\$1,583.85	\$1,628.87	\$45.02	\$0.87	\$1,681.81	\$52.94	\$1.02
\$1,000,000	\$1,667.21	\$1,714.60	\$47.39	\$0.91	\$1,770.32	\$55.72	\$1.07
Special Rate Variation Proposed Residential Rate in the Dollar Minimum Rates	2015/16 Year 3				2016/17 Year 4		
	3.25% 0.00182786 \$818.41				3.25% 0.001887265 \$845.01		
Current Land Value		Residential Rates	Change from Previous Years	Additional Cost Per Week	Residential Rates	Change from Previous Years	Additional Cost Per Week
\$447,742		\$818.41	\$25.76	\$0.50	\$845.01	\$26.60	\$0.51
\$450,000		\$822.54	\$25.89	\$0.50	\$849.27	\$26.73	\$0.51
\$500,000		\$913.93	\$28.77	\$0.55	\$943.63	\$29.70	\$0.57
\$550,000		\$1,005.32	\$31.64	\$0.61	\$1,038.00	\$32.68	\$0.63
\$600,000		\$1,096.72	\$34.53	\$0.66	\$1,132.36	\$35.64	\$0.69
\$650,000		\$1,188.11	\$37.40	\$0.72	\$1,226.72	\$38.61	\$0.74
\$700,000		\$1,279.50	\$40.27	\$0.77	\$1,321.09	\$41.59	\$0.80
\$750,000		\$1,370.90	\$43.16	\$0.83	\$1,415.45	\$44.55	\$0.86
\$800,000		\$1,462.29	\$46.03	\$0.89	\$1,509.81	\$47.52	\$0.91
\$850,000		\$1,553.68	\$48.90	\$0.94	\$1,604.18	\$50.50	\$0.97
\$900,000		\$1,645.07	\$51.78	\$1.00	\$1,698.54	\$53.47	\$1.03
\$950,000		\$1,736.47	\$54.66	\$1.05	\$1,792.90	\$56.43	\$1.09
\$1,000,000		\$1,827.86	\$57.54	\$1.11	\$1,887.27	\$59.41	\$1.14

During the exhibition period of the draft Resourcing Strategy, Council will be seeking feedback from everyone in the community regarding their willingness to pay rates beyond rate pegging limits.

A key part of Council's long-term financial planning, management strategies and strategic planning is to identify and implement productivity improvements and expenditure reductions. Council is committed to continue its program of using limited resources in the most efficient manner possible to deliver goods and services to the community.

Council has been able to maintain services levels in all areas of its operations and in some areas substantially increase them. To ensure productivity and cost containment is at the forefront of management Council budgets for an efficiency/productivity dividend each financial year. This target is reportable and Management is then responsible for delivering cost savings, increased income or other productivity measures to match the financial target for the year.

The planned scenario contains an efficiency dividend of \$400,000 in year 1 of the plan and a further \$200,000 each financial year thereafter. The efficiency dividend will deliver \$1m in savings over the life of the Delivery Program.

5.1 Financial Modelling Planned Scenario

The following is a list of the inflation assumptions used in forecasting the planned scenario:

Planned Scenario – Operating Income	
Rates	The planned scenario utilises Council's approved special rate variation of 5.9% p.a. minus the carbon tax advance repayment of 0.1% in the first year of the plan being the 2013/14 financial year. The planned scenario assumes a successful special rate variation of 4.8% for years 2-4 of the plan. Increases from years 5-10 revert to an estimate of allowable increases to be approved by IPART of 3.25%. The rate-pegging limit has averaged approximately 3.25%p.a. over the last 8 years. Rates income growth is based on the expected additional dwellings forecast over the life of the plan times by the minimum rate.
Environmental Levy	The environmental levy ceases prior to the commencement of this plan. Council's rating base will reduce by 3% in year one of the plan due to the removal of the environmental. The special rate variations for years 2-4 of the plan will allow the Council to continue some of the important environmental works previously funded by the environmental levy.
Domestic Waste Charge	The current domestic waste charge of \$390.52 will be increased in the first year of the plan by 4.0% or \$15.60 to \$406.12. Year 2-10 of this scenario have been increased by 3.5% p.a. These increases are necessary to keep pace with the significant increase in disposal costs for waste through to the 2016/17 financial year.
User Charges and Fees	User charges and fees for next financial year are detailed in Council's Draft 2013/14 Fees and Charges Schedule included as part of Council's operational plan. Future year's user charges and fees have been increased by an estimated annual CPI of 2.5%. This represents the middle of the Reserve Bank's long term target for CPI of 2-3% p.a.
Interest on Investments	Under the planned scenario an interest rate of 5.5% p.a. is assumed for interest earned on investments. Interest rates can fluctuate quickly, however a target 5.5% p.a. return on investment over the life of the plan is considered achievable.
Other Revenue	Other revenue is expected to grow by 2.5% p.a. over the life of the plan.
Operational Grants & Contributions	Operational Grant and contributions are expected to increase in line with long term target for CPI. The planned scenario has grants and contributions increasing by 2.5% p.a. over the life of the plan.
Planned Scenario – Operating Expenditure	
Employee Costs	Employee costs in the planned scenario are expected to grow at a rate of 3.8% p.a. This takes account of forecast Award increases, skills and performance progression and market forces for certain

	<p>occupations.</p> <p>The planned scenario is based on a stable organisational structure with no net increase in employee numbers.</p>
Borrowing Costs	<p>Council has no external borrowings. The only borrowing costs anticipated in the planned scenario is interest charged on Council's overdraft facility. This cost is minimised by Council's stringent cash flow procedures. There is no increase in borrowing costs forecast over the life of the plan.</p>
Materials & Contracts	<p>The planned scenario has broadly budgeted for increases of 2.5% p.a. for materials and contracts in line with CPI targets. We have seen, in recent years, large price swings for certain material such as petrol and steel that can flow through into contract costs as well.</p>
Other Operating Expenses	<p>Other operating expenses have been budgeted to rise by 2.5% p.a. under this plan except the following items:</p> <p>Electricity – 5% p.a. Insurances – 3% p.a. Water charges – 3% p.a. Emergency Services Levy – 3% p.a. Postage – 3% p.a. Street lighting charges – 5% p.a. Waste Disposal between 3 and 8% p.a.</p>
Planned Scenario – Capital Income	
Developer Contributions	<p>Developer contributions are levied as per Section 94 of the Environmental Planning & Assessment Act.</p> <p>No annual increase in section 94 developer contributions has been forecast over the life of the plan.</p> <p>The amount budgeted each year is based on a long term average of projected income over the remaining life of the contribution plans.</p> <p>Developer contributions are linked to the timing and scale of development activity. Contributions can vary substantially as a result.</p>
Property, Plant & Equipment Sales	<p>There are no planned property sales include in the planned scenario. Council currently has no surplus property identified for sale. Any surplus property to Council requirements will be considered separately by Council before disposal.</p> <p>Plant and equipment will be sold in accordance with Council's replacement strategy. Plant and motor vehicles are funded through Council's Investment Fund. Any sales proceeds are therefore directed back into that fund.</p>

Loans	Council has no existing external loans. The planned scenario does not forecast any new external loans over the life of the plan.
Planned Scenario – Capital Expenditure	
Capital Works	The capital works program for 2013-2017 is detailed in the Delivery Program. Future years' on-going capital works have been increased by 2.5% p.a
Loans	Council has no existing external loans. The planned scenario does not forecast any new external loans over the life of the plan. There are no capital loan repayment requirements for the life of the plan.

Kogarah City Council Income Statement 2013 - 2023 (Planned)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Income From Continuing Operations										
Revenue:										
Rates and annual charges	32,371	33,841	35,376	36,982	38,218	39,496	40,816	42,180	43,589	45,045
User charges and fees	5,042	5,084	5,143	5,201	5,284	5,372	5,462	5,555	5,653	5,752
Interest and investment revenue	1,171	1,189	1,209	1,229	1,249	1,270	1,291	1,313	1,336	1,359
Other revenues	2,939	3,016	3,136	3,219	3,414	3,504	3,597	3,692	3,790	3,891
Grants and contributions provided for operating purposes	2,323	2,380	2,438	2,498	2,559	2,623	2,688	2,755	2,824	2,894
Grants and contributions provided for capital purposes	1,338	1,840	1,342	1,344	1,346	1,349	1,351	1,353	1,356	1,358
Other income:										
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures and associates using the equity method	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	45,184	47,350	48,644	50,473	52,070	53,614	55,205	56,848	58,548	60,299
Expenses From Continuing Operations										
Employee benefits and on-costs	20,830	21,622	22,444	23,297	24,182	25,101	26,055	27,045	28,073	29,140
Borrowing costs	3	3	3	3	3	3	3	3	3	3
Materials and contracts	9,672	10,303	10,570	10,812	11,084	11,363	11,649	11,942	12,242	12,550
Depreciation and amortisation	8,319	8,526	8,740	8,958	9,182	9,412	9,647	9,888	10,135	10,389
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	9,259	9,487	9,629	9,838	10,043	10,255	10,474	10,698	10,930	11,167
Total expenses from continuing operations	48,083	49,941	51,386	52,908	54,494	56,134	57,828	59,576	61,383	63,249
Operating result from continuing operations	(2,899)	(2,591)	(2,742)	(2,435)	(2,424)	(2,520)	(2,623)	(2,728)	(2,835)	(2,950)
Operating result from discontinued operations	-	-	-	-	-	-	-	-	-	-
Net operating result for the year	(2,899)	(2,591)	(2,742)	(2,435)	(2,424)	(2,520)	(2,623)	(2,728)	(2,835)	(2,950)
Attributable to:										
- Council	(2,899)	(2,591)	(2,742)	(2,435)	(2,424)	(2,520)	(2,623)	(2,728)	(2,835)	(2,950)
- Minority interests	-	-	-	-	-	-	-	-	-	-
Net operating result for the year before grants and contributions provided for capital purposes	(4,237)	(4,431)	(4,084)	(3,779)	(3,770)	(3,869)	(3,974)	(4,081)	(4,191)	(4,308)

Kogarah City Council Balance Sheet 2013 - 2023 (Planned)

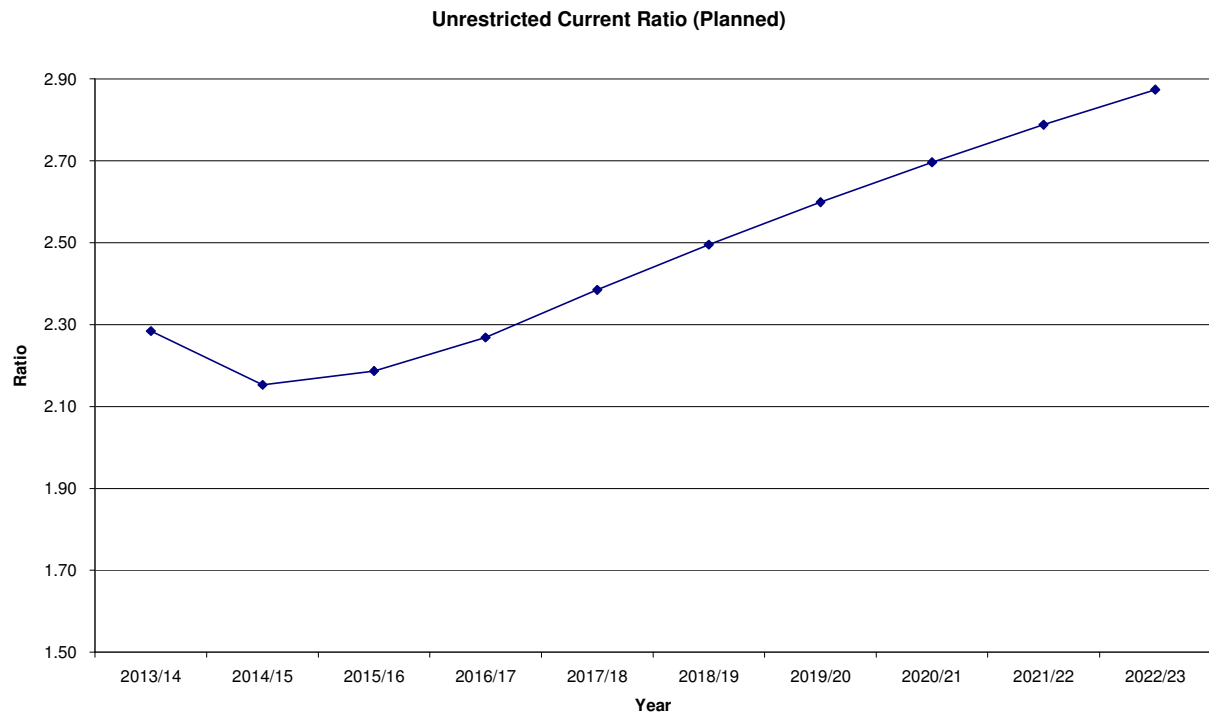
	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Current Assets										
Cash and cash equivalents	2,709	1,431	1,578	2,202	3,113	4,057	5,024	6,015	7,032	8,073
Investments	16,179	16,584	16,989	17,394	17,799	18,204	18,609	19,014	19,419	19,824
Receivables	2,970	3,056	3,098	3,165	3,226	3,285	3,344	3,406	3,470	3,536
Inventories	334	339	344	349	354	360	365	371	376	382
Other	355	355	355	355	355	355	355	355	355	355
Total Current Assets	22,547	21,765	22,364	23,466	24,848	26,260	27,698	29,161	30,652	32,169
Non-Current Assets										
Investments	12,121	12,216	12,311	12,406	12,501	12,596	12,691	12,786	12,881	12,976
Infrastructure, property, plant and equipment	385,121	383,917	381,262	378,417	375,312	372,093	368,758	365,305	361,730	358,029
Investment property	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	397,242	396,133	393,573	390,823	387,813	384,689	381,449	378,091	374,611	371,005
Total Assets	419,789	417,898	415,937	414,289	412,661	410,949	409,147	407,252	405,263	403,174
Current Liabilities										
Payables	4,638	4,767	4,828	4,896	4,967	5,041	5,117	5,194	5,274	5,356
Interest bearing liabilities	259	259	259	259	259	259	259	259	259	259
Provisions	6,212	6,537	6,873	7,223	7,586	7,962	8,353	8,759	9,180	9,617
Total Current Liabilities	11,109	11,562	11,960	12,378	12,812	13,262	13,729	14,212	14,713	15,232
Non-Current Liabilities										
Provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	11,109	11,562	11,960	12,378	12,812	13,262	13,729	14,212	14,713	15,232
Net Assets	408,680	406,336	403,976	401,911	399,849	397,687	395,418	393,040	390,550	387,943
Equity										
Retained earnings	329,014	326,472	324,112	322,047	319,985	317,823	315,554	313,176	310,686	308,079
Revaluation Reserves	79,666	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864
Council equity interest	408,680	406,336	403,976	401,911	399,849	397,687	395,418	393,040	390,550	387,943
Minority equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	408,680	406,336	403,976	401,911	399,849	397,687	395,418	393,040	390,550	387,943

Kogarah City Council Cash Flow Statement 2013 - 2023 (Planned)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Cash Flows From Operating Activities										
<u>Receipts</u>										
Rates and annual charges	32,335	33,790	35,322	36,926	38,175	39,451	40,770	42,132	43,540	44,994
User charges and fees	5,021	5,082	5,140	5,198	5,280	5,368	5,458	5,550	5,648	5,747
Investment revenue and interest	1,168	1,188	1,208	1,228	1,248	1,269	1,290	1,312	1,335	1,358
Grants and contributions	3,662	4,192	3,802	3,839	3,902	3,969	4,036	4,105	4,176	4,248
Other	2,957	3,012	3,130	3,215	3,404	3,500	3,592	3,687	3,785	3,886
<u>Payments</u>										
Employee benefits and on-costs	(20,518)	(21,298)	(22,107)	(22,948)	(23,819)	(24,724)	(25,664)	(26,639)	(27,652)	(28,703)
Materials and contracts	(9,481)	(10,398)	(10,610)	(10,848)	(11,125)	(11,405)	(11,692)	(11,986)	(12,287)	(12,596)
Borrowing costs	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Other	(9,252)	(9,521)	(9,650)	(9,869)	(10,074)	(10,287)	(10,507)	(10,732)	(10,965)	(11,203)
Net cash provided by (or used) in operating activities	5,890	6,044	6,232	6,737	6,988	7,137	7,279	7,426	7,577	7,729
Cash Flows From Investing Activities										
<u>Receipts</u>										
Sale of investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Sale of investment property	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	500	500	500	500	500	500	500	500	500	500
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Purchase of investments	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(6,032)	(7,322)	(6,085)	(6,113)	(6,077)	(6,193)	(6,312)	(6,435)	(6,560)	(6,688)
Purchase of real estate	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in investing activities	(6,032)	(7,322)	(6,085)	(6,113)	(6,077)	(6,193)	(6,312)	(6,435)	(6,560)	(6,688)
Cash Flows From Financing Activities										
<u>Receipts</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in financing activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in cash and cash equivalents	(142)	(1,278)	147	624	911	944	967	991	1,017	1,041
Cash and cash equivalents at beginning of reporting period	2,851	2,709	1,431	1,578	2,202	3,113	4,057	5,024	6,015	7,032
Cash and cash equivalents at end of reporting period	2,709	1,431	1,578	2,202	3,113	4,057	5,024	6,015	7,032	8,073

5.2 Unrestricted Current Ratio

The following graph shows the predicted unrestricted current ratio under the planned scenario.



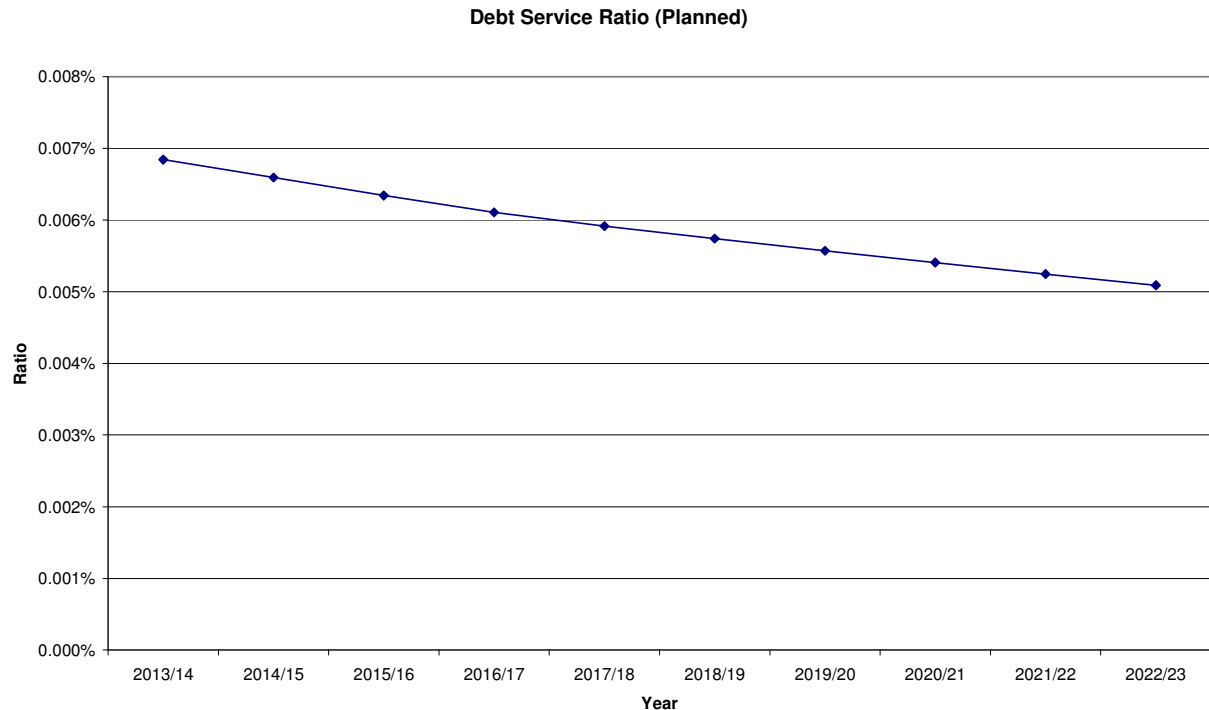
The unrestricted current ratio is a business liquidity measure that provides an indication on whether the Council can meet its short term commitments.

It is a more rigorous ratio than the current ratio as it excludes assets and liabilities that are externally restricted and only includes assets that can be easily liquidated and are available for Council use.

Industry better practice guidelines require a ratio that is greater than 2.1:1 and less than 10:1. The planned forecast scenario provides a forecast unrestricted current ratio that meets industry guidelines. In accordance with Council's financial policy framework Council maintains appropriate cash reserves for unforeseen circumstances.

5.3 Debt Service Ratio

The following graph shows the predicted debt services ratio under the planned scenario.

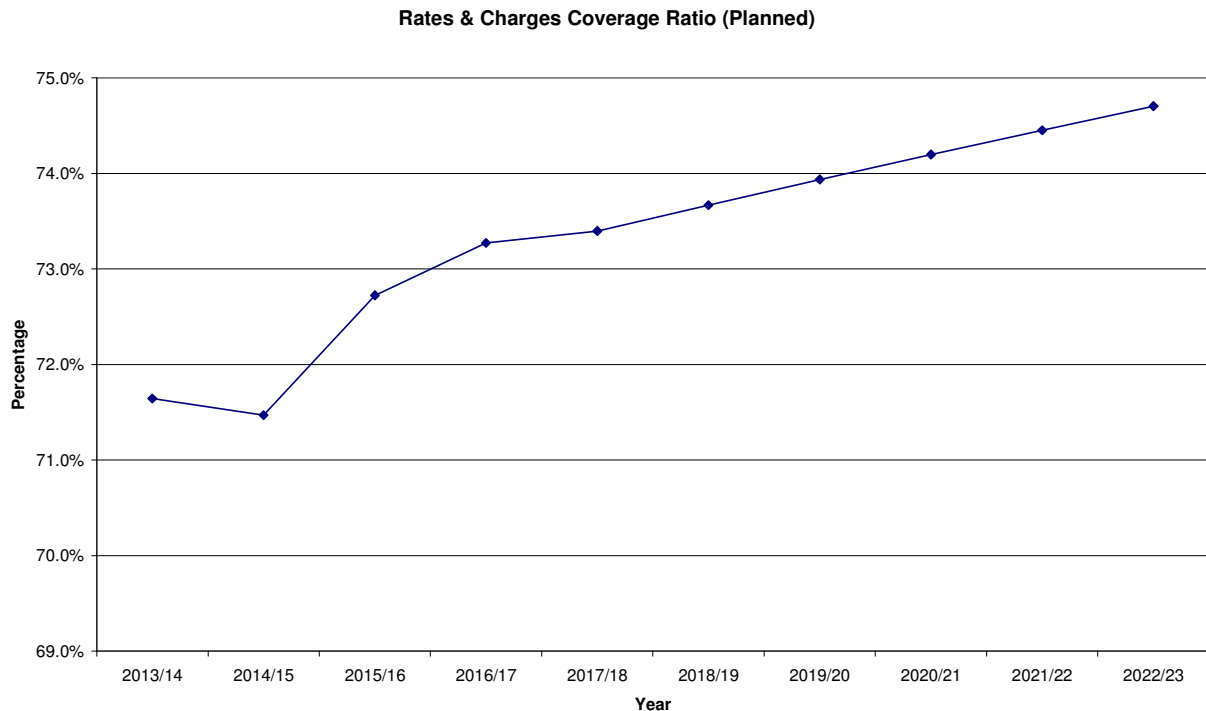


The debt service ratio is designed to assess the impact of loan principal and interest repayments on the discretionary revenue of Council. The debt service ratio is calculated by dividing debt service costs by revenue from continuing operations excluding capital items and specific grants and contributions.

Industry better practice guidelines require a ratio that is less than 10%. The planned forecast scenario provides a forecast debt service ratio that is well within industry guidelines. Council currently has no external borrowings and has committed in this long term financial plan to continue this policy. This policy effectively increases the funds available for ordinary activities and also provides Council with a future option to utilise debt for significant infrastructure renewals should the need arise.

5.4 Rates & Annual Charges Coverage Ratio

The following graph shows the predicted rates and annual charges coverage ratio under the planned scenario.



The rates and annual charges coverage ratio is designed to assess the degree of Council's dependence on revenue from rates and annual charges as well as to assess the security of Council's income. The rates and annual charges ratio is calculated by dividing the rates and annual charges income by revenue from continuing operations.

Council has a high reliance on rates and annual charges income. As such the demographics and capacity and willingness for the community to pay rates will determine the security of this income source. Despite the high reliance on rates and annual charges the percentage is very stable over the life of the plan.

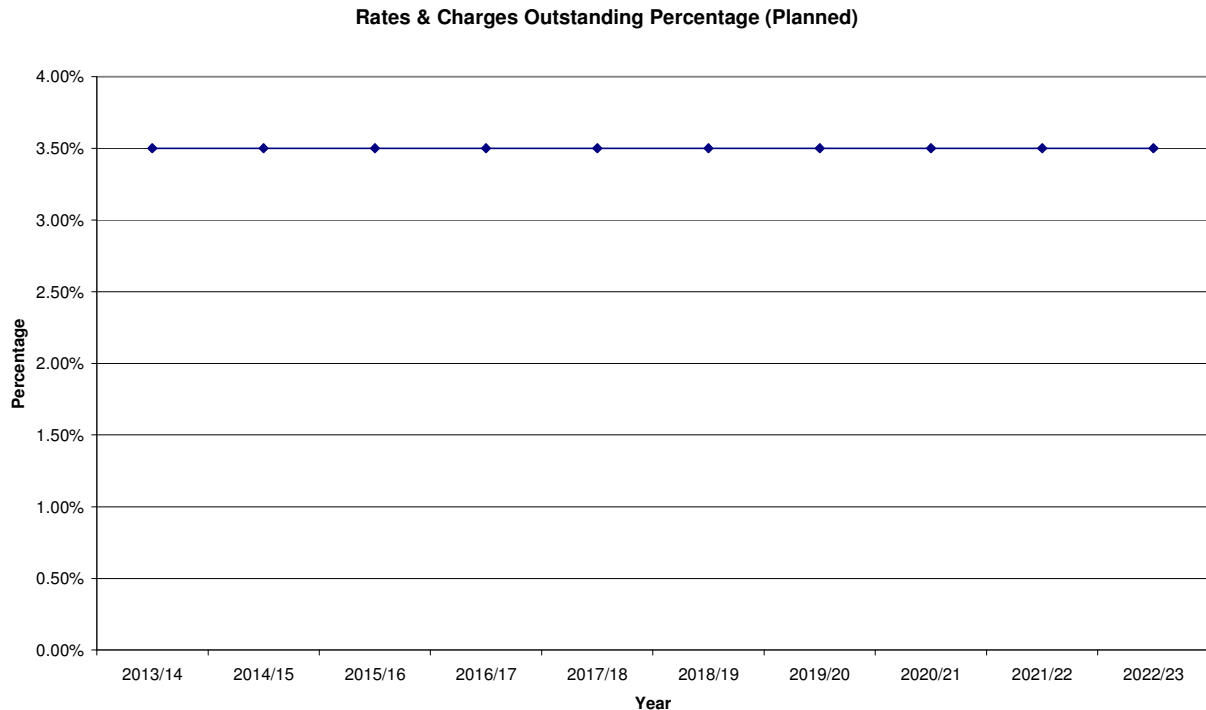
The planned scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.1% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The planned scenario includes an application of a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit) for years two (2), three (3) and four (4) of the 10 year plan.

This is reflected in increasing ratio for this income stream. However, alternate sources of income continue to be developed in order to maintain current service levels in future years, provide and maintain the infrastructure needs of our Community and reduce the reliance on rates and annual charges as a revenue source.

5.5 Rates & Annual Charges Outstanding Ratio

The following graph shows the predicted rates and annual charges outstanding ratio under the planned scenario.



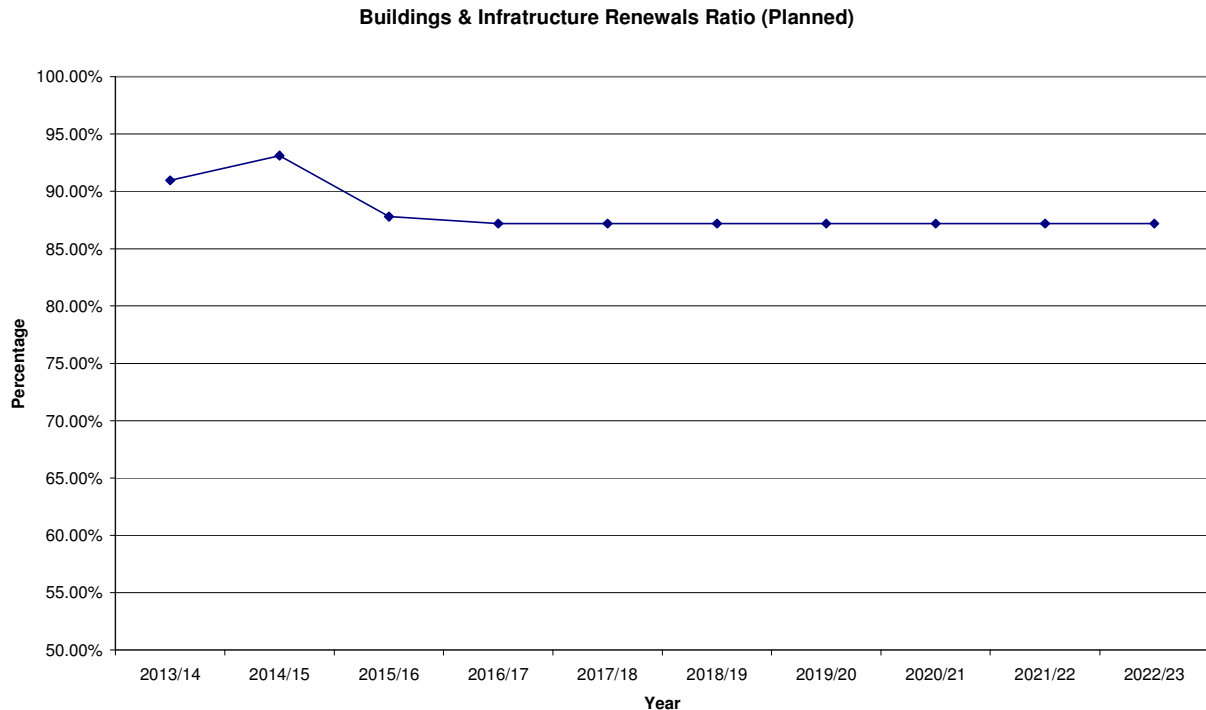
The rates and annual charges outstanding ratio is designed to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts. The rates and annual charges ratio is calculated by dividing the rates, annual and extra charges outstanding by rates, annual and extra charges collectible.

Industry better practice guidelines require a ratio that is less than 5%. The planned forecast scenario provides a forecast unrestricted current ratio that is well within industry benchmarks.

Council has maintained a low outstanding percentage over the last few years. Debt recovery action is conducted in accordance with Council's debt recovery policy. Under the planned scenario a consistent outstanding percentage target has been forecast. Economic factors can impact sharply on the time taken to collect outstanding rates and charges. Council has been able to maintain a ratio below that forecast above despite the soft economic climate after the global financial crisis.

5.6 Building & Infrastructure Renewals Ratio

The following graph shows the predicted building and infrastructure renewals ratio under the planned scenario.



The building and infrastructure renewals ratio is designed to assess the adequacy of renewal of building and infrastructure assets compared to rate at which those assets are depreciated. The building and infrastructure renewals ratio is calculated by dividing the amount expended on building and infrastructure renewals by the amount expense in depreciation for building and infrastructure assets.

Asset renewals represent the replacement and/or refurbishment of existing assets to an equivalent capacity or performance as opposed to the acquisition of new assets (or refurbishment of old assets) that increase capacity/performance. Industry better practice guidelines require a ratio that is 100% or better.

Council has previously identified that it was not spending enough of its resources on asset renewals. Strategies have been developed to provide additional resources for asset renewal. Council has developed additional income sources to provide additional funding for asset renewal. However, given the size of the shortfall identified the planned scenario has budgeted for a special rate variation to generate the additional resources required for asset renewal. Without intervention Council building and infrastructure assets condition will deteriorate and lead to a backlog of works required to bring those assets up to a satisfactory condition. Council's asset management systems have identified that further deterioration could lead to future renewals and ongoing maintenance being more costly.

5.7 Opportunities & Threats

As part of the risk assessment of the planned scenario the Council has identified some strengths and threats to consider issues that may arise and how Council will deal with them.

Rates Income

Council's are currently limited by rate-pegging legislation when determining rates income. Increases outside this limit require approval through a special rate variation process by IPART (Independent Pricing and Review Tribunal NSW) and the Minister for Local Government. If rate-pegging was abolished as in other States it would have a huge impact on the financial sustainability of Local Government and provide Council with greater flexibility in determining their future in partnership with the community.

The new integrated planning and reporting regime implemented by the State Government could potentially circumvent the rate pegging system as it requires a rigorous consultation process with the community to determine the outcomes they would like to achieve. This then provides the basis for determining rate increases that are linked to these outcomes rather than not being linked via an arbitrary rate-pegging increase.

A new Delivery Program will be developed after local government elections every four years. The Delivery Program will set out what Council wants to deliver over the 4 year councillor term. This has been linked to Council's resourcing strategy. Council can seek approval to lock-in future rates increases over the life of the delivery in consultation with the community and provide some certainty to ratepayers for future increases and the Council on its income streams.

Cost shifting

Cost shifting describes the situation where the responsibility for, or merely the costs of, providing a certain service, concession, asset or regulatory function are "shifted" from a higher level of government on to a lower level of government without the provision of corresponding funding or the conferral of corresponding and adequate revenue raising capacity.

Cost shifting has been a major concern for local governments for many years. The overall cost to local governments due to cost shifting is significant. Council has in most cases not been provided the funds or opportunity to generate funding to cover this significant cost.

Some examples of cost shifting include the contribution for the emergency services levy, pensioner rate rebates, library funding shortfalls, companion animal act, environmental regulation, management and control of noxious weeds, citizenship ceremonies, food safety regulation, road safety programs and the waste levy.

Energy and Material Costs

As shown by the recent increases proposed by IPART for electricity and significant steel price, the cost energy and materials could rise significantly in the future. The impacts of environmental measures will be seen in higher energy costs going forward. Without technological changes the price impact on finite energy resources may be felt through all material input costs.

Workers Compensation

Premium costs for workers compensation can rise significantly with any open claims. Council has invested significant resources for training, equipment and other WHS programs with a view to reduce the potential for claims.

Local Government Superannuation Retirement Scheme

Due to the recent global financial crisis, superannuation funds suffered significant falls in value. A portion of Council's employees belong to a closed Scheme where member entitlements are defined as a multiple of their salary. Councils are responsible for ensuring there are sufficient funds available to pay out this benefit when these employees cease employment. Due to the erosion of funds in the scheme Council has been notified that the contribution rates on behalf of members of this scheme have doubled with the increased contributions remaining in place for a period up to ten years. For 2013/14 it is estimated that the additional cost to Council will be \$237,623. The funds actuary reviews this situation every year to determine whether increased contributions will continue to be required. Only investment returns greater than budgeted for the fund will enable this contribution burden to finish earlier than forecast.

6 Conservative Scenario

The conservative scenario provides a financial model operating in less than normal economic conditions. As such the model takes a more conservative approach to budget forecast than the planned model.

The goals, objectives and outcomes detailed in Council's Community Strategic Plan may not be able to be achieved within this scenario. Problems identified by Council in relation to infrastructure maintenance and renewal cannot be fully addressed under this scenario as the necessary resources are not available without cutting existing service levels. This will provide an intergeneration equity issue as future costs for infrastructure maintenance and renewal may be much higher than would have otherwise been the case if these issues are addressed now.

The conservative scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.01% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The planned scenario does not include an application of a special rate variation. An estimated rate-pegging limit of 3.5% has been used for year two (2) through to year ten (10) of the plan. Under this scenario Council will have a shortfall of financial resources during the first four years of plan of over \$1.2m. The shortfall would require the reduction of services across all Council areas to fund the savings required to meet Council's financial framework objectives.

The shortfall would require Council to revise its draft Delivery Program (2013 - 2017) based on the revenue projections contained in this scenario. This would not align with the current expectations of the community.

6.1 Financial Modelling Conservative Scenario

Financial modelling and inflation assumptions for the conservative scenario are the same as the planned scenario except for the following:

Conservative Scenario – Operating Income	
Rates	The conservative scenario utilises Council's approved special rate variation of 5.9% p.a. minus the carbon tax advance repayment of 0.1% in the first year of the plan being the 2013/14 financial year. Increases from years 2-10 revert to an estimate of allowable increases to be approved by IPART of 3.25%. The rate-pegging limit has averaged approximately 3.25%p.a. over the last 8 years. Rates income growth is based on the expected additional dwellings forecast over the life of the plan times by the minimum rate.
User Charges and Fees	The conservative scenario uses an estimated CPI inflator of 2% p.a. for future year increases in user charges and fees. This represents the Bottom of the Reserve Bank's long term target for CPI of 2-3% p.a.
Interest on Investments	Under the conservative scenario an interest rate of 5% p.a. is assumed for interest earned on investments.
Other Revenue	Other revenue is expected to grow by 2% p.a. over the life of the plan.
Conservative Scenario – Operating Expenditure	
Materials & Contracts	The conservative scenario has provided for increases of 4% p.a. for materials and contracts which is higher than the forecast under the planned scenario and takes account of the potential for these costs to increase more than anticipated CPI.
Other Operating Expenses	<p>The conservative scenario has provided for increases of 4% p.a. for other operating expenses. This is a more conservative budget approach than the planned scenario. The following exceptions still apply under this plan:</p> <p>Electricity – 8% p.a. Insurances – 4.5% p.a. Water charges – 4.5% p.a. Emergency Services Levy – 3.5% p.a. Postage – 3% p.a. Street lighting charges – 7% p.a. Waste Disposal - 10% p.a.</p>
Conservative Scenario – Capital Expenditure	
Capital Works	Due to the increased costs and lower income there would be less available funds for capital works. Therefore, the capital works program would be lower than in the planned scenario.

Kogarah City Council Income Statement 2013 - 2023 (Conservative)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Income From Continuing Operations										
Revenue:										
Rates and annual charges	32,371	33,475	34,616	35,794	36,992	38,230	39,509	40,830	42,196	43,607
User charges and fees	5,041	5,082	5,140	5,197	5,280	5,367	5,457	5,550	5,647	5,746
Interest and investment revenue	1,167	1,183	1,199	1,215	1,231	1,248	1,265	1,283	1,300	1,319
Other revenues	2,939	3,016	3,136	3,219	3,414	3,504	3,597	3,692	3,790	3,891
Grants and contributions provided for operating purposes	2,323	2,380	2,438	2,498	2,559	2,623	2,688	2,755	2,824	2,894
Grants and contributions provided for capital purposes	1,338	1,840	1,342	1,344	1,346	1,349	1,351	1,353	1,356	1,358
Other income:										
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures and associates using the equity method	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	45,179	46,976	47,871	49,267	50,822	52,321	53,867	55,463	57,113	58,815
Expenses From Continuing Operations										
Employee benefits and on-costs	20,830	21,622	22,444	23,297	24,182	25,101	26,055	27,045	28,073	29,140
Borrowing costs	3	3	3	3	3	3	3	3	3	3
Materials and contracts	9,675	10,311	10,583	10,831	11,104	11,384	11,670	11,963	12,264	12,573
Depreciation and amortisation	8,319	8,526	8,740	8,958	9,182	9,412	9,647	9,888	10,135	10,389
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	9,328	9,608	9,809	10,042	10,273	10,514	10,764	11,023	11,292	11,570
Total expenses from continuing operations	48,155	50,070	51,579	53,131	54,744	56,414	58,139	59,922	61,767	63,675
Operating result from continuing operations	(2,976)	(3,094)	(3,708)	(3,864)	(3,922)	(4,093)	(4,272)	(4,459)	(4,654)	(4,860)
Operating result from discontinued operations	-	-	-	-	-	-	-	-	-	-
Net operating result for the year	(2,976)	(3,094)	(3,708)	(3,864)	(3,922)	(4,093)	(4,272)	(4,459)	(4,654)	(4,860)
Attributable to:										
- Council	(2,976)	(3,094)	(3,708)	(3,864)	(3,922)	(4,093)	(4,272)	(4,459)	(4,654)	(4,860)
- Minority interests	-	-	-	-	-	-	-	-	-	-
Net operating result for the year before grants and contributions provided for capital purposes	(4,314)	(4,934)	(5,050)	(5,208)	(5,268)	(5,442)	(5,623)	(5,812)	(6,010)	(6,218)

Kogarah City Council Balance Sheet 2013 - 2023 (Conservative)

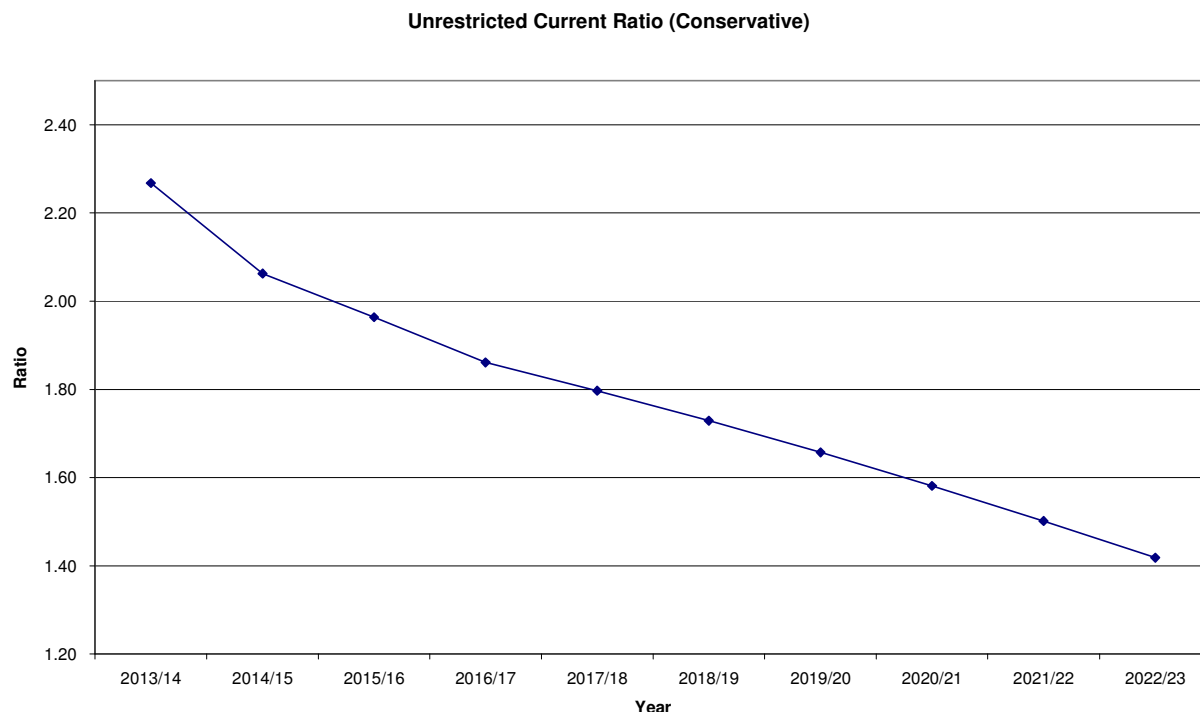
	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Current Assets										
Cash and cash equivalents	2,622	846	31	763	1,353	1,985	2,670	3,413	4,218	5,092
Investments	16,179	16,584	16,989	17,394	17,799	18,204	18,609	19,014	19,419	19,824
Receivables	2,970	3,043	3,071	3,123	3,182	3,239	3,297	3,357	3,419	3,483
Inventories	334	339	344	349	354	360	365	371	376	382
Other	355	355	355	355	355	355	355	355	355	355
Total Current Assets	22,459	21,166	20,789	20,457	20,337	20,172	19,956	19,683	19,351	18,951
Non-Current Assets										
Investments	12,121	12,216	12,311	12,406	12,501	12,596	12,691	12,786	12,881	12,976
Infrastructure, property, plant and equipment	385,121	383,917	381,262	378,417	375,312	372,093	368,758	365,305	361,730	358,029
Investment property	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	397,242	396,133	393,573	390,823	387,813	384,689	381,449	378,091	374,611	371,005
Total Assets	419,701	417,299	414,362	411,280	408,150	404,861	401,405	397,774	393,962	389,956
Current Liabilities										
Payables	4,649	4,786	4,857	4,929	5,005	5,083	5,163	5,246	5,332	5,420
Interest bearing liabilities	259	259	259	259	259	259	259	259	259	259
Provisions	6,212	6,537	6,873	7,223	7,586	7,962	8,353	8,759	9,180	9,617
Total Current Liabilities	11,120	11,582	11,989	12,411	12,849	13,304	13,775	14,264	14,770	15,295
Non-Current Liabilities										
Provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	11,120	11,582	11,989	12,411	12,849	13,304	13,775	14,264	14,770	15,295
Net Assets	408,581	405,718	402,373	398,869	395,301	391,557	387,629	383,510	379,191	374,661
Equity										
Retained earnings	328,915	325,854	322,509	319,005	315,437	311,693	307,765	303,646	299,327	294,797
Revaluation Reserves	79,666	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864
Council equity interest	408,581	405,718	402,373	398,869	395,301	391,557	387,629	383,510	379,191	374,661
Minority equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	408,581	405,718	402,373	398,869	395,301	391,557	387,629	383,510	379,191	374,661

Kogarah City Council Cash Flow Statement 2013 - 2023 (Conservative)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Cash Flows From Operating Activities										
<u>Receipts</u>										
Rates and annual charges	32,335	33,436	34,576	35,753	36,950	38,187	39,464	40,784	42,148	43,558
User charges and fees	5,021	5,080	5,137	5,194	5,276	5,363	5,453	5,545	5,642	5,741
Investment revenue and interest	1,164	1,182	1,198	1,214	1,230	1,247	1,264	1,282	1,299	1,318
Grants and contributions	3,662	4,192	3,802	3,839	3,902	3,969	4,036	4,105	4,176	4,248
Other	2,957	3,012	3,130	3,215	3,404	3,500	3,592	3,687	3,785	3,886
<u>Payments</u>										
Employee benefits and on-costs	(20,518)	(21,298)	(22,107)	(22,948)	(23,819)	(24,724)	(25,664)	(26,639)	(27,652)	(28,703)
Materials and contracts	(9,485)	(10,406)	(10,624)	(10,868)	(11,145)	(11,426)	(11,713)	(12,007)	(12,309)	(12,619)
Borrowing costs	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Other	(9,331)	(9,650)	(9,839)	(10,077)	(10,308)	(10,550)	(10,802)	(11,062)	(11,332)	(11,612)
Net cash provided by (or used) in operating activities	5,802	5,546	5,270	5,319	5,487	5,561	5,627	5,692	5,755	5,814
Cash Flows From Investing Activities										
<u>Receipts</u>										
Sale of investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Sale of investment property	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	500	500	500	500	500	500	500	500	500	500
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Purchase of investments	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(6,032)	(7,322)	(6,085)	(6,113)	(6,077)	(6,193)	(6,312)	(6,435)	(6,560)	(6,688)
Purchase of real estate	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in investing activities	(6,032)	(7,322)	(6,085)	(6,113)	(6,077)	(6,193)	(6,312)	(6,435)	(6,560)	(6,688)
Cash Flows From Financing Activities										
<u>Receipts</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in financing activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in cash and cash equivalents	(230)	(1,776)	(815)	(794)	(590)	(632)	(685)	(743)	(805)	(874)
Cash and cash equivalents at beginning of reporting period	2,851	2,622	846	31	(763)	(1,353)	(1,985)	(2,670)	(3,413)	(4,218)
Cash and cash equivalents at end of reporting period	2,622	846	31	(763)	(1,353)	(1,985)	(2,670)	(3,413)	(4,218)	(5,092)

6.2 Unrestricted Current Ratio

The following graph shows the predicted unrestricted current ratio under the conservative scenario.

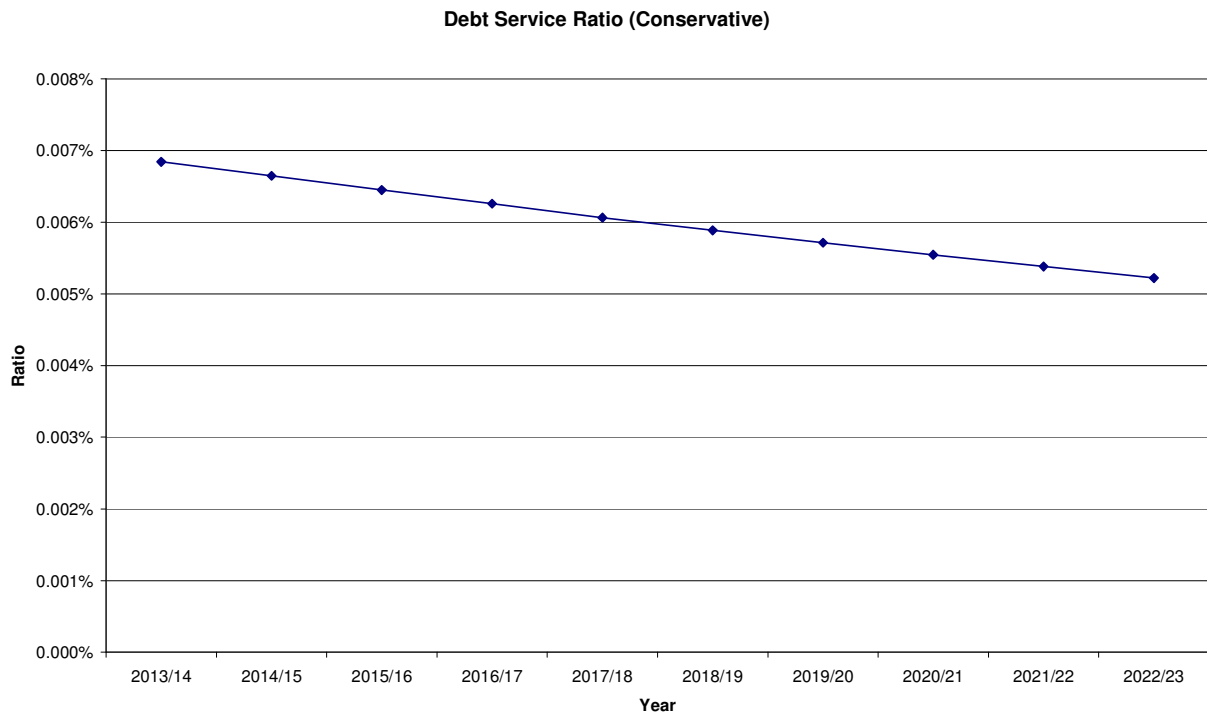


Under the conservative scenario Council's unrestricted current ratio would deteriorate over life of the plan. In this scenario income generation is not able to keep pace with expenditure over the timeframe and as such Council's reserves will begin to be depleted.

Without further action Council's unrestricted current ratio would start to decline below industry best practice in the latter years of this scenario. This may indicate that Council will not be financially sustainable over the long term and would need to look for remedial action. To address the decline Council may need to severely cut services and may not be able to maintain its infrastructure to a satisfactory standard.

6.3 Debt Service Ratio

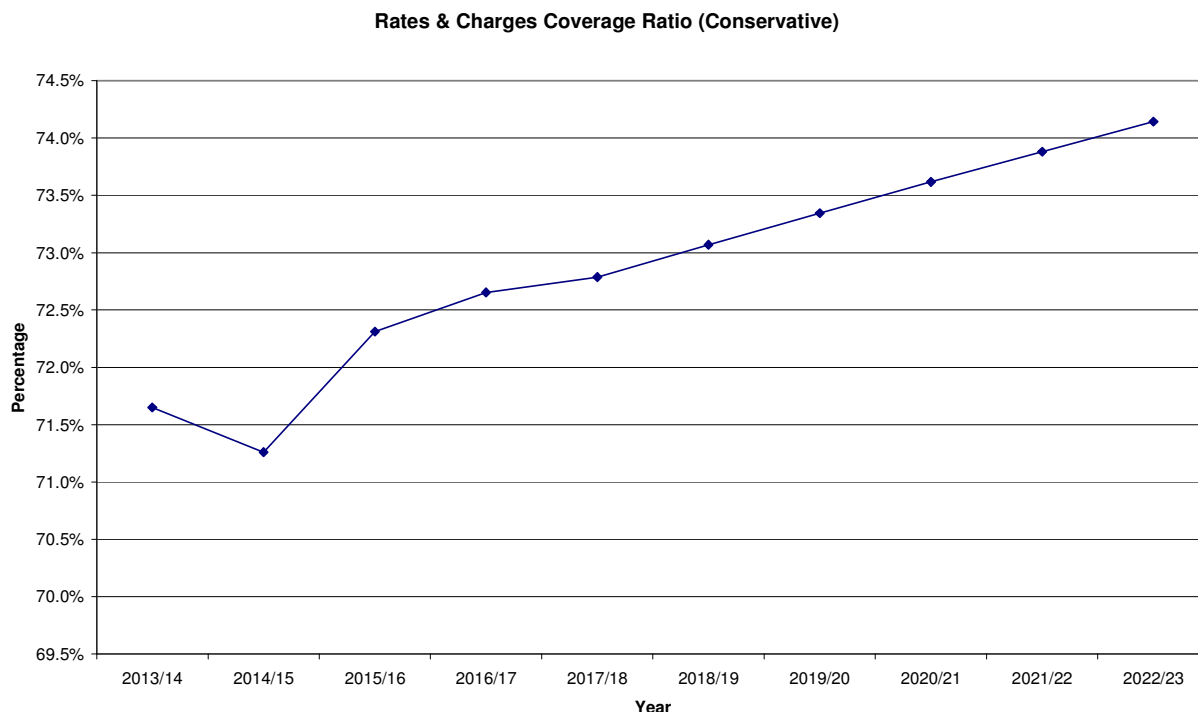
The following graph shows the predicted debt services ratio under the planned scenario.



Under the conservative scenario Council would continue to have no external borrowings being guided by Council's financial policy framework. However, as indicated under this scenario Council would need to review its stance on external borrowings as part of developing strategies to ensure financial sustainability and maintaining and renewing its infrastructure to the level expected by the community.

6.4 Rates & Annual Charges Coverage Ratio

The following graph shows the predicted rates and annual charges coverage ratio under the conservative scenario.

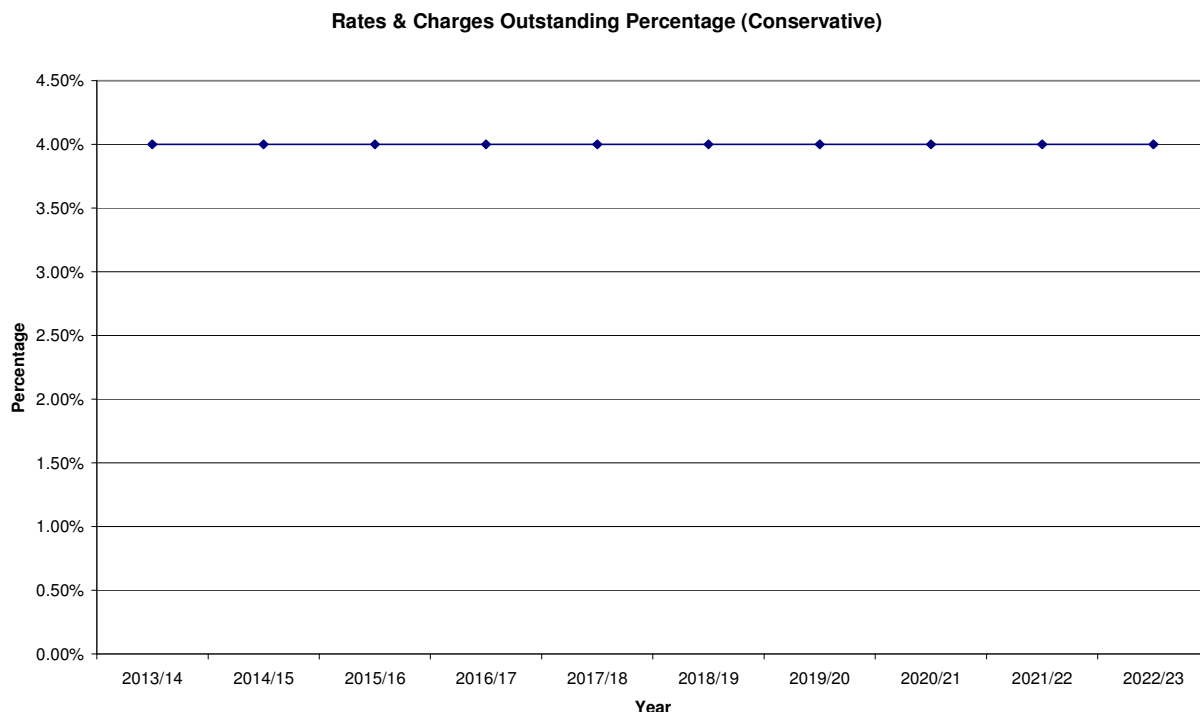


Council continues to have a high reliance on rates and annual charges income in the conservative scenario. The ratio is fairly similar to the planned scenario as both rates and other income have dropped.

As this scenario does not include a rate variation above anticipated rate pegging limits, when viewed in conjunction with the other ratios it provides the basis for understanding the implications from having such a large reliance on rating revenue. Council continues to try and maximise other revenue streams such as interest returns, user charges/fees and grants/contributions. In the conservative scenario it has been assumed that Council's ability to increase these other revenue sources is limited.

6.5 Rates & Annual Charges Outstanding Ratio

The following graph shows the predicted rates and annual charges outstanding ratio under the conservative scenario.

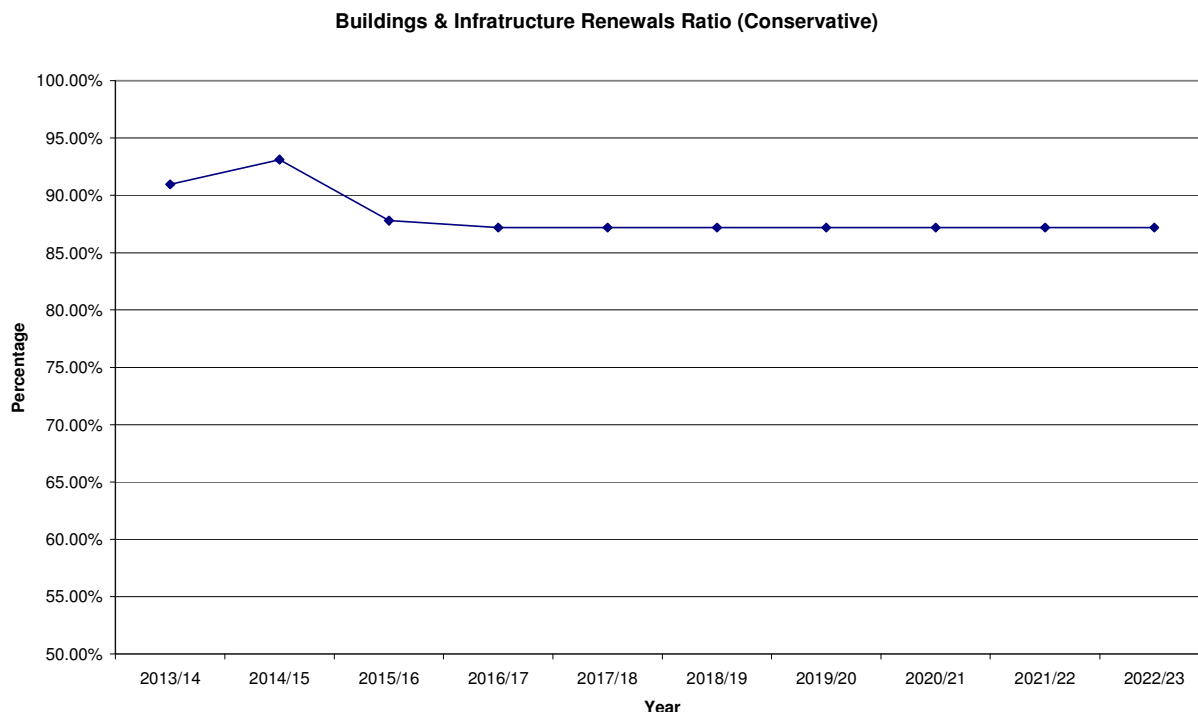


Under the conservative scenario this ratio would be maintained towards the upper limit of Industry better practice guidelines of less than 5%. This is an increase on the planned scenario and would equate to more than \$1m extra in rates and annual charges outstanding each year.

Given Council's low trend in this ratio over many years this forecast should be achievable even under the conservative scenario. The outstanding level of rates and annual charges is greatly influenced by the amount of debt recovery work undertaken by the Council. Interest is accrued on rating accounts that are in arrears.

6.6 Building & Infrastructure Renewals Ratio

The following graph shows the predicted building and infrastructure renewals ratio under the conservative scenario.



The conservative scenario forecast shows the same infrastructure renewals ratio as the planned scenario. Council's current special rate variation was to provide additional financial resources for the renewal and maintenance of infrastructure assets.

Council has previously identified the underfunding for infrastructure maintenance and renewal and has developed strategies to maximise other revenue sources, increase organisational efficiencies and reduce costs to provide additional funding. Despite these additional resources more resources are required to ensure that infrastructure does not deteriorate over the life of the plan and cause a backlog burden for future generations.

Given the long life cycles of some infrastructure assets the impact of under funding on asset maintenance and renewal may not be immediate. However, the condition of the infrastructure will deteriorate and more and more assets will not be of a satisfactory standard required by the community.

With the infrastructure work done to date Council would be reluctant to reduce the funding of infrastructure renewal and maintenance. This would mean that other operational service levels may be cut to cover the shortfall from the conservative scenario.

Council has been successful in developing new strategies to fund infrastructure. This has enabled the Council to improve this ratio over the last few years but it has been unable to close the gap.

Council could look to raise rates above the rate-pegging limit in future years, reduce service levels or borrow funds for renewal works.

The extensive consultation program conducted in conjunction with the development of the community strategic plan has identified that the community would like to maintain or improve existing service levels. Whilst Council's current financial policy framework does not allow for external borrowings, under the conservative scenario Council may not have the ability to fund the borrowings. The same funding constraints limiting Council's funding for infrastructure would also limit Council's ability to fund the debt. Therefore, additional income, reduced costs, greater productivity and efficiencies or reduced service levels would be needed to service any debt. Raising additional rates revenue would provide Council the future flexibility to choose what course of action is best to close the renewal and maintenance gap.

7 Optimistic Scenario

The optimistic scenario provides a financial model operating in ideal economic conditions. As such the model takes a more optimistic approach to the budget forecast than the planned model.

Under this scenario the resources would be available for Council to achieve the goals, objectives and outcomes set down in Council's Community Strategic Plan. Council would also have the resources available to address the problems previously identified by Council in relation to infrastructure maintenance and renewal.

Council would have resources available to not only maintain existing service levels but to provide additional services in some areas.

The optimistic scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.1% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The optimistic scenario includes an application of a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit) for years two (2), three (3) and four (4) of the 10 year plan. The special rate variation will provide the resources required to fund the draft 4-year delivery program. This will ensure that service levels provided to the community continue to meet their on-going expectations and growing needs. It will also allow Council to maintain the condition of infrastructure to a satisfactory level and not unduly burden future generations. Increases from years five (5) to ten (10) revert to an estimate of allowable increases to be approved by IPART of 3.25%.

7.1 Financial Modelling Optimistic Scenario

Financial modelling and inflation assumptions for the optimistic scenario are the same as the planned scenario except for the following:

Optimistic Scenario – Operating Income	
User Charges and Fees	User charges and fees for next financial year are detailed in Council's Draft 2013/14 Fees and Charges Schedule included as part

	of Council's operational plan. Future year's user charges and fees have been increased by 3.5% p.a.
Interest on Investments	Under the optimistic scenario an interest rate of 6.5% p.a. is assumed for interest earned on investments.
Other Revenue	Other revenue is expected to grow by 3% p.a. over the life of the plan.
Operational Grants & Contributions	<p>Operational Grant and contributions are expected to increase in line with long term target for CPI. The planned scenario has grants and contributions increasing by 3% p.a. over the life of the plan.</p> <p>The optimistic scenario allows for a greater success rate for grant applications than the planned scenario.</p>
Optimistic Scenario – Capital Expenditure	
Capital Works	<p>The optimistic scenario would have additional funding available for capital works. The capital works program budgeted under this scenario would be greater than the program detailed in the Delivery Program.</p> <p>Council would be able to close the infrastructure renewal gap by end of the 6th year of the plan. In the remaining years of the plan Council could tackle the backlog of works from previous years under funding to bring all infrastructure to a satisfactory condition able to provide services at level expected by the community.</p>

Kogarah City Council Income Statement 2013 - 2023 (Optimistic)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Income From Continuing Operations										
Revenue:										
Rates and annual charges	32,371	33,841	35,376	36,982	38,218	39,496	40,816	42,180	43,589	45,045
User charges and fees	5,096	5,164	5,247	5,329	5,436	5,548	5,662	5,780	5,902	6,026
Interest and investment revenue	1,175	1,198	1,222	1,246	1,272	1,298	1,325	1,352	1,381	1,410
Other revenues	2,978	3,099	3,264	3,395	3,640	3,786	3,937	4,093	4,255	4,422
Grants and contributions provided for operating purposes	2,333	2,401	2,471	2,543	2,617	2,694	2,773	2,855	2,939	3,026
Grants and contributions provided for capital purposes	1,338	1,840	1,342	1,344	1,346	1,349	1,351	1,353	1,356	1,358
Other income:										
Net gain from the disposal of assets	-	-	-	-	-	-	-	-	-	-
Share of interest in joint ventures and associates using the equity method	-	-	-	-	-	-	-	-	-	-
Total income from continuing operations	45,291	47,543	48,922	50,839	52,529	54,171	55,864	57,613	59,422	61,287
Expenses From Continuing Operations										
Employee benefits and on-costs	20,830	21,622	22,444	23,297	24,182	25,101	26,055	27,045	28,073	29,140
Borrowing costs	3	3	3	3	3	3	3	3	3	3
Materials and contracts	9,672	10,303	10,570	10,812	11,084	11,363	11,649	11,942	12,242	12,550
Depreciation and amortisation	8,278	8,444	8,612	8,785	8,960	9,140	9,322	9,509	9,699	9,893
Impairment	-	-	-	-	-	-	-	-	-	-
Other expenses	9,259	9,487	9,629	9,838	10,043	10,255	10,474	10,698	10,930	11,167
Total expenses from continuing operations	48,042	49,859	51,258	52,735	54,272	55,862	57,503	59,197	60,947	62,753
Operating result from continuing operations	(2,751)	(2,316)	(2,336)	(1,896)	(1,743)	(1,691)	(1,639)	(1,584)	(1,525)	(1,466)
Operating result from discontinued operations	-	-	-	-	-	-	-	-	-	-
Net operating result for the year	(2,751)	(2,316)	(2,336)	(1,896)	(1,743)	(1,691)	(1,639)	(1,584)	(1,525)	(1,466)
Attributable to:										
- Council	(2,751)	(2,316)	(2,336)	(1,896)	(1,743)	(1,691)	(1,639)	(1,584)	(1,525)	(1,466)
- Minority interests	-	-	-	-	-	-	-	-	-	-
Net operating result for the year before grants and contributions provided for capital purposes	(4,089)	(4,156)	(3,678)	(3,240)	(3,089)	(3,040)	(2,990)	(2,937)	(2,881)	(2,824)

Kogarah City Council Balance Sheet 2013 - 2023 (Optimistic)

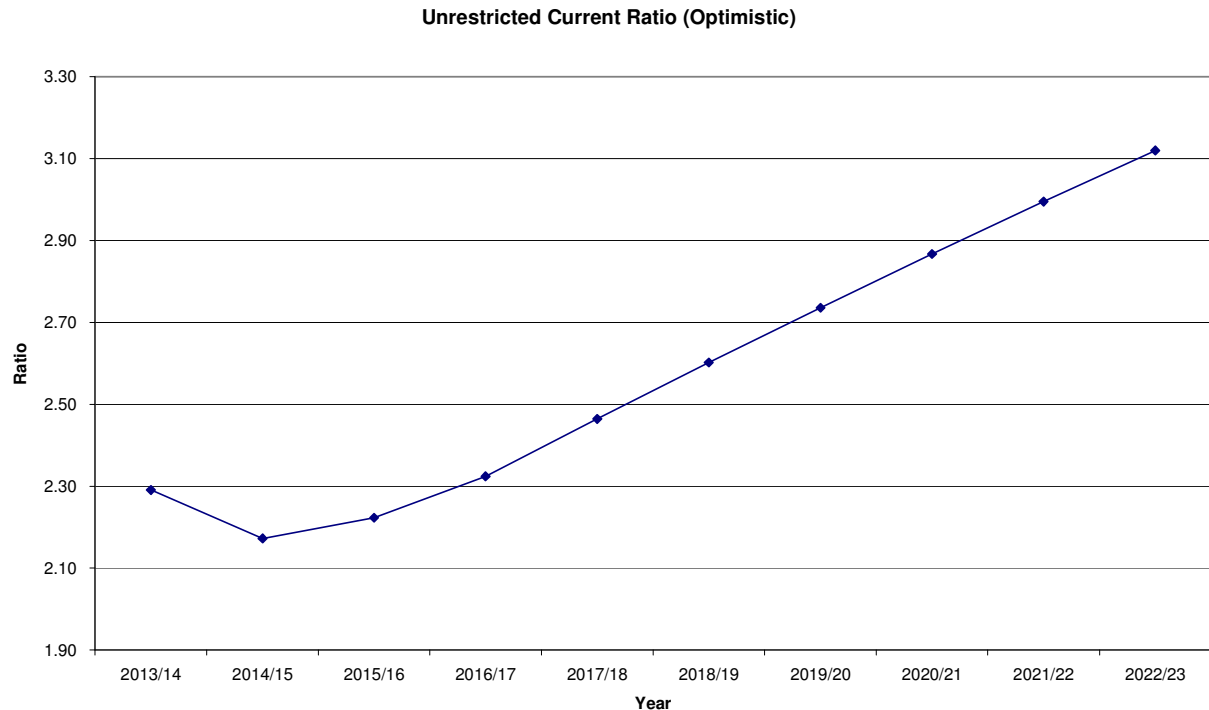
	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Current Assets										
Cash and cash equivalents	2,753	1,563	1,830	2,610	3,714	4,891	6,133	7,444	8,826	10,279
Investments	16,179	16,584	16,989	17,394	17,799	18,204	18,609	19,014	19,419	19,824
Receivables	2,975	3,066	3,112	3,183	3,249	3,312	3,377	3,444	3,514	3,585
Inventories	334	339	344	349	354	360	365	371	376	382
Other	355	355	355	355	355	355	355	355	355	355
Total Current Assets	22,596	21,907	22,630	23,891	25,472	27,122	28,839	30,628	32,489	34,425
Non-Current Assets										
Investments	12,121	12,216	12,311	12,406	12,501	12,596	12,691	12,786	12,881	12,976
Infrastructure, property, plant and equipment	385,220	384,199	381,825	379,359	376,737	374,109	371,478	368,844	366,209	363,574
Investment property	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total Non-Current Assets	397,341	396,415	394,136	391,765	389,238	386,705	384,169	381,630	379,090	376,550
Total Assets	419,937	418,322	416,766	415,656	414,710	413,827	413,008	412,258	411,579	410,975
Current Liabilities										
Payables	4,638	4,767	4,828	4,896	4,967	5,041	5,117	5,194	5,274	5,356
Interest bearing liabilities	259	259	259	259	259	259	259	259	259	259
Provisions	6,212	6,537	6,873	7,223	7,586	7,962	8,353	8,759	9,180	9,617
Total Current Liabilities	11,109	11,562	11,960	12,378	12,812	13,262	13,729	14,212	14,713	15,232
Non-Current Liabilities										
Provisions	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Liabilities	11,109	11,562	11,960	12,378	12,812	13,262	13,729	14,212	14,713	15,232
Net Assets	408,828	406,759	404,805	403,279	401,898	400,565	399,280	398,046	396,867	395,743
Equity										
Retained earnings	329,162	326,895	324,941	323,415	322,034	320,701	319,416	318,182	317,003	315,879
Revaluation Reserves	79,666	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864	79,864
Council equity interest	408,828	406,759	404,805	403,279	401,898	400,565	399,280	398,046	396,867	395,743
Minority equity interest	-	-	-	-	-	-	-	-	-	-
Total Equity	408,828	406,759	404,805	403,279	401,898	400,565	399,280	398,046	396,867	395,743

Kogarah City Council Cash Flow Statement 2013 - 2023 (Optimistic)

	Proposed Budget 2013/14 \$'000	Proposed Budget 2014/15 \$'000	Proposed Budget 2015/16 \$'000	Proposed Budget 2016/17 \$'000	Proposed Budget 2017/18 \$'000	Proposed Budget 2018/19 \$'000	Proposed Budget 2019/20 \$'000	Proposed Budget 2020/21 \$'000	Proposed Budget 2021/22 \$'000	Proposed Budget 2022/23 \$'000
Cash Flows From Operating Activities										
<u>Receipts</u>										
Rates and annual charges	32,335	33,790	35,322	36,926	38,175	39,451	40,770	42,132	43,540	44,994
User charges and fees	5,073	5,161	5,243	5,325	5,431	5,542	5,656	5,774	5,896	6,020
Investment revenue and interest	1,171	1,197	1,221	1,245	1,271	1,297	1,324	1,351	1,380	1,409
Grants and contributions	3,671	4,213	3,834	3,883	3,959	4,039	4,120	4,204	4,291	4,380
Other	2,994	3,093	3,256	3,388	3,628	3,779	3,929	4,085	4,247	4,414
<u>Payments</u>										
Employee benefits and on-costs	(20,518)	(21,298)	(22,107)	(22,948)	(23,819)	(24,724)	(25,664)	(26,639)	(27,652)	(28,703)
Materials and contracts	(9,481)	(10,398)	(10,610)	(10,848)	(11,125)	(11,405)	(11,692)	(11,986)	(12,287)	(12,596)
Borrowing costs	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)	(3)
Other	(9,252)	(9,521)	(9,650)	(9,869)	(10,074)	(10,287)	(10,507)	(10,732)	(10,965)	(11,203)
Net cash provided by (or used) in operating activities	5,991	6,233	6,505	7,099	7,442	7,689	7,933	8,186	8,446	8,711
Cash Flows From Investing Activities										
<u>Receipts</u>										
Sale of investments	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Sale of investment property	-	-	-	-	-	-	-	-	-	-
Sale of real estate assets	-	-	-	-	-	-	-	-	-	-
Sale of infrastructure, property, plant and equipment	500	500	500	500	500	500	500	500	500	500
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Purchase of investments	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)	(20,500)
Purchase of investment property	-	-	-	-	-	-	-	-	-	-
Purchase of infrastructure, property, plant and equipment	(6,090)	(7,423)	(6,238)	(6,319)	(6,338)	(6,512)	(6,691)	(6,875)	(7,064)	(7,258)
Purchase of real estate	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in investing activities	(6,090)	(7,423)	(6,238)	(6,319)	(6,338)	(6,512)	(6,691)	(6,875)	(7,064)	(7,258)
Cash Flows From Financing Activities										
<u>Receipts</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
<u>Payments</u>										
Borrowings and advances	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used) in financing activities	-	-	-	-	-	-	-	-	-	-
Net Increase/(Decrease) in cash and cash equivalents	(99)	(1,190)	267	780	1,104	1,177	1,242	1,311	1,382	1,453
Cash and cash equivalents at beginning of reporting period	2,851	2,753	1,563	1,830	2,610	3,714	4,891	6,133	7,444	8,826
Cash and cash equivalents at end of reporting period	2,753	1,563	1,830	2,610	3,714	4,891	6,133	7,444	8,826	10,279

7.2 Unrestricted Current Ratio

The following graph shows the predicted unrestricted current ratio under the optimistic scenario.

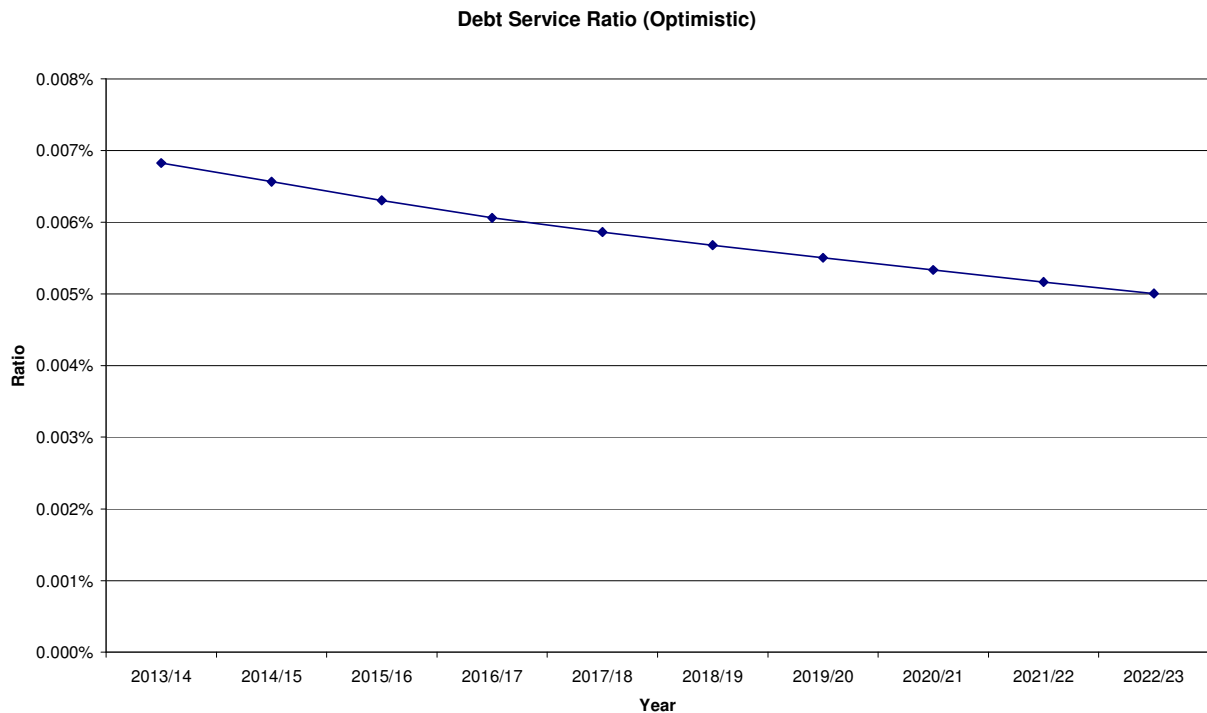


Under the optimistic scenario Council's unrestricted current ratio would remain at a healthy level over life of the plan. In this scenario Council's unrestricted current ratio would improve and be well within industry best practice of greater than 2.1 and less than 10.

The optimistic scenario includes the special rate variation that would raise Council's rating income to a sustainable level to fund maintenance and renewal of existing infrastructure, maintain current service levels and provide new services and infrastructure expected by the community. With this scenario Council would have greater flexibility with its expenditure whilst maintain adequate reserves.

7.3 Debt Service Ratio

The following graph shows the predicted debt services ratio under the optimistic scenario.



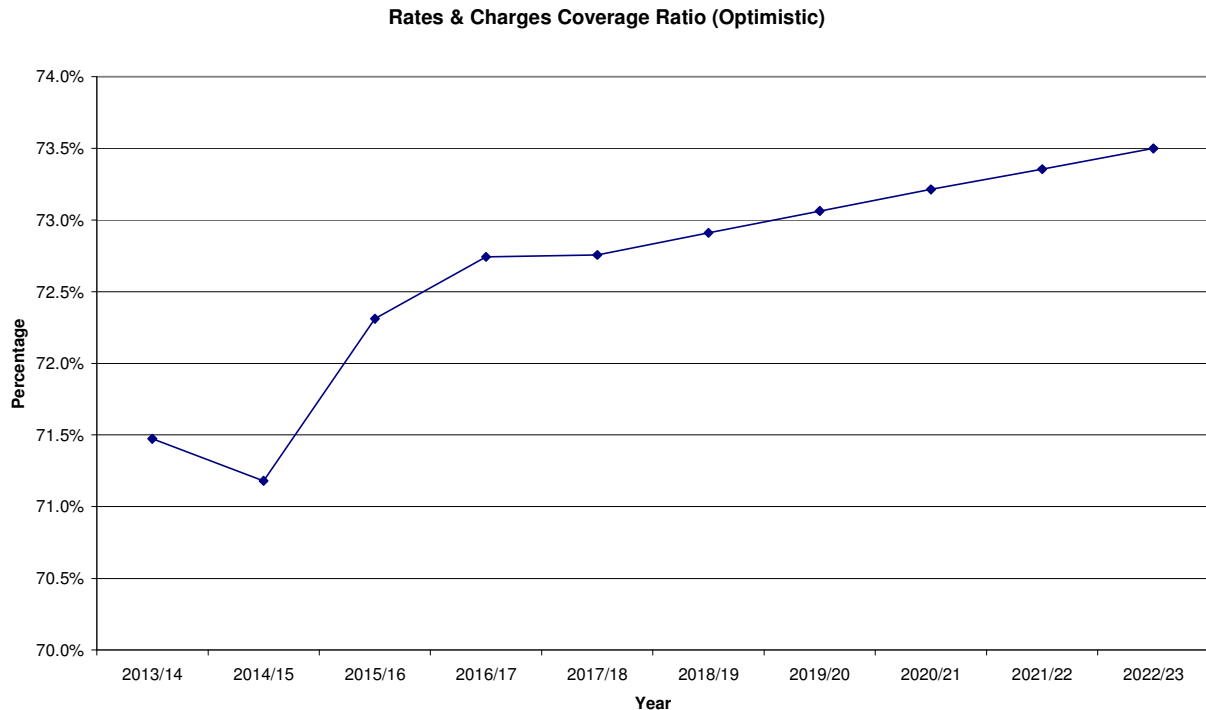
As with the previous two scenarios, the optimistic scenario has no external borrowings as internally directed by Council's financial policy framework.

The debt service ratio in the optimistic scenario is well within industry better practice guidelines that require a ratio of less than 10%.

As Council currently has no external borrowings and is committed in this long term financial plan to continue this policy it provides large scope for future borrowings should the need arise.

7.4 Rates & Annual Charges Coverage Ratio

The following graph shows the predicted rates and annual charges coverage ratio under the optimistic scenario.



Council continues to have a high reliance on rates and annual charges income in the optimistic scenario. The ratio is fairly similar to previous two scenarios as both rates income and other revenues sources have increased.

Council has a high reliance on rates and annual charges income. As such the demographics and capacity and willingness for the community to pay rates will determine the security of this income source. Despite the high reliance on rates and annual charges the percentage is very stable over the life of the plan.

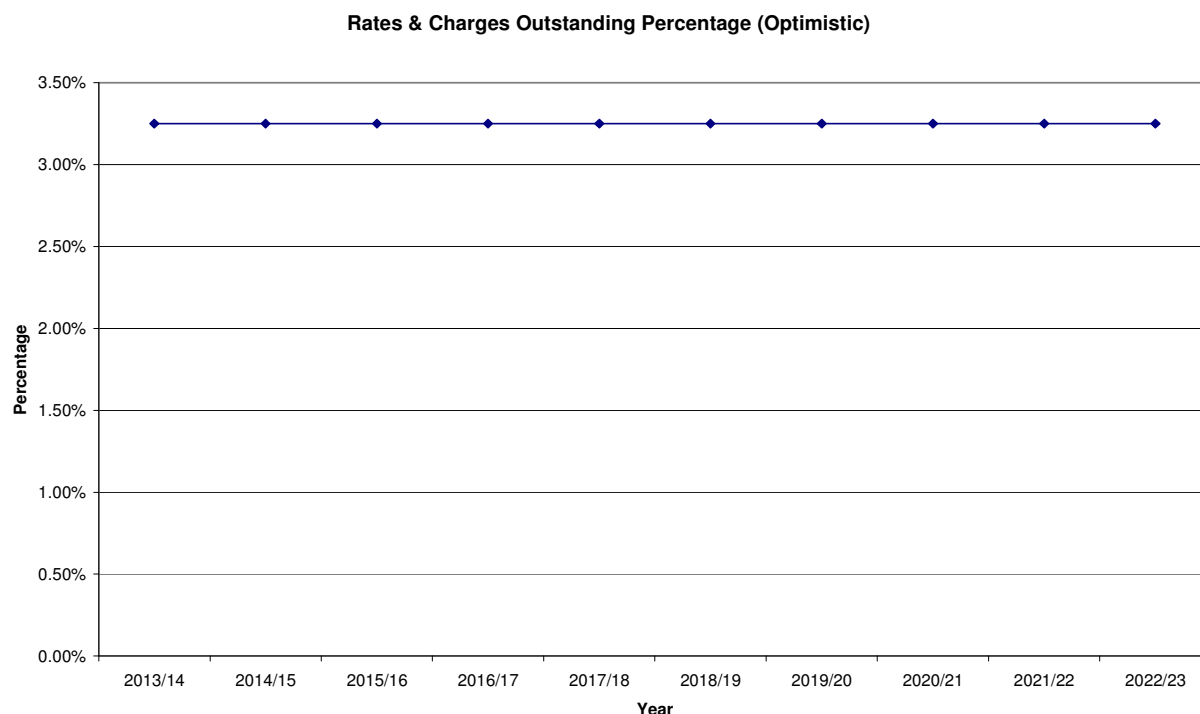
The planned scenario includes the approved special rate variation of 5.9% in the 2013/14 financial year. The first year of the plan sees the cessation of Council's environmental levy of 3% and the first repayment of 0.01% carbon tax advance. Therefore, ratepayers will see an effective rating increase of 2.8% in the first year of the plan.

The planned scenario includes an application of a special rate variation of 4.8% per annum (inclusive of the rate-pegging limit) for years two (2), three (3) and four (4) of the 10 year plan.

This is reflected in increasing ratio for this income stream. However, alternate sources of income continue to be developed in order to maintain current service levels in future years, provide and maintain the infrastructure needs of our Community and reduce the reliance on rates and annual charges as a revenue source.

7.5 Rates & Annual Charges Outstanding Ratio

The following graph shows the predicted rates and annual charges outstanding ratio under the optimistic scenario.

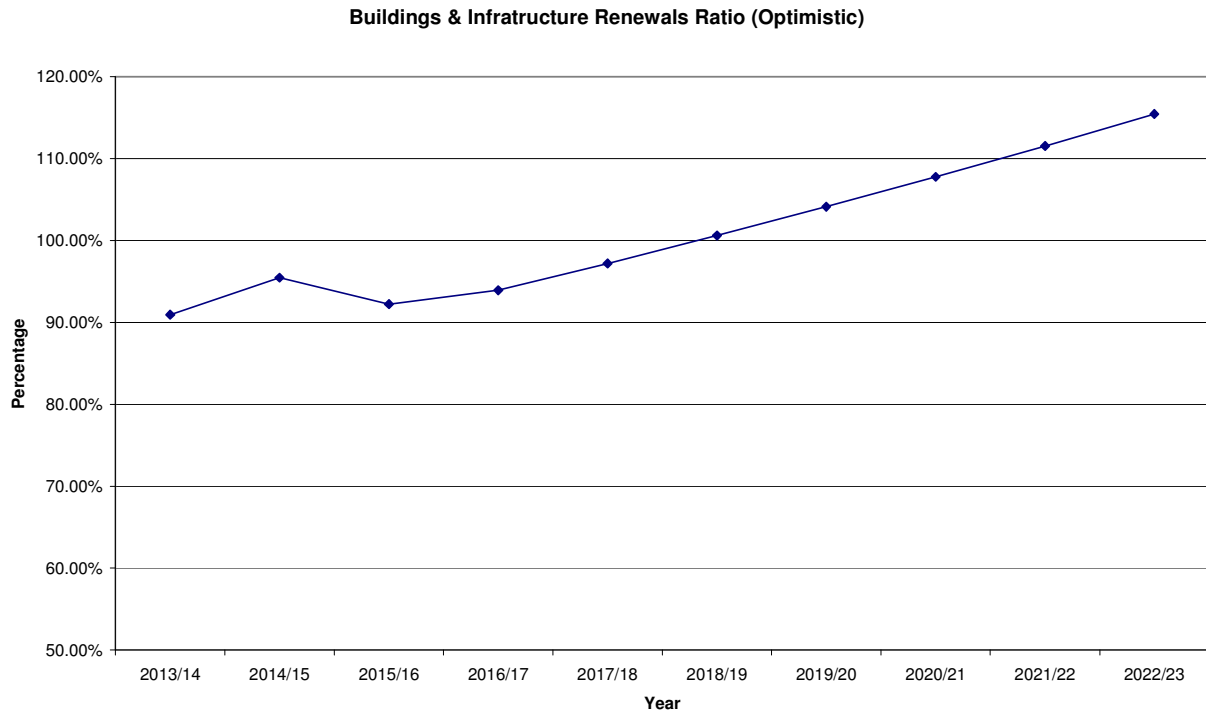


Under the optimistic scenario the rates and annual charges outstanding ratio would be well within the limit of Industry better practice guidelines of less than 5%. This could be achievable in an optimistic scenario with benign economic conditions and given the capacity of our community to pay rates.

Council has been able to generate this level of ratio in the past. The outstanding level of rates and annual charges is greatly influenced by the amount of debt recovery work undertaken by the Council. Whilst reducing the level of outstanding rates and charges improve Council's cash flow it must be noted that given interest is accrued on rating accounts that are in arrears and that the debt is secured against the property there is an opportunity cost in collected this debt. The current rate of interest charged for outstanding rates and annual charges is 10%.

7.6 Building & Infrastructure Renewals Ratio

The following graph shows the predicted building and infrastructure renewals ratio under the optimistic scenario.



This best case scenario includes the special rate variation, increased user charges and fees, increased other revenue, higher interest revenue from investments and reduced costs through greater efficiency gains. The additional funding forecast in this scenario has been used to maintain and renew infrastructure to the level expected by our community as well as maintain and improve service levels.

The outcome of the additional funding is highlighted by the above graph. Council would be able to address its infrastructure renewal gap. After financial year 2018/19 Council building and infrastructure renewal ratio would move above the industry better practice guidelines of at least 100%. Council could use the additional resources provided in this scenario to fix any backlog created from renewal gaps of the past.

9. Annual Review

In order to keep this plan current for use as a decision support tool Council will need to review plan annually to assess the assumptions underlying the plan as well as the performance against the forecast.

The Long Term Financial Plan will be required to be updated annually to enable the development of the annual operation plan for Council.

Future budgets should be prepared so that they remain consistent with the targets set by this Plan. Each year budgets will need to be reassessed in light any need to adjust service levels or

to maximise funding from sources such as grants. Critical examination also needs to be given to alternative means of service delivery that may result in savings without compromising service.