

HAWKESBURY CITY COUNCIL

RESOURCING STRATEGY

2013-2023

Long Term Financial Planning
Workforce Management Planning
Asset Management Planning



SHAPING OUR FUTURE



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About this Resourcing Strategy

The Hawkesbury Community Strategic Plan 2013 – 2032 (CSP) provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources (i.e. time, money, assets and people) to actually carry them out. The Resourcing Strategy is a critical link when it comes to translating objectives of the Community Strategic Plan into actions.

This Resourcing Strategy has been prepared in accordance with the requirements of the *Local Government Act 1993* and the Integrated Planning and Reporting framework. The Strategy considers the resources that Council needs in order to work towards its areas of responsibility in the CSP and consists of three elements:

- Long Term Financial Planning
- Workforce Management Planning
- Asset Management Planning

This Resourcing Strategy is a ten year rolling forecast that will be updated annually as part of the development of Council's Delivery Program and Operational Plan. It will be reviewed in detail as part of the four yearly review of the CSP.

Long Term Financial Planning

The Long Term Financial Plan (LTFP) is an important part of Council's strategic planning process. This is the point where long term community aspirations and goals outlined within the CSP are tested against financial realities. The LTFP provides a dynamic framework, in which Council maintains financial sustainability in the delivery of its core functions and assists in measuring the performance of implementing objectives within the CSP.

The LTFP contains a set of financial projections and assumptions covering a period of ten years.

Workforce Management Planning

The Workforce Management Plan will assist Council to plan for the future, anticipate change, and manage the workforce to meet the outcomes of Council's Delivery Program. It provides a framework for making decisions that align with meeting the strategic goals of the community and it identifies how future staffing and skill needs will be met.

Asset Management Planning

Council's infrastructure assets include assets such as roads, bridges, stormwater drainage, sewerage, solid waste, footpaths and cycleways, buildings, sporting fields and playgrounds, recreation facilities, parks and reserves. Non-infrastructure assets include land, motor vehicles, plant and equipment, office furniture, office equipment, art works, heritage collections and library books. These assets enable Council to provide residents, businesses and visitors with a wide range of services which attempt to meet their social, economic, environmental and recreational needs.

Asset Management Planning (AMP) is intended to establish the framework, strategies and processes required to improve the management of assets to enable Council to deliver upon the corporate goals and strategies and achieve the outcomes set in the CSP. AMP will provide extensive benefits relating to governance, public accountability, risk management, service delivery, community satisfaction and financial efficiency in the short, medium and long term.



LONG TERM FINANCIAL PLANNING



1. Introduction

The development of a Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting Framework and forms part of the Resourcing Strategy, which includes the LTFP, Workforce Management Plan and the Asset Management Plan.

Over recent years, financial sustainability in local government has received heightened attention and has become a major cause for concern due to:

- increased demand for services from the community,
- the diversion of resources away from local government due to cost shifting,
- constraints over major income streams due to rate pegging,
- constraints over income streams subject to relatively static statutory fees,
- dependence on grant income,
- caps placed on development contributions, and
- ageing infrastructure escalating expenditure required for asset maintenance and renewals.

The LTFP is an important part of Council's strategic planning process. This is the point where long-term community aspirations and goals, outlined within the Community Strategic Plan 2013-2032 (CSP), are tested against financial realities. The CSP is divided into five vision statements, which are supported with directions, strategies, goals and measures to assist Council and the community to achieve its objectives:

1. Looking After People and Place
2. Caring for Our Environment
3. Linking the Hawkesbury
4. Supporting Businesses & Local Jobs
5. Shaping our Future Together

The LTFP provides a dynamic framework in which Council maintains financial sustainability in the delivery of its core functions and assists in measuring the performance of implementing objectives within the CSP. The LTFP also:

- establishes greater transparency and accountability of Council to the community,
- provides an opportunity for early identification of financial issues and any likely impacts in the longer term, and
- provides a mechanism to address financial constraints as a whole, provides a 'big picture' on how various plans fit together, and identifies the impact of decisions on other plans or strategies.

The LTFP spans a period of ten years and includes the following:

- the current financial position of Council,
- the planning assumptions used to develop the Plan,
- revenue and expenditure forecasts, including risk assessment,
- consideration of asset management and its impact on the LTFP,
- methods of monitoring financial performance,
- sensitivity analysis and testing,
- an outline of financial objectives and strategies for financial sustainability,
- projected income and expenditure, balance sheet and cash flow statements,
- detailed capital works program, and
- methods and timings for subsequent reviews.

2. Current Financial Position of Council

Council was considered to be in a sound and stable financial position as at June 2012, as stated by Council's external auditors. This short term position was maintained during the 2012/2013 financial year with all Budget Review Statements for the September 2012, December 2012 and March 2013 quarters reporting a balanced budget position being maintained after a number of budgetary adjustments to accommodate change in trends, changed priorities and unforeseen events.

Council's short to medium term financial position is represented by the Financial Sustainability Rating as detailed below.

2.1. Financial Sustainability Rating (FSR)

In March 2012, the Minister for Local Government announced the establishment of an Independent Local Government Review Panel (Review Panel) to develop options to improve the strength and effectiveness of local government in NSW. To assist with the review, the NSW Treasury Corporation (TCorp) was requested to prepare reports in respect of financial sustainability for all 152 NSW councils.

TCorp defines sustainability as:

A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community.

The definition brings together what TCorp considers are the key elements of financial strength, service and infrastructure requirements, and needs of the community.

The FSR reflects a council's capacity to meet its financial commitments in the short to medium term and in the long term. To determine the FSR for each council, a matrix of 10 key benchmark ratios were used.

- Financial Flexibility (35%) – operating ratio, own source operating revenue ratio;
- Liquidity (20%) – cash expense ratio, unrestricted current ratio;
- Debt Servicing (10%) – debt service ratio, interest cover ratio; and
- Asset Renewal and Capital Works (35%) – infrastructure backlog ratio, asset maintenance ratio, building and infrastructure asset ratio, capital expenditure ratio

A number of Council's key ratios and comparison to the TCorp benchmarks are detailed in the Performance Indicators section below.

TCorp has provided seven levels of Financial Sustainability Ratings (FSR), being: Very Strong, Strong, Sound, Moderate, Weak, Very Weak, and Distressed.

Based on TCorp's financial assessment, Council has been assigned a FSR of Moderate.

A Moderate FSR is considered to be the base target level for councils. A Moderate rating indicates that a council has an adequate capacity to meet its financial obligations in the short to medium term (being the next five years), and to manage risks to its business. It is likely to be able to address any unforeseen financial shocks with moderate revenue and/or expense adjustments. The expense adjustments are likely to result in a number of changes to the range of and/or quality of services offered. Councils rated as Moderate will generally not have sufficient funds to address their infrastructure backlogs.

A summary of Council's financial results for the period ended 30 June 2012 and budgeted position for the financial year ending 30 June 2013 are presented in the tables below:

Table 1

Statement of Financial Performance	2011/12 Actual \$'000	2012/13 Original Budget \$'000
Income from Continuing Operations	77,075	58,170
Expenses from Continuing Operations	68,767	67,455
Net Operating Result for the Year	8,308	(9,286)
Less Capital Grants & Contributions	17,161*	837
Net Operating Result before Capital Grants & Contributions	(8,853)	(10,122)

*2011/12 Actuals includes \$14.3 million relating to unbudgeted non-cash capital contributions

Council's operating result excluding capital grants and contributions, as at 30 June 2012 was a deficit of \$8.9 million. For the year ending 30 June 2013, the Original Budget is a deficit of \$10.1 million. Due to the uncertainty of availability and approval of grant funding, the Original Budget does not allow for this type of funding. It is to be noted that this result is before the application of funding sources such as internal and/or external reserves. The net result after application of funding is a balanced position.

Table 2

Income from Continuing Operations	2011/12 Actual \$'000	2012/13 Original Budget \$'000
Rates and Annual Charges	38,900	40,925
User Charges and Fees	5,082	4,719
Interest	2,791	1,941
Grants & Contributions – Operating	9,367	6,425
Grants & Contributions – Capital	17,161	837
Other Operating Revenue	3,562	3,323
Profit from Disposal of Assets & Joint Venture Equity	212	0
Total Income from Continuing Operations	77,075	58,170

Table 3

Expenses from Continuing Operations	2011/12 Actual \$'000	2012/13 Original Budget \$'000
Employee Costs	21,284	17,708*
Materials and Contracts	17,513	18,788
Borrowing Costs	538	550
Depreciation & Amortisation	18,407	18,890
Other Expenses	10,736	11,520
Net Losses from the Disposal of Assets	289	0
Total Expenses from Continuing Operations	68,767	67,455

*Budgets for Employee Costs do not include capitalised wages

Council incurs operating expenditure in delivering operational programs in line with the adopted CSP. Council's operating budgets are expended in maintaining the infrastructure in the Hawkesbury such as parks, recreational facilities, roads, bridges, community buildings and community facilities.

These funds are also required to deliver essential services to the community, including waste, sewerage and stormwater services and community and cultural services. Other services provided include city planning and support services. Apart from direct service delivery, Council also supports other bodies, including emergency services and recreational services by way of contributions and donations. Main expenditure items include employee costs, materials, contractors, consultants, legal expenses, contributions and insurance.

2.2. Capital Expenditure

Capital expenditure is incurred on road works, footpaths, drainage, bridge construction, the sewer network, park improvement, recreation, building works, plant replacement program, and on other assets including library resources, and IT equipment. In addition to its annual allocation of funding for capital works, mainly asset renewal, Council also has an Infrastructure Renewal Program funded by a special rate variation approved for commencement in 2007/2008.

The current Capital Works Program is fully funded by a combination of general revenue, internal and external reserves, expected revenue from developer contributions, and assets listed for sale.

2.3. Balance Sheet

The Balance Sheet discloses the assets, liabilities and equity of Council. The table below displays Council's reported Balance Sheet as at 30 June 2012.

Table 4

Statement of Financial Position	2011/12 Actual \$'000
Current Assets	45,617
Non Current Assets	766,590
Total Assets	812,207
Current Liabilities	12,914
Non Current Liabilities	8,195
Total Liabilities	21,109
Net Assets	791,098
Equity	791,098

2.4. Performance Indicators

A number of financial indicators as disclosed in Council's financial statements as at 30 June 2012, and projected for 30 June 2013 and the relevant TCorp Benchmarks are detailed in Table 5.

Table 5

Financial Performance Indicator	June 2012 Actual	2012/ 2013 Original Budget	TCorp Benchmark
Unrestricted Current Ratio	486	278	150
Debt Service Ratio	0.01	0.01	2.00
Own Source Operating Revenue Ratio %	50.47%	70.78%	60%
Building & Infrastructure Renewals Ratio %	64.15%	49.70%	100%


2.5. Cash and Investments

During the year ended June 2012, Council maintained adequate cash reserves to meet future obligations and unforeseen circumstances. Council's reserve balances as at the end of June 2012 was \$32.42 million. This balance was made up of \$18.46 million in internally restricted reserves and \$13.96 million in externally restricted reserves. Adequate reserve levels were budgeted for in the 2012/2013 Budget.

2.6. Financial Sustainability Outlook

Historical performance combined with future projections provide the basis for determining a Council's Financial Sustainability Outlook, that is, any potential future movement in the FSR over the short term, being the next three years. The outlook is based on currently known events, existing trends and / or financial forecasts. A Positive Outlook indicates that a Council's FSR is likely to improve in the short term, whilst a Neutral Outlook indicates that the FSR is likely to remain unchanged. A Negative Outlook indicates that a Council's FSR is more likely to deteriorate, and is a sign of general weakening in performance and sustainability.

Council has been assigned a Negative Outlook by TCorp. Whilst Council has been able to provide services to its community without placing additional financial pressure on the residents for a significant period of time, it will be a challenge to continue to sustain the same service levels without additional on-going funding.



Whilst Council has been able to maintain a balanced position over a number of years, this has been a result of infrastructure renewal works and new capital works being cancelled or deferred to future years. This strategy is not sustainable in the long-term as Council's assets are deteriorating at an increasing rate. This results in higher maintenance costs being incurred than would have been if optimal asset management intervention had occurred.

The LTFP identifies revenue and expenditure over the next ten years and identifies the funding gap that Council will need to address to remain sustainable in the future. The LTFP also provides strategies as to how the funding gap may be addressed to remain financially sustainable whilst retaining Hawkesbury's unique identity.

2.7. Objectives and Strategies for remaining financially sustainable

Council's aim is to remain financially sustainable in the long term, whilst achieving the objectives of the CSP 2013-2032 through the Delivery Program 2013-2017. Council also aims to maintain service levels in line with the community's expectations and address the infrastructure backlog. Council's LTFP is based on a combination of a number of financial strategies:

- continuous improvement in financial position
- achieving a balanced budget position over the LTFP period
- aiming to achieve an operating surplus to address the infrastructure backlog
- maintaining a fair and equitable rating structure
- maintaining affordability of Council's services
- considering revenue increases options
- maintaining or improving service levels
- aiming for progressive increased level of funding for asset maintenance and renewal
- aiming for progressively achieving full cost recovery for the provision of services

In line with TCorp's recommendations for councils with a Negative Outlook, the LTFP addresses the following:

Additional Revenue

The on-going financial sustainability of Council requires additional revenue to be available to assist in financial flexibility and reduce the infrastructure backlog.

Council's LTFP indicates that it will take a number of years, with rate increases over rate pegging, for Operating Deficits to be reduced and finally eliminated. It is only when Council has a neutral Operating Result that it is replacing its assets at the rate they are depreciating, whilst also delivering Council's services. Council needs to be in a position where it has sufficient funding to address its infrastructure backlog, maintain or improve service levels and have the capacity to react to financial shocks.

Debt Funding

The LTFP includes utilising Council's borrowing capacity to access debt funding to reduce the infrastructure backlog and improve intergenerational equity.

Council is participating in the Local Infrastructure Renewal Scheme which provides interest subsidies for loans obtained for eligible infrastructure renewal works. In April 2013, Council entered into a loan agreement for \$5.2 million in relation to a Timber Bridge Replacement Program.

The LTFP also includes the impact of an interest free loan of \$4 million obtained in June 2010 for the purpose of building sewerage infrastructure.

Containment of Costs and Efficiency Improvements

Council is continually seeking cost savings and efficiencies through on-going process improvements, increased use of technology, best value for money procurement processes, resource sharing and partnerships.



Asset Management Plans and Long-Term Financial Plans

As improved asset data is obtained, Council will continue to update its Asset Plans, which are then integrated into the LTFP. This integration occurs via projections made in relation to the levels of expenditure required to maintain and renew assets at a service level that is technically appropriate and acceptable to the community.

Asset Renewal and Capital Expenditure

To sustain and deliver desired service levels, Council's focus is to increase expenditure on infrastructure maintenance and renewal in addition to improving its asset management capability and balancing this with the need for expenditure for creation of new assets.

Council has been facing an on-going funding shortfall in addressing the required expenditure on asset maintenance and renewal. This is due to Council maintaining a balanced budget position from year to year, limiting expenditure to the level of income available. This on-going structural funding shortfall has resulted in an increasing asset renewal backlog and deterioration in asset conditions, which, if not addressed, could impact on Council's long term sustainability.

3. Elements of the Plan

3.1. Planning Assumptions

Council's LTFP and associated scenarios and resulting financial models have been based on a number of key assumptions.

Service Levels

The LTFP is based on the assumption that the current service levels relating to services other than infrastructure are maintained or improved in line with the CSP. The range of services is based on those identified as part of the community consultation process undertaken when developing the CSP.


Infrastructure service levels required to be achieved and maintained over the LTFP period reflect optimal asset management principles. These will be reviewed annually through the continual improvement in asset data modelling and community consultation to ascertain expectations.

Infrastructure

The LTFP is based on the assumption that no major new capital works are undertaken in the next ten years other than those funded by Contribution Plans and/or Reserves. Should future Council decisions result in new major works being undertaken, existing planned asset renewal funding would need to be reallocated to those works or appropriate grant funding for the works being obtained, if the position resulting from this LTFP is to be maintained.

Population Growth & Demographic changes

This LTFP is based on the existing local government area boundaries and the assumption that Council's projected population movement over the next ten years will not be significant. This may result in an increasingly older population placing increased pressure on existing infrastructure and services.



Council's adopted Residential Strategy may impact on this assumption if the identified areas are developed as there would be an increase in population. It is to be noted that new capital works required as a result of a new development, would be funded through developer contributions by way of Section 94 Developer Contribution Plans or Section 94A Developer Contribution Plans. Any additional demands on existing assets and services would be funded through an increased rates base.

Economic Growth

The LTFP is based on minimal economic growth for Council and the Hawkesbury LGA. However, as indicated in the CSP, Council will continue to focus on supporting business and local jobs through the Tourism Strategy, the development of a Hawkesbury brand and the Economic Development Strategy. The impact of these actions will be reflected in future plans.

Interest Rates

The LTFP is based on stable interest rates and an investment portfolio reflecting projected income and expenditure. Whilst interest rates during 2012/2013 have been trending down, it would be expected that the objectives of the Monetary Policy will be reflected in the economy over a period of time. Whilst it is recognised that interest rates will fluctuate over a ten year period, the financial modelling is based on an average constant interest rate over the LTFP timeframe.

Inflation

The LTFP is based on an inflation rate of 3% for all scenarios in this LTFP. This projection is based on the long term average of Consumer Price Index (CPI). Once sufficient trend is available with regards to the Local Government Cost Index (LGCI), used by the Independent Pricing and Regulatory Tribunal to calculate rate pegging, the LGCI will be used as an inflation factor in lieu of the CPI.

3.2. Revenue Forecasts

General Rates

Council's rating strategy and structure is reviewed every year as part of the annual Operational Plan process. The LTFP is based on the rating structure as included in the Operational Plan 2013/2014.

Council's current rating structure provides for three different categories of ordinary rates: residential, farmland and business. The rate type applicable to a particular property is determined on the basis of the property's rating categorisation. All properties are categorised in accordance with the provisions set out in the Local Government Act, 1993.

The LTFP is based on the assumption that Council's rating structure remains unchanged over the next ten years. Any changes in the rating structure would not impact on the total revenue but merely redistribute the income amongst the different categories and sub-categories thereof. Council's rating income or notional yield may be increased from one year to the next up to the rate-pegging limit as determined by the Independent Pricing and Regulatory Tribunal (IPART). Annual rate-pegging increases have been assumed at 3.4% for 2013/2014 based on the IPART's determination, and 3% each year for each consecutive year thereafter.

Financial projections based on the rates revenue increasing by the projected rate-pegging limit indicates a funding shortfall will result. An increase in rates revenue, over and above the rate pegging limit by way of Special Rate Variation, during the next ten years is one of the strategies that could be used to address the funding gap.



Domestic Waste Charges

Council's Domestic Waste Management Program is self-funded by way of an externally restricted reserve. The Local Government Act 1993 limits annual domestic waste management charges to an amount sufficient to recover the costs of providing the service. As such, revenue from Council's annual domestic waste charges included in this Plan is based on the projected full cost to provide the waste service over the next ten years. It is to be noted that the projected increases in domestic waste charges also reflect projected increases in the Section 88 Waste and Environment Levy imposed on Council by NSW State Government.

Changes impacting on assumptions relating to the revenue arising from the Domestic Waste Management Program will not impact on financial projections within the LTFP as the Program is fully funded through a Reserve.

Sewerage Charges

In accordance with legislative requirements, Council maintains an externally restricted reserve for the Sewerage Management Program. All funds received through annual sewerage charges are quarantined to fund on-going program operational costs, and asset renewal and replacement. The revenue from annual sewerage charges included in this LTFP reflect appropriate funding being available for the running of the Program and asset renewal and replacement over the next ten years.

Sullage Charges

Council maintains an internally restricted reserve to fund its Sullage Program. All funds received in relation to sullage charges are quarantined to fund the operational cost of running the Program, as well as provide for future rehabilitation works. The revenue from annual sullage charges included in this LTFP reflects funding required ensuring the sustainability of the Sullage Program over the next ten years, taking into account the expected demand for the service.

Interest on Investments

Council's investment portfolio consists of term deposits and on-call accounts. The portfolio size varies from one year to another in line with loan funding and projected income and expenditure. The earlier years within the LTFP reflect a higher portfolio as a result of loan funding, with outer years set at \$27.5 million. All Council's investments are made in accordance with the Minister's Order and Council's adopted Investment Policy.

The estimated return on Council's investments has been assumed at 4% throughout the LTFP. As there is a high risk element relating to interest income due to interest rates being subject to external market fluctuations, sensitivity analysis has been applied to this revenue source.

User Charges, Fees and Other Revenue

Council generates in the vicinity of \$8 million each year through User Charges, Fees and Other Revenue. Activities subject to user fees and charges include Building and Development Activities, Animal Management, Parking Patrol, Pool Income and Rental Income. The revenue projections relating to these items are based on appropriate assumptions regarding increases in statutory fees, recent trends, expected trends, cost recovery and local and general economic conditions over the next ten years.

Assumptions regarding income sources subject to economic factors outside Council's control have been identified as being subject to a high risk, and therefore sensitivity analysis has been conducted on these lines.



Grants and Contributions

Council receives a significant amount of funding each year from other levels of government through operating and capital grants and contributions. Council's financial planning approach with regards to grants and contributions has generally been that known, regular and certain grants are budgeted for, while one-off grants and contributions are accounted for in Council's budgets when certain to be received. In line with this approach, the LTFP only reflects known and certain grants, which are budgeted to increase slightly or remain static. The main grants included are the Financial Assistance Grant and the Roads to Recovery Grant. The Financial Assistance Grant is assumed to remain static over the next ten years and the Roads to Recovery Grant is assumed to be approximately at the same level as the most recent Programs.

Significant variations on those two main grants would have an impact on Council's ability to fund essential works. As the Financial Assistance Grant and the Roads to Recovery Grant are subject to funding availability and distribution from other levels of government there is a high level of uncertainty on those revenue sources. As such, sensitivity analysis has been applied to these revenue streams.

Net Gains from Disposal of Assets

This LTFP assumes that all assets are disposed at their written down value.

Restricted Assets

Council has a number of internally and externally restricted reserves aimed at quarantining funds in line with legislative requirements or for specific uses in the future. In relation to externally restricted reserves, the LTFP reflects projected reserve movements and balances as determined by the programs' respective ten year plans. Internally restricted reserves over the next ten years are projected in line with the expected timing of the specific expenditure the reserves are aimed at funding.

3.3. Expenditure Forecasts

Staff Costs

The LTFP assumes annual increase in staff costs of 3% and superannuation increases in line with the current legislation. This assumption is based on known and predicted award increases, step increases and increases applicable to other employee costs. The projected expenditure is based on the current staff establishment.

As part of Council's Resourcing Strategy, a Workforce Plan has been developed. The Plan identifies Council's current workforce profile, Council's current and future workforce challenges and also identifies future skill and workforce requirements.

Borrowing Costs

The LTFP includes debt funding relating to sewerage infrastructure works (total loan \$4 million) and a timber bridge replacement program (total loan \$5.26 million). Based on TCorp's assessment of Council's borrowing capacity, there is only very limited scope for Council to consider further debt funding. This LTFP includes applicable borrowing costs.

Materials & Contracts

Financial projections relating to materials and contracts have been based on a combination of service levels requirements, predicted CPI increases, known specific increases and one-off expenditure if known.



Other Expenses

Financial projections relating to other expenses have been based on a combination of service levels requirements, predicted CPI increases, specific increases and one-off expenditure if known.

Depreciation

Projected depreciation amounts are based on accounting policies and useful lives as determined through asset revaluation processes undertaken in recent years. Future revaluations and actual maintenance and renewal expenditure undertaken will have an impact on Council's infrastructure assets useful lives and consequently impact on depreciation charges and Council's operating result.

3.4. Risk Assessment

The LTFP and the financial models contained within are based on a number of key assumptions.

Certainty of Revenue Streams

Projections of revenue streams over the next ten years are based on historic trends, planned pricing methodologies, known and recurrent grants, current statutory prices and the assumption of the continuation of rate pegging at 3% in each of the ten years. Pricing methodologies are aimed to provide services in a sustainable manner, with the community's capacity to pay taken into consideration.

Changes to key revenue assumptions have been reflected in the different financial models contained within this Plan.

Accuracy of Expenditure Estimates

Projections of operating expenditure over the next ten years is based on a combination of CPI assumptions, specific increases and one-off expenditure where known. In the case of infrastructure maintenance operating costs, expenditure required to maintain service levels. Capital expenditure estimates mainly relate to infrastructure renewal, based on the service levels required and Council's current asset condition data.

Changes to key expenditure assumptions have been reflected in the Risk Sensitivity Model contained within this Plan.

Potential Impacts on Income and Expenditure


The projected income and expenditure could be impacted by the following:

- variations in underlying planning assumptions
- changes to legislation and/or relevant regulations
- future Council resolutions
- major unplanned projects
- service levels reviews arising from a community consultation process

Should any of the above situations arise resulting in an impact on the LTFP, it is envisaged that those impacts are taken into account in future annual reviews of the Plan.

4. Asset Management

The costs resulting from Council's Asset Management Plans are capital costs such as new assets, renewals, rehabilitation and non-capital expenditure such as maintenance, operating costs and depreciation. The Asset Management Plans detail asset specific funding gaps faced by Council.



Council is phasing in the implementation of an asset system for all asset classes. As Council undertakes condition audits for all asset classes, Council will be in an improved position to assess the required funding injection to bring infrastructure to the required standard. Annual expenditure required to maintain these standards will be determined with increased accuracy. As more asset information is collated, the robustness of Asset Plans will continue to improve, consequently, improving relevant financial projections. Community consultation in determining acceptable and affordable service levels will also assist in further refining Asset Management Plans and future revisions of the LTFP.

The LTFP shows that based on Council's asset plans projection, a funding shortfall exists and would need to be addressed if service levels are to be maintained and improved.

Whilst this LTFP incorporates a scenario to address the funding gap by way of additional revenue, Council continuously aims to reduce its reliance on increased revenue through investigation of the following strategies:

- asset rationalisation and review of asset growth strategies,
- more efficient use and operation of assets by turning them into income producing opportunities,
- choosing low cost strategies over high cost asset strategies,
- demand management,
- evaluation of service levels and standards,
- changing the composition of capital spending from new to renewal, and
- conduct cost/benefit analyses on the services being provided.

It is envisaged that future long term financial plans would incorporate the results of pursuing some of the above strategies.

5. Sensitivity Analysis and Financial Models

Under the Planning and Reporting Guidelines, councils are required to undertake a sensitivity analysis in the LTFP. Sensitivity analysis is a way to determine the impact of various scenarios on assumptions underpinning the Plan.

Scenario 2, the Risk Sensitivity Model reflects the impact of variations in some of the key assumptions underpinning the Plan that involve revenue or expenditure subject to higher levels of variability due to external factors outside of Council's control.

This LTFP includes three scenarios:

5.1. Scenario 1 – Funding Gap Model

The Funding Gap Model represented in Scenario 1 reflects Council's financial position over a ten year period based on the planning assumptions detailed earlier in the report. In summary, based on Council's projected income and expenditure over a ten year period, Council has a funding gap. This gap represents the amount of funding required to maintain current program's service levels and to bring the infrastructure service level up to a satisfactory standard and to maintain this standard over the LTFP period.

5.2. Scenario 2 – Risk Sensitivity Model

The Risk Sensitivity Model represented in Scenario 2 reflects Council's financial position over a ten year period based on adverse variations to some key risk factors. The key assumptions that have been varied in this model are as follows:



Revenue Forecasts

- Financial Assistance Grant halved in 2014/2015 and maintained at lower level in remaining outer years;
- Rental income reduced in 2014/2015 to 75% of 2013/2014 and then increased by 3% in remaining outer years; and
- Interest income reduced from 4% in 2013/2014 to 3% in remaining outer years.

Expenditure Forecasts

- Increase in expenditure incurred from other levels of government by way of cost shifting and additional statutory requirements of \$200,000 in 2014/2015 then increased by 10% in remaining outer years.

5.3. Scenario 3 – Strategic Model

The Strategic Model represented in Scenario 3 reflects a financial strategy aimed at achieving a balanced budget position over a ten year period, whilst addressing the funding gap for infrastructure renewal. This is achieved by ensuring that over a period of ten years any deficits in one or more years are offset by surpluses in other years. This financial model is based on the availability of rate increases above the assumed rate pegging of 3% over a number of years. The necessary variations in rate revenue, over and above rate pegging would, at this stage, be as follows if this scenario were to be achieved:

- 2014/2015 – increase of 9%,
- 2015/2016 – increase of 10%,
- 2016/2017 – increase of 10%,
- 2017/2018 – increase of 11%,
- 2018/2019 – increase of 11%,
- 2019/2020 – increase of 10%,
- 2020/2021 – increase of 10%, and
- 2021/2022 – increase of 10%.

The implementation of the strategy above, or any variation thereof, by way of Special Rate Variations would be subject to Council's consideration and endorsement, a community consultation process and approval by IPART.

If the additional funding required does not eventuate, service rationalisation, such as closing down community facilities to obtain cost reductions, will be required to ensure on going financial sustainability. In addition, the on-going funding shortfall will result in continuing deterioration of the condition of the community infrastructure and therefore reduced service level. For example, roads currently in a fair condition would slip into a poor condition if the optimal asset management intervention is not funded.

The above assumptions may vary in future reviews of the LTFP based on any future reviews in service levels and other unplanned sources of revenue or savings in expenditure.

6. Projected Financial Statements and Performance Measures

6.1. Model Comparisons

This section of the LTFP demonstrates the impact of changes in assumptions on Council's financial performance.

The Operating Result is calculated by deducting Expenditure from Income in relation to Continuing Operations, including Capital Grants and Contributions. As displayed in the tables below, the Funding Gap Model starts with an operating deficit of \$9.3 million in 2012/2013 and is projected to reach an operating deficit of \$13.3 million in 2022/2023. This is compared to the Risk Sensitivity Model projection of a \$17.3 million in 2022/2023 deficit and the Strategic Model projection of a surplus of \$15.1 million in 2022/2023.

The Final Result is determined after including capital expenditure, the proceeds of capital sales and any reserve funding used in addition to the Operating Result. As shown below, all models commence with a balanced Final Result in both 2012/2013 and 2013/2014, however this is at the expense of adequate asset maintenance and renewal. With this expenditure included, the Final Result in 2022/2023 is a deficit of \$14.3 million within the Funding Gap Model, a deficit of \$17.3 million within the Risk Sensitivity Model and a surplus of \$15.1 million within the Strategic Model. The Surpluses within the Strategic Model ensure that the deficits in earlier years are offset, leaving a small surplus over the LTFP period, giving Council capacity to respond to financial shocks.

Table 6 Operating Result – Model Comparison

\$' 000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Funding Gap Model	(9,286)	(10,453)	(14,694)	(16,257)	(15,526)	(14,664)	(15,636)	(15,229)	(14,853)	(14,759)	(13,820)
2. Risk Sensitivity Model	(9,286)	(10,453)	(17,735)	(19,313)	(18,625)	(17,809)	(18,830)	(18,476)	(18,157)	(18,124)	(17,250)
3. Strategic Model	(9,286)	(10,453)	(13,056)	(12,486)	(9,351)	(5,421)	(2,918)	976	5,255	9,711	15,519

Table 7 Final Result – Model Comparison

\$' 000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1. Funding Gap Model	0	0	(12,284)	(13,124)	(12,828)	(13,470)	(14,793)	(12,914)	(14,345)	(15,379)	(14,268)
2. Risk Sensitivity Model	0	0	(15,325)	(16,180)	(15,927)	(16,615)	(17,987)	(16,161)	(17,649)	(18,743)	(17,697)
3. Strategic Model	0	0	(10,646)	(9,354)	(6,653)	(4,228)	(2,075)	3,292	5,764	9,092	15,071

Chart 1 Comparison of Operating Result

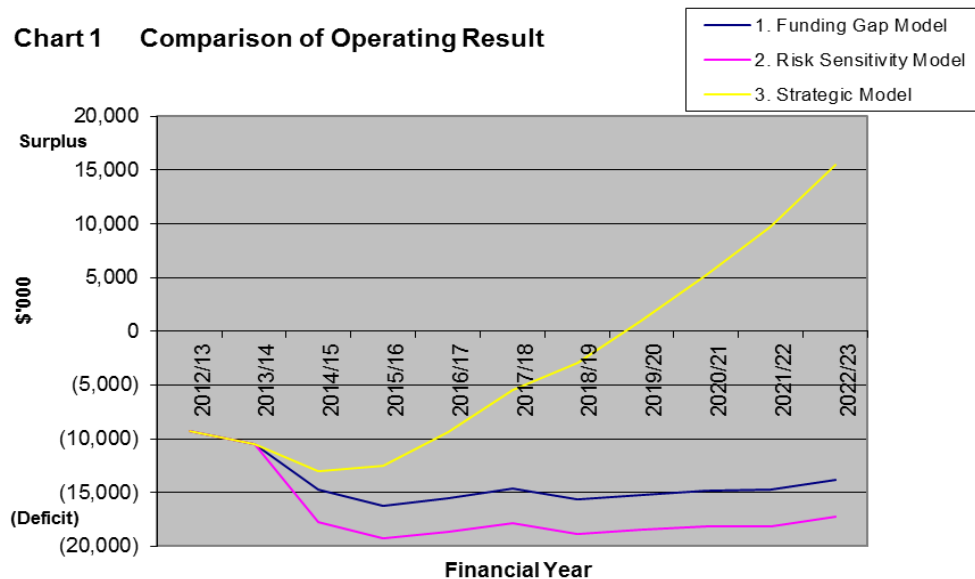


Chart 2 Comparison of Final Result

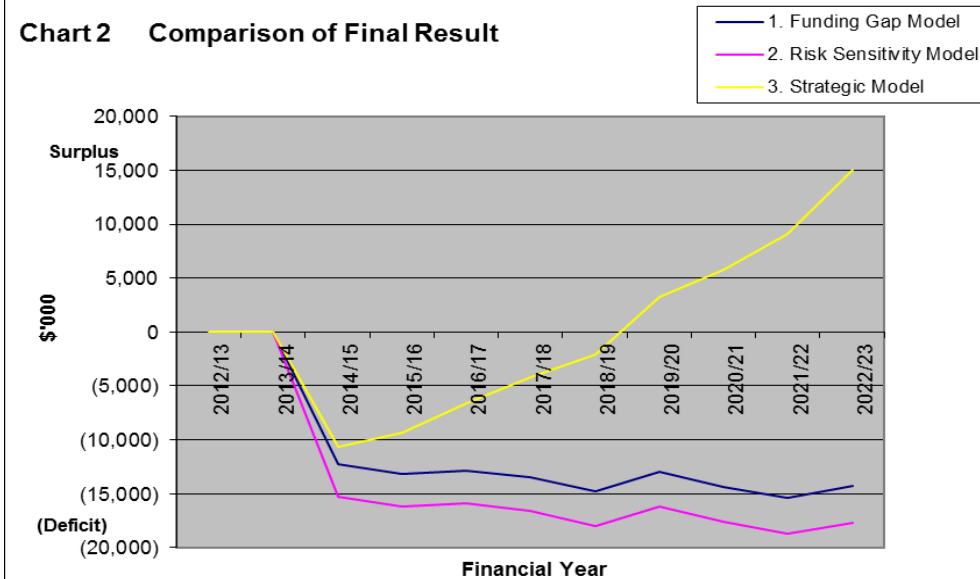


Chart 3 Funding Gap Model - Funding Shortfall

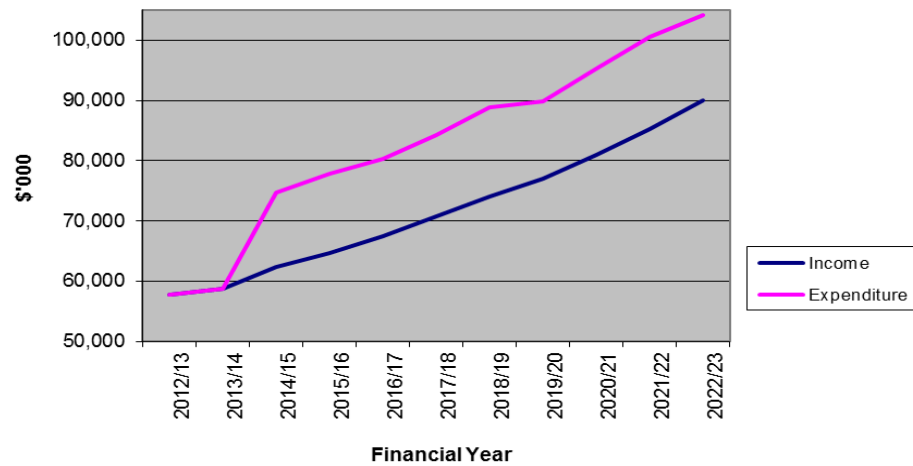


Chart 4 Risk Sensitivity Model - Funding Shortfall

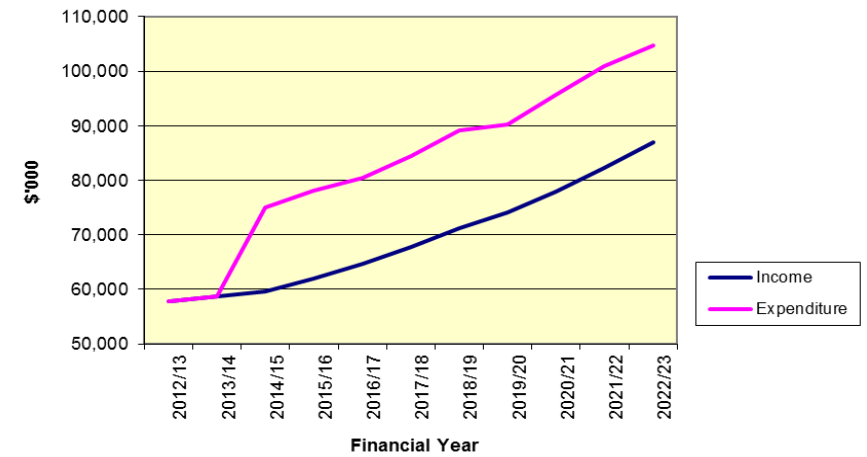
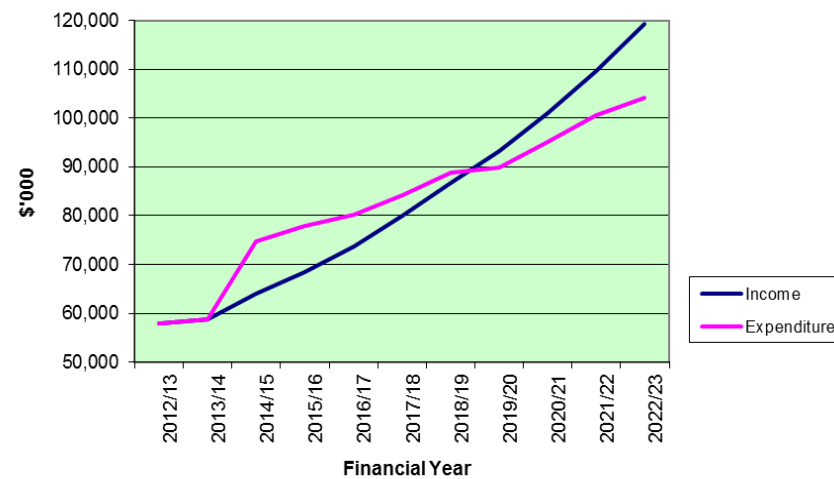


Chart 5 Strategic Model - Funding Shortfall



6.2. Funding Gap Model Snapshot and Projected Financial Statements

Funding Gap Model Snapshot

Chart 6 Income from Continuing Operations - Trends

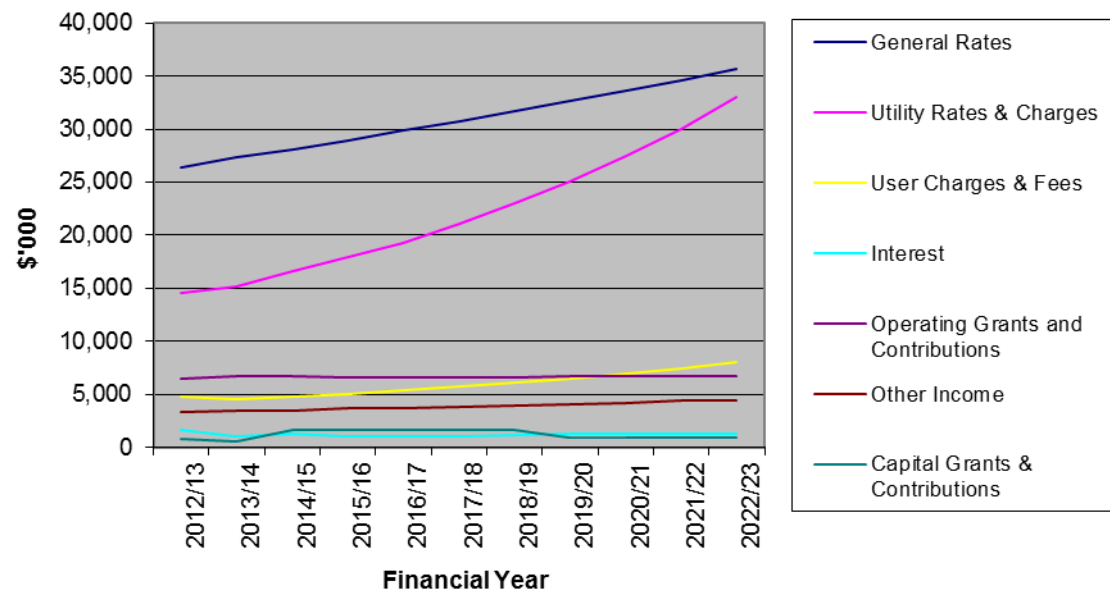


Chart 7 Sources of Income from Continuing Operations

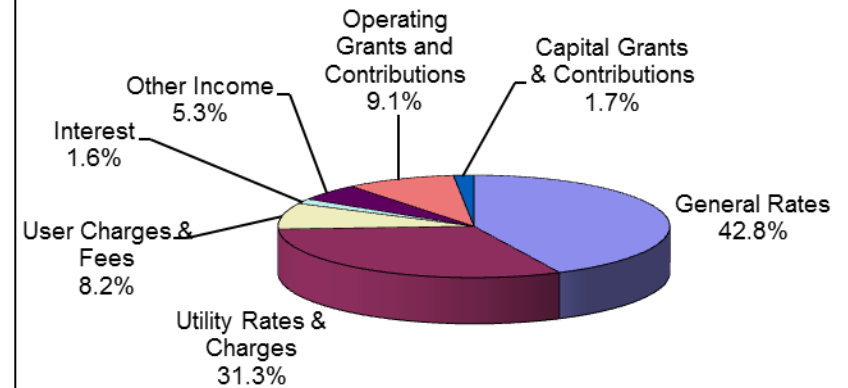


Chart 8 Expenditure from Continuing Operations - Trends

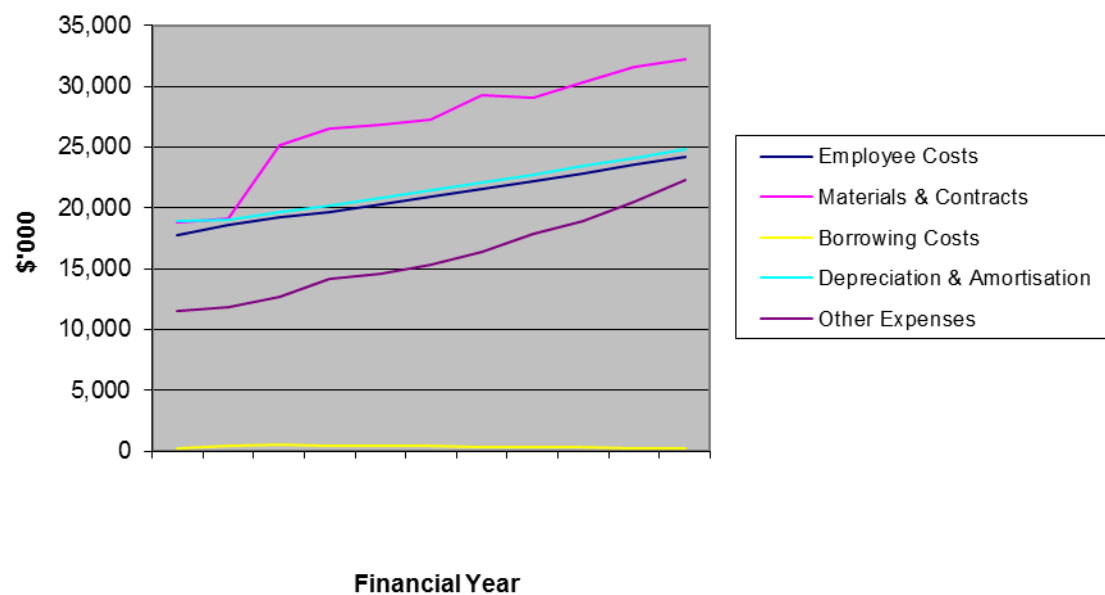
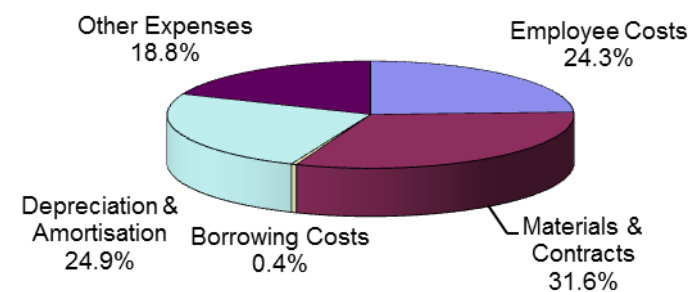


Chart 9 Breakdown of Expenditure from Continuing Operations



Funding Gap Model Income Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

	ORIGINAL											
	Budget	DRAFT Budget	DRAFT Budget	Budget	DRAFT Budget	DRAFT Budget	Budget	DRAFT Budget	DRAFT Budget	Budget	DRAFT Budget	Budget
\$'000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	40,925	42,525	44,697	46,862	49,151	51,825	54,649	57,694	61,059	64,623	68,673	
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981	
Interest & Investment Revenue	1,941	1,382	1,501	1,192	1,196	1,183	1,205	1,209	1,214	1,219	1,224	
Other Revenues	3,323	3,386	3,474	3,623	3,696	3,852	3,932	4,096	4,184	4,355	4,452	
Grants & Contributions provided for Operating Purposes	6,425	6,687	6,644	6,594	6,582	6,630	6,618	6,666	6,653	6,701	6,688	
Grants & Contributions provided for Capital Purposes	837	490	1,601	1,613	1,626	1,639	1,652	866	880	895	910	
Other Income:	0	0	0	0	0	0	0	0	0	0	0	
Net gains from the disposal of assets	0	0	0	0	0	0	0	0	0	0	0	
Entities using the equity method	0	0	0	0	0	0	0	0	0	0	0	
Total Income from Continuing Operations	58,170	59,044	62,697	64,937	67,602	70,814	74,098	76,974	80,885	85,198	89,928	
Expenses from Continuing Operations												
Employee Benefits & On-Costs	17,708	18,637	19,196	19,684	20,280	20,895	21,528	22,182	22,841	23,520	24,216	
Borrowing Costs	550	759	762	645	568	489	409	327	293	257	219	
Materials & Contracts	18,788	19,177	25,162	26,493	26,878	27,289	29,283	29,115	30,281	31,565	32,201	
Depreciation & Amortisation	18,890	19,051	19,622	20,210	20,817	21,441	22,084	22,747	23,429	24,132	24,856	
Other Expenses	11,520	11,872	12,650	14,161	14,586	15,364	16,430	17,833	18,894	20,483	22,256	
Net Loss from the Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	
Total Expenses from Continuing Operations	67,455	69,496	77,391	81,194	83,128	85,478	89,734	92,203	95,738	99,958	103,748	
Net Operating Result for the Year	(9,286)	(10,453)	(14,694)	(16,257)	(15,526)	(14,664)	(15,636)	(15,229)	(14,853)	(14,759)	(13,820)	
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(10,122)	(10,943)	(16,295)	(17,870)	(17,152)	(16,302)	(17,288)	(16,095)	(15,734)	(15,654)	(14,731)	

Funding Gap Model Capital Budget Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

\$'000	ORIGINAL		BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT	BUDGET DRAFT
	Budget 2012/13	Budget 2013/14																				
Net Operating Result (excl. Capital Grants)	(10,122)	(10,943)	(16,295)	(17,870)	(17,152)	(16,302)	(17,288)	(16,095)	(15,734)	(15,654)	(14,731)											
Capital Funding and Expenditure																						
<i>Source of Capital Funding (excluding reserves)</i>																						
Proceeds from the sale of capital assets	729	872	1,089	1,209	1,070	1,145	1,227	1,059	1,323	1,075	1,286											
Depreciation	18,890	19,051	19,622	20,210	20,817	21,441	22,084	22,747	23,429	24,132	24,856											
Grants & Contributions provided for Capital Purposes	837	490	1,601	1,613	1,626	1,639	1,652	866	880	895	910											
	20,455	20,413	22,311	23,033	23,512	24,225	24,963	24,672	25,633	26,102	27,053											
<i>Application of Capital Funding</i>																						
Land & Land Improvements	149	1,644	498	524	522	662	633	531	547	564	85											
Buildings	2,192	1,082	1,603	1,933	1,839	1,971	1,604	1,615	2,214	1,525	945											
Infrastructure	6,746	5,613	7,738	4,496	6,726	6,806	4,991	3,093	3,394	6,762	3,686											
Plant & Equipment	2,598	2,810	4,223	4,642	4,219	5,157	5,630	4,012	5,371	4,654	5,507											
Other	1,425	1,602	2,747	11,271	2,834	2,470	2,453	2,506	2,570	2,671	2,242											
	13,110	12,751	16,810	22,866	16,140	17,065	15,311	11,758	14,097	16,176	12,465											
Net Capital Expenditure	7,345	7,661	5,501	167	7,372	7,159	9,652	12,914	11,535	9,926	14,588											
Net Reserve Transfers & Capital Movements																						
Transfers from Reserves	28,887	32,364	29,842	38,874	34,288	36,710	38,064	40,048	44,917	51,370	53,389											
Transfers to Reserves	26,110	29,083	31,331	34,295	37,336	41,037	45,222	49,780	55,064	61,020	67,513											
	(2,777)	(3,281)	1,490	(4,579)	3,048	4,327	7,158	9,732	10,146	9,650	14,125											
Retained surplus/(deficit) available for general funding purposes	0	0	(12,284)	(13,124)	(12,828)	(13,470)	(14,793)	(12,914)	(14,345)	(15,379)	(14,268)											

Funding Gap Model Balance Sheet

For the Long Term Financial Plan 2013/2014 to 2022/2023

	ORIGINAL																			
\$'000	Budget 2012/13	DRAFT Budget 2013/14	Budget 2014/15	DRAFT Budget 2014/15	Budget 2015/16	DRAFT Budget 2015/16	Budget 2016/17	DRAFT Budget 2016/17	Budget 2017/18	DRAFT Budget 2017/18	Budget 2018/19	DRAFT Budget 2018/19	Budget 2019/20	DRAFT Budget 2019/20	Budget 2020/21	DRAFT Budget 2020/21	Budget 2021/22	DRAFT Budget 2021/22	Budget 2022/23	DRAFT Budget 2022/23
Current Assets																				
Cash & Cash Equivalents	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597
Investments	32,995	29,714	31,203	26,624	29,672	33,999	41,157	50,889	61,035	70,686	84,810									
Receivables	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927
Inventories	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183	183
Other	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271	271
	43,973	40,692	42,182	37,603	40,651	44,977	52,135	61,867	72,014	81,664	95,789									
Non-Current Assets																				
Receivables	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4	4
Infrastructure Property, Plant & Equipment	1,275,256	1,287,136	1,302,858	1,324,514	1,339,585	1,355,505	1,369,590	1,380,289	1,393,063	1,408,165	1,419,343									
Investments accounted for using the equity method	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838
Investment Properties at Fair Value	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596
Accumulated Depreciation	(542,862)	(561,914)	(581,535)	(601,746)	(622,562)	(644,004)	(666,088)	(688,835)	(712,265)	(736,397)	(761,253)									
	758,832	751,661	747,761	749,207	743,461	737,940	729,940	717,892	707,237	698,206	684,528									
TOTAL ASSETS	802,805	792,352	789,942	786,809	784,111	782,917	782,075	779,759	779,251	779,870	780,317									
Current Liabilities																				
Payables	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)
Borrowings	(807)	(833)	(856)	(884)	(910)	(944)	(974)	(610)	(645)	(492)	0									
Provisions	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)
	(13,333)	(13,359)	(13,382)	(13,410)	(13,436)	(13,470)	(13,500)	(13,136)	(13,171)	(13,018)	(12,526)									
Non-Current Liabilities																				
Borrowings	(7,148)	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0									
Provisions	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)									
	(12,883)	(12,049)	(11,193)	(10,310)	(9,399)	(8,456)	(7,481)	(6,872)	(6,227)	(5,735)	(5,735)									
TOTAL LIABILITIES	(26,216)	(25,408)	(24,575)	(23,720)	(22,835)	(21,926)	(20,981)	(20,008)	(19,398)	(18,753)	(18,261)									
NET ASSETS	776,589	766,945	765,367	763,090	761,277	760,992	761,094	759,752	759,853	761,117	762,057									
Equity																				
Retained Earnings	(305,157)	(295,513)	(293,935)	(291,658)	(289,845)	(289,560)	(289,662)	(288,319)	(288,421)	(289,685)	(290,625)									
Revaluation Reserves	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)									
TOTAL EQUITY	(776,589)	(766,945)	(765,367)	(763,090)	(761,277)	(760,992)	(761,094)	(759,752)	(759,853)	(761,117)	(762,057)									

Funding Gap Model Cashflow Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

\$'000	ORIGINAL Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23
Cash Flows from Operating Activities											
<i>Receipts</i>											
Rates & Annual Charges	40,325	42,525	44,697	46,862	49,151	51,825	54,649	57,694	61,059	64,623	68,673
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981
Investment & Interest Revenue Received	1,941	1,587	1,346	1,192	1,196	1,183	1,205	1,209	1,214	1,219	1,224
Grants & Contributions	7,261	7,177	8,249	8,212	8,213	8,274	8,276	7,538	7,540	7,603	7,606
Other	3,323	3,386	3,474	3,623	3,696	3,852	3,932	4,096	4,184	4,355	4,452
<i>Payments</i>											
Employee Benefits & On-Costs	(17,708)	(18,637)	(19,196)	(19,684)	(20,280)	(20,895)	(21,528)	(22,182)	(22,841)	(23,520)	(24,216)
Materials & Contracts	(18,788)	(19,177)	(25,162)	(26,493)	(26,878)	(27,289)	(29,283)	(29,115)	(30,281)	(31,565)	(32,201)
Borrowing Costs	0	(302)	(276)	(252)	(225)	(197)	(167)	(137)	(102)	(67)	(30)
Other Expenses	(11,520)	(11,872)	(12,650)	(14,161)	(14,586)	(15,364)	(16,430)	(17,833)	(18,894)	(20,483)	(22,256)
Net Cash provided (or used in) Operating Activities	10,155	9,260	5,262	4,351	5,638	7,075	6,637	7,714	8,773	9,570	11,232
Cash Flows from Investing Activities											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	729	872	1,089	1,209	1,070	1,145	1,227	1,059	1,323	1,075	1,286
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,833)	(9,563)	(12,608)	(17,149)	(12,105)	(12,799)	(11,483)	(8,818)	(10,573)	(12,132)	(9,349)
Net Cash provided (or used in) Investing Activities	(9,104)	(8,692)	(11,519)	(15,940)	(11,036)	(11,654)	(10,256)	(7,760)	(9,250)	(11,057)	(8,062)
Cash Flows from Financing Activities											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	5,260	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Cash provided (or used in) Financing Activities	(400)	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Increase / (Decrease) in Cash & Cash Equivalents	651	5,029	(7,082)	(12,439)	(6,274)	(5,484)	(4,494)	(1,011)	(1,076)	(2,121)	2,497
plus: Cash, Cash Equivalents & Investments - beginning of year	40,369	41,020	46,049	38,967	26,529	20,255	14,771	10,277	9,267	8,190	6,069
Cash & Cash Equivalents - end of year	41,020	46,049	38,967	26,529	20,255	14,771	10,277	9,267	8,190	6,069	8,566

6.3. Risk Sensitivity Model Snapshot and Projected Financial Statements

Risk Sensitivity Model Snapshot

Chart 10 Income from Continuing Operations - Trends

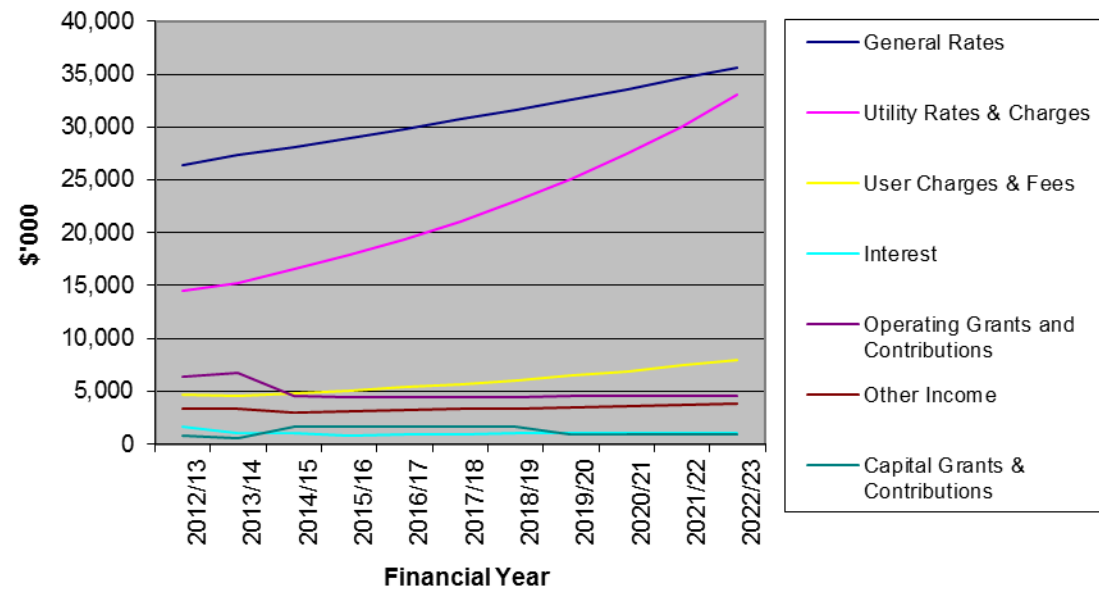


Chart 11 Sources of Income from Continuing Operations

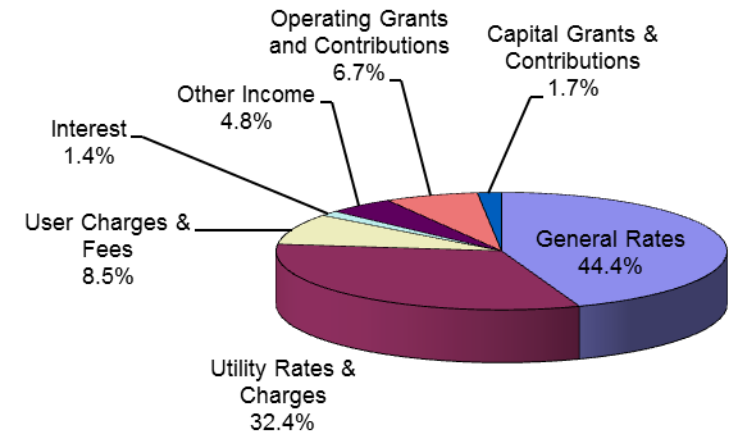


Chart 12 Expenditure from Continuing Operations - Trends

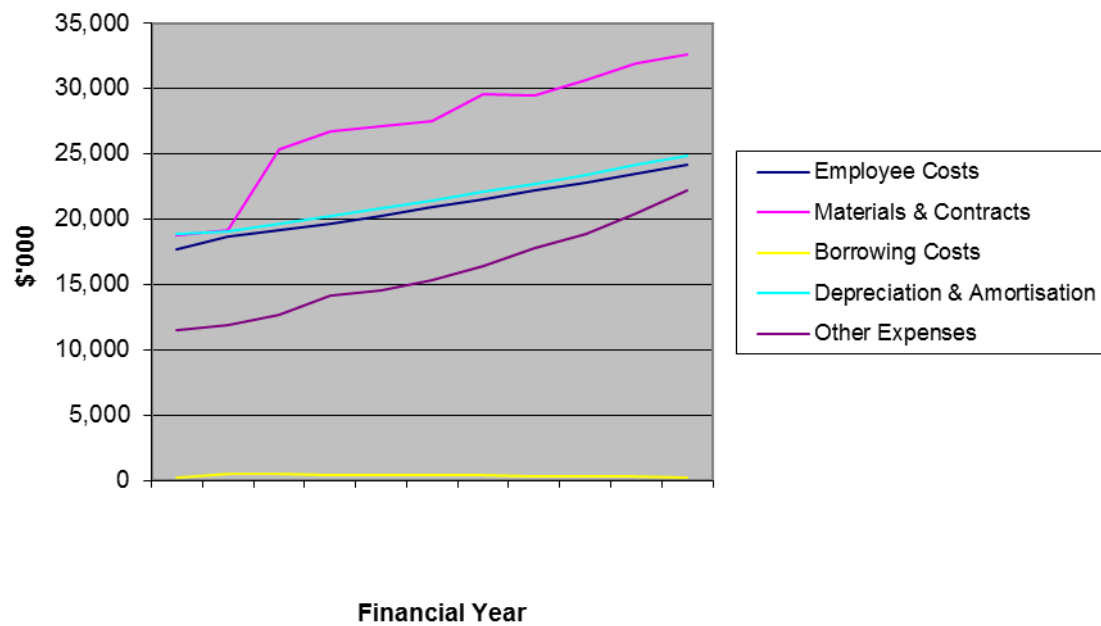
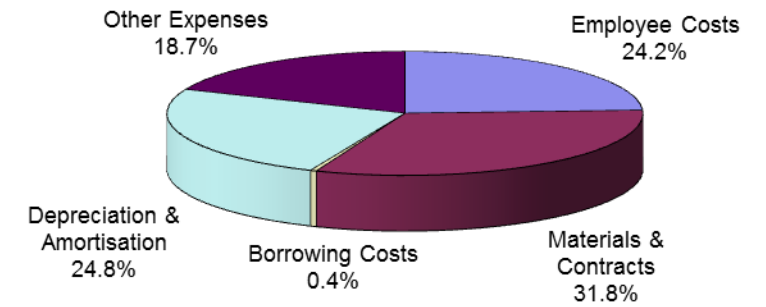


Chart 13 Breakdown of Expenditure from Continuing Operations



Risk sensitivity model income statement

For the long term financial plan 2013/2014 to 2022/2023

	ORIGINAL											
\$'000	Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23	
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	40,925	42,525	44,697	46,862	49,151	51,825	54,649	57,694	61,059	64,623	68,673	
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981	
Interest & Investment Revenue	1,941	1,382	1,301	1,017	1,021	1,008	1,030	1,034	1,039	1,044	1,049	
Other Revenues	3,323	3,386	2,977	3,105	3,157	3,292	3,349	3,490	3,553	3,699	3,769	
Grants & Contributions provided for Operating Purposes	6,425	6,687	4,501	4,451	4,439	4,487	4,475	4,523	4,510	4,558	4,545	
Grants & Contributions provided for Capital Purposes	837	490	1,601	1,613	1,626	1,639	1,652	866	880	895	910	
Other Income:	0	0	0	0	0	0	0	0	0	0	0	
Net gains from the disposal of assets	0	0	0	0	0	0	0	0	0	0	0	
Entities using the equity method	0	0	0	0	0	0	0	0	0	0	0	
Total Income from Continuing Operations	58,170	59,044	59,857	62,101	64,745	67,936	71,197	74,050	77,936	82,224	86,927	
Expenses from Continuing Operations												
Employee Benefits & On-Costs	17,708	18,637	19,196	19,684	20,280	20,895	21,528	22,182	22,841	23,520	24,216	
Borrowing Costs	550	759	762	645	568	489	409	327	293	257	219	
Materials & Contracts	18,788	19,177	25,362	26,713	27,120	27,555	29,576	29,437	30,635	31,955	32,630	
Depreciation & Amortisation	18,890	19,051	19,622	20,210	20,817	21,441	22,084	22,747	23,429	24,132	24,856	
Other Expenses	11,520	11,872	12,650	14,161	14,586	15,364	16,430	17,833	18,894	20,483	22,256	
Net Loss from the Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	
Total Expenses from Continuing Operations	67,455	69,496	77,591	81,414	83,370	85,744	90,027	92,525	96,092	100,348	104,177	
Net Operating Result for the Year	(9,286)	(10,453)	(17,734)	(19,313)	(18,625)	(17,808)	(18,830)	(18,475)	(18,156)	(18,123)	(17,250)	
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(10,122)	(10,943)	(19,335)	(20,926)	(20,251)	(19,446)	(20,482)	(19,341)	(19,037)	(19,018)	(18,161)	

Risk sensitivity model capital budget statement

For the long term financial plan 2013/2014 to 2022/2023

\$'000	ORIGINAL		DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget	DRAFT	Budget
	Budget	DRAFT																		
	2012/13	2013/14		2014/15		2015/16		2016/17		2017/18		2018/19		2019/20		2020/21		2021/22		2022/23
Net Operating Result (excl. Capital Grants)	(10,122)	(10,943)		(19,335)		(20,926)		(20,251)		(19,446)		(20,482)		(19,341)		(19,037)		(19,018)		(18,161)
Capital Funding and Expenditure																				
<i>Source of Capital Funding (excluding reserves)</i>																				
Proceeds from the sale of capital assets	729	872		1,089		1,209		1,070		1,145		1,227		1,059		1,323		1,075		1,286
Depreciation	18,890	19,051		19,622		20,210		20,817		21,441		22,084		22,747		23,429		24,132		24,856
Grants & Contributions provided for Capital Purposes	837	490		1,601		1,613		1,626		1,639		1,652		866		880		895		910
	20,455	20,413		22,311		23,033		23,512		24,225		24,963		24,672		25,633		26,102		27,053
<i>Application of Capital Funding</i>																				
Land & Land Improvements	149	1,644		498		524		522		662		633		531		547		564		85
Buildings	2,192	1,082		1,603		1,933		1,839		1,971		1,604		1,615		2,214		1,525		945
Infrastructure	6,746	5,613		7,738		4,496		6,726		6,806		4,991		3,093		3,394		6,762		3,686
Plant & Equipment	2,598	2,810		4,223		4,642		4,219		5,157		5,630		4,012		5,371		4,654		5,507
Other	1,425	1,602		2,747		11,271		2,834		2,470		2,453		2,506		2,570		2,671		2,242
	13,110	12,751		16,810		22,866		16,140		17,065		15,311		11,758		14,097		16,176		12,465
Net Capital Expenditure	7,345	7,661		5,501		167		7,372		7,159		9,652		12,914		11,535		9,926		14,588
Net Reserve Transfers & Capital Movements																				
Transfers from Reserves	28,887	32,364		29,842		38,874		34,288		36,710		38,064		40,048		44,917		51,370		53,389
Transfers to Reserves	26,110	29,083		31,331		34,295		37,336		41,037		45,222		49,780		55,064		61,020		67,513
	(2,777)	(3,281)		1,490		(4,579)		3,048		4,327		7,158		9,732		10,146		9,650		14,125
Retained surplus/(deficit) available for general funding purposes	0	0		(15,324)		(16,180)		(15,927)		(16,614)		(17,987)		(16,160)		(17,648)		(18,743)		(17,698)

Risk Sensitivity Model Balance Sheet

For The Long Term Financial Plan 2013/2014 To 2022/2023

	ORIGINAL											
\$'000	Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23	
Current Assets												
Cash & Cash Equivalents	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	
Investments	32,995	29,714	31,203	26,624	29,672	33,999	41,157	50,889	61,035	70,686	84,810	
Receivables	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	
Inventories	183	183	183	183	183	183	183	183	183	183	183	
Other	271	271	271	271	271	271	271	271	271	271	271	
	43,973	40,692	42,182	37,603	40,651	44,977	52,135	61,867	72,014	81,664	95,789	
Non-Current Assets												
Receivables	4	4	4	4	4	4	4	4	4	4	4	
Infrastructure Property, Plant & Equipment	1,275,256	1,287,136	1,302,858	1,324,514	1,339,585	1,355,505	1,369,590	1,380,289	1,393,063	1,408,165	1,419,343	
Investments accounted for using the equity method	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	
Investment Properties at Fair Value	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	
Accumulated Depreciation	(542,862)	(561,914)	(581,535)	(601,746)	(622,562)	(644,004)	(666,088)	(688,835)	(712,265)	(736,397)	(761,253)	
	758,832	751,661	747,761	749,207	743,461	737,940	729,940	717,892	707,237	698,206	684,528	
TOTAL ASSETS	802,805	792,352	789,942	786,809	784,111	782,917	782,075	779,759	779,251	779,870	780,317	
Current Liabilities												
Payables	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	
Borrowings	(807)	(833)	(856)	(884)	(910)	(944)	(974)	(610)	(645)	(492)	0	
Provisions	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	
	(13,333)	(13,359)	(13,382)	(13,410)	(13,436)	(13,470)	(13,500)	(13,136)	(13,171)	(13,018)	(12,526)	
Non-Current Liabilities												
Borrowings	(7,148)	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0	
Provisions	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	
	(12,883)	(12,049)	(11,193)	(10,310)	(9,399)	(8,456)	(7,481)	(6,872)	(6,227)	(5,735)	(5,735)	
TOTAL LIABILITIES	(26,216)	(25,408)	(24,575)	(23,720)	(22,835)	(21,926)	(20,981)	(20,008)	(19,398)	(18,753)	(18,261)	
NET ASSETS	776,589	766,945	765,367	763,090	761,277	760,992	761,094	759,752	759,853	761,117	762,057	
Equity												
Retained Earnings	(305,157)	(295,513)	(293,935)	(291,658)	(289,845)	(289,560)	(289,662)	(288,319)	(288,421)	(289,685)	(290,625)	
Revaluation Reserves	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	
TOTAL EQUITY	(776,589)	(766,945)	(765,367)	(763,090)	(761,277)	(760,992)	(761,094)	(759,752)	(759,853)	(761,117)	(762,057)	

Risk Sensitivity Model Cashflow Statement

For The Long Term Financial Plan 2013/2014 To 2022/2023

\$'000	ORIGINAL Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23
Cash Flows from Operating Activities											
<i>Receipts</i>											
Rates & Annual Charges	40,925	42,525	44,697	46,862	49,151	51,825	54,649	57,694	61,059	64,623	68,673
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981
Investment & Interest Revenue Received	1,941	1,587	1,146	1,017	1,021	1,008	1,030	1,034	1,039	1,044	1,049
Grants & Contributions	7,261	7,177	6,106	6,069	6,070	6,131	6,133	5,395	5,397	5,460	5,463
Other	3,323	3,386	2,977	3,105	3,157	3,292	3,349	3,490	3,553	3,699	3,769
<i>Payments</i>											
Employee Benefits & On-Costs	(17,708)	(18,637)	(19,196)	(19,684)	(20,280)	(20,895)	(21,528)	(22,182)	(22,841)	(23,520)	(24,216)
Materials & Contracts	(18,788)	(19,177)	(25,362)	(26,713)	(27,120)	(27,555)	(29,576)	(29,437)	(30,635)	(31,955)	(32,630)
Borrowing Costs	0	(302)	(276)	(252)	(225)	(197)	(167)	(137)	(102)	(67)	(30)
Other Expenses	(11,520)	(11,872)	(12,650)	(14,161)	(14,586)	(15,364)	(16,430)	(17,833)	(18,894)	(20,483)	(22,256)
Net Cash provided (or used in) Operating Activities	10,155	9,260	2,223	1,296	2,539	3,331	3,503	4,468	5,470	6,206	7,802
Cash Flows from Investing Activities											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	729	872	1,089	1,209	1,070	1,145	1,227	1,059	1,323	1,075	1,286
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,833)	(9,563)	(12,608)	(17,149)	(12,105)	(12,799)	(11,483)	(8,818)	(10,573)	(12,132)	(9,349)
Net Cash provided (or used in) Investing Activities	(9,104)	(8,692)	(11,519)	(15,940)	(11,036)	(11,654)	(10,256)	(7,760)	(9,250)	(11,057)	(8,062)
Cash Flows from Financing Activities											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	5,260	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Cash provided (or used in) Financing Activities	(400)	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Increase / (Decrease) in Cash & Cash Equivalents	651	5,029	(10,121)	(15,494)	(9,372)	(8,627)	(7,688)	(4,257)	(4,379)	(5,485)	(932)
plus: Cash, Cash Equivalents & Investments - beginning of year	40,369	41,020	46,049	35,928	20,433	11,061	2,434	(5,254)	(9,511)	(13,890)	(19,376)
Cash & Cash Equivalents - end of year	41,020	46,049	35,928	20,433	11,061	2,434	(5,254)	(9,511)	(13,890)	(19,376)	(20,308)

6.4. Strategic Model Snapshot and Projected Financial Statements

Strategic Model Snapshot

Chart 14 Income from Continuing Operations - Trends

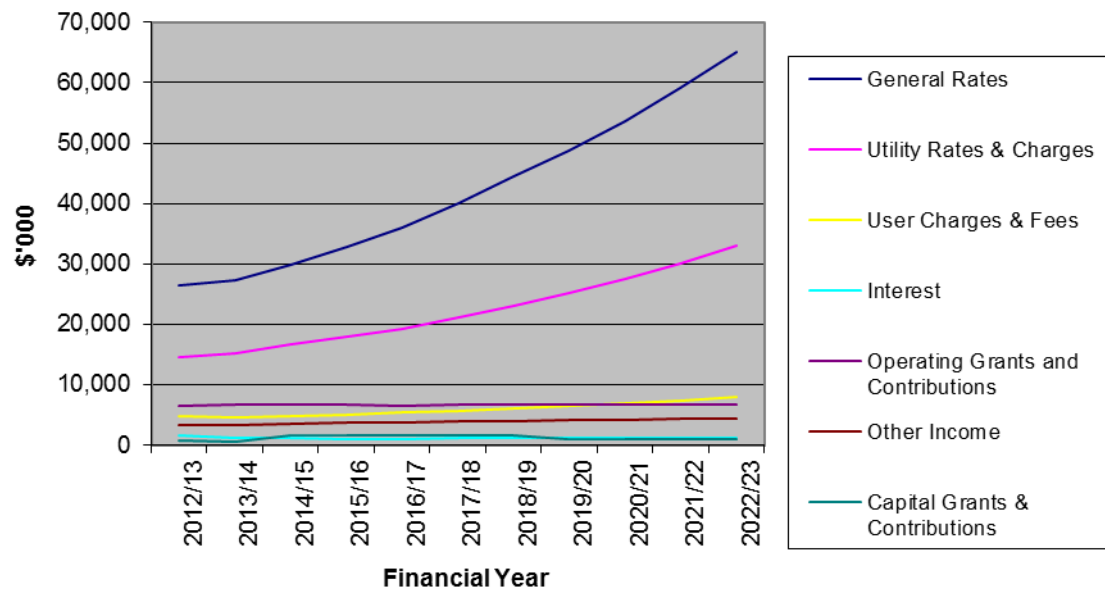


Chart 15 Sources of Income from Continuing Operations

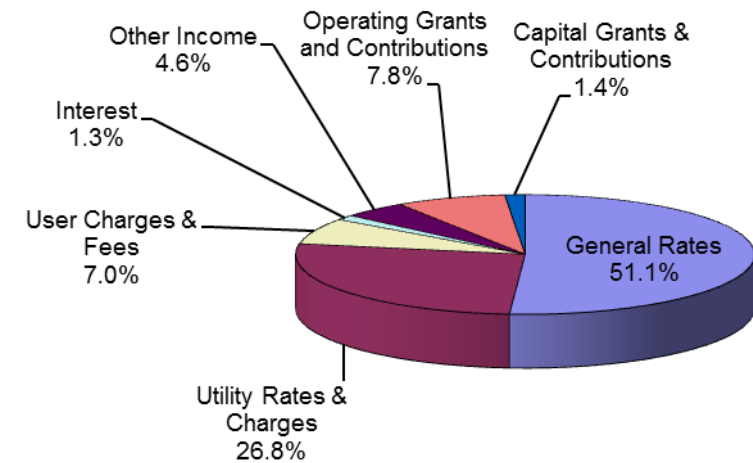


Chart 16 Expenditure from Continuing Operations - Trends

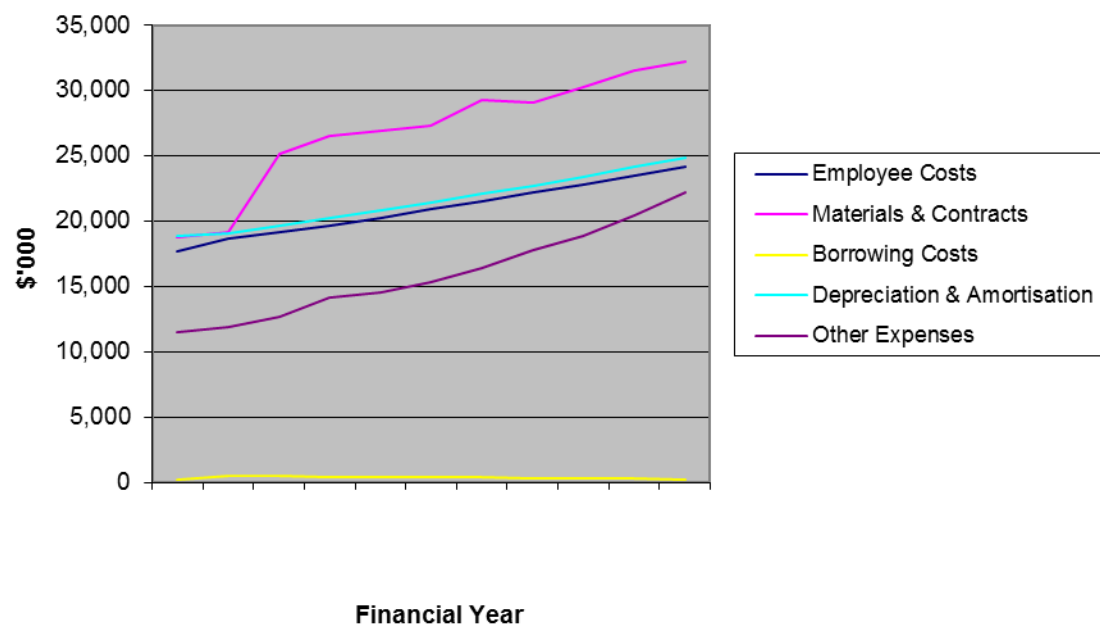
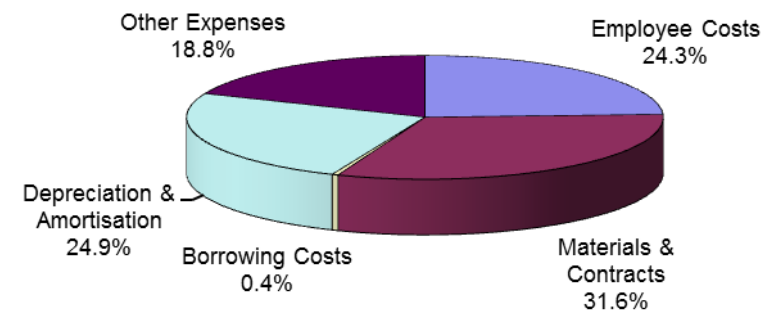


Chart 17 Breakdown of Expenditure from Continuing Operations



Strategic Model Income Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

	ORIGINAL											
\$'000	Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23	
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	40,925	42,525	46,335	50,633	55,327	61,067	67,367	73,899	81,168	89,093	98,012	
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981	
Interest & Investment Revenue	1,941	1,382	1,501	1,192	1,196	1,183	1,205	1,209	1,214	1,219	1,224	
Other Revenues	3,323	3,386	3,474	3,623	3,696	3,852	3,932	4,096	4,184	4,355	4,452	
Grants & Contributions provided for Operating Purposes	6,425	6,687	6,644	6,594	6,582	6,630	6,618	6,666	6,653	6,701	6,688	
Grants & Contributions provided for Capital Purposes	837	490	1,601	1,613	1,626	1,639	1,652	866	880	895	910	
Other Income:	0	0	0	0	0	0	0	0	0	0	0	
Net gains from the disposal of assets	0	0	0	0	0	0	0	0	0	0	0	
Entities using the equity method	0	0	0	0	0	0	0	0	0	0	0	
Total Income from Continuing Operations	58,170	59,044	64,335	68,708	73,778	80,056	86,816	93,179	100,994	109,668	119,267	
Expenses from Continuing Operations												
Employee Benefits & On-Costs	17,708	18,637	19,196	19,684	20,280	20,895	21,528	22,182	22,841	23,520	24,216	
Borrowing Costs	550	759	762	645	568	489	409	327	293	257	219	
Materials & Contracts	18,788	19,177	25,162	26,493	26,878	27,289	29,283	29,115	30,281	31,565	32,201	
Depreciation & Amortisation	18,890	19,051	19,622	20,210	20,817	21,441	22,084	22,747	23,429	24,132	24,856	
Other Expenses	11,520	11,872	12,650	14,161	14,586	15,364	16,430	17,833	18,894	20,483	22,256	
Net Loss from the Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0	
Total Expenses from Continuing Operations	67,455	69,496	77,391	81,194	83,128	85,478	89,734	92,203	95,738	99,958	103,748	
Net Operating Result for the Year	(9,286)	(10,453)	(13,056)	(12,486)	(9,350)	(5,422)	(2,918)	976	5,256	9,711	15,519	
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	(10,122)	(10,943)	(14,657)	(14,099)	(10,976)	(7,060)	(4,570)	110	4,375	8,816	14,608	

Strategic Model Capital Budget Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

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Strategic Model Balance Sheet

For the Long Term Financial Plan 2013/2014 to 2022/2023

	ORIGINAL											
	Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget	DRAFT Budget
\$'000	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	
Current Assets												
Cash & Cash Equivalents	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597	4,597
Investments	32,995	29,714	31,203	26,624	29,672	33,999	41,157	50,889	61,035	70,686	84,810	
Receivables	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927	5,927
Inventories	183	183	183	183	183	183	183	183	183	183	183	183
Other	271	271	271	271	271	271	271	271	271	271	271	271
	43,973	40,692	42,182	37,603	40,651	44,977	52,135	61,867	72,014	81,664	95,789	
Non-Current Assets												
Receivables	4	4	4	4	4	4	4	4	4	4	4	4
Infrastructure Property, Plant & Equipment	1,275,256	1,287,136	1,302,858	1,324,514	1,339,585	1,355,505	1,369,590	1,380,289	1,393,063	1,408,165	1,419,343	
Investments accounted for using the equity method	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838	1,838
Investment Properties at Fair Value	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596	24,596
Accumulated Depreciation	(542,862)	(561,914)	(581,535)	(601,746)	(622,562)	(644,004)	(666,088)	(688,835)	(712,265)	(736,397)	(761,253)	
	758,832	751,661	747,761	749,207	743,461	737,940	729,940	717,892	707,237	698,206	684,528	
TOTAL ASSETS	802,805	792,352	789,942	786,809	784,111	782,917	782,075	779,759	779,251	779,870	780,317	
Current Liabilities												
Payables	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)	(5,129)
Borrowings	(807)	(833)	(856)	(884)	(910)	(944)	(974)	(610)	(645)	(492)	0	
Provisions	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)	(7,396)
	(13,333)	(13,359)	(13,382)	(13,410)	(13,436)	(13,470)	(13,500)	(13,136)	(13,171)	(13,018)	(12,526)	
Non-Current Liabilities												
Borrowings	(7,148)	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0	
Provisions	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)	(5,735)
	(12,883)	(12,049)	(11,193)	(10,310)	(9,399)	(8,456)	(7,481)	(6,872)	(6,227)	(5,735)	(5,735)	
TOTAL LIABILITIES	(26,216)	(25,408)	(24,575)	(23,720)	(22,835)	(21,926)	(20,981)	(20,008)	(19,398)	(18,753)	(18,261)	
NET ASSETS	776,589	766,945	765,367	763,090	761,277	760,992	761,094	759,752	759,853	761,117	762,057	
Equity												
Retained Earnings	(305,157)	(295,513)	(293,935)	(291,658)	(289,845)	(289,560)	(289,662)	(288,319)	(288,421)	(289,685)	(290,625)	
Revaluation Reserves	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)	(471,432)
TOTAL EQUITY	(776,589)	(766,945)	(765,367)	(763,090)	(761,277)	(760,992)	(761,094)	(759,752)	(759,853)	(761,117)	(762,057)	

Strategic Model Cashflow Statement

For the Long Term Financial Plan 2013/2014 to 2022/2023

\$'000	ORIGINAL Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22	DRAFT Budget 2022/23
Cash Flows from Operating Activities											
<i>Receipts</i>											
Rates & Annual Charges	40,925	42,525	46,335	50,633	55,327	61,067	67,367	73,899	81,168	89,093	98,012
User Charges & Fees	4,719	4,574	4,781	5,053	5,352	5,685	6,042	6,443	6,895	7,404	7,981
Investment & Interest Revenue Received	1,941	1,587	1,346	1,192	1,196	1,183	1,205	1,209	1,214	1,219	1,224
Grants & Contributions	7,261	7,177	8,249	8,212	8,213	8,274	8,276	7,538	7,540	7,603	7,606
Other	3,323	3,386	3,474	3,623	3,696	3,852	3,932	4,096	4,184	4,355	4,452
<i>Payments</i>											
Employee Benefits & On-Costs	(17,708)	(18,637)	(19,196)	(19,684)	(20,280)	(20,895)	(21,528)	(22,182)	(22,841)	(23,520)	(24,216)
Materials & Contracts	(18,788)	(19,177)	(25,162)	(26,493)	(26,878)	(27,289)	(29,283)	(29,115)	(30,281)	(31,565)	(32,201)
Borrowing Costs	0	(302)	(276)	(252)	(225)	(197)	(167)	(137)	(102)	(67)	(30)
Other Expenses	(11,520)	(11,872)	(12,650)	(14,161)	(14,586)	(15,364)	(16,430)	(17,833)	(18,894)	(20,483)	(22,256)
Net Cash provided (or used in) Operating Activities	10,155	9,260	6,900	8,122	11,814	16,317	19,415	23,919	28,882	34,040	40,571
Cash Flows from Investing Activities											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	729	872	1,089	1,209	1,070	1,145	1,227	1,059	1,323	1,075	1,286
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,833)	(9,563)	(12,608)	(17,149)	(12,105)	(12,799)	(11,483)	(8,818)	(10,573)	(12,132)	(9,349)
Net Cash provided (or used in) Investing Activities	(9,104)	(8,692)	(11,519)	(15,940)	(11,036)	(11,654)	(10,256)	(7,760)	(9,250)	(11,057)	(8,062)
Cash Flows from Financing Activities											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	5,260	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Cash provided (or used in) Financing Activities	(400)	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)
Net Increase / (Decrease) in Cash & Cash Equivalents	651	5,029	(5,444)	(8,668)	(98)	3,758	8,224	15,194	19,033	22,349	31,836
plus: Cash, Cash Equivalents & Investments - beginning of year	40,369	41,020	46,049	40,605	31,938	31,840	35,598	43,822	59,017	78,049	100,398
Cash & Cash Equivalents - end of year	41,020	46,049	40,605	31,938	31,840	35,598	43,822	59,017	78,049	100,398	132,234

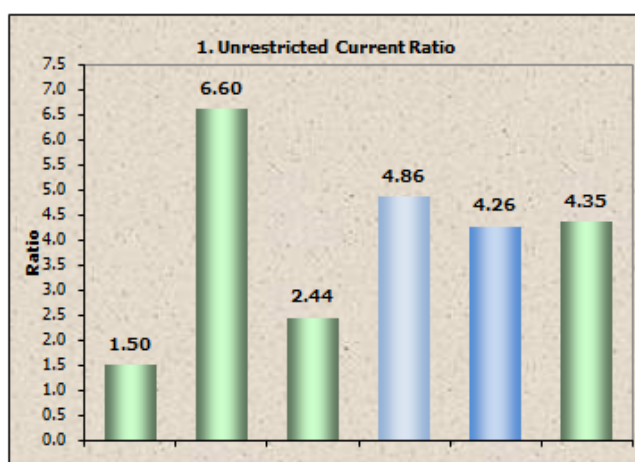
6.5. Performance Measures

Council should monitor its performance against the LTFP and the annual budget and develop measures to assess its long-term financial sustainability. Key Performance Indicators (KPIs) are used to measure Council's financial performance or outcomes.

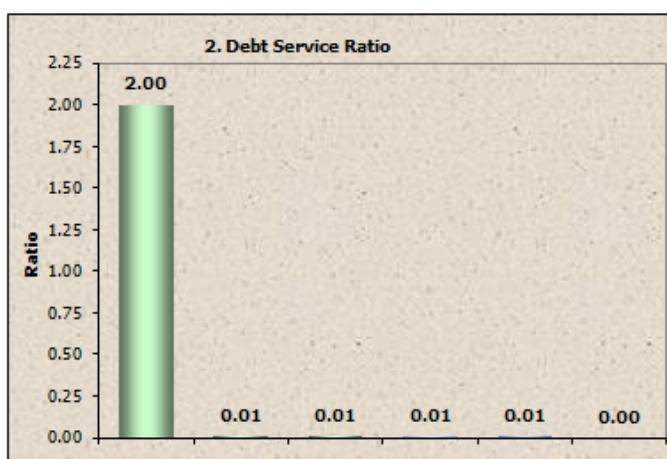
Council has developed KPIs in line with the industry benchmarks. Key Performance Indicators in the LTFP will provide clear targets against which Council can report its progress to the community. However, the KPIs need to be regularly reviewed to ensure they continue to measure appropriately and add value to Council's ongoing assessment of its performance.

The Projected Indicator 2022/2023 column reflects the amounts within the Strategic Model. The Minimum Benchmark has been determined by Tcorp.

1. Unrestricted Current Ratio	Minimum Bench- mark	Projected Indicator 2022/23	Original Indicator 2012/13	Actual Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10
Current Assets less all External Restrictions	1.50	6.60	2.44	4.86	4.26	4.35
Current Liabilities less Specific Purpose Liabilities						
<p>The purpose of this ratio is to assess the adequacy of working capital and its ability to satisfy obligations in the short term for the unrestricted activities of Council</p> <p>Council aims to remain above the industry benchmark of 1.5 and currently exhibits sound short term liquidity</p>						



2. Debt Service Ratio	Minimum Bench- mark	Projected Indicator 2022/23	Original Indicator 2012/13	Actual Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10
Debt Service Cost	2.00	0.01	0.01	0.01	0.01	0.00
Income from Continuing Operations Excl. Capital Items & Specific Purpose Grants &						
<p>The purpose of this ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council</p> <p>Council has a low level of borrowings and aims to remain below the industry benchmark of 2</p>						



3. Own Source Operating Revenue Ratio	Minimum Bench-mark	Projected Indicator 2022/23	Original Indicator 2012/13	Actual Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10
Rates, Utilities & Charges	60%	82%	71%	51%	55%	46%
Income from Continuing Operations						

The purpose of this ratio is to assess the level of Council's fiscal flexibility. It is the degree of reliance on external funding sources such as operating grants and

Council aims to improve on current levels through Special Rate Variations in future years in order to ensure levels remain above the industry benchmark of 60%

3. Rates, Annual & Extra Charges Outstanding Ratio

Category	Ratio
Minimum Benchmark	60%
Projected Indicator 2022/23	82%
Original Indicator 2012/13	71%
Actual Indicator 2011/12	51%
Actual Indicator 2010/11	55%
Actual Indicator 2009/10	46%

4. Building & Infrastructure Asset Renewals Ratio	Minimum Bench- mark	Projected Indicator 2022/23	Original Indicator 2012/13	Actual Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10
Asset Renewals	1.00	0.36	0.50	0.64	0.49	0.68
Depreciation, Amortisation & Impairment						

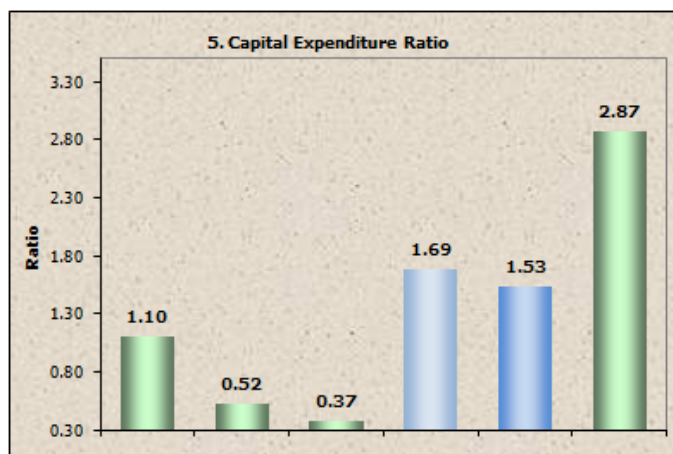
The purpose of this ratio is to assess the rate at which these assets are being renewed relative to the rate at which they are depreciating

Council aims to improve on current levels through additional spending on infrastructure renewal funded by increased revenue in order to achieve alignment with

4. Building & Infrastructure Renewals Ratio

Year	Ratio
2009/10	0.68
2010/11	0.49
2011/12	0.64
2012/13	0.50
2022/23	0.36
Minimum Benchmark	1.00

5. Capital Expenditure Ratio	Minimum Bench- mark	Projected Indicator 2022/23	Original Indicator 2012/13	Actual Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10
$\frac{\text{Annual Capital Expenditure}}{\text{Annual Depreciation}}$ <p>The purpose of this ratio is to demonstrate the extent to which Council is forecasting expansion of its asset base with capital expenditure spent on both new assets, and</p> <p>Council aims to improve on current levels through additional spending on infrastructure renewal funded by increased revenue in order to achieve alignment with</p>	1.10	0.52	0.37	1.69	1.53	2.87





7. Reviewing the Plan

The LTFP is reviewed on an annual basis to ensure assumptions underpinning the Plan are still relevant and to reflect the latest financial result and changes in trends.

Management Reporting

The annual budget adopted by Council each financial year is subject to rigorous monitoring during the year. Council's Managers are required to review their respective actual financial results against monthly targets and provide explanations for variances above the threshold and comment on the planned corrective action if required. The monthly variance reports are reviewed by Council's Senior Management.

Quarterly Budget Reviews

Council is required to review its annual budget position on a quarterly basis. A Quarterly Budget Review Statement is prepared including any budget variations required and submitted for Council adoption. The Quarterly Budget Reviews assist in maintaining financial projection in line with actual results on an ongoing basis during the financial year and provide a realistic platform on which future budgets are based.

Annual Budgeting Process

Each year Council undertakes a rigorous process to prepare its budget estimates for the following year. The process involves budget submissions by each respective Council Manager, and a comprehensive review by Council's Senior Management. The allocation of funds is based on service levels, Council Resolutions, asset renewal priorities and continuous improvement. The annual budget prepared for each respective financial year forms the basis upon which future years within the LTFP are reviewed.



WORKFORCE MANAGEMENT PLANNING



1. Introduction

1.1 Background

Workforce Management Planning is about having a strategic focus to provide the right number of people with the right skills at anytime both now and into the future to deliver the required services.

The Workforce Management Plan (WMP) will assist Council to plan for the future, anticipate change and manage the workforce to meet the outcomes of Council's Delivery Program. It provides a framework for making decisions that align with meeting the strategic goals of the community.

The Hawkesbury Community Strategic Plan 2013-2032 (CSP) has five visions:-

- Looking After People and Place
- Caring for Council's Environment
- Linking the Hawkesbury
- Supporting Business and Local Jobs
- Shaping Council's Future Together

The WMP takes into consideration the Council's Annual Operational Plans, Delivery Program and reviews strategies for the next four years. These strategies target the key areas of attraction and recruitment of new employees and the retention of existing employees.

The WMP also includes a study of Council's current workforce which gives us a snapshot of the organisation to provide baseline data for strategy development. The data includes employee profile in terms of age, gender, employment status, length of service and turnover.

1.2 Development of Hawkesbury City Council Workforce Management Plan.

The WMP is made up of five parts and provides information on Council's current workforce demographics.

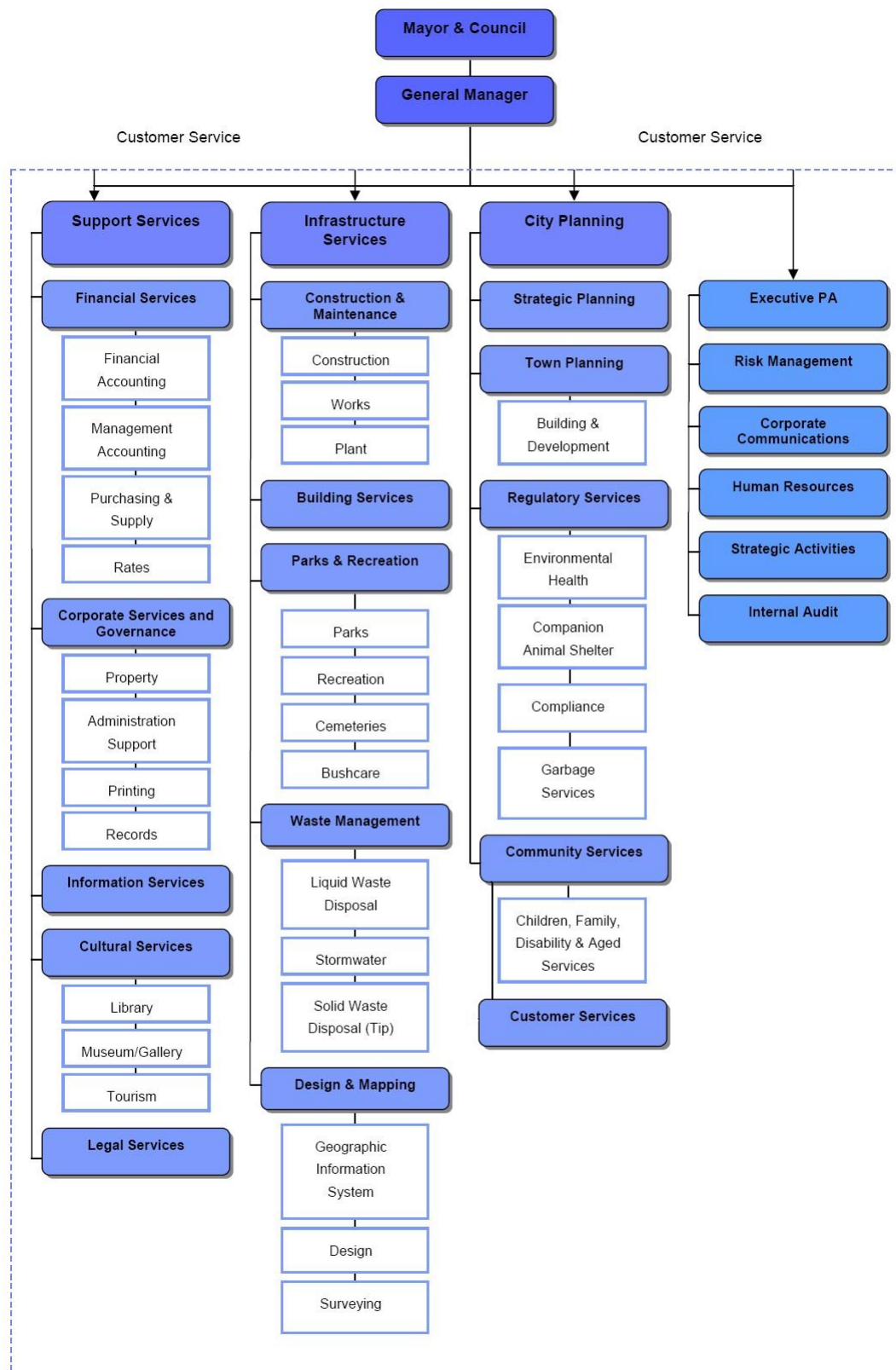
Hawkesbury City Council is considered to be a small to medium size Council employing some 280 staff across a very diverse range of occupations. The organisational structure under which Council currently operates is set out below. This structure is constantly reviewed to ensure Council's staff can effectively and efficiently deliver the service outcomes set out in the Council's Delivery Program.

2. Council's Organisation

2.1. Structure

The Hawkesbury Local Government Area has an area of 2,793 square kilometres and is the largest LGA area in the Sydney basin, with an estimated population of 62,828 (Preliminary ABS ERP, April 2009) and is bounded by other councils including Blue Mountains; Penrith; Hornsby; Blacktown; The Hills and Gosford.

Below is the Organisation Structure that was adopted in May 2009.

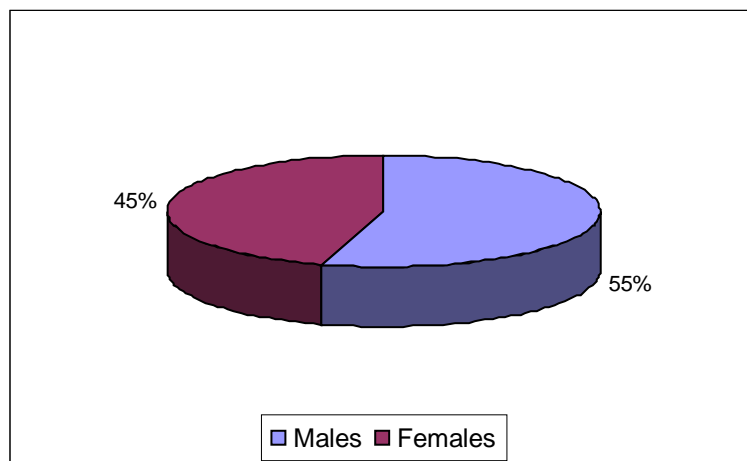


2.2. Workforce Profile

As at July 2012 Council had 280.1 full time equivalent (FTE) positions. This comprises full time and part time permanent staff. Council also employs a range of casual staff whose numbers are driven by specific and seasonal requirements.

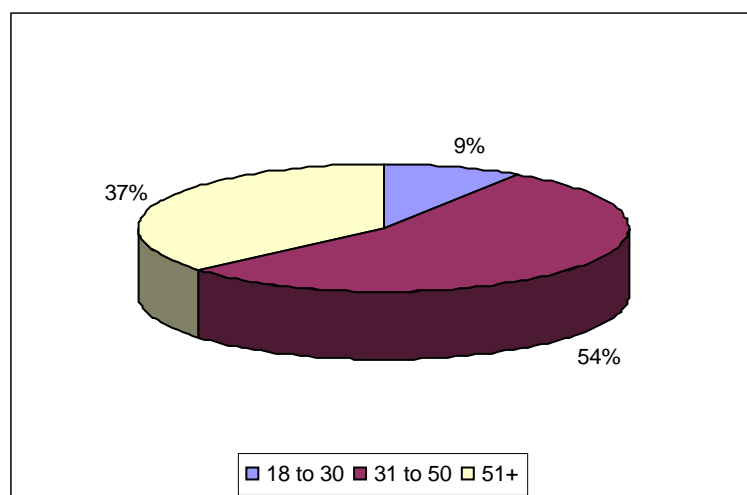
Council utilises a number of Contractors and Consultants to supplement its workforce in areas where specialist knowledge and experience is required. Council utilises a number of volunteers in the Museum/Gallery, Community Nursery and at the Companion Animal Shelter.

Gender Balance



Council's workforce is made up of some 55% males and 45% females and the Council's Senior Management and Management team incorporates 23 positions consisting of 14 males and 9 females.

Age Profile



Age Profile	%
18 to 30	9%
31 to 50	54%
51+	37%
Total	100%

Council's age profile shows only 9% of staff in the 18 to 30 year category, with 54% in the 31 to 50 year category and 37% being older than 51 years. Council only has 4 employees younger than 21 with the average age being 46 years.

With 37% of employees in an age bracket where they are more likely to consider retirement options in the next five to ten years, Council may be faced with an increased number of employees leaving the workforce taking with them their skills and corporate knowledge.

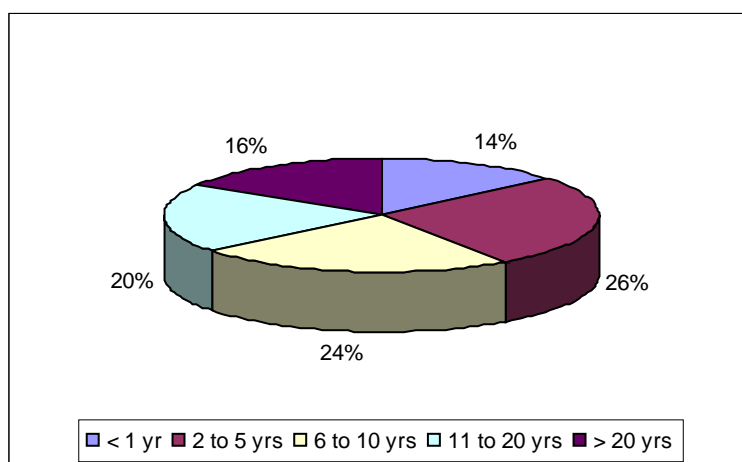
Staff Turnover

No. of Terminations	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012
No. of FT and PT terminations (calculated as % of FTE)	12.8%	10.8%	6.6%	7.2%	9.4%

The average turnover for the last five years is 9.4% with the most common reasons being other employment opportunities; remuneration levels and retirement.

While it is cost effective for the organisation to keep turnover at a minimum, natural attrition allows Council to engage staff who can contribute new ideas and fresh concepts as well as provide possible career paths for skilled; talented; experienced or qualified internal applicants.

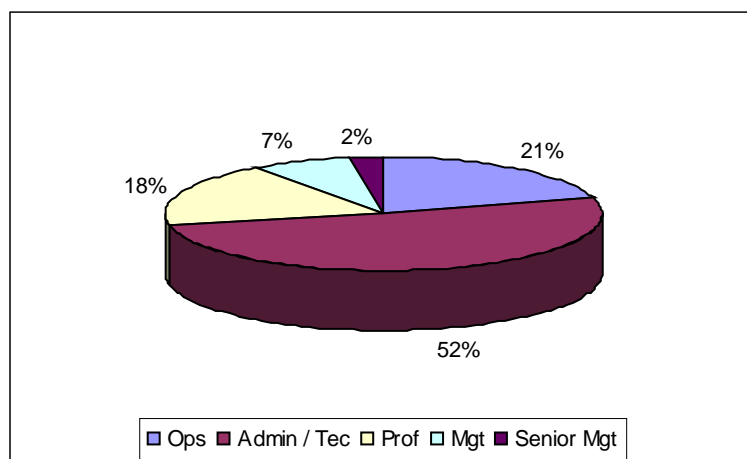
Length of Service



Length of Service	%
< 1 yr	14%
2 to 5 yrs	26%
6 to 10 yrs	24%
11 to 20 yrs	20%
> 20 yrs	16%
Total	100%

16% of Council's employees have over 20 years service and the average length of service is 9.9 years.

Classification



Classification	%
Operational	21%
Administrative/Technical	52%
Professional	18%
Management	7%
Senior Management	2%
Total	100%

It should be noted that specialist operational works are contracted out in order to achieve maximum utilisation of Councils existing resources.

3. Workforce Issues Identified

3.1. Council's Strengths

What Council does well:

Employment Rewards and Benefits Program

Type of Reward or Benefit	Details	\$ Value
Salary increases	Annual Award increases	
Performance Payments	Opportunity to progress through steps in salary system based on satisfactory performance	
Nine Day fortnight	One day off per fortnight for all staff below Grade 19	
Nineteen Day month	One day off per month for Staff Grade 19 and above and Managers	
Free parking	Available to all staff	
Mobile Phones/PDA's	Available to employees in designated positions for business and nominal personal use	
Salary sacrifice	Local Government Superannuation Fund	
Salary deductions	Available for most Health funds, union membership and rate payments	
Lunchrooms/kitchenettes	Lunch and tea rooms facilities with equipment well as tea, coffee, milk and filtered water supplied	
Employee of the Month Award	Gift Voucher, Certificate and morning tea	100.00
Service Award 10 years	Certificate and Seiko Watch	250.00
Service Award 20 years	Certificate and choice of gift – Crystal, Cutlery Set, Coffee Machine	500.00

Type of Reward or Benefit	Details	\$ Value
EAP Program	Up to 4 individual confidential counselling sessions available to all staff member and their immediate family members (more sessions approved if required)	600.00
Social Club	Committee run Social Club offering events, raffles, activities and discounts to members	
Christmas Competition	Prizes include awards, movie tickets and chocolates	
Resignation function 10+ years	Farewell function	250.00
Resignation Gift 10+ years	Gift voucher for staff who leave with 10+ years of service.	300.00
Resignation Gift 20+ years	Gift voucher for staff who leave with 20+ years of service.	500.00
Flu Vaccination	Provided free on site to all staff members	30.00
Gym Membership	Reduced price Corporate membership with weekly payroll deductions	
Uniforms and PPE	Supplied to operational staff and indoor staff as necessary to undertake their roles	
Uniform Subsidy – new staff	Subsidy amount, tax deduction and weekly repayment deductions	500.00
Uniform Subsidy – yearly replacement	Subsidy amount, tax deduction and weekly repayment deductions	150.00
Corporate training budget	Access to training opportunities for all staff to increase skills and for professional development	
Tertiary Education Assistance – TAFE Statement of Attainment	Subsidy amount towards out of pocket expenses, reasonable time off for study and examination leave or block release as required	300.00
Tertiary Education Assistance – TAFE Certificate level	Subsidy amount towards out of pocket expenses, reasonable time off for study and examination leave or block release as required	500.00
Tertiary Education Assistance – Diploma level	Subsidy amount towards out of pocket expenses, reasonable time off for study and examination leave or block release as required	800.00
Tertiary Education Assistance – Degree or Post Graduate level	Subsidy amount towards out of pocket expenses, reasonable time off for study and examination leave or block release as required	1,500.00



3.2. Council's Weaknesses

What Council can improve on:

- Corporate branding and image
- Marketing as an employer of choice
- Staff retention
- Attracting younger staff
- Succession planning
- Skills and knowledge

3.3. Other Workforce Issues

Other workforce issues include the understanding and examination of:-

- Mission critical occupations
- Skills shortage occupations
- Hard to fill occupations
- Supply and demand gap analysis
- Risk assessment of supply
- Targeted workforce development strategies – recruitment, retention, growing or buying Council's workforce and job re-design.


3.4. Forecasting Workforce Demand

Forecasting workforce demand will involve identifying changes over the next four years taking into account:-

- Planned changes in service delivery
- Revenue generation activities
- Budgetary constraints
- Technology
- Legislative requirements

The following changes will affect the organisational structure and design; mix of skills required; management/employee ratios:-

- Operating expenditure – cost of employment
- Award salary increases
- An ageing workforce
- Succession planning and knowledge transfer
- Skills shortage in specific occupational groups
- Staff turnover
- Attraction and retention capacity of Council
- Work Health and Safety accountability and increased costs
- Increasing compliance requirements
- Changes in legislation and accreditation
- Changes in service levels in response to community priorities and expectations



As a part of developing this WMP, Council's Executive and Branch Managers were asked to project the future human resources requirements for their individual areas and were asked to consider the following questions;

1. *What skills, knowledge, roles and positions do you believe will be created or become critical to the delivery of Council's services in the next four years?*
2. *What skills, knowledge, roles and positions do you believe will become obsolete in the next four years?*
3. *What changes do you foresee in the type of work or the way we do things within the next ten years?*
4. *Does Council's Divisions and/or Branch's have the desired skills and knowledge for the future? Where are the gaps?*

This data was then used to compile the identified needs and will be used as the basis for future consideration of new position requests and potential redeployment of human resources.

New position and budget requests will be considered on an annual basis in line with Council's integrated planning cycle. This will facilitate the critical assessment of all requests and enable informal decision making and resource allocation to ensure best value for the organisation.

Requests put forward for consideration should be aligned to human resource requirements identified through the development of the WMP and must demonstrate a resource link to a strategy or action within Council's Delivery Program.


4. Identified Needs

4.1. Additional resources requirements identified over the next four years:

Division	Branch	Resource Requirements	Comments
Executive Services	Corporate Communications	Events Co-ordinator (full time position).	Additional resource. If approved, casual budget could be deleted. Previous position for event organising now with Cultural Services Branch. Need for Council to have co-ordinated approach to encourage and assist community groups to run more events to achieve outcomes specified in CSP.
		Graphic Designer.	Additional position in Printing area could service both internal and external organisations – potential income earner.
	Human Resources	Part IT resource.	Dedicated time to HR systems to automate staff information enabling better access to information for Managers.
Support Services	Financial Services	Systems Accountant	One Management Accountant position could transition to Systems Accountant.
		Asset Accountant.	Asset Officer position could be up skilled for this role.
		Fleet and Plant Manager.	Additional resource or consider function being reallocated to a different area to enable economies of scale and to gain necessary expertise.

Division	Branch	Resource Requirements	Comments
	Information Services	Project Manager.	Additional resource to support systems and on-line services.
		Trainer.	Additional resource for training of staff in corporate applications.
	Cultural Services	Community Outreach Programs Officer	Additional resource to service remote areas via face to face, electronic and/or digital means.
		Housebound Services; Children Library Services; Special Needs Services.	Additional resource to increase and expand services.
	Corporate Services & Governance	Governance Officer.	Additional resource to cope with increase in legislative focus on governance. This would allow existing resources to concentrate on Property Management.
Infrastructure Services	Design & Mapping Services	Traffic Engineer.	Additional resource to meet requirements of CSP – Environmental reviews and to assist with special events application process.
		Events Manager Co-ordinator.	Additional resource to compile all responses and approvals across Council.
	Waste Management	Wastewater Operator.	Additional resource for reuse scheme and general operations at the facility.
		Electrician.	Additional resource would reduce the costs in using Contractors and have someone available for emergencies.
		Trade Waste Officer	Additional resource to cover marketing and management of Trade Waste customers and assist existing Trade Waste Officer.

Division	Branch	Resource Requirements	Comments
	Parks & Recreation	Additional Intermediate Plant Operators X 2.	Additional resources to service parks and maintenance for Pitt Town and also for future expansion of cemetery (if proceeds).
		Arborist/Tree Preservation Officer.	Additional dedicated resource to allow for a more pro-active rather than reactive response to community.
		Recreation Planner.	Additional resource for Strategic Planning.
		Nursery Trainee.	Additional resource to expand and enhance Community Nursery facility.
	Building & Mechanical Services	Project Management Officer.	Additional resource to achieve goals.
		Electrician.	Augment service with Apprentice.
		Plumber.	Augment service with Apprentice.
	Construction & Maintenance	Additional Mechanic.	Additional resource to replace position.
		Technical Officer.	Additional resource for Depot to carry out inspections and organise notification to ratepayers prior to construction and maintenance work being carried out.
		Operational Assistant/Intermediate Plant Operator X two.	Additional resources to support additional traffic control required for Flo-Con system.
City Planning	Town Planning	Heritage Planner.	Additional resource to assist with demand and would reduce cost of using Consultants.




Division	Branch	Resource Requirements	Comments
	Community Services	Seniors Leisure and Learning Centre Co-ordinator.	Additional resource to coordinate delivery of programs and activities at expanded Centre (response to needs of ageing population).
		Community Programs Co-ordinator.	Additional resource to resource community programs and partnerships.
		Community Engagement and Planning Co-ordinator.	Additional resource to co-ordinate 'people planning' within Strategic Planning section and to support community engagement activities across Council.
		Community Safety Officer	Need to maintain position if RTA funding ceases.
	Regulatory Services	Parking Officer.	Additional resource provides opportunity to improve monitoring of compliance.
		SMF Officer.	Additional resource provides opportunity to improve environmental outcomes.
		Administrative Assistant	Additional resource to support the Technical and Professional staff.
	Strategic Planning	Land Use Planner	Additional resource to assist with statutory planning.

4.2. Additional skills or knowledge gaps identified over the next four years

Division	Branch	Skills or Knowledge Gap	Comments
Executive Services	Internal Audit	Need to keep up to date with current audit processes.	Attend courses run by Institute of Chartered Auditors.
		Improve expertise in IT auditing.	Can be covered using consultant services.
	Strategic Activities	Increase in level of skills and knowledge.	Further expertise needed in economic development, commerce, marketing and branding.
Support Services	Information Services	Advanced workflow, CRM and Asset Management systems skills.	Training needed to support systems and on-line services as well as training for corporate applications.
		Enhanced Web Development skills.	Training needed for current staff.
	Cultural Services	Adapt Library staff skill sets to meet customer priorities and changing nature of Library services and technologies. Move to better meet State Library NSW benchmarks for qualified staff (eligible for membership of Australian Library and Information Association (ALIA)).	Training in computer literacy, web 2.0 technologies; online databases and information; updating website content; customer services; delivery and promotion of public programs and events; project management. Encourage existing staff to achieve qualifications making them eligible for ALIA. Change position requirements as vacancies occur.

Division	Branch	Skills or Knowledge Gap	Comments
		Consolidate part time positions into full time roles as far as possible,	Change as vacancies occur.
		Move to make regular casual positions permanent part time as far as possible.	Regular customer service shifts at Visitor Information Centre, Museum and Gallery.
	Corporate Services & Governance	Additional privacy and governance procedures throughout organisation.	
Infrastructure Services	Design & Mapping Services	Outsourcing of some survey functions.	Fill skill gap when existing staff retire.
	Waste Management	PLC Programming Skills.	6 month course for Wastewater Project Engineer position to handle SCATA failures and fine tune program for optimal operations – reduce use of Contractors.
		Computer literacy training.	All Operational staff for mobility devices, daily checklists and e-timesheets.
		Asset Management system training.	All Professional, Technical and Supervisor staff.
	Parks & Recreation	Computer literacy skills training.	All Operational staff for mobile devices, daily checklists and e-timesheets.
		Asset Management system training.	All Professional, Technical and Supervisory staff
	Building & Mechanical Services	Project management skills.	Two existing staff currently undertaking tertiary studies supported by Council.
		Energy Management Systems training.	All Technical staff.



Division	Branch	Skills or Knowledge Gap	Comments
		Asset Management system training.	All Professional, Technical and Supervisor staff.
	Construction & Maintenance	Computer literacy skills training.	All Operational staff for mobile devices, daily checklists and e-timesheets.
		Asset Management system training.	All Professional, Technical and Supervisory staff.
City Planning	Town Planning	Building Certification.	Certification will increase to higher level. Need for more A1 Certifiers.
		Engineering Certification.	Certification will increase to higher level.
		Planning Certification.	EPA Act under review – replacement 2012-2013.
		Environmental knowledge.	Increase in knowledge for bushfire; flooding; fauna; flora and sustainability.
		Design knowledge.	Increase in knowledge of architecture; urban design and heritage.
	Community Services	Integrated human services planning.	Increase expectation for Council to undertake place management strategies.
	Regulatory Services	Industrial Auditing skills.	Training for existing staff.
	Strategic Planning	Urban Design skills	Additional position and skills to deal with existing and future large development proposals.



5. Action Plan

5.1. Focus Areas

Talent Development.

Council's most valuable asset is its staff and Council needs to develop and implement programs to address the skill gaps to ensure a workforce capable of meeting the current and future needs of the Delivery Program. Additionally, programs aligned to leadership development and the introduction of a succession management process will minimise the loss of corporate knowledge and allow development of staff into the future.

Organisational Development.

In order for the organisation to meet the Community's expectations and deliver optimal service, the need to continually review and develop Council's organisational structure will be critical to Council's success.

Workplace Relations.

Maintaining a commitment to open, transparent and productive working relationships; two way communication; valuing all contributions and recognising individual differences will be critical to a harmonious work environment.

5.2. Workforce Planning Strategies

Key Focus Area	Strategy	Objectives	Specific Actions/Outcomes	Key Performance Indicators
Talent Development	Growing our own talent.	Recognise the value of entry level development of positions within Council.	<ul style="list-style-type: none"> - Identify opportunities for trainee/apprentice positions. - Explore traineeship opportunities for job roles that are in short supply. - Foster a mentoring relationship between Supervisors and employees. 	<ul style="list-style-type: none"> - Number of opportunities for trainee positions identified and filled.
	Providing learning and development opportunities.	Employee development opportunities are provided equally to all employees.	<ul style="list-style-type: none"> - Training is identified to allow employees to develop within their current role. - Career development is encouraged and supported where suitability exists. 	<ul style="list-style-type: none"> - Corporate and individual training programs developed and implemented. - Number of staff undertaking further tertiary or professional development studies.
	Implement a succession planning and management program.	Critical roles have succession plans in place.	<ul style="list-style-type: none"> - Critical roles identified across organisation. - Likely successors are identified and provided with tailored development opportunities. - High potential employees are valued, encouraged, mentored and promoted. 	<ul style="list-style-type: none"> - Succession plans in place for critical roles as identified. - Formal succession plans mapped out and opportunities identified.

Key Focus Area	Strategy	Objectives	Specific Actions/Outcomes	Key Performance Indicators
Organisational Development	Review and develop Council's organisational structure.	Flexible organisational structure with appropriate staffing levels.	<ul style="list-style-type: none"> - Explore opportunities as they arise to review positions in terms of qualifications, skills and knowledge required. - Consider redesign/restructure of position in terms of corporate needs. - Align position descriptions with identified future qualifications, skills and experience required. 	<ul style="list-style-type: none"> - Number of position descriptions amended and updated prior to advertising vacancy. - Number of positions redesigned or restructured in line with corporate needs. - Position descriptions reviewed as a part of the regular EPPR reviews.
Workplace Relations	Employee Engagement.	A workforce that is engaged and empowered.	<ul style="list-style-type: none"> - Two way communication and feedback occurs with all employees. - Consultation and inclusive decision making are encouraged. 	<ul style="list-style-type: none"> - Number of regular staff meetings for each Division/Branch. - EPPR system – used to identify performance and career development and training needs
	Work/life balance.	Support varied work arrangements where there are mutual benefits.	<ul style="list-style-type: none"> - Ensure flexible work requests are fit for purpose, are merit based and align with service delivery requirements. 	<ul style="list-style-type: none"> - Number of flexible work arrangements approved and in place.
	Harmonious work environment maintained.	A consistent, productive and positive work environment.	<ul style="list-style-type: none"> - Code of Conduct and other policies are understood and demonstrated. - Policies and procedures are applied consistently. - Managers/Supervisors address poor behaviour and performance both promptly and objectively. 	<ul style="list-style-type: none"> - Number of regular and refresher sessions conducted each year as identified in the corporate training plan. - Policies and procedures - Employee Performance Planning and Review system administered fairly and consistently.



5.3. Monitoring and Review

This WMP will shall be reviewed and updated annually to reflect changes within Council's business environment and the capacity of the workforce.

The strategies detailed in this Plan will be monitored annually in accordance with the current workforce requirements and in consideration of the shifting internal and external influences

ASSET MANAGEMENT PLANNING



Executive Summary

Hawkesbury City Council controls and manages a large portfolio of infrastructure assets which has an estimated current replacement value of about \$1 billion. These assets include transport and associated infrastructure, footpaths and cycleways, stormwater drainage, flood mitigation, gross pollutant traps, sewerage assets, buildings and facilities, sporting playgrounds, recreation and leisure facilities, parks and reserves.

Utilising these assets Council provide its residents, businesses and visitors essential services and amenity that support their social and economic needs, and modern lifestyle.

As a custodian of community assets, under the Local Government Act, Council discharges its responsibility to effectively account for and manage the community assets within its control in the most cost effective manner in order to continue to provide efficient, safe and reliable service for the current and future generations.

This document outlines Hawkesbury City Council's asset management planning framework. The planning framework is generally based on the Division of Local Government's Planning and Reporting guidelines.

In broad terms the framework requires Council to do the following:

- Undertake assessment of the current asset management situation – Where are we now?
- Set asset management goals in consultation with the community - Where do we want to be?
and
- Identify plans and programs to achieve the goal – How we will get there?

Where are we now?

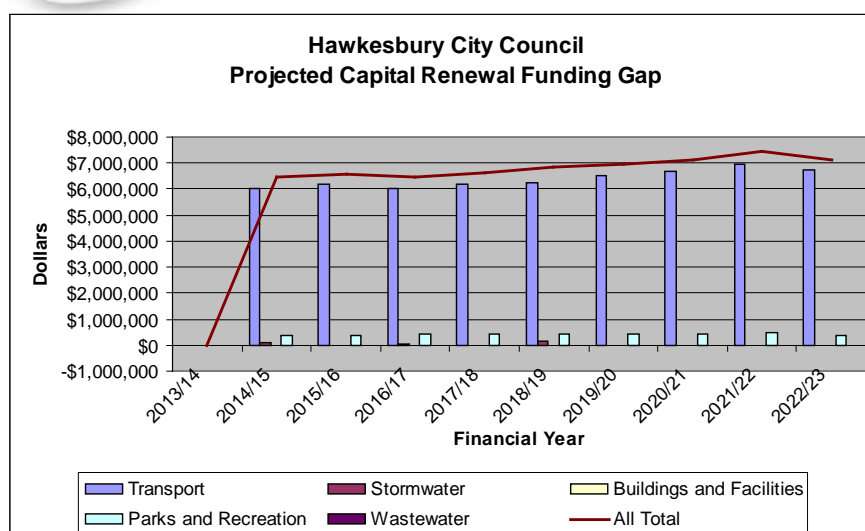
Council has carried out asset management gap analysis to identify current asset management within Council. It has identified gaps in asset data, systems, and processes. Based on this Council has developed and is currently implementing various asset management improvement programs.

Where do we want to be?

Council has yet to consult the community in setting asset management goals as much work is required to be carried out before a meaningful community engagement dialogue can happen. In the interim, until community engaged asset management goals or levels of service are set (and Council has considered based on its current knowledge of the state of the assets) it would be most appropriate to aim to maintain the infrastructure within a condition band of: 3 (good) to 4 (average) on a condition scale of 1 (excellent) to 5 (poor).

Council currently expends about \$6.5 million per annum for infrastructure asset renewals. Asset renewal expenditure requirement projection has been carried out with a view to maintain infrastructure assets in good to average condition. The analysis reveals that over the next 10 year planning period the renewal funding gap is likely to be in the order of \$62 million for all infrastructure assets with an annual average funding gap of about \$6.7 million per year. The projected funding gap is illustrated in the table and graph below.

Asset Class	Projected Capital Renewal Funding Gap									
	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	2018/19 Year 6	2019/20 Year 7	2020/21 Year 8	2021/22 Year 9	2022/23 Year 10
Transport	\$0	\$5,997,339	\$6,167,743	\$6,018,841	\$6,207,342	\$6,261,494	\$6,498,314	\$6,669,599	\$6,977,433	\$6,744,343
Stormwater	\$0	\$97,146	\$7,193	\$39,151	\$10,747	\$150,021	\$4,197	\$773	-\$2,753	-\$6,385
Buildings and Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Recreation	\$0	\$383,413	\$393,796	\$404,490	\$415,504	\$426,849	\$438,535	\$450,571	\$462,968	\$370,133
Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Total	\$0	\$6,477,899	\$6,568,732	\$6,462,483	\$6,633,593	\$6,838,363	\$6,941,046	\$7,120,943	\$7,437,648	\$7,108,091



It is evident from the above information that a large proportion of renewal funding gap is in the transport area, and generally relates to road pavement renewals. However, it is to be noted that renewal requirement figures will continue to be improved as more accurate asset life and condition is captured and analysed over time.

The asset management planning has identified bridging the asset renewal funding gap as a key challenge for Council.

How we will get there?

Council's priority focus will be in two key areas:

Firstly, Council will continue to improve its asset management processes, procedures, information systems and training. This will enable Council to build reliable data and knowledge on asset capacity, performance, service levels and funding required to maintain and renew assets to continue to provide the community desired service levels.

Secondly, through the Long Term Financial Planning process Council will provide analysis of various options available to Council to generate additional revenue to bridge the infrastructure asset renewal funding gap in the future.



1. Purpose

The purpose of this document is to provide an overview of Hawkesbury City Council's asset management planning framework. The asset management planning is applied to provide and maintain infrastructure assets under the care and control of the Hawkesbury City Council. These assets support the provision of a range of services to the community and other stakeholders as outlined in the Hawkesbury Community Strategic Plan.

Council's asset management planning framework is generally based on the Department of Local Government's Planning and Reporting legislation.

2. Introduction

The Hawkesbury Council is the largest Local Government Area (LGA) in the Sydney region in terms of area with a land mass consisting of 2,793 km. Council is the custodian of a large portfolio of infrastructure and non-infrastructure assets which has an estimated replacement value of about \$1 billion. Due to the vast expanse of the area, Council controlled infrastructure and facilities are widely spread out within the LGA and includes sparsely populated remote outlying rural areas and urban settlements.

Council controlled infrastructure assets include transport and associated assets like roads, bridges, kerb and gutter, street lighting, traffic control facilities, pavement marking, footpaths and cycleways, stormwater drainage, flood mitigation, and gross pollutant traps, sewerage assets, buildings and facilities, sporting playgrounds, recreation facilities, parks and reserve assets.

Utilising these assets Council provide its residents, businesses and visitors a wide range of services to meet their social, economic, cultural, environmental and recreational needs.

The Hawkesbury residents are highly dependent on motor vehicles, largely due to wide expanse and also due to poor public transport system. It has the highest per capita vehicle ownership per population and also the highest per capita road length per population head in the Sydney region.

As a custodian of community assets, under the Local Government Act, Council has the responsibility to effectively account for and manage the community assets within the Hawkesbury LGA in the most cost effective manner in order to continue to provide efficient, safe and reliable service for current and future generations.

The asset management planning system is applied to account for and plan for all existing and any new asset provision. It also outlines strategies and resources required to sustain and improve the management of community assets now and into the future.

This Asset Management Planning should be read in conjunction with the following documents:


- Hawkesbury Community Strategic Plan 2013-2032
- Asset Management Policy
- Asset Management Strategy
- Individual Asset Management Plans for each asset class
- Four Year Delivery Program
- Annual Operational Plan
- Long Term Financial Plan

This Plan together with the above documents is a requirement of the State Government under the Integrated Planning and Reporting legislation.

3. Key challenges

Key challenges faced by Council include:

- a. Accounting and planning for all existing infrastructure assets and any new assets solutions proposed in the Hawkesbury Community Strategic Plan

- 
- b. Developing a good asset management system i.e. asset knowledge, condition, level of service, risks, deterioration and predictive modelling and lifecycle costing
 - c. Defining current and desired levels of service in consultation with the community and stakeholders
 - d. Developing long term expenditure projection associated with the desired levels of service
 - e. Engaging the community to ensure community and stakeholder support for additional revenue generation to deliver community desired service levels
 - f. Ensuring asset service is provided sustainably into the future

Failure to adequately plan and undertake action will result in assets failing to meet the service needs of the community and will further widen the asset renewal funding backlog resulting in reduced service standards, community exposure to risk and general dissatisfaction.

4. Council's asset management planning goals, principles and framework

4.1. Asset management goals

The Hawkesbury Community Strategic Plan (HCSP) sets the goals and high level directions for overall asset planning. Specific goals and directions relating to infrastructure service under relevant themes include:

Looking after People and Place

- *Appropriate and affordable range of infrastructure and services available to meet contemporary needs*

Caring for our Environment

- *Clean, healthy, usable rivers and waterways*
- *Maximise sustainable use of potable and recycled water*
- *Reduced greenhouse gas emissions*
- *Reduce waste to landfill*

Linking the Hawkesbury

- *Improve transport routes to link people and businesses within and beyond the Hawkesbury in particular during peak hours*
- *Transport network is quick, easy, safe, cost effective and accessible to all users*

4.2. Asset management planning principles

Council's Asset Management (AM) planning principles are outlined in Council's Asset Management Policy. Council aims to apply these principles to guide the future asset management planning.

The guiding principles are:

- Promote appropriate asset management practices across all areas of Council operation.
- Account for and plan for assets ensuring that assets are planned, created, operated, maintained, replaced and eventually disposed of in accordance with priorities identified in the CSP and other supporting corporate plans;
- Prepare an AM strategy and AM plan/s that support the HCSP and Delivery Program;
- Ensure that the AM strategy and plan/s meet the requirements of the Integrated Planning and Reporting legislative provisions.
- Ensure that the goals set in the HCSP take into account the Council's asset management realities and are within Council's resource capacity;
- Develop and implement a framework for the evaluation and prioritisation of major capital projects;

- Allocate appropriate resources for AM practices;
- Engage and consult with the community and stakeholders in setting service levels.

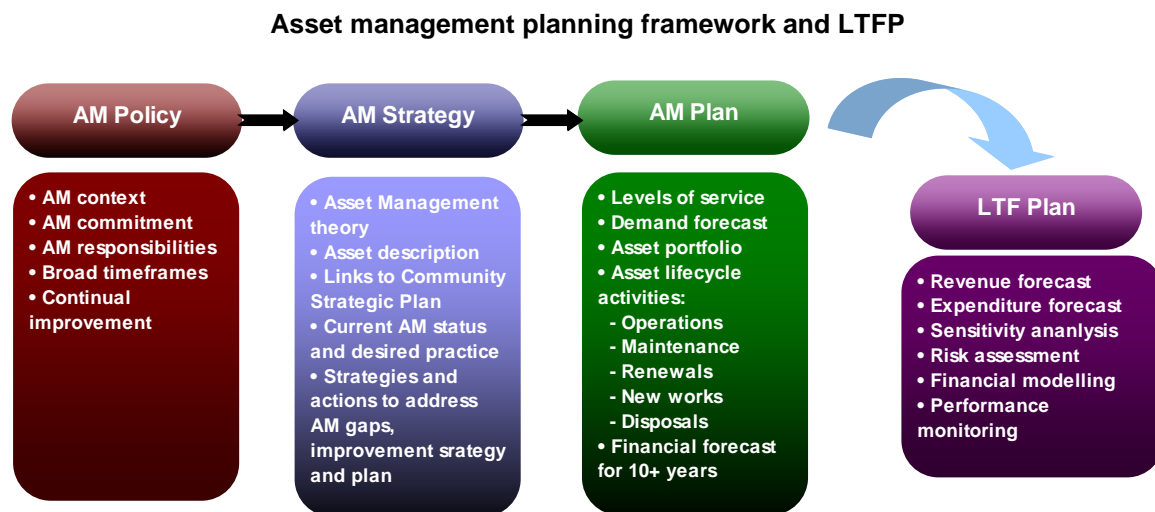
4.3. Asset management planning framework

Council's asset management planning framework consists of:

- AM Policy
- AM Strategy
- AM Plans

Asset management planning information then feeds into Council's Long Term Financial Plan (LTFP).

Figure below show Council's asset management planning framework and LTFP.



4.4. Asset management policy

Council's asset management policy sets a framework for sustainable asset management planning of the community assets to continue to deliver services effectively to the community and other stakeholders now and into the future.

Policy statement

Council recognises that infrastructure assets are the cornerstone for the community's economic, cultural and social development, and as a custodian of the community's assets Council is committed to applying effective accounting and management principles to discharge its asset management responsibility. It will also apply robust planning processes to ensure that these assets are managed in the most appropriate way on behalf of local communities.

To implement this policy Council will apply strategic asset management planning over time to improve the condition and management of its assets.

Council's asset management policy is published as a separate document and is available for viewing from Council's website: www.hawkesbury.nsw.gov.au

4.5. Asset management strategy

Council's current asset management strategy is published as a separate document. It outlines goals, strategies and actions proposed to guide Council in its development and implementation of sustainable asset management.

It provides an analysis of the current asset management situation, establishes desired practice goals and outlines specific asset management improvement actions to achieve the desired practice.

5. Current asset management situation – Where are we now?

5.1. Assets and services provided by Council

The table below presents key services provided by infrastructure assets:

Services provided by key infrastructure assets

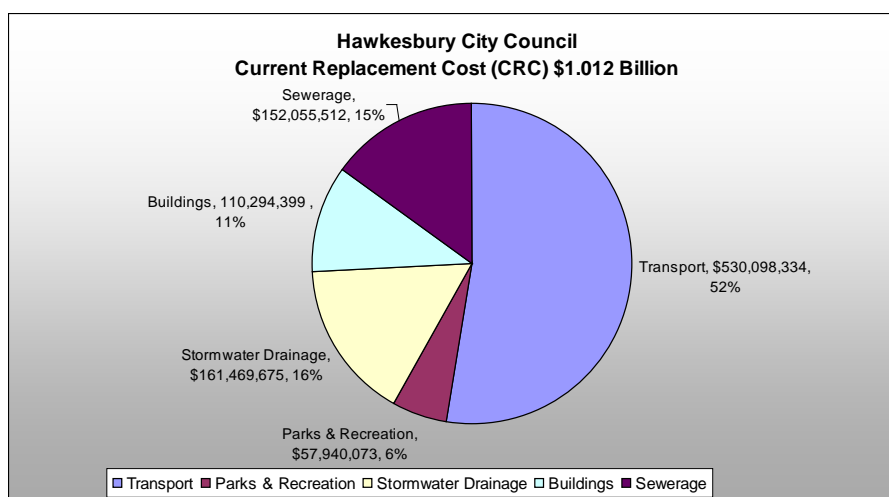
Service area	Asset Class	Asset Description
Provision of road and pedestrian transport service for access to work, business, social and recreation activity	Transport	Land under roads, sealed and unsealed roads, kerb and gutter, bridges, major culverts, footpaths and cycleways, car parking areas, street furniture, signage, traffic control facilities, vehicular ferry, safety fences, retaining walls, street lighting
Provision of stormwater collection and discharge to mitigate infrastructure and property flooding	Drainage	Pipes, culverts, pits, headwalls, Gross Pollutant Traps, wetlands and ponds, open detention basins, swales and channels
Provision of buildings and facilities for community service, social and recreation activity	Buildings and Facilities	Land under buildings, public halls, libraries, community and child care centres, senior citizens centre, regional museum, art gallery, public toilets, council offices, work depots, pavilions, grand stand, sheds and shelters, commercial shops, investment properties, function centre, RFS/SES facilities, transmitter towers, underground parking structures, mechanical services, furniture and fittings, aquatic centre, indoor stadium and bus shelters
Provision of recreational and sporting facilities	Parks and Recreation	Land, horticulture, aboriculture, minor structures, sporting grounds/ovals, swimming pool, play equipment, nursery, cemeteries, skateparks, tennis and netball courts, park furniture, street trees, walking trails/paths, boat ramps, lookouts and fences
Provision of reticulated wastewater collection, treatment and disposal	Sewerage	Land, reticulation pipes, manholes, pump stations, rising mains, wastewater treatment facility, plant and equipment (electro/mechanicals), recycled water

5.2. Asset stock and replacement value

Council controlled infrastructure assets current replacement value is estimated at about \$1 billion.

The figure below shows a breakdown of asset replacement value by asset class:

Key infrastructure asset Current Replacement Costs



5.3. Asset sustainability

Generally asset sustainability is measured as a ratio of current funding to required lifecycle expenditure. A funding gap between life cycle costs and life cycle expenditure gives an indication as to whether present consumers are paying their share of the assets they are consuming each year. One of the main purposes of asset management planning is to identify levels of service that the community needs and can afford and develop the necessary long term financial plans to provide the services in a sustainable manner.

A life cycle sustainability ratio of 1.0 indicates that the current funding provided is equal to the required lifecycle funding estimate. A sustainability ratio of less than 1.0 indicates a funding gap.

At present information needed for reliable projection of the lifecycle expenditure is not readily available, although procedures are being put in place to capture this information. Future review of this document will aim to incorporate analysis of the lifecycle costs and expenditure and sustainability index.

5.4. Current asset and corporate information system

Council is presently implementing a corporate integrated asset management system. This will allow the capture of essential asset information and enable planning for operations/ maintenance and renewal works, tracking maintenance history and life cycle costs and undertake asset deterioration modelling and predictive scenario analysis based on a range of service criteria and constraints.

5.5. Condition of Council's assets

Good asset condition data is available for sealed road pavements however, limited asset condition information is held on other assets. Sewerage reticulation assets data is being collected via CCTV inspection. About 40% of parks asset data has been collected. Buildings asset data collection commenced in 2012.

Asset data and condition information collection and update are a continuous process. Due to funding limits asset condition data collection task is proposed to be carried out over a period of time with internal and external resources in association with the implementation of the new asset management system. Future review of this document will incorporate new asset condition data in the analyses.

In the absence of audited asset condition data in preparing this document, asset condition has been derived based on age and remaining life. The assumptions made and the analysis is detailed in the individual asset management plans.

5.6. Levels of service and community satisfaction

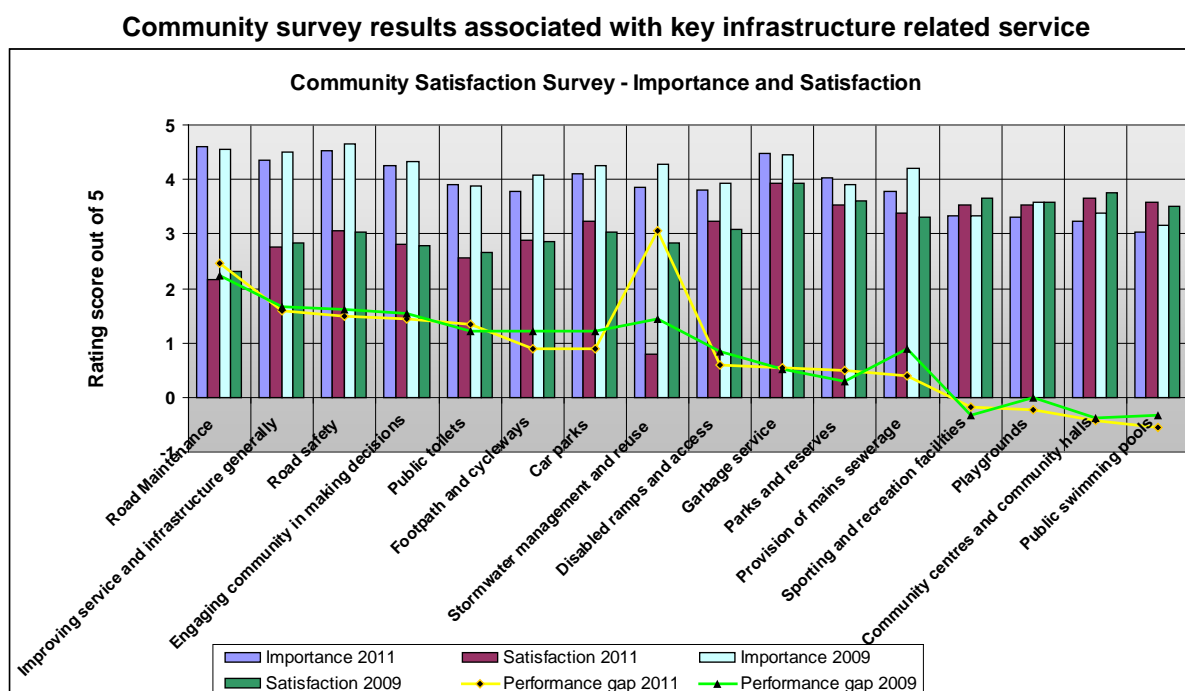
Currently informal service levels are defined generally based on technical and operational considerations, historic practices, and taking into account public safety risks. To date Council has not engaged the community in setting levels of service discussion. However, Council intends to engage the community in setting affordable levels of service as soon as practicable.

Presently Council undertakes a biennial community satisfaction survey, which commenced in 2007. In the absence of formally defined community levels of service the biennial community satisfaction survey results provide a broad understanding of community's perception of current Council service delivery.

The last survey was completed in September 2011. The survey measures community attitudes and perceptions toward current and future services and facilities provided by Council, assesses and establishes the community's priorities and satisfaction in relation to Council activities, services and facilities and seeks opinions on major issues and priority action areas for the future.

The 2011 survey, overall has found a generally positive result for Hawkesbury City Council, with 38 of the 50 services/facilities/criteria rated as being of 'moderate satisfaction' to 'high satisfaction'. At an overall level, community expressed a 'moderate' level of satisfaction with the performance of Council, with 46% of the respondents giving a rating of 'satisfied'.

Survey results associated with key infrastructure related service areas are presented in the figure below for 2009 and 2011¹ in terms of mean importance and satisfaction:



The importance and satisfaction rating score is in between 1 to 5² (1 being low and 5 being high). Satisfaction rating of 3.23 or lesser value indicates that community satisfaction for these measures is "low" to "moderate" and the negative figure in performance gap column indicates that the community is satisfied with the current service standard.

¹ 2007 data not included as the survey questions and methodology varied from 2009 and 2011

² Mean rating: 1.99 or less 'Very low' level of importance/satisfaction

2.00 – 2.49 'Low' level of importance/satisfaction; 2.50 – 2.99 'Moderately low' level of importance/satisfaction

3.00 – 3.59 'Moderate' level of importance/satisfaction; 3.60 – 3.89 'Moderately high' level of importance/satisfaction

3.90 – 4.19 'High' level of importance/satisfaction; 4.20 – 4.49 'Very high' level of importance/satisfaction

4.50+ 'Extremely high' level of importance/satisfaction

When examining the 9 largest performance gaps, it was identified that all the services or facilities have been rated as 'high' to 'extremely high' in importance. The community satisfaction rating for all of these areas is between 2.15 and 3.23, which indicates that community satisfaction for these measures is 'low' to 'moderate'.

The 10 top rated services by importance and satisfaction from the community survey is shown in the table below.

2011 Ranking	Service/ facility	Importance Mean ³	Importance Satisfaction Mean ³	Performance Gap
1	Road maintenance	4.60	2.15	2.45
2	Improving services & infrastructure (generally)	4.35	2.77	1.58
3	Healthy & sustainable Hawkesbury River and waterways	4.46	2.90	1.56
4	Road safety	4.53	3.05	1.48
5	Lobbying State & Federal Government for funding and improved service levels	4.22	2.76	1.46
6	Engaging the community in making decisions	4.25	2.82	1.43
7	Public toilets	3.90	2.55	1.35
8	Providing transparent, accountable and respected leadership	4.22	2.93	1.29
9	Crime prevention	4.50	3.23	1.27
10	Supporting a wider communications network (mobile coverage, broadband, TV reception)	3.99	2.92	1.07

Community has consistently rated high importance and low satisfaction with road and infrastructure service generally.

³ Mean rating: 1.99 or less 'Very low' level of importance/satisfaction
 2.00 – 2.49 'Low' level of importance/satisfaction; 2.50 – 2.99 'Moderately low' level of importance/satisfaction
 3.00 – 3.59 'Moderate' level of importance/satisfaction; 3.60 – 3.89 'Moderately high' level of importance/satisfaction
 3.90 – 4.19 'High' level of importance/satisfaction; 4.20 – 4.49 'Very high' level of importance/satisfaction
 4.50+ 'Extremely high' level of importance/satisfaction

5.7. Risk assessment and management

Council's Risk Management activity centers focus on achieving compliance with Work Health and Safety (WHS) legislation and applying strategies that minimise the likelihood of the risk occurring or the impact of the risk, should it occur. Key steps in the risk management process are:

1. Establish the context
2. Identify the risks
3. Analyse the risks
4. Evaluate and prioritise the risks
5. Identify the risk treatment
6. Treat the risks.

The significance of a risk is dependent on two elements – the likelihood that it will occur and the impact should it occur. Generally, the most significant risks are those which have the potential to cause injury or death.

Initial risk assessments have been carried out for Council's key infrastructure assets in association with preparation of the asset management plan. Risk Management Plans have been developed and consideration is being given to progressively attend to the priority risks.

The risk issues that are common to all Council's assets are described below. Additional risks that are specific to asset types are discussed within the individual asset plans.

a. Vandalism

All Council's assets are prone to vandalism. Buildings, parks, playground equipment, street furniture, bus shelters, signage, public toilets are the most vulnerable assets. Vandalism, such as graffiti, only has an aesthetic impact but does not affect the useability of an asset. Graffiti removal does, however, represent a significant drain on Council's resources. Other forms of vandalism can render an asset unusable, such as building fires, damage to playgrounds, and damage to street lights, bins or seats. Council cannot prevent vandalism, but discourages it through a range of initiatives such as quick graffiti removal, use of damage resistant fittings, and encouraging safer public spaces. Vandalism is an ongoing risk to Council assets.

b. Fire

Fire risk comes from both bushfires and property fires, accidentally and deliberately lit. Both bush and property fires predominantly present a risk to above ground structures, including buildings, fences and play equipment. Fire risk to roads and drainage networks are not significant, however there is a risk to road furniture such as street signs and street trees, and roads can be closed if other infrastructure (particularly power lines) are unsafe as a result of a fire.

As these risks already exist, Council generally has management strategies in place. These range from installation of smoke detectors to emergency lighting, evacuation procedure and sprinkler systems. Council also has insurance to cover damage or loss of critical assets from fire.


c. Salinity

Some areas of the Hawkesbury have already been identified as having moderate to high salinity. An increase in the salinity of groundwater can have a significant impact on underground assets, including building footings, drainage, wastewater pipes, roads and car parks.

Council's current risk management strategy for salinity is to monitor assets in affected areas and carry out remedial maintenance as required.

d. Flooding

Flooding is a major risk in the Hawkesbury LGA. Flooding affects all asset types. Roads can generally accommodate limited submergence, but can be significantly affected if submerged for a prolonged period. Extended periods of rain also frequently result in additional unplanned maintenance demands (eg potholes) which must be addressed if additional damage to the pavement of the road is to be avoided.



As flooding is a known risk to Council it has developed a flood risk management strategy and plan.

e. Financial

Funding limitations may result in inadequate maintenance and timely renewal of assets which could cause premature asset ageing and deterioration. Expanding Council services and competing financial priorities pose a risk to asset maintenance and renewal, through the potential for maintenance and renewal funds to be diverted elsewhere. Council's AM strategy, particularly the works proposed in the AM improvement program and AM plans will in part provide the necessary information to determine a sustainable funding level and enable better understanding of this risk. A detailed long term expenditure projection for asset management is contained within individual asset plan and these provide critical insights into the asset maintenance and renewal backlogs.

6. Where do we want to be?

The Council's asset management objectives over the 2013-2023 are that:

- The key infrastructure are maintained in condition 3 (good) and 4 (average) and that the service offered by the assets meet the community needs and priorities identified in the Hawkesbury Community Strategic Plan;
- It has established corporate asset system to house asset knowledge, condition, performance and life cycle costs information and have processes and tools to undertake what if scenario analysis to support organisation's decision process;
- It has educated and engaged the community in a meaningful discussion in setting service levels that is technically and economically sustainable and one that community can afford;
- The risk management system is applied across all of Council's asset related decision process;
- A robust asset maintenance and renewal funding gap is identified and Council has put in place a funding models to progressively bridge the funding gap within an appropriate timeframe.

7. Projected expenditure and funding gap

Funding gap has been derived based on an analysis of difference in projected expenditure over a 10 year period between business as usual (current scenario) and an estimate of expenditure required to sustain asset service into the future (sustainable asset scenario i.e. to continue provide the intended service from assets by maintaining the asset in average to good condition).

The analysis of the funding requirement to sustain current asset service into the future is generally based on current levels of service and currently available information in hand and knowledge of the asset condition and estimate of asset age and remaining life. Any change in the target or desired level of service following the community consultation may impact on the funding projection.

Following is a summary of operations, maintenance and renewal expenditure projection by asset class.

7.1. Operations and maintenance expenditure

Operations and maintenance (operational) expenditure projection based on 2013/14 operational plan is shown in the table below.

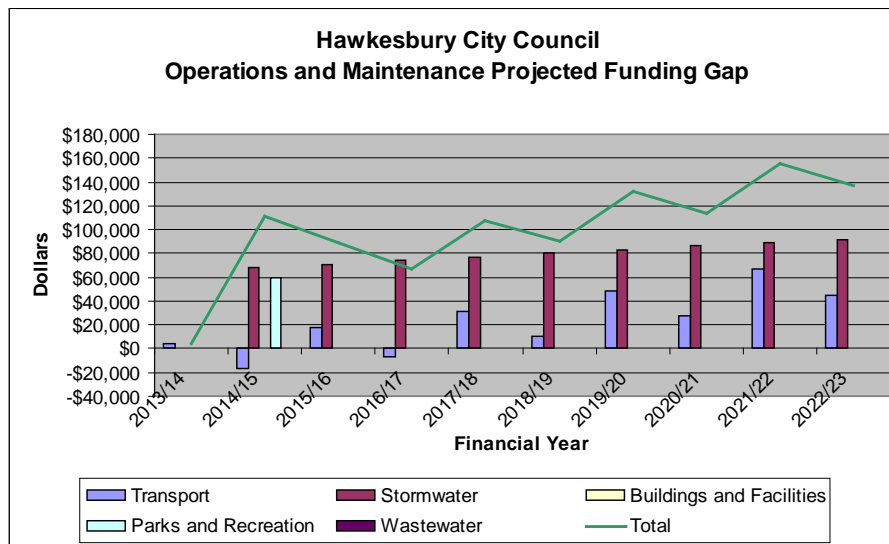
Asset Class	Projected Operations and Maintenance Expenditure									
	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	2018/19 Year 6	2019/20 Year 7	2020/21 Year 8	2021/22 Year 9	2022/23 Year 10
Transport	\$1,972,546	\$2,040,829	\$2,077,787	\$2,115,854	\$2,155,063	\$2,195,448	\$2,237,045	\$2,279,890	\$2,324,021	\$2,369,476
Stormwater	\$125,000	\$61,800	\$63,654	\$65,564	\$67,531	\$69,556	\$71,643	\$73,492	\$76,006	\$78,286
Buildings and Facilities	\$2,690,528	\$2,728,435	\$2,855,294	\$2,990,317	\$3,134,475	\$3,288,418	\$3,452,952	\$3,629,073	\$3,817,782	\$4,018,784
Parks and Recreation	\$2,359,154	\$2,388,729	\$2,460,390	\$2,534,203	\$2,610,228	\$2,759,231	\$2,838,495	\$2,927,266	\$3,014,834	\$3,025,969
Wastewater	\$2,611,002	\$2,722,696	\$2,869,256	\$2,987,227	\$3,111,927	\$3,243,879	\$3,383,649	\$3,531,860	\$3,689,188	\$3,856,375
Total	\$9,758,230	\$9,942,489	\$10,326,382	\$10,693,165	\$11,079,225	\$11,556,532	\$11,983,785	\$12,441,581	\$12,921,831	\$13,348,891

Projected operations and maintenance funding gap by key infrastructure asset class based on 2013/14 operational plan is shown in the table below.

Asset Class	Projected O&M Funding Gap									
	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	2018/19 Year 6	2019/20 Year 7	2020/21 Year 8	2021/22 Year 9	2022/23 Year 10
Transport	\$4,290	-\$16,874	\$17,929	-\$6,865	\$31,510	\$9,802	\$48,525	\$27,305	\$66,365	\$44,485
Stormwater	\$500	\$68,452	\$71,027	\$73,838	\$76,586	\$80,112	\$82,990	\$86,238	\$88,957	\$92,048
Buildings and Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Recreation	\$0	\$60,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$4,790	\$111,577	\$88,956	\$66,973	\$108,095	\$89,914	\$131,515	\$113,543	\$155,322	\$136,533

Assuming that future level of funding will remain in this vicinity of the projected figure, the funding gap for operational cost is likely to be in the order of around \$100,000 per year on average over the planning period.

The projected operations and maintenance funding gap is shown in the graph below.



7.2. Capital renewal funding gap

Projected capital renewal expenditure based on 2013/14 operational plan is shown in the table below.

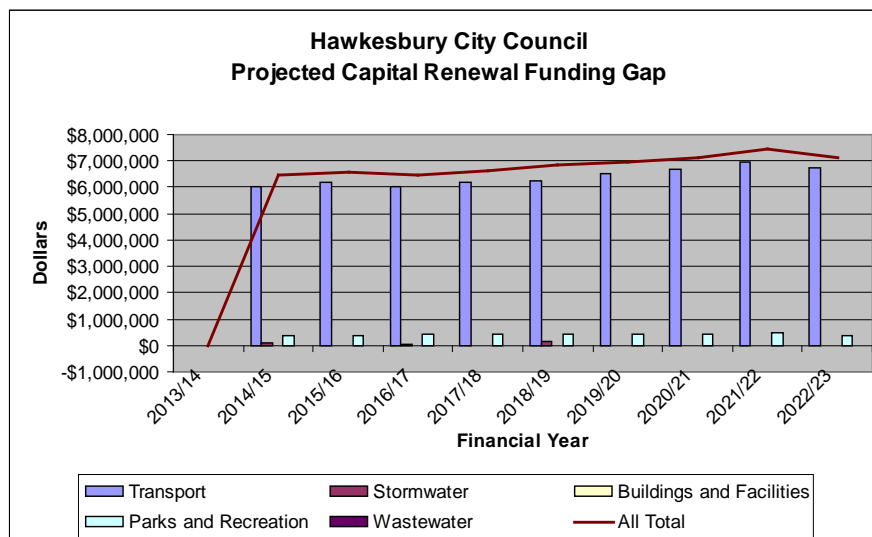
Asset Class	Projected Capital Renewal Expenditure									
	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	2018/19 Year 6	2019/20 Year 7	2020/21 Year 8	2021/22 Year 9	2022/23 Year 10
Transport	\$6,407,855	\$6,996,276	\$7,198,620	\$7,487,623	\$7,344,636	\$7,319,881	\$7,508,109	\$7,701,983	\$7,901,673	\$8,107,354
Stormwater	\$100,085	\$103,088	\$106,180	\$109,366	\$112,647	\$116,026	\$119,507	\$123,092	\$126,785	\$130,588
Buildings and Facilities	\$266,000	\$257,331	\$318,618	\$439,357	\$306,838	\$244,219	\$376,285	\$32,628	\$383,657	\$162,945
Parks and Recreation	\$50,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater	\$200,000	\$320,000	\$300,000	\$2,520,000	\$3,080,000	\$1,250,000	\$380,000	\$570,000	\$400,000	\$610,000
Total	\$7,023,940	\$7,676,694	\$7,923,418	\$10,556,345	\$10,844,121	\$8,930,126	\$8,383,900	\$8,427,703	\$8,812,115	\$9,010,887

Projected capital renewal funding gap by key infrastructure asset class based on 2013/14 operational plan is shown in the table below.

Asset Class	Projected Capital Renewal Funding Gap									
	2013/14 Year 1	2014/15 Year 2	2015/16 Year 3	2016/17 Year 4	2017/18 Year 5	2018/19 Year 6	2019/20 Year 7	2020/21 Year 8	2021/22 Year 9	2022/23 Year 10
Transport	\$0	\$5,997,339	\$6,167,743	\$6,018,841	\$6,207,342	\$6,261,494	\$6,498,314	\$6,669,599	\$6,977,433	\$6,744,343
Stormwater	\$0	\$97,146	\$7,193	\$39,151	\$10,747	\$150,021	\$4,197	\$773	-\$2,753	-\$6,385
Buildings and Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Parks and Recreation	\$0	\$383,413	\$393,796	\$404,490	\$415,504	\$426,849	\$438,535	\$450,571	\$462,968	\$370,133
Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
All Total	\$0	\$6,477,899	\$6,568,732	\$6,462,483	\$6,633,593	\$6,838,363	\$6,941,046	\$7,120,943	\$7,437,648	\$7,108,091

Council's current asset renewal expenditure is around \$6.5 million per annum. It is estimated that in future renewal funding will be on average around \$8.5 million over the next 10 year period. Based on this assumption the renewal funding gap over a ten year planning period is likely to be in the order of \$62 million with an annual average funding gap of about \$6.7 per year over the planning period.

Projected capital renewal funding gap based on 2013/2014 operation plan is presented in the figure below.




8. How will we get there?

Initially Council's priority focus will be on improving its asset management processes, procedures, information systems and training. This will enable Council to build reliable data and knowledge on asset capacity, performance, service levels and funding required to maintain and renew assets to continue to provide appropriate service levels.

To achieve the asset management objectives, the following specific actions are proposed:

- a) *Review and update Council's Asset Management Policy*



The policy will be reviewed every 4 year in conjunction with the review of the Hawkesbury Community Strategic Plan (HCSP) to ensure consistency with the HCSP goals and objectives.

b) Review and update Asset management strategy

Asset management strategy to be reviewed and updated every 4 years or when required. Asset management will be implemented as a corporate program (corporate priority and commitment for asset management, gap analysis, improvement plan, training and awareness program, steering group formation).

c) Improve asset knowledge – data and processes

Collect and maintain asset attribute data, age, condition, performance, O&M costs, life cycle costs and spatial representation of all key infrastructure assets.

d) Build strategic asset planning processes

Forecast demand, risk assessment, identify critical assets, prepare asset management plans, set levels of service, prepare long term works program, develop long term financial strategy and asset rationalisation. Develop and undertake asset life cycle optimisation modelling, build models for funding forecast to sustain asset service levels into the future. Identify and manage asset related risk assessment to identify failure modes and risk levels and consequences and establish appropriate processes and systems to identify, treat, monitor and review asset management risk.

e) Implement operations, maintenance and works processes

Prepare formal asset operations and maintenance strategies, inspection regimes and work processes.

f) Implement corporate integrated asset management information system

Establish centralised corporate asset management system to house all asset information. The system will integrate with other corporate systems e.g. financial, records, GIS, store, payroll, property information system.

g) Asset management training and awareness program

Deliver asset management training and awareness for whole of Council (Councillors and relevant Council officers).

h) Community engagement

Educate and engage the community in understanding levels of service and associated costs and assist in setting desired community levels of service for key infrastructure service areas taking into account financial limits of community and the Council.

i) Bridging the funding gap

Develop options and analysis for bridging the asset renewal funding gap through the long term financial planning including option for additional revenue generation via special rate variation.

Appendix A – Summary of Infrastructure Asset Management Plans

Council has prepared asset management plans for key infrastructure assets. These plans are published as separate documents. The summary information for Transport, Stormwater Drainage, Buildings and Facilities, Parks and Recreation and Wastewater asset management plan is presented in Appendix B through F.

The following asset condition rating scale and assumption has been made in estimating asset condition.

Asset condition rating scale

The asset condition rating scale adopted is based on the NAMS guideline for asset condition rating. The condition rating scale and description is shown in the table below.

Condition rating scale and description

Condition Score/Ratin	Description	Description of Condition
1	Excellent	Only normal maintenance required
2	Very Good	minor defects only, minor maintenance required (5% defect)
3	Good	Significant maintenance required to return to accepted Level of Service (10-20% defect)
4	Average/Moderate	Requires renewal, significant renewal/upgrade required (20-
5	Poor	Asset unserviceable, over 50% of asset require replacement

Asset condition assumption

Council has limited detailed asset condition data other than for road pavements. However, condition data collection has commenced and is being input into a corporate asset management system.

Where asset condition data was not readily available assumptions have been made in deriving remaining life and condition based on the criteria outlined in the table below:

Asset condition estimate criteria

Remaining Useful Life as % of Total Asset Life (Remaining life/AssetLife)	Condition (1 Excellent - 5 Very Poor)	Condition description
>80%	1	Excellent
40%-79%	2	V Good
25%-39%	3	Good
5%-24%	4	Average
<5%	5	Poor

Appendix B - Transport Asset Management Plan Summary

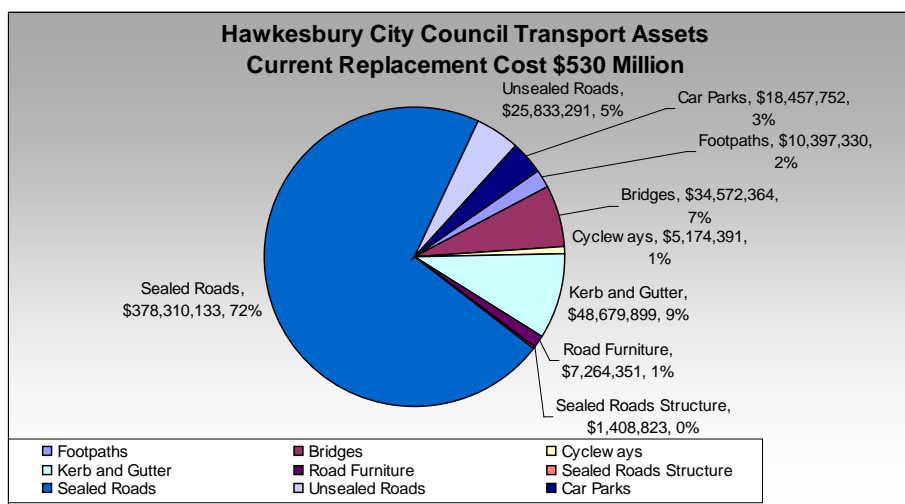
Overview

Council's transport network includes sealed and unsealed roads, footpaths, bridges and road furniture (street signs etc) that are under the care and control of Council. It does not include state roads or classified roads, which are the responsibility of the Roads and Maritime Services.

Council has good data on sealed roads condition. It is in the process of implementing a corporate asset system to capture accurate data on operations and maintenance to enable capture asset life cycle costing and renewal programming.

Council's current transport network and current replacement cost breakdown is shown in the table and figure below.

Transport Assets		
Asset Group	Asset Quantity	Current replacement cost
Footpaths	72.9 kms	\$10,397,330
Bridges	64 nos	\$34,572,364
Cycleways	9.6 kms	\$5,174,391
Kerb and Gutter	329.6 kms	\$48,679,899
Road Furniture	10,000 signs 360 kms - pavement markings	\$7,264,351
Sealed Roads Structure		\$1,408,823
Sealed Roads	742.3 kms	\$378,310,133
Unsealed Roads	299.2 kms	\$25,833,291
Car Parks	3402 spaces (off road)	\$18,457,752
Total		\$530,098,334



Asset condition and capacity

Council undertakes sealed road pavement condition assessments on a periodic basis generally every 3 years. Pavement condition data from the inspection is recorded in the SMEC Pavement Management System which is utilised to model deterioration and funding need forecasts and works programming for sealed roads network.

The table below shows the transport assets condition breakdown based on asset condition criteria and rating scale described Appendix A.

Asset Type	Condition				
	1 - Excellent	2 – V Good	3 - Good	4 – Average	5 – Poor
TRANSPORT					
Sealed Road network:					
Sealed Surface	6.6%	26.5%	12.1%	54.8%	0%
AC Surface	7.6%	25.2%	28.5%	21.0%	17.7%
Pavement Structure	10.7%	49.4%	19.2%	20.8%	0%
Gravel Road network	0.8%	98.9%	0%	0.3%	0%
Concrete Roads	16.2%	83.8%	0%	0%	0%
Brick Paved Roads	0%	0%	0%	100%	0%
Paved Footpaths:					
Asphalt Paved	0%	38%	0%	0%	62%
Bitumen Sealed	0%	0%	0%	0%	100%
Brick Paved	4%	42%	2%	4%	48%
Concrete Paved	16%	46%	6%	6%	25%
Cycleway Concrete	100%	0%	0%	0%	0%
Cycleway Sealed	0%	0%	0%	31%	69%
Kerb and Gutter	15.3%	62.7%	21.8%	0.2%	0%
Road Furniture:					
Fences	65%	20%	0%	8%	7%
Signs	1%	88%	8%	2%	1%
Line marking	0%	0%	0%	100%	0%
Bridge – Timber	3.4%	58%	34%	5%	0%
Bridge – Concrete	17%	78%	5%	0%	0
Bridge – Steel	0%	100%	0%	0%	0%
Culvert >5M	48	43%	0	9%	0%
River Ferry	0%	0%	0%	100%	0%

Financial summary:

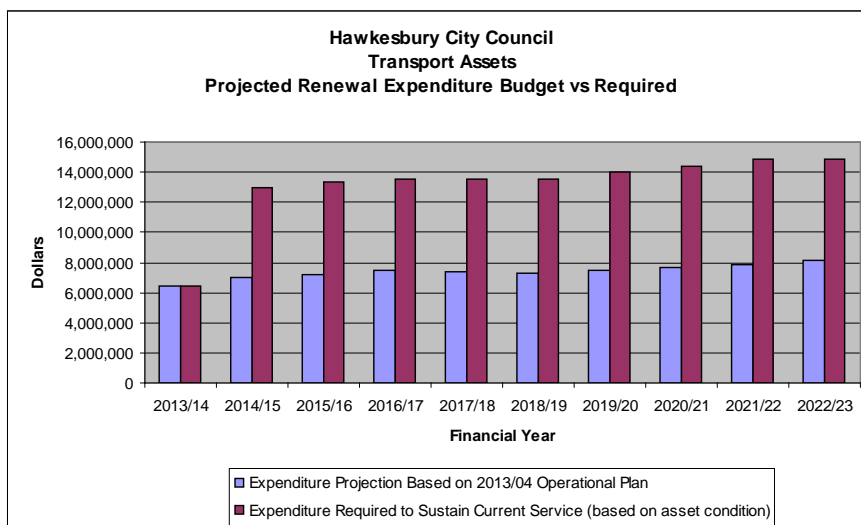
Operations and maintenance

Projected operations and maintenance expenditure for the next four year based on the 2013/14 operational plan is shown in table below.

Year	Budget
2013/2014	\$1,972,546
2014/2015	\$2,040,829
2015/2016	\$2,077,787
2016/2017	\$2,115,854

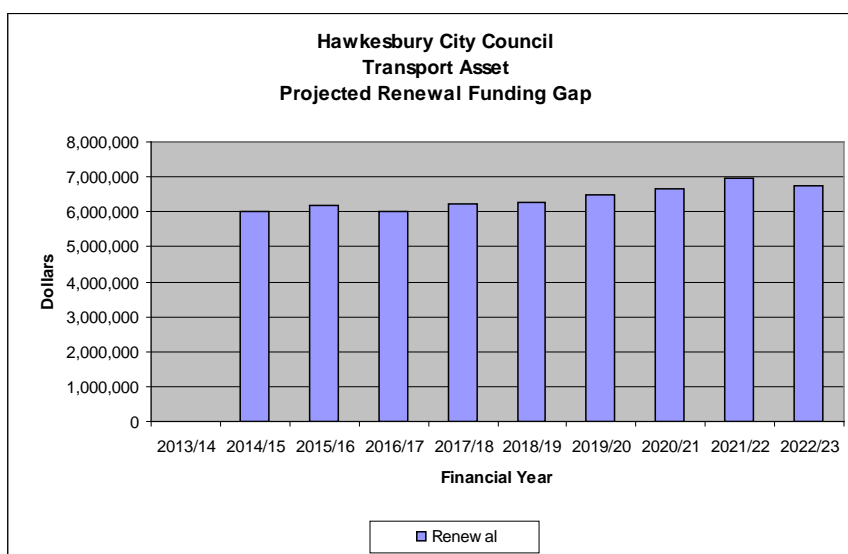
Capital renewal

Figure below shows budgeted and projected renewal funding required over the next 10 year.



Renewal funding gap

Figure below shows a renewal funding gap:



It is projected that the transport asset renewal funding gap will be on average around \$6.7 million per year over a 10 year planning period.



Key issues and challenges

The following is a summary of transport asset issues:

Roads:

Sealed roads: The major issue is the declining road pavement condition. Due to past under funding a large number of road renewals have been deferred. As a result there is a large backlog of roads which are overdue for renewal. Council's current funding for pavement renewal is limited and the renewal backlog an increasing every year. As a result there is an increasing trend in reactive patch up work e.g. pothole patching. The community has consistently rated low satisfaction with the roads service. The challenge is to engage the community in setting reasonable expectations commensurate with the available funding level and to identify their willingness to pay for any higher levels of service.

Unsealed roads: With the current funding allocation only grading of gravel roads is undertaken. Many sections of the road require renewal e.g. regravelling, however due to funding constraint the work is generally deferred.

Bridges:

Council has been successful in securing a subsidised interest rate loan from the Local Infrastructure Renewal Scheme Loan Program for timber bridge replacement. This should significantly improve the bridge asset condition and safety.

Footpaths/Cycleways:

The condition survey demonstrates some improvements in the asset condition due to increases in funding.

Kerb and Gutter:

The condition survey clearly demonstrated significant improvements in the network due to increases in funding.

Traffic facilities:

It can be appreciated that the provision of additional traffic facilities such as roundabouts, islands etc place a greater demand on Council's limited resources.

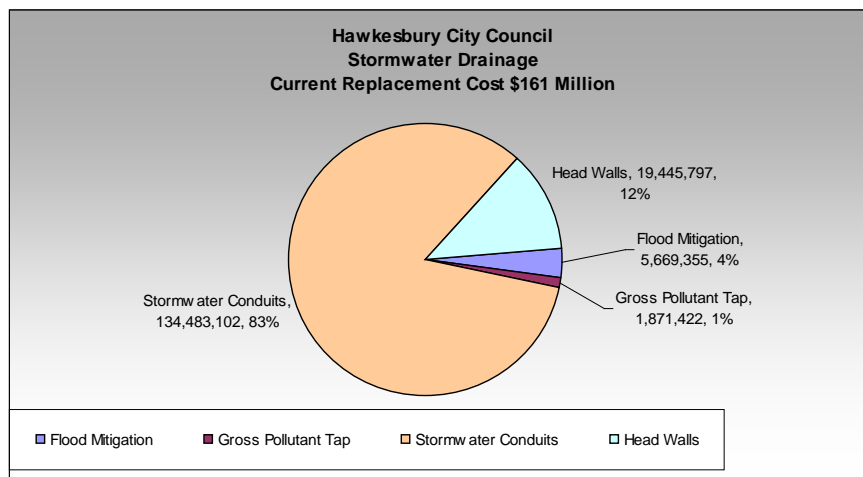
Appendix C - Stormwater Drainage Asset Management Plan Summary

Overview

The stormwater drainage network includes stormwater pits, pipes, culverts, open channels, headwalls, gross pollutant traps, detention and retention basins and ponds. However it does not include the natural waterways. Council currently has limited stormwater asset data, however street drainage pits and pipes location is mapped in the GIS system. Council is currently implementing a corporate asset management system to capture accurate data on assets and its operations and maintenance expenditure. This will enable forecasts of more accurate asset life cycle costs and renewal requirements.

Council's current stormwater network and current replacement cost breakdown is shown in the table and figure below:

Stormwater Drainage Assets		
Asset Group	Asset Quantity	Current replacement cost
Flood Mitigation		5,669,355
Gross Pollutant Tap	19 nos	1,871,422
Stormwater Conduits	152 kms	134,483,102
Head Walls	11,204 nos	19,445,797
Total		161,469,675



Asset condition and capacity

Much of the stormwater infrastructure is below ground and therefore difficult to assess their condition. Generally CCTV inspection is used to assess underground asset condition. Due to funding constraint at this stage CCTV inspection is only carried out on known problem areas.

Financial summary

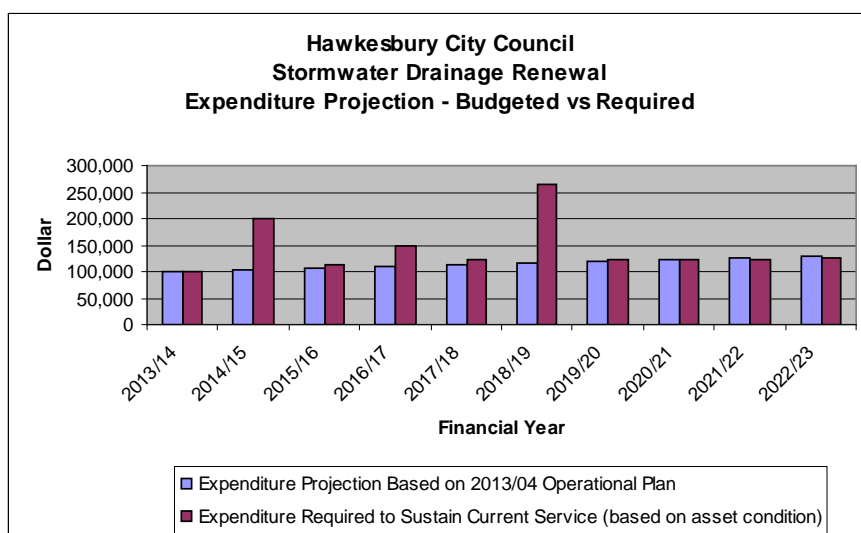
Operations and maintenance

The projected operations and maintenance expenditure for the next four years based on the 2013/2014 operational plan is shown in table below.

Year	Budget
2013/2014	\$125,000
2014/2015	\$61,800
2015/2016	\$63,654
2016/2017	\$65,564

Capital renewal

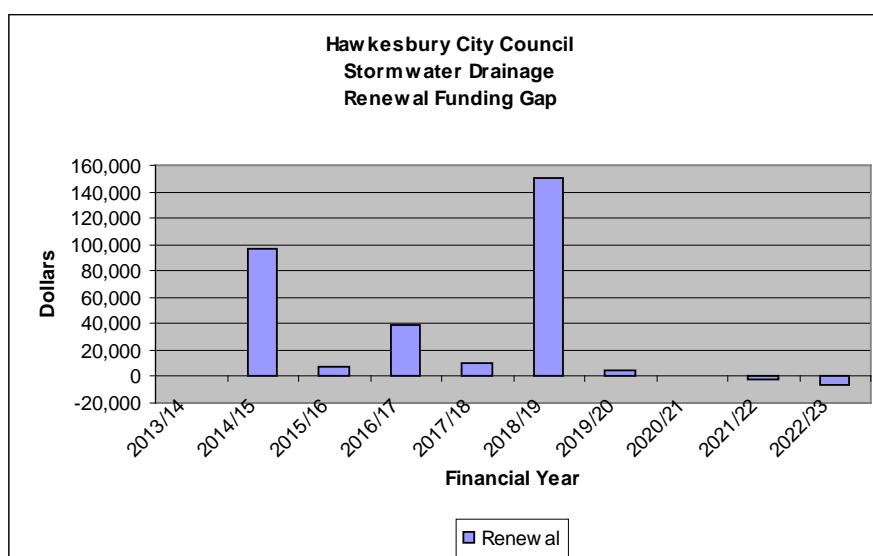
The projected renewal expenditure based on the Operational Plan 2013/2014 and expenditure required to sustain current service level is shown in the figure below.



It is to be noted that due to limited asset data the expenditure projection figures have low confidence levels. Presently any renewal requirements are planned and carried out on an ad-hoc basis depending on perceived need. Future reviews of this plan will aim to provide more accurate data for drainage renewal projection.

Renewal funding gap

The stormwater drainage asset renewal funding gap projection based on currently available information is shown in the figure below.



Key issues and challenges

- Capturing asset data including condition and performance
- Forecasting demand
- High cost of stormwater asset condition data capture
- Developing efficient maintenance regime for GPT cleaning
- Capturing data of all flood mitigation structures
- Collecting data for detention and retention systems and open channels

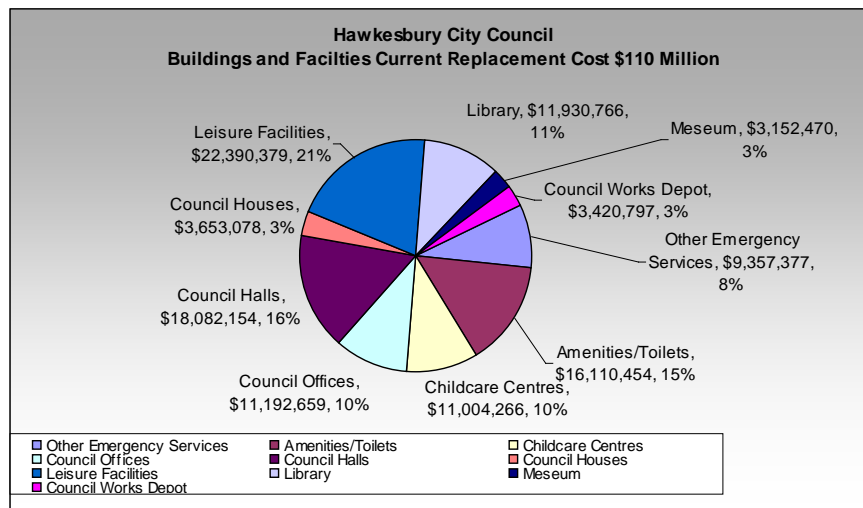
Appendix D - Buildings Asset Management Plan Summary

Overview

Council owns and manages a large portfolio of buildings and facilities that are used for many different purposes. They range from the Council's main administration office in Windsor, through to works depots, public halls, swimming pools, community centres, child care centres and amenities and public toilets. Council also owns a small number of residential dwellings and commercial properties. Most of Council's buildings and facilities are used for public purposes.

Council's current building inventory and their current replacement values is shown in the table below.

Buildings and Facilities		
Asset Group	Asset Quantity	Current replacement cost
Other Emergency Services	24 nos	\$9,357,377
Amenities/Toilets	81 nos	\$16,110,454
Childcare Centres	13 nos	\$11,004,266
Council Offices	1 no	\$11,192,659
Council Halls	26 nos	\$18,082,154
Council Houses	16 nos	\$3,653,078
Leisure Facilities		\$22,390,379
Library	2	\$11,930,766
Museum	1 no	\$3,152,470
Council Works Depot	1 no	\$3,420,797
Total		\$110,294,399



Asset conditions and capacity

Currently there is limited buildings asset condition data. However, asset data is being captured in association with the implementation of a corporate asset management system. Future reviews of this plan will include asset condition information.

Financial summary

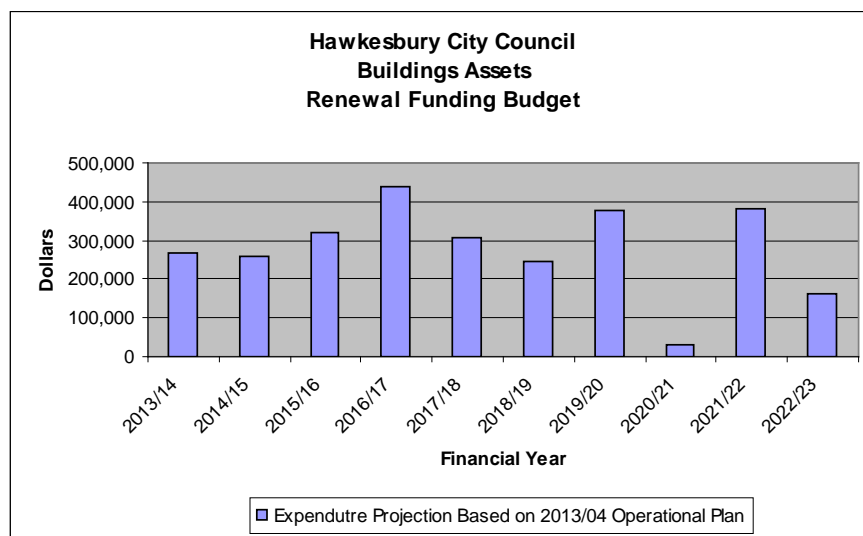
Operations and maintenance


Projected operations and maintenance expenditure for the next four year based on the 2013/2014 Operational Plan is shown in table below.

Year	Budget
2013/2014	\$2,690,528
2014/2015	\$2,728,435
2015/2016	\$2,855,294
2016/2017	\$2,990,317

Capital renewal

Figure below shows budgeted funding based on the 2013 Operational Plan.





Renewal funding gap

Currently buildings asset data is being captured and analysed and the renewal funding gap has not been ascertained. Future reviews of this plan will present renewal funding information.

Key issues and challenges

Following are buildings asset issues:

- Collection of asset data and condition information
- Capturing asset utilisation data
- Setting service levels in consultation with the users
- Capturing and forecasting life cycle costs and renewal funding requirements
- Forecasting service demand
- Implementing water and energy efficiency and conservation measures
- Capturing and reporting on carbon emissions
- Compliance with changing environmental, Building Code of Australia (BCA), Work Health and Safety (WHS) standards

Appendix E - Parks Asset Management Plan Summary

Overview

Council's parks and recreation or open space assets include natural areas, parks, reserves, street trees, sportsgrounds, leisure facilities and other recreational areas used for general community purposes.

Council has recently captured a significant amount of key parks and recreation asset data in association with implementation of the new asset management system.

Council's parks and recreation assets current replacement cost break up is presented in the table below:

Parks and Recreation Assets		
Asset Group	Asset Quantity	Current replacement cost
Playground Equipment	60 nos	*See note
Playing Courts	51 nos	*See note
Skate Parks	2 nos	*See note
Swimming Pools	2 nos	*See note
Wharf	1 no	*See note
Indoor Stadium	1 no	*See note
Floodlighting	254	*See note
Boat Ramp	1 no	*See note
Irrigation	10	*See note
Sports Fields	83	*See note
Grand Stand	2	*See note
TOTAL		\$57,940,073
* Note: detailed CRC breakdown is currently not available		

Asset condition and capacity

- Condition – a recent parks asset inventory survey has highlighted that there are a large number of parks assets that are in poor condition. Renewal and replacements of parks assets have been highlighted in the 10 year works program identifying a funding gap.
- Some assets such as playgrounds are generally in good condition with an average life of approximately seven years. Playgrounds are replaced on a prioritised basis for renewal taking into account age and wear and tear.
- Capacity – there are 214 parks and reserves that are managed by Council. Whilst this provides more than a standard amount of open space per resident, not all lands are suitable or in the right locations.

Financial summary

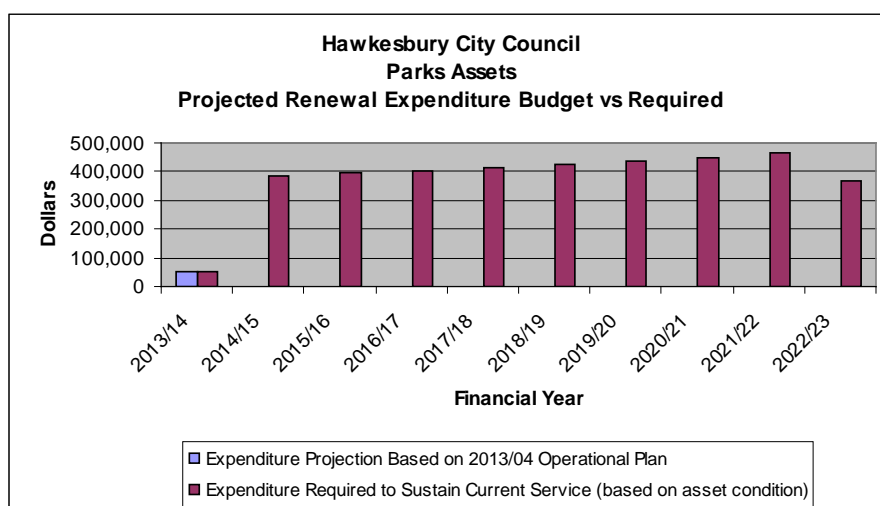
Operations and maintenance

Projected operations and maintenance expenditure for the next four year based on the 2013/2014 Operational Plan is shown in the table below.

Year	Budget
2013/2014	2,359,154
2014/2015	2,388,729
2015/2016	2,460,390
2016/2017	2,534,203

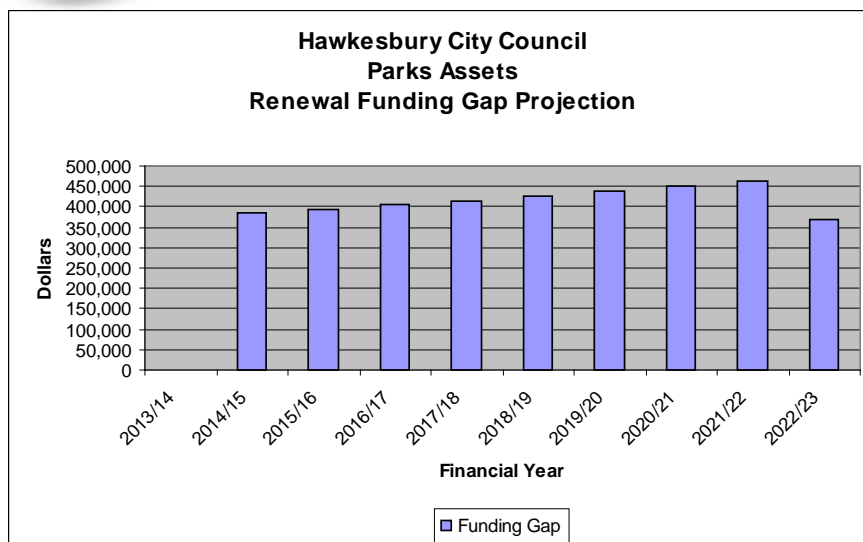
Capital renewal

The projected renewal expenditure based on Operational Plan 2013/2014 and expenditure required to sustain current service level is shown in the figure below. The forecast shows a large gap between current and the required expenditure to maintain the asset in an average to good condition.



Renewal funding gap

The graph below shows the renewal funding gap over the next 10 year period.



Key issues and challenges

- Collection of asset data for remaining parks assets.
- Addressing the funding gap for asset renewal
- New parks/reserves are added through subdivisions.
- Providing additional resources for operations and maintenance funding to manage these new assets
- Identifying and mitigating climate change impacts
- Consolidation and rationalisation of open space as identified in the recreation strategy may help solve some funding gaps.

Appendix F - Wastewater (Sewerage) Asset Management Plan Summary

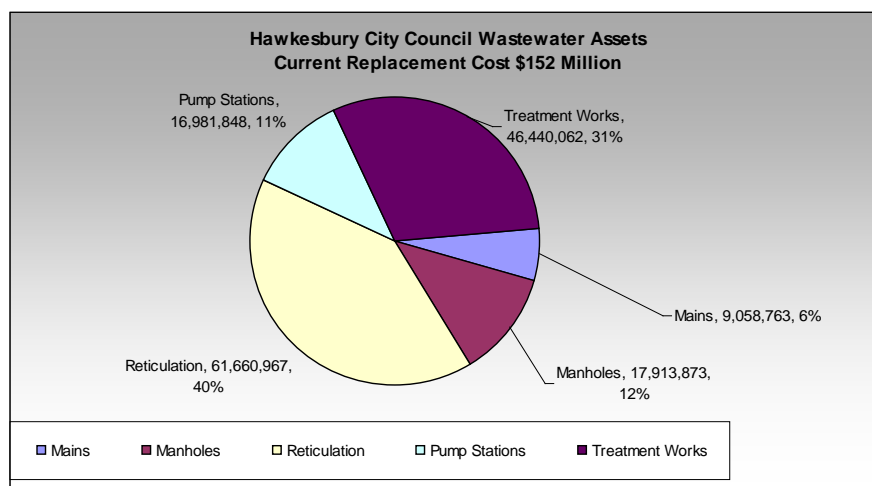
Overview

The wastewater service provides for the safe and reliable collection, treatment of wastewater (sewage) and disposal of the by-products, treated effluent and bio-solids from residential, industrial and commercial properties.

Two sewerage systems and treatment plants (McGraths Hills and South Windsor) are operated and managed by Council. The sewerage system area consists of 24 district catchments, each serviced by its own pumping stations.

The wastewater assets are grouped into the following:

Wastewater Assets		
Asset Group	Asset Quantity	Current replacement cost
Mains	147 kms	9,058,763
Manholes	3228 nos	17,913,873
Reticulation	24 nos	61,660,967
Pump Stations	2 nos	16,981,848
Treatment Works	32 kms	46,440,062
Total		\$152,055,512



Asset condition and capacity

Reticulation

- Condition:- Wastewater reticulation is generally in serviceable condition. An annual pipe relining program is in place, which undertakes CCTV inspection of old pipes primarily in the CBD area. Pipes are renewed on a prioritised basis. Pipe renewal funding remains constant at about \$200,000 per year in the next 10 years.
- Capacity:- The capacity of the system is currently assessed as adequate.

Pump stations

- Condition:- The majority of the pump station assets are in good to excellent condition.
- Capacity:- All stations are equipped to pump the Peak Wet Weather Flow (PWWF) as per the design.

Treatment plants

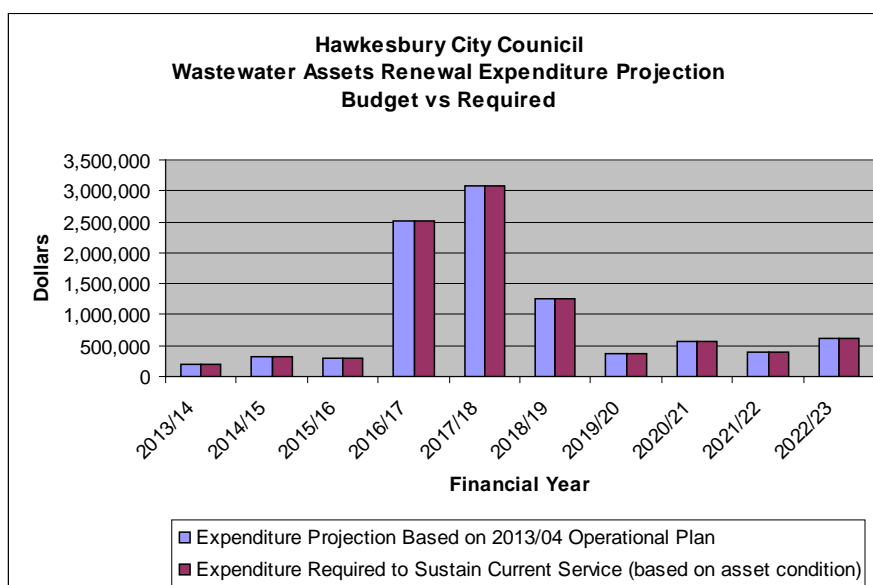
- Condition:- McGraths Hill Wastewater Treatment Plant (MHWTP) has been upgraded and it is in a satisfactory condition. South Windsor Wastewater Treatment Plant (SWWTP) has been upgraded and is in a good condition.
- Capacity:- MHWTP and SWWTP has sufficient capacity to service forecast growth in the next 10 years.
- Quality:- A program of tertiary treatment process improvements has been undertaken at the MHWTP and SWWTP to enable higher quality effluent discharge for reuse in the wastewater recycle scheme which is operational.

Financial summary

Operations and maintenance

Projected operations and maintenance expenditure for the next four years based on the 2013/2014 Operational Plan are shown in the table below.

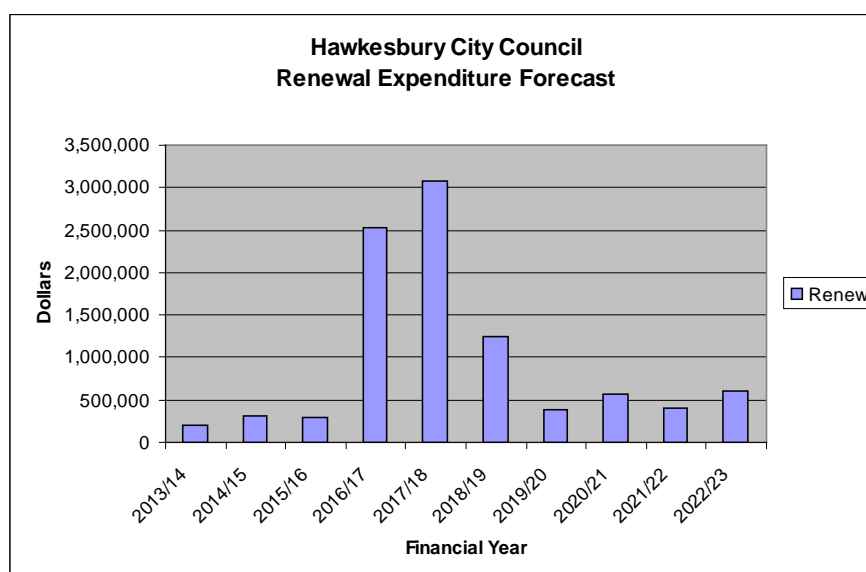
Year	Budget in \$
2013/2014	2,611,002
2014/2015	2,722,696
2015/2016	2,869,256
2016/2017	2,987,227



Wastewater asset operations and maintenance cost is projected to be fully funded.

Capital renewal

Projected renewal expenditure based on Operational Plan 2013/2014 to sustain the current service level is shown in the figure below.



Renewal funding gap

Renewal requirement over the next ten years is fully funded and there is no renewal funding gap.

Key issues and challenges

1. Asset condition information:- Currently there is limited asset condition data for the underground reticulation network. However, the CCTV inspection program has commenced and the reticulation network condition data is being gathered with priority given to the ageing clay pipe network within the Windsor CBD area.
2. Compliance with changing licensing requirements in regards to wastewater disposal quality standards.
3. Climate change.
4. Dealing with the Pitt Town subdivision.
5. Increased cost of energy.