

MEETING NOTICE

A meeting of the
Finance & Asset Management Committee
will be held in the Botany Town Hall Meeting Room
Cnr Edward Street and Botany Road, Botany
on **Monday 30 July 2018** at **6:30 pm**

AGENDA

1 ACKNOWLEDGEMENT OF TRADITIONAL OWNERS

Bayside Council respects the traditional custodians of the land, and elders past and present, on which this meeting takes place, and acknowledges the Gadigal and Bidjigal Clans of the Eora Nation.

2 APOLOGIES

3 DISCLOSURES OF INTEREST

4 MINUTES OF PREVIOUS MEETINGS

4.1 Minutes of the Finance & Asset Management Committee Meeting - 16
May 2018.....2

5 REPORTS

5.1 Draft Bayside Council Resourcing Strategy 2018-20305
5.2 CONFIDENTIAL - Recovery Action - Progress Report.....104

6 GENERAL BUSINESS

7 NEXT MEETING

Meredith Wallace
General Manager

Finance & Asset Management Committee

30/07/2018

Item No	4.1
Subject	Minutes of the Finance & Asset Management Committee Meeting - 16 May 2018
Report by	Matthew Walker, Manager Finance
File	SC18/134

Officer Recommendation

That the Minutes of the Finance & Asset Management Committee meeting held on 16 May 2018 be confirmed as a true record of proceedings.

Present

Councillor Scott Morrissey
Councillor Michael Nagi
Councillor Liz Barlow

Also present

Mayor, Councillor Bill Saravinovski
Deputy Mayor, Councillor Joe Awada
Councillor Christina Curry
Councillor James Macdonald
Councillor Andrew Tsounis
Councillor Dorothy Rapisardi
Meredith Wallace, General Manager
Fausto Sut, Acting Director City Performance
Matthew Walker, Manager Finance
Michael McCabe, Director City Futures
Clare Harley, Manager Strategic Planning
Debra Dawson, Director City Life
Karen Purser, Manager Community Capacity Building & Engagement
Tracey Moroney, Manager Airport Business Unit

The Chairperson opened the meeting in the Conference Room, 2nd Floor, Bayside Administration Building at 6.30pm.

1 Acknowledgement of Traditional Owners

The Chairperson affirmed that Bayside Council respects the traditional custodians of the land, and elders past and present, on which this meeting takes place, and

acknowledges the Gadigal and Bidjigal Clans of the Eora Nation.

2 Apologies

There were no apologies received.

3 Disclosures of Interest

There were no disclosures of interest.

4 Minutes of Previous Meetings

4.1 Minutes of the Finance & Asset Management Committee Meeting - 31 January 2018

Committee recommendation

That the Minutes of the Finance & Asset Management Committee meeting held on 31 January 2018 be received and the recommendations therein be adopted.

5 Reports

5.1 March Quarterly Review of the 2017/18 Budget (Quarter 3)

Committee recommendation

That the Finance & Asset Management Committee notes the presentation on the budget review for the third quarter ending 31 March 2018.

5.2 Draft 2018/19 Budget and Fees & Charges

Committee recommendation

That the Finance & Asset Management Committee receive and note the presentation on the Delivery Program / Operational Plan, Draft 2018/19 Budget, Fees & Charges and Capital Works Program.

6 General Business

6.1 New Cycleways

Action

That Councillors be provided with a map of new cycleways.

6.2 Distribution of Southern Courier

Action

- 1 That Councillors be provided with the distribution rates of the Southern Courier.
- 2 That Council investigates the opportunities, in the planning for playgrounds, of utilising outdoor exercise equipment and report back to the Sport & Recreation Committee.

6.3 New Playgrounds - Outdoor Exercise Equipment

Action

That Council investigates the opportunities, in the planning for playgrounds, of utilising outdoor exercise equipment and report back to the Sport & Recreation Committee.

7 Next Meeting

That the next meeting be held in the Meeting Room, Botany Town Hall at 8.00pm on Monday, 23 July 2018.

The Chairperson closed the meeting at 7:54pm.

Attachments

Nil

Finance & Asset Management Committee

30/07/2018

Item No	5.1
Subject	Draft Bayside Council Resourcing Strategy 2018-2030
Report by	Matthew Walker, Manager Finance
File	F18/49

Summary

Under the Integrated Planning and Reporting (IP&R) legislation, Council is required to have a long term Resourcing Strategy to achieve the objectives established by the Community Strategic Plan.

The Resourcing Strategy consists of the following 3 elements:

- Long Term Financial Plan (10 years)
- Asset Management Strategy (10 years)
- Strategic Workforce Plan (4 years)

At this meeting the committee will be presented with the draft Long Term Financial Plan and draft Asset Management Strategy for approval.

In addition, subject to approval by the committee, it is proposed these documents be consolidated with the Strategic Workforce Plan to complete a draft Resourcing Strategy and that the Committee recommend to Council approval of the draft Resourcing Strategy.

Officer Recommendation

- 1 That the Finance & Asset Management Committee receive and note this report
 - 2 That the Finance & Asset Management Committee recommend to Council the adoption of the draft Resourcing Strategy incorporating the draft Long Term Financial Plan (2018-2030), draft Bayside Asset Management Strategy (2018-2030) and draft Strategic Workforce Plan.
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Background

Resourcing Strategy requirements

The IP&R legislation sets out specific requirements for the 3 elements of the Resourcing Strategy.

The essential role of the Resourcing Strategy is to ensure that the financial, asset and workforce resources necessary are in place to support the long term objectives of the Community Strategic Plan and that these will be practically achievable through the 2018-2021 Delivery Program. This includes the modelling of various financial scenarios.

The Resourcing Strategy provides fundamental evidence to support the consideration by Council of any major resourcing decisions around key priorities.

Long Term Financial Plan (LTFP)

The draft LTFP component of the Resourcing Strategy contains projections on the future financial position of Council. These projections are based on broad assumptions for different categories of income and expenditure and provides a guide for assessing our key financial indicators and financial capacity to deliver on the strategies and goals of the Council.

The last section of the LTFP details Financial Projection Scenarios and the base assumptions used in the model. The range of alternative scenarios are summarised below:

Scenario 1 - Base Case

Based on the current budgeted financial position for 2018/19 assuming 100% of proposed Capital Works are undertaken and increases to rates revenue are capped at 2.30% plus a rates growth factor of 0.4% for Years 1 to 5 and at 0.2% for Years 6 to 10. This scenario assumes a labour increase of 3.5% for all years.

Scenario 2 - Best Case

Based on the current budgeted position for 2018/19 assuming 100% of the proposed Capital Works are undertaken and increases to rates revenue are capped at 3% plus a rates growth factor of 0.4% for all years. This scenario assumes a labour increase of 3.5% for the first three years and then reducing to 2.5% in remaining years.

Scenario 3 - Worst Case

Based on the current budgeted position for 2018/19 assuming 100% of the proposed Capital Works are undertaken and increases to rates revenue are capped at 1.5% with no growth factor in all years. This scenario assumes a labour increase of 3.5% for all years.

Bayside Asset Management Strategy (BAMS)

The inaugural BAMS is a high level base document which underpins the approach to asset management as part of Bayside's Resourcing Strategy. Actions undertaken by staff should have alignment with the BAMS, which will inform subsequent versions of the BAMS and supporting documents.

Strategic Workforce Plan

The IP&R guidelines for workforce planning acknowledge the diversity of local government workforce requirements and the need for each council's workforce plan to reflect its own personnel and service priorities. The document is a strategic planning tool which each council is able to use to meet its own needs.

The Strategic Workforce Plan has been developed to continue to build on the strong foundation developed during the amalgamation of the 2 former councils. The policy settings provided by the plan are outlined under 4 key directions which are seen as essential to our sustainability as a high performing service organisation.

The strategic priorities in the proposed Workforce Management Plan are as follows:

- Creating a Customer Centric Culture
- Council as an employer of place-based choice
- Retaining and attracting a talented and diverse workforce
- Strengthen our safe and healthy workplace
- Investing in skills
- Improving productivity leveraging technology
- Maximising management and leadership.

Attachments

- 1 Strategic Workforce Plan 2030
- 2 Draft Bayside Asset Management Strategy 2018-2030
- 3 Draft Long Term Financial Plan 2018-2030 [↓↓↓](#)

Finance & Asset Management Committee**30/07/2018**

Item No	5.2
Subject	Confidential - Recovery Action - Progress Report
Report by	Fausto Sut, Manager Governance and Risk
File	F17/320

Confidential

The matters in this report are confidential, as it is considered that it is in the public interest that they not be disclosed to the public. In accordance with the Code of Conduct, the matters and the information contained within this report must not be discussed with or disclosed to any person who is not a member of the meeting or otherwise authorised.

Bayside 2030



Our vision → **One Community.
Many Cultures.
Endless Opportunities.**

Our mission → **To provide quality local government services that protect our environment, are respectful to our community's needs and are delivered in a financially, socially and environmentally responsible way.**

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Introduction

Serving more than 200,000 residents, visitors and workers, our employees deliver Council's strategic priorities and services to our community.

In diverse roles across the organisation, our people are delivering the exciting and ambitious Bayside Council's Strategic Plan for 2028 while continuing to provide high-quality services that are valued by the community.

This Workforce Strategy plays an important role in resource planning over the next 4 years and beyond. With the needs of our community growing and evolving, delivering the right initiatives to build capability in our people is critical.

In line with the Integrated Planning and Reporting Guidelines, this Workforce Strategy summarises the work undertaken since the amalgamation, analyses new issues and trends affecting today's workforce and, based on this understanding, defines the strategic priorities for the next four years and beyond.

Bayside Council has established a range of workforce and organisational development programs over the last 20 months.

These have been developed and implemented with strong engagement with employees, managers and unions.

This strategy builds upon this earlier work and takes account the following key influences:

- ▶ The impact of technology;
- ▶ An older experienced workforce;
- ▶ Two organisation merging; and
- ▶ The need for talent attraction, retention and the influence of diversity.

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Members of our Outdoor workforce listening to a merger update from the General Manager.

This plan has seven priorities. Collectively they aim to optimise Bayside Council's workforce strengths, address our most critical challenges and help focus our continuing efforts in building a high-performing workforce delivering exceptional service to our community.

Our strategic priorities are:

- ▶ Creating a customer centric culture;
- ▶ Promoting Bayside Council as an employer of choice;
- ▶ Retaining and attracting a talented and diverse workforce;
- ▶ Strengthen our safe and healthy workplace;
- ▶ Investing in skills;
- ▶ Improving productivity leverage technology; and
- ▶ Maximise management and leadership.

Our community

The Bayside Council local government area is 7–12 kilometres south of the Sydney CBD, in Sydney's southern and south-eastern suburbs.

The Bayside Council area Community Profile has current and forecasted population statistics. We use this information to help plan our services and from there the resources required to deliver them.

The following statistics were part of the information from the Community Profile used to develop Bayside Council Workforce Plan.

INDIGENOUS POPULATION

Bayside Council	1%
Greater Sydney	1.5%
New South Wales	2.9%

OVERSEAS BORN

Bayside Council	46%
Greater Sydney	37%
New South Wales	28%

LANGUAGE AT HOME OTHER THAN ENGLISH

Bayside Council	53%
Greater Sydney	36%
New South Wales	25%

UNEMPLOYMENT RATE

Bayside Council	4.30%
Greater Sydney	4.86%
New South Wales	5%

MEDIAN AGE

Bayside Council	35
Greater Sydney	36
New South Wales	38

UNIVERSITY ATTENDANCE

Bayside Council	7%
Greater Sydney	6%
New South Wales	5%

LOCAL JOBS

At Bayside	102,209
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Compared to Greater Sydney and New South Wales, Bayside Council has a significantly larger percentage of population born overseas and speaking a language other than English at home. This provides us with a unique opportunity to create a diverse and inclusive workforce and work environment, whilst striving to become an employer of place-based choice.

Our aim is that the Council workforce profile reflects the community profile as we believe that this will enable enhanced services to the community.

The largest changes in birthplace countries of the population in this area between 2011 and 2016 were for those born in the following countries:

- ▶ China (+3,683 persons)
- ▶ Nepal (+1,742 persons)
- ▶ Indonesia (+897 persons)
- ▶ Brazil (+826 persons)



Bayside Council population forecasts.

Bayside's population will increase by 26.56% by 2036. Further, between 2016 and 2026, the age structure forecasts for the Bayside Council indicate a 24.4% increase in population under working age, a 19.5% increase in population of retirement age, and a 26.6% increase in population of working age.

Knowledge of how the age structure of the population is changing is essential for planning facilities and services, such as child care, recreation and aged care. It is also provides information to formulate strategies how we can attract the different age group to Bayside Council.

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The following table provides a more detailed forecast of the changes to the different age groups.

FORECAST AGE STRUCTURE – SERVICE AGE GROUPS							
Age group (years)	2016		2026		2036		Change 2016 to 2036
	Number	%	Number	%	Number	%	
Babies & pre-schoolers (0 to 4)	10,119	6.2	13,376	6.6	13,446	6.3	+3,327
Primary schoolers (5 to 11)	12,346	7.6	14,623	7.2	15,300	7.2	+2,954
Secondary schoolers (12 to 17)	9,237	5.7	11,345	5.6	12,003	5.6	+2,766
Tertiary education & independence (18 to 24)	16,152	9.9	19,972	9.8	19,965	9.4	+3,813
Young workforce (25 to 34)	30,663	18.9	41,645	20.5	40,147	18.9	+9,484
Parents & homebuilders (35 to 49)	33,644	20.7	42,814	21.1	45,846	21.5	+12,202
Older workers & pre-retirees (50 to 59)	18,325	11.3	21,322	10.5	23,283	10.9	+4,958
Empty nesters & retirees (60 to 69)	14,690	9.0	17,104	8.4	18,726	8.8	+4,036
Seniors (70 to 84)	13,508	8.3	16,921	8.3	19,379	9.1	+5,871
Elderly aged (85 & over)	3,674	2.3	4,136	2.0	4,740	2.2	+1,067
Totals	162,358	100	203,258	100	212,836	100	+50,478

What lead us to where we are today?

Bayside Council was created on 9 September 2016 through the merger of City of Botany Bay Council and Rockdale City Council.

Merging two separate organisations is a massive task that requires enormous effort and dedication.

This was particularly true for Bayside Council as the environment preceding the merger prevented the 2 Council's collaborating and planning before the merger took effect.



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Also, Bayside Council was proclaimed 4 months after all the other mergers in New South Wales, so we had a very ambitious timeline set to catch up with the State Government requirements.

In this less than an optimal situation we have made considerable progress towards our aspirational vision to create a high performing Council that provides exceptional service to the community and become the leading Council in the State.

One of the first steps was developing Council's organisational structure to optimise its services to the community.

The result is five departments:

- ▶ General Managers Unit – including communications, events and human resources, this unit supports the organisation to enable service focused activities;
- ▶ City Life – delivering personalised and direct services to enhance community life, including family, aged, leisure and cultural services.
- ▶ City Presentation – ensuring the public areas in the suburbs of Bayside are aesthetically pleasing, clean, and enjoyable to live in.
- ▶ City Futures – developing strategies and planning for all aspect of our City, ensuring the built and natural environments of Bayside Council are sustainable
- ▶ City Performance – supporting the business units in the organisation to enable the delivery of service excellence by providing expertise in financial services, governance and technology.



Culture clash is often the most significant obstacle to an effective merger. Organisational culture might be difficult to quantify, but its impact on a merger is very real. Corporate culture can be incredibly tenacious, resisting any and all attempts to modify its underlying values and associated behaviours.

Our cultural program was based on the recognition that culture is both powerful and implicit, and that employees are unlikely to change their cultural beliefs in response to enticements to adopt new cultural values.

So our values were created from deep within Council, close to 400 employees participated in workshops and sessions which resulted in the below values that will drive Council's performance; at Bayside Council we value Visionary Leadership, Empowered People, Meaningful Relationships and Exceptional Service.

Following the creation of the values a performance management system was created along with a reward and recognition program to drive employee's behaviours that reflects the values and that will support Bayside to become the leading Council in the State.

The two councils had different technology, systems and processes and services. Post-merger, during the transition phase, a significant effort was deployed to analyse and review systems and processes to evaluate synergies and the most effective and efficient way of delivering services to the community.

This journey commenced shortly after the merger and will continue until Bayside has identified and implemented transformational value opportunities in all of its services and processes to bring maximum benefit to the community.



Bayside celebrating staff achievements.



Bayside Council's workforce consist of people employed on a permanent, fixed-term and casual basis, full time and part time, supplemented time to time with agency staff, contractors and volunteers.

The following points provide a quick overview:

- ▶ At 31 December 2017, there were 853 employees (permanent and fixed term);
- ▶ 56.1% of employees were male and 43.9% female;
- ▶ 50% of Bayside Council's Leadership Team¹ were female;
- ▶ The median length of service was 9 years;

- ▶ The average age of employees was 45.8 years;
- ▶ 26.36% of employees belongs to Generation Y and Millennial²;
- ▶ 30.6% of employees were over 55 years old; and
- ▶ Last year 12.9% left their employment with Council.

Currently, our system does not allow us to extract statistic in relation to the number of employees that were born overseas or who speak a language other than English at home.

One of our strategic priorities is addressing this short fall as workforce data enables better business decisions.

1. Leadership Team Includes Level 1 (General Managers, Level 2 (Directors) and Level 3 (Managers).
2. In this exercise Gen Y and Millennial is defined as employees being born between 1980 and 1995.

Looking to the future

The strategic priorities for our workforce were developed with our past achievements in mind and seek to improve future performance by develop our committed and capable workforce and attracting new talent.

In addition, our priorities are informed by key workforce trends, managers' perspective, our community and workforce profile.

Across the globe and in Australia there are pronounced changes influencing the nature of work and the workforce of the future, significant trends include:

- ▶ The impact of technology and technological breakthroughs;
- ▶ An older experience workforce;
- ▶ A healthy workplace as a driver of performance; and
- ▶ The need for talent attraction and influence of diversity.

The impact of technology

Key points

- ▶ New jobs and roles are being created;
- ▶ Technology is now part of the business strategy and customer experience;
- ▶ Different generations have different expectations in terms of technology; and
- ▶ Technology is important for engagement, mobility and flexibility.

The workforce is changing rapidly. Many of the jobs created today did not exist five years ago there will be jobs in the future that do not exist today. Much of this changes is influenced by technology, automation, robotics and artificial intelligence which are advancing at turbo speed. These advances are dramatically changing the nature and number of jobs available and creating an evolution of new roles and required capabilities across all workforces and organisations.

Examples that we can already see today are medical care being delivered by self-learning robots, intelligent sensors that help us take perfect pictures, automatic parking features in cars and tutoring programs based on artificial intelligence to mention a few.

Organisations are expanding their service delivery using digital channels. This requires the community and employees to have well developed technology capabilities. Within organisations technology has gone from being a work 'tool' to an essential business strategy and customer experience.

Over the past few years the use of mobile devices like tablets and smartphones has increased exponentially. Mobility options are now a vital tool for quality service delivery and field-based work.

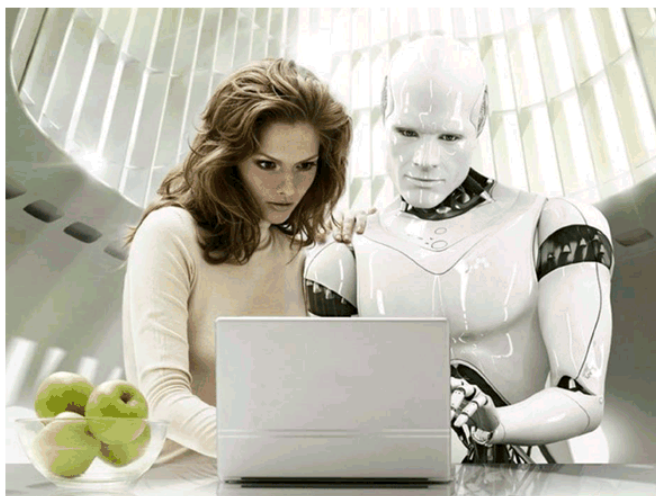
Employees' expectations have also changed. They expect that their organisation investigates and implements new technologies continually to help them do their jobs better. These expectations, initially led by millennials, is now adopted by Generation X. Driving this expectation is having access to information from any device at any time and keeping their jobs fresh and interesting.

Generational differences in communication preferences and modes of collaboration are becoming heighten. All forms of work currently requires some computer literacy eg to send an email or search the internet for information. In the near future all forms of work will require enhanced computer skills.

The era of anytime, anywhere and on any device is blurring the line between work and home. Personal and work time is increasingly overlapping and the concept of work as a place is changing. Offices are being redesigned to create dynamic and flexible spaces that enhance the well-being of employees and increase their performance and productivity. Across Australia, increasing numbers of employees of all ages are choosing flexible working arrangements including working away from an office.

Many organisations with technology-enabled flexible working practices are fast becoming employers of choice for mid-career and older workers, whose experience is vital to the performance of the organisation.

Over the coming 10 years Bayside Council will look to address the challenges and immense opportunities brought about through the impact of technology. Our next step is outlined in our strategic priorities.



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An older experienced workforce

Key points

- ▶ The developed world and Australia has an ageing population and the retirement age is increasing;
- ▶ People are able and keen to work longer;
- ▶ Employers are changing workplace policies and practices to accommodate and retain mature aged and knowledgeable workers; and
- ▶ A multi-generational approach brings benefits.

Like many nations around the world, Australia is experiencing a marked societal shift – one which will see Australians in the 55 to 70 age bracket number over 5 million by 2030 (Deloitte 2012b). This trend will affect all aspects of society and the economy, including the workforce.

According to the Australian Government's 2015 intergenerational report, Australians aged 65 or over are projected to more than double by 2055. This brings new challenges for our country including the need for older workers to learn new skills and work longer. In Australia the workforce participation rate amongst those aged 65 and over are projected to increase strongly from 12.9 per cent in 2014 to 18 per cent in 2050 (Commonwealth of Australia 2015). Other researcher is predicting this percentage to be much higher.

The growth in the number of older Australian's also provides opportunities for Australia. For example, research by Deloitte (2012a) shows that increasing the older workforce by 5 per cent would bring an extra \$48 billion annual to Australia's GDP.

According to the Hon. Susan Ryan AO, age Discrimination Commissioner, to achieve these benefits we need to remove the barriers that prevent many older Australians from reaching their full potential in the workplace (Ryan 2014).

Encouraging workforce participation by older workers and increasing the retirement age are now government priorities.

Employers are developing plans to retain older workers and looking at new ways of attracting them. Tapping the full potential of older workers will become critical.

Companies are looking for ways to make the workplace age-friendly, especially with regard to physically demanding jobs, and are promoting health and fitness.

All this adds up to a future with a more diverse workforce. New thinking about the ageing demographics trend demands 'integrated ageing management strategies', not just for employers, but also for public and private organisations delivering services to the community.

Rather than only responding to an ageing workforce, employers are learning to manage a multi-generational workforce, to create a work environment that is flexible and attractive to workers of all ages and to build an employer brand that attracts and retains top talent.

Examples include:

- ▶ Addressing age diversity in recruitment policies;
- ▶ Providing opportunities for employees of all ages to develop new skills and competencies;
- ▶ Providing flexible work options;
- ▶ Addressing age-related stigma; and
- ▶ Enhancing managers' ability to manage a diverse workforce.

The ageing workforce is a trend likely to bring about positive outcomes, not least because it will make the workplace more inclusive. Research on older workers and their engagement shows that at least one category of older workers choose to work because they want to, and therefore are highly engaged, which translates to high performance employees'.

Over the coming years Bayside Council will look to address the challenges and opportunities brought about through an older workforce. Our next steps are outlined in our strategic priorities.

A healthy workplace as a driver of performance

Key points

- ▶ Sedentary lifestyle, obesity and chronic disease is on the rise;
- ▶ Psychological injuries are more costly than physical injuries for employers;
- ▶ There is a growing understanding of the economic benefits of a healthy workforce; and
- ▶ Health and wellbeing programs are becoming an attractor for employers and employees alike.

There is a growing evidence about the health challenges impacting the Australian workforce. With the population ageing and the number of people leading a sedentary lifestyle and people classed as overweight increasing, chronic diseases are rising.

Chronic disease can result in functional limitations and as a result, people with chronic disease may be limited in their ability to participate fully in the workforce. According to the Australian Institute of Health and Welfare 2009, the social economic costs associated with absenteeism and lost productivity due to chronic conditions are key concerns.

Research identifies work-related contributing factors to increased obesity. A systematic review of 39 studies found a positive association between long work hours and weight gain, especially amongst men (Solovieva S, et al Psychosocial factors at work, long work hours and obesity: a systematic review. Scand J Work Environ Health 2013; 39(3):241-258).

However, it is not just physical conditions and chronic illness that are impacting the workforce. Recent findings show that mental illness is one of the leading causes of sickness, absence and long-term work incapacity in Australia and is one of the main health related reasons for reduced work performance (Harvey et al.214).

An analysis by PWC (2014) for beyondblue and the National Mental Health Commission reports that mental health conditions cost Australian workplaces an incredible \$4.7 billion in absenteeism, \$6.1



Recent Health Fair for employees held at Bayside.

billion in presenteeism and \$145.9 million in compensation claims. Further, the report found mental health conditions result in around 12 million days of reduced productivity for business in this country each year. And that one in six people in employment experience a mental health issue every year, those millions of days are being lost across the economy; in every sector and among organisations of all sizes.

On the bright side, this analysis estimates that a return on investment of 2.3 is possible through implementing effective actions to create a mentally healthy workplace. This means that every dollar spent on effective workplace mental health actions may generate \$2.30 in benefits.

More than 90 percent of business leaders say that promoting wellness will positively impact on employee productivity and performance (non-profit Health Enhancement Research Organisation). Organisations are understanding that investment in human capital through health and wellbeing programs is an essential part of a smart organisations business strategy.

Bayside Council currently provides our employees with health and wellbeing actions and the steps to create a comprehensive Health and Wellbeing program are outlined in our strategic priorities.

The need to attract talent and leverage diversity

Key points

- ▶ Talent purchasing power has shifted;
- ▶ Australian workplaces are becoming more diverse;
- ▶ Organisations are looking for new ways to attract and retain people; and
- ▶ Aligned personal values and organisational purpose are powerful drivers to attract talent.

Since the global financial crises, there has been a steady shift from Western to Eastern economies (Hay Group 2014). This shift has given employers in Asia more purchasing power to attract talent from around the globe.

For Australia, and more specifically Sydney, as a potential attractor of talent, this means an increasing need to compete with places like Singapore, Hong Kong and Indonesia. In the past, global organisations made Sydney their regional hub, this is now changing.

The shift from West to East has benefits for Australia and its workforce. According to McCrindle Research, "Currently 1 in 4 Australians weren't born here and the cultural diversity of the under 30s is even greater than that of the over 30s" (McCrindle Research n.d., p.8)

The cultural mix in the Bayside community is even more diverse, with 53% of all residents speaking a language other than English at home. Over 50 different languages are spoken at home and most common are Greek (7.1%), Mandarin (6.7%), Arabic (5.8%) and Cantonese (3.8%).

Relative to trends in the Greater Sydney area, and Australia as a whole, there has been a very strong growth in the proportion of Bayside Council's residents born overseas, with a percentage rising from 14.3% in 2006 to 24% in 2016.

A richly diverse workforce has implications for the types of managers succeeding in today's, and tomorrow's, workplace. Leaders and

organisations that foster inclusion, leverage diverse perspectives and have a strong sense of connection with the community they serve are becoming the most successful at attracting talented employees and support employees to become high performers.

Organisations that have introduced initiatives such as flexible work practises, gender equity programs, and disability and mental health awareness, are also providing a link between themselves as an employer and their broader role in the community.

Reconciliation Action Plans, White Ribbon and other value-based organisational development programs are also examples of ways organisations are helping employees find a connection between their personal values and those of the organisation for which they choose to work.

Bayside Council strategies to attract key talent and leveraging diversity will be outlined in our strategic priorities.



Improving customer experience

Local government plays a critical role in maintaining and developing the social and economic fabric of regions, bringing communities together and producing local solutions to local problems.

Following are the findings regarding Australian people's beliefs in local governments' role in their lives (Why Local Government Matters, Full Report 2015)

- ▶ Australians feel a strong emotional connection to the local area in which they live, providing them improved emotional wellbeing and a stronger sense of their personal identity.
- ▶ In their local area, the most important thing for Australians is a safe environment, the availability of health care, levels of pollution (water, air and noise), and being able to afford appropriate housing.
- ▶ Australians believe it is important that local governments deliver a diversity of activities, with planning for the future being amongst the most important considerations, and they want to be involved in the decision making of how and what services should be delivered.

International research (Ipsos Social Research Institute 2010) finds that drivers of satisfaction with local government can be categorised into six main areas: overall service quality; direct communication and engagement; perceived value for money and/or absence of corruption; clean, safe and strong communities, which create a sense of 'liveability'; media coverage; and background factors such as affluence and diversity.

Bayside's community has clearly told Council that we need to improve the overall service quality experienced when interacting with Council staff.

Bayside Council highest strategic priority is to improve your experience when you are interacting with Council, our aim is to become the leading Council in the delivery of positive customer experiences. The plans of how to achieve this outcome is outlined in our strategic priorities.

Our strategic priorities

Our research and consultation with managers has been the foundation for the development of this Plan. This plan has seven strategic priorities. Collectively they aim to optimise Bayside Council's workforce strengths and performance, address our most critical challenges and help focus our efforts in building a customer centric and high performing environment.

Our seven strategic priorities are:

- ▶ Strategy 1
Creating a customer centric culture
- ▶ Strategy 2
Council as an employer of place-based choice
- ▶ Strategy 3
Retaining and attracting a talented and diverse workforce
- ▶ Strategy 4
Strengthen our safe and healthy workplace
- ▶ Strategy 5
Investing in skills
- ▶ Strategy 6
Improving productivity leveraging technology
- ▶ Strategy 7
Maximising management and leadership

Strategy 1 Creating a customer centric culture

Bayside Council is committed to providing a positive experience every time, for all of its customers, and recognises that the delivery of exceptional customer experience is the responsibility of all staff.

In meeting the changing needs and expectations of our community, our focus is to dramatically improve our reputation for, and delivery of, exceptional customer experiences.

Customer centricity is not just about offering great customer service, it's about the driving force or passion of our staff. In a Customer Centric culture staff actively strive to ensure that all interactions with our customers provide a positive experience, even if the outcome is not as they desired.

It is a strategy that is based on putting our customer first, and at the core of Bayside Council.

Outcomes

- ▶ Achieving a culture of a 5 Star Customer Experience across the organisation;
- ▶ All staff at Bayside Council are skilled, trained and supported in delivering excellent customer service;
- ▶ All staff has insight into the 'customer experience' with Council to inform future services;
- ▶ A welcoming environment at all Council buildings for all members of our community including people from cultural and linguistically diverse backgrounds and people with disabilities;

- ▶ Customers receive a consistent response, regardless of how they choose to contact us;
- ▶ Our services are easy to use and accessible; 'how you want, where you want and when you want to contact us';
- ▶ We demonstrate efficiencies in our processes in the use of time and money while maintaining an excellent customer experience leveraging technology;
- ▶ Technology solutions are customer focused and user friendly;
- ▶ Managers and employees have appropriate customer experience performance measures; and
- ▶ Providing the right answer, on time.

Deliverables

- ▶ Develop and implement an organisation wide change culture program to achieve a 5 Star Experience;
- ▶ Design and deliver a 'New Employee Customer 5 star Experience' induction training for all new Bayside Council Employees;
- ▶ Design and deliver a tailored training program that focuses on how each unique work area will operate to deliver exceptional service;
- ▶ Develop and implement a training program for managers to take a lead role in demonstrating and empowering their teams to deliver a 5 star experience;
- ▶ Develop and implement training program for key staff in complaint and compliment handling; and
- ▶ Develop and implement customer experience key performance indicator and deliver monthly reports on all customer contacts across the organisation identifying opportunities for improvements.

Strategy 2

Council as an employer of place-based choice

The phrase 'Employer of Choice' has picked up a considerable amount of popularity, but what is the importance of becoming an Employer of Choice? The phrase is more than just a buzzword; it is representative of a whole new design of corporate culture.

It means that people will:

- ▶ Choose to work for Bayside;
- ▶ Actively look for job opportunities at our organisation;
- ▶ Choose to really dedicate themselves to our success; and
- ▶ Choose to stay with Bayside Council, even when they are being courted by recruiters from other employers-recruiters with exceptionally attractive inducements.

In the years ahead, workforce stability will be an organisation's competitive edge. In these turbulent times, exacerbated by a tight labour market, employers will be continually challenged to locate, attract, optimise and retain the talent they need to serve their customers. The most successful employers will be those who legitimately inspire highly talented workers to join them and stay with them.

The workforce at Bayside Council does not currently represent the demographic of the community. To attract talent in the community and reflect the local government area we need to improve our brand as an employer of choice.

Outcome

Achieve the Australian recognition as an employer of choice.

Deliverable

Develop and implement a place based employer of choice strategy including marketing of Bayside Council as a preferred based placed employer.

Strategy 3

Retaining and attracting a talented and diverse workforce

Why is this important?

- ▶ A workplace that values diversity and is free of discrimination is more productive.
- ▶ Greater employee satisfaction also leads to improved productivity.
- ▶ Reduced employee turnover cuts the cost of having to replace skilled and experienced people.
- ▶ Harnessing diverse employee skills and perspective increases creativity and innovation.
- ▶ A reputation for respect, inclusion and diversity also enhances an employer's business and reputation.
- ▶ Failure to take steps to prevent discrimination has serious legal and financial consequences.

The way we attract and retain highly talented people has been one of the major priorities for all Human Resources professionals for a number of years. As the competition for the best talent grows; businesses must reduce the disconnect between their talent requirements and the strategies and processes which underpin them.

Research consistently finds that retaining top talent is essential for maintaining an organisations knowledge, high morale and satisfied customers.

In contrast, employee turnover is a drain on an organisation's staff and financial resources. Losing key employees can limit productivity, damage morale, and cost as much as (or more than) the departing employee's salary during the process of finding and training a replacement.

Outcome

Bayside Council workforce is highly talented with a passion for delivering exceptional customer service leveraged by technology. Bayside council's labour turnover remains below 11%.

Deliverables

- ▶ Develop and implement an attraction strategy including the following deliverables:
- ▶ Review, develop and implement an innovative recruitment process that takes into account at the edge research and future predictions;
- ▶ Review and analyse positions appropriate for traineeship, graduate programs, apprentice schemes and vocational training;
- ▶ Identify positions where we have difficulty attracting / recruiting appropriate staff and develop strategies to improve uptake;
- ▶ Market research, identify where highly talented people are searching for work;
- ▶ Develop and implement an innovative inclusion strategy that takes into account all minorities groups, analysing where to recruit them and how to attract them.
- ▶ Review and analyse the most successful recruitment strategies, matching cost against new recruits performance at difference stages during their employment; and
- ▶ Develop networks to enhance knowledge base including participating in recruitment fairs, social media, neighbouring Councils etc
- ▶ Develop and implement a retention strategy including the following deliverables:
- ▶ Develop and implement an employee survey tool. Analyse results and develop business units' actions plans to improve employee engagement and retention;

- ▶ Develop and implement new ways to receive and give employee feedback, including, but not limited, to exit interviews; and
- ▶ Develop and implement a succession planning process that enables the identification of emerging talent quickly and acts on their needs such as professional development, lateral as well as horizontal development.

Strategy 4 **Strengthen our safe and healthy workplace**

While improvements to work health and safety were made during the National OHS Strategy, current data shows that, on average, over 250 workers in Australia die from an injury sustained at work each year.

It is estimated that over 2,000 workers die from a work-related illness each year. In 2009-10 640,000 workers reported experiencing a work-related injury or illness. In the same year 303,000 workers were compensated for an injury or illness.

Bayside Council's Work Health and Safety strategy set ambitious targets with an aim to significantly reduce work-related traumatic injuries.

Outcomes

- ▶ Reduced incidence of work-related death, injury and illness achieved by reduced exposure to hazards and risks using improved hazard controls and supported by an improved work health and safety infrastructure. (Infrastructure - A responsive and effective regulatory framework, the knowledge and skills of all parties with a role in a work health and safety and a robust evidence base information)
- ▶ Minimise workplace risk to mental health and reduce stigma associated with mental health conditions.

Deliverables

- ▶ Develop and implement a work health and safety strategy and action plan including the following strategic outcomes:
- ▶ Structures, plant and substances are designed to eliminate or minimise hazards and risks before they are introduced into the workplace;
- ▶ Work, work processes and systems of work are designed and managed to eliminate or minimise hazards and risks; and
- ▶ Everyone in a workplace has the work health and safety capabilities they require.
- ▶ Develop and implement a mental health action plan, including the following strategic outcomes:
- ▶ Those providing work health and safety education, training and advice have the appropriate capabilities;
- ▶ Auditors and other staff of work health and safety have the work health and safety capabilities to effectively perform their role;
- ▶ Work health and safety skills development is integrated effectively into relevant education and training programs;
- ▶ Council leaders foster a culture of consultation and collaboration which actively improves work health and safety;
- ▶ Health and safety is given priority in all work processes and decisions;
- ▶ Evidence is translated to assist practical application; and
- ▶ The results of research and evaluation are disseminated and implemented.
- ▶ Develop and implement a health and wellbeing program.

Strategy 5 Investing in skills

Investing in employees skills and knowledge starts with improvements in an individual's performance, which then transfer to his or her localised workplace performance, which then ultimately result in a positive impact on the whole organisation's performance.

Investing in skills development will see results in better customer service, better work safety practices and productivity improvements.

However, today the landscape is very different, with the breakthrough in technology organisations must invest more in training than ever before to meet the customers' needs because employees must be able to use and leverage technology to deliver a 5 star service.

We need to ensure that everyone has the right skills for an increasingly digital world as this is essential to promote an innovative, productive and a 5 Star customer experience.

Several types of skills are needed:

- ▶ Technical and professional skills, including IT specialist skills for workers who drive innovation and to support digital infrastructures and the functioning of the digital eco-system;
- ▶ IT generic skills for workers and residents alike to be able to use digital technologies; and
- ▶ IT complementary 'soft' skills, such as leadership, communication and teamwork skills, required for the expanding number of opportunities for IT-enabled collaborative work.
- ▶ Critical thinking and problem solving, analytical skill, strong communication skills, active listening skills, customer service skills, feedback skills, negotiation skills, change management skills, managerial skills

Outcome

Bayside council have a highly skilled talented employees with an ability to leverage technology to deliver a 5 star customer service experience.



Deliverables

- ▶ Develop and implement a 4 year learning and development strategy and program, including the following deliverables:
- ▶ Develop and implement a training needs analysis tool that takes into account future skills need for Bayside Council to meet its objectives;
- ▶ Analyse community feedback survey, as well as the mystery shopper survey, to identify training needs;
- ▶ Identify and analyse skills gaps to determine training needs, especially around the ability to effectively use technology and evaluate and improve processes leveraging technology;
- ▶ Prioritise and assign the training into categories, mandatory, skills development and/or 'nice to have';
- ▶ Review the available training delivery models considering when it is more effective to use technology and/or convert face-to-face training to technological solution.
- ▶ In partnership with local education facilities, design effective programs for apprentice schemes, trainee ships, graduate and vocational training programs.

Strategy 6 Improving productivity leveraging technology

Performance is a function of three factors acting together.

PERFORMANCE = ABILITY + MOTIVATION + OPPORTUNITY

Ability = can a person do a task.

Motivation = does a person want to do it.

Opportunity = accessibility; a person is unable to do a task if the person is not given a chance or if the person is denied access to necessary resources or amenities.

Looking at human performance being influenced by multiple factors is exacerbated by the difficult and variable nature of our work today. All of these factors must be supported by the work environment in order for people's best work to occur.

To help our leaders manage their teams they need access to information and data such as the ability to analyse employees performance alignment with the business units vision and goals.

Other helpful management information would include, measured, analysed and reported:

- ▶ Absenteeism;
- ▶ Engagement levels;
- ▶ Demographics;
- ▶ Turnover;
- ▶ Work place injuries and incidents;
- ▶ Employees potential and training needs; and
- ▶ Forecasting needs like the skills and number of staff required to deliver objectives in the Community Strategic Plan.

At Bayside we currently do not have the ability to produce this information.

Outcome

Leaders and managers are managing their human resources strategically to deliver the objectives detailed in the Community Strategic Plan whilst providing a 5 star customer experience to the community.

Deliverables

- ▶ Develop and implement human resources technology strategy including the following deliverables:
- ▶ Improve internal communication channels and connectivity between employees; and
- ▶ Improve the efficiency of performing administrative tasks for employees, human resources personnel and leaders.
- ▶ Implement human resources strategies and processes in our software systems that provides timely and relevant workforce data to leaders and managers.
- ▶ Develop and implement a workforce planning methodology.

Strategy 7

Maximising management and leadership

Strong leaders help an organisation to maximise productivity, efficiency and achieve business goals, whereas weak leadership hurts productivity and jeopardises the health of the business.

And strong leadership is different to strong management, and sometimes we need both.

Leadership is about People. Those with strong leadership skills can create a vision that excites their direct reports. They can talk about the future and where their organisation is going, and they can articulate the strategic vision that will lead their team to success.

Leaders understand that teams are made up of individuals with different personalities, skill sets, communication and behavioural preferences. They also see that, when brought together through effective leadership, these differences can produce exceptional results. When conflict may start to arise amongst their direct reports because of these differences, leaders can see it, and they deal with it before it can make any impact on the team.

Good leaders have high emotional intelligence (a high EQ) and understand how their emotions, both positive and negative, affect their team. They understand that a leader's emotions are contagious. In this sense, leaders who are always in bad moods are bad for business, and those that seem to be in good spirits help drive business success. All of these things make people want to follow great leaders.

Management is about Processes. Managers are often subject matter experts promoted through the ranks to retain them at an organisation. Managers embed themselves in the tactical aspects of the workplace – the doing. They delegate and prioritise tasks, refine processes and make sure people follow them. Managers make sure that operations are running efficiently. They ensure that people complete their time sheets correctly, are back at their desks on time after lunch, and don't leave early. Managers don't necessarily understand or appreciate that their employees have communication and behavioural styles that need to be managed differently to get optimum results.

Bayside Council's leadership team display the above mentioned behaviour and qualities, however, we need to strengthen and enhance our leaders' ability to lead Council in this fast changing environment to ensure that we deliver the customer experience the community expect.

Outcome

Bayside Council will have leaders that are contextually and culturally aware, have and operate to a clear vision for Council and their teams, inspire people to follow them, are agile and can adopt to day-to-day needs, continue to welcome and give honest, impartial and objective feedback, are accessible, consistently display qualities including honesty, being forward looking, inspiring and competent, knowledgeable about best practise, are coaches, facilitators and enablers to drive Bayside vision to deliver a 5 star customer experience and become the leader in the local government industry.

Deliverables

- ▶ Develop and implement a leadership and management strategy including the following deliverables:
- ▶ A Leadership and Management Model
- ▶ Requirements of leaders and managers
- ▶ An action plan describing deliverables for the future 10 years
- ▶ Develop and implement an induction program for leaders and managers commencing with employees commencing with Council and employees who is entering a supervisory position for the first time.
- ▶ Develop and implement a leadership and management development program.
- ▶ Develop and implement a succession management plan and procedures.





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Bayside 2018 - 2030

SOCIALLY



ENVIRONMENTALLY



ECONOMICALLY



RESILIENT

Draft Bayside Asset Management Strategy – Version 3
2018 - 2030



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Welcome

Welcome to Bayside 2030, our Draft Bayside Asset Management Strategy (BAMS).

The draft BAMS is on exhibition for 28 days and we encourage you to provide your feedback – comments, thoughts, ideas and suggestions so that we can incorporate them in the document which is our plan for the future.

Please note that the document you are looking at is not the final, graphically designed version and we are not seeking feedback on the appearance of the document but the content.

You can provide feedback in a number of ways:

ONLINE:

Visit Council's 'Have Your Say' page: haveyoursay.bayside.nsw.gov.au

Via email to: bayside2030@bayside.nsw.gov.au

SEND A HARD COPY SUBMISSION TO:

Bayside Council, PO Box 21, Rockdale NSW 2216

IN PERSON AT EITHER OF OUR CUSTOMER SERVICE CENTRES:

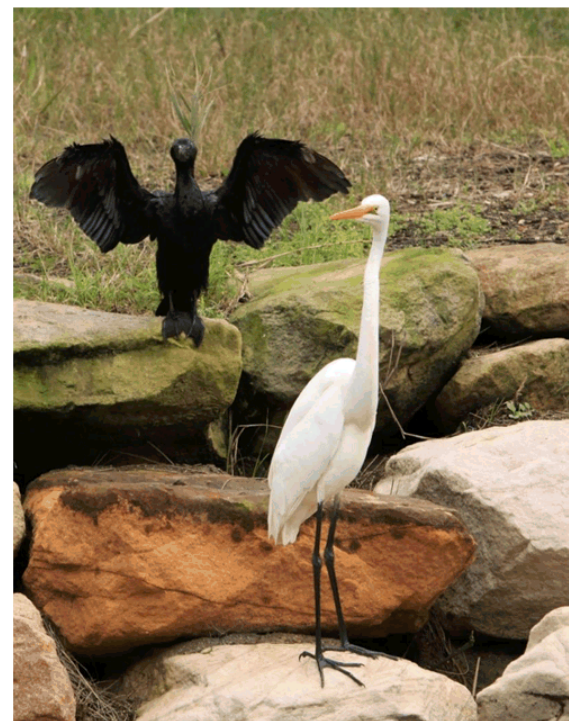
Eastgardens Customer Service Centre

152 Bunnerong Road, Eastgardens

Rockdale Customer Service Centre

444 – 446 Princes Highway, Rockdale

Finally, thank you to everyone taking the time to provide input into the draft BAMS and the more than 1,000 residents who have already provided their version for the City in the future.



Executive Summary

This Bayside Asset Management Strategy (BAMS) is prepared to assist Council in improving the way it delivers services from infrastructure including land, transport, building, open space, stormwater, fleet, office and library. These infrastructure assets have a replacement value of \$1,125M (excluding land).

The BAMS is to enable Council to show:

- ▶ how its asset portfolio will meet the service delivery needs of its community into the future,
- ▶ enable Council's asset management policies to be achieved, and
- ▶ ensure the integration of Council's asset management with its long term strategic plan.¹

The BAMS will assist Council in meeting the requirements of national sustainability frameworks, the requirements of the Local Government Act 1993, and providing services needed by the community in a financially sustainable manner.

The BAMS is reviewed to align to Council's service delivery practices, financial sustainability indicators, asset management maturity and fit with Council's vision for the future outlined in the Bayside Council Community Strategic Plan. The BAMS outlines an asset management

improvement plan detailing a program of tasks to be completed and resources required to improve Council above the current 'core' level of asset maturity and competence.

BAMS outlook

1. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.
2. Council's goal is to achieve 'intermediate' asset management practice, with some "advanced" elements, across all of the asset groups within three (3) years. ("Advanced" elements include some elements of asset knowledge i.e. attribute and condition data, and some strategic asset planning processes i.e. lifecycle planning/costing and elements of optimised decision making).
3. Accurate financial reporting of expenditure, including operation, maintenance, renewal and new asset expenditure, is not clearly delineated. The strategic financial outlook is difficult to understand, and will be investigated and reported in future versions of the BAMS and Asset Management Plans.

¹ LGPMC, 2009, Framework 2 *Asset Planning and Management*, p 4.

Asset Management Strategies

No	Strategy	Desired Outcome
A. Asset Knowledge - Data		
A.1	The identification, collection and storage of asset data has a logical structure of asset classification and hierarchy.	Assets are identified by unique identification numbers. Asset register(s) are segmented into appropriate classification levels.
A.2	The asset register contains asset attribute data, relevant to the asset classification, and assets are able to be represented spatially where applicable.	Assets are identified with appropriate information for location, size, material and type.
A.3	The survey and rating of assets is completed under written guidelines and processes.	A consistent rating system is applied to survey and rating of assets, and historical data is available in a consistent format.
A.4	Expenditure categories for assets are clearly defined, and separately recorded.	Lifecycle data is collected and used for decision making on the treatment of assets.
B. Asset Knowledge – Processes		
B.1	Guidelines and procedures are clearly defined for asset lifecycle processing activities, including recognition, valuation, depreciation, and impairment. Annual reviews of assets are completed in accordance with guidelines. Responsibilities for processes are clearly defined. Audit and validation procedures developed and implemented.	A consistent approach is established and maintained for the recognition, valuation, depreciation, impairment and annual review of assets, meeting asset accounting standards.
C. Strategic Asset Planning Processes		
C.1	Levels of service clearly defined and aligned to strategic objectives and legislative requirements, taking community input into account. Community and technical levels of service separately identified and monitored, with the latter incorporated into service level agreements for operation, maintenance and renewal processes.	Long term asset objectives and developed in conjunction with the community and incorporated into service planning.
C.2	Infrastructure asset risk management plans developed for asset networks and critical assets, addressing risk mitigation strategies and measures.	Council understands asset risks and risk treatment, including emergency response and business continuity.
C.3	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.

C.4	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
C.5	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
C.6	All asset groups are covered by an Asset Management Plan(s) covering a period of at least 10 years.	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
C.7	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
D. Operation and Maintenance Work Practices		
D.1	Operation and maintenance planning for assets is clearly derived from Operation and Maintenance Strategies.	Planned and reactive maintenance is delivered in line with clear service delivery outcomes.
D.2	Critical assets are identified and plans are in place for the inspection, maintenance, and emergency response planning	Council plans for, and is able to respond to, risks associated with major service disruptions
E. Information Systems		
E.1	Harmonise the asset registers of the former Councils into the corporate asset management system.	All processes and decision making related to assets are derived from a single source of truth for assets.
E.2	Ensure direct linkages from Council's corporate asset management system to other core applications.	Council maintains a single source of truth for assets, and does not replicate asset information into other core applications or off-line documents.
F. Organisational Context		
F.1	Report six monthly to Council by Audit Committee on development and implementation of BAMS, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.
F.2	Implement the Improvement Plan to realise 'intermediate' maturity, with advanced elements, for the financial and asset management competencies within three (3) years.	Improved financial and asset management capacity within Council.
F.3	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.

Asset Management Improvement Plan

The program of tasks and resources required to improve Council above the current 'core' asset management maturity. The tasks and program are shown below.

Ref	Task	Responsibility	Target Date
Asset Knowledge - Data			
1.1	Develop and implement a plan to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	Manager City Infrastructure	2021
Asset Knowledge - Processes			
2.1	Document the assumptions and methodology used to determine the current depreciation values of all assets but in particular the road assets. Special consideration should be given to the determination of useful life, remaining life and asset condition.	Manager Finance	2021
Strategic Asset Planning			
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	Manager Strategic Planning	2021
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	Manager Strategic Planning	2021
3.3	Continue towards the integration of the Long Term Financial Plan (LTFP) and BAMS/Asset Management Plan(s)	Manager Finance / Manager City Infrastructure	2021
Operations and Maintenance Work Practices			
4.1	Develop and implement a plan to harmonise the operation and maintenance work practices for road, building, drainage and open space assets.	Manager City Works / Manager Parks & Open Space	2021
4.2	Improve work order management practices to identify accurate operational and maintenance costs for above asset groups.	Manager City Works / Manager Parks & Open Space	2021
4.3	Develop inspection and maintenance strategies around critical assets, and highlight emergency response plans should there be a major service disruption within the assets.	Manager City Works / Manager Parks & Open Space / Manager Information Technology	2021

Ref	Task	Responsibility	Target Date
Information Systems			
5.1	Continue work towards the implementation of a corporate asset management system. This includes the establishment of a working group to oversee the implementation. The group should scope and manage the implementation program for the system road map.	Manager Strategic Planning / Manager Information Technology	2021
Organisational Context			
6.1	Reconstitute the asset management steering group to ensure that the asset management improvement plan is being implemented, however the steering committee should have a wider charter and be utilised to consider a wide range of asset management matters.	Manager Strategic Planning	2021
6.2	Review the range of asset management roles and responsibilities to ensure there is a consistent framework of roles and responsibilities across all asset classes.	Manager Strategic Planning	2021

1. Introduction

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

Infrastructure assets such as roads, drains, bridges, stormwater and buildings present particular challenges. Their condition and longevity can be difficult to determine. Financing needs can be large, requiring planning for large peaks and troughs in expenditure for renewing and replacing such assets. The demand for new and improved services adds to the planning and financing complexity.²

The creation of new assets also presents challenges in funding the ongoing operating and replacement costs necessary to provide the needed service over the assets' full life cycle.³

The national frameworks on asset planning and management and financial planning and reporting endorsed by the Local Government and Planning Ministers' Council (LGPMC) require Councils to adopt a longer-term approach to service delivery and funding comprising:

- ▶ A strategic longer-term plan covering, as a minimum, the term of office of the Councillors and:
 - bringing together asset management and long term financial plans,
 - demonstrating how Council intends to resource the plan, and
 - consulting with communities on the plan
- ▶ Annual budget showing the connection to the strategic objectives, and
- ▶ Annual report with:
 - explanation to the community on variations between the budget and actual results ,
 - any impact of such variances on the strategic longer-term plan,
 - report of operations with review on the performance of the Council against strategic objectives.⁴

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

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

⁴ LGPMC, 2009, Framework 3 Financial Planning and Reporting, pp 4-5.

Framework 2 Asset Planning and Management has seven elements to assist in highlighting key management issues, promote prudent, transparent and accountable management of local government assets and introduce a strategic approach to meet current and emerging challenges.

- ▶ Asset management policy,
- ▶ Strategy and planning,
 - asset management strategy,
 - asset management plan,
- ▶ Governance and management arrangements,
- ▶ Defining levels of service,
- ▶ Data and systems,
- ▶ Skills and processes, and
- ▶ Evaluation.⁵

The BAMS is to enable Council to show:

- ▶ how its asset portfolio will meet the service delivery needs of its community into the future,
- ▶ to enable Council's asset management policies to be achieved, and
- ▶ to ensure the integration of Council's asset management with its long term strategic plan.⁶

The goal of asset management is to ensure that services are provided:

- ▶ in the most cost effective manner,
- ▶ through the creation, acquisition, maintenance, operation, rehabilitation and disposal of assets,
- ▶ for present and future consumers.

The objective of the BAMS is to establish a framework to guide the planning, construction, maintenance and operation of the infrastructure essential for Council to provide services to the community.

⁵ LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

⁶ LGPMC, 2009, *Framework 2 Asset Planning and Management*, p 4.

1.1 Legislative reform

A new planning and reporting framework for all NSW Council was introduced in 2010 by way of amendment to the Local Government Act 1993. The Integrated Planning and Reporting Framework is an integrated framework that ensures that Councils are reflecting community aspirations in the provision of Council services. The amendments included a number of essential elements which must be included within the Asset Management Planning component of the Resourcing Strategy.

Essential Element 2.9

Each Council must account for and plan for all existing assets under its control, and any new asset solutions proposed in its Community Strategic Plan and Delivery Program.

The BAMS accounts for and plans for all existing assets and new assets required by the Strategic Plan.

Essential Element 2.10

Each Council must prepare an Asset Management Strategy and Asset Management Plan/s to support the Community Strategic Plan and Delivery Program

The BAMS supports the Strategic Plan. Asset Management Plans will be developed in the future.

Essential Element 2.11

The Asset Management Strategy and Plan/s must be for a minimum timeframe of 10 years

The BAMS is for the period 2018-2030.

Essential Element 2.12

The Asset Management Strategy must include an overarching Council endorsed Asset Management Policy.

The BAMS includes an Asset Management Policy.

Essential Element 2.13

The Asset Management Strategy must identify assets that are critical to the Council's operations and outline risk management strategies for these assets.

The BAMS includes asset risk management.

Essential Element 2.14

The Asset Management Strategy must include specific actions required to improve Council's asset management capability and projected resource requirements and timeframes.

The BAMS includes an asset management improvement plan.

Essential Element 2.15

The Asset Management Plan/s must encompass all the assets under a Council's control.

Asset Management Plans will be harmonised in the future.

Essential Element 2.16

The Asset Management Plan/s must identify asset service standards.

The harmonised Asset Management Plans will define levels of service.

Essential Element 2.17

The Asset Management Plan/s must contain long term projections of asset maintenance, rehabilitation and replacement costs.

The harmonised Asset Management Plans will include long term financial projections for operational, maintenance, renewal and new asset costs.

Essential Element 2.18

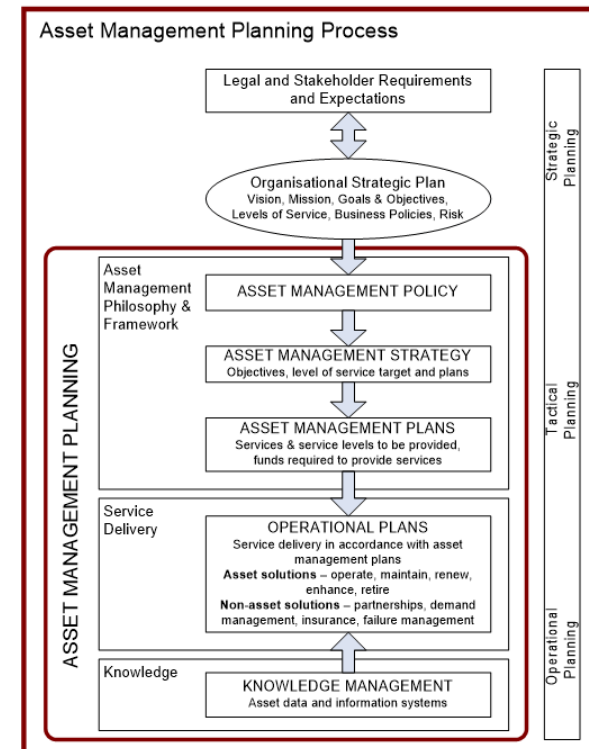
Councils must report on the condition of their assets in their annual financial statements in line with the Local Government Code of Accounting Practice and Financial Reporting.

The annual report and financial statements include reporting on the condition of assets.

1.2 Asset Management Planning Process

Asset Management Planning is a comprehensive process to ensure that assets are managed and maintained in a way that enables affordable services from infrastructure to be provided in an economically optimal way. In turn, affordable service levels can only be determined by assessing Council's financial sustainability under scenarios with different proposed service levels.

Asset Management Planning commences with defining stakeholder and legal requirements and needs, incorporating these needs into the organisation's strategic plan, developing an asset management policy, strategy, asset management plan and operational plans, linked to a long-term financial plan with a funding plan.⁷



⁷ IPWEA, 2009, AIFMG, Quick Guide, Sec 4, p 5.

2. What Assets Do We Have?

2.1 Our Community Assets

Council provides and uses infrastructure assets to enable the provision of services to the community. The range of infrastructure assets and the services provided from the assets is shown in Table 1.

Table 1: Assets used for providing Services

Asset Class	Description	Services Provided
Land ⁽¹⁾	Community and operational land	The base 'unimproved' land holding of Council on which other assets and services are located
Transport	Roads, kerb and gutter, footpaths, bridges, traffic management control devices, road lighting	Transportation and management of vehicles, people and services within and through the Council area
Buildings	Community buildings, office buildings, recreation buildings, child and aged care buildings, libraries and cultural buildings, depots	Buildings and other facilities to support the use and provision of services for community groups, child and aged care, library and cultural services, Council operations
Stormwater Drainage	Drainage pits, pipes, culverts, and channels, open drains, and water quality control devices	Collection, conveyance and quality management of stormwater runoff within and through the Council area to preserve natural environments and waterways
Open Spaces	Active and passive recreation facilities, including playgrounds, sport fields, park furniture, and swimming pools. Natural assets and natural environments including trees, bushland and wetlands	Providing active and passive recreation activities, and managing the preservation of the natural environment and biodiversity
Fleet	Plant, fleet and other construction and land management equipment	Support to the operations of Council to provide services
Office	Information technology, communication, security, and other office equipment	Support to the operations of Council to provide services
Library	Library books, media and other library resources	Literary, audio-visual and cultural resources for use by the community

Notes:

1. Land assets are recognised with gross value but are currently not determined to incur lifecycle costs.

3. The Organisation's Assets and their Management

3.1 State of the Assets

The financial status of the organisation's assets is shown in Table 2.

Table 2: Financial Status of the Assets

Asset Class	Gross Value (\$000) ⁽¹⁾	Written Down Value (\$000) ⁽¹⁾	Accumulated Depreciation (\$000) ⁽¹⁾	Depreciation Expense (\$000) ⁽¹⁾
Land ⁽²⁾	377,290	377,290	0	0
Transport ⁽³⁾	698,450	534,538	163,912	11,739
Buildings ⁽⁴⁾	185,636	101,408	84,228	6,411
Stormwater Drainage	128,438	78,436	50,002	1,300
Open Spaces ⁽⁵⁾	79,785	54,998	24,787	3,301
Fleet	18,819	8,284	10,535	2,600
Office ⁽⁶⁾	7,304	3,241	4,063	968
Library	6,571	1,885	4,686	531
Total	1,502,293	1,160,080	342,213	26,850

Notes:

1. Financial status has been compiled from Note 9a of the financial statements of the former City of Botany Bay Council and Rockdale City Council for the period 1 July 2015 to 9 September 2016.
2. Land asset class includes community land and operational land.
3. Transport asset class includes roads, footpaths, kerb and gutter, and bridges.
4. Building asset class includes specialised and non-specialised buildings.
5. Open Space asset class includes depreciable land improvements, swimming pools and other structures.
6. Office asset class includes ITC, software (intangible) and furniture and fittings.

Figure 1 shows the percentage replacement values of Council's assets.

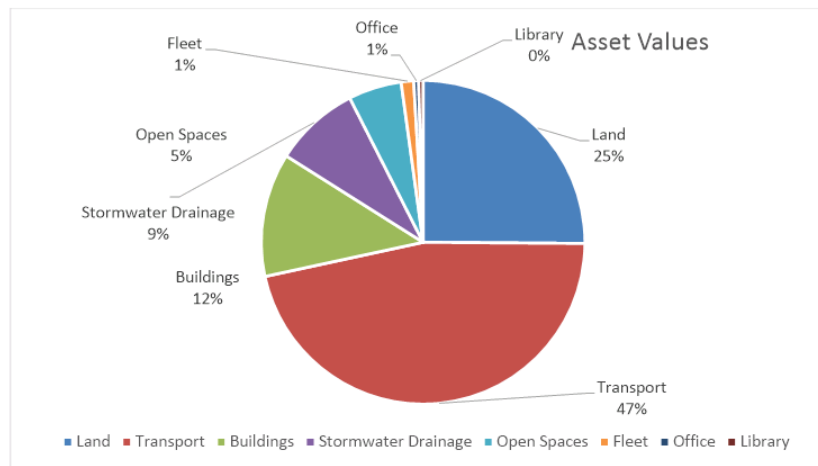


Figure 1: Asset Replacement Values

The asset consumption ratios of Council's assets (average proportion of 'as new' condition left in assets) are shown in Figure 2.

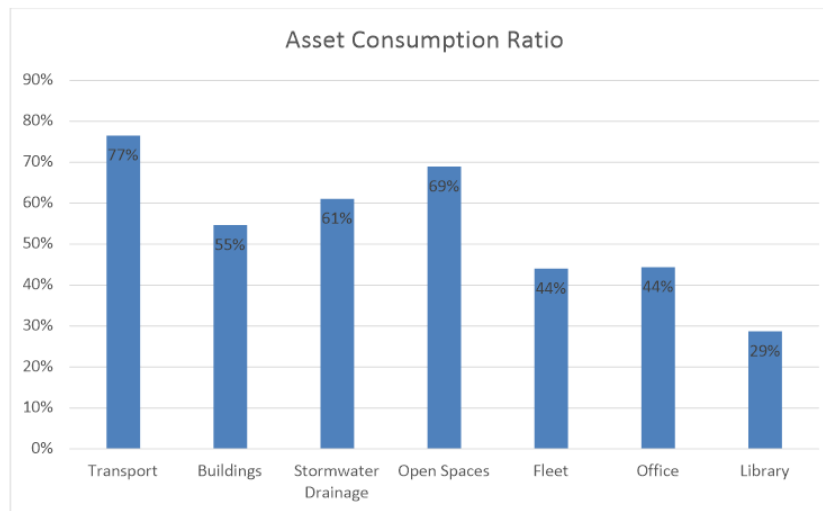


Figure 2: Asset Consumption Ratio

3.2 Future Demand

The objective of asset management is to create, operate, maintain, rehabilitate and replace assets at the required level of service for present and future customers in a cost effective and environmentally sustainable manner. The BAMS must therefore forecast the needs and demands of the community in the future and outline strategies to develop the assets to meet these needs. Factors which effect demand include population growth, social and technology changes.

In 2016 our population was 156,000 and by 2030 we will be around 209,000 people living in 81,000 dwellings. We need to prepare a new comprehensive Local Environmental Plan specifically for Bayside Council and this requires a number of key strategies to guide us on how to manage this population growth, in particular to determine the public amenities and services that are required as a result of this anticipated growth. These studies will include:

- ▶ Residential Strategy
- ▶ Employment Lands Strategy
- ▶ Transport & Parking Strategy
- ▶ Open Space & Recreation Strategy
- ▶ Various Plans of Management
- ▶ Environment Plan
- ▶ Community Facilities Strategy

From an asset management perspective, the list of assets which are required as a consequence of future demand can readily be found in the works schedules of Council's Section 94 & 94A Development Contributions Plans. Some of the future demand can be satisfied through the embellishment or augmentation of existing assets. Some demand generates new assets entirely, such as the new redevelopment areas of Mascot Town Centre, Bonar Street and Wolli Creek. Some of the assets are fully funded through developer contributions, while some are only partially funded, as the demand for these facilities arise from both the existing and future population.

The assets which are included in the Section 94 Plan are categorised in the following groups:

- ▶ Open space improvements/embellishment
- ▶ Open space acquisition
- ▶ Community Facilities

- ▶ Streetscape
- ▶ Pollution Control
- ▶ Car parking
- ▶ Roads, traffic and parking
- ▶ Pedestrian and cyclist facilities
- ▶ Flood and stormwater management

As we prepare the Bayside Local Environmental Plan and determine the public amenities and services that are required as a result of this anticipated growth, we will review our existing Section 94 & 94A Development Contributions Plans to ensure that we collect the right amount of funds to deliver the amenities and services that are needed.

There are a number of influences which can and will over time require Council to reassess the assets it holds. Some of these trends will increase the burden on Council while others may lessen the burden. Some of these influences include:

- ▶ Changes in customer expectation;
- ▶ Legislative changes;
- ▶ Technological changes;
- ▶ Environmental sustainability; and
- ▶ Climate change

Due to the constantly changing environment regarding the need for, use and expectation of the community for services, and therefore towards the assets needed to deliver those services, good asset management requires constant re-evaluation and consideration. This BAMS provides a guide to ensure that we constantly strive to improve our asset management practices and capabilities.

3.3 Asset Risk Management

Council has a sophisticated risk management structure which integrates throughout the organisation. Whilst current risk practises are robust, they are closely affiliated with organisational activities. Knowledge and practices associated with asset specific risk management is limited at this stage, and improvement in this aspect of asset management will be tabled in future iterations of the BAMS.

The currency and level of data captured on existing assets varies across all asset classes. As a result critical asset identification in some classes is more reliable and detailed in comparison to other classes. Future asset management improvements associated with critical asset knowledge are outlined in the asset management improvement program. Key improvements will include the review of the criterion used to identify critical assets to include considerations such as infrastructure and asset class interdependency, as well as the development of inspection and maintenance regimes for critical assets, and emergency response plans.

3.4 Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the longest asset life. Life cycle costs include operating and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in the BAMS is shown in Table 3.

Table 3: Life Cycle Cost for Council Services

Service	Gross Value ⁽¹⁾ (\$000)	Required Maintenance ⁽²⁾ (\$000/yr)	Depreciation Expense ⁽³⁾ (\$000/yr)	Life Cycle Cost ⁽⁴⁾ (\$/yr)
Transport	698,450	11,036	11,739	22,775
Buildings	185,636	3,861	6,411	10,272
Stormwater Drainage	128,438	1,105	1,300	2,315
Open Spaces	79,785	2,290	3,301	5,591
Fleet	18,819	TBC	2,600	TBC
Office	7,304	TBC	968	TBC
Library	6,571	TBC	531	TBC

Notes:

1. Gross Value from Table 2.
2. Required maintenance for transport, stormwater, buildings and open spaces classes are calculated as a percentage of Gross Value, from maintenance benchmarking.
3. Depreciation Expense from Table 2.
4. Life Cycle Cost is the annual required maintenance cost plus the annual depreciation expense.

Life cycle costs can be compared to life cycle expenditure to give an indicator of sustainability in service provision. Life cycle expenditure includes operating, maintenance and capital renewal expenditure in the previous year or preferably averaged over the past 3 years. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure for Council services is an area for improvement and Council is actively

working to improve the identification and classification of operational costs, maintenance costs and renewal costs to understand the cost of ownership of assets and complete a life cycle costs and life cycle expenditure comparison assessment its assets.

The life cycle costs and life cycle expenditure comparison will highlight any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than the life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing service to their communities in a financially sustainable manner. This is the purpose of the AM Plans and long term financial plan.

3.5 Asset Management Structure

Role definitions have been developed to develop clear roles across the organisation. Responsibilities are derived from the role definitions, applicable to the asset class and the organisation structure.

Asset Owner - Strategy	Asset Custodian - Plan & Manage	Asset Delivery - Maintenance & Operations	Service Manager - Service Operations
This position takes ownership responsibility for the management of assets and is usually responsible for policy and overall strategy.	This role is normally the technical expert and has responsibility for collecting and maintaining asset data, determining works programmes and maintenance strategies, etc.	Responsible for the day to day maintenance of assets.	Responsible for the operations and services delivered by assets.

3.6 Corporate Asset Management Team

A 'whole of organisation' approach to asset management can be developed with a corporate asset management team. The benefits of a corporate asset management team include:

- ▶ demonstrate corporate support for sustainable asset management,
- ▶ encourage corporate buy-in and responsibility,
- ▶ coordinate strategic planning, information technology and asset management activities,
- ▶ promote uniform asset management practices across the organisation,
- ▶ information sharing across IT hardware and software,
- ▶ pooling of corporate expertise

- ▶ championing of asset management process,
- ▶ wider accountability for achieving and reviewing sustainable asset management practices.

The role of the asset management team will evolve as the organisation maturity increases over several phases.

Phase 1

- ▶ BAMS development and implementation of asset management improvement program,

Phase 2

- ▶ asset management plan development and implementation,
- ▶ reviews of data accuracy, levels of service and systems plan development,

Phase 3

- ▶ asset management plan operation
- ▶ evaluation and monitoring of asset management plan outputs
- ▶ ongoing asset management plans review and continuous improvement.

3.7 Financial & Asset Management Core Competencies

Council has undertaken an assessment of asset management practices consistent with guidelines established by the New South Wales Office of Local Government, for the transport, building, stormwater drainage and open space asset groups. The audit assesses Council against the following categories:

- ▶ Asset Knowledge – Data
- ▶ Asset Knowledge – Processes
- ▶ Strategic Asset Planning Processes
- ▶ Operations and Maintenance Work Practices
- ▶ Information Systems
- ▶ Organisational Context

Council's gap assessment for the core competencies is detailed in Appendix A and summarised in Figure 4.

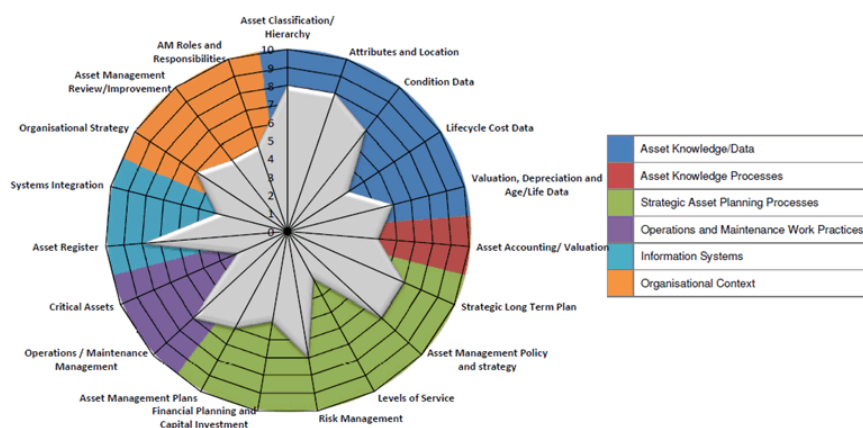


Figure 3: Core Asset Management Maturity

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3.8 BAMS Outlook

1. The organisation's current asset management maturity is at 'core' level and investment is needed to improve information management, lifecycle management, service management and accountability and direction.
2. Council's goal is to achieve 'intermediate' asset management practice, with some "advanced" elements, across all of the asset groups within three (3) years. ("Advanced" elements include some elements of asset knowledge i.e. attribute and condition data, and some strategic asset planning processes i.e. lifecycle planning/costing and elements of optimised decision making).
3. Accurate financial reporting of expenditure, including operation, maintenance, renewal and new asset expenditure, is not clearly delineated. The strategic financial outlook is difficult to understand, and will be investigated and reported in future versions of the BAMS and Asset Management Plans.

4. Where do we want to be?

4.1 Council's Vision, Mission, Goals and Objectives

Council's draft Community Strategic Plan 2030 is centred on social, environmental and economic resilience. The draft Strategic Plan has the following four key themes:

Theme One: In 2030 Bayside will be a vibrant place.

Built forms focus on efficient use of energy, are sympathetic to the natural landscape and make our area a great place to live. Neighbours, visitors and businesses are connected in dynamic urban environments.

Theme Two: In 2030 our people will be connected in a smart City

Knowledge sharing and collaboration ensures that we have the expertise and relationships to lead with integrity, adapt to change, connect vulnerable people to community and effectively respond in times of adversity and stress.

Theme Three: In 2030 Bayside will be green, leafy and sustainable

The biodiversity of the area is protected and enhanced through collaborative partnerships. Vital habitats are supported to rehabilitate, thrive, adapt and recover from risks and climate events. The landscape will be preserved and regenerated to benefit a healthy environment now and in future.

Theme Four: In 2030 we will be a prosperous community

Business innovation, technology, flourishing urban spaces and efficient transport will attract diverse business, skilled employees and generate home based business. Growth in services to the local community will generate employment support, a thriving community and livelihoods.

The draft Strategic Plan sets goals and objectives to be achieved in the planning period. The goals set out the strategic direction. The objectives set out how we will get there. The themes, goals and objectives of the draft Strategic Plan are shown in Table 6.

Table 4: Themes, Goals and Objectives related to Services from Infrastructure

Themes	Goals	Objectives
<i>In 2030 Bayside will be a vibrant place</i>	Our places are people focused	Places have their own village atmosphere and sense of identity
		The public spaces I use are innovative and put people first
		There is an appropriate and community owned response to threats
	Our places connect people	Walking and cycling is easy in the City and is located in open space where possible
		Our heritage and history is valued and respected
	Our places are accessible to all	Open space is accessible and provides a range of active and passive recreation opportunities to match our growing community
		SMART Cities – making life better through smart use of technologies
		Assets meet community expectations
		Bayside provides safe and engaging spaces, places and interactions
	My place will be special to me	Traffic and parking issues are a thing of the past
		Roads rates and rubbish are not forgotten
<i>In 2030 our people will be connected in a smart City</i>	We benefit from technology	Council engages with us and decision making is transparent and data driven
		We can access information and services on-line and through social media
		We are a digital community
		Technological change has been harnessed and we are sharing the benefits
	We are unified and excited about our future	The City is run by, with and for the people
	The community is valued	All segments of our community are catered for – children, families, young people and the elderly
		Opportunities for passive and active activities available to community members, including people with pets
<i>In 2030 Bayside will be green, leafy and sustainable</i>	We treat each other with dignity and respect	Our public buildings are important community hubs and are well maintained and accessible
	Our waste is well managed	I can reduce my waste through recycling and community education
<i>In 2030 our people will be connected in a smart City</i>	We are prepared for climate change	We understand climate change, and are prepared for the impacts
		Our City is prepared for/able to cope with severe weather events
		Our streetscapes are green and welcoming

	We increase our use of renewable energy	Our City models use of renewable energy and reports gains to the community
	Waterways and green corridors are regenerated and preserved	Water is recycled and re-used
		The community are involved in the preservation of our natural areas
		We have an enhanced green grid/tree canopy
<i>In 2030 we will be a prosperous community</i>	The transport system works	We can easily travel around the LGA – traffic problems/gridlock are a thing of the past
		We can easily travel to work by accessible, reliable public transport

4.2 Asset Management Policy

Council's asset management policy defines the Council's vision and service delivery objectives for asset management in accordance with the Strategic Plan and applicable legislation. The asset management policy is included in Appendix B.

The BAMS is developed to support the asset management policy and is to enable Council to show:

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

4.3 Asset Management Vision

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

To assist in achieving this balance, Council aspires to develop and maintain asset management governance, skills, process, systems and data in order to provide the level of service the community need at present and in the future, in the most cost-effective and fit for purpose manner.

In line with the vision, the objectives of the BAMS are to:

- ▶ ensure that the Council's infrastructure services are provided in an economically optimal way, with the appropriate level of service to residents, visitors and the environment determined by reference to Council's financial sustainability,
- ▶ safeguard Council's assets including physical assets and employees by implementing appropriate asset management strategies and appropriate financial resources for those assets,
- ▶ adopt the long term financial plan as the basis for all service and budget funding decisions,
- ▶ meet legislative requirements for all Council's operations,
- ▶ consider the long term and cumulative effects of actions on future generations,
- ▶ manage lands and other assets so that current and future local community needs can be met in an affordable way,
- ▶ ensure resources and operational capabilities are identified and responsibility for asset management is allocated,
- ▶ provide high level oversight of financial and asset management responsibilities through Audit Committee/CEO reporting to Council on development and implementation of BAMS, Asset Management Plan and Long Term Financial Plan.

Strategies to achieve this position are outlined in Section 5.

5. How will we get there?

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

Table 5: Asset Management Strategies

No	Strategy	Desired Outcome
A. Asset Knowledge - Data		
A.1	The identification, collection and storage of asset data has a logical structure of asset classification and hierarchy.	Assets are identified by unique identification numbers. Asset register(s) are segmented into appropriate classification levels.
A.2	The asset register contains asset attribute data, relevant to the asset classification, and assets are able to be represented spatially where applicable.	Assets are identified with appropriate information for location, size, material and type.
A.3	The survey and rating of assets is completed under written guidelines and processes.	A consistent rating system is applied to survey and rating of assets, and historical data is available in a consistent format.
A.4	Expenditure categories for assets are clearly defined, and separately recorded.	Lifecycle data is collected and used for decision making on the treatment of assets.
B. Asset Knowledge – Processes		
B.1	Guidelines and procedures are clearly defined for asset lifecycle processing activities, including recognition, valuation, depreciation, and impairment. Annual reviews of assets are completed in accordance with guidelines. Responsibilities for processes are clearly defined. Audit and validation procedures developed and implemented.	A consistent approach is established and maintained for the recognition, valuation, depreciation, impairment and annual review of assets, meeting asset accounting standards.
C. Strategic Asset Planning Processes		
C.1	Levels of service clearly defined and aligned to strategic objectives and legislative requirements, taking community input into account. Community and technical levels of service separately identified and monitored, with the	Long term asset objectives and developed in conjunction with the community and incorporated into service planning.

	latter incorporated into service level agreements for operation, maintenance and renewal processes.	
C.2	Infrastructure asset risk management plans developed for asset networks and critical assets, addressing risk mitigation strategies and measures.	Council understands asset risks and risk treatment, including emergency response and business continuity.
C.3	Move from Annual Budgeting to Long Term Financial Planning	The long term implications of Council services are considered in annual budget deliberations.
C.4	Develop Long Term Financial Plan covering 10 years incorporating asset management plan expenditure projections with a sustainable funding position outcome.	Sustainable funding model to provide Council services.
C.5	Ensure Council's decisions are made from accurate and current information in asset registers, on service level performance and costs and 'whole of life' costs.	Improved decision making and greater value for money.
C.6	All asset groups are covered by an Asset Management Plan(s) covering a period of at least 10 years.	Identification of services needed by the community and required funding to optimise 'whole of life' costs.
C.7	Review and update asset management plans and long term financial plans after adoption of annual budgets. Communicate any consequence of funding decisions on service levels and service risks.	Council and the community are aware of changes to service levels and costs arising from budget decisions.
D. Operation and Maintenance Work Practices		
D.1	Operation and maintenance planning for assets is clearly derived from Operation and Maintenance Strategies.	Planned and reactive maintenance is delivered in line with clear service delivery outcomes.
D.2	Critical assets are identified and plans are in place for the inspection, maintenance, and emergency response planning	Council plans for, and is able to respond to, risks associated with major service disruptions
E. Information Systems		
E.1	Harmonise the asset registers of the former Councils into the corporate asset management system.	All processes and decision making related to assets are derived from a single source of truth for assets.
E.2	Ensure direct linkages from Council's corporate asset management system to other core applications.	Council maintains a single source of truth for assets, and does not replicate asset information into other core applications or off-line documents.
F. Organisational Context		

F.1	Report six monthly to Council by Audit Committee on development and implementation of BAMS, AM Plans and Long Term Financial Plans.	Oversight of resource allocation and performance.
F.2	Implement an Improvement Plan to realise 'intermediate' maturity, with advanced elements, for the financial and asset management competencies within three (3) years.	Improved financial and asset management capacity within Council.
F.3	Ensure responsibilities for asset management are identified and incorporated into staff position descriptions.	Responsibility for asset management is defined.

6. Asset Management Improvement Plan

The tasks required to achieve improve Council above 'core' financial and asset management maturity are shown in priority order in Table 8.

Table 6: Asset Management Improvement Plan

Ref	Task	Responsibility	Target Date
Asset Knowledge - Data			
1.1	Develop and implement a plan to harmonise the classification structure of assets, asset attributes, and asset rating systems for condition, performance, utilisation and capacity data of road, building, drainage and open space infrastructure.	Manager City Infrastructure	2021
Asset Knowledge - Processes			
2.1	Document the assumptions and methodology used to determine the current depreciation values of all assets but in particular the road assets. Special consideration should be given to the determination of useful life, remaining life and asset condition.	Manager Finance	2021
Strategic Asset Planning			
3.1	Develop clear and concise service levels for each asset group. These service levels should drive asset expenditure and service delivery improvements.	Manager Strategic Planning	2021
3.2	Develop and implement a plan to review infrastructure strategies, including community facilities strategy, transport strategy, and open space and recreation strategy.	Manager Strategic Planning	2021
3.3	Continue towards the integration of the Long Term Financial Plan (LTFP) and BAMS/Asset management Plan(s)	Manager Finance / . Manager City Infrastructure	2021
Operations and Maintenance Work Practices			
4.1	Develop and implement a plan to harmonise the operation and maintenance work practices for road, building, drainage and open space assets.	Manager City Works / Manager Parks & Open Space	2021
4.2	Improve work order management practices to identify accurate operational and maintenance costs for above asset groups.	Manager City Works / Manager Parks & Open Space	2021
4.3	Develop inspection and maintenance strategies around critical assets, and highlight emergency response plans should there be a major service disruption within the assets.	Manager City Works / Manager Parks & Open Space	2021

Ref	Task	Responsibility	Target Date
		/ Manager Information Technology	
Information Systems			
5.1	Continue work towards the implementation of a corporate asset management system. This includes the establishment of a working group to oversee the implementation. The group should scope and manage the implementation program for the system road map.	Manager Strategic Planning / Manager Information Technology	2021
Organisational Context			
6.1	Reconstitute the asset management steering group to ensure that the asset management improvement plan is being implemented, however the steering committee should have a wider charter and be utilised to consider a wide range of asset management matters.	Manager Strategic Planning	2021
6.2	Review the range of asset management roles and responsibilities to ensure there is a consistent framework of roles and responsibilities across all asset classes.	Manager Strategic Planning	2021

Appendix A Asset Management Maturity Assessment

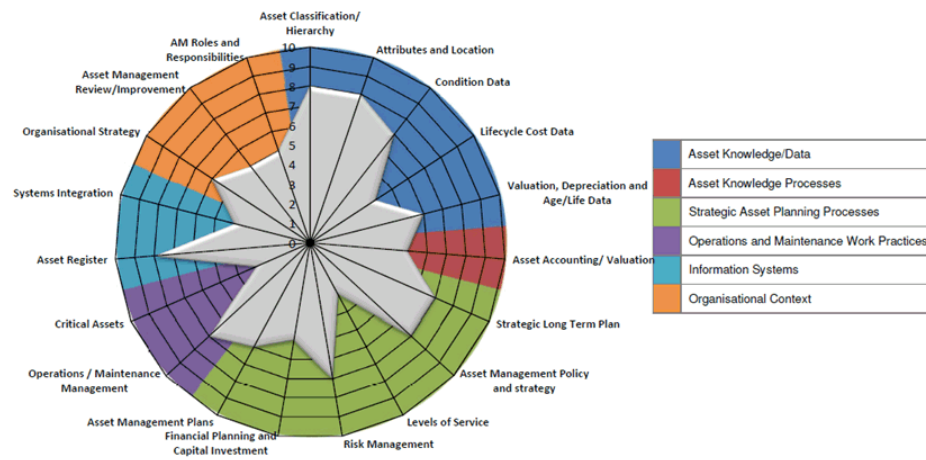
(Maturity Assessment conducted for transport, building, stormwater drainage and open spaces assets only)

Maturity Assessment	Current Score	Desired Score	Assessment									
			1	2	3	4	5	6	7	8	9	10
Asset Knowledge - Data	7	8										
Asset Classification/Heirarchy	8											
Attributes and Location	8											
Condition Data	7											
Lifecycle Cost Data	4											
Valuation, Depreciation and Age/Life Data	6											
Asset Knowledge - Processes	5	8										
Asset Accounting / Valuation	5											
Strategic Asset Planning Processes	6	8										
Strategic Long Term Plan	7											
Asset Management Policy and BAMS	7											
Levels of Service	3											
Risk Management	7											
Financial Planning and Capital Investment	5											
Asset Management Plans	6											

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 This represents the gap between where we are and where we want to be.



Category	Assessment
Asset Knowledge/Data	C
Asset Knowledge Processes	D
Strategic Asset Planning Processes	C
Operations and Maintenance Work Practices	D
Information Systems	C
Organisational Context	D

Overall Asset Management Assessment	C
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Appendix B Asset Management Policy

1.1 Purpose

The purpose of this Policy is to:

- ▶ Provide a framework for the management of assets for which Council is the custodian;
- ▶ Maintain the City's assets for current and future generations;
- ▶ Ensure the City's assets continue to meet community needs as the area changes over time;
- ▶ Embed a continuous improvement approach to asset management;
- ▶ Ensure the City's assets are managed in a financially sustainable manner; &
- ▶ Ensure the City meets legislative requirements for asset management

1.2 Policy Goals and Objectives

The goal of asset management is to meet a required level of service in the most cost effective way through the planning, creation, acquisition, maintenance, operation, rehabilitation and disposal of assets to provide for present and future customers. The principles to guide asset management planning and decision-making focus on:

- ▶ Ensuring *service delivery* needs based on consumer demand forms the basis of asset management.
- ▶ Integrating asset management with *corporate governance, strategic, financial, business and budgetary planning*.
- ▶ *Informed decision making*, incorporating a lifecycle approach to asset management.
- ▶ Establishing *accountability and responsibility* for asset condition, use and performance, and
- ▶ *Sustainability*, providing for present needs while sustaining resources for future generations.
- ▶ Maintain the *balance* between Council's Community Service Obligation and the commercial aspects of the management of the assets.

1.3 Accountability and Responsibility

Sustainable asset management is the responsibility of all elected representatives and employees within Council. Accountability and responsibility is as follows:

Councillors

Are primarily responsible in ensuring that their decisions represent and reflect the needs of the wider community. Council will engage with the community to determine their main priorities and expectations for the future and through the Community Strategic Plan and Delivery Program will detail the strategies and resources that will be used to achieve these goals.

General Manager

Primarily responsible in ensuring the development and resourcing of Council's strategic asset management plans, processes and systems to ensure they comply with all requirements of the Integrated Planning & Reporting framework under the Local Government Act.

Council Officers

Have specific responsibility for asset management development, planning and implementation in accordance with the BAMS. Officers will continuously seek opportunities to improve adherence to the BAMS, by establishing specific asset monitoring, auditing and review mechanisms. The end purpose is to deliver the services and expectations of the community through Council's assets in the most efficient and cost effective manner.

1.4 Policy Practice and Procedures

Council aims to put in place asset management 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 asset management necessary to competently, responsibly and sustainably manage the community's assets now and into the future.

3-Year Goal

Council's goal is to achieve "high level of competent" asset management practice, with some "advanced" elements, across all of the asset groups within three (3) years. ("Advanced" elements include some elements of asset knowledge i.e. attribute and condition data, and some strategic asset planning processes i.e. lifecycle planning/costing and elements of optimised decision making).

Long Term Goal

Council's long-term goal is to achieve "advanced" asset management practice across all of the asset groups as appropriate. Council may seek to achieve industry "best practice" at some time in the future however the cost and effort needed to achieve this level against potential benefits will be carefully considered.

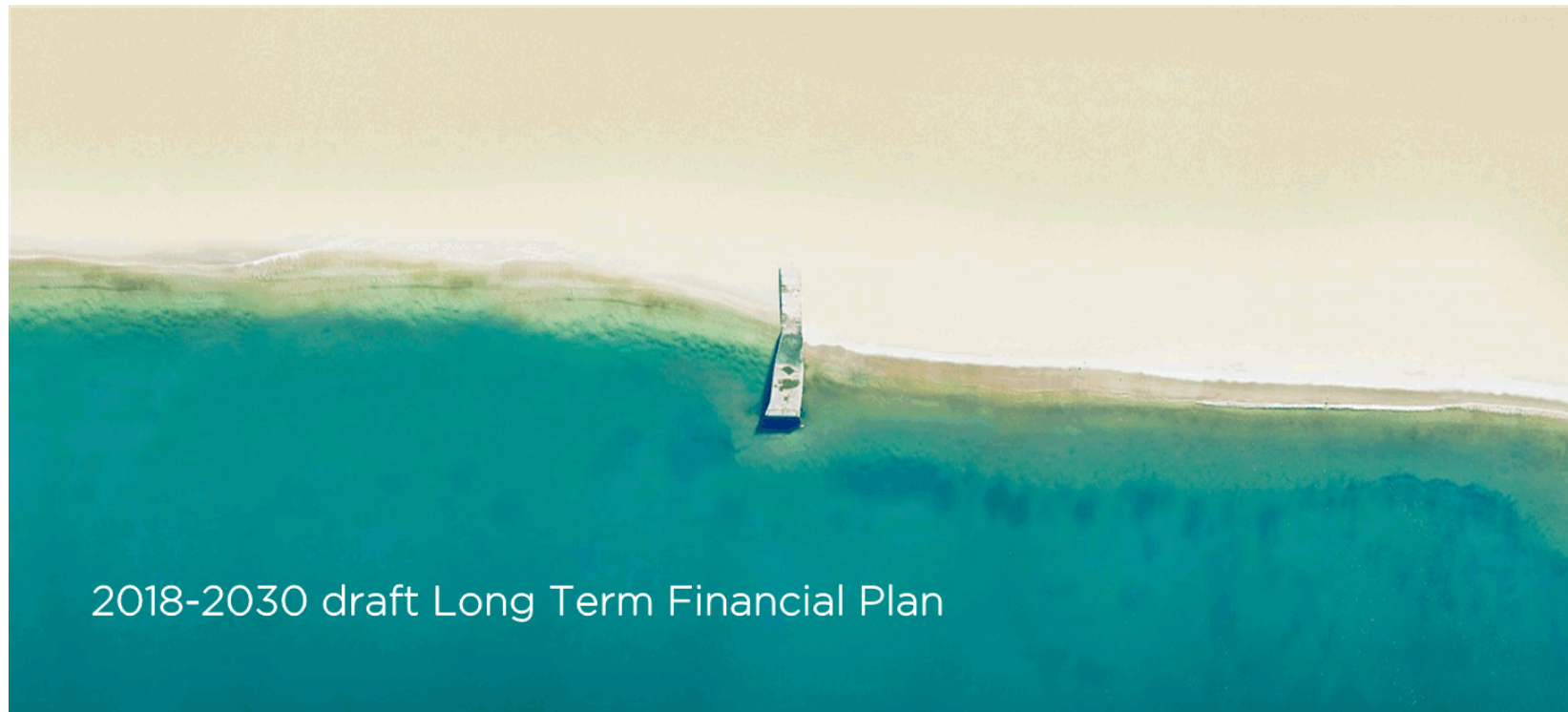
1.5 Audit and Review Procedures

As a minimum there will be annual internal reviews of asset management policy, BAMS, systems, practices and plans.

External reviews and audits will be conducted at least every four (4) years to coincide with the mandatory review period for the Community Strategic Plan.



Bayside 2018 - 2030





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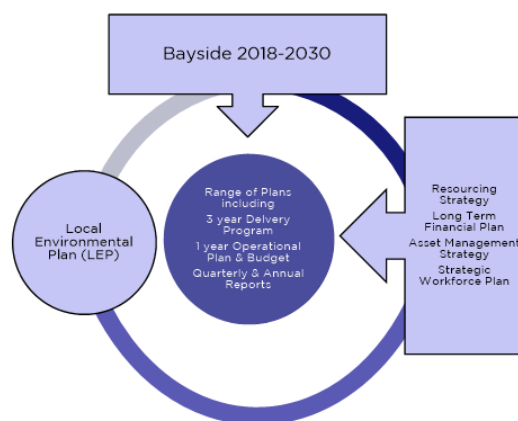
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Executive Summary

In planning for our City's future and the Council's contribution to the outcomes in the Community Strategic Plan, Council considers resourcing capability and future resourcing needs. Council has developed an overarching Resourcing Strategy which demonstrates how Council will be resourced for the next twelve years. The Resourcing Strategy supports the integration between our finance, workforce, assets and technology.

Key components of Council's resourcing capability are its assets, its financial position and outlook, existing and potential technologies and human resourcing. While we have separately documented how each of the key resourcing components will contribute to our resourcing, Council considers each component simultaneously in its overarching Resourcing Strategy as part of our long term planning.

The Integrated Planning and Reporting (IP&R) framework encourages and supports the review of each of Council's resourcing strategies aligned with the review of the Community Strategic Plan and at other times as required.



Bayside Council

The Long Term Financial Plan can be read in conjunction with Council's suite of resourcing strategies. This suite includes:

- ▶ The Long Term Financial Plan
- ▶ The Strategic Workforce Plan
- ▶ The Asset Management Strategy

The Long Term Financial Plan is a decision-making and problem-solving tool. It is intended as a guide for future action. The Long Term Financial Plan is an important part of Council's strategic planning process. This is the point where long term community aspirations and goals are tested against financial realities.

The strategies from the Long Term Financial Plan will guide the delivery of actions by Council to achieve the following outcomes of the Council Plan.

- ▶ Council has a long-term vision based on financial sustainability
- ▶ Council has the ability to maintain existing facilities and infrastructure to afford what the community wants through sound financial planning, proactive asset management and continuous improvement.

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Long Term Financial Sustainability

How do we Define Long Term Financial Sustainability?

A financially sustainable Council is one that has the ability to fund ongoing service delivery, and the renewal and replacement of assets without imposing excessive debt or rate increases on future generations. This definition has been translated into four key financial sustainability principles:

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set aside for those works which are yet to be identified.

It is important to note that while these principles represent financial sustainability, in the current environment, most council's will find it difficult to obtain this level of sustainability as major ongoing challenge for all NSW councils is the need to provide adequate levels of for the maintenance and renewal of existing infrastructure.

This has been previously highlighted in a number of studies such as the 2006 Local Government and Shires Association's Independent Inquiry into the Financial Sustainability of NSW Local Government and more recently the 2013 report released by NSW Treasury Corporation (TCorp) in regard to financial sustainability of all NSW councils.

The TCorp review identified an infrastructure renewal backlog of \$7.2 billion across all NSW councils. These studies have identified the need for NSW councils to significantly increase funding for the renewal of existing infrastructure. They have further identified that if funding is not increased in the immediate term, then the infrastructure renewal

backlog will continue to increase at a level which may become too great to address without serious ramifications on service delivery.

The backlog in asset renewal is a direct result of councils in NSW not being able to cash fund depreciation. Depreciation represents the average loss of service potential for the asset over its economic life. Current asset renewal funding is based on the actual renewals program and this is often modified to fit within budgetary restraints. This means that as assets are consumed funds are not being put aside to replace the asset at the end of its useful life. This is not a result of poor management, councils simply cannot afford to fund depreciation without compromising existing levels of service. As rates are pegged to a basket of CPI indexes by IPART many councils struggle to keep up with their asset renewal requirements and other cost increases progressively erode the funding base.

Deferring asset renewals compounds the asset renewal problem, as the older assets get, the more they cost a council to maintain. This in part is being addressed through the implementation of Integrated Planning and Reporting, moving a council's focus away from simply maintaining assets to managing an assets life cycle. This framework allows councils to clearly demonstrate to the community the long term financial ramifications of not renewing assets.

How is Long Term Financial Sustainability Measured?

A recent review undertaken by the Independent Pricing and Regulatory Tribunal (IPART) into the Revenue Framework for Local Government identified a number of performance indicators which measure the financial performance and position of NSW councils. The indicators measure both recurrent operations and capital sustainability.

Council will review its Long Term Financial Plan against these indicators as part of assessing the long term financial health of the organisation and its capacity to fund the proposed Delivery Program 2018 - 2030.

Bayside NSW

Bayside Council is in Sydney's southern and south-eastern suburbs – between 7 and 12 kilometres south of the Sydney CBD. The local government area is highly urbanised and predominantly residential with sizeable industrial areas, parkland/reserves and small suburban commercial areas. Housing density is high to low.

Bayside includes the suburbs of Arncliffe, Banksia, Banksmeadow, Bardwell Park, Bardwell Valley, Bexley, Bexley North, Botany, Brighton Le Sands, Carlton (part), Daceyville, Dolls Point, Eastgardens, Eastlakes, Hillsdale, Kingsgrove (part), Kogarah (part), Kyeemagh, Mascot, Monterey, Pagewood, Ramsgate (part), Ramsgate Beach,

Rockdale, Rosebery (part), Sandringham, Sans Souci (part), Turrella and Wolli Creek.

The official population of Bayside Council area as of the 30th June 2017, is 170,279 (ABS Estimated Resident Population 2017) a 3.27% increase on the prior year. This significant population growth reflects the urban renewal being experienced in parts of Bayside, particularly Wolli Creek and Rockdale Town Centre with the forecast population growth to 2036 calculated as 39,297 on a business as usual basis (Source: Population and Household forecasts 2016 to 2036, the population experts)

Regulatory Environment

In September 2016, the Local Government Amendment (Governance and Planning) Act 2016 commenced, which legislated the approach that councils should now adopt in relation to their financial management.

Legislated principles of sound financial management

Section 8B of the Local Government Act 1993 states that the following principles of sound financial management apply to councils;

- (a) Council spending should be responsible and sustainable, aligning general revenue and expenses.
- (b) Councils should invest in responsible and sustainable infrastructure for the benefit of the local community.
- (c) Councils should have effective financial and asset management, including sound policies and processes for the following:
 - (i) performance management and reporting,
 - (ii) asset maintenance and enhancement,
 - (iii) funding decisions,
 - (iv) risk management practices.
- (d) Councils should have regard to achieving intergenerational equity, including ensuring the following:
 - (i) policy decisions are made after considering their financial effects on future generations,
 - (ii) the current generation funds the cost of its services.

Socio-economics

When preparing the plan, many factors are taken into consideration noting that rates, annual charges and user fees and charges make up a significant portion of Council's total revenue so capacity to pay is one of those important factors.

Residential Properties

In the 2017/18 financial year there were in excess of 59,000 properties across Bayside rated as 'Residential'. These properties include single dwellings, social housing, and multi-unit dwellings.

Housing Tenure

In Bayside, 55% of households were purchasing or fully owned their home, 32.4% renting privately, and 4.2% in social housing in 2016.

The median monthly mortgage repayment across Bayside was \$1,936 which was \$186 more than the Greater Sydney area. 54.1% of renting households were paying \$450 or more per week in rent in 2016.

Household Incomes

According to the 2016 Census in the Bayside Council area, 23.8% of households earned an income of \$2,500 or more per week in 2016. An analysis of household income levels in the Bayside Council area in 2016 compared to Greater Sydney shows that there was a smaller proportion of high income households (those earning \$2,500 per week or more) and a higher proportion of low income households (those earning less than \$650 per week).

Overall, 23.8% of the households earned a high income and 17.1% low income, compared with 28.3% and 15.1% for Greater Sydney.

Indexes

The Bayside Council area SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics.

It is a good place to start to get a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage. SEIFA Index of Disadvantage for the Bayside Council area in 2016 was 1001.7 which is slightly higher than the average 1000.0

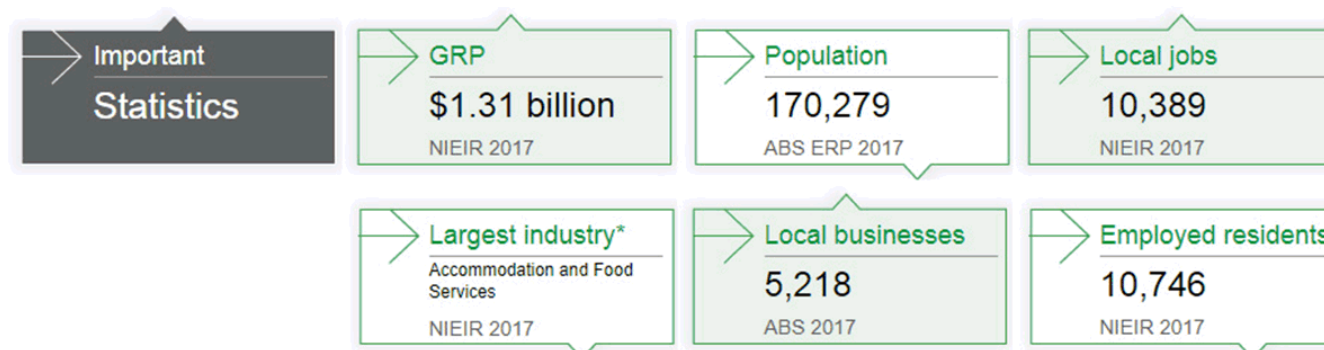
Concessions

There are concessions available for rates and annual charges for eligible ratepayers who receive an aged or disability support pension under the provisions of the Local Government Act 1993.

Council recognises that from time to time certain ratepayers may have difficulty in paying their Council rates and charges. The Local Government Act allows Council to provide a range of assistance to these ratepayers in circumstances detailed in our Hardship Policy.

Economic Environment

The Bayside Council economy is part of a complex and diverse network of activities.



Business Properties and Industry

There are 4,880 properties across Bayside which are rated as 'Business' and account for around 10% of the Council's total rateable properties. The Construction industry had the largest number of total registered businesses in the Bayside Council area, comprising 15.8% of all total registered businesses, compared to 15.8% in New South Wales (ABS).

Gross Regional Product

Bayside Council's Gross Regional Product (GRP) was \$1.31 billion in the 2016/17 financial year growing 2% since the previous year. This represents 0.2% of the GRP of the state of NSW.

Workers

In the Bayside Council area, Accommodation and Food Services is the largest employer, generating 1,862 local jobs in 2016/17 which represents 0.3% of New South Wales employment with 9,039 full time equivalent workers employed across the area.

Financial Objectives

In addition to the legislated principles of sound financial management, Bayside Council has five financial objectives that it applies to its financial planning, control and management.

Deliver operating surpluses

Ensure that each financial year the budget has a healthy before capital revenue operating surplus, combined with strong budget management and control, to help deliver an operating surplus for Council.

Fund existing service levels

Ensure existing service levels that Council currently provide continue to be fully funded when preparing budgets and making financial decisions.

Fund infrastructure renewals

The funding allocated to annual capital works programs is as per the Asset Management Program. This will ensure that Council meets the infrastructure renewals ratio benchmark each year.

Ensure financial stability

Council can guarantee its financial stability by maintaining a strong cash position, ensuring its ability to generate its own operating revenue and having sufficient assets to cover its liabilities.

Financial legacy

Ensure that every financial decision that is made, by both the Council and Council management, creates and safeguards the financial legacy of Bayside Council – a legacy of being prudent and responsible.

This is reflected in Council's commitment to maintain a conservative risk/return portfolio.

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Future Revenue Assumptions

The base year figures that have been used for operating revenue are those contained within the adopted 2018-2019 budget.

In preparing the 2018 - 2030 Long Term Financial Plan, the following underpinning principles have been used:

- ▶ Budgets will aim to maintain assets to at least the same condition as they were at the start of each financial year,
- ▶ Management will continually look for ways to structurally realign resources and/or increase income opportunities without changes to service standards,
- ▶ Services and Infrastructure in any new areas will be provided when they are needed,
- ▶ Council will continue to improve its capacity to fund its recurrent operations and renew critical infrastructure through sustainable financial decision making.

Rates

Council's ability to align rating revenues with the increased cost of providing local government services has been restrained for a number of years by rate pegging, a legislative instrument whereby the maximum increase in rating revenues is set by the Independent Pricing And Regulatory Tribunal (IPART) NSW. For the rating year commencing 1st July 2018, IPART has determined that the rate pegging limit will be 2.3%. In achieving this requirement, rates for any land in Bayside Council will be calculated using the rate pegging limit of 2.3% determined by IPART.

The NSW Government's Policy position in relation to the rating structure for newly merged Councils, like Bayside Council, has been encapsulated in the Local Government Amendment (Rates - Merged Council Areas) Act 2017. This Act amended the Local Government Act 1993 with the addition of section 218CB "Transition provision for maintenance of pre-amalgamation rate paths". Section 218CB provides for the Minister to make a determination "for the purpose of requiring a new Council, in levying rates for land, to maintain the rate path last applied for the land by the relevant former Council". Changes to the

Botany and Rockdale Valuation Districts have been made by Bayside Council in accordance with this determination.

The number of properties subject to rating in 2018/19 is as follows:

Category	# of Properties	Average Rate p.a. excluding Special Rate Variations
Residential - minimum	31,766	\$662
Residential - ad valorem	27,607	\$1,155
Business - minimum	1,255	\$941
Business - ad valorem	2,862	\$7,020
Farmland - ad valorem	5	\$1,403
Total	63,495	

Special Rates

Special Rates include Special Local Area Rates, Community Safety Levies, Community Building Levies and Infrastructure Levies.

Special rates are levied on identified local businesses to cover the cost of any works, services, facilities or activities carried out and for the benefit of specific local business areas.

User fees and charges

Council receives 8% of its annual operating revenue through user fees and charges, set under S610D of the Local Government Act 1993.

This revenue is received through fees and charges applied through areas of Council such as the Bexley Aquatic Centre, the various child care centres, commercial trade waste and the hire of community facilities such as Council's sports fields and community halls. Some of these are set by statutory regulations and future increases are difficult to predict but have been assumed at the CPI index. Overall the rate of 2.7% used is per the Local Government Cost Index plus a margin of 0.40%.

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Annual Charges

Section 496 of the Act requires Council to levy a domestic waste management service charge on each residential parcel of land for which the service is available, regardless of whether or not the garbage and recycling collection service is used. This charge will be recovered via the domestic waste admin fee. Almost a quarter of Council's revenue is received through the levying of annual charges.

Section 502 of the Act then allows Council to levy users of the service an annual waste charge dependent upon the number of waste bins being utilised. As required under s504 of the Local Government Act 1993 the domestic waste management charges are calculated so not to exceed the reasonable cost to the council of providing those services. Therefore, the increases in these charges included in the plan are consistent with the increases applied to the operating expenditure incurred by the service.

It is important to note that until such time as the services provided to residents of the new Council are harmonised, the waste fees applicable to each residential parcel of land will vary.

There has been no increase assumed for the stormwater management annual charge. This charge is determined under clause 125AA of the Local Government (General) Regulation 2005 and has remained at the same level since its inception. Overall increases have been set at the CPI factor.

Operating grants and contributions

Bayside Council has demonstrated a moderate degree of reliance on external funding sources such as grants and contributions. There has been no inclusion of any additional grants or contributions in the plan with only those non-speculative, existing, and recurring grants and contributions being included with a very modest increase assumed across the period of the plan.

Capital grants and contributions

Council receives development contributions from property developers which are used to fund community facilities and infrastructure.

The contribution a developer pays for a major new development is capped by NSW legislation. The section 7.11 (formerly S94) contributions received, and the infrastructure to be funded that are contained within this plan, are consistent with Council's section 7.11 Development Contributions Plan (2019).

Various grants are received by Council throughout financial years for capital projects. These grants are predominately for road construction and the number and value are determined by State or Federal Government programs. Due to the nature of their unpredictability, capital grants contained in the plan are minimal.

Gains from disposals of assets

Gains from the sale of Council's plant and fleet assets are included in the plan. These disposals are in accordance with Council's Plant Replacement Strategy

Future Expenditure Assumptions

The base year figures that have been used for operating expenditure in this plan are those contained within the adopted 2018/19 budget.

Employee costs

Expenditure relating to the Council workforce accounts for over 50% of total operating expenditure and is therefore one of the largest investments that Council makes on an annual basis.

The forecasted wage percentage increase is based on the Local Government Award 2017 with an additional 1% allowed for skills upgrading and step increases for the first three years and beyond that has been forecasted using historical averages. Council's superannuation expense is aligned to the payments required under the Superannuation Guarantee (Administration) Act 1992. The Act sees the percentage rate grow from 10% in 2021/22 to 12% in 2025/26. This increase has been incorporated into the plan.

Materials and contracts

The Reserve Bank of Australia (RBA) has an inflation target of 2.5%. On average the RBA has been achieving this over the last ten years and therefore this target has been used as an assumption for inflation through the plan.

Depreciation

Depreciation for Council's assets is a non-cash expense that reflects the utilisation of Council's assets and the degradation of their capacity to provide functionality over time. Depreciation expense is an indicator used by the Office of Local Government to determine the level of asset renewals that councils should be undertaking. Bayside Council uses a straight line method of depreciation which is very commonly applied to local government infrastructure.

Other expenses

Increases in the range of levies imposed by the State Government are hard to predict. Levies such as the State Emergency Services Levy, Fire Brigade Levy and Sydney Regional Development Fund contribution have grown steadily of the past and have been forecast to continue. Continuing efforts from the Sustaining Our City Program in the area of water and energy conservation are having a positive impact on the consumption rates. However, the price per unit continues to rise and is proving reasonably unpredictable.

New and discontinued operations

There are no discontinued operations at this time.

Balance Sheet Projections

The base year figures that have been used for all balance sheet items including cash and investments are those projected for the 2017/18 year end.

Cash and investments

Council has a number of cash reserves both externally and internally restricted. The forecasted balances of cash and investments have taken into account the planned transaction of various reserves such as plant replacement, domestic waste reserve, employee leave entitlements, ICT reserve, stormwater management, section 7.11 contributions reserve and others. Cash levels have been forecasted to ensure that adequate operational liquidity is maintained.

The balance of cash reserves which are considered funding sources in the budgeting process are projected to 30 June 2018 at \$378.14 million.

Inventories and other assets

The inventory that Council holds at its Works Depot, Aquatic Centre, and Community Nursery have remained stable over the past ten years. These levels have been forecasted to continue over the life of the plan.

Infrastructure, property, plant and equipment

Bayside Council has approximately \$1.2 billion worth of infrastructure, property plant and equipment. The financial management of these

assets are guided by the 2018-30 Asset Management Plans and the asset renewals and upgrades that have been identified in these plans have been funded in this plan.

Provisions

Council has made provisions for payment of employee leave entitlements which predominately consist of annual leave and long service leave. The balance of these provisions are governed by the Leave Policy and have been forecasted in line with its objectives. When determining the value of the provisions, factors such as wage and salary increases, cash rate forecasts, and factors affecting discounting rates have been taken into consideration.

Borrowings

Bayside Council currently has very low levels of external borrowing and will not at this stage be undertaking further external borrowings. Council reviews its debt service ratio annually to ensure the level of debt is kept within the recommended levels for NSW councils. The future utilisation of borrowing in its financial strategy is contingent to a council resolution.

Sensitivity Analysis

Variations to assumptions applied in this plan may occur during the life of the plan and these variations could have a major or significant impact on the results of the financial modelling.

The plan contains a range of assumptions which are obtained from a various number of sources. Council has ensured that these sources are reputable and are the best known available source for that data.

A conservative approach has been taken in the development of this plan, to ensure that the chosen option is more likely to succeed and exposes Council to the least amount of risk. Conservative financial planning is used as a tool to keep pressure on operating budgets, with any surpluses that eventuate being allocated towards capital expenditure.

Cash rates

Cash rates are at historical lows which realistically means that leaving rates on hold or increasing them are the only anticipated scenarios in the future.

Increases in cash rates will have a positive impact on Council's investment portfolio, as investment returns are driven higher. An increasing cash rate also has a positive impact on Treasury Bond Yields. These yields are used for discounting Council's employee leave provisions, therefore increasing yields result in lower discounting rates and leave provisions.

Higher cash rates do result in higher borrowing costs for both owner occupiers and investors which could create a flow on effect in terms of development activity across Bayside.

Consumer price index

Consumer Price Index (CPI) assumptions are heavily used throughout the plan and is an assumption used on both expenditure and revenue which mitigates any substantial impact on the results of the financial modelling should there be any significant variance. However, historical inflation over the past ten years have shown insignificant fluctuations of the annual CPI figure with the average rate over that period being 2.37%.

Insurance premiums

Insurance premiums can also be hard to predict and are driven by claims which are often determined by environmental events which Council cannot control. Council endeavours to mitigate any event that may result in an insurance claim through prudent risk management activity.

Workers compensation claim premiums are driven by claims experience. Council has a strong safety culture which had driven down premiums in the past and will strengthen this safety culture to help prevent future claims.

Monitoring Financial Performance

The Primary Model adopted in this plan has been developed to ensure that it meets Council's five financial objectives, and the benchmarks and/or targets for an array of financial indicators which have either been internally or externally prescribed. There are a number of factors which affect the value and size of certain revenue, operating expenditure, and/or capital expenditure each financial year. However, the impact these variations have on the financial indicators are what should be measured.

Financial indicators

The Primary Model has been developed so that its implementation will meet a set of financial indicators:

- ▶ Balanced Budget
- ▶ Operating Performance Ratio
- ▶ Own Source Operating Revenue Ratio
- ▶ Unrestricted Cash
- ▶ Unrestricted Current Ratio
- ▶ Cash Expense Cover Ratio
- ▶ Debt Service Ratio

- ▶ Asset Maintenance Ratio
- ▶ Capital Expenditure Ratio
- ▶ Capital Funding Ratio

Budget control

Annual budgets are set to meet the financial indicator benchmarks. Consequently, budget control and monitoring is paramount for Council achieving the outcomes of this plan. Budgets are monitored internally on an ongoing basis using Council's financial information systems. Monthly Financial Reports and Quarterly Budget Reviews are reported by Council and illustrate the progress against its adopted budgets.

Financial Assessment

Council's budget has faced significant pressures including:

- ▶ An increasing burden as a result of cost shifting from other levels of government,
- ▶ Increases in the cost of procuring goods and services have been consistently higher than rate pegging increases as determined by IPART; and
- ▶ Greater competition between councils in the allocation of external funding such as Financial Assistance Grants.

The biggest single financial issue facing Council is the need to repair and replace ageing assets, while providing new assets to meet the needs and expectations of the community.

Nonetheless our modelled scenarios reflect our sustainability as follows:

- ▶ **Operating results** in modelled scenarios is positive.
- ▶ **Cash** is strong, cash balances are utilised to service capital requirements.
- ▶ Council has a longstanding commitment to adopting balanced budgets. A **balanced budget** is reflected in all scenarios.
- ▶ The **debt service ratio** represents the percentage of Council's total operating revenue. That is attributable to net debt servicing costs. The debt service ratio target achieved are strong and at this stage Council does not plan to undertake further borrowings.

Financial Projection Scenarios

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

Scenario 1 - Base Case

Based on the current budgeted financial position for 2019 assuming 100% of proposed Capital Works are undertaken and increases to revenue are capped at the rates growth rate (0.4% for Years 1 to 5 and at 0.2% for Years 6 to 12) and labour at 3.5% increase for all years;

Scenario 2 - Best Case

Based on the current budgeted position for 2019 assuming 100% of the proposed Capital Works are undertaken and increases to revenue capped at the growth rate of 0.4% for all years, a 3% increases in the rates peg and labour at 3.5% increase for the first three years and then reducing to 2.5% in remaining years ;

Scenario 3 - Worst Case

Based on the current budgeted position for 2019 assuming 100% of the proposed Capital Works are undertaken and increases to revenue capped at 0% growth for all years and only a 1.5% increase in the rates peg and labour at 3.5% increase for all years;

For Council to achieve financial sustainability, all four financial sustainable principles must be met.

- ▶ Council must achieve a **fully funded operating position** reflecting that Council collects enough revenue to fund operational expenditure, repayment of debt and depreciation,
- ▶ Council must **maintain sufficient cash reserves** to ensure that it can meet its short term working capital requirements,
- ▶ Council must have a **fully funded capital program**, where the source of funding is identified and secured for both capital renewal and new capital works,
- ▶ Council must **maintain its asset base**, by renewing ageing infrastructure which is identified, and by ensuring cash reserves are set asides for those works which are yet to be identified.

Assumptions

Scenario	1 - Base case	2 - Best case	3 - Worst case
Capital Works Program	100% implementation	100% implementation	100% implementation
Rate Peg Increase	2.3%	3%	1.5%
Rates revenue volume growth rate	0.4% for Years 1 to 5 0.2% for Years 6 to 12	0.4% all years	0.0% all years
Labour Costs	3.5% all years	3.5% for Years 1 to 3 2.5% for Years 6 to 12	3.5% all years

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Base Case Financial Model

Item	Details	Parameter
Rates	Rate Peg Increase - IPART December 2017	2.3%
Rates	Rates revenue volume growth rate	0.4%
Employee Costs	NSW Local Government Award Increase plus additional 1%	3.50%
Maintenance Cost on New Assets	Various based on benchmarking and asset class	Various
Superannuation	Superannuation Guarantee Rate and increases as per legislation	9.5 - 12%
Superannuation	Defined Benefits and Retirement Schemes	3.5%
Statutory Set Fees and Charges	Increase by value approved by various legislation	NA
User Charges and discretionary fees	Local Government Cost Index	2.7%
Other Revenue (including Waste)	Local Government Cost Index + uplift	3.5%
Grant Revenue	As per approved funding	
Information Only	CPI average rate	2.5%
Other Materials and Contracts	Materials and Contracts - Operating	2.5%
Investment Revenue - Surplus Funds	Interest Rate - Investments	2.5%
Investment Revenue - Rates and Charges	Interest Rate - Overdue Rates and Charges	7.5%
Other Expense Items	Local Government Cost Index plus margin of 0.40%	2.7%
NSW State Government Wages Cap	Mayor / Councillor Allowance	2.5%
All Scenarios	Capital Works Plan	100%
Scenario 2	Rates and Labour revised	As Referenced
Scenario 3	Rates and Labour revised	As Referenced

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Capital Works Program

It is assumed that the capital works program is the same for all scenarios.

Asset Category	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26	26/27	27/28	28/29	29/30
Asset Renewal Program												
Plant & Equipment	4,384,550	1,668,603	2,183,165	5,404,993	4,878,861	4,499,540	3,527,244	2,319,678	3,760,421	5,692,684	3,894,666	3,377,152
Computers and Office Equipment	3,239,933	166,650	231,654	176,824	167,164	428,811	178,379	199,266	190,346	211,628	310,309	209,819
Buildings	3,041,973	3,118,022	3,195,973	3,275,872	3,357,769	3,441,713	3,527,756	3,615,950	3,707,382	3,800,767	3,896,494	3,994,621
Park Development	2,700,000	2,079,684	2,131,676	2,389,233	2,732,320	3,086,818	3,453,040	3,831,308	4,221,953	4,625,312	5,041,733	5,471,573
Road, Bridges and Footpaths	6,661,031	6,827,557	6,998,246	7,173,202	7,352,532	7,536,346	7,724,754	7,917,873	8,115,820	8,421,826	8,737,147	9,061,400
Stormwater Drainage	1,300,751	1,333,269	1,366,601	1,400,766	1,435,785	1,471,680	1,508,472	1,546,184	1,584,838	1,650,753	1,750,364	1,853,048
Beach & Waterways	32,000	32,800	33,620	34,461	35,322	36,205	75,148	102,823	131,448	161,049	191,654	223,289
Library Resources	819,000	839,475	860,462	881,973	904,023	926,623	949,789	973,534	997,872	1,022,819	1,048,389	1,074,599
Total Asset Renewal Program	22,179,238	16,066,061	17,001,398	20,737,324	20,863,777	21,427,736	20,944,582	20,506,616	22,710,081	25,586,839	24,870,756	25,265,501
New Asset Program												
Land	13,366,744	18,130,000	18,311,300	18,494,413	18,679,357	18,866,151	19,054,812	19,245,360	19,437,814	19,632,192	19,828,514	20,026,799
Buildings	25,500	17,294	17,467	17,641	17,818	17,996	18,176	18,357	18,541	18,726	18,914	19,103
Open Spaces	13,019,291	12,135,454	12,256,809	12,379,377	12,503,170	12,628,202	12,754,484	12,882,029	13,010,849	13,140,958	13,272,367	13,405,091
Road, Bridges and Footpaths	3,483,810	3,540,074	3,575,474	3,611,229	3,647,341	3,683,815	3,720,653	3,757,860	3,795,438	3,833,393	3,871,726	3,910,444
Stormwater Drainage	701,250	1,555,976	1,571,536	1,587,251	1,603,124	1,619,155	1,635,347	1,651,700	1,668,217	1,684,899	1,701,748	1,718,766
Asset Planning & Systems - design etc not actual asset (Note 1)	1,800,000	1,621,202	1,637,414	1,653,788	1,670,326	1,687,030	1,703,900	1,720,939	1,738,148	1,755,530	1,773,085	1,790,816
Total New Asset Program	32,396,595	37,000,000	37,370,000	37,743,700	38,121,137	38,502,348	38,887,372	39,276,246	39,669,008	40,065,698	40,466,355	40,871,019
Total Capital Works Program	54,575,833	53,066,061	54,371,398	58,481,024	58,984,914	59,930,084	59,831,954	59,782,861	62,379,089	65,652,537	65,337,111	66,136,519

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Scenario 1 – Base Case

Income Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	114,559	117,993	121,185	124,471	127,854	131,147	134,725	138,588	142,576	146,693	150,943	155,332
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Grants & Contributions provided for Operating Purposes	8,575	8,875	9,185	9,507	9,840	10,184	10,540	10,909	11,291	11,686	12,095	12,519
Grants & Contributions provided for Capital Purposes	38,164	27,100	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Total Income from Continuing Operations	201,261	195,658	200,374	205,887	211,604	217,346	223,494	230,173	237,122	244,354	251,881	259,718
Expenses from Continuing Operations												
Employee Benefits & On-Costs	74,444	77,055	79,752	82,903	86,177	89,579	93,113	96,785	100,160	103,652	107,266	111,006
Borrowing Costs	217	167	124	87	35	13	3	-	-	-	-	-
Materials & Contracts	44,415	44,191	45,296	46,428	47,589	48,779	49,998	51,248	52,529	53,843	55,189	56,568
Depreciation & Amortisation	22,866	18,881	19,415	20,016	20,617	21,255	21,856	22,451	23,091	23,791	24,486	25,178
Other Expenses	17,718	18,196	19,302	19,823	20,359	20,908	22,103	22,700	23,313	23,942	24,588	25,298
Maintenance Cost on New Assets	-	427	431	435	440	444	448	453	458	462	467	471
Total Expenses from Continuing Operations	159,660	158,916	164,320	169,693	175,217	180,978	187,522	193,637	199,550	205,689	211,996	219,122
Operating Result from Continuing Operations	41,601	36,741	36,054	36,193	36,387	36,368	35,972	36,536	37,573	38,664	39,885	40,596
Other												
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Net Operating Result for the Year	42,837	37,661	37,445	38,670	38,280	39,061	37,614	38,431	39,529	41,733	41,535	43,488
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	4,673	10,561	10,945	12,170	11,780	12,561	11,114	11,931	13,029	15,233	15,035	16,988

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Cash Flow Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash Flows from Operating Activities												
Receipts												
Rates & Annual Charges	114,559	112,093	115,126	118,248	121,461	124,590	127,989	131,659	135,447	139,358	143,396	147,565
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue Received	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Grants & Contributions	46,739	35,975	35,685	36,007	36,340	36,684	37,040	37,409	37,791	38,186	38,595	39,019
Bonds, Deposits & Retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Payments												
Employee Benefits & On-Costs	(74,444)	(73,202)	(75,764)	(78,758)	(81,868)	(85,100)	(88,457)	(91,946)	(95,152)	(98,469)	(101,902)	(105,455)
Borrowing Costs	(217)	(167)	(124)	(87)	(35)	(13)	(3)	-	-	-	-	-
Materials & Contracts	(44,415)	(44,191)	(45,296)	(46,428)	(47,589)	(48,779)	(49,998)	(51,248)	(52,529)	(53,843)	(55,189)	(56,568)
Other Expenses	(17,718)	(18,623)	(19,733)	(20,259)	(20,798)	(21,352)	(22,551)	(23,153)	(23,770)	(24,404)	(25,055)	(26,370)
Net Cash Provided by (Used in) Operating Activities	64,467	53,575	53,398	54,131	54,921	55,545	55,747	56,897	58,542	60,303	62,187	63,557
Cash Flows from Investing Activities												
Payments for Development of Land Held for Resa	(13,367)	(18,130)	(18,311)	(18,494)	(18,679)	(18,866)	(19,055)	(19,245)	(19,438)	(19,632)	(19,829)	(20,027)
Payments for Purchase of Property, Plant & Equipr	(24,562)	(17,978)	(18,779)	(22,171)	(21,864)	(21,979)	(21,031)	(20,112)	(21,817)	(24,049)	(22,633)	(22,304)
Payments for Construction of Infrastructure	(16,647)	(16,958)	(23,281)	(23,815)	(26,441)	(27,085)	(29,746)	(30,426)	(31,124)	(33,972)	(34,876)	(35,806)
Movement in Investments	(27,689)	(9,040)	(2,967)	(1,144)	(2,619)	(4,109)	(4,468)	(2,827)	(2,446)	(3,206)	(5,307)	(5,914)
Proceeds from Advances	-	-	-	-	-	-	-	-	-	-	-	-
Grants / Contributions for the Development of As	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sales (excluding Land)	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Proceeds from Sale of Land	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(81,028)	(61,186)	(61,948)	(63,148)	(67,711)	(69,347)	(72,658)	(70,715)	(72,869)	(77,789)	(80,994)	(81,158)
Cash Flows from Financing Activities												
Repayment of Debentures	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Proceeds from Self Supporting Loans	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from New Debentures	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	(17,641)	(8,603)	(9,270)	(9,773)	(13,437)	(14,187)	(17,168)	(13,939)	(14,327)	(17,486)	(18,807)	(17,601)
Add: Cash & Cash Equivalents - beginning of year	378,143	360,502	351,899	342,630	332,857	319,420	305,233	288,065	274,126	259,799	242,313	223,506
Cash & Cash Equivalents - end of the year	360,502	351,899	342,630	332,857	319,420	305,233	288,065	274,126	259,799	242,313	223,506	205,905

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Balance Sheet

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash and Cash Equivalents	360,502	351,899	342,630	332,857	319,420	305,233	288,065	274,126	259,799	242,313	223,506	205,905
Receivables	14,289	20,189	26,248	32,471	38,864	45,422	52,158	59,087	66,216	73,551	81,098	88,864
Inventories	208	208	208	208	208	208	208	208	208	208	208	208
Other Investments	685	685	685	685	685	685	685	685	685	685	685	685
Total Current Assets	375,684	372,981	369,771	366,221	359,177	351,548	341,116	334,106	326,908	316,756	305,497	295,663
Receivables	127	127	127	127	127	127	127	127	127	127	127	127
Intangibles	4,856	4,856	4,856	4,856	4,856	3,856	3,356	2,856	2,556	2,356	2,356	2,356
Inventories	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309
Property, Plant and Equipment	681,406	711,095	741,507	775,176	808,418	841,632	875,791	906,975	939,763	930,960	921,840	912,428
Infrastructure	598,311	610,628	624,059	639,446	652,478	667,571	684,850	699,610	716,593	734,368	752,992	772,490
Total Non-Current Assets	1,301,009	1,343,015	1,386,858	1,435,914	1,482,188	1,529,495	1,580,433	1,625,877	1,675,348	1,684,120	1,693,625	1,703,710
TOTAL ASSETS	1,676,693	1,715,996	1,756,629	1,802,136	1,841,365	1,881,042	1,921,548	1,959,983	2,002,256	2,000,876	1,999,122	1,999,372
Payables	30,414	31,025	30,144	29,517	28,903	28,258	26,971	26,290	26,025	25,768	25,521	24,637
Current Portion of Long Term Borrowin	992	719	756	647	385	257	121	-	-	-	-	-
Provisions	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333
Total Current Liabilities	55,739	56,077	55,233	54,496	53,621	52,848	51,425	50,623	50,358	50,101	49,854	48,970
Long Term Borrowings	2,884	2,165	1,409	763	378	121	(0)	(0)	(0)	-	-	-
Other	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028
Provisions	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723
Total Non-Current Liabilities	8,635	7,916	7,160	6,514	6,129	5,872	5,751	5,751	5,751	5,751	5,751	5,751
TOTAL LIABILITIES	64,374	63,994	62,393	61,010	59,750	58,720	57,175	56,374	56,109	55,852	55,605	54,721
NET ASSETS	1,612,319	1,652,002	1,694,236	1,741,126	1,781,615	1,822,322	1,864,373	1,903,609	1,946,147	1,945,024	1,943,517	1,944,652
Equity	1,612,319	1,652,002	1,694,236	1,741,126	1,781,615	1,822,322	1,864,373	1,903,609	1,946,147	1,945,024	1,943,517	1,944,652

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Key Performance Indicators

		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
		\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s	\$000s
OPERATING SURPLUS RATIO																
1 Balanced Budget	Target >= \$0	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
2 Operating Performance Ratio	> 0%	●	1.71%	4.93%	4.77%	4.71%	4.67%	4.54%	4.24%	4.36%	4.67%	4.98%	5.31%	5.43%	5.81%	6.25%
3 Own Source Operating Revenue	>= 60%	●	76.78%	81.61%	82.19%	82.51%	82.83%	83.12%	83.43%	83.75%	84.06%	84.37%	84.68%	84.98%	85.27%	85.56%
OPERATIONAL LIQUIDITY																
4 Unrestricted Cash - cash less externally restricted reserves	>= \$1000	●	6,309	6,158	5,396	5,825	5,590	5,342	5,041	4,797	4,546	4,240	3,911	3,603	3,305	2,854
5 Unrestricted Current Ratio	>= 1.50		1.61	1.78	1.99	2.25	2.55	2.86	3.22	3.63	4.02	4.46	4.89	5.49	5.96	7.12
6 Cash Expense Cover Ratio	>= 3 months		3	3	2	2	2	2	2	1	1	1	1	1	1	1
RATES COVERAGE RATIO																
	Ratio Target > or = to 40%	●	53.1%	54.6%	54.0%	53.5%	53.0%	52.3%	51.6%	51.1%	50.7%	50.3%	49.9%	49.4%	49.0%	48.2%
DEBT SERVICE COVERAGE RATIO																
	Ratio Target > or = 2	●	20	24	34	34	43	76	116	258	N/a	N/a	N/a	N/a	N/a	N/a
ASSET SUSTAINABILITY RATIO																
Asset Maintenance Ratio																
Capital Expenditure Ratio	Ratio Target 90% to 100%		97.0%	85.1%	87.6%	103.6%	101.2%	100.8%	95.8%	91.3%	98.4%	107.5%	101.6%	100.3%	101.9%	101.6%
	Ratio Target > or = 1	●	2	3	3	3,210	3	3	3,558	3	3	3	3	3	3	3
Capital expenditure as a percentage of total revenue																
	Ratio Target > or = 20%		27%	27%	27%	28%	28%	28%	27%	26%	26%	27%	26%	25%	25%	24%

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Scenario 2 – Best Case

Income Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	114,559	118,587	122,407	126,354	130,431	134,644	138,996	143,672	148,512	153,523	158,711	164,082
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Grants & Contributions provided for Operating Purposes	8,575	8,875	9,185	9,507	9,840	10,184	10,540	10,909	11,291	11,686	12,095	12,519
Grants & Contributions provided for Capital Purposes	38,164	27,100	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Total Income from Continuing Operations	201,261	196,252	201,596	207,769	214,181	220,843	227,764	235,257	243,058	251,184	259,649	268,468
Expenses from Continuing Operations												
Employee Benefits & On-Costs	74,444	77,055	79,752	82,113	84,543	87,043	89,615	92,262	94,968	96,932	99,356	101,840
Borrowing Costs	217	167	124	87	35	13	3	-	-	-	-	-
Materials & Contracts	44,415	44,191	45,296	46,428	47,589	48,779	49,998	51,248	52,529	53,843	55,189	56,568
Depreciation & Amortisation	22,866	18,881	19,415	20,016	20,617	21,255	21,856	22,451	23,091	23,791	24,486	25,178
Other Expenses	17,718	18,196	19,302	19,823	20,359	20,908	22,103	22,700	23,313	23,942	24,588	25,298
Maintenance Cost on New Assets	-	427	431	435	440	444	448	453	458	462	467	471
Total Expenses from Continuing Operations	159,660	158,916	164,320	168,904	173,583	178,443	184,024	189,113	193,958	198,970	204,086	209,956
Operating Result from Continuing Operations	41,601	37,335	37,276	38,865	40,598	42,400	43,740	46,143	49,100	52,214	55,562	58,512
Other												
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Net Operating Result for the Year	42,837	38,255	38,667	41,342	42,491	45,092	45,382	48,038	51,056	55,283	57,213	61,405
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	4,673	11,155	12,167	14,842	15,991	18,592	18,882	21,538	24,556	28,783	30,713	34,905

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Cash Flow Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash Flows from Operating Activities												
Receipts												
Rates & Annual Charges	114,559	112,657	116,287	120,036	123,910	127,912	132,046	136,488	141,087	145,847	150,775	155,878
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue Received	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Grants & Contributions	46,739	35,975	35,685	36,007	36,340	36,684	37,040	37,409	37,791	38,186	38,595	39,019
Bonds, Deposits & Retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Payments												
Employee Benefits & On-Costs	(74,444)	(73,202)	(75,764)	(78,008)	(80,316)	(82,691)	(85,135)	(87,649)	(89,840)	(92,086)	(94,388)	(96,748)
Borrowing Costs	(217)	(167)	(124)	(87)	(35)	(13)	(3)	-	-	-	-	-
Materials & Contracts	(44,415)	(44,191)	(45,296)	(46,428)	(47,589)	(48,779)	(49,998)	(51,248)	(52,529)	(53,843)	(55,189)	(56,568)
Other Expenses	(17,718)	(18,623)	(19,733)	(20,259)	(20,798)	(21,352)	(22,551)	(23,153)	(23,770)	(24,404)	(25,055)	(26,370)
Net Cash Provided by (Used in) Operating Activities	64,467	54,139	54,558	56,670	58,921	61,275	63,127	66,024	69,493	73,175	77,081	80,578
Cash Flows from Investing Activities												
Payments for Development of Land Held for Resa	(13,367)	(18,130)	(18,311)	(18,494)	(18,679)	(18,866)	(19,055)	(19,245)	(19,438)	(19,632)	(19,829)	(20,027)
Payments for Purchase of Property, Plant & Equipr	(24,562)	(17,978)	(18,779)	(22,171)	(21,864)	(21,979)	(21,031)	(20,112)	(21,817)	(24,049)	(22,633)	(22,304)
Payments for Construction of Infrastructure	(16,647)	(16,958)	(23,281)	(23,815)	(26,441)	(27,085)	(29,746)	(30,426)	(31,124)	(33,972)	(34,876)	(35,806)
Movement in Investments	(27,689)	(9,605)	(4,128)	(3,682)	(6,619)	(9,837)	(11,843)	(11,945)	(13,387)	(16,065)	(20,186)	(22,916)
Proceeds from Advances	-	-	-	-	-	-	-	-	-	-	-	-
Grants / Contributions for the Development of As	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sales (excluding Land)	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Proceeds from Sale of Land	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(81,028)	(61,751)	(63,109)	(65,686)	(71,711)	(75,075)	(80,033)	(79,833)	(83,810)	(90,648)	(95,873)	(98,160)
Cash Flows from Financing Activities												
Repayment of Debentures	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Proceeds from Self Supporting Loans	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from New Debentures	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	(17,641)	(8,604)	(9,270)	(9,772)	(13,437)	(14,184)	(17,163)	(13,930)	(14,317)	(17,473)	(18,792)	(17,582)
Add: Cash & Cash Equivalents - beginning of year	378,143	360,502	351,899	342,629	332,857	319,420	305,235	288,072	274,142	259,825	242,352	223,560
Cash & Cash Equivalents - end of the year	360,502	351,899	342,629	332,857	319,420	305,235	288,072	274,142	259,825	242,352	223,560	205,978

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Balance Sheet

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash and Cash Equivalents	360,502	351,899	342,629	332,857	319,420	305,235	288,072	274,142	259,825	242,352	223,560	205,978
Receivables	14,289	20,218	26,339	32,656	39,178	45,910	52,860	60,044	67,469	75,145	83,081	91,285
Inventories	208	208	208	208	208	208	208	208	208	208	208	208
Other	685	685	685	685	685	685	685	685	685	685	685	685
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	375,684	373,010	369,861	366,406	359,491	352,039	341,825	335,078	328,187	318,390	307,534	298,156
Receivables	127	127	127	127	127	127	127	127	127	127	127	127
Intangibles	4,856	4,856	4,856	4,856	4,856	3,856	3,356	2,856	2,556	2,356	2,356	2,356
Inventories	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309
Property, Plant and Equipment	681,406	711,095	741,507	775,176	808,418	841,632	875,791	906,975	939,763	930,960	921,840	912,428
Infrastructure	598,311	610,628	624,059	639,446	652,478	667,571	684,850	699,610	716,593	734,368	752,992	772,490
Total Non-Current Assets	1,301,009	1,343,015	1,386,858	1,435,914	1,482,188	1,529,495	1,580,433	1,625,877	1,675,348	1,684,120	1,693,625	1,703,710
TOTAL ASSETS	1,676,693	1,716,025	1,756,719	1,802,320	1,841,679	1,881,533	1,922,258	1,960,955	2,003,535	2,002,510	2,001,159	2,001,866
Payables	30,414	31,025	30,144	30,267	30,416	30,546	30,046	30,165	30,688	31,223	31,771	31,684
Current Portion of Long Term Borrowin	992	719	756	647	385	257	121	-	-	-	-	-
Provisions	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333
Total Current Liabilities	55,739	56,077	55,233	55,246	55,133	55,136	54,500	54,498	55,021	55,556	56,104	56,017
Long Term Borrowings	2,884	2,165	1,409	763	378	121	(0)	(0)	(0)	-	-	-
Other	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028
Provisions	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723
Total Non-Current Liabilities	8,635	7,916	7,160	6,514	6,129	5,872	5,751	5,751	5,751	5,751	5,751	5,751
TOTAL LIABILITIES	64,374	63,994	62,393	61,760	61,262	61,008	60,250	60,248	60,772	61,307	61,855	61,768
NET ASSETS	1,612,319	1,652,031	1,694,326	1,740,560	1,780,416	1,820,526	1,862,007	1,900,707	1,942,764	1,941,203	1,939,304	1,940,097
Equity	1,612,319	1,652,031	1,694,326	1,740,560	1,780,416	1,820,526	1,862,007	1,900,707	1,942,764	1,941,203	1,939,304	1,940,097

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Key Performance Indicators

		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
OPERATING SURPLUS RATIO																
1 Balanced Budget	Target >= \$0	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
2 Operating Performance Ratio	> 0%	● 1.71%	● 5.22%	● 5.35%	● 5.95%	● 6.58%	● 7.20%	● 7.57%	● 8.35%	● 9.30%	● 10.24%	● 11.13%	● 11.92%	● 12.90%	● 13.93%	● 14.96%
3 Own Source Operating Revenue	>= 60%	● 76.78%	● 81.67%	● 82.30%	● 82.67%	● 83.03%	● 83.39%	● 83.74%	● 84.10%	● 84.45%	● 84.80%	● 85.14%	● 85.47%	● 85.79%	● 86.11%	● 86.41%
OPERATIONAL LIQUIDITY																
4 Unrestricted Cash – cash less externally restricted reserves	>= \$1000	● 6,309	● 6,158	● 5,996	● 5,825	● 5,590	● 5,342	● 5,041	● 4,797	● 4,547	● 4,241	● 3,912	● 3,605	● 3,643	● 3,777	● 3,391
5 Unrestricted Current Ratio	>= 1.50	1.61	1.78	1.99	2.21	2.46	2.70	2.96	3.26	3.52	3.81	4.07	4.42	5.23	6.15	7.17
6 Cash Expense Cover Ratio	>= 3 months	3	3	2	2	2	2	2	2	2	1	1	1	1	1	1
RATES COVERAGE RATIO																
	Ratio Target > or = to 40%	● 53.1%	● 55.0%	● 54.7%	● 54.8%	● 54.9%	● 55.0%	● 54.9%	● 55.0%	● 55.2%	● 55.4%	● 55.6%	● 55.6%	● 55.8%	● 56.0%	● 56.2%
DEBT SERVICE COVERAGE RATIO																
	Ratio Target > or = 2	● 20	● 25	● 35	● 37	● 50	● 91	● 145	● 337	N/a	N/a	N/a	N/a	N/a	N/a	N/a
ASSET SUSTAINABILITY RATIO																
Asset Maintenance Ratio																
Capital Expenditure Ratio	Ratio Target 90% to 100%	97.0%	85.1%	87.6%	103.6%	101.2%	100.8%	95.8%	91.3%	98.4%	107.5%	101.6%	100.3%	101.9%	99.7%	101.6%
	Ratio Target > or = 1	● 2	● 3	● 3	3,210	● 3	● 3	3,558	● 3	● 3	● 3	● 3	● 3	● 3	● 3	3
Capital expenditure as a percentage of total revenue																
	Ratio Target > or = 20%	27%	27%	27%	28%	28%	27%	26%	25%	26%	26%	25%	25%	24%	24%	23%

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Scenario 3 – Worst Case

Income Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Income from Continuing Operations												
Revenue:												
Rates & Annual Charges	114,559	116,969	119,444	121,986	124,597	127,279	130,034	133,045	136,150	139,352	142,656	146,064
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Grants & Contributions provided for Operating Purposes	8,575	8,875	9,185	9,507	9,840	10,184	10,540	10,909	11,291	11,686	12,095	12,519
Grants & Contributions provided for Capital Purposes	38,164	27,100	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500	26,500
Total Income from Continuing Operations	201,261	194,634	198,633	203,402	208,347	213,478	218,803	224,630	230,696	237,013	243,593	250,450
Expenses from Continuing Operations												
Employee Benefits & On-Costs	74,444	77,055	79,752	82,903	86,177	89,579	93,113	96,785	100,160	103,652	107,266	111,006
Borrowing Costs	217	167	124	87	35	13	3	-	-	-	-	-
Materials & Contracts	44,415	44,191	45,296	46,428	47,589	48,779	49,998	51,248	52,529	53,843	55,189	56,568
Depreciation & Amortisation	22,866	18,881	19,415	20,016	20,617	21,255	21,856	22,451	23,091	23,791	24,486	25,178
Other Expenses	17,718	18,196	19,302	19,823	20,359	20,908	22,103	22,700	23,313	23,942	24,588	25,898
Maintenance Cost on New Assets	-	427	431	435	440	444	448	453	458	462	467	471
Total Expenses from Continuing Operations	159,660	158,916	164,320	169,693	175,217	180,978	187,522	193,637	199,550	205,689	211,996	219,122
Operating Result from Continuing Operations	41,601	35,718	34,314	33,708	33,130	32,499	31,281	30,993	31,147	31,324	31,597	31,329
Other												
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Discontinued Operations	-	-	-	-	-	-	-	-	-	-	-	-
Net Profit/(Loss) from Disposals	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Net Operating Result for the Year	42,837	36,637	35,704	36,185	35,023	35,192	32,923	32,888	33,103	34,393	33,248	34,221
Net Operating Result for the year before Grants and Contributions provided for Capital Purposes	4,673	9,537	9,204	9,685	8,523	8,692	6,423	6,388	6,603	7,893	6,748	7,721

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Cash Flow Statement

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash Flows from Operating Activities												
Receipts												
Rates & Annual Charges	114,559	111,121	113,472	115,887	118,367	120,915	123,532	126,393	129,343	132,385	135,523	138,761
User Charges & Fees	12,746	13,090	13,443	13,806	14,179	14,562	14,955	15,359	15,774	16,199	16,637	17,086
Interest & Investment Revenue Received	8,397	9,027	9,704	10,432	11,214	12,055	12,959	13,931	14,976	16,099	17,306	18,604
Grants & Contributions	46,739	35,975	35,685	36,007	36,340	36,684	37,040	37,409	37,791	38,186	38,595	39,019
Bonds, Deposits & Retention amounts received	-	-	-	-	-	-	-	-	-	-	-	-
Other Revenue	18,821	19,574	20,357	21,171	22,018	22,898	23,814	24,886	26,006	27,176	28,399	29,677
Payments												
Employee Benefits & On-Costs	(74,444)	(73,202)	(75,764)	(78,758)	(81,868)	(85,100)	(88,457)	(91,946)	(95,152)	(98,469)	(101,902)	(105,455)
Borrowing Costs	(217)	(167)	(124)	(87)	(35)	(13)	(3)	-	-	-	-	-
Materials & Contracts	(44,415)	(44,191)	(45,296)	(46,428)	(47,589)	(48,779)	(49,998)	(51,248)	(52,529)	(53,843)	(55,189)	(56,568)
Other Expenses	(17,718)	(18,623)	(19,733)	(20,259)	(20,798)	(21,352)	(22,551)	(23,153)	(23,770)	(24,404)	(25,055)	(26,370)
Net Cash Provided by (Used in) Operating Activities	64,467	52,603	51,744	51,770	51,827	51,870	51,291	51,631	52,438	53,330	54,314	54,753
Cash Flows from Investing Activities												
Payments for Development of Land Held for Resa	(13,367)	(18,130)	(18,311)	(18,494)	(18,679)	(18,866)	(19,055)	(19,245)	(19,438)	(19,632)	(19,829)	(20,027)
Payments for Purchase of Property, Plant & Equipr	(24,562)	(17,978)	(18,779)	(22,171)	(21,864)	(21,979)	(21,031)	(20,112)	(21,817)	(24,049)	(22,633)	(22,304)
Payments for Construction of Infrastructure	(16,647)	(16,958)	(23,281)	(23,815)	(26,441)	(27,085)	(29,746)	(30,426)	(31,124)	(33,972)	(34,876)	(35,806)
Movement in Investments	(27,689)	(8,073)	(1,324)	1,203	455	(458)	(37)	2,412	3,628	3,735	2,530	2,851
Proceeds from Advances	-	-	-	-	-	-	-	-	-	-	-	-
Grants / Contributions for the Development of As	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sales (excluding Land)	1,236	920	1,390	2,477	1,893	2,693	1,642	1,895	1,956	3,069	1,650	2,892
Proceeds from Sale of Land	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Investing Activities	(81,028)	(60,219)	(60,305)	(60,801)	(64,637)	(65,696)	(68,227)	(65,476)	(66,795)	(70,848)	(73,157)	(72,393)
Cash Flows from Financing Activities												
Repayment of Debentures	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Proceeds from Self Supporting Loans	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from New Debentures	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash Provided by (Used in) Financing Activities	(1,079)	(992)	(719)	(756)	(647)	(385)	(257)	(121)	-	-	-	-
Net Increase (Decrease) in Cash & Cash Equivalents	(17,641)	(8,608)	(9,280)	(9,787)	(13,457)	(14,211)	(17,194)	(13,966)	(14,357)	(17,519)	(18,843)	(17,640)
Add: Cash & Cash Equivalents - beginning of year	378,143	360,502	351,894	342,614	332,827	319,370	305,159	287,965	273,999	259,642	242,123	223,281
Cash & Cash Equivalents - end of the year	360,502	351,894	342,614	332,827	319,370	305,159	287,965	273,999	259,642	242,123	223,281	205,641

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Balance Sheet

	Year 1 2018-2019 \$ '000	Year 2 2019-2020 \$ '000	Year 3 2020-2021 \$ '000	Year 4 2021-2022 \$ '000	Year 5 2022-2023 \$ '000	Year 6 2023-2024 \$ '000	Year 7 2024-2025 \$ '000	Year 8 2025-2026 \$ '000	Year 9 2026-2027 \$ '000	Year 10 2027-2028 \$ '000	Year 11 2028-2029 \$ '000	Year 12 2029-2030 \$ '000
Cash and Cash Equivalents	360,502	351,894	342,614	332,827	319,370	305,159	287,965	273,999	259,642	242,123	223,281	205,641
Receivables	14,289	20,137	26,110	32,209	38,439	44,803	51,304	57,957	64,764	71,732	78,865	86,168
Inventories	208	208	208	208	208	208	208	208	208	208	208	208
Other	685	685	685	685	685	685	685	685	685	685	685	685
Investments	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	375,684	372,925	369,616	365,929	358,701	350,855	340,163	332,849	325,299	314,748	303,038	292,701
Receivables	127	127	127	127	127	127	127	127	127	127	127	127
Intangibles	4,856	4,856	4,856	4,856	4,856	3,856	3,356	2,856	2,556	2,356	2,356	2,356
Inventories	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309	16,309
Property, Plant and Equipment	681,406	711,095	741,507	775,176	808,418	841,632	875,791	906,975	939,763	930,960	921,840	912,428
Infrastructure	598,311	610,628	624,059	639,446	652,478	667,571	684,850	699,610	716,593	734,368	752,992	772,490
Total Non-Current Assets	1,301,009	1,343,015	1,386,858	1,435,914	1,482,188	1,529,495	1,580,433	1,625,877	1,675,348	1,684,120	1,693,625	1,703,710
TOTAL ASSETS	1,676,693	1,715,940	1,756,474	1,801,844	1,840,889	1,880,349	1,920,595	1,958,726	2,000,647	1,998,868	1,996,663	1,996,411
Payables	30,414	31,025	30,144	29,517	28,903	28,258	26,971	26,290	26,025	25,768	25,521	24,637
Current Portion of Long Term Borrowin	992	719	756	647	385	257	121	-	-	-	-	-
Provisions	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333	24,333
Total Current Liabilities	55,739	56,077	55,233	54,496	53,621	52,848	51,425	50,623	50,358	50,101	49,854	48,970
Long Term Borrowings	2,884	2,165	1,409	763	378	121	(0)	(0)	(0)	-	-	-
Other	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028	2,028
Provisions	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723	3,723
Total Non-Current Liabilities	8,635	7,916	7,160	6,514	6,129	5,872	5,751	5,751	5,751	5,751	5,751	5,751
TOTAL LIABILITIES	64,374	63,994	62,393	61,010	59,750	58,720	57,175	56,374	56,109	55,852	55,605	54,721
NET ASSETS	1,612,319	1,651,946	1,694,082	1,740,834	1,781,140	1,821,629	1,863,420	1,902,352	1,944,538	1,943,015	1,941,058	1,941,691
Equity	1,612,319	1,651,946	1,694,082	1,740,834	1,781,140	1,821,629	1,863,420	1,902,352	1,944,538	1,943,015	1,941,058	1,941,691

2018-2030 draft Long Term Financial Plan

Key Performance Indicators

		2018-2019	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	2029-2030	2030-2031	2031-2032	2032-2033
		\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s	\$'000s
OPERATING SURPLUS RATIO																
1 Balanced Budget	Target >= \$0	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
2 Operating Performance Ratio	Target > 0%	●	1.7%	4.4%	3.9%	3.54%	3.18%	2.91%	2.19%	2.00%	2.01%	2.04%	2.09%	1.93%	2.05%	2.25%
3 Own Source Operating Revenue	Target >= 60%	●	76.78%	81.52%	82.03%	82.30%	82.56%	82.62%	83.07%	83.35%	83.62%	83.85%	84.16%	84.42%	84.68%	85.20%
OPERATIONAL LIQUIDITY																
4 Unrestricted Cash – cash less externally restricted reserves	Target >= \$1000	●	6,309	6,158	5,996	5,824	5,589	5,340	5,039	4,795	4,544	4,237	3,907	3,599	3,129	2,697
5 Unrestricted Current Ratio	Target >= 1.50	●	1.61	1.78	1.99	2.24	2.54	2.85	3.19	3.60	3.97	4.40	4.81	5.39	5.46	5.54
6 Cash Expense Cover Ratio	Target >= 3 months	●	3	3	2	2	2	2	2	2	1	1	1	1	1	1
RATES COVERAGE RATIO																
	Ratio Target > or = to 40%	●	53.1%	54.0%	52.9%	52.0%	51.1%	50.2%	49.2%	48.3%	47.5%	46.8%	46.0%	45.2%	44.5%	43.8%
DEBT SERVICE COVERAGE RATIO																
	Ratio Target > or = 2	●	20	23	32	31	39	66	96	212	N/a	N/a	N/a	N/a	N/a	N/a
ASSET SUSTAINABILITY RATIO																
Asset Maintenance Ratio																
Capital Expenditure Ratio	Ratio Target 90% to 100%	●	97.0%	85.1%	87.6%	103.6%	101.2%	100.8%	95.8%	91.3%	98.4%	107.5%	101.6%	100.3%	101.9%	99.7%
	Ratio Target > or = 1	●	2	3	3	3,210	3	3	3,558	3	3	3	3	3	3	3
Capital expenditure as a percentage of total revenue																
	Ratio Target > or = 20%	●	27%	27%	27%	29%	28%	28%	27%	27%	27%	28%	27%	26%	26%	26%

Finance & Asset Management Committee

30/07/2018

Item No	5.2
Subject	Confidential - Recovery Action - Progress Report
Report by	Fausto Sut, Manager Governance and Risk
File	F17/320

Confidential

The matters in this report are confidential, as it is considered that it is in the public interest that they not be disclosed to the public. In accordance with the Code of Conduct, the matters and the information contained within this report must not be discussed with or disclosed to any person who is not a member of the meeting or otherwise authorised.