Attachment B

Draft Resourcing Strategy 2020

CITY OF SYDNEY

Resourcing Strategy 2020 (DRAFT)

May 2020

Green Global Connected

Contents

Introduction	3
Long Term Financial Plan	LTFP
Asset Management Plan	AMP
People Strategy	PS
Information & Technology Strategic Plan	ITSP
Community Engagement Strategy	CES
Fit for the Future Improvement Action Plan (2020 Update)	FFTF

Cover image: Joynton Avenue Creative Centre

Introduction

Our Resourcing Strategy is developed to help ensure the community's long-term goals and objectives, expressed in Sustainable Sydney 2030 are met.

Effective resource planning ensures Council will focus not only on the short-term issues and the range of service delivery indicated in the Operational Plan, but also on the medium and long-term challenges. This updated Resourcing Strategy underpins the directions within the Sustainable Sydney 2030 Community Strategic Plan and builds on previous plans, ensuring that the shared vision for our city in 2030 is realised.

It takes stock of what has already been achieved and responds to the feedback we've received from our community. It also takes account of changes in relevant federal and NSW government policies and commitments as well as the long term economic, social, cultural and environmental trends and challenges for Sydney.

Sustainable Sydney 2030 and this Resourcing Strategy recognises that the City does not act alone and that partners including state and federal agencies, non-government organisations, community groups and individuals have a role to play in delivering responses to achieve the community outcomes.

This strategy contains five key resource areas which in terms of time, money, assets and people respond to the long term strategic aspirations for:

- Financial Planning
- Workforce Planning
- Asset Management Planning
- Information and Technology Planning
- Community Engagement

Our five resource areas underpin technical and policy guidance to guide the strategic implementation of our integrated planning. Moreover, resourcing strategy initiatives are reviewed annually to ensure they remain appropriate for the changing environment and to incorporate community feedback, and undergo a full comprehensive review following each Council election.

In response to the coronavirus, local government elections scheduled for September 2020 have been postponed by 12 months. A comprehensive review of Council's Resourcing Strategy will next be completed in 2022.

Covid-19 Update

We have updated our 2020 Resourcing Strategy with the most current and best available information but it is subject to change due to the dynamic health and economic crisis created by the global Covid-19 (novel coronavirus) pandemic.

It is expected that services, and levels of service will change as we deal with the impacts of the pandemic. We may have to adjust some of our services. Some will be enhanced, some will cease, we may create new ones and scale back others. These changes may be temporary or permanent according to ongoing community priorities and resources.

The City also acknowledges that planned deliverables and actions may be impacted or need to be reprioritised based on the effects of this crisis. New priorities may also emerge.

The City will adjust to this crisis to ensure the health and wellbeing of the community is our primary focus. We will engage with the community using the principles outlined in our Community Engagement Strategy to ensure that changing and emerging priorities are identified.

Long Term Financial Plan (LTFP)

The first part of the Resourcing Strategy consists of Council's Long Term Financial Plan - our ten-year financial planning document with an emphasis on long-term financial sustainability. Financial sustainability is one of the key issues facing local government due to several contributing factors including growing demands for community services and facilities, constrained revenue growth and ageing infrastructure. This is an important document, which aims to balance the community aspirations and goals against financial realities. Contained in this plan are:

– Assumptions used to develop the plan;

– Projected income and expenditure, balance sheet and cash-flow statements; and

– Methods of monitoring financial performance.

Balancing expectations, uncertainty of future revenue and expenditure forecast are some of the most challenging aspects of the financial planning process. As such, the longer the planning horizon, the more general the plan will be in the later years. Every effort has been taken to present the most current estimates and project scopes to be included in this plan.

In response to the uncertainty caused by the pandemic, the draft iteration of the Long Term Financial Plan contains a 'base' case 10-year plan and two additional scenarios. The 'base' case assumes the pandemic shutdown continues for the three months into the 2020/21 financial year, in line with the current guidance from the Federal Government.

Scenario 1 assumes the pandemic shutdown continues for 6 months and Scenario 2 assumes it continues for the entire financial year. While the financial impacts of the pandemic in each scenario are stark, all three show that the Council will continue to remain in a sound financial position over the life of the plan. Further refinement of these scenarios and identification of mitigating strategies will continue while the draft Integrated Planning and Reporting documents are on exhibition.

Asset Management Plan (AMP)

The second part of the Resourcing Strategy deals with Asset Management Planning, in particular the Council's Asset Management Policy, Strategy and specific asset category plans.

Infrastructure assets for NSW local governments enable councils to provide services to their community. These assets need to be managed in the most appropriate manner on behalf of and to service the community.

The City of Sydney is responsible for approximately $12 billion of infrastructure assets including land. The Asset Management Plan is the summary of the relevant strategies, plans and actions for the assets critical to our operation.

The City's Asset Management Planning framework includes:

– Council's overall vision and goals and supporting asset management vision and goals

– Sustainable Asset Management Policy

– Infrastructure Asset Management and Service Delivery Strategies.

Image: staff member reading to children at Darling Square Library

People Strategy (PS)

The third part of the Resourcing Strategy is the People Strategy which outlines the capabilities our people require to address our social, economic and sustainability challenges and opportunities. It builds on previous work to drive a purposeful, productive and efficient organisation.

The strategy includes four focus priorities:

– engage people with purpose;

– enrich our workplace culture;

– embrace new capabilities and mindsets; and

– empower our people to be future ready.

Key statistics have been updated within this revised version to reflect current employee data and trends.

Attracting and retaining skilled and talented staff with the capability to deliver the City's objectives is critical to implementing Sustainable Sydney 2030. The City aims to strengthen its strategic workforce management in order to address the future workforce challenges of Sustainable Sydney 2030, while also improving the work environment for current staff.

Effective workforce planning aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues, and deliver appropriate services effectively and efficiently. Workforce planning addresses the human resourcing requirements for Council's Delivery Program. For the purposes of the Integrated Planning and Reporting Framework, the People Strategy is Council's workforce plan.

Image: Archibald Fountain, Hyde Park

Information and Technology Strategic Plan (ITSP)

The fourth part of the Resourcing Strategy is the Information and Technology Strategic Plan which provides a medium-term roadmap to improve the quality and use of digital services, unlock the inherent value of information and data, and optimise investment in technology to meet our Sustainable Sydney 2030 outcomes and other key business strategies.

This plan is distinct from, but directly contributes to, the City's Digital Strategy, which defines how the City will facilitate the broader development of Sydney's economy and service sector with the use of digital technology.

Community Engagement Strategy (CES)

The Resourcing Strategy also includes a community engagement strategy to reflect the City's community engagement objectives and principles and a summary of recent engagement programs.

This document is a framework for how we consult our diverse communities on important projects. It includes a definition of community engagement and explains how we talk with – and listen to – our communities. It outlines the guiding principles, activities and channels we use when working with our communities and illustrates these in action on some recent projects.

The city is made up of diverse communities, with different lifestyles, interests and needs. Our many stakeholders include government departments and authorities, cultural institutions and groups, community organisations, and businesses both large and small.

We consistently use new communication techniques and channels to ensure all these voices are heard when planning and developing our projects. We also work to ensure these voices accurately and effectively represent our community's changing values and needs.

In these uncertain times, with communication disrupted by the coronavirus, we have changed our approach to community engagement (consultation) during the Covid-19 pandemic. While we may change the way we engage with you, we will continue to assess each consultation to ensure decisions about approaches to engagement align with the City's community engagement principles.

Fit for the Future Improvement Action Plan – 2020 (Update)

In September 2014, the NSW Government announced the Fit for the Future program, representing a continuation of the local government reform in NSW. All councils were required to develop an Improvement Action Plan under the State Government's Fit for the Future program in 2015.

In preparation of the development of the current round of Integrated Planning and Reporting documents, the City has reviewed the Fit for the Future Improvement Action plan developed in 2015. A commentary on the progress is provided as part of this Resourcing Strategy.

Common Challenges in the Resourcing Strategy

A number of major challenges are common across all four elements of the Resource Strategy and are discussed briefly here rather than repeating each item in each element of the Resource Strategy.

The major challenges for the City include the:

– Response to the Covid-19 pandemic

– Planned growth in population and workers/visitors;

– Redevelopment of major urban renewal areas; and

– Dynamic local and global economic conditions.

The City will be undergoing significant renewal in key urban sites such as Green Square, Waterloo, and Barangaroo. The City will be involved in these projects requiring a major allocation of resources to support, deliver or maintain key community infrastructure and services as the sites are constructed and new communities form.

The City will also participate in the provision of more sustainable energy production within the City environs requiring technical expertise and financial resources.

Improving the access to and around the city is also a key challenge addressed in the Resourcing Strategy, mostly in terms of funding and asset management of major infrastructure works. The City's resources and that of the communities are significantly linked to the local and global economic conditions affecting property development, employment and investment in key infrastructure by other parties.

The Resourcing Strategy has been developed based on the current legislative and structural framework and does not incorporate any proposed legislative or structural amendments.

This page intentionally left blank

CITY OF SYDNEY

Draft Long Term Financial Plan 2020/21 to 2029/30

May 2020

Green Global Connected

Contents

Long Term Financial Plan - Introduction	3
Current Financial State	5
Financial Principles and Assumptions	9
Financial Forecasts – Continuing Operations	12
Financial Forecasts – Capital and Assets	28
Financial Performance Targets	38
Long Term Financial Schedules	44

Long Term Financial Plan - Introduction

Background

A long term financial plan is a key Resourcing Strategy document required under the NSW Integrated Planning & Reporting framework. The City of Sydney also elects to add an Information and Technology Strategic Plan, recognising it as a key enabler of business efficiency and effectiveness, and of community information and interaction. Local government operations are vital to the community, and it is important for stakeholders to have the opportunity to understand the financial implications arising from its Community Strategic Plan, Delivery Program and annual Operational Plan, and be assured that these plans are financially achievable and sustainable.

The City of Sydney's Long Term Financial Plan recognises its current and future financial capacity to continue delivering high quality services, facilities and infrastructure to the community while undertaking the initiatives and projects that will contribute toward the goals set down in its Sustainable Sydney 2030 Community Strategic Plan.

This financial plan provides a ten year overview of the City's projected annual income and expenditure, capital works and asset delivery, acquisitions and disposals of property and the resultant projected cashflows.

The financial plan highlights the impact of the City delivering infrastructure and facilities associated with the Green Square Urban Renewal project along with numerous other major initiatives detailed in this plan, whilst continuing to undertake the maintenance and renewal works required to sustain existing infrastructure and facilities at a satisfactory standard, befitting a Global City.

The City of Sydney Council declared a climate emergency in June 2019, stating that climate change poses a serious risk to the people of Sydney.

City staff have also continued to identify opportunities to accelerate the implementation and achievement of the Environmental Action Plan 2016-21, in accordance with a Council resolution of December 2016. The 2020/21 operating budget makes allowance for above business as usual activity to support these accelerated actions, and assumes a continued commitment to environment actions over the life of this financial plan.

Current initiatives include:

- efficiency initiatives, improved utilities management and better waste management practices;
- amendments to planning controls to improve the environmental performance of new buildings, including the development of a planning pathway towards net-zero buildings;
- utilisation of open data platform to report on local government area environmental programs;
- use of this data to target sustainability programs;
- enhancement of office tenancy sustainability programs;
- energy tune-up programs for businesses and residential apartments;
- sustainability programs to encourage uptake of renewable energy; and
- substantial contribution to Ausgrid for the accelerated roll out of LED street lighting

The City's declaration of the climate emergency anticipated that the forthcoming *Sustainable Sydney 2050* vision for the city will include the climate emergency as a key principle.

The plan demonstrates that the City has the financial capacity to progress these and other significant initiatives, and provides an ongoing prudent financial budgeting framework to facilitate future decision-making, ensuring that the City is well-placed to pursue strategic goals without risking the long term financial sustainability of its operations.

This latest iteration of the Plan also considers the significant implications, on the City's finances, of the Covid-19 pandemic. For the first-time two additional scenarios to the 'base' case have been added in order to show the impact of the pandemic if it were to last either 3 or 9 months longer than currently forecast. In line with the Federal Government's advice, at the time of writing, the base case assumes that the shutdown associated with the pandemic will last 6 months, that is 3 months in financial year 2019/20 and 3 months in financial year 2020/21. Details are shown in the body of the plan below and additional financial schedules are also included.

Projecting over the ten year timeframe of this Financial Plan necessitates the use of a variety of underlying assumptions. The Long Term Financial Plan will therefore be closely monitored, and regularly revised, to reflect changing circumstances.

Current Financial State

The goals and objectives set out in the Sustainable Sydney 2030 Community Strategic Plan form the basis for this plan. The City's recent strong financial position has been built upon a diverse income base, significant business rate income and its commitment to control and deliver services, facilities and infrastructure that are both effective and efficient.

Financial Impacts of the Covid-19 Pandemic

The Covid-19 (novel coronavirus) pandemic is an unprecedented public health crisis with an associated economic crisis as a result. Unemployment is forecast to rise, with job losses impacting sectors particularly concentrated in our city community, such as accommodation and food services, retail trade, arts and recreation services, education services, construction and professional services.

To date the financial implications of the pandemic have been severe. The City of Sydney anticipates a significant continuing financial impact from this crisis. Major impacts include additional operational costs as the City increases cleansing and maintenance regimes, and major losses in revenue as the local community and wider economy are impacted. Temporary closures of community facilities, such as pools and recreation centres, may result in a reduction in visitor numbers over the longer term.

Under the *Small Business, Cultural and Creative Support Package* formally introduced by Council on 9 March 2020 and Phase two following on 30 March 2020, a range of initiatives designed to alleviate financial pressure on small businesses were presented. They include a six month hardship waiver of fees for health and regulatory inspections, a discretionary approach to parking fines and rent relief for the City's eligible tenants (on a case by case basis) as part of Phase 1 as well as various additional grants and bringing forward future capital works projects as part of Phase 2. These initiatives are projected to significantly lower the City's revenue and impact its financial position.

The breadth and depth of the impact is difficult to assess in this uncertain environment, however initial forecasts estimate potential net revenue reductions of up to $30-35 million for the fourth quarter of 2019/20 and up to a further $40 million for the first quarter of 2020/21. In addition to this revenue loss, there will also be additional cash flow pressures as the City considers deferred payment plans for its residents and businesses that require rate relief for the immediate future. To reflect this inherent operational uncertainty, additional scenarios have been financially modelled and reflected in additional schedules included within this financial plan. The "base case" version of this plan reflects Federal Government advice regarding the expected duration of Covid-19 response measures; namely the six month period to September/October 2020.

Despite the impacts of the pandemic, the City's strong financial management over the past years have made the organisation resilient to disruption, whilst transforming the urban environment to meet the needs of residents and workers alike. The City developed its Sustainable Sydney 2030 Community Strategic Plan on the basis of extensive community consultation and engagement. The actions of turning the vision of Sustainable Sydney 2030 into a reality are well advanced, with a review of

the Community Strategic Plan underway that will incorporate objectives to a 2050 horizon.

Financial Sustainability

The City supports the definition of financial sustainability set out in the TCorp report *Financial Sustainability of the New South Wales Local Government Sector* and reiterated in the IPART methodology that "A local government will be financially sustainable over the long term when it is able to generate sufficient funds to provide the levels of service and infrastructure agreed with its community".

In their assessment of the City's 'Council Improvement Proposal' as part of the NSW Fit for the Future program, the Independent Pricing and Review Tribunal (IPART) noted that the City "demonstrated it is a high performing council in the Sydney Region", and that high financial performance was achieved whilst maintaining low residential rates.

The key principles driving the City's long term planning include:

1. *Sustainable Sydney 2030* will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.
2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.
3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.
4. Agreed targets and outcomes incorporated into the City's annual planning and budgeting processes.
5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.
6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.
7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.
8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.
9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.
10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.

In May 2020, the City progressed the formal transfer of certain land parcels controlled by the NSW Department of Planning. The financial impact of these transfers is reflected in this financial plan. Further parcels of land currently under the control of Property NSW are the subject of ongoing discussions regarding future transfer to the City. Council officers are seeking further information from Property NSW to evaluate the full operational impact in the event assets are transferred.

From 1 July 2018, the Crown Land Management Act (2016) introduced changes to the management of Crown land by councils. Specifically, councils are required to manage their dedicated or reserved land as if it were public land under the Local Government Act 1993 (LG Act).

Apart from land already dedicated to the City, the Long Term Financial Plan does not include provision for owning, controlling, maintaining or operating assets and services currently controlled by NSW or Federal Government entities. No future amalgamations or boundary changes have been anticipated or modelled in this plan.

Economic Conditions

Economic conditions are a significant external impact to the City's financial position, with key influences including:

- Property market performance,
- Urban Renewal and development trends (as driven by property market performance)
- The Consumer Price Index for Sydney (CPI),
- Employment market trends
- The state of financial markets (including official interest rates); and
- Local Government Cost Index (LGCI), a key determinant in "pegged" rates increases
- Economic impacts associated with the Covid-19 pandemic

Fluctuations in inflation rates over time impact upon both income and expenditure. In order to reflect current economic conditions appropriately, and to safeguard against the risk of detrimental fluctuations in the CPI in the medium to long term, the City applies an inflationary factor of 2%, escalating to 3% in the later years of the Long Term Financial Plan.

A recent inner-Sydney property market downturn has, following a period of unprecedented sustained growth, has been exacerbated by the Covid-19 pandemic. Aside from influencing the performance of the City's substantial commercial property holdings, the state of the property market will also directly impact the City's ability to acquire and divest property holdings. More broadly, the demographic characteristics of the city are directly impacted by prevailing property market trends.

The rate of wages growth is a significant issue for the City in managing its underlying operating expenditure over a ten year timeframe, as employee costs currently represent approximately 50% of the City's total operating expenditure.

For a number of years, the market-driven rate of wages growth within the Local Government sector has comfortably outstripped both the CPI and Local Government Cost Index. The maximum allowable rate increase (as recommended by IPART) utilises the Local Government Cost Index as the basis for setting the maximum allowable general rates increase in a given year, placing significant additional pressure on the City's Operating Result.

Interest rates, already at sustained historical lows, were twice cut by the Reserve Bank in March 2020, to 0.25 per cent. It is expected that this rate will be sustained for some time, directly impacting the returns earned by the City's investment portfolio. Whilst the City's financial investment portfolio has historically outperformed industry benchmarks, the restrictive scope for investment (per Ministerial Order) and suppressed market conditions place this performance at risk; this plan reflects conservative investment return assumptions in the medium to long term. Further, the financial position of the City is affected through adjustments to provisions, in part determined by reference to long term bond rates, and fixed asset revaluations.

The City adopts conservative assumptions in financial projections, to mitigate the risk of economic fluctuations adversely affecting financial sustainability. The assumed escalation rates for both income and expenditure are regularly reviewed and updated as appropriate.

Image 1. Light Rail passing Sydney Town Hall

Current Financial Position – City of Sydney

Since the amalgamation of the (former) South Sydney City Council, parts of Leichhardt City Council and the City of Sydney in 2004, the City's average annual Operating Result has generally maintained a surplus in excess of $100.0M. This consistent strong operating performance has allowed the City to accumulate significant cash reserves, and to internally fund its capital works program over this time. The City's closing cash and investments balance at 2018-19 was $623.4M, with $370.6M of this total restricted for specific purposes.

The City of Sydney entered the 2019-20 financial year in a strong financial position due to more than a decade of stable progressive government, professional corporate administration, a policy commitment to prudent financial management, and strategically sound investments. The City has long sustained a strong liquidity position, along with diversity in significant alternative income streams to supplement a substantial rating base.

The robustness of the City's financial position has enabled its contribution of $178.9M to date ($220.0M total commitment) towards the NSW Government's Light Rail project in the CBD and South East of the city, and approximately $105.9M contribution to trunk drainage works at Green Square urban renewal area ($79.0M in the Green Square Town Centre, with a further $24.9M earmarked for works on Joynton Avenue Zetland and $2.0M in the Erskineville area), in partnership with Sydney Water (a state government agency).

As detailed in this Plan, despite significant impacts in the short term, operating surpluses are anticipated to recover and continue to underpin the delivery of the City's capital program in the long term.

Book Value of Assets	**$11.16B**
(including):	
Land	$7.85B
Buildings	$1.43B
Roads Infrastructure	$0.90B
Stormwater Drainage	$0.21B
Parks	$0.25B
Cash & Investments	**$623.4M**
Unrestricted Balance	***$252.8M***
(at 30 June 2019)	
Operating Result*	
2018/19	**$155.3M**
2019/20 (Forecast)	**$89.4M**

* Excludes Capital Income, Interest, Depreciation

Financial Principles and Assumptions

The City of Sydney remains committed to operating within a financially sustainable framework, to ensure that its community and other stakeholders can rely upon the ongoing provision of a full and diverse range of high quality community services, facilities and infrastructure.

The City plans to maintain its financial position and performance, to ensure resilience and maintain capacity to adapt and respond to emerging community needs in a measured and equitable manner.

Key principles employed in the financial planning and modelling process:

- Financially sustainable
- Maintain diversity of income sources
- Generate significant operating surpluses
- Maintain tight control over expenditure and staff numbers
- Deliver best value services, facilities and infrastructure
- Effective and efficient utilisation of funding sources to fund capital works and asset acquisitions
- Prudent financial investment
- Consider appropriate use of debt, internal borrowing and private financing arrangements

The Long Term Financial Plan continues the City's commitment to maintain tight control over its financial position and performance, an achievement that has been continually demonstrated through strong operating results. The funds generated from operations are used to commence new initiatives and programs, and to fund delivery of the City's extensive capital program, however, the suitability of utilising debt and/or private financing will be considered, for appropriate initiatives and projects.

The Operational Plan and forward projections have been set to continue the City's high standards of service and to adequately allow for all known and anticipated changes over the coming ten year period. Unexpected cost pressures will always arise (as evidenced by the Covid-19 pandemic), along with increasing service demands. However, in responding to these challenges, the City will continue to underpin its quality services with a value for money approach through competitive procurement processes, internal controls and the completion of business improvement programs incorporating customer feedback to ensure effectiveness and efficiency.

Image 2. Epsom Road Cycleway

For the “base case” of the long term financial model, income and expenditure projections are generally based on stable overall cost increases of 2-3% per annum, reflecting recent trends in CPI movements, and conservatively modelled on the upper end of the Reserve Bank targeted range of inflation. Elements of income and expenditure that are subject to wider fluctuation have been modelled accordingly (refer Assumptions below). For this plan, additional variations have been added in respect of Covid-19 impacts, both to the base case and to multiple scenarios.

As noted above, the annual operational budget plans for significant operating surpluses, which, combined with the City’s interest earnings and capital contributions, provide funding for ongoing capital works projects and programs that are designed and constructed to provide the City’s world class facilities.

The City will continue to prudently manage its cash reserves and investments, to ensure that appropriate financial reserves are available to meet the City’s liabilities and commitments as they fall due, and manage cash flow demands to ensure responsible financial management control. While externally restricted reserves will be maintained in accordance with legislative requirements, a number of internally restricted reserves are used to ensure that funds are set aside to directly support Sustainable Sydney 2030 priority initiatives and projects.

Both internal and external reserves are summarised in Section 5 of this Plan.

The City closely monitors its financial performance and publishes a number of key financial indicators within its quarterly budget reviews to demonstrate its financial health and sustainability.

Assumptions

The major assumptions for this plan, including the impact on the Asset Management Plan and People Strategy are reflected in the introduction to the Resourcing Strategy.

The City’s 2020/21 financial year budgets (as detailed in the Operational Plan, and included in the attached schedules) form the basis of the financial projections within the Long Term Financial Plan. While relevant adjustments have been made in the plan’s short to medium term in respect of the impact of the Covid-19 pandemic, the underlying Income Statement and Balance Sheet are taken to represent “business-as-usual”. The underlying income and expenditure form the basis of the later years in the plan, having been escalated by appropriate indices, with appropriate adjustments.

Image 3. Green Square Library triangular entrance (picture below)

Broadly, the Plan utilises forecast annual CPI growth as an indicative guide to annual income and expenditure movements. Appropriate adjustments are made where income or expenditure items are known to escalate on a different basis.

Where new initiatives/projects that will impact operating income and/or expenditure are anticipated, additional adjustments are made to long term projections in the model.

Significant adjustments include:

- Increased capital income as a result of development activity in the Green Square precinct
- Capital Grants expected to be received – particularly for City cycleways
- Operational impact of new community facilities at Green Square and in the city's CBD
- Allowances for asset maintenance growth as a result of new infrastructure/facilities
- Ongoing expenditure impact of the high cost of administering the City's unique non-residential voting roll, and local government elections
- Adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.
- Adjustments in respect of the closure of a number of the City's revenue-generating facilities and services due to the Covid-19 pandemic
- Financial support measures to support businesses affected by the Covid-19 pandemic to the value of $40M during the first quarter of 2020/21, including commercial property rental abatement, reduced enforcement income and reduced parking related income

The Capital Program is forecast over the ten year timeframe of the Plan. In later years, where specific projects may not have yet been fully identified, provisional sums are included reflecting historical works patterns, and in line with renewal requirements identified as part of the Asset Management Strategy. In addition to the Covid-19 stimulus measures adopted by Council, the plan also reflects the fast tracking of certain capital projects and programs through the bringing forward of funds – further discussed later in this report.
As capital projects are forecast to be completed, corresponding income and expenditure (including depreciation) impacts are factored into future financial results.

Other assumptions relating to specific income and expenditure types are included within this Long Term Financial Plan.

In preparing the Plan, the City undertakes a wide range of sensitivity testing, via a sophisticated financial modelling tool, in order to arrive at what it considers to be the most realistic and balanced scenario. The attached schedules reflect the City's forecast position.

Image 4. Sandstone feature at Dyuralya Square

Financial Forecasts – Continuing Operations

Income from Continuing Operations

This section includes a review of the major sources of income received by the City, including explanatory information along with a discussion of the risks and assumptions.

The chart below illustrates the major distribution of the City's operating income sources, based upon the 2020/21 budget, a distribution that reflects the impacts of the Covid-19 pandemic on various items of income. This distribution is set to stabilise back to the historical trend, over the medium term.

The City aims to maintain a diverse income base, with income sources outside Rates and Annual Charges vital to reduce the burden on ratepayers of funding all of the City's ongoing operations, minimising the impact of rate-pegging.

In addition to the operating income below, details of capital income – also used to partially fund the City's capital works program - are detailed later in this section.

Rates and Annual Charges

Rates and Annual Charges are the City's primary source of annual income, contributing over half of total operating income, a proportion which has remained relatively constant since the Council boundary adjustment of 2004.

Rates Income

In accordance with NSW legislative requirements, the City calculates its individual rates by applying an ad valorem (rate in the dollar) multiplier to each property owner's unimproved land value. The City maintains three rating categories being:

Major Items of Operating Income* - 2020/21 Budget

	20/21 Budget	% of Operating Income
Rates & Annual Charges	$372.3M	62.9%
Commercial Properties	$74.7M	12.6%
Parking Meters	$32.5M	5.5%
Gross Enforcement	$26.8M	4.5%
Work Zone Fees	$14.3M	2.4%
Grants & Contributions	$14.2M	2.4%
Other Building Fees	$10.2M	1.7%
Advertising	$8.6M	1.5%
Venue/Facility	$8.3M	1.4%
Other Income	$30.1M	5.1%

** Excludes Capital Grants & Contributions and Interest & Investment Revenue*

1. a CBD business rate;
2. a general business rate; and
3. a general residential rate for the entire Sydney local government area

The City maintains minimum business and residential rates which are applied to property owners where rate in the dollar charge falls below a set amount. This is to ensure that all landowners make a reasonable contribution towards the services and facilities provided, which is particularly relevant given the number of strata property owners with relatively small proportionate land values within the City.

The City's annual rates income represents 49.9% of Income from Continuing Operations (as reflected in the schedules in section 7 of this plan). CBD business rates represent approximately 27.1%, other business rates 10.7% and residential rates 12.1%, of total income from continuing operations. The City's property distribution is not conducive to achieving an equitable unimproved land value based tax, with 77.0% of residents on minimum rates, reflecting Sydney's high density living. However, minimum rates do not produce a rate levy that reflects an individual owner's capacity to contribute to the cost of Local Government operations, nor their likely consumption of City services.

The State Government constrains the growth of annual rate income for all councils by setting a general maximum rates increase. This 'rate cap' is recommended to the Local Government Minister by The Independent Pricing and Regulatory Tribunal (IPART), based upon the price movement of local government expenses in the market and assuming a productivity improvement (efficiency) factor in most years.

The City's general rates base can also grow when new properties are developed within the area that require additional local government services, where the sum of the rates paid by strata owners exceed the original rate value or where crown lands (normally rate-exempt) are being leased for private purposes. The completion of major urban redevelopments within Sydney has generated additional income during recent years, although significantly less than required to fund the increase in services demand by new residents, as the properties were previously rated as businesses.

The City is looking closely at its rating path and the best way to equitably align its rating structure to service this growth. The City will continue to explore alternative rating models during 2020/21, and invite community feedback, to determine options that will improve the fair and equitable distribution of the rates burden for all of our ratepayers.

The general allowable increase for 2020/21 has been set at 2.6%. IPART determined this rate peg with reference to the annual movement in the Local Government Cost Index. Beyond 2020/21, the City has estimated future average general rate increases of 2.5% p.a, allowing for IPART approved increases and development growth.

The City will continue to advocate for a more equitable and flexible rating system as part of a detailed submission to IPART. The Plan assumes a continuation of the current NSW rating system.

In light of the widespread economic impacts of Covid-19, cash flow pressures are expected as the City considers deferred payment plans for residents and businesses requiring rate relief for the immediate future. Deferred payment plans will be established in a manner that is fair and reasonable to ensure that support is provided to ratepayers in need.

Pensioner Rates Exemptions

The City continues to provide 100% rebate of rates and annual charges for eligible pensioners within its local government area. This scheme provides an additional rebate on top of a mandatory rebate for eligible pensioners and in total, the scheme currently costs approximately $2.8M per year.

While this cost has remained reasonably constant, City officers continue to assess long term trends to ensure the sustainability of this policy, and consider the long term benefits and impacts of this scheme.

Domestic Waste Management Charges

The Local Government Act requires Domestic Waste to be a full cost recovery service, and all costs associated with the administration, collection, recycling, disposal, treatment, and community education are entitled to be recouped from residential ratepayers.

These charges amount to $56.7M for the 2020/21 financial year, including the gradual accumulation of a reserve providing funding for future waste treatment options, as outlined in the Advanced Waste Treatment Master Plan: 2013-2030 and the Waste Strategy and Action

Plan, adopted in 2017 financial year. This is an important initiative to supplement the City's existing efforts to promote and provide recycling and green waste services to assist in the reduction of the total amount of waste being directed to landfill.

Stormwater Charges

The legislation also provides the City with the ability to collect a further $2.3M each year to improve its stormwater networks. The charges remain at $25 per residential property, $12.50 per residential strata unit, and a pro rata rate of $25 for every 350m2 or part thereof for business properties. The funds raised from this charge are quarantined to improve the quality and quantity management of the City's stormwater network, over and above the existing works that are currently undertaken. The City plans to expend significant sums towards these important infrastructure improvements in the coming ten years, and this contribution has assisted with the preliminary planning of network enhancements, and in the future will contribute to the delivery of works identified with the Stormwater Management Plan.

Image 5. City garbage truck – operated by Cleanaway (image below)

Environmental Upgrade Agreements (EUA)

Legislation for the use of Environmental Upgrade Agreements in NSW commenced on 18 February 2011. The legislation enables councils to utilise an innovative mechanism to help unlock significant potential for improved environmental performance from large commercial, and multi-unit residential buildings.

The scheme is a voluntary agreement between a council, a building owner and a finance provider, and the intention of the agreements is to improve the environmental efficiency of commercial buildings. Under the agreement, the finance provider provides capital to a building owner to implement environmental upgrades.

This capital is repaid through environmental upgrade charges issued by the City. Once the council has received the repayment, it is forwarded to the financier.

Environmental upgrade charges are charges on the land. Therefore, if building ownership changes, the new owner assumes liability for the environmental upgrade charge. Similar schemes to the one proposed in this bill have been introduced in the United States of America where they are known as property-assessed clean energy schemes, and a similar scheme has also been introduced in Melbourne.

Alternative Heritage Floorspace Scheme

The Central Sydney Planning Committee (CSPC) resolved on 17 March 2016 to establish an Alternative Heritage Floor Space (HFS) scheme. The scheme allows developers within Central Sydney to lodge bank guarantees with the City, in order to delay the deadline for the purchase of required HFS.

If, at the maturity date of the planning agreement, the developer has not purchased the required HFS, the bank guarantee/s become payable. In the event that the City redeems a bank guarantee for cash, the funds will be held as restricted cash, pending the identification of an appropriate avenue for disbursement.

Fees and Charges

Fees and user charges are derived from patrons of the City's facilities and services and organisations seeking to use the public domain. Fees and charges income provides around 26% of the City's budgeted Income from Continuing Operations for 2020/21.

This category of income includes parking meter and parking station income, planning and building regulation fees, aquatic centre income, venue hire, advertising space income, filming fees and work zone fees. There are a mixture of commercial, regulatory and statutory fees in addition to user based fees, which are subsidised to provide wider community outcomes.

Fees and charges are determined annually, published in the Revenue Policy within the Operational Plan, and incorporated within the annual operating budget. Assessment of the fees is based on:

- the cost of providing the service
- whether the goods or service are provided on a commercial basis
- the importance of the service to the community
- the capacity of the user to pay
- the impact of the activity on public amenity
- competitive market prices
- prices dictated by legislation; and
- factors specified within relevant local government regulations, as applicable.

The long term plan assumes that fees will rise, in general terms, in line with CPI projections over the course of the ten years. The level of fees and charges income will fluctuate moderately from year depending on patronage and demand for facilities and services.

The uncertainty surrounding the extent and duration of the Covid-19 pandemic places challenges on projecting Income from Continuing Operations over the medium term. Closures of community facilities, such as pools and recreation centres, may result in a continued loss of visitors that extends beyond the reopening date of these facilities. Additionally, restrictions on social gatherings have had a significant impact on the City's Venue Management unit, resulting in the cancellation of bookings and an indefinite halt on future venue hire. Likewise, reductions in business activity and restrictions on trade have adversely impacted income from inspection and licencing fees, and the reduction in activity may continue for some time.

Image 6. Joynton Avenue Creative Centre (image below)

Parking Income

Parking income is derived from the City's network of parking meters and two car parking stations located in Goulburn Street, in the Central Business District, and in Kings Cross. Total parking income makes up around 7% of the Income from Continuing Operations for the City. Parking income is predicted to rise close to CPI levels over the ten year period of the Long Term Financial Plan.

Reduced activity in the CBD due to the Covid-19 has had an immediate and significant adverse impact on the City's Parking Income. While it is not known at this stage how long the broader Federal and State Governments' movement restrictions will remain in place, Parking Income is predicted to remain low over the medium term and gradually return to 'business as usual' levels seen prior to the pandemic.

Other Income

Commercial Property Income

The City's commercial properties portfolio generates approximately 12% of its Income from Continuing Operations, and has been a key revenue source for over 50 years.

The City's long term aim is to maintain and ideally increase the level of income derived from property over the next ten years, to support the anticipated additional demand for community services over the same period, and to ensure that the burden of the City's operational costs are not borne solely by the ratepayer.

The City has primarily invested within the CBD and the major 'gateways' leading into the city centre, including a significant investment property at 343 George Street. This category of income also includes revenue generated from the ninety-nine year lease of and the City-owned Queen Victoria Building to private operators, to which the City has a residual revenue share entitlement. More recently, the City settled the ninety-nine year lease of its three Oxford Street holdings to a private operator following a formal Expression of Interest (EOI) process during 2018/19. In addition, the acquisition of a commercial property at 546 George Street has supplemented commercial property income.

The City's accounting approach for tenancies under the City's Accommodation Grants Program (AGP) is to recognise gross income (and corresponding gross expenditure). The equivalent commercial rate of rent for these properties is shown as income, with the reduction provided under the AGP recognised as a non-cash (or "in-kind") grant expense.

The City has a property revenue strategy and plan, articulating the goals and actions for the commercial portfolio. A draft strategy incorporating community is currently under development. These documents assist in determining the future needs of the City and the potential for acquisition and divestment of properties over the course of ten years. An ongoing review of the yields generated from the commercial portfolio is being conducted to benchmark the City's returns to market, identify the underlying factors and any opportunities to enhance any sub-optimal returns through either refurbishment, development or disposal if appropriate.

The size and diversity of the portfolio presents an opportunity to grow this stream of income through careful management, divestment and potential re-investment in suitable properties, which assists in alleviating funding pressures on the City's ratepayers.

In response to Covid-19, Council announced a relief measures, in line with the Federal Government's Code of Conduct for Commercial Tenancies, for the City's eligible commercial property tenants, for up to six months from March 2020. Applications will be assessed in accordance with guidelines established by the City on a case by case basis, ensuring that support is provided to businesses most affected by the pandemic.

Beyond the short to medium-term impact of Covid-19, the Long Term Financial Plan assumes that rental income will generally reflect CPI increases over the longer term, subject to acquisitions or divestments of income generating property. Commercial property markets are subject to demand and supply dynamics that impact on vacancy levels and the rents that can be negotiated.

Enforcement Income

Enforcement income refers to the gross revenue generated from the City's ordinance and parking enforcement activities in maintaining a safe city. In 2001, the State Government transferred its powers to the City to enforce parking infringements within the CBD. Further parking enforcement responsibilities were transferred to the City as a result of the 2004 Council amalgamation (with the former South Sydney City Council) and boundary transfer (with the former Leichhardt Municipal Council).

The gross income, being the value of fines issued, represents around 4% of the City's Income from Continuing Operations. After paying processing fees to the NSW Government's State Debt Recovery Office and deducting other operating costs 50% of the net income is remitted to the NSW Government (for CBD and former South Sydney zones), the City retains income equalling less than 2% of Income from Continuing Operations.

The City utilises its enforcement resources to monitor parking and ordinance issues.

The Long Term Financial Plan incorporates an increase for annual CPI adjustments, reflecting the annual increases previously approved by the State Government.

As part of the Phase 1 of support measures amid the Covid-19 pandemic, the City implemented a policy change to only taking enforcement action for matters that present an imminent public, environmental, health or safety risk. Along with the various initiatives from the support package, the policy may be enacted for up to a 6-month period, potentially remaining in place through the first quarter of the 2020/21 financial year at which time it will be reviewed.

Net enforcement income levels over the longer term may be influenced by:

– Increase of salaries and wages, or other costs associated with the service
– Improved compliance levels
– Reduced infringement collection rates

Operational Grants and Sponsorship

The City receives grant funding from other government bodies to supplement its other sources of income and provide additional funding for specific projects or programs where there may be shared outcomes.

The City is presently allocated in the order of $6.0M annually from the Commonwealth Government in the form of the Financial Assistance Grants (FAG). These are general purpose grants paid to local councils under the provisions of the Commonwealth Local Government (Financial Assistance) Act 1995. These funds comprise an unconditional grant, and a smaller local roads component.

Other specific grants are allocated to individual projects or programs, either as part of a National or State scheme, or as a result of a specific grant funding application. The City also participates in projects between other councils and authorities that may also be funded directly by grants from other parties.

The Long Term Financial Plan allows for notional annual increases in line with CPI. Other grant programs have been reviewed and modelled based on their individual project timelines. It is assumed that in the future, new grants will be received but will be offset by commensurate expenditures, resulting in no net financial impact.

There is an ongoing risk that the funding methodology applied to the allocation of the Federal Assistance Grants could be altered and that the City receives a reduction in grant allocations. The Local Government Review Panel recommended that these funds be directed to those councils in greater need. The City would need to assess its response to any proposed change.

Sponsorship is sought and utilised by the City, as either cash or value-in-kind (free use of a private space) to obtain additional resources with which to support specific events, activities or programs, and sponsorships can also enhance the success and public exposure of these activities. Additional sponsorship is actively sought to allow the City to enhance, extend or reduce the cost of current activities or programs, or to develop new ones.

The market for sponsorship remains extremely tight and competitive, and the City as a public authority also maintains an appropriate Grants & Sponsorship policy, to ensure the highest levels of probity and transparency to protect the City's reputation.

Interest Income

The City invests funds that are surplus to its current needs in accordance with the approved "Minister's Orders" and its own Investment Policy and Strategy, which is reviewed annually and approved by Council.

The City's *Investment Policy and Strategy for the Management of Surplus Funds* was last endorsed by Council in October 2019. It again reflects a prudent and conservative approach, to achieve reasonable returns ensuring the safeguard of the City's funds for the purposes intended, whilst giving preference to Socially Responsible Investments (SRIs). In a recent positive development, The City has been able to invest funds in a Green Tailored Deposit product brought to the market by Westpac.

The City has steadily developed relevant internal cash reserves to be applied towards the major Sustainable Sydney 2030 projects over the next ten years, in addition to those external restrictions of funds required by legislation.

The size of the investment portfolio and interest rate returns determine the revenue generated from the Council's cash investment portfolio, and the investment income derived is therefore expected to decline, given the continuing low interest rate environment and the utilisation of cash reserves in the delivery of the major projects for which they have been set aside. These projections are reflected in the Cash and Investments Balances graph in Section 7 and the financial schedules in Section 8 of this Plan.

Capital Income

Developer Contributions

Development contributions provide significant funding towards the cost of essential public facilities, amenities and infrastructure provided by Council, reflecting the increased demand generated by increases in resident and worker populations.

In the Sydney CBD precinct, section 61 of the City of Sydney Act allows for contributions amounting to 1% of the total development cost, to be levied by Council on building projects over $200,000.

The Central Sydney Development Contributions Plan 2013 – which is the City of Sydney's current Section 61 plan – is presently operating on a recoupment basis, with contributions income applied to previously completed works. The plan, adopted in July 2013, also incorporates future works items, facilitating the utilisation of future contributions income in funding the delivery of these works.

The City recently commenced exhibition of a new contributions plan for Central Sydney under Section 7.12 of the Environmental Planning and Assessment Act (1979). The Central Sydney Contributions Plan (2020) proposes a levy based on development cost, akin to the current (Section 61) plan, with updated thresholds and contribution rates as follows:

- From $0-$249,999 a contribution of 0% shall apply;
- From $250,000 - $499,999 a contribution of 1% shall apply;
- From $500,000 - $999,999 a contribution of 2% shall apply; and
- Over $999,999 a contribution of 3% shall apply.

The Central Sydney Contributions Plan (2020) requires ministerial approval before coming into effect. Accordingly, the projected implications for capital income and expenditure have not been included in this iteration of the City's Long Term Financial Plan.

The remainder of the City of Sydney local government area (eastern, western and southern precincts) is covered by the City's Section 7.11 (previously Section 94) Plan – *the City of Sydney Development Contributions Plan 2015*. This plan reflects population and development projections, and a list of essential infrastructure and facilities works to support that development. The plan incorporates the entire local government area (excluding Central Sydney).

State Government requirements restrict the maximum amount of Section 7.11 developer contributions that can be levied and the types of infrastructure and facilities that can be funded through the developer contributions system. In accordance with a Ministerial Direction effective from 16 September 2010, contributions levied on residential development are capped to $20,000 per dwelling or lot created. This cap has not been subject to indexation since its inception, representing a decline in real terms. The cap, combined with the financial pressures associated with rate pegging, significantly constrain the City's ability to fund its capital program. As a result of the contributions cap, it is anticipated that a new Section 7.11 (94) plan would not significantly alter existing contributions rates for most new dwellings.

Development contributions are heavily reliant on the property development cycles influenced by demand, availability of land stock, interest rates and access to funding. As a result, there are substantial risks of cash flow not aligning with planned expenditure to be funded by development contribution funding, leaving funding "gaps" that need to be supplemented by other sources until contributions are received.

The use of Voluntary Planning Agreements (VPAs) and, in the case of the Green Square, the Floorspace Bonus scheme and Developer Rights Scheme (DRS) will also continue to deliver significant public benefits where the City is able to negotiate positive outcomes with developers. Agreements with developers to provide Works In Kind contributions will continue to be linked to the delivery of essential infrastructure, where this mechanism is effective. Alternatively, cash contributions will further assist in directly funding the City's capital works program. In the case of the DRS, the Long Term Financial Plan reflects an uplift to developer contributions over the next ten years, in line with substantial development in Green Square Town Centre, the contributions funding will partly offset the cost of meeting the associated increase in demand for new infrastructure and facilities in the area. As detailed in the Green Square Town Centre Infrastructure Strategy, the DRS will assist in funding the provision of essential local infrastructure (including roads, drainage, open

space and traffic/access infrastructure) and facilities (including childcare centres, libraries and recreational facilities) in Green Square, in conjunction with Section 94 and the City's general funds.

Careful planning and regular reviews of forecasts and contributions plans over the life of the Long Term Financial Plan will reduce the risk of committing to expending significant sums for projects without appropriate financial support from developer contributions.

Capital Grants

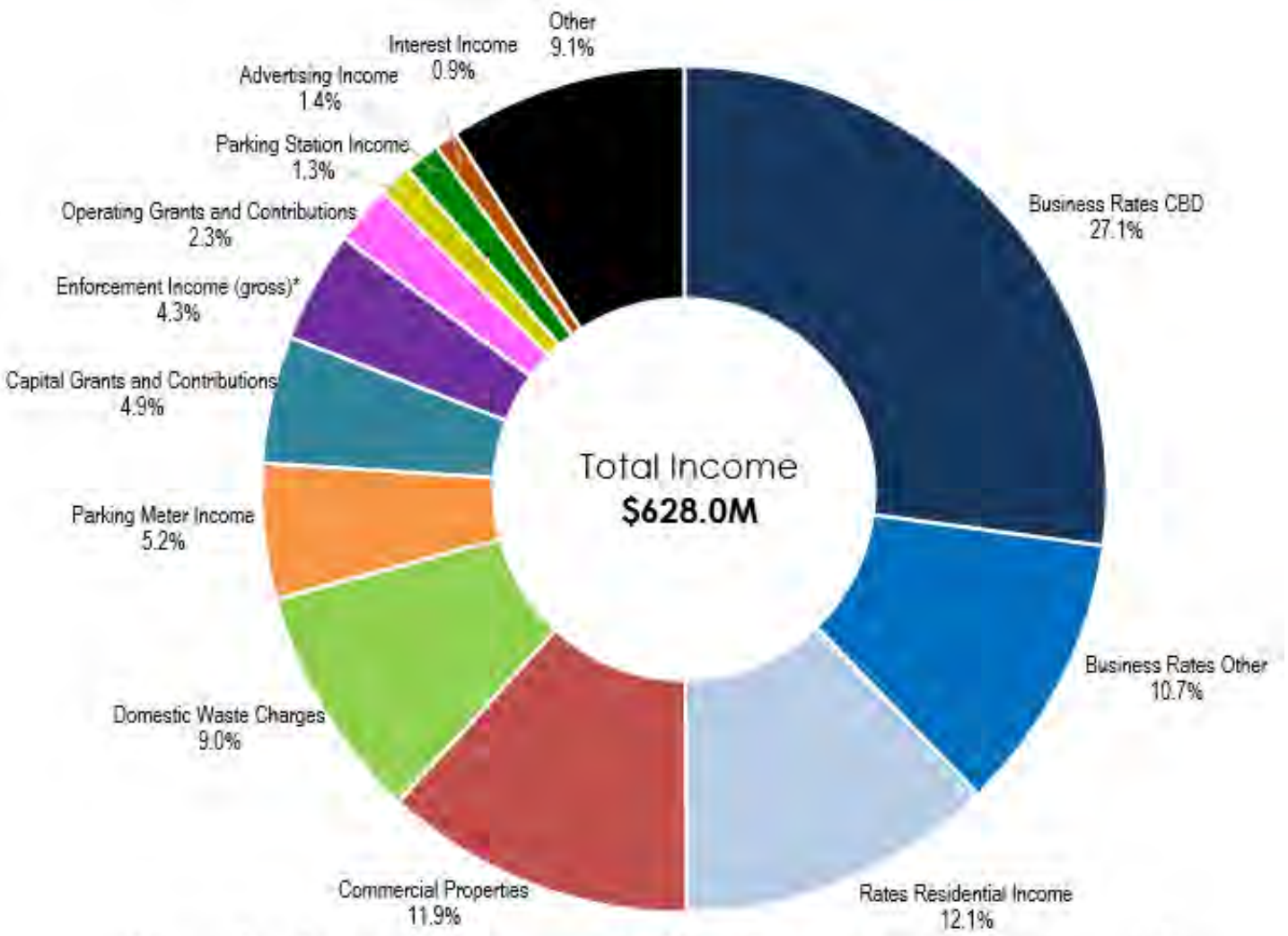
Capital grants are received by the City for specific projects to assist in the funding of community facilities or infrastructure. The grants provide additional levels of funding that can assist in accelerating the commencement of a project, demonstrate a shared commitment from the other party or provide a greater benefit arising from the additional funding.

A number of proposed projects over the next ten years will require significant additional sources of funding for the projects to progress. Each of these projects is assessed, and where the funding sources are known, included in the Long Term Financial Plan.

The plan incorporates a conservative sum for capital grants income in each year, based on historical availability of grant funding assistance. As specific projects are identified as eligible for grants, the income and budgeted capital expenditure are matched within the plan.

A significant allowance has been made for anticipated grants from NSW Government, towards the construction of new cycleways, consistent with the NSW Government's City Access Strategy. This is further detailed in section 5 of this Plan.

Figure 1. Summary – Income Sources as a % of Income from Continuing Operations^



^ *Income from Continuing Operations consists of Operating Income, plus significant amounts for Capital Grants & Contributions and Interest and Investment Income*

* Note that once processing fees and profit share (returned to NSW State Government) and collection costs are deducted from this total, the value represents approximately 2% of income

Expenses from Continuing Operations

This section includes a review of the City's major expenditure commitments over the next ten years, together with background information and a discussion of any key risks and assumptions.

The distribution of the City's major sources of operating expenditure is shown below, based upon the 2020/2021 budget; a distribution that has also remained relatively stable for a number of years.

Operating expenditure is expected to increase in general terms over the next ten years and an average increase for annual CPI growth has been applied to all costs, unless specifically modified on the basis of other data or assumptions.

Employee Costs

The City is a leading NSW local government employer, both directly through its full time equivalent workforce of slightly over 2,000 budgeted positions and indirectly through the services it contracts to ensure an efficient, affordable and sustainable service delivery model for the community.

The City aims to build its reputation as an "employer of choice" in order to attract and retain quality staff that it will continue to develop, support and assist. The challenge in a competitive marketplace is to achieve these goals and enhance the City's service delivery capability while maintaining salary and wages that are sustainable over the longer term.

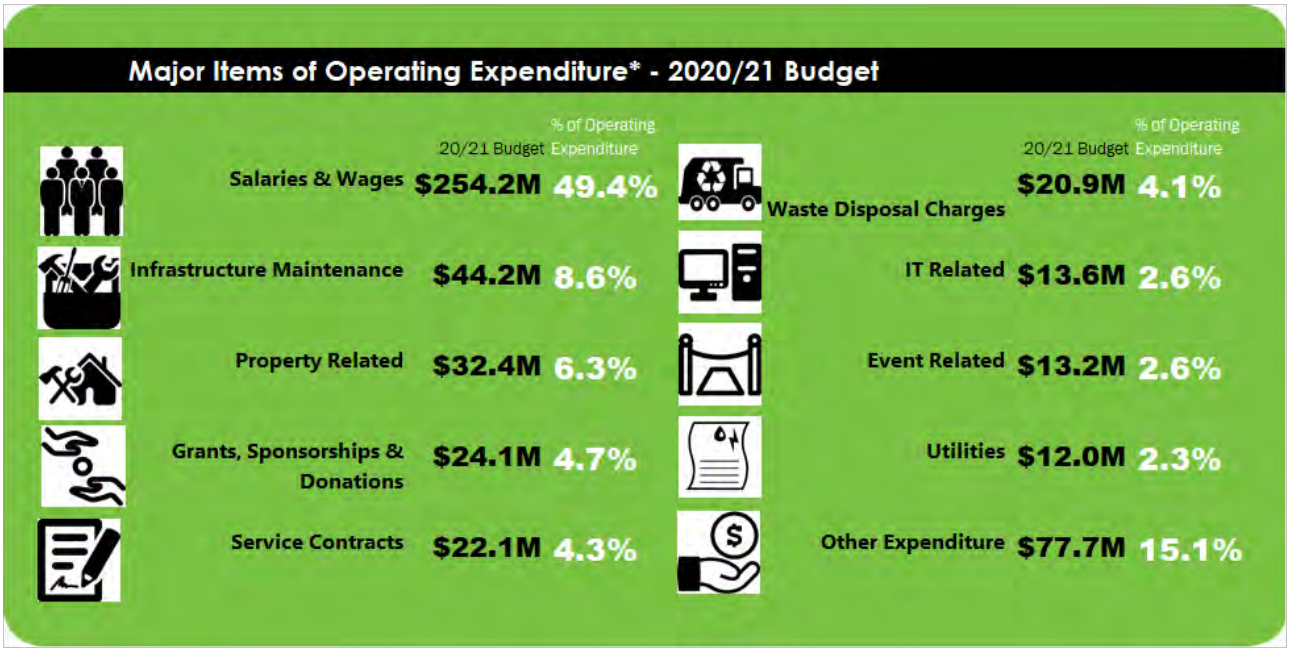
Direct employee costs represent approximately 49% of the City's total operational expenditure (excluding depreciation and light rail contribution expenses), rising from approximately 45% in 2004/05, therefore warranting specific strategic planning, ongoing monitoring and tight management control to ensure financial sustainability.

The City's People Strategy (formerly Workforce Strategy) has been prepared in line with the development of this financial plan and considers the current and future workforce challenges and the skill sets of employees required to meet our key objectives.

The People Strategy is intended to provide an understanding of the internal and external issues facing the organisation now and into the future in terms of the capability of our people, the quality of management and leadership and our People culture.

The delivery of the major projects within the Sustainable Sydney 2030 Strategic Plan will rely on the efficiency of the City's people to plan, implement and manage the many projects, facilities and services.

The People Strategy has identified a number of actions to ensure that the City's employees are



** Note – Depreciation and Contribution to Light Rail do not form part of Operating Expenditure and are excluded from this chart*

capable of delivering the City's plans and key objectives.

Strategies include enhancing recruitment and attraction, customising learning and development needs, building leadership and management capability and supporting effective performance development and management. These programs are incorporated within the current provisions contained in this Long Term Financial Plan.

Future salary and wages costs will be determined as part of periodic award negotiations between the City and relevant unions. The plan contains provisions for increases in line with recent award trends over the ten year period, together with adjustments to staff resourcing to coincide with a transition from capital construction and expansion, towards a program of service delivery and maintenance.

Material and Contracts

Materials and contract expenditures are another significant proportion of total operating expenditure, with the amount expended fluctuating moderately from year to year, depending on the specific needs and priorities of the services and projects within this category of expense.

The category includes costs for services contracted to external parties for waste collection, facilities management, road maintenance and parks maintenance.

The City has significant infrastructure and facility asset holdings that need to be maintained to a quality standard, whilst providing a broad and diverse range of quality services for its community. Expectations for increasing levels of service and new community facilities and assets will lead to future cost pressures. Asset management and service planning, together with ongoing reviews of contracts and services, will aim to defray some of these increasing cost demands.

Major financial risks within this category of expenditure include:

– increased costs of inputs to operations (waste/recycling disposal costs, fuel, labour)
– increased levels of service expected by the community & other stakeholders
– new services expected to be delivered by local government and potential government cost-shifting
– additional asset maintenance costs (new parks, roads, cycleways, trees, facilities etc); and
– limited competitive supply for some specific service areas.

Image 7. Street and gutter cleansing

Other Expenditure

“Other Expenditure” incorporates costs relating to ordinary goods and services which are recurrent in nature and relatively stable as a proportion of total expenditure, such as postage, printing and insurance. It also includes the costs for producing large community events, payments to utilities, donations to other organisations, communication expenses and contributions to other levels of government that can significantly change over time.

Total costs for this category have fluctuated over the last five years, reflecting specific payments for individual projects and periodic events including special events, payments to other government bodies and local government elections.

The City commits significant funding to its ongoing community events (including New Year’s Eve, Lunar New Year, etc). While there are cost pressures associated with producing and staging these events, there are often discretionary elements and the City has been successful at managing these events within the overall budget framework for major events. Programming is reviewed annually to ensure adequate funding has been allocated for specific events. The increasing cost of security measures for events has also been factored in to the plan.

The City also manages a large and diverse annual Grants and Sponsorship program to ensure that financial support is available for the development and delivery of community projects and programs that align with the City’s strategic plan outcomes. These programs are tightly managed to ensure that the City supports a broad and diverse range of grant applications that satisfy set criteria, within the approved program.

As noted in the Commercial Property Income section above, the plan accounts for tenancies under the City’s Accommodation Grants Program (AGP) as gross income and gross (in-kind) grant expense, reflecting the value of rental abatement provided to tenants under the program.

An analysis of recent trends and project assumptions has identified several items that are likely to increase at higher than the CPI rate. The major items have all been examined and longer term assumptions determined for the following items.

Local Government Elections

The Plan anticipates the NSW Electoral Commission charging around $1.6M for the cost of running the local government elections every four years. The 2016 City of Sydney Local Government elections cost approximately $1.1M, excluding City staff resources. In response to the Covid-19 pandemic, the NSW Government has postponed the 2020 Local Government election to 11 September 2021, extending the current council cycle for 12 months, with the following cycle to be truncated to 3 years until the 2024 election. The plan therefore allows for elections in 2021, 2024 and 2028. The Office of Local Government is yet to provide further detailed guidance on statutory timeframes that may become necessary as a result of deferring elections.

The *City of Sydney Amendment (Elections) Bill 2014* passed by the NSW parliament in 2014, requires the City to administer a roll of business voters within the LGA, for the purposes of compulsory voting. The City’s 2020/21 budget includes $1.3M for the Council Elections Unit (established in 2015/16 financial year to address the onerous compliance requirements of the legislation).

State Government Levies

The City recognises that State Government levies are a legitimate mechanism to distribute the burden of funding certain services and can be used as a financial disincentive to promote a reduction in certain activities, however the levies should be apportioned equitably and used for the nominated outcomes in a transparent manner.

The City contributes in excess of $14.0M annually to the State Government in the form of direct levies. The increase in these changes, in some cases arbitrarily set by the State Government, has in recent years risen significantly higher than CPI for the same period.

The levies paid by the City to other agencies include:

– Waste and Environment Services Levy applied to all waste disposed to landfill (over $7.5M annually)

– Fire & Emergency Services Levy (FESL) assigned to each council in NSW based to partially fund metropolitan and rural fire services ($4.2M annually)

– Parking Space Levy which applies to commercial car parking spaces within the CBD ($1.7M annually)
– Contributions to the Sydney Region Development Fund managed by the Department of Planning and Environment ($0.6M annually).

The Waste and Environment Services Levy has historically increased at a rate deliberately set greater than CPI as a price deterrent to additional waste. In 2020/21 it is anticipated to again rise, although in line with CPI only. The charges for waste and environment levy for domestic waste are fully recovered from ratepayers directly through the Domestic Waste Management Charge, as required by legislation.

The City is also subject to the State's Parking Service Levy, which has again risen disproportionately over recent years, with little advance notice, has had a significant impact on the cost of public and private parking within the City. There are also concerns over what benefits to public transport have been achieved through the use of these specifically quarantined funds.

The City contributes to the Sydney Region Development Fund, to assist with funding a proportion of the loans required for the State to procure lands for open space, transport etc. The City believes that this funding mechanism should be made available to offset the costs of strategic lands acquired by the City in delivering essential infrastructure and open space in the Green Square urban renewal area.

Parking Enforcement Agreement

The Enforcement Income section referenced the 2001 agreement that transferred responsibility to the City for parking enforcement in the CBD, and the requirement for the City to share equally the net revenue with the NSW Government (for the CBD and South Sydney precincts), after deducting all costs associated with this important regulatory and traffic management function.

The City expects to return around $3.6M to the State Government in 2020/21, as per the agreement. This amount fluctuates with the volume of infringements, processing costs and collection rates, however this is linked to the respective enforcement income. In addition, the City will pay the State Debt Recovery Office in the order of $3.3M for the processing of infringement notices. This reflects a reduction in infringements issued in the 2020/21 financial year, anticipating a continuation of the Covid-19 policy response for at least the first quarter of the 2020/21.

Asset and Infrastructure Maintenance

The City's Asset Management Strategy incorporates the over-arching framework, policies and strategies to manage the critical assets under the City's control, a key measure of long term sustainability.

The plan provides estimates of the planned maintenance levels for each of the major categories of infrastructure assets and the Long Term Financial Plan includes forward estimates for asset maintenance activities including new assets developed, together with provisions for projects that refurbish, upgrade or create new community facilities and essential infrastructure.

The Long Term Financial Plan and Asset Management Plan together demonstrate the City's capacity to fund the required maintenance and renewal of its critical operational and community assets, in a condition appropriate to meet the needs of the community and the expectations of a global city over the next ten years.

Depreciation

Depreciation of assets is a non-cash expense that systematically allocates the financial benefit of a fixed asset, and recognises degradation of its capacity to continue to provide functionality over time.

Depreciation provides an approximate indicator of the reduction of the asset's estimated useful life, on the proviso that it is maintained in a standard condition.

Depreciation is based upon each asset's value and an annual rate of depreciation calculated on the estimated useful life for each asset class. Depreciation is not influenced by other factors such as CPI and will only change if asset values or useful lives vary, or assets are acquired or divested. NSW Office of Local Government guidelines require that all assets are revalued to "fair value" within a five year cycle.

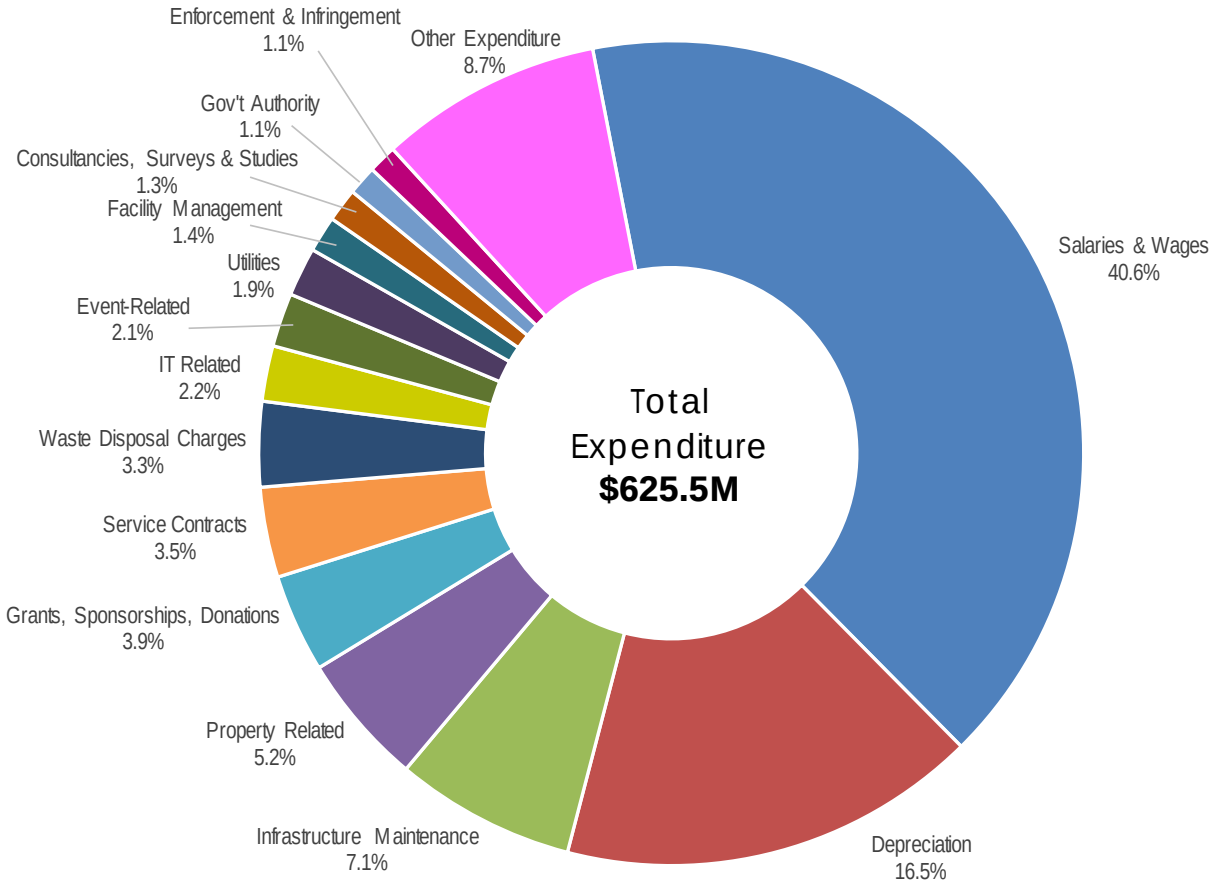
Valuation and depreciation methodologies are regularly reviewed, as part of cyclical asset revaluations and in the interim, as improved asset data becomes available. Updated asset condition data is incorporated into depreciation calculations, with the aim of better aligning

asset depreciation with consumption of economic benefit as closely as practical, using available information.

However, depreciation – a notional calculation of asset consumption over its useful life – is not a measure of the required renewal expenditure on an asset in any given year. It does not inherently reflect the actual physical degradation of the asset condition. Depreciation is therefore merely a guide towards the funds that should be allocated towards the renewal of assets either on an annual basis or in the provision of internal reserves to be used for major renewal projects.

The City's investment in new community facilities and other assets, and periodic revaluation of existing assets will see the depreciable asset base rise over time. This Plan assumes a continuation of present-day depreciation methodology, and accordingly increases in depreciation expense have been modelled in line with anticipated project completion dates.

Figure 2. Summary – Expenditure Sources as a % of Expenditure from Continuing Operations*



* Expenditure from Continuing Operations consists of Operating Expenditure, plus expense amounts for Depreciation, Capital Project related costs and Contribution to Light Rail

Financial Forecasts – Capital and Assets

Capital Works Expenditure

Consistent with previous long term financial plans, the City continues to plan for an extensive capital expenditure program, with approximately $2.1 billion expenditure forecast for the construction of infrastructure and facilities, acquisition of new assets and acquisitions of land and property (net of divestments) over the next 10 years.

This significant capital program requires careful planning and financial management, in order to ensure that delivery is achievable whilst maintaining operational service standards.

Asset and Infrastructure Renewal and Upgrade

The City will fund the renewal and upgrade of its infrastructure assets through its allocation of funds to its ongoing maintenance and capital works program. In cases where there is a requirement for major funding outside of this program, this will be achieved by the diversion of funds into an internally restricted reserve fund.

The program for asset renewal, enhancement and for the creation of new assets will be informed by the City's Asset Management Strategy. Over the long term, proposed capital expenditure for replacement and refurbishment of key asset classes is expected to meet or exceed the required level, as identified in the Asset Management Strategy.

Capital Works Program

The City, through its capital works program, delivers vital improvements to the City's public domain, roads, footways, stormwater, parks and open spaces, properties, pools and other community facilities. New or replacement facilities are designed and constructed to meet growing community needs, while the existing portfolio of essential infrastructure and community facilities require upgrades and renewal in addition to their annual maintenance programs.

The capital works program funds the design, construction and refurbishment of City-controlled infrastructure, and is integrated with the asset management strategy plans, with a strong focus on quality service delivery and whole of life planning and management for each asset class.

Capital works funding is the largest program of expenditure in the City's budget over the next ten years, and is therefore the subject of rigorous planning to ensure a sustainable level of funding for the timely delivery of key projects.

The ten year Capital Works schedule incorporated estimates of the scope, value and timing of the works and projects based upon the City's priorities, current level of knowledge and best estimates.

The ten year Long Term Financial Plan provides for the funding of the City's significant projects, in order to progress the goals and outcomes within the Sustainable Sydney 2030 Community Strategic Plan.

In addition to the major initiatives, the ten year plan also allocates funds for capital programs that both enhance the City's asset base, and also for all of the City's rolling programs of asset upgrade and renewal to ensure that its public domain infrastructure (including roads, footpaths, drains), traffic management, open space and parks, properties, pools and other community facilities are all maintained in accordance with the relevant asset management plans, and to a quality expected by the community and other stakeholders.

Stimulus – Fast-Tracked Capital Works Expenditure

The Long Term Financial Plan includes the bringing forward of approximately $23 million of capital works budget, from works budgeted in future years, to enable accelerated delivery (largely anticipated to occur in the 2020/21 financial year). This is aimed to stimulate employment in the city and fast track the improvement of City assets for the betterment of the community. Some projects and programs which have been planned for fast tracking within existing programs include:

- Parks renewal
- Street trees planting
- Paver in-fill program
- Road renewal
- Footway renewal
- Lighting works
- Stormwater drainage renewal
- Lift upgrades and replacements
- Properties renewal

Asset Enhancement Projects

Asset enhancement project groupings incorporate capital works projects resulting in new, extended and/or augmented assets. Whilst these projects may, at times, provide an implicit renewal benefit for existing assets, the main driver for the works is an increased service provision to the community.

Bicycle Related Works

The City is planning to continue construction of 200 km of cycleway network to ensure a safer and more comfortable cycling environment. Priority routes have been developed and their implementation will be subject to the necessary approvals and community consultation to ensure optimum outcomes for the community.

Significant capital grants related to the delivery of new cycleways have been incorporated into the plan. These grants are anticipated to be received from the NSW Government based on their own priorities, and expenditure on a number of new cycleways projects is contingent upon the receipt of these grant funds. Should the grants not be received, expenditure on the proposed program will not be achievable, and will need to be revised accordingly. The City continues to work closely with the NSW Government to align project priorities.

Green Infrastructure

The City has set aside a further $27.5M funds towards the feasibility, design and construction of a range of green infrastructure projects. These projects include trigeneration or cogeneration projects, properties energy efficiency upgrades, photovoltaic solar (and other renewable) energy projects and major water re-use projects, over the ten year plan.

This plan allows funding for the City's own assets and contributions towards infrastructure that will benefit the broader Sydney local government area.

Green Square Aquatic Centre (and adjacent Gunyama Park)

Construction is significantly progressed on a new multi-use aquatic, recreational and community facility at Joynton Avenue, Zetland. The project will also deliver the adjacent Gunyama Park – a new active sportsfield and open space of 1.5 hectares.

Following an architectural design seeking a vision for these spaces consistent with the City's high urban design standards, construction commenced in January 2018. Construction is due for completion in September 2020.

Open Space, Parks and Trees

Works to expand and enhance the City's Open Space provision are focused on increased quantity of open space, improved quality and community amenity. The program includes large provisional sums budgeted to deliver the new Open Space envisaged by the City's Development Contributions Plan, addressing increasing future demand created by the City's new population. Significant projects include:

- new parks in the Green Square Town Centre (and wider urban renewal area)
- City Centre Playground
- Stage 2 of Perry Park Recreation Centre
- works at the Glebe foreshore arising from the *Johnston's Creek Master Plan* (2013)
- Skate park works at Sydney Park
- a significant program to convert a number of sportsfields to synthetic surfaces

Properties – Community, Cultural and Recreational

The City manages a diverse portfolio of over 240 properties and has provided funds for their renewal, refurbishment or enhancement to continue the safe, efficient and sustainable operation of the buildings by commercial tenants, community patrons and staff.

Future provision has been made for the construction of new and upgraded community facilities, in order to meet increased demand as a result of a growing population. As project priorities and opportunities are identified, these provisional sums will be assigned to specific projects. Renewal of community and recreational facilities is forecast to meet the requirements identified in the Asset Management Strategy, over the ten years of the Plan. Major projects include:

– future works at the (former) South Sydney Hospital site in Green Square
– a new CBD creative hub at Bathurst Street
– the Circular Quay Business Innovation Space
– a future recreation facility at Huntley Street Alexandria
– upgrade of the Pyrmont Community Centre

Properties – Investment and Operational

Capital works on the City's investment (income-generating) and operational (e.g. depots, administration buildings) properties are generally renewal-driven. There are, however, a small number of enhancement opportunities that improve amenity and/or environmental performance have been identified.

Public Art

The City is continuing the delivery of the Green Square public art strategy, commissioning a range of new public artworks within the Green Square precinct. The Eora Journey is a visionary project that celebrates the living culture of the Aboriginal and Torres Strait Islander communities in Sydney, including public art projects. These major programs are in addition to smaller, individual public art projects.

Public Domain

The City is committed to delivering innovative urban design projects that improve the quality and scope of the public domain for residents, workers and visitors together, and ensuring the ongoing safety of users of the public domain.

The ten year capital works program incorporates both the construction of new and expanded assets, as well as upgrades that improve the public domain.

The public domain category of works includes:

– New streets in the Green Square Town Centre and wider Green Square Urban renewal area
– Upgrade works for CBD laneways
– Major improvement and upgrade works in the 'Harbour Village North' Precinct
– Major improvement and upgrade works for 'Village Centre' streetscapes, including Crown Street, Redfern-Waterloo precinct and Chinatown

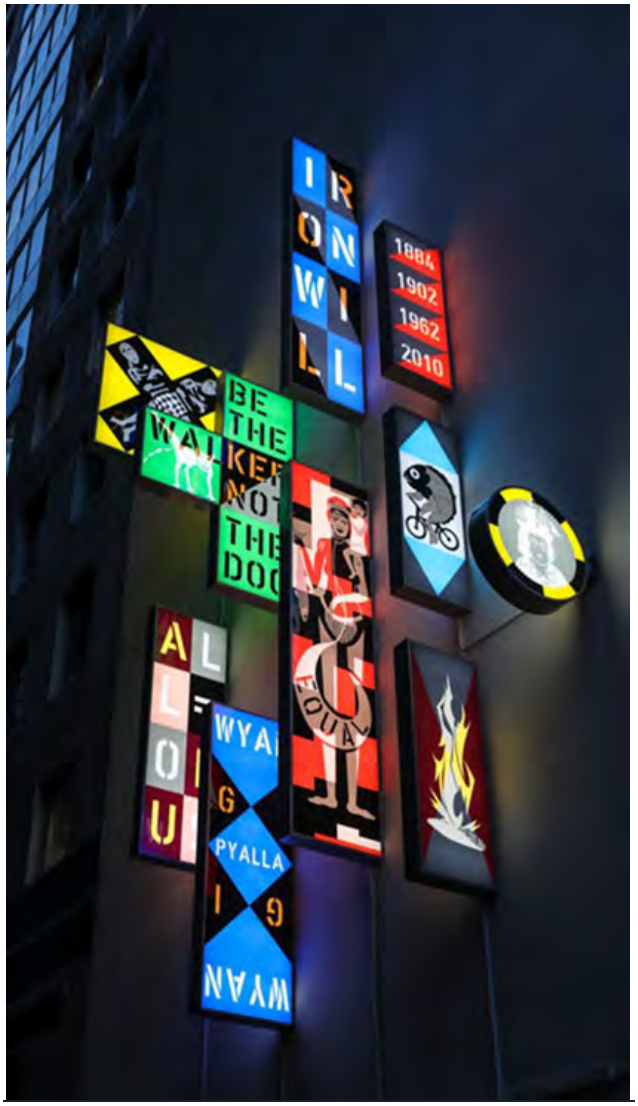


Image 8. Lara Schnitger's artwork 'Patchwork of Light' at Reiby Place

Public Domain (Light Rail Contribution)

The City has been working with the State Government, over a number of years, to improve public access and transport through the city centre district. The CBD to South East Light Rail project has been operational since March 2020.

To enable this project to integrate with the surrounding infrastructure and keep Sydney competitive as a global city in terms of business, tourism and liveability, the City committed to contribute $220.0M of funding to the associated public domain works and design. The first 4 contribution instalments, totalling $178.9M, have been paid to date, in line with agreed project milestones. This includes $63.6M (excl. GST) paid in early 2018/19 financial year. Allowance has been made for a further $40.9M contribution during 2019/20, dependent on project milestones being achieved, and a final $0.2M contribution is anticipated in 2020/21.

As the stages of the works are completed, the Memorandum of Understanding allows for the transfer of infrastructure assets back to the City. At this time, the timing and value of such transfers are not known in detail. Estimates have been made in this Plan relating to required renewal and maintenance of future asset acquisitions arising from the project.

Stormwater Drainage

Major stormwater drainage augmentation projects, arising from Flood Plain Management Studies and in response to community needs in areas experiencing residential growth, are included within the City's capital works program. Major works include the completion of the Green Square trunk drainage project (built in partnership with Sydney Water), as well as trunk drainage projects soon to commence in Joynton Avenue, Zetland and Erskineville. Provisional sums have been included in the later years of the program, to enable the mitigation of potential flooding risks.

Asset Renewal – Rolling Programs

Asset renewal capital programs comprise groups of works focused on restoring and maintaining the service capacity of the City's infrastructure assets and facilities. Whilst a degree of upgrade to older assets is inevitable in most renewal works, the projects are chiefly initiated to restore the service capacity of existing assets.

Infrastructure – Roads, Bridges and Footways

Substantial capital programs are in place to continue the renewal of the City's infrastructure network, in particular: roads, bridges and footways (incorporating cycling and kerb and gutter infrastructure). The programs will ensure that these key asset groups meet or exceed the City's determined 'minimum service levels' and continue to provide the expected amenity to the community. Also captured within these projections is the ongoing CBD Paver In-fill Program, which has successfully improved public domain amenity by replacing existing asphalt and concrete footpaths with granite paving.

Open Space, Parks and Trees

The City's parks, open spaces and trees (including City controlled Crown Reserves) are amongst the community's most highly-valued assets. Our park and open space network encompasses approximately 200 ha throughout

the local government area, providing both active and passive places for the community's use and enjoyment.

Along with the continuation of the successful Small Parks and Playgrounds Program, the Street and In-Road Tree Planting Programs and works to enhance Public Domain Landscaping, renewal projects are in continuing at Hyde Park, along with Observatory Hill, Millers Point, and Lawrence Hargrave Reserve, Elizabeth Bay.

Properties Assets

The City manages a diverse portfolio of over 240 properties and has provided funds for their renewal, refurbishment or enhancement to continue the safe, efficient and sustainable operation of the buildings by commercial tenants, community patrons and staff.

Renewal works to the City's corporate and investment portfolio will focus on sustainability and building compliance, along with works to maintain the income generating capacity of commercial properties. Community properties renewal works will focus on meeting safety and environmental standards, and maintaining asset service levels in line with community needs. Renewal/upgrade works to Sydney Town Hall and other heritage buildings will continue over the life of the Plan.

Public Art

Programs for the conservation of the City's array of public art incorporate a significant capital renewal program. These targeted restoration works are often highly specialised, and may involve heritage and artist consultation.

Public Domain

Whilst the *Infrastructure – Roads, Bridges and* Footways renewal programs are focused on major network asset renewals, public domain renewal programs comprise works on additional infrastructure and public space assets, ensuring that the assets are maintained to a satisfactory standard across the entire local government area.

The public domain category of works includes:

– Traffic and pedestrian improvement works
– Walls, fences, steps, street furniture, retaining structures, survey markers
– Lighting asset renewal and improvement
– Public squares

Stormwater Drainage

The City is undertaking a program of renewal and replacement of its existing stormwater network, in order to reduce the potential

damaging effects of flooding. An extensive CCTV asset inspection project is ongoing, in order to identify priority rectification works on defective assets.

Prioritisation of Projects

The capital works program prioritises projects based on asset condition, risk, community need and other opportunities as they arise with other entities. Over shorter periods, some areas of the LGA may require more capital works than others to reflect short term needs and opportunities.

The need for new assets is constantly assessed and verified against current population and development projections, community feedback and alternative means of supplying services. A further consideration is the priority of refurbishing existing assets that provide community benefits or operational service that require regular refurbishment to enable the overall safety and quality of the facility to be maintained.

The planned rapid growth within the southern section of the City's area will place additional emphasis on the priority of the provision of community facilities and essential infrastructure in line with the development of the significant sites.

Timing

The ten year Capital Works schedule comprises a mixture of specifically identified and budgeted projects over the shorter term and contains provisional sums over the longer term for programs of work where individual project opportunities have not been determined as yet.

Capacity

Apart from funding constraints, the City has capacity constraints which determine the capital works program delivery timeframe. The constraints in project delivery include extensive community consultation programs, state government approvals, design, stringent procurement processes and availability of labour resources to project manage and implement the projects.

The ten year capital works schedule proposes an annual budget that reflects the demand and capacity to deliver one or two high value projects over a shorter period of a few years and recognises the organisation's delivery capabilities. A small number of very large projects may be totally delivered by other parties and the City may elect to contribute to the project through financial means.

Future Capital Works Program

The City's Long Term Financial Plan, as these major initiatives are completed within the next ten years, demonstrates the City's intention to return to a long term average capital works program of around $120M per annum.

This objective will enable funding for a number of major projects each year, and adequate funding for all of the City's annual asset upgrade and renewal programs, to ensure the renewal and maintenance of our infrastructure and facilities to the required standard for a global City and its surrounding villages.

The City will generate the requisite funds through tightly controlled and well managed operations, interest earnings and capital contributions. While the objective will continue to pose a challenging program to deliver year on year, it is considered appropriate, achievable and financially sustainable.

Plant and Assets (incl. ICT Projects)

In addition to the renewal and expansion of the City's asset base delivered through the capital works program, the City undertakes a replacement (and, where appropriate) upgrade/expansion program for its plant and equipment type assets. Asset types include motor vehicles, furniture, machinery and information technology hardware.

Additionally, the City makes an annual allowance in the Plan for purchase, development and implementation of new software and systems.

The forecasts shown represent asset acquisitions (net of disposals, which aim to recover the residual value of the asset, where a sale is possible). The annual $26.0M allowance represents the long term target, with specific requirements determined within the Operational Plan each year.

Image 9. Seating at Green Square Library Plaza

Property Strategy – Acquisition and Divestments

The City controls a wide portfolio of operational, community, commercial and strategic property assets, which it needs to regularly review to confirm as appropriate in light of changing needs, operational and investment requirements.

For the purposes of this financial plan, provisional sums for future property acquisition and divestment have been included (including the utilisation of development contributions in acquiring new land for open space) to reflect how the prospective cash flows would impact the City's cash reserves and financial position.

Purchases of land related to the delivery of the overall Green Square Urban renewal project have been significant. Most of these purchases have been undertaken to facilitate stormwater and road infrastructure delivery, with an estimated $25.4M of acquisitions remaining. The intention remains to divest any residual lands that are not required, once the essential assets have been constructed/delivered.

Over the life of this plan, the City will identify other specific development, community and investment opportunities, for Council consideration within the framework of the City's property strategy. Each of these proposals would then lead to specific acquisition and divestment recommendations that would be brought to Council for their review and direction, subject to relevant community consultation where appropriate, before being formally approved or progressed.

Cash (Funding) Forecasts

Incorporating the above forecasts for operating results, capital income and expenditure and asset acquisitions and disposals, the City projects cash and investments balances across the ten year period of the Long Term Financial Plan.

The projected balances incorporate cash and investments held by the City. The maturity profile of the City's investment portfolio will be determined on a "needs basis", taking into consideration the short term cash requirements of the City, whilst retaining sufficient cash reserves to fund the Capital Works Program. Consideration is given to the effect on the Unrestricted Current Ratio, a key liquidity measure, and on maximising investment returns earned on surplus cash.

The ratio of current vs non-current cash and investments as at 2020/21 is generally assumed to be consistent throughout the plan, with adjustments made where required by timing of expenditure and projected cash restriction balances.

Cash Restrictions

A significant portion of the City's cash and investment reserves is restricted. These restricted balances are forecast in order to ensure that overall cash balances adequately cover the restricted amounts whilst retaining an appropriate level of working capital.

External restrictions represent cash holdings that have not yet been discharged in

accordance with the conditions (externally) of their receipt.

Internal restrictions are made via Council resolution, generally in order to assign funds to specific projects/purposes or to provide contingency funds for unanticipated circumstances (e.g. Employee Leave Entitlements).

External Restrictions:

Development Contributions – 100% of cash Developer Contributions levied under Section 7.11 (formerly Section 94), Section 61, Bonus Floor Space scheme and Voluntary Planning Agreements (including the Developer Rights Scheme for Green Square Town Centre) received but not yet expended in accordance with the applicable deed or contributions plan.

Contributions – Capital Works – 100% of cash contributions provided to the City by third parties that are yet to be expended on the project/s for which they were provided.

Unexpended Grants - 100% of cash grants received not spent during the year are treated as restricted funds.

Domestic Waste – Any cash surplus from operations is held as a restricted asset to fund future capital expenditure or process improvements to the Domestic Waste collection business.

Stormwater Management – Funds received through the stormwater levy are set aside for various structural and non-structural programs used to reduce urban stormwater pollution. Unspent funds are held as restricted assets.

Public Roads – In accordance with section 43 (4) of the Roads Act (NSW) 1993, proceeds from the sale of (former) public roads are set aside for the acquisition of land for public roads, and/or carrying out works on public roads.

Internal Restrictions:

Public Liability Insurance – Monies have been restricted for 100% of the provision.

Employee Leave Entitlements – 10% of the employee leave entitlement provision is set aside to fund extraordinary movements of staff. Normal annual payments of leave entitlements are funded from operating income.

Workers Compensation Insurance – In accordance with actuarial advice, the City restricts funds for 100% of the provision, plus an additional “prudent margin”.

Performance Bond Deposits – All security deposits are held as restricted funds.

Commercial Properties – Funds from the divestment of excess commercial properties are set aside to reinvest and continue the revenue stream from (and maintain diversification of)

Council's large commercial and investment property portfolio.

City Centre Transformation – Monies set aside to meet future contributions to the State Government in respect of the future transformation of George Street into a shared pedestrian zone incorporating light rail.

Green Square – Monies set aside in anticipation of Green Square infrastructure not funded by development contributions or grant funding.

Green Infrastructure – Monies set aside for implementing green infrastructure projects including co/trigeneration plants, water recycling and evacuated waste systems to deliver enhanced environmental benefits to the organisation and community.

Renewable Energy – Monies set aside to develop renewable energy for the organisation that can be derived from wind, solar or geo-thermal sources.

Community Facilities – Cash proceeds from the divestment of properties that no longer fulfil community needs are set aside for the future acquisition or development of property to improved community spaces or replacement facilities that meet future community needs.

Operational Facilities – Cash proceeds from the divestment of surplus operational properties are set aside for the future acquisition or development of properties to supplement or replace buildings within the current operational building assets portfolio that provide infrastructure for the operation of the City's services.

Infrastructure Contingency – Monies are restricted for the immediate funding of urgent and expensive rectification of historic buildings and ageing infrastructure (e.g. Sydney Town Hall, stormwater works).

Affordable Housing – Proceeds from the sale of selected properties (nominated by Council resolution) are set aside for the future acquisition of land to be utilised in the delivery of additional affordable housing within the City of Sydney LGA.

Alternative Heritage Floor Space – Monies received through the redemption of bank guarantees provided under the Alternative Heritage Floor Space scheme will be restricted, pending the identification of an appropriate option for their disbursement.

Cash balance forecasts per the Long Term Financial Plan are summarised in section 7 of this document.

Financial Performance Targets

The City has a history of rigorous financial planning, monitoring and reporting, which facilitates a transparent understanding of performance, risks and issues that has served the City well. An early awareness of risks and issues allows the Council and the Executive to amend its plans to mitigate these arising risks and ensure the long term financial sustainability of the City.

This diligence has continued under the Integrated Planning & Reporting framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon.

There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. At a high level, the intention at this stage has been to focus on the following industry measures of financial operating sustainability.

Key Performance Measures

As outlined in section 3 above, seven financial performance measures were utilised as criteria for the Fit for the Future program. The City targets above benchmark performance where possible, and the following results are prepared in accordance with Office of Local Government required methodologies. With the exception of the Infrastructure Backlog Ratio, which is a snapshot by year, each ratio reflects a 3 year average up to the year shown, commencing with 2020/21. Additional detail on projected performance against these ratios is included with the schedules in Section 8 of this Plan.

The projections included below are shown in green where the mandated benchmark level is met/exceeded.

Sustainability

Operating Performance Ratio

(Benchmark: greater than 0%)

Widely acknowledged within the sector as a core measure of financial sustainability, this ratio essentially measures a Council's Operating Result excluding Capital Grants & Contributions (which are typically tied to delivery of new capital works). Performance at or above benchmark indicates that the City has the ability to internally generate sufficient funding for its ongoing operations.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
(0.16%)	1.09%	2.57%	2.68%

The City's operating Performance projections reflect the impact of the Covid-19 pandemic on the City's operations. Forward estimates assume a return to a typical, business-as-usual operating environment over time. A gradual reduction in operating performance in the later years of the plan reflects increasing operating expenditure pressures associated with servicing a growing population, and the inadequacy of rates income growth to fund these challenges. This trend supports the City's advocacy for amendments to current rating legislation, in order to improve equity amongst ratepayers, and ensure long term financial sustainability.

Own Source Revenue Ratio

(Benchmark: greater than 60%)

A measure of fiscal flexibility, Own Source Revenue refers to a Council's ability to raise revenue through its own internal means, thereby reducing reliance on external sources of income and insulating against negative fluctuations in external funding.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
90.57%	91.13%	92.64%	93.06%

The City will continue to perform at levels in excess of the benchmark. Increasing ratios reflect the anticipated incremental growth of the City's rating base, relative to other income sources. However, the City will continue to seek a diversified income base, to minimise the burden on ratepayers in funding services and asset delivery.

Building and Infrastructure Asset Renewal Ratio*

(Benchmark: greater than 100%)

This measure is intended to indicate the extent to which a Council is replenishing the deterioration of its building and infrastructure assets *(i.e. renewal expenditure as a proportion of annual depreciation expense*). The implication of the benchmark is that a Council's annual depreciation expense is the indicative level of required annual renewal of its assets.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
83.61%	102.64%	99.13%	101.09%

The mandated use of depreciation in calculating the required level of asset renewal is flawed, as depreciation patterns do not necessarily match the decline of asset service potential and should therefore not be used as a benchmark level for asset renewals.

** The City has utilised calculations of "Required Asset Renewal" from its Asset Management Plan (part of the IPR "suite" of documents) and the ratio projections above reflect this approach.*

The City's Capital Program is expected to generate capital renewal near or above benchmark levels for the entire 10 years of the Long Term Financial Plan. The lower projected performance in earlier years of the Plan marks a temporary decline in asset renewal works, as organisational capacity is instead focused on the delivery of significant new assets, particularly during the peak delivery period for Green Square. This is expected to have minimal impact on the assets and their condition. As delivery capacity returns to "business as usual", the performance against this ratio trends back to above-benchmark results.

Infrastructure and Service Management

Infrastructure Backlog Ratio

(Benchmark: less than 2%)

Infrastructure Backlog, in the context of this ratio, refers to an estimated cost to restore the City's assets to a "satisfactory standard", typically through renewal works. With renewal cycles that typically take place over the longer term, it is not unusual that some backlog will occur. Maintaining this ratio at lower levels over the long term will indicate that the service capacity of assets is being effectively maintained.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
2.13%	1.62%	1.52%	1.26%

The City's projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City's asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise capital works.

Condition assessment methodology evolves regularly, as does official guidance from the Office of Local Government and the sector generally, regarding the assessment of any identified infrastructure "backlog".

Asset Maintenance Ratio

(Benchmark: greater than 100%)

The extent to which a Council is adequately maintaining its building and infrastructure asset base is measured by expressing actual (planned) maintenance as a proportion of the "required" maintenance expenditure. A ratio result of greater than 100% will indicate the Council is exceeding its identified requirements in terms of maintenance, which in turn should impact positively upon infrastructure backlog and required renewal levels.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
99.34%	101.99%	103.05%	104.85%

This Long Term Financial Plan, in conjunction with the Asset Management Plan, addresses identified asset maintenance requirements. Maintenance budgets over the life of the plan are forecast to marginally exceed benchmark levels and meet the increased requirements presented by a growing asset base. Continued strong maintenance levels are also expected to positively impact on both infrastructure backlog and required asset renewal levels over time.

Debt Service Ratio

(Benchmark: greater than 0, less than 0.2)

The effective use of debt may assist in the management of "intergenerational equity", and help to ensure that excessive burden is not placed on a single generation of a Council's ratepayers to fund the delivery of long term infrastructure and assets. Other strategies, not reflected in this performance measure, may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
0.00%	0.00%	0.00%	0.00%

Whilst the benchmark for this ratio requires a council to utilise at least some debt, the City's history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses. This Long Term Financial Plan details the effective utilisation of these funds, facilitating the delivery of the ten year capital program without the utilisation of borrowings.

Should circumstances change over the life of the Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term.

Efficiency

Real Operating Expenditure per Capita
(Benchmark: less than 2%)

Whilst the difficulty of adequately measuring public sector efficiency is widely acknowledged within the Local Government sector, this measure nevertheless attempts to reflect the extent to which a Council provides "value for money" through savings in underlying (inflation-adjusted) operating expenditure over time, relative to the population serviced.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
Declining Trend	Declining Trend	Declining Trend	Declining Trend

The City's continued strong financial controls are expected to result in better-than-benchmark performance over the ten years of the Plan. This reflects continued efficiency in providing new infrastructure, facilities and services to a growing residential population.

The City continues to argue for a measure that is reflective of the much larger population that utilise its services, infrastructure and facilities, including workers, students and visitors. Current estimates place daily 'users' of the city (incorporating all of the above) in excess of 1.2 million.

Other Key Performance Indicators

Operating Surplus

The City is targeting an Operational Surplus (excluding capital income, interest earnings and depreciation expense) of $77.7M for 2020/21 which is achievable and aligns with current performance levels. Along with interest earnings and capital contributions, this will generate funding of around $113.7M in 2020/21, to be utilised in funding the forecast capital expenditure and asset acquisition programs. Longer term trends will see annual Operational Surpluses of $116.1M or more, with internally generated capital funding averaging around $185.0M annually.

Performance against this target is monitored monthly by the Executive and reported on a quarterly basis to the Council and the public community.

Cash Reserves

The City ensures in its planning process that it holds sufficient cash reserves to satisfy all of its legislative requirements (or external restrictions) as well as the internal restrictions (employee liabilities etc) that it has elected to set aside to ensure prudent financial controls. This minimum total has typically been between $180.0M - $200.0M.

Figure 3 below illustrates the City's cash balances as forecast over the next ten year period. Read in conjunction with the projected Unrestricted Current Ratio, it indicates potential future liquidity challenges as a result of the current Covid-19 disruption. Sustainable liquidity levels are anticipated to return over the period of the Plan, allowing the City to meet its obligations and deliver its capital program whilst maintaining operational service levels.

Fluctuations of projected cash balances are largely a consequence of projected proceeds from the divestment of surplus City-owned properties, and also significant capital works program expenditure.

Office of Local Government Performance Indicators

The *Local Government Code of Accounting Practice and Financial Reporting* (2019/20 financial year) prescribes a series of performance indicators to be compulsorily reported. The City uses these indicators (and respective benchmarks) as key parameters in the financial planning process. These mandated ratios incorporate those included within *Fit for the Future*, and some additional indicators as detailed below. The ratios (and brief descriptions of their purpose) are as follows:

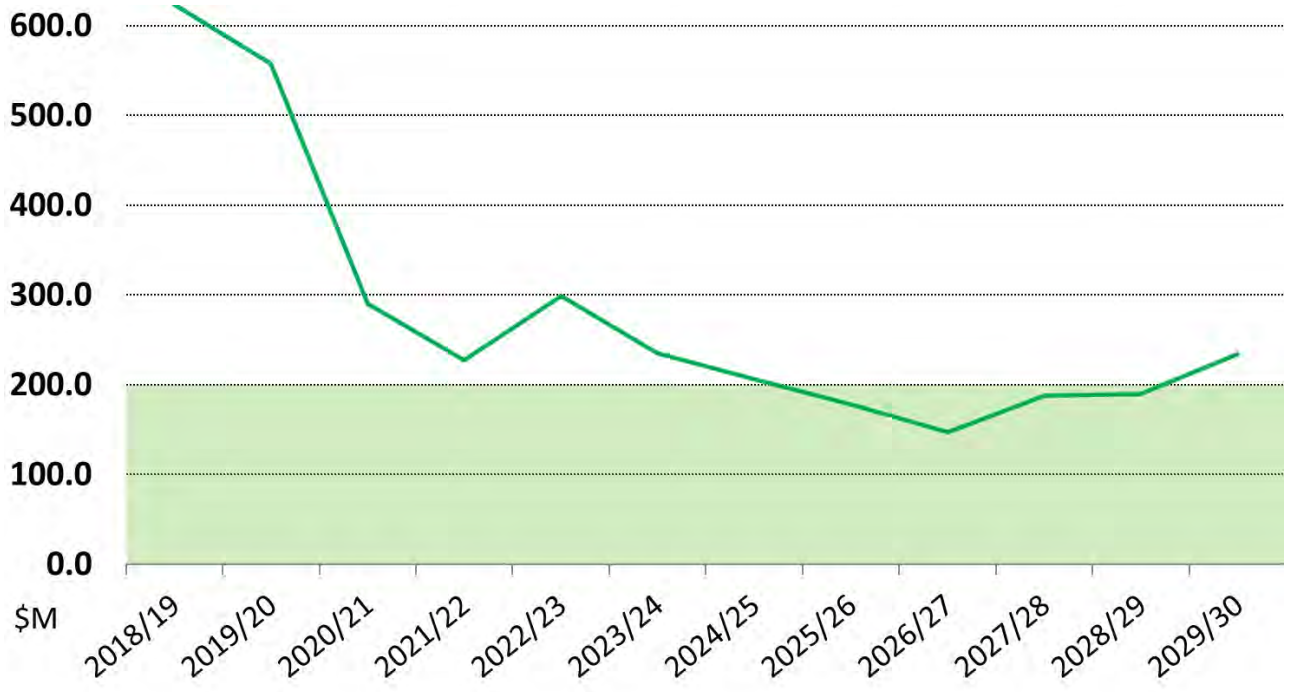


Figure 3. Projected closing cash and investment balances – by financial year

Unrestricted Current Ratio (Liquidity)

(Benchmark 1 – 1.5 or higher)

The Unrestricted Current Ratio is specific to local government, measuring the adequacy of the City's liquid working capital and its ability to satisfy its financial obligations as they fall due in the short term.

Restrictions placed on various funding sources (e.g. other development contributions, RMS contributions) complicate the traditional current ratio used to assess liquidity of businesses as cash allocated to specific projects is restricted and cannot be used to meet a Council's other operating and borrowing costs. The City's ratio was 3.15 for the 2018/19 financial year, reflecting cash reserves accumulated by the City in preparation for initiatives and major projects now underway.

Projected Performance:

2020-21	2023-24	2026-27	2029-30
1.44 : 1	1.24 : 1	0.86 : 1	1.29 : 1

The current (and projected) disruption associated with Covid-19 has negatively impacted the City's forecast cash position, which in turn has had a negative impact on the current ratio. The year of the lowest ratio result (2026-27) coincides with the lowest projected cash balance (refer *Figure 3)*. This projected position is reassessed annually, and consideration will be given to the future deferral of property acquisitions and/or capital projects as appropriate in order maintain appropriate liquidity levels.

Capital Expenditure Ratio

(Benchmark > 1.1)

This indicates the extent to which a Council is forecasting to expand its asset base with capital expenditure spent on both new assets, and replacement and renewal of existing assets. The benchmark is greater than 1.1.

The City questions the value of this ratio as an indicator of financial performance, given the disconnect between depreciation (a retrospective measure) and capital expenditure based on identified future need. Variable annual capital expenditure may also distort the ratio.

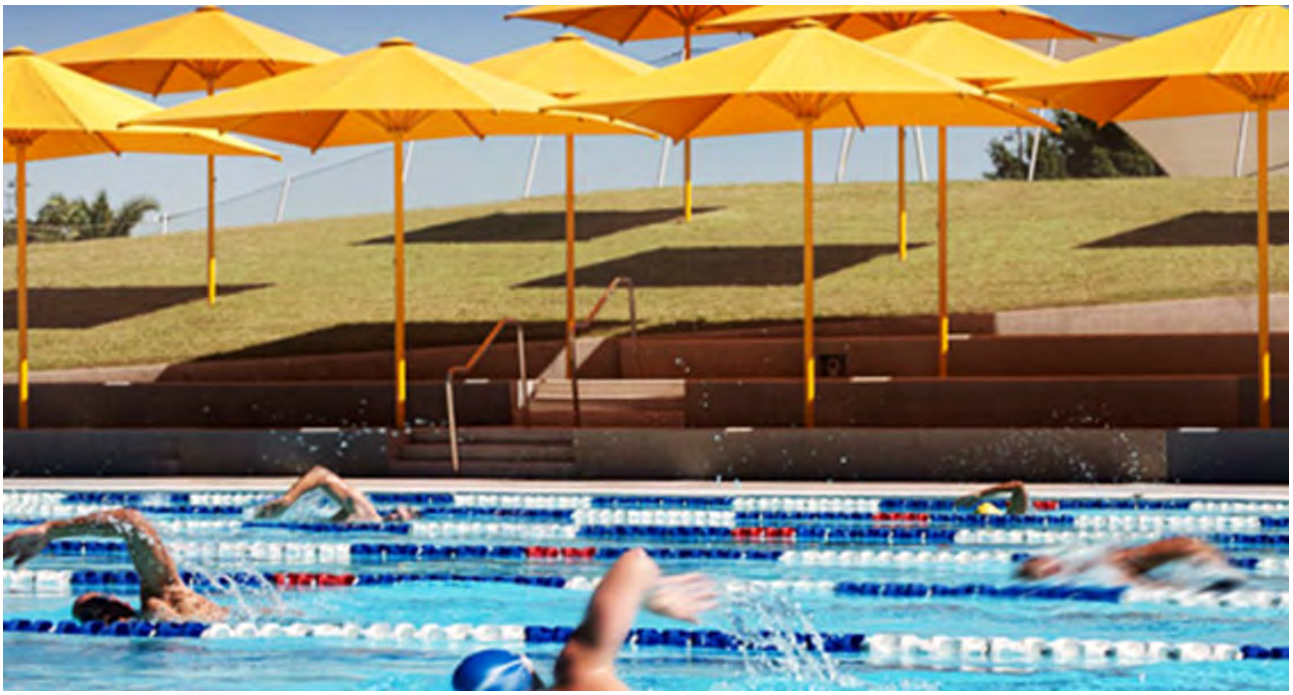
Projected Performance:

2020-21	2023-24	2026-27	2029-30
2.27 : 1	1.99 : 1	1.34 : 1	1.22 : 1

Cash Expense Cover Ratio

(Benchmark > 3 months)

This liquidity ratio indicates the number of months a Council can continue paying for its immediate expenses without additional cash inflow. The benchmark is greater than 3 months.



The disruption to the City's operating performance due to Covid-19 (particularly reduced operating income) will present a potential risk to above-benchmark performance against this ratio. City staff are actively monitoring cash flow requirements, and managing the maturity profile of investments to meet liquidity requirements.

Debt Service Coverage Ratio

This ratio measures the availability of operating cash to service debt including interest, principal and lease payments. The benchmark is greater than 2. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio is not applicable.

Interest Cover Ratio

This ratio indicates the extent to which a Council can service its interest bearing debt and take on additional borrowings. It measures the burden of current interest expense upon a Council's operating cash. The benchmark is greater than 4. As the City has forecast to remain debt-free over the ten year period of the Resourcing Strategy, this ratio will not be applicable.

Rates and Charges Outstanding Percentage

This measure indicates a Council's success at recovering its annual rates and charges, with higher percentages of outstanding debts indicating a potential threat to Council's working capital and liquidity.

Whilst this ratio is not a mandatory financial performance measure, the Office of Local Government has previously advised a benchmark of a maximum 5% for metropolitan councils (8% for rural councils). The City maintains its underlying outstanding rates balance below 2% of annual rates income, this performance has been maintained over a number of years. The City continues to monitor performance in collection of rates as a key measure of efficient financial management.

The potential for ratepayers to defer payment of quarterly instalment payments during the Covid-19 pandemic may negatively impact this ratio, however, a return to long term averages (i.e. outperforming benchmark) is anticipated over the mid to long term.

This page intentionally left blank

Long Term Financial Schedules

The City has produced a number of financial reports to demonstrate its plans and commitments over the ten year horizon of the Long Term Financial Plan.

The following briefly describes these schedules and any assumptions have not been previously discussed throughout the body of the plan.

Additional alternative schedules have been presented for the Income Statement and Cash Flow Forecast, to reflect potential scenarios resulting from the Covid-19 pandemic.

Income and Expenditure (Income Statement)

Income & Expenditure Statements have been provided at summary and detailed level to reflect the City's ten year operational plan, including the 2020/21 budget and future years' forward estimates.

The summary report provides a high level overview, accords with the discussion in this plan, and aligns to the required Annual Financial Reports format.

Beyond the base case modelled in the main financial schedules, supplementary Income Statement schedules have been included, modelling additional scenarios related to potential further Covid-19 impacts. The base case reflects major disruption and social-distancing measures in place until approximately 30 September 2020. Additional scenarios have modelled for:

– A further 3 months of disruption at current levels, until 31 December 2020
– A further 6 months of disruption at current levels, until 31 March 2021

Disruption to Rates income has also been modelled, in the form of deferred receipts of rates income (instalments 1 and 2 deferred for a full financial year). As rates notices are still anticipated to be raised, but payment deferred, the Income Statement is not impacted (but for an allowance for a higher-than-typical non-payment rate).

Additional income and expenditure reports then provide more detailed information for the base case:

– By main income and expenditure type
– By the City's organisational structure; and
– Distributed by the City's principal activities

Capital Works

The Capital Works budget within the Long Term Financial Plan identifies each major project, rolling program and future project provision over the course of the ten year planning horizon.

The proposed Capital Works program includes a total of $1,579.2M comprising Asset Enhancement programs of $786.9M and Asset Renewal programs of $792.3M

Balance Sheet (Statement of Financial Position)

The Balance Sheet reflects the City's financial assets, liabilities and equity over the ten years of the plan.

The ten year balance sheet reflects movements in cash and investments levels, the acquisition and divestment of assets and estimated movements in employee leave provisions, accounts payable and accounts receivable.

Cash Flow Forecast

The Cash flow Forecast takes the Net Surplus result from the Income & Expenditure Statement, adjusts for non-cash transactional movements and allows for the Capital Expenditure program to forecast the movements in the City's total Cash Reserves.

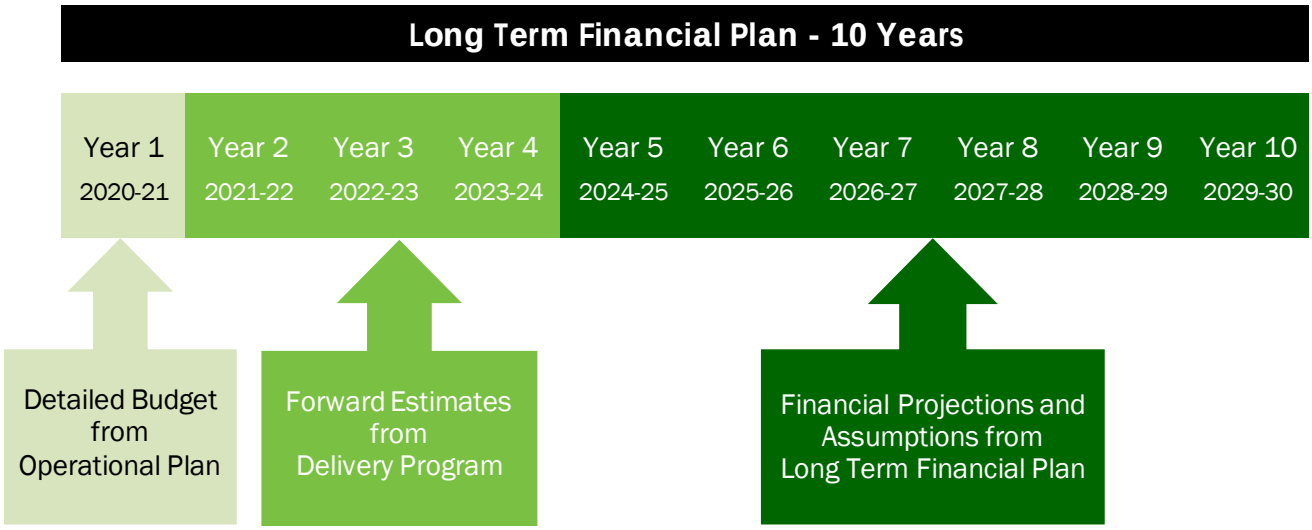
Achieving this cash forecast is critical to ensuring the sustainability of the Long Term Financial Plan, and as such it will be one of the key measures that is regularly monitored and reviewed over the life of the plan.

As with the Income Statement, additional Cash Flow schedules have been included, modelling the same additional scenarios related to potential further Covid-19 impacts. As noted, a substantial potential impact to cash flows in 2020/21 financial year is the widespread deferral of rates instalments.

Office of Local Government Performance Measures

Projections relating to key performance measures are included in graphical format to provide additional context and to indicate performance trends over the period of the Plan.

Consistent with the requirements of the Office of Local Government, the Long Term Financial Plan projects financial forecasts for the City for ten years, and is updated annually as part of the development of the Operational Plan.



City of Sydney
Income Statement

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Income from Continuing Operations												
Rates & Annual Charges	372.3	380.6	390.0	399.9	1,542.8	410.1	420.7	431.4	442.5	453.8	465.4	4,166.8
Fees	103.6	122.6	125.5	131.6	483.4	134.9	138.3	142.0	145.7	149.7	153.9	1,347.9
Interest Income	5.5	3.4	4.1	4.2	17.2	4.0	3.5	3.4	3.5	3.9	4.4	40.0
Other Income	101.9	130.1	137.9	143.5	513.3	147.1	153.2	157.5	161.9	166.8	171.8	1,471.6
Grants and Contributions provided for Capital Purposes	30.6	56.3	49.6	41.5	177.9	38.2	42.8	41.8	40.4	40.8	41.1	423.0
Grants and Contributions provided for Operating Purposes	14.2	14.6	14.9	15.2	58.8	15.5	15.8	16.2	16.6	17.0	17.5	157.5
Total Income from Continuing Operations	628.0	707.6	722.0	735.9	2,793.5	750.0	774.4	792.3	810.6	832.0	854.0	7,606.7
Expenses from Continuing Operations												
Employee	254.2	262.1	267.0	273.5	1,056.8	279.8	287.5	295.0	304.7	315.1	326.3	2,865.3
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts	130.5	138.6	143.6	148.3	561.1	152.5	156.7	161.3	166.0	171.1	175.9	1,544.6
Depreciation Expense	103.0	109.9	112.9	114.0	439.8	114.8	115.7	118.0	118.9	119.8	120.7	1,147.8
Other Expenditure	137.6	140.5	142.5	143.0	563.6	151.3	150.6	154.7	159.0	165.3	168.4	1,512.8
Light Rail Contribution to NSW Government*	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Total Expenses from Continuing Operations	625.5	651.1	666.1	678.9	2,621.5	698.4	710.5	729.0	748.6	771.3	791.4	7,070.6
Net Operating Result for the Year	2.6	56.5	55.9	57.0	172.0	51.6	63.9	63.3	62.1	60.7	62.6	536.1
Net Operating Result (excl Light Rail Contribution)	*2.8*	*56.5*	*55.9*	*57.0*	*172.2*	*51.6*	*63.9*	*63.3*	*62.1*	*60.7*	*62.6*	*536.3*

Budgeted Income Statement

The above Income Statement (and other financial schedules) reflect's the City's "base case" Net Operating Result, incorporating financial impacts of Covid-19 on the City's operations as detailed in the Long Term Financial Plan. Scenarios reflecting more extensive impacts of Covid-19 have also been modelled and are included after the "base case" scenario financial schedules.

The City's budgeted Income Statement (and future year projections) is prepared with regard to International Financial Reporting Standards (AIFRS) and the NSW Office of Local Government's Code of Accounting Practice and Financial Reporting. The formatting of the statement above reflects this approach.

A major non-cash item that may impact the City's financial results is the incremental increase / decrease arising from the annual market revaluation of the City's investment properties. The recognition of this valuation change will have no impact upon the budgeted funds available for the Council and is therefore excluded from the annual budget and future years' financial estimates.

The City's contribution to the NSW Government Light Rail project is reflected as a separate line item in the statement below. Substantially all of the City's contribution has now been paid, and the remaining contribution amount is anticipated to have minimal financial impact. The City's operating result is shown below both inclusive and exclusive of this item.

City of Sydney
Detailed Income and Expenditure

Draft Long Term Financial Plan 2020/21 to 2029/30

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Operating Income												
Advertising Income	8.6	10.0	10.2	13.5	42.2	13.9	14.3	14.7	15.1	15.6	16.0	131.8
Annual Charges	58.9	60.1	61.5	63.2	243.6	65.0	66.9	68.8	70.8	72.9	75.0	663.0
Aquatic Facilities Income	0.1	1.4	1.5	1.5	4.5	1.5	1.6	1.6	1.6	1.7	1.8	14.2
Building & Development Application Income	6.4	6.6	6.7	6.9	26.7	7.1	7.3	7.5	7.7	7.9	8.1	72.1
Building Certificate	1.2	1.2	1.2	1.2	4.8	1.3	1.3	1.3	1.4	1.4	1.5	13.0
Child Care Fees	1.8	1.8	1.9	1.9	7.4	2.0	2.0	2.1	2.1	2.2	2.2	19.9
Commercial Properties	74.7	85.8	92.5	97.0	350.1	99.5	104.4	107.3	110.4	113.7	117.1	1,002.4
Enforcement Income	26.8	43.7	44.8	45.9	161.3	47.1	48.3	49.6	51.0	52.5	54.1	463.7
Grants and Contributions	14.2	14.6	14.9	15.2	58.8	15.5	15.8	16.2	16.6	17.0	17.5	157.5
Health Related Income	0.5	2.0	2.1	2.1	6.7	2.2	2.2	2.3	2.3	2.4	2.5	20.6
Library Income	0.2	0.2	0.2	0.2	0.7	0.2	0.2	0.2	0.2	0.2	0.2	2.0
Other Building Fees	10.2	10.5	10.8	11.0	42.5	11.3	11.6	11.9	12.2	12.6	13.0	115.2
Other Fees	3.5	4.3	4.4	4.5	16.8	4.7	4.8	4.9	5.0	5.2	5.3	46.7
Other Income	0.5	0.6	0.6	0.6	2.3	0.6	0.7	0.7	0.7	0.7	0.7	6.4
Parking Meter Income	32.5	40.0	40.8	41.6	154.9	42.4	43.3	44.2	45.0	45.9	46.9	422.7
Parking Station Income	8.0	9.8	10.0	10.3	38.0	10.6	10.9	11.2	11.6	11.9	12.3	106.6
Private Work Income	5.6	6.8	6.9	7.1	26.5	7.3	7.5	7.7	7.9	8.1	8.4	73.4
Rates - Business CBD	170.4	174.3	178.7	183.2	706.6	187.7	192.4	197.2	202.2	207.2	212.4	1,905.9
Rates - Business Other	67.0	68.4	70.2	71.9	277.5	73.7	75.6	77.4	79.4	81.4	83.4	748.3
Rates - Residential	76.0	77.7	79.7	81.7	315.1	83.7	85.8	87.9	90.1	92.3	94.6	849.6
Sponsorship Income	0.5	0.5	0.5	0.5	1.9	0.5	0.5	0.5	0.5	0.6	0.6	5.1
Venue/Facility Income	8.3	13.2	13.5	13.8	48.8	14.2	14.5	14.9	15.4	15.8	16.3	140.0
Work Zone	14.3	12.5	12.9	13.3	53.0	13.7	14.2	14.7	15.2	15.8	16.4	143.0
Value in Kind - Revenue	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.1	2.2	2.3	2.3	20.6
Total Operating Income	592.0	647.8	668.3	690.2	2,598.4	707.7	728.0	747.1	766.7	787.3	808.5	7,143.8
Operating Expenditure												
Salaries and Wages	204.9	210.9	214.3	219.3	849.5	225.2	231.3	238.3	246.1	254.5	263.8	2,308.7
Other Employee Related Costs	1.9	2.0	2.0	2.1	7.9	2.1	2.2	2.2	2.3	2.3	2.4	21.4
Employee Oncosts	7.5	7.7	8.0	8.3	31.5	8.6	8.8	9.2	9.5	9.9	10.2	87.7
Agency Contract Staff	10.2	10.6	10.9	11.1	42.8	11.4	11.7	12.0	12.4	12.7	13.1	116.2
Superannuation	23.0	23.8	24.5	25.3	96.6	24.9	25.6	25.3	26.2	27.1	28.0	253.7
Travelling	0.4	0.4	0.4	0.4	1.6	0.4	0.4	0.5	0.5	0.5	0.5	4.4
Workers Compensation Insurance	4.1	4.1	4.2	4.3	16.8	4.4	4.5	4.7	4.8	4.9	5.1	45.1
Fringe Benefit Tax	0.7	0.7	0.7	0.8	3.0	0.8	0.8	0.8	0.8	0.9	0.9	8.0
Training Costs (excluding salaries)	1.5	1.9	1.9	2.0	7.2	2.0	2.1	2.1	2.2	2.2	2.3	20.1
Salary Expense	254.2	262.1	267.0	273.5	1,056.8	279.8	287.5	295.0	304.7	315.1	326.3	2,865.3

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Operating Expenditure (continued)												
Bad & Doubtful Debts	0.4	0.4	0.4	0.4	1.5	0.4	0.4	0.4	0.4	0.4	0.4	3.8
Consultancies	5.8	5.9	6.0	6.2	23.9	6.3	6.5	6.7	6.9	7.1	7.3	64.6
Enforcement & Infringement Costs	7.0	9.9	10.2	10.4	37.5	10.7	10.9	11.2	11.5	11.9	12.2	106.0
Event Related Expenditure	13.2	14.0	14.4	14.7	56.3	15.1	15.5	15.9	16.4	16.8	17.4	153.4
Expenditure Recovered	(6.5)	(5.8)	(6.0)	(6.1)	(24.4)	(6.3)	(6.4)	(6.6)	(6.8)	(7.0)	(7.2)	(64.7)
Facility Management	8.8	7.6	7.8	8.0	32.2	8.2	8.4	8.6	8.9	9.1	9.4	84.8
General Advertising	1.9	2.0	2.0	2.1	8.0	2.1	2.2	2.3	2.3	2.4	2.5	21.8
Governance	2.0	3.7	2.1	2.2	10.1	3.9	2.3	2.4	2.4	4.2	2.6	27.8
Government Authority Charges	7.2	7.4	7.6	7.8	30.0	8.0	8.2	8.4	8.6	8.9	9.2	81.2
Grants, Sponsorships and Donations	24.1	18.6	22.1	19.7	84.4	23.3	21.0	21.7	22.4	23.2	24.0	220.1
Infrastructure Maintenance	44.2	48.8	50.7	52.3	195.9	53.6	54.9	56.5	57.9	59.6	61.4	539.9
Insurance	4.0	4.1	4.2	4.4	16.7	4.5	4.6	4.8	4.9	5.0	5.2	45.7
IT Related Expenditure	13.6	13.9	14.2	14.6	56.2	14.9	15.3	15.7	16.1	16.6	17.1	152.0
Legal Fees	4.1	4.1	4.2	4.4	16.8	4.5	4.6	4.7	4.8	5.0	5.1	45.5
Operational Contingencies	8.5	6.0	6.0	6.0	26.5	6.0	6.0	6.0	6.0	6.0	6.0	62.5
Other Asset Maintenance	3.3	3.1	3.2	3.2	12.8	3.3	3.4	3.5	3.6	3.7	3.8	34.0
Other Operating Expenditure	11.6	13.0	10.7	10.9	46.1	11.2	11.5	11.8	12.1	12.5	12.9	118.1
Postage & Couriers	1.5	1.5	1.6	1.6	6.2	1.6	1.7	1.7	1.8	1.8	1.9	16.7
Printing & Stationery	2.0	2.1	2.1	2.2	8.5	2.2	2.3	2.4	2.4	2.5	2.6	22.9
Project Management & Other Project Costs	1.2	1.2	1.3	1.3	5.0	1.3	1.4	1.4	1.4	1.5	1.5	13.6
Property Related Expenditure	32.4	34.6	35.6	36.6	139.2	37.5	38.5	39.5	40.6	41.9	43.1	380.4
Service Contracts	22.1	24.1	25.6	27.0	98.8	28.2	29.3	30.6	31.9	33.1	33.9	285.7
Stores & Materials	5.0	5.3	5.4	5.5	21.2	5.7	5.8	6.0	6.1	6.3	6.5	57.6
Surveys & Studies	2.4	2.5	2.6	2.6	10.1	2.7	2.7	2.8	2.9	3.0	3.1	27.3
Telephone Charges	2.8	2.9	3.0	3.0	11.8	3.1	3.2	3.3	3.4	3.5	3.6	31.8
Utilities	12.0	12.7	13.0	13.4	51.1	13.8	14.2	14.6	15.1	15.5	16.0	140.3
Vehicle Maintenance	2.8	2.8	2.9	3.0	11.5	3.1	3.1	3.2	3.3	3.4	3.5	31.1
Waste Disposal Charges	20.9	21.4	21.9	22.5	86.7	23.2	23.9	24.6	25.4	26.1	26.9	236.9
Value in Kind - Expenditure	1.8	1.9	1.9	2.0	7.6	2.0	2.1	2.1	2.2	2.3	2.3	20.6
Expenditure	260.1	269.6	276.6	281.9	1,088.2	294.2	297.5	306.2	315.0	326.3	334.1	2,961.5
Total Operating Expenditure (Excl Depreciation)	514.3	531.7	543.6	555.4	2,145.0	574.1	585.0	601.2	619.7	641.3	660.4	5,826.8
Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)	77.7	116.1	124.7	134.9	453.4	133.6	143.0	145.9	147.0	146.0	148.1	1,317.0

City of Sydney
Detailed Income and Expenditure

Draft Long Term Financial Plan 2020/21 to 2029/30

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Operating Surplus/(Deficit)	77.7	116.1	124.7	134.9	453.4	133.6	143.0	145.9	147.0	146.0	148.1	1,317.0
Add Additional Income:												
Interest	5.5	3.4	4.1	4.2	17.2	4.0	3.5	3.4	3.5	3.9	4.4	40.0
Grants and Contributions provided for Capital Purposes	30.6	56.3	49.6	41.5	177.9	38.2	42.8	41.8	40.4	40.8	41.1	423.0
Less Additional Expenses:												
Capital Project Related Costs	8.0	9.5	9.5	9.5	36.5	9.5	9.8	9.8	10.0	10.1	10.3	95.9
Depreciation Expense	103.0	109.9	112.9	114.0	439.8	114.8	115.7	118.0	118.9	119.8	120.7	1,147.8
Light Rail Contribution to NSW Government	0.2	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.2
Net Operating Surplus/(Deficit)	2.6	56.5	55.9	57.0	172.0	51.6	63.9	63.3	62.1	60.7	62.6	536.1

City of Sydney

Operating Budget

Organisation Summary - Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)

$M	2020/21 Income	2020/21 Expenditure	2020/21 Op Surplus / (Deficit)	2021/22 Op Surplus / (Deficit)	2022/23 Op Surplus / (Deficit)	2023/24 Op Surplus / (Deficit)	4 Year Total Op Surplus / (Deficit)	2024/25 Op Surplus / (Deficit)	2025/26 Op Surplus / (Deficit)	2026/27 Op Surplus / (Deficit)	2027/28 Op Surplus / (Deficit)	2028/29 Op Surplus / (Deficit)	2029/30 Op Surplus / (Deficit)	10 Year Total Op Surplus / (Deficit)
City Life	13.0	89.4	(76.4)	(71.7)	(74.8)	(73.9)	(296.9)	(79.1)	(78.4)	(80.9)	(83.6)	(86.5)	(89.5)	(795.0)
Creative City	5.1	34.5	(29.3)	(30.3)	(31.2)	(32.0)	(122.9)	(32.9)	(33.8)	(34.9)	(36.0)	(37.1)	(38.4)	(335.9)
Grants and Sponsorship	0.1	25.0	(24.9)	(19.2)	(22.8)	(20.4)	(87.3)	(24.1)	(21.7)	(22.5)	(23.2)	(24.0)	(24.9)	(227.7)
Social Programs and Services	7.4	20.3	(12.9)	(12.5)	(10.8)	(11.2)	(47.4)	(11.5)	(11.9)	(12.3)	(12.8)	(13.3)	(13.9)	(123.1)
City Business & Safety	0.1	3.9	(3.8)	(3.9)	(4.1)	(4.2)	(16.0)	(4.3)	(4.4)	(4.5)	(4.7)	(4.8)	(5.0)	(43.7)
City Life Management	0.0	2.0	(2.0)	(2.0)	(2.1)	(2.1)	(8.2)	(2.2)	(2.3)	(2.3)	(2.4)	(2.5)	(2.5)	(22.4)
Sustainability Programs	0.4	3.8	(3.5)	(3.8)	(3.9)	(4.0)	(15.2)	(4.1)	(4.3)	(4.4)	(4.6)	(4.7)	(4.9)	(42.2)
City Services	110.2	201.4	(91.2)	(69.7)	(70.2)	(69.7)	(300.8)	(72.1)	(74.5)	(77.2)	(80.2)	(83.5)	(87.1)	(775.4)
Venue Management	6.9	5.1	1.9	4.9	5.0	5.1	16.8	5.2	5.3	5.4	5.5	5.7	5.8	49.7
Security & Emergency Management	3.2	6.6	(3.5)	(3.6)	(3.7)	(3.8)	(14.4)	(3.9)	(4.0)	(4.1)	(4.2)	(4.4)	(4.5)	(39.6)
City Rangers	26.2	24.9	1.2	14.7	14.9	15.2	46.1	15.5	15.8	16.2	16.5	16.9	17.3	144.4
Parking and Fleet Services	40.5	16.7	23.8	32.4	33.0	33.6	122.8	34.3	34.9	35.6	36.2	36.8	37.4	338.0
City Greening and Leisure	0.7	37.6	(37.0)	(35.5)	(36.8)	(37.9)	(147.1)	(38.9)	(39.9)	(41.1)	(42.3)	(43.6)	(45.0)	(397.9)
City Services Management	0.0	0.7	(0.7)	(0.2)	(0.0)	0.2	(0.7)	0.3	0.4	0.6	0.7	0.8	0.8	2.9
City Infrastructure and Traffic Operations (CITO)	31.5	42.7	(11.1)	(14.9)	(13.2)	(10.9)	(50.0)	(11.3)	(11.7)	(12.1)	(12.6)	(13.1)	(13.6)	(124.4)
Cleansing & Waste	1.2	66.3	(65.1)	(66.6)	(68.5)	(70.4)	(270.6)	(72.4)	(74.4)	(76.6)	(79.0)	(81.5)	(84.1)	(738.5)
City Services Strategy	0.0	0.9	(0.9)	(0.9)	(0.9)	(1.0)	(3.7)	(1.0)	(1.0)	(1.0)	(1.1)	(1.1)	(1.2)	(10.1)
City Projects and Property	75.2	68.4	6.8	15.0	19.4	21.9	63.1	22.3	25.2	25.8	26.4	27.1	27.8	217.8
City Property	75.2	58.1	17.1	25.5	30.2	33.0	105.9	33.8	37.0	38.0	39.1	40.2	41.4	335.5
CPP - Infrastructure Delivery	0.0	0.9	(0.9)	(0.8)	(0.8)	(0.8)	(3.4)	(0.9)	(0.9)	(1.0)	(1.0)	(1.1)	(1.1)	(9.3)
CPP - Development and Strategy	0.0	4.0	(4.0)	(4.1)	(4.2)	(4.3)	(16.5)	(4.4)	(4.5)	(4.7)	(4.8)	(5.0)	(5.1)	(45.0)
CPP - Professional Services	0.0	5.4	(5.4)	(5.6)	(5.8)	(6.0)	(22.9)	(6.2)	(6.4)	(6.6)	(6.9)	(7.1)	(7.4)	(63.4)
City Planning Development and Transport	18.2	46.1	(27.9)	(27.1)	(28.1)	(29.0)	(112.2)	(30.0)	(30.9)	(32.0)	(33.2)	(34.5)	(35.7)	(308.5)
Health & Building	1.4	16.3	(15.0)	(13.9)	(14.4)	(14.8)	(58.1)	(15.3)	(15.7)	(16.3)	(16.8)	(17.4)	(18.1)	(157.7)
Planning Assessments	6.3	14.9	(8.6)	(8.8)	(9.1)	(9.4)	(36.0)	(9.7)	(10.0)	(10.4)	(10.8)	(11.2)	(11.6)	(99.7)
Strategic Planning and Urban Design	0.8	7.2	(6.3)	(6.5)	(6.7)	(6.9)	(26.6)	(7.1)	(7.3)	(7.6)	(7.8)	(8.1)	(8.4)	(72.8)
City Access	0.2	5.0	(4.8)	(4.9)	(5.0)	(5.2)	(19.9)	(5.3)	(5.5)	(5.6)	(5.8)	(6.0)	(6.2)	(54.3)
Construction & Building Certification Services	9.5	2.7	6.8	7.0	7.2	7.3	28.3	7.5	7.7	7.9	8.0	8.3	8.5	76.1

City of Sydney

Operating Budget

Organisation Summary - Operating Result (Before Depreciation, Interest, Capital-Related Costs and Capital Income)

$M	2020/21 Income	2020/21 Expenditure	2020/21 Op Surplus / (Deficit)	2021/22 Op Surplus / (Deficit)	2022/23 Op Surplus / (Deficit)	2023/24 Op Surplus / (Deficit)	4 Year Total Op Surplus / (Deficit)	2024/25 Op Surplus / (Deficit)	2025/26 Op Surplus / (Deficit)	2026/27 Op Surplus / (Deficit)	2027/28 Op Surplus / (Deficit)	2028/29 Op Surplus / (Deficit)	2029/30 Op Surplus / (Deficit)	10 Year Total Op Surplus / (Deficit)
Chief Executive Office	0.0	8.6	(8.6)	(8.8)	(9.1)	(9.3)	(35.8)	(9.6)	(9.9)	(10.2)	(10.5)	(10.8)	(11.2)	(97.9)
Office of the Lord Mayor	0.0	3.8	(3.8)	(3.9)	(4.0)	(4.2)	(15.9)	(4.3)	(4.4)	(4.5)	(4.7)	(4.9)	(5.0)	(43.7)
Chief Executive Office	0.0	1.6	(1.6)	(1.7)	(1.7)	(1.8)	(6.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.1)	(2.1)	(18.7)
Secretariat	0.0	0.9	(0.9)	(0.9)	(0.9)	(1.0)	(3.8)	(1.0)	(1.0)	(1.1)	(1.1)	(1.1)	(1.2)	(10.3)
Councillor Support	0.0	2.2	(2.2)	(2.3)	(2.3)	(2.4)	(9.2)	(2.5)	(2.5)	(2.6)	(2.7)	(2.8)	(2.9)	(25.2)
Old Cost Centres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Old Cost Centres	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Chief Operations Office	0.4	26.6	(26.2)	(25.9)	(26.3)	(27.0)	(105.5)	(27.8)	(28.7)	(29.6)	(30.7)	(31.8)	(32.9)	(286.9)
Chief Operations Office	0.2	1.9	(1.7)	(1.6)	(1.7)	(1.7)	(6.7)	(1.8)	(1.8)	(1.9)	(2.0)	(2.0)	(2.1)	(18.4)
Sustainability	0.0	1.9	(1.9)	(1.8)	(1.8)	(1.9)	(7.4)	(2.0)	(2.0)	(2.1)	(2.2)	(2.2)	(2.3)	(20.1)
Strategy, Urban Analytics & Communications	0.1	13.1	(13.0)	(13.3)	(13.7)	(14.0)	(54.0)	(14.4)	(14.8)	(15.3)	(15.8)	(16.3)	(16.9)	(147.4)
City Design	0.0	3.1	(3.1)	(3.0)	(3.1)	(3.2)	(12.3)	(3.3)	(3.4)	(3.5)	(3.6)	(3.7)	(3.9)	(33.7)
Green Square	0.0	0.7	(0.7)	(0.5)	(0.6)	(0.6)	(2.4)	(0.6)	(0.6)	(0.7)	(0.7)	(0.7)	(0.8)	(6.5)
City Transformation	0.0	0.8	(0.8)	(0.6)	(0.6)	(0.6)	(2.6)	(0.7)	(0.7)	(0.7)	(0.7)	(0.8)	(0.8)	(7.0)
Green Infrastructure	0.0	1.1	(1.1)	(1.1)	(0.7)	(0.7)	(3.7)	(0.8)	(0.8)	(0.9)	(0.9)	(1.0)	(1.0)	(9.1)
Project Management Office	0.0	0.5	(0.5)	(0.5)	(0.5)	(0.6)	(2.2)	(0.6)	(0.6)	(0.6)	(0.6)	(0.7)	(0.7)	(5.9)
Strategic Community Engagement	0.0	1.2	(1.2)	(1.2)	(1.2)	(1.3)	(4.9)	(1.3)	(1.3)	(1.4)	(1.4)	(1.5)	(1.5)	(13.4)
Indigenous Leadership and Engagement	0.1	0.9	(0.8)	(0.8)	(0.9)	(0.9)	(3.4)	(0.9)	(0.9)	(1.0)	(1.0)	(1.0)	(1.1)	(9.3)
City Conversations	0.0	1.4	(1.4)	(1.5)	(1.5)	(1.5)	(5.9)	(1.6)	(1.6)	(1.7)	(1.7)	(1.8)	(1.9)	(16.2)
People Performance and Technology	2.5	46.5	(44.0)	(45.3)	(46.5)	(47.8)	(183.6)	(49.1)	(50.4)	(51.9)	(53.6)	(55.4)	(57.3)	(501.2)
Customer Service	2.5	8.1	(5.7)	(5.7)	(5.8)	(6.0)	(23.2)	(6.1)	(6.2)	(6.4)	(6.6)	(6.9)	(7.1)	(62.4)
Workforce Services	0.0	10.8	(10.8)	(11.4)	(11.7)	(12.1)	(46.0)	(12.4)	(12.8)	(13.1)	(13.6)	(14.0)	(14.5)	(126.4)
Technology and Digital Services	0.0	18.3	(18.3)	(18.7)	(19.3)	(19.8)	(76.0)	(20.3)	(20.9)	(21.5)	(22.2)	(22.9)	(23.6)	(207.5)
Data and Information Management Services	0.0	8.0	(8.0)	(8.0)	(8.3)	(8.5)	(32.8)	(8.8)	(9.0)	(9.3)	(9.6)	(9.9)	(10.3)	(89.8)
Business and Service Improvement	0.0	1.0	(1.0)	(1.1)	(1.1)	(1.1)	(4.3)	(1.2)	(1.2)	(1.2)	(1.3)	(1.3)	(1.3)	(11.8)
Internal Office Services	0.0	0.3	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.3)	(0.4)	(0.4)	(0.4)	(0.4)	(3.4)
Chief Financial Office	0.5	10.6	(10.1)	(10.3)	(10.6)	(10.6)	(41.6)	(11.0)	(11.3)	(11.7)	(12.1)	(12.5)	(12.9)	(113.0)
Legal and Governance	1.3	14.7	(13.4)	(15.0)	(13.8)	(14.2)	(56.3)	(16.2)	(15.0)	(15.4)	(15.9)	(18.1)	(17.0)	(153.9)
Corporate Costs	370.8	2.0	368.8	375.0	384.6	394.6	1,522.9	406.1	416.8	429.0	440.3	451.9	463.9	4,131.0
Council	592.0	514.3	77.7	116.1	124.7	134.9	453.4	133.6	143.0	145.9	147.0	146.0	148.1	1,317.0

City of Sydney

Summary of Income and Expenditure by Principal Activity

Council has adopted the Strategic Directions from the Sustainable Sydney 2030 vision as its Principal Activities for this Delivery Program. A number of Principal Activities are largely of an advocacy and facilitation role for the City (such as Housing for a Diverse Population) and not one of direct service provision. As a result, the proposed budget does not reflect substantial operational costs (particularly salaries expenditure) incurred indirectly in delivering this Principal Activity. The Principal Activity for *A City for Walking and Cycling,* for example, will be largely achieved via capital works for infrastructure and reflects minimal operational expenditure.

The summary of income and expenditure by Principal Activity below includes both the proposed operational budgets and the capital works program (for 2020/21) to better reflect the allocation of Council funds towards these major directions.

$'M	2020/21				2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Income	Expenditure	Net Surplus/ (Deficit)	Capital	Net Surplus/(Deficit) by Year								
A globally competitive and innovative city	27.0	54.9	(28.0)	0.0	(11.9)	(12.3)	(12.8)	(13.2)	(13.7)	(14.3)	(14.9)	(15.5)	(16.1)
A leading environmental performer	1.4	81.1	(79.7)	28.8	(81.6)	(83.4)	(85.8)	(88.2)	(90.7)	(93.5)	(96.4)	(99.5)	(102.7)
Integrated transport for a connected city	74.2	52.7	21.6	48.8	27.5	30.1	33.5	34.2	34.8	35.4	36.1	36.6	37.1
A city for walking and cycling	0.0	1.6	(1.6)	37.6	(1.7)	(1.7)	(1.8)	(1.8)	(1.9)	(1.9)	(2.0)	(2.1)	(2.1)
A lively and engaging city centre	0.0	0.4	(0.4)	1.3	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)	(0.6)	(0.6)	(0.6)	(0.6)
Resilient and inclusive local communities	18.8	102.0	(83.2)	82.9	(60.6)	(71.3)	(78.9)	(89.4)	(89.1)	(91.9)	(94.7)	(98.0)	(101.5)
A cultural and creative city	2.5	8.3	(5.7)	8.8	(5.2)	(5.4)	(5.6)	(5.7)	(5.9)	(6.1)	(6.4)	(6.6)	(6.8)
Housing for a diverse community	0.0	2.2	(2.2)	0.0	(3.9)	(4.0)	(4.1)	(2.6)	(2.7)	(2.8)	(2.9)	(3.0)	(3.0)
Sustainable development, renewal and design	42.0	44.4	(2.4)	0.1	3.9	7.5	8.9	8.3	8.6	7.9	7.0	6.2	5.3
Implementation through effective governance and partnerships	462.2	277.8	184.4	30.9	190.5	197.1	204.0	210.7	225.0	231.0	236.7	243.1	253.2
Total Council	628.0	625.5	2.6	239.2	56.5	55.9	57.0	51.6	63.9	63.3	62.1	60.7	62.6

City of Sydney

Capital Works Expenditure Summary

The City's Capital Works Program is built around a number of significant projects that will expand and/or significantly upgrade the provision of infrastructure and facilities for the community, and Capital Programs that underpin key asset groups such as public domain, roads, footways, pools, open space and community facilities. The proposed program will enable the commencement and completion of many identified priorities and progress a number of Sustainable Sydney 2030 projects. The program prepared is in line with the agreed long term financial parameters and represents the City's capacity to deliver the program each year and expenditure provisions for significant projects which may be delivered by third parties. The 2020/21 capital budget also incorporates a number of fast-tracked asset renewal projects, totalling approximately $23M, where an opportunity was identified to provide economic stimulus in response to Covid-19 disruption.

$'M	Prior Years Total	2020/21	2021/22	2022/23	2023/24	4 Years Total	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	10 Year Total	Total Project Budget
Asset Enhancement														
Bicycle Related Works	*24.4*	7.7	21.1	25.3	10.7	64.8	2.2	5.6	6.2	3.6	0.1	0.1	82.6	107.0
Green Infrastructure	*37.4*	10.6	3.4	3.4	2.1	19.6	2.6	2.6	2.6				27.5	64.9
Green Square Aquatic and Recreation Centre (with Gunyama Park)	*90.3*	12.8	1.4			14.2							14.2	104.5
Open Space & Parks	*52.9*	22.1	31.1	31.4	10.5	95.1	11.1	19.1	23.2	10.8	12.0	12.0	183.2	236.1
Properties - Community, Cultural & Recreational	*80.5*	10.6	24.4	35.6	4.6	75.2	7.7	9.5	10.0	11.5	11.2	10.0	135.1	215.6
Properties - Investment & Operational	*45.2*	3.4	1.9			5.3							5.3	50.4
Public Art	*7.8*	4.4	2.2	1.4	1.0	8.9	0.3						9.2	17.0
Public Domain	*107.5*	61.9	63.4	32.5	30.8	188.7	19.1	17.7	9.6	10.6	11.8	12.0	269.4	376.9
Public Domain (Light Rail Contribution)	*219.8*	0.2				0.2							0.2	220.0
Stormwater Drainage	*79.4*	5.5	14.4	8.5	1.5	29.9	3.9	4.2	7.0	4.7	5.7	5.1	60.4	139.8
Asset Enhancement Projects Total	745.2	139.1	163.3	138.1	61.2	501.8	46.9	58.6	58.5	41.2	40.8	39.2	786.9	1,532.1
Asset Renewal (Rolling Programs)														
Infrastructure - Roads, Bridges & Footways		17.6	11.1	10.9	11.2	50.8	13.4	13.2	14.2	15.8	18.1	19.4	144.8	144.8
Open Space		17.7	16.0	18.8	23.8	76.4	24.0	19.8	18.0	22.1	22.5	22.4	205.1	205.1
Properties Assets		34.4	31.0	27.6	23.4	116.4	23.3	24.1	22.9	23.5	23.9	25.1	259.1	259.1
Public Art		1.7	1.2	0.8	0.9	4.6	0.8	0.9	0.8	0.8	0.9	0.9	9.8	9.8
Public Domain		16.4	14.2	13.5	16.9	61.1	11.3	12.6	12.9	11.6	9.8	9.4	128.6	128.6
Stormwater Drainage		5.4	3.0	3.3	3.3	15.0	3.4	4.3	4.4	4.4	4.2	4.2	40.0	40.0
Asset Renewal Programs Total		93.2	76.5	75.1	79.6	324.4	76.2	74.8	73.3	78.1	79.2	81.3	787.3	787.3
TOTAL CAPITAL WORKS	745.2	232.3	239.8	213.2	140.8	826.2	123.1	133.4	131.8	119.3	120.0	120.4	1,574.2	2,319.5
Contingency														
Capital Works Contingency		5.0				5.0							5.0	5.0
Total Contingency		5.0	0.0	0.0	0.0	5.0	0.0	0.0	0.0	0.0	0.0	0.0	5.0	5.0

City of Sydney
Balance Sheet

$'M	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
ASSETS										
Current Assets										
Cash and Investments	290.4	227.4	299.0	235.2	205.7	177.7	146.9	187.2	189.4	233.5
Receivables	98.9	103.7	104.7	105.9	106.6	107.5	108.3	109.2	110.1	111.0
Prepayments	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Inventory	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Current Assets Total	396.1	337.8	410.4	347.9	319.0	292.0	262.0	303.1	306.2	351.2
Non-Current Assets										
Capital Works, Infrastructure, Investment Properties and P&A	11,947.8	12,069.5	12,051.7	12,162.5	12,244.8	12,341.5	12,439.3	12,463.7	12,527.9	12,551.7
Non Current Assets	11,947.8	12,069.5	12,051.7	12,162.5	12,244.8	12,341.5	12,439.3	12,463.7	12,527.9	12,551.7
Total Assets	12,343.8	12,407.3	12,462.2	12,510.4	12,563.8	12,633.5	12,701.3	12,766.8	12,834.1	12,902.9
LIABILITIES										
Current Liabilities										
Payables	149.7	156.8	155.7	147.0	148.8	154.6	159.0	162.5	169.0	175.3
Provisions	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6
Current Liabilities Total	223.3	230.3	229.2	220.5	222.3	228.1	232.6	236.1	242.6	248.8
Non-Current Liabilities										
Provisions	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3
Non-Current Liabilities Total	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3	22.3
Total Liabilities	245.6	252.6	251.6	242.8	244.6	250.4	254.9	258.4	264.9	271.2
Net Assets	12,098.2	12,154.7	12,210.6	12,267.6	12,319.2	12,383.1	12,446.4	12,508.4	12,569.2	12,631.7
EQUITY										
Equity	12,098.2	12,154.7	12,210.6	12,267.6	12,319.2	12,383.1	12,446.4	12,508.4	12,569.2	12,631.8

City of Sydney
Cash Flow Forecast

Draft Long Term Financial Plan 2020/21 to 2029/30

$M	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue:											
Rates and Annual Charges	358.3	372.3	380.6	390.0	399.9	410.1	420.7	431.4	442.5	453.8	465.4
Other Operating Income	246.3	217.8	265.4	276.4	288.4	295.6	305.3	313.5	322.0	331.3	340.8
Operating Income	604.6	590.2	645.9	666.4	688.3	705.7	725.9	745.0	764.5	785.1	806.2
Expenses:											
Salary & Wages Expenditure	248.3	254.2	262.1	267.0	273.5	279.8	287.5	295.0	304.7	315.1	326.3
Other Operating Expenditure	266.8	258.2	267.7	274.7	279.9	292.2	295.4	304.1	312.8	324.0	331.8
Operating Expenditure	515.2	512.4	529.8	541.7	553.4	572.1	583.0	599.1	617.5	639.1	658.1
Operating Surplus	89.4	77.7	116.1	124.7	134.9	133.6	143.0	145.9	147.0	146.0	148.1
Other Non Operating:											
Interest income	14.3	5.5	3.4	4.1	4.2	4.0	3.5	3.4	3.5	3.9	4.4
Light Rail Contribution to NSW Government	(40.9)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses	(9.2)	(8.0)	(9.5)	(9.5)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)
Depreciation	(111.0)	(103.0)	(109.9)	(112.9)	(114.0)	(114.8)	(115.7)	(118.0)	(118.9)	(119.8)	(120.7)
Capital Grants and Contributions	54.5	30.6	56.3	49.6	41.5	38.2	42.8	41.8	40.4	40.8	41.1
Net Surplus	(2.8)	2.6	56.5	55.9	57.0	51.6	63.9	63.3	62.1	60.7	62.6
Add Back :											
Depreciation	111.0	103.0	109.9	112.9	114.0	114.8	115.7	118.0	118.9	119.8	120.7
Non-Cash Asset Adjustments	(7.3)	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cash Surplus before Capital Expenditure	100.8	108.0	168.4	170.9	173.0	168.4	181.6	183.3	182.9	182.6	185.3
Capital Expenditure											
Capital Works - excluding Light Rail Contribution	(186.3)	(239.0)	(239.8)	(213.2)	(140.8)	(123.1)	(133.4)	(131.8)	(119.3)	(120.0)	(120.4)
Plant and Asset Acquisitions/ICT Projects	(27.0)	(26.1)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)
Property (Acquisitions)/Divestments	35.3	(121.4)	32.2	142.0	(60.0)	(50.0)	(55.0)	(60.0)	0.0	(40.0)	0.0
Total Capital Expenditure	(178.0)	(386.5)	(233.6)	(97.2)	(226.8)	(199.1)	(214.4)	(217.8)	(145.3)	(186.0)	(146.4)
Net Receivables/Payables Movement	11.0	11.5	2.3	(2.2)	(9.9)	1.1	4.8	3.7	2.7	5.6	5.3
Cash Surplus / (Deficit)	(66.2)	(266.9)	(62.9)	71.5	(63.7)	(29.6)	(28.0)	(30.8)	40.3	2.2	44.2
Total Cash at Beginning of Period	623.4	557.3	290.4	227.4	299.0	235.2	205.7	177.7	146.9	187.2	189.4
Cash Surplus/ (Deficit)	(66.2)	(266.9)	(62.9)	71.5	(63.7)	(29.6)	(28.0)	(30.8)	40.3	2.2	44.2
Total Cash at End of Period	557.3	290.3	227.4	299.0	235.2	205.7	177.7	146.9	187.2	189.4	233.5

Asset Replacement and Sales (including Information Services - Capital Projects)

Council holds assets to ensure its financial viability, for commercial and strategic reasons, and to meet the needs of its operations.

Depreciating assets, such as plant, equipment and vehicles, held for Council's operations are changed or replaced in line with Council's current needs and the operational life of the asset. The City replaces its light fleet every two years or 40,000km excluding utility vehicles which are replaced every three years or 60,000km. The City also adopts a replacement program to renew its Personal Computer assets on an average three-yearly cycle.

The City has a program of upgrades and enhancements to information systems. These can include installation and configuration of 3rd party software and development of new in-house solutions.

Where these system developments are deemed to have an enduring benefit to the City, the costs of the project are capitalised as assets within the Fixed Asset Register, and amortised over an appropriate useful life. Capitalisation of costs is consistent with the City's *Asset Recognition and Capitalisation Policy.*

Summary of Expenditure - 2020/21

$M	2020/21 Acquisitions	Sales	Net Budget
Books & Library Resources	1.1	0.0	1.1
Information Technology (Equipment)	2.0	0.0	2.0
Technology and Digital Services - Capital Projects	14.6	0.0	14.6
Vehicles and Plant	2.3	(0.5)	1.8
Equipment, Furniture & Fittings and Miscellaneous	6.6	0.0	6.6
Total	26.6	(0.5)	26.1

Statement of Business or Commercial Activities

The City of Sydney expects to continue with Parking Stations as a Category 1 business activity. In a typical operating environment, these commercial activities provide an additional source of funding that enables the Council to continue to provide enhanced services and infrastructure delivery without placing additional burden on the City's ratepayers. Whilst the financial performance of the City's parking stations is expected to be significantly (negatively) impacted by disruption associated with Covid-19, performance is expected to return to normal in the medium to long term.

Revenue Policy - Charges for Works Carried out on Private Land

Council does not generally carry out works on private land, however if Council were required to undertake such works (e.g. the construction of a private road), then the works would be charged at the appropriate commercial rate.

This page intentionally left blank

OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - PROJECTIONS

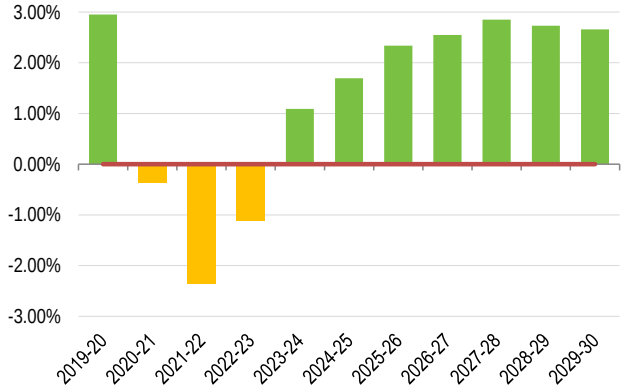
The City's performance in respect of the mandated Office of Local Government Performance measures is detailed below. The charts demonstrate performance trends on the basis of forward projections contained in the Long Term Financial Plan, and estimates related to future asset maintenance and renewal requirements (per the Asset Management Plan) and infrastructure backlog.

The formulas used in the calculations, as provided by the NSW Office of Local Government, are also included.

The graphs plot the 3-year average performance for each year shown (with the exception of the Infrastructure Backlog Ratio and the Real Operating Expenditure per Capita, shown as 'snapshot' performance). e.g. 2020/21 will show average performance for the 3 years to 2020/21 (2018/19, 2019/20, 2020/21).

Sustainability

Operating Performance Ratio



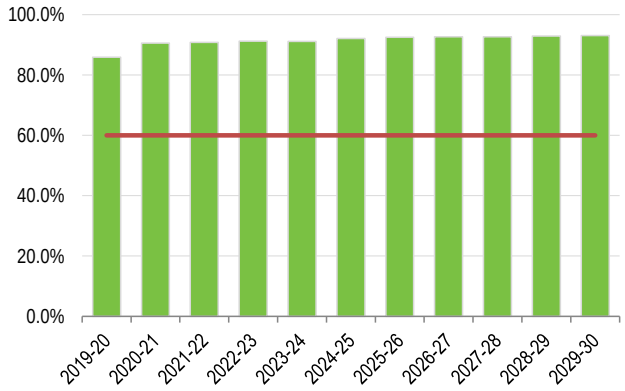
Operating Revenue (*excl* Capital Grants & Contributions) *less* **Operating Expenses**

Operating Revenue (*excl* Capital Grants & Contributions)

The City's operating Performance projections reflect the impact of the Covid-19 pandemic on the City's operations. Whilst the effects are largely confined to the 2019-20 and 2020-21 financial years, graph presents a rolling 3-year average, therefore the impact is reflected for a number of years.

Forward estimates assume a return to a typical, business-as-usual operating environment over time. A gradual reduction in operating performance in the later years of the plan reflects increasing operating expenditure pressures associated with servicing a growing population, and the inadequacy of rates income growth to fund these challenges.

Own Source Revenue



Total continuing operating revenue *less* all grants and contributions

Total Operating Revenue
(*inclusive of* Capital Grants and Contributions)

The City's Own Source Operating Revenue is already well above the required benchmark level and is forecast to continue to grow as a proportion of total operating revenue.

As detailed in the Long Term Financial Plan document, minor incremental growth in the City's rates base and the assumeded continuation of the "cap" on developer contributions per new dwelling will result in capital income representing a declining proportion of the City's income base, reflected in the gradual increase in the Own Source Revenue ratio.

The ratio may be impacted by higher-than-expected capital income receipts

Building and Infrastructure Asset Renewal Ratio

Actual Asset Renewals

Required Renewal* of Building and Infrastructure Assets

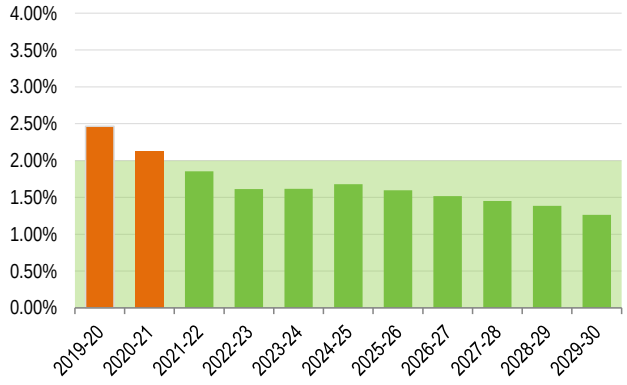
Rather than utilise depreciation expense as an arbitrary proxy for required levels of asset renewal, the required renewal of building and infrastructure assets is instead sourced from the Asset Management Plan in the City's Integrated Planning and Reporting documents. Depreciation rates are also re-assessed regularly to reflect appropriate useful lives for assets, but the straight line methodology inevitably presents a limitation.

The performance of this ratio is projected to improve to be above (or very near) benchmark, with earlier years' performance temporarily impacted as the City's financial and delivery capacity is focused on the provision of required infrastructure in the broader Green Square urban renewal area, as well as works in the City centre and significant cycling infrastructure works.

OFFICE OF LOCAL GOVERNMENT PERFORMANCE MEASURES - PROJECTIONS (continued)

Infrastructure and Service Management

Infrastructure Backlog Ratio



Estimated Costs to Bring Assets to a Satisfactory Standard

Written Down Value of Infrastructure (*incl* roads and drainage assets), **Building, Other Structures** and **Depreciable Land Improvements Assets**

The City holds the view that the vast majority of its buildings and infrastructure are currently maintained at or above a "satisfactory standard". The identified infrastructure backlog is subject to ongoing review, to ensure that backlog levels reported are reflective of those assets deemed to be at less than "satisfactory standard".

The City's projected Infrastructure Backlog ratio is subject to future assessments of asset condition, and therefore difficult to predict. However, the ratio result is expected to improve as targeted renewal works (per the City's asset management plans) are completed. Condition assessments of assets are also completed periodically, in order to better prioritise capital works.

Asset Maintenance Ratio

Actual Asset Maintenance

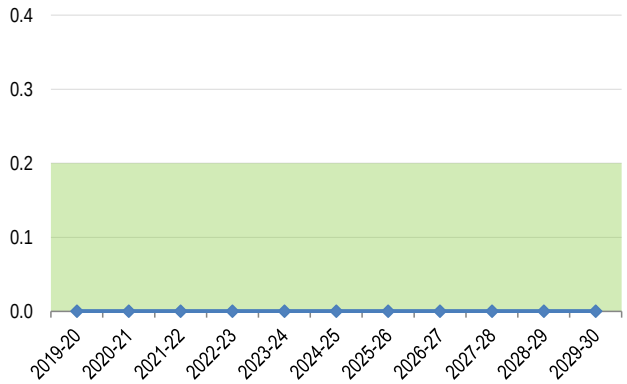
Required Asset Maintenance

In line with the City's Asset Management Plan, asset maintenance is forecast to meet or exceed benchmark over the life of the plan.

Extended periods of asset maintenance exceeding the required levels would represent over servicing. Whilst gross expenditure on asset maintenance will continue to grow over time, so to will the "required" level of annual maintenance, as the City's asset base continues to grow.

Over the longer term, increases to asset maintenance expenditure will continue to be 'matched' to growth in the City's asset base.

Debt Service Ratio



Principal Repayments (from Statement of Cash Flows) *plus* **Borrowing Interest Costs** (from the income statement)

Operating Results before Interest and Depreciation (EBITDA)

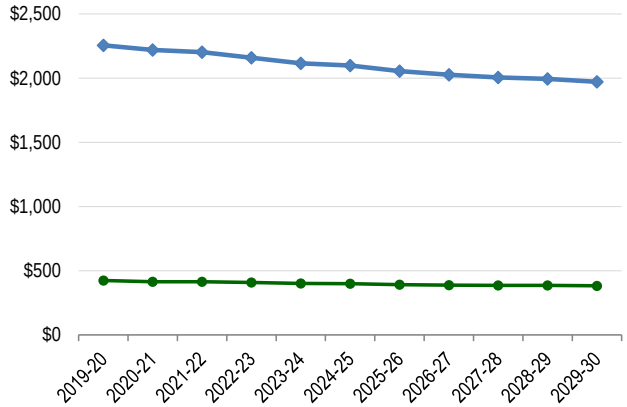
Historically strong financial management has alleviated the need for the City to borrow funds, and the Long Term Financial Plan projects that this trend will continue over the next 10 years.

In addition to cash and investment reserves accumulated over a period of 15 years, the City has access to considerable capital income (in the form of developer contributions and interest on cash and investments) that will facilitate the delivery of new capital projects without the use of borrowings.

Should funding circumstances change, the City will review the appropriateness of debt financing accordingly.

Efficiency

Real Operating Expenditure per capita



Real Operating Expenditure

Residential Population of Local Government Area

A declining trend over time is in line with OLG requirements, and reflects the City's commitment to targeting efficiencies in service delivery.

Whilst gross Operating Expenditure is forecast to increase over time, the residential population of the LGA is projected to grow more rapidly, representing a declining level of Real Operating Expenditure per capita. Service levels are reviewed as part of the Integrated Planning and Reporting process, and will reflect ratepayer priorities within tight budgetary controls.

Note that the green line reflects the inclusion of **all users** of the City, currently over 1.2M per day (in a business-as-usual environment)

City of Sydney

Income Statement - Alternative Scenario 1 (current Covid-19 disruption extends for until 31 December 2020)

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Income from Continuing Operations												
Rates & Annual Charges	372.3	380.6	390.0	399.9	1,542.8	410.1	420.7	431.4	442.5	453.8	465.4	4,166.8
Fees	84.7	122.6	125.5	131.6	464.5	134.9	138.3	142.0	145.7	149.7	153.9	1,329.0
Interest Income	4.1	1.6	3.2	3.3	12.2	2.9	2.4	2.1	2.2	2.6	3.0	27.6
Other Income	80.9	130.1	137.9	143.5	492.3	147.1	153.2	157.5	161.9	166.8	171.8	1,450.6
Grants and Contributions provided for Capital Purposes	30.6	56.3	49.6	41.5	177.9	38.2	42.8	41.8	40.4	40.8	41.1	423.0
Grants and Contributions provided for Operating Purposes	14.0	14.6	14.9	15.2	58.6	15.5	15.8	16.2	16.6	17.0	17.5	157.3
Total Income from Continuing Operations	586.5	705.8	721.1	735.0	2,748.4	748.9	773.3	791.0	809.3	830.7	852.6	7,554.3
Expenses from Continuing Operations												
Employee	254.2	262.1	267.0	273.5	1,056.8	279.8	287.5	295.0	304.7	315.1	326.3	2,865.3
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts	130.5	138.6	143.6	148.3	561.1	152.5	156.7	161.3	166.0	171.1	175.9	1,544.6
Depreciation Expense	103.0	109.9	112.9	114.0	439.8	114.8	115.7	118.0	118.9	119.8	120.7	1,147.8
Other Expenditure	135.2	140.5	142.5	143.0	561.2	151.3	150.6	154.7	159.0	165.3	168.4	1,510.4
Total Expenses from Continuing Operations	623.0	651.1	666.1	678.9	2,619.1	698.4	710.5	729.0	748.6	771.3	791.4	7,068.2
Net Operating Result for the Year	(36.5)	54.7	55.0	56.1	129.3	50.5	62.8	62.0	60.8	59.4	61.2	486.0
Net Operating Result (excl Light Rail Contribution)	*(36.3)*	*54.7*	*55.0*	*56.1*	*129.5*	*50.5*	*62.8*	*62.0*	*60.8*	*59.4*	*61.2*	*486.2*

Impacts of Covid-19 on Net Operating Result

This income statement reflects a scenario whereby the impacts of Covid-19 on operating performance are extended from quarter 1 of 2020/21 under the base case, through quarter 2 (to 31 December 2020), after which time a return to underlying, business-as-usual operating performance is projected. The main adjustments from the base case incorporated into the above schedule are:

1. Commercial Property Income ($10.5M)
2. Enforcement Income ($10.5M gross income, $8.1M net income)
3. Parking income - parking stations and meters ($9.3M)
4. Venue and facility hire ($2.7M)
5. Other fees - including Health & Building related ($5.2M)
6. Other income ($1.9M)

A further major adjustment which did not impact the Income Statement related to the potential deferral of the first and second rates instalments for 2020/21 until 2021/22 financial year (approximately $187.6M). This payment deferral is reflected in the Cash Flow statement, along with the Income and Expenditure changes detailed above.

City of Sydney

Draft Long Term Financial Plan 2020/21 to 2029/30

Cash Flow Forecast - Alternative Scenario 1 (current Covid-19 disruption extends until 31 December 2020)

$M	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue:											
Rates and Annual Charges	358.3	372.3	380.6	390.0	399.9	410.1	420.7	431.4	442.5	453.8	465.4
Other Operating Income	246.3	177.7	265.4	276.4	288.4	295.6	305.3	313.5	322.0	331.3	340.8
Operating Income	604.6	550.1	645.9	666.4	688.3	705.7	725.9	745.0	764.5	785.1	806.2
Expenses:											
Salary & Wages Expenditure	248.3	254.2	262.1	267.0	273.5	279.8	287.5	295.0	304.7	315.1	326.3
Other Operating Expenditure	266.8	255.8	267.7	274.7	279.9	292.2	295.4	304.1	312.8	324.0	331.8
Operating Expenditure	515.2	510.0	529.8	541.7	553.4	572.1	583.0	599.1	617.5	639.1	658.1
Operating Surplus	89.4	40.0	116.1	124.7	134.9	133.6	143.0	145.9	147.0	146.0	148.1
Other Non Operating:											
Interest income	14.3	4.1	1.6	3.2	3.3	2.9	2.4	2.1	2.2	2.6	3.0
Light Rail Contribution to NSW Government	(40.9)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses	(9.2)	(8.0)	(9.5)	(9.5)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)
Depreciation	(111.0)	(103.0)	(109.9)	(112.9)	(114.0)	(114.8)	(115.7)	(118.0)	(118.9)	(119.8)	(120.7)
Capital Grants and Contributions	54.5	30.6	56.3	49.6	41.5	38.2	42.8	41.8	40.4	40.8	41.1
Net Surplus	(2.8)	(36.5)	54.7	55.0	56.1	50.5	62.8	62.0	60.8	59.4	61.2
Add Back :											
Depreciation	111.0	103.0	109.9	112.9	114.0	114.8	115.7	118.0	118.9	119.8	120.7
Non-Cash Asset Adjustments	(7.3)	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cash Surplus before Capital Expenditure	100.8	69.0	166.6	170.0	172.1	167.3	180.5	182.0	181.6	181.2	183.9
Capital Expenditure											
Capital Works - excluding Light Rail Contribution	(186.3)	(239.0)	(239.8)	(213.2)	(140.8)	(123.1)	(133.4)	(131.8)	(119.3)	(120.0)	(120.4)
Plant and Asset Acquisitions/ICT Projects	(27.0)	(26.1)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)
Property (Acquisitions)/Divestments	35.3	(121.4)	32.2	142.0	(60.0)	(50.0)	(55.0)	(60.0)	0.0	(40.0)	0.0
Total Capital Expenditure	(178.0)	(386.5)	(233.6)	(97.2)	(226.8)	(199.1)	(214.4)	(217.8)	(145.3)	(186.0)	(146.4)
Net Receivables/Payables Movement	11.0	(174.2)	169.2	(2.2)	(9.9)	1.1	4.8	3.7	2.7	5.6	5.3
Cash Surplus / (Deficit)	(66.2)	(491.7)	102.2	70.6	(64.6)	(30.6)	(29.0)	(32.1)	39.0	0.8	42.8
Total Cash at Beginning of Period	623.4	557.3	65.6	167.8	238.5	173.8	143.2	114.1	82.0	121.0	121.9
Cash Surplus/ (Deficit)	(66.2)	(491.7)	102.2	70.6	(64.6)	(30.6)	(29.0)	(32.1)	39.0	0.8	42.8
Total Cash at End of Period	557.3	65.6	167.8	238.5	173.8	143.2	114.1	82.0	121.0	121.9	164.7

City of Sydney

Income Statement - Alternative Scenario 2 (current Covid-19 disruption extends until 31 March 2021)

$'M	2020-21	2021-22	2022-23	2023-24	4 Year Total	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	10 Year Total
Income from Continuing Operations												
Rates & Annual Charges	372.3	380.6	390.0	399.9	1,542.8	410.1	420.7	431.4	442.5	453.8	465.4	4,166.8
Fees	65.8	122.6	125.5	131.6	445.6	134.9	138.3	142.0	145.7	149.7	153.9	1,310.1
Interest Income	3.8	1.2	2.6	2.7	10.4	2.3	1.7	1.3	1.4	1.8	2.2	21.0
Other Income	59.9	130.1	137.9	143.5	471.3	147.1	153.2	157.5	161.9	166.8	171.8	1,429.6
Grants and Contributions provided for Capital Purposes	30.6	56.3	49.6	41.5	177.9	38.2	42.8	41.8	40.4	40.8	41.1	423.0
Grants and Contributions provided for Operating Purposes	13.8	14.6	14.9	15.2	58.4	15.5	15.8	16.2	16.6	17.0	17.5	157.1
Total Income from Continuing Operations	546.2	705.3	720.5	734.4	2,706.5	748.2	772.6	790.2	808.5	829.8	851.8	7,507.6
Expenses from Continuing Operations												
Employee	254.2	262.1	267.0	273.5	1,056.8	279.8	287.5	295.0	304.7	315.1	326.3	2,865.3
Borrowing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Materials and Contracts	130.5	138.6	143.6	148.3	561.1	152.5	156.7	161.3	166.0	171.1	175.9	1,544.6
Depreciation Expense	103.0	109.9	112.9	114.0	439.8	114.8	115.7	118.0	118.9	119.8	120.7	1,147.8
Other Expenditure	132.8	140.5	142.5	143.0	558.8	151.3	150.6	154.7	159.0	165.3	168.4	1,508.0
Total Expenses from Continuing Operations	620.6	651.1	666.1	678.9	2,616.7	698.4	710.5	729.0	748.6	771.3	791.4	7,065.8
Net Operating Result for the Year	(74.4)	54.2	54.5	55.5	89.8	49.8	62.1	61.2	59.9	58.6	60.3	441.7
Net Operating Result (excl Light Rail Contribution)	*(74.2)*	*54.2*	*54.5*	*55.5*	*90.0*	*49.8*	*62.1*	*61.2*	*59.9*	*58.6*	*60.3*	*441.9*

Impacts of Covid-19 on Net Operating Result

This income statement reflects a scenario whereby the impacts of Covid-19 on operating performance are extended from quarter 1 of 2020/21 under the base case, through the entire 2020/21 financial year (to 30 June 2021), after which time a return to underlying, business-as-usual operating performance is projected. The main adjustments incorporated into the above schedule are:

1. Commercial Property Income ($21.0M)
2. Enforcement Income ($21.0M gross income, $16.2M net income)
3. Parking income - parking stations and meters ($18.5M)
4. Venue and facility hire ($5.4M)
5. Other fees - including Health & Building related ($10.4M)
6. Other income ($3.8M)

A further major adjustment which did not impact the Income Statement related to the potential deferral of the first and second rates instalments for 2020/21 until 2021/22 financial year (approximately $187.6M). This payment deferral is reflected in the Cash Flow statement, along with the Income and Expenditure changes detailed above.

City of Sydney

Draft Long Term Financial Plan 2020/21 to 2029/30

Cash Flow Forecast - Alternative Scenario 2 (current Covid-19 disruption extends until 31 March 2021)

$M	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Revenue:											
Rates and Annual Charges	358.3	372.3	380.6	390.0	399.9	410.1	420.7	431.4	442.5	453.8	465.4
Other Operating Income	246.3	137.6	265.4	276.4	288.4	295.6	305.3	313.5	322.0	331.3	340.8
Operating Income	604.6	510.0	645.9	666.4	688.3	705.7	725.9	745.0	764.5	785.1	806.2
Expenses:											
Salary & Wages Expenditure	248.3	254.2	262.1	267.0	273.5	279.8	287.5	295.0	304.7	315.1	326.3
Other Operating Expenditure	266.8	253.4	267.7	274.7	279.9	292.2	295.4	304.1	312.8	324.0	331.8
Operating Expenditure	515.2	507.6	529.8	541.7	553.4	572.1	583.0	599.1	617.5	639.1	658.1
Operating Surplus	89.4	2.4	116.1	124.7	134.9	133.6	143.0	145.9	147.0	146.0	148.1
Other Non Operating:											
Interest income	14.3	3.8	1.2	2.6	2.7	2.3	1.7	1.3	1.4	1.8	2.2
Light Rail Contribution to NSW Government	(40.9)	(0.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Related Project Expenses	(9.2)	(8.0)	(9.5)	(9.5)	(9.5)	(9.5)	(9.8)	(9.8)	(10.0)	(10.1)	(10.3)
Depreciation	(111.0)	(103.0)	(109.9)	(112.9)	(114.0)	(114.8)	(115.7)	(118.0)	(118.9)	(119.8)	(120.7)
Capital Grants and Contributions	54.5	30.6	56.3	49.6	41.5	38.2	42.8	41.8	40.4	40.8	41.1
Net Surplus	(2.8)	(74.4)	54.2	54.5	55.5	49.8	62.1	61.2	59.9	58.6	60.3
Add Back :											
Depreciation	111.0	103.0	109.9	112.9	114.0	114.8	115.7	118.0	118.9	119.8	120.7
Non-Cash Asset Adjustments	(7.3)	2.5	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Cash Surplus before Capital Expenditure	100.8	31.0	166.1	169.4	171.5	166.6	179.8	181.2	180.8	180.4	183.1
Capital Expenditure											
Capital Works - excluding Light Rail Contribution	(186.3)	(239.0)	(239.8)	(213.2)	(140.8)	(123.1)	(133.4)	(131.8)	(119.3)	(120.0)	(120.4)
Plant and Asset Acquisitions/ICT Projects	(27.0)	(26.1)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)	(26.0)
Property (Acquisitions)/Divestments	35.3	(121.4)	32.2	142.0	(60.0)	(50.0)	(55.0)	(60.0)	0.0	(40.0)	0.0
Total Capital Expenditure	(178.0)	(386.5)	(233.6)	(97.2)	(226.8)	(199.1)	(214.4)	(217.8)	(145.3)	(186.0)	(146.4)
Net Receivables/Payables Movement	11.0	(172.2)	167.3	(2.2)	(9.9)	1.1	4.8	3.7	2.7	5.6	5.3
Cash Surplus / (Deficit)	(66.2)	(527.6)	99.8	70.1	(65.2)	(31.3)	(29.8)	(32.9)	38.2	(0.0)	41.9
Total Cash at Beginning of Period	623.4	557.3	29.7	129.4	199.5	134.3	103.0	73.2	40.3	78.5	78.5
Cash Surplus/ (Deficit)	(66.2)	(527.6)	99.8	70.1	(65.2)	(31.3)	(29.8)	(32.9)	38.2	(0.0)	41.9
Total Cash at End of Period	557.3	29.7	129.4	199.5	134.3	103.0	73.2	40.3	78.5	78.5	120.4

This page intentionally left blank

CITY OF SYDNEY

Draft Asset Management Plan 2020

May 2020

Green Global Connected

Contents

Asset Management Planning	3
Asset Management Policy	5
Asset Management Strategy	6
Asset Management Plans	16
Community Asset Management Plan	17
Critical Assets	23
Road Network	25
Stormwater Drainage Network	37
Parks, Open Space and Trees	47
Properties	61
Conclusion	70

Asset Management Planning

Background

Sustainable Sydney 2030 Community Strategic Plan is the City's overarching strategic program. Robust asset management is an objective of Sustainable Sydney 2030, contained within Strategic Direction 10 - Implementation through Effective Governance and Partnerships.

The City of Sydney is responsible for approximately $12 billion in physical assets (including land) to support its delivery of services to the community. The City has developed a framework for embedding asset management objectives and principles. These principles are aimed solely at managing the City's community assets to give the best possible long-term services to the City's residents, ratepayers and visitors.

The infrastructure the City provides serves over 1.2 million people per day. The City commits significant funds to asset management and currently annually spends in excess of $60M in operational and maintenance, $120M in renewal and upgrade of the critical infrastructure assets.

The City also has a program to deliver new facilities, assets and buildings in the next 4 years. A major component is the completion of the Green Square urban renewal project with infrastructure costs in excess of $100M. The project includes the Green Square Town Centre, Aquatic and Recreation Centre, Library and Plaza, Green Square Trunk Drainage, several new parks and the relocation of the City's maintenance depot.

The impact on City resources and assets of the Transport NSW Light Rail project, has added to the challenge of providing the levels of services expected by the community.

The City will require resources with suitable capacity and capability to cope with the population increase and visitors and to efficiently manage these new assets.

This Asset Management Plan demonstrates how the City is meeting and will cater for future demand on Councils assets.

What is Asset Management

An asset is defined as "a resource controlled by a Council as a result of past events and from which future economic benefits are expected to flow to the Council".

The term "asset management" as defined in the City's Strategy is:

"The combination of management, financial, economic, and engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner."

Asset management is a "whole of life" approach that includes planning, acquisition, operation, maintenance and disposal of assets.

Asset Management Framework

The City is enhancing our asset management governance in line with the recommendations from a recent ISO55000/55001 maturity review. It is intended that the current framework outlined in this plan will be optimised to provide greater clarity and efficiencies.

The Asset Management Program Control Group oversees the City's asset management framework. The objectives of the Group are to:

– Ensure that all asset management activities are consistent with the objectives of Sustainable Sydney 2030 Community Strategic Plan and incorporate lifecycle asset management principles

– Ensure compliance with the requirements of the Integrated Planning and Reporting Legislation and Guidelines and other infrastructure asset reporting
– Oversee the development of the City's Asset Management key strategy themes and projects
– Set direction and outcomes for the Asset System Working Group and the Corporate Asset Management System (CAMS)
– Ensure all asset management policies and strategies (new and reviewed) are submitted to the Corporate and Strategy Projects Steering Committee
– Ensure the integrity of the asset management process within Council and arbitrate and resolve any dispute or issue arising

The Asset System Working Group is responsible for the delivery of system improvements, training, mapping, integration to other systems, system maintenance and deliver process improvements.

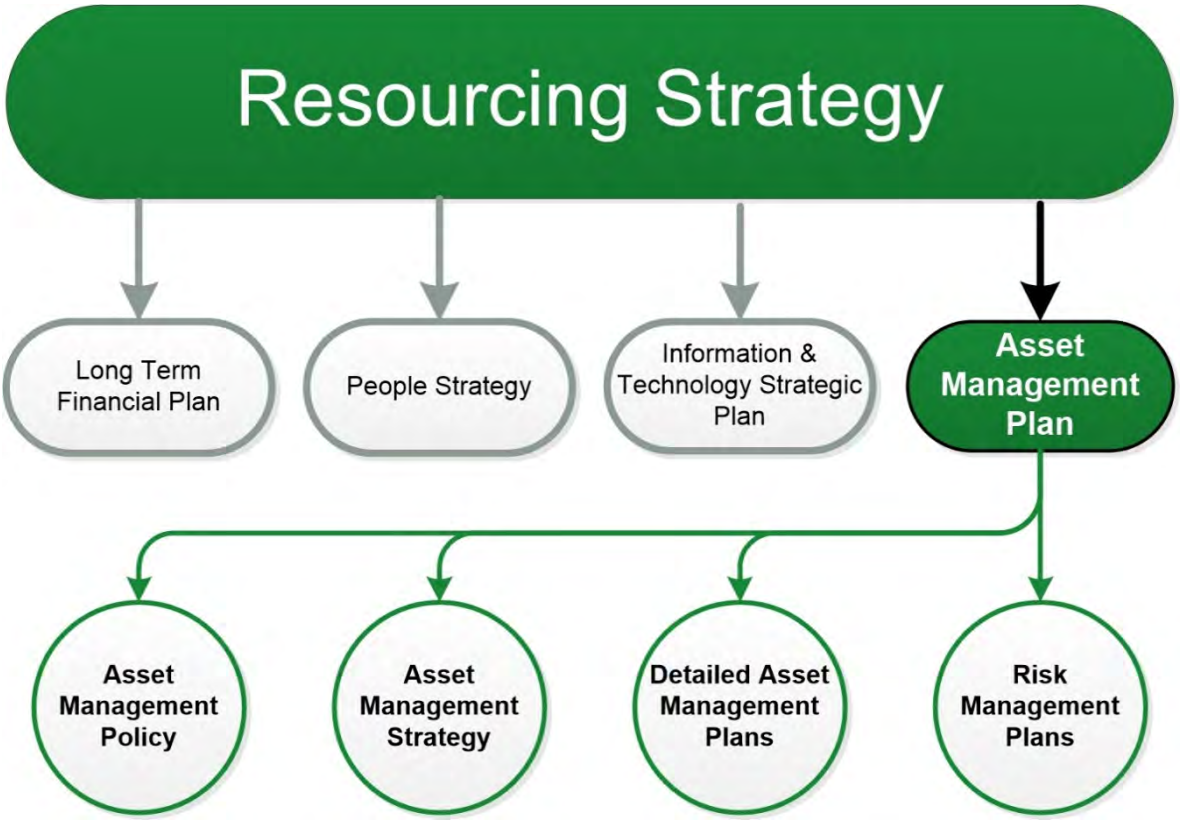
To support this framework the City has prepared and adopted a number of Asset Management documents, including:

– Asset Management Policy
– Asset Management Strategy
– Risk Management Plans for the critical assets
– Detailed Asset Management Plans for discrete asset classes

These documents are reviewed and updated periodically.

The condition analysis, financial valuation and projections and maintenance and operation costs in the current plans are prepared using the best available data and will be improved as updated information becomes available. The ongoing expansion and improvement of the City's Corporate Asset Management System will aid the development of data to support decision making.

Consistent with the requirements of the Office of Local Government performance measures, the information and modelling contained within this plan (and more broadly within the City's Integrated Planning and Reporting documents) demonstrate that the City is managing its infrastructure assets effectively and efficiently. Over the ten year window of this Plan, identified asset renewal and maintenance requirements are planned to be met, and the City's ten year capital works program is set to address identified infrastructure renewal whilst providing new and upgraded infrastructure and facilities to meet growing community demand in the future.



Asset Management Policy

Policy

The City's Asset Management Policy enables the delivery of our asset management actions that are consistent with our strategic goals set out in Sustainable Sydney 2030, Integrated Planning and Reporting legislation and other strategic documents. These policy objectives were advertised for public comment as part of the Resourcing Strategy 2016 documentation and adopted by Council in June 2016.

The policy objectives are:

1. Provide infrastructure and services to sustain the City of Sydney communities
2. Implement a life-cycle approach to the management of infrastructure and public assets
3. Ensure that service delivery needs are the primary driver for infrastructure asset management practices
4. Provide a sustainable funding model that provides assets aligned with the City's long term plans and community needs
5. Develop and implement best value environmentally sustainable asset management practices
6. Provide reliable asset and infrastructure data through supported digital platforms
7. Implement an integrated decision support system
8. Ensure compliance with legislative requirements
9. Allocate Asset Management responsibilities

This policy is due for review in 2020/21.

Image: interior of Green Square Library

Asset Management Strategy

Background

An asset management strategy provides a summary of how the resources available in the Resourcing Strategy will deliver the key objectives in Sustainable Sydney 2030 Community Strategic Plan and the Delivery Program.

The Asset Management Strategy is a dynamic document that helps to guide the asset management activities and decision making of the organisation into the future. The initiatives are reviewed on a regular basis to ensure their relevance in a changing environment, and to also incorporate community feedback.

The City updated the strategy in 2012 to ensure it supported the directions of Sustainable Sydney 2030 Community Strategic Plan and was consistent with the Integrated Planning and Reporting Framework.

The strategy focus areas were further reviewed in 2017 in conjunction with the 2017 Resourcing Strategy. This Strategy will be fully redrafted and adopted in 2020/21.

Current Situation

Strategy

The City has made significant advances and is continually seeking and implementing initiatives to increase council's productivity in the asset management context. Since 2012, some of the achieved outcomes include:

- Development and adoption of an overarching asset management policy
- Implementation of an asset management framework and governance structure
- Identifying and linking asset maintenance, renewal, upgrade and new costs in the Long Term Financial Plan projects
- The implementation of a corporate asset management system to consolidate asset data, valuation and operational information. There are now 318,000 assets and 450 registered users of the system
- The introduction of a mobile capability for managing infrastructure inspection, maintenance and job completion. There are 300 active mobile users across the civil infrastructure maintenance, parks and open spaces and tree management business units and contractors
- The introduction of job activity and costing capability through mobile applications
- Development of processes to streamline infrastructure asset valuation through interfacing of systems
- Data collection projects aimed at improving the quality of the underlying base asset data for roads, stormwater drainage, trees, parks and open spaces, and buildings and their components.

Asset Inventories

This is the current infrastructure asset inventory and value for council's assets, excluding land.

Asset Category	Asset Type	Quantity	Value ($M)
Roads	Road Surface	330 km	198.3
	Road Base	330 km	463.3
	Cycleway	14 km	Included in roads
	Footway	597 km	550.5
	Kerb and Gutter	661 km	312.8
	Traffic Facilities	2,204	22.8
		Total	**1547.7**
Structures	Bridges	37	86.7
	Timber Bridges	4	2.2
	Cliff and retaining walls	140	18
	Sea Walls	2.7 km	1
	Jetties/Pontoons	6	
	Stairs/Steps/Ramps	97	2
	Fences	291	
		Total	**109.9**
Stormwater	Drainage pipes	180 km	235
	Drainage pits	12,390	86.9
	Open Channels	100 m	0.1
	Culverts	7.1 km	27.6
	Gross Pollutant Traps (GPTs)	42	1.6
	Rain Gardens	249	2.5
		Total	**326.3**

Asset Category	Asset Type	Quantity	Value ($M)
Parks	Iconic	22	261
	Neighbourhood	38	133
	Pocket	285	94
	Streetscapes	1437	12
	Sportsfields	14	24
	Traffic Treatments	3.3 ha	3
	Playgrounds	149	Included in Parks
		Total	**527.6**
Trees	Parks Trees	14,031	35.4
	Street Trees	33,271	84.2
	Property Trees	614	Included in Property value
		Total	**119.6**
Buildings	Specialised / Non Specialised and Investment	249	1,802
Street Furniture	Smartpoles	2,409	82.1
	Poles and Lighting	4,806 poles 8,407 lights	32.5
	Ashtrays	33	17.7
	Bins	818	
	Cycling Parking	1,539	
	Information Stands	296	
	Kiosks	1	
	Seats	890	
	Shelters	617	
	Wayfinding / Legible Sydney	3,827	7.26
	Permanent Survey Marks	2,916	3.2
	Parking Meters	1,448	6.3
	Security	N/A	2

Asset Category	Asset Type	Quantity	Value ($M)
Signs	Parking and Regulatory	64,000 (approx.)	12.7
	Sign Poles	36,750 (approx.)	2
Fleet	Vehicles and major plant	440	25
Plant and Equipment	Other Plant and Equipment	N/A	44
Library	Books, publications, electronic resources and other library collections	N/A	9
Art	Public art and sculptures	245	47.5
	Town Hall Collection	1,600 (approx.)	7.3
Office Fit out	Furniture, desks, technology	N/A	48

Asset Condition

Condition Definition

In line with International Infrastructure Management Manual, the Institute of Public Works Engineering Australia (IPWEA) condition rating standards, this is the condition ranking the City has adopted. The scale and how the ranking is applied varies to each asset category

Condition	Description	
1	Very Good	Satisfactory = % total of assets with 1, 2, or 3 Condition
2	Good	
3	Fair	
4	Poor	
5	Very Poor	

Current Asset Condition Assessments

Asset Category	Asset Component	Average Condition	Year of Assessment	Next proposed Assessment	% of Assets rated as Satisfactory
Roads	Road Pavements	2.2	2016	2020	86
	Footpaths	2.5	2019	2022	96
	Kerb and gutter	2.5	2019	2022	92
	Traffic Facilities	2.0	2018	2021	95
	Steps and Ramps	2.4	2013	Underway	87
Structures	Bridges	2.7	2013	Underway	90
	Cliff & Retaining Walls	2.1	2014	Underway	98
	Sea walls	2.5	2014	Underway	99
	Jetties/Pontoons	2.5	2014	Underway	99
	Fences	N/A	2015	Underway	N/A
Stormwater	Drainage – Pits – Sample area	2.3	2019	Underway	99
	Drainage – Pipes – Sample area	2.3	2019	Underway	94
	Gross Pollutant Traps	N/A	N/A	Underway	N/A
	Raingardens	1.6	2019	2023	90
Parks	Iconic	2.6	2019	2020	99
	Neighbourhood	2.8	2019	2020	96
	Pocket Parks	2.6	2019	2020	98
	Streetscapes	2.8	2019	2020	99
	Traffic Treatment	2.8	2019	2020	99
Trees	Parks Trees	1.9	2019	2020	99
	Street trees	1.5	2019	2020	99
	Property Trees	1.6	2019	2020	99
Buildings		2.42	2019	2020	97

Asset Category	Asset Component	Average Condition	Year of Assessment	Next proposed Assessment	% of Assets rated as Satisfactory
Furniture	Smartpoles, Light poles	2.0	2009	2020	N/A
	Mounted lights	3.0	2009	2020	N/A
	Street Furniture:				
	Bins & Ashtrays	2.7	2016	2020	90
	Cycle Parking	2.5	2016	2020	92
	Information Stand	2.6	2016	2020	93
	Kiosks (CoS owned)	1.9	2016	2020	99
	Seats	2.6	2016	2020	86
	Shelters	2.1	2016	2020	99
	Permanent Survey Marks	2.0	2019	2020	99
Plant and Equipment	Fleet	2.3	2017	2020	99

Note 1 – Continuous review of all council's asset and related conditions are ongoing.

Note 2 – The areas where data is either being collected or not applicable are show as N/A

Generally condition assessments are conducted as holistic, identification of defects and adhoc condition assessment on individual assets are being performed continually.

Image: The Distance Of Your Heart, Bridge St, Sydney

Asset Management Strategy Update 2017

The Asset Management Program Control Group reviewed the Strategy in 2017 to determine the priorities that will enable the City to meet the Sustainable Sydney 2030 objectives.

Both the 2012 and 2017 Strategy included a maturity assessment (gap analysis) of the City's capability benchmarked against the best practice industry standard, the National Asset Management System (NAMS) themes and criteria. The research and consultation identified focus areas that were either below desired maturity or in need of consolidation and improvement. The focus areas incorporated previous strategy themes identified by the Asset Management Program Control Group, together with key asset related initiatives contained in other strategies like the Digital Strategy, Information and Technology Strategic Plan, Data Governance Framework, Climate Change Adaptation Plan, Environmental Strategy and the Serve Strategy.

The focus areas were advertised for public comment as part of the Resourcing Strategy 2017 documentation and adopted by Council, in June 2017. The focus areas are:

1. Asset Management Governance
2. Asset Management Skills and Processes
3. Asset information and systems
4. Levels of service
5. Financial sustainability
6. Environmental sustainability asset management practices

Outlines of the focus areas are contained in table following with the detailed information, including specific elements of the key objectives

Emphasis on environmental, social and cultural measures and metrics will be identified and incorporated into this report in the future.

Asset Management Capability and Maturity - Assessment

Whilst recognising that there have been significant advances in asset management at the City, an Executive Enterprise Change Project was commenced to review asset management capability and maturity to examine whether:

– Performance and outcomes meet community needs

– Expenditure is prudent and efficient

– Current frameworks for decision making are transparent and demonstrate value for money

– Expenditure on assets (capital and operational) adequately delivers on the principles of 'intergenerational equity' (ensuring future generations are not unfairly burdened)

– Robust systems with adequate data and analytical capability

A project team has been established with the first priority to reassess current capability and maturity against the Australian Standards

– AS ISO55000 – Asset Management – Overview, principles and terminology and

– AS ISO55001 – Asset Management – Management Systems – Requirements

The review identified several areas where a gap of maturity exists between current state and the standard. At the time of this report the City is identifying the impacts and benefits of reallocating existing resources, and if any additional resources are needed to bridge the gap. There is no intention that council will become fully compliant to the standard.

A project plan to achieve the desired level of maturity is in the process of being approved. Together with a revision of the policy, future asset management plans will have projects within each of the critical asset areas outlining the path to maturity.

Sustainable Sydney 2050 and other plans

This plan will be influenced by the development of a new Community Strategic Plan. Future revisions of this plan will incorporate relevant changes together with any other significant strategies such as the Resilient Sydney and Smart City Framework.

Image: Wayfinding Pylon, Bathurst St Sydney

Asset Strategy Focus Areas

Focus Area	Key Outcomes	Priority Projects
Asset Management Governance Consistent and appropriate data and corporate governance processes are in place for all asset activities and classes	– Improved data governance – Structured infrastructure risk management plans – Current and relevant policy and strategy – Compliance with Integrated Planning and Reporting requirements – Digital service delivery designed around the user	– Reviewing and reforming the Asset Management PCG attendance. – Review and update business, data governance and management processes – Adopt risk management plans for the Critical asset classes, including climate change adaptation, at a network level – Policy and Strategy reviewed on 4 year cycle – Review and update Asset Management Plan process – Continue rollout of ConfirmConnect and WorkZone mobile platforms
Asset Management Skills and Processes The City's staff will have sufficient data and system knowledge, rigorous processes, clear communication and a culture committed to asset and service improvement	– Proactive asset management culture – Standard asset creation and handover processes – Developed asset management skills – Effective communication and On-line tools	– Develop on-line references and tools for asset managers – Develop standard templates and processes for asset demolition and creation – Communications strategy for asset management practices – Provide or facilitate training for asset managers
Asset Information and Systems The City will support service delivery through the provision of up to date asset information and integrated systems providing digital and mobile platforms	– Integrated platforms – Fully resourced system support – Mobile first solutions – Quality data and information – Adopted long term strategy for system – Best practice data modelling and reporting	– Review and update of the roads, footways, kerb and gutter inventory and condition data – Review and update of the stormwater drainage inventory and condition data incorporating CCTV analysis of pit and pipe capacity and structure – Building and condition audit for relevant buildings – Continue rollout of ConfirmConnect and WorkZone mobile platform – Develop and enable advanced modelling within the corporate system

Focus Area	Key Outcomes	Priority Projects
Levels of Service The City will measure the performance of all asset classes against agreed levels of service including intervention levels, inspection frequency and condition thresholds	– Agreed service levels for all asset classes – Costs associated with service delivery captured and understood – Validated asset lifecycle models – Service levels of new and acquired infrastructure identified at inception – Environmental considerations included in all service level outcomes	– Development of service levels specific to individual asset classes including intervention levels, priority determination and inspection frequency – Develop cost collection model and implement through mobile technology – Develop processes to directly link the corporate asset management system to water, energy and waste consumption
Financial Sustainability The cost of infrastructure service delivery will be fully understood and incorporated into lifecycle modelling linked to the long term financial plan	– Full understanding of costs to deliver services to support budget preparation – Benchmarked asset operation and maintenance activities and costs – Validated lifecycle models – Integrated asset operational and financial data – Current asset management plans • Purpose specific tools for asset reporting	– Develop and implement strategy, processes and procedures to capture costs associated with infrastructure maintenance activities – Link renewal, upgrade and expansion components of capital projects within the Long Term Financial Plan – Migrate asset financial and valuation data to the Corporate Asset Management System
Environmentally Sustainable Asset Management Practices Embed best practice environmental management practices into all aspects of infrastructure service delivery	– Climate change considerations as part of normal business – Cleaner stormwater solutions • Embedded sustainable design guidelines – Environmental impact considered in plant and equipment acquisition – Asset reporting includes environmental outcomes	– Embed environmental guidelines in all renewal and upgrade activity – Develop processes to directly link the corporate asset management system to water, energy and waste consumption – Develop processes to minimise the environmental impact of new or replacement plant and equipment

Asset Management Plans

The City of Sydney is implementing asset management in a structured and consistent manner guided by the International Infrastructure Management Manual (IIMM) and the Institution of Public Works Engineers Australia (IPWEA), utilising the NAMS.PLUS3 template. The assessment against the ISO55000 standards will enhance the implementation.

The Corporate Asset Management System provides a repository where the City can aggregate and assess improved data and the facility to produce better maintenance and operational histories.

The City is implementing Asset Management Plans in the following way:

Community Asset Management Plan

The Community Asset Management Plan (this document) provides an overview of the asset management principles and fundamentals we are implementing across asset classes. It also outlines the long term plans for groups of assets that are critical to the City's operation.

The critical assets included in the plan are:

- Road Network
- Stormwater Drainage
- Parks and Trees
- Property

The plan identifies the standard Asset Management Plan elements the City is applying to infrastructure assets while at the same time not focusing on technical issues more suited to detailed planning.

Detailed Asset Management Plans

These are plans for discrete asset categories that include detailed inventory information, condition assessments, service levels provided, funding requirements and future demand. The Detailed Asset Management Plans are not included in the Resourcing Strategy due to their technical complexity, volume and evolving content based on improved data collection and governance.

We will prepare detailed asset management plans for all significant asset categories.

The Detailed Asset Management Plans for our critical assets have been produced and will be review and updated to a consistent plan structure for all the plans. In addition, the review will the following key actions:

• Asset Register Data – ensuring the City has acquired the right asset inventory data to make tactical and strategic decisions.

• Service level review for all assets to determine optimum inspection, response, renewal and upgrades. This includes environmental, social and cultural service levels.

• Further refinement of the identification of critical assets especially in the context of resilience and climate change.

• Further refinement of risk-based priorities for renewal planning.

• Further enhance life cycling modelling to provide more efficient and effective renewal funding scenarios

• Use technology and smart city initiatives to make better tactical and strategic decisions.

Community Asset Management Plan

This section briefly describes the elements included in each of the critical asset categories of this Community Asset Management Plan.

Levels of Service

The City has defined service levels in two ways:

• Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, capacity, environmental impact, responsiveness, cost/efficiency and legislative compliance; and

• Operational or technical measures of performance developed to ensure that the minimum community levels of service are met. These technical measures relate to service criteria and are shown in the detailed Asset Management Plans.

Desired levels of service are obtained from various sources including Customer Satisfaction surveys, residents' feedback to Councillors' and staff, service requests and correspondence, and consultation with stakeholders. The City has identified the review and update of service levels for specific asset classes as a key element of the ongoing asset management strategy.

The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans. The change of levels of service on our roads has been assessed and now is in a resourcing analysis stage. The parks assets review produced recommended changes how our parks should be maintained. These changes have been rolled out.

This plan now reflects elements of the Report on Infrastructure Assets (i.e. Special Schedule 7) from the City's financial statements. This replaces previous estimates of minimum condition levels to provide uniformity across reporting platforms.

Demand Management

Generally, the major factors affecting asset management provision and maintenance are population and demographic changes, environmental factors, economic conditions and community expectations. Population and visitor growth in particular will see an increased demand for available open space, pedestrian space, community facilities and also a need for new and emerging assets to meet user expectations.

Specifically, for the City, the largest impact on infrastructure will be the development of the Green Square Urban Renewal Project in the short term, which covers approximately 280 hectares of land and the completion of the CBD and South East Light Rail project. Both will require significant funding and provision of essential infrastructure and community facilities.

The handover of a number of assets from other government authorities is also anticipated in the short term which will impact on service provision.

Demand for new services will be met through a combination of managing existing assets, upgrading of existing assets and providing new assets as required. As the City has a finite stock of existing assets, a focused qualitative approach has been undertaken when upgrading

existing assets. This ensures we provide purpose built assets in the right areas.

New and emerging smart city sensors incorporated with Internet of Things (IoT) technologies will provide opportunities to deliver assets that will have higher utilisation, reduced downtown with lower lifecycle costs

Asset Condition Assessment

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets.

The task of rating all assets to the level of detail required to effectively manage them is significant and the City is continually updating and incorporating improved condition data.

Condition assessments are important because they:

- Identify assets or areas where maintenance or renewal is needed;
- Give information, through regular assessment, on the trend in deterioration of assets;
- Enable estimates of costs to restore to a reasonable level; and
- Help the City to plan future maintenance.

The adopted model is consistent with the International Infrastructure Management Manual, the Institute of Public Works Engineering Australia (IPWEA) NAMS.PLUS3 Asset Management Guidelines and the NSW Local Government Integrated Planning and Reporting Framework.

The general method to assess asset condition uses a five point scale and is applied across all infrastructure assets.

The condition indexes are shown in the previous Asset Condition Section.

Each infrastructure asset category has specific levels and descriptions (contained in the Detailed Asset Management Plans) associated with the condition indexes, the assessments shown in the asset specific sections reflect these specifics.

The City has commissioned a number of critical asset data collection projects to assist in the condition analysis. These include:

- Civil Engineering (Road Network) Assets – Kerb and footway condition collection has been recently completed. All civil structures including structures with Parks are being verified and their conditions collected.
- Stormwater drainage network (being pit, pipe and channel information) including size, capacity, dimensions, condition, update commenced in 2016 and will continue for the next 2-3 years. Includes CCTV analysis for all City owned Gross Pollutant Traps (GPTs) pipes, pits and raingardens. A Model for Urban Stormwater Improvement Conceptualisation (MUSIC) is currently underway that will assist in planning and scheduling maintenance work in the short term and the siting and installation of future GPTs in the long-term. A review of water quality and marine ecology data in the City's waterways is also planned to assist in prioritising both the maintenance work and new GPT installations.
- Parks inventory detailing park elements, condition and valuation, 90% of parks are complete, conditions assessments of whole park assets completed for the 4th year. The validation of footway verges in conjunction with the roads footway and kerb audit continues and detailed asset condition assessment of select park structural assets is underway
- Collection of detailed building data has commenced. The collection of an inventory and condition of fixed plant is complete. The collection of condition data for property structures and fabric is underway. An independent review of the 60 high value or high use buildings, primarily relating to risk and priority works is complete and is the basis for the renewal component of the capital works program for properties.
- Revaluation of the City’s buildings based on components is complete and is loaded into the asset valuation registers.

Asset Valuations

A summary of the current replacement cost, written down value and Average Annual Asset Consumption amount for the Asset Category.

Risk Plan

The City of Sydney has developed a Risk Management Policy, Risk Assessment Methodology and Enterprise Risk Management System based on the identification of credible risks, measure of likelihood that it will occur and measures of consequence of the occurrence. The action required to manage those risks are assessed using a Risk Rating Matrix and the Risk Categorisation.

Critical risks, being those assessed as 'Very High' – requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Infrastructure Risk Management Plan - are summarised.

A project to review and update the high level risks associated with the critical asset classes has been undertaken. The project has identified what element of the infrastructure, at a network level, is at risk and what can happen, possible causes, existing controls in place and risk treatment options and plans.

The table below shows a snapshot of the types of risk identified together with their causes and controls and rating.

The associated Risk Management Plan for Critical Assets has been reviewed and adopted in 2018. The Asset Maturity project identified the City needs to consider risk more greatly in the renewal priority process. Future revisions of this and the detailed asset management plans will include details of the risk treatment options, plans and timetable for completion.

Image: Water reuse infrastructure in Green Square

High level risks for critical assets - snapshot

Asset Risk and What Can Happen	Possible cause	Existing controls	Risk Rating
Road Transport Network throughout the CBD is not meeting requirements	Road capacity inadequate - insufficient corridor space Public transport failure Competing priorities with road use Inadequate parking Parking impacts on public transport corridors Light rail construction	– Community surveys. – Sustainable Sydney 2030 Community Strategic Plan – Cycling strategy – Emergency traffic response – Transport Planning – Parking Policy – Traffic Committee • Advocacy – Roads asset management plan – Pavement management model	Very High
Stormwater System Capacity – flooding of property	Under capacity systems	– Design Guidelines – Interim Floodplain Management Policy – Floodplain Risk Management Plans – Floodplain Management Implementation Plan	High
Parks – Provision of adequate areas of open space within the city	City growth Population growth Increasing expectations Sports field demand Siting of utility infrastructure Demand management, competing land uses Climatic and environmental factors	– Planning controls – Event Planning – Urban renewal planning – Consultation – Resource allocation	High
Buildings - potential issues that may lead to a building being unsafe	Fire safety, water treatment, entrapment (lifts), hazmat & vandalism Flooding Structural integrity Inadequate maintenance	– Inspections – Contract management – Condition reports prepared – Community feedback – Planned maintenance programs	High

Maintenance, Renewal and Upgrade Costs

To assess the lifecycle costs of managing the assets it is necessary to understand the plans for and expenditure incurred to maintain those assets. A summary of the expenditure trends is shown for each category of asset and the definitions of lifecycle costs appear below.

Operational Costs

Recurrent expenditure which is continuously required to operate and manage assets e.g. management staff and associated on-costs.

Maintenance Costs

These Costs are defined as repairs to assets to ensure they reach their full or expected life and include reactive, planned and preventative maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management or supervisory directions.

Planned or preventative maintenance is repair work that is identified through various means including inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Renewal or Replacement Costs

Renewal or Replacement expenditure is major work that does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential or condition. Work over and above restoring an asset to original service potential comprises upgrade/expansion or new works expenditure.

Expansion (New) Assets and Upgrade Costs

New or expansion works are those works that create a new asset that did not previously exist. Upgrade works improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs and community requirements or requests. Assets may also be acquired at no cost to the City from land development.

New assets will commit the City to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. The City will increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

There is a risk that the significant transfer of assets will impact on the provision of future works.

Estimate of Cost to bring asset to satisfactory condition

Elements from the City's financial statements relating to Special Schedule - Report on Infrastructure Assets of the Code of Accounting Practice and financial reporting are included in this document.

The Special Schedule- Report on Infrastructure Assets includes estimates of the cost to bring our critical assets to a satisfactory standard or an agreed level of service. This replaces previous estimates of minimum condition levels to provide uniformity across reporting platforms.

The Special Schedule- Report on Infrastructure Assets contains two primary estimates for assessing the City's financial obligation relating to renewal of infrastructure assets. These are:

Estimated cost to bring to a satisfactory standard

The amount of money that is required to be spent on an asset that is currently not at the condition determined to be satisfactory by Council and the community. Unless otherwise agreed with the community the level for satisfactory is set at Condition 3 – 'Fair'

Cost to bring to the accepted level of service set by Council

Estimate of the cost to renew or rehabilitate existing assets that have reached the condition based intervention level adopted by Council. For the City, in general terms this means any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor.

Required Maintenance

Estimate of the costs identified to perform routine activities that should be undertaken to sustain the asset in a functional state, ensuring assets reach their predicted useful life, excluding renewal. This includes operational and maintenance costs.

Actual Maintenance

Actual expenditure incurred to perform those routine activities.

Financial Summary, Projections and Projections

The summary contains the financial requirements resulting from all the information presented in the previous sections of the Asset Management Plan. These projections will be refined as updated information becomes available. There are two key indicators for financial sustainability that have been considered in the analysis of the services provided by the asset category. They are:

• Long-term life cycle costs based on historical trends and for the full useful life of the asset.

• Medium term lifecycle costs over the 10 year financial planning period contained in the Long Term Financial Plan.

Estimates of each are shown for the critical asset classes.

Life Cycle Costs

Whole of Life costs are the costs that contribute to the overall cost of providing the asset from design, acquisition, construction, maintenance and demolition or disposal phases.

Asset Consumption Costs

Asset Consumption Costs are the average annual costs that are required to sustain the service levels over the life of the asset after the asset has been commissioned.

These include the ongoing operational and maintenance costs and asset consumption (sometimes referred to as depreciation expense).

This provides an estimate of the theoretical spend required to keep the asset in a satisfactory functioning state over the full useful life period.

Asset Consumption Costs are calculated using the general methodology:

$$\textbf{Average Annual Asset Consumption} = \frac{\text{Replacement Value of the Asset}}{\text{Expected Life of the Asset (how long will it last)}}$$

Into

$$\frac{\text{Required Operational Costs} + \text{Required Maintenance Costs} + \text{Average Annual Asset Consumption}}{\textbf{Asset Consumption Costs}}$$

The Table below provides an example of how the Asset Consumption Cost is calculated

Asset Type	Replacement Value	Useful Life	Average Annual Asset Consumption	Required Operating Cost	Required Maintenance Cost	Asset Consumption Cost
Stormwater Pit	$10,000	100yrs	$100/yr	$500/yr	$100/yr	**$700/yr**
Park	$5,000,000	25yrs	$200,000	$5000	$15,000	**$220,000/yr**

Critical Assets

Estimated Operational, Maintenance, Renewal and Replacement Costs

The amount that the City is currently spending or budgeting to renew or replace an asset, including the planned ongoing operational and maintenance expenses and planned capital renewal or replacement expenditure. The calculation is as follows:

Budgeted Operational Costs +

Budgeted Maintenance Costs +

Budgeted Renewal or Replacement Program

Estimated Operational, Maintenance, Renewal and Replacement Costs

Sustainability Index

The ratio of the Estimated Operational, Maintenance, Renewal and Replacement Costs over the Asset Consumption Costs to give an indicator of sustainability in the asset's service provision. Planned or replacement expenditure will vary depending on the timing of the renewal project and is often incorporated into projects upgrading the asset.

$$\textbf{Sustainability Index} = \frac{\text{Estimated Operational, Maintenance, Renewal and Replacement Costs}}{\text{Asset Consumption Costs}}$$

A Sustainability Index in excess of 0.9 (90%) over a ten year period is generally considered sustainable using industry benchmarks.

The Building and Infrastructure Asset Renewal Ratio benchmark is set by the Office of Local Government to be in excess of 1.0 (100%).

Any difference between Asset Consumption Costs and Estimated Renewal or Replacement Costs provide a guide as to whether funding for the asset renewal matches the theoretical estimate of the consumption or decay of the asset.

Updated data and modelling will be included in future revisions of the Community and the detailed Asset Management Plans.

Information contained in the models address any gap identified in the Special Schedule-Report on Infrastructure Assets estimates of the cost to bring our critical assets to a satisfactory standard.

Scope

Critical Assets are defined as those for which financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation.

The critical assets included in the Community Asset Management Plan are:

• Road Network – including carriageways, footpaths, kerb and gutter, cycleways, bridges (pedestrian and vehicular);

• Stormwater Drainage – including pits, pipes, culverts, open channels, stormwater quality improvement devices;

• Parks and Trees – including parks improvements, turf, garden beds, parks and street trees, water recycling and reuse systems, water features, habitat corridors and trees within Council properties;

• Property – including corporate, community, investment/strategic, public domain buildings and the Sydney Town Hall.

It is acknowledged that some asset categories not included in the Community Asset Management Plan may be considered critical by interested parties.

The critical asset categories identified account for approximately 90 per cent of all asset value (excluding land). Future revisions of the Community Asset Management Plan and/or the individual Detailed Asset Management Plans may include all assets.

Summary information for the critical asset classes are contained in this report. The data is based on the information contained in Community Asset Management Plan Section. The City has utilised the Asset Management Framework, the NAMS.PLUS3 methodology and the best available data to prepare this summary information.

The Detailed Asset Management Plans will continue to be refined, particularly as updated information becomes available through the completion of data collection or update projects.

Image: City Colour display in Cathedral Square

Road Network

Background

The City provides a road network in partnership with the Roads and Maritime Services and neighbouring Councils to enable safe and efficient pedestrian and vehicular movements.

A significant proportion of the City's road network assets have been in existence for many years. These assets have originated from a combination of Council construction and development activity within the area.

The road network assets assessed in this Plan include:

– Road Pavements (including cycleways);

– Footpaths;

– Kerb and Gutters;

– Bridges for both pedestrians and road users

In this plan cycleways are included in the road pavement or carriageway. Future revisions will separate cycleways from roads as the data becomes available and the broader cycle network is completed.

For the purposes of the Community Asset Management Plan, bridge information, valuation and modelling have been included as it forms a critical part of the road and footpath network. However, individual Detailed Asset Management Plans for structures, which includes bridges, cliffs and retaining walls are being prepared because of the different maintenance and renewal requirements for bridges by comparison to roads and footpaths.

A survey of inventory and condition of the road, footpath and kerb and gutter network was completed in 2011 and the data has been updated for work completed since. Inventory and condition updates were completed for road carriageway in 2017/18, footpath and kerb and gutter assets are due to be completed in 2019.

A bridges inventory and condition survey is complete and is included in the Structures Asset Management Plan. An audit and condition survey of parks structures e.g. retaining walls, and pedestrian underpasses will is underway and will be completed in 2019.

The City publishes a ten year Capital Works Program (as part of its Long Term Financial Plan) incorporating asset renewal programs as linked to the Detailed Asset Management Plans. The prioritisation of works within that program will be reviewed is updated as the analysis of condition data is completed.

The City receives grant funding from both the Federal and State Governments to assist in the management, maintenance and operation of the City's road infrastructure, which is a fundamental part of the NSW transport network.

It is anticipated that ownership of a number of roads will be transferred to the City from the State Government entities within the next ten years. Negotiations relating to the terms of any such transfers are ongoing, but it is expected that whilst already constructed and operational, ongoing maintenance requirements of these assets will add to the City's commitments.

The Green Square Urban Renewal is expected to create additional infrastructure in the order of 150,000 square metres of road and footway and 16km of kerb and gutter. Further handover from other urban redevelopment sites and other government authorities are expected in the next 12-24 months. This will impact on service provision.

Asset Inventory - Roads

Asset Category	Quantity	Replacement Value ($M)
Road Surface	330 km	
Road Base	2,899,159 sqm	662
Cycleway	14 km	
Footpaths	1,849,902 sqm	550
Kerb and Gutter	661,029 m	313
Traffic Facilities – Roundabouts, Speed Humps, Thresholds, Medians, Traffic Islands	2,204 items	23
	TOTAL	**1,548**

Asset Inventory - Structures

Asset Category	Quantity	Replacement Value ($M)
Steel/Concrete/Composite Bridges	37	87
Timber Bridges	4	2
Cliffs and Retaining Walls	140	18
Sea Walls	2.7km	1
Jetties/Pontoons	6	
Steps/Stairs/Ramps	108	2
Fences	291	
	TOTAL	**110**

Asset Inventory – Street Furniture

Asset Category	Quantity	Replacement Value ($M)
Smartpoles	2,409	82.1
Lighting	8,407 Lights, 4,086 Poles	32.5
Ashtrays	33	
Bins	818	
Cycling Parking	1,539	
Information Stands	296	17.7
Kiosks	1	
Seats	890	
Shelters	617	
Permanent Survey Marks	2,913	3.2
Wayfinding/Legible Sydney Signs	2,798	7.26
	TOTAL	**142.8**

Image: Rainbow crossing, cnr Bourke St and Campbell St Darlinghurst

Levels of Service

Current

Community Levels of services used by business units to gauge community satisfaction.

Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
Quality	Road surface, footpaths, kerb and guttering provides smooth surface/ride appropriate to location, function and road type and speed limits	Customer/ community satisfaction	75% satisfaction level in community survey (Roads and Footpaths)	Achieved – greater than 75% satisfied in last Community Survey (Roads and Footpaths)
Safety	Assets are free from hazards and significant deficiencies	Issues/defects identified	Number of road pavement issues/ defects reduced from previous year	Road requests: • 1206 in 2014/15 • 1030 in 2015/16 • 1451 in 2016/17 • 916 in 2017/18 • 1145 in 2018/19 Footpath requests: • 3826 in 2014/15 • 3656 in 2015/16 • 4501 in 2016/17 • 3698 in 2017/18 • 3309 in 2018/19 Kerb and Gutter requests: • 673 in 2014/15 • 380 in 2015/16 • 679 in 2016/17 • 380 in 2017/18 • 442 in 2018/19

Technical Levels of service is when council decides when it should renew the asset

Asset Category	Key Performance Category	Intervention Level	Action
Road	Condition	4	Renewal
Footway	Condition	4	Renewal/Upgrade
Kerb and Gutter	Condition	4	Renewal
Bridges	Condition	4	Renewal

Future

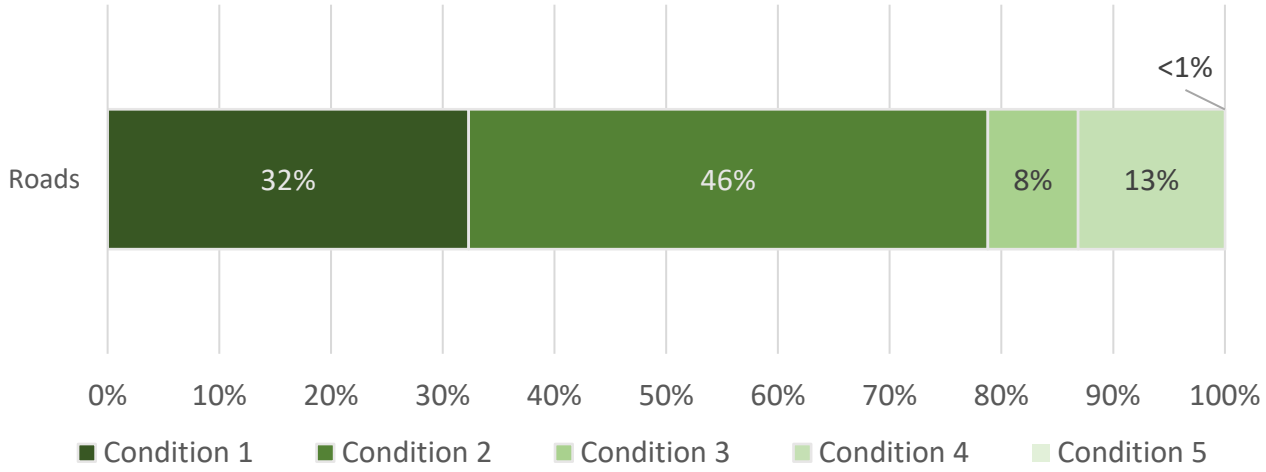
A comprehensive review of all service levels, including inspection frequency, intervention levels and response times, for all civil and stormwater assets is continuing. The review will drive changes to maintenance and renewal activities to provide a level of service that is reflective of community expectations and resource availability

Image: Epson Rd Cycleway, Zetland

Lifecycle Management

Current Condition - Roads

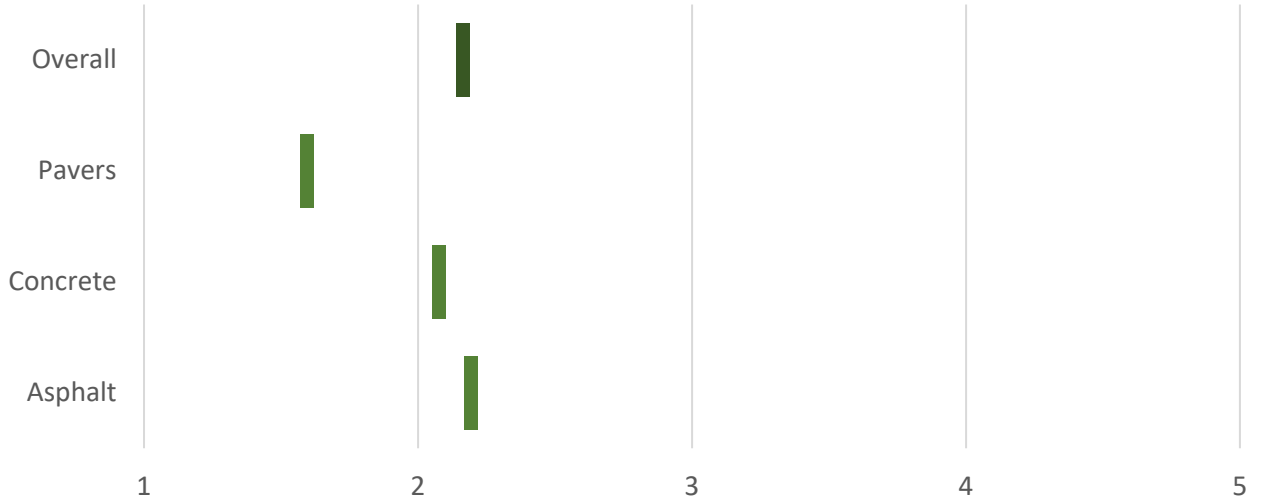
The chart below shows the distribution of road surface assets Photographs of road surfaces provide a guide to what Condition 1 – Very Good and 5 – Very Poor look like.



Condition 1 – Very Good

Condition 5 – Very Poor

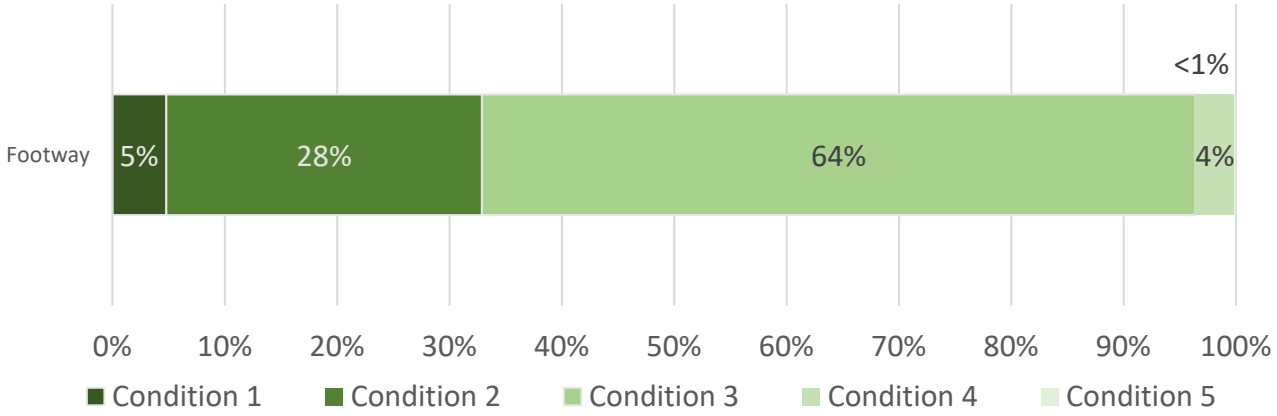
This chart shows the average condition of each of the road surface materials.



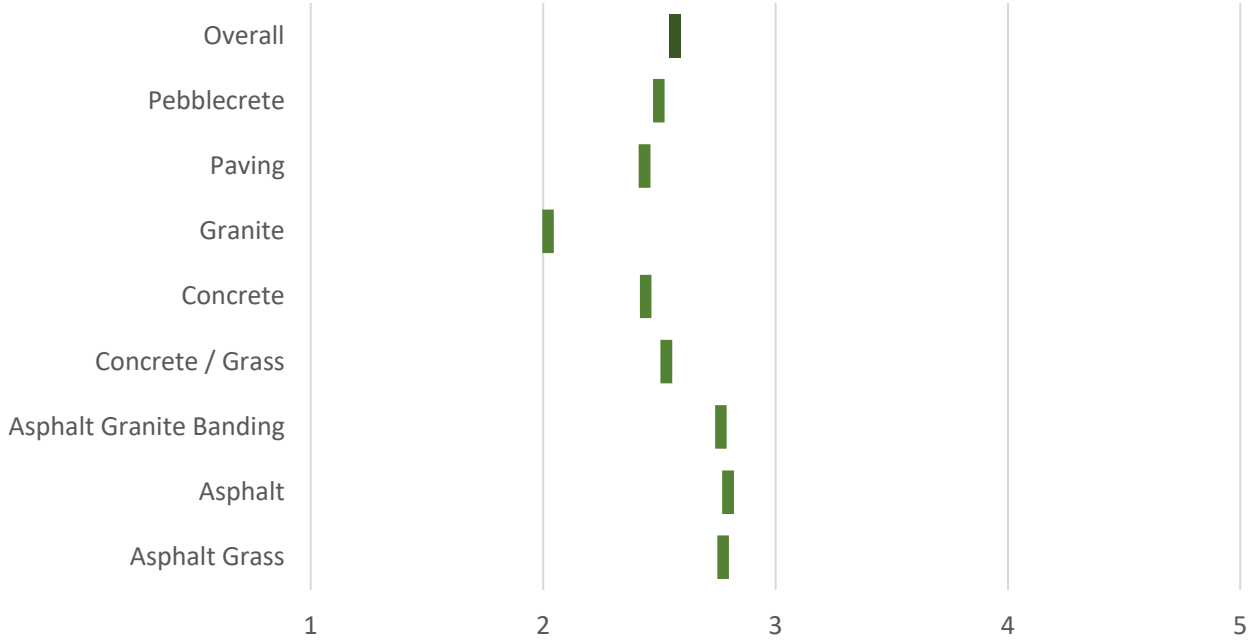
Road Inventory and condition updates were completed for road carriageway in 2017/18. The overall condition of the road surface is a 2.17 and <15% of the road network falls within categories 4 or 5. Any road surface asset rated a condition 4 or 5 has been or is under investigation and, subject to final assessment, will be included in the works program in the next 1-3 years.

Current Condition - Footway

The chart below shows the distribution of footway assets Photographs of road surfaces provide a guide to what Condition 1 – Very Good and 5 – Very Poor look like.



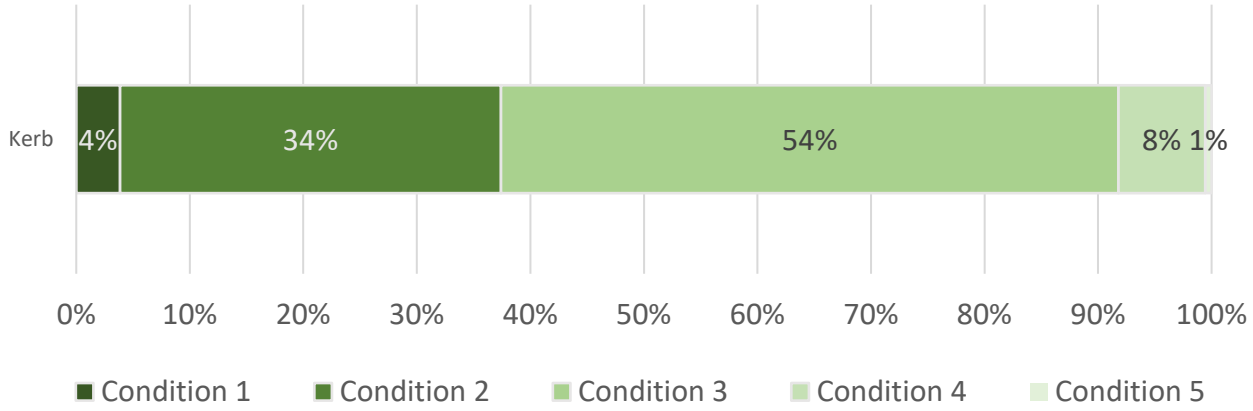
This chart shows the average condition of each of the footway materials



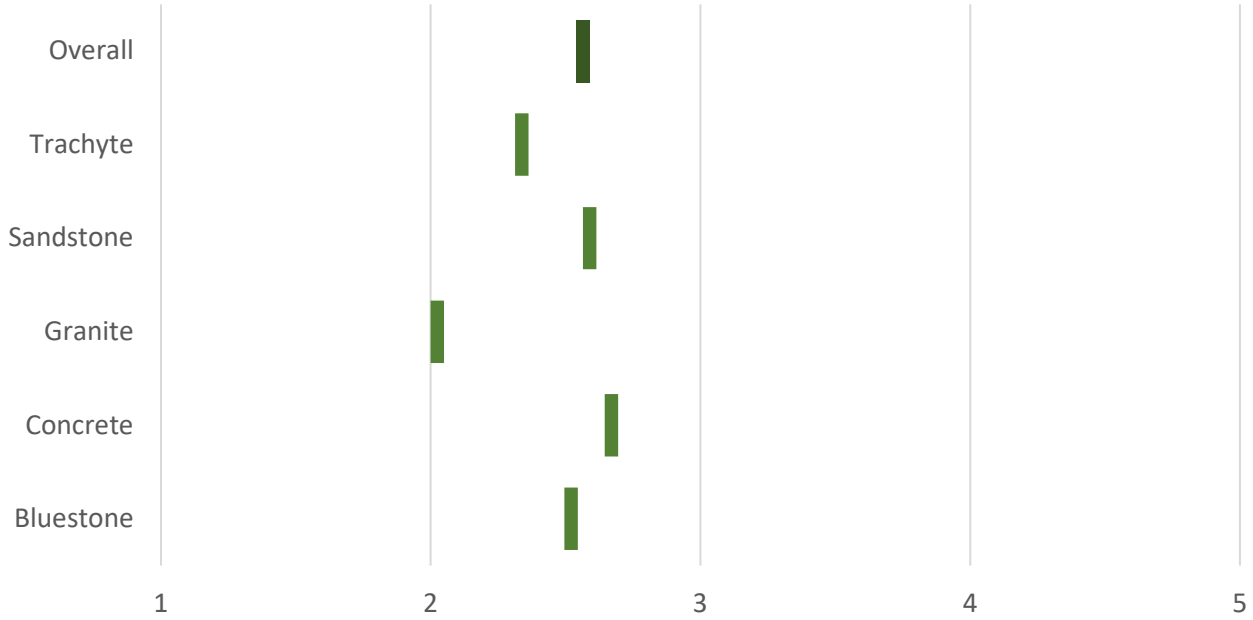
A footpath and kerb and gutter assets verification and condition collection has just been completed in 2019. This demonstrates the overall condition of the footway network is footway is a 2.54 and <5% of the road network falls within categories 4 or 5. Any footway asset rated a condition 4 or 5 has been or is under investigation and, subject to final assessment, will be included in the works program in the next 1-3 years.

Current Conditions – Kerb and Gutter

The chart below shows the distribution of kerb and gutter assets Photographs of road surfaces provide a guide to what Condition 1 – Very Good and 5 – Very Poor look like.



This chart shows the average condition of each of the footway materials



A footpath and kerb and gutter assets verification and condition collection has just been completed in 2019. This demonstrates the overall condition of the kerb and gutter network is footway is a 2.54 and <5% of the road network falls within categories 4 or 5. Any kerb and gutter asset rated a condition 4 or 5 has been or is under investigation and, subject to final assessment, will be included in the works program in the next 1-3 years.

Asset Valuations

Listed below are written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations

Asset Type	Current Replacement Cost	Written Down Value	Average Annual Asset Consumption
Road Surface	198,361	137,064	5,964
Road Base	463,337	410,677	518
Footway	550,364	224,051	10,009
Kerb and Gutter	312,725	76,659	3,061
Bridges	88,945	40,384	889
Total	**1,613,732**	**888,835**	**20,442**

Lifecycle Costs

The table below shows the trend in the last 5 years in infrastructure expenditure for the road network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports. The 5 year average is the basis for the long term lifecycle costs.

Year	Operating/Maintenance	Renewal	Upgrade	Expansion
2014/15	9,396	23,839	27,390	22,979
2015/16	9,367	15,453	14,282	12,752
2016/17	9,829	13,620	14,307	20,689
2017/18	10,149	12,132	10,413	9,247
2018/19	10,160	12,760	10,394	10,182
5 Year Average	**9,780**	**15,561**	**15,357**	**15,170**

Increased expenditure in upgrade and expansion in the last two to four years is due to the ongoing roll out of the City's cycleway network - the lower renewal amount for 2015-2019 reflects the increased focus on the George Street light rail project.

Maintenance, Renewal and Upgrade costs

This table shows the Report on Infrastructure Assets as at 30 June 2019 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in 'Estimate of Cost to bring asset to satisfactory condition' section of this report .

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard**	Estimated Cost to bring to the agreed service set by Council ##	2018/19 Required Maintenance	2018/19 Actual Maintenance
Roads	Sealed Roads – surface course	1,956	468	1,984	3,422
	Sealed Roads – base structure	196	196	309	166
	Bridges	1,222	736	391	138
	Footpaths	11,933	6,319	5,504	4,463
	Kerb and Gutter	312	329	1,251	1,174

** As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost assessments remain highly subjective as in previous years

- reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.

Image: Council staff renewing a footway

Financial Summary, Projections and Sustainability

Long Term – Lifecycle costs based on current expenditure

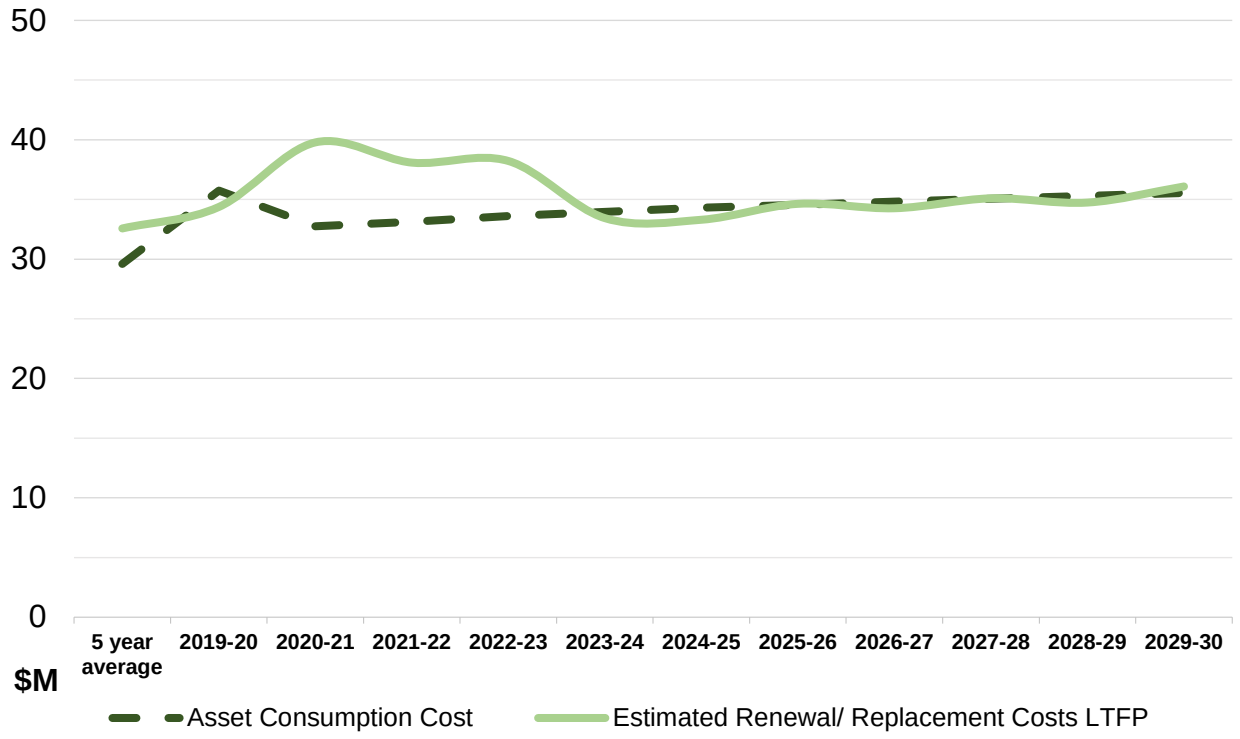
The table below shows the current sustainability index as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets.

Asset Consumption Cost	Operational, Maintenance, Renewal and Replacement Costs	Difference
35,740	**25,341**	**-10,399**
What we should be spending	What we are spending	

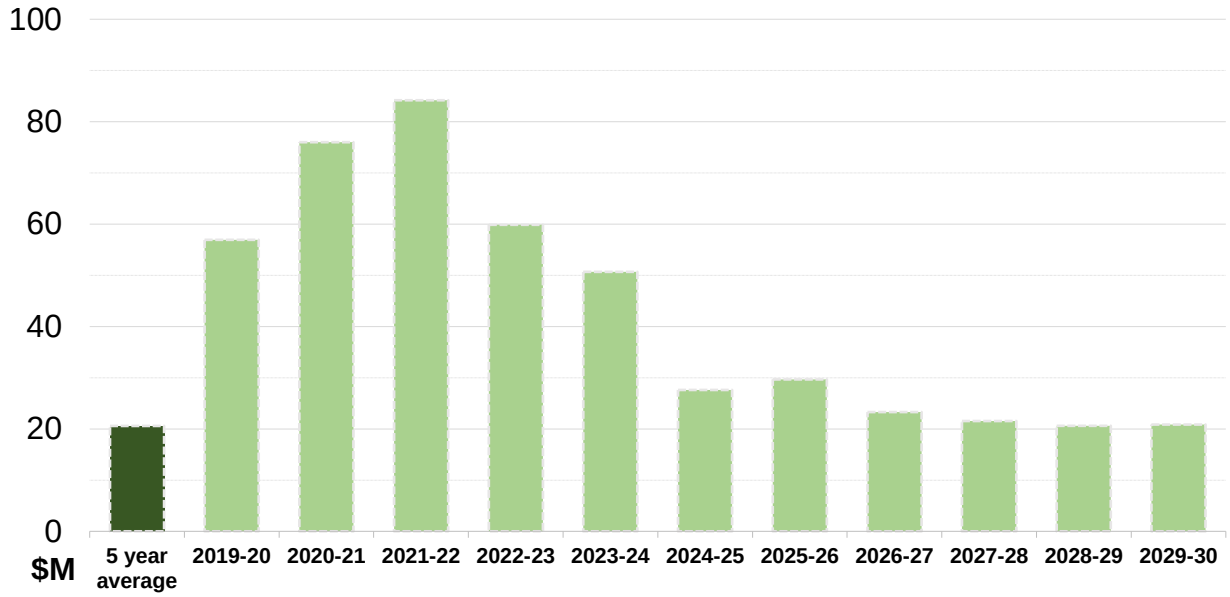
Figures are $k/yr

Medium Term – 10 year financial planning period

This chart shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs.



The chart below shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan



This table shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

Asset Consumption Costs	Estimated Operational, Maintenance, Renewal and Replacement Costs	Difference	Sustainability Index
10 year projection calculated	10 year projection budgeted		10 Year period
34,432	**35,635**	**1,202**	**1.04**
What we should be spending	What we are going to spend		Ratio of what we going to spend to what we should be spending

Figures are $k/yr

Concluding Remarks

The estimates contained in the Charts and Table indicates that the City has budgeted to renew road assets at a sustainable rate over the next 10 years and is addressing the maintenance and renewal requirements and the Special Schedule - Report on Infrastructure Assets cost to satisfactory requirements consistent with the Office of Local Government performance measures. The spikes in the upgrade and expansion chart are due to the implementation of the Green Square redevelopment project.

Stormwater Drainage Network

Background

The City of Sydney operates an extensive stormwater drainage network that is connected to Sydney Water and other statutory authority infrastructure. The network has been in place in some areas for more than 100 years.

When a large part of the City Centre was developed, the stormwater drainage network was built by Sydney Water and the City of Sydney. Typically, in suburban areas, Sydney Water would operate the large canals or trunk lines into which local stormwater would flow. However, within the City area, both large and small stormwater infrastructure is spread between the organisations.

Some 80% of the stormwater network is owned by the City with about 15% owned by Sydney Water and the remainder by other authorities.

This is a unique situation that leads to issues surrounding ownership and responsibility for assets.

A program is in place to update the stormwater drainage inventory and condition data including full CCTV analysis of the capacity and condition of the City owned pipes and pits and began in 2016.

The program will be conducted on a priority area basis and is expected to take a number of years to fully complete, with preliminary analysis of completed areas included in this document. To date condition assessment of approximately 60% of the network has been completed.

The initial analysis of these sample areas suggests that average structural condition of the network is likely to be between 2.1 and 2.5.

Valuation information was updated in 2017 to reflect the more accurate information available through the data collection. The City's drainage asset base will be updated in future revisions of the plan as better information, particularly relating to ownership of pipes and pits, becomes available.

Further analysis of the CCTV data and follow up field investigation is required, particularly in the condition assessment, of the completed area pipe assets and the ownership profile.

The City has prepared a five year renewal program developed in accordance with relevant standards including all pipes in the sample area in condition 4 or 5 in the priority renewal works schedule. The plan will be reviewed following full analysis of the stormwater drainage inventory and condition data. Usually renewal works are undertaken where assets have suffered damage, often by tree roots infiltration or crushed by vehicles, or at identified flooding locations to provide increased hydraulic capacity.

Provisions for the renewal program and considerable capacity upgrade projects have been incorporated into the Long Term Financial Plan.

Floodplain risk management studies will largely determine the renewal and replacement priorities based on risk. The 20 year drainage renewal program will be subject to amendment based on ongoing risk assessments.

Stormwater assets have an extremely long useful life and provide challenges to examine their condition on a regular basis. The City is committed to upgrading the condition and capacity of the stormwater network as demonstrated by the flood plain risk management studies completed and current stormwater planned works.

The creation, acquisition and upgrade plans will be driven by the new floodplain risk management studies and implementation plan. A draft implementation plan has been prepared

for all floodplain management items listed in the LGA's eight floodplain risk management studies and plans. This plan has formed the basis of our 5 year, 10 year and long term development plans for expenditure and the programming of construction of flood mitigation works including planning options such as the re-evaluation of Council's Interim Flood Prone Land Policy.

Significant new stormwater assets will be added in the next ten years, with trunk drainage works in Green Square and Erskineville with a combined project value of more than $110M recently completed.

Currently we are developing a stormwater quality study (MUSIC) which predicts the performance of stormwater quality management systems. The output allows the City to create plans for stormwater hydrology and pollution impacts. The City will increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all existing less performing assets and make provision for new pollution devices where applicable.

Image: Sydney Park Wetlands, Sydney Park, St Peters

Asset Inventory – Drainage Assets

This table shows the range, extent and asset replacement cost for the roads assets detailed in the Community Asset Plan, together with some associated infrastructure for reference purposes.

Asset Category	Quantity	Replacement Value ($M)
Stormwater Pipes	180km	235.2
Stormwater Pits	12390	86.9
Open Channels	100m	0.1
Box culverts	7370m	27.6
Stormwater Quality Improvement Devices		
Gross Pollutant Traps	42	1.6
Raingardens	249	2.5
Total		**326.3**

Levels of Service

The table below shows some important community levels of service used by Business Units to gauge community satisfaction. A comprehensive review of all service levels, including inspection frequency, intervention levels and response times, for all civil and stormwater assets is underway. The review will drive changes to maintenance and renewal activities to provide a level of service that is reflective of community expectations and resource availability.

Current

Community Levels of services used by business units to gauge community satisfaction.

Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
Quality	To service the needs of the community and Council to an appropriate standard (i.e. minimise local flooding and ponding)	Yearly total of customer service requests and letters	Maintain parity or reduce number of customer requests from previous year	Requests per year: 568 - 2014/15 958 - 2015/16 1055 - 2016/17 654 – 2017/18 826 – 2018/19
Function	Stormwater system to be of suitable condition and capacity to	Response time to requests for clearances of	Respond to requests for clearance of blockage causing	Achieved 2018/19 (541 enquiries

Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
	convey required flow	blockages causing flooding	flooding within 48hrs	
Safety	Absence of significant health safety hazards	Response time to Work Health and Safety issues or reports and public safety complaints received through customer service requests	Dangerous hazards or public safety matters are responded to and made safe within 48hrs	Achieved 2018/19 (284 enquiries)
Environmental	Improve stormwater quality that is discharged into receiving waters	Number of trapped gully pits cleanings	2,100 units cleaned per annum	2,182 - 2014/15 1,691 - 2015/16 1,590 - 2016/17 1,052 - 2017/18 1044 – 2018/19

Stormwater assets are designed for average weather conditions. Stormwater assets aren't designed for prolonged weather events such as extended high rainfall (flooding) and prolonged drought (tapped pits needing top up and not cleaned). The statistics over time may reflect where such conditions have been experienced.

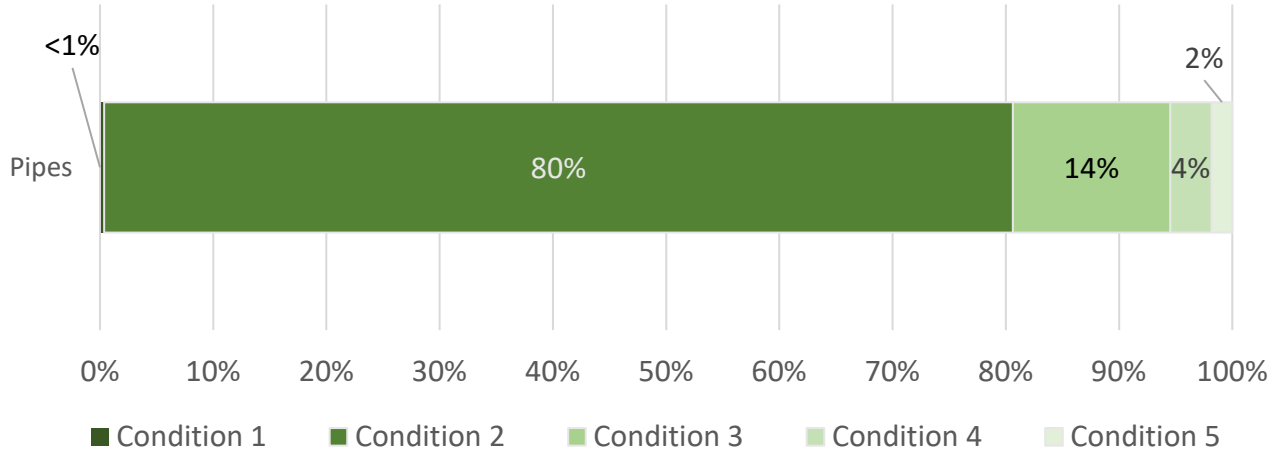
Image: Sydney Park water reuse scheme, Sydney Park, St Peters

Lifecycle Management

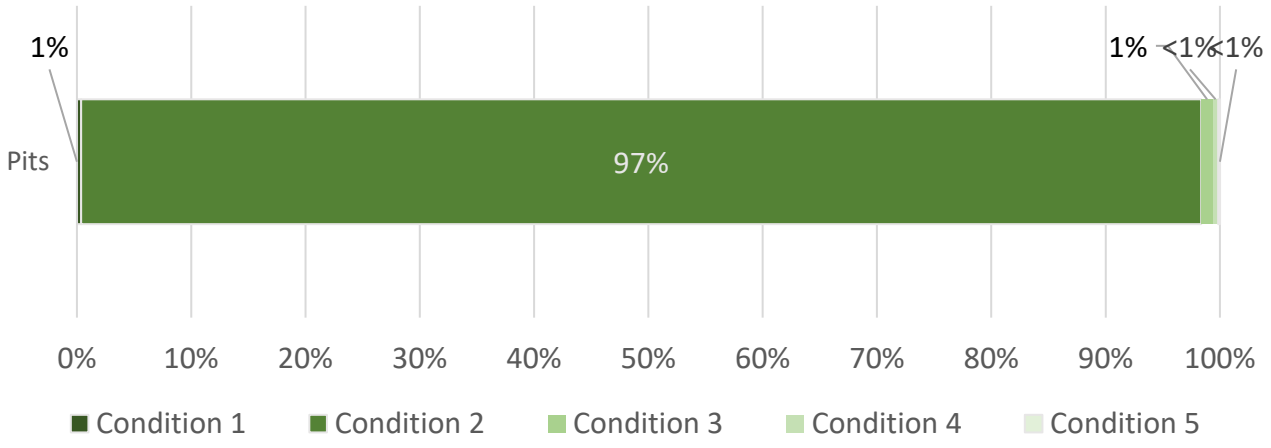
Asset Condition

The condition charts below shows the overall condition of pits and pipes in the completed collection area. The completed collection area represents about 60% of the network but needs to be fully analysed prior to adoption. The initial observation is that the pit conditions are generally very good with some issues with the pipe network. Variability in the condition assessment from year to year will occur as the assessment sample size increases especially in the early stages on collection program. The City has included all pipes in the sample area in condition 4 or 5 in the priority renewal works schedule

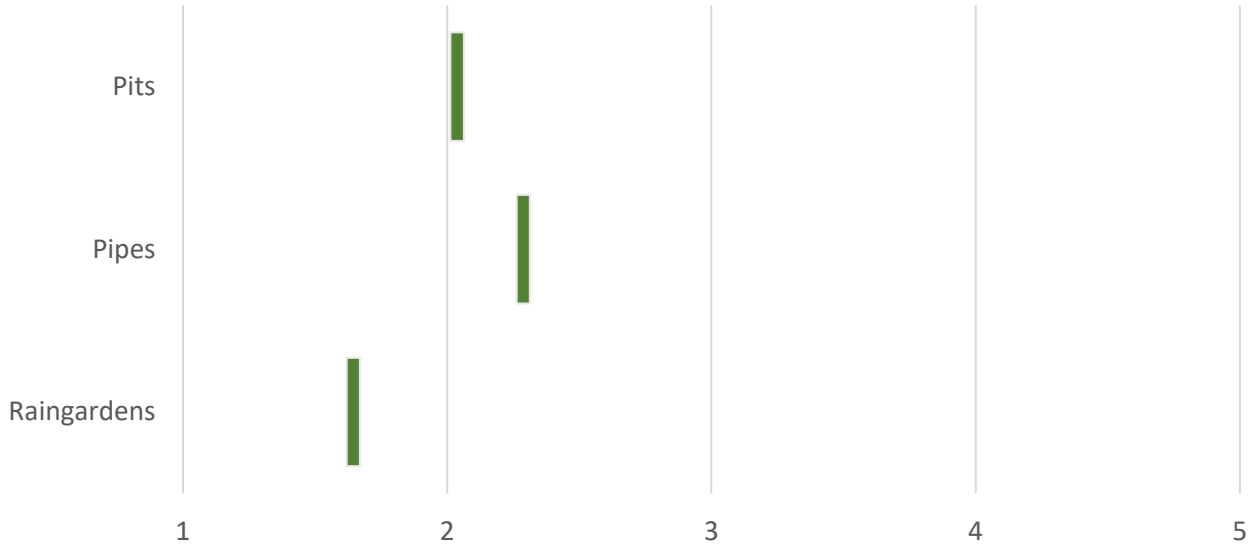
The chart below shows the distribution of condition of the stormwater pit assets.



This chart shows the distribution of conditions of the stormwater pipes assets



This chart shows the average condition of each of the stormwater categories



Asset Valuations

Listed below are written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations

Asset Type	Current Replacement Cost	Written Down Value	Average Annual Asset Consumption
Pipes / Channel / Culverts	235,248	152,113	2,300
Pits	86,876	55,775	868
GPTs / Raingardens	4,152	2,507	271
Total	**326,275**	**210,395**	**3,493**

All figures are $k

Lifecycle Cost

The table below shows the trend in the last 5 years in infrastructure expenditure for the stormwater drainage network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports. The 5 year average is the basis for the long term lifecycle costs.

Year	Operating/ Maintenance	Renewal	Upgrade	Expansion
2014/15	1,365	2,805	3,712	10,726
2015/16	2,569	4,183	13,981	23,699
2016/17	2,574	3,371	9,307	13,492
2017/18	3,203	2,839	7,206	8,383
2018/19	3,400	1,206	1,202	938
5 Year Average	**2,622**	**2,881**	**7,082**	**11,448**

The upgrade and expansion expenditure has increased in the last 3 years previous due to the Green Square Trunk Drain and Water reuse and the Sydney Park Water reuse projects.

Maintenance, Renewal and Upgrade costs

This table shows the Report on Infrastructure Assets as at 30 June 2019 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in the 'Estimate of Cost to bring asset to satisfactory condition' section of this report.

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard**	Estimated Cost to bring to the agreed service set by Council ##	2018/19 Required Maintenance	2018/19 Actual Maintenance
Stormwater Drainage	Stormwater Drainage	3,000	3,000	2,686	3,400

** As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost assessments remain highly subjective as in previous years

- reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.

Financial Summary, Projections and Sustainability

Long Term – Lifecycle costs based on current expenditure

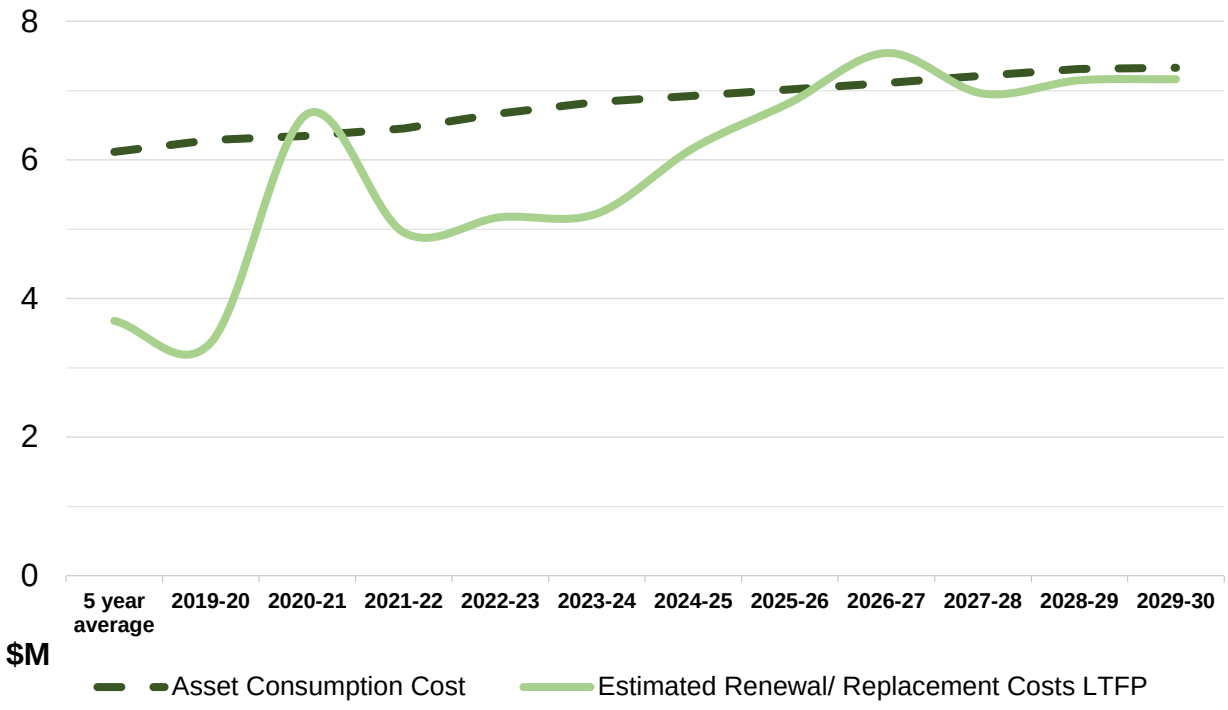
The table below shows the current sustainability index as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets.

Asset Consumption Cost	Operational, Maintenance, Renewal and Replacement Costs	Difference
6,286	**5,502**	**-783**
What we should be spending	What we are spending	

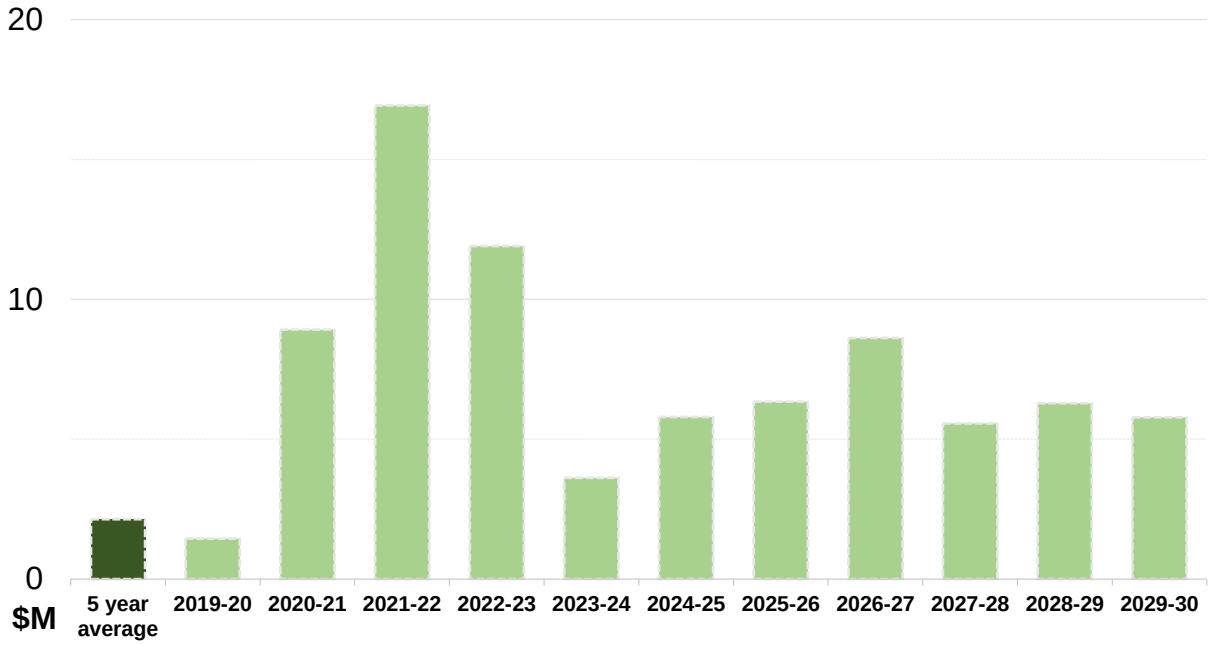
Figures are $k/yr

Medium Term – 10 year financial planning period

This chart shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs.



The chart below shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan



This table shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

Asset Consumption Costs	Estimated Operational, Maintenance, Renewal and Replacement Costs	Difference	Sustainability Index
10 year projection calculated	10 year projection budgeted		10 Year period
6,863	**6,108**	**-755**	**0.89**
What we should be spending	What we are going to spend		Ratio of what we going to spend to what we should be spending

Figures are $k/yr

Concluding Remarks

The charts indicate that the City has committed significant funding to the renewal and expansion of the Drainage infrastructure in the next 10 years with substantial amounts being allocated to upgrading the network in accordance with the floodplain risk plans and a Model for Urban Stormwater Improvement Conceptualisation (MUSIC) modelling. The modelling will be updated in future revisions and the detailed asset management plan for stormwater drainage.

The maintenance and renewal chart estimates look uneven but should be looked at in the context that the drainage assets have a particularly long life and a small change to renewal in any one year (say $1,000,000) has a marked effect on the chart appearance.

The City understands that the renewal of the stormwater drainage infrastructure is an important priority and the additional renewal funds being allocated in the next 10 years that includes all high priority projects that are included in the Floodplain Risk Management Plans and a MUSIC model.

The estimates indicate that the City has budgeted to renew the drainage assets at a sustainable rate and is addressing the renewal requirements and the Special Schedule - Report on Infrastructure Assets requirements consistent with the Office of Local Government performance measures.

Image: Mary O'Brien Reserve, Zetland

Parks, Open Space and Trees

Background

The City's parks, open spaces and trees are one of the community's most loved assets with hundreds of thousands of residents and visitors using our parks daily. The park and open space network encompasses about 200 hectares throughout the local government area, providing both active and passive places for the use and enjoyment of communities.

The City is also responsible for the care, control and management of many Crown Reserves, including Hyde Park, Victoria Park, Prince Alfred Park and Bicentennial Park.

The City's tree population consists of over 46,000 trees, located throughout the streets, parks and open spaces and City properties.

The Community Asset Management Plan includes parks and open spaces, together with trees (park and street) in the modelling. However, separate Detailed Asset Management Plans are being prepared for parks and open spaces and trees (park and street) because of their different maintenance and renewal requirements.

Parks and Open Spaces – Considerations

In excess of 3.4 Ha of park and open spaces have been added to the City in the last 2-3 years through the development process, and include Harold Park, Walaba Park, Chippendale Green, Mary O'Brien Reserve, the Western Block and some small parks around Green Square. While these parks and open spaces are already constructed, the ongoing maintenance will add to the City's ongoing commitments.

Negotiations also continue for the handover to the City of a number of significant parks and open spaces from the State Government which are anticipated in the next few years. The ongoing maintenance requirements of these assets will add to the City's commitments.

Projected growth in the Park network area (from 206 hectares in 2018/19 to 215 hectares in 2021) will impact on resourcing and ongoing maintenance and renewal activities.

Many of the key urban renewal areas, in particular the Green Square Urban Renewal Project will create large additional parks and open spaces, adding to additional renewal and maintenance costs. Major refurbishments of Hyde Park, Belmore Park and Perry Park are planned in the medium to long term and are included in the Long Term Financial Plan. Recent developments on a number of new and renewed assets in Green Square were completed in the past 12-24 months. A major project in Sydney Park continues to improve the effectiveness of the Wetlands and Storm Water Harvesting system.

There is a continual increase in the number of streetscape and traffic treatments being developed as part of the Greening Sydney program, cycleway, and various other road and footway renewal programs. Additional assets and technologies are being developed to manage storm water harvesting. Resourcing to support, manage, and maintain these assets will be required in future years.

The likely development of synthetic sports fields within the City will present a new asset type that will require new approaches to maintenance of those assets and associated facilities.

Playground equipment, softfall, shade sails and associated infrastructure require replacement and minor upgrade works to ensure that identified playgrounds remain safe and fit for use, minimising risk to the City and providing increased amenity for children and their carers. The program for replacement of playgrounds is determined following a report from an external

playground assessor itemising the remaining useful life for each playground.

Major community events in parks and open spaces place considerable stress on the parks that can result in expensive repair programs. Assessment of these events and their impact on service levels is ongoing.

Parks that have been identified with a condition rating of 4 or 5 are included in the preparation of the annual works program. Some are specifically included in the Long Term Financial Plan and some addressed through allocation of provisional renewal funding.

Trees – Considerations

The extensive urban renewal projects across the local government area, including Green Square, the Ashmore Precinct and Harold Park, include new streetscapes and street tree assets. Best practice design and construction is being applied, with the trees now in highly engineered environments. Resourcing to support, manage and maintain these assets will be required in future years.

Major upgrade tree related projects planned in the next 5 to 10 years include:

• Light Rail and CBD Capacity Improvement projects;

• Urban Forest Strategy – with targets to increase canopy cover; and

• Street Tree Master Plan implementation (e.g. in road tree planting);

• Cycleway installation/upgrades;

• Hyde Park, Central Avenue Replacement program.

Unlike engineered assets, trees do not have a renewal component, only maintenance or replacement, and the timeframe for tree replacements cannot be predicted with certainty. The life span of trees varies according to the species, location and local environmental factors. As such there is no formal renewal plan, but a provisional amount for the replacement of 700 trees annually based on current practices and trends, together with new tree allocation in the Long Term Financial Plan.

The ongoing improvement to the tree asset condition and maintenance data should permit the development of more structured renewal plan. This would assist with the City's urban forest co-ordination, to enable enhanced asset turnover.

The City is enabling the improved management through implementation of tree management condition assessment and maintenance activities using a mobile application and using that data to create advanced models and reporting dashboards.

Image: City of Sydney staff plant shrubs in Sydney Park, Sydney Park, St Peters

Parks and Open Spaces and Tree Assets

The table below shows the range, extent and asset replacement cost for the parks and open space and tree assets detailed in the Community Asset Plan, together with some associated infrastructure for reference purposes.

Asset Category	Description	Quantity	Area (Ha)	Replacement Value ($M)
Iconic	Parks that are of cultural and historical significance, or of a significant size or prominent location. These parks have a high visitation from the general public e.g. Hyde Park.	22	110.9	256
Neighbourhood	Larger parks within villages and suburbs that have high visitation and have increased levels of amenity and infrastructure. These include facilities such as sports fields with playgrounds and toilets e.g. Alexandria Park.	38	28.1	127
Pocket Park	Local parks or street closures, generally small in size that provides informal recreational areas serving surrounding residents. Some limited facilities may be provided e.g. Millard Reserve.	285	32.7	87
Streetscapes & Traffic Treatments	Landscaped areas within the road reserve In particular on footpaths, nature strips, roundabouts and traffic blisters	1437	2.3	24
Sportsfields	Areas of landscaped turf purposed for club and professional sport games and training.	14	13.4	33
	Total	**1,796**	**208.5**	**527**
TREES				
Park	Contained within parks and open spaces	14.031		35.4
Street	Contained in the road reserve and footpaths	22,271		84.2
Property	Contained within Council properties like Childcare, Community Centres	614		Value contained in the Property Value
	Total	**36,916**		**119.6**

This asset management plan for parks, open space and trees does not include public art, electrical, lighting and building assets located within parks and open space.

The Parks service unit data collection initiative has added a significant number of streetscapes and traffic treatments to the portfolio in the last year, improving the City's data quality and understanding of the extent of open space.

Community Gardens are being progressively implemented and will be included in future revisions of this plan.

Levels of Service

The table below shows some important community levels of service used by Business Units to gauge community satisfaction. A comprehensive review of all service levels, including inspection frequency, intervention levels and response times, for all park assets is underway. The review will drive changes to maintenance and renewal activities to provide a level of service that is reflective of community expectations and resource availability.

Current - Parks

Target and current levels of service for parks and trees are provided below..

Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
Quality	Provide quality parks and open spaces for the use of the community	Customer satisfaction surveys and customer requests	An overall satisfaction rating >8 in the surveys	Achieved (Score 8.7)
Function	To provide a diverse range of parks and open spaces within the City which ensure that user requirements are met	Customer satisfaction surveys	An overall satisfaction rating >8	Achieved (Score 8.3)
Safety	To provide a safe and hazard free environment	Reported accidents and incidents and claims	Dangerous hazards or public safety matters responded to & made safe within 24 hrs	Achieved
Responsiveness	Speed of responsiveness to public enquiry's and request	Timeframes outlined in completing customer service requests	>95% of customer requests completed within timeframes	Achieved

A review of useful lives with Parks and Open Space assets was performed within the last 12 months. This resulted in the useful lives being adjusted to a realistic life expectancy within the City.

Current – Tree Management

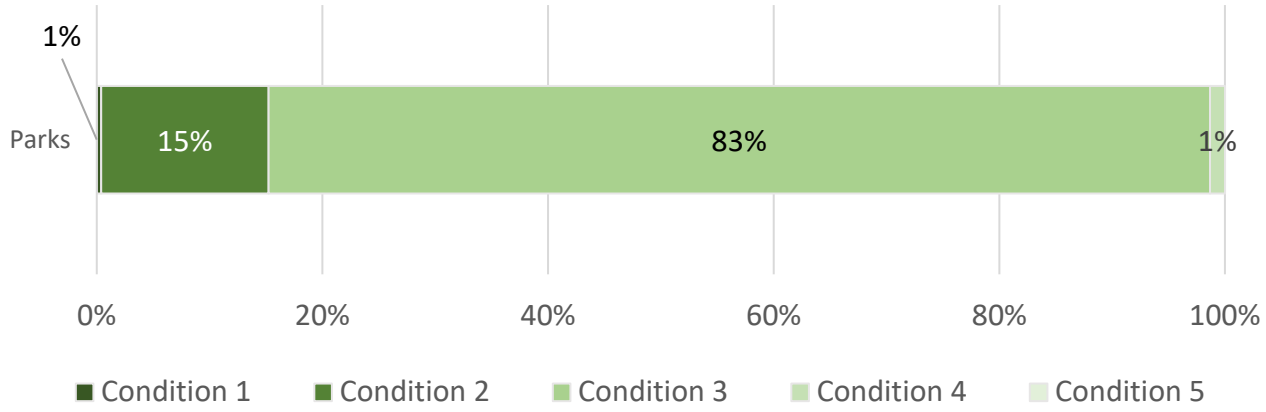
Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
Function	To improve the environmental, social and financial benefits that trees provide to the community Providing trees of suitable species and condition that achieves benefits	Urban Forest Strategy Street Tree Master Plan and Park Tree Management Plans guide species selection and planting criteria	Increase in canopy cover, health and overall longevity of tree population	Achieved
Safety	To provide a safe and hazard free environment	Reported accidents and incidents and claims	Dangerous hazards or public safety matters are responded to and made safe within 2 hrs	Achieved
Responsiveness	To provide proactive, responsive service that promotes tree health and longevity and minimises ongoing maintenance requirements	Timeframes outlined in completing customer service requests	>95% of customer requests completed on time. Respond to customer request within 48 hours, complete works required within 14 days	Achieved Achieved

Image: Glebe Bushcare Group photographed in Orphan School Creek, Forest Lodge

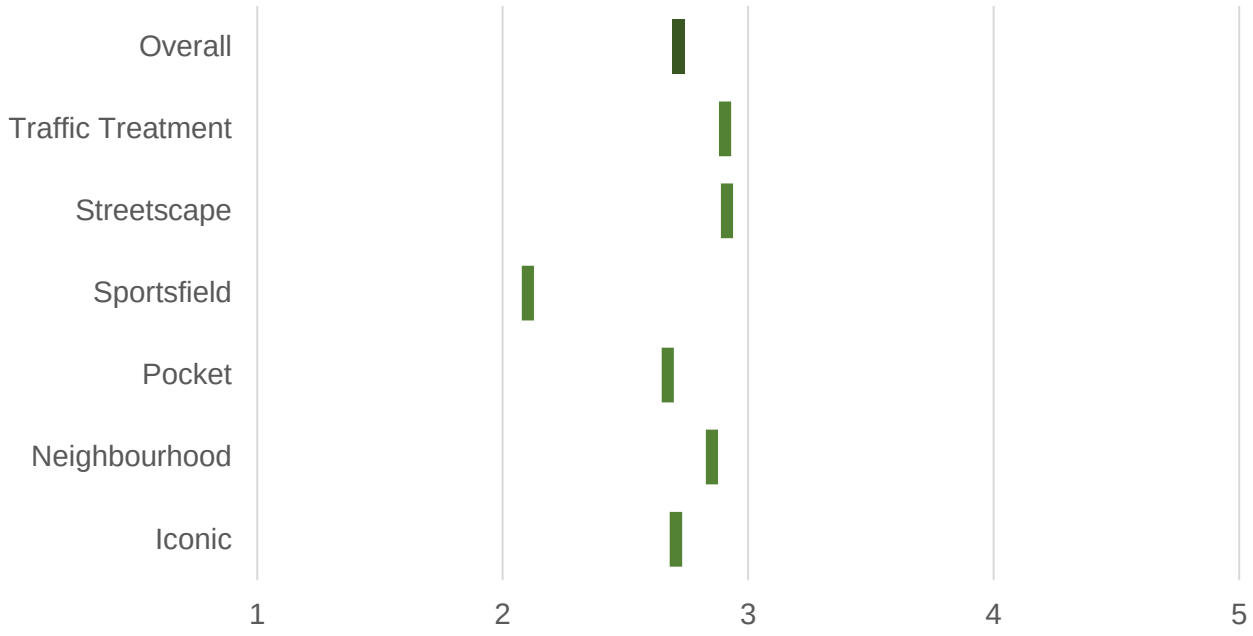
Lifecycle Management

Asset Condition - Parks

The chart below shows the overall condition of parks and open space assets. The charts are calculated on the aggregate replacement value of the parks within each condition index band. The difficulty in assessing parks for conditions due to the change in weather patterns can show variability in condition over the short term. There are no parks in condition 5.

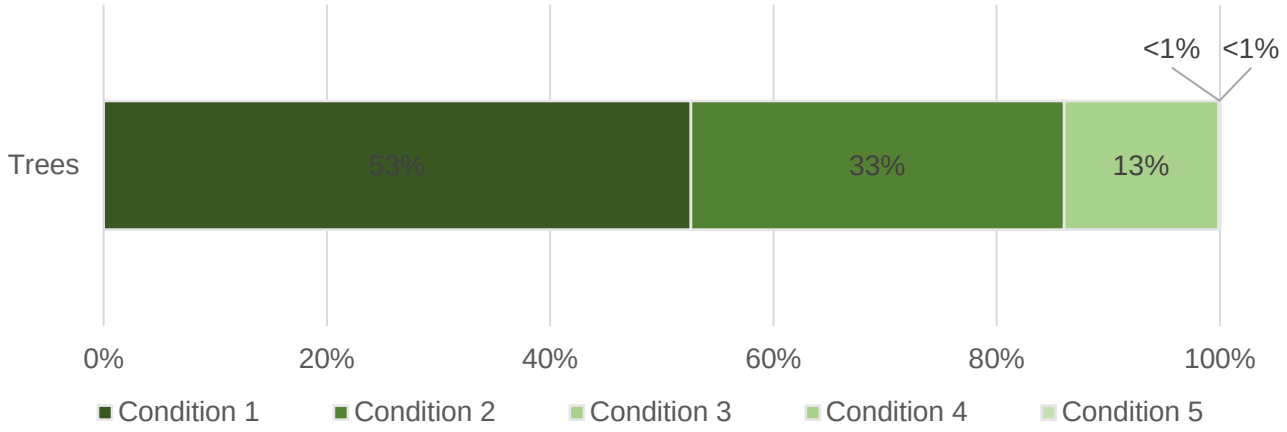


The chart below displays the average condition of each of the parks types.

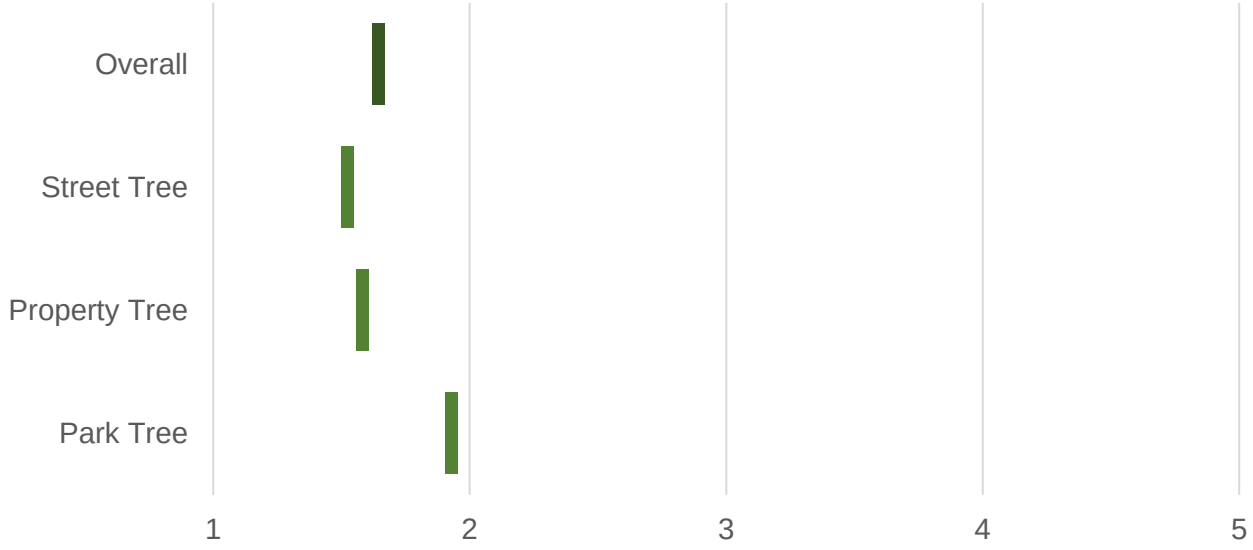


Asset Condition - Trees

The chart below shows the condition of all trees in the City of Sydney. All street trees, park trees and trees within City properties are now in one dataset in the corporate asset management system and their conditions are being assessed in the same way. As these are living assets these conditions are more of an indication of health.



The chart below shows the average condition of the trees per tree type.



Below are photographs that demonstrate the condition of Parks and Tree assets

Condition	Parks	Trees
Condition 1 Very Good		
Condition 4 Poor		

Asset Valuations

Listed below are written down value (depreciated value) and calculated Average Annual Asset Consumption used in the lifecycle and sustainability calculations

Asset Type	Current Replacement Cost	Written Down Value	Average Annual Asset Consumption *
Parks and Open Spaces	527.6	232.4	22.8
Park Trees	34.5	34.5	0.9
Street Trees	84.2	84.2	1.5
Total	**646.8**	**351.1**	**25.2**

All figures are $M

* For the purposes of financial reporting, trees are not depreciated but in order to determine the lifecycle requirements notional consumption based on a typical life of trees are used.

Lifecycle Costs

The table below shows the trend for the last 5 years of infrastructure expenditure for the parks and open spaces and tree network. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports.

Parks and Open Space

Year	Operating/ Maintenance	Renewal	Upgrade	Expansion
2014/15	15,514	14,378	4,758	5,497
2015/16	15,816	10,287	2,596	7,107
2016/17	15,429	8,775	2,013	27,398
2017/18	15,189	12,043	2,250	16,260
2018/19	16,565	5,597	1,156	7,411
5 year Average	**15,703**	**10,216**	**2,555**	**12,735**

Image: City Farm, Sydney Park, St Peters

Tree Management

Year	Operating/ Maintenance	Renewal	Upgrade/Expansion
2014/15	7,778	1,514	580
2015/16	7,928	1,681	947
2016/17	7,701	1,721	804
2017/18	8,092	1,819	1,298
2018/19	8,301	2,084	1,547
5 year Average	**7,960**	**1,764**	**1,035**

The costing of some tree maintenance activities is combined with general park maintenance activities which reduces the accuracy of these figures to some extent. Capital Upgrade and Capital Expansion for Trees is combined – both refer to new trees in this category.

Maintenance, Renewal and Upgrade costs

This table shows the Report on Infrastructure Assets as at 30 June 2019 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in the 'Estimate of Cost to bring asset to satisfactory condition' section of this report.

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard**	Estimated Cost to bring to the agreed service set by Council ##	2018/19 Required Maintenance	2018/19 Actual Maintenance
Open space & Recreational assets	Open Space	5,604	10,157	15,416	16,565

** As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost assessments remain highly subjective as in previous years

- reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City's general definition of agreed level of service is that any asset that has reached a Condition 4 – Poor or Condition 5 – Very Poor should be renewed as a matter of priority.

Financial Summary, Projections and Sustainability

Long Term – Lifecycle costs based on current expenditure

The table below shows the current sustainability index as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets

Asset Type	Asset Consumption Cost	Operational, Maintenance, Renewal and Replacement Costs	Difference
Parks	**32,745**	**25,918**	**-6,827**
Trees	**11,400**	**9,724**	**-1,676**
	What we should be spending	What we are spending	

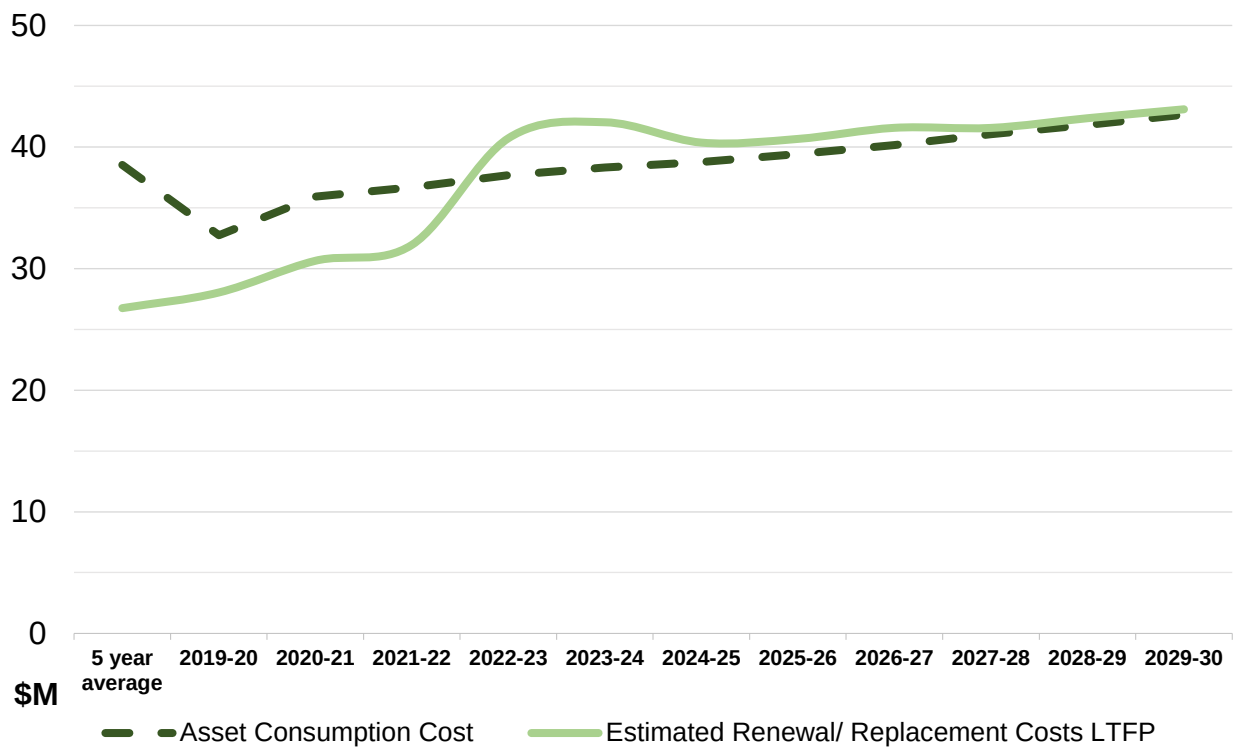
Figures are $k/yr

The estimate reflects a reduced average renewal and upgrade budget, primarily in Parks and Open Spaces in the last 3-5 years following a period of extensive refurbishment in the early to mid-2000's. The Long Term Financial Plan includes significant budget allocation to the renewal and upgrade/expansion of Parks and Open Spaces which will address difference over the medium term.

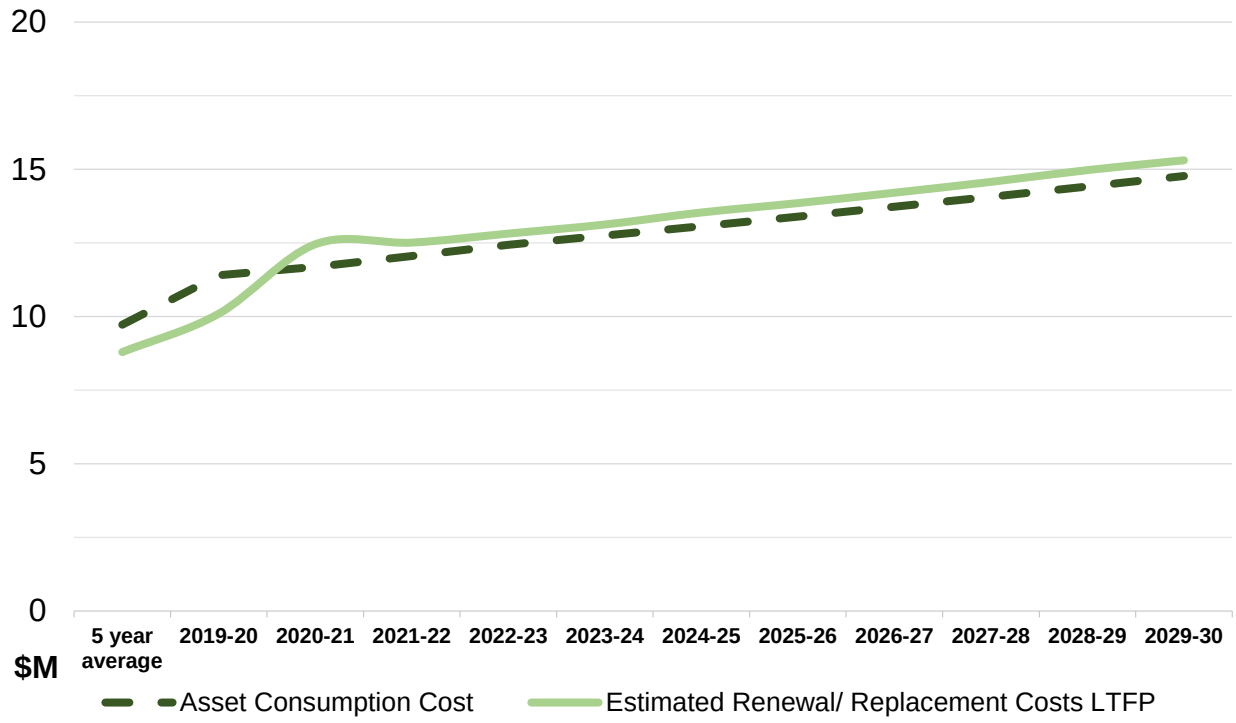
Medium Term – 10 year financial planning period

These charts show the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs

Parks

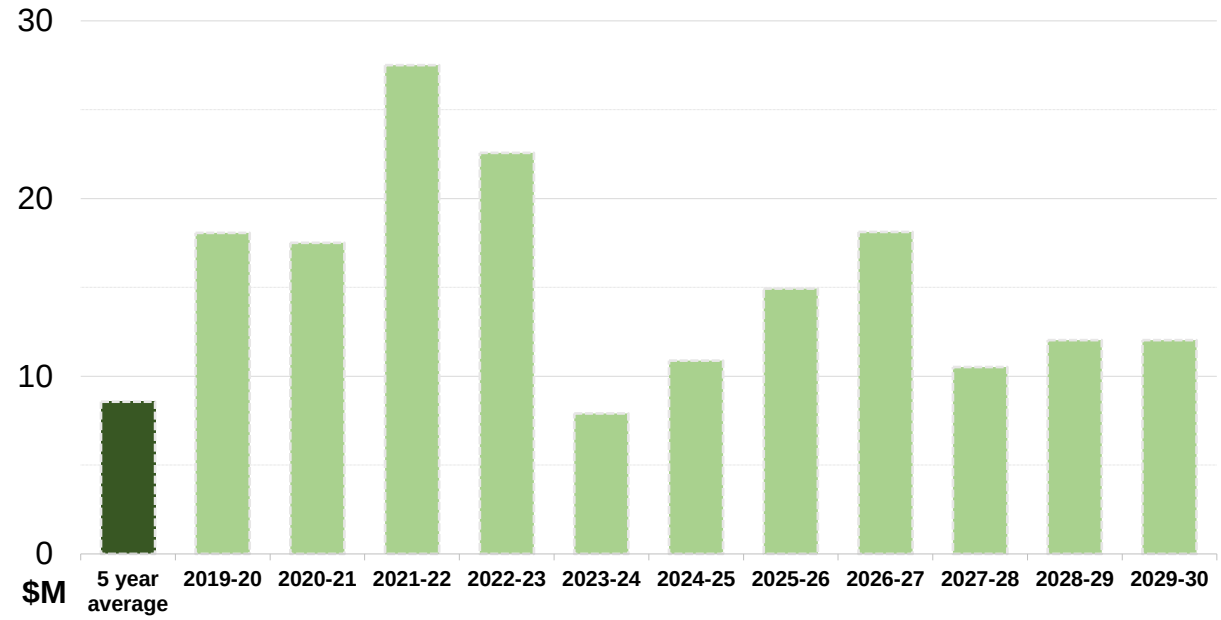


Trees

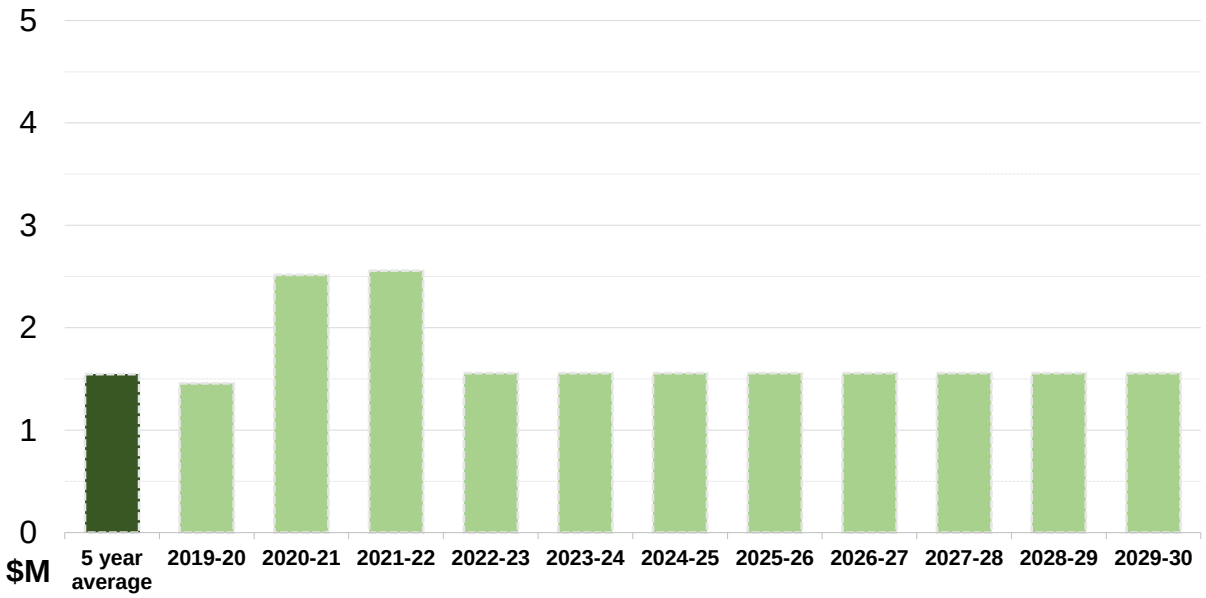


The chart below shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan.

Parks Upgrade and Expansion



Trees Expansion



This table shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

	Asset Consumption Costs	Estimated Operational, Maintenance, Renewal and Replacement Costs	Difference	Sustainability Index
	10 year projection calculated	10 year projection budgeted		10 Year period
Parks	**38,660**	**38,459**	**-201**	**0.99**
Trees	**13,070**	**13,405**	**334**	**1.02**
	What we should be spending	What we are going to spend		Ratio of what we going to spend to what we should be spending

Concluding Remarks

The graphs indicate that the City is allocating sufficient funding to provide for the renewal of the parks infrastructure, with significant amounts being allocated to renewing and upgrading the parks and trees infrastructure in the next five years in particular.

Amounts shown for Years 2 to 5 in the Long Term Financial Plan reflect the renewal provision for several park upgrades.

The spike in the upgrade/expansion, and the associated dip in renewal and replacement, in the Long Term Financial Plan is due to the implementation of the open space components of the Green Square Urban Renewal project, diverting funds from renewal projects and committing ongoing resources and maintenance budgets to these expanded assets.

The historic maintenance and renewal figures reflect a reduced average renewal and upgrade budget, primarily in Parks and Open Spaces in the last three to five years following a period of extensive refurbishment in the early to mid2000's. The Long Term Financial Plan includes significant budget allocation to the renewal and upgrade/expansion of Parks and Open Spaces which will address difference over the medium term.

The estimate indicates that the City is budgeted to renew the parks, open space and tree assets at a sustainable rate over the next 10 years and is managing the assets effectively and addressing the maintenance and renewal requirements and Special Schedule - Report on Infrastructure Assets cost to satisfactory requirements consistent with the Office of Local Government performance measures.

Image: Dyuralya Square, Zetland

Properties

Background

The City relies on its buildings and property to provide services to the community and its corporate and commercial tenants. The building assets held by the City cover a diverse range of property types such as indoor and outdoor aquatic centres, libraries, works depots, public toilets, and commercial property and community venues including the iconic Sydney Town Hall.

These buildings experience significant wear and tear. They are subject to regular inspections and ongoing risk assessment and compliance processes and condition assessments to assist officers to make informed decisions about reactive and planned maintenance requirements, capital expectations and long-term property strategy options.

The portfolio is currently divided into two distinct groups, community and commercial. The required level of expenditure on the renewal program for the City's buildings will vary from year to year and will reflect:

- Health and safety risk assessments;
- The age of the assets;
- The condition of the assets components;
- Budget priorities;
- Capacity constraints to deliver services;
- On-going maintenance demand;
- Changes to service requirements; and
- The nature of the asset and its heritage and cultural significance.

The Green Square Urban Renewal Project will result in substantial growth in population and corresponding increase in demand for new community facilities and local services. The City has committed significant funds to new assets including the Green Square Aquatic Centre ($92 million), the Green Square Community Library ($58 million) and the Green Square Creative Centre ($29 million).

Community service demands are continually assessed for the entire Local Government Area including Green Square Urban Renewal area. New assets required to meet future community growth will be acquired progressively in line with population growth, development and funding priorities. New community facilities may require sites to be acquired or existing sites redeveloped or with some services consolidated to deliver integrated community facilities.

Timing and funding for these facilities will be influenced by budget allocations and potential development contributions and updated annually within the Long Term Financial Plan.

Assessing the condition of building assets can be a complex task as modern buildings are comprised of many building components, usually in differing states of condition. The City has set condition targets for buildings which are reflective of property strategy requirements, in some cases a building will have a poor or very poor condition rating, and will be included as part of a major future redevelopment plan for the site or the site is closed.

The City has commissioned a detailed building component data collection project e.g. electrical components, structural components, roof details etc. These components will include individual assets where relevant, replacement values, current conditions and maintenance and renewal estimates. The detailed inventory of 53 high value or high use buildings is complete and is being utilised in the preparation of the annual maintenance and renewal projects and budgets.

The City has engaged a property services provider for facilities management. The contract includes building asset, condition and maintenance data collection for the entire portfolio which will inform how the City can improve property services and asset use.

Image: Darling Square Library, Darling Square, Haymarket

The table below shows the range, extent and asset replacement cost for the Property assets detailed in the Community Asset Plan, together with some associated infrastructure for reference purposes.

Asset Type	Description	Quantity
Community Portfolio	Cost effective fit for purpose accommodation enabling the provision of services into the Community. Buildings include depots, community halls, childcare centres, libraries, public toilets etc	188
Commercial Portfolio	Buildings owned or utilised by the City for a commercial or business purposes	60
Sydney Town Hall	Iconic heritage listed building used for public events, Council meetings, Councillor office accommodation and private hiring.	1
	Total	**249**

The total number of buildings includes buildings owned and managed by the City, managed by third parties e.g. Queen Victoria Building, Capitol Theatre, Capitol Square (Watkins Terrace), Manning Building or leased by the City.

Levels of Service

The table below shows key target and current levels of service.

Current

Key Performance Category	Service Objective	Performance Measure Process	Target	Current Performance
Function	Ensure each building is fit for purpose	Conducting regular maintenance and annual property inspections	Independent annual certification	Achieved
Safety	Minimise significant risks to the public, staff and contractor	Regular Property inspections	Reported monthly Audited annually	Achieved Audit scheduled 2018/19
Quality	Ensure each building is presented and maintained in an acceptable condition	Register of annual property inspections	Target Condition Index set building by building	Current average condition 2.42

Lifecycle Management

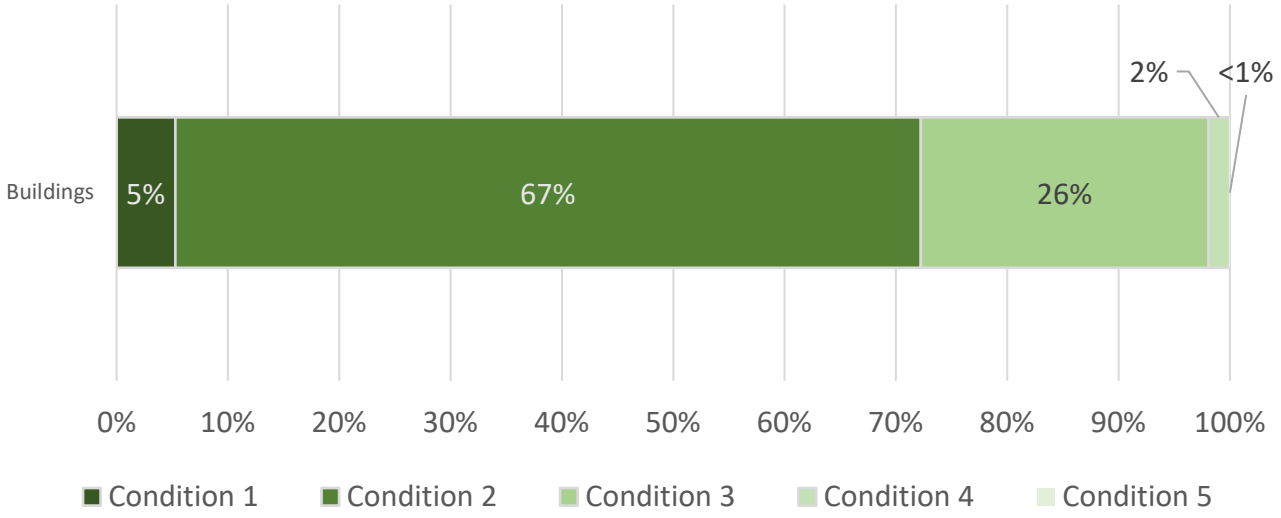
Asset Condition

The City has recently commenced a comprehensive detailed condition assessment of its properties. Due to the complexity of collecting structure, services, roof and facade conditions, it will take a few years to fully complete the survey. Plant and Equipment data has been collected initially. The conditions shown in this report are a snapshot at December 2019. There have been several assumptions used to derive the average condition. As the data collection process continues, and the data further refined, the condition rating will be more representative of actual condition.

Sydney Town Hall has an insurance replacement value of $489 million which accounts for 26% of the overall property portfolio value and its current condition is assessed as condition 2 (i.e. Good).

Consequently, the value of the Sydney Town Hall can distort summary reports of the City's wider portfolio using condition categories and replacement values. The Sydney Town Hall equates to 12% of the condition band of "Good". As a result, two condition charts are provided.

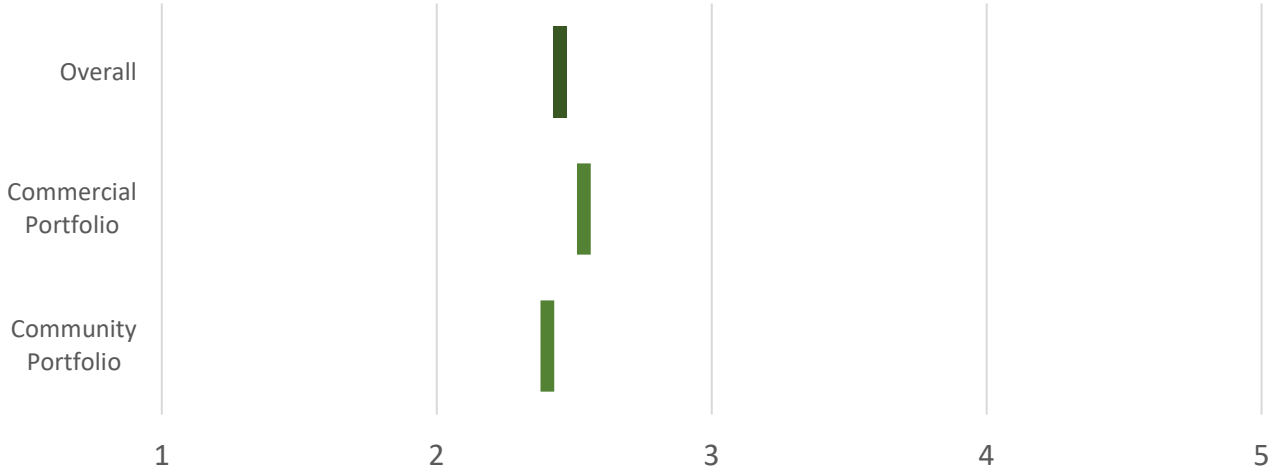
The graph below represents the conditions of the City's property portfolio by replacement cost excluding Sydney Town Hall.



Condition 1 – Very Good

Condition 5 – Very Poor

The graph below shows the average condition of each of the portfolios and the overall average building condition. This is calculated by replacement cost and includes Sydney Town Hall.



A first pass condition collection has just been completed in 2019. This demonstrates the overall average condition of the buildings is 2.42 and <3% of the buildings falls within categories 4 or 5

Asset Valuations

Listed below are the written down value (depreciated value) and calculated Average Annual Asset Consumption amounts used in the lifecycle and sustainability calculations

Asset Type	Current Replacement Cost	Written Down Value	Current Insurance Replacement Cost	Average Annual Asset Consumption *
All Building Portfolios	1,499	1,238	1,840	26.3
Sydney Town Hall	488	380	676	3.97
Total	**1,988**	**1,618**	**2,517**	**30.5**

All figures are $M

Other valuation methods are used within this category of assets.

Financial accounting valuation – this is based on the replacement value of all buildings excluding investment properties which are based on market value. The financial statements recognise assets leased to or by the City in some instances, for example, Queen Victoria Building, over which the City does not have day to day maintenance control.

Current Replacement value (insurance value) for the entire portfolio – this represents the actual cost incurred if the buildings under the City's control needed to be replaced as a whole and is generally what the property is insured for. This is the figure used in calculating the average asset consumption and sustainability, and does not include buildings not under the City's direct maintenance control e.g. Queen Victoria Building, Capitol Theatre.

The Average Annual Asset Consumption for Sydney Town Hall is proportionally lower than the general portfolio due to the long life of the building which is currently assessed as 200 years.

Lifecycle Costs

The table below shows the trend in the last five years in infrastructure expenditure for the property assets portfolio. Operational and maintenance expenditure is obtained from the Business Unit operational budgets and the renewal, upgrade and new expenditure from the capital work program reports. The five year average is the basis for the long term lifecycle costs.

Year	Operating/ Maintenance	Renewal	Upgrade/Expansion
2014/15	33,213	23,077	19,531
2015/16	32,640	20,085	36,155
2016/17	32,794	30,613	32,955
2017/18	26,224	15,004	50,275
2018/19	30,163	9,291	43,707
5 Year Average	**31,007**	**19,614**	**36,525**

Maintenance, Renewal and Upgrade costs

This table shows the Report on Infrastructure Assets as at 30 June 2019 in accordance with the Code of Accounting Practice and financial reporting. It shows the estimates to bring the road assets to a satisfactory standard as described in the 'Estimate of Cost to bring asset to satisfactory condition' section of this report.

Asset Class	Asset Category	Estimated Cost to bring assets to satisfactory standard**	Estimated Cost to bring to the agreed service set by Council ##	2018/19 Required Maintenance	2018/19 Actual Maintenance
Buildings	Non Specialised	21,459	24,523	30,521	28,838
	Specialised	9,562	10,510	1,435	1,325

** As per Office of Local Government Requirements, reflects the estimated cost to restore all Council assets to condition '3' or better. These cost assessments remain highly subjective as in previous years

- reflects the estimated cost to restore all assets assessed to be at a condition beneath Council's minimum service levels. These standards (i.e. target conditions) reflect the strategy of maximising the consumption of the assets' service potential before renewal works are undertaken.

The City sets a Target or Minimum asset condition for each building in the portfolio. These are reflective of the current strategy for the building, in some cases a building will have a poor condition rating as the target because it is identified for upgrade or closed. The City's general definition of agreed level of service for Property is the cost to reach the condition Target for that building.

Financial Summary, Projections and Sustainability

Long Term – Lifecycle costs based on current expenditure

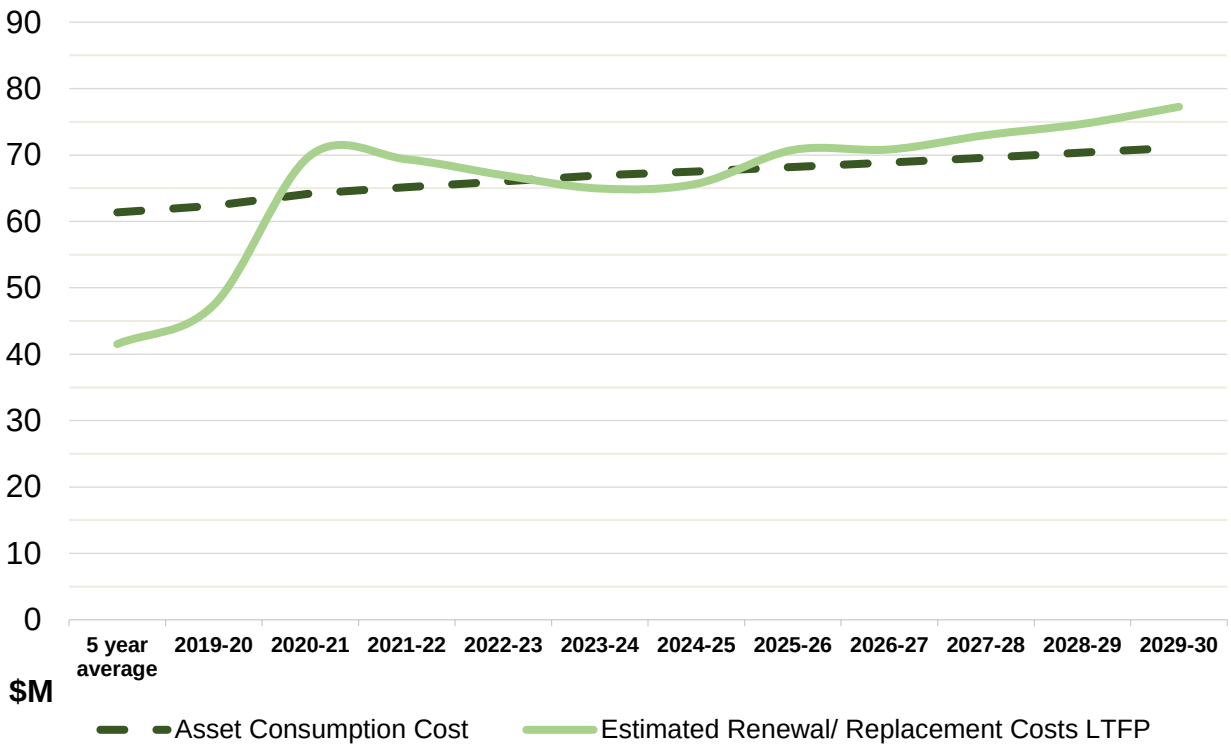
The table below shows the current sustainability index as projected using the average of the last 5 years estimated costs. This is the basis of the long term cost that the City will need to fund for the life of the assets.

Asset Consumption Cost	Renewal Costs	Difference
62,367	**50,621**	**-11,746**
What we should be spending	What we are spending	

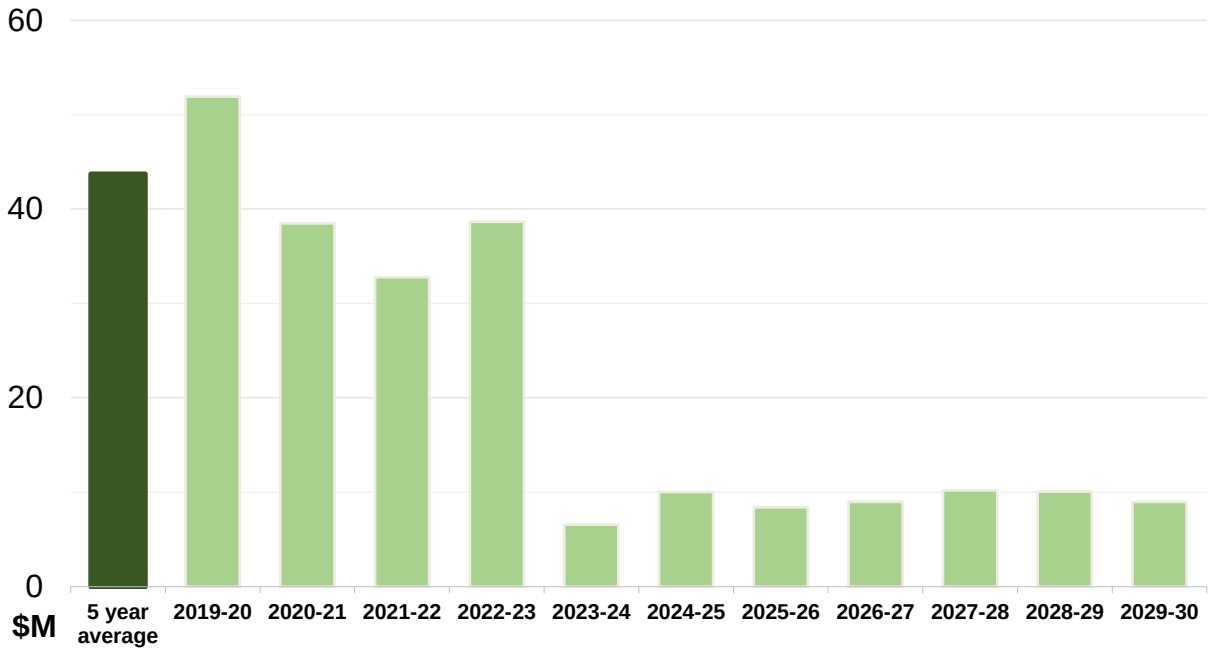
Figures in $M

Medium Term – 10 year financial planning period

This chart shows the relationship between the Asset Consumption Costs and the funded Long Term Financial Plan for estimated Operational, Maintenance and Renewal and Replacement costs



The chart below shows the proposed Upgrade and Expansion Expenditure as shown in the current Long Term Financial Plan



This table shows the estimate of the Average Asset Consumption Costs, the Estimated Operational, Maintenance, Renewal and Replacement Cost, and the Sustainability Index 10 Year projection.

Asset Consumption Costs	Estimated Operational, Maintenance, Renewal and Replacement Costs	Difference	Sustainability Index
10 year projection calculated	10 year projection budgeted		10 Year period
67,308	**68,254**	**946**	**1.01**
What we should be spending	What we are going to spend		Ratio of what we going to spend to what we should be spending

Concluding Remarks

The City is allocating sufficient funding to provide for the renewal of the Property infrastructure, with significant amounts being allocated to renewing and upgrading the Property infrastructure in the next 6 years.

Significant upgrade and expansion projects are scheduled between 2017 and 2023. These include building works in the Green Square Urban Renewal precinct and new community facilities across the local government area.

The modelling will be continuously updated in future revisions of this plan and the Draft Detailed Asset Management Plan for property following the completion of the overarching Property Strategy.

The estimate indicates that the City is budgeted to renew the Property assets at a sustainable rate over the next 10 years, is managing the assets effectively and addressing the maintenance and renewal requirements and Special Schedule - Report on Infrastructure Assets requirements consistent with the Office of Local Government performance measures.

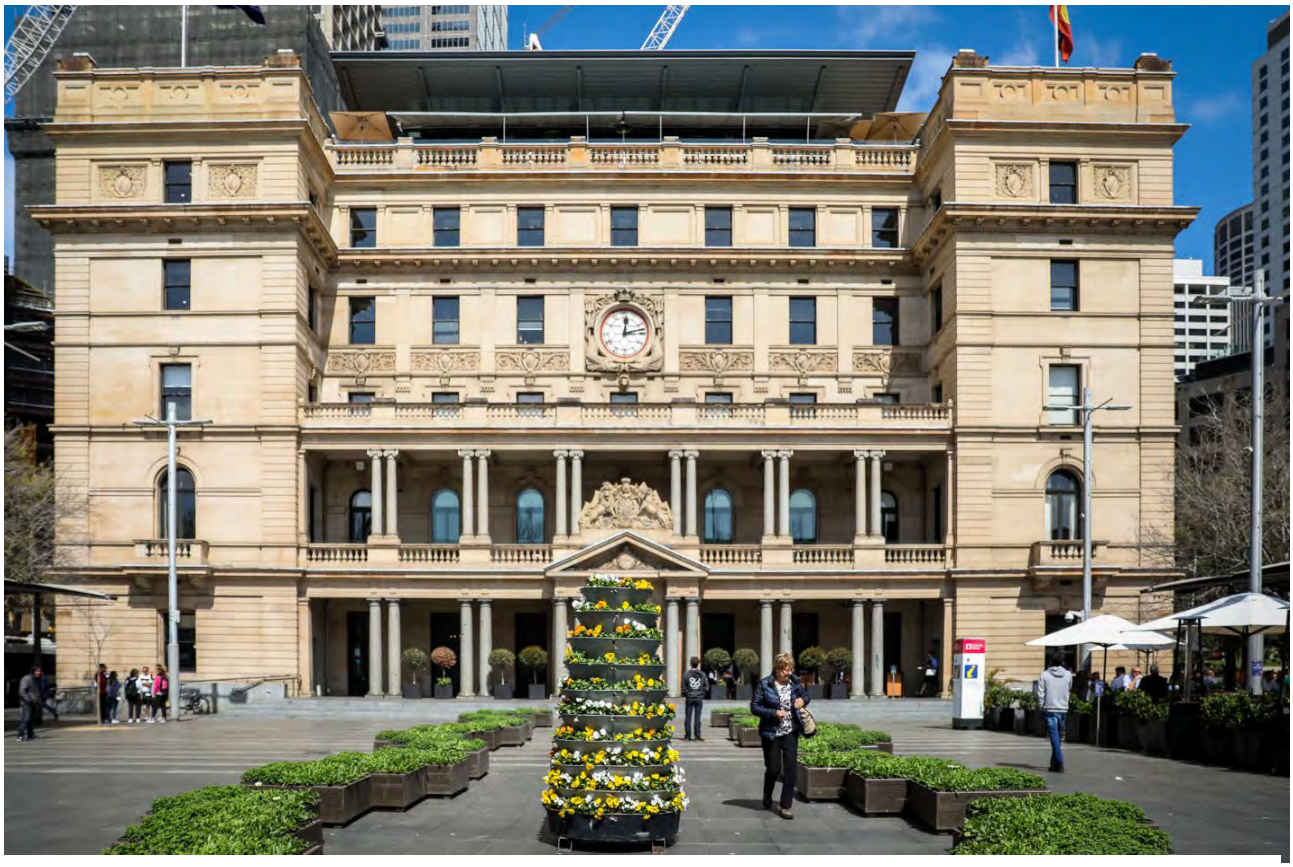


Image: Customs House, Circular Quay

Conclusion

The information contained in this Community Asset Management Plan shows that the City is providing adequate funding to sustain the critical infrastructure assets for the next 10 years and is managing the assets effectively and addressing renewal requirements consistent with the Office of Local Government performance measures.

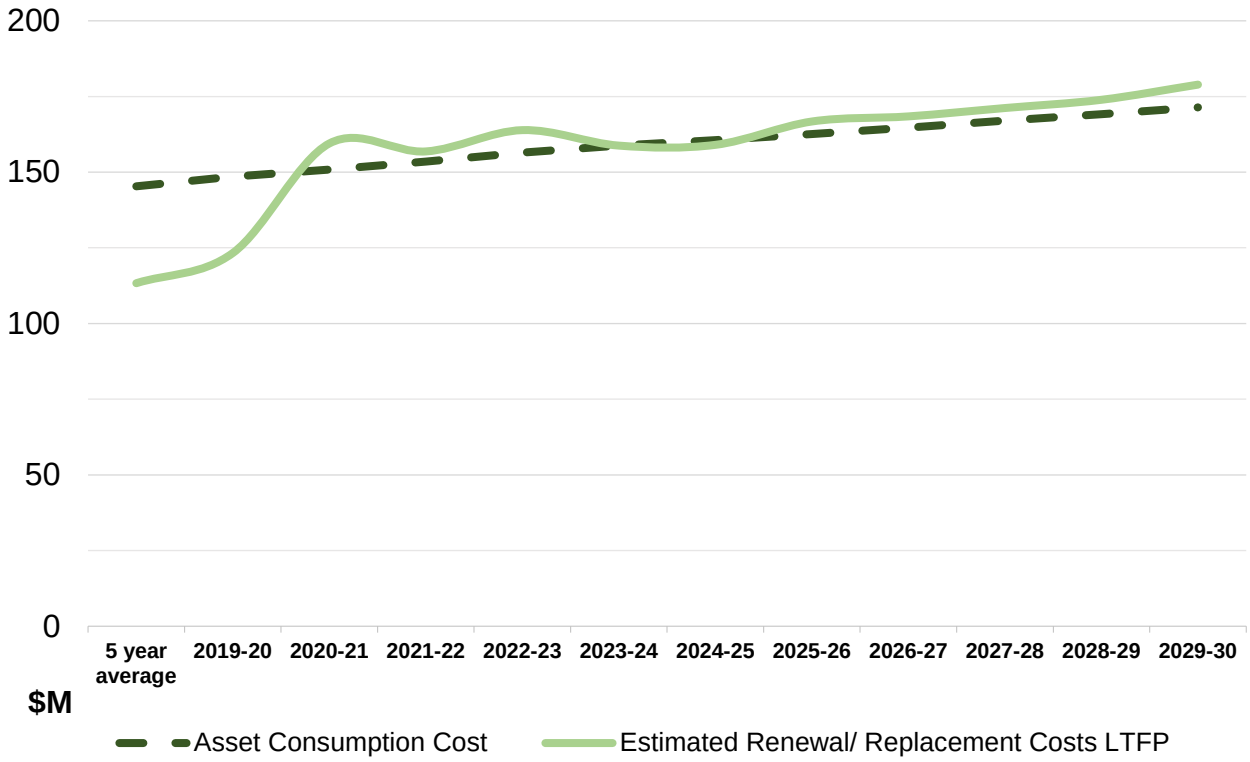
The Table below shows the Average Asset Consumption Costs and the Average Estimated Replacement Costs and the Sustainability Index 10 year projection for the four critical asset classes contained in this plan.

Asset Category	Asset Consumption Costs	Estimated Operational, Maintenance, Renewal and Replacement Costs	Difference	Sustainability Ratio
	What we should be spending	What are going to spend		
Roads	34,432	35,635	1,202	1.04
Stormwater Drainage	6,863	6,108	-755	0.89
Parks and Open Space	38,660	38,459	-201	0.99
Trees	13,070	13,405	334	1.02
Property	67,308	68,254	946	1.01
TOTAL	**160,333**	**161,861**	**1,528**	**1.01**

All Figures in $k/yr

Asset Consumption Costs

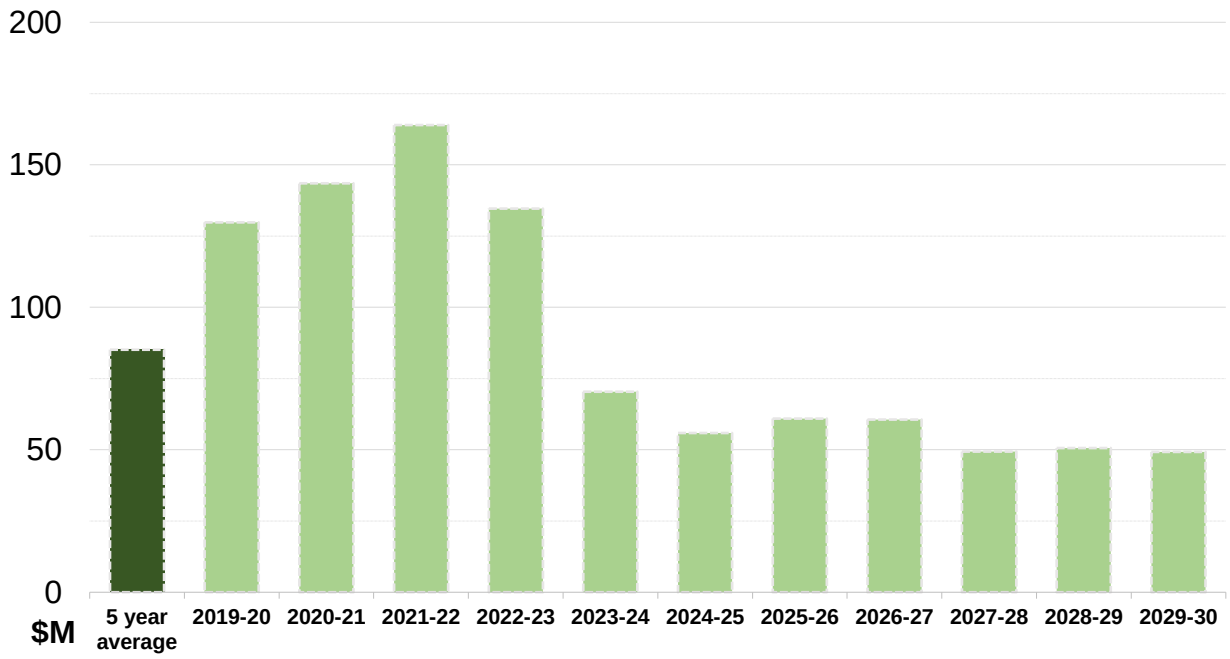
The chart below shows the relationship between the whole Councils Asset Consumption Costs estimates and the funded Long Term Financial Plan for the four Critical Asset Categories.



There is a slight dip in maintenance, renewal and replacement costs for the years 2018-2021 in relation to the estimate of how much should be spent. This is attributed to the substantial upgrade and expansion works during that period, particularly the Green Square Urban Renewal project and the City Transformation – Light Rail project, which has diverted funds from renewal projects.

Upgrade and Expansion

The chart below shows the upgrade/expansion proposed for the combined Critical Asset Categories assets in the Long Term Financial Plan.



The spike in the short term is completion of the Green Square and green infrastructure projects. Once the urban renewal area is complete, most of the funds will be used to upgrade existing assets

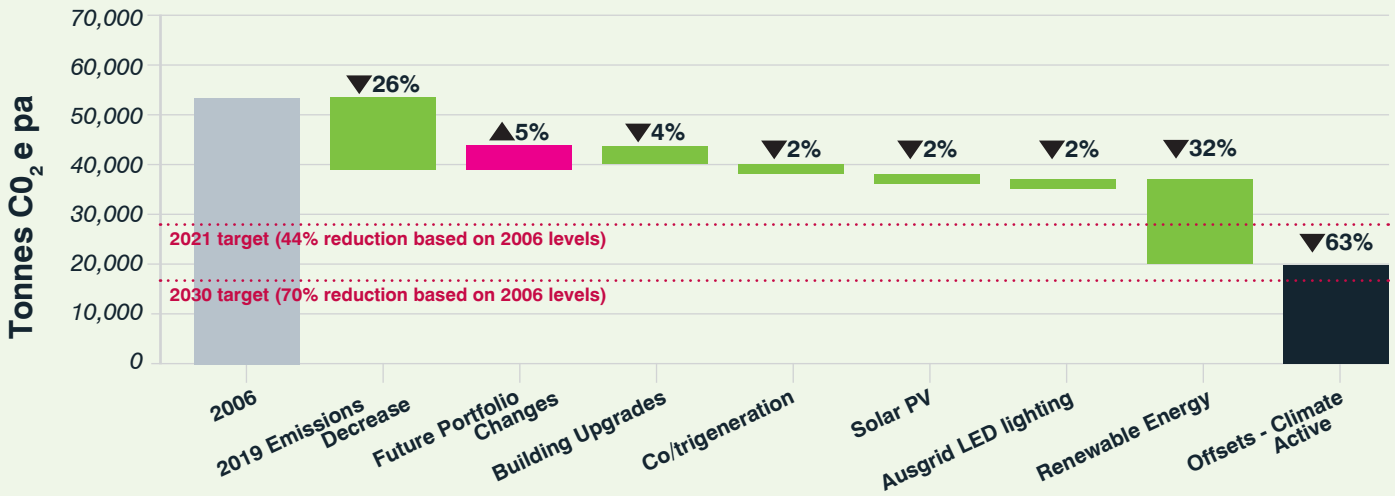
Image: While I live I will Grow, Joynton Avenue, Zetland

Asset Environmental Target

How we will get there

As at June 2019, the City has a verified emissions reduction of 26 per cent from the 2006 baseline. The chart below shows the initiatives that the City has undertaken and the estimated contributions of the programs we will implement across our operational portfolio to exceed the target of reducing our emissions by 44 per cent by 2021. The commitment to 100% Renewable Electricity will enable the City to achieve a 63 per cent reduction of emissions by 2021. We will maintain our certified carbon neutral status each year through the purchase of verified offsets for those emissions we cannot eliminate, as we have since 2007.

City of Sydney operations greenhouse gas emissions target to 2021. Estimated contribution of initiatives. Forecast Mar 2020.



Completed Initiatives - 26% reduction achieved

The result since 2006 has been achieved by:

- Portfolio change (+4 per cent) over time including additional facilities in 2018/19 Green Square Community and Cultural Precinct, Green Square Library and Plaza, Perry Park Recreation Centre and Darling Library. In previous years Ian Thorpe Aquatic Centre, 343 George Street, Sydney, and Surry Hills Community Centre.
- Energy efficiency programs, solar installed to date, improved energy measurement and monitoring, behaviour changes and small works.
- Annual weather and changes in emissions factors.

Initiatives to be completed by 2021

The 2021 emissions target remains at 44% reduction from the 2006 baseline and due to the City's commitment to 100% renewable electricity the current forecast is a 63% reduction.

- Future portfolio changes (+5 per cent) assumes the expansion of the City's property portfolio for community and operational purposes, including increased pedestrian lighting and maintenance for parks and public domain at Green Square.
  > **Increases:** Acquisition of 546-552 George St in 2019/20 Gunyama Park Aquatic Centre in 2021/22.
  > **Increases after 2021** through developer contributions to the City: Greenland Tower Creative Hub and 178-186 George Street Community building and digital floors.
  > **Proposed Divestments:** Including Oxford St holdings.
- Building upgrades (-4 per cent) reflects estimated savings from efficiency upgrades in the most resource intensive properties via the Major Properties Efficiency Project (MPEP).
- Co/Trigeneration (-2 per cent) reductions will be accomplished through the operation of cogeneration facilities at Cook and Phillip Park Aquatic Centre and Ian Thorpe Aquatic Centre.
- Solar Photovoltaics (PV) (-2 per cent) on City properties
- Ausgrid LED lighting (-2 per cent) The City is working with Ausgrid to do an accelerated upgrade of lighting to LED.
- Renewable energy - for electricity (-32 per cent) will be purchased by the City directly from a renewable project through a Power Purchase Agreement (PPA). This is enacted through the purchase of Large Scale Generation Certificates (LGC). 1 LGC is created for 1MWh of renewable electricity. 20% of LGCs created must be surrendered to the Australia Government under the Renewable Energy Legislation. The remaining 80% are retired to ensure that they are not double counted.
- Note COVID-19 impacts have not been included in the estimates.

Asset Environmental Target 2020

Gunyama Park Aquatic and Recreation Centre: CPB Contractors

Operational Emissions Target

The following table provides annual asset portfolio carbon emission estimates to 2023. The estimates are presented in a similar format to a four year financial budget and include how the City will exceed the 2021 target.

GHG Tonnes CO2e	2019/20	2020/21	2021/22	2022/23
Property Emissions Portfolio				
Carried Forward Portfolio Balance	*21,008*	*19,357*	*19,348*	*18,022*
Add				
Net Portfolio Changes	254	2,050	214	364
Reductions Emissions Projects				
Building Upgrades	(857)	(997)	(383)	0
Co/Trigeneration Installations	(522)	(476)	(476)	0
Solar Installations	(526)	(585)	(680)	0
Total Property Emissions at End of Period	19,357	19,348	18,022	18,386
Parks and Street Lighting Emissions				
Carried Forward Portfolio Balance	*12,641*	*12,308*	*11,443*	*10,376*
Add				
New Street Lights	0	114	134	162
Reduction of Emissions				
Ausgrid LED Street Lighting Program	(333)	(979)	(1,201)	(1,255)
Total Streets and Parks Lighting Emissions at End of Period	12,308	11,443	10,376	9,283
Other Emissions				
Refrigerants, Waste and Water	2,065	1,724	1,598	1,500
Contractor Fuel	1,269	1,329	1,341	1,354
Organisational Fleet	2,417	2,417	2,417	2,417
Corporate Emissions (Events, travel etc)	916	916	916	916
Grid Emissions (benefit from greening the grid)	(408)	(240)	(164)	0
Total Other Emissions	6,259	6,147	6,108	6,187
Reduction of Emissions				
Offsite Renewables	0	(17,134)	(17,134)	(17,134)
Total Offsite Renewables Emissions	0	(17,134)	(17,134)	(17,134)
Total Emissions at End of Period	**37,924**	**19,803**	**17,372**	**16,722**

Baseline June 2006 Emissions GHG Tonnes CO2e 52,972

Emission Reduction June 2021 (63%)

This page intentionally left blank

CITY OF SYDNEY

People Strategy 2019-21

2020 Update

Green Global Connected

Contents

1. Executive Summary 3
   - To 2030 and beyond 3

2. The City's DNA 5
   - From the Inside Out 5
   - Our Vision 5
   - Our Purpose 6
   - Our Values 6
   - Our Capabilities 7

3. Strategy in Action 8
   - Enabling our People 8
   - Review of Workforce Strategy 2015-19 8
   - Looking ahead – Challenges and Opportunities 11

4. People Strategy 2019-21 12
   - Priorities and Objectives 12
   - A strong foundation to build for 2050 13
   - An intensive focus on our core priorities 14
   - Priority 1 – Engage people with purpose 18
   - Priority 2 – Enrich our workplace culture 19
   - Priority 3 – Embrace new capabilities & mindsets 20
   - Priority 4 – Empower our people to be ready for change 21

5. Supporting Documents 22
   - Our Workforce Profile 2019 22
   - EEO, Diversity and Inclusion Action Plan 29

Cover image: A maintenance crew pour a concrete footpath on the outskirts of Sydney Park

1. Executive Summary

To 2030 and beyond

The City of Sydney (the City) serves more than 1.2 million residents, visitors and workers every day. This is possible due to the committed efforts of our people – our managers and employees.

At the heart of what we do is to lead, govern and serve. In diverse roles across the organisation, our people are delivering the exciting and ambitious Sustainable Sydney 2030 plan to make our city green, global and connected, while continuing to provide the high quality services our communities value. Our people are in a strong position to contribute to a resilient Sydney that embraces the challenges and opportunities presented by the journey to 2050.

This People Strategy 2019-21 is the City's workforce strategy. The strategy focuses on the culture, capabilities and leadership required across our organisation to deliver on our strategic goals. The timeframe enables the strategy to align with the four-year corporate planning process, which we will develop for 2021/22.

The People Strategy 2019-21 forms an important part of our resource planning, ensuring that we can deliver on our business goals and are future-ready. The strategy recognises evolving community needs and the skills our people require to address the social, economic and environmental sustainability challenges ahead.

This strategy builds on solid foundations. During the life of the 2015-19 strategy, we successfully focused on:

– Embedding our values in everything we do
– Strengthening our safe and healthy workplace including mental health awareness
– Developing our diverse and inclusive workplace culture
– Engaging our employees to enable enhanced productivity
– Fostering our leadership and employee potential to meet future challenges.

While we recognise there is more to do to build an agile and skilled workforce and apply a digital mindset, the fundamentals are in place to support continued progress.

In line with the Integrated Planning and Reporting Guidelines, this People Strategy outlines how we can enable our employees to deliver on our business goals while addressing current and future issues that could influence our planning and delivery. As such, this strategy:

– Explores the foundations of our workplace culture and capability
– Shares insights on efforts to implement the previous workforce strategy
– Analyses future challenges and opportunities based on best practice, trends and projections
– Discusses the directions and strategic objectives of our new people strategy
– Outlines our workforce profile and action plans for delivering on our objectives.

The development of the People Strategy 2019-21 is a collaborative effort of the City's People, Performance and Technology division and the Executive Directors with support from the global best practice consultancy, Mercer Consulting.

Image: New Year celebrations in Sydney – view from the streets.

2. The City's DNA

From the Inside Out

The City's workforce comprises a diverse group of people committed to serving our community. This sense of pride and purpose is fundamental to this endeavour. All efforts build on the foundations of our vision, purpose and values. Our capabilities are the pillars that enable us to harness these and deliver for our community.

Our Vision

Our vision is a Sustainable Sydney 2030 that is green, global and connected. First adopted in 2008 following extensive community consultation, it expresses the community's vision and the City's commitment to the sustainable development of our city to 2030 and beyond. Sustainable development is not just about the physical environment. It is also about the economy, society and culture. Addressing each of these areas with bold ideas and good governance will result in better outcomes for our current and future communities.

- **Green** with a modest environmental impact; green with trees, parks, gardens and linked open spaces; green by example and reputation.
- **Global** in economic orientation; global in links, partnerships and knowledge exchange; and global and open-minded in outlook and attitude.
- **Connected** physically by walking, cycling and high-quality public transport; connected 'virtually' by world-class telephony and as members of online networks; connected as communities through culture and a sense of belonging and social well-being; and connected to other spheres of government and to those with an interest in the city.

We regularly review and update the actions to deliver on 2030 to reflect the changing nature of our city and community. While we do this work, we also talk with the community to develop the 2050 vision and goals.

We recognise the importance of future proofing our organisation to be proactive, adaptable and resilient as we guide our people and the community during a constantly changing world.

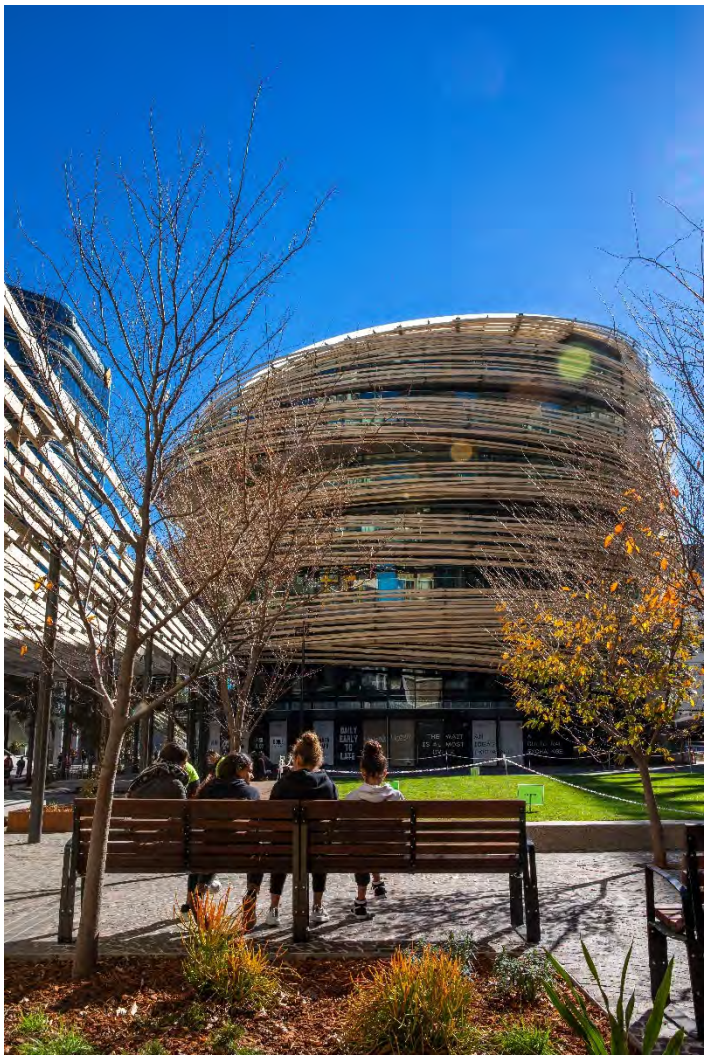


Image: The Exchange Building housing Darling Square library

Our Purpose

Our purpose at the City is to lead, govern and serve. We are here to deliver the aspirations set out in Sustainable Sydney 2030 and now the planning and delivery of the 2050 vision and goals. The collective efforts of our employees will help deliver these aspirations through the provision of crucial facilities, infrastructure, programs and services for our community.

- **Lead**: leadership in everything we do is critical. This includes leading people, leading by example and leading the delivery of services, programs and projects that inspire and create value, both internally and externally. Building the capability of everyone to lead – not only managers – ensures we embrace opportunities to build our future.
- **Govern**: good governance is at the heart of how we operate. Governance refers to the culture, processes, systems, policies and practices that we use to guide our operations. Good governance creates confidence in our actions – we do what we say and we act ethically in the public's interest. It provides us with a license to operate – if we get the basics right, we can deliver more things for our community.
- **Serve**: serving our community is the core function of the City. It is why we exist. That is why we need to put our community's interests at the heart of our decision-making, to understand their needs, see the world from their perspective and be proactive and solution focused. The same approach applies to how we support and serve our internal colleagues as part of our collaborative efforts to deliver for our community.

Our Values

Employees came together to develop the City's values around 10 years ago. They guide how the City's workforce operate and we embed them in all aspects of working at the City from recruitment and onboarding to performance and development including the City's capabilities. The six values of collaboration, courage, integrity, innovation, quality and respect set out how we deliver on our vision and purpose.

- **Collaboration**: working cooperatively to achieve our goals; building strong teams and partnerships; and sharing the challenges and successes of our work.
- **Courage**: dealing with difficult issues and making informed decisions; respectfully addressing behaviours that conflict with our values; and taking action to do the right things in the right way even when there may be opposition.
- **Integrity**: acting in the best interests of the City and treating people fairly and equitably; being reliable, honest and ethical; taking responsibility for our actions and learning from our mistakes.
- **Innovation**: fostering, valuing and rewarding creative thinking; investing in learning and sharing our knowledge; leading through excellence.
- **Quality**: producing thorough, timely work; understanding how we contribute to achieving the City's results; being committed to customer service, best practice and continuous improvement.
- **Respect**: listening, considering and valuing the views of others; treating all people with courtesy; communicating well with people from diverse backgrounds.

Image: June 2018 Refugee Week hosted by the City

Our Capabilities

The City has developed a framework of capabilities for our managers and employees that outline the behaviours, skills and knowledge expected at work. Our values, code of conduct and policies inform our capabilities. They align with the Local Government NSW capability framework and provide clarity, consistency and a common language for what our community expects of us. They are a reminder of what 'good' looks like at work.

Our capabilities are the foundation for developing our people. They point us in the direction of how we further develop an accountable, proactive and productive workforce culture. This builds on our efforts during the 2015-19 strategy implementation to embed our capabilities in our recruitment, development and performance management processes.

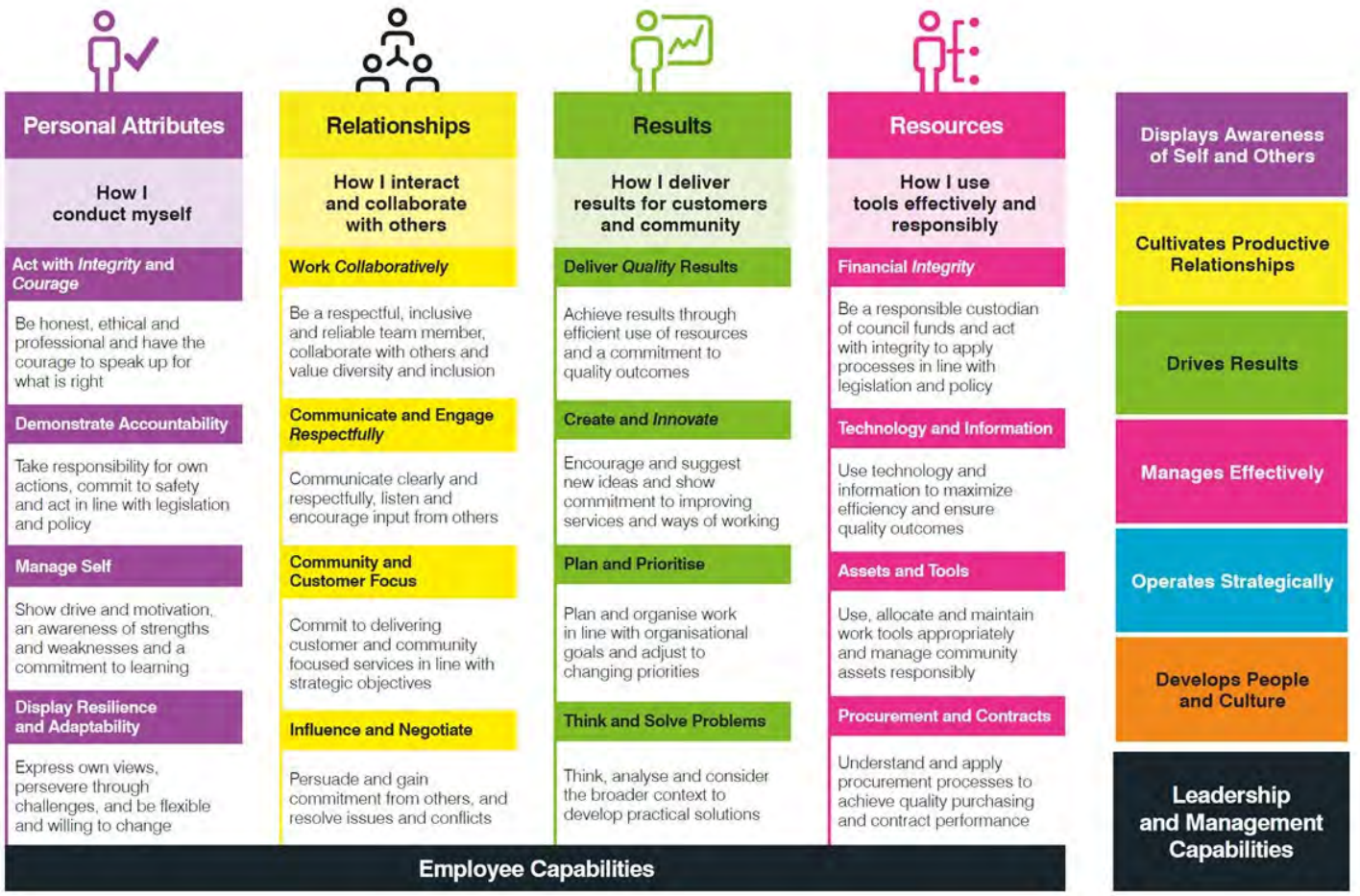


Image: The City's Capability Framework – Employees Capabilities and Leadership & Management Capabilities

3. Strategy in Action

Enabling our People

Our aim in developing the People Strategy 2019-21 is to build on the achievements and areas for improvement from the Workforce Strategy 2015-19.

It embraces our vision, purpose, values and capabilities as signposts for guiding our people strategy directions and objectives.

Review of Workforce Strategy 2015-19

The strategy had six objectives that each had priority actions over the four-year period. Importantly, the City's 2015-19 deliverables have addressed critical areas identified in the NSW Local Government Workforce Strategy 2016-2020, in particular retaining and attracting a diverse workforce; creating a contemporary workplace; investing in skills; and maximising leadership.

In so doing, we recognise that the City has an important role to play in promoting local government as a purposeful career opportunity to serve the interests of the community based on sound governing principles.

The following outlines a review of actions for each of the six objectives in the City's strategy 2015-19.

Image: Paul Garbin at Waterloo Library, April 2019

Objectives	Review of Actions (2015-19 Workforce Strategy)
Leverage our common purpose	We embedded the City's vision, purpose and values in all aspects of working at the City. We are now taking our values to a deeper level by incorporating them in our capability frameworks for managers and employees. This enables managers and employees to have more purposeful development and performance discussions. We utilise internal communication across face-to-face and online channels with managers and employees to share understanding and build commitment to the City's purpose and 2030 vision. Our recent all-staff survey showed considerable improvement in employee perception of the ability of managers to relate the City's vision and goals to their daily work.
Foster employee engagement and performance	Employee engagement and performance have continued to increase during this period supported by key drivers such as growing leadership capability, improvements in managing performance and development and our focus on a safe and healthy workplace. Efforts to drive a diverse and inclusive workplace and enhance flexible work practices have also contributed to engagement and productivity.
Build an agile and skilled workforce	We have made considerable strides in capability building through the launch of a leadership and management capability framework and recently employee capabilities aligned with the Local Government NSW Capability Framework. These capabilities speak to the behaviours, skills and knowledge we expect of our people and we are embedding them in all our practices including performance, learning, career development and managing improvement and change. We have made significant, targeted investment in learning and development for all employees covering compliance and professional development. We are also investing in entry-level opportunities and recently signed the National Fair Internship Pledge.
Apply a digital mindset	During the past four years, the City launched a Digital Strategy, adopted by Council. Over this period, we made strides in building staff capability in technology as an enabler of productivity. To support this, we introduced Office 365 and we commenced piloting people centred design principles. A review of our intranet is underway to ensure we have a robust hub for employees to collaborate and find information to help them more efficiently and effectively undertake their work and deliver for customers.
Strengthen our Healthy Workplace	We continue to strive to become more proactive in terms of health and safety. We seek to develop an ownership culture where there is personal accountability and responsibility for safety across all levels of the City. A key goal is to drive prevention strategies to reduce workplace injuries. Over the last four years we implemented many programs such as: – A Safety Walk program for people managers to encourage visible safety leadership and drive positive and proactive safety culture. – Improving the capability of managers and supervisors to investigate incidents and determine the root cause to prevent recurrence. – A review of our Work Health and Safety Contractor Management procedures, which led to improvements to ensure our contractors are working safely. – Our Health and Wellbeing Program with initiatives such as Pilates, Yoga, Boxercise and Mindfulness. – A Mentally Healthy Workplace Plan, which promotes a mentally healthy workplace and aims to prevent psychological injuries. We introduced Mental Health First Aid training, a Peer Support program and assessment of psychosocial hazards in the workplace.

Develop our diverse and inclusive workplace	We place great importance of the value of a diverse and inclusive workplace. This mirrors the community we serve and makes business sense. Over the past four years we have: – Provided development opportunities for managers to embrace the benefits of leading diverse and inclusive teams. – Commenced reporting annually on gender pay equity and implemented reforms such as superannuation for parental leave, a women employee networking group and a mentoring program for women employees. Our efforts were recognised with a local government award for diversity excellence in gender equity. – Supported our Reconciliation Action Plan with an Aboriginal Workforce Strategy. – Supported a strong employee network for our LGBTQI employees – Contributed to the City's Diversity (Inclusion) action plan with initiatives for employees with disabilities. – Provided support for employees with carer responsibilities. – Offered cultural awareness training for managers and employees. – Continued to offer entry-level opportunities for young people to gain skills and experience at the City. – Ensured our workplace supports mature age workers through improved flexible work practices and other initiatives.

Image: Ranger assisting a family

We recognise there is more to do to support our people to develop their skills and deliver for our community. Building an agile workforce with a creative and digital mindset, capitalising on our diversity and strengthening our safe and healthy workplace are key areas we will continue to progress. We will build on these by considering what lies ahead as we move closer to achieving our 2030 goals and look ahead to 2050.

Looking ahead – Challenges and Opportunities

All cities are facing change and are changing. Some of these changes will be known and others unforeseen. The City faces numerous challenges and opportunities over the next few years. We must ensure our people are ready with the behaviours, skills and knowledge required to continue our 2030 work and address our new 2050 goals. Our task is to plan for what we know is coming and develop an agile, change ready workforce that can readily adapt as challenges and opportunities arise.

We recognise we cannot rest on our laurels and must be attuned to the capabilities we will need for the times ahead. We also note the need for greater efficiency while being more innovative and responsive to customer needs as key focus areas.

The expectations of our employees are also changing. Increasingly they seek a strong sense of purpose from their work and a strong alignment with the places where they work; support for career growth; a flexible workplace; and a culture of wellbeing, diversity and inclusion. Our people seek a sense of purpose greater than their own needs. They want to work for an organisation aligned to their values that they trust and is committed to delivering for our community.

The World Economic Forum – Future of Jobs Report 2018 identifies analytical thinking and active learning as essential skills and mindsets to enhance. It also highlights that upskilling requires urgent attention. The report estimates on average at least half of employees will require major reskilling by 2022. Around 90 days of training overall for these employees would be required to address these challenges in Australia by 2022.

The 2018 Local Government Workforce and Future Skills Report – NSW also confirms the importance of skill development for council workforces to adapt to changes. This includes focusing on soft skill intensive occupations that will require creative and critical thinking enabled by design, data and digital capability.

The City is ready and able to address these trends by building on a solid foundation of capability development that is taking place across the organisation. These focus areas also align with feedback from managers and employees through regular surveys, focus groups, performance and development reviews and business unit forums. The City's Executive Directors have carefully considered these insights to develop the key directions, strategic objectives and priority actions required to take the organisation forward.

Recent global studies such as the 2018 Mercer Global Talent Trends Study reveal the importance for organisations and their people to adapt to change; build resilience; become more agile in how they work; empower managers; develop a digital mindset; and embrace regular upskilling and lifelong learning.

Image: Yabun festival at Victoria Park in Camperdown, January 2019

4. People Strategy 2019-21

Priorities and Objectives

A review of our 2015-19 strategy and future workforce needs to deliver on organisational goals reveals eight emerging themes to inform our People Strategy 2019-21. The themes consider feedback from the Executive, managers and employees. They point to best practice and trends – both current and future. They reflect strengths we must maintain and areas we need to strengthen:

– Harness an enabling culture
– Build our people capability
– Attract, recruit and retain the best talent
– Build an agile organisation for tomorrow
– Enhance our customer-centric thinking
– Focus on change and continuous improvement
– Develop our diverse and inclusive workplace
– Strengthen our safe and healthy workplace

.

These themes set the scene for a people strategy that builds on what we do well and embraces the steps we must take to be ready for the future. The themes help us consider how we will embark on the next phase of our journey. They build on our continuing work to drive a purposeful, productive and efficient organisation. Such a robust platform enables us to focus on what we must do to deliver for our community in the future.

Our people strategy is built in two parts:

1. A strong foundation to build for 2050 – continuation of the workforce enablers and drivers to support our ability to lead, govern and serve
2. An intensive focus on our core priorities – the step change to ensure we are future ready to deliver on our vision.

Image: October 2018 City Women Network at the gender pay gap results announcement

A strong foundation to build for 2050

The 2015-19 Workforce Strategy provided a strong foundation of culture, capability and capacity for us to focus on ambitious priorities that embrace future challenges and opportunities. By harnessing the workforce enablers and drivers that help us deliver for our community, we are able to channel our efforts in new and exciting ways that look to 2050.

Utilising our 2015-19 focus areas, the following outlines the processes, systems and tools that enable our people to continue to deliver on our purpose to lead, govern and serve. These enablers and drivers ensure our people do the right things the right way, thereby strengthening the trust of our community. We commit to continuing our efforts in these areas. They lay the platform for our focus on specific priorities and new directions for the next few years – critical years that will determine our ability to be proactive and resilient in readiness for the future.

These continued areas of focus, supported by embedded workplace enablers and drivers, pave the way for a more concerted focus on core priorities to enable change.

Continued Areas of Focus	Workforce Enablers and Drivers
Leverage our common purpose	Code of Conduct; internal communication; embedding our values and purpose in the employee and leadership capability frameworks and culture
Foster employee engagement and performance	Performance and development process; governance and compliance planning, audits and training; professional learning and development for managers and employees; 360 feedback; employee engagement and recognition
Build an agile and skilled workforce	Onboarding; workforce planning; entry level programs; business improvement and change processes, mentoring and coaching programs; workplace flexibility; planning for a digital workplace
Apply a digital mindset	Utilise digital platforms and tools; technology and data skills training; people centred design in customer service
Develop our diverse and inclusive workplace	Gender pay equity planning and reporting; cultural awareness training; manager skills training; programs and initiatives for key identified diversity employee groups
Strengthen our healthy workplace	Work, Health and Safety programs, systems and processes, training and audits; mental health training and initiatives; peer support program

An intensive focus on our core priorities

With a strong foundation in place to ensure our workforce remains purposeful, productive and efficient, we are primed to focus on the step change we must make to ensure we are future ready for 2050. From the eight emergent themes, we have identified four core priorities to lift our organisational effort.

The priorities speak to our need for bold and ambitious actions to address challenges and opportunities. They enable our people have the skills, behaviours, knowledge and tools to be future ready. They ensure our organisation has the frameworks, capabilities and processes to support our people and embrace planning for 2050.

These priorities encapsulate our **workforce vision**:

Image: Darling Square Library Darling October 2019

An inclusive and collaborative workplace that inspires capable, purpose-driven people to embrace future challenges and opportunities to build and nurture a sustainable, resilient and thriving community

The **four core priorities** recognise that our city and community are rapidly changing so we must strengthen our capacity to adapt and get ready to meet new challenges and future needs. As a trusted public organisation that puts the public interest and wellbeing of the community at the centre of everything we do, we have a responsibility to improve and transform the way we provide our services.

Our community, our customers and our employees expect this. They trust that we will apply our resources in the best ways to achieve our agreed priorities and prepare for the future. This means our managers and employees need to work in ways that are better and smarter, implement efficiencies and find new solutions.

Image: March 2018 Mary-Anne Priest, City of Sydney Manager of Rangers, awarded Local Government Minister's Award – women in a non-traditional role

Priority 1

Engage people with purpose

Inspire talented people to serve our community with pride

Strategic Objectives

- Build and communicate our employee value proposition – our employer brand – to attract, recruit and retain talented individuals who align with our values, purpose and vision.
- Adopt innovative approaches to source talent and capabilities from multiple channels to ensure we have the right people to meet our current and future needs.
- Nurture adaptability to ensure our people work smarter, address individual and team needs, deliver on goals and achieve positive outcomes for our community.

Priority 2

Enrich our workplace culture

Energise and support our people to be at their best during times of change

Strategic Objectives

- Maximise the potential of our diverse workplace through providing equitable opportunities for our identified diversity groups to ensure an engaged and productive workplace.
- Focus our efforts to enhance the workplace opportunities, experiences and careers for Aboriginal and Torres Strait Islander people and people with disabilities.
- Strengthen our safe and inclusive workplace with an enhanced emphasis on mental health and wellbeing and workplace conflict intervention initiatives.

Priority 3

Embrace new capabilities and mindsets

Elevate our creative and innovative thinking to drive a customer centric organisation

Strategic Objectives

- Embed our leadership, management and employee capabilities to ensure our people have the skills, knowledge and attitudes to deliver on 2030 and beyond while maintaining valued community services.
- Strengthen our core capabilities in improvement and change; digital and data; and people centred design, to enable our people to adapt to smarter ways of working and delivering for our community.
- Enhance our learning culture to enable our people to learn, develop and grow their careers while building the future capabilities required to deliver on our strategic priorities.

Priority 4

Empower our people to be future ready

Design and evolve our organisation to meet future challenges and expectations

Strategic Objectives

- Develop an approach to agile organisational design informed by best practice that enables the City to proactively address its ambitious 2030 and 2050 challenges and opportunities
- Adopt adaptive approaches to working that enable our people to embrace improvement and change that delivers optimum results for our community.
- Ensure our people have the tools, learning and support to maximise their ability to lead a productive, resilient organisation that delivers on priority goals.

Priority 1 – Engage people with purpose

Inspire talented people to serve our community with pride.

It is vitally important for the City to continue to build a workforce comprising people with bright minds, strong purpose and the right skills and attitudes. This will assist us to deliver on our strategic priorities by providing a consistently exceptional experience for our community and ensuring a sustainable organisation into the future.

Strategic Objectives:

– Build and communicate our employee value proposition – our employer brand – to attract, recruit and retain talented individuals who align with our values, purpose and vision.

– Adopt innovative approaches to source talent and capabilities from multiple channels to ensure we have the right people to meet our current and future needs.

– Nurture adaptability to ensure our people work smarter, address individual and team needs, deliver on goals and achieve positive outcomes for our community.

Key Actions:

– Develop and communicate a clear and authentic picture for current and future employees of the benefits of working at the City and serving our community.

– Review our recruitment and selection processes, practices, tools and methodologies to ensure they are streamlined, flexible and aligned to our future needs.

– Improve our workforce sourcing by reviewing key requirements, broadening selection criteria and implementing innovative approaches to source capabilities and candidates from a range of backgrounds and sectors.

Develop and harness flexible work practices that enable mutually beneficial arrangements that meet business, team, employee and community service needs.

Image: Customs House, Sydney - 1st June 2018

Priority 2 – Enrich our workplace culture

Energise and support our people to be at their best during times of change

Our organisation and community face a constantly changing world where adaptability and resilience are essential to embrace change. This requires building on our diverse and inclusive workplace and ensuring our people can work in a safe and supportive environment.

We are committed to a workplace built on integrity that provides dignity and respect to all our people and requires acceptable behaviour from everyone in the workplace. We seek to enable a workplace where our people can be at their best; an environment where everyone is welcomed, harnessing the potential of all our people where diversity is valued and inclusion is embedded in our DNA. Our overarching strategic objectives and key actions are outlined below. They are also expanded in detail in our EEO, Diversity and Inclusion Action Plan 2019-21 (see supplementary documents).

Enriching our workplace through maximising the potential of diversity and inclusion also requires a commitment to a healthy and safe workplace. Over the next few years, we will enhance our efforts on injury prevention and also focus on addressing psychosocial risk factors in our workplace to ensure staff feel protected and safe. We aim to implement more user-friendly intuitive safety management systems to enable staff to easily implement their WHS responsibilities.

Strategic Objectives:

- Maximise the potential of our diverse workplace through providing equitable opportunities for our identified diversity groups to ensure an engaged and productive workplace.
- Focus our efforts to enhance the workplace opportunities, experiences and careers for Aboriginal and Torres Strait Islander people and people with disabilities.
- Strengthen our safe and inclusive workplace with an enhanced emphasis on mental health and wellbeing and workplace conflict intervention initiatives.

Key Actions:

- Provide increased opportunities to develop the full potential of women in our workplace.
- Implement our Aboriginal Workforce Strategy to deliver on our RAP commitments
- Implement our Disability (inclusion) Action plan initiatives
- Implement our Mentally Healthy Workplace initiatives to address psychosocial risk factors in our workplace to ensure staff feel protected and safe
- Implement more user-friendly intuitive safety management systems to enable staff to easily attain their WHS responsibilities.

Image: Darlinghurst, Sydney – Sydney Gay and Lesbian Mardi Gras Parade March 2019

Priority 3 – Embrace new capabilities & mindsets

Elevate our creative and innovative thinking and skills to drive a customer-centric organisation.

Challenging ourselves to find new and better ways of doing things will ensure we adapt to the changing needs of our community and are ready for the future. This means creative and innovative thinking and skills are essential focus areas to ensure we walk in our customers' shoes.

Growing our organisational capability through developing leadership, management and employee capabilities is a critical success factor for us to deliver on our vision and purpose. Governing well provides us with the trust of the community to do things that support our ambitious goals.

The City has a strong foundation on which to build a proactive and resilient workforce that is ready to embrace the challenges and opportunities the future brings. Building capability is a key attraction and retention lever particularly for the younger generations. This direction also recognises that supporting manager and employee skill development helps with and career growth aspirations.

Strategic Objectives:

– Embed our leadership, management and employee capabilities to ensure our people have the skills, knowledge and attitudes to deliver on 2030 and beyond while maintaining valued community services.

– Strengthen our core capabilities in continuous improvement and change; digital and data; and people centred design, to enable our people to adapt to smarter, better ways of working and delivering for our community.

Enhance our learning culture to enables our people to learn, develop and grow their careers while building the future capabilities required to deliver on our strategic priorities.

Key Actions:

– All managers and employees will undertake prescribed learning and development on core capability focus areas covering digital and data literacy, process improvement, managing change; people centred design; customer service; and creative and innovating thinking.

– Launch the new leadership and management development program to managers at all levels and emerging leaders among high performing employees.

– Review and implement improvements to the learning and development curriculum to address core skills and knowledge highlighted in the new employee capability framework.

Image: *Sydney Park April 2018*

Image: Children playing near pig lantern at Sydney Lunar Festival, Circular Quay February 2019

Priority 4 – Empower our people to be ready for change

Design and evolve our organisation to meet future challenges and expectations

Strengthening organisational agility will enable us to respond more quickly and nimbly to our changing context and emerging priorities to meet our community needs. Growing agility strengthens our ability to deliver on economic, social and environmental sustainability that support the needs and interests of our community.

Building on our people capabilities will ensure we have the skills, knowledge and attitudes required for a proactive and resilient organisation that is at the cutting edge of achieving our 2030 and 2050 goals and continuing to deliver valued community services

Strategic Objectives:

- Develop an approach to agile organisational design informed by best practice that enables the City to proactively address its ambitious 2030 and 2050 challenges and opportunities.
- Adopt adaptive approaches to working that enable our people to embrace improvement and change that delivers optimum results for our community.
- Ensure our people have the tools, learning and support to maximise their ability to lead a productive, resilient organisation that delivers on priority goals.

Key Actions:

- Explore and implement learning solutions to ensure our people have the core capabilities requited to enable the City to deliver on its identified, specific 2050 commitments.
- Research, develop and implement an approach to agile for the City to facilitate more effective and efficient ways of working to drive people-centred approaches, improvements and change that deliver on 2050 goals.
- Identify advanced digital and data capability learning opportunities for key employees to enable solution-focused approaches to innovation and business improvement to drive a smart city.
- Build the resilience and adaptability of our people to support their capacity to thrive in a changing and challenging external environment through enhanced development initiatives on change, flexibility, collaboration and wellbeing.

Image: City employee Jennifer Khan at Woolloomooloo March 2017

5. Supporting Documents

Our Workforce Profile 2019

Our community at a glance

- The City serves almost 1.3 million residents, visitors and workers per day[1].
- Between 2009 and 2019, the City's population increased by 39.1%. In contrast, the NSW population grew by 14.7% over the same period[2].
- More than half of the City's residents were born overseas, more than a third in a country where English is not the first language[2].
- – The predominant non-English language spoken at home is Mandarin, followed by Thai and Cantonese[2].
- The City's Aboriginal and Torres Strait Islander communities continue to be a vital part of the City's resident population.
- Almost half of the City's residents were aged between 18 and 34. The median age of City residents was 32 years

Our workforce at a glance[3]

- At 30 June 2019, there were 1,926 employees (excluding casuals and agency staff).
- 58.5% of non-casual employees were male, compared to 41.5% female.
- 48.5% of employees performing managerial and supervisory roles were female.
- The average length of service was 10 years.
- The average age of employees was 45.9 years.
- 22.3% of employees are aged over 55 years.
- 2.5% of employees identified as being a person of Aboriginal or Torres Strait Islander descent.
- 1.9% of employees reported that they had one or more limitations or restrictions associated with a disability.
- 19.0% of employees reported that they came from culturally and linguistically diverse background.
- 3.4% of employees identified as LGBTQI.

Image: City Engineer Ebony Heslop at Green Square August 2018

[1] https://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/the-city-at-a-glance, accessed 30 April 2020. This figure is an estimate from an amalgam of sources, including the ABS Regional Population Growth, Australia (Cat. No. 3218.0); ABS 2016 Census of Population and Housing; and the City of Sydney Council Floorspace and Employment Survey 2017.

[2] https://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/the-city-at-a-glance, accessed 30 April 2020.

[3] Sourced from the City's workforce profile data as at 30 June 2019. Non casual employees include – permanent, performance based contracts, apprentices and term contractors.

Workforce Composition

The City's workforce consists of people employed on a continuing, fixed-term and casual basis, supplemented from time to time with agency staff and volunteers. Contingent staff (casual employees, labour hire/agency staff and volunteers) meet fluctuating demand for major events such as New Year's Eve.

At 30 June 2019 there were 1,926 non-casual (excluding casuals) employees[4] of which 85.7% were employed on a permanent basis and 14.3% on a term contract basis. In addition, there were 272 casual employees and 175 agency contractors. While the number of casuals has increased, the total hours paid for casual employees has remained effectively the same.

Of the total 1,926 employees as at June 2019, the City had 292 part-time employees which is 15.2% of the total workforce. The City Life division had the highest percentage of part-time employees, with 36.5% of employees working part-time.

The City's non casual full-time equivalence (FTE) at 30 June 2019 was 1,825.4 consisting of 1,634 FTE (resulting from 1,634 full-time employees) and 191.4 FTE (resulting from 292 part-time employees).

Source: Workforce Profile extract (for 2019 the data includes apprentices and employees on performance based contracts).

Separations

The voluntary separation rate (also known as the employee-initiated separation rate) for non-casual employees at the City during 2018/19 was 7.0%.This rate, which excludes completion of fixed-term appointments, has remained below 10% over the past five years.

The separation rate for new employees, i.e. those that commenced during 2018/19 excluding the completion of term appointments (also known as the new starter turnover rate) was 5.5%. Both the voluntary separation and the new starter turnover rates are lower than the last reported median for the Sydney Urban Councils' benchmarking peer group which were 10.4%[5] and 10.0% respectively.

Length of service

The median length of service of non-casual employees at the City on 30 June 2019 was 7 years, compared to the median length of service of 8.5 years in NSW public sector agencies[6].

Overall, 25.5% of employees had less than three years of service and 36.3% had less than five years of service.

Source: Workforce Profile extract as at June 2019.

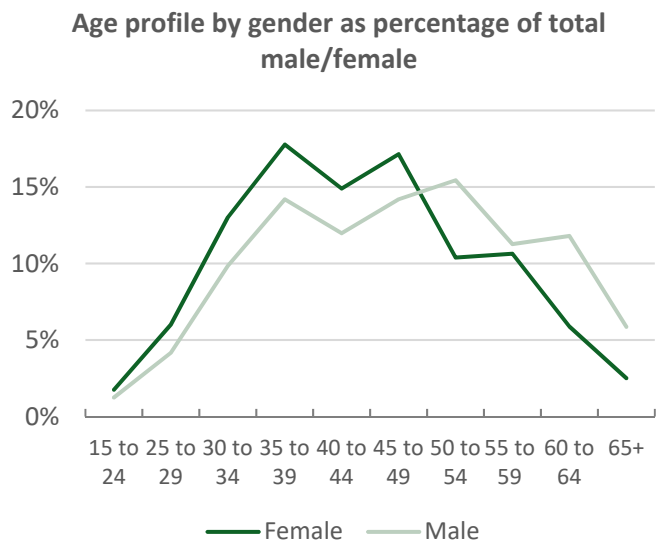
[4] Figures were sourced from the City's workforce profile data as at 30 June 2019. The City is transitioning away from the practice of terminating and reinstating casuals who only work for brief periods (e.g. NYE) resulting in more casuals on our books for the year.

[5] Latest available LG NSW Benchmarking report 2017-18.

[6] Benchmarking in comparison to the State of the NSW Public Sector Workforce Profile 2019

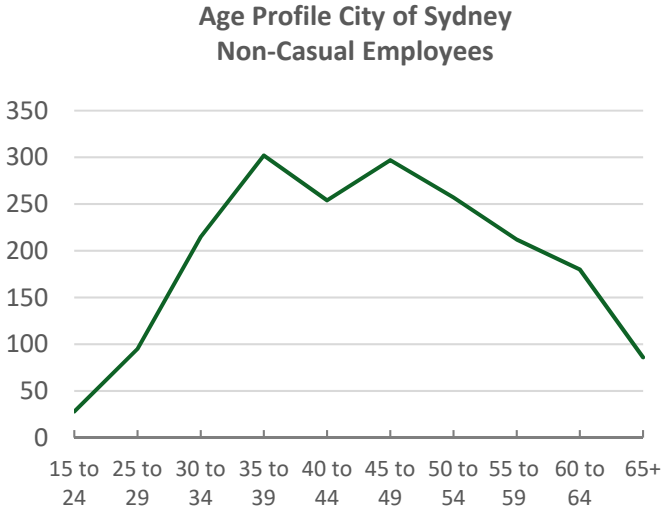
Age

At 30 June 2019 the average age of non-casual employees was 45.9 years.



Source: Workforce Profile extract as at June 2019

The majority of the City's employees are aged between 35 to 54 years old, representing 57.6% of the City's workforce. 17.5% of employees were aged under 35 years, which is an increase from 16.5% as at June 2018.



Source: Workforce Profile extract as at June 2019

Overall, 22.3% of City of Sydney employees were aged over 55 years. These employees are mainly concentrated in the City Services division (28.3%).

In comparison, 23.8% of employees in NSW public sector agencies were aged 55 years and over at 30 June 2019[7].

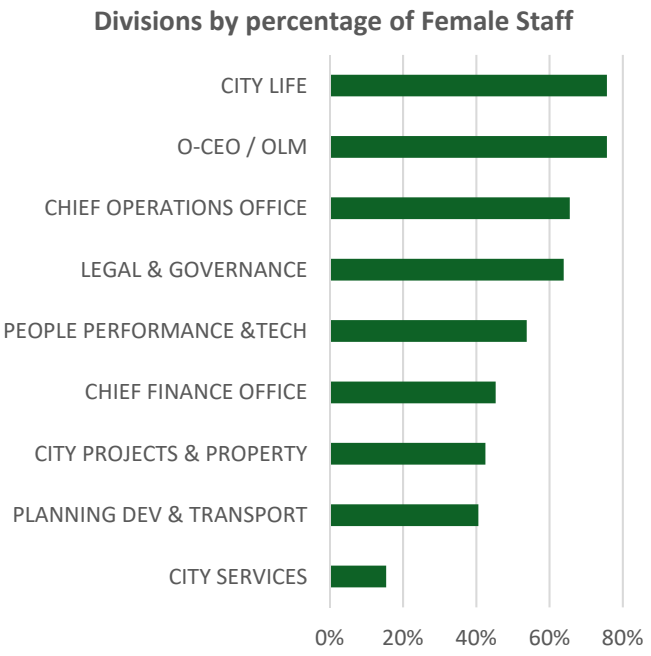
70.6% of non-casual female staff are aged under 50 years compared to 55.6% of male staff.

[7] City of Sydney Workforce Profile 2019 and Public Service Commission State of the Sector report 2019, Ch-7

Gender

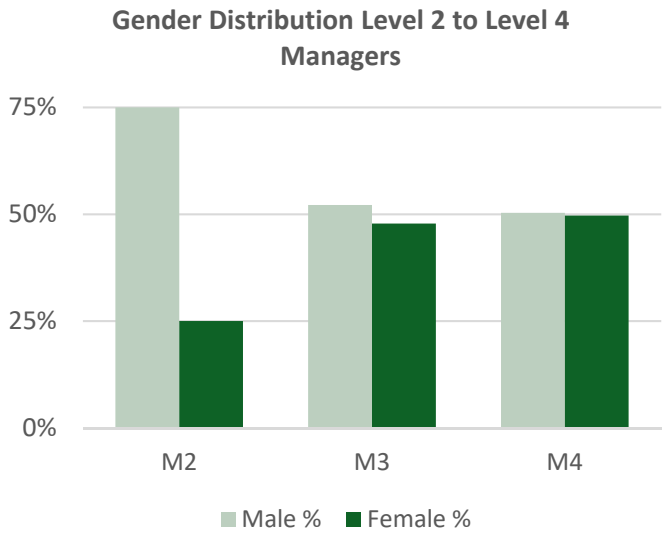
At 30 June 2019, 58.5% of non-casual employees were male, compared to 41.5% female. The percentage of female non-casual staff has increased slightly over the past eight years, from 39.2% in 2012, rising above 40% for the first time in 2018 to the current level of 41.5%.

The percentage of female employees varies across the City. The City Life division has the highest percentage of female non-casual employees (75.7%), followed by the Chief Operations Office division (65.5%). The City Services division is predominantly male, with only 15.4% of its workforce being female employees.



Source: Workforce Profile extract June 2019

At 30 June 2019, the overall proportion of female employees performing managerial and supervisory roles at the City of Sydney was 48.5% as compared to 41.8% in 2014. This is higher than the overall percentage of female employees at the City (41.5%). The proportion of women at director level was 25%, at the business unit manager level was 46.3% and at section manager level was 49.7%.



Source: Workforce Profile extract June 2019

In 2019 the City undertook its fourth gender pay equity review guided by the Workforce Gender Equality Agency framework for private sector workplaces.

The organisational gender pay gap (the gap between the average remuneration of women and men across the City – salaried, wages and casual employees) was 7.8% in favour of women. This compares with the national gender pay gap of 14.0% and public sector pay gap of 10.7%[8] in favour of men.

The City's 2018/19 gender pay gap was 1.7% in favour of men (the average pay gap between men and women working within the same salary level).

In 2018-2019, there were 33 internal employee promotions, of which 14 were achieved by female employees[9]. This indicates 1.8% of female employees received a promotion compared to 1.7% of male employees.

[8] Source: Workplace Gender Equality Agency, Australia's Gender Pay Gap Statistics, https://www.wgea.gov.au/sites/default/files/documents/Gender_pay_gap_fact_sheet_Feb2020.pdf, accessed 30 April 2020 and CEO Update 2019 – Gender Pay Review.

[9] Source: Payroll data 2018-2019. A promotion is when an employee advances to a more senior level and band in the organisation.

Diversity and Inclusion[10].

Aboriginal and Torres Strait Islander employees

At 30 June 2019, 2.5% of the City's non-casual employees identified as belonging to an Aboriginal or Torres Strait Islander community. In comparison, the latest median for the Sydney Urban Councils' benchmarking peer group which was 2%[11].

The City Services division has the highest percentage of non-casual Aboriginal and Torres Strait Islander staff (4.4%).

Employees with a disability

At 30 June 2019, 1.9% of the City's non-casual staff had identified with one or more limitations or restrictions associated with a disability, even though this may not require a workplace adjustment. In comparison the latest median data for the Sydney Urban Councils' benchmarking peer group was 1%.

Culturally and Linguistically Diverse (CALD) employees

As at 30 June 2019, 19.0% of employees reported belonging to a culturally or linguistically diverse (CALD) group while 8.7% of all employees reported that they spoke a language other than English at home. In comparison, the median for the Sydney Urban Councils' (last benchmarking peer group) for people who spoke English as a second language was 3.5%.

LGBTQI employees

In 2017, the City of Sydney became one of the first councils to collect information for employees who identify as being LGBTQI employees. Currently 3.4% of City staff identify as being LGBTQI.

	2016	2017	2018	2019
Aboriginal & Torres Strait Islander employees	1.6%	2.1%	2.1%	2.5%
Employees with a disability	1.4%	1.8%	1.4%	1.9%
Culturally and linguistically diverse employees	14.2%	19.7%	18.2%	19.0%

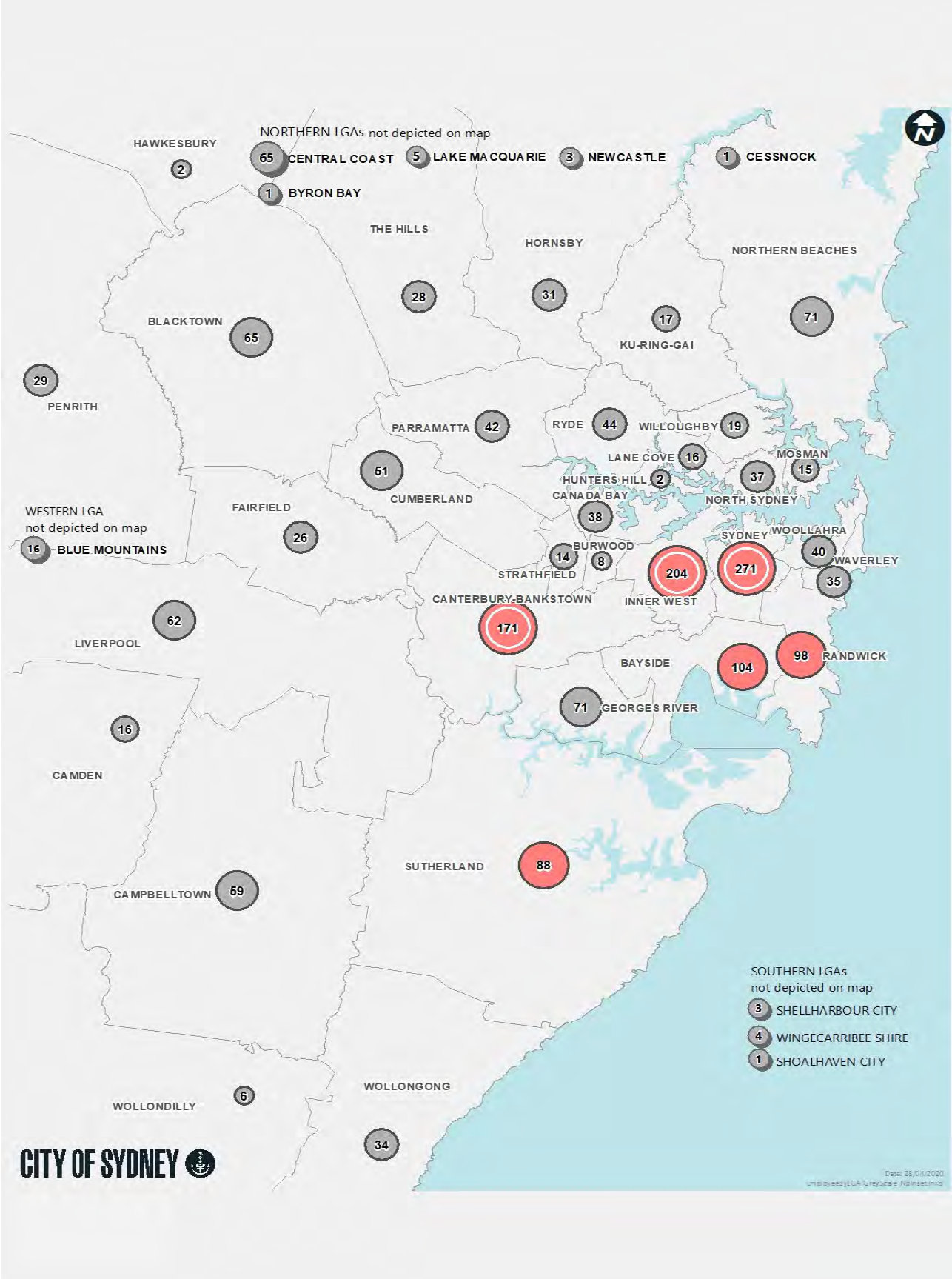
The City acknowledges there are many factors influencing whether employees self-report diversity data, and that this contributes to under-reporting. The City continues to encourage employees to self-identify as being a part of a diversity group, in order to build a more accurate picture of the workforce.

[10] Source: EEO data collected as reported to the LG NSW benchmarking submission.

[11] Source: Latest available LG NSW Benchmarking report 2017-18.

Where do the City of Sydney's employees live?

At 30 June 2019, an estimated 271 (14.1%) of non-casual employees lived within the City of Sydney Local Government Area (LGA). The heat map below shows the local government areas where our employees reside.



References

ABS Regional Population Growth, Australia 2015-16, (Cat. No. 3218.0)

ABS 2016 Census of Population and Housing

ABS Regional Population Growth, Australia 2015-16, (Cat. No. 3218.0).

ABS 2016 Census of Population and Housing ”ABS – see Australian Bureau of Statistics.

NSW Public Service Commission 2019, State of the NSW Public Sector Report 2019, PSC, Sydney.

NSW Public Service Commission – Workforce Profile 2019

HR Metrics 2017-2018 Report - OLG Metropolitan 2017 - 2018

HR Metrics 2017-2018 Report - Urban Councils 2017 – 2018

City of Sydney Workforce data FY 2018-19

https://www.cityofsydney.nsw.gov.au/learn/research-and-statistics/the-city-at-a-glance, accessed 30 April 2020.

CITY OF SYDNEY

EEO, Diversity & Inclusion Plan 2019-21

Green Global Connected

Contents

1. Access and equity statement 3
2. Context 5
3. Developing the action plan 6
4. Target diversity groups 8
5. EEO, Diversity & Inclusion Action Plan 12

Cover image: International Women's day Speakers with members of Women's Network, March 2019

1. Access and equity statement

Sydney is on Aboriginal land, the land of the Gadigal people. We value the city's First Nations people and acknowledge the Gadigal of the Eora Nation as the traditional custodians of this place we now call Sydney.

The City of Sydney (the City) is committed to sustaining Sydney as a truly inclusive city. We value and respect the diverse communities who live, work in and visit Sydney.

We value Sydney's multicultural society and the varied cultures, languages, traditions, religious and spiritual practices of the people that call our city home. We value the range of identities, perspectives, experiences and lifestyles of our community, people young and old, men and women, people with disability, people with diverse gender identities, LGBTQI communities and those who have experienced advantage or disadvantage. We value the contributions made by all people and believe that this diversity strengthens our city.

The City respects human rights, people's right to self-determination and we strive for inclusion. We demonstrate our commitment to diversity and inclusion by respecting the dignity and worth of all people; treating people equitably; and fairly providing services, facilities and public spaces. We want to promote a society where inclusive participation is valued and to demonstrate these principles in all that we do.

Our work with communities strives to eliminate discrimination and mitigate disadvantage; to actively remove barriers to inclusive participation faced by different people; and to promote relationships that are based on understanding and respect. We want our city to be one where everyone has an equal chance in life and the opportunity to realise their potential. Cities that are more equal are cities that thrive.

We also value our diverse workforce, as workplaces that are diverse and inclusive perform better and are more innovative. Our employees value economic opportunity in their own lives and having access to diverse education, training and job options. Workplaces that are more accessible and fair are workplaces that thrive.

We are excited to set out this shared agenda. The following principles inform our objectives and actions to deliver on our commitments to equal opportunity and diversity and inclusion in our workplace.

Image 1. Fireworks above Sydney Opera house on New Year's Eve

Image 2. Artist Jason Wing and First Nations creative producer Dennis Golding pose in front of their Gadigal Mural at the Australian Design Centre in Darlinghurst

Image 3. Welcome and smoking ceremony at Customs House prior to the First People's Dialogue Forum in 2019

1. Sydney is on Gadigal Country: we recognise First Peoples first
2. Sydney is a just city that respects human rights and dignity
3. Sydney's communities' strengths are valued and supported
4. Sydney is a welcoming, socially connected city that embraces diversity
5. Sydney is a vibrant city where creative and cultural expression is valued and celebrated
6. Sydney is a safe and accessible city for people of all ages and abilities
7. Sydney's environment supports health and wellbeing
8. Sydney is a democratic city where people can participate and influence local decisions
9. Sydney's governance is effective, balanced and accountable
10. Sydney is a collaborative city where responsibility for community wellbeing is shared

2. Context

Background

The City of Sydney (the City) is committed to a diverse and inclusive workplace that is free of discrimination. The City recognises that workplaces that are diverse and inclusive perform better and are more innovative. Inclusive workplaces allow staff of diverse backgrounds to bring their best selves to work every day, enhancing collaboration, engagement and workplace wellbeing.

The City complies with the requirements of the EEO (Commonwealth Authorities) Act 1987. The City is an equal opportunity employer committed to providing a safe working environment for all. The City seeks to reflect its diverse communities and provide them with confidence that people from all backgrounds have fair access to work opportunities in the organisation.

Building diversity and inclusion awareness and capability can assist in recruiting and retaining a workforce where employee differences are valued and seen as a positive point of difference. The City is investing in upskilling its staff and managers on this and developing a culture of diversity and inclusion.

Key Deliverables

This Action Plan sets out the key deliverables that address the City's commitment to EEO principles and which together provide a roadmap for a diverse and inclusive workplace. These include actions to:

- Embed the principles of diversity and inclusion in the City's core people management processes (recruitment, learning, development, performance) and leadership and employee capabilities and related programs.
- Report on gender equity as part of an annual workforce reporting process and implement initiatives to improve gender equity.
- Develop and action the workforce commitments within the City's Reconciliation Action Plan.
- Implement workforce actions within the Disability (Inclusion) Action Plan.
- Develop initiatives to support workplace diversity and inclusion including among Aboriginal and Torres Strait Islander people, women, culturally and linguistically diverse (CALD) people (including refugees and asylum seekers), LGBTQI people, youth, mature age workers and people with disability and carer responsibilities.

The City will review the Action Plan's deliverables and initiatives on an annual basis. [1]

Image 4. Artist performing at Sydney Lunar Festival February 2019

[1] Branding refresh only in April 2020

3. Developing the action plan

Planning

The City undertakes diversity and inclusion action planning through annual and longer-term management plans linked to the business planning cycle. This integrated approach ensures diversity actions are incorporated in workforce planning and major business change initiatives.

Responsibility

A commitment to diversity and inclusion at the City starts with the CEO and the Executive. Overall corporate responsibility for monitoring workforce diversity and inclusion lies with the People, Performance and Technology division. Managers and staff throughout the City are responsible for implementing EEO principles and supporting a diverse and inclusive workplace.

Image 5. Aboriginal traditional dance at Sydney Festival

Image 6. City Rangers

Informing

The EEO, Diversity and Inclusion Action Plan 2019-21 includes actions to ensure staff are kept informed of the initiatives and of their rights and responsibilities in the workplace. This includes EEO responsibilities. Information is shared through:

- Online communication including intranet, email and online resources
- Specific Diversity/EEO related training programs and inclusion of Diversity/EEO topics in a wide range of general training programs
- Leadership and staff briefings/information forums
- Induction training
- Diversity staff networking group meetings.

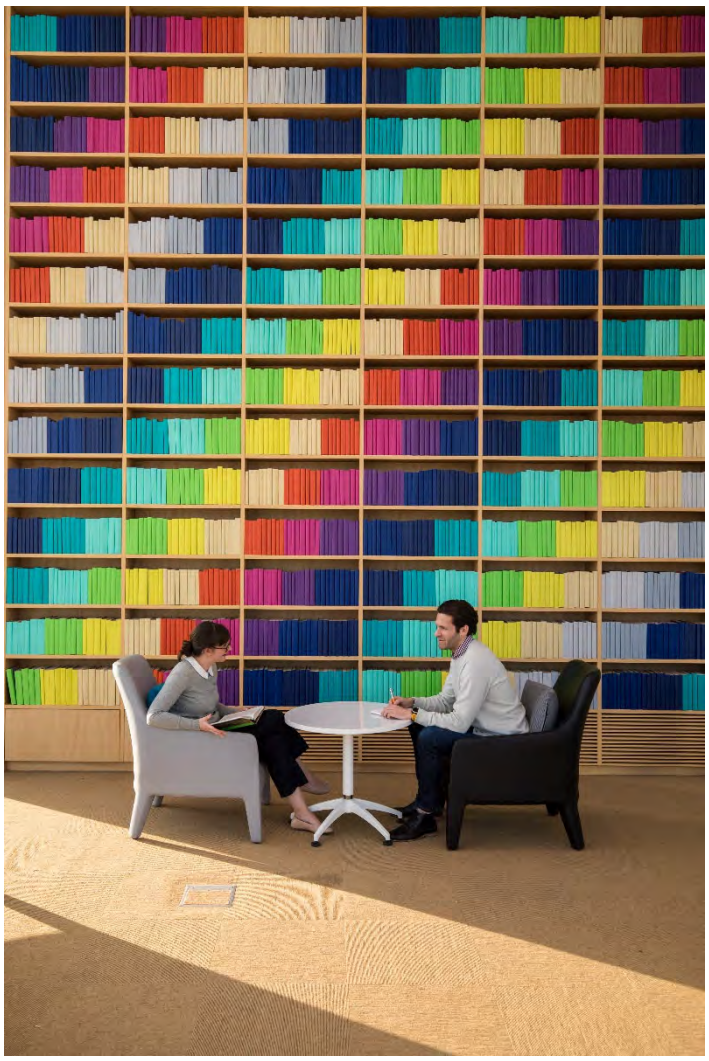


Image 7. Interior of Green Square Library

Monitoring and Evaluation

Monitoring and evaluation of Diversity/EEO performance is a regular part of the annual business planning and reporting cycle. The City is required to periodically report progress against Diversity/EEO statistics to the Council and other government bodies in addition to ad hoc requests from other government agencies.

Benchmarking data is utilised as part of the diversity feedback/improvement cycle and informs the Diversity/EEO planning process.

Review of Policies and Practices

The City's policies and practices are monitored to ensure they are consistent with Diversity/EEO management objectives and legislation and are informed by best practice research and resources.

Diversity and EEO principles are considered in major projects, when developing new or changed work practices and when creating and reviewing relevant policies.

The EEO Policy applies to all City staff, agency staff, consultants, job applicants, contractors, volunteers, trainees and work experience participants. The City, being the responsible employer, is legally accountable for discrimination in employment matters. The City's programs are informed by the EEO (Commonwealth Authorities) Act 1987 [the Act]. The Act requires organisations to have programs that:

– Promote the employment of designated disadvantaged groups (Aboriginal and Torres Strait Islander peoples, people with disability, people from non-English speaking backgrounds and women).

– Facilitate the elimination of all forms of unlawful discrimination and harassment in the workplace.

The Act also requires annual reporting on progress against program objectives, which the City does each year in its Annual Report

4. Target diversity groups

The City has identified the following diverse groups as requiring targeted attention during 2019-21:

- Gender - Women
- Aboriginal and Torres Strait Islanders
- People with disability
- People with a carer responsibility
- LGBTQI
- Mature-age
- Youth
- People from culturally and linguistically diverse backgrounds (CALD).

Gender – Women

As at 30 June 2019, women accounted for over 40 per cent of the City's workforce and 48.5% per cent of managerial and leadership positions.

The City aims to create an environment where both men and women have equal access and opportunities to employment and career success; balance family responsibilities; contribute to communities; lead and aspire to healthy, fulfilling, rewarding lives; and attain economic independence.

Getting the balance right

As women make up over half the population of Australia, their equal treatment should be at the core of any Australian workplace. As such, the City is focusing efforts on maintaining representation of women in leadership positions and promoting development opportunities for women. Actions from the annual Gender Pay Equity Reviews are aimed at helping women achieve their full potential and address barriers to economic independence.

The City is a leader when it comes to gender pay equity. In 2019, the City had an overall gender pay gap of 7.8 per cent in favour of women. This means more female staff are in higher paying jobs, organisation-wide.

On comparing the salaries of men and women at the same salary level, the City has a gender pay gap of 1.7 per cent in favour of men. This compares with Australia's current national gender pay gap of 14.0%, private sector gender pay gap of 17.3% and public sector pay gap is 10.7%. (Source: WGEA website).

Image 8. (below) City 40,000 Years Mural

Aboriginal and Torres Strait Islander peoples

Image 9. Matthew Doyle performs a smoking ceremony – International Students Welcome 2017

The City seeks to increase the workforce participation of Aboriginal and Torres Strait Islander people. This involves encouraging and fostering Indigenous participation within the organisation and positioning the City as an employer of choice for Aboriginal and Torres Strait Islander peoples.

New approach to building relationships

Aboriginal and Torres Strait Islander peoples have played a significant part in the history and cultural formation of the City's local government area. The City has adopted the Innovate model for its Reconciliation Action Plan (RAP). This model encourages Aboriginal and Torres Strait Islander stakeholders to trial new approaches for building relationships, showing respect and improving opportunities for Aboriginal and Torres Strait Islander peoples. It also provides opportunities for staff to engage in reconciliation activities and increasing awareness of the City's activities in this space.

The decision for an employee to formally self-declare Aboriginal and/or Torres Strait Islander heritage is personal and voluntary. Self-identification helps allocate resources, supports employment programs and targets development opportunities in the areas of greatest need. As at 30 June 2019, 2.5% of the non-casual workforce at the City identified as being Aboriginal or Torres Strait Islander. The City's aim is to maintain and increase workforce representation in all occupations and at all levels.

The City has developed an Aboriginal and Torres Strait Islander Workforce Strategy aimed at improving employment and development opportunities and raising cultural awareness in the organisation. The strategy addresses workforce commitments from the City's RAP. The four objectives in the strategy focus on making the City an attractive and welcoming place to work; enhancing access to employment opportunities; building capability and retention; and developing a culturally aware and inclusive workforce and workplace.

People with Disability and Carers

The City is committed to removing the barriers and encouraging the participation of people with disability and carer responsibilities in the workforce. One in five Australians live with disability, including people with mental health conditions (Source: Australian Government - https://www.jobaccess.gov.au/employers/benefits-employing-people-with-disability). However, they tend to be under-represented in the Australian labour market. As at 30 June 2019, 1.9% of the City's total workforce has identified as having a disability. To meet future workforce demands it makes good business sense to support employment of people with disability and carer responsibilities.

The City also recognises that providing ongoing personal care, support and assistance for someone with disability, long term or life-limiting illness, mental illness, dementia or who is ageing, can impact all aspects of a person's life. Men and women in the workforce also may have caring responsibilities for people with a disability.

Image 10. Lord Mayor's Picnic – Royal Botanic Garden, Sydney – 31 December 2017

Breaking down barriers

The City's fourth Inclusion (Disability) Action Plan 2017-2021 was adopted in 2017. This plan identifies a range of actions designed to actively address barriers faced by people with disability and carers in participating in community life, accessing mainstream services, and accessing meaningful employment opportunities.

A review of the City's approach to workplace flexibility has also ensured the City has a workplace environment that enables fair and transparent, flexible work arrangements for staff, particularly those with a disability and/or caring responsibilities.

LGBTQI Staff

The City seeks to be a diverse and inclusive workplace where people are encouraged to be their best and achieve their potential. For Lesbian, Gay, Bisexual, Transgender, Queer and Intersex (LGBTQI) staff, that means offering a safe and respectful work environment where everyone is treated equally and feels included and valued. The City is proud to be an organisation where LGBTQI people want to work.

A workplace that values respect

The City's workplace is built on the value of respect and the culture is one that rejects discrimination in any form. The City recognises that each LGBTQI person's experience and circumstances is unique and personal and that their journey is their own. No one at the City is obligated to disclose their sexuality, but everyone should be respected if they do.

Image 11. Sydney Gay and Lesbian Mardi Gras 2018

The City acknowledges the contribution that LGBTQI culture and history has made and continues to make to Sydney and the significance of the local government area to the local, national and global LGBTQI community. It recognises the hardships LGBTQI people have endured in the past and their courage and resilience in fighting for equality in the face of discrimination and injustice.

The City also seeks to build on their successes by being an ally to the LGBTQI community and an advocate for progress and equality in the workplace and community. The City has an active staff networking group, City Pride, which addresses issues to ensure the workplace is diverse, inclusive and supportive. The City regularly reviews policies and procedures to ensure equal and fair treatment for all staff.

Mature Age Workers

The City has established equitable policies and practices to support an ageing workforce, and position the City as an employer, supporting people of all age groups. The City also offers supportive programs for the smooth transition of mature age staff into retirement.

As Australia's population ages, a relatively low number of mature-age workers are choosing to remain in the workforce. Consequently, Australia will face increasing difficulties in maintaining the size of the labour force, which will have a direct impact on the pool of workers available.

Retaining mature age workers

Skill shortages have been experienced in certain areas at the City at various times including engineering, planning, environmental health and building surveyors. These could be alleviated by exploring opportunities that support mature age staff to remain in the workforce.

Image 12. Comedy debate for the NSW Seniors Festival

One of the main challenges for the City will be to manage the loss of knowledge of key staff when they retire through a robust succession planning process. There is a need to adopt a comprehensive approach that addresses these challenges and embraces the opportunities of the City's maturing workforce.

The City is committed to ensuring mature age people have equal opportunity in the recruitment process and are supported in the workforce through initiatives such as workplace flexibility and learning and development opportunities, thereby assisting retention. The City is also committed to assisting staff nearing retirement age to opt for more flexible work arrangements and education on managing superannuation.

Youth

The employment of young people adds to the diversity of the workforce and the way it operates. To facilitate the contribution of the younger workforce, it is essential that organisations recruit, leverage and contribute to the skills that young people can bring to the workplace.

The City is committed to being an attractive place to work for young people, aged between 12 and 24 years. It is keen to support young people wishing to gain the skills and support required for meaningful employment.

The City's entry-level employment and development programs provide young people with opportunities to gain experience in the workplace and skill development. This includes school or tertiary education-based work experience and work placements, internships, traineeships and apprenticeships.

The City is proud to have signed the National Fair Internship Pledge to demonstrate its commitment to the fair treatment of young people undertaking internships.

People from Culturally and Linguistically Diverse backgrounds (CALD)

The City seeks to attract and retain the best talent irrespective of their background or heritage, including culturally and linguistically diverse (CALD) backgrounds. The term CALD collectively captures ancestry, birthplace, birthplace of parents, religion, language, and year of arrival in Australia. (Source: ABS)

The City is dedicated to building an organisation where cultural diversity is respected and valued and seeks to support people who are new to Australia. This includes supporting refugees and asylum seekers to adjust to the culture and requirements of local workforces and workplaces and enabling them to gain experience and employability through City internships.

Cultural diversity is an asset to any organisation and the City understands the value a diverse workforce brings to maintaining an innovative and productive workforce.

The City focuses on developing the cultural awareness of managers and staff through a range of learning and development initiatives and celebrates events of cultural significance throughout the year.

Image 13. International Student Ambassadors 2017

The City seeks to support refugees and asylum seekers gain experience in the Australian job market through offering internships. The City partners with agencies to provide such opportunities and is committed to ongoing support in this important area.

5. EEO, Diversity & Inclusion Action Plan

OUTCOME 1: Communicate and raise awareness of the City's EEO, Diversity and Inclusion initiatives

Initiative	Action	Target group	Measure/Timeframe	Responsibility
Communicate the EEO, Diversity and Inclusion action plan and initiatives to all employees	Develop and implement a communications plan to regularly communicate EEO, Diversity and Inclusion Management plan activities	All staff	Regular communication occurs every quarter through online and face-to-face communication channels	Organisational Capability
	Actively promote and support formal networks for staff from diversity groups	LGBTQI; Aboriginal and Torres Strait Islander peoples; Gender (women)	Ongoing activities every quarter	Staff Network leads; Organisational Capability
Maintain a central repository for EEO, Diversity and Inclusion initiatives	Regularly maintain and update the Diversity and Inclusion page on the City's intranet – align all content under target diversity groups	All staff	Ongoing; review each quarter	Organisational Capability
Ensure leaders are informed and held accountable for maintaining a diverse and EEO-compliant workplace	Ensure EEO accountabilities and outcomes are incorporated into the performance plans of the CEO and senior managers	Managers, Team Leaders and Supervisors	The CEO, Directors and Senior Managers have EEO accountabilities in their performance plans	Executive; Corporate HR; Organisational Capability
	Keep managers and leaders informed of responsibilities in EEO and diversity issues	Managers, Team Leaders and Supervisors	Leaders are aware of their responsibilities for EEO and diversity issues	Organisational Capability;

OUTCOME 2: Implement policies and reporting on EEO, Diversity and Inclusion across the organisation

Initiative	Action	Target group	Measure/Timeframe	Responsibility
Create a sound information base to inform EEO and diversity policies and procedures	Collect workforce and data to comply with annual reporting specifications	All Staff	Annual reporting Statistics collected	Organisational Capability; Corporate HR
	Incorporate EEO questions into the staff engagement survey to benchmark EEO performance	All Staff	Changes in engagement results through all-staff survey (3-4 yearly)	Organisational Capability
	Promote self-identification of EEO diversity groups that enables all staff to voluntarily identify as belonging in an EEO category	All Staff	Increased EEO identification response rates	Organisational Capability; Corporate HR
	Analyse and utilise statistics and data from surveys to improve organisational practices towards becoming more inclusive, and ensuring EEO compliance	All Staff	Major internal surveys conducted analyse diversity group data	Organisational Capability
Integrate EEO and diversity principles into the City's workforce planning method and tools	Incorporate EEO and diversity management issues into business unit workforce planning	Target diversity groups	Business unit workforce planning incorporates appropriate actions to attract and retain employees from target diversity groups	Organisational Capability; Corporate HR; Executive; Managers
Drive effective programs and governance that support EEO and diversity principles	Ensure all policies and procedures comply with and support EEO standards – e.g. ensure inclusion of standard statement in position descriptions – "Demonstrated commitment to EEO, WHS and Cultural Diversity Principles"	All staff	Policies and procedures comply with equity standards	Corporate HR; Organisational Capability; Legal and Governance

OUTCOME 3: Improve EEO, diversity and inclusion in the workplace

Initiative	Action	Target group	Measure/Timeframe	Responsibility
Enable skill development and career progression and provide development opportunities for target diversity groups	Ensure managers undertaking recruitment selection are appropriately trained in staff selection techniques and understand diversity and inclusion	Hiring managers	Number of hiring managers undertaking training	Corporate HR; Hiring Managers
	Provide enhanced opportunities for diversity groups in entry level internship and development at the City	Target diversity groups	Increased representation of people in diversity groups in entry level internship and development	Organisational Capability; Corporate HR; Managers
Integrate EEO, diversity and inclusion issues into relevant training and development for all employees	Ensure that all staff training (including induction, performance management and leadership training) incorporates EEO and diversity principles	All Staff	Staff training incorporates EEO and diversity principles	Corporate HR; Organisational Capability
Enhance the City's attractiveness as a place to work	Review the employee value proposition) to promote the City as an attractive place to work	Potential staff and job applicants	Updated EVP on external website; review quarterly	Organisational Capability; Corporate HR
	Continue the City's commitment to providing professional internship opportunities to refugees and asylum seekers through entry-level programs	Potential staff and job applicants	Successful program governance (including recruitment of interns) reviewed annually	Organisational Capability; Managers
	Implement the revised Workplace Flexibility policy and approach	All staff	Implement initiatives to support workplace flexibility; increased take up of flexibility among staff	Organisational Capability; Corporate HR

Initiative	Action	Target group	Measure/Timeframe	Responsibility
Develop initiatives to foster a culture of inclusion and celebrate diversity	Implement the workforce actions from the Disability (Inclusion) Action Plan 2017-21	All Staff	Delivery of initiatives set to timelines in the action plan	Organisational Capability; Corporate HR; Social Policy
	Implement the workforce actions from the Aboriginal Workforce Strategy that support the RAP	All Staff	Delivery of initiatives set to timelines in the strategy's action plan	Organisational Capability; Corporate HR; Community Engagement
	Maintain memberships of external agencies in diversity and inclusion best practice	Relevant Staff, reviewed annually	Ongoing partnering with relevant agencies, reviewed annually	Organisational Capability
Implement organisational initiatives to ensure people from all backgrounds are treated equitably in all parts of the organisation	Review learning and development to ensure programs feature awareness raising and skill building to enhance diversity and inclusion in the workplace	All Staff	Programs are reviewed to ensure they feature effective diversity and inclusion components, reported annually	Corporate HR; Organisational Capability
	Review entry-level employment and development programs to ensure they address diversity and inclusion commitments for target diversity groups	All Staff	Programs reviewed and improvements implemented, reviewed annually	Organisational Capability; Corporate HR
	Gender Pay Equity: Annual Reporting on gender equity as part of an annual workforce planning and reporting process.	All Staff	Regular reporting yearly in September	Organisational Capability; Corporate HR
	Implement action items to support the City's efforts to promote gender equity at work	All Staff	Actions resulting from Annual review – Yearly Ongoing; reviewed annually	Organisational Capability; Corporate HR

Initiative	Action	Target group	Measure/Timeframe	Responsibility
Develop an inclusive workplace based on respect for others, to ensure the workplace is free from discrimination	Promote EEO, anti-discrimination and diversity principles through policy, staff induction and training for managers and staff on bullying and harassment	All Staff	Increased number of staff attending EEO, anti-bullying and diversity training; reduction	Corporate HR; Organisational Capability
	Monitor workplace grievances and harassment allegations	All Staff	Grievances monitored and appropriately addressed; annual reporting to Executive	Corporate HR

This page intentionally left blank

CITY OF SYDNEY

Information & Technology Strategic Plan 2018

2020 Revision

Green Global Connected

Contents

Introduction 3

1. Executive Summary 4

2. Setting the Context 5

3. Trends shaping Strategy 7

4. Strategic Statements 10

Cover image: Exhibition 'Be. Live the City' on display at Customs House in April 2017

Introduction

This Information and Technology Strategic Plan establishes a roadmap for how information and technology will be leveraged to transform services to the community and deliver Sustainable System 2030 outcomes and targets.[1]

The function of this Strategic Plan is to:

– Evaluate industry directions and their relevance for the City of Sydney.

– Establish the strategic statements that provide direction to the development and management of information and technology.

– Establish high level targets that will facilitate measurement of implementation and achievement of the objectives of the plan.

– Set out high-level implementation activities that will deliver on our goals.

The information and technology industries are fast moving with new service offerings and technologies continually emerging and evolving. Individuals, becoming more digitally-savvy, are embracing these changes. This is leading to ever-increasing community, client, and workforce expectations that services should be available digitally whenever, wherever, and however required.

Similarly, there is growing recognition by organisations that high quality information and data are critical for improving services, including the way they are delivered, and for strategic planning. Individuals and industry are seeking greater access to information and data.

Organisations need to respond to this increasing demand while ensuring that appropriate controls are in place to safeguard security, privacy and other obligations.

The potential value of information and data has led to widespread acceptance that investing in information and data governance and management is a critical focus area for organisations.

Organisations require systems and technologies that are robust yet responsive to change. This will help meet the changing needs and expectations of individuals and organisations in digital services and information and data.

This Strategic Plan outlines the key actions that will enable the City to respond to current and emerging information and technology related challenges, risks, and opportunities and achieve the City's strategic outcomes.

This four-year plan is distinct from, but directly contributes to, the City's Digital Strategy, which defines how the City of Sydney will facilitate the broader development of Sydney's economy and service sector with the use of digital technology.

Image 1. The Exchange Building in Haymarket where Darling Square Library is located

[1] This plan was reviewed in 2020 and minor revisions were made.

1. Executive Summary

The Sustainable Sydney 2030 Community Strategic Plan sets an ambitious agenda for the transformation of Sydney to increase its standing as a global city. High quality information and data and technology facilities are critical to the City achieving its aims of improving service delivery through stronger collaboration and inclusive participation.

High quality information and data that support evidence based strategic, tactical, and operational decision making are critical. This Strategic Plan focuses on improving information and data quality to unlock inherent value. It also seeks to lift the City's capability in business intelligence and analytics.

Image 2. Interior Darling Square Library

High quality information and data, business intelligence, and analytics are all core to the City enhancing management of its diverse portfolio of services and assets now and into the future.

Sustainable Sydney 2030 recognises that collaboration and inclusive participation are critical to success. This Strategic Plan supports increased collaboration, knowledge sharing, and human-centred service design practices that embed the principles of partnering, codesign, and openness.

A central theme of this Strategic Plan is to champion digital ways of working through digital services, workforce mobility, and the establishment of information marketplaces. Information marketplaces will support the City to become a place for innovation and economic and social development.

This Strategic Plan builds on the achievements of the previous ICT strategic plan. The tenets of Mobile-First and Cloud-First will continue to guide future investment in information and technology. The theme of data centricity is further developed in a focus area dedicated to information and data. It is also reflected in the renaming of the previous ICT strategic plan to the Information and Technology Strategic Plan.

2. Setting the Context

City of Sydney Values as relating to Information and Technology Strategy

The City's values of collaboration, innovation, quality, courage, integrity, and respect underpin the development of the Strategic Plan and the delivery of information and technology enabled change.

Information and Technology Strategic Plan

Together with the City's people and physical assets, Information and Technology are core resources for the delivery of effective and efficient business services to the community and our partners.

As an integrated component of the City's Resourcing Strategy, the Strategic Plan provides the framework for directing a sustained course of action over the four-year period, within a rapidly and ever changing environment.

Governance of Information and Technology

Two business units within the People, Performance and Technology division collaborate to govern information and technology; the Technology & Digital Services unit and the Data and Information Management unit.

An Executive governing body, the Information Technology and Management Steering Group, provides oversight of the direction and delivery of information and technology services and projects and ensures alignment with organisational strategic business priorities.

Information and Technology Services

Information Services

To deliver on its legislative and community obligations, the City provides information access, records and archives, and document management services.

Business Systems

The business of local government is wide-ranging and diverse. Many of the City's services to its customers, visitors, and partners are delivered through and with reference to its business systems. Over the past ten to fifteen years, the City has implemented, operated and developed a suite of separate enterprise level applications to deliver its core responsibilities, such as:

- Rates, Property, Planning, Inspections Certificates;
- Financial and Supply Chain Management;
- Corporate Planning and Reporting;
- HR/Payroll/Timekeeping;
- Asset Management;
- Spatial Information; and
- Online Business Services for client facing transactions.

Image 3. InvertiGro Garden, Westpac, Kent Street, Sydney 2019

Image 4. Exhibition 'Be. Live the City' on display at Customs House in April 2017

Image 5. Library self serve kiosk and help desk pods introduced in 2017

The organisation also relies on a diverse range of "line of business" applications for specific and specialised functions such as childcare, venue and event management, design and drafting, community facilities, and library services.

The future activity around business systems development, planning, and management requires a considered and strategic approach to derive maximum value from the investment in replacing or significantly upgrading core systems.

Infrastructure

The City's corporate facility spreads across a network servicing 52 sites with around 2,500 fixed and mobile end user devices accessing both enterprise and line of business applications.

Resourcing and investment in Information and Technology

The City's future level of investment in Information and Technology will be aligned with the strategic intent of this plan. It will be realistic in its scope and delivery, consider best value concepts, balance the benefits and costs of new investments, and be governed by the principles in the City's Long Term Financial Plan.

3. Trends shaping Strategy

Information and Technology Trends and their relevance to the City of Sydney

Digital Service Delivery

Customer-centric Digital Services

Customers expect that the services they need are available over the Internet, on the device of their choosing, and where and when they want. Customers also expect to provide information up front and once only, that unnecessary interactions are avoided, and to be kept informed to a level and in a manner of their choosing.

Meeting these expectations has been a focus of many organisations over the past decade. Increasingly, customers are expecting that services are joined up, taking into account their specific needs in the context of a life-event.

To meet changing expectations requires organisations to understand the customer's interaction and transaction history; the customer's journey through fulfilment of a variety of services; and specific customer needs and wants in terms of service delivery expectations.

This understanding applies to both the traditional (for example, over the counter, telephone, or physical mail) and digital channels. Careful attention is required on whether a customer wants or is able to interact digitally and any assistance that may be required to interact digitally.

Digital services is a key theme of the Digital Strategy, and information and technology are critical enablers:

- Information, in terms of being of sufficient quality for streamlined service delivery, customer insights and analytics to guide continual service improvements; and security and privacy to ensure the interests of the individual are respected and protected.
- Technology, in regards to the actual delivery of the services over the digital channel through various means – on-line forms, internet chat, social media, etc.

Enterprise Mobility

Digital service delivery extends to the workforce. Mobility is critical for organisations such as the City which deliver many services in the field.

The City has done much to support a mobile workforce, with mobile access infrastructure established, and mobile applications deployed to a range of field-workers. This Strategic Plan builds on these achievements, aiming to deliver full mobility to the workforce. Full mobility is where any City employee can fully interact and transact with City systems, information, and data, without having to return to a City location.

Design for mobility, like designing customer-centric digital services, needs to employ human-centred design and the voice of the customer.

Government as a Platform

Another aspect to digital service delivery is the City as a contributor into the digital ecosystem. This approach recognises that the full service needs of a customer cannot always be met by a single organisation – services provided by other organisations (public and private sector) may also be required.

Demand for Government as a Platform comes from the community as well as industry, which is increasingly seeking governments to be a platform for innovation – a provider of services and information that industry can integrate for social and monetary benefit.

The City will explore opportunities to publish digital services and information in machine-accessible ways that allow external parties to integrate services to provide a richer experience to the customer. Contribution to the digital ecosystem is a theme of the Digital Strategy.

Information and Data

Information and Data Governance and Management

Information and data are the lifeblood of an organisation. If managed well, they can provide tremendous value – supporting transformation, greater effectiveness, and increased efficiency. If managed poorly, they can impair service delivery and experience.

Information and data are recognised as critical to achieving the outcomes of Sustainable Sydney 2030 and the City's strategies and plans. Therefore, a cornerstone of this Strategic Plan is to improve the City's capability in information and data governance, management, and use to maximise the inherent value of available information and data.

An organisation's success in delivering quality services to customers in times of increasing financial constraints is dependent on its ability to harness information and data. Recognising this, many organisations have charged senior-level managers with overall stewardship of corporate information and data. Typically, the focus of these roles is on enterprise-wide governance, management, and use of information and data as organisational "assets".

In the context of this Strategic Plan, senior-level leadership of information and data is crucial for digital service delivery; workforce mobility; building information marketplaces; knowledge sharing and collaboration; and evidence-based decision making from high quality information and data.

Like all public-sector organisations, the City has legislative obligations to protect the privacy of individuals. Protecting unauthorised access to, and modification of, information and data are at the very centre of good information and data governance and management.

Image 6. Green Square Library

Business Intelligence and Analytics

Building on high quality data, business intelligence provides evidence-based insight into an organisation's performance and how it can improve service and operational effectiveness and efficiency – effectiveness in terms of "fit for purpose" and valued services; and efficiency in terms of streamlined processes that make optimal use of resources.

Supported by technology advances, the field of business analytics has emerged to be a key organisational capability. Complementing business intelligence, business analytics provides insights into the organisation in the context of the environment in which it operates.

An aspect of business analytics, particularly relevant to the City, is that of city (or urban) analytics. This provides insights into: the way people interact with Sydney; the assets maintained by the City and other organisations aiming to deliver the best experience to residents, visitors, and workers; and increasing asset utilisation. City analytics is a theme of the Digital Strategy.

Similar to information and data governance and management, a focus of this Strategic Plan is to raise the City's capability in business intelligence and analytics.

Information Marketplaces

The value of information and data is maximised the more it is shared. The City possesses much information and data of potentially immense value to the community and industry.

Publishing information and data under an "open by default" principle accords with legislation and policy and public access principles. It is also a key enabler of industry and government innovation as well as continual innovation of the City's own processes and services.

Building and growing Information Marketplaces is a key focus are of this Strategic Plan. This directly contributes to the Digital Strategy priority of the City being an "ethical innovator in the information marketplace".

Similar to real physical marketplaces, information marketplaces provide information and data products that have understandable terms and conditions of access and use and which are proactively managed across the full product, information, and data lifecycles.

Enterprise Systems

The City manages an extensive and diverse portfolio of systems that need to be robust and reliable – functioning as and when required. Systems need to be contemporary – supporting the future direction of the City – and be responsive to change.

Some major systems are built around aged architectures which limit flexibility and agility to transform for improved customer service delivery and effectiveness and efficiency. An implementation principle of this Strategic Plan is to streamline, standardise, and simplify. This includes aiming to reduce the system portfolio to a core set and integrate those systems to provide agility, flexibility, and information accessibility.

The future system landscape needs to consider opportunities to adopt cloud based services and externally managed systems. Adopting cloud and externally managed systems was a theme of the previous ICT Strategy, carried forward in this Strategic Plan. This supports the internal IT unit move from being a service operator to service manager.

4. Strategic Statements

Strategic Statements in relation to Information and Technology

Digital Services

The City will:

– Continue to implement services over the digital channel to improve service delivery and efficiency to customers and partners.

– Deliver a mobile working experience that enables employees to fully interact and transact remotely.

Information and Data

The City will:

– Strengthen information and data governance and management practices to improve information and data quality and maximise inherent value.

– Strengthen business intelligence and analytics for improved planning, continual improvement, workforce and activity management, decision making and reporting.

– Build information marketplaces that promote open data, improve accessibility to information, and foster industry development.

Enterprise Systems

The City will:

– Target investment in systems that support digital service delivery and workforce mobility.

– Increase the adoption of cloud-based and externally managed services

Strategic Statements linking to the Long Term Financial Plan and Workforce Strategy

The City's investment in Information and Technology will be guided by business strategy. Change initiatives will be "Business-led, IT-enabled". Over the long term, investment will move from a majority of capital expenditure to primarily an operational expense, reflecting the adoption of cloud based and externally managed services.

The City will:

– Establish a contemporary collaboration environment that supports effective and efficient collaboration and communication and drives information and knowledge sharing.

– Integrate strategy, planning, investment, and change to ensure that information and technology investments deliver value and will be operationally sustainable.

– Establish a complementary governance environment that supports digital services, workforce mobility, and data-centric initiatives.

Image 7. Interior Green Square Library

High level Outcomes

Attaining the strategic directions outlined in this document will span several years and will require commitment across the organisation to bring about the desired capabilities.

The high-level outcomes that will result from attainment of the strategic directions are:

- The majority of appropriate City services are available online.
- The City's workforce can securely access the services and information they require to operate flexibly.
- Data quality is improved and the inherent value of data is maximised.
- Greater understanding of the current and future needs and expectations of the community, including how they interact with the services and assets of the City.
- Information marketplaces promote improved accessibility to information, and foster industry development.
- The City's enterprise systems are robust, reliable, contemporary, and provide sufficient agility and flexibility to allow the City to respond to change.
- The majority of enterprise systems are sourced either from the cloud or managed service providers.
- The City's workforce possesses the capabilities necessary to best manage and use information and technology.
- The City can quickly deliver information and technology-related innovations.

Image 8. The City of Forking Paths exhibition, 19th Biennale of Sydney 2019

Foundation Principles

Delivery of information and technology-enabled initiatives will be underpinned by the following principles.

Principle 1: Customer Service Focused

Services will be designed with the customer front-of mind. The "voice of the customer" will be understood early in the service co-design process.

Principle 2: Capability Oriented

Processes, information and data, and technology, together with people's competencies and capacity are the building blocks of capability. Each needs to be considered in relation to each other for the capability, as a whole, to achieve the desired outcomes and be sustainable.

Principle 3: Co-Design and Openness

Co-design is about actively engaging all parties throughout the design and delivery process to ensure services are sustainable. Co-design requires a culture of openness and collaboration.

Principle 4: Sustainability

All change initiatives will consider the impact on service delivery. Services need to be financially, operationally, socially, and environmentally sustainable into the longer term.

Principle 5: Simplify, Streamline, and Standardise

All change initiatives will endeavour to simplify, streamline, and standardise processes, information and data, and technology in support of improved internal operations and customer outcomes.

Principle 6: Appropriate Governance

Governance needs to be appropriate to the risk and value of the change. Two governance environments are required: one that is applied where change has an inherently higher risk level and accordingly greater oversight and scrutiny is required; and a second that is better aligned to innovation, providing a safe environment in which to experiment – to learn, iterate and deliver fast.

Sydney2030/Green/Global/Connected

city of villages

Community Engagement Framework 2019

Sydney2030/Green/Global/Connected

CITY OF SYDNEY 2030

Our approach to engaging the community

city of villages

contents

01/	Summary	01
02/	Community engagement framework	02
03/	Ways we engage our community	04
04/	Reporting on engagement activities	06
05/	Evaluating engagement activities	07
06/	Community engagement in action – case studies	10

Cover image - Green Square welcome party 2016. Photograph by Katherine Griffiths

01 Summary

Mary Robinson speaking at City Talks 2016. Photograph by Jamie Williams

The City of Sydney is here to serve our communities and achieve our mutual vision of being a green, global and connected city. We provide regular opportunities for our community to participate in the decisions and projects that shape Sydney's built environment, economy, culture and society.

This document is a framework for how we consult our diverse communities on these important projects. It includes a definition of community engagement and explains how we talk with – and listen to – our communities.

It outlines the guiding principles, activities and channels we use when working with our communities and illustrates these in action on some recent projects.

The city is made up of diverse communities, with different lifestyles, interests and needs. Our many stakeholders include government departments and authorities, cultural institutions and groups, community organisations, and businesses both large and small.

We consistently use new communication techniques and channels to ensure all these voices are heard when planning and developing our projects. We also work to ensure these voices accurately and effectively represent our community's changing values and needs.

This document supports the integrated planning and reporting framework required by the Local of Government Act (1993) and meets the City's legislative requirement for a community engagement strategy.

The Local Government Act identifies community participation as a guiding principle of local government – 8A (3) Councils should actively engage with their local communities, through the use of the integrated planning and reporting framework and other measures.

02 Community engagement framework

Defining community engagement

Community engagement, also called 'public participation', is the process of involving people in the decisions that affect their lives.

It enables good governance and informed decision making by promoting shared responsibilities for decisions.

It supports an open approach to managing risk by providing a strong foundation for understanding decisions and building trust within our community about the decision-making process.

Effective community engagement supports our capacity to achieve the City of Sydney's overarching *Sustainable Sydney 2030* plan. It provides a framework for addressing the need for sustained collaboration, partnerships and new ways of involving and empowering our community under this plan.

The process of community engagement

Community engagement can involve a broad variety of activities. One way to understand different types of engagement with the community is through a continuum from **informing** (reflecting a low level of engagement) through to **active participation** (reflecting a high level of engagement).

Informing takes place when a decision has already been made or action is required, and the City of Sydney needs to make sure that those affected are aware of the facts.

Consulting takes place when a project requires some input, feedback or advice before part of the project or decision is progressed.

Active participation takes place when the City of Sydney collaborates with specific stakeholder groups or the community to work out what needs to be done and to develop solutions that are incorporated into decision making.

All engagement processes need to **inform**, most will have some level of **consultation** and some will include **active participation**.

Final working group meeting Resilient Sydney. Photograph by Katherine Griffiths

Guiding principles of community engagement

The City of Sydney's approach to community engagement is guided by the following principles:

Integrity: engagement should be transparent – clear in scope and purpose.

Inclusiveness: engagement should be accessible and balanced – capturing a full range of values and perspectives.

Dialogue: engagement should promote dialogue and open up genuine discussion. It should be supported by timely and accurate information – a space to weigh options and develop common understanding.

Influence: engagement should be reflected in outcomes – the community should be able to see and understand the impact of their involvement.

The City of Sydney will:

- ensure that engagement is always timely, accessible, planned and meaningful
- undertake engagement activities that overcome barriers to public participation and build the capacity of our communities to participate in decision making
- provide feedback to participants on the results of their contribution
- review and evaluate with our communities on the effectiveness of our engagement activities.

These principles are informed by the International Association of Public Participation core values. They also reflect the City of Sydney's organisational values of collaboration, integrity, courage, quality, innovation and respect.

Our engagement objectives

Our approach to community engagement aims to:

1	Provide opportunities for our communities to take part in the City of Sydney's decision making process for outcomes that benefit our community
2	Provide a strong foundation for understanding and working with our communities – promoting a shared responsibility for decisions and trust in the decision-making process
3	Develop sustained collaboration, partnerships and new ways to involve and empower the community to achieve *Sustainable Sydney 2030*

03 Ways we engage our community

The City offers a range of opportunities for residents, workers, community groups, business, government and industry stakeholders to share their ideas, insight and feedback on projects and policies to help inform council decisions.

The engagement approach taken, including the combination of activities, is determined to be appropriate to the plan, strategy, policy or project being undertaken, and most effective in reaching the communities and stakeholders affected.

Engagement activities include:

- a dedicated online consultation portal on the City's website which includes surveys, polls, mapping, and online forum
- workshops and community meetings
- stakeholder meetings and roundtables
- deliberative processes including 21st century town hall meetings and citizens' juries
- public seminars including CityTalks
- creative workshops with children
- community and stakeholder reference groups
- interagency forums
- public exhibitions and submissions
- wellbeing survey of residents every four years
- random selection surveys
- Advisory panels and groups including the Aboriginal and Torres Strait Islander Advisory Panel; Inclusion (Disability) Advisory Panel; Public Art Advisory Panel; Nightlife and Creative Advisory Panel; Design Advisory Panel; Retail Advisory Panel; Better Buildings Partnership
- information on the City of Sydney websites and disseminated through traditional and social media channels
- 101 workshops for strata communities and businesses
- site inspections and walk through opportunities
- construction liaison groups
- drop-in sessions and pop-up stalls
- door-knocking, signs, letters and notices
- customer services, neighbourhood service centres and community centres.

In 2011, 2015 and 2018 we surveyed City residents through the wellbeing survey. More than 6,000 responses were received and collated each time.

City of Sydney's Aboriginal and Torres Strait Islander Advisory Panel 2016. Photograph by Jamie Williams

Making sure we reach everyone

Central to the City's drive to engage with our diverse community is our commitment to being inclusive and accessible.

The City has:

- an Aboriginal and Torres Strait Islander advisory panel
- an inclusion (disability) advisory panel
- a nightlife and creative panel
- a retail advisory panel
- a program of regular meetings with tenants of social housing.

We support community networks and programs, including:

- youth programs and programs for older people
- International Student Leadership and Ambassador program
- pop-up stalls at events such as local markets and festivals including NAIDOC, Youth and Living in Harmony Week, Yabun and Aboriginal and Torres Strait Islander ANZAC Day commemoration
- interagency forums
- neighbourhood service centres and community centres

Our targeted consultation activities include:

- deliberative processes such as citizens juries that recruit participants targeted to reflect the diverse demographics of our community
- workshops for school children and young people
- focus groups for people with disability.

The City has identified the value of digital channels to expand the reach and accessibility of engagement. We have a dedicated consultation portal. We strive to ensure our websites and information comply with requirements of the Web Accessibility National Transition Strategy.

We have guidelines to assist staff to produce alternative formats and Easy English versions. We also used translators including Auslan signers at events.

Statutory consultation

Some elements of community engagement are directed by statutory requirements of the Environmental Planning and Assessment Act and the Local Government Act. Other legislation and instruments include the City of Sydney Notification of Planning and Development Applications and the Development Control Plan 2005.

04 Reporting on engagement activities

The information we collect through community engagement helps staff and councillors make decisions. The City reports the details and outcomes of engagement to council including:

- consultation activities undertaken
- number of people and organisations who participated
- feedback from our communities
- online engagement activity, including number of visitors, demographic information of visitors, document downloads, video views and comments
- social media statistics.

We also share the results of community engagement through **sydneyyoursay.com.au**

05 Evaluating engagement activities

We evaluate our engagement in four areas:

1	**Process** – how well was the engagement was designed and implemented?
2	**Appropriateness** – was the engagement appropriate and how well did the public and stakeholders accept the process?
3	**Reach** – were the people we reached representative of those affected by the decision?
4	**Outcomes** – were the intended outcomes of the engagement process achieved?

Learnings from these are used to inform recommendations for the next stage of the process and future projects.

What the community has said about engagement

As part of our engagement activities, we evaluate the experience with the community and explore their expectations for future engagement.

In the past two years the City has conducted major pieces of work to better understand our community's aspirations for engagement:

- In our social sustainability policy one of the four directions is 'an engaged city'. In a consultation on the policy, we sought views from the community on how to strengthen engagement between the community and the City and within communities more generally.
- Research conducted by Sydney University on the impact of engagement on participant understandings of climate change ran alongside the citizens' panel on climate change adaptation.
- A survey of 800 small businesses reviewed this community and its needs.

The broad messages on engagement from community are:

- The residents, visitors, workers, businesses and students of Sydney value the opportunity to engage with the City.
- Our communities have high expectations when the City engages with them.
- People want to co-design, collaborate and take responsibility for creating change.

City of Sydney

The People's Summit supporting the implementation of the social sustainability policy. Photograph by Katherine Griffiths

Engagement approaches

Our communities have told us they value processes that bring together diverse groups of people. They want our engagement processes to reflect the diversity of our communities, including hard-to-reach groups, children and young people.

They also support approaches that incorporate deliberation and dialogue. Feedback from deliberative processes, including citizens' juries, panels and reference groups, is always positive.

For example, 96% of participants in the People's Summit on Social Sustainability said all or most of their expectations were met and would take up the invitation to participate again in a similar process.

Not only do these approaches give greater confidence to participants that their views matter, they also strengthen knowledge and ongoing engagement on the subject matter and as a community member more generally. For example, participants of the People's Summit who felt they had a good understanding of social sustainability rose from 27% to 60% as a result of their involvement in the process. Through the citizens' panel on climate change adaptation the views of participants on vulnerability shifted from individual perspectives to greater empathy for others and a broader appreciation of the challenge of climate change for the wider community.

Collaboration and partnerships

Community members expressed a strong desire for local solutions for local problems. There is a clear view that challenging issues cannot be solved alone and that partnerships deliver better results. There is also growing interest in co-created solutions particularly at a neighbourhood level.

Government and industry groups are increasingly seeing the benefits of collaboration to define and deliver initiatives that can reshape our city.

There is a strong desire for decision making to be as transparent and local as possible. Business and residents have indicated that they value face-to-face events. The community wants the City to use digital channels for sharing real-time information and data.

Green Square Info Day October 2016. Photograph by Damian Shaw

06
Community engagement in action – case studies

To understand how our approach to engagement influences different projects, we have provided some recent examples and how these relate to our overarching Sustainable Sydney 2030 plan.

Our 2016 social sustainability policy and discussion paper responded to the many strategic directions under Sustainable Sydney 2030 and we used a range of techniques during the consultation process.

Other examples align with specific directions of the plan. Some projects have a significant impact, such as the redevelopment of Green Square. Others impact smaller groups, such as those interested in community gardens.

Sydney Story Factory workshop on a City for All. Photograph by Yvette Andrews

Voting on priorities at the People's Summit. Photograph by Katherine Griffiths

Sustainable Sydney 2030

A city for all – social sustainability

From March to May 2016, we invited Sydneysiders to engage in a meaningful conversation about a socially just and resilient future for Sydney.

Our social sustainability policy *A City for All* shares a vision for an inclusive and equitable city and encourages Sydneysiders to look at the big challenges facing us.

The consultation commenced with an inspirational City Talk event with world elder Mary Robinson. We held a major workshop with community groups, government organisations and industry groups. We held workshops with children in partnership with the Sydney Story Factor, pop-up information sessions and stalls as well as online engagement including a kids-say page on the City's consultation webpage. 1,300 people gave feedback through the process.

In late May, we held a deliberative democracy people's summit to determine how to act on this feedback. Throughout the summit we mirrored the draft policy's values by seeking to improve participants' wellbeing.

Deliberative democracy focuses on collective decision-making, which encourages dialogue. It aims for consensus rather than majority rule. A total of 146 people were randomly selected to attend and represented a microcosm of the wider community.

We asked them to reflect on the outcomes of our consultation process and agree on ideas that the City could turn into actions. After hearing from subject experts and engaging in group discussions, they used digital devices to vote in real time and engaged in further discussion before reaching agreement.

We saw people from different generations and backgrounds speaking to each other for the first time and finding common ground – the city they love to live in. People felt the draft policy touched on issues that really meant something to them.

Feedback from participants showed:

- **80% believed their contribution would make a difference**
- **96% said they would be involved again.**

Participants felt they played an integral role in charting the future direction of our city, they felt more responsible for each other's wellbeing and for the policy's outcomes.

They showed us that when a community has a voice and a part to play, they care more about the outcome.

Strategic Direction 1

A globally competitive and innovative city

The Ventura, an all-female tech startup co-working space. Photograph by Brendan Read

Tech startups action plan

Australia's biggest tech startup ecosystem is in Sydney and the City proposed an action plan to support this emerging sector. We took a targeted digital approach to consultation to ensure the action plan was shaped, tested and accepted by the community with firsthand experience of this ecosystem.

Online advertising and advertorials were placed in Start-up Daily, Startup Smart and Business Insider. A twitter hash tag **#StartupSyd** stimulated conversation and drive awareness and interest. The City's corporate and Sydney Your Say Twitter accounts linked to **sydneyyoursay.com.au** with City staff and community members regularly tweeting. Industry influencers were approached to promote dialogue involving topics from women in tech to Indigenous digital advocates.

This engagement reached a wide audience including tech startup entrepreneurs, employees, professionals in corporate businesses, investors, educators and students. Over 300 people gave feedback via the online survey and valuable perspectives were also collected through our online discussion forum and Twitter.

The City is now building upon this approach to successfully reach audiences online, leverage influencers and trends, increase our accessibility and engage communities who can be harder to engage through more traditional consultation activities.

Strategic Direction 2

A leading environmental performer

Net Zero Roundtable 2017. Photograph by Katherine Griffiths

New ways to engage on sustainability and climate change

As part of Sustainable Sydney 2030, we are developing a series of master plans to achieve our environmental target. From the first plans to now, our engagement approach has evolved from informing our community to active involving them in the process.

Our climate change adaption master plan reflects a high level of community engagement. After conducting an internal assessment to identify and rank the climate risks we drafted a plan that shows the projected changes, their impact, and a series of actions to address these risks.

We randomly selected 30 community members who represented the diversity of our city and hosted a two and a half day deliberative democracy citizens' panel.

The panel reviewed the climate risks, prioritised actions and incorporated additional risks and actions. They also developed a set of principles around vulnerability that they felt should guide the policy. Those principles now form the policy's executive summary.

The panel's ideas also changed the way we wrote the strategy. Throughout the document we've acknowledged the community's recommendations by putting a green indicator next to an action they directly influenced, suggested or supported.

We also saw attitudes shift throughout the event. Participants arrived with a diversity of opinions, but listened to each other, worked through their differences and arrived at a consensus. Many commented that it was a profound experience to see some people's entrenched individually focussed perspectives change to embrace empathy for the vulnerability of all people.

Strategic Direction 3

Integrated transport for a connected city

Car sharing policy

Car sharing eases traffic congestion, frees up parking spaces and lowers greenhouse gas emissions. The City has provided dedicated on-street parking spaces for car share cars since 2007 and first adopted a car sharing policy in 2011. Over 700 vehicles are now available for residents and businesses to share.

In 2016 the City reviewed the policy. Given the high level of community interest, the draft policy was exhibited for 60 days. Our communities were consulted through advertisements in local and metropolitan newspapers, a dedicated page on the City's consultation webpage, including an accessible version of the draft policy, social media posts and letters to neighbourhood and business groups. There were 2,500 unique visitors to the website and more than 1,000 downloads of the draft policy.

The policy was endorsed by Council In November 2016. The City has since received many thank you emails from the community.

We received 635 submissions from car share members, residents, non-residents, community service and business groups.
Many suggestions made were incorporated into the final policy.
A community engagement report outlined the City's response to contributions.

Strategic Direction 4

A city for walking and cycling

Signage prototype being tested. Photograph by Damian Shaw

Wayfinding strategy

A goal of our Sydney wayfinding strategy is to improve accessibility, navigation and getting around the City's streets for vision-impaired people.

The success of the wayfinding signage project was largely due to the range of consultation techniques used. We worked with Vision Australia and Guide Dogs NSW/ACT, conducted online engagement, focus groups and stakeholder meetings, to prototyped and refined new signs.

Blind and low vision members of the community welcomed the opportunity to provide valuable feedback, giving insight into the design and placement of signs and the importance of predictable, start-of-journey wayfinding signs.

We used online mapping to crowdsource community input on sign locations for civic landmarks and historical places. People placed pins and comments on locations they felt needed signs. It provided a more interactive and human-centred digital experience.

The feedback provided new locations for the City to consider. Close to 100 comments and suggestions were made.

Sydney now has the world's largest braille and tactile sign network. The signs have been widely praised in helping people discover Sydney, explore attractions and find their way around.

Drop a pin on the map tool from the sydneyyoursay.com.au consultation page

Strategic Direction 5

A lively and engaging city centre

New Year's Eve - Welcome to Country featuring the Tribal Warrior boat and the words Always was always will be Aboriginal Land. Photograph by Ryan Pierse

Sydney New Year's Eve - Working with partners to make the city safe and enjoyable for all

The Sydney New Year's Eve celebration attracts over 1 million people to Sydney's harbour foreshore.

The event requires close collaboration between the City, NSW Police, Transport for NSW, Department of Premier and Cabinet and other government agencies to ensure a safe, accessible and enjoyable night for all.

In 2016, an inaugural integrated crowd management plan was developed and implemented. Two key components of the plan were the closure of up to 40% more roads than in previous years, and new egress routes to direct pedestrian traffic.

It was critical to engage the community about these changes to ensure they were well understood. Letters were sent to CBD residents, businesses, commercial and private carparks. Information sheets were distributed throughout the accommodation sector. A briefing with NSW Police Force was held for commercial carpark operators and local liquor accords.

The event needs to be safe but it also needs to be meaningful and engaging to be a true success. The City works with the Metropolitan Local Aboriginal Land Council and Tribal Warrior Association to deliver the Welcome to Country on a grand scale.

The Lord Mayor's Picnic attended by 1,000 children with specific needs and their carers and siblings is made possible through the collaboration and support of the volunteers from Girl Guides Australia and Scouts Australia and over 80 charity organisations that assist in distribution of tickets.

Every year our marketing and media partnerships with Tourism Australia, Destination NSW and ABC are crucial to providing essential event planning information to those attending via the official NYE website and to sharing the excitement of the night across the world.

For 2016 NYE, Tourism Australia's video highlights package has so far received 4.4 million views. The City of Sydney's midnight image post on Facebook had a reach of over 3 million. ABC live stream trended at number 5 on YouTube. **#SydNYE** on twitter had a potential reach of 7.6 million on 31 December and 48.9 million for overall campaign period.

Strategic Direction 6

Resilient and inclusive local communities

Primary school students provide the City with ideas for improving our parks. Photograph by Katherine Griffiths

Parks for everyone

When it comes to our parks, we ensure every major decision in our design and upgrade process has been backed by community consultation.

We talk to everyone who uses the space, including children.

To upgrade Chelsea Street Playground in Redfern we consulted school children from Bourke Street Public School.

The consultation was designed to align with learning outcomes in the curriculum. Providing an authentic learning experience where they can see and enjoy the outcome is a positive way to engage these young students.

During the design process, students were asked to think about what they enjoy doing: jumping, dancing, discovering nature, talking to friends or making up adventures. We then encourage them to draw how they'd perform these activities. They come up with the most extraordinary ideas – ideas that can be made a reality.

For Chelsea Street, children suggested small cubbies constructed among the trees which became the inspiration for the final design.

Not only do we design playgrounds that reflect the dreams of the children who use them, in the process the children learn they can have a say in their community.

Community gardens: leading the way through policy

Community gardens are unique open spaces that contribute to our wellbeing by connecting diverse people and creating space to harvest in harmonious ways.

Our community gardens policy offers a framework for residents who want to establish a community garden and supports existing gardens to become self-managed to a high standard.

Our updated policy needed to clarify the rights and responsibilities of volunteers, the City and partnering organisations, especially around public liability insurance, safety and maintenance.

Integral to the success of this consultation was our series of face-to-face meetings with existing community gardening groups. Each group's skill set varies. Some are adept at planning and management while others are focussed only on gardening.

An independent facilitator ran on-location consultation meetings to talk to groups who had varying opinions about our role in the management of their gardens.

As a result of these meetings, we acknowledged the diversity of community gardens and their surrounding communities. We made our policy more flexible and placed more value on the social benefits of community gardening. The tone of the document was altered to be less prescriptive and we recognised the safety issues faced by some groups including theft of crops and vandalism.

We saw a remarkable shift in attitude from these groups towards the City. While we could not include all of their requested changes, they could see their voice in the final policy – they saw the value of working together to make their gardens better.

Strategic Direction 7

A cultural and creative city

Celebrating the unveiling of the park signage in Reconciliation Park. Photograph by Katherine Griffiths

Re-awaking Gadigal language

In 2015, staff from our Greening and Leisure unit approached our Aboriginal and Torres Strait Islander Advisory Panel with the idea of including recognition of the Gadigal people as traditional custodians on new signs they were installing in the City's parks.

It was a fascinating open conversation involving Elders, community and City staff. They discussed connection to country, the invasion and taking of Aboriginal land and the use of Aboriginal languages.

The advisory panel suggested the words 'You are on Gadigal country' should be prominently displayed on the signs. They also wanted to feature Gadigal words meaning 'hello' or 'welcome.'

Professor Jakelin Troy, Aboriginal linguist and Director of Aboriginal and Torres Strait Islander Research at the University of Sydney also provided expert advice.

The new signage with the acknowledgement of country and the words, 'bujari gamarruwa' (good day), was unveiled in March 2016 at Reconciliation Park in Redfern. The event featured a moving moment when students, parents, teachers, Elders and the local community were taught to say 'bujari gamarruwa' (good day) in the Gadigal language.

"Hearing the language come alive in those young people's mouths was transformative," says David Beaumont, Community Engagement Coordinator for the City and proud Wiradjuri man. "Language was the first thing that was taken from us. Now it's one of the first things we're bringing back. This project demonstrates that we can write a new narrative together."

Strategic Direction 8

Housing for a diverse community

Homelessness unit

The City's homelessness unit has planned its work through an action research approach. Engagement has focussed on the sector, both government and non-government including health, homelessness, housing and youth services, and with people experiencing homelessness. Engagement is done alongside service delivery so ideas can be tested and refined with the community receiving the services.

In 2014 the City engaged the sector to determine the short term focus of the homelessness unit. Throughout 2015, four sector workshops were held to explore opportunities and challenges, identify longer term themes and refine priority areas.

In December 2015, in partnership with Homelessness NSW, the City surveyed 500 people experiencing homelessness during the Inner Sydney register week. This is the largest survey of its kind in Australia. The survey was developed and promoted with the support of people who have or are currently experiencing homelessness.

During 2016 a group of people with lived experience of homelessness, including those currently sleeping rough, were engaged as advisors to look at findings from the registry week survey and the themes from the sector workshops. These advisors worked with the City to identify priority directions for the homelessness unit for the next 10 years.

A sector workshop was held to test the priority directions and identify key actions. The homelessness unit continues to work with the advisors to prioritise actions. The result of this ongoing engagement will be documented in the City's Homelessness Action Plan.

Engagement has built trust between the City and this community. Six people who are now housed and have agreed to be photographed and shared their stories to support the City's work.

City of Sydney Homelessness Interagency – Opportunities and Challenges for the Sector in 2015

Strategic Direction 9

Sustainable development, renewal and design

Residents explore the Green Square model 2014 at the Tote.

Green Square: a coordinated partnership approach

Green Square is one of Australia's fastest growing neighbourhoods with over 30,000 new dwellings and 60,000 residents expected by 2030. The area's revitalisation is an exciting opportunity for community building and place-making with a new town centre, library, parks and community facilities.

It is the most complex project we have ever managed. It involves many partners, agencies and contractors. And it presents challenges for the community as they live through significant construction and change.

The City works to ensure the community is supported during the renewal program, from providing timelines for community facilities and private development, to community participation in the design processes for projects.

We hold regular events to ensure we hear from the local community and respond to local needs. We have artist impressions, information boards, a fly-through video and models. Our kids activities encourage families to get involved.

We work closely with developers and government agencies on a community relations program to support people impacted by construction.

We negotiated with private developers to create a single point of contact for complaints. This minimises confusion and gives residents confidence their concerns are being heard. Residents can also participate in a construction liaison group.

On advice from residents, we negotiated with developers to agree on coordinated respite nights. We also look at opportunities to change our construction methods to reduce local impacts. Private developers are now collaborating with us to strive for green star accreditation.

Our engagement program has been so successful, we are replicating it across other urban renewal areas in the city.

Strategic Direction 10

Implementation through effective governance and partnerships

Resilient Sydney Community Meeting, Central District, Parramatta. Photograph by Katherine Griffiths

Resilient Sydney

In 2015 Sydney was chosen to join the 100 Resilient Cities initiative pioneered by the Rockefeller Foundation. The initiative develops strategies to help cities survive, adapt and thrive as we face the challenges of the 21st century.

The Resilient Sydney office is hosted by the City of Sydney. Sydney receives technical support and resources from 100 Resilient Cities to develop and implement a resilience strategy for the metropolitan area.

CEOs from councils in the six districts of Sydney sit on our steering committee. We also convene representatives from councils in our resilience ambassadors group, working with them to identify the risks and find solutions.

We have formed a local government engagement group. This means drawing on the deep knowledge and expertise of practitioners in local government to ensure our processes are robust, inclusive and reflect the spectrum of views in our communities.

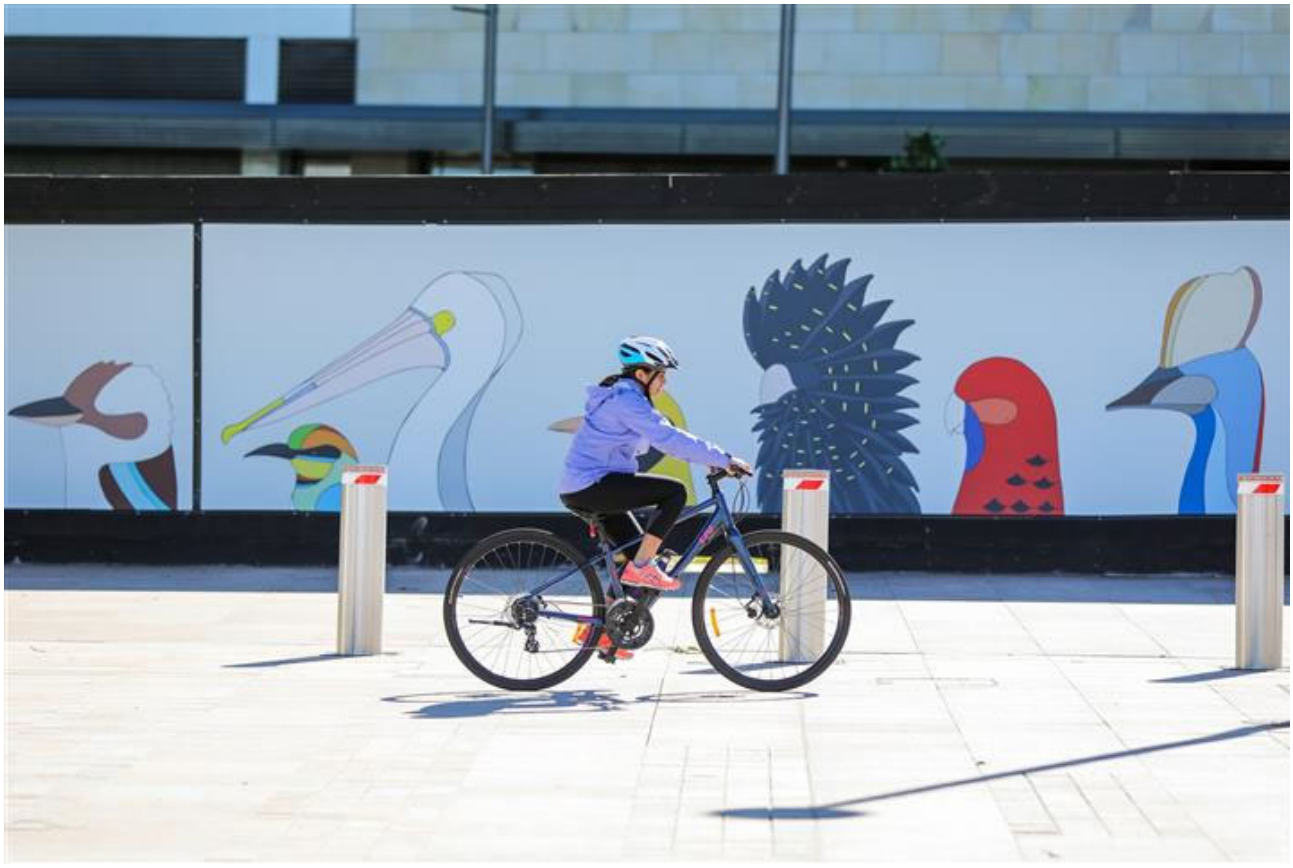
We are working with all the councils of metropolitan Sydney to catalyse action to address key challenges such as extreme weather, increasing demand on health services and decreasing social cohesion.

This page intentionally left blank

CITY OF SYDNEY

CITY OF SYDNEY

Fit for the Future Improvement Action Plan 2020 Update



May 2020

Green Global Connected

Fit for the Future Action Plan Update 2020

Update on progress of the City's Fit for the Future Improvement Action Plan (2020)

In September 2014, the NSW Government announced the Fit for the Future program, representing a continuation of the local government reform in NSW. All councils were required to develop an Improvement Action Plan under the State Government's Fit for the Future program in 2015.

In preparation of the development of the current round of Integrated Planning and Reporting documents, the City has reviewed the Fit for the Future Improvement Action plan developed in 2015. A commentary on the progress is provided below.

1. **Sustainable Sydney 2030 will continue to guide City of Sydney action, with annual reviews of progress and priorities as part of our annual Integrated Planning and Reporting process.**

Staff undertook a comprehensive review of a range of data to inform the development of the Sustainable Sydney 2030 Community Strategic Plan in 2017 including: the progress toward the Sustainable Sydney 2030 targets; the key trends and issues likely to affect Sydney to 2030 and beyond; the findings from community engagement from the previous four years; analysis of the 2015 survey of residents that included the question 'tell us about the local area you want to live in, in future'; analysis of the Community Wellbeing Indicators; review of Resilience Sydney research findings, and a review of global city strategic plans.

The revised Sustainable Sydney 2030 responds to the findings of the extensive research and analysis and proposes a plan that builds on the previous version and addresses contemporary issues and challenges. It includes a new target – to achieve net zero greenhouse gas emissions by 2050 – as well as revised objectives to respond to the identified challenges, opportunities and policy context.

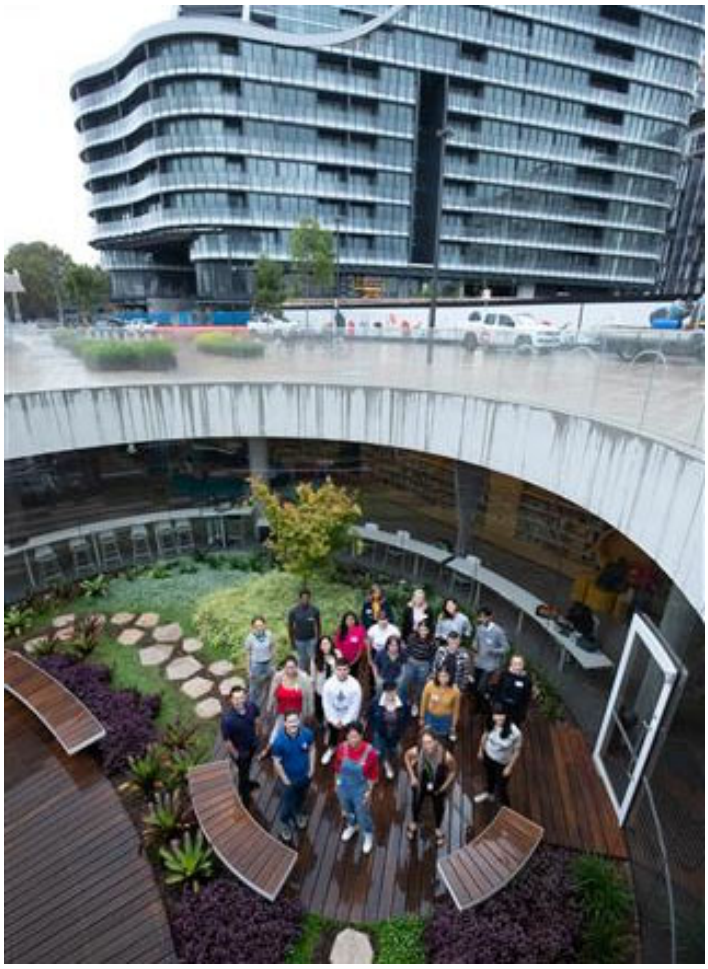


Image 1. Opening of Green Square Library 2019

We have commenced a review of our Community Strategic Plan.

Within the current four-year Delivery Program 2017-2021 the fourth Operational Plan for the 2020/21 year has been prepared. The Operational Plan is underpinned with projects and programs to deliver against the key priorities which will be monitored and reported every six months to the community.

We have developed this plan with the most current and best available information but it is subject to change due to the dynamic health and economic crisis created by the global Covid-19 (novel coronavirus) pandemic.

It is expected that services, and levels of service will change as we deal with the impacts of the pandemic. We may have to adjust some of our services. Some will be enhanced, some will cease, we may create new ones and scale back others. These changes may be temporary or permanent according to ongoing community priorities and resources.

The City also acknowledges that planned deliverables and actions may be impacted or need to be reprioritised based on the effects of this health crisis. New priorities may also emerge.

Image 2. City of Sydney maintenance crew construction concrete footpath at Sydney Park 2019

Resourcing the Plan

To support the community's objectives expressed in Sustainable Sydney 2030, a long-term Resourcing Strategy is required as part of the Integrated Planning and Reporting Framework. This serves to both inform and test the aspirations in the strategic plan and how Council's share of the required actions might be achieved.

The **Resourcing Strategy** spans a period of 10 years and includes five components:

– **Long Term Financial Plan (LTFP).** The LTFP provides a 10-year view of the costs, and what can be funded by the City of Sydney or may be required from other sources. It details costs for principal activities by the City of Sydney under Sustainable Sydney 2030. This includes continuing to provide services at levels necessary to meet the objectives of the community strategic plan.

– **People (Workforce) Strategy.** The City of Sydney's workforce capacity to meet the objectives of Sustainable Sydney 2030 and the broad challenges and responses to developing our future workforce are outlined in our People Strategy.

– **Asset Management Plan.** Asset management is a critical area of local government responsibilities, governed by legislated standards. The status, needs and resourcing plan for each key asset area in the City's care are shown through the Asset Management Plan.

– I**nformation and Communication Technology Strategic Plan.** This plan provides a medium-term roadmap to improve the quality and use of digital services, unlock the inherent value of information and data, and optimise investment in technology to meet our Sustainable Sydney 2030 outcomes and other key business strategies.

– **Community Engagement Strategy.** The strategy sets out a framework for how the City consults with our diverse communities on important projects and issues shaping the future of our city.

2. Diverse and innovative public engagement processes will help us understand the needs and expectations of our residents, businesses, workers, students and visitors.

The City provides a variety of engagement opportunities to help shape and develop projects, partnership and policies necessary to progress the implementation of the Sustainable Sydney 2030 Vision and to help develop initiatives which engage key stakeholders to strengthen new and existing relationships, encourage continued broad endorsement of the vision and maintain enthusiasm for implementation of the vision through partnerships.

"Our approach to engaging our community" provides a framework for undertaking the appropriate form of community consultation to inform the City's plans, programs, strategies, policies and projects. It was first adopted in 2013.

In 2019 the Community Engagement Strategy was updated with recent case studies to demonstrate how appropriate engagement is conducted across the 10 strategic directions and a variety of projects and programs.

During the Covid-19 pandemic we are adapting our approach to community engagement (consultation). This reflects the City's commitment to consult community members and stakeholders on decisions that affect them in line with the City's Community

Engagement Strategy, while taking into account the challenges faced by our communities during the pandemic.

3. Effective internal governance arrangements will help deliver current and new projects and programs to meet the needs and outcomes agreed with our communities.

Community roles and expectations are changing, moving toward digital services, co-creation of services and with a desire for a stronger input into key decisions that affect the future of our community. Good governance and effective leadership is essential to implement the strategic and complex objectives of the City's Sustainable Sydney 2030. The City will continue to enhance the governance, risk and audit frameworks, programs and policies to ensure compliance with legislative requirements and organisational values to ensure delivery of services is conducted with strong governance frameworks.

The City will continue to participate in external reviews and forums that enhance local government governance and continuous improvement with effective information management.

4. Agreed targets and outcomes will be incorporated into the City's annual planning and budgeting processes.

There were seven financial sustainability measures developed by the State Government during the Fit for the Future review process to aid the assessment of each council's financial position and asset management practices. The measures are:

– Sustainability
– Operating Performance Ratio
– Own Source Revenue Ratio
– Building and Asset Renewal Ratio
– Infrastructure and Service Management
– Infrastructure Backlog Ratio
– Asset Maintenance Ratio
– Debt Service Ratio
– Efficiency
– Real Operating Expenditure (per capita).

In terms of providing a full and balanced assessment of financial performance now and into the future, the view of the City (and of the sector widely) was that the above set of measures do not adequately reflect the characteristics of a sustainable Council.

The City incorporates these measures and other supplementary indicators, in conjunction with key budgeting principles, to formulate the budgets and long term estimates contained within the Delivery Program, Operational Plan and Long Term Financial Plan. All of the financial measures and targets are in the Long Term Financial Plan (2020).

The key principles employed in the financial planning process at the City are:

– Financially sustainable
– Maintain diversity of income sources
– Generate significant operating surpluses
– Maintain tight control over expenditure and staff numbers
– Deliver best value services, facilities and infrastructure
– Effective utilisation of funding sources to fund capital works and asset acquisitions
– Efficient funding of capital works and asset acquisitions
– Prudent financial investment
– Consider appropriate use of debt, internal borrowing and private financing arrangements
– Maintain above benchmark results against key performance indicators.

The above points have consistently remained the core principles of the City's long term financial planning process both before and since the introduction of the Integrated Planning and Reporting Framework. There are many indicators of financial sustainability. The City continues to develop and monitor a broad suite to ensure that it is aware of any significant concerns to its operational and capital plans. By adopting and applying these principles in practice, the City remains on track to deliver within a robust and financially sustainable framework, the essential programs and significant projects contained within the objectives in Sustainable Sydney 2030.

5. Long-term financial planning will manage operating costs to deliver operating surpluses to fund infrastructure and facilities.

The City anticipates a significant financial impact from the Covid-19 pandemic; the breadth and depth of this impact is difficult to assess in this uncertain environment. To reflect this inherent operational uncertainty, additional financial models have been developed. Despite the impacts of the pandemic, the City's strong financial management over the past

years provides a strong platform to respond to the current crisis.

The City has a history of rigorous financial planning, monitoring and reporting, which facilitates a transparent understanding of performance, risks and issues that has served Council well. An early awareness of risks and issues allows the Council and the Executive to amend its plans to mitigate these arising risks and ensure the long term financial sustainability of Council.

This diligence has continued under the Integrated Planning and Reporting framework, incorporating input from the other key resourcing strategies of workforce planning, information and communications technology and asset management, and extended to include a longer term forecast horizon.

However, the City is faced with challenges over the longer term such as a growing residential and worker population, demand for new and enhanced services and operational cost indices rising higher than revenue. Total rates revenue is capped and does not reflect the growth of the population within the city. To remain financially sustainable, an ever increasing focus on service levels and operating costs is crucial to deliver repeatable operating surpluses that will fund major capital works and asset renewal programs.

6. A workforce strategy to be an employer of choice, attract highly skilled, innovative, responsive, collaborative, adaptable and ethical staff.

Effective workforce planning aims to provide Council with the people best able to inform its strategic direction, develop innovative approaches to complex issues, and deliver appropriate services effectively and efficiently. Workforce planning addresses the human resourcing requirements for Council's Delivery Program. For the purposes of the Integrated Planning and Reporting Framework, the People Strategy is Council's workforce plan.

Attracting and retaining skilled and talented staff with the capability to deliver the City's objectives is critical to implementing Sustainable Sydney 2030. The City aims to strengthen its strategic workforce management in order to address the future workforce challenges of Sustainable Sydney 2030, while also improving the work environment for current staff.

The City's People Strategy outlines the capabilities our people require to address our social, economic and sustainability challenges and opportunities. It builds on previous work to drive a purposeful, productive and efficient organisation.

This plan has four strategic priorities.

– engage people with purpose;
– enrich our workplace culture;
– embrace new capabilities and mindsets; and
– empower our people to be future ready.

These priorities recognise that our city and community are rapidly changing so we must strengthen our capacity to adapt and get ready to meet new challenges and future needs.

To address these priorities, we have developed a series of key strategic deliverables that we will implement over the coming years.

7. Infrastructure and asset maintenance monitored on a targeted basis to maximise renewal levels without over-servicing.

There are a number of measures identified in the Long Term Financial Plan that relate to infrastructure management and asset maintenance with more detailed assessments provided in the 2020 Asset Management Plan on the City's critical asset categories.

The City has adopted a consistent approach to the assessment of the condition of infrastructure assets. The task of rating all assets to the level of detail required to effectively manage them is significant and the City is continually updating and incorporating improved condition data.

Condition assessments are important because they:

– Identify assets or areas where maintenance is needed;
– Give information, through regular assessment, on the trend in deterioration of assets;

Enable estimates of costs to restore to a reasonable level; and

– Help the City to plan future maintenance.

The City has defined service levels in two ways:

– Community Levels of Service relate to how the community receives the service in terms of safety, quality, quantity, reliability, responsiveness, cost/efficiency and legislative compliance; and
– Operational or technical measures of performance developed to ensure that the minimum community levels of service are met.

These technical measures relate to service criteria and are shown in the detailed Asset Management Plans. Desired levels of service are obtained from various sources including Customer Satisfaction surveys, residents' feedback to Councillors and staff,

service requests and correspondence, and consultation with stakeholders. The City will refine and adjust the levels of service to ensure continued community satisfaction as reflected through these sources. Any changes will be included in revisions of the plans. The City has developed a series of minimum condition levels for the critical asset classes. These are shown in the respective critical asset sections in the Asset Management Plan and are derived from the best available condition data and analysis.

8. Policies and procedures regularly reviewed to improve the City's approach and respond to emerging needs and community expectations.

The City operates under an internal administrative procedure to direct and guide action to review its policies and procedures. The City sets minimum timeframes for reviews at four years. Guidance is provided to City staff responsible for policy reviews to conduct research to ensure the policy continues to meet community needs and is fit for purpose. Policies are also reviewed with regard to their alignment to City strategies and plans. A governance unit oversights the development and review of policies, procedures and guidelines at the City and directs attention when required.

9. Regional, national and international engagement and partnerships to increase the City's influence, scope and capacity.

The role of city leadership is ever-evolving. Strong relationships, knowledge exchange and effective collaboration between city governments is essential. Growth pressures in metropolitan Sydney require improved collaboration across all levels of government, the private sector and the community to achieve sustainable outcomes.

The City engages in international partnerships including the Rockefeller Foundation to develop a Resilience Plan for metropolitan Sydney and C40 which focusses on environmental initiatives which can be implemented by cities globally to address climate change.

Regionally, the City has engaged with all councils in metropolitan Sydney in the development of the Resilience Strategy and is forging strong relationships with those councils which will enhance both the City's scope and capacity and that of other local government authorities.

Nationally, the City continues to engage with the Council of capital city Lord Mayors and relevant federal departments. Key projects include the development of a Cities Framework and providing feedback on the Federal Government's Climate Policy Review.

Image 3. boy playing in Sweetacres Park, North Rosebery on Green Square community info day 2019.

10. Regular assessment of funding projections to determine appropriateness of debt to meet the need for future infrastructure.

The effective use of debt may assist in the management of “intergenerational equity”, and help to ensure that excessive burden is not placed on a single generation of a council’s ratepayers to fund the delivery of long term infrastructure and assets. Other strategies may also achieve an equivalent outcome, and a consistent program of capital delivery will also alleviate the need to excessively burden a particular set of ratepayers.

The City’s history of sound, prudent financial management has resulted in the accumulation of cash reserves and underlying operating surpluses that will facilitate the delivery of the ten-year capital program.

Should circumstances change over the life of the Long Term Financial Plan, the City will consider the use of debt, where appropriate, in delivering key projects. This may also encompass the use of internal borrowings, where restricted funds are not required for their specific purpose in the short to medium term. This is assessed annually during the preparation of the annual budget and ten-year long term financial estimates.