

RESOURCING STRATEGY

LONG TERM FINANCIAL PLAN 2013 - 2023 **ASSET MANAGEMENT STRATEGY** 2013 - 2023 **WORKFORCE** MANAGEMENT PLAN 2013 - 2017

RESOURCING OUR VISION



Adopted 26 June 2013



If you need help understanding or translating this document, please contact Council on 9839 6000 or come to Council's Administration Centre. Blacktown City Information Centre Staff will be happy to arrange interpreter services.

عربى

هام إذا احتجت للمساعدة في فهم أو ترجمة هذا المستند، يرجى الاتصال بالمجلس على الرقم 6000 9839 أو تفضل بزيارة مركز الادارة التابع للمجلس. وسيقوم موظفو مركز الإستعلامات بمجلس مدينة بلاك تاون بالترتيب لمترجم شفهي

ΠΡΟΣΟΧΗ

ΕΛΛΗΝΙΚΑ

Εάν χρειάζεστε βοήθεια για να καταλάβετε ή να μεταφράσετε αυτό το έγγραφο, παρακαλούμε επικοινωνήστε με το Δήμο στο 9839 6000 ή ελάτε στα Κεντρικά Γραφεία του Δήμου. Το προσωπικό στα Γραφεία του Δήμου του Blacktown. με ευχαρίστηση θα κανονίσει να έχετε υπηρεσία διερμηνέων.

IMPORTANTE

ITALIANO

Se ha bisogno di aiuto per capire o tradurre questo documento, contatti il Consiglio al numero 9839 6000 o si rechi presso il Centro Amministrativo del Consiglio. Il personale del Centro Informazioni della città di Blacktown sarà lieto di organizzare i servizi di un interprete.

IMPORTANTE

TAGALOG

Kung kailangan mo ng tulong upang maintindihan o maisalin ang dokumentong ito, mangyari lamang na kontakin ang Konseho sa 9839 6000 o pumunta sa Sentrong Administrasyon ng Konseho. Ikagagalak ng mga Kawani ng Sentrong Pang-impormasyon ng Syudad ng Blacktown ang pagsasaayos ng mga serbisyong pang-interpreter para sa ivo.

IMPORTANTE

ESPANOL

Si necesita ayuda para entender o traducir este documento sírvase ponerse en contacto con el Concejo llamando al 9839 6000 o diríjase al Centro Administrativo del Concejo (Council's Administration Centre). El atento personal del centro de información del Concejo Municipal de Blacktown contratará los servicios de un intérprete

ÖNEMLİ

TÜRKÇE

Bu belgenin anlaşılmasında ya da tercüme edilmesinde yardıma ihtiyaç duymanız halinde lütfen 9839 6000 numaradan Belediye'yi arayınız veya Belediye Yönetim Merkezi'ne (Council's Administration Centre) geliniz. Blacktown Belediyesi Danışma Merkezi Görevlisi (Blacktown City Information Centre Staff) tercümanlık hizmeti için gereken düzenlemeyi yapacaktır.

VAŽNO

HRVATSKI

Ако вам је потребна помоћ да разумете или преведете овај документ, молимо контактирајте Општину на 9839 6000 или дођите у Council's Administration Centre. Особље центра за информације (Blacktown City Information Centre Staff) радо ће организовати тумачке услуге.

महत्वपूरण

हनिदी

यद इस दस्तावेज़ को समझने में या इसका अनुवाद करने के लगि आपको मदद चाहरि, तो कृपया काउंसलि को 9839 6000 पर संपरक करें या काउंसलि के परशासन केंद्रर में पधारें. ब्लैकटाउन सटी सूचना केन्द्र कर्मचारयों को दुभाषयाि सेवाओं की वयवस्था करने में खुशी होगी.

IMPORTANTI

MALTI

СРПСКИ

Jekk ghandek bżonn l-ghajnuna tifhem jew tittradući dan iddokument, jekk joghġbok ikkuntattja l-Kunsill fuq 98396000 jew żur ic-Centru tal-Amministrazzjoni tal-Kunsill. L-iStaff tac-Centru tat-Taghrif ta' Blacktown City ser ikunu kuntenti li jirrangaw ghas-servizzi tal-interpretu.

ВАЖНО

Ако вам је потребна помоћ у разјашњењу или превођењу овог документа, молимо контактирајте Градско веће на телефон 9839 6000 или дођите у Центар управе градског већа. Службеници Информативног центра ггада Блектауна са задовољством ће вам организовати преводилачке услуге

TĀUA

FAA-SAMOA

A e mana'omia se fesoasoani ina ia malamalama ai i lenei pepa poo le faaliliuina fo'i, faamolemole valaau mai le 'Aufono (Council) ile 9839 6000 pe suū mai ile Ofisa Autū ole 'Aufono. O le 'aufaigaluega a le Blacktown City o loo maua ai faamatalaga, o le a fiafia e su'e atu ni fesoasoani faaliliu.

QUAN TRONG

TIÊNG VIÊT

POLSKI

ਪੰਜਾਬੀ

Nếu quý vị cần được giúp phiên dịch hoặc để hiểu văn bản này, xin liên lạc với Hội Đồng qua số 9839 6000 hoặc ghé tới Trung Tâm Hành Chánh của Hội Đồng. Các Nhân Viên ở Trung Tâm Thông Tin của Thành Phố Blacktown sẽ vui lòng sắp xếp dịch vụ thông ngôn.

WAŻNE

Jeżeli potrzebujesz pomocy w przetłumaczeniu tego dokumentu, prosimy skontaktować się z Radą pod numerem 9839 6000 lub przyjść do Administration Centre Rady. Pracownicy Blacktown City Information Centre chętnie zorganizują pomoc tłumacza.

ਮਹੱਤਵਪੂਰਣ

重要!

ਜੇਕਰ ਤੁਹਾਨੂੰ ਇਸ ਦਸਤਾਵੇਜ਼ ਨੂੰ ਸਮਝਣ ਜਾਂ ਇਸਦਾ ਅਨੁਵਾਦ ਕਰਨ 'ਚ ਮਦਦ ਦੀ ਲੋੜ ਹੈ, ਤਾਂ ਕਰਿਪਾ ਕਰਕੇ 9839 6000 'ਤੇ ਕੋਸਲ ਨਾਲੂ ਸੰਪ੍ਰਰਕ ਕਰੋ ਜਾਂ ਕੈਸਲ ਦੇ ਐੱਡ੍ਰਮਨਿਸਿਟ੍ਰੇਸ਼ਨ ਸੈਂਟਰੂ 'ਚ ਆਓ। ਬਲੈਕਟਾਉਨ ਸਟਿੀ ਇਨਫਰਮੇਸ਼ਨ ਸੈਟਰ ਸਟਾਫ ਨੂੰ ਦੁਭਾਸ਼ੀਆ ਸੇਵਾਵਾਂ ਮੁਹੱਈਆ ਕਰ ਕੇ ਖੁਸ਼ੀ ਹੋਵੇਗੀ।

简体中文

如果您需要我们协助您理解或翻译本文件, 敬请致电 9839 6000 联系市议会或直接前往市议会管理中心。黑 镇市信息中心的员工将乐于为您安排传译服务。

繁體中文

重要! 如果您需要我們協助您理解或翻譯本檔,敬請致電 9839 6000 聯繫市議會或直接前往市議會管理中心。黑 鎮市資訊中心的員工將樂於為您安排傳譯服務。

CONTENTS

INTRODUCTION	2
LONG TERM FINANCIAL PLAN 2013-2023	7
ASSET MANAGEMENT STRATEGY 2013-2023	55
WORKFORCE MANAGEMENT PLAN 2013-2017	95

INTRODUCTION

Resourcing Strategy Supporting Blacktown City 2030

Integrated Planning and Reporting Framework

Integrated Planning and Reporting was introduced by the State Government in 2009 through legislation which is aimed at ensuring that NSW Local Government plans strategically in the short, medium and long term to meet the community's needs and operate sustainably.

Blacktown City Council adopted its Integrated Planning and Reporting Framework in 2010, building on a well-established strategic planning approach. Council's framework aligns a long term community vision with asset, financial and workforce planning by the Council as the civic leader.

All NSW Councils are required to develop an integrated set of key strategic plans:

- Community Strategic Plan (10 years)
- Delivery Program (4 years)
- Operational Plan (1 year).

These documents are informed by a Resourcing Strategy (10 years) that is made up of the Long Term Financial Plan, Asset Management Strategy and Workforce Management Plan.

In order to achieve the integration envisaged by the framework, there must be an alignment between all of these plans, driven by the overall vision and long term community objectives. Each Council, following its election, is charged with reviewing these plans and ensuring that they meet the contemporary and future needs of its area and can effectively be carried out.

The diagram below outlines Blacktown City Council's Integrated Planning and Reporting Framework.



Blacktown City 2030

Blacktown City 2030 is Council's long term Community Strategic Plan. It identifies the main priorities and aspirations for the future of Blacktown City. It is the roadmap of what is important to the community and will guide the City over the next 17 years and beyond.

Council has a clear strategic and integrated planning framework that is led by *Blacktown City 2030*. The other plans (4-year Delivery Program, 1-year Operational Plan and Resourcing Strategy) are developed to support and deliver on the Community Strategic Plan.

Future documents produced by Council and subsequent decisions made by Council will be tested against *Blacktown City 2030* to ensure that Council is working towards the achievement of the vision for the City. In short, *Blacktown City 2030* is Council's foundation document.

Resourcing Our Vision

The three components of the Resourcing Strategy must be aligned and are designed to identify the money, assets and people required to deliver the long term strategy and ensure that the strategy is achievable. This underpins the diverse range of services and the projects identified in Council's Delivery Program and Operational Plan. To ensure that it reflects the most current information and is aligned with the current Operational Plan and Budget, the Resourcing Strategy is reviewed annually.

The three components of the Resourcing Strategy are:

- The **Long Term Financial Plan** addresses the financial resourcing capacity requirements of Council's Delivery Program. The Plan covers a minimum 10 year period and includes financial modelling and the planning assumptions that have been identified as affecting the financial capacity of Council.
- The Asset Management Strategy covers a 10 year period and includes specific actions required to improve Council's asset management capabilities and projected resource requirements. The strategy identifies the critical City assets under Council's responsibility and outlines risk management strategies for these assets. It also contains long term projections of asset maintenance, renewal and replacement costs.
- The **Workforce Management Plan** addresses the human resourcing requirements of Council's Delivery Program. It covers a minimum time frame of 4 years. It includes an analysis of Council's workforce and its future requirements.

These three plans share a common base of critical information. They are aligned in order to ensure that effective support is provided to the delivery of *Blacktown City 2030*. They are further underpinned by more detailed documents, that provide further technical and policy guidance in the implementation of the directions identified by the Resourcing Strategy.

The Resourcing Strategy links between the long term *Blacktown City 2030* (the Community Strategic Plan) and the medium term Delivery Program. The documents are prepared using the best available data. Initiatives within the Resourcing Strategy will be reviewed annually to ensure applicability in the changing environment and to incorporate community feedback. The Resourcing Strategy will be fully revised as part of the comprehensive review of strategy following each Council election.

Long Term Financial Plan

The first part of the Resourcing Strategy consists of Council's Long Term Financial Plan 2013-2023 (LTFP). The LTFP is Council's t0-year financial planning document and the emphasis is on long-term financial sustainability. Financial sustainability is one of the key issues facing local government, due to several contributing factors including cost shifting from other levels of government, ageing infrastructure and constraints on revenue growth (including the rate pegging system).

The LTFP tests the community aspirations and planned objectives against financial realities. Contained in the LTFP are:

- assumptions used to develop the plan;
- projected income and expenditure, balance sheet and cashflow statements;
- a range of scenarios based on different financial settings;
- methods of monitoring financial performance.

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

Asset Management Strategy

The second part of the Resourcing Strategy is Council's Asset Management Strategy 2013-2017. This plan deals with Council's Asset Management Policy, Strategy and links to specific asset category plans.

Local government is responsible for many billions of dollars worth of community assets, which enable councils to provide services to their local residents, businesses, workers, students and visitors. These assets need to be managed sustainably and in the most appropriate manner on behalf of the community. Blacktown City Council is the custodian of some \$2.65 billion of community assets.

Council's Asset Management planning framework includes:

- · Council's overall asset management principles and goals;
- Asset Management Policy;
- Lifecycle Management Planning;
- · Asset Management Systems and Service Delivery;
- Action plan for Asset Improvement.

The Asset Management Strategy is the summary of the relevant strategies, plans and actions for the assets critical to the City's operation. It 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 local residents, business, workers and visitors. As part of this, the plan is predicated on the need for assets to be maintained at a safe and functional standard. Critical to the achievement of the Strategy will be the provision of sufficient funding over its life to ensure that infrastructure provides services at the standard that the community expects and can reasonably afford.

Workforce Management Plan

The final part of the Resourcing Strategy is the Workforce Management Plan 2013-2017. An effective workforce plan aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues, and deliver appropriate services to the community effectively and efficiently. The Workforce Management Plan addresses the human resourcing requirements for Council's Delivery Program and therefore, the Strategy spans four years.

As employees are Council's most important asset, this is a vital area of strategic planning. The Workforce Management Plan is focused on retaining staff, developing leaders, skilling managers, and positioning council as an employer of choice.

Common Challenges in the Resourcing Strategy

A number of major challenges are common across all three elements of the Resourcing Strategy.

The key challenges for the City include:

- Rapid and sustained growth in population arising from the North West Growth Centre and the need for commensurate growth in both infrastructure and employment opportunities;
- Equity of services to existing areas of the City and redevelopment of urban renewal areas;
- Provision of infrastructure and community facilities to new release areas under the funding constraints of the 'Section 94' contributions cap (explained in the LTFP);
- Ageing infrastructure and meeting the asset renewal 'gap' identified as a responsibility of local government, within revenue constraints.

Council operates within a limited financial framework. Council's revenue is generated by a combination of rates, annual charges, user charges, and fees, interest on investments, grants and contributions and sale of assets. This gives us a budget of some \$377 million in 2013/2014. This budget limits what the Council can achieve over any financial year, thus the long term plans contained in this document are very important to maximise the outcomes of the strategies contained in *Blacktown City 2030* and address not only short term issues but also long term challenges. Further explanation of Council's financial position and policies is presented in the Long Term Financial Plan.

Asset Management and Renewal Funding

Blacktown City 2030 identifies a major challenge for the City in not only providing adequate infrastructure for our growing community but in maintaining and renewing existing and new assets to ensure that these assets continue to provide an appropriate level and quality of service to all residents and other stakeholders.

The Long Term Financial Plan and Asset Management Strategy detail and analyse both the need and the financial scale of this asset management and renewal challenge.

This issue is faced by local government across Australia. The infrastructure backlog for NSW local government is estimated at approximately \$6 billion. This challenge has been a major focus of Integrated Planning and Reporting and is reflected in current State Government audits of both local government asset and financial planning.

Our Community Strategic Plan states the commitment of Council to meeting this challenge. As indicated in the Trigger Project for *Asset Management and Renewal* in *Blacktown City 2030*, a significant increase in asset renewal funding by Council will be required in order to maintain existing infrastructure service standards.

The Long Term Financial Plan and Asset Management Strategy further identify potential shortfalls in the funding required to maintain Council's growing stock of assets as the City develops and to provide for the lifecycle deterioration of key assets beyond the 10-year planning horizon.

These challenges are significant, but Council has confirmed in *Blacktown City 2030* that it intends to resolve them and not to leave a negative legacy for future generations.



LONG TERM FINANCIAL PLAN 2013-2023

RESOURCING OUR VISION



Adopted 26 June 2013

CONTENTS

Introduction	10
Responding to Legislative Requirements	
Objectives	
Balanced Budgets	
Ongoing Identification of Improvements	
Employee Leave Entitlement Reserve	
Workers Compensation Reserve	
Unrestricted Current Ratio	
Debt Service Ratio	
Rates and Annual Charges Outstanding Ratio	
Prudent Investment Management	
LTFP Assumptions	13
Population	
Levels of Service to the Community	14
Revenue	14
Rates and Charges	14
Interest and Investment Revenue	
User Charges and Fees	17
Other Revenues	
Grants and Contributions	
Section 94 Developer Contributions	
Expenditure	
Employee Costs	
Materials and Contracts	
Debt Servicing	20
Depreciation	20
Other Operating Expenses	

Carbon Pricing Mechanism	21
Capital Works Program	21
Council's Current Financial Position	23
Future Financial Challenges	25
Rate Pegging	25
Section 94 Developer Contributions Cap	25
Asset Management	27
Cost Shifting	29
Replacement of Council's Corporate Information System	29
Sensitivity Analysis	
Scenarios	31
Performance Monitoring	32
Appendix 1 – Assumptions used in the LTFP	
Appendix 2 – Sensitivity Testing	34
Rates	34
Employment Costs	35
CPI	35
Appendix 3 – Base Case Scenario	37
Appendix 4 – Optimistic Case Scenario	40
Appendix 5 – Pessimistic Case Scenario	43
Appendix 6 – Balanced Base Case Scenario	46
Appendix 7 – Base Case Plus Enhanced Asset Management	
Appendix 8 – Balanced Base Case plus Enhanced Asset Management	

INTRODUCTION

Council's Long Term Financial Plan (LTFP) contains a forecast of Council's revenue and expenditure for the ten year period from 2013/14 to 2022/23. In preparing the LTFP, Council engaged the services of an independent Actuary to provide advice and feedback to help validate the integrity of the data and the underlying assumptions and methodology applied in developing the plan.

The LTFP is based on Council's proposed 2013/14 budget, which is the base year of the LTFP. Future years in the LTFP are based on a range of assumptions used to project future revenue and expenditure. In addition to revenue and expenditure forecasts, the LTFP also includes a projection of Council's balance sheet and cash flow.

The primary purpose of the model is to assist in long term decision making regarding the prioritisation of the services delivered by Council and what assets and financial resources are required to provide those services. The model serves as a guide to Council's future financial positions. However, the projections contained in the LTFP are subject to changes in a variety of external factors as well as major decisions made by Council. Hence, it is necessary to regularly review and monitor a variety of factors and if necessary revise the projections contained in Council's LTFP. Accordingly, and in keeping with the legislative requirements outlined below, the LTFP is revised annually as part of Council's annual Budget process.

RESPONDING TO LEGISLATIVE REQUIREMENTS

In 2009 the Division of Local Government implemented the Integrated Planning & Reporting (IP&R) framework relating to the Strategic Planning processes and requirements for NSW councils. The Integrated Planning and Reporting requirements require NSW councils to develop a Resourcing Strategy to assist in developing its planning documents. The Resourcing Strategy comprises the following three components:

- Asset Management Strategy
- Workforce Management Plan
- Long Term Financial Plan

The three components of the resourcing strategy cannot be developed in isolation. Rather, all three need to be considered together in order to identify the available money, assets and people to carry out the diverse range of services, activities and programs identified as Council continues to work towards *Blacktown City 2030 – City of Excellence*.

The LTFP contains information based on financial modelling to assist in making future strategic decisions. To do so, the LTFP has been developed to provide a framework that assists in:

- Facilitating strategic decision making to address significant issues facing Council in the medium to long term.
- Identifying potential future deficits or resourcing shortfalls.
- Assessing the financial resources required to achieve Council's medium and long term objectives.
- Measuring and comparing the long term financial impact of different policies and strategies and managing these accordingly.
- Providing an indication of Council's future financial position based on specified levels of service.
- Assessing whether current service levels are sustainable and testing the impact of different service levels.

The LTFP must cover a minimum period of ten years. Over this period the level of detail contained in the LTFP will vary depending on the year under consideration, with greater detail in earlier years, less in later years.

Over the longer term, it is anticipated there will be changes in the factors used to develop long term projections, such as the annual rate pegging limit and CPI. As it is not possible to accurately predict these trends the LTFP contains a number of different scenarios in order to assess the likely future impact of changes in these factors. The impact of alternative scenarios have been modelled and are shown later in this document.

OBJECTIVES

In preparing the LTFP a number of core objectives of Council have been considered. These objectives are listed below.

BALANCED BUDGETS

Council has a longstanding commitment to adopting balanced budgets. Accordingly, whilst some of the scenarios contained in the LTFP show deficits in future years, notwithstanding these projections Council will always adopt balanced budgets. Deficits shown in future years for certain scenarios are only provided as a projection on existing financial trends, and do not mean Council intends to have budgeted deficits. Regular reviews of current strategies and investigating potential options to both enhance revenue and reduce expenditure will be undertaken as one of Council's key objectives is to achieve ongoing efficiency improvements whilst maintaining excellent service delivery.

ONGOING IDENTIFICATION OF IMPROVEMENTS

Council has a longstanding commitment to reducing costs while providing services required by an expanding city. For over a decade, when setting the parameters to prepare annual budgets, all operating costs, with the exception of employment related costs, have not been increased. Increases in these budgets are only approved after all other options have been thoroughly considered. It is estimated that this practice helps derive annual savings of approximately \$1 million.

EMPLOYEE LEAVE ENTITLEMENT RESERVE

Council employees accrue leave in accordance with the provisions contained in the Local Government Award. Council maintains an internally restricted asset to assist in the funding of employee leave entitlements (ELE), that is, the future cost of undertaking leave held by staff. Council's practice has been to ensure the amount held in this reserve equates to approximately 20% of the total ELE provision. The LTFP assumes that this practice will be maintained over the ten year period covered by the LTFP.

WORKERS COMPENSATION RESERVE

Since 1991, Council has been self insured for workers compensation. A condition of being approved to hold a self insured workers compensation license is that Council must provide a Bank Guarantee to secure total outstanding claims liabilities. The amount required to be held is based on an assessment conducted annually by an independent actuary.

Although it is not mandatory, Council has traditionally supported this bank guarantee with an internally restricted reserve, called the Workers Compensation Reserve. Council's practice has been to ensure that the amount held in this reserve is equal to 100% of the outstanding workers compensation liability as determined by actuarial assessment. In response to increased costs in this area, Council adopted in 2011 a funding strategy which will decrease this reserve to around 70%, but return the reserve to 100% of the anticipated future provision within 10 years.

UNRESTRICTED CURRENT RATIO

The unrestricted current ratio is a measure of whether a Council has sufficient liquid assets available to meet short term commitments, after excluding certain restricted assets (such as unspent S94 Contributions and Grants). As a general rule the target/healthy ratio is 100% or greater. That is, for every \$1 of liability there is \$1 of asset to cover it. It is an objective of the LTFP that Council's unrestricted current ratio remains greater than 100% for the ten year period covered by the LTFP.

DEBT SERVICE RATIO

The debt service ratio represents the percentage of Council's total operating revenue that is attributable to net debt servicing costs. For large urban councils it is considered prudent that the debt servicing ratio does not exceed 10%. Council has maintained a sound financial position whilst being completely debt free for more than a decade. One of Council's objectives is ensuring that its debt servicing ratio continues to fall below the target of 10%.

RATES AND ANNUAL CHARGES OUTSTANDING RATIO

This ratio measures the percentage of a council's total rates and annual charges that is outstanding. It is accepted that for large urban councils this ratio should remain below 5%. Over the ten year period covered by the LTFP, Council will endeavour to remain within this target.

PRUDENT INVESTMENT MANAGEMENT

Council has a longstanding philosophy of prudent and conservative management of its investment portfolio. In keeping with this approach Council's investment portfolio comprises mainly of investment products which are both high rated and low risk. Council will continue this approach in the future and this is reflected in the interest revenue projections contained in the LTFP.

LTFP ASSUMPTIONS

In preparing Council's LTFP, projections on future financial trends have been based on a number of assumptions. These assumptions are explained below.

POPULATION

Growth in population has a major impact on Council's future revenues and expenses. Blacktown City's high rate of growth will continue for quite some time, with Blacktown being the major location of the North West Growth Centre. This phase in Blacktown's growth will see approximately 50,000 new home sites over the next twenty five (25) years. The 'Sydney Metropolitan Plan 2036' identifies that there will be 169,000 new dwellings in established areas in the North West Sub Region, based on this, the 'Blacktown Planning Strategy 2036' estimates that Blacktown will provide 44,000 of these new dwellings in established areas. Such continued high growth creates a major challenge for Council to ensure it balances the needs of established areas with those of new release areas. With this increase in population there is an increase in the demand for new and expanded facilities and services provided by Council. The changing demographics of the Blacktown Local Government Area (LGA) will also mean changes in the types of services to be provided by Council in the future, which will have an increasing impact on the later years covered by the LTFP.



The graph below shows the movement in Blacktown's population over the past ten years and the projected increase over the next ten years. By 2023, Blacktown's population is anticipated to exceed 372,000.

LEVELS OF SERVICE TO THE COMMUNITY

The Long Term Financial Plan is based on the maintenance of existing Council services to the community at existing service levels. The LTFP will be reviewed as required when the type of service or service levels are varied by Council in reflection of City needs and community priorities. In such cases, the capacity of the Council to fund these services will be assessed against the financial policy framework provided in the LTFP.

Council's existing services are outlined in the Delivery Program 2013-2017 in the section "Functions of Council". The present levels of service have generally been defined historically by a balance between the community's desired level of service (assessed by various means including surveys, service requests and informal feedback) and Council's resource capacity and strategic priorities. In some cases, service levels are set through major contracts or service level agreements.

Service levels are increasingly a matter of engagement and dialogue with the community under the Integrated Planning and Reporting Framework. The Delivery Program provides for a 'best value' approach to Council's services and an ongoing program of service review.

Service levels for asset-based or "Infrastructure Services" are of particular importance to Council's long term planning and the financial modelling which is provided in the LTFP. These service levels are discussed in more detail within the accompanying Asset Management Strategy.

REVENUE

RATES AND CHARGES

Rates and charges are a major source of Council's income, representing approximately 50% of total revenue. In NSW, council rates are levied based on land valuations supplied by the Valuer General's Department. These valuations are reviewed every 3 years as part of a process termed General Revaluation. It is important to note that regardless of changes in the land valuations for existing properties, the actual total amount of rates income a council may levy is limited by rate pegging. Rate pegging refers to the process in which the State Government determines annually the allowable increase in rates, which is referred to as the rate peg. This allowable increase is announced annually by the Independent Pricing and Regulatory Tribunal (IPART). Since rate pegging was introduced in 1977, Council has not exceeded, in cumulative terms, the approved rate variation limit announced by the NSW State Government.

The approved annual rate pegging limit since 1998/1999 is shown in the table below, along with the actual rate increase adopted by Council. This table shows that over this period the average annual rate variation limit has been 3.10%.

Year	Rate Pegging Limit %	Blacktown City Council's Increase %
1998/99	1.7	0.0
1999/00	2.4	1.0
2000/01	2.7	2.7
2001/02	2.8	2.8
2002/03	3.3	3.3
2003/04	3.6	3.6
2004/05	3.5	3.5
2005/06	3.5	6.6
2006/07	3.6	3.6
2007/08	3.4	3.4
2008/09	3.2	3.2
2009/10	3.5	3.5
2010/11	2.6	2.6
2011/12	2.8	2.8
2012/13	3.6	3.6
2013/14	3.4	3.4
Total Cumulative Increase	49.6	49.6
Average Annual Increase	3.10	3.10

The annual rate variation limit determined by IPART is based on prior year increases in a range of typical local government cost items. As shown in the following graph over the period 1999/00 to 2013/14, the actual approved rate variation limit in cumulative terms has been slightly lower than CPI.



As shown in the following graph over the period 1999/00 to 2013/14 the approved annual rate variation limit has averaged 3.10%. The *base case* scenario in Council's 10 year LTFP assumes an annual rate variation limit of 3.0%. Alternative scenarios have been modelled on the assumption that the average annual rate variation limit may be either higher or lower than 3.0%.



Councils can apply for a special rate variation to increase their rates income by an amount higher than the approved rate variation limit. However, approved increase in rates will take into account factors such as the community's capacity to pay as well as population growth and changing demographics.

In terms of the actual annual increase in Council's rates revenue, it is noted that a small proportion of the actual increase is a result of 'growth', that is additional rates received due to an increase in the number of rateable properties. This generally occurs when larger parcels of land are subdivided into smaller lots, but can also occur as a result of high density developments such as large residential unit complexes. The level of such development activity can vary from year to year as a result of changes in prevailing economic conditions, planning decisions made by the State Government and the availability and price of vacant land.

The level of additional rates income attributable to growth for Council has varied considerably over the past 10 years but has averaged 0.75% per annum. As it is not possible to accurately project growth levels in individual years it is assumed that this level of growth will continue over the next 10 years.

Revenue from annual charges comprises the Domestic Waste Management (DWM) Charges and Stormwater Management Charge. In accordance with Section 504 of the Local Government Act 1993, income obtained from charges for domestic waste management must be calculated so as to not exceed the reasonable cost to the council of providing those services. As such, the provision of Domestic Waste Management services is not subject to rate pegging. The LTFP assumes the annual DWM charge will increase on average, by 5% p.a. to recover significant increases expected in future tipping charges. However, the actual increase in each year may be higher or lower than this percentage having regard to movements in specific costs.

INTEREST AND INVESTMENT REVENUE

The level of interest revenue earned by Council will vary with regard to the total amount held in Council's Investment Portfolio. Council's LTFP projects major future movements in the amount of Council's Investment Portfolio with regard to future capital works, receipt of external grants and contributions. A number of large capital projects which are funded from Section 94 contributions (discussed in further detail later in this document) will lead to a decrease in the projected balance of funds held and the interest revenue generated.

Interest Revenue is also subject to external factors such as monetary policy decisions, and economic and investment market conditions. Over the longer term, economic conditions can vary considerably, which in turn can affect interest rates. In times of economic expansion, rising interest rates can be an effective way of reducing economic growth and thereby lowering inflationary pressures. Conversely, during economic downturns the lowering of interest rates can have a positive impact on economic growth. The graph below depicts movements in the Official Reserve Bank of Australia Cash Rate over the ten year period 2003 to 2013.



Over the above ten year period the Official Cash Rate has varied from a minimum of 3.0% to a maximum of 7.25%. The average has been 5.01% over this period. In preparing long term future interest revenue projections, Council has researched available economic data and projections from a variety of sources as well as sought advice from its external investment advisers. Based on this research and having regard for Council's conservative investment policy, the LTFP model projects future interest rates to average 5% p.a. over the next ten years. However, having regard for likely future changes in economic conditions, these forecasts will be continually monitored and the index updated in the LTFP model on a regular basis.

USER CHARGES AND FEES

Council provides a wide range of facilities and services for which it receives revenue from user fees and charges. These services include childcare, preschools, aquatic and leisure centres, animal control and building and engineering construction certification. Often the revenue received does not fully offset the costs associated with the service or facility as they are aimed at providing a broad community benefit and if higher fees were charged then many residents may be unable to enjoy the use of the facility or service. In other instances, fees may not be high enough to recover full costs due to external market pressures or the fee being set by statute.

Approximately two thirds of Council's total user fees and charges are generated through child care centres and leisure centres (comprising health and fitness facilities and swimming pools). Whilst these fees are considered discretionary, revenue growth in these areas is limited due to Council seeking to provide services accessible to the wider community. Other fees such as those relating to Development Applications are fixed by legislation.

Historically the revenue received for the majority of these fees and charges have increased in line with CPI. Accordingly, the LTFP model includes a projected increase in user charges and fees in line with projected CPI growth.

OTHER REVENUES

Other revenues include fines, other revenue from community centres, charges for the reinstatement of roads and footpaths, and Council's leisure centres. Revenue from these sources is difficult to predict as they can be susceptible to a range of external factors such as prevailing economic conditions, population growth and changing demographics. Other revenue is projected to increase at 3% p.a. which is based on historical trends in these categories of income.

GRANTS AND CONTRIBUTIONS

Council receives grants from the State and Federal Governments. These are either discretionary or nondiscretionary. The majority of grants provided to Council are for specific purposes, such as infrastructure maintenance, provision of community services and environmental programs. Generally the funding received is less than the total cost of the works/services being provided. Typically, it is often a condition of the grant funding that Council provides matching funding.

The largest single source of Council's grants revenue is the Financial Assistance Grant. This is a general purpose grant and is allocated to councils on a formula basis that has regard for a range of factors such as population, quantum of infrastructure maintained and the relative disadvantage between councils.

In general, the total funding available increases each year in line with CPI and population growth. The LTFP projects the Financial Assistance Grant to increase by 4.5%, allowing for population growth as well as other disability factors. It is assumed that other grants will increase on average by 2% per annum.

SECTION 94 DEVELOPER CONTRIBUTIONS

Section 94 of the Environmental Planning and Assessment Act 1979 enables councils to levy contributions for public amenities and services required as a consequence of development. Developer contributions are essential to providing key facilities and services for local residents, especially in new areas.

Contributions are held as an externally restricted asset until they are spent for the purposes designated in the adopted Section 94 Contribution Plans. Council's policy is to commence specific works only when sufficient contributions have been received to complete the works. The level and timing of contributions fluctuate according to a variety of factors including economic growth and the level of development activity in the Local Government Area.

As such, the LTFP applies an average increase of 3% to Section 94 contributions, noting that the actual increase in any given year may vary significantly from this index. It is noted that Council is finalising a number of new Section 94 Contribution Plans for the NorthWest Growth Area. At this stage, given the uncertainty of alternative funding streams to mitigate the shortfall arising from the cap on section 94 contributions, it is difficult to accurately predict the timing of the payment of future contributions in these new release areas and so they have not been incorporated in the LTFP. The LTFP projects the cashflows for S94 based on historical cashflow trends, when more realistic projections are available they will be incorporated into the LTFP.

EXPENDITURE

EMPLOYEE COSTS

Employee Costs include the payment of salary and wages, Employee Leave Entitlements, Superannuation and Workers Compensation expenses. Overall employee costs comprise around 45% of Council's total operating costs.

The primary component of increases in employee costs are annual salary and wage increases approved in Council's Enterprise Agreement. Other factors are changes in the level of superannuation contributions, worker's compensation costs and increases in Council's staff numbers.

Council is required to make compulsory employer superannuation contributions on behalf of its employees. The amount of employer superannuation contributions which are payable by Council depend on whether an employee is in an accumulation scheme or a defined benefit scheme. The main difference between each of these schemes from Council's perspective is the level of contribution Council is required to make on behalf of each employee.

For Council employees in the accumulation scheme, Council is required to make compulsory employer superannuation contributions in accordance with the compulsory employer superannuation contribution limits. As a result of legislative changes, this contribution will progressively increase from its current level of 9% to 12% by 2020. These increases will initially be increments of 0.25% for the 2013/2014 and 2014/2015 financial years, with increments of 0.5% in subsequent years. For employees who are in a Defined Benefit Superannuation scheme, Council's superannuation contribution is based on a multiple of the employees salary. In addition to this amount, all NSW councils were initially advised in 2011 that due to the impact of the Global Financial Crisis and the negative effect this had on the financial position of the Defined Benefit Superannuation scheme, all councils would be liable for a separate fixed levy payable over a projected 10 year period. For Council, this levy is approximately \$1.3 million annually. Recent advice from Local Government Super is that whilst the financial position of the scheme is reviewed on an annual basis, it would be prudent for Council to budget for this additional levy to continue for the foreseeable future. As such, this additional cost has been incorporated in the LTFP and is assumed to continue for the 10 year life of the plan. Should the required contribution vary from this forecast, the LTFP will be revised accordingly.

The LTFP projects overall employee costs to increase on average by 4.30% per annum, this increase covering a range of employee related expenses such as employee leave entitlements, employer superannuation contributions (including from 1 July 2013, the progressive increase in compulsory employer superannuation contributions from 9% to 12%) and workers compensation expenses. The LTFP does not incorporate any provision for future increase in Council's staff numbers. Therefore, the LTFP assumes that Council will be able to continue to provide services required by an expanding city with existing staff resources. This will necessitate a review of current staff resources to identify opportunities for improved efficiencies and redeployment where necessary.

MATERIALS AND CONTRACTS

Council's materials and contracts expenditure includes a broad range of services and resources including audit, legal and consultants fees, reserves and roads maintenance, cleaning and waste management.

Costs are impacted by many factors such as economic conditions, market competition, and availability of resources and raw materials.

The LTFP projects these costs to increase in line with CPI beyond the 2013 – 2017 delivery program. In order to provide balanced budgets, Materials & Contracts & other expenses have increased below CPI. However, specific costs such as energy, tipping charges and payments to other levels of government have been indexed at a higher rate based on recent trends.

DEBT SERVICING

Council has maintained a sound financial position whilst being completely debt free for over a decade. The LTFP has been prepared on the assumption that Council will continue to maintain its debt free status in the future. As such, no borrowing costs have been included in the financial projections. It is noted that should Council change its policy with regard to maintaining a debt free status, the LTFP will be adjusted accordingly.

DEPRECIATION

The LTFP projects annual depreciation expenditure to increase by an average of 4% p.a. based on capital expenditure levels incurred in recent years. The actual depreciation expenditure in future years will be impacted by future asset revaluation methods and timing as stipulated by relevant accounting standards.

Council's infrastructure assets have been revalued in accordance with a staged implementation program as advised by the Division of Local Government. The revaluation of Council's assets at fair value has been undertaken as per the following schedule:

- 2007/08 Financial Year Operational Land, Buildings, Plant and Equipment
- 2008/09 Financial Year Land Under Roads
- 2009/10 Financial Year Roads, Bridges, Footpaths and Drainage
- 2010/11 Financial Year Community Land, land improvements, other structures and other assets

Full revaluations are to be undertaken for all assets on a 5 year cycle, whereby Council is required to revalue Operational Land, Buildings, Plant and Equipment in 2012/13 financial year.

OTHER OPERATING EXPENSES

Other operating expenses comprise a variety of items, such as the following:

- Advertising
- Contributions to fire services
- Cultural services and civic events
- Energy costs
- Insurances
- Street lighting
- Tipping fees

Generally, the LTFP projects the majority of items categorised as other operating expenses to increase annually by CPI. However, within this category there are specific items which have been projected to increase at an alternative rate to the CPI. These include the following expenses.

Energy costs are one area which Council has experienced significant cost increases. This has been the result of a progressive increase in the number of Council provided facilities, such as libraries and leisure centres, many of which have high energy requirements, along with general increases in energy tariffs along with the introduction of the Carbon Pricing Mechanism (noted later in this document) from 1 July 2012. It is assumed in the LTFP that, in subsequent years on average energy costs will increase by 10% per annum, which allows for tarrif increases, increased usage and increased facilities.

Another cost which is anticipated to increase at a higher rate than CPI is payments made by Council to other levels of government. This consists of compulsory contributions to the NSW Fire Brigade and Rural Fire Service and contributions to other government agencies. Based on trend analysis, it is projected in the LTFP that these payments will increase annually by an average of 10.5%.

As noted later in this document, Council incurs annual expenditure in the order of \$11.78 million which is attributable to 'cost shifting'. 'Cost Shifting' refers to the net cost of responsibilities transferred to Council from the Federal or State Government without the transfer of adequate funding. The LTFP assumes the level of cost shifting will continue to increase annually by the assumed CPI.

CARBON PRICING MECHANISM

The Federal Government has introduced legislation aimed at reducing carbon emissions to assist in meeting greenhouse gas emission reduction targets. From 1 July 2012 a fixed carbon price was introduced at \$23 per tonne of Co2-e (carbon dioxide equivalent). This carbon price is to be indexed by a fixed factor for the next three years, and then from 1 July 2015 the carbon price will be market determined.

Council does not have a direct liability associated with the carbon pricing mechanism. Rather, it is subject to an indirect cost incurred by higher charges from those companies directly impacted by the Carbon Pricing Mechanism. These charges predominately relate to gas, electricity and tipping charges associated with waste disposal.

CAPITAL WORKS PROGRAM

Council's extensive capital works improvement program aims to deliver much needed maintenance and renewal of infrastructure assets including roads, community buildings, parks and reserves and leisure facilities. In recent years, Council's annual investment in Capital Works has exceeded \$30 million, which reflects Council's objective of providing suitable and well-maintained facilities for a growing and diverse population.

WORKS IMPROVEMENT PROGRAM

Council's Works Improvement Program (WIP) is a document that is reviewed annually by Council which lists all capital works projects which have been identified to service the community within the local government area. The projects identified in the WIP are either renewal projects or projects to create new assets or to enhance existing assets. Councils Asset Management Plans informs the WIP of the projects which are to be listed for funding consideration in the WIP. The WIP is divided into a number of key asset programs such as Roadworks, Bridges, Buildings, Drainage, Transport Facilities and Parks Improvements. Each program identified in the WIP also identifies the relevant funding source whether it is grants and contributions, Section 94 Developer Contributions, General Revenue or Council's Infrastructure Sinking Fund (ISF). Each year Council adopts a 1 year WIP with projects listed in each program identified for funding above the funding cut-off line. Each project listed in the WIP is prioritised using a program specific scoring system which assesses each project to generate a merit based project list for funding consideration.

INFRASTRUCTURE SINKING FUND

The Infrastructure Sinking Fund (ISF) Program forms part of Council's overall Works Improvement Program. The ISF was established to ensure that funds arising from Council's debt reduction strategy were used for the provision of important infrastructure to the City, as well as to expedite works in new release areas.

Since 1996/97, the ISF has provided in excess of \$229 million over and above Council's normal Works Improvement Program for important infrastructure works throughout the City. In 2013/2014, the proposed ISF program totals \$16.8 million which includes an allocation of over \$5.5 million towards Council's normal Works Improvement Program to support Council's obligation to maintain roadworks funding under the Federal Government Roads to Recovery grant program along with \$2.5 million to meet expenditure requirements on stormwater assets. The amount available in the ISF in any year will vary depending on the final cost of works voted from previous ISF programs and interest earned on the reserve.

The ISF is prepared based on a long term view and presented in a 10 year format. While the ISF details an indicative 10 year Program, Council's current practice is to only adopt a 1 year program of works (i.e. 2013/2014) with the ISF program reviewed and adopted annually by Council. Projects listed in the 10 year ISF program are considered to be of strategic importance to the City and in keeping with the priorities identified in the *Blacktown City 2030* vision. However, with limited funds available, the projects proposed for funding in 2013/2014 are considered to be those which will provide the greatest benefit to the community.

NEW SECTION 94 DEVELOPER CONTRIBUTIONS (NORTH WEST SECTOR)

The LTFP does not incorporate forecast expenditure for the new Section 94 Contribution Plans for the North West sector as the cashflows for the development of this sector are difficult to predict. The LTFP will be amended accordingly when reliable estimates are available so as to predict the expenditure patterns associated with the development of this sector.

CAPITAL WORKS PROGRAM - FINANCIAL PROJECTIONS

The financial projection of future capital works will depend on the nature, timing and funding of specific projects. The majority of infrastructure projects are costed in accordance with current design estimates. Any significant cost revisions in subsequent years will be reflected in the LTFP. It is noted that the increased expenditure shown in the LTFP and the Asset Management Strategy which exceeds the base allocation in 2013/14 for either new assets or the upgrading of existing assets is only related to assets funded by Section 94 Developer Contributions, meaning the LTFP does not allow for an increase in the use of general revenue to fund an increase in capital expenditure for either new assets or the upgrading of existing assets.

COUNCIL'S CURRENT FINANCIAL POSITION

As a result of a longstanding commitment to prudent financial management combined with the application of a variety of effective financial strategies, Council's current financial position is very sound. Council is proud of its history of sound financial management, highlighted by achievements which include being debt free for more than a decade, its rates being lower than average for Western Sydney councils (Council has not exceeded in cumulative terms rate pegging limits set by the state government since the introduction of rate pegging in 1977) and its high levels of liquidity.

In terms of assessing Council's current financial position it is useful to refer to the financial information contained in Note 13 – (Statement of Performance Measurement) of Council's Annual General Purpose Financial Reports. The information in this note comprises a variety of indicators which can be used to assess a council's financial position. This information is summarised below.

UNRESTRICTED CURRENT RATIO

Ratio	2011/2012	2010/2011	2009/2010
Unrestricted Current Ratio	4.26:1	5.23:1	4.77:1

The purpose of the Unrestricted Current Ratio is to highlight that sufficient liquid assets are available to meet short term commitments, after excluding certain restricted assets (e.g. unspent s94 contributions and grants). As a general rule the target/healthy ratio is 100% or greater, i.e. for every \$1 of liability there is \$1 of asset to cover it.

As shown in the above table, over the past 3 years Council's Unrestricted Current ratio has been significantly higher than the accepted benchmark of 1.0:1.

DEBT SERVICE RATIO

Ratio	2011/2012	2010/2011	2009/2010
Debt Service Ratio	0%	0%	0%

The debt service ratio is the percentage of a council's net debt servicing costs divided by total operating revenue. Prudent financial management dictates that a council does not over commit itself to debts it cannot fulfill. It is considered prudent that the Debt Service Ratio for large urban councils should not exceed 10%.

Council has maintained a sound financial position whilst being completely debt free for more than a decade.

RATES AND ANNUAL CHARGES OUTSTANDING PERCENTAGE

Ratio	2011/2012	2010/2011	2009/2010
Rates & Annual Charges Outstanding Percentage	3.32%	3.64%	4.03%

Council's outstanding rates and charges previously exceeded the recommended maximum benchmark for urban councils of 5%. As a result of improved debt recovery procedures this ratio has decreased in recent years and is within the benchmark of 5%.

As stated previously Council has a longstanding commitment to prudent and conservative financial management. This approach is reflected in the following strategies.

CONSERVATIVE INVESTMENT MANAGEMENT - NO CAPITAL LOSSES

Council has traditionally had a conservative approach towards the management of its investment portfolio. Council has had an investment policy which restricts Council to investing generally in higher rated, low risk forms of investments. A key aspect of the policy is the requirement for Council officers to seek independent investment advice when making decisions regarding the composition of Council's investment portfolio.

The benefit of this approach was highlighted during the Global Financial Crisis, when Council's investment portfolio suffered no capital losses. Council's Investment Policy is regularly reviewed, having regard for changes in investment markets and economic conditions as well as any changes made to applicable legislative requirements.

COUNCIL'S LAND DEVELOPMENT STRATEGY

Council is the owner of a number of land assets within the rural, residential, business and industrial zones of the City, for which Council seeks to develop and/or sell with the objective of maximising the investment returns to Council. The development and sale of assets continues to provide excellent returns to Council and the community. Council's Land Development Strategy has funded a number of major projects including the Max Webber Library, development of the Civic Plaza, Improvements to the Mount Druitt Business District and AFL/Cricket facility at the Blacktown International Sports Park.

EFFICIENCY DIVIDENDS

Council has a long-standing practice when preparing annual budgets to not index operating costs, other than employee related costs. This means that Budget Managers need to identify opportunities for savings and efficiencies in order to ensure the preservation of existing service levels. It is estimated that this practice results in annual savings of approximately \$1 million. It is anticipated that Council will continue to achieve productivity gains to offset rising costs over the life of the LTFP.

FUTURE FINANCIAL CHALLENGES

In projecting Council's future financial position, a number of anticipated future challenges which may have an adverse impact on Council have been considered. These are summarised below.

RATE PEGGING

For over 30 years NSW councils have been subject to rate pegging. Rate Pegging is the maximum percentage limit by which NSW councils may increase the total income they receive from rates. The rate pegging percentage is set each year by IPART.

For many years the NSW Local Government sector has objected to rate pegging due to the adverse affect it has on the financial sustainability of NSW councils. IPART, in its 2008 paper - Review of the Revenue Framework for Local Government found that over the period 1976/77 to 2006/07 taxation (i.e. rates) revenue grew more slowly in NSW than in the rest of Australia. Since rate pegging was introduced in NSW, rates revenue per capita for NSW councils increased by an average of 1.9% per annum, compared with 3.4% per annum for the rest of Australia. IPART has acknowledged that rate pegging has constrained the growth of NSW councils' rate revenue relative to councils in other states.

It has been Council's experience, particularly over the past decade, that many of its major costs have increased at a higher level than rate pegging. Major examples of this include energy costs (fuel, electricity, gas), materials used in the construction and maintenance of Council's road and drainage networks and labor costs. In the past Council has addressed this challenge through the ongoing identification of cost savings and efficiencies. However, this will be an increasing challenge in the future as the population of the Blacktown LGA and the value of infrastructure maintained by Council continues to increase.

SECTION 94 DEVELOPER CONTRIBUTIONS CAP

BACKGROUND TO SECTION 94 DEVELOPER CONTRIBUTIONS

Since the 1940s the NSW planning process has had the ability to require developers to contribute to the provision of local infrastructure, the need for which arises as a result of development. Legislation requiring a contribution towards the provision of local infrastructure was first codified in the Environmental Planning and Assessment Act 1979 (EP&A Act).

In 1992 the statutory provisions relating to Section 94 of the EP & A Act were amended so that councils were required to prepare "contributions plans" to ensure that contributions were efficient, responsible, accountable and certain. These provisions are regulated in the Environmental Planning and Assessment Regulation 2000 (as amended).

Section 94 of the EP & A Act enables councils to legally levy contributions for local infrastructure as a consequence of development. The power to levy contributions relies on there being a clear link (or nexus) between the development being levied and the need for the local infrastructure for which the levy is required.

Generally, contributions can only be made towards:

- Capital costs including land acquisition costs;
- Local infrastructure which a council has the responsibility to provide; and
- Local infrastructure which is needed as a consequence of or to facilitate new development.

These facilities are often referred to as "baseline facilities", in other words, only the basic level of facilities that are essential for new communities to be established. Once the facilities are delivered, councils are required to maintain them. The types of infrastructure or facilities that have been funded through Section 94 include roads, stormwater drainage, open space (sports fields, playgrounds) and community facilities (libraries, neighbourhood centres, community centres and child care centres).

Council has adopted a number of Section 94 Contributions Plans since 1982. It is considered that Contributions Plans are the most cost efficient way for a council to deliver infrastructure. Large release areas, such as the Parklea Release Area, have had their local infrastructure funded and provided by Section 94 contributions.

Concerned by representations by the development industry that the increase in various government charges was affecting housing affordability, the State Government introduced a "Cap" on Section 94 contributions across NSW.

\$20,000 & \$30,000 SECTION 94 DEVELOPER CONTRIBUTIONS CAP

Arguably the most significant reforms to the NSW Developer Contributions System since 2000, and impacting particularly on NSW Growth Councils such as Blacktown, were the 2010 Reforms which introduced, without consultation, a \$20,000 per lot/dwelling Cap on Section 94 Contributions.

The 2010 reforms also proposed an alternative approach to setting local development contributions and local council rates. The changes were again intended to increase housing supply by lowering development charges for infrastructure. Further reforms were introduced later in 2010 with the addition of a \$30,000 Cap per residential lot/dwelling on contributions in new release areas ("greenfield" areas) to account for greater costs in creating new communities from nothing.

2010 REFORMS - FUNDING IMPLICATIONS FOR COUNCIL

The 2010 reforms created a significant funding risk for Council. To accurately project the extent of this risk, Council engaged an actuary to model the impact of the Section 94 cap on its new release areas. At the time Council's Contributions Plan No. 20 – Riverstone and Alex Avenue Precincts (CP20) had just been adopted by Council and were used as a basis to project the full extent of funding shortfalls forecast across the Blacktown LGA section of the North West Growth Centre.

CP20 had \$745 Million in local infrastructure to service 15,500 new residential lots. By applying the \$30,000 per lot Greenfield Cap to the Contributions Plan, only \$465 Million could be collected from development, leaving \$280 Million in Infrastructure unfunded for the 2 Precincts.

When this funding shortfall was projected across all of Blacktown's future Precincts in the North West Growth Centre, a funding shortfall of almost \$1Billion was projected. However, this projected shortfall has since been reduced to around \$827 Million as Precinct Planning for other Precincts has been subsequently undertaken. This figure remains as the current projected shortfall for the Blacktown LGA section of the North West Growth Centre.

LONG TERM FUNDING

Presently there is no long term funding solution available to assist councils in delivering the essential infrastructure required to support new communities. The State Government announced as part of the 2012/2013 Budget that "the NSW Government would continue to provide for councils where the cost of delivering essential infrastructure is greater than the amount they can collect from Section 94 levies. The assistance is the latest imitative funded as part of the \$481 Million Housing Acceleration Fund (HAF)

announced in June's State Budget to drive housing production across NSW". However, this does not provide a long term funding solution for Council.

In the absence of a long-term funding solution, Blacktown City Council currently faces a projected long-term funding shortfall in the order of \$827 Million for local infrastructure in the Blacktown LGA's section of the North West Growth Centre. Despite short-term interim initiatives delivered and announced by the State Government, no long-term funding solutions have so far been identified.

The current review of the EP&A Act through the Green Paper, the work of the Infrastructure Contributions Taskforce and the publication of the DPI's White Paper are likely to provide direction and advice regarding future local and state developer levies.

ASSET MANAGEMENT

A major challenge confronting the NSW Local Government sector is the need to increase the amount of funding allocated to the maintenance and renewal of existing infrastructure. This has been highlighted in a number of studies such as the 2006 Local Government and Shires Association's *Independent Inquiry into the Financial Sustainability of NSW Local Government*. This report identified a backlog in the renewal of existing infrastructure of over \$6 billion for all NSW councils. This was projected to grow to almost \$21 billion within 15 years if the annual renewals gap (the difference between the rate at which councils' physical assets are depreciating and the rate at which they are being renewed or replaced) is not improved.

Council is custodian of infrastructure, property, plant and equipment assets that have a depreciable value of approximately \$2.65 billion. The effective and appropriate maintenance and renewal of these assets is essential to maximise their service potential and service life. This issue is dealt with in Council's Asset Management Strategy, which forms part of its Resourcing Strategy.

In preparing Council's Asset Management Strategy, detailed long term modelling has been undertaken on Council's infrastructure network. Council's Asset Management Strategy discusses in detail Council's Asset Management requirements. The Asset Management Strategy highlights and analyses the need for increased levels of Asset Management Funding to deal with asset renewal, asset maintenance and the upgrade and expansion of Council's infrastructure asset base as the City develops with the release of new areas.

ASSET MANAGEMENT STRATEGY - REQUIRED FUNDING

The required funding necessary for asset renewal purposes as covered by Council's Asset Management Strategy for capital expenditure on infrastructure assets over the 10 year planning period is \$498 million as shown in the table below.

Asset Management Strategy											
	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	Total (\$'000)
Proposed Renewal	18,881	19,098	18,923	18,290	19,499	23,930	24,393	23,851	24,352	25,083	216,300
WIP & S94	25,907	25,188	25,944	26,722	27,524	28,349	29,200	30,076	30,978	31,907	281,795
Total Asset Management Strategy:	44,788	44,286	44,866	45,011	47,023	52,280	53,593	53,927	55,330	56,990	498,095

As shown in the table above, the Asset Management Strategy identifies that it is necessary for Council to spend \$44.788 million in 2013/14 increasing to \$56.990 million in 2022/23 to meet its Asset Management requirements. In cumulative terms, this equates to \$498 million on Asset Management over the next 10 financial years.

BASE CASE - ASSET MANAGEMENT FUNDING

The table below shows the forecast level of funding available in the *Base Case Scenario* of Council's LTFP for Asset Management.

Long Term Financial Plan - Base Case Asset Management Funding											
	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	Total (\$'000)
WIP - Asset Renewal	14,644	11,612	11,677	11,744	11,813	11,883	11,955	12,031	12,107	12,188	121,654
WIP - New & Upgrade Assets (Incl. S94)	25,907	25,188	25,944	26,722	27,524	28,349	29,200	30,076	30,978	31,907	281,795
Total - Works Improvement Program [#]	40,551	36,800	37,621	38,466	39,337	40,232	41,155	42,107	43,085	44,095	403,449

The difference between the "Works Improvement Program" (WIP) amount referenced in the table above and the amount displayed in the LTFP scenario's shown in Appendix 3 to Appendix 8 relates to "Other" expenditure on assets which is included in the WIP and not included in the WIP amount referenced above.

As shown in the table above, the total funding in the *Base Case Scenario* of the LTFP for Asset Management totals \$40.551 million in 2013/14 which increases to \$44.095 million in 2022/23. In cumulative terms, this equates to funding of \$403.449 million in Asset Management over the next 10 financial years. At these funding levels, there is a cumulative shortfall of \$94.646 million in required funding to meet Council's Asset Management requirements as outlined in the Asset Management Strategy.

ASSET MANAGEMENT FUNDING SHORTFALL

Council's sustainability for Asset Management can be assessed by comparing the current projected funding levels in the *Base Case Scenario* for Asset Management in the LTFP against the required levels of funding identified for Asset Management in the Asset Management Strategy. The optimal sustainability target for Asset Management is an Asset Renewal Funding Ratio which is equal to or greater than 1. The table below indicates that based on current funding levels for Asset Management, Council is forecasting a declining level of sustainability for Asset Management:

	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)
Base Case Asset Management Funding	40,551	36,800	37,621	38,466	39,337	40,232	41,155	42,107	43,085	44,095
Asset Management Strategy Funding Requirements	44,788	44,286	44,866	45,011	47,023	52,280	53,593	53,927	55,330	56,990
Asset Renewal Funding Ratio	0.91	0.83	0.84	0.85	0.84	0.77	0.77	0.78	0.78	0.77

The following table quantifies the forecast funding shortfall between the required level of funding for Asset Management as outlined in the Asset Management Strategy to achieve an Asset Renewal Funding Ratio of equal to or greater than 1 when compared to the forecast level of funding available in the *Base Case Scenario* of Council's LTFP for Asset Management **(Appendix 3)**.

Asset Management Funding Shortfall											
	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)	2022/23 (\$'000)	Total (\$'000)
Asset Management Funding Shortfall:	4,237	7,486	7,246	6,546	7,686	12,047	12,438	11,820	12,245	12,895	94,646

The Asset Management Funding Shortfall table shown above indicates that there is a projected shortfall to meet Council's Asset Management requirements in 2013/14 of \$4.237 million, increasing to \$12.895 million in 2022/23. In cumulative terms over the next 10 years, there is a projected shortfall for Asset Renewal of \$94.646 million. This funding requirement is modelled in the *Base Case plus Enhanced Asset Management Scenario* (Appendix 7) of the LTFP.

The challenge for Council is to identify how to address this funding shortfall given the limitations on Council's existing sources of revenue. Further detailed investigation and consideration by Council is required of the possible funding strategies. Further consultation is required with the community to engage with them on this issue and to discuss the funding options available, such as debt financing, major service level reductions, adjustments to service provision or increased rates through a Special Rate Variation application.

COST SHIFTING

Cost Shifting is a major challenge confronted by local government. Cost shifting occurs when there is a transfer of services from a Federal or State Government to local government without the provision of adequate funding required to provide the service.

Some major examples of cost shifting include:

- Cost of the mandatory pensioner rebates on Council Rates
- Exemption of State Government properties from the Stormwater Management Charge
- Cost of regulating on site sewerage facilities
- Administration of the Companion Animals Act
- Functions under the Protection of the Environment Act
- Cost of functions as a local control authority for noxious weeds
- Public Library operations
- Processing of Development Applications
- Citizenship ceremonies

The annual cost to Council of cost shifting is estimated to be in the order of \$11.78 million per annum. The LTFP assumes these costs will increase annually by CPI.

REPLACEMENT OF COUNCIL'S CORPORATE INFORMATION SYSTEM

Council's current corporate application software supplier has committed to supporting the application until 2015. This integrated system covers the majority of Council functions. Council has commenced planning for replacement of this software, noting that the process may take approximately 3 to 4 years to complete.

Council is currently reviewing alternative funding strategies for the replacement system/s. These strategies will endeavour to minimise the impact of the cost of the new system, including its implementation by maximising opportunities to utilise available funding in existing operational budgets.

SENSITIVITY ANALYSIS

Council's LTFP covers a 10 year period based on assumptions regarding future financial trends. These assumptions include future rate variation limits (i.e. rate pegging), increases in CPI and employment costs. Many of these factors can fluctuate over time as they are influenced by a variety of circumstances, such as prevailing economic conditions, decisions by other levels of government and changing community expectations. As it is not possible to accurately predict changes in these factors in individual years over the long term, they have been projected to remain constant over the 10 year period covered by the LTFP. To ensure these assumptions are both robust and realistic, they have been based on available information, including economic projections from a variety of sources as well as recent trends.

A full list of the assumptions underlying the projections in the LTFP is contained in **Appendix 1** to the LTFP.

Over a ten year period, these assumptions may be subject to change outside the parameters used in developing the assumptions contained in the LTFP. Any major change in these assumptions will have an impact on the financial projections contained therein. The level of impact depends not only on the level of change but also on the nature of the assumption.

A minor variance in some of the assumptions will have a relatively small impact on the projections contained in the LTFP. For example, increases in the level of grant income received for specific purposes would result in a corresponding increase in expenditure. Conversely, a change in the annual rate pegging limit will have a significant impact on future financial projections. Sensitivity analysis has been undertaken to assess the impact of changes in the factors which have been used to project future revenue and expenditure. This sensitivity analysis is shown in **Appendix 2**.

Sensitivity analysis involves developing different scenarios by varying the critical assumptions, such as the projected level of rates revenue and employee costs. The different scenarios demonstrate the impact of these changes on Council's financial projections.

A base model, optimistic and pessimistic model have been considered in the sensitivity analysis.

SCENARIOS

Council's LTFP contains long term projections based on specific assumptions. As it is difficult to accurately predict all future trends, alternative scenarios have been modelled to help provide an indication of Council's future financial position under a variety of circumstances. These alternative scenarios are summarised below.

BASE CASE SCENARIO

The *base case* scenario forms the basis of Council's LTFP. It is based on a range of assumptions which are considered the most likely to occur over the next ten years. These assumptions are detailed in **Appendix 1** to the LTFP. The *base case* scenario is shown in **Appendix 3**.

OPTIMISTIC CASE SCENARIO

The second scenario is an *optimistic case*. In this scenario the LTFP is based on assumptions which are slightly more favourable than those in the base case. The *optimistic case* scenario is shown in **Appendix 4**.

PESSIMISTIC CASE SCENARIO

The third scenario is a *pessimistic case*. In this scenario the LTFP is based on assumptions which are slightly less favourable than those in the base case. The *pessimistic case* scenario is shown in **Appendix 5**.

BALANCED BASE CASE SCENARIO

The fourth scenario is based on the *base case scenario* but shows reduced expenditure so that the model is fully balanced (i.e. no deficits over the full ten year period). The *balanced base case* scenario is shown in **Appendix 6.**

BASE CASE SCENARIO PLUS ENHANCED ASSET MANAGEMENT

The fifth scenario is based on the *base case scenario* but also includes provision for increased expenditure required for the renewal of Council's existing infrastructure network in addition to increased maintenance funding for the growth in Council's asset base. The *base case plus enhanced asset management* scenario is shown in **Appendix 7**.

BALANCED BASE CASE SCENARIO PLUS ENHANCED ASSET MANAGEMENT

The sixth scenario presents the *balanced base case* scenario plus the *enhanced asset management* scenario. This scenario is shown in **Appendix 8.**

PERFORMANCE MONITORING

It is important that Council regularly assesses its financial performance and position against the projections contained in the LTFP. As part of this process Council needs to determine what factors it will monitor on a regular basis. It is proposed that these factors include the following.

UNRESTRICTED CURRENT RATIO

The Unrestricted Current Ratio is a measure of whether Council has sufficient liquid assets to meet short term commitments, after excluding certain restricted assets. Council's target for this indicator will be a ratio of greater than 100%.

DEBT SERVICE RATIO

The Debt Service Ratio is Council's total operating debt servicing costs as a percentage of Income from Continuing Operations excluding capital items and specific purpose grants and contributions. Council's target for this indicator will be a ratio of 10% or lower.

RATES AND ANNUAL CHARGES OUTSTANDING RATIO

This ratio measures the percentage of Council's total rates and charges that is outstanding. Council's target for this indicator will be a ratio of under 5%.

EMPLOYEE LEAVE ENTITLEMENT RESERVE

Council's target is that its Employee Leave Entitlements (ELE) reserve represents at least 20% of its ELE provision.

WORKERS COMPENSATION RESERVE

Council's target is that its Workers Compensation Reserve represents 100% of its total Workers Compensation Claims provision.

INVESTMENT RETURNS

Council's target is that over the longer term investment returns are in line with benchmarks contained in Council's Investment Policy.

APPENDIX 1 – ASSUMPTIONS USED IN THE LTFP

The table below lists each of the assumptions used in developing the LTFP.

Revenue	Projected Annual Increase
Rates	3.75%
Domestic Waste Management Charge	5.00%
Fees and Charges (CPI)	3.00%
Financial Assistance Grants	4.50%
Other Income (CPI)	3.00%
Interest Revenue	5.00%
Grants and Contributions	2.00%
Expenditure	
Salaries and Wages	4.30% ⁽¹⁾
Energy Costs	10.00%
Maintenance	3.00% ⁽²⁾
Other Expenses	3.00% ⁽²⁾
Payments to other levels of Government	10.50%
Profit on disposal of Assets & Proceeds on sale of Assets	3.00%
Capital	3.00%
S94 Contributions	3.00%

(1) – Salaries and Wages increase on average by 4.30% per annum over the 10 year period.

(2) – **Maintenance & Other Expenses** increase on average by 2.50% per annum over the 10 year period of the LTFP. Balanced budgets are achieved during the financial years covered by the 2013-2017 Delivery Program by indexing these costs by an amount less than CPI and then applying CPI from 2017/2018 onwards.

APPENDIX 2 – SENSITIVITY TESTING

Council's LTFP is based on a range of assumptions used to project future financial trends. In some cases, small changes in an assumption can have a substantial impact on the long term projections contained in the LTFP, whereas changes in other assumptions have a less material impact. As it is not always possible to accurately predict future movements in all of the assumptions used to prepare the LTFP, it is beneficial to conduct sensitivity analysis on the impact of small changes in those assumptions which have the greatest impact on the LTFP. The sensitivity analysis undertaken is outlined below.

RATES

As detailed previously an annual increase of 3.75% in Council's rates income has been incorporated in the *base case* scenario of the LTFP. Sensitivity analysis on a slightly higher (4%) annual increase as well as a slightly lower (3.5%) has been conducted. As can be seen in the graph below these changes have a notable impact on long term projections contained in the LTFP.



Based on the annual rates increase of 3.75% in the *base case* scenario rating income is projected to increase from \$123,775,000 to \$172,395,000 in 2022/2023. If the annual rate increase is reduced from 3.75% to 3.5% the projected annual rates income in 2022/2023 is reduced to \$168,693,000. Conversely, if the annual rate increase is changed from 3.75% to 4% the annual rates income in 2022/2023 is increased to \$176,170,000.
EMPLOYMENT COSTS

As detailed previously an average annual increase of 4.30% in Council's employee costs has been incorporated in the *base case* scenario of the LTFP. Sensitivity analysis on a slightly higher (4.55%) average annual increase as well as a slightly lower (4.05%) has been conducted. As can be seen in the graph below these changes have an impact on long term projections contained in the LTFP.



Using the annual average increase of 4.30% in the *base case* scenario, employee costs are projected to increase from \$115,199,000 to \$168,276,000 in 2022/2023.

If the average annual employment costs increase is reduced from 4.30% to 4.05% the annual employment costs in 2022/2023 is projected to be \$164,829,000.

Conversely, if the average annual employment costs are increased to 4.55%, the annual employment costs in 2022/2023 are increased to \$172,129,000.

CPI

As detailed previously an annual increase of 3% for CPI has been incorporated in the *base case* scenario of the LTFP from the 2017/18 financial year onwards. CPI has been used to project both certain income and expenditure items in the LTFP. Sensitivity analysis on a slightly higher (3.25%) annual CPI increase as well as a slightly lower (2.75%) annual CPI increase has been conducted. As can be seen in the graphs below these changes impact on the long term revenue and expenditure projections contained in the LTFP.



Using the annual CPI increase of 3.0% in the *base case* scenario, total user fees & charges and other revenues is projected to increase from \$38,637,000 to \$50,412,000 in 2022/2023. If the annual CPI rate increase is reduced from 3% to 2.75% this revenue is projected to be \$49,325,000 in 2022/2023. Conversely, if the annual CPI increase is changed to 3.25% this revenue is projected to be \$51,522,000 in 2022/2023.



In the *base case* scenario, total materials contracts and other expenses are projected to increase from \$85,991,000 to \$136,112,000 in 2022/2023. If the annual CPI rate increase is reduced by 0.25% this expenditure is projected to be \$135,015,000 in 2022/2023. Conversely, if the annual CPI increased by 0.25% this expenditure is projected to be \$137,166,000 in 2022/2023.

Base Case	a	ng Term Fin	ancial Plan	- Income Stal	tement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	¢,000	\$'000	\$'000	\$''000	\$'000	000,\$	¢'000	¢'000	\$'000	000,\$	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charges	163,865	171,431	178,266	185,382	192,789	200,500	208,529	216,889	225,591	234,652	1,977,894
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323	363,071
Interest Received	11,600	14,842	13,860	14,270	14,165	14,446	14,617	14,657	14,571	14,334	141,362
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089	79,861
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTAL	241,531	254,511	262,619	272,473	282,186	292,673	303,458	314,533	325,919	337,610	2,887,513
EXPENSES FROM OPERATING ACTIVITIES											
Employee Costs	115,199	120,332	125,692	131,288	137,131	143,228	149,596	155,580	161,803	168,276	1,408,125
Materials & Contracts	59,629	62,320	64,775	67,552	71,093	74,856	78,855	83,109	87,633	92,449	742,271
Other Expenses	26,362	27,452	28,630	29,596	31,395	33,361	35,510	37,986	40,696	43,663	334,651
TOTAL	201,190	210,104	219,097	228,436	239,619	251,445	263,961	276,675	290,132	304,388	2,485,047
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	44,407	43,522	44,037	42,567	41,228	39,497	37,858	35,787	33,222	402,466
Depreciation (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(15,913)	(19,211)	(21,205)	(25,285)	(29,338)	(33,892)	(38,466)	(43,590)	(49,330)	(293,889)
CAPITAL INCOME											
Grants & Contributions - Capital	52,513	52,984	53,761	49,301	46,453	46,852	53,873	49,835	50,279	50,780	506,631
Profit on Disposal of Assets	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserve	54,994	92,718	65,641	78,165	70,907	73,807	76,876	80,099	83,516	87,141	763,864
Add back Depreciaton (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTAL	170,507	211,172	187,440	198,171	190,840	197,022	210,108	212,408	219,506	226,997	2,024,171
CAPITAL EXPENDITURE											
Capital Expenditure (Non-WIP)	9,210	48,721	19,798	30,392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	41,126	38,422	39,291	40,187	41,109	42,059	43,036	44,044	45,081	46,150	420,505
Dedicated Assets	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserve	67,444	73,075	73,836	76,071	77,925	80,351	82,927	85,707	88,084	89,993	795,413
TOTAL	152,848	195,259	168,229	176,966	166,961	170,808	181,455	181,281	185,218	188,779	1,767,804
CAPITAL RESULT - Surplus / (Deficit)	17,659	15,913	19,211	21,205	23,879	26,214	28,653	31,127	34,288	38,218	256,367
NET RESULT - Surplus / (Deficit)	0	0	0	0	(1,406)	(3,124)	(5,239)	(1,339)	(202)	(11,112)	(37,522)



APPENDIX 3 – BASE CASE SCENARIO

Base Case				ong Term Fin	nancial Plan	- Balance Sh	eet				
		13/14 Budget Original	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$'000	\$'000	¢,000	\$'000	\$'000	\$''000	\$'000
CURRENT ASSETS											
Cash and cash e	quivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
	ivestments	235,676	216,033	224,228	222,134	227,746	231,166	231,978	230,246	225,512	217,252
~~~	teceivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
-2	nventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
	TOTAL	302,144	284,010	293,760	293,266	300,526	305,645	308,207	308,276	305,398	299,049
NON-CURRENT ASSETS											
	ivestments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
R	teceivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property, Plant & E	Equipment	2,488,674	2,550,539	2,582,199	2,617,852	2,639,036	2,658,927	2,684,066	2,703,316	2,721,074	2,737,307
Investmen	t Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using the equit	ty method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	6,099
	TOTAL	2,572,343	2,635,368	2,668,223	2,705,107	2,727,559	2,748,756	2,775,239	2,795,875	2,815,059	2,832,762
TOTAL ASSETS		2,874,487	2,919,378	2,961,983	2,998,373	3,028,085	3,054,401	3,083,446	3,104,151	3,120,457	3,131,811
CURRENT LIABILITIES											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
	Provisions	52,142	54,228	56,397	58,653	666'09	63,439	65,977	68,616	71,361	74,215
	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
	Provisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,824,532	2,863,695	2,896,516	2,922,527	2,945,005	2,970,069	2,986,647	2,998,673	3,005,588
EQUITY		2.782.961	2.824.532	2.863,695	2.896.516	2.922.527	2.945.005	2.970.069	2.986.647	2.998.673	3.005.588

Base Case		Ч	ong Term Fin	ancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	000,\$
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323
Interest Received	11,600	14,842	13,860	14,270	14,165	14,446	14,617	14,657	14,571	14,334
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,511	262,619	272,472	282,186	292,673	303,458	314,532	325,919	337,610
Payments										
Employee Costs	(115,199)	(120,332)	(125,692)	(131,288)	(137,131)	(143,228)	(149,596)	(155,580)	(161,803)	(168,276)
Materials & Contracts	(59,629)	(62,320)	(64,775)	(67,552)	(71,093)	(74,856)	(78,855)	(83,109)	(87,633)	(92,449)
Other Expenses	(26,362)	(27,452)	(28,630)	(29,596)	(31,395)	(33,361)	(35,510)	(37,986)	(40,696)	(43,663)
TOTAL	(201,190)	(210,104)	(219,097)	(228,436)	(239,619)	(251,445)	(263,961)	(276,675)	(290,132)	(304,388)
Net Cash Provided (or used) in Operating Activities	40,341	44,407	43,522	44,036	42,567	41,228	39,497	37,857	35,787	33,222
CASH FLOWS FROM INVESTING ACTIVITIES Receipts										
Proceeds from Grants & Contributions - Capital	17,445	17,943	18,457	18,986	19,529	20,088	20,664	21,256	21,866	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,463	5,628	5,797	5,970	6,150	6,334	6,524
Payments										
Purchase of Property Plant & Equipment	(50,336)	(87,143)	(59,089)	(70,579)	(62,112)	(63,693)	(65,319)	(66,995)	(68,721)	(70,499)
Net Cash provided (or used in) Investing Activities	(27,891)	(64,050)	(35,327)	(46,130)	(36,955)	(37,808)	(38,685)	(39,589)	(40,521)	(41,482)
Net Increase / (Decrease) in cash held	12,450	(19,643)	8,195	(2,094)	5,612	3,420	812	(1,732)	(4,734)	(8,260)
Cash at beginning of reporting period	284,396	296,846	277,203	285,398	283,304	288,916	292,336	293,148	291,416	286,682
Cash at end of reporting period	296,846	277,203	285,398	283,304	288,916	292,336	293,148	291,416	286,682	278,422

	1	L	
1	1	Ê	
	]	L	1
,			
	×		
	1	ŝ	2
1	C		2
		Ī	
	I	c	Ľ
	1	ú	r
	1	1	
	ч	ł,	٩,
	L		2
	1		
	1	2	Ľ
	ĥ	h	
	1		

	e	
	2	
	c	
	R.	
	Ē	
	2	
	r.	
	2	
	ø	
	ę	
	e	
	r.	
	2	
	2	
	5	
	c	
	e	
	2	
	c	
- 2		
	2	
	5	
•	7	
	2	
	E	
	r.	
	2	
	E	
	2	
	-	
	F	
	i	

Base Case - Optimistic	9	ng Term Fir	ancial Plan	- Income Sta	tement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	02/6102	2020/21	2021/22	2022/23	TOTAL
	\$'000	\$'000	\$'000	\$'000	000,\$	¢,000	\$'000	\$,000	\$'000	\$'000	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charges	163,865	171,741	178,909	186,383	194,176	202,301	210,774	219,609	228,821	238,427	1,995,006
Fees & Charges	31,671	32,540	33,438	34,356	35,301	36,272	37,269	38,294	39,347	40,429	358,917
Interest Received	11,600	14,842	13,890	14,362	14,357	14,779	15,137	15,416	15,626	15,750	145,759
Other Revenues	6,966	7,158	7,355	7,558	7,766	7,980	8,199	8,425	8,657	8,896	78,960
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTAL	241,531	254,725	263,093	273,260	283,345	294,268	305,556	317,212	329,263	341,714	2,903,967
EXPENSES FROM OPERATING ACTIVITIES											
Employee Costs	115,199	120,060	125,126	130,407	135,910	141,632	147,594	153,129	158,872	164,829	1,392,758
Materials & Contracts	59,629	62,243	64,619	67,315	70,769	74,441	78,344	82,496	86,913	91,616	738,385
Other Expenses	26,362	27,419	28,565	29,503	31,271	33,208	35,327	37,776	40,459	43,399	333,289
TOTAL	201,190	209,722	218,310	227,225	237,950	249,281	261,265	273,401	286,244	299,844	2,464,432
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	45,003	44,783	46,035	45,395	44,987	44,291	43,811	43,019	41,870	439,535
Depreciation (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(15,317)	(17,950)	(19,207)	(22,457)	(25,579)	(29,098)	(32,513)	(36,358)	(40,682)	(256,820)
CAPITAL INCOME											
Grants & Contributions - Capital	52,513	52,984	53,761	49,301	46,453	46,852	53,873	49,835	50,279	50,780	506,631
Profit on Disposal of Assets	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserve	54,994	92,700	65,605	78,109	70,830	73,706	76,751	79,948	83,336	86,930	762,909
Add back Depreciaton (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTAL	170,507	211,154	187,404	198,115	190,763	196,921	209,983	212,257	219,326	226,786	2,023,216
CAPITAL EXPENDITURE											
Capital Expenditure (Non-WIP)	9,210	48,721	19,798	30,392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	41,126	38,425	39,297	40,195	41,120	42,073	43,055	44,066	45,107	46,180	420,644
Dedicated Assets	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserve	67,444	73,055	73,761	75,844	77,441	79,490	81,277	83,160	85,037	86,651	783,160
TOTAL	152,848	195,242	168,160	176,747	166,488	169,961	179,824	178,756	182,197	185,467	1,755,690
CAPITAL RESULT - Surplus / (Deficit)	17,659	15,912	19,244	21,368	24,275	26,960	30,159	33,501	37,129	41,319	267,526
NET RESULT - Surplus / (Deficit)	0	595	1,294	2,161	1,818	1,381	1,061	988	171	637	10,706



Base Case - Optimistic			Ľ	ong Term Fin	ancial Plan	- Balance Sh	leet				
	1	.3/14 Budget Original	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	000,\$	\$''000	\$'000	\$'000	\$'000	\$'000	\$'000
CURRENT ASSETS											
Cash and cash equ	uivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
Inve	estments	235,676	216,626	226,076	225,972	234,401	241,566	247,153	251,353	253,825	254,183
Rec	ceivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
Inv	ventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
	TOTAL	302,144	284,603	295,608	297,104	307,181	316,045	323,382	329,383	333,711	335,980
NON-CURRENT ASSETS											
Inve	estments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
Rec	ceivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property, Plant & Equ	luipment	2,488,674	2,550,541	2,582,207	2,617,868	2,639,065	2,658,969	2,684,127	2,703,399	2,721,182	2,737,446
Investment F	Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using the equity	r method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	660'9
	TOTAL	2,572,343	2,635,370	2,668,231	2,705,123	2,727,588	2,748,798	2,775,300	2,795,958	2,815,167	2,832,901
TOTAL ASSETS		2,874,487	2,919,973	2,963,839	3,002,227	3,034,769	3,064,843	3,098,682	3,125,341	3,148,878	3,168,881
CURRENT LIABILITIES											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
Pr	rovisions	52,142	54,228	56,397	58,653	60,999	63,439	65,977	68,616	71,361	74,215
	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
Pr	rovisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,825,127	2,865,551	2,900,370	2,929,211	2,955,447	2,985,305	3,007,837	3,027,094	3,042,658
EQUITY		2,782,961	2,825,127	2,865,551	2,900,370	2,929,211	2,955,447	2,985,305	3,007,837	3,027,094	3,042,658

Long Term Financial Plan 2013-2023 Page | 41

Base Case - Optimistic			ong Term Fin	ancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	¢''000	000,\$	\$''000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,741	178,909	186,383	194,176	202,301	210,774	219,609	228,821	238,427
Fees & Charges	31,671	32,540	33,438	34,356	35,301	36,272	37,269	38,294	39,347	40,429
Interest Received	11,600	14,842	13,890	14,362	14,357	14,779	15,137	15,416	15,626	15,750
Other Revenues	996(9	7,158	7,355	7,558	7,766	7,980	8,199	8,425	8,657	8,896
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,725	263,093	273,260	283,345	294,268	305,556	317,212	329,263	341,714
Payments										
Employee Costs	(115,199)	(120,060)	(125,126)	(130,407)	(135,910)	(141,632)	(147,594)	(153,129)	(158,872)	(164,829)
Materials & Contracts	(59,629)	(62,243)	(64,619)	(67,315)	(20,769)	(74,441)	(78,344)	(82,496)	(86,913)	(91,616)
Other Expenses	(26,362)	(27,419)	(28,565)	(29,503)	(31,271)	(33,208)	(35,327)	(37,776)	(40,459)	(43,399)
TOTAL	(201,190)	(209,722)	(218,310)	(227,225)	(237,950)	(249,281)	(261,265)	(273,401)	(286,244)	(299,844)
Net Cash Provided (or used) in Operating Activities	40,341	45,003	44,783	46,035	45,395	44,987	44,291	43,811	43,019	41,870
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds from Grants & Contributions - Capital	17,445	17,943	18,457	18,984	19,529	20,089	20,664	21,257	21,866	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Payments										
Purchase of Property Plant & Equipment	(50,336)	(87,146)	(26),095)	(70,587)	(62,123)	(63,707)	(65,338)	(67,017)	(68,747)	(70,529)
Net Cash provided (or used in) Investing Activities	(27,891)	(64,053)	(35,333)	(46,139)	(36,966)	(37,822)	(38,704)	(39,611)	(40,547)	(41,512)
Net Increase / (Decrease) in cash held	12,450	(19,050)	9,450	(104)	8,429	7,165	5,587	4,200	2,472	358
Cash at beginning of reporting period	284,396	296,846	277,796	287,246	287,142	295,571	302,736	308,323	312,523	314,995
Cash at end of reporting period	296,846	277,796	287,246	287,142	295,571	302,736	308,323	312,523	314,995	315,353

Base Case - Pessimistic	9	ng Term Fir	xancial Plan	- Income Sta	tement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	\$'000	000,\$	000,\$	¢,000	\$,000	\$'000	¢,000	\$'000	\$'000	000,\$	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charges	163,865	171,122	177,625	184, 385	191,411	198,716	206,310	214,205	222,414	230,949	1,961,002
Fees & Charges	31,671	32,698	33,764	34,860	35,993	37,163	38,371	39,618	40,905	42,235	367,278
Interest Received	11,600	14,842	13,829	14,172	13,962	14,094	14,067	13,855	13,457	12,843	136,721
Other Revenues	6,966	7,192	7,426	7,667	7,916	8,173	8,438	8,712	8,995	9,287	80,772
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTAL	241,531	254,298	262,145	271,685	281,027	291,082	301,363	311,858	322,583	333,526	2,871,098
EXPENSES FROM OPERATING ACTIVITIES											
Employee Costs	115,199	120,647	126,342	132,305	138,550	145,090	151,923	158,380	165,111	172,129	1,425,676
Materials & Contracts	59,629	62,397	64,932	67,790	71,419	75,275	79,373	83,731	88,366	93,298	746,210
Other Expenses	26,362	27,476	28,678	29,665	31,485	33,469	35,638	38,140	40,876	43,868	335,657
TOTAL	201,190	210,520	219,952	229,760	241,454	253,834	266,934	280,251	294,353	309,295	2,507,543
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	43,778	42,193	41,925	39,573	37,248	34,429	31,607	28,230	24,231	363,555
Depreciation (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(16,542)	(20,540)	(23,317)	(28,279)	(33,318)	(096'8E)	(44,717)	(51,147)	(58,321)	(332,800)
Grants & Contributions - Capital	52.513	57.984	53.761	49.301	46.453	46.852	53.873	49.835	50.279	50.780	506.631
Profit on Disposal of Assets	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserve	54,994	92,737	65,681	78,227	70,993	73,919	77,016	80,268	83,714	87,371	764,920
Add back Depreciaton (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTAL	170,507	211,191	187,480	198,233	190,926	197,134	210,248	212,577	219,704	722,722	2,025,227
CAPITAL EXPENDITURE											
Capital Expenditure (Non-WIP)	9,210	48,721	19,798	30, 392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	41,126	38,420	39,286	40,179	41,098	42,044	43,019	44,023	45,055	46,120	420,370
Dedicated Assets	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserve	67,444	73,141	74,078	76,334	78,490	81,450	83,455	85,263	86,944	88,471	795,070
TOTAL	152,848	195,323	168,466	177,221	167,515	171,892	181,966	180,816	184,052	187,227	1,767,326
CAPITAL RESULT - Surplus / (Deficit)	17,659	15,868	19,014	21,012	23,411	25,242	28,282	31,761	35,652	40,000	257,901
NET RESULT - Surplus / (Deficit)	0	(674)	(1,526)	(2,305)	(4,868)	(8,076)	(10,678)	(12,956)	(15,495)	(18,321)	(74,899



# APPENDIX 5 – PESSIMISTIC CASE SCENARIO

Base Case - Pessimistic				ong Term Fir	nancial Plan	- Balance Sh	leet				
		13/14 Budget Original	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	\$'000	\$''000	\$'000	000,\$	\$'000	\$'000	\$''000	\$'000
CURRENT ASSETS											
Cash and ca	ash equivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
	Investments	235,676	215,406	222,277	218,079	220,708	220,163	215,924	207,963	195,698	178,477
	Receivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
	Inventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
	TOTAL	302,144	283,383	291,809	289,211	293,488	294,642	292,153	285,993	275,584	260,274
NON-CURRENT ASSETS											
	Investments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
	Receivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property, Plan	it & Equipment	2,488,674	2,550,536	2,582,192	2,617,837	2,639,011	2,658,886	2,684,008	2,703,236	2,720,968	2,737,171
Invest	ment Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using the	equity method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	6,099
	TOTAL	2,572,343	2,635,365	2,668,216	2,705,092	2,727,534	2,748,715	2,775,181	2,795,795	2,814,953	2,832,626
TOTAL ASSETS		2,874,487	2,918,748	2,960,025	2,994,303	3,021,022	3,043,357	3,067,334	3,081,788	3,090,537	3,092,900
CURRENT LIABILITIES											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
	Provisions	52,142	54,228	56,397	58,653	666'09	63,439	65,977	68,616	71,361	74,215
	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
	Provisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,823,902	2,861,737	2,892,446	2,915,464	2,933,961	2,953,957	2,964,284	2,968,753	2,966,677
EQUITY		2,782,961	2,823,902	2,861,737	2,892,446	2,915,464	2,933,961	2,953,957	2,964,284	2,968,753	2,966,677

Base Case - Pessimistic			ong Term Fin	iancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	000,\$	000,\$	000,\$	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,122	177,625	184,385	191,411	198,716	206,310	214,205	222,414	230,949
Fees & Charges	31,671	32,698	33,764	34,860	35,993	37,163	38,371	39,618	40,905	42,235
Interest Received	11,600	14,842	13,829	14,172	13,962	14,094	14,067	13,855	13,457	12,843
Other Revenues	996'9	7,192	7,426	7,667	7,916	8,173	8,438	8,712	8,995	9,287
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,298	262,145	271,685	281,027	291,082	301,363	311,858	322,583	333,526
Payments										
Employee Costs	(115,199)	(120,647)	(126,342)	(132,305)	(138,550)	(145,090)	(151,923)	(158,380)	(165,111)	(172,129)
Materials & Contracts	(59,629)	(62,397)	(64,932)	(67,790)	(71,419)	(75,275)	(29,373)	(83,731)	(88,366)	(93,298)
Other Expenses	(26,362)	(27,476)	(28,678)	(29,665)	(31,485)	(33,469)	(35,638)	(38,140)	(40,876)	(43,868)
TOTAL	(201,190)	(210,520)	(219,952)	(229,760)	(241,454)	(253,834)	(266,934)	(280,251)	(294,353)	(309,295)
Net Cash Provided (or used) in Operating Activities	40,341	43,778	42,193	41,925	39,573	37,248	34,429	31,607	28,230	24,231
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds from Grants & Contributions - Capital	17,445	17,943	18,457	18,984	19,529	20,089	20,664	21,257	21,866	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Payments										
Purchase of Property Plant & Equipment	(50,336)	(87,141)	(59,084)	(70,571)	(62,101)	(63,678)	(65,302)	(66,974)	(68,695)	(70,469)
Net Cash provided (or used in) Investing Activities	(27,891)	(64,048)	(35,322)	(46,123)	(36,944)	(37,793)	(38,668)	(39,568)	(40,495)	(41,452)
Net Increase / (Decrease) in cash held	12,450	(20,270)	6,871	(4,198)	2,629	(545)	(4,239)	(1)-(1)-(1)-(1)-(1)-(1)-(1)-(1)-(1)-(1)-	(12,265)	(17,221)
Cash at beginning of reporting period	284,396	296,846	276,576	283,447	279,249	281,878	281,333	277,094	269,133	256,868
Cash at end of reporting period	296,846	276,576	283,447	279,249	281,878	281,333	277,094	269,133	256,868	239,647

Base Case - Balanced	Ы	ong Term Fir	ancial Plan -	- Income Star	tement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	000,\$	\$''000	\$''000	\$'000	000,\$	000,\$	000,\$	\$''000	\$'000	000,\$	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charges	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652	1,977,892
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323	363,071
Interest Received	11,600	14,842	13,860	14,270	14,165	14,520	14,841	15,130	15,379	15,580	144,187
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089	79,861
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTAL	241,531	254,511	262,619	272,472	282,186	292,747	303,682	315,005	326,727	338,856	2,890,336
EXPENSES FROM OPERATING ACTIVITIES											
Employee Costs	115,199	120,332	125,692	131,288	137,131	143,228	149,596	155,580	161,803	168,276	1,408,125
Materials & Contracts	59,629	62,320	64,772	67,517	70,351	73,614	76,982	80,889	84,788	88,707	729,569
Other Expenses	26,362	27,453	28,633	29,634	30,653	31,663	32,646	33,964	35,605	37,553	314,166
TOTAL	201,190	210,105	219,097	228,439	238,135	248,505	259,224	270,433	282,196	294,536	2,451,860
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	44,406	43,522	44,033	44,051	44,242	44,458	44,572	44,531	44,320	438,476
Depreciation (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(15,914)	(19,211)	(21,209)	(23,801)	(26,324)	(28,931)	(31,752)	(34,846)	(38,232)	(257,879)
CAPITAL INCOME											
Grants & Contributions - Capital	52,513	52,984	53,761	49,301	46,453	46,852	53,873	49,835	50,279	50,780	506,631
Profit on Disposal of Assets	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserve	54,994	92,718	65,641	78,168	70,829	73,629	76,576	79,678	82,983	86,502	761,718
Add back Depreciaton (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTAL	170,507	211,172	187,440	198,174	190,762	196,844	209,808	211,987	218,973	226,358	2,022,025
CAPITAL EXPENDITURE											
Capital Expenditure (Non-WIP)	9,210	48,721	19,798	30,392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	41,126	38,422	39,291	40,187	41,109	42,059	43,037	44,044	45,081	46,150	420,506
Dedicated Assets	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserve	67,444	73,074	73,836	76,070	77,925	80,063	82,348	84,661	86,993	89,340	791,754
TOTAL	152,848	195,258	168,229	176,965	166,961	170,520	180,877	180,235	184,127	188,126	1,764,146
CAPITAL RESULT - Surplus / (Deficit)	17,659	15,914	19,211	21,209	23,801	26,324	28,931	31,752	34,846	38,232	257,879
NET RESULT - Surplus / (Deficit)	0	0	0	0	0	0	0	0	0	0	0

# APPENDIX 6 – BALANCED BASE CASE SCENARIO

Base Case - Balanced				ong Term Fir	nancial Plan	- Balance Sh	leet				
		13/14 Budget Original	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	¢,000	¢'000	\$'000	\$'000	\$'000	\$'000	\$''000	\$''000	\$'000
CURRENT ASSETS	ľ										
Cash and cash	equivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
	Investments	235,676	216,032	224,227	222,129	229,224	235,658	241,430	246,413	250,423	253,260
	Receivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
	Inventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
	TOTAL	302,144	284,009	293,759	293,261	302,004	310,137	317,659	324,443	330,309	335,057
NON-CURRENT ASSETS											
	Investments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
	Receivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property, Plant &	k Equipment	2,488,674	2,550,539	2,582,199	2,617,852	2,639,036	2,658,927	2,684,066	2,703,316	2,721,074	2,737,307
Investme	ent Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using the equ	uity method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	660/9
	TOTAL	2,572,343	2,635,368	2,668,223	2,705,107	2,727,559	2,748,756	2,775,239	2,795,875	2,815,059	2,832,762
TOTAL ASSETS		2,874,487	2,919,377	2,961,982	2,998,368	3,029,563	3,058,893	3,092,898	3,120,318	3,145,368	3,167,819
CURRENT LIABILITIES											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
	Provisions	52,142	54,228	56,397	58,653	666'09	63,439	65,977	68,616	71,361	74,215
	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
	Provisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,824,531	2,863,694	2,896,511	2,924,005	2,949,497	2,979,521	3,002,814	3,023,584	3,041,596
EQUITY		2,782,961	2,824,531	2,863,694	2,896,511	2,924,005	2,949,497	2,979,521	3,002,814	3,023,584	3,041,596

Base Case - Balanced		Ч	ong Term Fin	ancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$''000	\$''000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	000,\$
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323
Interest Received	11,600	14,842	13,860	14,270	14,165	14,520	14,841	15,130	15,379	15,580
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,511	262,619	272,472	282,186	292,747	303,682	315,005	326,727	338,856
Payments										
Employee Costs	(115,199)	(120,332)	(125,692)	(131,288)	(137,131)	(143,228)	(149,596)	(155,580)	(161,803)	(168,276)
Materials & Contracts	(59,629)	(62,320)	(64,772)	(67,517)	(70,351)	(73,614)	(76,982)	(80,889)	(84,788)	(88,707)
Other Expenses	(26,362)	(27,453)	(28,633)	(29,634)	(30,654)	(31,663)	(32,646)	(33,964)	(35,605)	(37,554)
TOTAL	(201,190)	(210,105)	(219,097)	(228,439)	(238,136)	(248,505)	(259,224)	(270,433)	(282,196)	(294,537)
Net Cash Provided (or used) in Operating Activities	40,341	44,406	43,522	44,033	44,050	44,242	44,458	44,572	44,531	44,319
CASH FLOWS FROM INVESTING ACTIVITIES Receipts										
Proceeds from Grants & Contributions - Capital	17,445	17,943	18,457	18,984	19,529	20,089	20,664	21,257	21,866	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Payments										
Purchase of Property Plant & Equipment	(50,336)	(87,143)	(59,089)	(70,579)	(62,112)	(63,693)	(65,320)	(66,995)	(68,721)	(70,499)
Net Cash provided (or used in) Investing Activities	(27,891)	(64,050)	(35,327)	(46,131)	(36,955)	(37,808)	(38,686)	(39,589)	(40,521)	(41,482)
Net Increase / (Decrease) in cash held	12 450	(19644)	8 195	(2 098)	7 095	6 434	677.5	4 983	4 010	7 837
	0 <u>0-</u> 17-	(h+n(r+)	6676	000/51		5	21/6	BOC!	010/4	21001
Cash at beginning of reporting period	284,396	296,846	277,202	285,397	283,299	290,394	296,828	302,600	307,583	311,593
Cash at end of reporting period	296,846	277,202	285,397	283,299	290,394	296,828	302,600	307,583	311,593	314,430

Base Case - Plus Enhanced Asset Management	9	ng Term Fin	ancial Plan -	Income Stat	tement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	\$'000	000,\$	\$'000	\$,000	\$,000	000,\$	\$'000	000,\$	\$,000	000,\$	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charges	163,865	171,431	178,266	185,382	192,789	200,500	208,529	216,889	225,591	234,652	1,977,894
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323	363,071
Interest Received	11,600	14,630	13,263	13,281	12,800	12,628	12,105	11,398	10,558	9,508	121,771
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089	79,861
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTAL	. 241,531	254,299	262,022	271,484	280,821	290,855	300,946	311,274	321,906	332,784	2,867,922
EXPENSES FROM OPERATING ACTIVITIES											
Employee Costs	115,199	120,332	125,692	131,288	137,131	143,228	149,596	155,580	161,803	168,276	1,408,125
Materials & Contracts	59,629	62,320	64,775	67,552	71,093	74,856	78,855	83,109	87,633	92,449	742,271
Other Expenses	26,362	27,452	28,630	29,596	31,395	33,361	35,510	37,986	40,696	43,663	334,651
TOTAL	. 201,190	210,104	219,097	228,436	239,619	251,445	263,961	276,675	290,132	304,388	2,485,047
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	44,195	42,925	43,048	41,202	39,410	36,985	34,599	31,774	28,396	382,875
Depreciation (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(16,125)	(19,808)	(22,194)	(26,650)	(31,156)	(36,404)	(41,725)	(47,603)	(54,156)	(313,480)
Grants & Contributions - Capital	52,513	52,984	53,761	49,301	46,453	46,852	53,873	49,835	50,279	50,780	506,631
Profit on Disposal of Assets	2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value)	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserve	54,994	92,718	65,641	78,165	70,907	73,807	76,876	80,099	83,516	87,141	763,864
Add back Depreciaton (Non Cash Item)	58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTAL	. 170,507	211,172	187,440	198,171	190,840	197,022	210,108	212,408	219,506	226,997	2,024,171
CAPITAL EXPENDITURE											
Capital Expenditure (Non-WIP)	9,210	48,721	19,798	30,392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	41,126	38,422	39,291	40,187	41,109	42,059	43,036	44,044	45,081	46,150	420,505
Dedicated Assets	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserve	67,444	72,863	73,239	75,082	76,560	78,532	80,415	82,448	84,070	85,169	775,822
Asset Management	4,237	7,486	7,246	6,546	7,686	12,047	12,438	11,820	12,245	12,895	94,646
TOTAL	. 157,085	202,533	174,878	182,523	173,282	181,036	191,381	189,842	193,449	196,850	1,842,859
CAPITAL RESULT - Surplus / (Deficit)	13,422	8,639	12,562	15,648	17,558	15,986	18,727	22,566	26,057	30,147	181,312
NET BEGLILT - Cumplus / (Dofficie)	(FEF N)	12061	(JNC L)	(c cvc)	(could)	(1E 170)	147 571	(10 1EQ)	(74 EAC)	(our #c/	071 661
NET RESOLT - Surplus / Denat	(162,4)	(00+')	(0+7,1)	(o+c'o)	(760'E)	(N/T ⁽ CT)	(110'17)	(ECT/ET)	(0HC'T7)	(cnn'+7)	00T ⁽ 7CT)



APPENDIX 7 – BASE CASE PLUS ENHANCED ASSET MANAGEMENT

Base Case - Plus Enhan	ced Asset Mana	agement		ong Term Fir	nancial Plan	- Balance Sh	leet				
		13/14 Budget Original	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$'000	\$'000	¢,000	\$''000	\$'000	\$'000	\$''000	000,\$	\$'000	\$'000
CURRENT ASSETS											
Cash a	and cash equivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
	Investments	231,439	204,098	204,450	194,821	191,382	180,937	166,799	149,988	128,996	103,015
	Receivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
	Inventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
	TOTAL	297,907	272,075	273,982	265,953	264,162	255,416	243,028	228,018	208,882	184,812
NON-CURRENT ASSETS											
	Investments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
	Receivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property	, Plant & Equipment	2,492,911	2,562,262	2,601,168	2,643,367	2,672,237	2,704,175	2,741,752	2,772,822	2,802,825	2,831,953
_	Investment Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using	g the equity method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	6,099
	TOTAL	2,576,580	2,647,091	2,687,192	2,730,622	2,760,760	2,794,004	2,832,925	2,865,381	2,896,810	2,927,408
TOTAL ASSETS		2,874,487	2,919,166	2,961,174	2,996,575	3,024,922	3,049,420	3,075,953	3,093,399	3,105,692	3,112,220
<b>CURRENT LIABILITIES</b>											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
	Provisions	52,142	54,228	56,397	58,653	666'09	63,439	65,977	68,616	71,361	74,215
	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
	Provisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,824,320	2,862,886	2,894,718	2,919,364	2,940,024	2,962,576	2,975,895	2,983,908	2,985,997
EQUITY		2,782,961	2,824,320	2,862,886	2,894,718	2,919,364	2,940,024	2,962,576	2,975,895	2,983,908	2,985,997

Base Case - Plus Enhanced Asset Ma	nagement	-	ong Term Fin	iancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$''000	\$''000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323
Interest Received	11,600	14,630	13,263	13,281	12,800	12,628	12,105	11,398	10,558	9,508
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,299	262,022	271,483	280,821	290,855	300,946	311,273	321,906	332,784
Payments										
Employee Costs	(115,199)	(120,332)	(125,692)	(131,288)	(137,131)	(143,228)	(149,596)	(155,580)	(161,803)	(168,276)
Materials & Contracts	(59,629)	(62,320)	(64,775)	(67,552)	(71,093)	(74,856)	(78,855)	(83,109)	(87,633)	(92,449)
Other Expenses	(26,362)	(27,452)	(28,630)	(29,596)	(31,395)	(33,361)	(35,510)	(37,986)	(40,696)	(43,663)
TOTAL	(201,190)	(210,104)	(219,097)	(228,436)	(239,619)	(251,445)	(263,961)	(276,675)	(290,132)	(304,388)
Net Cash Provided (or used) in Operating Activities	40,341	44,195	42,925	43,047	41,202	39,410	36,985	34,598	31,774	28,396
CASH FLOWS FROM INVESTING ACTIVITIES										
				200.01	00000					
Proceeds from Grants & Contributions - Capital	1/,445	1/,943	18,45/	18,980	19,529	20,088	20,664	21,250	21,860	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,463	5,628	5,797	5,970	6,150	6,334	6,524
Payments	1									
Purchase of Property Plant & Equipment	(54,573)	(94,629)	(66,335)	(77,125)	(69,798)	(75,740)	(77,757)	(78,815)	(80,966)	(83,394)
Net Cash provided (or used in) Investing Activities	(32,128)	(71,536)	(42,573)	(52,676)	(44,641)	(49,855)	(51,123)	(51,409)	(52,766)	(54,377)
Net Increase / (Decrease) in cash held	8,213	(27,341)	352	(9,629)	(3,439)	(10,445)	(14,138)	(16,811)	(20,992)	(25,981)
Cash at beginning of reporting period	284,396	292,609	265,268	265,620	255,991	252,552	242,107	227,969	211,158	190,166
- - - - -										
Cash at end of reporting period	292,609	265,268	265,620	255,991	252,552	242,107	227,969	211,158	190,166	164,185

Base Case - Balanced Plus Enhanced Asset Man	agement	Long Term Fi	nancial Plan	- Income Sta	itement						
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	TOTAL
	\$'000	\$'000	¢''000	\$'000	\$'000	\$'000	\$'000	\$''000	\$'000	\$'000	000,\$
REVENUE FROM OPERATING ACTIVITIES											
Rates & Annual Charge	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652	1,977,892
Fees & Charge	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323	363,071
Interest Receive	d 11,600	14,630	13,263	13,281	12,799	12,701	12,330	11,871	11,366	10,754	124,595
Other Revenue	ss 6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089	79,861
Grants & Contributions - Operatin	g 27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212	325,325
TOTA	L 241,531	254,299	262,022	271,483	280,820	290,928	301,171	311,746	322,714	334,030	2,870,744
EXPENSES FROM OPERATING ACTIVITIES											
Employee Cos	ts 115,199	120,332	125,692	131,288	137,131	143,228	149,596	155,580	161,803	168,276	1,408,125
Materials & Contract	ts 59,629	62,320	64,772	67,517	70,351	73,614	76,982	80,889	84,788	88,707	729,569
Other Expense	26,362	27,453	28,633	29,634	30,653	31,663	32,646	33,964	35,605	37,553	314,166
TOTA	L 201,190	210,105	219,097	228,439	238,135	248,505	259,224	270,433	282,196	294,536	2,451,860
OPERATIONAL RESULT - Surplus / (Deficit)	40,341	44,194	42,925	43,044	42,685	42,423	41,947	41,313	40,518	39,494	418,884
Depreciation (Non Cash Item	1) 58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
OPERATIONAL RESULT - Surplus / (Deficit) Including Depreciation	(17,659)	(16,126)	(19,808)	(22,198)	(25,167)	(28,143)	(31,442)	(35,011)	(38,859)	(43,058)	(277,471)
CAPITAL INCOME											
Grants & Contributions - Capit	al 52,513	52,984	53,761	49,301	46,453	46,852	53,873	49,835	50,279	50,780	506,631
Profit on Disposal of Asse	ts 2,000	2,060	2,122	2,185	2,251	2,319	2,388	2,460	2,534	2,610	22,929
Proceeds on Sale of Assets (Book Value	3,000	3,090	3,183	3,278	3,377	3,478	3,582	3,690	3,800	3,914	34,392
Transfer from Reserv	e 54,994	92,718	65,641	78,168	70,829	73,629	76,576	79,678	82,983	86,502	761,718
Add back Depreciaton (Non Cash Item	1) 58,000	60,320	62,733	65,242	67,852	70,566	73,389	76,324	79,377	82,552	696,355
TOTA	L 170,507	211,172	187,440	198,174	190,762	196,844	209,808	211,987	218,973	226,358	2,022,025
CAPITAL EXPENDITURE											
Capital Expenditure (Non-Wil	o) 9,210	48,721	19,798	30,392	21,003	21,634	22,283	22,951	23,640	24,349	243,981
Works Improvement Program	n 41,126	38,422	39,291	40,187	41,109	42,059	43,037	44,044	45,081	46,150	420,506
Dedicated Asse	ts 35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287	307,905
Transfer to Reserv	e 67,444	72,862	73,239	75,081	76,559	78,244	79,837	81,402	82,980	84,514	772,162
Asset Managemen	it 4,237	7,486	7,246	6,546	7,686	12,047	12,438	11,820	12,245	12,895	94,646
TOTA	L 157,085	202,532	174,878	182,522	173,281	180,748	190,804	188,796	192,359	196,195	1,839,200
CAPITAL RESULT - Surplus / (Deficit)	13,422	8,640	12,562	15,652	17,481	16,096	19,004	23,191	26,614	30,163	182,825
10-10-10-10-10-10-10-10-10-10-10-10-10-1	(man a)	1200 51		(c rac)	(1 coc)			loco sel	lan nel	(an oor)	(ne car)
Net Kesult - Surpius / (Dericit)	(4,237)	(1,480)	(1,240)	(a#c,a)	(1,080)	(12,047)	(12,438)	(11,820)	(C#2,21)	(c68/7T)	(94,040)
	13/14 Budget Original	2014/15	2015/16	2016/17	VET RESULT 2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	

APPENDIX 8 – BALANCED BASE CASE PLUS ENHANCED ASSET MANAGEMENT

(10,000)

000,\$

(5,000)

(15,000)

		13/14 Budget Orieinal	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
		\$1000	\$'000	\$,000	\$1000	\$'000	\$'000	\$1000	\$'000	\$'000	\$'000
CURRENT ASSETS											
Cash an	id cash equivalents	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170	16,170
	Investments	231,439	204,097	204,449	194,816	192,859	185,427	176,250	166,154	153,906	139,022
	Receivables	22,001	22,661	23,341	24,041	24,762	25,505	26,270	27,058	27,870	28,706
	Inventories	28,147	28,991	29,861	30,757	31,679	32,630	33,609	34,617	35,656	36,725
	Other	150	155	160	164	169	174	180	185	190	196
a substanting	TOTAL	297,907	272,074	273,981	265,948	265,639	259,906	252,479	244,184	233,792	220,819
NON-CURRENT ASSETS											
	Investments	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000	45,000
	Receivables	1,437	1,480	1,524	1,570	1,617	1,666	1,716	1,767	1,820	1,875
Property,	Plant & Equipment	2,492,911	2,562,262	2,601,168	2,643,367	2,672,237	2,704,175	2,741,752	2,772,822	2,802,825	2,831,953
	westment Property	32,558	33,535	34,541	35,577	36,645	37,744	38,876	40,043	41,244	42,481
Investments accounted for using	the equity method	4,674	4,814	4,959	5,108	5,261	5,419	5,581	5,749	5,921	660'9
	TOTAL	2,576,580	2,647,091	2,687,192	2,730,622	2,760,760	2,794,004	2,832,925	2,865,381	2,896,810	2,927,408
TOTAL ASSETS		2,874,487	2,919,165	2,961,173	2,996,570	3,026,399	3,053,910	3,085,404	3,109,565	3,130,602	3,148,227
CURRENT LIABILITIES											
	Payables	34,148	35,172	36,227	37,314	38,433	39,586	40,774	41,997	43,257	44,555
	Provisions	52,142	54,228	56,397	58,653	666'09	63,439	65,977	68,616	71,361	74,215
and the second se	TOTAL	86,290	89,400	92,624	95,967	99,432	103,025	106,751	110,613	114,618	118,770
NON-CURRENT LIABILITIES											
	Provisions	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
	TOTAL	5,236	5,446	5,664	5,890	6,126	6,371	6,626	6,891	7,166	7,453
TOTAL LIABILITIES		91,526	94,846	98,288	101,857	105,558	109,396	113,377	117,504	121,784	126,223
NET ASSETS		2,782,961	2,824,319	2,862,885	2,894,713	2,920,841	2,944,514	2,972,027	2,992,061	3,008,818	3,022,004
EQUITY		2,782,961	2,824,319	2,862,885	2,894,713	2,920,841	2,944,514	2,972,027	2,992,061	3,008,818	3,022,004

Base Case - Balanced Plus Enhanced	Asset Manage	ement	Long Term Fir	nancial Plan	- Cash Flow	Statement				
	13/14 Budget	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	\$'000	000,\$	¢'000	\$''000	\$'000	\$'000	000,\$	\$'000	\$''000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES Receipts										
Rates & Annual Charges	163,865	171,431	178,266	185,381	192,789	200,500	208,529	216,888	225,591	234,652
Fees & Charges	31,671	32,619	33,601	34,608	35,646	36,715	37,817	38,951	40,120	41,323
Interest Received	11,600	14,630	13,263	13,281	12,799	12,701	12,330	11,871	11,366	10,754
Other Revenues	6,966	7,175	7,391	7,612	7,841	8,076	8,318	8,568	8,825	9,089
Grants & Contributions - Operating	27,429	28,444	29,501	30,601	31,745	32,936	34,177	35,468	36,812	38,212
TOTAL	241,531	254,299	262,022	271,483	280,820	290,928	301,171	311,746	322,714	334,030
Payments										
Employee Costs	(115,199)	(120,332)	(125,692)	(131,288)	(137,131)	(143,228)	(149,596)	(155,580)	(161,803)	(168,276)
Materials & Contracts	(59,629)	(62,320)	(64,772)	(67,517)	(70,351)	(73,614)	(76,982)	(80,889)	(84,788)	(88,707)
Other Expenses	(26,362)	(27,453)	(28,633)	(29,634)	(30,654)	(31,663)	(32,646)	(33,964)	(35,605)	(37,554)
TOTAL	(201,190)	(210,105)	(219,097)	(228,439)	(238,136)	(248,505)	(259,224)	(270,433)	(282,196)	(294,537)
Net Cash Provided (or used) in Operating Activities	40,341	44,194	42,925	43,044	42,684	42,423	41,947	41,313	40,518	39,493
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds from Grants & Contributions - Capital	17,445	17,943	18,457	18,984	19,529	20,089	20,664	21,257	21,866	22,493
Proceeds from the Sale of Property	5,000	5,150	5,305	5,464	5,628	5,796	5,970	6,149	6,334	6,524
Payments										
Purchase of Property Plant & Equipment	(54,573)	(94,629)	(66,335)	(77,125)	(86,798)	(75,740)	(77,758)	(78,815)	(80,966)	(83,394)
Net Cash provided (or used in) Investing Activities	(32,128)	(71,536)	(42,573)	(52,677)	(44,641)	(49,855)	(51,124)	(51,409)	(52,766)	(54,377)
Net Increase / (Decrease) in cash held	8,213	(27,342)	352	(9,633)	(1,957)	(7,432)	(9,177)	(10,096)	(12,248)	(14,884)
Pack at konjunise of sourcefine naviad	JUC MOL	009 606	ראר אור	JEE 640	JEE 000	764 070	746 EQ7		NCC 7CC	310 310
Lasn at beginning of reporting period	284,390	600'767	/ 97' 697	610,002	096,cc2	670,462	766,042	231,420	221,32 <del>4</del>	0/0/617
Cash at end of reporting period	292,609	265,267	265,619	255,986	254,029	246,597	237,420	227,324	215,076	200,192



# ASSET MANAGEMENT STRATEGY 2013 - 2023

# **RESOURCING OUR VISION**





Adopted 26 June 2013

# CONTENTS

1.0 INTRODUCTION	58
1.1 Assets Covered by this Strategy	58
1.1.1 Asset Summary	58
1.2 Current Expenditure Trends	60
2.0 ASSET MANAGEMENT PLANNING DOCUMENTS	62
2.1 Asset Management Policy	62
2.2 Asset Management Strategy	63
2.3 Asset Management Plans	63
2.4 Core Infrastructure Risk Management Plan	63
3.0 LIFE CYCLE MANAGEMENT PLANNING	64
3.1 Asset Renewal Strategy	64
3.2 Asset Maintenance Strategy	67
3.2.1 Planned Maintenance	67
3.2.2 Unplanned Maintenance	67
3.3 Asset Upgrade/Expansion Strategy	70
3.3.1 Assets acquired through new development	70
3.3.2 Improvements to services in existing developed areas.	71
3.3.3 Major infrastructure identified in <i>Blacktown City 2030</i>	71
3.4 Asset Disposal Strategy	73
3.5 LIFE CYCLE STRATEGY SUMMARY	73
3.6 RISK MANAGEMENT STRATEGY	74
3.6.1 Asset Risk	75
3.6.2 Risk Management Model	75
4.0 STRATEGIC CONSIDERATIONS	76
4.1 Long Term Perspective	76
4.2 Community Profile	76
4.3 Population Growth	76
4.4 Rising Community Expectations	76
4.5 Rising Environmental Standards	76
4.6 Escalating Costs	76
4.7 Further Considerations	77
5.0 ASSET MANAGEMENT SYSTEMS & PROCESSES	78
5.1 Asset Management System	78
5.1.1 Asset Registers	78
5.1.2 Asset Valuation and capitalisation	78
5.1.3 Inspection System	78
5.1.4 Works Management System	78
5.1.5 Programmed Maintenance	78

5.1	1.6 Maintenance Modelling	79
5.1	1.7 Asset Renewal Forecasting	79
5.1	1.8 Financial and Statutory Reporting	79
5.1	1.9 Works Improvement Program (WIP)	79
5.2 A	sset Management Responsibility	80
5.3 Fi	INANCIAL & ASSET MANAGEMENT CORE COMPETENCIES	80
6.0 V	NHERE DO WE WANT TO BE?	82
6.1 C	OUNCIL'S GOALS AND OBJECTIVES	82
6.2	Asset Management Policy	83
6.3	Asset Management Vision	83
7.0	ASSET MANAGEMENT STRATEGIES	84
8.0	REFERENCES	85
APPE	ENDIX A – GLOSSARY OF TERMS	86
APPE	ENDIX B – Asset categories and Classes	89
APPE	ENDIX C – Asset Management Policy	91
APPE	ENDIX D – Asset Category Condition Graphs	93

#### **1.0 INTRODUCTION**

Assets deliver important services to communities. A key issue facing local governments throughout Australia is the management of ageing assets in need of renewal and replacement.

Infrastructure assets such as roads, drains, bridges, water and sewerage and public buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.¹

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.²

The Council exists to provide services to its community. Some of these services are provided by infrastructure assets. Council has acquired infrastructure assets by 'purchase', by contract, construction by council staff and by dedication of assets constructed by developers and others to meet increased levels of service.

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 consumers. The key elements of infrastructure asset management are:³

- Providing a defined level of service and monitoring performance,
- Managing the impact of growth through demand management and infrastructure investment,
- Taking a lifecycle approach to developing cost-effective management strategies for the long-term that meet that defined level of service,
- Identifying, assessing and appropriately controlling risks,
- Having a long-term financial plan which identifies required expenditure and how it will be funded.

The objective of the Asset Management Strategy is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for council to provide services to the community.

#### 1.1 ASSETS COVERED BY THIS STRATEGY

Five key infrastructure areas or Asset Categories that support service delivery have been indentified, namely;

- Transport (including Roads, Bridges, Cycleways, Footpaths, Kerb and Gutter, Car Parks, Bus Shelters, Traffic Signs and Traffic Safety Devices).
- Buildings
- Drainage
- Open Space
- Plant & Equipment

Data acquisition programs focused around these Asset Categories has yielded a full inventory of Council owned assets. Each of these categories consists of a number of asset classes. A breakup of the asset classes for five key infrastructure areas is detailed in Appendix B. Due to the variety of acquisition processes used, asset classes have a varying degree of accuracy and level of detail, however all information includes sufficient detail for basic asset management practices.

#### 1.1.1 ASSET SUMMARY

Council's infrastructure assets are valued at \$2.65 billion at 30 June 2012. A breakup of these infrastructure assets is detailed in Table 1.

¹ LGPMC, 2009, Framework 2 Asset Planning and Management, p 2.

² LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 2-3.

³ IIMM 2011 Sec 1.2.1, p 1.7

Asset Category	Quantity	Replacement Value \$'000	Depreciable Amount \$'000	Depreciated Replacement Cost \$'000	Annual Depreciation \$'000
Roads	1,282 km	\$1,552,985	\$1,548,930	\$988,227	\$29,057
Buildings	362 Buildings	\$354,962	\$354,962	\$216,512	\$6,032
Drainage	968 km	\$913,232	\$574,380	\$749,490	\$6,602
Open Space	692 Reserves	\$94,508	\$94,508	\$63,904	\$4,076
Plant	2,763 items	\$73,785	\$73,785	\$28,991	\$5,649
Total		\$2,989,472	\$2,646,565	\$2,047,124	\$51,416

#### Table 1 – Assets Covered by this Strategy

Approximately \$11million per annum is allocated towards asset renewal. At this rate of renewal Council's assets would need to remain in service for longer than their currently anticipated life. While Blacktown City's infrastructure assets are relatively young and hence not due for replacement, a change in the way assets are managed into the future will be required. More funding, alone, will not solve the asset management challenge. A more strategic understanding of assets and the part they play in the provision of Council services is necessary.

Plant and Equipment in relation to Council's entire asset stock is relatively low in value and unlike other infrastructure assets is able to be disposed at market value. Council has determined the optimum turnover of its plant and equipment and has a dedicated sinking fund, funded by internal hire rates, to cover the replacement and maintenance costs. In this regard Council has focused its efforts on the remaining four Asset Categories.

Figure 1 shows a breakup of Council asset based on their respective replacement values.



#### Figure 1: Breakup of Council Assets

The overall condition of Council's asset is detailed in Figure 2.

Figure 2: Overall condition of Council's assets.



Condition is measured using a 1-5 rating system.

Rating		Description of Condition
1	Excellent:	Recently renewed only planned maintenance required.
2	Very good:	Relatively new assets requiring minor and planned maintenance.
3	Good:	Aging asset significant maintenance required.
4	Average:	Immanent renewal/upgrade required.
5	Poor:	Requiring immediate renewal.

Condition graphs for the four Asset Categories are contained in Appendix D.

#### **1.2 CURRENT EXPENDITURE TRENDS**

A major challenge facing the delivery of services is aging infrastructure. Typically, the further an asset progresses through its economic life the less potential it has to perform its intended purpose. If an asset supports an essential service it must be renewed at the end of its economical life.

#### **Current Trends**

Each year the capital works that Council will undertake is determined through the adoption of the Works Improvement Program. A history of projects funded through the program provides an insight into where Council has focused its efforts in service delivery. Figure 3 indicates a trend towards sustainability by increasing renewal expenditure over time, balanced with a reduction in expansion expenditure and a relatively static commitment to upgrade.



Figure 3: Expenditure trends.

The increased investment into asset renewal over the past decade has coincided with the availability of long term renewal modelling of the road network. Elevated levels of renewal expenditure have been made possible through supplementary works programs and various grants. This injection of much needed funds into the transport network places Council in a better long term position.

Significant funds are also being invested into capital upgrade and expansion expenditure, supplying much needed stimulus toward city growth and increased services to the greater community, however, Council must find the appropriate funding balance through long-term financial and service level planning.

#### 2.0 ASSET MANAGEMENT PLANNING DOCUMENTS

The hierarchy of existing asset management planning documents is represented below in Figure 4.

Management

Plan



Management

Plan

Asset

Management

Plan

#### Figure 4: Asset Management Document Framework

#### 2.1 ASSET MANAGEMENT POLICY

Management

Plan

This Asset Management Strategy and Asset Management Policy (Appendix A) is the first step in an ongoing continual improvement process to find the optimum mix of resources and assets to achieve Asset Management Planning objectives, now and into the future as they change to meet future needs. It is essential that Council knows the true costs of service delivery and considers the expectations of the community and what level of services the community is willing to pay for.

Core Infrastructure Risk Management Plan

The principles set out in Council's Asset Management Policy are;

- A consistent Asset Management Strategy must exist for implementing systematic asset management throughout Council.
- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Asset management principles will be integrated within existing planning and operational processes.
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained, identify asset renewal priorities and identify and manage risk.
- Asset renewal will be prioritised and implemented progressively based on agreed service levels and the effectiveness of the current assets to provide that level of service, to maximise return on investment and achieving lowest life cycle costs
- Ensure that investment in new assets takes into consideration Council's ability to fund their future life cycle costs in addition to existing assets.
- Involve and consult with the community and stakeholders when determining service levels. Ensure that financial reporting requirements are met.

#### 2.2 ASSET MANAGEMENT STRATEGY

This Asset Management Strategy is a key document in a number of integrated documents that form Council's Resourcing Strategy and provides clear linkages between the Long Term Financial Plan and Workforce Management Plan.

#### 2.3 ASSET MANAGEMENT PLANS

Asset Management Plans have been prepared for Council's major Asset Categories of Transport, Drainage, Buildings and Open Space. These Plans have been prepared utilizing the IPWEA's National Asset Management Strategy, which has been developed to assist councils to develop their Asset Management Plans. Included is a suite of asset management resources such as:

- IPWEA International Infrastructure Management Manual,
- National Asset Management Strategy Australia (NAMS.AU) <u>www.nams.au.com</u>,
- IPWEA 'Sustainable Communities Critical Insights' DVD,
- National and international linkages to kindred organisations.

Asset management plans provide the expenditure projections that input into long term financial plans as an essential part of doing business. Elected members can then make informed choices for the future. The IPWEA NAMS.PLUS Sustainable Asset Management provides a system focused on implementation of Core Asset Management Planning.

#### 2.4 CORE INFRASTRUCTURE RISK MANAGEMENT PLAN

The Core Infrastructure Risk Management Plan documents the results and recommendations resulting from periodic identification, assessment and treatment of risks associated with providing services to the community from infrastructure, using the fundamentals of Australian Standard for Risk Management, AS/NZS 31000:2009.

A single Core Infrastructure Risk Management Plan has been prepared and should be read as a supporting document to the Asset Management Plan. It has been prepared using the fundamentals of Australian Standard for Risk Management, AS/NZS 31000:2009.

#### **3.0 LIFE CYCLE MANAGEMENT PLANNING**

#### 3.1 ASSET RENEWAL STRATEGY

#### **Capital Renewal Expenditure**

#### Definition

Expenditure on an existing asset, which increases asset service potential of an existing asset. This may be to the same or a lower level than initially provided (partial renewal). It is periodically required expenditure, relatively large in value compared with the total value of the asset. As it reinstates existing service potential, capital renewal expenditure has no impact on revenue but may reduce future operating and maintenance expenditure if completed at the optimum time (e.g. resurfacing a sealed road, replacing a drainage pipeline with pipes of the same capacity, relining of an existing drainage pipeline or resurfacing an oval). Where renewal works include a significant upgrade, the renewal and upgrade components should be separately identified (e.g. if a swimming pool with a replacement cost of \$3M is replaced with a \$15M leisure centre, then \$3M is identified as renewal and \$12M as upgrade).

#### Purpose

Renewal focuses on the preservation of services by replacing the aging or damaged assets that underpin those services. Lack of renewal investment will pass on the legacy of replacing unserviceable assets to future generations and potentially lead to an unsustainable financial position where assets fail at a faster rate than their renewal can be funded. Council has invested significantly in understanding how and when to renew its assets through statistical analysis and condition inspections.

#### **Current Status**

For each Asset Category there is a Renewal Plan contained within their respective Asset Management Plans. The renewal required over the 10 year planning period is forecast based on Council's condition assessments and deterioration patterns derived from statistical analysis. The combined forecast renewal over a the 10 year Planning Period for all Asset Categories is detailed in Figure 5.





Over the 10 year planning period Council has opted for consistent investment into renewal due to the benefits in streamlining budgets and resources.

Optimised modeling factoring in the funds available for renewal investment in the Long Term Financial Plan, inflation and the potential effect on related assets, such as further damage to deeper layers of road pavement

by delaying surface treatments has been undertaken for all Asset Categories to establish the optimum level of investment over the 10 year planning period.

Individual 20 year projections funding profiles of asset renewal for each Asset category are contained in the respective Asset Management Plans supporting this Strategy. The accompanying projection of Council's capacity to fund renewal works is documented in Council's Long-Term Financial Plan.





The latest information presented in the 2012 Asset Management Plans and Long Term Financial Plan indicates that the overall 10 year Asset Renewal Funding Ratio⁴ is 0.998.

The resulting funding requirements for renewal over the 10 year Planning Period are presented in Table 2.

Table 2: 10 year Renewal Profile

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Renewal \$'000	10,855	18,881	19,098	18,923	18,290	19,499	18,930	19,393	18,851	19,352	20,083

#### Key Element 1

Revise annually asset renewal forecasting and long term financial planning and report the 1 year, 10 year and long term sustainability ratios.

Fund the projected renewal work required over a 10 year planning period (i.e. 10 year asset renewal funding ratio is equal to or greater than 1.0), therefore maintaining existing services.

This is the basis for the Asset Renewal Trigger Project contained in Blacktown City 2030

⁴ Asset Renewal Funding Ratio = (Projected Expenditure on Renewal / Forecast Renewal)

#### Beyond the 10 year Planning Period

As forecasts extend further into the future the results become too speculative for financial planning purposes, however providing 20 year forecasts highlights any potential impacts on services beyond the 10 year planning horizon. Figure 5 indicates that there is a period where renewal requirements escalate for a number of years. As future condition audits and reviews of Asset management Plans are undertaken the certainty about this period will increase. However, in response to this peak in renewal in the forecast an additional investment of \$5million per annum in renewal is proposed commencing in 2018 resulting in the following recommended profile.

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Renewal \$'000	10,855	18,881	19,098	18,923	18,290	19,499	18,930	19,393	18,851	19,352	20,083
Additional at 2018	0	0	0	0	0	0	5,000	5,000	5,000	5,000	5,000

#### **3.2 ASSET MAINTENANCE STRATEGY**

#### **Maintenance Expenditure**

#### Definition

Expenditure on an existing asset which is periodically or regularly required as part of the anticipated schedule of work, ensuring that the asset achieves its economic life. It is expenditure which was anticipated in determining the assets economic life. Maintenance may be planned or unplanned (e.g. repairing a pothole in a road, repairing a drainage pipe or repairing the fencing in a park). Maintenance can be classed as either planned (scheduled) or unplanned (reactive).

#### 3.2.1 PLANNED MAINTENANCE

The following describes Council's approaches to planned maintenance

**Frequency based maintenance** is maintenance scheduled periodically. It is required to sustain the design life of the asset or to maintain a performance standard. Programmed maintenance is typically undertaken on assets that are not critical, and have low risks associated with failure. Frequency based maintenance has set performance measures and maintenance activities undertaken are recorded to enable performance monitoring. For example Council services its open space areas at set frequencies based on the hierarchy of the site, records are kept detailing when each site was serviced and when it is scheduled for its next service. These records form the basis of weekly performance monitoring.

#### Key Element 2

Document all frequency based maintenance activities, prepare performance measures and implement performance monitoring.

**Preventative maintenance** is maintenance that can be initiated without routine or continuous checking (e.g. using information contained in maintenance manual or manufacturer's recommendations) and is not condition or performance based. The purpose of this maintenance is to undertake sufficient maintenance activities to reduce the risk of unforeseen failure. Preventative maintenance is undertaken on assets that have high risks or unacceptable loss of service associated with failure. For example the failure of a chlorinator at an aquatic centre will potentially lead to the closure of the service.

#### Key Element 3

Document all preventative maintenance activities, prepare works schedules and implement performance monitoring in a consistent framework.

**Routine maintenance** is day-to-day operational activities to keep the asset operating (replacement of light bulbs, cleaning of drains, repairing leak etc) and which form part of the annual operating budget.

#### 3.2.2 UNPLANNED MAINTENANCE

**Corrective maintenance** is a task performed to identify, isolate and rectify a fault so that the failed asset can be returned to a condition in which it can perform its intended function. Council considers corrective maintenance as activity based maintenance and has documented intervention levels, response times (to complete the work from date of issue), work methods and performance measures. These are based on the IPWEA's NATSPEC documentation and can be found in the Appendices of the respective Asset Management Plans.

Depending on how critical the failed asset is and availability of funds, corrective maintenance can be either undertaken as immediate corrective maintenance or deferred corrective maintenance.

Unplanned maintenance includes unforeseen failure, vandalism, storm and accidental damage and is identified through customer requests, Council's maintenance crews and routine asset condition inspections. To forecast future requirements it is necessary to monitor and evaluate information recorded on deferred maintenance. Over time, trends of the amount of deferred corrective maintenance can guide the investment or resources required to balance the trend.

#### **Current Status**

For each Asset Category there is a Maintenance Plan contained within their respective Asset Management Plans. The Maintenance required over the 10 year planning period is forecast based on Council's current funding. The combined forecast Maintenance over the 10 year Planning Period for all Asset Categories is detailed in Figure 7.





The resulting funding projections for maintenance over the 10 year Planning Period are presented in Table 4.

Table 4: 10 year Maintenance Projection

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Maintenance \$'000	30,835	32,247	33,441	34,633	35,836	37,063	38,333	39,650	40,998	42,376	43,798

#### **Deferred Maintenance**

Deferred maintenance is registered in Council's work management system. The system records the assets that fall below required performance standards and the details of the work required to restore the asset to it intended standard. The system is continuously updated and verified through routine inspections.

Works indentified in the management system are undertaken on a priority order based on the assessed risk and are funded through maintenance budgets. Works that are unable to be funded through existing budgets and that are not supporting a critical asset or high risk can be deferred. The status of Deferred Maintenance is detailed in the underlying Asset Management Plans.

Through further inspections Council will refine the following estimates of Deferred Maintenance and document management strategies in future revisions of this Asset Management Strategy.

#### **Key Element 4**

To reduce the annual growth of deferred maintenance for all maintenance activities to zero.

#### 3.3 ASSET UPGRADE/EXPANSION STRATEGY

#### **Capital Upgrade Expenditure**

#### Definition

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 Council's asset base (e.g. widening the pavement and sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, replacing an existing bridge with one having a greater carrying capacity, replacing a chain link fence with a wrought iron fence).

#### **Capital Expansion Expenditure**

Expenditure on extending an existing asset network, at the same standard 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 a playing field or park in a new suburb).

#### Purpose

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. Assets of this type are acquired in three distinct ways;

- Assets acquired through new development
- Improvements to services in existing developed areas
- Major infrastructure identified in *Blacktown City 2030*

Essentially Capital Upgrade and Capital Expansion expenditure improves the services provided by Council therefore for the purpose of this Strategy and underlying Asset Management Plans they are considered as a single investment category.

#### 3.3.1 ASSETS ACQUIRED THROUGH NEW DEVELOPMENT.

Council acquires assets created as a result of land development such as roads and drainage. These assets are required to service properties and are constructed by developers which are in turn dedicated to Council. Assets acquired through growth are generally dedicated at no cost to the Council however the financial impact on Council in terms of ongoing maintenance needs to be considered.

Alternatively, if assets are required to service properties from a wider catchment their provision is facilitated through Section 94 Contributions Plans where individual developments from the wider catchment contribute a proportional share of the cost of the facility. Until recent changes to State Legislation, the costs of facilities such as major road, trunk drainage, bridges, open space and community buildings were covered by developer contributions. The financial impact or reduction in services due to the State Governments Section 94 cap have yet to be quantified, however initial assessments indicate that Council will not be in a position to deliver the embellishment of reserves or provide any community facilities in the North West Sector.

#### **Key Element 5**

Continue to lobby the State Government to allow the provision of appropriate infrastructure through developer Contribution Plans.
#### 3.3.2 IMPROVEMENTS TO SERVICES IN EXISTING DEVELOPED AREAS.

They may result from demand factors discussed later in the Strategy such as growth, social or environmental needs.

Rising community expectation has driven up desired service levels over time; this can result in disparate service provision across the city. For example, path paving is constructed to provide an all weather access for pedestrians and since the 1980's when a large proportion of Blacktown City was developed the minimum provision of path paving has increased. This has left the provision in some areas of the city developed below the current standards.

To determine the extent of upgrade/expansion required to achieve the desired levels of provision Council can:

- Determine and adopt desired upgrade service levels and document these in individual Asset Management Plans.
- Identify gaps in service provision by comparing existing provision against desired provision.
- Quantify physical work or asset enhancements required to achieve desired service levels city wide.
- Consult with the community to determine priorities.
- Based on community levels of service criteria and available funding prioritise upgrades identified from all service level gaps.
- Implement a program of works through the Works Improvement Program.
- Update planned capital Upgrade/Expansion Plans of individual Asset Management Plans.

#### Key Element 6

Implement the actions relating to Upgrade/Expansion in the individual Asset Management Plans.

#### 3.3.3 MAJOR INFRASTRUCTURE IDENTIFIED IN BLACKTOWN CITY 2030

*Blacktown City 2030* outlines Council's practical approach to achieving its Vision. Alongside the Strategic Directions are a set of Trigger Projects that complete Council's Vision for the City ensuring that *Blacktown City 2030* is delivered.

The Trigger Projects identify priorities for the community. Council along with the relevant stakeholders will work towards delivering these projects, ensuring its vision is achieved. The Trigger Projects support delivery of the strategies and will become key actions in the Delivery Program and Operational Plan.

The Trigger Projects play a major role in guiding investment into new or upgraded infrastructure.

#### Key Element 7

Include the provision of Trigger Projects into the Upgrade/Expansion forecasts of the relevant Asset Management Plans.

#### **Current Status**

For each Asset Category there is an Upgrade/New Plan contained within their respective Asset Management Plans. The Upgrade/New required over the 10 year planning period is forecast based on Council's current allocation towards improving. The combined forecast Upgrade/New over the 10 year Planning Period for all Asset Categories is detailed in Figure 8.

Note that Figure 8 will require further revisions to include Upgrade/New projects where an asset requires upgrade rather than renewal (e.g. an amenities block on a sports field that requires upgrade to service the user groups, typically determined after the development of a Plan of Management for the reserve).



Figure 8 – Combined Forecast Upgrade/New for 10 year Planning Period

The resulting funding projections for maintenance over the 10 year Planning Period are presented in Table 5.

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Dedications \$000	35,816	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287
WIP & S94 \$000	24,454	25,907	25,188	25,944	26,722	27,524	28,349	29,200	30,076	30,978	31,907
Total \$000	60,270	60,975	60,229	61,248	57,038	54,448	55,113	62,409	58,655	59,391	60,195

Table 5: 10 year Upgrade/New Projection

#### 3.4 ASSET DISPOSAL STRATEGY

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. At this stage no assets are identified for possible decommissioning and disposal. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternative service delivery, if any.

There is consequently, at present, no projections for disposal over the 10 year Planning Period. However such projections (as presented in Table 6) will be updated over this period as may be required.

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Disposal \$'000	0	0	0	0	0	0	0	0	0	0	0

#### 3.5 LIFE CYCLE STRATEGY SUMMARY

The combination of the various investment strategies of the overall life cycle management Strategy for the four Asset categories is summarised below in Table 7.

	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	20/21	21/22	22/23
Renewal \$'000	10,855	18,881	19,098	18,923	18,290	19,499	18,930	19,393	18,851	19,352	20,083
Additional Renewal at 2018 \$'000	0	0	0	0	0	0	5,000	5,000	5,000	5,000	5,000
Maintenance \$'000	30,835	32,247	33,441	34,633	35,836	37,063	38,333	39,650	40,998	42,376	43,798
Dedications \$'000	35,816	35,068	35,041	35,304	30,316	26,924	26,764	33,209	28,579	28,413	28,287
WIP & s94 \$'000	24,454	25,907	25,188	25,944	26,722	27,524	28,349	29,200	30,076	30,978	31,907
Disposal \$'000	0	0	0	0	0	0	0	0	0	0	0

#### Table 7: Combined 10 year Life Cycle Cost forecast.

#### 3.6 RISK MANAGEMENT STRATEGY

Council currently manages risk under the Westpool risk management framework and has identified corporate risk in areas such as infrastructure, service delivery, resource management, contracting and purchasing, public events and development. In part, these activities all relate to asset management.

An integral part of future asset management plans will be to indentify and document risks associated with the provision of services. The next logical step is to assess, treat, monitor and review these risks under the existing risk management framework.





#### 3.6.1 ASSET RISK

The full details of Council's Risk Management Process and identified risks are contained in the underlying Core Infrastructure Risk management Plan.

To further identify and manage the risks associated with providing services from infrastructure assets Council has implemented many management practices and procedures. These include:

- Operating a reactive maintenance service for all assets and services.
- Operating a planned maintenance system for key assets.
- Monitoring condition and remaining service life of assets nearing the end of their service life.
- Renewing and upgrading assets to maintain service delivery.
- Closing and disposing of assets that are not providing the required service level.
- Acquiring or constructing new assets to provide new and improved services.
- Biannual Inspections, prioritisation of reactive maintenance based on risk avoidance.

#### 3.6.2 RISK MANAGEMENT MODEL

The risk management process used in this project is shown in Figure 9 below.

It is an analysis and problem solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of Australian Standard AS/NZS 31000:2009, Risk Management.



#### Figure 10 Risk Management Process – Abridged

#### **4.0 STRATEGIC CONSIDERATIONS**

#### 4.1 LONG TERM PERSPECTIVE

To make decisions today we need to understand the future. Many of the decisions made each year affect the long term viability of the services provided by Council. More accurate forecasting of the long-term provides the platform to make decisions that secure services to the next generation of Council customers.

Only sound long term renewal forecasting will let Council know where it stands in preparing for the renewal challenge. Renewal is not just associated with increased funding. Instead, it has to compete with many 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.

#### 4.2 COMMUNITY PROFILE

Blacktown City is a modern vibrant and dynamic City made up of 48 diverse residential suburbs; Blacktown City is home to an estimated 321,000 people, making it the largest city by population in NSW.

Blacktown City is at the heart of the Greater Western Sydney region – a growing area leading New South Wales in the provision of community, recreational, employment and population growth.

The community is serviced by over 100 schools, a university campus and TAFE colleges, 16 industrial estates, 5 aquatic and leisure centres, 5 libraries, 120 child care facilities, 2 major public hospitals, nearly 700 parks & reserves as well as other various community, sporting, entertainment and recreational facilities. These community facilities include extensive infrastructure owned and/or managed by Blacktown City Council.

#### 4.3 POPULATION GROWTH

Blacktown City is one of the fastest growing areas in New South Wales with more than 5,300 new residents making the City their home in the past 12 months. This rapid growth is set to continue for the next 25 years with Blacktown being the major location of the North West Growth Centre. This phase in Blacktown's growth will see the delivery of approximately 50,000 new homes over the next 25 years and the population increasing by approximately 200,000 more residents.

#### 4.4 RISING COMMUNITY EXPECTATIONS

Along with the rapid growth that has lead to many new residents in Blacktown City, there have been significant changes in community expectations over the last two decades. It could be argued that these expectations are the result of Australians being better educated and wealthier with increased access to media, information and communication technologies. This shift in community expectation can be seen in the new release areas of the city where there is an expectation to exceed contemporary standards in the built environment and in service delivery. Increased property values and changing demographic profile of the area is likely to result in further increases of community expectation for enhancing the urban built environment for programs such as streetscapes and park and recreation facilities.

#### 4.5 RISING ENVIRONMENTAL STANDARDS

Continual increases in environmental standards will result in increases to the levels of service provided by the existing stormwater network and future open space, particularly with riparian area rehabilitation and maintenance, water sensitive urban design and adaptations for climate change. Continual increases to service levels in environmental management, particularly stormwater are being prescribed through State legislation and guidelines. Raising environmental standards affects Council in two ways. Firstly, although the cost to implement the requirements is significant the majority of infrastructure has high maintenance and operational requirements. Secondly, by adopting the increased service levels and incorporating them into new release areas it is possible to create social inequity, whereby newer areas in comparison to already developed areas have two distinct levels of service.

#### 4.6 ESCALATING COSTS

The trend is for the cost of materials, labour and risk management to rise significantly more than revenue increases based on either CPI or rate capping. Infrastructure maintenance and renewal materials are primarily based on non-renewable resources. This means that future revenue projections based on CPI increments alone

may be understated for infrastructure life cycle costs and modeling is likely to understate future expenditures required.

#### 4.7 FURTHER CONSIDERATIONS

The above strategic issues are the major issues that will impact on the delivery of services by Council. Further strategic issues have been identified and are detailed in the detailed Asset Management Plans for the key asset categories.

#### **5.0 ASSET MANAGEMENT SYSTEMS & PROCESSES**

A number of information systems are now in use, which satisfy the majority of asset management requirements of Council. These systems have been developed and implemented over time by Council's Asset Planning and Support team in conjunction with the Asset Management Reference Group.

#### 5.1 ASSET MANAGEMENT SYSTEM

Council's corporate asset register incorporates all of Council's asset information, including GIS and photographic information. The register is continuously updated as new assets are commissioned. In addition, many projects are identified and underway dealing with continual improvement and enhancement, currently being facilitated by the Asset Planning and Support Section.

A module for risk inspections covering roads, drainage, car parking and public pathways combined with works prioritisation also exists. These inspection systems have operated since 2002 and are integral to reducing Council's exposure to litigation from accidents that may occur from time to time across the city.

#### 5.1.1 ASSET REGISTERS

Council has detailed registers from every Asset Class for all Asset Categories. The registers are sufficient detail and hierarchy to support reporting and information enquiries. The registers form the backbone of the following specialist systems.

#### 5.1.2 ASSET VALUATION AND CAPITALISATION

The Asset Management System has two modules, one for asset valuation and another for asset capitilisation processes.

Asset Valuation and audit is managed by the Asset Management System comprising of detailed unit rate registers derived from Council's internal rates and numerous schedules of rates contracts. Each rate is individually prepared and supporting information registered in the document register for the preparation of the audit plan.

Asset capitialisation is undertaken between revaluations. Capital expenditure from Council's financial system is allocated to assets constructed from the works and also categorised as renewal, upgrade, new or works in progress (funds spent however no asset is completed). The depreciated value of the assets disposed as part of renewal and upgrade expenditure is recorded. Depreciation for existing assets is recorded at asset level.

#### 5.1.3 INSPECTION SYSTEM

Currently, consistent inspection processes exist for all infrastructure assets. There are two types of inspections required to underpin this.

- Inspections that assist in the preparation of long term renewal forecasting i.e. the next treatment, when it's due and estimate of cost to assist in the preparation of works programs. A survey of the road network to determine the above has been completed twice, once for buildings, plus a conventional survey of open space assets in 2008.
- Inspections for risk management, such as hazard identification, probability and consequence of incident occurring.

Civil asset risk inspections commenced in 2002 based on national standards and this has been progressively enhanced to include buildings and open space. As a result maintenance management has been more proactive and allowed repairs to be programming based on exposure to risk.

#### 5.1.4 WORKS MANAGEMENT SYSTEM

Works identified through inspections and customer requests are managed through the Customer Action Request (CAR) system and Works Management System. The Works Management System prioritises all known works requests using a risk matrix based on the work type and the location of the request.

#### 5.1.5 PROGRAMMED MAINTENANCE

Programmed Maintenance for open space servicing is also managed in the Asset Register. Performance measures are developed and recorded at asset level, through these performance measures servicing schedules are prepared and monitored through weekly and monthly performance monitoring. The programmed maintenance systems will progressively be expanded to cover all planned maintenance activities.

#### 5.1.6 MAINTENANCE MODELLING

Several years of monitoring maintenance requests and activities makes Council able to determine when trends in the rate at which problems arise and the capacity to undertake reactive maintenance. Analysis of this information allows the analysis of deferred maintenance detailed in the Asset Maintenance Strategy of this document.

#### 5.1.7 ASSET RENEWAL FORECASTING

Council has renewal modeling software for roads and buildings based on the results of cyclic inspections of Council's road network and building stock allowing preparation of comprehensive renewal forecasts in excess of 20 years (required for long term financial planning). The roads model has been utilised in the preparation of Council's Works Improvement Program and the buildings model results being considered for the first time.

#### 5.1.8 FINANCIAL AND STATUTORY REPORTING

Results from the Asset Renewal forecasting, valuation and capitilisation, maintenance modelling and asset register contain the information required to prepare a number of financial and statutory reports such as

- Note 9 and Special Schedule 7 of Council's Annual Report;
- S428 2(d) Condition of Public Works report
- Department of Local Government Local Road and Bridge return and;
- Department of Local Government Local Road and Bridge Expenditure return

#### 5.1.9 WORKS IMPROVEMENT PROGRAM (WIP)

Blacktown City Council's Works Improvement Program (WIP) is an annual document that lists all works projects, which have been identified to service the community within its local government area. The preparation of Council's Works Improvement Program includes the review of approximately 60 programs containing over 2000 projects that are scored using program specific selection criteria (typically Community Levels of Service). Each project is assessed to generate a merit based project list for funding consideration

Council's Works Improvement Program software package enables projects to be identified to either bridge gaps in service levels or achieve renewal objectives of the long term renewal models. The WIP was commissioned in 1996 and has delivered the capital expenditure program since.

#### Link between Service Levels and Recurrent Expenditure

The provision of new assets raises a number of considerations, depending on the actual type of asset being provided. A new road normally has very little, if any, additional maintenance costs in the first 5 years of its life, however, the associated drainage pits constructed as part of the road need to be inspected and cleared on a regular basis. Active playing fields need to be mown within the first month of completion. This is an ongoing cost. Buildings incur costs for energy, water and cleaning from commencement of use. It is therefore important that such costs are considered prior to the funding of the capital cost of such infrastructure.

This will be managed through additional reporting capabilities of the Works Improvement Program, which contains details of individual projects of Council's capital expenditure program. Enhancements to the process of preparing the Works Program are underway and the on-going effect on maintenance budgets by the adoption of the Works Program can be assessed.

#### Service Levels

Council utilises infrastructure assets to provide services to the community. Roads and footpaths provide transport services. Stormwater systems protect properties and roads from flooding and control water runoff quality. Park and landscape assets provide recreation services and enhance and protect the built and natural environment.

Council needs to consider changes arising from a variety of factors such as changes in legislation, the impact of the increasing population in the Blacktown LGA and changes in community expectations. This focus on reviewing services and service levels is a very important step in advancing Council's asset management maturity. By undertaking a review of the programs contained in the Works Program and aligning them to specific service levels, at the time of investment service level improvements can be quantified.

#### 5.2 ASSET MANAGEMENT RESPONSIBILITY

**Council** is responsible for the policy and to ensure sufficient resources are applied to manage the assets.

The **Executive** has overall responsibility for developing asset management systems, policies and procedures and reporting on the status and effectiveness of asset management within Council.

Managers are responsible for implementing asset management systems, policies and procedures.

The **Asset Management Reference Group** will continue to improve the level of Council's asset management maturity and coordinate the implementation of asset management objectives.

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

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

#### 5.3 FINANCIAL & ASSET MANAGEMENT CORE COMPETENCIES

The National Frameworks on Asset Planning and Management and Financial Planning and Reporting define 10 elements. 11 core competencies have been developed from these elements⁵ to assess 'core' competency under the National Frameworks. These core competencies are:

Financial Planning and Reporting

- Strategic Longer Term Plan
- Annual Budget
- Annual report

Asset Planning and Management

- Asset Management Policy
- Asset Management Strategy
- Asset Management Plan
- Governance & Management
- Levels of Service
- Data & Systems
- Skills & processes
- Evaluation

Council participated in a maturity assessment for these 11 core competencies. The assessment included the examination of documents, systems and interviews of staff ensure a comprehensive assessment of maturity and capability. The nature of the interview involved analysis of the 11 asset management practice areas. For each of the 11 practice areas the following information was been provided:

- The current assessed maturity level;
- Key observations on the current maturity level;
- Implications of the assessed current maturity level;
- Recommendations on actions required to be taken to reach a minimum or core level of maturity.

⁵ Asset Planning and Management Element 2 Asset Management Strategy and Plans divided into Asset Management Strategy and Asset Management Plans competencies.

Advanced maturity is represented by an evaluation of 5 and core level represented by 3. The results are summarised in Figure 12. Council's current maturity level is shown by the blue bars. Where the blue bar falls below a Core competency (indicated by the red bar), it identifies an element where a maturity gap exists, similarly where the blue bars falls outside the red bar Council has elements of advanced asset management maturity.



#### Figure 12: Core Asset Management Maturity

An Action Plan for further asset management improvement based on this independent assessment is being developed. This will be in keeping with the strategies and outcomes indicated in Section 7 of this document.

#### 6.0 WHERE DO WE WANT TO BE?

#### 6.1 COUNCIL'S GOALS AND OBJECTIVES

Within the Community Strategic Plan *Blacktown City 2030*, the long term objectives are described by Focus Areas under each Strategic Direction. Council's Delivery Program for 2013-2017 then sets out one or more Goals to deliver on each Focus Area within the four year period. The most relevant Focus Areas and Goals pertaining to Infrastructure Services are summarised in the table below.

Focus Area	Goals
Council leads by example through integrating sustainability into core business and reducing its ecological footprint in its day-to-day operations.	Pursue the most practical, economical and environmentally sustainable options in the design, construction and maintenance of Council buildings and assets.
	Pursue the most practical, economical and environmentally sustainable options in the selection and operation of Council plant and equipment
Pursue best practice sustainable water management	Implement the Environmental Stormwater
to protect and improve the water quality of the local	Management Program as identified in Council's
environment.	Works Improvement Program.
Develop and promote Blacktown and Mount Druitt	Deliver identified public domain improvements to
City Centres as commercial and employment centres	Blacktown and Mount Druitt City Centres.
which are attractive, active and safe.	
Manage infrastructure sustainably, based on long term strategic and financial planning.	Manage and operate an appropriate mix of sustainable infrastructure at the lowest lifecycle cost that supports services within Blacktown City.
	Provide a consistent and comprehensive approach to asset management planning.
	Prepare Council's Works Improvement Program based on the principles and objectives of the Asset Management Strategy and Asset Management Plans.
	Implement Council's Works Improvement Program for transport, buildings, parks drainage and other assets.
	Ensure efficient maintenance of City infrastructure.
Provide a balance between the demands of parking within City Centres and the need to control traffic congestion and produce pedestrian-friendly environments.	Design and construct public car parks as identified in Council's Works Improvement Program.
Provide and promote a wide range of sporting and recreation facilities and opportunities that enable individual and collective health and wellbeing to a diverse community.	Provide and maintain a network of sportsgrounds, parks and playgrounds as determined by relevant strategies.

#### **Table 8: Goals and Objectives for Infrastructure Services**

#### 6.2 ASSET MANAGEMENT POLICY

Council's Asset Management Policy defines the council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation.

The asset management strategy is developed to support the asset management policy and is to enable council to show:

- how its asset portfolio will meet the affordable service delivery needs of the community into the future,
- enable Council's asset management policies to be achieved, and
- ensure the integration of Council's asset management with its long term strategic plans.

#### 6.3 ASSET MANAGEMENT VISION

To ensure the long-term financial sustainability of Council, it is essential to balance the community's expectations for services with Council's capacity to pay for the infrastructure assets used to provide the services. Maintenance of service levels for infrastructure services requires appropriate investment over the whole of the asset life cycle. To assist in achieving this balance, Council aspires to:

Develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the futures, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the asset management strategy are to:

- ensure that Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- adopt the long term financial plan as the basis for all service and budget funding decisions,
- meet legislative requirements for all Council's operations,
- ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- provide high level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to council on development and implementation of Asset Management Strategy, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 7 of this document.

## 7.0 ASSET MANAGEMENT STRATEGIES

The Asset Management Strategy proposes strategies to enable the objectives of the Strategic Plan, Asset Management Policy and Asset Management Vision to be achieved.

No	Strategy	Desired Outcome
1	Continue increased focus on Long Term Financial Planning	The long term implications of
		Council services are considered
		in annual budget deliberations.
2	Develop and annually review Asset Management Plans	Identification of services
	covering at least 10 years for all major asset classes (80% of	needed by the community and
	asset value).	required funding to optimise
		'whole of life' costs.
3	Develop Long Term Financial Plan covering 10 years	Sustainable funding model to
	incorporating asset management plan expenditure	provide Council services.
	projections with a sustainable funding position outcome.	
4	Review and update asset management plans and long term	Council and the community are
	financial plans after adoption of annual budgets.	aware of changes to service
	Communicate any consequence of funding decisions on	levels and costs arising from
	service levels and service risks.	budget decisions.
5	Report Council's financial position at Fair Value in	Financial sustainability
	accordance with Australian Accounting Standards, financial	information is available for
	sustainability and performance against strategic objectives	Council and the community.
	in Annual Reports.	
6	Ensure Council's decisions are made having regard for	Improved decision making and
	accurate and current information in asset registers, on	greater value for money.
	service level performance and costs and 'whole of life' costs.	
7	Continue to assess and report on Council's resources and	Services delivery is matched to
	operational capability to deliver the services needed by the	available resources and
	community.	operational capabilities.
8	Ensure responsibilities for asset management are identified	Responsibility for asset
	and incorporated into staff position descriptions.	management is defined.
9	Implement an Improvement Plan to realise target maturity	All key areas of financial and
	for the financial and asset management competencies.	asset management 'core'
		maturity meet industry best
		practice.
10	Monitor and review the implementation plan for the Asset	Improved financial and asset
	Management Strategy and Council's asset management	management capacity within
	maturity to ensure continuous improvement.	Council.

#### Table 9: Asset Management Strategies

#### 8.0 REFERENCES

- IPWEA, 2006 & 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au</u>
- IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australia, Sydney, <u>www.ipwea.org.au/AIFMG</u>.

IPWEA, NAMS.Plus AM Strategy Template

#### APPENDIX A - GLOSSARY OF TERMS

#### ASSETS

"An asset of the local government shall be recognised in the statement of financial position when and only when it is probable that the future economic benefits embodied in the asset will eventuate; and the asset possesses a cost or other value that can be measured reliably."⁶

Most road infrastructure assets satisfy both criteria. Exceptions are land under roads and bulk earthworks.

For network assets such as roads, the high variability of the road attributes across the network has resulted in the almost universal and correct practice that assets be broken into segments.

Each asset has a current replacement value, written down current replacement value, annual depreciation amount, and economic and remaining life

#### ASSET CATEGORY

Grouping of like assets e.g. Drainage, Transport

#### ASSET CLASS

Grouping of like assets, e.g. all pavement, seal, kerb & gutter are all part of the asset categories of Transport.

#### 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.

#### ASSET MANAGEMENT PLAN

A written representation of the intended asset management programs for one or more infrastructure networks based on the controlling organisation's understanding of customer requirements, existing and projected networks, and asset conditions and performance.⁷

#### ASSET RENEWAL FUNDING RATIO

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

#### CAPITAL EXPANSION EXPENDITURE

Expenditure on extending an existing asset network, at the same standard currently enjoyed by residents, to a new group of users. It is discretional 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

Expenditure which is relatively large and has benefits expected to last for more than 12 months. Capital expenditure can be split into three areas, renewal, upgrade and expansion.

#### CAPITAL RENEWAL EXPENDITURE

Expenditure on an existing asset, which increases asset service potential of an existing asset. This may be to the same or a lower level than initially provided (partial renewal). It is periodically required expenditure, relatively large (i.e. material) in value compared with the value of the asset or asset component 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 a sealed road, resheeting an unsealed road, replacing a drainage pipeline with pipes of the same capacity, relining of an existing drainage pipeline, replacing bridge decking or resurfacing an oval). Where renewal works include a

⁶ Australian Accounting Standard

⁷ International Infrastructure Management Manual, page 2.39

significant upgrade, the renewal and upgrade components should be separately identified (e.g. if a swimming pool with a replacement cost of \$3M is replaced with a \$15M leisure centre, then \$3M is identified as renewal and \$12M as upgrade).

#### 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 discretional 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 Council's asset base (e.g. widening the pavement and sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility, replacing an existing bridge with one having a greater carrying capacity, replacing a chain link fence with a wrought iron fence).

#### CURRENT REPLACEMENT VALUE

The cost of replacing the service potential of an existing asset, by reference to some measure of capacity, with an appropriate modern equivalent asset.

#### ECONOMIC LIFE

The period from the acquisition of an asset to the time when the asset, while physically able to provide a service, ceases to be the lowest cost alternative to satisfy a particular level of service. The economic life is at the maximum when equal to the physical life, however obsolescence will often ensure that the economic life is less than the physical life.

#### ENTERPRISE RISK MANAGEMENT

The discipline by which an organisation manages it risk appetite; by assessing, controlling, exploiting and financing the organisation's risk in the context of its mission (where it wants to go), strategic direction (how it wants to get there) and operations (what it does) for the purpose of maximising its value to stakeholders (ratepayers and customers).

#### FAIR VALUE

The amount for which an asset could be exchanged or liability settled, between knowledgeable, willing parties, in an arms length transaction, normally determined by reference to market or comparable prices. Generally, there is no market for Council's infrastructure assets and Fair Value is current replacement cost less accumulated depreciation.

#### FUNDING MODEL

A Funding Strategy which addresses the need for funds the peaks and troughs in this need and how the funds will be sourced.

Life cycle analysis should be the basis of the funding model. The funding model adopted by Council decides how it determines:

- The level of funds year by year
- The source of those funds
- The use or allocation of those funds
- To recurrent/capital
- To infrastructure and to other assets and other services

#### INFRASTRUCTURE ASSETS

These are typically large, interconnected networks of or portfolios of composite assets such as roads, drainage and recreational facilities. They are generally comprised of components and sub-components that are usually renewed or replaced individually to continue to provide the required level of service from the network. These assets are generally long lived, are fixed in place and often have no market value.

#### LEVEL OF SERVICE OR SERVICE LEVELS

The defined service quality for a particular Primary Service (e.g. roads, child care services) against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental, acceptability and cost (e.g. the number of accidents on local roads).

#### MAINTENANCE EXPENDITURE

Expenditure on an existing asset which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its economic life. It is expenditure which was anticipated in determining the assets economic life. Maintenance may be planned or unplanned (e.g. repairing a pothole in a road, repairing the decking on a timber bridge, repairing a drainage pipe or repairing the fencing in a park).

#### OPERATING EXPENDITURE

Expenditure on providing a service, which is continuously required including staff salaries and wages, plant hire, materials, power, fuel, accommodation and equipment rental, on-costs and overheads. Operating expenditure excludes maintenance and depreciation.

#### RECURRENT EXPENDITURE

Expenditure relating to providing a service, which has benefits, expected to last less than 12 months. Recurrent expenditure includes operating expenditure and maintenance.

#### **RISK MANAGEMENT**

The allocation of probability and consequence to an undesirable event and subsequent actions taken to control or mitigate that probability and/or consequence.

#### SERVICE CATEGORY

Grouping of like primary services (e.g. drainage/flood protection, environmental protection/waterways, waste management and waste minimisation/recycling are grouped as Environmental Services).

#### TRANSPORT

Transport refers to any Council asset that facilitates vehicular, cycle and pedestrian movement around the City or supports the public transport system. This asset class includes; Roads, Bridges, Cycleways, Footpaths, Kerb and Gutter, Car Parks, Bus Shelters, Traffic Signs and Traffic Safety Devices. (For full details, refer to Appendix B).

#### WORKS IMPROVEMENT PROGRAM (WIP)

The prioritised program used by Blacktown City Council to prioritise and allocate resources in the annual budget process.

Asset CategoryAsset ClassQuantityDepretable AmountAccess Roads within Parks92,501Sqm\$3,227,931Bridges107Each\$52,699,691Cycleways95.7Km\$125,6249,56495Footpaths1.5 millionSqm\$129,244,157Kerb and gutter2.2 millionMetres\$254,060,712,211Pavement markings16,221Various\$22,213,979Public Car Parks267Each\$30,752,541Public Car Parks231Each\$1,620,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286Medians9,042Items\$34,8067,052,864Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total1\$1,548,930,235Community / Neighbourhood42\$40,561,307Council Operational Baby38\$35,711,942Health Centres5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings23\$4,03,044Pools and Leisure Centres Buildings23\$4,03,044Residential Holdings23\$4,03,03,043Pools and Leisure Centres Buildings11\$1,22,74,558Residential Holdings23\$4,03,044Pools and Leisure Centres Buildings11\$1,248,525<	/	APPENDIX B -	- ASSET CATEGORIES AND CLASSES			
Category Ancess Roads within Parks 92,501 Sqm \$3,227,931   Bridges 107 Each \$52,509,519   Cycleways 95.7 Km \$15,568,495   Footpaths 1.5 million Sqm \$129,244,157   Kerb and gutter 2.2 million Metres \$22,600,720   Medians 212,628 Sqm \$12,012,3979   Public Car Parks 267 Each \$30,752,541   Public Pathways 149,564 Sqm \$11,459,960   Public Pathways 149,564 Sqm \$11,459,960   Public Pathways 151,115 Each \$2,279,759   Road Pavement 3.3 million Cubic \$867,079,286   Metres Metres \$145,067,605 \$34641,9067,605   Street Signs 9,042 Items \$31,3175   Transport Total Street Signs \$10 \$3,548,930,235   Community / Neighbourhood 42 \$40,561,580   Child Care, Preschools & Baby Heath Street Signs \$11,177,4538 </td <td></td> <td>Asset</td> <td>Asset Class</td> <td>Quan</td> <td>tity</td> <td>Depreciable</td>		Asset	Asset Class	Quan	tity	Depreciable
Poper TermsAccess Roads within Parks92,501Sqm\$3,227,931Bridges107Each\$55,694,95Cycleways95,7Km\$15,568,495Footpaths1.5 millionSqm\$129,244,157Kerb and gutter2.2 millionMetres\$254,060,720Medians212,628Sqm\$12,019,121Pavement markings116,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Car Parks231Each\$1,620,810Regulatory Signs115,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286Road Surface11 millionSqm\$145,067,065Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$4,548,930,235Community / Neighbourhood422\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Cournic Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,529,5632Operational Buildings21\$4,033,044Heritage11\$12,714,558Residential Holdings21\$40,61,200Underground Pipes966\$68\$47,61,000Underground Pip		Category			l	Amount
Bridges 107 Each 552,699,691   Cycleways 95.7 Km \$15,568,495   Footpaths 1.5 million Sqm \$129,244,157   Kerb and gutter 2.2 million Metres \$229,244,157   Kerb and gutter 2.2 million Metres \$229,244,157   Medians 212,628 Sqm \$12,019,121   Pavement markings 16,221 Various \$2,213,979   Public Car Parks 267 Each \$30,752,541   Public Transport - Bus Shelters 231 Each \$1,429,960   Public Transport - Bus Shelters 231 Each \$2,279,759   Road Surface 11 million Sqm \$1,450,67,605   Safety Devices 655 Each \$20,484,414   Street Signs 9,042 Items \$33,8016   Street Signs 9,042 Items \$31,548,930,235   Community / Neighbourhood 42 \$40,561,580   Child Care, Preschools & Baby 38 \$335,711,942   Health Centre			Access Roads within Parks	92,501	Sqm	\$3,227,931
Cycleways95.7Km\$15,568,495Footpaths1.5 millionSqm\$129,244,157Kerb and gutter2.2 millionMetres\$2524,060,720Medians212,628Sqm\$12,019,121Pavement markings116,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Car Parks267Each\$1,620,810Regulatory Signs15,115Each\$2,227,759Road Pavement3.3 millionCubic\$867,079,286Road Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$338,016Street Signs9,042Items\$1,113,750Transport Total5\$1548,992,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Aged and Disabled Service Facilities5\$52,56,532Community / Neighbourhog23\$4,033,044Heritage11\$12,714,555Residential Holdings21\$52,436,307Quercial Holdings21\$52,56,532Commercial Holdings23\$4,033,044Heritage11\$12,714,555Residential Holdings23\$4,033,044Heritage11\$15,834,962,327Detention Basins38			Bridges	107	Each	\$52,699,691
Footpaths1.5 millionSqm\$129,244,157Kerb and gutter2.2 millionMetres\$254,060,720Medians212,628Sqm\$12,019,121Pavement markings16,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Pathways149,564Sqm\$11,459,960Public Transport - Bus Shelters231Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286Road Surface11 millionSqm\$144,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Furniture36Items\$33,80,06Street Signs9,042Items\$1,548,930,235Community / Neighbourhood422\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Courneiles & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Courneical Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,237Detention Basins38Basins\$476,100Underground Pipes968Km\$455,642,659Stormwater Pits35			Cycleways	95.7	Km	\$15,568,495
VertexKerb and gutter2.2 millionMetres\$254,060,720Medians212,628Sqm\$12,019,121Pavement markings16,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Car Parks216Sqm\$11,459,960Public Car Parks211Each\$16,220,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286MetresMetresMetres\$867,079,286Road Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Furniture36Items\$33,016Street Furniture36Items\$33,016Street Signs9,042Items\$1,113,750Transport Total\$15,548,930,235\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,037Libraries5\$5,295,632Commercial Holdings21\$40,33,044Heritage11\$9,881,533Buildings Total362\$354,962,277Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings21\$40,33,044Heritage11\$9,881,533Buildings Total362\$354,962,272Ote			Footpaths	1.5 million	Sqm	\$129,244,157
Medians212,628Sqm\$12,019,121Pavement markings16,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Transport - Bus Shelters231Each\$1,459,960Public Transport - Bus Shelters231Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286MetresMetresMetres\$38,016Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,13,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Heath Centres10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings21\$4033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Poleution Basins38Basins\$476,100Underground Pipes968Km\$455,642,659Stornwater Pits35,088Pits\$33,428,252 <td></td> <td></td> <td>Kerb and gutter</td> <td>2.2 million</td> <td>Metres</td> <td>\$254,060,720</td>			Kerb and gutter	2.2 million	Metres	\$254,060,720
Pavement markings16,221Various\$2,213,979Public Car Parks267Each\$30,752,541Public Pathways149,564Sqm\$11,459,960Public Transport - Bus Shelters231Each\$1,620,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286Matters655Each\$20,484,414Street Furniture36Items\$38,016Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Tansport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres169\$52,626,767Ibraries5\$37,233,732Amenities & Sporting Facilities169\$52,626,767Rural Fire Stations10\$35,589,544Pools and Leisure Centres Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Vaerway Improvements72MetresPolucin Dasins38BasinsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,088Polucino Control Devices220Devices\$1,949,949W			Medians	212,628	Sqm	\$12,019,121
Public Car Parks267Each\$30,752,541Public Pathways149,564Sqm\$11,459,960Public Transport - Bus Shelters231Each\$1,620,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286Road Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres\$35,89,544Pools and Leisure Centres Buildings19\$52,243,6307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Aged and Disabled Service Facilities5\$35,295,642,659Stormwater Pits35,088Pits\$834,28,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total5\$3,525,660\$200Courts88S00,555\$3,525,600Courts88S00,555\$3,525,600Courts88Co			Pavement markings	16,221	Various	\$2,213,979
Public Pathways149,564Sqm\$11,459,960Public Transport - Bus Shelters231Each\$1,620,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286MattersMetresMetresMetresRoad Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport TotalItems\$31,71,942Heath Centres5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,676Rural Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Aged and Disabled Service Facilities5\$35,256,632Ormercial Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Poletention Basins38BasinsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,082S		ť	Public Car Parks	267	Each	\$30,752,541
Public Transport - Bus Shelters231Each\$1,620,810Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic\$867,079,286MattersRoad Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres10\$3,589,544Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,2295,632Commercial Holdings21\$40,30,404Heritage11\$9,881,533Buildings Total362\$354,962,327Aged and Disabled Service Facilities5\$5,2295,632Commercial Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Aged and Disalins38BasinsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits72 </td <td></td> <td>spo</td> <td>Public Pathways</td> <td>149,564</td> <td>Sqm</td> <td>\$11,459,960</td>		spo	Public Pathways	149,564	Sqm	\$11,459,960
Regulatory Signs15,115Each\$2,279,759Road Pavement3.3 millionCubic Metres\$867,079,286 MetresRoad Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport TotalStreet Signs9,042ItemsCommunity / Neighbourhood42\$40,561,580Child Care, Preschools & Baby Health Centres38\$35,711,942Libraries5\$37,233,732Amenties & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,2295,632Commercial Holdings11\$12,714,558Residential Holdings23\$40,30,44Heritage11\$9,881,533Buildings Total362\$354,962,327Vetertion Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices2200Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total52\$3,52,600\$3,52,600Courts6387Bridges\$3,52,5600 <tr<< td=""><td></td><td>Iran</td><td>Public Transport - Bus Shelters</td><td>231</td><td>Each</td><td>\$1,620,810</td></tr<<>		Iran	Public Transport - Bus Shelters	231	Each	\$1,620,810
Road Pavement3.3 millionCubic Metres. Metres\$867,079,286Road Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby Health Centres38\$35,711,942Health Centres5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$12,714,558Buildings Total362\$354,962,327Detention Basins38BasinsStordware Pits35,088PitsStordware Pits35,088PitsStordware Itis32\$44,033,044Heritage20DevicesPollution Control Devices220DevicesStordware Pits35,088PitsStordware Total\$35,32,822Drainage Total\$274,379,555Stordware Neroes83CourtsCourts83CourtsCourts <td></td> <td>-</td> <td>Regulatory Signs</td> <td>15,115</td> <td>Each</td> <td>\$2,279,759</td>		-	Regulatory Signs	15,115	Each	\$2,279,759
Road Surface11 millionMetresRoad Surface11 millionSqm\$145,067,605Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres5\$37,233,732Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings21\$40,30,404Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsStormwater Pits35,088PitsStormwater Pits35,088Pilts\$35,328,252Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$574,379,555SeePedestrian Bridges87Bridges\$3,525,600Courts83Courts\$3,504,199Fences122			Road Pavement	3.3 million	Cubic	\$867,079,286
Safety DevicesIf HindinSqin\$143,007,003Safety Devices655Each\$20,484,414Street Furniture36Items\$38,016Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres5\$37,233,732Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsStormwater Pits35,088PitsStormwater Pits35,088PitsStormwater Pits35,088Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$674,379,555Stormwater Pits83Courts83Courts83Courts83Courts83Courts\$2,450,195Courts83 <td></td> <td></td> <td>Pood Surface</td> <td>11 million</td> <td>Metres</td> <td>\$14E 067 60E</td>			Pood Surface	11 million	Metres	\$14E 067 60E
Safety Devices653Each520,484,414Street Furniture36Items\$20,484,414Street Signs9,042Items\$11,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres1\$32,589,544Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$112,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsStormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$7574,379,555Stortk83Courts83Courts83Courts83Courts\$2,2450,195Fences122Pitches\$2,450,195Fences132Colores\$2,450,195			Safaty Davisas		Sym	\$145,007,005
Street Furniture36Items338,018Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Commuity / Neighbourhood42\$40,561,580Child Care, Preschools & Baby38\$35,711,942Health Centres1\$1,548,930,235Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsStormwater Pits35,088PitsStormwater Pits35,088Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$574,379,555Pedestrian Bridges87Bridges83Courts83Courts83Courts83Courts\$2,2450,195Fences122Pitches\$2,2450,195Fences122Courts\$16,488,198			Salety Devices	000	EdCII	\$20,484,414
Street Signs9,042Items\$1,113,750Transport Total\$1,548,930,235Community / Neighbourhood42\$40,561,580Child Care, Preschools & Baby Health Centres38\$35,711,942Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$112,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total574,379,555\$74,379,555SeePedestrian Bridges87Bridges\$3,525,600Courts83Courts\$83,96,900Cricket Pitches122Pitches\$2,450,195Fences122Pitches\$2,450,195Fences193km\$16,488,198			Street Furniture	30	Items	\$38,010
SectionSt, 548, 530, 233Image of the section of the s			Transport Total	9,042	items	\$1,113,750
Solution42\$40,581,580Child Care, Preschools & Baby Health Centres38\$35,711,942Libraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total83Courts\$8,396,900Cricket Pitches83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Transport Total	42		\$1,548,930,235
SolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutionSolutio			Child Care, Dreacheals & Daby	42		\$40,501,580
SolutionSectionSectionSectionLibraries5\$37,233,732Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsVinderground Pipes968kmStormwater Pits35,088PitsPollution Control Devices220DevicesVaterway Improvements72MetresPedestrian Bridges87BridgesStorts83CourtsCourts83CourtsCourts83CourtsCourts83CourtsCourts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Cour			Health Centres	38		\$35,711,942
Amenities & Sporting Facilities169\$85,962,676Rural Fire Stations10\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsUnderground Pipes968km\$tormwater Pits35,088PitsStormwater Pits35,088PitsYaterway Improvements72MetresPedestrian Bridges87BridgesPedestrian Bridges87BridgesCourts83CourtsCourts83CourtsCourts83CourtsCourts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts\$2,450,195Fences193Km\$16,488,198			Libraries	5		\$37,233,732
Rural Fire Stations100\$3,589,544Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsUnderground Pipes968kmStormwater Pits35,088PitsPollution Control Devices220DevicesPollution Control Devices220DevicesPedestrian Bridges87BridgesStorms83CourtsCourts83CourtsCourts83CourtsCourts83CourtsCourts83CourtsCourts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts843Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts843Courts843Courts84			Amenities & Sporting Facilities	169		\$85,962,676
Pools and Leisure Centres Buildings120150Pools and Leisure Centres Buildings19\$52,436,307Council Operational Buildings29\$67,541,779Aged and Disabled Service Facilities5\$5,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsUnderground Pipes968kmStormwater Pits35,088PitsPollution Control Devices220DevicesVaterway Improvements72MetresVaterway Improvements72MetresPedestrian Bridges87BridgesStormts83CourtsCourts83CourtsCourts83CourtsCourts83CourtsCourts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts83Courts84,90,900Cricket Pitches122Pitches\$24,50,195Fences193Km\$16,488,198		S.	Bural Fire Stations	10		\$3,589,544
DisplayPoint Provide Control Control Point Provide Control Point Price Price Point Price Price Point Price		ling	Pools and Leisure Centres Buildings	19		\$52,436,307
Aged and Disabled Service Facilities5\$\$,295,632Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsUnderground Pipes968kmStormwater Pits35,088PitsPollution Control Devices220DevicesPollution Control Devices220DevicesVaterway Improvements72MetresPedestrian Bridges87BridgesPedestrian Bridges83CourtsCourts83CourtsCourts122PitchesPitches122Pitches122Pitches122Pitches122Pitches122Pitches122Pitches122Pitches122Pitches122Pitches122Pitches123Km\$16,488,198		uilo	Council Operational Buildings	29		\$67.541.779
Commercial Holdings11\$12,714,558Residential Holdings23\$4,033,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38BasinsUnderground Pipes968kmStormwater Pits35,088PitsPollution Control Devices220DevicesVaterway Improvements72MetresMaterway Improvements72MetresPedestrian Bridges87BridgesStormts83CourtsCourts83CourtsCourts122Pitches\$2,450,195Fences193Km\$16,488,198		<b>E</b>	Aged and Disabled Service Facilities	5		\$5.295.632
Residential Holdings23\$42,73,044Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$72Metres\$15,332,822Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$83,96,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Commercial Holdings	11		\$12,714,558
Heritage11\$9,881,533Buildings Total362\$354,962,327Detention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$72Metres\$15,332,822Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$83,96,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Residential Holdings	23		\$4.033.044
Buildings Total362\$354,962,327Detention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Heritage	11		\$9.881.533
Detenting FromDetention Basins38Basins\$476,100Underground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Buildings Total	362		\$354.962.327
NoteDescriptionDescriptionUnderground Pipes968km\$455,642,659Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198	-		Detention Basins	38	Basins	\$476.100
Stormwater Pits35,088Pits\$83,428,525Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Underground Pipes	968	km	\$455.642.659
Pollution Control Devices220Devices\$19,499,449Waterway Improvements72Metres\$15,332,822Drainage Total\$574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198		age	Stormwater Pits	35.088	Pits	\$83,428,525
ConstrainedDescriptionDescriptionWaterway Improvements72Metres\$15,332,822Drainage TotalState\$574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198		ain	Pollution Control Devices	220	Devices	\$19,499,449
Drainage TotalInterferenceDrainage Total\$574,379,555Pedestrian Bridges87Bridges\$3,525,600Courts83Courts\$2,450,195Fences193km\$16,488,198		ā	Waterway Improvements	72	Metres	\$15.332.822
SectorPedestrian Bridges87Bridges\$3,525,600Courts83Courts\$8,396,900Cricket Pitches122Pitches\$2,450,195Fences193km\$16,488,198			Drainage Total			\$574.379.555
Courts 83 Courts \$8,396,900   Cricket Pitches 122 Pitches \$2,450,195   Fences 193 km \$16,488,198	ŀ	Q	Pedestrian Bridges	87	Bridges	\$3.525.600
Sector Counce		pac	Courts	83	Courts	\$8,396,900
<b>6</b> Fences 193 km \$16,488,198		S US	Cricket Pitches	122	Pitches	\$2,450,195
		Ope	Fences	193	km	\$16.488.198

	Floodlighting	1361	Poles	\$11,612,250
	Gardens	23	Hectares	\$1,987,187
	Hard Stand Areas	36,383	Sqm	\$3,333,975
	Irrigated Field	105	Fields	\$5,587,449
	Irrigation System	228	Items	\$3,930,000
	Furniture	4,824	ltems	\$9,732,075
	Playground Items	1,237	Items	\$5,710,958
	Retaining Walls	9,234	Metres	\$2,840,590
	Shelters	235	Shelters	\$2,339,500
	Structures	389	Structures	\$16,573,550
	Open Space Total			\$94,508,427
Plant	Plant Total	2,763	Items	\$73,785,000
	Total for all Categories			\$2,646,565,544

#### APPENDIX C - ASSET MANAGEMENT POLICY

#### POLICY REGISTER

Policy Number:	TBC
Subject:	Asset Management Policy
Subject Area:	Council - General
Blacktown City 2030:	All Strategy Areas
Objective:	To set guidelines for implementing consistent asset management processes throughout Blacktown City Council.
File Number:	138-179-2
Inception Date:	1 July 2013
Responsible Officer:	Director City Assets (DCA), General Manager – (GM)

#### Blacktown City 2030 – Vision Statement

'A City of excellence – diverse, dynamic, progressive'.

#### **Policy Statement**

Council is committed to the management operation of an appropriate mix of sustainable infrastructure (at a life cycle cost) that supports the services that makes Blacktown a City of excellence – diverse, dynamic, progressive.

#### Scope

This policy applies to all Council Asset Management activities.

#### Background

Council is committed to implementing a systematic asset management methodology in order to apply appropriate asset management best 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.

Council owns and uses approximately \$2.65 billion of assets to support its core business of delivery of service to the community.

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

Adopting asset management principles will assist Council in achieving its Strategic Longer-Term Plan and Long Term Financial objectives.

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 on;

- Members of the public and staff;
- Council's financial position;
- The delivery of the Community Strategic Plan objectives, Delivery Program/Operational Plan outcomes.
- The ability of Council to deliver the expected level of service and infrastructure; and
- The legal liabilities of Council.

#### Principles

- 1. A consistent Asset Management Strategy must exist for implementing systematic asset management throughout Council.
- 2. All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- 3. Asset management principles will be integrated within existing planning and operational processes.
- 4. Asset Management Plans will be developed for major service/asset categories. The plans will contain a Life Cycle Management Plan and be informed by community consultation and financial planning and reporting.
- 5. An inspection regime will be used as part of asset management to ensure agreed service levels are maintained, identify asset renewal priorities and identify and manage risk.
- 6. Asset renewals required to meet agreed service levels and identified in adopted asset management plans and long term financial plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined asset renewals and budget resources documented in budget documentation.
- 7. Service levels defined in adopted asset management plans will form the basis of annual budget estimates with the service and risk consequences of variations in defined service levels and budget resources identified in budget documentation.
- 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.
- 9. Ensure that investment in new assets takes into consideration Council's ability to fund their future life cycle costs in addition to existing assets.
- 10. Involve and consult with the community and stakeholders when determining service levels.
- 11. Systematic and cyclic reviews will be applied to all asset classes and are to ensure that the assets are managed, valued and depreciated in accordance with appropriate best practice and applicable Australian Standards.
- 12. Training in asset and financial management will be provided for Councillors and relevant staff.

#### **Related Documents**

- Blacktown City 2030
- Asset Management Strategy
- Asset Management Plans
- Long Term Financial Plan
- Workforce Management Plan
- Delivery Program
- Operational Plan

#### **Review Dates**

This Asset Management Policy is scheduled for review every three years in line with current legislative requirements. Unplanned reviews may be triggered by new technologies, legislation/regulation changes, or variation in resources or community demand.

Asset Management Plans will be reviewed annually in line with current budget preparation and support the objectives of the Delivery Program and Operational Plan.

#### Responsibility

**Council** is responsible for adopting the policy, allocation of resources, providing high level oversight of the delivery of the organisation's asset management strategy and plan and maintaining accountability mechanisms to ensure that organisational resources are appropriately utilized to address the organisation's strategic plans and priorities.

The **General Manager** has overall responsibility for developing an asset management strategy, plans and procedures and reporting on the status and effectiveness of asset management within Council.

#### APPENDIX D - ASSET CATEGORY CONDITION GRAPHS

The following graphs provide a more detailed breakdown by asset category of the overall asset condition graph provided in Section 1 of this document.



Buildings

Drainage



**Open Space** 

Transport

Condition is measured using a 1-5 rating system.

Rating		Description of Condition
1	Excellent:	Recently renewed only planned maintenance required.
2	Very good:	Relatively new assets requiring minor and planned maintenance.
3	Good:	Aging asset significant maintenance required.
4	Average:	Immanent renewal/upgrade required.
5	Poor:	Requiring immediate renewal.

[This page has been left intentionally blank]



# WORKFORCE MANAGEMENT PLAN 2013 - 2017

## **RESOURCING OUR VISION**



Adopted 26 June 2013



## CONTENTS

Workforce Management Plan - Scope	
Council at a Glance	
Responding to the Organisation's Needs	
Community Engagement	100
Responding to Legislative Requirements	102
The Level Playing Field	103
Statistical Analysis	
ABS Statistical Data – Blacktown in Sydney	105
Blacktown City Age Ranges	105
Labour Force	106
Employment by Industry Sector 2011	107
Employment by Occupation Type 2011	109
Internet Access	110
Transport	111
Where do the workers come from?	112
Council's Statistical Data - Who we are	114
Length of Service Distribution	1145
Staff Turnover	116
Head Count and Gender Distribution	116
Gender distribution by type of employment	116
Gender distribution by directorate	117
Gender distribution by position classification	117
Overall gender distribution	117
Occupation Types	118
Workforce Management Profile	118
Gap Analysis	120
Strategic Directions	121
Learning and Development Strategy	123
Leadership Development Strategy	125
Attraction and Retention	127
Employee Reward and Recognition	129
Key Position Plan	129
Internal Consultation/Communication	132
Measures of Success	132
Responsibilities	

#### WORKFORCE MANAGEMENT PLAN - SCOPE

What is the scope of this Workforce Strategy?

This Workforce Management Plan (WMP) has been developed to continue to build on the strong foundation laid down by our first WMP 2010-2013 to assist the Council to achieve its vision for the Community:

## Blacktown City 2030 - City of Excellence

## Diverse, Dynamic, Progressive

Our newest vision for the Community contains the following 6 Strategic Directions:

- A Vibrant and Inclusive Community
- A Clean and Sustainable Environment
- A Smart and Prosperous Economy
- A Growing City Supported by Infrastructure
- A Sporting and Active City
- A Leading City

To assist with driving key priorities or breakthrough areas for the City, the following 8 Trigger Projects will be pursued:

- Blacktown City Centre
- Asset Management and Renewal
- Digital Networks and Communications
- Blacktown International Sportspark
- Becoming a Regional City
- Motor Sport Precinct
- Blacktown Showground
- Promoting the City: Marketing, Branding and Community Engagement

The ongoing focus for this Workforce Management Plan is set to remain clearly on ensuring Council has the right staff in the right place at the right time with the right skills to do the job required of them to deliver for the Community of Blacktown City.

This component of the Resourcing Strategy sets out our ongoing commitment to delivering on:

- Leadership
- Learning
- Attracting and Retaining staff
- Rewarding and Recognising staff
- Covering key and forecasted gaps in Council's workforce (Key Position Planning)

## COUNCIL AT A GLANCE

Headcount	1,835
Full time/Part time employees	1,059 / 130
Casual/Temporary	558/88
Percentage of female employees	53%
Percentage of employees 41 or over	54%
Over 5 years of service	56%

## **RESPONDING TO THE ORGANISATION'S NEEDS**

#### **Organisational Drivers**

#### Asset Management – The Service Challenge

The table below represents a summary of the assets for which Council responsible on behalf of the community and their indicative replacement value. When read in conjunction with our long term financial information, community survey feedback and population projections, it is clear that Council has a growing challenge.

Asset Category	Quantity	Replacement Value '000
Roads	1,282 km	\$1,552,985 (Total for all Transport assets)
Buildings	362 Buildings	\$354,962
Drainage	968 km	\$913,232
Open Space	692 Reserves	\$94,508
Plant & Equipment	2,763 items	\$73,785
Total		\$2,989,472

#### Staff Engagement

During the second half of 2012, Council conducted a staff survey to continue our ongoing process of engagement with our workforce.

Based on the overall survey results, BCC may be described as an organisation with...

"...a strong team based culture, where people enjoy the work they do and the people they do it with. Quality customer service is highly valued and there is a keenness to continually learn, develop and progress one's career".

The areas that received the most positive feedback were:

- Customer Service
- Learning and Development
- Teamwork
- Personal Contribution

Most importantly 78% said they enjoy working for the organisation (whilst only 4% do not) and 72% would recommend Council as an employer. Continued opportunities for improvement are in communication, leadership, performance management and decision making.

#### **COMMUNITY ENGAGEMENT**

In 2011, Council commissioned Micromex Research to conduct a Community Satisfaction Survey which sought community views on the importance of and satisfaction with the full range of 42 external service areas provided by Council.

The survey was conducted by telephone and involved a random sample of 600 adult residents from all areas of the City. The sample size allowed the survey to be statistically valid for a City-wide response.

The survey findings have formed part of the key information which was provided to the newly-elected Council for its strategic planning review. This information has helped to shape some of the priorities and goals of Council's *Blacktown City 2030* integrated plans.

The Community Satisfaction Survey is intended to become a regular part of Council's future community engagement and research.

#### Key Results

In brief, some of the key findings included:

- Council's customers were generally positive about Council's service delivery (70% rating themselves either satisfied or very satisfied);
- The top four key drivers of community satisfaction were related to City image themes (litter control, beautification of the City, keeping public places clean and maintenance of parks and gardens);
- The fifth and sixth key drivers of satisfaction related to community engagement issues (provision of information to residents and opportunities to participate in Council decision making).

Overall, the results for Council were very positive and compared favourably to the industry benchmarks identified by Micromex. These are derived by Micromex from the scores for all of the <u>councils which they have</u> <u>surveyed on the same questions</u>.

In summary, Blacktown City residents were:

- more satisfied than the Micromex benchmark score for 11 of the 15 comparable measures;
- equal to the benchmark score for 3 of the measures;
- below the benchmark for one measure.

Key ratings from this benchmarking process are provided in the table on the next page.

#### Table: Comparison to LGA Benchmarks (for Micromex customers only)

	Service/Facility	Blacktown City Council Satisfaction Scores	Satisfaction Benchmark
Above the Benchmark			
	Satisfaction with handling of Council contact	4.3	3.9
	Cycleways	3.6	3.2
	Satisfaction with community communication	3.7	3.5
	Sporting ovals, grounds and facilities	3.9	3.6
	Domestic garbage collection	4.4	4.1
	Library services	4.3	4.1
	Local roads	3.0	2.8
	Support for youth	3.3	3.0
	Overall satisfaction with Council's performance	3.7	3.5
	Childcare facilities and services	3.8	3.6
	Support for people with a disability	3.4	3.3
Equal to the Be	enchmark		
	Playgrounds	3.6	3.6
	Protecting heritage values and buildings	3.5	3.5
	Support for aged persons	3.5	3.5
Below the Ben	chmark		
	Public toilets	2.6	2.9

Mean ratings: 1 = very dissatisfied, 5 = very satisfied

#### **RESPONDING TO LEGISLATIVE REQUIREMENTS**

Under the Integrated Planning and Reporting legislation which was introduced for NSW Local Government in 2009, each council must prepare a workforce management strategy. This strategy must be for a minimum of four years and addresses the human resourcing requirements for the council to implement its 4-year Delivery Program.

In accordance with the new legislation, in 2010 Blacktown City Council adopted its first Workforce Management Plan, covering the period 2010-2013. The present plan addresses the four year period 2013-2017, which aligns with the new Delivery Program for the present Council's strategy.

This workforce planning is aimed to align the long-term council strategies with the human resources required to deliver these strategies.

The workforce management strategy helps to ensure that the community's strategic goals - as expressed in the Community Strategic Plan - will be met. The development of an effective workforce strategy enables a council to focus on the medium- and long-term and also provide a framework for dealing with immediate challenges in a consistent way.

An effective workforce strategy aims to provide the council with the people best able to inform its strategic direction develop innovative approaches to complex issues and deliver appropriate services effectively and efficiently.

By approaching workforce planning in a strategic way, a number of aims and statutory requirements can be addressed in a single process. This ensures that all aspects of Council's operations are appropriate and effective. The statutory requirements of Local Government include Equal Employment Opportunity (EEO) management planning and practising the principles of multiculturalism.

The benefits of ensuring a diverse workforce include a better reflection of the local community in a council's own workforce. This supports improved communication and better understanding of the issues affecting local communities, as well as maximising the pool of workers from which to address the issues facing councils. Such issues include direct workforce management challenges such as skills shortages, ageing workforce and business succession planning, as well as the effective provision of a very diverse range of local services.

Strategic issues which are to be considered when developing a council's workforce management strategy include the analysis of workforce requirements based on the commitments in the Community Strategic Plan and Delivery Program, developing an appropriate workforce structure to meet those objectives, workplace equity and diversity as a tool to benefit Council, strengthening Council's workplace governance, and supporting and developing Council's staff.

## THE LEVEL PLAYING FIELD

Following on from the commitments stated in Council's Equal Employment Opportunity Management Plan, a central element of the oversight of the strategic development to be conducted continues to be an ongoing commitment to EEO practices across Council.

Two key challenges currently before Council are to continue to strive to reflect our diverse community in our workforce and to continue to support programs such as our Women in Leadership (WIL) program, to professionally develop women at all levels across the organisation.

Data from the most recent Local Government Census (2010) has provided useful comparisons on these points:



#### Males in management positions

## People from Culturally and Linguistically Diverse Backgrounds



## STATISTICAL ANALYSIS

Council continues to be faced with a set of circumstances that appear to be somewhat unique in today's climate of workforce demographics.

As a City of approximately 321,000 people, Blacktown continues to have a growing local resource in what is still projected to be a contracting workforce.

Over the following pages we will review the most recently available Census data from 2011, obtained from the Australian Bureau of Statistics (ABS), including their commentary on salient points of difference when comparing Blacktown against the broader Sydney region, to consider issues such as overall levels of employment, location of employment, workforce participation, categories of employment and dominant sectors of employment.

We will also review what proportion of the workforce live in Blacktown and examine the uptake of internet access and transport options throughout the community of Blacktown relating to people's journeys to work.

All of the above factors are important when considering the shape of our future workforce, where it will come from, how we will be able to communicate with it and how it will be able to travel to work.

## ABS STATISTICAL DATA – BLACKTOWN IN SYDNEY

A detailed review of the newly updated Census data recently released by the Australian Bureau of Statistics has been conducted and selected results set out below.

## **BLACKTOWN CITY AGE RANGES**

#### Age structure, 2011



Analysis of the service age groups of Blacktown City in 2011 compared to Greater Sydney shows that there was a higher proportion of people in the younger age groups (0 to 17 years) and a lower proportion of people in the older age groups (60+ years).

Overall, 28.1% of the population was aged between 0 and 17, and 13.6% were aged 60 years and over, compared with 22.9% and 18.0% respectively for Greater Sydney.

The major differences between the age structure of Blacktown City and Greater Sydney were:

- A larger percentage of 'Primary schoolers' (10.8% compared to 8.7%)
- A larger percentage of 'Babies and pre-schoolers' (8.4% compared to 6.8%)
- A larger percentage of 'Secondary schoolers' (8.9% compared to 7.4%)
- A smaller percentage of 'Seniors' (4.9% compared to 7.2%)

From 2006 to 2011, Blacktown City's population increased by 29,409 people (10.8%). This represents an average annual population change of 2.08% per year over the period.

The largest changes in age structure in this area between 2006 and 2011 were in the age groups:

- Parents and homebuilders (35 to 49) (+5,662 persons)
- Empty nesters and retirees (60 to 69) (+5,597 persons)
- Young workforce (25 to 34) (+4,970 persons)
- Older workers & pre-retirees (50 to 59) (+3,152 persons)

#### LABOUR FORCE

Labour force status

Blacktown City	2011			2006			Change	
Labour force status	Number	%	Greater Sydney	Number	%	Greater Sydney	2006 2011	to
Total Labour force	144,098	62.7	61.7	126,657	61.8	60.7	+17,441	
Not in the labour force	74,727	32.5	32.4	66,318	32.4	31.8	+8,409	
Labour force status not stated	10,814	4.7	5.9	11,914	5.8	7.6	-1,100	
Total persons aged 15+	229,639	100.0	100.0	204,889	100.0	100.0	+24,750	

The size of Blacktown City's labour force in 2011 was 144,098 persons, of which 38,510 were employed parttime and 91,619 were full time workers.

Analysis of the employment status (as a percentage of the labour force) in Blacktown City in 2011 compared to Greater Sydney shows that there was a lower proportion in employment, and a higher proportion unemployed. Overall, 92.8% of the labour force was employed (58.3% of the population aged 15+), and 7.2% unemployed (4.5% of the population aged 15+), compared with 94.3% and 5.7% respectively for Greater Sydney.

Between 2006 and 2011, the number of people employed in Blacktown City showed an increase of 15,736 persons and the number unemployed showed an increase of 1,705 persons.

The labour force participation rate refers to the proportion of the population over 15 years of age that was employed or actively looking for work. "The labour force is a fundamental input to domestic production. Its size and composition are therefore crucial factors in economic growth. From the viewpoint of social development, earnings from paid work are a major influence on levels of economic well-being." (Australian Social Trends 1995).

Analysis of the labour force participation rate of the population in Blacktown City in 2011 shows that there was a higher proportion in the labour force (62.7%) compared with Greater Sydney (61.7%).

Between 2006 and 2011 in Blacktown City the number of people in the labour force showed an increase of 17,441 persons, or 13.8%.
### **EMPLOYMENT BY INDUSTRY SECTOR 2011**



Blacktown City 🛛 📰 Greater Sydney

Compiled and presented by .id, the population experts

An analysis of the jobs held by the resident population in Blacktown City in 2011 shows the three

Manufacturing (16,949 people or 12.7%) •

most popular industry sectors were:

- Health Care and Social Assistance (15,188 people or 11.4%) .
- Retail Trade (14,433 people or 10.8%) •

In combination these three industries employed 46,570 people in total or 34.8% of the employed resident population.

In comparison, Greater Sydney employed 8.5% in Manufacturing; 10.9% in Health Care and Social Assistance; and 9.8% in Retail Trade.

The major differences between the jobs held by the population of Blacktown City and Greater Sydney were:

- A larger percentage of persons employed in manufacturing (12.7% compared to 8.5%) •
- A larger percentage of persons employed in transport, postal and warehousing (7.5% compared to • 5.3%)
- A larger percentage of persons employed in wholesale trade (6.3% compared to 5.3%)

- A *smaller* percentage of persons employed in professional, scientific and technical services (5.5% compared to 9.6%)
  The number of employed people in Blacktown City increased by 15,732 between 2006 and 2011.
  - The largest changes in the jobs held by the resident population between 2006 and 2011 in Blacktown City were for those employed in:
- Health Care and Social Assistance (+3,681 persons)
- Retail Trade (+1,589 persons)
- Professional, Scientific and Technical Services (+1,562 persons)
- Financial and Insurance Services (+1,360 persons)

### **EMPLOYMENT BY OCCUPATION TYPE 2011**



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Usual residence data) Compiled and presented by .id, the population experts.

the population experts

An analysis of the jobs held by the resident population in Blacktown City in 2011 shows the three most popular occupations were:

- Clerical and Administrative Workers (24,432 people or 18.3%)
- Professionals (23,336 people or 17.4%)
- Technicians and Trades Workers (18,123 people or 13.5%)

In combination these three occupations accounted for 65,891 people in total or 49.3% of the employed resident population.

In comparison, Greater Sydney employed 16.2% in Clerical and Administrative Workers; 25.5% in Professionals; and 12.2% in Technicians and Trades Workers.

The major differences between the jobs held by the population of Blacktown City and Greater Sydney were:

- A *larger* percentage of persons employed as Machinery Operators and Drivers (10.9% compared to 5.7%)
- A larger percentage of persons employed as Labourers (10.5% compared to 7.3%)
- A *larger* percentage of persons employed as Clerical and Administrative Workers (18.3% compared to 16.2%)
- A *larger* percentage of persons employed as Technicians and Trades Workers (13.5% compared to 12.2%)

The number of employed people in Blacktown City increased by 15,729 between 2006 and 2011.

The largest changes in the occupations of residents between 2006 and 2011 in Blacktown City were for those employed as:

- Professionals (+5,484 persons)
- Community and Personal Service Workers (+2,556 persons)
- Clerical and Administrative Workers (+2,163 persons)
- Managers (+1,792 persons)

### **INTERNET ACCESS**



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Enumerated data) Compiled and presented by .id, the population experts.



Analysis of the type of internet connection of households in Blacktown City compared to Greater Sydney shows that there was a higher proportion of households with either no internet connection or a dial up connection, and a similar proportion of households with broadband connectivity.

Overall 19.7% of households had no internet connection or a dial up connection, and 70.4% had broadband connectivity, compared with 18.3% and 70.6% respectively in Greater Sydney.

Between 2006 and 2011 the number of households with an internet connection increased by 20,220.

The largest changes in the internet connectivity in Blacktown City, between 2006 and 2011 were:

- Broadband connection (+30,526 households)
- Total internet connection (+20,220 households)
- Dial-up connection (-12,839 households)

### TRANSPORT



Source: Australian Bureau of Statistics, Census of Population and Housing, 2011 (Enumerated data) Compiled and presented by .id, the population experts.



Analysis of the car ownership of the households in Blacktown City in 2011 compared to Greater Sydney shows that 85.4% of the households owned at least one car, while 8.9% did not, compared with 81.2% and 11.8% respectively in Greater Sydney.

Of those that owned at least one vehicle, there was a smaller proportion who owned just one car; a larger proportion who owned two cars; and a larger proportion who owned three cars or more.

Overall, 34.5% of the households owned one car; 35.8% owned two cars; and 15.1% owned three cars or more, compared with 36.8%; 31.4% and 13.0% respectively for Greater Sydney.

The largest changes in the household car ownership in Blacktown City between 2006 and 2011 were:

- 2 motor vehicles (+4,277 households)
- 3 or more motor vehicles (+3,143 households)
- 1 motor vehicle (+1,986 households)
- No motor vehicles (-950 households)

### WHERE DO THE WORKERS COME FROM?

#### Residential location of workers (Blacktown City 2011)

	Number	%
Live and work in the area	36,644	44.2
Live and work in the same SLA	22,599	27.3
Live in the area and work in different SLA	14,045	16.9
Work in the area, but live outside	46,239	55.8
Total workers in the area	82,883	100.0

# Residential location of workers, 2011 Blacktown City



Journey to Work data sheds light on how many workers live locally, how many commute from other areas and which areas they commute from. Some areas attract a large external workforce because they have major employment centres or because local residents have a different set of skills or aspirations than the local jobs require. Understanding where workers reside assists in planning and advocacy for roads and public transport provision. It also helps to clarify economic and employment drivers across areas and assists in understanding the degree to which Blacktown City provides local employment.

Residential location of workers by Statistical Local Area		
Total area	2011	
	Number	%
Blacktown (C) - North	13,168	15.9
Blacktown (C) - South-East	11,779	14.2
Blacktown (C) - South-West	11,697	14.1
Penrith (C) - East	7,255	8.8
Penrith (C) - West	4,308	5.2
Hawkesbury (C)	3,203	3.9
The Hills Shire (A) - Central	2,737	3.3
Holroyd (C)	2,688	3.2
The Hills Shire (A) - North	2,664	3.2
Blue Mountains (C)	1,962	2.4
Parramatta (C) - North-West	1,456	1.8
Fairfield (C) - East	1,406	1.7
Fairfield (C) - West	1,245	1.5
Liverpool (C) - West	1,233	1.5
Parramatta (C) - Inner	924	1.1
Liverpool (C) - East	892	1.1
Hornsby (A) - North	771	0.9
Campbelltown (C) - North	719	0.9
The Hills Shire (A) - South	713	0.9
Camden (A)	697	0.8

# COUNCIL'S STATISTICAL DATA - WHO WE ARE

### Age Distribution

Council currently faces a similar challenge to the rest of the Local Government industry with respect to its age profile. Senior and experienced staff constitute over 800 employees and will challenge our ability to retain this knowledge and experience.



Directorate	15-20	21-30	31-40	41-50	51-60	61-70	71-100
City Assets	0	35	67	125	151	58	1
City Strategy & Development	0	12	15	31	29	7	0
Finance & Corporate Strategy	3	24	31	40	48	28	2
General Managers Unit	0	3	1	2	0	5	0
Sustainable Living	2	61	114	123	132	41	3
Totals	5	135	228	321	360	139	6

### LENGTH OF SERVICE DISTRIBUTION

Over 320 staff with more than 15 years service represents a strong result for Council on this metric.

Notably, more than 570 staff have served between 5-15 years, delivering to Council a solid base on which to continue to move forward, however, a sizeable proportion of these staff would also be over the age of 40 and thus effort is necessary to continue to assist them to achieve their career aspirations whilst 'future-proofing' the organisation from an information and knowledge perspective.



Length of Service Grouping

Directorate	Under 1 yr	1 to 5 yrs	6 to 15 yrs	16 to 25 yrs	26 to 35 yrs	Over 35 yrs
City Assets	1	117	191	90	25	13
City Strategy & Development	0	28	37	21	6	2
Finance & Corporate Strategy	0	44	73	45	13	1
General Managers Unit	0	3	6	0	1	1
Sustainable Living	1	105	266	71	32	1
Totals	2	297	573	227	77	18

### STAFF TURNOVER

March 2012- January 2013 (Rolling 12 months)



### HEAD COUNT AND GENDER DISTRIBUTION

**Headcount Report** Gender Casual **Full time** Part time Temporary **Grand Total** Female 60 988 403 405 120 Male 155 654 10 28 847 Total 558 1059 130 1835 88

Note: does not include trainees & apprentices



## GENDER DISTRIBUTION BY TYPE OF EMPLOYMENT

# GENDER DISTRIBUTION BY DIRECTORATE



■ females ■ males

### GENDER DISTRIBUTION BY POSITION CLASSIFICATION



### **OVERALL GENDER DISTRIBUTION**



■ Females ■ Males

# OCCUPATION TYPES



No. of Staff

### WORKFORCE MANAGEMENT PROFILE

The Management area profiles are an integral part of this document and will be completed as part of the ongoing information gathering process forming the foundation of the operational data collection across Council.

Managers will also be asked to project their indicative workforce at intervals of 1 and 4 years respectively (8 years also if possible) based on known or estimated workloads/programs.

As part of this data collection process, each management area will be asked to identify not only its anticipated workforce, but also to give consideration to any issues affecting its workforce, its key skill requirements and its key deliverables – or priority areas.

Once this process has been completed, each management unit will possess the ability to embed this information into their management plans and it will be used in combination with the broader staff surveying initiatives to form the basis of Council's attempts to meet the gaps between its demands for particular types of employees with certain skills or abilities and the supply of labour as outlined in the statistical data represented earlier.

This documentation is also the key point of intersection with Council's financial and asset management planning as it provides each manager with the opportunity to forecast both deliverables and financial and staffing implications.

A sample of the profiling tool is set out on the next page.

			Workforce Management	: Profile - Managei	ment Unit			
Profile	Current (2012/2	2013)	2013/2014	t	2017/2018		2021/2022	
Employment Type	Permanent Full-time	Insert Information	^o ermanent Full-time	Insert Information	Permanent Full-time	Insert Information	Permanent Full-time	Insert Information
	Permanent Part-time	Insert Information	^D ermanent Part-time	Insert Information	Permanent Part-time	Insert Information	Permanent Part-time	Insert Information
	Job- Share	Insert Information	lob- Share	Insert Information	Job- Share	Insert Information	Job- Share	Insert Information
	Temporary/Contract	Insert Information	Temporary/Contract	Insert Information	Temporary/Contract	Insert Information	Temporary/Contract	Insert Information
	Casual	Insert Information	Casual	Insert Information	Casual	Insert Information	Casual	Insert Information
Classification	Professional	Insert Information	Manager/Professional	Insert Information	Manager/Professional	Insert Information	Manager/Professional	Insert Information
	Associated Professional	Insert Information	Associated Professional	Insert Information	Associated Professional	Insert Information	Associated Professional	Insert Information
	Clerical and Administration	Insert Information	Clerical and Administration	Insert Information	Clerical and Administration	Insert Information	Clerical and Administration	Insert Information
	Technical/Trade	Insert Information	Fechnical/Trade	Insert Information	Technical/Trade	Insert Information	Technical/Trade	Insert Information
Demographics	Male	Insert Information	Vale	Insert Information	Male	Insert Information	Male	Insert Information
	Female	Insert Information	⁻ emale	Insert Information	Female	Insert Information	Female	Insert Information
	Under 30	Insert Information	Jnder 30	Insert Information	Under 30	Insert Information	Under 30	Insert Information
	Aged 30-44	Insert Information	Aged 30-44	Insert Information	Aged 30-44	Insert Information	Aged 30-44	Insert Information
	Aged 45-55	Insert Information	Aged 46-55	Insert Information	Aged 46-55	Insert Information	Aged 46-55	Insert Information
	Aged 55+	Insert Information	Aged 55+	Insert Information	Aged 55+	Insert Information	Aged 55+	Insert Information
Budget	Current (2012/2	2013)	2013/2014	1	2017/2018		2021/2022	
Budget Management Unit (Annual)								
Employment Costs								
Employment Costs (%)								
Key Skill Requirements								
Key Workforce Management Issues Consider impacts of: 1. Organisation Direction (e.g. strategic p working practices, workforce culture, rev working practices, workforce culture, rev 2. Environmental Factors (e.g. social, tech 3. Labour (e.g. internal- demographics, er External- replacements staff costs, casual	anning, budget forecasts, plannec ards sytems) nical and economic) ontract staff).	J new technology, salary profile.						
Key Deliverables - Priorities								

### **GAP ANALYSIS**

Our workforce data and projections have been analysed in the context of the available population data to identify the gap between the projected labour demand and the projected labour supply.

All strategies extending out of this project have been focused on minimising the gap between the demand for, and the supply of, labour within the appropriate skill area. It is recognised that this will necessarily include the sourcing of labour at all levels and clearly contemplates the up skilling of our existing workforce.

Critical to the quality of the gap analysis is a consideration of the statistical data contained in this report.

Key factors to be considered arising out of the available statistics have been considered in detail during the development of the Strategies themselves, but at a glance it is illustrative to note that compared to the rest of Sydney Blacktown remains.

- Younger on average
- Has more manufacturing jobs
- Has more people working in labouring, driving and machinery operating jobs
- Has less people working in professional and managerial jobs
- Has a slightly lower rate of internet access
- Almost 45% of people both live and work within the Blacktown City area

Corporately, our Key Position Plan contains a detailed, risk-based approach to the identification of gaps based on:

- Critical or unique positions
- Skill shortage areas
- Positions at risk due to staff being aged 55 or over

### STRATEGIC DIRECTIONS

The below strategic directions have been initiated under Council's 2010-2013 WMP and, upon review of the available data on both the demand for and the supply of labour, as well as our increased understanding of our own workforce derived from greater data collection and surveying, are still considered appropriate for ongoing implementation.

Council continues to benefit from prudent management of the alignment of its staffing resources against the needs of the organisation to be able to fulfill the requirements set out in evolving versions of Council's operational plans. The challenge presented to Council now is the need to ensure the ongoing resourcing of Council's requirements in the future.

The Workforce Management Plan (WMP) continues to exist as the top level strategic document for the management of staffing resources across the organisation. All other strategies relating to staff remain driven from this point with central pillars therefore being able to be used as their foundation.

It is also considered that the strategic layers will remain as living documents with particular reviewable timeframes that are able to be informed as the organisation continues to evolve and are reported on regularly.

The following strategies were identified previously and are considered appropriate for ongoing implementation following internal consultation with the Executive and consideration of the imperatives currently evidenced across the organisation:

- 1. Learning and Development
- 2. Leadership Development
- 3. Attraction and Retention
- 4. Employee Reward and Recognition
- 5. Key Position Plan

Ongoing consultation with staff will be undertaken where appropriate to ensure that all outcomes remain relevant to increasing the operational effectiveness and efficiency of Council. Actions arising out of the identified strategies will be incorporated into Council's Operational Plan.



### LEARNING AND DEVELOPMENT STRATEGY

#### Introduction

Blacktown City Council has demonstrated a commitment to the development of its workforce. Through continuing initiatives such as our education assistance program, trainee and apprentice employment and the delivery of an annual training needs analysis, Council has ensured that our workforce has been skilled to deliver essential and value-added services to our local community. We have also strived to be considered a local government employer of choice.

The Blacktown City Council Learning & Development Strategy is an ongoing commitment to the development of a new level of corporate learning and development. The strategy demonstrates Council's commitment to developing work capabilities that underpin our capacity to achieve Council's strategic direction, Blacktown City Council 2030 and residual delivery planning.

Capability building requires a systematic approach to Learning and Development (L&D). The Strategy represents a significant investment of both current and future resources that need to be appropriately targeted to ensure that L&D is aligned with organisational goals and the needs of staff at both a corporate and individual level.

In addition, the Strategy recognises the need to build the capacity of staff to deliver services, meet strategic needs and position Council for the future.

The strategy acknowledges our past success in the development of our staff and strives to support the ongoing learning and development of our workforce.

#### Purpose

The purpose of this document is to outline and establish the direction for learning and development within Council for the next three years. The strategy provides:

- The principles that the strategy is based on, and
- An overview of key learning and development initiatives and how each of these will be achieved.

The strategy represents a new approach to learning and development in the organisation. It recognises the:

- Importance of the Australian Qualifications Framework in providing vocationally relevant, nationally recognised qualifications, and
- Values the importance of partnerships with external organisations in delivering key programs to support the ongoing development of our workforce.

#### Aim

The Learning and Development Strategy will support the delivery of effective, targeted learning and development initiatives that build the capability of staff to deliver services, meets strategic needs and positions Blacktown City Council as an employer of choice.

#### Objectives

The delivery of the Strategy will ensure that Council:

- Creates a culture that values learning and continuous improvement
- Aligns learning with current and future business needs

- Provides appropriate and targeted learning options
- Supports the application of skills in the workplace
- Manages learning equitably
- Supports the development of our staff at all levels.

#### **Guiding Principles**

The guiding principles of the Learning and Development Strategy are:

**Practical** – All training, learning and development should lead to improvements in personal and corporate performance.

**Innovative** – Council has a culture that supports lifelong learning and the continuous development of individuals. The responsibility for learning and development is shared by everyone. All staff willingly share and apply learning through action in the workplace. Leadership practice will support a learning culture.

**Equitable** – Equal opportunity is provided to all staff to develop their potential through access to, and participation in, a range of learning and development programs to meet the needs of their position and to provide opportunities to further develop where possible.

**Timely** – Learning and development is aligned to the needs of the Council, the workplace and the individual. Learning and development plans are aligned with Council's management plans, current and future position requirements, and career pathways.

**Collaborative** – Council values the relationship with external agencies to deliver targeted training, learning and development initiatives.

**Communicative** - Learning and development initiatives throughout the organisation using available technological mediums and are communicated individually through individual development plans that are developed annually through Council's Employee Development System (EDS).

The strategy is designed to deliver the following key action outcomes:



### LEADERSHIP DEVELOPMENT STRATEGY

#### Introduction

Blacktown City Council is a leader within the local government industry. Our reputation for achievement is a reflection of the management experiences of our internal leaders, many of whom have been supported in their career development internally.

Integral to the continued achievement of Blacktown City Council's strategic directions, is the need to ensure our Executive, Managers and Supervisors have the capability and the capacity to achieve our organisational goals. The Blacktown City Council Leadership Development Strategy has been designed to ensure this capability and capacity building by developing a leadership and management capabilities framework and implementing a program of targeted learning opportunities aimed at the continued development of effective leadership.

Leadership is not taught, but learned. This strategy provides a structured approach conducive to the continued leadership development of the Blacktown City Council management structure. It is underpinned by the development of key skills that facilitate effective learning and leadership across the organisation. It demonstrates the commitment by our Executive Management Team to foster the career development for our future organisation.

#### Purpose

The purpose of this document is to outline and establish the direction for leadership development initiatives over the next three years. The strategy provides:

- The principles that the strategy is based upon, and
- An overview of leadership development key action plans and how each of these will be achieved.

The strategy represents a consistent approach to learning and development, as it applies to leadership development, in the organisation. It recognises the:

- Importance of the Australian Qualifications Framework in providing vocationally relevant, nationally recognised qualifications, and
- Values the importance of partnerships with external organisations in delivering key programs to support the ongoing development of our workforce
- Role of every Council employee as a teacher and potential leader.

#### Aim

The Leadership Development Strategy will support the development of leadership and management capabilities through the delivery of effective and targeted training, learning and development opportunities for the development of effective leadership.

#### Objectives

The delivery of the Strategy will ensure that Council:

- Creates a culture that values learning and continuous improvement
- Aligns learning with current and future business needs
- Provides appropriate learning options
- Supports the application of skills in the workplace

- Manages learning equitably
- Supports the development of our staff at all levels

#### **Guiding Principles**

The guiding principles of the Leadership Development Strategy are:

**Practical** – All training, learning and development should lead to improvements in personal and corporate performance.

**Innovative** – Council has a culture that supports lifelong learning and continuous development of individuals. Leadership practice will support a learning culture. The responsibility for learning and development is shared by everyone. All staff willingly share and apply learning through action.

**Equitable** – Everyone has the opportunity to develop their potential through access to, and participation in, a range of learning and development programs to meet the needs of their position and to provide opportunities to further develop where possible.

**Timely** – Leadership development is aligned to the needs of the Council, the workplace and the individual. Professional development plans are aligned with Council's management plans, current and future position requirements, and career pathways.

**Collaborative** – Council values the relationship with external agencies to deliver targeted learning and development initiatives. It will support the development of internal mentoring and coaching partnerships to promote the values of leadership and shared learning across the organisation.

**Communicative** – Leadership development initiatives are linked through strategic, business unit and workforce planning. We take opportunities to develop our staff with contemporary approach, using available technology mediums.

**Education Assistance** 

•Council's

life long

culture values

learning and

supports the

to pursue

education

higher

choice of staff

The strategy is designed to achieve the following key action outcomes.



126 | Page Blacktown City Council

### ATTRACTION AND RETENTION

#### Introduction

The following issues have been identified as key areas of concern:

- Skills shortages
- Workforce diversity/community expectations
- Increasing competition and decreasing labour pool
- Ageing workforce/population and decreasing birth rate
- Need for increased flexibility

It is through the implementation of various attraction and retention initiatives that Council will be able to overcome these issues and continue to maintain a workforce that has the capacity to achieve Council's long-term objectives.

#### Purpose

The purpose of this strategy is to outline the action to be taken by Council to attract and retain staff over the forthcoming planning cycle. The strategy provides:

- The principles that the strategy is based upon, and
- An overview of key action outcomes and an implementation plan

#### Aim

The aim of this strategy is to utilise attraction and retention initiatives to address the Council's key current and future workforce issues.

#### Objectives

The delivery of the Strategy will ensure that:

- Council is differentiated from other councils and employers
- There is an increased awareness of Council as a desirable employer and the various employment opportunities, benefits and conditions it can offer potential employees
- People seek to be employed by Council
- Council is attracting and supporting a diverse range of workers e.g. age, gender, cultural background, persons with disability

Council appoints and is able to retain appropriately skilled and talented workers who share the same values and attitude as the organisation.

#### **Guiding Principles**

The guiding principles of the Attraction and Retention Strategy are:

**Practical** – All attraction and retention initiatives should lead to direct improvements to the number and quality applications received, and the suitability of employees appointed to Council. In addition, the initiatives should lead to increased employee satisfaction levels.

**Innovative** – In order for Council to be competitive and to retain staff, Council needs to be a unique, attractive and innovative employer.

**Equitable** – All attraction and retention initiatives are able to be accessed by all employees and potential employees equally, with the exception of those targeted disadvantaged groups who will be given particular opportunities due to their circumstances, in accordance with Anti- Discrimination legislation.

**Timely** – Due to the emerging issues being faced by Council and with consideration to the Council's long term goals and objectives, the actions contained within this Strategy require appropriately timed implementation.

**Collaborative** – Council values the input of staff, management and external consultation for the development and actioning of various items within the strategy.

**Communicative** – Attraction and retention initiatives are communicated externally and internally (as appropriate) using available technology.

#### **Attraction and Retention Key Action Outcomes**

The strategy is designed to achieve the following key action outcomes:



### EMPLOYEE REWARD AND RECOGNITION

This strategy is still under development with ongoing staff consultation being undertaken, however, key information is available to Council as a result of its recent employee opinion survey.

The survey results have identified the following areas for Council to focus the continued design of its strategy on:

- Excellent customer and/or community service
- Consistent good performance
- Hard work / extra effort
- Effective teamwork
- Acting as a positive role model / displaying positive behaviour
- Reliable attendance
- A good idea / innovation
- Sustained outstanding performance
- Length of Service

#### **KEY POSITION PLAN**

#### Introduction

One of the critical factors in ensuring that our Council is able to achieve its long-term objectives is the effective management of key positions within the organisation.

It is inevitable that employees will enter and exit an organisation at some point, however it is the level of impact this transition has on the organisation that is of concern and requires management. High risk positions (e.g. identified critical positions, skill shortage positions) need to be addressed as a priority to ensure Council's risk to losing key information and skills as well as the likelihood of serious operational disruption and financial damages are minimised.

It is through the implementation of this Management Plan that Council will be able to maintain the delivery of services and operations with minimal disruption whilst transitioning employees in and out of its key positions. In doing so, this will ultimately contribute to the overall achievement of the organisation's long-term objectives.

#### Purpose

The purpose of this document is to establish and maintain a Corporate Plan for the management of key positions within the organisation.

#### Aim

The aim of this plan is to outline the action to be taken by Council to ensure that all key positions within the organisation are identified, assessed and controlled to enable a timely and effective transition of persons in and out those identified positions.

#### Objectives

The delivery of the Plan will ensure that:

- The organisation is able to overcome the loss of employees in particular positions with minimal disruption to services and operations
- Information regarding critical organisational operations, processes and/or systems is shared amongst authorised personnel

Key positions are identified, assessed and controlled.

The planning process is shown in the diagram below:



#### **Key Position Identification and Assessment**

Key positions are identified according to the risk they pose to the organisation if they were to go unfilled. At a Corporate level, Council has identified the following areas that are considered to be of a high risk:

- 1. Positions held by employees 55 and over
- 2. Positions that have been classified as skills shortage positions
- 3. Positions that have been assessed (using approved documentation) and identified as critical

It is important to note that a position may be in more than one of the above categories, which would increase the overall risk rating.

#### **Employee Questionnaire**

In order to assist with the planning process, all incumbents within identified Key Positions (i.e. positions held by employees 55 and over, identified skills shortage positions and critical positions) are invited to complete a Key Position- Employee Questionnaire.

The survey results will be used at a Corporate level to report generally on the status of the identified Key Positions.

In addition, this questionnaire provides their Controlling Officer with useful information that can be used when developing and prioritising their Key Position- Action Plans. The Employee Questionnaire covers the following areas:

- 1. Anticipated retirement year and/or month
- 2. Interest in phased retirement options (for 55+)
- 3. Interest in participating in a mentoring program
- 4. Satisfaction that their corporate and/or operational knowledge has been transferred to appropriate employees
- 5. Satisfaction that their corporate and/or operational knowledge is well documented and communicated to relevant employees

Satisfaction that their position description reflects the extent and level of skills, knowledge and experience required to fulfil the requirements of their position.

#### **Key Positions- Action Plans**

All identified key positions within this Corporate Management Plan must have an Action Plan developed, implemented and monitored, using approved documentation. These action plans outline key steps (controls) taken to ensure that the risk to the organisation associated with the vacating of the key positions is minimised. The plans actions will vary according to the type of key position and the different circumstances of each position and their position incumbent. However, there may be circumstances whereby an action plan may relate to a number of the same positions e.g. 5 employees in the same identified skills shortage engineer position.

### INTERNAL CONSULTATION/COMMUNICATION

The majority of consultation has occurred at the level of strategy development where staff input has been sought.

A combination of surveys, interviews and meetings has been used to ensure appropriate consultation and engagement is achieved.

Each of the strategies has identified coverage of this component where applicable.

The Strategies themselves form part of regular update reporting to the Executive and progress is reported quarterly to Council as part of our Quarterly Review Report.

### **MEASURES OF SUCCESS**

The Blacktown City Council Workforce Management Plan is now into its second iteration for a now full four year period. Over that time we will monitor and evaluate the commitments to ensure progress.

Specific measures have also been incorporated into Council's Operational Plan and will be reported on and analysed on a quarterly basis to identify any opportunities for ongoing improvement accordingly.

Each strategy contains its own criteria for assessment which is diverse and particular to each one.

Corporately, workforce statistics will be used over time to monitor items such as downtime, turnover and recruitment numbers.

The final component of the measurement of success will be evidenced in the ability of the three distinct components of the Resourcing Strategy to equip Council to deliver on the aspirations set out in our Community Strategic Plan.

### RESPONSIBILITIES

The Executive Management Committee will champion the Workforce Management Plan and provide high-level direction from a whole-of-Council perspective.

The Workforce and Corporate Development Section will lead and coordinate the Workforce Management Plan across Council.

Expert advice will be sought from a range of sources, both internal and external on best practice for key workforce issues.

Management units will be asked to report on progress against Workforce Management Plan priorities, with specific reports on workforce issues and initiatives.

# **Contact Us**

Website: www.blacktown.nsw.gov.au

Contact us on 9839 6000 or fax us on 9839 1961

# Write to Council:

The General Manager Blacktown City Council PO Box 63 Blacktown NSW 2148

### Email: blacktown2030@blacktown.nsw.gov.au

www.facebook.com/I love blacktown

www.twitter.com/@blacktowncc

### **Image Credits**

Blacktown City Council Landcom

### Printed locally in Blacktown City on 100% recycled paper