

HAWKESBURY CITY COUNCIL

# RESOURCING STRATEGY

## 2012-2022

Long Term Financial Planning  
Workforce Management Planning  
Asset Management Planning



SHAPING OUR FUTURE



## **About this Resourcing Strategy**

The Hawkesbury Community Strategic Plan 2010 – 2030 (CSP) provides a vehicle for expressing long-term community aspirations. However, these will not be achieved without sufficient resources (i.e. time, money, assets and people) to actually carry them out. The Resourcing Strategy is a critical link when it comes to translating objectives of the Community Strategic Plan into actions.

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

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

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

### **Long Term Financial Planning**

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

### **Workforce Management Planning**

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

### **Asset Management Planning**

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

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



# **LONG TERM FINANCIAL PLANNING**







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# 1 INTRODUCTION

The Long Term Financial Plan (LTFP) is a requirement under the Integrated Planning and Reporting Framework for NSW Local Government 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 experienced much attention and has become a major cause for concern due to:

- Increased demand for services from the community,
- Diversion of resources from local government via cost shifting,
- Constraints over major income streams due to rate pegging,
- Constraints over income streams subject to statutory fees
- Dependence on grant income,
- Caps placed on development contributions,
- 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 2010-2030 (CSP), are tested against financial realities. The CSP is divided into five vision statements, which are supported with directions, strategies, goals and measures to assist Council and the community to achieve its objectives:

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

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

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

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

- the current financial position of Council
- the planning assumptions used to develop the Plan,
- revenue and expenditure forecasts, including risk assessment,
- consideration of asset management and 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,
- 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 2011, as stated by Council's external auditors Pricewaterhouse Coopers. This short term position was maintained during the 2011/2012 financial year with all Budget Review Statements for the September 2011, December 2011 and March 2012 quarters reporting a balanced budget position being maintained after a number of budgetary adjustments to accommodate change in trends, changed priorities and unforeseen events.

A summary of Council's financial results for the period ended 30 June 2011 and budgeted position for the financial year ending 30 June 2012 are presented in the tables below:

**Table 1**

<b>Statement of Financial Performance</b>	<b>2010/11 Actual 30 June 2011 \$'000</b>	<b>2011/12 Original Budget 30 June 2012 \$'000</b>
Income from continuing operations	68,438	58,056
Expenses from continuing operations	63,931	67,137
Net Operating Result for the year	4,507	(9,081)
Capital Grants & Contributions	12,266	1,937
<b>Net Operating Result before Capital grants &amp; Contributions</b>	<b>(7,759)</b>	<b>(11,018)</b>

**Table 2**

<b>Income from continuing operations</b>	<b>2010/11 Actual 30 June 2011 \$'000</b>	<b>2011/12 Original Budget 30 June 2012 \$'000</b>
Rates and Annual Charges	37,638	39,432
User Charges and Fees	4,576	4,162
Interest	2,945	2,000
Grants & Contributions – Operating	6,981	6,849
Grants & Contributions – Capital	12,266	1,937
Other Operating Revenue	3,534	3,676
Profit from Disposal of Assets & Joint Venture Equity	498	0
<b>Total Income from Continuing Operations</b>	<b>68,438</b>	<b>58,056</b>

It is noted that for the year ending 30 June 2012 a significant drop in income is expected as a result of a much lower level of capital grants and contributions than that in 2010/2011.

**Table 3**

<b>Expenses from continuing operations</b>	<b>2010/11 Actual 30 June 2011 \$'000</b>	<b>2011/12 Original Budget 30 June 2012 \$'000</b>
Employee costs	21,381	16,767
Materials and Contracts	16,823	18,687
Borrowing costs	562	200
Depreciation & Amortisation	16,242	20,735
Other Expenses	8,923	10,748
<b>Total Expenses from Continuing Operations</b>	<b>63,931</b>	<b>67,137</b>

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

These funds are also required to deliver essential services to the community, including waste, sewerage, and stormwater services, community services 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 insurances.

### **Capital Expenditure**

Capital expenditure is incurred on roadworks, footpaths, drainage and bridge construction, the sewer network, park improvement and recreation, building works, plant replacement program, and on other assets including library resources, fleet, 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.

### **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 2011.

**Table 4**

<b>Statement of Financial Position</b>	<b>2010/11 Actual 30 June 2011 \$'000</b>
Current Assets	48,510
Non Current Assets	755,118
<b>Total Assets</b>	<b>803,628</b>
Current Liabilities	13,991
Non Current Liabilities	7,776
<b>Total Liabilities</b>	<b>21,767</b>
Net Assets	781,861
<b>Equity</b>	<b>781,861</b>

**Performance Indicators**

A number of financial indicators as disclosed in Council's financial statements as at 30 June 2011 and projected for 30 June 2012 are detailed below:

**Table 5**

<b>Financial Performance Indicator</b>	<b>June 2011 Actual</b>	<b>June 2012 Projected</b>	<b>Industry Benchmark</b>
Unrestricted Current Ratio	426	501	100
Debt Service Ratio	0.74%	0.85%	10%
Rate Coverage %	55%	64.75%	N/A
Asset Renewal Ratio %	48.8%	37.05%	100%

Council's operating result as at 30 June 2011 was a surplus of \$4.5 million including capital grants and contributions. For the year ending 30 June 2012, a deficit of \$9.1 million is budgeted. 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.

Council's Unrestricted Current Ratio as at June 2011 is 426% and projected to remain significantly above the accepted industry benchmark of 100%. The Debt Service Ratio is also projected to remain well below the accepted industry benchmark of 10%. The Rate Coverage Ratio is projected to increase to 64.75% due to a decline in grants and contributions. The Asset Renewal Ratio is projected to deteriorate by the end of 2011/2012 financial year.

Council's financial position for the period ended 30 June 2011 was considered to be sound and stable by Council's External Auditors Pricewaterhouse Coopers. However projections based on current income and expenditure levels indicate future financial challenges for Council, if not addressed.

This financial discipline has been applied when preparing the 2012/2013 Budget. Council's

2012/2013 Budget was prepared within the confines of the financial policy framework and maintains Council's adequate financial reserves and strong focus on asset management.

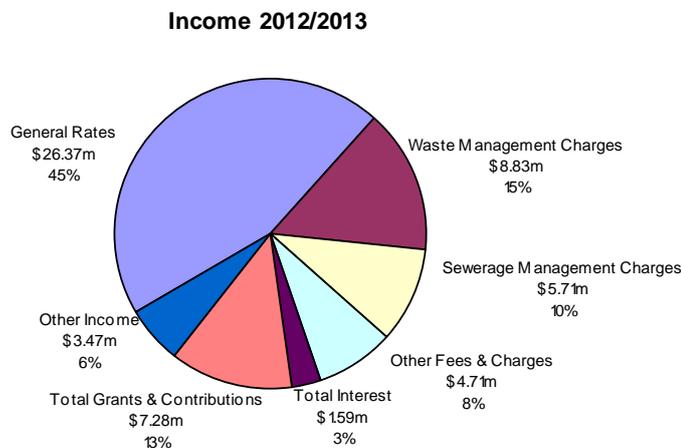
### Cash and Investments

Council maintained adequate cash reserves to meet future obligations and unforeseen circumstances. Council's reserves balance as at the end of June 2011 was \$34.6 million. This balance was made up of \$17.3 million in internally restricted reserves and \$17.3 million in externally restricted reserves.

### Operational Plan 2012/2013

The Operational Plan 2012/2013 estimates that Council's total income from continuing operations will be \$58 million. The chart below indicates the major sources of this income.

Chart 1



The Operational Plan 2012/2013 estimates that Council's total operating expenditure for 2012/2013 will be \$67 million and capital expenditure will be \$13 million.

The 2012/2013 financial year is expected to result in a balanced budget position. Council's annual budgeting process is aimed at obtaining a balanced position for the year. This strategy is also maintained throughout the year with maintaining balanced budget positions after Quarterly Budget Reviews. In the event of surpluses arising from Quarterly Reviews, it has been Council's practice to allocate those funds to infrastructure renewal. Council has also an internally restricted reserve, the Contingency Reserve, aimed at providing a source of funding for unforeseen and unbudgeted major unfavourable budget variances for which no alternate source of funding can be found.

Whilst Council has been able to maintain a balanced or surplus 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, often resulting in higher maintenance costs being incurred than would have been should asset renewal plans had been adhered to.

This LTFP identifies revenue and expenditure over the next ten years and identifies the potential funding gap that Council will need to address to remain sustainable in the future.

### Objectives and Strategies for achieving Financial Sustainability

Council's aim is to remain financially sustainable in the long term whilst achieving the objectives of the CSP and the Delivery Program 2012-2016 by maintaining service levels in line with the community's expectations. Council's LTFP is based on a combination of a number of financial strategies:

- 
- continuous improvement in financial position
  - maintaining a balanced budget position after all funding sources are applied
  - aiming to achieve an operating surplus to fund capital works
  - maintaining a fair and equitable rating structure
  - maintaining Council's services affordable
  - 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

### **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***

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

Infrastructure service levels required to be achieved and maintained are based on Council's asset data. At the time of writing the LTFP, Council was in the process of implementing a corporate asset management system. Once fully functional, asset data and associated modelling will improve on the accuracy of long term estimates included in this LTFP. It is envisaged that a community consultation program will be developed following the development of the new CSP required after the Local Government Election in September 2012. It is expected that community consultation will result in the identification of community expectations of infrastructure service levels and also indicate the community's willingness to contribute towards funding those service levels, and to what extent.

##### ***Infrastructure***

This LTFP is based on the assumption that no major new capital works funded by general funds are undertaken in the next ten years other than those funded by contribution plans and/or Reserves. Capital expenditure is limited to asset renewal. 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. Details of the proposed capital works over the next ten years can be found in the Operational Plan 2012/2013.

##### ***Population growth & demographic changes***

This LTFP is based on the assumption that there is no population growth in the Hawkesbury Local Government Area (Hawkesbury LGA) over the next ten years. The trend over the last few years has been negative growth in both the residential and commercial sectors.

Council's adopted Residential Strategy may impact on this assumption if the identified areas are developed as there would be an increase in population. The CSP indicates a target at least 5,000 new dwellings being built in the Hawkesbury LGA over the next 20 years. 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 increase in the rates base.



The demographic profile in the Hawkesbury LGA indicates that the area's population is ageing. This projection impacts on what services Council will need to offer in the future and what infrastructure it will need to have in place to cater for the needs of an older population.

This LTFP does not reflect the expected demographic changes and should a significant trend eventuate, it would not be expected that it would impact on the LTFP as identified works will merely be reallocated to address the needs of the different demographic groups.

### ***Economic Growth***

This LTFP is based on minimal economic growth for Council and the Hawkesbury LGA. The CSP indicates that 3,000 new jobs will be created between 2010 and 2030.

### ***Interest rates***

This LTFP is based on stable interest rates and consistent cashflow. No significant movements in interest rates have been reflected in the Plan. While interest rates during 2011/2012 have been trending down, it would be expected that the objectives of the Australian Governments Monetary Policy will be reflected in the economy over a period of time. As such the LTFP reflects a range of interest rates in line with historic trends being achieved.

### ***Inflation***

This LTFP is based on an inflation rate of 3%. This is projected based on the long term average of Consumer Price Index movements.

Sensitivity analysis included within this Plan includes variations on this assumption.

## **3.2 Revenue Forecasts**

### ***General Rates***

Council's rating strategy and structure is reviewed every year as part of the annual budget process. The LTFP is based on the rating structure as included in the Operational Plan 2012/2013. 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.

Council's current rating structure as included in the Operational Plan 2012/2013 is shown in the table below:

**Table 6**

<b>Rate Category</b>	<b>Rating Assessments</b>	<b>Ad valorem Rate in \$</b>	<b>Minimum Rate</b>	<b>Base Amount</b>	<b>Notional Yield</b>	<b>% of Notional Yield</b>
Residential	18,329	0.324381	\$485.00	-	\$15,431,655	57.01%
Residential-Rural Residential (Sub-Category)	4,248	0.296202	-	\$190.00	\$7,600,666	28.08%
Business	1,517	0.324381	-	\$210.82	\$2,647,268	9.78%



<b>Rate Category</b>	<b>Rating Assessments</b>	<b>Ad valorem Rate in \$</b>	<b>Minimum Rate</b>	<b>Base Amount</b>	<b>Notional Yield</b>	<b>% of Notional Yield</b>
Farmland	616	0.259115	\$485.00	-	\$1,388,598	5.13%
<b>Total</b>	<b>24,710</b>				<b>\$27,068,187</b>	<b>100.00%</b>

The LTFP is based on the assumption that Council's rating structure remains unchanged over the next ten years. 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). It has been the practice of this Council to apply the full rate pegging limit increase from one year to the next. Annual rate-pegging increases have been assumed at 3.6% for 2012/2013 based on the IPART's determination, and 3% each year for each consecutive year. The financial models are based on the assumptions that the predicted increases are applied in full.

It is noted that any changes in this structure would not impact on the total revenue but merely redistribute the income amongst the different categories and sub-categories thereof.

Financial projections based on the rates revenue increasing by the projected rate-pegging limit indicates a funding shortfall. An increase in rates revenue, over and above the rate pegging limit by way of Special Rate Variations, 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 charges included in this Plan is based on the projected full cost to provide the waste and recycling 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 the State Government.

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

#### ***Sewerage Charges***

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

#### ***Sullage Charges***

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



### ***Interest on Investments***

Council's investment portfolio consist of term deposits and on-call accounts. The portfolio size varies from one year to another but has generally set at approximately \$35 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 5% throughout the LTFP.

### ***User Charges, Fees and Other Revenue***

Council generates in excess 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.

### ***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 this LTFP only reflects known and certain grants, budgeted to increase conservatively 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.

### ***Net Gains from Disposal of Assets***

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

### ***Borrowings***

Council's financial strategies do not include a reliance on debt to fund its activities. Council however may consider debt financing opportunities if favourable borrowing conditions such as interest free loans or subsidised interest loans are available. At the time of preparing the LTFP, Council has an interest free loan of \$4 million, utilised to bring forward Section 64 Developer Contribution Sewerage Plan related works, and has also lodged a subsidised loan application under the Local Infrastructure Renewal Scheme (LIRS) administered by the Division of Local Government. The LTFP only includes the interest free loan of \$4 million, as the outcome of Council's application under LIRS is unknown at this stage. Should Council be successful in its application under LIRS it would use the funding to fund an acceleration of a timber bridge replacement program that is currently in the LTFP over a period of ten years.

### ***Restricted Assets***

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



### **3.3 Expenditure Forecasts**

#### ***Staff Costs***

The LTFP assumes an annual increase in staff costs of 3%. 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***

Council currently has one interest free loan and is waiting on the outcome of a subsidised interest loan application. This LTFP does not include any borrowing costs. Should Council be successful with its loan application, or any new loan opportunities be undertaken in future years, the impact on the LTFP will be reflected in future reviews of the Plan.

#### ***Materials & Contracts***

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

#### ***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. These projections are considered adequate.

#### ***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**

#### ***Certainty of revenue streams***

The LTFP and the financial models contained within are based on a number of key assumptions. A key assumption is that Council adopts the full rate-pegging increase determined by IPART. The optimistic model also considers rates increases in addition to the rate-pegging increase. The latter is subject to Council's consideration and endorsement, community endorsement and IPART approval, any of which may not eventuate.

The consequence of rate-pegging increases not being utilised in full and further the impact of any special rate variations not being endorsed and approved would be that Council may need to make significant decisions with regard to its service levels to ensure its long-term financial sustainability.

Changes to key revenue assumptions have been reflected in the best and worst case scenarios 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 increases assumptions, specific increases, one-off expenditure where known and in the case of infrastructure maintenance operating costs in line with service levels required to be maintained. Operating costs projections are considered to be adequate.



Capital expenditure estimates mainly relate to infrastructure renewal and again are based on the service levels required and Council's current asset condition data. The Asset Management Plans will identify an optimal level of renewal expenditure. These amounts would be further refined following a Community Consultation process. At the time of preparing the LTFP, the Asset Management Plans were under construction. Consequently the capital expenditure projections are based on Council's existing asset data and service levels deemed to be necessary, notwithstanding community's expectations.

Changes to key expenditure assumptions have been reflected in the worst case scenario financial 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 Plan will be capital costs such as new assets, renewals, rehabilitation and non-capital expenditure such as maintenance, operating costs and depreciation. All asset related expenditure identified in the Asset Management Plan will reflect a more accurate scenario of the funding gap faced by Council. Further, a Community Consultation process would ensure that those plans are in line with the community's expectations. Future LTFP receivers will be based on those outcomes.

This LTFP shows that based on the service levels requiring funding as determined by Council's asset data, a funding shortfall exists and would need to be addressed if those service levels are to be maintained. Whilst this LTFP incorporates a scenario to address the 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
- re-evaluation of service levels and standards
- changing the composition of capital spending from new to renewal
- carrying out cost/benefit analyses on the services being provided.

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

#### **Sensitivity Analysis and Projected Financial Statements**

Sensitivity analysis is a way to determine the impact of various scenarios on Council's plans and other variables within the Plan. Under the Planning and Reporting Guidelines, councils are required to undertake a sensitivity analysis in the LTFP.

By testing a number of variables within the LTFP, Council will see the financial impact of various scenarios on Council's financial targets.



As this LTFP is based on underlying assumptions, it is important to assess the financial impact of variations to those assumptions. The sensitivity analysis highlights the factors most likely to affect the outcomes of the Plan.

The Planning and Reporting Guidelines require financial modelling for different scenarios to be included in the LTFP. For example, optimistic, conservative and worst case scenarios.

This LTFP includes three scenarios:

### ***Scenario 1 – Current Model – Status Quo***

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

### ***Scenario 2 – Conservative Model***

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

#### Revenue Forecasts

- rate pegging increases at 2.5%
- financial assistance grant not available from 2013/2014

#### Expenditure Forecasts

- CPI increase on selected expenditure is 3.5%

### ***Scenario 3 – Optimistic Model***

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

- 2014/2015 – increase of 13%
- 2015/2016 – increase of 12%
- 2016/2017 – increase of 11%
- 2017/2018 – increase of 10%
- 2018/2019 – increase of 10%
- 2019/2020 – increase of 9%
- 2020/2021 – increase of 8%
- 2021/2022 – increase of 7%

It must be noted the above scenario would be subject to Council's consideration and endorsement, a community consultation process and approval by IPART. 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.



## **5. SENSITIVITY ANALYSIS AND PROJECTED FINANCIAL STATEMENTS**

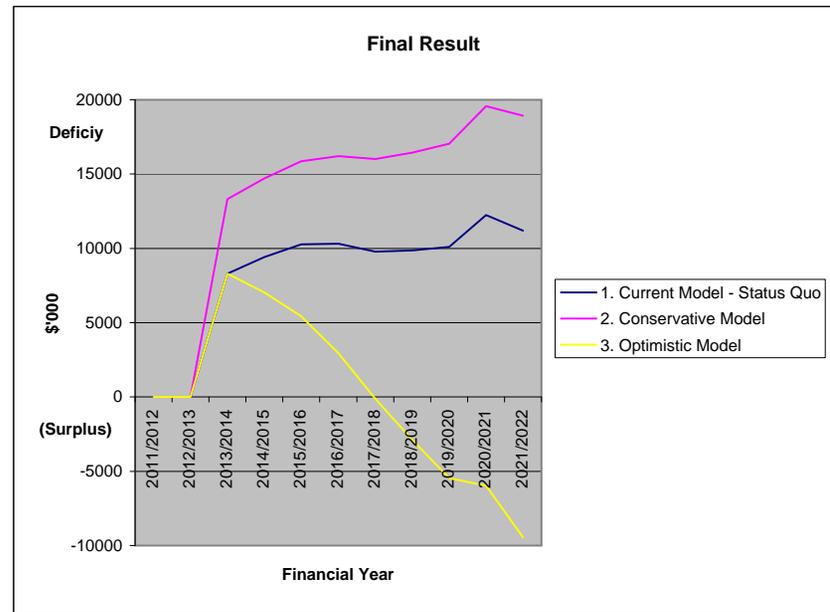
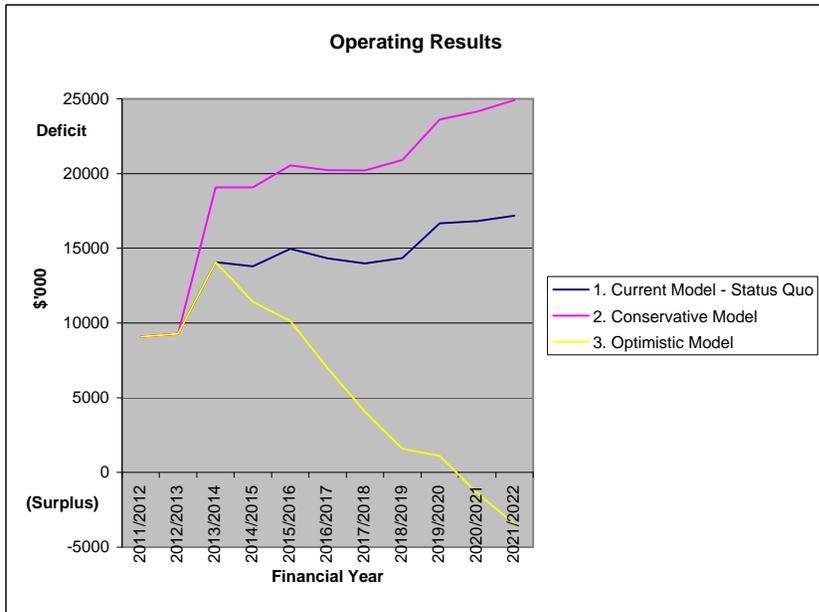


Hawkesbury City Council

COMPARITIVES OF OPERATING AND FINAL RESULTS

OPERATING RESULT											
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
\$' 000											
1. Current Model - Status Quo	9,081	9,278	14,072	13,793	14,958	14,334	13,976	14,346	16,670	16,820	17,182
2. Conservative Model	9,081	9,278	19,084	19,083	20,544	20,229	20,200	20,916	23,607	24,140	24,908
3. Optimistic Model	9,081	9,278	14,072	11,433	10,127	6,968	4,068	1,589	1,122	(1,380)	(3,453)

FINAL RESULT											
	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019	2019/2020	2020/2021	2021/2022
\$' 000											
1. Current Model - Status Quo	0	0	8,307	9,406	10,269	10,309	9,785	9,865	10,092	12,234	11,192
2. Conservative Model	0	0	13,321	14,699	15,860	16,211	16,021	16,448	17,045	19,574	18,939
3. Optimistic Model	0	0	8,307	7,046	5,438	2,943	(123)	(2,893)	(5,455)	(5,966)	(9,443)





Hawkesbury City Council

**INCOME STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Income from Continuing Operations</b>											
<i>Revenue:</i>											
Rates & Annual Charges	39,432	40,925	42,453	44,184	46,331	48,606	51,134	53,832	56,542	59,308	62,257
User Charges & Fees	4,163	4,709	5,036	5,403	5,797	6,246	6,762	7,353	8,022	8,800	9,707
Interest & Investment Revenue	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Other Revenues	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
Grants & Contributions provided for Operating Purposes	6,848	6,438	6,618	6,624	6,881	6,699	6,769	6,779	7,053	6,863	6,937
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
<i>Other Income:</i>											
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>58,056</b>	<b>57,957</b>	<b>60,666</b>	<b>63,717</b>	<b>66,744</b>	<b>69,445</b>	<b>72,797</b>	<b>76,266</b>	<b>79,368</b>	<b>82,902</b>	<b>87,093</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	16,767	17,702	18,325	18,861	19,414	19,983	20,569	21,173	21,794	22,435	23,094
Borrowing Costs	200	200	200	200	200	200	200	200	200	200	200
Materials & Contracts	18,687	18,363	24,070	24,828	26,840	26,517	27,023	28,108	30,489	30,790	31,727
Depreciation & Amortisation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Other Expenses	10,748	12,080	12,834	13,732	14,764	15,980	17,249	18,749	20,499	22,550	24,801
<b>Total Expenses from Continuing Operations</b>	<b>67,137</b>	<b>67,235</b>	<b>74,738</b>	<b>77,510</b>	<b>81,703</b>	<b>83,780</b>	<b>86,774</b>	<b>90,614</b>	<b>96,038</b>	<b>99,722</b>	<b>104,283</b>
<b>Net Operating Result for the Year</b>	<b>(9,081)</b>	<b>(9,278)</b>	<b>(14,072)</b>	<b>(13,793)</b>	<b>(14,959)</b>	<b>(14,335)</b>	<b>(13,978)</b>	<b>(14,348)</b>	<b>(16,671)</b>	<b>(16,820)</b>	<b>(17,190)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(11,018)	(10,115)	(15,404)	(15,963)	(17,169)	(16,585)	(16,270)	(16,683)	(18,250)	(18,445)	(18,863)



Hawkesbury City Council

**CAPTIAL BUDGET**

for the Long Term Financial Plan 2012/2013 to 2021/2022

<b>\$'000</b>	<b>ORIGINAL Budget 2011/12</b>	<b>DRAFT Budget 2012/13</b>	<b>DRAFT Budget 2013/14</b>	<b>DRAFT Budget 2014/15</b>	<b>DRAFT Budget 2015/16</b>	<b>DRAFT Budget 2016/17</b>	<b>DRAFT Budget 2017/18</b>	<b>DRAFT Budget 2018/19</b>	<b>DRAFT Budget 2019/20</b>	<b>DRAFT Budget 2020/21</b>	<b>DRAFT Budget 2021/22</b>
Net Operating Result (excl. Capital Grants)	(11,018)	(10,115)	(15,404)	(15,963)	(17,169)	(16,585)	(16,270)	(16,683)	(18,250)	(18,445)	(18,863)
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	1,072	729	1,209	871	1,288	932	1,346	799	1,107	868	926
Depreciation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
	23,744	20,455	21,849	22,929	23,982	24,281	25,371	25,519	25,744	26,242	27,060
<i>Application of Capital Funding</i>											
Land & Land Improvements	74	149	1,945	458	472	486	501	516	531	547	564
Buildings	592	1,956	968	1,156	1,189	1,225	1,081	1,112	1,144	1,177	1,211
Infrastructure	4,660	6,766	3,972	5,661	5,116	7,046	9,863	4,851	3,188	3,240	3,153
Plant & Equipment	3,441	2,598	4,535	3,672	4,967	3,975	5,778	4,101	4,287	5,435	4,111
Other	1,204	1,639	2,480	11,067	2,656	2,722	2,290	2,361	2,433	2,508	2,585
	9,970	13,109	13,899	22,014	14,400	15,455	19,513	12,941	11,584	12,907	11,624
Net Capital Expenditure	13,774	7,347	7,951	915	9,582	8,827	5,858	12,578	14,159	13,334	15,436
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	22,017	29,658	27,371	35,718	29,959	32,691	39,137	35,976	39,372	42,001	45,578
Transfers to Reserves	24,773	26,890	28,225	30,077	32,642	35,243	38,512	41,737	45,374	49,125	53,347
	2,756	(2,768)	854	(5,642)	2,683	2,553	(625)	5,761	6,002	7,123	7,769
<b>Retained surplus/(deficit) available for general funding purposes</b>	<b>0</b>	<b>0</b>	<b>(8,307)</b>	<b>(9,406)</b>	<b>(10,269)</b>	<b>(10,311)</b>	<b>(9,786)</b>	<b>(9,867)</b>	<b>(10,093)</b>	<b>(12,234)</b>	<b>(11,197)</b>



Hawkesbury City Council

BALANCE SHEET

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Current Assets</b>											
Cash assets & Investments	46,756	40,826	44,042	37,140	45,059	44,522	40,938	46,916	47,157	48,278	48,924
Receivables	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353
Inventories	189	189	189	189	189	189	189	189	189	189	189
Other	151	151	151	151	151	151	151	151	151	151	151
Investment Properties at Fair Value	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855
	<b>78,304</b>	<b>72,374</b>	<b>75,589</b>	<b>68,688</b>	<b>76,607</b>	<b>76,070</b>	<b>72,486</b>	<b>78,464</b>	<b>78,704</b>	<b>79,826</b>	<b>80,472</b>
<b>Non-Current Assets</b>											
Other	0	0	0	0	(0)	(0)	0	0	0	(0)	(0)
Property, plant and equipment	1,244,647	1,248,129	1,248,439	1,256,892	1,248,861	1,250,272	1,253,916	1,247,891	1,246,226	1,247,788	1,246,447
Accumulated Depreciation	(526,494)	(524,649)	(525,068)	(525,647)	(526,244)	(526,858)	(527,491)	(528,143)	(528,815)	(529,506)	(530,216)
	<b>718,154</b>	<b>723,480</b>	<b>723,371</b>	<b>731,245</b>	<b>722,617</b>	<b>723,414</b>	<b>726,425</b>	<b>719,748</b>	<b>717,411</b>	<b>718,282</b>	<b>716,231</b>
<b>TOTAL ASSETS</b>	<b>796,457</b>	<b>795,854</b>	<b>798,960</b>	<b>799,932</b>	<b>799,224</b>	<b>799,484</b>	<b>798,911</b>	<b>798,212</b>	<b>796,115</b>	<b>798,108</b>	<b>796,702</b>
<b>Current Liabilities</b>											
Payables	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)
Provisions	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)
Borrowings	(2,845)	(2,439)	(2,033)	(1,627)	(1,221)	(815)	(409)	0	0	0	0
	<b>(16,455)</b>	<b>(16,048)</b>	<b>(15,642)</b>	<b>(15,236)</b>	<b>(14,830)</b>	<b>(14,424)</b>	<b>(14,018)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>
<b>Non-Current Liabilities</b>											
Interest bearing liabilities	0	0	0	0	0	0	0	0	0	0	0
Provisions	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)
	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>
<b>TOTAL LIABILITIES</b>	<b>(21,767)</b>	<b>(21,361)</b>	<b>(20,955)</b>	<b>(20,549)</b>	<b>(20,143)</b>	<b>(19,737)</b>	<b>(19,331)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>
<b>NET COMMUNITY ASSETS</b>	<b>774,690</b>	<b>774,493</b>	<b>778,005</b>	<b>779,383</b>	<b>779,081</b>	<b>779,747</b>	<b>779,580</b>	<b>779,290</b>	<b>777,193</b>	<b>779,186</b>	<b>777,781</b>
<b>Community Equity</b>											
Capital and Capital Reserves	(741,933)	(747,457)	(743,835)	(750,331)	(742,006)	(742,137)	(745,315)	(738,928)	(738,687)	(737,566)	(736,920)
Other reserves	(37,326)	(31,802)	(35,423)	(28,928)	(37,253)	(37,122)	(33,944)	(40,331)	(40,571)	(41,693)	(42,339)
Retained (surplus)/deficit	0	0	(8,307)	(9,406)	(10,269)	(10,311)	(9,786)	(9,867)	(10,093)	(12,234)	(11,200)
Operating Statement (surplus) /deficit	4,569	4,766	9,561	9,281	10,447	9,823	9,466	9,836	12,159	12,308	12,678
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>(774,690)</b>	<b>(774,492)</b>	<b>(778,005)</b>	<b>(779,383)</b>	<b>(779,081)</b>	<b>(779,747)</b>	<b>(779,579)</b>	<b>(779,290)</b>	<b>(777,193)</b>	<b>(779,185)</b>	<b>(777,780)</b>



Hawkesbury City Council

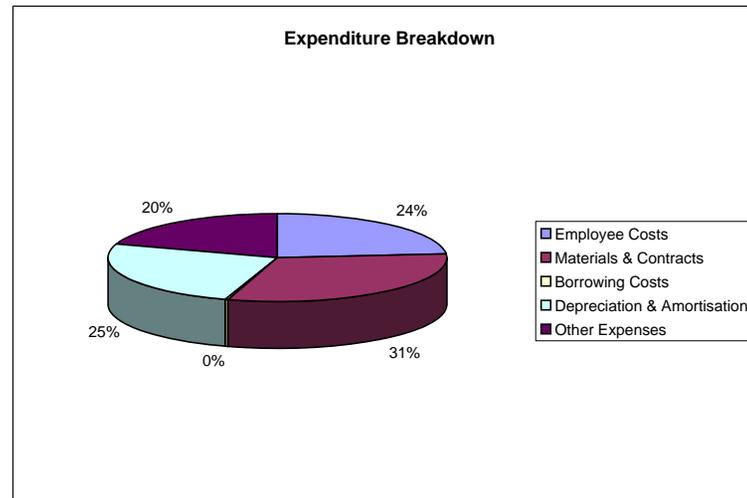
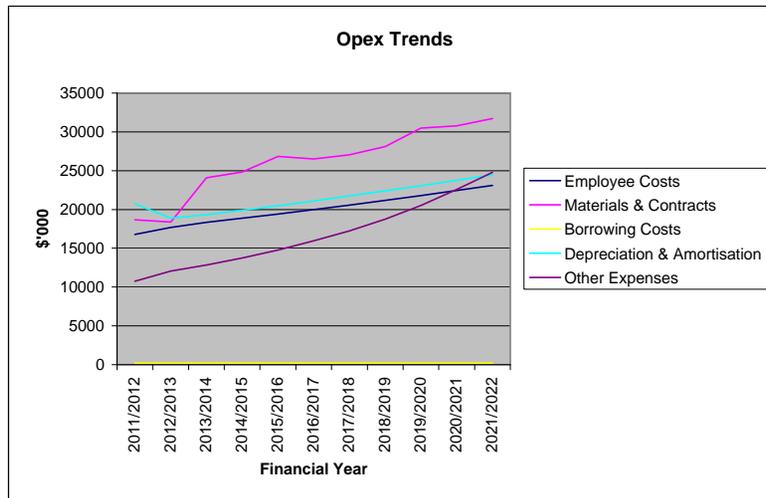
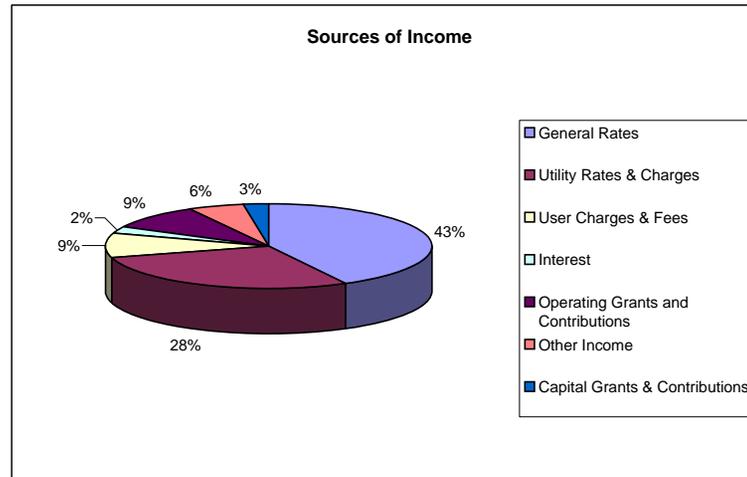
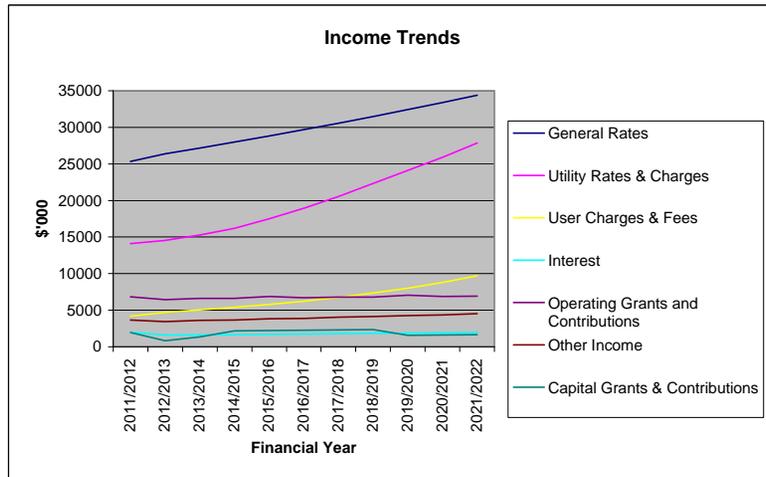
**CASH FLOW STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	39,432	40,925	42,453	44,184	46,331	48,606	51,134	53,832	56,542	59,308	62,257
User Charges & Fees	4,163	4,709	5,036	5,403	5,797	6,246	6,762	7,353	8,022	8,800	9,707
Investment & Interest Revenue Received	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Grants & Contributions	8,785	7,275	7,949	8,794	9,090	8,949	9,061	9,114	8,633	8,489	8,610
Other	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
<i>Payments</i>											
Employee Benefits & On-Costs	(16,582)	(17,507)	(18,123)	(18,654)	(19,200)	(19,763)	(20,343)	(20,940)	(21,554)	(22,188)	(22,840)
Materials & Contracts	(19,957)	(19,612)	(25,707)	(26,516)	(28,665)	(28,321)	(28,861)	(30,019)	(32,562)	(32,883)	(33,884)
Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(11,532)	(12,962)	(13,771)	(14,735)	(15,842)	(17,146)	(18,508)	(20,118)	(21,995)	(24,196)	(26,612)
Net Cash provided (or used in) Operating Activities	9,984	7,877	3,065	3,812	3,037	4,215	5,085	5,190	3,256	3,635	3,756
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	1,072	729	1,209	871	1,288	932	1,346	799	1,107	868	926
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,970)	(13,109)	(13,899)	(22,014)	(14,400)	(15,455)	(19,513)	(12,941)	(11,584)	(12,907)	(11,624)
Net Cash provided (or used in) Investing Activities	(8,898)	(12,380)	(12,690)	(21,143)	(13,112)	(14,523)	(18,167)	(12,142)	(10,477)	(12,039)	(10,698)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
Net Cash provided (or used in) Financing Activities	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	685	(4,903)	(10,025)	(17,731)	(10,476)	(10,708)	(13,482)	(7,353)	(7,220)	(8,404)	(6,942)
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	8,300	8,985	4,082	(5,944)	(23,675)	(34,150)	(44,859)	(58,340)	(65,693)	(72,913)	(81,317)
<b>Cash &amp; Cash Equivalents - end of year</b>	8,985	4,082	(5,944)	(23,675)	(34,150)	(44,859)	(58,340)	(65,693)	(72,913)	(81,317)	(88,259)

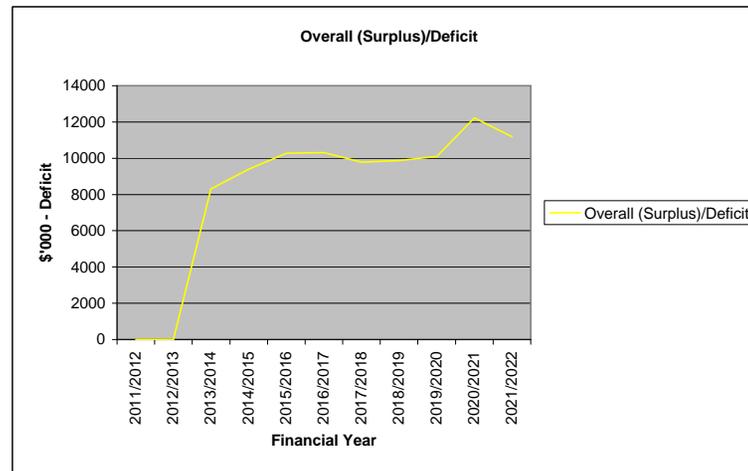
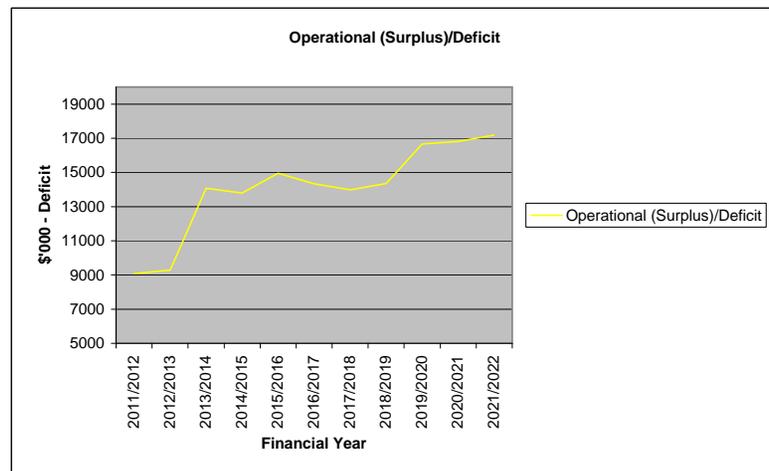
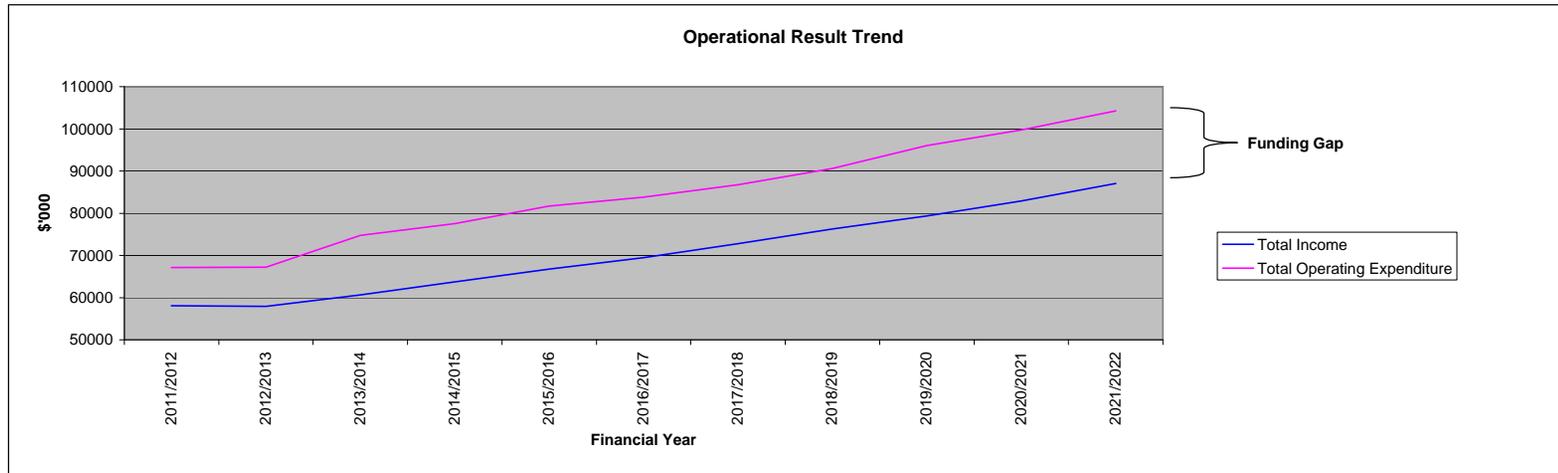


Hawkesbury City Council  
DIAGRAMS FOR CURRENT MODEL - STATUS QUO





Hawkesbury City Council  
DIAGRAMS FOR CURRENT MODEL - STATUS QUO





Hawkesbury City Council

**INCOME STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Income from Continuing Operations</b>											
<i>Revenue:</i>											
Rates & Annual Charges	39,432	40,925	42,319	43,908	45,905	48,022	50,384	52,907	55,432	58,004	60,750
User Charges & Fees	4,163	4,709	5,034	5,400	5,795	6,243	6,759	7,350	8,019	8,797	9,704
Interest & Investment Revenue	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Other Revenues	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
Grants & Contributions provided for Operating Purposes	6,848	6,438	2,154	2,160	2,417	2,236	2,305	2,316	2,590	2,401	2,475
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
<i>Other Income:</i>											
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>58,056</b>	<b>57,957</b>	<b>56,066</b>	<b>58,975</b>	<b>61,852</b>	<b>64,395</b>	<b>67,580</b>	<b>70,875</b>	<b>73,792</b>	<b>77,134</b>	<b>81,120</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	16,767	17,702	18,416	19,032	19,671	20,331	21,016	21,720	22,454	23,211	23,993
Borrowing Costs	200	200	200	200	200	200	200	200	200	200	200
Materials & Contracts	18,687	18,363	24,390	25,206	27,276	27,014	27,584	28,737	31,190	31,564	32,581
Depreciation & Amortisation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Other Expenses	10,748	12,080	12,834	13,732	14,764	15,980	17,249	18,749	20,499	22,550	24,797
<b>Total Expenses from Continuing Operations</b>	<b>67,137</b>	<b>67,235</b>	<b>75,149</b>	<b>78,059</b>	<b>82,396</b>	<b>84,624</b>	<b>87,782</b>	<b>91,791</b>	<b>97,399</b>	<b>101,273</b>	<b>106,031</b>
<b>Net Operating Result for the Year</b>	<b>(9,081)</b>	<b>(9,278)</b>	<b>(19,083)</b>	<b>(19,084)</b>	<b>(20,544)</b>	<b>(20,230)</b>	<b>(20,202)</b>	<b>(20,915)</b>	<b>(23,607)</b>	<b>(24,139)</b>	<b>(24,911)</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(11,018)	(10,115)	(20,414)	(21,254)	(22,754)	(22,480)	(22,494)	(23,250)	(25,187)	(25,765)	(26,584)



Hawkesbury City Council

**CAPTIAL BUDGET**

for the Long Term Financial Plan 2012/2013 to 2021/2022

<b>\$'000</b>	<b>ORIGINAL Budget 2011/12</b>	<b>DRAFT Budget 2012/13</b>	<b>DRAFT Budget 2013/14</b>	<b>DRAFT Budget 2014/15</b>	<b>DRAFT Budget 2015/16</b>	<b>DRAFT Budget 2016/17</b>	<b>DRAFT Budget 2017/18</b>	<b>DRAFT Budget 2018/19</b>	<b>DRAFT Budget 2019/20</b>	<b>DRAFT Budget 2020/21</b>	<b>DRAFT Budget 2021/22</b>
Net Operating Result (excl. Capital Grants)	(11,018)	(10,115)	(20,414)	(21,254)	(22,754)	(22,480)	(22,494)	(23,250)	(25,187)	(25,765)	(26,584)
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	1,072	729	1,209	871	1,288	932	1,346	799	1,108	868	927
Depreciation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
	23,744	20,455	21,849	22,929	23,982	24,281	25,371	25,519	25,744	26,242	27,060
<i>Application of Capital Funding</i>											
Land & Land Improvements	74	149	1,944	458	472	486	501	516	531	547	564
Buildings	592	1,956	968	1,156	1,189	1,225	1,081	1,112	1,144	1,177	1,211
Infrastructure	4,660	6,766	3,973	5,661	5,117	7,046	9,866	4,855	3,193	3,246	3,158
Plant & Equipment	3,441	2,598	4,535	3,672	4,967	3,975	5,778	4,101	4,287	5,435	4,111
Other	1,204	1,639	2,482	11,069	2,660	2,728	2,297	2,370	2,444	2,522	2,601
	9,970	13,109	13,901	22,016	14,404	15,460	19,523	12,954	11,600	12,927	11,645
Net Capital Expenditure	13,774	7,347	7,948	913	9,578	8,821	5,848	12,564	14,144	13,315	15,415
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	22,017	29,658	27,370	35,718	29,958	32,692	39,137	35,976	39,372	42,001	45,577
Transfers to Reserves	24,773	26,890	28,225	30,077	32,642	35,243	38,512	41,737	45,374	49,125	53,347
	2,756	(2,768)	855	(5,642)	2,684	2,552	(625)	5,761	6,002	7,123	7,770
<b>Retained surplus/(deficit) available for general funding purposes</b>	<b>0</b>	<b>0</b>	<b>(13,321)</b>	<b>(14,699)</b>	<b>(15,860)</b>	<b>(16,211)</b>	<b>(16,021)</b>	<b>(16,448)</b>	<b>(17,045)</b>	<b>(19,574)</b>	<b>(18,939)</b>



Hawkesbury City Council

BALANCE SHEET

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Current Assets</b>											
Cash assets & Investments	46,756	40,826	44,043	37,140	45,060	44,522	40,939	46,916	47,157	48,278	48,925
Receivables	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353
Inventories	189	189	189	189	189	189	189	189	189	189	189
Other	151	151	151	151	151	151	151	151	151	151	151
Investment Properties at Fair Value	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855
	<b>78,304</b>	<b>72,374</b>	<b>75,591</b>	<b>68,688</b>	<b>76,608</b>	<b>76,070</b>	<b>72,487</b>	<b>78,464</b>	<b>78,705</b>	<b>79,826</b>	<b>80,473</b>
<b>Non-Current Assets</b>											
Other	0	0	0	0	(0)	(0)	0	0	0	(0)	(0)
Property, plant and equipment	1,244,648	1,248,129	1,248,441	1,256,894	1,248,866	1,250,278	1,253,926	1,247,905	1,246,241	1,247,808	1,246,467
Accumulated Depreciation	(526,495)	(524,649)	(525,068)	(525,648)	(526,244)	(526,859)	(527,492)	(528,144)	(528,815)	(529,507)	(530,219)
	<b>718,153</b>	<b>723,480</b>	<b>723,373</b>	<b>731,246</b>	<b>722,622</b>	<b>723,419</b>	<b>726,434</b>	<b>719,761</b>	<b>717,426</b>	<b>718,301</b>	<b>716,248</b>
<b>TOTAL ASSETS</b>	<b>796,457</b>	<b>795,854</b>	<b>798,964</b>	<b>799,934</b>	<b>799,230</b>	<b>799,489</b>	<b>798,921</b>	<b>798,225</b>	<b>796,131</b>	<b>798,127</b>	<b>796,721</b>
<b>Current Liabilities</b>											
Payables	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)
Provisions	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)
Borrowings	(2,845)	(2,439)	(2,033)	(1,627)	(1,221)	(815)	(409)	0	0	0	0
	<b>(16,454)</b>	<b>(16,048)</b>	<b>(15,642)</b>	<b>(15,236)</b>	<b>(14,830)</b>	<b>(14,424)</b>	<b>(14,018)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>
<b>Non-Current Liabilities</b>											
Interest bearing liabilities	0	0	0	0	0	0	0	0	0	0	0
Provisions	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)
	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>
<b>TOTAL LIABILITIES</b>	<b>(21,767)</b>	<b>(21,361)</b>	<b>(20,955)</b>	<b>(20,549)</b>	<b>(20,143)</b>	<b>(19,737)</b>	<b>(19,331)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>
<b>NET COMMUNITY ASSETS</b>	<b>774,690</b>	<b>774,493</b>	<b>778,009</b>	<b>779,385</b>	<b>779,087</b>	<b>779,752</b>	<b>779,590</b>	<b>779,303</b>	<b>777,209</b>	<b>779,205</b>	<b>777,799</b>
<b>Community Equity</b>											
Capital and Capital Reserves	(741,933)	(747,457)	(743,834)	(750,331)	(742,005)	(742,137)	(745,314)	(738,928)	(738,687)	(737,566)	(736,919)
Other reserves	(37,326)	(31,802)	(35,425)	(28,928)	(37,254)	(37,122)	(33,945)	(40,331)	(40,572)	(41,693)	(42,340)
Retained (surplus)/deficit	0	0	(13,321)	(14,698)	(15,860)	(16,211)	(16,021)	(16,447)	(17,045)	(19,573)	(18,939)
Operating Statement (surplus) /deficit	4,569	4,766	14,571	14,572	16,032	15,718	15,690	16,403	19,095	19,627	20,399
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>(774,690)</b>	<b>(774,493)</b>	<b>(778,009)</b>	<b>(779,385)</b>	<b>(779,087)</b>	<b>(779,752)</b>	<b>(779,590)</b>	<b>(779,303)</b>	<b>(777,209)</b>	<b>(779,205)</b>	<b>(777,799)</b>



Hawkesbury City Council

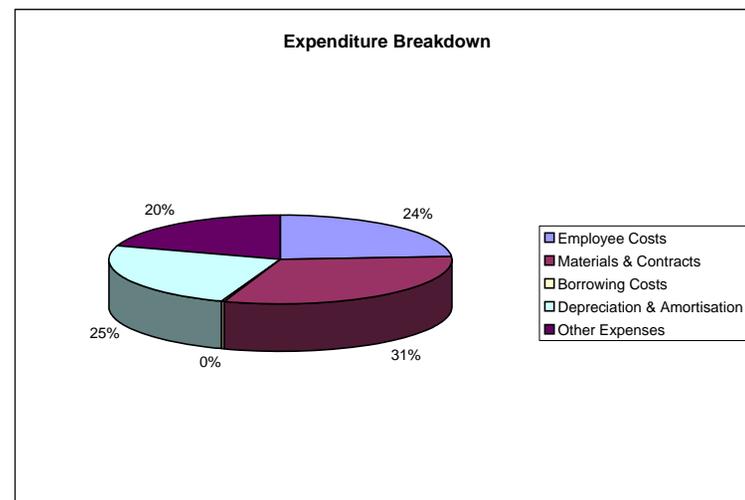
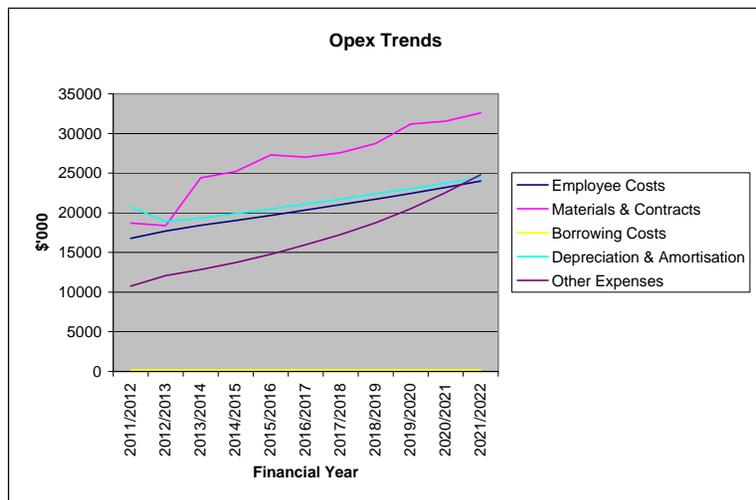
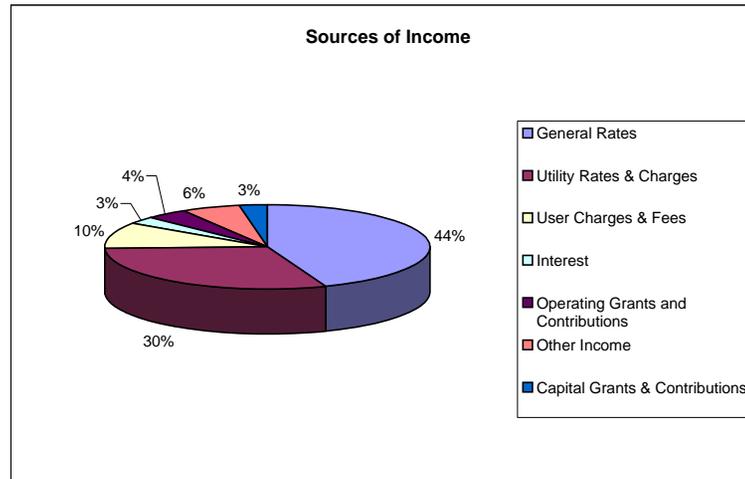
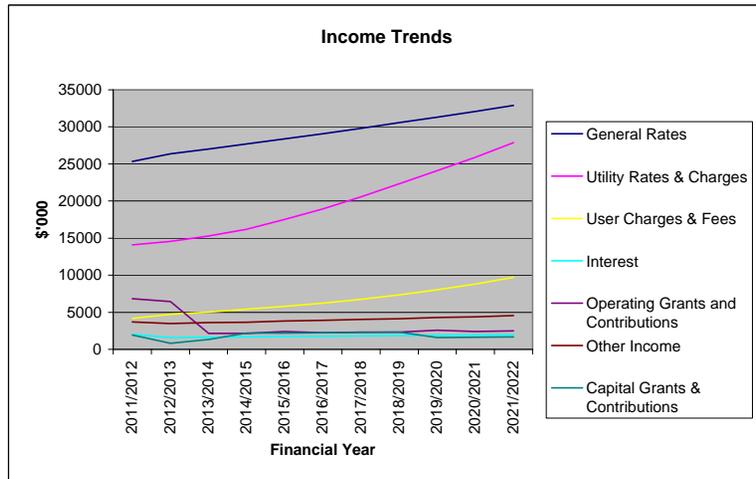
**CASH FLOW STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	39,432	40,925	42,319	43,908	45,905	48,022	50,384	52,907	55,432	58,004	60,750
User Charges & Fees	4,163	4,709	5,034	5,400	5,795	6,243	6,759	7,350	8,019	8,797	9,704
Investment & Interest Revenue Received	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Grants & Contributions	8,785	7,275	3,485	4,330	4,626	4,486	4,597	4,651	4,170	4,027	4,148
Other	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
<i>Payments</i>											
Employee Benefits & On-Costs	(16,582)	(17,507)	(18,213)	(18,823)	(19,455)	(20,107)	(20,785)	(21,481)	(22,207)	(22,956)	(23,729)
Materials & Contracts	(19,957)	(19,612)	(26,049)	(26,920)	(29,131)	(28,851)	(29,460)	(30,691)	(33,311)	(33,710)	(34,797)
Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(11,532)	(12,962)	(13,771)	(14,734)	(15,842)	(17,147)	(18,508)	(20,118)	(21,995)	(24,198)	(26,607)
Net Cash provided (or used in) Operating Activities	9,984	7,877	(1,967)	(1,502)	(2,576)	(1,710)	(1,172)	(1,415)	(3,721)	(3,731)	(4,012)
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	1,072	729	1,209	871	1,288	932	1,346	799	1,108	868	927
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,970)	(13,109)	(13,901)	(22,016)	(14,404)	(15,460)	(19,523)	(12,954)	(11,600)	(12,927)	(11,645)
Net Cash provided (or used in) Investing Activities	(8,898)	(12,380)	(12,692)	(21,145)	(13,116)	(14,528)	(18,177)	(12,155)	(10,492)	(12,059)	(10,718)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
Net Cash provided (or used in) Financing Activities	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	685	(4,903)	(15,059)	(23,047)	(16,092)	(16,638)	(19,749)	(13,970)	(14,213)	(15,789)	(14,730)
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	8,300	8,985	4,082	(10,977)	(34,025)	(50,117)	(66,755)	(86,504)	(100,474)	(114,687)	(130,477)
<b>Cash &amp; Cash Equivalents - end of year</b>	8,985	4,082	(10,977)	(34,025)	(50,117)	(66,755)	(86,504)	(100,474)	(114,687)	(130,477)	(145,207)

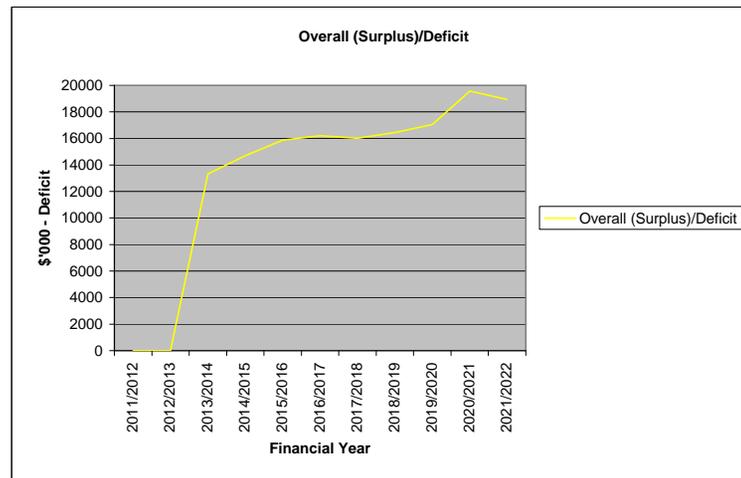
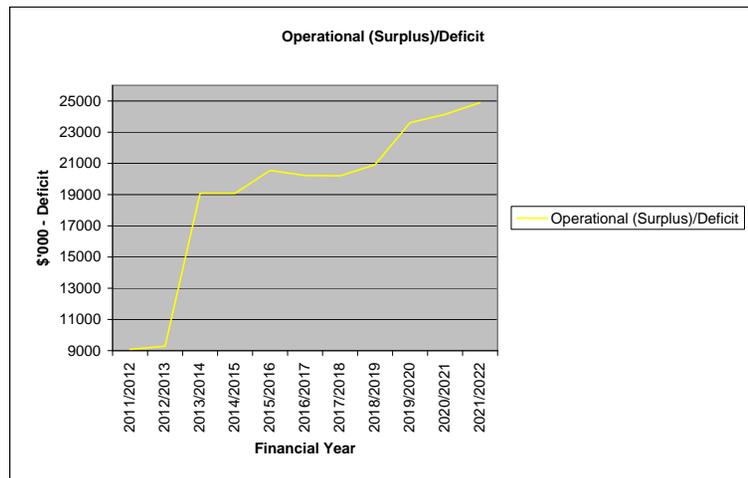
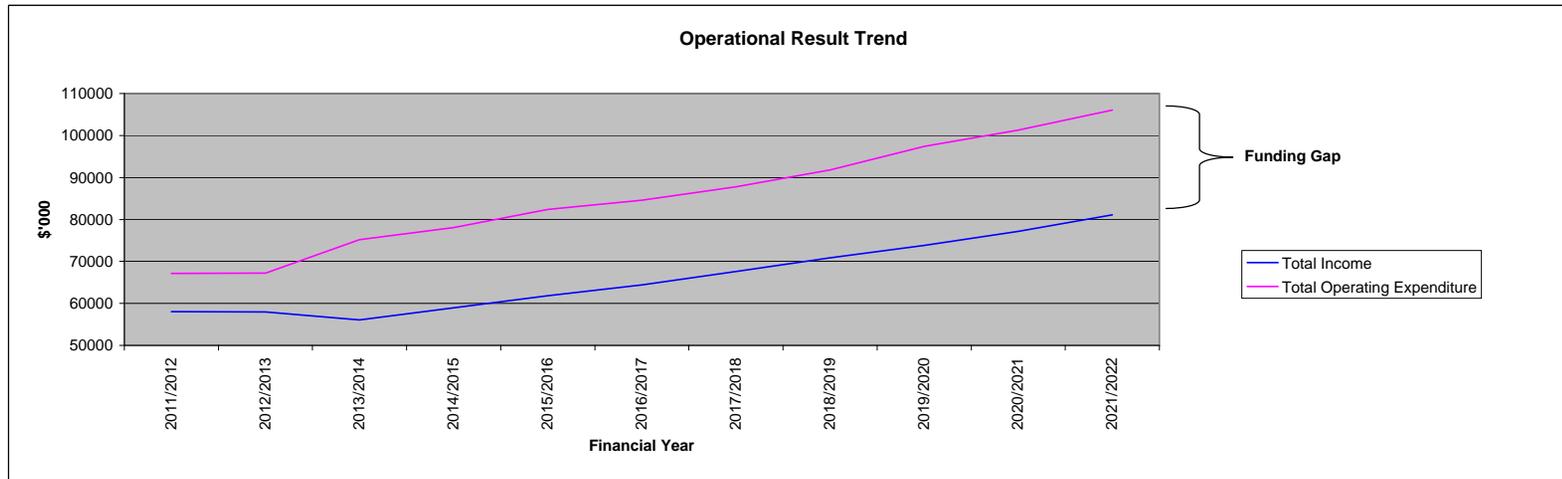


Hawkesbury City Council  
DIAGRAMS FOR CONSERVATIVE MODEL





Hawkesbury City Council  
DIAGRAMS FOR CONSERVATIVE MODEL





Hawkesbury City Council

**INCOME STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Income from Continuing Operations</b>											
<i>Revenue:</i>											
Rates & Annual Charges	39,432	40,925	42,454	46,544	51,163	55,973	61,043	66,590	72,090	77,507	82,892
User Charges & Fees	4,163	4,709	5,036	5,403	5,797	6,246	6,762	7,353	8,022	8,800	9,707
Interest & Investment Revenue	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Other Revenues	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
Grants & Contributions provided for Operating Purposes	6,848	6,438	6,618	6,624	6,881	6,699	6,769	6,779	7,053	6,863	6,937
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
<i>Other Income:</i>											
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>58,056</b>	<b>57,957</b>	<b>60,666</b>	<b>66,077</b>	<b>71,576</b>	<b>76,812</b>	<b>82,706</b>	<b>89,025</b>	<b>94,916</b>	<b>101,102</b>	<b>107,728</b>
<b>Expenses from Continuing Operations</b>											
Employee Benefits & On-Costs	16,767	17,702	18,325	18,861	19,414	19,983	20,569	21,173	21,794	22,435	23,094
Borrowing Costs	200	200	200	200	200	200	200	200	200	200	200
Materials & Contracts	18,687	18,363	24,070	24,828	26,840	26,517	27,023	28,108	30,489	30,790	31,727
Depreciation & Amortisation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Other Expenses	10,748	12,080	12,834	13,732	14,764	15,980	17,249	18,749	20,499	22,550	24,794
<b>Total Expenses from Continuing Operations</b>	<b>67,137</b>	<b>67,235</b>	<b>74,738</b>	<b>77,510</b>	<b>81,703</b>	<b>83,780</b>	<b>86,774</b>	<b>90,614</b>	<b>96,038</b>	<b>99,722</b>	<b>104,275</b>
<b>Net Operating Result for the Year</b>	<b>(9,081)</b>	<b>(9,278)</b>	<b>(14,072)</b>	<b>(11,433)</b>	<b>(10,127)</b>	<b>(6,968)</b>	<b>(4,068)</b>	<b>(1,589)</b>	<b>(1,122)</b>	<b>1,380</b>	<b>3,453</b>
<b>Net Operating Result for the year before Grants and Contributions provided for Capital Purposes</b>											
	(11,018)	(10,115)	(15,403)	(13,603)	(12,337)	(9,218)	(6,360)	(3,925)	(2,702)	(246)	1,780



Hawkesbury City Council

**CAPTIAL BUDGET**

for the Long Term Financial Plan 2012/2013 to 2021/2022

<b>\$'000</b>	<b>ORIGINAL Budget 2011/12</b>	<b>DRAFT Budget 2012/13</b>	<b>DRAFT Budget 2013/14</b>	<b>DRAFT Budget 2014/15</b>	<b>DRAFT Budget 2015/16</b>	<b>DRAFT Budget 2016/17</b>	<b>DRAFT Budget 2017/18</b>	<b>DRAFT Budget 2018/19</b>	<b>DRAFT Budget 2019/20</b>	<b>DRAFT Budget 2020/21</b>	<b>DRAFT Budget 2021/22</b>
Net Operating Result (excl. Capital Grants)	(11,018)	(10,115)	(15,403)	(13,603)	(12,337)	(9,218)	(6,360)	(3,925)	(2,702)	(246)	1,780
<b>Capital Funding and Expenditure</b>											
<i>Source of Capital Funding (excluding reserves)</i>											
Proceeds from the sale of capital assets	1,072	729	1,209	871	1,288	932	1,346	799	1,107	868	926
Depreciation	20,735	18,890	19,309	19,889	20,485	21,100	21,733	22,385	23,056	23,748	24,460
Grants & Contributions provided for Capital Purposes	1,937	837	1,331	2,170	2,209	2,250	2,292	2,335	1,580	1,626	1,673
	23,744	20,455	21,849	22,929	23,982	24,281	25,371	25,519	25,744	26,242	27,060
<i>Application of Capital Funding</i>											
Land & Land Improvements	74	149	1,945	458	472	486	501	516	531	547	564
Buildings	592	1,956	968	1,156	1,189	1,225	1,081	1,112	1,144	1,177	1,211
Infrastructure	4,660	6,766	3,972	5,661	5,116	7,046	9,863	4,851	3,188	3,240	3,153
Plant & Equipment	3,441	2,598	4,535	3,672	4,967	3,975	5,778	4,101	4,287	5,435	4,111
Other	1,204	1,639	2,480	11,067	2,656	2,722	2,290	2,361	2,433	2,508	2,585
	9,970	13,109	13,899	22,014	14,400	15,455	19,513	12,941	11,584	12,907	11,624
Net Capital Expenditure	13,774	7,347	7,951	915	9,582	8,827	5,858	12,578	14,159	13,334	15,436
<b>Net Reserve Transfers &amp; Capital Movements</b>											
Transfers from Reserves	22,017	29,658	27,371	35,718	29,959	32,691	39,137	35,976	39,372	42,001	45,578
Transfers to Reserves	24,773	26,890	28,225	30,077	32,642	35,243	38,512	41,737	45,374	49,125	53,347
	2,756	(2,768)	854	(5,642)	2,683	2,553	(625)	5,761	6,002	7,123	7,769
Retained surplus/(deficit) available for general funding purposes	0	0	(8,306)	(7,046)	(5,438)	(2,944)	123	2,891	5,455	5,965	9,446



Hawkesbury City Council

BALANCE SHEET

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Current Assets</b>											
Cash assets & Investments	46,756	40,826	44,042	37,140	45,059	44,522	40,938	46,916	47,157	48,278	48,924
Receivables	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353	5,353
Inventories	189	189	189	189	189	189	189	189	189	189	189
Other	151	151	151	151	151	151	151	151	151	151	151
Investment Properties at Fair Value	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855	25,855
	<b>78,304</b>	<b>72,374</b>	<b>75,589</b>	<b>68,688</b>	<b>76,607</b>	<b>76,070</b>	<b>72,486</b>	<b>78,464</b>	<b>78,704</b>	<b>79,826</b>	<b>80,472</b>
<b>Non-Current Assets</b>											
Other	0	0	0	0	(0)	(0)	0	0	0	(0)	(0)
Property, plant and equipment	1,244,647	1,248,129	1,248,439	1,256,892	1,248,861	1,250,272	1,253,916	1,247,891	1,246,226	1,247,788	1,246,447
Accumulated Depreciation	(526,494)	(524,649)	(525,068)	(525,647)	(526,244)	(526,858)	(527,491)	(528,143)	(528,815)	(529,506)	(530,216)
	<b>718,154</b>	<b>723,480</b>	<b>723,371</b>	<b>731,245</b>	<b>722,617</b>	<b>723,414</b>	<b>726,425</b>	<b>719,748</b>	<b>717,411</b>	<b>718,282</b>	<b>716,231</b>
<b>TOTAL ASSETS</b>	<b>796,457</b>	<b>795,854</b>	<b>798,960</b>	<b>799,932</b>	<b>799,224</b>	<b>799,484</b>	<b>798,911</b>	<b>798,212</b>	<b>796,115</b>	<b>798,108</b>	<b>796,702</b>
<b>Current Liabilities</b>											
Payables	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)	(6,082)
Provisions	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)	(7,527)
Borrowings	(2,845)	(2,439)	(2,033)	(1,627)	(1,221)	(815)	(409)	0	0	0	0
	<b>(16,455)</b>	<b>(16,048)</b>	<b>(15,642)</b>	<b>(15,236)</b>	<b>(14,830)</b>	<b>(14,424)</b>	<b>(14,018)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>	<b>(13,609)</b>
<b>Non-Current Liabilities</b>											
Interest bearing liabilities	0	0	0	0	0	0	0	0	0	0	0
Provisions	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)	(5,313)
	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>	<b>(5,313)</b>
<b>TOTAL LIABILITIES</b>	<b>(21,767)</b>	<b>(21,361)</b>	<b>(20,955)</b>	<b>(20,549)</b>	<b>(20,143)</b>	<b>(19,737)</b>	<b>(19,331)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>	<b>(18,922)</b>
<b>NET COMMUNITY ASSETS</b>	<b>774,690</b>	<b>774,493</b>	<b>778,005</b>	<b>779,383</b>	<b>779,081</b>	<b>779,747</b>	<b>779,580</b>	<b>779,290</b>	<b>777,193</b>	<b>779,186</b>	<b>777,781</b>
<b>Community Equity</b>											
Capital and Capital Reserves	(741,933)	(747,457)	(743,835)	(750,331)	(742,006)	(742,137)	(745,315)	(738,928)	(738,687)	(737,566)	(736,920)
Other reserves	(37,326)	(31,802)	(35,423)	(28,928)	(37,253)	(37,122)	(33,944)	(40,331)	(40,571)	(41,693)	(42,339)
Retained (surplus)/deficit	0	0	(8,307)	(7,045)	(5,437)	(2,944)	123	2,892	5,455	5,965	9,443
Operating Statement (surplus) /deficit	4,569	4,766	9,561	6,921	5,615	2,456	(444)	(2,923)	(3,390)	(5,892)	(7,965)
	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL EQUITY</b>	<b>(774,690)</b>	<b>(774,492)</b>	<b>(778,005)</b>	<b>(779,383)</b>	<b>(779,081)</b>	<b>(779,747)</b>	<b>(779,579)</b>	<b>(779,290)</b>	<b>(777,193)</b>	<b>(779,185)</b>	<b>(777,780)</b>



Hawkesbury City Council

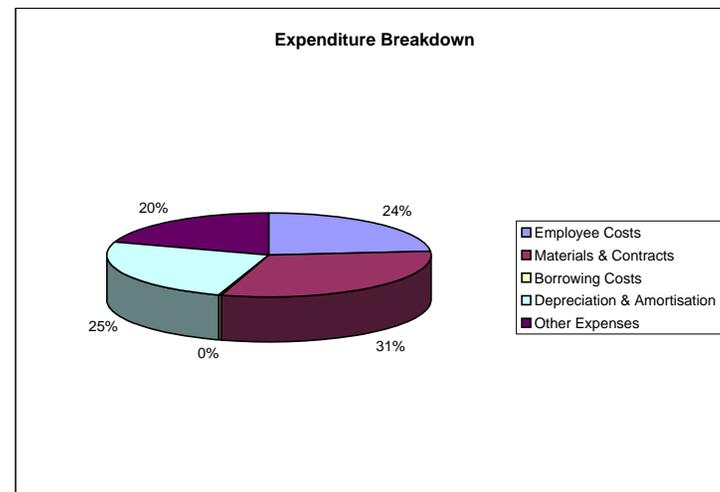
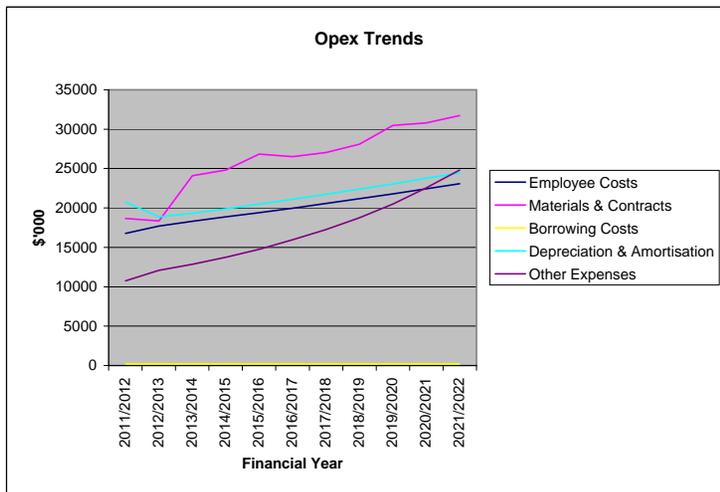
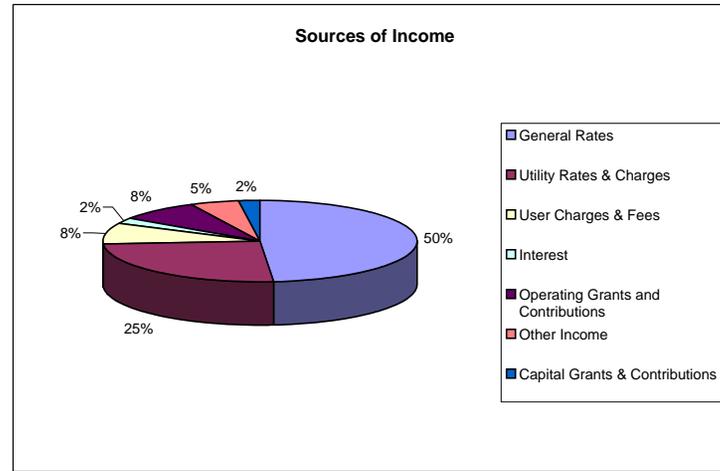
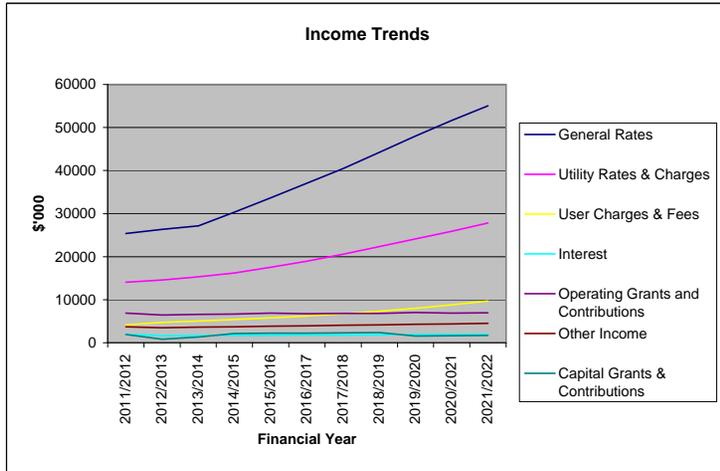
**CASH FLOW STATEMENT**

for the Long Term Financial Plan 2012/2013 to 2021/2022

\$'000	ORIGINAL Budget 2011/12	DRAFT Budget 2012/13	DRAFT Budget 2013/14	DRAFT Budget 2014/15	DRAFT Budget 2015/16	DRAFT Budget 2016/17	DRAFT Budget 2017/18	DRAFT Budget 2018/19	DRAFT Budget 2019/20	DRAFT Budget 2020/21	DRAFT Budget 2021/22
<b>Cash Flows from Operating Activities</b>											
<i>Receipts</i>											
Rates & Annual Charges	39,432	40,925	42,454	46,544	51,163	55,973	61,043	66,590	72,090	77,507	82,892
User Charges & Fees	4,163	4,709	5,036	5,403	5,797	6,246	6,762	7,356	8,022	8,800	9,707
Investment & Interest Revenue Received	2,000	1,591	1,631	1,672	1,714	1,756	1,800	1,844	1,887	1,932	1,977
Grants & Contributions	8,785	7,275	7,949	8,794	9,090	8,949	9,061	9,114	8,633	8,489	8,610
Other	3,676	3,458	3,596	3,665	3,812	3,888	4,041	4,124	4,284	4,374	4,541
<i>Payments</i>											
Employee Benefits & On-Costs	(16,582)	(17,507)	(18,123)	(18,654)	(19,200)	(19,763)	(20,343)	(20,940)	(21,554)	(22,188)	(22,840)
Materials & Contracts	(19,957)	(19,612)	(25,707)	(26,516)	(28,665)	(28,321)	(28,861)	(30,019)	(32,562)	(32,883)	(33,884)
Borrowing Costs	0	0	0	0	0	0	0	0	0	0	0
Other Expenses	(11,532)	(12,962)	(13,771)	(14,735)	(15,842)	(17,146)	(18,508)	(20,118)	(21,995)	(24,196)	(26,612)
Net Cash provided (or used in) Operating Activities	9,984	7,877	3,066	6,173	7,868	11,582	14,994	17,951	18,804	21,835	24,391
<b>Cash Flows from Investing Activities</b>											
<i>Receipts</i>											
Sale of Infrastructure, Property, Plant & Equipment	1,072	729	1,209	871	1,288	932	1,346	799	1,107	868	926
<i>Payments</i>											
Purchases of Infrastructure, Property, Plant & Equipment	(9,970)	(13,109)	(13,899)	(22,014)	(14,400)	(15,455)	(19,513)	(12,941)	(11,584)	(12,907)	(11,624)
Net Cash provided (or used in) Investing Activities	(8,898)	(12,380)	(12,690)	(21,143)	(13,112)	(14,523)	(18,167)	(12,142)	(10,477)	(12,039)	(10,698)
<b>Cash Flows from Financing Activities</b>											
<i>Receipts</i>											
Proceeds from Borrowings & Advances	0	0	0	0	0	0	0	0	0	0	0
<i>Payments</i>											
Repayment of Borrowings & Advances	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
Net Cash provided (or used in) Financing Activities	(400)	(400)	(400)	(400)	(400)	(400)	(400)	(400)	0	0	0
<b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>	685	(4,903)	(10,024)	(15,370)	(5,644)	(3,341)	(3,572)	5,408	8,328	9,796	13,694
<b>plus: Cash &amp; Cash Equivalents - beginning of year</b>	8,300	8,985	4,082	(5,943)	(21,313)	(26,957)	(30,298)	(33,870)	(28,462)	(20,134)	(10,338)
<b>Cash &amp; Cash Equivalents - end of year</b>	8,985	4,082	(5,943)	(21,313)	(26,957)	(30,298)	(33,870)	(28,462)	(20,134)	(10,338)	3,355

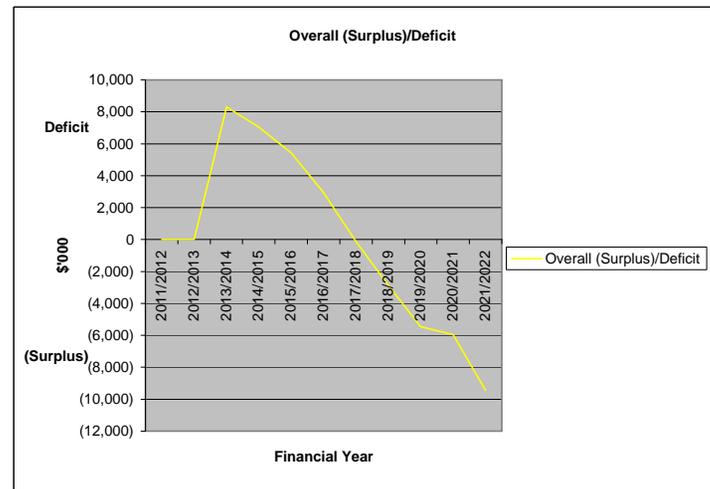
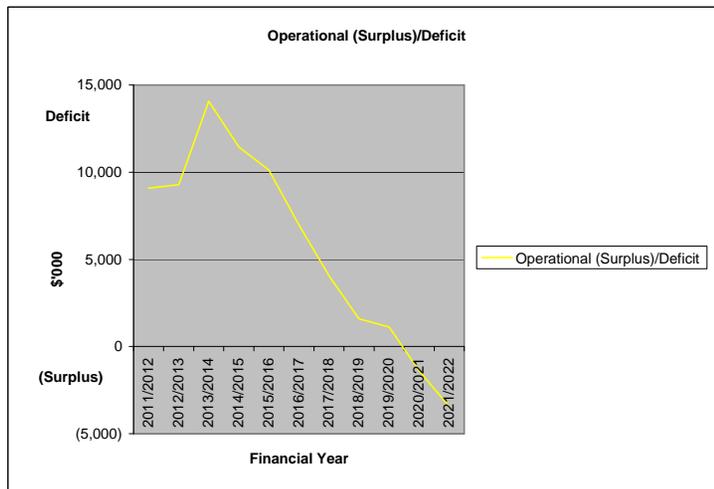
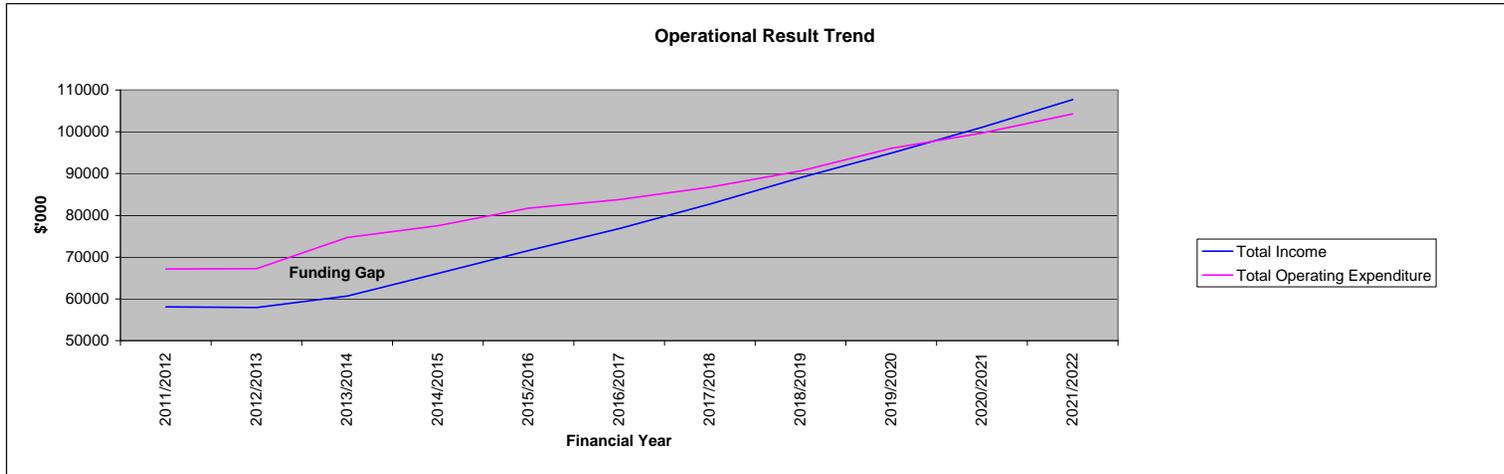


Hawkesbury City Council  
DIAGRAMS FOR OPTIMISTIC MODEL





Hawkesbury City Council  
DIAGRAMS FOR OPTIMISTIC MODEL





Hawkesbury City Council  
**Performance Measures and Targets**

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.

**Projected Key Performance Indicators**

(\$000's)	Target Indicator	Group 3 Average Indicator	Original Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10	Actual Indicator 2008/09
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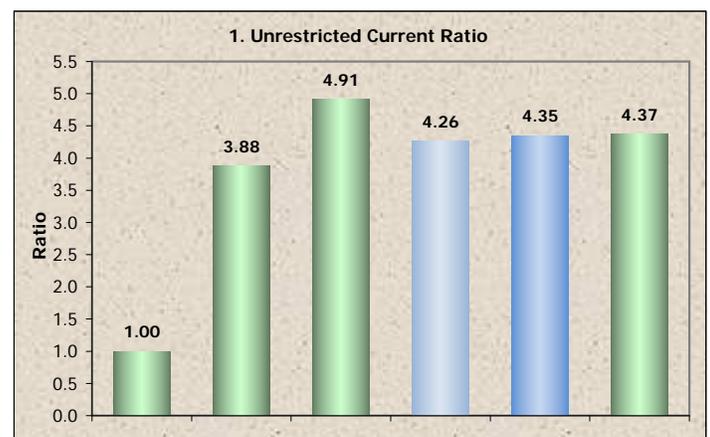
**1. Unrestricted Current Ratio**

$$\frac{\text{Current Assets less all External Restrictions}}{\text{Current Liabilities less Specific Purpose Liabilities}}$$

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 1.0 and currently exhibits sound short term liquidity.

1.00	3.88	4.91	4.26	4.35	4.37
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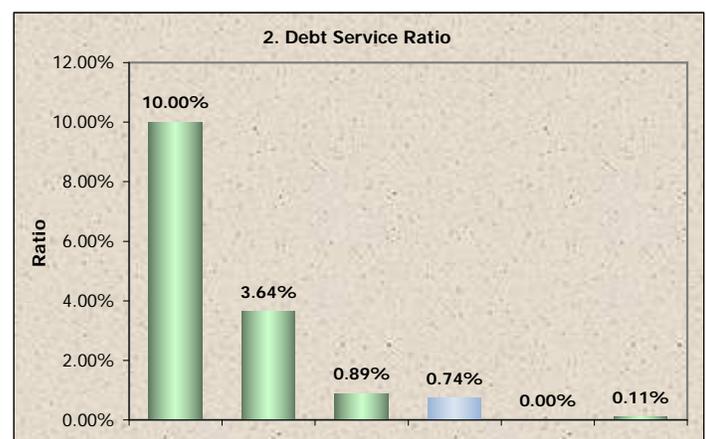
**2. Debt Service Ratio**

$$\frac{\text{Debt Service Cost}}{\text{Income from Continuing Operations Excl. Capital Items & Specific Purpose Grants & Contributions}}$$

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 10%.

10.00%	3.64%	0.89%	0.74%	0.00%	0.11%
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Hawkesbury City Council  
**Projected Key Performance Indicators**

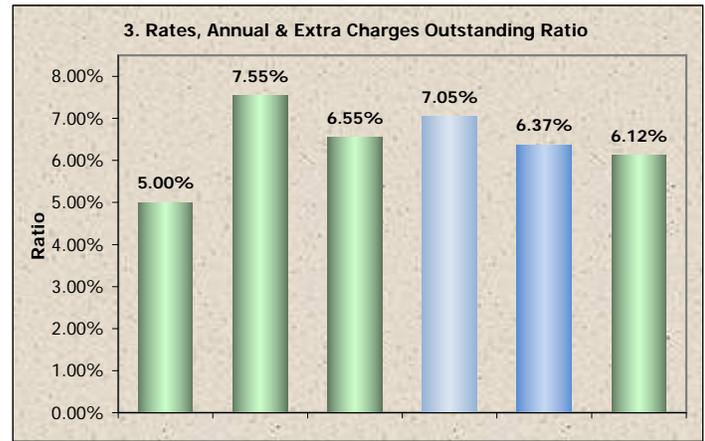
(\$000's)	Target Indicator	Group 3 Average Indicator	Original Indicator 2011/12	Actual Indicator 2010/11	Actual Indicator 2009/10	Actual Indicator 2008/09
-----------	------------------	---------------------------	----------------------------	--------------------------	--------------------------	--------------------------

**3. Rates, Annual Charges, Interest & Extra Charges Outstanding Percentage**

$\frac{\text{Rates, Annual \& Extra Charges Outstanding}}{\text{Rates, Annual \& Extra Charges Collectible}}$	5.00%	7.55%	6.55%	7.05%	6.37%	6.12%
---	-------	-------	-------	-------	-------	-------

The purpose of this ratio is to assess the impact of uncollected rates and annual charges on Council's liquidity and the adequacy of recovery efforts

Council aims to improve on this result through improved debt recovery processes to align more closely with the industry benchmark of 5%. Council is currently performing above the average Group 3 Council.

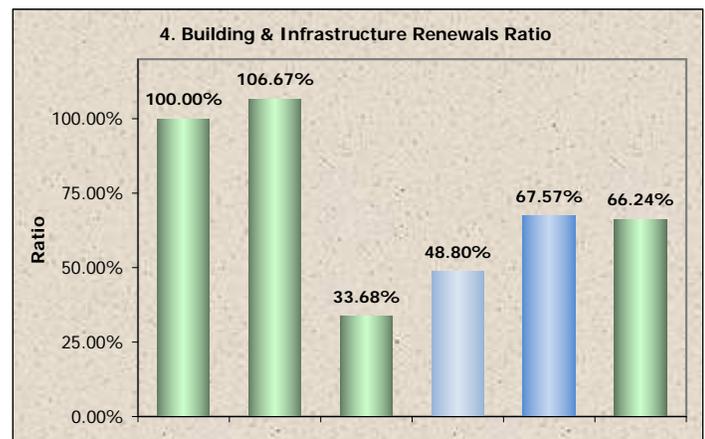


**4. Building & Infrastructure Renewals Ratio**

$\frac{\text{Asset Renewals}}{\text{Depreciation, Amortisation \& Impairment}}$	100.00%	106.67%	33.68%	48.80%	67.57%	66.24%
---	---------	---------	--------	--------	--------	--------

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%.





## **7. REVIEWING THE PLAN**

The LTFP is reviewed on annual basis as part of the Delivery Program review process.

### ***Management Reporting***

The annual budget adopted by Council each financial year is subject to rigorous monitoring during the year. 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 Manager, and a comprehensive review by 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 in the Plan are reviewed.

# **ASSET MANAGEMENT PLANNING**







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# 1 INTRODUCTION

## 1.1 Introduction

Council controls a large portfolio of infrastructure and non-infrastructure type assets. Current replacement value of infrastructure assets is estimated at \$884 million.

The infrastructure assets include roads, bridges, stormwater drainage, sewerage, solid waste, paved footpaths, cycleways, buildings, sporting field and playgrounds, recreation facilities, parks, reserves, sewerage and waste management assets. Non-infrastructure assets include land, motor vehicles, plant and equipment, office furniture and equipment, telecommunication towers, 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.

The Section 8 of the Local Government Act 1993 (Act) assigns NSW councils the management responsibility of community assets within the Local Government Area (LGA). As a custodian of community assets, Council has the responsibility for effectively accounting and managing of community assets within the Hawkesbury LGA in the most cost effective manner in order to provide efficient, safe and reliable services for current and future generations. Asset Management (AM) is a widely accepted term to describe this responsibility.

Council managed infrastructure assets are ageing and reaching a stage where significant investment is required for their renewal. Council is also facing an increasing demand to provide a higher level of service in an environment of ageing infrastructure, increasing liability and competing funding priorities for expanding services as a result of community demand and devolution of responsibility from other spheres of the government. "Rate pegging" by the State Government poses further constraints on Council's ability to generate additional revenue needed to renew ageing assets.

Council is faced with the need to employ effective practices to balance the impacts of these factors and demonstrate an appropriate level of skills, expertise in relation to AM and maintenance practices. Engaging the community and other stakeholders to set appropriate and affordable service levels is essential to determine service standards that are most appropriate and can be afforded by the community and stakeholders. This community participatory process in decision making will empower the community and build confidence in Council's AM planning system.

Failure to adequately plan for the maintenance and timely renewal of the infrastructure assets in consultation with the community will result in assets failing to meet the service needs of the community, increase in the reactive works and further widening in asset renewals backlog, reduced service standards and community dissatisfaction.

Effective AM planning 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.

Specific benefits of good AM planning include:

- Raising awareness of the requirements to effectively manage all assets;
- Identifying assets and related services most in need, prioritising programs accordingly, and allocating resources effectively;
- Identifying current levels of asset utilisation, performance and condition;
- Risk management and mitigation;
- Reducing Council's exposure to liability related incidents;
- Setting appropriate and affordable levels of service;
- Demonstrating and satisfying the community and stakeholders that assets are managed to the best of the Council's ability and capacity;
- Optimised operation and maintenance activities;

- 
- Preparing optimal and balanced asset replacement/ renewal programs;
  - Meeting legislative requirements;
  - Identifying future liabilities that will need to be funded.

Long-term benefits include:

- Extension of asset lives;
- Optimised treatment of assets at risk;
- Improved decision making and decision support system regarding asset expenditure and management;
- More accurate estimate of financial requirements for management of assets;
- Recognition of all costs of owning/operating assets over the lifecycle of assets; and,
- Life cycle strategies are applied consistently across all asset groups.

In other words, AM planning aims to optimise services to the community at a cost and risk that is acceptable.

## **2 THE CONTEXT**

In response to the various studies on local government infrastructure, Nationally Consistent Framework on Local Government Financial Sustainability and increased community expectation of local governments the NSW Government has mandated the following reforms upon NSW local governments.

### **2.1 Financial Reporting Requirement**

The Division of Local Government requires that councils comply with the accounting standard AASB116 for valuation and reporting on infrastructure assets. Council's infrastructure assets are now required to be reported at Fair Value in accordance with the financial guideline.

### **2.2 NSW Local Government Amendment (Planning and Reporting) Act 2009**

This legislation requires Council to prepare a Resourcing Strategy consisting of Workforce Management, AM and Long Term Financial Planning (LTFP). The AM planning requires Council to prepare an AM policy, AM strategy, AM plan/s that support the delivery of Community Strategic Plan.

The NSW Division of Local Government (DLG) has issued mandatory Planning and Reporting Guidelines<sup>1</sup> which provide guidance and expands on specific requirements of the new legislation. The mandatory requirements (Essential Element) in the guidelines relevant to AM planning are provided in the manual.

## **3 COUNCIL'S ASSET MANAGEMENT PLANNING GOALS, PRINCIPLES AND FRAMEWORK**

### **3.1 Asset Management Goals**

The overarching goals for Council's AM planning is set by the Directions outlined in the Hawkesbury Community Strategic Plan (CSP), these are:

*"Have a comprehensive system of transport connections which link people and products across the Hawkesbury an with surrounding regions"*

*"Be linked by accessible, viable public transport, cycleways and pathways to the major growth and commenrcial centres within and beyond the Hawkesbury"*

*"Have a comprehensive system of well maintained local and regional roads to serve the needs of the community"*

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<sup>1</sup> Planning a Sustainable Future "Guidelines" – Planning and Reporting Guidelines for local government in NSW 2010



*“Plan for, maintain and renew our physical infrastructure and community services, facilities and communication services for the benefits of residents, visitors and businesses”*

*“Be financially sustainable to meet the current and future needs of the community based on a diversified income base, affordable and viable services”*

*“Engage the community to help determine affordable levels of service”*

*“Have constructive and productive partnerships with residents, community groups and institutions”*

### **3.2 Asset Management Planning Principles**

The Asset Management planning principles are outlined in Council’s AM policy<sup>2</sup>. Council aims to apply these principles to guide the future AM planning.

The principles are:

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

### **3.3 Asset Management Planning Framework**

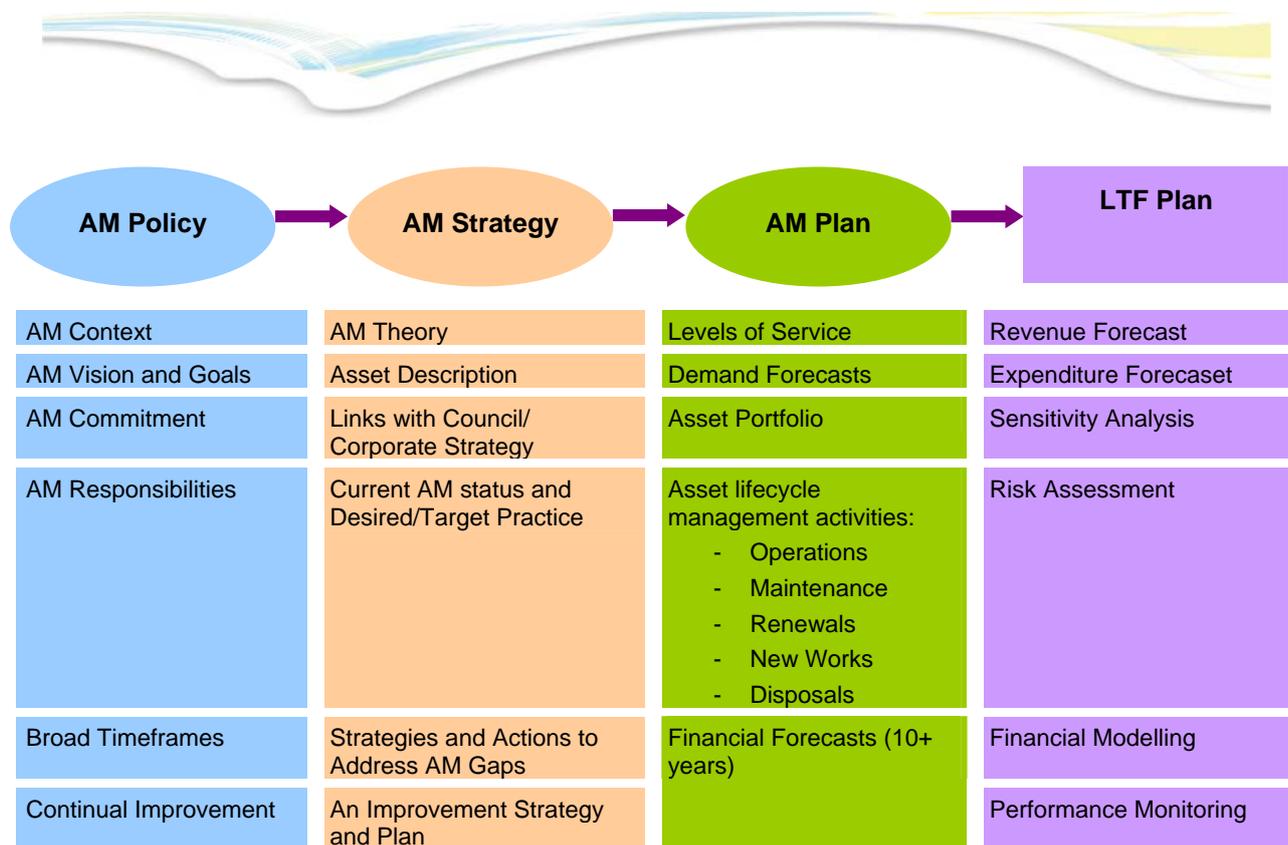
Council’s AM planning framework consists of a number of components, and includes the following:

- AM Policy
- AM Strategy
- AM Plans

A diagrammatic view of the AM planning framework is presented over the page.

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<sup>2</sup> Hawkesbury City Council adopted Asset Management Policy on 29 September 2009



## 4 ASSET MANAGEMENT SITUATION ANALYSIS

The purpose of this section is to provide a clear understanding of the current situation with regard to the Council's assets and their management.

The analysis is organised under the following headings:

- 4.1 Background
- 4.2 Asset Managed by Council
- 4.3 Asset Stock and Replacement Cost
- 4.4 Asset Sustainability
- 4.5 Current Asset and Corporate Information Systems
- 4.6 Condition of Council's Current Assets
- 4.7 Capital Funding Shortfall or Funding Gap
- 4.8 Asset Operating and Maintenance Costs
- 4.9 Levels of Service
- 4.10 Risk Assessment and Management

### 4.1 Background

In recent years Council has carried out a number of specific actions directed to improve Council's AM planning.

In 2007 Council prepared draft AM plans for five key infrastructure assets (Roads and Ancillary, Stormwater Drainage, Building and Facilities, Parks and Recreation and Wastewater). In association with the draft plans an AM gap analysis has also been carried out to assess the current Council AM status with data, knowledge, practice, systems and identify where Council would like to be in the future and identified gaps and action plan to overcome this gap.

Draft AM policy and strategy documents were also prepared in 2007 and the process commenced to implement identified improvement actions.



### Council's Asset Management Policy

On 29 September 2009 Council adopted its AM policy.

The policy broadly outlines how and why AM will be undertaken across the Council as a whole and sets the broad framework for undertaking AM in a structured and coordinated way i.e. provides a clear direction for AM. The policy also defines key principles that underpin AM for the Council and outlines a framework for developing and implementing a sustainable AM strategy and plans within Council to meet the community priority objectives stated in the CSP.

Council's AM policy is published as a separate document and can be viewed from Council's website: [www.hawkesbury.nsw.gov.au](http://www.hawkesbury.nsw.gov.au)

### Council's Asset Management Strategy

On 9 September 2010 Council's Executive Team endorsed Council's draft AM strategy. This draft strategy has been reviewed, updated and incorporated in this AM Planning document.

An AM strategy enables Council to show how Council's asset portfolio supports the service delivery needs of the community. It provides an outline of specific actions to be undertaken by Council in order to improve AM capability and achieve the objectives set in the HCSP.

It also provides the community with a clear indication of what is required to effectively manage community assets.

The AM strategy includes specific actions required to improve Council's AM and will be periodically reviewed and updated.

### Asset Management Plans

In 2007 a set of first draft of AM plans were prepared for five key infrastructure assets. The five plans included:

- Roads and Ancillary
- Stormwater Drainage
- Parks and Recreation
- Buildings and Facilities
- Wastewater

These draft plans have been reviewed and updated to align with the new IP&R legislative framework and the HCSP. The review has identified significant gaps in asset data and information that are required to prepare a robust asset plans.

Council is currently implementing various actions directed to improve its asset knowledge, data, processes and systems. It is recognised that this is a major undertaking and is anticipated to take approximately 3-4 years to get a complete and accurate asset information/data. Future review of the Plans will be driven by improved asset data and knowledge and provide a higher degree of confidence.

AM plan(s) outline a particular set of actions and resources required to provide a defined level of service in the most cost effective manner.

Typically AM plans outline a long term (+10 years) plan for the assets activities for each service area. Key information from the AM plan informs the AM strategy and LTFP.

Key information from the AM plan has been summarised and presented in Section 11.

## 4.2 Assets Managed by Council

The table below show asset types which are currently under Council's control/management:

Asset Types	Asset Group	Assets Include
<b>Infrastructure</b>	Roads and Ancillary	Land under roads, sealed and unsealed roads, kerb and gutter, bridges, major culverts, footpaths and cycleways, car parking areas, street furniture, signage, traffic control facilities, fire trails, vehicular ferry, safety fences, retaining walls
	Stormwater Drainage	Pipes, culverts, pits, headwalls, Gross Pollutant Traps, wetlands and ponds, open detention basins, swales and channels
	Buildings and Facilities	Land under buildings, public halls, libraries, community and child care centres, senior citizens centre, regional museum, art gallery, public toilets, council offices, work depots, pavilions, grand stand, sheds and shelters, commercial shops, investment properties, function centre, RFS/SES facilities, transmitter towers, underground parking structures, mechanical services, furniture and fittings, aquatic centre, indoor stadium and bus shelters
	Parks and Recreation	Land, horticulture, aboriculture, minor structures, sporting grounds/ovals, swimming pool, play equipment, nursery, cemeteries, skateparks, tennis and netball courts, park furniture, street trees, walking trails, lookouts and fences
	Sewerage	Land, reticulation pipes, manholes, pump stations, rising mains, treatment plants, plant and equipment (electro/mechanicals)
	Solid Waste	Land, garbage trucks, bins, weighbridge, landfill site, monitoring equipment, fences, washbay, plant and equipment
<b>Non-Infrastructure</b>	Works of art and Heritage collection	Monuments, sculptures, art works/ paintings, other small high value items, artifacts
	Fleet, plant and equipment	Motor vehicles, trucks, garbage trucks, construction equipment, gardening equipment, computer systems and telecommunication assets
	Other	Office furniture, office equipment including computer hardware, printers, phone system, fittings and library books etc

## 5 ASSET STOCK AND REPLACEMENT COST

Current replacement cost of Council controlled key infrastructure assets is estimated at \$884 million. Asset replacement cost breakdown by asset class is shown in the table below:

### Roads and Ancillary Assets

Asset Group	Asset Stock	Current Replacement Cost
Road Pavement and Surface - Urban, Rural (Sealed and Unsealed)	1033 kms	\$359,550,640
Bridges and Major Culverts	68	\$32,261,600
River Ferry	1	\$1,750,000
Kerb and Gutter	335 kms	\$83,750,000
Paved Footpaths	115,275 m2	\$13,833,000
Cycleways	21 kms	\$4,048,877
Traffic Control Facilities: Median Island, Raised Thresholds	Under assessment	\$853,000
Roundabouts	20	\$7,500,000
Street Furniture:		
• Signs and Lines	lines - 350 kms signs - 10347	\$4,785,664
• Guard Rails and Fences	10.5 kms	\$2,985,000
Car Parks	2824 spaces 100,000 sqm	\$6,000,000
<b>TOTAL</b>		<b>\$517,817,761</b>

### Drainage, Environmental Stormwater and Flood Control

Asset Group	Asset Stock	Current Replacement Cost
Piped Conduits/Box Culvert	135.46 kms	\$71,532,861
Pits and Headwalls	3988	\$11,854,658
Lined Channels	132,200 sqm	\$35,033,000
Unlined Channel	Under assessment	Under assessment
Detention Basin	Under assessment	Under assessment
Stormwater Quality Improvement Devices (SQUIDs)	21	\$1,871,422
Gates and Flood Control Devices	Under assessment	Under assessment
Flood Mitigation Structure		Under assessment
<b>TOTAL</b>		<b>\$85,258,941</b>

### Parks, Reserves, Recreation and Sporting Assets

Asset Group	Asset Stock	Current Replacement Cost
Playground Equipment	60	\$1,740,000
Playing Courts	51	\$2,910,000
Skate Parks	2	\$210,000
Swimming Pools	2	\$10,029,000
Wharf	1	\$700,000
Indoor Stadium	1	\$8,461,000
Floodlighting	254	\$6,350,000

### Parks, Reserves, Recreation and Sporting Assets

Boat Ramp	1	\$1,60,000
Irrigation	10	\$500,000
Sports Fields	83	\$3,250,000
Grand Stand	2	\$514,000
<b>TOTAL</b>		<b>\$37,574,000</b>

### Property/Building Assets<sup>3</sup>

Asset Group	Asset Stock	Current Replacement Cost
Administration Building	1	\$10,032,000
Aerial Tower	2	\$171,000
Australian Pioneer Village	1	\$2,244,000
Amenities	81	\$15,290,000
Bus Shelters	28	\$499,000
Building Others	14	\$3,663,000
Bush Fire Shed	19	\$3,964,000
Bush Fire Station	5	\$5,004,000
Child Care Centres	13	\$9,766,000
Co-generation Plant	1	\$3,130,000
Community Centres	18	\$13,810,000
Community Halls	8	\$2,824,000
Fences and Gates	2	\$58,000
Library	2	\$794,000
Property Investment (commercial)	11	\$2,225,000
Property Residential	5	\$1,356,000
Regional Museum	1	\$1,868,000
Sheds and Shelters	67	\$3,623,000
Toilet Blocks	2	\$188,000
Tourism	4	\$472,000
<b>TOTAL</b>		<b>\$80,891,000</b>

### Wastewater Assets<sup>4</sup>

Asset Group	Asset Stock	Current Replacement Cost
Reticulation	147 kms	\$51,602,923
Manholes	3228	\$16,935,028
Pumping Stations	24	\$12,595,000
Treatment Plants	2	\$32,033,000
Rising Mains	28.8 kms	\$14,133,776
<b>TOTAL</b>		<b>\$127,299,727</b>

<sup>3</sup> Schedule of Values of Buildings & Operational Land in Hawkesbury LGA, Scott Fullerton Valuations Pty Ltd, 30 June 2008

<sup>4</sup> Wastewater Infrastructure Valuations as at 30 June 2007 by Andrew Nock Pty Ltd, excluding land and civil infrastructure

<b>Landfill and Associated Assets</b>		
<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
Land	Under assessment	Under assessment
Fencing	Under assessment	Under assessment
Weighbridge and Facility	Under assessment	Under assessment
Wheel Wash Facility	Under assessment	Under assessment
<b>TOTAL</b>		<b>\$TBA</b>

<b>Fleet, Plant and Equipment Assets</b>		
<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
Fleet Vehilces	Under assessment	Under assessment
Trucks	Under assessment	Under assessment
Garbage Compactors	Under assessment	Under assessment
Mowers	Under assessment	Under assessment
Tractors	Under assessment	Under assessment
Hand tools	Under assessment	Under assessment
Office equipment: PCs Laptops Servers Printers/Copier Phones Voice & data networks	Under assessment	Under assessment
	Under assessment	Under assessment
<b>TOTAL</b>		<b>\$TBA</b>

<b>Arts, Heritage and small high value assets</b>	<b>Under assessment</b>	<b>Under assessment</b>
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### 5.1 Asset Sustainability

Initial AM planning and analysis has been carried out to understand the asset lifecycle costs and life cycle expenditure in order to determine the lifecycle gap and the asset sustainability ratio.

At present critical information needed to derive asset life cycle costs and cycle expenditure required to sustain infrastructure asset services into the future is not readily available for analysis. With the implementation of proposed AM improvement actions it is anticipated that more reliable information will be available for life cycle costs and expenditure estimates in the future.

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

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

Future review of this document will provide an analysis of the lifecycle costs and expenditure and sustainability index.

## 5.2 Current Asset and Corporate Information Systems

Council is currently implementing a corporate AM system. This will allow the capture at essential asset data and enable planning for operations/ maintenance and renewal works, tracking maintenance history and life cycle costs and undertake asset deterioration predictive modelling and long term funding forecast.

Presently the following suite of Information Technology systems are used in Council.

IT Application	Application Name	Application Description
<b>Corporate or Business Systems</b>	<b>TechnologyOne suite of systems:</b>	
	<ul style="list-style-type: none"> <li>TechOne - Finance System</li> </ul>	<ul style="list-style-type: none"> <li>This system is used for budgeting and recording financial transactions, general ledger, creditors and purchasing, banking and store inventory management</li> </ul>
	<ul style="list-style-type: none"> <li>TechOne - PeopleOne</li> </ul>	<ul style="list-style-type: none"> <li>Used for Payroll processing and human resource management</li> </ul>
	<ul style="list-style-type: none"> <li>TechOne - ProclaimOne</li> </ul>	<ul style="list-style-type: none"> <li>Used to record property details such as addresses, ownership, rating, building/development and other application assessment</li> </ul>
	<ul style="list-style-type: none"> <li>TechOne Proclaim CRM</li> </ul>	<ul style="list-style-type: none"> <li>Used for Customer Request Management System</li> </ul>
	<ul style="list-style-type: none"> <li>ECM</li> </ul>	<ul style="list-style-type: none"> <li>ECM is Council's Records and Information Management System. It holds index information on correspondents dealing with Council, Property and Applications as well as many other information sets. It does not, at present, have a dedicated Asset index. ECM will be used to record customer requests however this has been phased out with implementation of the Proclaim Customer Request Management (CRM) system</li> </ul>
<ul style="list-style-type: none"> <li>Geographic Information System</li> </ul>	<ul style="list-style-type: none"> <li>ESRI's ArcGIS software is used as the Geographical Information System. The information stored in this system is then served to a browser based system over the intranet to a system called Dekho from ESRI Australia</li> </ul>	



IT Application	Application Name	Application Description
<b>AM System</b>	<ul style="list-style-type: none"> <li>TechnologyOne - Enterprise Asset Management (EAM or Work &amp; Assets)</li> </ul>	<ul style="list-style-type: none"> <li>Corporate asset system for the whole of council asset data warehousing, operations and maintenance works, works management. It will also link to Assetic SAM, CRMS, Records, Financial, GIS and Property systems</li> </ul>
	<ul style="list-style-type: none"> <li>Assetic – Strategic Asset Management (SAM)</li> </ul>	<ul style="list-style-type: none"> <li>This system is in the process of implementation and will allow to model and predict long term funding implications based on asset condition, levels of service or financial constraint, preparation of asset renewal programs, service level planning and asset valuation, and depreciation</li> </ul>
	<ul style="list-style-type: none"> <li>SMEC PMS</li> </ul>	<ul style="list-style-type: none"> <li>SMEC Pavement Management System is used for roads and ancillary assets and bridges</li> </ul>
	<ul style="list-style-type: none"> <li>SewerCAD</li> </ul>	<ul style="list-style-type: none"> <li>This system is used for sewerage reticulation network performance and capacity modelling. Council intends to continue to use this software package for sewerage network capacity modelling</li> </ul>
	<ul style="list-style-type: none"> <li>Turboworks</li> </ul>	<ul style="list-style-type: none"> <li>Turboworks is Council's facilities maintenance works management system. The system allows issue of work orders, manage contracts, record contractor details e.g. skills, license and insurances, track work progress, check and issue WHS permits, schedule inspections, record asset maintenance and cost history, has a quality control system that checks validity of permit /licences and insurance and stops process of work orders if key requirement is not satisfied</li> </ul>
	<ul style="list-style-type: none"> <li>Excel</li> </ul>	<ul style="list-style-type: none"> <li>Council has a number of spreadsheets which have data for:               <ul style="list-style-type: none"> <li>Plant register, maintenance data</li> <li>Parks and recreation</li> <li>Property and lease management</li> <li>Insurance and risk management</li> </ul> </li> </ul>
	<ul style="list-style-type: none"> <li>GIS and MS Access</li> </ul>	<ul style="list-style-type: none"> <li>These systems are used to record stormwater drainage assets</li> </ul>
	<ul style="list-style-type: none"> <li>SCADA</li> </ul>	<ul style="list-style-type: none"> <li>This system monitors Sewage Treatment Plant and Pumping Station Operations and Performance.</li> </ul>
	<ul style="list-style-type: none"> <li>Tip site</li> </ul>	<ul style="list-style-type: none"> <li>This is a weighbridge system used at the South Windsor Waste Management Facility (SWWMF) gate entry point which monitors waste going into and out of the landfill facility</li> </ul>

Presently the level of AM systems utilised across asset groups vary considerably. Council undertakes advanced predictive modelling for road pavements using the SMEC Pavement Management System (PMS), whereas for other assets such as buildings, drainage, parks basic asset data are either not available or limited and needs to be collected.



### **5.3 Condition of Council's Current Assets**

Good asset condition data is available for sealed road pavements however, limited asset condition information is held on other assets. Sewerage reticulation assets data is being collected via CCTV inspection. The Parks Branch has recently collected asset data for majority of parks assets. Data for other assets will be collected in association with implementation of new corporate asset management system over a period of time.

Asset condition, utilisation and performance data is essential for planning, setting level of service and forecasting long term funding requirements.

The asset condition information is presently reported via Council's annual general purpose and special purpose financial report and special schedules. This report has a primary focus on financial asset valuation and depreciation and is not readily suited for asset management planning and decision process.

It is envisaged that future reviews of this document will provide detailed asset condition information by asset classes.

### **5.4 Capital Funding Shortfall**

Currently a ten year rolling capital renewal funding projection is developed by Managers responsible for the assets based on available information in hand. However, Council only adopts funding for one year i.e. the forthcoming year.

The Council adopted level of funding is generally based on Council's current financial capacity and historic expenditure trend. However, increasingly greater emphasis is now placed in preparing a ten year funding projection and analysis of funding models for "bridging" the asset renewal funding gap in the long term financial plan.

Council has initiated action to improve its AM knowledge, systems and processes, and it is anticipated that with improved asset knowledge Council's asset renewal funding forecast will become more robust.

Current analysis of funding required for renewal of key assets is based on available information. The asset renewal funding shortfall over a ten year planning period is estimated at \$151 million. However, this does not include drainage and buildings assets for which renewal forecast is currently not available.

### **5.5 Asset Operating and Maintenance Costs**

Generally operating and maintenance funding cost is based on the historic or previous year expenditure trend with allowance for annual inflation. There is limited consideration placed in allocating additional maintenance funding when new assets are commissioned.

Council currently spends an estimated \$13.4 million per annum on assets operating and maintenance costs. With improved asset information Council will be able to forecast more accurately funding needed to maintain the service level that is affordable and desired by the community.

Operating and maintenance costs e.g. materials, fuel, energy costs etc are increasing at greater rates than CPI increases. New assets are being added from new developments without any additional operating and maintenance costs. Furthermore, operating, maintenance and renewal funding have been tightened in the recent years in response to budget constraints. This meant that there has been a continual process of increasing efficiencies, cost cutting, and tightening of expenditure. There is a limit to cost cutting and it is likely to result in assets ageing prematurely and failing to meet the required services levels and requiring premature renewal.

## 5.6 Levels of Service

Currently service levels have been defined informally and generally based on technical and operational considerations, historic asset knowledge and practices, and taking into account public safety risks.

Council aims to define appropriate and affordable Level of Service (LoS) in consultation with the community in the future. However, it is recognised that a lot of work is required to be done to develop a good understanding of the asset life cycle costing, condition, performance, utilisation data before a meaningful dialogue can be had with the community in setting LoS.

However, in the interim the biennial community satisfaction survey provides a broad understanding of community's perception of current Council service delivery.

Council commenced the biennial community survey in 2007 and the last survey was completed in September 2011. The survey measures community attitudes and perceptions toward current and future services and facilities provided by Council, assess and establishes the community's priorities and satisfaction in relation to Council activities, services and facilities and seeks opinions on major issues and priority action areas for the future.

### 2011 Community Satisfaction with Council's Service

Council engaged an independent company the Micromex Research to carry out the 2011 Community Survey. The sample consisted of a total of 400 residents

The table below presents a summary of the difference between community importance and satisfaction ratings for the Council's built asset.

Summary of community importance and satisfaction ratings for the key Council's infrastructure/facility service area is shown in the table below:

<b>Ranking 2011</b>	<b>Service/Facility</b>	<b>Importance Mean</b>	<b>Satisfaction Mean<sup>5</sup></b>	<b>Performance Gap</b>
1	Road maintenance	4.60	<b>2.15</b>	2.45
2	Improving service & infrastructure (generally)	4.35	<b>2.77</b>	1.58
4	Road safety	4.53	<b>3.05</b>	1.48
7	Public toilets	3.90	<b>2.55</b>	1.35
14	Reducing energy consumption	3.97	<b>3.00</b>	0.97
16	Footpaths and cycleways	3.77	<b>2.88</b>	0.89
20	Car parks	4.10	<b>3.22</b>	0.88
22	Stormwater management and reuse	3.86	<b>3.06</b>	0.86
30	Disabled ramps & access	3.81	3.32	0.59
34	Parks and reserves	4.02	3.52	0.50

<sup>5</sup> 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



Ranking 2011	Service/Facility	Importance Mean	Satisfaction Mean <sup>5</sup>	Performance Gap
37	Provision of mains sewerage	3.77	3.38	0.39
42	Sporting and recreation facilities	3.34	3.52	<b>-0.18</b>
44	Playgrounds	3.30	3.53	<b>-0.23</b>
45	Community centres and community halls	3.24	3.66	<b>-0.42</b>
47	Public swimming pools	3.04	3.59	<b>-0.55</b>
48	Libraries	3.61	4.17	<b>-0.56</b>
49	Child care centres	2.98	3.79	<b>-0.81</b>
50	Gallery/Museum	2.70	4.06	<b>-1.36</b>

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

The key outcome of this analysis would suggest that there are opportunities to improve satisfaction across a range of service areas, and road maintenance, road safety and public toilets are the area of least relative satisfaction.

The community feedback helps Council to determine and measure the community’s satisfaction with Council’s services and identify areas needing attention.

## 5.7 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.

Initial risk assessments have been carried out for Council’s key infrastructure assets. Risk Management Plans have been developed and consideration is being given to progressively attend to the priority risks.

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

### a. *Vandalism*

All Council’s assets are prone to vandalism. Buildings, parks, playground equipment, street furniture, bus shelters, signage, public toilets are the most vulnerable assets. Vandalism, such as graffiti, only has



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

**b. *Natural Hazards***

Council is currently in the process of undertaking a natural hazards risk assessment and adaptation plan. The impact on infrastructure from natural hazards will be added to this section in a future update of this document.

**c. *Fire***

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

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

**d. *Salinity***

'Salinity' is commonly used to describe processes and impacts associated with salts and water. It is a more significant problem in areas where the groundwater level is high. Some areas of the Hawkesbury have already been identified as having moderate to high salinity. An increase in the salinity of groundwater can have a significant impact on underground assets, including building footings, drainage, wastewater pipes, roads and car parks.

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

**e. *Flooding***

Flooding is a major risk in the Hawkesbury LGA. Flooding affects all asset types.

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

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

**f. *Financial***

Funding limitations may result in inadequate maintenance and renewal deferment of assets which could cause premature asset ageing or deterioration and are not available for the future users. Expanding Council services and competing financial priorities pose a risk to asset maintenance and renewal, through the potential for maintenance and renewal funds to be diverted elsewhere. Council's AM strategy, particularly the works proposed in the AM improvement program and AM plans will in part provide the necessary information to determine a sustainable funding level and enable better understanding of this risk. A detailed long term financial projection is contained within each asset plan and these provide critical insights into the asset maintenance and renewal backlogs.

This information will be continually reviewed and refined in the future as additional information becomes available. This process will also provide the information necessary to engage the communities about

Council's capacity to develop and maintain new assets, as well as maintaining existing assets and provide the desired levels of service.

## 6 ASSET MANGEMENT GAP ANALYSIS

Asset Management gap analysis has been completed across Council's key infrastructure asset groups. The process involved determining "where Council is currently at" with AM strategy, systems and practices and "where it wants to be" in a particular timeframe. This identified the "gap" between current and desired practice.

The assessment revealed that currently there is good asset data for some assets and very limited for others. There is limited formally adopted LoS and a basic capital projects prioritisation system. Limited asset data is represented spatially and there is no corporate centralised asset management system. Asset maintenance related information is not well captured and there is limited system integration between disparate asset systems and corporate systems.

The AM gap analysis information is summarised in the table below by AM categories.

### AM– Current Practice Versus Desired/Target Practice (4 Years)

AM Category	Current Practice	Target Practice (4 Years)
<b>Asset Knowledge – Data and Processes</b>	<ul style="list-style-type: none"> <li>poor to basic systems, guidelines and processes for asset classification/hierarchy and data collection and use</li> </ul>	<ul style="list-style-type: none"> <li>guidelines and processes developed for asset classification/hierarchy and data collection and use</li> </ul>
	<ul style="list-style-type: none"> <li>reasonable to good asset attribute data for some asset groups, limited for others</li> </ul>	<ul style="list-style-type: none"> <li>asset attribute data collected for all asset groups down to appropriate component level</li> </ul>
	<ul style="list-style-type: none"> <li>reasonable to good condition data for some asset groups, limited for others</li> </ul>	<ul style="list-style-type: none"> <li>condition data collected and recorded for all asset groups down to appropriate component level</li> </ul>
	<ul style="list-style-type: none"> <li>minimal historical, operations and maintenance data</li> </ul>	<ul style="list-style-type: none"> <li>historical, operations and maintenance data collected and recorded</li> </ul>
	<ul style="list-style-type: none"> <li>minimal performance and utilisation data/information</li> </ul>	<ul style="list-style-type: none"> <li>performance and utilisation data/information collected and recorded</li> </ul>
	<ul style="list-style-type: none"> <li>minimal lifecycle cost data</li> </ul>	<ul style="list-style-type: none"> <li>lifecycle cost data collected and recorded</li> </ul>
	<ul style="list-style-type: none"> <li>basic accounting data/information for most assets but limited confidence level/currency/coverage</li> </ul>	<ul style="list-style-type: none"> <li>accounting data/information for all assets collected and recorded</li> </ul>
	<ul style="list-style-type: none"> <li>some basic asset IDs but no formal system across all asset groups</li> </ul>	<ul style="list-style-type: none"> <li>formal asset IDs developed across all assets</li> </ul>
	<ul style="list-style-type: none"> <li>generally informal processes for asset handover</li> </ul>	<ul style="list-style-type: none"> <li>processes developed and implemented for asset handover</li> </ul>
	<ul style="list-style-type: none"> <li>limited data validation and auditing processes</li> </ul>	<ul style="list-style-type: none"> <li>data validation and auditing processes developed and implemented</li> </ul>
	<ul style="list-style-type: none"> <li>informal guidelines and processes for data/information management and use</li> </ul>	<ul style="list-style-type: none"> <li>guidelines and processes for data/information management and use developed and implemented</li> </ul>



AM Category	Current Practice	Target Practice (4 Years)
	<ul style="list-style-type: none"> <li>good spatial representation of some asset groups/ types and limited GIS utilisation strategically</li> </ul>	<ul style="list-style-type: none"> <li>spatial representation developed for all asset groups/ types for use strategically</li> </ul>
Strategic Asset Planning Processes	<ul style="list-style-type: none"> <li>no formal demand forecasting</li> </ul>	<ul style="list-style-type: none"> <li>basic demand forecasting for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>basic risk consideration for most assets but no formal risk assessment/analysis</li> </ul>	<ul style="list-style-type: none"> <li>formal risk assessment/analysis for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>no formal identification of critical assets</li> </ul>	<ul style="list-style-type: none"> <li>identification and assessment of critical assets</li> </ul>
	<ul style="list-style-type: none"> <li>no optimised decision making (although treatment options considered/assessed for road pavements)</li> </ul>	<ul style="list-style-type: none"> <li>basic optimised decision making considerations in developing AM strategies and plans for all assets (particularly for infrastructure assets)</li> </ul>
	<ul style="list-style-type: none"> <li>no predictive modelling (although limited future scenarios considered/assessed for road pavements)</li> </ul>	<ul style="list-style-type: none"> <li>basic predictive modelling considerations in developing AM strategies and plans for all assets (particularly for infrastructure assets)</li> </ul>
	<ul style="list-style-type: none"> <li>no formal identification/adoption of LoS although various technical LoS are considered</li> </ul>	<ul style="list-style-type: none"> <li>formal identification/adoption of LoS including initial community consultation</li> </ul>
	<ul style="list-style-type: none"> <li>limited informal lifecycle costing/planning (although considered as part of road pavement modelling)</li> </ul>	<ul style="list-style-type: none"> <li>formal lifecycle costing/planning for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>basic short to medium term works/maintenance programs for some asset groups/types</li> </ul>	<ul style="list-style-type: none"> <li>long term works/maintenance programs for all asset groups/types</li> </ul>
	<ul style="list-style-type: none"> <li>no Long Term Financial Strategy (LTFS) for assets</li> </ul>	<ul style="list-style-type: none"> <li>Long Term Financial Strategy (LTFS) for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>groups being developed for main infrastructure asset groups</li> </ul>	<ul style="list-style-type: none"> <li>groups developed and incorporated in AM Plans</li> </ul>
<ul style="list-style-type: none"> <li>limited basic project evaluation/justification/prioritisation systems and process</li> </ul>	<ul style="list-style-type: none"> <li>solid project evaluation/justification/prioritisation systems and processes developed and implemented</li> </ul>	
<ul style="list-style-type: none"> <li>no formal processes for asset rationalisation exist and no recent reviews/studies undertaken</li> </ul>	<ul style="list-style-type: none"> <li>formal processes for asset rationalisation developed and implemented for all assets</li> </ul>	
<ul style="list-style-type: none"> <li>AM plans exist but not yet endorsed corporately</li> </ul>	<ul style="list-style-type: none"> <li>basic AM plans updated with corporate endorsement</li> </ul>	
Operations, Maintenance and Works Processes	<ul style="list-style-type: none"> <li>limited formal operations and maintenance strategies for managing planned and unplanned maintenance</li> </ul>	<ul style="list-style-type: none"> <li>formal operations and maintenance strategies for managing planned and unplanned maintenance for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>informal processes in place for all asset inspections</li> </ul>	<ul style="list-style-type: none"> <li>routine asset inspection systems and processes in place for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>basic maintenance contracts in place but not performance based</li> </ul>	<ul style="list-style-type: none"> <li>establish performance based maintenance contracts for external service providers</li> </ul>



AM Category	Current Practice	Target Practice (4 Years)
	<ul style="list-style-type: none"> <li>no service specifications developed</li> </ul>	<ul style="list-style-type: none"> <li>develop and put in place service specifications for all assets with appropriate administration and monitoring processes</li> </ul>
	<ul style="list-style-type: none"> <li>no formal assessment/identification of critical assets and no strategies for maintaining critical assets</li> </ul>	<ul style="list-style-type: none"> <li>assessment/identification of critical assets and strategies developed and implemented for managing and maintaining critical assets</li> </ul>
	<ul style="list-style-type: none"> <li>limited emergency management/response plans for critical assets</li> </ul>	<ul style="list-style-type: none"> <li>emergency management/response plans developed for critical assets</li> </ul>
	<ul style="list-style-type: none"> <li>basic project management arrangements in place but no formal project management system/ processes established</li> </ul>	<ul style="list-style-type: none"> <li>project management systems/processes established</li> </ul>
	<ul style="list-style-type: none"> <li>limited basic design standards and design review processes in place</li> </ul>	<ul style="list-style-type: none"> <li>design standards and design review processes in place for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>basic construction standards and specifications in place</li> </ul>	<ul style="list-style-type: none"> <li>construction standards and specifications in place for all assets</li> </ul>
<b>Information Systems</b>	<ul style="list-style-type: none"> <li>basic asset databases for most assets</li> </ul>	<ul style="list-style-type: none"> <li>asset registers established for all assets</li> </ul>
	<ul style="list-style-type: none"> <li>limited GIS spatial representation of some assets and attached data files</li> </ul>	<ul style="list-style-type: none"> <li>spatial representation developed for all asset groups/ types for use strategically</li> </ul>
	<ul style="list-style-type: none"> <li>no formal centralised asset register system</li> </ul>	<ul style="list-style-type: none"> <li>centralised asset register system established</li> </ul>
	<ul style="list-style-type: none"> <li>no asset maintenance information system</li> </ul>	<ul style="list-style-type: none"> <li>asset maintenance information system developed and implemented</li> </ul>
	<ul style="list-style-type: none"> <li>no formal AM and Maintenance (AM&amp;M) Information System</li> </ul>	<ul style="list-style-type: none"> <li>AM and Maintenance (AM&amp;M) Information System developed and implemented</li> </ul>
	<ul style="list-style-type: none"> <li>no links/interface between asset databases, asset maintenance systems, corporate, business and financial systems or GIS</li> </ul>	<ul style="list-style-type: none"> <li>integration/interface between asset registers, asset systems, corporate, business and financial systems and GIS</li> </ul>
	<ul style="list-style-type: none"> <li>new "Core IT System" and AM&amp;M system currently being implemented</li> </ul>	<ul style="list-style-type: none"> <li>"Core IT System" and AM&amp;M system developed, installed and operational</li> </ul>
	<ul style="list-style-type: none"> <li>no strategic/advanced AM planning capabilities/modules (although SMEC road pavement management system has capabilities)</li> </ul>	<ul style="list-style-type: none"> <li>some key strategic/advanced AM planning capabilities/modules developed and established as part of new AM&amp;M systems</li> </ul>
	<ul style="list-style-type: none"> <li>limited formalised system for managing asset plans and records</li> </ul>	<ul style="list-style-type: none"> <li>formal system for managing asset plans and records established with all available information captured and recorded</li> </ul>
<b>Organisation/ Commercial</b>	<ul style="list-style-type: none"> <li>reference to AM in Council strategy documents</li> </ul>	<ul style="list-style-type: none"> <li>AM focus in all Council strategy documents</li> </ul>



AM Category	Current Practice	Target Practice (4 Years)
<b>Context</b>	<ul style="list-style-type: none"> <li>• emerging corporate AM focus and commitment</li> <li>• AM gap analysis and improvement plan being developed</li> <li>• AM strategy developed</li> <li>• organisation structure established with AM focus however greater refinement/ definition of roles and responsibilities and resourcing (personnel and skills) considered desirable</li> <li>• AM steering group formed however needs reviving with clear mandate and corporate commitment</li> <li>• no organisation quality focus however Operations has quality administration systems and processes</li> <li>• no formal program for asset and service benchmarking</li> <li>• limited AM training but no formal AM training and awareness program for AM staff, support staff, management and Councillors</li> </ul>	<ul style="list-style-type: none"> <li>• AM established as corporate priority and strong commitment given</li> <li>• AM gap analysis carried out and new improvement plan developed</li> <li>• AM strategy developed and approved by Council</li> <li>• organisation structure in place with AM focus and clear definition of roles and responsibilities and appropriate resourcing (personnel and skills) provided</li> <li>• AM steering group in place with clear AM strategy implementation oversight and monitoring roles and responsibilities</li> <li>• quality focus across the organisation including quality management systems and processes established in appropriate sections of the organisation</li> <li>• program for asset and service benchmarking developed and implemented</li> <li>• AM training and awareness program developed and implemented for AM staff, support staff, management and Councillors</li> </ul>

## 7 ASSET MANAGEMENT STRATEGY AND PRACTICE

In the absence of community consulted LoS, Council aims to put in place “Basic Appropriate” AM strategies and practices. This means that Council will continually be developing and improving its knowledge, systems and processes and strategies to ensure it is providing the level of AM necessary to competently, responsibly and sustainably manage the community’s assets and continue to deliver service now and into the future.

The “Basic Appropriate” AM strategy outlined here is developed based on Council’s overall AM obligations, taking into account the IP&R framework, community survey findings, objectives of the HCSP, and Council’s AM, operational and funding realities.

The “Basic Appropriate” AM strategy includes using an asset register, a works management system (with costing, condition and performance monitoring), establishing service levels and taking a life cycle approach to the management of assets. Further refinement of the “Basic Appropriate” AM strategy and practice will take place in the future in consultation with the community.

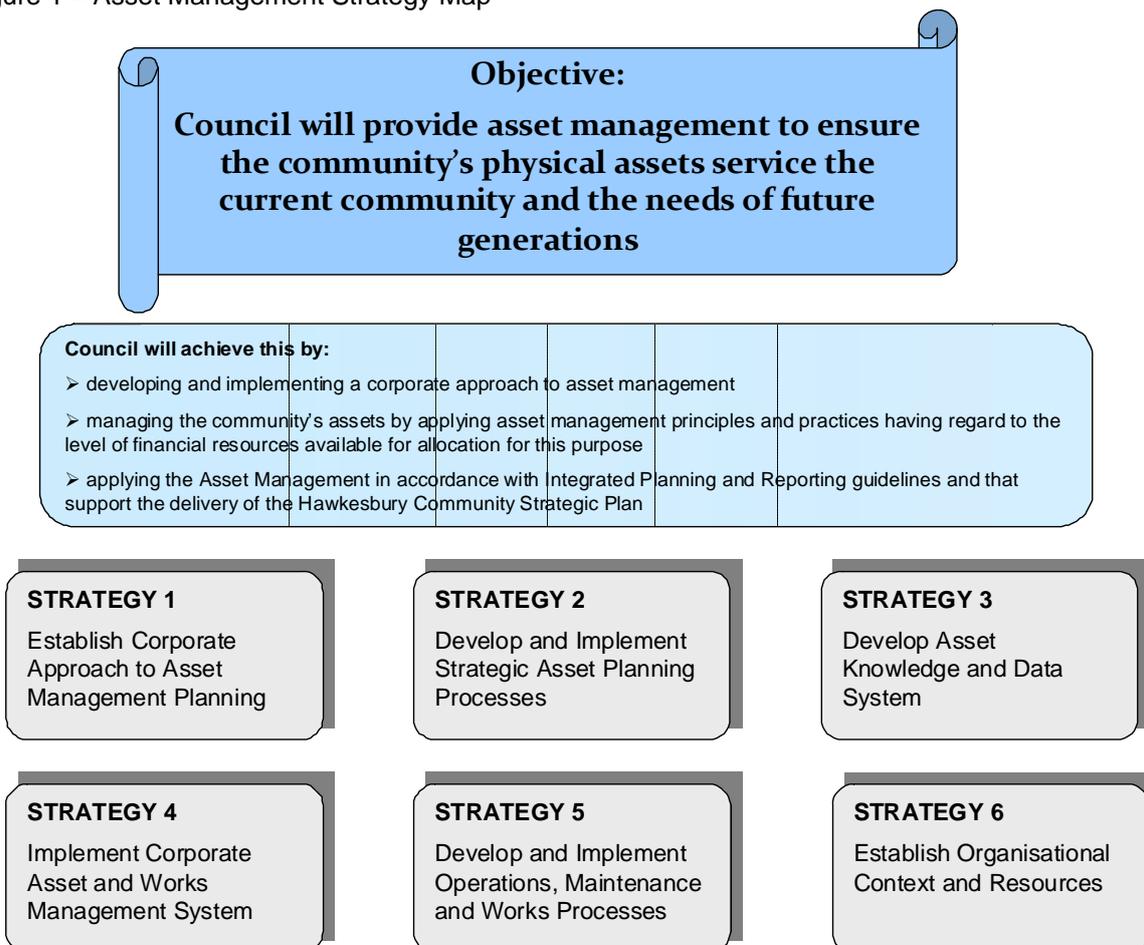
## 8 ASSET MANAGEMENT IMPROVEMENT STRATEGY

Based on the gap analysis Council proposes to apply the following AM Improvement Strategy to bridge the gap between current and desired practice.

- Strategy 1: Establish Corporate Approach to AM Planning
- Strategy 2: Develop and Implement Strategic Asset Planning Processes
- Strategy 3: Develop Asset Knowledge and Data System
- Strategy 4: Develop Corporate Asset and Works Management System
- Strategy 5: Develop and Implement Operations, Maintenance and Works Processes
- Strategy 6: Establish Organisational Context and Resources

Asset Management Improvement Strategy is presented in the figure below.

Figure 1 – Asset Management Strategy Map





## 8.1 Strategy 1: Establish Corporate Approach to AM Planning

### Action 1: Develop AM Policy, Strategy and Plans

Develop and AM policy, strategy and plans which sets clear organisational goals and objectives for AM and that support the Hawkesbury Community Strategic Plan and Delivery Program. Council has developed and adopted AM policy and endorsed draft AM strategy. The strategy has been reviewed and incorporated within this document.

### Action 2: Establish an AM Coordination Team

Establish AM Coordination Team to oversee and monitor the planning and implementation of the AM policy, strategy, plans and systems. The Team should be made up of asset managers from across the Council, have defined roles and responsibilities and report to Council's Executive Management Team (MANEX).

### Action 3: Develop and Deliver an AM Training and Awareness Program

Develop and deliver an AM training and awareness program for AM staff, support staff, management team and Councillors. It is important for everyone in the organisation to understand what AM is about and to understand that sound AM planning and strategies underpin sustainability.

## 8.2 Strategy 2: Develop and Implement Strategic Asset Planning Processes

### Action 4: Review and Update Key Infrastructure AM Plans

Review and update the five initial draft AM Plans for key infrastructure assets (Roads and Ancillary, Stormwater Drainage, Buildings and Facilities, Parks and Recreation and Sewerage) and align with the Community Strategic Plan objectives and priorities and the IP&R requirements. The Plans are to be continually reviewed and improved and will inform the Council's LTFP and Delivery Program.

### Action 5: Develop Levels of Service

Develop LoS across all asset groups, initially based on existing LoS (mostly technical) with a more significant exercise including some community consultation at a later date. Ideally this should be aligned with an organisational customer service charter project to define levels of service across all service areas of Council. Levels of service are a key component of the AM planning process. Levels of service are critical because they define the service level/quality for a particular activity or service area against which service performance may be measured and they indicate what service level assets need to be delivered/ maintained to satisfy community desires.

### Action 6: Develop Long Term Financial Strategies for Assets

Develop Long Term Financial Strategies (LTFS) for all asset groups in accordance with the IPR Asset Planning Guidelines with the development of AM Plans. The LTFS will consider asset lifecycle management over a specified timeframe and will consider Operations, Maintenance, Renewals and New Works and include community expectation and appropriate revenue/funding projections. They will also include detailed valuation and depreciation assessments and projections.

### Action 7: Develop and Implement Asset Handover Guidelines and Processes

Develop and implement asset handover guidelines and processes for collection, transfer and management of data and information about newly created assets. This includes data gathering into asset inventories and AM systems and related systems e.g. accounting/capitalisation data into financial system. It also relates to collection and management of plans and records.



**Action 8: Undertake Asset Rationalisation Review/Study**

Undertake an asset rationalisation review/study across all asset groups to review the requirement/future need for particular assets including consideration of cost effectiveness to maintain or rehabilitate. It also is to consider value of the asset in delivering related benefits and service to the community, configuration, type and location of assets, and the service delivery processes relevant to the asset and associated activities.

**Action 9: Undertake Asset Risk Assessment/Analysis**

Undertake an asset risk assessment/analysis to identify AM related risks to ensure that failure modes can be identified, levels of acceptable risk can be identified, critical assets are identified, consequences of failures can be identified, risks can be avoided or reduced so that appropriate systems and processes can be put in place to identify, manage, treat, monitor and review risk.

**Action 10: Undertake asset predictive modelling**

Carry out initial predictive scenario modelling of critical assets.

**Action 11: Review and update project evaluation /prioritisation systems and processes**

Refine and formalise process and system for capital project evaluation and prioritisation.

**Action 12: Review and Update Development Design and Engineering Specification**

Review and update engineering design and construction specifications to ensure consistency across the organisation and that support delivery of quality assets.

### **8.3 Strategy 3: Develop Asset Knowledge and Data System**

**Action 13: Establish Asset Classification and Hierarchy**

Review and confirm asset classification and hierarchy. The hierarchy is required for the recording of activities against pre-defined asset levels.

**Action 14: Review of Data Requirements and Collect Relevant Data**

Review current asset data, determine future data requirements and implement processes for relevant data collection. The aim is to collect the essential data required for basic appropriate AM processes initially and subsequently for activities such as age profiling, risk management and basic optimised decision making.

**Action 15: Review and Develop Basic Data Management Guidelines and Processes**

Develop and implement data management guidelines and practices including assignment of management responsibilities, systems development and use and methods for data validation and auditing.

**Action 16: Review and Develop Data Capture Methods and Data Management Systems and Practices**

Review existing data capture techniques and develop a strategy for the ongoing capture of data including frequency of data collection, methods of collection, resourcing requirements and the capture of data for new assets. It is also necessary to develop systems and practices for the appropriate management of data to enable easy access and desired use of the data.



**Action 17: Establish Asset Knowledge Guidelines and Processes**

Determine standard uniform guidelines and processes for asset knowledge activities and requirements including asset attribute and condition data collection and use, condition rating and collection, management and use of operations/ maintenance data, performance/utilisation data, lifecycle costing data and asset accounting data. One of the key issues initially is to establish a uniform asset identification system across all asset groups and for use across the organisation.

**8.4 Strategy 4: Implement Corporate Asset and Works Management System**

**Action 18: Purchase and implement Corporate Integrated Asset and Works Management System**

Council has purchased and implementing an integrated assets and works management system. The system will integrate with Council's corporate IT systems (Financial, Customer Requests, GIS and Property).

**Action 19: Implement mobile solutions**

Roll out mobile solutions over a period of time to capture asset data and works management.

**Action 20: Link work order system with general ledger**

This work order linkage to financial general ledger will enable track costing and asset lifecycle expense.

**8.5 Strategy 5: Develop and Implement Operations, Maintenance and Works Processes**

**Action 21: Develop and Implement Operations and Maintenance Strategies and Practices**

Develop and implement operations and maintenance strategies for managing planned and unplanned maintenance for all assets, managing critical assets, asset inspection systems and processes, emergency management practices etc.

**Action 22: Establish process to account for asset life cycle cost for key infrastructure assets/ components**

Develop and implement works order management system to capture expenses against an asset. This will enable capture accurate lifecycle and service deliver cost of an asset and allow analysis of cost effective treatment.

**8.6 Strategy 6: Establish Organisational Context and Resources**

**Action 23: Review of Corporate AM Structure**

Review corporate AM structure in Council with a view to ensuring that it is appropriate, adequately resourced and have the essential skills to develop and implement the AM improvement program having regard to the Council's financial position, available resources and other demands and requirements.

**Action 24: Review Agreements with Council Delegated Bodies under Section 377 of the Act**

Review and formalise service agreements with Council delegated bodies under Section 377 of the Act with a view to ensuring that AM obligations and standards are specified appropriately, and roles and responsibilities are clearly understood. The agreement should also specifically stipulate financial arrangements and risk management obligations.

**Action 25: Undertake AM and Service Benchmarking**



Develop and implement a benchmarking program to gauge efficiency and effectiveness and related costs and methods associated with managing assets and providing particular service.

**Action 26: Undertake Continuous Review and Improvement**

To continually review and improve AM strategies, systems and processes and service delivery. This also includes undertaking annual reviews of AM against adopted strategies and the improvement program with a full review every four years in line with preparation of the Delivery Program.

**Action 27: Review asset procurement guidelines**

The review is to ensure that any decision on asset creation/procurement takes into account asset lifecycle costing that include capital and recurrent operational, maintenance and renewal expense over the life of the asset.

## **9 ASSET MANAGEMENT IMPROVEMENT PROGRAM AND RESOURCING**

A four year AM Improvement Program based on tasks identified above, is presented in the table below. The Improvement Program includes an indication of the priority of the action, indicative timeframes, and resource requirements.

Council has purchased and is implementing a corporate AM System. The initial asset system purchase and implementation cost is fully funded.

The implementation of a new system and business process set up will require key staff to dedicate significant time at initial system setup and configuration stage.

However, as with implementing any business change it is likely that there will be some impact and some additional resources may be required to:

- To collect data where data is poor or non existent;
- Determine exactly how the changes will be implemented into the routine business practices of the Council;
- Develop business processes which support the changes;
- Support and train staff who are involved in the change process;
- Assess any long term resource impacts; and
- Monitor and review that the outcomes sought by the changes are being achieved.

The AM Improvement Strategy and action over the next four year is presented in the table below.



AM Improvement Priority Program																				
Strategy and Improvement Action	Importance	Resourcing (HCC/External)	Indicative Cost (excluding existing staff resource)				Timeframe													
			2012/13	2013/14	2014/15	2015/16	2012/13	2013/14	2014/15	2015/16										
<b>Strategy 1: Establish Corporate Approach to AM Planning</b>																				
<b>Action 1:</b> Develop AM Policy, Strategy and Plans	High	HCC	-	-	-	-	■	■	■	■										
<b>Action 2:</b> Establish an AM Coordination Team	High	HCC	-	-	-	-	■													
<b>Action 3:</b> Develop and Deliver an AM Training and Awareness Program	Low	HCC	-	-	-	-			■	■										
<b>Strategy 2: Develop and Implement Strategic Asset Planning Processes</b>																				
<b>Action 4:</b> Review and Update Key Infrastructure AM Plans	Medium	HCC	-	-	-	-		■	■	■										
<b>Action 5:</b> Develop Levels of Service	Low	HCC	-	-	-	-			■	■										
<b>Action 6:</b> Develop Long Term Financial Strategies for Assets	Low	HCC	-	-	-	-			■	■										
<b>Action 7:</b> Develop and Implement Asset Handover Guidelines and Processes	Low	HCC	-	-	-	-				■	■									
<b>Action 8:</b> Undertake Asset Rationalisation Review/Study	Low	HCC	-	-	-	-						■	■							
<b>Action 9:</b> Undertake Asset Risk Assessment/Analysis	Medium	HCC	-	-	-	-			■	■										
<b>Action 10:</b> Undertake asset predictive modelling	Medium	HCC/External	Existing contract	-	-	-			■	■										
<b>Action 11:</b> Review and update project evaluation /prioritisation systems and processes	Low	HCC	-	-	-	-						■								
<b>Action 12:</b> Review and Update Development Design and Engineering Specification (DCP)	Medium	HCC	-	-	-	-		■	■											
<b>Strategy 3: Develop Asset Knowledge and Data System</b>																				
<b>Action 13:</b> Establish Asset Classification and Hierarchy	High	HCC							■	■										
<b>Action 14:</b> Review of Data Requirements and Collect Relevant Data	High	HCC/External	\$100,000 (Buildings)						■	■	■	■	■	■	■	■	■	■	■	■
<b>Action 15:</b> Review and Develop Basic Data Management Guidelines and Processes	Medium	HCC							■	■	■									
<b>Action 16:</b> Review and Develop Data Capture Methods and Data Management Systems and Practices	Medium	HCC							■	■	■									
<b>Action 17:</b> Establish Asset Knowledge Guidelines and Processes	Low	HCC							■	■										



AM Improvement Priority Program																				
Strategy and Improvement Action	Importance	Resourcing (HCC/External)	Indicative Cost (excluding existing staff resource)				Timeframe													
			2012/13	2013/14	2014/15	2015/16	2012/13	2013/14	2014/15	2015/16										
<b>Strategy 4: Develop Corporate Assets and Works Management System</b>																				
<b>Action 18:</b> Purchase and implement Corporate Integrated Asset and Works Management System	High	HCC/External	Existing contract					■	■	■										
<b>Action 19:</b> Implement mobile solutions	Low	HCC/External	Existing Contract					■	■	■										
<b>Action 20:</b> Link work order system with general ledger	High	HCC/External	Existing Contract					■	■	■										
<b>Strategy 5: Develop and Implement Operations, Maintenance and Works Processes</b>																				
<b>Action 21:</b> Develop and Implement Operations and Maintenance Strategies and Practices	Medium	HCC						■	■	■	■									
<b>Action 22:</b> Establish process to account for asset life cycle cost for key infrastructure assets/components	High	HCC/External	Existing contract					■	■	■										
<b>Strategy 6: Establish Organisational Context and Resources</b>																				
<b>Action 23:</b> Review of Corporate AM Structure	Medium	HCC						■	■	■										
<b>Action 24:</b> Review Agreements with Council Delegated Bodies under Section 377 of the Act	Medium	HCC						■	■	■										
<b>Action 25:</b> Undertake AM and Service Benchmarking	Low	HCC																		
<b>Action 26:</b> Undertake Continuous Review and Improvement	Medium	HCC						■	■	■	■	■	■	■	■	■	■	■	■	■
<b>Action 27:</b> Review asset procurement [process	Medium	HCC						■	■	■	■	■	■	■	■	■	■	■	■	■



## 10 ROLES AND RESPONSIBILITIES

To implement the improvement program, significant effort, commitment and resources will be required and Council has already committed significant resources for the purchase and implementation of an integrated works and AM system.

Key responsibility for implementing corporate AM will rest with the Director City Planning and Director Infrastructure Services. The Senior Strategic Asset Planner has been assigned to coordinate the implementation of the Corporate AM System Project.

Specialist Council officers will be engaged in various stages of implementation of AM system and in undertaking a range of AM improvement tasks. This “team approach” will provide ownership and will help develop skills and knowledge in the AM within Council.

The AM Project implementation team has been formed to oversee, guide and monitor AM System implementation.

The Director City Planning and Director Infrastructure Services will regularly report the AM System implementation progress to the Council’s Executive Management Team.

## 11 MONITORING AND EVALUATION

Implementation progress and the status of the Improvement Strategy will be monitored on an ongoing basis by the Director Infrastructure Services, and Director City Planning, the AM Coordination Team and the Executive Team.

The Director Infrastructure Services and Director City Planning and the AM Coordination Team will report quarterly to the Executive Team on implementation progress and the status of the Improvement Strategy.

## 12 SUMMARY INFORMATION FROM THE ASSET MANAGEMENT PLANS

The information in this section is based on the five key infrastructure AM plans (Roads and Ancillary, Stormwater Drainage, Buildings and Facilities, Parks and Recreation and Wastewater) prepared in accordance with the AM plan development guide by the Institute of Public Works Engineering Australia and should be read in conjunction with those Plans. The detailed AM plans are published as separate documents.

### 12.1 Roads and Ancillary AM Plan

#### *Overview*

Council’s road network includes sealed and unsealed roads, footpaths, bridges and road furniture (street signs etc) that are under the care and control of Council. It does not include state roads or classified roads, which are the responsibility of the Roads and Maritime Services. Generally, Council has accurate, detailed data on sealed road condition, and is currently implementing systems to gain more accurate data on maintenance.

Council's current roads asset inventory and their value is shown in the table below:

<b>Roads and Ancillary Assets</b>		
<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
Road Pavement and Surface - Urban, Rural (Sealed and Unsealed)	1033 kms	\$359,550,640
Bridges and Major Culverts	68	\$32,261,600
River Ferry	1	\$1,750,000
Kerb and Gutter	335 kms	\$83,750,000
Paved Footpaths	115,275 m2	\$13,833,000
Cycleways	21 kms	\$4,048,877
Traffic Control Facilities: Median Island, Raised Thresholds	Under assessment	\$853,000
Roundabouts	20 nos	\$7,500,000
Street Furniture:		
• Signs and Lines	lines - 350 kms signs - 10347 nos	\$4,785,664
• Guard Rails and Fences	10.5 kms	\$2,985,000
Car Parks	2824 spaces 100,000 sqm	\$6,000,000
<b>TOTAL</b>		<b>\$517,817,761</b>

### ***Asset Condition and Capacity***

Council undertakes periodic sealed road pavement condition assessment. Pavement condition data is recorded in the SMEC Pavement Management System which is utilised to model deterioration and funding need forecast.

### ***Financial Summary***

#### *Operations and Maintenance*

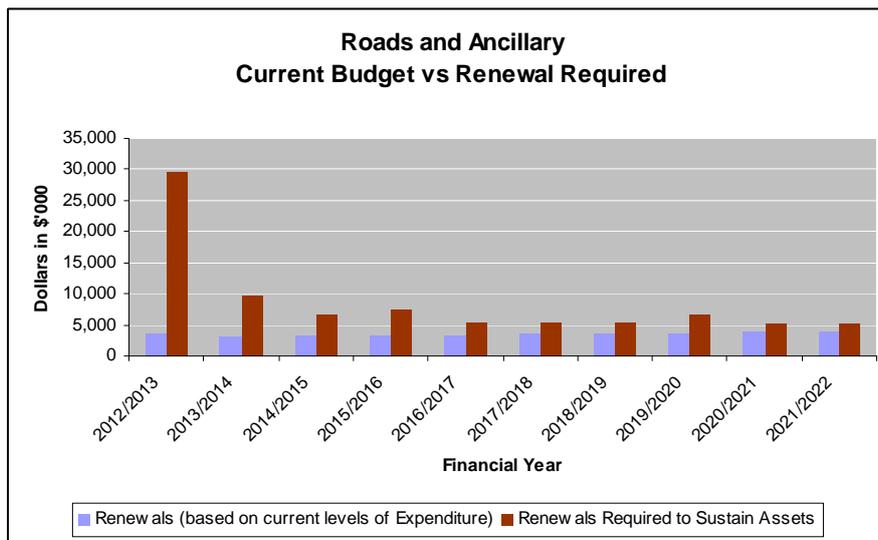
Four year operations and maintenance funding is shown in the table below:

Four Year Operations and Maintenance Budget

<b>Year</b>	<b>In \$,000</b>
2012/2013	\$4,472
2013/2014	\$4,599
2014/2015	\$5,131
2015/2016	\$4,965

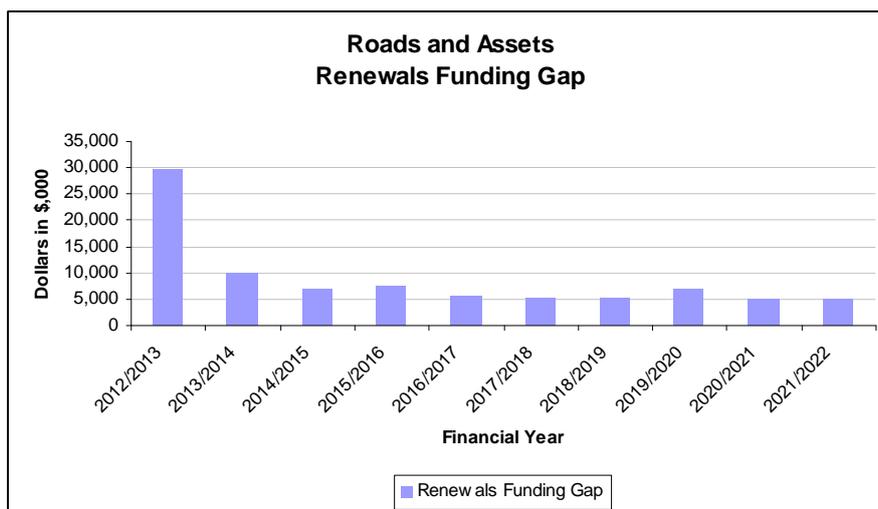
#### *Capital Renewal*

Renewal required versus current budget projection over the next 10 year is shown in the figure below:



#### Renewal Funding Gap

Renewal funding gap i.e. projected funding less renewal budgeted is shown in the figure below:



#### Key issues and challenges

##### Roads:

The major issue is the declining road condition particularly on roads reaching the end of their life expectancy. The challenge is to increase the level of community satisfaction with the road infrastructure, by implementing key priorities which target high risk areas and major collector roads. The other challenge is to increase the resource level.

##### Bridges:

The current Bridge replacement program is considered satisfactory particularly if Local Infrastructure Renewal Scheme the Loan Program application is successful.

##### Footpaths/Cycle ways:

The condition survey clearly demonstrated significant improvements in the asset condition due to a substantial increase in funding.



### *Kerb and Gutter:*

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

### *Traffic facilities:*

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

## **12.2 Buildings**

### **Overview**

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

Council's current buildings asset inventory and their value is shown in the table below:

<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
<b>Property/Building Assets<sup>1</sup></b>		
Administration Building	1	\$10,032,000
Aerial Tower	2	\$171,000
Australiana Pioneer Village	1	\$2,244,000
Amenities	81	\$15,290,000
Bus Shelters	28	\$499,000
Building Others	14	\$3,663,000
Bush Fire Shed	19	\$3,964,000
Bush Fire Station	5	\$5,004,000
Child Care Centres	13	\$9,766,000
Co-generation Plant	1	\$3,130,000
Community Centres	18	\$13,810,000
Community Halls	8	\$2,824,000
Fences and Gates	2	\$58,000
Library	2	\$794,000
Property Investment	11	\$2,225,000
Property Residential	5	\$1,356,000
Regional Museum	1	\$1,868,000
Sheds and Shelters	67	\$3,623,000
Toilet Blocks	2	\$188,000
Tourism	4	\$472,000
<b>Total</b>		<b>\$80,891,000</b>

### **Asset Condition and Capacity**

<sup>1</sup> Schedule of Values of Buildings & Operational Land in Hawkesbury LGA, Scott Fullerton Valuations Pty Ltd, 30 June 2008

Currently buildings asset data is being captured, future review of this plan will present asset condition and capacity information.

### **Financial Summary**

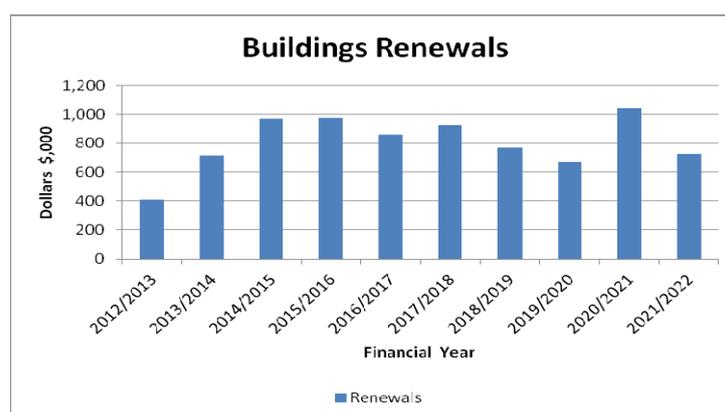
#### *Operations and Maintenance*

Four year operations and maintenance budget is shown in the figure below:

Year	In \$,000
2012/2013	\$ 2,362
2013/2014	\$ 2,681
2014/2015	\$ 2,784
2015/2016	\$ 2,891

#### *Capital Renewal*

Ten year renewal funding for buildings is shown in the figure below:



#### *Renewal Funding Gap*

Currently buildings asset data is being captured, future review of this plan will highlight renewal funding information.

#### **Key issues and Challenges**

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

### **12.3 Stormwater Drainage**

#### **Overview**

Drainage works include Council's stormwater conveyance system (primarily pits, pipes and culverts) but also gross pollutant traps and detention/retention basins. Generally, Council's data on the state of the drainage system is limited to asset location.

Asset Group	Asset Stock	Current Replacement Cost
<b>Drainage, Environmental Stormwater and Flood Control</b>		
Piped Conduits/Box Culvert	135.46 kms	71,532,861
Pits and Headwalls	3988	11,854,658
Lined Channels	132,200 sqm	\$35,033,000
Unlined Channel	Under assessment	TBA
Detention Basin	Under assessment	TBA
Stormwater Quality Improvement Devices (SQUIDs)	21	1,871,422
Gates and Flood Control Devices	Under assessment	TBA
Flood Mitigation Structure		TBA

#### **Asset Condition and Capacity**

Much of the infrastructure is below ground and therefore difficult to assess it's condition. Council will aim to incrementally improve the available data on the drainage network with the implementation of the asset management system.

Also data and information on flood control and mitigation structures is limited.

#### **Key issues and challenges**

- Asset condition data collection
- Forecasting demand

#### **Financial Summary**

##### *Operations and Maintenance*

Year	In \$,000
2012/2013	\$595
2013/2014	\$610
2014/2015	\$625
2015/2016	\$640

##### *Capital Renewal*

Currently stormwater drainage asset renewal forecast is not available. Presently any renewal requirement is planned and carried out on an ad-hoc basis depending on the perceived need. Future review of the plan will provide analysis of drainage renewal projection.

##### *Renewal Funding Gap*

Renewal funding gap cannot be ascertained at this time due to lack of data on assets lifecycle and condition. Council will aim to build incrementally asset knowledge and data to enable predict funding

required to maintain the asset service standard. Future review of the asset plan will provide an estimate of the renewal funding gap for stormwater drainage assets.

#### **Key issues and Challenges**

- Lack of asset data condition, capacity and performance
- High cost of stormwater asset condition data capture
- Capture of life cycle costing

## **12.4 Parks and Recreation**

### **Overview**

Council's open space assets include natural areas, parks, sportsgrounds and other areas recreation areas used for general community purposes.

Council has recently captured a significant amount of asset data in association with implementation of a new asset management system.

<b>Parks, Reserves, Recreation and Sporting Assets</b>		
<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
Playground Equipment	60	\$1,740,000
Playing Courts	51	\$2,910,000
Skate Parks	2	\$210,000
Swimming Pools	2	\$10,029,000
Wharf	1	\$700,000
Indoor Stadium	1	\$8,461,000
Floodlighting	254	\$6,350,000
Boat Ramp	1	\$1,60,000
Irrigation	10	\$500,000
Sports Fields	83	\$3,250,000
Grand Stand	2	\$514,000
<b>TOTAL</b>		<b>\$37,574,000</b>

### **Asset Condition and Capacity**

- Condition -The recent inventory has highlighted that there are a large number of parks assets that are in poor condition. These replacements have been highlighted in the 10 year works program identifying a large funding gap.
- Some assets such as playgrounds are generally in good condition with an average life of approximately seven years. Playgrounds are replaced on a prioritised basis taking into account age and wear and tear. \$262,000 is proposed for playground renewal in the 2012/2013 financial year funding with a CPI increase over the next 10 years
- Capacity – There are 214 parks and reserves that are managed by Council. Whilst this provides more than a standard amount of open space per resident, not all lands are suitable or in the right locations.

### **Financial Summary**

#### *Operations and Maintenance*

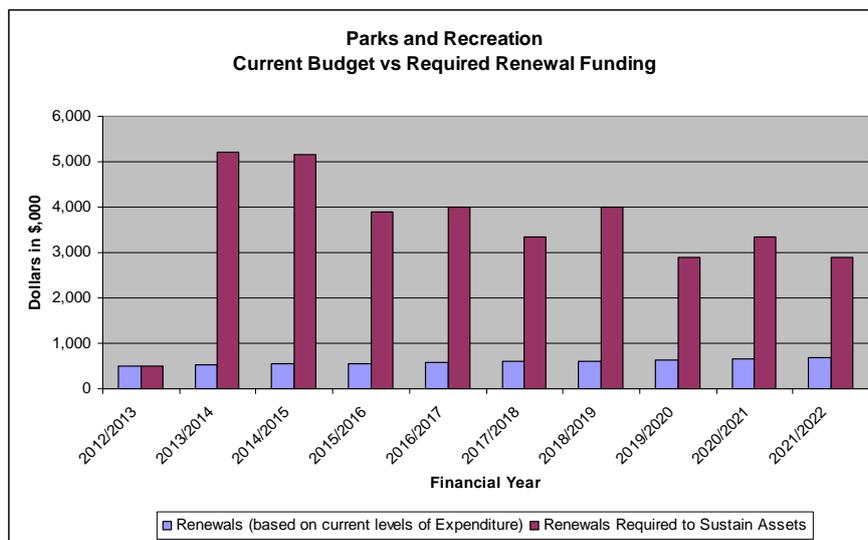
Forecast operations and maintenance expenditure for the next four year is shown in table below:



Year	Operations and Maintenance
2012/2013	\$3,242,000
2013/2014	\$3,330,000
2014/2015	\$3,428,000
2015/2016	\$3,529,000

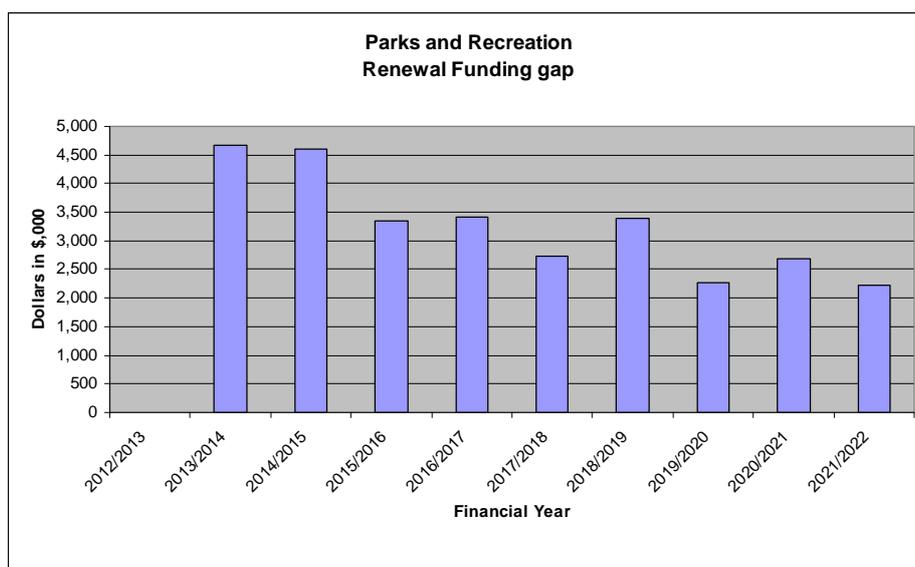
### Capital Renewal

Ten year renewal forecast is shown in the figure below. The forecast show a large gap between current and the required funding to maintain the asset in a satisfactory condition.



### Renewal Funding Gap

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





### **Key issues and challenges**

- Further collection of asset data. Data has only been collected for 120 parks. The remaining assets will need to be collected over the next few years to provide the full picture
- Funding gap for asset renewal
- New parks/reserves are added through subdivisions – need to provide resources for additional operations and maintenance funding to manage new assets
- Climate Change
- Consolidation and rationalisation of open space as identified in the recreation strategy may help solve some funding gaps.

### **12.5 Wastewater (Sewerage) Assets**

#### **Overview**

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

Two sewerage systems and treatment plants (McGraths Hills and South Windsor) are operated and managed by the Council. The sewerage system area consists of 21 distinct catchments, each serviced by its own pumping stations.

The wastewater assets are grouped into following:

<b>Asset Group</b>	<b>Asset Stock</b>	<b>Current Replacement Cost</b>
<b>Wastewater Assets</b>		
Reticulation	147 kms	\$51,602,923
Manholes	3228	\$16,935,028
Pumping Stations	24	\$12,595,000
Treatment Plants	2	\$32,033,000
Rising Mains	28.8 kms	\$14,133,776
<b>TOTAL</b>		<b>\$127,299,727</b>

#### **Asset Condition and Capacity**

##### *Reticulation:*

- Condition:- Wastewater reticulation is generally in a serviceable condition. An annual pipe relining program is in place, which undertakes CCTV inspection of old pipes primarily in the CBD area. Pipes are renewed on a prioritised basis. Pipe renewal funding remains constant at about \$1,000,000 per year in the next 10 year.
- Capacity:- The capacity of the system is currently assessed as adequate.

##### *Pump stations*

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

##### *Treatment plants*

- Condition:- McGraths Hill Wastewater Treatment Plant (MHWTP) has been upgraded and it is in a satisfactory condition. South Windsor Wastewater Treatment Plant (SWWTP) has been upgraded and is in a good condition.
- Capacity:- MHWTP and SWWTP has sufficient capacity to service forecast growth in the next 10 years.

- **Quality:-** A program of tertiary treatment process improvements has been undertaken at the MHWTP and SWWTP to enable higher quality effluent discharge for reuse in the wastewater recycle scheme which is operational.

### **Financial Summary**

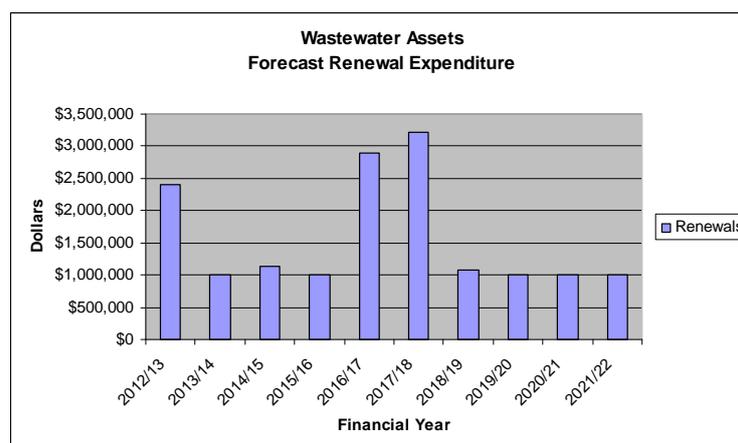
#### *Operations and Maintenance*

Forecast operations and maintenance expenditure for the next four year is shown in table below:

Year	Operations and Maintenance
2012/2013	\$2,717,090
2013/2014	\$2,681,564
2014/2015	\$2,761,379
2015/2016	\$2,843,593

#### *Capital Renewal*

A ten year renewal forecast is shown in the figure below. The forecast is deemed adequate to maintain the overall condition of asset and performance.



#### *Renewal Funding Gap*

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

#### **Key issues and challenges**

1. **Asset condition information:-** Currently there is limited asset condition data for 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.
4. Dealing with the Pitt Town subdivision.
5. Increased cost of energy.



## 12.6 Acronyms and Abbreviations

The following terms and acronyms are used in this document

AM	Asset Management
AMP	Asset management plan
DLG	Division of Local Government, Department of Premier and Cabinet
HCC or Council	Hawkesbury City Council
HCSP	Hawkesbury Community Strategic Plan 2010-2030
IP&R	Integrated Planning and Reporting Legislation
the ACT	Local Government Act 1993
LGA	Local Government Area
LTFP	Long Term Financial Plan
LTFS	Long Term Financial Strategy
LCC	Life cycle costs
LGA	Local Government Area
LoS	Levels of service



## 12.7 Terms Used in this document

In the context of this AM Planning the following definitions apply:

<b>Average Annual Asset Consumption (AAAC)</b>	Average Annual Asset Consumption is the amount of a local governments asset base consumed during a year. It is the sum of the current replacement cost divided by the economic life for all assets in an asset category or class.
<b>Annual Service Cost (ASC)</b>	ASC is an estimate of the cost that would be tendered for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operating, maintenance, depreciation, finance/ opportunity and disposal costs, less revenue.
<b>Assets</b>	<p>“An asset of the local government shall be recognised in the statement of financial position when and only when:</p> <ul style="list-style-type: none"><li>• It is probable that the future economic benefits embodied in the asset will eventuate; and</li><li>• The asset possesses a cost or other value that can be measured reliably.”</li></ul> <p>Most road infrastructure assets satisfy both criteria. Exceptions are land under roads and bulk earthworks. For network assets such as roads, the combined application of the concept of materiality and high variability of the road attributes across the network has resulted in the almost universal and correct practice that assets be broken into segments.</p> <p>Each asset has a current replacement value, written down current replacement value, annual depreciation amount, and economic and remaining life.</p>
<b>Asset Category</b>	Grouping of like assets, e.g. all unsealed roads.
<b>Asset Class</b>	Grouping of like asset categories, e.g. all pavement, seal, kerb and gutter are all part of the asset class of roads
<b>Asset Condition Assessment</b>	The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.
<b>Asset Management</b>	The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.
<b>Capital Expansion Expenditure</b>	Capital expansion is expenditure on extending an existing asset network, at the same standard currently enjoyed by residents, to a new group of users. It is discretionary expenditure, which increases future operating, and maintenance costs, because it increases Council’s asset base but may be associated with additional revenue from the new user group (e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents).



<b>Capital Expenditure</b>	Expenditure which is relatively large (ie material) and has benefits expected to last for more than 12 months. Capital expenditure can be split into three areas, renewal, upgrade and expansion.
<b>Capital Renewal Expenditure</b>	Capital renewal is expenditure on an existing asset, which increases asset service potential of an existing asset. This may be to the same or a lower level than initially provided (partial renewal).

## **12.8 Supporting Documents**

Hawkesbury Community Strategic Plan 2010-2030

Hawkesbury City Council Asset Management Policy 2009

## **13 International Infrastructure Management Manual, IPWEA 2006**

Australian Infrastructure Financial Management Guideline 2009

Local Government Amendment (Planning and Reporting) Act 1993

Planning a Sustainable Future – Planning and Reporting Guidelines for local government in NSW 2010

Planning a Sustainable Future – Planning and Reporting Manual for local government in NSW 2010

# **WORKFORCE MANAGEMENT PLANNING**







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# 1 INTRODUCTION

## 1.1 Background

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

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

The Hawkesbury Community Strategic Plan 2010-2030 (CSP) has five visions:-

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

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

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

## 1.2 Development of Hawkesbury City Council Workforce Management Plan.

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

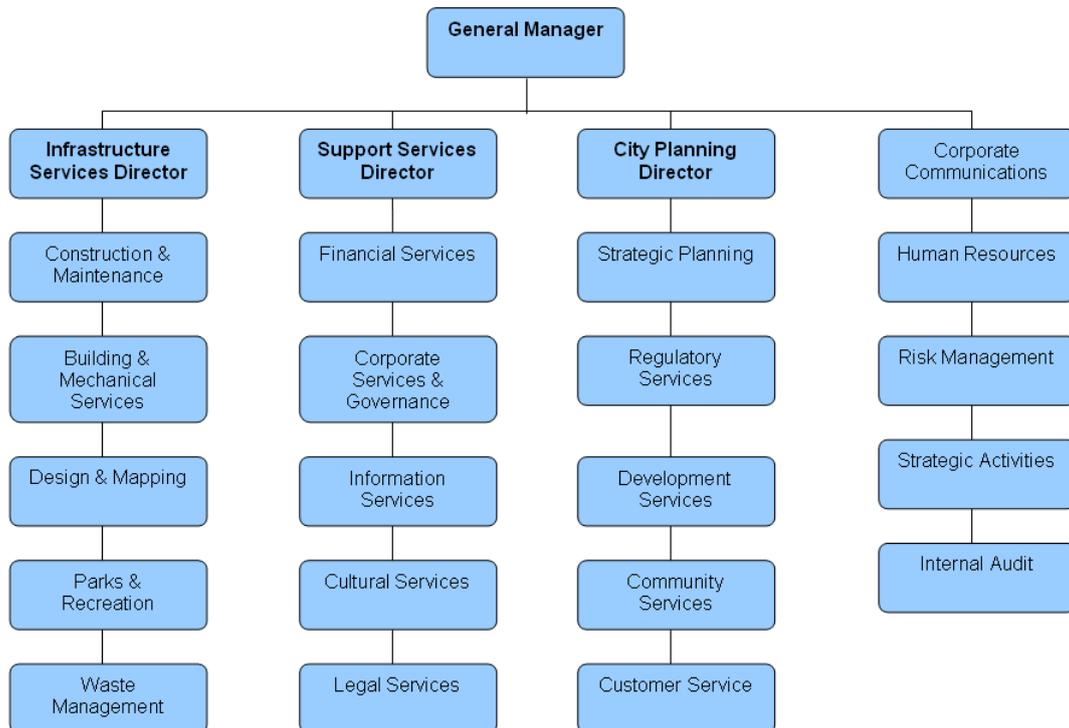
Hawkesbury City Council is considered to be a small to medium size Council employing some 280 staff across a very diverse range of occupations. The organisational structure under which Council currently operates is set out below. This structure is constantly reviewed to ensure Council's staff can effectively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

## 2 COUNCIL'S ORGANISATION

### 2.1 Structure

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

Below is the organisation structure that was adopted in May 2009.

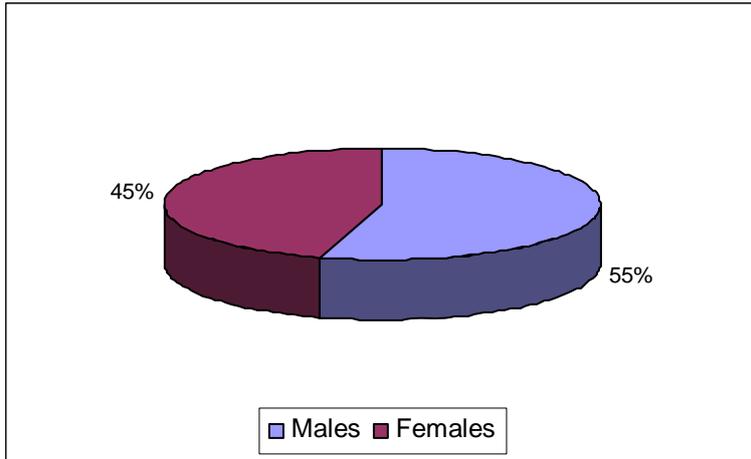


### 2.2 Workforce Profile

As at July 2011 Council had 271.6 full time equivalent (FTE) positions. This comprises full time and part time permanent staff. Council also employs a range of casual staff whose numbers are driven by specific and seasonal requirements.

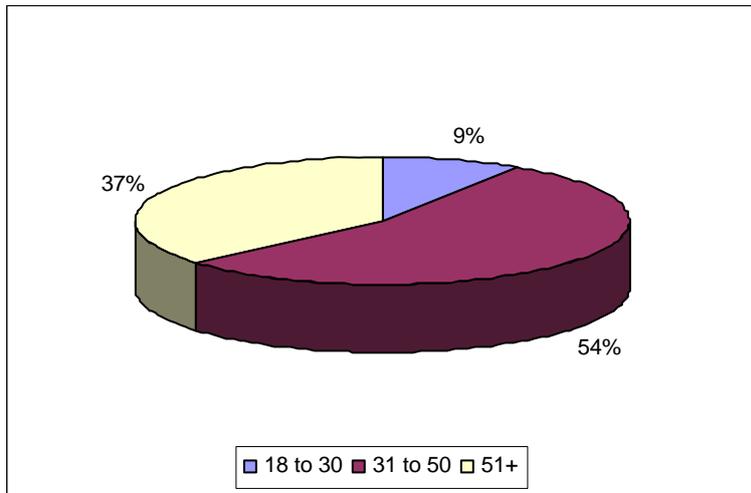
Council utilises a number of Contractors and Consultants to supplement its workforce in areas where specialist knowledge and experience is required. Council utilises a number of volunteers in the Museum/Gallery, Community Nursery and at the Companion Animal Shelter.

**Gender Balance**



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

**Age Profile**



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

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

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

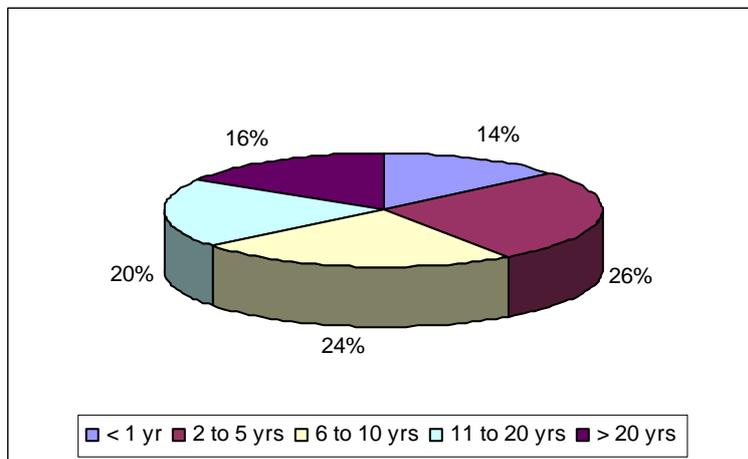
### Staff Turnover

No. of Terminations	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011
No. of FT and PT terminations (calculated as % of FTE)	8.8%	12.8%	10.8%	6.6%	7.2%

The average turnover for the last five years is 9.2% with the most common reasons being other employment opportunities; remuneration levels and retirement.

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

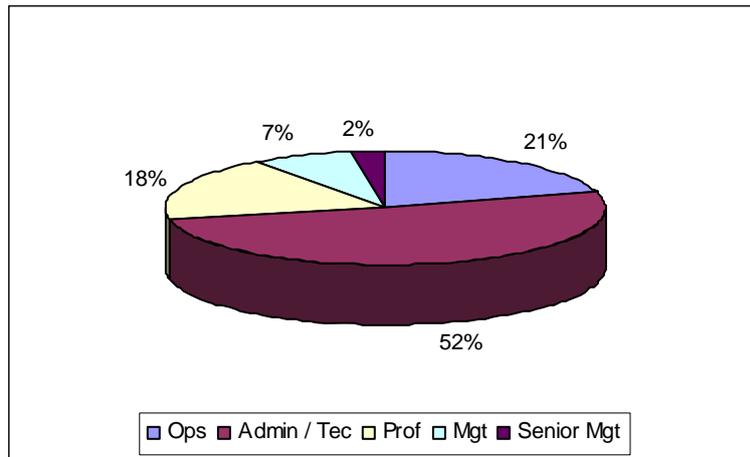
### Length of Service



Length of Service	%
< 1 yr	14%
2 to 5 yrs	36%
6 to 10 yrs	24%
11 to 20 yrs	20%
> 20 yrs	16%
<b>Total</b>	<b>100%</b>

13% of Council's employees have over 20 years service and the average length of service is 9.9 years.

## Classification



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

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

### 3 WORKFORCE ISSUES IDENTIFIED

#### 3.1 Council's Strengths

What Council well:

#### Employment Rewards and Benefits Program

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

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



### **3.2 Council's Weaknesses**

What Council can improve on:

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

### **3.3 Other Workforce Issues**

Other workforce issues include the understanding and examination of:-

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

### **3.4 Forecasting Workforce Demand**

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

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

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

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



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

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

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

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

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

## 4 IDENTIFIED NEEDS

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

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

<b>Division</b>	<b>Branch</b>	<b>Resource Requirements</b>	<b>Comments</b>
	<b>Information Services</b>	Project Manager.	Additional resource to support systems and on-line services.
		Trainer.	Additional resource for training of staff in corporate applications.
	<b>Cultural Services</b>	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.
	<b>Corporate Services &amp; Governance</b>	Governance Officer.	Additional resource to cope with increase in legislative focus on governance. This would allow existing resources to concentrate on Property Management.
<b>Infrastructure Services</b>	<b>Design &amp; Mapping Services</b>	Traffic Engineer.	Additional resource to meet requirements of CSP – Environmental reviews and to assist with special events application process.
		Events Manager Co-ordinator.	Additional resource to compile all responses and approvals across Council.
	<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.

Division	Branch	Resource Requirements	Comments
	<b>Parks &amp; 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 &amp; Mechanical Services</b>	Project Management Officer.	Additional resource to achieve goals.
		Electrician.	Augment service with Apprentice.
		Plumber.	Augment service with Apprentice.
	<b>Construction &amp; Maintenance</b>	Additional Mechanic.	Additional resource to replace position.
		Technical Officer.	Additional resource for Depot to carry out inspections and organise notification to ratepayers prior to construction and maintenance work being carried out.
		Operational Assistant/Intermediate Plant Operator X two.	Additional resources to support additional traffic control required for Flo-Con system.
<b>City Planning</b>	<b>Town Planning</b>	Heritage Planner.	Additional resource to assist with demand and would reduce cost of using Consultants.

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

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

Division	Branch	Skills or Knowledge Gap	Comments
<b>Executive Services</b>	<b>Internal Audit</b>	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.
	<b>Strategic Activities</b>	Increase in level of skills and knowledge.	Further expertise needed in economic development, commerce, marketing and branding.
<b>Support Services</b>	<b>Information Services</b>	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.
	<b>Cultural Services</b>	Adapt Library staff skill sets to meet customer priorities and changing nature of Library services and technologies.  Move to better meet State Library NSW benchmarks for qualified staff (eligible for membership of Australian Library and Information Association (ALIA)).	Training in computer literacy, web 2.0 technologies; online databases and information; updating website content; customer services; delivery and promotion of public programs and events; project management.  Encourage existing staff to achieve qualifications making them eligible for ALIA. Change position requirements as vacancies occur.

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

Division	Branch	Skills or Knowledge Gap	Comments
		Asset Management system training.	All Professional, Technical and Supervisor staff.
	<b>Construction &amp; 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>Town Planning</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>Community Services</b>	Integrated human services planning.	Increase expectation for Council to undertake place management strategies.
	<b>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.



## 5 ACTION PLAN

### 5.1 Focus Areas

#### **Talent Development.**

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

#### **Organisational Development.**

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

#### **Workplace Relations.**

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

## 5.2 Workforce Planning Strategies

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

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



### **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.