

HAWKESBURY CITY COUNCIL

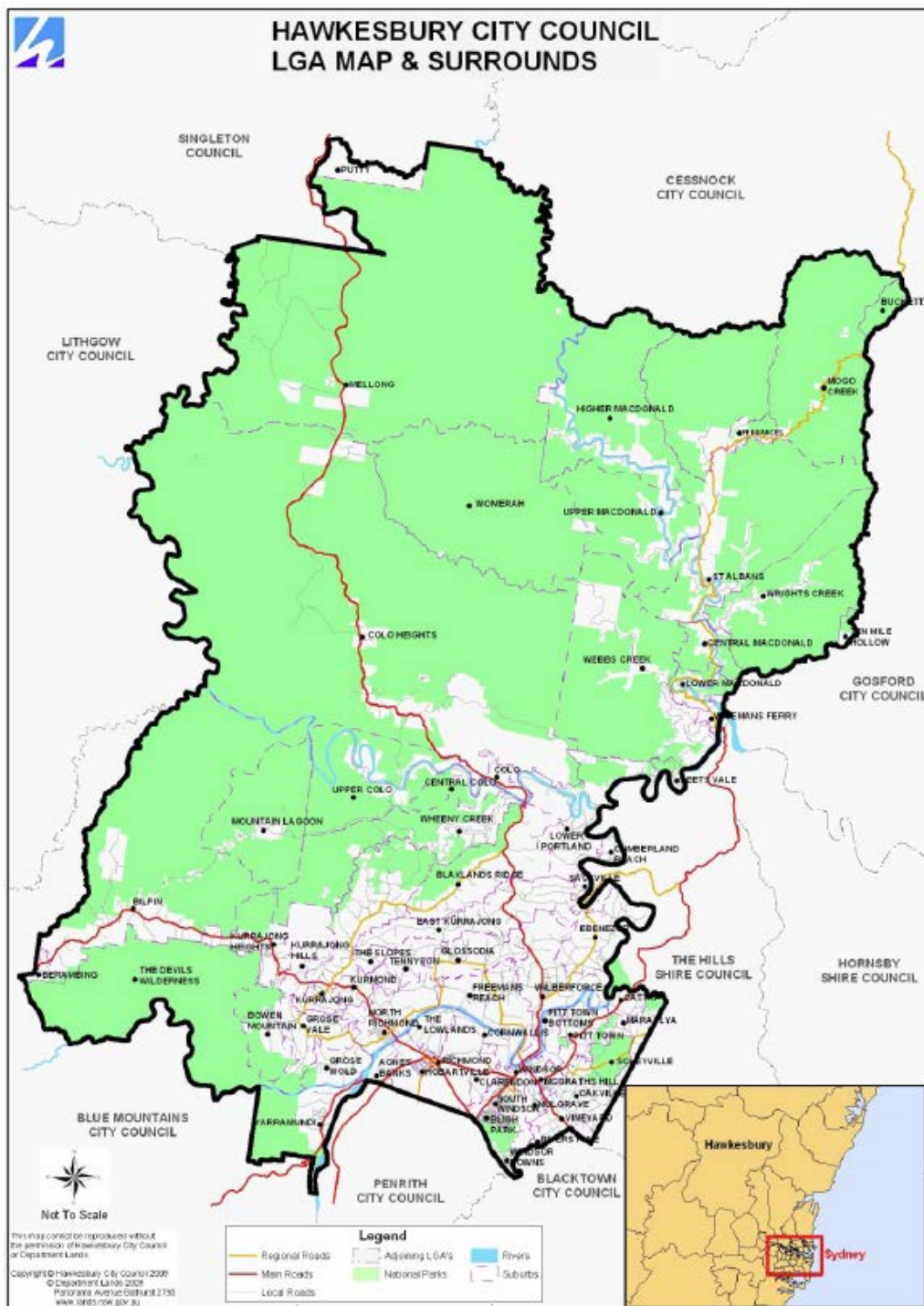
# RESOURCING STRATEGY

## 2014-2024

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 (HCSP) 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 HCSP and consists of three elements:

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

This Resourcing Strategy is a 10 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 HCSP.

### 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 HCSP 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 HCSP.

The LTFP contains a set of financial projections and assumptions covering a period of 10 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 facility, footpaths and cycle-ways, 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 HCSP. 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 (HCSP), are tested against financial realities. The HCSP 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 and 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 HCSP. 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 10 years and includes the following:

- the current financial position of Council
- the planning assumptions used to develop the LTFP
- 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 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 2013, as stated by Council's external auditors. This short term position was maintained during the 2013/2014 financial year with all Budget Review Statements for the September 2013, December 2013 and March 2014 quarters reporting a balanced budget position being maintained after a number of budgetary adjustments to accommodate changes in trend, 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
- 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 2013 and budgeted position for the financial year ending 30 June 2014 are presented in the tables below:

Statement of Financial Performance	2012/2013 Actual \$'000	2013/2014 Original Budget \$'000
Income from Continuing Operations	75,995	59,044
Expenses from Continuing Operations	64,731	69,496
Net Operating Result for the Year	11,264	(10,453)
Less Capital Grants and Contributions	14,354*	490
<b>Net Operating Result before Capital Grants and Contributions</b>	<b>(3,090)</b>	<b>(10,943)</b>

**Table 1: Statement of Financial Performance**

*\*2012/2013 Actuals includes \$8.5 million relating to unbudgeted non-cash capital contributions*

Council's operating result excluding capital grants and contributions, as at 30 June 2013 was a deficit of \$3.1 million. For the year ending 30 June 2014, the Original Budget is a deficit of \$10.9 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.

Income from Continuing Operations	2012/2013 Actual \$'000	2013/2014 Original Budget \$'000
Rates and Annual Charges	40,421	42,525
User Charges and Fees	5,272	4,574
Interest	2,173	1,382
Other Operating Revenue	4,903	3,386
Grants and Contributions – Operating	8,508	6,687
Grants and Contributions – Capital	14,354	490
Net Gains from the disposal of assets	24	0
Profit from Disposal of Assets and Joint Venture Equity	340	0
<b>Total Income from Continuing Operations</b>	<b>75,995</b>	<b>59,044</b>

**Table 2: Income from Continuing Operations**

Expenses from Continuing Operations	2012/2013 Actual \$'000	2013/2014 Original Budget \$'000
Employee Costs	22,068	18,637*
Borrowing Costs	33	759
Materials and Contracts	18,154	19,177
Depreciation and Amortisation	14,315	19,051
Other Expenses	10,161	11,872
<b>Total Expenses from Continuing Operations</b>	<b>64,731</b>	<b>69,496</b>

**Table 3: Expenses from Continuing Operations**

*\*Budgets for Employee Costs do not include wages.*

Council incurs operating expenditure in delivering operational programs in line with the adopted HCSP. 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 collection, 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 2013.

Statement of Financial Position	2012/2013 Actual \$'000
Current Assets	50,508
Non-Current Assets	809,560
<b>Total Assets</b>	<b>860,068</b>
Current Liabilities	14,127
Non-Current Liabilities	11,944
<b>Total Liabilities</b>	<b>26,071</b>
Net Assets	833,997
<b>Equity</b>	<b>833,997</b>

**Table 4: Statement of Financial Position**

## 2.4. Performance Indicators

A number of financial indicators as disclosed in Council's financial statements as at 30 June 2013, projected for 30 June 2014 and the relevant TCorp Benchmarks are detailed in Table 5.

Financial Performance Indicator	June 2013 Actual	2013/2014 Original Budget	TCorp Benchmark
Unrestricted Current Ratio	458	267	150
Debt Service Ratio	0.01	0.02	2.00
Own Source Operating Revenue Ratio %	53.19%	72.02%	60%
Building and Infrastructure Renewals Ratio %	85.31%	41.30%	100%

**Table 5: Financial Performance Indicator**

## 2.5. Cash and Investments

During the year ended June 2013, Council maintained adequate cash reserves to meet future obligations and unforeseen circumstances. Council's reserve balances as at the end of June 2013 was \$33.8 million. This balance was made up of \$21.1 million in internally restricted reserves and \$12.7 million in externally restricted reserves. Adequate reserve levels were budgeted for in the 2013/2014 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 HCSP 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 \$5.3 million to fund 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 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 HCSP. The range of services is based on those identified as part of the community consultation process undertaken when developing the HCSP.

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 10 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 and Demographic changes

The LTFP is based on the existing local government area boundaries and the assumption that Council's projected population movement over the next 10 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 HCSP, 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 2013/2014 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 10 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 2014/2015.

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 2.3% for 2014/2015 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 10 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 \$30 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 3.5% 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 10 year plans. Internally restricted reserves over the next 10 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 and 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 10 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 assumed is that 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 (How big is the challenge?)**

The Funding Gap Model represented in Scenario 1 reflects Council's financial position over a 10 year period based on the planning assumptions detailed earlier in the report. In summary, based on Council's projected income and expenditure over a 10 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 (What else could change?)**

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 reduced by 5% in 2015/2016 and halved in 2018/2019 and maintained at that level in remaining outer years
- Rental income reduced in 2015/2016 and 2016/2017 by 10% in each year and then increased by 3% in remaining outer years and
- Interest income reduced from 2014/2015 levels by 10% in 2015/2016, a further 5% reduction in 2016/2017 and stabilising in each remaining outer year.

#### Expenditure Forecasts

- Increase in expenditure incurred from other levels of government by way of cost shifting and additional statutory requirements of \$300,000 in 2015/2016, increased to \$330,000 in 2016/2017, then increased by 3% in remaining outer years.

### 5.3. Scenario 3 – Strategic Model (Addressing the challenge)

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:

- 2015/2016 – increase of 6.9%
- 2016/2017 – increase of 6.9%
- 2017/2018 – increase of 6.9%
- 2018/2019 – increase of 6.9%
- 2019/2020 – increase of 6.9%
- 2020/2021 – increase of 6.9%
- 2021/2022 – increase of 6.9%
- 2022/2023 – increase of 6.9%
- 2023/2024 – increase of 6.9%.

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 \$10.5 million in 2013/2014 and is projected to reach an operating deficit of \$13.5 million in 2023/2024. This is compared to the Risk Sensitivity Model projection of a \$17.0 million in 2023/2024 deficit and the Strategic Model projection of a surplus of \$15.4 million in 2023/2024.

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 2013/2014 and 2014/2015, however this is at the expense of adequate asset maintenance and renewal. With this expenditure included, the Final Result in 2023/2024 is a deficit of \$13.1 million within the Funding Gap Model, a deficit of \$16.5 million within the Risk Sensitivity Model and a surplus of \$15.8 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.

\$' 000	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1. Funding Gap Model	10,453	6,376	10,323	10,375	10,291	10,853	11,703	12,603	13,796	12,955	13,477
2. Risk Sensitivity Model	10,453	6,376	11,219	11,552	11,492	14,201	15,076	16,001	17,220	16,404	16,953
3. Strategic Model	10,453	6,376	8,401	6,281	3,749	1,557	(684)	(3,247)	(5,929)	(11,102)	(15,412)

**Table 6: Operating Results - Model Comparison**

\$' 000	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
1. Funding Gap Model	0	0	17,515	13,045	13,016	13,654	11,829	13,923	13,571	12,642	13,062
2. Risk Sensitivity Model	0	0	18,411	14,223	14,216	17,003	15,202	17,321	16,994	16,092	16,539
3. Strategic Model	0	0	15,593	8,952	6,474	4,359	(557)	(1,927)	(6,155)	(11,414)	(15,827)

**Table 7: Final Result - Model Comparison**

## Model Comparisons

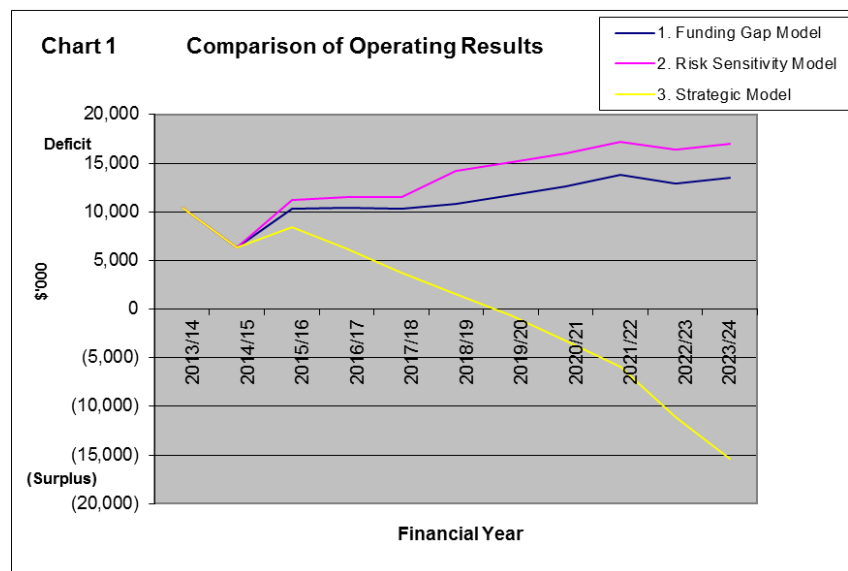


Figure 1: Comparison of Operating Results

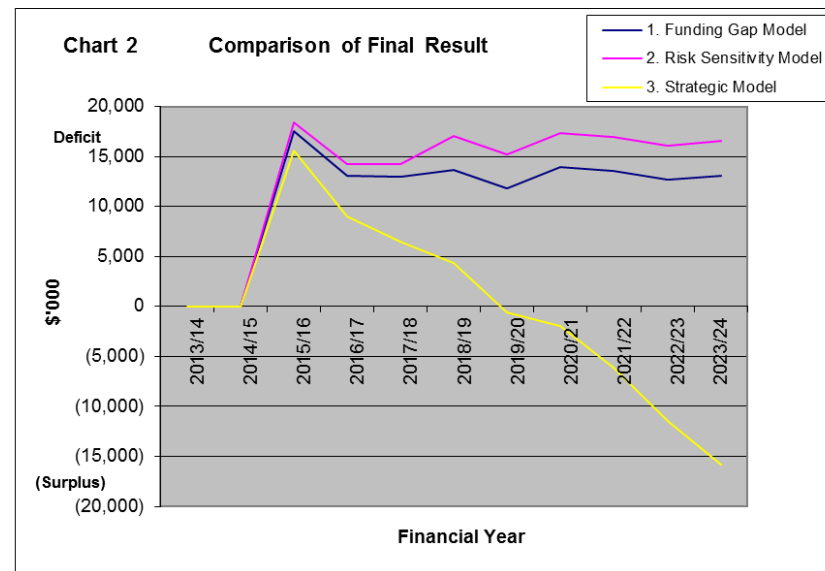
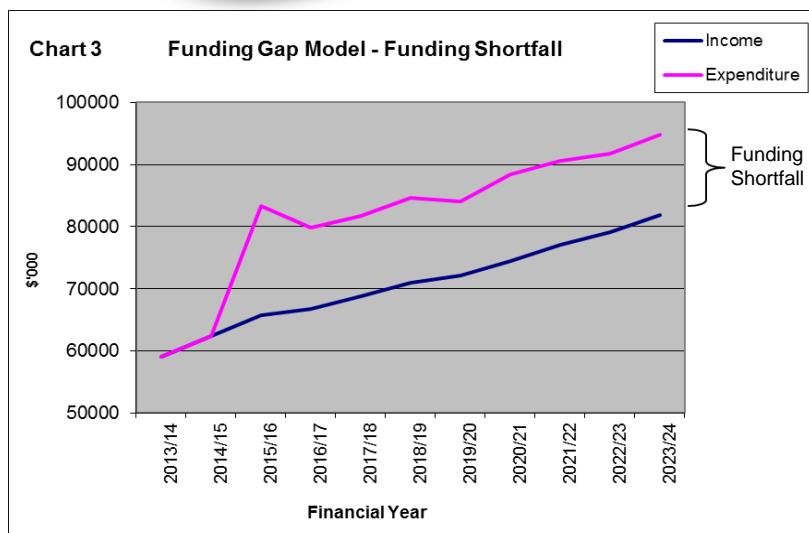
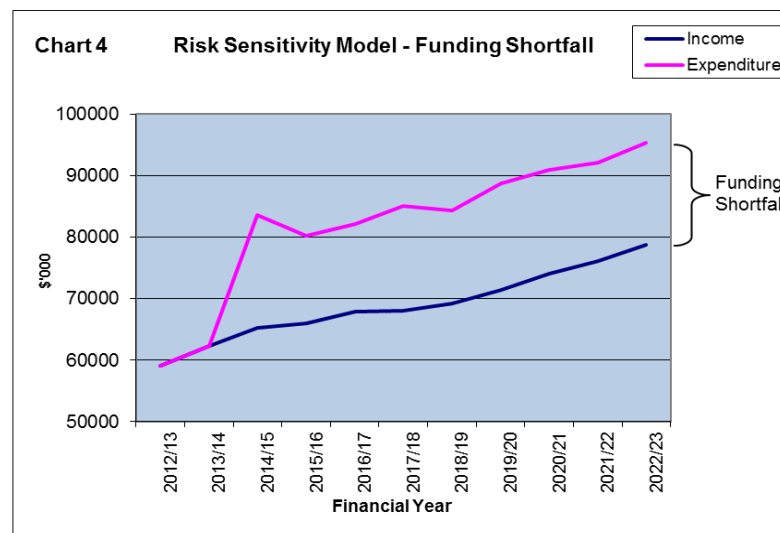


Figure 2: Comparison of Final Result

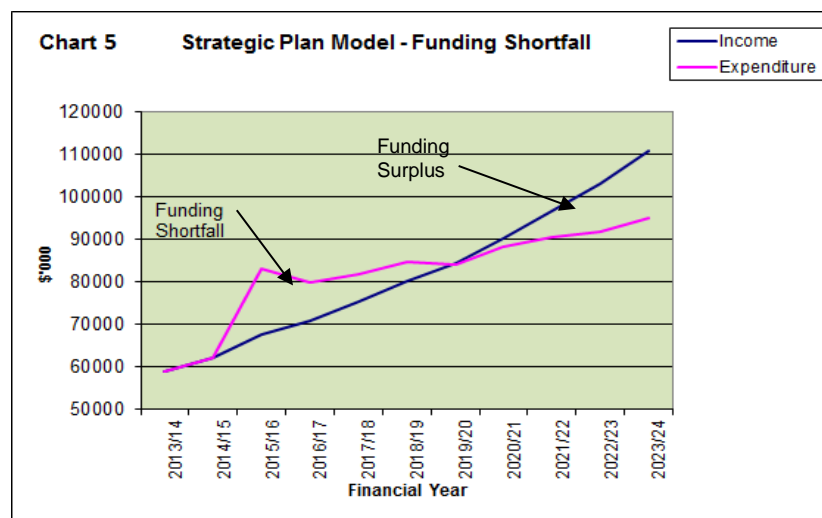




**Figure 3: Funding Gap Model - Funding Shortfall**



**Figure 4: Risk Sensitivity Model - Funding Shortfall**



**Figure 5: Strategic Plan Model - Funding Shortfall**

## 6.2. Funding Gap Model Snapshot and Projected Financial Statements

### Funding Model Gap Snapshot

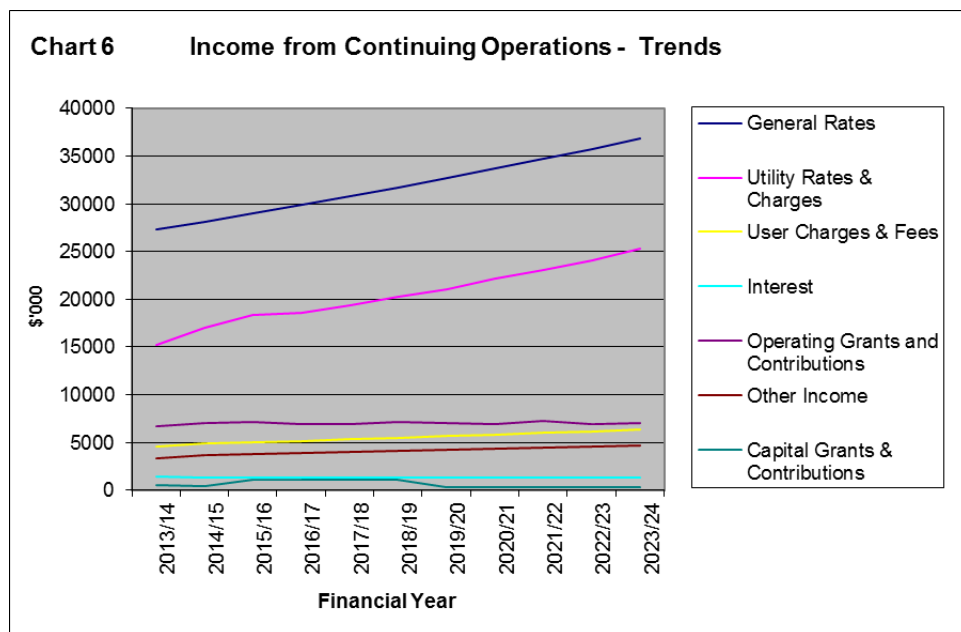


Figure 6: Income from Continuing Operations - Trends

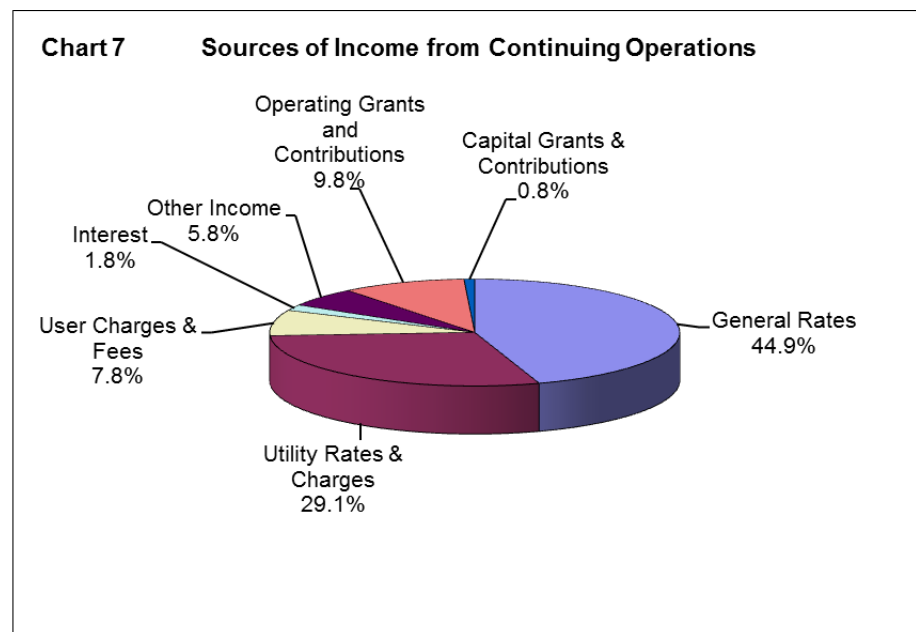
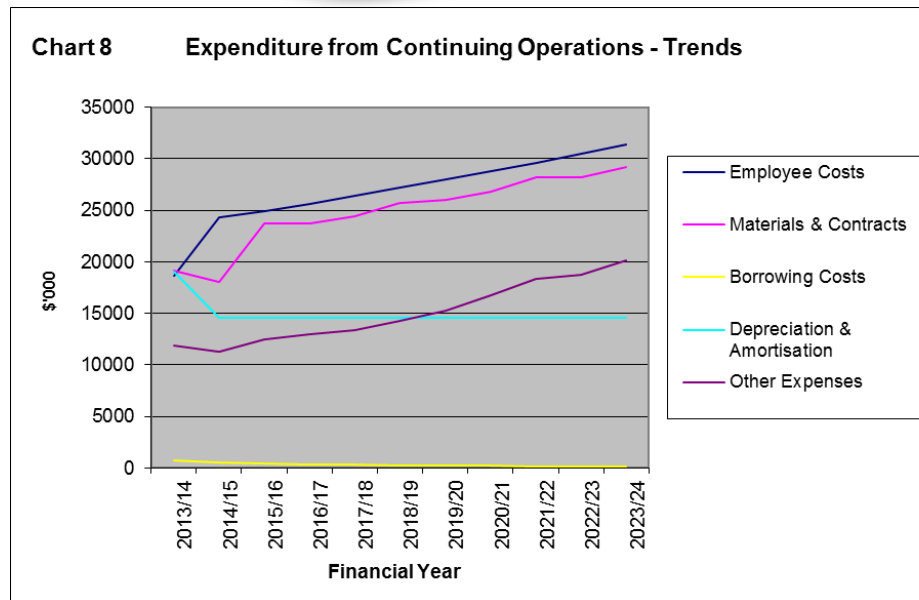
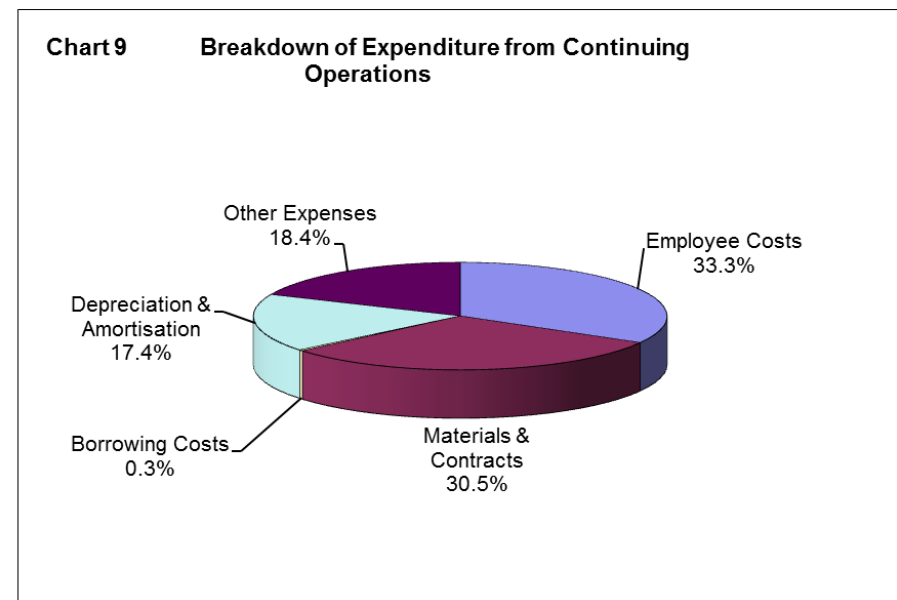


Figure 7: Sources of Income from Continuing Operations



**Figure 8: Expenditure from Continuing Operations - Trends**



**Figure 9: Breakdown of Income from Continuing Operations**

## Funding Gap Model Income Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	42,525	45,132	47,308	48,471	50,114	51,947	53,779	55,826	57,767	59,842	62,190
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Interest & Investment Revenue	1,384	1,266	1,363	1,269	1,275	1,280	1,287	1,293	1,300	1,330	1,321
Other Revenues	3,374	3,717	3,835	3,890	4,026	4,086	4,228	4,293	4,442	4,513	4,668
Grants & Contributions provided for Operating Purposes	6,687	6,988	7,187	6,930	6,961	7,155	6,984	6,952	7,240	6,959	6,999
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
<b>Other Income:</b>											
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
<b>Total Income from Continuing Operations</b>	<b>59,044</b>	<b>62,347</b>	<b>65,785</b>	<b>66,801</b>	<b>68,770</b>	<b>71,024</b>	<b>72,201</b>	<b>74,461</b>	<b>77,026</b>	<b>79,111</b>	<b>81,841</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	18,639	24,332	24,952	25,638	26,388	27,161	27,957	28,777	29,622	30,492	31,388
Borrowing Costs	759	570	445	368	315	272	228	193	158	120	100
Materials & Contracts	19,176	18,073	23,701	23,658	24,431	25,647	25,980	26,794	28,236	28,200	29,168
Depreciation & Amortisation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Other Expenses	11,872	11,231	12,493	12,996	13,412	14,281	15,222	16,783	18,291	18,738	20,146
Net Loss from the Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>69,496</b>	<b>68,723</b>	<b>76,107</b>	<b>77,176</b>	<b>79,062</b>	<b>81,877</b>	<b>83,903</b>	<b>87,064</b>	<b>90,822</b>	<b>92,066</b>	<b>95,318</b>
<b>Net Operating Result for the Year</b>	<b>(10,453)</b>	<b>(6,376)</b>	<b>(10,323)</b>	<b>(10,375)</b>	<b>(10,291)</b>	<b>(10,853)</b>	<b>(11,703)</b>	<b>(12,603)</b>	<b>(13,796)</b>	<b>(12,955)</b>	<b>(13,477)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(10,943)	(6,751)	(11,398)	(11,450)	(11,366)	(11,928)	(11,978)	(12,878)	(14,071)	(13,230)	(13,752)

**Table 8: Funding Gap Model Income Statement**

## Funding Gap Model Capital Budget Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
Net Operating Result (excl. Capital Grants)	(10,943)	(6,751)	(11,398)	(11,450)	(11,366)	(11,928)	(11,978)	(12,878)	(14,071)	(13,230)	(13,752)
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
Depreciation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
	20,413	15,895	16,872	16,775	16,666	17,067	15,871	16,202	15,834	16,233	15,992
<i>Application of Capital Funding</i>											
New Assets											
Land, Building & Land Improvements	350	0	50	50	50	50	50	50	50	50	50
Roads, Bridges, Footpaths & Drainage	1,822	1,749	1,022	680	60	345	61	61	61	62	62
Sewer Infrastructure	0	0	0	0	0	0	0	0	0	3,500	500
Parks Assets & Other Structures	735	7,736	611	427	28	529	3,530	31	32	33	34
Renewal of Assets											
Land, Building & Land Improvements	876	1,004	4,652	3,309	3,702	4,257	2,920	3,709	3,268	2,212	3,244
Roads, Bridges, Footpaths & Drainage	4,992	5,045	6,335	4,391	4,526	3,667	2,848	2,932	3,084	2,550	2,818
Sewer Infrastructure	200	700	270	2,270	280	3,200	1,280	1,920	650	610	300
Parks Assets & Other Structures	679	659	3,500	2,640	2,254	2,138	2,186	2,232	2,219	2,088	2,464
Other Assets	289	345	315	318	326	335	393	353	362	372	381
Plant & Equipment	2,810	2,664	4,436	3,669	3,912	4,638	3,551	4,742	3,485	4,722	4,282
	12,751	19,901	21,192	17,754	15,138	19,159	16,820	16,030	13,210	16,199	14,136
Net Capital Expenditure	7,661	(4,007)	(4,320)	(979)	1,528	(2,092)	(949)	172	2,624	34	1,856
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	31,982	39,419	29,516	31,214	30,132	35,110	37,302	36,695	37,454	41,667	41,802
Transfers to Reserves	28,700	28,661	31,313	31,830	33,309	34,745	36,205	37,913	39,577	41,114	42,969
	3,281	10,758	(1,797)	(616)	(3,177)	365	1,098	(1,218)	(2,123)	554	(1,166)
Retained surplus/(deficit) available for general funding purposes	0	0	(17,515)	(13,045)	(13,016)	(13,654)	(11,829)	(13,923)	(13,571)	(12,642)	(13,062)

Table 9: Funding Gap Model Capital Budget Statement



## Funding Gap Model Balance Sheet

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Current Assets</b>											
Cash & Cash Equivalents	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498
Investments	33,729	22,971	24,768	25,384	28,562	28,196	27,099	28,316	30,440	29,886	31,052
Receivables	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110
Inventories	297	297	297	297	297	297	297	297	297	297	297
Other	593	593	593	593	593	593	593	593	593	593	593
	47,227	36,469	38,266	38,882	42,059	41,694	40,597	41,814	43,937	43,384	44,550
<b>Non-Current Assets</b>											
Receivables	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Infrastructure Property, Plant & Equipment	1,323,255	1,342,118	1,362,029	1,378,600	1,392,663	1,410,346	1,426,086	1,440,704	1,452,871	1,467,628	1,480,563
Investments accounted for using the equity method	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Investment Properties at Fair Value	31,690	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725
Accumulated Depreciation	(555,900)	(570,416)	(584,932)	(599,447)	(613,963)	(628,479)	(642,995)	(657,511)	(672,027)	(686,543)	(701,058)
	802,389	806,771	812,166	814,221	813,768	816,935	818,159	818,261	815,913	816,154	814,573
<b>TOTAL ASSETS</b>	<b>849,616</b>	<b>843,240</b>	<b>850,432</b>	<b>853,103</b>	<b>855,828</b>	<b>858,629</b>	<b>858,756</b>	<b>860,076</b>	<b>859,850</b>	<b>859,538</b>	<b>859,123</b>
<b>Current Liabilities</b>											
Payables	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)
Borrowings	(1,104)	(1,101)	(1,101)	(1,099)	(1,102)	(1,102)	(702)	(701)	(511)	0	0
Provisions	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)
	(14,140)	(14,137)	(14,137)	(14,135)	(14,138)	(14,138)	(13,738)	(13,737)	(13,547)	(13,036)	(13,036)
<b>Non-Current Liabilities</b>											
Borrowings	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0	0
Provisions	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)
	(11,565)	(10,709)	(9,826)	(8,915)	(7,972)	(6,997)	(6,388)	(5,743)	(5,251)	(5,251)	(5,251)
<b>TOTAL LIABILITIES</b>	<b>(25,705)</b>	<b>(24,846)</b>	<b>(23,963)</b>	<b>(23,050)</b>	<b>(22,110)</b>	<b>(21,135)</b>	<b>(20,126)</b>	<b>(19,480)</b>	<b>(18,798)</b>	<b>(18,287)</b>	<b>(18,287)</b>
<b>NET ASSETS</b>	<b>823,911</b>	<b>818,394</b>	<b>826,470</b>	<b>830,053</b>	<b>833,718</b>	<b>837,494</b>	<b>838,630</b>	<b>840,596</b>	<b>841,052</b>	<b>841,251</b>	<b>840,836</b>
<b>Equity</b>											
Retained Earnings	(308,565)	(303,048)	(311,124)	(314,707)	(318,372)	(322,148)	(323,284)	(325,250)	(325,706)	(325,905)	(325,490)
Revaluation Reserves	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)
<b>TOTAL EQUITY</b>	<b>(823,911)</b>	<b>(818,394)</b>	<b>(826,470)</b>	<b>(830,053)</b>	<b>(833,718)</b>	<b>(837,494)</b>	<b>(838,630)</b>	<b>(840,596)</b>	<b>(841,052)</b>	<b>(841,251)</b>	<b>(840,836)</b>

Table 10: Funding Gap Model Balance Sheet

## Funding Gap Model Cashflow Statement

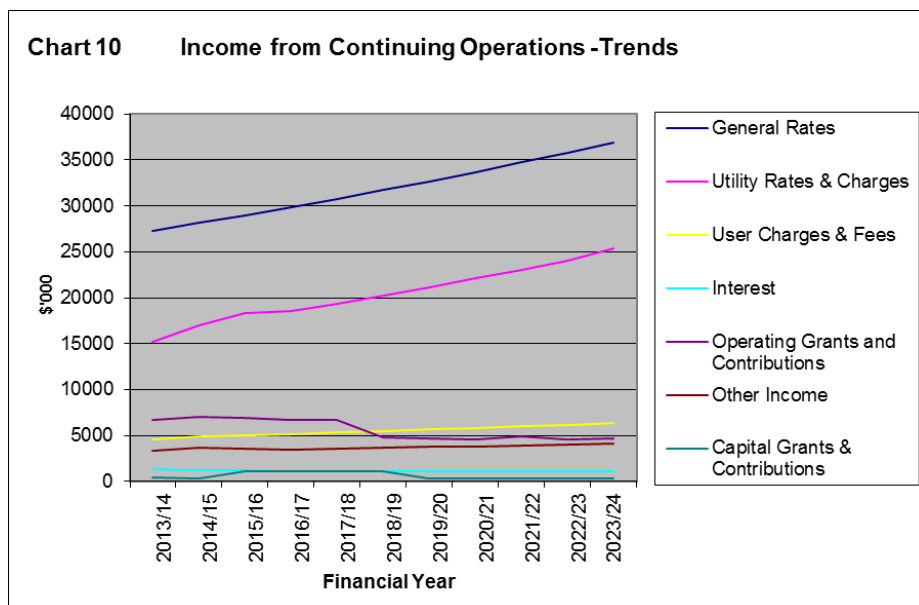
For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2022/23
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	42,525	45,132	47,308	48,471	50,114	51,947	53,779	55,826	57,767	59,842	62,190
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Investment & Interest Revenue Received	1,553	1,266	1,390	1,269	1,275	1,280	1,287	1,293	1,300	1,330	1,321
Grants & Contributions	7,177	7,367	8,266	8,010	8,041	8,235	7,265	7,233	7,521	7,240	7,274
Other	3,374	3,717	3,835	3,890	4,026	4,086	4,228	4,293	4,442	4,513	4,668
<i>Payments</i>											
Employee Benefits & On-Costs	(18,639)	(24,332)	(24,952)	(25,638)	(26,388)	(27,161)	(27,957)	(28,777)	(29,622)	(30,492)	(31,388)
Materials & Contracts	(19,476)	(18,073)	(23,701)	(23,658)	(24,431)	(25,647)	(25,980)	(26,794)	(28,236)	(28,200)	(29,168)
Borrowing Costs	(302)	(276)	(251)	(225)	(197)	(167)	(137)	(102)	(67)	(30)	0
Other Expenses	(11,872)	(11,231)	(12,493)	(12,996)	(13,412)	(14,281)	(15,222)	(16,783)	(18,291)	(18,738)	(20,146)
Net Cash provided (or used in) Operating Activities	8,924	8,439	4,418	4,289	4,347	3,773	2,910	2,010	817	1,657	1,139
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,563)	(14,926)	(15,894)	(13,316)	(11,354)	(14,369)	(12,615)	(12,023)	(9,908)	(12,149)	(10,602)
Net Cash provided (or used in) Investing Activities	(8,692)	(13,922)	(14,613)	(12,132)	(10,279)	(12,893)	(11,535)	(10,612)	(8,865)	(10,707)	(9,401)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	5,260	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
Net Cash provided (or used in) Financing Activities	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	4,694	(6,308)	(11,045)	(8,719)	(6,836)	(10,054)	(9,590)	(9,200)	(8,682)	(9,722)	(8,262)
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	44,508	49,202	42,894	31,849	23,130	16,294	6,240	(3,350)	(12,550)	(21,232)	(30,954)
<b>Cash &amp; Cash Equivalents - end of year</b>	49,202	42,894	31,849	23,130	16,294	6,240	(3,350)	(12,550)	(21,232)	(30,954)	(39,216)

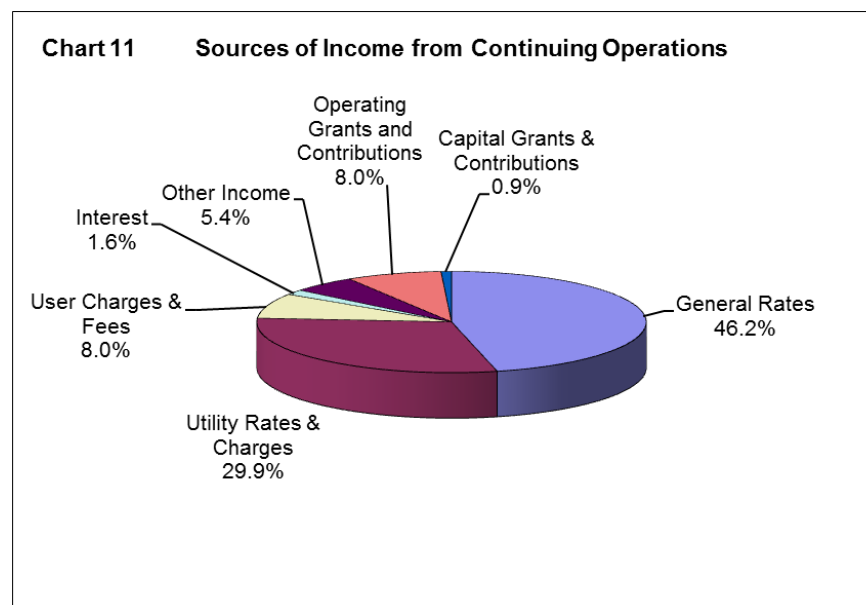
Table 11: Funding Gap Model Cashflow Statement

### 6.3. Risk Sensitivity Model Snapshot and Projected Financial Statements

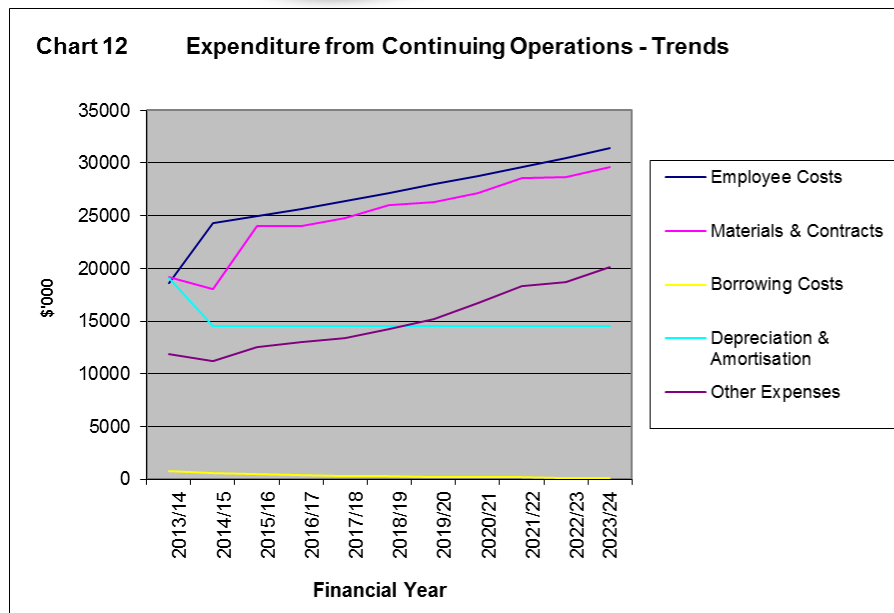
#### Risk Sensitivity Model Snapshot



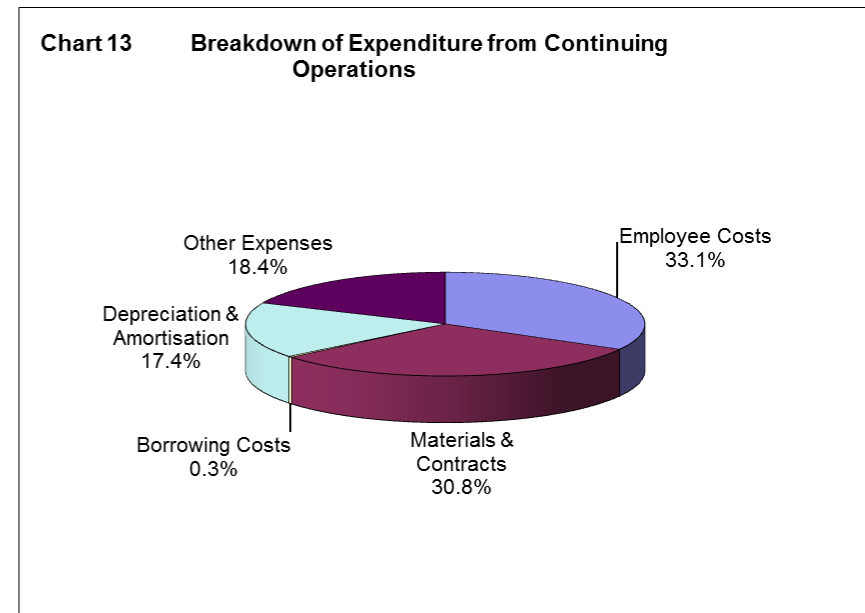
**Figure 10: Income from Continuing Operations - Trends**



**Figure 11: Sources of Income from Continuing Operations**



**Figure 12: Expenditure from Continuing Operations - Trends**



**Figure 13: Breakdown of Expenditure from Continuing Operations**

## Risk Sensitivity Model Income Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	42,525	45,132	47,309	48,471	50,114	51,947	53,779	55,826	57,767	59,842	62,190
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Interest & Investment Revenue	1,384	1,266	1,213	1,074	1,080	1,085	1,092	1,098	1,105	1,135	1,126
Other Revenues	3,374	3,717	3,613	3,461	3,585	3,631	3,760	3,811	3,945	4,001	4,140
Grants & Contributions provided for Operating Purposes	6,687	6,988	6,963	6,707	6,737	4,806	4,636	4,604	4,891	4,611	4,650
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
<b>Other Income:</b>											
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
<b>Total Income from Continuing Operations</b>	<b>59,044</b>	<b>62,347</b>	<b>65,189</b>	<b>65,954</b>	<b>67,910</b>	<b>68,025</b>	<b>69,188</b>	<b>71,435</b>	<b>73,985</b>	<b>76,055</b>	<b>78,770</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	18,639	24,332	24,952	25,638	26,388	27,161	27,957	28,777	29,622	30,492	31,388
Borrowing Costs	759	570	445	368	315	272	228	193	158	120	100
Materials & Contracts	19,176	18,073	24,001	24,018	24,771	26,027	26,341	27,195	28,618	28,624	29,574
Depreciation & Amortisation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Other Expenses	11,872	11,231	12,493	12,966	13,412	14,251	15,222	16,753	18,291	18,708	20,146
Net Loss from the Disposal of Assets	0	0	0	0	0	0	0	0	0	0	0
<b>Total Expenses from Continuing Operations</b>	<b>69,496</b>	<b>68,723</b>	<b>76,407</b>	<b>77,506</b>	<b>79,401</b>	<b>82,227</b>	<b>84,264</b>	<b>87,435</b>	<b>91,205</b>	<b>92,460</b>	<b>95,724</b>
<b>Net Operating Result for the Year</b>	<b>(10,453)</b>	<b>(6,376)</b>	<b>(11,219)</b>	<b>(11,552)</b>	<b>(11,492)</b>	<b>(14,201)</b>	<b>(15,076)</b>	<b>(16,001)</b>	<b>(17,220)</b>	<b>(16,404)</b>	<b>(16,953)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(10,943)	(6,751)	(12,294)	(12,627)	(12,567)	(15,276)	(15,351)	(16,276)	(17,495)	(16,679)	(17,228)

**Table 12: Risk Sensitivity Model Income Statement**

## Risk Sensitivity Model Capital Budget Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
Net Operating Result (excl. Capital Grants)	(10,943)	(6,751)	(12,294)	(12,627)	(12,567)	(15,276)	(15,351)	(16,276)	(17,495)	(16,679)	(17,228)
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
Depreciation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
	20,413	15,895	16,872	16,775	16,666	17,067	15,871	16,202	15,834	16,233	15,992
<b>Application of Capital Funding</b>											
New Assets											
Land, Building & Land Improvements	350	0	50	50	50	50	50	50	50	50	50
Roads, Bridges, Footpaths & Drainage	1,822	1,749	1,022	680	60	345	61	61	61	62	62
Sewer Infrastructure	0	0	0	0	0	0	0	0	0	3,500	500
Parks Assets & Other Structures	735	7,736	611	427	28	529	3,530	31	32	33	34
Renewal of Assets											
Land, Building & Land Improvements	876	1,004	4,652	3,309	3,702	4,257	2,920	3,709	3,268	2,212	3,244
Roads, Bridges, Footpaths & Drainage	4,992	5,045	6,335	4,391	4,526	3,667	2,848	2,932	3,084	2,550	2,818
Sewer Infrastructure	200	700	270	2,270	280	3,200	1,280	1,920	650	610	300
Parks Assets & Other Structures	679	659	3,500	2,640	2,254	2,138	2,186	2,232	2,219	2,088	2,464
Other Assets	289	345	315	318	326	335	393	353	362	372	381
Plant & Equipment	2,810	2,664	4,436	3,669	3,912	4,638	3,551	4,742	3,485	4,722	4,282
	12,751	19,901	21,192	17,754	15,138	19,159	16,820	16,030	13,210	16,199	14,136
Net Capital Expenditure	7,661	(4,007)	(4,320)	(979)	1,528	(2,092)	(949)	172	2,624	34	1,856
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	31,982	39,419	29,516	31,214	30,132	35,110	37,302	36,695	37,454	41,667	41,802
Transfers to Reserves	28,700	28,661	31,313	31,830	33,309	34,745	36,205	37,913	39,577	41,114	42,969
	3,281	10,758	(1,797)	(616)	(3,177)	365	1,098	(1,218)	(2,123)	554	(1,166)
Retained surplus/(deficit) available for general funding purposes	0	0	(18,411)	(14,223)	(14,216)	(17,003)	(15,202)	(17,321)	(16,994)	(16,092)	(16,539)

**Table 13: Risk Sensitivity Model Capital Budget Statement**



## Risk Sensitivity Model Balance Sheet

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Current Assets</b>											
Cash & Cash Equivalents	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498
Investments	33,728	22,970	24,767	25,384	28,561	28,196	27,098	28,316	30,439	29,886	31,053
Receivables	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110
Inventories	297	297	297	297	297	297	297	297	297	297	297
Other	593	593	593	593	593	593	593	593	593	593	593
	47,227	36,469	38,266	38,882	42,059	41,694	40,597	41,814	43,937	43,384	44,551
<b>Non-Current Assets</b>											
Receivables	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Infrastructure Property, Plant & Equipment	1,323,255	1,342,117	1,362,028	1,378,598	1,392,661	1,410,344	1,426,084	1,440,703	1,452,870	1,467,627	1,480,562
Investments accounted for using the equity meth	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Investment Properties at Fair Value	31,690	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725
Accumulated Depreciation	(555,900)	(570,416)	(584,932)	(599,448)	(613,964)	(628,480)	(642,996)	(657,512)	(672,028)	(686,544)	(701,060)
	802,389	806,771	812,166	814,220	813,767	816,934	818,158	818,261	815,912	816,153	814,572
<b>TOTAL ASSETS</b>	<b>849,616</b>	<b>843,239</b>	<b>850,431</b>	<b>853,102</b>	<b>855,826</b>	<b>858,628</b>	<b>858,754</b>	<b>860,075</b>	<b>859,849</b>	<b>859,537</b>	<b>859,123</b>
<b>Current Liabilities</b>											
Payables	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)
Borrowings	(1,104)	(1,101)	(1,101)	(1,099)	(1,102)	(1,102)	(702)	(701)	(511)	0	0
Provisions	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)
	(14,140)	(14,137)	(14,137)	(14,135)	(14,138)	(14,138)	(13,738)	(13,737)	(13,547)	(13,036)	(13,036)
<b>Non-Current Liabilities</b>											
Borrowings	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0	0
Provisions	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)
	(11,565)	(10,709)	(9,826)	(8,915)	(7,972)	(6,997)	(6,388)	(5,743)	(5,251)	(5,251)	(5,251)
<b>TOTAL LIABILITIES</b>	<b>(25,705)</b>	<b>(24,846)</b>	<b>(23,963)</b>	<b>(23,050)</b>	<b>(22,110)</b>	<b>(21,135)</b>	<b>(20,126)</b>	<b>(19,480)</b>	<b>(18,798)</b>	<b>(18,287)</b>	<b>(18,287)</b>
<b>NET ASSETS</b>	<b>823,911</b>	<b>818,394</b>	<b>826,469</b>	<b>830,052</b>	<b>833,716</b>	<b>837,493</b>	<b>838,629</b>	<b>840,595</b>	<b>841,051</b>	<b>841,250</b>	<b>840,836</b>
<b>Equity</b>											
Retained Earnings	(308,565)	(303,048)	(311,123)	(314,705)	(318,369)	(322,146)	(323,283)	(325,249)	(325,705)	(325,904)	(325,490)
Revaluation Reserves	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)
<b>TOTAL EQUITY</b>	<b>(823,911)</b>	<b>(818,394)</b>	<b>(826,469)</b>	<b>(830,052)</b>	<b>(833,716)</b>	<b>(837,493)</b>	<b>(838,629)</b>	<b>(840,595)</b>	<b>(841,051)</b>	<b>(841,250)</b>	<b>(840,836)</b>

Table 14: Risk Sensitivity Model Balance Sheet

## Risk Sensitivity Model Cashflow Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2022/23
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	42,525	45,132	47,309	48,471	50,114	51,947	53,779	55,826	57,767	59,842	62,190
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Investment & Interest Revenue Received	1,553	1,266	1,240	1,074	1,080	1,085	1,092	1,098	1,105	1,135	1,126
Grants & Contributions	7,177	7,367	8,042	7,787	7,817	5,886	4,917	4,885	5,172	4,892	4,925
Other	3,374	3,717	3,613	3,461	3,585	3,631	3,760	3,811	3,945	4,001	4,140
<i>Payments</i>											
Employee Benefits & On-Costs	(18,639)	(24,332)	(24,952)	(25,638)	(26,388)	(27,161)	(27,957)	(28,777)	(29,622)	(30,492)	(31,388)
Materials & Contracts	(19,476)	(18,073)	(24,001)	(24,018)	(24,771)	(26,027)	(26,341)	(27,195)	(28,618)	(28,624)	(29,574)
Borrowing Costs	(302)	(276)	(251)	(225)	(197)	(167)	(137)	(102)	(67)	(30)	0
Other Expenses	(11,872)	(11,231)	(12,493)	(12,966)	(13,412)	(14,251)	(15,222)	(16,753)	(18,291)	(18,708)	(20,146)
Net Cash provided (or used in) Operating Activities	8,924	8,439	3,523	3,112	3,147	424	(463)	(1,387)	(2,607)	(1,793)	(2,338)
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,563)	(14,926)	(15,894)	(13,316)	(11,354)	(14,369)	(12,615)	(12,023)	(9,908)	(12,149)	(10,602)
Net Cash provided (or used in) Investing Activities	(8,692)	(13,922)	(14,613)	(12,132)	(10,279)	(12,893)	(11,535)	(10,612)	(8,865)	(10,707)	(9,401)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	5,260	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
Net Cash provided (or used in) Financing Activities	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	4,694	(6,308)	(11,940)	(9,896)	(8,035)	(13,403)	(12,963)	(12,597)	(12,105)	(13,172)	(11,739)
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	44,508	49,202	42,894	30,954	21,058	13,022	(381)	(13,344)	(25,941)	(38,047)	(51,219)
<b>Cash &amp; Cash Equivalents - end of year</b>	49,202	42,894	30,954	21,058	13,022	(381)	(13,344)	(25,941)	(38,047)	(51,219)	(62,958)

Table 15: Risk Sensitivity Model Cashflow Statement

## 6.4. Strategic Model Snapshot and Projected Financial Statements

### Strategic Model Snapshot

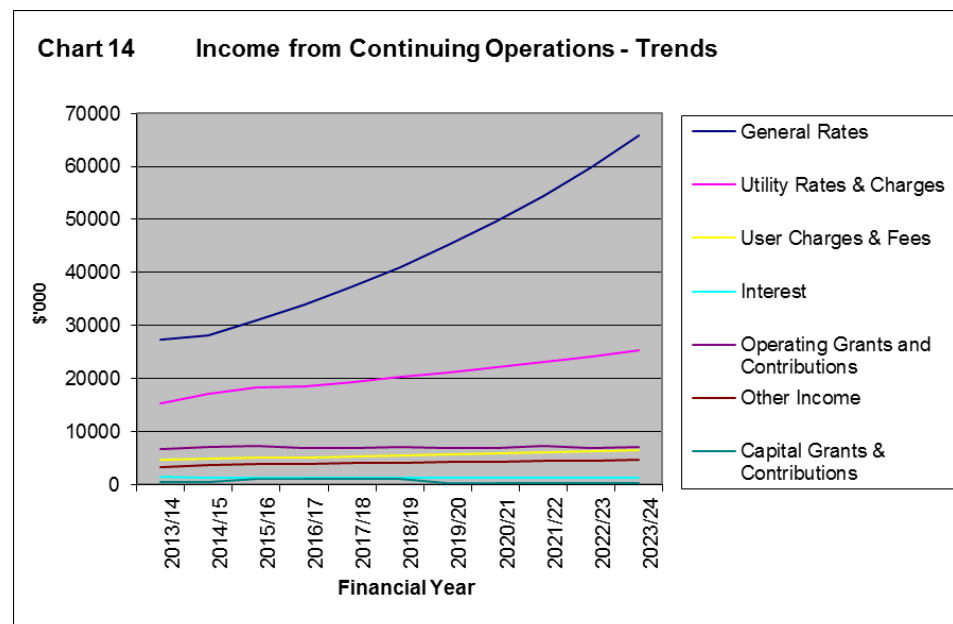


Figure 14: Income from Continuing Operations - Trends

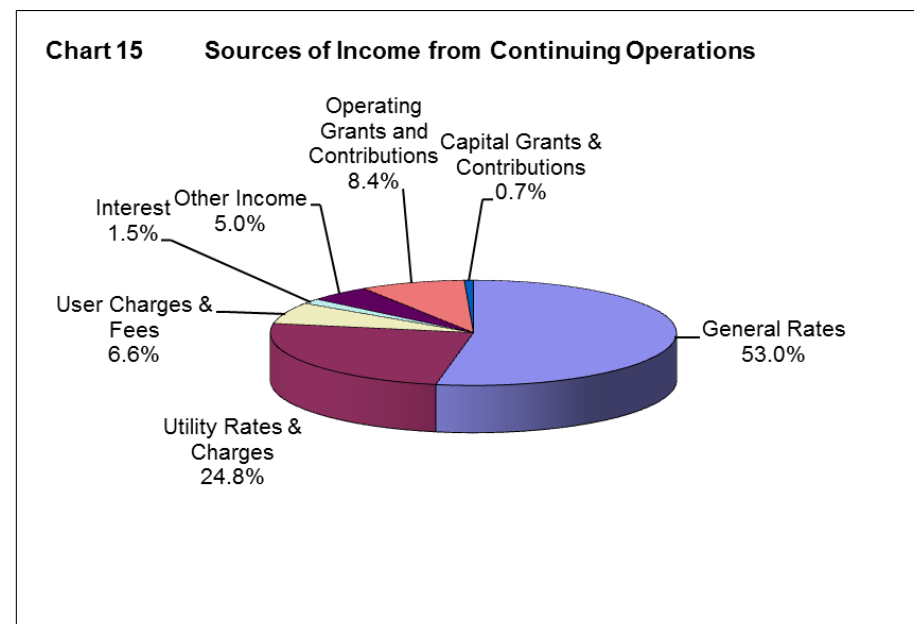
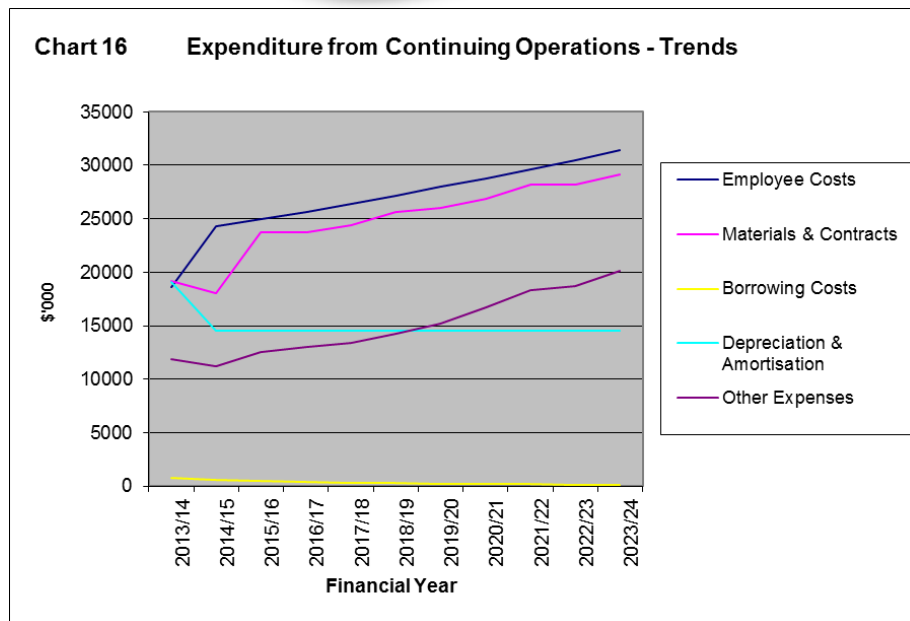
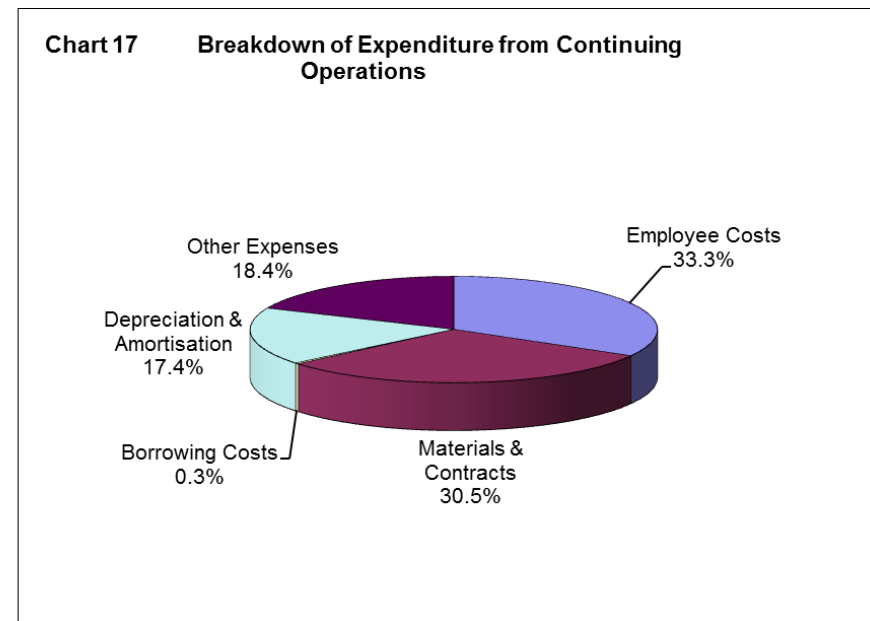


Figure 15: Sources of Income from Continuing Operations



**Figure 16: Expenditure from Continuing Operations - Trends**



**Figure 17: Breakdown of Expenditure from Continuing Operations**

## Strategic Model Income Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Income from Continuing Operations</b>											
<b>Revenue:</b>											
Rates & Annual Charges	42,525	45,132	49,231	52,565	56,655	61,243	66,165	71,676	77,493	83,898	91,079
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Interest & Investment Revenue	1,384	1,266	1,363	1,269	1,275	1,280	1,287	1,293	1,300	1,330	1,321
Other Revenues	3,374	3,717	3,835	3,890	4,026	4,086	4,228	4,293	4,442	4,513	4,668
Grants & Contributions provided for Operating Purposes	6,687	6,988	7,187	6,930	6,961	7,155	6,984	6,952	7,240	6,959	6,999
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
<b>Other Income:</b>											
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
<b>Total Income from Continuing Operations</b>	<b>59,044</b>	<b>62,347</b>	<b>67,707</b>	<b>70,895</b>	<b>75,312</b>	<b>80,319</b>	<b>84,587</b>	<b>90,311</b>	<b>96,752</b>	<b>103,167</b>	<b>110,730</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	18,639	24,332	24,952	25,638	26,388	27,161	27,957	28,777	29,622	30,492	31,388
Borrowing Costs	759	570	445	368	315	272	228	193	158	120	100
Materials & Contracts	19,176	18,073	23,701	23,688	24,431	25,677	25,980	26,824	28,236	28,230	29,168
Depreciation & Amortisation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Other Expenses	11,872	11,231	12,493	12,966	13,412	14,251	15,222	16,753	18,291	18,708	20,146
Net Loss from the Disposal of Assets	0	0									
<b>Total Expenses from Continuing Operations</b>	<b>69,496</b>	<b>68,723</b>	<b>76,107</b>	<b>77,176</b>	<b>79,062</b>	<b>81,877</b>	<b>83,903</b>	<b>87,064</b>	<b>90,822</b>	<b>92,066</b>	<b>95,318</b>
<b>Net Operating Result for the Year</b>	<b>(10,453)</b>	<b>(6,376)</b>	<b>(8,401)</b>	<b>(6,281)</b>	<b>(3,749)</b>	<b>(1,557)</b>	<b>684</b>	<b>3,247</b>	<b>5,929</b>	<b>11,102</b>	<b>15,412</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(10,943)	(6,751)	(9,476)	(7,356)	(4,824)	(2,632)	409	2,972	5,654	10,827	15,137

**Table 16: Strategic Model Income Statement**

## Strategic Model Capital Budget Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
Net Operating Result (excl. Capital Grants)	(10,943)	(6,751)	(9,476)	(7,356)	(4,824)	(2,632)	409	2,972	5,654	10,827	15,137
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
Depreciation	19,051	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516	14,516
Grants & Contributions provided for Capital Purposes	490	375	1,075	1,075	1,075	1,075	275	275	275	275	275
	20,413	15,895	16,872	16,775	16,666	17,067	15,871	16,202	15,834	16,233	15,992
<i>Application of Capital Funding</i>											
New Assets											
Land, Building & Land Improvements	350	0	50	50	50	50	50	50	50	50	50
Roads, Bridges, Footpaths & Drainage	1,822	1,749	1,022	680	60	345	61	61	61	62	62
Sewer Infrastructure	0	0	0	0	0	0	0	0	0	3,500	500
Parks Assets & Other Structures	735	7,736	611	427	28	529	3,530	31	32	33	34
Renewal of Assets											
Land, Building & Land Improvements	876	1,004	4,652	3,309	3,702	4,257	2,920	3,709	3,268	2,212	3,244
Roads, Bridges, Footpaths & Drainage	4,992	5,045	6,335	4,391	4,526	3,667	2,848	2,932	3,084	2,550	2,818
Sewer Infrastructure	200	700	270	2,270	280	3,200	1,280	1,920	650	610	300
Parks Assets & Other Structures	679	659	3,500	2,640	2,254	2,138	2,186	2,232	2,219	2,088	2,464
Other Assets	289	345	315	318	326	335	393	353	362	372	381
Plant & Equipment	2,810	2,664	4,436	3,669	3,912	4,638	3,551	4,742	3,485	4,722	4,282
	12,751	19,901	21,192	17,754	15,138	19,159	16,820	16,030	13,210	16,199	14,136
Net Capital Expenditure	7,661	(4,007)	(4,320)	(979)	1,528	(2,092)	(949)	172	2,624	34	1,856
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	31,982	39,419	29,516	31,214	30,132	35,110	37,302	36,695	37,454	41,667	41,802
Transfers to Reserves	28,700	28,661	31,313	31,830	33,309	34,745	36,205	37,913	39,577	41,114	42,969
	3,281	10,758	(1,797)	(616)	(3,177)	365	1,098	(1,218)	(2,123)	554	(1,166)
Retained surplus/(deficit) available for general funding purposes	0	0	(15,593)	(8,952)	(6,474)	(4,359)	557	1,927	6,155	11,414	15,827

**Table 17: Strategic Model Capital Budget Statement**



## Strategic Model Balance Sheet

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2023/24
<b>Current Assets</b>											
Cash & Cash Equivalents	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498	7,498
Investments	33,728	22,970	24,767	25,384	28,561	28,196	27,098	28,316	30,439	29,886	31,053
Receivables	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110	5,110
Inventories	297	297	297	297	297	297	297	297	297	297	297
Other	593	593	593	593	593	593	593	593	593	593	593
	<b>47,227</b>	<b>36,469</b>	<b>38,266</b>	<b>38,882</b>	<b>42,059</b>	<b>41,694</b>	<b>40,597</b>	<b>41,814</b>	<b>43,937</b>	<b>43,384</b>	<b>44,551</b>
<b>Non-Current Assets</b>											
Receivables	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165	1,165
Infrastructure Property, Plant & Equipment	1,323,255	1,342,117	1,362,028	1,378,598	1,392,661	1,410,344	1,426,084	1,440,703	1,452,870	1,467,627	1,480,562
Investments accounted for using the equity method	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178	2,178
Investment Properties at Fair Value	31,690	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725	31,725
Accumulated Depreciation	(555,900)	(570,416)	(584,932)	(599,448)	(613,964)	(628,480)	(642,996)	(657,512)	(672,028)	(686,544)	(701,060)
	<b>802,389</b>	<b>806,771</b>	<b>812,166</b>	<b>814,220</b>	<b>813,767</b>	<b>816,934</b>	<b>818,158</b>	<b>818,261</b>	<b>815,912</b>	<b>816,153</b>	<b>814,572</b>
<b>TOTAL ASSETS</b>	<b>849,616</b>	<b>843,239</b>	<b>850,431</b>	<b>853,102</b>	<b>855,826</b>	<b>858,628</b>	<b>858,754</b>	<b>860,074</b>	<b>859,848</b>	<b>859,536</b>	<b>859,122</b>
<b>Current Liabilities</b>											
Payables	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)	(5,938)
Borrowings	(1,104)	(1,101)	(1,101)	(1,099)	(1,102)	(1,102)	(702)	(701)	(511)	0	0
Provisions	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)	(7,097)
	<b>(14,140)</b>	<b>(14,137)</b>	<b>(14,137)</b>	<b>(14,135)</b>	<b>(14,138)</b>	<b>(14,138)</b>	<b>(13,738)</b>	<b>(13,737)</b>	<b>(13,547)</b>	<b>(13,036)</b>	<b>(13,036)</b>
<b>Non-Current Liabilities</b>											
Borrowings	(6,314)	(5,458)	(4,575)	(3,664)	(2,721)	(1,746)	(1,137)	(492)	0	0	0
Provisions	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)	(5,251)
	<b>(11,565)</b>	<b>(10,709)</b>	<b>(9,826)</b>	<b>(8,915)</b>	<b>(7,972)</b>	<b>(6,997)</b>	<b>(6,388)</b>	<b>(5,743)</b>	<b>(5,251)</b>	<b>(5,251)</b>	<b>(5,251)</b>
<b>TOTAL LIABILITIES</b>	<b>(25,705)</b>	<b>(24,846)</b>	<b>(23,963)</b>	<b>(23,050)</b>	<b>(22,110)</b>	<b>(21,135)</b>	<b>(20,126)</b>	<b>(19,480)</b>	<b>(18,798)</b>	<b>(18,287)</b>	<b>(18,287)</b>
<b>NET ASSETS</b>	<b>823,911</b>	<b>818,394</b>	<b>826,469</b>	<b>830,052</b>	<b>833,716</b>	<b>837,493</b>	<b>838,629</b>	<b>840,595</b>	<b>841,051</b>	<b>841,250</b>	<b>840,836</b>
<b>Equity</b>											
Retained Earnings	(308,565)	(303,048)	(311,123)	(314,705)	(318,370)	(322,147)	(323,282)	(325,248)	(325,704)	(325,904)	(325,489)
Revaluation Reserves	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)	(515,346)
<b>TOTAL EQUITY</b>	<b>(823,911)</b>	<b>(818,394)</b>	<b>(826,469)</b>	<b>(830,052)</b>	<b>(833,716)</b>	<b>(837,493)</b>	<b>(838,629)</b>	<b>(840,595)</b>	<b>(841,051)</b>	<b>(841,250)</b>	<b>(840,836)</b>

Table 18: Strategic Model Balance Sheet

## Strategic Model Cashflow Statement

For the Long Term Financial Plan 2014/2015 to 2023/2024

\$'000	ORIGINAL 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	DRAFT Budget 2022/23
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	42,525	45,132	49,231	52,565	56,655	61,243	66,165	71,676	77,493	83,898	91,079
User Charges & Fees	4,586	4,869	5,016	5,166	5,320	5,480	5,647	5,821	6,003	6,192	6,389
Investment & Interest Revenue Received	1,553	1,266	1,390	1,269	1,275	1,280	1,287	1,293	1,300	1,330	1,321
Grants & Contributions	7,177	7,367	8,266	8,010	8,041	8,235	7,265	7,233	7,521	7,240	7,274
Other	3,374	3,717	3,835	3,890	4,026	4,086	4,228	4,293	4,442	4,513	4,668
<i>Payments</i>											
Employee Benefits & On-Costs	(18,639)	(24,332)	(24,952)	(25,638)	(26,388)	(27,161)	(27,957)	(28,777)	(29,622)	(30,492)	(31,388)
Materials & Contracts	(19,476)	(18,073)	(23,701)	(23,688)	(24,431)	(25,677)	(25,980)	(26,824)	(28,236)	(28,230)	(29,168)
Borrowing Costs	(302)	(276)	(251)	(225)	(197)	(167)	(137)	(102)	(67)	(30)	0
Other Expenses	(11,872)	(11,231)	(12,493)	(12,966)	(13,412)	(14,251)	(15,222)	(16,753)	(18,291)	(18,708)	(20,146)
Net Cash provided (or used in) Operating Activities	8,924	8,439	6,341	8,383	10,889	13,068	15,296	17,860	20,543	25,713	30,028
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	872	1,004	1,281	1,184	1,075	1,476	1,080	1,411	1,043	1,442	1,201
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,563)	(14,926)	(15,894)	(13,316)	(11,354)	(14,369)	(12,615)	(12,023)	(9,908)	(12,149)	(10,602)
Net Cash provided (or used in) Investing Activities	(8,692)	(13,922)	(14,613)	(12,132)	(10,279)	(12,893)	(11,535)	(10,612)	(8,865)	(10,707)	(9,401)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	5,260	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(799)	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
Net Cash provided (or used in) Financing Activities	4,461	(825)	(850)	(876)	(904)	(934)	(965)	(599)	(634)	(672)	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	4,694	(6,308)	(9,122)	(4,625)	(294)	(759)	2,796	6,650	11,044	14,334	20,627
<b>plus: Cash, Cash Equivalents &amp; Investments - beginning of year</b>	44,508	49,202	42,894	33,772	29,147	28,853	28,094	30,890	37,540	48,584	62,918
<b>Cash &amp; Cash Equivalents - end of year</b>	49,202	42,894	33,772	29,147	28,853	28,094	30,890	37,540	48,584	62,918	83,545

**Table 19: Strategic Model Cashflow Statement**

## 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.

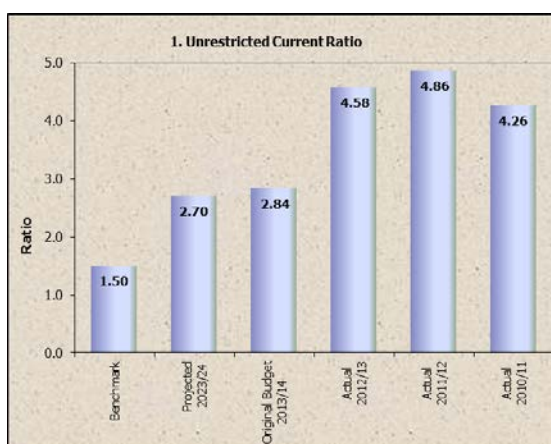
The Projected Indicator 2023/2024 column reflects the amounts within the Strategic Model. The Minimum Benchmark has been determined by Tcorp.

### 1. Unrestricted Current Ratio

Current Assets less all External Restrictions  
Current Liabilities less Specific Purpose Liabilities

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.

Council aims to remain above the industry benchmark of 1.5 and currently exhibits sound short term liquidity.



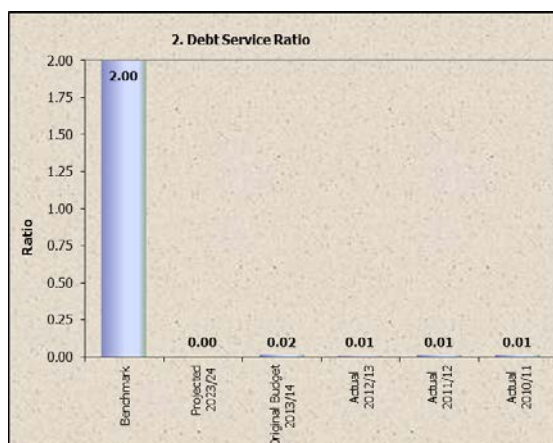
### 2. Debt Service Ratio

Debt Service Cost

Income from Continuing Operations Excl. Capital Items and Specific Purpose Grants and Contributions

The purpose of this ratio is to assess the impact of loan principal and interest repayments on the discretionary revenue of Council.

Council has a low level of borrowings and aims to remain below the industry benchmark of 2.



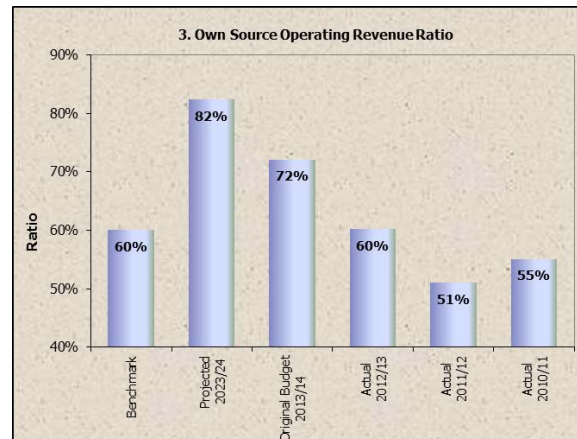
### 3. Own Source Operating Revenue Ratio

#### Rates, Utilities and Charges

#### 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 contributions.

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%.



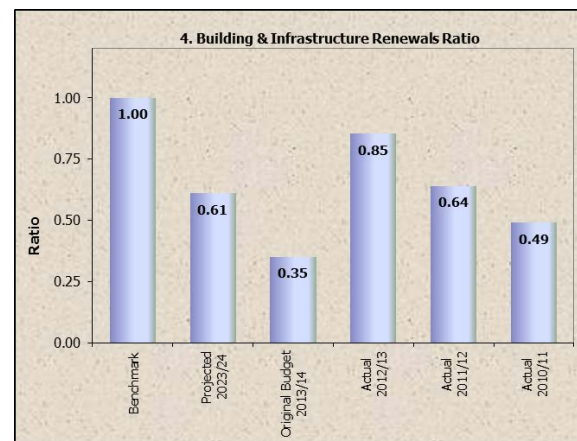
### 4. Building and Infrastructure Renewals Ratio

#### Asset Renewals

#### Depreciation, Amortisation and 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 the industry benchmark of 100%, over a longer time period than the LTFP.



### 5. Capital Expenditure Ratio

#### Annual Capital Expenditure

#### Annual Depreciation

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 replacement and renewal of existing assets

Council aims to improve on current levels through additional spending on infrastructure renewal funded by increased revenue in order to achieve alignment with the industry benchmark of 1.1

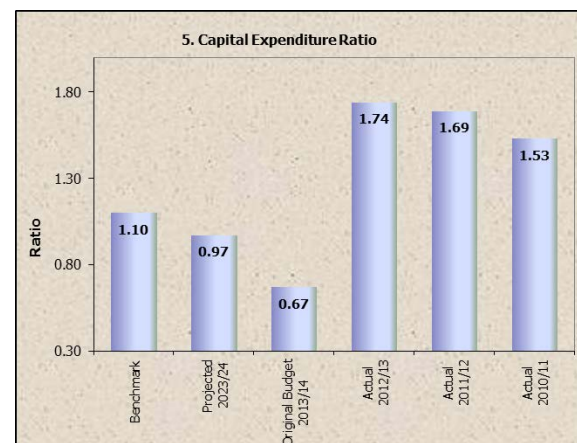


Table 20: Performance Measures

## **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 any time 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 (HCSP) 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 July 2013.

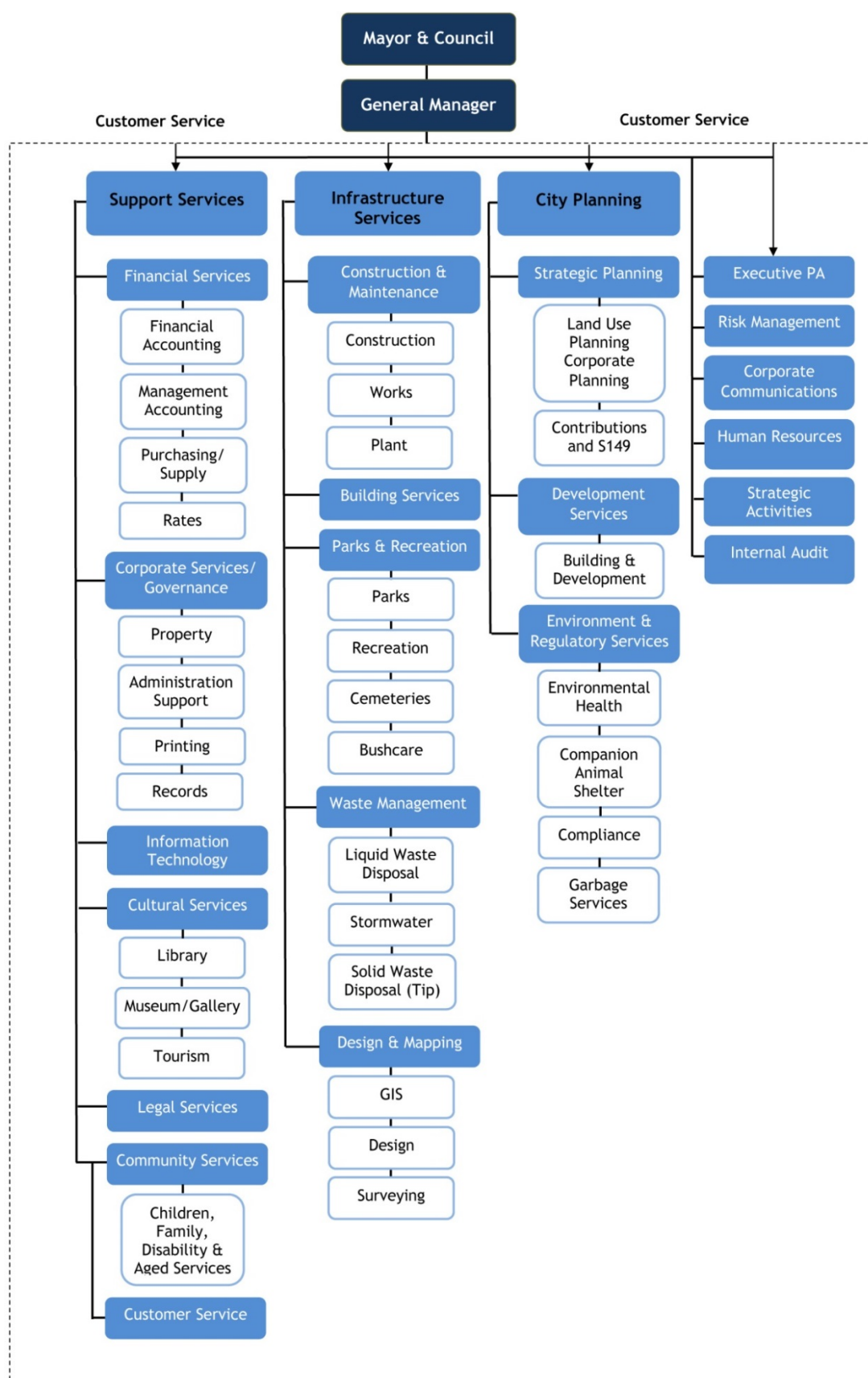
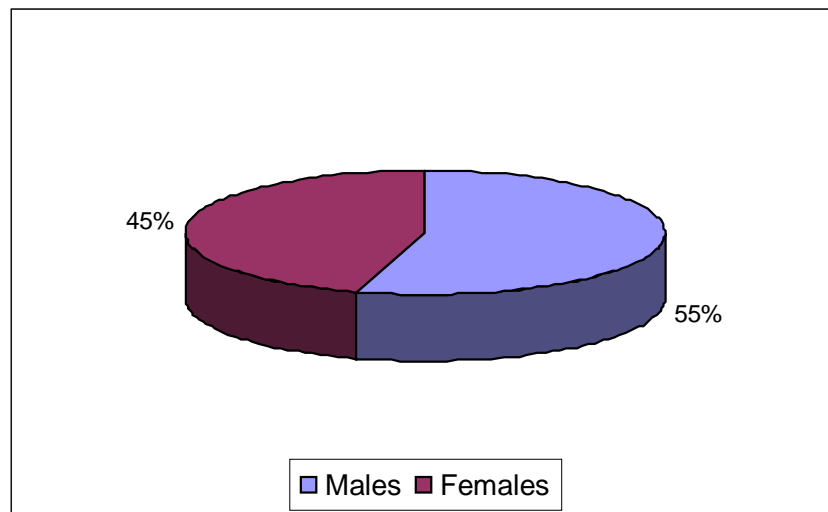


Figure 18: Organisation Structure

## 2.2. Workforce Profile

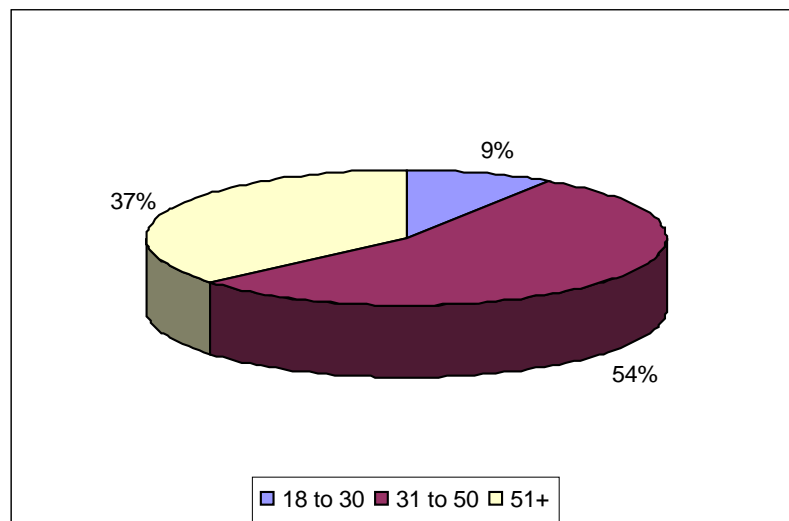
As at July 2013 Council had 289.4 full time equivalent (FTE) positions. This comprises full time and part time permanent staff. Council also employs a range of casual staff whose numbers are driven by specific and seasonal requirements.

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.



**Figure 19: 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 nine females.



**Figure 20: Age Profile**

Age Profile	%
18 to 30	9%
31 to 50	54%
51+	37%
<b>Total</b>	<b>100%</b>

**Table 21: Age Profile**

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 four 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 10 years, Council may be faced with an increased number of employees leaving the workforce taking with them their skills and corporate knowledge.

### Staff Turnover

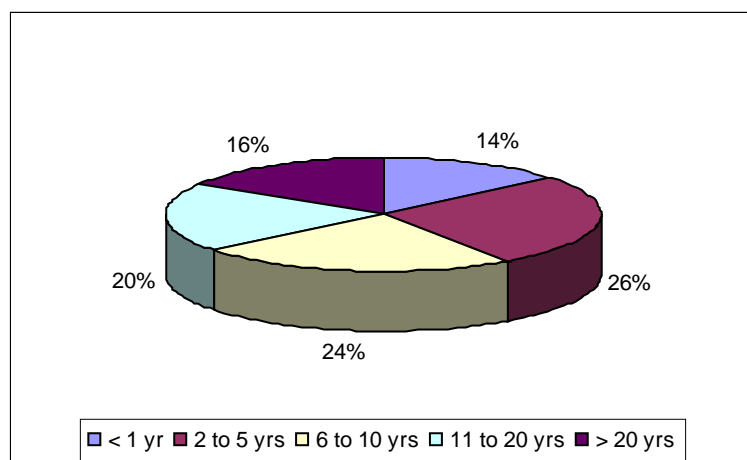
No. of Terminations	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013
No. of FT and PT terminations (calculated as % of FTE)	10.8%	6.6%	7.2%	9.4%	9.2%

**Table 22: Number of Terminations**

The average turnover for the last five years is 8.6% 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



**Figure 21: Length of Service**

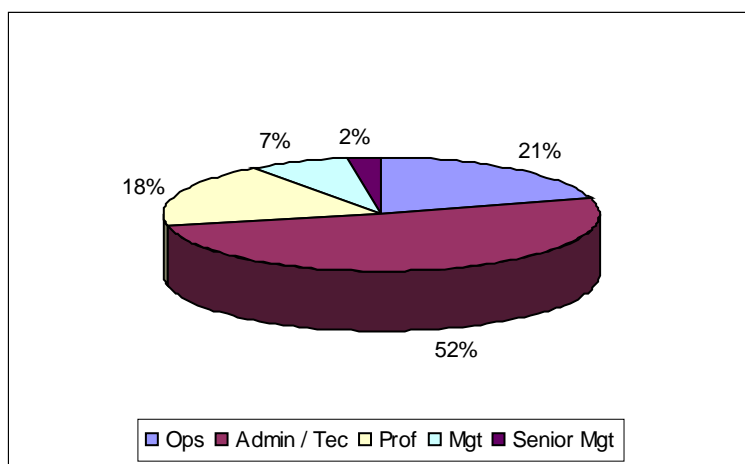


Length of Service	%
< 1 yr	14%
2 to 5 yrs	26%
6 to 10 yrs	24%
11 to 20 yrs	20%
> 20 yrs	16%
<b>Total</b>	<b>100%</b>

**Table 23: Length of Service**

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

### Classification



**Figure 22: Classification**

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

**Table 24: Classification**

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

### 3. Workforce Issues Identified

#### 3.1. Council's Strengths

What Council does well:

- Our commitment to Work Health and Safety.
- Our commitment to developing our staff.
- Our Employee 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	Voucher	250.00
Service Award 20 years	Voucher	500.00
Service Award 30 years	Voucher	750.00
EAP Program	Up to 4 individual confidential counselling sessions available to all staff member and their immediate family members (more sessions approved if required)	
Social Club	Committee run Social Club offering events, raffles, activities and discounts to members	
Resignation function 10+ years	Farewell function	250.00
Flu Vaccination	Provided free on site to all staff members	30.00

Type of Reward or Benefit	Details	\$ Value
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

**Table 25: Employment Rewards and Benefits Program**

### **3.2. Council's Challenges**

What Council can improve on:

- Corporate branding and image
- Marketing as an employer of choice
- Staff retention
- Attracting younger staff
- Succession planning
- Retaining 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 10 years?
4. Does Council's Division and/or Branch staff 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
Support Services	Financial Services	Systems Accountant	One Management Accountant position could transition to Systems Accountant.
		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.
	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.
	Community Services	Seniors Leisure and Learning Centre Coordinator	Additional resource to coordinate delivery of programs and activities at expanded Centre (response to needs of ageing population).
		Community Programs Coordinator	Additional resource to resource community programs and partnerships.
		Community Engagement and Planning Coordinator	Additional resource to co-ordinate 'people planning' within Strategic Planning section and to support community engagement activities across Council.
	Corporate Services and 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 and Mapping Services	Traffic Engineer	Additional resource to meet requirements of HCSP – Environmental reviews and to assist with special events application process.

Division	Branch	Resource Requirements	Comments
	<b>Waste Management</b>	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.
	<b>Parks and Recreation</b>	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.
	<b>Building and Mechanical Services</b>	Project Management Officer	Additional resource to achieve goals.
<b>City Planning</b>	<b>Development Services</b>	Heritage Planner	Additional resource to assist with demand and would reduce cost of using Consultants.
	<b>Environment and Regulatory Services</b>	Parking Officer	Additional resource provides opportunity to improve monitoring of compliance.
		SMF Officer	Additional resource provides opportunity to improve environmental outcomes.
	<b>Strategic Planning</b>	Land Use Planner	Additional resource to assist with statutory planning.

**Table 26: Additional resources requirements identified over the next four years**



#### 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	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.
		Move to better meet State Library NSW benchmarks for qualified staff (eligible for membership of Australian Library and Information Association (ALIA))	Encourage existing staff to achieve qualifications making them eligible for ALIA. Change position requirements as vacancies occur.
	Community Services	Integrated human services planning	Increase expectation for Council to undertake place management strategies.
	Corporate Services and Governance	Additional privacy and governance procedures throughout organisation	
Infrastructure Services	Design and Mapping Services	Outsourcing of some survey functions	Fill skill gap when existing staff retire.
	Waste Management	PLC Programming Skills	Six 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.

Division	Branch	Skills or Knowledge Gap	Comments
	<b>Parks and Recreation</b>	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
	<b>Building and Mechanical Services</b>	Project management skills	Two existing staff currently undertaking tertiary studies supported by Council.
		Energy Management Systems training	All Technical staff.
		Asset Management system training	All Professional, Technical and Supervisor staff.
	<b>Construction and Maintenance</b>	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.
<b>City Planning</b>	<b>Development Services</b>	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.
	<b>Environment and Regulatory Services</b>	Industrial Auditing skills	Training for existing staff.
	<b>Strategic Planning</b>	Urban Design skills	Additional position and skills to deal with existing and future large development proposals.

**Table 27: Additional skills or knowledge gaps identified over the next four years**

## **5. Action Plan**

### **5.1. Focus Areas**

#### **Retaining and Attracting a Diverse Workforce**

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 planning 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.

The needs of the community and financial pressures demand that we continually review and seek efficiencies in our work practices. With this in mind, Council will continue to conduct audits and reviews to assist in streamlining practices, creating efficiencies. Providing best practice, governance and service for improved business excellence.

#### **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
<b>Retaining and Attracting a Diverse Workforce.</b>	Growing our own talent.	Recognise the value of entry level development of positions within Council.	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.	Number of opportunities for trainee positions identified and filled.
	Providing learning and development opportunities.	Employee development opportunities are provided equally to all employees.	Training is identified to allow employees to develop within their current role. Career development is encouraged and supported where suitability exists.	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.	Critical roles identified across organisation. Likely successors are identified and provided with tailored development opportunities. High potential employees are valued, encouraged, mentored and promoted.	Succession plans in place for critical roles as identified. Formal succession plans mapped out and opportunities identified.
<b>Organisational Development</b>	Review and develop Council's organisational structure.	Flexible organisational structure with appropriate staffing levels.	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.	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.
<b>Workplace Relations</b>	Employee Engagement.	A workforce that is engaged and empowered.	Two way communication and feedback occurs with all employees. Consultation and inclusive decision making opportunities are encouraged.	Number of regular staff meetings for each Division/Branch. EPPR system – used to identify performance and career development and training needs

Key Focus Area	Strategy	Objectives	Specific Actions/Outcomes	Key Performance Indicators
	Work/life balance.	Support varied work arrangements where there are mutual benefits.	Ensure flexible work requests are fit for purpose, are merit based and align with service delivery requirements.	Number of flexible work arrangements approved and in place.
	Harmonious work environment maintained.	A consistent, productive and positive work environment.	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.	Number of regular and refresher sessions conducted each year as identified in the corporate training plan. Policies and procedures reviewed and in place. Employee Performance Planning and Review system administered fairly and consistently.

**Table 28: Workforce Planning Strategies**



### **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.

To ensure the effectiveness, efficiency and appropriateness of our workforce planning strategies a review will need to be conducted on an annual basis.

Performance information will be considered in determining the impact of the current strategies on the overall achievement of the organisation's objectives.

Things to consider:

- Assess what is working and what is not working.
- Have organisation strategies changed?
- Adjust the plan and strategies as necessary.
- Address new workforce and organisational issues that occur.







# **Asset Management Planning**





## 1. Executive Summary

Hawkesbury City Council has control and management responsibility for a large portfolio of infrastructure assets. 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. These assets are valued at \$1.1 billion at current replacement cost.

Utilising these assets Council provide its residents, businesses and visitors essential service and amenity to meet their social, economic and cultural needs for contemporary lifestyle.

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

This document summarises the Hawkesbury City Council's asset management planning framework, which is generally based on the Division of Local Government's Integrated Planning and Reporting (IPandR) guidelines.

Specifically the IPandR guideline requires Council to:

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

### Where are we now?

Council commenced initial asset management planning work in 2007. An asset management gap analysis was completed which identified current practice and future desired appropriate practice for Council to aspire for. The process also identified specific improvement tasks to meet the appropriate practice.

Since the amendment of the Local Government Act 1993 with IPandR requirements Council has adopted an Asset Management Policy, developed an Asset Management Strategy and draft Asset Management Plans for key infrastructure assets (roads, buildings, sewerage and recreation and parks).

In 2010, Council made a significant investment to establish an asset management system with a view to centralise all Council asset information into a single corporate system. In association with implementation of a corporate asset system, Council also commenced capture of critical asset data for parks and buildings.

The corporate system enabled Council to record all information into a central register and undertake analysis to forecast asset life cycle costs and predictive modelling. The asset modelling system has the capability to analyse asset condition deterioration over time and assess long term implication of various funding scenarios into asset condition.

Council currently has applied the new asset system for buildings and parks. The plant and fleet assets are in the process of being added into the system. Incrementally, Council intends to bring all assets into the corporate system.

### Where do we want to be?

The current draft asset management plans were prepared based on the available information in hand. Council has yet to engage the community to set appropriate asset management goals i.e. setting community desired service levels. In the absence of community agreed service levels this interim asset management planning is based on Council's current knowledge of the state of the asset with an

objective to maintain the infrastructure within a condition band of 3 (good) to 4 (average) on a condition scale of 1 (excellent) to 5 (poor).

In regards to identifying community desired levels of service, preliminary work has commenced in association with the community satisfaction survey with a follow-on community focus group discussion on priority service areas and levels of service in May 2014.

One of the key messages of the community focus group was that the community was very enthusiastic and appreciative of the opportunity to be involved in the discussion process. The feedback further reinforced the community survey findings which showed the highest priority community concern was dissatisfaction with road condition. The community feedback reiterated that their livelihood depended on commuting on roads, hence the high priority.

The community expressed a desire to be involved with Council in setting desired levels of service.

## Expenditure Forecast Summary

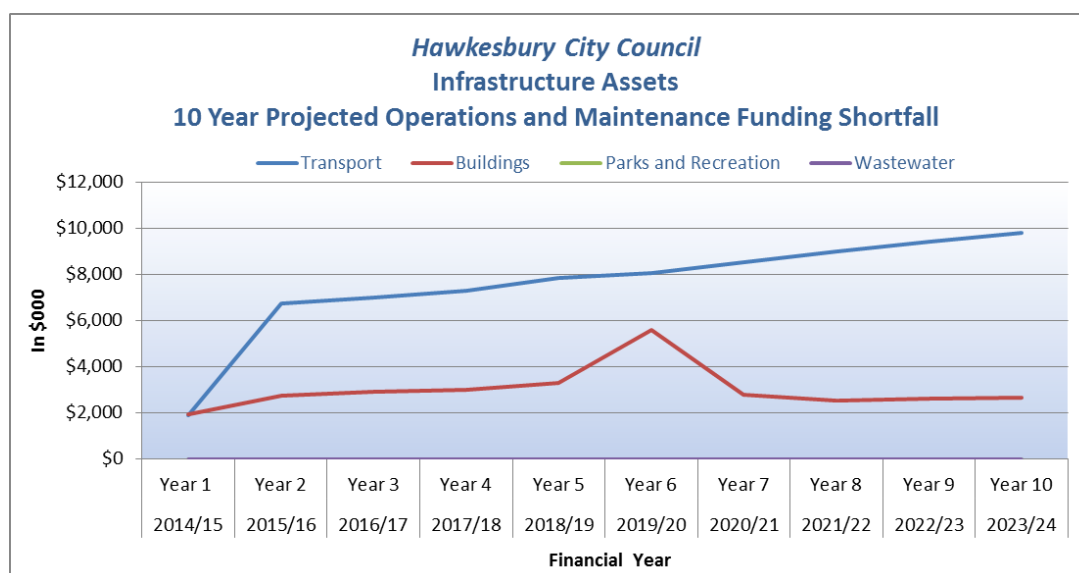
The asset management plan analysed two scenarios for 10 year expenditure projection. The Scenario 1 is based on 'Business as usual' or current expenditure trend. Whereas the Scenario 2 is based on an estimate of expenditure required to operate and renew assets to maintain the existing infrastructure assets in an average to good condition. The difference between Scenario 1 and 2 is identified as a funding shortfall.

A summary of operations and maintenance and capital renewal forecast expenditure and funding shortfall is presented below.

## Summary of Operations and Maintenance Expenditure Forecast

Council currently spends about \$18.4 million per year on average on all infrastructure assets operations and maintenance. To maintain assets in a fair to good condition it is estimated that \$28.9 million per year on average will be needed. This means that there is a projected funding shortfall of about \$10.5 million per year on average for infrastructure assets operations and maintenance.

Operations and maintenance expenditure shortfall forecast for the 10 year by asset class is illustrated in the figure below:

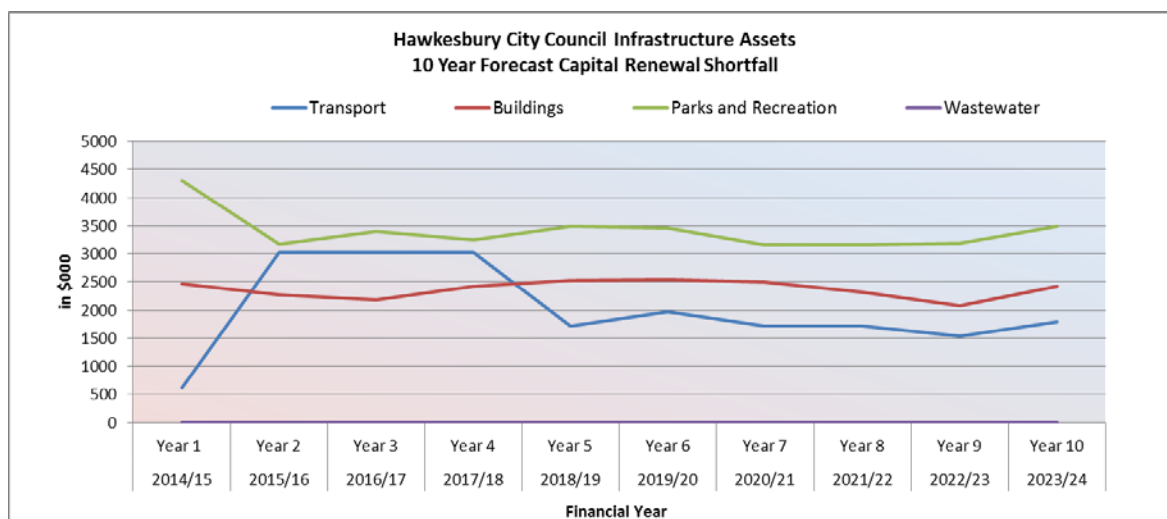


**Figure 23: Infrastructure assets Operations and Maintenance projected funding shortfall**

## Summary of Capital Renewal Expenditure Forecast

Council currently spends about \$4.9 million per year on average on all infrastructure assets renewal. To maintain assets in an average to good condition it is estimated that \$12.7 million per year on average will be needed. This means that there is a projected funding shortfall of about \$7.8 million per year on average for infrastructure assets renewal.

Capital renewal expenditure forecast for the 10 year by asset class is illustrated in the figure below:



**Figure 24: Infrastructure assets Capital Renewal funding shortfall**

It is evident from the information presented above that a large proportion of the funding gap is in the transport sector, and within transport the bulk of the work relates to road pavement maintenance and renewals.

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


### How we will get there?

Council aims to bridge the funding shortfall by focusing on following key areas:

Firstly, Council will continue to improve its asset knowledge through setting up asset management processes, procedures, information systems and staff training. This will enable Council to build reliable data and knowledge on assets capacity, condition, performance, service levels. This will also enable better understanding of asset lifecycle costs and allow more accurate prediction of funding required to maintain and renew infrastructure assets.

Secondly, Council will engage the community to set appropriate and affordable levels of service. In the process, the community will be briefed and educated about the service level choices and their potential implication on cost to the community and any trade-off options for redirecting available resources.

Thirdly, Council will remain open and transparent and publicise widely about Council's decision processes in allocating and selecting projects for maintenance and renewal. Council will also develop and publicise Long Term Financial Plans and provide analysis of various options available to the Council and the Community to generate additional revenue to bridge the infrastructure asset funding shortfall in the future.



is hoped that the asset management planning process will greatly facilitate understanding of the asset management within Council and the Hawkesbury community and foster stronger Council-community partnership in achieving the Community Strategic Planning goals and outcomes through delivery of agreed service levels from community infrastructure.

## **2. Introduction**

The Hawkesbury City Council controls a large portfolio of infrastructure assets. These assets include roads, bridges, footpaths, cycle-ways, storm water drains, sewerage system, public buildings, recreation facilities, parks and reserves. These assets support the provision of a range of services to the community and other stakeholders to satisfy their social, economic, cultural, environmental and recreational needs.

As a local government body, under the Local Government Act, Council has the responsibility to effectively account for and manage the community's infrastructure assets in the most cost effective manner in order to continue provide efficient, safe and reliable services taking into account community's current and future needs.

Council is implementing asset management planning to improve its asset management system and processes to provide the infrastructure service for the current and future users. The process is also aimed to meet the Division of Local Government's Integrated Planning and Reporting legislative requirements for sustainable infrastructure asset management.

## **3. Asset Management Planning**

The asset management planning is a comprehensive process to ensure delivery of services from infrastructure is provided in a financially sustainable manner (Source: IPWEA, NAMS.PLUS2, 2012, A Guided Pathway to Sustainable Asset Management).

Asset management planning commences with:

- Defining stakeholder and legal requirements and needs
- Incorporating these needs into the Council's strategic plan
- Developing an asset management policy, strategy, plans and operational plans;
- Linking the asset management plans to a long term financial plan.



The asset management process and framework is illustrated in the figure below (Source: IPWEA, 2009, AIFMG):



**Figure 25: Asset Management Planning framework**

### 3.1. Community Strategic Plan

Following the local government election in September 2012 the newly elected Council reviewed the Hawkesbury Community Strategic Plan 2010-2030. The Council adopted the updated Hawkesbury Community Strategic Plan (HCSP) 2013-2032 following the community engagement and public exhibition process.

The HCSP outlines the key community's aspirations and sets essential direction and goals for future Council activities and decision. The HCSP has set five key visions and associated high level directions and goals for Council activities.

The asset management planning goals relevant to each of the HCSP vision is presented below:

#### 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
- Public transport available and utilised
- Reduced cost of maintaining roads at agreed level

### Supporting Business and Local Jobs

- Improved tourism facilities in the Hawkesbury

### Shaping Our Future Together

- Alignment of services with funding and community needs
- Improved Council image and levels of community satisfaction

## **3.2. Asset Management Policy**

Council's asset management policy translates the Community Strategic Plan's goals into a policy framework that directs and enables asset management to be undertaken in a structured and coordinated way. It also sets the scene for the preparation of Council's asset management strategy and plans.

The policy also provides a clear direction for asset management and defines key principles that underpin asset management for the Council. Council adopted the asset management policy on 29 September 2009. The policy is available for viewing on Council's website: [www.hawkesbury.nsw.gov.au](http://www.hawkesbury.nsw.gov.au).

## **3.3. Asset Management Strategy and Improvement Plan**

Council's asset management strategy and improvement plan outlines principal strategies and actions that Council intend to apply in order to deliver the service needs of the community as outlined in the HCSP.

The strategy provides an analysis of the current asset management situation and established desired practice goals and outlines specific improvement actions to achieve the desired practice.

The strategy is published as a separate document and available for viewing at Council's office.

## **3.4. Asset Management Plan**

Asset management plans are long-term plans that details information about infrastructure assets and actions required to provide a desired levels of service in the most cost effective manner.

An asset management plan documents:

- The services and service levels to be provided
- How the services are provided

- What funds are required to provide the services.  
(Source IPWEA, NAMS.PLUS2, 2012, a guided pathway to sustainable asset management)

Council has prepared the following draft infrastructure asset management plans:

- Transport
- Buildings and Facilities
- Parks and Recreation
- Wastewater.

The stormwater asset management plan is in preparation as much needed asset information e.g. condition and performance is not readily available and it will be included in the future revision of this document.

The asset management plans remain in draft stage and will be refined when new data becomes available. Presented in the Appendix A is the draft summary of the infrastructure asset management plan (excluding stormwater drainage).

The International Infrastructure Management Manual (IIMM) 2011, IPWEA-NAMS and Division of Local Government (IPR) guidelines form the basis for the draft asset management plans.

### 3.5. Resourcing Strategy

The resourcing strategy provides summary information in terms of resources required to deliver the strategies and aspirations outlined in the Community Strategic Plan for which Council has responsibility. Resourcing strategy consists of three elements:

- Workforce management planning
- Asset management planning
- Long term financial planning.

Long Term Financial Plan incorporates workforce and asset management planning projections.

## 4. Asset Management Information and Expenditure Projection

### 4.1. Services provided by Council controlled infrastructure assets

The table below presents key services that are provided by infrastructure assets:

Infrastructure Asset Type	Service area	Description of infrastructure assets
Transport	Roads, bicycle and pedestrian paths for movement of goods and commuting to work, businesses or for social and recreation needs	Land under all categories of roads, e.g. sealed and unsealed, kerb and gutter, bridges, major culverts, paved footpaths and cycleways, car parking areas, street furniture, signage, road markings, traffic control facilities, vehicular ferry, roadside safety barriers, street lighting, bus shelters
Drainage	Stormwater drainage system for road and pedestrian safety, and to mitigate infrastructure and property flooding, water quality improvement	Pipes, culverts, pits, headwalls, erosion protection, Gross Pollutant Traps, wetlands and ponds, open detention basins, swales and channels, other flood protection structure

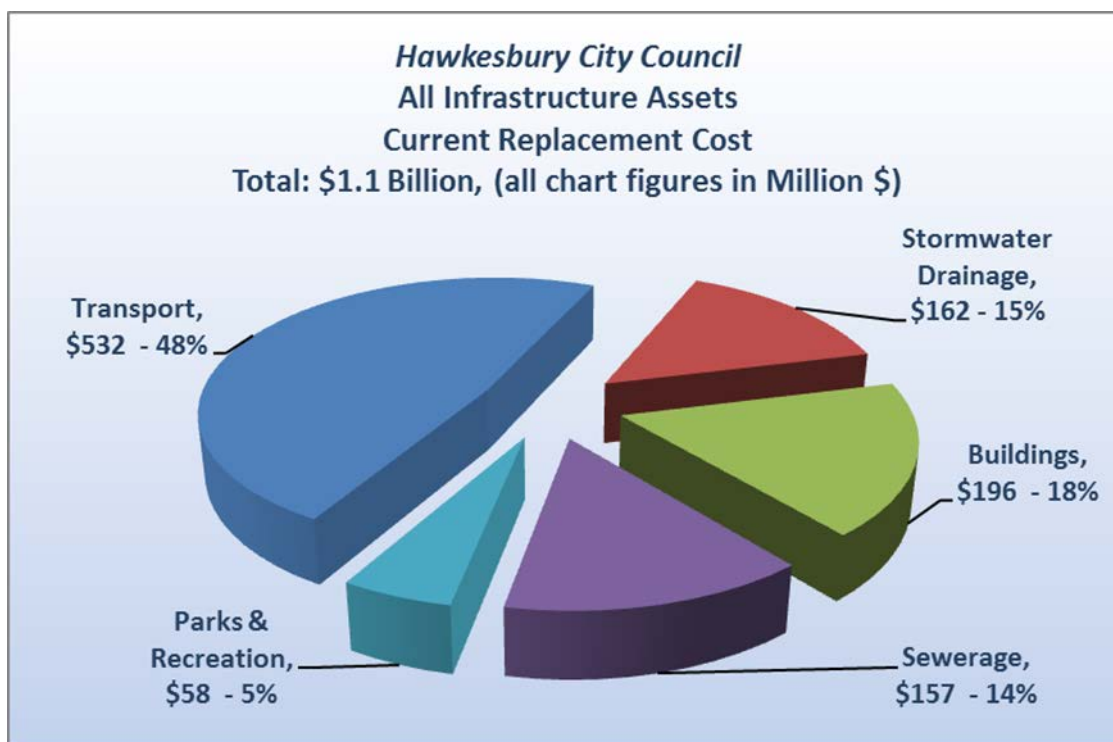
Infrastructure Asset Type	Service area	Description of infrastructure assets
Buildings and Facilities	Buildings and facilities for community service and use, social and recreation activity	Land under buildings, public halls, libraries, community halls, child care centre and senior citizens centres, museum, art gallery, public toilets and amenities blocks, Council offices, work depots, pavilions, grand stand, shelters, investment properties, pools and aquatic centre, indoor stadium, fire service facilities, other building associated assets such as electrical, mechanical, security, emergency, furniture and fittings
Parks and Recreation	Parks, recreation and sporting facilities	Community land, horticulture, aboriculture, minor structure, sporting grounds/ovals, swimming pool, play equipment, flood lights, irrigation, nursery, cemeteries, skateparks, tennis and netball courts, park furniture, street trees, walking trails/paths, boat ramps, lookouts and fences
Sewerage	Reticulated wastewater collection, treatment and disposal within Council serviced areas	Land, reticulation pipes, manholes, pump stations, rising mains, wastewater treatment facilities, plant and equipment (electro/mechanicals)

**Table 29: Service provided by key infrastructure assets**

#### 4.2. Asset Inventory and Replacement Value

Council controlled infrastructure assets have a current replacement value of about \$1.1 billion.

The figure below show a breakup of current asset replacement value by asset class:



**Figure 26: Current replacement cost for infrastructure assets**

### 4.3. Asset sustainability

A ratio of current life cycle expenditure to asset lifecycle costs provides an indication of asset sustainability. A funding gap between life cycle costs and life cycle expenditure gives an initial 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 plan to provide the service 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.

The table below presents a preliminary analysis of sustainability index based on current budget and expenditure trend over a 10 year period.

Asset Class	Lifecycle Cost \$ M	Lifecycle Expenditure \$ M	LC Sustainability Index
Transport	\$68.3	\$57.8	0.85
Buildings	\$65.8	\$28.7	0.44
Parks and Recreation	\$48.2	\$45.4	0.94
Wastewater	\$40.8	\$35.9	0.88

**Table 30: 10 Year infrastructure assets life cycle costs and expenditure**

### 4.4. Condition of Council's assets

The table below presents the level of data coverage and confidence for key infrastructure assets:

Asset Class	Data Coverage	Data Confidence
Transport	Good	Good
Stormwater Drainage	Poor	Poor
Buildings	Fair	Poor
Parks and Recreation	Fair	Fair
Wastewater	Good	Good

**Table 31: Assets data coverage and confidence level**

Good condition data is available for sealed road pavements and data for other assets is limited. Condition inspection of sewerage pipe network is underway. About 40% of parks asset data have been collected. Buildings asset data collection is underway.

Capturing asset information and condition data is an ongoing process. Asset data are collected over a period of time utilising a combination of internal and external resources. The robustness of the asset data will generally determine the quality and reliability of asset management planning projections.

The asset management plan summary section in this document presents the key asset related information for infrastructure assets. Where asset condition data were not available, condition has been derived based on estimate of asset age and remaining useful life. The individual asset management plans summary elaborates and details assumptions made in estimating asset conditions.

## 4.5. Levels of service and community satisfaction

Currently there are limited formalised levels of service. Currently levels of service are determined based on technical and operational considerations, historic practices, and public safety risks. Council plans to engage the community in setting desired levels of service in the near future.

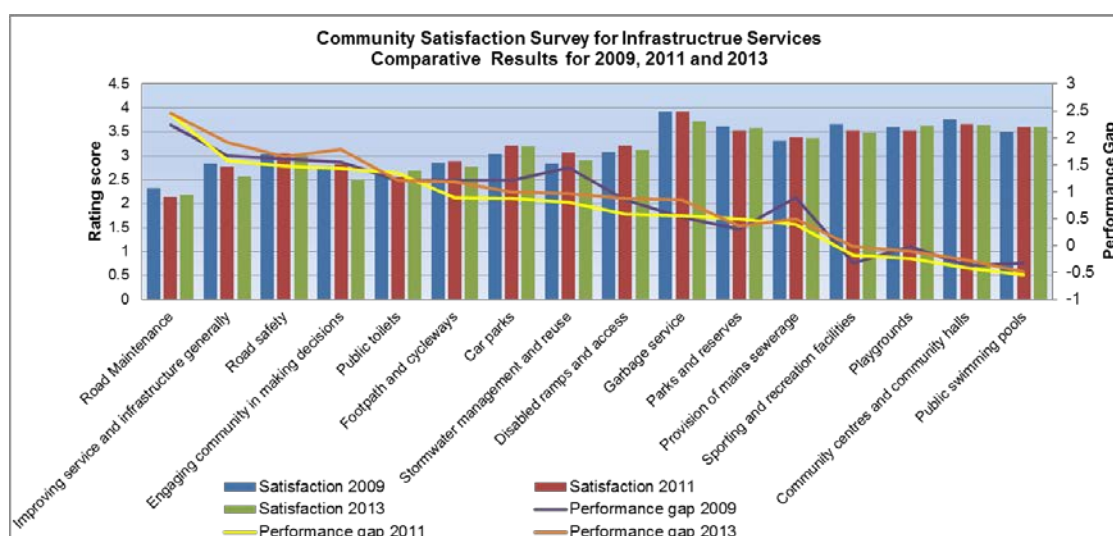
Presently Council undertakes a biennial community satisfaction survey, which commenced in 2007. In the absence of formally defined community levels of service the community survey results provide a broad picture with regards to the community's perception of importance and satisfaction with current Council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

In October 2013, the last community survey was completed. The survey measured community attitudes and perception toward current and future services and facilities provided by the Council. It assessed and established the community's priorities and satisfaction in relation to Council services and sought opinion on major issues and priority action areas for the future.

The 2013 survey, overall has found a moderate result for Council, with 33 of the 49 services rated as being of 'moderate satisfaction' to 'very high satisfaction'.

The result overall indicates that in the last 12 months, Hawkesbury has underperformed in a number of areas compared with the LGA satisfaction benchmarks.

Presented in the figure below are comparative survey results associated with key infrastructure related services for the years 2009, 2011, and 2013 in terms of community satisfaction rating and performance gap:



**Figure 27: Community survey results associated with key infrastructure related service**

**Note:** 2007 data has not been included as the survey questions and methodology varied from 2009 and 2011

### 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

The importance and satisfaction rating score is in between 1 to 5 (1 being low and 5 being high). A satisfaction rating of 3.23 or lesser value indicates that community satisfaction for these measures is “low” to “moderate”.

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 priority areas is between 2.15 and 3.23, which indicates that community satisfaction for these measures is ‘low’ to ‘moderate’.

The community has consistently rated high importance and low satisfaction with road and infrastructure service generally in the 2009, 2011 and 2013 surveys.

The survey has identified that conclusions or recommendations based only on the residents response to the questionnaire is generally misleading as the “satisfaction is in fact a perception of broader community perception of Council performance” (Source Hawkesbury City Council Community research, October 2013, Micromex research). Additional funding allocation alone to fix areas of least satisfaction (e.g. roads) may not improve the community satisfaction as there is always going to be expectations that further improvement may be desired in this area. The research on community satisfaction has identified that in addition to boosting resources attention is needed in other areas of Council service such as “brand” e.g. leadership, communication, engagement, customer service etc. to enhance community satisfaction.

#### **4.6. Risk assessment and management**

Council's Risk Management activity centres 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.

An initial risk assessment was carried out for the key infrastructure assets in association with preparation of the asset management plans. A risk management plan has been developed and consideration is given to attend to the priority risks progressively.

The risk issues and mitigation measures are detailed in the individual asset management plans.

#### **4.7. Financial Summary**

The asset management expenditure is categorised into operations, maintenance, renewal and new works. One of the key outcomes of asset management planning is the projection of expenditure that is required to provide desired levels of service now and into the future.

Council is planning to engage the community in setting desired levels of service in the near future. Following the service level negotiation with the community the currently projected expenditure may change.



As community desired levels of service are currently unavailable, the current asset plans and expenditure projection is based on existing information in hand on assets condition, performance, remaining life, public exposure to risks and asset managers experiential knowledge of the required works to maintain the assets in average to good condition band.

Draft asset management plans are published as separate documents. The plans outline in detail projected expenditure and other asset lifecycle management plans and strategies for key infrastructure asset classes (Transport, Buildings, Parks and Recreation and Wastewater). Due to limited stormwater drainage assets information it has been omitted and will be added in the future revision of this plan.

The plan analysed two scenarios for expenditure projection. Expenditure projection in Scenario 1 is based on "Business as usual" or current budget trend, and Scenario 2 is based on best estimate of expenditure required to operate and renew assets to maintain the condition of assets in average to good condition. Difference between Scenario 1 and 2 is labelled funding shortfall.

The following section presents a financial summary for operations and maintenance and capital renewal.

#### 4.7.1. Summary operations and maintenance expenditure

The table and graph below presents current trend and projected expenditure required and funding gap for operations and maintenance.

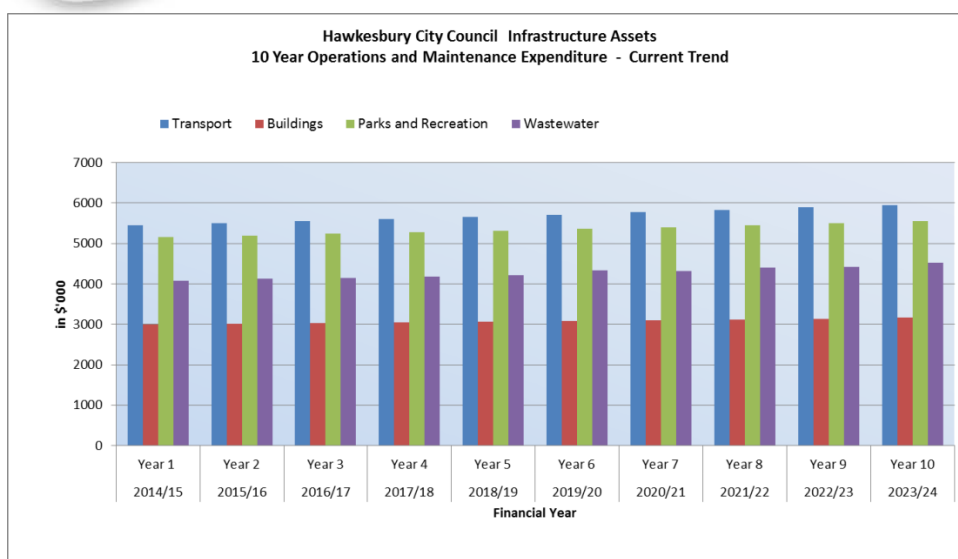
##### **Operations and Maintenance expenditure - Current trend**

Operations and Maintenance expenditure based on current expenditure trend is shown in the table and figure below:

Asset Class	Operations and maintenance expenditure - Current trend									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$5,443	\$5,503	\$5,553	\$5,605	\$5,658	\$5,713	\$5,769	\$5,827	\$5,887	\$5,948
Buildings	\$2,994	\$3,011	\$3,027	\$3,044	\$3,062	\$3,080	\$3,099	\$3,118	\$3,138	\$3,159
Parks and Recreation	\$5,160	\$5,198	\$5,237	\$5,277	\$5,318	\$5,360	\$5,404	\$5,449	\$5,496	\$5,544
Wastewater	\$4,074	\$4,121	\$4,139	\$4,172	\$4,207	\$4,333	\$4,310	\$4,408	\$4,422	\$4,527
<b>Total</b>	<b>\$17,671</b>	<b>\$17,833</b>	<b>\$17,956</b>	<b>\$18,098</b>	<b>\$18,245</b>	<b>\$18,486</b>	<b>\$18,582</b>	<b>\$18,802</b>	<b>\$18,943</b>	<b>\$19,178</b>

**Table 32: Operations and maintenance expenditure - Current trend**





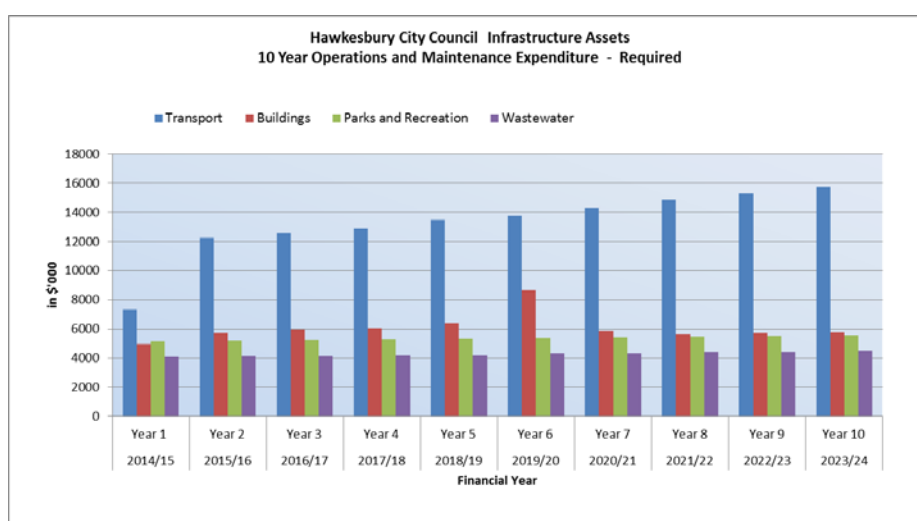
**Figure 28: Operation and maintenance expenditure - Current trend**

### Operations and maintenance expenditure - Required spend

Projected Operations and Maintenance expenditure required based on current asset information is shown in the table and figure below:

Asset Class	Operations and maintenance expenditure - Required spend									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$7,344	\$12,231	\$12,552	\$12,902	\$13,501	\$13,774	\$14,298	\$14,837	\$15,286	\$15,752
Buildings	\$4,941	\$5,736	\$5,948	\$6,058	\$6,362	\$8,662	\$5,881	\$5,656	\$5,757	\$5,796
Parks and Recreation	\$5,160	\$5,198	\$5,237	\$5,277	\$5,318	\$5,360	\$5,404	\$5,449	\$5,496	\$5,544
Wastewater	\$4,074	\$4,121	\$4,139	\$4,172	\$4,207	\$4,333	\$4,310	\$4,408	\$4,422	\$4,527
<b>Total</b>	<b>\$21,519</b>	<b>\$27,286</b>	<b>\$27,876</b>	<b>\$28,409</b>	<b>\$29,388</b>	<b>\$32,129</b>	<b>\$29,894</b>	<b>\$30,350</b>	<b>\$30,961</b>	<b>\$31,619</b>

**Table 33: Operations and maintenance expenditure - Required spend**



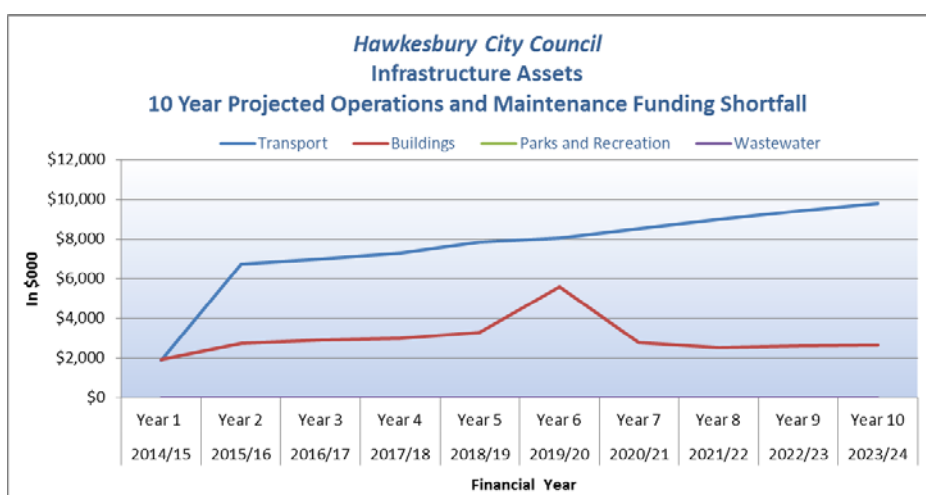
**Figure 29: Operations and maintenance expenditure - Required spend**

## Operations and maintenance funding shortfall

Forecast funding shortfall in operations and maintenance costs is shown in the table and figure below:

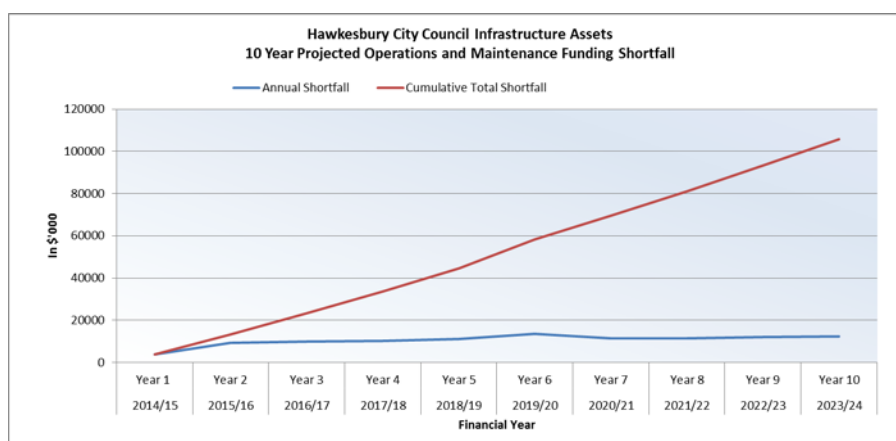
Asset Class	Forecast operations and maintenance funding shortfall									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$1,901	\$6,728	\$6,999	\$7,297	\$7,843	\$8,061	\$8,529	\$9,010	\$9,399	\$9,804
Buildings	\$1,947	\$2,725	\$2,921	\$3,014	\$3,300	\$5,582	\$2,782	\$2,538	\$2,619	\$2,637
Parks and Recreation	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Annual Shortfall	\$3,848	\$9,453	\$9,920	\$10,311	\$11,143	\$13,643	\$11,312	\$11,548	\$12,018	\$12,441
Cumulative Total Shortfall	\$3,848	\$13,301	\$23,221	\$33,533	\$44,676	\$58,320	\$69,631	\$81,179	\$93,197	\$105,639

**Table 34: Projected operations and maintenance funding shortfall**



**Figure 30: Projected funding shortfall for operations and maintenance**

The figure below shows an annual and cumulative funding shortfall over a 10 year period:



**Figure 31: Forecast annual and cumulative operations and maintenance funding shortfall for infrastructure assets**

## Summary operations and maintenance expenditure forecast

Planned or budgeted total for 10 year period:	\$184 million
Planned or budgeted on average per year:	\$18.4 million
Projected or estimated total required for 10 year period:	\$289 million
Projected or estimate total required on average per year:	\$28.9 million
Forecast total funding gap for 10 year period:	\$105 million
Forecast funding gap on average per year:	\$10.5 million

Assuming that the future level of funding will remain in vicinity of the projected figure the funding shortfall for operations and maintenance is likely to be \$10.5 million per year on average over the planning period for the key infrastructure assets (excluding stormwater).

### 4.7.2. Summary capital expenditure renewal expenditure

The table and graph below presents current trend and projected expenditure required and funding shortfall for capital renewals.

#### Capital renewal expenditure - Current trend

Capital renewal expenditure based on current trend is shown in the table and figure below:

Asset Class	Capital Renewal Expenditure - Current trend									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$4,915	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265	\$2,265
Buildings	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466	\$466
Parks and Recreation	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024	\$1,024
Wastewater	\$140	\$245	\$240	\$2,460	\$3,020	\$1,100	\$290	\$420	\$410	\$460
<b>Total</b>	<b>\$6,544</b>	<b>\$3,999</b>	<b>\$3,994</b>	<b>\$6,214</b>	<b>\$6,774</b>	<b>\$4,854</b>	<b>\$4,044</b>	<b>\$4,174</b>	<b>\$4,164</b>	<b>\$4,214</b>

Table 35: Capital renewal expenditure - Current trend

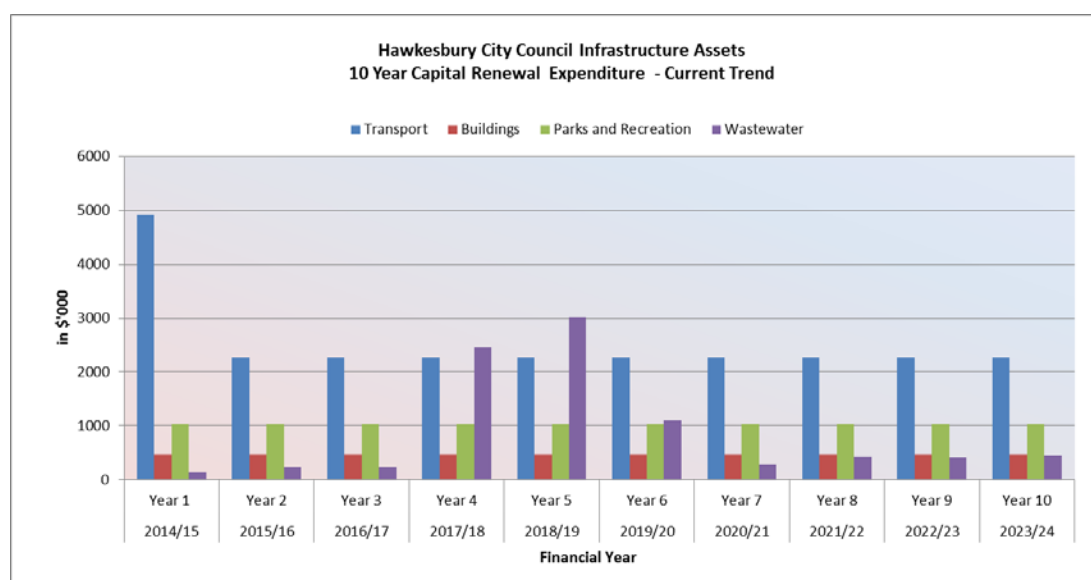


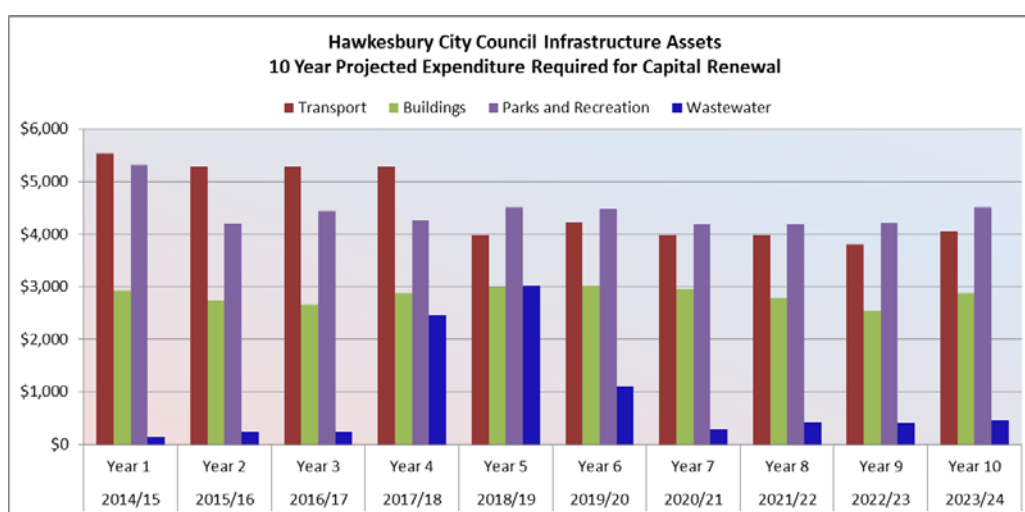
Figure 32: Capital renewal expenditure - Current trend

## Projected capital renewal expenditure - Required spend

Projected capital renewal expenditure required is shown in the table and figure below:

Asset Class	Projected Capital Renewal Expenditure Required									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$5,532	\$5,282	\$5,282	\$5,282	\$3,982	\$4,232	\$3,982	\$3,982	\$3,802	\$4,052
Buildings	\$2,930	\$2,744	\$2,654	\$2,880	\$2,990	\$3,014	\$2,963	\$2,784	\$2,544	\$2,880
Parks and Recreation	\$5,321	\$4,198	\$4,428	\$4,269	\$4,506	\$4,488	\$4,177	\$4,186	\$4,211	\$4,508
Wastewater	\$140	\$245	\$240	\$2,460	\$3,020	\$1,100	\$290	\$420	\$410	\$460
<b>Total</b>	<b>\$13,923</b>	<b>\$12,469</b>	<b>\$12,604</b>	<b>\$14,891</b>	<b>\$14,498</b>	<b>\$12,834</b>	<b>\$11,412</b>	<b>\$11,372</b>	<b>\$10,967</b>	<b>\$11,900</b>

**Table 36: Projected capital renewal expenditure - Required spend**



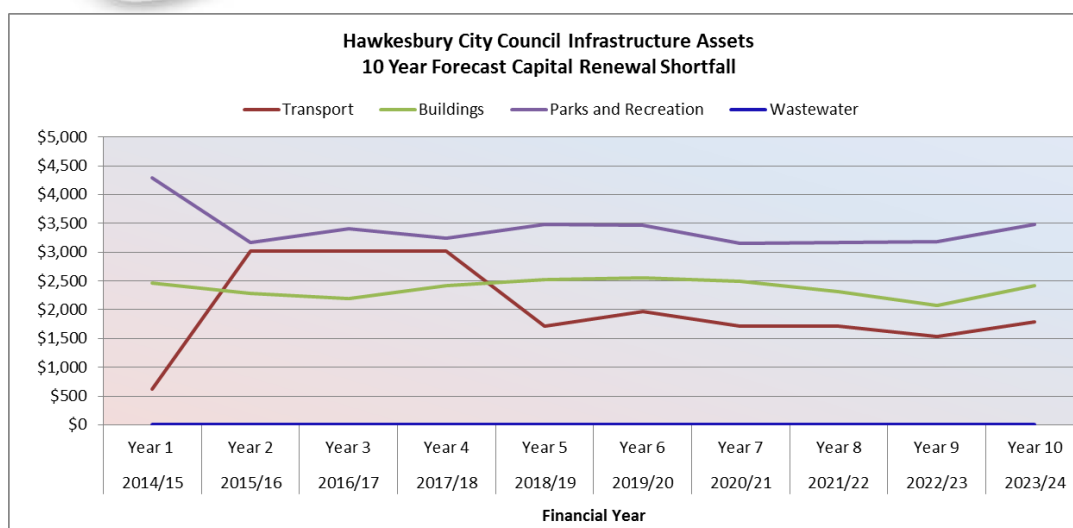
**Figure 33: Projected capital renewal expenditure - Required spend**

## Capital renewal funding shortfall

Projected funding shortfall in capital renewal is shown in the table and figure below:

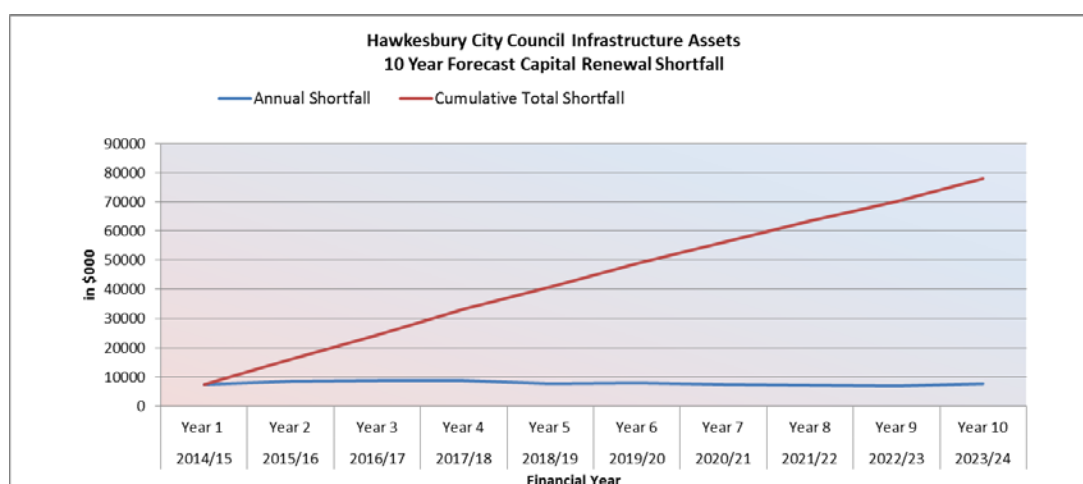
Asset Class	Funding Shortfall (Planned - Projected) Capital Renewal Expenditure									
	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023	2023/2024
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Transport	\$617	\$3,017	\$3,017	\$3,017	\$1,717	\$1,967	\$1,717	\$1,717	\$1,537	\$1,787
Buildings	\$2,465	\$2,279	\$2,188	\$2,415	\$2,524	\$2,548	\$2,497	\$2,318	\$2,079	\$2,415
Parks and Recreation	\$4,297	\$3,174	\$3,404	\$3,245	\$3,482	\$3,464	\$3,153	\$3,162	\$3,187	\$3,484
Wastewater	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Total</b>	<b>\$7,379</b>	<b>\$8,470</b>	<b>\$8,610</b>	<b>\$8,677</b>	<b>\$7,724</b>	<b>\$7,980</b>	<b>\$7,368</b>	<b>\$7,198</b>	<b>\$6,803</b>	<b>\$7,686</b>
<b>Cumulative Total</b>	<b>\$7,379</b>	<b>\$15,850</b>	<b>\$24,460</b>	<b>\$33,137</b>	<b>\$40,861</b>	<b>\$48,840</b>	<b>\$56,208</b>	<b>\$63,406</b>	<b>\$70,209</b>	<b>\$77,896</b>

**Table 37: Forecast capital renewal expenditure funding shortfall**



**Figure 34: Projected capital renewal expenditure funding shortfall**

The figure below show a cumulative funding renewal shortfall over a 10 year period:



**Figure 35: Forecast cumulative capital renewal funding shortfall for infrastructure assets**

### Capital renewal forecast summary

Planned or budgeted total for 10 year period:	\$49 million
Planned or budgeted on average per year:	\$4.9 million
Projected or estimated total required for 10 year period:	\$126.9 million
Projected or estimate total required on average per year:	\$12.7 million
Forecast total funding gap for 10 year period:	\$77.9 million
Forecast funding gap on average per year:	\$7.8 million

Assuming that the future level of funding will remain in vicinity of the projected figure the funding shortfall for capital renewal is likely to be \$7.8 million per year on average over the planning period.

#### **4.8. Key issues and challenges**

Following are key challenges facing Council in providing sustaining services in the long term:

- a) Capturing accurate infrastructure asset information such as condition, remaining useful life, utilisation and performance data
- b) Developing asset lifecycle cost models for a range of service levels
- c) Optimising asset renewal cycle to maximise return on asset renewals and maintenance investments
- d) Engaging the community in setting appropriate and affordable levels of service
- e) Ensuring that assets are maintained and provide intended service for the current and future users
- f) Accounting and planning for all existing infrastructure assets and any new assets solutions proposed in the Hawkesbury Community Strategic Plan
- g) Establishing a robust asset management system and processes to enable forecasts with reasonable accuracy the expenditure required to provide the desired levels of service by the community
- h) Developing long term robust expenditure forecasts for asset management
- i) Engaging and educating the community to ensure the community has support for appropriate revenue generation to deliver agreed service levels
- j) Identifying opportunities for the disposal of excess or underutilised assets
- k) Identifying cost effective asset maintenance and renewal strategies.





# **Appendices**







## Appendix A - Asset Management Plan Summary



**Transport**



**Buildings**



**Parks and Recreation**



**Wastewater**

## Introduction

Hawkesbury City Council infrastructure assets include Transport, Stormwater Drainage, Buildings, Parks and Recreation and Wastewater. Presented below is the summary information for transport, buildings, parks and wastewater asset management plans. There is limited information on stormwater drainage assets and a corresponding asset plan is currently under development. The stormwater drainage information will be included in the future revision of this document.

The key assumptions made in preparing the asset management plan include the following:

### a) Asset management plan development approach

The asset management plan process uses the core or “basic” approach to developing asset management plans. This involves:

- Taking a lifecycle approach
- Developing basic asset management plans, based on best available information in hand, simple risk assessment analysis and current levels of service
- Projecting expenditure for capital renewal based on current knowledge of the assets condition and remaining useful life
- Preparing asset management improvement plans to improve information on assets and projecting life cycle expenditure for the long term.

### b) Asset condition rating scale

The National Asset Management Strategy (NAMS) guideline is applied for asset condition rating. The NAMS condition rating scale is shown below.

Condition Score/Rating	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 (20-50% defect)
5	Poor	Asset unserviceable, over 50% of asset require replacement

**Table 38: NAMS asset condition rating scale**

### c) Asset condition assumption

Council hold limited asset condition information other than for road pavements. However, in association with implementation of corporate asset management system, Council has commenced asset data collection for other assets.

Asset condition data capture is an on-going and continuous improvement process, and it may take several years before robust data is available for meaningful analysis.

For the purpose of ‘core’ asset management plan preparation where asset condition data was not readily available asset condition was derived based on an analysis of a ratio of estimated remaining useful life to a total estimated asset useful life. The table below presents the assumption made in deriving asset condition.

Estimated remaining useful life as % of total asset life (Remaining life/ Asset life)	Condition (1 Excellent - 5 Very Poor)	Condition description
>80%	1	Excellent
40%-79%	2	Very Good
25%-39%	3	Good
5%-24%	4	Average
<5%	5	Poor

**Table 39: Assumption made in estimating asset condition**

**d) Asset management expenditure category**

Council's expenditure is categorised into operational and capital. Operational expenditure includes operations and maintenance costs, and capital expenditure includes capital renewal (existing asset) and capital new (new assets and addition).

**e) Asset management expenditure projection scenarios**

The asset management plan analysed two scenarios for 10 year expenditure projection. The Scenario 1 was based on 'Business as usual' or current budget trend. Whereas the Scenario 2 was based on best estimate of expenditure required to operate and renew assets to maintain the existing infrastructure assets in an average to good condition. The difference between Scenario 1 and 2 i.e. required expenditure minus current budget level was identified as a funding shortfall or a funding gap.

**f) Life Cycle Costs**

The Life Cycle Cost (LCC) is the sum of annual average operations and maintenance expenditure over 10 years and annual asset depreciation (consumption) expense i.e.  $LCC = \text{Operation and Maintenance} + \text{Depreciation}$ . The LCC does not indicate the funds required to provide the service in a particular year.

**g) Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the annual average operations, maintenance and capital renewal expenditure i.e.  $LCC = \text{Operation and Maintenance} + \text{Renewal}$ .

**h) Life Cycle Expenditure Gap**

Life Cycle expenditure gap is the difference between LCC and LCE i.e.  $LCGap = LCC - LCE$ .

**i) Life Cycle Indicator or Sustainability Index**


Sustainability index is the ratio of LCE to LCC. A life cycle sustainability index of 1.0 indicates that the current funding level is equal to the required lifecycle funding estimate. A sustainability ratio of less than 1.0 indicates a funding gap. The sustainability index gives an indication of issues associated with achieving long-term sustainability.

Depreciation is used as the measure of asset consumption for the long term as it is a readily available measure from audited financial statements.

**j) Risks**

Infrastructure risk management focus on network and critical assets that may result in loss of service or reduction in service level from the infrastructure assets or a financial shock to the Council.

Network level risks are those that result in a reduction in service levels and asset condition deterioration at a network level over time as a result of reduced budget funding levels.



Critical asset risks are those individual infrastructure assets that have the potential to cause loss or reduction of service at a specific location e.g. bridge failure, sewerage mains failure etc. Inability to fully fund the asset life cycle costs over the long term may result in:

- Decline in Levels of Service and resultant community dissatisfaction
- Increase in maintenance costs including reactive maintenance works
- Potential high cost to restore asset to fair condition
- Decline in condition and value of assets
- Increasing exposure to public liability and property damage claims.

#### **k) Long Term Financial Plan**

The purpose of the long term financial plan is to express in financial term the activities that the Council proposed to undertake over the medium to long-term to achieve its stated objective in the HCSP.

The long-term financial plan builds on the asset management plan, which expresses the activities that the Council proposes to undertake to achieve its objectives in physical terms.

## Appendix B - Transport Asset Management Plan Summary

### Overview

Transport assets include sealed and unsealed roads, paved footpaths and cycle-ways, bridges, kerb and gutter, traffic control facilities and road furniture that are under council control. It does not include the state roads or classified roads, which are the responsibility of the Roads and Maritime Services (RMS).

Council's transport network is vast and provides access to rural and residential areas within the LGA. Council's transport network statistics is shown in the table below:

Transport Asset		
Asset Category	Asset Quantity	Current Replacement Cost in Million \$
Sealed Roads	735.5kms	\$380,190
Unsealed Roads	299.2kms	\$25,833
Sealed Roads Structure	TBA	\$1,291
Bridges	64 nos	\$34,452
Footpaths	72.9kms	\$10,318
Cycleways	9.6kms	\$5,132
Kerb and Gutter	329.6kms	\$48,836
Road Furniture	10,000 - signs 360kms - pavement markings	\$7.0
Car Parks	3402 spaces (off road)	\$18.4
<b>Total</b>		<b>\$531.5</b>

Table 40: Transport asset category and replacement cost

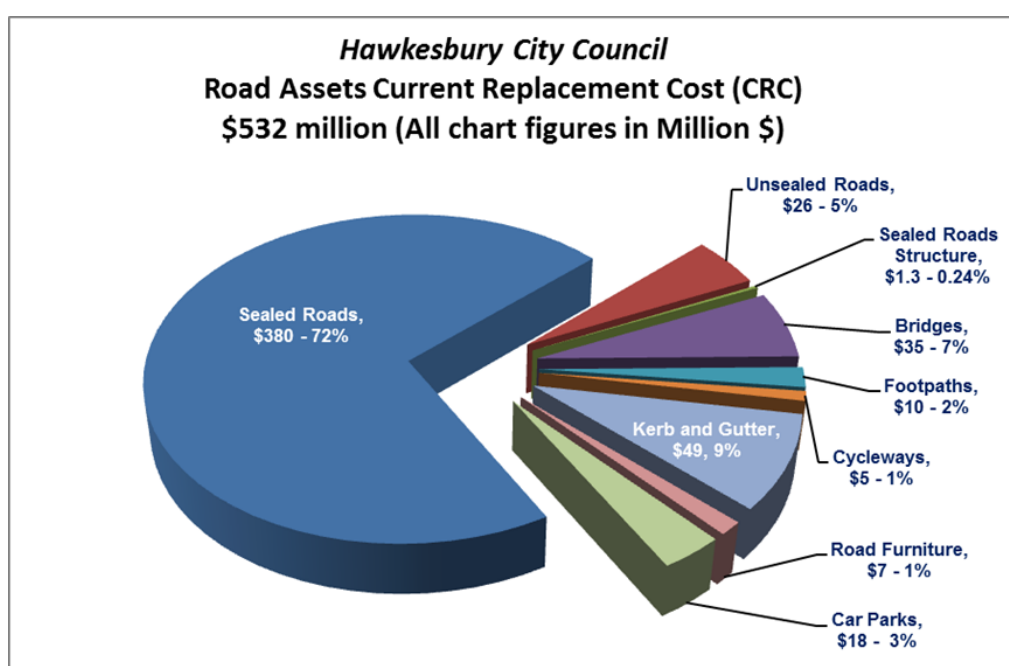


Figure 36: Transport assets current replacement costs



## **Transport Service Objectives**

The transport network is critical for social and economic activity of the community for movement of goods and services within the LGA and beyond. It is also essential for social, economic and cultural needs of the modern living.

Private motorised vehicles form the key transport mode within the Hawkesbury. The transport service is used for commuting to work, education centres and businesses, travel to destinations to meet recreation, health, cultural, social and economic needs. The bulk of the Council transport network consists of road and associated assets. In addition, Council also provides paved pathways and bike paths for people to walk and cycle.

Other transport service provided by the State government in the LGA includes State roads, public rail and bus service.



## Community satisfaction with current Levels of Service

Council undertakes biennial community satisfaction survey. The survey identifies importance and satisfaction with a range of Council offered services including transport.

Presented in the table below is the community rating in terms of importance and satisfaction with transport and related services for the 2009, 2011 and 2013 surveys.

Ranking 2009	Ranking 2011	Ranking 2013	Service Facility	Importance 2009	Satisfaction 2009	Performance gap 2009	Importance 2011	Satisfaction 2011	Performance gap 2011	Importance 2013	Satisfaction 2013	Performance gap 2013
1	1	1	Road Maintenance	4.56	2.32	2.24	4.6	2.15	2.45	4.64	2.18	2.46
3	2	2	Improving service and infrastructure generally	4.49	2.83	1.66	4.35	2.77	1.58	4.48	2.57	1.91
5	4	6	Road safety	4.64	3.03	1.61	4.53	3.05	1.48	4.63	2.98	1.65
6	6	3	Engaging community in making decisions	4.34	2.79	1.55	4.25	2.82	1.43	4.29	2.50	1.79
13	18	12	Footpath and cycleways	4.08	2.86	1.22	3.77	2.88	0.89	3.96	2.77	1.19
16	20	20	Car parks	4.25	3.04	1.21	4.1	3.22	0.88	4.18	3.19	0.99

**Table 41: Community rating of importance and satisfaction with transport service**

The community has consistently identified extremely high levels of importance and low levels of satisfaction with the condition of local roads over the last three surveys. Roads also ranked as a number one area of Council service for the community in terms of importance and satisfaction ranking.

Improving service and infrastructure generally and road safety are other two areas which the community has identified as extremely high level of importance and low to moderately low level of satisfaction.

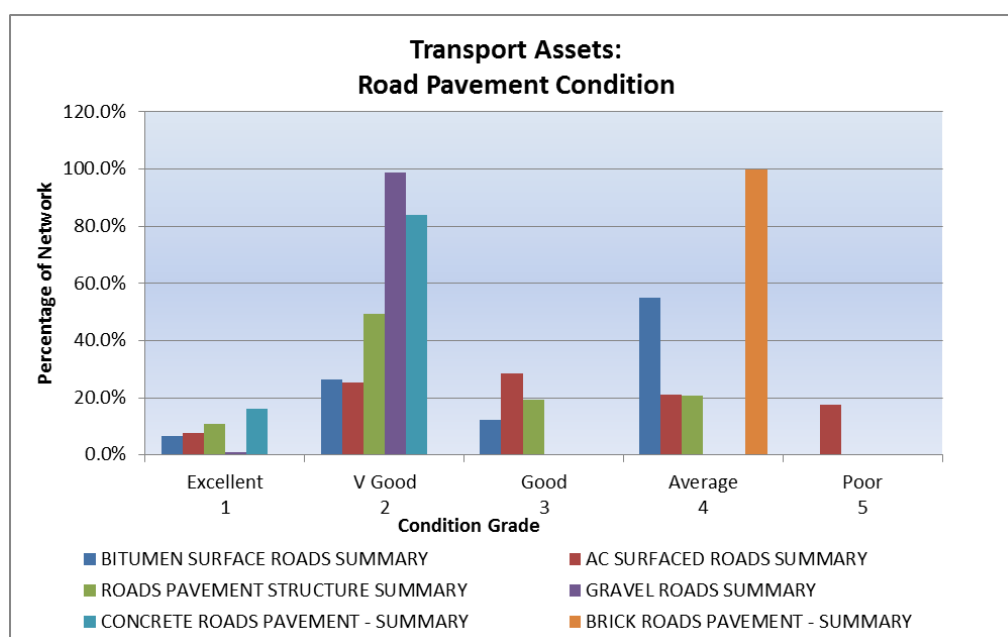
The community is also increasingly voicing the need for community engagement in the decision making process.

To identify and address key issues identified in the survey, Council is aiming to engage the community to set community desired levels of service for infrastructure assets.

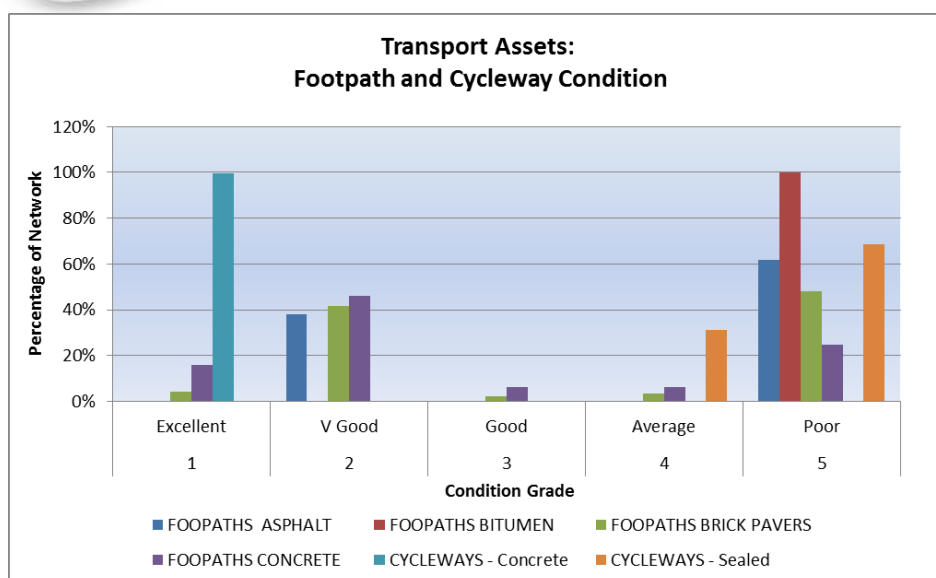
## Asset Condition and Capacity

Council maintains a good asset data on sealed roads condition. Periodically road condition data is updated through an audit. However, information on other asset condition, performance and capacity is limited. Where audited asset condition data was not readily available, the condition was derived based analysis of asset age and remaining life.

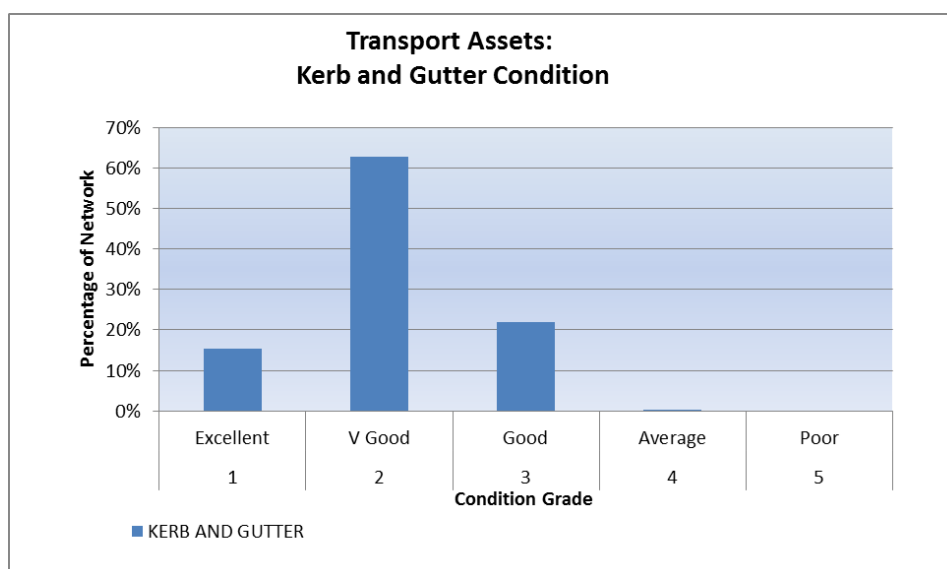
The figure below presents the condition of some transport asset categories.



**Figure 37: Road pavement condition**



**Figure 38: Footpaths and bike paths condition**

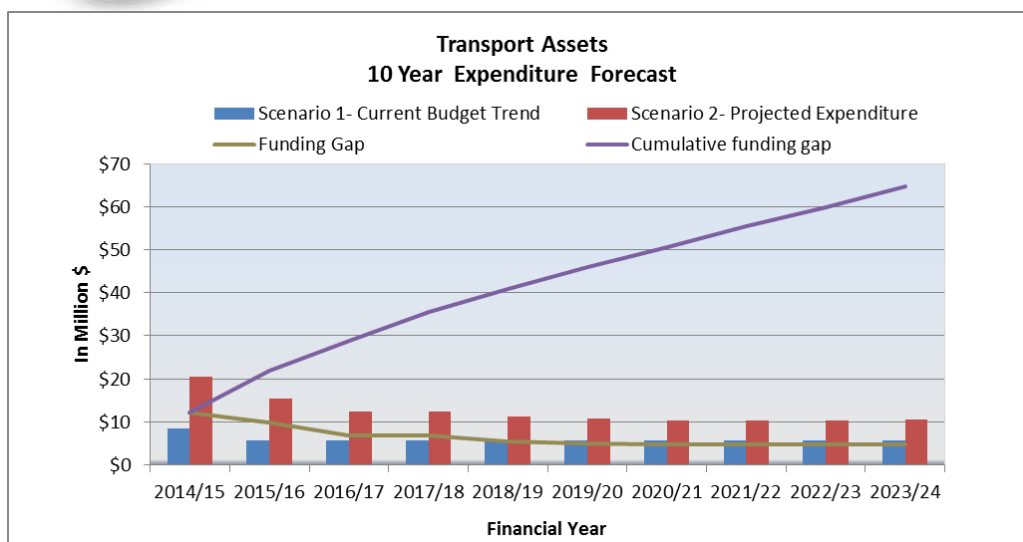


**Figure 39: Kerb and gutter condition**

## Financial Summary

The asset management plan analysed two scenarios in projecting long term expenditure forecast. Scenario 1 is based on current budget trend and Scenario 2 is based on an estimate of expenditure required to maintain the assets at fair to good condition range.

The difference in expenditure between the two scenarios is the potential funding shortfall. The figure below show forecast annual planned and project expenditure, annual funding shortfall and a cumulative funding shortfall over a 10 year planning period.



**Figure 40: Forecast transport assets expenditure and funding shortfall**

It is projected that transport assets cumulative renewal funding gap in 2023/24 will grow to \$65 million, this is on average \$6.5 million shortfall per year over a 10 year planning period.

## Implications, Issues and Challenges

### Financial

Councils roads maintenance and renewal is currently grossly underfunded. Failure to boost funding for roads renewal would result in further deterioration of the road condition and community dissatisfaction. Council will need to engage the community to set a desirable service standard and initiate dialogue with the community to set desirable and sustainable levels of service. The discussion also needs to assess the community's willingness to assist with additional revenue to improve and maintain roads condition.

### Sealed roads

The major issue is the declining road pavement condition. Due to past under funding a large number of roads renewal 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 is increasing every year.


Due to funding limits there is increasing trend towards reactive maintenance. The community has consistently rated low satisfaction with the roads service. The challenge is to engage the community in setting reasonable expectation commensurate with available funding level and to identify their willingness to pay to restore the asset condition to provide a community desired levels of service.

### Unsealed roads

Currently, maintenance grading is generally carried out on unsealed roads as the current funding level is inadequate to lay additional gravel layer. Many section of the road has reached a stage where gravel pavement is non-existent due continual grading. Re-gravelling work is generally deferred due to funding limitation.

### Bridges

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



#### Footpaths/Cycle ways

There have been demonstrated improvements in the asset condition due to increase in funding.

#### Kerb and Gutter

The asset condition survey demonstrated significant improvements in the network due to recent increases in funding for renewal.

## Appendix C - Buildings Asset Management Plan Summary

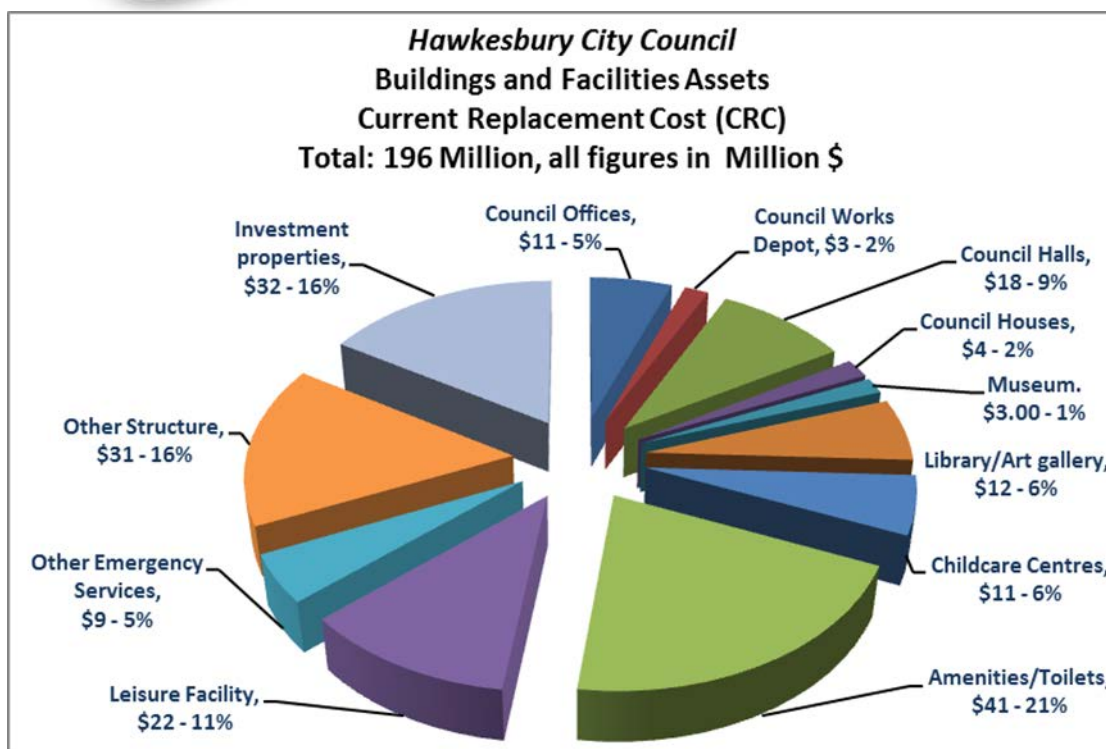
### Overview

Council's buildings portfolio includes a variety of building structures and associated facilities. They range from the Council's main administration office in Windsor, through to works depots, public halls, aquatic centre, community and childcare centres, public toilets and amenities. Council also owns a small number of residential dwellings and commercial properties. Most Council buildings and facilities are for public use.

Council's buildings and facilities statistics are shown in the table below:

Buildings and Facilities		
Asset Category	Asset Quantity	Current Replacement Cost in Million \$
Council Offices	1 no	\$11.04
Council Works Depot	1 no	\$3.27
Council Halls	26 nos	\$17.93
Council Houses	16 nos	\$3.50
Museum	1 no	\$3.00
Library	2	\$11.78
Childcare Centres	13 nos	\$11.11
Art Gallery	1	\$0.00
Amenities/Toilets	81 nos	\$40.80
Leisure Facility	1	\$22.49
Other Emergency Services	24 nos	\$9.20
Other Structures	N/A	\$30.70
Investment properties	43 nos	\$31.67
<b>Total</b>		<b>\$196.48</b>

**Table 42: Building and Facilities asset category and replacement cost**



**Figure 41: Building and Facilities current replacement cost break up**

### **Buildings and Facilities Service Objectives**

Buildings and facilities assets provide a wide range service to the community's needs. Some of these assets include office administration, library, museum, public facilities, sheds and shelter for sporting and recreation, childcare centres, community halls and centres, indoor sporting venues etc.



## Community satisfaction with current levels of service

Council undertakes biennial community satisfaction survey. The survey identifies importance and satisfaction with a range of Council offered services including public buildings and facilities.

Presented in the table below is the community rating in terms of importance and satisfaction with public buildings and related services for the 2009, 2011 and 2013 surveys.

Ranking 2009	Ranking 2011	Ranking 2013	Service Facility	Importance 2009	Satisfaction 2009	Performance gap 2009	Importance 2011	Satisfaction 2011	Performance gap 2011	Importance 2013	Satisfaction 2013	Performance gap 2013
6	6	3	Engaging community in making decisions	4.34	2.79	1.55	4.25	2.82	1.43	4.29	2.50	1.79
15	7	11	Public toilets	3.88	2.66	1.22	3.9	2.55	1.35	3.90	2.69	1.21
29	30	26	Disabled ramps and access	3.93	3.08	0.85	3.81	3.22	0.59	4.00	3.12	0.88
47	45	45	Community centres and community halls	3.38	3.75	-0.37	3.24	3.66	-0.42	3.38	3.65	-0.27
46	47	46	Public swimming pools	3.17	3.5	-0.33	3.04	3.59	-0.55	3.12	3.60	-0.48

**Table 43: Community rating for importance and satisfaction with buildings service**

The community has consistently identified in general satisfaction with the condition of public buildings over the last three surveys. Public toilets are one area where the community has identified as needing improvement.

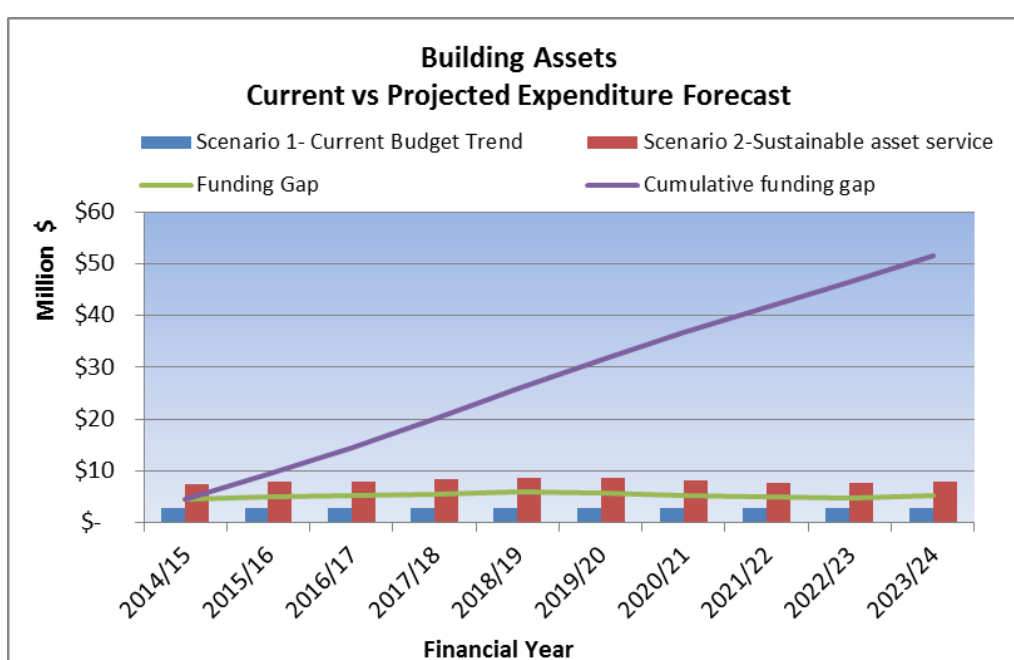
## Asset Condition and Capacity

Currently there is limited buildings asset condition data. However, asset data gathering has commenced in association with implementation of a corporate asset management system. Future review of this plan will include asset condition information.

## Financial Summary

The asset management plan analysed two scenarios in projecting long term expenditure forecast. Scenario 1 is based on current budget trend and Scenario 2 is based on an estimate of expenditure required to maintain the assets at fair to good condition range.

The difference in expenditure between the two scenarios is the potential funding shortfall. The figure below show forecast annual planned and project expenditure, annual funding shortfall and a cumulative funding shortfall over a 10 year planning period.



**Figure 42: Forecast expenditure and funding shortfall**

It is projected that building assets cumulative renewal funding gap in 2023/24 will grow to \$52 million, this represents an average per annum shortfall of about \$5.2 million over a 10 year planning period.

## Implication, Issues and Challenges

### Financial

Council's buildings maintenance and renewal is currently underfunded. Although the community is fairly satisfied with the current service levels it is estimated that significant funding is required to renew the ageing building finishes and furniture. In addition to building and facility maintenance Council is required to meet legislative safety and risk requirements for heating, ventilation and air conditioning (HVAC), electrical, fire safety, disability, National Construction Code (NCC) compliance etc. which require significant investment.

Engaging the community in setting desirable levels of service is identified as low priority at this time as the community is generally satisfied with the current service levels.



Following are some other buildings and facilities asset management 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, NCC, Work Health and Safety (WHS) standards.

## Appendix D - Parks and Recreation Asset Management Plan Summary

### Overview

Council's parks and recreation or open space assets include natural areas, parks, reserves, street trees, sportsgrounds, play equipment, other recreational assets such as BBQ, table and benches, irrigation system, skate parks and flood lighting.

Significant amount of parks and recreation assets data was captured in association with implementation of Council's asset management system.

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

PARKS AND RECREATION ASSETS		
Asset Category	Asset Quantity	Current replacement cost in Million \$
Playground Equipment	60 m	see note*
Playing Courts	51 ea	see note*
Skate Parks	2 ea	see note*
Swimming Pools	2 ea	see note*
Wharf	1 ea	see note*
Indoor Stadium	1 ea	see note*
Floodlighting	254 ea	see note*
Boat Ramp	1 ea	see note*
Irrigation	10 ea	see note*
Sports Fields	83 nos	see note*
Grand Stand	2 nos	see note*
<b>Total</b>		<b>\$57.6</b>

**Table 44: Parks asset category and replacement cost**

*\* Detailed CRC breakdown is currently not available*

### Parks and Recreation Service Objectives

Parks and recreation provide open spaces and facilities for recreation, sporting venues, health and leisure activities. It offers opportunity for enjoyment of natural areas and open space for healthy living and overall enhanced quality of life.

It also provides, protects and preserves trees and open green space for the Hawkesbury community and visitors.

## Community satisfaction with current Levels of Service

Council undertakes biennial community satisfaction survey. The survey identifies importance and satisfaction with a range of Council offered services including public buildings and facilities.

Presented in the table below is the community rating in terms of importance and satisfaction with public parks and recreation and related services for the 2009, 2011 and 2013 surveys.

Ranking 2009	Ranking 2011	Ranking 2013	Service Facility	Importance 2009	Satisfaction 2009	Performance gap 2009	Importance 2011	Satisfaction 2011	Performance gap 2011	Importance 2013	Satisfaction 2013	Performance gap 2013
6	6	3	Engaging community in making decisions	4.34	2.79	1.55	4.25	2.82	1.43	4.29	2.50	1.79
15	7	11	Public toilets	3.88	2.66	1.22	3.9	2.55	1.35	3.90	2.69	1.21
39	34	37	Parks and reserves	3.91	3.61	0.3	4.02	3.52	0.5	3.94	3.58	0.36
45	42	41	Sporting and recreation facilities	3.33	3.66	-0.33	3.34	3.52	-0.18	3.46	3.47	-0.01
41	44	43	Playgrounds	3.58	3.59	-0.01	3.3	3.53	-0.23	3.52	3.63	-0.11

**Table 45: Community satisfaction with parks and recreation service**

The community have consistently voiced their satisfaction with the parks and recreation service.

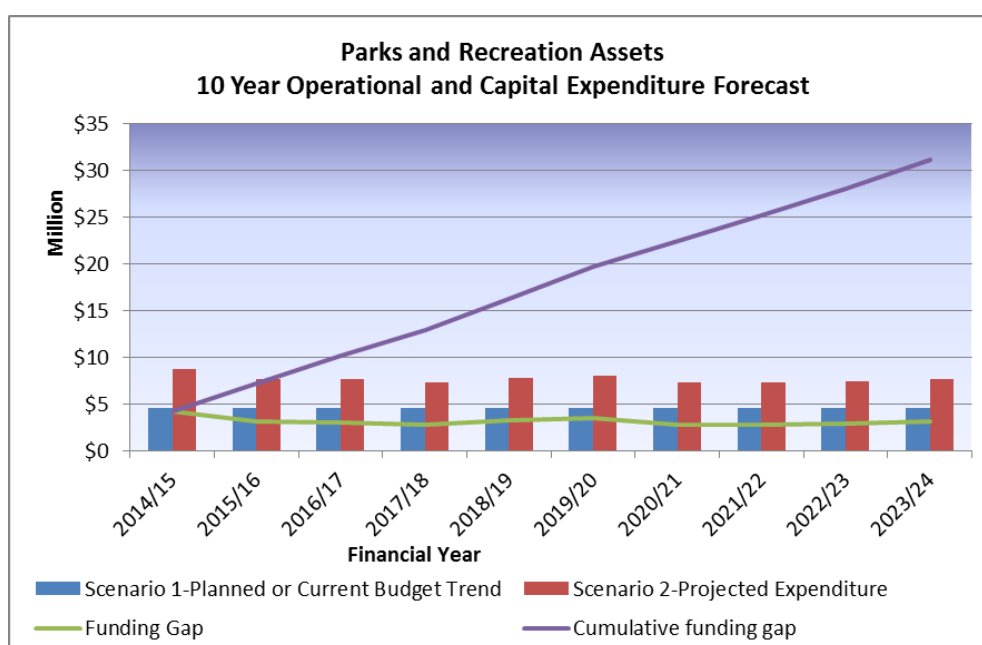
## Asset Condition and Capacity

- Condition – parks asset inventory surveys have highlighted that there are a large number of parks assets that are in poor condition. Renewal and replacement of parks assets has been highlighted in the 10 year works program. 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 parks are in the suitable locations.

## Financial Summary

The asset management plan analysed two scenarios in projecting long term expenditure forecast. Scenario 1 is based on current budget trend and Scenario 2 is based on an estimate of expenditure required to maintain the assets at fair to good condition range.

The difference in expenditure between the two scenarios is the potential funding shortfall. The figure below show forecast annual planned and project expenditure, annual funding shortfall and a cumulative funding shortfall over a 10 year planning period




**Figure 43: Forecast park assets expenditure and funding shortfall**

## Implications, Issues and Challenges

### Financial

It is projected that parks assets cumulative renewal funding gap in 2023/2024 will grow to \$31million, this represents an average per annum shortfall of about \$3 million over a 10 year planning period.

Engaging the in setting desirable levels of service is identified as low priority at this time as the community is generally satisfied with the current service levels.



Following are some other parks and recreation facilities asset management issues:

- Collection of asset data for remaining parks assets
- Addressing the funding gap for asset renewal
- Capturing asset utilisation data
- 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
- Consolidating and rationalising of open space as identified in the recreation strategy may help solve some funding gaps.



## Appendix E - Wastewater (Sewerage) Asset Management Plan Summary

### Overview

The Sydney Water and Council share the provision reticulated wastewater service in parts of the Hawkesbury LGA. This service is offered to the southern-most urban part of the LGA. The rest of the LGA is serviced by on-site septic system, private sewerage systems or private sewage pump-out services.

Council operates two sewerage systems and two treatment plants, one at McGraths Hills and the other at South Windsor. The sewerage system area consists of 24 district catchments, each serviced by its own pumping station.

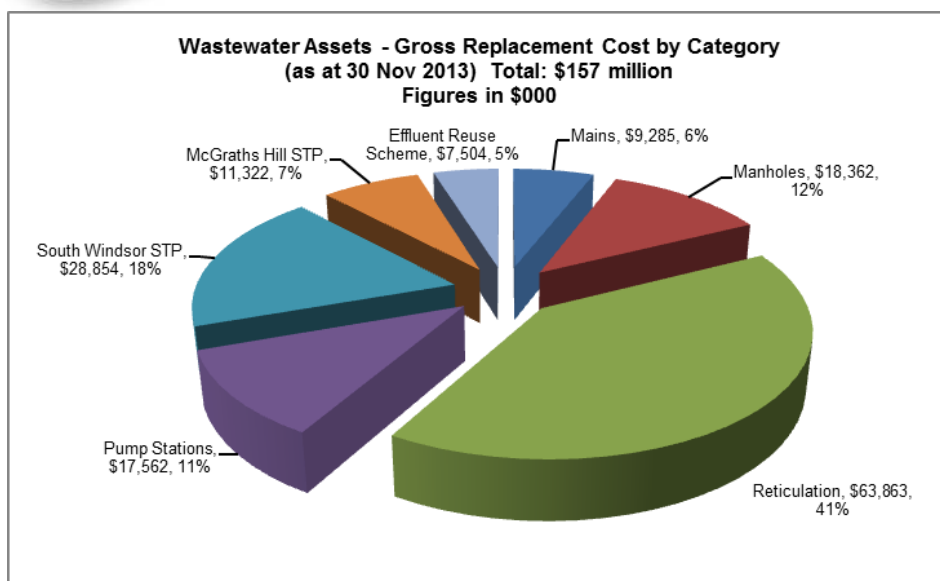
Council's key wastewater infrastructure assets include underground sewerage pipe network, manholes, pump stations and sewage treatment facility.

Council has completed CCTV inspection of the most of the underground pipe network to assess the condition.

Council's wastewater assets are shown in the table below:

WASTEWATER ASSETS		
Asset Group	Asset Quantity	Current replacement cost in Million \$
Mains	147kms	\$9.3
Manholes	3228 nos	\$18.4
Reticulation	24 nos	\$63.9
Pump Stations	2 nos	\$17.6
South Windsor STP	1 no	\$28.9
McGraths Hill STP	1 no	\$11.3
Effluent Reuse Scheme	32kms	\$7.5
<b>Total</b>		<b>\$156.8</b>

**Table 46: Wastewater asset category and replacement cost**



**Figure 44: Wastewater assets current replacement cost breakup**

### Wastewater Assets Service Objectives

The wastewater assets 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. It provides a service for a healthy environment for community living.

## Community Satisfaction and Level of Service

Council undertakes biennial community satisfaction survey. The survey identifies importance and satisfaction with a range of Council offered services including public buildings and facilities.

Presented in the table below is the community rating in terms of importance and satisfaction with public buildings and related services for the 2009, 2011 and 2013 surveys.

Ranking 2009	Ranking 2011	Ranking 2013	Service Facility	Importance 2009	Satisfaction 2009	Performance gap 2009	Importance 2011	Satisfaction 2011	Performance gap 2011	Importance 2013	Satisfaction 2013	Performance gap 2013
27	37	34	Provision of mains sewerage	4.2	3.31	0.89	3.77	3.38	0.39	3.87	3.37	0.50

**Table 47: Community satisfaction with wastewater service**

The survey has consistently identified high level of importance and satisfaction for the wastewater service offered by Council.

## 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 areas. Pipes are renewed on a prioritised basis. Pipe renewal funding remains constant at about \$200,000 per year for 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

The wastewater service is operated on a full cost recovery basis under the legislative and licencing requirements. Asset operations and maintenance, renewal and any new asset development costs are fully funded with no funding gap.

## Issues and Challenges

1. Currently there is limited asset condition data for underground reticulation network. However, CCTV inspection program has commenced and reticulation network condition data is being gathered with priority given to ageing clay pipe network within the Windsor CBD area.
2. Compliance with changing licensing requirements in regards to wastewater disposal quality standard.
3. Climate change and its potential impact on wastewater service.
4. Dealing with the new subdivision area wastewater issues.
5. Increasing cost of energy.



